

**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, DC 20549**

**FORM 10-Q**

(Mark One)

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

For the quarterly period ended **June 30, 2021**

OR

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

For the transition period from \_\_\_\_\_ to \_\_\_\_\_

Commission File Number: **001-39536**

**Taysha Gene Therapies, Inc.**

(Exact Name of Registrant as Specified in its Charter)

**Delaware**  
(State or other jurisdiction of  
incorporation or organization)  
**3000 Pegasus Park Drive Ste 1430**  
**Dallas, Texas**  
(Address of principal executive offices)

**84-3199512**  
(I.R.S. Employer  
Identification No.)

**75247**  
(Zip Code)

**Registrant's telephone number, including area code: (214) 612-0000**

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

<u>Title of each class</u>	<u>Trading Symbol(s)</u>	<u>Name of each exchange on which registered</u>
Common stock, par value \$0.00001 per share	TSHA	The Nasdaq Stock Market LLC

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, smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	<input type="checkbox"/>	Accelerated filer	<input type="checkbox"/>
Non-accelerated filer	<input checked="" type="checkbox"/>	Smaller reporting company	<input checked="" type="checkbox"/>
Emerging growth company	<input checked="" type="checkbox"/>		

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

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

As of August 16, 2021, the registrant had 38,391,165 shares of common stock, \$0.00001 par value per share, outstanding.

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## Item 1. Financial Statements.

**Taysha Gene Therapies, Inc.**  
**Condensed Consolidated Balance Sheets**  
(in thousands, except share and per share data)  
(Unaudited)

	June 30, 2021	December 31, 2020
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$ 197,370	\$ 251,253
Prepaid expenses and other current assets	9,932	6,626
<b>Total current assets</b>	<b>207,302</b>	<b>257,879</b>
Deferred lease asset	691	715
Property, plant and equipment, net	33,867	287
<b>Total assets</b>	<b>\$ 241,860</b>	<b>\$ 258,881</b>
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
Current liabilities:		
Accounts payable	\$ 6,355	\$ 1,994
Accrued expenses and other current liabilities	22,036	5,135
<b>Total current liabilities</b>	<b>28,391</b>	<b>7,129</b>
Build-to-suit lease liability	26,209	—
Other non-current liabilities	765	450
<b>Total liabilities</b>	<b>55,365</b>	<b>7,579</b>
<b>Commitments and contingencies - Note 10</b>		
<b>Stockholders' equity</b>		
Preferred stock, \$0.00001 par value per share; 10,000,000 shares authorized and no shares issued and outstanding as of June 30, 2021 and December 31, 2020	—	—
Common stock, \$0.00001 par value per share; 200,000,000 shares authorized and 38,391,165 and 37,761,435 issued and outstanding as of June 30, 2021 and December 31, 2020, respectively	—	—
Additional paid-in capital	320,571	312,428
Accumulated deficit	(134,076)	(61,126)
<b>Total stockholders' equity</b>	<b>186,495</b>	<b>251,302</b>
<b>Total liabilities and stockholders' equity</b>	<b>\$ 241,860</b>	<b>\$ 258,881</b>

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

**Taysha Gene Therapies, Inc.**  
**Condensed Consolidated Statements of Operations**  
(in thousands, except share and per share data)  
(Unaudited)

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2021	2020	2021	2020
<b>Operating expenses:</b>				
Research and development	\$ 30,643	\$ 3,062	\$ 54,497	\$ 8,576
General and administrative	10,129	948	18,365	1,018
Total operating expenses	<u>40,772</u>	<u>4,010</u>	<u>72,862</u>	<u>9,594</u>
<b>Loss from operations</b>	<u>(40,772)</u>	<u>(4,010)</u>	<u>(72,862)</u>	<u>(9,594)</u>
<b>Other income (expense):</b>				
Change in fair value of preferred stock tranche liability	—	(17,210)	—	(17,030)
Interest income	40	—	106	—
Interest expense	(194)	—	(194)	(27)
Total other expense, net	<u>(154)</u>	<u>(17,210)</u>	<u>(88)</u>	<u>(17,057)</u>
<b>Net loss</b>	<b>\$ (40,926)</b>	<b>\$ (21,220)</b>	<b>\$ (72,950)</b>	<b>\$ (26,651)</b>
Net loss per common share, basic and diluted	<u>\$ (1.09)</u>	<u>\$ (1.95)</u>	<u>\$ (1.96)</u>	<u>\$ (2.45)</u>
Weighted average common shares outstanding, basic and diluted	<u>37,479,164</u>	<u>10,894,999</u>	<u>37,237,115</u>	<u>10,894,999</u>

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

**Taysha Gene Therapies, Inc.**  
**Condensed Consolidated Statements of Convertible Preferred Stock and Stockholders' Equity (Deficit)**  
(in thousands, except share data)  
(Unaudited)

**For the Three Months Ended June 30, 2021**

	Common Stock		Additional Paid-in Capital	Accumulated Deficit	Total Stockholders' Equity
	Shares	Amount			
<b>Balance as of March 31, 2021</b>	37,761,435	\$ —	\$ 316,022	\$ (93,150)	\$ 222,872
Stock-based compensation	—	—	4,549	—	4,549
Issuance of common stock upon vesting and settlement of restricted stock units	629,730	—	—	—	—
Net loss	—	—	—	(40,926)	(40,926)
<b>Balance as of June 30, 2021</b>	<u>38,391,165</u>	<u>\$ —</u>	<u>\$ 320,571</u>	<u>\$ (134,076)</u>	<u>\$ 186,495</u>

**For the Three Months Ended June 30, 2020**

	Series A Convertible Preferred Stock		Common Stock		Additional Paid-in Capital	Accumulated Deficit	Total Stockholders' Equity (Deficit)
	Shares	Amount	Shares	Amount			
<b>Balance as of March 31, 2020</b>	6,000,000	\$ 16,520	10,894,999	—	980	\$ (6,546)	\$ (5,566)
Issuance of Series A convertible preferred stock, net of offering costs of \$10	200,000	590	—	—	—	—	—
Reclassification of preferred stock tranche liability upon issuance of Series A milestone shares	—	904	—	—	—	—	—
Net loss	—	—	—	—	—	(21,220)	(21,220)
<b>Balance as of June 30, 2020</b>	<u>6,200,000</u>	<u>\$ 18,014</u>	<u>10,894,999</u>	<u>\$ —</u>	<u>\$ 980</u>	<u>\$ (27,766)</u>	<u>\$ (26,786)</u>

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

**Taysha Gene Therapies, Inc.**  
**Condensed Consolidated Statements of Convertible Preferred Stock and Stockholders' Equity (Deficit)**  
(in thousands, except share data)  
(Unaudited)

**For the Six Months Ended June 30, 2021**

	Common Stock		Additional Paid-in Capital	Accumulated Deficit	Total Stockholders' Equity
	Shares	Amount			
<b>Balance as of December 31, 2020</b>	37,761,435	\$ —	\$ 312,428	\$ (61,126)	\$ 251,302
Stock-based compensation	—	—	8,143	—	8,143
Issuance of common stock upon vesting and settlement of restricted stock units	629,730	—	—	—	—
Net loss	—	—	—	(72,950)	(72,950)
<b>Balance as of June 30, 2021</b>	<u>38,391,165</u>	<u>\$ —</u>	<u>\$ 320,571</u>	<u>\$ (134,076)</u>	<u>\$ 186,495</u>

**For the Six Months Ended June 30, 2020**

	Series A Convertible Preferred Stock		Common Stock		Additional Paid-in Capital	Accumulated Deficit	Total Stockholders' Equity (Deficit)
	Shares	Amount	Shares	Amount			
<b>Balance as of December 31, 2019</b>	—	—	10,894,999	—	980	(1,115)	(135)
Issuance of Series A convertible preferred stock, net of offering costs of \$440 and issuance of preferred stock tranche liability of \$1,050	6,200,000	17,110	—	—	—	—	—
Reclassification of preferred stock tranche liability upon issuance of Series A milestone shares	—	904	—	—	—	—	—
Net loss	—	—	—	—	—	(26,651)	(26,651)
<b>Balance as of June 30, 2020</b>	<u>6,200,000</u>	<u>\$ 18,014</u>	<u>10,894,999</u>	<u>\$ —</u>	<u>\$ 980</u>	<u>\$ (27,766)</u>	<u>\$ (26,786)</u>

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

**Taysha Gene Therapies, Inc.**  
**Condensed Consolidated Statements of Cash Flows**  
(in thousands)  
(Unaudited)

	For the Six Months Ended June 30,	
	2021	2020
<b>Cash flows from operating activities</b>		
Net loss	\$ (72,950)	\$ (26,651)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation expense	117	—
Change in fair value of preferred stock tranche liability	—	17,030
Research and development license expense	5,500	3,000
Stock-based compensation	8,143	—
Other	194	—
Changes in operating assets and liabilities:		
Prepaid expenses and other assets	(3,282)	(9)
Accounts payable	2,382	1,237
Accrued expenses and other liabilities	15,053	1,214
Due to related party	(8)	14
<b>Net cash used in operating activities</b>	<b>(44,851)</b>	<b>(4,165)</b>
<b>Cash flows from investing activities</b>		
Purchase of research and development license	(5,500)	(3,000)
Purchase of property, plant and equipment	(3,532)	—
<b>Net cash used in investing activities</b>	<b>(9,032)</b>	<b>(3,000)</b>
<b>Cash flows from financing activities</b>		
Proceeds from issuances of Series A convertible preferred stock	—	18,600
Payment of Series A convertible preferred stock issuance costs	—	(263)
Proceeds from note payable to related party	—	1,673
Repayment of note payable to related party	—	(1,645)
<b>Net cash provided by financing activities</b>	<b>—</b>	<b>18,365</b>
<b>Net (decrease) increase in cash and cash equivalents</b>	<b>(53,883)</b>	<b>11,200</b>
<b>Cash at the beginning of the period</b>	<b>251,253</b>	<b>—</b>
<b>Cash at the end of the period</b>	<b>\$ 197,370</b>	<b>\$ 11,200</b>
<b>Supplemental disclosure of cash flow information:</b>		
Cash paid for interest	\$ —	\$ 27
<b>Supplemental disclosure of noncash investing and financing activities:</b>		
Property, plant and equipment in accounts payable and accrued expenses	\$ 3,308	\$ 19
Acquisition of property, plant and equipment funded by landlord	\$ 606	\$ —
Build-to-suit lease liability	\$ 26,250	\$ —
Deferred offering costs not yet paid	\$ —	\$ 90
Reclassification of preferred stock tranche liability	\$ —	\$ 904
Allocation of preferred stock tranche liability	\$ —	\$ 1,050
Series A convertible preferred stock issuance costs not yet paid	\$ —	\$ 177

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

## **Note 1—Organization and Description of Business Operations**

Taysha Gene Therapies, Inc. (the “Company” or “Taysha”) was originally formed under the laws of the State of Texas on September 20, 2019 (“Inception”). Taysha converted to a Delaware corporation on February 13, 2020, which had no impact to the Company’s par value or issued and authorized capital structure.

Taysha is a patient-centric gene therapy company focused on developing and commercializing AAV-based gene therapies for the treatment of monogenic diseases of the central nervous system in both rare and large patient populations.

### ***Stock Split***

On September 16, 2020, the Company effected a 1.0895-for-one stock split of its authorized, issued and outstanding shares of common stock and a proportional adjustment to the existing conversion ratios for each series of the Company’s convertible preferred stock as discussed in Note 5. Accordingly, all share and per share amounts for the periods presented in the accompanying condensed consolidated financial statements and notes thereto have been adjusted retroactively, where applicable, to reflect this stock split and adjustment of the convertible preferred stock conversion ratios. On September 16, 2020, the Company also increased the number of shares of common stock authorized for issuance under the 2020 Equity Incentive Plan (the “Existing Plan”) to 3,845,294.

### ***Initial Public Offering***

On September 23, 2020, the Company’s registration statement on Form S-1 (File No. 333-248559) related to the initial public offering (“IPO”) of its common stock became effective and on September 28, 2020, the IPO closed. Pursuant to the IPO, the Company issued and sold 9,050,000 shares of common stock at a public offering price of \$20.00 per share, which included 1,180,434 shares of common stock issued upon the exercise in full of the underwriters’ option to purchase additional shares. The Company received net proceeds of \$165.9 million after deducting underwriting discounts and commissions and other offering costs of \$2.5 million. The shares began trading on the Nasdaq Global Select Market on September 24, 2020.

On September 28, 2020, in connection with the closing of the IPO, 10,000,000 shares of Series A and 5,647,048 shares of Series B convertible preferred stock automatically converted into an aggregate of 17,047,378 shares of common stock with a conversion ratio of 1.0895 shares of common stock for each share of Series A and Series B convertible preferred stock.

As a result of the IPO, including the underwriters’ exercise in full of their option to purchase additional shares, and the conversions of the Series A and B convertible preferred stock, the Company’s total number of outstanding shares increased by 26,097,378 immediately following the closing of the IPO.

Upon the effectiveness of the Company’s registration statement related to the IPO, the Company’s 2020 Stock Incentive Plan (the “New Plan”) and 2020 Employee Stock Purchase Plan became effective. At that time, all shares reserved for issuance under the Existing Plan ceased to be available for issuance under such plan and became available for issuance under the New Plan.

### ***Liquidity and Capital Resources***

The Company has incurred operating losses since inception and expects to continue to incur significant operating losses for the foreseeable future and may never become profitable. As of June 30, 2021, the Company had an accumulated deficit of \$134.1 million.

Prior to the closing of the Company’s IPO, between March and July 2020, the Company closed on the sale of an aggregate of 10,000,000 shares of Series A convertible preferred stock for gross proceeds of \$30.0 million. Between July and August 2020, the Company closed on the sale of an aggregate of 5,647,048 shares of Series B convertible preferred stock for gross proceeds of \$96.0 million.

Future capital requirements will depend on many factors, including the timing and extent of spending on research and development and the market acceptance of the Company’s products. The Company will need to obtain additional financing in order to complete clinical studies and launch and commercialize any product candidates for which it receives regulatory approval. There can be no assurance that such financing will be available or will be on terms acceptable to the Company. As of June 30, 2021, the Company had cash of \$197.4 million which the Company believes will be sufficient to fund its planned operations for a period of at least twelve months from the date of issuance of these condensed consolidated financial statements.



In December 2019, the novel coronavirus that causes the disease COVID-19 emerged and has subsequently spread worldwide. The World Health Organization has declared the COVID-19 outbreak a global pandemic, resulting in federal, state and local governments and private entities implementing various restrictions, including travel restrictions, restrictions on public gatherings, stay at home orders, other advisories and quarantines of people who may have been exposed to the virus. The Company has been actively monitoring COVID-19 and its impact globally. Management believes the financial results for the six months ended June 30, 2021 were not significantly impacted by the COVID-19 pandemic. In addition, management believes the remote working arrangements and travel restrictions imposed by various governmental jurisdictions have had limited impact on the Company's ability to maintain internal operations during the six months ended June 30, 2021. The full extent to which the COVID-19 pandemic will directly or indirectly impact the Company's business, results of operations and financial condition will depend on future developments that are highly uncertain, including new information that may emerge concerning COVID-19 and the actions taken to contain it or treat COVID-19.

## **Note 2—Summary of Significant Accounting Policies**

### **Basis of Presentation**

The unaudited condensed consolidated financial statements have been prepared in conformity with accounting principles generally accepted in the United States ("GAAP") as determined by the Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") for interim financial information and the instructions to Form 10-Q and Article 10 of Regulation S-X and are consistent in all material respects with those included in the Company's Annual Report on Form 10-K for the year ended December 31, 2020, filed with the Securities and Exchange Commission ("SEC") on March 3, 2021 (the "2020 Annual Report"). In the opinion of management, the unaudited condensed consolidated financial statements reflect all adjustments, which include only normal recurring adjustments necessary for the fair statement of the balances and results for the periods presented. The consolidated balance sheet as of December 31, 2020 is derived from audited financial statements, however, it does not include all of the information and footnotes required by GAAP for complete financial statements. These unaudited condensed consolidated financial statements should be read in conjunction with the consolidated financial statements and related notes in the Company's 2020 Annual Report.

### **Principles of Consolidation**

The accompanying interim condensed consolidated financial statements include the accounts of Taysha and its inactive wholly owned U.S. subsidiaries that were incorporated during 2020, and one inactive foreign subsidiary incorporated in June 2021. All intercompany transactions and balances have been eliminated in consolidation.

### **Use of Estimates**

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of expenses during the reporting period. The most significant estimates and assumptions in the Company's financial statements relate to the determination of the fair value of the common stock prior to the IPO (as an input into stock-based compensation), estimating preclinical manufacturing accruals and accrued or prepaid research and development expenses, and the valuation of the preferred stock tranche liability. These estimates and assumptions are based on current facts, historical experience and various other factors believed to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities and the recording of expenses that are not readily apparent from other sources. Actual results may differ materially from these estimates. To the extent there are material differences between the estimates and actual results, the Company's future results of operations will be affected. In response to the ongoing and rapidly evolving COVID-19 pandemic, management considered the impact of the estimated economic implications on the Company's critical and significant accounting estimates, including assessment of impairment of long-lived assets.

### **Significant Accounting Policies**

There have been no changes in the Company's significant accounting policies as disclosed in Note 2 to the audited consolidated financial statements included in the 2020 Annual Report, except as described below.

#### ***Build-to-Suit Lease***

In the Company's recent lease arrangement (as described in Note 10), the Company was involved in the construction of the build-out. To the extent the Company is involved with the structural improvements of the construction project or takes construction risk prior to the commencement of a lease, accounting guidance requires the Company to be considered the owner for accounting purposes of these types of projects during the construction period. In such cases, the Company records an asset in property, plant and equipment

on its consolidated balance sheet equal to the fair value of the building shell, and a corresponding build-to-suit lease obligation on its consolidated balance sheet representing the amounts paid by the lessor. Upon completion of construction, the Company will consider the requirements for sale-leaseback accounting treatment, including evaluating whether all risks of ownership have been transferred back to the landlord.

### Recently Issued Accounting Pronouncements

In February 2016, the FASB issued ASU No. 2016-02, Leases (Topic 842), as amended, with guidance regarding the accounting for and disclosure of leases. This update requires lessees to recognize the liabilities related to all leases, including operating leases, with a term greater than 12 months on the balance sheets. This update also requires lessees and lessors to disclose key information about their leasing transactions. This guidance will become effective for the Company for annual reporting periods beginning after December 15, 2021 and interim periods within fiscal years beginning after December 15, 2022. The new standard requires the use of one of the following two approaches, either (1) retrospectively to each prior reporting period presented in the financial statements with the cumulative effect recognized at the beginning of the earliest comparative period presented, or (2) retrospectively at the beginning of the period of adoption through a cumulative-effect adjustment. The Company has not yet concluded which approach will be utilized to adopt the new standard and is currently evaluating the impact of this standard on its consolidated financial statements.

### Note 3—Balance Sheet Components

Prepaid expenses and other current assets consisted of the following (in thousands):

	June 30, 2021	December 31, 2020
Prepaid research and development	\$ 6,716	\$ 2,462
Prepaid bonus	1,192	409
Prepaid insurance	826	2,480
Prepaid clinical trial	184	944
Other	1,014	331
Total prepaid expenses and other current assets	<u>\$ 9,932</u>	<u>\$ 6,626</u>

Property, plant and equipment, net consisted of the following (in thousands):

	June 30, 2021	December 31, 2020
Leasehold improvements	1,863	—
Furniture and fixtures	676	—
Computer equipment	529	95
Laboratory equipment	460	—
Construction in progress	30,465	201
	<u>33,993</u>	<u>296</u>
Accumulated depreciation	(126)	(9)
Property, plant and equipment, net	<u>\$ 33,867</u>	<u>\$ 287</u>

Included in construction in progress at June 30, 2021 was \$30.3 million of costs associated with the Build-to-Suit lease (see Note 10).

Depreciation expense was \$85,000 and \$117,000 for the three and six months ended June 30, 2021, respectively. There was no depreciation expense for the three and six months ended June 30, 2020.

Accrued expenses and other current liabilities consisted of the following (in thousands):

	June 30, 2021	December 31, 2020
Accrued research and development	\$ 14,508	\$ 2,106
Accrued compensation	3,210	1,766
Accrued professional and consulting fees	1,372	999
Accrued property, plant, and equipment	1,309	173
Accrued clinical trial	959	—
Other	678	91
Total accrued expenses and other current liabilities	<u>\$ 22,036</u>	<u>\$ 5,135</u>

#### Note 4—Research, Collaboration and License Agreements

##### *UT Southwestern Agreement*

On November 19, 2019, the Company entered into a research, collaboration and license agreement (“UT Southwestern Agreement”) with the Board of Regents of the University of Texas System on behalf of The University of Texas Southwestern Medical Center (“UT Southwestern”). Under the UT Southwestern Agreement, UT Southwestern is primarily responsible for preclinical development activities with respect to licensed products for use in certain specified indications (up to investigational new drug application-enabling studies), and the Company is responsible for all subsequent clinical development and commercialization activities with respect to the licensed products. UT Southwestern will conduct such preclinical activities for a two-year period under mutually agreed upon sponsored research agreements that were entered into beginning in April 2020. During the initial research phase, the Company has the right to expand the scope of specified indications under the UT Southwestern Agreement.

In connection with the UT Southwestern Agreement, the Company obtained an exclusive, worldwide, royalty-free license under certain patent rights of UT Southwestern and a non-exclusive, worldwide, royalty-free license under certain know-how of UT Southwestern, in each case to make, have made, use, sell, offer for sale and import licensed products for use in certain specified indications. Additionally, the Company obtained a non-exclusive, worldwide, royalty-free license under certain patents and know-how of UT Southwestern for use in all human uses, with a right of first refusal to obtain an exclusive license under certain of such patent rights and an option to negotiate an exclusive license under other of such patent rights. The Company is required to use commercially reasonable efforts to develop, obtain regulatory approval for, and commercialize at least one licensed product.

On April 2, 2020, the Company amended the UT Southwestern Agreement to include the addition of another licensed product and certain indications, and a right of first refusal to the Company over certain patient dosing patents. No additional consideration was transferred in connection with this amendment.

The UT Southwestern Agreement expires on a country-by-country and licensed product-by-licensed product basis upon the expiration of the last valid claim of a licensed patent in such country for such licensed product. After the initial research term, the Company may terminate the agreement, on an indication-by-indication and licensed product-by-licensed product basis, at any time upon specified written notice to UT Southwestern. Either party may terminate the agreement upon an uncured material breach of the agreement or insolvency of the other party.

In November 2019, as partial consideration for the license rights granted under the UT Southwestern Agreement, the Company issued 2,179,000 shares of its common stock, or 20% of its then outstanding fully-diluted common stock, to UT Southwestern. As additional consideration, UT Southwestern was entitled to receive additional shares if their holdings fell below 10% on a fully-diluted basis before or as a result of the completion of a qualified financing. In March 2020, following the initial closing of the Series A convertible preferred stock agreement, which met the definition of such qualified financing, the anti-dilution feature expired and no additional shares were issued. The Company does not have any future milestone or royalty obligations to UT Southwestern under the UT Southwestern Agreement other than costs related to maintenance of patents.

##### *Queen’s Agreement*

In late December 2019, the Company entered into a research grant agreement (“RGA”) with Queen’s University at Kingston (“Queen’s”), for certain research and development activities related to the generation of AAV9 vector. The Company committed to fund \$3.8 million under the RGA with Queen’s. The Company issued Queen’s a promise-to-pay note whereby any amounts paid directly by Queen’s for the manufacture of the vector for use in the funded research activities, to the extent such amounts had not already been funded by the Company to Queen’s, would become a loan obligation for the Company (the “Note”), subject to an interest

rate of 6%. Any amounts outstanding under the Note were required to be repaid, along with any accrued interest, by or before June 30, 2020. In the event of default, any amount outstanding was deemed immediately payable by RA Session II, the Company's President and Chief Executive Officer, as a personal guarantor (see Note 8). For the period from Inception through December 31, 2019, the Company did not incur any expenses associated with the Queen's RGA, and no amounts were due or outstanding under the Note as of December 31, 2019. For the year ended December 31, 2020, the Company paid all expenses associated with the Queen's RGA, thus no amounts were due or outstanding under the Note as of December 31, 2020, and the promise-to-pay has therefore expired.

On February 21, 2020, the Company entered into a license agreement with Queen's (the "Queen's Agreement") to obtain the exclusive perpetual, royalty-bearing license, with the right to sublicense through multiple tiers, under certain patent rights and know-how of Queen's, including certain improvements to such patent rights and know-how, to develop products in any field which use one or more valid claims of the patents licensed under the Queen's Agreement (the "Licensed Patents"), or the technology, information and intellectual property related to the patents licensed under the Queen's Agreement (together with the Licensed Patents, the "Licensed Products"), and to make, have made, use, sell, offer for sale, import and export Licensed Products and otherwise exploit such patents and know-how for use in certain specified indications. In exchange for the rights granted to the Company, the Company made a cash payment of \$3.0 million in April 2020 which is recorded in research and development expenses in the condensed consolidated statements of operations and included as an investing cash outflow in the condensed consolidated statements of cash flows since the acquired license does not have an alternative future use for the six months ended June 30, 2020. The Company is obligated to make aggregate cash payments of up to \$10.0 million upon the completion of a combination of regulatory milestones and up to \$10.0 million upon the completion of a combination of commercial milestones. In further consideration of the rights granted, beginning with the Company's first commercial sale of the Licensed Products, the Company will also pay an annual earned royalty in the low single digits on net sales of Licensed Products, subject to certain customary reductions, and a percentage of non-royalty sublicensing revenue ranging in the low double digits. Royalties are payable, on a Licensed Products-by-Licensed Products and a country-by-country basis, until expiration of the last valid claim of a Licensed Patent covering such Licensed Products in such country and the expiration of any regulatory exclusivity for such Licensed Products in such country.

No additional milestone payments were made in connection with the Queen's Agreement during the six months ended June 30, 2021.

#### ***Abeona CLN1 Agreements***

In August 2020, the Company entered into license and inventory purchase agreements with Abeona Therapeutics Inc. ("Abeona") for worldwide exclusive rights to certain intellectual property rights and know-how relating to the research, development and manufacture of ABO-202, an AAV-based gene therapy for CLN1 disease (also known as infantile Batten disease). Under the terms of the agreements, the Company made initial cash payments to Abeona of \$3.0 million for the license fee and \$4.0 million for purchase of clinical materials and reimbursement for previously incurred development costs in October 2020. In exchange for the license rights, the Company recorded an aggregate of \$7.0 million within research and development expenses in the consolidated statements of operations for the year ended December 31, 2020 since the acquired license or acquired inventory do not have an alternative future use. The Company is obligated to make up to \$26.0 million in regulatory-related milestones and up to \$30.0 million in sales-related milestones per licensed CLN1 product. The Company will also pay an annual earned royalty in the high single digits on net sales of any licensed CLN1 products. The license agreement expires on a country-by-country and licensed product-by-licensed product basis upon the expiration of the last royalty term of a licensed product. Either party may terminate the agreement upon an uncured material breach of the agreement or insolvency of the other party. The Company may terminate the license agreement for convenience upon specified prior written notice to Abeona.

No additional milestone payments were made in connection with this agreement during the six months ended June 30, 2021.

#### ***Abeona Rett Agreement***

On October 29, 2020, the Company entered into a license agreement (the "Abeona Rett Agreement") with Abeona pursuant to which the Company obtained an exclusive, worldwide, royalty-bearing license, with the right to grant sublicenses under certain patents, know-how and materials originally developed by the University of North Carolina at Chapel Hill, the University of Edinburgh and Abeona to research, develop, manufacture, have manufactured, use, and commercialize licensed products for gene therapy and the use of related transgenes for Rett syndrome.

Subject to certain obligations of Abeona, the Company is required to use commercially reasonable efforts to develop at least one licensed product and commercialize at least one licensed product in the United States.

In connection with the Abeona Rett Agreement, the Company paid Abeona a one-time upfront license fee of \$3.0 million which is recorded in research and development expenses in the consolidated statements of operations for the year ended December 31, 2020 since the acquired license does not have an alternative future use. The Company is obligated to pay Abeona up to \$26.5 million in regulatory-related milestones and up to \$30.0 million in sales-related milestones per licensed Rett product and high single-digit

royalties on net sales of licensed Rett products. Royalties are payable on a licensed product-by-licensed product and country-by-country basis until the latest of the expiration or revocation or complete rejection of the last licensed patent covering such licensed product in the country where the licensed product is sold, the loss of market exclusivity in such country where the product is sold, or, if no licensed product exists in such country and no market exclusivity exists in such country, ten years from first commercial sale of such licensed product in such country.

The Abeona Rett Agreement expires on a country-by-country and licensed product-by-licensed product basis upon the expiration of the last royalty term of a licensed product. Either party may terminate the agreement upon an uncured material breach of the agreement or insolvency of the other party. The Company may terminate the agreement for convenience upon specified prior written notice to Abeona.

No additional milestone payments were made in connection with the Abeona Rett Agreement during the six months ended June 30, 2021.

#### **Acquisition of Worldwide Rights for TSHA-120 for the treatment of GAN**

In March 2021, the Company acquired the exclusive worldwide rights to a clinical-stage AAV9 gene therapy program, now known as TSHA-120, for the treatment of Giant Axonal Neuropathy (“GAN”). TSHA-120 is an intrathecally dosed AAV9 gene therapy currently being evaluated in a clinical trial for the treatment of GAN. The trial is being conducted by the National Institutes of Health in close collaboration with a leading patient advocacy group focused on finding treatments and cures for GAN. TSHA-120 has received rare pediatric disease and orphan drug designations from the U.S. Food and Drug Administration for the treatment of GAN. The worldwide rights were acquired through a license agreement, effective March 29, 2021, between Hannah’s Hope Fund for Giant Axonal Neuropathy, Inc. (“HHF”) and the Company.

Under the terms of the agreement, in exchange for granting the Company the exclusive worldwide rights to TSHA-120, HHF received an upfront payment of \$5.5 million and will be eligible to receive clinical, regulatory and commercial milestones totaling up to \$19.3 million, as well as a low, single-digit royalty on net sales upon commercialization of the product.

In exchange for the license rights, the Company recorded an aggregate of \$5.5 million within research and development expenses in the condensed consolidated statements of operations since the acquired license does not have an alternative future use. This license fee was paid in April 2021 and has been classified as an investing outflow in the condensed consolidated statements of cash flows for the six months ended June 30, 2021. No additional milestone payments were made in connection with this agreement during the six months ended June 30, 2021.

#### **Note 5—Stockholders’ Equity (Deficit), Convertible Preferred Stock and Tranche Liability**

##### **Authorized Shares**

The Company amended its certificate of incorporation on March 4, 2020, July 2, 2020 and again on July 28, 2020 such that the total number of shares of common stock authorized to be issued was increased to 32,685,000, and the total number of shares of preferred stock authorized to be issued was increased to 15,647,052, of which 10,000,000 preferred shares were designated Series A convertible preferred stock and 5,647,052 were designated Series B convertible preferred stock. On September 28, 2020, the Company amended its certificate of incorporation such that the total number of shares of common stock authorized to be issued was increased to 200,000,000, and the total number of shares of new preferred stock authorized to be issued was 10,000,000. As of June 30, 2021 and December 31, 2020, no shares of preferred stock were issued or outstanding.

##### **IPO**

On September 28, 2020, the Company issued an aggregate of 7,869,566 shares of common stock in the IPO, and on September 29, 2020, the Company issued an aggregate of 1,180,434 shares of common stock upon the underwriters’ exercise in full of their option to purchase additional shares, each at the public offering price of \$20.00 per share less underwriting discounts and commissions. In connection with the IPO, the Company received gross proceeds of \$181.0 million, which was offset by issuance costs, including underwriters’ discounts and commissions, of approximately \$15.1 million.

##### **Series A and B convertible preferred stock**

On March 4, 2020, the Company entered into a purchase agreement (the “Series A Purchase Agreement”) providing for a private placement of up to 10,000,000 shares of Series A convertible preferred stock at an original issuance price of \$3.00 per share, subject to separate closings, including: (1) 6,000,000 shares at the initial closing on March 4, 2020, and (2) 2,000,000 shares at each of two subsequent closings triggered by the achievement of specific clinical milestones. The Series A Purchase Agreement obligated the

Company to issue and sell and the Series A investors to purchase up to a total of 4,000,000 additional shares of Series A convertible preferred stock (the "Milestone Shares") at the same price per share upon the achievement of certain defined clinical milestones (the "tranche liability"). The determination as to whether the milestone events had been met was subject to certification by the Board of Directors. Each Series A investor had the right, but not the obligation, to purchase all or any portion of the Milestone Shares at any time in its sole option and in its sole and absolute discretion, whether or not the Company had achieved the applicable clinical milestone.

On June 30, 2020, several affiliated Series A investors elected to exercise in full their options to purchase 200,000 shares, representing all of their remaining pro-rata portion of the Milestone Shares, prior to the Company's achievement of the clinical milestones for gross proceeds of \$0.6 million. The remainder of the Series A investors exercised in full their options to purchase 3,800,000 shares, representing all of their remaining pro-rata portion of the Milestone Shares, prior to the Company's achievement of the clinical milestones, for gross proceeds of \$11.4 million between July 1, 2020 and July 2, 2020. As part of this issuance, the Company issued and sold 3,266,667 shares to PBM TGT Holdings, LLC and 400,000 shares to Nolan Capital, LLC, which stockholders are controlled by certain members of the Company's board of directors.

On July 2, 2020, the Company entered into a purchase agreement (the "Series B Purchase Agreement"), as later amended on July 28, 2020, providing for a private placement of up to 5,647,052 shares of Series B convertible preferred stock. The Company sold 5,647,048 shares of Series B convertible preferred stock at a price of \$17.00 per share in multiple closings in July and August 2020 for gross proceeds of \$96.0 million. The majority of investors that participated in the Series B Purchase Agreement were new investors.

As described above, in connection with the closing of the IPO, all shares of Series A and Series B convertible preferred stock were automatically converted into an aggregate of 17,047,378 shares of common stock with a conversion ratio, which was adjusted for the stock split, of 1.0895 shares of common stock for each share of Series A and Series B convertible preferred stock then outstanding.

### **Series A convertible preferred stock tranche liability**

The Company concluded that the tranche liability met the definition of a freestanding financial instrument, as it was legally detachable and separately exercisable from the initial closing of the Series A convertible preferred stock. The estimated fair value of the tranche liability was determined using a Monte Carlo simulation at the initial issuance date. As of March 4, 2020, the simulations occurred based on the implied aggregate equity value of the Company derived from the Series A convertible preferred stock offering price of \$3.00 per share, along with, in part, the following subjective assumptions: risk-free rate of 0.59%, an expected volatility of 80%, the expected term to a liquidity event of 1 year, and a 60% probability of achieving the clinical milestones and timing thereof. Subsequently, the estimated fair value of the tranche liability was determined using a backsolve approach at June 30, 2020, immediately prior to the issuance of the Milestone Shares, which was calculated based on the aggregate equity value of the Company derived from the Series B convertible preferred stock offering price of \$17.00 per share. The subsequent remeasurement also considered, in part, a risk-free rate of 0.17%, an expected volatility of 80%, and the expected term to a liquidity event of 0.5 years.

Based on the analysis, the Company recorded a preferred stock tranche liability of \$1.1 million at the issue date to account for the obligation to issue the Milestone Shares at a predetermined fixed price at a future settlement date. At June 30, 2020, ahead of the anticipated closing of the Series B Purchase Agreement for \$17.00 per share that occurred on July 2, 2020, certain investors elected to exercise in full their options to purchase their pro-rata portion of the Milestone Shares prior to the Company's achievement of the clinical milestones and purchased 200,000 shares of Series A convertible preferred stock. The Company remeasured the fair value of the entire tranche liability at June 30, 2020, and recognized a non-cash expense of \$17.0 million in the condensed consolidated statement of operations for the six months ended June 30, 2020. As 200,000 of the Milestone Shares were also issued to certain investors on June 30, 2020, the related tranche liability was extinguished, and the Company reclassified \$0.9 million to convertible preferred stock on the condensed consolidated balance sheet as of June 30, 2020. The Company concluded that no beneficial conversion feature ("BCF") existed as the effective conversion price of the Series A convertible preferred stock exceeded the fair value of the Company's common stock at each of the commitment dates. Specifically at the commitment date of June 30, 2020, when 200,000 Milestone Shares were issued, the deemed proceeds were equal to the cash proceeds received for the shares of Series A convertible preferred stock and the fair value of the tranche liability that related to the Milestone Shares, or \$7.52 per share. As the effective conversion price exceeded the fair value of the Company's common stock, no BCF existed.

## Note 6—Stock-Based Compensation

On July 1, 2020, the Company's board of directors approved the Existing Plan which permits the granting of incentive stock options, non-statutory stock options, stock appreciation rights, RSAs, RSUs and other stock-based awards to employees, directors, officers and consultants. On July 1, 2020, 3,529,412 shares of common stock were authorized for issuance under the Existing Plan. On September 16, 2020, the Company increased the number of shares of common stock authorized for issuance under the Existing Plan to 3,845,294.

On September 16, 2020, the Company's stockholders approved the New Plan, which became effective upon the execution of the underwriting agreement in connection with the IPO. The number of shares available for future issuance under the New Plan is the sum of (1) 3,390,168 new shares of common stock, (2) 209,841 remaining shares of common stock reserved under the Existing Plan that became available for issuance upon the effectiveness of the New Plan and (3) the number of shares of common stock subject to outstanding awards under the Existing Plan when the New Plan became effective that thereafter expire or are forfeited, canceled, withheld to satisfy tax withholding or to purchase or exercise an award, repurchased by the Company or are otherwise terminated. At December 31, 2020, there were 2,941,509 shares available for future grant under the New Plan. The number of shares of common stock reserved for issuance under the New Plan will automatically increase on January 1 of each year, for a period of ten years, from January 1, 2021 continuing through January 1, 2030, by 5% of the total number of shares of common stock outstanding on December 31 of the preceding calendar year, or a lesser number of shares as may be determined by the Company's board of directors. On January 1, 2021 the board of directors increased the number of common stock reserved for issuance under the New Plan by 1,434,934 shares.

Furthermore, on September 16, 2020, the Company's stockholders approved the Employee Stock Purchase Plan ("ESPP"), which became effective upon the execution of the underwriting agreement in connection with the IPO. The maximum number of shares of common stock that may be issued under the ESPP will not exceed 362,000 shares of common stock, plus the number of shares of common stock that are automatically added on January 1st of each year for a period of up to ten years, commencing on the first January 1 following the IPO date and ending on (and including) January 1, 2030, in an amount equal to the lesser of (i) one percent (1.0%) of the total number of shares of capital stock outstanding on December 31st of the preceding calendar year, and (ii) 724,000 shares of common stock. No shares were added to the ESPP as of January 1, 2021 and no issuances have been made under the ESPP as of June 30, 2021.

### Stock Options

On July 1, 2020, options to purchase 2,896,782 shares of common stock under the Existing Plan were awarded to certain employees and consultants of the Company with an exercise price per share of \$0.80, which were expected to vest over a four-year period, all of which were subsequently cancelled (the "Cancelled Options"). The grant date fair value of the Cancelled Options was \$13.8 million at the original grant date. In exchange, the Company awarded 2,518,932 RSUs on September 2, 2020, which are expected to vest over a four-year term. The Company accounted for the changes in award terms as a modification in accordance with ASC 718 Compensation – Stock Compensation. The modification was accounted for as an exchange of the original award for a new award with total compensation cost equal to the grant-date fair value of the original award plus any incremental value measured on the modification date. The Company determined that there was no incremental value as the fair value of the original award immediately before the modification was greater than the fair value of the new award immediately after the modification. Accordingly, the Company continues to recognize the remaining compensation cost of the Cancelled Options over the vesting period of the RSUs.

For the three months ended June 30, 2021, options to purchase 964,750 shares of common stock under the New Plan were awarded with a weighted-average grant date fair value per share of \$14.73. For the six months ended June 30, 2021, options to purchase 2,586,650 shares of common stock under the New Plan were awarded with a weighted-average grant date fair value per share of \$17.25. The stock options vest over one to four years and have a ten-year contractual term.

The following weighted-average assumptions were used to estimate the fair value of stock options that were granted during the three and six months ended June 30, 2021:

	Three months ended June 30, 2021	Six months ended June 30, 2021
Risk-free interest rate	1.07%	0.80%
Expected dividend yield	—	—
Expected term in years	6.0	6.0
Expected volatility	76%	75%

The following table summarizes stock option activity, during the six months ended June 30, 2021:

	Stock Options	Weighted Average Exercise Price	Weighted Average Remaining Contractual Life (in years)	Aggregate Intrinsic Value (in thousands)
Outstanding at December 31, 2020	674,842	20.68	9.8	\$ 3,953
Options granted	2,586,650	26.41		
Options cancelled or forfeited	(47,800)	28.61		
Outstanding at June 30, 2021	3,213,692	\$ 25.18	9.6	\$ 786
Vested and expected to vest at June 30, 2021	3,213,692	\$ 25.18	9.6	\$ 786
Options exercisable at June 30, 2021	43,054	\$ 20.50	9.3	\$ 37

The aggregate intrinsic value in the above table is calculated as the difference between the fair value of the Company's common stock as of June 30, 2021 and the exercise price of the stock options. As of June 30, 2021, the total unrecognized compensation related to unvested stock option awards granted was \$47.5 million, which the Company expects to recognize over a weighted-average period of approximately 3.5 years.

### **Restricted Stock Units**

On September 2, 2020, the Company issued 331,121 RSUs to an employee under the Existing Plan; 25% of the shares of common stock underlying the RSUs vest at each anniversary over a four-year period. The RSUs are subject to a service-based vesting condition. The RSUs were also subject to a liquidity-based performance vesting condition that was met upon the closing of the IPO. The Company at any time may accelerate the vesting of the RSUs. Such shares are not accounted for as outstanding until they vest. As of June 30, 2021, the total unrecognized compensation related to unvested RSUs granted, including the remaining compensation cost associated with the RSUs granted on September 2, 2020 in exchange for the Cancelled Options, was \$13.3 million which is expected to be amortized on a straight-line basis over the weighted-average remaining vesting period of approximately 1.5 years.

The Company's default tax withholding method for RSUs is the sell-to-cover method, in which shares with a market value equivalent to the tax withholding obligation are sold on behalf of the holder of the RSUs upon vesting and settlement to cover the tax withholding liability and the cash proceeds from such sales are remitted by the Company to taxing authorities.

The Company's RSU activity for the six months ended June 30, 2021 was as follows:

	Number of Shares	Weighted Average Grant Date Fair Value per Share
Nonvested at January 1, 2021	2,850,053	\$ 6.37
Restricted units granted	—	—
Vested	(629,730)	5.25
Cancelled or forfeited	(167,186)	5.25
Nonvested at June 30, 2021	2,053,137	\$ 6.80

### **Restricted Stock Awards**

RA Session II, the Company's founder, President and Chief Executive Officer, was awarded 769,058 RSAs under the Existing Plan on July 1, 2020, which are expected to vest over a three-year term, subject to continuous employment. As of June 30, 2021, the total unrecognized compensation related to unvested RSAs granted was \$2.6 million which is expected to be amortized on a straight-line basis over the weighted-average remaining vesting period of approximately 1.8 years. The fair value of these RSAs at the grant date of July 1, 2020 was \$5.28 per share.



The Company's RSA activity for the six months ended June 30, 2021 was as follows:

	Number of Shares	Weighted Average Grant Date Fair Value per Share
Nonvested at December 31, 2020	769,058	\$ 5.28
Restricted stock granted	—	—
Vested	(298,843)	5.28
Nonvested at June 30, 2021	<u>470,215</u>	<u>\$ 5.28</u>

The following table summarizes the total stock-based compensation expense for the stock options, RSAs and RSUs recorded in the condensed consolidated statements of operations for the three and six months ended June 30, 2021 (in thousands):

	For the Three Months Ended June 30, 2021	For the Six Months Ended June 30, 2021
Research and development expense	\$ 2,214	\$ 3,793
General and administrative expense	2,335	4,350
Total	<u>\$ 4,549</u>	<u>\$ 8,143</u>

#### Note 7—Net Loss Per Common Share

Basic net loss per common share is computed by dividing net loss attributable to common stockholders by the weighted-average number of shares of common stock outstanding for the period. Since the Company had a net loss in all periods presented, basic and diluted net loss per common share are the same.

The following table represents the calculation of basic and diluted net loss per common share (in thousands, except share and per share data):

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2021	2020	2021	2020
Net loss	\$ (40,926)	\$ (21,220)	\$ (72,950)	\$ (26,651)
Weighted-average shares of common stock outstanding used to compute net loss per				
common share, basic and diluted	37,479,164	10,894,999	37,237,115	10,894,999
Net loss per common share, basic and diluted	<u>\$ (1.09)</u>	<u>\$ (1.95)</u>	<u>\$ (1.96)</u>	<u>\$ (2.45)</u>

The following common stock equivalents outstanding as of June 30, 2021 and 2020 were excluded from the computation of diluted net loss per share attributable to common stockholders for the periods presented because including them would have been anti-dilutive:

	June 30, 2021	June 30, 2020
Unvested RSUs	2,053,137	—
Unvested RSAs	470,215	—
Stock options	3,213,692	—
Series A convertible preferred stock	—	6,200,000
Total	<u>5,737,044</u>	<u>6,200,000</u>

## **Note 8—Related Party Transactions**

RA Session II, founder, President and Chief Executive Officer and a member of the Company's board of directors, was a guarantor under the Guaranty and Security Agreement between himself, Queen's and the Company, and in the event of the Company's failure to fund its obligations under the RGA with Queen's, had personally guaranteed payments due by the Company to Queen's. In addition, the Company entered into two secured promissory notes with Mr. Session in January 2020 for an aggregate of \$1.67 million, with 10% interest. The Company secured the notes with a first priority security interest in certain assets of the Company. During March 2020, the Company repaid \$1.65 million of the notes, and the remaining balance was repaid in July 2020.

In March 2020, the Company entered into a services agreement with PBM Capital Group, LLC ("PBM"), an affiliate of PBM TGT Holdings, LLC whereby PBM provides accounting and other administrative and management services related to payroll administration, human resources, bookkeeping, preparation of financial statements and tax returns, accounts payable and receivable, and other similar functions for a fee of \$2,500 per month. Paul B. Manning, a member of the Company's board of directors and a holder of more than 5% of the Company's capital stock, is the Chief Executive Officer of PBM Capital Group, LLC and has sole voting and investment power with respect to the shares held by PBM TGT Holdings, LLC. In September 2020, PBM TGT Holdings, LLC distributed all of the shares of Series A convertible preferred stock it previously held to its beneficial owners, including Mr. Manning and entities controlled by Mr. Manning, for no additional consideration in accordance with the terms of its operating agreement. In April 2021, the PBM services agreement was terminated and all outstanding amounts due have been paid.

## **Note 9—Income Taxes**

Deferred tax assets and liabilities are determined based on the difference between the financial statement and tax bases of assets and liabilities using enacted tax rates in effect for the year in which the differences are expected to reverse. Valuation allowances are provided if based upon the weight of available evidence, it is more likely than not that some or all of the deferred tax assets will not be realized. The Company has evaluated the positive and negative evidence bearing upon the realizability of its deferred tax assets. There is no provision for income taxes because the Company has incurred operating losses and capitalized certain items for income tax purposes since its inception and maintains a full valuation allowance against its net deferred tax assets. The reported amount of income tax expense for the period differs from the amount that would result from applying the federal statutory tax rate to net loss before taxes primarily because of the change in valuation allowance.

As of June 30, 2021, there were no material changes to either the nature or the amounts of the uncertain tax positions previously determined for the year ended December 31, 2020.

## **Note 10—Commitments and Contingencies**

### ***Litigation***

The Company is not a party to any material legal proceedings and is not aware of any pending or threatened claims. From time to time, the Company may be subject to various legal proceedings and claims that arise in the ordinary course of its business activities.

### ***Commitments***

In the normal course of business, the Company enters into contracts that contain a variety of indemnifications with its employees, licensors, suppliers and service providers. The Company's maximum exposure under these arrangements is unknown at June 30, 2021. The Company does not anticipate recognizing any significant losses relating to these arrangements.

### **Durham Lease**

On December 17, 2020, the Company entered into a lease agreement (the "Durham Lease") with Patriot Park Partners II, LLC, a Delaware limited liability company (the "Durham Landlord"), pursuant to which the Company agreed to lease approximately 187,500 square feet of a manufacturing facility located at 5 National Way, Durham, North Carolina (the "Facility"). The Durham Lease commenced on April 1, 2021 and is expected to have a term of approximately fifteen years and six months. The Company has two options to extend the term of the Durham Lease, each for a period of an additional five years.

The Company was not required to provide a security deposit in connection with its entry into the Durham Lease. The Company will be responsible for constructing interior improvements within the Facility. The Durham Landlord has the right to

terminate the Durham Lease upon specified events of default, including the Company's failure to pay rent in a timely manner and upon the occurrence of certain events of insolvency with respect to the Company.

The Company incurred initial direct costs to enter into the Durham Lease of approximately \$0.8 million in December 2020. The costs have been recorded on the condensed consolidated balance sheets as a deferred lease asset and are being amortized into earnings over the term of the Durham Lease.

In accordance with ASC Topic 840, *Leases*, the Company is deemed, for accounting purposes only, to be the owner of the entire leased Facility, including the building shell, during the construction period because of the Company's expected level of direct financial and operational involvement in the substantial tenant improvements, including structural improvements, required to build out the Facility. As a result, the Company capitalized approximately \$26.3 million as a build-to-suit asset within property, plant and equipment, net and recognized a corresponding build-to-suit lease financing obligation as a liability on its condensed consolidated balance sheets equal to the fair value of the existing building shell using comparable market prices per square foot for similar space for public real estate transactions in the surrounding area at commencement of construction. Additionally, construction costs incurred as part of the build-out and tenant improvements are also capitalized within property, plant and equipment, net. Costs of approximately \$4.0 million have been capitalized during the six months ended June 30, 2021, related to both equipment purchases and the build-out of the leased Facility. Construction is expected to be completed in 2023, upon which time the Company will assess and determine if the build-to-suit asset and corresponding liability should be de-recognized.

### **Dallas Lease**

On January 11, 2021, the Company entered into a lease agreement (the "Dallas Lease") with Pegasus Park, LLC, a Delaware limited liability company (the "Dallas Landlord"), pursuant to which the Company will lease approximately 15,000 square feet of office space at 3000 Pegasus Park Drive, Dallas, Texas 75247 (the "Office Space").

The Dallas Lease commenced on May 27, 2021, and has a term of approximately ten years. The Company has an option to extend the term of the Dallas Lease for one additional period of five years. The Company's obligation for the payment of base rent for the Office Space is initially approximately \$32,500 per month and will increase annually, up to an estimated monthly base rent of \$50,000 during the term of the Lease. The Company is obligated to pay operating costs and utilities applicable to the Office Space. The Company was required to provide a security deposit of \$32,500 in connection with its entry into the Dallas Lease. Total future minimum lease payments under the Dallas Lease over the initial 10 year term are approximately \$4.9 million. The Company is responsible for costs of constructing interior improvements within the Office Space that exceed a construction allowance provided by the Dallas Landlord not to exceed \$40.00 per rentable square foot.

The Company has a right of first refusal with respect to certain additional adjacent office space before the Dallas Landlord accepts any offer for such space.

The Dallas Landlord has the right to terminate the Lease, or the Company's right to possess the Office Space without terminating the Dallas Lease, upon specified events of default, including the Company's failure to pay rent in a timely manner and upon the occurrence of certain events of insolvency with respect to the Company.

As of June 30, 2021, the Company recognized approximately \$0.6 million of lease construction incentive based on the construction allowance provided. The construction incentive has been recorded on the condensed consolidated balance sheets as a deferred lease incentive obligation and is being amortized into earnings as a deduction of rent expense over the term of the Dallas Lease.

### **Note 11—Subsequent Events**

On August 12, 2021 (the "Closing Date"), the Company entered into a Loan and Security Agreement (the "Term Loan Agreement"), by and among the Company, the lenders party thereto from time to time (the "Lenders") and Silicon Valley Bank, as administrative agent and collateral agent for the Lenders ("Agent"). The Term Loan Agreement provides for (i) on the Closing Date, \$40.0 million aggregate principal amount of term loans available through December 31, 2021, (ii) from January 1, 2022 until September 30, 2022, an additional \$20.0 million term loan facility available at the Company's option upon having three distinct and active clinical stage programs at the time of draw, (iii) from October 1, 2022 until March 31, 2023, an additional \$20.0 million term loan facility available at the Company's option upon having three distinct and active clinical stage programs at the time of draw and (iv) from April 1, 2023 until December 31, 2023, an additional \$20.0 million term loan facility available upon approval by the Agent and the Lenders (collectively, the "Term Loans"). The Company drew \$30.0 million in term loans on the Closing Date.

The interest rate applicable to the Term Loans is the greater of (a) the WSJ Prime Rate plus 3.75% or (b) 7.00% per annum. The Term Loans are interest only from the Closing Date through August 31, 2024, after which the Company is required to pay equal monthly installments of principal through August 1, 2026, the maturity date.

The Term Loans may be prepaid in full through August 12, 2022 with payment of a 2.00% prepayment premium, after which they may be prepaid in full through August 12, 2023 with payment of a 1.00% prepayment premium, after which they may be prepaid in full with no prepayment premium. An additional final payment of 7.5% of the amount of Terms Loans advanced by the Lenders will be due upon prepayment or repayment of the Term Loans in full.

The obligations under the Term Loan Agreement are secured by a perfected security interest in all of the Company's assets except for intellectual property and certain other customarily excluded property pursuant to the terms of the Term Loan Agreement. There are no financial covenants and no warrants associated with the Term Loan Agreement.

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

*The following discussion and analysis of our financial condition and results of operations should be read in conjunction with our unaudited condensed consolidated financial statements and related notes included in this Quarterly Report on Form 10-Q and the audited financial statements and notes thereto as of and for the year ended December 31, 2020 and the related Management’s Discussion and Analysis of Financial Condition and Results of Operations, included in our Annual Report on Form 10-K for the year ended December 31, 2020, or Annual Report, filed with the Securities and Exchange Commission, or the SEC, on March 3, 2021. Unless the context requires otherwise, references in this Quarterly Report on Form 10-Q to “we,” “us,” and “our” refer to Taysha Gene Therapies, Inc. together with its consolidated subsidiaries.*

### Forward-Looking Statements

*The information in this discussion contains forward-looking statements and information within the meaning of Section 27A of the Securities Act of 1933, as amended, or the Securities Act, and Section 21E of the Securities Exchange Act of 1934, as amended, or the Exchange Act, which are subject to the “safe harbor” created by those sections. These forward-looking statements include, but are not limited to, statements concerning our strategy, future operations, future financial position, future revenues, projected costs, prospects and plans and objectives of management. The words “anticipates,” “believes,” “estimates,” “expects,” “intends,” “may,” “plans,” “projects,” “will,” “would” and similar expressions are intended to identify forward-looking statements, although not all forward-looking statements contain these identifying words. 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 that we make. These forward-looking statements involve risks and uncertainties that could cause our actual results to differ materially from those in the forward-looking statements, including, without limitation, the risks set forth in Part II, Item 1A, “Risk Factors” in our Annual Report. The forward-looking statements are applicable only as of the date on which they are made, and we do not assume any obligation to update any forward-looking statements.*

### Note Regarding Trademarks

All brand names or trademarks appearing in this report are the property of their respective holders. Unless the context requires otherwise, references in this report to the “Company,” “we,” “us,” and “our” refer to Taysha Gene Therapies, Inc.

### Overview

We are a patient-centric gene therapy company focused on developing and commercializing AAV-based gene therapies for the treatment of monogenic diseases of the central nervous system, or CNS, in both rare and large patient populations. We were founded in partnership with The University of Texas Southwestern Medical Center, or UT Southwestern, to develop and commercialize transformative gene therapy treatments. Together with UT Southwestern, we are advancing a deep and sustainable product portfolio of 26 gene therapy product candidates, with exclusive options to acquire four additional development programs at no cost. By combining our management team’s proven experience in gene therapy drug development and commercialization with UT Southwestern’s world-class gene therapy research capabilities, we believe we have created a powerful engine to develop transformative therapies to dramatically improve patients’ lives. We recently acquired exclusive worldwide rights to a clinical-stage, intrathecally dosed AAV9 gene therapy program, now known as TSHA-120, for the treatment of giant axonal neuropathy, or GAN. A Phase 1/2 clinical trial of TSHA-120 is being conducted by the National Institutes of Health, or NIH under an accepted investigational new drug application, or IND, and we expect to provide a regulatory and clinical update by the end of 2021. A Phase 1/2 clinical trial of TSHA-101 was initiated by Queen’s University at Kingston, or Queen’s University, under an accepted Clinical Trial Application, or CTA, in Canada, and Queen’s University expects to report preliminary safety and biomarker data in the second half of 2021 and preliminary clinical data by the end of 2021. We plan to submit an IND for TSHA-101 for the treatment of GM2 gangliosidosis to the U.S. Food and Drug Administration, or FDA, and initiate a Phase 1/2 clinical trial in the United States, each in the second half of 2021. In addition, we plan to submit INDs / CTAs for each of TSHA-102 in Rett syndrome and TSHA-104 in SURF1-associated Leigh syndrome in the second half of 2021 and one of the following programs in 2021: TSHA-103 in SLC6A1 haploinsufficiency, TSHA-105 in SLC13A5 deficiency, TSHA-111-LAFORIN and TSHA-111-MALIN for two different forms of Lafora disease, TSHA-112 in APBD and TSHA-119 in GM2 AB variant. We are also developing TSHA-118 for the treatment of CLN1 disease (one of the forms of Batten disease) and intend to initiate a Phase 1/2 clinical trial of TSHA-118 in the second half of 2021 under a currently open IND. We anticipate dosing the first patient in that trial in the second half of 2021 and reporting biomarker data in the first half of 2022. Further, we plan to advance four new undisclosed programs focused on neurodevelopmental disorders, genetic epilepsies and neurodegenerative diseases into preclinical development in 2021. In addition to our product pipeline candidates, we are building a platform of next-generation technologies to optimize key components of our AAV-based gene therapies, including redosing, transgene regulation and capsid development.

We have a limited operating history. Since our inception, our operations have focused on organizing and staffing our company, business planning, raising capital and entering into collaboration agreements for conducting preclinical research and development activities for our product candidates. All of our lead product candidates are still in the clinical or preclinical development stage. We do not have any product candidates approved for sale and have not generated any revenue from product sales. We have funded our operations through the sale of equity, raising an aggregate of \$307.0 million of gross proceeds from our initial public offering and private placements of our convertible preferred stock.

Since our inception, we have incurred significant operating losses. Our net losses were \$73.0 million for the six months ended June 30, 2021 and \$26.7 million for the six months ended June 30, 2020. As of June 30, 2021, we had an accumulated deficit of \$134.1 million. We expect to continue to incur significant expenses and operating losses for the foreseeable future. We anticipate that our expenses will increase significantly in connection with our ongoing activities, as we:

- continue to advance the preclinical and clinical development of our product candidates and preclinical and discovery programs;
- conduct our ongoing clinical trials of TSHA-101 and TSHA-120, as well as initiate and complete additional clinical trials of TSHA-101, TSHA-118, TSHA-102, TSHA-104 and any other current and future product candidates that we advance;
- seek regulatory approval for any product candidates that successfully complete clinical trials;
- continue to develop our gene therapy product candidate pipeline and next-generation platforms;
- scale up our clinical and regulatory capabilities;
- manufacture current Good Manufacturing Practice, or cGMP material for clinical trials or potential commercial sales;
- establish and validate a commercial-scale cGMP manufacturing facility;
- establish a commercialization infrastructure and scale up internal and external manufacturing and distribution capabilities to commercialize any product candidates for which we may obtain regulatory approval;
- adapt our regulatory compliance efforts to incorporate requirements applicable to marketed products;
- maintain, expand and protect our intellectual property portfolio;
- hire additional clinical, manufacturing quality control, regulatory, manufacturing and scientific and administrative personnel;
- add operational, financial and management information systems and personnel, including personnel to support our product development and planned future commercialization efforts; and
- incur additional legal, accounting and other expenses in operating as a public company.

## Our Pipeline

We are advancing a deep and sustainable product portfolio of 26 gene therapy product candidates for monogenic diseases of the CNS in both rare and large patient populations, with exclusive options to acquire four additional development programs at no cost. Our portfolio of gene therapy candidates targets broad neurological indications across three distinct therapeutic categories: neurodegenerative diseases, neurodevelopmental disorders and genetic epilepsies. Our current pipeline, including the stage of development of each of our product candidates, is represented in the table below.

PROGRAM	INDICATION	DISCOVERY	PRECLINICAL	PHASE 1/2	Preval	GLOBAL COMM. RIGHTS
<b>NEURODEGENERATIVE DISEASES</b>						
TSHA-120	GRT	Giant Axonal Neuropathy			Regulatory guidance YE 2021	TAYSHA GENE THERAPY
TSHA-101	GRT	GM2 Gangliosidosis			Currently open CTA	
TSHA-118	GRT	CLN1 Disease			Currently open IND	
TSHA-119	GRT	GM2 AB Variant				
TSHA-104	GRT	SURF1-Associated Leigh Syndrome			IND/CTA submission 2H 2021	
TSHA-112	miRNA	APBD				
TSHA-111-LAFORIN	miRNA	Lafora Disease				
TSHA-111-MALIN	miRNA	Lafora Disease				
TSHA-113	miRNA	Tauopathies				
TSHA-115	miRNA	GSOs				
Undisclosed	GRT/shRNA	Undisclosed				
Undisclosed	GRT	Undisclosed				
<b>NEURODEVELOPMENTAL DISORDERS</b>						
TSHA-102	Regulated GRT	Rett Syndrome			IND/CTA submission 2H 2021	TAYSHA GENE THERAPY
TSHA-106	shRNA	Angelman Syndrome				
TSHA-114	GRT	Fragile X Syndrome				
TSHA-116	shRNA	Prader-Willi Syndrome				
TSHA-117	Regulated GRT	FOXG1 Syndrome				
TSHA-107	GRT	Autism Spectrum Disorder				
TSHA-108	GRT	Inborn Error of Metabolism				
TSHA-109	GRT	Inherited Metabolism Disorder				
Undisclosed	GRT	Undisclosed				
Undisclosed	mini-gene	Undisclosed				
<b>GENETIC EPILEPSY</b>						
TSHA-103	GRT	SLC6A1 Haploinsufficiency Disorder				TAYSHA GENE THERAPY
TSHA-105	GRT	SLC13A5 Deficiency				
TSHA-110	mini-gene	KCNQ2				
Undisclosed	mini-gene	Undisclosed				

GRT: Gene replacement therapy miRNA: microRNA shRNA: short hairpin RNA

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## Recent Developments

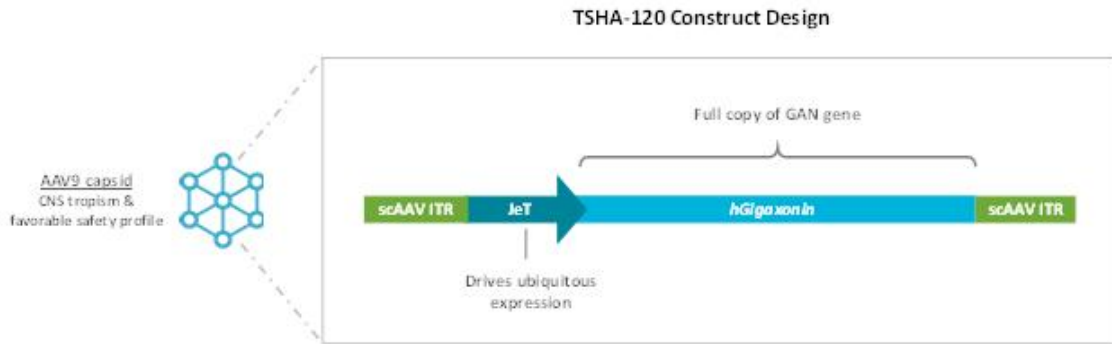
### TSHA-120 for Giant Axonal Neuropathy

In March 2021, we acquired the exclusive worldwide rights to a clinical-stage, intrathecally dosed AAV9 gene therapy program, now known as TSHA-120, for the treatment of giant axonal neuropathy, or GAN, pursuant to a license agreement with Hannah's Hope Fund for Giant Axonal Neuropathy, Inc., or HHF. Under the terms of the agreement, HHF received an upfront payment of \$5.5 million and will be eligible to receive clinical, regulatory and commercial milestones totaling up to \$19.3 million, as well as a low, single-digit royalty on net sales upon commercialization of TSHA-120.

GAN is a rare autosomal recessive disease of the central and peripheral nervous systems caused by loss-of-function gigaxonin gene mutations. The estimated prevalence of GAN is 2,400 patients in the United States and European Union.

Symptoms and features of children with GAN usually develop around the age of five years and include an abnormal, wide based, unsteady gait, weakness and some sensory loss. There is often associated dull, tightly curled, coarse hair, giant axons seen on a nerve biopsy, and spinal cord atrophy and white matter abnormality seen on MRI. Symptoms progress and as the children grow older they develop progressive scoliosis and contractures, their weakness progresses to the point where they will need a wheelchair for mobility, respiratory muscle strength diminishes to the point where the child will need a ventilator (usually in the early to mid-teens) and the children often die during their late teens or early twenties, typically due to respiratory failure. There is an early- and late-onset phenotype associated with the disease, with shared physiology. The late-onset phenotype is often categorized as Charcot-Marie-Tooth Type 2, or CMT2, with a lack of tightly curled hair and CNS symptoms with relatively slow progression of disease. This phenotype represents up to 6% of all CMT2 diagnosis. In the late-onset population, patients have poor quality of life but the disease is not life-limiting. In early-onset disease, symptomatic treatments attempt to maximize physical development and minimize the rate of deterioration. Currently, there are no approved disease-modifying treatments available.

TSHA-120 is an AAV9 self-complementary viral vector encoding the full length human gigaxonin protein. The construct was invented by Dr. Steven Gray and is the first AAV9 gene therapy candidate to deliver a functional copy of the GAN gene under the control of a JeT promoter that drives ubiquitous expression.

