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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

(Mark One)

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

For the quarterly period ended June 30, 2015

OR

o 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: 001-36783

BELLICUM PHARMACEUTICALS, INC.

(Exact name of registrant as specified in its charter)

Delaware	**2836**	**20-1450200**
(State or other jurisdiction of incorporation or organization)	(Primary Standard Industrial Classification Code Number)	(I.R.S. Employer Identification Number)

2130 W. Holcombe Blvd., Ste. 800
Houston, TX 77030
(832) 384-1100
(Address, including zip code, and telephone number, including area code, of registrant's principal executive offices)

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** x **No** o

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

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

Large accelerated filer	o		Accelerated filer	o
Non-accelerated filer	x	(Do not check if a smaller reporting company)	Smaller reporting company	o

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

As of July 31, 2015, there were 26,493,493 outstanding shares of Bellicum's common stock, par value, $0.01 per share.

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PART I. FINANCIAL INFORMATION

Item 1. Financial Statements

Bellicum Pharmaceuticals, Inc.

Balance Sheets

(In thousands, except share and par value amounts)

	June 30, 2015 (Unaudited)	December 31, 2014
ASSETS		
Current assets:		
Cash and cash equivalents	$ 101,646	$ 191,602
Investment securities, available for sale - short-term	17,649	—
Accounts receivable, interest and other receivables	462	298
Prepaid expenses and other current assets	2,182	1,322
Total current assets	121,939	193,222
Investment securities, available for sale - long-term	53,270	—
Property and equipment, net of accumulated depreciation	4,798	2,427
Other assets	230	145
TOTAL ASSETS	$ 180,237	$ 195,794
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	$ 814	$ 1,209
Accrued expenses	1,754	2,163
Deferred revenue	—	13
Current portion of deferred rent	30	97
Current portion of deferred manufacturing costs	376	154
Total current liabilities	2,974	3,636
Long-term liabilities:		
Deferred rent	254	209
Deferred manufacturing costs	—	313
Total long-term liabilities	254	522
TOTAL LIABILITIES	3,228	4,158
Commitments and contingencies: (Note: 9)		
Stockholders' equity:		
Common stock, $0.01 par value; 200,000,000 shares authorized at June 30, 2015 and December 31, 2014, respectively; 27,098,200 shares issued and 26,420,737 shares issued and outstanding at June 30, 2015; 27,050,055 issued and 26,372,592 issued and outstanding at December 31, 2014	271	271
Treasury stock: 677,463 shares held at June 30, 2015 and December 31, 2014	(5,056)	(5,056)
Additional paid-in capital	313,234	309,365
Accumulated other comprehensive loss	(204)	—
Accumulated deficit	(131,236)	(112,944)
Total stockholders' equity	177,009	191,636
Total liabilities and stockholders' equity	$ 180,237	$ 195,794

See accompanying notes, which are an integral part of these unaudited financial statements.

Bellicum Pharmaceuticals, Inc.

Statements of Operations and Comprehensive Loss

(In thousands, except share and per share amounts)

	Three months ended June 30,		Six months ended June 30,	
	2015 (Unaudited)	2014	2015 (Unaudited)	2014
REVENUES				
Grants	$ 84	$ 554	$ 191	$ 1,106
Total revenues	84	554	191	1,106
OPERATING EXPENSES				
Research and development (includes share-based compensation of $962 and $72 for the three months ended June 30, 2015 and 2014, respectively and $1,561 and $138 for the six months ended June 30, 2015 and 2014, respectively)	8,012	3,235	13,730	5,624
General and administrative (includes share-based compensation of $1,186 and $9 for the three months ended June 30, 2015 and 2014, respectively and $2,075 and $19 for the six months ended June 30, 2015 and 2014, respectively)	2,777	592	4,974	1,032
Total operating expenses	10,789	3,827	18,704	6,656
Loss from operations	(10,705)	(3,273)	(18,513)	(5,550)
OTHER INCOME (EXPENSE):				
Interest income	171	3	221	6
Interest expense	—	(11)	—	(27)
Total other income (expense)	171	(8)	221	(21)
NET LOSS	$ (10,534)	$ (3,281)	$ (18,292)	$ (5,571)
Preferred stock dividends	—	(564)	—	(1,104)
Net loss attributable to common shareholders, basic and diluted	$ (10,534)	$ (3,845)	$ (18,292)	$ (6,675)
Net loss per common share attributable to common shareholders, basic and diluted	$ (0.40)	$ (1.81)	$ (0.70)	$ (3.35)
Weighted-average shares outstanding, basic and diluted	26,268,610	2,119,518	26,264,025	1,992,142
Net loss	$ (10,534)	$ (3,281)	$ (18,292)	$ (5,571)
Other comprehensive loss:				
Unrealized loss on investment securities	$ (204)	$ —	$ (204)	$ —
Comprehensive loss	$ (10,738)	$ (3,281)	$ (18,496)	$ (5,571)

See accompanying notes, which are an integral part of these unaudited financial statements.

Bellicum Pharmaceuticals, Inc.

Statements of Cash Flows

(In thousands)

	Six months ended June 30,	
	2015	**2014**
	(Unaudited)	
CASH FLOWS FROM OPERATING ACTIVITIES		
Net loss	$ (18,292)	$ (5,571)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation expense	375	321
Share-based compensation	3,636	157
Amortization of lease liability	(22)	(48)
Amortization of premium on investment securities, net	169	—
Changes in operating assets and liabilities:		
Accounts receivable	(164)	(1,018)
Prepaid expenses and other assets	(945)	294
Accounts payable	(395)	(12)
Accrued liabilities	(409)	(624)
Deferred costs	(104)	291
NET CASH USED IN OPERATING ACTIVITIES	(16,151)	(6,210)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of investment securities	(73,619)	—
Proceeds from sale of investment securities	2,327	—
Purchases of property and equipment	(2,746)	(122)
CASH USED IN INVESTING ACTIVITIES	(74,038)	(122)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issuance of common stock	241	—
Proceeds from issuance of Series B preferred stock	—	7,320
Payment of issuance costs of common stock	(8)	—
Proceeds from exercise of common warrants	—	201
Payments on line of credit	—	(200)
NET CASH PROVIDED BY FINANCING ACTIVITIES	233	7,321
NET CHANGE IN CASH AND CASH EQUIVALENTS	(89,956)	989
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	191,602	11,168
CASH AND CASH EQUIVALENTS AT END OF PERIOD	$ 101,646	$ 12,157
NON-CASH INVESTING AND FINANCING ACTIVITIES		
Dividends accreted on preferred stock	$ —	$ 1,104

See accompanying notes, which are an integral part of these unaudited financial statements.

Bellicum Pharmaceuticals, Inc.

Notes to Unaudited Financial Statements

NOTE 1 - ORGANIZATION AND BUSINESS DESCRIPTION

Bellicum Pharmaceuticals, Inc. (the Company or Bellicum), was incorporated in Delaware in July 2004 and is based in Houston, Texas. The Company is a clinical stage biopharmaceutical company focused on discovering and developing novel cellular immunotherapies for various forms of cancer, including both hematological cancers and solid tumors, as well as orphan inherited blood disorders. The Company is devoting substantially all of its present efforts to developing next-generation product candidates in some of the most important areas of cellular immunotherapy, including, hematopoietic stem cell transplantation, CAR-T and TCR cell therapy and dendritic cell vaccines. The Company has not generated any revenue from product sales to date and does not anticipate generating revenues from product sales in the foreseeable future.

The Company is subject to risks common to companies in the biotechnology industry and the future success of the company is dependent on its ability to successfully complete the development of, and obtain regulatory approval for, its product candidates, manage the growth of the organization, obtain additional financing necessary in order to develop launch and commercialize its product candidates, and compete successfully with other companies in its industry.

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The accompanying interim financial statements are unaudited. These unaudited interim financial statements have been prepared in accordance with U.S. generally accepted accounting principles (GAAP) and following the requirements of the U.S. Securities and Exchange Commission (SEC) for interim reporting. As permitted under those rules, certain footnotes or other financial information that are normally required by GAAP have been omitted. In management's opinion, the unaudited interim financial statements have been prepared on the same basis as the audited financial statements and include all adjustments, which include only normal recurring adjustments, necessary for the fair presentation of the Company's financial position and its results of operations and its cash flows for the periods presented. These statements do not include all disclosures required by GAAP and should be read in conjunction with the Company's Annual Report on Form 10-K filed for the fiscal year ended December 31, 2014 (the Annual Report). A copy of the Annual Report is available on the SEC's website, www.sec.gov, under the Company's ticker symbol (BLCM) or on Bellicum's website, www.bellicum.com. The results for the interim periods are not necessarily indicative of the results expected for the full fiscal year or any other interim period. Any reference in these footnotes to applicable guidance is meant to refer to GAAP as found in the Accounting Standards Codification (ASC) and Accounting Standards Update (ASU) of the Financial Accounting Standards Board (FASB).

Use of Estimates

The preparation of the financial statements in accordance with GAAP requires management to make certain estimates and judgments that affect the reported amounts of assets, liabilities, and expenses. Actual results could differ from those estimates.

Historically, prior to the Company's initial public offering of its common stock, or IPO, in December 2014, the fair values of the shares of common stock underlying the Company's share-based awards were estimated on each grant date by its board of directors. Given the absence of a public trading market for the Company's common stock, its board of directors exercised reasonable judgment and considered a number of objective and subjective factors to determine the best estimate of the fair value of its common stock, including the following:

- its stage of development;
- its operational and financial performance;
- the nature of its services and its competitive position in the marketplace;
- the value of companies that it considers peers based on a number of factors, including similarity to the Company with respect to industry and business model;
- the likelihood of achieving a liquidity event, such as an initial public offering and the nature and history of its business;
- issuances of preferred stock and the rights, preferences, and privileges of its preferred stock relative to those of its common stock;
- business conditions and projections;
- the history of the Company and progress of its research and development efforts and clinical trials; and
- the lack of marketability of its common stock.

Reclassifications

Certain research and development indirect costs, including facilities and overhead, were previously included in general and administrative costs. These research and development indirect costs are included in research and development expense in the three and six months ended June 30, 2015, and results for the three and six months ended June 30, 2014 have been reclassified to conform to the current year presentation. The effect of the reclassification of the results for the three and six months ended June 30, 2014 was to increase research and development expense and reduce general and administrative expense by $0.4 million and $0.8 million, respectively, with no change in total operating expense or net loss.

Net Loss and Net Loss per Share of Common Stock Attributable to Common Stockholders

Basic net loss per share attributable to common stockholders is calculated by dividing the net loss attributable to common stockholders by the weighted-average number of share of common stock outstanding during the period without consideration for common stock equivalents. Diluted net loss per share of common stock is the same as basic net loss per share of common stock, since the effects of potentially dilutive securities are antidilutive. The net loss per share of common stock attributable to common stockholders is computed using the two-class method required for participating securities. All series of the Company's convertible preferred stock were considered to be participating securities as they were entitled to participate in undistributed earnings with shares of common stock. Due to the Company's net loss, there is no impact on the earnings per share calculation in applying the two-class method since the participating securities have no legal requirement to share in any losses.

The following outstanding shares of common stock equivalents were excluded from the computations of diluted net loss per shares of common stock attributable to common stockholders for the periods presented as the effect of including such securities would be anti-dilutive.

	As of June 30,	
Common Stock Equivalents:	**2015**	**2014**
Series A Preferred Stock Convertible Preferred Stock - as converted to common stock	—	1,496,782
Series B Preferred Stock Convertible Preferred Stock - as converted to common stock	—	4,791,740
Warrants to purchase common stock	355,392	473,031
Unvested shares of restricted stock	117,647	—
Options to purchase common stock	3,541,577	1,614,118
	4,014,616	8,375,671

Investment Securities

Consistent with its investment policy, the Company invests its cash allocated to fund its short-term liquidity requirements with prominent financial institutions in bank depository accounts and institutional money market funds and the Company invests the remainder of its cash in corporate debt securities and municipal bonds rated at least A quality or equivalent, U.S. Treasury notes and bonds and U.S. and state government agency-backed securities.

The Company determines the appropriate classification of investment securities at the time of purchase and reevaluates its classification as of each balance sheet date. All investment securities owned during the six months ended June 30, 2015, were classified as available-for-sale. The cost of securities sold is based on the specific identification method. Investment securities are recorded as of each balance sheet date at fair value, with unrealized gains and, to the extent deemed temporary, unrealized losses included in stockholders' equity. Interest and dividend income on investment securities, accretion of discounts and amortization of premiums and realized gains and losses are included in interest income in the statement of comprehensive income (loss).

An investment security is considered to be impaired when a decline in fair value below its cost basis is determined to be other than temporary. The Company evaluates whether a decline in fair value of an investment security is below its cost basis is other than temporary using available evidence. In the event that the cost basis of the investment security exceeds its fair value, the Company evaluates, among other factors, the amount and duration of the period that the fair value is less than the cost basis, the financial health of and business outlook for the issuer, including industry and sector performance, and operational and financing cash flow factors, overall market conditions and trends, the Company's intent to sell the investment security and whether it is more likely than not the Company would be required to sell the investment security before its anticipated recovery. If a decline in fair value is determined to be other than temporary, the Company records an impairment charge in the statement of comprehensive income (loss) and establishes a new cost basis in the investment.

NOTE 3 - FAIR VALUE MEASUREMENTS AND INVESTMENT SECURITIES

Fair Value Measurement

The Company follows ASC, Topic 820, *Fair Value Measurements and Disclosures*, or ASC 820, for application to financial assets. ASC 820 defines fair value, provides a consistent framework for measuring fair value under GAAP and requires fair value financial statement disclosures. ASC 820 applies only to the measurement and disclosure of financial assets that are required or permitted to be measured and reported at fair value under other ASC topics (except for standards that relate to share-based payments such as ASC Topic 718, *Compensation – Stock Compensation*).

The valuation techniques required by ASC 820 may be based on either observable or unobservable inputs. Observable inputs reflect readily obtainable data from independent sources, and unobservable inputs reflect the Company's market assumptions.

These inputs are classified into the following hierarchy:

Level 1 Inputs – quoted prices (unadjusted) in active markets for identical assets that the reporting entity has the ability to access at the measurement date;

Level 2 Inputs – inputs other than quoted prices included within Level 1 that are observable for the asset, either directly or indirectly; and

Level 3 Inputs – unobservable inputs for the assets.

The following tables present the Company's investment securities (including, if applicable, those classified on the Company's balance sheet as cash equivalents) that are measured at fair value on a recurring basis as of June 30, 2015 and December 31, 2014, respectively (in thousands):

		Fair Value Measurements at Reporting Date Using		
	Balance at June 30, 2015	Quoted prices in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Cash Equivalents:				
Money market funds	$ 80,619	$ 80,619	$ —	$ —
Government sponsored securities	17,000	—	17,000	—
Commercial paper	800	—	800	—
Total Cash Equivalents	$ 98,419	$ 80,619	$ 17,800	$ —
Investment Securities:				
U.S. Treasury and state government agency-backed securities	$ 13,368	$ —	$ 13,368	$ —
Corporate debt securities	51,306	—	51,306	—
Municipal bonds	6,245	—	6,245	—
Total Investment Securities	$ 70,919	$ —	$ 70,919	$ —

		Fair Value Measurements at Reporting Date Using		
	Balance at December 31, 2014	Quoted prices in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Cash Equivalents:				
Money market funds	$ 43,587	$ 43,587	$ —	$ —
Total Cash Equivalents	$ 43,587	$ 43,587	$ —	$ —

Corporate debt securities and municipal bonds are valued based on various observable inputs such as benchmark yields, reported trades, broker/dealer quotes, benchmark securities and bids.

Investment securities, all classified as available-for-sale, consisted of the following as of June 30, 2015 (in thousands):

	June 30, 2015			
Investment Securities:	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Aggregate Estimated Fair Value
U.S. Treasury and U.S. or state government agency-backed securities	$ 13,368	$ 1	$ (1)	$ 13,368
Corporate debt securities	51,493	1	(188)	51,306
Municipal bonds	6,262	—	(17)	6,245
Total Investment Securities	$ 71,123	$ 2	$ (206)	$ 70,919

The Company's investment securities as of June 30, 2015, will reach maturity between July 2015 and June 2018, with a weighted-average maturity date in October 2017. There were no investment securities at December 31, 2014.

NOTE 4 – ACCRUED EXPENSES

Accrued liabilities consist of the following (in thousands):

	June 30, 2015	December 31, 2014
Accrued payroll	$ —	$ 731
Commission on exercise of warrants	—	731
Medical facility fees	989	201
Patient treatment costs	261	128
Other	504	372
Total accrued expenses	$ 1,754	$ 2,163

NOTE 5 - STOCKHOLDERS' EQUITY

Preferred Stock

As of June 30, 2015 and December 31, 2014, the Company had 10,000,000 authorized shares of preferred stock, with none outstanding and a par value of $0.01 per share.

Common Stock

As of June 30, 2015 and December 31, 2014, the Company had 200,000,000 authorized shares of common stock with a par value of $0.01 per share.

Reverse Stock Split

On December 4, 2014, the Company’s board of directors and stockholders approved an amendment to the Company’s amended and restated certificate of incorporation to effect a reverse split of shares of the Company’s common stock on a 1-for-1.7 basis (the Reverse Stock Split). The par value and the authorized shares of the common stock were not adjusted as a result of the Reverse Stock Split. All issued and outstanding common stock, options for common stock, warrants for common stock, and per share amounts contained in the financial statements have been retroactively adjusted to reflect this Reverse Stock Split for all periods presented.

NOTE 6 - SHARE-BASED COMPENSATION

At June 30, 2015, the Company had share-based awards outstanding under four share-based compensation plans as follows:

The 2006 Stock Option Plan (the 2006 Plan) provided for the issuance of non-qualified stock options to employees, including officers, non-employee directors and consultants to the Company. As of June 30, 2015, 160,174 shares of common stock were reserved for issuance pursuant to outstanding options previously granted under the 2006 Plan to purchase common stock of the Company. The 2006 Plan was terminated by the Board in October 2014.

The 2011 Stock Option Plan (the 2011 Plan) provided for the issuance of incentive and non-qualified stock options to employees, including officers, non-employee directors and consultants to the Company. As of June 30, 2015, 2,394,127 shares of common stock were reserved for issuance pursuant to outstanding options previously granted under the 2011 Plan to purchase common stock of the Company. The 2011 Plan terminated upon the effectiveness of the 2014 Plan described below.

The 2014 Equity Incentive Plan (the 2014 Plan) became effective in December 2014, upon the closing of our initial public offering. The 2014 Plan provides for the issuance of equity awards, including incentive and non-qualified stock options and restricted stock awards to employees, including officers, non-employee directors and consultants to the Company or its affiliates. The 2014 Plan also provides for the grant of performance cash awards and performance-based stock awards. The aggregate number of shares of common stock that are authorized for issuance under the 2014 Plan is 2,990,354 shares, plus any shares subject to outstanding options that were granted under the 2011 Plan or 2006 Plan that are forfeited, terminated, expired or are otherwise not issued.

The 2014 Employee Stock Purchase Plan (the ESPP) provides for eligible Company employees, as defined by the ESPP, to be given an opportunity to purchase our common stock at a discount, through payroll deductions, with stock purchases being made upon defined purchase dates. The ESPP authorizes the issuance of up to 550,000 shares of our common stock, pursuant to purchase rights granted to our employees. The ESPP was approved by our board of directors and our stockholders in December 2014 and employee payroll deductions of approximately $195,000 were withheld during the first six months of 2015. During the three and six months ended June 30, 2015, 9,829 stock purchases were made under the ESPP and the company received $159,000 in proceeds. The Company recorded share-based compensation expense of $109,000 for shares purchased for less than fair market value under the ESPP, during the three and six months ended June 30, 2015. There was $0.3 million of unrecognized compensation expense related to the ESPP as of June 30, 2015, which will be recognized over the remaining 18 months of the plan.

The Company granted options to purchase 132,000 and 847,100 shares of its common stock during the three and six months ended June 30, 2015, respectively. The fair value of the option grants during the three and six months ended June 30, 2015 and 2014 was estimated at the date of grant using the Black-Scholes option pricing model with the following weighted-average assumptions:

	Six months ended June 30,	
	2015	**2014**
Expected volatility	75.9%	95.0%
Expected term (in years)	6.08	6.25
Risk-free interest rate	1.74%	1.68%
Expected dividend yield	—%	—%

At June 30, 2015, there was $29.1 million of unrecognized compensation expense related to unvested stock options and stock that is expected to be recognized over a weighted-average period of 3.5 years.

During the three and six months ended June 30, 2015, the company received cash proceeds from the exercise of stock options of approximately $81,000 and $83,000, respectively. The aggregate intrinsic value of options exercised during the three and six months ended June 30, 2015 was $0.7 million and $0.8 million, respectively.

The following table summarizes the stock option activity for all stock plans during the six months ended June 30, 2015:

	Options	Weighted-Average Exercise Price Per Share	(in years) Weighted-Average Contractual Life	(in thousands) Aggregate Intrinsic Value (1)
Outstanding at December 31, 2014	2,733,793	$ 5.09	8.39	$ 49,076
Granted	847,100	$ 23.62		
Exercised	(38,316)	$ 2.16		
Canceled or forfeited	(1,000)	$ 23.36		
Outstanding at June 30, 2015	3,541,577	$ 9.55	8.35	$ 43,505
Exercisable at June 30, 2015	1,303,423	$ 2.30	6.67	$ 24,720

(1) The aggregate intrinsic value is calculated as the difference between the exercise price of the underlying options and the estimated fair value of the common stock for the options that were in the money at June 30, 2015.

At June 30, 2015 and December 31, 2014, there were 117,647 shares of unvested common stock outstanding.

NOTE 7 - GRANT REVENUE

CPRIT Grant

On July 27, 2011, the Company entered into a Cancer Research Grant Contract (Grant Contract) with the Cancer Prevention and Research Institute of Texas (CPRIT) under which CPRIT awarded a grant not to exceed approximately $5.7 million to be used by the Company for the execution of defined clinical development of BPX-501. In addition, CPRIT could award supplemental funding not to exceed ten percent of the total grant amount based upon the Company's progress. The Grant Contract terminated on June 30, 2014. The terms of the Grant Contract require the Company to pay back two times the grant award through an initial mid-single digit royalty and then pay an ongoing low single digit royalty on revenues from sales and licenses of intellectual property facilitated by the Grant Contract.

During the three and six months ended June 30, 2014, the Company incurred $0.4 million and $0.9 million, respectively, of expenses under the Grant Contract. As of June 30, 2015 and December 31, 2014, the Company had an outstanding grant receivable of $- and $0.3 million respectively, for grant expenditures that were paid but had not yet been reimbursed.

NIH Grant

During each of the years 2015 and 2014, the Company was awarded $0.3 million under a grant from the National Institutes of Health (NIH). The awards cover the period from April 2014 through March 2016. The awards were made pursuant to the authority of 42 USC 241 42 CFR 52, and are subject to the requirements of the statute. Funds spent on the grant are reimbursed through monthly reimbursement requests.

As of June 30, 2015 and 2014, funds spent under the grant were $0.2 million each. As of June 30, 2015 and December 31, 2014, the Company had a receivable of $44,000 and $-, respectively.

NOTE 8 - LICENSE AGREEMENTS

License Agreement - BioVec

On June 10, 2015, the Company and BioVec Pharma, Inc. (BioVec) entered into a license agreement (the BioVec Agreement) pursuant to which BioVec agreed to supply the Company with certain proprietary cell lines and granted to the Company a non-exclusive, worldwide license to certain of its patent rights and related know-how related to such proprietary cell lines.

As consideration for the products supplied and rights granted to the Company under the BioVec Agreement, the Company agreed to pay to BioVec an upfront fee of $100,000 within ten business days of the effective date of the BioVec Agreement and a fee of $300,000 within ten business days of its receipt of the first release of GMP lot of the products licensed under the BioVec Agreement. In addition, the Company agreed to pay to BioVec an annual fee of $150,000, commencing 30 days following the first filing of an Investigational New Drug Application (an IND filing), or its foreign equivalent, for a product covered by the license; with such annual fees being creditable against any royalties payable by the Company to BioVec under the BioVec Agreement. The Company also is required to make a $250,000 milestone payment to BioVec for each of the first three licensed products to enter into a clinical phase trial and one-time milestone payments of $2,000,000 upon receipt of a registration granted by the Federal Drug Administration or European Medicines Agency on each of the Company's first three

licensed products. The BioVec Agreement additionally provides that the Company will pay to BioVec a royalty in the low single digits on net sales of products covered by the BioVec Agreement. The Company may also grant sublicenses under the licensed patent rights and know-how to third parties for limited purposes related to the use, sale and other exploitation of the products licensed under the BioVec Agreement. The BioVec Agreement will continue until terminated. The BioVec Agreement may be terminated by the Company, in its sole discretion, at any time upon 90 days written notice to BioVec. Either party may terminate the BioVec Agreement in the event of a breach by the other party of any material provision of the BioVec Agreement that remains uncured on the date that is 60 days after written notice of such failure or upon certain insolvency events that remain uncured following the date that is 30 days after the date of written notice to a party regarding such insolvency event.

License Agreement - Leiden

On April 23, 2015, the Company and Academisch Ziekenhuis Leiden, also acting under the name Leiden University Medical Centre (Leiden), entered into a license agreement (the Leiden Agreement), pursuant to which Leiden granted to the Company an exclusive, worldwide license to its patent rights covering high affinity T-cell receptors targeting preferentially-expressed antigen in melanoma, (PRAME) and POU2AF1 epitopes. The license granted under the Leiden Agreement is subject to certain restrictions and to Leiden's retained right to use the licensed patents solely for academic research and teaching purposes, including research collaborations by Leiden with academic, non-profit research third parties; provided that Leiden provides 30 days advance written notice to the Company of such academic research collaborations.

As consideration for the rights granted to the Company under the Leiden Agreement, the Company agreed to pay to Leiden an aggregate of EUR 75,000 in upfront fees within 30 days of the effective date of the Leiden Agreement. In addition, the Company agreed to pay to Leiden, beginning on the eighth anniversary of the effective date of the Leiden Agreement, annual minimum royalty payments of EUR 30,000. The Company also is required to make milestone payments to Leiden of up to an aggregate of EUR 1,025,000 for each of the first licensed product that is specific to PRAME and to POU2AF1. The Leiden Agreement additionally provides that the Company will pay to Leiden a royalty in the low single digits on net sales of products covered by the Leiden Agreement. If the Company enters into a sublicensing agreement with a third party related to a product covered by the Leiden Agreement, the Company agreed to pay Leiden a percentage ranging in the low double digits on all non-royalty income received from sublicensing revenue directly attributable to the sublicense, dependent on whether the Company is in phase 1/2, phase 2 or phase 3 at the time that the Company enters into any such sublicensing agreement.

Under the Leiden Agreement, the Company and Leiden also agreed to enter into a sponsored research agreement, to be separately negotiated, pursuant to which the Company would be required to pay Leiden up to EUR 300,000 over a three-year period during the term of the sponsored research agreement. The Leiden Agreement will expire upon the expiration of the last patent included in the licensed patent rights. The Leiden Agreement may be terminated earlier upon mutual written agreement between the Company and Leiden, and at any time by the Company upon six months written notice to Leiden. Leiden may terminate the Leiden Agreement in the event of a failure by the Company to pay any amounts due under the Leiden Agreement that remains uncured on the date that is 30 days after written notice of such failure. Either party may terminate the Leiden Agreement upon a material breach by the other party that remains uncured following 30 days after the date of written notice of such breach or upon certain insolvency events that remain uncured following the date that is 45 days after the date of written notice to a party of such insolvency event.

NOTE 9 - COMMITMENTS AND CONTINGENCIES

Lease Agreement

On May 6, 2015, the Company entered into a lease agreement (the Lease) with Sheridan Hills Developments L.P. (the Landlord) for the lease of three spaces of approximately 25,304 square feet (the Manufacturing Space), 705 square feet (the Interior Mechanical Space) and 808 square feet (the Exterior Mechanical Space), respectively, which the Company will use to enable in-house cell therapy manufacturing. The term of the Lease will begin on September 1, 2015 and continue for an initial term of five years, which may be renewed for five additional one-year periods. For the Manufacturing Space, the Company is required to remit base monthly rent of approximately $64,841 which will increase at an average approximate rate of 3.5% each year. For the Interior Mechanical Space, the Company is required to remit base monthly rent of approximately $1,219, which will increase at an average approximate rate of 5% each year. The monthly base rent for the Exterior Mechanical Space is approximately $471. The Company is also required to pay additional rent in the form of its pro rata share of certain specified operating expenses of the Landlord. An early termination right is available to the Company upon certain events, including the Landlord's default on its obligations under the Lease. The newly leased spaces are located within the same building as the Company's current headquarters in Houston, Texas and are accounted for as operating leases.

Litigation

The Company, from time to time, may be involved in litigation relating to claims arising out of its ordinary course of business. Management believes that there are no material claims or actions pending or threatened against the Company.

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 Annual Report on Form 10-K for the year ended December 31, 2014, as well as our unaudited financial statements and related notes included in this Quarterly Report on Form 10-Q.

Forward-Looking Statements

This report 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 "anticipate," "believe," "could," "designed," "estimate," "expect," "intend," "may," "plan," "potential," "project," "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 I, Item 1A, "Risk Factors" in our Annual Report on Form 10-K for the year ended December 31, 2014 and in our other filings with the SEC. 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.

Overview

We are a clinical stage biopharmaceutical company focused on discovering and developing novel cellular immunotherapies for various forms of cancer, including both hematological cancers and solid tumors, as well as orphan inherited blood disorders. We are using our proprietary Chemical Induction of Dimerization, or CID, technology platform to engineer and then control components of the immune system in real time. By incorporating our CID platform, our product candidates may offer better safety and efficacy outcomes than are seen with current cellular immunotherapies.

We are developing next-generation product candidates in some of the most important areas of cellular immunotherapy, including hematopoietic stem cell transplantation, or HSCT, CAR-T cell therapy, and dendritic cell vaccines. By incorporating our novel switch technologies, we are developing product candidates with the potential to elicit positive clinical outcomes and ultimately change the treatment paradigm in various areas of cellular immunotherapy. Our clinical product candidates, each of which is a combination product of genetically modified immune cells and rimiducid, are described below.

- ***BPX-501.*** We are developing a CaspaCIDe product candidate, BPX-501, as an adjunct T-cell therapy administered after allogeneic hematopoietic stem cell transplant (HSCT). BPX-501 is designed to improve transplant outcomes by enhancing the recovery of the immune system following an HCST procedure. BPX-501 addresses the risk of infusing donor T cells by enabling the elimination of donor T cells through the activation of the CaspaCIDe safety switch if there is an emergence of graft-versus-host-disease (GvHD). BPX-501 is currently being evaluated in multiple Phase 1/2 clinical trials in the United States and Europe, with the initial top-line data from ongoing studies expected in the fourth quarter of 2015.
- ***BPX-201.*** Based on the prioritization of our other pipeline opportunities, the Company no longer intends to progress its BPX-201 vaccine into additional studies after the conclusion of the ongoing Phase 1 trial.

In addition, our preclinical product candidates are designed to overcome the current limitations of CAR-T and TCR therapies and include the following:

- ***BPX-401.*** We are developing a CIDeCAR product candidate, BPX-401, as a next-generation CAR-T cell therapy for hematological cancers that express the CD19 antigen.
- ***BPX-601.*** We are developing a GoCAR-T product candidate, BPX-601, for solid tumors overexpressing prostate stem cell antigen, or PSCA, such as some pancreatic, prostate, bladder, esophageal and gastric cancers.
- ***BPX-701.*** We are developing a CaspaCIDe TCR product candidate, BPX-701, in collaboration with Leiden University Medical Center. BPX-701 is designed to treat solid tumors which overexpress the preferentially-expressed antigen in melanoma, or (PRAME), which include certain melanomas, sarcomas and neuroblastomas.

In connection with the Lease, we have committed approximately 27,000 additional square feet at our corporate headquarters for the manufacture of BPX-501 for clinical studies and to support the development of our expanding pipeline of TCR and CAR-T adoptive cell therapy product candidates.

We expect to file Investigational New Drug Applications, or INDs for BPX-701 in the fourth quarter of 2015 and for BPX-401 and BPX-601 in 2016. Our IND-enabling activities for each of these preclinical product candidates include manufacturing key components and developing a robust process to produce cell products that comply with regulations of the FDA, and other regulatory agencies. We have developed an efficient and scalable process to manufacture genetically modified T cells of high quality and purity. This process is being implemented by our third-party contract manufacturers to produce BPX-501 for our clinical trials. We expect to leverage our resources, capabilities and expertise for the manufacture of our CAR-T and TCR product candidates.

Critical Accounting Policies and Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires us to make judgments, estimates and assumptions in the preparation of our financial statements and accompanying notes. Actual results could differ from those estimates. We believe there have been no material changes in our critical accounting policies as discussed in our Annual Report on Form 10-K for the year ended December 31, 2014 (the Annual Report).

Financial Operations Overview

Recent Developments

On June 10, 2015, we entered into a license agreement with BioVec Pharma, Inc. (BioVec) pursuant to which BioVec agreed to supply us with certain proprietary cell lines and granted us a non-exclusive, worldwide license to certain of its patent rights and related know-how related to such proprietary cell lines.

As consideration for the products supplied and rights granted to us under the agreement, we agreed to pay to BioVec an upfront fee of $100,000 within ten business days of the effective date of the agreement and a fee of $300,000 within ten business days of its receipt of the first release of GMP lot of the products licensed under the agreement. In addition, we agreed to pay to BioVec an annual fee of $150,000, commencing 30 days following the first IND filing, or foreign equivalent, for a product covered by the license; with such annual fees being creditable against any royalties payable by us to BioVec under the agreement. We are also required to make a $250,000 milestone payment to BioVec for each of the first three licensed products to enter into a clinical phase trial and one-time milestone payments of $2,000,000 upon receipt of a registration granted by the Federal Drug Administration or European Medicines Agency on each of our first three licensed products. The agreement additionally provides that we will pay to BioVec a royalty in the low single digits on net sales of products covered by the agreement. We may also grant sublicenses under the licensed patent rights and know-how to third parties for limited purposes related to the use, sale and other exploitation of the products licensed under the agreement.

The agreement will continue until terminated. The agreement may be terminated by us, in our sole discretion, at any time upon 90 days written notice to BioVec. Either party may terminate the agreement in the event of a breach by the other party of any material provision of the agreement that remains uncured on the date that is 60 days after written notice of such failure or upon certain insolvency events that remain uncured following the date that is 30 days after the date of written notice to a party regarding such insolvency event.

On May 6, 2015, we entered into a lease agreement (the Lease) with Sheridan Hills Developments L.P. (the Landlord) for the lease of three spaces of approximately 25,304 square feet (the Manufacturing Space), 705 square feet (the Interior Mechanical Space) and 808 square feet (the Exterior Mechanical Space), respectively, which we will use to enable in-house cell therapy manufacturing. The term of the Lease will begin on September 1, 2015 and continue for an initial term of five years, which may be renewed for five additional one-year periods. For the Manufacturing Space, we are required to remit base monthly rent of approximately $64,841 which will increase at an average approximate rate of 3.5% each year. For the Interior Mechanical Space, we are required to remit base monthly rent of approximately $1,219, which will increase at an average approximate rate of 5% each year. The monthly base rent for the Exterior Mechanical Space is approximately $471. We are also required to pay additional rent in the form of its pro rata share of certain specified operating expenses of the Landlord. An early termination right is available to us upon certain events, including the Landlord’s default on its obligations under the Lease. The newly leased spaces are located within the same building as our current headquarters in Houston, Texas.

On April 23, 2015, we entered into a license agreement with Academisch Ziekenhuis Leiden, also acting under the name Leiden University Medical Centre (Leiden), pursuant to which Leiden granted us an exclusive, worldwide license to its patent rights covering high affinity T-cell receptors targeting PRAME and POU2AF1 epitopes.

The license granted under the agreement is subject to certain restrictions and to Leiden’s retained right to use the licensed patents solely for academic research and teaching purposes, including research collaborations by Leiden with academic, non-profit research third parties; provided that Leiden provides 30 days advance written notice to us of such academic research collaborations.

As consideration for the rights granted under the agreement, we agreed to pay to Leiden an aggregate of EUR 75,000 in upfront fees within 30 days of the effective date of the agreement. In addition, we agreed to pay to Leiden, beginning on the eighth anniversary of the effective date of the agreement, annual minimum royalty payments of EUR 30,000. We are also is required to make milestone payments to Leiden of up to an aggregate of EUR 1,025,000 for each of the first licensed product that is specific to PRAME and to POU2AF1. The agreement additionally provides that we will pay to Leiden a royalty in the low single digits on net sales of products covered by the agreement. If we enter into a sublicensing agreement with a third party related to a product covered by the agreement, we have agreed to pay Leiden a percentage ranging in the low double digits on all non-royalty income received from sublicensing revenue directly attributable to the sublicense, dependent on whether the Company is in phase 1/2, phase 2 or phase 3 at the time that we enter into any such sublicensing agreement.

Under the agreement, with Leiden, we also agreed to enter into a sponsored research agreement, to be separately negotiated, pursuant to which we would be required to pay Leiden up to EUR 300,000 over a three-year period during the term of the sponsored research agreement.

