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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, DC 20549

FORM 10-K

(Mark One)

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

For the fiscal year ended December 31, 2021

or

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

For the transition period from to

Commission File Number: 001-37467

Astria Therapeutics, Inc.

(Exact name of registrant as specified in its charter)

Delaware	**26-3687168**
(State or other jurisdiction of incorporation or organization)	(IRS Employer Identification No.)
100 High Street Floor 28 Boston, Massachusetts	**02110**
(Address of principal executive offices)	(Zip Code)

Registrant's telephone number, including area code **(617) 349-1971**

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

Title of each class	**Trading Symbol(s)**	**Name of each exchange on which registered**
Common Stock, $0.001 par value per share	**ATXS**	**Nasdaq Global Market**

Securities registered pursuant to Section 12(g) of the Act: **None**

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. ☐ Yes ☒ No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. ☐ Yes ☒ No

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

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

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

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

If an emerging growth company, indicate by 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 has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report. ☐

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

Aggregate market value of the voting and non-voting common equity held by non-affiliates of the registrant, based on the last sale price for such stock on June 30, 2021: $129,863,570.

As of March 4, 2022, there were 13,016,955 shares of the registrant's common stock, par value $0.001 per share, outstanding.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the registrant's definitive proxy statement relating to its 2022 Annual Meeting of Stockholders are incorporated by reference into Part III of this Annual Report on Form 10-K where indicated. The registrant intends to file such proxy statement with the U.S. Securities and Exchange Commission within 120 days after the end of the fiscal year to which this Annual Report on Form 10-K relates.

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Summary of the Material Risks Associated with Our Business

Investing in our common stock involves a high degree of risk because our business is subject to numerous risks and uncertainties. The principal factors and uncertainties that make investing in our common stock risky include, among others:

- We are heavily dependent on the success of our product candidate, STAR-0215 for the treatment of hereditary angioedema, or HAE, which is in the preclinical stage of development, and has only produced results in preclinical and nonclinical settings. We cannot give any assurance that we will generate clinical or other data for STAR-0215 or for any other future product candidates that is consistent with its preclinical data or sufficiently supportive to receive regulatory approval, which will be required before any product candidate can be commercialized.

- We will need substantial additional funding. If we are unable to raise capital when needed or on acceptable terms, we could be forced to delay, reduce or eliminate our product development programs or commercialization efforts.

- Raising additional capital may cause dilution to our stockholders, restrict our operations, or require us to relinquish rights to our technologies or product candidates.

- We have never generated any revenue from product sales and may never be profitable.

- We have never obtained marketing approval for a product candidate and we may be unable to obtain, or may be delayed in obtaining, marketing approval for any future product candidate we may seek to develop.

- Our preclinical programs may experience delays or may never advance to clinical trials. We cannot predict if the United States Food and Drug Administration, or FDA, or comparable foreign regulatory authorities will accept our proposed clinical programs or if the outcome of our preclinical testing and studies will ultimately support the further development of our programs. As a result, we cannot be sure that we will be able to submit initial investigational new drug application, or INDs, or similar applications for our preclinical programs on the timelines we expect, if at all, and we cannot be sure that submission of INDs or similar applications, including clinical trial application submissions in the European Union, will result in the FDA or comparable foreign regulatory authorities allowing clinical trials to begin or that we can meet the requirements imposed by such authorities for beginning such trials on a timely basis or at all.

- Clinical trials are costly, time consuming, difficult to enroll and inherently risky, and we may fail to demonstrate safety and efficacy on the timelines that we expect or to the satisfaction of applicable regulatory authorities.

- STAR-0215 or any future product candidates may cause adverse events or undesirable side effects or have other unexpected properties that could delay or halt clinical trials, delay or prevent their regulatory approval, limit the commercial viability of an approved label, or result in significant negative consequences following marketing approval, if any.

- We face substantial competition from other pharmaceutical and biotechnology companies, and our operating results may suffer if we fail to compete effectively.

- Product development involves a lengthy and expensive process with an uncertain outcome, and results of earlier preclinical studies and clinical trials may not be predictive of future clinical trial results.

- We will need to maintain a cell line for STAR-0215 and any other future biologic candidate that generates sufficient material for preclinical, nonclinical and clinical studies, and also build and maintain sufficient preclinical, clinical and commercial manufacturing drug substance and drug product capacity, in each case, through third party manufacturers, for STAR-0215 and any other future product candidate that advances into such stages, on the timetables and in a manner that, in each case, are consistent with our expected development timetables and financial projections, the failure of which could materially harm our operating results and require us to raise capital sooner than we expect.

- Our forecasts of cash usage and how long we expect our existing cash, cash equivalents and short-term investments to fund operating expenses may not be accurate and we may therefore use our cash and cash equivalents more rapidly than we expect, which could force us to delay, reduce or eliminate our product development programs or commercialization efforts, if any, and therefore materially harm our operating results, and we could be required to raise capital sooner than we expect.

- We have historically incurred significant losses, have a limited operating history on which to assess our business, and anticipate that we will continue to incur significant losses for the foreseeable future.

- The ongoing COVID-19 pandemic, and future variants or outbreaks of other highly infectious or contagious diseases, could seriously harm our research, preclinical development, development or manufacturing efforts, increase our costs and expenses and have a material adverse effect on our business, financial condition and results of operations.

- The price of our stock has been and is likely to continue to be volatile, and investors could lose all or part of their investment.

The summary risk factors described above should be read together with the text of the full risk factors below, in the section entitled "*Risk Factors*" in Part I, Item 1A of this Annual Report on Form 10-K and the other information set forth in this Annual Report on Form 10-K, including under the heading "*Management's Discussion and Analysis of Financial Condition and Results of Operations*" and our consolidated financial statements and the related notes, as well as in other documents that we file with the Securities and Exchange Commission. The risks summarized above or described in full below are not the only risks that we face. Additional risks and uncertainties not precisely known to us, or that we currently deem to be immaterial may also materially adversely affect our business, financial condition, results of operations and future growth prospects.

SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS AND INDUSTRY DATA

This Annual Report on Form 10-K contains forward-looking statements, which reflect our current views with respect to, among other things, our operations and financial performance, strategy, future financial condition and clinical development programs. Such forward-looking statements are subject to various risks and uncertainties. Accordingly, there are or will be important factors that could cause actual outcomes or results to differ materially from those indicated in these statements. All statements, other than statements of historical facts, contained in this Annual Report on Form 10-K, including statements regarding our strategy, future operations, future financial position, future revenue, projected costs, prospects, plans and objectives of management, clinical development programs, regulatory filings and expected market growth are forward-looking statements. The words "anticipate," "believe," "continue," "could," "estimate," "expect," "intend," "may," "plan," "potential," "predict," "project," "should," "target," "would" and similar expressions are intended to identify forward-looking statements, although not all forward-looking statements contain these identifying words. These forward-looking statements include but are not limited to those described under the heading "*Summary of Material Risks Associated with our Business*" and the "*Risk Factors*" in Part I, Item 1A of this Annual Report on Form 10-K and include, among other things, statements about:

- our expectations regarding the timing of our planned filing of an IND for STAR-0215, and the timing, nature, goals and results of our planned Phase 1a and Phase 1b/2 clinical trials of STAR-0215, including that favorable results from such trials could establish proof of concept for the differentiation of STAR-0215 as a potential treatment for HAE;
- our expectations about the unmet medical need for HAE, the potential differentiating attributes of STAR-0215 as a potential treatment for HAE, along with the potential market impact of such differentiation, the potential of STAR-0215 to be a best-in-class and the most patient friendly treatment for HAE, and the nature and anticipated growth of the global HAE market and HAE therapies;
- our expectations that we have identified a cell line for STAR-0215 and the ability of such cell line to generate sufficient material for our planned STAR-0215 preclinical and clinical studies and the master cell bank, and our plans and timetable for initiating current Good Manufacturing Practices manufacturing of STAR-0215;
- our expectations regarding our ability to expand our pipeline;
- the potential benefits of any future acquisition, in-license, collaboration or preclinical development activities;
- our manufacturing plans, capabilities and strategy;
- our intellectual property position and strategy;
- our estimates regarding expenses, future revenue, capital requirements and needs for additional financing, including additional financing to fund our long-term operations;
- developments relating to our competitors and our industry; and
- the impact of government laws and regulations.

We may not actually achieve the plans, intentions or expectations disclosed in our forward-looking statements, and you should not place undue reliance on our forward-looking statements. Actual results or events could differ materially from the plans, intentions and expectations disclosed in the forward-looking statements we make. We have included important factors in the cautionary statements included in this Annual Report on Form 10-K, particularly in the "Risk Factors" in Part I, Item 1A of this Annual Report on Form 10-K, that could cause actual results or events to differ materially from the forward-looking statements that we make. Our forward-looking statements do not reflect the potential impact of any future acquisitions, mergers, dispositions, collaborations, joint ventures or investments that we may make or enter into.

You should read this Annual Report on Form 10-K with the understanding that our actual future results may be materially different from what we expect. We do not assume any obligation to update any forward- looking statement, whether as a result of new information, future events or otherwise, except as required by law.

REFERENCES TO ASTRIA

Except as otherwise indicated herein or as the context otherwise requires, references in this Annual Report on Form 10-K to "Astria," "the Company," "we," "us," and "our" refer to Astria Therapeutics, Inc. and its consolidated subsidiaries.

PART I

Item 1. Business

Overview

We are a biopharmaceutical company focused on the discovery, development and commercialization of novel therapeutics. Our mission is to bring hope with life-changing therapies to patients and families that are affected by rare and niche allergic and immunological diseases. Our lead product candidate is STAR-0215, formerly known as QLS-215, a potential best-in-class monoclonal antibody inhibitor of plasma kallikrein in preclinical development for the treatment of hereditary angioedema, or HAE, a rare, debilitating and potentially life-threatening disease. STAR-0215 has the potential to be the most patient-friendly chronic treatment option for HAE, based on the preclinical data generated to date and the existing HAE treatment landscape.

In January 2021, we acquired Quellis Biosciences, Inc., or Quellis, including the STAR-0215 program, and announced a private placement that, upon closing in February 2021, resulted in gross proceeds to us of approximately $110.0 million before deducting placement agent and other offering expenses, which we refer to as the February 2021 Financing. In November 2020, after we stopped the development of our edasalonexent program as a potential treatment for Duchenne Muscular Dystrophy, we decided to explore and evaluate strategic options. The acquisition of Quellis was the result of our evaluation of strategic options.

HAE is a rare, debilitating and potentially life-threatening disease. The treatment options for patients with HAE have improved, however, there is remaining unmet medical need and the global market for HAE therapy is strong and growing. The vision for our lead program, STAR-0215, is to develop a best-in-class monoclonal antibody inhibitor of plasma kallikrein able to provide long-acting, effective attack prevention for HAE with dosing once every three months or longer. Targeted plasma kallikrein inhibition can prevent HAE attacks by suppressing the pathway that generates bradykinin and causes excessive swelling. STAR-0215 is currently in preclinical development and we expect to submit an Investigational New Drug application, or IND, for STAR-0215 in mid-2022 and plan to initiate a Phase 1a clinical trial shortly thereafter with initial results anticipated by year end 2022. We believe that this clinical trial has the opportunity to establish proof of concept for the differentiated profile of STAR-0215. We expect the Phase 1a clinical trial to be conducted in healthy volunteers and evaluate several single escalating dose cohorts with subcutaneous, or SC, administration. Our goals for this trial with STAR-0215 are to demonstrate safety and tolerability, establish prolonged half-life, demonstrate the duration of inhibition of plasma kallikrein activity and to refine dose and dosing regimen for studies in HAE patients. Assuming positive data from the Phase 1a trial, we plan to initiate a Phase 1b/2 trial in patients with HAE in 2023. We expect the Phase 1b/2 trial will be a randomized, placebo-controlled, global multi-center trial. The primary goals for this trial in HAE patients are to demonstrate safety and tolerability, establish prolonged half-life, demonstrate inhibition of plasma kallikrein activity, and provide an initial assessment of the impact of STAR-0215 on HAE attack rate.

On August 4, 2021, our Board of Directors approved a reverse stock split of our outstanding shares of common stock at a ratio of one-for-six (1:6). The reverse stock split became effective on August 19, 2021. The reverse stock split was approved by our stockholders at our Annual Meeting of Stockholders on June 2, 2021. All share and per share amounts of the common stock included in this Annual Report on Form 10-K, including in the accompanying consolidated financial statements, have been retrospectively adjusted to give effect to the reverse stock split for all periods presented, including reclassifying an amount equal to the reduction in par value to additional paid-in capital. As of March 4, 2022, we had 13,016,955 shares of outstanding common stock and approximately 31,455 shares of outstanding Series X Preferred Stock, which we issued in the Quellis acquisition and the February 2021 Financing, which are convertible into an aggregate of 5,242,501 shares of common stock.

In September 2021, we formally changed our name to Astria Therapeutics, Inc. from Catabasis Pharmaceuticals, Inc. The name “Astria” originates from the Greek word for star, demonstrating our commitment to patients who serve as our guiding stars.

Our Product Candidate

STAR-0215

STAR-0215 is a monoclonal antibody that was designed to inhibit plasma kallikrein for the treatment of HAE. Plasma kallikrein is a critical component of the plasma contact system, which causes pathologic vascular permeability in Type I and Type II HAE. STAR-0215 is a humanized monoclonal antibody that was developed through a hybridoma screening and antibody optimization process.

Following humanization and optimization for affinity and overall properties, the antibody was modified to increase its plasma half-life. This process resulted in STAR-0215, a humanized monoclonal antibody having the following desirable features: high affinity and kallikrein inhibitory activity, selectivity for plasma kallikrein compared to pre- kallikrein, reduced chemistry, manufacturing and controls or, CMC, liabilities and long plasma half-life. Based on these characteristics and preclinical experiments with STAR-0215, including in vitro potency results and long plasma half-life in non-human primates, we believe that STAR-0215 has the potential to be a best-in-class and the most patient-friendly monoclonal antibody inhibitor of plasma kallikrein that could combine the benefits of infrequent dosing with the inhibition of attacks over long periods of time. We believe that we can establish clinical proof of concept early in the development program with a Phase 1a clinical trial in normal healthy volunteers and a Phase 1b/2 trial in patients with HAE. If we achieve these goals, we believe that we can develop a differentiated, best-in-class new preventative therapy for HAE with a well-understood monoclonal antibody modality to provide patients with improved outcomes and quality of life.

Overview of HAE

HAE is a rare, autosomal dominant genetic disorder. The disease is characterized by recurrent, unpredictable, debilitating and potentially life-threatening edema in the skin, abdomen and airway. The vast majority of HAE cases (Type I and Type II) are caused by defects in the C1 esterase inhibitor gene. Deficiencies in the C1 esterase inhibitor gene result in overproduction of bradykinin, a key mediator of vasodilation and angioedema. In several other types of HAE, which are a small minority of cases, other mutations (e.g., in the Factor XII gene) can cause HAE. The estimated prevalence of Type I and Type II HAE range from 1 in 10,000 to 1 in 50,000 with fewer than 8,000 patients in the United States and 15,000 patients in Europe with HAE. There are active and knowledgeable HAE patient advocacy organizations in the United States and internationally.

Patients with HAE are typically diagnosed by the age of 20 with the average age of disease onset around 11. The severity and frequency of swelling attacks is highly variable even between family members. At the 2021 NORD Rare Diseases and Orphan Products Breakthrough Summit in October 2021, we presented findings indicating a substantial need for new HAE treatments, and that HAE patients are open to trying new therapies that could reduce their disease and treatment burdens.

The Role of Plasma Kallikrein in Hereditary Angioedema

Plasma kallikrein is an enzyme that cleaves high molecular weight kininogen, or HMWK, to release bradykinin. Normally, circulating C1 esterase inhibitor (C1INH) limits the activation of plasma kallikrein from its precursor prekallikrein, and thereby prevents the release of excess bradykinin from the cleavage of HMWK by plasma kallikrein. In HAE associated with C1INH deficiency, plasma kallikrein is hyperactive, resulting in excessive bradykinin release. Bradykinin activates the bradykinin receptor (B2R) in endothelial cells, resulting in increased vascular permeability and release of fluid into subcutaneous tissue spaces, or angioedema. Thus, unchecked plasma kallikrein activity is a critical component that causes pathologic vascular permeability and vasodilation in HAE, leading to excessive tissue swelling, a primary clinical symptom.

Unaddressed Market Opportunity

There are two treatment approaches to managing the unpredictable and recurrent edema attacks typically experienced by people with HAE. On-demand treatments are administered at the onset of an attack to reduce the severity and duration of the attack, and preventative treatments, which is the treatment approach that we are pursuing with STAR-0215, are taken chronically to reduce the frequency and severity of future attacks. In the United States, the United States Food and Drug Administration, or FDA, has approved four therapies for on-demand treatment of HAE: BERINERT® (C1 esterase inhibitor [human]), FIRAZYR® (icatibant injection), KALBITOR® (ecallantide) and RUCONEST® (C1 esterase inhibitor [recombinant]). For long-term preventative treatment of HAE, the FDA has approved the following four therapies: CINRYZE® (C1 esterase inhibitor [human]), HAEGARDA® (C1 esterase inhibitor subcutaneous [human]), TAKHZYRO® (lanadelumab-flyo) and ORLADEYO® (berotralstat).

With the exception of KALBITOR, these therapies are also approved and commercially available outside of the United States. The approved preventative therapies have provided HAE patients with treatment options but have limitations in dosing frequency, side effects and/or efficacy. CINRYZE and HAEGARDA are administered twice a week; CINRYZE by intravenous, or IV, infusion and HAEGARDA by SC injection. TAKHZYRO is dosed twice a month by SC injection. Dosing every four weeks may be considered in some patients. With these injectable therapies, patients have reported a desire for less burdensome administration. ORLADEYO is an oral capsule taken daily with food, and data from its approved label, while not comparative data, suggest a lower percentage reduction in attack rate than other available therapies. Historically, androgens and antifibrinolytic treatments have also been used as preventative treatment but they are associated with side effects such as hypertension, acne, hirsutism, rashes, amenorrhea, liver enzyme elevations

and increased risk of thrombosis and their overall use has been declining with the ability of more-tolerable, HAE-specific therapies. Although there has been progress with recent innovation in therapies for HAE and, as described in the section entitled "Competition" in this Business section, there are a significant number of product candidates for HAE in clinical and preclinical development, we believe that there is remaining unmet medical need for potent and long duration of action preventative therapies to provide patients with lower burden of treatment and improved outcomes and quality of life.

Preclinical Results

Our vision for STAR-0215 is supported by preclinical data showing potent inhibition of the production of bradykinin by plasma kallikrein and a long plasma half-life that could potentially enable patients to dose less frequently. Multiple experiments have confirmed that STAR-0215 is approximately 10-fold more potent than lanadelumab, a monoclonal antibody inhibitor of plasma kallikrein commercialized under the name TAKHZYRO and an approved preventative treatment for HAE, in inhibiting bradykinin production. In cynomolgus monkey studies, lanadelumab was observed to have a half-life of approximately 10 days, which is consistent with what has been reported in FDA review documents and publications for lanadelumab in non-human primates. STAR-0215 was administered at the same dose as lanadelumab and the observed half-life was approximately 34 days, which is about a three to four-fold longer half-life than observed for lanadelumab. We believe this could translate to a half-life of several months for STAR-0215 in humans. If this longer half-life is demonstrated in clinical trials, it has the potential to enable dosing once every three months or longer.

We presented new preclinical data from the STAR-0215 program at the American College of Allergy, Asthma and Immunology, or ACAAI, Annual Scientific Meeting in November 2021, demonstrating the high potency of STAR-0215 for binding to and inhibition of plasma kallikrein on a different site than lanadelumab and supporting the ability of YTE technology to extend half-life. YTE modifications in STAR-0215 are designed to enable a longer duration of action. In cynomolgus monkeys dosed with STAR-0215, the YTE modifications protected STAR-0215 from antibody clearance leading to a more than three-fold increase in plasma half-life compared to an antibody without the YTE modifications. Additional preclinical data presented at the American Academy of Allergy, Asthma, and Immunology, or AAAAI, Annual Meeting in February 2022 demonstrated how STAR-0215 binds to plasma kallikrein. The preclinical data to date suggest that at equal doses STAR-0215 would have a significantly longer duration of action than lanadelumab and could result in STAR-0215 being an effective preventative therapy for patients with HAE due to inhibition of the pathologic activity of plasma kallikrein for an extended time period.

Preclinical and Clinical Development Plans

In 2021, we initiated IND-enabling activities and began Good Manufacturing Practices, or GMP, manufacturing of STAR-0215. We plan to submit an IND for STAR-0215 in mid-2022 and plan to initiate the Phase 1a clinical trial shortly thereafter, with initial results anticipated by year end 2022. Subsequently, assuming positive data from the Phase 1a clinical trial, we plan to initiate a Phase 1b/2 trial in patients with HAE in 2023. We believe that these clinical trials have the opportunity to establish proof of concept for the differentiated profile of STAR-0215.

Our objective for our planned early clinical trials is to establish clinical proof of concept to support the profile that we anticipate for STAR-0215 in terms of activity and half-life. We expect the Phase 1a clinical trial to be conducted in healthy volunteers and to evaluate several single escalating dose cohorts with subcutaneous administration. The primary goals for the Phase 1a trial are to demonstrate safety and tolerability, establish the prolonged half-life of STAR-0215, to demonstrate inhibition of plasma kallikrein activity, and refine dose and dosing regimen for studies in HAE patients. We also expect that results from the Phase 1a trial, if favorable, will enable us to design and initiate our planned Phase 1b/2 clinical trial in patients with HAE. We expect the Phase 1b/2 trial will be a randomized, placebo-controlled, global multi-center trial. The primary goals for this trial in HAE patients are to demonstrate safety and tolerability, establish prolonged half-life, demonstrate inhibition of plasma kallikrein activity, and provide an initial assessment of the impact of STAR-0215 on HAE attack rate.

Competition

The development and commercialization of new drugs is highly competitive. If we successfully develop and commercialize STAR-0215, we and any future collaborators will face competition from pharmaceutical and biotechnology companies worldwide. Many of the entities developing and marketing potentially competing products have significantly greater financial resources and expertise than we do in research and development, manufacturing, preclinical testing, conducting clinical trials, obtaining regulatory approvals and marketing. Even if we are able to successfully develop and commercialize STAR-0215, our commercial opportunity will

be reduced or eliminated if our competitors develop and commercialize products that are more effective, have fewer side effects, are more convenient or are less expensive than STAR-0215.

The key competitive factors affecting the success of STAR-0215, if approved, are likely to be its efficacy, safety, convenience, price and the availability of coverage and reimbursement from government and other third-party payors.

In the United States, the FDA has approved four therapies for on-demand treatment of HAE: BERINERT, FIRAZYR, KALBITOR and RUCONEST. For long-term preventative treatment of HAE, the FDA has also approved four therapies: CINRYZE, HAEGARDA, TAKHZYRO and ORLADEYO. There are four main manufacturers of therapies for HAE: CSL Behring (BERINERT and HAEGARDA), Takeda (FIRAZYR, KALBITOR, CINRYZE and TAKHZYRO), Pharming (RUCONEST) and BioCryst (ORLADEYO). With the exception of KALBITOR, these therapies are also approved and commercially available outside of the United States (HAEGARDA is marketed as BERINERT SC outside of the United States). Historically, androgens and antifibrinolytic treatments have also been used as preventative treatment for HAE, however their use is declining with the availability of more-tolerable, HAE-specific therapies.

On-demand and preventative HAE therapies target one of three primary mechanisms. BERINERT and HAEGARDA, RUCONEST and CINRYZE are C1 INH replacement therapies. FIRAZYR is a Bradykinin 2 receptor antagonist, and KALBITOR, TAKHZYRO and ORLADEYO target plasma kallikrein. TAKHZYRO is a monoclonal antibody and KALBITOR and ORLADEYO are small molecule inhibitors.

On-demand therapies are taken as needed; BERINERT and RUCONEST are IV infusions approved for adult and pediatric patients, FIRAZYR is a SC injection, approved for adults 18 and older, and KALBITOR is a series of 3 SC injections, approved for patients 12 years and older. KALBITOR must be administered by a healthcare professional to monitor for the risk of anaphylactic reactions.

Preventative therapies are taken chronically. CINRYZE is an IV infusion and HAEGARDA is an SC injection; both are administered twice a week and are approved for adult and pediatric patients 6 years and older. TAKHZYRO is an SC injection generally administered every two weeks; however dosing every four weeks may be considered in some patients. TAKHZYRO is approved for patients 12 years and older.

ORLADEYO is an oral capsule taken once daily with food for patients 12 years and older. Given that TAKHZYRO is an approved monoclonal antibody inhibitor of plasma kallikrein, if STAR-0215 is approved, we expect that it will compete most directly with TAKHZYRO.

We are aware of additional programs in development for HAE, which are focused largely on preventative approaches. For example, in Phase 3 development for preventative treatment are CSL Behring garadacimab (CSL312), a factor XIIa-inhibitory monoclonal antibody (FXIIa mAb), and Ionis Pharmaceuticals, Inc.'s donidalorsen (IONIS-PKK-LRx), an antisense inhibitor of prekallikrein synthesis. KalVista Pharmaceuticals, Inc. has two oral small molecule plasma kallikrein inhibitors: sebetralstat (KVD900) for on-demand treatment of HAE, and KVD824 for preventative treatment, both of which are in Phase 2 development. Pharvaris is also developing two oral treatments, PHVS416, in Phase 2 for on-demand treatment, and PHVS719, in Phase 1 for preventative treatment, that are small molecule inhibitors of B2R. Intellia Therapeutics has begun Phase 1/2 trials for NTLA-2002, a CRISPR knockout of the prekallikrein gene KLKB1. BioMarin Pharmaceutical Inc. has begun Phase 1/2 trials for BMN 311, a C1INH gene therapy. In preclinical development for preventative treatment are KalVista's oral FXIIa inhibitor, Spark Therapeutics C1-INH gene therapy (SPK-10000), Regenxbio Inc.'s plasma kallikrein mAb gene therapy, and Orchard Therapeutics plc and Pharming's ex vivo hematopoietic stem cell gene therapy (OTL-105).

Intellectual Property

We strive to protect the proprietary technologies that we believe are important to our business. This includes plans to pursue and maintain patent protection intended to cover the composition of matter of STAR-0215, its method of use, and other related technologies and inventions that are important to our business. In addition to seeking patent protection, we also rely on trade secrets to protect aspects of our business that are not amenable to, or that we do not consider appropriate for, patent protection.

Our commercial success depends in part upon our ability to obtain and maintain patent and other proprietary protection for commercially important technologies, inventions and know-how related to our business, defend and enforce our intellectual property

rights, in particular, our patent rights, preserve the confidentiality of our trade secrets and operate without infringing valid and enforceable intellectual property rights of others.

We own one International (PCT) patent application directed to our product candidate STAR-0215 and its use in treating various disorders including HAE. If nationalized, any national stage applications, if granted, would expire in 2042, assuming all maintenance fees are paid.

The patent positions for biopharmaceutical companies like us are generally uncertain and can involve complex legal, scientific and factual issues. In addition, the coverage claimed in a patent application can be significantly reduced before a patent is issued, and its scope can be reinterpreted and even challenged after issuance. As a result, we cannot guarantee that our STAR-0215 product candidate will be protected or remain protectable by enforceable patents, even if issued. We cannot predict whether the patent application we are currently pursuing will issue as a granted patent in any particular jurisdiction or whether the claims of any granted patent will provide sufficient proprietary protection from competitors. Any patents that we hold may be challenged, circumvented or invalidated by third parties. The term of individual patents depends upon the legal term of the patents in the countries in which they are obtained. In most countries where we may elect to file, the patent term is 20 years from the earliest date of filing a non-provisional patent application. In the United States, a patent's term may be lengthened by patent term adjustment, which compensates a patentee for administrative delays by the United States Patent and Trademark Office, or USPTO, in granting a patent. A United States patent term may be shortened, if a patent is terminally disclaimed by its owner, over another patent.

In the United States, the term of a patent covering an FDA-approved drug may be eligible for a patent term extension under The Drug Price Competition and Patent Term Restoration Act of 1984, or the Hatch-Waxman Act, as compensation for the loss of patent term during the FDA regulatory review process. The period of extension may be up to five years beyond the expiration of the patent, but cannot extend the remaining term of a patent beyond a total of 14 years from the date of product approval. Only one patent among those eligible for an extension may be extended. Similar provisions are available in Europe and in certain other jurisdictions to extend the term of a patent that covers an approved drug. It is possible that an issued United States patent covering STAR-0215 may be entitled to a patent term extension. If our STAR-0215 product candidate receives FDA approval, we intend to apply for a patent term extension, if available, to extend the term of the patent that covers the approved product candidate. We also intend to seek patent term extensions in any jurisdictions where they are available. However, there is no guarantee that the applicable authorities, including the FDA, will agree with our assessment of whether such extensions should be granted, and even if granted, the length of such extensions.

In addition to patent protection, we may rely on other forms of regulatory and legislative non-patent exclusivity protection that are typically triggered by marketing approval of a product. In the U.S., these include orphan drug exclusivity, pediatric exclusivity, new chemical entity exclusivity and, for biologics such as STAR-0215, reference product exclusivity. The European Union and many other key markets outside the United States have comparable forms of such exclusivity. However, there is no guarantee that we will obtain any of these forms of exclusivity protection for STAR-0215 or any future product candidate. We also rely on trade secret protection for our proprietary information that is not amenable to, or that we do not consider appropriate for, patent protection, including, for example, certain aspects of our manufacturing processes. However, trade secrets can be difficult to protect. Although we take steps to protect our proprietary information, including restricting access to our premises and our confidential information, as well as entering into agreements with our employees, consultants, advisors, contract research organizations, and potential collaborators, third parties may independently develop the same or similar proprietary information or may otherwise gain access to our proprietary information. As a result, we may be unable to meaningfully protect our trade secrets and proprietary information.

Manufacturing and Supply

We do not own or operate manufacturing facilities. We currently rely on third-party manufacturers and suppliers for the antibodies used to make STAR-0215, and we expect to continue to do so to meet our nonclinical, clinical and commercial activities. We currently have no plans to build our own clinical or commercial scale manufacturing capabilities, and have hired qualified individuals with significant manufacturing experience to oversee our relationships with our contract manufacturing partners. Our third-party manufacturers are required to manufacture STAR-0215 and any future product candidates under current GMP, or cGMP, requirements and other applicable laws and regulations. We have also adopted good inventory management and warehousing practices to minimize supply chain risks related to the manufacture of STAR-0215.

We have concluded cell line development for STAR-0215; a stable clone was identified and a master cell bank produced. We believe we have scaled the process appropriately and are in the process of manufacturing sufficient material to cover nonclinical and clinical needs.

Human Capital

As of December 31, 2021, we had 29 full-time employees, 11 of whom were primarily engaged in research and development activities. A total of 10 of our full-time employees have Ph.D. degrees. None of our employees is represented by a labor union and we believe our relations with our employees are good.

Our human capital resources objectives include, as applicable, identifying, recruiting, retaining, incentivizing and integrating our existing and additional employees. Our cash compensation, which consists of base salary and annual bonuses based upon bonus targets, are market-based and are designed to attract, retain and motivate our employees. The principal purposes of our equity incentive plans are also to attract, retain and motivate employees, selected consultants and the members of our board of directors through the granting of stock-based compensation awards, which have primarily consisted of stock options, and to align such awards with the interests of our stockholders. We provide a comprehensive benefits package to help employees manage health, well-being, finances, and life outside of work, including health insurance, dental and vision insurance, life insurance, short-term and long-term disability insurance, paid sick leave, a 401(k) plan, a health savings account program, and paid vacation time.

We value the health, safety and wellbeing of our employees and their families. In response to the COVID-19 pandemic, we implemented, and continue to implement, safety measures that we have determined are in the best interest of our employees, along with measures designed to protect the health of all those entering our office.

Government Regulation and Product Approval

Government authorities in the United States, at the federal, state and local level, and in other countries and jurisdictions, including the European Union, extensively regulate, among other things, the research, development, testing, manufacture, quality control, approval, packaging, storage, recordkeeping, labeling, advertising, promotion, distribution, marketing, sales, pricing, reimbursement, post-approval monitoring and reporting, and import and export of drugs and biologics. The processes for obtaining regulatory approvals in the United States and in foreign countries and jurisdictions, along with subsequent compliance with applicable statutes and regulations and other regulatory authorities, require the expenditure of substantial time and financial resources.

Review and Approval of Drugs and Biologics in the United States

In the United States, the FDA approves and regulates drugs under the Federal Food, Drug, and Cosmetic Act, or FDCA, and related regulations. Biological products are licensed for marketing under the Public Health Service Act, or PHSA, and subject to regulation under the FDCA and related regulations. A company, institution, or organization which takes responsibility for the initiation and management of a clinical development program for such products is referred to as a sponsor. A sponsor seeking approval to market and distribute a new drug or biological product in the United States must typically secure the following:

- completion of preclinical laboratory tests in compliance with the FDA's good laboratory practice, or GLP, regulations;
- design of a clinical protocol and submission to the FDA of an IND, which must take effect before human clinical trials may begin;
- approval by an independent institutional review board, or IRB, representing each clinical site before each clinical trial may be initiated;
- performance of adequate and well-controlled human clinical trials in accordance with good clinical practices, or GCPs, to establish the safety and efficacy of the proposed drug product for each proposed indication;
- submission to the FDA of a new drug application, or NDA, for a drug candidate product and a biological licensing application, or BLA, for a biological product requesting marketing for one or more proposed indications;
- review of the request for approval by an FDA advisory committee, where appropriate or if applicable;
- completion of one or more FDA inspections of the manufacturing facility or facilities at which the product, or components thereof, are produced to assess compliance with cGMPs to assure the product's identity, strength, quality and purity;
- completion of FDA audits of clinical trial sites to assure compliance with GCPs and the integrity of the clinical data;
- payment of user fees and securing FDA approval of the NDA or BLA; and
- compliance with any post-approval requirements, including the potential requirement to implement a Risk Evaluation and Mitigation Strategy, or REMS, and the potential requirement to conduct post-approval studies.

Preclinical Studies

Before a sponsor begins testing a compound with potential therapeutic value in humans, the product candidate enters the preclinical testing stage. Preclinical studies include laboratory evaluation of the purity and stability of the manufactured substance or active pharmaceutical ingredient and the formulated product, as well as in vitro and animal studies to assess the safety and activity of the product candidate for initial testing in humans and to establish a rationale for therapeutic use. The conduct of preclinical studies is subject to federal regulations and requirements, including GLP regulations and standards and the United States Department of Agriculture's Animal Welfare Act, if applicable. Some long-term preclinical testing, such as animal tests of reproductive adverse events and carcinogenicity, and long-term toxicity studies, may continue after the IND is submitted.

The IND and IRB Processes

An IND is a request for FDA authorization to administer an investigational product candidate to humans. Such authorization must be secured prior to interstate shipment and administration of any new drug or biologic that is not the subject of an approved NDA or BLA. In support of a request for an IND, sponsors must submit a protocol for each clinical trial and any subsequent protocol amendments must be submitted to the FDA as part of the IND. In addition, the results of the preclinical tests, together with manufacturing information, analytical data, any available clinical data or literature and plans for clinical trials, among other things, are submitted to the FDA as part of an IND. The FDA requires a 30-day waiting period after the filing of each IND before clinical trials may begin. This waiting period is designed to allow the FDA to review the IND to determine whether human research subjects will be exposed to unreasonable health risks. At any time during this 30-day period, or thereafter, the FDA may raise concerns or questions about the conduct of the trials as outlined in the IND and impose a clinical hold or partial clinical hold. In this case, the IND sponsor and the FDA must resolve any outstanding concerns before clinical trials can begin.

Following commencement of a clinical trial under an IND, the FDA may also place a clinical hold or partial clinical hold on that trial. Clinical holds are imposed by the FDA whenever there is concern for patient safety and may be a result of new data, findings, or developments in clinical, nonclinical, and/or chemistry, manufacturing, and controls, or CMCs. A clinical hold is an order issued by the FDA to the sponsor to delay a proposed clinical investigation or to suspend an ongoing investigation. A partial clinical hold is a delay or suspension of only part of the clinical work requested under the IND. For example, a specific protocol or part of a protocol is not allowed to proceed, while other protocols may do so. No more than 30 days after imposition of a clinical hold or partial clinical hold, the FDA will provide the sponsor a written explanation of the basis for the hold. Following issuance of a clinical hold or partial clinical hold, an investigation may only resume after the FDA has notified the sponsor that the investigation may proceed. The FDA will base that determination on information provided by the sponsor correcting the deficiencies previously cited or otherwise satisfying the FDA that the investigation can proceed.

A sponsor may choose, but is not required, to conduct a foreign clinical study under an IND. When a foreign clinical study is conducted under an IND, all IND requirements must be met unless waived. When a foreign clinical study is not conducted under an IND, the sponsor must ensure that the study complies with certain regulatory requirements of the FDA in order to use the study as support for an IND or application for marketing approval. Specifically, the studies must be conducted in accordance with GCP, including undergoing review and receiving approval by an independent ethics committee, or IEC, and seeking and receiving informed consent from subjects. GCP requirements encompass both ethical and data integrity standards for clinical studies. The FDA's regulations are intended to help ensure the protection of human subjects enrolled in non-IND foreign clinical studies, as well as the quality and integrity of the resulting data. They further help ensure that non-IND foreign studies are conducted in a manner comparable to that required for IND studies.

In addition to the foregoing IND requirements, an IRB representing each institution participating in the clinical trial must review and approve the plan for any clinical trial before it commences at that institution, and the IRB must conduct continuing review and reapprove the trial at least annually. The IRB must review and approve, among other things, the trial protocol and informed consent information to be provided to trial subjects. An IRB must operate in compliance with FDA regulations. An IRB can suspend or terminate approval of a clinical trial at its institution, or an institution it represents, if the clinical trial is not being conducted in accordance with the IRB's requirements or if the product candidate has been associated with unexpected serious harm to patients.

The FDA's primary objectives in reviewing an IND are to assure the safety and rights of patients and to help assure that the quality of the investigation will be adequate to permit an evaluation of the drug's effectiveness and safety and of the biological product's safety, purity and potency. Additionally, some trials are overseen by an independent group of qualified experts organized by the trial sponsor, known as a data safety monitoring board, or DSMB, or committee. This group provides authorization for whether a trial may move

forward at designated check points based on access that only the group maintains to available data from the trial. Suspension or termination of development during any phase of clinical trials can occur if it is determined that the participants or patients are being exposed to an unacceptable health risk. Other reasons for suspension or termination may be made based on evolving business objectives and/or competitive climate.

Expanded Access to an Investigational Drug for Treatment Use

Expanded access, sometimes called "compassionate use," is the use of investigational new drug products outside of clinical trials to treat patients with serious or immediately life-threatening diseases or conditions when there are no comparable or satisfactory alternative treatment options. FDA regulations allow access to investigational drugs under an IND by the company or the treating physician for treatment purposes on a case-by-case basis for: individual patients (single-patient IND applications for treatment in emergency settings and non-emergency settings); intermediate-size patient populations; and larger populations for use of the drug under a treatment protocol, or Treatment IND Application.

When considering an IND for expanded access to an investigational product with the purpose of treating a patient or a group of patients, the sponsor and treating physicians or investigators will determine suitability when all of the following criteria apply: patient(s) have a serious or immediately life-threatening disease or condition, and there is no comparable or satisfactory alternative therapy to diagnose, monitor, or treat the disease or condition; the potential patient benefit justifies the potential risks of the treatment and the potential risks are not unreasonable in the context or condition to be treated; and the expanded use of the investigational drug for the requested treatment will not interfere with the initiation, conduct, or completion of clinical investigations that could support marketing approval of the product or otherwise compromise the potential development of the product.

There is no obligation for a sponsor to make its drug products available for expanded access; however, as required by the 21st Century Cures Act, or Cures Act, passed in 2016, sponsors are required to make policies for evaluating and responding to requests for expanded access for patients publicly available upon the earlier of initiation of a Phase 2 or Phase 3 clinical trial, or 15 days after the investigational drug or biologic receives designation as a breakthrough therapy, fast track product, or regenerative medicine advanced therapy.

In addition, on May 30, 2018, the Right to Try Act was signed into law. The law, among other things, provides a federal framework for certain patients to access certain investigational new drug products that have completed a phase 1 clinical trial and that are undergoing investigation for FDA approval. Under certain circumstances, eligible patients can seek treatment without enrolling in clinical trials and without obtaining FDA permission under the FDA expanded access program. There is no obligation for a drug manufacturer to make its drug products available to eligible patients, but the manufacturer must develop an internal policy and respond to patient requests according to that policy.

Human Clinical Studies in Support of an NDA or BLA

Clinical trials involve the administration of the investigational product to human subjects under the supervision of qualified investigators in accordance with GCP requirements, which include, among other things, the requirement that all research subjects provide their informed consent in writing before their participation in any clinical trial. Clinical trials are conducted under written trial protocols detailing, among other things, the inclusion and exclusion criteria, the objectives of the trial, the parameters to be used in monitoring safety and the effectiveness criteria to be evaluated. Each protocol, and any subsequent material amendment to the protocol, must be submitted to the FDA as part of the IND, and progress reports detailing the status of the clinical trials must be submitted to the FDA annually. The clinical investigation of an investigational drug or biological product is generally divided into four phases. Although the phases are usually conducted sequentially, they may overlap or be combined. The four phases of an investigation are as follows:

- ***Phase 1.*** Phase 1 studies include the initial introduction of an investigational new drug or biological product into humans. These studies are designed to evaluate the safety, dosage tolerance, metabolism and pharmacologic actions of the investigational drug or biological product in humans, the side effects associated with increasing doses, and if possible, to gain early evidence on effectiveness.

- ***Phase 2.*** Phase 2 includes the controlled clinical trials conducted to preliminarily or further evaluate the effectiveness of the investigational drug or biological product for a particular indication(s) in patients with the disease or condition under trial, to determine dosage tolerance and optimal dosage, and to identify possible adverse side effects and safety risks associated with the drug or biological product. Phase 2 clinical trials are typically well-controlled, closely monitored, and conducted in a limited patient population.

- ***Phase 3.*** Phase 3 clinical trials are generally controlled clinical trials conducted in an expanded patient population generally at geographically dispersed clinical trial sites. They are performed after preliminary evidence suggesting effectiveness of the drug or biological product has been obtained, and are intended to further evaluate dosage, clinical effectiveness and safety, to establish the overall benefit-risk relationship of the investigational drug or biological product, and to provide an adequate basis for product approval.

- ***Phase 4.*** Post-approval studies may be conducted after initial marketing approval. These studies are used to gain additional experience from the treatment of patients in the intended therapeutic indication.

A clinical trial may combine the elements of more than one phase and the FDA often requires more than one Phase 3 trial to support marketing approval of a product candidate. A company's designation of a clinical trial as being of a particular phase is not necessarily indicative that the study will be sufficient to satisfy the FDA requirements of that phase because this determination cannot be made until the protocol and data have been submitted to and reviewed by the FDA. Moreover, as noted above, a pivotal trial is a clinical trial that is believed to satisfy FDA requirements for the evaluation of a product candidate's safety and efficacy such that it can be used, alone or with other pivotal or non-pivotal trials, to support regulatory approval. Generally, pivotal trials are Phase 3 trials, but they may be Phase 2 trials if the design provides a well-controlled and reliable assessment of clinical benefit, particularly in an area of unmet medical need.

Progress reports detailing the results of the clinical trials must be submitted at least annually to the FDA and more frequently if serious adverse events occur. In addition, IND safety reports must be submitted to the FDA for any of the following: serious and unexpected suspected adverse reactions; findings from other studies or animal or in vitro testing that suggest a significant risk in humans exposed to the drug; and any clinically important increase in the case of a serious suspected adverse reaction over that listed in the protocol or investigator brochure. The FDA will typically inspect one or more clinical sites to assure compliance with GCP and the integrity of the clinical data submitted.

Finally, sponsors of clinical trials are required to register and disclose certain clinical trial information on a public registry (clinicaltrials.gov) maintained by the U.S. National Institutes of Health, or NIH. In particular, information related to the product, patient population, phase of investigation, study sites and investigators and other aspects of the clinical trial is made public as part of the registration of the clinical trial. The NIH's Final Rule on registration and reporting requirements for clinical trials became effective in 2017, and both NIH and the FDA have recently signaled the government's willingness to begin enforcing those requirements against non-compliant clinical trial sponsors. The failure to submit clinical trial information to clinicaltrials.gov, as required, is a prohibited act under the FDCA with violations subject to potential civil monetary penalties of up to $10,000 for each day the violation continues.

Manufacturing and Other Regulatory Requirements

Concurrent with clinical trials, companies often complete additional animal studies and must also develop additional information about the chemistry and physical characteristics of the candidate product as well as finalize a process for manufacturing the product in commercial quantities in accordance with cGMP requirements. The manufacturing process must be capable of consistently producing quality batches of the drug candidate and, among other things, must develop methods for testing the identity, strength, quality, purity, and potency of the final drug. Additionally, appropriate packaging must be selected and tested and stability studies must be conducted to demonstrate that the drug candidate does not undergo unacceptable deterioration over its shelf life.

Specifically, the FDA's regulations require that pharmaceutical products be manufactured in specific approved facilities and in accordance with cGMPs. The cGMP regulations include requirements relating to organization of personnel, buildings and facilities, equipment, control of components and product containers and closures, production and process controls, packaging and labeling controls, holding and distribution, laboratory controls, records and reports and returned or salvaged products. Manufacturers and other entities involved in the manufacture and distribution of approved pharmaceuticals are required to register their establishments with the FDA and some state agencies, and they are subject to periodic unannounced inspections by the FDA for compliance with cGMPs and other requirements. Inspections must follow a "risk-based schedule" that may result in certain establishments being inspected more frequently. Manufacturers may also have to provide, on request, electronic or physical records regarding their establishments. Delaying, denying, limiting, or refusing inspection by the FDA may lead to a product being deemed to be adulterated. Changes to the manufacturing process, specifications or container closure system for an approved product are strictly regulated and often require prior FDA approval before being implemented. The FDA's regulations also require, among other things, the investigation and correction of any deviations from cGMP and the imposition of reporting and documentation requirements upon the sponsor and any third-party manufacturers involved in producing the approved product.

Pediatric Studies

Under the Pediatric Research Equity Act of 2003, an application or supplement thereto must contain data that are adequate to assess the safety and effectiveness of the product for the claimed indications in all relevant pediatric subpopulations, and to support dosing and administration for each pediatric subpopulation for which the product is safe and effective. Sponsors must also submit pediatric study plans prior to the assessment data. Those plans must contain an outline of the proposed pediatric study or studies the sponsor plans to conduct, including study objectives and design, any deferral or waiver requests and other information required by regulation. The sponsor, the FDA, and the FDA's internal review committee must then review the information submitted, consult with each other and agree upon a final plan. The FDA or the sponsor may request an amendment to the plan at any time.

For investigational products intended to treat a serious or life-threatening disease or condition, the FDA must, upon the request of a sponsor, meet to discuss preparation of the initial pediatric study plan or to discuss deferral or waiver of pediatric assessments. In addition, the FDA will meet early in the development process to discuss pediatric study plans with sponsors, and the FDA must meet with sponsors by no later than the end-of-phase 1 meeting for serious or life-threatening diseases and by no later than ninety days after the FDA's receipt of the study plan.

The FDA may, on its own initiative or at the request of the sponsor, grant deferrals for submission of some or all pediatric data until after approval of the product for use in adults, or full or partial waivers from the pediatric data requirements. A deferral may be granted for several reasons, including a finding that the product or therapeutic candidate is ready for approval for use in adults before pediatric trials are complete or that additional safety or effectiveness data needs to be collected before the pediatric trials begin. The law now requires the FDA to send a PREA Non-Compliance letter to sponsors who have failed to submit their pediatric assessments required under PREA, have failed to seek or obtain a deferral or deferral extension or have failed to request approval for a required pediatric formulation. It further requires the FDA to publicly post the PREA Non-Compliance letter and sponsor's response. Unless otherwise required by regulation, the pediatric data requirements do not apply to products with orphan designation, although FDA has recently taken steps to limit what it considers abuse of this statutory exemption in PREA by announcing that it does not intend to grant any additional orphan drug designations for rare pediatric subpopulations of what is otherwise a common disease. The FDA also maintains a list of diseases that are exempt from PREA requirements due to low prevalence of disease in the pediatric population.

Submission and Review of an NDA or BLA by the FDA

In order to obtain approval to market a drug or biological product in the United States, a marketing application must be submitted to the FDA that provides data establishing the safety and effectiveness of the proposed drug product for the proposed indication, and the safety, purity and potency of the biological product for its intended indication. The application includes all relevant data available from pertinent preclinical and clinical trials, including negative or ambiguous results as well as positive findings, together with detailed information relating to the product's CMCs and proposed labeling, among other things. Data can come from company-sponsored clinical trials intended to test the safety and effectiveness of a use of a product, or from a number of alternative sources, including studies initiated by investigators. To support marketing approval, the data submitted must be sufficient in quality and quantity to establish the safety and effectiveness of the investigational drug product and the safety, purity and potency of the biological product to the satisfaction of the FDA.

The application is the vehicle through which sponsors formally propose that the FDA approve a new product for marketing and sale in the United States for one or more indications. Every new product candidate must be the subject of an approved NDA or BLA before it may be commercialized in the United States. Under federal law, the submission and review of most applications is subject to an application user fee, which may be substantial (for example, for federal fiscal year 2022 this application fee is approximately $3.1 million), and the sponsor of an approved application is also subject to an annual program fee, currently more than $369,000 per eligible prescription product. Certain exceptions and waivers are available for some of these fees, such as an exception from the application fee for products with orphan designation and a waiver for certain small businesses. If an application is withdrawn prior to the FDA acceptance for filing, 75% of these fees may be refunded to the sponsor. If an application is withdrawn after filing, a lower portion of these fees may be refunded in certain circumstances.

Following submission of an NDA or BLA, the FDA conducts a preliminary review of all applications within 60 days of receipt and must inform the sponsor at that time or before whether an application is sufficiently complete to permit substantive review. In pertinent part, FDA's regulations state that an application "shall not be considered as filed until all pertinent information and data have been received" by the FDA. In the event that FDA determines that an application does not satisfy this standard, it will issue a Refuse to File, or RTF, determination to the applicant. Typically, an RTF will be based on administrative incompleteness, such as clear omission of

information or sections of required information; scientific incompleteness, such as omission of critical data, information or analyses needed to evaluate safety and efficacy or provide adequate directions for use; or inadequate content, presentation, or organization of information such that substantive and meaningful review is precluded. The FDA may request additional information rather than accept an application for filing. In this event, the application must be resubmitted with the additional information. The resubmitted application is also subject to review before the FDA accepts it for filing.

Once the submission is accepted for filing, the FDA begins an in-depth substantive review. The FDA has agreed to specified performance goals in the review process of NDAs and BLAs. Under that agreement, 90% of applications seeking approval of New Molecular Entities, or NMEs, are meant to be reviewed within ten months from the date on which FDA accepts the NDA for filing, and 90% of applications for NMEs that have been designated for "priority review" are meant to be reviewed within six months of the filing date. The review process and the Prescription Drug User Fee Act, or PDUFA, goal date may be extended by the FDA for three additional months to consider new information or clarification provided by the applicant to address an outstanding deficiency identified by the FDA following the original submission.

Before approving an application, the FDA typically will inspect the facility or facilities where the product is or will be manufactured. These pre-approval inspections may cover all facilities associated with an NDA or BLA submission, including drug component manufacturing (e.g., active pharmaceutical ingredients), finished drug product manufacturing, and control testing laboratories. The FDA will not approve an application unless it determines that the manufacturing processes and facilities are in compliance with cGMP requirements and adequate to assure consistent production of the product within required specifications. Additionally, before approving an NDA or BLA, the FDA will typically inspect one or more clinical sites to assure compliance with GCP.

The FDA may refer an application for a novel product to an advisory committee or explain why such referral was not made. Typically, an advisory committee is a panel of independent experts, including clinicians and other scientific experts, that reviews, evaluates and provides a recommendation as to whether the application should be approved and under what conditions. The FDA is not bound by the recommendations of an advisory committee, but it considers such recommendations carefully when making decisions.

The FDA's Decision on an NDA or BLA

The FDA reviews an application to determine, among other things, whether the product is safe and whether it is effective for its intended use(s), with the latter determination being made on the basis of substantial evidence. The term "substantial evidence" is defined under the FDCA as "evidence consisting of adequate and well-controlled investigations, including clinical investigations, by experts qualified by scientific training and experience to evaluate the effectiveness of the product involved, on the basis of which it could fairly and responsibly be concluded by such experts that the product will have the effect it purports or is represented to have under the conditions of use prescribed, recommended, or suggested in the labeling or proposed labeling thereof." The FDA has interpreted this evidentiary standard to require at least two adequate and well-controlled clinical investigations to establish effectiveness of a new product. Under certain circumstances, however, FDA has indicated that a single trial with certain characteristics and additional information may satisfy this standard.

After evaluating the application and all related information, including the advisory committee recommendations, if any, and inspection reports of manufacturing facilities and clinical trial sites, the FDA will issue either a Complete Response Letter, or CRL, or an approval letter. To reach this determination, the FDA must determine that the drug is effective and that its expected benefits outweigh its potential risks to patients. This "benefit-risk" assessment is informed by the extensive body of evidence about the product's safety and efficacy in the NDA or BLA. This assessment is also informed by other factors, including: the severity of the underlying condition and how well patients' medical needs are addressed by currently available therapies; uncertainty about how the premarket clinical trial evidence will extrapolate to real-world use of the product in the post-market setting; and whether risk management tools are necessary to manage specific risks.

A CRL indicates that the review cycle of the application is complete, and the application will not be approved in its present form. A CRL generally outlines the deficiencies in the submission and may require substantial additional testing or information in order for the FDA to reconsider the application. The CRL may require additional clinical or other data, additional pivotal Phase 3 clinical trial(s) and/or other significant and time- consuming requirements related to clinical trials, preclinical studies or manufacturing. If a CRL is issued, the applicant will have one year to respond to the deficiencies identified by the FDA, at which time the FDA can deem the application withdrawn or, in its discretion, grant the applicant an additional six month extension to respond. The FDA has committed to reviewing resubmissions in response to an issued CRL in either two or six months depending on the type of information included. Even with the submission of this additional information, however, the FDA ultimately may decide that the application does not satisfy

the regulatory criteria for approval. The FDA has taken the position that a CRL is not final agency action making the determination subject to judicial review.

An approval letter, on the other hand, authorizes commercial marketing of the product with specific prescribing information for specific indications. That is, the approval will be limited to the conditions of use (e.g., patient population, indication) described in the FDA-approved labeling. Further, depending on the specific risk(s) to be addressed, the FDA may require that contraindications, warnings or precautions be included in the product labeling, require that post-approval trials, including Phase 4 clinical trials, be conducted to further assess a product's safety after approval, require testing and surveillance programs to monitor the product after commercialization or impose other conditions, including distribution and use restrictions or other risk management mechanisms under a REMS which can materially affect the potential market and profitability of the product. The FDA may prevent or limit further marketing of a product based on the results of post-marketing trials or surveillance programs. After approval, some types of changes to the approved product, such as adding new indications, manufacturing changes and additional labeling claims, are subject to further testing requirements and FDA review and approval.

Under the Ensuring Innovation Act, which was signed into law in April 2021, the FDA must publish action packages summarizing its decisions to approve new drugs and biologics within 30 days of approval of such products. To date, CRLs are not publicly available documents.

Expedited Review Programs

The FDA is authorized to expedite the development of candidate products and review of applications in several ways. None of these expedited programs changes the standards for approval but each may help expedite the development or approval process governing product candidates.

- *Fast Track designation.* The sponsor of a product candidate may request the FDA to designate the product for a specific indication as a Fast Track product concurrent with or after the filing of the IND. Candidate products are eligible for Fast Track designation if they are intended to treat a serious or life-threatening condition and demonstrate the potential to address unmet medical needs for the condition. Fast Track designation applies to the combination of the product candidate and the specific indication for which it is being studied. In addition to other benefits, such as the ability to have greater interactions with the FDA, the FDA may initiate review of sections of a Fast Track application before the application is complete, a process known as rolling review.

- *Breakthrough therapy designation.* To qualify for the breakthrough therapy program, product candidates must be intended to treat a serious or life-threatening disease or condition and preliminary clinical evidence must indicate that such product candidates may demonstrate substantial improvement on one or more clinically significant endpoints over existing therapies. The FDA will seek to ensure the sponsor of a breakthrough therapy product candidate receives intensive guidance on an efficient development program, intensive involvement of senior managers and experienced staff on a proactive, collaborative and cross-disciplinary review and rolling review.

- *Priority review.* A product candidate is eligible for priority review if it treats a serious condition and, if approved, it would be a significant improvement in the safety or effectiveness of the treatment, diagnosis or prevention compared to marketed products. FDA aims to complete its review of priority review applications within six months as opposed to 10 months for standard review.

- *Accelerated approval.* Drug or biologic products studied for their safety and effectiveness in treating serious or life-threatening illnesses and that provide meaningful therapeutic benefit over existing treatments may receive accelerated approval. Accelerated approval means that a product candidate may be approved on the basis of adequate and well controlled clinical trials establishing that the product candidate has an effect on a surrogate endpoint that is reasonably likely to predict a clinical benefit, or on the basis of an effect on a clinical endpoint other than survival or irreversible morbidity or mortality or other clinical benefit, taking into account the severity, rarity and prevalence of the condition and the availability or lack of alternative treatments. As a condition of approval, the FDA may require that a sponsor of a drug or biologic product candidate receiving accelerated approval perform adequate and well controlled post-marketing clinical trials. In addition, the FDA currently requires as a condition for accelerated approval pre-approval of promotional materials.

- *Regenerative advanced therapy.* With passage of the 21st Century Cures Act, or the Cures Act, in December 2016, Congress authorized the FDA to accelerate review and approval of products designated as regenerative advanced therapies. A product is eligible for this designation if it is a regenerative medicine therapy that is intended to treat, modify, reverse or cure a serious or life-threatening disease or *condition* and preliminary clinical evidence indicates that the product candidate has the potential to address unmet medical needs for such disease or condition. The benefits of a regenerative advanced therapy designation include early interactions with the FDA to expedite development and review, benefits available to breakthrough therapies, potential eligibility for priority review and accelerated approval based on surrogate or intermediate endpoints.

Post-Approval Regulation

Drugs and biologics manufactured or distributed pursuant to FDA approvals are subject to pervasive and continuing regulation by the FDA, including, among other things, requirements relating to recordkeeping, periodic reporting, product sampling and distribution, advertising and promotion and reporting of adverse experiences with the product. After approval, most changes to the approved product, such as adding new indications or other labeling claims, are subject to prior FDA review and approval. There also are continuing, annual user fee requirements for any marketed products and the establishments at which such products are manufactured, as well as new application fees for supplemental applications with clinical data.

In addition, manufacturers and other entities involved in the manufacture and distribution of approved products are required to register their establishments with the FDA and state agencies, and are subject to periodic unannounced inspections by the FDA and these state agencies for compliance with cGMP requirements. Changes to the manufacturing process are strictly regulated and often require prior FDA approval before being implemented. FDA regulations also require investigation and correction of any deviations from cGMP and impose reporting and documentation requirements upon the sponsor and any third-party manufacturers that the sponsor may decide to use. Accordingly, manufacturers must continue to expend time, money, and effort in the area of production and quality control to maintain cGMP compliance.

Once an approval is granted, the FDA may withdraw the approval if compliance with regulatory requirements and standards is not maintained or if problems occur after the product reaches the market. Later discovery of previously unknown problems with a product, including adverse events of unanticipated severity or frequency, or with manufacturing processes, or failure to comply with regulatory requirements, may result in revisions to the approved labeling to add new safety information; imposition of post-market studies or clinical trials to assess new safety risks; or imposition of distribution or other restrictions under a REMS program. Other potential consequences include, among other things:

- restrictions on the marketing or manufacturing of the product, suspension of the approval, or complete withdrawal of the product from the market or product recalls;
- fines, warning letters or holds on post-approval clinical trials;
- refusal of the FDA to approve pending NDAs or supplements to approved NDAs, or suspension or revocation of product license approvals;
- product seizure or detention, or refusal to permit the import or export of products; or
- injunctions or the imposition of civil or criminal penalties.

The FDA strictly regulates marketing, labeling, advertising and promotion of products that are placed on the market. Products may be promoted only for the approved indications and in accordance with the provisions of the approved label. In September 2021, the FDA published final regulations which describe the types of evidence that the agency will consider in determining the intended use of a drug or biologic. The FDA and other agencies actively enforce the laws and regulations prohibiting the promotion of off-label uses, and a company that is found to have improperly promoted off-label uses may be subject to significant liability. If a company is found to have promoted off-label uses, it may become subject to adverse public relations and administrative and judicial enforcement by the FDA, the Department of Justice, or the Office of the Inspector General of the Department of Health and Human Services, as well as state authorities. This could subject a company to a range of penalties that could have a significant commercial impact, including civil and criminal fines and agreements that materially restrict the manner in which a company promotes or distributes drug products.

Generic Drugs and Regulatory Exclusivity

In 1984, with passage of the Hatch-Waxman Act, Congress established an abbreviated regulatory scheme authorizing the FDA to approve generic drugs that are shown to contain the same active ingredients as, and to be bioequivalent to, drugs previously approved

by the FDA pursuant to NDAs. To obtain approval of a generic drug, an applicant must submit an abbreviated new drug application, or ANDA, to the agency. An ANDA is a comprehensive submission that contains, among other things, data and information pertaining to the active pharmaceutical ingredient, bioequivalence, drug product formulation, specifications and stability of the generic drug, as well as analytical methods, manufacturing process validation data and quality control procedures. ANDAs are "abbreviated" because they generally do not include preclinical and clinical data to demonstrate safety and effectiveness. Instead, in support of such applications, a generic manufacturer may rely on the preclinical and clinical testing previously conducted for a drug product previously approved under an NDA, known as the reference-listed drug, or RLD.

Under the Hatch-Waxman Act, the FDA may not approve an ANDA until any applicable period of non-patent exclusivity for the RLD has expired. The FDCA provides a period of five years of non-patent data exclusivity for a new drug containing a new chemical entity. For the purposes of this provision, a new chemical entity, or NCE, is a drug that contains no active moiety that has previously been approved by the FDA in any other NDA. This interpretation was confirmed with enactment of the Ensuring Innovation Act in April 2021. An active moiety is the molecule or ion responsible for the physiological or pharmacological action of the drug substance. In cases where such NCE exclusivity has been granted, an ANDA may not be filed with the FDA until the expiration of five years unless the submission is accompanied by a Paragraph IV certification, in which case the applicant may submit its application four years following the original product approval. The FDCA also provides for a period of three years of exclusivity if the NDA includes reports of one or more new clinical investigations, other than bioavailability or bioequivalence studies, that were conducted by or for the applicant and are essential to the approval of the application.

Biosimilars and Regulatory Exclusivity

When a biological product is licensed for marketing by FDA with approval of a BLA, the product may be entitled to certain types of market and data exclusivity barring FDA from approving competing products for certain periods of time. In March 2010, the Patient Protection and Affordable Care Act was enacted in the United States and included the Biologics Price Competition and Innovation Act of 2009, or the BPCIA. The BPCIA amended the PHSA to create an abbreviated approval pathway for biological products that are biosimilar to or interchangeable with an FDA-licensed reference biological product. To date, the FDA has approved a number of biosimilars and the first interchangeable biosimilar product was approved on July 30, 2021 and a second product previously approved as a biosimilar was designated as interchangeable in October 2021. The FDA has also issued numerous guidance documents outlining its approach to reviewing and licensing biosimilars and interchangeable biosimilars under the PHSA, including a draft guidance issued in November 2020 that seeks to provide additional clarity to manufacturers of interchangeable biosimilars.

Under the BPCIA, a manufacturer may submit an application for licensure of a biologic product that is "biosimilar to" or "interchangeable with" a previously approved biological product or "reference product." In order for the FDA to approve a biosimilar product, it must find that there are no clinically meaningful differences between the reference product and proposed biosimilar product in terms of safety, purity, and potency. For the FDA to approve a biosimilar product as interchangeable with a reference product, the agency must find that the biosimilar product can be expected to produce the same clinical results as the reference product, and (for products administered multiple times) that the biologic and the reference biologic may be switched after one has been previously administered without increasing safety risks or risks of diminished efficacy relative to exclusive use of the reference biologic.

Under the BPCIA, an application for a biosimilar product may not be submitted to the FDA until four years following the date of approval of the reference product. The FDA may not approve a biosimilar product until 12 years from the date on which the reference product was approved. Even if a product is considered to be a reference product eligible for exclusivity, another company could market a competing version of that product if the FDA approves a full application for such product containing the sponsor's own preclinical data and data from adequate and well-controlled clinical trials to demonstrate the safety, purity and potency of their product. The BPCIA also created certain exclusivity periods for biosimilars approved as interchangeable products. There have been recent government proposals to reduce the 12-year reference product exclusivity period, but none has been enacted to date. At the same time, since passage of the BPCIA, many states have passed laws or amendments to laws, which address pharmacy practices involving biosimilar products.

Orphan Drug Designation and Exclusivity

Under the Orphan Drug Act, the FDA may designate a drug product as an "orphan drug" if it is intended to treat a rare disease or condition, generally meaning that it affects fewer than 200,000 individuals in the United States, or more in cases in which there is no reasonable expectation that the cost of developing and making a drug product available in the United States for treatment of the disease or condition will be recovered from sales of the product. A company must request orphan drug designation before submitting an NDA or BLA for the candidate product. If the request is granted, the FDA will disclose the identity of the therapeutic agent and its potential

use. Orphan drug designation does not shorten the PDUFA goal dates for the regulatory review and approval process, although it does convey certain advantages such as tax benefits and exemption from the PDUFA application fee.

If a product with orphan designation receives the first FDA approval for the disease or condition for which it has such designation or for a select indication or use within the rare disease or condition for which it was designated, the product generally will receive orphan drug exclusivity. Orphan drug exclusivity means that the FDA may not approve another sponsor's marketing application for the same drug for the same indication for seven years, except in certain limited circumstances. Orphan exclusivity does not block the approval of a different product for the same rare disease or condition, nor does it block the approval of the same product for different indications. If a drug or biologic designated as an orphan drug ultimately receives marketing approval for an indication broader than what was designated in its orphan drug application, it may not be entitled to exclusivity.

Orphan drug exclusivity will not bar approval of another product under certain circumstances, including if the company with orphan drug exclusivity is not able to meet market demand or the subsequent product with the same drug for the same condition is shown to be clinically superior to the approved product on the basis of greater efficacy or safety, or providing a major contribution to patient care. This is the case despite an earlier court opinion holding that the Orphan Drug Act unambiguously required the FDA to recognize orphan drug exclusivity regardless of a showing of clinical superiority. Under Omnibus legislation signed by President Trump on December 27, 2020, the requirement for a product to show clinical superiority applies to drugs and biologics that received orphan drug designation before enactment of FDARA in 2017, but have not yet been approved or licensed by FDA.

In September 2021, the Court of Appeals for the 11th Circuit held that, for the purpose of determining the scope of market exclusivity, the term "same disease or condition" in the statute means the designated "rare disease or condition" and could not be interpreted by the FDA to mean the "indication or use." Thus, the court concluded, orphan drug exclusivity applies to the entire designated disease or condition rather than the "indication or use." It is unclear how this court decision will be implemented by the FDA.

Pediatric Exclusivity

Pediatric exclusivity is another type of non-patent marketing exclusivity in the United States and, if granted, provides for the attachment of an additional six months of regulatory exclusivity, including orphan drug exclusivity. For drug products, the six month regulatory exclusivity may be attached to the term of any existing patent or regulatory exclusivity available under the Hatch-Waxman provisions of the FDCA. For biologic products, the six month period may be attached to any existing regulatory exclusivities but not to any patent terms. This six-month exclusivity may be granted if an NDA or BLA sponsor submits pediatric data that fairly respond to a written request from the FDA for such data. The data do not need to show the product to be effective in the pediatric population studied; rather, if the clinical trial is deemed to fairly respond to the FDA's request, the additional protection is granted. If reports of requested pediatric studies are submitted to and accepted by the FDA within the statutory time limits, whatever statutory or regulatory periods of exclusivity or patent protection cover the product are extended by six months. This is not a patent term extension, but it effectively extends the regulatory period during which the FDA cannot approve another application.

Patent Term Restoration and Extension

A patent claiming a new drug product may be eligible for a limited patent term extension under the Hatch-Waxman Act, which permits a patent restoration of up to five years for patent term lost during product development and the FDA regulatory review. The restoration period granted on a patent covering a product is typically one-half the time between the effective date of the IND and the submission date of an application, plus the time between the submission date of an application and the ultimate approval date. Patent term restoration cannot be used to extend the remaining term of a patent past a total of 14 years from the product's approval date. Only one patent applicable to an approved product is eligible for the extension, and the application for the extension must be submitted prior to the expiration of the patent in question. A patent that covers multiple products for which approval is sought can only be extended in connection with one of the approvals. The USPTO reviews and approves the application for any patent term extension or restoration in consultation with the FDA.

Review and Approval of Drug Products in the European Union

In order to market any product outside of the United States, a company must also comply with numerous and varying regulatory requirements of other countries and jurisdictions regarding quality, safety and efficacy and governing, among other things, clinical trials, marketing authorization, commercial sales and distribution of drug products. Whether or not it obtains FDA approval for a product, the company would need to obtain the necessary approvals by the comparable foreign regulatory authorities before it can commence clinical

trials or marketing of the product in those countries or jurisdictions. The approval process ultimately varies between countries and jurisdictions and can involve additional product testing and additional administrative review periods.

Clinical Trial Approval in the European Union

On January 31, 2022, the new Clinical Trials Regulation (EU) No 536/2014 became effective in the European Union and replaced the prior Clinical Trials Directive 2001/20/EC. The new regulation aims at simplifying and streamlining the authorization, conduct and transparency of clinical trials in the European Union. Under the new coordinated procedure for the approval of clinical trials, the sponsor of a clinical trial to be conducted in more than one Member State of the European Union, or EU Member State, will only be required to submit a single application for approval. The submission will be made through the Clinical Trials Information System, a new clinical trials portal overseen by the EMA and available to clinical trial sponsors, competent authorities of the EU Member States and the public.

The new regulation did not change the preexisting requirement that a sponsor must obtain prior approval from the competent national authority of the EU Member State in which the clinical trial is to be conducted. If the clinical trial is conducted in different EU Member States, the competent authorities in each of these EU Member States must provide their approval for the conduct of the clinical trial. Furthermore, the sponsor may only start a clinical trial at a specific study site after the applicable ethics committee has issued a favorable opinion.

Parties conducting certain clinical trials must, as in the United States, post clinical trial information in the EU at the EudraCT website: https://eudract.ema.europa.eu.

PRIME Designation in the European Union

In March 2016, the EMA launched an initiative to facilitate development of product candidates in indications, often rare, for which few or no therapies currently exist. The PRIority MEdicines, or PRIME, scheme is intended to encourage drug development in areas of unmet medical need and provides accelerated assessment of products representing substantial innovation reviewed under the centralized procedure. Products from small- and medium-sized enterprises, or SMEs, may qualify for earlier entry into the PRIME scheme than larger companies. Many benefits accrue to sponsors of product candidates with PRIME designation, including but not limited to, early and proactive regulatory dialogue with the EMA, frequent discussions on clinical trial designs and other development program elements, and accelerated marketing authorization application assessment once a dossier has been submitted. Importantly, a dedicated agency contact and rapporteur from the CHMP or Committee for Advanced Therapies, or CAT, are appointed early in PRIME scheme facilitating increased understanding of the product at EMA's Committee level.

Pediatric Studies

In the European Economic Area, or EEA, companies developing a new medicinal product must agree upon a Pediatric Investigation Plan, or PIP, with the EMA's pediatric committee, or PDCO, and must conduct pediatric clinical trials in accordance with that PIP, unless a waiver applies (e.g., because the relevant disease or condition occurs only in adults). The PIP sets out the timing and measures proposed to generate data to support a pediatric indication of the drug for which marketing authorization is being sought. The marketing authorization application for the product must include the results of pediatric clinical trials conducted in accordance with the PIP, unless a waiver applies, or a deferral has been granted by the PDCO of the obligation to implement some or all of the measures of the PIP until there are sufficient data to demonstrate the efficacy and safety of the product in adults, in which case the pediatric clinical trials must be completed at a later date.

Marketing Authorization

In the EEA, medicinal products can only be commercialized after obtaining a marketing authorization. Marketing authorizations for medicinal products may be obtained through several different procedures founded on the same basic regulatory process.

The centralized procedure provides for the grant of a single marketing authorization that is valid for all European Union Member States. The centralized procedure is compulsory for medicinal products produced by certain biotechnological processes, products designated as orphan medicinal products, and products with a new active substance indicated for the treatment of certain diseases. It is optional for those products that are highly innovative or for which a centralized process is in the interest of patients. Under the centralized procedure in the European Union, the maximum timeframe for the evaluation of a marketing authorization application, or MAA, is 210 days, excluding clock stops, when additional written or oral information is to be provided by the sponsor in response to questions

asked by the CHMP. Accelerated evaluation may be granted by the CHMP in exceptional cases. These are defined as circumstances in which a medicinal product is expected to be of a "major public health interest." Three cumulative criteria must be fulfilled in such circumstances: the seriousness of the disease, such as severely disabling or life-threatening diseases, to be treated; the absence or insufficiency of an appropriate alternative therapeutic approach; and anticipation of high therapeutic benefit. In these circumstances, the EMA ensures that the opinion of the CHMP is given within 150 days.

The decentralized procedure provides for approval by one or more other concerned European Union Member States of an assessment of an application for marketing authorization conducted by one European Union Member State, known as the reference European Union Member State. In accordance with this procedure, a sponsor submits an application for marketing authorization to the reference European Union Member State and the concerned European Union Member States. This application is identical to the application that would be submitted to the EMA for authorization through the centralized procedure. The reference European Union Member State prepares a draft assessment and drafts of the related materials within 120 days after receipt of a valid application. The resulting assessment report is submitted to the concerned European Union Member States which, within 90 days of receipt, must decide whether to approve the assessment report and related materials. If a concerned European Union Member State cannot approve the assessment report and related materials due to concerns relating to a potential serious risk to public health, disputed elements may be referred to the European Commission, whose decision is binding on all European Union Member States.

Now that the United Kingdom (which comprises Great Britain and Northern Ireland) has left the European Union, Great Britain will no longer be covered by centralized marketing authorizations (under the Northern Irish Protocol, centralized marketing authorizations will continue to be recognized in Northern Ireland). All medicinal products with a current centralized marketing authorization were automatically converted to Great Britain marketing authorizations on January 1, 2021. For a period of two years from January 1, 2021, the Medicines and Healthcare products Regulatory Agency, or MHRA, the UK medicines regulator, may rely on a decision taken by the European Commission on the approval of a new marketing authorization in the centralized procedure, in order to more quickly grant a new Great Britain marketing authorization. A separate application will, however, still be required.

Regulatory Requirements After Marketing Authorization

Following marketing authorization of a medicinal product in the European Union, the holder of the authorization is required to comply with a range of requirements applicable to the manufacturing, marketing, promotion and sale of medicinal products. These include compliance with the European Union's stringent pharmacovigilance or safety reporting, as well as rules potentially requiring post-authorization studies and additional monitoring obligations. In addition, the manufacturing of authorized medicinal products, for which a separate manufacturer's license is mandatory, must also be conducted in strict compliance with the applicable European Union laws, regulations and guidance, including Directive 2001/83/EC, Directive 2003/94/EC, Regulation (EC) No 726/2004 and the European Commission Guidelines for Good Manufacturing Practice. These requirements include compliance with European Union cGMP standards when manufacturing medicinal products and active pharmaceutical ingredients, including the manufacture of active pharmaceutical ingredients outside of the European Union with the intention to import the active pharmaceutical ingredients into the European Union. Finally, the marketing and promotion of authorized drugs, including industry-sponsored continuing medical education and advertising directed toward the prescribers of drugs and/or the general public, are strictly regulated in the European Union notably under Directive 2001/83EC, as amended, and European Union Member State laws. Direct-to-consumer advertising of prescription medicines is prohibited across the European Union.

Regulatory Data Protection in the European Union

In the European Union, new chemical entities approved on the basis of a complete independent data package qualify for eight years of data exclusivity upon marketing authorization and an additional two years of market exclusivity pursuant to Regulation (EC) No 726/2004, as amended, and Directive 2001/83/EC, as amended. Data exclusivity prevents regulatory authorities in the European Union from referencing the innovator's data to assess a generic (abbreviated) application for a period of eight years. During the additional two-year period of market exclusivity, a generic marketing authorization application can be submitted, and the innovator's data may be referenced, but no generic medicinal product can be marketed until the expiration of the market exclusivity. The overall ten-year period will be extended to a maximum of eleven years if, during the first eight years of those ten years, the marketing authorization holder obtains an authorization for one or more new therapeutic indications which, during the scientific evaluation prior to authorization, is held to bring a significant clinical benefit in comparison with existing therapies.

Pediatric Exclusivity

Products that are granted a marketing authorization with the results of the pediatric clinical trials conducted in accordance with the PIP are eligible for a six month extension of the protection under a supplementary protection certificate (if any is in effect at the time of approval) even where the trial results are negative. In the case of orphan medicinal products, a two year extension of the orphan market exclusivity may be available. This pediatric reward is subject to specific conditions and is not automatically available when data in compliance with the PIP are developed and submitted.

Orphan Drug Designation and Exclusivity in the European Union

Regulation (EC) No 141/2000 and Regulation (EC) No. 847/2000 provide that a product can be designated as an orphan medicinal product by the European Commission if its sponsor can establish that the product is intended for the diagnosis, prevention or treatment of: (1) a life-threatening or chronically debilitating condition affecting not more than five in ten thousand persons in the European Union when the application is made, or (2) a life-threatening, seriously debilitating or serious and chronic condition in the European Union and that without incentives the medicinal product is unlikely to be developed. For either of these conditions, the sponsor must demonstrate that there exists no satisfactory method of diagnosis, prevention or treatment of the condition in question that has been authorized in the European Union or, if such method exists, the medicinal product will be of significant benefit to those affected by that condition.

Once authorized, orphan medicinal products are entitled to ten years of market exclusivity in all European Union Member States and, in addition, a range of other benefits during the development and regulatory review process, including scientific assistance for trial protocols, authorization through the centralized marketing authorization procedure covering all member countries and a reduction or elimination of registration and marketing authorization fees. However, marketing authorization may be granted to a similar medicinal product with the same orphan indication during the ten-year period with the consent of the marketing authorization holder for the original orphan medicinal product or if the manufacturer of the original orphan medicinal product is unable to supply sufficient quantities. Marketing authorization may also be granted to a similar medicinal product with the same orphan indication if the product is safer, more effective or otherwise clinically superior to the original orphan medicinal product. The period of market exclusivity may, in addition, be reduced to six years if it can be demonstrated on the basis of available evidence that the original orphan medicinal product is sufficiently profitable not to justify maintenance of market exclusivity.

Orphan drug exclusivity will not bar approval of another product under certain circumstances, including if a subsequent product with the same drug or biologic for the same indication is shown to be clinically superior to the approved product on the basis of greater efficacy or safety, or providing a major contribution to patient care, or if the company with orphan drug exclusivity is not able to meet market demand. This is the case despite an earlier court opinion holding that the Orphan Drug Act unambiguously required the FDA to recognize orphan exclusivity regardless of a showing of clinical superiority.

Brexit and the Regulatory Framework in the United Kingdom

The United Kingdom's withdrawal from the EU took place on January 31, 2020. The EU and the U.K. reached an agreement on their new partnership in the Trade and Cooperation Agreement, or the Agreement, which was applied provisionally beginning on January 1, 2021 and which entered into force on May 1, 2021. The Agreement focuses primarily on free trade by ensuring no tariffs or quotas on trade in goods, including healthcare products such as medicinal products. Thereafter, the EU and the U.K. will form two separate markets governed by two distinct regulatory and legal regimes. As such, the Agreement seeks to minimize barriers to trade in goods while accepting that border checks will become inevitable as a consequence that the U.K. is no longer part of the single market. As of January 1, 2021, the Medicines and Healthcare products Regulatory Agency, or the MHRA, became responsible for supervising medicines and medical devices in Great Britain, comprising England, Scotland and Wales under domestic law whereas Northern Ireland continues to be subject to EU rules under the Northern Ireland Protocol. The MHRA will rely on the Human Medicines Regulations 2012 (SI 2012/1916) (as amended), or the HMR, as the basis for regulating medicines. The HMR has incorporated into the domestic law the body of EU law instruments governing medicinal products that pre-existed prior to the U.K.'s withdrawal from the EU.

Furthermore, while the Data Protection Act of 2018 in the United Kingdom that "implements" and complements the European Union's General Data Protection Regulation, or GDPR, has achieved Royal Assent on May 23, 2018 and is now effective in the United Kingdom, it is still unclear whether transfer of data from the EEA to the United Kingdom will remain lawful under GDPR. The Trade and Cooperation Agreement provides for a transitional period during which the United Kingdom will be treated like a European

Union member state in relation to processing and transfers of personal data for four months from January 1, 2021. This may be extended by two further months. After such period, the United Kingdom will be a "third country" under the GDPR unless the European Commission adopts an adequacy decision in respect of transfers of personal data to the United Kingdom. The United Kingdom has already determined that it considers all of the European Union 27 and EEA member states to be adequate for the purposes of data protection, ensuring that data flows from the United Kingdom to the European Union/EEA remain unaffected.

General Data Protection Regulation

Many countries outside of the United States maintain rigorous laws governing the privacy and security of personal information. The collection, use, disclosure, transfer, or other processing of personal data, including personal health data, regarding individuals who are located in the EEA, and the processing of personal data that takes place in the EEA, is subject to the GDPR, which became effective on May 25, 2018. The GDPR is wide-ranging in scope and imposes numerous requirements on companies that process personal data, and it imposes heightened requirements on companies that process health and other sensitive data, such as requiring in many situations that a company obtain the consent of the individuals to whom the sensitive personal data relate before processing such data. Examples of obligations imposed by the GDPR on companies processing personal data that fall within the scope of the GDPR include providing information to individuals regarding data processing activities, implementing safeguards to protect the security and confidentiality of personal data, appointing a data protection officer, providing notification of data breaches and taking certain measures when engaging third-party processors.

The GDPR also imposes strict rules on the transfer of personal data to countries outside the EEA, including the United States, and permits data protection authorities to impose large penalties for violations of the GDPR, including potential fines of up to €20 million or 4% of annual global revenues, whichever is greater. The GDPR also confers a private right of action on data subjects and consumer associations to lodge complaints with supervisory authorities, seek judicial remedies, and obtain compensation for damages resulting from violations of the GDPR. Compliance with the GDPR is a rigorous and time-intensive process that may increase the cost of doing business or require companies to change their business practices to ensure full compliance. In July 2020, the Court of Justice of the European Union, or the CJEU, invalidated the EU-U.S. Privacy Shield framework, one of the mechanisms used to legitimize the transfer of personal data from the EEA to the United States. The CJEU decision also drew into question the long-term viability of an alternative means of data transfer, the standard contractual clauses, for transfers of personal data from the EEA to the United States. Following the withdrawal of the U.K. from the EU, the U.K. Data Protection Act 2018 applies to the processing of personal data that takes place in the U.K. and includes parallel obligations to those set forth by GDPR.

Pharmaceutical Coverage, Pricing and Reimbursement

In the United States and markets in other countries, patients who are prescribed treatments for their conditions and providers performing the prescribed services generally rely on third-party payors to reimburse all or part of the associated healthcare costs. Significant uncertainty exists as to the coverage and reimbursement status of products approved by the FDA and other government authorities. Thus, even if a product candidate is approved, sales of the product will depend, in part, on the extent to which third-party payors, including government health programs in the United States such as Medicare and Medicaid, commercial health insurers and managed care organizations, provide coverage, and establish adequate reimbursement levels for, the product. The process for determining whether a payor will provide coverage for a product may be separate from the process for setting the price or reimbursement rate that the payor will pay for the product once coverage is approved. Third-party payors are increasingly challenging the prices charged, examining the medical necessity, and reviewing the cost-effectiveness of medical products and services and imposing controls to manage costs. Third-party payors may limit coverage to specific products on an approved list, also known as a formulary, which might not include all of the approved products for a particular indication.

In order to secure coverage and reimbursement for any product that might be approved for sale, a company may need to conduct expensive pharmacoeconomic studies in order to demonstrate the medical necessity and cost-effectiveness of the product, in addition to the costs required to obtain FDA or other comparable marketing approvals. Nonetheless, product candidates may not be considered medically necessary or cost effective. A decision by a third-party payor not to cover a product candidate could reduce physician utilization once the product is approved and have a material adverse effect on sales, results of operations and financial condition. Additionally, a payor's decision to provide coverage for a product does not imply that an adequate reimbursement rate will be approved. Further, one payor's determination to provide coverage for a drug product does not assure that other payors will also provide coverage and reimbursement for the product, and the level of coverage and reimbursement can differ significantly from payor to payor.

The containment of health care costs also has become a priority of federal, state and foreign governments and the prices of products have been a focus in this effort. Governments have shown significant interest in implementing cost-containment programs, including price controls, restrictions on reimbursement and requirements for substitution of generic products. Adoption of price controls and cost-containment measures, and adoption of more restrictive policies in jurisdictions with existing controls and measures, could further limit a company's revenue generated from the sale of any approved products. Coverage policies and third-party reimbursement rates may change at any time. Even if favorable coverage and reimbursement status is attained for one or more products for which a company or its collaborators receive marketing approval, less favorable coverage policies and reimbursement rates may be implemented in the future.

Healthcare Reform

A primary trend in the U.S. healthcare industry and elsewhere is cost containment. There have been a number of federal and state proposals during the last few years regarding the pricing of pharmaceutical and biopharmaceutical products, limiting coverage and reimbursement for drugs and biologics and other medical products, government control and other changes to the health care system in the United States.

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. In addition, other legislative changes have been proposed and adopted since the ACA was enacted. In August 2011, the Budget Control Act of 2011, among other things, created measures for spending reductions by Congress. A Joint Select Committee on Deficit Reduction, tasked with recommending a targeted deficit reduction of at least $1.2 trillion for the years 2013 through 2021, was unable to reach required goals, thereby triggering the legislation's automatic reduction to several government programs. These changes included aggregate reductions to Medicare payments to providers of up to 2% per fiscal year, which went into effect in April 2013 and will remain in effect through 2031. Pursuant to the Coronavirus Aid, Relief and Economic Security Act, or CARES Act, and subsequent legislation, these Medicare sequester reductions have been suspended through the end of March 2022. From April 2022 through June 2022 a 1% sequester cut will be in effect, with the full 2% cut resuming thereafter. These laws may result in additional reductions in Medicare and other healthcare funding and otherwise affect the prices we may obtain for any of our product candidates for which we may obtain regulatory approval or the frequency with which any such product candidate is prescribed or used.

Since enactment of the ACA, there have been, and continue to be, numerous legal challenges and Congressional actions to repeal and replace provisions of the law. For example, with enactment of the Tax Cuts and Jobs Act of 2017, which was signed by President Trump on December 22, 2017, Congress repealed the "individual mandate." The repeal of this provision, which requires most Americans to carry a minimal level of health insurance, became effective in 2019. In December 2018, a U.S. District Court judge in the Northern District of Texas ruled that the individual mandate portion of the ACA is an essential and inseverable feature of the ACA, and therefore because the mandate was repealed as part of the Tax Act, the remaining provisions of the ACA are invalid as well. The U.S. Supreme Court heard this case and in June 2021, dismissed this action after finding that the plaintiffs do not have standing to challenge the constitutionality of the ACA. Litigation and legislation over the ACA are likely to continue, with unpredictable and uncertain results. The Trump Administration also took executive actions to delay implementation of the ACA, including directing federal agencies with authorities and responsibilities under the ACA to waive, defer, grant exemptions from, or delay the implementation of any provision of the ACA that would impose a fiscal or regulatory burden on states, individuals, healthcare providers, health insurers, or manufacturers of pharmaceuticals or medical devices. On January 28, 2021, however, President Biden revoked those orders and issued a new Executive Order which directs federal agencies to reconsider rules and other policies that limit Americans' access to health care, and consider actions that will protect and strengthen that access. Under this Order, federal agencies are directed to re-examine: policies that undermine protections for people with pre-existing conditions, including complications related to COVID-19; demonstrations and waivers under Medicaid and the ACA that may reduce coverage or undermine the programs, including work requirements; policies that undermine the Health Insurance Marketplace or other markets for health insurance; policies that make it more difficult to enroll in Medicaid and the ACA; and policies that reduce affordability of coverage or financial assistance, including for dependents.

Pharmaceutical Prices

The prices of prescription pharmaceuticals have also been the subject of considerable discussion in the United States. There have been several recent U.S. congressional inquiries, as well as proposed and enacted state and federal legislation designed to, among other things, bring more transparency to pharmaceutical pricing, review the relationship between pricing and manufacturer patient programs, and reduce the costs of pharmaceuticals under Medicare and Medicaid. In 2020, President Trump issued several executive orders intended to lower the costs of prescription products and certain provisions in these orders have been incorporated into regulations. These regulations include an interim final rule implementing a most favored nation model for prices that would tie Medicare Part B payments

for certain physician-administered pharmaceuticals to the lowest price paid in other economically advanced countries, effective January 1, 2021. That rule, however, has been subject to a nationwide preliminary injunction and, on December 29, 2021, CMS issued a final rule to rescind it. With issuance of this rule, CMS stated that it will explore all options to incorporate value into payments for Medicare Part B pharmaceuticals and improve beneficiaries' access to evidence-based care.

In addition, in October 2020, HHS and the FDA published a final rule allowing states and other entities to develop a Section 804 Importation Program, or SIP, to import certain prescription drugs from Canada into the United States. The final rule is currently the subject of ongoing litigation, but at least six states (Vermont, Colorado, Florida, Maine, New Mexico, and New Hampshire) have passed laws allowing for the importation of drugs from Canada with the intent of developing SIPs for review and approval by the FDA. Further, on November 20, 2020, HHS finalized a regulation removing safe harbor protection for price reductions from pharmaceutical manufacturers to plan sponsors under Part D, either directly or through pharmacy benefit managers, unless the price reduction is required by law. The implementation of the rule has been delayed by the Infrastructure Investment and Jobs Act to January 1, 2026 in response to ongoing litigation. The rule also creates a new safe harbor for price reductions reflected at the point-of-sale, as well as a new safe harbor for certain fixed fee arrangements between pharmacy benefit managers and manufacturers, the implementation of which have also been delayed until January 1, 2026.

In September 2021, acting pursuant to an executive order signed by President Biden, the Department of Health and Human Services, or HHS, released its plan to reduce pharmaceutical prices. The key features of that plan are to: (a) make pharmaceutical prices more affordable and equitable for all consumers and throughout the health care system by supporting pharmaceutical price negotiations with manufacturers; (b) improve and promote competition throughout the prescription pharmaceutical industry by supporting market changes that strengthen supply chains, promote biosimilars and generic drugs, and increase transparency; and (c) foster scientific innovation to promote better healthcare and improve health by supporting public and private research and making sure that market incentives promote discovery of valuable and accessible new treatments.

At the state level, individual states are increasingly aggressive in passing legislation and implementing regulations designed to control pharmaceutical and biological product pricing, including price or patient reimbursement constraints, discounts, restrictions on certain product access and marketing cost disclosure and transparency measures, and, in some cases, designed to encourage importation from other countries and bulk purchasing. A number of states, for example, require drug manufacturers and other entities in the drug supply chain, including health carriers, pharmacy benefit managers, wholesale distributors, to disclose information about pricing of pharmaceuticals. In addition, regional healthcare organizations and individual hospitals are increasingly using bidding procedures to determine what pharmaceutical products and which suppliers will be included in their prescription pharmaceutical and other healthcare programs. These measures could reduce the ultimate demand for our products, once approved, or put pressure on our product pricing. We expect that additional state and federal healthcare reform measures will be adopted in the future, any of which could limit the amounts that federal and state governments will pay for healthcare products and services, which could result in reduced demand for our product candidates or additional pricing pressures.

In the European Union, pricing and reimbursement schemes vary widely from country to country. Some countries provide that products may be marketed only after a reimbursement price has been agreed. Some countries may require the completion of additional studies that compare the cost-effectiveness of a particular drug candidate to currently available therapies or so-called health technology assessments, in order to obtain reimbursement or pricing approval. For example, the European Union provides options for its member states to restrict the range of products for which their national health insurance systems provide reimbursement and to control the prices of medicinal products for human use. European Union member states may approve a specific price for a product or it may instead adopt a system of direct or indirect controls on the profitability of the company placing the product on the market. Other member states allow companies to fix their own prices for products, but monitor and control prescription volumes and issue guidance to physicians to limit prescriptions. Recently, many countries in the European Union have increased the amount of discounts required on pharmaceuticals and these efforts could continue as countries attempt to manage healthcare expenditures, especially in light of the severe fiscal and debt crises experienced by many countries in the European Union. The downward pressure on health care costs in general, particularly prescription drugs, has become intense. As a result, increasingly high barriers are being erected to the entry of new products. Political, economic and regulatory developments may further complicate pricing negotiations, and pricing negotiations may continue after reimbursement has been obtained. Reference pricing used by various European Union member states, and parallel trade, i.e., arbitrage between low-priced and high-priced member states, can further reduce prices. There can be no assurance that any country that has price controls or reimbursement limitations for pharmaceutical products will allow favorable reimbursement and pricing arrangements for any products, if approved in those countries.

Healthcare Law and Regulation

Health care providers and third-party payors play a primary role in the recommendation and prescription of drug products that are granted marketing approval. Arrangements with providers, consultants, third-party payors and customers are subject to broadly applicable fraud and abuse, anti-kickback, false claims laws, patient privacy laws and regulations and other health care laws and regulations that may constrain business and/or financial arrangements.