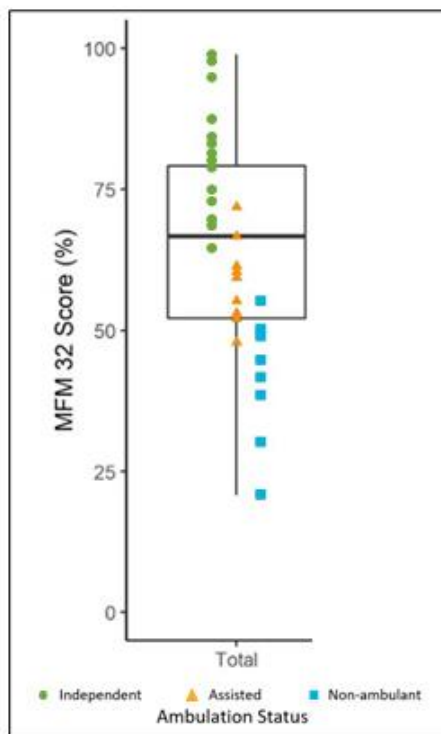


We have received orphan drug designation and rare pediatric disease designation from the FDA for TSHA-120 for the treatment of GAN.

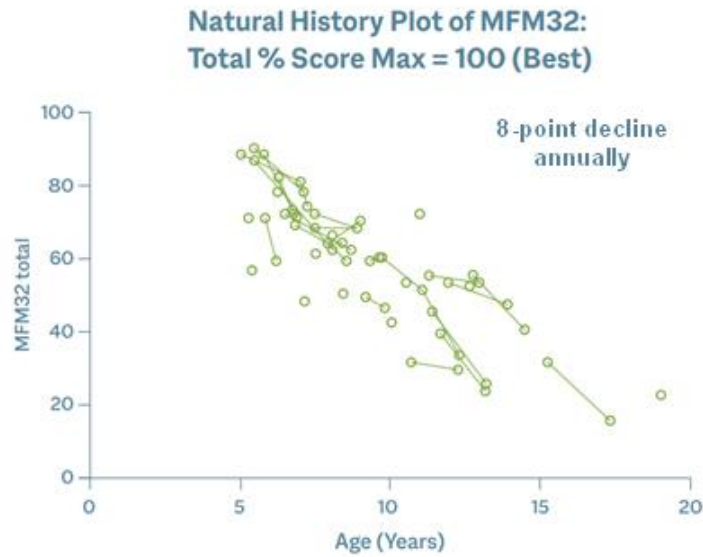


There is an ongoing natural history study being led by the NIH, that has already identified and followed a number of patients with GAN for over five years with disease progression characterized by a number of clinical assessments. The GAN natural history study was initiated in 2013 and included 45 GAN patients, aged 3 to 21 years. Imaging data from this study has demonstrated that there are distinctive increased T2 signal abnormalities within the cerebellar white matter surrounding the dentate nucleus of the cerebellum, which represents one of the earliest brain imaging findings in individuals with GAN. These findings precede the more widespread periventricular and deep white matter signal abnormalities associated with advanced disease. In addition, cortical and spinal cord atrophy appeared to correlate with more advanced disease severity and older age. Impaired pulmonary function in patients with GAN also was observed, with forced vital capacity correlating well with several functional outcomes such as the MFM32, a validated 32-item scale for motor function measurement developed for neuromuscular diseases. Nocturnal hypoventilation and sleep apnea progressed over time, with sleep apnea worsening as ambulatory function deteriorated. Total MFM32 score also correlated with ambulatory status, where independently ambulant individuals performed better and had higher MFM32 scores than the non-ambulant group, as shown in the graph below.

### Total MFM32 Score Correlated With Ambulatory Status



Patients also reported significant autonomic dysfunction based on the COMPASS 31 self-assessment questionnaire. In addition, nerve conduction function demonstrated progressive sensorimotor polyneuropathy with age. As would be expected for a neurodegenerative disease, younger patients have higher baseline MFM32 scores. However, the rate of decline in the MFM32 scores demonstrated consistency across patients of all ages, with most demonstrating an average 8-point decline per year regardless of age and/or baseline MFM32 score, as shown in the natural history plot below.



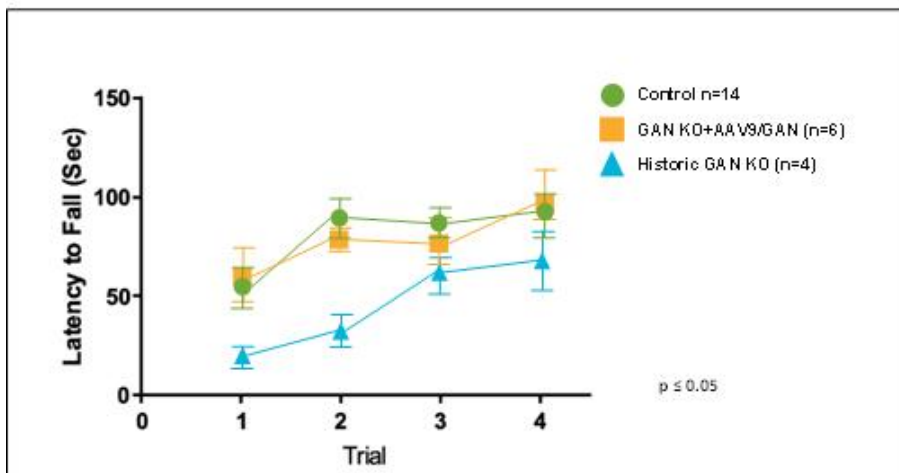
A 4-point score change in the MFM32 is considered clinically meaningful, suggesting that GAN patients lose significant function annually.

#### *Preclinical Data*

TSHA-120 performed well across *in vitro* and *in vivo* studies, and demonstrated improved motor function and nerve pathology, and long-term safety across several animal models. Of note, improved dorsal root ganglia, or DRG, pathology was demonstrated in TSHA-120-treated GAN knockout mice. These preclinical results have been published in a number of peer-reviewed journals.

Additional preclinical data from a GAN knockout rodent model that had received AAV9-mediated GAN gene therapy demonstrated that GAN rodents treated at 16 months performed significantly better than 18-month old untreated GAN rodents and equivalently to controls. These rodents were evaluated using a rotarod performance test which is designed to evaluate endurance, balance, grip strength and motor coordination in rodents. The time to fall off the rotarod, known as latency, was also evaluated and the data below demonstrate the clear difference in latency in treated versus untreated GAN rodents.

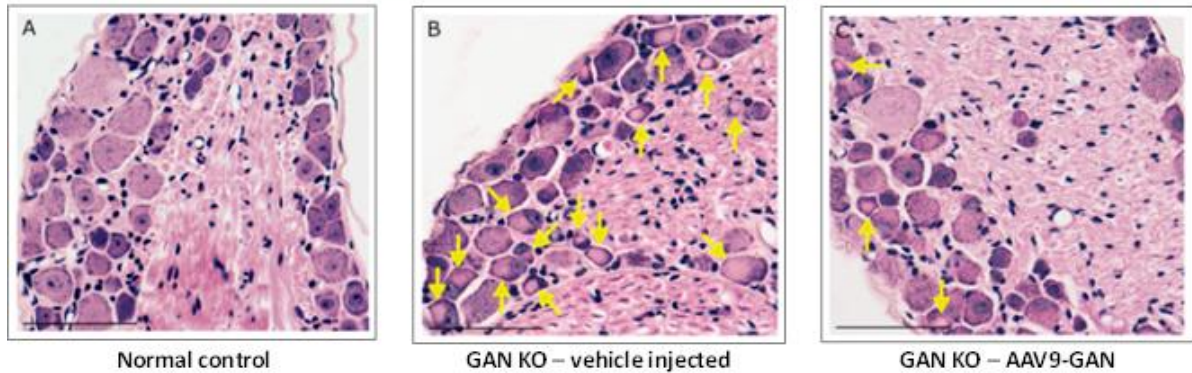
**TSHA-120 normalized performance of 18-month-old GAN rodent knockout model**



A result is considered statistically significant when the probability of the result occurring by random chance, rather than from the efficacy of the treatment, is sufficiently low. The conventional method for determining the statistical significance of a result is known as the “p-value,” which represents the probability that random chance caused the result (e.g., a p-value = 0.01 means that there is a 1% probability that the difference between the control group and the treatment group is purely due to random chance). Generally, a p-value less than 0.05 is considered statistically significant.

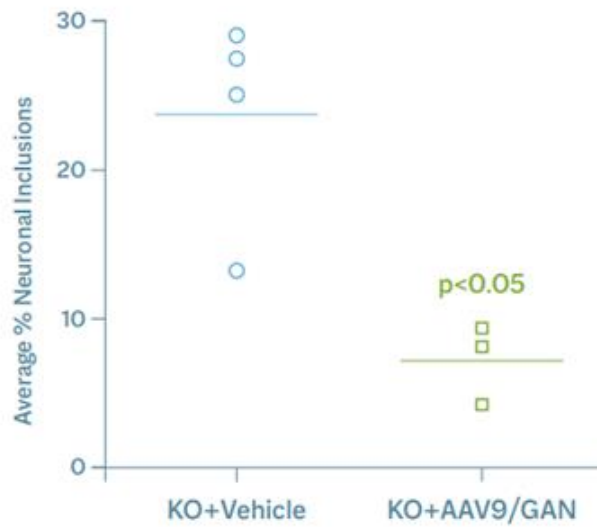
With respect to dorsal root ganglia, or DRG, inflammation that has been a topic of considerable interest within the gene therapy circles, in GAN and in the majority of diseases in our neurodegenerative franchise, the DRG have a significantly abnormal histological appearance and function as a consequence of underlying disease pathophysiology. Treatment with TSHA-120 resulted in considerable improvements in the pathological appearance of the DRG in the GAN knockout mice. Shown below is tissue from a GAN knockout mouse model with numerous abnormal neuronal inclusions containing aggregates of damaged neurofilament in the DRG as indicated by the yellow arrows. On image C, the tissue from the GAN knockout mice treated with an intrathecal injection of TSHA-120 had a notable improvement in the reduction of these neuronal inclusions in the DRG.

#### TSHA-120 Improved Pathology of DRG in GAN Knockout Mice



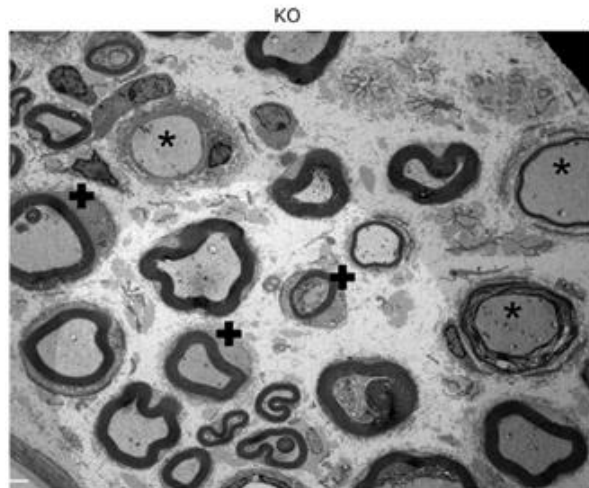
When a quantitative approach to the reduction in inclusions in the DRG was applied, it was observed that TSHA-120 treated mice experienced a statistically significant reduction in the average number of neuronal inclusions versus the GAN knockout mice that received vehicle as illustrated below.

#### TSHA-120 Significantly Reduced Percentage of Neuronal Inclusions

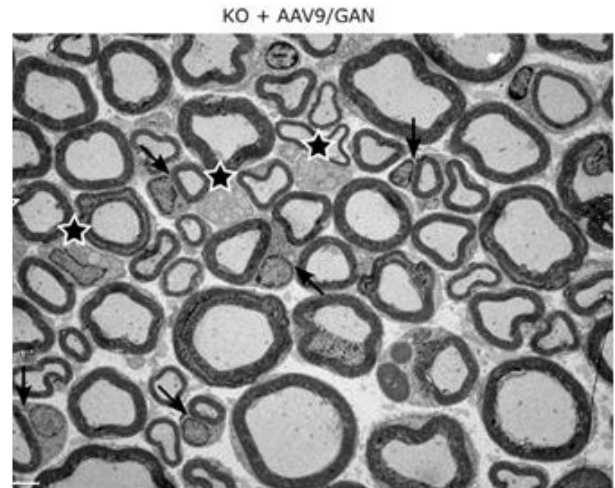


Additionally, TSHA-120 demonstrated improved pathology of the sciatic nerve in the GAN knockout mice as shown below.

### TSHA-120 Improved Pathology of the Sciatic Nerve in the GAN KO Mice



- \* Dense, disorganized accumulations of NFs in fibers
- + Accumulation of IFs in Schwann cell cytoplasm associated with myelinated fibers

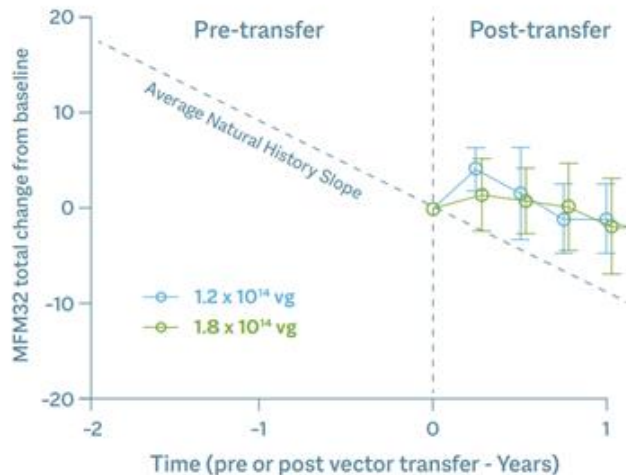


- ★ Intact unmyelinated fibers and associated Schwann cells
- Normal Schwann cell cytoplasm associated with myelinated fibers

*Results of Ongoing Phase 1/2 Clinical Trial*

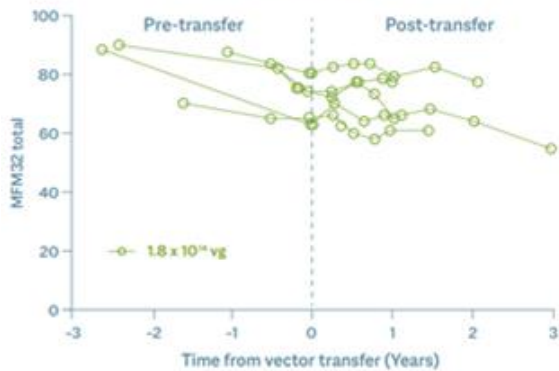
A Phase 1/2 clinical trial of TSHA-120 is being conducted by the NIH under an accepted IND. The ongoing trial is a single-site, open-label, non-randomized dose-escalation trial, in which patients are intrathecally dosed with one of 4 dose levels of TSHA-120 –  $3.5 \times 10^{13}$  total vg,  $1.2 \times 10^{14}$  total vg,  $1.8 \times 10^{14}$  total vg or  $3.5 \times 10^{14}$  total vg. The primary endpoint is to assess safety, with secondary endpoints measuring efficacy using pathologic, physiologic, functional, and clinical markers. To date, 14 patients have been intrathecally dosed and six patients have at least three years' worth of long-term follow up data. The  $1.8 \times 10^{14}$  total vg dose and  $1.2 \times 10^{14}$  total vg cohorts demonstrated dose-related and meaningful slowing of disease progression in the first year post dosing, as illustrated below. The  $1.8 \times 10^{14}$  total vg dose effected a statistically significant 8-point improvement versus the historical control over the course of a year and the  $1.2 \times 10^{14}$  total vg dose effected a statistically significant 6-point improvement over the course of a year.

### Dose-dependent and sustained improvement in MFM32 at 1 year

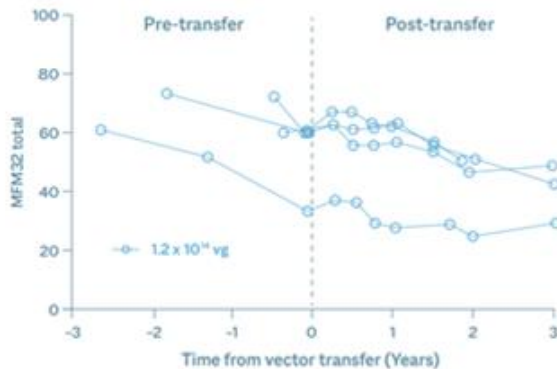


Six patients in the trial have been followed for more than three years. Patients dosed with  $1.8 \times 10^{14}$  total vg and  $1.2 \times 10^{14}$  total vg have shown sustained dose-dependent improvements in MFM32 scores for more than three years, as illustrated below.

### Dose-dependent and sustained improvement in MFM32 at 3 years



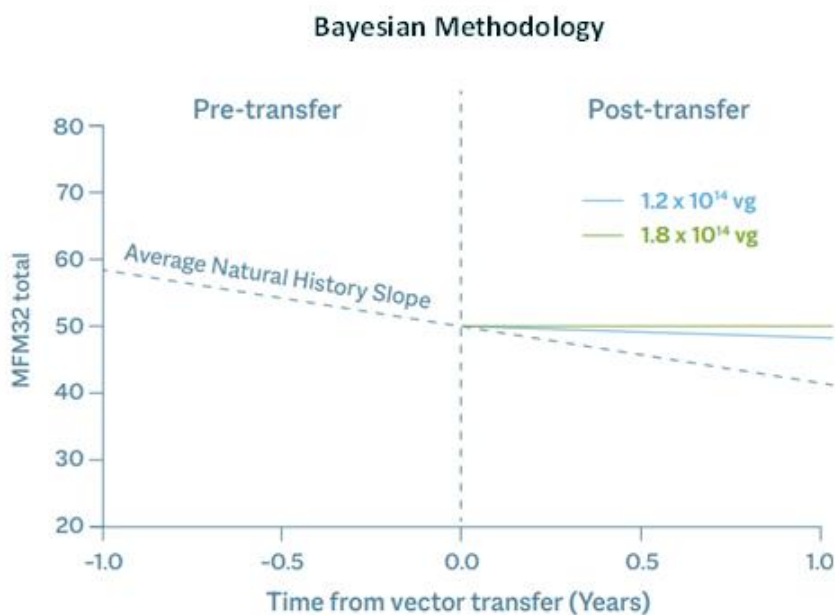
### Dose-dependent and sustained improvement in MFM32 at 3 years



To date, TSHA-120 has been well-tolerated at multiple doses with no signs of significant acute or subacute inflammation, no sudden sensory changes and no drug-related or persistent elevation of transaminases. We expect to report additional data from this trial in the second half of 2021, including results from the highest dose cohort of  $3.5 \times 10^{14}$  total vg.

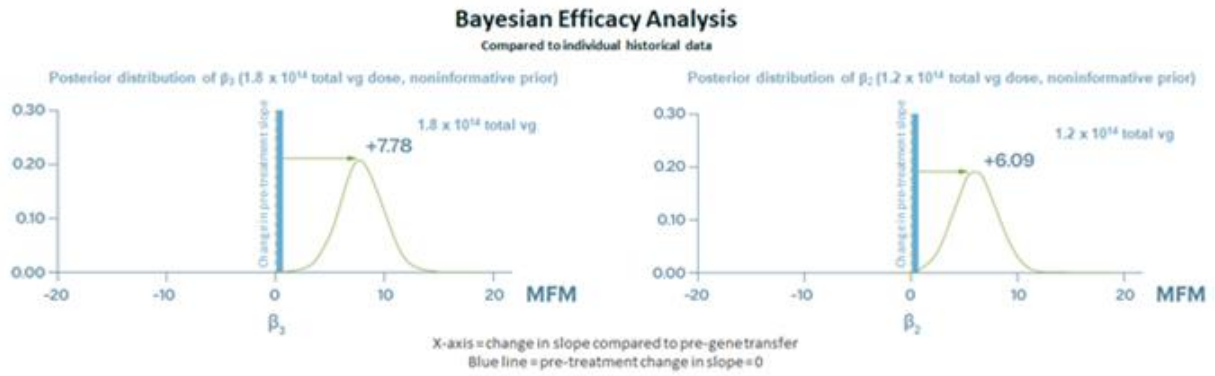
### Bayesian Analysis of TSHA-120

To gain further insight into the impact of TSHA-120 treatment on GAN disease progression and to add more robustness to the data, an additional analysis utilizing Bayesian statistical methodology was performed. Bayesian analysis is a useful method that enables direct probability statements about any unknown quantity of interest to be made, in this case, a statement around the probability of a clinically meaningful improvement in MFM32. Bayesian analysis also enables immediate incorporation into the analysis of data gathered as the trial progresses. It is a particularly appropriate approach for a clinical trial in a rare disease and is a way of statistically increasing the power of a clinical trial in a small patient population when used to incorporate auxiliary information such as historical data, or data that are being accumulated as the trial progresses. Importantly, it has been accepted by regulatory agencies in such cases. Below are the results of the Bayesian analysis of patient data from cohorts treated at  $1.8 \times 10^{14}$  total vg and  $1.2 \times 10^{14}$  total vg. As seen in the table, the analysis confirmed both the natural history data of an 8-point decline in the MFM32 total percent score per year, and importantly, that patients treated with  $1.8 \times 10^{14}$  total vg experienced an arrest of disease progression that was statistically significant. The Bayesian analysis confirms the positive findings that were seen with the frequentist approach.



	Bayesian Analysis		Frequentist Analysis		
	Mean	Std Dev	Estimate	Std Error	p-Value
Post infusion: $1.8 \times 10^{14}$ total vg	7.78	1.94	7.78	1.89	<0.001
Post infusion: $1.2 \times 10^{14}$ total vg	6.09	2.11	6.07	2.05	0.004
Natural history decline	-8.19	0.74	-8.18	0.72	<0.001

As shown below, the Bayesian efficacy analysis confirmed that TSHA-120 halted patients' pre-treatment rate of decline when compared to individual historical data. As shown on these graphs, the  $1.8 \times 10^{14}$  total vg dose halted patient pre-treatment rate of decline with an average annual slope improvement of 7.78 points while the  $1.2 \times 10^{14}$  total vg dose resulted in a clinically meaningful slowing of disease progression with an average annual slope improvement of 6.09 points. These results are consistent with a dose response relationship.

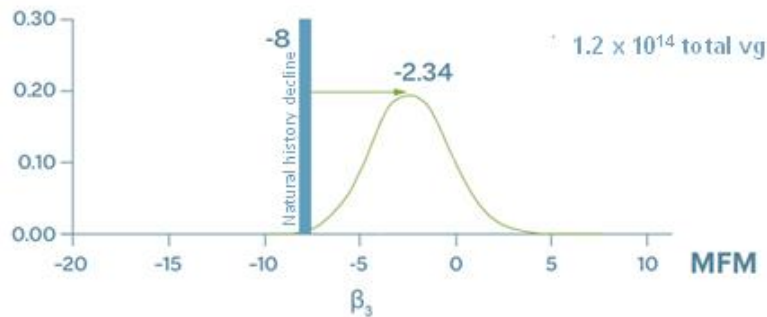
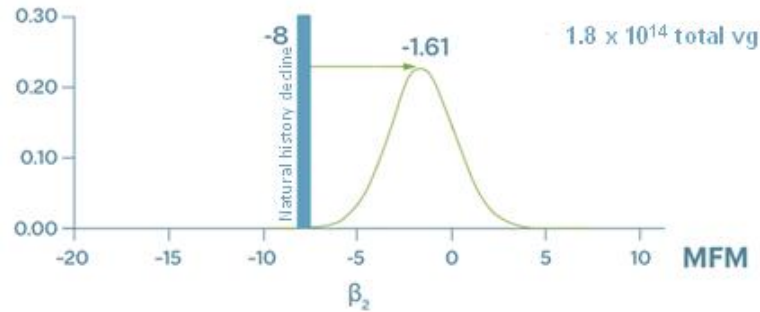




Further analyses confirmed that there was a nearly 100% probability of clinically meaningful slowing of disease progression. As shown below, the  $1.8 \times 10^{14}$  total vg dose confirmed a virtually 100% probability of clinically meaningful slowing of disease compared to natural history decline of GAN patients while the  $1.2 \times 10^{14}$  total vg dose confirmed an approximately 85% probability of clinically meaningful slowing of disease and a virtually 100% probability of any slowing of disease.

## Bayesian Efficacy Analysis

Compared to natural history data



X-axis = annual decline in MFM32 total % score  
Blue line = natural history decline (-8 points per year)

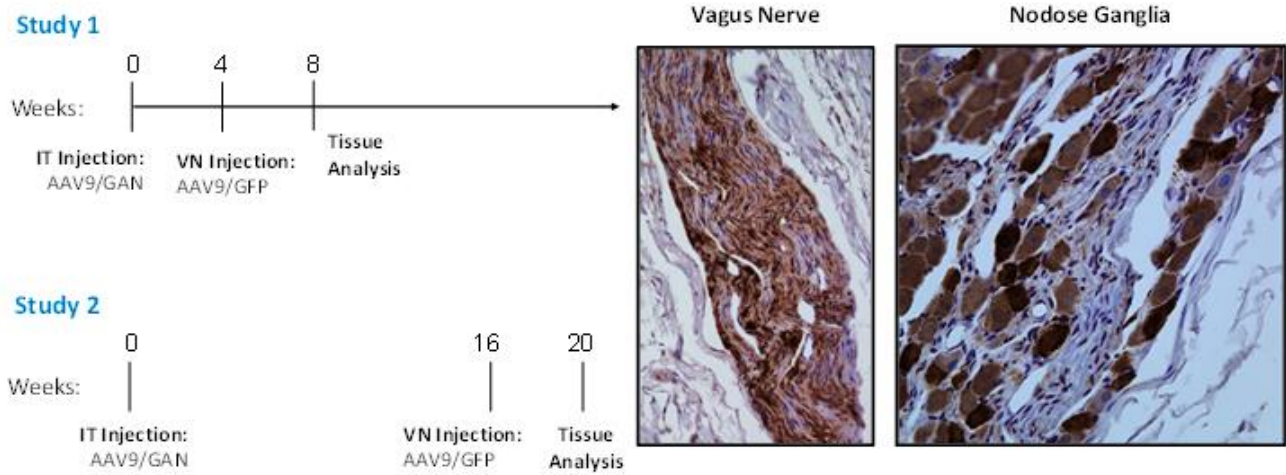
Change in disease progression	Values = % Probability	
	$1.8 \times 10^{14}$ total vg	$1.2 \times 10^{14}$ total vg
Any Slowing	99.9	99.8
Clinically meaningful slowing 50% or more	98.3	84.9

We intend to engage with the FDA, European Medicines Agency, Medicines and Healthcare products Regulatory Agency in the United Kingdom and the Pharmaceuticals and Medical Devices Agency in Japan to discuss the regulatory pathway for TSHA-120 and will provide an update by year-end.

## Vagus Nerve Redosing

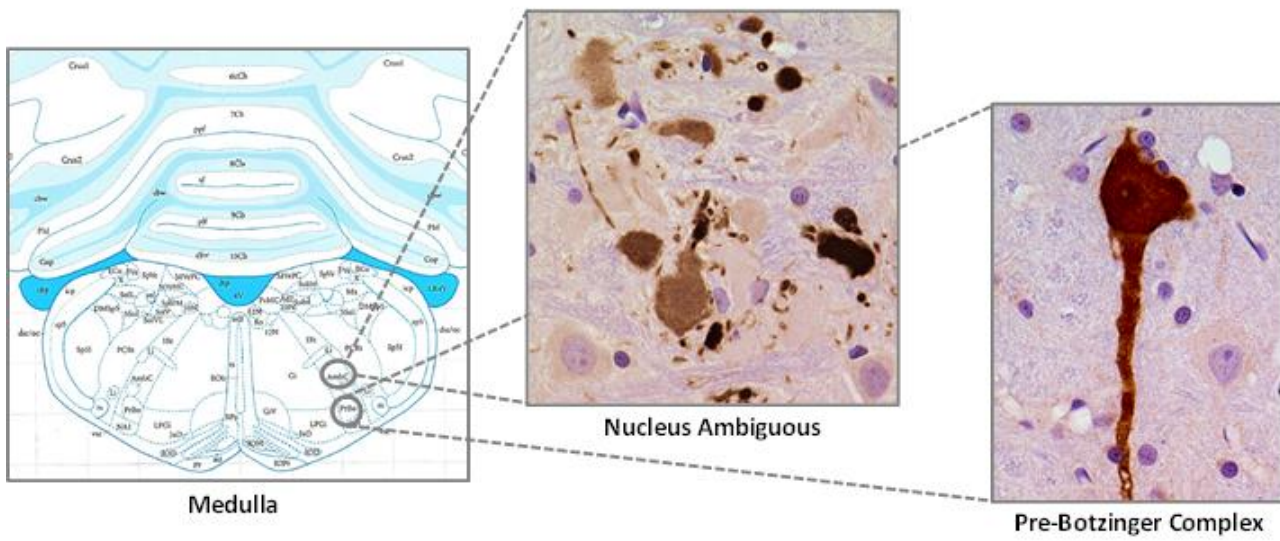
Proof-of-concept research in the preclinical setting has supported that direct injection into the vagus nerve of TSHA-120 following an intrathecal administration of TSHA-120 may ameliorate autonomic nervous system dysfunction. At either four or sixteen weeks after wild-type rats were injected intrathecally with TSHA-120, they received a second dose via direct injection of the AAV9 vector into the vagus nerve. Four weeks after the second injection, tissues were assessed for expression of our re-dosed virus by staining for the green fluorescent protein, GFP, carried by the second AAV9 vector. Examination of the injected vagus nerve and associated nodose ganglia showed a robust expression of GFP (as represented by the brown staining below), indicating that in rats, AAV9 can be re-dosed through a direct nerve injection following intrathecal delivery.

### Robust Expression of GFP in the Vagus Nerve and Associated Nodose Ganglia in Rats Support Redosing Via Vagus Nerve Injection



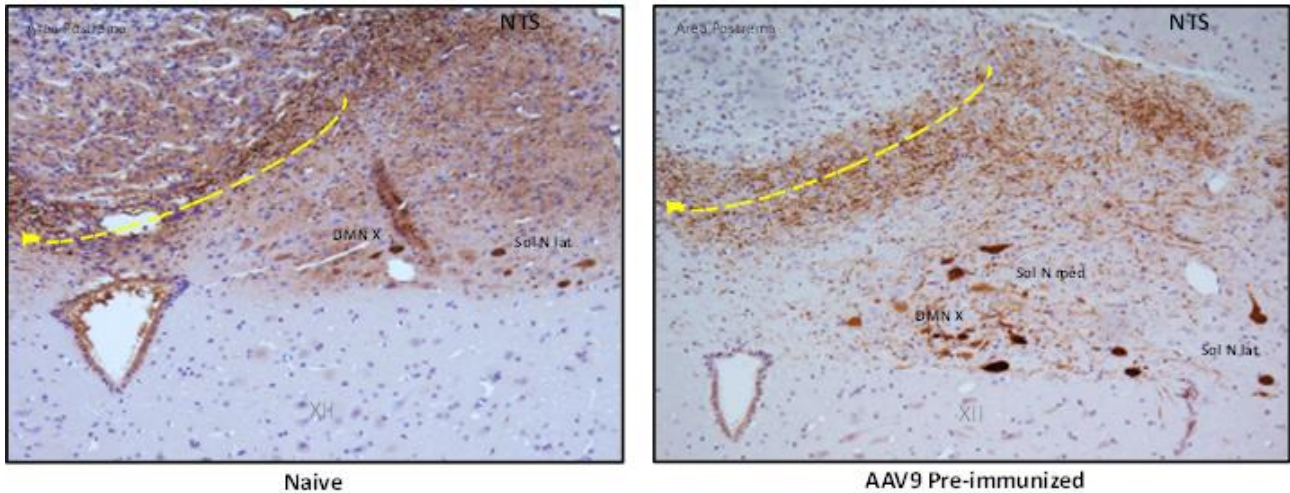
Consistent with single-dosing studies, re-dosed animals showed expression in the medulla vagus nerve nuclei. As shown below, GFP expression was seen in the nucleus ambiguus, which controls motor functions critical for vocalization, swallowing and peristalsis and in the Pre-Botzinger complex, which contains respiratory rhythm generating neurons – all of which are autonomic functions compromised in GAN and many other neurological diseases.

### Successful Transduction of Relevant Brain Neurons Following Redosing Via Vagus Nerve Injection



As illustrated below, further support of how vagus nerve injection permits AAV9 redosing was demonstrated in the brain of a naïve animal shown on the left compared to an intrathecally AAV9-immunized rat on the right. Efficient GFP transduction was observed in vagal nerve fibers and in brain neurons. In the area postrema, which has a reduced blood-barrier and is a target for vagal afferent fiber trafficking, there was reduced GFP expression in pre-immunized animals, at four and sixteen weeks, as compared to naïve animals. This suggests that pre-existing neutralization antibodies may dampen the overall transduction of vagal nerve delivered AAV9, but efficient transduction of autonomic relevant neurons can still be achieved. These results support that the vagus nerve space is immune privileged enough to allow for redosing.

#### Vagus Nerve Injection Permits AAV9 Redosing Confirmed in Brain Slices of AAV9-Immunized Rats



#### TSHA-102 for Rett Syndrome

TSHA-102, a neurodevelopmental disorder product candidate, is being developed for the treatment of Rett syndrome, one of the most common genetic causes of severe intellectual disability, characterized by rapid developmental regression and in many cases caused by heterozygous loss of function mutations in MECP2, a gene essential for neuronal and synaptic function in the brain. We designed TSHA-102 to prevent gene overexpression-related toxicity by inserting microRNA, or miRNA target binding sites into the 3' untranslated region of viral genomes. This overexpression of MECP2 is seen in the clinic in patients with a condition known as MECP2 duplication syndrome, where elevated levels of MECP2 result in a clinical phenotype similar to Rett syndrome both in terms of symptoms and severity. TSHA-102 is constructed from a neuronal specific promoter, MeP426, coupled with the miniMECP2 transgene, a truncated version of MECP2, and miRNA-Responsive Auto-Regulatory Element, or miRARE, our novel miRNA target panel, packaged in self-complementary AAV9.

Recently, preclinical data from the ongoing natural history study for TSHA-102 were published online in *Brain*, a highly esteemed neurological science peer-reviewed journal. The preclinical study was conducted by the UT Southwestern Medical Center (UT Southwestern) laboratory of Sarah Sinnett, Ph.D., and evaluated the safety and efficacy of regulated miniMECP2 gene transfer, TSHA-102 (AAV9/miniMECP2-miRARE), via intrathecal (IT) administration in adolescent mice between four and five weeks of age. TSHA-102 was compared to unregulated full length MECP2 (AAV9/MECP2) and unregulated miniMECP2 (AAV9/miniMECP2).

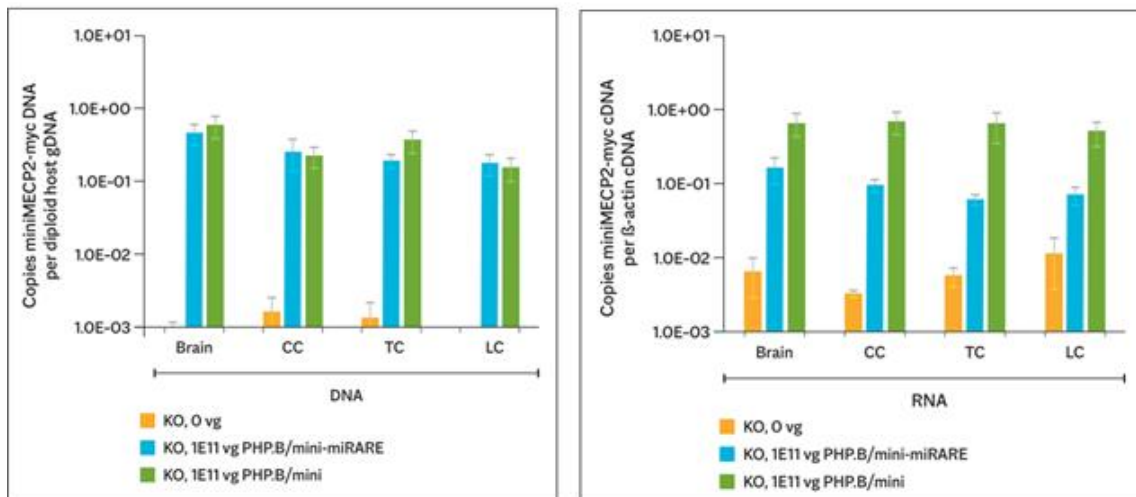
TSHA-102 extended knockout mouse model survival by 56% via IT delivery. In contrast, the unregulated miniMECP2 gene transfer failed to significantly extend knockout mouse model survival at either dose tested. Additionally, the unregulated full-length MECP2 construct did not demonstrate a significant extension in survival and was associated with an unacceptable toxicity profile in wild type mice.

In addition to survival, behavioral side effects were explored. Mice were subjected to phenotypic scoring and a battery of tests including gait, hindlimb clasp, tremor and others to comprise an aggregate behavioral score. miRARE attenuated miniMECP2-mediated aggravation in wild type aggregate phenotype severity scores. Mice were scored on an aggregate severity scale using an established protocol. AAV9/MECP2- and AAV9/miniMECP2-treated wild type mice had a significantly higher mean (worse) aggregate behavioral severity score versus that observed for saline-treated mice ( $p < 0.05$ ; at 6–30 and 7–27 weeks of age).

respectively). TSHA-102-treated wild type mice had a significantly lower (better) mean aggregate severity score versus those of AAV9/MECP2- and AAV9/miniMECP2-treated mice at most timepoints from 11–19 and 9–20 weeks of age, respectively. No significant difference was observed between saline- and TSHA-102-treated wild type mice.

miRARE-mediated genotype-dependent gene regulation was demonstrated by analyzing tissue sections from wild type and knockout mice treated with AAV9 vectors given intrathecally. When knockout mice were injected with a vector expressing the mini-MECP2 transgene with and without the miRARE element, miRARE reduced overall miniMECP2 transgene expression compared to unregulated miniMECP2 in wild type mice as shown below.

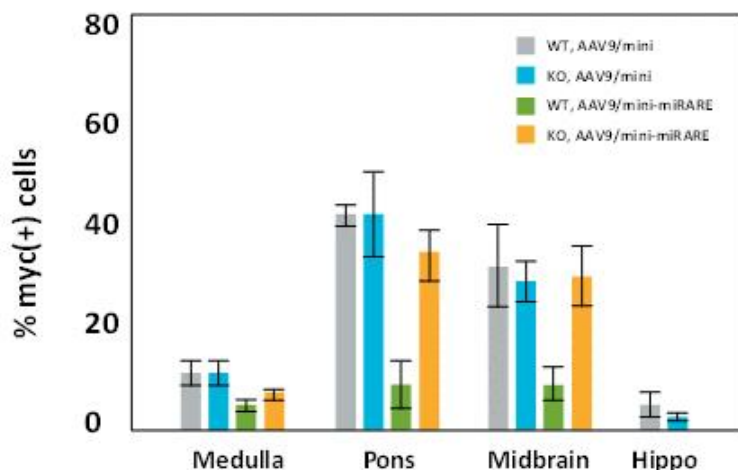
### miRARE Reduced Overall Expression of MiniMeCP2 Transgene Expression Compared to Unregulated MiniMeCP2 in WT Mice



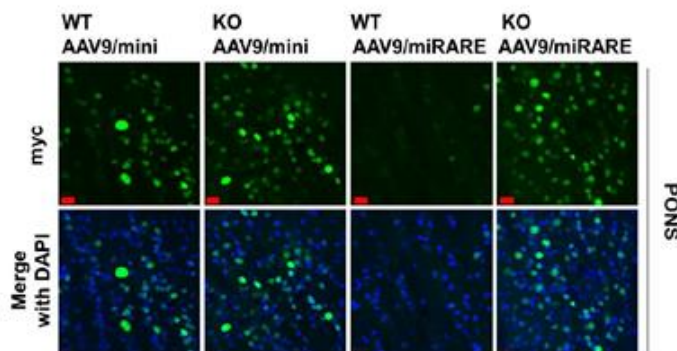


TSHA-102 demonstrated regulated expression in different regions of the brain. As shown in the graph and photos below, in the pons and midbrain, miRARE inhibited mean MECP2 gene expression in a genotype-dependent manner as indicated by significantly fewer myc(+) cells observed in wild type mice compared to knockout mice ( $p < 0.05$ ), thereby demonstrating that TSHA-102 achieved MECP2 expression levels similar to normal physiological parameters.

### miRARE Inhibited Regulation of Mean MECP2 Gene Expression in a Genotype-Dependent Manner in Different Regions of the Brain



### Treatment with TSHA-102 Resulted in Significantly Fewer Cells Demonstrating Expression in the Pons and Midbrain in WT Mice Compared to KO Mice



We plan to submit an IND / CTA for TSHA-102 in the second half of 2021, initiate a Phase 1/2 clinical trial by the end of 2021 and report clinical data by the end of 2022.

#### TSHA-118 for CLN1 Disease

CLN1 disease (one of the forms of Batten disease), a lysosomal storage disorder, is a progressive, fatal neurodegenerative disease with early childhood onset that has an estimated incidence of approximately 1 in 138,000 live births worldwide. The estimated prevalence of CLN1 disease is 900 patients in the United States and European Union. CLN1 disease is caused by loss-of-function mutations in the *CLN1* gene that encodes the enzyme palmitoyl-protein thioesterase-1, or PPT1, a small glycoprotein involved in the

degradation of certain lipid-modified proteins. Loss of function mutations in the *CLN1* gene causes accumulation of these lipid-modified proteins in cells, eventually leading to aggregation, neuronal cellular dysfunction and, ultimately neuronal cell death.

In the infantile-onset form of CLN1 disease, clinical symptoms appear between six to 24 months and include rapid deterioration of speech and motor function, refractory epilepsy, ataxia and visual failure. Infantile-onset CLN1 patients are typically poorly responsive by five years of age and remain noncommunicative until their death, which usually occurs by seven years of age. Late-infantile-onset CLN1 disease begins between two to four years of age with initial visual and cognitive decline followed by the development of ataxia and myoclonus, or quick, involuntary muscle jerks. Juvenile-onset CLN1 disease patients present between the ages of five to ten years old, with vision loss as a first symptom followed by cognitive decline, seizures and motor decline. Approximately 60% of the children diagnosed with CLN1 disease in the United States present with early-onset infantile forms, with the remaining 40% experiencing later-onset childhood forms.

All currently available therapeutic approaches for patients with CLN1 disease are targeted towards the treatment of symptoms, and no disease-modifying therapies have been approved. Gene therapy has shown promise in correcting forms of neuronal ceroid lipofuscinoses, or NCL, diseases that involve mutations in soluble enzymes, in part, due to cross-correction of neighboring non-transduced cells.

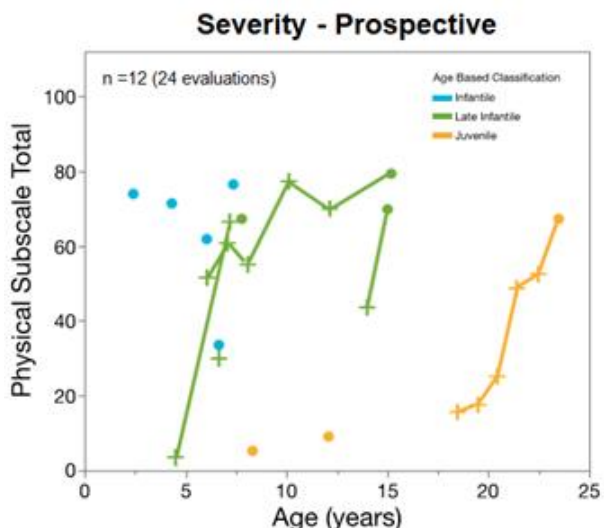
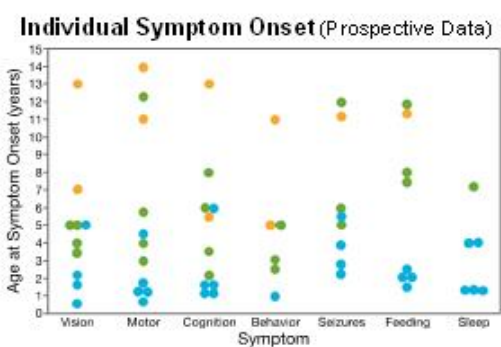
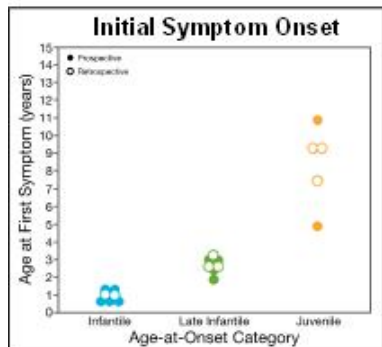
We believe that the introduction of a functional *CLN1* gene using an AAV9 vector delivered intrathecally to the CNS offers the potential of a disease-modifying therapeutic approach for this disease. TSHA-118 is a self-complementary AAV9 viral vector that expresses human codon-optimized *CLN1* complementary deoxyribonucleic acid under control of the chicken  $\beta$ -actin hybrid promoter. We acquired exclusive worldwide rights to certain intellectual property rights and know-how relating to the research, development and manufacture of TSHA-118 (formerly ABO-202) in August 2020 pursuant to a license agreement with Abeona Therapeutics Inc., or Abeona.

TSHA-118 has been granted orphan drug designation, rare pediatric disease designation and fast track designation from the FDA and orphan drug designation from the European Medicines Agency for the treatment of CLN1 disease.

There are currently two natural history studies ongoing to understand more about the disease. One is an observational study in Hamburg, Germany to assess the natural history of CLN1 diseases, including CLN1 disease, as part of the international DEM-CHILD database. The second study is a combined retrospective and prospective study being run by the University of Rochester to characterize the age-at-onset of major symptoms and the relationship between age and severity. As shown below, there are three different forms of the disease which are categorized based on the age of onset of first symptom: infantile, late infantile, and juvenile. As demonstrated below, symptomatology is closely related to the underlying phenotype.

### Rochester CLN1 Disease Natural History Data Age and Order of Symptom Onset

		Retrospective (n=8)	Prospective (n=12)
Sex	Female Male	7 (87.5%) 1 (12.5%)	6 (50%) 6 (50%)
Age-at-Onset	Infantile (0 - 1.5 years): Late Infantile (>1.5 - <5 years): Juvenile (≥5 years):	2 (mean 1.2 years) 3 (mean 2.9 years) 3 (mean 8.6 years)	5 (mean 1.0 years) 4 (mean 3.0 years) 3 (mean 8.0 years)



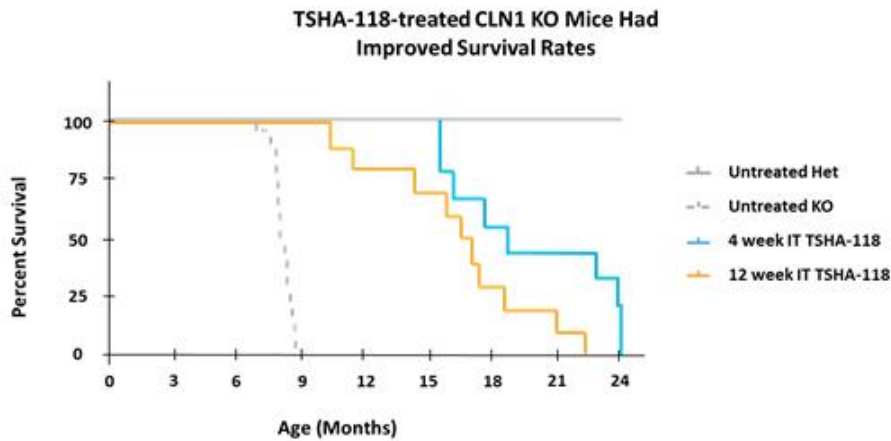
#### Preclinical Studies

In third-party preclinical studies, evidence of improvements in behavioral outcomes, survival and restoration of PPT1 enzymatic activity was observed, which we believe supports continued development of TSHA-118. In these studies, TSHA-118 was administered at a dose of  $7.0 \times 10^{11}$  vg/mouse via intrathecal lumbar puncture to a mouse model of CLN1 disease, selected for its ability to recapitulate the severity of the human disease. The results from this study showed that intrathecal treatment with TSHA-

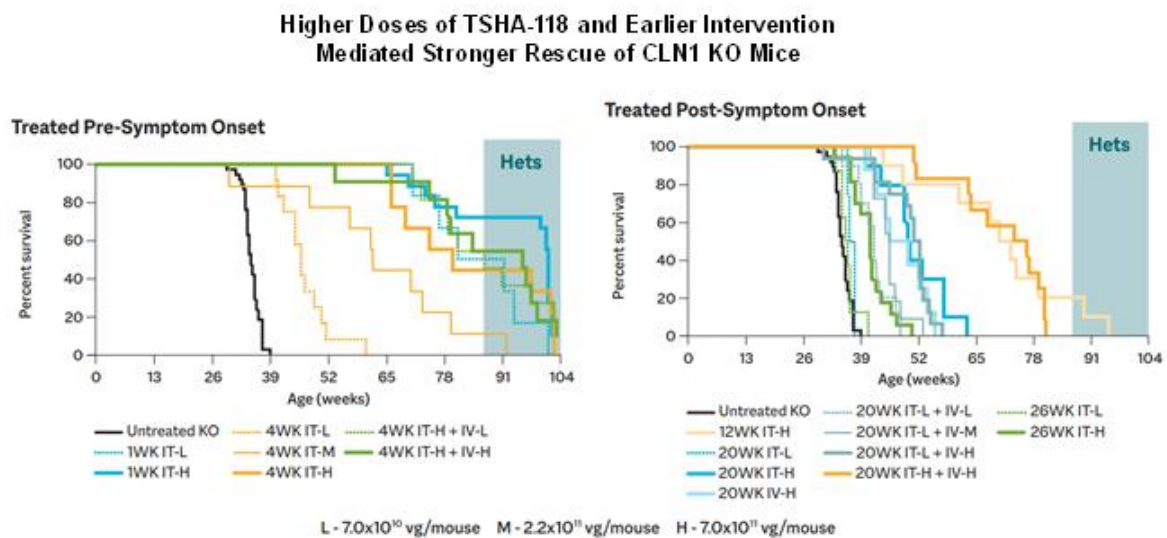


118 significantly extended survival of CLN1 knockout mice, with enhanced survival and behavioral outcomes correlating with treatment at younger ages and higher doses.

As illustrated in the figure below, mice treated with TSHA-118 at four weeks or twelve weeks of age had a mean survival of 18.7 or 16.7 months, respectively, compared to approximately 8 months survival for untreated CLN1 knockout mice.

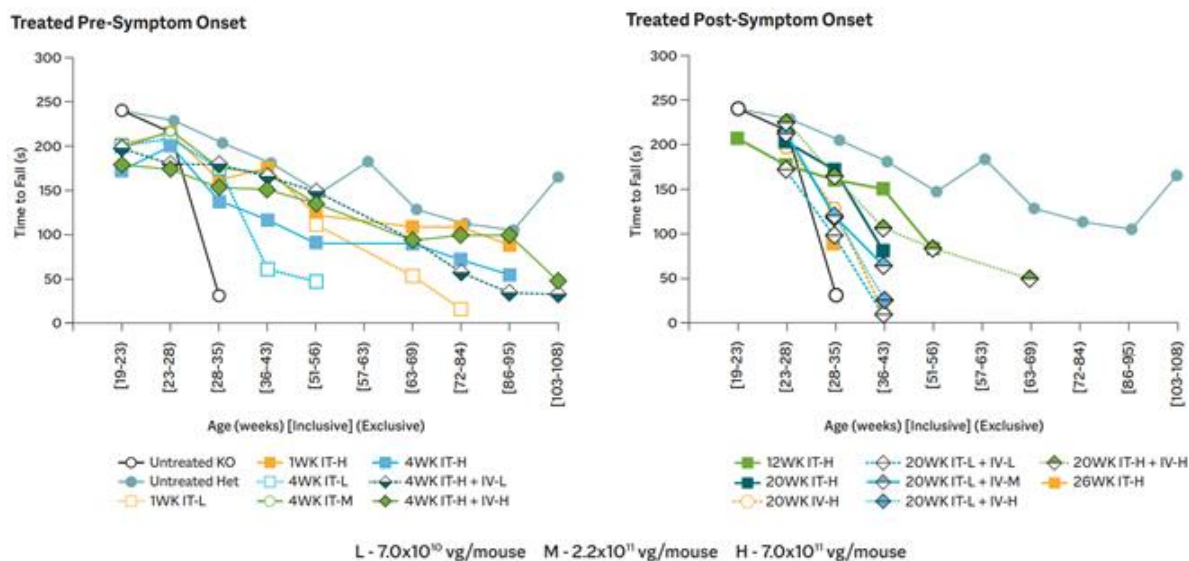


Preclinical studies suggested that early intervention is key to better outcomes in CLN1 disease. In CLN1 knockout mice, higher doses of TSHA-118 and earlier intervention mediated stronger rescue of these mice, as demonstrated below.



In addition, TSHA-118-treated CLN1 knockout mice had sustained preservation of motor function as demonstrated below.

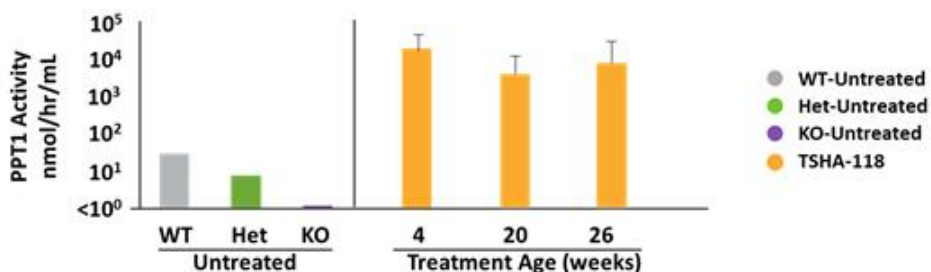
### TSHA-118-Treated CLN1 KO Mice Had Sustained Preservation of Motor Function



PPT1 enzyme activity in serum was measured at selected timepoints following TSHA-118 delivery by intrathecal administration at four, twenty or twenty-six weeks of age. Serum was collected either at four months post-treatment or at the humane endpoint.

As shown in the figure below, heterozygous mice had approximately 50% of normal serum PPT1 activity compared to wild-type mice. In contrast, treatment of CLN1 knockout mice with TSHA-118 resulted in supraphysiological levels of active PPT1 in the serum in comparison to wild-type and heterozygous mice.

### TSHA-118-Treated CLN1 Mice Had Increased and Sustained Plasma PPT1 Activity



#### TSHA-104 for SURF1-Associated Leigh Syndrome

We are developing TSHA-104, a neurodegenerative product candidate, for the treatment of SURF1-associated Leigh syndrome. The *SURF1* gene encodes the SURF1 protein, which plays a critical role in mitochondrial translation and is involved in the assembly of the cytochrome c oxidase complex. Mutations in *SURF1* lead to SURF1-associated Leigh syndrome, a recessively inherited mitochondrial disease, and are the most frequent cause of Leigh syndrome, a rapidly progressive neurological condition

characterized by the degeneration of the CNS. To date over 100 *SURF1* mutations, including non-sense, frame shift and missense variants have been described in literature. The incidence of *SURF1*-associated Leigh syndrome is estimated to be approximately 1 in 100,000 live births. The estimated prevalence of *SURF1* deficiency is 300 to 400 patients in the United States and European Union.

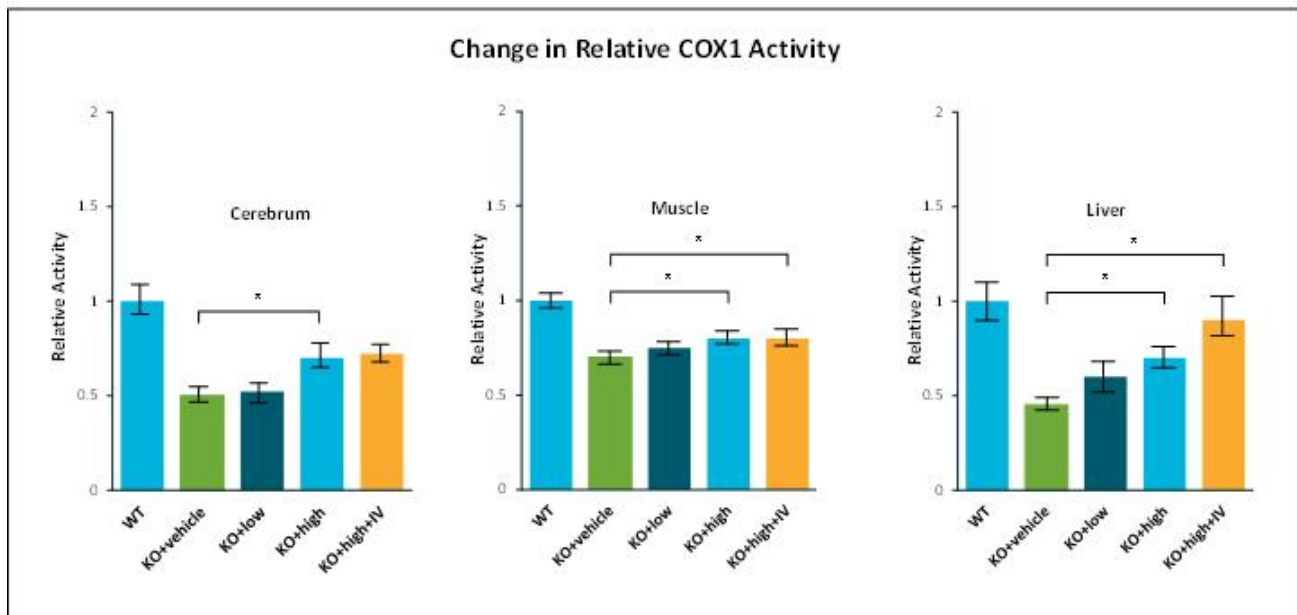
*SURF1*-associated Leigh syndrome can lead to difficulty swallowing in infancy, with subsequent failure to thrive. Severely diseased muscle tone leading to respiratory failure, movement disorders and balance abnormalities are common. According to the literature, only a few patients have been reported to survive beyond 10 years of age. In the majority of *SURF1*-deficient patients, serum lactate is elevated, and elevated levels of serum lactate have been reported in the CSF as well, indicative of mitochondrial dysfunction. We are pursuing a gene replacement strategy with the goal of restoring mitochondrial function in patients with *SURF1*-associated Leigh syndrome caused by loss-of-function mutations.

We are constructing TSHA-104 from a codon-optimized version of the human *SURF1* gene packaged within a self-complementary AAV9 viral vector under the control of a CBh promoter. We plan to submit an IND / CTA for TSHA-104 in the second half of 2021, initiate a Phase 1/2 clinical trial by the end of 2021 and report biomarker data in the first half of 2022.

We have received orphan drug designation and rare pediatric disease designation from the FDA for TSHA-104 for the treatment of *SURF1*-associated Leigh syndrome.

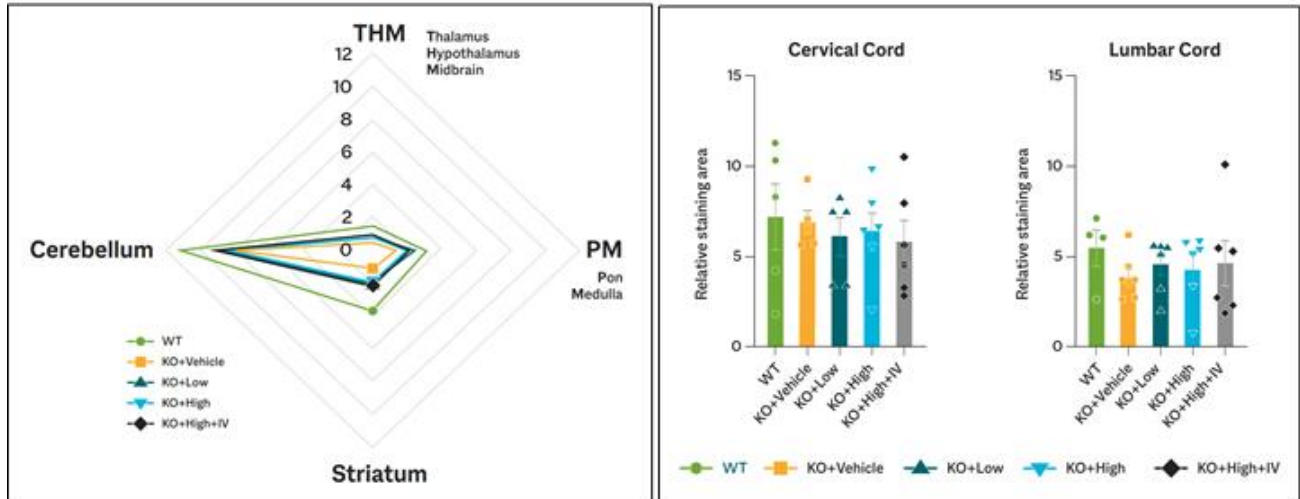
### Preclinical Studies

Data from preclinical studies suggest that functional gene replacement strategy could restore mitochondrial functions in *SURF1*-associated Leigh syndrome caused by *SURF1* loss-of-function mutations, which we believe support continued development of TSHA-104. In these studies, TSHA-104 was administered at two dose levels via intrathecal lumbar puncture to a knock-out mouse model of *SURF1*-associated Leigh syndrome. Intrathecal treatment with TSHA-104 was observed to be well tolerated. TSHA-104 also induced *SURF1* expression in the brain and partially rescued COX activity in a tissue specific manner, as shown below.



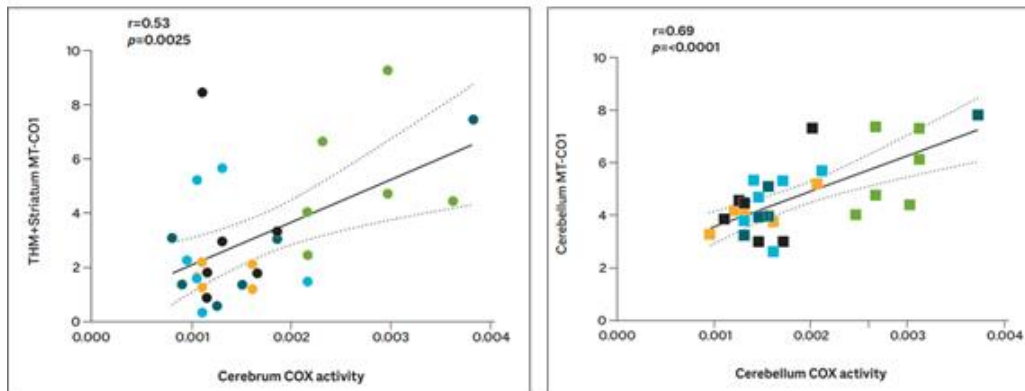
Improvement in MTC01, which is part of the assembled COX1 complex, was dose dependent in the treated mice as demonstrated below.

### Improvement in MT-CO1 Abundance 4 weeks Post-Injection



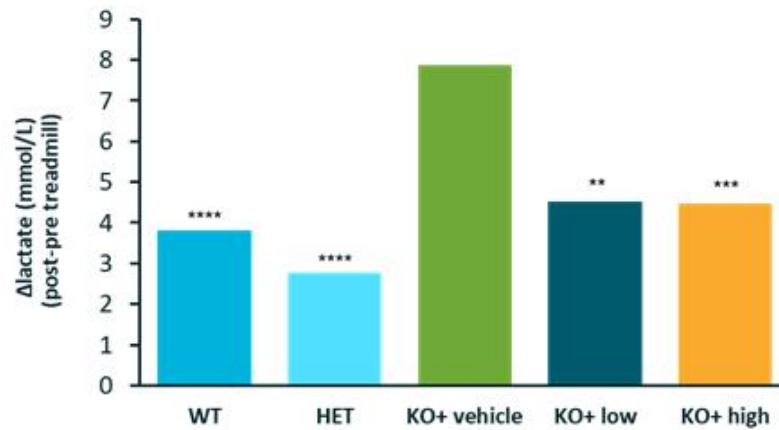
In addition, there was a correlation between MTCO1 assembly and COX activity, as demonstrated below.

### Biochemical COX Activity Correlated with Histological COX Content Level



When examining long-term rescue, TSHA-104 restored elevation of blood lactate on exhaustive exercise in the SURF1 knock-out mice.

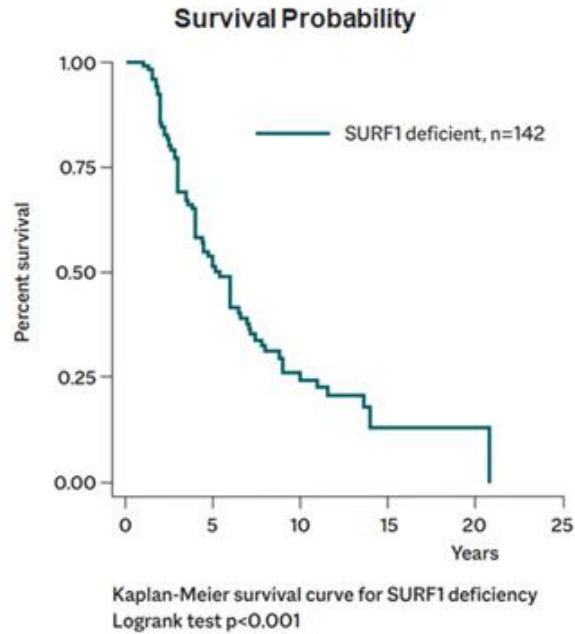
### Change of Blood Lactate After Exhaustive Running Delta Lactate 10 months



Change in lactate (post exhaustion lactate-pre-exhaustion lactate) of mice from all tested groups at 10 months old.  
Data shown as mean  $\pm$  SEM

\*\* $p < 0.01$ , \*\*\* $p < 0.001$ , and \*\*\*\* $p < 0.0001$

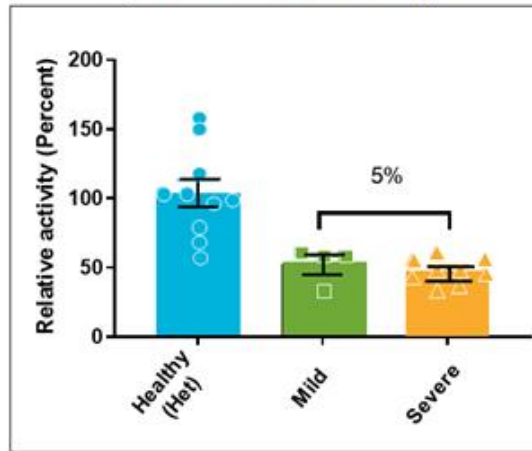
A detailed retrospective chart review natural history study published in 2013 included 44 cases with SURF1 deficiency. Of the 36 deceased patients with known causes of death, the cause was central respiratory failure in 80% of the patients. Seven patients survived beyond 10 years of age. Of these patients, six had neurological symptoms such as ataxia and motor developmental delay. Of note, gastrointestinal symptoms were not the prominent presenting feature in these cases. Furthermore, these six patients also did not experience developmental regression. Literature searches identified 98 SURF1-deficient cases with available survival data, which were pooled together with the data from the 44 cases. The Kaplan-Meier analysis below compared the survival experience of 142 SURF1-deficient cases to two other groups with Leigh syndrome due to nuclear gene mutations (56 with LRPPRC deficiency and 63 with nuclear-encoded complex I-deficient Leigh syndrome/“Leigh-like” disease). As indicated in the survival curve, the disease is progressive with significant morbidity, involves impairment in development and cognition causes seizures and results in a median survival length of 5.4 years.