The Agreement will expire upon the expiration of the last patent included in the licensed patent rights. The agreement may be terminated earlier upon mutual written agreement between us and Leiden, and at any time by us upon six months written notice to Leiden. Leiden may terminate the agreement in the event of our failure to pay any amounts due under the agreement that remains uncured on the date that is 30 days after written notice of such failure. Either party may terminate the agreement upon a material breach by the other party that remains uncured

following 30 days after the date of written notice of such breach or upon certain insolvency events that remain uncured following the date that is 45 days after the date of written notice to a party of such insolvency event.

Financial Operations Overview

Revenues

To date, we have only recognized revenue from government grants and we have not generated any product revenue. We have received funds from the Cancer Prevention and Research Institute of Texas, or CPRIT, and the National Institutes of Health, or NIH, which are awarded based on the progress of the program being funded. In cases when the grant money is not received until expenses for the program are incurred, we accrue the revenue based on the costs incurred for the programs associated with the grant.

During 2011, we entered into a grant agreement with CPRIT for approximately $5.7 million covering a three year period from July 1, 2011 through June 30, 2014. The grant initially allowed us to receive funds in advance of costs and allowable expenses being incurred. On a quarterly basis, we were required to submit a financial reporting package outlining the nature and extent of reimbursed costs under the grant. At the end of each period, any excess funds received in advance, or paid prior to reimbursement, resulted in a deferred liability or grant receivable. The CPRIT grant expired as of June 30, 2014. We recorded a grant receivable from CPRIT of $0.3 million at December 31, 2014, which was collected during the first quarter of 2015.

During 2013, we entered into a grant agreement with the NIH. The grant is a modular five year grant with funds being awarded each year based on the progress of the program being funded. Grant money is not received until expenses for the program are incurred. We have been awarded approximately $1.0 million to date, of which $0.6 million has been received. We accrue the revenue based on the costs incurred for the programs associated with the grant.

In the future, we may generate revenue from a combination of product sales, government or other third-party grants, marketing and distribution arrangements and other collaborations, strategic alliances and licensing arrangements or a combination of these approaches. We expect that any revenue we generate will fluctuate from quarter to quarter as a result of the timing and amount of license fees, milestone and other payments, and the amount and timing of payments that we receive upon the sale of our products, to the extent any are successfully commercialized. If we fail to complete the development of our product candidates in a timely manner or obtain regulatory approval of them, our ability to generate future revenue, and our results of operations and financial position, would be materially adversely affected.

Research and Development Expenses

To date, our research and development expenses have related primarily to the development of our CID platform and the identification and development of our product candidates. Research and development expenses consist of expenses incurred in performing research and development activities, including compensation and benefits for research and development employees and consultants, facilities expenses, overhead expenses, cost of laboratory supplies, manufacturing expenses, fees paid to third parties and other outside expenses.

Research and development costs are expensed as incurred. Clinical trial and other development costs incurred by third parties are expensed as the contracted work is performed. We accrue for costs incurred as the services are being provided by monitoring the status of the clinical trial or project and the invoices received from our external service providers. We adjust our accrual as actual costs become known. Where contingent milestone payments are due to third parties under research and development arrangements, the milestone payment obligations are expensed when the milestone events are achieved.

We utilize our research and development personnel and infrastructure resources across several programs, and many of our costs are not specifically attributable to a single program. Accordingly, we cannot state precisely our total costs incurred on a program-by-program basis.

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 expect our research and development expenses to increase over the next several years as we seek to conduct our ongoing and planned clinical trials for BPX-501, BPX-201, BPX-401, BPX-601 and BPX-701 and as we selectively develop additional product candidates. However, it is difficult to determine with certainty the duration and completion costs of our current or future preclinical programs and clinical trials of our product candidates.

The duration, costs and timing of clinical trials and development of our product candidates will depend on a variety of factors that include, but are not limited to, the following:

- per patient clinical trial costs;
- the number of patients that participate in the clinical trials;
- the number of sites included in the clinical trials;

- the process of collection, differentiation, selection and expansion of immune cells for our cellular immuno-therapies;
- the countries in which the clinical trials are conducted;
- the length of time required to enroll eligible patients;
- the number of doses that patients receive;
- the drop-out or discontinuation rates of patients;
- potential additional safety monitoring or other studies requested by regulatory agencies;
- the duration of patient follow-up; and
- the efficacy and safety profile of the product candidates.

In addition, the probability of success for each product candidate will depend on numerous factors, including competition, manufacturing capability and commercial viability. We will determine which programs to pursue and how much to fund each program in response to the scientific and clinical success of each product candidate, as well as an assessment of each product candidate's commercial potential.

General and administrative expenses

General and administrative expenses consist primarily of salaries and other related costs, including share-based compensation, for personnel in executive, finance, accounting, business development, legal and human resources functions. Other significant costs include facility costs not otherwise included in research and development expenses, legal fees relating to corporate matters, insurance costs and professional fees for consultancy, legal, accounting, audit and investor relations.

We anticipate that our general and administrative expenses will increase in the future to support our continued research and development activities, potential commercialization of our product candidates and the increased costs of operating as a public company. These increases will likely include increased costs related to the hiring of additional personnel and fees to outside consultants, lawyers and accountants, among other expenses. Additionally, we anticipate increased costs associated with being a public company, including expenses related to services associated with maintaining compliance with NASDAQ listing rules and SEC requirements, insurance and investor relations costs.

Income Taxes

We did not recognize any income tax expense for the three or six months ended June 30, 2015 or 2014.

Results of Operations

Comparison of the Three and Six Months Ended June 30, 2015 and 2014

The following table sets forth our results of operations for the three and six months ended June 30, 2015 and 2014:

	Three Months Ended June 30,			Six Months Ended June 30,		
	2015	2014	Change	2015	2014	Change
(in thousands)						
Grant revenues	$ 84	$ 554	$ (470)	$ 191	$ 1,106	$ (915)
Operating expenses:						
Research and development	8,012	3,235	4,777	13,730	5,624	8,106
General and administrative	2,777	592	2,185	4,974	1,032	3,942
Total operating expenses	10,789	3,827	6,962	18,704	6,656	12,048
Loss from operations	(10,705)	(3,273)	(7,432)	(18,513)	(5,550)	(12,963)
Other income (expense):						
Interest income	171	3	168	221	6	215
Interest expense	—	(11)	11	—	(27)	27
Total other income (expense)	171	(8)	179	221	(21)	242
Net loss	$ (10,534)	$ (3,281)	$ (7,253)	$ (18,292)	$ (5,571)	$ (12,721)

Grant Revenues

Grant revenues were $0.1 million and $0.2 million for the three and six months ended June 30, 2015, respectively, and $0.6 million and $1.1 million during the comparable periods in 2014. The decrease in grant revenues was primarily due to the June 2014 expiration of our grant award from Cancer Prevention and Research Institute of Texas.

Research and Development Expenses

Research and development expenses were $13.7 million and $5.6 million for the six months ended June 30, 2015 and June 30, 2014, respectively. The $8.1 million increase in research and development expenses for the six months ended June 30, 2015, was due to an increase in clinical and manufacturing costs of $3.9 million related to BPX-501 and $0.3 million related to BPX-201, primarily due to increased patient enrollment in our clinical trials. The increase in research and development expenses is also due to an increase of $0.4 million in costs related to BPX-401, $0.2 million in costs related to BPX-601, and $0.4 million in costs related to BPX-701, all of which are primarily related to IND enabling activities; plus the increase of $2.9 million in general research and development costs which includes an increase of $2.1 million in personnel costs and $0.8 million in allocated overhead costs.

Research and development expenses were $8.0 million and $3.2 million for the three months ended June 30, 2015 and June 30, 2014, respectively. The $4.8 million increase in research and development expenses for the three months ended June 30, 2015, was due to an increase in clinical and manufacturing costs of $1.8 million related to BPX-501 and $0.1 million in costs related to BPX-201, primarily due to increased patient enrollment in our clinical trials. The increase in research and development expenses is also due to an increase of $0.4 million in costs related to BPX-401, an increase of $0.2 million in costs related to BPX-601, and an increase of $0.3 million in costs related to BPX-701, all of which are primarily related to IND enabling activities; plus the increase of $2.0 million of general research and development costs which includes an increase of $1.4 million in research and development personnel costs, $0.4 million in allocated overhead costs and $0.2 million in other costs.

Reclassifications

Certain research and development indirect costs, including facilities and overhead, were previously included in general and administrative costs. These research and development indirect costs are included in research and development expense in the three and six months ended June 30, 2015, and results for the three and six months ended June 30, 2014 have been reclassified to conform to the current year presentation. The effect of the reclassification of the results for the three and six months ended June 30, 2014 was to increase research and development expense and reduce general and administrative expense by $0.4 million and $0.8 million, respectively, with no change in total operating expense or net loss.

The following table presents our research and development expense by project/category for the periods indicated (in thousands):

(in thousands)	Three Months Ended June 30,			Six Months Ended June 30,		
Product Candidates	2015	2014	Change	2015	2014	Change
BPX-201	$ 765	$ 632	$ 133	$ 1,453	$ 1,147	$ 306
BPX-401	420	—	420	420	—	420
BPX-501	2,899	1,147	1,752	5,645	1,761	3,884
BPX-601	167	—	167	192	—	192
BPX-701	339	—	339	358	—	358
General	3,422	1,456	1,966	5,662	2,716	2,946
Total	$ 8,012	$ 3,235	$ 4,777	$ 13,730	$ 5,624	$ 8,106

General and Administrative Expenses

General and administrative expenses were $2.8 million and $5.0 million for the three and six months ended June 30, 2015 and $0.6 million and $1.0 million or the three and six months ended June 30, 2014, respectively. The increase of $2.2 million and $3.9 million in general and administrative expenses for the three and six months ended June 30, 2015, respectively, was due to our overall growth and public company related costs, including an increase in personnel, legal and accounting expenses, costs related to facilities, insurance costs and travel expenses.

Other Income (Expense)

Other income (expense) was $171,000 and $221,000 for the three and six months ended June 30, 2015, respectively, compared to ($8,000) and ($21,000) for the three and six months ended June 30, 2014, respectively. The change was primarily due to increased interest income on our cash and investments as a result of the capital that was raised during the second half of 2014.

Liquidity and Capital Resources

Sources of Liquidity

We are a clinical stage biopharmaceutical company with a limited operating history. To date, we have financed our operations primarily through equity and debt financings and grants. We have not generated any revenue from the sale of any products. As of June 30, 2015 and December 31, 2014, we had cash, cash equivalents and investment securities of $172.6 million and $191.6 million, respectively.

In December 2014, we completed our initial public offering of shares of our common stock which resulted in aggregate gross proceeds to us of approximately $160.6 million and net offering proceeds to us of approximately $146.3 million, after deducting underwriting discounts and commissions and offering costs. Also in conjunction with our initial public offering, $3.4 million of accrued Series B dividends were paid, of which $0.2 million was paid in cash and the remainder was paid by issuance of 168,199 shares of our common stock.

C***ash Flows***

The following table sets forth a summary of our cash flows for the six months ended June 30, 2015 and 2014:

	Six Months Ended June 30,		
	2015	2014	Change
(in thousands)			
Net cash used in operating activities	$ (16,151)	$ (6,210)	$ (9,941)
Net cash used in investing activities	(74,038)	(122)	(73,916)
Net cash (used in) provided by financing activities	233	7,321	(7,088)
Net change in cash and cash equivalents	$ (89,956)	$ 989	$ (90,945)

Operating Activities

Net cash used in operating activities for the six months ended June 30, 2015 was comprised of a net loss of $18.3 million, which included depreciation expense of $0.4 million and share-based compensation expense of $3.6 million. Net cash used in operating activities was also comprised of the following primary components: an increase in receivables of $0.2 million, an increase in other assets of $0.9 million, and a decrease in accounts payable and accrued liabilities of $0.8 million.

Net cash used in operating activities for the six months ended June 30, 2014, was comprised of a net loss of $5.6 million, which included depreciation expense of $0.3 million and share-based compensation expense of $0.2 million. Net cash used in operating activities was also comprised of the following primary components: an increase in receivables of $1.0 million, and a decrease in accounts payable and accrued liabilities of $0.6 million.

Investing Activities

Net cash used in investing activities for the six months ended June 30, 2015 was $74.0 million, consisting of the purchase of investment securities of $73.6 million offset by the proceeds from sale of investment securities of $2.3 million and the purchase of property and equipment of $2.7 million. Net cash used in investing activities for the six months ended June 30, 2014 consisted of $122,000, which was derived solely from the purchase of property and equipment.

Financing Activities

Net cash provided by financing activities for the six months ended June 30, 2015 was $233,000, which was derived from approximately $241,000 of proceeds from the exercise of stock options and purchases under the ESPP Plan, offset by approximately $8,000 of expenses related to our initial public offering in December 2014. Net cash provided by financing activities for the six months ended June 30, 2014 was $7.3 million, which was derived from approximately $7.3 million from the issuance of convertible preferred stock, and proceeds of approximately $0.2 million from the exercise of common stock warrants which were offset by payments of $0.2 million on our existing line of credit.

Funding Requirements

Our primary uses of capital are, and we expect will continue to be, compensation and related expenses, third-party clinical research and development services, laboratory and related supplies, clinical costs, legal and other regulatory expenses, facility costs and general overhead costs. In addition, we expect to use capital to expand our manufacturing capabilities.

The successful development of any of our product candidates is highly uncertain. As such, at this time, we cannot reasonably estimate or know the nature, timing and costs of the efforts that will be necessary to complete the development of BPX-501 or our other current and future product candidates. We are also unable to predict when, if ever, material net cash inflows will commence from the sale of product candidates. This is due to the numerous risks and uncertainties associated with developing medical treatments, including the uncertainty of:

- successful enrollment in, and completion of, clinical trials;
- receipt of marketing approvals from applicable regulatory authorities;
- making arrangements with third-party manufacturers;
- obtaining and maintaining patent and trade secret protection and regulatory exclusivity; and
- launching commercial sales of our products, if and when approved, whether alone or in collaboration with others.

A change in the outcome of any of these variables with respect to the development of any of our product candidates would significantly change the costs and timing associated with the development of that product candidate.

Because all of our product candidates are in the early stages of clinical and preclinical development and the outcome of these efforts is uncertain, we cannot estimate the actual amounts necessary to successfully complete the development and commercialization of product candidates or whether, or when, we may achieve profitability. Until such time, if ever, as we can generate substantial product revenue, we expect to finance our cash needs through a combination of equity or debt financings and collaboration arrangements.

We plan to continue to fund our operations and capital funding needs through equity and/or debt financing. We may also consider new collaborations or selectively partnering our technology. To the extent that we raise additional capital through the sale of equity or convertible debt securities, the ownership interests of our stockholders will be diluted, and the terms may include liquidation or other preferences that adversely affect the rights of our existing stockholders. The incurrence of indebtedness would result in increased fixed payment obligations and could involve certain restrictive covenants, such as limitations on our ability to incur additional debt, limitations on our ability to acquire or license intellectual property rights and other operating restrictions that could adversely impact our ability to conduct our business. If we raise additional funds through strategic partnerships and alliances and licensing arrangements with third parties, we may have to relinquish valuable rights to our technologies or product candidates, or grant licenses on terms unfavorable to us. Any of these actions could harm our business, results of operations and future prospects.

Outlook

Based on our research and development plans and our timing expectations related to the progress of our programs, we expect that our cash and cash equivalents as of June 30, 2015, which includes the net proceeds from our initial public offering, will enable us to fund our operating expenses and capital expenditure requirements through at least the first half of 2017. We have based this estimate on assumptions that may prove to be wrong, and we could utilize our available capital resources sooner than we currently expect. Furthermore, our operating plan may change, and we may need additional funds to meet operational needs and capital requirements for product development and commercialization sooner than planned. Because of the numerous risks and uncertainties associated with the development and commercialization of our product candidates and the extent to which we may enter into additional collaborations with third parties to participate in their development and commercialization, we are unable to estimate the amounts of increased capital outlays and operating expenditures associated with our current and anticipated clinical trials. Our future funding requirements will depend on many factors, as we:

- initiate or continue clinical trials of BPX-501 and any other product candidates;
- continue the research and development of our product candidates; seek to discover additional product candidates; seek regulatory approvals for our product candidates if they successfully complete clinical trials;
- establish a sales, marketing and distribution infrastructure and scale-up manufacturing capabilities to commercialize any products that may receive regulatory approval; enhance operational, financial and information management systems and hire additional personnel, including personnel to support development of our product candidates and, if a product candidate is approved, our commercialization efforts; and
- incur additional costs associated with becoming a public company.

Contractual Obligations and Commitments

Our contractual obligations as of June 30, 2015 were as follows (in thousands):

	Commitment	Less Than 1 year	1 to 3 Years	3 to 5 Years	More Than 5 Years
License agreements (1)	$ 11,412	$ 2,006	$ 4,253	$ 4,731	$ 422
Operating lease agreements (2)	9,197	1,706	3,806	3,532	153
Contract manufacturing arrangements (3)	2,662	2,240	422	—	—
Facility lease agreement (4)	336	192	144	—	—
Total contractual obligations	$ 23,607	$ 6,144	$ 8,625	$ 8,263	$ 575

(1) License agreements - We have entered into several license agreements under which we obtained rights to certain intellectual property. Under the agreements, we could be obligated for payments upon successful completion of clinical and regulatory milestones regarding the products covered by this license. The obligations listed in the table above represent estimates of when the milestones will be achieved. We cannot assure that the timing of the milestones will be completed when estimated or at all. See Note 8 to the unaudited financial statements included in this quarterly report.

(2) Operating lease agreements - The amounts above are comprised of two five-year lease agreements. The first lease will expire on January 31, 2020. See Note 13 to the audited financial statements included in our Annual Report for more information about the first lease. We entered into an additional five-year lease in May 2015, which will become effective on September 1, 2015. Under this new lease, we will be responsible for monthly base rental payments which escalate on September 1st of each year until the lease expires on August 31, 2020. For more information about this second lease, see Note 9 to the unaudited financial statements included in this quarterly report.

(3) Contract manufacturing arrangements - We have entered into several manufacturing service arrangements with various terms. The obligations listed in the table above represent estimates of when certain services will be performed. See Note 8 to the audited financial statements included in our Annual Report.

(4) Facility lease agreement - In March 2013 we entered into a two-year manufacturing facility agreement for cell processing for a clinical trial. In February 2015, the agreement was extended for an additional two years.

Recent Accounting Pronouncements

There are no recent accounting pronouncements that have a material impact on our financial statements.

Off-Balance Sheet Arrangements

During the periods presented, we did not have, and we do not currently have, any off-balance sheet arrangements, as defined in the rules and regulations of the Securities and Exchange Commission.

Item 3. Quantitative and Qualitative Disclosures about Market Risks

The primary objectives of our investment activities are to preserve our capital and meet our liquidity needs to fund operations. We also seek to generate competitive rates of return from our investments without assuming significant risk. To achieve our objectives, we maintain a portfolio of cash equivalents and investments in a variety of securities that are of high credit quality based on ratings from commonly relied upon rating agencies. As of June 30, 2015, we had cash, cash equivalents and investment securities of $172.6 million. Our cash, cash equivalents and investments in investment securities may be subject to interest rate risk and could fall in value if market interest rates increase. However, because our cash is invested in accounts with market interest rates and because our cash equivalents and investments in investment securities are traded in active markets, we believe that our exposure to interest rate risk is not significant and estimate that an immediate and uniform 10% increase in market interest rates from levels as of June 30, 2015 would not have a material impact on the total fair value of our portfolio.

We sometimes contract for the conduct of clinical trials or other research and development and manufacturing activities with contract research organizations, clinical trial sites and contract manufacturers in Europe, and in the future potentially elsewhere outside of the United States. We may be subject to exposure to fluctuations in foreign currency exchange rates in connection with these agreements. If the average exchange rate between the currency of our payment obligations under any of these agreements and the U.S. dollar were to strengthen or weaken by 10% against the corresponding exchange rate as of June 30, 2015, we estimate that the impact on our financial position, results of operations and cash flows would not be material. We do not hedge our foreign currency exposures.

We have not used derivative financial instruments for speculation or trading purposes.

Item 4. Controls and Procedures

Management’s Evaluation of our Disclosure Controls and Procedures

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

As of June 30, 2015, our management, with the participation of our principal executive officer and principal financial officer, evaluated the effectiveness of our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Securities and Exchange Act of 1934). Our management recognizes that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving their objectives, and management necessarily applies its judgment in evaluating the cost-benefit relationship of possible controls and procedures. Our principal executive officer and principal financial officer have concluded, based upon the evaluation described above, that as of June 30, 2015 our disclosure controls and procedures were effective at the reasonable assurance level.

Changes in Internal Control over Financial Reporting

During the six months ended June 30, 2015, we implemented changes to our internal control procedures over financial reporting to remediate our previously reported material weaknesses in the Form 10-K for the year ended December 31, 2014. We hired additional personnel, including a chief financial officer and other senior finance executives, and consultants to augment our accounting staff, as well as implemented additional, formalized policies and procedures related to accounting and financial reporting, particularly surrounding non-routine transactional and financial reporting. These policies and procedures are followed by all accounting personnel.

There have been no other changes in our internal control over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) under the Securities Exchange Act of 1934, as amended) other than discussed above during our most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting. Our process for evaluating controls and procedures is continuous and encompasses constant improvement of the design and effectiveness of established controls and procedures and the remediation of any deficiencies which may be identified during this process.

PART II. OTHER INFORMATION

Item 1. Legal Proceedings

None.

Item 1A. Risk Factors

Investing in our common stock is subject to a number of risks and uncertainties. You should carefully consider the risk factors described under the heading "Risk Factors" in our Annual Report, and in other reports we file with the SEC. In addition to the risk factors included in our Annual Report, you should consider the following new or updated risk factors:

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

The lock-up restrictions imposed on the sale of shares of our common stock in connection with our initial public offering expired on June 15, 2015. Sales of a substantial number of shares of our common stock in the public market or the perception that these sales might occur, could depress the market price of our common stock and could impair our ability to raise capital through the sale of additional equity securities. We are unable to predict the effect that sales may have on the prevailing market price of our common stock.

Sales of our common stock by current stockholders may make it more difficult for us to sell equity or equity-related securities in the future at a time and price that we deem reasonable or appropriate, and make it more difficult for you to sell shares of our common stock.

Certain holders of our securities, are entitled to rights with respect to the registration of their shares under the Securities Act. Any sales of securities by these stockholders could have a material adverse effect on the trading price of our common stock.

We have registered on Form S-8 all shares of common stock that are issuable under our 2014 Equity Incentive Plan, as amended, or the EIP. As a consequence, these shares can be freely sold in the public market upon issuance, subject to volume limitations applicable to affiliates.

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

None.

Purchase of Equity Securities

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

Use of Proceeds from Initial Public Offering of Common Stock

On December 17, 2014, we completed the initial public offering of our common stock pursuant to a registration statement on Form S-1 (File Nos. 333-200328 and 333-201031), which was declared effective by the SEC on December 17, 2014.

As of June 30, 2015, we have used the net offering proceeds from our IPO to fund operations, capital expenditures, working capital and other general corporate purposes and for debt repayment. We are holding the balance of the net proceeds from the offering in cash, cash equivalents and investment securities. There has been no material change in our planned use of the balance of the net proceeds from the offering described in our final prospectus filed with the SEC on December 17, 2014 pursuant to Rule 424(b) under the Securities Act.

Item 6. Exhibits

The exhibits filed as part of this Quarterly Report on Form 10-Q are set forth on the Exhibit Index, which is incorporated herein by reference.

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.

Bellicum Pharmaceuticals, Inc.

Date: August 13, 2015

By: /s/ THOMAS J. FARRELL

Thomas J. Farrell

President and Chief Executive Officer

Date: August 13, 2015

By: /s/ ALAN A. MUSSO

Alan A. Musso

Chief Financial Officer and Treasurer
Principal Financial and Accounting Officer

EXHIBIT INDEX

Exhibit number	Description of exhibit
10.1*	License Agreement by and between the Company and Academisch Ziekenhuis Leiden, also acting under the name Leiden University Medical Centre, effective as of April 20, 2015.
10.2*	License Agreement by and between the Company and BioVec Pharma, Inc., dated as of June 4, 2015.
10.3	Lease Agreement by and between the Company and Sheridan Hills Developments L.P., dated as of May 6, 2015.
31.1	Certification of Chief Executive Officer pursuant to Rule 13a-14(a) or Rule 15d-14(a) of the Securities Exchange Act of 1934, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2	Certification of Chief Financial Officer pursuant to Rule 13a-14(a) or Rule 15d-14(a) of the Securities Exchange Act of 1934, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32.1	Certifications of Chief Executive Officer and Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
101.INS	XBRL Instance Document
101.SCH	XBRL Taxonomy Extension Schema Document
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document
101.LAB	XBRL Taxonomy Extension Label Linkbase Document
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document

* Confidential treatment has been requested with respect to certain portions of this exhibit. Omitted portions have been filed separately with the SEC.

Exhibit 10.1
***Text Omitted and Filed Separately
with the Securities and Exchange Commission
Confidential Treatment Requested
Under 17 C.F.R. Sections 200.80(b)(4)
and 240.24b-2

LICENSE AGREEMENT

This license agreement ("Agreement") is made and entered into by and between:

Academisch Ziekenhuis Leiden, also acting under the name Leiden University Medical Centre, having its offices at Albinusdreef 2, 2333 ZA Leiden, The Netherlands, hereinafter referred to as "**Leiden**";

and

Bellicum Pharmaceuticals, Inc., having its principal place of business at Life Science Plaza, 2130 West Holcombe Boulevard, Suite 800, Houston, Texas 77030, United States of America, hereinafter referred to as "**Partner**".

Leiden and Partner are hereinafter individually also referred to as a "**Party**" or collectively as the "**Parties**".

WHEREAS:

A. Leiden is owner of the Patent Rights (as defined below);
B. Partner intends to clinically develop and commercialize the Technologies (as defined below) in TCR gene therapy in combination with Partner's chemical induction of dimerization (CID) technology and wishes to obtain an exclusive license to the Patent Rights;
C. Leiden has agreed to license the Patent Rights to Partner under the terms and conditions as set out in this license Agreement.

THEREFORE, IT IS AGREED AS FOLLOWS:

1. DEFINITIONS

As used in this license Agreement, the following capitalized terms shall have the following meanings:

Affiliate any firm, corporation or other entity controlling, controlled by or under common control of a Party and for such purpose "control" shall mean the direct or indirect ownership of more than fifty percent (50%) of the voting interest in such firm, corporation or other entity or the power to direct the management of such firm, corporation or entity;

Agreement this license agreement and its Schedules, if any;

Confidential Information all information, including information relating to the Patent Rights, that has been or will be disclosed by or on behalf of a Party (the "**Disclosing Party**"), to the other Party (the "**Receiving Party**"), directly or indirectly, in whatever form, including (without limitation) any data, reports, analyses, specifications, techniques, processes, technical information, ideas, know-how, trade secrets, patents, patent applications and inventions (whether or not patentable), drawings, designs and computer software, and which is, or which should reasonably be expected to be, of a confidential nature;

Effective Date April 20, 2015;

Licensed Products any product, process or service the manufacture, use, sale, offer for sale or import of which, absent the rights and licenses granted by Leiden to Partner hereunder, would infringe a Valid Claim;

Net Sales the gross amount of monies or cash equivalent or other consideration which is received for all arms-length sales of Licensed Products by Partner and its sublicensee(s) to third parties (including, for purposes of this definition, Partner's sales to sublicensee(s) and Affiliates that are purchasing the Licensed Products as an end user (and whether such third-party purchasers are end users, wholesaler(s) or distributor(s)), less:

(i) [...***...];

(ii) [...***...];

(iii) [...***...],

*****Confidential Treatment Requested**

[...***...]; and

(iv) [...***...].

The term "Net Sales" in the case of non-cash sales, shall mean the fair market value of the non-monetary consideration received by Partner or its sublicensees that is attributable to the sale of Licensed Products to third parties (including, for purposes of this definition, Partner's non-cash sales to sublicensee(s) and Affiliates that are purchasing the Licensed Products as an end user (and whether such third-party purchasers are end users, wholesaler(s) or distributor(s)).

A sale of a Licensed Product between Partner and a sublicensee or Affiliate for resale to a third party shall not be considered a "sale" for the purpose of this definition, but the arms-length resale of such Licensed Product by such sublicensee or Affiliate or Partner (as applicable) to a third party shall be a "sale" under this definition;

Partner Bellicum Pharmaceuticals, Inc.;

Patent Rights patent applications disclosing and claiming the Technologies and (i) all patent applications (including provisional applications) that claim priority from the referenced patent applications, (ii) any and all divisions, reissues, re-examinations, renewals, continuations, continuations-in-part (to the extent the claims are directed to subject matter specifically described in the aforementioned patent applications and are dominated by the claims of the existing Patent Rights), and extensions thereof, (iii) any and all patents which issue from the foregoing described patent applications, and all other counterparts, pending or issued, and patents in all countries. Patent Rights shall specifically include the patents and/or patent applications identified in Appendix A to this Agreement.

Sublicense Agreement a written agreement wherein a sublicense under the license rights granted to Partner hereunder is granted to a third party;

Sublicense Income all cash and non-cash consideration, including upfront payments, equity, sublicensing fees, milestone payments and sublicense maintenance fees, actually received by Partner that is directly attributable to the grant of a sublicense under the license rights granted to Partner hereunder; provided that in the event that Partner receives non-cash consideration, Sublicense Income shall be calculated based on the fair market value of such non cash consideration, assuming an arm's length transaction made in the ordinary course of business. Notwithstanding anything to the contrary, Sublicense Income expressly excludes the following payments:

(i) [...***...];

(ii) [...***...];

(iii) [...***...]; or,

(iv) [...***...],

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[...***...].

Technologies	High affinity TCRs targeting PRAME and POU2AF1 epitopes, [...***...];
Valid Claim	a claim of an issued or pending patent within the Patent Rights, which claim has not expired, lapsed, been cancelled or become abandoned irrevocably and has not been declared invalid or unenforceable by an un-reversed and un-appealable decision or judgment of a court or other appropriate body of competent jurisdiction, and which has not been admitted to be invalid or unenforceable through reissue, disclaimer or otherwise;
Territory	worldwide.

2. TERM

2.1. This Agreement enters into force on the Effective Date and will expire upon the date of expiration of the last-to-expire of the Patent Rights, unless terminated earlier in accordance with Article 11.

3. LICENSE

3.1. Subject to Leiden's retained right set forth in Section 3.3, Leiden hereby grants to Partner and Partner hereby accepts an exclusive license to exploit the Patent Rights anywhere in the Territory for the use, development, manufacturing, production, supply, sale and/or distribution of Licensed Products.

3.2. Leiden hereby grants to Partner and Partner hereby accepts the right to sublicense the rights contained in Article 3.1 above to any third party provided that:

a) no sublicense shall be free of charge; and
b) the sublicense is in writing and contains obligations applicable to the sublicensee that are at least as onerous as those set out in this Agreement; and

*****Confidential Treatment Requested**

_____ Leiden T.F._____ Partner

c) that Partner shall remain responsible for all acts and omissions of such sublicensees in accordance with this Agreement as though they were by Partner; and

d) shall notify Leiden of any sublicense granted pursuant to this Article 3.2 and shall, at the same time, provide Leiden with a copy of such Sublicence Agreement; provided that if such Sublicense Agreement grants rights to the sublicensee other than a sublicense of the rights granted to Partner hereunder, Partner may redact those unrelated terms and conditions.

Partner will not grant a sublicense of the rights contained in Article 3.1 without also granting a corresponding license or sublicense to Partner's chemical induction of dimerization (CID) technology.

In the case of any sublicense granted by Partner under the terms of this Agreement, the term of such Sublicense Agreement shall not exceed the term of this Agreement, and such Sublicense Agreement shall not permit the sublicensee to further sublicense such rights granted by Partner to such sublicensee (other than a sublicense of the right to manufacture and produce Licensed Products for such sublicensee), unless Leiden has agreed in writing that such sublicensee may have the right to further sublicense such rights granted.

3.3. Subject to Leiden's obligations under Article 9 with respect to Confidential Information owned or controlled by Partner, Leiden retains the right to use the Patent Rights solely for academic research (including research collaborations with academic (public, non-profit) research third parties) and teaching purposes. For the avoidance of doubt:

a) in the event that any academic (public, non-profit) research partner of Leiden needs the right to use the Patent Rights in a non-commercial, academic research project, Leiden is hereby authorised to grant such limited right solely for such purpose (i) upon [...***...] advance written notification to Partner and provided that the grant by Leiden of such limited right is reduced to in writing, (ii) shall be granted for the term of the non-commercial, academic research project only, and (iii) it being understood that such granted limited right shall be personal and non-transferable by such research partner of Leiden.

b) Any for-profit or commercial partners or organisations, other than an academic (public, non-profit) research partner, requiring such a right for research purposes will be referred to Partner, who shall negotiate in good faith to offer a sublicense to utilise the Patent Rights solely for internal research purposes on fair and commercially reasonable terms and conditions.

4. FEES

4.1. Partner shall pay to Leiden an upfront license Agreement signing fee of [...***...] euro (EUR [...***...]) within thirty (30) days of the Effective Date.

4.2. Partner and Leiden intend to enter into a certain sponsored research agreement, to be separately negotiated, regarding the research described in Appendix B hereto, [...***...] ("**SRA**"). So long as Leiden complies with the material terms and conditions of the SRA, Partner shall pay to Leiden [...***...] euro (EUR [...***...]) for each [...***...] period during the [...***...] term of the SRA. The SRA will contain customary terms, including an option to license foreground IP generated in the course of performance of the sponsored research. In the [...***...] of the SRA, Leiden and Partner will negotiate in good faith a potential extension of the term of the SRA on the basis of how the work under the SRA is proceeding.

4.3. Partner shall pay to Leiden an upfront fee of [...***...] euro (EUR [...***...]) within thirty (30) days of execution of this Agreement as consideration for the technical assistance work of Leiden provided to Partner prior to the execution of this Agreement.

4.4. Partner shall pay to Leiden a royalty rate of [...***...] percent ([...***...]%) of Net Sales.

4.5. Partner shall pay to Leiden on Sublicense Income the following Sublicense Income sharing percentages:
a) [...***...] percent ([...***...]%) of Sublicense Income for Sublicense Agreements entered into [...***...];
b) [...***...] percent ([...***...]%) of Sublicense Income for Sublicense Agreements entered into [...***...];
c) [...***...] percent ([...***...]%) of Sublicense Income for Sublicense Agreements entered into [...***...].

4.6. As of the eighth anniversary of the Effective Date of this Agreement, Partner shall pay to Leiden, within [...***...] after the eighth anniversary date and each subsequent anniversary date during the term of this Agreement, an annual, non-creditable, non-refundable minimum royalty payment of thirty thousand euro (EUR 30,000) per twelve (12) month period.

4.7. Partner shall pay to Leiden milestone payments for the first Licensed Product that is specific for PRAME and for the first Licensed Product that is specific for POU2AF1, in the event that the milestone events set out below are achieved for such Licensed Product:
a) Upon [...***...]: [...***...] euro (EUR [...***...]);
b) Upon [...***...] or [...***...], whichever is earliest: [...***...] euro (EUR [...***...]);
c) Upon [...***...]: [...***...] euro (EUR [...***...]).
For clarity, each of the payments set forth in (a-c) above shall be paid only once for all PRAME-specific Licensed Products and only once for all POU2AF1-specific Licensed Products (such that the maximum amount payable by Partner pursuant to this Article 4.7 -- if

all milestone events are achieved for both a first PRAME-specific Licensed Product and a first POU2AF1-specific Licensed Product -- is EUR 2,050,000).

5. PAYMENT

5.1. Unless otherwise stated in this Agreement, all sums due under this Agreement shall be made once per year, namely no later than [...***...] after the anniversary of the Effective Date, in respect of royalties accruing on Net Sales made by or reported to Partner during that twelve (12) month period or in respect of Sublicense Income sharing percentages accruing on Sublicense Income received during that 12-month period. Any delay greater than [...***...] after the due date in Partner's delivery of any payment shall carry an interest rate [...***...] of [...***...] percent ([...***...]%).

5.2. All sums due under this Agreement:

a) are exclusive of any value added tax, if applicable, which shall be payable in addition by Partner on the rendering by Leiden of any appropriate value added tax invoice;

b) shall be made in euros to the credit of a bank account to be designated in writing by Leiden. Conversion into currency shall be calculated:

- in the case of each royalty payment at the rate of exchange ruling as published in [...***...] on the last day of the twelve (12) month period in respect of which the payment is due;
- in the case of all other payments at the rate of exchange ruling as published in [...***...] on the day payment is made or due, whichever is earlier;

provided always that where any payment is made by Partner after the due date, conversion shall be at the rate of exchange ruling as published in [...***...] at the date of payment, if this rate is more favourable to Leiden;

c) shall be made in full without deduction of taxes and other government duties that may be imposed, except in so far as any such deduction may be credited in full by Leiden against Leiden's own tax liabilities, or costs. The Parties agree to reasonably co-operate in all respects necessary to take advantage of such double taxation agreements or treaties as may be available.