Restrictions under applicable federal and state health care laws and regulations, include the federal Anti-Kickback Statute, which prohibits, among other things, persons and entities from knowingly and willfully soliciting, offering, paying, receiving or providing remuneration, directly or indirectly, in cash or in kind, to induce or reward either the referral of an individual for, or the purchase, order or recommendation of, any good or service, for which payment may be made, in whole or in part, under a federal health care program such as Medicare and Medicaid; the federal civil and criminal false claims laws, including the civil False Claims Act, and civil monetary penalties laws, which prohibit individuals or entities from, among other things, knowingly presenting, or causing to be presented, to the federal government, claims for payment that are false, fictitious or fraudulent or knowingly making, using or causing to made or used a false record or statement to avoid, decrease or conceal an obligation to pay money to the federal government; the Foreign Corrupt Practices Act, or FCPA, which prohibits companies and their intermediaries from making, or offering or promising to make, improper payments to non-United States officials for the purpose of obtaining or retaining business or otherwise seeking favorable treatment; and the federal transparency requirements known as the federal Physician Payments Sunshine Act, which requires certain manufacturers of drugs, devices, biologics and medical supplies to report annually to the Centers for Medicare & Medicaid Services, or CMS, within the United States Department of Health and Human Services, information related to payments and other transfers of value made by that entity to physicians, other healthcare providers and teaching hospitals, as well as ownership and investment interests held by physicians and their immediate family members.

Further, some state laws require pharmaceutical companies to comply with the pharmaceutical industry's voluntary compliance guidelines and the relevant compliance guidance promulgated by the federal government in addition to requiring manufacturers to report information related to payments to physicians and other health care providers or marketing expenditures. Additionally, some state and local laws require the registration of pharmaceutical sales representatives in the jurisdiction. State and foreign laws also govern the privacy and security of health information in some circumstances, many of which differ from each other in significant ways and often are not preempted by HIPAA, thus complicating compliance efforts.

Federal and State Data Privacy Laws

There are multiple privacy and data security laws that may impact our business activities, in the United States and in other countries where we conduct trials or where we may do business in the future. These laws are evolving and may increase both our obligations and our regulatory risks in the future. In the health care industry generally, under the federal Health Insurance Portability and Accountability Act of 1996, or HIPAA, the U.S. Department of Health and Human Services, or HHS, has issued regulations to protect the privacy and security of protected health information, or PHI, used or disclosed by covered entities including certain healthcare providers, health plans and healthcare clearinghouses. HIPAA also regulates standardization of data content, codes and formats used in healthcare transactions and standardization of identifiers for health plans and providers. HIPAA also imposes certain obligations on the business associates of covered entities that obtain protected health information in providing services to or on behalf of covered entities. HIPAA may apply to us in certain circumstances and may also apply to our business partners in ways that may impact our relationships with them. Our clinical trials are regulated by the Common Rule, which also includes specific privacy-related provisions. In addition to federal privacy regulations, there are a number of state laws governing confidentiality and security of health information that may be applicable to our business. In addition to possible federal civil and criminal penalties for HIPAA violations, state attorneys general are authorized to file civil actions for damages or injunctions in federal courts to enforce HIPAA and seek attorney's fees and costs associated with pursuing federal civil actions. In addition, state attorneys general (along with private plaintiffs) have brought civil actions seeking injunctions and damages resulting from alleged violations of HIPAA's privacy and security rules. State attorneys general also have authority to enforce state privacy and security laws. New laws and regulations governing privacy and security may be adopted in the future as well.

At the state level, California has enacted legislation that has been dubbed the first "GDPR-like" law in the United States. Known as the California Consumer Privacy Act, or CCPA, it creates new individual privacy rights for consumers (as that word is broadly defined in the law) and places increased privacy and security obligations on entities handling personal data of consumers or households. The CCPA went into effect on January 1, 2020 and requires covered companies to provide new disclosures to California consumers, provide such consumers new ways to opt-out of certain sales of personal information, and allow for a new cause of action for data breaches.

Additionally, effective starting on January 1, 2023, the California Privacy Rights Act, or CPRA, will significantly modify the CCPA, including by expanding consumers' rights with respect to certain sensitive personal information. The CPRA also creates a new state agency that will be vested with authority to implement and enforce the CCPA and the CPRA. The CCPA and CPRA could impact our business activities depending on how it is interpreted and exemplifies the vulnerability of our business to not only cyber threats but also the evolving regulatory environment related to personal data and individually identifiable health information. These provisions may apply to some of our business activities. In addition, other states, including Virginia and Colorado, already have passed state privacy laws and other states will likely be considering similar laws in the near future.

Because of the breadth of these laws and the narrowness of the statutory exceptions and regulatory safe harbors available under such laws, it is possible that some of our current or future business activities, including certain clinical research, sales and marketing practices and the provision of certain items and services to our customers, could be subject to challenge under one or more of such privacy and data security laws. The heightening compliance environment and the need to build and maintain robust and secure systems to comply with different privacy compliance and/or reporting requirements in multiple jurisdictions could increase the possibility that a healthcare company may fail to comply fully with one or more of these requirements. If our operations are found to be in violation of any of the privacy or data security laws or regulations described above that are applicable to us, or any other laws that apply to us, we may be subject to penalties, including potentially significant criminal, civil and administrative penalties, damages, fines, contractual damages, reputational harm, diminished profits and future earnings, additional reporting requirements and/or oversight if we become subject to a consent decree or similar agreement to resolve allegations of non-compliance with these laws, and the curtailment or restructuring of our operations, any of which could adversely affect our ability to operate our business and our results of operations. To the extent that any product candidates we may develop, once approved, are sold in a foreign country, we may be subject to similar foreign laws.

Our Corporate Information

Our executive offices are located at 100 High Street, 28th Floor, Boston, Massachusetts, 02110, and our telephone number is (617) 349-1971. Our website address is www.astriatx.com. The information contained on, or that can be accessed through, our website is not a part of this Annual Report on Form 10-K. We have included our website address in this Annual Report on Form 10-K solely as an inactive textual reference.

Available Information

Our Annual Reports on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K and any amendments to these reports filed or furnished pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended, or the Exchange Act, are available free of charge on our website located at www.astriatx.com as soon as reasonably practicable after they are filed with or furnished to the Securities and Exchange Commission, or the SEC. These reports are also available at the SEC's Internet website at www.sec.gov. Our website and the information contained therein or connected thereto are not intended to be incorporated into this Annual Report on Form 10-K.

A copy of our Corporate Governance Guidelines, Code of Business Conduct and Ethics and the charters of the Audit Committee, Compensation Committee and Nominating and Corporate Governance Committee are posted on our website, www.astriatx.com, under "Investors — Corporate Governance".

Item 1A.

Risk Factors

We operate in a dynamic and rapidly changing business environment that involves risks and substantial uncertainty. The following discussion addresses risks and uncertainties that could cause, or contribute to causing, actual results to differ from expectations in material ways. In evaluating our business, investors should pay particular attention to the risks and uncertainties described below and in other sections of this Annual Report on Form 10-K and in our subsequent filings with the SEC. These risks and uncertainties, or other events that we do not currently anticipate or that we currently deem immaterial also may affect our results of operations, cash flows and financial condition. The trading price of our common stock could also decline due to any of these risks, and you could lose all or part of your investment.

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

Our business is entirely dependent on the success of STAR-0215 as a potential treatment for HAE, a program that is in preclinical development.

Our business is entirely dependent on the success of STAR-0215, which is in the preclinical stage of development, and has only produced results in preclinical and nonclinical settings. We acquired STAR-0215 in connection with our acquisition of Quellis in January 2021. We cannot give any assurance that we will generate clinical or other data for STAR-0215 sufficiently supportive to receive regulatory approval, which will be required before it can be commercialized. We have not filed an IND with the FDA for STAR-0215. We may experience issues surrounding preliminary trial execution, such as delays in filing our planned IND, delays in FDA acceptance of our planned IND, delays in filings with other regulatory authorities, include potential CTA filings in the EU, feedback from FDA and other EU regulatory authorities on our Phase 1b/2 trial design, revisions in our Phase 1a and Phase 1b/2 trial designs, and finalization of trial protocols, difficulties with patient recruitment and enrollment, quality and provision of materials and supplies necessary to manufacture sufficient quantities of drug product to meet our clinical trial needs on a timely basis, or early safety signals. STAR-0215 will require significant preclinical and clinical development, regulatory review and approval, substantial investment, access to sufficient commercial manufacturing capacity and significant marketing efforts before we can generate any revenue from product sales.

Until late 2020, we were largely focused on discovering and developing novel small molecule drugs by applying our SMART Linker drug discovery platform. With the acquisition of Quellis, we shifted our focus to STAR-0215. Unlike our prior product candidates, which were small molecules, STAR-0215 is a humanized monoclonal antibody. As a result, we face different regulatory, manufacturing, and research and discovery requirements and demands.

The success of our business, including our ability to finance our company and generate any revenue in the future, will primarily depend on the successful development, regulatory approval and commercialization of STAR-0215, which may never occur. Given that STAR-0215 is in preclinical development, it will be years before we are able to demonstrate safety and efficacy of STAR-0215 sufficient to warrant approval for commercialization, and we may never be able to do so. If we are unable to develop, or obtain regulatory approval for, or, if approved, successfully commercialize STAR-0215, we may not be able to generate sufficient revenue to continue our business and our business would be materially harmed.

Preclinical development is uncertain. Our preclinical programs may experience delays or may never advance to clinical trials and we may be unsuccessful in identifying any new product candidates.

Our lead product candidate, STAR-0215, is still in the preclinical stage, and its risk of failure is high. Before we can commence clinical trials for a product candidate, we must complete extensive preclinical testing and studies that support our planned IND in the United States, or similar applications in other jurisdictions, including CTA submissions in the EU. Such studies are complex and may be subject to delays or increased costs due to our dependence upon third parties to assist us with such studies and the ability to source raw materials and the appropriate animals, including non-human primates, so that we can conduct such testing. In the event that the FDA or comparable foreign regulatory authorities require us to complete additional preclinical studies or we are required to satisfy other FDA requests or other requests of comparable foreign regulatory authorities prior to commencing clinical trials, the start of our planned clinical trials may be delayed or take longer to complete. Even after we receive and incorporate guidance from the FDA or comparable foreign regulatory authorities, such authorities may not agree that we have satisfied their requirements to commence any clinical trial or change their position on the acceptability of our trial design or the clinical endpoints selected, which may require us to complete additional preclinical studies or clinical trials or impose stricter approval conditions than we currently expect. We cannot be certain of

the timely completion or outcome of our preclinical testing and studies and cannot predict if the FDA or comparable foreign regulatory authorities will accept our proposed clinical programs or if the outcome of our preclinical testing and studies will ultimately support the further development of our programs. As a result, we cannot be sure that we will be able to submit INDs or similar applications for our preclinical programs on the timelines we expect, if at all, and we cannot be sure that submission of INDs or similar applications, including CTA submissions in the EU, will result in the FDA or comparable foreign regulatory authorities allowing clinical trials to begin or that we can meet the requirements imposed by such authorities for beginning such trials on a timely basis or at all.

In addition, any future research programs to identify new product candidates will require substantial technical, financial and human resources, and we may be unsuccessful in our efforts to identify new product candidates. If we are unable to identify suitable additional compounds for preclinical and clinical development, our ability to develop product candidates and obtain product revenues in future periods could be compromised, which could result in significant harm to our financial position and adversely impact our stock price.

Results of preclinical studies and early clinical trials may not be predictive of results of future clinical trials.

The outcome of preclinical studies and early clinical trials may not be predictive of the success of later clinical trials, and interim results of clinical trials do not necessarily predict success in future clinical trials. Many companies in the pharmaceutical and biotechnology industries, including us, have suffered significant setbacks in late-stage clinical trials after achieving positive results in preclinical studies or early development, and we cannot be certain that we will not face similar setbacks. The design of a clinical trial can determine whether its results will support approval of a product and flaws in the design of a clinical trial may not become apparent until the clinical trial is well advanced. We have limited experience in designing clinical trials and may be unable to design and execute a clinical trial to support marketing approval. In addition, preclinical and clinical data are often susceptible to varying interpretations and analyses. Many companies that believed their product candidates performed satisfactorily in preclinical studies and clinical trials have nonetheless failed to obtain marketing approval for the product candidates. Even if we, or any future collaborators, believe that the results of clinical trials for our product candidates warrant marketing approval, the FDA or comparable foreign regulatory authorities may disagree and may not grant marketing approval of our product candidates.

In some instances, there can be significant variability in safety or efficacy results between different clinical trials of the same product candidate due to numerous factors, including changes in trial procedures set forth in protocols, differences in the size and type of the patient populations, changes in and adherence to the dosing regimen and other clinical trial protocols and the rate of dropout among clinical trial participants. If we fail to receive positive results in preclinical studies or clinical trials of STAR-0215 or any other future product candidate, the development timeline and regulatory approval and commercialization prospects for such product candidate, and, correspondingly, our business and financial prospects would be negatively impacted.

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.

We have limited financial and managerial resources and are focused on the preclinical and clinical development of STAR-0215 as a potential treatment for HAE, a rare disease with unmet medical need. We would expect that development of any other future product candidate would also be for specific indications that we identify as most likely to succeed, in terms of both their potential for marketing approval and commercialization. As a result, we may forego or delay pursuit of opportunities with other product candidates or for other indications that may 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 STAR-0215 and future research and development programs and product candidates for specific indications may not yield any commercially viable product candidates. 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 the product candidate.

Clinical drug development involves a lengthy and expensive process with an uncertain outcome. If clinical trials of a product candidate fail to satisfactorily demonstrate safety and efficacy to the FDA and other comparable foreign regulators, we, or any future collaborators, may incur additional costs or experience delays in completing, or ultimately be unable to complete, the development and commercialization of such product candidates.

We, and any future collaborators, are not permitted to commercialize, market, promote or sell any product candidate in the United States without obtaining approval from the FDA of a BLA, which would be required for approval of STAR-0215, or NDA. Comparable foreign regulatory authorities, such as the European Medicines Agency, or the EMA, require similar approvals. We, and any future collaborators, may never receive such approvals. We, and any future collaborators, must complete extensive preclinical development and clinical trials to demonstrate the safety and efficacy in humans of any product candidate that we may choose to develop before we, or they, will be able to obtain these approvals.

Clinical testing is expensive, difficult to design and implement, can take many years to complete and is inherently uncertain as to outcome. We cannot guarantee that any clinical trials we initiate will be conducted as planned or completed on schedule, or at all. In addition, in the case of STAR-0215, for which we are designing our clinical studies with the goal of demonstrating that it can be dosed in HAE patients every three months or longer, clinical trials will necessarily be longer given the length of time between doses in the trials. Further, the clinical development of product candidates is susceptible to the risk of failure at any stage of drug development, including failure to demonstrate efficacy in a clinical trial or across a broad population of patients, the occurrence of adverse events that are severe or medically or commercially unacceptable, failure to comply with protocols or applicable regulatory requirements and determination by the FDA or any comparable foreign regulatory authority that a product candidate may not continue development or is not approvable. It is possible that even if a product candidate that we choose to develop has a beneficial effect, that effect will not be detected during clinical evaluation as a result of one or more of a variety of factors, including the size, duration, design, measurements, conduct or analysis of our clinical trials. Conversely, as a result of the same factors, our clinical trials may indicate an apparent positive effect of a product candidate that is greater than the actual positive effect, if any. Similarly, in any clinical trials we conduct, we may fail to detect toxicity of or intolerability caused by a product candidate, or mistakenly believe that a product candidate is toxic or not well tolerated when that is not in fact the case.

We have not previously submitted an NDA or BLA to the FDA or similar drug approval filings to comparable foreign regulatory authorities for any of our product candidates. Moreover, our prior programs were not biologics and this lack of experience may impede our ability to successfully complete clinical development of STAR-0215 or any future biologic product candidates we pursue and obtain FDA approval in a timely manner, if at all. Any inability to complete clinical development successfully could result in additional costs to us, or any future collaborators, and impair our ability to generate revenues from product sales, regulatory and commercialization milestones and royalties. Moreover, if (1) we, or any future collaborators, are required to modify our trial designs, such as required modifications with respect to patient populations, endpoints, comparators or trial duration, (2) we, or any future collaborators, are required to conduct additional clinical trials or other testing of a product candidate beyond the trials and testing that we, or they contemplate, (3) we, or any future collaborators, are unable to successfully complete clinical trials of a product candidate or other testing, (4) the results of these trials or tests are unfavorable, uncertain or are only modestly favorable, or (5) there are unacceptable safety concerns associated with a product candidate, we, or any future collaborators, may:

- be delayed in obtaining marketing approval for such product candidate;
- not obtain marketing approval at all;
- obtain marketing approval for indications or patient populations that are not as broad as intended or desired;
- obtain marketing approval with labeling that includes significant use or distribution restrictions or significant safety warnings, including boxed warnings;
- be subject to additional post-marketing testing or other requirements, such as a REMS program; or
- be required to remove the product from the market after obtaining marketing approval.

Given our early stage of development, it will be years before we are able to demonstrate the safety and efficacy of a treatment sufficient to warrant approval for commercialization, and we may never be able to do so. Our failure to successfully complete clinical

trials of a product candidate and to demonstrate the efficacy and safety necessary to obtain regulatory approval to market any product candidate would significantly harm our business.

Adverse events or undesirable side effects caused by, or other unexpected properties of, any future product candidate may be identified during development that could delay or prevent their marketing approval or limit their use.

Adverse events or undesirable side effects caused by, or other unexpected properties of, any future product candidate could cause us, any future collaborators, an institutional review board or regulatory authorities to interrupt, delay or halt clinical trials of one or more of such product candidates and could result in a more restrictive label or the delay or denial of marketing approval by the FDA or comparable foreign regulatory authorities. If any such product candidate is associated with adverse events or undesirable side effects or has properties that are unexpected, we, or any future collaborators, may need to abandon development or limit development of that product candidate to certain 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. Many compounds that initially showed promise in clinical or earlier stage testing have later been found to cause undesirable or unexpected side effects that prevented further development of the compound.

If we, or any future collaborators, experience any of a number of possible unforeseen events in connection with clinical trials of any future product candidate, potential marketing approval or commercialization of such product candidate could be delayed or prevented.

We, or any future collaborators, may experience numerous unforeseen events during, or as a result of, clinical trials that could delay or prevent marketing approval or commercialization of any future product candidate, including:

- clinical trials may produce unfavorable or inconclusive results;
- we, or any future collaborators, may decide, or regulators may require us or them, to conduct additional clinical trials or abandon product development programs;
- the number of patients required for clinical trials may be larger than we, or any future collaborators, anticipate, patient enrollment in these clinical trials may be slower than we, or any future collaborators, anticipate, particularly with respect to STAR-0215, which is being developed as a potential treatment for HAE, an indication which has a significant number of approved products and products in clinical development, or participants may drop out of these clinical trials at a higher rate than we, or any future collaborators, anticipate;
- the cost of planned clinical trials may be greater than we anticipate;
- our third-party contractors or those of any future collaborators, including those manufacturing such product candidate or components or ingredients thereof or conducting clinical trials on our behalf or on behalf of any future collaborators, may fail to comply with regulatory requirements or meet their contractual obligations to us or any future collaborators in a timely manner or at all;
- regulators or institutional review boards may not authorize us, any future collaborators or our or their investigators to commence a clinical trial or conduct a clinical trial at a prospective trial site;
- we, or any future collaborators, may have delays in reaching or fail to reach agreement on acceptable clinical trial contracts or clinical trial protocols with prospective trial sites;
- patients that enroll in a clinical trial may misrepresent their eligibility to do so or may otherwise not comply with the clinical trial protocol, resulting in the need to drop the patients from the clinical trial, increase the needed enrollment size for the clinical trial or extend the clinical trial’s duration;
- we, or any future collaborators, may have to delay, suspend or terminate clinical trials for various reasons, including a finding that the participants are being exposed to unacceptable health risks, undesirable side effects or other unexpected characteristics of the product candidate, or travel bans or other restrictions imposed by applicable governmental authorities due to the ongoing COVID-19 pandemic;

- regulators or institutional review boards may require that we, or any future collaborators, or our or their investigators suspend or terminate clinical research for various reasons, including noncompliance with regulatory requirements or their standards of conduct, a finding that the participants are being exposed to unacceptable health risks, undesirable side effects or other unexpected characteristics of the product candidate or findings of undesirable effects caused by a chemically or mechanistically similar drug or drug candidate;

- the FDA or comparable foreign regulatory authorities may disagree or subsequently find fault with our, or any future collaborators', clinical trial designs or our or their interpretation of data from preclinical studies and clinical trials;

- the FDA or comparable foreign regulatory authorities may fail to approve or subsequently find fault with the manufacturing processes or facilities of third-party manufacturers with which we, or any future collaborators, enter into agreements for clinical and commercial supplies;

- the supply or quality of raw materials or manufactured product candidates or other materials necessary to conduct clinical trials may be insufficient, inadequate or not available at an acceptable cost, or we may experience interruptions in supply, due to, among other things, the ongoing COVID-19 pandemic; and

- the approval policies or regulations of the FDA or comparable foreign regulatory authorities may significantly change in a manner rendering our clinical data insufficient to obtain marketing approval.

In addition, we are planning to conduct clinical trials outside of the United States, which are subject to the risks set forth above, and certain additional risks, such as unforeseen global instability, including political instability or geopolitical events, including civil or political unrest (such as the ongoing conflict between Russia and Ukraine), terrorist activity, unstable governments and legal systems, natural disasters or instability from an outbreak of pandemic or contagious disease, such as the ongoing COVID-19 pandemic, in or around any countries in which we conduct clinical trials. Such additional risks could affect our ability to enroll patients in clinical trials in these countries, prevent patients already enrolled from completing such clinical trials, and/or cause other trial delays or otherwise adversely impact such clinical trials.

Product development costs for us, or any future collaborators, will increase if we, or they, experience delays in testing or pursuing marketing approvals and we, or they, may be required to obtain additional funds to complete clinical trials and prepare for possible commercialization of any future product candidate. We do not know whether any preclinical tests or clinical trials will begin as planned, will need to be restructured, or will be completed on schedule or at all. Significant preclinical or clinical trial delays also could shorten any periods during which we, or any future collaborators, may have the exclusive right to commercialize product candidates or allow our competitors, or the competitors of any future collaborators, to bring products to market before we, or any future collaborators, do and impair our ability, or the ability of any future collaborators, to successfully commercialize product candidates and may harm our business and results of operations. In addition, many of the factors that lead to clinical trial delays may ultimately lead to the denial of marketing approval of any future product candidates.

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

We, or any future collaborators, may not be able to initiate or continue clinical trials for STAR-0215 or any other future product candidate if we, or they, are unable to locate and enroll, and maintain the enrollment of, a sufficient number of eligible patients to participate in clinical trials as required by the FDA or comparable foreign regulatory authorities, such as the EMA. Patient enrollment is a significant factor in the timing of clinical trials, and is affected by many factors, including:

- the size and nature of the patient population;

- the severity of the disease under investigation;

- the proximity of patients to clinical sites;

- the eligibility criteria for the trial;

- the design of the clinical trial;
- efforts to facilitate timely enrollment;
- competing clinical trials; and
- clinicians' and patients' perceptions as to the potential advantages and risks of the drug being studied in relation to other available therapies, including any existing or newly approved drugs that may be approved for the indications we are investigating.

Our ability to successfully complete any future clinical trial for STAR-0215 as a potential treatment for HAE or for any other future product candidate for the potential treatment of any rare disease or any other indication will be dependent upon our ability to enroll, and maintain the enrollment of, a sufficient number of patients with such disease, which will be subject to a number of risks and uncertainties. For example, rare diseases, including HAE, have small patient populations and often have only a limited number of specialist physicians that regularly treat such patients. Further, these specialized sites typically treat a range of diseases and, at any point in time, may have constrained resources and capacity to handle clinical trials. In addition, in the case of HAE, the indication on which we are currently focused, approved products are available for the rare disease, and additional products may become commercially available during the STAR-0215 clinical development, and therefore patients and their healthcare providers may feel satisfied with their treatments. As a result, patients may not feel the need to participate in a clinical trial for another product candidate for the same disease or the criteria for the trial may not allow patients on such other therapies to enroll in the trial. Additionally, in the case of HAE, diagnosis is often delayed from onset of symptoms and patients that might be eligible for enrollment in our trials may not have been diagnosed and therefore are unaware of such eligibility. Finally, other companies are and will be conducting clinical trials in HAE or may have announced plans for future clinical trials for HAE that are seeking, or are likely to seek, to enroll patients with the disease and patients are generally only able to enroll in a single trial at a time. The small population of patients, competition for these patients and the limited trial sites and their constrained resources may make it difficult for us to enroll enough patients, and to maintain the enrollment of enough patients, to complete clinical trials for any such future product candidate.

The clinical trials that we may conduct may also have inclusion criteria that further limit the population of patients that we are able to enroll. These inclusion criteria could further limit the available patient pool and present challenges to clinical trial enrollment.

Our inability, or the inability of any future collaborators, to enroll a sufficient number of patients for any clinical trials, including potential clinical trials for STAR-0215 as a potential treatment for HAE, that we or they may determine to pursue could result in significant delays or may require us or them to abandon one or more clinical trials altogether. Enrollment delays in any such clinical trials may result in increased development costs for the applicable product candidates, delay or halt the development of and approval processes for any future product candidates and jeopardize our, or any future collaborators', ability to commence sales of and generate revenues from any future product candidates, which could cause the value of our company to decline.

Business disruptions could delay completion of future clinical trials, seriously harm our future revenue and financial condition and increase our costs and expenses.

Our operations, and those of third-party research institution collaborators, contract research organizations, or CROs, contract manufacturing operations, and other contractors and consultants, could be subject to earthquakes, power shortages, telecommunications failures, water shortages, floods, hurricanes, typhoons, fires, extreme weather conditions, medical epidemics such as the ongoing COVID-19 pandemic, and other natural or man-made disasters or business interruptions, for which we may be partly uninsured, as well as impacts of geopolitical events, including civil or political unrest (such as the ongoing conflict between Russia and Ukraine), terrorist activity and unstable governments and legal systems. In addition, to the extent we determine to pursue development of future product candidates, we expect that we will rely on third-party research institution collaborators for conducting research and development of such product candidates, and they may be affected by government shutdowns or withdrawn funding. The occurrence of any of these business disruptions could delay completion of any clinical trials for such product candidates, seriously harm our operations and financial condition and increase our costs and expenses.

The COVID-19 pandemic has had, and continues to have, significant impacts worldwide, and may delay the initiation of future clinical trials, disrupt or increase the costs of regulatory or manufacturing activities, or have other adverse effects on our business and operations. In addition, this ongoing pandemic has adversely impacted economies worldwide and may disrupt the financial markets, both of which could result in adverse effects on our business and operations and ability to raise capital.

The COVID-19 pandemic has had, and continues to have, significant impacts worldwide causing many governments to implement measures to slow the spread of the outbreak through quarantines, travel restrictions, heightened border scrutiny, and other measures. The outbreak and government measures taken in response, including widespread emergency orders requiring business and residents to curtail non-essential activities, have also had a significant impact, both direct and indirect, on businesses and commerce, as worker shortages have occurred; supply chains have been disrupted; facilities and production have been suspended; and demand for certain goods and services, such as medical services and supplies, has spiked, while demand for other goods and services, such as travel, has fallen. The development of STAR-0215 or any other future product candidates could be negatively impacted by the COVID-19 pandemic for a variety of reasons, including delays of the initiation, recruitment and overall timing of clinical trials, delays at FDA and other regulatory authorities, who have been diverting resources to help address the pandemic since its inception and are likely to continue to do so, the disruption or delays of regulatory or manufacturing activities, including due to facility shut downs, capacity constraints at third party manufacturers due to the focus on vaccines and other treatments for COVID-19, and increased costs or the inability to source key raw materials that are being diverted for COVID-19 efforts, or other adverse effects that negatively impact our business or operations. The future progression and unpredictability of the pandemic and its effects on our business and operations are highly uncertain and will depend on future developments that cannot be predicted with confidence, such as the widespread use and distribution of the vaccines, the ultimate geographic spread of the disease, the duration of the outbreak, additional surges in the number of cases or deaths from COVID-19, travel restrictions and actions to contain the outbreak or treat its impact, such as social distancing and quarantines or lock-downs in the United States and other countries, business closures or business disruptions and the effectiveness of actions taken in the United States and other countries to contain and treat the disease.

The pandemic also caused an initial significant disruption in the financial markets, and may cause future such disruptions, which could impact our ability to raise additional funds through public offerings and may also impact the volatility of our stock price and trading in our stock. Moreover, it is possible the pandemic will continue to significantly impact economies worldwide, which could result in adverse effects on our business and operations. We cannot be certain what the overall impact of the COVID-19 pandemic will be on our business and it has the potential to adversely affect our business, financial condition, results of operations, and prospects.

We have never obtained marketing approval for a product candidate and we may be unable to obtain, or may be delayed in obtaining, marketing approval for any future product candidate we may seek to develop.

We have never obtained marketing approval for a product candidate. We have not yet succeeded and may never succeed in demonstrating efficacy and safety for any of our product candidates in a Phase 3 clinical trial or in obtaining marketing approval thereafter. For example, although we discovered and evaluated numerous compounds using our SMART Linker drug discovery platform, no product created using the SMART Linker drug discovery platform was ever approved for sale.

If we are able to advance STAR-0215 or any other future product candidate into late-stage development, it is possible that the FDA, EMA or other applicable foreign regulatory authority may refuse to accept for substantive review any applications that we submit for marketing approval of such product candidates or may conclude after review of our data that our applications are insufficient to obtain marketing approval of such product candidate. If the FDA, EMA or other applicable foreign regulatory authority does not accept or approve any applications that we submit for marketing approval, they may require that we conduct additional clinical or nonclinical studies, or conduct manufacturing validation studies, and submit that data before they will reconsider our applications. Depending on the extent of these or any other required studies, approval of any application that we submit may be delayed by several years or may require us to expend more resources than we have available. It is also possible that additional studies, if performed and completed, may not be considered sufficient by the FDA, EMA or other applicable foreign regulatory authority.

Any delay in obtaining, or an inability to obtain, marketing approvals would prevent us from commercializing STAR-0215 or any future product candidate, generating revenues and achieving and sustaining profitability. If any of these outcomes occur, we may be forced to abandon our development efforts for any future product candidates, which could significantly harm our business.

If any future product candidate receives marketing approval and we, or others, later discover that the drug is less effective than previously believed or causes undesirable side effects that were not previously identified, our ability, or that of any future collaborators, to market the drug could be compromised.

Clinical trials of product candidates are conducted in carefully defined subsets of patients who have agreed to enter into clinical trials. Consequently, it is possible that clinical trials for STAR-0215 and any other future product candidate, or those of any future collaborator, may indicate an apparent positive effect of such product candidate that is greater than the actual positive effect, if any, or alternatively fail to identify undesirable side effects. If, following approval of a product candidate, we, or others, discover that the drug is less effective than previously believed or causes undesirable side effects that were not previously identified, any of the following adverse events could occur:

- regulatory authorities may withdraw their approval of the drug or seize the drug;
- we, or any future collaborators, may be required to recall the drug, change the way the drug is administered or conduct additional clinical trials;
- additional restrictions may be imposed on the marketing of, or the manufacturing processes for, the particular drug;
- we may be subject to fines, injunctions or the imposition of civil or criminal penalties;
- regulatory authorities may require the addition of labeling statements, such as a “black box” warning or a contraindication;
- we, or any future collaborators, may be required to create a Medication Guide outlining the risks of the previously unidentified side effects for distribution to patients;
- we, or any future collaborators, could be sued and held liable for harm caused to patients;
- we may become the subject of government investigations, which would be expensive to manage and potentially result in the imposition of fines, injunctions or the imposition of civil or criminal penalties;
- the drug may become less competitive; and
- our reputation may suffer.

Any of these events could have a material and adverse effect on our operations and business and could adversely impact our stock price.

Even if STAR-0215 or any future product candidate receives marketing approval, it may fail to achieve the degree of market acceptance by physicians, patients, third-party payors and others in the medical community necessary for commercial success and the market opportunity for the product candidate may be smaller than we estimate.

Even if STAR-0215 or any future product candidate of ours is approved by the appropriate regulatory authorities for marketing and sale, it may nonetheless fail to gain sufficient market acceptance by physicians, patients, third-party payors and others in the medical community. For example, physicians are often reluctant to switch their patients from existing therapies even when new and potentially more effective or convenient treatments enter the market. Further, patients often acclimate to the therapy that they are currently taking and do not want to switch unless their physicians recommend switching products or they are required to switch therapies due to lack of reimbursement for existing therapies.

Efforts to educate the medical community and third-party payors on the benefits of future product candidates may require significant resources and may not be successful. If STAR-0215 or any other future product candidate of ours is approved but does not achieve an adequate level of market acceptance, we may not generate significant revenues and we may not become profitable. The degree of market

acceptance of STAR-0215 or any other future product candidates of ours, if approved for commercial sale, will depend on a number of factors, including:

- the efficacy and safety of the product;
- the potential advantages of the product compared to existing approved treatments or alternative treatments;
- the prevalence and severity of any side effects;
- the clinical indications for which the product is approved;
- whether the product is designated under physician treatment guidelines as a first-line therapy or as a second- or third-line therapy and whether there is an existing standard of care;
- limitations or warnings, including distribution or use restrictions, contained in the product's approved labeling;
- our ability, or the ability of any future collaborators, to offer the product for sale at competitive prices;
- the product's convenience and ease of administration compared to alternative treatments;
- the willingness of the target patient population to try, and of physicians to prescribe, the product;
- the strength of sales, marketing, market access and distribution support;
- the approval of other new products for the same indications;
- changes in the standard of care for the targeted indications for the product;
- the timing of market introduction of our approved products as well as competitive products;
- availability and amount of reimbursement from government payors, managed care plans and other third-party payors;
- adverse publicity about the product or favorable publicity about competitive products; and
- potential product liability claims.

The potential market opportunities for product candidates are difficult to estimate precisely. Any estimates we make as to the potential market opportunities for STAR-0215 or any future product candidates of ours will be predicated on many assumptions, including industry knowledge and publications, third-party research reports and other surveys. These assumptions will involve the exercise of significant judgment on the part of our management, will be inherently uncertain and the reasonableness of these assumptions may not have been assessed by an independent source. If any such assumptions prove to be inaccurate, the actual markets for any such future product candidate could be smaller than our estimates of the potential market opportunities.

If we are unable to establish sales, marketing and distribution capabilities or enter into sales, marketing and distribution arrangements with third parties, we may not be successful in commercializing any future product candidates that we may develop if and when those product candidates are approved.

We currently do not have a formal sales, marketing or distribution infrastructure. To achieve commercial success for any approved product, we would need to either develop a sales and marketing organization or outsource these functions to third parties. We expect to use a combination of focused in-house sales and marketing capabilities and third-party collaboration, licensing and distribution arrangements to sell any products that receive marketing approval.

We generally expect that we would seek to retain full commercialization rights for products that we can commercialize with a specialized sales force and to retain co-promotion or similar rights when feasible in indications requiring a larger commercial

infrastructure. The development of sales, marketing and distribution capabilities will require substantial resources, will be time-consuming and could delay any product launch. If the commercial launch of a product for which we recruit a sales force and establish marketing and distribution capabilities is delayed or does not occur for any reason, we could have prematurely or unnecessarily incurred these commercialization costs. This may be costly, and our investment could be lost if we cannot retain or reposition our sales and marketing personnel. In addition, we may not be able to hire or retain a sales force that is sufficient in size or has adequate expertise in the medical markets that we plan to target. If we are unable to establish or retain a sales force and marketing and distribution capabilities, at such time as we need to, our operating results may be adversely affected. If a potential partner has development or commercialization expertise that we believe is particularly relevant to a product, then we may seek to collaborate with that potential partner even if we believe we could otherwise develop and commercialize the product independently.

We may collaborate with third parties for commercialization of any products that require a large sales, marketing and product distribution infrastructure. We intend to potentially commercialize product candidates through collaboration, licensing and distribution arrangements with third parties. As a result of entering into arrangements with third parties to perform sales, marketing and distribution services, our product revenues or the profitability of these product revenues may be lower, perhaps substantially lower, than if we were to directly market and sell products in those markets. Furthermore, we may be unsuccessful in entering into the necessary arrangements with third parties or may be unable to do so on terms that are favorable to us. In addition, we may have little or no control over such third parties, and any of them may fail to devote the necessary resources and attention to sell and market our products effectively.

If we do not establish sales, marketing and distribution capabilities, either on our own or in collaboration with third parties, we will not be successful in commercializing any product candidates that receive marketing approval.

We face substantial competition from other pharmaceutical and biotechnology companies, and our operating results may suffer if we fail to compete effectively.

The development and commercialization of new drug products is highly competitive. We expect that we, and any future collaborators, will face significant competition from major pharmaceutical companies, specialty pharmaceutical companies and biotechnology companies worldwide with respect to any product candidates that we, or they, may seek to develop or commercialize in the future.

We are developing STAR-0215 for the potential treatment of HAE. The key competitive factors affecting the success of STAR-0215, if approved, are likely to be its efficacy, safety, convenience, price and the availability of coverage and reimbursement from government and other third-party payors.

In the United States, the FDA has approved four therapies for on-demand treatment of HAE: BERINERT, FIRAZYR, KALBITOR and RUCONEST. For long-term preventative treatment of HAE, the FDA has also approved four therapies: CINRYZE, HAEGARDA, TAKHZYRO and ORLADEYO. There are four main manufacturers of therapies for HAE: CSL Behring (BERINERT and HAEGARDA), Takeda (FIRAZYR, KALBITOR, CINRYZE and TAKHZYRO), Pharming (RUCONEST) and BioCryst (ORLADEYO). With the exception of KALBITOR, these therapies are also approved and commercially available outside of the United States (HAEGARDA is marketed as BERINERT SC outside of the United States). Historically, androgens and antifibrinolytic treatments have also been used as preventative treatment for HAE, however their use is declining with the availability of more-tolerable, HAE-specific therapies.

On-demand and preventative HAE therapies target one of three primary mechanisms. BERINERT and HAEGARDA, RUCONEST and CINRYZE are C1 INH replacement therapies. FIRAZYR is a Bradykinin 2 receptor antagonist, and KALBITOR, TAKHZYRO and ORLADEYO target plasma kallikrein. TAKHZYRO is a monoclonal antibody and KALBITOR and ORLADEYO are small molecule inhibitors.

On-demand therapies are taken as needed; BERINERT and RUCONEST are IV infusions approved for adult and pediatric patients, FIRAZYR is a SC injection, approved for adults 18 and older, and KALBITOR is a series of 3 SC injections, approved for patients 12 years and older. KALBITOR must be administered by a healthcare professional to monitor for the risk of anaphylactic reactions.

Preventative therapies are taken chronically. CINRYZE is an IV infusion and HAEGARDA is an SC injection; both are administered twice a week and are approved for adult and pediatric patients 6 years and older. TAKHZYRO is an SC injection generally administered every two weeks; however dosing every four weeks may be considered in some patients. TAKHZYRO is approved for patients 12 years and older.

ORLADEYO is an oral capsule taken once daily with food for patients 12 years and older. Given that TAKHZYRO is an approved monoclonal antibody inhibitor of plasma kallikrein, if STAR-0215 is approved, we expect that it will compete most directly with TAKHZYRO.

We are aware of additional programs in development for HAE, which are focused largely on preventative approaches. For example, in Phase 3 development for preventative treatment are CSL Behring garadacimab (CSL312), a factor XIIa-inhibitory monoclonal antibody (FXIIa mAb), and Ionis Pharmaceuticals' donidalorsen (IONIS-PKK-LRx), an antisense inhibitor of prekallikrein synthesis. KalVista Pharmaceuticals has two oral small molecule plasma kallikrein inhibitors: sebetralstat (KVD900) for on-demand treatment of HAE, and KVD824 for preventative treatment, both of which are in Phase 2 development. Pharvaris is also developing two oral treatments, PHVS416, in Phase 2 for on-demand treatment, and PHVS719, in Phase 1 for preventative treatment, that are small molecule inhibitors of B2R. Intellia has begun Phase 1/2 trials for NTLA-2002, a CRISPR knockout of the prekallikrein gene KLKB1. BioMarin has begun Phase 1/2 trials for BMN 311, a C1INH gene therapy. In preclinical development for preventative treatment are KalVista's oral FXIIa inhibitor, Spark Therapeutics C1-INH gene therapy (SPK-10000), Regenxbio's plasma kallikrein mAb gene therapy, and Orchard Therapeutics and Pharming's ex vivo hematopoietic stem cell gene therapy (OTL-105).

The enrollment and retention of patients in clinical trials for STAR-0215 may be disrupted or delayed as a result of clinicians' and patients' perceptions as to the potential advantages of STAR-0215 in relation to commercially available therapies and other programs in development, including approved products as well as any other new products that may be approved in the future for the treatment of HAE.

Our competitors may succeed in developing, acquiring or licensing technologies and drug products that are more effective, have fewer or more tolerable side effects or are less costly than any product candidates that we may develop, which could render any future product candidates obsolete and noncompetitive.

Our commercial opportunity could be reduced or eliminated if our competitors develop and commercialize products that are safer, more effective, have fewer or less severe side effects, are more convenient or are less expensive than any products that we, or any future collaborators, may develop. Our competitors also may obtain FDA or other marketing approval for their products before we, or any future collaborators, are able to obtain approval for ours, which could result in our competitors establishing a strong market position before we, or any future collaborators, are able to enter the market.

Our potential future competitors may have significantly greater financial resources and expertise in research and development, manufacturing, preclinical testing, conducting clinical trials, obtaining marketing approvals and marketing approved products than we do. Mergers and acquisitions in the pharmaceutical and biotechnology industries may result in even more resources being concentrated among a smaller number of our competitors. Smaller or early stage companies may also prove to be significant competitors, particularly through collaborative arrangements with large and established companies. These competitors also compete with us in recruiting and retaining qualified scientific and management personnel and establishing clinical trial sites and patient registration for clinical trials, as well as in acquiring technologies complementary to, or necessary for, our programs.

STAR-0215 and any other future biologic product candidates will be regulated as biological products, or biologics, and therefore they may be subject to competition from biologic products that are biosimilar to or interchangeable with an FDA-licensed reference biologic product.

The Biologics Price Competition and Innovation Act of 2009, or BPCIA, was enacted as part of the Patient Protection and Affordable Care Act, as amended by the Health Care and Education Reconciliation Act of 2010, or collectively the ACA, to establish an abbreviated pathway for the approval of biosimilar and interchangeable biological products. The regulatory pathway establishes legal authority for the FDA to review and approve biosimilar biologics, including the possible designation of a biosimilar as "interchangeable with" based on its similarity to an approved biologic. Under the BPCIA, a reference biological product is granted 12 years of data exclusivity from the time of first licensure of the product, and the FDA will not accept an application for a biosimilar or interchangeable product based on the reference biological product until four years after the date of first licensure of the reference product. In addition, the licensure of a biosimilar product may not be made effective by the FDA until 12 years from the date on which the reference product was first licensed. During this 12-year period of exclusivity, another company may still develop and receive approval of a competing biologic, so long as its BLA does not rely on the reference product, the sponsor's data or submit the application as a biosimilar application. The law is complex and is still being interpreted and implemented by the FDA. As a result, its ultimate impact, implementation, and meaning are subject to uncertainty, and any new policies or processes adopted by the FDA could have a material adverse effect on the future commercial prospects for our biological products.

We believe that STAR-0215 and any of our future product candidates, we develop as a biologic product under a BLA should qualify for the 12-year period of exclusivity. However, there is a risk that this exclusivity could be shortened due to Congressional action or otherwise, or that the FDA will not consider subject product candidates to be reference products for competing products, potentially creating the opportunity for biosimilar competition sooner than anticipated. Moreover, the extent to which a biosimilar, once approved, will be substituted for any one of the reference products in a way that is similar to traditional generic substitution for non-biological products will depend on a number of marketplace and regulatory factors that are still developing.

Nonetheless, the approval of biosimilars to our product candidates, would have a material adverse impact on our business due to increased competition and pricing pressures.

If the FDA or comparable foreign regulatory authorities approve generic versions of any future products that receive marketing approval through the NDA pathway, or such authorities do not grant such products appropriate periods of data exclusivity before approving generic versions of our products, our sales could be adversely affected.

Once an NDA is approved, the product covered thereby becomes a "reference-listed drug" in the FDA's publication, "Approved Drug Products with Therapeutic Equivalence Evaluations," commonly known as the Orange Book. Manufacturers may seek approval of generic versions of reference-listed drugs through submission of abbreviated new drug applications, or ANDAs, in the United States. In support of an ANDA, a generic manufacturer need not conduct clinical trials to assess safety and efficacy. Rather, the applicant generally must show that its product has the same active ingredient(s), dosage form, strength, route of administration and conditions of use or labeling as the reference-listed drug and that the generic version is bioequivalent to the reference-listed drug, meaning it is absorbed in the body at the same rate and to the same extent. Generic products may be significantly less costly to bring to market than the reference-listed drug and companies that produce generic products are generally able to offer them at lower prices. Thus, following the introduction of a generic drug, a significant percentage of the sales of any branded product or reference-listed drug is typically lost to the generic product.

The FDA may not approve an ANDA for a generic product until any applicable period of non-patent exclusivity for the reference-listed drug has expired. The Federal Food, Drug, and Cosmetic Act, or FDCA, provides a period of five years of non-patent exclusivity for a new drug containing a new chemical entity, or NCE. Specifically, in cases where such exclusivity has been granted, an ANDA may not be submitted to the FDA until the expiration of five years unless the submission is accompanied by a Paragraph IV certification that a patent covering the reference-listed drug is either invalid or will not be infringed by the generic product, in which case the applicant may submit its application four years following approval of the reference-listed drug.

Generic drug manufacturers may seek to launch generic products following the expiration of any applicable exclusivity period we obtain if our products are approved, even if we still have patent protection for such products. Competition that any such products of ours may face from generic versions of such products could materially and adversely impact our future revenue, profitability and cash flows and substantially limit our ability to obtain a return on the investments we have made in those product candidates.

Product liability lawsuits against us could divert our resources, cause us to incur substantial liabilities and limit commercialization of any products that we may develop.

We face an inherent risk of product liability claims as a result of the clinical testing of product candidates despite obtaining appropriate informed consents from our clinical trial participants. We will face an even greater risk if we or any future collaborators commercially sell any product that we may or they may develop. 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. Claims could also be asserted under state consumer protection acts. If we cannot successfully defend ourselves against product liability claims, we may incur substantial liabilities or be required to limit commercialization of any future product candidates. Regardless of the merits or eventual outcome, liability claims may result in:

- decreased demand for any future product candidates or products that we may develop;
- injury to our reputation and significant negative media attention;
- withdrawal of clinical trial participants;

- significant costs to defend resulting litigation;
- substantial monetary awards to trial participants or patients;
- loss of revenue; and
- the inability to commercialize any products that we may develop.

Although we maintain general liability insurance of $5.0 million in the aggregate and clinical trial liability insurance of $10.0 million in the aggregate, this insurance may not fully cover potential liabilities that we may incur. The cost of any product liability litigation or other proceeding, even if resolved in our favor, could be substantial. We will need to increase our insurance coverage if and when we begin selling any product candidate that receives marketing approval. In addition, insurance coverage is becoming increasingly expensive. If we are unable to obtain or maintain sufficient insurance coverage at an acceptable cost or to otherwise protect against potential product liability claims, it could prevent or inhibit the development and commercial production and sale of any future product candidates, which could adversely affect our business, financial condition, results of operations and prospects.

Risks Related to Our Financial Position and Need for Additional Capital

We will need substantial additional funding. If we are unable to raise capital when needed or on acceptable terms, we could be forced to delay, reduce or eliminate our product development programs or commercialization efforts.

Developing biopharmaceutical products, including conducting preclinical studies and clinical trials, is a very time-consuming, expensive and uncertain process that takes years to complete. We are continuing to conduct preclinical and nonclinical studies, and ramp up manufacturing of clinical supplies, of STAR-0215, and plan to initiate Phase 1a clinical trial in the second half of 2022 and a Phase 1b/2 clinical trial in 2023, and expect that our expenses will increase substantially as a result. In addition, we may in the future initiate new research, preclinical and clinical development efforts, and seek marketing approval, for other product candidates, and would expect our expenses to increase in connection with each of these activities. If we obtain marketing approval for any of our product candidates, we may incur significant commercialization expenses related to product sales, marketing, manufacturing and distribution to the extent that such sales, marketing, manufacturing and distribution are not the responsibility of a future collaborator, and these activities would require substantial additional funding. In addition, while we may seek one or more collaborators for future development of our product candidates, we may not be able to enter into a collaboration for any of our product candidates on suitable terms or at all. In any event, our existing cash, cash equivalents and short-term investments will not be sufficient to fund all of the efforts that we plan to undertake or to fund the completion of development of any of our product candidates. Furthermore, we have incurred and will continue to incur significant additional costs associated with operating as a public company.

Accordingly, we will be required to obtain substantial additional funding through public or private equity offerings, debt financings, collaborations and licensing arrangements or other sources. We do not have any committed external source of funds. Adequate additional funding may not be available to us on acceptable terms, on a timely basis or at all, impacting our ability to execute on our strategic plans. Our failure to raise capital on acceptable terms as and when needed may force us to delay, reduce or eliminate our research and development programs or any future efforts to seek approval for and commercialize products, and would have a material adverse effect on our business, results of operations, financial condition and ability to pursue our business strategy.

We believe that our existing cash, cash equivalents and short-term investments are sufficient to support operating expenses through 2023. Our estimate as to how long we expect our cash, cash equivalents and short-term investments to be able to fund our operations is based on assumptions that may prove to be wrong, and we could use our available capital resources sooner than we currently expect. Further, changing circumstances, some of which may be beyond our control, could cause us to consume capital significantly faster than we currently anticipate, and we may need to seek additional funds sooner than planned. Our future funding requirements will depend on many factors, including:

- our ability to meet our overall timing expectations for STAR-0215;
- the progress, timing, costs and results of clinical trials of, and research, preclinical and clinical development, and manufacturing efforts for, STAR-0215 any future product candidates, including potential future clinical trials and all activities necessary to initiate and conduct clinical trials;

- our ability to enter into and the terms and timing of any additional collaborations, licensing or other arrangements that we may establish;
- the number and characteristics of future product candidates that we pursue and their development requirements;
- the outcome, timing and costs of seeking regulatory approvals;
- the costs of commercialization activities for any of our product candidates that receive marketing approval to the extent such costs are not the responsibility of any future collaborators, including the costs and timing of establishing product sales, marketing, market access, distribution, supply chain and manufacturing capabilities, and scaling up the manufacturing of drug substance and drug product to clinical and commercial scale, securing all raw materials necessary to conduct such scale-up and successfully completing all other activities related thereto;
- subject to receipt of marketing approval, revenue, if any, received from commercial sales of our product candidates;
- if we obtain marketing approval of any of our products, our ability to successfully compete against other approved products that are approved or used as treatments for the indications for which our products are approved, including with respect to STAR-0215 in HAE;
- our headcount growth and associated costs;
- the costs of preparing, filing and prosecuting patent applications, maintaining and protecting our intellectual property rights and defending against intellectual property related claims;
- the impact of the COVID-19 pandemic on our operations, business and prospects; and
- the costs of operating as a public company.

We have incurred significant losses since inception. We expect to incur losses for at least the next several years and may never achieve or maintain profitability.

Our net losses were $194.9 million (including $164.4 million of in-process research and development expenses) and $37.3 million for the years ended December 31, 2021 and December 31, 2020, respectively. As of December 31, 2021, we had an accumulated deficit of $455.8 million. We have not generated any revenues from product sales, have not completed the development of any product candidate and may never have a product candidate approved for commercialization. We have financed our operations to date primarily through private placements of preferred stock before we became a public company and our private placement of preferred stock in the February 2021 Financing, registered offerings of our common stock, and our at-the-market programs, and have devoted substantially all of our financial resources and efforts to research and development, including preclinical studies and clinical development programs. Our net losses may fluctuate significantly from quarter to quarter and year to year. Net losses and negative cash flows have had, and will continue to have, an adverse effect on our stockholders' equity and working capital.

We expect to continue to incur significant expenses and operating losses for the foreseeable future. The net losses we incur may fluctuate significantly from quarter to quarter. Net losses and negative cash flows have had, and will continue to have, an adverse effect on our stockholders' equity and working capital. We anticipate that we will continue to incur significant expenses and operating losses and we may incur increased expenses if and to the extent we:

- initiate and continue research and preclinical and clinical development efforts for STAR-0215 and any future product candidates;
- seek to identify and develop any future product candidates;
- seek regulatory and marketing approvals for STAR-0215 and any future product candidate that successfully completes clinical trials, in the United States and other markets;

- establish sales, marketing, market access, distribution, supply chain and other commercial infrastructure in the future to commercialize products for which we may obtain marketing approval, if any;
- require the manufacture of larger quantities of STAR-0215 and any other future product candidates for clinical development and potentially commercialization;
- maintain, expand and protect our intellectual property portfolio; and
- hire and retain additional personnel or add information systems, equipment or physical infrastructure to support our operations.

To become and remain profitable, we or any potential future collaborators must develop and eventually commercialize at least one product candidate with significant market potential. This will require that we or our collaborators be successful in a range of challenging activities, including completing preclinical studies and clinical trials of one or more product candidates, obtaining marketing approval for one or more these product candidates, manufacturing, marketing and selling those products for which we or our collaborators may obtain marketing approval and satisfying any post-marketing requirements. We or our collaborators may never succeed in any or all of these activities and, even if we or our collaborators do succeed, we or our collaborators may never generate revenue that is significant or large enough to achieve profitability. If we do achieve profitability, we may not be able to sustain or increase profitability on a quarterly or annual basis. Our failure to become and remain profitable would decrease the value of our company and could impair our ability to raise capital, maintain our research and development efforts, expand our business or continue our operations. A decline in the value of our company also could cause investors to lose all or part of their investments in us.

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

We will need to raise additional capital to develop and commercialize STAR-0215 or to acquire, develop and commercialize any future product candidates or to pursue other strategic options. To the extent that we raise additional capital through the sale of common stock, convertible securities or other equity securities, our existing stockholders' ownership interests may be substantially diluted, and the terms of these securities could include liquidation or other preferences and anti-dilution protections that could adversely affect your rights as a common stockholder. For example, in connection with the acquisition of Quellis and our February 2021 Financing, we issued an aggregate of 86,077 shares of Series X, of which 53,532 shares of Series X Preferred Stock automatically converted into 8,921,966 shares of our common stock upon the stockholder approval of the conversion of the Series X Preferred Stock into common stock in June 2021 and an additional 1,090 shares have subsequently converted into 181,698 shares of common stock. The remaining 31,455 shares of Series X Preferred Stock are convertible into 5,242,501 shares of common stock at the election of the holders thereof, subject to certain beneficial ownership limitations. In addition, our June 2018 and February 2019 registered offerings of common stock and common stock warrants and our January 2020 registered offering of common stock were highly dilutive to existing stockholders' ownership interests. Further, exercise of the common stock warrants sold in our June 2018 and February 2019 offerings, and the warrants that we assumed in the acquisition of Quellis, could result in additional dilution upon exercise.

Debt financing, if available, would result in periodic payment obligations and may involve agreements that include restrictive covenants that limit our ability to take specific actions, such as incurring additional debt, making capital expenditures, creating liens, redeeming stock or declaring dividends, that could adversely impact our ability to conduct our business. In addition, securing additional financing could require a substantial amount of time and attention from our management and may divert a disproportionate amount of their attention away from day-to-day activities, which may adversely affect our management's ability to oversee the development of any future product candidate.

If we raise additional funds through collaborations or marketing, distribution, licensing or royalty arrangements with third parties, we may have to relinquish valuable rights to our technologies, future revenue streams or product candidates or grant licenses on terms that may not be favorable to us. If we are unable to raise additional funds 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.

Risks Related to Our Dependence on Third Parties

We may seek to establish collaborations and, if we are not able to establish them on commercially reasonable terms, we may have to alter our development and commercialization plans.

The development and commercialization of product candidates require substantial cash to fund expenses. We may seek one or more collaborators for the development and commercialization of STAR-0215 or any future product candidates. Likely collaborators may include large and mid-size pharmaceutical companies, regional and national pharmaceutical companies and biotechnology companies.

Collaborations are complex and time-consuming to negotiate and document. Further, there have been a significant number of business combinations among large pharmaceutical companies that have resulted in a reduced number of potential future collaborators. In addition, any collaboration agreements that we enter into in the future may contain, restrictions on our ability to enter into potential collaborations or to otherwise develop specified compounds.

We face significant competition in seeking appropriate collaborators and strategic partners. Whether we reach a definitive agreement for a collaboration or strategic partnership will depend, among other things, upon our assessment of the other party's resources and expertise, the terms and conditions of the proposed transaction and the proposed party's evaluation of a number of factors. Those factors may include the potential differentiation of ours or a partner's product candidate from competing product candidates, design or results of clinical trials, the likelihood of approval by the FDA or comparable foreign regulatory authorities and the regulatory pathway for any such approval, the potential market for the product candidate, the costs and complexities of manufacturing and delivering the product to patients and the potential of competing products. The collaborator or strategic partner may also be considering alternative transaction types and structures that may be more attractive than the one with us.

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

If we enter into collaborations with third parties for the development and commercialization of a product candidate, our prospects with respect to such product candidate will depend in significant part on the success of those collaborations.

If we enter into collaborations for the development and commercialization of a product candidate, we will have limited control over the amount and timing of resources that our collaborators will dedicate to the development or commercialization of such product candidates. Our ability to generate revenues from these arrangements will depend on any future collaborators' abilities to successfully perform the functions assigned to them in these arrangements. In addition, any future collaborators may have the right to abandon research or development projects and terminate applicable agreements, including funding obligations, prior to or upon the expiration of the agreed upon terms. Collaborations involving product candidates pose a number of risks, including the following:

- collaborators have significant discretion in determining the efforts and resources that they will apply to these collaborations;
- collaborators may not perform their obligations as expected;
- collaborators may not pursue development and commercialization of a product candidate or may elect not to continue or renew development or commercialization programs, based on clinical trial results, changes in the market or competitive landscape, changes in the collaborators' strategic focus or available funding or external factors, such as an acquisition, that divert resources or create competing priorities;
- collaborators may delay clinical trials, provide insufficient funding for a clinical trial program, stop a clinical trial or abandon a product candidate, repeat or conduct new clinical trials or require a new formulation of a product candidate for clinical testing;

- a collaborator with marketing and distribution rights to one or more products may not commit sufficient resources to the marketing and distribution of such product or products;

- disagreements with collaborators, including disagreements over proprietary rights, contract interpretation or the preferred course of development, might cause delays or termination of the research, development or commercialization of product candidates, might lead to additional responsibilities for us with respect to product candidates, or might result in litigation or arbitration, any of which would be time-consuming and expensive;

- collaborators may not properly maintain or defend our intellectual property rights or may use our proprietary information in such a way as to invite litigation that could jeopardize or invalidate our intellectual property or proprietary information or expose us to potential litigation;

- collaborators may infringe the intellectual property rights of third parties, which may expose us to litigation and potential liability; and

- collaborations may be terminated and, if terminated, may result in negative publicity for our product candidate and the need for additional capital to pursue further development or commercialization of the applicable product candidates.

In addition, all of the risks related to product development, regulatory approval and commercialization described in this "Risk Factors" section would apply to the activities of our collaborators. Collaboration agreements may not lead to development or commercialization of product candidates in the most efficient manner or at all. If any future collaborator of ours is involved in a business combination or a sale or other transaction involving our collaboration, it or the party with which it entered into a business combination, sale or other transaction could decide to delay, diminish or terminate the development or commercialization of any product candidate licensed to it by us.

We expect to rely on third parties to conduct our clinical trials. If they do not perform satisfactorily, our business could be significantly harmed.

We do not plan to independently conduct clinical trials of STAR-0215 or any future product candidates. We would expect to rely on third parties, such as CROs, clinical data management organizations, medical institutions and clinical investigators, to conduct clinical trials of any such product candidate. Any of these third parties could terminate its engagement with us under certain circumstances or encounter, for example, business challenges, such as a loss of business, the COVID-19 pandemic or the impacts of geopolitical events, including civil or political unrest (such as the ongoing conflict between Russia and Ukraine), or enter into transactions, such as business combinations, that temporarily or permanently impact the amount or type of resources that they are able or willing to devote to our engagement. We might not be able to enter into alternative arrangements or do so on commercially reasonable terms. In addition, there is a natural transition period when a new CRO begins work. As a result, delays would likely occur, which could materially impact our ability to meet our expected clinical development timelines and harm our business, financial condition and prospects.

Further, our reliance on these third parties for clinical development activities would limit our control over these activities, but we would remain responsible for ensuring that each of our studies is conducted in accordance with the applicable protocol, legal, regulatory and scientific standards. For example, notwithstanding the obligations of a CRO for a trial of a product candidate, we would remain responsible for ensuring that each of our clinical trials is conducted in accordance with the general investigational plan and protocols for the trial. Moreover, the FDA and most other comparable regulatory authorities outside the United States require us to comply with standards, commonly referred to as current Good Clinical Practices, or cGCPs, 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. The FDA and other comparable regulatory authorities outside the United States enforce these cGCPs through periodic inspections of trial sponsors, principal investigators, clinical trial sites and institutional review boards. If we or any of our third-party contractors fail to comply with applicable cGCPs, the clinical data generated in our clinical trials may be deemed unreliable and the FDA or other comparable regulatory authorities outside the United States may require us to perform additional clinical trials before approving a product candidate, which would delay the marketing approval process. We cannot be certain that, upon inspection, the FDA or other comparable regulatory authorities outside the United States will determine that any of our clinical trials comply with cGCPs. Many of these risks are heightened by the COVID-19 pandemic. We are also required to register clinical trials and post the results of completed clinical trials on a government-sponsored database, ClinicalTrials.gov, within certain timeframes. Other regions, including the EU, have similar requirements. The failure to comply with these registration and posting requirements can result in fines, adverse publicity and civil and criminal sanctions.

Furthermore, the third parties that may conduct clinical trials on our behalf would not be our employees, and except for remedies available to us under our agreements with such contractors, we would not be able to control whether or not they devote sufficient time, skill and resources to our development programs, a risk that could be exacerbated during the ongoing COVID-19 pandemic as any such third parties try to address the impact of the ongoing pandemic on their own businesses and financial condition. Any such contractors may also have relationships with other commercial entities, including our competitors, for whom they may also be conducting clinical trials or other drug development activities, which could impede their ability to devote appropriate time to our clinical programs. If these third parties do not successfully carry out their contractual duties, meet expected deadlines or conduct our clinical trials in accordance with regulatory requirements or our stated protocols, we may not be able to obtain, or may be delayed in obtaining, marketing approvals for the applicable product candidates. If that occurs, we would not be able to, or may be delayed in our efforts to, successfully commercialize such product candidates. In such an event, our financial results and the commercial prospects for any product candidates that we seek to develop could be harmed, our costs could increase and our ability to generate revenues could be impaired.

We also expect to rely on other third parties to store and distribute drug supplies for any future clinical trials we may pursue. Any performance failure on the part of any such distributors or impacts from geopolitical events, including civil or political unrest (such as the ongoing conflict between Ukraine and Russia), terrorist activity and unstable governments and legal systems could delay clinical development or marketing approval of any future product candidates or commercialization of any resulting products, producing additional losses and depriving us of potential product revenue.

The manufacturing of pharmaceutical products and, in particular, biologics, is complex and we do not have our own clinical manufacturing capabilities. We will rely on third parties to produce clinical and commercial supplies of any future product candidates.

We currently have no manufacturing facilities and plan to rely on third-party contract manufacturers to manufacture all of our preclinical product candidate supplies and clinical trial product supplies. We do not own, nor do we plan to own, any manufacturing facilities. There can be no assurance that our preclinical and clinical development product supplies from third parties will not be limited or interrupted, or be of satisfactory quality or continue to be available at acceptable prices. Additionally, the process of manufacturing pharmaceutical products and, in particular, biologics is complex, highly regulated, and subject to multiple risks. Manufacturing biologics is highly susceptible to product loss due to contamination, equipment failure, improper installation or operation of equipment, vendor or operator error, inconsistency in yields, variability in product characteristics and difficulties in scaling the production process. Even minor deviations from normal manufacturing processes could result in reduced production yields, product defects, other supply disruptions and higher costs. If microbial, viral or other contaminations are discovered at the facilities of our third-party contract manufacturers, such facilities may need to be closed for an extended period of time to investigate and remedy the contamination, which could delay clinical trials, result in higher costs of drug product and adversely affect our business.

If the contract manufacturers we engage are unable to supply us with sufficient clinical grade quantities of our product candidates, and we are unable to timely establish an alternate supply from one or more third-party contract manufacturers, we will experience delays in our development efforts as we seek to locate and qualify new manufacturers. In particular, any replacement of our third-party contract manufacturers could require significant effort and expertise because there may be a limited number of qualified replacements or capacity could be limited at each of the qualified replacements. We expect to obtain drug product and drug substance from single third-party contract manufacturers, which exacerbates these and other related risks for us. Additionally, contract manufacturers may rely on single source suppliers for certain of the raw materials for our preclinical and clinical product supplies. If current or future suppliers are delayed or unable to supply sufficient raw materials to manufacture product for our preclinical studies and clinical trials, we may experience delays in our development efforts as materials are obtained or we locate and qualify new raw material manufacturers.

The manufacturing process for a clinical candidate is subject to FDA and foreign regulatory authority review. Suppliers and manufacturers must meet applicable manufacturing requirements and undergo rigorous facility and process validation tests required by regulatory authorities in order to comply with their standards, such as cGMPs. In the event that any of our manufacturers fail to comply with such requirements or to perform their obligations to us in relation to quality, timing or otherwise, or if our supply of components or other materials becomes limited or interrupted for other reasons, we may be forced to manufacture the materials ourselves, for which we currently do not have the capabilities or resources, or enter into an agreement with another third-party, which we may not be able to do on reasonable terms, if at all. The transfer of the manufacturing of biologic products to a new contract manufacturer and any additional process development that may be necessary can be lengthy and involve significant additional costs. If we are required to change manufacturers for any reason, we will be required to verify that the new manufacturer maintains facilities and procedures that comply with quality standards and with all applicable regulations and guidelines. The delays associated with the verification of a new manufacturer would negatively affect our ability to develop product candidates in a timely manner or within budget.

Further, our reliance on third-party manufacturers exposes us to risks beyond our control, including the:

- inability to meet our drug specifications and quality requirements consistently;
- inability to initiate or continue preclinical studies or clinical trials of product candidates under development;
- delay or inability to procure or expand sufficient manufacturing capacity;
- manufacturing and drug quality issues, including related to scale-up of manufacturing;
- failure to comply with cGMP and similar foreign standards;
- reliance on a limited number of sources, and in some cases, potentially single sources for drug components and raw materials, such that if we are unable to secure a sufficient supply of these drug components and raw materials, we will be unable to manufacture and sell our future product candidate in a timely fashion, in sufficient quantities or under acceptable terms;
- lack of qualified backup suppliers for those components and raw materials that are purchased from a sole or single source supplier;
- inability to negotiate manufacturing agreements with third parties under commercially reasonable terms;
- termination or nonrenewal of manufacturing agreements with third parties in a manner or at a time that is costly or damaging to us;
- disruption of operations by conditions unrelated to our business or operations, including the bankruptcy of the manufacturer or supplier, the issuance of an FDA Form 483 notice or warning letter or geopolitical events, including civil or political unrest (such as the ongoing conflict between Ukraine and Russia), terrorist activity and unstable governments and legal systems;
- carrier disruptions or increased costs that are beyond our control;
- failure to deliver our drugs under specified storage conditions and in a timely manner; and
- the possible misappropriation of our proprietary information, including our trade secrets and know-how.

Some of these events could be the basis for FDA action, including injunction, recall, seizure or total or partial suspension of production, any of which could result in a failure to begin our clinical trials or having to stop ongoing clinical trials. In addition, our third-party manufacturers and suppliers are subject to numerous environmental, health and safety laws and regulations, including those governing the handling, use, storage, treatment and disposal of waste products, and failure to comply with such laws and regulations could result in significant costs associated with civil or criminal fines and penalties for such third parties. Based on the severity of the regulatory action, our clinical or commercial supply of drug and packaging and other services could be interrupted or limited, which could harm our business.

In addition, our contract manufacturers are or may be engaged with other companies to supply and manufacture materials or products for such companies, which also exposes our suppliers and manufacturers to regulatory risks for the production of such materials and products. As a result, failure to meet the regulatory requirements for the production of those materials and products may also affect the regulatory clearance of a contract supplier’s or manufacturer’s facility, which could impact the contract supplier’s or manufacturer’s ability to manufacture for us.

Risks Related to Our Intellectual Property

If we are unable to obtain and maintain sufficient patent protection for product candidates, or if the scope of the patent protection is not sufficiently broad, our competitors could develop and commercialize products similar or identical to ours, and our ability to commercialize such product candidates successfully may be adversely affected.

Our success depends in large part on our ability to obtain and maintain patent protection in the United States and other countries with respect to STAR-0215 and any future product candidates. If we do not adequately protect our intellectual property, competitors may be able to erode or negate any competitive advantage we may have, which could harm our business and ability to achieve profitability. To protect our proprietary position, we have filed an International (PCT) patent application directed to STAR-0215 and intend to file patent applications in the United States and abroad related to STAR-0215 and future novel product candidates and related technologies that are important to our business. The patent application and approval process is expensive and time-consuming. We may not be able to file and prosecute all necessary or desirable patent applications at a reasonable cost or in a timely manner. Failure to protect or to obtain, maintain or extend adequate patent and other intellectual property rights could materially adversely affect our ability to develop and market our products and product candidates. The enforcement, defense and maintenance of such patents and other intellectual property rights may be challenging and costly.

We cannot be certain that any patent application directed to STAR-0215 or any future product candidate will be issued in a form that provides us with adequate protection to prevent competitors from developing competing products. As a biopharmaceutical company, our patent position is uncertain because it involves complex legal and factual considerations. The standards applied by USPTO, and foreign patent offices in granting patents are not always applied uniformly or predictably. For example, there is no uniform worldwide policy regarding patentable subject matter or the scope of claims allowable in biopharmaceutical patents. Consequently, patents may not issue from any applications that are currently pending or that we file in the future. As such, we do not know the degree of future protection that we will have for STAR-0215 and its use. The scope of patent protection that the USPTO and foreign patent offices will grant with respect to STAR-0215 is uncertain. As a result, the issuance, scope, validity, enforceability and commercial value of our patent rights are highly uncertain. For example, it is possible that the USPTO and foreign patent offices will not allow broad antibody claims that specifically cover our STAR-0215 product candidate and antibodies closely related to it. As a result, upon receipt of FDA approval, or regulatory approval in foreign jurisdictions, competitors may be free to market antibodies almost identical to ours, including biosimilar antibodies, thereby decreasing our market share. However, a competitor cannot submit to the FDA an application for a biosimilar product based on STAR-0215 or any future biologic products until four years following the date of approval of our "reference product," and the FDA may not approve such a biosimilar product until 12 years from the date on which the reference product was approved. See the section of this Annual Report on Form 10-K entitled "Business — Government Regulation and Product Approval — Biosimilars and Regulatory Exclusivity" for more details regarding biosimilar regulatory exclusivities.

Our pending International patent application and any future patent applications we file cannot be enforced against third parties practicing the technology claimed in such applications unless and until a patent issues from such applications. Assuming the other requirements for patentability are met, currently, patents are granted to the party who was the first to file a patent application. However, prior to March 16, 2013, in the United States, patents were granted to the party who was the first to invent the claimed subject matter. Publications of discoveries in the scientific literature often lag behind the actual discoveries, and patent applications in the United States and other jurisdictions are typically not published until 18 months after filing, or in some cases not at all. Therefore, we cannot be certain that we were the first to make the inventions claimed in our patents or pending patent applications, or that we were the first to file for patent protection of such inventions.

Moreover, because the issuance of a patent is not conclusive as to its inventorship, scope, validity or enforceability, our patents or pending patent applications may be challenged in the courts or patent offices in the United States and abroad. For example, we may be subject to a third party preissuance submission of prior art to the USPTO, or become involved in post-grant review procedures, oppositions, derivations, reexaminations, inter partes review or interference proceedings, in the United States or elsewhere, challenging our patent rights or the patent rights of others. An adverse determination in any 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 antibodies or compounds similar or identical to our product candidates, or limit the duration of the patent protection of our product candidates. In addition, given the amount of time required for the development, testing and regulatory review of new product candidates, patents protecting such candidates might expire before or shortly after such candidates are commercialized.

Patent applications may not result in patents being issued which protect any current and future product candidates, in whole or in part, or which effectively prevent others from commercializing competitive products. Changes in either the patent laws or interpretation

of the patent laws in the United States and other countries may diminish the value of our patents or narrow the scope of our patent protection. In addition, the laws of foreign countries may not protect our rights to the same extent or in the same manner as the laws of the United States. For example, European patent law restricts the patentability of methods of treatment of the human body more than United States law does.

Even if patent applications that we file 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 patents by developing similar or alternative technologies or products in a non-infringing manner. Our competitors may also seek approval to market their own products similar to or otherwise competitive with any of our future products. Alternatively, our competitors may seek to market biosimilar versions of any approved products by submitting an application for a biosimilar product under the BPCIA. In these circumstances, we may need to defend or assert our patents, or both, including by filing lawsuits alleging patent infringement. In any of these types of proceedings, a court or other agency with jurisdiction may find our patents invalid or unenforceable, or that our competitors are competing in a non-infringing manner. Thus, even if we have valid and enforceable patents, these patents still may not provide protection against competing products or processes sufficient to achieve our business objectives.

If we do not obtain protection under the Hatch-Waxman Act and similar non-United States legislation for extending the term of patents covering each of our product candidates, our business may be materially harmed.

Patents have a limited duration. In the United States, if all maintenance fees are timely paid, the natural expiration of a patent is generally 20 years from its earliest United States non-provisional filing date. Various extensions may be available, but the life of a patent, and the protection it affords, is limited. Even if patents covering our product candidates, their manufacture, or use are obtained, once the patent life has expired, we may be open to competition from competitive products, including biosimilars. Given the amount of time required for the development, testing and regulatory review of new product candidates, patents protecting such candidates might expire before or shortly after such candidates are commercialized. As a result, our patent portfolio may not provide us with sufficient rights to exclude others from commercializing products similar or identical to ours.

Depending upon the timing, duration and conditions of FDA marketing approval of our product candidates, one or more of our United States patents, if issued, may be eligible for limited patent term extension under the Hatch-Waxman Act, or under similar legislation in other countries. The Hatch-Waxman Act permits a patent term extension of up to five years for a patent covering an approved product as compensation for effective patent term lost during product development and the FDA regulatory review process. The patent term extension cannot extend the remaining term of a patent beyond a total of 14 years from the date of product approval, and only one patent applicable to an approved drug may be extended. However, we may not receive an extension if we fail to apply within applicable deadlines, fail to apply prior to expiration of relevant patents or otherwise fail to satisfy applicable requirements. Moreover, the length of the extension could be less than we request. If we are unable to obtain patent term extension or the term of any such extension is less than we request, the period during which we can enforce our patent rights for that product will be shortened and our competitors may obtain approval to market competing products sooner than we expect. As a result, our revenue from applicable products could be reduced, possibly materially.

Our development and commercialization rights to STAR-0215 and future product candidates and technology may be subject, in part, to the terms and conditions of licenses granted to us by others.

We may become reliant upon licenses to certain patent rights and proprietary technology from third parties that are relevant to our STAR-0215 product candidate and possible future product candidates. These and other licenses may not provide exclusive rights to use such intellectual property and technology in all relevant fields of use and in all territories in which we choose to develop or commercialize our technology and products in the future. As a result, we may not be able to prevent competitors from developing and commercializing competitive products in territories included in all of our licenses.

Such license agreements would likely impose various development obligations, payment of royalties and fees based on achieving certain milestones, as well as other obligations. In addition, our licensors, in the future, may allege that we have materially breached our obligations under a certain license agreement and may therefore terminate that license agreement. If we fail to comply with our obligations under these agreements, the licensor may have the right to terminate the license. The termination of any such license agreements or failure to adequately protect such license agreements could prevent us from commercializing product candidates covered by the licensed intellectual property. Furthermore, our competitors may obtain the freedom to seek regulatory approval of, and to market products competitive with ours.

Disputes may arise regarding intellectual property subject to a licensing agreement, including:

- the scope of rights granted under the license agreement and other interpretation related issues;
- the extent to which our technology and processes infringe on intellectual property of the licensor that is not subject to the licensing agreement;
- the sublicensing of patent and other rights under any collaboration relationships we might enter into in the future;
- our diligence obligations under the license agreement and what activities satisfy those diligence obligations;
- the ownership of inventions and know how resulting from the joint creation or use of intellectual property by our licensors and us; and
- the priority of invention of patented technology.

If disputes over intellectual property that we have licensed prevent or impair our ability to maintain our current licensing arrangements on acceptable terms, we may be unable to successfully develop and commercialize the affected product candidates.

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 patents, trademarks, copyrights or other intellectual property. To counter infringement or unauthorized use, we may be required to file infringement claims, which can be expensive and time consuming and divert the time and attention of our management and scientific personnel. Any claims we assert against perceived infringers could provoke these parties to assert counterclaims against us alleging that we infringe their patents, in addition to counterclaims asserting that our patents are invalid or unenforceable, or both. In any patent infringement proceeding, there is a risk that a court will decide that a patent of ours is invalid or unenforceable, in whole or in part, and that we do not have the right to stop the other party from using the invention at issue. There is also a risk that, even if the validity of such patents is upheld, the court will construe the patent's claims narrowly or decide that we do not have the right to stop the other party from using the invention at issue on the grounds that our patent claims do not cover the invention. An adverse outcome in a litigation or proceeding involving our patents could limit our ability to assert our patents against those parties or other competitors and may curtail or preclude our ability to exclude third parties from making and selling similar or competitive products. Any of these occurrences could adversely affect our competitive business position, business prospects and financial condition. Similarly, if we assert trademark infringement claims, a court may determine that the marks we have asserted are invalid or unenforceable, or that the party against whom we have asserted trademark infringement has superior rights to the marks in question. In this case, we could ultimately be forced to cease use of such trademarks.

Even if we establish infringement, the court may decide not to grant an injunction against further infringing activity and instead award only monetary damages, which may or may not be an adequate remedy. Furthermore, because of the substantial amount of discovery required in connection with intellectual property litigation, there is a risk that some of our confidential information could be compromised by disclosure during litigation. Moreover, there can be no assurance that we will have sufficient financial or other resources to file and pursue such infringement claims, which typically last for years before they are concluded. Even if we ultimately prevail in such claims, the monetary cost of such litigation and the diversion of the attention of our management and scientific personnel could outweigh any benefit we receive as a result of the proceedings.

An intellectual property litigation could lead to unfavorable publicity that could harm our reputation and cause the market price of our common stock to decline.

During the course of any patent litigation, there could be public announcements of the results of hearings, rulings on motions, and other interim proceedings in the litigation. If securities analysts or investors regard these announcements as negative, the perceived value of our products, programs, or intellectual property could be diminished. In such event, the market price of our common stock may decline.

If we are sued for infringing intellectual property rights of third parties, such litigation could be costly and time consuming and could prevent or delay us from developing or commercializing current and future product candidates.

Our commercial success depends, in part, on our ability to develop, manufacture, market and STAR-0215, as well as any future product candidates, without infringing the intellectual property and other proprietary rights of third parties. If any third-party patents or patent applications are found to cover STAR-0215 or any future product candidates or their methods of use, we may not be free to manufacture or market such product candidates as planned without obtaining a license, which may not be available on commercially reasonable terms, or at all.

In spite of our efforts to avoid obstacles and disruptions arising from third-party intellectual property, it is impossible to establish with certainty that our programs directed to STAR-0215 and any future product candidates will be free of claims by third-party intellectual property holders. Even with modern databases and on-line search engines, literature searches are imperfect and may fail to identify relevant patents and published applications. Even when a third-party patent is identified, we may conclude upon a thorough analysis, that we do not infringe the patent or that the patent is invalid. If the third-party patent owner disagrees with our conclusion and we continue with the business activity in question, patent litigation may be initiated against us. Alternatively, we might decide to initiate litigation in an attempt to have a court declare the third-party patent invalid or non-infringed by our activity. In either scenario, patent litigation typically is costly and time-consuming, and the outcome is uncertain. The outcome of patent litigation is subject to uncertainties that cannot be quantified in advance, for example, the credibility of expert witnesses who may disagree on technical interpretation of scientific data. Ultimately, in the case of an adverse outcome in litigation, we could be prevented from commercializing a product or using certain aspects of our technology platform as a result of patent infringement claims asserted against us. This could have a material adverse effect on our business.

There is a substantial amount of intellectual property litigation in the biopharmaceutical industry, and we may become party to, or threatened with, litigation or other adversarial proceedings regarding intellectual property rights with respect to STAR-0215 or any future product candidates, including interference proceedings before the USPTO. Third parties may assert infringement claims against us based on existing or future intellectual property rights. The outcome of intellectual property litigation is subject to uncertainties that cannot be adequately quantified in advance. The biopharmaceutical industry has produced a significant number of patents, and it may not always be clear to industry participants, including us, which patents cover various types of products or methods of use. The coverage of patents is subject to interpretation by the courts, and the interpretation is not always uniform. If we were sued for patent infringement, we would need to demonstrate that any current or future product candidates, products or methods either do not infringe the patent claims of the relevant patent or that the patent claims are invalid or unenforceable, and we may not be able to do this. Proving invalidity is difficult. For example, in the United States, proving invalidity requires a showing of clear and convincing evidence to overcome the presumption of validity enjoyed by issued patents. Even if we are successful in these proceedings, we may incur substantial costs and the time and attention of our management and scientific personnel could be diverted in pursuing these proceedings, which could significantly harm our business and operating results. In addition, we may not have sufficient resources to bring these actions to a successful conclusion.

If we are found to infringe a third party's intellectual property rights, we could be forced, including by court order, to cease developing, manufacturing or commercializing the infringing product candidate or product. Alternatively, we may be required to obtain a license from such third party in order to use the infringing technology and continue developing, manufacturing or marketing the infringing product candidate. However, we may not be able to obtain any required license on commercially reasonable terms or at all. Even if we were able to obtain a license, it could be non-exclusive, thereby giving our competitors access to the same technologies licensed to us. In addition, we could be found liable for monetary damages, including treble damages and attorneys' fees if we are found to have willfully infringed a patent. A finding of infringement could prevent us from commercializing any future product candidates or force us to cease some of our business operations, which could materially harm our business. Claims that we have misappropriated the confidential information or trade secrets of third parties could have a similar negative impact on our business.

Our involvement in litigation, and in, e.g., any interference, derivation, reexamination, inter partes review, opposition or post-grant proceedings or other intellectual property proceedings in the United States, or other jurisdictions, may divert management time from focusing on business operations, could cause us to spend significant amounts of money and may have no guarantee of success. Any current and potential intellectual property litigation also could force us to do one or more of the following:

- stop selling, manufacturing or using our products in the United States or other jurisdictions that use the subject intellectual property;

- obtain from a third party asserting its intellectual property rights, a license to sell or use the relevant technology, which license may not be available on reasonable terms, or at all, or may be non-exclusive thereby giving our competitors access to the same technologies licensed to us;

- redesign those products or processes that use any allegedly infringing or misappropriated technology, which may result in significant cost or delay to us, or which redesign could be technically infeasible; or

- pay damages, including the possibility of treble damages in a patent case if a court finds us to have willfully infringed certain intellectual property rights.

If we are unable to protect the confidentiality of our trade secrets, the value of our technology could be materially adversely affected and our business would be harmed.

Along with patent protection, we also rely on trade secret protection for our proprietary information that is not amenable to, or that we do not consider appropriate for, patent protection, including, for example, certain aspects of our manufacturing processes. We seek to protect these trade secrets, in part, by entering into non-disclosure and confidentiality agreements with parties who have access to them, such as our employees, consultants, independent contractors, CROs, advisors, contract manufacturers, suppliers and other third parties. We also enter into confidentiality and invention or patent assignment agreements with employees and certain consultants.

Trade secrets and confidential know-how are difficult to maintain as confidential. Although we use reasonable efforts to protect our trade secrets, any party with whom we have executed a confidentiality agreement may breach that agreement and disclose our proprietary information, including our trade secrets.

Enforcing a claim that a party illegally disclosed or misappropriated a trade secret is difficult, expensive and time-consuming, and the outcome is unpredictable. Accordingly, we may not be able to obtain adequate remedies for such breaches, despite any legal action that we might take against persons making such unauthorized disclosures. In addition, courts outside the United States sometimes are less willing than United States courts to protect trade secrets.

If any of our trade secrets were to be lawfully obtained or independently developed by a competitor, we would have no right to prevent such third party, or those to whom they communicate such technology or information, 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 business and competitive position could be harmed.

Those with whom we collaborate on research and development related to current and future product candidates may have rights to publish data and other information to which we have rights. In addition, we sometimes engage individuals or entities to conduct research relevant to our business. The ability of these individuals or entities to publish or otherwise publicly disclose data and other information generated during the course of their research is subject to certain contractual limitations. These contractual provisions may be insufficient or inadequate to protect our confidential information. If we do not apply for patent protection prior to such publication, or if we cannot otherwise maintain the confidentiality of our proprietary technology and other confidential information, then our ability to obtain patent protection or to protect our trade secret information may be jeopardized.

Changes to the patent law in the United States and other jurisdictions could diminish the value of patents in general, thereby impairing our ability to protect our products.

As is the case with other biopharmaceutical companies, our success is heavily dependent on intellectual property, particularly patents. Obtaining and enforcing patents in the biopharmaceutical industry involves both technological and legal complexity and is therefore costly, time consuming and inherently uncertain. Patent reform legislation in the United States and other countries, including the Leahy-Smith America Invents Act, or the Leahy-Smith Act, signed into law in September 2011, could increase those uncertainties and costs. The Leahy-Smith Act included a number of significant changes to United States patent law. These include provisions that affect the way patent applications are prosecuted, redefine prior art and provide more efficient and cost-effective avenues for competitors to challenge the validity of patents, for example, via post grant review and inter partes review proceedings at the USPTO. In addition, the Leahy-Smith Act transformed the United States patent system into a “first to file” system. The first-to-file provisions, however, only became effective in March 2013. However, the Leahy-Smith Act and its implementation could make it more difficult to obtain patent protection for our inventions and 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 harm our business, results of operations and financial condition.

The United States Supreme Court has ruled on several patent cases, either narrowing the scope of patent protection available in certain circumstances or weakening the rights of patent owners in certain situations. Additionally, there have been proposals for additional changes to the patent laws of the United States and other countries that, if adopted, could impact our ability to enforce our proprietary technology. Depending on future actions by the Congress, the United States courts, the USPTO and the relevant law-making bodies in other countries, the laws and regulations governing patents could change in ways that would weaken our ability to obtain new patents or to enforce our existing patents and patents that we might obtain in the future.

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

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

- others may be able to make antibodies that are the same as or similar to STAR-0215 or future product candidates but that are not covered by the claims of patents that we own or have rights to;
- we or our licensors or any current or future strategic partners might not have been the first to conceive or reduce to practice the inventions covered by our pending patent application;
- we or our licensors or any future strategic partners might not have been the first to file patent applications covering certain of our inventions;
- others may independently develop similar or alternative technologies or duplicate any of our technologies without infringing our intellectual property rights;
- it is possible that our pending patent rights will not lead to issued patents, or that patents, if granted, may not provide us with any competitive advantage, or may be held invalid or unenforceable, as a result of legal challenges by our competitors;
- our competitors might conduct research and development activities in countries where we do not have patent rights and then use the information learned from such activities to develop competitive products for sale in our major commercial markets;
- third parties performing manufacturing or testing for us using our products or technologies could use the intellectual property of others without obtaining a proper license;
- we may not develop additional technologies that are patentable; and
- third parties may allege that our development and commercialization of STAR-0215 or future products may infringe their intellectual property rights, the outcome of which may have an adverse effect on our business.

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

Periodic maintenance fees on any issued patent are due to be paid to the USPTO and foreign patent agencies in several stages over the lifetime of the patent. The USPTO and various foreign governmental patent agencies require compliance with a number of procedural, documentary, fee payment and other similar provisions during the patent application process. While an inadvertent lapse can in many cases be cured by payment of a late fee or by other means in accordance with the applicable rules, there are situations in which noncompliance can result in abandonment or lapse of the patent or patent application, resulting in partial or complete loss of patent rights in the relevant jurisdiction. Noncompliance events that could result in abandonment or lapse of a patent or patent application include, but are not limited to, failure to respond to official actions within prescribed time limits, non-payment of fees and failure to properly legalize and submit formal documents. If we fail to maintain the patents and patent applications covering any future product candidates, our competitive position would be adversely affected.

We may obtain only limited geographical protection with respect to certain patent rights, which may diminish the value of our intellectual property rights in those jurisdictions and prevent us from enforcing our intellectual property rights throughout the world.

Filing, prosecuting and defending patents on product candidates in all countries throughout the world would be prohibitively expensive. Accordingly, we may not file for patent protection in all national and regional jurisdictions where such protection may be available. In addition, we may decide to abandon national and regional patent applications before grant. Finally, the grant proceeding of each national/regional patent is an independent proceeding which may lead to situations in which applications might in some jurisdictions be refused by the relevant patent offices, while granted by others. It is also quite common that depending on the country, the scope of patent protection may vary for the same product candidate or technology.

The requirements for patentability may differ in certain countries, particularly in developing countries. Competitors may use our technologies in jurisdictions where we have not obtained patent protection to develop their own products and, further, may export otherwise infringing products to territories where we may obtain patent protection, but where patent enforcement is not as strong as that in the United States. These products may compete with our products in jurisdictions where we do not have any issued or licensed patents or where any future patent claims or other intellectual property rights may not be effective or sufficient to prevent them from competing with us.

Moreover, our ability to protect and enforce our intellectual property rights may be adversely affected by changes in foreign intellectual property laws. Additionally, laws of some countries outside of the United States and Europe do not afford intellectual property protection to the same extent as the laws of the United States and Europe. Many companies have encountered significant problems in protecting and defending intellectual property rights in certain foreign jurisdictions. The legal systems of some countries, including India, China and other developing countries, do not favor the enforcement of patents and other intellectual property rights. This could make it difficult for us to stop the infringement of our patents or the misappropriation of our other intellectual property rights. For example, many foreign countries have compulsory licensing laws under which a patent owner must grant licenses to third parties. In these countries, the patent owner may have limited remedies, which could materially diminish the value of such patent. If we or any of our licensors is forced to grant a license to third parties with respect to any patents relevant to our business, our competitive position may be impaired and our business, results of operations and financial condition may be adversely affected. Consequently, we may not be able to prevent third parties from practicing our inventions in certain countries outside the United States and Europe. Competitors may use our technologies in jurisdictions where we have not obtained patent protection to develop their own products and, further, may export otherwise infringing products to territories where we have patent protection, if our ability to enforce our patents to stop infringing activities in those jurisdictions is inadequate. These products may compete with our products, and our patents or other intellectual property rights may not be effective or sufficient to prevent them from competing.

Proceedings to enforce our patent rights in foreign jurisdictions, whether or not successful, could result in substantial costs and divert our efforts and resources from other aspects of our business. Furthermore, while we intend to protect our intellectual property rights in major markets for our products, we may not be able to initiate or maintain similar efforts in all jurisdictions in which we may wish to market our products. Accordingly, our efforts to protect our intellectual property rights in such countries may be inadequate.

We may be subject to claims by third parties asserting that our employees or we have misappropriated their intellectual property or claiming ownership of what we regard as our own intellectual property.

Many of our employees, including our senior management, were previously employed at other biopharmaceutical companies, including our competitors or potential competitors. Some of these employees, including members of our senior management, executed proprietary rights, non-disclosure and non-competition agreements, or similar agreements, in connection with such previous employment. Although we try to ensure that our employees do not use the proprietary information or know-how of others in their work for us, we may be subject to claims that we or these employees have used or disclosed intellectual property, including trade secrets or other proprietary information, of any such third party. Litigation may be necessary to defend against such claims. If we fail in defending any such claims, in addition to paying monetary damages, we may lose valuable intellectual property rights or personnel or sustain damages. Such intellectual property rights could be awarded to a third party, and we could be required to obtain a license from such third party to commercialize our technology or products. Such a license may not be available on commercially reasonable terms or at all. Even if we are successful in defending against such claims, litigation could result in substantial costs and be a distraction to management.

In addition, while we typically require our employees, consultants and contractors who may be involved in the development of intellectual property to execute agreements assigning such intellectual property to us, we may be unsuccessful in executing such an

agreement with each party who in fact develops intellectual property that we regard as our own, which may result in claims by or against us related to the ownership of such intellectual property. If we fail in prosecuting or defending any such claims, in addition to paying monetary damages, we may lose valuable intellectual property rights. Even if we are successful in prosecuting or defending against such claims, litigation could result in substantial costs and be a distraction to our senior management and scientific personnel.

Risks Related to Regulatory Approval and Other Legal Compliance Matters

Even if we complete the necessary preclinical studies and clinical trials, the regulatory approval process is expensive, time consuming and uncertain and may prevent us or any future collaborators from obtaining approvals for the commercialization of STAR-0215 or any future product candidates. As a result, we cannot predict when or if, and in which territories, we, or any future collaborators, will obtain marketing approval to commercialize a product candidate.

The research, testing, manufacturing, labeling, approval, selling, marketing, promotion and distribution of biopharmaceutical products are subject to extensive regulation by the FDA and comparable foreign regulatory authorities, which regulations differ from country to country. We, and any future collaborators, are not permitted to market our product candidates in the United States or in other countries until we, or they, receive approval of a BLA from the FDA, which would be required for approval of STAR-0215, or NDA or marketing approval from applicable regulatory authorities outside the United States. Product candidates in the development phase are subject to the risks of failure inherent in drug development. We have not submitted an application for or received marketing approval for any of our product candidates in the United States or in any other jurisdiction. We have no experience as a company in filing and supporting the applications necessary to gain marketing approvals and expect to rely on third-party clinical research organizations to assist us in this process.