*Exploratory Study to Examine COX1 Activity and Clinical Phenotype*

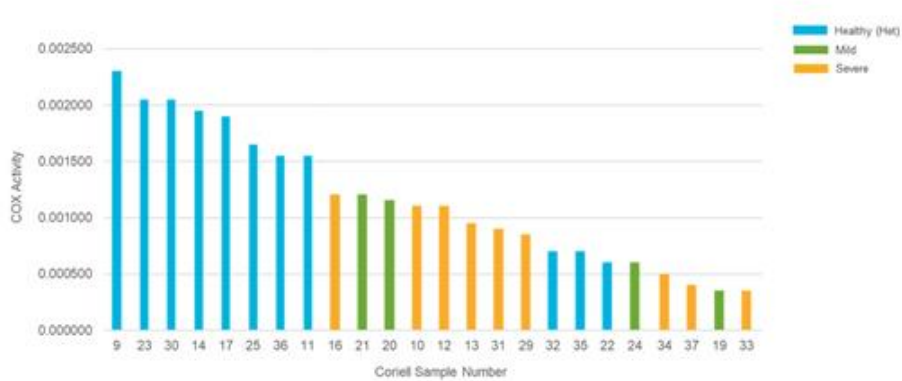
The underlying pathophysiology of SURF1 deficiency is linked to the deficiency of mitochondrial activity, which is centered around the formation of a COX complex and the resulting activity of COX1. We completed an exploratory study that examined the fibroblasts from various patients who were categorized as typical or severe Leigh syndrome versus patients who had a milder presentation, of Leigh syndrome to examine the difference in COX activity and the relevance of COX1 as a biomarker for the disease. As demonstrated below, preliminary data indicated that mild patients had slightly higher COX activity than severe patients, which suggests that a small increase in cytochrome oxidase activity could benefit patients.

**Slight Increase in COX1 Activity Significantly Improved Clinical Phenotype**



In addition, a reduction in COX activity correlated with disease worsening, as indicated by patient fibroblast data below.

**Reduction in COX Activity Correlated With Disease Worsening Patient Fibroblast Data**



*TSHA-113 for Tauopathies*

We are developing TSHA-113 for the treatment of tauopathies. Tau accumulation predicts neurodegeneration in Alzheimer’s disease, and the propagation of tau aggregates is thought to mediate the progression of several neurodegenerative diseases, including

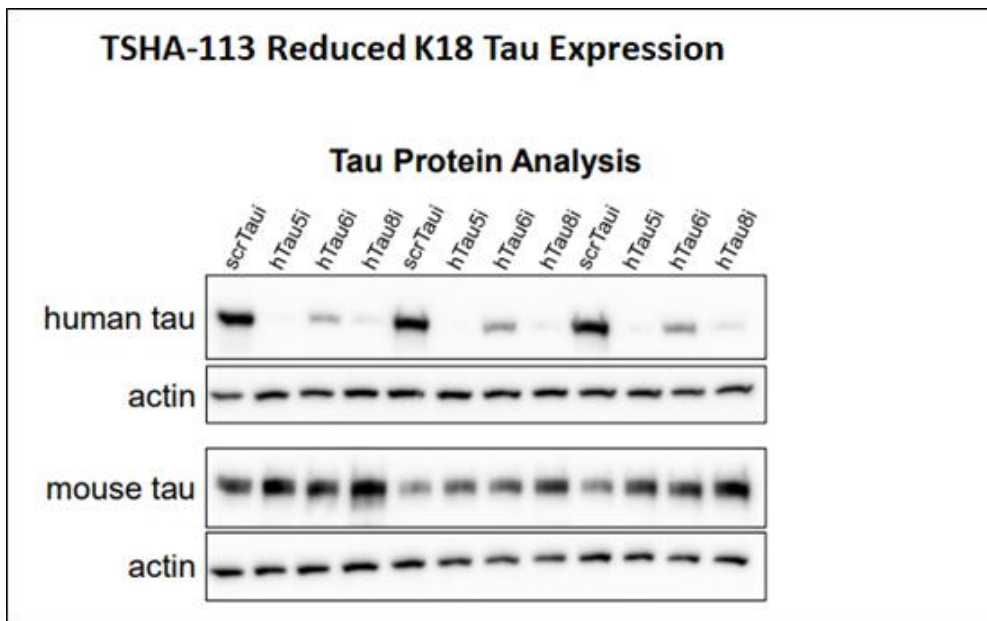
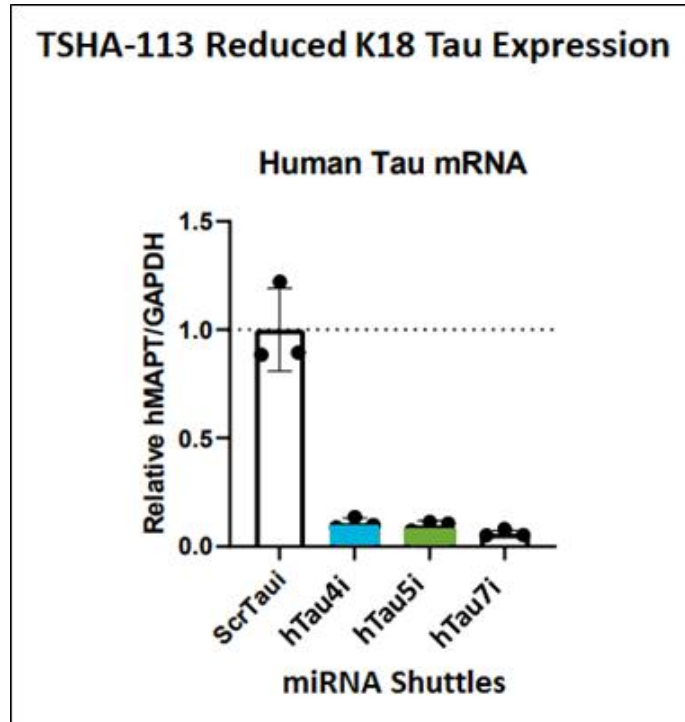
progressive supranuclear palsy, corticobasal degeneration, behavioral variant frontotemporal degeneration, chronic traumatic encephalopathy, frontotemporal dementia and parkinsonism linked to chromosome 17.

As a result, multiple strategies are currently being tested to reduce tau and ameliorate the effects of these diseases. Preclinical studies testing tau anti-sense oligonucleotides, or ASOs, in the PS19 tauopathy mouse model prevented neuronal loss and showed a reversal of pathological tau deposition and seeding. This treatment is being tested in clinical trials. While promising, ASOs only reduced tau protein levels by approximately 50% in mice, and they required repeated, life-long intrathecal administration to reach this maximum effect.

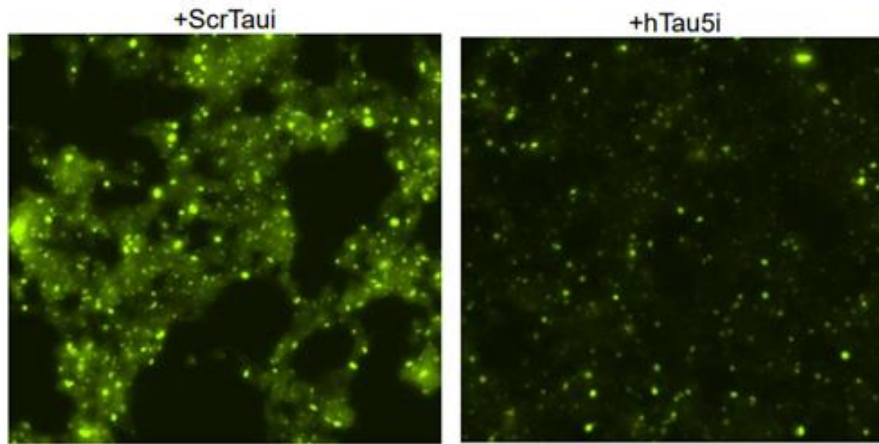
We are developing TSHA-113 to utilize AAV-mediated gene silencing to deliver life-long reduction of tau protein levels in neurons following administration of a single dose. We are developing tau-specific miRNA shuttles that have been designed to target mRNA for all six isoforms of tau found in the human brain and/or mouse brain. Our preliminary data in cells has shown that our tau miRNA selectively reduced some human and mouse tau expression *in vitro* and we have packaged our miRNA shuttles in AAV9 capsids for further evaluation in mouse models of human tauopathies.



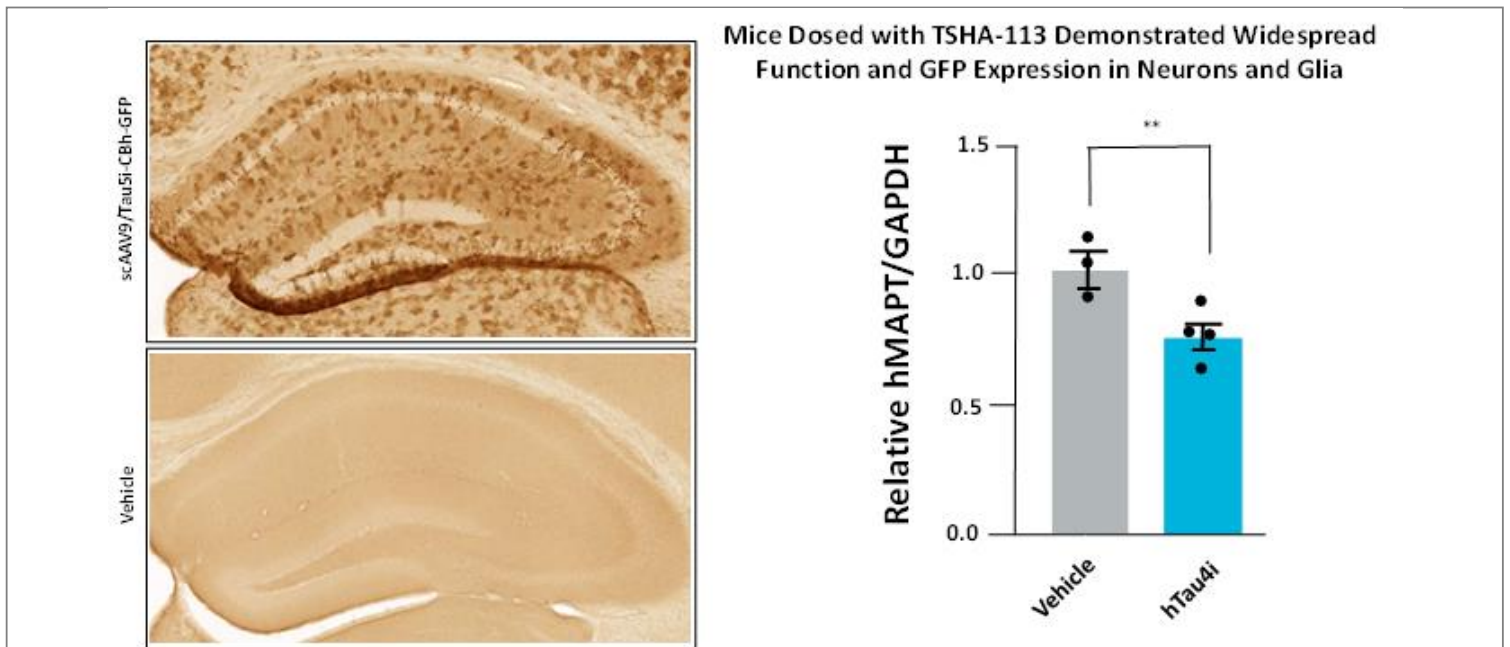
In transgenic mouse models carrying human tau, TSHA-113 significantly reduced tau mRNA and protein levels, as shown in the three figures below.



## TSHA-113 Reduced K18 Tau Expression



Mice dosed with TSHA-113 demonstrated widespread function and GFP expression in neurons and glia, as illustrated below.



Together with previous *in vitro* findings, we believe that these data further validate selective reduction of tau mRNA and protein levels and warrant further preclinical development.

### TSHA-105 for SLC13A5 Deficiency

We are developing TSHA-105 for the treatment of SLC13A5 deficiency, a rare autosomal recessive epileptic encephalopathy characterized by the onset of seizures within the first few days of life. The estimated prevalence of SLC13A5 deficiency is 1,900 patients in the United States and European Union. Affected children have impairments in gross motor function and speech production with relative preservation of fine motor skills and receptive speech. SLC13A5 deficiency is caused by bi-allelic loss-of function

mutations in the *SLC13A5* gene, which codes for a sodium dependent citrate transporter, or NaCT, that is largely expressed in the brain and liver. To date, all tested mutations result in no or a greatly reduced amount of the citrate in the cells.

Diminished NaCT function leads to loss of neuronal uptake of citrate and other metabolites such as succinate that are critical to brain energy metabolism and function. Currently, there are no approved therapies for SLC13A5 deficiency, and treatment is largely to address symptoms.

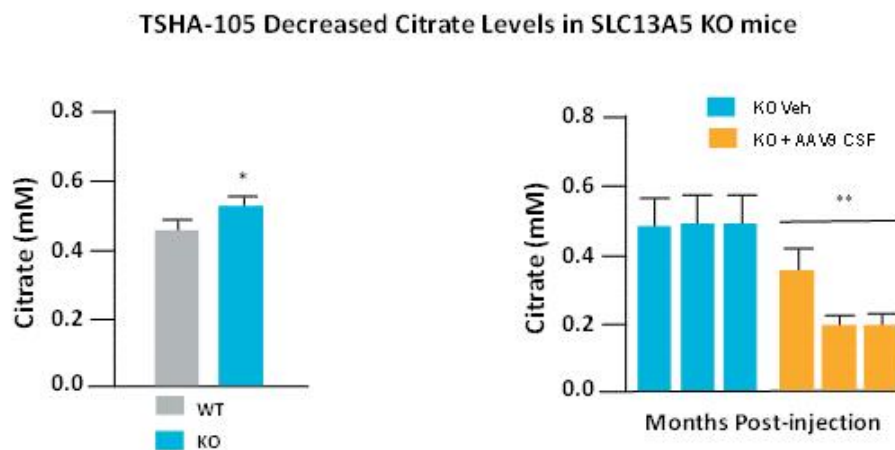
We are developing TSHA-105 as a gene replacement therapy for SLC13A5 deficiency. TSHA-105 is constructed from a codon-optimized human *SLC13A5* gene packaged in a self-complementary AAV9 capsid.

We have received orphan drug designation and rare pediatric disease designation from the FDA for TSHA-105 for the treatment of epilepsy caused by SLC13A5 deficiency.

### Preclinical Studies

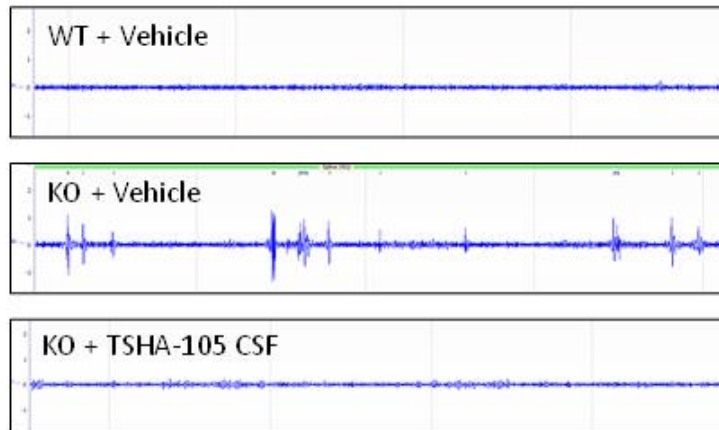
In preliminary safety studies conducted in wildtype mice, vehicle or TSHA-105 was administered via CSF delivery. Weight and survival in the control and treatment group were the same and no overt toxicities were observed for up to one-year post-treatment.

Studies to evaluate TSHA-105 were conducted using SLC13A5 knockout mice. In comparison to age-matched, wildtype controls, SLC13A5 knockout mice exhibit altered citrate metabolism along with abnormal electroencephalogram, or EEG, activity and increased seizure susceptibility. At 3 months of age, SLC13A5 knockout mice were treated with TSHA-105 via CSF delivery. Administration of TSHA-105 resulted in a significant, sustainable decrease of plasma citrate levels up to 3-months post-injection, as shown below. These results suggest that gene replacement therapy can restore citrate transport and that citrate may be used as a biomarker for the disease and following treatment.

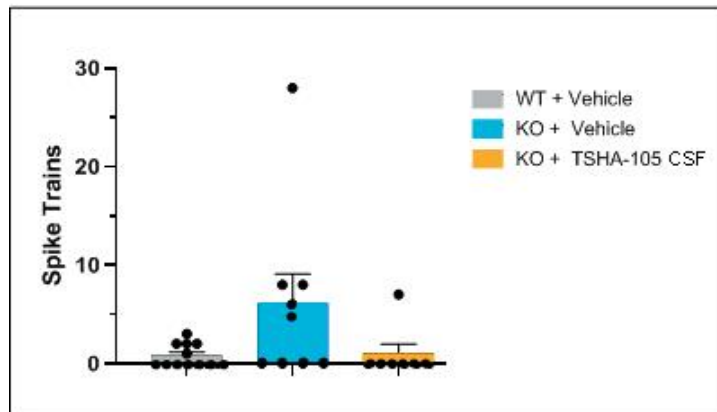


In addition, in ongoing EEG studies, TSHA-105 normalized EEG activity and decreased the number of seizures in knockout mice in comparison vehicle-treated controls as shown below.

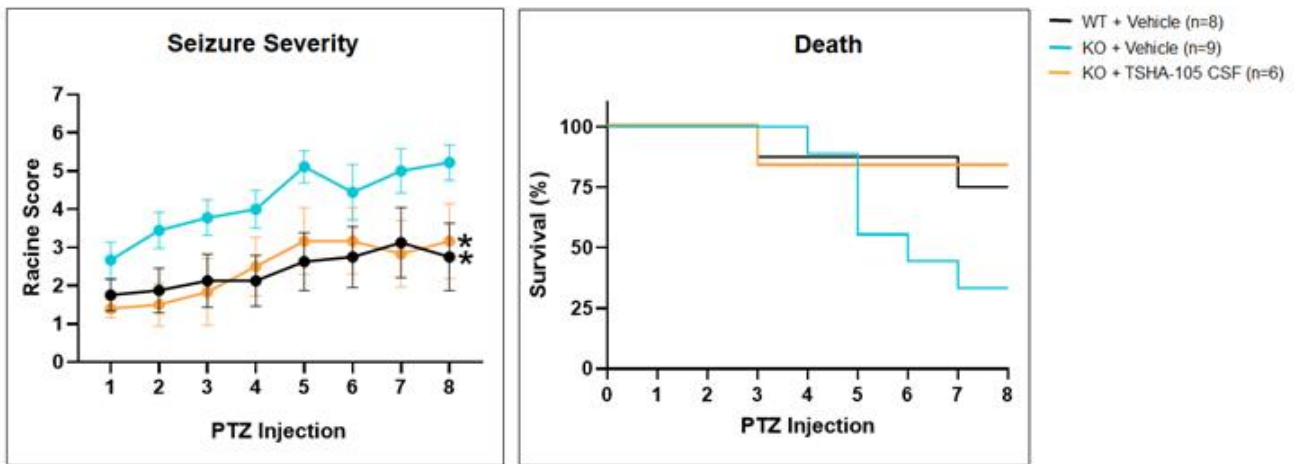
### TSHA-105 Improved EEG Activity in SLC13A5 KO mice



### TSHA-105 Reduced Spike Train Activity in SLC13A5 Knockout Mice



TSHA-105 also reduced seizures and associated deaths in SLC13A5 knockout mice, as shown below.



### TSHA-103 for SLC6A1 Haploinsufficiency Disorder

SLC6A1 haploinsufficiency disorder is caused by loss-of-function mutations in the *SLC6A1* gene. Loss of-function mutations in the *SLC6A1* gene have been identified as one of the most common monogenic causes of epilepsy with myoclonic atonic seizures, or brief and abrupt seizures followed by loss of muscle strength, as well as autism spectrum disorder and intellectual disability.

Patients diagnosed with SLC6A1 haploinsufficiency disorder typically present with developmental delay, varying degrees of intellectual disability, seizures and abnormal EEG characterized by generalized spike-wave discharges. Most patients are refractory to pharmacological seizure control although a portion of patients become seizure free during the course of disease progression. Importantly, seizure control is not associated with improved cognitive outcomes, which highlights the complexity of the disease as well as the need for novel therapies directed at its underlying pathology.

Approximately 81% of patients with SLC6A1 haploinsufficiency disorder have epilepsy, with typical absence seizures, which are abrupt and followed by lack of awareness, being the predominant form observed. In addition, 91% of individuals exhibit developmental delays, with more than 80% characterized as mild or moderate intellectual disability. Ataxia, or tremors, is present in approximately 29% of individuals, while autism or autistic features are observed in approximately 24% of individuals diagnosed with SLC6A1 haploinsufficiency disorder.

The *SLC6A1* gene encodes the gamma-aminobutyric acid, or GABA, transporter 1, or GAT1. GAT1 is a voltage-dependent transporter responsible for the reuptake of GABA, a non-protein amino acid that is well characterized for its role as a major inhibitory neurotransmitter within the mammalian CNS. GAT1 plays a critical role in the reuptake of GABA from neuronal synapses and extracellular spaces and as a result, a critical role in balancing neuronal excitations. When GABA transport is disrupted, brain development is negatively impacted resulting in deficits in attention and cognition as well as seizures.

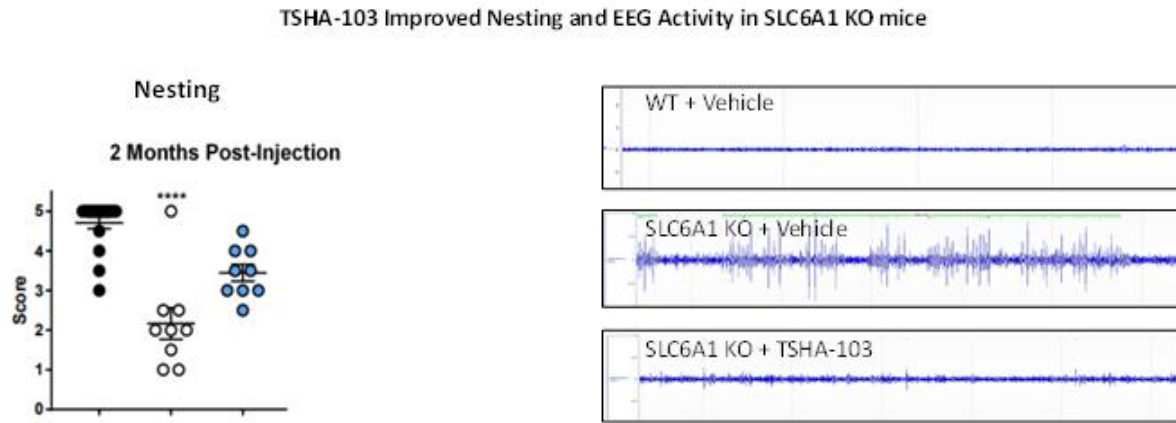
The exact incidence and prevalence of SLC6A1 haploinsufficiency disorder is unknown but we believe the estimated prevalence is 17,000 patients in the United States and European Union. According to recently published data, the incidence of SLC6A1 haploinsufficiency disorder is approximately 1 in 36,000 live births. We believe that SLC6A1 haploinsufficiency disorder is underdiagnosed as the underlying biology was only recently elucidated and the gene had not been part of commercially available genetic epilepsy screening panels. Clinician education and expanded use of genetic screening panels that include SLC6A1 will likely lead to increased identification of individuals with these mutations.

We are developing TSHA-103, a genetic epilepsy product candidate, for the treatment of SLC6A1 haploinsufficiency disorder. TSHA-103 is a gene replacement therapy constructed from a codon-optimized version of the human *SLC6A1* gene packaged within a self-complementary AAV9 viral vector. We are currently conducting preclinical studies of TSHA-103.

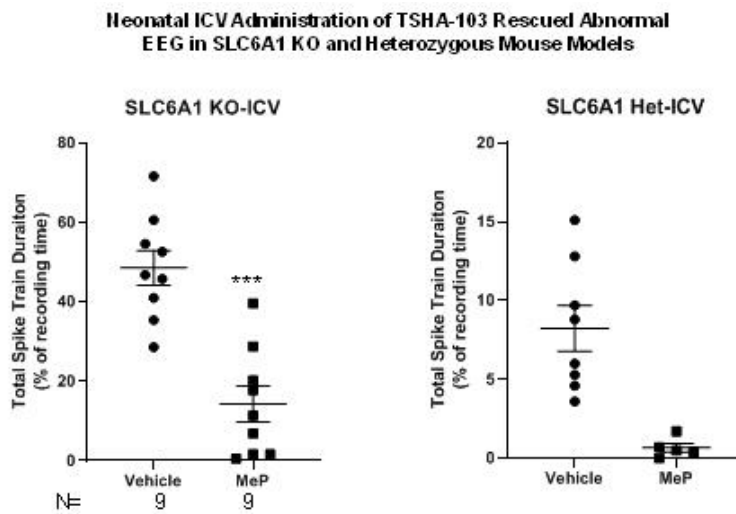
We have received orphan drug designation and rare pediatric disease designation from the FDA for TSHA-103 for the treatment of epilepsy caused by SLC6A1 haploinsufficiency disorder.

*Preclinical Studies*

We are currently conducting preclinical studies of TSHA-103. In the SLC6A1 knockout mouse model, TSHA-103 improved nesting and EEG, activity, as shown below.



In SLC6A1 knockout and heterozygous mouse models, neonatal ICV administration of TSHA-103 rescued abnormal EEG.



*TSHA-106 for Angelman Syndrome*

We are developing TSHA-106 for the treatment of Angelman syndrome, a neurodevelopmental disorder caused by a maternal deficiency of the *UBE3A* gene. Angelman syndrome is characterized by profound developmental delay, ataxia and gait disturbance, sleep disorder, seizures, heightened anxiety and aggression and severe speech impairments. Angelman syndrome affects approximately one per 12,000 to 20,000 patients worldwide. The estimated prevalence of Angelman syndrome is 55,000 patients in

the United States and European Union. There are currently no approved therapies for the treatment of Angelman syndrome. Current treatment focuses on supportive care and managing medical and developmental issues.

Angelman syndrome is an imprinting disorder in which the maternal gene is deficient and the paternal copy of *UBE3A* is intact but silenced by a long non-coding RNA, *UBE3A* antisense transcript, or *UBE3A-ATS*. Delivery of an ASO targeting *UBE3A-ATS* showed promising results in ameliorating Angelman syndrome symptoms in a transgenic mouse model.

There are two approaches to treat this genetic abnormality. The first is to replace the maternal chromosome, or the maternal allele. The second approach is to use a silencing mechanism, or a small interfering RNA, to silence the noncoding strip of RNA that binds to the paternal allele and causes silencing of the gene. We are examining both approaches. We are developing TSHA-106 to target the *UBE3A-ATS* transcript through shRNA knock-down with an AAV-based strategy to achieve broad distribution of the shRNA expression cassette across the entire CNS following a single intrathecal dose.

## **License Agreements**

### ***Research, Collaboration and License Agreement with The University of Texas Southwestern Medical Center***

In November 2019, we entered into a research, collaboration and license agreement, or the UT Southwestern Agreement with The Board of Regents of the University of Texas System on behalf of UT Southwestern, as amended in April 2020.

In connection with the UT Southwestern Agreement, we obtained an exclusive, worldwide, royalty-free license under certain patent rights of UT Southwestern and a non-exclusive, worldwide, royalty-free license under certain know-how of UT Southwestern, in each case to make, have made, use, sell, offer for sale and import licensed products for use in certain specified indications. Additionally, we obtained a non-exclusive, worldwide, royalty-free license under certain patents and know-how of UT Southwestern for use in all human uses, with a right of first refusal to obtain an exclusive license under certain of such patent rights and an option to negotiate an exclusive license under other of such patent rights. We are required to use commercially reasonable efforts to develop, obtain regulatory approval for, and commercialize at least one licensed product.

In connection with the entry into the UT Southwestern Agreement, we issued to UT Southwestern 2,179,000 shares of our common stock. We do not have any future milestone or royalty obligations to UT Southwestern under the UT Southwestern Agreement, other than costs related to the maintenance of patents.

### ***License Agreement with Queen's University***

In February 2020, we entered into a license agreement, or the Queen's University Agreement with Queen's University. In connection with the Queen's University Agreement, we obtained an exclusive, perpetual, worldwide, royalty-bearing license, with the right to grant sublicenses, under certain patent rights and know-how of Queen's University, including certain improvements to the foregoing, to make, have made, use, offer for sale, sell and import licensed products and otherwise exploit such patents and know-how for use in certain specified indications. We also obtained an exclusive right of first negotiation to license certain next generation technology and improvements of Queen's University that do not constitute an already-licensed improvement to the licensed technology.

In connection with the Queen's University Agreement, we paid Queen's University a one-time fee of \$3.0 million as an upfront fee and approximately \$0.2 million to reimburse Queen's University for certain plasmid production costs. We are obligated to pay Queen's University up to \$10.0 million in the aggregate upon achievement of certain regulatory milestones and up to \$10.0 million in the aggregate upon achievement of certain commercial milestones, a low single digit royalty on net sales of licensed products, subject to certain customary reductions, and a percentage of non-royalty sublicensing revenue ranging in the low double digits. Royalties are payable on a licensed product-by-licensed product basis and country-by-country basis until expiration of the last valid claim of a licensed patent covering such licensed product in such country and the expiration of any regulatory exclusivity for such licensed product in such country. Additionally, we are obligated to pay Queen's University a low double-digit portion of any amounts received by us in connection with the sale of a priority review voucher related to a licensed product, not to exceed a low eight-figure amount.

In connection with a separate research grant agreement with Queen's University, we reimbursed Queen's University for certain manufacturing production costs totaling \$3.8 million in fiscal year 2020.

### ***License Agreement with Abeona (CLN1 Disease)***

In August 2020, we entered into a license agreement, or the Abeona CLN1 Agreement, with Abeona Therapeutics Inc., or Abeona. In connection with the Abeona CLN1 Agreement, we obtained an exclusive, worldwide, royalty-bearing license, with the right to grant sublicenses under certain patents, know-how and materials originally developed by the University of North Carolina at Chapel Hill and Abeona to research, develop, manufacture, have manufactured, use, and commercialize licensed products for gene therapy for the prevention, treatment, or diagnosis of CLN1 Disease (one of the forms of Batten disease) in humans.

In connection with the license grant, we paid Abeona a one-time upfront license fee of \$3.0 million during fiscal year 2020. We are obligated to pay Abeona up to \$26.0 million in regulatory-related milestones and up to \$30.0 million in sales-related milestones per licensed product and high single-digit royalties on net sales of licensed products. Royalties are payable on a licensed product-by-licensed product and country-by-country basis until the latest of the expiration or revocation or complete rejection of the last licensed patent covering such licensed product in the country where the licensed product is sold, the loss of market exclusivity in such country where the product is sold, or, if no licensed product exists in such country and no market exclusivity exists in such country, ten years from first commercial sale of such licensed product in such country. In addition, concurrent with the Abeona CLN1 Agreement we entered into a purchase and reimbursement agreement with Abeona, pursuant to which we purchased specified inventory from Abeona and reimbursed Abeona for certain research and development costs previously incurred for total consideration of \$4.0 million paid in fiscal year 2020.

The Abeona CLN1 Agreement expires on a country-by-country and licensed product-by-licensed product basis upon the expiration of the last royalty term of a licensed product. Either party may terminate the agreement upon an uncured material breach of the agreement or insolvency of the other party. We may terminate the agreement for convenience upon specified prior written notice to Abeona.

### ***License Agreement with Abeona (Rett Syndrome)***

In October 2020, we entered into a license agreement, or the Abeona Rett Agreement with Abeona pursuant to which we obtained an exclusive, worldwide, royalty-bearing license, with the right to grant sublicenses under certain patents, know-how and materials originally developed by the University of North Carolina at Chapel Hill, the University of Edinburgh and Abeona to research, develop, manufacture, have manufactured, use, and commercialize licensed products for gene therapy and the use of related transgenes for Rett syndrome.

Subject to certain obligations of Abeona, we are required to use commercially reasonable efforts to develop at least one licensed product and commercialize at least one licensed product in the United States.

In connection with the Abeona Rett Agreement, we paid Abeona a one-time upfront license fee of \$3.0 million during fiscal year 2020. We are obligated to pay Abeona up to \$26.5 million in regulatory-related milestones and up to \$30.0 million in sales-related milestones per licensed product and high single-digit royalties on net sales of licensed products. Royalties are payable on a licensed product-by-licensed product and country-by-country basis until the latest of the expiration or revocation or complete rejection of the last licensed patent covering such licensed product in the country where the licensed product is sold, the loss of market exclusivity in such country where the product is sold, or, if no licensed product exists in such country and no market exclusivity exists in such country, ten years from first commercial sale of such licensed product in such country.

The Abeona Rett Agreement expires on a country-by-country and licensed product-by-licensed product basis upon the expiration of the last royalty term of a licensed product. Either party may terminate the agreement upon an uncured material breach of the agreement or insolvency of the other party. We may terminate the agreement for convenience.

### **Impact of COVID-19 on Our Business**

We have been actively monitoring the COVID-19 situation and its impact globally. Our financial results for the six months ended June 30, 2021 were not impacted by COVID-19. We believe the remote working arrangements and travel restrictions imposed by various governmental jurisdictions have had limited impact on our ability to maintain internal operations during the six months ended June 30, 2021. The extent to which COVID-19 may impact our business and operations will depend on future developments that are highly uncertain and cannot be predicted with confidence, such as the duration of the outbreak, the effectiveness of actions to contain and treat COVID-19, the efficacy, availability and adoption of vaccines, both domestically and globally, and the impact of new variants or mutations of the coronavirus, such as the Delta variant. Although we have not experienced any material business



shutdowns or interruptions due to the COVID-19 pandemic, we cannot predict the scope and severity of any potential business shutdowns or disruptions in the future, including to our planned clinical trials and preclinical studies. Any such shutdowns or other business interruptions could result in material and negative effects to our ability to conduct our business in the manner and on the timelines presently planned, which could have a material adverse impact on our business, results of operation and financial condition.

## **Components of Results of Operations**

### ***Revenue***

To date, we have not recognized any revenue from any sources, including from product sales, and we do not expect to generate any revenue from the sale of products, if approved, in the foreseeable future. If our development efforts for our product candidates are successful and result in regulatory approval, or license agreements with third parties, we may generate revenue in the future from product sales. However, there can be no assurance as to when we will generate such revenue, if at all.

### ***Operating Expenses***

#### ***Research and Development Expenses***

Research and development expenses primarily consist of preclinical development of our product candidates and discovery efforts, including conducting preclinical studies, manufacturing development efforts, preparing for clinical trials and activities related to regulatory filings for our product candidates. Research and development expenses are recognized as incurred and payments made prior to the receipt of goods or services to be used in research and development are capitalized until the goods or services are received. Costs incurred in obtaining technology licenses through asset acquisitions are charged to research and development expense if the licensed technology has not reached technological feasibility and has no alternative future use. Research and development expenses include or could include:

- employee-related expenses, including salaries, bonuses, benefits, stock-based compensation, other related costs for those employees involved in research and development efforts;
- license maintenance fees and milestone fees incurred in connection with various license agreements;
- external research and development expenses incurred under agreements with consultants, contract research organizations, or CROs, investigative sites and consultants to conduct our preclinical studies;
- costs related to manufacturing material for our preclinical studies and clinical trials, including fees paid to contract manufacturing organizations, or CMOs;
- laboratory supplies and research materials;
- costs related to compliance with regulatory requirements; and
- facilities, depreciation and other allocated expenses, which include direct and allocated expenses for rent, maintenance of facilities, insurance and equipment.

Research and development activities are central to our business model. Product candidates in later stages of clinical development generally have higher development costs than those in earlier stages of clinical development, primarily due to the increased size and duration of later-stage clinical trials. We plan to substantially increase our research and development expenses for the foreseeable future as we continue the development of our product candidates and manufacturing processes and conduct discovery and research activities for our preclinical programs. We cannot determine with certainty the timing of initiation, the duration or the completion costs of current or future preclinical studies and clinical trials of our product candidates due to the inherently unpredictable nature of preclinical and clinical development. Clinical and preclinical development timelines, the probability of success and development costs can differ materially from expectations. We anticipate that we will make determinations as to which product candidates to pursue and how much funding to direct to each product candidate on an ongoing basis in response to the results of ongoing and future preclinical studies and clinical trials, regulatory developments and our ongoing assessments as to each product candidate's commercial potential. We will need to raise substantial additional capital in the future. Our clinical development costs are expected to increase significantly as we commence clinical trials. Our future expenses may vary significantly each period based on factors such as:

- expenses incurred to conduct preclinical studies required to advance our product candidates into clinical development;
- per patient trial costs, including based on the number of doses that patients received;
- the number of patients who enroll in each trial;

- the number of trials required for approval;
- the number of sites included in the trials;
- the countries in which the trials are conducted;
- the length of time required to enroll eligible patients;
- the drop-out or discontinuation rates of patients;
- potential additional safety monitoring requested by regulatory agencies;
- the duration of patient participation in the trials and follow-up;
- the phase of development of the product candidate;
- third-party contractors failing to comply with regulatory requirements or meet their contractual obligations to us in a timely manner, or at all;
- the ability to manufacture of our product candidates;
- regulators or institutional review boards, or IRBs requiring that we or our investigators suspend or terminate clinical development for various reasons, including noncompliance with regulatory requirements or a finding that the participants are being exposed to unacceptable health risks; and
- the efficacy and safety profile of our product candidates.

### **General and Administrative Expenses**

General and administrative expenses consist or will consist principally of salaries and related costs for personnel in executive and administrative functions, including stock-based compensation, travel expenses and recruiting expenses. Other general and administrative expenses include professional fees for legal, consulting, accounting and audit and tax-related services and insurance costs.

We anticipate that our general and administrative expenses will increase in the future as we increase our headcount to support our expanded infrastructure, as well as the initiation and continuation of our preclinical studies and clinical trials for our product candidates. We also anticipate that our general and administrative expenses will increase as a result of payments for accounting, audit, legal, consulting services, as well as costs associated with maintaining compliance with Nasdaq listing rules and SEC requirements, director and officer liability insurance, investor and public relations activities and other expenses associated with operating as a public company. We anticipate the additional costs for these services will substantially increase our general and administrative expenses by between \$6.0 million and \$7.0 million on an annual basis, including the cost of director and officer liability insurance.

### **Results of Operations**

#### **Results of Operations for the Three Months Ended June 30, 2021 and for the Three Months Ended June 30, 2020**

The following table summarizes our results of operations for the three months ended June 30, 2021 and the three months ended June 30, 2020 (in thousands):

	<b>For the Three Months Ended June 30, 2021</b>	<b>For the Three Months Ended June 30, 2020</b>
<b>Operating expenses:</b>		
Research and development	\$ 30,643	\$ 3,062
General and administrative	10,129	948
Total operating expenses	40,772	4,010
<b>Loss from operations</b>	<b>(40,772)</b>	<b>(4,010)</b>
<b>Other income (expense):</b>		
Change in fair value of preferred stock tranche liability	—	(17,210)
Interest income	40	—
Interest expense	(194)	—
Total other expense, net	(154)	(17,210)
<b>Net loss</b>	<b>\$ (40,926)</b>	<b>\$ (21,220)</b>

### **Research and Development Expenses**

Research and development expenses were \$30.6 million for the three months ended June 30, 2021, compared to \$3.1 million for the three months ended June 30, 2020. The \$27.5 million increase was primarily attributable to an increase of \$10.3 million of expenses incurred in research and development manufacturing and other raw material purchases, which included cGMP batches produced by Catalent and UT Southwestern. We incurred an increase in employee compensation expenses of \$8.5 million, which included \$2.2 million of non-cash stock-based compensation, and \$8.7 million in third-party research and development expenses, which includes clinical trial CRO activities, GLP toxicology studies, and consulting for regulatory and clinical studies.

### **General and Administrative Expenses**

General and administrative expenses were \$10.1 million for the three months ended June 30, 2021, compared to \$0.9 million for the three months ended June 30, 2020. The increase of approximately \$9.2 million was primarily attributable to \$4.7 million of incremental compensation expense, which included \$2.3 million of non-cash stock-based compensation. We also incurred an increase of \$4.5 million in professional fees related to legal, insurance, investor relations/communications, accounting, personnel recruiting and patient advocacy activities.

### **Results of Operations for the Six Months Ended June 30, 2021 and for the Six Months Ended June 30, 2020**

The following table summarizes our results of operations for the six months ended June 30, 2021 and the six months ended June 30, 2020 (in thousands):

	<u>For the Six Months Ended June 30, 2021</u>	<u>For the Six Months Ended June 30, 2020</u>
<b>Operating expenses:</b>		
Research and development	\$ 54,497	\$ 8,576
General and administrative	18,365	1,018
Total operating expenses	<u>72,862</u>	<u>9,594</u>
<b>Loss from operations</b>	<u>(72,862)</u>	<u>(9,594)</u>
<b>Other income (expense):</b>		
Change in fair value of preferred stock tranche liability	—	(17,030)
Interest income	106	—
Interest expense	(194)	(27)
Total other expense, net	<u>(88)</u>	<u>(17,057)</u>
<b>Net loss</b>	<u>\$ (72,950)</u>	<u>\$ (26,651)</u>

### **Research and Development Expenses**

Research and development expenses were \$54.5 million for the six months ended June 30, 2021, compared to \$8.6 million for the six months ended June 30, 2020. The \$45.9 million increase was primarily attributable to an increase of \$15.2 million of expenses incurred in research and development manufacturing and other raw material purchases, which included cGMP batches produced by Catalent and UT Southwestern. We also incurred an increase in employee compensation and expenses of \$13.8 million, which included \$3.8 million of non-cash stock-based compensation. License fees increased by \$3.0 million due to the acquisition of exclusive worldwide rights to TSHA-120, for the treatment of GAN. We also incurred an increase of \$8.0 million of third-party research and development consulting fees, primarily related to GLP toxicology studies and clinical study CRO activities, and \$4.7 million in consulting for regulatory and clinical studies. Finally, sponsored research agreement expenses increased by \$1.2 million.

### **General and Administrative Expenses**

General and administrative expenses were \$18.4 million for the six months ended June 30, 2021, compared to \$1.0 million for the six months ended June 30, 2020. The increase of approximately \$17.4 million was primarily attributable to \$8.9 million of incremental compensation expense, which included \$4.4 million of non-cash stock-based compensation. We also incurred an increase of \$7.0 million in professional fees related to legal, insurance, investor relations/communications, accounting, personnel recruiting and patient advocacy activities and an increase is \$1.5 million in other expenses.

## ***Other Income (Expense)***

### ***Change in Fair Value of Preferred Stock Tranche Liability***

On March 4, 2020, the Company entered into a purchase agreement (the “Series A Purchase Agreement”) providing for a private placement of up to 10,000,000 shares of Series A convertible preferred stock at an original issuance price of \$3.00 per share, subject to separate closings, including: (1) 6,000,000 shares at the initial closing on March 4, 2020, and (2) 2,000,000 shares at each of two subsequent closings triggered by the achievement of specific clinical milestones. The Series A Purchase Agreement obligated the Company to issue and sell and the Series A investors to purchase up to a total of 4,000,000 additional shares of Series A convertible preferred stock (the “Milestone Shares”) at the same price per share upon the achievement of certain defined clinical milestones (the “tranche liability”). We determined that our obligation to issue, and the investors’ right to purchase, additional shares of Series A convertible preferred stock pursuant to the milestone closings represented a freestanding financial instrument, or the tranche liability. The tranche liability was initially recorded at fair value. We concluded that the tranche liability met the definition of a freestanding financial instrument, as it was legally detachable and separately exercisable from the initial closing of the Series A convertible preferred stock.

On June 30, 2020, ahead of the anticipated closing of the Series B convertible preferred stock financing at an original issuance price of \$17.00 per share on July 2, 2020, certain Series A investors elected to exercise in full their options to purchase their pro-rata portion of the Milestone Shares prior to our achievement of the clinical milestones and purchased 200,000 shares of Series A convertible preferred stock. We remeasured the fair value of the entire tranche liability at June 30, 2020, and recognized a non-cash expense of approximately \$17.0 million.

## **Liquidity and Capital Resources**

### ***Overview***

Since our inception, we have not generated any revenue and have incurred significant operating losses. As of June 30, 2021, we had cash and cash equivalents of \$197.4 million. We have funded our operations through equity financings, raising an aggregate of \$307.0 million in gross proceeds from our initial public offering and private placements of convertible preferred stock. Specifically, between March and July 2020, we closed on the sale of an aggregate of 10,000,000 shares of Series A convertible preferred stock for gross proceeds of \$30.0 million. In July and August 2020, we closed on the sale of an aggregate of 5,647,048 shares of Series B convertible preferred stock for gross proceeds of \$96.0 million. In September 2020, we raised gross proceeds of \$181.0 million in our initial public offering.

On August 12, 2021, or the Closing Date, we entered into a Loan and Security Agreement, or the Term Loan Agreement, with the lenders party thereto from time to time, or the Lenders and Silicon Valley Bank, as administrative agent and collateral agent for the Lenders, or the Agent. The Term Loan Agreement provides for (i) on the Closing Date, \$40.0 million aggregate principal amount of term loans available through December 31, 2021, (ii) from January 1, 2022 until September 30, 2022, an additional \$20.0 million term loan facility available at the Company’s option upon having three distinct and active clinical stage programs at the time of draw, (iii) from October 1, 2022 until March 31, 2023, an additional \$20.0 million term loan facility available at our option upon having three distinct and active clinical stage programs at the time of draw and (iv) from April 1, 2023 until December 31, 2023, an additional \$20.0 million term loan facility available upon approval by the Agent and the Lenders, or, collectively, the Term Loans. We drew \$30.0 million in term loans on the Closing Date. The loan repayment schedule provides for interest only payments until August 31, 2024, followed by consecutive monthly payments of principal and interest. All unpaid principal and accrued and unpaid interest with respect to each term loan is due and payable in full on August 1, 2026.

### ***Funding Requirements***

To date, we have not generated any revenues from the commercial sale of approved drug products, and we do not expect to generate substantial revenue for at least the next few years. If we fail to complete the development of our product candidates in a timely manner or fail to obtain their regulatory approval, our ability to generate future revenue will be compromised. We do not know when, or if, we will generate any revenue from our product candidates, and we do not expect to generate significant revenue unless and until we obtain regulatory approval of, and commercialize, our product candidates. We expect our expenses to increase in connection with our ongoing activities, particularly as we continue the research and development of, initiate clinical trials of and seek marketing approval for our product candidates, as well as build out of our cGMP manufacturing facility in Durham, North Carolina. In addition, if we obtain approval for any of our product candidates, we expect to incur significant commercialization expenses related to sales, marketing, manufacturing and distribution. Furthermore, we expect to incur additional costs associated with operating as a public company. We anticipate that we will need substantial additional funding in connection with our continuing operations. If we are unable to raise capital when needed or on attractive terms, we could be forced to delay, reduce or eliminate our research and development programs or future commercialization efforts.

Assuming full access to the \$100.0 million in term loans under the Term Loan Agreement we entered into on August 12, 2021, we expect we will be able to fund our operating expenses and capital requirements into the second half of 2023. We intend to devote our existing cash and cash equivalents to the clinical and preclinical development of our product candidates. We have based this estimate on assumptions that may prove to be imprecise, and we could utilize our available capital resources sooner than we expect.

Because of the numerous risks and uncertainties associated with research, development and commercialization of biological products, we are unable to estimate the exact amount of our operating capital requirements. Our future funding requirements will depend on many factors, including, but not limited to:

- the scope, progress, costs and results of discovery, preclinical development, laboratory testing and clinical trials for TSHA-101, TSHA-118, TSHA-102, TSHA-104, and TSHA-120 and any current and future product candidates that we advance;
- the extent to which we develop, in-license or acquire other product candidates and technologies in our gene therapy product candidate pipeline;
- the costs and timing of process development and manufacturing scale-up activities associated with our product candidates and other programs as we advance them through preclinical and clinical development;
- the number and development requirements of product candidates that we may pursue;
- the costs, timing and outcome of regulatory review of our product candidates;
- our headcount growth and associated costs as we expand our research and development capabilities and establish a commercial infrastructure;
- the costs of establishing and maintaining our own commercial-scale cGMP manufacturing facility;
- the costs and timing of future commercialization activities, including product manufacturing, marketing, sales, and distribution, for any of our product candidates for which we receive marketing approval;
- the costs and timing of preparing, filing and prosecuting patent applications, maintaining and enforcing our intellectual property rights and defending any intellectual property-related claims;
- the revenue, if any, received from commercial sales of our product candidates for which we receive marketing approval; and
- the costs of operating as a public company.

Identifying potential product candidates and conducting preclinical studies and clinical trials is a time-consuming, expensive and uncertain process that takes many years to complete, and we may never generate the necessary data or results required to obtain marketing approval and achieve product sales. In addition, our 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 in the near term, 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. To the extent that we raise additional capital through the sale of equity or convertible debt securities, the terms of these equity securities or this debt may restrict our ability to operate. The Term Loan Agreement contains negative covenants, including, among other things, restrictions on indebtedness, liens, investments, mergers, dispositions, prepayment of other indebtedness and dividends and other distributions. Any future additional debt financing and equity financing, if available, may involve agreements that include covenants limiting and restricting our ability to take specific actions, such as incurring additional debt, making capital expenditures, entering into profit-sharing or other arrangements or declaring dividends. If we raise additional funds through collaborations, strategic alliances or marketing, distribution or licensing arrangements with third parties, we may be required 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.

We are continuing to assess the effect that the COVID-19 pandemic may have on our business and operations. The extent to which COVID-19 may impact our business and operations will depend on future developments that are highly uncertain and cannot be predicted with confidence, such as the duration of the outbreak, the duration and effect of business disruptions and the short-term effects and ultimate effectiveness of the travel restrictions, quarantines, social distancing requirements and business closures in the United States and other countries to contain and treat the disease, the efficacy, availability and adoption of vaccines, both domestically and globally, and the impact of new variants or mutations of the coronavirus, such as the Delta variant. While the potential economic impact brought by, and the duration of, the COVID-19 pandemic may be difficult to assess or predict, a continued and growing pandemic could result in significant disruption of global financial markets, reducing our ability to access capital, which could in the

future negatively affect our liquidity. In addition, a recession or market correction resulting from the spread of COVID-19 could materially affect our business and the value of our common stock.

### **Cash Flows**

The following table shows a summary of our cash flows for the six months ended June 30, 2021 and 2020 (in thousands):

	<b>For the Six Months Ended June 30, 2021</b>	<b>For the Six Months Ended June 30, 2020</b>
Net cash used in operating activities	\$ (44,851)	\$ (4,165)
Net cash used in investing activities	(9,032)	(3,000)
Net cash provided by financing activities	—	18,365
Net change in cash and cash equivalents	<u>\$ (53,883)</u>	<u>\$ 11,200</u>

#### **Operating Activities**

For the six months ended June 30, 2021, our net cash used in operating activities of \$44.9 million primarily consisted of a net loss of \$73.0 million, primarily attributable to our spending on research and development expenses. The net loss of \$73.0 million was partially offset by adjustments for non-cash items, primarily the up-front license fee of \$5.5 million to HHF related to the acquisition of TSHA-120 and stock-based compensation of \$8.1 million. The \$73.0 million net loss was also partially offset by a \$14.1 million source of cash provided by operating assets and liabilities, primarily resulting from an increase in accounts payable and accrued expenses.

For the six months ended June 30, 2020, operating activities used \$4.2 million of cash. Net cash used in operating activities for the six months ended June 30, 2020 was primarily attributable to a \$26.7 million net loss and offset by \$20.0 million of non-cash items, primarily driven by a change in fair value of our preferred stock tranche liability of \$17.0 million liability related to the issuance of Series A convertible preferred stock and the upfront payment to acquire the license rights pursuant to the Queen's University Agreement for \$3.0 million, which was recorded as a component of research and development expenses. The \$26.7 million net loss was also partially offset by a \$2.5 million source of cash provided by operating assets and liabilities, primarily resulting from an increase in accounts payable and accrued expenses.

#### **Investing Activities**

During the six months ended June 30, 2021, investing activities used \$9.0 million of cash attributable to the upfront license fee payment of \$5.5 million to acquire exclusive worldwide rights to TSHA-120, for the treatment of GAN, and capital expenditures related to our in-house manufacturing facility and office space. During the six months ended June 30, 2020, investing activities used \$3.0 million of cash attributable to the upfront payment to acquire the license rights pursuant to the Queen's University Agreement of \$3.0 million.

#### **Financing Activities**

During the six months ended June 30, 2020, financing activities provided \$18.4 million of cash, which was primarily attributable to the issuance of 6,200,000 shares of our Series A convertible preferred stock in exchange for gross proceeds of \$18.6 million, net of the payment of issuance costs of approximately \$0.3 million. In January 2020, we also entered into two secured promissory notes with a related party, our President and Chief Executive Officer, RA Session II, for an aggregate of \$1.67 million. During March 2020, we repaid \$1.65 million of the notes. The remaining balance of approximately \$28,000 was repaid in July 2020. No financing activities took place during the six months ended June 30, 2021.

#### **Off-Balance Sheet Arrangements**

We did not have during the periods presented, and we do not currently have, any off-balance sheet arrangements, as defined in the rules and regulations of the SEC.

## Critical Accounting Policies and Significant Judgments and Estimates

There were no material changes to our critical accounting policies that are disclosed in our audited consolidated financial statements for the year ended December 31, 2020 filed with the SEC on March 3, 2021.

## Recent Accounting Pronouncements

See Note 2 to our unaudited condensed consolidated financial statements located in “Part I – Financial Information, Item 1. Financial Statements” in this Quarterly Report on Form 10-Q for a description of recent accounting pronouncements applicable to our condensed consolidated financial statements.

## Emerging Growth Company and Smaller Reporting Company Status

In April 2012, the Jumpstart Our Business Startups Act of 2012, or JOBS Act, was enacted. Section 107 of the JOBS Act provides that an “emerging growth company” can take advantage of the extended transition period provided in Section 7(a)(2)(B) of the Securities Act of 1933, as amended, for complying with new or revised accounting standards. Thus, an emerging growth company can delay the adoption of certain accounting standards until those standards would otherwise apply to private companies. We elected the extended transition period for complying with new or revised accounting standards, which delays the adoption of these accounting standards until they would apply to private companies.

In addition, as an emerging growth company, we may take advantage of specified reduced disclosure and other requirements that are otherwise applicable generally to public companies. These provisions include:

- an exception from compliance with the auditor attestation requirements of Section 404 of the Sarbanes-Oxley Act of 2002, as amended;
- reduced disclosure about our executive compensation arrangements in our periodic reports, proxy statements and registration statements;
- exemptions from the requirements of holding non-binding advisory votes on executive compensation or golden parachute arrangements; and
- an exemption from compliance with the requirements of the Public Company Accounting Oversight Board regarding the communication of critical audit matters in the auditor’s report on financial statements.

We may take advantage of these provisions until we no longer qualify as an emerging growth company. We will cease to qualify as an emerging growth company on the date that is the earliest of: (i) December 31, 2025, (ii) the last day of the fiscal year in which we have more than \$1.07 billion in total annual gross revenues, (iii) the date on which we are deemed to be a “large accelerated filer” under the rules of the SEC, which means the market value of our common stock that is held by non-affiliates exceeds \$700 million as of the prior June 30th, or (iv) the date on which we have issued more than \$1.0 billion of non-convertible debt over the prior three-year period. We may choose to take advantage of some but not all of these reduced reporting burdens. We have taken advantage of certain reduced reporting requirements in this Quarterly Report on Form 10-Q and our other filings with the SEC. Accordingly, the information contained herein may be different than you might obtain from other public companies in which you hold equity interests.

We are also a “smaller reporting company,” meaning that the market value of our shares held by non-affiliates is less than \$700 million and our annual revenue was less than \$100 million during the most recently completed fiscal year. We may continue to be a smaller reporting company if either (i) the market value of our shares held by non-affiliates is less than \$250 million or (ii) our annual revenue was less than \$100 million during the most recently completed fiscal year and the market value of our shares held by non-affiliates is less than \$700 million. If we are a smaller reporting company at the time we cease to be an emerging growth company, we may continue to rely on exemptions from certain disclosure requirements that are available to smaller reporting companies. Specifically, as a smaller reporting company, we may choose to present only the two most recent fiscal years of audited financial statements in our Annual Report on Form 10-K and, similar to emerging growth companies, smaller reporting companies have reduced disclosure obligations regarding executive compensation.

**Item 3. Quantitative and Qualitative Disclosures About Market Risk.**

We are a smaller reporting company as defined by Rule 12b-2 of the Exchange Act and are not required to provide the information required under this Item.

**Item 4. Controls and Procedures.*****Evaluation of Disclosure Controls and Procedures***

Our management, with the participation of our Chief Executive Officer and Chief Financial Officer, has evaluated the effectiveness of our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act ), as of the end of the period covered by this Form 10-Q. Based on such evaluation, our Chief Executive Officer and Chief Financial Officer have concluded that as of June 30, 2021, our disclosure controls and procedures were effective to provide reasonable assurance that the information required to be disclosed by us in this Form 10-Q was (a) reported within the time periods specified by SEC rules and regulations, and (b) communicated to our management, including our Chief Executive Officer and Chief Financial Officer, to allow timely decisions regarding any required disclosure.

***Changes in Internal Control Over Financial Reporting***

There were no changes in our internal control over financial reporting identified in management's evaluation pursuant to Rules 13a-15(d) or 15d-15(d) of the Exchange Act during the period covered by this Quarterly Report on Form 10-Q that materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

***Inherent Limitations on Effectiveness of Internal Controls***

In designing and evaluating the disclosure controls and procedures, management recognizes that any controls and procedures, no matter how well designed and operated, can provide only reasonable, not absolute, assurance of achieving the desired control objectives. In addition, the design of disclosure controls and procedures must reflect the fact that there are resource constraints and that management is required to apply judgment in evaluating the benefits of possible controls and procedures relative to their costs. Our management, including our Chief Executive Officer and Chief Financial Officer, believes that our disclosure controls and procedures and internal control over financial reporting are designed to provide reasonable assurance of achieving their objectives and are effective at the reasonable assurance level. However, our management does not expect that our disclosure controls and procedures or our internal control over financial reporting will prevent all errors and all fraud.



**Item 1. Legal Proceedings.**

We are not subject to any material legal proceedings. From time to time, we may be involved in various claims and legal proceedings relating to claims arising out of our operations. We are not currently a party to any legal proceedings that, in the opinion of our management, are likely to have a material adverse effect on our business. Regardless of outcome, litigation can have an adverse impact on us because of defense and settlement costs, diversion of management resources and other factors.

**Item 1A. Risk Factors.**

Our business is subject to risks and events that, if they occur, could adversely affect our financial condition and results of operations and the trading price of our securities. In addition to the other information set forth in this quarterly report on Form 10-Q, you should carefully consider the factors described in Part I, Item 1A. “Risk Factors” of our Annual Report on Form 10-K for the fiscal year ended December 31, 2020, filed with the Securities and Exchange Commission on March 3, 2021. Other than as described below, there have been no material changes to the risk factors described in that report.

***Our existing indebtedness contains restrictions that potentially limit our flexibility in operating our business. In addition, we may be required to make a prepayment or repay our outstanding indebtedness earlier than we expect.***

On August 12, 2021, we entered into a Loan and Security Agreement, or the Term Loan Agreement, with the lenders party thereto from time to time, or the Lenders, and Silicon Valley Bank, as administrative agent and collateral agent for the Lenders, or the Agent, which provides for term loans of up to \$100.0 million in the aggregate available in four tranches. The Term Loan Agreement contains various covenants that limit our ability to engage in specified types of transactions. These covenants limit our ability to, among other things:

- incur or assume certain debt;
- merge or consolidate or acquire all or substantially all of the capital stock or property of another entity;
- change the nature of our business;
- change our organizational structure or type;
- license, transfer, or dispose of certain assets;
- grant certain types of liens on our assets;
- make certain investments;
- pay cash dividends; and
- enter into material transactions with affiliates.

A breach of any of these covenants could result in an event of default under the Term Loan Agreement. An event of default will also occur if, among other things, a material adverse change in our business, operations, or condition occurs, which could potentially include a material impairment of the prospect of our repayment of any portion of the amounts we owe under the Term Loan Agreement. In the case of a continuing event of default under the Term Loan Agreement, the lenders could elect to declare all amounts outstanding to be immediately due and payable, proceed against the collateral in which we granted the Lenders a security interest under the Term Loan Agreement, or otherwise exercise the rights of a secured creditor. Amounts outstanding under the Term Loan Agreement are secured by all of our existing and future assets, excluding intellectual property, which is subject to a negative pledge arrangement.

At closing, we drew on \$30.0 million of the \$40.0 million available to us as part of the first tranche. The Term Loan Agreement also gives us the ability to access an additional \$60.0 million at our option, of which \$40.0 million may be drawn in two additional tranches subject to the achievement of certain specified conditions and of which \$20.0 million may be drawn in an additional tranche with the approval of the Agent and the Lenders. If we are unable to satisfy these or other required conditions, or if the Agent and Lenders do not consent, as applicable, we would not be able to draw down the remaining tranches of financing and may not be able to obtain alternative financing on commercially reasonable terms or at all, which could adversely impact our business.

We may not have enough available cash to repay or refinance our indebtedness at the time any such repayment is required. In such an event, we may be required to delay, limit, reduce, or terminate our preclinical and clinical product development or commercialization efforts or build out of our cGMP manufacturing facility or grant others rights to develop and market product candidates that we would otherwise prefer to develop and market ourselves. Our business, financial condition, and results of operations could be materially adversely affected as a result.

**Item 2. Unregistered Sales of Equity Securities and Use of Proceeds.****(a) Recent Sales of Unregistered Equity Securities**

None.

**(b) Use of Proceeds**

On September 23, 2020, our Registration Statement on Form S-1, as amended (File No. 333-248559), was declared effective in connection with our initial public offering, pursuant to which we sold an aggregate of 9,050,000 shares of our common stock for aggregate net proceeds of \$165.9 million.

There has been no material change in the planned use of proceeds from our initial public offering as described in our prospectus filed pursuant to Rule 424(b)(4) under the Securities Act with the SEC on September 25, 2020.

**(c) Issuer Purchases of Equity Securities**

None.

**Item 3. Defaults Upon Senior Securities.**

Not applicable.

**Item 4. Mine Safety Disclosures.**

Not applicable.

**Item 5. Other Information.***Term Loan Agreement*

On August 12, 2021, or the Closing Date, the Company entered into a Loan and Security Agreement, or the Term Loan Agreement, by and among the Company, the lenders party thereto from time to time, or the Lenders, and Silicon Valley Bank, as administrative agent and collateral agent for the Lenders, or the Agent. The Term Loan Agreement provides for (i) on the Closing Date, \$40.0 million aggregate principal amount of term loans available through December 31, 2021, (ii) from January 1, 2022 until September 30, 2022, an additional \$20.0 million term loan facility available at the Company's option upon having three distinct and active clinical stage programs at the time of draw, (iii) from October 1, 2022 until March 31, 2023, an additional \$20.0 million term loan facility available at the Company's option upon having three distinct and active clinical stage programs at the time of draw and (iv) from April 1, 2023 until December 31, 2023, an additional \$20.0 million term loan facility available upon approval by the Agent and the Lenders, or collectively, the Term Loans. The Company drew \$30.0 million in term loans on the Closing Date.

The obligations under the Term Loan Agreement are secured by a perfected security interest in all of the Company's assets except for intellectual property and certain other customarily excluded property pursuant to the terms of the Term Loan Agreement.

The interest rate applicable to the Term Loans is the greater of (a) the WSJ Prime Rate plus 3.75% or (b) 7.00% per annum. The Term Loans are interest only from the Closing Date through August 31, 2024, after which the Company is required to pay equal monthly installments of principal through August 1, 2026, the maturity date.

The Term Loans may be prepaid in full through August 12, 2022 with payment of a 2.00% prepayment premium, after which they may be prepaid in full through August 12, 2023 with payment of a 1.00% prepayment premium, after which they may be prepaid in full with no prepayment premium. An additional final payment of 7.5% of the amount of Terms Loans advanced by the Lenders will be due upon prepayment or repayment of the Term Loans in full.

The Term Loan Agreement contains customary representations and warranties and customary affirmative and negative covenants, including, among other things, restrictions on indebtedness, liens, investments, mergers, dispositions, prepayment of other indebtedness and dividends and other distributions.