5.3. At its discretion, and upon written notice to Partner, Leiden may decide that its invoicing may be managed by its holding company, Libertatis Ergo Holding B.V.

6. RECORDS AND REPORTS

6.1. Partner agrees to keep true and accurate records and books of account containing all data necessary for the determination of royalties and milestone payments payable under Article 4 ("Records"), which Records shall upon [...***...] advance written notice of Leiden be open at reasonable times during Partner's business hours for inspection by an accountant selected by Leiden for the sole purpose of verifying the accuracy of payments and associated payment reports provided by Partner hereunder. Such accountant will sign a non-disclosure agreement

with Partner before accessing any Records. The accountant may take copies of the portions of the Records that evidence discrepancies from Partner's submitted payment reports, but shall not disclose to Leiden any information relating to the business or affairs of Partner other than such information in the Records as properly should have been contained in any royalty and/or milestone payment reports required to be furnished by Partner to Leiden. Leiden shall be solely responsible for the costs of the accountant.

6.2. The accountant will provide a copy of his/her inspection report to Leiden and to Partner. If the accountant appointed pursuant to Article 6.1 above certifies that the amount of royalties or milestone payments due to Leiden in respect of any twelve (12) month reporting period differs from the amount of royalties or milestone payments actually paid to Leiden for that period, setting forth the amount of the difference showing, in reasonable detail, the basis upon which such difference was determined then Partner shall forthwith pay any shortfall plus interest thereon to Leiden. If the shortfall for the inspected period exceeds [...***...] percent ([...***...]%) of the amount actually paid for that period and the reason for such variation is the failure of Partner to provide to its auditors correct or sufficient information then Partner shall also reimburse Leiden for the reasonable costs of the accountant. If the accountant determines that Partner has overpaid in any reporting period, Partner may elect to credit the overpaid amount toward future payments, or may request in writing that Leiden reimburse the amount of overpayment.

6.3. Partner shall submit to Leiden within [...***...] of the end of each twelve (12) month reporting period a statement setting forth the following with respect to the operations of Partner related to this Agreement during that period in the Territory:

a) the number of units and Net Sales of Licensed Products sold by Partner to third parties, as well as the number of units and Net Sales of Licensed Products reported to Partner by its sublicensees;
b) the Sublicense Income attributable to Sublicense Agreements entered into during such 12-month period;
c) the applicable Sublicense Income sharing percentage applicable to such Sublicense Income attributable to such Sublicense Agreements that were completed during such 12-month period;
d) the total amount of royalties and the Sublicense Income sharing amount due to Leiden for such 12-month period; and
e) any milestones achieved in accordance with Section 4.7, along with the applicable milestone payment amount owed for such achievement.

7. PATENTS

7.1. Partner shall at its own cost diligently prosecute all subsisting patent applications within the Patent Rights, in the name of Leiden, with an aim of securing the broadest monopoly that is commercially reasonably obtainable, in a manner consistent with avoiding serious prejudice to the validity of such granted patents, and it shall undertake to maintain all such patents within

the Patent Rights in force for the full terms thereof. All of the foregoing obligations shall be subject to commercial reasonable efforts, taking into account the (expected) costs of any opposition or other proceedings commenced or threatened against Leiden (as owner) or against Partner (as exclusive licensee) aiming at having the Patent Rights held invalid or unenforceable. Partner shall ensure Leiden receives copies of all relevant patent correspondence with patent offices. For the duration of this license Agreement and subject to Article 7.3. below, Partner shall have instructor rights vis-à-vis the patent agent that is appointed to prosecute and maintain the Patent Rights, and Leiden will grant these instructor rights to Partner after signing of this Agreement. Partner hereby grants Leiden an irrevocable power of attorney to execute any documents, forms and authorisations required to transfer these instructor rights vis-à-vis the patent agent back to Leiden after termination of this Agreement. All patent expenses related to the Patent Rights, including filing and prosecution expenses, that are incurred by Partner will be borne by Partner, and all such patent expenses incurred by Leiden will be set forth in an invoice delivered by Leiden to Partner, and will be borne by Partner.

7.2. In the event of any infringement by a third party of any of the Patent Rights in the Territory on such a scale as to affect prejudicially the Partner's actual or anticipated business in the Licensed Products to a material extent, Partner may take all legitimate steps to halt such infringement. Subject to receiving advice from an experienced patent counsel that infringement proceedings, including any interlocutory proceedings where relevant, stand a reasonable chance of success, Partner may request Leiden to lend its name to such proceedings and provide reasonable assistance (as requested by Partner, at Partner’s expense). Subject to Partner paying all costs, damages and expenses that Leiden may reasonably incur as a result of such infringement proceedings undertaken by Partner, including any award of costs against it, Leiden will do so. Any damages recovered shall belong to Partner, subject only to accounting to Leiden for any royalty due on Net Sales under Article 4 that were found to be infringing.

7.3. If at any time Partner wishes to abandon any patent application within the Patent Rights, it will inform Leiden as soon as possible. Partner will not abandon any patent application without first getting the prior written consent of Leiden (not to be unreasonably withheld, conditioned or delayed). In the event that Leiden does not agree to a requested abandonment, then Leiden shall take over responsibility for the patent prosecution and maintenance with regard to the patent application in question and thereafter it shall fall outside the scope of the Agreement.

8. PERFORMANCE

8.1. During the term of this Agreement as set out in Article 2.1 Partner shall use its diligent and commercially reasonable efforts to actively:
a) pursue commercial opportunities for the Technologies in the Territory;

b) sell Licensed Products to any suitable buyer independently of any other products of the Partner if so required; and,
c) after regulatory approval of a Licensed Product, meet all reasonable market demands for such Licensed Product throughout the Territory all subject only to recognition of technology failure or evidence that there is no viable commercial market for the Technologies or Licensed Products.

8.2. During the term of this Agreement as set out in Article 2.1, Partner [...***...]. For clarity, if Partner does not fulfill its obligation under this Article 8.2 regarding [...***...], such breach will not permit Leiden to terminate Partner's rights and licenses with respect to [...***...] or the entire Agreement; in such event, Leiden may only terminate Partner's rights and licenses with respect to [...***...] (and vice versa if Partner does not fulfill its obligation under this Article 8.2 regarding [...***...]).

If Leiden has a reasonable basis for believing that Partner has failed to comply with Article 8.1 and/or 8.2, then before exercising its rights under Article 11.1(d), Leiden will deliver written notice to Partner specifically describing the alleged failure to comply and Leiden's basis for such belief. Within [...***...] after Partner's receipt of such notice, the Parties will discuss in good faith (in person, by videoconference or telephonically) the alleged failure to comply and Leiden's belief, and if the Parties mutually agree that Partner has failed to comply with Article 8.1 and/or 8.2, the Parties will agree on a corrective plan, to be undertaken by Partner during the following [...***...] period, that will bring Partner into compliance with Articles 8.1 and 8.2. At the end of such [...***...] period, if Partner is not in compliance with Articles 8.1 and 8.2, then Leiden may exercise its rights under Article 11.1(d).

8.3. Leiden and Partner will coordinate the first production of the PRAME-TCR-GMP virus. Leiden will fund this production of PRAME-TCR-GMP virus for a maximum amount of [...***...] euro (EUR [...***...) and upon receipt of a written invoice delivered by Leiden, Partner will pay any and all reasonable mutually agreed additional costs associated with such first production. The quantity of PRAME-TCR-GMP virus obtained from such first production will be sufficient for pre-clinical development and for [...***...]. If Partner determines that more PRAME-TCR-GMP virus is required for clinical trials or for commercialization purposes (including preparation for marketing approval), Leiden will assist Partner in transferring the PRAME-TCR-GMP virus production know-how, and Partner will bear all costs for production of additional PRAME-TCR-GMP virus.

8.4. Subject to appropriate regulatory agency approval, Partner will cover the costs of production of PRAME-TCR for cell processing, patient infusion, and clinical trial support for [...***...]

[...***...] (maximum Partner expense commitment internal and external being [...***...] euro (EUR [...***...]).

8.5. Subject to appropriate regulatory agency approval, Partner will pay for third party GMP production of POU2AF1-TCR virus and cover costs of production of POU2AF1-TCR for cell processing, patient infusion, and clinical trial support for [...***...] (maximum Partner expense commitment internal and external being [...***...] euro (EUR [...***...]), not including cost of POU2AF1-TCR-GMP virus production). GMP produced POU2AF1-TCR-virus, including any cell banks used to generate the virus, will be Partner property; if Leiden wishes to do pre-clinical, academic (public, not for profit) research studies with the POU2AF1-TCR-GMP virus, Leiden will provide a written plan for such pre-clinical research studies, subject to confidentiality and non-use obligations as set out in Article 9, and Partner will provide reasonable quantities of POU2AF1-TCR (or with the POU2AF1-TCR-GMP virus) under a material transfer agreement [...***...].

8.6. Partner shall diligently coordinate and sponsor the [...***...] trial and take over responsibility for clinical trials after [...***...] for each antigen specificity (i.e, for PRAME-TCR and for POU2AF1-TCR). Timing of clinical trials involving Leiden will be agreed upon between the Parties. [...***...].

8.7. Leiden wishes to be involved in all significant steps of the [...***...] for PRAME-TCR and for POU2AF1-TCR that will be conducted at Leiden' site, and to be advisory in subsequent clinical trials for PRAME-TCR and for POU2AF1-TCR that will be conducted at Leiden' site, and to be able to publish the results thereof obtained by Leiden (subject to confidentiality/patenting issues). For the POU2AF1-TCR studies and/or studies targeting B-cell malignancies, Leiden desires to provide the principal investigator. Partner will consider these requests in good faith in the context of a multi-center trial.

8.8. During the term of this Agreement as set out in Article 2.1Partner shall not act as agent of Leiden and specifically not give any indication that it is acting otherwise than as principal and in advertising or selling Licensed Products not make any representation or give any warranty on behalf of Leiden.

9. CONFIDENTIALITY

9.1. With respect to any and all Confidential Information received from the Disclosing Party in the course of this Agreement, the Receiving Party shall:

a) keep such information confidential;
b) not communicate, disclose or otherwise make available such information to any third party (not including sublicensees) except with prior, written and explicit consent from the Disclosing Party;

c) communicate, disclose or otherwise make available such information to members of its personnel and sublicensees only and strictly on a “need-to-know” basis, that is, only in so far as disclosure to a particular individual is strictly necessary for the purpose of this Agreement and always subject to confidentiality and non-use obligations no less stringent than those set out in this Article 9;
d) not use such information other than for the purpose for which the information was disclosed;
e) take all reasonable steps to ensure that such information shall be protected against unauthorized access, theft, and the like.

9.2. The obligations as set out in Article 9.1 shall not apply or shall cease to apply, to information of which the Receiving Party can demonstrate by (documentary) evidence:
a) that it was in the public domain prior to the disclosure under this Agreement;
b) that it was in the Receiving Party’s possession prior to the disclosure under this Agreement, provided it was not acquired by the Receiving Party under confidentiality obligations directly or indirectly from the Disclosing Party;
c) that, after its disclosure under this Agreement, it became part of the public domain through no act or omission of the Receiving Party;
d) that, after its disclosure under this Agreement, it was received by the Receiving Party on a non-confidential basis from a third party who was legally entitled to disclose that information; or
e) that it is required under a statutory duty and/or court order to disclose, provided that advance written notice is given to the Disclosing Party and the Receiving Party takes all reasonable measures to protect the confidentiality of the information and to cooperate with the Disclosing Party’s efforts, at its expense, to avoid or limit disclosure.

9.3. Upon termination or expiry of this Agreement, each Receiving Party will at the first request of the Disclosing Party destroy any and all of the Disclosing Party’s Confidential Information.

10. NEGATION OF REPRESENTATIONS AND WARRANTIES, LIMITATION OF LIABILITIES, INDEMNIFICATION

10.1. Leiden makes no representations and extends no warranties of any kind, either expressed or implied, in relation to the Technologies and/or Patent Rights, the uses to which they may be put or their suitability for any particular purpose. There are no express or implied warranties that any applications for intellectual property rights under this Agreement will result in the granting of these rights, that the Patent Rights under this Agreement are, will remain or become valid, and that the exercise of the rights granted under this Agreement will not infringe patent, copyright, trademark, or other rights of any third party. Partner hereby acknowledges that is has satisfied itself in relation to the foregoing matters.

10.2. To the extent permitted by applicable law, Leiden shall in no event be liable for any direct, indirect, consequential loss, damage, claim, demand and/or expense – of whatever nature –

whether arising by way of a third party claim or otherwise – resulting from or in connection with the use and/or the exploitation of the Technologies and/or Patent Rights by Partner and its sublicensees under this Agreement.

10.3. Partner shall indemnify and hold harmless Leiden in respect of any loss, liability, damage, claim, cost, demand and/or expense arising or resulting from a claim brought by a third party and incurred or suffered by or imposed upon Leiden as a result of or in connection with the use and/or the exploitation of the Technologies and/or Patent Rights by Partner and its sublicensees (each a "Claim"). Leiden shall provide prompt written notice to Partner of the initiation of any Claim that may reasonably lead to Leiden's claim for indemnification under this Article 10.3. Upon receipt of such notice, Partner shall have the right to assume the defence and settlement of such Claim, provided that it shall not settle any Claim without Leiden's written consent (such consent not to be unreasonably withheld, conditioned or delayed). Leiden shall cooperate with Partner in the defence of such Claim and provide assistance as may reasonably be required or requested by Partner.

10.4. Partner shall ensure that is has in place and shall maintain product liability insurance with a reputable insurer to a sufficient value to cover the risks associated with exercise of Partner's rights and licenses under this Agreement. Partner shall, on the request of Leiden, provide evidence of the existence and maintenance of such insurance.

10.5. Upon termination or expiry of this Agreement, the provisions of this Article 10 shall remain in force.

11. TERMINATION

11.1. This Agreement may be terminated:

a) Upon mutual written agreement between the Parties;
b) At any time by Partner, by giving six (6) months written notice; For the avoidance of doubt, during the notice period, Partner shall remain liable for patent costs in accordance with Article 7.1;
c) With immediate effect by Leiden on written notice to Partner, in the event Partner fails to pay any sums due under this Agreement by the due date,(and where, for Partner payments that are driven by invoice, Leiden has confirmed Partner's receipt of the corresponding invoice), and Partner has failed to remedy that breach within thirty (30) days of being given written notice specifying the payment breach and demanding its cure, without prejudice to any other rights that Leiden may have relating to late payment;
d) With immediate effect by each Party on written notice to the other Party, in the event of a material breach of the other Party under this Agreement that the breaching Party has failed to remedy within thirty (30) days of being given written notice specifying the material breach and demanding its cure. A material breach on the side of Partner will in any event include failure to comply with its performance obligations as set out in Articles 8.1 and 8.2;

e) With immediate effect by each Party on written notice to the other Party, in the event that the other Party is involved in any legal proceedings asserting its insolvency or bankruptcy that is not dismissed within forty-five (45) days, or is adjudicated bankrupt or enters into liquidation, whether compulsory or voluntary, other than for the purposes of an amalgamation or reconstruction, or makes an arrangement with its creditors or petitions for an administration order or has a receiver or manager appointed over all or any part of its assets or generally becomes unable to pay its debts.

11.2. On termination of this Agreement, Partner shall immediately discontinue any use of the Patent Rights. Nevertheless, Partner shall continue to have the right for a period of six (6) months from the date of termination to complete deliveries on contracts in force at that date and to dispose of Products already manufactured subject to payment to Leiden of royalties thereon in accordance with Article 4. After this period of six (6) months, Partner shall destroy any remaining Licensed Products.

11.3 In the event that this Agreement is terminated, and one or more Sublicense Agreements have been granted under this Agreement, then this Agreement shall become an agreement between Leiden and any such sublicensees subject to the sublicensee(s) agreeing to be bound under the applicable portions of this Agreement to Leiden. The implementation of this Article 11.3 will not change the field or territory negotiated in such Sublicense Agreements, and will not permit Leiden to receive double payments for any right or license due to multiple sublicensees.

12. MISCELLANEOUS

12.1. Neither Party may assign or transfer, in whole or in part, its rights or obligations under this Agreement to any third party, without the other Party's prior written consent; provided that, without Leiden's prior written consent, Partner may assign this Agreement in its entirety to an Affiliate of Partner or to an assignee or transferee of Partner's entire business or of that part of Partner's business to which the licenses granted hereunder relate.

12.2. This Agreement may only be amended by prior written agreement of authorized representatives of each of the Parties hereto.

12.3. A waiver by any Party of a breach or default of another Party under any of the provisions of this Agreement shall not be construed as a waiver of any succeeding breach of the same or other provisions. Nor shall any delay or omission on the part of any Party to exercise or avail itself of any right, power or privilege that it has or may have under this Agreement, operate as a waiver of any breach or default by the other Party.

12.4. Any notice or other communication under this Agreement shall be in writing and shall be sufficiently served if sent by recorded delivery post or registered mail, return receipt requested, or by reputable overnight courier, to the following address;

_____ Leiden T.F._____ Partner

In the case of notices to Leiden to:

Leiden University Research & Innovation Services (LURIS)
Attn. Director Technology Transfer Office
Poortgebouw Noord
Rijnsburgerweg 10
2333 AA LEIDEN
The Netherlands
With reference number: INV14MC432
C14MC1930

In the case of notices to Partner to:

Bellicum Pharmaceutical, Inc.
Attn. Ken Moseley, J.D.
VP IP & Legal Affairs
Life Science Plaza
2130 West Holcombe Boulevard
Suite 800
Houston, Texas 77030
United States of America

12.5. This Agreement contains the entire agreement of the Parties in relation to its subject matter. Any Schedules to this Agreement shall form a part thereof. This Agreement may only be amended or supplemented in writing, by way of a document signed by (the authorised representatives of) all Parties.

12.6. If part of this Agreement is or becomes invalid or non-binding, the Parties shall remain bound to the remaining part. The Parties shall replace the invalid or non-binding part by provisions which are valid and binding and the effect of which, given the contents and purpose of this Agreement, is, to the greatest extent possible, similar to that of the invalid or non-binding part.

12.7. Partner may not use the “LUMC” or the full name “Leiden University Medical Centre” or any adaptation thereof in any publicity or advertising without the prior written consent of Leiden. Leiden may not use the name or logo of Partner or its sublicensees, or any adaptation thereof, in any publicity or advertising without the prior written consent of Partner.

12.8. This Agreement may not be rescinded (“(*in rechte*) *ontbonden*”), in whole or in part, by any Party to this Agreement.

The Parties have executed this Agreement as of the Effective Date as follows:

Leiden University Medical Center	Bellicum Pharmaceuticals, Inc.
/s/ Guillaine E. de Blécourt	/s/ Thomas J. Farrell
Name: Guillaine E. de Blécourt	Name: Thomas J. Farrell
Title: Manager Division 4	Title: President & CEO
Date: 4/23/15	Date: 4/20/15

SCHEDULES:

A. Patent Rights
B. Research

SCHEDULE A: PATENT RIGHTS:

[...***...]

SCHEDULE B: RESEARCH (Article 4.2)

[...***...]

[...***...]

LICENSE AGREEMENT

This LICENSE AGREEMENT (the "Agreement"), effective as of June 4, 2015 (the "Effective Date"), is made by and between Bellicum Pharmaceuticals, Inc., a Delaware corporation, having a place of business at 2130 Holcombe Boulevard, Suite 800, Houston, TX 77030, United States of America ("Bellicum"), and BioVec Pharma, Inc., a legally constituted corporation, having a principal place of business at 1201 rue du Capitaine Bernier, Québec, QC, Canada ("BioVec").

BACKGROUND

A. BioVec has developed and has rights to certain proprietary cell lines.

B. Bellicum desires to obtain a non-exclusive license to use the BioVec Products (as hereinafter defined) for producing gene therapy vectors for certain purposes, including, but not limited to, research, development (including human clinical trials), manufacturing and commercial uses and purposes; and

C. BioVec is willing to grant to Bellicum a non-exclusive license to use the BioVec Products under the terms and conditions set forth hereunder.

NOW, THEREFORE, for and in consideration of the covenants, conditions and undertakings hereinafter set forth, it is agreed by and between the Parties as follows:

ARTICLE 1
DEFINITIONS

As used herein, the following capitalized terms will have the meanings set forth below:

1.1 "Affiliate" means, with respect to a Party, any firm, corporation or other entity which directly or indirectly controls, is controlled by, or is under common control with, such Party. A Party shall be regarded as in control of another firm, corporation or other entity if it owns, or directly or indirectly controls, more than fifty percent (50%) of the voting stock or other ownership interest of such firm, corporation or other entity, or if it directly or indirectly possesses the power to direct or cause the direction of the management and policies of such firm, corporation or other entity by any means whatsoever.

1.2 "Bellicum Intellectual Property" means the intellectual property and materials owned or Controlled by Bellicum and used for research, development, use and/or manufacturing of Licensed Products.

1.3 "Bellicum Licenses" has the meaning set forth in Section 3.2(a) hereof.

1.4 "BioVec Products" means the cell lines described on Exhibit A, as the same may be amended in writing by the Parties from time to time, as well as any modified versions or derivatives thereof, including cell lines developed and characterized under GMP condition, in each case that are

provided to Bellicum, its Affiliates, or Sublicensees (as defined hereinafter), in accordance with the terms of the Agreement.

1.5 "Clinical Phase" means a human clinical trial conducted in any country that is intended to evaluate the safety and/or pharmacological effect and/or efficacy of a Licensed Product in human subjects, or that would otherwise satisfy the requirements of 21 CFR 312.21, or its foreign equivalent.

1.6 "Combination Product" means a product that contains one or more active components which are Licensed Products, and wherein such Licensed Product components are sold in combination with other active components which are not Licensed Products.

1.7 "Competent Authority(ies)" means, collectively, (a) the governmental entities in each country or supranational organization that is responsible for the regulation of any Licensed Product intended for use in the Field (including without limitation the FDA and EMA), or (b) any other applicable regulatory or administrative agency in any country or supranational organization that is comparable to, or a counterpart of, the foregoing.

1.8 "Control" means the possession by a Party of the ability to grant access to, license or sublicense of intellectual property, in any case without violating the terms of any agreement binding on such Party.

1.9 "EMA" means the European Agency for the Evaluation of Medicinal Products of the European Union, or the successor thereto.

1.10 "FDA" means the Food and Drug Administration of the United States, or the successor thereto.

1.11 "Field" means all applications related to therapeutic, diagnostic, preventative, palliative and other uses of genetically modified cells, including, without limitation, genetically modified cells engineered to express suicide genes, chimeric antigen receptors and/or engineered or natural T-cell receptors, in the fields of oncology and infectious diseases.

1.12 "GAAP" means United States generally accepted accounting principles, consistently applied.

1.13 "GMP" means then-current good manufacturing standards, practices and procedures promulgated or endorsed by the FDA or other Competent Authorities relating to manufacturing, including but not limited to the principles detailed in the United States Current Good Manufacturing Practices (21 CFR Parts 200, 211 and 600), and all analogous guidelines promulgated by any Competent Authority (including the EMA and under the International Conference on Harmonisation (ICH)), the "Rules Governing Medicinal Product in The European Community - Volume IV Good Manufacturing Practice for Medicinal Products," and/or "Cooperative Manufacturing Arrangements for Licensed Biologics" FDA-CBER.

1.14 "Licensed IP Rights" means, collectively, the Licensed Know-How and the Licensed Patent Rights.

1.15 "Licensed Know-How" means all data, information, compositions and other technology (including, but not limited to, know-how, knowledge, trade secrets, practices, methods, formulae, procedures, protocols, techniques and results of experimentation and testing) which are disclosed to Bellicum by BioVec and are used by Bellicum to make, use, research, develop, sell, commercialize or seek regulatory approval to market a composition, or to practice any method or process, which relates to the BioVec Products, including any of the foregoing that may be provided to Bellicum under Section 2.2 or otherwise under this Agreement.

1.16 "Licensed Patent Rights" means (a) U.S. patent number [...***...] and CA application [...***...], (b) all divisions, continuations, continuations-in-part, continuing prosecution applications and provisionals that claim priority to, or common priority with, the patent and patent application described in sub-clause (a) above or the patent(s) resulting from the patent application described in sub-clause (a) above, and (c) all patents that have issued or in the future issue from any of the foregoing patent applications, including utility, model and design patents and certificates of invention, together with any reissues, renewals, re-examinations, extensions or additions thereto.

1.17 "Licensed Product" means a product or component of a product in the Field containing, derived from, or made using BioVec Products.

1.18 "Net Sales" means, with respect to any Licensed Product, the gross amount invoiced for sales of such Licensed Product by Bellicum, its Affiliates or Sublicensees to Third Parties who are not Affiliates or Sublicensees (or are Affiliates or Sublicensees, but are the end users of such Licensed Product) after deduction (if not already deducted in the amount invoiced) of the following items, but only to the extent that such items are actually paid or allowed in connection with such sale of Licensed Product and are consistent with GAAP: (a) **[**...***...]; (b) [...***...]; (c) [...***...]; (d) [...***...]; (e) [...***...]; and (f) [...***...].

For the avoidance of doubt, disposal of any Licensed Product for, or use of any Licensed Product in, (i) any clinical trial or other research and development activities without any form of consideration or charge, whether directly or indirectly related to Licensed Products, or (ii) compassionate use purposes, so long as such Licensed Product is provided without charge, if any, shall not result in any Net Sales.

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For clarity, Net Sales shall not include sales by or among Bellicum and its Affiliates or Sublicensees for purposes of resale to Third Parties, provided that, upon resale of such Licensed Product by Bellicum or its Affiliate or Sublicensee, Net Sales shall include the amount received by Bellicum, its Affiliate or Sublicensee from Third Parties on the resale of such Licensed Product.

To the extent that Bellicum, its Affiliate or Sublicensee provides discounts or allowances that are applicable to the purchases of Licensed Product and one or more other products (such as in a "bundled sale" arrangement), such discounts and allowances shall be allocated between the Licensed Product (for purposes of the deductions used in calculating Net Sales as above) and such other products in a commercially reasonable manner that does not unfairly or inappropriately bias the level of discounting against the Licensed Product (as compared to the other products).

If a Licensed Product is sold as a Combination Product, then for purposes of determining Bellicum's payment obligations under Section 4.4, the following calculations shall apply:

(1) In the event one or more Licensed Products are sold as part of a Combination Product in a particular country, and all products contained in the Combination Product are sold separately in such country, the Net Sales of such Licensed Product component(s), for the purposes of determining payments based on Net Sales, shall be determined by multiplying the Net Sales of the Combination Product in such country, during the applicable Net Sales reporting period, by [...***...], in each case during the applicable Net Sales reporting period.

(2) In the event one or more Licensed Products are sold as part of a Combination Product and are sold separately in such country, but the other product component(s) included in the Combination Product are not sold separately in such country, the Net Sales of the Licensed Product component(s), for the purposes of determining payments based on Net Sales, shall be determined by multiplying the Net Sales of the Combination Product in such country by [...***...], in each case during the applicable Net Sales reporting period.

(3) In the event that the Net Sales of the Licensed Product component(s) when included in a Combination Product cannot be determined using either of the methods described above, Net Sales of such Licensed Product component(s) for the purposes of determining payments based on Net Sales shall be determined by Bellicum in good faith, and reasonably agreed upon in good faith by the Parties, on the basis of the respective fair market values of the Licensed Product component(s) and all other product component(s) included in such Combination Product.

1.19 "Party" or "Parties" means, respectively, Bellicum or BioVec individually, or Bellicum and BioVec collectively.

1.20 "Registration(s)" means any and all permits, licenses, authorizations, registrations or regulatory approvals required and/or granted by any Competent Authority as a prerequisite to the

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development, manufacturing, packaging, marketing and selling of any Licensed Product in a given country or jurisdiction.

1.21 "Sublicense" has the meaning set forth in Section 3.1 hereof.

1.22 "Sublicensee" means a sublicensee under a Sublicense.

1.23 "Territory" means worldwide.

1.24 "Third Party" means any person or entity other than Bellicum, BioVec, and their respective Affiliates.

ARTICLE 2
SUPPLY

2.1 Supply. In consideration of the payment obligations of Bellicum set forth under Article 4, within [...***...] following the Effective Date, BioVec will deliver to Bellicum or its designee sufficient amounts of each BioVec Product to enable Bellicum to establish and maintain its own master and working cell banks of each BioVec Product. In the event that Bellicum is unable to establish its own master and working cell banks of each BioVec Product with the BioVec Products provided by BioVec under that first delivery (whether because any BioVec Product received from BioVec fails to grow, is contaminated or is lost, destroyed, damaged or otherwise compromised during transfer or otherwise), BioVec will deliver such additional amounts of each BioVec Product as may be required to enable Bellicum to establish and maintain its own master and working cell banks of each BioVec Product.

2.2 Technology and Data Transfer; Regulatory Support. Within [...***...] from the Effective Date, and periodically during the Term upon the reasonable request of Bellicum, BioVec shall transfer to Bellicum or its designee, without charge, such materials and documentation relating to the BioVec Products as are in BioVec's possession and Control and that are reasonably necessary to enable Bellicum or its designee (including a Third Party manufacturer designated by Bellicum) to use the BioVec Products to use, research, develop, conduct human clinical trials, manufacture and/or commercialize the Licensed Products (all such materials and documentation provided to Bellicum hereunder, the "BioVec Materials"), and BioVec shall provide reasonable assistance to enable the effective transfer of the foregoing to Bellicum. In addition, BioVec will use diligent efforts to assist Bellicum, its Affiliates and Sublicensees in preparation of regulatory information and packages related to Licensed Products.

2.3 Bellicum Service Providers. Bellicum may, without consent from BioVec, develop and produce, or engage one or more Third Party contract manufacturers, collaborators and/or services providers (collectively, "Bellicum Service Providers") to develop and produce, each (i) BioVec Product; (ii) any modified versions or derivatives of the BioVec Product cell lines, including cell lines developed and characterized by Bellicum, its Affiliates or Sublicensees; and (iii) any of the foregoing (i) or (ii) that contain any Bellicum materials or any other genetic materials or fall within the scope of Bellicum Intellectual Property, and such Bellicum Service Providers may use any of the

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foregoing (i-iii) to use, research, develop and manufacture Licensed Products; provided that each such Bellicum Service Provider shall be subject to a written agreement pursuant to which such Bellicum Service Provider agrees: (1) not to use any BioVec Products or BioVec Materials for any purpose other than as permitted under this Agreement; (2) to use any BioVec Product that may be supplied to it by Bellicum solely in vitro and not in human subjects, in clinical trials, or for diagnostic purposes involving human subjects; and (3) not to sell, transfer, disclose or otherwise provide to any Third Party (other than to such Bellicum Service Provider's employees. consultants and agents who are performing such services for Bellicum and who are subject to confidentiality obligations no less protective of the BioVec Products and the BioVec Materials than those imposed under this Agreement) any BioVec Products or BioVec Materials. Bellicum shall submit to BioVec in writing the identity of such Bellicum Service Providers within [...***...] after BioVec Products have been delivered to them.

ARTICLE 3
GRANT

3.1 License. BioVec hereby grants to Bellicum and its Affiliates a non-exclusive, non-assignable and non-transferable (except in accordance with Section 11.3) license, with the right to grant and authorize sublicenses in accordance with Section 3.2 (each, a "Sublicense"), under the Licensed IP Rights to use BioVec Products in the Field solely to: conduct research and to develop, make, have made, use, offer for sale, sell, export, import and otherwise exploit Licensed Products in the Field in the Territory; provided that all commercialized Licensed Products also shall fall within the scope of Bellicum Intellectual Property and/or use or incorporate Bellicum materials or other genetic materials that were not provided by BioVec.

3.2 Sublicense. Bellicum shall have the right to grant Sublicenses; provided, however, that any such Sublicense shall bind the Sublicensee in writing to all the applicable terms and conditions of this Agreement; and further provided that a Sublicensee shall not have the right to grant further sublicenses without the written consent of BioVec, not to be unreasonably withheld, conditioned or delayed. Bellicum assumes full responsibility for the performance of all obligations imposed on Sublicensees by such Sublicenses. Furthermore, it is understood and agreed that Bellicum shall not have the right to sublicense all of its rights and obligations under this Agreement to a single Third Party unless such sublicense is granted within a transaction contemplated by Section 11.3(b) for which consent of the other Party is not required. The right to grant Sublicenses is also conditioned upon Bellicum complying with the following conditions:

(a) Such Sublicense is granted in connection with a license under Bellicum Intellectual Property and with respect to Licensed Products("Bellicum License");

(b) Without limiting the generality of the foregoing subclause (a), each Sublicensee shall be subject to obligations of confidentiality no less protective of the BioVec Products and the BioVec Materials than the obligations set forth in Section 2.3 and Article 6;

(c) Bellicum shall submit to BioVec a copy of each final executed Sublicense within [...***...] of its execution by the parties thereto, which Sublicense may be redacted to

protect information related to (i) any product other than the Licensed Product and (ii) any technology, know-how and intellectual property that is unrelated to the Licensed IP Rights;

(d) Each Sublicense shall contain disclaimers of representations, warranties, indemnities and liability on the part of BioVec consistent with such disclaimers set forth in this Agreement; and

(e) Each Sublicense shall not survive early termination of the Bellicum License.

3.3 Reserved Rights. BioVec retains title to or Control of Licensed IP Rights.

3.4 Limitations.

(a) Bellicum acknowledges and agrees that it does not acquire any rights hereunder to:

(1) transfer BioVec Products to any Third Party other than its Affiliates, Sublicensees or Bellicum Service Providers.

(2) sell or offer to sell BioVec Products to any Third Party.

(b) This Agreement shall not be interpreted or construed as granting to Bellicum or its Affiliates any rights, express or implied, by estoppel or otherwise, to any patents, patent applications, trademarks, copyrights, inventions, methods, technical information, confidential information, proprietary information, expertise, know-how, trade secrets or knowledge not specifically licensed under this Agreement, and all rights not expressly granted to Bellicum and its Affiliates by this Agreement are expressly reserved by BioVec.

(c) No license is granted hereunder to (i) use the Licensed IP Rights, BioVec Products or BioVec Materials in the development, making, using, offering for sale, selling, importation, exportation or distribution of products other than Licensed Products in the Field, or (ii) modify, manipulate, transform, make derivatives of or otherwise improve BioVec Products unless expressly permitted herein.

3.5 Other Licensees. While this Agreement is in effect, BioVec will not grant a license to any of its other licensees to use and exploit the BioVec Products and/or the BioVec Materials for the purpose of commercializing products that will compete with the Licensed Products without paying to BioVec a reasonable financial consideration. If Bellicum obtains evidence that (a) that BioVec has permitted such use and exploitation by such other licensee or has allowed an unlicensed Third Party to use and exploit the BioVec Products and/or the BioVec Materials for the purpose of commercializing products that will compete with the Licensed Products without requiring payment of such financial consideration to BioVec, or (b) that another of BioVec's licensees has violated the terms and conditions of its BioVec license agreement, with the result that a non-sublicensed Third Party is using or exploiting the BioVec Products and/or the BioVec Materials for the purpose of commercializing products that will compete with the Licensed Products without financial obligation to such licensee (and indirectly to BioVec), then in the event that (a) or (b) occurs, Bellicum has the

right to notify BioVec in writing of such circumstance detailing the evidence it has obtained and to demand that BioVec exercise its available rights and remedies against such other licensee and such unlicensed or non-sublicensed Third Party, with the objective of promptly terminating such unlicensed use and exploitation of the BioVec Products and/or the BioVec Materials or obtaining reasonable financial consideration. The Parties will reasonably discuss in good faith the steps that BioVec proposes to undertake to stop such unlicensed use and exploitation.

ARTICLE 4
PAYMENTS

4.1 License Fee. Within ten (10) business days after the Effective Date, Bellicum shall pay to BioVec the nonrefundable and noncreditable initial license fee of one hundred thousand U.S. dollars ($100,000 USD). Within ten (10) business days after the date of Bellicum's receipt of the first released GMP lot of Licensed Product, Bellicum shall pay to BioVec a second nonrefundable and noncreditable license fee of three hundred thousand U.S. dollars ($300,000 USD).

4.2 License Maintenance Fees. Within [...***...] after the date upon which the first of the following events occurs: an IND is submitted to the FDA in connection with a Licensed Product, and thirty (30) days (or such other period of time during which the FDA may be permitted to impose a clinical hold) following such IND submission has passed without the FDA imposing a clinical hold, thereby enabling Bellicum or its Affiliate or Sublicensee to lawfully initiate a first Phase I Clinical Phase in relation to such Licensed Product – or the foreign equivalent of the foregoing that enables a first Phase I Clinical Phase in relation to a Licensed Product outside of the United States -- (the "First IND Date"), Bellicum shall pay to BioVec a nonrefundable license maintenance fee of one hundred and fifty thousand U.S. dollars ($150,000 USD). On each anniversary of the First IND Date thereafter during the Term, Bellicum shall pay to BioVec a nonrefundable license maintenance fee of one hundred and fifty thousand U.S. dollars ($150,000 USD). Such license maintenance fees shall be fully creditable against any Royalties payable under Section 4.4, whether such Royalties are payable in the current anniversary year or in subsequent anniversary years described in this Section 4.2.