The process of obtaining marketing approvals, both in the United States and abroad, is lengthy, expensive and uncertain. It 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. Securing marketing approval requires the submission of extensive preclinical and clinical data and supporting information, including manufacturing information, to regulatory authorities for each therapeutic indication to establish the product candidate's safety and efficacy. The FDA or other regulatory authorities may determine that our product candidates are not safe and effective, only moderately effective or have undesirable or unintended side effects, toxicities or other characteristics that preclude our obtaining marketing approval or prevent or limit commercial use.

In addition, changes in or the enactment or promulgation of additional statutes, regulations or guidance during preclinical or clinical development, or comparable changes in the regulatory review process 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 are insufficient for approval and require additional preclinical, clinical or other studies. 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, or any future collaborators, ultimately obtain may be limited or subject to restrictions or post-approval commitments that render the approved product not commercially viable.

Any delay in obtaining or failure to obtain required approvals could negatively affect our ability or that of any future collaborators to generate revenue from the particular product candidate, which likely would result in significant harm to our financial position and adversely impact our stock price.

Failure to obtain marketing approval in foreign jurisdictions would prevent our product candidates from being marketed abroad. Any approval we may be granted for our product candidates in the United States would not assure approval of our product candidates in foreign jurisdictions and any of our product candidates that may be approved for marketing in a foreign jurisdiction will be subject to risks associated with foreign operations.

In order to market and sell our products in the European Union and other foreign jurisdictions, we must obtain separate marketing approvals and comply with numerous and varying regulatory requirements. The approval procedure varies among countries and can involve additional testing. The time required to obtain approval may differ substantially from that required to obtain FDA approval. The marketing approval process outside the United States generally includes all of the risks associated with obtaining FDA approval. We, and any future collaborators, may not obtain approvals from regulatory authorities outside the United States on a timely basis, if at all. Approval by the FDA does not ensure approval by regulatory authorities in other countries or jurisdictions, and approval by one regulatory authority outside the United States does not ensure approval by regulatory authorities in other countries or jurisdictions or by the FDA. We may file for marketing approvals but not receive necessary approvals to commercialize our products in any market.

In many countries outside the United States, a product candidate must also be approved for reimbursement before it can be sold in that country. In some cases, the price that we intend to charge for our products, if approved, is also subject to approval. Obtaining non-United States regulatory approvals and compliance with non-United States regulatory requirements could result in significant delays, difficulties and costs for us and could delay or prevent the introduction of our product candidates in certain countries. In addition, if we fail to obtain the non-United States approvals required to market our product candidates outside the United States or if we fail to comply with applicable non-United States regulatory requirements, our target markets will be reduced and our ability to realize the full market potential of our product candidates will be harmed and prospects may be adversely affected.

Additionally, we could face heightened risks with respect to seeking marketing approval in the United Kingdom as a result of the 2020 withdrawal of the United Kingdom from the European Union, commonly referred to as Brexit. The United Kingdom and European Union entered into a Trade and Cooperation Agreement in connection with Brexit that sets out certain procedures for approval and recognition of medical products in each jurisdiction. Since the regulatory framework for pharmaceutical products in the United Kingdom covering the quality, safety, and efficacy of pharmaceutical products, clinical trials, marketing authorization, commercial sales, and distribution of pharmaceutical products is derived from European Union directives and regulations, the consequences of Brexit the impact the future regulatory regime that applies to products and the approval of product candidates in the United Kingdom remains unclear. As of January 1, 2021, the Medicines and Healthcare products Regulatory Agency, or the MHRA, became responsible for supervising medicines and medical devices in Great Britain, comprising England, Scotland and Wales under domestic law, whereas Northern Ireland will continue to be subject to European Union rules under the Northern Ireland Protocol. The MHRA will rely on the Human Medicines Regulations 2012 (SI 2012/1916) (as amended), or the HMR, as the basis for regulating medicines. The HMR has incorporated into the domestic law of the body of European Union law instruments governing medicinal products that pre-existed prior to the United Kingdom's withdrawal from the European Union. Any delay in obtaining, or an inability to obtain, any marketing approvals, as a result of Brexit or otherwise, may force us to restrict or delay efforts to seek regulatory approval in the United Kingdom for any product candidates, which could significantly and materially harm our business, or prevent us from commercializing any product candidate in the United Kingdom and/or the European Union and restrict our ability to generate revenue and achieve and sustain profitability.

We expect that we will be subject to additional risks in commercializing any of our product candidates that receive marketing approval outside the United States, including tariffs, trade barriers and regulatory requirements; economic weakness, including inflation, or political instability in particular foreign economies and markets (such as the ongoing conflict between Ukraine and Russia); compliance with tax, employment, immigration and labor laws for employees living or traveling abroad; foreign currency fluctuations, which could result in increased operating expenses and reduced revenue, and other obligations incident to doing business in another country; and workforce uncertainty in countries where labor unrest is more common than in the United States.

We, or any future collaborators, may not be able to obtain orphan drug designation or orphan drug exclusivity for any future product candidates.

Regulatory authorities in some jurisdictions, including the United States and Europe, may designate drugs for relatively small patient populations as orphan drugs. Under the Orphan Drug Act, the FDA may designate a product as an orphan drug if it is a drug intended to treat a rare disease or condition, which is generally defined as a patient population of fewer than 200,000 individuals annually in the United States. We, or any future collaborators, may seek orphan drug designations and may be unable to obtain such designations.

Even if we, or any future collaborators, obtain orphan drug designation for a product candidate, we, or they, may not be able to obtain orphan drug exclusivity for that product candidate. Generally, a product with orphan drug designation only becomes entitled to orphan drug exclusivity if it receives the first marketing approval for the indication for which it has such designation, in which case the FDA or the EMA will be precluded from approving another marketing application for the same drug for that indication for the applicable exclusivity period. The applicable exclusivity period is seven years in the United States and ten years in Europe. The European exclusivity period can be reduced to six years if a drug no longer meets the criteria for orphan drug designation or if the drug is sufficiently profitable so that market exclusivity is no longer justified. Orphan drug exclusivity may be lost if the FDA or the EMA determines that the request for designation was materially defective or if the manufacturer is unable to assure sufficient quantity of the drug to meet the needs of patients with the rare disease or condition.

Even if we, or any future collaborators, obtain orphan drug exclusivity for a product, that exclusivity may not effectively protect the product from competition because FDA has taken the position that, under certain circumstances, another drug with the same active moiety can be approved for the same condition. Specifically, the FDA's regulations provide that it can approve another drug with the

same active moiety for the same condition if the FDA concludes that the later drug is clinically superior in that it is shown to be safer, more effective or makes a major contribution to patient care.

In 2017, the Congress passed the FDA Reauthorization Act of 2017, or FDARA, which among other things, codified the FDA's pre-existing regulatory interpretation to require that a drug sponsor demonstrate the clinical superiority of an orphan drug that is otherwise the same as a previously approved drug for the same rare disease in order to receive orphan drug exclusivity. Under Omnibus legislation signed by President Trump on December 27, 2020, the requirement for a product to show clinical superiority applies to drugs and biologics that received orphan drug designation before enactment of FDARA in 2017, but have not yet been approved or licensed by FDA.

The FDA may further reevaluate the Orphan Drug Act and its regulations and policies. This may be particularly true in light of a decision from the Court of Appeals for the 11th Circuit in September 2021 finding that, for the purpose of determining the scope of exclusivity, the term "same disease or condition" means the designated "rare disease or condition" and could not be interpreted by the Agency to mean the "indication or use." Thus, the court concluded, orphan drug exclusivity applies to the entire designated disease or condition rather than the "indication or use." We do not know if, when, or how the FDA may change the orphan drug regulations and policies in the future, and it is uncertain how any changes might affect our business. Depending on what changes the FDA may make to its orphan drug regulations and policies, our business could be adversely impacted.

In addition, to obtain orphan drug designation in the European Union, we would need to demonstrate that there exists no satisfactory method of diagnosis, prevention or treatment of the condition in question that has been authorized in the European Union or, if such method exists, the medicinal product will be of significant benefit to those affected by that condition. There is no assurance that we would be able to meet that standard for STAR-0215 or any other product candidate. In particular, there is no assurance that STAR-0225 will be able to show, to the satisfaction of European Union regulatory authorities, that it of significant benefit to HAE patients given the currently available commercial products for HAE in the European Union and the additional products that are ahead of STAR-0215 in clinical development for HAE.

Any product candidate for which we obtain marketing approval would remain subject to ongoing regulation and could be subject to restrictions or withdrawal from the market, and we may be subject to substantial penalties if we fail to comply with regulatory requirements, when and if any of our product candidates are approved.

Any product candidate for which we obtain marketing approval will be subject to continual requirements of and review by the FDA and other regulatory authorities. These requirements include submissions of safety and other post-marketing information and reports, registration and listing requirements, cGMP requirements relating to quality control and manufacturing, quality assurance and corresponding maintenance of records and documents, and requirements regarding the distribution of samples to physicians and recordkeeping. In addition, the approval may be subject to limitations on the indicated uses for which the product may be marketed or to the conditions of approval, or contain requirements for costly post-marketing testing and surveillance to monitor the safety or efficacy of the medicine, including the requirement to implement a risk evaluation and mitigation strategy. Accordingly, if we receive marketing approval for one or more of our product candidates, we will continue to expend time, money and effort in all areas of regulatory compliance, including manufacturing, production, product surveillance and quality control. If we fail to comply with these requirements, we could have the marketing approvals for our products withdrawn by regulatory authorities and our ability to market any products could be limited, which could adversely affect our ability to achieve or sustain profitability.

We must also comply with requirements concerning advertising and promotion for any product candidate for which we obtain marketing approval. Promotional communications with respect to prescription products are subject to a variety of legal and regulatory restrictions and must be consistent with the information in the product's approved labeling. In September 2021 the FDA published final regulations which describe the types of evidence that the FDA will consider in determining the intended use of a drug or biologic. Thus, we will not be able to promote any products we develop for indications or uses for which they are not approved. The FDA and other agencies, including the Department of Justice, or the DOJ, closely regulate and monitor the post-approval marketing and promotion of products to ensure that they are marketed and distributed only for the approved indications and in accordance with the provisions of the approved labeling. Violations of the Federal Food, Drug, and Cosmetic Act and other statutes, including the False Claims Act, relating to the promotion and advertising of prescription products may lead to investigations and enforcement actions 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 or their manufacturers or manufacturing processes, or failure to comply with regulatory requirements, may yield various results, including:

- restrictions on such products, manufacturers or manufacturing processes;
- restrictions on the labeling or marketing of a product;
- restrictions on distribution or use of a product;
- requirements to conduct post-marketing studies or clinical trials;
- warning letters or untitled letters;
- withdrawal of the products from the market;
- refusal to approve pending applications or supplements to approved applications that we submit;
- recall of products;
- damage to relationships with collaborators;
- unfavorable press coverage and damage to our reputation;
- fines, restitution or disgorgement of profits or revenues;
- suspension or withdrawal of marketing approvals;
- refusal to permit the import or export of our products;
- product seizure;
- injunctions or the imposition of civil or criminal penalties; and
- litigation involving patients using our products.

Non-compliance with European Union requirements regarding safety monitoring or pharmacovigilance, and with requirements related to the development of products for the pediatric population, can also result in significant financial penalties. Similarly, failure to comply with the European Union's requirements regarding the protection of personal information can also lead to significant penalties and sanctions. Further, the marketing and promotion of authorized drugs, including industry-sponsored continuing medical education and advertising directed toward the prescribers of drugs and/or the general public, are strictly regulated in the European Union, notably under Directive 2001/83EC, as amended, and are also subject to European Union Member State laws. Direct-to-consumer advertising of prescription medicines is prohibited across the European Union.

Accordingly, assuming we, or any future collaborators, receive marketing approval for one or more of our product candidates, we, and any future collaborators, and our and their contract manufacturers will continue to expend time, money and effort in all areas of regulatory compliance, including manufacturing, production, product surveillance and quality control. If we, and any future collaborators, are not able to comply with post-approval regulatory requirements, our or any future collaborators' ability to market any future products could be limited, which could adversely affect our ability to achieve or sustain profitability. Further, the cost of compliance with post-approval regulations may have a negative effect on our operating results and financial condition.

We may seek certain designations for our product candidates, including Breakthrough Therapy, RMAT Therapy, Fast Track and Priority Review designations in the U.S., and PRIME Designation in the European Union, but we might not receive such designations, and even if we do, such designations may not lead to a faster development or regulatory review or approval process.

We may seek certain designations for one or more of our product candidates that could expedite review and approval by the FDA. A Breakthrough Therapy and Regenerative Medicine Advanced Therapy, or RMAT, product is defined as a product that is intended, alone or in combination with one or more other products, to treat a serious condition, and preliminary clinical evidence indicates that the product may demonstrate substantial improvement over existing therapies on one or more clinically significant endpoints, such as substantial treatment effects observed early in clinical development. For products that have been designated as Breakthrough and RMAT therapies, interaction and communication between the FDA and the sponsor of the trial can help to identify the most efficient path for clinical development while minimizing the number of patients placed in ineffective control regimens.

The FDA may also designate a product for Fast Track review if it is intended, whether alone or in combination with one or more other products, for the treatment of a serious or life threatening disease or condition, and it demonstrates the potential to address unmet medical needs for such a disease or condition. For Fast Track products, sponsors may have greater interactions with the FDA and the FDA may initiate review of sections of a Fast Track product's application before the application is complete. This rolling review may be available if the FDA determines, after preliminary evaluation of clinical data submitted by the sponsor, that a Fast Track product may be effective.

We may also seek a priority review designation for one or more of our product candidates. If the FDA determines that a product candidate offers major advances in treatment or provides a treatment where no adequate therapy exists, the FDA may designate the product candidate for priority review. A priority review designation means that the goal for the FDA to review an application is six months, rather than the standard review period of ten months.

These designations are within the discretion of the FDA. Accordingly, even if we believe that one of our product candidates meets the criteria for these designations, the FDA may disagree and instead determine not to make such designation. Further, even if we receive a designation, the receipt of such designation for a product candidate may not result in a faster development or regulatory review or approval process compared to products considered for approval under conventional FDA procedures and does not assure ultimate approval by the FDA. In addition, even if one or more of our product candidates qualifies for these designations, the FDA may later decide that the product candidates no longer meet the conditions for qualification or decide that the time period for FDA review or approval will not be shortened.

In the European Union, we may seek PRIME designation for some of our product candidates in the future. PRIME is a voluntary program aimed at enhancing the EMA's role to reinforce scientific and regulatory support in order to optimize development and enable accelerated assessment of new medicines that are of major public health interest with the potential to address unmet medical needs. The program focuses on medicines that target conditions for which there exists no satisfactory method of treatment in the European Union or even if such a method exists, it may offer a major therapeutic advantage over existing treatments. PRIME is limited to medicines under development and not authorized in the European Union and the applicant intends to apply for an initial marketing authorization application through the centralized procedure. To be accepted for PRIME, a product candidate must meet the eligibility criteria in respect of its major public health interest and therapeutic innovation based on information that is capable of substantiating the claims. The benefits of a PRIME designation include the appointment of a Committee for Medicinal Products for Human Use rapporteur to provide continued support and help to build knowledge ahead of a marketing authorization application, early dialogue and scientific advice at key development milestones, and the potential to qualify products for accelerated review, meaning reduction in the review time for an opinion on approvability to be issued earlier in the application process. PRIME enables an applicant to request parallel EMA scientific advice and health technology assessment advice to facilitate timely market access. Even if we receive PRIME designation for any of our product candidates, the designation may not result in a materially faster development process, review or approval compared to conventional EMA procedures. Further, obtaining PRIME designation does not assure or increase the likelihood of EMA's grant of a marketing authorization.

We and our contract manufacturers are subject to significant regulation. The manufacturing facilities on which we rely may not continue to meet regulatory requirements, which could materially harm our business.

All entities involved in the preparation of product candidates for clinical trials or commercial sale, including any contract manufacturers, are subject to extensive regulation. Components of a finished therapeutic product approved for commercial sale or used in late-stage clinical trials must be manufactured in accordance with cGMP. These regulations govern manufacturing processes and

procedures (including record keeping) and the implementation and operation of quality systems to control and assure the quality of investigational products and products approved for sale. Poor control of production processes can lead to the introduction of adventitious agents or other contaminants or to inadvertent changes in the properties or stability of our product candidates that may not be detectable in final product testing.

We or our contract manufacturers must supply all necessary documentation in support of a BLA or NDA on a timely basis and must adhere to the FDA's current Good Laboratory Practice and cGMP regulations enforced through its facilities inspection program. Our facilities and quality systems and the facilities and quality systems of some or all of our contract manufacturers must pass a pre-approval inspection for compliance with the applicable regulations as a condition of regulatory approval of any product candidate. In addition, the regulatory authorities may, at any time, audit or inspect a manufacturing facility involved with the preparation of our product candidates or the associated quality systems for compliance with the regulations applicable to the activities being conducted. If these facilities do not pass a pre-approval plant inspection, FDA approval of the products will not be granted.

The regulatory authorities also may, at any time following approval of a product for sale, audit our manufacturing facilities or those of our contract manufacturers. If any such inspection or audit identifies failure to comply with applicable regulations or if a violation of our product specifications or applicable regulations occurs independent of such an inspection or audit, we or the relevant regulatory authority may require remedial measures that may be costly and/or time-consuming for us or a third party to implement and that may include the temporary or permanent suspension of a clinical trial or commercial sales or the temporary or permanent closure of a facility, which may lead to temporary or permanent supply shortages. Any such remedial measures imposed upon us or third parties with whom we contract could materially harm our business.

If we of our third-party manufacturers fail to maintain regulatory compliance, the FDA can impose regulatory sanctions including, among other things, refusal to approve a pending application for a new product, or revocation of a pre-existing approval. Any such consequence would severely harm our business, financial condition and results of operations.

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

The ability of the FDA to review and approve new products can be affected by a variety of factors, including government budget and funding levels, ability to hire and retain key personnel and accept the payment of user fees, and statutory, regulatory and policy changes. Average review times at the agency have fluctuated in recent years as a result. Disruptions at the FDA and other agencies may also slow the time necessary for new product candidates to be reviewed and/or approved by necessary government agencies, which would adversely affect our business. In addition, government funding of the SEC and other government agencies, including government agencies and regulatory authorities outside the United States, on which our operations may rely, including those that fund research and development activities, is subject to the political process, which is inherently fluid and unpredictable.

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

Separately, in response to the COVID-19 pandemic, since March 2020 when foreign and domestic inspections of facilities were largely placed on hold, the FDA has been working to resume routine surveillance, bioresearch monitoring and pre-approval inspections on a prioritized basis. The FDA has developed a rating system to assist in determining when and where it is safest to conduct prioritized domestic inspections. As of May 2021, certain inspections, such as foreign preapproval, surveillance, and for-cause inspections that are not deemed mission-critical, remain temporarily postponed. In April 2021 the FDA issued guidance for industry formally announcing plans to employ remote interactive evaluations, using risk management methods, to meet user fee commitments and goal dates and in May 2021 announced plans to continue progress toward resuming standard operational levels. Should the FDA determine that an inspection is necessary for approval and an inspection cannot be completed during the review cycle due to restrictions on travel, and the

FDA does not determine a remote interactive evaluation to be adequate, the FDA has stated that it generally intends to issue a complete response letter or defer action on the application until an inspection can be completed.

In 2020 and 2021 a number of companies announced receipt of complete response letters due to the FDA's inability to complete required inspections for their applications. As of May 26, 2021, the FDA noted it was continuing to ensure timely reviews of applications for medical products during the ongoing COVID-19 pandemic in line with its user fee performance goals and conducting mission critical domestic and foreign inspections to ensure compliance of manufacturing facilities with FDA quality standards. However, the FDA may not be able to continue its current pace and review timelines could be extended, including where a pre-approval inspection or an inspection of clinical sites is required and due to the ongoing COVID-19 pandemic and travel restrictions, the FDA is unable to complete such required inspections during the review period. Regulatory authorities outside the United States may adopt similar restrictions or other policy measures in response to the COVID-19 pandemic and may experience delays in their regulatory activities. If a prolonged government shutdown or other disruption occurs, it could significantly impact the ability of the FDA to timely review and process our regulatory submissions, which could have a material adverse effect on our business. Future shutdowns or other disruptions could also affect other government agencies such as the SEC, which may also impact our business by delaying review of our public filings, to the extent such review is necessary, and our ability to access the public markets.

Current and future legislation may increase the difficulty and cost for us to obtain reimbursement for any of our product candidates that do receive marketing approval.

In the United States and foreign jurisdictions, there have been a number of legislative and regulatory changes and proposed changes regarding the healthcare system that could prevent or delay marketing approval of our product candidates, restrict or regulate post-approval activities and affect our ability to profitably sell any product candidates for which we obtain marketing approval. We expect that current laws, 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 may receive for any approved products. If reimbursement of our products is unavailable or limited in scope, our business could be materially harmed.

In March 2010, President Obama signed into law the ACA. In addition, other legislative changes have been proposed and adopted since the ACA was enacted. In August 2011, the Budget Control Act of 2011, among other things, created measures for spending reductions by Congress. A Joint Select Committee on Deficit Reduction, tasked with recommending a targeted deficit reduction of at least $1.2 trillion for the years 2013 through 2021, was unable to reach required goals, thereby triggering the legislation's automatic reduction to several government programs. These changes included aggregate reductions to Medicare payments to providers of up to 2% per fiscal year, which went into effect in April 2013 and will remain in effect through 2031 under the Coronavirus Aid, Relief, and Economic Security Act, or the CARES Act. Pursuant to subsequent legislation, however, these Medicare sequester reductions have been suspended through the end of March 2022. From April 2022 through June 2022 a 1% sequester cut will be in effect, with the full 2% cut resuming thereafter. The American Taxpayer Relief Act of 2012, among other things, reduced Medicare payments to several providers and increased the statute of limitations period for the government to recover overpayments to providers from three to five years. These laws may result in additional reductions in Medicare and other healthcare funding and otherwise affect the prices we may obtain for any of our product candidates for which we may obtain regulatory approval or the frequency with which any such product candidate is prescribed or used.

Since enactment of the ACA, there have been, and continue to be, numerous legal challenges and Congressional actions to repeal and replace provisions of the law. For example, with enactment of the Tax Cuts and Jobs Act, or TCJA, in 2017, Congress repealed the "individual mandate." The repeal of this provision, which requires most Americans to carry a minimal level of health insurance, became effective in 2019. Further, in December 2018, a U.S. District Court judge in the Northern District of Texas ruled that the individual mandate portion of the ACA is an essential and inseverable feature of the ACA and therefore because the mandate was repealed as part of the TCJA, the remaining provisions of the ACA are invalid as well. The U.S. Supreme Court heard this case and in June 2021, dismissed this action after finding that the plaintiffs do not have standing to challenge the constitutionality of the ACA. Litigation and legislation over the ACA are likely to continue, with unpredictable and uncertain results.

The Trump Administration also took executive actions to delay implementation of the ACA, including directing federal agencies with authorities and responsibilities under the ACA to waive, defer, grant exemptions from, or delay the implementation of any provision of the ACA that would impose a fiscal or regulatory burden on states, individuals, healthcare providers, health insurers or manufacturers of pharmaceuticals or medical devices. On January 28, 2021, however, President Biden revoked those orders and issued a new executive order which directs federal agencies to reconsider rules and other policies that limit Americans' access to health care, and consider actions that will protect and strengthen that access. Under this order, federal agencies are directed to re-examine: policies that undermine

protections for people with pre-existing conditions, including complications related to COVID-19; demonstrations and waivers under Medicaid and the ACA that may reduce coverage or undermine the programs, including work requirements; policies that undermine the Health Insurance Marketplace or other markets for health insurance; policies that make it more difficult to enroll in Medicaid and the ACA; and policies that reduce affordability of coverage or financial assistance, including for dependents.

We expect that these healthcare reforms, as well as other healthcare reform measures that may be adopted in the future, may result in additional reductions in Medicare and other healthcare funding, more rigorous coverage criteria, new payment methodologies and additional downward pressure on the price that we receive for any approved product and/or the level of reimbursement physicians receive for administering any approved product we might bring to market. Reductions in reimbursement levels may negatively impact the prices we receive or the frequency with which our products are prescribed or administered. Any reduction in reimbursement from Medicare or other government programs may result in a similar reduction in payments from private payors. Accordingly, such reforms, if enacted, could have an adverse effect on anticipated revenue from product candidates that we may successfully develop and for which we may obtain marketing approval and may affect our overall financial condition and ability to develop or commercialize product candidates.

The prices of prescription pharmaceuticals in the United States and foreign jurisdictions are subject to considerable legislative and executive actions and could impact the prices we obtain for our products, if and when licensed.

The prices of prescription pharmaceuticals have been the subject of considerable discussion in the United States. There have been several recent Congressional inquiries, as well as proposed and enacted state and federal legislation designed to, among other things, bring more transparency to pharmaceutical pricing, review the relationship between pricing and manufacturer patient programs, and reduce the costs of pharmaceuticals under Medicare and Medicaid. In 2020 President Trump issued several executive orders intended to lower the costs of prescription products and certain provisions in these orders have been incorporated into regulations. These regulations include an interim final rule implementing a most favored nation model for prices that would tie Medicare Part B payments for certain physician-administered pharmaceuticals to the lowest price paid in other economically advanced countries, effective January 1, 2021. That rule, however, has been subject to a nationwide preliminary injunction and, on December 29, 2021, CMS issued a final rule to rescind it. With issuance of this rule, CMS stated that it will explore all options to incorporate value into payments for Medicare Part B pharmaceuticals and improve beneficiaries' access to evidence-based care.

In addition, in October 2020, HHS and the FDA published a final rule allowing states and other entities to develop a Section 804 Importation Program, or SIP, to import certain prescription drugs from Canada into the United States. The final rule is currently the subject of ongoing litigation, but at least six states (Vermont, Colorado, Florida, Maine, New Mexico, and New Hampshire) have passed laws allowing for the importation of drugs from Canada with the intent of developing SIPs for review and approval by the FDA. Further, on November 20, 2020, HHS finalized a regulation removing safe harbor protection for price reductions from pharmaceutical manufacturers to plan sponsors under Part D, either directly or through pharmacy benefit managers, unless the price reduction is required by law. The implementation of the rule has been delayed by the Infrastructure Investment and Jobs Act to January 1, 2026 in response to ongoing litigation. The rule also creates a new safe harbor for price reductions reflected at the point-of-sale, as well as a new safe harbor for certain fixed fee arrangements between pharmacy benefit managers and manufacturers, the implementation of which have also been delayed until January 1, 2026.

In September 2021, acting pursuant to an executive order signed by President Biden, the Department of Health and Human Services, or HHS, released its plan to reduce pharmaceutical prices. The key features of that plan are to: (a) make pharmaceutical prices more affordable and equitable for all consumers and throughout the health care system by supporting pharmaceutical price negotiations with manufacturers; (b) improve and promote competition throughout the prescription pharmaceutical industry by supporting market changes that strengthen supply chains, promote biosimilars and generic drugs, and increase transparency; and (c) foster scientific innovation to promote better healthcare and improve health by supporting public and private research and making sure that market incentives promote discovery of valuable and accessible new treatments.

At the state level, individual states are increasingly aggressive in passing legislation and implementing regulations designed to control pharmaceutical and biological product pricing, including price or patient reimbursement constraints, discounts, restrictions on certain product access and marketing cost disclosure and transparency measures, and, in some cases, designed to encourage importation from other countries and bulk purchasing. In addition, regional healthcare organizations and individual hospitals are increasingly using bidding procedures to determine what pharmaceutical products and which suppliers will be included in their prescription drug and other healthcare programs. These measures could reduce the ultimate demand for our products, once approved, or put pressure on our product pricing. We expect that additional state and federal healthcare reform measures will be adopted in the future, any of which could limit

the amounts that federal and state governments will pay for healthcare products and services, which could result in reduced demand for our product candidates or additional pricing pressures.

In the European Union, similar political, economic and regulatory developments may affect our ability to profitably commercialize our product candidates, if approved. In markets outside of the United States and the European Union, reimbursement and healthcare payment systems vary significantly by country, and many countries have instituted price ceilings on specific products and therapies. In many countries, including those of the European Union, the pricing of prescription pharmaceuticals is subject to governmental control and access. In these countries, pricing negotiations with governmental authorities can take considerable time after the receipt of marketing approval for a product. To obtain reimbursement or pricing approval in some countries, we or our collaborators may be required to conduct a clinical trial that compares the cost-effectiveness of our product to other available therapies. If reimbursement of our products is unavailable or limited in scope or amount, or if pricing is set at unsatisfactory levels, our business could be materially harmed.

We may be subject to certain healthcare laws and regulations, which could expose us to criminal sanctions, civil penalties, contractual damages, reputational harm, fines, disgorgement, exclusion from participation in government healthcare programs, curtailment or restricting of our operations, and diminished profits and future earnings.

Healthcare providers, third-party payors and others will play a primary role in the recommendation and prescription of any products for which we obtain marketing approval. Our future arrangements with healthcare providers and third-party payors will expose us to broadly applicable fraud and abuse and other healthcare laws and regulations that may constrain the business or financial arrangements and relationships through which we market, sell and distribute any products for which we obtain marketing approval. Potentially applicable United States federal and state healthcare laws and regulations include the following:

Anti-Kickback Statute. The federal Anti-Kickback Statute prohibits, among other things, persons and entities from knowingly and willfully soliciting, offering, receiving or providing remuneration, directly or indirectly, in cash or in kind, to induce or reward 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 healthcare programs such as Medicare and Medicaid.

False Claims Laws. The federal false claims laws, including the civil False Claims Act, impose criminal and civil penalties, including those from civil whistleblower or qui tam actions against individuals or entities for knowingly presenting, or causing to be presented to the federal government, claims for payment that are false or fraudulent or making a false statement to avoid, decrease or conceal an obligation to pay money to the federal government.

HIPAA. The federal Health Insurance Portability and Accountability Act of 1996, or HIPAA, imposes criminal and civil liability for executing or attempting to execute a scheme to defraud any healthcare benefit program. In addition, HIPAA, as amended by the Health Information Technology for Economic and Clinical Health Act, or the HITECH Act, also imposes obligations on certain types of individuals and entities, including mandatory contractual terms, with respect to safeguarding the privacy, security and transmission of individually identifiable health information.

False Statements Statute. The federal false statements statute prohibits knowingly and willfully falsifying, concealing or covering up a material fact or making any materially false statement in connection with the delivery of or payment for healthcare benefits, items or services.

Transparency Requirements. The federal Physician Payments Sunshine Act requires certain manufacturers of 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 HHS information related to physician and healthcare provider payments and other transfers of value and physician ownership and investment interests.

Analogous State and Foreign Laws. Analogous state laws and regulations, such as state anti-kickback and false claims laws, and transparency laws, may apply to sales or marketing arrangements, and claims involving healthcare items or services reimbursed by non-governmental third party payors, including private insurers, and some state laws require pharmaceutical companies to comply with the pharmaceutical industry's voluntary compliance guidelines and the relevant compliance guidance promulgated by the federal government, in addition to requiring manufacturers to report information related to payments to physicians and other healthcare providers or marketing expenditures. Many state laws also govern the privacy and security of health information in some circumstances,

many of which differ from each other in significant ways and often are not preempted by HIPAA, thus complicating compliance efforts. Foreign laws also govern the privacy and security of health information in many circumstances.

The provision of benefits or advantages to physicians to induce or encourage the prescription, recommendation, endorsement, purchase, supply, order or use of medicinal products is prohibited in the European Union. Payments made to physicians in certain European Union Member States must be publicly disclosed. Moreover, agreements with physicians often must be the subject of prior notification and approval by the physician's employer, his or her competent professional organization and/or the regulatory authorities of the individual European Union Member States. These requirements are provided in the national laws, industry codes or professional codes of conduct applicable in the European Union Member States. Failure to comply with these requirements could result in reputational risk, public reprimands, administrative penalties, fines or imprisonment.

Efforts to ensure that our business arrangements with third parties, and our business generally, will comply with applicable healthcare laws and regulations will 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, damages, fines, imprisonment, exclusion of products from government funded healthcare programs, such as Medicare and Medicaid, disgorgement, contractual damages, and reputational harm, any of which could substantially disrupt our operations. If any of the physicians or other providers or entities with whom we expect to do business is found not to be in compliance with applicable laws, they may be subject to criminal, civil or administrative sanctions, including exclusions from government funded healthcare programs.

Compliance with global privacy and data security requirements could result in additional costs and liabilities to us or inhibit our ability to collect and process data globally, and the failure to comply with such requirements could subject us to significant fines and penalties, which may have a material adverse effect on our business, financial condition or results of operations.

The regulatory framework for the collection, use, safeguarding, sharing, transfer and other processing of information worldwide is rapidly evolving and is likely to remain uncertain for the foreseeable future. Globally, virtually every jurisdiction in which we operate or plan to operate has established its own data security and privacy frameworks with which we must comply. For example, the collection, use, disclosure, transfer, or other processing of personal data regarding individuals in the European Union, including personal health data, is subject to the European Union General Data Protection Regulation, or the GDPR, which took effect across all member states of the EEA in May 2018. The GDPR is wide-ranging in scope and imposes numerous requirements on companies that process personal data, including strict rules on the transfer of personal data to countries outside the European Union, including the United States.

As a result, there is increased scrutiny on the extent to which clinical trial sites located in the EEA should apply the GDPR to transfers of personal data from such sites to countries that are considered to lack an adequate level of data protection, such as the United States. The GDPR also permits data protection authorities to require destruction of improperly gathered or used personal information and/or impose substantial fines for violations of the GDPR, which can be up to four percent of global revenues or 20 million Euros, whichever is greater, and it also confers a private right of action on data subjects and consumer associations to lodge complaints with supervisory authorities, seek judicial remedies, and obtain compensation for damages resulting from violations of the GDPR. In addition, the GDPR provides that European Union member states may make their own laws and regulations limiting the processing of personal data, including genetic, biometric or health data. Assisting parties with whom we exchange personal data in complying with the GDPR, or complying with the GDPR ourselves, may cause us to incur substantial operational costs or require us to change our business practices.

Similar initiatives are either in place or under way in the United States. There are a broad variety of data protection laws that are applicable to our activities, and a wide range of enforcement agencies at both the state and federal levels that can review companies for privacy and data security concerns based on general consumer protection laws. The Federal Trade Commission and state Attorneys General all are aggressive in reviewing privacy and data security protections for consumers. New laws also are being considered at both the state and federal levels. For example, the California Consumer Privacy Act, which went into effect on January 1, 2020, is creating similar risks and obligations as those created by GDPR, though the Act does exempt certain information collected as part of a clinical trial subject to the Federal Policy for the Protection of Human Subjects (the Common Rule). Many other states are considering similar legislation. A broad range of legislative measures also have been introduced at the federal level. Accordingly, failure to comply with federal and state laws (both those currently in effect and future legislation) regarding privacy and security of personal information could expose us to fines and penalties under such laws. There also is the threat of consumer class actions related to these laws and the overall protection of personal data. Even if we are not determined to have violated these laws, government investigations into these issues

typically require the expenditure of significant resources and generate negative publicity, which could harm our reputation and our business.

Given the breadth and depth of changes in data protection obligations, preparing for and complying with such requirements is rigorous and time intensive and requires significant resources and a review of our technologies, systems and practices, as well as those of any third-party collaborators, service providers, contractors or consultants that process or transfer personal data collected in the European Union. The GDPR and other changes in laws or regulations associated with the enhanced protection of certain types of sensitive data, such as healthcare data or other personal information from our clinical trials, could require us to change our business practices and put in place additional compliance mechanisms, may interrupt or delay our development, regulatory and commercialization activities and increase our cost of doing business, and could lead to government enforcement actions, private litigation and significant fines and penalties against us and could have a material adverse effect on our business, financial condition or results of operations.

We are subject to United States and foreign anti-corruption and anti-money laundering laws with respect to our operations and non-compliance with such laws can subject us to criminal and/or civil liability and harm our business.

We are subject to the United States Foreign Corrupt Practices Act of 1977, as amended, or the FCPA, the United States domestic bribery statute contained in 18 U.S.C. § 201, the United States Travel Act, the USA PATRIOT Act, and other state and national anti-bribery and anti-money laundering laws in countries in which we conduct activities. Anti-corruption laws are interpreted broadly and prohibit companies and their employees, agents, third-party intermediaries, joint venture partners and collaborators from authorizing, promising, offering or providing, directly or indirectly, improper payments or benefits to recipients in the public or private sector. We may have direct or indirect interactions with officials and employees of government agencies or government-affiliated hospitals, universities and other organizations. In addition, we may engage third party intermediaries to promote our clinical research activities abroad and/or to obtain necessary permits, licenses, and other regulatory approvals. We can be held liable for the corrupt or other illegal activities of these third-party intermediaries, our employees, representatives, contractors, partners and agents, even if we do not explicitly authorize or have actual knowledge of such activities.

Noncompliance with anti-corruption and anti-money laundering laws could subject us to whistleblower complaints, investigations, sanctions, settlements, prosecution, other enforcement actions, disgorgement of profits, significant fines, damages, other civil and criminal penalties or injunctions, suspension and/or debarment from contracting with certain persons, the loss of export privileges, reputational harm, adverse media coverage and other collateral consequences. If any subpoenas, investigations or other enforcement actions are launched, or governmental or other sanctions are imposed, or if we do not prevail in any possible civil or criminal litigation, our business, results of operations and financial condition could be materially harmed. In addition, responding to any action will likely result in a materially significant diversion of management's attention and resources and significant defense and compliance costs and other professional fees. In certain cases, enforcement authorities may even cause us to appoint an independent compliance monitor which can result in added costs and administrative burdens.

Various laws, regulations and executive orders also restrict the use and dissemination outside of the United States, or the sharing with certain non-U.S. nationals, of information classified for national security purposes, as well as certain products and technical data relating to those products. Further, the provision of benefits or advantages to physicians to induce or encourage the prescription, recommendation, endorsement, purchase, supply, order, or use of medicinal products is prohibited in the European Union. The provision of benefits or advantages to physicians is also governed by the national anti-bribery laws of European Union Member States and the UK Bribery Act 2010. Infringement of these laws could result in substantial fines and imprisonment. Payments made to physicians in certain European Union Member States must be publicly disclosed. Moreover, agreements with physicians often must be the subject of prior notification and approval by the physician's employer, his or her competent professional organization, and/or the regulatory authorities of the individual European Union Member States. These requirements are provided in the national laws, industry codes, or professional codes of conduct applicable in the European Union Member States. Failure to comply with these requirements could result in reputational risk, public reprimands, administrative penalties, fines, or imprisonment.

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 significantly 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. From time to time and in the future, our operations may involve the use of hazardous and flammable materials, including chemicals and biological materials, and may also produce hazardous waste products. Even if we contract with third parties for the disposal of these materials and waste products, we

cannot completely eliminate the risk of contamination or injury resulting from these materials. In the event of contamination or injury resulting from the use or disposal of our 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.

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, but this insurance may not provide adequate coverage against potential liabilities. However, we do not maintain insurance for environmental liability or toxic tort claims that may be asserted against us.

In addition, we may incur substantial costs in order to comply with current or future environmental, health and safety laws and regulations. Current or future environmental laws and regulations may impair our research, development or production efforts, which could adversely affect our business, financial condition, results of operations or prospects. In addition, failure to comply with these laws and regulations may result in substantial fines, penalties or other sanctions.

Our employees, independent contractors, CROs, consultants, commercial partners, vendors and principal investigators may engage in misconduct or other improper activities, including non-compliance with regulatory standards and requirements.

We are exposed to the risk of fraud or other misconduct by our employees, independent contractors, CROs, consultants, commercial partners, vendors and, if we commence clinical trials, our principal investigators. Misconduct by these parties could include intentional failures to comply with FDA regulations or the regulations applicable in the European Union and other jurisdictions, provide accurate information to the FDA, the European Commission and other regulatory authorities, comply with healthcare fraud and abuse laws and regulations in the United States and abroad, 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, misconduct, kickbacks, self-dealing and other abusive practices. These laws and regulations restrict or prohibit a wide range of pricing, discounting, marketing and promotion, sales commission, customer incentive programs and other business arrangements.

Such misconduct also could involve the improper use of information obtained in the course of clinical trials or interactions with the FDA or other regulatory authorities, which could result in regulatory sanctions and cause serious harm to our reputation. Even with appropriate policies and procedures, it is not always possible to identify and deter misconduct, and the precautions we take to detect and prevent such activity may not be effective in controlling unknown or unmanaged risks or losses or in protecting us from government investigations or other actions or lawsuits stemming from a failure to comply with these laws or regulations. If any such actions are instituted against us, and we are not successful in defending ourselves or asserting our rights, those actions could have a significant impact on our business, financial condition, results of operations and prospects, including the imposition of significant fines or other sanctions.

Even if we, or any future collaborators, are able to commercialize any product candidate that we, or they, develop, the product may become subject to unfavorable pricing regulations, third-party payor reimbursement practices or healthcare reform initiatives that could harm our business.

The commercial success of any future product that we may develop will depend substantially, both domestically and abroad, on the extent to which the costs of such product will be paid by third-party payors, including government health administration authorities and private health coverage insurers. If coverage and reimbursement is not available, or reimbursement is available only to limited levels, we, or any future collaborators, may not be able to successfully commercialize such product. Even if coverage is provided, the approved reimbursement amount may not be high enough to allow us, or any future collaborators, to establish or maintain pricing sufficient to realize a sufficient return on our or their investments. In the United States, no uniform policy of coverage and reimbursement for products exists among third-party payors and coverage and reimbursement for products can differ significantly from payor to payor.

There is significant uncertainty related to third-party payor coverage and reimbursement of newly approved drugs. Marketing approvals, pricing and reimbursement for new drug products vary widely from country to country. Many countries outside the United States, including many countries in the European Union, require approval of the sale price of a drug before it can be marketed. In many countries, the pricing review period begins after marketing or product licensing approval is granted and can be lengthy, involve extensive negotiations and potentially result in price caps, significant discounts or other budgetary control measures, which could correspondingly impact pricing and reimbursement in other markets through so-called informal or formal reference pricing schemes. These reviews and negotiations could ultimately result in a pricing and reimbursement structure for a drug that a company deems inadequate and therefore

elects not launch in such markets. In some foreign markets, prescription pharmaceutical pricing remains subject to continuing governmental control even after initial approval is granted. As a result, we, or any future collaborators, might obtain marketing approval for a product in a particular country, but then be subject to price regulations that delay commercial launch of the product, possibly for lengthy time periods, which may negatively impact the revenues we are able to generate from the sale of the product in that country. Adverse pricing limitations may hinder our ability or the ability of any future collaborators to recoup our or their investment in one or more product candidates, even if any future product candidates obtain marketing approval.

Patients who are provided medical treatment for their conditions generally rely on third-party payors to reimburse all or part of the costs associated with their treatment. Therefore, our ability, and the ability of any future collaborators, to commercialize any product will depend in part on the extent to which coverage and reimbursement for these products and related treatments will be available from third-party payors. Third-party payors decide which medications they will cover and establish reimbursement levels. The healthcare industry is acutely focused on cost containment, both in the United States and elsewhere. Government authorities and other third-party payors have attempted to control costs by limiting coverage and the amount of reimbursement for particular medications, which could affect our ability or that of any future collaborators to sell any products we develop profitably. These payors may not view our products, if any, as cost-effective, and coverage and reimbursement may not be available to our customers, or those of any future collaborators, or may not be sufficient to allow our products, if any, to be marketed on a competitive basis. Cost-control initiatives could cause us, or any future collaborators, to decrease the price we, or they, might establish for products, which could result in lower than anticipated product revenues. If the prices for any future products decrease or if governmental and other third-party payors do not provide coverage or adequate reimbursement, our prospects for revenue and profitability will suffer.

There may also be delays in obtaining coverage and reimbursement for newly approved drugs, and coverage may be more limited than the indications for which the drug is approved by the FDA or comparable foreign regulatory authorities. Moreover, eligibility for reimbursement does not imply that any drug will be paid for in all cases or at a rate that covers our costs, including research, development, manufacture, sale and distribution. Reimbursement rates may vary, by way of example, according to the use of the drug and the clinical setting in which it is used. Reimbursement rates may also be based on reimbursement levels already set for lower cost drugs or may be incorporated into existing payments for other services.

In addition, increasingly, third-party payors are requiring higher levels of evidence of the benefits and clinical outcomes of new technologies and are challenging the prices charged. For example, to obtain reimbursement or pricing approval in some countries, we, or any future collaborators, may be required to conduct a clinical trial that compares the cost-effectiveness of our product to other available therapies. We cannot be sure that coverage will be available for any product candidate that we, or any future collaborator, commercialize and, if available, that the reimbursement rates will be adequate. Further, the net reimbursement for drug products may be subject to additional reductions if there are changes to laws that presently restrict imports of drugs from countries where they may be sold at lower prices than in the United States. An inability to promptly obtain coverage and adequate payment rates from both government-funded and private payors for any product candidate for which we, or any future collaborator, obtain marketing approval could significantly harm our operating results, our ability to raise capital needed to commercialize products and our overall financial condition.

Risks Related to Taxation

Changes in tax law could adversely affect our business and financial condition.

The rules dealing with U.S. federal, state, and local income taxation are constantly under review by persons involved in the legislative process and by the Internal Revenue Service and the U.S. Treasury Department. Changes to tax laws (which changes may have retroactive application) could adversely affect us and our stockholders. Many such changes have been made and changes are likely to continue to occur in the future. For example, the TCJA was enacted in 2017 and significantly reformed the Internal Revenue Code of 1986, as amended, or the Code. The TCJA, among other things, contained significant changes to corporate taxation, including reduction of the corporate tax rate from a top marginal rate of 35% to a flat rate of 21%, a limitation of the tax deduction for net interest expense to 30% of adjusted earnings (except for certain small businesses), a limitation of the deduction for net operating losses to 80% of current year taxable income and an elimination of net operating loss carrybacks (though any net operating losses generated in taxable years beginning after December 31, 2017 may be carried forward indefinitely), and the modification or repeal of many business deductions and credits.

As part of Congress' response to the COVID-19 pandemic, the Families First Coronavirus Response Act, or the FFCR Act, was enacted on March 18, 2020, the CARES Act was enacted on March 27, 2020, and COVID-19 relief provisions were included in the

Consolidated Appropriations Act, 2021 or CAA, which was enacted on December 27, 2020. All contain numerous tax provisions. In particular, the CARES Act, among other things, suspends the 80% limitation on the deduction for net operating losses in taxable years beginning before January 1, 2021, permits a 5-year carryback of net operating losses arising in taxable years beginning after December 31, 2017 and before January 1, 2021, and generally caps the limitation on the deduction for net interest expense at 50% of adjusted taxable income for taxable years beginning in 2019 and 2020.

It is also likely that Congress will enact additional legislation in connection with the COVID-19 pandemic, and as a result of the changes in the U.S. presidential administration and control of the U.S. Senate, additional tax legislation may also be enacted. For example, President Biden has proposed to increase the U.S. corporate income tax rate from its current 21%, implement a minimum tax on book income and increase taxation of international business operations, among numerous other corporate tax reform proposals. It cannot be predicted whether, when, in what form, or with what effective dates, new tax laws may be enacted, or regulations and rulings may be enacted, promulgated or issued under existing or new tax laws, which could result in an increase in the combined company's or the combined company's stockholders' tax liability or require changes in the manner in which the combined company operates in order to minimize or mitigate any adverse effects of changes in tax law or in the interpretation thereof.

Our ability to use net operating losses and research and development credits to offset future taxable income may be subject to certain limitations.

In general, under Sections 382 and 383 of the Code, a corporation that undergoes an "ownership change" is subject to limitations on its ability to utilize its pre-change net operating losses or tax credits, or NOLs or credits, to offset future taxable income or taxes. For these purposes, an ownership change generally occurs where the aggregate stock ownership of one or more stockholders or groups of stockholders who owns at least 5% of a corporation's stock increases its ownership by more than 50 percentage points over its lowest ownership percentage within a specified testing period. As a result of the shares issued in January and February 2021 related to the acquisition of Quellis and the concurrent private placement of Series X Preferred Stock, we have likely experienced an ownership change, as defined by Section 382. If we have experienced an ownership change, as defined by Section 382, at any time since inception, utilization of the federal and state net operating loss carryforwards or research and development tax credit carryforwards would be subject to annual limitation under Sections 382 and 383. Under Section 382, the annual limitation is determined by first multiplying the value of our stock at the time of the ownership change by the applicable long-term tax-exempt rate, and then could be subject to additional adjustments, as required. Any limitation may result in expiration of a portion of the net operating loss carryforwards or research and development tax credit carryforwards before utilization. We are planning to complete a study to confirm an ownership change occurred in 2021 and assess whether there have been multiple ownership changes since inception, as well as the resulting amount of the limitation on our net operating loss carryforwards and research and development tax credit carryforwards. In addition, our NOLs or credits may also be impaired under state law. Accordingly, we may not be able to utilize a material portion of our NOLs or credits.

Risks Related to Employee Matters, Managing Growth and Information Technology

Our future success depends on our ability to retain our senior management and key employees.

We are highly dependent on our executive officers and key employees. If we are unable to retain our executive officers or other key employees, replacing them may be difficult and costly, and may take an extended period of time because of the nature of our current business strategy and the limited number of individuals in our industry with the relevant breadth of skills and experience. Competition to hire from this limited pool is intense, and we may be unable to hire, train, retain or motivate replacements for our executive officers or key employees on acceptable terms given the competition among numerous pharmaceutical and biotechnology companies for similar personnel.

We rely on consultants and advisors, including financial, legal, scientific and clinical advisors, to assist us in formulating our research and development and commercialization strategy. Our consultants and advisors may be employed by other entities and may have commitments under consulting or advisory contracts with those entities that may limit their availability to us.

Security breaches and other disruptions to our information technology systems could compromise our information, disrupt our business and expose us to liability, which would cause our business and reputation to suffer.

In the ordinary course of our business, we collect, process and store sensitive data, including intellectual property, as well as our proprietary business information, employee data and personally identifiable information of clinical trial participants in accordance with informed consents covering such information. We also rely to a large extent on information technology systems to operate our business.

We have outsourced elements of our confidential information processing and information technology structure, and as a result, we are managing independent vendor relationships with third parties who may or could have access to our confidential information. The secure maintenance of this information is important to our operations and business strategy. Despite our security measures, our information technology infrastructure, and that of our vendors and third-party providers, may be vulnerable to attacks by hackers or breached due to employee error, malfeasance or other disruptions. We, our vendors and third-party providers could be susceptible to third party attacks on our and their information security systems, which attacks are of ever-increasing levels of sophistication and are made by groups and individuals with a wide range of motives and expertise, including organized criminal groups, hacktivists, nation states and others. Additionally, the risk of cyber-attacks or other privacy or data security incidents may be heightened as a result of our moving increasingly towards a remote working environment, which may be less secure and more susceptible to hacking attacks. While we have invested in information technology security measures and the protection of confidential information, there can be no assurance that our efforts will prevent service interruptions or security breaches. For example, we have detected common types of attempts to attack our information technology systems and data using means that have included phishing. Any service interruptions or security breaches of our information technology systems may substantially impair our ability to operate our business and could compromise our networks, or those of our vendors and third-party providers, and the information stored could be accessed, publicly disclosed, lost or stolen. Any such access, disclosure, or other loss of information could result in legal claims or proceedings, liability under laws that protect the privacy of personal information, disrupt our operations, and damage our reputation, any of which could adversely affect our business. Although we maintain cyber liability insurance of $1.0 million in the aggregate it may not be sufficient in type or amount to cover us against claims related to security breaches, cyber-attacks and other related breaches.

Risks Related to Our Common Stock

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

Our holders of 5% or more of our capital stock and their respective affiliates beneficially own in excess of 20.0% of our outstanding common stock. These stockholders, acting together or on their own, may be able to impact matters requiring stockholder approval. For example, they may be able to impact elections of directors, amendments of our organizational documents or approval of any merger, sale of assets or other major corporate transaction. This may prevent or discourage unsolicited acquisition proposals or offers for our common stock that investors may feel are in their best interest as one of our stockholders. The interests of this group of stockholders may not always coincide with each investor's interests or the interests of other stockholders and they may act in a manner that advances their best interests and not necessarily those of other stockholders, including seeking a premium value for their common stock, and might affect the prevailing market price for our common stock.

The price of our common stock has been and is likely to continue to be highly volatile, which could result in substantial losses for our stockholders.

Our stock price has been and is likely to continue to be highly volatile. For example, when we announced our acquisition of Quellis, our stock price increased by approximately 70% in one day. In the twelve months ending February 28, 2022, the last business day in February, our stock price has traded at a high of $22.01 and a low of $3.83.

The stock market in general and the market for smaller pharmaceutical and biotechnology companies in particular have experienced extreme volatility that has often been unrelated to the operating performance of particular companies. As a result of this volatility, our investors may lose some or all of their investments. The market price for our common stock may be influenced by many factors, including:

- the timing and results of clinical trials of STAR-0215 or any future product candidate;
- commencement or termination of collaborations for any development programs we may pursue;
- failure or discontinuation of any of any development programs we may pursue;
- the success of existing or new competitive products or technologies;
- results of clinical trials of product candidates of competitors;

- regulatory or legal developments in the United States and other countries;
- developments or disputes concerning patent applications, issued patents or other proprietary rights;
- the recruitment or departure of key personnel;
- the level of expenses related to a product candidate or clinical development program;
- the results of any additional efforts to develop additional product candidates or products;
- actual or anticipated changes in estimates as to financial results or recommendations by securities analysts that cover our stock;
- announcement or expectation of additional financing efforts;
- announcement of collaborations, licenses, acquisitions or other comparable forms of transactions;
- sales of our common stock by us, our insiders or other stockholders;
- variations in our financial results or those of companies that are perceived to be similar to us;
- changes in the structure of healthcare payment systems;
- market conditions in the pharmaceutical and biotechnology sectors;
- general economic, industry and market conditions, including political instability, or instability from an outbreak of pandemic or contagious disease, such as the ongoing COVID-19 pandemic; and
- the other factors described in this “Risk Factors” section.

Additionally, securities class action litigation has often been brought against a company following a decline in the market price of its securities. If we face such litigation, it could result in substantial costs and a diversion of management’s attention and resources, which could harm our business.

We have incurred and will continue to incur 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 and corporate governance practices.

As a public company we have incurred and will continue to incur significant legal, accounting and other expenses that we did not incur as a private company. The Sarbanes-Oxley Act of 2002, or SOX, the Dodd-Frank Wall Street Reform and Consumer Protection Act, the listing requirements of The Nasdaq Global Market and other applicable securities rules and regulations impose various requirements on public companies, including establishment and maintenance of effective disclosure and financial controls and corporate governance practices. We expect that our management and other personnel will continue to devote a substantial amount of time towards maintaining compliance with these requirements. These requirements increase our legal and financial compliance costs and make some activities more time-consuming and costly. These rules and regulations are often subject to varying interpretations, in many cases due to their lack of specificity, and, as a result, their application in practice may evolve over time as new guidance is provided by regulatory and governing bodies. This could result in continuing uncertainty regarding compliance matters and higher costs necessitated by ongoing revisions to disclosure and governance practices.

Pursuant to Section 404 of SOX, we are required to furnish reports by our management on our internal control over financial reporting with our Annual Reports on Form 10-K with the SEC. If we cease to be a smaller reporting company with less than $100 million in annual revenue, we will also be required to include attestation reports on internal control over financial reporting issued by our independent registered public accounting firm. To achieve compliance with SOX Section 404 within the prescribed period, we will be engaged in a process to document and evaluate our internal control over financial reporting, which is both costly and challenging. In this regard, we will need to continue to dedicate internal resources, engage outside consultants and adopt a detailed work plan to

assess and document the adequacy of internal control over financial reporting, continue steps to improve control processes as appropriate, validate through testing that controls are functioning as documented and implement a continuous reporting and improvement process for internal control over financial reporting. Despite our efforts, there is a risk that neither we nor our independent registered public accounting firm will be able to conclude, within the prescribed timeframe or at all, that our internal control over financial reporting is effective as required by Section 404 of SOX. If we identify one or more material weaknesses, it could result in an adverse reaction in the financial markets due to a loss of confidence in the reliability of our financial statements.

A significant portion of our total outstanding shares may be sold into the market in the near future, which could cause the market price of our common stock to decline significantly, even if our business is doing well.

Sales of a substantial number of shares of our common stock in the public market could occur at any time. These sales, or the perception in the market that the holders of a large number of shares of common stock intend to sell shares, could reduce the market price of our common stock. As of February 28, 2022, we had outstanding 13,016,955 shares of common stock and 31,455 shares of our Series X Preferred Stock, which are convertible into 5,242,501 shares of our common stock. Pursuant to our obligations under a registration rights agreement entered into in connection with the acquisition of Quellis and the February 2015 Financing, we have registered under the Securities Act of 1933, as amended, or the Securities Act, 15,399,967 shares of our common stock issued to the former Quellis stockholders or issued or issuable upon conversion of the Series X Preferred Stock. As a result, such shares are freely tradable without restriction under the Securities Act, except for shares held by affiliates, as defined in Rule 144 under the Securities Act. Any significant sales of securities by these stockholders could have a material adverse effect on the trading price of our common stock.

As of February 28, 2022, we also had outstanding warrants to purchase 1,530,380 shares of common stock at a weighted average exercise price of $41,84 per share, with expiration dates between March 30, 2022 and December 14, 2030. We have registered the issuance of shares upon exercise of these warrants under registration statements. As a result, the shares issuable upon exercise of these warrants can be freely sold in the public marked upon issuance, subject to volume limitations applicable to affiliates. Sales of these shares could cause the market price of our common stock to decline significantly. Furthermore, if our stock price rises, the holders of these warrants may be more likely to exercise their warrants and sell a large number of shares, which could negatively impact the market price of our common stock and reduce or eliminate any appreciation in our stock price that might otherwise occur.

Additionally, we have an ongoing sales agreement with Jefferies LLC, pursuant to which we could issue and sell shares of common stock under an at-the-market offering program.

We do not anticipate paying any cash dividends on our capital stock in the foreseeable future, accordingly, stockholders must rely on capital appreciation, if any, for any return on their investment.

We have never declared nor paid cash dividends on our capital stock. We currently plan to retain all of our future earnings, if any, to finance the operation, development and growth of our business. Any future debt agreements may preclude us from paying dividends. As a result, capital appreciation, if any, of our common stock will be investors' sole source of gain for the foreseeable future.

If securities or industry analysts do not publish research or publish inaccurate or unfavorable research about our business, our share price and trading volume could decline.

The trading market for our common stock will likely depend, in part, on the research and reports that securities or industry analysts publish about us or our business. We do not have any control over these analysts. There can be no assurance that analysts will cover us or provide favorable coverage. If one or more analysts downgrade our stock or change their opinion of our stock, our share price would likely decline. In addition, if one or more analysts cease coverage of our company or fail to regularly publish reports on us, we could lose visibility in the financial markets, which could cause our share price or trading volume to decline.

Risks Relating to our Certificate of Incorporation and Bylaws

Provisions in our corporate charter documents and under Delaware law could make an acquisition of us, which may be beneficial to our stockholders, more difficult and may prevent attempts by our stockholders to replace or remove our current management.

Provisions in our corporate charter and our bylaws may discourage, delay or prevent a merger, acquisition or other change in control of us that stockholders may consider favorable, including transactions in which our investors might otherwise receive a premium for

their shares. These provisions could also limit the price that investors might be willing to pay in the future for shares of our common stock, thereby depressing the market price of our common stock. In addition, because our board of directors is responsible for appointing the members of our management team, these provisions may frustrate or prevent any attempts by our stockholders to replace or remove our current management by making it more difficult for stockholders to replace members of our board of directors. Among other things, these provisions:

- establish a classified board of directors such that all members of the board are not elected at one time;
- allow the authorized number of our directors to be changed only by resolution of our board of directors;
- limit the manner in which stockholders can remove directors from the board;
- establish advance notice requirements for nominations for election to the board of directors or for proposing matters that can be acted on at stockholder meetings;
- require that stockholder actions must be effected at a duly called stockholder meeting and prohibit actions by our stockholders by written consent;
- limit who may call a special meeting of stockholder meetings;
- authorize our board of directors to issue preferred stock without stockholder approval, which could be used to institute a "poison pill" that would work to dilute the stock ownership of a potential hostile acquirer, effectively preventing acquisitions that have not been approved by our board of directors; and
- require the approval of the holders of at least 75% of the votes that all our stockholders would be entitled to cast to amend or repeal certain provisions of our charter or bylaws.

In addition, as of February 28, 2022, there are 31,455 shares of our Series X Preferred Stock outstanding that we issued in connection with the acquisition of Quellis and the February 2021 Financing. Except as otherwise required by law, the Series X Preferred Stock does not have voting rights. However, as long as any shares of Series X Preferred Stock are outstanding, we may not, without the affirmative vote of the holders of a majority of the then outstanding shares of the Series X Preferred Stock, (i) alter or change adversely the powers, preferences or rights given to the Series X Preferred Stock or alter or amend the Certificate of Designation that authorized the Series X Preferred Stock, amend or repeal any provision of, or add any provision to, our Certificate of Incorporation or bylaws, or file any articles of amendment, certificate of designations, preferences, limitations and relative rights of any series of preferred stock, if such action would adversely alter or change the preferences, rights, privileges or powers of, or restrictions provided for the benefit of the Series X Preferred Stock, (ii) issue further shares of Series X Preferred Stock or increase or decrease (other than by conversion) the number of authorized shares of Series X Preferred Stock, or (iii) enter into any agreement with respect to any of the foregoing.

Moreover, because we are incorporated in Delaware, we are governed by the provisions of Section 203 of the General Corporation Law of the State of Delaware, which prohibits a person who owns in excess of 15% of our outstanding voting stock from merging or combining with us for a period of three years after the date of the transaction in which the person acquired in excess of 15% of our outstanding voting stock, unless the merger or combination is approved in a prescribed manner. This could discourage, delay or prevent someone from acquiring us or merging with us, whether or not it is desired by, or beneficial to, our stockholders.

Our certificate of incorporation designates the state courts in the State of Delaware or, if no state court located within the State of Delaware has jurisdiction, the federal court for the District of Delaware, as the sole and exclusive forum for certain types of actions and proceedings that may be initiated by our stockholders, which could discourage lawsuits against the company and our directors and officers.

Our certificate of incorporation provides that, unless we consent in writing to the selection of an alternative forum, the Court of Chancery of the State of Delaware (or, if the Court of Chancery does not have jurisdiction, the federal district court for the District of Delaware) will be the sole and exclusive forum for any derivative action or proceeding brought on our behalf, any action asserting a claim of breach of a fiduciary duty owed by any of our directors, officers or employees to our company or our stockholders, any action asserting a claim against us arising pursuant to any provision of the General Corporation Law of the State of Delaware or our certificate

of incorporation or bylaws, or any action asserting a claim against us governed by the internal affairs doctrine. These exclusive forum provisions may limit the ability of our stockholders to bring a claim in a judicial forum that such stockholders find favorable for disputes with us or our directors, officers, or employees, which may discourage such lawsuits against us and our directors, officers, and employees. Alternatively, if a court were to find the choice of forum provisions contained in our certificate of incorporation to be inapplicable or unenforceable in an action, we may incur additional costs associated with resolving such action in other jurisdictions, which could materially adversely affect our business, financial condition, and operating results. This exclusive forum provision would not apply to suits brought to enforce a duty or liability created by the Exchange Act, which provides for exclusive jurisdiction of the federal courts. It could apply, however, to a suit that falls within one or more of the categories enumerated in the exclusive forum provision and asserts claims under the Securities Act, inasmuch as Section 22 of the Securities Act creates concurrent jurisdiction for federal and state courts over all suits brought to enforce any duty or liability created by the Securities Act or the rules and regulations thereunder; provided, that with respect to claims under the Securities Act, our stockholders will not be deemed to have waived our compliance with the federal securities laws and the rules and regulations thereunder.

Item 1B. Unresolved Staff Comments

None.

Item 2. Properties

Our offices are located in Boston, Massachusetts and consist of approximately 11,000 square feet of subleased office space under a lease that expires in July 2022. We believe that our existing facilities are sufficient for our needs for the foreseeable future. On January 28, 2022, we entered into a sublease agreement, or the Sublease Agreement, with Grant Thornton LLP, or the Sublandlord, pursuant to which we will sublease approximately 17,136 square feet of office space located in Boston, Massachusetts. The term of the Sublease Agreement will commence on the latest to occur of (i) May 1, 2022, (ii) the receipt of the landlord's consent to the Sublease Agreement and (iii) the date on which the Sublandlord delivers full and exclusive possession of the premises to us as set forth in the Sublease Agreement, and will end on July 31, 2024 (or on such earlier date as the term may sooner cease or expire as set forth in the Sublease Agreement). If the landlord fails to deliver its consent within 45 days after the execution of the Sublease Agreement, we have the right to terminate the Sublease Agreement, in accordance with the terms set forth therein.

Item 3. Legal Proceedings

From time to time we may become subject to various legal proceedings and claims that arise in the ordinary course of our business activities. Although the results of litigation and claims cannot be predicted with certainty, as of the date of this Annual Report on Form 10-K, we do not believe we are party to any claim or litigation, the outcome of which, if determined adversely to us, would individually or in the aggregate be reasonably expected to have a material adverse effect on our business. Regardless of the outcome, litigation can have an adverse impact on us because of defense and settlement costs, diversion of management resources and other factors.

Item 4. Mine Safety Disclosures

Not applicable.

PART II

Item 5. Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities

Market Information

On September 9, 2021, following our name change to Astria Therapeutics, Inc., our common stock, $0.001 par value per share, commenced trading under the symbol "ATXS" on the Nasdaq Global Select Market. Prior to September 9, 2021, our common stock was publicly traded on the Nasdaq Global Market under the symbol "CATB" since June 25, 2015. Prior to that time, there was no public market for our common stock.

Holders

As of March 4, 2022, there were approximately 26 holders of record of our common stock. This number of holders of record does not include beneficial owners of our common stock whose shares are held in street name by brokers and other nominees. This number of holders of record also does not include stockholders whose shares may be held in trust by other entities.

Dividends

We have never declared nor paid cash dividends on our common stock. We currently intend to retain all of our future earnings, if any, to finance the growth and development of our business. We do not intend to pay cash dividends in respect of our common stock in the foreseeable future.

Recent Sales of Unregistered Securities

We did not sell or issue any equity securities that were not registered under the Securities Act during the period covered by this Annual Report on Form 10-K.

Purchases of Equity Securities

We did not purchase any of our registered equity securities during the period covered by this Annual Report on Form 10-K.

Item 6. Reserved

Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations

You should read the following discussion and analysis of our financial condition and results of operations together with our consolidated financial statements and the related notes and other financial information included elsewhere in this Annual Report on Form 10-K. Some of the information contained in this discussion and analysis or set forth elsewhere in this Annual Report on Form 10-K, including information with respect to our plans and strategy for our business, includes forward-looking statements that involve risks and uncertainties. You should review the "Risk Factors" in Part I, Item 1A of this Annual Report on Form 10-K for a discussion of important factors that could cause actual results to differ materially from the results described in or implied by the forward-looking statements contained in the following discussion and analysis. This section provides additional information regarding our businesses, current developments, results of operations, cash flows, financial condition, contractual commitments and critical accounting policies and estimates that require significant judgement and have the most potential impact on our consolidated financial statements. This discussion and analysis is intended to better allow investors to view the Company from the management's perspective.

Overview

We are a biopharmaceutical company focused on the discovery, development and commercialization of novel therapeutics. Our mission is to bring hope with life-changing therapies to patients and families that are affected by rare and niche allergic and immunological diseases. Our lead product candidate is STAR-0215 (formerly known as QLS-215), a potential best-in-class monoclonal antibody inhibitor of plasma kallikrein in preclinical development for the treatment of hereditary angioedema, or HAE, a rare, debilitating and potentially life-threatening disease. STAR-0215 has the potential to be the most patient-friendly chronic treatment option, based on the data generated to date and the existing HAE treatment landscape.

In January 2021 we acquired Quellis Biosciences, Inc., or Quellis, including the STAR-0215 program, and announced a private placement that, upon closing in February 2021, resulted in gross proceeds to us of approximately $110.0 million before deducting placement agent and other offering expenses. In November 2020, after we stopped the development of our edasalonexent program as a potential treatment for Duchenne Muscular Dystrophy, or DMD, we decided to explore and evaluate strategic options. The acquisition of Quellis was the result of our evaluation of strategic options.

In September 2021, we formally changed our name to Astria Therapeutics, Inc. from Catabasis Pharmaceuticals, Inc. The name "Astria" originates from the Greek word for star, demonstrating our commitment to patients who serve as our guiding stars.

HAE is a rare, debilitating and potentially life-threatening disease. The treatment options for patients with HAE have improved, however, there is remaining unmet medical need and the global market for HAE therapy is strong and growing. The vision for our lead program, STAR-0215, is to develop a best-in-class monoclonal antibody inhibitor of plasma kallikrein able to provide long-acting, effective attack prevention for HAE with dosing once every three months or longer. Targeted plasma kallikrein inhibition can prevent HAE attacks by suppressing the pathway that generates bradykinin and causes excessive swelling. STAR-0215 is currently in preclinical development and we expect to submit an Investigational New Drug application, or IND, for STAR-0215 in mid-2022 and plan to initiate a Phase 1a clinical trial shortly thereafter with initial results anticipated by year end 2022. We believe that this clinical trial has the opportunity to establish proof of concept for the differentiated profile of STAR-0215. We expect the Phase 1a clinical trial to be conducted in healthy volunteers and evaluate several single escalating dose cohorts with subcutaneous administration. Our goals for this trial with STAR-0215 are to demonstrate safety and tolerability, establish prolonged half-life, demonstrate the duration of inhibition of plasma kallikrein activity and to refine dose and dosing regimen for studies in HAE patients. Assuming positive data from the Phase 1a trial, we plan to initiate a Phase 1b/2 trial in patients with HAE in 2023. We expect the Phase 1b/2 trial will be a randomized, placebo-controlled, global multi-center trial. The primary goals for this trial in HAE patients are to demonstrate safety and tolerability, establish prolonged half-life, demonstrate inhibition of plasma kallikrein activity, and provide an initial assessment of the impact of STAR-0215 on HAE attack rate.

Our vision for STAR-0215 is supported by preclinical data showing potent inhibition of the production of bradykinin by plasma kallikrein and a long plasma half-life that could potentially enable patients to dose less frequently. Multiple experiments have confirmed that STAR-0215 is approximately 10-fold more potent than lanadelumab, a monoclonal antibody inhibitor of plasma kallikrein commercialized under the name TAKHZYRO and an approved preventative treatment for HAE, in inhibiting bradykinin production. In cynomolgus monkey studies, lanadelumab was observed to have a half-life of approximately 10 days, which is consistent with what has been reported in United States Food and Drug Administration, or FDA, review documents and publications for lanadelumab in non-human primates. STAR-0215 was administered at the same dose as lanadelumab and the observed half-life was approximately 34 days, which is about a three to four-fold longer half-life than observed for lanadelumab. We believe this could translate to a half-life of several

months for STAR-0215 in humans. If this longer half-life is demonstrated in clinical trials, it has the potential to enable dosing once every three months or longer.

January 2021 Quellis Acquisition and February 2021 Financing

In January 2021, we acquired Quellis pursuant to an Agreement and Plan of Merger, or the Merger Agreement, by and among us, Cabo Merger Sub I, Inc., a Delaware corporation and our wholly owned subsidiary, or the First Merger Sub, Cabo Merger Sub II, LLC, a Delaware limited liability company and our wholly owned subsidiary, or the Second Merger Sub, and Quellis, or the Quellis Acquisition. Pursuant to the Merger Agreement, the First Merger Sub merged with and into Quellis, pursuant to which Quellis was the surviving entity and became a wholly owned subsidiary of ours, or the First Merger. Immediately following the First Merger, Quellis merged with and into the Second Merger Sub, pursuant to which the Second Merger Sub was the surviving entity, or the Second Merger and, together with the First Merger, the Merger. Under the terms of the Merger Agreement, at the closing of the Merger, we issued to the Quellis stockholders 555,444 shares of our common stock, and 50,504 shares of newly designated Series X Preferred Stock (as described below). In addition, we assumed outstanding Quellis stock options, which became options for 55,414 shares of our common stock, and assumed a warrant exercisable for Quellis common stock, which became a warrant to purchase 2,805 shares of Series X Preferred Stock at an exercise price of $341.70 per share, and a warrant to purchase 30,856 shares of our common stock at an exercise price of $2.10 per share. Upon stockholder approval of the Conversion Proposal (as defined below) on June 2, 2021, the warrant to purchase Series X Preferred Stock was converted into the right to purchase 467,500 shares of our common stock, at a per share exercise price of $2.10 per share.

We concluded that the Quellis Acquisition was not the acquisition of a business, as substantially all of the fair value of the non-monetary assets acquired was concentrated in a single identifiable asset, STAR-0215.

We determined that the cost to acquire the Quellis assets was $170.7 million, based on the fair value of the equity consideration issued and including direct costs of the acquisition of $1.8 million. The net assets acquired in connection with the Quellis Acquisition were recorded at their estimated fair values as of January 28, 2021, which is the date the Quellis Acquisition was completed.

In the estimation of fair value of the asset purchase consideration, we used the carrying value of the cash and cash equivalents, prepaid expenses, accounts payable and accrued liabilities as the most reliable indicator of fair value based on the associated short-term nature of the balances. The remaining fair value was attributable to the acquired in-process research and development, or IPR&D. As STAR-0215 had not, at the time of the Quellis Acquisition, received regulatory approval in any territory, the cost attributable to the IPR&D was expensed in our consolidated statements of operations and comprehensive loss for the year ended December 31, 2021, as the acquired IPR&D had no alternative future use, as determined by us in accordance with United States generally accepted accounting principles, or U.S. GAAP.

In January 2021, we also entered into a Stock Purchase Agreement, or the Purchase Agreement, with certain institutional and accredited investors pursuant to which, we sold an aggregate of 35,573 shares of Series X Preferred Stock for an aggregate purchase price of $110.0 million, or the February 2021 Financing. Our stockholders approved the conversion of the Series X Preferred Stock into shares of common stock in accordance with Nasdaq Listing Rule 5635(a), or the Conversion Proposal, at our annual stockholders meeting on June 2, 2021. On the fourth business day after the approval of the Conversion Proposal, each share of Series X Preferred Stock automatically converted into 166.67 shares of common stock, subject to certain beneficial ownership limitations, including that a holder of Series X Preferred Stock is prohibited from converting shares of Series X Preferred Stock into shares of common stock if, as a result of such conversion, such holder, together with its affiliates, would beneficially own more than a specified percentage (as of December 31, 2021, these percentages are set at 4.99% to 9.99% and can be adjusted by the holder to a number between 4.99% and 19.99%) of the total number of shares of common stock issued and outstanding immediately after giving effect to such conversion. Shares of Series X Preferred Stock not converted automatically are thereafter subject to conversion at the option of the holder, subject to certain beneficial ownership limitations. As of December 31, 2021, 54,622 shares of Series X Preferred Stock were converted into 9,103,664 shares of common stock and 31,455 shares of Series X Preferred Stock remained outstanding. Each share of Series X Preferred Stock is convertible into 166.67 shares of common stock and therefore the number of shares of underlying common stock issuable upon conversion of the outstanding shares Series X Preferred Stock is 5,242,501. Outstanding shares of Series X Preferred Stock are subject to conversion at the option of the holder.

Reverse Stock Split

On August 4, 2021, our Board of Directors approved a reverse stock split of our outstanding shares of common stock at a ratio of one-for-six (1:6). The reverse stock split became effective on August 19, 2021. The reverse stock split was approved by our stockholders at our Annual Meeting of Stockholders on June 2, 2021. All share and per share amounts of the common stock included in this Annual Report on Form 10-K, including in the accompanying consolidated financial statements, have been retrospectively adjusted to give effect to the reverse stock split for all periods presented, including reclassifying an amount equal to the reduction in par value to additional paid-in capital.

Financial Overview

Our business is almost entirely dependent on the success of STAR-0215, which is in the preclinical stage of development, and has only produced results in preclinical and nonclinical settings. Our net losses were $194.9 million (including $164.6 million of in-process research and development expenses) and $37.3 million for the years ended December 31, 2021 and December 31, 2020, respectively. As of December 31, 2021, we had an accumulated deficit of $455.8 million. We have financed our operations to date primarily through private placements of preferred stock before we became a public company and our private placement of preferred stock in the February 2021 Financing, registered offerings of our common stock and our at-the-market programs, and have devoted substantially all of our financial resources and efforts to research and development, including preclinical studies and clinical development programs. As of December 31, 2021, we had $125.5 million in cash, cash equivalents and short-term investments. We expect that our existing cash, cash equivalents and short-term investments are sufficient to support our operating expenses through 2023. Advancing the development of STAR-0215 or any future product candidates will require a significant amount of capital. Our existing cash and cash equivalents will not be sufficient to fund STAR-0215 or any future product candidates through regulatory approval. We will need to obtain substantial additional funding to complete the development and commercialization of STAR-0215 or any future product candidates, support our continuing operations, future clinical trials and expansion of our pipeline. Furthermore, our operating plan may change as a result of many factors currently unknown to us, and we may need to seek additional financing to fund our long-term operations sooner than planned. See the section titled “Liquidity, Capital Resources and Capital Requirements” below for additional information.

Revenue

As of December 31, 2021, we have not generated any revenue from product sales.

Research and Development Expenses

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

- employee-related expenses including salaries, benefits and stock-based compensation expense;
- expenses incurred under agreements with third parties, including contract research organizations, or CROs, that conduct clinical trials and research and development and preclinical activities on our behalf;
- the cost of consultants;
- the cost of lab supplies and acquiring, developing and manufacturing study materials; and
- facilities and other expenses, which include direct and allocated expenses for rent and maintenance of facilities, insurance and other supplies.

Research and development costs are expensed as incurred. Nonrefundable advance payments for goods or services to be received in the future for use in research and development activities are deferred and capitalized. The capitalized amounts are expensed as the related goods are delivered or the services are performed.

We typically use our employee, consultant and infrastructure resources across our development programs. We track outsourced development costs by product candidate or development program, but we do not allocate personnel costs, other internal costs or external

consultant costs to specific product candidates or development programs. We record our research and development expenses net of any research and development tax incentives we are entitled to receive from government authorities.

The following table summarizes our research and development expenses by program (in thousands). All of the programs with respect to which we incurred research and development expenses during the years ended December 31, 2020 have been discontinued.

	Year Ended December 31,	
	2021	2020
STAR-0215	$ 8,172	$ —
Edasalonexent	631	17,344
Other research programs	911	—
Costs not directly allocated to programs:		
Employee expenses including cash compensation, benefits and stock-based compensation	4,488	6,101
Facilities	338	515
Consultants and professional expenses, including stock-based compensation	862	1,134
Other	150	496
Total costs not directly allocated to programs	5,838	8,245
Total research and development expenses	$ 15,552	$ 25,590

Based on the results of the Phase 3 PolarisDMD trial of edasalonexent for the treatment of DMD, in October 2020 we stopped all activities related to the development of edasalonexent, including the ongoing GalaxyDMD open-label extension trial, and wound down substantially all activities related to edasalonexent by mid-2021.

We expect to incur significant research and development expenses in the year ending December 31, 2022, and in future periods in connection with the preclinical and clinical activities related to the development of STAR-0215. Because of this, we expect that our research and development expenses over the next several quarters will be higher than the prior year periods. Development of STAR-0215 and any future product candidates is highly uncertain and we cannot reasonably estimate at this time the nature, timing and costs of the efforts that would be necessary to complete the development of any such product candidates. We are also unable to predict when, if ever, material net cash inflows would commence from STAR-0215 or any other product candidates. This is due to the fact that we would need to raise substantial additional capital to fund the clinical development of any such product candidates and the numerous risks and uncertainties associated with developing and commercializing product candidates, including the uncertainties of:

- establishing an appropriate safety profile with IND-enabling toxicology studies;
- successful enrollment in, and completion of clinical trials;
- changes in the FDA and foreign regulatory approval processes or perspectives that may delay or prevent the approval of new products;
- receipt of marketing approvals from applicable regulatory authorities;
- establishing commercial manufacturing capabilities or making arrangements with third-party manufacturers;
- obtaining and maintaining patent and trade secret protection and regulatory exclusivity;
- launching commercial sales, if we are able to obtain marketing approval, whether alone or in collaboration with others; and
- a continued acceptable safety profile following approval.

A change in the outcome of any of these variables with respect to the development of STAR-0215 or any future product candidate would significantly change the costs and timing associated with the development of that product candidate.

General and Administrative Expenses

General and administrative expenses consist primarily of salaries and other related costs, including stock-based compensation, for personnel in executive, finance, accounting, commercial, business development, legal and human resources functions. Other significant costs include facility costs not otherwise included in research and development expenses, legal fees relating to patent and corporate matters, and fees for accounting and consulting services.

We anticipate that in the near term our general and administrative expenses will remain relatively consistent with their current levels, although as we continue to develop STAR-0215 and potentially expand our pipeline to include other product candidates, our general and administrative expenses may increase.

Acquired In-process Research and Development Expense

Acquired IPR&D expense resulted from the Quellis Acquisition in January 2021. The acquisition cost allocated to acquire IPR&D with no alternative future use was recorded as expense at the acquisition date and no additional IPR&D expense relating to the Quellis Acquisition is expected to be reported in future periods.

Reduction in Workforce

In December 2020, following the decision to stop development of edasalonexent, we announced that we were reducing our workforce during the quarter ended December 31, 2020. The reduction of workforce resulted in total expenses for employee severance and employee benefits of $0.6 million, of which $0.2 million was recorded during the year ended December 31, 2021. As of December 31, 2021, all severance related to the reduction of workforce has been paid.

Other Income (Expense)

Other income (expense), net consists of interest income earned on our cash, cash equivalents and short-term investments and net amortization expense on short-term investments, and gains and losses related to foreign currency fluctuations.

Critical Accounting Policies and Significant Judgments and Estimates

This discussion and analysis of our financial condition and results of operations is based on our financial statements, which we have prepared in accordance with U.S. GAAP. We believe that several accounting policies are important to understanding our historical and future performance. We refer to these policies as critical because these specific areas generally require us to make judgments and estimates about matters that are uncertain at the time we make the estimate, and different estimates—which also would have been reasonable—could have been used. On an ongoing basis, we evaluate our estimates and judgments, including those described in greater detail below. We base our estimates on historical experience and other market-specific or other relevant assumptions that we believe to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying value of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions or conditions.

While our significant accounting policies are described in more detail in the notes to our consolidated financial statements included elsewhere in this Annual Report on Form 10-K, we believe that the following accounting policy is the most critical to aid you in fully understanding and evaluating our financial condition and results of operations.

Quellis Acquisition

In January 2021, we acquired Quellis pursuant to the Merger Agreement. We concluded that the Quellis Acquisition was not the acquisition of a business, as substantially all of the fair value of the non-monetary assets acquired was concentrated in a single identifiable asset, STAR-0215.

We determined that the cost to acquire the Quellis assets was $170.7 million, based on the fair value of the equity consideration issued and including direct costs of the acquisition of $1.8 million. The net assets acquired in connection with the Quellis Acquisition were recorded at their estimated fair values as of January 28, 2021, which is the date the Quellis Acquisition was completed.

In the estimation of fair value of the asset purchase consideration, we used the carrying value of the cash and cash equivalents, prepaid expenses, accounts payable and accrued liabilities as the most reliable indicator of fair value based on the associated short-term nature of the balances. The remaining fair value was attributable to the acquired in-process research and development, or IPR&D. As STAR-0215 had not, at the time of the Quellis Acquisition, received regulatory approval in any territory, the cost attributable to the IPR&D was expensed in the Company's consolidated statements of operations and comprehensive loss for the year ended December 31, 2021, as the acquired IPR&D had no alternative future use, as determined by the Company in accordance with United States generally accepted accounting principles, or U.S. GAAP.

Accrued Research and Development Expenses

As part of the process of preparing our financial statements, we are required to estimate our accrued expenses. This process involves reviewing contracts, identifying services that have been performed on our behalf and estimating the level of service performed and the associated cost incurred for the service when we have not yet been invoiced or otherwise notified of the actual cost. The majority of our service providers invoice us monthly in arrears for services performed or when contractual milestones are met. We make estimates of our accrued expenses as of each balance sheet date in our financial statements based on facts and circumstances known to us at that time. We periodically confirm the accuracy of our estimates with the service providers and make adjustments if necessary. The estimate of accrued research and development expense is dependent, in part, upon the receipt of timely and accurate reporting from CROs and other third-party service providers. The significant estimates in our accrued research and development expenses include the costs incurred for services performed by CROs in connection with research and development activities for which we have not yet been invoiced.

We base our expenses related to CROs on our estimates of the services received and efforts expended pursuant to contracts with CROs that conduct research and development on our behalf. The financial terms of these agreements are subject to negotiation, vary from contract to contract and may result in uneven payment flows. There may be instances in which payments made to our CROs will exceed the level of services provided and result in a prepayment of the research and development expense. Payments under some of these contracts depend on factors such as the successful enrollment of subjects and the completion of clinical trial milestones. In accruing service fees, we estimate the time period over which services will be performed and the level of effort to be expended in each period. If the actual timing of the performance of services or the level of effort varies from our estimate, we adjust the accrual or prepaid expense accordingly. Although we do not expect our estimates to be materially different from amounts actually incurred, if our estimates of the status and timing of services performed differ from the actual status and timing of services performed, it could result in us reporting expense amounts that are too high or too low in any particular period. To date, there have been no material differences between our estimates of such expenses and the amounts actually incurred.

Results of Operations

Comparison of the Years Ended December 31, 2021 and 2020

The following table summarizes our results of operations for the years ended December 31, 2021 and 2020, together with the dollar change in those items (in thousands):

	Year Ended December 31,		Period-to-Period Change
	2021	2020	
Operating expenses:			
Research and development	$ 15,552	$ 25,590	$ (10,038)
General and administrative	14,807	11,845	2,962
Acquired in-process research and development	164,617	—	164,617
Total operating expenses	194,976	37,435	157,541
Loss from operations	(194,976)	(37,435)	(157,541)
Other income, net	64	135	(71)
Net loss	$ (194,912)	$ (37,300)	$ (157,612)

Research and Development Expenses

Research and development expenses decreased by $10.0 million to $15.6 million for the year ended December 31, 2021 from $25.6 million for the year ended December 31, 2020, a decrease of 39%. The decrease in research and development expenses was attributable

to stopping all development activities associated with our edasalonexent program, partially offset by costs to support our preclinical development of the STAR-0215 program. The $10.0 million decrease in research and development expenses was primarily attributable to a $16.7 million decrease in costs to support our edasalonexent program, a $1.6 million decrease in employee related expenses, a $0.3 million decrease in consulting expense, and a $0.5 million decrease in the research and development portion of facilities and other office expenses. These decreases were partially offset by a $8.2 million increase in costs to support preclinical development of the STAR-0215 program, and a $0.9 million increase in other research and platform programs.

General and Administrative Expenses

General and administrative expenses increased by $3.0 million to $14.8 million for year ended December 31, 2021 from $11.8 million for the year ended December 31, 2020, an increase of 25%. The increase in general and administrative expenses was attributable to a $2.5 million increase in employee expenses, $1.4 million of which was specifically related to stock compensation, a $0.7 million increase in recruiting expense, a $0.4 million increase in insurance expense, a $0.1 million increase in the general and administrative portion of facilities and general office expenses and a $0.1 million increase in our Delaware franchise fee, partially offset by a decrease in professional services of $0.8 million largely related to a decrease in activities related to preparation for commercialization of edasalonexent.

Other Income (Expense), Net

Other income (expense), net decreased by $71 thousand for the year ended December 31, 2021 compared to the year ended December 31, 2020, which was attributable to a decrease in interest and investment income due to lower interest rates.

Liquidity and Capital Resources

From our inception through December 31, 2021, we raised an aggregate of $426.0 million through private placements of preferred stock before we became a public company and our private placement of preferred stock in the February 2021 Financing, registered offerings of our common stock and our at-the-market programs. As of December 31, 2021, we had $125.5 million in cash, cash equivalents and short-term investments. We expect that our existing cash, cash equivalents and short-term investments are sufficient to support our operating expenses through 2023. Advancing the development of STAR-0215 and other product candidates will require a significant amount of capital. Our existing cash and cash equivalents will not be sufficient to fund any of our product candidates through regulatory approval. Furthermore, our operating plan may change as a result of many factors currently unknown to us, and we may need to seek additional financing to fund our long-term operations sooner than planned.

We will need to obtain substantial additional funding to complete the development and commercialization of STAR-0215 or any future product candidates, support our continuing operations, future clinical trials and expansion of our pipeline. In addition, STAR-0215 or any future product candidates, if approved, may not achieve commercial success. Our commercial revenues, if any, will be derived from sales of product candidates that we do not expect to be commercially available for years, if at all. Accordingly, we will need to continue to rely on additional financing to achieve our business objectives. Adequate additional financing may not be available to us on acceptable terms, or at all. The terms of any financing may adversely affect the holdings or the rights of our stockholders. Market volatility, inflation, interest rate fluctuations and concerns related to the COVID-19 pandemic may have a significant impact on the availability of funding sources and the terms on which any funding may be available. If we fail to raise capital as, and when, needed, we may be unable to continue our operations at planned levels and be forced to modify our business strategies and reduce or terminate our operations. Although we will continue to pursue these plans, there is no assurance that we will be successful in obtaining sufficient funding on terms acceptable to us to fund continuing operations when needed or at all.

February 2021 Financing

On January 28, 2021, we entered into the Purchase Agreement and sold an aggregate of 35,573 shares of Series X Preferred Stock on the February 1, 2021 closing date for gross proceeds of approximately $110.0 million, and net proceeds of $104.3 million.

January 2020 Financing

On January 30, 2020, we entered into an underwriting agreement with Oppenheimer & Co. Inc. relating to an underwritten public offering, or the January 2020 Financing, of 881,666 shares of common stock at a price to the public of $30.00 per share, including

115,000 shares issued upon the exercise in full by Oppenheimer & Co. Inc. of its overallotment option. This resulted in gross proceeds of $26.5 million, and net proceeds of $24.6 million.

At-the-Market Offerings

We have entered into various sales agreements with Cowen and Company LLC, or Cowen, pursuant to which we could issue and sell shares of common stock, under at-the-market offering programs. On May 20, 2021, we terminated our sales agreement with Cowen. On June 30, 2021, we entered into an Open Market Sale Agreement[SM] with Jefferies LLC, or Jefferies, pursuant to which we can issue and sell shares of common stock, of up to $25.0 million under at-the-market offering programs (collectively, with the Cowen at-the-market offering program, the ATM Programs). We pay the sales agent commissions of 3% of the gross proceeds from any common stock sold through the ATM Programs. As of December 31, 2021, we have not sold any shares of common stock pursuant to the Jefferies agreement and $25.0 million of common stock remains available for sale under the Jefferies agreement.

During the year ended December 31, 2020, we sold an aggregate of 392,288 shares of common stock pursuant to our ATM Programs, at an average offering price of $42.76 per share, for gross proceeds of $16.8 million, resulting in net proceeds of $16.3 million after deducting sales commissions and offering expenses. There was no activity from the ATM Programs during the year ended December 31, 2021.

Funding Requirements

Our primary uses of capital are for compensation and related expenses, manufacturing costs for preclinical and clinical materials, third party preclinical research and development services, legal and other regulatory expenses and general overhead.

As of December 31, 2021, we had an accumulated deficit of $455.8 million. We have been primarily involved with research and development activities and have incurred operating losses and negative cash flows from operations since our inception.

As of December 31, 2021, we had available cash, cash equivalents and short-term investments of $125.5 million. We expect that our existing cash, cash equivalents and short-term investments are sufficient to support our operating expenses through 2023.

Our estimate as to how long we expect our cash, cash equivalents and short-term investments to be able to fund our operations is based on assumptions that may prove to be wrong, and we could use our available capital resources sooner than we currently expect. Because of the numerous risks and uncertainties associated with research, development and commercialization of biotechnology products, we are unable to estimate the exact amount of our operating capital requirements. Further, changing circumstances, some of which may be beyond our control, could cause us to consume capital significantly faster than we currently anticipate, and we may need to seek additional funds sooner than planned. Our future funding requirements will depend on many factors, including:

- the progress, timing, costs and results of clinical trials of, and research and preclinical development efforts for, STAR-0215 and any future product candidates, including potential future clinical trials;
- our ability to enter into and the terms and timing of any additional collaborations, licensing or other arrangements that we may establish;
- the number and characteristics of future product candidates that we pursue and their development requirements;
- the outcome, timing and costs of seeking regulatory approvals;
- the costs of commercialization activities for any of our product candidates that receive marketing approval to the extent such costs are not the responsibility of any future collaborators, including the costs and timing of establishing product sales, marketing, market access, distribution, supply chain and manufacturing capabilities, and scaling up the manufacturing of drug substance and drug product to clinical and commercial scale, securing all raw materials necessary to conduct such scale-up and successfully completing all other activities related thereto;
- if we obtain marketing approval of any of our product candidates, revenue, if any, received from commercial sales of our product candidates;
- if we obtain marketing approval of any of our product candidates, our ability to successfully compete against other approved products that are approved or used as treatments for the indications for which our products are approved, including with respect to STAR-0215 in HAE;
- our headcount growth and associated costs;

- the costs of preparing, filing and prosecuting patent applications, maintaining and protecting our intellectual property rights and defending against intellectual property related claims;
- the progress, timing, costs and results of clinical trials of, and research and preclinical development efforts for, STAR-0215 and any future product candidates, including potential future clinical trials;
- the impact of the COVID-19 pandemic on our operations, business and prospects; and
- the costs of operating as a public company.

Identifying potential product candidates and conducting preclinical testing and clinical trials is a time-consuming, expensive and uncertain process that takes years to complete, and we may never generate the necessary data or results required to obtain marketing approval and achieve product sales. In addition, STAR-0215 or any future product candidates, if approved, may not achieve commercial success. Our commercial revenues, if any, will be derived from sales of medicines that we do not expect to be commercially available for years, if at all. Accordingly, we will need to continue to rely on additional financing to achieve our business objectives. Adequate additional financing may not be available to us on acceptable terms, or at all.