The Term Loan Agreement also includes customary events of default, including failure to pay principal, interest or certain other amounts when due, material inaccuracy of representations and warranties, violation of covenants, specified cross-default and cross-acceleration to other material indebtedness, certain bankruptcy and insolvency events, certain undischarged judgments, material invalidity of guarantees or grant of security interest, material adverse change, involuntary delisting from Nasdaq and change of control, in certain cases subject to certain thresholds and grace periods. If one or more events of default occurs and continues beyond any applicable cure period, the Agent may, with the consent of the Lenders holding a majority of the loans and commitments under the facilities, or will, at the request of such Lenders, terminate the commitments of the Lenders to make further loans and declare all of the obligations of the Company under the Term Loan Agreement to be immediately due and payable.

The foregoing description of the Term Loan Agreement is not intended to be complete and is qualified in its entirety by reference to the Term Loan Agreement, a copy of which is filed as Exhibit 10.2 to this Quarterly Report on Form 10-Q.

**Item 6. Exhibits.**

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

<b>Exhibit Number</b>	<b>Description</b>
3.1	<a href="#">Amended and Restated Certificate of Incorporation (incorporated by reference to Exhibit 3.1 to the Company's Current Report on Form 8-K (File No. 001-39536), filed with the Securities and Exchange Commission on September 29, 2020).</a>
3.2	<a href="#">Amended and Restated Bylaws (incorporated by reference to Exhibit 3.2 to the Company's Current Report on Form 8-K (File No. 001-39536), filed with the Securities and Exchange Commission on September 29, 2020).</a>
10.1*	<a href="#">Lease Agreement, dated January 11, 2021, by and between Pegasus Place, LLC and the Company.</a>
10.2*	<a href="#">Loan and Security Agreement, dated August 12, 2021, by and among the Company, the lenders party thereto from time to time and Silicon Valley Bank, as administrative agent and collateral agent.</a>
31.1*	<a href="#">Certification of Principal Executive Officer Pursuant to Rules 13a-14(a) and 15d-14(a) under the Securities Exchange Act of 1934, as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.</a>
31.2*	<a href="#">Certification of Principal Financial Officer Pursuant to Rules 13a-14(a) and 15d-14(a) under the Securities Exchange Act of 1934, as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.</a>
32.1*#	<a href="#">Certification of Principal Executive Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.</a>
32.2*#	<a href="#">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.</a>
101.INS	XBRL Instance Document - the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document
101.SCH	Inline XBRL Taxonomy Extension Schema Document
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase Document
101.LAB	Inline XBRL Taxonomy Extension Label Linkbase Document
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document
104	Cover Page Interactive Data File (formatted as inline XBRL and contained in Exhibit 101).

\* Filed herewith.

# These certifications are being furnished solely to accompany this quarterly report pursuant to 18 U.S.C. Section 1350, and are not being filed for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, and are not to be incorporated by reference into any filing of the registrant, whether made before or after the date hereof, regardless of any general incorporation language in such filing.

**SIGNATURES**

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

Company Name

Date: August 16, 2021

By: \_\_\_\_\_  
/s/ RA Session II  
**RA Session II**  
**President and Chief Executive Officer**  
*(Principal Executive Officer)*

Date: August 16, 2021

By: \_\_\_\_\_  
/s/ Kamran Alam  
**Kamran Alam**  
**Chief Financial Officer**  
*(Principal Financial and Accounting Officer)*

LEASE AGREEMENT BETWEEN

PEGASUS PARK, LLC,

AS LANDLORD, AND

TAYSHA GENE THERAPIES, INC.,

AS TENANT

DATED JANUARY 8, 2021

3000 PEGASUS PARK DRIVE  
DALLAS, TEXAS

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**BASIC LEASE INFORMATION**

Lease Date: January 8, 2021  
Landlord: Pegasus Park, LLC, a Delaware limited liability company  
Tenant: Taysha Gene Therapies, Inc., a Delaware corporation  
Premises: Suite No. 1430, containing approximately 15,000 rentable square feet, on the 14<sup>th</sup> floor of the office building commonly known as the Tower (the "**Building**"), and whose street address is 3000 Pegasus Park Drive, Dallas, Texas 75247. The Premises are outlined on the plan attached to the Lease as Exhibit A. The land on which the Building is located (the "**Land**") is described on Exhibit B. The term "**Project**" shall collectively refer to the Building, the Land and the driveways, parking facilities, and similar improvements and easements associated with the foregoing or the operation thereof.

Term: 120 full calendar months, plus any partial month from the Commencement Date to the end of the month in which the Commencement Date falls, starting on the Commencement Date and ending at 5:00 p.m. local time on the last day of the 120<sup>th</sup> full calendar month following the Commencement Date, subject to adjustment and earlier termination as provided in the Lease.

Commencement Date: The date on which the Work (as defined in Exhibit D hereto) in the Premises is Substantially Completed (as defined in Exhibit D hereto) and possession of the Premises is tendered to Tenant in a condition that is ready for occupancy and business operations; provided that may be occupied in two phases during 2021.

Basic Rent: Basic Rent shall be the following amounts for the following periods of time:

Lease Month	Annual Basic Rent Rate Per Rentable Square Foot	Monthly Basic Rent
1 - 12	\$26.00	\$32,500.00
13 - 24	\$27.30	\$34,125.00
25 - 36	\$28.67	\$35,831.25
37 - 48	\$30.10	\$37,622.81
49 - 60	\$31.60	\$39,503.95
61 - 72	\$33.18	\$41,479.15
73 - 84	\$34.84	\$43,553.11
85 - 96	\$36.58	\$45,730.76
97 - 108	\$38.41	\$48,017.30
109 - 120	\$40.33	\$50,418.17

As used herein, the term "**Lease Month**" means each calendar month during the Term (and if the Commencement Date does not occur on the first day of a calendar month, the period from the Commencement Date to the first day of the next calendar month shall be included in the first Lease Month for purposes of determining the duration of the Term and the monthly Basic Rent rate applicable for such partial month).

Security Deposit: \$32,500.00.  
Rent: Basic Rent, Tenant's Proportionate Share of Taxes and Electrical Costs, Tenant's share of Additional Rent, and all other sums that Tenant may owe to Landlord or otherwise be required to pay under the Lease.

Permitted Use: General office and related ancillary uses.

Tenant's Proportionate Share: 2.78%, which is the percentage obtained by dividing (a) the number of rentable square feet in the Premises as stated above by (b) the 538,668 rentable square feet in the Building. Landlord and Tenant stipulate that the number of rentable square feet in the Premises and in the Building set forth above were measured in accordance with the Building Owners and Managers Association International Modified Standard Method for Measuring Floor Area in Office Buildings, ANSI/BOMA Z65.1-2010, Method B and are conclusive and shall be binding upon them.

Expense Stop: Not applicable (triple net lease).  
Base Tax Year: Not applicable (triple net lease).  
Initial Liability Insurance Amount: \$2,000,000  
Tenant's Address: For all notices:  
Taysha Gene Therapies, Inc.  
2280 Inwood Road  
Dallas, Texas 75235  
Attention: Kamran Alam, CFO

Landlord's Address: For all Notices:  
Pegasus Park, LLC  
P.O. Box 35828  
Dallas, Texas 75235  
Attention: Property Manager  
Telephone: 214-351-6300

With a copy to:  
Cooley LLP  
11951 Freedom Drive, 16th Floor  
Reston, Virginia 20190  
Attention: Peter N. Crain  
Telephone: 703-456-8189

With a copy to:  
J. Small Investments  
P.O. Box 35828  
Dallas, Texas 75235  
Attention: General Counsel  
Telephone: 214-351-6300



The foregoing Basic Lease Information is incorporated into and made a part of the Lease identified above. If any conflict exists between any Basic Lease Information and the Lease, then the Lease shall control.

LANDLORD:

PEGASUS PARK, LLC,  
a Delaware limited liability company

By: \_\_\_\_\_  
Name: Justin A. Small  
Title: President

TENANT:

TAYSHA GENE THERAPIES, INC.,  
a Delaware corporation

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

## LEASE

This Lease Agreement (this "Lease") is entered into as of January 8, 2021, between Pegasus Park, LLC, a Delaware limited liability company ("Landlord"), and Taysha Gene Therapies, Inc., a Delaware corporation ("Tenant").

1. **Definitions and Basic Provisions.** The definitions and basic provisions set forth in the Basic Lease Information (the "**Basic Lease Information**") executed by Landlord and Tenant contemporaneously herewith are incorporated herein by reference for all purposes. Additionally, the following terms shall have the following meanings when used in this Lease: "**Affiliate**" means any person or entity which, directly or indirectly, through one or more intermediaries, controls, is controlled by, or is under common control with the party in question; "**Building's Structure**" means the Building's exterior walls, roof, elevator shafts, footings, foundations, structural portions of load-bearing walls, structural floors and subfloors, and structural columns and beams; "**Building's Systems**" means the Building's HVAC, life-safety, plumbing, electrical, and mechanical systems; "including" means including, without limitation; "**Laws**" means all federal, state, and local laws, ordinances, rules and regulations, all court orders, governmental directives, and governmental orders and all interpretations of the foregoing, and all restrictive covenants affecting this Lease or the Project, and "**Law**" means any of the foregoing; "**Tenant's Off-Premises Equipment**" means any of Tenant's equipment or other property that may be located on or about the Project (other than inside the Premises); and "**Tenant Party**" means any of the following persons: Tenant; any assignees claiming by, through, or under Tenant; any subtenants claiming by, through, or under Tenant; and any of their respective agents, contractors, employees, licensees, guests and invitees; and "**Landlord Party**," means any of the following persons: Landlord and any of their respective agents, contractors, employees, guests, invitees, assignees and licensees.

2. **Lease Grant.** Subject to the terms of this Lease, Landlord leases to Tenant, and Tenant leases from Landlord, the Premises together with the right in common with others to use any portions of the Project that are designated by Landlord for the common use of tenants and others, such as, without limitation, sidewalks, common corridors, driveways, parking areas, elevators, stairways, the Amenities (defined herein), vending areas, lobby areas, and, with respect to multi-tenant floors, restrooms and elevator foyers.

3. **Tender of Possession.** Landlord and Tenant presently anticipate that possession of the Premises will be tendered to Tenant in the condition required by this Lease on or about April 15, 2021 (the "**Estimated Delivery Date**"). If Landlord is unable to tender possession of the Premises in such condition to Tenant by the Estimated Delivery Date, then (a) the validity of this Lease shall not be affected or impaired thereby, (b) Landlord shall not be in default hereunder or be liable for damages therefor, and (c) Tenant shall accept possession of the Premises when Landlord tenders possession thereof to Tenant. Notwithstanding the foregoing, if Landlord does not deliver possession of the Premises in the condition required by May 31, 2021 (subject to extension due to Tenant Delay or Force Majeure), Tenant may terminate this Lease by delivering written notice to Landlord. Upon any such termination pursuant to this **Section 3** Landlord shall return to Tenant the Security Deposit and any prepaid Basic Rent or Additional Rent and shall promptly reimburse Tenant for all hard and soft costs incurred by Tenant related to the design and construction of the tenant improvements (as described in this Lease and Exhibit D) and all costs incurred for furniture purchased for the Premises, and Landlord shall be entitled to retain all such improvements and furniture. By occupying the Premises, Tenant shall be deemed to have accepted the Premises in their condition as of the date of such occupancy, subject to the performance of punch-list items that remain to be performed by Landlord, if any, and any termination right pursuant to this Section shall be considered null and void. Prior to occupying the Premises, Tenant shall execute and deliver to Landlord a letter substantially in the form of **Exhibit E** hereto confirming (1) the Commencement Date and the expiration date of the initial Term, (2) that Tenant has accepted the Premises, and (3) that Landlord has performed all of its obligations with respect to the Premises (except for punch-list items specified in such letter); however, the failure of the parties to execute such letter shall not defer the Commencement Date or otherwise invalidate this Lease. Occupancy of the Premises by Tenant prior to the Commencement Date shall be subject to all of the provisions of this Lease excepting only those requiring the payment of Basic Rent, Additional Rent, Taxes and Electrical Costs (each as defined herein).

4. **Rent.**

(a) **Payment.** Tenant shall timely pay to Landlord Rent, without notice, demand, deduction or set off (except as otherwise expressly provided herein), by good and sufficient funds at Landlord's address provided for in this Lease or as otherwise specified by Landlord and shall be accompanied by all applicable state and local sales or use taxes. The obligations of Tenant to pay Basic Rent and other sums to Landlord and the obligations of Landlord under this Lease are independent obligations. Basic Rent, adjusted as herein provided, shall be payable monthly in advance. The first monthly installment of Basic Rent shall be payable contemporaneously with the execution of this Lease; thereafter, Basic Rent shall be payable on the first day of each month beginning on the first day of the second full calendar month of the Term. The monthly Basic Rent for any partial month at the beginning of the Term shall equal the product of 1/365 of the annual Basic Rent in effect during the partial month and the number of days in the partial month, and shall be due on the Commencement Date. Payments of Basic Rent for any fractional calendar month at the end of the Term shall be similarly prorated. Tenant shall pay Additional Rent at the same time and in the same manner as Basic Rent.

(b) **Operating Costs; Taxes; Electrical Costs.**

(1) Commencing on the Commencement Date, Tenant shall pay to Landlord the amount (per each rentable square foot in the Premises) ("**Additional Rent**") equal to the annual Operating Costs (defined below) per rentable square foot in the Building (calculated using Tenant's Proportionate Share of Operating Costs). Landlord may make a good faith estimate of the Additional Rent to be due by Tenant for any calendar year or part thereof during the Term. During each calendar year or partial calendar year of the Term, Tenant shall pay to Landlord, in advance concurrently with each monthly installment of Basic Rent, an amount equal to the estimated Additional Rent for such calendar year or part thereof divided by the number of months therein. From time to time, Landlord may estimate and re-estimate the Additional Rent to be due by Tenant and deliver a copy of the estimate or re-estimate to Tenant. Thereafter, the monthly installments of Additional Rent payable by Tenant shall be appropriately adjusted in accordance with the estimations so that, by the end of the calendar year in question, Tenant shall have paid all of the Additional Rent as estimated by Landlord. Any amounts paid based on such an estimate shall be subject to adjustment as herein provided when actual Operating Costs are available for each calendar year.

(2) The term "**Operating Costs**" means all expenses and disbursements (subject to the limitations set forth below) that Landlord actually incurs in connection with the ownership, operation, and maintenance of the Project, determined in accordance with sound accounting principles consistently applied, including the following costs: (A) wages and salaries of all on-site employees at or below the grade of senior building manager engaged in the operation, maintenance or security of the Project (together with Landlord's reasonable allocation of expenses of off-site employees at or below the grade of senior building manager who perform a portion of their services in connection with the operation, maintenance or security of the Project), including taxes, insurance and benefits relating thereto; (B) all supplies and materials used in the operation, maintenance, repair, replacement, and security of the Project; (C) costs for improvements made to the Project which, although capital in nature, are expected to reduce the normal operating costs (including all utility costs) of the Project, as amortized using a commercially reasonable interest rate over the time period reasonably estimated by Landlord to recover the costs thereof taking into consideration the anticipated cost savings and the useful economic life of such improvements, as determined by a third-party engineering or professional consulting firm engaged by Landlord using its good faith, commercially reasonable judgment, as well as capital improvements made in order to comply with any Law hereafter promulgated by any governmental authority or any interpretation hereafter rendered with respect to any existing Law, as amortized using a commercially reasonable interest rate over the useful economic life of such improvements as determined by a third-party engineering or professional consulting firm engaged by Landlord in its reasonable discretion; (D) cost of all utilities, except Electrical Costs and the cost of other utilities reimbursable to Landlord by the Project's tenants other than pursuant to a provision similar to this Section 4(b); (E) insurance expenses for the Project; (F) repairs, replacements, and general maintenance of the Project; and (G) service, maintenance and management contracts with independent contractors for the operation, maintenance, management, repair, replacement, or security of the Project (including alarm service, window cleaning, and elevator maintenance). If the Building is part of a multi-building office complex (the

"Complex"), Operating Costs, Taxes and Electrical Costs for the Complex may be prorated among the Project and the other buildings of the Complex, as reasonably determined by Landlord.

Operating Costs shall not include costs for (i) capital improvements made to the Building, other than capital improvements described in Section 4(b)(2)(C) and except for items which are generally considered maintenance and repair items, such as painting of common areas, replacement of carpet in elevator lobbies, and the like; (ii) repair, replacements and general maintenance paid by proceeds of insurance or by Tenant or other third parties; (iii) interest, amortization or other payments on loans to Landlord; (iv) depreciation; (v) leasing commissions; (vi) legal expenses for services, other than those that benefit the Project tenants generally (e.g., tax disputes); (vii) renovating or otherwise improving space for occupants of the Project or vacant space in the Project; (viii) Taxes; (ix) federal income taxes imposed on or measured by the income of Landlord from the operation of the Project; (x) expenses (including attorneys' fees) incident to Landlord's enforcement of any lease; (xi) ground rental payments; (xii) fines, penalties or damages incurred by Landlord as a result of any violation of law committed by Landlord, or any breach of contract (or breach of lease with other tenants of the Project) committed by Landlord, or Landlord's failure to timely pay Taxes or Operating Costs; (xiii) Landlord's advertising, promotional and marketing expenses; (xiv) any costs for which Landlord is reimbursed, including by way of insurance proceeds (or would have been reimbursed if Landlord had maintained the insurance it is required to maintain under this Lease), condemnation awards, warranties, guaranties or otherwise; (xv) costs incurred in connection with the sale, financing, refinancing, mortgaging, selling or change of ownership of the Building, the Land or the Project, including without limitation, brokerage commissions, attorneys' and accountants' fees, closing costs, title insurance premiums, transfer taxes and interest charges; (xvi) costs or expenses of utilities directly metered to tenants of the Building; (xvii) costs associated with any special utilities, services or amenities furnished to any other tenant in the Building which Landlord does not make available to Tenant; (xviii) the cost of any work furnished by Landlord without charge as an inducement for a tenant to lease space (e.g., through improvement allowances); (xix) any compensation paid to clerks, attendants or other persons in commercial concessions operated by Landlord; (xx) costs of any work performed or service provided for which fees are separately charged to Tenant or other compensation received from Tenant (except for fees charged pursuant to provisions similar to this Section 4); costs associated with utilities, services or amenities not available to all tenants and not available to Tenant; and costs associated with utilities, services or amenities provided to any tenant other than Tenant to a materially greater extent or in a materially more favorable manner than generally provided to other tenants (including Tenant), to the extent of the costs associated with such greater extent or more favorable manner of providing such utilities, services or amenities; (xxi) payments for equipment rentals, the cost of which would constitute a capital expenditure if such equipment were purchased; (xxii) costs for sculptures, paintings and other objects of art located in the interior or on the exterior of the Building or immediately adjacent thereto; (xxiii) all amounts that would otherwise be included in Operating Costs which are paid to any affiliate of Landlord, to the extent the costs of such services exceed competitive rates for such services rendered by persons or entities of similar skill, competence and experience; (xxiv) subject to clause (C) above, costs of any repairs, alterations, additions, changes, tools, equipment replacements and the like which under generally accepted accounting principles and practices are properly classified as capital expenditures; (xxv) expenses in connection with repairs or other work occasioned by the exercise of the right of eminent domain; (xxvi) damages incurred due to the negligence or willful misconduct of the Landlord or Landlord's agents, employees or contractors; (xxvii) Landlord's general partnership or limited liability company overhead not related to management, operation, maintenance and repair of the Building; (xxviii) bad debt loss, rent loss or reserves for bad debt or rent loss; (xxix) costs of decorating; (xxx) contributions to charitable or political organizations; (xxxi) costs incurred in connection with the operation of any retail operations at the Project that are payable by third parties; (xxxii) any operating costs related to any future expansion of the Building or the Project; (xxxiii) costs which are duplicative, (xxxiv) rent for a management office and rent and expenses for a marketing office, (xxxv) property management fees in excess of five percent (5%) of gross rents for the Project, and (xxxvi) costs incurred to remove any hazardous materials or other toxic material or substances from either the Building or the Premises. In the event there exists a conflict as to an expense which is specified to be included in Operating Costs and is also specified to be excluded from Operating Costs within the above lists, the exclusions listed above shall prevail and the expenses shall be deemed excluded. Landlord shall not recover more than 100% of the Operating Costs actually incurred by Landlord.

(3) Tenant shall also pay Tenant's Proportionate Share of Taxes for each year and partial year falling within the Term. Tenant shall pay Tenant's Proportionate Share of Taxes in the same manner as provided above for Tenant's Proportionate Share of Operating Costs. "**Taxes**" means taxes, assessments, and governmental charges or fees whether federal, state, county or municipal, and whether they be by taxing districts or authorities presently taxing or by others, subsequently created or otherwise, and any other taxes and assessments (including non-governmental assessments for common charges under a restrictive covenant or other private agreement that are not treated as part of Operating Costs) now or hereafter attributable to the Project (or its operation), excluding, however, penalties and interest thereon and federal and state taxes on income (if the present method of taxation changes so that in lieu of or in addition to the whole or any part of any Taxes, there is levied on Landlord a capital tax directly on the rents received therefrom or a franchise tax, assessment, or charge based, in whole or in part, upon such rents for the Project, then all such taxes, assessments, or charges, or the part thereof so based, shall be deemed to be included within the term "Taxes" for purposes hereof). Taxes shall include the reasonable and actual costs of independent consultants retained in an effort to lower taxes and all reasonable and actual costs incurred in disputing any taxes or in seeking to lower the tax valuation of the Project. For property tax purposes, Tenant waives all rights to protest or appeal the appraised value of the Premises, as well as the Project, and all rights to receive notices of reappraisal. Notwithstanding any of the foregoing, the following shall not be included in Taxes and Tenant shall not be required to pay (i) any municipal, county, state or federal income tax, or (ii) any inheritance, estate, succession, transfer, franchise, gift, excise, estate, corporation, net income or profit tax or capital levy imposed upon Landlord, or (iii) personal income taxes, personal property taxes, or (iv) other tax or assessment levied against Landlord, or penalties or interest on late payments. Landlord shall not recover more than 100% of the Taxes actually incurred by Landlord.

(4) Tenant shall also pay to Landlord Tenant's Proportionate Share of the cost of all electricity used by the Project ("**Electrical Costs**"). Such amount shall be payable in monthly installments on the Commencement Date and on the first day of each calendar month thereafter. Each installment shall be based on Landlord's estimate of the amount due for each month. From time to time during any calendar year, Landlord may estimate or re-estimate the Electrical Costs to be due by Tenant for that calendar year and deliver a copy of the estimate or re-estimate to Tenant. Thereafter, the monthly installments of Electrical Costs payable by Tenant shall be appropriately adjusted in accordance with the estimations.

(5) By April 1 of each calendar year, or as soon thereafter as practicable, Landlord shall furnish to Tenant a detailed statement of Operating Costs and Electrical Costs for the previous year, in each case adjusted as provided in Section 4(b)(6), and of the Taxes for the previous year (the "**Operating Costs and Tax Statement**"). Landlord shall promptly respond to any inquiries and requests for invoices or other information with respect to Operating Costs, Electrical Costs or Taxes. If Tenant's estimated payments of Operating Costs, Electrical Costs or Taxes under this Section 4(b) for the year covered by the Operating Costs and Tax Statement exceed Tenant's Proportionate Share of such items as indicated in the Operating Costs and Tax Statement, then Landlord shall promptly credit or reimburse Tenant for such excess; likewise, if Tenant's estimated payments of Operating Costs, Electrical Costs or Taxes under this Section 4(b) for such year are less than Tenant's Proportionate Share of such items as indicated in the Operating Costs and Tax Statement, then Tenant shall promptly pay Landlord such deficiency.

(6) With respect to any calendar year or partial calendar year in which the Building is not occupied to the extent of 95% of the rentable area thereof, or Landlord is not supplying services to 95% of the rentable area thereof, the Operating Costs and Electrical Costs for such period which vary with the occupancy of the Building shall, for the purposes hereof, be increased to the amount which would have been incurred had the Building been occupied to the extent of 95% of the rentable area thereof and Landlord had been supplying services to 95% of the rentable area thereof. In no event shall the provisions of this Section be used to enable Landlord to collect from tenants of the Project more than one hundred percent (100%) of Operating Costs actually incurred.

(7) **Audit Rights.** If Tenant disputes the amount set forth in a given Operating Costs and Tax Statement, Tenant shall have the right, at Tenant's sole expense, to cause Landlord's books and records with respect to the particular calendar year that is the subject of that particular Operating Costs and Tax Statement to be audited by a certified accountant selected by Tenant from a certified public accounting

firm licensed in the state of Texas, provided (i) there is no Event of Default, and (ii) Tenant delivers written notice (the "**Audit Notice**") to Landlord on or prior to the date that is ninety (90) days after Landlord delivers the Operating Costs and Tax Statement in question to Tenant (such 90-day period, the "**Response Period**"). If Tenant fails to timely deliver an Audit Notice with respect to a given Operating Costs and Tax Statement, then Tenant's right to undertake an Audit with respect to that Operating Costs and Tax Statement and the calendar year to which that particular Operating Costs and Tax Statement relates shall be automatically waived. If such audit reveals that an error was made in the amounts previously charged to Tenant, then Landlord shall credit such excess to future Basic Rent or other monetary obligations provided that such amount shall be promptly paid to Tenant upon the expiration of the Term. If Tenant's audit of the amounts reveals an overcharge of five percent (5.0%) or more, Landlord promptly shall reimburse Tenant for the reasonable costs of the audit. If Tenant retains an agent to review Landlord's records, the agent must be with a nationally or regionally recognized licensed CPA firm; the audit may not be conducted by an auditor retained on a contingent fee basis. Tenant shall provide Landlord with a copy of any report prepared in connection with such review or audit within seven (7) business days after Tenant's receipt of such report. In the event Landlord shall fail to invoice Tenant for any Additional Rent pursuant to this section within two (2) years, then Landlord shall be deemed to have waived its right to collect such Additional Rent. In addition, in the event that Landlord shall fail to invoice Tenant for any Additional Rent pursuant to this section within six (6) months following the expiration or termination of the Term of this Lease, then Landlord shall be deemed to have waived its right to collect such Additional Rent.

5. **Delinquent Payment; Handling Charges.** All past due payments required of Tenant hereunder shall bear interest from the date due until paid at the lesser of ten percent per annum or the maximum lawful rate of interest (such lesser amount is referred to herein as the "**Default Rate**"); additionally, Landlord, in addition to all other rights and remedies available to it, may charge Tenant a fee equal to five percent of the delinquent payment to reimburse Landlord for its cost and inconvenience incurred as a consequence of Tenant's delinquency. In no event, however, shall the charges permitted under this **Section 5** or elsewhere in this Lease, to the extent they are considered to be interest under applicable Law, exceed the maximum lawful rate of interest. Notwithstanding the foregoing, the late fee and interest charges referenced above shall not be charged with respect to the first occurrence (but not any subsequent occurrence) during any 12-month period that Tenant fails to make payment when due, until five days after Landlord delivers written notice of such delinquency to Tenant.

6. **Security Deposit.** Contemporaneously with the execution of this Lease, Tenant shall pay to Landlord the Security Deposit, which shall be held by Landlord to secure Tenant's performance of its obligations under this Lease. The Security Deposit is not an advance payment of Rent or a measure or limit of Landlord's damages upon an Event of Default (as defined herein). Landlord may, from time to time following an Event of Default and without prejudice to any other remedy, use all or a part of the Security Deposit to perform any obligation Tenant fails to perform hereunder. Following any such application of the Security Deposit, Tenant shall pay to Landlord on demand the amount so applied in order to restore the Security Deposit to its original amount. Subject to the requirements of, and conditions imposed by, Laws applicable to security deposits under commercial leases, Landlord shall, within the time required by applicable Law, return to Tenant the portion of the Security Deposit remaining after deducting all damages, charges and other amounts permitted by Law (but in any event not later than sixty (60) days after expiration or termination of this Lease). Landlord and Tenant agree that such deductions shall include, without limitation, all damages and losses that Landlord has suffered as a result of any breach of this Lease by Tenant. The Security Deposit may be commingled with other funds, and no interest shall be paid thereon. If Landlord transfers its interest in the Premises, Landlord shall assign the Security Deposit to the transferee and, upon such transfer and the delivery to Tenant of an acknowledgement of the transferee's responsibility for the Security Deposit as provided by Law, Landlord thereafter shall have no further liability for the return of the Security Deposit.

7. **Landlord's Obligations.**

(a) **Services.** Landlord shall use all reasonable efforts to furnish to Tenant the following services of a quality consistent with that provided in other first class office buildings in Dallas, Texas: (1) hot and cold water at those points of supply provided for general use of tenants of the Building for lavatory, restroom, and drinking purposes; (2) heated and refrigerated air conditioning ("**HVAC**") as appropriate, at such temperatures and in such amounts as are standard for comparable buildings in the vicinity of the Building; (3) janitorial service to the Premises on weekdays, other than holidays, for Building-standard installations (including cleaning, trash removal, necessary

dusting and vacuuming, maintaining towels, tissue and other restroom supplies and such other work as is customarily performed in connection with nightly janitorial services in office complexes similar in construction, location, use and occupancy to the Building) and such window washing as may from time to time be reasonably required; (4) elevators for ingress and egress to the floor on which the Premises are located, in common with other tenants, provided that Landlord may reasonably limit the number of operating elevators during non-business hours and holidays (provided that at least one elevator shall be available to all floors of the Premises at all times and Tenant shall not be charged any fee for its use of the Building freight or passenger elevators); and (5) electrical current for equipment whose electrical energy consumption does not exceed normal office usage. Landlord shall maintain the common areas of the Building in reasonably good order and condition, except for damage caused by a Tenant Party. If Tenant desires any of the services specified in Section 7(a)(2): (A) at any time other than between 7:00 a.m. and 6:00 p.m. on weekdays and between 7:00 a.m. and 1:00 p.m. on Saturday (in each case other than federal holidays), or (B) on Sunday or holidays, then such services shall be supplied to Tenant upon the written request of Tenant delivered to Landlord before 3:00 p.m. on the business day preceding such extra usage, and Tenant shall pay to Landlord the cost of such services within 30 days after Landlord has delivered to Tenant an invoice therefor. The current estimate of the costs incurred by Landlord in providing such services is \$55.00 per hour.

(b) **Excess Utility Use.** Landlord shall not be required to furnish electrical current for equipment that requires more than 120/208 volts or other equipment whose electrical energy consumption exceeds normal office usage. If Tenant's requirements for or consumption of electricity exceed the electricity to be provided by Landlord as described in Section 7(a), Landlord shall, at Tenant's expense, make reasonable efforts to supply such service through the then-existing feeders and risers serving the Building and the Premises, and Tenant shall pay to Landlord the cost of such service within 30 days after Landlord has delivered to Tenant an invoice therefor. Landlord may determine the amount of such additional consumption and potential consumption by any verifiable method. If Tenant's equipment exceeds the electrical energy consumption allowed herein, Landlord may take reasonable action to measure such excess consumption, including installation of a separate meter in the Premises installed, maintained, and read by Landlord, at Tenant's expense. Tenant shall not install any electrical equipment requiring special wiring or requiring voltage in excess of 120/208 volts unless approved in advance by Landlord, which approval shall not be unreasonably withheld. Tenant shall not install any electrical equipment requiring voltage in excess of Building capacity unless approved in advance by Landlord, which approval may be withheld in Landlord's sole discretion. The use of electricity in the Premises shall not exceed the capacity of existing feeders and risers to or wiring in the Premises; provided that Landlord represents and warrants to Tenant that the feeders and risers to and wiring in the Premises are sufficient for normal office usage. Any risers or wiring required to meet Tenant's excess electrical requirements shall, upon Tenant's written request, be installed by Landlord, at Tenant's cost, if, in Landlord's judgment, the same are necessary and shall not cause permanent damage to the Building or the Premises, cause or create a dangerous or hazardous condition, entail excessive or unreasonable alterations, repairs, or expenses, or interfere with or disturb other tenants of the Building. If Tenant uses machines or equipment in the Premises which unreasonably affect the temperature otherwise maintained by the air conditioning system or otherwise overload any utility, Landlord may install supplemental air conditioning units or other supplemental equipment in the Premises, and the cost thereof, including the cost of installation, operation, use, and maintenance, in each case, plus an administrative fee of 10% of such cost, shall be paid by Tenant to Landlord within 30 days after Landlord has delivered to Tenant an invoice therefor.

(c) **Access.** Tenant shall have access to the Building and the Premises (including, without limitation, the parking areas) on a 24 hours per day, 7 days per week and 365 days per year basis. Tenant shall not be charged any fee for its use of the Building loading docks during the Term of this Lease. In the event that any entry doors or elevators of the Building or Premises are monitored for access by a key-card, fingerprint or passcode system, Landlord shall provide Tenant with the initial set of all necessary key-cards, access cards or passcodes at no charge on the Commencement Date; thereafter additional sets and replacements of such items shall be provided by Landlord for a reasonable per-set fee. Notwithstanding the foregoing or anything contained in this Lease to the contrary, Tenant shall be allowed to upgrade the security system(s) serving the Premises and to install security cameras or other security devices within the Premises.

(d) **Restoration of Services; Abatement.** Landlord shall use commercially reasonable efforts to restore any service required of it that becomes unavailable; however, such unavailability shall not render Landlord liable for any damages caused thereby, be a constructive eviction of Tenant, constitute a breach of any implied warranty, or, except as provided in the next sentence, entitle Tenant to any abatement of Tenant's obligations

hereunder. If, however, Tenant is prevented from using the Premises because of the unavailability of any such service for a period of ten (10) consecutive business days following Landlord's receipt from Tenant of a written notice regarding such unavailability, the restoration of which is within Landlord's sole control, and such unavailability was not caused by a Tenant Party or a governmental directive, then Tenant shall, as its exclusive remedy be entitled to abatement of Basic Rent and Additional Rent for each consecutive day (after such 10-day period) that Tenant is so prevented from using the Premises. If such interruption continues for more than thirty (30) consecutive days, the casualty provisions of this Lease shall govern.

8. **Improvements; Alterations; Repairs; Maintenance.**

(a) **Improvements; Alterations.** Except as otherwise provided herein and in Exhibit D attached hereto, improvements to the Premises shall be installed at Tenant's expense only in accordance with plans and specifications which have been previously submitted to and approved in writing by Landlord, which approval shall be governed by the provisions set forth in this Section 8(a). No alterations or physical additions in or to the Premises may be made without Landlord's prior written consent, which shall not be unreasonably withheld or delayed; however, Landlord may withhold its consent to any alteration or addition that would adversely affect (in the reasonable discretion of Landlord) the (1) Building's Structure or the Building's Systems (including the Building's restrooms or mechanical rooms), (2) exterior appearance of the Building, (3) appearance of the Building's common areas or elevator lobby areas, or (4) provision of services to other occupants of the Building. Except as otherwise provided herein, Tenant shall not paint or install lighting or decorations, signs, window or door lettering, or advertising media of any type visible from the exterior of the Premises without the prior written consent of Landlord, which consent shall not be unreasonably withheld or delayed. All alterations, additions, and improvements shall be constructed, maintained, and used by Tenant, at its risk and expense, in accordance with all Laws; Landlord's consent to or approval of any alterations, additions or improvements (or the plans therefor) shall not constitute a representation or warranty by Landlord, nor Landlord's acceptance, that the same comply with sound architectural and/or engineering practices or with all applicable Laws, and Tenant shall be solely responsible for ensuring all such compliance. Notwithstanding anything in this Lease to the contrary, Tenant shall have the right, without Landlord's prior consent or approval, to make interior, non-structural additions, improvements and alterations to the Premises, provided that (i) Tenant shall deliver notice to Landlord prior to commencing such additions, improvements or alterations, (ii) the cost of such alterations do not exceed \$30,000.00, and (iii) such alterations are performed in a good and workmanlike manner. Unless Landlord states in writing at the time of their giving of consent to a proposed alteration, addition or improvement that all or any element of such alterations, additions or improvements must be removed by Tenant at the expiration or earlier termination of the Term hereof, such alterations, additions or improvements may remain within or upon the Premises at the expiration or other termination of the Term hereof and Tenant shall have no obligation for removal of such alterations, additions and improvements.

(b) **Repairs; Maintenance.** Except for Landlord's obligations under this Lease, Tenant shall maintain the Premises in a clean, safe, and operable condition, and shall not permit or allow to remain any waste or damage to any portion of the Premises. Additionally, Tenant, at its sole expense, shall repair, replace and maintain in good condition and in accordance with all Laws and the equipment manufacturer's suggested service programs, all portions of the Premises, Tenant's Off-Premises Equipment and all areas, improvements and systems exclusively serving the Premises. Tenant shall repair or replace, subject to Landlord's direction and supervision, any damage to the Building caused by a Tenant Party. If Tenant fails to make such repairs or replacements within 15 days after the occurrence of such damage, then Landlord may make the same at Tenant's cost. If any such damage occurs outside of the Premises, then Landlord may elect to repair such damage at Tenant's expense, rather than having Tenant repair such damage. The actual cost of all maintenance, repair or replacement work performed by Landlord under this Section 8 shall be paid by Tenant to Landlord within 30 days after Landlord has invoiced Tenant therefor.

(c) **Landlord's Repairs.** Notwithstanding anything contained in Section 8(b) above to the contrary, Landlord shall repair, maintain and, when necessary, replace (a) all portions of the Building's Structure, including, but not limited to, the roof, foundation, exterior walls, floors, elevators and windows, (b) the parking facilities, Amenities, lighting facilities, landscaping, drainage areas, driveways, plazas, walkways, courtyards and other common areas, and (c) all portions of the Building's Systems, including, but not limited to the plumbing, heating, ventilating, air conditioning and electrical systems and other mechanical equipment and systems serving the Project, all in a manner consistent with other comparable first-class buildings in Dallas, Texas and in compliance with Laws. Landlord shall not be liable to Tenant for any failure to make any such repairs, or to perform any maintenance



hereunder unless such failure shall persist for thirty (30) days after written notice of the need of such repairs, maintenance or replacement is given to Landlord by Tenant (or within such additional period as may be reasonably required, so long as Landlord commences such repairs or replacement within such period and thereafter diligently proceeds to complete the same). If a material portion of the Premises becomes untenantable or inaccessible because of the need for Landlord's repairs for a period of ten (10) consecutive business days following Landlord's receipt from Tenant of a written notice regarding such unavailability, and such unavailability was not caused by a Tenant Party, then Tenant shall, as its exclusive remedy be entitled to an abatement of Rent with respect to that portion of the Premises which is rendered untenantable for each consecutive day (after such ten (10) business day period) that Tenant is so prevented from using the Premises. If such interruption continues for more than thirty (30) consecutive days, the casualty provisions of this Lease shall govern.

(d) **Performance of Work.** All work described in this Section 8 shall be performed only by Landlord or by contractors and subcontractors reasonably approved in writing by Landlord. Tenant shall cause all contractors and subcontractors to procure and maintain insurance coverage naming Landlord, Landlord's property management company and Landlord's asset management company as additional insureds against such risks, in such amounts, and with such companies as Landlord may reasonably require or approve, which approval shall not be unreasonably withheld, conditioned or delayed. Tenant shall provide Landlord with the identities, mailing addresses and telephone numbers of all persons performing work or supplying materials prior to beginning such construction and Landlord may post on and about the Premises notices of non-responsibility pursuant to applicable Laws. All such work shall be performed in accordance with all Laws and in a good and workmanlike manner so as not to damage the Building (including the Premises, the Building's Structure and the Building's Systems). All such work which may affect the Building's Structure or the Building's Systems must be approved by the Building's engineer of record, at Tenant's expense and, at Landlord's election, must be performed by Landlord's usual contractor for such work. All work affecting the roof of the Building must be performed by Landlord's roofing contractor and no such work will be permitted if it would void or reduce the warranty on the roof.

(e) **Mechanic's Liens.** All work performed, materials furnished, or obligations incurred by or at the request of a Tenant Party shall be deemed authorized and ordered by Tenant only, and Tenant shall not permit any mechanic's liens to be filed against the Premises or the Project in connection therewith. Upon completion of any such work, Tenant shall deliver to Landlord final lien waivers from all contractors, subcontractors and materialmen who performed such work. If such a lien is filed, then Tenant shall, within ten days after Landlord has delivered notice of the filing thereof to Tenant (or such earlier time period as may be necessary to prevent the forfeiture of the Premises, the Project or any interest of Landlord therein or the imposition of a civil or criminal fine with respect thereto), either (1) pay the amount of the lien and cause the lien to be released of record, or (2) diligently contest such lien and deliver to Landlord a bond or other security reasonably satisfactory to Landlord. If Tenant fails to timely take either such action, then Landlord may pay the lien claim, and any amounts so paid, including expenses and interest, shall be paid by Tenant to Landlord within ten days after Landlord has invoiced Tenant therefor. Landlord and Tenant acknowledge and agree that their relationship is and shall be solely that of "landlord-tenant" (thereby excluding a relationship of "owner-contractor," "owner-agent" or other similar relationships). Accordingly, all materialmen, contractors, artisans, mechanics, laborers and any other persons now or hereafter contracting with Tenant, any contractor or subcontractor of Tenant or any other Tenant Party for the furnishing of any labor, services, materials, supplies or equipment with respect to any portion of the Premises, at any time from the date hereof until the end of the Term, are hereby charged with notice that they look exclusively to Tenant to obtain payment for same. Nothing herein shall be deemed a consent by Landlord to any liens being placed upon the Premises, the Project or Landlord's interest therein due to any work performed by or for Tenant or deemed to give any contractor or subcontractor or materialman any right or interest in any funds held by Landlord to reimburse Tenant for any portion of the cost of such work. Tenant shall defend, indemnify and hold harmless Landlord and its agents and representatives from and against all claims, demands, causes of action, suits, judgments, damages and expenses (including attorneys' fees) in any way arising from or relating to the failure by any Tenant Party to pay for any work performed, materials furnished, or obligations incurred by or at the request of a Tenant Party. This indemnity provision shall survive termination or expiration of this Lease.

9. **Use.** Tenant shall continuously occupy and use the Premises only for the Permitted Use and shall comply with all Laws relating to this Lease and/or the use, condition, access to, and occupancy of the Premises and will not commit waste, overload the Building's Structure or the Building's Systems or subject the Premises to use that would damage the Premises. The population density within the Premises as a whole shall at no time exceed one person for each 200 rentable square feet in the Premises. Notwithstanding anything in this Lease to the contrary, as between

Landlord and Tenant, (a) Tenant shall bear the risk of complying with Title III of the Americans With Disabilities Act of 1990, any state laws governing handicapped access or architectural barriers, and all rules, regulations, and guidelines promulgated under such laws, as amended from time to time (the "**Disabilities Acts**") in the Premises, and (b) Landlord shall bear the risk of complying with the Disabilities Acts in the common areas of the Building, other than compliance that is necessitated by the use of the Premises for other than the Permitted Use or as a result of any alterations or additions, including any initial tenant improvement work, made by or on behalf of a Tenant Party (which risk and responsibility shall be borne by Tenant). The Premises shall not be used for any use which is disreputable, creates extraordinary fire hazards, or results in an increased rate of insurance on the Building or its contents, or for the storage of any Hazardous Materials (other than typical office supplies [e.g., photocopier toner] and then only in compliance with all Laws). Tenant shall not use any substantial portion of the Premises for a "call center," any other telemarketing use, or any credit processing use. If, because of a Tenant Party's acts or because Tenant vacates the Premises, the rate of insurance on the Building or its contents increases, then such acts shall be an Event of Default if Tenant does not cure such act or use within thirty (30) days after notice from Landlord, Tenant shall pay to Landlord the amount of such increase on demand, and acceptance of such payment shall not waive any of Landlord's other rights. Tenant shall conduct its business and control each other Tenant Party so as not to create any nuisance or unreasonably interfere with other tenants or Landlord in its management of the Building.

10. **Assignment and Subletting.**

(a) **Transfers.** Except as provided in Section 10(h), Tenant shall not, without the prior written consent of Landlord, (1) assign, transfer, or encumber this Lease or any estate or interest herein, whether directly or by operation of law, (2) permit any other entity to become Tenant hereunder by merger, consolidation, or other reorganization, (3) if Tenant is an entity other than a corporation whose stock is publicly traded, permit the transfer of an ownership interest in Tenant so as to result in a change in the current control of Tenant, (4) sublet any portion of the Premises, (5) grant any license, concession, or other right of occupancy of any portion of the Premises, or (6) permit the use of the Premises by any parties other than Tenant (any of the events listed in Section 10(a)(1) through 10(a)(6) being a "**Transfer**").

(b) **Consent Standards.** Landlord shall not unreasonably withhold its consent to any assignment or subletting of the Premises, provided that the proposed transferee (1) is creditworthy, (2) has a good reputation in the business community, (3) will use the Premises for the Permitted Use (thus, excluding, without limitation, uses for credit processing and telemarketing) and will not use the Premises in any manner that would conflict with any exclusive use agreement or other similar agreement entered into by Landlord with any other tenant of the Building or Complex, (4) will not use the Premises, Building or Project in a manner that would materially increase the pedestrian or vehicular traffic to the Premises, Building or Project, (5) is not a governmental entity, or subdivision or agency thereof, (6) is not another occupant of the Building or Complex, (7) is in compliance with the regulations of the Office of Foreign Asset Control ("**OFAC**") of the Department of the Treasury (including those named on OFAC's Specially Designated Nationals and Blocked Persons List) and any statute, executive order (including the September 24, 2001, Executive Order Blocking Property and Prohibiting Transactions with Persons Who Commit, Threaten to Commit or Support Terrorism), or other governmental action relating thereto; and (8) is not a person or entity with whom Landlord is then, or has been within the six-month period prior to the time Tenant seeks to enter into such assignment or subletting, negotiating to lease space in the Building or Complex or any Affiliate of any such person or entity; otherwise, Landlord may withhold its consent in its sole discretion. Additionally, Landlord may withhold its consent in its sole discretion to any proposed Transfer if any Event of Default by Tenant then exists.

(c) **Request for Consent.** If Tenant requests Landlord's consent to a Transfer, then, at least 15 business days prior to the effective date of the proposed Transfer, Tenant shall provide Landlord with a written description of all terms and conditions of the proposed Transfer, copies of the proposed documentation, and the following information about the proposed transferee: name and address of the proposed transferee and any entities and persons who own, control or direct the proposed transferee; reasonably satisfactory information about its business and business history; its proposed use of the Premises; banking, financial, and other credit information; and general references sufficient to enable Landlord to determine the proposed transferee's creditworthiness and character. Concurrently with Tenant's notice of any request for consent to a Transfer, Tenant shall pay to Landlord a fee of \$1,000 to defray Landlord's expenses in reviewing such request, and Tenant shall also reimburse Landlord

immediately upon request for its reasonable attorneys' fees incurred in connection with considering any request for consent to a Transfer up to a maximum amount of \$1,500.

(d) **Conditions to Consent.** If Landlord consents to a proposed Transfer, then the proposed transferee shall deliver to Landlord a written agreement whereby it expressly assumes Tenant's obligations hereunder; however, any transferee of less than all of the space in the Premises shall be liable only for obligations under this Lease that are properly allocable to the space subject to the Transfer for the period of the Transfer. No Transfer shall release Tenant from its obligations under this Lease, but rather Tenant and its transferee shall be jointly and severally liable therefor. Landlord's consent to any Transfer shall not waive Landlord's rights as to any subsequent Transfers. If an Event of Default occurs while the Premises or any part thereof are subject to a Transfer, then Landlord, in addition to its other remedies, may collect directly from such transferee all rents becoming due to Tenant and apply such rents against Rent. Tenant authorizes its transferees to make payments of rent directly to Landlord upon receipt of notice from Landlord to do so following the occurrence of an Event of Default hereunder. Tenant shall pay for the cost of any demising walls or other improvements necessitated by a proposed subletting or assignment.

(e) **Attornment by Subtenants.** Each sublease by Tenant hereunder shall be subject and subordinate to this Lease and to the matters to which this Lease is or shall be subordinate, and each subtenant by entering into a sublease is deemed to have agreed that in the event of termination, re-entry or dispossession by Landlord under this Lease, Landlord may, at its option, take over all of the right, title and interest of Tenant, as sublandlord, 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 (1) liable for any previous act or omission of Tenant under such sublease, (2) subject to any counterclaim, offset or defense that such subtenant might have against Tenant, (3) bound by any previous modification of such sublease not approved by Landlord in writing or by any rent or additional rent or advance rent which such subtenant might have paid for more than the current month to Tenant, and all such rent shall remain due and owing, notwithstanding such advance payment, (4) bound by any security or advance rental deposit made by such subtenant which is not delivered or paid over to Landlord and with respect to which such subtenant shall look solely to Tenant for refund or reimbursement, or (5) obligated to perform any work in the subleased space or to prepare it for occupancy, and in connection with such attornment, the subtenant shall execute and deliver to Landlord any instruments Landlord may reasonably request to evidence and confirm such attornment. Each subtenant or licensee of Tenant shall be deemed, automatically upon and as a condition of its occupying or using the Premises or any part thereof, to have agreed to be bound by the terms and conditions set forth in this Section 10(e). The provisions of this Section 10(e) shall be self-operative, and no further instrument shall be required to give effect to this provision.

(f) **Cancellation.** Landlord may, within 30 days after submission of Tenant's written request for Landlord's consent to an assignment or subletting, cancel this Lease as to the portion of the Premises proposed to be sublet or assigned as of the date the proposed Transfer is to be effective. If Landlord cancels this Lease as to any portion of the Premises, then this Lease shall cease for such portion of the Premises and Tenant shall pay to Landlord all Rent accrued through the cancellation date relating to the portion of the Premises covered by the proposed Transfer. Thereafter, Landlord may lease such portion of the Premises to the prospective transferee (or to any other person) without liability to Tenant.

(g) **Additional Compensation.** Tenant shall pay to Landlord, immediately upon receipt thereof, the excess of (t) all compensation received by Tenant for a Transfer less the actual out-of-pocket costs reasonably incurred by Tenant with unaffiliated third parties (i.e., brokerage commissions and tenant finish work) in connection with such Transfer (such costs shall be amortized on a straight-line basis over the term of the Transfer in question) over (u) the Rent allocable to the portion of the Premises covered thereby.

(h) **Permitted Transfers.** Notwithstanding Section 10(a), Tenant may Transfer all or part of its interest in this Lease or all or part of the Premises (a "**Permitted Transfer**") to the following types of entities (a "**Permitted Transferee**") without the written consent of Landlord:

- (1) an Affiliate of Tenant;
- (2) any corporation, limited partnership, limited liability partnership, limited liability company or other business entity in which or with which Tenant, or its corporate successors, Affiliates or

assigns, is merged or consolidated, in accordance with applicable statutory provisions governing merger and consolidation of business entities, so long as (A) Tenant's obligations hereunder are assumed by the entity surviving such merger or created by such consolidation; and (B) the Tangible Net Worth of the surviving or created entity is not less than the Tangible Net Worth of Tenant as of the date hereof; or

(3) any corporation, limited partnership, limited liability partnership, limited liability company or other business entity acquiring all or substantially all of Tenant's assets if such entity's Tangible Net Worth after such acquisition is not less than the Tangible Net Worth of Tenant as of the date hereof.

Tenant shall promptly notify Landlord of any such Permitted Transfer. Tenant shall remain liable for the performance of all of the obligations of Tenant hereunder, or if Tenant no longer exists because of a merger, consolidation, or acquisition, the surviving or acquiring entity shall expressly assume in writing the obligations of Tenant hereunder. Additionally, the Permitted Transferee shall comply with all of the terms and conditions of this Lease, including the Permitted Use, and the use of the Premises by the Permitted Transferee may not violate any other agreements affecting the Premises, the Building, the Complex, Landlord or other tenants of the Building or the Complex that were enforceable against Tenant prior to the Transfer. No later than 30 days after the effective date of any Permitted Transfer, Tenant agrees to furnish Landlord with (A) copies of the instrument effecting any of the foregoing Transfers (which instrument may be redacted to remove confidential information unrelated to this Lease – for example, the terms of a merger contained in a merger agreement), (B) documentation establishing Tenant's satisfaction of the requirements set forth above applicable to any such Transfer, (C) evidence of insurance as required under this Lease with respect to the Permitted Transferee, and (D) evidence or a statement of compliance with the regulations of OFAC and any statute, executive order (including the September 24, 2001, Executive Order Blocking Property and Prohibiting Transactions with Persons Who Commit, Threaten to Commit, or Support Terrorism), or other governmental action relating thereto, including the name and address of the Permitted Transferee and any entities and persons who own, control or direct the Permitted Transferee. The occurrence of a Permitted Transfer shall not waive Landlord's rights as to any subsequent Transfers. "**Tangible Net Worth**" means the excess of total assets over total liabilities, in each case as determined in accordance with generally accepted accounting principles consistently applied ("**GAAP**"), excluding, however, from the determination of total assets all assets which would be classified as intangible assets under GAAP including goodwill, licenses, patents, trademarks, trade names, copyrights, and franchises. Any subsequent Transfer by a Permitted Transferee shall be subject to the terms of this Section 10.

11. **Insurance; Waivers; Subrogation; Indemnity.**

(a) **Tenant's Insurance.** Effective as of the earlier of (1) the date Tenant enters or occupies the Premises, or (2) the Commencement Date, and continuing throughout the Term, Tenant shall maintain the following insurance policies: (A) commercial general liability insurance in amounts of \$2,000,000 per occurrence or, following the expiration of the initial Term, such other amounts as Landlord may from time to time reasonably require (and, if the use and occupancy of the Premises include any activity or matter that is or may be excluded from coverage under a commercial general liability policy [e.g., the sale, service or consumption of alcoholic beverages], Tenant shall obtain such endorsements to the commercial general liability policy or otherwise obtain insurance to insure all liability arising from such activity or matter including liquor liability, if applicable in such amounts as Landlord may reasonably require), insuring Tenant, Landlord, Landlord's property management company, Landlord's asset management company and, if requested in writing by Landlord, Landlord's Mortgagee, against all liability for injury to or death of a person or persons or damage to property arising from the use and occupancy of the Premises and (without implying any consent by Landlord to the installation thereof) the installation, operation, maintenance, repair or removal of Tenant's Off-Premises Equipment, (B) insurance covering the full value of all alterations and improvements and betterments in the Premises, naming Landlord and Landlord's Mortgagee as additional loss payees as their interests may appear, (C) insurance covering the full value of all furniture, trade fixtures and personal property (including property of Tenant or others) in the Premises or otherwise placed in the Project by or on behalf of a Tenant Party (including Tenant's Off-Premises Equipment), (D) contractual liability insurance sufficient to cover Tenant's indemnity obligations hereunder (but only if such contractual liability insurance is not already included in Tenant's commercial general liability insurance policy), (E) worker's compensation insurance (to the extent required under applicable Laws), and (F) business interruption insurance in an amount reasonable and standard for a similarly situated tenant in the Dallas, Texas market. Tenant's insurance shall provide primary coverage to Landlord when any policy issued to Landlord provides duplicate or similar coverage, and in such circumstance Landlord's policy will be excess over Tenant's policy. Tenant's insurance may have commercially reasonable deductibles. Tenant shall furnish to

Landlord certificates of such insurance and such other evidence satisfactory to Landlord of the maintenance of all insurance coverages required hereunder at least two days prior to the earlier of the Commencement Date or the date Tenant enters or occupies the Premises, and at least 15 days prior to each renewal of said insurance, and Tenant shall obtain a written obligation on the part of each insurance company to notify Landlord at least 30 days before cancellation of any such insurance policies. All such insurance policies shall be in form, and issued by companies with a Best's rating of A:VII or better. If Tenant fails to comply with the foregoing insurance requirements or to deliver to Landlord the certificates or evidence of coverage required herein after receipt of fifteen (15) days' notice from Landlord, Landlord, in addition to any other remedy available pursuant to this Lease or otherwise, may, but shall not be obligated to, obtain such insurance and Tenant shall pay to Landlord on demand the premium costs thereof, plus an administrative fee of 15% of such cost.

(b) **Landlord's Insurance.** Throughout the Term of this Lease, Landlord shall maintain, as a minimum, the following insurance policies: (1) property insurance for the Building's replacement value (excluding property required to be insured by Tenant), less a commercially-reasonable deductible if Landlord so chooses, (2) commercial general liability insurance in an amount of not less than \$2,000,000, and (3) such other insurance coverage as is customarily carried by prudent landlords of comparable buildings in the Dallas, TX market. Landlord may, but is not obligated to, maintain such other insurance and additional coverages as it may deem necessary. The cost of all insurance carried by Landlord with respect to the Project shall be included in Operating Costs. The foregoing insurance policies and any other insurance carried by Landlord shall be for the sole benefit of Landlord and under Landlord's sole control, and Tenant shall have no right or claim to any proceeds thereof or any other rights thereunder.

(c) **No Subrogation; Waiver of Property Claims.** Landlord and Tenant each waives any claim it might have against the other for any damage to or theft, destruction, loss, or loss of use of any property, to the extent the same is insured against under any insurance policy of the types described in this Section 11 that covers the Project, the Premises, Landlord's or Tenant's fixtures, personal property, leasehold improvements, or business, or is required to be insured against under the terms hereof, regardless of whether the negligence of the other party caused such Loss (defined below). Additionally, Tenant waives any claim it may have against Landlord for any Loss to the extent such Loss is caused by a terrorist act. Each party shall cause its insurance carrier to endorse all applicable policies waiving the carrier's rights of recovery under subrogation or otherwise against the other party. Notwithstanding any provision in this Lease to the contrary, Landlord, its agents, employees and contractors shall not be liable to Tenant or to any party claiming by, through or under Tenant for (and Tenant hereby releases Landlord and its servants, agents, contractors, employees and invitees from any claim or responsibility for) any damage to or destruction, loss, or loss of use, or theft of any property of any Tenant Party located in or about the Project, caused by casualty, theft, fire, third parties or any other matter or cause, **regardless of whether the negligence of any party caused such loss in whole or in part.** Tenant acknowledges that Landlord shall not carry insurance on, and shall not be responsible for damage to, any property of any Tenant Party located in or about the Project.

(d) **Tenant Indemnity.** Subject to Section 11(c), Tenant shall defend, indemnify, and hold harmless Landlord and its representatives and agents from and against all claims, demands, liabilities, causes of action, suits, judgments, damages, and expenses (including reasonable attorneys' fees) (a "**Loss**") arising from or related to (i) any use or occupancy of the Project by any Tenant Party, (ii) any default in the performance of Tenant's obligations under this Lease, or (iii) any damage to any property occurring in, on or about the Premises arising at any time and from any cause whatsoever (except to the extent arising as a result of the negligence or willful misconduct of Landlord or any Landlord Party). The indemnities set forth in this Lease shall survive termination or expiration of this Lease and shall not terminate or be waived, diminished or affected in any manner by any abatement or apportionment of Rent under any provision of this Lease. If any proceeding is filed for which indemnity is required hereunder, the indemnifying party agrees, upon request therefor, to defend the indemnified party in such proceeding at its sole cost utilizing counsel satisfactory to the indemnified party.

(e) **Landlord Indemnity.** Subject to Section 11(c), Landlord shall defend, indemnify, and hold harmless Tenant and its representatives and agents from and against any Loss arising from (i) any act, omission, negligence or willful misconduct of a Landlord Party in connection with such Landlord Party's use or occupancy of the Project, (ii) any default in the performance of Landlord's obligations under this Lease, or (iii) Landlord's ownership, management or control of the Building or the Project. The indemnities set forth in this Lease shall survive termination or expiration of this Lease and shall not terminate or be waived, diminished or affected in any manner by

any abatement or apportionment of Rent under any provision of this Lease. If any proceeding is filed for which indemnity is required hereunder, the indemnifying party agrees, upon request therefor, to defend the indemnified party in such proceeding at its sole cost utilizing counsel satisfactory to the indemnified party.

12. **Subordination; Attornment; Notice to Landlord's Mortgagee.**

(a) **Subordination.** This Lease shall be subordinate to any deed of trust, mortgage, or other security instrument (each, a "**Mortgage**"), or any ground lease, master lease, or primary lease (each, a "**Primary Lease**"), that now or hereafter covers all or any part of the Premises (the mortgagee under any such Mortgage, beneficiary under any such deed of trust, or the lessor under any such Primary Lease is referred to herein as a "**Landlord's Mortgagee**"). The provisions of this Section shall be self-operative and no further instrument of subordination shall be required; provided, however, Landlord shall use commercially reasonable efforts to obtain a subordination, non-disturbance, and attornment agreement in favor of Tenant from Landlord's Mortgagee in a commercially reasonable and standard form ("**SNDA**"). The initial form of SNDA is attached hereto as **Exhibit J**. Any Landlord's Mortgagee may elect, at any time, unilaterally, to make this Lease superior to its Mortgage, Primary Lease, or other interest in the Premises by so notifying Tenant in writing. Tenant shall execute and return to Landlord (or such other party designated by Landlord) within ten days after written request therefor such SNDA, in recordable form if required, or, if the Landlord's Mortgagee so elects, the subordination of such Landlord's Mortgagee's Mortgage or Primary Lease to this Lease.

(b) **Attornment.** Tenant shall attorn to any party succeeding to Landlord's interest in the Premises, whether by purchase, foreclosure, deed in lieu of foreclosure, power of sale, termination of lease, or otherwise, upon such party's request, and shall execute such commercially reasonable and standard agreements confirming such attornment as such party may reasonably request.

(c) **Notice to Landlord's Mortgagee.** Tenant shall not seek to enforce any remedy it may have for any default on the part of Landlord without first giving written notice by certified mail, return receipt requested, specifying the default in reasonable detail, to any Landlord's Mortgagee whose address has been given to Tenant, and affording such Landlord's Mortgagee a reasonable opportunity to perform Landlord's obligations hereunder.

(d) **Landlord's Mortgagee's Protection Provisions.** If Landlord's Mortgagee shall succeed to the interest of Landlord under this Lease, Landlord's Mortgagee shall not be: (1) liable for any act or omission of any prior lessor (including Landlord); (2) bound by any rent or additional rent or advance rent which Tenant might have paid for more than the current month to any prior lessor (including Landlord), and all such rent shall remain due and owing, notwithstanding such advance payment; (3) bound by any security or advance rental deposit made by Tenant which is not delivered or paid over to Landlord's Mortgagee and with respect to which Tenant shall look solely to Landlord for refund or reimbursement; (4) bound by any termination, amendment or modification of this Lease made without Landlord's Mortgagee's consent and written approval, except for those terminations, amendments and modifications permitted to be made by Tenant or Landlord pursuant to the terms of this Lease or by Landlord without Landlord's Mortgagee's consent pursuant to the terms of the loan documents between Landlord and Landlord's Mortgagee; (5) subject to the defenses which Tenant might have against any prior lessor (including Landlord); and (6) subject to the offsets which Tenant might have against any prior lessor (including Landlord) except for those offset rights which (A) are expressly provided in this Lease, (B) relate to periods of time following the acquisition of the Building by Landlord's Mortgagee, and (C) Tenant has provided written notice to Landlord's Mortgagee and provided Landlord's Mortgagee a reasonable opportunity to cure the event giving rise to such offset event. Landlord's Mortgagee shall have no liability or responsibility under or pursuant to the terms of this Lease or otherwise after it ceases to own an interest in the Project. Nothing in this Lease shall be construed to require Landlord's Mortgagee to see to the application of the proceeds of any loan, and Tenant's agreements set forth herein shall not be impaired on account of any modification of the documents evidencing and securing any loan.

13. **Rules and Regulations.** Tenant shall comply with the rules and regulations of the Project which are attached hereto as **Exhibit C**. Landlord may, from time to time, makes reasonable changes to such rules and regulations for the safety, care, or cleanliness of the Project and related facilities, provided Tenant receives written notice of such changes, such changes are applicable to all tenants of the Project, will not unreasonably interfere with

Tenant's use of the Premises, and are enforced by Landlord in a non-discriminatory manner. Tenant shall be responsible for the compliance with such rules and regulations by each Tenant Party.

14. **Condemnation.**

(a) **Total Taking.** If the entire Building or Premises are taken by right of eminent domain or conveyed in lieu thereof (a "**Taking**"), this Lease shall terminate as of the date of the Taking.

(b) **Partial Taking - Tenant's Rights.** If any part of the Building or Project becomes subject to a Taking and such Taking will prevent Tenant from conducting on a permanent basis its business in the Premises in a manner reasonably comparable to that conducted immediately before such Taking, then Tenant may terminate this Lease as of the date of such Taking by giving written notice to Landlord within 30 days after the Taking, and Basic Rent and Additional Rent shall be apportioned as of the date of such Taking. If Tenant does not terminate this Lease, then Rent shall be abated on a reasonable basis as to that portion of the Premises rendered untenable by the Taking.

(c) **Partial Taking - Landlord's Rights.** If any material portion, but less than all, of the Building becomes subject to a Taking, or if Landlord is required to pay any of the proceeds arising from a Taking to a Landlord's Mortgagee, then Landlord may terminate this Lease by delivering written notice thereof to Tenant within 30 days after such Taking, and Basic Rent and Additional Rent shall be apportioned as of the date of such Taking. If Landlord does not so terminate this Lease, then this Lease will continue, but if any portion of the Premises has been taken, Rent shall abate as provided in the last sentence of Section 14(b).

(d) **Temporary Taking.** If all or any portion of the Premises becomes subject to a Taking for a period of less than 180 days, this Lease shall remain in full force and effect and Tenant shall continue to perform all of the terms, conditions and covenants of this Lease, including the payment of Basic Rent and all other amounts required hereunder. If any such temporary Taking terminates prior to the expiration of the Term, Tenant shall restore the Premises as nearly as possible to the condition prior to such temporary Taking, at Tenant's sole cost and expense. Landlord shall be entitled to receive the entire award for any such temporary Taking, except that Tenant shall be entitled to receive the portion of such award which (1) compensates Tenant for its loss of use of the Premises within the Term and (2) reimburses Tenant for the reasonable out-of-pocket costs actually incurred by Tenant to restore the Premises as required by this Section 14(d). If all or any portion of the Premises becomes subject to a Taking for a period of more than 180 days, the rights related to this Lease shall follow Sections 14(a), 14(b) or 14(c) above.