4.3 Milestone Payments. Bellicum shall pay BioVec the following milestone payments on the achievement by Bellicum, its Affiliates or Sublicensees of the following milestone events, with such milestone payments due within [...***...] after the applicable milestone event is achieved. For clarity, as used in the table below, the phrase "the first three (3) Licensed Products" refers to three distinctly different Licensed Products, wherein each is generated using a BioVec Product that contains a distinctly different retroviral construct.

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Milestone Events & Milestone Payments
$250,000, payable upon the first administration of a Licensed Product to the first patient in a Clinical Phase, payable one time only for each of the first three (3) Licensed Products to enter into a Clinical Phase. In no event will the milestone payment with respect to this milestone event be paid more than three (3) times, even if additional Licensed Products subsequently achieve this milestone event.
$2,000,000, payable upon receipt of any Licensed Product Registration by the FDA or the EMA, payable one time only for each of the first three (3) Licensed Products to receive such Registration. In no event will the milestone payment with respect to this milestone event be paid more than three (3) times, even if additional Licensed Products subsequently achieve this milestone event.

4.4 Royalties. Bellicum shall pay to BioVec royalties of [...***...] percent ([...***...]%) on Net Sales in the Territory during the term of this Agreement (the "Royalties"). This royalty rate payable by Bellicum represents a [...***...].

ARTICLE 5
PAYMENTS; RECORDS

5.1 Payment Method. All payments due under this Agreement shall be made from a bank located in the United States by bank wire transfer in immediately available funds to a bank account designated by BioVec in writing. All payments hereunder shall be made in U.S. dollars. In the event that the due date of any payment subject to Article 4 is a Saturday, Sunday or national holiday, such payment may be paid on the following business day.

5.2 Taxes. If laws or regulations require that taxes be withheld from any amounts payable hereunder, Bellicum will: (a) deduct those taxes from the otherwise remittable payment; (b) timely pay the taxes to the proper taxing authority; and (c) notify BioVec and promptly furnish BioVec with copies of any documentation evidencing such withholding. Bellicum shall provide reasonable assistance to BioVec in order to allow BioVec to minimize or claim exemption from such deductions or withholdings under any present or future treaty against double taxation which may apply to such payments.

5.3 Payments and Reports. Royalty payments under this Agreement with respect to Net Sales of Licensed Products received by Bellicum, or Net Sales reported to Bellicum by its Affiliates and Sublicensees, in a given calendar quarter shall be made to BioVec or its designee [...***...]

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within [...***...] following the end of the applicable [...***...]. Each Royalty payment shall be accompanied by a report detailing, during the relevant calendar quarter: (i) units of Licensed Product sold, (ii) total gross amount invoiced for sales of the Licensed Product, (iii) calculation of the Net Sales (including the total amount of deductions utilized in determining Net Sales), and (iv) all other calculations made in determining the applicable Royalties payable on such Net Sales.

5.4 Currency Conversion. With respect to sales of Licensed Products invoiced in United States dollars, all such amounts shall be expressed in United States dollars. With respect to sales of Licensed Products invoiced in a currency other than United States dollars, all such amounts shall be expressed both in the currency in which the sale is invoiced and in the United States dollar equivalent. The United States dollar equivalent shall be calculated using the average of the exchange rates (local currency per US$1) published in [...***...] on the last business day of the third month in the applicable calendar year. All Royalties payable hereunder shall be calculated based on Net Sales expressed in United States dollars.

5.5 Books and Records; Accounting and Audits. Bellicum shall keep, and Bellicum shall cause its Affiliates and Sublicensees to keep, full, complete and proper records and accounts of Net Sales in sufficient detail to enable the Royalties payable under this Agreement to be determined by an independent audit. Bellicum shall permit an independent certified public accounting firm of nationally recognized standing, selected by BioVec and reasonably acceptable to Bellicum, and under an obligation of confidence, to have access upon reasonable prior written notice (which shall be no less than [...***...] prior written notice) during normal business hours of Bellicum and not more than once in each calendar year, to such records as may be reasonably necessary to verify the accuracy of the Royalties payments and reports hereunder. If BioVec's review of such records of Bellicum does not permit verification of Royalty payments payable for Affiliates' and/or Sublicensees' Net Sales, then BioVec may require Bellicum to conduct an audit of such Affiliate's and/or Sublicensee's records in order to provide BioVec with reasonably requested information and Bellicum shall have such an audit conducted promptly . A copy of the audit report shall be delivered promptly to Bellicum. Such audits shall be at BioVec's expense unless such audit determines that Royalties payments actually delivered to BioVec represent less than [...***...] percent ([...***...]%) of the amount determined to be due for any calendar year, in which case such audit shall be at Bellicum's expense. If such certified public accountant identifies an underpayment, and Bellicum does not have a good faith basis for disputing such finding, then Bellicum shall pay BioVec the amount of the discrepancy within [...***...] of the date BioVec delivers toBellicum (or Bellicum otherwise receives) such accountant's written report that identifies such underpayment. Bellicum shall preserve and maintain, and Bellicum shall cause its Affiliates and Sublicensees to preserve and maintain, all such Royalties payment records and accounts required for audit for a period of [...***...] after the [...***...] to which such records and accounts apply.

5.6 Interest. In the event that Bellicum does not pay to BioVec any undisputed amounts due under this Agreement within [...***...] after the applicable time period for payment set forth herein, such undisputed, overdue payment amount shall bear interest, to the extent

permitted by applicable law, at a rate of interest equal to the lesser of [...***...] percent ([...***...]%) per month, or the maximum interest rate permitted by applicable law.

5.7 Confidentiality. All financial information that is subject to review by BioVec or by BioVec's independent certified public accounting firm under this Article 5 (including all Royalties reports) shall be Bellicum's Confidential Information for purposes of this Agreement, and BioVec shall cause its independent certified public accounting firm to retain all such financial information in strict confidence.

ARTICLE 6
CONFIDENTIALITY

6.1 Confidential Information. During the term of this Agreement, and for a period of [...***...] following the expiration or earlier termination hereof, each receiving Party ("Recipient") shall maintain in confidence all confidential information of the other Party ("Disclosing Party") that is disclosed to the Recipient in connection with this Agreement, whether or not identified as, or acknowledged to be, confidential at the time of disclosure (the "Confidential Information"), and Recipient shall not use, disclose or grant the use of the Disclosing Party's Confidential Information except on a need-to-know basis to those of its or its Affiliates' directors, officers, affiliates, employees, permitted licensees, permitted assignees and agents, consultants, clinical investigators or contractors (collectively, "Representatives"), to the extent such disclosure is reasonably necessary in connection with performing its obligations or exercising its rights under this Agreement. To the extent that disclosure is authorized by this Agreement, prior to disclosure, the Recipient shall obtain written agreement of each such Representative to hold in confidence and not make use of the Disclosing Party's Confidential Information for any purpose other than those permitted by this Agreement. The Recipient shall notify the Disclosing Party promptly upon discovery of any unauthorized use or disclosure of the Disclosing Party's Confidential Information. Without limiting the generality of the foregoing, its is understood and agreed that, subject to Section 6.2, the Licensed Know-How constitutes Confidential Information of BioVec.

6.2 Exclusions. The confidentiality obligations contained in Section 6.1 shall not apply to the extent that (a) the disclosed information was public knowledge at the time of such disclosure to the Recipient, or thereafter became public knowledge, other than as a result of actions or inactions of the Recipient or its Representatives in violation hereof; (b) the disclosed information was known by the Recipient prior to the date of disclosure to the Recipient hereunder; (c) the disclosed information was rightfully disclosed to the Recipient on a non-confidential basis by a Third Party; or (d) the disclosed information was independently developed by the Recipient without use of or access to the Confidential Information of the Disclosing Party.

6.3 Permitted Use and Disclosures. Each Recipient may use or disclose Confidential Information of the Disclosing Party or the terms of this Agreement: (a) to the extent such use or disclosure is reasonably necessary in (i) filing or prosecuting patent applications in accordance with this Agreement, (ii) prosecuting or defending, or complying with discovery requests in, legal or administrative actions related to this Agreement, (iii) complying with any applicable law, order, rule or regulation of any court or governmental body or governmental agency or otherwise submitting

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information to tax or other governmental authorities in connection with this Agreement, (iv) conducting clinical trials or obtaining approval to test or market a product pursuant to this Agreement, (v) making a permitted Sublicense or otherwise exercising its rights hereunder, or (vi) filings under applicable securities laws or regulations or per the rules of any securities exchange or similar organization; (b) to bona fide potential and actual acquirers, investors, underwriters and lenders, subject to reasonable non-use and non-disclosure requirements; and (c) to its and its Affiliates' respective Representatives, subject to reasonable non-use and non-disclosure requirements. The Recipient shall be responsible for the compliance of all such Representatives with this Article 6. If a Recipient is making a disclosure pursuant to subsection (a)(ii) or (a)(iii) above, such Recipient shall provide the Disclosing Party with prompt written notice of such planned disclosure prior to such disclosure (only to the extent prior notice is allowed under applicable laws, orders, rules or regulations) so that the Disclosing Party may seek to limit or avoid disclosure, or to seek a protective order or other appropriate relief. Subject to the foregoing sentence and the Recipient's compliance with its obligations under this Article 6, the Recipient may furnish the portion of the documents and information that it is legally compelled or it is otherwise required to disclose in connection therewith.

6.4 Terms of this Agreement. Except as otherwise provided in Section 6.2 or Section 6.3, neither Party shall disclose any terms or conditions of this Agreement to any Third Party without the prior consent of the other Party. Notwithstanding anything to the contrary in the foregoing, prior to execution of this Agreement, the Parties have agreed upon the content and information that can be used to describe the terms of this transaction, and each Party may disclose such content and information, as modified by written mutual agreement of the Parties from time to time, without the other Party's consent.

ARTICLE 7
REPRESENTATIONS AND WARRANTIES; LIABILITY

7.1 Bellicum. Bellicum represents and warrants that: (i) it has the legal power, authority and right to enter into this Agreement and to fully perform all of its obligations hereunder; (ii) this Agreement is a legal and valid obligation binding upon it and enforceable in accordance with its terms; (iii) the performance of its obligations hereunder do not conflict with, violate or breach or constitute a default or require any consent under, any contractual obligations of Bellicum.

7.2 BioVec. BioVec represents and warrants that: (i) it has the legal power, authority and right to enter into this Agreement and to fully perform all of its obligations hereunder; (ii) this Agreement is a legal and valid obligation binding upon it and enforceable in accordance with its terms; (iii) the performance of its obligations and the grant of rights hereunder do not conflict with, violate or breach or constitute a default or require any consent under, any contractual obligations of BioVec; (iv) all BioVec Products supplied to Bellicum under this Agreement shall conform with the applicable specifications therefor, which shall be agreed in writing between the Parties prior to delivery thereof; (v) it shall reasonably support the transition of the BioVec Products listed in Exhibit A to full functionality in a serum free manufacturing environment; (vi) BioVec owns or Controls the Licensed IP Rights; and (vii) no Third Party claims have been asserted or threatened,

nor are there any valid grounds for any claim of any such kind, challenging the inventorship, validity, enforceability, effectiveness, or ownership of the Licensed IP Rights.

7.3 No Consequential Damages. IN NO EVENT SHALL EITHER PARTY BE LIABLE TO THE OTHER PARTY FOR SPECIAL, INCIDENTAL, CONSEQUENTIAL, LOST PROFIT, EXPECTATION, PUNITIVE, EXEMPLARY, MULTIPLE OR INDIRECT DAMAGES ARISING OUT OF OR RELATED TO THIS AGREEMENT, EVEN IF SUCH PARTY HAD BEEN ADVISED OF THE POSSIBILITY OF SUCH DAMAGES OR LOSSES, WHETHER GROUNDED IN TORT (INCLUDING NEGLIGENCE), STRICT LIABILITY. CONTRACT, OR OTHERWISE ARISING OUT OF OR IN CONNECTION WITH THIS AGREEMENT UNDER ANY THEORY OF LIABILITY; provided, however, that this Section 7.3 shall not limit either Party's indemnification obligations under Article 8.

ARTICLE 8
INDEMNIFICATION

8.1 Bellicum. Bellicum agrees to indemnify, defend and hold BioVec and its Affiliates and their respective directors, officers, employees, agents and their respective successors, heirs and assigns (the "BioVec Indemnitees") harmless from and against any losses, costs, claims, damages, liabilities or expense (including reasonable attorneys' and professional fees and other expenses of litigation) (collectively, "Liabilities") arising, directly or indirectly, out of or in connection with Third Party claims, suits, actions, demands or judgments, relating to (a) the negligence or willful misconduct of Bellicum, its Affiliates or Sublicensees, (b) personal injury or death resulting from any Licensed Product developed, manufactured, used, sold or otherwise distributed by or on behalf of Bellicum, its Affiliates, Sublicensees or other designees; (c) any breach by Bellicum of its representations, warranties or covenants made in this Agreement, except, in each case, to the extent such Liabilities result from the matters described in Section 8.2 (a) or (b); and (d) the exercise by Bellicum, its Affiliates or Sublicensees of the rights granted herein.

8.2 BioVec. BioVec agrees to indemnify, defend and hold Bellicum and its Affiliates and their respective directors, officers, employees, agents and their respective successors, heirs and assigns (the "Bellicum Indemnitees") harmless from and against any Liabilities arising, directly or indirectly, out of or in connection with Third Party claims, suits, actions, demands or judgments, relating to (a) the negligence or willful misconduct of BioVec, or (b) any breach by BioVec of its representations, warranties and covenants made in this Agreement., except, in each case, to the extent such Liabilities result from the matters described in Section 8.1 (a) or (c) .

8.3 Indemnification Procedure. A Party that intends to claim indemnification (the "Indemnitee") under this Article 8 shall promptly notify the other Party (the "Indemnitor") in writing of any claim, complaint, suit, proceeding or cause of action with respect to which the Indemnitee intends to claim such indemnification (for purposes of this Section 8.3, each a "Claim"), and the Indemnitor shall have sole control of the defense and/or settlement thereof; provided that the Indemnitee shall have the right to participate, at its own expense, with counsel of its own choosing in the defense and/or settlement of such Claim. The indemnification obligations of the Parties under this Article 8 shall not apply to amounts paid in settlement of any Claim if such settlement is

effected by an Indemnitee without the written consent of the Indemnitor, which consent shall not be withheld, conditioned or delayed unreasonably. The failure to deliver written notice of a Claim to the Indemnitor within a reasonable time after the commencement of any such Claim, if prejudicial to its ability to defend such action, shall relieve such Indemnitor of any liability to the Indemnitee under this Article 8, but the omission so to deliver written notice to the Indemnitor shall not relieve the Indemnitor of any liability to any Indemnitee otherwise than under this Article 8. The Indemnitee under this Article 8, and its employees, at the Indemnitor's request and expense, shall provide full information and reasonable assistance to Indemnitor and its legal representatives with respect to such Claims covered by this indemnification.

ARTICLE 9
DILIGENCE

9.1 Bellicum and its Affiliates shall use diligent efforts to develop at least one Licensed Product and to introduce at least one Licensed Product into the commercial market as soon as practicable and consistent with sound and reasonable business practice and judgment.

ARTICLE 10
TERM AND TERMINATION

10.1 Term. The term of this Agreement shall commence on the Effective Date, and shall continue until termination of this Agreement in accordance with Section 10.2, 10.3 or 10.4.

10.2 Termination by Bellicum. Bellicum may terminate this Agreement, in its sole discretion, upon ninety (90) days prior written notice to BioVec.

10.3 Termination for Cause. Except as otherwise provided in Section 11.4, BioVec may terminate this Agreement upon or after the breach of any material provision of this Agreement by Bellicum, if Bellicum has not cured or discontinued such breach within sixty (60) days after receipt of express written notice delivered by BioVec to Bellicum describing such breach and demanding its cure. Except as otherwise provided in Section 11.4, Bellicum may terminate this Agreement upon or after the breach of any material provision of this Agreement by BioVec, if BioVec has not cured or discontinued such breach within sixty (60) days after receipt of express written notice delivered by Bellicum to BioVec describing such breach and demanding its cure.

10.4 Termination upon Insolvency. This Agreement may be terminated if a Party becomes insolvent, makes an assignment for the benefit of its creditors, appoints or suffers appointment of a receiver or trustee over its property, files a petition under any bankruptcy or insolvency act or has such a petition filed against it and any such event shall have continued for sixty (60) days undismissed or undischarged. Such termination shall take effect only thirty (30) days after delivery of written notice of termination by the solvent Party to the insolvent Party.

10.5 Effect of Breach or Termination. Expiration or termination of this Agreement shall not relieve the Parties of any obligation accruing prior to such expiration or termination, and the

provisions of Sections 5.5, 5.7, 7.3 and 10.5, and Articles 1, 6, 8, and 11 shall survive the expiration or termination of this Agreement. If this Agreement is terminated for any reason, any sublicensed rights granted by Bellicum to a Sublicensee under the license granted to Bellicum hereunder shall survive, and such Sublicensee's sublicensed rights hereunder shall automatically be converted to a direct license of such rights from BioVec; provided that each Sublicensee's financial obligations to BioVec which are payable as consideration for such directly licensed rights (i.e., the previously sublicensed rights) shall be equal to the amount that BioVec would have otherwise been entitled to receive from Bellicum as a result of such Sublicensee's activities under the previously sublicensed rights if this Agreement (and the Sublicense) had remained in effect; and further provided, for clarity, that the total amount of non-royalty payments owed to BioVec by all such Sublicensees shall not exceed the total amount of non-royalty payments that would have been owed by Bellicum to BioVec if this Agreement had remained in effect. If this Agreement expires or is terminated for any reason, Bellicum, its Affiliates or Sublicensees shall have the right to sell or otherwise dispose of all Licensed Products in stock, provided that Bellicum shall remain obligated to make payment of Royalties to BioVec for such Licensed Products in accordance with Article 4. Bellicum shall, within thirty (30) days following the effective date of termination of this Agreement, cause itself, its Affiliates and Sublicensees to destroy all BioVec Products in its or in such Affiliates' or Sublicensees' possession, and shall provide written certification of such return or destruction in writing to BioVec.

ARTICLE 11
MISCELLANEOUS

11.1 Governing Laws. This Agreement shall be governed by, interpreted and enforced in accordance with the laws of the State of New York, without regard to principles of conflicts of laws. All disputes arising out of this Agreement shall be subject to the exclusive jurisdiction and venue of the federal courts located in the State of New York, and each Party hereby irrevocably consents to the personal and exclusive jurisdiction and venue thereof.

11.2 Independent Contractors. The relationship of the Parties under this Agreement is that of independent contractors. Neither Party shall be deemed to be an employee, agent, partner, franchisor, franchisee, joint venture or legal representative of the other Party for any purpose as a result of this Agreement or the transactions contemplated thereby, and neither Party shall have the right, power or authority to create any obligation or responsibility on behalf of the other Party.

11.3 Assignment. The Parties agree that neither this Agreement, nor their rights and obligations under this Agreement, shall be delegated, assigned or otherwise transferred to a Third Party, in whole or part, whether voluntarily or by operation of law, including by way of sale of assets, merger or consolidation, without the prior written consent of the other Party. Notwithstanding anything to the contrary in the foregoing, a Party may, without such consent, assign this Agreement and its rights and obligations hereunder in their entirety (a) to an Affiliate, or (b) in connection with the bona fide sale, transfer, exclusive license, or other disposition, whether in a single transaction or series of related transactions, by such Party (or its Affiliates) to a Third Party of all or substantially all the assets of such Party and its Affiliates related to this Agreement. Subject to the foregoing, this Agreement shall be binding on and inure to the benefit of the Parties and their permitted successors

and assigns. Any attempted delegation, assignment or transfer in violation of the foregoing shall be null and void.

11.4 Force Majeure. If either Party is prevented from or delayed in the performance of any of its obligations hereunder by reason of acts of God, war, strikes, riots, storms, fires, earthquake, power shortage or failure, failure of the transportation system, or any other cause whatsoever beyond the reasonable control of the Party ("Force Majeure Event"), the Party so prevented or delayed shall be excused from the performance of any such obligation during a period that is reasonable in light of the Force Majeure Event, but no less than the duration of the Force Majeure Event itself.

11.5 Notices. Any notices required or permitted under this Agreement or required by law must be in writing and delivered by first class certified mail, return receipt requested, or by international express delivery service (such as FedEx or DHL), in each case properly posted and fully prepaid, to the applicable address below, or to such other address as a Party may substitute by written notice under this Section 11.5. Notice shall be deemed to have been given when delivered or, if delivery is not accomplished by reason or some fault of the addressee, when tendered.

If to BioVec: BioVec Pharma, Inc.
1201 rue du capitaine Bernier
Québec, QC, G1X 4Z1, Canada
Attention: Manuel Caruso, President and CEO

If to Bellicum: Bellicum Pharmaceuticals, Inc.
2130 Holcombe Boulevard, Suite 800
Houston, TX 77030, United States of America
Attention: Thomas J. Farrell, President and CEO

11.6 Interpretation. The captions and headings to this Agreement are for convenience only, and are to be of no force or effect in construing or interpreting any of the provisions of this Agreement. Unless otherwise expressly specified to the contrary, references to Articles, Sections or Exhibits mean the particular Articles, Sections or Exhibits to this Agreement, and references to this Agreement include all Exhibits hereto. Unless context otherwise clearly requires, whenever used in this Agreement: (a) the words "include" or "including" shall be construed as incorporating, also, "but not limited to" or "without limitation;" (b) the word "day" or "year" means a calendar day or year, unless otherwise expressly specified; (c) the word "notice" shall mean notice in writing (whether or not specifically stated), but not by email unless otherwise expressly specified, and shall include notices, consents, approvals and other written communications contemplated under this Agreement; (d) the words "hereof," "herein," "hereby" and derivative or similar words refer to this Agreement as a whole (including any Exhibits); (e) the word "or" shall be construed as the inclusive meaning identified with the phrase "and/or;"(f) provisions that require that a Party or the Parties "agree," "consent" or "approve" or the like shall require that such agreement, consent or approval be specific and in writing, whether by written agreement, letter, approved minutes or otherwise; (g) words of any gender include the other gender; (h) words using the singular or plural number also include the plural or singular number, respectively; and (i) the word "law" (or "laws") when used

herein means any applicable, legally binding statute, ordinance, resolution, regulation, code, guideline, rule, order, decree, judgment, injunction, mandate or other legally binding requirement of a government entity, together with any then-current modification, amendment and re-enactment thereof, and any legislative provision substituted therefor. The Parties and their respective counsel have had an opportunity to fully negotiate this Agreement. If any ambiguity or question of intent or interpretation arises, this Agreement shall be construed as if drafted jointly by the Parties, and no presumption or burden of proof shall arise favoring or disfavoring any Party by virtue of the authorship of any provision of this Agreement. No prior draft of this Agreement shall be used in the interpretation or construction of this Agreement.

11.7 Compliance with Laws. Each Party shall furnish to the other Party any information reasonably requested or required by that Party during the term of this Agreement or any extensions hereof to enable that Party to comply with the requirements of any U.S. or foreign, state and/or government agency.

11.8 Further Assurances. At any time or from time to time on and after the date of this Agreement, BioVec shall at the written and reasonable request of Bellicum: (a) deliver to Bellicum such records, data or other documents consistent with the provisions of this Agreement; (b) execute, and deliver or cause to be delivered, all such consents, documents or further instruments of transfer or license; and (c) take or cause to be taken all such actions, as Bellicum may reasonably deem necessary or desirable in order for Bellicum to obtain the full benefits of this Agreement and the transactions contemplated hereby.

11.9 Use of Names and Marks. Neither Party shall use the name, logos, trade name, trademark or other designation of the other Party or its employees in connection with any products, promotion or advertising without the prior written permission of the other Party. For clarity, either Party may, without the other Party's prior permission, reasonably utilize the other Party's name or names of its employees in statements of fact, in legal proceedings, patent filings, and regulatory filings.

11.10 Severability. If any provision, or portion thereof, in this Agreement is held to be invalid or unenforceable to any extent, such provision of this Agreement shall be enforced to the maximum extent permissible by applicable law so as to effect the intent of the Parties, and the remainder of the Agreement shall remain in full force and effect. The Parties shall negotiate in good faith a valid and enforceable substitute provision for any invalid or unenforceable provision that most nearly achieves the intent and economic effect of such invalid or unenforceable provision as if it were enforceable.

11.11 Waiver. Any waiver of any provision of this Agreement or of a Party's rights or remedies under this Agreement must be in writing to be effective. Failure, neglect, or delay by a Party to enforce the provisions of this Agreement or its rights or remedies at any time, shall not be construed as a waiver of such Party's rights under this Agreement, and shall not in any way affect the validity of the whole or any part of this Agreement or prejudice such Party's right to take subsequent action. No exercise or enforcement by a Party of any right or remedy under this Agreement shall preclude the enforcement by such Party of any other right or remedy under this Agreement or that such Party is entitled by law to enforce.

11.12 Entire Agreement; Modification. This Agreement (including the Exhibits and any amendments hereto signed by both Parties) constitutes the entire understanding and agreement between the Parties with respect to the subject matter hereof, and supersedes any and all prior and contemporaneous negotiations, representations, agreements, and understandings, written or oral, that the Parties may have reached with respect to the subject matter hereof. Except as set forth in Section 10.13, this Agreement may not be altered, amended or modified in any way except by a writing (excluding email or similar electronic transmissions) signed by the authorized representatives of both Parties.

11.14 Counterparts. This Agreement may be executed in two or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument. Once signed, any reproduction of this Agreement made by reliable means (e.g., pdf, photocopy, facsimile) is considered an original.

[*signature page follows*]

IN WITNESS WHEREOF, the Parties hereto have caused this Agreement to be duly executed by their authorized representatives and delivered as of the Effective Date.

BELLICUM PHARMACEUTICALS, INC. **BIOVEC PHARMA, INC.**

By: /s/ Thomas J. Farrell By: /s/ Manuel Caruso

Name: Thomas J. Farrell Name: Manuel Caruso

Title: President & CEO Title: President and CEO

EXHIBIT A

BioVec Products

The following packaging cell lines will be provided by BioVec:

- [...***...]
- [...***...]
- [...***...]

LEASE AGREEMENT

LIFE SCIENCE PLAZA

2130 WEST HOLCOMBE BOULEVARD
HOUSTON, TEXAS

BY AND BETWEEN

SHERIDAN HILLS DEVELOPMENTS L.P.

(“LANDLORD”)

AND

BELLICUM PHARMACEUTICALS, INC.

(“TENANT”)

May 6, 2015

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EXHIBITS:

LEASE AGREEMENT

Office Building

This Lease Agreement (this "**Lease Agreement**") is made and entered into as of the date set forth on the signature page between SHERIDAN HILLS DEVELOPMENTS L.P., a Texas limited partnership, hereinafter referred to as "**Landlord**", and BELLICUM PHARMACEUTICALS, INC., a Delaware corporation, hereinafter referred to as "**Tenant**":

WITNESSETH:

SEC. 1 LEASED PREMISES In consideration of the mutual covenants as set forth herein, Landlord and Tenant hereby agree as follows:

A. Landlord hereby leases to Tenant and Tenant hereby leases from Landlord for the rental and on the terms and conditions hereinafter set forth (i) approximately twenty-five thousand three hundred four (25,304) square feet of Net Rentable Area on the fifth (5th) floor of the Building, as reflected on the floor plan attached hereto as **Exhibit A** and made a part hereof for all purposes and known as Suite 500 (the "**Manufacturing Space**"), (ii) an additional seven hundred five (705) square feet of Net Rentable Area located on the fourth (4th) floor of the Building, as reflected on the floor plan thereof attached hereto and made a part hereof for all purposes as **Exhibit A-1** (the "**Interior Mechanical Space**") and (iii) an additional eight hundred eight (808) square feet of Net Rentable Area located on the fifth (5th) floor of the Building, as reflected on the floor plan thereof attached hereto and made a part hereof for all purposes as **Exhibit A-2** (collectively, the "**Exterior Mechanical Space**" and together with the Manufacturing Space and Interior Mechanical Space, the "**Leased Premises**") in the medical office building located at 2130 West Holcombe Boulevard, Houston, Harris County, Texas 77030 (the "**Building**") and situated on that certain tract or parcel of land more particularly described by metes and bounds on **Exhibit B** attached hereto and made a part hereof for all purposes (the "**Land**"). Subject to Section 9.B below, Landlord hereby grants Tenant, its employees, invitees and other visitors, a nonexclusive license for the Term of this Lease Agreement and all extensions and renewals thereof to use, for the purpose of ingress and egress to the Building and the Leased Premises, and in accordance with Section 19 below, the Common Areas (as hereinafter defined) twenty-four hours a day, seven days a week (subject to temporary closures as necessary for repairs, maintenance or emergencies). Facilities and areas of the Building that are intended and designated by Landlord from time to time for the common, general and non-exclusive use of all tenants of the Building, which include, without limitation, the Garage (as defined on **Exhibit C**), are called "**Common Areas**," subject to the provisions of this Lease Agreement. Landlord has the exclusive control over and right to manage the Common Areas. In addition, Landlord shall have the exclusive use and control over all other areas of the Building not designated as Common Areas nor leased exclusively to tenants of the Building, which include, but are not limited to, all risers, horizontal and vertical shafts and telephone closets in the Building.

B. The term "**Net Rentable Area**" shall mean the net rentable area measured according to standards based on but modified from those published by the Building Owners and Managers Association (BOMA) International, Publication ANSI/BOMA Z 65.1-2010, both as may be amended or replaced from time to time (the "**Modified BOMA Standard**"). A copy of the current Modified BOMA Standard is attached hereto as **Exhibit K** and made a part hereof for all purposes. Within thirty (30) days following the Commencement Date (the "**NRA Notice Period**"), if Landlord determines that the Net Rentable Area of the Leased Premises differs from that referenced in Section 1.A above, Landlord may deliver a written notice to Tenant (the "**NRA Notice**") specifying Landlord's determination of the Net Rentable Area of the Leased Premises. If the Landlord does not deliver the NRA Notice during the NRA Notice Period, the Net Rentable Area of the Leased Premises in Section 1.A above shall be deemed to be correct for all purposes under this Lease Agreement. If Landlord delivers the NRA Notice to Tenant within the NRA Notice Period, Tenant shall have the next thirty (30) days (the "**Response Period**") in which to have its architect verify the Net Rentable Area of the Leased Premises specified in the NRA Notice and notify Landlord in writing if Tenant disagrees with such determination (the "**NRA Response**"). Tenant's NRA Response must specify in detail the basis for Tenant's disagreement with Landlord's determination of the Net Rentable Area of the Leased Premises. Should Tenant fail to deliver the NRA Response during the Response Period, the Net Rentable Area of the Leased Premises specified in the NRA Notice shall be deemed to be correct for all purposes under this Lease Agreement. If Tenant timely sends the NRA Response to Landlord during the Response Period and Landlord's architect and Tenant's architect are unable to agree on the Net Rentable Area of

the Leased Premises within the next thirty (30) days [such thirty (30) day period commencing on the date of the NRA Response (the "**Negotiation Period**")], the Net Rentable Area of the Leased Premises shall be determined by an independent third-party architect mutually selected by Landlord and Tenant in good faith within five (5) business days of the expiration of the Negotiation Period (the fees of such architect being shared equally by Landlord and Tenant). Such independent third-party architect shall make the final and conclusive determination of the Net Rentable Area of the Leased Premises within thirty (30) days of his/her appointment. All measurements of the Leased Premises and the Building shall be made in accordance with the Modified BOMA Standard. If the Building is ever demolished, altered, remodeled, renovated, expanded or otherwise changed in such a manner as to alter the amount of space contained therein, then the Net Rentable Area of the Building shall be adjusted and recalculated by using the Modified BOMA Standard.

C. Landlord also leases to Tenant certain parking spaces on the terms and conditions set forth in **Exhibit C** attached hereto and made a part hereof for all purposes.

D. The Leased Premises shall be delivered to Tenant and Tenant shall accept same, in its current "**AS IS, WHERE IS**" condition subject to the construction of leasehold improvements set forth and described on **Exhibit G** attached hereto and made a part hereof for all purposes and the completion of any incomplete or corrective items specified in a "punch list" approved by Landlord and Tenant pursuant to **Exhibit G** and latent defects, to the extent Tenant notifies Landlord thereof in writing within the first six (6) months following the Commencement Date. Tenant acknowledges that no representations as to the repair of the Leased Premises or the Building, nor promises to alter, remodel or improve the Leased Premises or the Building, have been made by Landlord, except as are expressly set forth in this Lease Agreement.

SEC. 2 TERM:

A. The term of this Lease Agreement (the "**Term**") shall commence on September 1, 2015 (the "**Commencement Date**") and, unless sooner terminated or renewed and extended in accordance with the terms and conditions set forth herein, shall expire at 11:59 p.m. on August 31, 2020 (the "**Expiration Date**").

B. This Lease Agreement shall be effective as of the Effective Date (as hereinafter defined). Landlord hereby consents to Tenant and its agents, employees or contractors entering the Leased Premises prior to the Commencement Date for purposes of undertaking alterations, additions and improvements therein, including, but not limited to, telephone, and data cabling and installation of furniture systems, which entry shall be subject to the terms and conditions of this Lease Agreement, except that the Rent (as hereinafter defined) shall not commence to accrue as a result of such entry until the date specified in Section 5 below. Landlord hereby consents to Tenant's accessing the Leased Premises at any time after May 15, 2015 for the sole purpose of installing Tenant's furniture, equipment and cabling, provided such access does not unreasonably interfere with the contractors' completion of the Leasehold Improvements (as defined on **Exhibit G**) or any other work being performed by Landlord in the Leased Premises, Tenant has coordinated such installation through reasonable advanced written notice with property management and the contractors, and Tenant has complied with the terms and provisions of this Lease Agreement.

SEC. 3 USE: The Leased Premises shall be used and occupied by Tenant solely for the purpose of (i) manufacturing Tenant's pharmaceuticals, (ii) general office use and (iii) a research laboratory up to and including Biosafety Level 2. The Leased Premises shall not be used for any purpose which would tend to lower the first-class character of the Building, violate any other tenants' exclusive use, if any, previously granted by Landlord, which exclusive use is identified in **Exhibit J** attached hereto and made a part hereof for all purposes, create unreasonable elevator loads or otherwise interfere with standard Building operations. Tenant agrees specifically that no food, soft drink or other vending machine will be installed within the Leased Premises without the prior written consent of Landlord, which consent shall not be unreasonably withheld, conditioned or delayed. Under no circumstances shall any abortions be performed in the Leased Premises (but the foregoing does not prohibit routine gynecological procedures).

SEC. 4 SECURITY DEPOSIT: $76,460.98 payable on the Effective Date. Upon the occurrence of any Event of Default, Landlord may, from time to time, without prejudice to any other remedy, use the security deposit paid to Landlord by Tenant as herein provided to the extent necessary to make good any arrears of Rent (as hereinafter defined)

and any other damage, injury, expense or liability caused to Landlord by such Event of Default. Following any such application of the security deposit, Tenant shall pay to Landlord within ten (10) days of demand the amount so applied in order to restore the security deposit to the amount thereof existing prior to such application. Any remaining balance of the security deposit shall be returned by Landlord to Tenant within sixty (60) days after the termination of this Lease Agreement and after Tenant provides written notice to Landlord of Tenant's forwarding address; provided, however, Landlord shall have the right to retain and expend such remaining balance (a) to reimburse Landlord for any and all rentals or other sums due hereunder that have not been paid in full by Tenant and/or (b) for cleaning and repairing the Leased Premises if Tenant shall fail to deliver same at the termination of this Lease Agreement in a neat and clean condition and in as good a condition as existed at the date of possession of same by Tenant, ordinary wear and tear and casualty loss only excepted. Tenant shall not be entitled to any interest on the security deposit. Such security deposit shall not be considered an advance payment of rental or a measure of Landlord's damages in case of an Event of Default by Tenant.