Until such time, if ever, as we can generate substantial product revenues, we expect to finance our cash needs through a combination of equity offerings, debt financings, collaborations, strategic alliances and licensing arrangements. We do not have any committed external source of funds. To the extent that we raise additional capital through the sale of equity or convertible debt securities, our stockholders' ownership interests will be diluted, and the terms of these securities may include liquidation or other preferences that adversely affect our stockholders' rights. Debt financing, if available, would result in periodic payment obligations and may involve agreements that include restrictive covenants that limit our ability to take specific actions, such as incurring debt, making capital expenditures or declaring dividends, that could adversely impact our ability to conduct our business.

If we raise funds through collaborations, strategic alliances 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 to 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.

Cash Flows

Comparison of the Years Ended December 31, 2021 and 2020

The following table provides information regarding our cash flows for the years ended December 31, 2021 and 2020 (in thousands):

	Year Ended December 31,	
	2021	2020
Net cash used in operating activities	$ (30,151)	$ (32,485)
Net cash (used in) provided by investing activities	(12,555)	6,300
Net cash provided by financing activities	104,284	40,860
Net increase in cash, cash equivalents and restricted cash	$ 61,578	$ 14,675

Net Cash Used in Operating Activities

Net cash used in operating activities was $30.2 million for the year ended December 31, 2021 and consisted primarily of a net loss of $194.9 million adjusted for the non-cash portion of acquired IPR&D of $164.6 million, stock-based compensation expense of $3.4 million, and a net increase in net assets of $3.3 million, which resulted primarily from a decrease in accounts payable of $2.0 million, and a decrease in accrued expenses of $1.3 million.

Net cash used in operating activities was $32.5 million for the year ended December 31, 2020 and consisted primarily of a net loss of $37.3 million adjusted for non-cash items of $1.4 million, and a net decrease in operating assets of $3.4 million, which resulted primarily from a decrease in prepaid expenses and other current assets of $1.3 million and a decrease in the right of use asset of $0.2 million as well as increases in accrued expenses and accounts payable of $1.9 million.

Net Cash (Used in) Provided by Investing Activities

Net cash used in investing activities was $12.6 million for the year ended December 31, 2021 and consisted of purchases of short-term investments of $78.0 million, partially offset by proceeds from maturities of short-term investments of $59.0 million and cash acquired in the Quellis Acquisition of $6.4 million. Net cash provided by investing activities was $6.3 million for the year ended December 31, 2020 and consisted of proceeds from maturities of short-term investments of $69.1 million, which were partially offset by purchases of short-term investments of $62.8 million.

Net Cash Provided by Financing Activities

Net cash provided by financing activities was $104.3 million during the year ended December 31, 2021, which was attributable to net proceeds of $104.3 million from the February 2021 Financing. Net cash provided by financing activities was $40.9 million during the year ended December 31, 2020, which was primarily attributable to net proceeds of $24.6 million from the January 2020 Financing and net proceeds of $16.3 million from our ATM Programs.

Material Cash Requirements from Known Contractual Obligations

The following table summarizes our significant contractual obligations as of payment due date by period at December 31, 2021:

	Payments due by period			
(In thousands)	**Total**	**Less than 1 Year**	**1 - 3 Years**	**More than 3 Years**
Operating lease obligations (1)	438	438	—	—
Payments under vendor agreements (2)	766	766	—	—
Total contractual cash obligations	$ 1,204	$ 1,204	$ —	$ —

(1) Represents future minimum lease payments under our non-cancelable operating lease. The minimum lease payments above do not include any related common area maintenance charges or real estate taxes.

(2) Represents future milestone payments under vendor agreements if certain clinical milestones related to the planned Phase 1a clinical trials of the STAR-0215 program are met.

As of December 31, 2021, our only material contractual obligations were our facility lease pursuant to which we will make payments of $0.4 million until it's expiration in June of 2022 and to certain vendors to which we will make payments of $0.8 million if certain clinical milestones related to the planned Phase 1a clinical trials of STAR-0215 are met. In January 2022, we entered into a sublease as described in *Item 2. Properties*, to which we will make payments of $1.4 million from May 2022 through June 2024.

We enter into agreements in the normal course of business with vendors for preclinical research studies and other services and products for operating purposes. We have not included these payments in the table of contractual obligations above since the contracts are cancelable at any time by us, generally upon 60 days' prior written notice, and therefore we believe that our non-cancelable obligations under these agreements are not material.

Item 7A. Quantitative and Qualitative Disclosures about Market Risk

The market risk inherent in our financial instruments and in our financial position represents the potential loss arising from adverse changes in interest rates. As of December 31, 2021, we had cash, cash equivalents and short-term investments of $125.5 million and, as of December 31, 2020, we had cash, cash equivalents and short-term investments of $44.9 million. Our cash equivalents as of December 31, 2021 consisted of money market funds and U.S. reverse repurchase agreements. Our cash equivalents as of December 31, 2020 consisted of money market funds. Our short-term investments as of December 31, 2021 and 2020 consisted of U.S. reverse repurchase agreements. Our primary exposure to market risk is interest rate sensitivity, which is affected by changes in the general level of U.S. interest rates. Due to the short-term duration of our investment portfolio and the low risk profile of our investments, an immediate 10% change in interest rates would not have a material effect on the fair market value of our investment portfolio and interest income. Inflation generally affects us by increasing our research and development costs. We believe that inflation has not had a material effect on our financial statements included elsewhere in this Annual Report on Form 10-K. However, our operations may be adversely affected by inflation in the future.

As of December 31, 2021 and December 31, 2020, we had no material liabilities that would require us to purchase foreign currency.

Item 8. Financial Statements and Supplementary Data

The consolidated financial statements together with the report of our independent registered public company accounting firm (PCAOB ID: 42), required to be filed pursuant to this Item 8 are appended to this Annual Report on Form 10-K. An index of those consolidated financial statements is found in Item 15 of this Annual Report on Form 10-K.

Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure

There has been no change of accountants nor any disagreements with accountants on any matter of accounting principles or practices or financial disclosure required to be reported under this Item.

Item 9A. Controls and Procedures

Management's Evaluation of our Disclosure Controls and Procedures

We maintain disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, or the Exchange Act) that are designed to ensure that information required to be disclosed in the reports that we file or submit under the Exchange Act is (1) recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms and (2) accumulated and communicated to our management, including our principal executive officer and principal financial officer, as appropriate, to allow timely decisions regarding required disclosure.

As of December 31, 2021, our management, with the participation of our principal executive officer and principal financial officer, evaluated the effectiveness of our disclosure controls and procedures as of the end of the period covered by this Annual Report on Form 10-K. Our management recognizes that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving their objectives, and management necessarily applies its judgment in evaluating the cost-benefit relationship of possible controls and procedures. Our principal executive officer and principal financial officer have concluded based upon the evaluation described above that, as of December 31, 2021, our disclosure controls and procedures were effective at the reasonable assurance level.

Management's Annual Report on Internal Control over Financial Reporting

Our management is responsible for establishing and maintaining adequate internal control over financial reporting. Internal control over financial reporting is defined in Rules 13a-15(f) and 15d-15(f) promulgated under the Exchange Act as a process designed by, or under the supervision of, our principal executive and principal financial officers and effected by our board of directors, management and other personnel 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 and includes those policies and procedures that:

- pertain to the maintenance of records that in reasonable detail accurately and fairly reflect the transactions and dispositions of the assets of the company;
- provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and
- provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Therefore, even those systems determined to be effective can provide only reasonable assurance with respect to financial statement preparation and presentation. Projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions or that the degree of compliance with the policies or procedures may deteriorate.

Our management assessed the effectiveness of our internal control over financial reporting as of December 31, 2021. In making this assessment, our management used the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission, or COSO, in Internal Control—Integrated Framework (2013). Based on its assessment, our management believes that, as of December 31, 2021, our internal control over financial reporting was effective based on those criteria.

This Annual Report on Form 10-K does not include an attestation report of our independent registered public accounting firm regarding internal control over financial reporting in accordance with an exemption established for smaller reporting companies with annual revenue of less than $100 million.

Changes in Internal Control over Financial Reporting

During the three months ended December 31, 2021, there have been no changes in our internal control over financial reporting, as such term is defined in Rules 13a-15(f) and 15(d)-15(f) promulgated under the Exchange Act, that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Item 9B. Other Information

Not Applicable.

Item 9C. Disclosure Regarding Foreign Jurisdictions that Prevent Inspections

Not Applicable.

PART III

Item 10. Directors, Executive Officers and Corporate Governance

The information required by this Item is set forth under the captions “Proposal No. 1 — Election of Class I Directors — Information Regarding Directors,” “Corporate Governance,” “Executive Officers,” “Corporate Governance — Code of Business Conduct and Ethics” and “Compensation Governance — Committees of the Board of Directors — Audit Committee” in our definitive proxy statement for our 2022 Annual Meeting of Stockholders to be filed with the SEC within 120 days of December 31, 2021, and is incorporated into this Annual Report on Form 10-K by reference.

We are also required under Item 405 of Regulation S-K to provide information concerning delinquent filers of reports under Section 16 of the Securities and Exchange Act of 1934, as amended. If applicable, this information will be set forth under the caption “Delinquent Section 16(a) Reports” in our definitive proxy statement for the 2022 Annual Meeting of Stockholders to be filed with the SEC no later than 120 days after the end of our fiscal year and is incorporated herein by reference.

We have adopted a code of ethics, our Code of Business Conduct and Ethics, that applies to our principal executive officer, principal financial officer, principal accounting officer or controller, and persons performing similar functions. Our Code of Business Conduct and Ethics, as well as our corporate governance guidelines and the charters for the audit, compensation, nominating and corporate governance, and science and technology committees of our Board of Directors, are each accessible under the “Corporate Governance” heading of the “For Investors” section of our website, http://www.astriatx.com. We also intend to disclose in the same location on our website, any amendments to, or waivers from, our Code of Business Conduct and Ethics that are required to be disclosed pursuant to the disclosure requirements of Item 5.05 of Form 8-K.

Item 11. Executive Compensation

The information required by this Item is set forth under the captions “Executive Officers,” “Executive Compensation,” and “Corporate Governance — Director Compensation” in our definitive proxy statement for our 2022 Annual Meeting of Stockholders to be filed with the SEC within 120 days of December 31, 2021, and is incorporated into this Annual Report on Form 10-K by reference.

Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters

The information required by this Item is set forth under the captions “Securities Authorized for Issuance under Equity Compensation Plans” and “Principal Stockholders” in our definitive proxy statement for our 2022 Annual Meeting of Stockholders to be filed with the SEC within 120 days of December 31, 2021, and is incorporated into this Annual Report on Form 10-K by reference

Item 13. Certain Relationships and Related Transactions, and Director Independence

The information required by this Item is set forth under the captions “Corporate Governance — Director Independence” and “Certain Relationships and Related Person Transactions” in our definitive proxy statement for our 2022 Annual Meeting of Stockholders to be filed with the SEC within 120 days of December 31, 2021, and is incorporated into this Annual Report on Form 10-K by reference.

Item 14. Principal Accountant Fees and Services

The information required by this Item is set forth under the caption “ Ratification of the Appointment of Ernst & Young LLP as Astria’s Independent Registered Public Accounting Firm for the Fiscal Year Ending December 31, 2022” in our definitive proxy statement for our 2022 Annual Meeting of Stockholders to be filed with the SEC within 120 days of December 31, 2021, and is incorporated into this Annual Report on Form 10-K by reference.

PART IV

Item 15.

Exhibits and Financial Statement Schedules

(a)(1) Financial Statements

The financial statements listed below are filed as part of this Annual Report on Form 10-K and are incorporated herein by reference.

(a)(2) Financial Statement Schedules

All financial schedules have been omitted because the required information is either presented in the consolidated financial statements filed as part of this Annual Report on Form 10-K or the notes thereto or is not applicable or required.

(a)(3) Exhibits

The exhibits required for this Annual Report on Form 10-K by Item 601 of Regulation S-K and Item 15(b) of Form 10-K are listed in the following Exhibit Index:

EXHIBIT INDEX

Exhibit Number	Description of Exhibit
2.1**	Agreement and Plan of Merger, dated January 28, 2021, by and among Catabasis Pharmaceuticals, Inc., Cabo Merger Sub I, Inc., Cabo Merger Sub II, LLC and Quellis Biosciences, Inc. (incorporated by reference to Exhibit 2.1 to the Registrant's Current Report on Form 8-K (File No. 001-37467) filed with the SEC on January 29, 2021)
3.1	Restated Certificate of Incorporation of the Registrant (incorporated by reference to Exhibit 3.2 to the Registrant's Current Report on Form 8-K (File No. 001-37467) filed with the SEC on September 8, 2021)
3.2	Amended and Restated Bylaws of the Registrant (incorporated by reference to Exhibit 3.3 to the Registrant's Current Report on Form 8-K (File No. 001-37467) filed with the SEC on September 8, 2021)
4.1	Form of Common Stock Warrant (incorporated by reference to Exhibit 4.1 to the Registrant's Current Report on Form 8-K (File No. 001-37467) filed with the SEC on June 20, 2018)
4.2	Form of Common Stock Warrant (incorporated by reference to Exhibit 4.1 to the Registrant's Current Report on Form 8-K (File No. 001-37467) filed with the SEC on February 6, 2019)
4.3	Description of Registered Securities
10.1+	Registration Rights Agreement, dated as of January 28, 2021, by and among the Registrant and each purchaser identified therein (incorporated by reference to Exhibit 10.3 to the Registrant's Annual Report on Form 10-K (File No. 001-37467) filed with the SEC on March 11, 2021)
10.2	Warrant to purchase shares of Series B Preferred Stock issued on March 31, 2015 to Square 1 Bank (incorporated by reference to Exhibit 10.19 to the Registrant's Registration Statement on Form S-1 (File No. 333-204144) filed with the SEC on May 13, 2015)
10.3	Warrant to purchase shares of Series B Preferred Stock issued on March 31, 2015 to Midcap Financial Trust (incorporated by reference to Exhibit 10.20 to the Registrant's Registration Statement on Form S-1 (File No. 333-204144) filed with the SEC on May 13, 2015)
10.4	Warrant to purchase shares of Series B Preferred Stock issued on March 31, 2015 to Flexpoint MCLS Holdings, LLC (incorporated by reference to Exhibit 10.21 to the Registrant's Registration Statement on Form S-1 (File No. 333-204144) filed with the SEC on May 13, 2015)
10.5	Warrant to Purchase Shares of Series X Preferred Stock issued on January 28, 2021 to Viridian LLC (incorporated by reference to Exhibit 10.9 to the Registrant's Annual Report on Form 10-K (File No. 001-37467) filed with the SEC on March 11, 2021)
10.6	Warrant to Purchase Shares of Common Stock issued on January 28, 2021 to Viridian LLC (incorporated by reference to Exhibit 10.10 to the Registrant's Annual Report on Form 10-K (File No. 001-37467) filed with the SEC on March 11, 2021)
10.7*	Amended and Restated 2008 Equity Incentive Plan, as amended (incorporated by reference to Exhibit 10.4 to the Registrant's Registration Statement on Form S-1 (File No. 333-204144) filed with the SEC on May 13, 2015)
10.8*	Form of Incentive Stock Option Agreement under Amended and Restated 2008 Equity Incentive Plan (incorporated by reference to Exhibit 10.5 to the Registrant's Registration Statement on Form S-1 (File No. 333-204144) filed with the SEC on May 13, 2015)
10.9*	Form of Nonstatutory Stock Option Agreement under Amended and Restated 2008 Equity Incentive Plan (incorporated by reference to Exhibit 10.6 to the Registrant's Registration Statement on Form S-1 (File No. 333-204144) filed with the SEC on May 13, 2015)
10.10*	Amended and Restated 2015 Stock Incentive Plan (incorporated by reference to Exhibit 99.1 to the Registrant's Current Report on Form 8-K (File No. 001-37467) filed with the SEC on December 15, 2021)
10.11*	Form of Incentive Stock Option Agreement under 2015 Stock Incentive Plan (incorporated by reference to Exhibit 10.8 to the Registrant's Registration Statement on Form S-1 (File No. 333-204144) filed with the SEC on June 3, 2015)
10.12*	Form of Nonstatutory Stock Option Agreement under 2015 Stock Incentive Plan (incorporated by reference to Exhibit 10.9 to the Registrant's Registration Statement on Form S-1 (File No. 333-204144) filed with the SEC on June 3, 2015)

10.13*	2015 Employee Stock Purchase Plan (incorporated by reference to Exhibit 10.22 to the Registrant's Registration Statement on Form S-1 (File No. 333-204144) filed with the SEC on June 3, 2015)
10.14*	2022 Inducement Stock Incentive Plan (incorporated by reference to Exhibit 99.1 to the Registrant's Current Report on Form 8-K (File No. 001-37467) filed with the SEC on February 22, 2022)
10.15*	Form of Nonstatutory Stock Option Agreement under the 2022 Inducement Stock Incentive Plan (incorporated by reference to Exhibit 99.2 to the Registrant's Current Report on Form 8-K (File No. 001-37467) filed with the SEC on February 22, 2022)
10.16*	Amended and Restated Employment Agreement, dated as of April 7, 2010, by and between the Registrant and Jill C. Milne, as amended (incorporated by reference to Exhibit 10.10 to the Registrant's Registration Statement on Form S-1 (File No. 333-204144) filed with the SEC on May 13, 2015)
10.17*	Amended and Restated Executive Severance Benefits Plan effective October 7, 2020 (incorporated by reference to Exhibit 10.1 to the Registrant's Quarterly Report on Form 10-Q (File No. 001-37467) filed with the SEC on November 12, 2020)
10.18*	Form of Indemnification Agreement by and between the Registrant and each of its executive officers and directors (incorporated by reference to Exhibit 10.13 to the Registrant's Registration Statement on Form S-1 (File No. 333-204144) filed with the SEC on May 13, 2015)
10.19	Sublease Agreement, dated as of January 28, 2022, by and between Grant Thornton LLP and the Registrant
10.20	Sublease Agreement, dated as of September 9, 2019, by and between Allied Minds, LLC and the Registrant (Incorporated by reference to Exhibit 10.1 to the to the Registrant's Quarterly Report on Form 10-Q (File No. 001-37467) filed with the SEC on November 7, 2019)
10.21*	Quellis Biosciences, Inc. 2019 Stock Incentive Plan (incorporated by reference to Exhibit 99.1 to the Registrant's Registration Statement on Form S-8 (File No. 333-254151) filed with the SEC on March 11, 2021)
10.22	Open Market Sale Agreement℠, dated as of June 30, 2021, by and between the Company and Jefferies LLC (incorporated by reference to Exhibit 1.1 to the Registrant's Current Report on Form 8-K (File No. 001-37467) filed with the SEC on June 30, 2021)
21.1	Subsidiaries of the Registrant
23.1	Consent of Ernst & Young LLP, independent registered public accounting firm
24.1	Power of Attorney (see signature page of this Annual Report on Form 10-K)
31.1	Certification of Principal Executive Officer pursuant to Rule 13a-14(a)/Rule 15d-14(a) of the Securities Exchange Act of 1934, as amended
31.2	Certification of Principal Financial Officer pursuant to Rule 13a-14(a)/Rule 15d-14(a) of the Securities Exchange Act of 1934, as amended
32.1	Certification of Chief Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
32.2	Certification of Principal Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
101.INS	XBRL Instance Document
101.SCH	XBRL Taxonomy Extension Schema Document
101.CAL	XBRL Taxonomy Calculation Linkbase
101.LAB	XBRL Taxonomy Labels Linkbase Document
101.PRE	XBRL Taxonomy Presentation Linkbase Document
101.DEF	Taxonomy Extension Definition Linkbase Document
Exhibit 104	Cover Page Interactive Data File (formatted as inline XBRL and contained in Exhibit 101)

* Management contract or compensatory plan arrangement.

** Exhibits and/or schedules have been omitted pursuant to Item 601(a)(5) of Regulation S-K. The Registrant hereby undertakes to furnish supplementally copies of any of the omitted exhibits and schedules upon request by the SEC; provided, however, that the

Registrant may request confidential treatment pursuant to Rule 24b-2 of the Exchange Act for any exhibits or schedules so furnished. A list identifying the contents of all omitted exhibits and schedules can be found on page iii of Exhibit 2.1.

+ Certain portions of this exhibit (indicated by "[***]") have been omitted because they are both (i) not material and (ii) would be competitively harmful if publicly disclosed.

Item 16. Form 10-K Summary

Not applicable.

Report of Independent Registered Public Accounting Firm

To the Stockholders and the Board of Directors of Astria Therapeutics, Inc.

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheets of Astria Therapeutics, Inc. (the "Company") as of December 31, 2021 and 2020, the related consolidated statements of operations, comprehensive loss, stockholders' equity, and cash flows for each of the two years in the period ended December 31, 2021, and the related notes (collectively referred to as the "consolidated financial statements"). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company at December 31, 2021 and 2020, and the results of its operations and its cash flows for each of the two years in the period ended December 31, 2021, in conformity with U.S. generally accepted accounting principles.

Basis for Opinion

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statements based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audits we are required to obtain an understanding of internal control over financial reporting but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion.

Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

Critical Audit Matter

The critical audit matter communicated below is a matter arising from the current period audit of the consolidated financial statements that was communicated or required to be communicated to the audit committee and that: (1) relates to accounts or disclosures that are material to the financial statements and (2) involved our especially challenging, subjective, or complex judgments. The communication of the critical audit matter does not alter in any way our opinion on the consolidated financial statements, taken as a whole, and we are not, by communicating the critical audit matter below, providing a separate opinion on the critical audit matter or on the account or disclosure to which it relates.

Determination of accounting acquirer and assessment of accounting model in the merger with Quellis Biosciences, Inc.

Description of the Matter

As discussed in Notes 1 and 3 to the consolidated financial statements, the Company executed a Merger Agreement and acquired Quellis Biosciences, Inc. (“Quellis”) on January 28, 2021. The merger was accounted for as an asset acquisition, with the Company being identified as the accounting acquirer.

Evaluating the Company's accounting treatment of the merger required especially subjective auditor judgment. Specifically, a high degree of auditor judgment was required to evaluate the Company's determination of the accounting acquirer and assessment of the transaction as an asset acquisition.

How We Addressed the Matter in Our Audit

Our audit procedures to test the Company’s determination of the accounting acquirer in the Quellis acquisition included, among others, the review of management’s accounting memorandum that documented the factors the Company considered in determining the accounting acquirer, including voting interests held by the former shareholder groups and the composition of the board of directors and senior management of the combined Company. In addition, we inspected the Company’s Merger Agreement and assessed the terms in the agreement and compared them to the Company’s accounting memorandum. We tested the Company’s determination of the accounting acquiror including the assessment of the voting interests of the various shareholder groups held in the Company post transaction and the composition of the board of directors and senior management of the combined entities. Additionally, we evaluated the composition and amounts of the assets acquired and liabilities assumed in the transaction and whether Quellis contained processes in place to generate outputs in the assessment of the transaction as an asset acquisition.

/s/ Ernst & Young LLP
We have served as the Company’s auditor since 2010.
Boston, Massachusetts
March 10, 2022

Astria Therapeutics, Inc.

Consolidated Balance Sheets

(in thousands, except share and per share data)

	December 31, 2021	December 31, 2020
Assets		
Current assets:		
Cash and cash equivalents	$ 86,508	$ 24,930
Short-term investments	39,000	20,000
Prepaid expenses and other current assets	1,567	1,395
Total current assets	127,075	46,325
Right-of-use asset	394	966
Other assets	45	165
Total assets	$ 127,514	$ 47,456
Liabilities and stockholders' equity		
Current liabilities:		
Accounts payable	$ 1,557	$ 1,544
Accrued expenses	3,281	4,197
Current portion of operating lease liabilities	365	649
Total current liabilities	5,203	6,390
Long-term portion of operating lease liabilities	—	397
Total liabilities	5,203	6,787
Commitments (Note 7)		
Stockholders' equity:		
Preferred stock, $0.001 par value per share, 4,908,620 shares authorized and no shares issued and outstanding	—	—
Series X redeemable convertible preferred stock, $0.001 par value per share, 91,380 shares authorized; 31,455 shares issued and outstanding as of December 31, 2021 and no shares issued and outstanding as of December 31, 2020	96,398	—
Common stock, $0.001 par value per share, 150,000,000 shares authorized; 13,016,955 and 3,347,386 shares issued and outstanding at December 31, 2021 and December 31, 2020, respectively	13	4
Additional paid-in capital	481,709	301,562
Accumulated other comprehensive loss	—	—
Accumulated deficit	(455,809)	(260,897)
Total stockholders' equity	122,311	40,669
Total liabilities and stockholders' equity	$ 127,514	$ 47,456

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

Astria Therapeutics, Inc.

Consolidated Statements of Operations

(in thousands, except share and per share data)

	Year Ended December 31,	
	2021	**2020**
Operating expenses:		
Research and development	$ 15,552	$ 25,590
General and administrative	14,807	11,845
Acquired in-process research and development	164,617	—
Total operating expenses	194,976	37,435
Loss from operations	(194,976)	(37,435)
Other income (expense):		
Interest and investment income	122	236
Other expense, net	(58)	(101)
Total other income, net	64	135
Net loss	(194,912)	(37,300)
Dividend on convertible preferred stock related to beneficial conversion feature and issuance costs	(24,437)	—
Net loss attributable to common shareholders	$ (219,349)	$ (37,300)
Net loss per share—basic and diluted	$ (24.58)	$ (12.20)
Weighted-average common shares outstanding used in net loss per share—basic and diluted	8,925,173	3,058,578

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

Astria Therapeutics, Inc.

Consolidated Statements Comprehensive Loss

(in thousands)

	Year Ended December 31,	
	2021	2020
Net loss	$ (194,912)	$ (37,300)
Other comprehensive income:		
Gain on short-term investments	—	—
Total other comprehensive income:	—	—
Comprehensive loss	$ (194,912)	$ (37,300)

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

Astria Therapeutics, Inc.

Consolidated Statements of Stockholders' Equity

(in thousands, except share data)

	Series X Preferred Stock		Common Stock					
	Shares	Amount	Number of Shares	Par Value	Additional Paid - in Capital	Accumulated Deficit	Accumulated Other Comprehensive (Loss) Gain	Total Stockholders' Equity
Balance at December 31, 2019	—	$ —	2,072,266	$ 2	$ 259,315	$ (223,597)	$ —	$ 35,720
Issuance of common stock in public offering, net of $1.9 million in issuance costs	—	—	881,666	1	24,558	—	—	24,559
Issuance of common stock for at-the-market offerings, net of issuance costs of $0.5 million	—	—	392,288	—	16,268	—	—	16,268
Proceeds from exercises of options	—	—	1,166	1	31	—	—	32
Stock-based compensation expense	—	—	—	—	1,390	—	—	1,390
Net loss	—	—	—	—	—	(37,300)	—	(37,300)
Balance at December 31, 2020	—	$ —	3,347,386	$ 4	$ 301,562	$ (260,897)	$ —	$ 40,669
Issuance of preferred stock and common stock in a private offering of public equity, net of issuance costs	35,573	84,696	—	—	19,565	—	—	104,261
Issuance of preferred stock and common stock upon acquisition of Quellis	50,504	156,185	555,444	—	8,098	—	—	164,283
Issuance of common stock upon the conversion of preferred stock	(54,622)	(168,920)	9,103,664	9	168,911	—	—	—
Fair value adjustment to acquired Quellis warrants	—	—	—	—	1,157	—	—	1,157
Accretion of preferred stock discount		24,437			(24,437)			—
Proceeds from exercises of options			10,470	—	23	—	—	23
Reclassification of equity classified warrants	—	—	—	—	3,468	—	—	3,468
Fractional shares eliminated pursuant to reverse stock split	—	—	(9)	—	—	—	—	—
Stock-based compensation expense			—	—	3,362	—	—	3,362
Net loss	—	—	—	—	—	(194,912)	—	(194,912)
Balance at December 31, 2021	31,455	$ 96,398	13,016,955	$ 13	$ 481,709	$ (455,809)	$ —	$ 122,311

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

Astria Therapeutics, Inc.

Consolidated Statements of Cash Flows

(in thousands)

	Year Ended December 31,	
	2021	2020
Operating activities		
Net loss	$ (194,912)	$ (37,300)
Reconciliation of net loss to net cash used in operating activities:		
Non-cash portion of acquired in-process research and development	164,612	—
Stock-based compensation expense	3,362	1,390
Net gain on warrants inherited in acquisiton of Quellis	71	—
Other non-cash items	21	58
Changes in assets and liabilities:		
Prepaid expenses and other assets	85	1,257
Right-of-use asset- operating	(109)	176
Accounts payable	(1,965)	347
Accrued expenses	(1,316)	1,587
Net cash used in operating activities	(30,151)	(32,485)
Investing activities		
Purchases of short-term investments	(78,000)	(62,777)
Sales and maturities of short-term investments	59,000	69,110
Cash acquired in acquisition of Quellis	6,466	—
Purchases of property and equipment	(21)	(33)
Net cash (used in) provided by investing activities	(12,555)	6,300
Financing activities		
Proceeds from underwritten public offering, net of issuance costs	—	24,559
Proceeds from private offering of public equity, net of issuance costs	104,261	—
Proceeds from at-the-market offering, net of issuance costs	—	16,270
Proceeds from exercise of common stock options	23	31
Net cash provided by financing activities	104,284	40,860
Net increase in cash, cash equivalents and restricted cash	61,578	14,675
Cash, cash equivalents and restricted cash, beginning of period	25,051	10,376
Cash, cash equivalents and restricted cash, end of period	$ 86,629	$ 25,051
Supplemental disclosure of non-cash transactions:		
Conversion of Series X Preferred Stock into common stock	$ 168,920	$ —
Non-cash dividend on convertible preferred stock	$ 24,437	$ —
Reclassification of warrant liability to additional paid-in capital	$ 3,468	$ —

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

Astria Therapeutics, Inc.
Notes to Consolidated Financial Statements

1. Organization and Operations

The Company

Astria Therapeutics, Inc. (the "Company"), formerly known as Catabasis Pharmaceuticals, Inc., is a biopharmaceutical company focused on the discovery, development and commercialization of novel therapeutics. Its mission is to bring hope with life-changing therapies to patients and families that are affected by rare and niche allergic and immunological diseases. On October 26, 2020, the Company announced that the Phase 3 PolarisDMD trial of the Company's previous lead product candidate, edasalonexent, for the treatment of Duchenne Muscular Dystrophy ("DMD") did not meet its primary and secondary endpoints. Based on these results, the Company announced that it was stopping activities related to the development of edasalonexent, including the Company's ongoing open-label extension trial. On January 28, 2021, the Company acquired Quellis Biosciences, Inc. ("Quellis"). The Company's lead product candidate, which was acquired in the Quellis acquisition, is STAR-0215 (formerly known as QLS-215), a monoclonal antibody inhibitor of plasma kallikrein in preclinical development for the treatment of hereditary angioedema, or HAE, a rare, debilitating and potentially life-threatening disease. The Company was incorporated in the State of Delaware on June 26, 2008.

Reverse Stock Split

On August 19, 2021, the Company effected a reverse stock split of its outstanding shares of common stock at a ratio of one-for-six (1:6) pursuant to a Certificate of Amendment to its Certificate of Incorporation filed with the Secretary of State of the State of Delaware. Pursuant to the reverse stock split, every six shares of the Company's issued and outstanding shares of common stock were automatically combined into one issued and outstanding share of common stock, without any change in the par value per share of the common stock. Amounts of common stock resulting from the reverse stock split were rounded down to the nearest whole share and any resulting fractional shares were cancelled for cash. The number of authorized shares of the Company's common stock remained unchanged. The reverse stock split affected all issued and outstanding shares of the Company's common stock, and the respective numbers of shares of common stock underlying the Company's outstanding Series X Preferred Stock, outstanding stock options, outstanding warrants and the Company's equity incentive plans were proportionately adjusted. All share and per share amounts of the common stock included in the accompanying consolidated financial statements have been retrospectively adjusted to give effect to the reverse stock split for all periods presented, including reclassifying an amount equal to the reduction in par value to additional paid-in capital.

Agreement and Plan of Merger

On January 28, 2021, the Company acquired Quellis (the "Quellis Acquisition"). Under the terms of that certain agreement and plan of merger, dated January 28, 2021 (the "Merger Agreement"), the Company issued to the stockholders of Quellis 555,444 shares of the Company's common stock, par value $0.001 per share, and 50,504 shares of newly designated Series X redeemable convertible preferred stock ("Series X Preferred Stock") (as described below). The Series X Preferred Stock had a conversion value on the closing date of $122.7 million. In addition, the Company assumed options granted under the Quellis stock option plan, which became options to purchase 55,414 shares of the Company's common stock, a warrant to purchase 2,805 shares of Series X Preferred Stock at an exercise price of $341.70 per share, and a warrant to purchase 30,856 shares of the Company's common stock at an exercise price of $2.10 per share, which warrants are exercisable until December 14, 2030. Upon stockholder approval of the Conversion Proposal (as defined below) on June 2, 2021, the warrant to purchase Series X Preferred Stock was converted into the right to purchase 467,500 shares of the Company's common stock, at a per share exercise price of $2.10 per share.

Stock Purchase Agreement and Series X Preferred Stock

Concurrent with the Quellis Acquisition, the Company entered into a Stock Purchase Agreement (the "Purchase Agreement") with certain institutional and accredited investors. Pursuant to the Purchase Agreement, the Company sold an aggregate of 35,573 shares of Series X Preferred Stock for gross proceeds of approximately $110.0 million, and net proceeds of $104.3 million (the "February 2021 Financing"). Each share of Series X Preferred Stock is convertible into

166.67 shares of common stock. In accounting for the Purchase Agreement, the Company recorded a beneficial conversion feature of $19.6 million and issuance costs of $5.7 million. The combined total was treated as a discount to the value of Series X Preferred Stock, See Note 2 – “Summary of Significant Accounting Policies” for further discussion.

As a result of the Quellis Acquisition and the February 2021 Financing, the Company issued the following Series X Preferred Stock or warrants to purchase Series X Preferred Stock:

	Series X Preferred Stock at Transaction Date
Shares issued in merger	50,504
Shares issued in February 2021 Financing	35,573
Warrants assumed in merger	2,805
Total	88,882

At its 2021 Annual Meeting of Stockholders on June 2, 2021, the Company’s stockholders approved the conversion of the Company’s Series X Preferred Stock into shares of the Company’s common stock in accordance with Nasdaq Listing Rule 5635(a) (the “Conversion Proposal”). Following stockholder approval of the Conversion Proposal, each share of Series X Preferred Stock then outstanding automatically converted into 166.67 shares of the Company’s common stock, subject to certain beneficial ownership limitations, including that a holder of Series X Preferred Stock is prohibited from converting shares of Series X Preferred Stock into shares of the Company’s common stock if, as a result of such conversion, such holder, together with its affiliates, would beneficially own more than a specified percentage (as of December 31, 2021, these percentages are set at 4.99% to 9.99% and can be adjusted by the holder to a number between 4.99% and 19.99%) of the total number of shares of the Company’s common stock issued and outstanding immediately after giving effect to such conversion. As of December 31, 2021, 54,622 shares of Series X Preferred Stock were converted into 9,103,664 shares of common stock and 31,455 shares of Series X Preferred Stock remained outstanding. Each share of Series X Preferred Stock is convertible into 166.67 shares of common stock. At December 31, 2021, the number of shares of common stock issuable upon conversion of the remaining outstanding shares of Series X Preferred Stock is 5,242,501. Outstanding shares of Series X Preferred Stock are subject to conversion at the option of the holder.

Prior to stockholder approval of the Conversion Proposal, the terms of the Series X Preferred Stock included a cash redemption feature. This cash redemption feature resulted in substantial doubt about the Company’s ability to continue as a going concern as disclosed in the Company’s annual report on Form 10-K for the year ended December 31, 2020 (the “2020 Annual Report on Form 10-K”). Upon stockholder approval of the Conversion Proposal, the cash redemption feature was eliminated and, consequently, there is no longer substantial doubt about the Company’s ability to continue as a going concern for at least twelve months subsequent to the issuance of these financial statements.

Holders of Series X Preferred Stock are entitled to receive dividends, subject to certain beneficial ownership limitations, on shares of Series X Preferred Stock equal, on an as-if-converted-to-common-stock basis, and in the same form as dividends actually paid on shares of the Company’s common stock. Except as otherwise required by law, the Series X Preferred Stock does not have voting rights. However, as long as any shares of Series X Preferred Stock are outstanding, the Company may not, without the affirmative vote of the holders of a majority of the then outstanding shares of the Series X Preferred Stock, (i) alter or change adversely the powers, preferences or rights given to the Series X Preferred Stock or alter or amend the Certificate of Designation that authorized the Series X Preferred Stock, amend or repeal any provision of, or add any provision to, the Company’s Certificate of Incorporation or bylaws, or file any articles of amendment, certificate of designations, preferences, limitations and relative rights of any series of preferred stock, if such action would adversely alter or change the preferences, rights, privileges or powers of, or restrictions provided for the benefit of the Series X Preferred Stock, (ii) issue further shares of Series X Preferred Stock or increase or decrease (other than by conversion) the number of authorized shares of Series X Preferred Stock, or (iii) enter into any agreement with respect to any of the foregoing.

January 2020 Financing

On January 30, 2020, the Company entered into an underwriting agreement with Oppenheimer & Co. Inc. relating to an underwritten public offering (the "January 2020 Financing") of 881,666 shares of common stock at a price to the public of $30.00 per share, including 115,000 shares issued upon the exercise in full by Oppenheimer & Co. Inc. of its overallotment option. This resulted in gross proceeds of $26.5 million, and net proceeds of $24.6 million.

Liquidity

The Company has entered into various sales agreements with Cowen and Company LLC ("Cowen"), pursuant to which the Company could issue and sell shares of common stock under at-the-market offering programs. On May 20, 2021, the Company terminated its sales agreement with Cowen. On June 30, 2021, the Company entered into an Open Market Sale Agreement℠ with Jefferies LLC ("Jefferies"), pursuant to which the Company can issue and sell shares of common stock of up to $25.0 million under at-the-market offering programs (collectively, with the Cowen at-the-market offering program, the "ATM Programs"). The Company pays the sales agent commissions of 3% of the gross proceeds from any common stock sold through the ATM Programs. As of December 31, 2021, the Company has not sold any shares of common stock pursuant to the Jefferies agreement and, as a result, $25.0 million of common stock remains available for sale under the Jefferies agreement.

During the year ended December 31, 2020, the Company sold an aggregate of 392,288 shares of common stock pursuant to the ATM Programs, at an average price of $42.76 per share, for net proceeds of $16.3 million after deducting sales commissions and offering expenses. There was no activity from the ATM Programs during the year ended December 31, 2021.

As of December 31, 2021, the Company had an accumulated deficit of $455.8 million and had available cash, cash equivalents and short-term investments $125.5 million. The Company has been primarily involved with research and development activities and has incurred operating losses and negative cash flows from operations since its inception. The Company has not generated any product revenues and has financed its operations primarily through public offerings and private placements of its equity securities. There can be no assurance that the Company will be able to obtain additional debt, equity or other financing or generate product revenue or revenues from collaborative partners, on terms acceptable to the Company, on a timely basis or at all. The failure of the Company to obtain sufficient funds on acceptable terms when needed could have a material adverse effect on the Company's business, results of operations, and financial condition.

The Company is subject to a number of risks similar to other life science companies, including, but not limited to, successful discovery and development of its drug candidates, raising additional capital, development by its competitors of new technological innovations, protection of proprietary technology and regulatory approval and market acceptance of the Company's products. The Company has been primarily involved with research and development activities and has incurred operating losses and negative cash flows from operations since its inception. The Company anticipates that it will continue to incur significant operating losses for the next several years as it continues to develop its product candidates.

2. Summary of Significant Accounting Policies

Basis of Presentation and Principles of Consolidation

The accompanying consolidated financial statements include the accounts of the Company and its wholly-owned subsidiaries, Astria Securities Corporation and Quellis Biosciences, LLC, successor in interest to Quellis. All intercompany balances and transactions have been eliminated in consolidation. These consolidated financial statements have been prepared in accordance with United States generally accepted accounting principles ("U.S. GAAP") and include all adjustments necessary for the fair presentation of the Company's financial position for the periods presented.

Use of Estimates

The preparation of the Company's consolidated financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the amounts reported in the consolidated financial statements and accompanying notes. Actual results could differ from such estimates.

The Company utilizes certain estimates to record expenses relating to research and development contracts. These contract estimates, which are primarily related to the length of service of each contract and the amount of service provided as of each measurement date, are determined by the Company based on input from internal project management, as well as from service providers.

Off-Balance Sheet Risk and Concentrations of Credit Risk

The Company has no off-balance sheet risk, such as foreign exchange contracts, option contracts or other foreign hedging arrangements. Financial instruments that subject the Company to credit risk primarily consist of cash, cash equivalents, short-term investments and restricted cash. The primary objectives for the Company's investment portfolio are the preservation of capital and the maintenance of liquidity. The Company's investment policy includes guidelines on the quality of the institutions and financial instruments and defines allowable investments that the Company believes minimizes the exposure to concentration of credit risk.

Cash and Cash Equivalents and Restricted Cash

The reconciliation of cash, cash equivalents and restricted cash reported within the applicable balance sheet that sum to the total of the same such amount shown in the statement of cash flows is as follows (in thousands):

	December 31,	
	2021	2020
Cash and cash equivalents	$ 86,508	$ 24,930
Restricted cash (1)	121	121
Total	$ 86,629	$ 25,051

(1) Included in prepaid expenses and other current assets at December 31, 2021 and other long-term assets at December 31, 2020.

Short-Term Investments

The Company classifies all corporate debt securities with a remaining maturity of greater than three months and reverse repurchase agreements with a remaining maturity of greater than one business day at the time of purchase as short-term investments. Short-term investments are recorded at fair value, with the unrealized gains and losses reported in other comprehensive loss. The amortized cost of debt securities is adjusted for the amortization of premiums and accretion of discounts to maturity. Such amortization is included in interest and investment income. Realized gains and losses, interest, dividends and declines in value judged to be other-than-temporary are included in interest and investment income.

The cost of securities sold is based on the specific identification method for purposes of recording realized gains and losses. To determine whether an other-than-temporary impairment exists, the Company considers whether it has the ability and intent to hold the investment until a market price recovery, and whether evidence indicating the recoverability of the cost of the investment outweighs evidence to the contrary.

Fair Value of Financial Instruments

The fair value hierarchy prioritizes the inputs to valuation techniques used to measure fair value into three broad levels as follows: Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities; Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; and Level 3 inputs are unobservable inputs that reflect the Company's own assumptions about the assumptions

market participants would use in pricing the asset or liability. Financial assets and liabilities are classified in their entirety based on the lowest level of input that is significant to the fair value measurement.

The carrying amounts reflected in the balance sheets for cash equivalents, restricted cash, prepaid expenses and other current assets, accounts payable and accrued expenses approximate their fair values at December 31, 2021 and 2020, due to their short-term nature. There have been no changes to the valuation methods during the years ended December 31, 2021 and 2020. The Company evaluates transfers between levels at the end of each reporting period. There were no transfers of assets or liabilities between levels during the years ended December 31, 2021 and 2020.

The Company's investment portfolio may include fixed income securities that do not always trade on a daily basis. As a result, the pricing services used by the Company apply other available information as applicable through processes such as benchmark yields, benchmarking of like securities, sector groupings and matrix pricing to prepare valuations. The Company validates the prices provided by its third party pricing services by obtaining market values from other pricing sources and analyzing pricing data in certain instances. The Company also invests in certain reverse repurchase agreements which are collateralized by deposits in the form of United States Government Securities and Obligations for an amount no less than 102% of their value. The Company does not record an asset or liability for the collateral as the Company is not permitted to sell or re-pledge the collateral. The collateral has at least the prevailing credit rating of United States Government Treasuries and Agencies. The Company utilizes a third party custodian to manage the exchange of funds and ensure that collateral received is maintained at 102% of the value of the reverse repurchase agreements on a daily basis.

The Company accounted for warrants to purchase its stock pursuant to Accounting Standards Codification ("ASC") Topic 470, Debt, and ASC Topic 480, Distinguishing Liabilities from Equity, and classifies warrants for common stock and preferred stock as liabilities or equity. The warrants classified as liabilities are reported at their estimated fair value and any changes in fair value are reflected in research and development expense. The warrants classified as equity are reported at their estimated fair value with no subsequent remeasurement.

Impairment of Long-Lived Assets

The Company continually evaluates whether events or circumstances have occurred that indicate that the estimated remaining useful life of its long-lived assets may warrant revision or that the carrying value of these assets may be impaired. The Company has not recognized any significant impairment charges from inception through December 31, 2021.

Research and Development Expenses

Research and development costs are expensed as incurred. Research and development costs include salaries and personnel-related costs, stock-based compensation, consulting fees, fees paid for contract research services, the costs of laboratory equipment and facilities and other external costs. Nonrefundable advance payments for goods or services to be received in the future for use in research and development activities are deferred. The deferred amounts are expensed as the related goods are delivered or the services are performed.

Stock-Based Compensation

The Company accounts for its stock-based compensation awards in accordance with ASC Topic 718, *Compensation—Stock Compensation (*"ASC 718"). ASC 718 requires all share-based payments to employees, including grants of employee stock options, to be recognized in the statements of operations based on their grant date fair values. For granted stock options, the Company estimates the grant date fair value of each option award using the Black-Scholes option-pricing model. The use of the Black-Scholes option-pricing model requires management to make assumptions with respect to the expected term of the option, the expected volatility of the Company's common stock consistent with the expected term of the option, risk-free interest rates and expected dividend yields of the Company's common stock.

For awards subject to service-based vesting conditions, the Company recognizes stock-based compensation expense equal to the grant date fair value of stock options on a straight-line basis over the requisite service period.

The Company expenses restricted stock awards based on the fair value of the award on a straight-line basis over the associated service period of the award.

During the years ended December 31, 2021 and 2020, the Company recorded stock-based compensation expense for employee and non-employee stock options and restricted stock, which was allocated as follows in the statements of operations (in thousands):

	Year Ended December 31,	
	2021	2020
Research and development	$ 1,132	$ 599
General and administrative	2,230	791
Total	$ 3,362	$ 1,390

No related tax benefits were recognized for the years ended December 31, 2021 and 2020.

Net Loss Per Share

Basic net loss per share is calculated by dividing net loss by the weighted average shares outstanding during the period, without consideration for common stock equivalents. Diluted net loss per share is calculated by adjusting weighted average shares outstanding for the dilutive effect of common stock equivalents outstanding for the period, determined using the treasury-stock method. For purposes of the Company's dilutive net loss per share calculation, stock options and warrants to purchase the Company's common stock were considered to be common stock equivalents but were excluded from the calculation of diluted net loss per share, as their effect would be anti-dilutive; therefore, basic and diluted net loss per share were the same for all periods presented.

The following common stock equivalents were excluded from the calculation of diluted net loss per share for the periods indicated because including them would have had an anti-dilutive effect:

	Year Ended December 31,	
	2021	2020
Stock options	1,346,733	227,945
Common stock warrants	1,530,380	1,032,292
Series X Preferred Stock (1)	5,242,501	—
	8,119,614	1,260,236

(1) Shown as common stock equivalents

Income Taxes

The Company provides deferred tax assets and liabilities for the expected future tax consequences of temporary differences between the Company's financial statement carrying amounts and the tax basis of assets and liabilities using enacted tax rates expected to be in effect in the years in which the differences are expected to reverse. A valuation allowance is provided to reduce the deferred tax assets to the amount that will more likely than not be realized.

The Company accounts for uncertain tax positions in accordance with the provisions of ASC Topic 740, *Expenses—Income Taxes*. When uncertain tax positions exist, the Company recognizes the tax benefit of tax positions to the extent that the benefit will more likely than not be realized. The determination as to whether the tax benefit will more likely than not be realized is based upon the technical merits of the tax position as well as consideration of the available facts and circumstances. The Company did not have any uncertain tax positions for any periods presented.

The Company assesses the impact of various tax reform proposals and modifications to existing tax treaties in all jurisdictions where it has operations to determine the potential effect its business and any assumptions it has made about its future taxable income. The Company cannot predict whether any specific proposals will be enacted, the terms of any such proposals or what effect, if any, such proposals would have on its business if they were to be enacted. Beginning in 2022, the Tax Cuts and Jobs Act of 2017 eliminates the currently available option to deduct research and development expenditures and requires taxpayers to amortize them over five years. The U.S. Congress is considering legislation that would defer the amortization requirement to future periods, however, the Company has no assurance that the provision will be repealed or otherwise modified.

Segment Information

Operating segments are identified as components of an enterprise for which separate discrete financial information is available for evaluation by the chief operating decision maker, the Company's chief executive officer, in making decisions on how to allocate resources and assess performance. The Company views its operations and manages its business in one operating segment. The Company operates in one geographic segment.

Comprehensive Loss

Comprehensive loss is defined as the change in equity of a business enterprise during a period from transactions and other events and circumstances from non-owner sources.

Leases

The Company determines if an arrangement is a lease at inception. Operating leases are included in right-of-use ("ROU") lease assets, current portion of lease obligations, and long-term lease obligations on the Company's balance sheets. The Company does not currently hold any financing leases.

ROU lease assets represent the Company's right to use an underlying asset for the lease term and lease obligations represent the Company's obligation to make lease payments arising from the lease. Operating ROU lease assets and obligations are recognized at the commencement date based on the present value of lease payments over the lease term. As the Company's facility leases do not provide an implicit rate, the Company uses its estimated incremental borrowing rate based on the information available at the commencement date in determining the present value of lease payments. The Company's ROU lease assets also include any lease payments made and excludes lease incentives. If the Company's facility lease includes options to terminate the lease which would affect the lease period when it is reasonably certain that the Company will exercise that option. Lease expense for lease payments under facility leases are recognized on a straight-line basis over the lease term.

Acquired In-Process Research and Development

The Company measures and recognizes asset acquisitions that are not deemed to be business combinations based on the cost to acquire the assets, which includes transaction costs. Goodwill is not recognized in asset acquisitions. In an asset acquisition, the cost allocated to acquire in-process research and development ("IPR&D") with no alternative future use is charged to expense at the acquisition date. Refer to Note 3, "Acquisition of Quellis" for a more detailed description of the accounting policy utilized for the recent asset acquisition.

Preferred Stock Discount

As discussed above, in February 2021, the Company issued Series X Preferred Stock in a private placement transaction. It was determined that this transaction resulted in recognition of a beneficial conversion feature, which was valued based on the difference between the price of the shares of common stock on the date of commitment and the conversion price on the closing date, resulting in a total value of $19.6 million. Additionally, the Company incurred total issuance costs of $5.7 million related to the private placement. Both of these features were recorded as a discount on Series X Preferred Stock recognized at the close of the transaction. These features are analogous to preferred dividends and are recorded as a non-cash return to holders of Series X Preferred Stock through additional paid in capital. The discount related to the beneficial conversion feature is recognized through the earliest possible date of conversion, which occurred upon the shareholder approval of the conversion in June 2021. The issuance costs are recognized as a dividend at the time of conversion to common shares. As of December 31, 2021, $24.4 million of the above amounts were accounted for as a non-cash dividend related to shares of Series X Preferred Stock, and $0.9 million remained to be recognized upon future conversion.

Recent Accounting Pronouncements -Adopted

In December 2019, the Financial Accounting Standards Board ("FASB") issued ASU 2019-12, *Income Taxes (Topic 740)*. This standard includes amendments within the scope of Topic 740 to reduce complexity and improve areas of U.S. GAAP. This amendment was effective for annual reporting periods beginning after December 15, 2020. Adoption of the standard did not have a material impact on the Company's consolidated financial statements.

Recent Accounting Pronouncements - Not Yet Adopted

From time to time, new accounting pronouncements are issued by the FASB or other standard setting bodies and adopted by the Company as of the specified effective date. Unless otherwise discussed, the Company believes that the impact of recently issued standards that are not yet effective will not have a material impact on its financial position or results of operations upon adoption.

In June 2016, the FASB issued Accounting Standards Update ("ASU") 2016-13, *Financial Instruments-Credit Losses* (Topic 326). This standard requires a financial asset to be presented at amortized cost basis at the net amount expected to be collected. It also requires that credit losses relating to available-for-sale debt securities should be recorded through an allowance for credit losses. In November 2019, the FASB issued an amendment making this ASU effective for annual reporting periods beginning after December 15, 2022 for smaller reporting companies. Early adoption is permitted. The Company is currently evaluating the impact that this standard will have on its consolidated financial statements as well as the timing of when this standard will be adopted.

3. Acquisition of Quellis

On January 28, 2021, the Company completed the Quellis Acquisition in accordance with the terms of the Merger Agreement as discussed in Note 1, "Organization and Operations". Under the terms of the Merger Agreement, the Company issued 555,444 shares of common stock and 50,504 shares of Series X Preferred Stock. Each share of Series X Preferred Stock is convertible into 166.67 shares of Common Stock, subject to certain conditions.

The Company concluded that the Quellis Acquisition was not the acquisition of a business, as substantially all of the fair value of the non-monetary assets acquired was concentrated in a single identifiable asset, STAR-0215.

The Company determined that the cost to acquire the Quellis assets was $170.7 million, based on the fair value of the equity consideration issued and including direct costs of the acquisition of $1.8 million. The net assets acquired in connection with the Quellis Acquisition were recorded at their estimated fair values as of January 28, 2021, which is the date the Quellis Acquisition was completed. The following table summarizes the net assets acquired based on their estimated fair values as of January 28, 2021 (in thousands):

Acquired IPR&D	$ 164,612
Cash and cash equivalents	8,307
Prepaid expenses and other assets	136
Accounts payable	(1,974)
Accrued liabilities	(400)
Net acquired tangible assets	$ 170,681

In the estimation of fair value of the asset purchase consideration, the Company used the carrying value of the cash and cash equivalents, prepaid expenses, accounts payable and accrued liabilities as the most reliable indicator of fair value based on the associated short-term nature of the balances. The remaining fair value was attributable to the acquired IPR&D. As STAR-0215 had not, at the time of the Quellis Acquisition, received regulatory approval in any territory, the cost attributable to the IPR&D was expensed in the Company's consolidated statements of operations and comprehensive loss for the year ended December 31, 2021 as the acquired IPR&D had no alternative future use, as determined by the Company in accordance with U.S. GAAP.

4. Financial Instruments

The following tables present information about the Company's financial assets and liabilities that have been measured at fair value, and indicates the fair value hierarchy of the valuation inputs utilized to determine such fair value. Below is a summary of assets and liabilities measured at fair value on a recurring basis (in thousands):

	As of December 31, 2021			
	Quoted Prices in Active Markets (Level 1)	Significant Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
Assets:				
Cash and cash equivalents:				
Money market funds	$ 1,853	$ —	$ —	$ 1,853
Reverse repurchase agreements	—	—	—	—
Short-term investments:				
Reverse repurchase agreements	—	39,000	—	39,000
Total	$ 1,853	$ 39,000	$ —	$ 40,853

	As of December 31, 2020			
	Quoted Prices in Active Markets (Level 1)	Significant Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
Assets:				
Cash and cash equivalents:				
Money market funds	$ 22,999	$ —	$ —	$ 22,999
Short-term investments:				
Reverse repurchase agreements	—	20,000	—	20,000
Total assets	$ 22,999	$ 20,000	$ —	$ 42,999

At December 31, 2021 and 2020, cash equivalents approximated their fair value due to their short-term nature.

In connection with the Quellis Acquisition, the Company issued a warrant to purchase 2,805 shares of Series X Preferred Stock at an exercise price of $341.70 per share. Upon stockholder approval of the Conversion Proposal, and reflecting the reverse stock split, the warrant became a warrant to purchase 467,500 shares of common stock at a purchase price of $2.10. This was originally accounted for as a liability until stockholder approval of the Conversion Proposal on June 2, 2021, at which point the warrant was reclassified to permanent equity. The warrant liability was valued based on significant inputs not observable in the market, which represents a Level 3 measurement within the fair value hierarchy. The Company estimated the fair value of the warrant liability using Black-Scholes option-pricing models and assumptions that are based on the individual characteristics of the warrants on the valuation date, as well as assumptions including the fair value per share of the underlying security, the remaining contractual term of the warrant, risk-free interest rate, expected dividend yield and expected volatility of the price of the underlying security (in thousands).

	December 31, 2021
Balance at beginning of year	$ —
Issuance of warrants	4,332
(Decrease) increase in the fair value of the warrants	(864)
Reclassification of warrant liability to additional paid in-capital	(3,468)
Ending balance	$ —

The fair value of the warrants was based on the following assumptions:

	Year Ended December 31, 2021
Weighted-average expected volatility	89.1-89.3 %
Expected term (in years)	9.54-9.88
Risk-free interest rate	1.064-1.725 %
Expected dividend yield	0 %

5. Short-Term Investments

The following tables summarize the short-term investments held at December 31, 2021 and 2020 (in thousands):

	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
December 31, 2021				
Reverse repurchase agreements	$ 39,000	$ —	$ —	$ 39,000
Total	$ 39,000	$ —	$ —	$ 39,000

	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
December 31, 2020				
Reverse repurchase agreements	$ 20,000	$ —	$ —	$ 20,000
Total	$ 20,000	$ —	$ —	$ 20,000

The contractual maturities of all short-term investments held at December 31, 2021 and 2020 were one year or less. There were no short-term investments in an unrealized loss position at December 31, 2021 and 2020.

Gross realized gains and losses on the sales of short-term investments are included in other income, net. Unrealized holding gains or losses for the period that have been included in accumulated other comprehensive income, as well as gains and losses reclassified out of accumulated other comprehensive income into other income, net were not material to the Company’s consolidated results of operations.

During the years ended December 31, 2021 and 2020 all proceeds included in the Company's cash flows related to maturities of underlying securities. The gains on proceeds of maturities of short-term investments were not material to the Company's consolidated results of operations for the years ended December 31, 2021 and 2020.

6. Accrued Expenses

Accrued expenses consisted of the following (in thousands):

	December 31, 2021	December 31, 2020
Accrued compensation	$ 1,958	$ 1,719
Accrued contracted costs	760	1,726
Accrued other	295	—
Accrued professional fees	268	356
Accrued severance	—	396
Total	$ 3,281	$ 4,197

7. Commitments

In November 2019, the Company entered into a sublease for office space which was classified as an operating lease. At inception of the lease, the Company recognized a lease liability and right-of-use asset of approximately $1.7 million. The lease liability represents the present value of the remaining lease payments, discounted using the Company's estimated incremental borrowing rate of 7.49%. The ROU asset represents the lease liability adjusted for any prepaid and accrued rent payments.

The lease is scheduled to expire in 2022. Future minimum payments required under the non-cancelable operating leases as of December 31, 2021 are $0.4 million.

Rent expense was $0.7 million and $0.8 million for the years ended December 31, 2021 and 2020, respectively. Lease payments were $0.7 million and $1.5 million for the years ended December 31, 2021 and 2020, respectively.

8. Stockholders' Equity

Preferred Stock

Under the Company's amended and restated certificate of incorporation, the Company has 5,000,000 shares of preferred stock authorized for issuance, with a $0.001 par value per share. Preferred stock may be issued from time to time in one or more series, each series to have such terms as stated or expressed in the resolutions providing for the issue of such series adopted by the board of directors of the Company. Preferred stock which may be redeemed, purchased or acquired by the Company may be reissued except as otherwise provided by law. As of December 31, 2021, the Company had 31,455 shares of Series X Preferred Stock outstanding. Each share of Series X Preferred Stock is convertible into 166.67 shares of common stock and therefore the number of shares of underlying common stock issuable upon conversion of the Series X Preferred Stock is 5,242,501. Refer to Note 1 – "Organization and Operations" regarding the Company's issuance of Series X Preferred Stock in January 2021 and February 2021.

Outstanding Warrants

The following table presents information about warrants that are issued and outstanding at December 31, 2021:

Year Issued	Equity Instrument	Warrants Outstanding		Exercise Price	Date of Expiration
2015	Common Stock	204	$	732.72	3/30/2022
2018	Common Stock	699,962	$	72.00	6/21/2023
2019	Common Stock	331,858	$	37.50	2/7/2024
2021	Common Stock	498,356	$	2.10	12/14/2030
Total		1,530,380			
Weighted average exercise price			$	41.84	
Weighted average life in years					4.05

Common Stock

As of December 31, 2021, the Company had 150,000,000 shares of common stock authorized for issuance, $0.001 par value per share, with 13,016,955 shares issued and outstanding. The voting, dividend and liquidation rights of holders of common stock are subject to and qualified by the rights, powers and preferences of the holders of any outstanding preferred stock.

Reserved for Future Issuance

The Company has reserved for future issuance the following shares of common stock:

	December 31, 2021	December 31, 2020
Series X Preferred Stock	5,242,501	—
Warrants for the purchase of common stock	1,530,380	1,032,291
Options outstanding to purchase common stock	1,346,733	227,846
Options available for future issuance to purchase common stock	1,633,736	322,695
Shares reserved for the employee stock purchase plan	30,904	24,825
Total	9,784,254	1,607,657

As of December 31, 2021, the Company also had 31,455 shares of Series X Preferred Stock outstanding. Each share of Series X Preferred Stock outstanding is convertible into 166.67 shares of the Company's common stock, subject to certain beneficial ownership limitations at the holder's option. See Note 1 – "Organization and Operations" for additional detail.

9. Stock Incentive Plans

Prior to the Company's initial public offering in June 2015 (the "IPO"), the Company granted awards to eligible participants under its 2008 Equity Incentive Plan. In May 2015, the Company's board of directors adopted and, in June 2015, the Company's stockholders approved the 2015 Stock Incentive Plan, as amended and amended and restated since the IPO ("2015 Plan"), which became effective immediately prior to the effectiveness of the IPO. Subsequent to the IPO, option grants have been awarded to eligible participants only under the 2015 Plan.

The 2015 Plan provides for the grant of incentive stock options, non-statutory stock options, restricted stock awards, restricted stock units, stock appreciation rights and other stock-based awards. The Company's employees, officers, directors and consultants and advisors are eligible to receive awards under the 2015 Plan.

Terms of stock option agreements, including vesting requirements, are determined by the Company's board of directors, subject to the provisions of the applicable stock incentive plan. Options granted by the Company generally vest ratably over four years, with a one-year cliff, and options are exercisable from the date of grant for a period of ten years. For options granted through December 31, 2021, the exercise price or purchase price, as applicable, equaled the estimated fair value of the common stock as determined by the Company's board of directors on the date of grant.

A summary of the Company's stock option activity and related information for employees and non-employees follows:

	Shares	Weighted-Average Exercise Price	Weighted Average Remaining Contractual Term (years)	Aggregate Intrinsic Value (in thousands)
Outstanding at December 31, 2020	227,846	$ 68.25	8.13	$ —
Granted	1,156,646	$ 15.91		
Assumed in Quellis Acquisition	55,414	$ 1.73		
Exercised	(10,470)	$ 2.10		
Cancelled or forfeited	(81,196)	$ 48.13		
Expired	(1,507)	$ 100.85		
Outstanding at December 31, 2021	1,346,733	$ 22.25	9.02	$ 168,181
Vested and exercisable at December 31, 2021	135,412	$ 72.76	7.19	$ 77,798

The total intrinsic value of options exercised in the years ended December 31, 2021 and 2020 was $45 thousand and $29 thousand, respectively. The weighted-average grant date fair value of options granted to employees and non-employees for the years ended December 31, 2021 and 2020 was $9.82 and $3.81, respectively.

At December 31, 2021, the total unrecognized compensation expense related to unvested stock option awards was $10.8 million. The Company expects to recognize that cost over a weighted-average period of approximately 2.9 years.

Stock-Based Compensation Expense

The fair value of stock options granted to employees and non-employees was estimated using the Black-Scholes option-pricing model based on the following assumptions:

	Year Ended December 31,	
	2021	2020
Weighted-average expected volatility	69.28-71.32%	75.51-82.08%
Expected term (in years)	5-6.25	5.50-6.25
Risk-free interest rate	0.42-1.36%	0.37-1.51%
Expected dividend yield	0%	0%

Volatility

Due to the lack of company-specific historical and implied volatility data of its common stock, the Company does not have relevant historical data to support its expected volatility. As such, the Company has used a weighted average of expected volatility based on the volatilities of a representative group of publicly traded biopharmaceutical companies. For purposes of identifying representative companies, the Company considered characteristics such as number of product candidates in early stages of product development, area of therapeutic focus, and length of trading history. The expected volatility was determined using an average of the historical volatilities of the representative group of companies for a period equal to the expected term of the option grant. The Company intends to continue to consistently apply this process using the same representative companies until a sufficient amount of historical information regarding the volatility of the Company's own share price becomes available or until circumstances change, such that the identified entities are no longer representative companies. In the latter case, more suitable, similar entities whose share prices are publicly available would be utilized in the calculation.

Expected Term

The Company uses the "simplified method" to estimate the expected term of stock option grants. Under this approach, the weighted-average expected life is presumed to be the average of the contractual term (ten years) and the vesting term (generally four years) of the Company's stock options, taking into consideration multiple vesting tranches. The Company utilizes this method due to lack of historical exercise data and the plain-vanilla nature of the Company's share-based awards.

Risk-Free Rate

The risk-free rate was based on the yield curve of United States Treasury securities with periods commensurate with the expected term of the options being valued.

10. Income Taxes

For the years ended December 31, 2021 and 2020, the Company did not record a provision for federal or state income taxes as it has incurred cumulative net operating losses since inception.

A reconciliation of the U.S. statutory income tax rate to the Company's effective tax rate is as follows for the years ended December 31, 2021 and 2020:

	Year Ended December 31,	
	2021	2020
Federal income tax (benefit) at statutory rate	21.00 %	21.00 %
Permanent differences	(0.25)	(0.41)
Federal research and development credits and adjustments	0.44	2.78
Nondeductible research costs	(17.75)	—
State income tax, net of federal benefit	0.82	6.03
Other	0.01	0.37
Change in valuation allowance	(4.27)	(29.77)
Effective income tax rate	— %	— %

The Company's deferred tax assets consisted of the following (in thousands):

	Year Ended December 31,	
	2021	2020
Deferred tax assets		
Net operating loss carryforwards	$ 75,849	$ 65,373
Tax credit carryforwards	10,063	9,273
Capitalized research and development	139	482
Capitalized legal expenses	1,048	1,070
Lease liability	99	284
Other differences	1,977	1,648
Total deferred tax assets	89,175	78,130
Deferred tax liabilities		
ROU asset	(107)	(262)
Valuation allowance	(89,068)	(77,868)
Net deferred tax assets	$ —	$ —

The Company recorded an increase to the valuation allowance of $11.2 million during the year ended December 31, 2021 due primarily to the federal and state net operating losses and tax credits generated. The Company recorded an increase to the valuation allowance of $11.1 million during the year ended December 31, 2020 which was also primarily due to the federal and state net operating losses and tax credits generated.

In assessing the realizability of deferred tax assets, the Company considers whether it is more likely than not that some portion or all of the deferred tax assets will not be realized. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income during the periods in which the temporary differences representing net future deductible amounts become deductible. Due to the Company's history of losses and expectation of future losses, the deferred tax assets were fully offset by a valuation allowance at December 31, 2021 and 2020.

As of December 31, 2021, the Company had approximately $279.4 million of federal and $271.8 million of state net operating loss respectively, which may be available to offset future taxable income. Federal net operating loss carryforwards of $150.6 million and state net operating loss carryforwards of $271.8 million will expire at various dates from 2028 through 2041. Federal net operating loss carryforwards of $128.8 million can be carried forward indefinitely. The Company had approximately $8.1 million of federal and $2.4 million of state tax credit carryforwards available to reduce future tax liabilities as of December 31, 2021, which will expire at varying times through the year 2041.

The Internal Revenue Code of 1986, as amended (the "Code"), provides for a limitation of the annual use of net operating losses and other tax attributes (such as research and development tax credit carryforwards) following certain ownership changes (as defined by the Code) that could limit the Company's ability to utilize these carryforwards. At this time, the Company has not completed a study to assess whether an ownership change under Section 382 of the Code has occurred, or whether there have been multiple ownership changes since the Company's formation, due to the costs and complexities associated with such a study. The Company may have experienced various ownership changes, as defined by the Code, as a result of past financing transactions. Accordingly, the Company's ability to utilize the aforementioned carryforwards may be limited. Additionally, U.S. tax laws limit the time during which these carryforwards may be applied against future taxes. Therefore, the Company may not be able to take full advantage of these carryforwards for federal or state income tax purposes.

As of December 31, 2021 and 2020, the Company did not have any significant unrecognized tax benefits. The Company had not accrued interest or penalties related to uncertain tax positions.

The federal and state income tax returns are generally subject to tax examinations for the tax years ended December 31, 2018 through December 31, 2021. To the extent the Company has tax attribute carryforwards, the tax years in which the attribute was generated may still be adjusted upon examination by the Internal Revenue Service or state taxing authorities to the extent utilized in a future period.

11. Defined Contribution Benefit Plan

The Company sponsors a 401(k) retirement plan, in which substantially all of its employees are eligible to participate. Participants may contribute a percentage of their annual compensation to this plan, subject to statutory limitations. The Company did not provide any contributions to this plan during the years ended December 31, 2021 or 2020.

12. Subsequent Events

Operating Lease

On January 28, 2022, the Company entered into a sublease agreement (the "Sublease") with Grant Thornton LLP (the "Sublandlord"), for office space. The Sublease will commence on the latest to occur of (i) May 1, 2022, (ii) the receipt of the landlord's consent to the Sublease and (iii) the date on which the Sublandlord delivers full and exclusive possession of the premises to the Company as set forth in the Sublease and will end on July 31, 2024. The Sublease will increase the future minimum payments described in Note 7 from approximately $0.4 million to approximately $1.8 million.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) 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.

Astria Therapeutics, Inc.

Date: March 10, 2022

By: /s/ Jill C. Milne
Jill C. Milne
President and Chief Executive Officer

We, the undersigned directors and officers of Astria Therapeutics, Inc. (the "Company"), hereby severally constitute and appoint Jill C. Milne and Noah Clauser, and each of them singly, our true and lawful attorneys, with full power to them, and to each of them singly, to sign for us and in our names in the capacities indicated below, any and all amendments to this Annual Report on Form 10-K, and to file or cause to be filed the same, with all exhibits thereto and other documents in connection therewith, with the Securities and Exchange Commission, granting unto said attorneys, and each of them, full power and authority to do and perform each and every act and thing requisite and necessary to be done in connection therewith, as fully to all intents and purposes as each of us might or could do in person, and hereby ratifying and confirming all that said attorneys, and each of them, or their substitute or substitutes, shall do or cause to be done by virtue of this Power of Attorney.

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed by the following persons on behalf of the registrant in the capacities and on the dates indicated.

Signature	Title	Date
/s/ Jill C. Milne Jill C. Milne	President and Chief Executive Officer and Director (Principal Executive Officer)	March 10, 2022
/s/ Noah Clauser Noah Clauser	Chief Financial Officer and Treasurer (Principal Financial Officer, Principal Accounting Officer)	March 10, 2022
/s/ Kenneth Bate Kenneth Bate	Chairman	March 10, 2022
/s/ Joanne Beck Joanne Beck	Director	March 10, 2022
/s/ Frederick C. Callori Frederick C. Callori	Director	March 10, 2022
/s/ Hugh Cole Hugh Cole	Director	March 10, 2022
/s/ Michael Kishbauch Michael Kishbauch	Director	March 10, 2022
/s/ Gregg Lapointe Gregg Lapointe	Director	March 10, 2022
/s/ Jonathan Violin Jonathan Violin	Director	March 10, 2022

Exhibit 4.3

DESCRIPTION OF THE REGISTRANT'S SECURITIES REGISTERED PURSUANT TO SECTION 12 OF THE SECURITIES EXCHANGE ACT OF 1934

As of December 31, 2021, Astria Therapeutics, Inc. ("we", "us" or the "Company") had one class of securities registered under Section 12 of the Securities Exchange Act of 1934, as amended (the "Exchange Act"): our common stock, $0.001 par value per share.

The following description of our capital stock is intended as a summary only and therefore is not a complete description of our capital stock. This description is based upon, and is qualified by reference to, our restated certificate of incorporation, our amended and restated by-laws and applicable provisions of Delaware corporate law. You should read our restated certificate of incorporation and amended and restated by-laws, which are filed as exhibits to the Annual Report on Form 10-K of which this exhibit is a part, for the provisions that are important to you.

Our authorized capital stock consists of 150,000,000 shares of common stock, $0.001 par value per share, and 5,000,000 shares of preferred stock, $0.001 par value per share.

Common Stock

Voting Rights. Holders of our common stock are entitled to one vote for each share held on all matters submitted to a vote of stockholders, except that unless otherwise required by law, holders of our common stock are not entitled to vote on any amendment to our restated certificate of incorporation that relates solely to the terms of one or more outstanding series of preferred stock, if the holders of such affected series are entitled, either separately or together as a class with the holders of one or more such other series, to vote thereon pursuant to our restated certificate of incorporation. Holders of our common stock do not have cumulative voting rights.

An election of directors will be decided by a plurality of the votes cast by the stockholders entitled to vote on the election at a duly held stockholders' meeting at which a quorum is present. All other questions will be decided by a majority in voting power of the votes cast by the holders of all of the shares of stock present or represented and voting affirmatively or negatively on such matter at a duly held meeting of stockholders at which a quorum is present, except when a different vote is required by law, our restated certificate of incorporation or our amended and restated by-laws.

Dividends. Holders of common stock are entitled to receive proportionately any dividends as may be declared by our board of directors, subject to any preferential dividend or other rights of then outstanding preferred stock.

Liquidation and Dissolution. In the event of our liquidation or dissolution, the holders of common stock are entitled to receive all assets of the Company available for distribution to our stockholders after the payment of all debts and other liabilities and subject to any preferential or other rights of any then outstanding preferred stock.

Other Rights. Holders of common stock have no preemptive, subscription, redemption or conversion rights. The rights, preferences and privileges of holders of common stock are subject to and may be adversely affected by the rights of the holders of shares of any series of preferred stock that we may designate and issue in the future.

Effects of Authorized but Unissued Stock

Our authorized but unissued shares of common stock and preferred stock are available for future issuance without stockholder approval, subject to any limitations imposed by the listing requirements of the Nasdaq Global Market. These additional shares may be used for a variety of corporate finance transactions, acquisitions and employee benefit plans. The existence of authorized but unissued and unreserved common stock and preferred stock could make it more difficult or discourage an attempt to obtain control of us by means of a proxy contest, tender offer, merger or otherwise. In addition, if we issue preferred stock, the issuance could adversely affect the voting power of holders of common stock and the likelihood that such holders will receive dividend payments and payments upon liquidation.

Provisions of Our Restated Certificate of Incorporation and Amended and Restated By-laws and Delaware Law That May Have Anti-Takeover Effects

Delaware law, our restated certificate of incorporation and our amended and restated by-laws contain provisions that could have the effect of delaying, deferring or discouraging another party from acquiring control of us. These provisions, which are summarized below, are expected to discourage coercive takeover practices and inadequate takeover bids. These provisions are also designed to encourage persons seeking to acquire control of us to first negotiate with our board of directors.

Staggered Board; Removal of Directors. Our restated certificate of incorporation and our amended and restated by-laws divide our board of directors into three classes with staggered three-year terms. In addition, a director is only able to be removed for cause and only by the affirmative vote of the holders of at least 75% of the votes that all of our stockholders would be entitled to cast in an annual election of directors. Any vacancy on our board of directors, including a vacancy resulting from an enlargement of our board of directors, is only able to be filled by vote of a majority of our directors then in office. The classification of our board of directors and the limitations on the removal of directors and filling of vacancies could make it more difficult for a third party to acquire, or discourage a third party from seeking to acquire, control of our company.

Stockholder Action by Written Consent; Special Meetings. Our restated certificate of incorporation provides that any action required or permitted to be taken by our stockholders must be effected at a duly called annual or special meeting of our stockholders and may not be effected by any consent in writing by our stockholders. Our restated certificate of incorporation and our amended and restatd by-laws also provide that, except as otherwise required by law, special meetings of our stockholders can only be called by our chairman of the board, our chief executive officer or our board of directors.

Advance Notice Requirements for Stockholder Proposals. Our amended and restated by-laws establish an advance notice procedure for stockholder proposals to be brought before an annual meeting of stockholders, including proposed nominations of persons for election to our board of directors. Stockholders at an annual meeting are only able to consider proposals or nominations specified in the notice of meeting or brought before the meeting by or at the direction of our board of directors or by a stockholder of record on the record date for the meeting who is entitled to vote at the meeting and who has delivered timely written notice in proper form to our secretary of the stockholder’s intention to bring such business before the meeting. These provisions could have the effect of delaying until the next stockholder meeting stockholder actions that are favored by the holders of a majority of our outstanding voting securities.

Delaware Business Combination Statute. We are subject to Section 203 of the General Corporation Law of the State of Delaware. Subject to certain exceptions, Section 203 prevents a publicly held Delaware corporation from engaging in a “business combination” with any “interested stockholder” for

three years following the date that the person became an interested stockholder, unless the interested stockholder attained such status with the approval of our board of directors or unless the business combination is approved in a prescribed manner. A "business combination" includes, among other things, a merger or consolidation involving us and the "interested stockholder" and the sale of more than 10% of our assets. In general, an "interested stockholder" is any entity or person beneficially owning 15% or more of our outstanding voting stock and any entity or person affiliated with or controlling or controlled by such entity or person.

Amendment of Certificate of Incorporation and By-laws. The General Corporation Law of the State of Delaware provides generally that the affirmative vote of a majority of the shares entitled to vote on any matter is required to amend a corporation's certificate of incorporation or by-laws, unless a corporation's certificate of incorporation or by-laws, as the case may be, requires a greater percentage. Our amended and restated by-laws may be amended or repealed by a majority vote of our board of directors or the affirmative vote of the holders of at least 75% of the votes that all of our stockholders would be entitled to cast in any annual election of directors. In addition, the affirmative vote of the holders of at least 75% of the votes that all of our stockholders would be entitled to cast in any annual election of directors is required to amend or repeal or to adopt any provisions inconsistent with any of the provisions of our restated certificate of incorporation described in this section and above under "*—Staggered Board; Removal of Directors*" and "*—Stockholder Action by Written Consent; Special Meetings*."

Exclusive Forum Selection. Our restated certificate of incorporation provides that, unless we consent in writing to the selection of an alternative forum, the Court of Chancery in the State of Delaware (or if the Court of Chancery does not have jurisdiction, the federal district court for the District of Delaware) shall be the sole and exclusive forum for (1) any derivative action or proceeding brought on behalf of the Company, (2) any action asserting a claim of breach of a fiduciary duty owed by any of our directors, officers or employees to the Company or our stockholders, (3) any action asserting a claim arising pursuant to any provision of the General Corporation Law of the State of Delaware or our restated certificate of incorporation or our amended and restated by-laws, or (4) any action asserting a claim against the Company governed by the internal affairs doctrine. Although our restated certificate of incorporation contains the choice of forum provision described above, it is possible that a court could rule that such a provision is inapplicable for a particular claim or action or that such provision is unenforceable.

Exhibit 10.19

EXECUTION VERSION

SUBLEASE AGREEMENT

THIS SUBLEASE AGREEMENT ("Sublease Agreement") made as of January 28, 2022 ("Effective Date"), by and between **Grant Thornton LLP,** an Illinois limited liability partnership ("Sublandlord"), and **Astria Therapeutics, Inc.,** a Delaware corporation ("Subtenant").

W I T N E S S E T H:

WHEREAS, Sublandlord is the tenant under that certain Lease dated December 31, 2012 by and between BROOKFIELD PROPERTIES 75 STATE CO. LLC, a Delaware limited liability company as landlord (hereinafter referred to as "Landlord"), and Sublandlord, as tenant (the "Lease");

WHEREAS, pursuant to the Lease, Landlord leased to Sublandlord certain premises (the "Premises"), a portion of which Premises consists of approximately 17,136 rentable square feet of office space located on the fourteenth (14th) floor of that certain office building located at 75 State Street, Boston, Massachusetts 02110 ("Building") as more particularly described on Exhibit A attached hereto and hereby made a part hereof ("Subleased Premises");

WHEREAS, Sublandlord wishes to sublease the Subleased Premises to Subtenant, and Subtenant wishes to sublease the Subleased Premises from Sublandlord, subject to and in accordance with the terms hereof;

NOW, THEREFORE, for and in consideration of the premises, the rents reserved hereunder, and certain other good and valuable consideration, the receipt and sufficiency of which are hereby mutually acknowledged, the parties hereto, intending to be legally bound, hereby agree as follows:

1. Subleased Premises. Sublandlord hereby subleases the Subleased Premises to Subtenant, and Subtenant hereby subleases the Subleased Premises from the Sublandlord, subject to the terms and conditions of this Sublease Agreement. Sublandlord represents to Subtenant that, to the best of Sublandlord's knowledge and belief, the floor plans attached hereto are accurate and complete in all material respects.

2. Term of Sublease; Early Access. The term of this Sublease Agreement shall commence on the latest to occur of (i) May 1, 2022, (ii) receipt of Landlord's consent to this Sublease Agreement pursuant to Section 14 of this Sublease Agreement ("Landlord's Consent"), and (iii) the date on which Sublandlord delivers full and exclusive possession of the Subleased Premises to Subtenant in the Delivery Condition (as that term is hereinafter defined) (the last to occur of (i), (ii) and (iii) above being referred to herein as the "Commencement Date"), and shall end on July 31, 2024 (or on such earlier date as such term may sooner cease or expire as hereinafter provided). For purposes of this Sublease Agreement, "Delivery Condition" means the Subleased Premises are vacant, broom clean, free of all personal property, equipment, furniture (other than the Available Furniture (as hereinafter defined)) and debris, with all HVAC and air handling systems in good working order and condition. "Available Furniture" shall mean the furniture listed on Exhibit C attached hereto. Notwithstanding the foregoing, the Commencement Date shall not be deemed to have occurred unless and until Subtenant has had reasonable access to the Subleased Premises for at least fourteen (14) days immediately prior to the anticipated Commencement Date, for the sole purpose of taking measurements, installing furniture, fixtures,

equipment and telephone/data lines and systems provided (i) Subtenant may not use the Subleased Premises during such access period for the purpose of conducting its business, (ii) Subtenant shall have obtained any necessary approvals and/or consents for proposed alterations to the extent required by the Lease, and (iii) all other provisions of this Sublease Agreement (exclusive of obligations to pay Rent or Electrical Costs, but expressly including, but not limited to, insurance coverage) shall apply to all such activities. Sublandlord shall use commercially reasonable efforts to cause the Commencement Date to occur on or before May 1, 2022. If for any reason the Commencement Date does not occur on or before May 15, 2022, Subtenant shall be entitled to two (2) additional days of abated Rent for each day in the period commencing on May 15, 2022 and ending on the day immediately preceding the Commencement Date.

3. Lease.

(a) Subtenant acknowledges that it has reviewed and is familiar with all of the terms, covenants and conditions of the Lease. Sublandlord represents and warrants to Subtenant as follows: (i) the Lease attached hereto as Exhibit B is a true and correct copy thereof, (ii) the Lease has not been amended, modified or supplemented and is in full force and effect, (iii) Sublandlord holds the tenant's interest under the Lease and has not subleased all or any portion of the Subleased Premises, nor has Sublandlord transferred, assigned, pledged, hypothecated, mortgaged, encumbered or granted a security interest in all or any portion of the Lease, and (iv) to Sublandlord's knowledge neither Landlord nor Sublandlord is in default under the Lease (and no circumstances exist which, with the passage of time or giving of notice, or both, could ripen into a default by Landlord or Sublandlord under the Lease), and (v) there are no alterations or improvements or other work in the Subleased Premises which are required to be removed, nor is there any restoration of the Subleased Premises required at the expiration or earlier termination of this Sublease Agreement or the Lease. Sublandlord covenants as follows: (v) to reasonably cooperate with Subtenant in obtaining any required consents, approvals from Landlord, (w) to use reasonable efforts to cause Landlord to perform or fulfill its obligations under the Lease; (x) to timely perform all of its obligations under the Lease; (y) not to modify or amend the Lease without Subtenant's prior written consent should such modification or amendment alter or affect this Sublease or Subtenant's rights, benefits, obligations or liabilities hereunder, and (z) not to voluntarily cancel or terminate the Lease. Except as provided herein, all of the terms, covenants and conditions of the Lease are incorporated herein and made a part hereof as if fully set forth herein but only to the extent the same pertain to the Subleased Premises, any related uses of the Building or appurtenances to the Subleased Premises (including, but not limited to, common areas and parking areas). From and after the Commencement Date, Subtenant assumes and agrees to perform, observe, and comply with all of the terms, covenants and conditions on Sublandlord's part to be performed, observed and complied with under the Lease, as "Tenant" thereunder subject to the terms of this Sublease Agreement. As between Sublandlord and Subtenant, in the event of a conflict between the terms of the Lease and the terms of this Sublease Agreement, the terms of this Sublease Agreement will control.

(b) This Sublease Agreement is expressly made subject to and subordinate to all of the terms, covenants and conditions of the Lease and to all mortgages, deeds of trust, deeds to secure debt, leases and other documents of record as of the Effective Date. This subsection (b) shall be self-operative. Subtenant shall, within ten (10) days after written request from Sublandlord, execute and deliver to Sublandlord such certificates and other instruments as Sublandlord may reasonably request to confirm such subordination.

(c) Subtenant's obligation to pay Rent (as that term is hereinafter defined), Electrical Charges, Real Estate Taxes, and Operating Expenses and any additional charges with

respect to the Subleased Premises shall be limited to the amounts specified in this Sublease Agreement.

(d) Subtenant shall in no case have any rights in respect of the Subleased Premises greater than Sublandlord's rights under the Lease as it relates to the Subleased Premises.

(e) Subtenant agrees that Sublandlord shall not be required to perform any of the covenants and obligations of Landlord under the Lease. This is a sublease and Subtenant shall look solely to Landlord for the furnishing of the services and the performance of repairs and the obligations of Landlord under the Lease. In no event shall Sublandlord be liable for the non-performance of any obligation of the Landlord under the Lease including but not limited to any default by Landlord under the Lease. Subtenant understands that the supplying of heat, light, water, air conditioning, electricity and other utilities, janitorial, cleaning, window washing and elevator services, the provision of any other services, the construction or replacement of any improvements, and building maintenance and repair are the obligations of Landlord and that Sublandlord has no control with respect to the same, shall have no responsibility in connection therewith, and shall not be liable in any way with respect to the failure of or interference with any of such services or facilities. Sublandlord, at Subtenant's sole cost and expense, shall promptly send such notices to (but shall not be obligated to file suit against) Landlord as Subtenant may reasonably require, and reasonably cooperate with Subtenant, to secure Landlord's performance under the Lease. If, however, Sublandlord shall at Subtenant's direction commence any proceeding or take any other action to enforce the obligations of Landlord insofar as such obligations relate to the Subleased Premises, or if Subtenant takes any such action pursuant to this Section or if Subtenant delivers or receives any notice or communication under this Sublease Agreement, Subtenant agrees to indemnify, defend (with legal counsel acceptable to Sublandlord), and hold harmless Sublandlord from and against any liabilities, actual costs or actual expenses (including reasonable attorneys' fees) which Sublandlord may incur in connection therewith or by reason thereof.

(f) Sublandlord shall not have the right to modify the Lease in any manner that would impact the rights or obligations of the Subtenant without Subtenant's consent, which consent shall not be unreasonably withheld, conditioned or delayed.

(g) Sublandlord shall perform its obligations as Tenant under the Lease to the extent necessary to avoid any adverse impact upon this Sublease, the Subleased Premises or Subtenant's use and enjoyment of the Subleased Premises or rights, obligations or liabilities hereunder.

Whenever the consent or approval of Sublandlord is required, Subtenant agrees to promptly request such written consent or approval from Landlord and Subtenant agrees to (1) promptly provide any information or additional documentation reasonably requested by Landlord, at its sole cost and expense, (2) be solely responsible for any additional reasonable obligations or liabilities related or attributable to said request or consent (if granted by Landlord), and (3) be solely responsible for any reasonable costs and expenses related or attributable to such request or consent (if granted by Landlord) (including, but not limited to, Sublandlord's reasonable attorneys' fees related to any additional documentation memorializing the same, increased insurance obligations, or surrender obligations), all of which shall be memorialized in a written amendment to the Sublease Agreement if such consent is granted.

4. Occupancy.

(a) Subtenant shall use and occupy the Subleased Premises solely for the Permitted Use as defined in the Lease and by Section 5.1 Permitted Use of the Lease and in

accordance with the rules and regulations as provided in the Lease, including, but not limited to, the exhibits to the Lease, as the same may be from time to time amended by Landlord upon delivery of same to Subtenant.

(b) Subtenant covenants that it will occupy the Subleased Premises in accordance with the terms of the Lease and will not take any action or allow any of its employees, representatives, agents, affiliates or contractors to take any action that would create a default by Sublandlord under any provision of the Lease or any of the rules and regulations as provided in the Lease including, but not limited to, the exhibits to the Lease, as the same may be from time to time amended by Landlord, and upon delivery to Subtenant, with respect to the Subleased Premises, Building or Property, or render Sublandlord liable for any loss, cost, damage or liability in connection with any provisions of the Lease. Subtenant further covenants and agrees to indemnify, defend and hold Sublandlord harmless from and against any loss, cost (including, but not limited to, any reasonable legal expenses, fees and costs incurred by counsel selected by Sublandlord), expense, lien, claim or liability arising out of, by reason of, or resulting from, Subtenant's failure to perform or observe any of the terms and conditions of the Lease. Any other provision in this Sublease Agreement to the contrary notwithstanding, Subtenant shall pay to Sublandlord as additional rent hereunder any and all sums which Sublandlord may be required to pay the Landlord arising out of, by reason of, or resulting from Subtenant's failure to perform or observe one of more of the terms and conditions of the Lease. Except arising as a result of the negligence or tortious act or omission of Subtenant, or any of Subtenant's agents, officers, contractors, employees, servants, invitees or another person (other than Sublandlord) claiming by or through or under Subtenant, Sublandlord covenants and agrees to indemnify, defend and hold Subtenant harmless from and against any loss, cost (including, but not limited to, any reasonable legal expenses, fees and costs incurred by counsel selected by Subtenant, expense, lien, claim or liability arising out of, by reason of, or resulting from, Sublandlord's failure to perform or observe any of the terms and conditions of the Lease and any breach of or default under this Sublease Agreement. Any other provision in this Sublease Agreement to the contrary notwithstanding, Sublandlord shall pay to Subtenant by offset of rent due hereunder any and all sums which Subtenant may be required to pay Landlord arising out of, by reason of, or resulting from Sublandlord's failure to perform or observe one of more of the terms and conditions of the Lease or this Sublease Agreement. The provisions here of shall survive the expiration or earlier termination of this Sublease Agreement.

(c) If any "Tenant's Default" described in Section 13. 1 of the Lease shall occur in respect of Subtenant or Subtenant's property, or if Subtenant shall default in the payment of Rent, Electrical Costs, or additional rent hereunder or in the performance or observance of any of the terms, covenants and conditions of this Sublease Agreement or of the Lease on the part of Subtenant to be performed or observed, Sublandlord shall be entitled to exercise any and all remedies available at law or in equity and/or any or all of the rights and remedies reserved by Landlord in the Lease, including but not limited to those rights and remedies provided by Sections 6.3 Landlord's Recapture Right, 11.1 Landlord's Right and 13.2 Landlord's Default of the Lease, which Sections are hereby incorporated herein by reference as if fully set forth herein and as if Sublandlord were the "Landlord" and Subtenant were the "Tenant."

(d) If Subtenant shall default in the performance of any of its obligations hereunder, and such default shall remain uncured beyond applicable notice and cure periods, Sublandlord at its option may perform such obligations and, if necessary, enter the Subleased Premises for such purpose. Subtenant shall pay to Sublandlord, upon demand, the amount of all reasonable costs and expenses reasonably incurred by Sublandlord in the performance of any such obligations. Any action taken by Sublandlord pursuant to this Section shall not constitute a waiver of any of Sublandlord's other rights and remedies hereunder.

5. Security Deposit; Rent; Electrical Costs.

(a) Subtenant has deposited with Sublandlord the sum of One Hundred Sixty-Two Thousand Seven Hundred Ninety-Two and No/100 Dollars ($162,792.00) in the form of a letter of credit issued by Pacific Western Bank substantially in the form attached hereto as Exhibit D in favor of Sublandlord ("Security Deposit") to secure Subtenant's performance of its obligations hereunder. If Subtenant defaults hereunder and such default remains uncured beyond any applicable notice or cure period, then Sublandlord may, without prejudice to Sublandlord's other remedies, apply part or all of the Security Deposit to the extent reasonably necessary cure Subtenant's default. If Sublandlord so uses part or all of the Security Deposit, Subtenant shall, within thirty (30) days after written demand, pay Sublandlord or provide a letter of credit to Sublandlord in the amount necessary to restore the Security Deposit to its original amount. If Sublandlord assigns its interest in the Lease, the Security Deposit shall be transferred to the assignee and Sublandlord shall be relieved of any further liability in relation to the Security Deposit with respect to matters first arising after the date of such assignment. Upon the termination of this Sublease Agreement, Sublandlord may use the Security Deposit to cure any existing and continuing defaults of Subtenant. In the event all or any portion of the Security Deposit remains after paying to cure such default, the remaining amount shall be returned to Subtenant within sixty (60) days after the expiration or earlier termination of this Sublease Agreement.

(b) Subtenant shall pay to Subland)lord (or at the direction of Sublandlord, and Landlord provided to Subtenant in writing, Subtenant shall pay directly to Landlord) a fixed annual base rent beginning on that date which is thirty (30) days following the Commencement Date ("Rent Commencement Date") in the amounts set forth below and after the first such payment, on the twenty fifth (25th) day of the month preceding the month for which the installment is due (e.g., the installment of base rent for June is payable on May 25), subject to appropriate proration for any partial month during the term of this Sublease Agreement ("Rent"):

RENTAL PERIOD*	**ANNUAL BASIC RENT**	**MONTHLY PAYMENT**	**PER SQUARE FOOT**
From the Commencement Date through the day immediately preceding the Rent Commencement Date	$0	$0	$0
From June 1, 2022 through May 31, 2023	$651,168.00	$54,264.00	$38.00
From June 1, 2023 through May 31, 2024	$670,703.04	$55,891.92	$39.14
From June 1, 2024 through July 31, 2024	$115,125.36	$57,562.68	$40.31

*the Rental Periods may be adjusted in accordance with the establishment of the Commencement Date, it being the intent of the parties hereto that each Rental Period after the Rent Commencement Date shall be for the number of months set forth in the "Rental Period" column.