(e) **Award.** If any Taking occurs, then Landlord shall receive the entire award or other compensation for the Land, the Building, and other improvements taken; however, Tenant may separately pursue a claim (to the extent it will not reduce Landlord's award) against the condemnor for the value of Tenant's personal property which Tenant is entitled to remove under this Lease, moving costs, loss of business, and other claims it may have.

15. **Fire or Other Casualty.**

(a) **Repair Estimate.** If the Premises or the Building are damaged by fire or other casualty (a "**Casualty**"), Landlord shall, within 90 days after such Casualty, deliver to Tenant a good faith estimate (the "**Damage Notice**") of the time needed to repair the damage caused by such Casualty.

(b) **Tenant's Rights.** If a material portion of the Premises is damaged by Casualty such that Tenant is prevented from conducting its business in the Premises in a manner reasonably comparable to that conducted immediately before such Casualty and Landlord estimates that the damage caused thereby cannot be repaired within 270 days after the commencement of repairs (the "**Repair Period**"), then Tenant may terminate this Lease by delivering written notice to Landlord of its election to terminate within 30 days after the Damage Notice has been delivered to Tenant.

(c) **Landlord's Rights.** If a Casualty damages the Premises or a material portion of the Building and (1) Landlord estimates that the damage to the Premises cannot be repaired within the Repair Period,

(2) the damage to the Premises exceeds 50% of the replacement cost thereof (excluding foundations and footings), as estimated by Landlord, and such damage occurs during the last two years of the Term, (3) regardless of the extent of damage to the Premises, the damage is not fully covered by Landlord's insurance policies or Landlord makes a good faith determination that restoring the Building would be uneconomical, or (4) Landlord is required to pay any insurance proceeds arising out of the Casualty to a Landlord's Mortgagee, then Landlord may terminate this Lease by giving written notice of its election to terminate within 30 days after the Damage Notice has been delivered to Tenant.

(d) **Repair Obligation.** If neither party elects to terminate this Lease following a Casualty, then Landlord shall, within a reasonable time after such Casualty, begin to repair the Premises and shall proceed with reasonable diligence to restore the Premises to substantially the same condition as they existed immediately before such Casualty; however, Landlord shall not be required to repair or replace any alterations or betterments within the Premises (which shall be promptly and with due diligence repaired and restored by Tenant at Tenant's sole cost and expense) or any furniture, equipment, trade fixtures or personal property of Tenant or others in the Premises or the Building. If this Lease is terminated under the provisions of this Section 15, Landlord shall be entitled to the full proceeds of the insurance policies providing coverage for all alterations, improvements and betterments in the Premises.

(e) **Abatement of Rent.** If the Premises are damaged by Casualty, Rent for the portion of the Premises rendered untenable by the damage shall be abated on a reasonable basis from the date of damage until the completion of Landlord's repairs (or until the date of termination of this Lease by Landlord or Tenant as provided above, as the case may be), unless a Tenant Party caused such damage, in which case, Tenant shall continue to pay Rent without abatement.

16. **Personal Property Taxes.** Tenant shall be liable for all taxes levied or assessed against personal property, furniture, or fixtures placed by Tenant in the Premises or in or on the Building or Project. If any taxes for which Tenant is liable are levied or assessed against Landlord or Landlord's property and Landlord elects to pay the same, or if the assessed value of Landlord's property is increased by inclusion of such personal property, furniture or fixtures and Landlord elects to pay the taxes based on such increase, then Tenant shall pay to Landlord, within 30 days following written request therefor, the part of such taxes for which Tenant is primarily liable hereunder; however, Landlord shall not pay such amount if Tenant notifies Landlord that it will contest the validity or amount of such taxes before Landlord makes such payment, and thereafter diligently proceeds with such contest in accordance with Law and if the non-payment thereof does not pose a threat of loss or seizure of the Project or interest of Landlord therein or impose any fee or penalty against Landlord.

17. **Events of Default.** Each of the following occurrences shall be an "**Event of Default**":

(a) **Payment Default.** Tenant's failure to pay Rent within ten days after Landlord has delivered written notice to Tenant that the same is due; however, an Event of Default shall occur hereunder without any obligation of Landlord to give any notice if Tenant fails to pay Rent when due and, during the 12 month interval preceding such failure, Landlord has given Tenant written notice of failure to pay Rent on more than one occasion;

(b) **Abandonment.** Tenant (1) abandons or vacates the entire premises or (2) fails to continuously operate its business in the Premises for a period of more than sixty (60) consecutive days, unless, in each case, such abandonment, vacation or failure to continuously operate is due to a force majeure delay.

(c) **Estoppel.** Tenant fails to provide any estoppel certificate after Landlord's written request therefor pursuant to Section 25(e) and such failure shall continue for ten days after Landlord's second written notice thereof to Tenant;

(d) **Insurance.** Tenant fails to procure, maintain and deliver to Landlord evidence of the insurance policies and coverages as required under Section 11(a) and such failure shall continue for ten (10) days after Landlord's written notice thereof to Tenant; provided that to the extent such failure results in a lapse in coverage, Landlord shall not be required to provide Tenant written notice thereof, and such failure shall be an Event of Default immediately upon such lapse;



(e) **Mechanic's Liens.** Tenant fails to pay and release of record, or diligently contest and bond around, any mechanic's lien filed against the Premises or the Project for any work performed, materials furnished, or obligation incurred by or at the request of Tenant, within the time and in the manner required by Section 8(e) and such failure shall continue for ten days after Landlord's written notice thereof to Tenant;

(f) **Other Defaults.** Tenant's failure to perform, comply with, or observe any other agreement or obligation of Tenant under this Lease and the continuance of such failure for a period of more than 30 days after Landlord has delivered to Tenant written notice thereof; provided, however, that if Tenant cannot reasonably cure its breach or failure within a 30-day period, then Tenant's breach or failure is not an Event of Default if Tenant commences to cure its breach or failure within the 30-day period and thereafter diligently and in good faith pursues the cure and effects the cure within 90 days after the expiration of the original 30-day period; and

(g) **Insolvency.** The filing of a petition by or against Tenant (the term "Tenant" shall include, for the purpose of this Section 17(g), any guarantor of Tenant's obligations hereunder) (1) in any bankruptcy or other insolvency proceeding; (2) seeking any relief under any state or federal debtor relief law; (3) for the appointment of a liquidator or receiver for all or substantially all of Tenant's property or for Tenant's interest in this Lease; (4) for the reorganization or modification of Tenant's capital structure; or (5) in any assignment for the benefit of creditors proceeding; however, if such a petition is filed against Tenant, then such filing shall not be an Event of Default unless Tenant fails to have the proceedings initiated by such petition dismissed within 90 days after the filing thereof.

18. **Remedies.** Upon any Event of Default, Landlord may, in addition to all other rights and remedies afforded Landlord hereunder or by law or equity, take any one or more of the following actions:

(a) **Termination of Lease.** Terminate this Lease by giving Tenant written notice thereof, in which event Tenant shall pay to Landlord the sum of (1) all Rent accrued hereunder through the date of termination, (2) all amounts due under Section 19(a), and (3) an amount equal to (A) the total Rent that Tenant would have been required to pay for the remainder of the Term discounted to present value at a per annum rate equal to the "Prime Rate" as published on the date this Lease is terminated by The Wall Street Journal, Southwest Edition, in its listing of "Money Rates" minus one percent, minus (B) the then present fair rental value of the Premises for such period, similarly discounted;

(b) **Termination of Possession.** Terminate Tenant's right to possess the Premises without terminating this Lease by giving written notice thereof to Tenant, in which event Tenant shall pay to Landlord (1) all Rent and other amounts accrued hereunder to the date of termination of possession, (2) all amounts due from time to time under Section 19(a), and (3) all Rent and other net sums required hereunder to be paid by Tenant during the remainder of the Term, diminished by any net sums thereafter received by Landlord through reletting the Premises during such period, after deducting all costs reasonably incurred by Landlord in reletting the Premises. If Landlord elects to proceed under this Section 18(b), Landlord may remove all of Tenant's property from the Premises and store the same in a public warehouse or elsewhere at the cost of, and for the account of, Tenant, without becoming liable for any loss or damage which may be occasioned thereby. Landlord shall use reasonable efforts to relet the Premises on such terms as Landlord in its sole discretion may determine (including a term different from the Term, rental concessions, and alterations to, and improvement of, the Premises provided that any alterations or improvements and rental concessions or commissions should be normal, reasonable and customary in the market at that time); however, Landlord shall not be obligated to relet the Premises before leasing other portions of the Building or Complex and Landlord shall not be obligated to accept any prospective tenant proposed by Tenant unless such proposed tenant meets all of Landlord's leasing criteria. Landlord shall not be liable for, nor shall Tenant's obligations hereunder be diminished because of, Landlord's failure to relet the Premises or to collect rent due for such reletting. Tenant shall not be entitled to the excess of any consideration obtained by reletting over the Rent due hereunder. Reentry by Landlord in the Premises shall not affect Tenant's obligations hereunder for the unexpired Term; rather, Landlord may, from time to time, bring an action against Tenant to collect amounts due by Tenant, without the necessity of Landlord's waiting until the expiration of the Term. Unless Landlord delivers written notice to Tenant expressly stating that it has elected to terminate this Lease, all actions taken by Landlord to dispossess or exclude Tenant from the Premises shall be deemed to be taken under this Section 18(b). If Landlord elects to proceed under this Section 18(b), it may at any time elect to terminate this Lease under Section 18(a);

(c) **Perform Acts on Behalf of Tenant.** Perform any act Tenant is obligated to perform under the terms of this Lease (and enter upon the Premises in connection therewith if necessary) in Tenant's name and on Tenant's behalf, without being liable for any claim for damages therefor, and Tenant shall reimburse Landlord on demand for any expenses which Landlord may reasonably incur in thus effecting compliance with Tenant's obligations under this Lease (including, but not limited to, reasonable collection costs and legal expenses), plus interest thereon at the Default Rate;

(d) **Suspension of Services.** Suspend any services required to be provided by Landlord hereunder without being liable for any claim for damages therefor; or

(e) **Alteration of Locks.** Additionally, with or without notice, and to the extent permitted by Law, Landlord may alter locks or other security devices at the Premises to deprive Tenant of access thereto, and Landlord shall not be required to provide a new key or right of access to Tenant.

19. **Payment by Tenant; Non-Waiver; Cumulative Remedies.**

(a) **Payment by Tenant.** Upon any Event of Default, Tenant shall pay to Landlord all reasonable costs incurred by Landlord (including court costs and reasonable attorneys' fees and expenses) in (1) obtaining possession of the Premises, (2) removing and storing Tenant's or any other occupant's property, (3) repairing, restoring, altering, remodeling, or otherwise putting the Premises into condition acceptable to a new tenant, (4) if Tenant is dispossessed of the Premises and this Lease is not terminated, reletting all or any part of the Premises (including brokerage commissions, cost of tenant finish work, and other costs incidental to such reletting), (5) performing Tenant's obligations which Tenant failed to perform, and (6) enforcing, or advising Landlord of, its rights, remedies, and recourses arising out of the default. To the full extent permitted by law, Landlord and Tenant agree the federal and state courts of the state in which the Premises are located shall have exclusive jurisdiction over any matter relating to or arising from this Lease and the parties' rights and obligations under this Lease.

(b) **No Waiver.** Landlord's acceptance of Rent following an Event of Default shall not waive Landlord's rights regarding such Event of Default. No waiver by Landlord of any violation or breach of any of the terms contained herein shall waive Landlord's rights regarding any future violation of such term. Landlord's acceptance of any partial payment of Rent shall not waive Landlord's rights with regard to the remaining portion of the Rent that is due, regardless of any endorsement or other statement on any instrument delivered in payment of Rent or any writing delivered in connection therewith; accordingly, Landlord's acceptance of a partial payment of Rent shall not constitute an accord and satisfaction of the full amount of the Rent that is due.

(c) **Cumulative Remedies.** Any and all remedies set forth in this Lease: (1) shall be in addition to any and all other remedies Landlord may have at law or in equity, (2) shall be cumulative, and (3) may be pursued successively or concurrently as Landlord may elect. The exercise of any remedy by Landlord shall not be deemed an election of remedies or preclude Landlord from exercising any other remedies in the future. Additionally, Tenant shall defend, indemnify and hold harmless Landlord, Landlord's Mortgagee and their respective representatives and agents from and against all claims, demands, liabilities, causes of action, suits, judgments, damages and expenses (including reasonable attorneys' fees) arising from Tenant's failure to perform its obligations under this Lease.

20. **Landlord Default.** In the event Landlord fails to cure (or promptly commence and diligently pursue the cure of) any breach or failure by Landlord to comply with any of Landlord's obligations under this Lease within a reasonable period (not to exceed thirty (30) days except in the case of an emergency in which case such shorter time as is warranted by the particular circumstances) after Tenant furnishes Landlord with written notice of such failure; provided, however, that if the nature of Landlord's obligation is such that more than thirty (30) days are required for performance then Landlord shall not be in default if Landlord commences performance within such 30-day period and thereafter diligently prosecutes the same to completion, then Tenant shall have the right (but not the obligation) to perform such obligation on Landlord's account and Landlord shall reimburse Tenant upon demand for the amount expended by Tenant in performing such obligation (including but not limited to reasonable attorneys' fees and costs of collection). If Landlord fails to make any payment of any sum payable to Tenant hereunder within ten (10) business days of demand, then such payment shall bear interest at ten percent (10%) from the eleventh (11th) business day.

21. **Surrender of Premises.** No act by Landlord shall be deemed an acceptance of a surrender of the Premises, and no agreement to accept a surrender of the Premises shall be valid unless it is in writing and signed by Landlord. At the expiration or termination of this Lease, Tenant shall deliver to Landlord the Premises with all improvements located therein in good repair and condition, free of Hazardous Materials placed on the Premises during the Term, broom-clean, reasonable wear and tear (and condemnation and Casualty damage not caused by Tenant, as to which Sections 14 and 15 shall control) excepted, and shall deliver to Landlord all keys to the Premises. Provided that Tenant has performed all of its obligations hereunder, Tenant may remove only unattached trade fixtures, furniture, and personal property placed in the Premises or elsewhere in the Building by Tenant (but Tenant may not remove any such item which was paid for, in whole or in part, by Landlord or any wiring or cabling unless Landlord requires such removal). Additionally, at Landlord's option, Tenant shall remove such alterations, additions, improvements, trade fixtures, personal property, equipment, wiring, conduits, cabling, and furniture (including Tenant's Off-Premises Equipment) as Landlord may request; however, Tenant shall not be required to remove any addition or improvement to the Premises or the Project if Landlord has specifically agreed in writing that the improvement or addition in question need not be removed. Tenant shall repair all damage caused by such removal. All items not so removed shall, at Landlord's option, be deemed to have been abandoned by Tenant and may be appropriated, sold, stored, destroyed, or otherwise disposed of by Landlord without notice to Tenant and without any obligation to account for such items. The provisions of this Section 21 shall survive the end of the Term.

22. **Holding Over.** If Tenant fails to vacate the Premises at the end of the Term, then Tenant shall be a tenant at sufferance and, in addition to all other damages and remedies to which Landlord may be entitled for such holding over, (a) Tenant shall pay, in addition to the other Rent, Basic Rent equal to the greater of (1) 150% of the Rent payable during the last month of the Term, or (2) 125% of the prevailing rental rate in the Building for similar space, and (b) Tenant shall otherwise continue to be subject to all of Tenant's obligations under this Lease. The provisions of this Section 22 shall not be deemed to limit or constitute a waiver of any other rights or remedies of Landlord provided herein or at law. If Tenant fails to surrender the Premises upon the termination or expiration of this Lease, in addition to any other liabilities to Landlord accruing therefrom, Tenant shall protect, defend, indemnify and hold Landlord harmless from all actual and direct loss, costs (including reasonable attorneys' fees) and liability resulting from such failure, including any claims made by any succeeding tenant founded upon such failure to surrender, and any lost profits to Landlord resulting therefrom.

23. **Certain Rights Reserved by Landlord.** Provided that the exercise of such rights does not unreasonably interfere with Tenant's occupancy of the Premises or business operations in the Premises, Landlord shall have the following rights:

(a) **Building Operations.** To decorate and to make inspections, repairs, alterations, additions, changes, or improvements, whether structural or otherwise, in and about the Project, or any part thereof; to enter upon the Premises (after giving Tenant reasonable notice thereof, which may be oral notice, except in cases of real or apparent emergency, in which case no notice shall be required) and, during the continuance of any such work, to temporarily close doors, entryways, public space, and corridors in the Building; to interrupt or temporarily suspend Building services and facilities; to change the name of the Building; and to change the arrangement and location of entrances or passageways, doors, and doorways, corridors, elevators, stairs, restrooms, or other public parts of the Building;

(b) **Security.** To take such reasonable measures as Landlord deems advisable for the security of the Building and its occupants; evacuating the Building for cause, suspected cause, or for drill purposes; temporarily denying access to the Building; and closing the Building after normal business hours and on Sundays and holidays, subject, however, to Tenant's right to enter when the Building is closed after normal business hours under such reasonable regulations as Landlord may prescribe from time to time;

(c) **Prospective Purchasers and Lenders.** To enter the Premises at all reasonable hours (after giving Tenant reasonable notice thereof) to show the Premises to prospective purchasers or lenders; and

(d) **Prospective Tenants.** At any time during the last 12 months of the Term (or earlier if Tenant has notified Landlord in writing that it does not desire to renew the Term) or at any time following the occurrence of an Event of Default, to enter the Premises at all reasonable hours (after giving Tenant reasonable notice thereof) to show the Premises to prospective tenants.

24. **Amenities.** Landlord agrees that Tenant and the Tenant Parties shall have access to certain amenities (collectively, the “**Amenities**”) within the Project that are provided to tenants of similar first-class office buildings in Dallas, Texas. Such amenities shall include meeting and collaboration spaces, and may include a gym, coffee shop, daycare and on-campus brewery, and community garden.

25. **Miscellaneous.**

(a) **Landlord Transfer.** Landlord may transfer any portion of the Project and any of its rights under this Lease. If Landlord assigns its rights under this Lease, then Landlord shall thereby be released from any further obligations hereunder arising after the date of transfer, provided that the assignee assumes in writing Landlord's obligations hereunder arising from and after the transfer date.

(b) **Landlord's Liability.** The liability of Landlord (and its partners, shareholders or members) to Tenant (or any person or entity claiming by, through or under Tenant) for any default by Landlord under the terms of this Lease or any matter relating to or arising out of the occupancy or use of the Premises and/or other areas of the Building shall be limited to Tenant's actual direct damages therefor, but not any consequential, punitive, special, or incidental damages of any kind, and shall be recoverable only from the interest of Landlord in the Building or Project, and Landlord (and its partners, shareholders or members) shall not be personally liable for any deficiency. The provisions of this Section shall survive any expiration or termination of this Lease.

(c) **Force Majeure.** Other than for Tenant's obligations under this Lease that can be performed by the payment of money (e.g., payment of Rent and maintenance of insurance), whenever a period of time is herein prescribed for action to be taken by either party hereto, such party shall not be liable or responsible for, and there shall be excluded from the computation of any such period of time, any delays due to strikes, riots, acts of God, shortages of labor or materials, war, terrorist acts or activities, governmental laws, regulations, or restrictions, fires, floods, unavailability of materials, failure of power, restrictive governmental laws or regulations, civil disturbances, Pandemic Delay (defined herein) or any other causes of any kind whatsoever which are beyond the control of such party. The term “**Pandemic Delay**” shall mean delays resulting from any decree, order, ordinance, statute, moratorium, or other governmental action or proceeding relating to the COVID-19 outbreak or other pandemic, illness, or communicable disease, which prohibits, restricts or materially delays (a) the occupancy of the Premises, (b) the review, processing or the issuance of permits or other approvals required for the design and construction of improvements and/or occupancy of the Project and/or the Premises, (b) the performance of construction work on, at or for the Project or the Premises, (c) the delivery of materials or supplies required for such construction, or (d) any other non-monetary performance under this Lease.

(d) **Brokerage.** Neither Landlord nor Tenant has dealt with any broker or agent in connection with the negotiation or execution of this Lease. Tenant and Landlord shall each indemnify the other against all costs, expenses, attorneys' fees, liens and other liability for commissions or other compensation claimed by any broker or agent claiming the same by, through, or under the indemnifying party.

(e) **Estoppel Certificates.** From time to time, Tenant shall furnish to any party designated by Landlord, within ten days after Landlord has made a request therefor, a commercially reasonable and standard certificate signed by Tenant confirming and containing such factual certifications and representations as to this Lease as Landlord may reasonably request. Unless otherwise required by Landlord's Mortgagee or a prospective purchaser or mortgagee of the Project, the initial form of estoppel certificate to be signed by Tenant is attached hereto as **Exhibit F**.

(f) **Notices.** All notices and other communications given pursuant to this Lease shall be in writing and shall be (1) mailed by first class, United States Mail, postage prepaid, certified, with return receipt requested, and addressed to the parties hereto at the address specified in the Basic Lease Information, (2) hand delivered to the intended addressee, (3) sent by a nationally recognized overnight courier service, or (4) sent by electronic mail transmission during normal business hours followed by a confirmatory letter sent in another manner permitted hereunder. All notices shall be effective upon delivery to the address of the addressee (even if such addressee refuses delivery thereof). The parties hereto may change their addresses by giving notice thereof to the other in conformity with this provision.

- (g) **Separability.** If any clause or provision of this Lease is illegal, invalid, or unenforceable under present or future laws, then the remainder of this Lease shall not be affected thereby and in lieu of such clause or provision, there shall be added as a part of this Lease a clause or provision as similar in terms to such illegal, invalid, or unenforceable clause or provision as may be possible and be legal, valid, and enforceable.
- (h) **Amendments; Binding Effect; No Electronic Records.** This Lease may not be amended except by instrument in writing signed by Landlord and Tenant. No provision of this Lease shall be deemed to have been waived by Landlord unless such waiver is in writing signed by Landlord, and no custom or practice which may evolve between the parties in the administration of the terms hereof shall waive or diminish the right of Landlord to insist upon the performance by Tenant in strict accordance with the terms hereof. The terms and conditions contained in this Lease shall inure to the benefit of and be binding upon the parties hereto, and upon their respective successors in interest and legal representatives, except as otherwise herein expressly provided. This Lease is for the sole benefit of Landlord and Tenant, and, other than Landlord's Mortgagee, no third party shall be deemed a third party beneficiary hereof.
- (i) **Quiet Enjoyment.** Provided Tenant has performed all of its obligations hereunder, Tenant shall peaceably and quietly hold and enjoy the Premises for the Term, without hindrance from Landlord or any party claiming by, through, or under Landlord, but not otherwise, subject to the terms and conditions of this Lease.
- (j) **No Merger.** There shall be no merger of the leasehold estate hereby created with the fee estate in the Premises or any part thereof if the same person acquires or holds, directly or indirectly, this Lease or any interest in this Lease and the fee estate in the leasehold Premises or any interest in such fee estate.
- (k) **No Offer.** The submission of this Lease to Tenant shall not be construed as an offer, and Tenant shall not have any rights under this Lease unless Landlord executes a copy of this Lease and delivers it to Tenant.
- (l) **Entire Agreement.** This Lease constitutes the entire agreement between Landlord and Tenant regarding the subject matter hereof and supersedes all oral statements and prior writings relating thereto. Except for those set forth in this Lease, no representations, warranties, or agreements have been made by Landlord or Tenant to the other with respect to this Lease or the obligations of Landlord or Tenant in connection therewith. The normal rule of construction that any ambiguities be resolved against the drafting party shall not apply to the interpretation of this Lease or any exhibits or amendments hereto.
- (m) **Waiver of Jury Trial.** TO THE MAXIMUM EXTENT PERMITTED BY LAW, LANDLORD AND TENANT EACH WAIVE ANY RIGHT TO TRIAL BY JURY IN ANY LITIGATION OR TO HAVE A JURY PARTICIPATE IN RESOLVING ANY DISPUTE ARISING OUT OF OR WITH RESPECT TO THIS LEASE OR ANY OTHER INSTRUMENT, DOCUMENT OR AGREEMENT EXECUTED OR DELIVERED IN CONNECTION HERewith OR THE TRANSACTIONS RELATED HERETO.
- (n) **Governing Law.** This Lease shall be governed by and construed in accordance with the laws of the state in which the Premises are located.
- (o) **Recording.** Tenant shall not record this Lease or any memorandum of this Lease without the prior written consent of Landlord, which consent may be withheld or denied in the sole and absolute discretion of Landlord, and any recordation by Tenant shall be a material breach of this Lease. Tenant grants to Landlord a power of attorney to execute and record a release releasing any such recorded instrument of record that was recorded without the prior written consent of Landlord.
- (p) **Water or Mold Notification.** To the extent Tenant or its agents or employees discover any water leakage, water damage or mold in or about the Premises or Project, Tenant shall promptly notify Landlord thereof in writing.
- (q) **Joint and Several Liability.** If Tenant is comprised of more than one party, each such party shall be jointly and severally liable for Tenant's obligations under this Lease. All unperformed obligations of

Tenant hereunder not fully performed at the end of the Term shall survive the end of the Term, including payment obligations with respect to Rent and all obligations concerning the condition and repair of the Premises.

(r) **Financial Reports.** Within 30 days after Landlord's request, Tenant will furnish Tenant's most recent audited financial statements (including any notes to them) to Landlord, or, if no such audited statements have been prepared, such other financial statements (and notes to them) as may have been prepared by an independent certified public accountant or, failing those, Tenant's internally prepared financial statements. If Tenant is a publicly traded corporation, Tenant may satisfy its obligations hereunder by providing to Landlord Tenant's most recent annual and quarterly reports. Tenant will discuss its financial statements with Landlord. Landlord will not disclose any aspect of Tenant's financial statements that Tenant designates to Landlord as confidential except (1) to Landlord's Mortgagee or prospective mortgagees or purchasers of the Building, (2) in litigation between Landlord and Tenant, and/or (3) if required by court order. Tenant shall not be required to deliver the financial statements required under this Section 25(r) more than once in any 12-month period unless requested by Landlord's Mortgagee or a prospective buyer or lender of the Building or an Event of Default occurs.

(s) **Landlord's Fees.** Whenever Tenant requests Landlord to take any action not required of it hereunder or give any consent required or permitted under this Lease, Tenant will reimburse Landlord for Landlord's reasonable, out-of-pocket costs payable to third parties and incurred by Landlord in reviewing the proposed action or consent, including reasonable attorneys', engineers' or architects' fees, within 30 days after Landlord's delivery to Tenant of a statement of such costs. In no event shall such costs exceed \$3,000.00, unless Landlord has notified Tenant that such costs will exceed \$3,000.00 and Tenant has agreed to reimburse Landlord for such excess costs. Tenant will be obligated to make such reimbursement without regard to whether Landlord consents to any such proposed action.

(t) **Time is of the Essence.** Time is of the essence with respect to the performance of every provision of this Lease in which performance is a factor.

(u) **Telecommunications.** Tenant and its telecommunications companies, including local exchange telecommunications companies and alternative access vendor services companies, shall have no right of access to and within the Building, for the installation and operation of telecommunications systems, including voice, video, data, Internet, and any other services provided over wire, fiber optic, microwave, wireless, and any other transmission systems ("**Telecommunications Services**"), for part or all of Tenant's telecommunications within the Building and from the Building to any other location without Landlord's prior written consent, which consent shall not be unreasonably withheld, conditioned or delayed. All providers of Telecommunications Services shall be required to comply with the rules and regulations of the Building, applicable Laws and Landlord's policies and practices for the Building. Tenant acknowledges that Landlord shall not be required to provide or arrange for any Telecommunications Services and that Landlord shall have no liability to any Tenant Party in connection with the installation, operation or maintenance of Telecommunications Services or any equipment or facilities relating thereto; provided that Landlord acknowledges and agrees that Telecommunications Services are necessary for Tenant's business operations and Landlord shall cooperate with Tenant and make necessary accommodations to allow Tenant to obtain Telecommunications Services for the Premises. Tenant, at its cost and for its own account, shall be solely responsible for obtaining all Telecommunications Services.

(v) **Confidentiality.** The parties acknowledge that the terms and conditions of this Lease are to remain confidential for the parties' benefit, and may not be disclosed by either party to anyone, by any manner or means, directly or indirectly, without the other party's prior written consent; however, either party may disclose the terms and conditions of this Lease if required by Law or court order, and to its attorneys, accountants, board members, employees and existing or prospective financial partners provided same are advised by such party of the confidential nature of such terms and conditions. Each party shall be liable for any disclosures made in violation of this Section by such party or by any entity or individual to whom the terms of and conditions of this Lease were disclosed or made available by such party. The consent by the other party to any disclosures shall not be deemed to be a waiver on the part of the consenting party of any prohibition against any future disclosure.

(w) **Authority.** Tenant (if a corporation, partnership or other business entity) hereby represents and warrants to Landlord that Tenant is a duly formed and existing entity qualified to do business in the state in which the Premises are located, that Tenant has full right and authority to execute and deliver this Lease, and that each person

signing on behalf of Tenant is authorized to do so. Landlord hereby represents and warrants to Tenant that Landlord is a duly formed and existing entity qualified to do business in the state in which the Premises are located, that Landlord has full right and authority to execute and deliver this Lease, and that each person signing on behalf of Landlord is authorized to do so.

(x) **Hazardous Materials.** The term "**Hazardous Materials**" means any substance, material, or waste which is now or hereafter classified or considered to be hazardous, toxic, or dangerous under any Law relating to pollution or the protection or regulation of human health, natural resources or the environment, or poses or threatens to pose a hazard to the health or safety of persons on the Premises or in the Project. Tenant shall not use, generate, store, or dispose of, or permit the use, generation, storage or disposal of Hazardous Materials on or about the Premises or the Project except in a manner and quantity necessary for the ordinary performance of Tenant's business, and then in compliance with all Laws. If Tenant breaches its obligations under this Section 25(x), Landlord may immediately take any and all action reasonably appropriate to remedy the same, including taking all appropriate action to clean up or remediate any contamination resulting from Tenant's use, generation, storage or disposal of Hazardous Materials. In no event, however, shall Tenant be responsible for any Hazardous Material which was brought on or in the Premises or the Project, (x) prior to the date Tenant first occupies the Premises, (y) by Landlord or any Landlord Party, or (z) other tenants or parties in the Building, Project or the Complex. Tenant shall defend, indemnify, and hold harmless Landlord and its representatives and agents from and against any and all claims, demands, liabilities, causes of action, suits, judgments, damages and expenses (including reasonable attorneys' fees and cost of clean up and remediation) arising from Tenant's failure to comply with the provisions of this Section 25(x). This indemnity provision shall survive termination or expiration of this Lease. Landlord represents and warrants that to the best of its knowledge and belief there are no Hazardous Materials on, in or under the Premises or Building. Landlord shall indemnify Tenant and hold it harmless against any claims, damages, losses or liabilities (including reasonable attorney's fees) incurred by Tenant and arising from any breach of the foregoing representation and warranty and from the presence or removal of the Hazardous Materials.

(y) **List of Exhibits.** All exhibits and attachments attached hereto are incorporated herein by this reference.

Exhibit A - Outline of Premises  
Exhibit B - Description of the Land  
Exhibit C - Building Rules and Regulations  
Exhibit D - Tenant Finish-Work  
Exhibit E - Form of Confirmation of Commencement Date Letter  
Exhibit F - Form of Tenant Estoppel Certificate  
Exhibit G - Parking  
Exhibit H - Renewal Option  
Exhibit I - Right of First Refusal  
Exhibit J - Form of SNDA

(z) **Determination of Charges.** Landlord and Tenant agree that each provision of this Lease for determining charges and amounts payable by Tenant (including provisions regarding Additional Rent and Tenant's Proportionate Share of Taxes and Electrical Costs) is commercially reasonable and, as to each such charge or amount, constitutes a statement of the amount of the charge or a method by which the charge is to be computed for purposes of Section 93.012 of the Texas Property Code.

(aa) **Prohibited Persons and Transactions (Tenant).** Tenant represents and warrants to Landlord that Tenant is currently in compliance with and shall at all times during the Term (including any extension thereof) remain in compliance with the regulations of the OFAC of the Department of the Treasury (including those named on OFAC's Specially Designated Nationals and Blocked Persons List) and any statute, executive order (including the September 24, 2001, Executive Order Blocking Property and Prohibiting Transactions with Persons Who Commit, Threaten to Commit or Support Terrorism), or other governmental action relating thereto.

(bb) **Prohibited Persons and Transactions (Landlord).** Landlord represents and warrants to Tenant that Landlord is currently in compliance with and shall at all times during the Term (including any extension thereof) remain in compliance with the regulations of the OFAC of the Department of the Treasury (including those

named on OFAC's Specially Designated Nationals and Blocked Persons List) and any statute, executive order (including the September 24, 2001, Executive Order Blocking Property and Prohibiting Transactions with Persons Who Commit, Threaten to Commit or Support Terrorism), or other governmental action relating thereto.

(cc) In the event Landlord or Tenant is required or elects to take legal action against the other party to enforce the provisions of this Lease, then the prevailing party in such action shall be entitled to collect from the other party its costs and expenses incurred in connection with the legal action (including, without limitation, reasonable attorneys' fees and court costs).

26. **Other Provisions.**

(a) **Termination Option.** Tenant shall have the option to terminate this Lease, effective any time after the end of the 84<sup>th</sup> full Lease Month of the Term, upon six (6) months' prior written notice to Landlord.

(b) **Signage.** Tenant shall have the right to install, at Tenant's sole cost (but subject to reimbursement from the Construction Allowance (as hereinafter defined): (i) suite entry signage on or adjacent to the door to the Premises and (ii) directional signage in the elevator lobby on the 14<sup>th</sup> floor. Landlord shall provide, through the Term, a standard listing on the directory in the lobby of the Building. All such signage rights shall be granted at no additional costs or expense to Tenant.

(c) **Transition Space.** In the event that the Premises are not ready for Tenant occupancy by April 30, 2021, or on such earlier date as Landlord and Tenant may mutually agree, and Tenant does not elect to terminate this Lease in accordance with Section 3 above, Landlord shall make available to Tenant alternative, temporary office space, either within the Complex or at a mutually-acceptable offsite location (the "**Transition Space**"). Tenant shall be permitted to use all existing furniture and fixtures located within the Transition Space and Landlord shall deliver the Transition Space with minor paint touch-up, patching, and carpet cleaning within the Transition Space having been completed, otherwise, the Transition Space shall be delivered in its AS-IS, WHERE-IS condition. Tenant's occupancy of the Transition Space shall be upon the same terms and conditions as those governing this Lease; provided, however, that (a) Basic Rent shall be \$13.00 per rentable square foot and (b) the Commencement Date shall not be triggered by Tenant's occupancy of the Transition Space. Tenant may continue to occupy the Transition Space until thirty (30) days after Landlord delivers the Premises to Tenant in the condition required by this Lease.

LANDLORD AND TENANT EXPRESSLY DISCLAIM ANY IMPLIED WARRANTY THAT THE PREMISES ARE SUITABLE FOR TENANT'S INTENDED COMMERCIAL PURPOSE, AND TENANT'S OBLIGATION TO PAY RENT HEREUNDER IS NOT DEPENDENT UPON THE CONDITION OF THE PREMISES OR THE PERFORMANCE BY LANDLORD OF ITS OBLIGATIONS HEREUNDER, AND, EXCEPT AS OTHERWISE EXPRESSLY PROVIDED HEREIN, TENANT SHALL CONTINUE TO PAY THE RENT, WITHOUT ABATEMENT, DEMAND, SETOFF OR DEDUCTION, NOTWITHSTANDING ANY BREACH BY LANDLORD OF ITS DUTIES OR OBLIGATIONS HEREUNDER, WHETHER EXPRESS OR IMPLIED.

This Lease shall be dated as of the date first above written.

[signatures on the following page]



LANDLORD:

PEGASUS PARK, LLC,  
a Delaware limited liability company

By: \_\_\_\_\_  
Name: Justin A. Small  
Title: President

TENANT:

TAYSHA GENE THERAPIES, INC.,  
a Delaware corporation

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

**EXHIBIT A**

**OUTLINE OF PREMISES AND EXPANSION SPACE**



**TAYSHA - LEVEL 14 TEST FIT**

REGALUS PLOT, 3000 Pegasus Park Drive  
Dallas, TX 75247

12,238 USF

DATE: 01/14/2020  
BY: [Redacted] FOR: [Redacted]  
NOT TO SCALE  
NOT TO BE USED FOR CONSTRUCTION



**EXHIBIT B**

**DESCRIPTION OF THE LAND**

BEING a tract of land situated in the Thomas E. Mannin Survey, Abstract No. 958, in the City of Dallas, Dallas County, Texas, said tract being a portion of Lot 1A, Block 1/6368 of Mobil Place Addition No. 2, an addition to the City of Dallas as recorded in Volume 2003041, Page 76 Deed Records of Dallas County, Texas (D.R.D.C.T.). Said tract also being a portion of the property conveyed to Mobil Oil Corporation by deed recorded in Volume 81243, Page 1216 D.R.D.C.T. and being more particularly described as follows:

BEGINNING at a TxDOT aluminum monument found at the intersection point of the southerly right-of-way line of Stemmons Freeway (Interstate Highway 35E) (a variable width right-of-way) and the westerly right-of-way line of Pegasus Park Drive, said point being the most northerly northeast corner of said Lot 1A;

THENCE South 08°05'35" East, departing the southerly right-of-way line of said Stemmons Freeway (Interstate Highway 35E), and along the westerly right-of-way line of said Pegasus Park Drive and the easterly line of said Lot 1A, for a distance of 23.47 feet to a 3" aluminum monument stamped "MOBIL PLACE ADDITION NO. 3" set for the beginning of a tangent curve to the left with a radius of 85.00 feet, a central angle of 49°47'56" and a chord which bears South 32°59'33" East, for a distance of 71.57 feet;

THENCE along said curve, the southwesterly right-of-way line of said Pegasus Park Drive and the northeasterly line of said Lot 1A, for an arc length of 73.88 feet to a 1/2" iron rod found for a point of tangency for end of said curve;

THENCE South 57°53'31" East, along the southwesterly right-of-way line of said Pegasus Park Drive and the northeasterly line of said Lot 1A, for a distance of 252.58 feet to a 3" aluminum monument stamped "MOBIL PLACE ADDITION NO. 3" set for an angle point in said right-of-way line of Pegasus Park Drive and said line of Lot 1A;

THENCE South 46°51'08" West, for a distance of 3.07 feet to a 3" aluminum monument stamped "MOBIL PLACE ADDITION NO. 3" set for an angle point in said right-of-way line of Pegasus Park Drive and said line of Lot 1A;

THENCE South 57°55'21" East, along the southwesterly right-of-way line of said Pegasus Park Drive and the northeasterly line of said Lot 1A, for a distance of 27.44 feet to a TxDOT aluminum monument found for the beginning of a tangent curve to the left with a radius of 194.47 feet, a central angle of 13°42'05" and a chord which bears South 64°46'24" East, for a distance of 46.39 feet;

THENCE along said curve, the southwesterly right-of-way line of said Pegasus Park Drive and the northeasterly line of said Lot 1A, for an arc length of 46.50 feet to a capped iron rod found for a point of tangency for end of said curve;

THENCE South 71°37'26" East, along the southwesterly right-of-way line of said Pegasus Park Drive and the northeasterly line of said Lot 1A, for a distance of 382.97 feet to a capped iron rod found for the beginning of a tangent curve to the right with a radius of 20.00 feet, a central angle of 51°28'53" and a chord which bears South 45°53'00" East, for a distance of 17.37 feet;

THENCE along said curve, the southwesterly right-of-way line of said Pegasus Park Drive and the northeasterly line of said Lot 1A, for an arc length of 17.97 feet to a 3" aluminum monument stamped "MOBIL PLACE ADDITION NO. 3" set for a point of tangency for end of said curve, from which a capped iron rod found for reference bears South 77°41'54" West for a distance of 1.45 feet;

THENCE South 09°49'16" East, along the westerly right-of-way line of said Pegasus Park Drive and the easterly line of said Lot 1A, for a distance of 43.55 feet to a 3" aluminum monument stamped "MOBIL PLACE ADDITION NO. 3" set for the beginning of a non-tangent curve to the left from which a capped iron rod found for reference bears South 79°08'12" West for a distance of 1.29 feet, said curve with a radius of 50.00 feet, a central angle of 168°32'16" and a chord which bears South 15°38'12" East, for a distance of 99.50 feet;

THENCE along said curve, the westerly right-of-way line of said Pegasus Park Drive and the easterly line of said Lot 1A, for an arc length of 147.08 feet to an "X" cut set for a point of tangency for end of said curve;

THENCE South 80°05'40" West departing said westerly right-of-way line, a distance of 232.11 feet to an iron rod set for corner;

THENCE South 09°48'02" East a distance of 217.97 feet to an iron rod set for corner;

THENCE North 80°11'58" East a distance of 53.60 feet to an iron rod set for corner;

THENCE South 09°48'02" East a distance of 14.96 feet to an iron rod set for corner;

THENCE North 80°11'58" East a distance of 15.59 feet to an iron rod set for corner;

THENCE South 09°48'02" East a distance of 217.04 feet to an iron rod set for corner said corner also being in the north right-of-way line of Irving Boulevard (a variable width public right-of-way);

THENCE South 80°11'58" West, along the northerly right-of-way line of said Irving Boulevard a distance of 946.92 feet to a 3" aluminum monument stamped "MOBIL PLACE ADDITION NO. 3" set for the beginning of a tangent curve to the right with a radius of 2,799.79 feet, a central angle of 07°15'18" and a chord which bears North 83°49'37" East, for a distance of 354.28 feet;

THENCE along said curve, along the northerly right-of-way line of said Irving Boulevard and the southerly line of said Lot 1A, for an arc length of 354.52 feet to a 3" aluminum monument stamped "MOBIL PLACE ADDITION NO. 3" set for a point of non-tangency for end of said curve, said point also beginning the southerly end of a corner clip at the intersection of the northerly right-of-way line of said Irving Boulevard and the easterly right-of-way line of Lakawana Street a (60' width right-of-way) from which a 1/2" iron rod found for reference bears South 87°37'37" West for a distance of 10.11 feet;

THENCE North 46°00'18" West, departing the northerly right-of-way line of said Irving Boulevard, and along said corner clip, for a distance of 13.78 feet to a 3" aluminum monument stamped "MOBIL PLACE ADDITION NO. 3" set for the northerly end of said corner clip, said point also being in the easterly right-of-way line of said Lakawana Street and the westerly line of said Lot 1A;

THENCE North 00°26'00" East, along the easterly right-of-way line said Lakawana Street and the westerly line of said Lot 1A, for a distance of 112.37 feet to a capped iron rod found for the beginning of a tangent curve to the right with a radius of 98.77 feet, a central angle of 47°31'39" and a chord which bears North 24°17'26" East, for a distance of 79.60 feet;

THENCE along said curve, the southeasterly right-of-way line said Lakawana Street and the northwesterly line of said Lot 1A, for an arc length of 81.93 feet to a capped iron rod found for a point of tangency for end of said curve;

THENCE North 48°02'40" East, along the southeasterly right-of-way line said Lakawana Street and the northwesterly line of said Lot 1A, for a distance of 275.56 feet to a capped iron rod found for an angle point in said Lot 1A and also being the intersection point of said right-of-way line of Lakawana Street and the northeasterly right-of-way line of Iron Ridge Street (a 60' width right-of-way);

THENCE North 41°57'30" West, departing the southeasterly right-of-way line of said Lakawana Street, and along the northeasterly right-of-way line of said Iron Ridge Street and the southwesterly line of said Lot 1A, for a distance of 259.91 feet to a 5/8" iron rod found for an angle point in said Lot 1A and also being the southerly corner of Lot 1, Block 1/6368 of Expressway Industrial District, an addition to the City of Dallas, Dallas County, Texas as recorded in Volume 117, Page 2150 of the Plat Records of Dallas County, Texas;

THENCE North 48°02'28" East, departing the northeasterly right-of-way line of said Iron Ridge Street, and along the southeasterly line of said Expressway Industrial District addition and the northwesterly line of said Lot 1A , for a

distance of 492.28 feet to an "X" cut set for an angle point in said Lot 1A and also being the easterly corner of Lot 5 of said Expressway Industrial District addition;

THENCE North 41°57'59" West, along the northeasterly line of said Lot 5 and the southwesterly line of said Lot 1A, for a distance of 244.76 feet to a 1/2" iron rod found for the most northerly northwest corner of said Lot 1A and the northerly corner of said Lot 5, said point also being in the southeasterly right-of-way line of Commonwealth Drive (State Highway 356) (a 224' width right-of-way);

THENCE North 62°17'34" East, along the southeasterly right-of-way line of said Commonwealth Drive (State Highway 356) and the northwesterly line of said Lot 1A, for a distance of 114.33 feet to a 3" aluminum monument stamped "MOBIL PLACE ADDITION NO. 3" set for a point for corner;

THENCE North 73°12'35" East, along the southeasterly right-of-way line of said Commonwealth Drive (State Highway 356) and the northwesterly line of said Lot 1A, for a distance of 132.73 feet to a 3" aluminum monument stamped "MOBIL PLACE ADDITION NO. 3" set for a point for corner, said point also being the intersection point of said right-of-way line of Commonwealth Drive (State Highway 356) and the southerly right-of-way line of aforementioned Stemmons Freeway (Interstate Highway 35E);

THENCE North 81°59'01" East, departing the southeasterly right-of-way line of said Commonwealth Drive (State Highway 356), and along the southerly right-of-way line of said Stemmons Freeway (Interstate Highway 35E) and the northerly line of said Lot 1A, for a distance of 155.84 feet to the POINT OF BEGINNING and containing 1,011,100 square feet or 23.212 acres of land.

## EXHIBIT C

### BUILDING RULES AND REGULATIONS

The following rules and regulations shall apply to the Premises, the Building, the parking garage associated therewith, and the appurtenances thereto; provided, however, that in the event of a conflict between the terms of the Lease and the rules and regulations (as may be amended in accordance with the terms of the Lease), the terms of the Lease shall prevail:

1. Sidewalks, doorways, vestibules, halls, stairways, and other similar areas shall not be obstructed by tenants or used by any tenant for purposes other than ingress and egress to and from their respective leased premises and for going from one to another part of the Building.
2. Plumbing, fixtures and appliances shall be used only for the purposes for which designed, and no sweepings, rubbish, rags or other unsuitable material shall be thrown or deposited therein. Damage resulting to any such fixtures or appliances from misuse by a tenant or its agents, employees or invitees, shall be paid by such tenant.
3. No signs, advertisements or notices (other than those that are not visible outside the Premises) shall be painted or affixed on or to any windows or doors or other part of the Building without the prior written consent of Landlord. No nails, hooks or screws (other than those which are necessary to hang paintings, prints, pictures, or other similar items on the Premises' interior walls) shall be driven or inserted in any part of the Building except by Building maintenance personnel. No curtains or other window treatments shall be placed between the glass and the Building standard window treatments.
4. Landlord shall provide and maintain an alphabetical directory for all tenants in the main lobby of the Building.
5. Landlord shall provide all door locks in each tenant's leased premises, at the cost of such tenant, and no tenant shall place any additional door locks in its leased premises without Landlord's prior written consent. Landlord shall furnish to each tenant a reasonable number of keys to such tenant's leased premises, at such tenant's cost, and no tenant shall make a duplicate thereof.
6. Movement in or out of the Building of furniture or office equipment, or dispatch or receipt by tenants of any bulky material, merchandise or materials which require use of elevators or stairways, or movement through the Building entrances or lobby shall be conducted under Landlord's supervision at such times and in such a manner as Landlord may reasonably require. Each tenant assumes all risks of and shall be liable for all damage to articles moved and injury to persons or public engaged or not engaged in such movement, including equipment, property and personnel of Landlord if damaged or injured as a result of acts in connection with carrying out this service for such tenant.
7. Landlord may prescribe weight limitations and determine the locations for safes and other heavy equipment or items, which shall in all cases be placed in the Building so as to distribute weight in a manner acceptable to Landlord which may include the use of such supporting devices as Landlord may require. All damages to the Building caused by the installation or removal of any property of a tenant, or done by a tenant's property while in the Building, shall be repaired at the expense of such tenant.
8. Corridor doors, when not in use, shall be kept closed. Nothing shall be swept or thrown into the corridors, halls, elevator shafts or stairways. No birds or animals (other than seeing-eye dogs or other service animals) shall be brought into or kept in, on or about any tenant's leased premises. No portion of any tenant's leased premises shall at any time be used or occupied as sleeping or lodging quarters.
9. Tenant shall cooperate with Landlord's employees in keeping its leased premises neat and clean. Tenants shall not employ any person for the purpose of such cleaning other than the Building's cleaning and maintenance personnel.

10. To ensure orderly operation of the Building, no ice, mineral or other water, towels, newspapers, etc. shall be delivered to any leased area except by persons approved by Landlord.
11. Tenant shall not make or permit any vibration or improper, objectionable or unpleasant noises or odors in the Building or otherwise interfere in any way with other tenants or persons having business with them.
12. No machinery of any kind (other than normal office equipment) shall be operated by any tenant on its leased area without Landlord's prior written consent, nor shall any tenant use or keep in the Building any flammable or explosive fluid or substance (other than typical office supplies [e.g., *photocopier toner*] used in compliance with all Laws).
13. Landlord will not be responsible for lost or stolen personal property, money or jewelry from tenant's leased premises or public or common areas regardless of whether such loss occurs when the area is locked against entry or not.
14. No vending or dispensing machines of any kind may be maintained in any leased premises without the prior written permission of Landlord.
15. Tenant shall not conduct any activity on or about the Premises or Building which will draw pickets, demonstrators, or the like.
16. All vehicles are to be currently licensed, in good operating condition, parked for business purposes having to do with Tenant's business operated in the Premises, parked within designated parking spaces, one vehicle to each space. No vehicle shall be parked as a "**billboard**" vehicle in the parking lot. Any vehicle parked improperly may be towed away. Tenant, Tenant's agents, employees, vendors and customers who do not operate or park their vehicles as required shall subject the vehicle to being towed at the expense of the owner or driver. Landlord may place a "**boot**" on the vehicle to immobilize it and may levy a charge of \$50.00 to remove the "**boot**." Tenant shall indemnify, hold and save harmless Landlord of any liability arising from the towing or booting of any vehicles belonging to a Tenant Party.
17. No tenant may enter into phone rooms, electrical rooms, mechanical rooms, or other service areas of the Building unless accompanied by Landlord or the Building manager.
18. Tenant will not permit any Tenant Party to bring onto the Project any handgun, firearm or other weapons of any kind, illegal drugs or, unless expressly permitted by Landlord in writing, alcoholic beverages.
19. Tenant shall not permit its employees, invitees or guests to smoke in the Premises or the lobbies, passages, corridors, elevators, vending rooms, rest rooms, stairways or any other area shared in common with other tenants in the Building, or permit its employees, invitees, or guests to loiter at the Building entrances for the purposes of smoking. Landlord may, but shall not be required to, designate an area for smoking outside the Building.

**EXHIBIT D**

**TENANT FINISH-WORK: ALLOWANCE**  
**(Landlord Performs the Work)**

1. **Landlord's Performance of the Work.** Landlord hereby agrees, at Landlord's sole cost and expense, to perform the work more particularly described on Schedule 1 attached hereto (the "**Site and Shell Work**"). The Site and Shell Work shall be performed in accordance with the plans referenced on Schedule 1 attached hereto and otherwise in a good and workmanlike manner and in compliance with all applicable Laws. The Site and Shell Work shall be deemed to be complete on the date all Site and Shell Work (other than any details of construction, mechanical adjustment or any other similar matter, the non-completion of which does not materially interfere with Tenant's use or occupancy of the Premises) has been performed as evidenced by the certificate of substantial completion prepared by the Landlord's architect and issuance of the certificate of occupancy for the Building (or its equivalent). Completion shall have occurred even though minor details of construction, decoration, landscaping and mechanical adjustments remain to be completed, provided such items are completed within thirty (30) days after the Commencement Date. As part of the Site and Shell Work, Landlord shall provide an initial test fit for the Premises.

2. Space Plans.

(a) **Preparation and Delivery.** Within ten (10) business days after Tenant's execution of this Lease, Tenant shall meet with Good Fulton & Farrell or another design consultant selected by Landlord and reasonably acceptable to Tenant (the "**Architect**") and Pritchard Associates (the "**Construction Manager**") to discuss the nature and extent of all improvements that Tenant proposes to install in the Premises and, at such meeting, provide the Architect with all necessary data and information needed by the Architect to prepare initial space plans therefor as required by this paragraph. On or before the tenth day following the meeting, Landlord shall deliver to Tenant a space plan prepared by the Architect depicting improvements to be installed in the Premises (the "**Space Plans**").

(b) **Approval Process.** Tenant shall notify Landlord whether it approves of the submitted Space Plans within five business days after Landlord's submission thereof. If Tenant disapproves of such Space Plans, then Tenant shall notify Landlord thereof specifying in reasonable detail the reasons for such disapproval, in which case Landlord shall, within three business days after such notice, revise such Space Plans in accordance with Tenant's objections and submit to Tenant for its review and approval. Tenant shall notify Landlord in writing whether it approves of the resubmitted Space Plans within three business day after its receipt thereof. This process shall be repeated until the Space Plans have been finally approved by Tenant and Landlord. If Tenant fails to notify Landlord that it disapproves of the initial Space Plans within three business days (or, in the case of resubmitted Space Plans, within one business day) after the submission thereof, then Tenant shall be deemed to have disapproved the Space Plans in question.

3. Working Drawings.

(a) **Preparation and Delivery.** On or before the date which is 15 days following the date on which the Space Plans are approved by Tenant and Landlord, Landlord shall cause to be prepared final working drawings of all improvements to be installed in the Premises and deliver the same to Tenant for its review and approval (which approval shall not be unreasonably withheld, delayed or conditioned provided that the working drawings are in substantial conformance with the Space Plans approved by Tenant). Such working drawings shall be prepared by the Architect, or another design consultant selected by Landlord (whose fee shall be included in the Total Construction Costs [defined below]).

(b) **Approval Process.** Tenant shall notify Landlord whether it approves of the submitted working drawings within five business days after Landlord's submission thereof. If Tenant disapproves of such working drawings, then Tenant shall notify Landlord thereof specifying in reasonable detail the reasons for such disapproval, in which case Landlord shall, within five business days after such notice, revise such working drawings in accordance with Tenant's objections and submit the revised working drawings to Tenant for its review and approval. Tenant shall notify Landlord in writing whether it approves of the resubmitted working drawings within three business day after its receipt thereof. This process shall be repeated until the working drawings have been finally approved by Landlord and Tenant. If Tenant fails to notify Landlord that it disapproves of the initial working drawings within



three business days (or, in the case of resubmitted working drawings, within one business day) after the submission thereof, then Tenant shall be deemed to have disapproved the working drawings in question. Any delay caused by Tenant's unreasonable withholding of its consent or delay in giving its written approval as to such working drawings shall constitute a Tenant Delay Day (defined below). If the working drawings are not in substantial conformance with the Space Plans approved by Tenant, then any withholding of Tenant's consent or delay in giving Tenant's written approval shall be deemed reasonable and shall not be deemed a Tenant Delay Day.

(c) **Landlord's Approval; Performance of Work.** If any of Tenant's proposed construction work will affect the Building's Structure or the Building's Systems, then the working drawings pertaining thereto must be approved by the Building's engineer of record. Landlord's approval of such working drawings shall not be unreasonably withheld, provided that (1) they comply with all Laws, (2) the improvements depicted thereon do not adversely affect (in the reasonable discretion of Landlord) the Building's Structure or the Building's Systems (including the Building's restrooms or mechanical rooms), the exterior appearance of the Building, or the appearance of the Building's common areas or elevator lobby areas, (3) such working drawings are sufficiently detailed to allow construction of the improvements in a good and workmanlike manner, and (4) the improvements depicted thereon conform to the rules and regulations promulgated from time to time by Landlord for the construction of tenant improvements (a copy of which has been delivered to Tenant). As used herein, "**Working Drawings**" means the final working drawings approved by Landlord and Tenant, as amended from time to time by any approved changes thereto, and "**Work**" means all improvements to be constructed in accordance with and as indicated on the Working Drawings, together with any work required by governmental authorities to be made to other areas of the Building as a result of the improvements indicated by the Working Drawings. Landlord's approval of the Working Drawings shall not be a representation or warranty of Landlord that such drawings are adequate for any use or comply with any Law, but shall merely be the consent of Landlord thereto. Tenant shall, at Landlord's request, sign the Working Drawings to evidence its review and approval thereof. After the Working Drawings have been approved, Landlord shall cause the Work to be performed in substantial accordance with the Working Drawings.

4. **Bidding of Work.** Prior to commencing the Work, Landlord shall competitively bid the Work to three contractors approved by Landlord and Tenant. If the estimated Total Construction Costs are expected to exceed the Construction Allowance, Tenant shall be allowed to review the submitted bids from such contractors to value engineer any of Tenant's requested alterations. In such case, Tenant shall notify Landlord of any items in the Working Drawings that Tenant desires to change within five business days after Landlord's submission thereof to Tenant. If Tenant fails to notify Landlord of its election within such five business day period, Tenant shall be deemed to have approved the bids. Within five business days following Tenant's approval of the construction bids under the foregoing provisions (if applicable), Tenant shall have completed all of the following items: (a) finalized with Landlord's representative and the proposed contractor, the pricing of any requested revisions to the bids for the Work, and (b) approved in writing any overage in the Total Construction Costs in excess of the Construction Allowance, failing which each day after such five business day period shall constitute a Tenant Delay Day.

5. **Change Orders.** Tenant may initiate changes in the Work. Each such change must receive the prior written approval of Landlord, such approval not to be unreasonably withheld or delayed; however, (a) if such requested change would adversely affect (in the reasonable discretion of Landlord) (1) the Building's Structure or the Building's Systems (including the Building's restrooms or mechanical rooms), (2) the exterior appearance of the Building, or (3) the appearance of the Building's common areas or elevator lobby areas, or (b) if any such requested change might delay the Commencement Date, Landlord may withhold its consent in its sole and absolute discretion. The Architect shall, upon completion of the Work, furnish Landlord with an accurate architectural "as-built" plan of the Work as constructed, which plan shall be incorporated into this Exhibit D by this reference for all purposes. If Tenant requests any changes to the Work described in the approved Space Plans or the approved Working Drawings, then such increased costs and any additional design costs incurred in connection therewith as the result of any such change shall be added to the Total Construction Costs.

6. **Definitions.** As used herein, a "**Tenant Delay Day**" means each day of delay in the performance of the Work that occurs (a) because Tenant fails to timely furnish any information or deliver or approve any required documents such as the Space Plans or Working Drawings (whether preliminary, interim revisions or final), pricing estimates, construction bids, and the like, (b) because of any change by Tenant to the approved Space Plans or Working Drawings, (c) because Tenant fails to attend any meeting with Landlord, the Architect, Construction Manager, any design professional, or any contractor, or their respective employees or representatives, as may be required or

scheduled hereunder or otherwise necessary in connection with the preparation or completion of any construction documents, such as the Space Plans or Working Drawings, or in connection with the performance of the Work; provided that Landlord shall provide Tenant at least three business days' written notice prior to any such meeting, (d) because of any specification by Tenant of materials or installations in addition to or other than Landlord's standard finish-out materials, or (e) because a Tenant Party otherwise delays completion of the Work. As used herein "**Substantial Completion**," "**Substantially Completed**," and any derivations thereof mean the Work in the Premises is substantially completed (as reasonably determined by the Architect) in substantial accordance with the Working Drawings. Substantial Completion shall have occurred even though minor details of construction, decoration, landscaping and mechanical adjustments remain to be completed by Landlord.

7. **Walk-Through; Punchlist.** When Landlord considers the Work in the Premises to be Substantially Completed, Landlord will notify Tenant and, within three business days thereafter, Landlord's representative and Tenant's representative shall conduct a walk-through of the Premises and identify any necessary touch-up work, repairs and minor completion items that are necessary for final completion of the Work. Neither Landlord's representative nor Tenant's representative shall unreasonably withhold his or her agreement on punchlist items. Landlord shall use reasonable efforts to cause the contractor performing the Work to complete all punchlist items within 30 days after agreement thereon; however, Landlord shall not be obligated to engage overtime labor in order to complete such items.

8. **Excess Costs.** The entire cost of performing the Work (including design of and space planning for the Work and preparation of the Working Drawings and the final "as-built" plan of the Work, costs of construction labor and materials, electrical usage during construction, additional janitorial services, general tenant signage, related taxes and insurance costs, licenses, permits, certifications, surveys and other approvals required by Law, and the construction supervision fee referenced in Section 10 of this Exhibit, all of which costs are herein collectively called the "**Total Construction Costs**") in excess of the Construction Allowance (hereinafter defined) shall be paid by Tenant; provided that the Total Construction Costs shall not exceed the amount approved by Tenant in accordance with Section 4 of this Exhibit (unless caused by a change order requested by Tenant). Upon approval of the Working Drawings and selection of a contractor, Tenant shall promptly (a) execute a work order agreement prepared by Landlord which identifies such drawings and itemizes the Total Construction Costs and sets forth the Construction Allowance, and (b) pay to Landlord 50% of the amount by which Total Construction Costs exceed the Construction Allowance. Upon Substantial Completion of the Work and before Tenant occupies the Premises to conduct business therein, Tenant shall pay to Landlord an amount equal to the Total Construction Costs (as adjusted for any approved changes to the Work), less (1) the amount of the advance payment already made by Tenant, and (2) the amount of the Construction Allowance. In the event of default of payment of such excess costs, Landlord (in addition to all other remedies) shall have the same rights as for an Event of Default under this Lease.

9. **Construction Allowance.** Landlord shall provide to Tenant a construction allowance not to exceed \$40.00 per rentable square foot in the Premises (the "**Construction Allowance**") to be applied toward the Total Construction Costs, as adjusted for any changes to the Work. The Construction Allowance shall not be disbursed to Tenant in cash, but shall be applied by Landlord to the payment of the Total Construction Costs, if, as, and when the cost of the Work is actually incurred and paid by Landlord. The Construction Allowance must be used (that is, the Work must be fully complete and the Construction Allowance disbursed) within six (6) months following the Commencement Date (subject to force majeure delays) or shall be deemed forfeited with no further obligation by Landlord with respect thereto, time being of the essence with respect thereto. Tenant shall be entitled to use up to ten percent (10%) of the Construction Allowance for architectural and engineering costs.

10. **Construction Management.** Landlord or its Affiliate or agent shall supervise the Work, make disbursements required to be made to the contractor, and act as a liaison between the contractor and Tenant and coordinate the relationship between the Work, the Building and the Building's Systems. In consideration for Landlord's construction supervision services, Tenant shall pay to Landlord a construction supervision fee equal to five percent of the Total Construction Costs.

11. **Construction Representatives.** Landlord's and Tenant's representatives for coordination of construction and approval of change orders will be as follows, provided that either party may change its representative upon written notice to the other:

Landlord's Representative:

Pritchard Associates  
2121 North Akard Street  
Suite 100  
Dallas, TX 75201  
Attention: Taylor Wildman  
Telephone: 214-849-0011

Tenant's Representative:

Jim Rouse, CIO  
c/o Taysha Gene Therapies, Inc.  
2280 Inwood Road  
Dallas, Texas 75235  
Attention: Kamran Alam, CFO  
Telephone: 214-714-6701

12. **Miscellaneous.** To the extent not inconsistent with this Exhibit, Sections 8(a) and 21 of this Lease shall govern the performance of the Work and Landlord's and Tenant's respective rights and obligations regarding the improvements installed pursuant thereto.

**EXHIBIT E**

**CONFIRMATION OF COMMENCEMENT DATE**

\_\_\_\_\_, 20\_\_

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Re: Lease Agreement (the "**Lease**") dated \_\_\_\_\_, 20\_\_, between \_\_\_\_\_, a \_\_\_\_\_ ("**Landlord**"), and \_\_\_\_\_, a \_\_\_\_\_ ("**Tenant**"). Capitalized terms used herein but not defined shall be given the meanings assigned to them in the Lease.

Ladies and Gentlemen:

Landlord and Tenant agree as follows:

1. **Condition of Premises.** Tenant has accepted possession of the Premises pursuant to the Lease. Any improvements required by the terms of the Lease to be made by Landlord have been completed to the full and complete satisfaction of Tenant in all respects except for the punchlist items described on Exhibit A hereto (the "Punchlist Items"), and except for such Punchlist Items, Landlord has fulfilled all of its duties under the Lease with respect to such initial tenant improvements. Furthermore, Tenant acknowledges that the Premises are suitable for the Permitted Use.

2. **Commencement Date.** The Commencement Date of the Lease is \_\_\_\_\_, 20\_\_.

3. **Expiration Date.** The Term is scheduled to expire on the last day of the \_\_\_th full calendar month of the Term, which date is \_\_\_\_\_, 20\_\_.

4. **Contact Person.** Tenant's contact person in the Premises is:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
Attention: \_\_\_\_\_  
Telephone: \_\_\_\_ - \_\_\_\_ - \_\_\_\_\_  
Telecopy: \_\_\_\_ - \_\_\_\_ - \_\_\_\_\_

5. **Ratification.** Tenant hereby ratifies and confirms its obligations under the Lease, and represents and warrants to Landlord that, as of the date hereof, it has no defenses thereto. Additionally, Tenant further confirms and ratifies that, as of the date hereof, (a) the Lease is and remains in good standing and in full force and effect, and (b) Tenant has no claims, counterclaims, set-offs or defenses against Landlord arising out of the Lease or in any way relating thereto or arising out of any other transaction between Landlord and Tenant.

6. **Binding Effect; Governing Law.** Except as modified hereby, the Lease shall remain in full effect and this letter shall be binding upon Landlord and Tenant and their respective successors and assigns. If any inconsistency exists or arises between the terms of this letter and the terms of the Lease, the terms of this letter shall prevail. This letter shall be governed by the laws of the state in which the Premises are located.

Please indicate your agreement to the above matters by signing this letter in the space indicated below and returning an executed original to us.

Sincerely,

PEGASUS PARK, LLC,  
a Delaware limited liability company

By: \_\_\_\_\_  
Name: Justin A. Small  
Title: President

Agreed and accepted:

*[TENANT'S SIGNATURE BLOCK]*, a \_\_\_\_\_

By:  
Name:  
Title:

**EXHIBIT A**

**PUNCHLIST ITEMS**

Please insert any punchlist items that remain to be performed by Landlord. If no items are listed below by Tenant, none shall be deemed to exist.