SEC. 5 BASE RENT:

A. As part of the consideration for the execution of this Lease Agreement, Tenant covenants and agrees and promises to pay Landlord base rent for the Manufacturing Space only according to the following schedule (the "**Manufacturing Space Base Rent**"):

Months Following the Commencement Date	Annual Base Rent Rate Per Square Foot of Net Rentable Area	Annual Base Rent	Monthly Payment
1-12	$30.75	$778,098.00	$64,841.50
13-24	$31.80	$804,667.20	$67,055.60
25-36	$32.95	$833,766.80	$69,480.57
37-48	$34.10	$862,866.40	$71,905.53
49-60	$35.30	$893,231.20	$74,435.93
61-72	$36.50	$923,596.00	$76,966.33
73-84	$37.80	$956,491.20	$79,707.60
85-96	$39.10	$989,386.40	$82,448.87
97-108	$40.50	$1,024,812.00	$85,401.00
109-120	$41.90	$1,060,237.60	$88,353.13

As part of the consideration for the execution of this Lease Agreement, Tenant covenants and agrees and promises to pay Landlord base rent for the Interior Mechanical Space only according to the following schedule (the "**Interior Mechanical Space Base Rent**"):

Months Following the Commencement Date	Annual Base Rent Rate Per Square Foot of Net Rentable Area	Annual Base Rent	Monthly Payment
1-12	$20.75	$14,628.75	$1,219.06
13-24	$21.80	$15,369.00	$1,280.75
25-36	$22.95	$16,179.75	$1,348.31
37-48	$24.10	$16,990.50	$1,415.88
49-60	$25.30	$17,836.50	$1,486.38
61-72	$26.50	$18,682.50	$1,556.88
73-84	$27.80	$19,599.00	$1,633.25
85-96	$29.10	$20,515.50	$1,709.63
97-108	$30.50	$21,502.50	$1,791.88
109-120	$31.90	$22,489.50	$1,874.13

As part of the consideration for the execution of this Lease Agreement, Tenant covenants and agrees and promises to pay Landlord base rent for the Exterior Mechanical Space only according to the following schedule (the

"**Exterior Mechanical Space Base Rent**" and together with the Manufacturing Space Base Rent and Interior Mechanical Space Base Rent, the "**Base Rent**"):

Months Following the Commencement Date	Annual Base Rent Rate Per Square Foot of Net Rentable Area	Annual Base Rent	Monthly Payment
1-60	$7.00	$5,656.00	$471.33
61-120	$8.00	$6,464.00	$538.67

The Base Rent shall be payable to Landlord at the address of the Landlord's property manager set forth in Section 31 below (or such other address as may be designated by Landlord in writing from time to time) in monthly installments in legal tender of the United States of America, in advance, without demand, set-off or counterclaim except as herein expressly provided, on or before the first day of each calendar month during the Term hereof; provided, however, the first monthly payment of Base Rent shall be made on the Effective Date. If the Term of this Lease Agreement as described above commences on other than the first day of a calendar month or terminates on other than the last day of a calendar month, then the installments of Base Rent for such month or months shall be prorated and the installment or installments so prorated shall be paid in advance. The payment for such prorated month shall be calculated by multiplying the monthly installment by a fraction, the numerator of which shall be the number of days of the Term occurring during said commencement or termination month, as the case may be, and the denominator of which shall be the total number of days occurring in said commencement or termination month.

B. In addition to the foregoing Base Rent and the Additional Rent to be paid by Tenant pursuant to Section 6 below, Tenant agrees to pay to Landlord as additional rent all charges for any services, goods or materials furnished by Landlord at Tenant's request which are not required to be furnished by Landlord under this Lease Agreement, as well as other sums payable by Tenant hereunder, within ten (10) days after Landlord renders a statement therefor to Tenant. All Rent (as hereinafter defined) shall bear interest from the date due until paid at the greater of (i) two percent (2%) above the "prime rate" per annum of the JPMorgan Chase Bank, a New York banking corporation or its successor or such other "money center" bank as Landlord and Tenant may agree from time to time ("**Chase**") in effect on said due date (or if the "prime rate" be discontinued, the base reference rate then being used by Chase to define the rate of interest charged to commercial borrowers) or (ii) ten percent (10%) per annum; provided, however, in no event shall the rate of interest hereunder exceed the maximum non-usurious rate of interest (hereinafter called the "**Maximum Rate**") permitted by the applicable laws of the State of Texas or the United States of America, and to the extent that the Maximum Rate is determined by reference to the laws of the State of Texas, the Maximum Rate shall be the weekly ceiling (as defined and described in Chapter 303 of the Texas Finance Code, as amended) at the applicable time in effect.

C. If the Net Rentable Area of the Leased Premises is modified for any reason, the provisions of this Lease Agreement which are contingent upon the size of the Leased Premises (including without limitation, Base Rental, Additional Rent, Tenant's pro rata share, the Improvement Allowance and number of reserved Parking Spaces and number of unreserved Parking Spaces) shall be automatically adjusted to reflect the modification of the Net Rentable Area of the Leased Premises, effective as of the date of the determination made in accordance with Section 1.B above. If the Net Rentable Area of the Building is modified for any reason, the provisions of this Lease Agreement which are contingent upon the size of the Building (including, without limitation, Tenant's pro rata share) shall automatically be adjusted to reflect the modification of the Net Rentable Area of the Building, effective as of the date of the determination made in accordance with Section 1.B above. The parties shall memorialize all such adjustments in an amendment to this Lease Agreement as soon as reasonably possible thereafter.

SEC. 6 ADDITIONAL RENT:

A. As part of the consideration for the execution of this Lease Agreement, and in addition to the Base Rent specified above, Tenant covenants and agrees to pay, for each calendar year during the Term, as additional rent (the "**Additional Rent**"), Tenant's pro rata share of the Operating Expenses (as hereinafter defined) for that year. Tenant's pro rata share shall be a fraction, the numerator of which is the Net Rentable Area in the Manufacturing Space plus the

Net Rentable Area of the Interior Mechanical Space and the denominator of which is the Net Rentable Area in the Building, excluding the Net Rentable Area of the Exterior Mechanical Space and any other exterior mechanical space in, on or about the Building, which shall not be included in the calculation of Tenant's pro rata share of Operating Expenses. Notwithstanding the foregoing sentence, in regards to the Interior Mechanical Space, Tenant's pro-rata share of Operating Expenses (i) shall not include a component for janitorial services for such space, as janitorial services will not be furnished by Landlord to such space; and (ii) Tenant's share of heating, ventilation and air conditioning ("**HVAC**") costs for such space will be billed back in accordance with **Exhibit H** and **H-1** of this Lease Agreement and will be equal to the HVAC costs attributable to the Interior Mechanical Space.

B. All Operating Expenses shall be determined in accordance with generally accepted accounting principles, consistently applied and shall be computed on the accrual basis. The term "**Operating Expenses**" as used herein shall mean all expenses, costs and disbursements in connection with the ownership, operation, management, maintenance and repair of the Building, the Land, related pedestrian walkways, landscaping, fountains, roadways and parking facilities (including the Garage [as defined on **Exhibit C**]), and such additional facilities to service any of the foregoing in subsequent years as may be necessary or desirable in Landlord's reasonable discretion (the Building, the Land and said additional facilities being hereinafter sometimes referred to as the "**Complex**"), including but not limited to the following:

(1) Wages and salaries of all employees engaged in the operation, security, cleaning and maintenance of the Complex, including customary taxes, insurance and benefits relating thereto, allocated based upon the time such employees are engaged directly in providing such services, but not above the level of property manager.

(2) All supplies, tools, equipment and materials used in operation and maintenance of the Complex.

(3) Cost of all utilities for the Complex, including but not limited to the costs of water, electricity, gas, heating, lighting, air conditioning and ventilation; provided, however, in the event that Landlord elects to meter or sub-meter any or all of the aforementioned utilities in accordance with Section 7.E hereof, Operating Expenses shall not include the cost of such metered or sub-metered utilities provided to the Leased Premises or the leased premises of the other tenants in the Complex.

(4) Cost of all janitorial service, maintenance and service agreements for the Complex and the equipment therein, including alarm service, security service, window cleaning, janitorial service, trash removal and elevator maintenance.

(5) Cost of all insurance relating to the Complex which Landlord may elect to obtain, including but not limited to casualty and liability insurance applicable to the Complex and Landlord's personal property used in connection therewith; the amount of the commercially reasonable deductible paid by Landlord or deducted from any insurance proceeds paid to Landlord shall also constitute an Operating Expense.

(6) Accounting costs and audit fees attributable to Landlord's ownership of the Complex, including without limitation in connection with tax returns. All taxes and assessments and other governmental charges (whether federal, state, county or municipal and whether they be by taxing districts or authorities presently taxing the Leased Premises or by others subsequently created or otherwise) and any other taxes and improvement assessments attributable to the Complex, or its operation or the revenues or rents received therefrom (whether directly or indirectly through the use of a franchise, margin or other similar tax and whether or not such taxes allow for the deduction of expenses in calculating the base amount on which the tax is levied) but excluding, however, federal and state taxes on income (collectively, "**Taxes**"); provided, however, that if at any time during the Term, new taxes, assessments, levies, impositions or charges are imposed on the rents received from the

Complex or the rents reserved herein or any part thereof (whether directly or indirectly through the use of a franchise, margin or other similar tax), or the present method of taxation or assessment shall be so changed that the whole or any part of the taxes, assessments, levies, impositions or charges now levied, assessed or imposed on real estate and the improvements thereof shall be discontinued and as a substitute therefor, or in lieu of an increase to the tax rate thereof, taxes, assessments, levies, impositions or charges shall be levied, assessed and/or imposed wholly or partially as a capital levy or otherwise on the rents received from the Complex or the rents reserved herein or any part thereof (whether directly or indirectly through the use of a franchise, margin or similar tax and whether or not such taxes allow for the deduction of expenses in calculating the base amount on which the tax is levied), then such substitute or additional taxes, assessments, levies, impositions or charges, to the extent so levied, assessed or imposed, shall be deemed to be included within Taxes to the extent that such substitute or additional tax would be payable if the Complex were the only property of the Landlord subject to such tax. It is agreed that Tenant will also be responsible for ad valorem taxes on its personal property and on the value of leasehold improvements to the extent that the same exceed standard building allowance, provided, however, that such amount(s) is(are) expressly set out in the tax statements from the taxing authorities, or are reasonably determinable from tax statements that pertain specifically to the Leased Premises, even if no reference is made in such statements to “standard building allowance” or similar concepts.

(7) Amortization of the cost of installation of capital investment items that have been (whether before or during the Term) or are hereafter installed for the purpose of reducing Operating Expenses or which may be required by any laws, ordinances, orders, rules, regulations and requirements which are amended, become effective or are interpreted differently after the Commencement Date which impose any duty with respect to or otherwise relate to the use, condition, occupancy, maintenance or alteration of the Complex. All such costs which relate to the installation of such capital investment items shall be amortized over the reasonable life of the capital investment item, with the reasonable life and amortization schedule being determined in accordance with generally accepted accounting principles as reasonably determined by Landlord.

(8) The property management fees incurred by Landlord, in no event to exceed four percent (4%) of the gross revenues (but expressly excluding parking revenues) received by Landlord on the Complex.

(9) Cost of repairs and general maintenance (excluding repairs and general maintenance paid by proceeds of insurance or by Tenant or other third parties) for the Complex.

(10) The reasonable rental value of the Building management office (which shall not exceed 3,000 square feet of Net Rentable Area).

(11) All costs incurred by Landlord for the purpose of reducing Operating Expenses, including, without limitation, the cost of all tax protests (subject to the provisions set forth in Section 6.B(7) above.

C. Notwithstanding anything contained in this Lease Agreement to the contrary, the following shall not be included in or considered as Operating Expenses:

(1) Except as set forth in Section 6.B(7) above, expenditures classified as capital expenditures, including without limitation, capital improvements, capital repairs, capital equipment and capital tools, under generally accepted accounting principles consistently applied, including rental payments with respect to capital items, or any non-cash charges such as depreciation or amortization. All costs incurred for the acquisition and renovation, construction and

improving of the Complex and Garage, and readying same for occupancy and use, including without limitation tap fees or other one-time utility charges and initial installation of landscaping improvements, light fixtures and other items, even if the replacement thereof is permitted to be included in Operating Expenses shall be excluded from Operating Expenses.

(2) Advertising, promotional expenses, leasing commissions, attorneys fees, costs and disbursements and other expenses incurred in connection with the leasing of the Complex or negotiations or disputes relating to leasing and lease interpretations with tenants or prospective tenants or other occupants of the Complex. Personnel costs of persons on-site and off-site to the extent same are engaged in leasing activities shall be excluded from Operating Expenses. Gifts, meals and entertainment expenses incurred with tenants, tenant prospects and brokers shall be excluded from Operating Expenses.

(3) The cost of repairs or other work occasioned by any casualty which is covered by insurance or coverable by standard all risk property insurance available in Texas, or by the exercise of the right of eminent domain or otherwise reimbursed to Landlord from another source, net of deductibles carried by Landlord, and reasonable out-of-pocket cost of adjustment.

(4) Landlord's cost of HVAC, electricity, water, janitorial and other services or benefits sold or provided to tenants in the Complex and for which Landlord is entitled to be reimbursed by such tenants as a separate additional charge or rental over and above the base rent or additional rent payments payable under the lease agreement with such tenant. The cost of providing HVAC services to other tenants at times or in quantities in excess of that made available to Tenant without special charge under this Lease Agreement, and the cost of providing electricity, water, janitorial or other services to other tenants in quantities or at specifications in excess of that made available to Tenant without special charge under this Lease Agreement, shall be excluded from Operating Expenses regardless of whether Landlord offers such services to other tenants without special charge under the terms of such other tenants' leases.

(5) All costs (including permit, license and inspection fees), however paid, in demolishing, removing, completing, fixturing, furnishing, renovating, decorating or otherwise altering or improving space for tenants or other occupants of the Complex or for vacant space, or for any management office, including space planning, interior design and engineering work.

(6) Except as set forth in Section 6.B(7) above, all costs incurred by Landlord in connection with the design or construction of the Complex or any equipment therein and related facilities, the correction of defects in design, construction or in the discharge of Landlord's obligations under **Exhibit G** attached to this Lease Agreement.

(7) Except as set forth in Section 6.B(7) above, all costs of removing, remediating, encapsulating and/or monitoring any hazardous waste, substance or material, including, without limitation, asbestos containing materials, but excluding automotive fuels discharged in driving and parking areas of the Complex. Notwithstanding Section 6.B(7) above, all operating and capital costs required by or incurred in connection with (i) the installation of any capital improvement required by any law, ordinance or regulation enacted before the Effective Date, including, without limitation, the Americans with Disabilities Act, the Texas Architectural Barriers Act, the Houston Life Safety Ordinance, but excluding any changes in interpretations, enforcement or ruling thereon after the Effective Date, (ii) the existence of chlorofluorocarbons (freon) in the Complex heating ventilation and air conditioning system or variable air volume system, or (iii) any future asbestos abatement of the Complex shall be excluded from Operating Expenses.

(8) All costs, including without limitation fines, penalties and legal fees, incurred or imposed in connection with any legal violation by Landlord or the property manager or any breach or default by Landlord under any loan or mortgage instrument or any lease or license agreement. All costs, including without limitation interest, late charges, penalties and legal fees, incurred in connection with any late payment by Landlord.

(9) Except as otherwise provided in Section 6.B(6) above, federal and state taxes on income and inheritance, estate and gift taxes of Landlord, the property manager and their respective affiliates, and all taxes imposed on or calculated on the basis of any mortgage encumbering the Complex or Garage or in connection with any transfer of ownership of the Complex or Garage or beneficial interests therein.

(10) Ad valorem taxes attributable to the leasehold improvements of Tenant and the other tenants of the Complex in excess of Complex standard but only to the extent (a) Landlord is reimbursed directly by such other tenants for any ad valorem taxes attributable to the above Building standard leasehold improvements of such other tenants or (b) a separate allocation is made by the applicable taxing authority.

(11) All payments to any affiliate of Landlord for services in excess of the costs of arms-length, third-party providers for services of comparable quality and scope.

(12) Compensation paid to clerks, attendants or other persons in commercial concessions operated by Landlord or the property manager.

(13) All costs incurred in connection with the operation, maintenance or repair of any antennae or satellite facilities, unless such services are being provided to all tenants of the Complex, including Tenant.

(14) Except as otherwise provided in Section 6.B(6) above, other costs (including consulting fees and related disbursements) incurred in connection with Landlord's ownership of the Complex to the extent not directly related to the operation, maintenance and repair thereof, including without limitation, costs of any disputes between Landlord and its employees or the property manager and costs of selling, syndicating, financing, mortgaging or hypothecating any of the Landlord's interest in the Complex and/or common areas, costs of defending Landlord's title or interest in and to said property.

(15) All contributions to charitable organizations.

(16) All contributions to reserves for Operating Expenses.

(17) Except as otherwise provided in Section 6.B(6) above, any special assessments of taxes from any city, county, state or federal governmental agency, including, but not limited to, such items as parking income taxes.

(18) Costs of repair or replacement for any item to the extent that Landlord is reimbursed for same pursuant to a warranty.

(19) Costs which Landlord is reimbursed by its insurance carrier or by any tenant's insurance carrier or by any other entity.

(20) Any fines, costs, penalties or interest resulting from the negligence or willful misconduct of the Landlord or its agents, contractors or employees.

(21) Any bad debt loss, rent loss or reserves for bad debt or rent loss.

(22) All payments of principal, interest or other charges of any kind incurred in connection with any indebtedness secured by the Complex, and any payments under any ground lease or other underlying lease; provided that if Landlord makes payment of ad valorem taxes to its lender, rather than to taxing authorities, then payment to the lender shall not be included in Operating Expenses, but payments by the lender to taxing authorities shall be considered payments by Landlord, to be included in Operating Expenses to the extent otherwise provided for herein.

(23) The cost of any additional casualty insurance premium for the Complex in excess of the standard rate payable by Landlord, which additional cost is attributable to: (a) the tenancy of a particular tenant or tenants in the Complex other than Tenant or (b) the use of any part of the Complex by Landlord other than for purposes of providing general services to the Complex.

(24) Accounting costs and audit fees attributable to Landlord's ownership (as opposed to the operation) of the Complex, including in connection with Landlord's income tax returns.

D. If the Term of this Lease Agreement commences or terminates on other than the first day of a calendar year, Tenant's Additional Rent shall be prorated for such commencement or termination year, as the case may be, by multiplying each by a fraction, the numerator of which shall be the number of days of the Term during the commencement or termination year, as the case may be, and the denominator of which shall be 365, and the calculation described in Section 6.F below shall be made as soon as reasonably possible after the termination of this Lease Agreement, Landlord and Tenant hereby agreeing that the provisions relating to said calculation shall survive the termination of this Lease Agreement.

E. On or about January 1 of each calendar year during the Term, Landlord shall endeavor to deliver to Tenant Landlord's good faith estimate of Tenant's Additional Rent (the "**Estimated Additional Rent**") for such year. The Estimated Additional Rent shall be paid in equal installments in advance on the first day of each month. If Landlord does not deliver an estimate to Tenant for any year by January 1 of that year, Tenant shall continue to pay Estimated Additional Rent based on the prior year's estimate until Landlord's estimate is delivered to Tenant. From time to time during any calendar year, but in no event more than twice in any calendar year, Landlord may revise its estimate of the Additional Rent for that year based on either actual or reasonably anticipated increases in Operating Expenses, and the monthly installments of Estimated Additional Rent shall be appropriately adjusted for the remainder of that year in accordance with the revised estimate so that by the end of the year, the total payments of Estimated Additional Rent paid by Tenant shall equal the amount of the revised estimate.

F. Within one hundred fifty (150) days after the end of each calendar year during the Term, or as soon as reasonably practicable thereafter, Landlord shall provide Tenant a statement showing the Operating Expenses for said calendar year, prepared in accordance with generally accepted accounting practices, and a statement prepared by Landlord comparing Estimated Additional Rent paid by Tenant with actual Additional Rent. If the Estimated Additional Rent paid by Tenant, if any, exceeds the actual Additional Rent for said calendar year, Landlord shall pay Tenant an amount equal to such excess at Landlord's option, by either giving a credit against rentals next due, if any, or by direct payment to Tenant within thirty (30) days of the date of such statement. If the actual Additional Rent exceeds Estimated Additional Rent for said calendar year, Tenant shall pay the difference to Landlord within thirty (30) days of receipt of the statement. The provisions of this paragraph shall survive the expiration or termination of this Lease Agreement. Any amount due to the Landlord as shown on Landlord's statement described above, whether or not disputed by Tenant as provided herein shall be paid by Tenant when due as provided above, without prejudice to any subsequent written exception made pursuant to Section 6.I. The Base Rent, Additional Rent and all other sums of money that become due and payable under this Lease Agreement shall collectively be referred to herein as "**Rent**".

G. Notwithstanding any other provision herein to the contrary, it is agreed that if less than one hundred percent (100%) of the Net Rentable Area of the Building is occupied during any calendar year or if less than one hundred percent (100%) of the Net Rentable Area of the Building is being provided with Building standard services during any calendar year, an adjustment shall be made in computing each component of the Operating Expenses for that year which

varies with the rate of occupancy of the Building (such as, but not limited to, utilities, management fees and janitorial services) so that the total Operating Expenses shall be computed for such year as though the Building had been one hundred percent (100%) occupied during such year and as though one hundred percent (100%) of the Building had been provided with Building standard services during that year.

H. All Additional Rent shall be paid by Tenant to Landlord contemporaneously with the required payment of Base Rent on the first day of each calendar month, monthly in advance, for each month of the Term, in lawful money of the United States at the address of the Landlord's property manager specified in Section 31 below (or such other address as may be designated by Landlord in writing from time to time). No payment by Tenant or receipt by Landlord of an amount less than the amount of Rent herein stipulated to be paid shall be deemed to be other than on account of the stipulated Rent, nor shall any endorsement on any check or any letter accompanying such payment of Rent be deemed an accord and satisfaction, but Landlord may accept such payment without prejudice to his rights to collect the balance of such Rent.

I. Landlord shall maintain full and complete records of Operating Expenses and exclusions therefrom in accordance with generally accepted accounting principles and good commercial practice and sufficient to enable Tenant to audit Operating Expenses to confirm that Operating Expenses are being charged in accordance with this Lease Agreement. Not more than once per calendar year, and only on or before the sixtieth (60^{th}) day following the date Landlord delivered the statement described in Section 6.F above to Tenant setting out the adjustment, if any, to the Estimated Additional Rent (the Estimated Additional Rent, as adjusted by such statement, is hereinafter referred to as the "**Adjusted Additional Rent**"), Tenant shall have the right, directly or through agents or contractors, to commence an inspection and audit of Landlord's books and records pertaining to Operating Expenses and exclusions therefrom for the period covered by the statement only, upon reasonable advance notice to and coordination with Landlord; provided, however, in no event will Landlord be obligated to permit any such inspection or audit to be performed by a consultant or firm that is compensated by Tenant on a contingent fee or percentage of recovery basis. If Tenant fails to commence such audit on or before the sixtieth (60^{th}) day following the date Landlord delivered the statement described in Section 6.F above to Tenant or to complete such audit and deliver the auditor's report to Landlord before the ninetieth (90^{th}) day following the delivery of such statement, then Tenant shall conclusively be deemed to have accepted the Adjusted Additional Rent specified in such statement and to have waived any right to contest such amount in the future. The cost of any such review or audit by Tenant shall be borne solely by Tenant. Notwithstanding the foregoing, if following such audit it is conclusively determined that the Adjusted Additional Rent exceeds the actual Additional Rent by more than five percent (5%) for the calendar year in question, Landlord shall reimburse Tenant for all of Tenant's reasonable out of pocket costs and expenses incurred by Tenant in connection with such audit. If following such audit, it is conclusively determined that the Adjusted Additional Rent paid by Tenant exceeds the actual Additional Rent for said calendar year, Landlord shall pay Tenant an amount equal to such excess at Landlord's option, by either giving a credit against rentals next due, if any, or by direct payment to Tenant within thirty (30) days of the date of such determination. If as a result of such audit, it is conclusively determined that the actual Additional Rent exceeds the Adjusted Additional Rent for said calendar year, Tenant shall pay to Landlord within thirty (30) days of the date of such determination, the positive difference between the amount that the actual Additional Rent exceeds the Adjusted Additional Rent for said calendar year.

J. Landlord and Tenant hereby each acknowledge and agree that they are knowledgeable and experienced in commercial transactions and further hereby acknowledge and agree that the provisions of this Lease Agreement for determining Operating Expenses and other charges are commercially reasonable and valid even though such methods may not state precise mathematical formulae for determining such Operating Expenses. **ACCORDINGLY, TENANT HEREBY VOLUNTARILY AND KNOWINGLY WAIVES ALL RIGHTS AND BENEFITS TO WHICH TENANT MAY BE ENTITLED UNDER SECTION 93.012 OF THE TEXAS PROPERTY CODE, AS ENACTED BY HOUSE BILL 2186, 77TH LEGISLATURE, AS SUCH SECTION NOW EXISTS OR AS SAME MAY BE HEREAFTER AMENDED OR SUCCEEDED**.

SEC. 7 SERVICES AND UTILITIES:

A. Provided no Event of Default has occurred and is continuing hereunder, and subject to the provisions of Sections 7.B and 7.C below, Landlord shall furnish the following services and amenities (collectively, the "**Required Services**") to Tenant (and its assignees and sublessees permitted hereunder) while occupying the Manufacturing Space:

(1) Domestic water at those points of supply provided for general use of the tenants of the Building;

(2) Chilled water piping to the main Building back bone located in the center of the Building mechanical rooms on the fifth (5th) floor of the Building for central heat, ventilation and air conditioning in season, twenty-four (24) hours per day, seven (7) days per week, all as more particularly described on **Exhibit H** attached hereto and made a part hereof for all purposes;

(3) Electric lighting service for all public areas and special service areas of the Building in the manner and to the extent deemed by Landlord to be in keeping with the standards of other comparable medical office buildings in and in the vicinity of the Texas Medical Center area of Houston, Texas;

(4) Janitor service on a five (5) day week basis, in the manner and to the extent deemed standard by Landlord during the periods and hours as such services are normally furnished to tenants in the Building and such window-washing as may from time to time in Landlord's judgment reasonably be required, all in keeping with the standards of other comparable medical office buildings in and in the vicinity of the Texas Medical Center area of Houston, Texas;

5) On-site security personnel and equipment for the Building; provided, however, that Tenant agrees that Landlord shall not be responsible for the adequacy or effectiveness of such security provided that (i) Landlord has exercised reasonable care in the selection of the security contractor and equipment, and (ii) the scope and extent of the security services contracted for by Landlord are in keeping with the standards of other comparable medical office buildings in and in the vicinity of the Texas Medical Center area of Houston, Texas;

6) Electrical facilities to furnish 24 hours a day, seven days a week (i) power to operate typewriters, personal computers, calculating machines, photocopying machines and other equipment that operates on 120/208 volts (collectively, the "**Low Power Equipment**"); provided, however, total rated connected load by the Low Power Equipment shall not exceed an annual average of four (4) watts per square foot of Net Rentable Area of the Manufacturing Space and Interior Mechanical Space and (ii) power to operate Tenant's lighting and Tenant's equipment that operates on 277/480 volts (collectively, the "**High Power Equipment**"); provided, however, total rated connected load by the High Power Equipment shall not exceed an annual average of two (2) watts per square foot of Net Rentable Area of the Manufacturing Space and Interior Mechanical Space. In the event that the Tenant's connected loads for low electrical consumption (120/208 volts) and high electrical consumption (277/480 volts) are in excess of those loads stated above, as determined by an independent utility consultant, and Landlord agrees to provide such additional load capacities to Tenant (such determination to be made by Landlord in its sole discretion), then Landlord may install and maintain, at Tenant's expense, electrical submeters, wiring, risers, transformers, and electrical panels, and other items required by Landlord, in Landlord's discretion, to accommodate Tenant's design loads and capacities that exceed those loads stated above, including, without limitation, the installation and maintenance thereof.

(7) All Building standard fluorescent bulb replacement and all incandescent bulb replacement in the Common Areas of the Complex; and

(8) Non-exclusive passenger elevator service to the Manufacturing Space twenty-four (24) hours per day and non-exclusive freight elevator service during normal business hours of the Building.

B. The obligation of Landlord to provide the Required Services shall be subject to governmental regulation thereof (i.e., rationing, temperature control, etc.) and any such regulation that impairs Landlord's ability to provide the Required Services as herein stipulated shall not constitute an Event of Default hereunder but rather providing the applicable Required Services to the extent allowed pursuant to such regulations shall be deemed to be full compliance with the obligations and agreements of Landlord hereunder.

C. To the extent any of the Required Services require electricity, gas and water supplied by public utilities or others, Landlord's covenants hereunder shall only impose on Landlord the obligation to use its good faith efforts to cause the applicable public utilities or other providers to furnish the same. Failure by Landlord to furnish any of the Required Services to any extent, or any cessation thereof, due to failure of any public utility or other provider to furnish service to the Building, or any other cause beyond the reasonable control of Landlord, shall not render Landlord liable in any respect for damages to either person or property, nor be construed as an eviction of Tenant, nor work an abatement of Rent, nor relieve Tenant from fulfillment of any covenant or agreement hereof. As used herein, the phrase "cause beyond the reasonable control of Landlord" shall include, without limitation, acts of the public enemy, restraining of government, unavailability of materials, strikes, civil riots, floods, hurricanes, tornadoes, earthquakes and other severe weather conditions or acts of God. In the event of any failure by Landlord to furnish any of the Required Services to any extent, or any cessation thereof, due to malfunction of any equipment or machinery, or any other cause within the reasonable control of Landlord, Tenant shall have no claim for rebate of Rent or damages on account thereof, except as provided herein, provided that Landlord utilizes its reasonable efforts to promptly repair said equipment or machinery and to restore said Required Services as soon thereafter as is reasonably practicable. If the interruption of Essential Required Services (as defined herein) is caused by the negligence or willful misconduct of Landlord, its employees, contractors, subcontractors or agents or lies within Landlord's reasonable control and such interruption renders any portion of the Leased Premises, as applicable, unusable by Tenant for its intended purpose, then if such Essential Required Services are not restored within five (5) consecutive days following the initial interruption of Essential Required Services, Tenant shall receive an abatement of all Base Rent and Additional Rent as to the portion of the Leased Premises, as applicable, rendered unusable for its intended purpose beginning on the sixth (6th) consecutive day following the initial interruption of Essential Required Services until such Essential Required Services are restored. Furthermore, if such interruption of Essential Required Services renders the Manufacturing Space unusable for its intended purpose for more than sixty (60) consecutive days and Landlord fails to commence to cure and thereafter diligently pursue the cure of such interruption within such sixty (60) consecutive day period, then Tenant may terminate this Lease Agreement by delivering written notice to Landlord at any time after the expiration of such 60-day period unless Landlord has commenced to cure such interruption. The foregoing Rent abatement and termination rights shall be Tenant's sole recourse in the event of an interruption of an Essential Required Service. Landlord in no event shall be liable for damages by reason of loss of profits, business interruption or other consequential damages. The provisions of this Section 7.C do not apply in the case of a casualty or condemnation under Sections 13 and 14 hereof, which provisions shall govern in such circumstances. As used herein, the term "**Essential Required Services**" means any one or more of the following services to the extent Landlord is required to provide such service to Tenant under this Lease Agreement: HVAC, electricity, water, and/or elevator service.

D. Tenant hereby acknowledges and agrees that Landlord is obligated to provide only the Required Services under this Lease Agreement, and that Landlord, its agents and representatives, have made no representations whatsoever of any additional services or amenities to be provided by Landlord now or in the future under this Lease Agreement. Notwithstanding the foregoing, Tenant recognizes that Landlord may, at Landlord's sole option, elect to provide additional services or amenities for the tenants of the Building from time to time, and hereby agrees that Landlord's discontinuance of any provision of any such additional services or amenities shall not constitute a default of Landlord under this Lease Agreement nor entitle Tenant to any abatement of or reduction in Rent.

E. Notwithstanding anything contained in this Section 7 to the contrary, Landlord shall have the right to install, at Tenant's sole cost and expense, meters or sub-meters within the Leased Premises for the purpose of metering or sub-metering water, electricity or any other utility provided to the Leased Premises, and may install, at its sole discretion and at Tenant's sole cost and expense, meters or sub-meters for the purpose of metering or sub-metering heating, air conditioning and ventilation. In the event that Landlord installs one or more of the aforementioned meters or sub-meters, Landlord shall provide an invoice to Tenant for the utilities provided to the Leased Premises on a monthly basis in arrears based on the actual costs charged to Landlord for providing such utilities to the Leased Premises, which shall be paid by Tenant as Additional Rent on or before the first day of the following calendar month, along with the remainder of the Additional Rent then due and owing by Tenant. In the alternative, Landlord shall have the continuing right to require Tenant to procure water, electricity and/or any other utility directly from a reputable third party service provider ("**Provider**") for Tenant's own account in which case Tenant shall be responsible for the payment of such utilities directly to such Provider. In such event, Tenant shall require each Provider to comply with the Building's rules and regulations, all applicable laws, and Landlord's reasonable policies and practices for the Building. Tenant

acknowledges Landlord's current policy that requires all Providers utilizing any area of the Complex outside the Premises to be approved by Landlord and to enter into a written agreement reasonably acceptable to Landlord prior to gaining access to, or making any installations in or through, such area. Accordingly, Tenant shall give Landlord written notice sufficient for such purposes.

SEC. 8 MAINTENANCE, REPAIRS AND USE:

A. Landlord shall provide for the cleaning and maintenance of the public portions of the Building including painting and landscaping surrounding the Building. Unless otherwise expressly stipulated herein, Landlord shall not be required to make any improvements or repairs of any kind or character on the Leased Premises during the Term, except such repairs as may be required by normal maintenance operations to the exterior walls, corridors, windows, roof and other structural elements and equipment of the Building.

B. Landlord, its officers, agents, designees and representatives shall have the right to enter all parts of the Leased Premises at all reasonable hours upon at least 24 hours' advance notice (except in the event of an emergency or to provide janitorial service, in which case no notice is required) for the purposes of: (i) inspecting same for compliance with Tenant's obligations hereunder, (ii) cleaning, making repairs, alterations or additions to the Building or Leased Premises which it may deem necessary or desirable, (iii) to provide any service which it is obligated to furnish to Tenant, or (iv) showing the Leased Premises to prospective purchasers, mortgagees, or prospective tenants (but with prospective tenants only, during the last 6 months of the Term), and Tenant shall not be entitled to any abatement or reduction of Rent by reason thereof; provided, however, Landlord shall use commercially reasonable efforts not to disturb Tenant's use of the Leased Premises and accommodate Tenant's preferred time of entry to the extent reasonable under the circumstances. Further, Tenant may elect to have a Tenant representative escort Landlord, its officers, agents, designees and representatives through the Leased Premises provided such election shall not delay Landlord's entry into the Leased Premises. Landlord shall use commercially reasonable efforts to cause all parties entering the Leased Premises on Landlord's behalf or invitation to keep all information learned about Tenant's business operations during any such visit to the Leased Premises confidential and shall not disclose any such information to a third party.

C. Landlord may, at its option and at the cost and expense of Tenant, repair or replace any damage or injury done to the Complex or any part thereof, caused by Tenant, Tenant's agents, employees, licensees, invitees or visitors; Tenant shall pay the reasonable cost thereof to Landlord within 30 days of demand. Tenant further agrees to maintain and keep the interior of the Leased Premises in good repair and condition at Tenant's expense. Tenant agrees not to commit or allow any waste or damage to be committed on any portion of the Leased Premises, and at the termination of this Lease Agreement, by lapse of time or otherwise, to deliver up the Leased Premises to Landlord in as good condition as on the Commencement Date, ordinary wear and tear and casualty and condemnation damage alone excepted, and upon such termination of this Lease Agreement, Landlord shall have the right to re-enter and resume possession of the Leased Premises.

D. Tenant will not use, occupy or permit the use or occupancy of the Leased Premises for any purpose which is directly or indirectly forbidden by law, ordinance or governmental or municipal regulation or order, or which may be dangerous to life, limb or property; or permit the maintenance of any public or private nuisance; or do or permit any other thing which may unreasonably interfere with, annoy or disturb the quiet enjoyment of any other tenant of the Building; or keep any substance or carry on or permit any operation which might emit offensive odors or conditions into other portions of the Complex; or use any apparatus which might make undue noise or set up vibrations in the Complex; or permit anything to be done which would increase the fire and extended coverage insurance rate on the Building or contents and if there is any increase in such rates by reason of acts of Tenant, then Tenant agrees to pay such increase promptly upon demand therefor by Landlord. In the event Tenant fails to correct, cure or discontinue such prohibited or dangerous use within five (5) days following notice from the Landlord, such failure shall constitute an Event of Default by Tenant hereunder and Landlord shall have all of its remedies as set forth in this Lease Agreement.

SEC. 9 QUIET ENJOYMENT; RIGHTS RESERVED:

A. Tenant, on paying the said Rent and performing the covenants herein agreed to be by it performed, shall and may peaceably and quietly have, hold and enjoy the Leased Premises for the said Term.

B. Notwithstanding anything herein to the contrary, provided no such actions materially adversely affect Tenant's access to or use of the Leased Premises or the Garage, Landlord hereby expressly reserves the right in its sole discretion to (i) temporarily or permanently change the location of, close, block or otherwise alter any streets, driveways, entrances, corridors, doorways or walkways leading to or providing access to the Complex or any part thereof or otherwise restrict the use of same provided such activities do not unreasonably impair Tenant's access to the Leased Premises, or reduce the size or configuration of the Leased Premises, (ii) improve, remodel, add additional floors to or otherwise alter the Building, (iii) construct, alter, remodel or repair one or more parking facilities (including garages) on the Land, and (iv) convey, transfer or dedicate portions of the Land. In addition, Landlord shall have the right, in its sole discretion, at any time during the Term to attach to any or all of the Building windows a glazing, coating or film or to install storm windows for the purpose of improving the Building's energy efficiency. Tenant shall not remove, alter or disturb any such glazing, coating or film. The addition of such glazing, coating or film, or the installation of storm windows or the exercise of any of Landlord's rights pursuant to this Section 9, shall in no way reduce Tenant's obligations under this Lease Agreement or impose any liability on Landlord and it is agreed that Landlord shall not incur any liability whatsoever to Tenant as a consequence thereof and such activities shall not be deemed to be a breach of any of Landlord's obligations hereunder. Landlord agrees to exercise good faith in notifying Tenant within a reasonable time in advance of any alterations, modifications or other actions of Landlord under this Section 9. Any diminution or shutting off of light, air or view by any structure which is now or may hereafter be effected on lands adjacent to the Building shall in no way affect this Lease Agreement or impose any liability on Landlord. Noise, dust or vibration or other incidents caused by or arising out of any work performed pursuant to the exercise of Landlord's rights reserved in this Section 9 or new construction of improvements on lands adjacent to the Building, whether or not owned by Landlord, or on the Land shall in no way affect this Lease Agreement or impose any liability on Landlord. Tenant agrees to cooperate with Landlord in furtherance of Landlord's exercise of any of the rights specified in this Section 9.