(c) Subtenant shall be responsible for all electrical costs including air handling units and other HVAC equipment associated with the furnishing of electricity to the Subleased Premises and to any exterior Subtenant signage ("Electrical Costs"). Electrical Costs shall (1) accrue commencing on the Commencement Date, (2) be payable in monthly installments at the same time Rent payments are due, and (3) be based on the separate sub-meters for the Subleased Premises and invoices provided to Subtenant by the applicable utility provider.

(d) Subtenant shall not be obligated to pay to Sublandlord any amounts in addition to the Rent, Electrical Charges (if not paid directly to the utility provider), Operating Expenses, and Real Estate Taxes except as set forth in this Sublease Agreement. For the avoidance of doubt, Subtenant will not be obligated to pay any amounts attributable to increases in the Real Estate Taxes and Operating Expenses during the term of the Sublease Agreement, which shall be governed by Article VIII Real Estate Taxes of the Lease and Article IX Operating Expenses of the Lease.

(e) Subtenant shall also pay to Sublandlord, within 30 days following written request, any actual additional charges payable by Sublandlord to Landlord related to Subtenant's operations hereunder (e.g., any review fees, indemnities, and any charges incurred as a result of Subtenant's After Hours Request (as hereinafter defined)). Subtenant shall not be obligated to pay any fee with respect to obtaining Landlord consent of the transaction contemplated by this Sublease Agreement.

(f) All Rent, except as set forth in subsection (e) immediately above, and Electrical Charges, shall be payable without demand, and without offset, counterclaim or setoff in immediately available United States funds. The obligation to pay Rent and Electrical Charges shall be independent of Sublandlord's obligations hereunder and shall survive the termination of this Sublease Agreement. If the Rent Commencement Date is on a day other than the first day of a calendar month, Rent and Electrical Charges for such fractional monthly period shall be prorated. All Rent and Electrical Charges shall be paid via electronic payment or by check per the instructions below or at such other place or in such manner as Sublandlord may designate by written notice to Subtenant.

Wiring/ACH Instructions:

BMO Harris Bank N.A.
Chicago, Illinois
ABA (routing/transit) #: [ABA (routing/transit #]
Swift Code (for non-US clients): [Swift Code (for non-US clients)
Account Name: [Account Name]
Account Number: [Account Number]
Wire Reference Required: [Wire Reference]**

Check Instructions:

Lockbox Address*	UPS/Overnight Delivery Only Address
GRANT THORNTON LLP	Conduent c/o BMO Harris
33562 Treasury Center	Grant Thornton LLP - [Lockbox number]
Chicago, IL 60694-3500	141 W. Jackson Boulevard, Suite 1000
	Chicago, IL 60604
	(877) 895-3278
Check remittance reference required: [Check remittance reference]**	Check remittance reference required: [Check remittance reference]**

*The address in the Lockbox Address column should only be used when using the U.S. Postal Service.

**Unidentified payments will be delayed in application to outstanding balances.

6. Insurance; Waivers.

(a) During the term of this Sublease Agreement, Subtenant shall maintain commercial general liability insurance, physical damage insurance, comprehensive automobile insurance, builders all risk insurance, and all other insurance Landlord may reasonably require, all in accordance with the terms, conditions and provisions of the Lease. Subtenant shall name Sublandlord (and such other entities as are required by Landlord and of which Subtenant has received prior notice) as an additional insured on each such insurance policy and shall provide Sublandlord with certificates of insurance certifying said coverage prior to taking possession of the Subleased Premises, all in accordance with the insurance provision of the Lease.

(b) Whether the loss or damage is due to the negligence of either Sublandlord or Subtenant, their agents or employees, or any other cause, Sublandlord and Subtenant do each hereby release and relieve the other, their agents, and their employees from responsibility for, and waive their entire claim of recovery for, any loss or damage to the real or personal property of either located anywhere in the Building, to the extent that such loss or damage arises out of or is incident to the occurrence of any of the perils which are actually covered by their respective insurance policies in effect at such time or which were required to be in effect at such time by the terms of this Sublease Agreement. Each party shall use commercially reasonable efforts to cause its insurance carriers to consent to the foregoing waiver of rights of subrogation against the other party. Notwithstanding the foregoing, no such release shall be effective unless the aforesaid insurance policy or policies shall expressly permit such a release or contain a waiver of the carrier's right to be subrogated. In the event that any insurance carrier denies its consent to the foregoing waiver of rights of subrogation, the affected party shall promptly advise the other party hereto.

7. Late Payments. Other remedies for nonpayment of rent notwithstanding, if Rent and/or Electrical Charges due hereunder is not received by Sublandlord on or before the date the same is due and such nonpayment continues for five (5) business days following written notice, then (i) such delinquent sums shall bear interest at a rate equal to twelve percent (12%) per annum, commencing with the due date and continuing through the day preceding the date on which payment of such delinquent sum with interest thereon is paid and (ii) in consideration of the administrative and other expenses incurred by Sublandlord as a result of the late payments, Subtenant shall pay to Sublandlord a late charge equal to $500.00 for the third (3rd) such late payment in any twelve (12) month period. Sublandlord and Subtenant agree that such late charge is intended to compensate Sublandlord for additional administrative charges and other damages incurred by Sublandlord on account of such late payment and not as a penalty. Sublandlord and Subtenant agree that the actual damages to be suffered by Sublandlord in such event shall be difficult, if not impossible to ascertain, and that such late charge is a reasonable estimate of such charges and damages.

8. Sublandlord's Improvements; Subtenant Alterations; Sublandlord Representations. Subtenant acknowledges and agrees that it is leasing the Subleased Premises on an "AS-IS, WHERE IS" basis, without any representations or warranties of any kind, except as set forth herein. The Available Furniture is available for Subtenant's use during the term of the Sublease. Subtenant shall not be responsible for any damage to or loss of the Furniture and shall leave the Furniture in the Subleased Premises at the end of the Term in its then "as is" condition. Subtenant further acknowledges and agrees that it is solely responsible for the maintenance, repair, and/or replacement of any air conditioning handling units or other HVAC equipment located in the Subleased Premises during the term of this Sublease Agreement and, upon the expiration or early termination of this Sublease Agreement, shall deliver the same to Sublandlord in good and operable condition. To Sublandlord's knowledge the HVAC systems are in good working order and condition. Subtenant shall not make any alterations, modifications or improvements to the Subleased Premises except in accordance with the Lease and this Sublease Agreement. All

alterations, decorations, installations, additions or improvements in or to the Subleased Premises shall be made in a good, workmanlike and lien-free manner at Subtenant's sole cost and expense and shall comply with all of the terms and conditions of the Lease, this Sublease Agreement and/or any conditions related to any consent granted by Landlord with respect to any such Alterations. At the written request of Landlord, delivered at the time Landlord approves the same, any such alterations, decorations, installations, additions or improvements made by Subtenant shall be removed by the Subtenant upon the termination of this Sublease Agreement, and Subtenant shall repair any damage caused by such removal, at Subtenant's cost and expense. Subtenant, at Subtenant's sole cost and expense, shall cause the Subleased Premises and any signage returned to Sublandlord at the expiration or earlier termination of the Sublease Agreement in substantially the same condition, reasonable wear and tear and damage by casualty excluded, Subtenant shall, at its sole cost and expense, remove all furniture, fixtures, and equipment from the Subleased Premises, and Subtenant shall, at its sole cost and expense, remove any Lines (as defined in the Lease) in accordance with Section 14.27 of the Lease should Landlord elect to have such items removed from the Premises. For avoidance of doubt, Subtenant shall not be responsible for the removal of Sublandlord made Alterations to the Premises (including GT's Initial Work) which constitute "above standard office improvements" (as such phrase is defined in the Lease).

Sublandlord represents and warrants the following is true and correct as of the date hereof (and shall be deemed repeated as of the Commencement Date):

(a) Sublandlord is the tenant under the Lease and has the capacity to enter into this Sublease Agreement with Subtenant, subject to Landlord's consent.

(b) The Lease attached hereto as Exhibit B is a true, correct, and complete copy of the Lease, is in full force and effect, and has not been further modified, amended, or supplemented except as expressly set out therein.

(c) Sublandlord has not received any notice, and has no actual knowledge, of any default by Sublandlord or Landlord under the Lease.

9. Casualty or Eminent Domain. The effect of a partial or total destruction of the Subleased Premises by fire or other casualty and the effect of taking all or any part of the Subleased Premises for any public or quasi-public use by virtue of the exercise of the power of eminent domain, or by private purchase in lieu thereof, shall be subject to and governed by Article XII Casualty: Eminent Domain of the Lease, respectively. Without limiting the generality of the foregoing, in the event that the Lease is terminated pursuant to either of said sections, this Sublease Agreement shall terminate contemporaneously therewith.

10. Assignment and Subletting. The Assignment and/or Subletting of the Sublease by the Subtenant shall be governed by Article VI Assignment and Subletting of the Lease.

11. Sublandlord. The term "Sublandlord" as used in this Sublease Agreement means only the Tenant under the Lease at the time in question, so that if the Lease shall be assigned, such assignor shall be thereupon released and discharged from all covenants, conditions and agreements of Sublandlord hereunder, but such covenants, conditions and agreements shall be binding upon each successor assignee until thereafter assigned.

12. Indemnity. Subject to the waiver of subrogation provisions of this Sublease Agreement, Subtenant shall indemnify, defend (with legal counsel reasonably acceptable to Sublandlord), and hold harmless Sublandlord, its direct and indirect subsidiaries and affiliates and its respective officers, directors, shareholders and employees (individually and collectively,

"Sublandlord Indemnitee") against and save them harmless from and against all claims, losses, reasonable costs, damages, expenses and liabilities, including, without limitation, reasonable attorneys' fees and disbursements, which Sublandlord Indemnitee may incur or pay out (including, without limitation, to Landlord) by reason of (i) any accidents, damages or injuries to persons or property occurring by reason of or directly related to Subtenant's (or Subtenant's officers', partners', employees', agents', customers' and/or invitees') use or occupancy of the Subleased Premises, and occurring in, on or about the Subleased Premises or the Building (except to the extent the same shall have been caused by Sublandlord's negligence or willful misconduct) which expressly includes the fitness room, (ii) any default hereunder on Subtenant's part, (iii) any work done by Subtenant after the date hereof in or to the Subleased Premises except if done by Sublandlord, (iv) any negligent or willful act or omission on the part of Subtenant and/or its officers, partners, employees, agents, customers and/or invitees, or any person claiming through or under Subtenant, either prior to, during or after the term of this Sublease Agreement, (v) actions taken by Sublandlord at Subtenant's request pursuant to Section 3 of this Sublease Agreement, or (vi) any holding over by Subtenant in the Subleased Premises beyond the expiration or sooner termination of this Sublease Agreement, including any such liability with respect to the entire Lease arising out of such holding over by Subtenant. Such obligation shall not be construed to negate, abridge or otherwise reduce any other right or obligation of indemnity that would otherwise exist as to Subtenant and the indemnification obligations under this Section and shall not be limited in any way by restriction on the amount or type of damages, compensation or benefits payable by or for Subtenant under any worker's compensation acts, disability benefit acts or other employee benefit acts. Subject to the waiver of subrogation provisions of this Sublease Agreement, if any action or proceeding shall be brought against Sublandlord Indemnitee by reason of any such claim as to which Subtenant is obligated to indemnify Sublandlord, Subtenant, upon notice from Sublandlord Indemnitee at Subtenant's expense, shall resist and defend such action or proceeding and employ counsel satisfactory to Sublandlord Indemnitee in Sublandlord Indemnitee's reasonable discretion. Notwithstanding the foregoing, Sublandlord Indemnitee may retain its own attorneys to participate or assist in defending any claim, action or proceeding involving potential liability of $1,000,000 or more, and Subtenant shall pay the reasonable fees and disbursements of such attorney. Subtenant shall pay to Sublandlord within thirty (30) business days after demand all sums which may be owing to Sublandlord by reason of this Section. Subtenant's obligations under this Section shall survive the expiration of this Sublease Agreement. Sublandlord shall indemnify, defend (with legal counsel selected by Subtenant), and hold harmless Subtenant from and against all losses, costs, damages, expenses and liabilities, including, without limitation, reasonable attorneys' fees and disbursements, which Subtenant may incur or pay out (including, without limitation, to Landlord) by reason of any breach or default hereunder or under the Lease on Sublandlord's part.

13. Broker's Commission. Subtenant represents to Sublandlord that the only brokers with whom it has dealt in connection with this transaction are Cushman and Wakefield U.S. Inc., representing Sublandlord and Perry CRE, representing Subtenant ("Brokers"). Sublandlord will pay or cause to be paid to Brokers a market fee commission pursuant to the terms of separate commission agreements approved by Sublandlord, payable 100% upon mutual execution of the Sublease. Sublandlord agrees to indemnify Subtenant and hold Subtenant harmless from and against the claims of any broker or agent claiming to have dealt with Sublandlord. Subtenant agrees to indemnify Sublandlord and hold Sublandlord harmless from and against any and all claims of any broker or agent claiming to have dealt with Subtenant, other than Brokers.

14. Conditions to Agreement of Sublease. This Sublease Agreement is expressly contingent upon the written consent of the Landlord to the transaction contemplated hereby in a form reasonably satisfactory to Sublandlord and Subtenant. Sublandlord shall use commercially reasonable efforts to obtain Landlord's Consent promptly after the date hereof and will advise

Subtenant if Sublandlord receives Landlord's Consent or if Landlord delivers written notice of its rejection of such request for consent to the transaction contemplated hereby. If Landlord fails to deliver Landlord's Consent within forty-five (45) days after the execution and delivery of this Sublease Agreement, Subtenant shall have the right, exercisable no later than sixty (60) days after the execution and exchange of this Sublease Agreement (as to which time is of the essence), but not after such Landlord's Consent has been received, to cancel this Sublease Agreement by notice to Sublandlord. Upon the giving of such notice of cancellation, this Sublease Agreement shall terminate and come to an end, and the parties shall not have any further rights or obligations hereunder, except that Sublandlord will forthwith return any Rent amounts and Security Deposits paid to it by Subtenant on account of this Sublease Agreement and except that the parties' obligations under Section 12 hereof shall survive such termination.

15. Notices.

(a) Any and all notices which are or may be required to be given pursuant to the terms of this Sublease Agreement shall be in writing and shall be sent by United States certified or registered mail, postage prepaid, return receipt requested, by hand delivery, or by a nationally recognized overnight air courier service to the parties hereto at the respective addresses set forth below. In addition to the foregoing any notices given pursuant to this Section 15 shall also be given by electronic transmission via the email(s) provided below. Notice shall be considered to have been given upon the earlier to occur of actual receipt or two (2) business days after posting if delivered via United States mail or one (1) business day after posting if delivered via courier service.

If to Sublandlord:	Grant Thornton LLP 171 N. Clark Street, Suite 200 Chicago, Illinois 60601 Attn: Office of the General Counsel - Dept. of Risk, Regulatory and Legal Affairs
with email copy only to:	Doug Carroll Doug.Carroll@us.gt.com
If to Subtenant:	Astria Therapeutics, Inc., 100 High Street, 28th Floor Boston, MA 02110 Attn: Legal Department
with email copy only to:	Steven L. Charlip, LLC 69 Old Connecticut Path Wayland, MA 01778 Attn: Steven L. Charlip

(b) Sublandlord and Subtenant agree to promptly furnish the other any notices or demands that either receives relating to the Lease. Either party shall be entitled to change such address on written notice to the other.

(c) The time limits provided in the Lease for the giving of notices, making demands, performance of any act, condition or covenant, or the exercise of any right, remedy or option, are changed, for the purposes of determining the deadlines for Subtenant and Sublandlord to perform their obligations under this Sublease Agreement that are incorporated into this Sublease Agreement from the Lease, by lengthening or shortening the same in each instance by one-half, but in any event at least two (2) business days, as appropriate, so that notices may be given, demands

made, or any act, condition or covenant performed, or any right, remedy or option hereunder exercised, by Sublandlord or Subtenant, as the case may be, within the time limit relating thereto contained in the Lease and, if notice is required, measured from the earlier of the date on which notice is given to Subtenant by any of Sublandlord or Landlord. Subtenant and Sublandlord shall promptly deliver to each other copies of all material notices, requests or demands which relate to the Subleased Premises or the use or occupancy thereof promptly after receipt of same from Landlord.

16. Binding Effect. The covenants, conditions and agreements contained herein shall be binding upon and inure to the benefit of Sublandlord and Subtenant and their respective successors and assigns, as permitted hereby.

17. Governing Law. This Sublease Agreement is entered into in The Commonwealth of Massachusetts, and its validity and interpretation shall be constructed in accordance with the laws of that state.

18. Parking. Sublandlord will provide Subtenant with 10 parking spaces through the term of the Sublease Agreement at the market rate being charged by Landlord.

19. Access After Hours; Utilities. Subtenant understands and agrees that the hours of operation for the Building are as follows: 8:00AM-6:00PM on each Monday through Friday and 8:00AM-1:00 PM on Saturdays (the "Building Hours"), except for the holidays outlined in the Lease. In the event that Subtenant desires the use of the heating, ventilation, lighting and air-conditioning system in the Subleased Premises outside of the Hours of Operation, Subtenant shall deliver Sublandlord a written request for such use not less than sixty (60) hours prior to the requested date of usage (an "After Hours Request"). In the event an After Hours Request is made on less than (48) hours' notice, the Sublandlord shall act in good faith to accommodate such After Hours Request. Subtenant shall pay Sublandlord for all reasonable charges of Landlord incurred by Sublandlord due to Subtenant's After-Hours Request within ten (10) days after delivery of a written request by Sublandlord to Subtenant for such payment which is governed by Section 7.4 Building Services of the Lease.

20. Waiver of Breach. Failure of Sublandlord or Subtenant to declare an event of default or default hereunder immediately upon its occurrence, or delay in taking any action in connection with such a default or event of default, shall not constitute a waiver of such a default or event of default, but Sublandlord and Subtenant shall have the right to declare the default or event of default at any time and take such action as authorized by law or under this Sublease Agreement. Acceptance by Sublandlord of any Rent or Electrical Charges after it has become due, or acceptance of less than the full amount due, shall not constitute or be construed as a waiver of any of Sublandlord's rights and remedies hereunder, nor excuse any delay or partial payment upon any subsequent occasion.

21. No Estate. This Sublease Agreement shall create the relationship of landlord and tenant only between Sublandlord and Subtenant and no estate shall pass out of Sublandlord. Subtenant shall have only usufruct, not subject to levy and sale and not assignable in full or in part by Subtenant except as provided herein.

22. Holding Over. If Subtenant remains in possession after expiration or termination of the term of this Sublease Agreement, without Sublandlord's or Landlord's written consent, Subtenant shall become a tenant-at -sufferance, and there shall be no renewal of this Sublease Agreement by operation of law. During the period of such holding over, all provisions of this Sublease Agreement shall be and remain in effect except that the monthly rental due hereunder

(inclusive of Electrical Charges) shall be equal to the amounts owed by Sublandlord to the Landlord under the Lease on account of such holding over, including without limitation any damages claimed by the Landlord or any other party; provided that if Subtenant and another subtenant or occupant of a portion of the Premises other than the Subleased Premises are holding over in the Premises following the expiration or earlier termination of the Lease, then Sublandlord shall equitably allocate the amount of holdover rent payable by Subtenant and such other party or parties and Subtenant shall pay its share thereof as so equitably allocated by Sublandlord. The inclusion of the preceding sentence in this Sublease Agreement shall not be construed as Sublandlord's consent to Subtenant holding over.

23. Time of Essence. Time is of the essence in this Sublease Agreement.

24. Miscellaneous. Subtenant shall pay and be liable for all rental, sales and use taxes, and other similar taxes, if any levied or imposed by any city, state, county or other governmental authority. Such payments shall be paid concurrently with the payment of rental or other sum due hereunder upon which the tax is based. The content of each and every exhibit which is referenced in this Sublease Agreement is incorporated into this Sublease Agreement as fully as if set forth in the body of this Sublease Agreement. This Sublease Agreement contains the entire agreement of the parties hereto as to the Subleased Premises, and no representations, inducements, promises or agreements, oral or otherwise, between the parties, not embodied herein, shall be of any force or effect. If any term, covenant or condition of this Sublease Agreement or the application thereof to any person, entity or circumstance shall, to any extent, be invalid or unenforceable, the remainder of this Sublease Agreement, or the application of such term, covenant or condition to persons, entities or circumstances other than those which or to which used may be held invalid or unenforceable, shall not be affected thereby, and each term, covenant or condition of this Sublease Agreement shall be valid and enforceable to the fullest extent pem1itted by law. The circulation of one or more drafts of this Sublease Agreement shall not constitute a reservation of the Subleased Premises or an offer to lease the Subleased Premises to Subtenant. Neither party shall be bound hereunder until such time as both parties have signed this Sublease Agreement.

25. Sublandlord Default. Sublandlord shall in no event be in default in the performance of any of Sublandlord's obligations under this Sublease Agreement unless and until Sublandlord shall fail to perform such monetary obligations required under this Sublease Agreement (if any) within ten (10) days of written notice from Subtenant to Sublandlord or any other obligation of Sublandlord under this Sublease Agreement within thirty (30) days of written notice from Subtenant to Sublandlord; provided that Subtenant hereby acknowledges and agrees that in no event shall Sublandlord be in default hereunder or have any liability hereunder caused by, attributable to, or otherwise related to Landlord's failure to perform any of its obligations under the Lease (including, but not limited to, Section 13.2 Landlord's Default of the Lease). In the event a Sublandlord default hereunder is not cured within the applicable cure period set forth above, Subtenant may, but without any obligation to do so, make such payments and do such work or otherwise perform Sublandlord's covenants, all on behalf of and at the expense of Sublandlord, as the case may be. Subtenant shall not have the right to cure Landlord's defaults under the Lease. Sublandlord agrees to pay Subtenant the actual costs, fees and expenses incurred in curing Sublandlord's default under this Sublease Agreement upon the presentation of reasonable supporting documentation thereof.

26. Execution in Counterparts. This Agreement can be executed in counterparts, each of which shall be an original and, upon the delivery to the Title Company of one or more of the Agreement signed by all parties, together will constitute a fully executed and binding contract. The exchange of executed signature pages by facsimile or Portable Document Format (PDF)

transmission or other electronic means such as DocuSign shall constitute effective delivery of such signature pages and may be used in lieu of the original signature pages for all purposes.

[Signatures on Following Page]

IN WITNESS WHEREOF, Sublandlord and Subtenant have caused this Sublease Agreement to be executed by their duly authorized officers and have caused their corporate seals to be affixed all as of the day and year first written above.

SUBLANDLORD:

GRANT THORNTON LLP

By: DocuSigned by: 54D7DABBF9EF4E2...

Name: Mark McNamee
Title: National Managing Director, Administration

SUBTENANT:

ASTRIA THERAPEUTICS, INC.

By: DocuSigned by: Ben Harshbarger 07ED53FC377842A...

Name: Ben Harshbarger
Title: Chief Legal Officer

Exhibit A

Subleased Premises
(Attach drawing)

Grant Thornton LLP
[redacted]
14th Floor
Boston, MA 02116

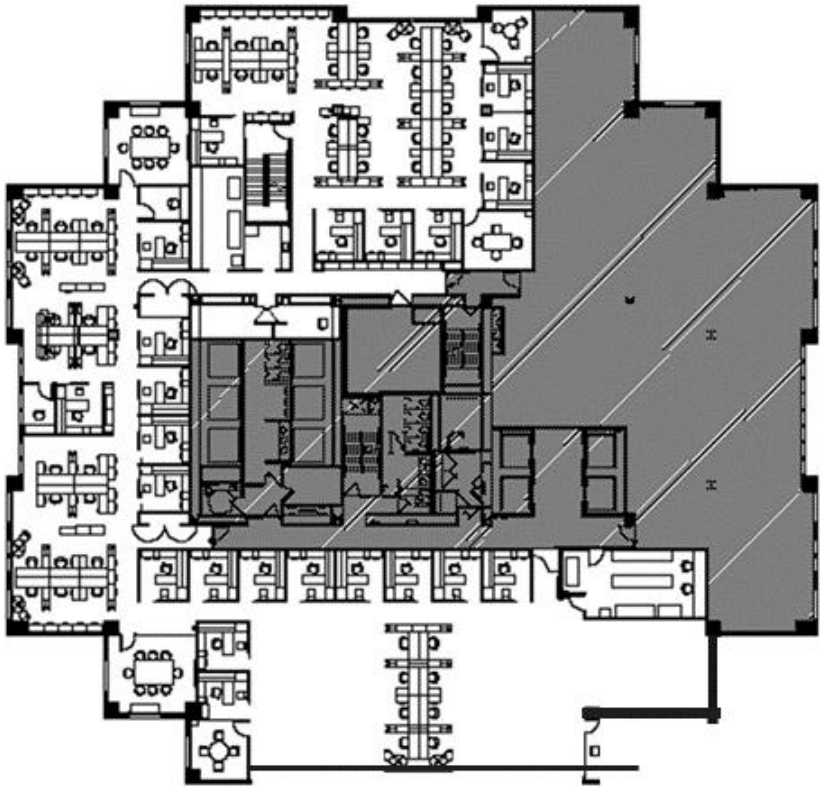

Exhibit B

Copy of Lease
(Attached)

TENANT: GRANT THORNTON LLP

LEASE OF

75 STATE STREET

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LEASE

THIS INSTRUMENT IS A LEASE, dated as of December 31st, 2012, in which the Landlord and the Tenant are the parties hereinafter named, and which relates to space in the building (the **"Building")** located at 75 State Street, Boston, Massachusetts. The parties to this instrument hereby agree with each other as follows:

ARTICLE I BASIC PROVISIONS

1.1 INTRODUCTION

The following set forth basic data and, where appropriate, constitute definitions of the terms hereinafter listed.

1.2 BASIC DATA

Landlord: BROOKFIELD PROPERTIES 75 STATE CO. LLC, a Delaware limited liability company.

Landlord's Original Address: c/o Brookfield Financial Properties, L.P., Three World Financial Center, 200 Vesey Street, New York, New York 10281-1021.

Tenant: GRANT THORNTON LLP, an Illinois limited liability partnership

Tenant's Original Address: Grant Thornton LLP 1901 S. Myers Road, Suite 455, Oakbrook Terrace, Illinois 60181, Attn: Russell G. Wieman, with a copy to Grant Thornton LLP, 175 West Jackson, Suite 2000, Chicago, Illinois 60684-2687, Attn: Executive Director of Procurement, with a copy to Grant Thornton LLP, 175 West Jackson, Suite 2000, Chicago, Illinois 60684-2687, Attn: Office of the General Counsel

Basic Rent: The Basic Rent, net of Additional Rent, is as follows:

RENTAL PERIOD	ANNUAL BASIC RENT	MONTHLY PAYMENT	PER SQUARE FOOT
From the Commencement Date through 6/30/13	$0	$0	$0
From July 1, 2013 through 1/31/18	$1,861,605.00*	$155,133.75*	$45.00
From 2/01/18 through 1/31/21	$1,985,712.00	$165,476.00	$48.00
From 2/01/21 through 07/31/24	$2,109,819.00	$175,818.25	$51.00

*subject to abatement pursuant the provisions of **Section 3.l(a).**

Rent Commencement Date: July 1, 2013.

Additional Rent: All charges and sums which Tenant is obligated to pay to Landlord pursuant to the provisions of this Lease, including without limitation, Escalation Charges.

Commencement Date: The date this Lease is executed and delivered by both parties and Landlord delivers possession of the Premises in the Delivery Condition (as defined in **Section 4.2(a)).**

Premises: Agreed to be 41,369 rentable square feet consisting of the entire 13th floor of the Building containing 24,233 rentable square feet (the **"Thirteenth Floor Premises")** as shown on the floor plan attached hereto as **Exhibit A-1,** and a portion of the 14th floor of the Building containing 17,136 rentable square feet (the **"Fourteenth Floor Premises")** as shown on the floor plan attached hereto as **Exhibit A-2.**

Permitted Uses: Executive or professional business offices of the type generally found in first-class office buildings in the downtown Boston area, but specifically excluding (i) medical or dental offices, (ii) utility company offices, (iii) employment agencies (other than executive or professional search firms that operate in the Premises on an "off-the-street" basis), (iv) retail banking or retail brokerage offices that operate in the Premises on a so-called "off-the-street" basis (i.e. not by appointment) (except that offices for executives or employees of the named Tenant or its successor for the provision of financial services, tax planning, accounting and advisory services to clients and customers generally on an appointment basis as opposed to regularly providing such services to the general public on an off-the-street basis shall be permitted), (v) non-profit organizations and (vi) governmental or quasi-governmental offices.

Escalation Factor: Agreed to be 5.2%.

Term or Term of this Lease: The period commencing on the Commencement Date, and expiring at the close of the day on July 31, 2024, unless earlier terminated or extended as herein provided.

Base Operating Expenses: Operating Expenses for the calendar year ending December 31, 2013.

Base Taxes: Taxes (as defined in **Section 8.1)** finally assessed for the tax fiscal year ending June 30, 2014, as the same may be reduced by the proportional amount of any abatement applicable to any tax fiscal year included within the aforesaid tax fiscal year.

CPI: Shall mean "The Consumer Price Index (New Series) (Base Period 1982 84=100) (all items for all urban consumers for Boston-Brockton-Nashua (CPI U) Area)" as published by the Bureau of Labor Statistics of the United States Department of Labor or if the same is discontinued, a replacement index published by the Department of Labor or other applicable Governmental Authority, appropriately adjusted. In the event that the CPI is converted to a different standard reference base or otherwise revised, the determination of those increases provided for herein to be made with reference to the CPI shall be made with the use of such conversion factor, formula or table for converting the CPI as may be published by the Bureau of Labor Statistics or, if said Bureau shall not publish the same, then with the use of such conversion factor, formula or table as may be published by Prentice Hall, Inc., or any other nationally recognized publisher of similar statistical information reasonably selected by Landlord and reasonably approved by Tenant. If the CPI ceases to be published, and there is no successor thereto, such other index as Landlord shall reasonably designate.

Security Deposit: None.

Brokers: Richards Barry Joyce & Partners, LLC and UGL Services Equis Operations Co.

1.3 ADDITIONAL DEFINITIONS

Agent: Brookfield Financial Properties L.P., or such other person or entity from time to time designated by Landlord.

Bankruptcy Code: As defined in **Section 13.1. Building Garage:** As defined in **Section 2.2(c).**

Business Days: All days except Saturday, Sunday, New Year's Day, Martin Luther King's Birthday, Presidents' Day, Patriot's Day, Memorial Day, Bunker Hill Day, Independence Day, Labor Day, Columbus Day, Veterans' Day, Thanksgiving Day, Christmas Day (and the following day when any such day occurs on Sunday) and such other days as observed by both the federal and state governments as legal holidays.

Default of Tenant: As defined in **Section 13.1.**

Environmental Condition: Any disposal, release or threat of release of Hazardous Materials on, from or about the Building or the Property.

Environmental Laws: Any federal, state and/or local statute, ordinance, bylaw, code, rule and/or regulation now or hereafter enacted, pertaining to any aspect of the environment or human health, including, without limitation, Chapter 21C, Chapter 21D, and Chapter 21E of the General Laws of Massachusetts and the regulations promulgated by the Massachusetts Department of Environmental Protection, the Comprehensive Environmental Response, Compensation and Liability Act of 1980, 42 U.S.C. § 9601 et seq., the Resource Conservation and Recovery Act of 1976, 42 U.S.C. § 6901 et seq., the Toxic Substances Control Act, 15 U.S.C. §2061 et seq., the Federal Clean Water Act, 33 U.S.C. §1251, and the Federal Clean Air Act, 42 U.S.C. §7401 et seq.

Escalation Charges: The amounts prescribed in **Sections 8.1** and **9.2. Event of Bankruptcy:** As defined in **Section 13.1.**

Force Majeure: Collectively and individually, strikes or other labor trouble, fire or other casualty, acts of God, governmental preemption of priorities or other controls in connection with a national or other public emergency or shortages of fuel, supplies or labor resulting therefrom, or any other cause, whether similar or dissimilar, which in any case is beyond the reasonable control of the party required to perform an obligation.

Hazardous Materials: Shall mean each and every element, compound, chemical mixture, contaminant, pollutant, material, waste or other substance which is defined, determined or identified as hazardous or toxic under any Environmental Law, including, without limitation, any “oil,” “hazardous material,” “hazardous waste,” “hazardous substance” or “chemical substance or mixture,” as the foregoing terms (in quotations) are defined in any Environmental Laws.

Initial Liability Insurance: $5,000,000 per occurrence (combined single limit) for property damage, bodily injury or death.

Laws: Means all present and future statutes, laws, codes, regulations, ordinances, orders, rules, bylaws, administrative guidelines, requirements, directives and actions of any federal, state or local governmental or quasi-governmental authority, and other legal requirements of whatever kind or nature that are applicable to the Property, (including Environmental Laws and the Americans With Disabilities Act of 1990, as the same may be amended from time to time (the **“ADA”))** and any amendments, modifications or changes to any of the foregoing.

Operating Expenses: As defined in **Section 9.1. Operating Year:** As defined in **Section 9.1.**

Property: The Building and the land parcels on which it is located (including adjacent sidewalks and plazas).

Tax Year: As defined in **Section 8.1.**

Taxes: As determined in accordance with **Section 8.1.**

Tenant's Plans: As defined in **Section 5.2.**

Tenant's Removable Property: As defined in **Section 5.2.**

ARTICLE II

PREMISES AND APPURTENANT RIGHTS

2.1 LEASE OF PREMISES

Landlord hereby demises and leases to Tenant for the Term of this Lease and upon the terms and conditions hereinafter set forth, and Tenant hereby accepts from Landlord, the Premises.

2.2 APPURTENANT RIGHTS AND RESERVATIONS

(a) Tenant shall have, as appurtenant to the Premises, the non-exclusive right to use, and permit its invitees to use, in common with others, public or common lobbies, hallways, stairways (exclusive of fire stairs which are available for emergency egress only) and elevators and common walkways necessary for access to the Building, and if the portion of the Premises on any floor includes less than the entire floor, the common toilets, corridors and elevator lobby on such floor; but such rights shall always be subject to reasonable rules and regulations from time to time established by Landlord pursuant to **Section 14.7** and to the right of Landlord, subject to the terms and conditions of this Lease, to designate and change from time to time areas and facilities so to be used. Tenant shall have the non-exclusive right, in common with Landlord and others entitled thereto, to access telephone/data closets and shafts and conduits in the Building, plenum areas and other pathways in the Building, in order to install Lines (as defined in Section 14.27) and to obtain tel/data connections and services for the Premises, subject to Landlord's right to reasonably designate the location of and reasonably approve such installations and connections and to Landlord's reasonable rules and regulations relative to the access to and the use of such areas within the Building

(b) Excepted and excluded from the Premises are the ceiling, floor, perimeter walls and exterior windows (except the inner surfaces of each thereof), and any space in the Premises used for shafts, stacks, pipes, conduits, fan rooms, ducts, electric or other utilities, sinks or other Building facilities, but the entry doors to the Premises are a part thereof. Landlord shall have the right to place in the Premises (but in such manner as to reduce to a minimum interference with Tenant's use of the Premises) interior storm windows, sun control devices, and utility lines, equipment, stacks, pipes, conduits, ducts and the like. In the event that Tenant shall install any hung ceilings or walls in the Premises, Tenant shall install and maintain, as Landlord may require, proper access panels therein to afford access to any facilities above the ceiling or within or behind the walls. Landlord agrees to use reasonable efforts to refrain from installing or maintaining any new conduits or pipes containing liquid in the plenum area above any hung ceilings in the Premises.

(c) Subject to the provisions of this **Section 2.2(c),** Landlord shall make available to Tenant on an unreserved, non-exclusive basis, up to twenty-five (25) monthly parking passes in the parking garage in the Building (the **"Building Garage").** The parking

privileges granted herein are for use by employees of Tenant and other occupants of the Premises, Tenant's contractors, agents and invitees, are non-transferable (other than to an assignee or subtenant permitted or consented to by Landlord pursuant to the applicable provisions of **Section 6.1** hereof). Tenant shall pay, as Additional Rent, the prevailing market rate in the Building (exclusive of discounts included in tenant concession packages) for such parking spaces from time to time in effect at the Building Garage, which monthly parking rate for unreserved parking passes is currently $490 per parking pass per month, subject to increase from time to time during the Term in accordance with the terms of this Lease. In no event shall Tenant be charged a monthly parking rate in excess of the monthly rate charged to the general public in the Building Garage. From and after April 1, 2014, Tenant shall have the right to relinquish any of its parking passes to Landlord from time to time upon at least one (1) full calendar month's prior written notice. In the event Tenant relinquishes any parking passes during the Term, Landlord will have no further obligation to provide the relinquished parking passes to Tenant and the number of parking passes Landlord is obligated to provide to Tenant under this Lease will be reduced by the number of parking passes Tenant has relinquished and Tenant's obligation to pay the monthly parking rate for such relinquished parking pass(es) shall terminate upon the effective date of such relinquishment. If, as of April 1, 2014, Tenant has failed to subscribe for all twenty-five (25) parking passes, then Landlord shall only be required to provide Tenant (and Tenant will only be obligated to pay for) with the number of parking passes then being utilized by Tenant as of such date. Landlord has entered into a management agreement or lease with an entity for the Building Garage **("Building Garage Operator").** Subject to the availability of parking passes controlled by Landlord in the Building Garage and Landlord's anticipated needs for parking rights for future tenants, Landlord agrees to use reasonable efforts to satisfy requests by Tenant to re-subscribe for any of the original twenty-five (25) parking passes relinquished by Tenant during the Term. Landlord reserves the right to require Tenant to enter into a reasonable parking agreement directly with the Building Garage Operator for its parking passes and to pay the Building Garage Operator the monthly charge established hereunder, and Landlord shall have no liability for claims arising through acts or omissions of the Building Garage Operator solely in the event of Landlord's gross negligence. It is understood and agreed that the identity of the Building Garage Operator may change from time to time during the Term. In connection therewith, any parking lease or agreement entered into between Tenant and a Building Garage Operator shall be freely assignable by such Building Garage Operator to any successors thereto. Landlord or the Building Garage Operator shall have the right from time to time to promulgate reasonable rules and regulations regarding the Building Garage, any parking passes and the use thereof, including, but not limited to, rules and regulations controlling the flow of traffic to and from various parking areas, the angle and direction of parking and the like. Landlord or the Building Garage Operator shall have the right to reasonably designate from time to time certain areas and spaces within the Building Garage that Tenant may use and certain areas and spaces that are off limits so long as such restrictions do not materially decrease Tenant's parking rights under this Lease. Tenant shall comply with and cause its employees to comply with all such rules and regulations as well as all reasonable additions and amendments thereto, so long as such additions and amendments do not materially increase Tenant's obligations under this Lease or materially decrease Tenant's parking rights under this Lease. Landlord reserves for itself the right to alter the Building Garage as Landlord or the Building Garage Operator sees fit, and in such case to change the Building Garage including the reduction in area of the same; provided there is no material adverse effect on

Tenant's parking rights under this **Section 2.2(c).** In no event may Tenant assign its rights hereunder with respect to the use of such parking passes to any third party, except in connection with an assignment of this Lease or sublease effected in accordance with the provisions of **Article VI.** Landlord shall not be (i) responsible for money, jewelry, automobiles or other personal property lost in or stolen from the Building Garage regardless of whether such loss or theft occurs when the Building Garage or other areas therein are locked or otherwise secured or (ii) liable for any loss, injury or damage to persons using the Building Garage or automobiles or other property therein, it being agreed that, to the fullest extent permitted by law, the use of the Building Garage shall be at the sole risk of Tenant and its employees. Landlord and the Building Garage Operator shall have the right to temporarily close the Building Garage or certain areas therein in order to perform necessary repairs, maintenance and improvements to the Building Garage and Landlord agrees to use reasonable efforts to minimize the duration of any such temporary closures. If Tenant is denied use of any parking passes in the Building Garage on a Business Day on account of any casualty or other closure of the Building Garage, Tenant shall receive a credit for such Business Day towards the monthly parking fee. The Building Garage Operator may elect to provide parking cards or keys to control access to the Building Garage, and in such event, Landlord or the Building Garage Operator shall provide Tenant with one card or key for each parking pass that Tenant has subscribed for hereunder free of charge, provided that the Building Garage Operator shall have the right to require Tenant or its employees to pay a reasonable fee for any lost or damaged cards or keys.

2.3 125 HIGH STREET PREMISES.

(a) Landlord and Tenant hereby acknowledge that Tenant is the subtenant under that certain sublease dated as of April 27, 2009, as affected by that certain Assignment, Assumption and Consent dated December 1, 2011 and that certain Consent to Assignment of Sublease dated April 19, 2012 (collectively, the **"High Street Sublease")** between Tenant, as subtenant, and Riversource Investments, LLC and Ameriprise Financial, Inc. (together with its successors and/or assigns, the **"High Street Sublessor"),** jointly and severally as sublandlord, governing Tenant's occupancy of that certain premises consisting of 13,920 rentable square feet on the 21st floor in the building located at 125 High Street, Boston, MA (the **"High Street Premises"),** as affected by that certain Consent to Sublease dated May 21, 2009 between Tenant, the High Street Sublessor and 125 High Street, L.P. (the **"Master Lessor").** The High Street Sublease is subject and subordinate to that certain Lease dated August 7, 2007 (the **"Master Lease")** between Master Lessor and the High Street Sublessor with respect to certain premises consisting of 18,166 rentable square feet on the 21st floor of the 125 High Street, Boston, Massachusetts building. Tenant represents and warrants to Landlord, as of the date of this Lease, that (i) Tenant has delivered to Landlord a true, correct and complete copies of the High Street Sublease and Consent to Sublease (the **"Sublease Documents")** and the Master Lease, (ii) the Sublease Documents and Master Lease are in full force and effect and have not been terminated, revoked, rescinded, amended or modified as of the date of this Lease, (iii) the High Street Sublease expires on March 31, 2018 (the **"High Street Expiration Date")** and (iv) Tenant has not assigned the High Street Sublease or sublet all or any portion of the High Street Premises.

(b) Subject to the terms and conditions of this **Section 2.3** and provided and on condition that both as of the date of delivery of the Assignment Election Notice (as hereinafter defined) and as of the High Street Assignment Date (as hereinafter defined): (y) this Lease is in full force and effect and has not been terminated, and (z) Tenant has not assigned the

High Street Sublease or sublet any part of the High Street Premises, Tenant shall have an option to assign all of Tenant's right, title and interest as subtenant under the High Street Sublease to Landlord or Landlord's designee (the **"High Street Assignment Option")** effective as of the High Street Assignment Date (as hereinafter defined), provided, however, Tenant shall not assign to Landlord and Landlord will not be obligated to assume Tenant's obligations under Section 25 of the High Street Sublease. Tenant shall also transfer and assign to Landlord all of Tenant's right, title and interest in the Furniture identified in Section 22 of the Sublease and all other furniture of Tenant in the High Street Premises as of the date of this Lease (collectively the **"Surrendered Furniture"),** free from all liens, claims, demands and encumbrances. Tenant shall exercise the High Street Assignment Option, if at all, by a written notice (hereinafter called the **"Assignment Election Notice")** from Tenant to Landlord given on or before June 30, 2013 (the **"Assignment Option Expiration Date"),** time being of the absolute essence with respect to the giving of the Assignment Election Notice. Prior to the Assignment Option Expiration Date, Tenant may (but shall have no obligation to Landlord to) market the High Street Premises to find a subtenant or transferee for the High Street Premises and/or to negotiate with the High Street Sublessor to cause the High Street Sublessor to exercise the early termination option under the Master Lease. Tenant shall, at all times during the term of the High Street Sublease, maintain in full force and effect the Letter of Credit (as defined in Section 25 of the High Street Sublease) in the amount of$139,200.00 and if Tenant breaches its obligation to maintain the Letter of Credit under the High Street Sublease (the **"High Street L/C")** in full force and effect, including any obligations to renew, extend or replace the Letter of Credit under the High Street Sublease, such breach shall be an immediate Default of Tenant under this Lease. Landlord agrees to reimburse or credit to Tenant fifty percent (50%) of the annual costs incurred by Tenant to maintain the High Street L/C.

(c) If Tenant timely exercises the High Street Assignment Option, Tenant shall use reasonable efforts to obtain, at Tenant's sole cost and expense, a written consent agreement executed by Tenant, the High Street Sublessor and the Master Lessor in the form attached hereto as **Exhibit M** or other form reasonably acceptable to Landlord (the **"High Street Consent")** and fully executed, original counterparts of any other consents and approvals required under the High Street Sublease and the Master Lease, any ancillary High Street lease or sublease documents, including any subordination, nondisturbance and attornment agreements, and under applicable Laws to effectuate the assignment of the High Street Sublease to Landlord (the **"Other Assignment Approvals")** all in form and substance reasonably acceptable to Landlord. If Tenant fails to deliver (or fails to timely deliver) the Assignment Election Notice by the Assignment Option Expiration Date, such failure shall not constitute a default under this Lease but the provisions of this **Section 2.3** shall be null and void and of no further force or effect and Landlord shall not be required to accept an assignment of the High Street Sublease.

(d) Landlord shall not be required to accept an assignment of the High Street Sublease from Tenant unless and until the later date to occur of (such later date, the **"High Street Assignment Date"):** (i) January 1, 2014, (ii) the date Tenant fully vacates the High Street Premises and surrenders possession thereof to Landlord in the Surrender Condition, (iii) the date Tenant delivers to Landlord an original counterpart of an Assignment and Assumption Agreement in the form attached hereto as **Exhibit N** executed by Tenant (the **"Assignment Agreement")** and an estoppel in form reasonably acceptable to Landlord from the High Street Sublessor, and (iv) the date Tenant delivers to Landlord fully executed, original counterparts of the High Street Consent executed by Tenant, the High Street Sublessor and the Master Lessor

and any Other Assignment Approvals. The **"Surrender Condition"** shall mean that the High Street Premises is delivered to Landlord vacant, broom clean, free of any property or debris, free of any right or claim of right of use or occupancy by any other party and otherwise in the condition required under the High Street Sublease for sun-ender of the High Street Premises at the end of the High Street lease term, including, without limitation, Tenant's performance of any obligations under the High Street Sublease requiring the removal of Tenant's trade fixtures, equipment and other personal property and restoration of any damage or affected areas of the High Street Premises, except that Tenant shall not remove any of the Surrendered Furniture. Tenant hereby represents and warrants to Landlord that Tenant has not received any notice from the High Street Sublessor or Master Lessor that requires Tenant to remove any alterations, improvements or installations (including wiring or cabling) upon the expiration or earlier termination of the High Street Sublease. Landlord will exercise reasonable efforts to lease the High Street Premises to a new tenant with the Surrendered Furniture in place, however, a new tenant for all or any portion of the High Street Premises requires that Landlord remove the Furniture prior to delivery of the High Street Premises then Tenant shall be responsible to pay to Landlord, within thirty (30) days following receipt of an invoice, 50% of the total out-of-pocket costs incurred by Landlord to remove and dispose of such Surrendered Furniture.

(e) From and after the High Street Assignment Date, the monthly Basic Rent payable by Tenant under this Lease shall be increased by an amount equal to the monthly amortization (on a straight line basis over the remainder of the Initial Term through July 31, 2024, together with interest thereon at the High Street Applicable Rate (as hereinafter defined)) of fifty percent (50%) of the total "Fixed Rent", "Subtenant's Tax Payment", "Subtenant's Operating Payment," "Subtenant's Insurance Payment," "Electricity Additional Rent," and any "Condenser Water Charge," that are payable by the tenant under the High Street Sublease during the period commencing on the High Street Assignment Date through the High Street Expiration Date (the **"Tenant's Share of the Remaining High Street Rent Obligations").** The term "Tenant's Share of Remaining High Street Rent Obligations" shall not include any late charges, interest, indemnity amounts or other sums (including parking charges) other than total "Fixed Rent", "Subtenant's Tax Payment", "Subtenant's Operating Payment," "Subtenant's Insurance Payment," "Electricity Additional Rent," and any "Condenser Water Charge," that are payable by the tenant under the High Street Sublease during the period commencing on the High Street Assignment Date through the High Street Expiration Date. For purposes of this Section 2.3, the **"High Street Applicable Rate"** shall mean 4%, provided, however, if at any time during the Initial Term the rate publicly announced from time to time by Bank of America, National Association, or its successor bank at its headquarters as its Prime Rate (the **"Prime Rate")** increases above a baseline rate of 3.25%, the High Street Applicable Rate shall be adjusted to the Prime Rate then in effect plus .75% but in no event in excess of 6%. If, prior to July 31, 2024, this Lease is terminated on account of a Default of Tenant, the Tenant's Share of the Remaining High Street Rent Obligations, if any, shall immediately increase to 100% of the total fixed rent and additional rent that was paid or is payable by Landlord (as assignee of Tenant) at any time under the High Street Sublease, together with interest at the High Street Applicable Rate, and shal1 immediately become due and payable as Basic Rent under this Lease, provided, however, Landlord shall credit to Tenant's obligations under this **Section 2.3** the net proceeds, if any, received by Landlord from any leasing or subleasing of the High Street Premises, after deducting all expenses in connection with such leasing or subleasing, including, without limitation, brokerage commissions, legal expenses, attorneys' fees, advertising, alteration costs and

expenses of preparation for the High Street Premises for lease. By way of example only of the foregoing, **Exhibit O** attached hereto sets forth an example of the manner of calculation of Tenant's Share of the Remaining High Street Rent Obligations payment to Landlord.

(f) Tenant shall make estimated monthly payments to Landlord on account of Tenant's Share of the Remaining High Street Rent Obligations together with and as part of Tenant's payment of the Basic Rent under this Lease based upon the amounts of total "Fixed Rent", "Subtenant's Tax Payment", "Subtenant's Operating Payment," "Subtenant's Insurance Payment," "Electricity Additional Rent," any "Condenser Water Charge," and parking charges billed to Tenant or Landlord, as applicable, as of the High Street Assignment Date under the High Street Sublease and the High Street Applicable Rate in effect as of the date Landlord notifies Tenant in writing of Tenant's estimated monthly payment pursuant to this **Section 2.3(e).** The monthly amount to be paid to Landlord shall be sufficient to provide Landlord by the end of each calendar year with a sum equal to Tenant's required payments, as estimated by Landlord from time to time during each calendar year, on account of Tenant's Share of the Remaining High Street Rent Obligations for such calendar year. As promptly as reasonably possible after the end of each calendar year, Landlord shall submit to Tenant a reasonably detailed accounting of Tenant's Share of the Remaining High Street Rent Obligations (the **"Landlord's Reconciliation Statement")** together with an estimate of the monthly payment payable by Tenant for the succeeding calendar year for Tenant's Share of the Remaining High Street Rent Obligations. If the estimated payments theretofore made for such calendar year by Tenant on account of Tenant's Share of the Remaining High Street Rent Obligations exceed Tenant's required payment on account thereof for such calendar year, according to Landlord's Reconciliation Statement, Landlord shall, provided Tenant is not then in Default under this Lease, credit the amount of any overpayment against subsequent rental obligations of Tenant with respect to Basic Rent, provided that, if the required payments on account thereof for such calendar year are greater than the estimated payments (if any) theretofore made on account of Tenant's Share of the Remaining High Street Rent Obligations for such calendar year, Tenant shall pay such amounts to Landlord within thirty (30) days after delivery of Landlord's Reconciliation Statement.

(g) Tenant's obligation to pay the Tenant's Share of the Remaining High Street Rent Obligation to Landlord shall constitute Basic Rent due and payable under this Lease and if Tenant fails to timely pay the same to Landlord, Landlord shall have the same rights and remedies under this Lease as for the non-payment of Basic Rent beyond the applicable grace period (if any). From and after the date of this Lease, Tenant shall not modify or amend the High Street Sublease without Landlord's prior written consent, which consent shall not be unreasonably withheld, provided, however, Landlord's consent to any amendment or modification to the High Street Sublease which adversely affects Landlord, the High Street Premises or any of the rights or obligations of Landlord, as assignee under the High Street Sublease, shall be in Landlord's sole and absolute discretion. The foregoing shall not limit Tenant's right (without Landlord's consent) to terminate the High Street Sublease so long as Tenant has not exercised the High Street Assignment Option.

(h) From and after the High Street Assignment Date, Landlord or its designee shall have the right to assign the High Street Sublease or to sublease all or any p01tion of the High Street Premises without any requirement to obtain the consent or approval of Tenant or to provide notice to Tenant. The amount of the Tenant's Share of the Remaining High Street Rent

Obligations payable by Tenant under **Section 2.3(e)** shall not be adjusted, credited or reduced in any way on account of any assignment of the High Street Sublease or sublease of the High Street Premises by Landlord or its designee, and Landlord shall have the right to retain 100% of any revenue received from such assignment or sublease without compensation to Tenant.

(i) Tenant agrees to defend, indemnify and hold Landlord harmless from and against any and all claims, demands, liability, costs and expenses (including reasonable attorneys' fees and disbursements), damages or loss (including loss of rental income) occasioned on account of, or in connection with, (i) any default under the High Street Sublease by Tenant or any party claiming by, through, or under Tenant (excluding Landlord or any of Landlord's subtenants, assignees, or any of their respective partners, members, principals, directors, officers, agents, employees, licensees or contractors) or (ii) any act, omission, negligence or willful misconduct of Tenant or any party claiming by, through or under Tenant (excluding Landlord or any of Landlord's subtenants, assignees, or any of their respective partners, members, principals, directors, officers, agents, employees, licensees or contractors) which results in any claims against Landlord. Landlord agrees to defend, indemnify and hold Tenant harmless from and against any and all claims, demands, liability, costs and expenses (including reasonable attorneys' fees and disbursements), damages or losses occasioned on account of, or in connection with, (y) any default under the High Street Sublease by Landlord or any party claiming by, through, or under Landlord (including, but not limited to, Landlord's subtenants, assignees, or any of their respective partners, members, principals, directors, officers, agents, employees, licensees or contractors) accruing from and after the High Street Assignment Date or (z) any act, omission, negligence or willful misconduct of Landlord, any party claiming by, through or under Landlord (including, but not limited to, Landlord's subtenants, assignees, or any of their respective partners, members, principals, directors, officers, agents, employees, licensees or contractors) occurring from and after the High Street Assignment Date which results in any claims against Tenant.

ARTICLE III BASIC RENT

3.1 PAYMENT

(a) Except as otherwise set forth herein, Tenant agrees to pay to Landlord, or as directed by Landlord, commencing on the Rent Commencement Date without offset, abatement (except as otherwise expressly set forth in this Lease), deduction or demand, the Basic Rent. Notwithstanding the foregoing, and provided and only so long as no Default of Tenant exists or occurs at any time during the Abatement Period (as hereinafter defined), the Basic Rent and Escalation Charges due under this Lease will be abated during the period commencing on the Rent Commencement Date through March 31, 2014 (the **"Abatement Period").** The foregoing rent abatement shall apply only to and affect the Basic Rent and Escalation Charges due under this Lease with respect to the Premises and Tenant shall be obligated to pay the Electricity Charges and all other Additional Rent which accrue and are due under this Lease with respect to the Premises from and after the Commencement Date. If at any time during the Abatement Period there occurs any Default of Tenant under this Lease, Tenant's right to abate the Basic Rent under this **Section 3.l(a)** for the Abatement Period shall be suspended until such time that Tenant cures such Default of Tenant. If this Lease is terminated due to any Default of Tenant under this Lease during the Abatement Period, any and all Basic Rent and any Escalation

Charges, if any, which had been abated prior to Tenant's default pursuant to this **Section 3.l(a)** shall immediately become due and payable. Landlord and Tenant agree that all amounts due from Tenant under or in respect of this Lease, whether labeled Basic Rent, Escalation Charges, additional charges or otherwise, shall be considered as rental reserved under this Lease for all purposes, including without limitation regulations promulgated pursuant to the Bankruptcy Code, and including further without limitation Section 502(b) thereof.

(b) The Basic Rent and regularly recurring payments of Additional Rent shall be payable in equal monthly installments, in advance, on the first day of each and every calendar month during the Term of this Lease, either by wire transfer of immediately available federal funds to the account of Landlord pursuant to the wiring instructions set forth below in paragraph (c) of this **Section 3.1** or by good and sufficient check (subject to collection) drawn on a bank which is a member of the Boston or New York Clearing House Association sent to the lockbox address for Landlord set forth in paragraph (d) of this **Section 3.1,** or pursuant to such other written instructions as Landlord may deliver to Tenant in accordance with this Lease, at least thirty (30) days before the date such payments are due under this Lease, without notice or demand and, except as otherwise provided in this Lease, without offset or counterclaim. All other sums due under this Lease shall be paid to Landlord at Landlord's Original Address, or at such other place as Landlord shall from time to time designate by at least thirty (30) days' written notice to Tenant. Landlord and Tenant agree that all amounts due from Tenant under or in respect of this Lease, whether labeled Basic Rent, Escalation Charges, additional charges or otherwise, shall be considered as rental reserved under this Lease for all purposes, including without limitation regulations promulgated pursuant to the Bankruptcy Code, and including further without limitation Section 502(b) thereof. Basic Rent for any partial month shall be pro rated on a daily basis, and if Basic Rent commences on a day other than the first day of a calendar month, the first payment which Tenant shall make to Landlord shall be payable on the date Basic Rent commences and shall be equal to a proportionate part of the monthly installment of Basic Rent for the partial month in which Basic Rent commences.

(c) Landlord's wiring instructions for payments of Basic Rent and Additional Rent are presently set forth below:

Account Name:	BROOKFIELD PROPERTIES 75 STATE CO. LLC
Account Number:	[account number]
Bank Name:	JPMORGAN CHASE
Bank ABA#:	[Bank ABA number]

(d) Landlord's lockbox address for payments of Basic Rent and Additional Rent is set forth below:

JP Morgan Chase for
Brookfield Properties 75 State Co. LLC
Newark Post Office
P.O. Box 10458
Newark, NJ 07193-0458

ARTICLE IV
COMMENCEMENT DATE, RENT COMMENCEMENT DATE AND CONDITION

4.1 COMMENCEMENT DATE AND RENT COMMENCEMENT DATE

The Commencement Date shall be as set forth in **Section 1.2** of this Lease.

Except as expressly set forth in **Section 4.2** of this Lease, Tenant acknowledges and agrees that Landlord has no obligation to perform any improvements to the Premises or the Building to prepare the same for Tenant's occupancy. Promptly following the occurrence of the Commencement Date, Landlord and Tenant hereby agree to execute a Commencement Date Letter in the form attached hereto as **Exhibit H** to confirm the Commencement Date. Failure to execute said letter shall not affect the Commencement Date as determined in accordance with the terms of this Lease.

4.2 CONDITION OF THE PREMISES

(a) Except as otherwise expressly set forth in this Lease, the Premises are being leased by Tenant in their AS IS condition existing on the date hereof, WITHOUT REPRESENTATION OR WARRANTY by Landlord, and Tenant hereby agrees that Landlord shall have no obligation to furnish, render or supply any work, labor, services, materials, fixtures, equipment or decoration to make the Premises suitable for Tenant's occupancy, except that Landlord shall deliver possession of the Premises to Tenant vacant, broom clean, and free of all property, tenants or occupants and with Landlord's Premises Work (as hereinafter defined) substantially completed (the **"Delivery Condition").** Landlord shall perform, at Landlord's cost and expense, (i) the work described on **Exhibit K** attached hereto (the **"Landlord's Premises Work")** to the Premises, and (ii) the Landlord's Base Building Work (as hereinafter defined). Landlord agrees to perform the Landlord's Premises Work in a good and workmanlike manner and using Building Standard materials.

(b) Landlord will exercise commercially reasonable efforts to deliver the Premises to Tenant in the Delivery Condition, including with Landlord's Premises Work substantially completed, on January 31, 2013, subject to delays resulting from Tenant Delay (as hereinafter defined) and Force Majeure (as so extended, the **"Target Commencement Date").** Notwithstanding the foregoing, if Landlord is unable to deliver the Premises to Tenant with Landlord's Premises Work substantially completed on or before the Target Commencement Date (as the same may be extended), Landlord shall have no liability to Tenant on account thereof and no such failure to give possession to Tenant on the Target Commencement Date shall in any way affect the validity of this Lease or the obligations of Tenant hereunder or, except as expressly set forth in **Section 4.2(c)** below, give rise to any claim for damages by Tenant or a claim for resc1ss10n.

(c) If Landlord does not deliver possession of the Premises to Tenant with Landlord's Premises Work substantially complete and otherwise in the Delivery Condition within fourteen (14) days following the Target Commencement Date (the **"First Outside Date"),** subject to a day for day postponement of such First Outside Date on account of any delays resulting from Tenant's Delay and/or Force Majeure, then Tenant shall be entitled to a credit equal to one day of Basic Rent for each day following the First Outside Date until the earlier of the date the Commencement Date occurs or the Second Outside Date (as hereinafter defined). If Landlord does not deliver possession of the Premises to Tenant with Landlord's Premises Work substantially complete and otherwise in the Delive1y Condition within ninety (90) days following the Target Commencement Date (the **"Second Outside Date"),** subject to a day for day

postponement of such Second Outside Date on account of any delays resulting from Tenant's Delay and/or Force Majeure, then Tenant shall have the option, by delivery of written notice to Landlord not later than ten (10) days following such Second Outside Date (time being of the essence with respect to the giving of such notice by Tenant), as so extended, to elect either to (i) receive a credit equal to two days of Basic Rent for each day following the Second Outside Date until the date the Commencement Date occurs, or (ii) terminate this Lease. If Tenant fails to make an election within such ten-day period, Tenant shall be deemed to have elected to receive additional credits pursuant to foregoing clause (i). If Tenant elects to terminate this Lease then this Lease shall terminate thirty (30) days after the giving of Tenant's termination notice, provided, however, that if Landlord delivers the Premises to Tenant in the condition required under this Lease within thirty (30) days following Landlord's receipt of such termination notice, such termination notice shall be void and without further force or effect and this Lease shall continue in full force and effect (but Tenant shall receive the alternative credits against Basic Rent, including credits equal to two days of Basic Rent for each day following the Second Outside Date until the Commencement Date occurs). The foregoing rent credits and/or termination right shall be Tenant's sole and exclusive remedy at law or in equity or otherwise for the failure of Landlord to cause the Commencement Date to occur by the First Outside Date or the Second Outside Date, as the case may be.

(d) Tenant acknowledges and agrees that, subject to Landlord's performance of the Landlord's Premises Work and the Landlord's Base Building Work and Landlord's other obligations under **Section 4.2(a)** and **Section 5.5,** Tenant has inspected the Premises and the common areas of the Building, and has found the same to be satisfactory for the Permitted Uses. Landlord's Premises Work shall be deemed "substantially complete" or "substantially completed" for purposes of this Lease when (i) Landlord's Premises Work has been completed except only for those minor details or adjustments and minor items which, in accordance with good construction practice should be performed after or simultaneous with the performance of Tenant's Initial Work (as hereinafter defined) (the **"Landlord's Punchlist Items"),** may not then be completed and provided such incomplete items do not impede or delay the performance of Tenant's Initial Work or Tenant's occupancy of the Premises, and (ii) Landlord has obtained all appropriate approvals, documents or other permissions, if applicable, from the City of Boston Inspectional Services Department with respect to the completion of the Landlord's Premises Work (except that the foregoing requirement shall be deemed waived if Landlord's failure to obtain such governmental approval is the result of an act, omission or fault of Tenant). Upon receipt of a written request from Tenant, Landlord will provide Tenant copies of any governmental approvals or signoffs for Landlord's Premises Work. Landlord shall complete Landlord's Punchlist Items as soon as reasonably practicable following the Commencement Date, subject to Tenant providing Landlord with reasonable and timely access to the applicable portions of the Premises and to delays resulting from Tenant's Delay and/or Force Majeure. Except to the extent Tenant notifies Landlord in writing within the forty-five (45) day period described in **Section 4.2(h)** specifying the respects in which Landlord's Premises Work has not been substantially completed, Tenant shall be deemed to have accepted the Landlord's Premises Work, subject to completion of the Landlord's Punchlist Items. For purposes of this Lease, **"Tenant Delay"** shall mean any delay occurring after the date of this Lease in the design, permitting or performance of the Landlord's Premises Work or Landlord's Base Building Work to the extent that such delay is caused by any act or, where there is a duty to act under this Lease, any failure to act by Tenant or Tenant's contractors, architects, engineers, or anyone else

engaged by or on behalf of Tenant in connection with the construction of the Tenant's Initial Work, including, without limitation, delays resulting from accommodating any scheduling requests made by Tenant, delays caused by Tenant's failure to grant necessary access to any portion of the Premises to Landlord or Landlord's employees, agents or contractors or any delay caused by the performance of any work in the Premises by any contractors of Tenant. Landlord's Premises Work shall be deemed substantially complete as of the date when Landlord's Premises Work would have been substantially complete but for any such Tenant Delay as reasonably determined by Landlord in the exercise of its good faith business judgment.

(e) Landlord shall upgrade the common corridor, elevator lobby and common area restrooms on the 14th floor of the Building using building standard materials and similar to the recently constructed common area corridor and restrooms on the 18th floor of the Building (the **"Landlord's Base Building Work").** Landlord agrees to diligently perform the Landlord's Base Building Work following the execution and delivery of this Lease and receipt of all permits therefor and Landlord will exercise commercially reasonable efforts to substantially complete Landlord's Base Building Work on or before the later date to occur of (y) sixty (60) days following the Commencement Date, and (z) April 30, 2013, subject to delays resulting from Tenant Delay (as hereinafter defined) and Force Majeure (as so extended, the **"Base Building Work Completion Date").** Landlord's Base Building Work shall be performed in a good and workmanlike manner and in compliance with applicable Laws. Notwithstanding the foregoing, Landlord's Base Building Work shall be deemed substantially complete for purposes of this Lease when (i) Landlord's Base Building Work has been completed except only those minor details or adjustments and minor items which, in accordance with good construction practice should be performed after completion of Landlord's Base Building Work or Tenant's Initial Work (the **"Base Building Punchlist Items"),** may not then be completed and provided such incomplete items do not impede or delay Tenant's right to lawfully occupy the Premises and will not impede Tenant's use of the Premises, and (ii) Landlord has obtained all appropriate approvals, documents or other permissions, if applicable, from the City of Boston Inspectional Services Department with respect to the completion of the Landlord's Base Building Work (except that the foregoing requirement shall be deemed waived if Landlord's failure to obtain such governmental approval is the result of an act, omission or fault of Tenant). Landlord shall complete the Base Building Punchlist Items as soon as reasonably practicable, subject to delays resulting from Tenant Delay and/or Force Majeure. If Landlord does not substantially complete the Landlord's Base Building Work on or before the Base Building Work Completion Date, subject to a day for day postponement of such date on account of any delays resulting from Tenant's Delay and/or Force Majeure, then Tenant shall be entitled to a credit equal to ½ day of Basic Rent for each day following such date until the Landlord's Base Building Work is substantially complete.

(f) If Tenant is unable to obtain or is delayed in obtaining any building permits or approvals for Tenant's Initial Work or a ce1iificate of occupancy for the Premises solely as the result of any Landlord's Premises Work, Landlord's Base Building Work, any of the common areas of the Building, the structural elements of the Building or the base building systems serving the Building not being in compliance with applicable Laws and the compliance with such Laws was not triggered by the performance of Tenant's Initial Work, Landlord shall be responsible to remedy such violation, at Landlord's expense (and without including such costs in Operating Expenses), as soon as reasonably practicable.

(g) Tenant acknowledges and agrees that Tenant has entered into this Lease and agrees to accept possession of the Premises and to perform the obligations of Tenant hereunder with knowledge that Landlord's Base Building Work will be performed while Tenant is performing the Tenant's Initial Work and the performance of such Landlord's Base Building Work may result in noise, dust and other disturbances. Tenant hereby agrees that its obligations to pay all Basic Rent, Escalation Charges and Additional Rent under the Lease shall not be diminished, reduced or affected by the performance of Landlord's Base Building Work after the Commencement Date, nor shall Tenant have any right to make a claim for constructive eviction, or to terminate this Lease or otherwise claim a defense to the full and timely performance of its obligations under this Lease as a result of the performance of Landlord's Base Building Work after the Commencement Date and, with respect to the Corridor Finish Work, while Tenant is in occupancy of the Premises. Landlord and Tenant shall reasonably cooperate with each other to coordinate the performance of Landlord's Base Building Work and Tenant's Initial Work, provided, however, such reasonable efforts shall not require Landlord to perform such Landlord's Base Building Work after hours or on an overtime or premium pay basis.

(h) Except to the extent Tenant notifies Landlord in writing by not later than forty-five (45) days following the date that Landlord has substantially completed the Base Building Work, the taking of possession of the Premises by Tenant for the commencement of its business operations shall be deemed an acceptance of and substantial completion by Landlord of Landlord's Base Building Work, subject to Landlord's obligation to complete any punchlist items.

ARTICLE V
USE OF PREMISES

5.1 PERMITTED USE

(a) Tenant agrees that the Premises shall be used and occupied by Tenant only for Permitted Uses and for no other purpose.

(b) Tenant agrees to conform to the following provisions during the Term of this Lease:

(i) Tenant shall cause all freight to be delivered to or removed from the Building and the Premises in accordance with reasonable rules and regulations established by Landlord in accordance with **Section 14.7;**

(ii) Tenant will not place on the exterior of the Premises (including both interior and exterior surfaces of doors and interior surfaces of windows) or on any part of the Building outside the Premises, any signs, symbol, adve1tisement or the like. Landlord will not withhold consent for signs or lettering on the entry doors to the Premises and in the elevator lobby of any partial floor in which the Premises is situated provided such signs conform to Building standards adopted by Landlord in its sole discretion and Tenant has submitted to Landlord a plan or sketch of the sign (including size, color, material, location and method of affixation) to be placed on such entry doors and Landlord has approved such plan or sketch. If Landlord provides a directory in the main lobby of the Building, Landlord agrees to provide Tenant with its prop01tionate share of listings on such directory. Excluding any signage rights of tenants in the Building under leases executed prior to the date of this Lease (including the rights under

existing leases of such tenants to transfer or change their signage) and provided and only so long as Grant Thornton LLP or any successor to Grant Thornton LLP (a **"GT Successor")** is the Tenant under this Lease and is satisfying the Occupancy Condition (as defined in **Section 15.1),** if, at any time during the Term, Landlord hereafter grants signage rights in the main lobby of the Building (other than lobby directory signage) to any competitor of Tenant identified on **Exhibit L** attached hereto or any successor in interest to any such competitor (a **"Tenant Competitor")** leasing less rentable square footage in the Building than Tenant leases under this Lease at the time such signage rights are granted to a Tenant Competitor, Landlord shall grant comparable signage rights in such Building lobby to Tenant;

(iii) Tenant shall not perform any act or carry on any practice which may cause any offensive odors or loud noise or constitute a nuisance or a menace to, or otherwise interfere with the business of, any other tenant or tenants or other persons in the Building; and

(iv) Subject to the terms of **Section 7.2, Section 4.2(a)** and **Section 5.5** of this Lease, Tenant shall, in its use of the Premises, comply with the requirements of all applicable governmental laws, rules and regulations, including without limitation the Americans With Disabilities Act of 1990.

5.2 TENANT'S INITIAL WORK.

(a) Following the Commencement Date, Tenant shall undertake, at Tenant's sole cost and expense (except for the Landlord's Contribution as hereinafter provided), the making of leasehold improvements to the Thirteenth Floor Premises (the **"Tenant's Initial 13th Floor Work")** and to the Fourteenth Floor Premises (the **"Tenant's Initial 14th Floor Work")** in accordance with plans and specifications approved by Landlord in accordance with subsection (b) of this **Section 5.2.** Tenant's Initial 13th Floor Work and Tenant's Initial 14th Floor Work are collectively referred to in this Lease as **"Tenant's Initial Work."** Tenant shall diligently undertake and prosecute the construction of the Tenant's Initial Work in accordance with such plans and specifications and all other provisions of this Lease relating to Tenant's alterations, additions and improvements so as to promptly substantially complete the Tenant's Initial Work.

(b) Tenant shall, at Tenant's sole cost and expense, cause construction drawings for the Tenant's Initial Work **("Construction Drawings")** to be completed and submitted to Landlord for review and approval, which Construction Drawings shall contain complete information and dimensions necessary for the construction and finishing of the Premises and for the engineering in connection therewith and comply with the provisions of **Exhibit G** (Tenant's Plan Requirements) attached hereto. Within ten (10) Business Days after receipt of the complete set of final Construction Drawings for the applicable Tenant's Initial Work, Landlord shall return such Construction Drawings to Tenant with its objections, suggested modifications and/or approval (which suggested objections and suggested modifications are herein referred as **"Landlord Modifications"),** provided such ten (10) Business Day period shall be extended for an additional reasonable period (not to exceed an additional five (5) Business Days) if Landlord notifies Tenant in writing (which notice may be sent electronically) that Tenant's Construction Drawings are being sent to a third party consultant for review. The Construction Drawings shall thereafter be revised by Tenant to reflect the applicable changes and Tenant shall deliver revised Construction Drawings to Landlord within ten (10) Business Days

after its receipt of Landlord's response. Landlord shall grant its approval or disapproval thereto, and/or state any further objections or proposed modifications, within five (5) Business Days after receipt thereof. After the first submission and resubmission, Landlord and Tenant agree to deliver revised submissions or objections within a five (5) Business Day period. Promptly upon Landlord's approval of the Construction Drawings for the applicable Tenant's Initial Work, Tenant shall submit an application for, and diligently pursue issuance of, a building permit (and any other approvals required) for the performance of Tenant's Initial Work. Tenant shall provide Landlord with copies of all written comments, responses, approvals, disapprovals and/or other correspondence received from all applicable governmental authorities in connection with such application, and shall otherwise keep Landlord informed regarding the processing of Tenant's building permit application. No deviation from the Construction Drawings (other than de minimis or immaterial deviations and minor substitutions of materials) shall be made by Tenant except by written change order approved by Landlord **("Change Order").** Tenant shall be responsible for the payment of any and all costs to complete the Tenant's Initial Work except to the extent Tenant is entitled to receive Landlord's Contribution (as hereinafter defined) under this **Section 5.2.** All Tenant's Initial Work shall be performed by contractors and subcontractors which have been approved by Landlord, which approval will not be unreasonably withheld or delayed. All contractors and subcontractors performing the Tenant's Initial Work shall be financially sound and able to complete the portion of the Tenant's Initial Work for which they are responsible in a prompt and timely fashion. In connection with the performance of the Tenant's Initial Work by Tenant or Tenant's contractors, Tenant shall comply with, and shall cause Tenant's contractors and all subcontractors to comply with, the provisions of **Exhibit D (Tenant's Work Requirements), Exhibit E (Contractor's Insurance Requirements), Exhibit F (Building Standards)** and **Exhibit G (Tenant Plan Requirements)** of this Lease, as the same may be amended from time to time. As part of Tenant's Initial Work, Tenant shall install building standard window blinds or other style of window blinds reasonably approved by Landlord, including mecco shades, on all windows in the Premises and, during the Term of this Lease, Tenant shall be responsible to maintain, repair and replace all such window blinds in the Premises.

(c) In consideration of Tenant's fulfillment of all of its obligations under this **Section 5.2** to perform the Tenant's Initial Work in and to the Premises and the performance of all of its financial and other obligations under this Lease and subject to the terms of this **Section 5.2,** Landlord agrees to provide the Landlord's Contribution to reimburse Tenant for the hard and, to the extent permitted herein, soft costs incurred by Tenant in connection with the design, construction and installation of the Tenant's Initial Work in and to the Premises (the **"Total Costs"),** including, without limitation, costs of construction, repairing or replacing HVAC equipment or components thereof, and alterations and improvements to the restrooms within the Premises. Landlord shall reimburse Tenant for the Total Costs paid by Tenant for the Tenant's Initial 13th Floor Work up to One Million Nine Hundred Thirty Eight Thousand Six Hundred Forty and 00/100 Dollars ($1,938,640.00) ($80.00 per rentable square foot of the Thirteenth Floor Premises) (the **"Landlord's 13th Floor Contribution").** Landlord shall reimburse Tenant for the portion of the Total Costs solely attributable to Tenant's Initial 14th Floor Work up to One Million One Hundred Ninety-Nine Thousand Five Hundred Twenty and 00/100 Dollars ($1,199,520.00) ($70.00 per rentable square foot of the Fourteenth Floor Premises) (the **"Landlord's 14th Floor Contribution").** Landlord's 13th Floor Contribution and Landlord's 14th Floor Contribution are hereinafter collectively referred to as the **"Landlord's**

Contribution". Tenant acknowledges and agrees that Landlord's total financial obligation with respect to the permitting, purchase, construction, and installation of Tenant's Initial Work shall be limited solely to Landlord's Contribution and Tenant shall be entirely responsible for any such excess costs. If the Total Costs of Tenant's Initial Work shall be less than Landlord's Contribution, then the amount of Landlord's Contribution shall be reduced accordingly. Notwithstanding anything to the contrary in this **Section 5.2,** Tenant may utilize up to twenty percent (20%) of Landlord's Contribution towards reimbursement of "soft" costs incurred by Tenant for architectural and design costs, permit and filing fees, construction management, signage, cabling, furniture, moving and security system expenses. Landlord and Tenant acknowledge and agree that Landlord is providing Landlord's Contribution to Tenant for the primary purpose of constructing and improving the Premises with "qualified long-term real property" for use in Tenant's trade or business pursuant to and in accordance with the provisions of Section 110 of the Internal Revenue Code, to the extent the applicable elements of Tenant's Initial Work qualify as such "qualified long-term property" under the applicable provisions of the Internal Revenue Code and excluding any portion of the Landlord's Contribution applied by Tenant to "soft" costs or to Basic Rent. The Landlord's Contribution shall be payable on a percentage of completion basis, not more than once during each calendar month, and any amount so funded will be paid to Tenant within thirty (30) days following Landlord's receipt of all of the following items and provided there is no uncured Default of Tenant or any condition of which Tenant has been given written notice and which, with the passage of time, would constitute a Default of Tenant under this Lease:

(i) a payment request (a **"Funding Request"),** seeking that percentage of the Landlord's Contribution (less the applicable holdback amount specified below) which corresponds to the percentage of completion achieved as of the date of such payment request of Tenant's Initial Work:

(ii) a certificate of Tenant's architect to Landlord and any other party reasonably designated by Landlord (such as Landlord's mortgagee, if any) specifying the percentage of completion of Tenant's Initial Work to the Funding Request submitted, performed in or to the applicable portion of the Premises in accordance with the Construction Drawings therefor approved by Landlord which Tenant has achieved as of the date of such certificate (and in any payment request seeking final payment, such certificate shall include a certification by the Tenant's architect that the applicable portion of the Tenant's Initial Work for the Premises has been Substantially Completed in accordance with the plans, and that all punch list items noted by the parties have also been fully completed);

(iii) a copy of the final certificate of use and occupancy (or its equivalent) issued to Tenant by the applicable governmental authority with respect to the Thirteenth Floor Premises or the Fourteenth Floor Premises, as applicable (final payment of the corresponding portion of Landlord's Contribution only);

(iv) a copy of complete as-built plans and specifications for the Tenant's Initial Work to the Premises and one set of blueprints showing all items of Tenant's Initial Work (final payment of the corresponding portion of Landlord's Contribution only), which shall be submitted to Landlord in hard-copy paper form (together with a PDF scanned copy of all paper plans) and on disk in Auto-CAD Version 2000;

(v) evidence that Tenant has funded the Tenant Contribution (as hereinafter defined), if any, associated with such payment request (and each prior payment request made by Tenant), as determined pursuant to **Section 5.2(d),** below; and

(vi) duly executed lien waivers from all contractors, sub-contractors and suppliers performing work or supplying material for the Tenant's Initial Work and acknowledging payment of all amounts due in connection with the portion of Tenant's Initial Work to the Premises represented by the Funding Request, provided, however, that Tenant shall deliver final lien waivers with its submission of the final Funding Request for the Tenant's Initial Work.

Upon receipt and approval of all such items, Landlord shall, within thirty (30) days following receipt of the Funding Request, disburse the amount of Landlord's Contribution requested to be funded to Tenant. Landlord shall have the right to hold back ten percent (10%) of the amount requested until such time as, in addition to Tenant's satisfaction of the requirements otherwise applicable to a final payment under clauses (i) - (vi) above of this **Section 5.2(c),** Landlord has received a certificate from Tenant's architect that all punch list items have been corrected or completed. If Tenant fails to properly requisition the full Landlord's Contribution on or before the second (2nd) anniversary of the Rent Commencement Date (the **"Reimbursement Deadline"),** then Tenant shall be deemed to have waived any right to the balance thereof except that, provided there is no uncured Default of Tenant, Tenant may elect by notice to Landlord delivered on or before the Reimbursement Deadline to apply any undisbursed amount of the Landlord's Contribution to the Basic Rent next due under this Lease.

If, as of the date when a disbursement of the Landlord's Contribution is due hereunder (and provided Tenant has delivered to Landlord all documentation required under this **Section 5.2(c)** and Landlord has not notified Tenant that Landlord reasonably disputes the accuracy or completeness of the applicable Funding Request), the applicable disbursement of the Landlord's Contribution is not timely paid by Landlord, then provided no Default of Tenant has occurred and is continuing, Tenant may deliver a second notice (an **"Offset Notice")** to Landlord at Landlord's addresses set forth in this Lease (or to such other notice address as Landlord may specify in a written notice to Tenant upon not less than thirty (30) days' prior notice), which notice shall specify the Funding Request that has not been timely paid, the date upon which it was received by Landlord and state conspicuously in bold type and in all capital letters at the top of the first page of such notice and on the envelope containing such notice **"THIS IS A TIME SENSITIVE OFFSET NOTICE AND LANDLORD SHALL BE DEEMED TO ACCEPT SUCH OFFSET IF IT FAILS TO RESPOND TO THIS SECOND REQUEST FOR DISBURSEMENT WITHIN FIVE (5) BUSINESS DAYS AFTER RECEIPT"** and if Tenant shall deliver such second notice to Landlord as aforesaid and Landlord fails to disburse the amount of the Landlord's Contribution expressly referenced in the Offset Notice, subject to Landlord's right to dispute such Funding Request as hereinafter provided, within such five (5) Business Day period, then Tenant shall have the right to have such unpaid amount of Landlord's Contribution credited against the next installment(s) of Basic Rent and/or Escalation Charges thereafter due under this Lease. Within the thirty (30) day period following receipt of a Funding Request or within the additional 5-Business Day period described above, Landlord may

dispute in good faith the Funding Request by written notice to Tenant setting forth the basis upon which Landlord reasonably disputes the accuracy or completeness of any Funding Request. If Landlord disputes the accuracy or completeness of any Funding Request, Landlord and Tenant shall reasonably cooperate with each other to resolve such dispute as expeditiously as possible, but Landlord will have no obligation to disburse any disputed amount of such Funding Request and Tenant will not have any right to credit the disputed amount of the Funding Request against the Basic Rent and/or Escalation Charges until the dispute has been resolved to Landlord's satisfaction or by arbitration as provided below. If the parties are unable to resolve such funding dispute within fourteen (14) days following the date of Landlord's dispute notice to Tenant, such dispute may be submitted by either party to arbitration in Boston, Massachusetts for expedited proceedings under the Fast Track Procedures provisions (currently, Rules F-1 through F- 13) of the Arbitration Rules of the Construction Industry of the American Arbitration Association (the **"AAA"),** with both parties agreeing to waive the $75,000 qualification in such rules. In any case where the parties utilize such expedited arbitration: (1) the parties will have no right to object if the arbitrator so appointed was on the list submitted by the AAA and was not objected to in accordance with Rule 54 (except that any objection shall be made within four (4) days from the date of mailing), (2) the Notice of Hearing shall be given four (4) days in advance of the hearing, (3) the first hearing shall be held within five (5) Business Days after the appointment of the arbitrator, and (4) each party in such arbitration shall pay its own attorneys' fees and other costs of such arbitration and the losing party shall pay the costs charged by the AAA and/or the arbitrator. Judgment upon any award rendered in any arbitration held pursuant to this **Section 5.2(c)** may be entered in any court having jurisdiction, and in connection therewith, the arbitrators shall be bound by the provisions of this Lease, and shall not add to, subtract from or otherwise modify such provisions, and the sole remedy which may be awarded by the arbitrators in any proceeding pursuant to this **Section 5.2(c)** is an order compelling Landlord to pay any portion of the Landlord's Contribution which Landlord was withholding pursuant to the foregoing provisions of this Section, and, except for the costs and fees described in clause (4) above, the arbitrators may not award damages or grant any monetary award or other form of relief.

(d) If at any time Landlord in good faith determines that Total Costs will exceed Landlord's Contribution, Landlord shall only be required to disburse the Landlord's Contribution towards submitted Funding Requests on a pari passu basis with Landlord reimbursing to Tenant only the amount of the Funding Request multiplied by a fraction, the numerator of which is the amount of Landlord's Contribution and the denominator of which is Landlord's good faith estimate of Total Costs for the Tenant's Initial Work, and the amount of each Funding Request due from Tenant is herein referred to as the **"Tenant Contribution."** If Tenant fails to pay any portion of the Tenant Contribution as and when required, Landlord shall have the right to withhold any further funding of Landlord's Contribution pending Tenant's delivery of evidence reasonably satisfactory to Landlord that Tenant has made such Tenant Contribution and any such withholding by Landlord shall not be deemed a delay or default by Landlord under this Lease.

(e) The Landlord's 13th Floor Contribution and Landlord's 14th Floor Contribution are separate allowances to be used and applied primarily to Tenant's Initial 13th

Floor Work and Tenant's Initial 14th Floor Work, respectively, provided, however, so long as Tenant has substantially completed a Class A office installation in the applicable portion of the Premises (i.e. the Thirteenth Floor Premises and the Fourteenth Floor Premises), Tenant may utilize any excess of the Landlord's 13th Floor Contribution or the Landlord's 14th Floor Contribution, as applicable, towards the costs to perform Tenant's Initial Work in the other portion of the Premises.

(t) The Tenant's Initial Work may not commence nor may Tenant permit Tenant's contractor or any other contractors and/or subcontractors to commence any work until all required insurance has been obtained, and until Tenant's certificates of such insurance have been delivered to Landlord. Landlord shall have the right to require Tenant, and Tenant shall have the duty, to stop work in the Premises immediately if any of the insurance coverage Tenant is required to carry herein lapses during the course of such work, in which event the Tenant's Initial Work may not be resumed until the required insurance is obtained and satisfactory evidence of same is provided to Landlord.

(g) Landlord will have the right to inspect the performance of the Tenant's Initial Work by Tenant's contractor and any subcontractor(s), and Tenant agrees to cooperate with Landlord to facilitate such inspections, including notifying Landlord prior to any and all government inspections of the Tenant's Initial Work so that Landlord's construction manager may (if he or she so desires) be present for such inspections. Landlord shall use reasonable and diligent efforts not to interfere unreasonably with the performance of the Tenant's Initial Work during the course of any inspections by Landlord pursuant to this subparagraph.

(h) Upon substantial completion of the Tenant's Initial Work, Tenant shall deliver to Landlord a written notice (the **"Completion Notice")** certifying that the Tenant's Initial Work is substantially complete. Within five (5) days after Tenant delivers the Completion Notice, Tenant and a representative of Landlord shall jointly inspect the Premises with Tenant's architect and Tenant's contractor. If, as a result of the aforementioned joint inspection, either Landlord or Tenant discovers minor deviations or variations from the Construction Drawings of a nature commonly found on a "punch list" (as that term is used in the construction industry), Tenant shall promptly notify Tenant's contractor of such deviations; provided, however, that in the event of a dispute, Landlord (or Landlord's Representative) and Tenant (or Tenant's contractor) shall negotiate in good faith, using their reasonable discretion, to determine which items constitute punch list items. Tenant's construction contract for the Tenant's Initial Work will require that Tenant's Contractor cause all such punch list items to be remedied as soon as is practicable after the date of such joint inspection, and Tenant will use all reasonable and diligent efforts to enforce such obligation. **"Substantial Completion", "Substantially Complete"** and phrases of a similar nature shall mean, with regard to Tenant's Initial Work, (1)completion of Tenant's Initial Work in accordance with the Construction Drawings therefor (as modified by any approved change orders thereto), other than de minimis or immaterial deviations and minor substitutions of materials, other non-substantial items of construction, mechanical adjustment or decoration that remain to be performed (i.e. so-called **"punchlist items")** which will not unreasonably interfere with Tenant's ability to lawfully take occupancy of the Premises or to conduct its business therein; and (2)Tenant has obtained all governmental inspection and other approvals required to be obtained by Tenant in connection with such construction (including without limitation, a permanent or temporary certificate of occupancy or its equivalent permitting lawful occupancy the Premises), subject only to a final inspection necessary to

convert a temporary certificate of occupancy to a final certificate of occupancy, and subject to Tenant's obligation to complete all such work.

(i) Tenant and its contractors performing the Tenant's Initial Work shall provide copies of warranties for the Tenant's Initial Work and the materials and equipment which are incorporated into the Building and Premises in connection therewith, as well as provide to Landlord all operating and maintenance manuals for all equipment (other than Tenant's office equipment) incorporated into the Building and/or Premises as part of the Tenant's Initial Work. Tenant shall enforce all such warranties. Without limitation, all aspects of the Tenant's Initial Work shall be warranted to be free from defects in design and workmanship for a period of not less than one (1) year from Substantial Completion of the Tenant's Initial Work.

(j) Tenant shall reimburse Landlord on demand, as Additional Rent, for any actual, out-of-pocket third-party costs (including engineers' and architects' fees and expenses but excluding in-house personnel of Landlord or its parent company) incurred by Landlord in connection with review and approval of the Construction Drawings, Change Orders, and any inspections or other oversight by Landlord during the performance of Tenant's Initial Work. Except for such out-of-pocket expenses, Landlord will not charge Tenant any construction management or supervisory fee in connection with Tenant's Initial Work, unless Landlord and Tenant otherwise agree that Landlord will manage the performance of Tenant's Initial Work on Tenant's behalf.

(k) In accordance with **Exhibit D,** Tenant shall have access, on a non-exclusive, first-come, first-serve basis, to freight elevators serving the Building during Tenant's performance of Tenant's Initial Work and Tenant's move-in to the Premises and Tenant shall pay as an overtime charge for use of such freight elevators and loading docks during non-Business Hours, at Landlord's then building standard rate from time to time charged to the tenants in the Building for such after-hours usage (which standard charge currently includes use of both the freight elevators and loading areas), which shall constitute Additional Rent under this Lease.

5.3 EXTRA HAZARDOUS USE. Tenant covenants and agrees that Tenant will not do or permit anything to be done in or upon the Premises, or bring in anything or keep anything therein, which shall increase the rate of property or liability insurance on the Premises or the Property above the standard rate applicable to Premises being occupied for the Permitted Uses. If the premium or rates payable with respect to any policy or policies of insurance carried by or on behalf of Landlord with respect to the Property increases as a result of any act or activity on or use of the Premises during the Term or payment by the insurer of any claim arising from any act or neglect of Tenant, its employees, agents, contractors or invitees, Tenant shall pay such increase, from time to time, within thirty (30) days after demand therefor by Landlord, as Additional Rent.

5.4 INSTALLATIONS AND ALTERATIONS BY TENANT

(a) Tenant shall not make any alterations, additions (including, for the purposes hereof, wall-to-wall carpeting), or improvements (the foregoing referred to as **"Alterations")** in or to the Premises (including Tenant's Initial Work), without Landlord's prior written consent, provided, however, Tenant may make Cosmetic Alterations (as hereinafter defined) to the Premises without Landlord's consent so long as Landlord is notified in writing at

least ten (10) days prior to commencement of any such Cosmetic Alterations. Tenant is not required to notify Landlord prior to hanging pictures or similar decorations in the Premises. For purposes hereof, **"Cosmetic Alterations"** shall mean non-structural alterations to the Premises which (1) do not affect any area of the Building outside of the Premises, (2) are not visible from the exterior of the Premises or the Building, (3) do not affect or involve the Building's electrical, plumbing, mechanical or fire/life safety systems or any other systems of the Building, and (4) cost less than $50,000 in any consecutive 12-month period and do not require the issuance of a building permit. Any such Alteration (other than picture hanging and other similar decorations) shall (i) be in accordance with the provisions of **Exhibit D (Tenant's Work Requirements), Exhibit E (Contractor's Insurance Requirements), Exhibit F (Building Standards)** and **Exhibit G (Tenant Plan Requirements)** of this Lease (unless otherwise approved by Landlord), (ii) be made at Tenant's sole expense, and shall be performed at such times and in such manner as Landlord may from time to time reasonably designate and (iii) upon the expiration or earlier termination of the Term of this Lease, become part of the Premises and the property of Landlord (except as otherwise set forth in **Section 5.4(b**). Prior to commencing any Alterations to the Premises, Tenant shall obtain all state, local and other necessary permits and shall carry during the continuation of such Alterations such insurance (naming Landlord, Agent, any Superior Mortgagee, Superior Lessor and any other parties reasonably designated by Landlord as additional insureds) and obtain such payment, performance and lien bonds as Landlord shall reasonably require or other security reasonably designated by Landlord. Landlord agrees that the original named Tenant under this Lease, Grant Thornton LLP or its successor, will not be required to obtain any payment, performance or lien bonds or other security for the performance of Tenant's Initial Work. Tenant acknowledges and agrees that any review or approval by Landlord of any plans and/or specifications with respect to any Alterations is solely for Landlord's benefit, and without any representation or warranty whatsoever to Tenant with respect to the adequacy, correctness or efficiency thereof or otherwise.