**EXHIBIT F**

**FORM OF TENANT ESTOPPEL CERTIFICATE**

The undersigned is the Tenant under the Lease (defined below) between \_\_\_\_\_, a \_\_\_\_\_, as Landlord, and the undersigned as Tenant, for the Premises on the \_\_\_\_\_ floor(s) of the office building located at \_\_\_\_\_, \_\_\_\_\_ and commonly known as \_\_\_\_\_, and hereby certifies as follows:

1. The Lease consists of the original Lease Agreement dated as of \_\_\_\_\_, 20\_\_\_\_ between Tenant and Landlord[*'s predecessor-in-interest*] and the following amendments or modifications thereto (if none, please state "none"); \_\_\_\_\_

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The documents listed above are herein collectively referred to as the "Lease" and represent the entire agreement between the parties with respect to the Premises. All capitalized terms used herein but not defined shall be given the meaning assigned to them in the Lease.

2. The Lease is in full force and effect and has not been modified, supplemented or amended in any way except as provided in Section 1 above.

3. The Term commenced on \_\_\_\_\_, 20\_\_\_\_ and the Term expires, excluding any renewal options, on \_\_\_\_\_, 20\_\_\_\_, and Tenant has no option to purchase all or any part of the Premises or the Building or, except as expressly set forth in the Lease, any option to terminate or cancel the Lease.

4. Tenant currently occupies the Premises described in the Lease and Tenant has not transferred, assigned, or sublet any portion of the Premises nor entered into any license or concession agreements with respect thereto except as follows (if none, please state "none"); \_\_\_\_\_

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5. All monthly installments of Basic Rent, all Additional Rent and all monthly installments of estimated Additional Rent have been paid when due through \_\_\_\_\_. The current monthly installment of Basic Rent is \$\_\_\_\_\_.

6. As of the date hereof, all conditions of the Lease to be performed by Landlord necessary to the enforceability of the Lease have been satisfied and Landlord is not in default thereunder. In addition, Tenant has not delivered any notice to Landlord regarding a default by Landlord thereunder.

7. As of the date hereof, there are no existing defenses or offsets, or, to the undersigned's knowledge, claims or any basis for a claim, that the undersigned has against Landlord and no event has occurred and no condition exists, which, with the giving of notice or the passage of time, or both, will constitute a default under the Lease.

8. No rental has been paid more than 30 days in advance and no security deposit has been delivered to Landlord except as provided in the Lease.

9. If Tenant is a corporation, partnership or other business entity, each individual executing this Estoppel Certificate on behalf of Tenant hereby represents and warrants that Tenant is a duly formed and existing entity qualified to do business in the state in which the Premises are located and that Tenant has full right and authority to execute and deliver this Estoppel Certificate and that each person signing on behalf of Tenant is authorized to do so.

10. There are no actions pending against Tenant under any bankruptcy or similar laws of the United States or any state.

11. Other than in compliance with all applicable laws and incidental to the ordinary course of the use of the Premises, the undersigned has not used or stored any hazardous substances in the Premises.

12. Tenant is not itself, and is not directly or indirectly owned, controlled or supported by, a "Specially Designated National" or otherwise designated as a blocked person under any regulation of the Office of Foreign Assets Control, U.S. Department of Treasury (see: [www.ustreas.gov/offices/enforcement/OFAC](http://www.ustreas.gov/offices/enforcement/OFAC)).

13. All tenant improvement work to be performed by Landlord under the Lease has been completed in accordance with the Lease and has been accepted by the undersigned and all reimbursements and allowances due to the undersigned under the Lease in connection with any tenant improvement work have been paid in full.

Tenant acknowledges that this Estoppel Certificate may be delivered to Landlord, Landlord's Mortgagee or to a prospective mortgagee or prospective purchaser, and their respective successors and assigns, and acknowledges that Landlord, Landlord's Mortgagee and/or such prospective mortgagee or prospective purchaser will be relying upon the statements contained herein in disbursing loan advances or making a new loan or acquiring the property of which the Premises are a part and that receipt by it of this certificate is a condition of disbursing loan advances or making such loan or acquiring such property.

Executed as of \_\_\_\_\_, 20\_\_.

**TENANT:** \_\_\_\_\_, a  
\_\_\_\_\_

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_



**EXHIBIT G**

**PARKING**

Tenant may use all unreserved and visitor parking spaces, and up to 10 reserved parking spaces, in the parking facilities associated with the Building (the "**Parking Area**") subject to such terms, conditions and regulations as are from time to time applicable to patrons of the Parking Area during the Term. Tenant shall pay to Landlord, contemporaneously with the payment of Basic Rent, parking rent (plus all applicable taxes) during the initial Term equal to the following rates for each such parking space for the following periods of time:

Lease Month	Monthly Rent per Unreserved and Visitor Parking Space	Monthly Rent per Covered Reserved Parking Space	Monthly Rent per Uncovered Reserved Parking Space
1 – 120	\$0.00	\$100	\$50

The parking rent during any renewal term shall be determined along with the Basic Rent for such renewal term in accordance with Exhibit H attached to the Lease. Tenant shall at all times comply with all Laws respecting the use of the Parking Area. Landlord reserves the right to adopt, modify, and enforce reasonable rules and regulations governing the use of the Parking Area from time to time including any key-card, sticker, or other identification or entrance systems and hours of operations; provided that Landlord provides Tenant with a sufficient initial set of key-cards, stickers or other identification methods at no additional cost to Tenant; replacements or additional such items shall be made available by Landlord for a reasonable fee. Landlord may refuse to permit any person who violates such rules and regulations to park in the Parking Area, and any violation of the rules and regulations shall subject the car to removal from the Parking Area.

Tenant may validate visitor parking by such method or methods as Landlord may approve, at the validation rate from time to time generally applicable to visitor parking. Unless specified to the contrary above, the parking spaces provided hereunder shall be provided on an unreserved, "first-come, first served" basis. Tenant acknowledges that Landlord has arranged or may arrange for the Parking Area to be operated by an independent contractor, not affiliated with Landlord.

There will be a replacement charge payable by Tenant equal to the amount posted from time to time by Landlord for loss of any magnetic parking card or parking sticker issued by Landlord.

All motor vehicles (including all contents thereof) shall be parked in the Parking Area at the sole risk of Tenant and each other Tenant Party, it being expressly agreed and understood Landlord has no duty to insure any of said motor vehicles (including the contents thereof), and Landlord is not responsible for the protection and security of such vehicles. **NOTWITHSTANDING ANYTHING TO THE CONTRARY CONTAINED IN THIS LEASE, LANDLORD SHALL HAVE NO LIABILITY WHATSOEVER FOR ANY PROPERTY DAMAGE WHICH MIGHT OCCUR ON THE PARKING AREA OR AS A RESULT OF OR IN CONNECTION WITH THE PARKING OF MOTOR VEHICLES IN ANY OF THE PARKING SPACES.**

If, for any reason, Landlord is unable to provide all or any portion of the parking spaces to which Tenant is entitled hereunder, then Tenant's obligation to pay for such parking spaces shall be abated for so long as Tenant does not have the use thereof; this abatement shall be in full settlement of all claims that Tenant might otherwise have against Landlord because of Landlord's failure or inability to provide Tenant with such parking spaces. Landlord shall not be responsible for enforcing Tenant's parking rights against any third parties. Notwithstanding anything to the contrary contained in the Lease or this Exhibit G, if any event or action or omission by Landlord renders the Parking Area for the Building and/or Tenant's parking space allocation (including reserved spaces, if any) for whatever reason inaccessible, unusable, unsafe, or which causes the number of parking spaces for the Building and/or Tenant's parking space allocation for the Premises to be reduced below applicable local code requirements (which reasons may include but are not limited to repairs, maintenance, casualty, condemnation, or displacement or dislocation caused by future construction), Landlord shall immediately provide substitute parking areas for Tenant's use and its invitees which areas shall (i) cause no net reduction in Tenant's parking space allocation, (ii) be similarly convenient in terms of location, quality and safety, and (iii) except in the case of an emergency, be designated by prior written notice to Tenant with the exact location of such substitute parking areas subject to Tenant's approval not to be unreasonably withheld, conditioned or delayed.

## EXHIBIT H

### RENEWAL OPTION

Provided no Event of Default exists and Tenant is occupying at least 75% of the entire initial Premises at the time of such election, Tenant may renew this Lease for one (1) additional period of five (5) years, by delivering written notice of the exercise thereof to Landlord not earlier than eighteen (18) months nor later than twelve (12) months before the expiration of the Term. The Basic Rent payable for each month during such extended Term shall be the prevailing rental rate (the "**Prevailing Rental Rate**"), at the commencement of such extended Term, for renewals of space in the Building of equivalent quality, size, utility and location, with the length of the extended Term taken into account. In no event shall the Basic Rent in any renewal term be less than that in effect at the end of the then-current Term. Within 30 days after receipt of Tenant's notice to renew, Landlord shall deliver to Tenant written notice of the Prevailing Rental Rate and shall advise Tenant of the required adjustment to Basic Rent, if any, and the other terms and conditions offered. Tenant shall, within ten days after receipt of Landlord's notice, notify Landlord in writing whether Tenant accepts or rejects Landlord's determination of the Prevailing Rental Rate. If Tenant timely notifies Landlord that Tenant accepts Landlord's determination of the Prevailing Rental Rate, then, on or before the commencement date of the extended Term, Landlord and Tenant shall execute an amendment to this Lease extending the Term on the same terms provided in this Lease, except as follows:

- (a) Basic Rent shall be adjusted to the Prevailing Rental Rate;
- (b) Tenant shall have no further renewal option unless expressly granted by Landlord in writing; and
- (c) Landlord shall lease to Tenant the Premises in their then-current condition, and Landlord shall not provide to Tenant any allowances (e.g., moving allowance, construction allowance, and the like) or other tenant inducements.
- (d) Tenant shall pay for the parking spaces which it is entitled to use at the rates (if any) from time to time charged to patrons of the Parking Area and/or any other parking area associated with the Building during the extended Term (plus all applicable taxes).

If Tenant rejects Landlord's determination of the Prevailing Rental Rate, or fails to timely notify Landlord in writing that Tenant accepts or rejects Landlord's determination of the Prevailing Rental Rate, time being of the essence with respect thereto, the Prevailing Rental Rate shall be determined as follows:

1. Landlord and Tenant shall each designate, by written notice to the other, a commercial real estate broker unaffiliated with the selecting party and willing to act in such determination and having at least ten (10) years' experience in the leasing or valuation of first class office space in Dallas, Texas (hereinafter called a "**Qualified Appraiser**"). The notice shall set forth the name and address of the Qualified Appraiser selected by the party. If a party shall fail, neglect or refuse within ten (10) business days to designate a Qualified Appraiser, then the sole designated Qualified Appraiser shall alone conduct the determination of the Prevailing Rental Rate for the Premises.

2. If two (2) Qualified Appraisers have been designated as aforesaid, such Qualified Appraisers shall appoint an additional Qualified Appraiser (the "**Third Qualified Appraiser**") who is willing so to act in such determination, and notice of such designation shall be given to both Landlord and Tenant.

3. Landlord's designated Qualified Appraiser and Tenant's designated Qualified Appraiser shall each submit to the Third Qualified Appraiser within ten (10) business days after the appointment of the Third Qualified Appraiser a complete statement (the "**Prevailing Rental Rate Proposal**") setting forth in reasonable detail all of the relevant economic terms of the party's proposed determination of the Prevailing Rental Rate and the relevant factors used in determining the same. The Third Qualified Appraiser shall deliver a copy of the Prevailing Rental Rate Proposals to the Qualified Appraisers designated by Landlord and Tenant within two (2) business days after receipt of the same. The Third Qualified Appraiser shall examine the Prevailing Rental Rate Proposals and any submitted

supporting documentation and select the Prevailing Rental Rate of the Premises that the Third Qualified Appraiser believes to most accurately reflect the applicable Prevailing Rental Rate.

4. Each of Landlord and Tenant shall pay the costs and fees of the Qualified Appraiser chosen by it, and Landlord and Tenant shall share the costs and fees of the Third Qualified Appraiser equally. Each of Landlord and Tenant shall pay the legal fees and expenses of their respective counsel and costs incurred in preparation of its Prevailing Rental Rate Proposal.

Any determination of Prevailing Rental Rate pursuant to this Exhibit H shall be binding on both Landlord and Tenant.

Tenant's rights under this Exhibit shall terminate if (1) this Lease or Tenant's right to possession of the Premises is terminated, (2) Tenant assigns all of its interest in this Lease or sublets more than 25% of the Premises and such sublease is in effect as of the date Tenant exercised its Renewal Option, or (3) Tenant fails to timely exercise its option under this Exhibit, time being of the essence with respect to Tenant's exercise thereof.

**EXHIBIT I**

**RIGHT OF FIRST REFUSAL**

Provided no Event of Default exists and Tenant is occupying the entire Premises, before Landlord accepts any offer for the space in the Building designated on Exhibit A (the "**Expansion Space**") from any third party, Landlord shall provide Tenant with notice, in writing of the terms and conditions of such offer (the "**ROFR Notice**"). The ROFR Notice must include all material terms and conditions of the offer and the Basic Rent in such offer shall be the same as for the Premises set forth in the Lease. Tenant shall notify Landlord in writing within fifteen (15) business days after receipt of the ROFR Notice ("**ROFR Deadline**") whether Tenant elects to exercise its right to lease the Expansion Space pursuant to the terms and conditions of the offer, as set forth in the ROFR Notice. If Tenant fails to notify Landlord of its election on or prior to the ROFR Deadline, Tenant's right of first refusal shall be deemed to have automatically and without further notice expired as to the offer that is the subject of the ROFR Notice and Landlord shall thereafter have the right to lease the Expansion Space to a third party on substantially the same terms and conditions stated in the ROFR Notice (or on terms which are better, but not materially worse, for Landlord in the aggregate considering all economic and non-economic terms of same). If Tenant timely elects to exercise the right of first refusal then Tenant and Landlord shall (within ten [10] business days thereafter) enter into an amendment to this Lease adding the Expansion Space to the Premises and incorporating the terms in the accepted ROFR Notice. If Tenant fails to timely exercise its rights prior to the ROFR Deadline, the right of first refusal shall be deemed to have automatically and without further notice expired and Landlord shall thereafter have the right to lease the Expansion Space to a third party on substantially the same terms and conditions stated in the ROFR Notice (or on terms which are better, but not materially worse, for Landlord in the aggregate considering all economic and non-economic terms of same). If Tenant does not exercise its right hereunder and Landlord does not consummate the lease of the Expansion Space in accordance with the terms of the ROFR Notice within one hundred twenty (120) calendar days after the ROFR Deadline, this right of first refusal shall revive. Notwithstanding anything to the contrary contained herein, Landlord may reduce the Basic Rental rate for the Expansion Space by no more than ten percent (10%) of the Base Rental Rate set forth in the ROFR Notice without reviving the Tenant's right of first refusal hereunder. If Landlord consummates the lease of all or a portion of the Expansion Space to a third party within said 120-day period in compliance with this Exhibit I, this right of first refusal shall automatically terminate as to that portion of the Expansion Space without further notice.

In no event shall Landlord be obligated to pay a commission with respect to the lease of the Expansion Space pursuant to this Exhibit I, and Tenant and Landlord shall each indemnify the other against all costs, expenses attorneys' fees, and other liability for commissions or other compensation claimed by any broker or agent claiming the same. Tenant's rights under this Exhibit shall terminate if (a) this Lease or Tenant's right to possession of any of the Premises is terminated, (b) Tenant assigns any of its interest in this Lease or sublets any portion of the Premises which was not otherwise approved or deemed approved by Landlord, or (c) less than thirty-six (36) full calendar months remain in the then-current Term of this Lease (unless during the initial Term and Tenant has exercised its renewal right).

EXHIBIT JFORM OF SNDA**SUBORDINATION, NON-DISTURBANCE AND ATTORNMENT AGREEMENT**

This **SUBORDINATION, NON-DISTURBANCE AND ATTORNMENT AGREEMENT** ("**Agreement**") is entered into as of January \_\_, 2021 (the "**Effective Date**") by and between **H.I.G. RCF – PEGASUS DALLAS, LLC** (together with any other holder of the Loan (defined below) and their respective successors and assigns, the "**Mortgagee**") and **TAYSHA GENE THERAPIES, INC.**, a Delaware corporation (hereinafter, the "**Tenant**"), with reference to the following facts:

- A. **PEGASUS PARK, LLC**, a Delaware limited liability company (formerly known as Pegasus Place, LLC, a Texas limited liability company, the "**Landlord**"), owns fee simple title in the real property described in Exhibit "A" attached hereto (the "**Property**").
- B. Mortgagee has made or intends to make a loan to Landlord (the "**Loan**").
- C. To secure the Loan, Landlord has or will encumber the Property by entering into a mortgage or deed of trust in favor of Mortgagee (as amended, increased, renewed, extended, spread, consolidated, severed, restated, or otherwise changed from time to time, the "**Mortgage**") to be recorded in land records.
- D. Pursuant to the Lease Agreement dated \_\_\_\_\_ (as the same may hereafter be modified, amended or extended, the "**Lease**") between Landlord (or Landlord's predecessor in title) and Tenant, Landlord leased to Tenant a portion of the Property, as said portion is more particularly described in the Lease (the "**Leased Premises**").
- E. Tenant and Mortgagee desire to agree upon the relative priorities of their interests in the Property and their rights and obligations if certain events occur.

NOW, THEREFORE, for good and sufficient consideration, Tenant and Mortgagee agree:

1. **Definitions.** The following terms shall have the following meanings for purposes of this Agreement.

(a) **Foreclosure Event.** A "**Foreclosure Event**" means: (i) foreclosure under the Mortgage; (ii) any other exercise by Mortgagee of rights and remedies (whether under the Mortgage or under applicable law, including bankruptcy law) as holder of the Loan and/or the Mortgage, as a result of which a Successor Landlord becomes owner of the Property; or (iii) delivery by Landlord to Mortgagee (or its designee or nominee) of a deed or other conveyance of Landlord's interest in the Property in lieu of any of the foregoing.

(b) **Former Landlord.** A "**Former Landlord**" means Landlord and any other party that was landlord under the Lease at any time before the occurrence of any attornment under this Agreement.

(c) **Offset Right.** An "**Offset Right**" means any right or alleged right of Tenant to any offset, defense (other than one arising from actual payment and performance, which payment and performance would bind a Successor Landlord pursuant to this Agreement), claim, counterclaim, reduction, deduction, or abatement of or against Tenant's payment of Rent or performance of Tenant's other obligations under the Lease, or any other claim or counterclaim, arising (whether under the Lease or under applicable law) from Landlord's breach or default under the Lease or any other act or omission of Landlord.

(d) **Rent.** The "**Rent**" means any fixed rent, base rent or additional rent under the Lease.

(e) **Successor Landlord.** A "**Successor Landlord**" means any party that becomes owner of the Property as the result of a Foreclosure Event.

(f) Termination Right. A “**Termination Right**” means any right of Tenant to cancel or terminate the Lease or to claim a partial or total eviction arising (whether under the Lease or under applicable law) from Landlord’s breach or default under the Lease.

(g) Other Capitalized Terms. If any capitalized term is used in this Agreement and no separate definition is contained in this Agreement, then such term shall have the same respective definition as set forth in the Lease.

## 2. Subordination.

(a) The Lease (including but not limited to any option to purchase, right of first refusal to purchase or right of first offer to purchase the Property (or any portion thereof)) shall be, and shall at all times remain, subject and subordinate to the lien imposed by the Mortgage, and all advances made under or secured by the Mortgage. Notwithstanding the foregoing, Mortgagee may elect, in its sole and absolute discretion, to subordinate the lien of the Mortgage to the Lease.

(b) Tenant hereby acknowledges and agrees that any option to purchase, right of first refusal to purchase or right of first offer to purchase the Property (or any portion thereof) in the Lease shall not be exercisable in connection with any exercise of remedies pursuant to the Mortgage or any mezzanine loan secured by the membership interests in Landlord, including: (i) a purchase of the Property (or any portion thereof) at a foreclosure sale, (ii) a transfer of the Property (or any portion thereof) to Mortgagee or its designee pursuant to a deed-in-lieu of foreclosure, (iii) a transfer of the membership interests in Landlord pursuant to a foreclosure of any such mezzanine loan, or (iv) any subsequent sale of the Property (or any portion thereof) by Mortgagee or its designee after such foreclosure or deed-in-lieu of foreclosure or by any mezzanine lender or its designee after such foreclosure of such mezzanine loan. The holder of any such mezzanine loan shall be a third party beneficiary of the foregoing sentence.

## 3. Nondisturbance, Recognition and Attornment.

(a) No Exercise of Mortgage Remedies Against Tenant. So long as Tenant is not in default under the Lease beyond any applicable notice, grace or cure periods (an “**Event of Default**”), Mortgagee (i) shall not terminate the Lease or disturb Tenant’s right of quiet possession, use or possession of the Leased Premises under the Lease, except in accordance with the terms of the Lease and this Agreement and (ii) shall not name or join Tenant as a defendant in any exercise of Mortgagee’s rights and remedies arising upon a default under the Mortgage unless (a) applicable law requires Tenant to be made a party thereto as a condition to proceeding against Landlord or prosecuting such rights and remedies, (b) such joinder of Tenant is required for the recovery by Mortgagee of any Rent at any time owing by Tenant under the Lease, whether pursuant to the assignment of rents set forth in the Mortgage or otherwise or (c) such joinder is required in order to enforce any right of Mortgagee to enter the Property for the purpose of making any inspection or assessment, or in order to protect the value of the security provided by the Mortgage, and in any such case, Mortgagee may join Tenant as a defendant in such action only for such purpose(s) and not to terminate the Lease or otherwise adversely affect Tenant’s rights under the Lease or this Agreement in such action.

(b) Recognition and Attornment. Upon Successor Landlord taking title to the Property (i) Successor Landlord shall be bound to Tenant under all the terms and conditions of the Lease (except as provided in this Agreement); (ii) Tenant shall recognize and attorn to Successor Landlord as Tenant’s direct landlord under the Lease as affected by this Agreement; and (iii) the Lease shall continue in full force and effect as a direct lease, in accordance with its terms (except as provided in this Agreement), between Successor Landlord and Tenant. Tenant hereby acknowledges notice that pursuant to the Mortgage and assignment of rents, leases and profits, Landlord has granted to the Mortgagee an absolute, present assignment of the Lease and Rents which provides that Tenant continue making payments of Rents and other amounts owed by Tenant under the Lease to the Landlord and to recognize the rights of Landlord under the Lease until notified otherwise in writing by the Mortgagee. After receipt of such notice from Mortgagee, Tenant shall thereafter make all such payments directly to the Mortgagee or as the Mortgagee may otherwise direct, without any further inquiry on the part of Tenant. Landlord consents to the foregoing and waives any right, claim or demand which Landlord may have against Tenant by reason of such payments to Mortgagee or as Mortgagee directs. Mortgagee and Landlord agree that any payments made to the Mortgagee shall be credited to

Tenant under the Lease as if Tenant had made such payments directly to Landlord regardless of whether Mortgagee had the right to make such demand and regardless of any contrary demands which may hereafter be made by Landlord.

(c) **Further Documentation.** The provisions of this Article 3 shall be effective and self-operative without any need for Successor Landlord or Tenant to execute any further documents. Tenant and Successor Landlord shall, however, confirm the provisions of this Article 3 in writing upon request by either of them within ten (10) days of such request.

4. **Protection of Successor Landlord.** Notwithstanding anything to the contrary in the Lease or the Mortgage, Successor Landlord shall not be liable for or bound by any of the following matters:

(a) **Claims Against Former Landlord.** Any Offset Right that Tenant may have against any Former Landlord relating to any event or occurrence before the date of attornment, including any claim for damages of any kind whatsoever as the result of any breach by any Former Landlord that occurred before the date of attornment, except as it relates to Tenant's continued right of offset for any default by the Former Landlord that is not personal to such Former Landlord and which remains uncured provided notice of such default has been provided to Mortgagee in accordance with the provisions of this Agreement and/or except to the extent such offset right is expressly provided for under the Lease. The foregoing shall not limit either (i) Tenant's right to exercise against Successor Landlord any Offset Right otherwise available to Tenant because of events occurring after the date of attornment or (ii) Successor Landlord's obligation to correct any conditions that existed as of the date of attornment and violate Successor Landlord's obligations as landlord under the Lease.

(b) **Prepayments.** Any payment of Rent that Tenant may have made to any Former Landlord more than thirty (30) days before the date such Rent was first due and payable under the Lease with respect to any period after the date of attornment other than, and only to the extent that, the Lease expressly required such a prepayment.

(c) **Payment; Security Deposit; Work.** Any obligation: (i) to pay Tenant any sum(s) that any Former Landlord owed to Tenant, including without limitation on account of tenant improvements or alterations, tenant improvement allowances, moving costs and other incentives, unless such sums, if any, shall have been actually delivered to Successor Landlord by way of an assumption of escrow accounts or otherwise; (ii) with respect to any security deposited with any Former Landlord, unless such security was actually delivered to Successor Landlord; (iii) to commence or complete any initial construction, or any expansion or rehabilitation of the improvements, or any other work required for Tenant's occupancy; or (iv) arising from representations and warranties related to Former Landlord.

(d) **Modification, Amendment or Waiver.** Any material modification or amendment of the Lease, or any waiver of the terms of the Lease, made without Mortgagee's written consent, which consent shall not be unreasonably withheld, conditioned or delayed.

(e) **Surrender, Etc.** Any consensual or negotiated surrender, cancellation, or termination of the Lease, in whole or in part, agreed upon between Landlord and Tenant, unless effected unilaterally by Tenant pursuant to the express terms of the Lease.

5. **Exculpation of Successor Landlord.** Notwithstanding anything to the contrary in this Agreement or the Lease, Successor Landlord's obligations and liability under the Lease shall never extend beyond Successor Landlord's (or its successors' or assigns') interest, if any, in the Property from time to time, including insurance and condemnation proceeds, security deposits, escrows, Successor Landlord's interest in the Lease, and the proceeds from any sale, lease or other disposition of the Property (or any portion thereof) by Successor Landlord (collectively, the "*Successor Landlord's Interest*"). Tenant shall look exclusively to Successor Landlord's Interest (or that of its successors and assigns) for payment or discharge of any obligations of Successor Landlord under the Lease as affected by this Agreement. If Tenant obtains any money judgment against Successor Landlord with respect to the Lease or the relationship between Successor Landlord and Tenant, then Tenant shall look solely to Successor Landlord's Interest (or that of its successors and assigns) to collect such judgment. Tenant shall not collect or attempt to collect any such judgment out of any other assets of Successor Landlord. Notwithstanding the

foregoing, this Section 5 shall not limit or modify Tenant's right to abate Rent or terminate the Lease in accordance with the provisions of the Lease and this Agreement and nothing herein shall be a waiver of the obligations of Successor Landlord to restore the Leased Premises after a casualty or condemnation in accordance with the terms of the Lease or a waiver of any of Tenant's rights under the Lease in connection with any damage to or condemnation of the Property or the Leased Premises.

6. **Mortgagee's Right to Cure.** Notwithstanding anything to the contrary in the Lease or this Agreement, before exercising any Offset Right or Termination Right:

(a) **Notice to Mortgagee.** Tenant shall provide Mortgagee with notice of the breach or default by Landlord giving rise to same (the "***Default Notice***") and, thereafter, the opportunity to cure such breach or default as provided for below.

(b) **Mortgagee's Cure Period.** After Mortgagee receives a Default Notice, Mortgagee shall have a period of thirty (30) days beyond the time available to Landlord under the Lease in which to cure the breach or default by Landlord. Mortgagee shall have no obligation to cure (and shall have no liability or obligation for not curing) any breach or default by Landlord until an attornment occurring pursuant to this Agreement.

7. **Miscellaneous.**

(a) **Notices.** Any notice or request given or demand made under this Agreement by one party to the other shall be in writing, and may be given or be served by hand delivered personal service, by depositing the same with a reliable overnight courier service, by deposit in the United States mail, postpaid, registered or certified mail, and addressed to the party to be notified, with return receipt requested, or by electronic mail (with a copy delivered by one of the other methods provided for in this **Section 7(a)**). A notice shall be deemed to have been given: (i) in the case of hand delivery, at the time of delivery; (ii) in the case of registered or certified mail, when delivered or the first attempted delivery on a Business Day; (iii) in the case of overnight delivery, upon the first attempted delivery on a Business Day; or (iv) in the case of electronic mail, upon the date of receipt. For purposes of notice, the addresses of the parties shall, until changed as herein provided, be as follows:

If to the Mortgagee, at:

H.I.G. RCF – Pegasus Dallas, LLC  
1271 Avenue of the Americas, 22nd Floor  
New York, New York 10020  
Attention: Jeffrey Wiseman and Michael Mestel  
Email: jwiseman@higrealty.com and mmestel@higrealty.com

With a copy to:

King & Spalding LLP  
1185 Avenue of the Americas  
New York, New York 10036  
Attention: Christine O'Connell, Esq.  
Email: ckoconnell@kslaw.com

If to Tenant, at:

TAYSHA GENE THERAPIES, INC.  
2280 Inwood Road  
Dallas, Texas 75235  
Attention: Kamran Alam, CFO

(b) **Successors and Assigns.** This Agreement shall bind and benefit the parties, their successors and assigns, any Successor Landlord, and its successors and assigns. If Mortgagee assigns the Mortgage, then upon



delivery to Tenant of written notice thereof accompanied by the assignee's written assumption of all obligations under this Agreement, all liability of the assignor thereafter accruing shall terminate.

(c) Entire Agreement. This Agreement constitutes the entire agreement between Mortgagee and Tenant regarding the subordination of the Lease to the Mortgage and the rights and obligations of Tenant and Mortgagee as to the subject matter of this Agreement.

(d) Interaction with Lease and with Mortgage. If this Agreement conflicts with the Lease, then this Agreement shall govern as between the parties and any Successor Landlord, including upon any attornment pursuant to this Agreement. This Agreement supersedes, and constitutes full compliance with, any provisions in the Lease that provide for subordination of the Lease to, or for delivery of nondisturbance agreements by the holder of, the Mortgage. Mortgagee hereby acknowledges that Mortgagee has consented to the Lease.

(e) Mortgagee's Rights and Obligations. Except as expressly provided for in this Agreement, Mortgagee shall have no obligations to Tenant with respect to the Lease. If an attornment occurs pursuant to this Agreement, then all rights and obligations of Mortgagee under this Agreement shall terminate, without thereby affecting in any way the rights and obligations of Successor Landlord provided for in this Agreement.

(f) Interpretation; Governing Law. The interpretation, validity and enforcement of this Agreement shall be governed by and construed under the internal laws of the State in which the Leased Premises are located, excluding such State's principles of conflict of laws.

(g) Amendments. This Agreement may be amended, discharged or terminated, or any of its provisions waived, only by a written instrument executed by the party to be charged.

(h) Due Authorization. Tenant represents to Mortgagee that it has full authority to enter into this Agreement, which has been duly authorized by all necessary actions. Mortgagee represents to Tenant that it has full authority to enter into this Agreement, which has been duly authorized by all necessary actions.

(i) Execution. This Agreement may be executed in any number of counterparts, each of which shall be deemed an original and all of which together shall constitute one and the same instrument.

[THIS SPACE INTENTIONALLY LEFT BLANK]

IN WITNESS WHEREOF, Mortgagee and Tenant have caused this Agreement to be executed as of the date first above written.

MORTGAGEE:

**H.I.G. RCF – PEGASUS DALLAS, LLC**  
a Delaware limited liability company

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

**MORTGAGEE’S ACKNOWLEDGMENT**

STATE OF \_\_\_\_\_ )  
                                          ) ss.  
COUNTY OF \_\_\_\_\_ )

On the \_\_\_ day of \_\_\_\_\_ in the year 2020 before me, the undersigned, a Notary Public in and for said state, personally appeared \_\_\_\_\_, proved to me on the basis of satisfactory evidence to be the individual whose name is subscribed to the within instrument and acknowledged to me that he executed the same in his capacity, and that by his signature on the instrument, the individual, or the person upon behalf of which the individual acted, executed the instrument.

\_\_\_\_\_  
Signature of Notary Public

[Signature Pages Continue on Following Page]

[Signature Page to Subordination, Non-Disturbance and Attornment Agreement]

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TENANT:

TAYSHA GENE THERAPIES, INC.,  
a Delaware corporation

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

TENANT'S ACKNOWLEDGMENT

STATE OF \_\_\_\_\_ )

) ss.

COUNTY OF \_\_\_\_\_ )

On the \_\_\_\_ day of \_\_\_\_\_ in the year 2020 before me, the undersigned, a Notary Public in and for said state, personally appeared \_\_\_\_\_, proved to me on the basis of satisfactory evidence to be the individual whose name is subscribed to the within instrument and acknowledged to me that he executed the same in his capacity, and that by his signature on the instrument, the individual, or the person upon behalf of which the individual acted, executed the instrument.

\_\_\_\_\_  
Signature of Notary Public

[Signature Page to Subordination, Non-Disturbance and Attornment Agreement]

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**LANDLORD'S CONSENT**

Landlord consents and agrees to the foregoing Agreement, which was entered into at Landlord's request. The foregoing Agreement shall not alter, waive or diminish any of Landlord's obligations under the Mortgage or the Lease. The above Agreement discharges any obligations of Mortgagee under the Mortgage and related loan documents to enter into a nondisturbance agreement with Tenant. Landlord is not a party to the above Agreement.

Dated: \_\_\_\_\_

LANDLORD:

PEGASUS PARK, LLC,  
a Delaware limited liability company

By: \_\_\_\_\_  
Name: Justin A. Small  
Title: President

[Signature Page to Subordination, Non-Disturbance and Attornment Agreement]

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**LIST OF EXHIBITS**

If any exhibit is not attached hereto at the time of execution of this Agreement, it may thereafter be attached by written agreement of the parties, evidenced by initialing said exhibit.

Exhibit "A" - Legal Description of the Land

EXHIBIT J, Form of SNDA - Page J-1

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## EXHIBIT A

BEING a tract of land situated in the Thomas E. Mannin Survey, Abstract No. 958, in the City of Dallas, Dallas County, Texas, said tract being a portion of Lot 1A, Block 1/6368 of Mobil Place Addition No. 2, an addition to the City of Dallas as recorded in Volume 2003041, Page 76 Deed Records of Dallas County, Texas (D.R.D.C.T.). Said tract also being a portion of the property conveyed to Mobil Oil Corporation by deed recorded in Volume 81243, Page 1216 D.R.D.C.T. and being more particularly described as follows:

BEGINNING at a TxDOT aluminum monument found at the intersection point of the southerly right-of-way line of Stemmons Freeway (Interstate Highway 35E) (a variable width right-of-way) and the westerly right-of-way line of Pegasus Park Drive, said point being the most northerly northeast corner of said Lot 1A;

THENCE South 08°05'35" East, departing the southerly right-of-way line of said Stemmons Freeway (Interstate Highway 35E), and along the westerly right-of-way line of said Pegasus Park Drive and the easterly line of said Lot 1A, for a distance of 23.47 feet to a 3" aluminum monument stamped "MOBIL PLACE ADDITION NO. 3" set for the beginning of a tangent curve to the left with a radius of 85.00 feet, a central angle of 49°47'56" and a chord which bears South 32°59'33" East, for a distance of 71.57 feet;

THENCE along said curve, the southwesterly right-of-way line of said Pegasus Park Drive and the northeasterly line of said Lot 1A, for an arc length of 73.88 feet to a 1/2" iron rod found for a point of tangency for end of said curve;

THENCE South 57°53'31" East, along the southwesterly right-of-way line of said Pegasus Park Drive and the northeasterly line of said Lot 1A, for a distance of 252.58 feet to a 3" aluminum monument stamped "MOBIL PLACE ADDITION NO. 3" set for an angle point in said right-of-way line of Pegasus Park Drive and said line of Lot 1A;

THENCE South 46°51'08" West, for a distance of 3.07 feet to a 3" aluminum monument stamped "MOBIL PLACE ADDITION NO. 3" set for an angle point in said right-of-way line of Pegasus Park Drive and said line of Lot 1A;

THENCE South 57°55'21" East, along the southwesterly right-of-way line of said Pegasus Park Drive and the northeasterly line of said Lot 1A, for a distance of 27.44 feet to a TxDOT aluminum monument found for the beginning of a tangent curve to the left with a radius of 194.47 feet, a central angle of 13°42'05" and a chord which bears South 64°46'24" East, for a distance of 46.39 feet;

THENCE along said curve, the southwesterly right-of-way line of said Pegasus Park Drive and the northeasterly line of said Lot 1A, for an arc length of 46.50 feet to a capped iron rod found for a point of tangency for end of said curve;

THENCE South 71°37'26" East, along the southwesterly right-of-way line of said Pegasus Park Drive and the northeasterly line of said Lot 1A, for a distance of 382.97 feet to a capped iron rod found for the beginning of a tangent curve to the right with a radius of 20.00 feet, a central angle of 51°28'53" and a chord which bears South 45°53'00" East, for a distance of 17.37 feet;

THENCE along said curve, the southwesterly right-of-way line of said Pegasus Park Drive and the northeasterly line of said Lot 1A, for an arc length of 17.97 feet to a 3" aluminum monument stamped "MOBIL PLACE ADDITION NO. 3" set for a point of tangency for end of said curve, from which a capped iron rod found for reference bears South 77°41'54" West for a distance of 1.45 feet;

THENCE South 09°49'16" East, along the westerly right-of-way line of said Pegasus Park Drive and the easterly line of said Lot 1A, for a distance of 43.55 feet to a 3" aluminum monument stamped "MOBIL PLACE ADDITION NO. 3" set for the beginning of a non-tangent curve to the left from which a capped iron rod found for reference bears South 79°08'12" West for a distance of 1.29 feet, said curve with a radius of 50.00 feet, a central angle of 168°32'16" and a chord which bears South 15°38'12" East, for a distance of 99.50 feet;

THENCE along said curve, the westerly right-of-way line of said Pegasus Park Drive and the easterly line of said Lot 1A, for an arc length of 147.08 feet to an "X" cut set for a point of tangency for end of said curve;

THENCE South 80°05'40" West departing said westerly right-of-way line, a distance of 232.11 feet to an iron rod set for corner;

THENCE South 09°48'02" East a distance of 217.97 feet to an iron rod set for corner;

THENCE North 80°11'58" East a distance of 53.60 feet to an iron rod set for corner;

THENCE South 09°48'02" East a distance of 14.96 feet to an iron rod set for corner;

THENCE North 80°11'58" East a distance of 15.59 feet to an iron rod set for corner;

THENCE South 09°48'02" East a distance of 217.04 feet to an iron rod set for corner said corner also being in the north right-of-way line of Irving Boulevard (a variable width public right-of-way);

THENCE South 80°11'58" West, along the northerly right-of-way line of said Irving Boulevard a distance of 946.92 feet to a 3" aluminum monument stamped "MOBIL PLACE ADDITION NO. 3" set for the beginning of a tangent curve to the right with a radius of 2,799.79 feet, a central angle of 07°15'18" and a chord which bears North 83°49'37" East, for a distance of 354.28 feet;

THENCE along said curve, along the northerly right-of-way line of said Irving Boulevard and the southerly line of said Lot 1A, for an arc length of 354.52 feet to a 3" aluminum monument stamped "MOBIL PLACE ADDITION NO. 3" set for a point of non-tangency for end of said curve, said point also beginning the southerly end of a corner clip at the intersection of the northerly right-of-way line of said Irving Boulevard and the easterly right-of-way line of Lakawana Street a (60' width right-of-way) from which a 1/2" iron rod found for reference bears South 87°37'37" West for a distance of 10.11 feet;

THENCE North 46°00'18" West, departing the northerly right-of-way line of said Irving Boulevard, and along said corner clip, for a distance of 13.78 feet to a 3" aluminum monument stamped "MOBIL PLACE ADDITION NO. 3" set for the northerly end of said corner clip, said point also being in the easterly right-of-way line of said Lakawana Street and the westerly line of said Lot 1A;

THENCE North 00°26'00" East, along the easterly right-of-way line said Lakawana Street and the westerly line of said Lot 1A, for a distance of 112.37 feet to a capped iron rod found for the beginning of a tangent curve to the right with a radius of 98.77 feet, a central angle of 47°31'39" and a chord which bears North 24°17'26" East, for a distance of 79.60 feet;

THENCE along said curve, the southeasterly right-of-way line said Lakawana Street and the northwesterly line of said Lot 1A, for an arc length of 81.93 feet to a capped iron rod found for a point of tangency for end of said curve;

THENCE North 48°02'40" East, along the southeasterly right-of-way line said Lakawana Street and the northwesterly line of said Lot 1A, for a distance of 275.56 feet to a capped iron rod found for an angle point in said Lot 1A and also being the intersection point of said right-of-way line of Lakawana Street and the northeasterly right-of-way line of Iron Ridge Street (a 60' width right-of-way);

THENCE North 41°57'30" West, departing the southeasterly right-of-way line of said Lakawana Street, and along the northeasterly right-of-way line of said Iron Ridge Street and the southwesterly line of said Lot 1A, for a distance of 259.91 feet to a 5/8" iron rod found for an angle point in said Lot 1A and also being the southerly corner of Lot 1, Block 1/6368 of Expressway Industrial District, an addition to the City of Dallas, Dallas County, Texas as recorded in Volume 117, Page 2150 of the Plat Records of Dallas County, Texas;

THENCE North 48°02'28" East, departing the northeasterly right-of-way line of said Iron Ridge Street, and along the southeasterly line of said Expressway Industrial District addition and the northwesterly line of said Lot 1A, for a distance of 492.28 feet to an "X" cut set for an angle point in said Lot 1A and also being the easterly corner of Lot 5 of said Expressway Industrial District addition;

THENCE North 41°57'59" West, along the northeasterly line of said Lot 5 and the southwesterly line of said Lot 1A, for a distance of 244.76 feet to a 1/2" iron rod found for the most northerly northwest corner of said Lot 1A and the northerly corner of said Lot 5, said point also being in the southeasterly right-of-way line of Commonwealth Drive (State Highway 356) (a 224' width right-of-way);

THENCE North 62°17'34" East, along the southeasterly right-of-way line of said Commonwealth Drive (State Highway 356) and the northwesterly line of said Lot 1A, for a distance of 114.33 feet to a 3" aluminum monument stamped "MOBIL PLACE ADDITION NO. 3" set for a point for corner;

THENCE North 73°12'35" East, along the southeasterly right-of-way line of said Commonwealth Drive (State Highway 356) and the northwesterly line of said Lot 1A, for a distance of 132.73 feet to a 3" aluminum monument stamped "MOBIL PLACE ADDITION NO. 3" set for a point for corner, said point also being the intersection point of said right-of-way line of Commonwealth Drive (State Highway 356) and the southerly right-of-way line of aforementioned Stemmons Freeway (Interstate Highway 35E);

THENCE North 81°59'01" East, departing the southeasterly right-of-way line of said Commonwealth Drive (State Highway 356), and along the southerly right-of-way line of said Stemmons Freeway (Interstate Highway 35E) and the northerly line of said Lot 1A, for a distance of 155.84 feet to the POINT OF BEGINNING and containing 1,011,100 square feet or 23.212 acres of land.



**EXHIBIT K**

**INTENTIONALLY DELETED**

**EXHIBIT L**

**INTENTIONALLY DELETED**

**EXHIBIT M**

**INTENTIONALLY DELETED**

EXHIBIT M, Intentionally Deleted - Page M-1

## LOAN AND SECURITY AGREEMENT

This **LOAN AND SECURITY AGREEMENT** (this “**Agreement**”) dated and effective as of August 12, 2021 (the “**Effective Date**”) among (a) **SILICON VALLEY BANK**, a California corporation (“**SVB**”), in its capacity as administrative agent and collateral agent (“**Agent**”), (b) SVB, as a lender, (c) **SVB INNOVATION CREDIT FUND VIII, L.P.**, a Delaware limited partnership (“**SVB Capital**”), as a lender (SVB and SVB Capital and each of the other “**Lenders**” from time to time a party hereto are referred to herein collectively as the “**Lenders**” and each individually as a “**Lender**”), and (d) **TAYSHA GENE THERAPIES, INC.**, a Delaware corporation (“**Borrower**”), provides the terms on which Agent and the Lenders shall lend to Borrower and Borrower shall repay Agent and the Lenders. The parties agree as follows:

**1**      **ACCOUNTING AND OTHER TERMS**

Accounting terms not defined in this Agreement shall be construed following GAAP. Calculations and determinations must be made following GAAP. Notwithstanding the foregoing, all financial covenant calculations (if any) shall be computed with respect to Borrower only, and not on a consolidated basis. Capitalized terms not otherwise defined in this Agreement shall have the meanings set forth in Section 14 of this Agreement. All other terms contained in this Agreement, unless otherwise indicated, shall have the meaning provided by the Code to the extent such terms are defined therein.

**2**      **LOAN AND TERMS OF PAYMENT**

**2.1**      **Promise to Pay.** Borrower hereby unconditionally promises to pay to Agent, for the ratable benefit of each Lender, the outstanding principal amount of all Credit Extensions advanced to Borrower by such Lender and accrued and unpaid interest thereon, together with any fees as and when due in accordance with this Agreement.

**2.1.1**      **Term Loan Advances**

(a)      **Availability.** Subject to the terms and conditions of this Agreement, upon Borrower’s request, Lenders agree to make term loan advances available to Borrower from time to time in three (3) tranches: “**Tranche A**”, “**Tranche B**”, and “**Tranche C**”. On or about the Effective Date, the Lenders, severally and not jointly, shall make one (1) term loan advance to Borrower under Tranche A in an original principal amount equal to Thirty Million Dollars (\$30,000,000) according to each Lender’s Initial Tranche A Term Loan Advance Commitment as set forth on Schedule 1.1 hereto (the “**Initial Tranche A Term Loan Advance**”). Thereafter, from the Effective Date through December 31, 2021, Borrower may request and the Lenders, severally and not jointly, shall make one (1) additional term loan advance available to Borrower under Tranche A in an original principal amount equal to Ten Million Dollars (\$10,000,000) according to each Lender’s Subsequent Tranche A Term Loan Advance Commitment as set forth on Schedule 1.1 hereto (the “**Subsequent Tranche A Term Loan Advance**” and together with the Initial Tranche A Term Loan Advance, the “**Tranche A Term Loan Advances**”). Thereafter, during the Tranche B Draw Period, if Borrower can satisfy the Draw Condition on the date of its request for a term loan advance (and the applicable Funding Date), Borrower may request, and the Lenders, severally and not jointly, shall make one (1) term loan advance available to Borrower under Tranche B in an original principal amount equal to Twenty Million Dollars (\$20,000,000) according to each Lender’s Tranche B Term Loan Advance Commitment as set forth on Schedule 1.1 hereto (the “**Tranche B Term Loan Advance**”). Thereafter, during the Tranche C Draw Period, if Borrower can satisfy the Draw Condition on the date of its request for a term loan advance (and the applicable Funding Date), Borrower may request, and the Lenders, severally and not jointly, shall make one (1) term loan advance available to Borrower under Tranche C in an original principal amount equal to Twenty Million Dollars (\$20,000,000) according to each Lender’s Tranche C Term Loan Advance Commitment as set forth on Schedule 1.1 hereto (the “**Tranche C Term Loan Advance**” and together with the Tranche A Term Loan Advances and the Tranche B Term Loan Advance, each a “**Term Loan Advance**” and collectively, the “**Term Loan Advances**”). After repayment, no Term Loan Advance (or any portion thereof) may be reborrowed.

Additionally, at any time during the term of this Agreement, Borrower may request that Lenders make one (1) additional term loan advance available to Borrower, during the Uncommitted Accordion Draw Period, in an original principal amount equal to Twenty Million Dollars (\$20,000,000) (the “**Uncommitted Accordion**”). Lenders, in their sole and absolute discretion, may grant or deny any such request from Borrower for a term loan advance under

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the Uncommitted Accordion. If, and only if, Lenders, in their sole discretion, agree to provide an additional term loan advance to Borrower under the Uncommitted Accordion, the term loan advance shall be considered a “**Term Loan Advance**” hereunder and added to the definition thereof; provided that the terms of the making of any advance under the Uncommitted Accordion shall be outlined in an amendment to this Agreement to be entered into by the parties hereto.

(b) Interest Payments. Commencing on the first (1<sup>st</sup>) Payment Date of the month following the month in which the Funding Date of the applicable Term Loan Advance occurs, and continuing on the Payment Date of each month thereafter, Borrower shall make monthly payments of interest to Agent, for the account of the Lenders, in arrears, on the principal amount of each Term Loan Advance, at the rate set forth in Section 2.2 (a).

(c) Repayment of Principal. The Term Loan Advances shall be “interest-only” from the Effective Date through August 31, 2024. Commencing on September 1, 2024, and continuing on each Payment Date thereafter, Borrower shall repay the aggregate outstanding Term Loan Advances to Agent, for the account of the Lenders, in (i) consecutive equal monthly installments of principal, plus (ii) monthly payments of accrued interest at the rate set forth in Section 2.2(a). All outstanding principal and accrued and unpaid interest with respect to the Term Loan Advances, the Final Payment, and all other outstanding Obligations under the Term Loan Advances, are due and payable in full on the Term Loan Maturity Date.

(d) Permitted Prepayment. Borrower shall have the option to prepay all, but not less than all, of the Term Loan Advances advanced by the Lenders under this Agreement, provided Borrower (i) provides written notice to Agent of its election to prepay the Term Loan Advances at least ten (10) days prior to such prepayment, and (ii) pays to Agent, for the account of the Lenders in accordance with its respective Pro Rata Share, on the date of such prepayment (A) all outstanding principal plus accrued and unpaid interest, (B) the Prepayment Premium, (C) the Final Payment, and (D) all other sums, if any, that shall have become due and payable, including Lenders’ Expenses and interest at the Default Rate with respect to any past due amounts.

(e) Mandatory Prepayment Upon an Acceleration. If the Term Loan Advances are accelerated by Agent, following the occurrence and during the continuance of an Event of Default, Borrower shall immediately pay to Agent, for the account of the Lenders in accordance with its respective Pro Rata Share, an amount equal to the sum of (i) all outstanding principal plus accrued and unpaid interest with respect to the Term Loan Advances, (ii) the Prepayment Premium, (iii) the Final Payment, and (iv) all other sums, if any, that shall have become due and payable, including Lenders’ Expenses and interest at the Default Rate with respect to any past due amounts.

## 2.2 **Payment of Interest on the Credit Extensions.**

(a) Interest Rate. Subject to Section 2.2(b), the outstanding amount of each Term Loan Advance shall accrue interest at a floating per annum rate equal to the greater of (i) seven percentage points (7.00%), and (ii) three and three quarters percentage points (3.75%) above the Prime Rate, which interest, in each case, shall be payable monthly in accordance with Section 2.2(d) below.

(b) Default Rate. Immediately upon the occurrence and during the continuance of an Event of Default, Obligations shall bear interest at a rate per annum which is five percent (5.00%) above the rate that is otherwise applicable thereto (the “**Default Rate**”). Fees and expenses which are required to be paid by Borrower pursuant to the Loan Documents (including, without limitation, Lenders’ Expenses) but are not paid when due shall bear interest until paid at a rate equal to the highest rate applicable to the Obligations. Payment or acceptance of the increased interest rate provided in this Section 2.2(b) is not a permitted alternative to timely payment and shall not constitute a waiver of any Event of Default or otherwise prejudice or limit any rights or remedies of Agent or any Lender.

(c) Adjustment to Interest Rate. Changes to the interest rate of any Credit Extension based on changes to the Prime Rate shall be effective on the effective date of any change to the Prime Rate and to the extent of any such change.

(d) Payment; Interest Computation. Interest is payable monthly on the Payment Date and shall be computed on the basis of a three-hundred-sixty (360) day year for the actual number of days elapsed. In computing interest, (i) all

payments received after 12:00 p.m. Pacific time on any day shall be deemed received at the opening of business on the next Business Day, and (ii) the date of the making of any Credit Extension shall be included and the date of payment shall be excluded; provided, however, that if any Credit Extension is repaid on the same day on which it is made, such day shall be included in computing interest on such Credit Extension.

**2.3 Fees.** Borrower shall pay to Agent:

(a) Final Payment. The Final Payment, when due hereunder, to be shared between the Lenders pursuant to their respective Term Loan Commitment Percentages;

(b) Prepayment Premium. The Prepayment Premium, if and when due hereunder, to be shared between the Lenders pursuant to their respective Term Loan Commitment Percentages; provided, however, if Borrower refinances the Term Loan Advances with another credit facility from or led by SVB, the Lenders shall waive the Prepayment Premium; and

(c) Lenders' Expenses. All Lenders' Expenses (including reasonable and documented out-of-pocket attorneys' fees and expenses for documentation and negotiation of this Agreement) incurred through and after the Effective Date, when due (or, if no stated due date, upon demand by Agent).

Unless otherwise provided in this Agreement or in a separate writing by Agent, Borrower shall not be entitled to any credit, rebate, or repayment of any fees earned by Agent or any Lender pursuant to this Agreement notwithstanding any termination of this Agreement or the suspension or termination of any Lender's obligation to make loans and advances hereunder. Agent may deduct amounts owing by Borrower under the clauses of this Section 2.3 pursuant to the terms of Section 2.4(e). Agent shall provide Borrower written notice of deductions made from the Designated Deposit Account pursuant to the terms of the clauses of this Section 2.3.

**2.4 Payments; Pro Rata Treatment; Application of Payments; Debit of Accounts.**

(a) All payments (including prepayments) to be made by Borrower under any Loan Document shall be made to Agent for the account of Lenders, in immediately available funds in Dollars, without setoff or counterclaim, before 12:00 p.m. Pacific time on the date when due. Agent shall distribute such payments to Lenders in like funds as set forth in Section 2.5. Payments of principal and/or interest received after 12:00 p.m. Pacific time are considered received at the opening of business on the next Business Day. When a payment is due on a day that is not a Business Day, the payment shall be due the next Business Day, and additional fees or interest, as applicable, shall continue to accrue until paid.

(b) Each borrowing by Borrower from Lenders hereunder shall be made according to the respective Term Loan Commitment Percentages of the relevant Lenders.

(c) Except as otherwise provided herein, each payment (including each prepayment) by Borrower on account of principal or interest on the Term Loan Advances shall be applied according to each Lender's Pro Rata Share of the outstanding principal amount of the Term Loan Advances. The amount of each principal prepayment of the Term Loan Advances shall be applied to reduce the then remaining installments of the Term Loan Advances based upon each Pro Rata Share of Term Loan Advances.

(d) Agent has the exclusive right to determine the order and manner in which all payments with respect to the Obligations may be applied. Borrower shall have no right to specify the order or the accounts to which Agent shall allocate or apply any payments required to be made by Borrower to Agent or otherwise received by Agent or any Lender under this Agreement when any such allocation or application is not specified elsewhere in this Agreement.

(e) Agent may debit any of Borrower's deposit accounts, including the Designated Deposit Account, for principal and interest payments or any other amounts Borrower owes Agent or any Lender when due. These debits shall not constitute a set-off.

(f) Unless Agent shall have been notified in writing by Borrower prior to the date of any payment due to be made by Borrower hereunder that Borrower will not make such payment to Agent, Agent may assume that Borrower is making such payment, and Agent may, but shall not be required to, in reliance upon such assumption, make available to Lenders their respective Pro Rata Share of a corresponding payment amount. If such payment is not made to Agent by Borrower within three (3) Business Days after such due date, Agent shall be entitled to recover, on demand, from each Lender to which any amount which was made available pursuant to the preceding sentence, such amount with interest thereon at the rate per annum equal to the daily average Federal Funds Effective Rate. Nothing herein shall be deemed to limit the rights of Agent or any Lender against Borrower.

**2.5 Settlement Procedures.** If Agent receives any payment for the account of Lenders on or prior to 12:00 p.m. (Pacific time) on any Business Day, Agent shall pay to each applicable Lender such Lender's Pro Rata Share of such payment on such Business Day. If Agent receives any payment for the account of Lenders after 12:00 p.m. (Pacific time) on any Business Day, Agent shall pay to each applicable Lender such Lender's Pro Rata Share of such payment on the next Business Day.

**2.6 Withholding by Borrower.** Payments received by Agent or any Lender from Borrower under this Agreement will be made free and clear of and without deduction for any and all present or future taxes, levies, imposts, duties, deductions, withholdings, assessments, fees or other charges imposed by any Governmental Authority (including any interest, additions to tax or penalties applicable thereto), other than Excluded Taxes. Specifically, however, if at any time any Governmental Authority, applicable law, regulation or international agreement requires Borrower to make any withholding or deduction from any such payment or other sum payable hereunder to Agent or any Lender, other than Excluded Taxes, Borrower hereby covenants and agrees that the amount due from Borrower with respect to such payment or other sum payable hereunder will be increased to the extent necessary to ensure that, after the making of such required withholding or deduction, Agent or any Lender, as appropriate receives a net sum equal to the sum which it would have received had no withholding or deduction been required, and Borrower shall pay the full amount withheld or deducted to the relevant Governmental Authority. Borrower will, upon request, furnish Agent and the Lenders with proof reasonably satisfactory to Agent and the Lenders indicating that Borrower has made such withholding payment; provided, however, that Borrower need not make any withholding payment if the amount or validity of such withholding payment is contested in good faith by appropriate and timely proceedings and as to which payment in full is bonded or reserved against by Borrower. The agreements and obligations of Borrower contained in this Section 2.6 shall survive the termination of this Agreement.

### **3 CONDITIONS OF LOANS**

**3.1 Conditions Precedent to Initial Credit Extension.** Each Lender's obligation to make the initial Credit Extension hereunder is subject to the condition precedent that Agent shall have received, in form and substance satisfactory to Agent and the Lenders, such documents, and completion of such other matters, as Agent may reasonably deem necessary or appropriate, including, without limitation:

(a) duly executed signatures to the Loan Documents;

(b) the Operating Documents and long-form good standing certificates of Borrower certified by the Secretary of State of the State of Delaware and the Secretary of State of Texas, each dated as of a date no earlier than thirty (30) days prior to the Effective Date;

(c) a secretary's certificate of Borrower with respect to such Borrower's Operating Documents, incumbency, specimen signatures and resolutions authorizing the execution and delivery of this Agreement and the other Loan Documents to which it is a party;

(d) duly executed signatures to the completed Borrowing Resolutions for Borrower;

(e) duly executed signatures to a completed Payment/Advance Form in connection with the Initial Tranche A Term Loan

Advance;

(f) duly executed signatures to a completed Disbursement Letter in connection with the Initial Tranche A Term Loan Advance;

(g) certified copies, dated as of a recent date, of Lien searches (including without limitation, UCC searches), as Agent may request, accompanied by written evidence (including any UCC termination statements and other Lien releases) that the Liens indicated in any such financing statements or other filings either constitute Permitted Liens or have been or, in connection with the initial Credit Extension hereunder, will be terminated or released;

(h) the Perfection Certificate of Borrower, together with the duly executed signatures thereto;

(i) evidence satisfactory to Agent that the insurance policies and endorsements required by Section 6.5 hereof are in full force and effect with respect to Borrower, together with appropriate evidence showing lender loss payable and/or additional insured clauses or endorsements in favor of Agent;

(j) a Control Agreement in favor of Agent for the benefit of the Lenders covering Borrower's accounts nos. xxxxx2355 and xxxxxx1402 at JPMorgan Chase Bank, N.A.; and

(k) payment of the fees and Lenders' Expenses then due as specified in Section 2.3 hereof.

**3.2 Conditions Precedent to all Credit Extensions.** Each Lender's obligation to make each Credit Extension, including the initial Credit Extension, is subject to the following conditions precedent:

(a) timely receipt by the Lenders of (i) an executed Disbursement Letter and (ii) an executed Payment/Advance Form;

(b) the representations and warranties in this Agreement shall be true, accurate, and complete in all material respects on the date of the Disbursement Letter (and the Payment/Advance Form) and on the Funding Date of each Credit Extension; provided, however, that such materiality qualifier shall not be applicable to any representations and warranties that already are qualified or modified by materiality in the text thereof; and provided, further that those representations and warranties expressly referring to a specific date shall be true, accurate and complete in all material respects as of such date, and no Event of Default shall have occurred and be continuing or result from the Credit Extension. Each Credit Extension is Borrower's representation and warranty on that date that the representations and warranties in this Agreement remain true, accurate, and complete in all material respects; provided, however, that such materiality qualifier shall not be applicable to any representations and warranties that already are qualified or modified by materiality in the text thereof; and provided, further that those representations and warranties expressly referring to a specific date shall be true, accurate and complete in all material respects as of such date; and

(c) Agent and each Lender determine to its satisfaction that there has not been a Material Adverse Change.

**3.3 Covenant to Deliver.** Borrower agrees to deliver to Agent and each Lender each item required to be delivered to Agent and each Lender under this Agreement as a condition precedent to any Credit Extension. Borrower expressly agrees that a Credit Extension made prior to the receipt by Agent and each Lender of any such item shall not constitute a waiver by Agent or Lenders of Borrower's obligation to deliver such item, and the making of any Credit Extension in the absence of a required item shall be in each Lender's sole discretion.

**3.4 Procedures for Borrowing.**

(a) Term Loan Advances. Subject to the prior satisfaction of all other applicable conditions to the making of a Credit Extension set forth in this Agreement, to obtain a Credit Extension, Borrower shall notify Agent (which notice shall be irrevocable) by electronic mail, facsimile, or telephone by 12:00 p.m. Pacific time at least five (5) Business Days before the proposed Funding Date of such Credit Extension (other than the Initial Tranche A Term Loan Advance to be made on the Effective Date). Together with any such electronic or facsimile notification, Borrower shall deliver to Agent by electronic mail or facsimile a completed Disbursement Letter (and Payment/Advance Form) executed by an Authorized Signer. Agent may rely on any telephone notice given by a person whom Agent believes is an



Authorized Signer. On the Funding Date, Agent shall credit the Credit Extensions to the Designated Deposit Account. Agent may make Credit Extensions under this Agreement based on instructions from an Authorized Signer or without instructions if the Credit Extensions are necessary to meet Obligations which have become due

(b) **Funding.** In determining compliance with any condition hereunder to the making of a Credit Extension that, by its terms, must be fulfilled to the satisfaction of a Lender, Agent may presume that such condition is satisfactory to such Lender unless Agent shall have received notice to the contrary from such Lender prior to the making of such Credit Extension. Unless Agent shall have been notified in writing by any Lender prior to the date of any Credit Extension, that such Lender will not make the amount that would constitute its share of such borrowing available to Agent, Agent may assume that such Lender is making such amount available to Agent, and Agent may, in reliance upon such assumption, make available to Borrower a corresponding amount. If such amount is not made available to Agent by the required time on the Funding Date therefor, such Lender shall pay to Agent, on demand, such amount with interest thereon, at a rate equal to the greater of (i) the Federal Funds Effective Rate or (ii) a rate determined by Agent in accordance with banking industry rules on interbank compensation, for the period until such Lender makes such amount immediately available to Agent. If such Lender's share of such Credit Extension is not made available to Agent by such Lender within three (3) Business Days after such Funding Date, Agent shall also be entitled to recover such amount with interest thereon at the rate per annum applicable to the Term Loan Advances, on demand, from Borrower.

#### **4 CREATION OF SECURITY INTEREST**

**4.1 Grant of Security Interest.** Borrower hereby grants Agent, for the ratable benefit of the Lenders, to secure the payment and performance in full of all of the Obligations, a continuing security interest in, and pledges to Agent, for the ratable benefit of the Lenders, the Collateral, wherever located, whether now owned or hereafter acquired or arising, and all proceeds and products thereof. For clarity, any reference to "Agent's Lien" or any granting of collateral to Agent in this Agreement or any Loan Document means the Lien granted to Agent for the ratable benefit of the Lenders.

Borrower acknowledges that it previously has entered, and/or may in the future enter, into Bank Services Agreements with SVB. Regardless of the terms of any Bank Services Agreement, Borrower agrees that any amounts Borrower owes SVB thereunder shall be deemed to be Obligations hereunder and that it is the intent of Borrower and SVB to have all such Obligations secured by the first priority perfected security interest in the Collateral granted herein (subject only to Permitted Liens that are permitted pursuant to the terms of this Agreement to have superior priority to Agent's Lien in this Agreement), and by any and all other security agreements, mortgages or other collateral granted to Agent by Borrower as security for the Obligations, now or in the future.

If this Agreement is terminated, Agent's Lien in the Collateral shall continue until the Obligations (other than inchoate indemnity obligations) are repaid in full in cash. Upon payment in full in cash of the Obligations (other than inchoate indemnity obligations) and at such time as the Lenders' obligation to make Credit Extensions has terminated, Agent shall, at the sole cost and expense of Borrower, release its Liens in the Collateral and all rights therein shall revert to Borrower. In the event (x) all Obligations (other than inchoate indemnity obligations), except for Bank Services, are satisfied in full, and (y) this Agreement is terminated, Agent shall terminate the security interest granted herein upon Borrower providing to SVB cash collateral acceptable to SVB in its good faith business judgment for Bank Services, if any. In the event such Bank Services consist of outstanding Letters of Credit, Borrower shall provide to SVB cash collateral in an amount equal to (x) if such Letters of Credit are denominated in Dollars, then at least one hundred five percent (105.0%); and (y) if such Letters of Credit are denominated in a Foreign Currency, then at least one hundred ten percent (110.0%), of the Dollar Equivalent of the face amount of all such Letters of Credit plus, in each case, all interest, fees, and costs due or to become due in connection therewith (as estimated by SVB in its business judgment), to secure all of the Obligations relating to such Letters of Credit.

**4.2 Priority of Security Interest.** Borrower represents, warrants, and covenants that the security interests granted herein are and shall at all times continue to be a first priority perfected security interests in the Collateral (subject only to Permitted Liens that are permitted pursuant to the terms of this Agreement to have superior priority to Agent's Lien under this Agreement). If Borrower shall acquire a commercial tort claim, Borrower shall promptly notify Agent in a writing signed by Borrower of the general details thereof and grant to Agent, for the ratable benefit

of the Lenders, in such writing a security interest therein and in the proceeds thereof, all upon the terms of this Agreement, with such writing to be in form and substance reasonably satisfactory to Agent.