SEC. 10 ALTERATIONS:

A. Tenant shall not make or allow to be made (except as otherwise provided in this Lease Agreement) any alterations or physical additions (including fixtures) in or to the Leased Premises (which for the purposes hereof includes the placement of safes, vaults and other heavy furniture or equipment), without first obtaining the written consent of Landlord; provided, however, Landlord's consent to (i) any alterations or physical additions (including fixtures) to the Leased Premises which do not affect the HVAC, plumbing, electrical or mechanical systems or structural elements of the Leased Premises or the Building or (ii) the placement of safes, vaults or other heavy furniture or equipment within the Leased Premises, shall not be unreasonably withheld, conditioned or delayed. In addition, Tenant shall not be permitted to take x-rays or core drill or penetrate the floor of the Leased Premises or any other floor of the Building without first obtaining the Landlord's consent, which consent shall not be unreasonably withheld, conditioned or delayed. However, notwithstanding the foregoing, Landlord acknowledges and agrees that Tenant may drill into the floor slab for plumbing associated with drainage, the location and scheduling thereof to be consented to by Landlord, which consent shall not be unreasonably withheld, conditioned or delayed. The cost of any consultant or engineer hired by Landlord in connection with such work undertaken by Tenant shall be paid for by Tenant as additional rent hereunder. Tenant shall submit requests for consent to make alterations or physical additions together with copies of the plans and specifications for such alterations. Subsequent to obtaining Landlord's consent and prior to commencement of construction of the alterations or physical additions, Tenant shall deliver to Landlord the building permit, a copy of the executed construction contract covering the alterations and physical additions and evidence of contractor's and subcontractor's insurance, such insurance being with such companies, for such periods and in such amounts as Landlord may reasonably require, naming the Landlord Parties (as defined on **Exhibit I**) as additional insureds. Tenant shall pay to Landlord upon demand a review fee in the amount of Landlord's actual costs incurred to compensate Landlord for the cost of review and approval of the plans and specifications and for additional administrative costs incurred in monitoring the construction of the alterations, all such charges to Tenant to be reasonable. Tenant shall deliver to

Landlord a copy of the "as-built" plans and specifications for all alterations or physical additions so made in or to the Leased Premises, and shall reimburse Landlord for the cost incurred by Landlord to update its current architectural plans for the Building.

B. Tenant shall indemnify, defend (with counsel reasonably acceptable to Landlord) and hold harmless the Landlord Parties from and against all costs (including reasonable attorneys' fees and costs of suit), losses, liabilities, or causes of action arising out of or relating to any alterations, additions or improvements made by Tenant to the Leased Premises, including but not limited to any mechanics' or materialmen's liens asserted in connection therewith.

C. Tenant shall not be deemed to be the agent or representative of Landlord in making any such alterations, physical additions or improvements to the Leased Premises, and shall have no right, power or authority to encumber any interest in the Complex in connection therewith other than Tenant's leasehold estate under this Lease Agreement. However, should any mechanics' or other liens be filed against any portion of the Complex or any interest therein (other than Tenant's leasehold estate hereunder) by reason of Tenant's acts or omissions or because of a claim against Tenant or its contractors, Tenant shall cause the same to be canceled or discharged of record by bond or otherwise within twenty (20) days after notice by Landlord. If Tenant shall fail to cancel or discharge said lien or liens, within said twenty (20) day period, which failure shall be deemed to be an Event of Default hereunder without the necessity of any further notice, Landlord may, at its sole option and in addition to any other remedy of Landlord hereunder, cancel or discharge the same and upon Landlord's demand, Tenant shall promptly reimburse Landlord for all costs incurred in canceling or discharging such lien or liens.

D. Tenant shall cause all alterations, physical additions, and improvements (including fixtures), constructed or installed in the Leased Premises by or on behalf of Tenant to comply with all applicable governmental codes, ordinances, rules, regulations and laws. Tenant acknowledges and agrees that neither Landlord's review and approval of Tenant's plans and specifications nor its observation or supervision of the construction or installation thereof shall constitute any warranty or agreement by Landlord that same comply with such codes, ordinances, rules, regulations and laws or release Tenant from its obligations under this Section 10.D.

E. Tenant shall be wholly responsible for any accommodations or alterations that are required by applicable governmental codes, ordinances, rules, regulations and laws to be made to the Leased Premises to accommodate disabled employees and customers of Tenant, including, without limitation, compliance with the Americans with Disabilities Act (42 U.S.C. §§ 12101 et seq.) and the Texas Architectural Barriers Act (Texas Government Code, Chapter 469) (collectively, the "**Accommodation Laws**") to the extent interpreted and enforced from time to time, as well as all applicable regulatory requirements promulgated by the Centers for Medicare and Medicaid Services ("**CMS**"), the State of Texas, Occupational Safety and Health Administration and the administrative regulations promulgated thereunder and all other federal, state and local statutory and regulatory requirements and building codes, including, without limitation, state hospital licensing standards and CMS certification regulations (collectively, the "**Healthcare Laws**"). Except to the extent provided below, Landlord shall be responsible for making all accommodations and alterations to the Common Areas of the Building necessary to comply with the Accommodation Laws and any other federal, state and local statutory and regulatory requirements and building codes. Notwithstanding the foregoing, Landlord may perform, at Tenant's sole cost and expense, any accommodations or alterations that are required by the Accommodation Laws and/or Healthcare Laws or that are required by any governmental official acting pursuant to the Accommodation Laws and/or Healthcare Laws to any area outside of the Leased Premises which are triggered by any alterations or additions to the Leased Premises or by the proposed use of the Premises as described in Section 3 and Tenant shall reimburse Landlord for such cost and expense within thirty (30) days of demand.

SEC. 11 FURNITURE, FIXTURES AND PERSONAL PROPERTY: Tenant may remove its trade fixtures, office supplies and movable office furniture and equipment not attached to the Building provided: (a) such removal is made prior to the termination of this Lease Agreement; (b) Tenant is not in default of any obligation or covenant under this Lease Agreement at the time of such removal; and (c) Tenant promptly repairs all damage caused by such removal. All other property at the Leased Premises and any alterations or additions to the Leased Premises (including wall-to-wall carpeting, paneling or other wall covering) and any other article attached or affixed to the floor, wall or ceiling of the Leased Premises (excluding lab benches which will be considered movable equipment not attached to the Building and which may be removed by Tenant in accordance with the first sentence of this Section 11) shall become the property

of Landlord and shall remain upon and be surrendered with the Leased Premises as a part thereof at the termination of the Lease Agreement by lapse of time or otherwise, Tenant hereby waiving all rights to any payment or compensation therefor. Tenant will, prior to termination of this Lease Agreement, remove any and all alterations, additions, fixtures, equipment and property placed or installed by Tenant in the Leased Premises and will repair any damage caused by such removal; provided, however, Tenant shall not be obligated to remove any alterations or physical additions that affect the Leased Premises or the Building if at such time as Landlord approves any such alterations or physical additions pursuant to Section 10 above, Landlord notifies Tenant in writing that Landlord requires such items not be removed upon the expiration or termination of this Lease Agreement. In addition, Tenant shall be required prior to the termination of this Lease Agreement to remove all of its telecommunications equipment, including, but not limited to, all switches, cabling, wiring, conduit, racks and boards, whether located in the Leased Premises or in the Common Areas. If Tenant does not complete all removals prior to the termination of this Lease Agreement, Landlord may remove such items (or contract for the removal of such items), Tenant shall reimburse Landlord upon demand for the reasonable costs incurred by Landlord in connection therewith and Tenant shall be deemed to be holding over pursuant to Section 26 below until such time as such items have been removed from the Leased Premises. This Section 11 shall survive the expiration or termination of this Lease Agreement.

SEC. 12 SUBLETTING AND ASSIGNMENT:

A. In the event Tenant should desire to assign this Lease Agreement or sublet the Leased Premises or any part thereof or allow same to be used or occupied by others, Tenant shall give Landlord written notice (which shall specify the duration of said desired sublease or assignment, the date same is to occur, the exact location of the space affected thereby, the proposed rentals on a square foot basis chargeable thereunder and sufficient information of the proposed sublessee or assignee regarding its intended use, financial condition and business operations) of such desire at least fifteen (15) days in advance of the date on which Tenant desires to make such assignment or sublease or allow such a use or occupancy. Landlord shall then have a period of ten (10) days following receipt of such notice within which to notify Tenant in writing that Landlord elects:

(1) in the event such assignee or sublessee fails to meet the conditions set forth in subparagraph (3) below, to refuse to permit Tenant to assign this Lease Agreement or sublet such space, and in such case this Lease Agreement shall continue in full force and effect in accordance with the terms and conditions hereof; or

(2) to terminate this Lease Agreement as to the space so affected as of the date so specified by Tenant in which event Tenant shall be relieved of all obligations hereunder as to such space arising from and after such date; provided, however, that if Landlord elects to terminate this Lease Agreement pursuant to this Section 12.A(2), Tenant shall have ten (10) days after receipt of written notice of Landlord’s election during which Tenant may, if it so desires, withdraw its request for Landlord’s consent to such assignment or sublease, in which event this Lease Agreement shall remain in full force and effect as if such request for Landlord’s consent had not been made; or

(3) to permit Tenant to assign this Lease Agreement or sublet such space for the duration specified in such notice, such approval not to be unreasonably withheld, conditioned or delayed, if (a) the nature and character of the proposed assignee or sublessee and the principals thereof, their business and activities and intended use of the Leased Premises are in Landlord’s reasonable judgment consistent with the current standards of the Building and the floor or floors on which the Leased Premises are located, (b) neither the proposed assignee or sublessee (nor any party which, directly or indirectly, controls or is controlled by or is under common control with the proposed assignee or sublessee) is a department, representative or agency of any governmental body or then an occupant of any part of the Building or a party with whom Landlord is then negotiating to lease space in the Building or in any adjacent Building owned by Landlord or an affiliate of Landlord in and in the vicinity of the Texas Medical Center area of Houston, Texas, (c) the form and substance of the proposed sublease or instrument of assignment are acceptable to Landlord (which

acceptance by Landlord shall not be unreasonably withheld, conditioned or delayed) and is expressly subject to all of the terms and provisions of this Lease Agreement and to any matters to which this Lease Agreement is subject, (d) the proposed occupancy would not (1) increase Landlord's cleaning requirements, (2) impose an extra burden upon the services to be supplied by Landlord to Tenant hereunder, (3) violate the current rules and regulations of the Building, (4) violate the provisions of any other leases of tenants in the Building or (5) cause alterations or additions to be made to the Building (excluding the Leased Premises), (e) Tenant enters into a written agreement with Landlord whereby it is agreed that fifty percent (50%) of any rent realized by Tenant as a result of said sublease or assignment in excess of the Base Rent and Additional Rent payable to Landlord by Tenant under this Lease Agreement and any and all sums and other considerations of whatsoever nature paid to Tenant by the assignee or sublessee for or by reason of such assignment or sublease, including, but not limited to, sums paid for the sale of Tenant's fixtures, leasehold improvements, equipment, furniture, furnishings or other personal property in excess of the fair market value thereof (that is, after deducting and giving Tenant credit for Tenant's reasonable costs directly associated therewith, including reasonable brokerage fees, reasonable marketing costs, reasonable attorney's fees and the reasonable cost of remodeling or otherwise improving the Leased Premises for said assignee or sublessee but excluding any free rentals or the like offered to any such sublessee or assignee) shall be payable to Landlord such payments are actually received by Tenant, (f) the granting of such consent will not constitute a default under any other agreement to which Landlord is a party or by which Landlord is bound and (g) the creditworthiness of the proposed assignee or sublessee and the principals thereof is acceptable to Landlord, in Landlord's reasonable discretion.

B. No assignment or subletting by Tenant shall be effective unless Tenant shall execute, have acknowledged and deliver to Landlord, and cause each sublessee or assignee to execute, have acknowledged and deliver to Landlord, an instrument in form and substance reasonably acceptable to Landlord in which (i) such sublessee or assignee adopts this Lease Agreement and assumes and agrees to perform jointly and severally with Tenant, all of the obligations of Tenant under this Lease Agreement, as to the space transferred to it, (ii) Tenant and such sublessee or assignee agree to provide to Landlord, at their expense, direct access from a public corridor in the Building to the transferred space, (iii) such sublessee or assignee agrees to use and occupy the transferred space solely for the purpose specified in Section 3 and otherwise in strict accordance with this Lease Agreement and (iv) Tenant acknowledges and agrees that, notwithstanding such subletting or assignment, Tenant remains directly and primarily liable for the performance of all the obligations of Tenant hereunder (including, without limitation, the obligation to pay Rent), and Landlord shall be permitted to enforce this Lease Agreement against Tenant or such sublessee or assignee, or both, without prior demand upon or proceeding in any way against any other persons. Tenant shall, upon demand, reimburse Landlord for all reasonable out-of-pocket expenses incurred by Landlord in connection with a request made by Tenant pursuant to this Section 12, including, without limitation, any investigations as to the acceptability of the proposed assignee or sublessee, and all legal costs reasonably incurred in connection with the granting of any requested consent.

C. Any consent by Landlord to a particular assignment or sublease shall not constitute Landlord's consent to any other or subsequent assignment or sublease, and any proposed sublease or assignment by any assignee or sublessee shall be subject to the provisions of this Section 12 as if it were a proposed sublease or assignment by Tenant. The prohibition against an assignment or sublease described in this Section 12 shall be deemed to include a prohibition against (i) Tenant's mortgaging or otherwise encumbering its leasehold estate, (ii) an assignment or sublease which may occur by merger or operation of law and (iii) permitting the use or occupancy of the Leased Premises, or any part thereof, by anyone other than Tenant, each of which shall be ineffective and void and shall constitute an Event of Default under this Lease Agreement unless consented to by Landlord in writing in advance, which consent shall not be unreasonably withheld, conditioned or delayed. For purposes hereof, the transfer of the ownership or voting rights in a controlling interest of the voting stock of Tenant (if Tenant is a corporation) or the transfer of a general partnership interest or a majority of the limited partnership interest in Tenant (if Tenant is a partnership) or the transfer of a majority of the membership interests in Tenant (if Tenant is a limited liability company), at any time throughout the Term, shall be deemed to be an assignment of this Lease Agreement.

D. Notwithstanding anything to the contrary contained herein, Tenant may assign this Lease Agreement or sublet the Leased Premises or any part thereof, without the prior consent of Landlord, to (i) an Affiliate (as defined below) of Tenant, (ii) an entity into which Tenant is merged, consolidated or converted (or the resulting entity in any merger of any other entity into or with Tenant), or (iii) an entity to which fifty percent (50%) or more of Tenant's assets are transferred (each a "**Permitted Transferee**"); provided, however, (a) Tenant shall give Landlord written notice (which shall specify the assignee or sublessee, the duration of said assignment or sublease, the effective date of such assignment or subletting, the financial information necessary for Landlord to confirm the net worth test set forth below has been satisfied and the exact location of the space affected thereby and the rentals on a square foot basis to be charged thereunder) of such assignment or sublease at least ten (10) business days prior to such assignment or sublease, and (b) the assignee or successor entity must carry on the same use from the Leased Premises as Tenant and have a net worth as determined by generally accepted accounting principles ("**GAAP**") on the date following such sale of assets or merger at least equal to the GAAP net worth of Tenant as of the day preceding such assignment, sublease, sale or merger. In the event of any subletting or assignment to a Permitted Transferee, one hundred percent (100%) of the rent received from such Permitted Transferee shall be retained by Tenant. Further, any Permitted Transferee under an assignment of the Lease Agreement or the subletting of all of the Leased Premises shall have the right to exercise Tenant's Right of First Refusal, Tenant's Preferential Right, the Renewal Option and any rights to the Hold Space. As used herein, (1) the term "**Affiliate**" means any person or entity controlled by, under common control with, or which controls, the Tenant, and (2) the term "**control**" means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of the entity referred to, whether through ownership of voting securities, by contract or otherwise, and the terms "**controlling**" and "**controls**" have meanings correlative to the foregoing.

SEC. 13 FIRE AND OTHER CASUALTY:

A. In the event of a fire or other casualty in the Leased Premises, Tenant shall immediately give notice thereof to Landlord. If the Leased Premises shall be partially destroyed by fire or other casualty so as to render the Leased Premises untenantable in whole or in part, Rent shall abate thereafter as to the portion of the Leased Premises rendered untenantable until such time as the Leased Premises are made tenantable as reasonably determined by Landlord and Landlord agrees to commence and prosecute such repair work promptly and with all due diligence; provided, however, in the event such destruction (i) results in total or substantial damages to or destruction of the Building and Landlord shall decide not to rebuild or (ii) results in the Leased Premises being untenantable in whole or in substantial part and the reasonable estimation of a responsible contractor selected by Landlord as to the amount of time necessary to rebuild or restore such destruction to the Leased Premises and all other portions of the Building exceeds six (6) months from the time such work is commenced, then in either event, Landlord shall have a right to terminate this Lease Agreement effective as of the date of casualty or destruction, and upon such termination, all Rent owed up to the time of such destruction or termination shall be paid by Tenant. Subject to reasonable delays for insurance adjustments, Landlord shall give Tenant written notice of its decisions, estimates or elections under this Section 13 within sixty (60) days after any such damage or destruction. If any portion of Rent is abated under this Section 13, Landlord may elect to extend the expiration date of the Term of this Lease Agreement for the period of the abatement. Notwithstanding any provision herein to the contrary, if such casualty to the Leased Premises occurs during the last 12 months of the Term, or the repairs required will, in the reasonable estimation of the contractor selected by Landlord, take twelve (12) months or longer to repair, Tenant may terminate this Lease Agreement by delivering written notice to Landlord within thirty (30) days of Landlord's delivery to Tenant of the estimation of the time period necessary to make the repairs, such termination to be effective as of the date of casualty or destruction, and upon such termination, all Rent owed up to the time of such destruction or termination shall be paid by Tenant.

B. Notwithstanding anything in this Lease Agreement to the contrary, if the Leased Premises are damaged by fire or other casualty resulting from the gross negligence or willful misconduct of Tenant, or the agents, employees, licensees, customers or invitees of Tenant, such damage shall be repaired by and at the expense of Tenant under the direction and supervision of Landlord, and this Lease Agreement shall not be terminated and Rent shall continue without abatement.

C. Notwithstanding anything contained in this Section 13, in no event shall Landlord be required to expend more to reconstruct, restore and repair the Building than the amount actually received by Landlord from the proceeds

of the property insurance carried by Landlord and Landlord (or which would have been received had Landlord carried the insurance required to be carried hereunder) shall have no duty to repair or restore any portion of any alterations, additions, installation or improvements in the Leased Premises or the decorations thereto except to the extent that the proceeds of the insurance carried by Tenant are timely received by Landlord. If Tenant desires any other additional repairs or restoration, and if Landlord consents thereto, it shall be done at Tenant's sole cost and expense subject to all of the applicable provisions of this Lease Agreement. Tenant acknowledges that Landlord shall be entitled to the full proceeds of any insurance coverage whether carried by Landlord or Tenant, for damage to any alterations, addition, installation, improvements or decorations which would become the Landlord's property upon the termination of this Lease Agreement.

SEC. 14 CONDEMNATION: If all of the Complex is taken or condemned, or acquired under threat of condemnation, by or at the direction of any governmental authority (a "**Taking**" or "**Taken**", as the context requires), or if so much of the Complex is Taken that, in Landlord's opinion, the remainder cannot be restored to an economically viable, quality office building, or if the awards payable to Landlord as a result of any Taking are, in Landlord's opinion, inadequate to restore the remainder to an economically viable, quality office building, Landlord may, at its election, exercisable by the giving of written notice to Tenant within sixty (60) days after the date of the Taking, terminate this Lease Agreement as of the date of the Taking or the date Tenant is deprived of possession of the Leased Premises (whichever is later). If this Lease Agreement is not terminated as a result of a Taking, Landlord shall restore the Leased Premises remaining after the Taking to a Building standard condition. During the period of restoration, Base Rent shall be abated to the extent the Leased Premises are rendered untenantable and, after the period of restoration, Base Rent and Tenant's pro rata share shall be reduced in the proportion that the area of the Leased Premises Taken or otherwise rendered untenantable bears to the area of the Leased Premises just prior to the Taking. If any portion of Base Rent is abated under this Section 14, Landlord may elect to extend the expiration date of the Term for the period of the abatement. All awards, proceeds, compensation or other payments from or with respect to any Taking of the Complex or any portion thereof shall belong to Landlord, Tenant hereby assigning to Landlord all of its right, title, interest and claim to same. Tenant shall have the right to assert a claim for and recover from the condemning authority, but not from Landlord, such compensation as may be awarded on account of Tenant's moving and relocation expenses, and depreciation to and loss of Tenant's movable personal property.

SEC. 15 DEFAULT BY TENANT: The occurrence of any one or more of the following shall constitute an "**Event of Default**" under this Lease Agreement:

A. The failure of Tenant to pay any Rent as and when due under this Lease Agreement and such failure continues for five (5) business days after Landlord gives Tenant written notice of such failure; provided, however, that once Landlord has given Tenant two (2) such notices during any calendar year of this Lease Agreement for any payments that are not made when due hereunder, Landlord shall not be required to give further notice or any notice at all with respect to subsequent defaults in such payments in such calendar year, and the failure or refusal by Tenant to timely make any payment thereafter due hereunder during such calendar year shall immediately constitute an Event of Default entitling Landlord to pursue its remedies without notice or demand;

B. The failure of Tenant to perform, comply with or observe any of the other covenants or conditions contained in this Lease Agreement and the continuance of such failure for the period of time as may be specified elsewhere in this Lease Agreement for such specific covenant or condition, or should no period of time be specified elsewhere in this Lease Agreement with respect to such specific covenant or condition, a period of thirty (30) days after written notice to Tenant; or, if such failure cannot reasonably be cured within said thirty (30) day period despite Tenant's diligent good faith efforts, the failure of Tenant to promptly commence its diligent good faith efforts to cure such failure within said thirty (30) day period and/or the continuance of such failure for a period of ninety (90) days notwithstanding Tenant's efforts to cure;

C. Tenant shall fail to execute and acknowledge or otherwise respond in good faith and in writing within ten (10) days after submission to Tenant of a request for confirmation of the subordination of this Lease Agreement pursuant to Section 24 or an estoppel certificate pursuant to Section 35;

D. Intentionally Deleted;

E. The filing of a petition by or against Tenant or any guarantor of Tenant's obligations under this Lease Agreement (i) naming Tenant or any guarantor as debtor in any bankruptcy or other insolvency proceeding, (ii) for the appointment of a liquidator or receiver for all or substantially all of Tenant's or any guarantor's property or for Tenant's interest in this Lease Agreement, or (iii) to reorganize or modify Tenant's or any guarantor's capital structure;

F. The admission by Tenant or any guarantor in writing of its inability to meet its obligations as they become due or the making by Tenant or any guarantor of an assignment for the benefit of its creditors;

G. The attempt by Tenant to assign this Lease Agreement or to sublet all or any part of the Leased Premises to other than a Permitted Transferee (or to a Permitted Transferee in a manner that does not comply with Section 12.D.) without the prior written consent of Landlord in accordance with Section 12;

H. Any holding over by Tenant in accordance with Section 26 with respect to all or any portion of the Leased Premises after the expiration or termination of the Lease Agreement; or

I. The failure by Tenant to comply with the insurance requirements set forth in **Exhibit I**.

SEC. 16 REMEDIES OF LANDLORD: Upon any Event of Default, Landlord may exercise any one or more of the following described remedies, in addition to all other rights and remedies provided at law or in equity:

A. Terminate this Lease Agreement by written notice to Tenant and forthwith repossess the Leased Premises and be entitled to recover forthwith as damages a sum of money equal to the total of (i) the cost of recovering the Leased Premises (including reasonable attorneys' fees and costs of suit), (ii) the reasonable cost of removing and storing any personal property, (iii) the unpaid Rent earned at the time of termination, plus interest thereon at the rate described in Section 5, (iv) the present value (discounted at the rate of eight percent (8%) per annum) of the balance of the Rent for the remainder of the Term less the present value (discounted at the same rate) of the fair market rental value of the Leased Premises for said period, taking into account the period of time the Leased Premises will remain vacant until a new tenant is obtained, and the reasonable cost to prepare the Leased Premises for occupancy and the other reasonable costs (such as leasing commissions, tenant improvement allowances and attorneys' fees) to be incurred by Landlord in connection therewith, and (v) any other sum of money and damages owed by Tenant to Landlord under this Lease Agreement.

B. Terminate Tenant's right of possession (but not this Lease Agreement) and may repossess the Leased Premises by forcible detainer suit or otherwise, without thereby releasing Tenant from any liability hereunder and without demand or notice of any kind to Tenant and without terminating this Lease Agreement. Landlord shall use reasonable efforts under the circumstances to relet the Leased Premises on such terms and conditions as Landlord in its sole discretion may determine (including a term different than the Term, rental concessions, alterations and repair of the Leased Premises); provided, however, Landlord hereby reserves the right (i) to lease any other comparable space available in the Building or in any adjacent building owned by Landlord prior to offering the Leased Premises for lease, and (ii) to refuse to lease the Leased Premises to any potential tenant which does not meet Landlord's standards and criteria for leasing other comparable space in the Building. Landlord shall not be liable for, nor shall Tenant's obligations hereunder be diminished because of, Landlord's failure or refusal to relet the Leased Premises or collect rent due in respect of such reletting. For the purpose of such reletting Landlord shall have the right to decorate or to make any repairs, changes, alterations or additions in or to the Leased Premises as may be reasonably necessary or desirable. In the event that (i) Landlord shall fail or refuse to relet the Leased Premises, or (ii) the Leased Premises are relet and a sufficient sum shall not be realized from such reletting (after first deducting therefrom, for retention by Landlord, the unpaid Rent due hereunder earned but unpaid at the time of reletting plus interest thereon at the rate specified in Section 5, the reasonable cost of recovering possession (including reasonable attorneys' fees and costs of suit), all of the reasonable costs and expenses of such decorations, repairs, changes, alterations and additions, the reasonable expense of such reletting and the reasonable cost of collection of the rent accruing therefrom) to satisfy the Rent, then Tenant shall pay to Landlord as damages a sum equal to the amount of such deficiency. Any such payments due Landlord shall be made upon demand therefor from time to time and Tenant agrees that Landlord may file suit to recover any

sums falling due under the terms of this Section 16 from time to time. No delivery to or recovery by Landlord of any portion due Landlord hereunder shall be any defense in any action to recover any amount not theretofore reduced to judgment in favor of Landlord, nor shall such reletting be construed as an election on the part of Landlord to terminate this Lease Agreement unless a written notice of such intention be given to Tenant by Landlord. Notwithstanding any such termination of Tenant's right of possession of the Leased Premises, Landlord may at any time thereafter elect to terminate this Lease Agreement. In any proceedings to enforce this Lease Agreement under this Section 16, Landlord shall be presumed to have used its reasonable efforts to relet the Leased Premises, and Tenant shall bear the burden of proof to establish that such reasonable efforts were not used.

C. Alter any and all locks and other security devices at the Leased Premises, and if it does so Landlord shall not be required to provide a new key or other access right to Tenant unless Tenant has cured all Events of Default; provided, however, that in any such instance, during Landlord's normal business hours and at the convenience of Landlord, and upon the written request of Tenant accompanied by such written waivers and releases as Landlord may require, Landlord will escort Tenant or its authorized personnel to the Leased Premises to retrieve any personal belongings or other property of Tenant not subject to the Landlord's lien or security interest described in Section 17. The provisions of this Section 16.C are intended to override and control any conflicting provisions of the Texas Property Code.

D. All agreements and provisions to be performed by Tenant under any of the terms of this Lease Agreement shall be at Tenant's sole cost and expense and without any abatement of Rent, except as otherwise provided in this Lease Agreement. If Tenant shall fail to pay any sum of money, other than Base Rent, required to be paid by it hereunder or shall fail to cure any default and such failure shall continue for ten (10) days after notice thereof by Landlord, then Landlord may, but shall not be obligated so to do, and without waiving or releasing Tenant from any obligations, make any such payment or perform any such act on Tenant's part. All sums so paid by Landlord and all reasonable costs incurred by Landlord in taking such action shall be deemed Additional Rent hereunder and shall be paid to Landlord on demand, and Landlord shall have (in addition to all other rights and remedies of Landlord) the same rights and remedies in the event of the non-payment thereof by Tenant as in the case of default by Tenant in the payment of Rent.

E. In connection with the exercise by Landlord of its rights and remedies in respect of any Event of Default on the part of Tenant, to the extent (but no further) that Landlord is required by applicable Texas law to mitigate damages, or to use efforts to do so, and such requirement cannot be lawfully and effectively waived (it being the intention of Landlord and Tenant that such requirements be and are hereby WAIVED to the maximum extent permitted by applicable law), Tenant agrees in favor of Landlord that Landlord shall not be deemed to have failed to mitigate damages, or to have used the efforts required by law to do so, because:

(1) Landlord leases other space in the Building prior to re-letting the Leased Premises;

(2) Landlord refuses to relet the Leased Premises to any Affiliate of Tenant, or any principal of Tenant, or any Affiliate of such principal;

(3) Landlord refuses to relet the Leased Premises to any person or entity whose creditworthiness Landlord in good faith deems unacceptable;

(4) Landlord refuses to relet the Leased Premises to any person or entity because the use proposed to be made of the Leased Premises by such prospective tenant is not of a type and nature consistent with that of the other tenants in the Building or the floor where the Leased Premises are situated as of the date Tenant defaults under this Lease Agreement, or because such use would, in the good faith opinion of Landlord, impose unreasonable or excessive demands upon the Building;

(5) Landlord refuses to relet the Leased Premises to any person or entity, or any affiliate of such person or entity, who has been engaged in litigation with, or who has threatened litigation against, Landlord or any of its affiliates, or whom Landlord in good faith deems to be unreasonably or excessively litigious;

(6) Landlord refuses to relet the Leased Premises because the tenant or the terms and provisions of the proposed lease are not approved by the holders of any liens or security interests in the Building or any part thereof, or would cause Landlord to breach or be in default of, or to be unable to perform any of its covenants under, any agreements between Landlord and any third party;

(7) Landlord refuses to relet the Leased Premises because the proposed tenant is unwilling to execute and deliver Landlord's standard lease form without substantial tenant-oriented modifications or such tenant requires improvements to the Leased Premises to be paid at Landlord's cost and expense; or

(8) Landlord refuses to relet the Leased Premises to a person or entity whose character or reputation, or the nature of whose business, Landlord in good faith deems unacceptable;

and it is further agreed that each and all of the grounds for refusal set forth in clauses (1) through (8) above, both inclusive, of this sentence are reasonable grounds for Landlord's refusal to relet the Leased Premises, or (as to all other provisions of this Lease Agreement) for Landlord's refusal to issue any approval, or take any other action, of any nature whatsoever under this Lease Agreement. In the event the waiver set forth in this Section 16.E shall be ineffective, Tenant further agrees in favor of Landlord, to the maximum extent to which it may lawfully and effectively do so, that the following efforts to mitigate damages if made by Landlord (and without obligating Landlord to render such efforts) shall be conclusively deemed reasonable, and that Landlord shall be conclusively deemed to have used the efforts to mitigate damages required by applicable law if: Landlord places the Leased Premises on its inventory of available space in the Building; Landlord makes such inventory available to brokers who request same; and Landlord shows the Leased Premises to prospective tenants (or their brokers) who request to see it.

SEC. 17 LIEN FOR RENT: LANDLORD HEREBY WAIVES ANY STATUTORY LANDLORD'S LIEN TO WHICH LANDLORD MAY OTHERWISE BE ENTITLED.

SEC. 18 NON-WAIVER: Neither acceptance of Rent by Landlord nor failure by Landlord to exercise available rights and remedies, whether singular or repetitive, shall constitute a waiver of any of Landlord's rights hereunder. Waiver by Landlord of any right for any Event of Default of Tenant shall not constitute a waiver of any right for either a subsequent Event of Default of the same obligation or any other Event of Default. No act or thing done by Landlord or its agent shall be deemed to be an acceptance or surrender of the Leased Premises and no agreement to accept a surrender of the Leased Premises shall be valid unless it is in writing and signed by a duly authorized officer or agent of Landlord.

SEC. 19 LAWS AND REGULATIONS; RULES AND REGULATIONS: Tenant shall comply with, and Tenant shall use commercially reasonable efforts to cause its visitors, employees, contractors, agents, invitees and licensees to comply with, all laws, ordinances, orders, rules and regulations of any state, federal, municipal and other agencies or bodies having any jurisdiction thereof relating to the use, condition or occupancy of the Leased Premises, including, without limitation, all Healthcare Laws. Such reasonable written rules and regulations applying to all tenants in the Building as may be hereafter adopted by Landlord for the safety, care and cleanliness of the premises and the preservation of good order thereon, are hereby made a part hereof for all purposes and Tenant agrees to comply with all such rules and regulations. Landlord shall have the right at all times to change such rules and regulations or to amend them in any reasonable manner as may be deemed advisable by Landlord (provided such changes do not materially adversely affect Tenant's use of the Leased Premises for the uses set forth in Section 3), all of which changes and amendments will be sent by Landlord to Tenant in writing and shall be thereafter carried out and observed by Tenant. The current rules and regulations of the Building are set forth in **Exhibit D** attached hereto and made a part hereof for all purposes. Landlord shall use commercially reasonable efforts to enforce the rules and regulations in a non-discriminatory manner.

SEC. 20 ASSIGNMENT BY LANDLORD; LIMITATION OF LANDLORD'S LIABILITY: Landlord shall have the right to transfer and assign, in whole or in part, all its rights and obligations hereunder and in the Complex, and in such event and upon such transferee's assumption of all obligations of Landlord accruing after the date of such transfer, no further liability or obligation shall thereafter accrue against Landlord hereunder. Furthermore, Tenant

specifically agrees to look solely to Landlord's interest in the Complex for the recovery of any judgment from Landlord, it being agreed that the Landlord Parties shall never be personally liable for any such judgment.

SEC. 21 SEVERABILITY: This Lease Agreement shall be construed in accordance with the laws of the State of Texas. If any clause or provision of this Lease Agreement is illegal, invalid or unenforceable, under present or future laws effective during the Term hereof, then it is the intention of the parties hereto that the remainder of this Lease Agreement shall not be affected thereby, and it is also the intention of both parties that in lieu of each clause or provision that is illegal, invalid or unenforceable, there be added as part of this Lease Agreement 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.

SEC. 22 SIGNS: No signs of any kind or nature, symbol or identifying mark shall be put on the Building, in the halls, elevators, staircases, entrances, parking areas or upon the doors or walls, whether plate glass or otherwise, of the Leased Premises or within the Leased Premises so as to be visible from the public areas or exterior of the Building without the prior written approval of Landlord, which approval shall not be unreasonably withheld, conditioned or delayed. All signs or lettering shall conform in all respects to the sign and/or lettering criteria established by Landlord in writing. Landlord, at its sole cost and expense, shall provide Building standard signage on the north public corridor wall immediately adjacent to Tenant's entrance opposite the elevator lobby on the north side of the eighth (8^{th}) floor.

SEC. 23 SUCCESSORS AND ASSIGNS: Landlord and Tenant agree that all provisions hereof are to be construed as covenants and agreements as though the words imparting such covenants were used in each separate paragraph hereof, and that, except as restricted by the provisions of Section 12, this Lease Agreement and all the covenants herein contained shall be binding upon the parties hereto, their respective heirs, legal representatives, successors and assigns.