(b) All articles of personal property and all business fixtures, machinery and equipment and furniture owned or installed by Tenant solely at its expense in the Premises **("Tenant's Removable Property")** shall remain the property of Tenant and may be removed by Tenant at any time prior to the expiration of this Lease, provided that Tenant, at its expense, shall repair any damage to the Building caused by such removal. Notwithstanding anything in this Lease to the contrary, Landlord shall have the right to require Tenant to remove any and all Alterations made to the Premises (including Tenant's Initial Work) which constitute above standard office improvements, repair any damage caused by such removal and restore the Premises and the Building to its condition prior to the installation of such above standard office improvements. For purposes of this Lease, the term **"above standard office improvements"** shall mean improvements for an area of similar size as the Premises which are unusual or extraordinary for normal office and administrative usage in the downtown Boston area, including without limitation, curved walls, circular rooms, internal stairways, data centers, slab cuts, kitchens, cafeterias, raised flooring, private showers or executive bathrooms, safes or vault areas, fitness or daycare facilities, print shops, emergency generators, UPS systems and equipment, vertical and horizontal transportation systems, and areas involving special electrical or fire suppression systems. Tenant may, at the time Tenant submits a request for Landlord's approval for any Alterations (including Tenant's Initial Work), request in a separate written notice delivered to Landlord and specifically referring to this **Section 5.4(b)** that Landlord specify whether the Alterations shown on the plans constitute above standard office improvements which

Tenant will be required to remove at the expiration or earlier termination of the Term. If Tenant makes such request to Landlord, Landlord agrees to notify Tenant within fifteen (15) Business Days after receipt of such request if Landlord considers any such Alterations to be above standard office improvements which must be removed at the end of the Term. In addition, Tenant may, not more than twice during the Term, deliver to Landlord a written request that Landlord confirm whether or not there are any above standard office improvements in the Premises which Tenant is required to remove and Landlord agrees to notify Tenant within fifteen (15) Business Days after receipt of such request if Landlord considers any such Alterations to be above standard office improvements which must be removed at the end of the Term. If Tenant fails to request either at the time of plan submission to Landlord or at such other time during the Term that Landlord specify whether any Alterations Tenant proposes to make constitutes above standard office improvements, Landlord may notify Tenant at any time prior to the date that is thirty (30) days prior to the expiration of the Term, of Landlord's determination that any such Alterations constitute above standard office improvements and Tenant shall so remove such above standard office improvements at the expiration or earlier termination of this Lease and repair any damage caused by the installation or removal of such above standard office improvements.

(c) Notice is hereby given that Landlord shall not be liable for any labor or materials furnished or to be furnished to Tenant upon credit, and that no mechanic's or other lien for any such labor or materials shall attach to or affect the reversion or other estate or interest of Landlord in and to the Premises, the Building or the Property. To the maximum extent permitted by applicable Law, at such time as any contractor commences to perform work on behalf of Tenant, Landlord may require that such contractor (and any subcontractors) furnish a written statement acknowledging the provisions set forth in the previous sentence. Whenever and as often as any mechanic's or similar lien shall have been filed against the Property based upon any act or interest of Tenant or of anyone claiming through Tenant, Tenant, at its expense, shall procure the satisfaction or discharge of record of all such liens and encumbrances within thirty (30) days after Tenant shall have received notice of the filing thereof by bonding (acceptable to Landlord), deposit or payment as will remove or satisfy the lien; or in default thereof, Landlord may cause any such lien or liens to be removed of record by payment of bond or otherwise, as Landlord may elect, and Tenant will reimburse Landlord for all costs and expenses incidental to the removal of any such lien or liens incurred by Landlord. Tenant shall indemnify and save harmless Landlord of and from all claims, reasonable counsel fees, loss, damage and expenses whatsoever by reason of any liens, charges or payment of any kind whatsoever that may be incurred or become chargeable against Landlord or the Building of which the Premises are a part, or Tenant's Alterations or any part thereof, by reason of any work done or to be done or materials furnished or to be furnished to or upon the Premises in connection with Tenant's Alterations.

(d) In the course of any work being performed by Tenant (including without limitation, "field installations" of Tenant's Removable Prope1iy) other than by Tenant's employees, Tenant agrees to employ union labor compatible with that being employed by Landlord for work in or to the Building, and not to employ or permit the use of any labor or otherwise take any action which might result in a labor dispute involving personnel providing services or construction in the Building pursuant to arrangements made by Landlord.

5.5 HAZARDOUS MATERIALS

(a) Tenant may use chemicals such as adhesives, lubricants, ink, solvents, cleaning fluids all of the kind and in amounts and in the manner customarily found and used in business offices in order to conduct its business at the Premises and to maintain and operate the business machines located in the Premises provided that the same are stored and maintained strictly in accordance with all applicable Laws. Tenant may also use and maintain in the Premises standard batteries associated with IDF or data rooms in the Premises, provided Tenant notifies Landlord in writing of the brand, size, and serial numbers of any such batteries and any such batteries are stored, maintained and disposed of strictly in accordance with all applicable Laws. Except for the foregoing, Tenant shall not use, store, handle, treat, transport, release or dispose of any other Hazardous Materials on or about the Premises or the Property. Landlord represents to Tenant that, as of the date of this Lease and without any investigation or testing by or on behalf of Landlord, Landlord has no knowledge of (i) any Environmental Condition at the Property, nor (ii) the presence in or on the Premises of any Hazardous Materials in amounts and/or under conditions which are in violation of existing applicable Environmental Laws. If any Hazardous Materials (including any asbestos or asbestos-containing material) are discovered in the Premises during the performance of Tenant's Initial Work, in such amounts or at such levels which, under applicable Law, requires removal or remediation, and such Hazardous Materials are not the result of any Environmental Condition caused by any wrongful act or omission of Tenant or its agents, employees or contractors, then, as Tenant's sole remedy and Landlord's sole obligation with respect to such Hazardous Materials or Environmental Condition, Landlord shall, at Landlord's sole cost and expense (and without including such costs in Operating Expenses), take any such action required by any governmental authority to clean up, remove, treat or abate (including, without limitation, subsequent monitoring requirements) such Hazardous Materials or remedy such Environmental Condition, in either case, in accordance with applicable Environmental Laws.

(b) Landlord shall be responsible to remove, remediate or abate, if and to the extent required by, and in accordance with, applicable Laws (x) Hazardous Materials located in the common areas, the structural elements or the base building systems of the Building, (y) Hazardous Materials that are present in the Building (including the Premises) as the result of the actions of Landlord or any Landlord Party, or (z) Hazardous Materials which Landlord reasonably determines to have been in, at or on the Premises prior to the Commencement Date. Notwithstanding the foregoing, Landlord's obligation to remove, remediate or abate Hazardous Materials in clause (x) above of this **Section 5.5(b)** shall not apply to requirements of Environmental Laws resulting from the use of Hazardous Materials, or additions, alterations or improvements in the Premises by Tenant or anyone claiming by, through or under Tenant.

(c) Any handling, treatment, transportation, storage, disposal or use of Hazardous Materials by Tenant in or about the Premises or the Property and Tenant's use of the Premises shall comply with all applicable Environmental Laws. Tenant shall, within ten (10) Business Days of Landlord's written request therefor, disclose in writing all Hazardous Materials that are being used by Tenant in the Premises, the nature of such use and the manner of storage and disposal. Without Landlord's prior written consent, Tenant shall not conduct any sampling or investigation of soil or groundwater on the Property to determine the presence of any constituents therein.

(d) Tenant shall indemnify, defend upon demand with counsel reasonably acceptable to Landlord, and hold Landlord harmless from and against, any liabilities, losses

claims, damages, interest, penalties, fines, attorneys' fees, experts' fees, court costs, remediation costs, and other expenses which result from the use, storage, handling, treatment, transportation, release, threat of release or disposal of Hazardous Materials in or about the Premises or the Property by Tenant or Tenant's agents, employees, contractors or invitees. The provisions of this **paragraph (d)** shall survive the expiration or earlier termination of this Lease.

(e) Tenant shall give written notice to Landlord as soon as reasonably practicable of (i) any communication actually received by Tenant from any governmental authority concerning Hazardous Materials which relates to the Premises or the Property, and (ii) any Environmental Condition of which Tenant is aware.

ARTICLE VI ASSIGNMENT AND SUBLETTING

6.1 PROHIBITION

(a) Tenant covenants and agrees that whether voluntarily, involuntarily, by operation of law or otherwise neither this Lease nor the term and estate hereby granted, nor any interest herein or therein, will be assigned, mortgaged, pledged, encumbered or otherwise transferred and that neither the Premises nor any part thereof will be encumbered in any manner by reason of any act or omission on the part of Tenant, or used or occupied or permitted to be used or occupied, by anyone other than Tenant, or for any use or purpose other than a Permitted Use, or be sublet (which term, without limitation, shall include granting of concessions, licenses and the like) in whole or in part. Tenant shall not offer or advertise the Premises for assignment or subletting without Landlord's prior written approval of Tenant's offering or advertising materials, which approval will not be unreasonably withheld or delayed. If Tenant (or any subtenant) is a corporation, the provisions of this **Section 6.t(a)** shall apply to a transfer (however accomplished, whether in a single transaction or in a series of related or unrelated transactions) of stock (or any other mechanism such as, by way of example, the issuance of additional stock, a stock voting agreement or change in class(es) of stock) which results in a change of control of Tenant (or such subtenant) as if such transfer of stock (or other mechanism) which results in a change of control of Tenant (or such subtenant) were an assignment of this Lease except that the transfer of the outstanding capital stock of Tenant or any subtenant by persons or parties through the "over the counter market" or through any recognized stock exchange, (other than those deemed "insiders" within the meaning of the Securities Exchange Act of 1934, as amended) shall not be deemed an assignment of this Lease. If Tenant (or such subtenant) is a partnership, joint venture or limited liability company (herein called a **"LLC"),** the provisions of this **Section 6.l(a)** shall apply with respect to a transfer (by one or more transfers) of an interest in the distributions of profits and losses of such partnership, joint venture or LLC (or other mechanism, such as, by way of example, the creation of additional general partnership or limited partnership interests) which results in a change of control of such partnership, joint venture or LLC, as if such transfer of an interest in the distributions of profits and losses of such partnership, joint venture or LLC which results in a change of control of such partnership, joint venture or LLC were an assignment of this Lease. The foregoing shall not apply to a mere name change of Tenant without any other change in the ownership of interests in Tenant or to a conversion or change of Tenant into another type of entity (e.g., the conversion of a corporation into a limited liability company) so long as the conversion does not further limit

any liability of Tenant to Landlord under this Lease or reduce the tangible net worth of Tenant from the tangible net worth of Tenant immediately prior to such conversion.

(b) The provisions of **paragraph (a)** shall not apply to (and Landlord consent shall not be required in connection with) the following transfers: (I) transfers to an entity into or with which Tenant is merged or consolidated, or (2) transfers to any entity which purchases all or substantially all of Tenant's voting stock, partnership interests or other membership interests, or (3) transfers to an entity to which all or substantially all of Tenant's assets are transferred (the transferee in clauses (1), (2) or (3) being referred to as a **"Tenant Successor");** or (4) transfers (including, without limitation, subleases or other occupancy agreements) to any entity which controls or is controlled by Tenant or is under common control with Tenant (the transferee in clause (4) being referred to as a **"Tenant Affiliate");** provided that in any of such events:

(i) with respect to a Tenant Successor, the Tenant Successor is a reputable entity of good character and has a net worth computed in accordance with generally accepted accounting principles consistently applied at least equal to the greater of (1) the net worth of Tenant immediately prior to such merger, consolidation or transfer, or (2) the net worth of Tenant herein named on the date of this Lease,

(ii) with respect to a Tenant Affiliate such Tenant Affiliate has a net worth which, in Landlord's reasonable judgment, is sufficient to meet the financial and other obligations of Tenant under this Lease;

(iii) proof reasonably satisfactory to Landlord of such net worth shall have been delivered to Landlord at least ten (I 0) days prior to the effective date of any such transaction; provided, however, that if, due to securities regulations or other applicable laws or a written confidentiality agreement, Tenant is unable to provide prior notice of such transaction, then Tenant shall provide such notice to Landlord within ten

(10) days after the date of such transaction,

(iv) the assignee agrees directly with Landlord, by written instrument in form satisfactory to Landlord, to be bound by all the obligations of Tenant hereunder including, without limitation, the covenant against further assignment and subletting, and

(v) such merger, consolidation or transfer shall be for a good business purpose and not principally for the purpose of transferring this Lease.

For purposes of this **Section 6.l(b**), the term **"control"** shall mean, in the case of a corporation, ownership or voting control, directly or indirectly, of at least fifty percent (50%) of all the voting stock, and in the case of a joint venture or partnership or similar entity, ownership, directly or indirectly, of at least fifty percent (50%) of all the general or other partnership (or similar) interests therein.

(c) Provided that Tenant is not in default of any of Tenant's obligations under this Lease beyond applicable notice and cure periods and subject to Landlord's rights pursuant to **Section 6.3** below, Landlord's consent to a proposed assignment or sublease shall not be unreasonably withheld, conditioned or delayed, provided and upon condition that:

(i) In Landlord's reasonable judgment the proposed assignee or subtenant is engaged in a business which is in keeping with the then standards of the Building and Property and the proposed use is limited to the Permitted Use;

(ii) The proposed assignee or subtenant is a reputable person or entity with sufficient financial worth considering the responsibility involved, based on evidence provided by Tenant (and others) to Landlord, as determined by Landlord in its reasonable discretion;

(iii) Neither (A) the proposed assignee or sublessee nor (B) any person or entity which, directly or indirectly, controls, is controlled by, or is under common control with, the proposed assignee or sublessee, is then an occupant of any part of the Property;

(iv) The proposed assignee or sublessee is not a person or entity with whom Landlord is then, or during the preceding six (6) months has been, actively negotiating to lease space at the Property;

(v) The proposed sublease or assignment shall be in form reasonably satisfactory to Landlord and shall comply with the applicable provisions of this **Article VI;**

(vi) Except for listings with a commercial real estate broker, Tenant shall not have advertised or publicized in any way the availability of the Premises without prior notice to and approval by Landlord, which approval shall not be unreasonably withheld, conditioned or delayed;

(vii) With respect to and after taking into account the proposed sublease, there will not be more than three (3) different occupants (including Tenant) in possession of the Premises; and

(viii) there shall not be any Default of Tenant (defined in **Section 13.t)** in existence and there shall not have been two (2) or more Defaults of Tenant during the Term.

Tenant covenants and agrees that it shall be reasonable for Landlord to condition any consent to a proposed assignment of this Lease (except an assignment permitted without Landlord's consent pursuant to **Section 6.l(b))** on Tenant depositing with Landlord the estimated Tenant's Share of the Remaining High Street Rent Obligations reasonably estimated by Landlord to be payable by Tenant for the remainder of the term of the High Street Sublease, provided, however, such deposit shall be subject to reconciliation of payments actually due in accordance with **Section 2.3** of this Lease.

(d) Tenant shall request Landlord's consent to a proposed assignment or sublease pursuant to this **Article VI** by submitting a written request therefore (a **"Consent Request Notice")** which notice shall set forth (i) in the case of a proposed subletting, the area proposed to be sublet, and, in the case of a proposed assignment such notice shall set forth Tenant's intention to assign this Lease, (ii) the term of the proposed subletting including the proposed dates of the commencement and the expiration of the term of the proposed sublease or the effective date of the proposed assignment, as the case may be, (iii) the rents, work contributions, and all other economic and financial terms (collectively, the **"Economic Terms"),** and all other material provisions that are proposed to be included in the transaction, (iv) in reasonable detail, the identity of the proposed assignee or subtenant, the nature of its business and its proposed use of the Premises, (v) current financial information with respect to the

proposed assignee or subtenant, including, without limitation, its most recent financial report and (vi) such other information as Landlord may reasonably request.

(e) If, this Lease be assigned, or if the Premises or any part thereof be sublet or occupied by anyone other than Tenant, whether or not in violation of the terms and conditions of this Lease, Landlord may, at any time and from time to time after a Default of Tenant, collect rent and other charges from the assignee, subtenant or occupant, and apply the net amount collected to the rent and other charges herein reserved, but no such assignment, subletting, occupancy, collection or modification of any provisions of this Lease shall be deemed a waiver of this covenant, or the acceptance of the assignee, subtenant or occupant as a tenant or a release of Tenant from the further performance of covenants on the part of Tenant to be performed hereunder. Any consent by Landlord to a particular assignment, subletting or occupancy or other act for which Landlord's consent is required under **paragraph (a)** of **Section 6.1** shall not in any way diminish the prohibition stated in **paragraph (a)** of **Section 6.1** as to any further such assignment, subletting or occupancy or other act or the continuing liability of the original named Tenant. No assignment or subletting hereunder shall relieve Tenant from its obligations hereunder and Tenant shall remain fully and primarily liable therefor. No such assignment, subletting, or occupancy shall affect or be contrary to Permitted Uses. Any consent by Landlord to a particular assignment, subletting or occupancy shall be revocable, and any assignment, subletting or occupancy shall be void *ab initio*, if, with respect to an assignment, the same shall fail to require that such assignee or occupant agree therein to be independently bound by and upon all of the covenants, agreements, terms, provisions and conditions set forth in this Lease on the part of Tenant to be kept and performed, or, with respect to a sublease, the same shall fail to require that the sublease is subject and subordinate to the terms of this Lease and the subtenant agrees to be bound by and upon all of the covenants, agreements, terms, provisions and conditions set forth in this Lease in so far as they relate to the subleased premises.

6.2 EXCESS PAYMENTS. Except for transfers permitted without Landlord's prior consent pursuant to **Section 6.l(b),** if Tenant assigns this Lease or sublets the Premises or any portion thereof to any party other than a Permitted Transferee, Tenant shall pay to Landlord, as Additional Rent, fifty percent (50%) of the amount received by Tenant, if any, by which (a) any and all compensation received by Tenant as a result of such assignment or subletting, net of brokerage fees, the costs of leasehold improvements or improvement allowances, reasonable legal fees and other reasonable costs of subletting actually incurred by Tenant (expressly excluding any lease takeover arrangements) in connection with such assignment or subletting (prorated over the term of the assignment or subletting), exceeds (b) in the case of an assignment, the Basic Rent, Electricity Charges, Escalation Charges and all other charges due under this Lease, and in the case of a subletting, the portion of the Basic Rent, Electricity Charges, Escalation Charges and all other charges allocable to the portion of the Premises subject to such subletting. Such payments shall be made on the date the corresponding payments under this Lease are due. Notwithstanding the foregoing, the provisions of this Section shall impose no obligation on Landlord to consent to an assignment of this Lease or a subletting of all or a portion of the Premises.

6.3 LANDLORD'S RECAPTURE RIGHT

(a) Except for any assignment or sublease which does not require Landlord's consent pursuant to **Section 6.l(b)** hereof, a Consent Request Notice shall be deemed an irrevocable offer from Tenant to Landlord whereby Landlord (or Landlord's designee) may, at its

option, (a) sublease such space from Tenant upon the terms and conditions hereinafter set forth (if the proposed transaction is a sublease of all or part of the Premises), (b) have this Lease assigned to it or its designee or terminate this Lease (if the proposed transaction is an assignment or a sublease of all or substantially all of the Premises or a sublease of a portion of the Premises which, when aggregated with other subleases then in effect, covers all or substantially all of the Premises), or (c) terminate this Lease with respect to the space covered by the proposed sublease (if the proposed transaction is a sublease of part of the Premises for substantially all of the then Term). Said option may be exercised by Landlord by notice to Tenant at any time within thirty (30) days after the date (the **"Recapture Notice Date")** that is the later to occur of (i) the date that such notice has been given by Tenant to Landlord and (ii) the date that Landlord shall have received all other information required to be furnished to Landlord by Tenant pursuant to the provisions of this **Article VI;** and Tenant shall not assign this Lease or sublet such space to any person prior to the Recapture Notice Date. If Landlord exercises its right to terminate this Lease in the case of a proposed assignment or sublease, this Lease shall terminate as of the date (the **"Recapture Date")** which is the later of (y) sixty (60) days after the date of Landlord's election, and (z) the proposed effective date of such assignment or sublease, as if such date were the last day of the Term of this Lease. If Landlord exercises the rights under this Section to terminate this Lease in connection with a proposed sublease of a portion of the Premises, this Lease shall be deemed amended to eliminate the proposed sublease premises from the Premises as of the Recapture Date, and thereafter all Basic Rent, Electricity Charges and Escalation Charges shall be appropriately prorated to reflect the reduction of the Premises as of the Recapture Date.

(b) If Landlord does not initially exercise its rights under this **Section 6.3** within the time period set forth in **subparagraph (a)** above, and, thereafter, Tenant wishes to enter into an assignment or sublease on terms and conditions that are not "substantially similar" to the terms and conditions set forth in the original notice given to Landlord requesting consent to an assignment or sublease (the **"Consent Request Notice"),** Tenant shall give Landlord a revised notice and Landlord shall again have all of Landlord's rights under this **Section 6.3** with respect thereto as Landlord had with respect to the original Consent Request Notice. The terms and conditions of the fully-executed transfer document shall be deemed "substantially similar" to the terms and conditions set forth in the original Consent Request Notice delivered to Landlord if (i) the economic terms of such proposed sublet or assignment on an aggregate basis differ by 5% or less on a net effective basis in favor of the assignee or sublessee, as applicable, from the terms contained in such Consent Request Notice, and (ii) the restoration obligations of the proposed transferee of the proposed sublet or assignment are substantially the same as those set forth in such Consent Request Notice. In addition, if Tenant does not enter into the proposed assignment or sublease upon the same terms as set forth in the Consent Request Notice and obtain Landlord's consent thereto as required under this **Article VI** within one hundred eighty (180) days following the expiration of the thirty (30) day period for Landlord to exercise Landlord's rights under this **Section 6.3,** then Landlord's rights under this **Section 6.3** shall revive with respect to the same or any alternative proposed assignment or sublease which Tenant proposes to enter into after such 180-day period expires and Tenant shall again have to comply with the provisions of this **Section 6.3** with respect thereto.

(c) If Landlord exercises its option to sublet the Premises, such sublease to Landlord or its designee (as subtenant) shall be at the lower of (x) the rental rate per rentable square foot of Basic Rent and Escalation Charges then payable pursuant to this Lease or (y) the rentals set forth in the proposed sublease, and shall be for the same term as that of the proposed

subletting, provided, however, that if the proposed sublease term will expire with less than nine (9) months remaining in the Term then in effect, Landlord may elect to sublease such space from Tenant for the remainder of the Term and Tenant will have no right to exercise any extension option with respect to such subleased space, and:

(i) The sublease shall be expressly subject to all of the covenants, agreements, terms, provisions and conditions of this Lease except such as are irrelevant or inapplicable, and except as otherwise expressly set forth to the contrary in this section;

(ii) Such sublease shall be upon the same terms and conditions as those contained in the proposed sublease, including any work allowances, tenant concessions and construction obligations of Tenant set forth therein, except such as are irrelevant or inapplicable and except as otherwise expressly set forth to the contrary in this Section;

(iii) Such sublease shall give the sublessee the unqualified and unrestricted right, without Tenant's permission, to assign such sublease or any interest therein and/or to sublet the space covered by such sublease or any part or parts of such space and to make any and all changes, alterations, and improvements in the space covered by such sublease; *provided* that, unless Tenant agrees otherwise, Landlord or its assignee or subtenant will, at their respective sole cost and expense, restore the sublet premises to substantially its condition on the commencement of such sublease and Tenant shall not, in any event, be obligated to remove any alterations, decorations and installations made by Landlord or its designee or any subtenant or assignee thereof;

(iv) Such sublease shall provide that any assignee or further subtenant of Landlord or its designee, may, at the election of Landlord, be permitted to make alterations, decorations and installations in such space or any part thereof and shall also provide in substance that any such alterations, decorations and installations in such space therein made by any assignee or subtenant of Landlord or its designee may be removed, in whole or in part, by such assignee or subtenant, at its option, prior to or upon the expiration or other termination of such sublease *provided* that, unless Tenant agrees otherwise, Landlord or its assignee or subtenant will, at their respective sole cost and expense, restore the sublet premises to substantially its condition on the commencement of such sublease and Tenant shall not, in any event, be obligated to remove any alterations, decorations and installations made by Landlord or its designee or any subtenant or assignee thereof; and

(v) Such sublease shall also provide that (A) the parties to such sublease expressly negate any intention that any estate created under such sublease be merged with any other estate held by either of said parties, and (B) any assignment or subletting by Landlord or its designee (as the subtenant) may be for any purpose or purposes that Landlord, in Landlord's uncontrolled discretion, shall deem suitable or appropriate. Performance by Landlord or its designee under such sublease shall be deemed performance by Tenant of a similar obligation under this Lease related to such space, and any default under any such sublease shall not give rise to a default under a similar obligation in this Lease, nor shall Tenant be liable for any default under this Lease or be deemed to be in default hereunder if such default is occasioned by or arises from

any act or omission of the subtenant under such sublease or is occasioned by or arises from any act or omission of any occupant under or pursuant to any such sublease.

(vi) Such sublease shall include an agreement of Landlord to indemnify and save harmless Tenant and the Tenant Parties (as hereinafter defined) from and against all claims, loss, cost, damage or expense arising from any accident, injury or damage to any person, or to the property of any person, where such accident, damage or injury results or is claimed to have resulted from the acts, omissions, breach, negligence or willful misconduct of any subtenant or assignee of Landlord under such sublease.

6.4 MISCELLANEOUS PROVISIONS

(a) With respect to each and every sublease or subletting authorized by Landlord under the provisions of this Lease, it is further agreed:

(i) No subletting shall be for a term (including any renewal or extension options contained in the sublease) ending later than one day prior to the expiration date of this Lease.

(ii) No sublease shall be valid, and no subtenant shall take possession of the Premises or any part thereof, until an executed counterpart of such sublease (and all ancillary documents executed in connection with, with respect to or modifying such sublease) has been delivered to Landlord.

(iii) Each sublease shall provide that it is subject and subordinate to this Lease and to any matters to which this Lease is or shall be subordinate, and that in the event of termination, reentry or dispossess by Landlord under this Lease Landlord may, at its option, take over all of the right, title and interest of Tenant, as sublessor, under such sublease, and such subtenant shall, at Landlord's option, attorn to Landlord pursuant to the then executory provisions of such sublease, except that Landlord shall not be (A) liable for any previous act or omission of Tenant under such sublease, (B) subject to any credit, offset, claim, counterclaim, demand or defense which such subtenant may have against Tenant, (C) bound by any previous modification of such sublease or by any previous prepayment of more than one (1) month's rent, in either case, not approved by Landlord in writing, (D) bound by any covenant of Tenant to undertake or complete any construction of the Premises or any portion thereof, (E) required to account for any security deposit of the subtenant other than any security deposit actually delivered to Landlord by Tenant, (F) bound by any obligation to make any payment to such subtenant or grant any credits, except for services, repairs, maintenance and restoration provided for under the sublease to be performed after the date of such attornment, (G) responsible for any monies owing by Landlord to the credit of Tenant or (H) required to remove any person occupying the Premises or any part thereof.

(iv) Each sublease shall provide that the subtenant may not assign its rights thereunder or further sublet the space demised under the sublease, in whole or in part, except in compliance with all of the terms and provisions of this **Article VI.**

(b) Except for any subletting by Tenant to Landlord or its designee pursuant to the provisions of this **Article VI,** each subletting shall be subject to all of the covenants, agreements, terms, provisions and conditions contained in this Lease. Notwithstanding any such subletting to Landlord or any such subletting to any other subtenant and/or acceptance of rent or additional rent by Landlord from any subtenant, Tenant shall and will remain fully liable for the payment of the Basic Rent, Escalation Charges, Electricity Charges and all other additional charges due and to become due hereunder and for the performance of all the covenants, agreements, terms, provisions and conditions contained in this Lease on the part of Tenant to be performed and all acts and omissions of any licensee or subtenant or anyone claiming under or through any subtenant which shall be in violation of any of the obligations of this Lease, and any such violation shall be deemed to be a violation by Tenant. Tenant further agrees that notwithstanding any such subletting, no other and further subletting of the Premises by Tenant or any person claiming through or under Tenant (except as provided in **Section 6.3** hereof) shall or will be made except upon compliance with and subject to the provisions of this Article.

(c) If Landlord shall give or decline to give its consent to any proposed assignment or sublease, or if Landlord shall exercise any of its options under **Section 6.3** hereof, Tenant shall indemnify, defend and hold harmless Landlord against and from any and all loss, liability, damages, costs and expenses (including, but not limited to, reasonable counsel fees) resulting from any claims that may be made against Landlord by the proposed assignee or sub lessee or by any brokers or other persons claiming a commission or similar compensation in connection with the proposed assignment or sublease.

6.5 FURTHER REQUIREMENTS. Tenant shall reimburse Landlord on demand, as Additional Rent, for any out-of-pocket costs (including reasonable attorneys' fees and expenses) incurred by Landlord in connection with any request for Landlord's consent to any actual or proposed assignment or sublease or other act described in **Section 6.1,** whether or not consummated and whether or not Landlord's consent is required, including the costs of making investigations as to the acceptability of the proposed assignee or subtenant. Any sublease to which Landlord gives its consent shall not be valid unless and until Tenant and the sublessee execute a consent agreement in form and substance satisfactory to Landlord in its reasonable discretion and a fully executed counterpart of such sublease has been delivered to Landlord. The terms of this **Section 6.5** shall not apply to an assignment or sublease pursuant to **Section 6.l(b).**

ARTICLE VII
RESPONSIBILITY FOR REPAIRS AND CONDITION OF PREMISES; SERVICES TO BE FURNISHED BY LANDLORD

7.1 LANDLORD REPAIRS

(a) Except as otherwise provided in this Lease, Landlord agrees to keep in good order, condition and repair the roof, public areas, exterior walls and structure of the Building (including all plumbing, mechanical and electrical systems installed by Landlord, but specifically excluding any supplemental heating, ventilation or air conditioning equipment or systems installed at Tenant's request or installed (whether or not by or on behalf of Tenant) as a result of requirements in excess of building standard design criteria), except that Landlord shall in no event be responsible to Tenant for the repair of glass in the Premises, the doors leading to the Premises, or any condition in the Premises or the Building caused by any act or neglect of

Tenant, or its invitees or contractors. Landlord shall not be responsible to make any improvements or repairs to the Building unless expressly provided in this Lease.

(b) Except as otherwise provided in **Section 7.6(b)** of this Lease, Landlord shall never be liable for any failure to make repairs which, under the provisions of this **Section 7.1** or elsewhere in this Lease, Landlord has undertaken to make unless Tenant has given notice to Landlord of the need to make such repairs or Landlord otherwise has documented, actual knowledge of the need for such repair, and Landlord has failed to commence to make such repairs within a reasonable time (or immediately in the event of an emergency which threatens public safety) after receipt of such notice, or fails to proceed with reasonable diligence to complete such repairs.

(c) Except with respect to Tenant's obligations under **Section 7.2(b)** of this Lease to comply with applicable Laws, Landlord shall, as part of Operating Expenses to the extent permitted pursuant to **Article IX** and **Exhibit B** of this Lease, maintain the common areas of the Building, the structural elements of the Building and the base building systems serving the Building in general in compliance with applicable Laws. Landlord agrees to operate the Building, including with respect to building security, as a first-class office building comparable to other Class A, multi-tenant office buildings located in the financial district of Boston, Massachusetts.

7.2 TENANT'S AGREEMENT

(a) Tenant will keep neat and clean and shall maintain the Premises (including components of the base building systems which exclusively serve the Premises) and every part thereof in good order, condition and repair, excepting only those repairs for which Landlord is responsible under the terms of this Lease, reasonable wear and tear of the Premises, and damage by fire or other casualty or as a consequence of the exercise of the power of eminent domain; and shall surrender the Premises, at the end of the Term, in such condition.

(b) Without limitation but subject to Landlord's obligations in **Sections 4.2(a), 7.1** and **5.5** of this Lease, Tenant shall continually during the Term of this Lease maintain the Premises in accordance with all present and future Laws and the standards recommended by the Boston Board of Fire Underwriters applicable to any work, installation, occupancy, use or manner of use by Tenant of the Premises or any part thereof, and shall, at Tenant's expense, obtain all permits, licenses and the like required by applicable Law. Tenant shall not be obligated to make structural repairs or alterations to the Premises in order to comply with such Laws unless the need for such repairs or alterations arises from (i) the specific manner and nature of Tenant's use or occupancy of the Premises, as distinguished from mere general office use, (ii) the manner of conduct of Tenant's business or operation of its installations, equipment or other property therein, (iii) any cause or condition created by or at the instance of the Tenant, including, without limitation, Tenant's Initial Work and/or any other Alterations made by Tenant, or (iv) a breach by Tenant of any provisions of this Lease. Tenant shall also be responsible for the cost of compliance with all present and future Laws in respect of the Building to the extent arising from any of the causes set forth in **clauses (i)** through **(iv)** of the preceding sentence, in which event Tenant shall be responsible to perform, at Tenant's sole cost and expense, such repairs or alterations, whether or not such compliance requires work which is structural or non-structural, ordinary or extraordinary, foreseen or unforeseen. Without limitation of any of Tenant's obligation, Tenant shall comply, at Tenant's cost and expense, with

all Laws, including, without limitation, the ADA, with respect to the restrooms on any full floor of the Premises (whether or not any such restroom is existing as of the date of this Lease and whether or not Tenant has retrofitted or altered the same), as well as any Laws that require the installation, modification, or maintenance within the Premises of (y) any fire-rated partitions, gas, smoke or fire detector or alarm, any emergency signage or lighting system, or any sprinkler or other system to extinguish fires, and (z) any handicap facilities. To the extent that the Premises constitute a "Place of Public Accommodation" within the meaning of the ADA, Tenant shall be responsible, subject to the requirements of **Section 5.2,** for making the Premises comply with such Act.

(c) Notwithstanding the provisions of **Article XII** and subject to the provisions of **Section 10.**7 of this Lease, to the maximum extent this provision may be enforceable according to Law, Tenant shall be responsible for the cost of repairs which may be made necessary by reason of damage to the Building caused by any act or neglect of Tenant, or its contractors or invitees (including any damage by fire or other casualty arising therefrom). In the event that the premium or rates payable with respect to any policy or policies of insurance purchased by Landlord or Agent with respect to the Property increases as a result of payment by the insurer of any claim arising from the any act or neglect of Tenant, or its contractors or invitees, Tenant shall pay, as Additional Rent, such increase, from time to time, within thirty (30) days after written demand therefor by Landlord and supporting documentation with respect thereto.

(d) Tenant, at its expense, after notice to Landlord, may contest, by appropriate proceedings prosecuted diligently and in good faith, the validity, or applicability to the Premises, of any law or requirement of any public authority, *provided* that (i) Landlord shall not be subject to criminal penalty or to prosecution for a crime, or any other fine or charge, nor shall the Premises, or any part thereof, or the Building, or any part thereof, be subjected to any lien (unless Tenant shall remove such lien by bonding or otherwise) or encumbrance, by reason of non-compliance or otherwise by reason of such contest; (ii) before the commencement of such contest, Tenant shall furnish to Landlord a cash deposit or other security in amount, form and substance reasonably satisfactory to Landlord and shall indemnify Landlord against the cost thereof and against all liability for damages, interest, penalties and expenses (including reasonable attorneys' fees and expenses), resulting from or incurred in connection with such contest or non-compliance, (iii) such non-compliance or contest shall not constitute or result in any violation of any Superior Lease or Superior Mortgage (as such terms are defined in **Section 14.15),** or if any such Superior Lease and/or Superior Mortgage shall permit such non compliance or contest on condition of the taking of action or furnishing of security by Landlord, such action shall be taken and such security shall be furnished at the expense of Tenant, (iv) such non-compliance or contest shall not prevent Landlord from obtaining any and all permits and licenses in connection with the operation of the Building; and (v) Tenant shall keep Landlord advised as to the status of such proceedings. Without limiting the application of the above, Landlord shall be deemed subject to prosecution for a crime if Landlord or Agent, or any officer, director, partner, shareholder or employee of Landlord or Agent, as an individual, is charged with a crime of any kind or degree whatever, whether by service of a summons or otherwise, unless such charge is withdrawn before Landlord or Agent, or such officer, director, partner, shareholder or employee of Landlord or Agent (as the case may be) is required to plead to answer thereto.

(e) If repairs or other obligations are required to be made or performed by Tenant pursuant to the terms hereof, Landlord may demand that Tenant make the same promptly, and if Tenant refuses or neglects to commence such repairs within ten (I 0) Business Days after receipt of a written demand from Landlord and thereafter fails to complete the same within the applicable time period therefore set forth in **Article XIII** of this Lease (except in the case of emergency, including without limitation, notice of an unsafe condition in the Premises, in which event Landlord may make such repairs immediately and without notice), Landlord may (but shall not be required to do so) enter upon the Premises and perform such repair or other obligation notwithstanding the fact that no specific provision for such substituted performance by Landlord is made in this Lease with respect to such default. In performing such obligation, Landlord may make any payment of money or perform any other act reasonably necessary to perform such repair or other obligation. All sums so paid by Landlord (together with interest at the rate set forth in Section 14.18) and all costs and expenses in connection with the performance of any such act by Landlord shall be deemed to be Additional Rent under this Lease and shall be payable to Landlord immediately on demand. Landlord may exercise the foregoing rights without waiving any other of its rights or releasing Tenant from any of its obligations under this Lease.

7.3 FLOOR LOAD - HEAVY MACHINERY

(a) Tenant shall not place a load upon any floor in the Premises exceeding 80 lbs. per square foot or the maximum which such floor is allowed by Law to carry. Landlord reserves the right to prescribe the weight and position of all business machines and mechanical equipment, including safes, which shall be placed so as to distribute the weight. Business machines and mechanical equipment shall be placed and maintained by Tenant at Tenant's expense in settings sufficient, in Landlord's judgment, to absorb and prevent vibration, noise and annoyance. Tenant shall not move any safe, heavy machinery, heavy equipment, freight, bulky matter or fixtures into or out of the Building without Landlord's prior consent, which consent may include a requirement to provide insurance, naming Landlord and Agent as an insured, in such amounts as Landlord may deem reasonable.

(b) If any such safe, machinery, equipment, freight, bulky matter or fixtures requires special handling, Tenant agrees to employ only persons holding a Master Rigger's License to do such work, and that all work in connection therewith shall comply with Laws. Any such moving shall be at the sole risk and hazard of Tenant, and Tenant will exonerate, indemnify and save Landlord harmless against and from any liability, loss, injury, claim or suit resulting directly or indirectly from such moving.

7.4 BUILDING SERVICES

(a) Landlord shall, on Business Days from 8:00 a.m. to 6:00 p.m. and on Saturdays from 8:00 a.m. to 1:00 p.m. (the "Building Hours"), furnish heating and cooling **("HVAC")** as normal seasonal changes may require to provide reasonably comfortable space temperature and ventilation for occupants of the Premises under normal business operation in accordance with the specifications set forth on **Exhibit** I attached hereto. If Tenant shall require HVAC outside of Building Hours, Landlord shall, upon reasonable advance notice from Tenant, furnish such service and Tenant shall pay therefor Landlord's then standard charges as may from time to time be in effect. As of the date of this Lease, the current charge for overtime HVAC is $47 per hour per floor for heat and $80 per hour per floor for cooling, each of which charge is

subject to increase from time to time from and after the Effective Date, but in no event shall the charge to Tenant for overtime heat or overtime cooling increase in any calendar year during the Term from that charged to Tenant in the prior calendar year by more than the annual percentage increase in the CPI from the preceding calendar year. In the event Tenant introduces into the Premises personnel or equipment which overloads the capacity of the Building system or in any other way interferes with the system's ability to perform adequately its proper functions, supplementary systems may, if and as needed, at Landlord's option, be provided by Landlord, at Tenant's expense. In the event Tenant introduces into the Premises personnel or equipment which exceeds the occupancy or electrical load levels specified on **Exhibit** I or in any other way interferes with the system's ability to perform adequately its proper functions, including, without limitation, Tenant's design, layout or occupancy level of the Premises in a manner which inhibits the HVAC system's ability to perform in accordance with the specifications on **Exhibit** I and Tenant fails to correct such interference or overloading within ten (10) days after written notice to Tenant, supplementary systems may, if and as needed, at Landlord's option, be provided by Landlord, at Tenant's expense, and Landlord shall not be deemed to be in default of Landlord's obligation under this **Section 7.4** to provide HVAC service to the Premises in accordance with **Exhibit** I to the extent resulting from such interference or overloading by Tenant.

(b) Landlord shall also provide:

(i) Passenger elevator service in common with Landlord and other tenants in the Building, with at least one (1) such elevator serving the Premises operational, subject to Force Majeure and emergency conditions, on a 24 hours a day, seven (7) days per week basis.

(ii) Hot water for lavatory purposes and cold water (at temperatures supplied by the City of Boston) for drinking, lavatory and toilet purposes at a central service area on each floor. If Tenant uses water for any purpose other than for ordinary lavatory and drinking purposes, Landlord may assess a reasonable charge for the additional water so used or install a water meter and thereby measure Tenant's water consumption for all purposes. In the latter event, Tenant shall pay the cost of the meter and the cost of installation thereof and shall keep such meter and installation equipment in good working order and repair. Tenant agrees to pay for water consumed, as shown on such meter, together with the sewer charge based on such meter charges, as and when bills are rendered, and in default in making such payment Landlord may pay such charges and collect the same from Tenant as an additional charge.

(iii) Cleaning and janitorial services to the Premises on Business Days (excluding any private and/or executive bathrooms and showers, data centers, pantries, and kitchenettes), provided the same are kept in order by Tenant and no extra services are necessary by reason of any special area of the Premises or any special installations made by Tenant, substantially in accordance with the cleaning standards set forth in Exhibit C attached hereto.

(iv) Free access to the Premises on Business Days during Building Hours and access at all other times subject to reasonable security restrictions from time to time in effect, and subject always to restrictions based on emergency conditions.

(v) Subject to Force Majeure and emergency conditions, Landlord or Landlord's prope11y manager, as part of Operating Expenses, currently provides one or

more uniformed attendants in or about the lobby of the Building on a 24 hours per day, 7 days per week basis, security turnstiles with a card access system, a visitor I.D. check-in and closed circuit television monitors. Landlord expressly reserves the right, from time to time during the Term, to increase, reduce, modify or change the level and types of security services in effect at the Building, provided, however, Landlord shall, throughout the Term, provide security services to the Building materially consistent with security services being provided at comparable Class A, multi-tenant high rise office towers in the financial district of Boston, Massachusetts.

(c) Tenant shall have access, on a non-exclusive, first come, first serve basis, to the freight elevator and loading area serving the Building during the Term and during Tenant's performance of Tenant's Initial Work and Tenant's move in to the Premises and Tenant shall pay the overtime charge for use of such freight elevators and loading areas outside of the Building's standard freight hours (which standard charge currently includes use of both the freight elevators and loading areas), at Landlord's then building standard rate from time to time charged to the tenants in the Building for such services, which shall constitute Additional Rent under this Lease.

(d) Landlord or Agent currently provides one or more uniformed attendants in or about the lobby of the Building. Such attendant(s) serve functions such as assisting visitors and invitees of tenants and others in the Building, monitoring fire control and alarm equipment, and summoning emergency services to the Building as and when needed. Tenant expressly acknowledges and agrees that: (i) such attendants are not police officers, they are unarmed, and they are not trained in situations involving potentially physical confrontation; and (ii) such attendants have been provided as an amenity to tenants of the Building for the sole purposes set forth above, and not for the purpose of securing any individual tenant premises or guaranteeing the physical safety of Tenant's Premises or of Tenant's employees, agents, contractors or invitees. If and to the extent that Tenant desires to provide additional security for the Premises or for such persons or their property, Tenant shall be responsible for so doing, after having first consulted with Landlord and after obtaining Landlord's consent, which shall not be unreasonably withheld. Except to the extent resulting from the gross negligence or willful misconduct of Landlord or Landlord's agents, employees or contractors, Landlord expressly disclaims any and all responsibility and/or liability for the physical safety of Tenant's property, and for that of Tenant's employees, agents, contractors and invitees, and, without in any way limiting the operation of Article X hereof, Tenant, for itself and its agents, contractors, invitees and employees, hereby expressly waives any claim, action, cause of action or other right which may accrue or arise as a result of any damage or injury to the person or property of Tenant or any such agent, invitee, contractor or employee. Tenant acknowledges that the Building is located in an urban area, and that crimes against property and persons do occasionally occur. Tenant agrees that, as between Landlord and Tenant, it is Tenant's responsibility to advise its employees, agents, contractors and invitees as to necessary and appropriate safety precautions.

(e) If Landlord or any affiliate of Landlord has elected or at any time during the Term elects to qualify as a real estate investment trust (a **"REIT"),** any services required or permitted to be performed by Landlord pursuant to this Lease (whether set forth in this **Article VII** or elsewhere in this Lease), the charge or cost of which may be treated as impe1missible tenant service income under the Laws governing a REIT, may be performed by a taxable REIT subsidiary that is affiliated with either Landlord or Landlord's property manager or by an independent contractor of Landlord or Landlord's property manager (the **"Service Provider").**

If Tenant is subject to a charge under this Lease for any service, then, at Landlord's direction, Tenant will pay such charge either to Landlord for further payment to the Service Provider or directly to the Service Provider, and, in either case, (i) Landlord will credit such payment against any charge for such service made by Landlord to Tenant under this Lease, and (ii) such payment to the Service Provider will not relieve Landlord from any obligation under this Lease concerning the provision of such service.

7.5 ELECTRICITY

(a) Tenant acknowledges that Landlord is the owner of all wires, risers, conduits and other electrical equipment used to provide electrical service to the Building, and Tenant agrees that it shall obtain any electrical service that Tenant requires for the Premises directly from the utility company over Landlord's existing wires, risers, conduits and other electrical equipment, and Tenant shall timely make all payments for such electrical service invoiced by the utility company. Tenant agrees that its "connected load" requirement shall not exceed five (5) watts at 277/480 volts per square foot, of which two (2) watts per square foot will be transformed to 120/208 volts. Tenant further agrees that its use of the Premises will not exceed such requirement and that its total connected lighting load will not exceed the maximum from time to time permitted under applicable governmental regulations. In order to assure that the foregoing requirements are not exceeded and to avert possible adverse effect on the Building's electrical system, Tenant shall not, without Landlord's prior consent, connect any fixtures, appliances or equipment to the Building's electrical distribution system other than typewriters, pencil sharpeners, desk top calculators, dictaphones, photocopiers, personal computers, standard pantry appliances, word processors, radios and other similar small electrical equipment normally found in business offices and not drawing more than 15 amps at 120/208 volts.

(b) Landlord shall, at Landlord's expense, within sixty (60) days after final approval of Tenant's Construction Drawings for Tenant's Initial Work, install a separate meter (a **"Tenant's Meter")** in the Premises to measure Tenant's consumption of electricity in the Premises (excluding the main air handler and fan boxes). Such Tenant's Meter shall measure tenant electricity consumption in the Premises only and in no other space in the Building. Landlord's installation of the Tenant's Meter shall be performed simultaneously and in coordination and cooperation with Tenant's performance of Tenant's Initial Work. Tenant's Construction Drawings shall separately indicate the locations for such Tenant's Meter (which location shall be within the existing electrical closet(s) serving the Premises) and clearly indicate that Landlord is to install the same. From and after the date such Tenant's Meter for the Premises has been installed and made operational, Tenant shall timely make all payments for such electrical service invoiced by the utility company.

(c) Until the Tenant's Meter is installed in the Premises as provided in **Section 7.S(b)** above, Tenant's electrical usage for the Premises shall be governed by the terms of this **paragraph (c).** Tenant shall, from and after the date Tenant first enters the Premises for any purpose (including the performance of Tenant's Initial Work) until the earlier of (y) the day immediately preceding the date the Tenant's Meter measuring electrical supply to the Premises is installed and operational (the **"Pre-Meter Period"),** or (z) the date Tenant commences occupancy of the Premises for the conduct of business, pay for electrical consumption for the Premises at the estimated rate of One and 25/100 Dollars ($1.25) per rentable square foot of Premises per annum (prorated for periods of less than one year). Notwithstanding the foregoing,

in the event that the Tenant's Meter measuring electrical supply to the Premises has not been installed and rendered operational as of the date Tenant commences occupancy of the Premises for the conduct of business, or if during the Term of the Lease such Tenant's Meter is damaged, broken or for any reason not operational, Tenant shall pay for electrical consumption for the Premises at the estimated rate charged of $2.50 per rentable square foot of the Premises per annum, which rate is subject to increase from time to time during the Term to reflect Landlord's actual cost to provide such electricity charged by the provider thereof until Tenant's Meter is installed and/or rendered operational, as the case may be and Tenant pays electricity charges to the utility company in accordance with **paragraph (b)** above of this **Section 7.5.** Tenant shall pay any such electricity charges due to Landlord under this **paragraph (c)** within thirty (30) days after rendition of bills therefor.

(d) Landlord shall furnish and install all replacement lighting, tubes, lamps, bulbs and ballasts required in the Premises, and Tenant shall pay to Landlord or its designated contractor upon demand Landlord's then established reasonable charges therefor, and in such event, Tenant shall pay to Landlord or its designated contractor upon demand the then established reasonable charges therefor of Landlord or its designated contractor, as the case may be, at the Building's standard rates.

(e) Landlord shall have the right, in its sole discretion, to select any entity or entities which it desires to have as the electrical service provider to the Building (including the Premises), and Tenant shall not have the right to select the same or participate in the selection of the same, except and to the extent that any Laws mandate that Tenant shall have any such right(s).

7.6 INTERRUPTION OF SERVICE

(a) Landlord reserves the right to curtail, suspend, interrupt and/or stop the supply of water, sewage, electrical current, cleaning, and other services, and to curtail, suspend, interrupt and/or stop use of entrances and/or lobbies serving access to the Building, or other portions of the Property, without thereby incurring any liability to Tenant, when necessary by reason of accident or emergency, or for repairs, alterations, replacements or improvements in the judgment of Landlord reasonably exercised, desirable or necessary, or when prevented from supplying such services or use due to any act or neglect of Tenant or Tenant's agents employees, contractors or invitees or any person claiming by, through or under Tenant or by Force Majeure, including, but not limited to, strikes, lockouts, difficulty in obtaining materials, accidents, laws or 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 shall or will be claimed by Tenant as a result of, nor shall this Lease or any of the obligations of Tenant be affected or reduced by reason of, any such interruption, curtailment, suspension or stoppage in the furnishing of the foregoing services or use, irrespective of the cause thereof. Failure or omission on the part of Landlord to furnish any of the foregoing services or use as provided in this paragraph shall not be construed as an eviction of Tenant, actual or constructive, nor entitle Tenant to an abatement of rent, nor to render the Landlord liable in damages, nor release Tenant from prompt fulfillment of any of its covenants under this Lease.

(b) Notwithstanding the foregoing, if (i) an intem1ption or curtailment, suspension or stoppage of an Essential Service (as said term is hereinafter defined) shall occur,

except any of the same due to any act or neglect of Tenant or Tenant's agents employees, contractors or invitees or any person claiming by, through or under Tenant (any such interruption of an Essential Service being hereinafter referred to as a **"Service Interruption"),** and (ii) such Service Interruption is within the reasonable control of Landlord to remedy (and Landlord is not impeded by reason of any Force Majeure), and (iii) as a result of such Service Interruption, the Premises becomes Untenantable so that for the Eligibility Period {as hereinafter defined) Tenant is unable to and does not in fact conduct its business in the affected portion of the Premises during the entirety of the Eligibility Period by reason of such Untenantability, then there shall be an abatement of one day's Basic Rent for each day during which such Service Interruption continues after the Eligibility Period until such date that the Premises or the affected portion thereof shall be rendered tenantable {or such earlier date, if any, as Tenant shall reoccupy the Premises or the affected portion thereof for the conduct of its business); provided, however, that if any part of the Premises is reasonably useable for Tenant's normal business operations or if Tenant conducts all or any part of its operations in any portion of the Premises notwithstanding such Service Interruption, then the amount of each daily abatement of Basic Rent shall only be proportionate to the nature and extent of the interruption of Tenant's normal operations or ability to use the Premises. For the purposes hereof, the **"Eligibility Period"** shall be defined as seven (7) days after Landlord's receipt of written notice from Tenant of the condition causing Untenantability in the Premises and, for purposes of this Lease, **"Untenantable"** shall mean that the Premises or the affected portion thereof is inaccessible and/or reasonably unusable for general office use. The rights granted to Tenant under this **paragraph {b)** shall be Tenant's sole and exclusive remedy resulting from a failure of Landlord to provide Essential Services. For purposes hereof, the term **"Essential Services"** shall mean the following services in accordance with Landlord's obligations under this Lease: all reasonable means of access to the Premises, passenger elevator service, water and sewer/septic service, HVAC and electricity. A Service Interruption will not be deemed to have occurred if the Service Interruption results from Tenant's introduction into the Premises of personnel or equipment which overloads the capacity of the Building systems or in any other way interferes with any building system's ability to perform its proper functions, including, without limitation, Tenant's design, layout or occupancy level of the Premises in a manner which inhibits the HVAC system's ability to perform properly.

ARTICLE VIII
REAL ESTATE TAXES

8.1 PAYMENTS ON ACCOUNT OF REAL ESTATE TAXES

(a) For the purposes of this Article, the term "Tax Year" shall mean the twelve-month period commencing on the July 1 immediately preceding the Commencement Date and each twelve-month period thereafter falling wholly or partly within the Term of this Lease; and the term "Taxes" shall mean (i) all taxes, assessments (special or otherwise), levies, fees and all other government levies, exactions and charges of every kind and nature, general and special, ordinary and extraordinary, foreseen and unforeseen, which are, at any time prior to or during the Term, imposed or levied upon or assessed against the Property or any portion thereof, or against any Basic Rent, Additional Rent or other rent of any kind or nature payable to Landlord by anyone on account of the ownership, leasing or operation of the Property, or which arise on account of or in respect of the ownership, development, leasing, operation or use of the Property or any portion thereof; (ii) all gross receipts taxes or similar taxes imposed or levied

upon, assessed against or measured by any Basic Rent, Additional Rent or other rent of any kind or nature or other sum payable to Landlord by anyone on account of the ownership, development, leasing, operation, or use of the Property or any portion thereof; (iii) all value added, use and similar taxes at any time levied, assessed or payable on account of the ownership, development, leasing, operation, or use of the Property or any portion thereof; and (iv) reasonable expenses of any proceeding for abatement of any of the foregoing items included in Taxes, but the amount of special taxes or special assessments included in Taxes shall be limited to the amount of the installment (plus any interest, other than penalty interest, payable thereon) of such special tax or special assessment required to be paid during the year in respect of which such Taxes are being determined. There shall be excluded from Taxes (1) all income, capital levy, capital stock, gift, franchise, margin, estate, succession, inheritance and transfer taxes of Landlord, (2) all taxes or assessments initiated as a means of financing improvements to the Property (provided, however, the foregoing shall not prohibit such taxes from being included in Operating Expenses if and to the extent the cost of the underlying improvements would otherwise be included in Operating Expenses under the terms of this Lease), and (3) any fines, late charges, interest or penalties resulting from any late payment of Taxes by Landlord; provided, however, that if at any time during the Term the present system of ad valorem taxation of real property shall be changed so that a capital levy, franchise, income, profits, sales, rental, use and occupancy, or other tax or charge shall in whole or in part be substituted for, or added to, such ad valorem tax and levied against, or be payable by, Landlord with respect to the Property or any portion thereof, such tax or charge shall be included in the term “Taxes” for the purposes of this Article.

(b) In the event that for any reason, Taxes during any Tax Year shall exceed Base Taxes, Tenant shall pay to Landlord, as an Escalation Charge, an amount equal to (i) the excess of Taxes over Base Taxes for such Tax Year multiplied by (ii) the Escalation Factor, such amount to be apportioned for any fraction of a Tax Year in which the Commencement Date falls or the Term of this Lease ends. If the Base Taxes do not reflect a fully assessed Building, then the Base Taxes shall be equitably adjusted and grossed up as if the Building were a fully assessed building.

(c) Estimated payments by Tenant on account of Taxes shall be made monthly on the first (1^{st}) day of each and every calendar month during the Term of this Lease and otherwise in the manner herein provided for the payment of Basic Rent. The monthly amount so to be paid to Landlord shall be sufficient to provide Landlord by the time real estate tax payments are due a sum equal to Tenant’s required payments, as estimated by Landlord from time to time, on account of Taxes for the then current Tax Year. Promptly after receipt by Landlord of bills for such Taxes, Landlord shall advise Tenant of the amount thereof and the computation of Tenant’s payment on account thereof. f estimated payments theretofore made by Tenant for the Tax Year covered by such bills exceed the required payments on account thereof for such Tax Year, Landlord shall credit the amount of overpayment against subsequent obligations of Tenant on account of Taxes (or refund such overpayment if the Term of this Lease has ended and Tenant has no further obligation to Landlord); but if the required payments on account thereof for such Tax Year are greater than estimated payments theretofore made on account thereof for such Tax Year, Tenant shall make payment to Landlord within thirty (30) days after being so advised by Landlord. If the Taxes comprising the Base Taxes are reduced as a result of an appropriate proceeding or otherwise, the Taxes as so reduced shall, for all purposes be deemed to be the Base Taxes and Landlord shall give notice to Tenant of the amount by

which the tax payments previously made were less than the tax payments required to be made under this Article VIII, and Tenant shall pay the amount of the deficiency within thirty (30) days after demand therefor. Upon request from Tenant, Landlord agrees to provide Tenant with a copy of any tax bill for the Property in Landlord's possession.

(d) Upon written request and to the extent not readily available via the City of Boston's website, Landlord shall provide to Tenant copies of all bills for Taxes and evidence of payment of such Taxes.

8.2 ABATEMENT

If Landlord shall receive any tax refund or reimbursement of Taxes or sum in lieu thereof with respect to any Tax Year, then out of any balance remaining thereof after deducting Landlord's expenses reasonably incurred in obtaining the same, Landlord shall pay to Tenant, provided there does not then exist a Default of Tenant, an amount equal to such refund or reimbursement or sum in lieu thereof (exclusive of any interest) multiplied by the Escalation Factor; provided, that in no event shall Tenant be entitled to receive more than the amount of any payments actually made by Tenant on account of Taxes for such Tax Year pursuant to Section 8.1 or to receive any payment if Taxes for any Tax Year are less than Base Taxes.

8.3 ALTERNATE TAXES

(a) If some method or type of taxation shall replace the current method of assessment of real estate taxes in whole or part, or the type thereof, or if additional types of taxes are imposed upon the Property or Landlord in lieu of existing Taxes or in lieu of increase in existing Taxes, Tenant agrees that such replacement or additional taxes shall be deemed to be and shall be Taxes hereunder and Tenant shall pay an equitable share of the same as an additional charge computed in a fashion consistent with the method of computation herein provided, to the end that Tenant's share thereof shall be, to the maximum extent practicable, comparable to that which Tenant would bear under the foregoing provisions.

(b) If a tax (other than a Federal or State net income tax) is assessed on account of the rents or other charges payable by Tenant to Landlord under this Lease, Tenant agrees to pay the same as an additional charge within thirty (30) days after billing therefor, unless applicable law prohibits the payment of such tax by Tenant.

ARTICLE IX
OPERATING EXPENSES

9.1 DEFINITIONS

For the purposes of this Article, the following terms shall have the following respective meanings:

Operating Year: Each twelve-month period ending on December 31 in which any part of the Term of this Lease shall fall.

Operating Expenses: The aggregate costs or expenses incurred by Landlord with respect to the operation, administration, cleaning, repair, maintenance and management of the Property including, without limitation, those items enumerated in Exhibit B annexed hereto, provided that, if during any portion of the Operating Year for which

Operating Expenses are being computed (including the Operating Year for Base Operating Expenses), the Building was not operated or less than all of the leasable area of the Building was occupied by tenants or if Landlord is not supplying all tenants with the services and utilities being supplied hereunder, actual Operating Expenses incurred shall be reasonably projected by Landlord to the estimated Operating Expenses that would have been incurred if the Building were fully occupied for such Operating Year and such services and utilities were being supplied to all tenants, and such projected amount shall, for the purposes hereof, be deemed to be the Operating Expenses for such Operating Year. The foregoing shall not entitle Landlord to collect an amount exceeding one hundred percent (I 00%) of the Operating Expenses incurred by Landlord with respect to the pertinent Operating Year (plus any imputed management fee), notwithstanding the operation of the foregoing "gross up" provisions.

9.2 TENANT'S PAYMENTS

(a) In the event that Operating Expenses for any Operating Year shall exceed Base Operating Expenses, Tenant shall pay to Landlord, as an Escalation Charge, an amount equal to (i) the excess of Operating Expenses for such Operating Year over Base Operating Expenses, multiplied by (ii) the Escalation Factor, such amount to be apportioned for any Operating Year in which the Commencement Date falls or the Term of this Lease ends.

(b) Estimated payments by Tenant on account of Operating Expenses shall be made monthly on the first (I st day of each and every calendar month during the Term of this Lease and otherwise in the manner herein provided for the payment of Basic Rent. The monthly amount so to be paid to Landlord shall be sufficient to provide Landlord by the end of each Operating Year with a sum equal to Tenant's required payments, as estimated by Landlord from time to time during each Operating Year, on account of Operating Expenses for such Operating Year. After the end of each Operating Year, Landlord shall submit to Tenant a reasonably detailed accounting of Operating Expenses for such Operating Year. If estimated payments theretofore made for such Operating Year by Tenant exceed Tenant's required payment on account thereof for such Operating Year, according to such statement, Landlord shall credit the amount of overpayment against subsequent obligations of Tenant hereunder (or refund such overpayment if the Term of this Lease has ended and Tenant has no further obligation to Landlord); but, if the required payments on account thereof for such Operating Year are greater than the estimated payments (if any) theretofore made on account thereof for such Operating Year, Tenant shall make payment to Landlord within thirty (30) days after being so advised by Landlord in writing. Landlord's failure to render or delay in rendering an Operating Expense statement with respect to any Operating Year shall not prejudice Landlord's right thereafter to render the same with respect thereto nor shall the rendering of an Operating Expense statement for any Operating Year prejudice Landlord's right thereafter to render a corrected Operating Expense statement for such Operating Year, provided that Landlord renders the Operating Expense statement in question or the corrected Operating Expense statement, as the case may be, within two (2) years after the end of the applicable Operating Year.

(c) If there are elements of Building repair and maintenance which would have been included in Base Operating Expenses except that such repair and maintenance is covered under construction or installation warranties or service contracts (excluding warrantied repairs of defects that do not constitute ordinary repair and maintenance), then the costs which

would have been incurred but for such warranties or service contracts shall be included in Base Operating Expenses, less the reasonable costs incurred by Landlord in enforcing such warranties and less the cost of any such service contracts.

(d) Any such accounting by Landlord shall be binding and conclusive upon Tenant and Tenant shall not have any right to review or audit such accounting, unless within ninety (90) days after the giving by Landlord of such accounting Tenant shall notify Landlord that Tenant disputes the correctness of such accounting, specifying the particular respects in which the accounting is claimed to be incorrect. If Tenant timely sends such dispute notice to Landlord, Tenant may, at Tenant's sole cost and expense, undertake a review or audit of such of Landlord's books as are directly relevant to the Operating Expense accounting for the Operating Year in question, provided and on condition that (i) there is no Default of Tenant under this Lease, (ii) Tenant has made all payments of Escalation Charges billed or invoiced by Landlord as of the date of the audit, (iii) the audit is performed by a qualified employee of Tenant or an independent certified public accounting firm or other professional auditing firm whose fee or other compensation is fixed by contract and is in no manner computed or determined based upon the results of the audit, (iv) both Tenant and any of its designated audit firms execute and deliver to Landlord a confidentiality agreement in form and substance reasonably acceptable to Landlord whereby such parties expressly agree to maintain the results of such audit in strict confidence (except that the results may be disclosed in any arbitration pursuant to this subsection (d)), and (v) such audit is commenced and completed and the results thereof delivered to Landlord within ninety (90) days following the date Landlord makes its books available to Tenant. If Tenant fails to timely deliver a dispute notice to Landlord, or fails to complete its audit and deliver the results thereof to Landlord within the applicable ninety (90) day period, then, in either of such events, Landlord's accounting shall be binding and conclusive upon Tenant for all purposes of this Lease. If such dispute has not been settled by mutual agreement of the parties, either party may submit the dispute to expedited arbitration in accordance with the expedited commercial arbitration rules of the American Arbitration Association within ninety (90) days after the date Tenant delivers its results to Landlord. The decision of the arbitrators shall be final and binding on Landlord and Tenant and judgment thereon may be entered in any court of competent jurisdiction. Pending resolution by agreement or arbitration, Tenant shall make all payments shown by such accounting to be without prejudice to Tenant's position.

ARTICLE X
INDEMNITY AND PUBLIC LIABILITY INSURANCE

10.1 INDEMNITY

(a) To the maximum extent this agreement may be made effective according to Law and subject to the release of liability and waiver of claims set forth in **Section 10.7** to the extent applicable in any case, Tenant agrees to indemnify and save harmless Landlord and Landlord's managing agent, beneficiaries, partners, subsidiaries, affiliates, officers, directors, agents, employees, and any Superior Lessor and Superior Mortgagee (the "Landlord Parties") from and against all claims, loss, cost, damage or expense of whatever nature arising from: (a) any accident, injury or damage whatsoever to any person, or to the property of any person, occurring in or about the Premises; (b) any accident, injury or damage occurring outside of the Premises but on the Property where such accident, damage or injury results or is claimed to have resulted from an act, omission, negligence or willful misconduct of Tenant or Tenant's agents or

employees or independent contractors; or (c) the conduct or management of the Premises or of any business therein, or any thing or work whatsoever done, or any condition created (other than by Landlord) in or about the Premises; and, in any case, occurring after the date of this Lease until the end of the Term of this Lease and thereafter so long as Tenant is in occupancy of any part of the Premises. The foregoing indemnity shall not apply to any such claims, losses, costs, damages or expenses arising from the negligence or willful misconduct of Landlord or any Landlord Parties. This indemnity and hold harmless agreement shall include indemnity against all losses, costs, damages, expenses and liabilities incurred in or in connection with any such claim or proceeding brought thereon, and the defense thereof, including, without limitation, reasonable attorneys' fees and costs at both the trial and appellate levels. The provisions of this **Section 10.l(a)** shall survive the expiration or earlier termination of this Lease.

(b) To the maximum extent this agreement may be made effective according to law and subject to the release of liability and waiver of claims set forth in **Section 10.**7 to the extent applicable in any case, Landlord agrees to indemnify and save harmless Tenant and Tenant's partners, members, shareholders, officers and directors (collectively, the **"Tenant Parties")** from and against all claims of any third party arising from any accident, injury or damage whatsoever to any person, or to the property of any person, where such accident, damage or injury results or is claimed to have resulted from the gross negligence or willful misconduct of Landlord or Landlord's agents, employees or contractors, together with reasonable attorneys' fees incurred in connection with each such claim or action brought thereon; provided, however, in no event shall this indemnity apply to the extent any such claim arises from the negligence or willful misconduct of Tenant or any of the Tenant Parties and the provisions of this **Section 10.1(b)** shall not be deemed to be made by the holder of any mortgage or ground lessor now or hereafter on the Building (whether or not such holder shall be a mortgagee in possession of or shall have exercised any rights under a conditional, collateral or other assignment of leases and/or rents respecting, the Building or such ground lessor shall have exercised any of its rights under a ground lease affecting the Building). This indemnity and hold harmless agreement shall include indemnity against all losses, costs, damages, expenses and liabilities incurred in or in connection with any such claim or any proceeding brought thereon, and the defense thereof, including, without limitation, reasonable attorneys' fees and costs at both the trial and appellate levels. The provisions of this **Section 10.l(b)** shall survive the expiration or earlier termination of this Lease.

I 0.2 LIABILITY INSURANCE

Tenant agrees to maintain in full force from the date upon which Tenant first enters the Premises for any reason, throughout the Term of this Lease, and thereafter so long as Tenant is in occupancy of any part of the Premises, a policy of commercial general liability and property damage insurance (including broad form contractual liability, independent contractor's hazard and completed operations coverage) under which Tenant is named as an insured and Landlord, Agent (and such other persons as are in privity of estate with Landlord as may be set out in a notice from time to time) are named as additional insureds. Each such policy shall be written on an "occurrence" basis, and shall be in at least the amounts of the Initial Liability Insurance specified in **Section 1.3.** Tenant shall provide Landlord with a duplicate original or certificate of its insurance coverages.

10.3 TENANT'S PROPERTY DAMAGE INSURANCE

To the maximum extent this agreement may be made effective according to Law, neither Landlord nor Landlord's insurers shall have any responsibility or liability for any loss of or damage to Tenant's Removable Property. Tenant shall carry special form/cause of loss insurance (formerly known as "all-risk" property insurance) on a "replacement cost" basis, insuring Tenant's Removable Property, Tenant's Initial Work, Alterations, and any other leasehold improvements and fixtures located in the Premises, whether made by or on behalf of Tenant or any party claiming by, through or under Tenant pursuant to this Lease or otherwise existing in the Premises as of the Commencement Date (collectively, the **"Improvements"), in** an amount equal to the full replacement cost of Tenant's Removable Property and all such Improvements. Landlord, the Landlord Parties and such other persons as Landlord shall request in a written notice to Tenant shall be named as additional insureds on each such policy. The provisions of this **Section 10.3** shall be applicable from and after the execution of this Lease and until the end of the Term of this Lease, and during such further period as Tenant may use or be in occupancy of any part of the Premises or of the Building. In addition, Tenant, at Tenant's expense, shall maintain at all times during the Term of this Lease (i) business interruption and extra expense insurance with limits not less than one hundred percent (100%) of all charges payable by Tenant under this Lease for a period of twelve (12) months, and (ii) workers' compensation insurance in accordance with the laws of the state in which the Premises are located with employers' liability insurance in an amount not less than $1,000,000.

10.4 INSURANCE REQUIREMENTS

The insurance companies issuing the policies required to be carried by Tenant and Landlord hereunder (the **"Insurers")** must be licensed and authorized to do business in the Commonwealth of Massachusetts, must have been in business for at least five (5) years, must carry an A.M. Best Company, Inc. policy holder rating of A- or better, an A.M. Best Company, Inc. financial category rating of Class VIII or better and must be otherwise reasonably satisfactory to Landlord. Notwithstanding Landlord's right to approve the Insurers and to establish credit rating standards for the Insurers, Landlord will not be responsible for the solvency of any of Tenant's Insurers.

10.5 INJURY CAUSED BY THIRD PARTIES

To the maximum extent this agreement may be made effective according to law, Tenant agrees that Landlord and the Landlord Parties shall not be responsible or liable to Tenant, or to those claiming by, through or under Tenant, for any loss or damage that may be occasioned by or through the acts or omissions of persons occupying adjoining premises or any part of the premises adjacent to or connecting with the Premises or any part of the Property or otherwise.

10.6 LANDLORD'S INSURANCE

Landlord agrees to maintain in full force and effect, at all times during the Term of this Lease, (i) special form/cause of loss property insurance covering the Building in an amount equal to at least the replacement value of the Building (exclusive of footings and foundation) and subject to commercially reasonable deductible; and (ii) commercial general liability insurance with respect to the Building in an amount not less than amounts required to be carried by Tenant under this Lease for such liability coverage. Landlord may satisfy such insurance requirements by including the Property in a so-called "blanket" insurance policy.

10.7 WAIVER OF SUBROGATION

Insofar as, and to the extent that, the following provision shall not make it impossible to secure insurance coverage obtainable from responsible insurance companies doing business in the locality in which the Property is located (even though extra premium may result therefrom) Landlord and Tenant: (a) mutually agree that, with respect to any damage to property, the parties each hereby waive all rights and claims against each other for such losses, and waive all rights of subrogation of their respective insurers, for damage to their respective properties as a result of the acts or omissions of the other party or the other party's employees, to the extent any such claims are covered (or would have been covered) by the insurance required to be maintained by Landlord and Tenant, respectively, pursuant to this Lease, or other property insurance that either party may carry at the time of an occurrence and exclusive of any commercially reasonable deductibles maintained by the applicable party under this Lease; and (b) mutually agree that any property damage insurance carried by either shall provide for the waiver by the insurance carrier of any right of subrogation against the other.

ARTICLE XI
LANDLORD'S ACCESS TO PREMISES

11.1 LANDLORD'S RIGHTS

After reasonable notice (except in emergencies when no such notice shall be required), Landlord, its agents and representatives, shall have the right to enter the Premises (i) to inspect the same, (ii) to exercise such rights as may be permitted hereunder, (iii) to make repairs or alterations to the Building or other tenant spaces therein, (iv) to make repairs or perform other obligations if Tenant fails to do so as required hereunder (but the Landlord shall have no duty whatsoever to make any such inspections, repairs, alterations, additions or improvements except as otherwise expressly provided in this Lease), (v) to deal with emergencies, (vi) to post such notices as may be permitted or required by law to prevent the perfection of liens against Landlord's interest in the Building, (vii) to exhibit the Premises to prospective tenants during the twenty-four (24) months preceding expiration of the term of this Lease (except that during the initial Term and provided Tenant has not committed in writing to lease replacement space in another building in the Boston area, such 24 month period shall be reduced to fifteen (15) months to correspond with the deadline for Tenant's exercise of Tenant's extension option) and at any reasonable time during the Term to show the Premises to prospective purchasers, lessors and mortgagees, or (viii) for any other purpose as Landlord may deem necessary or desirable; provided, however, Landlord shall use reasonable efforts not to unreasonably interfere with Tenant's use of or access to the Premises. Tenant shall not be entitled to any abatement of rent or other charges nor shall Landlord be deemed guilty of an eviction, actual or constructive, or any violation of Tenant's quiet enjoyment of the Premises on account of Landlord's access to the Premises pursuant to the provisions of this **Section 11.1** or any other provision of this Lease or applicable Laws.

ARTICLE XII
CASUALTY; EMINENT DOMAIN

12.1 CASUALTY

(a) If the Building or the Premises shall be partially or totally damaged or destroyed by fire or other casualty (each, a **"Casualty")** and if this Lease is not terminated as provided below, then (i) Landlord shall repair and restore the Building and the Premises (but excluding Tenant's Removable Property and Improvements **("Landlord's Restoration Work")** with reasonable dispatch (but Landlord shall not be required to perform the same on an overtime or premium pay basis) after notice to Landlord of the Casualty and the settlement of any insurance claims with respect to such Casualty, and (ii) Tenant shall repair and restore in accordance with **Section 5.2** all of Tenant's Removable Property and the Improvements **("Tenant's Restoration Work")** with reasonable dispatch after the Casualty. Notwithstanding anything to the contrary contained herein, if in Landlord's sole discretion, it would be appropriate for safety reasons, health reasons or the efficient operation or restoration of the Building or the Premises for Landlord to perform such portion of Tenant's Restoration Work on behalf of Tenant which are structural or are related to Building systems, and Landlord is electing to perform similar restoration work for at least 80% of the tenants in the Building whose leased premises were similarly affected by the Casualty, then (a) Landlord shall give Tenant a written notice specifying the portion of Tenant's Restoration Work to be performed by Landlord (the **"Specified Restoration Work"),** and (b) Landlord and Tenant shall agree upon the Restoration Plans (as hereinafter defined) and the budget in accordance with this **Section12.l(a)** and thereafter Landlord shall perform the Specified Restoration Work with reasonable dispatch after the final approval of the Restoration Plans and the budget, subject to Tenant's obligations under this **Article XII** to pay the costs of such Specified Restoration Work. In the event Landlord elects to perform any Specified Restoration Work under this **Section 12.l(a),** Landlord shall, at Tenant's cost, promptly thereafter prepare the construction drawings for the Specified Restoration Work (the **"Restoration Plans")** and a budget therefor. Tenant shall have the right, within ten (10) Business Days following submission by Landlord, to approve the Restoration Plans, which approval shall not be withheld if the layout and quality of finishes and materials proposed in such plans are consistent with Tenant's Initial Work in the Premises (or Tenant's initial improvements to any additional space in the Building leased to Tenant), and to approve the budget therefor, which budget approval shall not be unreasonably withheld or delayed. Any disapproval by Tenant of any submission by Landlord of the Restoration Plans shall be accompanied by a specific statement of the reasons therefor and Tenant shall respond to any resubmission by Landlord of the Restoration Plans within five (5) Business Days after such resubmission by Landlord. If Tenant fails to respond to a request by Landlord for approval of any portion of the Restoration Plans or the budget for the Specified Restoration Work within the time periods set forth in this **Section 12.l(a),** Tenant's approval thereof will be deemed given. Landlord and Tenant shall reasonably cooperate with each other to coordinate the scheduling and performance of Landlord's Restoration Work, any Specified Restoration Work and Tenant's Restoration Work in order to not unreasonably interfere with the timely progress by both pa1iies of their respective restoration work and Landlord agrees to provide Tenant with not less than ten (10) days prior written notice of the substantial completion date of any Specified Restoration Work.

(b) If all or part of the Premises shall be rendered Untenantable (as defined in **Section 7.6(b))** by reason of a Casualty, the Basic Rent and Escalation Charges shall be abated in the proportion that the Untenantable area of the Premises bears to the total area of the Premises, for the period from the date of the Casualty to the earliest of (i) the date Landlord shall have substantially completed its repair and restoration of that portion of the Premises Landlord is

required by this Lease to repair and restore (provided, that if Landlord would have completed its repair and restoration at an earlier date but for Tenant having failed to cooperate with Landlord in effecting such repairs or restoration or collecting insurance proceeds, then the Premises shall be deemed to have been repaired and restored on such earlier date and the abatement shall cease), or (ii) the date Tenant or any subtenant reoccupies a portion of the Premises for Tenant's normal business purposes (in which case the Basic Rent and Escalation Charges allocable to such reoccupied portion shall be payable by Tenant from the date of such occupancy). Notwithstanding any provision contained in this Lease to the contrary, (x) there shall be no abatement with respect to any portion of the Premises which has not been rendered Untenantable by reason of a Casualty and which is accessible, whether or not other portions of the Premises are Untenantable, and (y) any abatement of Basic Rent or Escalation Charges applicable to any portion of the Premises which was rendered Untenantable by reason of a Casualty shall cease on the earliest of the dates referred to in clauses (i), or (ii) of the preceding sentence provided such portion is accessible, whether or not other portions of the Premises remain Untenantable. Landlord's determination of the date such repair and restoration to the Premises shall have been substantially completed or the date the Premises is made tenantable shall be controlling unless Tenant disputes same by notice to Landlord given within ten (10) days after such determination by Landlord, and pending resolution of such dispute, Tenant shall pay Basic Rent and Escalation Charges in accordance with Landlord's determination. Notwithstanding the foregoing, if by reason of any act or omission by Tenant, any subtenant or any of their respective partners, directors, officers, servants, employees, agents or contractors, Landlord, any Superior Lessor or any Superior Mortgagee shall be unable to collect all of the insurance proceeds (including, without limitation, rent insurance proceeds) applicable to the Casualty, then, without prejudice to any other remedies which may be available against Tenant, there shall be no abatement of Basic Rent or of Escalation Charges. Nothing contained in this **Section 12.1** shall relieve Landlord or Tenant from any liability that may exist as a result of any Casualty.

(c) If by reason of a Casualty (i) the Building shall be totally damaged or destroyed, (ii) the Building shall be so damaged or destroyed (whether or not the Premises are damaged or destroyed) that repair or restoration shall require more than fifteen (15) months or the expenditure of more than 20% percent of the full insurable value of the Building (which, for purposes of this Section 12.1(c), shall mean replacement cost less the cost of footings, foundations and other structures below the street and first floors of the Building) immediately prior to the Casualty, or (iii) more than 30% of the Premises shall be damaged or destroyed (as estimated in any such case by a reputable contractor, architect or engineer designated by Landlord), then in any such case Landlord may terminate this Lease by notice given to Tenant within 180 days after the Casualty, provided, however, Landlord may terminate this Lease pursuant to this **paragraph (c)** only if Landlord shall also elect to terminate at least 80% percent of the leases in the Building for premises affected by the casualty in a similar or greater manner as the Premises was affected (expressly excluding any leases for similarly affected premises under which Landlord does not have a termination right under the circumstances of the casualty at issue). If this Lease is te1minated as a result of a Casualty, Landlord shall be entitled to retain for its benefit and Tenant shall promptly pay over to Landlord the proceeds of insurance maintained by Tenant on the Improvements.

(d) Within ninety (90) days after the occurrence of any Casualty affecting the Premises, Landlord shall deliver to Tenant a written estimate from a reputable contractor, architect or engineer designated by Landlord as to the probable length of time that will be

necessary to substantially complete Landlord's Restoration Work. If such time estimate exceeds fifteen (15) months from the date of such Casualty, Tenant shall have the right to terminate this Lease by giving notice to Landlord thereof within ten (I 0) Business Days after receipt of such estimate. In addition, as to any Casualty occurring within the last two (2) years of the Term of this Lease and as to which the estimated time for substantial completion of Landlord's Restoration Work would leave less than nine (9) months remaining in the Term of this Lease (taking into account any extension of the Term that has been validly exercised by Tenant), Tenant shall have the right to terminate this Lease by delivering written notice to Landlord of such election within ten (I 0) Business Days after receipt of Landlord's estimate. If the Premises or the Building are substantially damaged by fire or other casualty, and this Lease is not otherwise terminated hereunder, and if Landlord's Restoration Work shall not be substantially completed within ninety (90) days after the time period set forth in Landlord's estimate for substantial completion of Landlord's Restoration Work, as such date may be extended as a result of delays caused by events of Force Majeure (but in no event exceeding more than an additional four (4) months as a result of such Force Majeure delays), Tenant shall have the right to terminate this Lease by delivering at least thirty (30) days prior written notice to Landlord of such election which notice must be delivered within ten (I 0) Business Days after the expiration of such time period, provided, however, that if Landlord completes such restoration prior to the end of such thirty (30) day notice period, Tenant's notice of termination shall be deemed rescinded, and this Lease shall continue in full force and effect. If Tenant is entitled pursuant to the terms of this **paragraph (d)** to terminate this Lease and Tenant fails to deliver a termination notice to Landlord within the ten (I 0) Business Day period set forth herein, Tenant will be deemed to have waived Tenant's rights under this **paragraph (d)** to terminate the Lease on account of such Casualty.

(e) Landlord shall not carry any insurance on Tenant's Removable Property or on the Improvements and shall not be obligated to repair or replace Tenant's Removable Property or the Improvements (whether or not installed by or at the expense of Landlord). Tenant shall look solely to its insurance for recovery of any damage to or loss of Tenant's Removable Property or any Improvements. In the event of a partial or total destruction of the Premises, within thirty (30) days after receiving a notice from Landlord, Tenant shall remove any and all of Tenant's Removable Property from the portion of the Premises destroyed, and if Tenant does not so remove Tenant's Removable Property, Landlord, at Tenant's expense, may discard the same or may remove Tenant's Removable Property to a public warehouse for deposit or retain the same in its own possession and at its discretion may sell the same at either public auction or private sale, the proceeds of which shall be applied first to the expenses of removal, storage and sale, second to any sums owed by Tenant to Landlord, with any balance remaining to be paid to Tenant; if the expenses of such removal, storage and sale shall exceed the proceeds of any sale, Tenant shall pay such excess to Landlord upon demand. Tenant shall be solely responsible for arranging for any visits to the Premises by Tenant's insurance adjuster that may be desired by Tenant prior to the removal of Tenant's Removable Property by Tenant or Landlord, as provided in this Section 12.l(d), or the performance by Landlord of Landlord's Restoration Work or the Specified Restoration Work and Landlord shall be under no obligation to delay the performance of same, nor shall Landlord have any liability to Tenant in the event that Tenant fails to do so. Tenant shall promptly permit Landlord access to the Premises for the purpose of performing Landlord's Restoration Work and, if applicable, the Specified Restoration Work.

(f) This **Section 12.1** shall be deemed an express agreement governing any damage or destruction of the Premises by fire or other casualty, and any law providing for a contingency in the absence of an express agreement, now or hereafter in force, shall have no application.

12.2 EMINENT DOMAIN

(a) If the Premises or Tenant's access to or use of the Premises shall be affected by any exercise of the power of eminent domain, Basic Rent and Escalation Charges payable by Tenant shall be justly and equitably abated and reduced according to the nature and extent of the loss of use thereof suffered by Tenant. In no event shall Landlord have any liability for damages to Tenant for inconvenience, annoyance or interruption of business arising from such exercise of the power of eminent domain.

(b) If any part of the Building is taken by any exercise of the right of eminent domain, then Landlord shall have the right to terminate this Lease (even if Landlord's entire interest in the Premises may have been divested) by giving notice of Landlord's election so to do within ninety (90) days after the occurrence of the effective date of such taking, whereupon this Lease shall terminate thirty (30) days after the date of such notice with the same force and effect as if such date were the date originally established as the expiration date hereof; provided, however, Landlord may terminate this Lease pursuant to this **paragraph (b)** only if Landlord shall also elect to terminate at least 80% percent of the leases in the Building for premises affected by the taking in a similar or greater manner as the Premises was affected (expressly excluding any leases for similarly affected premises under which Landlord does not have a termination right under the circumstances of the taking at issue)

(c) If this Lease shall not be terminated pursuant to paragraph (b), Landlord shall thereafter use due diligence to restore the Premises (excluding any alterations, additions or improvements made by Tenant pursuant to Article V) to proper condition for Tenant's use and occupation, provided that Landlord's obligation shall be limited to the amount of compensation recoverable by Landlord from the taking authority. If, for any reason, such restoration shall not be substantially completed within six (6) months after the expiration of the ninety (90)-day period referred to in paragraph (b) (which six-month period may be extended for such periods of time as Landlord is prevented from proceeding with or completing such restoration for any cause beyond Landlord's reasonable control, but in no event for more than an additional three (3) months), Tenant shall have the right to terminate this Lease by giving notice to Landlord thereof within thirty (30) days after the expiration of such period (as so extended). Upon the giving of such notice, this Lease shall cease and come to an end thirty (30) days after the giving of such notice, without further liability or obligation on the part of either party unless, within such thirty (30) day period, Landlord substantially completes such restoration. Such right of termination shall be Tenant's sole and exclusive remedy at law or in equity for Landlord's failure so to complete such restoration.

(d) Landlord shall have and hereby reserves and excepts, and Tenant hereby grants and assigns to Landlord, all rights to recover for damages to the Property and the leasehold interest hereby created, and to compensation accrued or hereafter to accrue by reason of such taking, and by way of confirming the foregoing, Tenant hereby grants and assigns, and covenants with Landlord to grant and assign to Landlord, all rights to such compensation. Nothing contained herein shall be construed to prevent Tenant from prosecuting in any

condemnation proceedings a claim for the value of any of Tenant's Removable Property installed in the Premises by Tenant at Tenant's expense and for relocation expenses, provided that such action shall not affect the amount of compensation otherwise recoverable by Landlord from the taking authority.

ARTICLE XIII
DEFAULT

13.1 TENANT'S DEFAULT

(a) If at any time subsequent to the date of this Lease any one or more of the following events (herein referred to as a "Default of Tenant") shall happen:

(i) Tenant shall fai1 to pay the Basic Rent, Escalation Charges, additional charges or other charges hereunder when due and such failure sha11 continue for five (5) Business Days after notice to Tenant from Landlord; or

(ii) Tenant shall neglect or fail to perform or observe any other covenant herein contained on Tenant's part to be performed or observed and Tenant shall fail to remedy the same as soon as practicable and in any event within thirty (30) days after notice to Tenant specifying such neglect or failure, or if such failure is of such a nature that Tenant cannot reasonably remedy the same within such thirty (30) day period, and the continuance of which for the period required for cure wi11 not (w) subject Landlord or any Superior Lessor or any Superior Mortgagee (as such terms are defined in **Section 14.15)** to prosecution for a crime of any other fine or charge, (x) subject the Premises, or any part thereof, or the Building, or any part thereof, to being condemned or vacated, (y) subject the Building, or any part thereof, to any lien or encumbrance which is not removed or bonded within the time period required under this Lease, or (z) result in a default under any Superior Lease or under any Superior Mortgage (as such terms are defined in **Section 14.15),** if Tenant shall not (A) within said thirty (30) day period advise Landlord of Tenant's intention to take a11 steps reasonably necessary to remedy such default, (B) duly commence within said thirty (30) day period, and thereafter diligently prosecute to completion a11 steps reasonably necessary to remedy the default and (C) complete such remedy within a reasonable time after the date of said notice of Landlord; or

(iii) Tenant's leasehold interest in the Premises shall be taken on execution or by other process of law directed against Tenant; or

(iv) Tenant shall make an assignment for the benefit of creditors or shall be adjudicated insolvent, or sha11 file any petition or answer seeking any reorganization, arrangement, composition, readjustment, liquidation, dissolution or similar relief for itself under any present or future Federal, State or other statute, law or regulation for the relief of debtors (other than the Bankruptcy Code, as hereinafter defined), or shall seek or consent to or acquiesce in the appointment of any trustee, receiver or liquidator of Tenant or of a11 or any substantial part of its properties, or shall admit in writing its inability to pay its debts generally as they become due; or

(v) An Event of Bankruptcy (as hereinafter defined) sha11 occur with respect to Tenant; or

(vi) A petition shall be filed against Tenant under any law (including, but not limited to, the Bankruptcy Code) seeking any reorganization, arrangement, composition, readjustment, liquidation, dissolution, or similar relief under any present or future Federal, State or other statute, law or regulation and shall remain undismissed or unstayed for an aggregate of sixty (60) days (whether or not consecutive), or if any trustee, conservator, receiver or liquidator of Tenant or of all or any substantial part of its properties shall be appointed without the consent or acquiescence of Tenant and such appointment shall remain unvacated or unstayed for an aggregate of sixty (60) days (whether or not consecutive); or

(vii) If Landlord gives Tenant the notice specified in subsection (a)(i) above twice in any calendar year (whether or not Tenant cures such failure within the applicable cure period therefor) with respect to any recurring monthly payments of Basic Rent or Escalation Charges, and Tenant shall thereafter in the same calendar year fail to pay any recurring monthly payments of Basic Rent or Escalation Charges when due;

then in any such case Landlord may terminate this Lease by notice to Tenant, specifying a date not less than five (5) days after the giving of such notice on which this Lease shall terminate and this Lease shall come to an end on the date specified therein as fully and completely as if such date were the date herein originally fixed for the expiration of the Term of this Lease, and Tenant will then quit and surrender the Premises to Landlord, but Tenant shall remain liable as hereinafter provided.

(b) For purposes of clause (a)(v) above, an "Event of Bankruptcy" means the filing of a voluntary petition by Tenant, or the entry of an order for relief against Tenant, under Chapter 7, 11, or 13 of the Bankruptcy Code, and the term "Bankruptcy Code" means 11 U.S.C. §101, et seq. If an Event of Bankruptcy occurs, then the trustee of Tenant's bankruptcy estate or Tenant as debtor-in-possession may (subject to final approval of the court) assume this Lease, and may subsequently assign it, only if it does the following within one hundred twenty (120) days after the date of the filing of the voluntary petition, or the entry of the order for relief (or such additional time as a court of competent jurisdiction may grant if consent of Landlord is not required under the Bankruptcy Code, for cause, upon a motion made within the original one hundred twenty (120) day period):

(i) file a motion to assume the Lease with the appropriate court;

(ii) satisfy all of the following conditions, which Landlord and Tenant acknowledge to be commercially reasonable:

(A) cure all Defaults of Tenant under this Lease or provide Landlord with Adequate Assurance (as defined below) that it will (x) cure all monetary Defaults of Tenant hereunder within ten (10) days from the date of the assumption; and (y) cure all nonmonetary Defaults of Tenant hereunder within thirty (30) days from the date of the assumption;

(B) compensate Landlord and any other person or entity, or provide Landlord with Adequate Assurance that within ten (10) days after the date of the assumption, it will compensate Landlord and such other person or entity, for any pecuniary loss that Landlord and such other person or entity incurred as a result of any Default of Tenant, the trustee, or the debtor-in-possession;

(C) provide Landlord with Adequate Assurance of Future Performance (as defined below) of all of Tenant's obligations under this Lease; and

(D) deliver to Landlord a written statement that the conditions herein have been satisfied.

(c) For purposes only of the foregoing **paragraph (b),** and in addition to any other requirements under the Bankruptcy Code, any future federal bankruptcy law and applicable case law, "Adequate Assurance" means at least meeting the following conditions, which Landlord and Tenant acknowledge to be commercially reasonable, entering an order segregating sufficient cash to pay Landlord and any other person or entity under **paragraph (b)** above.

(d) For purposes only of **paragraph (b**), and in addition to any other requirements under the Bankruptcy Code, any future federal bankruptcy law and applicable case law, "Adequate Assurance of Future Performance" means at least meeting the following conditions, which Landlord and Tenant acknowledge to be commercially reasonable:

(i) the trustee or debtor-in-possession depositing with Landlord, as security for the timely payment of rent and other monetary obligations, an amount equal to the sum of two (2) months' Basic Rent plus an amount equal to two (2) months' installments on account of Operating Expenses and Taxes, computed in accordance with **Articles VIII** and **IX;**

(ii) the trustee or the debtor-in-possession agreeing to pay in advance, on each day that the Basic Rent is payable, the monthly installments on account of Operating Expenses and Taxes, computed in accordance with **Articles VIII** and **IX** hereof;

(iii) the trustee or debtor-in-possession providing adequate assurance of the source of the rent and other consideration due under this Lease;

(iv) Tenant's bankruptcy estate and the trustee or debtor-in-possession providing Adequate Assurance that the bankruptcy estate (and any successor after the conclusion of the Tenant's bankruptcy proceedings) will continue to have sufficient unencumbered assets after the payment of all secured obligations and administrative expenses to assure Landlord that the bankruptcy estate (and any successor after the conclusion of the Tenant's bankruptcy proceedings) will have sufficient funds to fulfill Tenant's obligations hereunder; and

(e) If the trustee or the debtor-in-possession assumes the Lease under paragraph (b) above and applicable bankruptcy law, it may assign its interest in this Lease only if the proposed assignee first provides Landlord with Adequate Assurance of Future Performance of all of Tenant's obligations under the Lease, and if Landlord determines, in the exercise of its reasonable business judgment, that the assignment of this Lease will not breach any other lease, or any mortgage, financing agreement, or other agreement relating to the Property by which Landlord or the Property is then bound (and Landlord shall not be required to obtain consents or waivers from any third party required under any lease, mo1tgage, financing agreement, or other such agreement by which Landlord is then bound).