**4.3 Authorization to File Financing Statements.** Borrower hereby authorizes Agent, on behalf of the Lenders, to file financing statements and other similar forms, without notice to Borrower, with all appropriate jurisdictions to perfect or protect Agent's and Lenders' interest or rights hereunder, including a notice that any disposition of the Collateral, by Borrower or any other Person, shall be deemed to violate the rights of Agent under the Code. Such financing statements and other similar forms may indicate the Collateral as "all assets of the Debtor" or words of similar effect, or as being of an equal or lesser scope, or with greater detail, all in Agent's discretion.

## **5 REPRESENTATIONS AND WARRANTIES**

Borrower represents and warrants as follows:

**5.1 Due Organization, Authorization; Power and Authority.** Borrower is duly organized, validly existing and in good standing as a Registered Organization in its jurisdiction of formation and is qualified and licensed to do business and is in good standing in any other jurisdiction in which the conduct of its business or its ownership of property and other assets or business which it is engaged in requires that it be qualified except where the failure to do so could not reasonably be expected to have a material adverse effect on Borrower's business. In connection with this Agreement, Borrower has delivered to Agent and each Lender a completed certificate signed by Borrower, entitled "**Perfection Certificate**" (collectively, the "**Perfection Certificate**"). Borrower represents and warrants to Agent and each Lender that: (a) Borrower's exact legal name is that indicated on the Perfection Certificate and on the signature page hereof; (b) Borrower is an organization of the type and is organized or is incorporated in the jurisdiction set forth in the Perfection Certificate; (c) the Perfection Certificate accurately sets forth Borrower's organizational identification number or accurately states that Borrower has none; (d) the Perfection Certificate accurately sets forth Borrower's place of business, or, if more than one, its chief executive office as well as Borrower's mailing address (if different than its chief executive office); (e) except as indicated on the Perfection Certificate, Borrower (and each of its predecessors) has not, in the past five (5) years, changed its jurisdiction of formation, organizational structure or type, or any organizational number assigned by its jurisdiction; and (f) all other information set forth on the Perfection Certificate pertaining to Borrower and each of its Subsidiaries is accurate and complete in all material respects (it being understood and agreed that Borrower may from time to time update certain information in the Perfection Certificate after the Effective Date to the extent permitted by one or more specific provisions in this Agreement). If Borrower is not now a Registered Organization but later becomes one, Borrower shall promptly notify Agent of such occurrence and provide Agent with Borrower's organizational identification number.

The execution, delivery and performance by Borrower of the Loan Documents to which it is a party have been duly authorized, and do not (i) conflict with any of Borrower's organizational documents, (ii) contravene, conflict with, constitute a default under or violate any material Requirement of Law, (iii) contravene, conflict or violate any applicable order, writ, judgment, injunction, decree, determination or award of any Governmental Authority by which Borrower or any of its Subsidiaries or any of their property or assets may be bound or affected, (iv) require any action by, filing, registration, or qualification with, or Governmental Approval from, any Governmental Authority (except such Governmental Approvals which have already been obtained and are in full force and effect), filings and registrations contemplated by this Agreement, or (v) conflict with, contravene, constitute a default or breach under, or result in or permit the termination or acceleration of, any material agreement by which Borrower is bound. Borrower is not in default under any agreement to which it is a party or by which it is bound in which the default could reasonably be expected to have a material adverse effect on Borrower's business.

**5.2 Collateral.** Borrower has good title to, rights in, and the power to transfer each item of the Collateral upon which it purports to grant a Lien under this Agreement and other Loan Documents, free and clear of any and all Liens except Permitted Liens. Borrower has no Collateral Accounts at or with any bank or financial institution other than SVB or SVB's Affiliates except for the Collateral Accounts described in the Perfection Certificate delivered to Agent and each Lender in connection herewith and Collateral Accounts for which Borrower has given Agent notice and taken such actions as are necessary to give Agent, for the ratable benefit of the Lenders, a perfected security interest therein. The Accounts are bona fide, existing obligations of the Account Debtors.

The Collateral is not in the possession of any third party bailee (such as a warehouse) except as otherwise provided in the Perfection Certificate or as permitted by the terms of Section 7.2. None of the components of the Collateral (other than portable Equipment in the possession of employees) shall be maintained at locations other than as provided in the Perfection Certificate or as permitted pursuant to Section 7.2.

All Inventory is in all material respects of good and marketable quality, free from material defects.

Borrower is the sole owner of the Intellectual Property with any material value which it owns or purports to own except for (a) (i) non-exclusive licenses granted to its customers or strategic partners in the ordinary course of business and (ii) exclusive licenses to the extent permitted by Section 7.1 hereof or otherwise permitted by the Lenders in advance, in writing, in their sole discretion, (b) over-the-counter software that is commercially available to the public, and (c) material Intellectual Property licensed to Borrower and noted on the Perfection Certificate. To Borrower's knowledge, each Patent which it owns or purports to own and which is material to Borrower's business is valid and enforceable, and no part of the Intellectual Property which Borrower owns or purports to own and which is material to Borrower's business has been judged invalid or unenforceable, in whole or in part. To the best of Borrower's knowledge, no claim has been made that any part of the Intellectual Property violates the rights of any third party except to the extent such claim would not reasonably be expected to have a material adverse effect on Borrower's business.

Except as noted on the Perfection Certificate or as to which Borrower has provided the Lenders with notice in accordance with Section 6.8(b) hereof, Borrower is not a party to, nor is it bound by, any Restricted License.

**5.3 Litigation.** There are no actions or proceedings pending or, to the knowledge of any Responsible Officer, threatened in writing by or against Borrower or any of its Subsidiaries that could reasonably be expected to result in liability or costs to Borrower in excess of One Million Dollars (\$1,000,000) individually or in the aggregate.

**5.4 Financial Statements; Financial Condition.** All consolidated financial statements for Borrower and any of its Subsidiaries delivered to Agent and the Lenders by submission to the Financial Statement Repository or otherwise submitted to Agent and the Lenders fairly present in all material respects Borrower's consolidated financial condition and Borrower's consolidated results of operations. There has not been any material deterioration in Borrower's consolidated financial condition since the date of the most recent financial statements submitted to the Financial Statement Repository or otherwise submitted to Agent and the Lenders.

**5.5 Solvency.** The fair salable value of Borrower's consolidated assets (including goodwill minus disposition costs) exceeds the fair value of Borrower's liabilities; Borrower is not left with unreasonably small capital after the transactions in this Agreement; and Borrower is able to pay its debts (including trade debts) as they mature.

**5.6 Regulatory Compliance.** Borrower is not an "investment company" or a company "controlled" by an "investment company" under the Investment Company Act of 1940, as amended. Borrower is not engaged as one of its important activities in extending credit for margin stock (under Regulations X, T and U of the Federal Reserve Board of Governors). Borrower (a) has complied in all material respects with all Requirements of Law, and (b) has not violated any Requirements of Law the violation of which could reasonably be expected to have a material adverse effect on its business. None of Borrower's or any of its Subsidiaries' properties or assets has been used by Borrower or any Subsidiary or, to the best of Borrower's knowledge, by previous Persons, in disposing, producing, storing, treating, or transporting any hazardous substance other than legally. Borrower and each of its Subsidiaries have obtained all consents, approvals and authorizations of, made all declarations or filings with, and given all notices to, all Governmental Authorities that are necessary to continue their respective businesses as currently conducted.

**5.7 Subsidiaries; Investments.** Borrower does not own any stock, partnership, or other ownership interest or other equity securities except for Permitted Investments.

**5.8 Tax Returns and Payments; Pension Contributions.** Borrower has timely filed all required tax returns and reports, and Borrower has timely paid all foreign, federal, state and local taxes, assessments, deposits and contributions owed by Borrower except (a) to the extent such taxes are being contested in good faith by appropriate proceedings promptly instituted and diligently conducted, so long as such reserve or other appropriate provision, if

any, as shall be required in conformity with GAAP shall have been made therefor, or (b) if such taxes, assessments, deposits and contributions do not, individually or in the aggregate, exceed Five Hundred Thousand Dollars (\$500,000).

To the extent Borrower defers payment of any contested tax in an amount greater than Five Hundred Thousand Dollars (\$500,000) individually or in the aggregate, Borrower shall (i) notify Agent in writing of the commencement of, and any material development in, the proceedings and (ii) post bonds or take any other steps required to prevent the Governmental Authority levying such contested taxes from obtaining a Lien upon any of the Collateral that is other than a "Permitted Lien." Borrower is unaware of any claims or adjustments proposed for any of Borrower's prior tax years which could result in additional taxes becoming due and payable by Borrower in excess of Five Hundred Thousand Dollars (\$500,000). Borrower has paid all amounts necessary to fund all present pension, profit sharing and deferred compensation plans in accordance with their terms, and Borrower has not withdrawn from participation in, and has not permitted partial or complete termination of, or permitted the occurrence of any other event with respect to, any such plan which could reasonably be expected to result in any liability of Borrower, including any liability to the Pension Benefit Guaranty Corporation or its successors or any other governmental agency.

**5.9 Use of Proceeds.** Borrower shall use the proceeds of the Credit Extensions as working capital and to fund its general business requirements and not for personal, family, household or agricultural purposes.

**5.10 Full Disclosure.** No written representation, warranty or other statement of Borrower in any report, certificate, or written statement submitted to the Financial Statement Repository or otherwise submitted to Agent or any Lender in connection with the Loan Documents, or the transactions contemplated thereby, as of the date such representation, warranty, or other statement was made, taken together with all such written reports, written certificates and written statements submitted to the Financial Statement Repository or otherwise submitted to Agent or any Lender, contains any untrue statement of a material fact or omits to state a material fact necessary to make the statements contained in the reports, certificates, or written statements not misleading (it being recognized by Agent and each Lender that the projections and forecasts provided by Borrower in good faith and based upon reasonable assumptions are not viewed as facts and that actual results during the period or periods covered by such projections and forecasts may differ from the projected or forecasted results).

**5.11 Definition of "Knowledge."** For purposes of the Loan Documents, whenever a representation or warranty is made to Borrower's knowledge or awareness, to the "best of" Borrower's knowledge, or with a similar qualification, knowledge or awareness means the actual knowledge, after reasonable investigation, of any Responsible Officer.

**5.12 Healthcare Permits.** (a) Borrower and each of its Subsidiaries have obtained all Healthcare Permits and other rights from, and have made all declarations and filings with, all applicable Governmental Authorities, all self-regulatory authorities and all courts and other tribunals necessary to engage in the management and/or operation of their respective businesses; (b) each such Healthcare Permit is valid and in full force and effect, and Borrower and each of its Subsidiaries are in compliance with the terms and conditions of all such Healthcare Permits; and (c) neither Borrower nor any of its Subsidiaries has received notice from any Governmental Authority with respect to the revocation, suspension, restriction, limitation or termination of any Healthcare Permit nor, to the knowledge of Borrower or any of its Subsidiaries, is any such action proposed or threatened in writing.

**5.13 Compliance with Healthcare Laws.**

(a) Borrower is in compliance with all applicable Healthcare Laws. Without limiting the generality of the foregoing, Borrower has not received written notice by a governmental authority of any violation (or of any investigation, audit, or other proceeding involving allegations of any violation) of any Healthcare Laws, and no investigation, inspection, audit or other proceeding involving allegations of any violation is, to the knowledge of Borrower, threatened in writing or contemplated.

(b) To the knowledge of Borrower, Borrower is not in default or violation of any law which is applicable to Borrower or its respective assets or the conduct of its respective businesses and Borrower has not been debarred or excluded from participation under a state or federal health care program, including any state or federal workers compensation program.

(c) Borrower is not a party to any corporate integrity agreements, deferred prosecution agreements, monitoring agreements, consent decrees, settlement orders or similar agreements with or imposed by any governmental authority.

## **6 AFFIRMATIVE COVENANTS**

Borrower shall do all of the following:

### **6.1 Government Compliance.**

(a) Maintain its and all its Subsidiaries' legal existence and good standing in their respective jurisdictions of formation and maintain qualification in each jurisdiction in which the failure to so qualify would reasonably be expected to have a material adverse effect on Borrower's business or operations. Borrower shall comply, and have each Subsidiary comply, in all material respects, with all laws, ordinances and regulations to which it is subject.

(b) Obtain all of the Governmental Approvals necessary for the performance by Borrower of its obligations under the Loan Documents to which it is a party and the grant of a security interest to Agent, for the ratable benefit of the Lenders, in all of its property. Borrower shall promptly provide copies of any such obtained Governmental Approvals to Agent.

(c) Cause the operations and property of Borrower, each of its Subsidiaries to comply with all applicable Healthcare Laws. Without limiting the foregoing, the operations and property of Borrower and each of its Subsidiaries shall comply with HIPAA in all material respects. Borrower established and maintains a corporate compliance program that (i) addresses the material Requirements of Law, including all applicable Healthcare Laws, of Governmental Authorities having jurisdiction over its business and operations, and (ii) has been structured to account for the guidance issued by the U.S. Department of Health and Human Services regarding characteristics of effective corporate compliance programs applicable to Borrower. As of the Effective Date, Borrower has delivered to the Lenders an accurate and complete copy of each material report, study, survey or other document of which Borrower has knowledge that addresses or otherwise relates to the compliance by Borrower and each of its Subsidiaries, with applicable Healthcare Laws.

**6.2 Financial Statements, Reports.** Provide Agent and each Lender with the following by submitting to the Financial Statement Repository or otherwise submitting to Agent and each Lender:

(a) Quarterly Financial Statements. As soon as available, but no later than (i) forty-five (45) days after the last day of the first three calendar quarters of each fiscal year, and (ii) ninety (90) days after the last day of the last fiscal quarter of each fiscal year, a company-prepared consolidated and consolidating (if applicable) balance sheet, cash flow statement, and income statement covering Borrower's and each of its Subsidiary's operations for such calendar quarter in a form acceptable to Agent (the "**Quarterly Financial Statements**");

(b) Quarterly Compliance Statement. Together with the Quarterly Financial Statements, a completed Compliance Statement confirming that as of the end of such calendar quarter, Borrower was in full compliance with all of the terms and conditions of this Agreement, and setting forth calculations showing compliance with the financial covenants (if any) set forth in this Agreement and such other information as Agent or the Lenders may reasonably request;

(c) Annual Operating Budget and Financial Projections. Within sixty (60) days after the last day of each fiscal year of Borrower, and within ten (10) days of any updates or amendments thereto, (i) annual operating budgets (including income statements, balance sheets and cash flow statements, by month) for the then-current fiscal year of Borrower, and (ii) annual financial projections for the then-current fiscal year (on a quarterly basis) as approved by the Board, together with any related business forecasts used in the preparation of such annual financial projections;

(d) Bank Statements. As soon as available, but no later than thirty (30) days after the last day of each month, bank statements for the prior month, covering each of Borrower's Deposit Accounts and Securities Accounts maintained at financial institutions other than SVB;

(e) Other Statements. Within ten (10) days of delivery, copies of all statements, reports and notices made available to Borrower's security holders or to any holders of Subordinated Debt;

(f) SEC Filings. Within five (5) days of filing, copies of all periodic and other reports, proxy statements and other materials filed by Borrower and/or any Guarantor with the SEC, any Governmental Authority succeeding to any or all of the functions of the SEC or with any national securities exchange, or distributed to its shareholders, as the case may be. Documents required to be delivered pursuant to the terms hereof (to the extent any such documents are included in materials otherwise filed with the SEC) may be delivered electronically and if so delivered, shall be deemed to have been delivered on the date on which Borrower posts such documents, or provides a link thereto, on Borrower's website on the internet at Borrower's website address;

(g) Legal Action Notice. A prompt report of any legal actions pending or threatened in writing against Borrower or any of its Subsidiaries that could reasonably be expected to result in damages or costs to Borrower or any of its Subsidiaries of, individually or in the aggregate, One Million Dollars (\$1,000,000) or more;

(h) Additional Reporting Requirement. At any time that Borrower is not a public company or an issuer of securities that are registered with the SEC under Section 12 of the Exchange Act (or that is required to file reports under Section 15(d) of the Exchange Act), written notice of any changes to the beneficial ownership information set out in Section 13 of the Perfection Certificate. Borrower understands and acknowledges that each Lender relies on such true, accurate and up-to-date beneficial ownership information to meet such Lender's regulatory obligations to obtain, verify and record information about the beneficial owners of its legal entity customers; and

(i) Other Financial Information. Other financial information reasonably requested by Agent or any Lender.

Any submission by Borrower of a Compliance Statement, or any other financial statement submitted to the Financial Statement Repository pursuant to this Section 6.2 or otherwise submitted to Agent and Lenders shall be deemed to be a representation by Borrower that (a) as of the date of such Compliance Statement, or other financial statement, the information and calculations set forth therein are true, accurate and correct in all material respects, (b) as of the end of the compliance period set forth in such submission, Borrower is in complete compliance with all required covenants except as noted in such Compliance Statement, or other financial statement, as applicable; (c) as of the date of such submission, no Events of Default have occurred or are continuing; (d) all representations and warranties other than any representations or warranties that are made as of a specific date in Article 5 remain true and correct in all material respects as of the date of such submission except as noted in such Compliance Statement, or other financial statement, as applicable; (e) as of the date of such submission, Borrower and each of its Subsidiaries has timely filed all required tax returns and reports, and Borrower has timely paid all foreign, federal, state and local taxes, assessments, deposits and contributions owed by Borrower except as otherwise permitted pursuant to the terms of Section 5.9; and (f) as of the date of such submission, no Liens have been levied or claims made against Borrower or any of its Subsidiaries relating to unpaid employee payroll or benefits of which Borrower has not previously provided written notification to Agent and Lenders.

**6.3 Taxes; Pensions.** Timely file, and require each of its Subsidiaries to timely file, all required tax returns and reports and timely pay, and require each of its Subsidiaries to timely pay, all foreign, federal, state and local taxes, assessments, deposits and contributions owed by Borrower and each of its Subsidiaries, except pursuant to the terms of Section 5.8 hereof, and shall deliver to Agent, on demand, appropriate certificates attesting to such payments, and pay all amounts necessary to fund all present pension, profit sharing and deferred compensation plans in accordance with their terms.

**6.4 Inventory; Returns.** Keep all Inventory in good and marketable condition, free from material defects. Returns and allowances between Borrower and its Account Debtors shall follow Borrower's customary practices as they exist at the Effective Date. Borrower must promptly notify Agent and the Lenders of all returns, recoveries, disputes and claims that involve more than Five Hundred Thousand Dollars (\$500,000).

## **6.5 Insurance.**

(a) Keep its business and the insurable Collateral insured for risks and in amounts standard for companies in Borrower's industry and location. Insurance policies shall be in a form, with financially sound and reputable insurance companies that are not Affiliates of Borrower, and in amounts that are satisfactory to Agent. All property policies shall have a lender's loss payable endorsement showing Agent as the sole lender loss payee. All general liability policies shall show, or have endorsements showing, Agent as an additional insured. Agent shall be named as lender loss payee and/or additional insured with respect to any such insurance providing coverage in respect of any Collateral.

(b) Ensure that proceeds payable under any property policy are, at Agent's option, payable to Agent for the ratable benefit of the Lenders on account of the Obligations. Notwithstanding the foregoing, (i) so long as no Event of Default has occurred and is continuing, Borrower shall have the option of reinvesting the proceeds of any casualty policy in an aggregate amount not to exceed One Million Dollars (\$1,000,000) in any fiscal year in other assets useful to the business of Borrower; provided that any such assets shall be deemed Collateral in which Agent has been granted a first priority security interest, and (ii) after the occurrence and during the continuance of an Event of Default, all proceeds payable under such casualty policy shall, at the option of Agent, be payable to Agent on account of the Obligations.

(c) At Agent's request, Borrower shall deliver certified copies of insurance policies and evidence of all premium payments. Each provider of any such insurance required under this Section 6.5 shall agree, by endorsement upon the policy or policies issued by it or by independent instruments furnished to Agent, that it will give Agent thirty (30) days prior written notice before any such policy or policies shall be materially altered or canceled. If Borrower fails to obtain insurance as required under this Section 6.5 or to pay any amount or furnish any required proof of payment to third persons and Agent, Agent may make all or part of such payment or obtain such insurance policies required in this Section 6.5, and take any action under the policies Agent deems prudent.

## **6.6 Operating Accounts.**

(a) Maintain the Designated Deposit Account with SVB. Borrower shall not, without the prior written consent of the Lenders, transfer any proceeds of the Term Loan Advances to any Collateral Account maintained by Borrower at a financial institution other than SVB. For the avoidance of doubt, Borrower may use the proceeds of the Term Loan Advances as working capital in the ordinary course of business so long as Borrower does not at any time, violate the terms of the preceding sentence.

(b) In addition, Borrower shall provide Agent five (5) days prior written notice before establishing any Collateral Account at or with any bank or financial institution other than SVB or SVB's Affiliates. For each Collateral Account that Borrower at any time maintains, Borrower shall cause the applicable bank or financial institution (other than SVB) at or with which any Collateral Account is maintained to execute and deliver a Control Agreement or other appropriate instrument with respect to such Collateral Account to perfect Agent's Lien in such Collateral Account in accordance with the terms hereunder, which Control Agreement may not be terminated without the prior written consent of the Lenders. The provisions of the previous sentence shall not apply to (i) deposit accounts exclusively used for payroll, payroll taxes and other employee wage and benefit payments to or for the benefit of Borrower's employees and identified to Agent and the Lenders by Borrower as such, or (ii) Borrower's deposit accounts located in countries other than the United States or Canada so long as the aggregate value of assets contained in all such accounts does not, at any time, exceed Two Hundred Fifty Thousand Dollars (\$250,000).

## **6.7 Reserved.**

## **6.8 Protection of Intellectual Property Rights.**

(a) (i) Protect, defend and maintain the validity and enforceability of any Intellectual Property with any material value; (ii) promptly advise Agent in writing of material alleged infringements or any other event that could reasonably be expected to materially and adversely affect the value of its Intellectual Property with any material value; and (iii) not allow any Intellectual Property material to Borrower's business to be abandoned, forfeited or dedicated to the public without Agent's written consent.

(b) Provide written notice to Agent within ten (10) days of entering or becoming bound by any Restricted License (other than over-the-counter software that is commercially available to the public or available as a free or open source). Borrower shall take such commercially reasonable steps as Agent requests to obtain the consent of, or waiver by, any person whose consent or waiver is necessary for (i) any Restricted License to be deemed "Collateral" and for Agent to have a security interest in it that might otherwise be restricted or prohibited by law or by the terms of any such Restricted License, whether now existing or entered into in the future, and (ii) Agent to have the ability in the event of a liquidation of any Collateral to dispose of such Collateral in accordance with Agent's and the Lenders' rights and remedies under this Agreement and the other Loan Documents.

**6.9 Litigation Cooperation.** From the date hereof and continuing through the termination of this Agreement, make available to Agent, without expense to Agent or any Lender, Borrower and its officers, employees and agents and Borrower's books and records, to the extent that Agent and/or the Lenders may deem them reasonably necessary to prosecute or defend any third-party suit or proceeding instituted by or against Agent and/or any Lender with respect to any Collateral or relating to Borrower.

**6.10 Access to Collateral; Books and Records.** Allow Agent or its agents, at reasonable times, on five (5) Business Days' notice (provided no notice is required if an Event of Default has occurred and is continuing), to inspect the Collateral and audit and copy Borrower's Books. Such inspections or audits shall be conducted no more often than once every twelve (12) months unless an Event of Default has occurred and is continuing in which case such inspections and audits shall occur as often as Agent shall determine is necessary. The foregoing inspections and audits shall be at Borrower's expense and the charge therefor shall be One Thousand Dollars (\$1,000) per person per day (or such higher amount as shall represent Agent's then-current standard charge for the same), plus reasonable out-of-pocket expenses. In the event Borrower and Agent schedule an audit more than eight (8) days in advance, and Borrower cancels or reschedules the audit with less than eight (8) days written notice to Agent, then (without limiting any of Agent's or any Lender's rights or remedies) Borrower shall pay Agent a fee of Two Thousand Dollars (\$2,000) plus any out-of-pocket expenses incurred by Agent to compensate Agent for the costs and expenses of the cancellation or rescheduling.

**6.11 Formation or Acquisition of Subsidiaries.** Notwithstanding and without limiting the negative covenants contained in Sections 7.3 and 7.7 hereof, at the time that Borrower or any Guarantor forms any direct or indirect Subsidiary or acquires any direct or indirect Subsidiary after the Effective Date (including, without limitation, pursuant to a Division), Borrower and such Guarantor shall (a) cause such new Domestic Subsidiary to provide to Lenders a joinder to this Agreement to become a co-borrower hereunder or a Guaranty to become a Guarantor hereunder, together with such appropriate financing statements and/or Control Agreements, all in form and substance satisfactory to Agent and Lenders (including being sufficient to grant Lenders a first priority Lien (subject to Permitted Liens) in and to the assets of such newly formed or acquired Subsidiary), (b) provide to Lenders appropriate certificates and powers and financing statements, pledging all of the direct or beneficial ownership interest in such new Subsidiary (provided that if Borrower can demonstrate to Agent and the Lenders' satisfaction that pledging in excess of sixty-five percent (65%) of the stock of any new Foreign Subsidiary would cause an adverse tax consequence for Borrower or such newly created/acquired Foreign Subsidiary, Borrower shall be required to pledge only sixty-five percent (65%) of the stock of such Foreign Subsidiary), in form and substance reasonably satisfactory to Agent and Lenders; and (c) provide to Lenders all other documentation in form and substance satisfactory to Agent and Lenders, including one or more opinions of counsel satisfactory to Lenders, which in its opinion is appropriate with respect to the execution and delivery of the applicable documentation referred to above. Any document, agreement, or instrument executed or issued pursuant to this Section 6.11 shall be a Loan Document.

**6.12 Further Assurances.** Execute any further instruments and take further action as Agent and the Lenders reasonably request to perfect or continue Agent's Lien in the Collateral or to effect the purposes of this Agreement. Deliver to Agent and the Lenders, within five (5) days after the same are sent or received, copies of all correspondence, reports, documents and other filings with any Governmental Authority regarding compliance with or maintenance of Governmental Approvals or Requirements of Law or that could reasonably be expected to have a material adverse effect on any of the Governmental Approvals or otherwise on the operations of Borrower or any of its Subsidiaries.



## 6.13 Post-Closing Items.

(a) As soon as possible, but in any event not later than the date that is thirty (30) days after the Effective Date, Borrower shall deliver to Agent and the Lenders, a landlord's consent in favor of SVB for each of Borrower's leased locations at (a) 3000 Pegasus Park Drive, Suite 1430, Dallas, TX 75247, and (b) 5 National Way, Durham, NC 27703, each by the respective landlord thereof, together with the duly executed signatures thereto.

(b) As soon as possible, but in any event not later than the date that is thirty (30) days after the Effective Date, Borrower shall deliver to the Lenders a joinder to this Agreement pursuant to which each of Borrower's Domestic Subsidiaries shall become a co-borrower hereunder, together with such appropriate financing statements and/or Control Agreements, and any other documentation required by the Lenders all in form and substance satisfactory to Agent and Lenders (including being sufficient to grant Lenders a first priority Lien (subject to Permitted Liens) in and to the assets of such Person.

## 7 NEGATIVE COVENANTS

Borrower shall not do any of the following without the prior written consent of the Lenders:

**7.1 Dispositions.** Convey, sell, lease, transfer, assign, or otherwise dispose of (including, without limitation, pursuant to a Division) (collectively a "Transfer"), or permit any of its Subsidiaries to Transfer, all or any part of its business or property, except for Transfers (a) of Inventory in the ordinary course of business; (b) of worn-out or obsolete Equipment that is, in the reasonable judgment of Borrower, no longer economically practicable to maintain or useful in the ordinary course of business of Borrower; (c) consisting of Permitted Liens and Permitted Investments; (d) consisting of the sale or issuance of any stock of Borrower permitted under Section 7.2 of this Agreement; (e) consisting of Borrower's use or transfer of money or Cash Equivalents in a manner that is not prohibited by the terms of this Agreement or the other Loan Documents; (f) of non-exclusive licenses for the use of the property of Borrower or its Subsidiaries in the ordinary course of business and licenses that could not result in a legal transfer of title of the licensed property but that may be exclusive in respects other than territory and that may be exclusive as to territory only as to discrete geographical areas outside of the United States; and (g) of other assets not to exceed Five Hundred Thousand Dollars (\$500,000) in the aggregate per year.

**7.2 Changes in Business, Management, Control, or Business Locations.** (a) Engage in or permit any of its Subsidiaries to engage in any business other than the businesses currently engaged in by Borrower and such Subsidiary, as applicable, or reasonably related thereto; (b) liquidate or dissolve; (c) fail to provide notice to Agent and Lenders of any Key Person departing from or ceasing to be employed by Borrower within ten (10) Business Days after such Key Person's departure from Borrower; or (d) permit or suffer any Change in Control.

Borrower shall not, without at least thirty (30) days prior written notice to Agent: (1) add any new offices or business locations, including warehouses (unless such new offices or business locations contain less than One Million Dollars (\$1,000,000) in Borrower's assets or property) or deliver any portion of the Collateral valued, individually or in the aggregate, in excess of One Million Dollars (\$1,000,000) to a bailee at a location other than to a bailee and at a location already disclosed in the Perfection Certificate, (2) change its jurisdiction of organization, (3) change its organizational structure or type, (4) change its legal name, or (5) change any organizational number (if any) assigned by its jurisdiction of organization. If Borrower intends to add any new offices or business locations, including warehouses, containing in excess of One Million Dollars (\$1,000,000) of Borrower's assets or property, then Borrower shall use commercially reasonable best efforts (as determined by Agent and the Lenders) to cause the landlord of any such new offices or business locations, including warehouses, to execute and deliver a landlord consent in form and substance satisfactory to Agent. If Borrower intends to deliver any portion of the Collateral valued, individually or in the aggregate, in excess of One Million Dollars (\$1,000,000) to a bailee, and Agent and such bailee are not already parties to a bailee agreement governing both the Collateral and the location to which Borrower intends to deliver the Collateral, then Borrower shall use commercially reasonable efforts to cause such bailee to execute and deliver a bailee agreement in form and substance satisfactory to Agent.

**7.3 Mergers or Acquisitions.** Merge or consolidate, or permit any of its Subsidiaries to merge or consolidate, with any other Person, or acquire, or permit any of its Subsidiaries to acquire, all or substantially all of the capital

stock or property of another Person (including, without limitation, by the formation of any Subsidiary or pursuant to a Division). A Subsidiary may merge or consolidate into another Subsidiary or into Borrower.

**7.4 Indebtedness.** Create, incur, assume, or be liable for any Indebtedness, or permit any Subsidiary to do so, other than Permitted Indebtedness.

**7.5 Encumbrance.** Create, incur, allow, or suffer any Lien on any of its property, or assign or convey any right to receive income, including the sale of any Accounts, or permit any of its Subsidiaries to do so, except for Permitted Liens, permit any Collateral not to be subject to the first priority security interest granted herein, or enter into any agreement, document, instrument or other arrangement (except with or in favor of Agent, for the ratable benefit of the Lenders) with any Person which directly or indirectly prohibits or has the effect of prohibiting Borrower or any Subsidiary from assigning, mortgaging, pledging, granting a security interest in or upon, or encumbering any of Borrower's or any Subsidiary's Intellectual Property, except as is otherwise permitted in Section 7.1 hereof and the definition of "Permitted Liens" herein.

**7.6 Maintenance of Collateral Accounts.** Maintain any Collateral Account except pursuant to the terms of Section 6.6 hereof.

**7.7 Distributions; Investments.** (a) Pay any dividends or make any distribution or payment or redeem, retire or purchase any capital stock, provided that Borrower may (i) convert any of its convertible securities into other securities pursuant to the terms of such convertible securities or otherwise in exchange thereof and paying cash in lieu of fractional shares in connection with any such conversion, (ii) pay dividends solely in common stock, (iii) repurchase the stock of current or former employees or consultants pursuant to stock repurchase agreements so long as an Event of Default does not exist at the time of any such repurchase and would not exist after giving effect to any such repurchase, provided that the aggregate amount of all such repurchases does not exceed One Hundred Thousand Dollars (\$100,000) per fiscal year; or (b) directly or indirectly make any Investment (including, without limitation, by the formation of any Subsidiary) other than Permitted Investments, or permit any of its Subsidiaries to do so.

**7.8 Transactions with Affiliates.** Directly or indirectly enter into or permit to exist any material transaction with any Affiliate of Borrower, except for (a) transactions that are in the ordinary course of Borrower's business, upon fair and reasonable terms that are no less favorable to Borrower than would be obtained in an arm's length transaction with a non-affiliated Person, (b) sales of equity securities to its investors in bona fide equity financings so long as a Change in Control does not occur, (c) transactions between Borrower and its Subsidiaries permitted under Section 7.7, (d) reasonable and customary compensation arrangements and benefit plans for officers and other employees of Borrower entered into or maintained in the ordinary course of business and approved by the Board, and (e) reasonable and customary fees paid to independent members of the Board in the ordinary course of business.

**7.9 Subordinated Debt.** (a) Make or permit any payment on any Subordinated Debt, except under the terms of the subordination, intercreditor, or other similar agreement to which such Subordinated Debt is subject, or (b) amend any provision in any document relating to the Subordinated Debt which would increase the amount thereof, provide for earlier or greater principal, interest, or other payments thereon, or adversely affect the subordination thereof to Obligations owed to Agent and the Lenders.

**7.10 Compliance.** Become an "investment company" or a company controlled by an "investment company", under the Investment Company Act of 1940, as amended, or undertake as one of its important activities extending credit to purchase or carry margin stock (as defined in Regulation U of the Board of Governors of the Federal Reserve System), or use the proceeds of any Credit Extension for that purpose; fail to (a) meet the minimum funding requirements of ERISA, (b) prevent a Reportable Event or Prohibited Transaction, as defined in ERISA, from occurring, or (c) comply with the Federal Fair Labor Standards Act, or violate any other law or regulation, if the violation could reasonably be expected to have a material adverse effect on Borrower's business, or permit any of its Subsidiaries to do so; withdraw or permit any Subsidiary to withdraw from participation in, permit partial or complete termination of, or permit the occurrence of any other event with respect to, any present pension, profit sharing and deferred compensation plan which could reasonably be expected to result in any liability of Borrower, including any liability to the Pension Benefit Guaranty Corporation or its successors or any other governmental agency.

**7.11 Subsidiary Assets.** Permit the aggregate value of (a) cash and Cash Equivalents held by Borrower's Subsidiaries that are not co-Borrowers or secured Guarantors hereunder, collectively, to exceed Five Hundred Thousand Dollars (\$500,000) (or equivalent) for more than five (5) Business Days in any calendar month, or (b) all assets held by Borrower's Subsidiaries that are not co-Borrowers or secured Guarantors hereunder collectively, to exceed One Million Dollars (\$1,000,000) (or equivalent) for more than five (5) Business Days in any calendar month.

## **8 EVENTS OF DEFAULT**

Any one of the following shall constitute an event of default (an "Event of Default") under this Agreement:

**8.1 Payment Default.** Borrower fails to (a) make any payment of principal or interest on any Credit Extension when due, or (b) pay any other Obligations within three (3) Business Days after such Obligations are due and payable (which three (3) Business Day cure period shall not apply to payments due on the Term Loan Maturity Date). During the cure period, the failure to make or pay any payment specified under clause (b) hereunder is not an Event of Default (but no Credit Extension will be made during the cure period);

### **8.2 Covenant Default.**

(a) Borrower fails or neglects to perform any obligation in Sections 6.2, 6.3, 6.5, 6.6, 6.7, 6.8(b), 6.9, 6.10, 6.11, 6.12, or 6.13 or violates any covenant in Section 7; or

(b) Borrower fails or neglects to perform, keep, or observe any other term, provision, condition, covenant or agreement contained in this Agreement or any Loan Documents, and as to any default (other than those specified in this Section 8) under such other term, provision, condition, covenant or agreement that can be cured, has failed to cure the default within ten (10) Business Days after the occurrence thereof; provided, however, that if the default cannot by its nature be cured within the ten (10) Business Day period or cannot after diligent attempts by Borrower be cured within such ten (10) Business Day period, and such default is likely to be cured within a reasonable time, then Borrower shall have an additional period (which shall not in any case exceed thirty (30) days) to attempt to cure such default, and within such reasonable time period the failure to cure the default shall not be deemed an Event of Default (but no Credit Extensions shall be made during such cure period). Cure periods provided under this section shall not apply, among other things, to financial covenants (if any) or any other covenants set forth in clause (a) above;

**8.3 Material Adverse Change.** A Material Adverse Change occurs;

### **8.4 Attachment; Levy; Restraint on Business.**

(a) (i) The service of process seeking to attach, by trustee or similar process, any funds of Borrower or of any entity under the control of Borrower (including a Subsidiary), or (ii) a notice of lien or levy is filed against any of Borrower's assets by any Governmental Authority, and the same under subclauses (i) and (ii) hereof are not, within ten (10) days after the occurrence thereof, discharged or stayed (whether through the posting of a bond or otherwise); provided, however, no Credit Extensions shall be made during any ten (10) day cure period; or

(b) (i) any material portion of Borrower's assets is attached, seized, levied on, or comes into possession of a trustee or receiver, or (ii) any court order enjoins, restrains, or prevents Borrower from conducting all or any material part of its business;

**8.5 Insolvency.** (a) Borrower and any of its Subsidiaries is unable to pay its debts (including trade debts) as they become due or otherwise becomes insolvent; (b) Borrower or any of its Subsidiaries begins an Insolvency Proceeding; or (c) an Insolvency Proceeding is begun against Borrower or any of its Subsidiaries and is not dismissed or stayed within thirty (30) days (but no Credit Extensions shall be made while any of the conditions described in clause (a) exist and/or until any Insolvency Proceeding is dismissed);

**8.6 Other Agreements.** There is, under any agreement to which Borrower or any Guarantor is a party with a third party or parties, (a) any default resulting in a right by such third party or parties, whether or not exercised, to

accelerate the maturity of any Indebtedness in an amount individually or in the aggregate in excess of One Million Dollars (\$1,000,000); or (b) any breach or default by Borrower or Guarantor, the result of which could reasonably be expected to have a material adverse effect on Borrower's or any Guarantor's business; provided, however, that the Event of Default under this Section 8.6 caused by the occurrence of a breach or default under such other agreement shall be cured or waived for purposes of this Agreement upon Agent receiving written notice from the party asserting such breach or default of such cure or waiver of the breach or default under such other agreement, if at the time of such cure or waiver under such other agreement (x) neither Lender has declared an Event of Default under this Agreement and/or exercised any rights with respect thereto; (y) any such cure or waiver does not result in an Event of Default under any other provision of this Agreement or any Loan Document; and (z) in connection with any such cure or waiver under such other agreement, the terms of any agreement with such third party are not modified or amended in any manner which could reasonably be expected to have a material adverse effect on Borrower's or any Guarantor's business;

**8.7 Judgments; Penalties.** One or more fines, penalties, or final judgments, orders or decrees for the payment of money in an amount, individually or in the aggregate, of at least One Million Dollars (\$1,000,000) (not covered by independent third-party insurance as to which liability has been accepted by such insurance carrier) shall be rendered against Borrower by any Governmental Authority, and the same are not, within ten (10) days after the entry, assessment or issuance thereof, discharged, satisfied, or paid, or after execution thereof, stayed or bonded pending appeal, or such judgments are not discharged prior to the expiration of any such stay (provided that no Credit Extensions will be made prior to the satisfaction, payment, discharge, stay, or bonding of such fine, penalty, judgment, order or decree);

**8.8 Misrepresentations.** Borrower or any Person acting for Borrower makes any representation, warranty, or other statement now or later in this Agreement, any Loan Document or in any writing delivered to Agent or any Lender or to induce Agent or any Lender to enter this Agreement or any Loan Document, and such representation, warranty, or other statement is incorrect in any material respect when made;

**8.9 Subordinated Debt.** Any document, instrument, or agreement evidencing the subordination of any Subordinated Debt shall for any reason be revoked or invalidated or otherwise cease to be in full force and effect, any Person shall be in breach thereof or contest in any manner the validity or enforceability thereof or deny that it has any further liability or obligation thereunder, or the Obligations shall for any reason be subordinated or shall not have the priority contemplated by this Agreement or any applicable subordination or intercreditor agreement;

**8.10 Guaranty.** (a) Any guaranty of any Obligations terminates or ceases for any reason to be in full force and effect; (b) any Guarantor does not perform any obligation or covenant under any guaranty of the Obligations; (c) any circumstance described in Sections 8.3, 8.4, 8.5, 8.6, 8.7, or 8.8 of this Agreement occurs with respect to any Guarantor, or (d) the liquidation, winding up, or termination of existence of any Guarantor;

**8.11 Lien Priority.** There is a material impairment in the priority of Agent's security interest in the Collateral;

**8.12 Governmental Approvals.** Any Governmental Approval shall have been revoked, rescinded, suspended, modified in an adverse manner or not renewed in the ordinary course for a full term and such decision or such revocation, rescission, suspension, modification or non-renewal (a) causes, or could reasonably be expected to cause a material adverse change or (b) adversely affect the legal qualifications of Borrower or any of its Subsidiaries to hold such Governmental Approval in any applicable jurisdiction.

**8.13 Delisting.** Borrower's common stock is delisted from the NASDAQ stock exchange because of Borrower's failure to comply with continued listing standards thereof.

## **9 RIGHTS AND REMEDIES**

**9.1 Rights and Remedies.** Upon the occurrence and during the continuance of an Event of Default, Agent, as directed by Lenders in accordance with the Lender Intercreditor Agreement or, if such rights and remedies are not

addressed in the Lender Intercreditor Agreement, as directed by Lenders having a majority of the Obligations, may, without notice or demand, do any or all of the following:

- (a) declare all Obligations immediately due and payable (but if an Event of Default described in Section 8.5 occurs all Obligations are immediately due and payable without any action by Agent or any Lender);
- (b) stop advancing money or extending credit for Borrower's benefit under this Agreement or under any other agreement among Borrower, Agent and/or any Lenders;
- (c) demand that Borrower (i) deposit cash with SVB in an amount equal to at least (x) one hundred five percent (105.0%) of the Dollar Equivalent of the aggregate face amount of all Letters of Credit denominated in Dollars remaining undrawn, and (y) one hundred ten percent (110.0%) of the Dollar Equivalent of the aggregate face amount of all Letters of Credit denominated in a Foreign Currency remaining undrawn (plus, in each case, all interest, fees, and costs due or to become due in connection therewith (as estimated by SVB in its good faith business judgment)), to secure all of the Obligations relating to such Letters of Credit, as collateral security for the repayment of any future drawings under such Letters of Credit, and Borrower shall forthwith deposit and pay such amounts, and (ii) pay in advance all letter of credit fees scheduled to be paid or payable over the remaining term of any Letters of Credit;
- (d) terminate any FX Contracts;
- (e) verify the amount of, demand payment of and performance under, and collect any Accounts and General Intangibles, settle or adjust disputes and claims directly with Account Debtors for amounts on terms and in any order that Agent and/or the Lenders consider advisable, and notify any Person owing Borrower money of Agent's security interest in such funds. Borrower shall collect all payments in trust for Lenders and, if requested by Agent, immediately deliver the payments to Lenders in the form received from the Account Debtor, with proper endorsements for deposit;
- (f) make any payments and do any acts Agent or any Lender considers necessary or reasonable to protect the Collateral and/or its security interest in the Collateral. Borrower shall assemble the Collateral if Agent requests and make it available as Agent designates. Agent may enter premises where the Collateral is located, take and maintain possession of any part of the Collateral, and pay, purchase, contest, or compromise any Lien which appears to be prior or superior to its security interest or charges and pay all expenses incurred. Borrower grants Agent a license to enter and occupy any of its premises, without charge, to exercise any of Agent's rights or remedies;
- (g) apply to the Obligations (i) any balances and deposits of Borrower it holds, or (ii) any amount held by Agent owing to or for the credit or the account of Borrower;
- (h) ship, reclaim, recover, store, finish, maintain, repair, prepare for sale, advertise for sale, and sell the Collateral. Agent, for the benefit of the Lenders, is hereby granted a non-exclusive, royalty-free license or other right to use, without charge, Borrower's labels, Patents, Copyrights, mask works, rights of use of any name, trade secrets, trade names, Trademarks, and advertising matter, or any similar property as it pertains to the Collateral, in completing production of, advertising for sale, and selling any Collateral and, in connection with Agent's exercise of its rights under this Section, Borrower's rights under all licenses and all franchise agreements inure to Agent, for the ratable benefit of the Lenders;
- (i) place a "hold" on any account maintained with Agent or Lenders and/or deliver a notice of exclusive control, any entitlement order, or other directions or instructions pursuant to any Control Agreement or similar agreements providing control of any Collateral;
- (j) demand and receive possession of Borrower's Books; and
- (k) exercise all rights and remedies available to Agent and the Lenders under the Loan Documents or at law or equity, including all remedies provided under the Code (including disposal of the Collateral pursuant to the terms thereof).

**9.2 Power of Attorney.** Borrower hereby irrevocably appoints Agent, for the benefit of the Lenders, as its lawful attorney-in-fact, exercisable following the occurrence of an Event of Default, to: (a) endorse Borrower's name on any checks, payment instruments, or other forms of payment or security; (b) sign Borrower's name on any invoice or bill of lading for any Account or drafts against Account Debtors; (c) demand, collect, sue, and give releases to any Account Debtor for monies due, settle and adjust disputes and claims about the Accounts directly with Account Debtors, and compromise, prosecute, or defend any action, claim, case, or proceeding about any Collateral (including filing a claim or voting a claim in any bankruptcy case in Agent's or Borrower's name, as Agent chooses) for amounts and on terms Agent determines reasonable; (d) make, settle, and adjust all claims under Borrower's insurance policies; (e) pay, contest or settle any Lien, charge, encumbrance, security interest, and adverse claim in or to the Collateral, or any judgment based thereon, or otherwise take any action to terminate or discharge the same; and (f) transfer the Collateral into the name of Agent or a third party as the Code permits. Borrower hereby appoints Agent as its lawful attorney-in-fact to sign Borrower's name on any documents necessary to perfect or continue the perfection of Agent's security interest in the Collateral regardless of whether an Event of Default has occurred until all Obligations have been satisfied in full and the Loan Documents have been terminated. Agent's foregoing appointment as Borrower's attorney in fact, and all of Agent's rights and powers, coupled with an interest, are irrevocable until all Obligations have been fully repaid and performed and the Loan Documents have been terminated.

**9.3 Protective Payments.** If Borrower fails to obtain the insurance called for by Section 6.5 or fails to pay any premium thereon or fails to pay any other amount which Borrower is obligated to pay under this Agreement or any other Loan Document or which may be required to preserve the Collateral, Agent may obtain such insurance or make such payment, and all amounts so paid by Agent are Lenders' Expenses and immediately due and payable, bearing interest at the then highest rate applicable to the Obligations, and secured by the Collateral. Agent will make reasonable efforts to provide Borrower with notice of Agent obtaining such insurance at the time it is obtained or within a reasonable time thereafter. No payments by Agent are deemed an agreement to make similar payments in the future or Agent's or and Lenders' waiver of any Event of Default.

**9.4 Application of Payments and Proceeds.** Agent shall have the right to apply in any order any funds in its possession, whether from Borrower account balances, payments, proceeds realized as the result of any collection of Accounts or other disposition of the Collateral, or otherwise, to the Obligations. Agent shall pay any surplus to Borrower by credit to the Designated Deposit Account or to other Persons legally entitled thereto; Borrower shall remain liable to Agent and the Lenders for any deficiency. If Agent, directly or indirectly, enters into a deferred payment or other credit transaction with any purchaser at any sale of Collateral, Agent shall have the option, exercisable at any time, of either reducing the Obligations by the principal amount of the purchase price or deferring the reduction of the Obligations until the actual receipt by Agent of cash therefor.

**9.5 Liability for Collateral.** So long as Agent and Lenders comply with reasonable banking practices regarding the safekeeping of the Collateral in their possession or under the control of Agent and/or Lenders, Agent and Lenders shall not be liable or responsible for: (a) the safekeeping of the Collateral; (b) any loss or damage to the Collateral; (c) any diminution in the value of the Collateral; or (d) any act or default of any carrier, warehouseman, bailee, or other Person. Borrower bears all risk of loss, damage or destruction of the Collateral.

**9.6 No Waiver; Remedies Cumulative.** Agent's and any Lender's failure, at any time or times, to require strict performance by Borrower of any provision of this Agreement or any other Loan Document shall not waive, affect, or diminish any right of Agent or any Lender thereafter to demand strict performance and compliance herewith or therewith. No waiver hereunder shall be effective unless signed by the party granting the waiver and then is only effective for the specific instance and purpose for which it is given. Agent's and each Lender's rights and remedies under this Agreement and the other Loan Documents are cumulative. Agent and each Lender have all rights and remedies provided under the Code, by law, or in equity. Agent's or any Lender's exercise of one right or remedy is not an election and shall not preclude Agent or any Lender from exercising any other remedy under this Agreement or any other Loan Document or other remedy available at law or in equity, and Agent's or any Lender's waiver of any Event of Default is not a continuing waiver. Agent's or any Lender's delay in exercising any remedy is not a waiver, election, or acquiescence.

**9.7 Demand Waiver.** Borrower waives demand, notice of default or dishonor, notice of payment and nonpayment, notice of any default, nonpayment at maturity, release, compromise, settlement, extension, or renewal of accounts, documents, instruments, chattel paper, and guarantees held by Agent on which Borrower is liable.

## 10 AGENT

### 10.1 **Appointment and Authority.**

(a) Each Lender hereby irrevocably appoints SVB to act on its behalf as Agent hereunder and under the other Loan Documents and authorizes Agent to take such actions on its behalf and to exercise such powers as are delegated to Agent by the terms hereof or thereof, together with such actions and powers as are reasonably incidental thereto.

(b) The provisions of this Section 10 are solely for the benefit of Agent and Lenders, and Borrower shall not have rights as a third party beneficiary of any of such provisions. Notwithstanding any provision to the contrary elsewhere in this Agreement, Agent shall not have any duties or responsibilities to any Lender or any other Person, except those expressly set forth herein, or any fiduciary relationship with any Lender, and no implied covenants, functions, responsibilities, duties, obligations or liabilities shall be read into this Agreement or any other Loan Document or otherwise exist against Agent.

**10.2 Delegation of Duties.** Agent may perform any and all of its duties and exercise its rights and powers hereunder or under any other Loan Document by or through any one or more sub-agents appointed by Agent. Agent and any such sub-agent may perform any and all of its duties and exercise its rights and powers by or through their respective Indemnified Persons. The exculpatory provisions of this Section 10.2 shall apply to any such sub-agent and to the Indemnified Persons of Agent and any such sub-agent, and shall apply to their respective activities in connection with the syndication of the credit facilities provided for herein as well as activities as Agent.

**10.3 Exculpatory Provisions.** Agent shall have no duties or obligations except those expressly set forth herein and in the other Loan Documents. Without limiting the generality of the foregoing, Agent shall not:

- (a) be subject to any fiduciary, trust, agency or other similar duties, regardless of whether any Event of Default has occurred and is continuing;
- (b) have any duty to take any discretionary action or exercise any discretionary powers, except discretionary rights and powers expressly contemplated hereby or by the other Loan Documents that Agent is required to exercise as directed in writing by the Lenders, as applicable; provided that Agent shall not be required to take any action that, in its opinion or the opinion of its counsel, may expose Agent to liability or that is contrary to any Loan Document or applicable law; and
- (c) except as expressly set forth herein and in the other Loan Documents, have any duty to disclose, and Agent shall not be liable for the failure to disclose, any information relating to Borrower or any of its Affiliates that is communicated to or obtained by any Person serving as Agent or any of its Affiliates in any capacity.

Agent shall not be liable for any action taken or not taken by it (i) with the consent or at the request of the Lenders (or as Agent shall believe in good faith shall be necessary, under the circumstances as provided in Section 13.7) or (ii) in the absence of its own gross negligence or willful misconduct.

Agent shall not be responsible for or have any duty to ascertain or inquire into (i) any statement, warranty or representation made in or in connection with this Agreement or any other Loan Document, (ii) the contents of any certificate, report or other document delivered hereunder or thereunder or in connection herewith or therewith, (iii) the performance or observance of any of the covenants, agreements or other terms or conditions set forth herein or therein or the occurrence of any Event of Default, (iv) the validity, enforceability, effectiveness or genuineness of this Agreement, any other Loan Document or any other agreement, instrument or document or (v) the satisfaction of any condition set forth in Section 3 or elsewhere herein, other than to confirm receipt of items expressly required to be delivered to Agent.

**10.4 Reliance by Agent.** Agent shall be entitled to rely upon, and shall not incur any liability for relying upon, any notice, request, certificate, consent, statement, instrument, document or other writing (including any electronic message, internet or intranet website posting or other distribution) believed by it to be genuine and to have been signed, sent or otherwise authenticated by the proper Person. Agent also may rely upon any statement made to it orally or by

telephone and believed by it to have been made by the proper Person, and shall not incur any liability for relying thereon. Agent may consult with legal counsel (who may be counsel for Borrower), independent accountants and other experts selected by it, and shall not be liable for any action taken or not taken by it in accordance with the advice of any such counsel, accountants or experts. In determining compliance with any condition hereunder to the making of a Credit Extension that, by its terms, must be fulfilled to the satisfaction of a Lender, Agent may presume that such condition is satisfactory to such Lender unless Agent shall have received notice to the contrary from such Lender prior to the making of such Credit Extension. Agent shall in all cases be fully protected in acting, or in refraining from acting, under this Agreement and the other Loan Documents in accordance with a request of the Lenders, and such request and any action taken or failure to act pursuant thereto shall be binding upon Lenders and all future holders of the Credit Extensions.

**10.5 Notice of Default.** Agent shall not be deemed to have knowledge or notice of the occurrence of any Event of Default (except with respect to defaults in the payment of principal, interest or fees required to be paid to Agent for the account of Lenders), unless Agent has received notice from a Lender or Borrower referring to this Agreement, describing such Event of Default and stating that such notice is a “notice of default”. In the event that Agent receives such a notice, Agent shall give notice thereof to Lenders. Agent shall take such action with respect to such Event of Default as shall be reasonably directed by the Lenders.

**10.6 Non-Reliance on Agent and Other Lenders.** Each Lender expressly acknowledges that neither Agent nor any of its officers, directors, employees, agents, attorneys in fact or affiliates has made any representations or warranties to it and that no act by Agent hereafter taken, including any review of the affairs of a Group Member or any Affiliate of a Group Member, shall be deemed to constitute any representation or warranty by Agent to any Lender. Each Lender represents to Agent that it has, independently and without reliance upon Agent or any other Lender, and based on such documents and information as it has deemed appropriate, made its own appraisal of, and investigation into, the business, operations, property, financial and other condition and creditworthiness of the Group Members and their Affiliates and made its own decision to make its Credit Extensions hereunder and enter into this Agreement. Each Lender also represents that it will, independently and without reliance upon Agent or any other Lender, and based on such documents and information as it shall deem appropriate at the time, continue to make its own credit analysis, appraisals and decisions in taking or not taking action under this Agreement and the other Loan Documents, and to make such investigation as it deems necessary to inform itself as to the business, operations, property, financial and other condition and creditworthiness of the Group Members and their Affiliates. Except for notices, reports and other documents expressly required to be furnished to Lenders by Agent hereunder, Agent shall have no duty or responsibility to provide any Lender with any credit or other information concerning the business, operations, property, condition (financial or otherwise), prospects or creditworthiness of any Group Member or any Affiliate of a Group Member that may come into the possession of Agent or any of its officers, directors, employees, agents, attorneys in fact or Affiliates.

**10.7 Indemnification.** Each Lender agrees to indemnify Agent in its capacity as such (to the extent not reimbursed by Borrower and without limiting the obligation of Borrower to do so in accordance with the terms hereof, according to its Term Loan Commitment Percentage in effect on the date on which indemnification is sought under this Section 10.7 (or, if indemnification is sought after the date upon which the Commitments shall have terminated and the Obligations shall have been paid in full, in accordance with its Term Loan Commitment Percentage immediately prior to such date), from and against any and all liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements of any kind whatsoever that may at any time (whether before or after the payment of the Credit Extensions) be imposed on, incurred by or asserted against Agent in any way relating to or arising out of, the Commitments, this Agreement, any of the other Loan Documents or any documents contemplated by or referred to herein or therein or the transactions contemplated hereby or thereby or any action taken or omitted by Agent under or in connection with any of the foregoing; provided that no Lender shall be liable for the payment of any portion of such liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements that are found by a final and nonappealable decision of a court of competent jurisdiction to have resulted primarily from Agent’s gross negligence or willful misconduct. The agreements in this Section shall survive the payment of the Credit Extensions and all other amounts payable hereunder.

**10.8 Agent in Its Individual Capacity.** The Person serving as Agent hereunder shall have the same rights and powers in its capacity as a Lender as any other Lender and may exercise the same as though it were not Agent and the term “Lender” or “Lenders” shall, unless otherwise expressly indicated or unless the context otherwise requires,



include each such Person serving as Agent hereunder in its individual capacity. Such Person and its Affiliates may accept deposits from, lend money to, act as the financial advisor or in any other advisory capacity for and generally engage in any kind of business with Borrower, any Guarantor or any Subsidiary or other Affiliate thereof as if such Person were not Agent hereunder and without any duty to account therefor to Lenders.

**10.9 Successor Agent.** Agent may at any time give notice of its resignation to Lenders and Borrower, which resignation shall not be effective until the time at which the majority of the Lenders have delivered to Agent their written consent to such resignation. Upon receipt of any such notice of resignation, the Lenders shall have the right, in consultation with Borrower, to appoint a successor, which shall be a financial institution with an office in the State of California, or an Affiliate of any such bank with an office in the State of California. If no such successor shall have been so appointed by the Lenders and shall have accepted such appointment within thirty (30) days after the retiring Agent has received the written consent of the majority of the Lenders to such resignation, then the retiring Agent may on behalf of Lenders, appoint a successor Agent meeting the qualifications set forth above; provided that in no event shall any such successor Agent be a Defaulting Lender and provided further that if the retiring Agent shall notify Borrower and Lenders that no qualifying Person has accepted such appointment, then such resignation shall nonetheless become effective in accordance with such notice and (1) the retiring Agent shall be discharged from its duties and obligations hereunder and under the other Loan Documents (except that in the case of any collateral security held by Agent on behalf of the Lenders under any of the Loan Documents, the retiring Agent shall continue to hold such collateral security until such time as a successor Agent is appointed and such collateral security is assigned to such successor Agent) and (2) all payments, communications and determinations provided to be made by, to or through Agent shall instead be made by or to each Lender directly, until such time as the Lenders appoint a successor Agent as provided for above in this Section 10.9. Upon the acceptance of a successor's appointment as Agent hereunder, such successor shall succeed to and become vested with all of the rights, powers, privileges and duties of the retiring (or retired) Agent, and the retiring Agent shall be discharged from all of its duties and obligations hereunder or under the other Loan Documents (if not already discharged therefrom as provided above in this Section 10.9). The fees payable by Borrower to a successor Agent shall be the same as those payable to its predecessor unless otherwise agreed between Borrower and such successor. After the retiring Agent's resignation hereunder and under the other Loan Documents, the provisions of this Section 10 shall continue in effect for the benefit of such retiring Agent, its sub-agents and their respective Indemnified Persons in respect of any actions taken or omitted to be taken by any of them while the retiring Agent was acting as Agent.

**10.10 Defaulting Lender.**

(a) Defaulting Lender Adjustments. Notwithstanding anything to the contrary contained in this Agreement, if any Lender becomes a Defaulting Lender, then, until such time as such Lender is no longer a Defaulting Lender, to the extent permitted by applicable law:

(i) Waivers and Amendments. Such Defaulting Lender's right to approve or disapprove any amendment, waiver or consent with respect to this Agreement shall be restricted as long as said Lender is a Defaulting Lender.

(ii) Defaulting Lender Waterfall. Any payment of principal, interest, fees or other amounts received by the Agent for the account of such Defaulting Lender (whether voluntary or mandatory, at maturity, pursuant to Section 8 or otherwise, and including any amounts made available to the Agent by such Defaulting Lender pursuant to Section 13.10), shall be applied at such time or times as may be determined by the Agent as follows: first, to the payment of any amounts owing by such Defaulting Lender to the Agent hereunder; second, as Borrower may request (so long as no Event of Default exists), to the funding of any Term Loan Advance in respect of which such Defaulting Lender has failed to fund its portion thereof as required by this Agreement, as determined by the Agent; third, if so determined by the Agent and Borrower, to be held in a Deposit Account and released pro rata to satisfy such Defaulting Lender's potential future funding obligations with respect to Term Loan Advances under this Agreement; fourth, so long as no Event of Default has occurred and is continuing, to the payment of any amounts owing to Borrower as a result of any judgment of a court of competent jurisdiction obtained by Borrower against such Defaulting Lender as a result of such Defaulting Lender's breach of its obligations under this Agreement; and fifth, to such Defaulting Lender or as otherwise directed by a court of competent

jurisdiction; provided that if (A) such payment is a payment of the principal amount of any Term Loan Advances in respect of which such Defaulting Lender has not fully funded its appropriate share and (B) such Term Loan Advances were made at a time when the conditions set forth in Section 3.1 were satisfied or waived, such payment shall be applied solely to pay the Term Loan Advance of all non-Defaulting Lenders on a *pro rata* basis prior to being applied to the payment of any Term Loan Advances of such Defaulting Lender until such time as all Term Loan Advances are held by the Lenders *pro rata* in accordance with the Term Loan Commitments under this Agreement. Any payments, prepayments or other amounts paid or payable to a Defaulting Lender that are applied (or held) to pay amounts owed by a Defaulting Lender pursuant to this Section 10.10(a)(ii) shall be deemed paid to and redirected by such Defaulting Lender, and each Lender irrevocably consents hereto.

(iii) Certain Fees. No Defaulting Lender shall be entitled to receive any fee pursuant to Section 2.3(b) or Section 2.3(c) for any period during which such Lender is a Defaulting Lender (and Borrower shall not be required to pay any such fee that otherwise would have been required to have been paid to such Defaulting Lender).

(b) Defaulting Lender Cure. If Borrower and Agent agree in writing that a Lender is no longer a Defaulting Lender, Agent will so notify the parties hereto, whereupon as of the effective date specified in such notice and subject to any conditions set forth therein, such Lender will, to the extent applicable, purchase at par that portion of outstanding Term Loan Advances of the other Lenders or take such other actions as Agent may determine to be necessary to cause the Term Loan Advances to be held on a *pro rata* basis by the Lenders in accordance with their respective Term Loan Commitment Percentages, whereupon such Lender will cease to be a Defaulting Lender; provided that no adjustments will be made retroactively with respect to fees accrued or payments made by or on behalf of Borrower while such Lender was a Defaulting Lender; and provided further that, except to the extent otherwise expressly agreed by the affected parties, no change hereunder from Defaulting Lender to Lender will constitute a waiver or release of any claim of any party hereunder arising from such Lender having been a Defaulting Lender.

(c) Termination of Defaulting Lender. Borrower may terminate the unused amount of the Term Loan Commitment of any Lender that is a Defaulting Lender upon not less than ten (10) Business Days' prior notice to Agent (which shall promptly notify the Lenders thereof), and in such event the provisions of Section 10.10(a)(ii) will apply to all amounts thereafter paid by Borrower for the account of such Defaulting Lender under this Agreement (whether on account of principal, interest, fees, indemnity or other amounts); provided that (i) no Event of Default shall have occurred and be continuing, and (ii) such termination shall not be deemed to be a waiver or release of any claim Borrower, Agent or any Lender may have against such Defaulting Lender.

(d) If the Person serving as Agent is a Defaulting Lender pursuant to clause (d) of the definition thereof, the non-Defaulting Lenders may, to the extent permitted by applicable law, by notice in writing to Borrower and such Person, remove such Person as Agent and, in consultation with Borrower, appoint a successor. If no such successor shall have been so appointed by the non-Defaulting Lenders and shall have accepted such appointment within thirty (30) days (or such earlier day as shall be agreed by the non-Defaulting Lenders) (the "**Removal Effective Date**"), then such removal shall nonetheless become effective in accordance with such notice on the Removal Effective Date.

## 11 NOTICES

All notices, consents, requests, approvals, demands, or other communication by any party to this Agreement or any other Loan Document must be in writing and shall be deemed to have been validly served, given, or delivered: (a) upon the earlier of actual receipt and three (3) Business Days after deposit in the U.S. mail, first class, registered or certified mail return receipt requested, with proper postage prepaid; (b) upon transmission, when sent by electronic mail or facsimile transmission; (c) one (1) Business Day after deposit with a reputable overnight courier with all charges prepaid; or (d) when delivered, if hand-delivered by messenger, all of which shall be addressed to the party to be notified and sent to the address, facsimile number, or email address indicated below. Agent or Borrower may

change its mailing or electronic mail address or facsimile number by giving the other party written notice thereof in accordance with the terms of this Section 11.