SEC. 24 SUBORDINATION:

A. Tenant covenants and agrees with Landlord that this Lease Agreement is subject and subordinate to any mortgage, deed of trust, ground lease and/or security agreement which may now or hereafter encumber the Complex or any interest of Landlord therein and/or the contents of the Building, and to any advances made on the security thereof and to any and all increases, renewals, modifications, consolidations, replacements and extensions thereof; provided any such subordination to a mortgage, deed of trust, ground lease and/or security agreement executed after the Effective Date shall be upon the express condition that this Lease Agreement shall be recognized by the mortgagee or ground lessor and that the rights of Tenant shall remain in full force and effect during the Term so long as Tenant shall continue to perform all the covenants and conditions of this Lease Agreement. In confirmation of such subordination, however, at Landlord's request Tenant shall execute promptly any appropriate certificate or instrument that Landlord may request, provided such subordination includes a commercially reasonable non-disturbance provision. In the event of the enforcement by the ground lessor, the trustee, the beneficiary or the secured party under any such ground lease, mortgage, deed of trust or security agreement of the remedies provided for by law or by such ground lease, mortgage, deed of trust or security agreement, Tenant will automatically become the Tenant of such ground lessor or successor in interest without any change in the terms or other provisions of this Lease Agreement; provided, however, that such ground lessor or successor in interest shall not be (a) bound by any payment of Rent for more than one month in advance except prepayments in the nature of security for the performance by Tenant of its obligations under this Lease Agreement to the extent such prepayments have been delivered to such successor in interest, (b) bound by any amendment or modification of this Lease Agreement made without the written consent of such ground lessor or such successor in interest (c) liable for any previous act or omission of the Landlord, (d) subject to any credit, demand, claim, counterclaim, offset or defense which theretofore accrued to Tenant against the Landlord, (e) required to account for any security deposit of Tenant other than any security deposit actually delivered to lender by Landlord and (f) responsible for any monies owing by Landlord to Tenant. Upon request by such ground lessor or successor in interest, whether before or after the enforcement of its remedies, Tenant shall execute and deliver an instrument or instruments confirming and evidencing the attornment herein set forth. Notwithstanding anything contained in this Lease Agreement to the contrary, in the event of any default by Landlord in performing its covenants or obligations hereunder which would give Tenant the right to terminate this Lease Agreement, Tenant shall not exercise such right unless and until (a) Tenant gives written notice of such default (which notice shall specify the exact nature of said default and how the same may be cured) to

the lessor under any such land or ground lease and the holder(s) of any such mortgage or deed of trust or security agreement who has theretofore notified Tenant in writing of its interest and the address to which notices are to be sent, and (b) said lessor and holder(s) fail to cure or cause to be cured said default within thirty (30) days from the receipt of such notice from Tenant. This Lease Agreement is further subject to and subordinate to all matters of record in Harris County, Texas.

B. Additionally, within thirty (30) days of the Effective Date of this Lease Agreement, Landlord will use commercially reasonable efforts to cause all mortgagees, lenders, ground lessors and other parties currently holding a security interest affecting the Leased Premises or the Complex to execute a subordination, nondisturbance and attornment agreement substantially in the form attached hereto as **Exhibit L** (the "**SNDA**"). Consequently, if Landlord fails for any reason whatsoever, other than the failure of Tenant to provide Landlord for forwarding to the lender with such information regarding Tenant, its operations, finances, and principals, as the lender may request, or to act reasonably in respect of the proposed wording of the SNDA, or to act expeditiously to execute the SNDA, to obtain and deliver to Tenant the SNDA signed by such lender within thirty (30) days after the Effective Date of this Lease Agreement, Tenant shall have the right, in its sole discretion by written notice to Landlord, to terminate this Lease Agreement at any time prior to Tenant's receipt of the SNDA executed by such lender.

C. Notwithstanding anything to the contrary set forth above, any beneficiary under any deed of trust may at any time subordinate its deed of trust to this Lease Agreement in whole or in part, without any need to obtain Tenant's consent, by execution of a written document subordinating such deed of trust to the Lease Agreement to the extent set forth in such document and thereupon the Lease Agreement shall be deemed prior to such deed of trust to the extent set forth in such document without regard to their respective dates of execution, delivery and/or recording. In that event, to the extent set forth in such document, such deed of trust shall have the same rights with respect to this Lease Agreement as would have existed if this Lease Agreement had been executed, and a memorandum thereof, recorded prior to the execution, delivery and recording of the deed of trust.

SEC. 25 TAX PROTEST: Tenant waives all rights under the Texas Property Tax Code, now or hereafter in effect, including all rights under Sections 41.413 and 42.015 thereof, granting to tenants of real property or lessees of tangible personal property the right to protest the appraised value, or receive notice of reappraisal, of all or any part of the Complex, irrespective of whether Landlord has elected to protest such appraised value. To the extent such waiver is prohibited, Tenant appoints Landlord as its attorney-in-fact, coupled with an interest, to appear and take all actions on behalf of Tenant which Tenant may take under the Texas Property Tax Code.

SEC. 26 HOLDING OVER: In the event of holding over by Tenant with respect to all or any portion of the Leased Premises after the expiration or termination of the Lease Agreement, such holding over shall constitute a tenancy at sufferance relationship between Landlord and Tenant and all of the terms and provisions of this Lease Agreement shall be applicable during such period, except that as monthly rental, Tenant shall pay to Landlord for each month (or any portion thereof) during the period of such hold over an amount equal to one hundred fifty percent (150%) of the Rent payable by Tenant for the month immediately preceding the holdover period. The rental payable during such hold over period shall be payable to Landlord on demand. No holding over by Tenant, whether with or without consent of Landlord, shall operate to extend this Lease Agreement except as herein provided. In the event of any unauthorized holding over, Tenant shall also indemnify, defend (with counsel reasonably acceptable to Landlord) and hold harmless the Landlord Parties (as defined on **Exhibit I**) against all claims for damages against the Landlord Parties as a result of Tenant's possession of the Leased Premises, including, without limitation, claims for damages by any other party to which Landlord may have leased, or entered into an agreement to lease, all or any part of the Leased Premises effective upon the termination of this Lease Agreement. **Notwithstanding anything herein to the contrary, Landlord and Tenant specifically agree that no notice to terminate Tenant's tenancy hereunder will be required from and after the expiration of the Term of this Lease Agreement under Section 91.001 or Section 24.005 of the Texas Property Code before Landlord files a forcible detainer suit on grounds that Tenant is holding over beyond the end of the Term or renewal period (if any) hereof; and any sublease hereunder shall not be approved unless it also contains a specific comparable waiver by the subtenant thereunder.**

SEC. 27 INDEPENDENT OBLIGATION TO PAY RENT:

A. It is the intention of the parties hereto that the obligations of Landlord and Tenant hereunder shall be separate and independent covenants and agreements, that the Rent and all other sums payable by Tenant hereunder shall continue to be payable in all events and that the obligations of Tenant hereunder shall continue unaffected, unless the requirement to pay or perform the same shall have been terminated pursuant to an express provision of this Lease Agreement.

B. Except as otherwise expressly provided herein, Tenant waives the right (a) to quit, terminate or surrender this Lease Agreement or the Leased Premises or any part thereof, or (b) to any abatement, suspension, deferment or reduction of the rent or any other sums payable under this Lease Agreement.

SEC. 28 INDEMNITY; RELEASE AND WAIVER:

A. Tenant hereby agrees to indemnify, protect, defend and hold the Landlord Parties harmless from and against any and all liabilities, claims, causes of action, fines, damages, suits and expenses, including reasonable attorneys' fees and necessary litigation expenses (collectively, the "**Claims**"), arising from Tenant's use, occupancy or enjoyment of the Leased Premises and its facilities for the conduct of its business or from any activity, work or thing done, permitted, omitted or suffered by Tenant and its partners, officers, directors, employees, agents, servants, contractors, customers, licensees and invitees in or about the Complex, **INCLUDING ANY CLAIMS RESULTING FROM THE NEGLIGENCE OF THE LANDLORD PARTIES, BUT NOT TO THE EXTENT CAUSED BY THE GROSS NEGLIGENCE OR WILLFUL MISCONDUCT OF THE LANDLORD PARTIES** and Tenant further agrees to indemnify, protect, defend and hold the Landlord Parties harmless from and against any and all Claims arising from any breach or default in the performance of any obligation on Tenant's part to be performed under the terms of this Lease Agreement or arising from any negligence or willful misconduct of Tenant or any of its partners, officers, directors, employees, agents, servants, contractors, customers, licensees and invitees, **INCLUDING ANY CLAIMS RESULTING FROM THE NEGLIGENCE OF THE LANDLORD PARTIES, BUT NOT TO THE EXTENT CAUSED BY THE GROSS NEGLIGENCE OR WILLFUL MISCONDUCT OF THE LANDLORD PARTIES**. In case any action or proceeding shall be brought against the Landlord Parties by reason of any such Claim, Tenant, upon notice from Landlord, shall provide a separate defense to same at Tenant's sole cost and expense by counsel reasonably satisfactory to Landlord. The indemnity obligations of Tenant under this Section 28.A shall survive the expiration or earlier termination of this Lease Agreement.

B. Tenant hereby releases the Landlord Parties from any and all claims or causes of action whatsoever which Tenant might otherwise now or hereafter possess resulting in or from or in any way associated with any loss covered or which would have been covered by insurance required to be carried by Tenant under this Lease Agreement, **REGARDLESS OF CAUSE OR ORIGIN OF SUCH LOSS OR DAMAGE, INCLUDING, WITHOUT LIMITATION, SOLE, JOINT, OR CONCURRENT NEGLIGENCE OF THE LANDLORD PARTIES**, including the deductible and/or uninsured portion thereof, maintained and/or required to be maintained by Tenant pursuant to this Lease Agreement.

C. Landlord shall not be liable or responsible to Tenant for (a) any loss or damage to any property or person occasioned by theft, criminal act, fire, act of God, public enemy, injunction, riot, strike, insurrection, war, court order, requisition or order of governmental body or authority, or any cause beyond Landlord's control, or (b) any damage or inconvenience which may arise through repair or alteration of any part of the Building made necessary by virtue of any such cause; provided, however, Landlord shall use commercially reasonable efforts to minimize such damage or inconvenience to Tenant.

D. Subject to Tenant's indemnification obligations set forth in Section 28.A above, which shall not be limited, negated or lessened in any way by the indemnity obligations set forth in this Section 28.D, Landlord hereby agrees to indemnify, protect, defend and hold the (a) Tenant, (b) its shareholders, members, partners, affiliates and subsidiaries, successors and assigns, and (c) any directors, officers, employees, agents, or contractors of such persons or entities (collectively, the "**Tenant Parties**") harmless from and against any and all Claims, arising from Landlord's ownership

or operation of the Complex (excluding Claims arising from Tenant's use, occupancy or enjoyment of the Leased Premises and Tenant's use of the Parking Spaces) or from any activity, work or thing done, permitted or suffered by the Landlord Parties in or about the Complex (excluding the Leased Premises and Tenant's Parking Spaces), **EXCLUDING ANY PORTION OF ANY CLAIM TO THE EXTENT IT RESULTS FROM THE NEGLIGENCE, GROSS NEGLIGENCE OR WILLFUL MISCONDUCT OF THE TENANT PARTIES** and Landlord further agrees to indemnify, protect, defend and hold the Tenant Parties harmless from and against any and all Claims arising from any breach or default in the performance of any obligation on Landlord's part to be performed under the terms of this Lease Agreement or arising from any negligence or willful misconduct of the Landlord Parties, **EXCLUDING ANY CLAIMS RESULTING FROM THE NEGLIGENCE, GROSS NEGLIGENCE OR WILLFUL MISCONDUCT OF THE TENANT PARTIES**. In case any action or proceeding shall be brought against the Tenant Parties by reason of any such Claim, Landlord, upon notice from Tenant, shall provide a separate defense to same at Landlord's sole cost and expense by counsel reasonably satisfactory to Tenant. The indemnity obligations of Landlord under this Section 28.D shall survive the expiration or earlier termination of this Lease Agreement.

SEC. 29 INSURANCE: Landlord and Tenant shall satisfy the insurance requirements as more particularly described on **Exhibit I** attached hereto and made a part hereof for all purposes. In no event shall Tenant's liability under this Lease Agreement be limited by the amount of insurance required to be carried under **Exhibit I**.

SEC.30 ENTIRE AGREEMENT: This instrument and any attached addenda or exhibits signed by the parties constitute the entire agreement between Landlord and Tenant with respect to the subject matter hereof; no prior written or prior or contemporaneous oral promises or representations shall be binding. This Lease Agreement shall not be amended, changed or extended except by written instrument signed by both parties hereto. Section captions herein are for Landlord's and Tenant's convenience only, and neither limit nor amplify the provisions of this instrument. Tenant agrees, at Landlord's request, to execute a recordable memorandum of this Lease Agreement.

SEC. 31 NOTICES: Whenever in this Lease Agreement it shall be required or permitted that notice, notification or demand be given or served by either party to this Lease Agreement to or on the other, such notice or demand shall be given or served and shall not be deemed to have been given or served unless in writing and (i) delivered personally, (ii) forwarded by facsimile, (iii) sent by Certified or Registered Mail, postage prepaid, with a copy also sent by facsimile or (iv) sent by a reputable common carrier guaranteeing next-day delivery, addressed as follows:

To the Landlord: Sheridan Hills Developments L.P.
c/o The Metrontario Group
601-1 Yorkdale Road
Toronto, Ontario
Canada M6A 3A1
Attention: Mr. Matt Fisher
Telephone: (416) 785-6000x228
Facsimile: (416) 785-7000

With a copy to: Andrews Kurth LLP
600 Travis, Suite 4200
Houston, TX 77002
Attn: Darren S. Inoff, Esq.
Telephone: (713) 220-3841
Facsimile: (713) 238-7134

With a copy to: Jones Lang LaSalle
Americas, Inc.
1400 Post Oak Boulevard, Suite 1100
Houston, Texas 77056
Attention: Mary Stanton
Telephone: (713) 888-4009

Facsimile: (713) 888-4040

With a copy to: Property Management Office
2301 West Holcombe Blvd., Suite 1300
Houston, Texas 77030
Attention: Property Manager
Telephone: (713) 592-5433
Facsimile: (713) 660-0295

To the Tenant: At the address noted for Tenant on the signature page hereof until the Commencement Date, at which time it shall become the Address of the Leased Premises.

With a copy to: DuBois, Bryant & Campbell, LLP
303 Colorado Street, Suite 2300
Austin, Texas 78701
Attention: Kim Shraibati
Telephone: (512) 457-8000
Facsimile: (512) 457-8008

Such addresses may be changed from time to time by either party by serving written notice as above provided. Any such notice or demand shall be deemed to have been given on the date of receipted delivery, refusal to accept delivery or when delivery is first attempted but cannot be made due to a change of address for which no notice is given, five (5) business days after it shall have been mailed as provided in this Section 31 or if sent by facsimile, upon electronic or telephonic confirmation of receipt from the receiving facsimile machine, whichever is earlier.

SEC. 32 COMMENCEMENT DATE: Tenant shall, if requested by Landlord, execute and deliver to Landlord within ten (10) days of Landlord's request an Acceptance of Premises Memorandum of the Leased Premises, the form of which is attached as **Exhibit E** attached hereto and made a part hereof for all purposes.

SEC. 33 INTENTIONALLY DELETED:

SEC. 34 BROKERS: Each of Landlord and Tenant warrants that it has had no dealings with any real estate broker or agent in connection with the negotiation of this Lease Agreement, excepting only PinPoint Commercial, L.P. ("**Broker**") and that it knows of no other real estate broker(s) or agent(s) who is(are) or might be entitled to a commission in connection with this Lease Agreement. Landlord shall agree to pay all real estate commissions due in connection with this Lease Agreement only to the Broker, provided Landlord and such broker have entered into a separate commission agreement. Tenant agrees to indemnify, defend (with counsel reasonably acceptable to Landlord) and hold harmless the Landlord Parties from and against any liability from all other claims for commissions, finder's fee or other compensation arising from the negotiation of this Lease Agreement on Tenant's behalf. Landlord agrees to indemnify, defend (with counsel reasonably acceptable to Tenant) and hold Tenant harmless from and against any liability from all other claims for commissions, finder's fee or other compensation arising from the negotiation of this Lease Agreement on Landlord's behalf.

SEC. 35 ESTOPPEL CERTIFICATES: From time to time after the Effective Date, within ten (10) days after request in writing therefor from Landlord, Tenant agrees to execute and deliver to Landlord, or to such other addressee or addresses as Landlord may designate (and Landlord and any such addressee may rely thereon), a statement in writing in the form of **Exhibit F** attached hereto and made a part hereof for all purposes or in such other form and substance satisfactory to Landlord (herein called "**Tenant's Estoppel Certificate**"), certifying to all or any part of the information provided for in **Exhibit F** as is requested by Landlord and any other information reasonably requested by Landlord.

SEC. 36 NAME CHANGE: Landlord and Tenant mutually covenant and agree that Landlord hereby reserves and shall have the right at any time and from time to time to change the name of the Building or the address of the Building

as Landlord may deem advisable, and Landlord shall not incur any liability whatsoever to Tenant as a consequence thereof.

SEC. 37 BANKRUPTCY: If a petition is filed by or against Tenant for relief under Title 11 of the United States Code, as amended (the "**Bankruptcy Code**"), and Tenant (including for purposes of this Section Tenant's successor in bankruptcy, whether a trustee or Tenant as debtor in possession) assumes and proposes to assign, or proposes to assume and assign, this Lease Agreement pursuant to the provisions of the Bankruptcy Code to any person or entity who has made or accepted a bona fide offer to accept an assignment of this Lease Agreement on terms acceptable to Tenant, then notice of the proposed assignment setting forth (a) the name and address of the proposed assignee, (b) all of the terms and conditions of the offer and proposed assignment, and (c) the adequate assurance to be furnished by the proposed assignee of its future performance under the Lease Agreement, shall be given to Landlord by Tenant no later than twenty (20) days after Tenant has made or received such offer, but in no event later than ten (10) days prior to the date on which Tenant applies to a court of competent jurisdiction for authority and approval to enter into the proposed assignment. Landlord shall have the prior right and option, to be exercised by notice to Tenant given at any time prior to the date on which the court order authorizing such assignment becomes final and non-appealable, to receive an assignment of this Lease Agreement upon the same terms and conditions, and for the same consideration, if any, as the proposed assignee, less any brokerage commissions which may otherwise be payable out of the consideration to be paid by the proposed assignee for the assignment of this Lease Agreement. If this Lease Agreement is assigned pursuant to the provisions of the Bankruptcy Code, Landlord: (i) may require from the assignee a deposit or other security for the performance of its obligations under the Lease Agreement in an amount substantially the same as would have been required by Landlord upon the initial leasing to a tenant similar to the assignee; and (ii) shall receive, as additional rent, the sums and economic consideration described in Section 12.A(3)(e). Any person or entity to which this Lease Agreement is assigned pursuant to the provisions of the Bankruptcy Code shall be deemed, without further act or documentation, to have assumed all of the Tenant's obligations arising under this Lease Agreement on and after the date of such assignment. Any such assignee shall, upon demand, execute and deliver to Landlord an instrument confirming such assumption. No provision of this Lease Agreement shall be deemed a waiver of Landlord's rights or remedies under the Bankruptcy Code to oppose any assumption and/or assignment of this Lease Agreement, to require a timely performance of Tenant's obligations under this Lease Agreement, or to regain possession of the Leased Premises if this Lease Agreement has neither been assumed or rejected within sixty (60) days after the date of the order for relief or within such additional time as a court of competent jurisdiction may have fixed. Notwithstanding anything in this Lease Agreement to the contrary, all amounts payable by Tenant to or on behalf of Landlord under this Lease Agreement, whether or not expressly denominated as rent, shall constitute rent for the purposes of Section 502(b)(6) of the Bankruptcy Code.

SEC. 38 TELECOMMUNICATIONS PROVIDERS: In the event Tenant wishes to use, at any time during the Term of this Lease Agreement, the services of a telecommunications provider whose equipment or service is not then in the Building, no such provider shall be entitled to enter the Building or commence providing such service without first obtaining the prior written consent of Landlord, which consent shall not be unreasonably withheld, conditioned or delayed. Landlord may condition its consent on such matters as Landlord reasonably deems appropriate including, without limitation, (i) such provider agreeing to an easement or license agreement in form and substance reasonably satisfactory to Landlord, (ii) Landlord having been provided and approved the plans and specifications for the equipment to be installed in the Building, (iii) Landlord having received, prior to the commencement of such work, such indemnities, bonds or other financial assurances as Landlord may require, (iv) the provider agreeing to abide by all Building rules and regulations, and agreeing to provide Landlord an "as built" set of plans and specifications, (v) the provider agreeing to pay Landlord such compensation as Landlord determines to be reasonable, and (vi) Landlord having determined that there is adequate space in the Building for the placement of all of such provider's lines and equipment.

SEC. 39 HAZARDOUS SUBSTANCES:

A. Tenant shall not cause or permit any Hazardous Substance (as hereinafter defined) to be used, stored, generated, contained or disposed of on or in the Complex by Tenant, Tenant's agents, employees, contractors or invitees in violation of Environmental Laws (as hereinafter defined). Landlord acknowledges and agrees that as part of Tenant's use of the Leased Premises as a research laboratory, Tenant shall be permitted to use lab alcohols, acids, radioactive

agents, liquid nitrogen (including installation of liquid nitrogen freezers) and other related medical research items as are necessary to the operation of a research laboratory up to and including Biosafety Level 2, provided Tenant must use and store such materials in compliance with all applicable laws, rules and regulations, including, without limitation, all Environmental Laws. All bio-hazardous waste shall be removed, at Tenant's sole cost and expense, and at Tenant's risk, by a third party company following any and all Environmental Laws, insurance requirements and industry disposal regulations regarding said waste. If Hazardous Substances are used, stored, generated, contained or disposed of on or in the Complex in violation of Environmental Laws, or if the Complex becomes contaminated with Hazardous Substances in any manner due to the actions or omissions of Tenant or its agents, employees, contractors or invitees, Tenant shall indemnify, defend (with counsel reasonably acceptable to Landlord) and hold the Landlord Parties harmless from any and all claims, damages, fines, judgments, penalties, costs, liabilities and losses (including, without limitation, a decrease in value of the Complex, damages caused by loss or restriction of rentable or usable space or any damages caused by adverse impact on marketing of the space and any and all sums paid for settlement of claims, attorneys' fees, consultant and expert fees) arising during or after the Term and as a result of such use, storage, generation, disposal or contamination in violation of Environmental Laws. This indemnification includes, without limitation, any and all costs incurred because of any investigation of the site or any cleanup, removal or restoration mandated by a federal, state or local agency or political subdivision. Without limitation of the foregoing, if Tenant causes or permits the presence of any Hazardous Substance on the Complex in violation of Environmental Laws that results in contamination, Tenant shall promptly, at its sole expense, take any and all necessary actions to return the Complex to the condition existing prior to the presence of any such Hazardous Substance on the Complex; provided, however, Tenant must obtain Landlord's prior written approval for any such remedial action. Tenant shall be responsible for the application for and maintenance of all required permits, the submittal of all notices and reports, proper labeling, training and record keeping, and timely and appropriate response to any release or other discharge by Tenant of a Hazardous Substance under Environmental Laws. The indemnity obligations of Tenant under this Section 39 shall survive the expiration or earlier termination of this Lease Agreement. Notwithstanding the foregoing to the contrary, Tenant acknowledges that the Building will be used by various tenants for medical-related purposes and as such, certain Hazardous Substances will be present in the Complex from time to time. To Landlord's current actual knowledge, without the duty of investigation or injury, as of the Effective Date, no Hazardous Substances are in, on, under or about the Leased Premises in violation of any Environmental Law, or requiring any notice, investigation, clean-up, or other response and Landlord shall indemnify, defend (with counsel reasonably acceptable to Tenant) and hold the Tenant and its officers, directors, agents and employees harmless from any and all claims, damages, fines, judgments, penalties, costs, liabilities and losses arising during or after the Term as a result of Landlord's breach of such representation and warranty. Landlord's obligations set forth in this Section 39 shall survive the expiration or termination of this Lease Agreement.

B. As used herein, "**Hazardous Substance**" means (i) any substance that is toxic, ignitable, reactive or corrosive or that is regulated by any local, state or federal law, and includes any and all material or substances that are defined as "hazardous waste", "extremely hazardous waste", "hazardous substance" or a "hazardous material" pursuant to any such laws and includes, but is not limited to, asbestos, polychlorobiphenyls and petroleum and any fractions thereof, (ii) any substance which is now or hereafter considered a biological contaminant or which could adversely impact air quality, including mold, fungi and other bacterial agents and (iii) all biohazardous, infectious and medical waste. Notwithstanding anything in this Section 39 to the contrary, "Hazardous Substances" shall not include materials commonly used in the ordinary operations of a general office building, provided that (1) such materials are used and properly stored in the Leased Premises in quantities ordinarily used and stored in comparable medical space, (2) such materials are not introduced into the Building's plumbing systems or are not otherwise released or discharged in the Leased Premises or the Building and (3) such materials are in strict compliance with local, state or federal law. As used herein, "**Environmental Laws**" means all applicable federal, state or local laws, regulations, orders, judgments and decrees regarding health, safety or the environment.

SEC. 40 NO MONEY DAMAGES FOR FAILURE TO CONSENT; WAIVER OF CERTAIN DAMAGES: Wherever in this Lease Agreement Landlord's consent or approval is required, if Landlord refuses to grant such consent or approval, whether or not Landlord expressly agreed that such consent or approval would not be unreasonably withheld, conditioned or delayed, Tenant shall not make, and Tenant hereby waives, any claim for money damages (including any claim by way of set-off, counterclaim or defense) based upon Tenant's claim or assertion that Landlord unreasonably withheld, conditioned or delayed its consent or approval. Tenant's sole remedy shall be an action or proceeding to enforce such provision, by specific performance, injunction or declaratory judgment. **EXCEPT AS OTHERWISE**

PERMITTED BY SECTION 26 OF THIS LEASE AGREEMENT, IN NO EVENT SHALL THE EITHER PARTY HERETO BE LIABLE FOR, AND EACH PARTY HEREBY WAIVES ANY CLAIM FOR, ANY INDIRECT, CONSEQUENTIAL, EXEMPLARY OR PUNITIVE DAMAGES, INCLUDING LOSS OF PROFITS OR BUSINESS OPPORTUNITY, ARISING UNDER OR IN CONNECTION WITH THIS LEASE AGREEMENT.

SEC. 41 ACKNOWLEDGMENT OF NON-APPLICABILITY OF DTPA: It is the understanding and intention of the parties that Tenant's rights and remedies with respect to the transactions provided for and contemplated in this Lease Agreement (collectively, this "**Transaction**") and with respect to all acts or practices of Landlord, past, present or future, in connection with this Transaction, are and shall be governed by legal principles other than the Texas Deceptive Trade Practices - Consumer Protection Act (the "**DTPA**"). Accordingly, Tenant hereby (a) agrees that under Section 17.49(f) of the DTPA this Transaction is not governed by the DTPA and (b) certifies, represents and warrants to Landlord that (i) Tenant has been represented by legal counsel in connection with this Transaction who has not been directly or indirectly identified, suggested or selected by the Landlord and Tenant has conferred with Tenant's counsel concerning all elements of this Lease Agreement (including, without limitation, this Section 41) and this Transaction and (ii) the Leased Premises will not be occupied by Tenant as Tenant's family residence. Tenant expressly recognizes that the total consideration as agreed to by Landlord has been predicated upon the inapplicability of the DTPA to this Transaction and that Landlord, in determining to proceed with the entering into of this Lease Agreement, has expressly relied on the inapplicability of the DTPA to this Transaction.

SEC. 42 ATTORNEYS' FEES: In the event either party defaults in the performance of any of the terms, agreements or conditions contained in this Lease Agreement and the other party places the enforcement of this Lease Agreement, or any part thereof, or the collection of any rent due or to become due hereunder, or recovery of the possession of the Leased Premises, in the hands of an attorney who files suit upon the same, and should such non-defaulting party prevail in such suit, the defaulting party agrees to pay the other party's reasonable attorneys' fees and other disbursements or costs thereby incurred.

SEC. 43 AUTHORITY OF TENANT: If Tenant is a corporation, partnership or other entity, Tenant warrants and represents unto Landlord that (a) Tenant is a duly organized and existing legal entity, in good standing in the State of Texas, (b) Tenant has full right and authority to execute, deliver and perform this Lease Agreement, (c) the person executing this Lease Agreement was authorized to do so and (d) upon written request of Landlord, such person will deliver to Landlord satisfactory evidence of his or her authority to execute this Lease Agreement on behalf of Tenant.

SEC. 44 INABILITY TO PERFORM: Whenever a period of time is prescribed for the taking of an action by Landlord or Tenant, the period of time for the performance of such action shall be extended by the number of days or months that the performance is actually delayed due to strikes, acts of God, shortages of labor or materials, war, terrorist attacks (including bio-chemical attacks), civil disturbances and other causes beyond the reasonable control of the Landlord or Tenant, as the case may be ("**Force Majeure**"); provided, however, Force Majeure shall not excuse Tenant's obligation to pay any sums of money due hereunder, including without limitation, the obligation to pay Rent.

SEC. 45 JOINT AND SEVERAL TENANCY: If more than one person executes this Lease Agreement as Tenant, their obligations hereunder are joint and several, and any act or notice of or to, or refund to, or the signature of, any one or more of them, in relation to the renewal or termination of this Lease Agreement, or under or with respect to any of the terms hereof shall be fully binding on each and all of the persons executing this Lease Agreement as a Tenant.

SEC. 46 EXECUTION OF THIS LEASE AGREEMENT: The submission of an unsigned copy of this Lease Agreement to Tenant for Tenant's consideration does not constitute an offer to lease the Leased Premises or an option to or for the Leased Premises. This Lease Agreement shall become effective and binding only upon the execution and delivery of this Lease Agreement by both Landlord and Tenant.

SEC. 47 WAIVER OF TRIAL BY JURY; COUNTERCLAIM: LANDLORD AND TENANT HEREBY WAIVE TRIAL BY JURY IN ANY ACTION, PROCEEDING OR COUNTERCLAIM BROUGHT BY EITHER PARTY

AGAINST THE OTHER ON ANY MATTERS IN ANY WAY ARISING OUT OF OR CONNECTED WITH THIS LEASE AGREEMENT, THE RELATIONSHIP OF LANDLORD AND TENANT, TENANT'S USE OR OCCUPANCY OF THE LEASED PREMISES, OR THE ENFORCEMENT OF ANY REMEDY UNDER ANY APPLICABLE LAW, RULE, STATUTE, ORDER, CODE OR ORDINANCE. If Landlord commences any legal proceeding against Tenant, Tenant shall not interpose any counterclaim of any nature or description in any such proceeding (unless failure to impose such counterclaim would preclude Tenant from asserting in a separate action the claim which is the subject of the counterclaim), and will not seek to consolidate any such proceeding with any other action which may have been or will be brought in any other court by Tenant.

SEC. 48 CALCULATION OF TIME PERIODS: Should the calculation of any of the various time periods provided for herein result in an obligation becoming due on a Saturday, Sunday or legal holiday (such day which is neither Saturday, Sunday or legal holiday, a "business day"), then the due date of such obligation or scheduled time of occurrence of such event shall be delayed until the next business day.

SEC. 49 ANTI-TERRORISM LAWS: Tenant represents and warrants to and covenants with Landlord that (i) neither Tenant nor any of its owners or affiliates currently are, or shall be at any time during the Term, in violation of any laws relating to terrorism or money laundering (collectively, the "**Anti-Terrorism Laws**"), including without limitation Executive Order No. 13224 on Terrorist Financing, effective September 24, 2001, and regulations of the U.S. Treasury Department's Office of Foreign Assets Control (OFAC) related to Specially Designated Nationals and Blocked Persons (SDN's OFAC Regulations), and/or the Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act of 2001 (Public Law 107-56) (the "**USA Patriot Act**"); (ii) neither Tenant nor any of its owners, affiliates, investors, officers, directors, employees, vendors, subcontractors or agents is or shall be during the term hereof a "**Prohibited Person**" which is defined as follows: (1) a person or entity owned or controlled by, affiliated with, or acting for or on behalf of, any person or entity that is identified as a Specially Designated National and Blocked Person on the then-most current list published by OFAC at its official website, http://www.treas.gov/offices/eotffc/ofac/sdn/t11sdn.pdf, or at any replacement website or other replacement official publication of such list, and (2) a person or entity who is identified as or affiliated with a person or entity designated as a terrorist, or associated with terrorism or money laundering pursuant to regulations promulgated in connection with the USA Patriot Act; and (iii) Tenant has taken appropriate steps to understand its legal obligations under the Anti-Terrorism Laws and has implemented appropriate procedures to assure its continued compliance with such laws. Tenant hereby agrees to defend, indemnify, and hold harmless Landlord, its officers, directors, agents and employees, from and against any and all claims, damages, losses, risks, liabilities and expenses (including attorney's fees and costs) arising from or related to any breach of the foregoing representations, warranties and covenants. At any time and from time-to-time during the Term, Tenant shall deliver to Landlord within ten (10) days after receipt of a written request therefor, a written certification or such other evidence reasonably acceptable to Landlord evidencing and confirming Tenant's compliance with this Section 49.

SEC. 50 RENEWAL OPTIONS: Tenant shall have, and is hereby granted, the options (the "**Renewal Options**") to extend the Term of this Lease Agreement for five (5) additional periods of one (1) year each (as applicable, the "**Extended Term**") upon and subject to the following terms, conditions and provisions:

A. The Renewal Options may only be exercised by Tenant giving irrevocable written notice thereof to Landlord no later than six (6) months and one (1) day prior to the commencement of the Extended Term arising from the Renewal Option being exercised. If Tenant fails to give Landlord such written notice of exercise of such Renewal Option within such specified time period, Tenant shall be deemed to have elected not to exercise, and to have waived, such Renewal Option and the unexercised Renewal Options shall automatically terminate and expire and be of no further force and effect. It is expressly agreed that Tenant shall not have the option to extend the Term of this Lease Agreement beyond the Extended Term. If Tenant exercises any of the Renewal Options, such Extended Term shall commence immediately upon the expiration of the then current Term of this Lease Agreement (as applicable, the "**Extended Term Commencement Date**").

B. If Tenant exercises any of the Renewal Options (in accordance with and subject to the provisions of this Section 50), the Extended Term shall be upon, and subject to, all of the terms, covenants and conditions provided in

this Lease Agreement except for any terms, covenants and conditions that are expressly or by their nature inapplicable to the Extended Term (including, without limitation, the right to renew the Term of this Lease Agreement beyond the final Extended Term) and except that (i) the annual Base Rent during the applicable Extended Term shall be as set forth in Section 5.A above and (ii) the Leased Premises and all leasehold improvements relating thereto will be provided in the condition they exist (i.e., "AS IS" and "WITH ALL FAULTS") on the Extended Term Commencement Date, and this Lease Agreement shall be deemed to have been automatically amended as of the Extended Term Commencement Date in accordance with this Section 50. Tenant and Landlord shall promptly (but in no event longer than fifteen (15) days after Landlord's submission of the amendment to Tenant) execute and deliver an appropriate amendment of this Lease Agreement to evidence such terms as will apply following commencement of the Extended Term.

C. Notwithstanding any provision herein to the contrary, Tenant shall not have the right to extend the Term of this Lease Agreement pursuant to this Section 50 and such right shall automatically terminate and be of no further force and effect if, at the time Tenant exercises such Renewal Option or on the Extended Term Commencement Date, an Event of Default then exists under this Lease Agreement. Tenant shall not have the right to assign the Renewal Options to any sublessee or assignee of the Leased Premises other than a Permitted Transferee, nor may any such sublessee or assignee (other than a Permitted Transferee) exercise the Renewal Options unless in connection with an assignment of Tenant's entire interest in this Lease Agreement or a sublease of the entire Leased Premises.

D. For all purposes under this Lease Agreement, the Extended Term (if exercised) shall be deemed to be included in and part of the Term.

SEC. 51 CHASE SPACE: At no cost to Tenant for such right during the Term, Tenant shall have the right to use (on a non-exclusive basis), its pro rata share (based on the percentage of the total Net Rentable Area of the Building comprising the Manufacturing Space) of the chase space located either (i) [on the south side of the Building towards the southwest corner of the 5th floor, or (ii) the chase space located in the core of the Building,] such chase space to be used solely by Tenant for uses associated with the use permitted under Section 3 of this Lease Agreement, which uses shall be subject to the prior written approval of the Landlord. In the event Tenant needs to penetrate surfaces within the Building for such installations, immediately after the completion of such work, Tenant will conceal such work and/or the surface finish will be returned to its condition at the time Tenant commenced such work. All such work will be at Tenant's sole cost and expense and be subject to Landlord's prior approval as to location, time, manner and nature of such work and such work must comply with the terms and provisions of this Lease Agreement.

SEC. 52 BACK-UP GENERATOR:

A. Tenant shall be permitted, at its sole cost and expense, to install, connect to the Building, operate and maintain a natural gas back-up electrical generator and all related equipment switching gear, conduit and equipment mounts (collectively, "**Generator**") screened from public view to be located in a location in the Complex mutually agreed upon by Landlord and Tenant. The installation of the Generator shall be subject to all conditions and requirements as provided for in Section 10 hereof. Landlord reserves the right to relocate the Generator from time to time at Landlord's cost and expense, and to install its own generator providing back-up power to the Common Areas and emergency lighting in the Complex in the same area as Tenant's Generator.

B. The installation, maintenance, repair, replacement, removal and repair of any damage relating to the Generator, and all related costs, shall be the sole responsibility of Tenant, subject to Landlord's reasonable direction and control. Landlord shall supply diesel fuel for the Generator from the central tank at the Building which the Landlord shall maintain at its sole cost and expense, but with the diesel fuel drawn from same by Tenant to be at Tenant's sole cost and expense based on a meter (also to be installed and maintained at Tenant's sole cost and expense). Notwithstanding anything to the contrary contained herein, in no event shall Tenant be permitted to install or maintain on or about the Leased Premises or the Building any underground fuel storage tanks or any diesel fuel tanks of its own.