(f) For purposes only of **paragraph (e)** above, and in addition to any other requirements under the Bankruptcy Code, any future federal bankruptcy law and applicable case law, "Adequate Assurance of Future Performance" means at least the satisfaction of the following conditions, which Landlord and Tenant acknowledge to be commercially reasonable:

(i) the proposed assignee submitting a current financial statement, audited by a certified public accountant, that allows a net worth and working capital in amounts determined in the reasonable business judgment of Landlord to be sufficient to assure the future performance by the assignee of Tenant's obligation under this Lease; and

(ii) if requested by Landlord in the exercise of its reasonable business judgment, the proposed assignee obtaining a guarantee (in form and substance satisfactory to Landlord) from one or more persons who satisfy Landlord's standards of creditworthiness;

(g) If this Lease shall have been terminated as provided in this Article, or if any execution or attachment shall be issued against Tenant or any of Tenant's property whereupon the Premises shall be taken or occupied by someone other than Tenant, then Landlord may re-enter the Premises, either by summary proceedings, ejectment or otherwise, and remove and dispossess Tenant and all other persons and any and all property from the same, as if this Lease had not been made.

(h) In the event of any termination, Tenant shall pay the Basic Rent, Escalation Charges and other sums payable hereunder up to the time of such termination, and thereafter Tenant, until the end of what would have been the Term of this Lease in the absence of such termination, and whether or not the Premises shall have been relet, shall be liable to Landlord for, and shall pay to Landlord, as liquidated current damages: (i) the Basic Rent, Escalation Charges and other sums that would be payable hereunder if such termination had not occurred, less the net proceeds, if any, of any reletting of the Premises, after deducting all reasonable expenses in connection with such reletting, including, without limitation, all repossession costs, brokerage commissions, legal expenses, attorneys' fees, advertising, expenses of employees, alteration costs and expenses of preparation for such reletting; and (ii) if, in accordance with **Section 3.l(a),** Tenant commenced payment of the full amount of Basic Rent on any day other than the Commencement Date, the amount of Basic Rent that would have been payable during the period beginning on the Commencement Date and ending on the day Tenant commenced payment of the full amount of Basic Rent under such **Section 3.l(a).** Tenant shall pay the portion of such current damages referred to in clause (i) above to Landlord monthly on the days which the Basic Rent would have been payable hereunder if this Lease had not been terminated, and Tenant shall pay the portion of such current damages referred to in clause (ii) above to Landlord upon such termination.

(i) At any time after such termination, whether or not Landlord shall have collected any such current damages, as liquidated final damages and in lieu of all such current damages beyond the date of such demand, at Landlord's election Tenant shall pay to Landlord an amount equal to the excess, if any, of the Basic Rent, Escalation Charges and other sums as hereinbefore provided which would be payable hereunder from the date of such demand assuming that, for the purposes of this paragraph, annual payments by Tenant on account of Taxes and Operating Expenses would be the same as the payments required for the immediately

preceding Operating or Tax Year for what would be the then unexpired Term of this Lease if the same remained in effect, over the then fair net rental value of the Premises for the same period, which excess amount shall be discounted to present value using a discount rate equal to the average yield to maturity of United States treasury instruments having a maturity comparable to the time period between the date of such termination or reentry and the expiration date of this Lease plus one percent (1 %).

(j) In case of any Default by Tenant, re-entry, expiration and dispossession by summary proceedings or otherwise, Landlord may (i) re-let the Premises or any part or parts thereof, either in the name of Landlord or otherwise, for a term or terms which may at Landlord's option be equal to or less than or exceed the period which would otherwise have constituted the balance of the Te1m of this Lease and may grant concessions or free rent to the extent that Landlord considers advisable and necessary to re-let the same and (ii) may make such reasonable alterations, repairs and decorations in the Premises as Landlord in its sole judgment considers advisable and necessary for the purpose of reletting the Premises; and the making of such alterations, repairs and decorations shall not operate or be construed to release Tenant from liability hereunder as aforesaid. Landlord shall in no event be liable in any way whatsoever for failure to re-let the Premises, or, in the event that the Premises are re-let, for failure to collect the rent under such re-letting. Tenant hereby expressly waives any and all rights of redemption granted by or under any present or future laws in the event of Tenant being evicted or dispossessed, or in the event of Landlord obtaining possession of the Premises, by reason of the violation by Tenant of any of the covenants and conditions of this Lease. The foregoing notwithstanding, in the event of termination of this Lease or repossession of the Premises after a Default of Tenant, and provided Tenant has cooperated with Landlord in timely surrendering possession of the Premises as required herein after such termination or repossession, Landlord agrees to use commercially reasonable efforts to mitigate its damages hereunder, provided, however, Landlord's obligation to use commercially reasonable efforts to mitigate its damages shall be deemed satisfied by Landlord's marketing of the Premises in a manner similar to the manner in which Landlord markets other premises within the Building, and provided further, that Landlord shall not be obligated to show preference for reletting the Premises over any other vacant space in the Building or to lease the Premises for a rental less than the current fair market rent then prevailing for comparable office space in comparable Class A, multi-tenant high rise office towers in the financial district of Boston, Massachusetts.

(k) If a Guarantor of this Lease is named in **Section 1.2,** the happening of any of the events described in **paragraphs (a)(iv)-(a)(vi)** of this **Section 13.1** with respect to the Guarantor shall constitute a Default of Tenant hereunder.

(1) The specified remedies to which Landlord may resort hereunder are not intended to be exclusive of any remedies or means of redress to which Landlord may at any time be entitled lawfully, and Landlord may invoke any remedy (including the remedy of specific performance) allowed at law or in equity as if specific remedies were not herein provided for.

(m) Notwithstanding anything to the contrary contained in this Lease, with respect to any legal proceedings or actions, if either party places the enforcement of this Lease or any part thereof in the hands of an attorney, or files suit upon the same, in any case, as a result of a breach by the other party of its covenants under this Lease, or if Landlord places the recovery of possession of the Premises in the hands of an attorney, the prevailing party in any such proceeding or action shall be entitled to recover its reasonable out-of-pocket attorneys' fees and

disbursements, and court costs. As used herein, the term “prevailing party” shall mean the party who substantially prevails in the matter at issue including a party who dismisses an action for recovery hereunder in exchange for payment of sums allegedly due, performance of covenants allegedly breached or consideration substantially equal to the relief sought in the action. The provisions of this **Section 13.l(m)** shall not apply to any arbitration conducted pursuant to the terms of this Lease. The provisions of this **Section 13.l(m)** shall survive the expiration or earlier termination of this Lease.

13.2 LANDLORD’S DEFAULT

Landlord shall in no event be in default in the performance of any of Landlord’s obligations hereunder unless and until Landlord shall have failed to perform such obligations within thirty (30) days after written notice from Tenant, or if such failure is of such a nature that Landlord cannot reasonably remedy the same within such thirty (30) day period, Landlord shall fail to commence promptly (and in any event within such thirty (30) day period) to remedy the same and to prosecute such remedy to completion with diligence and continuity. Notwithstanding anything herein to the contrary, this Lease shall be construed as though Landlord’s covenants contained herein are independent and not dependent, and Tenant hereby waives the benefit of any law, statute, ruling or judgment to the contrary.

ARTICLE XIV
MISCELLANEOUS PROVISIONS

14.1 INTENTIONALLY OMITTED

14.2 WAIVER

(a) Failure on the part of Landlord or Tenant to complain of any action or non-action on the part of the other, no matter how long the same may continue, shall never be a waiver by Tenant or Landlord, respectively, of any of the other’s rights hereunder. Further, no waiver at any time of any of the provisions hereof by Landlord or Tenant shall be construed as a waiver of any of the other provisions hereof, and a waiver at any time of any of the provisions hereof shall not be construed as a waiver at any subsequent time of the same provisions. The consent or approval of Landlord or Tenant to or of any action by the other requiring such consent or approval shall not be construed to waive or render unnecessary Landlord’s or Tenant’s consent or approval to or of any subsequent similar act by the other.

(b) No payment by Tenant, or acceptance by Landlord, of a lesser amount than shall be due from Tenant to Landlord shall be treated otherwise than as a payment on account of the earliest installment of any payment due from Tenant under the provisions hereof. The acceptance by Landlord of a check for a lesser amount with an endorsement or statement thereon, or upon any letter accompanying such check, that such lesser amount is payment in full, shall be given no effect, and Landlord may accept such check without prejudice to any other rights or remedies which Landlord may have against Tenant.

14.3 COVENANT OF QUIET ENJOYMENT

Tenant, subject to the terms and provisions of this Lease, on payment of the Basic Rent, Escalation Charges and additional charges and observing, keeping and performing all of the other terms and provisions of this Lease on Tenant’s part to be observed, kept and perfo1med, shall lawfully, peaceably and quietly have, hold, occupy and enjoy the Premises during the term

hereof, without hindrance or ejection by any persons lawfully claiming under Landlord to have title to the Premises superior to Tenant; the foregoing covenant of quiet enjoyment is in lieu of any other covenant, express or implied.

14.4 LANDLORD'S LIABILITY

(a) Tenant specifically agrees to look solely to Landlord's then equity interest in the Property at the time owned (including, without limitation, the rents, issues, profits, income, receipts, revenues and proceeds thereof), for recovery of any judgment from Landlord; it being specifically agreed that neither Landlord (original or successor) nor any partner of Landlord (nor any principal of any such partner) shall ever be personally liable for any such judgment, or for the payment of any monetary obligation to Tenant. The provision contained in the foregoing sentence is not intended to, and shall not, limit any right that Tenant might otherwise have to obtain injunctive relief against Landlord or Landlord's successors in interest, or to take any action not involving the personal liability of Landlord (original or successor).

(b) To the maximum extent permitted by Law and subject to the provisions of **Section 7.6(b)** and Section 10.7 of this Lease, with respect to any services or utilities to be furnished by Landlord to Tenant, Landlord shall in no event be liable for failure to furnish the same when prevented from doing so by strike, lockout, breakdown, accident, order or regulation of or by any governmental authority, or failure of supply, or failure whenever and for so long as may be necessary by reason of the making of repairs or changes which Landlord is required or is permitted by this Lease or by law to make or in good faith deems necessary, or inability by the exercise of reasonable diligence to obtain supplies, parts or employees necessary to furnish such services, or because of war or other emergency, or for any other cause beyond Landlord's reasonable control, or for any cause due to any act or neglect of Tenant or Tenant's servants, agents, employees, licensees or any person claiming by, through or under Tenant.

(c) Except for Tenant's liability under **Section 14.19** of this Lease, in no event shall either party be liable to the other for any loss of business or any other indirect, punitive or consequential damages suffered by such party from whatever cause. Landlord hereby acknowledges that Tenant is an Illinois limited liability partnership and agrees not to seek to recover from any partner, principal, retired or former partner or principal, or the constituent members of any partners of Tenant, but instead shall look solely to the assets of Tenant in connection with the enforcement of any claim hereunder. Landlord fu1ther agrees that negative capital accounts shall not be considered an asset of Tenant. Notwithstanding anything to the contrary herein, Landlord hereby waives any lien rights or possessory interest that it may have concerning Tenant's personal property, including, Tenant's furniture, movable fixtures, equipment, supplies and Tenant's work papers, electronic and other files, and Tenant's client files and papers.

(d) Where provision is made in this Lease for Landlord's consent and Tenant shall request such consent and Landlord shall fail or refuse to give such consent, Tenant shall not be entitled to any damages for any withholding by Landlord of its consent, it being intended that Tenant's sole remedy shall be an action for specific performance or injunction, and that such remedy shall be available only in those cases where Landlord has expressly agreed in writing not to unreasonably withhold its consent. Furthermore, whenever Tenant requests Landlord's consent or approval (whether or not provided for herein), Tenant shall pay to Landlord, on

demand, as an additional charge, any expenses incurred by Landlord (including without limitation legal fees and costs, if any) in connection therewith without limitation.

(e) With respect to any repairs or restoration which are required or permitted to be made by Landlord, the same may be made during Building Hours and, except as otherwise expressly set forth in this Lease, Landlord sha11 have no liability for damages to Tenant for inconvenience, annoyance or interruption of business arising therefrom.

14.5 NOTICE TO MORTGAGEE OR GROUND LESSOR

After receiving notice from any person, firm or other entity that it holds a mortgage or a ground lease which includes the Premises, no notice from Tenant to Landlord shall be effective unless and until a copy of the same is given to such holder or ground lessor (provided Tenant shall have been furnished with the name and address of such holder or ground lessor), and the curing of any of Landlord's defaults by such holder or ground lessor shall be treated as performance by Landlord.

14.6 ASSIGNMENT OF RENTS AND TRANSFER OF TITLE

(a) With reference to any assignment by Landlord of Landlord's interest in this Lease, or the rents payable hereunder, conditional in nature or otherwise, which assignment is made to the holder of a mortgage on property which includes the Premises, Tenant agrees that the execution thereof by Landlord, and the acceptance thereof by the holder of such mortgage shall never be treated as an assumption by such holder of any of the obligations of Landlord hereunder unless such holder shall, by notice sent to Tenant, specifically otherwise elect and that, except as aforesaid, such holder shall be treated as having assumed Landlord's obligations hereunder only upon foreclosure of such holder's mortgage and the taking of possession of the Premises.

(b) In no event shall the acquisition of Landlord's interest in the Property by a purchaser which, simultaneously therewith, leases Landlord's entire interest in the Property back to the seller thereof be treated as an assumption by operation of law or otherwise, of Landlord's obligations hereunder, but Tenant shall look solely to such seller-lessee, and its successors from time to time in title, for performance of Landlord's obligations hereunder. In any such event, this Lease shall be subject and subordinate to the lease to such seller-lessee, provided that such subordination shall be conditioned upon the execution and delivery by and between Tenant and any such purchaser-lessor of an SNDA (as hereinafter defined) as provided in **Section 14.15(d).** For all purposes, such seller-lessee, and its successors in title, shall be the Landlord hereunder unless and until Landlord's position shall have been assumed by such purchaser-lessor.

(c) Except as provided in **paragraph (b)** of this Section, in the event of any transfer of title to the Property by Landlord and upon the written assumption by the transferee of all of Landlord's obligations under this Lease, Landlord shall thereafter be entirely freed and relieved from the performance and observance of all covenants and obligations hereunder.

14.7 RULES AND REGULATIONS

Tenant shall abide by rules and regulations from time to time reasonably established by Landlord (together with such reasonable changes thereto whether by modification, elimination or addition so long as any additions or modifications do not materially increase Tenant's obligations or materially decrease Tenant's rights under this Lease) as Landlord at any time or

times hereafter may make and communicate to Tenant in writing, which, in Landlord's reasonable judgment, shall be necessary for the reputation, safety, care and appearance of the Property, or the preservation of good order therein, or the operation or maintenance of the Property, it being agreed that such rules and regulations will be established and applied by Landlord in a non-discriminatory fashion, such that all rules and regulations shall be generally applicable to other tenants of the Building. Landlord agrees to use reasonable efforts to ensure that any such rules and regulations are uniformly enforced, but Landlord shall not be liable to Tenant for violation of the same by any other tenant or occupant of the Building, or persons having business with them. In the event that there shall be a conflict between such rules and regulations and this Lease, the provisions of this Lease shall prevail.

14.8 ADDITIONAL CHARGES

If Tenant shall fail to pay when due any sums under this Lease designated as an Escalation Charge or additional charge, Landlord shall have the same rights and remedies as Landlord has hereunder for failure to pay Basic Rent.

14.9 INVALIDITY OF PARTICULAR PROVISIONS

If any term or provision of this Lease, or the application thereof to any person or circumstance shall, to any extent, be invalid or unenforceable, the remainder of this Lease, or the application of such term or provision to persons or circumstances other than those as to which it is held invalid or unenforceable, shall not be affected thereby, and each term and provision of this Lease shall be valid and be enforced to the fullest extent permitted by law.

14.10 PROVISIONS BINDING, ETC.

Except as herein otherwise provided, the terms hereof shall be binding upon and shall inure to the benefit of the successors and assigns, respectively, of Landlord and Tenant (except in the case of Tenant, however, only such assigns as may be permitted hereunder) and, if Tenant shall be an individual, upon and to his heirs, executors, administrators, successors and permitted assigns. The reference contained to successors and assigns of Tenant is not intended to constitute a consent to assignment by Tenant.

14.11 RECORDING

Tenant agrees not to record this Lease, but, if the Term of this Lease (including any extended term) is seven (7) years or longer, each party hereto agrees, on the request of the other, to execute a so-called notice of lease in recordable form, complying with applicable law and reasonably satisfactory to Landlord's attorneys. In no event shall such document set forth the rent or other charges payable by Tenant under this Lease; and any such document shall expressly state that it is executed pursuant to the provisions contained in this Lease, and is not intended to vary the terms and conditions of this Lease.

14.12 NOTICES

Whenever, by the terms of this Lease, notices shall or may be given either to Landlord or to Tenant, such notice shall be in writing and shall be sent by registered or certified mail (return receipt requested), posted in a United States post office station, or letterbox in the continental

United States, or by a nationally recognized overnight commercial courier or delivery service, postage or delivery charges prepaid, and verification of delivery requested:

If intended for Landlord, addressed to Landlord c/o Brookfield Financial Properties L.P., 250 Vesey Street, New York, NY 10281-1023 and marked "ATTN: Senior Vice President/Director of Leasing" (or to such other address or addresses as may from time to time hereafter be designated by Landlord by like notice), with a copy sent to the same address and marked "ATTN: General Counsel", provided, however, any notices to Landlord sent prior to February 1, 2013 shall be sent to Landlord at Landlord's Original Address set forth in **Section 1.2** of this Lease to the attention of the foregoing parties; or

If intended for Tenant, addressed to Tenant at Grant Thornton LLP 1901 S. Myers Road, Suite 455, Oakbrook Terrace, Illinois 60181, Attn: Russell G. Wieman, with a copy to Grant Thornton LLP, 175 West Jackson, Suite 2000, Chicago, Illinois 60684-2687, Attn: Executive Director of Procurement, with a copy to Grant Thornton LLP, 175 West Jackson, Suite 2000, Chicago, Illinois 60684-2687, Attn: Office of the General Counsel (or to such other address or addresses as may from time to time hereafter be designated by Tenant by like notice).

Notwithstanding anything in this **Section 14.12** or this Lease to the contrary, invoices, bills and statements may be rendered by delivering them to Tenant at the Premises without the necessity of a receipt and without providing a copy to any other person or address. All such notices shall be effective three (3) Business Days after the date of deposit in the United States Mail or on the next Business Day following deposit with such nationally recognized overnight courier or delivery service within the Continental United States, provided in any case that the sender has tracking information of delivery to or refusal to accept delivery (which refusal shall be the equivalent of a delivery) at the specified location.

14.13 WHEN LEASE BECOMES BINDING

The submission of this document for examination and negotiation does not constitute an offer to lease, or a reservation of, or option for, the Premises, and this document shall become effective and binding only upon the execution and delivery hereof by both Landlord and Tenant. All negotiations, considerations, representations and understandings between Landlord and Tenant are incorporated herein and this Lease expressly supersedes any proposals or other written documents relating hereto. This Lease may be modified or altered only by written agreement between Landlord and Tenant, and no act or omission of any employee or agent of Landlord shall alter, change or modify any of the provisions hereof.

14.14 PARAGRAPH HEADINGS AND INTERPRETATION OF SECTIONS

The paragraph headings throughout this instrument are for convenience and reference only, and the words contained therein shall in no way be held to explain, modify, amplify or aid in the interpretation, construction or meaning of the provisions of this Lease. The provisions of this Lease shall be construed as a whole, according to their common meaning (except where a precise legal interpretation is clearly evidenced), and the provisions hereof shall not be construed or interpreted for or against either party, regardless of any rules of construction or interpretation. Use in this Lease of the words "including," "such as" or words of similar import, when followed

by any general term, statement or matter, shall not be construed to limit such term, statement or matter to the specified item(s), whether or not language of non-limitation, such as "without limitation" or "including, but not limited to," or words of similar import, are used with reference thereto, but rather shall be deemed to refer to all other terms or matters that could fall within a reasonably broad scope of such term, statement or matter. Tenant represents that (a) it has had the opportunity to review this Lease and the terms and conditions herein set forth with sophisticated legal counsel of Tenant's choosing, and (b) it has had the opportunity to discuss and negotiate such terms and conditions with Landlord or Landlord's counsel, and (c) this Lease as executed represents the results of such review, discussions and negotiations.

14.15 RIGHTS OF MORTGAGEE OR GROUND LESSOR

(a) Subject to **Sections 14.l5(c)** and **14.15 (d)** below, this Lease, and all rights of Tenant hereunder, are and shall be subject and subordinate to any ground lease of the Property, and all renewals, extensions, modifications and replacements thereof, and to all mortgages which may now or hereafter affect the Property and/or any of such leases, whether or not such mortgages shall also cover other lands and/or buildings and/or leases, to each and every advance made or hereafter to be made under such mortgages, and to all renewals, modifications, replacements and extensions of such leases and such mortgages and all consolidations of such mortgages. Subject to **Sections 14.l5(c)** and **14.l5(d)** below, this Section shall be self-operative and no further instrument of subordination shall be required. In confirmation of such subordination, but subject to **Sections 14.l5(c)** and **14.l5(d)** below, Tenant shall promptly execute, acknowledge and deliver any instrument that Landlord, the lessor under any such lease or the holder of any such mortgage or any of their respective successors in interest may reasonably request to evidence such subordination. Any lease to which this Lease is, at the time referred to, subject and subordinate is herein called **"Superior Lease"** and the lessor of a Superior Lease or its successor in interest at the time referred to, is herein called **"Superior Lessor";** and any mortgage to which this lease is, at the time referred to, subject and subordinate, is herein called **"Superior Mortgage"** and the holder of a Superior Mortgage, or its successor in interest at the time referred to, is herein called **"Superior Mortgagee."**

(b) Subject to **Sections 14.l5(c)** and **14.l5(d)** below, if any Superior Lessor or Superior Mortgagee or the nominee or designee of any Superior Lessor or Superior Mo1igagee shall succeed to the rights of Landlord under this Lease, whether through possession or foreclosure action or delivery of a new lease or deed, or otherwise, then at the request of such party so succeeding to Landlord's rights (herein called **"Successor Landlord")** and upon such Successor Landlord's written agreement to accept Tenant's attornment, Tenant shall attorn to and recognize such Successor Landlord as Tenant's landlord under this Lease and shall promptly execute and deliver any instrument that such Successor Landlord may reasonably request to evidence such attornment. Upon such attornment, this Lease shall continue in full force and effect as a direct lease between the Successor Landlord and Tenant upon all of the terms, conditions and covenants as are set forth in this Lease, except that the liability of the Successor Landlord (unless formerly the landlord under this Lease or its nominee or designee) shall be limited in the manner set forth in Section 6 of the SNDA form attached hereto as **Exhibit J;** provided, however, the Successor Landlord shall be bound by and recognize Tenant's right to offset against Rent the amount of any po1iion of the Landlord's Contribution that is due and payable under the Lease.

(c) Landlord shall, subject to satisfaction of Tenant's obligations under this **Section 14.l5(c),** deliver to Tenant, within fourteen (14) days following the date of this Lease, a Subordination, Non Disturbance and Attornment Agreement (an **"SNDA")** in the form attached hereto as **Exhibit J** executed by the existing Superior Mortgagee. Concurrent with the execution and delivery of this Lease, Landlord and Tenant shall execute, acknowledge and deliver to Landlord six (6) execution counterparts of the SNDA in the form attached hereto as **Exhibit J,** and Landlord agrees to forward same to the existing Superior Mortgagee for signature.

(d) With respect to future Superior Mortgages and Superior Leases, the provisions of **Sections 14.l5(a)** and **14.l5(b)** hereof shall be conditioned upon the execution and delivery by and among Tenant, Landlord and any such Superior Mortgagee or Superior Lessor, as applicable, of an SNDA in the then customary form of such Superior Mortgagee or Superior Lessor, provided that (i) such form contains only commercially reasonable terms, including, without limitation, customary nondisturbance protections for Tenant (it being understood and agreed that the terms of the SNDA attached hereto on **Exhibit J** shall be deemed to be commercially reasonable and contains customary nondisturbance protections), and (ii) if the Landlord's Contribution has not been fully disbursed pursuant to **Section 5.2(c)** at the time of execution of such future SNDA, such SNDA contains the agreement of the Superior Mortgagee or Superior Lessor to recognize and be bound by Tenant's express offset rights under **Section 5.2(c)** of this Lease. Tenant agrees to execute such SNDA on the then customary form of such Superior Mortgagee or Superior Lessor meeting such criteria and return the same to Landlord within ten (10) Business Days after Landlord's written request therefor, and in the event that Tenant shall fail to execute, acknowledge and return any such SNDA pursuant to this **Section 14.l5(d)** within such ten (10) Business Day period, then (x) the provisions of **Sections 14.l5(a)** and **(b)** shall apply and (y) this Lease shall be subordinate to such future Superior Mortgages and Superior Leases (as applicable) and to all renewals, extensions, modifications and replacements thereof, notwithstanding the fact that such Superior Mortgagee or Superior Lessor, as the case may be, and Tenant have not executed and exchanged an SNDA. Tenant shall be liable to pay the reasonable fees charged by the Superior Mortgagee and Superior Lessor including, without limitation, reasonable attorney's fees, in connection with obtaining such SNDA. Tenant may request customary and reasonable modifications to such SNDA from the Superior Mortgagee and Superior Lessor (as the case may be) except that Landlord's obligations under this **Section 14.l5(d)** shall be deemed fully satisfied when Landlord delivers an SNDA (meeting the criteria set forth above) executed by its Superior Mortgagee or Superior Lessor, as applicable, on its standard form regardless of the acceptability to such Superior Mortgagee or Superior Lessor of Tenant's requested modifications.

(e) Landlord represents and warrants to Tenant that, as of Effective Date, there is no Superior Lease affecting the Building and there is no Superior M01igage affecting the Building except for that certain Mortgagor Assignment and Modification Agreement Supplementing and Amending Mortgage and Other Documents dated as of September 18, 2008 between Brookfield Properties 75 State Mezz LP, as original mortgagor, Brookfield Prope1iies 75 State Co. LLC, as Mortgagor, and Deutsche Bank AG, New York Branch, as Administrative Agent, and recorded with the Suffolk County Registry of Deeds in Book 44052, Page 299, and modifying that certain Mortgage, Security Agreement, Assignment of Leases and Rents and Fixture Filings executed by Original Mortgagor dated as of June 10, 2008 and recorded with the Suffolk Registry of Deeds in Book 43657, Page 21.

14.16 STATUS REPORT

Recognizing that both parties may find it necessary to establish to third patiies, such as accountants, banks, mortgagees, ground lessors, or the like, the then current status of performance hereunder, either party, on the request of the other made from time to time, will promptly furnish to Landlord, or the holder of any mortgage or ground lease encumbering the Premises, or to Tenant, as the case may be, a statement of the status of any matter pertaining to this Lease, including, without limitation, acknowledgments that (or the extent to which) each party is in compliance with its obligations under the terms of this Lease.

14.17 INTENTIONALLY OMITTED

14.18 REMEDYING DEFAULTS

Landlord shall have the right, but shall not be required, to pay such sums or do any act which requires the expenditure of monies which may be necessary or appropriate by reason of the failure or neglect of Tenant to perform any of the provisions of this Lease which continues beyond applicable notice and cure periods (or such shorter period in the event of an emergency, including without limitation, an unsafe condition), and in the event of the exercise of such right by Landlord, Tenant agrees to pay to Landlord forthwith upon demand all such sums, together with interest thereon at a rate equal to 3% over the so-called base rate in effect from time to time at Citibank, N.A. (but not in excess of the maximum rate permitted by law), as an additional charge. Any payment of Basic Rent, Escalation Charges, additional charges or other sums payable hereunder not paid within five (5) Business Days of when due shall, at the option of Landlord, bear interest at a rate equal to 3% over the so-called base rate in effect from time to time at Citibank, N.A. (but not in excess of the maximum rate permitted by law) from the due date thereof and shall be payable forthwith on demand by Landlord, as an additional charge.

14.19 HOLDING OVER

(a) Any holding over by Tenant after the expiration of the Term of this Lease shall be treated as a daily tenancy at sufferance at a rate equal to (y) for the first thirty (30) days of such holdover, an amount equal to one hundred fifty percent (150%) of the Basic Rent, Escalation Charges and other additional charges due under this Lease during the period immediately preceding the holdover by Tenant, and (z) thereafter, at the greater of (i) two (2) times the Basic Rent, Escalation Charges, Electricity Charges and additional charges then in effect, or (ii) fair market rent, prorated on a daily basis, and shall otherwise be on the terms and conditions set forth in this Lease as far as applicable. Without limiting the foregoing, Tenant shall also be responsible for, and indemnify and hold Landlord harmless from and against, all lost, cost and damage suffered by Landlord as a result of any such holding over, provided that Tenant shall only be responsible for (and obligated to indemnify and hold Landlord harmless from and against) loss of rental, loss of a tenant or other consequential damages if such holdover continues for more than thirty (30) days. Upon receipt of a written request from Tenant received during the last nine (9) months of the then Term of this Lease, Landlord agrees to inform Tenant if Landlord has entered into any new lease for any portion of the Premises.

(b) Provided and on the condition that (i) Grant Thornton LLP or a GT Successor is the named Tenant under this Lease and is satisfying the Occupancy Condition, (ii) there is no Default of Tenant in existence at time of delivery of the Holdover Intention Notice or as of the expiration or earlier termination of the Term of this Lease, and (iii) Landlord has not

delivered to Tenant a Qualifying Deal Notice (as hereinafter defined), Tenant may deliver to Landlord, not less than one hundred twenty (120) days prior to the then expiration of the Term of this Lease, written notice (a **"Holdover Intention Notice")** indicating that Tenant desires to continue in possession of the Premises after the expiration of the Term for a period of, at Tenant's election, either fourteen (14) days, thirty (30) days or sixty (60) days (as so designated by Tenant in its Holdover Intention Notice, a **"Temporary Holdover Period")** beyond the expiration or earlier termination of this Lease. Landlord shall have ten (10) Business Days following receipt of Tenant's Holdover Intention Notice to deliver to Tenant a Qualifying Deal Notice or to otherwise reasonably approve or disapprove in writing Tenant's proposed Temporary Holdover Period. If Landlord approves the Temporary Holdover Period, Tenant may remain in the Premises for the Temporary Holdover Period on all of the same terms and conditions of this Lease in effect immediately prior to the effectiveness of such period, except that Tenant shall pay to Landlord an amount equal to one hundred twenty-five percent (125%) of the Basic Rent due under this Lease during the period immediately preceding the holdover by Tenant. If Landlord disapproves Tenant's Holdover Intention Notice, Landlord shall set forth a reasonable basis for such disapproval and in such event Tenant shall have no right under this **Section 14.19(b)** to continue in occupancy of the Premises after the expiration or earlier termination of the Term of this Lease and any continued occupancy by Tenant shall be governed by **Section 14.19(a)** above of this Lease. Landlord may, at any time during the Term, whether prior to or within ten (10) Business Days after Tenant delivers a Holdover Intention Notice, deliver to Tenant a written notice (a **"Qualifying Deal Notice")** that Landlord has entered into or is actively negotiating one or more leases or letters of intent for all or any portion of the Premises which is for a term that is scheduled to commence within six (6) months after the expiration of this Lease. If Landlord delivers a Qualifying Deal Notice to Tenant prior to or within ten (10) Business Days after Tenant delivers a Holdover Intention Notice, this **Section 14.19(b)** shall immediately be null and void and of no further force or effect, provided, however, Landlord's failure to deliver a Qualifying Deal Notice shall not limit Landlord's right under this **Section 14.19(b)** to reasonably disapprove of Tenant's Holdover Intention Notice.

(c) Nothing in this **Section 14.19** or elsewhere in this Lease shall be construed as Landlord's consent or agreement to any holdover in the Premises by Tenant or anyone claiming by, through or under Tenant after the expiration or earlier termination of the Term of this Lease and nothing herein shall prevent Landlord from immediately exercising Landlord's rights under this Lease or at law to commence summary process or other legal proceedings against Tenant on account of any holding over in any portion of the Premises.

14.20 INTENTIONALLY OMITTED

14.21 SURRENDER OF PREMISES

Upon the expiration or earlier termination of the Term of this Lease, Tenant shall peaceably quit and surrender to Landlord the Premises in neat and clean condition and in good order, condition and repair, together with all alterations, additions and improvements which may have been made or installed in, on or to the Premises prior to or during the Term of this Lease, excepting only (a) ordinary wear and use and (b) those instances of damage by fire or other casualty for which, under other provisions of this Lease, Tenant has no responsibility of repair or restoration. Tenant shall remove all of Tenant's Removable Property and, to the extent required by Landlord pursuant to **Section 5.4,** all Alterations made by or on behalf of Tenant; and shall repair any damages to the Premises or the Building caused by such removal. Any Tenant's

Removable Property which shall remain in the Building or on the Premises after the expiration or termination of the Term of this Lease shall be deemed conclusively to have been abandoned, and either may be retained by Landlord as its property or may be disposed of in such manner as Landlord may see fit, at Tenant's sole cost and expense.

14.22 INTENTIONALLY OMITTED

14.23 BROKERAGE

Tenant warrants and represents that Tenant has dealt with no broker in connection with the consummation of this Lease other than Brokers and, in the event of any brokerage claims against Landlord predicated upon prior dealings with Tenant, Tenant agrees to defend the same and indemnify Landlord against any such claim (except any claim by Brokers). Landlord warrants and represents that Landlord has dealt with no broker in connection with the consummation of this Lease other than the Brokers and, in the event of any brokerage claims against Tenant predicated upon prior dealings with Landlord, Landlord agrees to defend the same and indemnify Tenant against any such claim (including any claim by Brokers). Landlord shall be responsible for the payment of any commissions due to the Brokers in connection with this Lease pursuant to a separate agreement with such Brokers.

14.24 GOVERNING LAW

This Lease shall be governed exclusively by the provisions hereof and by the laws of the Commonwealth of Massachusetts, as the same may from time to time exist.

14.25 CONFIDENTIAL INFORMATION

(a) Tenant agrees that this Lease and the terms contained herein will be treated as strictly confidential and except as required by law (or except with the written consent of Landlord) Tenant shall not disclose the same to any third party except for Tenant's employees, brokers, agents, partners, lenders, accountants and attorneys and like parties who have been advised of the confidentiality provisions contained herein and agree to be bound by the same. In the event Tenant is required by law to provide this Lease or disclose any of its terms, Tenant shall give Landlord prompt notice of such requirement prior to making disclosure so that Landlord may seek an appropriate protective order. If failing the entry of a protective order Tenant is compelled to make disclosure, Tenant shall only disclose portions of the Lease which Tenant is required to disclose and will exercise reasonable efforts to obtain assurance that confidential treatment will be accorded to the information so disclosed.

(b) Landlord will not, and will use reasonable efforts to cause Landlord's agents not to, reveal to any person, association or company, any confidential information provided to Landlord by Tenant concerning the business or finances of Tenant. For purposes of this **Section 14.25(b),** confidential information shall not include information that (i) is or becomes generally available to the public other than as a result of a disclosure by Landlord or any Landlord agent, or (ii) was available to Landlord on a non-confidential basis prior to its disclosure to Landlord by Tenant or its representatives). Notwithstanding the foregoing, Landlord may disclose such financial information as may be provided by Tenant to Landlord to actual or prospective lenders or purchasers of the Property and/or actual or prospective investors in Landlord or any of its affiliates and to Landlord's consultants, attorneys, insurers, auditors and accountants, so long as any person or entity to whom Landlord discloses such information agrees

to keep such information confidential. In addition, Landlord and its agents may disclose any information (a) to the extent required by any Law or order of any public authority or court, and (b) in connection with any litigation between Landlord and Tenant or otherwise related to this Lease.

14.26 ANTI-TERRORISM

Tenant represents, warrants and covenants to Landlord that (i) neither Tenant nor any of its partners, members, principal stockholders or any other constituent entity either in control of the operation or management of Tenant or having a controlling financial interest in Tenant has been or will be designated or named as a terrorist, "Specifically Designated and Blocked Person," or other banned or blocked person, entity, nation or transaction pursuant to any law, order, rule or regulation that is enforced or administered by the Office of Foreign Assets Control or on the most current list published by the U.S. Treasury Department Office of Foreign Assets Control at its official website, http://www.treas.gov/ofac/tl 1 sdn.pdf or at any replacement website or other replacement official publication of such list (such list, or any such replacement official publication of such list, the **"OFAC List")),** or by any Executive Order or the United States Treasury Department; and (ii) Tenant has not engaged, and will not engage, in this transaction, directly or indirectly, on behalf of, or instigating or facilitating, and will not instigate or facilitate, this transaction, directly or indirectly, on behalf of, any such person, group, entity or nation. A breach of any Tenant representation, warranty and covenant contained in this Section shall be an immediate and material Default of Tenant under this Lease without notice or cure rights. Tenant hereby agrees to defend, indemnify and hold harmless Landlord from and against any and all claims, damages, losses, risks, liabilities and expenses (including reasonable attorneys' fees and costs) arising from or related to Tenant's breach of any of the foregoing representations, warranties and/or covenants.

14.27 TELECOMMUNICATIONS LINES AND EQUIPMENT

(a) Tenant shall not install, maintain, replace, remove and use communications or computer wires, cables and related devices (collectively, the **"Lines")** at the Building in or serving the Premises without Landlord's prior written consent, which consent may not be unreasonably withheld, provided, however, the foregoing will not require Landlord's consent for Tenant's use of cell phones, so-called PDA's or the like in the Building which do not require installation of Lines. Tenant shall have the right, at no additional charge from Landlord, to tie-in to the existing telecommunications risers and disconnects on the floor to obtain telecommunications service from existing providers serving the Building. Tenant shall locate all electronic telecommunications equipment within the Premises and shall coordinate the location of all Lines with Landlord. Any request for consent shall contain such information as Landlord may reasonably request. Landlord's approval of, or requirements concerning, the Lines or any equipment related thereto, the plans, specifications or designs related thereto, the contractor or subcontractor, or the work performed hereunder, shall not be deemed a warranty as to the adequacy or appropriateness thereof, and Landlord hereby disclaims any responsibility or liability for the same. If Landlord consents to Tenant's proposal, Tenant shall pay all of Tenant's and Landlord's third party costs in connection therewith (including without limitation all costs related to new Lines) and shall use, maintain and operate the Lines and related equipment in accordance with and subject to all laws governing the Lines and equipment and at Tenant's sole

risk and expense. Tenant shall comply with all of the requirements of this Lease concerning alterations in connection with installing the Lines. Tenant shall submit drawings or sketches to Landlord of all such Lines installed by or on behalf of Tenant. Landlord reserves the right to require that Tenant remove any Lines located in or serving the Premises which are installed in violation of these provisions, or which are at any time in violation of any laws or present a dangerous or potentially dangerous condition (whether such Lines were installed by Tenant or any other party), within three days after written notice. Landlord shall make available to Tenant sufficient space in the Building for Tenant to install, at Tenant's sole cost and expense, one, 4 inch conduit to connect Tenant's Lines from the Premises to the telecom closet on the floors on which the Premises is located (the **"Tenant's Conduit").** Tenant's installation of the Tenant's Conduit shall constitute an Alteration which is subject to all of the terms and provisions of **Section 5.4** of this Lease.

(b) Landlord may (but shall not have the obligation to) (i) install and relocate Lines at the Building; and (ii) monitor and control the installation, maintenance, replacement and removal of, the allocation and periodic re-allocation of available space (if any) for, and the al location of excess capacity (if any) on, any Lines now or hereafter installed at the Building by Landlord, Tenant or any other party. Landlord reserves the right to require Tenant to appropriately insulate the Lines and any associated equipment (including without limitation riser cables), and take such other remedial action at Tenant's sole cost and expense as Landlord may require in its sole discretion to prevent excessive electromagnetic fields, radio frequency or radiation from emanating from Tenant's Lines and other equipment.

(c) On or before the expiration or sooner termination of the Term of this Lease and unless Landlord otherwise elects in writing to Tenant not later than thirty (30) days prior to expiration of the Term, Tenant shall remove all Lines installed by or on behalf of Tenant and restore the Premises and the Building and risers to their condition existing prior to the installation of such Lines **("Wire Restoration Work"),** at Tenant's sole cost and expense. In the event Landlord elects to retain such Lines, Tenant covenants that Tenant shall have good right to surrender such Lines, free of all liens and encumbrances. In the event Tenant fails or refuses to pay all costs of the Wiring Restoration Work within ten (10) days of Tenant's receipt of Landlord's notice requesting Tenant's reimbursement for or payment of such costs, Landlord may apply all or any portion of the Security Deposit toward the payment of such unpaid costs relative to the Wiring Restoration Work. The retention or application of such Security Deposit by Landlord pursuant to this clause does not constitute a limitation on or waiver of Landlord's right to seek further remedy under law or equity. The provisions of this clause shall survive the expiration or sooner termination of the Lease.

ARTICLE XV
EXTENSION OPTIONS

15.1 OPTIONS TO EXTEND

(a) For purposes hereof the **"Occupancy Condition"** shall mean that Tenant has not assigned this Lease (except for assignments permitted without Landlord's consent pursuant to **Section 6.l(b)** of this Lease) or sublet more than twenty-five percent (25%) of the Premises, exclusive of subleases permitted without Landlord's consent pursuant to **Section 6.l(b)** of this Lease. Provided that, at the time of each such exercise and at the commencement of an Extended Term (as hereinafter defined), (i) this Lease is in full force and effect, and (ii) no

Default of Tenant shall have occurred and be continuing, and (iii) Grant Thornton LLP (or a GT Successor) is satisfying the Occupancy Condition (any of which conditions described in clauses (i), (ii), and/or (iii) may be waived by Landlord in writing at any time in Landlord's sole discretion), Tenant shall have the right and option to extend the Term of this Lease with respect to all or a full floor of the Premises for two extended terms (each an **"Extended Term"** and collectively the **"Extended Terms")** of five (5) years each by giving written notice to Landlord not later than fifteen (15) months prior to the expiration date of the Term of this Lease then in effect. The effective giving of such notice of extension by Tenant in accordance with this **Section 15.1** shall automatically extend the Term of this Lease for the applicable Extended Term, and no instrument of renewal or extension need be executed. If Tenant exercises an extension option under this **Section 15.1** for less than all of the Premises, the portion of the Premises as to which such Extended Term will apply must consist of a full floor of the Premises then leased by Tenant (any such floor, a **"Non-Extension Floor")** and Tenant shall be responsible, at Tenant's sole cost and expense, to remove any internal staircases located on any Non-Extension Floor, install a Building Standard floor/ceiling deck in the opening where such staircase was located and restore the portion of the Premises affected by the removal of such internal staircase to building standard condition and shall perform all other Alterations necessary to lawfully separate the Non-Extension Floor(s) and all utilities serving the same from the remainder of the Premises. In the event that Tenant fails timely to give such notice to Landlord, this Lease shall automatically terminate at the end of the Term then in effect, and Tenant shall have no further option to extend the Term of this Lease and this **Article XV** shall be deemed of no further force and effect. If Tenant timely exercises its option(s) to extend the Term of this Lease pursuant to this **Article XV,** the Extended Terms shall commence on August 1, 2024 and August 1, 2029, respectively, and shall end on July 31, 2029 and July 31, 2034, respectively. Each Extended Term shall be on all the terms and conditions of this Lease, except: (i) during the second Extended Term, Tenant shall have no further option to extend the Term, (ii) the Basic Rent for each Extended Term shall be the Fair Market Rental Value (as hereinafter defined in **paragraph (b)** below) of the Premises as of the Commencement Date of the applicable Extended Term, determined in the manner set forth in **paragraph (b)** below, and (iii) Landlord shall not be required to furnish any materials or perform any work to prepare the Premises for Tenant's occupancy during any Extended Term and Landlord shall not be required to provide any work allowance or reimburse Tenant for any Alterations made or to be made by Tenant, or to grant Tenant any rent concession. Tenant's right under this **Article XV** shall be personal to the originally named Tenant under this Lease and shall not apply in favor of or be exercisable by any assignee of this Lease (other than a permitted transferee pursuant to **Section 6.l(b)** of this Lease), nor any sublessee of all or any portion of the Premises.

(b) Provided Tenant has timely exercised its rights hereunder to extend the Term of this Lease pursuant to **paragraph (a)** above and the conditions for Tenant's exercise have been satisfied, Landlord shall provide Tenant, at least six (6) months prior to the commencement of the applicable Extended Term, with Landlord's good faith estimate of the Fair Market Rental Value of the Premises for the upcoming Extended Term. If Tenant disagrees with Landlord's estimate of the Fair Market Rental Value as set forth in Landlord's notice referred to above, Tenant shall notify Landlord within thirty (30) days after its receipt of Landlord's notice setting forth Tenant's estimate of the Fair Market Rental Value of the Premises and the parties agree to act in good faith to attempt to reach agreement on the Fair Market Rental Value of the Premises for the Extended Term. If Tenant fails to notify Landlord that Tenant disagrees with

Landlord's estimate and setting forth Tenant's Fair Market Rental Value estimate within such thirty (30) day period then Tenant will be deemed to have accepted Landlord's estimate of the Fair Market Rental Value for the Premises during the Extended Term. If Tenant has timely given its dispute notice and the parties are unable to reach agreement thereon within thirty (30) days after the delivery of such notice by Tenant, then either party may submit the determination of the Fair Market Rental Value of the Premises to arbitration by giving notice to the other party naming the initiating party's arbitrator within ten (10) Business Days after the expiration of such thirty (30) day period. Within fifteen (15) days after receiving a notice of initiation of arbitration, the responding party shall appoint its own arbitrator by notifying the initiating party of the responding party's arbitrator. If the second arbitrator shall not have been so appointed within such fifteen (15) day period, the initiating party shall deliver written notice of such failure to the responding party and the responding party shall have a period of ten (10) days after receipt of such notice to appoint its arbitrator and deliver written notice thereof to the initiating party. If the responding party fails to notify the initiating party of its designated arbitrator within the foregoing additional ten (10) day period, then the second arbitrator shall be chosen in the same manner as described below with respect to the selection of the third arbitrator. Upon the selection (or appointment, as the case may be) of the second arbitrator, the two arbitrators thus appointed shall, within fifteen (15) days after the responding party's notice of appointment of the second arbitrator, appoint a third arbitrator. If the two initial arbitrators are unable timely to agree on the third arbitrator, then either may, on behalf of both, request such appointment by the Boston office of JAMS/ENDISPUTE, or its successor, or, on its failure, refusal or inability to act, by a court of competent jurisdiction. The Fair Market Rental Value of the Premises for the Extended Term shall be determined by the method commonly known as "baseball arbitration", whereby Landlord's selected arbitrator and Tenant's selected arbitrator shall each set forth its respective determination of the Fair Market Rental Value of the Premises, and the third arbitrator must select one or the other (it being understood that the third arbitrator shall be expressly prohibited from selecting a compromise figure). Landlord's selected arbitrator and Tenant's selected arbitrator shall deliver their determinations of the Fair Market Rental Value of the Premises to the third arbitrator within five (5) Business Days of the appointment of the third arbitrator and the third arbitrator shall render his or her decision within ten (10) days after receipt of both of the other two determinations of the Fair Market Rental Value of the Premises. The third arbitrator's decision shall be binding on both Landlord and Tenant. All arbitrators shall be commercial real estate brokers who are independent from the parties and who have had at least ten (10) years' experience in Class A office building leasing transactions in the financial district of Boston, Massachusetts. Each party shall pay the fees of its own arbitrator, and the fees of the third arbitrator shall be shared equally by the parties. In the event Tenant initiates the aforesaid arbitration process and as of the Commencement Date of the Extended Term the amount of the Fair Market Rental Value of the Premises has not been determined, Tenant shall continue to pay Rent at the rate and on the terms in effect, including Escalation Charges, as of the last month of the Term then in effect and when the determination has actually been made, an appropriate retroactive adjustment shall be made as of the Commencement Date of the Extended Term if necessary. In the event that such determination shall result in an overpayment by Tenant of any Basic Rent, such overpayment shall be paid or credited by Landlord to Tenant promptly after such dete1mination has been made, and if such determination shall result in an underpayment by Tenant of any Basic Rent, Tenant shall pay any such amounts to Landlord promptly following such determination. For purposes of this **Article XV,** the **"Fair Market Rental Value"** shall

mean the fixed annual rent that a willing tenant would pay and a willing landlord of comparable first class office towers in Boston, Massachusetts would accept for the Premises during the Extended Term, taking into account all then relevant factors.

(c) The termination of this Lease during the initial Term or the first Extended Term, respectively, shall also terminate and render void any option or right on Tenant's part to extend this Lease for the Extended Term(s), and nothing contained in this **Article XV** shall prevent Landlord from exercising any right granted to or reserved by Landlord in this Lease to terminate this Lease.

ARTICLE XVI
EXPANSION OPTION

16.1 EXPANSION OPTION

(a) Subject to the terms and conditions of this **Section 16.1** and provided and on the condition that both at the time of delivery of the Tenant's Expansion Notice (as hereinafter defined) and as of the Expansion Premises Commencement Date (as hereinafter defined), (x) this Lease is in full force and effect, (y) no Default of Tenant shall have occurred and be continuing, and (z) Grant Thornton LLP (or a GT Successor) is satisfying the Occupancy Condition (any of which conditions described in clauses (x), (y), and (z) may be waived by Landlord in writing at any time in Landlord's sole discretion), Tenant shall have a one-time right to expand the Premises to include additional space in the Building located in an area and configuration to be designated by Landlord and containing not less than 4,000 nor more than 7,000 rentable square feet of space (as so designated by Landlord, the **"Expansion Premises")** for a term commencing on a date designated by Landlord and falling between February 1, 2018 and December 31, 2018. Tenant shall give Landlord written notice (the **"Tenant's Expansion Notice")** on or before 5:00 pm EST on February 1, 2017 (the **"Expansion Option Expiration Date"),** time being of the absolute essence, of its election to expand the Premises in accordance with this **Section 16.1.** If Tenant shall fail to timely deliver Tenant's Expansion Notice electing to so expand the Premises by the Expansion Option Expiration Date, Tenant shall be deemed to have waived such right, and Landlord shall thereafter have no further obligation to Tenant with respect to this **Article XVI.**

(b) If Tenant timely delivers the Tenant's Expansion Notice electing to lease the Expansion Premises, then, on the date on which Landlord delivers vacant possession of such Expansion Premises to Tenant (the **"Expansion Premises Commencement Date"),** the Expansion Premises shall become part of the Premises, upon all of the terms and conditions set forth in this Lease, except that (i) Tenant shall have no further option to expand the Premises pursuant to this **Article XVI,** (ii) the Basic Rent for the Expansion Premises shall be the Expansion Premises Fair Market Rental Value (as hereinafter defined) as of the Expansion Premises Commencement Date (as hereinafter defined), determined in the manner set forth in **paragraph (c)** below, (iii) Tenant's lease of the Expansion Premises shall be co-terminous with the Term of this Lease for the Premises (including being subject to **Article XV** of this Lease), and shall be on an "as is" basis, except as expressly set forth in this **Section 16.l(b),** (iv) Landlord shall not be required to furnish any materials or perform any work to prepare the Expansion Premises for Tenant's occupancy, except that Landlord shall, at Landlord's expense, deliver the Expansion Premises to Tenant vacant, broom clean and separately metered for electrical service and Landlord shall install any necessary partition walls and common corridors

necessary to demise the Expansion Premises, and (v) Landlord shall not be required to provide any work allowance or reimburse Tenant for any Alterations made or to be made by Tenant (including any of the improvement allowances set forth in **Section 5.2** of this Lease which shall not be applicable to the Expansion Premises), or to grant Tenant any rent concession with respect to Tenant's lease of the Expansion Premises.

(c) If Tenant timely exercises its option pursuant to this **Section 16.1,** Landlord shall, at least six (6) months prior to the Anticipated Inclusion Date (as hereinafter defined), deliver a written notice to Tenant (the **"Landlord's Expansion Notice")** which sets forth (i) the location and rentable square footage of the Expansion Premises (which Expansion Premises shall be measured in accordance with Landlord's then standard method of measurement of space in the Building), including delivery of a floor plan of such Expansion Premises,, (ii) the anticipated commencement date (the **"Estimated Expansion Commencement Date")** for the inclusion of the Expansion Premises (which shall be between February 1, 2018 and December 31, 20 l 8), (iii) the Base Operating Expenses and Base Taxes for the Expansion Premises, and (iv) Landlord's determination of the Expansion Premises Fair Market Rental Value for the Expansion Premises (the **"Landlord's Expansion Offer Determination").** The Basic Rent with respect to the Expansion Premises shall be the Expansion Premises Fair Market Rental Value for such Expansion Premises, determined as of the Estimated Expansion Commencement Date, and shall be set forth in Landlord's Expansion Notice. Tenant shall deliver written notice to Landlord **("Tenant's Expansion Rent Notice")** within thirty (30) days after Landlord's delivery of Landlord's Expansion Notice whether Tenant accepts, rejects or disputes Landlord's Expansion Offer Determination, and if Tenant disputes Landlord's Expansion Offer Determination, the Tenant's Expansion Rent Notice shall set forth Tenant's good faith determination of the Expansion Premises Fair Market Rental Value for the Expansion Premises **("Tenant's Expansion Offer Determination").** If Tenant rejects the Landlord's Expansion Notice, Tenant will not be obligated to lease the Expansion Premises and this Section 16.1 shall be of no further force or effect. If Tenant fails to send Tenant's Expansion Rent Notice within such thirty (30) day period, or fails to object to Landlord's Expansion Offer Determination in Tenant's Expansion Rent Notice and to set forth therein Tenant's Expansion Offer Determination, then Tenant shall be deemed to have accepted Landlord's Expansion Offer Determination as the Expansion Premises Fair Market Rental Value for the Expansion Premises.

(d) If Tenant timely so elects to lease the Expansion Premises, but objects to Landlord's Expansion Offer Determination and in Tenant's Expansion Rent Notice sets forth Tenant's Expansion Offer Determination, and the parties do not agree on the Expansion Premises Fair Market Rental Value within thirty (30) days after delivery of such Tenant's Expansion Offer Determination from Tenant, then either party may initiate the arbitration procedure set forth in **Section 15.l(b)** of this Lease to determine the Expansion Premises Fair Market Rental Value by giving notice to the other within ten (10) Business Days after the end of such thirty (30) day period, provided, however, references to the "Fair Market Rental Value of the Premises" or "Fair Market Rental Value of the Premises for the Extended Term" in such **Section 15.l(b)** shall be deemed references, respectively, to the Expansion Premises Fair Market Rental Value or the Expansion Premises Fair Market Rental Value for the remainder of the Term of this Lease following the Expansion Premises Commencement Date. If neither party timely submits the dispute for arbitration within such additional ten (10) Business Day period, Landlord's determination of Expansion Premises Fair Market Rental Value shall be binding on the parties. If either party submits the dete1mination of the Expansion Premises Fair Market Rental Value to

arbitration and as of the Expansion Premises Commencement Date the amount of the Expansion Premises Fair Market Rental Value has not been determined, Tenant shall pay the amount set forth in Landlord's Expansion Offer Determination as the Basic Rent for the Expansion Premises and when the determination has actually been made, an appropriate retroactive adjustment shal1 be made as of the Expansion Premises Commencement Date, if necessary. In the event that such determination shall result in an overpayment by Tenant of any Basic Rent, such overpayment shall be paid or credited by Landlord to Tenant promptly after such determination has been made, and if such determination shall result in an underpayment by Tenant of any Basic Rent, Tenant shall pay any such amounts to Landlord promptly following such determination. For purposes of this **Article XVI,** the term **"Expansion Premises Fair Market Rental Value"** shall mean the fixed annual rent that a willing tenant would pay and a willing landlord of comparable first class office towers in Boston, Massachusetts would accept for comparable expansion premises and for a comparable term, taking into account all then relevant factors.

(e) If the Expansion Premises is not available for Tenant's occupancy on the Estimated Expansion Commencement Date as a result of the holding over of the prior tenant or for any other reason beyond Landlord's reasonable control, Landlord shall not be subject to any liability whatsoever for such failure or inability to deliver possession and the exercise of said option shall remain effective, but the Expansion Premises Commencement Date will be postponed and the Basic Rent and Additional Rent shall not commence with respect to the Expansion Premises, until the Expansion Premises is delivered to Tenant in the condition required under this **Article XVI.** Notwithstanding the foregoing, if Landlord does not deliver possession of the Expansion Premises to Tenant in the condition required by this **Article XVI** on or before January 1, 2019, Landlord may provide Tenant with written notice identifying substitute space in the Building reasonably comparable to the original Expansion Premises which is available for delivery to Tenant by not later than February 28, 2019 as substitute expansion space (the **"Substitute Expansion Space").** Tenant shall have the right to reasonably approve the Substitute Expansion Space proposed by Landlord and, if approved, the Substitute Expansion Space shall become the Expansion Premises and Landlord shall deliver the same to Tenant in the condition required under **Section 16.1** for the Expansion Premises not later than February 28, 2019. Tenant shall have a period of ten (10) Business Days to approve or disapprove of the Substitute Expansion Space and if Tenant fails to respond within such ten (10) Business Day period, Tenant will be deemed to have approved the Substitute Expansion Space as the Expansion Premises. If Tenant does not approve the Substitute Expansion Space designated by Landlord, Tenant shall set forth Tenant's reasonable basis for such disapproval and Tenant shall have the option expressly set forth in such notice to elect to cancel the exercise of its option to lease the Expansion Premises and such cancellation of Tenant's exercise of its option to lease the Expansion Premises shall be effective thirty (30) days thereafter, provided, however, that if Landlord delivers the Expansion Premises to Tenant in the condition required under this Lease within thirty (30) days following Landlord's receipt of such cancellation notice, such cancellation notice shall be void and without further force or effect and Tenant's exercise of its option to lease the Expansion Premises shall continue in full force and effect. The foregoing right of cancellation shall be Tenant's sole and exclusive remedy at law or in equity or otherwise for the failure of Landlord to deliver possession of the Expansion Premises to Tenant.

(f) Once incorporated into the Premises, Tenant's rights and obligations with respect to the Expansion Premises shall be subject to and with the benefit of all of the terms and conditions of this Lease, except that the rentable area of the Premises, Basic Rent and the

Escalation Factor shall be revised to reflect the addition of the Expansion Premises to the Premises upon the Expansion Premises Commencement Date. Promptly after determination of the Expansion Premises Fair Market Rental Value, or if Tenant has accepted Landlord's determination of the Expansion Premises Fair Market Rental Value, Landlord and Tenant agree to enter into an amendment to this Lease memorializing the addition of the Expansion Premises to this Lease and the amendment to the applicable defined terms hereunder, but failure of the parties to execute such an amendment shall have no effect on the effectiveness of the expansion of the Premises to include the Expansion Premises, and the economic terms associated therewith, as set forth above.

(g) The rights created by this **Section 16.1** shall be personal to the originally named Tenant under this Lease and shall not apply in favor of or be exercisable by any assignee of this Lease (other than an assignee that is permitted without Landlord's consent pursuant to **Section 6.1(b)** of this Lease), nor any sublessee of all or any portion of the Premises.

ARTICLE XVII
RIGHT OF FIRST OFFER

17.1 RIGHT OF FIRST OFFER

(a) Tenant acknowledges and agrees that the 14th Floor ROFO Space (as hereinafter defined) is currently available for lease and the term **"Initial 14th Floor Lease Up"** shall refer to the initial leases (and any extensions or renewals thereof) entered into by Landlord with third party tenants for all or any portion of the 14th Floor ROFO Space following the date of this Lease (any such tenant or occupant of leases entered into as part of the Initial 141 Floor Lease-Up being a Superior Occupant for purposes of this **Article XVII** with respect to the 14th Floor ROFO Space leased by such tenant or occupant). The parties agree that the provisions of this **Section 17.1** shall not apply until after the 14th Floor ROFO Space has been leased by Landlord to Superior Occupants as part of the Initial 14th Floor Lease Up, provided, however, the foregoing shall be deemed waived as to any portion of the 14th Floor ROFO Space that has not been leased as part of the Initial 14th Floor Lease Up as of the 2nd anniversary of the Commencement Date.

(b) Subject to the terms and conditions of this **Section 17.1** and the rights of the Superior Occupant (as hereinafter defined) and provided the ROFO Conditions are satisfied both on the date Tenant notifies Landlord that Tenant accepts Landlord's offer to lease the applicable Available ROFO Space and on the commencement date of this Lease for the applicable Available ROFO Space, before Landlord leases any Available ROFO Space to any unrelated third party other than the Superior Occupant(s), Landlord will first offer by written notice to Tenant **("Landlord's Offer Notice")** to lease such Available ROFO Space to Tenant. As used in this **Section 17.1, "Available ROFO Space"** shall mean and refer to (1) any leaseable space on the twelfth (12th) floor of the Building (the **"12th Floor ROFO Space"),** and/or (2) any leasable space on the fourteenth (14th) floor of the Building (the **"14th Floor ROFO Space"),** which, in any case, Landlord determines will become available for lease after (i) all Superior Occupants have declined or failed to exercise their rights to lease such space, (ii) the expiration or termination of the lease with the then tenant, subtenant or other occupant of such space and the failure of such tenant or occupant in such space to exercise any extension or renewal rights granted to such party, and (iii) the failure of Landlord to grant any tenant,

subtenant or other occupant of the space the right to renew or continue its term of occupancy whether or not such rights are expressly granted by a lease or other written instrument and whether or not such right to renew or continue its term of occupancy is subsequently memorialized in a lease or written instrument (any such party described in clauses (ii) and (iii) being an **"Existing Tenant").** Landlord's Offer Notice shall specify the rentable square footage and location of the Available ROFO Space (together with a floor plan of such space), and the anticipated commencement date and specified rent commencement date therefor. Tenant shall notify Landlord within thirty (30) days after the date of Landlord's Offer Notice, time being of the absolute essence, that (A) Tenant elects to lease all (but not less than all) of the Available ROFO Space identified in and Landlord's Offer Notice, or (B) Tenant rejects Landlord's offer to lease the Available ROFO Space. If Tenant fails to timely notify Landlord of Tenant's election, Tenant shall be deemed to have given notice that Tenant rejects Landlord's offer and Landlord shall thereafter be entitled to lease such Available ROFO Space to any third party on such terms and conditions and for such rent as Landlord determines in its sole discretion.

(c) If Tenant timely delivers its acceptance notice electing to lease the Available ROFO Space, then, on the date on which Landlord delivers vacant possession of such Available ROFO Space to Tenant (the **"Offer Space Commencement Date"),** the Available ROFO Space shall become part of the Premises, upon all of the terms and conditions set forth in this Lease, except that (i) the Basic Rent for the Available ROFO Space shall be the Offer Space Fair Market Rental Value (as hereinafter defined) for such Available ROFO Space as of the Anticipated Inclusion Date (as hereinafter defined), determined in the manner set forth in **Section 17.2** below, (ii) the Escalation Factor with respect to such Available ROFO Space shall be a fraction, expressed as a percentage, the numerator of which is the number of rentable square feet in the Available ROFO Space and the denominator of which is the number of rentable square feet in the Building, (iii) the Base Operating Expenses under this Lease for the Available ROFO Space shall be the Operating Expenses incurred during the calendar year in which the Anticipated Inclusion Date falls and the Base Taxes under this Lease for the Available ROFO Space shall be the Taxes incurred for tax fiscal year in which the Anticipated Inclusion Date falls, (iv) Tenant shall accept the Available ROFO Space in its "as is" condition on the Offer Space Commencement Date and Landlord shall not be required to furnish any materials or perform any work to prepare the Available ROFO Space for Tenant's occupancy, except that Landlord shall, at Landlord's expense, deliver the Available ROFO Space to Tenant vacant, broom clean and separately metered for electrical service and Landlord shall install any necessary partition walls and common corridors necessary to demise the Available ROFO Space, (v) Landlord shall not be required to provide any work allowance or reimburse Tenant for any Alterations made or to be made by Tenant (including any of the improvement allowances set forth in **Section 5.2** of this Lease which shall not be applicable to the Available ROFO Space), or to grant Tenant any rent concession with respect to Tenant's lease of the Available ROFO Space, and (vi) Tenant's lease of the Available ROFO Space shall be co-terminous with the Term of this Lease for the Premises (including being subject to **Article XV** of this Lease). If the Available ROFO Space is not available for Tenant's occupancy on the date estimated by Landlord as the Anticipated Inclusion Date (as hereinafter defined) therefor for any reason, including, but not limited to, the holding over of the prior tenant, then Landlord and Tenant agree that Landlord shall have no liability to Tenant on account thereof and no such failure to give possession to Tenant on such date shall in any way affect the validity of this Lease or the obligations of Tenant hereunder or give rise to any claim for damages by Tenant or a claim for rescission and the

exercise of Tenant's option to lease the applicable Available ROFO Space shall remain effective, but the Offer Space Commencement Date will be postponed until the Available ROFO Space is delivered to Tenant in the condition required under this **Section 17.1.** Notwithstanding the foregoing, if Landlord does not deliver possession of the Available ROFO Space to Tenant in the condition required by this **Article XVII** within eight (8) months following the Anticipated Inclusion Date for any reason, then Tenant may, within ten (10) business days after such date, cancel the exercise of its option to lease the Available ROFO Space by giving to Landlord a written cancellation notice and such cancellation of Tenant's exercise of its option to lease the Available ROFO Space shall be effective thirty (30) days thereafter, provided, however, that if Landlord delivers the Available ROFO Space to Tenant in the condition required under this Lease within thirty (30) days following Landlord's receipt of such cancellation notice, such cancellation notice shall be void and without further force or effect and Tenant's exercise of its option to lease the Available ROFO Space shall continue in full force and effect. The foregoing right of cancellation shall be Tenant's sole and exclusive remedy at law or in equity or otherwise for the failure of Landlord to deliver possession of the Available ROFO Space to Tenant.

(d) The term **"Superior Occupant"** for purposes of this **Section 17.1** shall mean (i) with respect to the 12th Floor ROFO Space, New Boston Fund, Inc. and any parent, affiliate, or subsidiary of New Boston Fund, Inc. or any successors or assigns to any of the foregoing (collectively, **"New Boston"),** and (ii) with respect to the 14th Floor ROFO Space, any tenant or occupant of leases entered into as part of the Initial 14th Floor Lease-Up, including any extension rights or renewals of such leases, entered into as part of the Initial 14th Floor Lease Up. Landlord shall have the right to negotiate with and to lease any Available ROFO Space at any time to the Superior Occupant(s) or extend or renew the lease or occupancy of any Superior Occupant(s) before Landlord will have any obligation to offer the applicable Available ROFO Space to Tenant pursuant to this **Section 17.1.**

(e) The right under this **Section 17.1** granted to Tenant is a one-time right as to the Available ROFO Space (or such portion thereof as may be offered by Landlord to Tenant if the entire Available ROFO Space is not then being offered to Tenant under this **Section 17.1)** to be effective only once during the Term, so that after Landlord delivers to Tenant a Landlord's Offer Notice for any particular space within the Available ROFO Space and Tenant elects not to lease the Available ROFO Space offered to Tenant, either by express rejection or failure to deliver an acceptance notice to Landlord within the required time period, Tenant's rights hereunder shall forever terminate as to the Available ROFO Space that was so offered to Tenant (but not as to the balance of the Available ROFO Space that was not previously offered to Tenant) and, thereafter, Landlord shall have no further obligation to offer to Tenant such previously offered Available ROFO Space.

(f) For purposes of this **Section 17.1,** the **"ROFO Conditions"** shall mean the following conditions are satisfied in full as of the date of both (1) Landlord's Offer Notice with respect to the Availab1e ROFO Space, and (2) the Anticipated Inclusion Date with respect to the Available ROFO Space: (i) this Lease is in full force and effect, (ii) no Default of Tenant shall have occurred and be continuing, (iii) the Grant Thornton LLP or any GT Successor and/or any assignee permitted without Landlord's consent pursuant to **Section 6.l(b)** of this Lease, is satisfying the Occupancy Condition (provided that the foregoing requirements of clauses (ii) and (iii) of this sentence may be waived by Landlord in its sole discretion, at any time), and (iv) there remains at least thirty-six (36) full calendar months remaining in the then Term of this Lease.

(g) The rights created by this **Section 17.1** shall be personal to the originally named Tenant under this Lease and shall not apply in favor of or be exercisable by any assignee of this Lease (other than an assignee that is permitted without Landlord's consent pursuant to **Section 6.1(b)** of this Lease), nor any sublessee of all or any portion of the Premises.

17.2 OFFER SPACE BASIC RENT

(a) The Basic Rent with respect to any Available ROFO Space leased by Tenant pursuant to this **Article XVII** (individually or collectively for purposes of this **Section 17.2,** the **"Offer Space")** shall be the Offer Space Fair Market Rental (as hereinafter defined) for such Offer Space, which Basic Rent shall be determined as of the date estimated by Landlord in Landlord's offer notice as the anticipated commencement date (the **"Anticipated Inclusion Date")** for such Offer Space and shall be set forth in a written notice (the **"Offer Rent Notice")** given to Tenant on the later to occur of (x) the date which is no later than one hundred eighty (180) days prior to the Anticipated Inclusion Date for such Offer Space, or (y) the date Landlord sends Landlord's Offer Notice to Tenant. Landlord's determination of the Offer Space Fair Market Rental as set forth in the Offer Rent Notice is hereinafter referred to as **"Landlord's Offer Determination." "Offer Space Fair Market Rental"** of the applicable Offer Space for purposes of this **Article XVII** means the fixed annual rent that a willing tenant would pay and a willing landlord of comparable first class office towers in Boston, Massachusetts would accept for comparable expansion premises and for a comparable term, taking into account all then relevant factors. Tenant shall deliver written notice to Landlord **("Tenant's Rent Notice")** within thirty (30) days after Landlord's delivery of the Offer Rent Notice whether Tenant accepts or disputes Landlord's Offer Determination, and if Tenant disputes Landlord's Offer Determination, the Tenant's Rent Notice shall set forth Tenant's good faith determination of the Offer Space Fair Market Rental for the applicable Offer Space, which shall constitute the minimum that Tenant can claim as the Offer Space Fair Market Rental for such space in any arbitration thereof **("Tenant's Minimum Offer Determination").** If Tenant fails to send Tenant's Rent Notice within such thirty (30) day period, or fails to object to Landlord's Offer Determination in Tenant's Rent Notice and to set forth therein Tenant's Minimum Offer Determination, then Tenant shall be deemed to have accepted Landlord's Offer Determination as the Offer Space Fair Market Rental for the applicable Offer Space.

(b) If Tenant timely so elects to lease the applicable Offer Space in accordance with the provisions of **Section 17.1,** but objects to Landlord's Offer Determination and in Tenant's Rent Notice sets forth Tenant's Minimum Offer Determination, and the parties do not agree on the Offer Space Fair Market Rental for the applicable Offer Space within thirty (30) days after delivery of such Tenant's Minimum Offer Determination from Tenant, then either party may initiate the arbitration procedure set forth in **Section 15.l(b)** of this Lease to determine the Offer Space Fair Market Rental of the applicable Offer Space by giving notice to the other within ten (10) Business Days after the end of such thirty (30) day period, provided, however, for purposes of any arbitration procedure, references in **Section 15.1(b)** to "Premises" shall be deemed to refer instead to the applicable Offer Space and references to "Fair Market Rental Value" shall be deemed to refer instead to the Offer Space Fair Market Rental defined in this **Section 17.2.** If neither party timely submits the dispute for arbitration within such ten (10) Business Day period, Landlord's Offer Determination shall be binding on the parties. If either party has initiated the arbitration process as provided herein, upon determination of the Offer Space Fair Market Rental of the applicable Offer Space, or if Tenant has accepted (or is deemed

to have accepted) Landlord's Offer Determination, Landlord and Tenant shall, within thirty (30) days, execute an amendment to this Lease to memorialize the incorporation of the applicable Offer Space into the Premises upon the terms contained in Landlord's Offer Notice, and otherwise on substantially the same terms and conditions as contained in this Lease, provided, however, failure of the parties to execute such an amendment shall have no effect on the effectiveness of the expansion of the Premises to include the applicable Offer Space and the economic terms associated therewith as set forth above. If either party submits the determination of the Offer Space Fair Market Rental Value to arbitration and as of the commencement date of this Lease for such Offer Space the amount of the Offer Space Fair Market Rental Value has not been determined, Tenant shall pay the amount set forth in Landlord's Offer Determination as the Basic Rent for the applicable Offer Space and when the determination has actually been made, an appropriate retroactive adjustment shall be made as of the commencement date for such Offer Space if necessary. In the event that such determination shall result in an overpayment by Tenant of any Basic Rent, such overpayment shall be paid or credited by Landlord to Tenant promptly after such determination has been made, and if such determination shall result in an underpayment by Tenant of any Basic Rent, Tenant shall pay any such amounts to Landlord promptly following such determination.

ARTICLE XVIII
CONTRACTION OPTION

18.1 TENANT'S CONTRACTION OPTION

(a) Subject to the terms and conditions of this Article XVIII, Tenant shall have a one-time option, during the initial Term only (hereinafter called the **"Contraction Option"),** to exclude from the Premises, effective as of a date specified by Tenant and falling between July 1, 2018 and July 1, 2020 (as so specified by Tenant, the **"Contraction Date"),** all or any contiguous portion of any partial floor of the Premises leased by Tenant (a **"Partial Floor Premises"),** as designated by Tenant in its Contraction Notice (the portion so designated by Tenant for exclusion, the **"Reduction Premises"),** provided and on condition that (a) Tenant gives Landlord written notice of such election (hereinafter called the **"Contraction Notice")** not later than the date that is twelve (12) months prior to the effective Contraction Date as hereinabove provided, (b) Tenant pays to Landlord the Termination Payment (determined as set forth in **Section 19.1** of this Lease as if Tenant had exercised its early termination option but prorated for the Reduction Premises only) not later than the date that is thirty (30) days prior to the effective Contraction Date, and (c) to the extent Tenant elects to exclude from the Premises less than the entire Partial Floor Premises on any floor, both the Reduction Premises and the remaining portion of the Partial Floor Premises that will continue to be a part of the Premises (the **"Adjusted Partial Floor Premises")** must consist of an Acceptable Configuration (as hereinafter defined) which is reasonably approved by Landlord. If Tenant timely notifies Landlord of its election to partially reduce the Premises pursuant to this **Section 18.1,** then the rentable square footage of the Premises and all of the pertinent economic terms set forth under this Lease shall be adjusted to reflect the exclusion of the Reduction Premises from the Premises. If Tenant exercises the Contraction Option, Tenant shall, at Tenant's sole cost and expense, on or before the Contraction Date, perform all work necessary to lawfully demise and separate the Reduction Premises from the remainder of the Premises and, if Tenant exercises its Contraction Option with respect to less than the entire Partial Floor Premises, to lawfully demise

and separate the Adjusted Partial Floor Premises from the Reduction Premises and the remainder of the Premises, including without limitation, removal of any internal staircase in the Reduction Premises and installation of a building standard floor/ceiling deck and restore the affected portions of the Premises to building standard condition acceptable to Landlord. For all purposes of this Lease, an **"Acceptable Configuration"** shall mean a contiguous and commercially reasonable, independently leasable configuration containing not less than 4,000 square feet of rentable floor area, which contains reasonable means of ingress, egress or access to the Common Areas and/or core areas of the Building (such as access to bathrooms, telephone and electrical closets, etc.) and contains a reasonably proportionate ratio of linear feet of exterior window line to the rentable area of the Premises as a whole.

(b) Landlord and Tenant agree to enter into an amendment to this Lease memorializing Tenant's exercise of the Contraction Option, but failure of the parties to execute such an amendment shall have no effect on the effectiveness of Tenant's exercise of the Contraction Option as set forth above. In the event Tenant exercises its Contraction Option pursuant to the provisions of this **Section 18.1,** the Term of this Lease for the Reduction Premises shall expire as of the Contraction Date as fully and completely as if such date were the date originally fixed herein for the expiration of the Term of this Lease for the Reduction Premises and Tenant shall surrender the Reduction Premises to Landlord in the condition required under this Lease, provided, however, in addition to such surrender obligations, Tenant shall remove from the Reduction Premises any above-standard improvements designated by Landlord pursuant to **Section 5.4** of this Lease and repair any damage to the Reduction Premises caused by such removal and restore the affected portion of the Premises to is condition prior to the installation of such improvements. Tenant shall remain liable to satisfy any and all obligations of Tenant under the Lease with respect to the Reduction Premises which accrue up to the Contraction Date, and any such obligations shall survive the Contraction Date.

ARTICLE XIX
TERMINATION OPTION

19.1 TERMINATION OPTION

Tenant shall have a one-time right to terminate the Term of this Lease effective as of July 31, 2021 (hereafter referred to as the **"Early Termination Date"),** provided and on condition that (a) Tenant gives Landlord written notice of such election (the **"Early Termination Notice")** by not later than July 1, 2020, (b) both as of the date of Tenant's exercise of such option and as of the Early Termination Date, this Lease is in full force and effect and there is no Default of Tenant under this Lease, (c) Tenant pays to Landlord, not later than thirty (30) days prior to the Early Termination Date, the Termination Payment (as hereinafter defined). As used herein, the **"Termination Payment"** shall be an amount equal to the sum of (i) Landlord's unamortized costs and expenses (with such amortization calculated on a straight line basis over the original lease term with interest at the rate of Eight Percent (8%) per annum incurred in connection with this Lease (including any amendments thereto executed pursuant to **Articles XVI or XVII),** which costs shall consist of Landlord's Contribution and any other improvement allowances or concessions paid for by Landlord, the Basic Rent which was waived during the Abatement Period and any other free rent periods, and all Landlord's legal fees and brokerage commissions incurred in connection with this Lease and any such amendments, plus (ii) an amount equal to three (3) months of the then fully escalated rental (i.e. Basic Rent and Escalation Charges)

payable under this Lease. Tenant's obligation to pay the Termination Payment is in addition to and not in lieu of Tenant's obligation to pay all Basic Rent and Additional Rent due under the Lease through (and including) the Early Termination Date. In the event of any termination of this Lease pursuant to the provisions of this **Section 19.1,** the Term of the Lease shall expire as of the Early Termination Date as fully and completely as if such date were the date originally fixed herein for the expiration of the Term of this Lease. Tenant shall remain liable to satisfy any and all obligations of Tenant under the Lease which accrue up to the Early Termination Date, and any such obligations shall survive the Early Termination Date. The right created by this **Section 19.1** shall be personal to the originally named Tenant under this Lease and shall not apply in favor of or be exercisable by any assignee of this Lease (except with respect to an assignment permitted without Landlord's consent pursuant to **Section 6.l(b)),** nor any sublessee of all or any portion of the Premises.

ARTICLE XX
ROOF RIGHTS

20.1 GENERALLY. Subject to and so long as (i) compliance with all rules, regulations, statutes and codes of any governmental authority having jurisdiction thereover, (ii) compliance with any covenants, conditions and restrictions applicable to the Building, (iii) a Default of Tenant is not in existence and continuing, and (iv) at Landlord's election, any cable or other service provider installing, servicing or maintaining the equipment installed by Tenant on the roof or providing cable service to the Premises enters into Landlord's required license agreement for similar installations and services provided to tenants in the Building, Tenant shall have the right of access to and the non-exclusive use of the area of the roof of the Building in an area reasonably designated by Landlord (the **"Tenant's Roof Area")** for the installation of one (1) satellite dish or antenna, in size and dimension reasonably acceptable to Landlord, for the supply of cable television and/or telecommunication services solely to the Premises (collectively, the **"Tenant's Rooftop Equipment"),** free of any license fee for the use thereof, and provided further that the installation and maintenance of any aspect of Tenant's Rooftop Equipment shall not void any roof or other warranty applicable to the Building and that all such installations shall be located and screened in a manner reasonably approved in writing by Landlord, which approval will not be unreasonably withheld provided Tenant has complied with all the conditions of this **Article XX.** Tenant may use Tenant's Roof Area for Tenant's own use or the use of its permitted subtenants (and not for resale purposes) and only for the purpose set forth in this **Article XX.** The location, height, diameter, design and installation of the satellite dish or other cable television equipment shall be subject to Landlord's approval, which shall be in Landlord's reasonable discretion. Tenant shall use and maintain Tenant's Rooftop Equipment so as not to cause any interference with other users of the roof, including Landlord, or damage to or interference with the operation of the Building or Building systems. Tenant's Rooftop Equipment, including any Lines installed in connection therewith, shall constitute Tenant's Removable Property. Tenant shall cooperate reasonably with Landlord and any other tenant or person now or hereafter having equipment, installations, lines or machinery on the roof of the Building so as not to cause (or to eliminate) any interference or adverse effect caused to such rooftop installations. If at any time during the term of this Lease, Tenant shall cease to actively use the Tenant's Rooftop Equipment for a period of time in excess of two (2) years, or if Tenant fails to install any Tenant's Rooftop Equipment in Tenant's Roof Area on or before the second anniversary of the Commencement Date, then the license granted to Tenant pursuant to this

Article XX shall automatically terminate and expire and Tenant shall have no further right to use space on the roof of the Building upon the expiration of said two (2) year period or upon such second anniversary of the Commencement Date, as applicable, and Tenant shall, at its sole cost and expense, remove Tenant's Rooftop Equipment, if any, from Tenant's Roof Area within 60 days after receipt of notice from Landlord to so remove Tenant's Rooftop Equipment, unless, prior the expiration of said 60-day period, Tenant re-commences its use (or initiates its use, as applicable) of Tenant's Rooftop Equipment. Tenant shall have the right to access telephone/data closets and shafts and conduits in the Building, plenum areas and other pathways in the Building, in order to connect the Tenant's Rooftop Equipment to the Premises, subject to Landlord's right to reasonably approve such connections and to Landlord's reasonable rules and regulations relative to the access to and the use of such areas within the Building.

20.2 INSURANCE PREMIUMS. If the rate of any insurance carried by Landlord is increased as a result of Tenant's Rooftop Equipment, then Tenant will pay to Landlord within thirty (30) days after Landlord delivers to Tenant a certified statement from Landlord's insurance carrier stating that the rate increase was caused by Tenant's Rooftop Equipment, a sum equal to the difference between the original premium and the increased premium resulting from the Tenant's Rooftop Equipment.

20.3 NO REPRESENTATIONS, SERVICES OR OBLIGATIONS Landlord has not made any representations or promises pertaining to the suitability of the Building's rooftop or Tenant's Roof Area for Tenant's Rooftop Equipment. Tenant, for the purpose of this paragraph and its right to rooftop access hereunder, accepts the rooftop and Tenant's Roof Area in its "AS IS" condition. Other than as set forth in this **Article XX,** Landlord shall not have any obligations with respect to Tenant's Rooftop Equipment or compliance with any Laws (including the obtaining of any required permits or licenses, or the maintenance thereof) relating thereto and Landlord shall have no obligation to provide any services or other utilities to Tenant's Roof Area and Tenant shall be responsible to procure and pay for all electrical service and any other utility service required for Tenant's Rooftop Equipment in accordance with the applicable provisions of this Lease. Landlord makes no representation that Tenant's Rooftop Equipment will be able to receive or transmit communication signals without interference or disturbance (whether or not by reason of the installation or use of similar equipment by others on the roof) and Tenant agrees that Landlord shall not be liable to Tenant therefor. Tenant acknowledges and agrees that the privileges granted Tenant under this **Article XX** shall not, now or at any time after the installation of the Tenant's Rooftop Equipment, be deemed to grant Tenant a leasehold or other real property interest in the Building or any portion thereof, including the Building's roof. The license granted to Tenant in this **Article XX** shall automatically terminate and expire upon the expiration or earlier termination of this Lease (including renewals) and the termination of such license shall be self-operative and no further instrument shall be required to effect such termination. Notwithstanding the foregoing, upon request by Landlord, Tenant, at Tenant's reasonable expense, shall promptly execute and deliver to Landlord, in recordable form, any certificate or other document reasonably required by Landlord confirming the termination of Tenant's right to use the Tenant's Roof Area.

20.4 COMPLIANCE WITH LEGAL REQUIREMENTS. Tenant will obtain prior to installation, any and all necessary licenses, approvals, permits, etc., necessary for the installation, maintenance and use of any equipment installed pursuant to this **Article XX.** Tenant's Rooftop Equipment shall not in any way conflict with any applicable Laws now in force or which may

hereafter be enacted. Tenant will, at its sole cost and expense, promptly comply or ensure that Tenant's Rooftop Equipment complies with all laws, statutes, ordinances, governmental rules or regulations, or requirements of any board of fire insurance underwriters or other similar bodies now or hereafter constituted relating to or affecting Tenant's roof use. Tenant shall indemnify and hold Landlord harmless from and against any and all loss, cost (including reasonable attorneys' fees incurred in defending Landlord), damage or liability arising out of any violations of said laws, statutes, ordinances, rules or regulations.

20.5 ADDITIONAL COVENANTS. Tenant's use of Tenant's Roof Area shall be exercised: (a) in such manner as will not create any hazardous condition or interfere with or impair the operation of the heating, ventilation, air conditioning, plumbing, electrical, fire protection, life safety, public utilities or other systems or facilities in the Building; (b) in compliance with all applicable laws, codes and regulations and subject to and in accordance with the terms of this Lease applicable to the performance of Alterations; (c) in such a manner as will not directly or indirectly interfere with, delay, restrict or impose any expense, work or obligation upon Landlord in the use or operation of the Building; (d) at Tenant's cost, including the cost of repairing all damage to the Building and any personal injury and/or property damage attributable to the installation, inspection, adjustment, maintenance, removal or replacement of any equipment or apparatus on the roofs approved hereunder; and (f) in a manner which will not void or invalidate any roof warranty then in effect with respect to the roof of the Building. Tenant's Rooftop Equipment shall be used solely in the ordinary course of Tenant's business operations and Tenant may not sublease, license or otherwise permit third parties (other than Tenant Successors or Tenant Affiliates) to establish communications transmission facilities as part of Tenant's roof use. Tenant shall (i) be solely responsible for any damage caused as a result of Tenant's Rooftop Equipment, (ii) promptly pay any tax, license, permit or other fees or charges imposed pursuant to any Laws or insurance requirements relating to the installation, maintenance or use of Tenant's Rooftop Equipment, (iii) promptly comply with all precautions and safeguards reasonably required by Landlord's insurance company and all governmental authorities, and (iv) perform all necessary repairs or replacements to, or maintenance of, the Tenant's Rooftop Equipment, provided, however, that if Tenant's failure to so repair, replace or maintain the Tenant's Rooftop Equipment jeopardizes the property of Landlord or any other tenant located on the roof or within the Building, Landlord may, at Landlord's option and after ten (10) days' written notice to Tenant (except in an emergency), elect to perform such repairs, replacements or maintenance at Tenant's sole reasonable cost and expense unless Tenant has commenced such repairs within ten (10) days following Tenant's receipt of such notice and Tenant diligently prosecutes such repairs to completion.

20.6 RESERVED RIGHTS OF LANDLORD. If any of Tenant's Rooftop Equipment installed by Tenant in connection with Tenant's roof use, including any Lines, interferes with or disturbs use of the roof, including the use by Landlord or other tenants or occupants of the Building of their communications equipment, or the operation of the Building or the Building systems, then following demand by Landlord, Tenant shall promptly relocate, at Tenant's sole cost and expense, all or a portion of Tenant's Rooftop Equipment to another area on the roof reasonably designated by Landlord. Notwithstanding anything in this **Article XX** to the contrary, Landlord shall have the right, at any time upon thirty (30) days' prior written notice, to require Tenant to relocate any of its installations located on the roof to such location as is reasonably designated by Landlord. Such relocation shall be at Landlord's sole cost and expense, unless Landlord's reason for requiring such relocation is a result of Tenant's failure to

comply with the terms of this **Article XX,** in which event such relocation shall be at Tenant's sole cost and expense.

20.7 FORCE MAJEURE. Whenever a period of time is prescribed for the taking of an action by Landlord or Tenant (other than any monetary obligations hereunder), the period of time for the performance of such action shall be extended by the number of days that the performance is actually delayed due to acts or events of Force Majeure, but the unavailability of funds or the shortage of administrative personnel shall not be deemed a cause beyond the reasonable control of either party for this purpose.

20.8 DISCLOSURE. Landlord acknowledges that this Lease (and any amendments hereto and SNDA's, estoppels and confirmation certificates executed in connection with this Lease) may be reviewable by industry and/or governmental regulatory authorities. Within ten (10) business days following a request, Landlord shall comply with any requests from such industry or regulatory authorities to provide copies of any such lease documentation to any such industry or regulatory authorities designated by Tenant.

20.9 GOOD FAITH AND FAIR DEALING. Landlord and Tenant shall have the duty to exercise their rights and remedies, and perform their respective obligations hereunder, in good faith.

[Signatures Commence on Following Page]

IN WITNESS WHEREOF, Landlord and Tenant have caused this Lease to be duly executed, under seal, by persons hereunto duly authorized, in multiple copies, each to be considered an original hereof, as of the date first set forth above.