If to Borrower: Taysha Gene Therapies, Inc.  
3000 Pegasus Park Drive, Suite 1430  
Dallas, TX 75247  
Attn: RA Session II, CEO  
Email: rsession@tayshagtx.com

With a copy (which shall not constitute notice) to: Cooley LLP  
3 Embarcadero Center, 20th Floor  
San Francisco, CA 94111  
Telephone: (415) 693-2148  
Attn: Gian-Michele a Marca  
Email: gmamarca@cooley.com

If to Agent or SVB: Silicon Valley Bank  
4370 La Jolla Village Drive, Suite 1050  
San Diego, CA 92122  
Attn: Kristine Rohmer, Vice President  
Email: krohmer@svb.com

with a copy to: DLA Piper LLP (US)  
401 B Street, Suite 1700  
San Diego, CA 92101  
Attn: Laurie Hutchins  
Email: Laurie.Hutchins@us.dlapiper.com

If to SVB Capital: SVB Innovation Credit Fund VIII, L.P.  
c/o SVB Capital  
2770 Sand Hill Road  
Menlo Park, CA 94025  
Attn: SVB Capital Finance and Operations  
Email: svbcapitalcredit@svbank.com;  
SVBCapCreditFinance@svb.com

**12 CHOICE OF LAW, VENUE AND JURY TRIAL WAIVER AND JUDICIAL REFERENCE**

Except as otherwise expressly provided in any of the Loan Documents, California law governs the Loan Documents without regard to principles of conflicts of law. Except to the extent otherwise set forth in the Loan Documents, Borrower, Agent and Lenders each submit to the exclusive jurisdiction of the State and Federal courts in Santa Clara County, California; provided, however, that nothing in this Agreement shall be deemed to operate to preclude Agent or Lenders from bringing suit or taking other legal action in any other jurisdiction to realize on the Collateral or any other security for the Obligations, or to enforce a judgment or other court order in favor of Agent or any Lender. Borrower expressly submits and consents in advance to such jurisdiction in any action or suit commenced in any such court, and Borrower hereby waives any objection that it may have based upon lack of personal jurisdiction, improper venue, or forum non conveniens and hereby consents to the granting of such legal or equitable relief as is deemed appropriate by such court. Borrower hereby waives personal service of the summons, complaints, and other process issued in such action or suit and agrees that service of such summons, complaints, and other process may be made by registered or certified mail addressed to Borrower at the address set forth in, or subsequently provided by Borrower in accordance with, Section 11 of this Agreement and that service so made shall be deemed completed upon the earlier to occur of Borrower's actual receipt thereof or three (3) days after deposit in the U.S. mails, proper postage prepaid.

**TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, BORROWER, AGENT AND EACH LENDER EACH WAIVE THEIR RIGHT TO A JURY TRIAL OF ANY CLAIM OR CAUSE OF ACTION ARISING OUT OF OR BASED UPON THIS AGREEMENT, THE LOAN DOCUMENTS OR ANY CONTEMPLATED TRANSACTION, INCLUDING CONTRACT, TORT, BREACH OF DUTY AND ALL OTHER CLAIMS. THIS WAIVER IS A MATERIAL INDUCEMENT FOR ALL PARTIES TO ENTER INTO THIS AGREEMENT. EACH PARTY HAS REVIEWED THIS WAIVER WITH ITS COUNSEL.**

WITHOUT INTENDING IN ANY WAY TO LIMIT THE PARTIES' AGREEMENT TO WAIVE THEIR RESPECTIVE RIGHT TO A TRIAL BY JURY, if the above waiver of the right to a trial by jury is not enforceable, the parties hereto agree that any and all disputes or controversies of any nature between them arising at any time shall be decided by a reference to a private judge, mutually selected by the parties (or, if they cannot agree, by the Presiding Judge of the Santa Clara County, California Superior Court) appointed in accordance with California Code of Civil Procedure Section 638 (or pursuant to comparable provisions of federal law if the dispute falls within the exclusive jurisdiction of the federal courts), sitting without a jury, in Santa Clara County, California; and the parties hereby submit to the jurisdiction of such court. The reference proceedings shall be conducted pursuant to and in accordance with the provisions of California Code of Civil Procedure Sections 638 through 645.1, inclusive. The private judge shall have the power, among others, to grant provisional relief, including without limitation, entering temporary restraining orders, issuing preliminary and permanent injunctions and appointing receivers. All such proceedings shall be closed to the public and confidential and all records relating thereto shall be permanently sealed. If during the course of any dispute, a party desires to seek provisional relief, but a judge has not been appointed at that point pursuant to the judicial reference procedures, then such party may apply to the Santa Clara County, California Superior Court for such relief. The proceeding before the private judge shall be conducted in the same manner as it would be before a court under the rules of evidence applicable to judicial proceedings. The parties shall be entitled to discovery which shall be conducted in the same manner as it would be before a court under the rules of discovery applicable to judicial proceedings. The private judge shall oversee discovery and may enforce all discovery rules and orders applicable to judicial proceedings in the same manner as a trial court judge. The parties agree that the selected or appointed private judge shall have the power to decide all issues in the action or proceeding, whether of fact or of law, and shall report a statement of decision thereon pursuant to California Code of Civil Procedure Section 644(a). Nothing in this paragraph shall limit the right of any party at any time to exercise self-help remedies, foreclose against collateral, or obtain provisional remedies. The private judge shall also determine all issues relating to the applicability, interpretation, and enforceability of this paragraph.

This Section 12 shall survive the termination of this Agreement.

### **13 GENERAL PROVISIONS**

**13.1 Termination Prior to Term Loan Maturity Date; Survival.** All covenants, representations and warranties made in this Agreement shall continue in full force until this Agreement has terminated pursuant to its terms and all Obligations have been satisfied. So long as Borrower has satisfied the Obligations (other than inchoate indemnity obligations, and any other obligations which, by their terms, are to survive the termination of this Agreement, and any Obligations under Bank Services Agreements that are cash collateralized in accordance with Section 4.1 of this Agreement), this Agreement may be terminated prior to the Term Loan Maturity Date by Borrower pursuant to the terms and conditions set forth in Section 2.1.1(d), effective three (3) Business Days after written notice of termination is given to Agent. Those obligations that are expressly specified in this Agreement as surviving this Agreement's termination shall continue to survive notwithstanding this Agreement's termination. No termination of this Agreement shall in any way affect or impair any right or remedy of Agent or any Lender, nor shall any such termination relieve Borrower of any Obligation to any Lender, until all of the Obligations have been paid and performed in full. Those Obligations that are expressly specified in this Agreement as surviving this Agreement's termination shall continue to survive notwithstanding this Agreement's termination and payment in full of the Obligations then outstanding.

**13.2 Successors and Assigns.** This Agreement binds and is for the benefit of the successors and permitted assigns of each party. Borrower may not assign this Agreement or any rights or obligations under it without Agent and Lenders' prior written consent (which may be granted or withheld in Agent's and Lenders' sole discretion). Agent and each Lender has the right, without the consent of or notice to Borrower, to sell, transfer, assign, negotiate, or grant participation in all or any part of, or any interest in, such Lender's obligations, rights, and benefits under this Agreement and the other Loan Documents (other than the Warrant, as to which assignment, transfer and other such

actions are governed by the terms thereof). Notwithstanding the foregoing, so long as no Event of Default has occurred, no Lender shall assign its interest in the Loan Documents to any Person who, in the reasonable estimation of the Lenders, if (a) a direct competitor or Borrower, or (b) a vulture fund or distressed debt fund.

**13.3 Indemnification.** Borrower agrees to indemnify, defend and hold Agent, each Lender and their respective directors, officers, employees, agents, attorneys, or any other Person affiliated with or representing Agent or any Lender (each, an “**Indemnified Person**”) harmless against: (i) all obligations, demands, claims, and liabilities (collectively, “**Claims**”) claimed or asserted by any other party in connection with the transactions contemplated by the Loan Documents; and (ii) all losses or expenses (including Lenders’ Expenses) in any way suffered, incurred, or paid by such Indemnified Person as a result of, following from, consequential to, or arising from transactions between Agent, Lenders and Borrower (including reasonable attorneys’ fees and expenses), except for Claims and/or losses directly caused by such Indemnified Person’s gross negligence or willful misconduct. This Section 13.3 shall survive until all statutes of limitation with respect to the Claims, losses, and expenses for which indemnity is given shall have run.

**13.4 Time of Essence.** Time is of the essence for the performance of all Obligations in this Agreement.

**13.5 Severability of Provisions.** Each provision of this Agreement is severable from every other provision in determining the enforceability of any provision.

**13.6 Correction of Loan Documents.** Agent may correct patent errors and fill in any blanks in the Loan Documents consistent with the agreement of the parties.

**13.7 Amendments in Writing; Waiver; Integration.** No purported amendment or modification of any Loan Document, or waiver, discharge or termination of any obligation under any Loan Document, or release, or subordinate Lenders’ security interest in, or consent to the transfer of, any Collateral shall be enforceable or admissible unless, and only to the extent, expressly set forth in a writing signed by Agent, with the consent of the Lenders in accordance with the Lender Intercreditor Agreement or, if such item is not addressed in the Lender Intercreditor Agreement, as consented to by a majority of the Lenders, and Borrower. Without limiting the generality of the foregoing, no oral promise or statement, nor any action, inaction, delay, failure to require performance or course of conduct shall operate as, or evidence, an amendment, supplement or waiver or have any other effect on any Loan Document. Any waiver granted shall be limited to the specific circumstance expressly described in it, and shall not apply to any subsequent or other circumstance, whether similar or dissimilar, or give rise to, or evidence, any obligation or commitment to grant any further waiver. The Loan Documents represent the entire agreement about this subject matter and supersede prior negotiations or agreements. All prior agreements, understandings, representations, warranties, and negotiations between the parties about the subject matter of the Loan Documents merge into the Loan Documents. In the event any provision of any other Loan Document is inconsistent with the provisions of this Agreement, the provisions of this Agreement shall exclusively control.

**13.8 Counterparts.** This Agreement may be executed in any number of counterparts and by different parties on separate counterparts, each of which, when executed and delivered, is an original, and all taken together, constitute one Agreement.

**13.9 Confidentiality.** Agent and each Lender agrees to maintain the confidentiality of Information (as defined below), except that Information may be disclosed (a) to Agent and/or any Lender’s subsidiaries or Affiliates, and their respective employees, directors, investors, potential investors, agents, attorneys, accountants and other professional advisors (collectively, “**Representatives**” and, together with Agent and the Lenders, collectively, “**Lender Entities**”); (b) to prospective transferees, assignees, credit providers or purchasers of any of Agent’s or Lenders’ interests under or in connection with this Agreement and their Representatives (provided, however, Agent and the Lenders shall use their best efforts to obtain any such prospective transferee’s, assignee’s, credit provider’s, or purchaser’s or their Representatives’ agreement to the terms of this provision); (c) as required by law, regulation, subpoena, or other order; (d) to Agent’s or any Lender’s regulators or as otherwise required in connection with Agent’s or any Lender’s examination or audit; (e) as Agent or any Lender considers appropriate in exercising remedies under the Loan Documents; and (f) to third-party service providers of Agent and/or any Lender so long as such service providers have executed a confidentiality agreement with Agent or the Lenders, as applicable, with terms no less restrictive than those contained herein. The term “**Information**” means all information received from Borrower regarding Borrower or its

business, in each case other than information that is either: (i) in the public domain or in Agent's or any Lender's possession when disclosed to Agent or such Lender, or becomes part of the public domain (other than as a result of its disclosure by Agent or a Lender in violation of this Agreement) after disclosure to Agent and/or the Lenders; or (ii) disclosed to Agent and/or a Lender by a third party, if Agent or such Lender, as applicable, does not know that the third party is prohibited from disclosing the information.

Lender Entities may use anonymous forms of confidential information for aggregate datasets, for analyses or reporting, and for any other uses not expressly prohibited in writing by Borrower. The provisions of the immediately preceding sentence shall survive termination of this Agreement.

**13.10 Attorneys' Fees, Costs and Expenses.** In any action or proceeding among Borrower, Lender, and/or Agent arising out of or relating to the Loan Documents, the prevailing party shall be entitled to recover its reasonable attorneys' fees and other costs and expenses incurred, in addition to any other relief to which it may be entitled.

**13.11 Right of Setoff.** Borrower hereby grants to Agent, for the ratable benefit of the Lenders, a Lien, security interest, and a right of setoff as security for all Obligations to Agent and the Lenders, whether now existing or hereafter arising upon and against all deposits, credits, collateral and property, now or hereafter in the possession, custody, safekeeping or control of Agent or any entity under the control of Agent (including a subsidiary of Agent) or in transit to any of them. At any time after the occurrence and during the continuance of an Event of Default, without demand or notice, Agent or any Lender may setoff the same or any part thereof and apply the same to any Obligation of Borrower then due regardless of the adequacy of any other collateral securing the Obligations. ANY AND ALL RIGHTS TO REQUIRE AGENT OR ANY LENDER TO EXERCISE ITS RIGHTS OR REMEDIES WITH RESPECT TO ANY OTHER COLLATERAL WHICH SECURES THE OBLIGATIONS, PRIOR TO EXERCISING ITS RIGHT OF SETOFF WITH RESPECT TO SUCH DEPOSITS, CREDITS OR OTHER PROPERTY OF BORROWER, ARE HEREBY KNOWINGLY, VOLUNTARILY AND IRREVOCABLY WAIVED.

**13.12 Electronic Execution of Documents.** The words "execution," "signed," "signature" and words of like import in any Loan Document shall be deemed to include electronic signatures, or the keeping of records in electronic form, each of which shall be of the same legal effect, validity and enforceability as a manually executed signature or the use of a paper-based recordkeeping systems, as the case may be, to the extent and as provided for in any applicable law, including, without limitation, any state law based on the Uniform Electronic Transactions Act.

**13.13 Captions.** The headings used in this Agreement are for convenience only and shall not affect the interpretation of this Agreement.

**13.14 Construction of Agreement.** The parties mutually acknowledge that they and their attorneys have participated in the preparation and negotiation of this Agreement. In cases of uncertainty this Agreement shall be construed without regard to which of the parties caused the uncertainty to exist.

**13.15 Relationship.** The relationship of the parties to this Agreement is determined solely by the provisions of this Agreement. The parties do not intend to create any agency, partnership, joint venture, trust, fiduciary or other relationship with duties or incidents different from those of parties to an arm's-length contract.

**13.16 Third Parties.** Nothing in this Agreement, whether express or implied, is intended to: (a) confer any benefits, rights or remedies under or by reason of this Agreement on any persons other than the express parties to it and their respective permitted successors and assigns; (b) relieve or discharge the obligation or liability of any person not an express party to this Agreement; or (c) give any person not an express party to this Agreement any right of subrogation or action against any party to this Agreement.

**13.17 Patriot Act.** Each Lender hereby notifies Borrower that pursuant to the requirements of the USA PATRIOT Act, it is required to obtain, verify and record information that identifies Borrower and each of its Subsidiaries, which information includes the names and addresses of Borrower and each of its Subsidiaries and other information that will allow Lender, as applicable, to identify Borrower and each of its Subsidiaries in accordance with the USA PATRIOT Act.

**14.1 Definitions.** As used in the Loan Documents, the word “shall” is mandatory, the word “may” is permissive, the word “or” is not exclusive, the words “includes” and “including” are not limiting, the singular includes the plural, and numbers denoting amounts that are set off in brackets are negative. As used in this Agreement, the following capitalized terms have the following meanings:

“**Account**” is any “account” as defined in the Code with such additions to such term as may hereafter be made, and includes, without limitation, all accounts receivable and other sums owing to Borrower.

“**Account Debtor**” is any “account debtor” as defined in the Code with such additions to such term as may hereafter be made.

“**Affiliate**” is, with respect to any Person, each other Person that owns or controls directly or indirectly the Person, any Person that controls or is controlled by or is under common control with the Person, and each of that Person’s senior executive officers, directors, partners and, for any Person that is a limited liability company, that Person’s managers and members.

“**Agent**” is defined in the preamble hereof.

“**Agreement**” is defined in the preamble hereof.

“**Authorized Signer**” is any individual listed in Borrower’s Borrowing Resolution who is authorized to execute the Loan Documents, including any Credit Extension request, on behalf of Borrower.

“**Bank Services**” are any products, credit services, and/or financial accommodations previously, now, or hereafter provided to Borrower or any of its Subsidiaries by SVB or any SVB Affiliate, including, without limitation, any Letters of Credit, cash management services (including, without limitation, merchant services, direct deposit of payroll, business credit cards, and check cashing services), interest rate swap arrangements, and foreign exchange services as any such products or services may be identified in SVB’s various agreements related thereto (each, a “**Bank Services Agreement**”).

“**Bank Services Agreement**” is defined in the definition of Bank Services.

“**Board**” means Borrower’s board of directors.

“**Borrower**” is defined in the preamble hereof.

“**Borrower’s Books**” are all Borrower’s books and records including ledgers, federal and state tax returns, records regarding Borrower’s assets or liabilities, the Collateral, business operations or financial condition, and all computer programs or storage or any equipment containing such information.

“**Borrowing Resolutions**” are, with respect to any Person, those resolutions adopted by such Person’s board of directors (and, if required under the terms of such Person’s Operating Documents, stockholders) and delivered by such Person to Agent approving the Loan Documents to which such Person is a party and the transactions contemplated thereby, together with a certificate executed by its secretary on behalf of such Person certifying (a) such Person has the authority to execute, deliver, and perform its obligations under each of the Loan Documents to which it is a party, (b) that set forth as a part of or attached as an exhibit to such certificate is a true, correct, and complete copy of the resolutions then in full force and effect authorizing and ratifying the execution, delivery, and performance by such Person of the Loan Documents to which it is a party, (c) the name(s) of the Person(s) authorized to execute the Loan Documents, including any Credit Extension request, on behalf of such Person, together with a sample of the true signature(s) of such Person(s), and (d) that Agent and Lenders may conclusively rely on such certificate unless and until such Person shall have delivered to Agent and Lenders a further certificate canceling or amending such prior certificate.

“**Business Day**” is any day that is not a Saturday, Sunday or a day on which Agent is closed.

“**Cash Equivalents**” means (a) marketable direct obligations issued or unconditionally guaranteed by the United States or any agency or any State thereof having maturities of not more than one (1) year from the date of acquisition; (b) commercial paper maturing no more than one (1) year after its creation and having the highest rating from either Standard & Poor’s Ratings Group or Moody’s Investors Service, Inc.; (c) SVB’s certificates of deposit issued maturing no more than one (1) year after issue; (d) money market funds at least ninety-five percent (95%) of the assets of which constitute Cash Equivalents of the kinds described in clauses (a) through (c) of this definition, and (e) other highly liquid investments consistent with Borrower’s investment policy as in effect on the Effective Date.

“**Change in Control**” means (a) at any time, any “person” or “group” (as such terms are used in Sections 13(d) and 14(d) of the Exchange Act), shall become, or obtain rights (whether by means of warrants, options or otherwise) to become, the “beneficial owner” (as defined in Rules 13(d)-3 and 13(d)-5 under the Exchange Act), directly or indirectly, of forty-nine percent (49%) or more of the ordinary voting power for the election of directors of Borrower (determined on a fully diluted basis) other than by the sale of Borrower’s equity securities in a public offering or to venture capital or private equity investors so long as Borrower identifies to the Agent and the Lenders the venture capital or private equity investors at least seven (7) Business Days prior to the closing of the transaction and provides to Agent and the Lenders a description of the material terms of the transaction; (b) during any period of twelve (12) consecutive months, a majority of the members of the board of directors or other equivalent governing body of Borrower cease to be composed of individuals (i) who were members of that board or equivalent governing body on the first day of such period, (ii) whose election or nomination to that board or equivalent governing body was approved by individuals referred to in clause (i) above constituting at the time of such election or nomination at least a majority of that board or equivalent governing body or (iii) whose election or nomination to that board or other equivalent governing body was approved by individuals referred to in clauses (i) and (ii) above constituting at the time of such election or nomination at least a majority of that board or equivalent governing body; or (c) except as permitted by Section 7.3, at any time, Borrower shall cease to own and control, of record and beneficially, directly or indirectly, one hundred percent (100%) of each class of outstanding capital stock of each Subsidiary of Borrower (other than, with respect to Foreign Subsidiaries, nominal qualifying directors shares where required by law) free and clear of all Liens (except Liens created by this Agreement).

“**Claims**” is defined in Section 13.3.

“**Clinical Stage Program**” means (a) a Clinical Trial Application (in Canada, the European Union, the United Kingdom, Japan, Australia or Israel) and/or Investigational New Drug Application (U.S.) has been accepted by the relevant Governmental Authority, (b) the asset is in phase 1, phase 2, or phase 3 clinical trials, or (c) a “Biologics License Application” seeking permission to introduce, or deliver for introduction, a biologic product into interstate commerce has been submitted to the United States Food and Drug Administration.

“**Code**” is the Uniform Commercial Code, as the same may, from time to time, be enacted and in effect in the State of California; provided, that, to the extent that the Code is used to define any term herein or in any Loan Document and such term is defined differently in different Articles or Divisions of the Code, the definition of such term contained in Article or Division 9 shall govern; provided further, that in the event that, by reason of mandatory provisions of law, any or all of the attachment, perfection, or priority of, or remedies with respect to, Agent’s Lien on any Collateral is governed by the Uniform Commercial Code in effect in a jurisdiction other than the State of California, the term “**Code**” shall mean the Uniform Commercial Code as enacted and in effect in such other jurisdiction solely for purposes of the provisions thereof relating to such attachment, perfection, priority, or remedies and for purposes of definitions relating to such provisions.

“**Collateral**” is any and all properties, rights and assets of Borrower described on Exhibit A.

“**Collateral Account**” is any Deposit Account, Securities Account, or Commodity Account.

“**Commitment**” and “**Commitments**” means the Term Loan Commitment(s).



“**Commodity Account**” is any “commodity account” as defined in the Code with such additions to such term as may hereafter be made.

“**Compliance Statement**” is that certain statement in the form attached hereto as Exhibit B.

“**Contingent Obligation**” is, for any Person, any direct or indirect liability, contingent or not, of that Person for (a) any indebtedness, lease, dividend, letter of credit or other obligation of another such as an obligation, in each case, directly or indirectly guaranteed, endorsed, co-made, discounted or sold with recourse by that Person, or for which that Person is directly or indirectly liable; (b) any obligations for undrawn Letters of Credit for the account of that Person; and (c) all obligations from any interest rate, currency or commodity swap agreement, interest rate cap or collar agreement, or other agreement or arrangement designated to protect a Person against fluctuation in interest rates, currency exchange rates or commodity prices; but “Contingent Obligation” does not include endorsements in the ordinary course of business. The amount of a Contingent Obligation is the stated or determined amount of the primary obligation for which the Contingent Obligation is made or, if not determinable, the maximum reasonably anticipated liability for it determined by the Person in good faith; but the amount may not exceed the maximum of the obligations under any guarantee or other support arrangement.

“**Control Agreement**” is any control agreement entered into among the depository institution at which Borrower maintains a Deposit Account or the securities intermediary or commodity intermediary at which Borrower maintains a Securities Account or a Commodity Account, Borrower, and Agent pursuant to which Agent obtains control (within the meaning of the Code) for the benefit of the Lenders over such Deposit Account, Securities Account, or Commodity Account.

“**Copyrights**” are any and all copyright rights, copyright applications, copyright registrations and like protections in each work of authorship and derivative work thereof, whether published or unpublished and whether or not the same also constitutes a trade secret.

“**Credit Extension**” is any Term Loan Advance, or any other extension of credit by any Lender for Borrower’s benefit.

“**Default Rate**” is defined in Section 2.2(b).

“**Defaulting Lender**” is, subject to Section 10.10(b), any Lender that (a) has failed to (i) fund all or any portion of its Term Loan Advances within two (2) Business Days of the date such Term Loan Advances were required to be funded hereunder unless such Lender notifies Agent and Borrower in writing that such failure is the result of such Lender’s reasonable determination that one or more conditions precedent to funding (each of which conditions precedent, together with any applicable default, shall be specifically identified in such writing) has not been satisfied, or (ii) pay to Agent or any other Lender any other amount required to be paid by it hereunder within two (2) Business Days of the date when due, (b) has notified Borrower or Agent in writing that it does not intend to comply with its funding obligations hereunder, or has made a public statement to that effect (unless such writing or public statement relates to such Lender’s obligation to fund a Term Loan Advance hereunder and states that such position is based on such Lender’s reasonable determination that a condition precedent to funding (which condition precedent, together with any applicable default, shall be specifically identified in such writing or public statement) cannot be satisfied), (c) has failed, within three (3) Business Days after written request by Agent or Borrower, to confirm in writing to Agent and Borrower that it will comply with its prospective funding obligations hereunder (provided that such Lender shall cease to be a Defaulting Lender pursuant to this clause (c) upon receipt of such written confirmation by Agent and Borrower), or (d) has, or has a direct or indirect parent company that has, (i) become the subject of an Insolvency Proceeding, or (ii) had appointed for it a receiver, custodian, conservator, trustee, administrator, assignee for the benefit of creditors or similar Person charged with reorganization or liquidation of its business or assets, including the Federal Deposit Insurance Corporation or any other state or federal regulatory authority acting in such a capacity; provided that a Lender shall not be a Defaulting Lender solely by virtue of the ownership or acquisition of any equity interest in that Lender or any direct or indirect parent company thereof by a Governmental Authority so long as such ownership interest does not result in or provide such Lender with immunity from the jurisdiction of courts within the United States or from the enforcement of judgments or writs of attachment on its assets or permit such Lender (or such Governmental Authority) to reject, repudiate, disavow or disaffirm any contracts or agreements made with such Lender. Any determination by Agent that a Lender is a Defaulting Lender under any one or more of clauses (a)

through (d) above shall be conclusive and binding absent manifest error, and such Lender shall be deemed to be a Defaulting Lender (subject to Section 10.10(b)) upon delivery of written notice of such determination to Borrower and each Lender.

“**Deposit Account**” is any “deposit account” as defined in the Code with such additions to such term as may hereafter be made.

“**Designated Deposit Account**” is the multicurrency account denominated in Dollars, account number xxxxxxx3564, maintained by Borrower with SVB.

“**Disbursement Letter**” is that certain form attached hereto as Exhibit D.

“**Division**” means, in reference to any Person which is an entity, the division of such Person into two (2) or more separate Persons, with the dividing Person either continuing or terminating its existence as part of such division, including, without limitation, as contemplated under Section 18 217 of the Delaware Limited Liability Company Act for limited liability companies formed under Delaware law, or any analogous action taken pursuant to any other applicable law with respect to any corporation, limited liability company, partnership or other entity.

“**Dollar Equivalent**” is, at any time, (a) with respect to any amount denominated in Dollars, such amount, and (b) with respect to any amount denominated in a Foreign Currency, the equivalent amount therefor in Dollars as determined by Agent at such time on the basis of the then-prevailing rate of exchange in San Francisco, California, for sales of the Foreign Currency for transfer to the country issuing such Foreign Currency.

“**Dollars,**” “**dollars**” or use of the sign “**\$**” means only lawful money of the United States and not any other currency, regardless of whether that currency uses the “**\$**” sign to denote its currency or may be readily converted into lawful money of the United States.

“**Domestic Subsidiary**” means a Subsidiary organized under the laws of the United States or any state or territory thereof or the District of Columbia.

“**Draw Condition**” means Borrower has provided the Lenders with evidence, satisfactory to the Lenders in their sole discretion, confirming that Borrower has at least three (3) distinct and active Clinical Stage Programs.

“**Effective Date**” is defined in the preamble hereof.

“**Equipment**” is all “equipment” as defined in the Code with such additions to such term as may hereafter be made, and includes without limitation all machinery, fixtures, goods, vehicles (including motor vehicles and trailers), and any interest in any of the foregoing.

“**ERISA**” is the Employee Retirement Income Security Act of 1974, and its regulations.

“**Event of Default**” is defined in Section 8.

“**Exchange Act**” is the Securities Exchange Act of 1934, as amended.

“**Excluded Taxes**” means any of the following taxes imposed on or with respect to Agent or the Lenders or required to be withheld or deducted from a payment to Agent or the Lenders, (a) taxes imposed on or measured by net income (however denominated), franchise taxes, and branch profits taxes, (b) taxes imposed as a result of a present or former connection between Agent or any Lender (as applicable) and the jurisdiction imposing such tax (other than connections arising from Agent/the applicable Lender having executed, delivered, become a party to, performed its obligations under, received payments under, received or perfected a security interest under, engaged in any other transaction pursuant to or enforced any Loan Document), and (c) U.S. federal withholding taxes imposed on amounts payable to or for the account of Agent/the applicable Lender or its successor or assign with respect to an applicable interest in a Term Loan Advance pursuant to a law in effect on the date on which Agent/the applicable Lender or such successor or assign, as applicable, (i) acquires such interest in the Term Loan Advance or (ii) changes its lending

office, except in each case to the extent that amounts with respect to such taxes were payable either to such predecessor or assignor immediately before such successor or assign became a party hereto or to Agent/the applicable Lender or such successor or assign immediately before it changed its lending office.

**“Federal Funds Effective Rate”** means, for any day, the weighted average of the rates on overnight federal funds transactions with members of the Federal Reserve System arranged by federal funds brokers, as published on the next succeeding Business Day by the Federal Reserve Bank of New York, or, if such rate is not so published for any day that is a Business Day, the average of the quotations for the day of such transactions received by SVB from three federal funds brokers of recognized standing selected by it.

**“Financial Statement Repository”** is (a) SWLSReporting@svb.com, and (b) any such other means of collecting information approved and designated by Agent or a Lender after providing notice thereof to Borrower from time to time.

**“Final Payment”** is a payment (in addition to and not in substitution for the regular monthly payments of principal plus accrued interest) due on the earliest to occur of (a) the Term Loan Maturity Date, (b) the payment in full of the Term Loan Advances, (c) as required by Section 2.1.1(d) or 2.1.1(e), (d) acceleration of the Term Loan Advances after an Event of Default has occurred and is continuing, or (e) the termination of this Agreement, and equal to the aggregate original principal amount of the Term Loan Advances made by the Lenders to Borrower *multiplied by seven and one half percentage points (7.50%)*.

**“Foreign Currency”** means lawful money of a country other than the United States.

**“Foreign Subsidiary”** means any Subsidiary which is not a Domestic Subsidiary.

**“Funding Date”** is any date on which a Credit Extension is made to or for the account of Borrower which shall be a Business Day.

**“FX Contract”** is any foreign exchange contract by and between Borrower and SVB under which Borrower commits to purchase from or sell to SVB a specific amount of Foreign Currency on a specified date.

**“GAAP”** is generally accepted accounting principles set forth in the opinions and pronouncements of the Accounting Principles Board of the American Institute of Certified Public Accountants and statements and pronouncements of the Financial Accounting Standards Board or in such other statements by such other Person as may be approved by a significant segment of the accounting profession, which are applicable to the circumstances as of the date of determination without giving effect to Accounting Standards Codification 842, Leases (or any other Accounting Standards Codification having similar result or effect) (and related interpretations) to the extent any lease (or similar arrangement) would be required to be treated as a capital lease thereunder where such lease (or arrangement) would have been treated as an operating lease prior to the effectiveness of such Accounting Standards Codification.

**“General Intangibles”** is all “general intangibles” as defined in the Code in effect on the date hereof with such additions to such term as may hereafter be made, and includes without limitation, all Intellectual Property, claims, income and other tax refunds, security and other deposits, payment intangibles, contract rights, options to purchase or sell real or personal property, rights in all litigation presently or hereafter pending (whether in contract, tort or otherwise), insurance policies (including without limitation key man, property damage, and business interruption insurance), payments of insurance and rights to payment of any kind.

**“Governmental Approval”** is any consent, authorization, approval, order, license, franchise, permit, certificate, accreditation, registration, filing or notice, of, issued by, from or to, or other act by or in respect of, any Governmental Authority, including, without limitation, Healthcare Permits.

**“Governmental Authority”** is any nation or government, any state or other political subdivision thereof, any agency, authority, instrumentality, regulatory body, court, central bank or other entity exercising executive,

legislative, judicial, taxing, regulatory or administrative functions of or pertaining to government, any securities exchange and any self-regulatory organization.

**“Group Member”** means Borrower and its Subsidiaries.

**“Guarantor”** is any Person providing a Guaranty in favor of Lenders.

**“Guaranty”** is any guarantee of all or any part of the Obligations, as the same may from time to time be amended, restated, modified or otherwise supplemented.

**“Healthcare Laws”** means all applicable laws relating to the operation or management of hospitalist practices, the provision of hospitalist services, proper billing and collection practices relating to the payment for healthcare services, insurance law (including law related to payment for “no-fault” claims) and workers compensation law as they relate to the provision of, and billing and payment for, healthcare services, patient healthcare, patient healthcare information, patient abuse, the quality and adequacy of rehabilitative care, rate setting, equipment, personnel, operating policies, fee splitting, including, without limitation, (a) all federal and state fraud and abuse laws, including, without limitation, the federal Anti-Kickback Statute (42 U.S.C. §1320a-7b(b)), the Stark Law (42 U.S.C. §1395nn), the civil False Claims Act (31 U.S.C. §3729 et seq.), the administrative False Claims Law (42 U.S.C. § 1320a-7b(a)), the Anti-Inducement Law (42 U.S.C. § 1320a-7a(a)(5)), the exclusion laws (42 U.S.C. § 1320a-7); (b) the Health Insurance Portability and Accountability Act of 1996, as amended by the Health Information Technology for Economic and Clinical Health Act of 2009; (c) the Medicare Regulations and the Medicaid Program (Title XIX of the Social Security Act); (d) quality, safety and accreditation standards and requirements of all applicable state laws or regulatory bodies; (e) all laws, policies, procedures, requirements and regulations pursuant to which Healthcare Permits are issued; (f) any laws, regulations or administrative guidance with respect to fee splitting by healthcare professionals and the corporate practice of medicine in any jurisdiction in which any Borrower or any Guarantor operates; and (g) any and all comparable state or local laws and other applicable health care laws, regulations, manual provisions, policies and administrative guidance, each of (a) through (g) as may be amended from time to time and the regulations promulgated pursuant to each such law.

**“Healthcare Permit”** means, with respect to any Person, a permit issued or required under Healthcare Laws applicable to the business of Borrower or any Guarantor, or necessary in the possession, ownership, warehousing, marketing, promoting, sale, labeling, furnishing, distribution or delivery of goods or services under Healthcare Laws applicable to the business of Borrower or any Guarantor.

**“HIPAA”** means, collectively, the Health Insurance Portability and Accountability Act of 1996, as amended by the Health Information Technology for Economic Clinical Health (HITECKH) Act and the implementing regulations thereto.

**“Indebtedness”** is (a) indebtedness for borrowed money or the deferred price of property or services, such as reimbursement and other obligations for surety bonds and Letters of Credit, (b) obligations evidenced by notes, bonds, debentures or similar instruments, (c) capital lease obligations, and (d) Contingent Obligations.

**“Indemnified Person”** is defined in Section 13.3.

**“Information”** is defined in Section 13.9.

**“Initial Tranche A Term Loan Advance”** is defined in Section 2.1.1(a).

**“Insolvency Proceeding”** is any proceeding by or against any Person under the United States Bankruptcy Code, or any other bankruptcy or insolvency law, including assignments for the benefit of creditors, compositions, extensions generally with its creditors, or proceedings seeking reorganization, arrangement, or other relief.

**“Intellectual Property”** means, with respect to any Person, all of such Person’s right, title, and interest in and to the following:

- (a) its Copyrights, Trademarks and Patents;
- (b) any and all trade secrets and trade secret rights, including, without limitation, any rights to unpatented inventions, know-how and operating manuals;
- (c) any and all source code;
- (d) any and all design rights which may be available to such Person;
- (e) any and all claims for damages by way of past, present and future infringement of any of the foregoing, with the right, but not the obligation, to sue for and collect such damages for said use or infringement of the Intellectual Property rights identified above; and
- (f) all amendments, renewals and extensions of any of the Copyrights, Trademarks or Patents.

**“Inventory”** is all “inventory” as defined in the Code in effect on the date hereof with such additions to such term as may hereafter be made, and includes without limitation all merchandise, raw materials, parts, supplies, packing and shipping materials, work in process and finished products, including without limitation such inventory as is temporarily out of Borrower’s custody or possession or in transit and including any returned goods and any documents of title representing any of the above.

**“Investment”** is any beneficial ownership interest in any Person (including stock, partnership interest or other securities), and any loan, advance or capital contribution to any Person.

**“Key Person”** is Borrower’s Chief Executive Officer, who is RA Session II as of the Effective Date.

**“Lender”** and **“Lenders”** is defined in the preamble.

**“Lender Entities”** is defined in Section 13.9.

**“Lender Intercreditor Agreement”** is, collectively, any and all intercreditor agreement, master arrangement agreement or similar agreement by and between SVB Capital and SVB, as each may be amended from time to time in accordance with the provisions thereof.

**“Lenders’ Expenses”** are all of Agent’s and the Lenders’ audit fees and expenses, costs, and expenses (including reasonable and documented out-of-pocket attorneys’ fees and expenses) for preparing, amending, negotiating, administering, defending and enforcing the Loan Documents (including, without limitation, those incurred in connection with appeals or Insolvency Proceedings) or otherwise incurred with respect to Borrower.

**“Letter of Credit”** is a standby or commercial letter of credit issued by SVB upon request of Borrower based upon an application, guarantee, indemnity, or similar agreement.

**“Lien”** is a claim, mortgage, deed of trust, levy, charge, pledge, security interest or other encumbrance of any kind, whether voluntarily incurred or arising by operation of law or otherwise against any property.

**“Loan Documents”** are, collectively, this Agreement and any schedules, exhibits, certificates, notices, and any other documents related to this Agreement, the Perfection Certificate, each Disbursement Letter, the Lender Intercreditor Agreement, any Bank Services Agreement, any Control Agreement, any pledge agreement, any subordination agreement, any note, or notes or guaranties executed by Borrower or any Guarantor, and any other present or future agreement by Borrower or any Guarantor with or for the benefit of Agent and the Lenders in connection with this Agreement or Bank Services, all as amended, restated, or otherwise modified.

**“Material Adverse Change”** is: (a) a material impairment in the perfection or priority of Agent’s, for the ratable benefit of the Lenders, Lien in the Collateral or in the value of such Collateral; (b) a material adverse change in the business, operations, or condition (financial or otherwise) of Borrower; or (c) a material impairment of the prospect of repayment of any portion of the Obligations.

**“Obligations”** are Borrower’s obligations to pay when due any debts, principal, interest, fees, Lenders’ Expenses, the Final Payment, the Prepayment Premium, and other amounts Borrower owes Agent or any Lender now or later, whether under this Agreement, the other Loan Documents (other than the Warrant), or otherwise, including, without limitation, all obligations relating to Bank Services, if any, and including interest accruing after Insolvency Proceedings begin and debts, liabilities, or obligations of Borrower assigned to Agent and/or the Lenders, and to perform Borrower’s duties under the Loan Documents (other than the Warrant).

**“Operating Documents”** are, for any Person, such Person’s formation documents, as certified by the Secretary of State (or equivalent agency) of such Person’s jurisdiction of organization on a date that is no earlier than thirty (30) days prior to the Effective Date, and, (a) if such Person is a corporation, its bylaws in current form, (b) if such Person is a limited liability company, its limited liability company agreement (or similar agreement), and (c) if such Person is a partnership, its partnership agreement (or similar agreement), each of the foregoing with all current amendments or modifications thereto.

**“Patents”** means all patents, patent applications and like protections including without limitation improvements, divisions, continuations, renewals, reissues, extensions and continuations-in-part of the same.

**“Payment/Advance Form”** is that certain form attached hereto as Exhibit C.

**“Payment Date”** is the first (1<sup>st</sup>) calendar day of each month.

**“Perfection Certificate”** is defined in Section 5.1.

**“Permitted Indebtedness”** is:

- (a) Borrower’s Indebtedness to Agent and the Lenders under this Agreement and the other Loan Documents;
- (b) Indebtedness existing on the Effective Date which is shown on the Perfection Certificate;
- (c) Subordinated Debt;
- (d) unsecured Indebtedness to trade creditors incurred in the ordinary course of business;
- (e) Indebtedness incurred as a result of endorsing negotiable instruments received in the ordinary course of business;
- (f) Indebtedness secured by Liens permitted under clauses (a) and (c) of the definition of “Permitted Liens” hereunder;
- (g) Intercompany Indebtedness that qualifies as a Permitted Investment;
- (h) Indebtedness incurred in connection with insurance premium financings in the ordinary course of business; provided that any Lien securing such Indebtedness is limited to the unearned premium of such insurance;
- (i) other unsecured Indebtedness not otherwise permitted hereunder in an aggregate outstanding principal amount not to exceed Two Hundred Fifty Thousand Dollars (\$250,000);

(j) Indebtedness in respect of performance bonds, bid bonds, appeal bonds, surety bonds and similar obligations in an aggregate amount not to exceed One Hundred Thousand Dollars (\$100,000) incurred in the ordinary course of business; and

(k) extensions, refinancings, modifications, amendments and restatements of any items of Permitted Indebtedness (a) through (j) above; provided that the principal amount thereof is not increased or the terms thereof are not modified to impose more burdensome terms upon Borrower or its Subsidiary, as the case may be.

**“Permitted Investments”** are:

(a) Investments (including, without limitation, Subsidiaries) existing on the Effective Date which are shown on the Perfection Certificate;

(b) Investments consisting of (i) Cash Equivalents, and (ii) any Investments permitted by Borrower’s investment policy, as amended from time to time, provided that such investment policy (and any such amendment thereto) has been approved in advance, in writing, by Agent in its good faith business judgment;

(c) Investments consisting of the endorsement of negotiable instruments for deposit or collection or similar transactions in the ordinary course of Borrower;

(d) Investments consisting of deposit accounts in which Agent has a perfected security interest to the extent required by the terms of this Agreement (including, but not limited to Sections 3.1 and 6.6(b));

(e) Investments accepted in connection with Transfers permitted by Section 7.1;

(f) Investments (i) by Borrower in Subsidiaries to fund the ongoing day-to-day operations of such Subsidiaries in the ordinary course of business so long as such Investments are made on a cost-plus basis or otherwise in accordance with transfer pricing (or similar) arrangements approved in advance, in writing by the Lenders, provided that if the Lenders do not provide Borrower with any comments/objections to any specific cost-plus/transfer pricing agreement within ten (10) Business Day of receipt by the Lenders of a copy of the same from Borrower, the Lenders shall be deemed to consent to the applicable cost-plus or transfer pricing agreement, (ii) by Borrower or any Subsidiary that is a co-Borrower or Secured Guarantor hereunder in Borrower or any other Subsidiary that is a co-Borrower or secured Guarantor hereunder, (iii) by Borrower in Subsidiaries that are not co-Borrowers or secured Guarantors hereunder not to exceed Five Hundred Thousand Dollars (\$500,000) in the aggregate in any fiscal year, and (iv) by Subsidiaries that are not co-Borrowers or secured Guarantors hereunder, in other Subsidiaries that are not co-Borrowers or secured Guarantors hereunder or in Borrower;

(g) Investments consisting of (i) travel advances and employee relocation loans and other employee loans and advances in the ordinary course of business, and (ii) loans to employees, officers or directors relating to the purchase of equity securities of Borrower or its Subsidiaries pursuant to employee stock purchase plans or agreements approved by the Board;

(h) Investments (including debt obligations) received in connection with the bankruptcy or reorganization of customers or suppliers and in settlement of delinquent obligations of, and other disputes with, customers or suppliers arising in the ordinary course of business;

(i) Investments consisting of notes receivable of, or prepaid royalties and other credit extensions, to customers and suppliers who are not Affiliates, in the ordinary course of business; provided that this paragraph (i) shall not apply to Investments of Borrower in any Subsidiary;

(j) Investments consisting of deposits to secure the performance of bids, trade contracts, statutory obligations, surety and appeal bonds (other than bonds related to judgments or litigation) or performance bonds, in each case in the ordinary course of business;

(k) Investments in joint ventures or strategic alliances in the ordinary course of Borrower's business consisting of the non-exclusive licensing of technology, the development of technology or the providing of technical support, or cash in an amount not to exceed Five Hundred Thousand Dollars (\$500,000) in any fiscal year; and

(l) other Investments not otherwise prohibited by the terms of this Agreement in an aggregate amount not to exceed Five Hundred Thousand Dollars (\$500,000) in each fiscal year.

**"Permitted Liens" are:**

(a) Liens existing on the Effective Date which are shown on the Perfection Certificate or arising under this Agreement and the other Loan Documents;

(b) Liens for taxes, fees, assessments or other government charges or levies, either (i) not due and payable or (ii) being contested in good faith and for which Borrower maintains adequate reserves on its Books, provided that no notice of any such Lien has been filed or recorded under the Internal Revenue Code of 1986, as amended, and the Treasury Regulations adopted thereunder;

(c) purchase money Liens (i) on Equipment acquired or held by Borrower incurred for financing the acquisition of the Equipment securing no more than Ten Million Dollars (\$10,000,000) in the aggregate amount outstanding, or (ii) existing on Equipment when acquired, if the Lien is confined to the property and improvements and the proceeds of the Equipment;

(d) Liens of carriers, warehousemen, suppliers, or other Persons that are possessory in nature arising in the ordinary course of business so long as such Liens attach only to Inventory and which are not delinquent or remain payable without penalty or which are being contested in good faith and by appropriate proceedings which proceedings have the effect of preventing the forfeiture or sale of the property subject thereto;

(e) Liens to secure payment of workers' compensation, employment insurance, old-age pensions, social security and other like obligations incurred in the ordinary course of business (other than Liens imposed by ERISA);

(f) Liens incurred in the extension, renewal or refinancing of the indebtedness secured by Liens described in (a) through (c), but any extension, renewal or replacement Lien must be limited to the property encumbered by the existing Lien and the principal amount of the indebtedness may not increase;

(g) leases or subleases of real property granted in the ordinary course of Borrower's business (or, if referring to another Person, in the ordinary course of such Person's business), and leases, subleases, non-exclusive licenses or sublicenses of personal property (other than Intellectual Property) granted in the ordinary course of Borrower's business (or, if referring to another Person, in the ordinary course of such Person's business), if the leases, subleases, licenses and sublicenses do not prohibit granting Agent a security interest therein;

(h) of non-exclusive licenses for the use of the property of Borrower or its Subsidiaries in the ordinary course of business and licenses that could not result in a legal transfer of title of the licensed property but that may be exclusive in respects other than territory and that may be exclusive as to territory only as to discrete geographical areas outside of the United States;

(i) Liens incurred to secure the performance of bids, trade contracts (other than for borrowed money), statutory obligations, surety and appeal bonds and performance bonds incurred in the ordinary course of business;

(j) Liens on Borrower's cash Collateral incurred in connection with security deposits posted to any of Borrower's landlords to secure the performance of operating leases incurred in the ordinary course of business, but only if, after request by Borrower, any such landlord refuses to accept a letter of credit in lieu of any such cash security deposit;



Indebtedness; (k) Liens on insurance policies and the proceeds thereof securing Indebtedness described in clause (h) of Permitted

(l) Liens arising from attachments or judgments, orders, or decrees in circumstances not constituting an Event of Default under Sections 8.4 and 8.7;

(m) without duplication with items (a) (l) above, Liens on up to Two Million Six Hundred Thousand Dollars (\$2,600,000) of the cash Collateral to secure Borrower's obligations under its lease for the real property located at 5 National Way, Durham, NC 27703; and

(n) Liens in favor of other financial institutions arising in connection with Borrower's or its Subsidiaries' deposit and/or securities accounts held at such institutions, provided that Agent has, to the extent required pursuant to this Agreement, including Section 6.6(b) hereof, for the benefit of the Lenders, a perfected security interest in the amounts held in such deposit and/or securities accounts.

**"Person"** is any individual, sole proprietorship, partnership, limited liability company, joint venture, company, trust, unincorporated organization, association, corporation, institution, public benefit corporation, firm, joint stock company, estate, entity or government agency.

**"Prepayment Premium"** shall be an additional fee, payable to Agent, for the ratable benefit of the Lenders based on their Pro Rata Share, with respect to the Term Loan Advances, in an amount equal to:

(a) for a prepayment of the Term Loan Advances made on or prior to the first (1<sup>st</sup>) anniversary of the Effective Date, two percent (2.00%) of the then outstanding principal amount of the Term Loan Advances immediately prior to the date of such prepayment;

(b) for a prepayment of the Term Loan Advances made after the first (1<sup>st</sup>) anniversary of the Effective Date, but on or prior to the second (2<sup>nd</sup>) anniversary of the Effective Date, one percent (1.00%) of the then outstanding principal amount of the Term Loan Advances immediately prior to the date of such prepayment; and

(c) for a prepayment of the Term Loan Advances made after the second (2<sup>nd</sup>) anniversary of the Effective Date, but prior to the Term Loan Maturity Date, zero percent (0%) of the then outstanding principal amount of the Term Loan Advances immediately prior to the date of such prepayment.

**"Prime Rate"** is the rate of interest per annum from time to time published in the money rates section of The Wall Street Journal or any successor publication thereto as the "prime rate" then in effect; provided that, in the event such rate of interest is less than zero, such rate shall be deemed to be zero for purposes of this Agreement; and provided further that if such rate of interest, as set forth from time to time in the money rates section of The Wall Street Journal, becomes unavailable for any reason as determined by Agent, the "Prime Rate" shall mean the rate of interest per annum announced by SVB as its prime rate in effect at its principal office in the State of California (such SVB announced Prime Rate not being intended to be the lowest rate of interest charged by SVB in connection with extensions of credit to debtors); provided that, in the event such rate of interest is less than zero, such rate shall be deemed to be zero for purposes of this Agreement.

**"Pro Rata Share"** is, as of any date of determination, with respect to each Lender, a percentage (expressed as a decimal, rounded to the ninth decimal place) determined by *dividing* the outstanding principal amount of Term Loan Advances held by such Lender *by* the aggregate outstanding principal amount of all Term Loan Advances.

**"Quarterly Financial Statements"** is defined in Section 6.2(a).

**"Registered Organization"** is any "registered organization" as defined in the Code with such additions to such term as may hereafter be made.

**"Removal Effective Date"** is defined in Section 10.10(d).

“**Representatives**” is defined in Section 13.9.

“**Requirement of Law**” is as to any Person, the organizational or governing documents of such Person, and any law (statutory or common), treaty, rule or regulation or determination of an arbitrator or a court or other Governmental Authority, in each case applicable to or binding upon such Person or any of its property or to which such Person or any of its property is subject.

“**Responsible Officer**” is any of the Chief Executive Officer, President, and Chief Financial Officer of Borrower.

“**Restricted License**” is any material license or similar agreement with respect to which Borrower is the licensee of third Person Intellectual Property (a) that prohibits or otherwise restricts Borrower from granting a security interest in, or a fixed or floating charge over, Borrower’s interest in such license or agreement or any other property, or (b) for which a default under or termination of could interfere with the Agent’s right to sell any Collateral.

“**SEC**” shall mean the Securities and Exchange Commission, any successor thereto, and any analogous Governmental Authority.

“**Securities Account**” is any “securities account” as defined in the Code with such additions to such term as may hereafter be made.

“**Subordinated Debt**” is indebtedness incurred by Borrower subordinated to all of Borrower’s now or hereafter indebtedness to Agent and the Lenders (pursuant to a subordination, intercreditor, or other similar agreement in form and substance satisfactory to Agent and the Lenders, entered into between Agent, the Lenders and the other creditor), on terms acceptable to Agent and the Lenders.

“**Subsequent Tranche A Term Loan Advance**” is defined in Section 2.1.1(a).

“**Subsidiary**” is, as to any Person, a corporation, partnership, limited liability company or other entity of which shares of stock or other ownership interests having ordinary voting power (other than stock or such other ownership interests having such power only by reason of the happening of a contingency) to elect a majority of the board of directors or other managers of such corporation, partnership or other entity are at the time owned, or the management of which is otherwise controlled, directly or indirectly through one or more intermediaries, or both, by such Person. Unless the context otherwise requires, each reference to a Subsidiary herein shall be a reference to a Subsidiary of Borrower.

“**SVB**” is defined in the preamble hereof.

“**SVB Capital**” is defined in the preamble hereof.

“**Term Loan Advance**” and “**Term Loan Advances**” are each defined in Section 2.1.1(a).

“**Term Loan Commitment**” means, for any Lender, the obligation of such Lender to make a Term Loan Advance as and when available, up to the principal amount shown on Schedule 1. “**Term Loan Commitments**” means the aggregate amount of such commitments of all Lenders.

“**Term Loan Commitment Percentage**” means, as to any Lender at any time, the percentage (carried out to the fourth decimal place) of the Term Loan Commitments represented by such Lender’s Term Loan Commitment at such time. The initial Term Loan Commitment Percentage of each Lender is set forth opposite the name of such Lender on Schedule 1.

“**Term Loan Maturity Date**” is August 1, 2026.

“**Trademarks**” means any trademark and servicemark rights, whether registered or not, applications to register and registrations of the same and like protections, and the entire goodwill of the business of Borrower connected with and symbolized by such trademarks.

“**Tranche A**” is defined in Section 2.1.1(a) hereof.

“**Tranche A Term Loan Advances**” is defined in Section 2.1.1(a).

“**Tranche B**” is defined in Section 2.1.1(a) hereof.

“**Tranche B Draw Period**” is the period of time beginning January 1, 2022 and continuing through September 30, 2022.

“**Tranche B Term Loan Advance**” is defined in Section 2.1.1(a).

“**Tranche C**” is defined in Section 2.1.1(a) hereof.

“**Tranche C Draw Period**” is the period of time beginning on October 1, 2022 and continuing through March 31, 2023.

“**Tranche C Term Loan Advance**” is defined in Section 2.1.1(a).

“**Transfer**” is defined in Section 7.1.

“**Uncommitted Accordion**” is defined in Section 2.1.1(a) hereof.

“**Uncommitted Accordion Draw Period**” is, if the Lenders, in their sole and absolute discretion, agree to accept a request from Borrower to make the Uncommitted Accordion available to Borrower, the period of time beginning on April 1, 2023 and continuing through December 31, 2023.

[Signature page follows.]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed as of the Effective Date.

BORROWER:

**TAYSHA GENE THERAPIES, INC.**

By:  /s/ Kamran Alam

Name: Kamran Alam

Title: Chief Financial Officer

AGENT:

**SILICON VALLEY BANK, as Agent**

By:  /s/ Michael White

Name: Michael White

Title: Head of Business Development

LENDERS:

**SILICON VALLEY BANK, as Lender**

By:  /s/ Michael White

Name: Michael White

Title: Head of Business Development

**SVB INNOVATION CREDIT FUND VIII, L.P., as Lender**

By: SVB Innovation Credit Partners VIII, LLC, a  
Delaware limited liability company, its General Partner

By:  /s/ Ryan Grammer

Name: Ryan Grammer

Title: Senior Managing Director

***[Signature Page to Loan and Security Agreement]***

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**SCHEDULE 1**

**LENDERS AND COMMITMENTS**

<b><u>Lender</u></b>	<b><u>Initial Tranche A Term Loan Advance Commitment</u></b>	<b><u>Initial Tranche A Term Loan Advance Commitment Percentage</u></b>	<b><u>Subsequent Tranche A Term Loan Advance Commitment</u></b>	<b><u>Subsequent Tranche A Term Loan Advance Commitment Percentage</u></b>	<b><u>Tranche B Term Loan Advance Commitment</u></b>	<b><u>Tranche B Term Loan Advance Commitment Percentage</u></b>	<b><u>Tranche C Term Loan Advance Commitment</u></b>	<b><u>Tranche C Term Loan Advance Commitment Percentage</u></b>
Silicon Valley Bank	\$18,750,000	62.5000%	\$6,250,000	62.5000%	\$12,500,000	62.5000%	\$12,500,000	62.5000%
SVB Innovation Credit Fund VIII, L.P.	\$11,250,000	37.5000%	\$3,750,000	37.5000%	\$7,500,000	37.5000%	\$7,500,000	37.5000%
<b><u>TOTAL</u></b>	<b><u>\$30,000,000</u></b>	<b><u>100.0000%</u></b>	<b><u>\$10,000,000</u></b>	<b><u>100.0000%</u></b>	<b><u>\$20,000,000</u></b>	<b><u>100.0000%</u></b>	<b><u>\$20,000,000</u></b>	<b><u>100.0000%</u></b>

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**EXHIBIT A**

**COLLATERAL DESCRIPTION**

The Collateral consists of all of Borrower's right, title and interest in and to the following personal property:

All goods, Accounts (including health-care receivables), Equipment, Inventory, contract rights or rights to payment of money, leases, license agreements, franchise agreements, General Intangibles (except as provided below), commercial tort claims, documents, instruments (including any promissory notes), chattel paper (whether tangible or electronic), cash, deposit accounts, certificates of deposit, fixtures, letters of credit rights (whether or not the letter of credit is evidenced by a writing), securities, and all other investment property, supporting obligations, and financial assets, whether now owned or hereafter acquired, wherever located; and

All Borrower's Books relating to the foregoing and any and all claims, rights and interests in any of the above and all substitutions for, additions, attachments, accessories, accessions and improvements to and replacements, products, proceeds and insurance proceeds of any or all of the foregoing.

Notwithstanding the foregoing, the Collateral does not include (a) with respect to stock in Foreign Subsidiaries, more than sixty-five percent (65.0%) of the presently existing and hereafter arising issued and outstanding shares of capital stock owned by Borrower of any Foreign Subsidiary which shares entitle the holder thereof to vote for directors or any other matter, but only if Borrower can demonstrate to Agent and the Lenders' satisfaction that pledging in excess of sixty-five percent (65%) of such stock would cause an adverse tax consequence for Borrower or any such Foreign Subsidiary, or (b) any Intellectual Property; provided, however, the Collateral shall include all Accounts and all proceeds of Intellectual Property. If a judicial authority (including a U.S. Bankruptcy Court) would hold that a security interest in the underlying Intellectual Property is necessary to have a security interest in such Accounts and such property that are proceeds of Intellectual Property, then the Collateral shall automatically, and effective as of the Effective Date, include the Intellectual Property to the extent necessary to permit perfection of Agent's, for the ratable benefit of the Lenders, security interest in such Accounts and such other property of Borrower that are proceeds of the Intellectual Property.

Pursuant to the terms of a certain negative pledge arrangement with Agent and the Lenders, Borrower has agreed not to encumber any of its Intellectual Property without Agent and the Lenders' prior written consent.

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**EXHIBIT B**

**COMPLIANCE STATEMENT**

Date: \_\_\_\_\_

TO: **SILICON VALLEY BANK (“SVB”), as Agent, SVB, and SVB INNOVATION CREDIT FUND VIII, L.P., as Lenders**  
FROM: **TAYSHA GENE THERAPIES, INC.**

Under the terms and conditions of the Loan and Security Agreement among Borrower, Lenders, and Agent (the “**Agreement**”), Borrower is in complete compliance for the period ending \_\_\_\_\_ with all required covenants except as noted below. Attached are the required documents evidencing such compliance, setting forth calculations prepared in accordance with GAAP consistently applied from one period to the next except as explained in an accompanying letter or footnotes. Capitalized terms used but not otherwise defined herein shall have the meanings given them in the Agreement.

**Please indicate compliance status by circling Yes/No under “Complies” column.**

<b><u>Reporting Covenants</u></b>	<b><u>Required</u></b>	<b><u>Complies</u></b>
Quarterly Financial Statements with Compliance Statement	Quarterly within (i) 45 days for the first 3 fiscal quarters of each fiscal year and (ii) 90 days for the final fiscal quarter of each fiscal year	Yes No
10-Q, 10-K and 8-K	Within 10 days after filing with SEC	Yes No
Board approved projections	Within 60 days after FYE, and within 10 days of any updates/amendments	Yes No
Monthly bank statements	Monthly within 30 days	Yes No

**Other Matters**

Have there been any amendments of or other changes to the capitalization table of Borrower and to the Operating Documents of Borrower or any of its Subsidiaries? If yes, provide copies of any such amendments or changes with this Compliance Statement. Yes  No

The following are the exceptions with respect to the statements above: (If no exceptions exist, state “No exceptions to note.”)

\_\_\_\_\_

EXHIBIT C

**LOAN PAYMENT/ADVANCE REQUEST FORM**

Fax To:

Date:

<b>LOAN PAYMENT:</b> TAYSHA GENE THERAPIES, INC.	
From Account # _____ (Deposit Account #)	To Account # _____ (Loan Account #)
Principal \$ _____	and/or Interest \$ _____
Authorized Signature: _____	Phone Number: _____
Print Name/Title: _____	

<b>LOAN ADVANCE:</b>	
Complete <i>Outgoing Wire Request</i> section below if all or a portion of the funds from this loan advance are for an outgoing wire.	
From Account # _____ (Loan Account #)	To Account # _____ (Deposit Account #)
Amount of Term Loan Advance \$ _____	
All Borrower's representations and warranties in the Loan and Security Agreement are true, correct and complete on the date of the request for an advance:	
Authorized Signature: _____	Phone Number: _____
Print Name/Title: _____	

<b>OUTGOING WIRE REQUEST:</b>	
<b>Complete only if all or a portion of funds from the loan advance above is to be wired.</b>	
Deadline for same day processing is noon, Pacific Time	
Beneficiary Name: _____	Amount of Wire: \$ _____
Beneficiary Bank: _____	Account Number: _____
City and State: _____	
Beneficiary Bank Transit (ABA) #: _____	Beneficiary Bank Code (Swift, Sort, Chip, etc.): _____
	<b>(For International Wire Only)</b>



Intermediary Bank: \_\_\_\_\_ Transit (ABA) #: \_\_\_\_\_

For Further Credit to: \_\_\_\_\_

Special Instruction: \_\_\_\_\_

*By signing below, I (we) acknowledge and agree that my (our) funds transfer request shall be processed in accordance with and subject to the terms and conditions set forth in the agreements(s) covering funds transfer service(s), which agreements(s) were previously received and executed by me (us).*

Authorized Signature: \_\_\_\_\_

2nd Signature (if required): \_\_\_\_\_

Print Name/Title: \_\_\_\_\_

Print Name/Title: \_\_\_\_\_

Telephone #: \_\_\_\_\_

Telephone #: \_\_\_\_\_

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EXHIBIT D

**Form of Disbursement Letter**

[see attached]

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**DISBURSEMENT LETTER**

[DATE]

The undersigned, being an Authorized Signer of **TAYSHA GENE THERAPIES, INC.**, a Delaware corporation ("**Borrower**"), does hereby certify to (a) **SILICON VALLEY BANK**, a California corporation ("**SVB**"), in its capacity as administrative agent and collateral agent ("**Agent**"), (b) **SVB**, as a lender, (c) **SVB INNOVATION CREDIT FUND VIII, L.P.**, a Delaware limited partnership ("**SVB Capital**"), as a lender (SVB and SVB Capital and each of the other "Lenders" from time to time a party hereto are referred to herein collectively as the "**Lenders**" and each individually as a "**Lender**") in connection with that certain Loan and Security Agreement dated as of August 12, 2021, by and among Borrower, Agent and the Lenders from time to time party thereto (the "**Loan Agreement**"; with other capitalized terms used herein having the meanings ascribed thereto in the Loan Agreement) that:

1. The representations and warranties made by Borrower in Section 5 of the Loan Agreement and in the other Loan Documents are true and correct in all material respects as of the date hereof.
2. No event or condition has occurred that would constitute an Event of Default under the Loan Agreement or any other Loan Document.
3. Borrower is in compliance with the covenants and requirements contained in Sections 4, 6 and 7 of the Loan Agreement.
4. All conditions referred to in Section 3 of the Loan Agreement to the making of a Credit Extension to be made on or about the date hereof have been satisfied or waived by Agent.
5. No Material Adverse Change has occurred.
6. The undersigned is an Authorized Signer.

***[Balance of Page Intentionally Left Blank]***

7A. The proceeds of the Term Loan Advance shall be disbursed as follows:

**Disbursement from SVB:**

Loan Amount \$ \_\_\_\_\_

*Plus:*

--Deposit Received \$ \_\_\_\_\_

*Less:*

--Lenders' Legal Fees (\$ \_\_\_\_\_)

**Net Proceeds due from SVB:** \$ \_\_\_\_\_

**Disbursement from SVB Capital:**

Loan Amount \$ \_\_\_\_\_

**Net Proceeds due from SVB Capital:** \$ \_\_\_\_\_

**TOTAL TERM LOAN ADVANCE**

\$ \_\_\_\_\_

**NET PROCEEDS FROM LENDERS**

8A. The aggregate net proceeds of the Term Loan Advance shall be transferred to the Borrower's Designated Deposit Account as follows:

Account Name:	Taysha Gene Therapies, Inc.
Bank Name:	Silicon Valley Bank
Bank Address:	3003 Tasman Drive Santa Clara, California 95054
Account Number:	xxxxxxx3564
ABA Number:	121140399

***[Balance of Page Intentionally Left Blank]***

SVB Confidential

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Dated as of the date first set forth above.

**BORROWER:**

**TAYSHA GENE THERAPIES, INC.**

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

**AGENT:**

**SILICON VALLEY BANK**

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

**LENDER:**

**SILICON VALLEY BANK**

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

**LENDER:**

**SVB INNOVATION CREDIT FUND VIII, L.P.**

By: SVB Innovation Credit Partners VIII, LLC, a  
Delaware limited liability company, its General Partner

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

*[Signature Page to Disbursement Letter]*

**CERTIFICATION PURSUANT TO  
RULES 13a-14(a) AND 15d-14(a) UNDER THE SECURITIES EXCHANGE ACT OF 1934,  
AS ADOPTED PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, RA Session II, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Taysha Gene Therapies, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) 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) 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
  - (c) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 16, 2021

By: \_\_\_\_\_ /s/ RA Session II  
**RA Session II**  
**President and Chief Executive Officer**  
*(Principal Executive Officer)*

**CERTIFICATION PURSUANT TO  
RULES 13a-14(a) AND 15d-14(a) UNDER THE SECURITIES EXCHANGE ACT OF 1934,  
AS ADOPTED PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Kamran Alam, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Taysha Gene Therapies, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) 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) 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
  - (c) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 16, 2021

By: \_\_\_\_\_ /s/ Kamran Alam  
**Kamran Alam**  
**Chief Financial Officer**  
*(Principal Financial Officer and Principal Accounting Officer)*



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

In connection with the Quarterly Report of Taysha Gene Therapies, Inc. (the "Company") on Form 10-Q for the period ending June 30, 2021 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that:

- (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 result of operations of the Company.

Date: August 16, 2021

By: \_\_\_\_\_ /s/ RA Session II  
**RA Session II**  
**President and Chief Executive Officer**  
*(Principal Executive Officer)*

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

In connection with the Quarterly Report of Taysha Gene Therapies, Inc. (the "Company") on Form 10-Q for the period ending June 30, 2021 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that:

- (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 result of operations of the Company.

Date: August 16, 2021

By: \_\_\_\_\_ /s/ Kamran Alam  
**Kamran Alam**  
**Chief Financial Officer**  
*(Principal Financial Officer and Principal Accounting Officer)*