LANDLORD: BROOKFIELD PROPERTIES 75 STATE CO. LLC

Attest: ----------

By: /s/ Jeremiah B. Larkin
Name: Jeremiah B. Larkin
Title: Senior Vice President, Director of Leasing

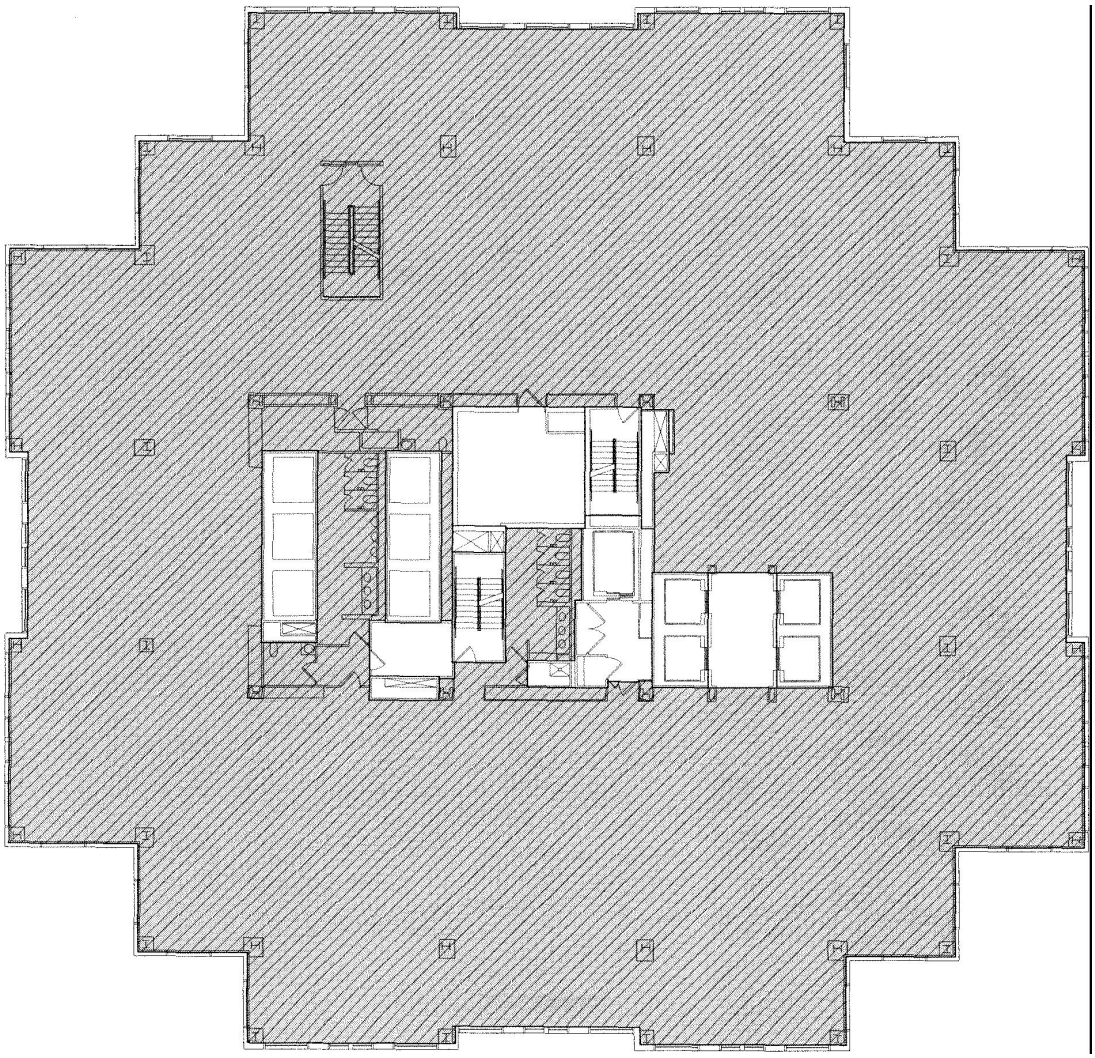
TENANT: GRANT THORNTON LLP

Attest: ----------

By: /s/ Russell Wieman
Name: Russell Wieman
Title: CFO

EXHIBIT A
(Floor Plan of the Premises)

75 STATE STREET
0013
12/4/2012



75 STATE STREET

0014

11/26/2012

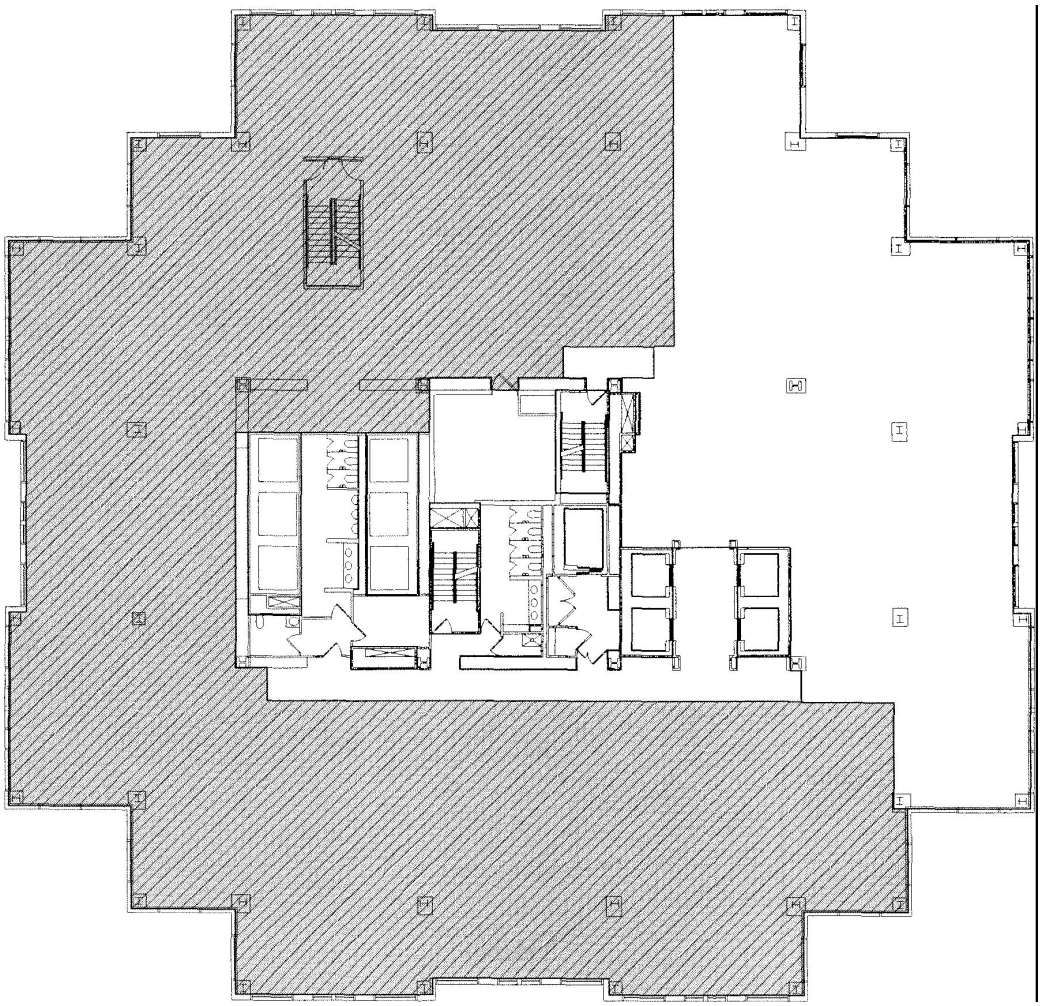


EXHIBIT B
(Items Included in Operating Expenses)

Without limitation, Operating Expenses shall include:

1. All expenses (including any sales or use tax) incurred by Landlord or Landlord's agents which shall be directly related to employment of personnel, including amounts incurred for wages, salaries and other compensation for services, payroll, social security, unemployment and similar taxes, workmen's compensation insurance, disability benefits, pensions, hospitalization, retirement plans and group insurance, uniforms and working clothes and the cleaning thereof, and expenses imposed on Landlord or Landlord's agents pursuant to any collective bargaining agreement for the services of employees of Landlord or Landlord's agents in connection with the operation, administration, repair, maintenance, cleaning, management and protection of the Property and all common areas (including, without limitation, cost incurred by Landlord or any designee of Landlord for operating, cleaning, maintaining and providing utilities to the roof terrace and fitness facility at the Building), and its mechanical systems including, without limitation, day and night supervisors, property manager, accountants, bookkeepers, janitors, carpenters, engineers, mechanics, electricians and plumbers and personnel engaged in supervision of any of the persons mentioned above; provided that, if any such employee is also employed on other property of Landlord, such compensation shall be suitably prorated among the Property and such other properties;

2. The cost incurred by Landlord of services, materials and supplies furnished or used in the operation, administration, repair, maintenance, cleaning, management and protection of the Property, including, without limitation, fees, if any, imposed upon Landlord, or charged to the Property, by the state or municipality in which the Property is located on account of the need of the Property for increased or augmented public safety services;

3. The cost of replacements for tools and other similar equipment used in the repair, maintenance, cleaning and protection of the Property, provided that, in the case of any such equipment used jointly on other property of Landlord, such costs shall be suitably prorated among the Property and such other properties;

4. Where the Property is managed by Landlord or an affiliate of Landlord, management fees at reasonable rates for self-managed buildings consistent with the type of occupancy and the service rendered, which management fees shall not exceed four percent (4%) of gross annual income for the Building, whether or not actually paid, or where managed by other than Landlord or an affiliate thereof, the amounts accrued for management, together with, in either case, amounts accrued for legal and other professional fees relating to the Property, but excluding such fees and commissions paid in connection with services rendered for securing or renewing leases and for matters not related to the normal administration and operation of the Building and in no event in excess of four percent (4%) of gross annual income for the Building;

5. Premiums for insurance against damage or loss to the Building from such hazards as shall from time to time be generally required by institutional mortgagees in the Boston area for similar properties, including, but not by way of limitation, insurance covering loss of rent attributable to any such hazards, and public liability insurance and premiums for fidelity bonds covering persons having custody or control over funds or other property of Landlord relating to the Property;

6. If, during the Term of this Lease, Landlord shall make a capital expenditure which is (a) required by any Laws (or any amendments, regulations, orders or rulings thereto) that are enacted, or first interpreted to apply to the Building, after the Commencement Date, (b) reasonably intended to reduce Operating Expenses or create an operating efficiency or savings for the Building, (c) in Landlord's reasonable judgment, associated with protecting life or the safety and/or security of the Building, (d) incurred to perform replacements which in Landlord's reasonable judgment are made in lieu of repairs and provided such replacements are comparable in quality and utility as the item being replaced, the total cost of which capital expenditure is not properly includable in Operating Expenses for the Operating Year in which it was made, there shall nevertheless be included in such Operating Expenses for the Operating Year in which it was made and in Operating Expenses for each succeeding Operating Year the annual charge-off of such capital expenditure on a straight-line basis. Annual charge-off shall be determined by dividing the original capital expenditure plus an interest factor, reasonably determined by Landlord as being the interest rate then being charged for long-term mortgages by institutional lenders on like properties within the locality in which the Building is located, by the number of years of useful life of the improvement made with the capital expenditure; and the useful life shall be determined reasonably by Landlord in accordance with generally accepted accounting principles consistently applied and in effect at the time of making such expenditure;

7. Legal and other professional and consulting fees incurred in connection with the maintenance, management and operation of the Property, including in connection with the preparation of statements required in connection with payments by tenants and occupants of the Building on account of Taxes and Operating Expenses, except as hereinafter excluded; and

8. Costs incurred by Landlord for electricity, fuel, water and sewer use charges, and all other utilities supplied to the Property, except for those paid for directly by tenants of the Property, and the fair market rental value of the space in the Building used as the fitness facility;

9. All other expenses reasonably paid or incurred in connection with the operating, cleaning and maintenance of the Building or said common areas and facilities of the Building consistent with other high quality Class A buildings in the Financial District of Boston.

Notwithstanding anything to the contrary set forth in the Lease, Operating Expenses shall not include the following:

(i) Advertising, promotional and marketing costs, including leasing commissions, attorneys' fees (in connection with the negotiation and preparation of letters, deal memos, letters of intent, leases, subleases and/or assignments), space planning costs, and other costs and expenses incurred in connection with lease, sublease and/or assignment negotiations and transactions with present or prospective tenants or other occupants of the Building;

(ii) Costs associated with the operation of the business of the entity which constitutes Landlord as the same are distinguished from the costs of operation of the Building, including accounting and legal matters, costs of defending any lawsuits with any mortgagee, costs of selling, syndicating, financing, mortgaging or hypothecating any of Landlord's interest in the Building, costs incurred in connection with any disputes between Landlord and its employees, between Landlord and Building management, or between Landlord and other tenants or occupants;

(iii) Costs which may be considered capital improvements, capital repairs, capital charges or any other capital costs except for the annual charge-off as permitted in item (6) above of this Exhibit B;

(iv) Costs paid directly by other tenants of the Building;

(v) Costs incurred by Landlord due to the violation by Landlord or any tenant of the terms and conditions of any lease of space in the Building;

(vi) Taxes and costs of contesting or appealing Taxes if already included in the determination of Taxes;

(vii) costs (including permit, license, and inspection fees) incurred in renovating, improving, decorating, painting or redecorating vacant space or space for tenants;

(viii) depreciation and amortization on the Building, except as expressly permitted in item (6) above of this Exhibit B;

(ix) amounts paid to Landlord or to subsidiaries or affiliates of Landlord for goods and/or services in the Building (excluding the management fee which is determined pursuant to item (4) above of this Exhibit B) to the extent the same exceeds the costs of such goods and/or services rendered by unaffiliated third parties on a competitive basis;

(x) interest on debt or amortization payments on mortgages or deeds of trust or any other debt for borrowed money except to the extent included in the annual charge-off permitted in item (6) above of this Exhibit B;

(xi) items and services for which Tenant reimburses Landlord or pays third parties or that Landlord provides selectively to one or more tenants of the Building other than Tenant;

(xii) costs incurred, in excess of the deductible, in connection with repairs or other work needed to the Building because of fire, windstorm, or other casualty or cause insured against by Landlord or required to be insured against by Landlord under the terms of this

Lease and costs of restoration following any condemnation (except for fees and expenses incurred in pursuing and collecting an award from the taking authority);

(xiii) costs incurred to remedy structural defects in original construction materials or installations in the Building;

(xiv) any costs, fines or penalties incurred because Landlord violated any governmental rule or authority or defaulted under any agreement;

(xv) any costs incurred to cause the Building to comply with any governmental law, code, order, ordinance regulation or other legal requirement enacted prior to the date of this Lease, provided, however, that costs to comply with any reinterpretation, amendment or modification of such Laws or rules and regulations promulgated thereunder which are enacted after the Commencement Date shall be included in Operating Expenses; Costs of removing, encapsulating or otherwise abating any asbestos or other Hazardous Materials, except with respect to any materials which are determined by Law to be hazardous after the Commencement Date; provided, however, that the foregoing shall not be deemed to prohibit Landlord from including in Operating Expenses the costs of preventive measures taken by Landlord to prevent or limit the formation, accumulation or dispersion of mold or Hazardous Materials in or about the Building, including, without limitation, the use of filtration and/or chemical application;

(xvii) Costs of Landlord's Premises Work and Landlord's Base Building Work or other work to satisfy Landlord's obligations under Section 4.2 or to deliver any Expansion Premises or Available ROFO Space for Tenant's occupancy;

(xviii) Contributions to charitable or political organizations;

(xix) Reserves of any kind, including reserves for bad debts, rent loss or for future improvements, repairs or additions;

(xx) the cost of any electricity for lights and plugs (exclusive of building systems) furnished to the Premises or any other leasable space in the Building and the cost of HVAC services supplied outside of Building Hours to the Premises or any other leasable space in the Building;

(xxi) the cost of installing, operating and maintaining (in excess of costs that would be incurred for operating and maintaining same as office space) any specialty service by or on behalf of Landlord, such as a luncheon club, athletic or recreational club, observation areas, broadcasting facility, childcare or similar facility;

(xxii) the cost of the acquisition or installation of any sculpture, paintings or other objects of art which are of the quality and nature of "fine art," rather than decorative artwork customarily found in first class office buildings in the financial district of Boston, Massachusetts which are similar to the Building, and/or special maintenance and cleaning costs in connection therewith;

(xxiii) salaries, fringe benefits and other compensation paid to any executive or employee of Landlord and/or Landlord's managing agent above the grade of "building manager" (as such term is commonly understood in the property management industry) or equivalent position for the Building, provided, however, all wages, salaries and other compensation otherwise allowed to be included in Operating Expenses shall exclude any allocable portion of such costs related to any employee's time devoted to other buildings or properties other than the Building;

(xxiv) any cost or expense which is applicable to or incurred for the Building Garage or any costs of personnel used to park cars, collect money or provide special security, and garage management fees;

(xxv) any cost or expense which is applicable to or incurred for the retail space in the Building, including, without limitation, the costs of cleaning services to any such retail space, and the cost of any other services or utilities provided to any retail space, to the extent that the level of those services or utilities (as the case may be) exceed the level of services or utilities (as the case may be) to which Tenant is entitled under this Lease;

(xxvi) rentals for items which if purchased, rather than rented, would constitute a capital expenditure to the extent that such payments exceed the amount which could have been included in Operating Expenses had Landlord purchased such equipment rather than leasing such equipment;

(xxvii) Tenant appreciation events;

(xxviii) Costs for which Landlord is reimbursed by insurance, condemnation awards, warranty, guaranty, indemnity, other tenants or otherwise;

(xxix) Costs related to causing the Building to be registered or re-certified under "LEED", "Energy Star" or "Green Globes" certification requirements, or any other similar certification requirements; and

(xxx) Any rental payments and related costs pursuant to any ground lease of land underlying all or any portion of the Building or Property, and any costs related to any reciprocal easement agreement, and/or covenant, condition and restriction agreement.

EXHIBIT C
(Cleaning Specifications)

A. General

1. All stone, ceramic, tile, marble, terrazzo and other unwaxed flooring to be swept nightly on Business Days, using approved dust-down preparation; wash flooring once a month.

2. All linoleum, rubber, asphalt tile and other similar types of flooring (that may be waxed) to be swept nightly on Business Days, using approved dust-down preparation. Waxing, if any, shall be done at Tenant's expense.

3. All carpeting and rugs to be carpet swept or vacuum cleaned nightly on Business Days, as may be required.

4. Hand dust and wipe clean all furniture, files, fixtures and window sills nightly on Business Days;

5. Dust interior of all waste paper disposal cans and baskets nightly on Business Days; damp dust as necessary.

6. Wash clean all water coolers nightly on Business Days;

7. Dust all door and other ventilating louvers within reach, as necessary.

8. Dust all telephones as necessary.

9. Sweep all private stairway structures nightly on Business Days.

10. Wipe clean all bright work weekly.

11. Interior and exterior of metal elevator car and hatch doors, including saddles, to be properly cleaned and treated as necessary.

12. Vacuum clean and change filters in air conditioning units semi-annually.

B. Lavatories (Building)

1. Sweep and wash all lavatory floors nightly on Business Days, wash and polish all mirrors, powder shelves, bright work and enameled surfaces in lavatories, weekly.

2. Scour, wash and disinfect all basins, bowls and urinals throughout all lavatories nightly on Business Days.

3. Wash all toilet seats nightly on Business Days.

4. Hand dust and clean all partitions, tile wall dispensers and receptacles in all lavatories nightly on Business Days.

5. Empty paper towel receptacles and transport wastepaper from the demised premises nightly on Business Days.

6. Fill toilet tissue holders nightly on Business Days (tissue to be furnished by Landlord).

7. Empty sanitary disposal receptacles nightly on Business Days.

8. Wash interior of waste cans and receptacles at least once a week.

9. Thoroughly wash all wall tile and stall surfaces as often as necessary but in no event less than once every two weeks.

l 0. Fill soap dispensers and paper towel dispensers (dispensers, soap and paper towels to be furnished by Landlord at Landlord's expense).

C. <u>High Dusting</u>

Do all high dusting quarterly, which includes the following:

I. Dust clean all vertical surfaces, such as walls, partitions, doors and bucks and other surfaces not reached in nightly cleaning.

2. Dust clean all pipes, ventilating and air conditioning louvers, ducts, high moldings and other high areas not reached in nightly cleaning.

3. Dust all lighting fixtures, including glass or plastic enclosures (exterior only).

D. <u>Window Cleaning</u>

I. All windows to be cleaned inside and outside, five times a year.

2. Tenants' entrance doors and lobby glass to be cleaned daily on Business Days.

3. All other interior glass and a normal amount of partition glass, glass doors and fan lights are to be cleaned twice a year.

4. Mail chute glass to be kept in a clean condition at all times.

E. <u>Day Porters</u>

I. Service, during Business Days, all public and operating space throughout the Building.

2. Keep elevator cars clean and neat during the day on Business Days.

3. Insert toilet tissue in lavatories (tissue to be furnished by Landlord) as necessary on Business Days.

4. Keep staircases policed as necessary on Business Days.

5. Fill soap dispensers and paper towel dispensers on Business Days (dispensers, soap and paper towels to be furnished by Landlord at Landlord's expense).

6. Police all Buildings' men's and ladies' toilets during the daytime portion of Business Days.

F. Exterminating Services

Provide exterminating services by a licensed operator once a month throughout public space and vacant tenant space in the Building.

G. Additional Cleaning Services

Any services not listed above will be solely at Tenant's expense including, without limitation, the following services:

- Washing and/or waxing non-carpeted flooring; spot cleaning and shampooing carpeting.
- The cleaning, maintaining and furnishing of lavatory supplies for private (non-core) lavatories.
- Washing and relamping of all light fixtures.
- Cleaning any interior glass other than windows, mail chutes and directories.
- Exterminating in Tenant's Premises (to be done by Landlord's contractor).
- Any cleaning and related rubbish removal for computer rooms, training rooms, copy centers/rooms, cafeterias, kitchens, pantries or any other areas used for the preparation, distribution, or consumption of food.

EXHIBIT D
(Tenant's Work Requirements)

A. General

1. All alterations, installations or improvements ("Alterations") to be made by Tenant in, to or about the Premises (excluding Cosmetic Alterations) shall be made in accordance with the requirements of this Exhibit and by union contractors or mechanics approved by Landlord.

2. Tenant shall, prior to the commencement of any work, submit for Landlord's written approval, complete plans for the Alterations, which plans meet the requirements set forth in Exhibit G. Drawings are to be complete with full details and specifications for all of the Alterations.

3. Alterations must comply with the Building Code in effect for the City of Boston and the requirements, rules and regulations and any other governmental agencies having jurisdiction.

4. No work shall be permitted to commence without the Landlord being furnished with a valid permit from the Boston Building Department and/or other agencies having jurisdiction.

5. All demolition, removals or other categories of work that may inconvenience other tenants or disturb Building operations, must be scheduled and performed before 7:00 a.m. or after 6:00 p.m. and Tenant shall provide the Building manager with at least 48 hours' notice prior to proceeding with such work.

6. All inquiries, submissions, approvals and all other matters shall be processed through the Building manager.

7. In the event that Tenant shall desire to have such work performed under the City of Boston's "fast-track" building permit process, and if Landlord executes an Owner's Design Affidavit, then Tenant shall execute such indemnity agreement(s) as Landlord may reasonably request, holding Landlord harmless from loss or damage arising therefrom.

B. Prior to Commencement of Work

1. Tenant shall submit to the Building manager a request to pe1form the work. The request shall include the following enclosures:

(i) A list of Tenant's contractors and/or subcontractors for Landlord's approval.

(ii) Four complete sets of plans and specifications properly stamped by a registered architect or professional engineer and meeting the requirements set forth in Exhibit G.

(iii) A properly executed building permit application form.

(iv) Four executed copies of the Insurance Requirements agreement in the form of Exhibit E from Tenant's contractor.

(v) Contractor's and subcontractor's insurance certificates including an indemnity in accordance with the Insurance Requirements agreement.

2. Landlord will return the following to Tenant:

(i) Two sets of plans approved or a disapproval with specific comments as to the reasons therefor (such approval or comments shall not constitute a waiver of Building Department approval or approval of other governmental agencies).

(ii) Two fully executed copies of the Insurance Requirements agreement.

3. Tenant shall obtain a building permit from the Building Department and necessary permits from other governmental agencies. Tenant shall be responsible for keeping current all permits. Tenant shall submit copies of all approved plans and permits to Landlord and shall post the original permit on the Premises prior to the commencement of any work. All work, if performed by a contractor or subcontractor, shall be subject to reasonable supervision and inspection by Landlord's representative. Such supervision and inspection, to the extent that the work may affect the Building's mechanical and electrical systems, shall be at Tenant's sole expense and Tenant shall pay Landlord's reasonable charges for such supervision and inspection.

C. Requirements and Procedures

1. All structural and floor loading requirements shall be subject to the prior approval of Landlord's structural engineer.

2. All mechanical (HVAC, plumbing and sprinkler) and electrical requirements shall be subject to the approval of Landlord's mechanical and electrical engineers and all mechanical and electrical work shall be performed by contractors approved by Landlord. When necessary, Landlord will require engineering and shop drawings, which drawings must be approved by Landlord before work is started. Drawings are to be prepared by Tenant and all approvals shall be obtained by Tenant.

3. Elevator service for construction work shall be charged to Tenant at standard Building rates which will include the cost of operators and supervisory staff. Prior arrangements for elevator use shall be made at least 48 hours in advance with Building manager by Tenant. No material or equipment shall be carried

under or on top of elevators. If an operating engineer or master mechanic is required by any union regulations, such engineer or master mechanic shall be paid for by Tenant.

4. If shutdown of risers and mains for electrical, HVAC, sprinkler and plumbing work is required, such work shall be supervised by Landlord's representative. No work will be performed in Building's mechanical or electrical equipment rooms without Landlord's approval and under Landlord's supervision.

5. Tenant's contractor shall:

   (i) have a responsible superintendent or foreman on the Premises at all times;

   (ii) police the job at all times, continually keeping the Premises orderly;

   (iii) maintain cleanliness and protection of all areas, at all times, including elevators and lobbies.

   (iv) protect the front and top of all peripheral HVAC units and thoroughly clean them at the completion of work;

   (v) block off supply and return grills, diffusers and ducts to keep dust from entering into the Building air conditioning system; and

   (vi) avoid the disturbance of other tenants.

6. If Tenant's contractor is negligent in any of its responsibilities and if, after notice to Tenant no corrective action is taken, Landlord may, but shall not be obligated to, engage other contractors to perform the Alterations. Tenant shall be charged for corrective work.

7. All equipment and installations must be equal to the standards set forth in Exhibit F. Any deviation from such standards will be permitted only if indicated or specified on the plans and specifications and approved by Landlord.

8. A properly executed air balancing report signed by a professional engineer shall be submitted to Landlord upon the completion of all HVAC work for approval.

9. Upon completion of the Alterations and prior to taking occupancy, Tenant shall submit to Landlord a permanent certificate of occupancy and final approval by the other governmental agencies having jurisdiction.

10. Tenant shall submit to Landlord a final "as-built" set of drawings in autocad format and one set of blueprints showing all items of the Alterations in full detail.

11. Additional and differing provisions in the Lease, if any, will be applicable and will take precedence.

12. Any plan or design approval rights reserved to or exercised by Landlord hereunder are for the sole and exclusive benefit of Landlord to ensure compatibility of such work with Building systems and Building standards, and such approval does not constitute any representation or warranty whatsoever as to the adequacy, correctness, efficiency or compliance with applicable law of such plan or design or the work shown thereon.

EXHIBIT E
(Contractor's Insurance Requirements)

Building: 75 State Street, Boston, Massachusetts

Tenant:

Premises:

The undersigned contractor or subcontractor ("Contractor") has been hired by the tenant or occupant (hereinafter called "Tenant") of the Building named above or by Tenant's contractor to perform certain work ("Work") for Tenant in the Premises identified above. Contractor and Tenant have requested the undersigned landlord ("Landlord") to grant Contractor access to the Building and its facilities in connection with the performance of the Work and Landlord agrees to grant such access to Contractor upon and subject to the following terms and conditions:

1. Contractor agrees to indemnify and save harmless the Landlord (and, if Landlord is a general or limited partnership, each of the partners thereof), Brookfield Financial Properties L.P. and their respective officers, employees and agents and their affiliates, subsidiaries and partners, and each of them, from and with respect to any claims, demands, suits, liabilities, losses and expenses, including reasonable attorneys' fees, arising out of or in connection with the Work (and/or imposed by law upon any or all of them) because of personal injuries, including death at any time resulting therefrom and loss of or damage to property, including consequential damages, whether such injuries to person or property are claimed to be due to negligence of the Contractor, Tenant, Landlord or any other party entitled to be indemnified as aforesaid except to the extent specifically prohibited by law (and any such prohibition shall not void this Agreement but shall be applied only to the minimum extent required by law).

2. Contractor shall provide and maintain at its own expense, until completion of the Work, the following insurance:

   (a) Workmen's Compensation and Employers, Liability Insurance covering each and every workman employed in, about or upon the Work, as provided for in each and every statute applicable to Workmen's Compensation and Employers' Liability Insurance.

   (b) Commercial General Liability Insurance including coverages for Products/Completed Operations, Broad Form Property Damage and Contractual Liability (to specifically include coverage for the indemnification clause of this Agreement), all listing Landlord as an additional insured, for not less than the following limits:

   Personal Injury:
   $5,000,000 per person

   $5,000,000 per occurrence

Property Damage:
$5,000,000 per occurrence

$5,000,000 aggregate

(c) Commercial Automobile Liability Insurance (covering all owned, non-owned and/or hired motor vehicles to be used in connection with the Work) for not less than the following limits:

Bodily Injury:
$5,000,000 per person

$5,000,000 per occurrence

Property Damage:
$5,000,000 per occurrence

$5,000,000 aggregate

Contractor shall furnish a certificate from its insurance carrier or carriers to the Building office before commencing the Work, showing that it has complied with the above requirements regarding insurance.

3. Contractor shall require all of its subcontractors engaged in the Work to provide the following insurance:

(a) Commercial General Liability Insurance including Protective and Contractual Liability coverages with limits of liability at least equal to the limits stated in paragraph 2(b), except that such limits may be reduced to $1,000,000 for subcontractors so long as Contractor's insurance coverage for the project expressly covers all liabilities arising out of acts or omissions of the subcontractors with limits at least equal to the coverage amounts required under paragraph 2(b).

(b) Commercial Automobile Liability Insurance (covering all owned, non-owned and/or hired motor vehicles to be used in connection with the Work) with limits of liability at least equal to the limits stated in paragraph 2(c), except that such limits may be reduced to $1,000,000 for subcontractors so long as Contractor's insurance coverage for the project expressly covers all liabilities arising out of acts or omissions of the subcontractors with limits at least equal to the coverage amounts required under paragraph 2(c).

Contractor's insurance policies shall name the Landlord, Agent, Landlord's property manager and Landlord's mortgagee(s) as additional insureds and such other parties as may be reasonably requested by Landlord as additional insureds. Contractor shall not materially decrease or cancel its insurance coverage without ten (10) days' prior written notice to Landlord.

Upon the request of Landlord, Contractor shall require all of its subcontractors engaged in the Work to execute an Insurance Requirements agreement in the same form as this Agreement.

Agreed to and executed this day of

Contractor:

By: _____

EXHIBIT F
(Building Standards)

A. PARTITIONS

1. All interior partitions are to be constructed of 2-1/2" metal studs, 16" on center, with one layer of 5/8"-thick gypsum wallboard on each side, properly taped and spackled. Partitions shall be anchored to the integrated ceiling modular grid or to the slab above, as may be required. Sound partitions shall have a minimum 3"-thick sound attenuation blanket throughout. Sound baffles above the integrated ceiling shall not interfere with the functioning of the return air plenum. Firecode gypsum board shall be used where required by code.

2. All demising and/or corridor partitions are to be constructed of 2-1/2" metal studs, 16" on center, with one layer of 5/8"-thick gypsum wallboard on each side with the space between studs filled with a minimum 3"-thick sound attenuation blanket throughout. Studs and the inside layer of gypsum wallboard on each side shall run from floor to underside of metal deck or concrete slab. Open space between the metal deck corrugations and the studs and wallboard shall be filled with a compressible mineral fiber filler. Wallboard shall be proper taped and spackled, including the portion above the integrated ceiling. Firecode gypsum board shall be used where required by code. Fire and sound rated transfer grills shall be installed, above the integrated ceiling, where required to insure proper operation of the return air plenum.

3. All partitions intersecting a curtain wall mullion shall terminate at the perimeter fin tube enclosure. The space between the end of the partition and the mullion shall be filled from the top of the enclosure to the underside of the gypsum wallboard soffit with the building standard partition closure. Demising partitions intersecting the curtain wall mullion shall have the space above the gypsum wallboard soffit to the underside of the spandrel beam closed off with the same materials as the partition itself.

4. All dwarf interior partitions shall be constructed of 2-1/2" metal studs, 16" on center, with one layer of 5/8"-thick gypsum wallboard on each side, suitably cross-braced and properly taped and spackled. The top of the partition shall be capped with a solid 4" X 1-1/3" plastic laminate-faced wood cap.

5. Private toilet partitions must meet the requirements for an interior partition except that water resistant wallboard shall be used under all ceramic tile.

B. FLOOR COVERINGS

Resilient flooring, if installed, after floor preparation, and with the approval of Landlord, shall be vinyl composition tile, 12" X 12" X 1/8"-thick conforming to F.S. SS-T-312 Type IV. Base shall be vinyl 4"-high minimum, coved at resilient

and square edged at carpet, 0.080”-thick, including premolded end stops and external comers.

C. CERAMIC WALL AND FLOOR TILE

1. Executive toilets and pantries requiring ceramic wall and floor tile shall be the building standard or any other Landlord-approved equal.

2. Marble thresholds shall be the same as the base building toilets.

D. DOORS AND FRAMES

1. All interior doors shall be flush solid core 1-3/4”-thick; solid wood particle board or wood stave core construction; mahogany finish to match building standard; premium grade; fire rated where required.

2. All interior hollow metal doors shall be 1-3/4”-thick; honeycomb core or resin impregnated, rot and vermin resistant material conforming to Type II, heavy-duty, Style 2, full flush hollow steel construction of the Steel Door Institute; fire rated where required.

3. All interior frames shall be 16 gauge hollow metal conforming to SDI-100 (latest issue). All frames shall be welded one piece construction except that three-piece frames may be used in interior tenant drywall partitions.

4. Tenant entrance frames shall meet the requirements of the landlord’s minimum standard or better.

E. HARDWARE

1. All locks shall be keyed and mastered to the Building system. Four individual keys for each lock must be furnished to the building manager.

2. Special hardware, other than building standard, must be approved by Landlord.

3. Card key or other security type system must be approved by Landlord.

F. EQUIPMENT

1. All equipment requiring hook up to the building systems shall be submitted to Landlord for approval. Separate metering may be required.

G. VENETIAN BLINDS AND CURTAINS

1. All interior venetian blinds shall be by the same manufacturer, and of the same style and width as those installed by Landlord on the perimeter of the Building. The color need not match the perimeter blinds.

2. No curtains will be permitted as they will interfere with proper functioning of the heating & cooling system.

H. COMPUTER ROOM FLOORS AND SUPPLEMENTAL AIR-CONDITIONING

1. All computer room flooring and supplemental air-conditioning equipment must meet the minimum standards established by Landlord and its architect and structural, mechanical and electrical engineers.

I. ELECTRICAL

1. All materials and equipment shall be manufactured, tested, installed in accordance with the latest editions of applicable publications of the Massachusetts Electrical Code, Commonwealth of Massachusetts State Building Code, ASTM, UL, IPCEA, NEMA, IEEE, ANSI, NFPA and OSHA.

2. Rigid conduit and/or electrical metallic tubing (EMT) shall be used throughout and shall be independently supported from the structure.

3. All electrical devices, panelboards, outlets, switches and related accessories shall be approved by Landlord before they may be installed.

4. All lighting fixtures (other than those in the integrated ceiling) shall be approved by Landlord before they may be installed.

5. All conduit runs, raceways, etc., must be maintained at a height of a minimum of nine (9”) inches above the integrated ceiling.

6. All wire and cable shall comply with the requirements of the base building specifications.

7. There shall be no exposed wire, wire molding or conduit.

8. On multi-tenanted floors, available circuits shall be allocated on the basis of the rentable floor area.

9. Tenant shall submit for Landlord’s approval its electrical power and lighting plans and specifications before proceeding with the installation.

J. TELEPHONE

1. Tenant shall make arrangements with Verizon regarding its requirements for service. Tenant shall coordinate its utilization of all empty conduit provided for its use by Landlord.

2. Landlord has provided plywood backboards for the use of the telephone company in all telephone rooms and closets.

3. Telephone outlets in walls and partitions shall be flush boxes with bushed hole in cover.

4. Telephone raceways and outlets shall conform to the conduit and outlet articles of the specifications for the base building.

5. All raceways and conduit runs shall be independently supp01ied from the structure.

6. All raceways and conduit runs, etc. must be maintained at a height of a minimum of nine (9”) inches from the integrated ceiling.

7. No telephone wire shall run loose or exposed.

8. The telephone company shall not cause any labor dispute that might cause a disruption of the base building work.

9. Floor outlets are subject to Landlord approval as to type and location.

K. SPRINKLERS

1. Alterations to the system to accommodate Tenant’s space plan shall be performed, at Tenant’s expense, by a sprinkler contractor approved by Landlord.

2. All additional and/or relocated sprinkler heads shall be the same as those installed in the base building except for pendant type heads.

L. PLUMBING

1. There are no wet columns in tenant areas, all waste, vent, hot and cold water lines for additional facilities must be carried back to the central core area of the building.

2. All additional piping required for Tenant facilities must be independently supported from the structure and a minimum clearance of nine (9”) inches must be maintained between the underside of the piping and hangers and the integrated ceiling.

3. No exposed plumbing of any kind is permitted.

4. All piping must conform to the requirements of the base building specifications.

5. All pipe covering shall conform to the requirements of the base building specifications.

6. All Tenant-added plumbing fixtures shall be by the same manufacture, and of the same style and trim as the base building fixtures.

7. Pantry and/or lunch room fixtures, etc. are subject to Landlord's approval, and the need for such facilities must be demonstrated.

8. All toilet accessories must be by the same manufacture as the base building accessories.

9. All connections to the Building piping must be made at the time designated by Landlord.

M. HEATING, VENTILATING AND AIR-CONDITIONING

1. All costs involved in altering the system shall be paid by the tenant.

2. Tenant shall pay the cost of rotating the fixtures, etc. to suit its floor plan.

3. Special HVAC requirements for computer rooms, etc. shall be submitted to Landlord for approval together with all design requirements for review by the base building consultants well in advance of the anticipated start date of Tenant work (45 days minimum).

4. Systems added by Tenant shall conform to the requirements of the base building specifications.

EXHIBIT G
(Tenant Plan Requirements)

Whenever Tenant shall be required by the terms of the Lease to submit plans to Landlord in connection with any improvement or alteration to the Premises, such plans shall include at least the following:

1. Floor plan indicating location of partitions and doors (details required of partition and door types).

2. Location of standard electrical convenience outlets and telephone outlets.

3. Location and details of special electrical outlets; *e.g.*, photocopiers, etc.

4. Reflected ceiling plan showing layout of standard ceiling and lighting fixtures. Partitions to be shown lightly with switches located indicating fixtures to be controlled.

5. Locations and details of special ceiling conditions, lighting fixtures, speakers, etc.

6. Location and specifications of floor covering, paint or paneling with paint colors referenced to standard color system.

7. Finish schedule plan indicating wall covering, paint, or paneling with paint colors referenced to standard color system.

8. Details and specifications of special millwork, glass partitions, rolling doors and grilles, blackboards, shelves, etc.

9. Hardware schedule indicating door number keyed to plan, size, hardware required including butts, latchsets or locksets, closures, stops, and any special items such as thresholds, soundproofing, etc. Keying schedule is required.

10. Verified dimensions of all built-in equipment (file cabinets, lockers, plan files, etc.)

11. Location and weights of storage files.

12. Location of any special soundproofing requirements.

13. Location and details of special floor areas exceeding 50 pounds of live load per square foot.

14. All structural, mechanical, plumbing and electrical drawings, to be prepared by the base building consulting engineers, necessary to complete the Premises in accordance with Tenant’s Plans.

15. All drawings to be uniform size (30” x 46”) and shall incorporate the standard project electrical and plumbing symbols and be at a scale of 1/8” = l’ or larger.

16. All drawing shall be stamped by an architect (or, where applicable, an engineer) licensed in the Commonwealth of Massachusetts and without limiting the foregoing, shall be sufficient in all respects for submission to the City of Boston Inspectional Services Department in connection with a building permit application.

17. Landlord’s approval of the plans, drawings, specifications or other submissions in respect of any work, addition, alteration or improvement to be undertaken by or on behalf of Tenant shall create no liability or responsibility on the part of Landlord for their completeness, design sufficiency or compliance with requirements of any applicable laws, rules or regulations of any governmental or quasi-governmental agency, board or authority.

EXHIBIT H
(Commencement Letter)

BROOKFIELD FINANCIAL PROPERTIES L.P.
One Liberty Plaza
New York, NY 10006

[Name of Contact]
[Name of Tenant]
75 State Street
Boston, MA 02109

RE: [Name of Tenant]
[Floor] 75 State Street, Boston

Dear [Name of Contact]:

Reference is made to that certain Lease, dated as of , 20 , between BROOKFIELD PROPERTIES 75 STATE CO. LLC as Landlord and _____ as Tenant, with respect to space on the _____ floor of 75 State Street, Boston, Massachusetts.

In accordance with Section 4.1 of the Lease, this is to confirm that the Commencement Date of the te1m of such Lease occurred on_____, the Rent Commencement Date shall be [and that the Initial Term of such Lease shall expire on _____.] If the foregoing is in accordance with your understanding, would you kindly execute this letter in the space provided below, and return the same to us for execution by Landlord, whereupon it will become a binding agreement between us.

Very truly yours,

BROOKFIELD PROPERTIES 75 STATE CO. LLC

By: _____
Name:
Title:

Accepted and Agreed:

[Name of Tenant]

By: _____
Name: _____
Tilte: _____
Date: _____

EXHIBIT I

(Heating, Ventilating and Air-Conditioning Specifications)

The base building HVAC system (the "System") shall be designed to maintain the following conditions provided Tenant's air distribution duct work is designed in accordance with S.M.A.C.N.A. (Sheet Metal and Air Conditioning National Association, Inc.) standards for variable air volume systems:

In the summer, the System shall be nominally designed to maintain a maximum of 76°F (+/- 2 degrees) dry bulb temperature and 50% relative humidity when the outdoor weather conditions do not exceed 89°F dry bulb and 74°F wet bulb.

In the winter, the System shall be nominally designed to maintain a minimum 72°F (+/- 2 degrees) dry bulb when the outdoor temperature is not less than 6°F.

The design conditions described herein are based upon an occupancy of not more than one person per 100 usable square feet, a combined lighting and standard electrical load not to exceed 2.5 watts per usable square foot, and the use of venetian blinds on each window drawn to a 45° angle in the exposure subject to direct solar radiation. The basis for design of the Tenant's air distribution system shall be a maximum of 57°F supply air temperature entering the Premises.

EXHIBIT J

(Form of Subordination, Non-Disturbance and
Attornment Agreement)

RECORDING REQUESTED BY AND WHEN RECORDED, RETURN TO:

Latham & Watkins
LLP 633 West Fifth Street
Suite 4000
Los Angeles, CA 90071
Attn: Donald I. Berger, Esq.

(Space above this line for Recorder's use only)

SUBORDINATION, NON-DISTURBANCE AND

ATTORNMENT AGREEMENT

NOTICE: THIS SUBORDINATION, NON-DISTURBANCE AND ATTORNMENT AGREEMENT RESULTS IN YOUR LEASEHOLD ESTATE IN THE PREMISES BECOMING SUBJECT TO AND OF LOWER PRIORITY THAN THE LIEN OF SOME OTHER OR LATER SECURITY INSTRUMENT.

This SUBORDINATION, NON-DISTURBANCE AND ATTORNMENT AGREEMENT (this "Agreement") dated as of the__ day of_, 20_, by and among DEUTSCHE BANK AG, NEW YORK BRANCH having an address at 60 Wall Street, New York, New York 10005, in its capacity as administrative agent (in such capacity, together with its successors and assigns, "Mortgagee"), BROOKFIELD PROPERTIES 75 STATE STREET CO. LLC, a Delaware limited liability company, having an office and place of business at c/o Brookfield Financial Properties L.P., Three World Financial Center, 200 Vesey Street, New York, NY 10281 ("Landlord") and GRANT THORNTON LLP, an Illinois limited liability partnership, and having an office and place of business at 1901 S. Myers Road, Suite 455, Oakbrook Terrace, Illinois 60181 (the "Tenant").

RECITALS:

A. Tenant has entered into a certain lease dated as of December , 2012 (the "Lease"), with Landlord, with respect to that certain premises consisting of 24,233 rentable square feet on the 13th floor and 17,136 rentable square feet on a portion of the 14th floor (the "Premises") and located in the building located on the real property commonly known as 75 State Street, Boston, MA (the "Property") and more particularly described in Exhibit A attached hereto; and

B. Mortgagee has made or is about to make a mortgage loan (the "Loan") to Landlord secured by a deed of trust (the "Mortgage") of certain prope1iy that includes the Premises; and

C. The parties desire to set f01ih the terms of their agreement.

NOW, THEREFORE, in consideration of the Premises and of the sum of ONE DOLLAR ($1.00) to each party hereto paid by the other, the receipt hereof is hereby acknowledged, the parties hereto do hereby covenant and agree as follows:

1. Subordination. Notwithstanding anything to the contrary contained in the Lease, the Lease and the leasehold estate created thereby are and shall at all times be subject and subordinate to the Mortgage and to all renewals, modifications, consolidations, replacements and extensions thereof, to the full extent of the principal sum secured thereby, interest thereon and any other sum due Mortgagee thereunder. The Mortgage shall take precedence over the Lease and shall be entitled to the same rights and privileges, both in law and in equity, as the Mortgage would have had if it had been executed, delivered, and recorded prior to the execution, delivery, and recording, or any of them, of the Lease or any notice thereof. Tenant and Landlord agree that notwithstanding anything to the contrary contained in the Lease, Tenant will not subordinate the Lease or its interest in the Premises to any other mortgage or encumbrance without the prior written consent of Mortgagee.

2. Attornment. If Mortgagee (or its nominee or designee) shall succeed to the rights of Landlord under the Lease through possession or foreclosure action, delivery of a deed or otherwise, or another person purchases the Property or the portion thereof containing the Premises upon or following foreclosure of the Mortgage or in connection with any bankruptcy case commenced by or against Landlord (Mortgagee, its nominees and designees, and such purchaser, and their respective successors and assigns, each being a "Successor-Landlord"), then, Tenant shall attorn to and recognize Successor-Landlord as Tenant's landlord under the Lease. Upon such attornment, the Lease shall continue in full force and effect as, or as if it were, a direct lease between Successor-Landlord and Tenant upon all terms, conditions and covenants as are set forth in such Lease. If such Lease shall have terminated by operation of law or otherwise as a result of or in connection with a bankruptcy case commenced by or against Landlord or a foreclosure action or proceeding or delivery of a deed in lieu of foreclosure or otherwise, upon request of Successor-Landlord, Tenant shall promptly execute and deliver a direct lease with Successor-Landlord which direct lease shall be on the same terms and conditions as the Lease (subject, however, to the provisions of clauses (a)-(g) of Section 6 hereof) and shall be effective as of the day such Lease shall have terminated as aforesaid.

3. No Constructive Eviction. Tenant agrees that foreclosure of, or any other legal action in connection with, the Mortgage shall not be a constructive eviction of Tenant except at the option of Mortgagee, which option shall arise only if Tenant is in default under the Lease beyond the expiration of any applicable grace period. Tenant shall have no right to appear in any such foreclosure action.

4. SNDA. Tenant agrees to enter into a subordination, non-disturbance and attornment agreement with any person which shall succeed Mortgagee as lender with respect to the Property, or any portion thereof, provided such agreement is in the same form as this Agreement.

5. Non-Disturbance. Mortgagee shall not, in the exercise of its rights arising, or which may arise, out of the Mortgage, disturb Tenant, interfere with Tenant, or deprive Tenant of its possession or its right to possession of the Premises (or any part thereof) under the Lease, or any right or privilege granted to or inuring to the benefit of Tenant under the Lease, or join Tenant in summary or foreclosure proceedings, provided the Lease is then in full force and effect. Provided Tenant is not in default (beyond all applicable notice and cure periods) under the Lease, Successor Landlord shall be bound to Tenant under all of the terms and conditions of the Lease and shall perform all obligations of landlord under the Lease (except to the extent expressly provided otherwise in Section 6 of this Agreement). Notwithstanding anything to the contrary set forth in this Agreement, if Tenant is in default under the Lease beyond the expiration of any applicable notice and cure period, Mortgagee shall have the absolute and unconditional right to exercise and enforce or cause Landlord to exercise and enforce any rights of Landlord under such Lease.

6. Mortgagee's Liability. Mortgagee, whether or not it succeeds to the interest of Landlord under the Lease, shall not be

(a) liable for any act, omission, neglect or default of any prior landlord, including the present Landlord; provided however, Successor Landlord shall continue to be bound by any Offset Right that Tenant may have relating to any event or occurrence before the date of attornment of (i) the basis of such Offset Right remains uncured after the date of attornment and (ii) either Lender or Successor Landlord was provided with notice and opportunity to cure the same in accordance with Section 9 below and pursuant to the terms and conditions of the Lease. "Offset Right" means any right of Tenant to any offset for non-payment of any Landlord's Contribution (as defined in the Lease) or Space Planning Allowance (as defined in the Lease), or any other offset, defense, claim, counterclaim, reduction, deductions or abatement against Tenant's payment of Rent or performance of Tenant's other obligations under the Lease, arising (whether under the Lease or other applicable law, including 11 U.S.C. § 365(h)) from Landlord's breach or default under the Lease, or rejection of the Lease in bankruptcy from Landlord's breach or default under the Lease; or

(b) liable or responsible for or with respect to the retention, application and/or return to Tenant of any security deposit paid to any prior Landlord, including the present Landlord, whether or not still held by such prior Landlord unless and until Mortgagee or such other purchaser has actually received for its own account as Landlord the full amount of such security deposit; or

(c) subject to any offsets, counterclaims or defenses which Tenant might have against any prior landlord, including the present Landlord; provided, however, Successor

Landlord shall continue to be bound by any Offset Right that Tenant may have relating to any event or occurrence before the date of attornment if (i) the basis of such Offset Right remains uncured after the date of attornment and (ii) either Lender or Successor Landlord was provided with notice and opportunity to cure the same in accordance with Section 9 below and pursuant to the terms and conditions of the Lease; or

(d) bound by any rent or additional rent that Tenant might have paid for more than the current month and one succeeding month to any prior landlord, including the present Landlord; or

(e) bound by any obligation to make any payment to Tenant which was required to be made prior to the time Mortgagee succeeded to any prior landlord's interest; or

(f) bound by any assignment, surrender, termination, cancellation, amendment, or modification of the Lease made after the date hereof (other than any assignment, surrender, te1mination, cancellation, amendment or modification of the Lease that pertains to any right of Tenant under the express terms of the Lease, including, but not limited to, Tenant's renewal, expansion and termination rights set forth in the Lease), if consent is required pursuant to the Mortgage or other loan documents by and between Landlord and Lender dated as of the date of the Mortgage. Tenant represents and warrants that, as of the date hereof, it has not sublet the Premises to any sublessee; has not assigned any of its rights under the Lease; has no right to lease or occupy any part of the Property subject to the lien of the Mortgage other than the Premises and any expansion or right of first offer rights expressly set forth in the Lease and the non-exclusive right to use of the common areas of the Property subject to the lien of the Mortgage; and has no extension or renewal rights other than as expressly set forth in the Lease, including amendments thereto; or

(g) liable to Tenant beyond the Successor Landlord's interest in the Property and the rents, income, receipts, revenues, issues and profits arising from such Property; or

(h) required to remove any person occupying the Premises or any part thereof except if such person claims by or through Successor-Landlord.

Notwithstanding anything to the contrary contained herein, Mortgagee and any Successor Landlord shall be bound by and recognize Tenant's right under Section 5.2(c) of the Lease to offset against Rent the amount of any Allowances that are due and payable under the Lease. **"Allowances"** mean the Landlord's Contribution and the Space Planning Allowance (as such terms are defined in the Lease and herein collectively referred to as the **"Allowances")** due under the Lease.

7. Payment of Rent. Tenant acknowledges being advised by Landlord that the Lease and the rent and all sums due thereunder have been or will be assigned to Mortgagee pursuant to an Assignment of Leases and Rents from Landlord to Mortgagee, as security for the obligations

secured by the Mortgage. Landlord hereby directs Tenant that if Mortgagee notifies Tenant in writing of an event of default under the Mortgage and demands that Tenant pay its rent and all other sums due under the Lease to Mortgagee, Tenant will honor such demand and pay to Mortgagee the rent and all other sums due under the Lease from and after the date of receipt of such notice, on each due date under the Lease, until directed otherwise in writing by Mortgagee or by a court of competent jurisdiction. Tenant shall make such payments to Mortgagee without any further direction or consent from Landlord and despite the fact that no receiver of rents may have been appointed by a court. Landlord hereby irrevocably authorizes and directs Tenant to make such payments to Mortgagee despite the receipt of any contrary instructions from Landlord or any other party, except a court of competent jurisdiction. Payment of rent by Tenant in accordance with the provisions of this Section shall constitute performance by Tenant under the Lease as to all amounts paid.

8. Insurance and Condemnation Proceeds. Tenant agrees that, notwithstanding any provision hereof to the contrary, the terms of the Mortgage shall continue to govern with respect to the disposition of any insurance proceeds or eminent domain awards, and any obligations of Landlord to restore the real estate of which the Premises are a part shall, insofar as they apply to Mortgagee, be limited to insurance proceeds or eminent domain awards received by Mortgagee after the deduction of all costs and expenses incu1Ted in obtaining such proceeds or awards, provided, however, the foregoing shall not limit Tenant's express termination rights under the Lease in the event of any such casualty or condemnation.

9. Notice of Default and Cure Rights. This Agreement shall serve as notice to Tenant of the Mortgage, and pursuant to the Lease,

(a) Intentionally Deleted.

(b) In the event of a default by Landlord under the Lease which would give Tenant the right, immediately or after the lapse of a period of time, to cancel or terminate the Lease, Tenant shall not exercise such right (i) until Tenant has given written notice of such default, act or omission to Mortgagee and (ii) unless Mortgagee has failed, within ten (10) business days after Mortgagee receives such notice, to cure or remedy, or to cause Lenders to cure or remedy, the default, or if such default shall be one that is reasonably capable of being remedied by Lenders or Mortgagee but is not reasonably capable of being remedied by Lenders or Mortgagee within such ten (10) business day period, until a reasonable period for remedying such default, act or omission shall have elapsed following the giving of such notice and following the time when Mortgagee shall have become entitled under the M01igage to remedy the same (which reasonable period shall in no event be less than the period to which Landlord would be entitled under the Lease or otherwise, after similar notice, to effect such remedy), provided that Mortgagee shall with due diligence pursue the right to remedy such default and shall with due diligence commence and continue to, remedy, or cause to be remedied, such default, act or omission before the expiration of said ten (10) business day period.

(c) Notwithstanding the foregoing, Mortgagee shall not have any obligation hereunder to remedy such default, act or omission.

10. Notice of Mortgage. To the extent that the Lease shall entitle Tenant to notice of the existence of any mortgage and the identity of any mortgagee, this Agreement shall constitute such notice to Tenant with respect to the Mortgage and Mortgagee.

11. Successor-Landlord Liability. Notwithstanding anything herein or in the Lease to the contrary, in the event that a Successor-Landlord shall acquire title to the Property or a portion thereof, Successor-Landlord shall have no obligation, nor incur any liability, beyond Successor Landlord's then interest, if any, in the Property, and Tenant shall look exclusively to such interest, if any, of Successor-Landlord in the Property for the payment and discharge of any obligations imposed upon Successor-Landlord hereunder or under the Lease. Tenant agrees that, with respect to any money judgment which may be obtained or secured by Tenant against Successor-Landlord, Tenant shall look solely to the estate or interest owned by Successor Landlord in the Property (including, without limitation, the rents, issues and profits therefrom), and Tenant will not collect or attempt to collect any such judgment out of any other assets of Successor-Landlord.

12. Intentionally Deleted.

13. No Obligation. Except as specifically provided in this Agreement, Mortgagee shall not, by virtue of this Agreement, the Mortgage or any other instrument to which Mortgagee may be a party, be or become subject to any liability or obligation to Tenant under the Lease or otherwise.

14. Modifications. No modification, amendment, waiver, or release of any provision of this Agreement or of any right, obligation, claim, or cause of action arising thereunder shall be valid or binding for any purpose whatsoever unless in writing and duly executed by the party against which the same is sought to be asserted.

15. Hazardous Substances. Tenant shall neither suffer nor itself manufacture, store, handle, transp01i, dispose of, spill, leak, dump any toxic or hazardous waste, waste product or substance (as they may be defined in any federal or state statute, rule or regulation pertaining to or governing such wastes, waste products or substances) on the property mortgaged to Mortgagee at any time during the term, or extended term, of the Lease in contravention of any applicable federal or state statute or regulation.

16. Landlord's Acknowledgments. Landlord, as landlord under the Lease and trustor under the Mortgage, agrees for itself and its heirs, successors and assigns, that: (a) this Agreement does not (i) constitute a waiver by M01igagee of any of its rights under the Mortgage, and/or (ii) in any way release Landlord from its obligation to comply with the terms, provisions, conditions, covenants, agreements and clauses of the Mortgage; and (b) the provisions of the Mortgage and Lease remain in full force and effect and must be complied with by Landlord.

17. Successors and Assigns. The terms of this Agreement shall be binding upon and inure to the benefit of, and be enforceable by, the respective successors and permitted assigns of the pa1iies hereto.

18. Authority. Each party to this Agreement represents and warrants to each other party hereto that the execution and delivery of this Agreement has been duly authorized and that this Agreement shall be binding upon said party in accordance with its terms.

19. Notices. Any notice required or permitted to be given by Tenant to Landlord shall be simultaneously given also to M01igagee. Performance by Mortgagee shall satisfy any conditions of the Lease requiring performance by Landlord, and M01igagee shall have a reasonable time to complete such performance as provided in Section 9 hereof. Any notice which any party hereto may be required or may desire to give hereunder shall be deemed to have been given if delivered personally or if mailed, postage prepaid, by United States registered or certified mail, return receipt requested, or by overnight express courier addressed as follows:

If to Mortgagee:

Deutsche Bank AG, New York Branch
200 Crescent Court, Suite 550
Dallas, Texas 75201
Attention: Gerard K. Dupont

with a copy to:

Latham & Watkins LLP
633 West Fifth Street, Suite 4000
Los Angeles, CA 90071
Attention: Donald I. Berger, Esq.

If to Landlord:

Prior to February 1, 2013:

c/o Brookfield Financial Properties
L.P. Three World Financial Center
200 Vesey Street, 11th Floor
New York, New York 10281
Attention: Senior Vice President, Finance
Attention: General Counsel
Facsimile No.: (212)417-7195

After February 1, 2013:

c/o Brookfield Financial Prope1iies L.P.
250 Vesey Street
New York, NY 10281-1023

Attention: Senior Vice President, Finance
Attention: General Counsel
Facsimile No.: (212) 417-7195

With a copy to:

Goodwin Procter LLP
Exchange Place
53 State Street
Boston, Massachusetts 02109
Attention: Samuel Richardson, Esq.
Facsimile No.: (617) 227-8591

If to Tenant:

Grant Thornton LLP
1901 S. Myers Road, Suite 455
Oakbrook Terrace, Illinois 60181
Attn: Russell G. Wieman

with a copy to:

Grant Thornton LLP
175 West Jackson, Suite 2000
Chicago, Illinois 60684-2687
Attn: Executive Director of Procurement

with a copy to:

Grant Thornton LLP
175 West Jackson, Suite 2000
Chicago, Illinois 60684-2687
Attn: Office of the General Counsel

or at such other addresses or to the attention of such other persons as may from time to time be designated by the party to be addressed by written notice to the other parties in the manner herein provided. Notices, demands and requests given in the manner aforesaid shall be deemed sufficiently served or given for all purposes hereunder when received or when delivery is refused or when the same are returned to sender for failure to be called for.

20. Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the Commonwealth of Massachusetts.

21. Counterparts. This document may be executed in counterparts and any pa1ty may execute any counterpart, each of which shall be deemed to be an original and all of which, taken together, shall be deemed to be one and the same document.

[SIGNATURES APPEAR ON NEXT PAGE]

IN WITNESS WHEREOF, the parties have caused this Agreement to be duly executed as of the date first above written.

NOTICE: THIS SUBORDINATION, NON-DISTURBANCE AND ATTORNMENT AGREEMENT CONTAINS A PROVISION WHICH ALLOWS THE PERSON OBLIGATED ON THE LEASE TO OBTAIN A LOAN, A PORTION OF WHICH MAY BE EXPENDED FOR OTHER PURPOSES THAN IMPROVEMENT OF THE PROPERTY.

MORTGAGEE:

DEUTSCHE BANK AG,
NEW YORK BRANCH

By: _____
Name: _____
Its: _____

By:
Name: _____
Its: _____

LANDLORD:

BROOKFIELD 75 STATE STREET CO. LLC,
a Delaware limited liability company

By: _____
Name: _____
Its: _____

TENANT:

GRANT THORNTON LLP,
an Illinois limited liability partnership

By: _____
Name: _____
Its: _____

STATE OF
_____) ss.

COUNTY OF_____

On_____20_, before me, the undersigned notary public in and for said County and State, personally appeared
of Deutsche Bank AG, New York
Branch

personally known to me
[or]
proved to me on the basis of satisfactory evidence

to be the person(s) whose name(s) _____subscribed to the within instrument and acknowledged to me that ____executed the same in _____ authorized capacity(ies) and that, by ___signature(s) on the instrument, the person(s) or the entity(ies) upon behalf of which the person(s) acted executed the instrument.

WITNESS my hand and official seal.

_____

My commission expires on

_____

STATE OF
_____) ss.

COUNTYOF_____

On_____20_, before me, the undersigned notary public in and for said County and State, personally appeared ___
_____ _____of Brookfield 75 State Street Co. LLC,

personally known to me
[or]
proved to me on the basis of satisfactory evidence
to be the person(s) whose name(s) _____ subscribed to the within instrument and acknowledged to me that _____ executed the same in _____ authorized capacity(ies) and that, by _____ signature(s) on the instrument, the person(s) or the entity(ies) upon behalf of which the person(s) acted executed the instrument.

WITNESS my hand and official seal.

_____

My commission expires on

_____

STATE OF_____)ss.

COUNTY OF_____)

On_____,20_, before me, the undersigned notary public in and for said County and State, personally appeared _____ _____ _____of Grant Thornton LLP,

personally known to me

[or]

proved to me on the basis of satisfactory evidence

to be the person(s) whose name(s) _____ executed the same in subscribed to the within instrument and acknowledged to me that authorized capacity(ies) and that, by_____ signature(s) on the instrument, the person(s) or the entity(ies) upon behalf of which the person(s) acted executed the instrument.

WITNESS my hand and official seal.

_____

My commission expires on

_____

EXHIBIT A

Legal Description of the Property

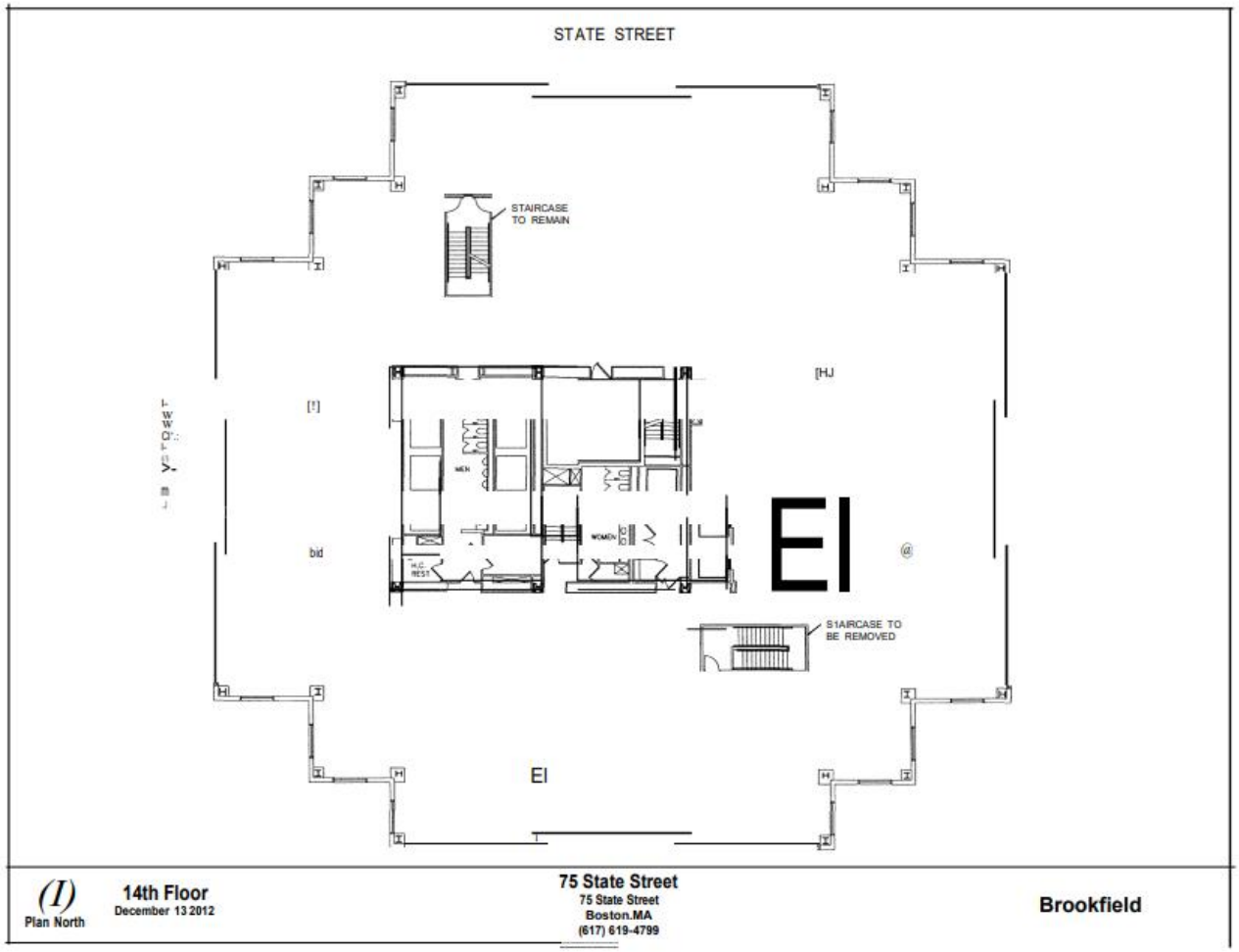
EXHIBIT K

LANDLORD'S PREMISES WORK

Landlord, at its cost, shall deliver the Premises to Tenant in core and shell condition, vacant, broom clean and otherwise in compliance with all applicable Laws for demolished space and with the following work performed in a good and workmanlike manner:

1. Construct a building standard demising wall to lawfully demise the 14th Floor Premises;
2. Remove the one (1) internal staircase indicated on the plan attached to this Exhibit K and install a Building Standard floor/ceiling deck (the other internal staircase to remain in the Premises in its as is condition);
3. Remove partitions, components, equipment and fixtures;
4. Remove electrical, telephone and data cabling and devices (other than base building wiring and cabling);
5. Remove existing floor finishes and prepare subfloor to accept Tenant finishes. The areas of the Premises cross-marked on the floor plan attached hereto as Schedule K shall be level concrete floors with a maximum of¼" (non-cumulative) total variation of 10' non cumulative;
6. Remove existing ceilings, lighting and other ceiling mounted devices and existing window blinds;
7. Bring all plumbing back to the core; and
8. Sheetrock and finish tape all structural columns to be ready to accept Tenant finishes.

Tenant acknowledges and agrees that the main HVAC trunk line servicing the Premises shall remain as currently configured and will not be demolished, removed or re-located as part of Landlord's Premises Work.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14th Floor
December 13 2012
75 State Street
75 State Street
Boston.MA
(617) 619-4799
Brookfield

EXHIBIT L

LIST OF TENANT COMPETITORS

PWC
KPMG
Deloitte
E&Y
CBIZ Tofias
McGladery
KLR (Kahn Litwin Renza)
BDO

EXHIBIT M

HIGH STREET LESSOR CONSENT

125 High Street, L.P.
c/o Tishman Speyer Properties 45 Rockefeller Plaza
New York, NY 10111

_____,20_

Riversource Investments, LLC
Ameriprise Financial, Inc.
c/o CB Richard Ellis, Inc.
775 Ameriprise Financial Center
Minneapolis, Minnesota 55474

Riversource Investments, LLC
Ameriprise Financial, Inc.
c/o Ameriprise Lease Administration
One South Wacker Drive, Suite 800
Chicago, IL 60606-3392

Grant Thornton LLP
175 W. Jackson Boulevard, 20th Floor
Chicago, IL 60604
Attn: Risk, Regulatory and Legal Affairs

Brookfield Properties 75 State Co. LLC
c/o Brookfield Financial Properties L.P.
250 Vesey Street
New York, NY 10281-1023
Attention: Senior Vice President, Finance
Attention: General Counsel

RE: CONSENT TO ASSIGNMENT OF SUBLEASE

"Building":	High Street Tower - 125 High Street, Boston, Massachusetts
"Premises":	13,920 square feet of Gross Rental Area on the 21st floor of the Building
"Landlord"	125 High Street, L.P., a Delaware limited partnership
"Tenant":	Riversource Investments, LLC, a Minnesota limited liability company and Ameriprise Financial, Inc., a Delaware corporation, jointly and severally
"Assignor":	Grant Thornton LLP, an Illinois limited liability partnership
"Assignee":	Brookfield Properties 75 State Co. LLC, a Delaware limited liability company
"Lease":	Lease, between Landlord and Tenant, dated as of August 7, 2007, as same has heretofore been or may hereafter be amended, modified, extended or restated from time to time
"Sublease":	Sublease, between Tenant, as sublessor, and Assignor, as sublessee, dated as of April 27, 2009, as modified, amended and supplemented by the

	Consent to Sublease, that certain Assignment, Assumption and Consent dated December 1, 2011 between CCR LLP, as assignor, and Grant Thornton LLP, as assignee, and that certain Consent to Assignment of Sublease dated April 19, 2012 between CCR LLP, Grant Thornton LLP, Riversource Investments, LLC, Ameriprise Financial, Inc. and 125 High Street, L.P.
"Consent to Sublease":	Consent to Sublease, between Landlord, Tenant and Assignor.
"Assignment and Assumption Agreement":	Assignment and Assumption Agreement dated as of_____ 20__ (the "Effective Date"), a copy of which is attached hereto as Exhibit A and incorporated herein by this reference.

Ladies and Gentlemen:

You have requested our consent to the Assignment and Assumption Agreement. Such consent is hereby granted on the terms and conditions, and in reliance upon the representations and warranties, set forth in this letter agreement (this "Agreement").

1. Assignor represents and warrants to Assignee, Landlord and Tenant that (a) the Sublease is in full force and effect; (b) the Sublease has not been assigned (excepting only pursuant to the Assignment and Assumption Agreement), encumbered, amended, modified, extended or supplemented; (c) Assignor knows of no defense or counterclaim to the enforcement of the obligations of the Assignor under the Sublease; (d) Assignor is not entitled to any reduction, offset or abatement of the rent payable under the Sublease; (e) Assignor is not in default of any of its obligations or covenants, and has not breached any of its representations or warranties under the Sublease, (f) a true and complete copy of the Assignment and Assumption Agreement is attached hereto as Exhibit A; (g) the Assignment and Assumption Agreement and the 75 State Lease (as hereinafter defined) constitute the entire agreement between Assignor and Assignee with respect to the Sublease, the Premises, and/or the assignment of the Sublease, and (h) the Sublet Premises (as hereinafter defined) has not been further sublet in whole or in part.

2. Landlord's obligations are governed only by the Lease, the Consent to Sublease and this Agreement. Landlord shall not be bound or estopped by any provision of the Sublease and/or the Assignment and Assumption Agreement.

3. All of the terms, conditions, agreements, representations and warranties contained in the Consent to Sublease are hereby incorporated by this reference into this Agreement as if fully and completely set forth herein, except that notices to Assignee shall be sent to Assignee's notice address and to the attention of the parties set forth above for Assignee in this Consent to Assignment of Sublease. This consent to the Assignment and Assumption Agreement is upon and subject

to all of the terms, conditions, agreements, representations and warranties set forth in the Consent to Sublease and all of said terms, conditions, agreements, representations and warranties are hereby remade and reaffirmed as of the date hereof; provided, however, the Assignee shall be substituted for and replace the Assignor in all respects and all references contained in the Consent to Sublease to the "Subtenant" shall be deemed to be references to the Assignee. Without limiting the foregoing, from and after the Effective Date, Assignee hereby assumes and agrees to perform in a timely fashion all of the agreements, obligations, liabilities, duties, and covenants of Assignor (as subtenant) under the Consent to Sublease and hereby remakes and reaffirms, on its own behalf, all of the agreements, obligations, liabilities, duties, and covenants of Assignor under and pursuant to the Consent to Sublease. Except as expressly set forth herein, the terms and conditions of the Consent to Sublease shall be and remain unmodified and in full force and effect in accordance with its terms.

4. Assignor and Assignee each agrees:

(i) notwithstanding any provision contained in this Agreement to the contrary, the liability of the Landlord for its obligations (whether under the Lease, the Consent to Sublease, this Agreement, or otherwise) shall be limited to the interests of Landlord in the Real Property. In no event shall any partner, member, manager, shareholder, director, officer, principal, employee, agent, or owner of Landlord, direct or indirect, disclosed or undisclosed, be personally liable for any debts, liabilities or obligations of Landlord, or for any claims against Landlord, arising out of or resulting from the Lease, the Consent to Sublease the Premises, or this Agreement. Any such debts, obligations, liabilities or claims shall be satisfied solely out of the interests of Landlord in the Real Property. In no event shall any personal judgment be sought or obtained against any partner, member, manager, shareholder, director, officer, principal, employee, agent, or owner of Landlord, direct or indirect, disclosed or undisclosed; and

(ii) the obligations of Landlord under this Agreement, the Consent to Sublease and the Lease shall not be binding upon Landlord after the sale, conveyance, assignment or transfer by Landlord of its interest in the Real Property, and Assignor and Assignee shall look solely to the transferee for the satisfaction of such obligations. Any such transferee shall be deemed to have assumed all of Landlord's obligations under this Agreement and the Consent to Sublease.

5. Except for amounts paid to Assignor by Assignee pursuant to that certain Lease dated December_, 2012 (the "75 State Street Lease") between Assignee, as landlord, and Assignor, as tenant, Assignor and Assignee each represents and warrants that no other rent or other consideration is being paid or is payable to Assignor for the right to use or occupy the Premises or for the use, sale or rental

by Assignee of fixtures, leasehold improvements, equipment, furniture, or other personal property.

6. Tenant fu11her certifies to Assignee, as of the date hereof, as follows:

(i) A true, correct and complete copy of the Lease, the Sublease and the Consent to Sublease are attached hereto as Exhibit B, and the Sublease sets forth the entire agreement between Tenant and Assignor with respect to the subleasing of the Sublet Premises, the Lease, the Sublease and the Consent to Sublease are in full force and effect and have not been modified, supplemented, amended or assigned in any way whatsoever except as described on Exhibit B hereto (excepting only pursuant to the Assignment and Assumption Agreement).

(ii) Notwithstanding anything to the contrary in the Consent to Sublease, the subleased premises pursuant to the Sublease consists of 13,920 square feet of Gross Rental Area on the 21st floor of the Building (the "Sublet Premises");

(iii) The term of the Sublease expires on March 31, 2018 and Tenant has not exercised its termination option pursuant to Article 32 of the Lease.

(iv) The monthly Fixed Rent presently payable under the terms of the Sublease is $46,400 and has been paid in full through_____

(v) All additional rent including without limitation, "Subtenant's Tax Payment", "Subtenant's Operating Payment," "Subtenant's Insurance Payment," "Electricity Additional Rent," any "Condenser Water Charge" and any parking charges that are payable by Assignor under the terms of the Sublease have been paid in full through -------

(vi) Tenant has not delivered nor received any outstanding notice of default under the Lease or the Sublease and, to the best of Tenant's knowledge, there are no defaults under the Lease or the Sublease and no event has occurred which, with the giving of notice or the lapse of time, or both, would constitute a default under the Lease or the Sublease.

(vii) The current addresses for notices to be sent to Tenant under the Sublease is set forth below:

With a copy to:

(viii) Tenant acknowledges and agrees that, as of the date of this Consent to Assignment of Sublease, Assignor has not installed or perfo1med any Specialty Alterations in or to the Sublet Premises that require removal at the expiration or earlier termination of the term of the Sublease.

Tenant acknowledges that Assignee has or will hereafter acquire an interest in the Sublease and the Sublet Premises, and Assignee is relying upon the certifications of Tenant set forth in this paragraph 6 in connection therewith.

7. This Agreement constitutes the entire agreement of the parties with respect to Landlord's consent to the Assignment and Assumption Agreement. This Agreement may not be amended, modified, altered or changed except in writing signed by the Landlord. This Agreement shall be construed and governed by the laws of the Commonwealth of Massachusetts, without regard to principles of conflicts of laws. Assignor and Assignee each represents that it is duly authorized to execute and deliver this Agreement, and that it has full power and authority to enter into this Agreement.

8. Landlord's rights and remedies under this Agreement shall be in addition to every other right or remedy available to it under the Lease, at law, in equity or otherwise, and Landlord shall be able to assert its rights and remedies at the same time as, before, or after its assertion of any other right or remedy to which it is entitled without in any way diminishing such other rights or remedies. Nothing contained herein shall be deemed to diminish or relieve the Tenant of its primary responsibility and liability under the Lease. The invalidity or unenforceability of any provision of this Agreement shall not impair the validity and enforceability of any other provision of this Agreement.

9. This Agreement shall bind and inure to the benefit of the parties and their respective successors and assigns, except that it shall not inure to the benefit of any successor or assign of Assignee whose status was acquired in violation of the Lease, the Sublease, the Consent to Sublease and/or this Agreement.

10. Assignor and Assignee, jointly and severally, indemnify Landlord against, and hold it harmless from, all costs, damages and expenses, including reasonable attorneys' fees and disbursements, arising out of any claims for brokerage commissions, finders fees or other compensation in connection with the Assignment and Assumption Agreement or procuring possession of the Premises by Assignee. If any action or proceeding is brought against Landlord by reason of any such claim, then Assignor and Assignee, at their sole expense, shall defend any such claim with counsel reasonably acceptable to Landlord and settle any such claim at their expense; however, any stipulation, settlement agreement, consent order, judgment or decree entered into in connection therewith shall be subject to the prior written approval of the Landlord in all respects. The provisions of this paragraph 10 shall survive the expiration or earlier termination of the Lease and/or the Sublease.

11. Assignor and Assignee, jointly and severally, indemnify Landlord against, and hold it harmless from any and all losses, costs, expenses, claims and liabilities including, but not limited to, reasonable counsel fees, arising from the use, occupancy, conduct or management of the Premises by Assignee, or its agents,

employees, contractors, representatives, invitees or visitors, or Assignee's business activities therein. If any action or proceeding is brought against Landlord by reason of any such claim, Assignor and Assignee, upon written notice from Landlord, shall, at the sole cost and expense of Assignor and Assignee, resist or defend such action or proceeding using counsel reasonably approved by Landlord; however, any stipulation, settlement agreement, consent order, judgment or decree entered into in connection therewith shall be subject to the prior written approval of the Landlord in all respects. The provisions of this paragraph 11 shall survive the expiration or earlier termination of the term of the Sublease and/or the Lease. The indemnity and any right granted to Landlord pursuant to this paragraph shall be in addition to, and not in limitation of, Landlord's rights under the Lease.

12. In no event shall the Sublease or the Assignment and Assumption Agreement be modified, amended or supplemented, nor shall the Sublease or the rights of Assignee thereunder be assigned or sub-sublet, without the prior written consent of the Landlord in each instance in accordance with the applicable terms of the Lease. If Assignee desires Landlord's consent to any such action it must specifically and separately request such consent. Tenant shall give Landlord prompt written notice if the Sublease terminates prior to the expiration of its stated term.

13. Notwithstanding the provisions of Section 22 of the Sublease to the contrary, Tenant hereby conveys to Assignee all of Tenant's right, title and interest in the Furniture described in Section 22 of the Sublease and agrees that Assignor and/or Assignee may remove any or all of the Furniture at any time and from time to time following the date of this Consent to Assignment of Sublease.

14. Neither the execution and delivery of this Agreement, the Consent to Sublease or the Sublease, nor any acceptance of rent or other consideration from Assignee by Landlord or Landlord's agent shall operate to waive, modify, impair, release or in any manner affect Tenant's liabilities and obligations under the Lease.

14. If there shall be any conflict or inconsistency between the terms, covenants and conditions of the Consent to Sublease as supplemented by this Agreement and the Sublease, then the terms, covenants and conditions of the Consent to Sublease as supplemented by this Agreement shall prevail.

15. Each of the parties hereby irrevocably and unconditionally waives its right to a jury trial in any cause of action arising out of, or relating to, this Agreement. All disputes arising, directly or indirectly, out of or relating to this Agreement, and all actions to enforce this Agreement, shall be dealt with and adjudicated in the state courts of the Commonwealth of Massachusetts or the federal courts for the Commonwealth of Massachusetts and for that purpose each party hereby expressly and irrevocably submits itself to the jurisdiction of such courts. To the maximum extent permitted under applicable law, this consent to personal

jurisdiction shall be self-operative and no further instrument or action, shall be necessary in order to confer jurisdiction upon it in any such court.

16. Tenant agrees to pay, upon demand, Landlord's reasonable out-of-pocket fees and disbursements incurred in connection with and related to the preparation and execution of this Agreement.

17. This Agreement may be executed in counterparts, each of which shall be deemed an original, and all such counterparts shall together constitute one and the same instrument. This Agreement shall be effective upon execution and delivery by all of the parties hereto.

Executed as an instrument under seal as of the date and year set forth above.

Very truly yours,

125 HIGH STREET, L.P.,
a Delaware limited partnership

By: TST 125 High GP, L.L.C.,
a Delaware limited liability company,
its sole general partner

By: _____
Name:
Its:

RIVERSOURCE INVESTMENTS, LLC,
a Minnesota limited liability company

By: _____
Name: _____
Title: _____
Hereunto duly authorized

AMERIPRISE FINANCIAL, INC.,
a Delaware corporation

By _____
Name _____
Title: _____
Hereunto duly authorized

BROOKFIELD PROPERTIES 75 STATE CO. LLC

By: _____
Name _____
Title: _____
Hereunto duly authorized

GRANT THORNTON LLP, an Illinois
limited liability partnership
By: /s/ Russell Weiman
Name: Russell Weiman
Title: CFO
Hereunto duly authorized

Exhibit A

Assignment and Assumption Agreement

Exhibit B

Lease, Sublease and Consent to Sublease

EXHIBIT N

ASSIGNMENT AGREEMENT

ASSIGNMENT AND ASSUMPTION OF SUBLEASE

This ASSIGNMENT AND ASSUMPTION OF SUBLEASE (this **"Assignment"),** is made as of ____,2014 by and between GRANT THORNTON LLP., having an address at _____,and **("Assignor"),** BROOKFIELD PROPERTIES 75 STATE CO. LLC, having an address of c/o_____**("Assignee").**

WITNESSETH

A. WHEREAS, (i) Riversource Investments, LLC, a Minnesota limited liability company and Ameriprise Financial, Inc., a Delaware corporation (jointly and severally, **"Tenant"),** as sublandlord, and Assignor, as subtenant, are parties to that certain Sublease dated April 27, 2009, as modified, amended and supplemented by the Consent to Sublease, that certain Assignment, Assumption and Consent dated December **1,** 2011 between CCR LLP, as assignor, and Grant Thornton LLP, as assignee, and that certain Consent to Assignment of Sublease dated April 19, 2012 between CCR LLP, Grant Thornton LLP, Riversource Investments, LLC, Ameriprise Financial, Inc. and 125 High Street, L.P. (the **"Sublease")** of certain premises consisting of 13,920 rentable square feet on the 21st floor (together with certain appurtenant rights, as more fully described in the Lease, the **"Sublet Premises")** in the building located, commonly known as and numbered 125 High Street, Boston, Massachusetts (the **"Building"),** upon and subject to the terms and conditions set forth in the Sublease, and (ii) Tenant, as tenant, and 125 High Street, L.P., as landlord (the **"Landlord"),** are parties to that certain Lease dated August 7, 2007 (the **"Lease")** pursuant to which Tenant leases approximately 18,166 rentable square feet in the Building, of which the Sublet Premises is a part.

B. WHEREAS, Assignor desires to assign to Assignee all of its right, title and interest in, to and under the Sublease; and

C. WHEREAS, Assignee desires to assume all of Assignor's obligations under the Sublease commencing on the Effective Date (as defined below), upon the terms and conditions hereinafter set forth.

NOW THEREFORE, in consideration of the mutual covenants and agreements hereinafter set forth, and other valuable consideration, the receipt and adequacy of which are hereby acknowledged, the parties hereto hereby agree as follows:

1. Conditioned upon Assignee's receipt of a fully executed written consent of Landlord and Tenant in the f01m attached hereto as Exhibit A, Assignor hereby assigns and transfers to Assignee, effective as of ___,2014 (the **"Effective Date"),** all of Assignor's right, title and interest in, to and under the Sublease, together with all of the rights,

privileges and appurtenances with respect to the leasehold estate created thereby, and all of Assignor's right, title and interest in and to any remaining leasehold improvements and furniture (including the Furniture described in Section 22 of the Sublease) located in the Sublet Premises, upon all of the te1ms and conditions herein set forth, to have and to hold the same unto Assignee, as permitted by the Sublease for the tenn of the Sublease, subject to all of the terms, covenants and conditions of the Sublease. Capital terms used but not defined herein shall have the meanings ascribed to such terms in the Sublease.

2. Assignee hereby accepts the foregoing assignment and expressly assumes and agrees to fully and punctually pay, perform and observe all of the te1ms, covenants, conditions and obligations of the Sublease required to be paid, performed and observed on the part of the Subtenant under the Sublease and which arise or accrue from and after the Effective Date, excluding Assignor's obligation under Section 25 of the Sublease to maintain the Letter of Credit. Assignor expressly covenants and agrees that Assignor shall continue to maintain the Letter of Credit pursuant to and in accordance with the terms and conditions of Section 22 of the Sublease and Assignee shall reimburse Assignor for 50% of the reasonable costs incurred by Assignor to maintain such Letter of Credit for the remainder of the term of the Sublease.

3. Assignee shall indemnify and hold Assignor harmless from and against any and all demands, claims, actions, losses, damages, liabilities, litigation and costs and expenses thereof including, without limitation reasonable attorneys' fees and disbursements of any kind and nature whatsoever (collectively, **"Assignor Claims"),** which may be imposed on, asserted against or otherwise incurred by Assignor by or on behalf of any person or entity whatsoever due to or arising from the failure or alleged failure of Assignee, to undertake, perform, pay, discharge or observe any of the covenants, terms and conditions of the Sublease from and after the Effective Date, excluding the obligation retained by Assignee pursuant to Section 2 of this Assignment to maintain the Letter of Credit in accordance with Section 25 of the Sublease. If any action or proceeding is brought against Assignor by reason of any Assignor Claim, Assignee, upon notice from Assignor, shall defend such action or proceeding, and Assignee shall pay all expenses in respect of defending against such action or proceeding.

4. Assignor shall indemnify and hold Assignee harmless from and against any and all demands, claims, actions, losses, damages, liabilities, litigation and costs and expenses thereof including, without limitation, reasonable attorneys' fees and disbursements of any kind and nature whatsoever (collectively, **"Assignee Claims"),** which may be imposed on, asserted against or otherwise incurred by Assignee by or on behalf of any person or entity whatsoever due to or arising from the failure or alleged failure of Assignor to undertake, perform, pay, discharge or observe any of the covenants, terms and conditions of the Sublease prior to the Effective Date or any Assignee Claims arising out of Assignor's failure to maintain the Letter of Credit in accordance with the terms of Section 2 of this Assignment. If any action or proceeding is brought against Assignee by reason of any Assignee Claim, Assignor, upon notice from Assignee, shall defend such action or proceeding, and Assignor shall pay all expenses in respect of defending against such action or proceeding.

5. Assignor hereby acknowledges, agrees, certifies and represents to Assignee as follows:

(i) A true, complete and accurate copy of the Lease, Sublease and Consent to Sublease, is attached hereto as Exhibit B. and the Sublease sets forth the entire agreement between Tenant and Assignor with respect to the subleasing of the Sublet Premises, the Lease, the Sublease and the Consent to Sublease are in full force and effect and have not been modified, supplemented, amended or assigned in any way whatsoever except as described on Exhibit B hereto;

(ii) The term of the Sublease and expires on March 31, 2018;

(iii) Notwithstanding anything to the contrary in the Consent to Sublease, the subleased premises pursuant to the Sublease consists of 13,920 square feet of Gross Rental Area on the 21st floor of the Building (the "Sublet Premises");

(iv) The term of the Sublease expires on March 31, 2018 and Assignor has not received notice that Tenant has exercised its termination option pursuant to Article 32 of the Lease.

(v) The monthly Fixed Rent presently payable under the terms of the Sublease is $46,400 and has been paid in full through_____

(vi) All additional rent including without limitation, "Subtenant's Tax Payment", "Subtenant's Operating Payment," "Subtenant's Insurance Payment," "Electricity Additional Rent," any "Condenser Water Charge" and any parking charges that are payable by Assignor under the terms of the Sublease have been paid in full through_____

(vii) Assignor has not delivered nor received any outstanding notice of default under the Lease or the Sublease and, to the best of Assignor's knowledge, there are no defaults under the Lease or the Sublease and no event has occurred which, with the giving of notice or the lapse of time, or both, would constitute a default under the Lease or the Sublease.

(viii) Assignor acknowledges and agrees that, as of the date of this Assignment, Assignor has not installed or performed any Specialty Alterations in or to the Sublet Premises that require removal at the expiration or earlier termination of the term of the Sublease.

6. Assignor hereby acknowledges and agrees that Assignor will hereafter execute and deliver to Assignee any further assignments, instruments of transfer, bills of sale, releases or conveyances which may reasonably be deemed necessary by Assignee to fully vest in Assignee all of the Assignor's right, title and interest in and to the Lease, the Furniture and any other furniture and leasehold improvements in the Sublet Premises.

7. This Assignment may not be amended, modified or terminated except by an instrument, in writing, executed by the parties hereto.

8. This Assignment may be executed in several counterparts, and all so executed shall constitute one Assignment, binding on each of the parties hereto, notwithstanding that each of the parties are not signatories to the original or the same counterpart.

9. This Assignment shall be binding upon and shall inure to the benefit of the parties hereto and their respective successor and assigns.

10. This Assignment shall be governed by and construed in accordance with the laws of the Commonwealth of Massachusetts.

[signature page follows]

IN WITNESS WHEREOF, the parties hereto have duly executed this Assignment as of the day and year first above written.

ASSIGNOR:

GRANT THORNTON LLP, an Illinois
limited liability partnership

By: _____
Name _____
Title: _____
Hereunto duly authorized

ASSIGNEE:
BROOKFIELD PROPERTIES 75 STATE CO. LLC

By: /s/ Russell Weiman
Name: Russell Weiman
Title: CFO
Hereunto duly authorized

Exhibit A

Copy of Consent to Assignment of Sublease

Exhibit B

Lease, Sublease and Consent to Sublease

EXHIBIT O

Tenant’s Share of the Remaining High Street Rent Obligations

Exhibit C
Available Furniture

75 State Street
Boston, MA 02109

1/28/2022

14th Floor Furniture Inventory

Description		Quantity
Guest Seating		23
Task Chairs		105
Workstations		74
Cobi Chairs		23
Executive Seating Table	42 Inch Oval	12
Conference Room Table	72 Inch x 36 inch	1
Team RoomTable	24 Inch Round	1
Team RoomTable	36 Inch Round	2
Conference Room Table	48 Inch x 24 Inch	1
File Cabinets	3 High	69
Conference Room Seating		16
52 Inch Display - Wall Mounted	Room 14047	1
Cisco SX20 VC Codec & Camera	Room 14047	1
8” Cisco Touch Panel Controller	Room 14047	1
Table Mounted Microphones	Room 14047	2
Ceiling Mounted Speakers	Room 14047	2
43” Displays - Wall Mounted	Room 14079	2
Steelcase Media:Scape Table	Room 14079	1

Exhibit D

Security Deposit Letter of Credit

PACIFIC WESTERN BANK

STANDBY LETTER OF CREDIT

DRAFT of Standby Letter of Credit

Draft for discussion purposes only

begin format

BENEFICIARY:
BENEFICIARY
BENEFICIARY
BENEFICIARY
BENEFICIARY
Attn: Building Manager
Ladies and Gentlemen:

Letter of Credit number: 2010100000XX
Date: xx/xx/xx

At the request and for the account of APPLICANT NAME AND ADDRESS, we hereby establish our standby letter of credit number 2010100000XX in your favor in the amount of U.S. dollars and cents (USD) (hereinafter the "maximum amount") available with us at our office listed below, by payment of your draft(s) drawn on us at sight accompanied by the following:

1. The original of this letter of credit and all amendments (if any).

2. Statement purportedly signed by the beneficiary stating the following:
"This demand is pursuant to the lease dated xx/xx/xx by and between the applicant and the beneficiary."

Partial drawings under this letter of credit are permitted. We shall, after each presentation of this letter of credit, return the same to you, making this letter of credit to show the amount paid by us and the date of such payment.

Each draft must be marked "Drawn under Pacific Western Bank Letter of Credit number 2010100000XX."

This letter of credit expires at our office listed below at 5 p.m. eastern time on

Notwithstanding the foregoing, this letter of credit shall be automatically extended for a period of one year unless at least thirty (30) calendar days prior to any expiration date we have sent written notice to your above address by courier that we elect not to renew this letter of credit for such additional period. **In any event, this letter of credit will not be extended beyond FINAL EXPIRY DATE.**

Notwithstanding any provision herein to the contrary, our aggregate obligation to honor such drafts shall not exceed the maximum amount, as reduced by prior draws or automatic reductions hereunder.

If any instructions accompanying a drawing under this letter of credit request that payment is to be made by transfer to an account with us or at another bank, we and/or such other bank may rely on an account number specified in such instructions even if the number identifies a person or entity different from the intended payee.

This Letter of Credit is transferable one or more times, but in each instance to a single transferee and only in the full amount available to be drawn under the Letter of Credit at the time of such transfer. Any such transfer may be effected only through ourselves and only upon presentation to us at our below-specified office of a duly executed instrument of transfer in the format attached hereto as Exhibit A together with the original of this letter of credit. Each transfer shall be evidenced by our endorsement on the reverse of the original of this letter of credit, and we shall deliver the original of this letter of credit so endorsed to the transferee. Without prejudice to the foregoing, such transfer shall be permitted without our approval, provided that such transfer is not in favor of any person or entity identified on a then-current list of specially Designated Nationals and Blocked Persons provided by the Office of Foreign Assets Control of the U.S. Department of the Treasury. All charges in connection with any transfer under this letter of credit shall be paid by the beneficiary at the time written notice of a transfer is submitted.

This letter of credit shall be promptly surrendered to us by you (or any subsequent transferee) upon expiration.

Except so far as otherwise expressly stated, this documentary credit is subject to Uniform Customs and Practice for Documentary Credits, 2007 revision, International Chamber of Commerce Publication No. 600.

We engage with you that each draft drawn under and in compliance with the terms of this letter of credit will be duly honored on delivery of the specified documents, if presented at this office during regular business hours: 475 Fifth Avenue, 18th Floor, New York, N.Y. 10017 Attn:Trade Finance Dept.

Very truly yours,

Pacific Western Bank

end format

Agreed to and accepted by:

APPLICANT

Exhibit 21.1

Subsidiaries of the Registrant

Entity	Jurisdiction of Incorporation
Astria Securities Corporation	Delaware
Quellis Biosciences, LLC	Delaware

Exhibit 23.1

Consent of Independent Registered Public Accounting Firm

We consent to the incorporation by reference in the following Registration Statements:

1) Registration Statement (Form S-1 Nos. 333-225410 and 333-225734) of Astria Therapeutics, Inc.,

2) Registration Statement (Form S-3 No. 333-231441 and 333-254174) of Astria Therapeutics, Inc., and

3) Registration Statement (Form S-8 Nos. 333-206394, 333-210229, 333-216793, 333-223721, 333-229643, 333-239114, 333-254151, and 333-258633) pertaining to the equity incentive plans of Astria Therapeutics, Inc.;

of our report dated March 10, 2022, with respect to the consolidated financial statements of Astria Therapeutics, Inc. included in this Annual Report (Form 10-K) of Astria Therapeutics, Inc. for the year ended December 31, 2021.

/s/ Ernst & Young LLP

Boston, Massachusetts
March 10, 2022

Exhibit 31.1

CERTIFICATION

I, Jill C. Milne, certify that:

1. I have reviewed this Annual Report on Form 10-K of Astria Therapeutics, Inc.;

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

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

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

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

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

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

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

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

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

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

Date: March 10, 2022

/s/ Jill C. Milne
Jill C. Milne
President and Chief Executive Officer
(Principal Executive Officer)

Exhibit 31.2

CERTIFICATION

I, Noah C. Clauser, certify that:

1. I have reviewed this Annual Report on Form 10-K of Astria Therapeutics, Inc.;

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

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

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

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

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

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

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

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

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

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

Date: March 10, 2022

/s/ Noah C. Clauser

Noah C. Clauser
Chief Financial Officer and Treasurer
(Principal Financial Officer)

Exhibit 32.1

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

In connection with this Annual Report on Form 10-K of Astria Therapeutics, Inc. (the "Company") for the year ended December 31, 2021, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), the undersigned, Jill C. Milne, President and Chief Executive Officer of the Company, hereby certifies, pursuant to 18 U.S.C. Section 1350, that, to her knowledge on the date hereof:

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

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

Date: March 10, 2022

/s/ Jill C. Milne
Jill C. Milne
President and Chief Executive Officer
(Principal Executive Officer)

Exhibit 32.2

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 this Annual Report on Form 10-K of Astria Therapeutics, Inc. (the "Company") for the year ended December 31, 2021, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), the undersigned, Noah C. Clauser Chief Financial Officer and Treasurer of the Company, hereby certifies, pursuant to 18 U.S.C. Section 1350, that, to his knowledge on the date hereof:

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

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

Date: March 10, 2022

/s/ Noah C. Clauser
Noah C. Clauser
Chief Financial Officer and Treasurer
(Principal Financial Officer)