C. Upon the expiration or termination of this Lease Agreement, or at such time as Tenant decides that it no longer wishes to maintain the Generator, Tenant shall be obligated to remove the Generator and all related or ancillary

equipment, wiring, and the like, and Tenant shall repair any damage caused by the installation and use of the Generator and by such removal in a manner and method reasonably satisfactory to Landlord.

D. The Generator shall be used solely for the generation of emergency power in the event of and only for the duration of a power outage or "brownout", or interruption of electrical service to the Building. Tenant shall be permitted to periodically test the Generator to confirm that it is in good working order. The Generator shall be used solely for purposes of Tenant's business in the Leased Premises. The use and operation of the Generator shall comply with all applicable provisions of this Lease Agreement. In no event shall the maintenance, use and operation of the Generator interfere with any of the systems of the Building. Tenant shall comply with all laws applicable to the use and operation of the Generator. Tenant shall be responsible for obtaining all licenses, permits and approvals for the use and operation of the Generator.

E. Parking Spaces occupied by the Generator shall be considered unreserved Parking Spaces (as defined on **Exhibit C**) utilized by Tenant and shall be paid for by Tenant in accordance with the terms and provisions of **Exhibit C**.

F. Tenant shall defend, indemnify and hold the Landlord Parties harmless from and against all Claims and liabilities of every kind or nature related to the existence and operation of the Generator, except to the extent that such claims and liabilities are the result of the gross negligence or willful misconduct of any of the Landlord Parties.

G. Throughout the Term, Landlord shall maintain a separate back-up power generator serving the Common Areas and emergency lighting in the Complex.

SEC. 53 FINANCIAL STATEMENTS: Tenant shall from time to time during the Term, but not more than twice in any 12 month period, provide to Landlord an up to date true and accurate unaudited financial statement, balance sheet, and income and expense statement covering Tenant and any guarantor of Tenant's obligations under this Lease Agreement, within twenty (20) days after written request therefor is made by Landlord to Tenant. Except as may be required by law, Landlord agrees to keep any financial information provided pursuant to this Section 53 (the "**Confidential Information**") confidential; provided, however that (a) Landlord may make any disclosure of the Confidential Information to which Tenant has consented in writing in advance, and (b) any of the Confidential Information may be disclosed to employees, partners, agents, successors, affiliates, assigns and representatives of Landlord, including, but not limited to, its auditors, attorneys, and lenders and potential purchasers and lenders of the Building in connection with any financing or sale of the Building who (i) need to know the Confidential Information in connection therewith, (ii) shall have been informed by Landlord of the confidential nature of the Confidential Information, and (iii) shall have agreed to treat the Confidential Information confidentially and to use it only for the purpose described above.

SEC. 54 LANDLORD DEFAULT: The failure of Landlord to promptly and faithfully keep and perform each and every covenant, agreement, and stipulation herein on the part of Landlord to be kept and performed and the continuance of such failure for a period of thirty (30) days after written notice to Landlord; or, if such failure cannot reasonably be cured within said thirty (30) day period despite Landlord's diligent good faith efforts, the failure of Landlord to promptly commence its diligent good faith efforts to cure such failure within said thirty (30) day period shall, at the option of Tenant, constitute a default by Landlord under this Lease Agreement. In the case of any breach or default of this Lease Agreement by Landlord, Tenant shall have all of the remedies, rights, and authority against and with respect to Landlord provided by law, or in equity specifically including the right to injunctive relief. In the event of such failure by Landlord which continues for a period of ninety (90) days notwithstanding Landlord's efforts to cure, Tenant shall have the right at the end of such ninety (90) day period to deliver to Landlord written notice to terminate this Lease Agreement, which shall take effect thirty (30) days after the date of such notice, except that Tenant's right to terminate shall be null and void if the failure is cured during such thirty (30) day period.

SEC. 55 EXHIBITS: **Exhibits A** through **L** are attached hereto and made a part of this Lease Agreement for all purposes. [END OF TEXT]

IN WITNESS WHEREOF, Landlord and Tenant, acting herein by duly authorized individuals, have caused these presents to be executed in multiple counterparts (by facsimile, pdf or otherwise), each of which shall have the force and effect of an original on this 6th day of May, 2015 (the "**Effective Date**").

LANDLORD:

Sheridan Hills Developments L.P.,
a Texas limited partnership

By: Pouncet Sheridan Inc., an Ontario,
Canada corporation, its general partner

By: /s/ Lawrence Lubin
Name: Lawrence Lubin
Title: Vice President

TENANT:

Bellicum Pharmaceuticals, Inc., a Delaware corporation

By: /s/ Thomas J. Farrell
Name: Thomas J. Farrell
Title: President & CEO

ADDRESS:

Prior to Commencement Date:
2301 West Holcombe Blvd., Suite 800
Houston, Texas 77030

Following the Commencement Date:
At the Leased Premises

EXHIBIT A

FLOOR PLAN OF THE MANUFACTURING SPACE

See Image labeled Exhibit A

EXHIBIT A-1

FLOOR PLAN OF THE INTERIOR MECHANICAL SPACE

See Image labeled Exhibit A-1

EXHIBIT A-2

FLOOR PLAN OF THE EXTERIOR MECHANICAL SPACE

See Image labeled Exhibit A-2

EXHIBIT B

LEGAL DESCRIPTION OF THE LAND

All that certain 2.3391 acres being all of Restricted Reserve “A”, Block 1, Twenty-One Thirty West Holcombe Boulevard Replat No. 1 according to the plat thereof as filed in Film Code Number 595196, Harris County Map Records, in the P. W. Rose Survey, Abstract - 645, Houston, Harris County, Texas, and being more particularly described by metes and bounds as follows (bearings based on Texas Coordinate System of 1983, South Central Zone);

Commencing at Harris County Floodplain Reference Mark Number 040110 being a brass disc stamped “040110” having published coordinates of (X: 3,110,377.78) and (Y: 13,820,307.50) from which Harris County Floodplain Reference Mark Number 040115 being a brass disc stamped “D100 BM16” bears S 70° 42’ 24” W - 1,730.12’ for reference; Thence N 36° 12’ 56” W - 1,995.95’ to a found 3/4” iron pipe with cap (stamped C.L. DAVIS RPLS 4464) marking the southeast corner of said Restricted Reserve “A” from which a found 3/4” iron pipe bears N 79° 32’ 53” E - 0.69’ for reference and marking the POINT OF BEGINNING of herein described tract;

1. Thence S 87° 49’ 11” W - 932.20’ with the north right-of-way line of West Holcombe Boulevard (120’ wide) to a found 1” iron pipe marking the southwest corner of said Restricted Reserve “A”;

2. Thence N 02° 10’ 49” W - 104.62’ with the east right-of-way line of Mont Clair Drive (60’ wide) to a 1” pinch top pipe marking the southwest corner of Lot 22, Block 7, Replat of Southgate Addition Section No. 3 according to the plat thereof as filed in Volume 26, Page 16, Harris County Map Records;

3. Thence N 87° 52’ 11” E - 798.90’ north line of said Reserve “A” to a found 5/8” iron rod for corner;

4. Thence N 59° 45’ 09” E - 151.07’ with the south line of Lots 9 - 11, Block 7 of said Replat of Southgate Addition, Section No. 3 to a found 5/8’ iron rod for corner;

5. Thence S 02° 10’ 49” E - 175.00’ with the west line of that certain tract described in a deed dated 06-30-1986 from Miller Hotel Development, Incorporated to Burger King Corporation as filed in Official Records of Real Property of Harris County at Clerk’s File Number K-700805, Film Code 056-71-1646 to the POINT OF BEGINNING and containing 2.3391 (101,892 square feet) of land more or less.

EXHIBIT C

PARKING AGREEMENT

Landlord hereby agrees to make available to Tenant during the Term, as Tenant elects, up to thirty-five (35) unreserved parking passes from time to time. Tenant shall be entitled from time to time to take and pay for all or any of such unreserved parking passes (and the parking spaces it is thereby entitled to use shall be hereinafter collectively referred to as the "**Parking Spaces**") for use in the Building parking garage (hereinafter referred to as the "**Garage**"), upon the following terms and conditions:

1. Tenant shall pay as rental for the Parking Spaces the rates charged from time to time by the operator of the Garage, plus all taxes applicable thereto. During the first twelve (12) months following the Commencement Date, the initial monthly rate for each of the Parking Spaces for reserved parking shall be $240.00 plus taxes and for unreserved parking shall be $165.00 plus taxes. Said rentals shall be due and payable to Landlord or its parking manager, as designated in writing by Landlord at the address of the Landlord's property manager specified in Section 31 of this Lease Agreement (or such other address as may be designated by Landlord in writing from time to time), as additional rent on the first day of each calendar month during the Term.

2. In the event Tenant so desires, and upon ten (10) days' prior written notice to Landlord, Tenant may convert up to ten percent (10%) of its Parking Spaces for unreserved parking to Parking Spaces for reserved parking. In the event Tenant elects to convert such unreserved Parking Spaces to reserved Parking Spaces in accordance with this Paragraph 2, Landlord shall provide said Parking Spaces for reserved parking to Tenant during the balance of the Term at the rates charged from time to time for reserved Parking Spaces in the Garage plus all taxes applicable thereto. From and after the date Tenant commences leasing such parking spaces for reserved parking, the term "Parking Spaces" shall be deemed to include such reserved Parking Spaces.

3. Notwithstanding anything contained in this **Exhibit C** to the contrary, Landlord shall have the right to recapture any Parking Space not utilized by Tenant for six (6) consecutive months beginning after the first twelve (12) calendar months of the Term, and in the event Landlord exercises such right, Landlord shall have no further obligations to Tenant with respect to such Parking Spaces and the number of reserved or unreserved Parking Spaces, as the case may be, referred to above in this **Exhibit C** shall be correspondingly reduced.

4. Landlord will issue to Tenant parking tags, stickers or access cards for the Parking Spaces, or will provide a reasonable alternative means of identifying and controlling vehicles authorized to park in the contract Garage. Tenant shall surrender each such tag, sticker or other identifying device to Landlord upon termination of the Parking Space related thereto.

5. Landlord, at its discretion, shall have the right from time to time, upon written notice to Tenant, to designate the area(s) within which vehicles may be parked. Tenant agrees that although Landlord shall mark with signage Tenant's reserved Parking Spaces, Landlord shall have no obligation to enforce such reservation by ticketing, towing or affixing a notice to cars parked in Tenant's reserved Parking Spaces by those who are not Tenant's customers, guests, invitees and employees; provided, however, Landlord will use commercially reasonable efforts to direct tenants at the Complex to abide by the parking rules.

6. If for any reason beyond Landlord's reasonable control Landlord fails or is unable to provide any of the Parking Spaces to Tenant at any time during the Term or any renewals or extensions hereof, and such failure continues for two (2) business days after Tenant gives Landlord written notice thereof, Tenant's obligation to pay rental for any Parking Space which is not provided by Landlord shall be abated for so long as Tenant does not have the use thereof and Landlord shall use its diligent good faith efforts to provide alternative parking arrangements in the Garage or within a one-half (1/2) mile radius of the Building for the number of vehicles equal to the number of Parking Spaces not provided by Landlord. Tenant shall pay for any alternative parking provided by Landlord so long as Tenant is not paying rent for the Parking Spaces. This abatement and good faith effort

to provide alternative parking arrangements shall be in full settlement of all claims that Tenant might otherwise have against Landlord by reason of Landlord's failure or inability to provide Tenant with the Parking Spaces.

7. If the Term commences on other than the first day of a calendar month or terminates on other than the last day of a calendar month, then rentals for the Parking Spaces shall be prorated on a daily basis.

8. Tenant shall indemnify, defend (with counsel reasonably acceptable to Landlord) and hold harmless the Landlord Parties from and against all liabilities, obligations, losses, damages, penalties, claims, actions, suits, costs, expenses and disbursements (including court costs and reasonable attorneys' fees) resulting directly or indirectly from the use of the Parking Spaces, unless caused by the gross negligence or willful misconduct of Landlord or the Landlord Parties.

9. Landlord may provide parking in the Garage or in surface lots for visitors to the Building in an area designated by Landlord and in a capacity determined by Landlord to be appropriate for the Building. Landlord reserves the right to charge and collect a fee for parking in the visitor Garage or in the surface lots in an amount determined by Landlord or the operator of the Garage to be appropriate. Provided that no Event of Default has occurred, Landlord agrees to allow Tenant to validate the parking ticket of Tenant's visitors with a stamp or other means approved in advance by Landlord, and to bill Tenant for the parking charges so validated by Tenant on a monthly basis. Said visitor parking charges shall be due and payable to Landlord as additional rent within ten (10) days after Tenant's receipt of such statement. Alternatively, Landlord may establish a parking validation program whereby tenants may, at their option, purchase prepaid parking validation stickers or other means of identification for specific increments of visitor parking charges, which the tenants may then distribute to their visitors and invitees to be submitted to the Garage attendant as payment for the applicable increment of visitor parking charge.

10. Upon the occurrence of an Event of Default, Landlord shall have the right (in addition to all other rights, remedies and recourse hereunder and at law) to terminate Tenant's use of the Parking Spaces without prior notice or warning to Tenant.

11. Landlord shall have the right to relocate the Garage to any future parking facilities Landlord may construct on the Land, provided Tenant has use of 35 parking spaces.

A condition of any parking shall be compliance by the parker with Garage rules and regulations, including any sticker or other identification system established by Landlord. The following rules and regulations are in effect until notice is given to Tenant of any change. Landlord reserves the right to modify and/or adopt such other reasonable rules and regulations for the Garage as it deems necessary for the operation of the Garage. Landlord may refuse to permit any person who violates the rules to park in the Garage, and any violation of the rules shall subject the car to removal.

PARKING RULES AND REGULATIONS

1. Cars must be parked entirely within the stall lines painted on the floor.

2. All directional signs and arrows and signs designating wheelchair accessible parking spaces must be observed.

3. The speed limit shall be five (5) miles per hour.

4. Parking prohibited:

   (a) in areas not striped for parking
   (b) in aisles
   (c) where “no parking” signs are posted
   (d) on ramps where indicated
   (e) in cross-hatched areas
   (f) in spaces reserved for exclusive use by designated lessees
   (g) in such other areas as may be designated by Landlord or Landlord’s agent(s).

5. Parking stickers or any other device or form of identification supplied by Landlord shall remain the property of Landlord and shall not be transferable. There will be a replacement charge payable by Tenant equal to the amount posted from time to time by Landlord for loss of any parking card or parking sticker.

6. Garage managers and attendants are not authorized to make or allow any exceptions to these Rules and Regulations.

7. Every parker is required to park and lock his own car. All responsibility for loss or damage to cars and contents, property or persons is assumed by the parker.

8. Tenant is required to give Landlord, on a quarterly basis, a list of employees parking in the Garage which shall include year, make and model of car and license number.

9. In order to protect Landlord’s property, Landlord shall have the right, but not the obligation, to install cameras in the Garage.

10. Landlord is entitled to limit the size of the parked vehicles by weight, height or width without constituting a breach of its obligation to provide parking hereunder.

Failure to promptly pay the rent required hereunder or persistent failure on the part of Tenant or Tenant’s designated parkers to observe the Rules and Regulations above shall give Landlord the right to terminate Tenant’s right to use the parking structure. No such termination shall create any liability on Landlord or be deemed to interfere with Tenant’s right to quiet possession of its Leased Premises.

EXHIBIT D

RULES AND REGULATIONS

The following standards shall be observed by Tenant for the common safety, cleanliness and convenience of all occupants of the Building. These rules are subject to change from time to time, as specified in the Lease Agreement.

1. All tenants will refer all contractors' representatives and installation technicians who are to perform any work within the Building to Landlord for Landlord's supervision, approval (which approval shall not be unreasonably withheld, conditioned or delayed) and control before the performance of any such work. This provision shall apply to all work performed in the Building including, but not limited to, installations of telephones, computer equipment, electrical devices and attachments, and any and all installations of every nature affecting floors, walls, woodwork, trim, windows, ceilings, equipment and any other physical portion of the Building. Tenant shall not mark, paint, drill into, or in any way deface any part of the Building or the Leased Premises, except with the prior written consent of the Landlord, and as the Landlord may direct; provided, however, Tenant may hang pictures, bulletin boards, white boards and the like within the Leased Premises without prior consent of or notice to Landlord.

2. The work of the janitorial or cleaning personnel shall not be hindered by Tenant after 5:30 p.m., and such work may be done at any time when the offices are vacant. The windows, doors and fixtures may be cleaned at any time. Tenant shall provide adequate waste and rubbish receptacles, cabinets, book cases, map cases, etc., necessary to prevent unreasonable hardship to Landlord in discharging its obligations regarding cleaning service.

3. Prior to the commencement of any construction in the Leased Premises, Tenant shall deliver evidence of its contractor's and subcontractor's insurance, such insurance being with such companies, for such periods and in such amounts as Landlord may reasonably require, naming the Landlord Parties as additional insureds.

4. No sign, advertisement or notice shall be displayed, painted or affixed by Tenant, its agents, servants or employees, in or on any part of the outside or inside of the Building or Leased Premises without prior written consent of Landlord, and then only of such color, size, character, style and material and in such places as shall be approved and designated by Landlord. Signs on doors and entrances to the Leased Premises shall be placed thereon by Landlord.

5. Except as otherwise provided in this Lease Agreement and for such items as are installed as part of the Leasehold Improvements, Tenant shall not place, install or operate on the Leased Premises or in any part of the Building any engine, refrigerating, heating or air conditioning apparatus, stove or machinery, or conduct mechanical operations, or place or use in or about the Leased Premises any inflammable, explosive, hazardous or odorous solvents or materials without the prior written consent of Landlord. No portion of the Leased Premises shall at any time be used for cooking, sleeping or lodging quarters. Tenant may use coffee pots, refrigerators and microwaves in Leased Premises.

6. Tenant shall not make or permit any loud or improper noises in the Building or otherwise interfere in any way with other tenants.

7. Landlord will not be responsible for any lost or stolen personal property or equipment from the Leased Premises or public areas, regardless of whether such loss occurs when the area is locked against entry or not.

8. Tenant, or the employees, agents, servants, visitors or licensees of Tenant, shall not, at any time or place, leave or discard rubbish, paper, articles, plants or objects of any kind whatsoever outside the doors of the Leased Premises or in the corridors or passageways of the Building or attached Parking Areas. No animals (other

than mice in any vivarium), bicycles or vehicles of any description shall be brought into or kept in or about the Building, except for Landlord designated bicycle parking areas.

9. No additional lock or locks shall be placed by Tenant on any door in the Building unless written consent of Landlord shall have first been obtained. Two (2) keys will be furnished by Landlord for the Leased Premises, and any additional key required must be obtained from Landlord. A charge will be made for each additional key furnished. All keys shall be surrendered to Landlord upon termination of tenancy.

10. None of the entries, passages, doors, hallways or stairways in the Building shall be blocked or obstructed.

11. Landlord shall have the right to determine and prescribe the weight and proper position of any unusually heavy equipment, including computers, safes, large files, etc., that are to be placed in the Building, and only those which in the exclusive judgment of the Landlord will not do damage to the floors, structure and/or elevators may be moved into the Building. Any damage caused by installing, moving or removing such aforementioned articles in the Building shall be paid for by Tenant.

12. All holiday and other decorations must be constructed of flame retardant materials. Live Christmas trees are not permitted in the Leased Premises.

13. Tenant shall provide Landlord with a list of all personnel authorized to enter the Building after hours (6:00 p.m. to 7:00 a.m. Monday through Friday, and 24 hours a day on Saturdays, Sundays and Holidays).

14. The following dates shall constitute "**Holidays**" as said term is used in this Lease Agreement: New Year's Day, Memorial Day, Independence Day, Labor Day, Thanksgiving, the Friday following Thanksgiving Day and Christmas and any other holiday recognized and taken by tenants cumulatively occupying at least one-half (1/2) of the Net Rentable Area of office space of the Building. The Holidays set forth herein may not be changed by Landlord during the Term.

15. The following hours shall constitute the normal business hours of the Building: between 7:00 a.m. and 6:00 p.m. from Monday through Friday and between 8:00 a.m. and 12:00 noon on Saturdays, all exclusive of Holidays. The aforementioned hours of operation may not be changed by Landlord during the Term.

16. Movement of furniture or office equipment in or out of the Building, or dispatch or receipt by Tenant of any heavy equipment, bulky material or merchandise which requires use of elevators or stairways, or movement through the Building's service dock or lobby entrance shall be restricted to such hours as Landlord shall designate. All such movement shall be in a manner to be agreed upon between Tenant and Landlord in advance. Such prior arrangements shall be initiated by Tenant. The time, method and routing of movement and limitations for safety or other concern which may prohibit any article, equipment or other item from being brought into the Building shall be subject to Landlord's reasonable discretion and control. Any hand trucks, carryalls or similar appliances used for the delivery or receipt of merchandise or equipment shall be equipped with rubber tires, side guards and such other safeguards as the Building shall require. Although Landlord or its personnel may participate in or assist in the supervision of such movement, Tenant assumes full responsibility for all risks as to damage to articles moved and injury to persons or property 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 Tenant, from the time of entering the property to completion of work. Landlord shall not be liable for the acts of any person engaged in, or any damage or loss to any of said property or persons resulting from any act in connection with such service performed for Tenant.

17. Landlord shall designate one elevator to be the freight elevator to be used to handle packages and shipments of all kinds. The freight elevator shall be available to handle such deliveries from 9:00 a.m. to 11:00 a.m. and 2:00 p.m. to 3:30 p.m. weekdays. Parcel Post, express, freight or merchants' deliveries can be made anytime

within these hours. No furniture or freight shall be handled outside the above hours, except by previous arrangement.

18. Any additional services as are routinely provided to tenants, not required by the Lease Agreement to be performed by Landlord, which Tenant requests Landlord to perform, and which are performed by Landlord, shall be billed to Tenant at Landlord's cost plus five percent (5%).

19. All doors leading from public corridors to the Leased Premises are to be kept closed when not in use.

20. Canvassing, soliciting or peddling in the Building is prohibited and Tenant shall cooperate to prevent same.

21. Tenant shall give immediate notice to the Building Manager in case of accidents in the Leased Premises or in the Building or of defects therein or in any fixtures or equipment, or of any known emergency in the Building.

22. Tenant shall not use the Leased Premises or permit the Leased Premises to be used for photographic, multilith or multigraph reproductions, except in connection with its own business.

23. The requirements of Tenant will be attended to only upon application to the Building Manager. Employees of Landlord shall not perform any work or do anything outside of their regular duties, unless under special instructions from the Building Manager.

24. Tenant shall place or have placed solid pads under all rolling chairs such as may be used at desks or tables. Any damages caused to carpet by not having same shall be repaired or replaced at the expense of Tenant.

25. Tenant, or the employees, agents, servants, visitors or licensees of Tenant shall abide by the rules and regulations for the Parking Areas included in the Parking Agreement attached hereto as **Exhibit C**.

26. Except as otherwise noted, Landlord reserves the right to rescind any of these Rules and Regulations of the Building, and to make such other and further rules and regulations as in its reasonable judgment shall from time to time be needful for the safety, protection, care and cleanliness of the Building, the Leased Premises and the Parking Areas, the operation thereof, the preservation of good order therein and the protection and comfort of the other tenants in the Building and their agents, employees and invitees, which rules and regulations, when made and written notice thereof is given to Tenant, shall be binding upon Tenant in like manner as if originally herein prescribed, provided such changes do not unreasonably interfere with Tenant's use or occupancy of or access to the Leased Premises.

27. Landlord will provide 35 cardkeys or other access devices during the Term to Tenant and Tenant agrees to return all of these cardkeys and other access devices to Landlord upon expiration or termination of this Lease Agreement. All others will be furnished to Tenant at a cost of Fifty and 00/100 Dollars ($50.00) per card or a mutually agreed upon price for each other access device. Any future increase in the cost of cardkeys and other access devices will be passed on to Tenant for any additional cardkeys and other access devices required.

28. Tenant, or its employees, agents, servants, visitors, invitees or licensees of Tenant, shall not smoke or permit to be smoked cigarettes, cigars or pipes within the Leased Premises or Building. Smoking shall be confined to area(s) designated by Landlord but shall in no event be closer than twenty-five feet (25') to any entrance to the Building. Landlord shall have no obligation to Tenant for failure of another tenant, its employees, agents, servants, visitors, invitees or licensees to comply with this paragraph.

29. Tenant shall not attempt to adjust wall-mounted thermostats in the Building. If there is any damage to wall-mounted thermostats due to attempts by Tenant to adjust thermostats, Landlord may repair such damage at the sole cost and expense of the Tenant.

EXHIBIT E

ACCEPTANCE OF PREMISES MEMORANDUM

This Memorandum is an amendment to the Lease Agreement for space in 2130 West Holcombe Boulevard, Suite 800 Houston, Harris County, Texas 77030, executed on the 6th day of May, 2015 between Sheridan Hills Developments L.P., a Texas limited partnership, as Landlord and Bellicum Pharmaceuticals, Inc., a Delaware corporation, as Tenant.

Landlord and Tenant hereby agree that:

1. The Manufacturing Space consists of _____square feet of Net Rentable Area. The Interior Mechanical Space consists of _____square feet of Net Rentable Area and the Exterior Mechanical Space consists of _____ square feet of Net Rentable Area.

2. Except for those items shown on the attached "punch list", if any, which Landlord will remedy within 30 days hereof, Landlord has fully completed the construction work required under the terms of the Lease Agreement.

3. The Leased Premises are tenantable, the Landlord has no further obligation for construction (except as specified above), and Tenant acknowledges that both the Building and the Leased Premises are satisfactory in all respects.

4. The Commencement Date of the Lease Agreement is hereby agreed to be the _____ day of _____, 2015.

5. The Expiration Date of the Lease Agreement is hereby agreed to be the _____ day of _____, 2020.

All other terms and conditions of the Lease Agreement are hereby ratified and acknowledged to be unchanged.

Agreed and Executed this _____ day of _____, 2015.

Landlord:

Sheridan Hills Developments L.P.,
a Texas limited partnership

By: Pouncet Sheridan Inc., an Ontario,
Canada corporation, its general partner

By:_____
Name:_____
Title:_____

Tenant:

Bellicum Pharmaceuticals, Inc.

By:_____
Name:_____
Title:_____

EXHIBIT F

TENANT'S ESTOPPEL CERTIFICATE

(Addressee)

RE: _____ Houston , Texas

Gentlemen:

The undersigned ("**Tenant**") has executed and entered into that certain lease agreement ("**Lease Agreement**") attached hereto as **Exhibit A** and made a part hereof for all purposes with respect to those certain premises ("**Leased Premises**") which are located in the above-referenced project ("**Project**") and are more fully described in the Lease Agreement. Tenant understands that the entity to whom this letter is addressed ("**Addressee**") has committed to loan or invest a substantial sum of money in reliance upon this certification by the undersigned, which certification is a condition precedent to making such loan or investment, or that Addressee intends to take some other action in reliance upon this certification.

With respect to the Lease Agreement, Tenant certifies to you the following, with the intention that you may rely fully thereon:

1. A true and correct copy of the Lease Agreement, including any and all amendments and modifications thereto, is attached hereto as **Exhibit A**;

2. The original Lease Agreement is dated _____, 201__, and has been assigned, modified, supplemented or amended only in the following respects:

   (Please write "None" above or, on a separate sheet of paper, state the effective date of and describe any oral or written modifications, supplements or amendments to the Lease Agreement and attach a copy of such modifications, supplements or amendments, with the Lease Agreement as Exhibit A);

3. Tenant is in actual occupancy of the Leased Premises under the Lease Agreement; the Leased Premises are known as Suite ____, of the Project; and the Leased Premises contain approximately _____square feet;

4. The initial term of the Lease Agreement commenced on _____, 201__, and ends at 11:59 p.m. on _____, 201__, at a monthly base rent of $ _____, and no rentals or other payments in advance of the current calendar month have been paid by Tenant, except as follows:

   (Please write "None" above or describe such payments on a separate sheet of paper);

5. Base Rent with respect to the Lease Agreement has been paid by Tenant through _____, 201__; all additional rents and other charges have been paid for the current periods;

6. There are no unpaid concessions, bonuses, free months' rent, rebates or other matters affecting the rent for Tenant, except as follows:

   (Please write "None" above or describe such matters on a separate sheet of paper);

7. No security or other deposit has been paid by Tenant with respect to the Lease Agreement, except as follows:

(Please write "None" above or describe such deposits on a separate sheet of paper);

8. The Lease Agreement is in full force and effect and, to Tenant's current actual knowledge, there are no events or conditions existing which, with notice or the lapse of time or both, could constitute a monetary or other default of the Landlord under the Lease Agreement, or entitle Tenant to any offset or defense against the prompt current payment of rent or constitute a default by Tenant under the Lease Agreement, except as follows:

(Please write "None" above or describe such default on a separate sheet of paper);

9. All improvements required to be made by Landlord under the terms of the Lease Agreement have been satisfactorily completed and accepted by Tenant as being in conformity with the Lease Agreement, except as follows:

(Please write "None" above or describe such improvements on a separate sheet of paper);

10. Tenant has no option to expand or rent additional space within the Project or any right of first refusal with regard to any additional space within the Project, other than the Leased Premises, except as follows:

(Please write "None" above or describe such right or option on a separate sheet of paper);

11. Tenant has no right or option to renew the Lease Agreement for any period of time after the expiration of the initial term of the Lease Agreement, except as follows:

(Please write "None" above or describe such right on a separate sheet of paper);

12. To Tenant's current actual knowledge, any and all broker's leasing and other commissions relating to and/or resulting from Tenant's execution of the Lease Agreement and occupancy of the Leased Premises have been paid in full and no broker's leasing or other commissions will be or become due or payable in connection with or as a result of either Tenant's execution of a new Lease Agreement covering all or any portion of the Leased Premises or any other space within the Project or Tenant's renewal of the Lease Agreement, except as follows:

(Please write "None" above or describe such right on a separate sheet of paper);

13. To Tenant's current actual knowledge, the use, maintenance or operation of the Leased Premises complies with, and will at all times comply with, all applicable federal, state, county or local statutes, laws, rules and regulations of any governmental authorities relating to environmental, health or safety matters (being hereinafter collectively referred to as the "Environmental Laws");

14. [intentionally deleted];

15. Tenant has not received any notices, written or oral, of violation of any Environmental Law or of any allegation which, if true, would contradict anything contained herein and there are not writs, injunctions, decrees, orders or judgments outstanding, no lawsuits, claims, proceedings or investigations pending or threatened, relating to the use, maintenance or operation of the Leased Premises, nor is Tenant aware of a basis for any such proceeding;

16. There are no actions, whether voluntary or otherwise, pending against Tenant under the bankruptcy or insolvency laws of the United States or of any state.

17. Tenant has no right of refusal or option to purchase the Leased Premises or the Project.

18. Tenant understands that the Lease Agreement may be assigned to Addressee and Tenant agrees to attorn to Addressee in all respects in accordance with the Lease Agreement.

Dated: _____, 201__.

Very truly yours,

Bellicum Pharmaceuticals, Inc.

By:_____
Name:_____
Title:_____

EXHIBIT G

LEASEHOLD IMPROVEMENTS

1. Work by Landlord. Landlord shall cause to be constructed and/or installed in the Leased Premises the permanent leasehold improvements and tenant finish desired by Tenant and approved by Landlord, which approval shall not be unreasonably withheld, conditioned or delayed (the "**Leasehold Improvements**"). The leasehold construction will be performed pursuant to a cost plus contract entered into by Landlord with a general contractor agreed on by Landlord and Tenant. Further, prior to commencement of the Leasehold Improvements and as a condition precedent to the Commencement Date, Landlord will, at Landlord sole cost and expense (i) level all floors within the Manufacturing Space such that the floors are level within commercially reasonable construction tolerances, namely one-half (0.5") inch deviation per ten (10') feet (the "**Landlord Work**"). Landlord agrees to remedy any floor level defects prior to the Commencement Date, provided that Tenant provides Landlord with written notice of such defects (in sufficient detail for Landlord to accurately identify them), at least thirty (30) days prior to the Commencement Date.

2. Planning and Construction.

(a) Landlord and Tenant shall cooperate in good faith in the planning and construction of the Leasehold Improvements, it being agreed and understood that it is the intent and desire of the parties that the Leased Premises be ready for Tenant's occupancy on or before the Estimated Leased Premises Delivery Date. Tenant shall respond within five (5) business days to any request from Landlord or Landlord's architect or contractor for Tenant's approval of any particular aspect thereof. To the extent Tenant engages Landlord's consultants as Tenant's mechanical/electrical/plumbing and/or structural engineering consultants, Landlord shall not require reimbursement of third-party fee charges to Landlord for review of Tenant's plans and documents by the consultants so engaged.

(b) Tenant will cause its architect and engineers (the "**Design Professionals**") to prepare a set of space plans (the "**Proposed Space Plans**") for the Leasehold Improvements and submit same to Landlord for its review and approval within fourteen (14) days following the Effective Date. Within ten (10) business days after delivery of the Proposed Space Plans to Landlord, Landlord shall either approve (which approval shall not be unreasonably withheld, conditioned or delayed) the Proposed Space Plans or notify Tenant of the item(s) of the Proposed Space Plans that Landlord disapproves and the reason(s) therefor. If Landlord disapproves the Proposed Space Plans, Tenant shall cause the Design Professionals to revise and resubmit same to Landlord for approval within five (5) business days (the "**Revised Space Plans**"). Within five (5) business days after delivery of the Revised Space Plans to Landlord, Landlord shall either approve the Revised Space Plans or notify Tenant of the item(s) of the Revised Space Plans which Landlord disapproves and the reason(s) therefor. If Landlord disapproves the Revised Space Plans, Tenant shall cause the Design Professionals to further revise and resubmit same to Landlord for approval within five (5) business days, which process shall continue until the plans are approved. Landlord shall have five (5) business days after delivery of each set of Revised Space Plans to either approve the Revised Space Plans or notify Tenant of the item(s) of the Revised Space Plans which Landlord disapproves and the reason(s) therefor. The Proposed Space Plans or Revised Space Plans, as approved by Landlord, are hereinafter referred to as the "**Space Plans**".

(c) Upon Landlord's approval of the Space Plans, Tenant shall cause the Design Professionals to prepare construction drawings (in accordance with the Space Plans) and specifications including complete sets of detailed architectural, structural, mechanical, electrical and plumbing working drawings (the "**Proposed Construction Drawings**") for the Leasehold Improvements and shall deliver the Proposed Construction Drawings to Landlord for approval (which approval shall not be unreasonably withheld, conditioned or delayed). Within ten (10) business days after delivery of the Proposed Construction Drawings to Landlord, Landlord shall either approve the Proposed Construction Drawings or notify Tenant of the item(s) of the Proposed Construction Drawings that Landlord disapproves and the reason(s) therefor. If Landlord disapproves the Proposed Construction Drawings, Tenant shall cause the Design Professionals to revise and resubmit same to Landlord for approval within five (5) business days (the "**Revised Construction Drawings**"). Within five (5) business days after delivery of the Revised Construction Drawings to Landlord, Landlord shall either approve the Revised Construction Drawings or notify Tenant of the item(s) of the Revised Construction Drawings which Landlord disapproves and the reason(s) therefor. If Landlord disapproves the Revised Construction Drawings, Tenant shall cause the Design Professionals to further revise and resubmit same to

Landlord for approval within five (5) business days, which process shall continue until the plans are approved. Landlord shall have five (5) business days after delivery of each set of Revised Construction Drawings to either approve the Revised Construction Drawings or notify Tenant of the item(s) of the Revised Construction Drawings which Landlord disapproves and the reason(s) therefor. The Proposed Construction Drawings or Revised Construction Drawings, as approved by Landlord, are hereinafter referred to as the "**Construction Drawings**".

3. Quality of Work. Landlord shall supervise the construction of the Leasehold Improvements in conformance with the Construction Drawings and shall use its diligent good faith efforts to cause same to be constructed and installed in a good and workmanlike manner in accordance with good industry practice.

4. Completion of Construction. The "**Leasehold Improvements Completion Date**" shall mean the date upon which the Leasehold Improvements are substantially complete in accordance with the Construction Drawings. The phrase "**substantially complete**" shall mean that all construction debris has been removed from the Leased Premises and the Leased Premises are reasonably clean, the Leasehold Improvements have been completed in substantial accordance with the Construction Drawings therefor, except for the completion of Punch List Items (hereinafter defined), and Landlord shall have obtained and delivered to Tenant a temporary certificate of occupancy for the Leased Premises. Landlord will give Tenant ten (10) days' advance written notice of the date on which Landlord expects the Leased Premises to be substantially complete and ready for occupancy. If the Leased Premises are not ready for occupancy by the Estimated Leased Premises Delivery Date for any reason, Landlord shall not be liable or responsible for any claims, damages or liabilities in connection therewith or by reason thereof. The term "**Punch List Items**" shall mean details of construction, decoration and mechanical adjustment which, in the aggregate, are relatively minor in character and do not materially interfere with the use or enjoyment of the Leased Premises for the uses permitted in Section 3 of this Lease Agreement. The Punch List Items shall be set forth in a list prepared during a walkthrough inspection of the Leased Premises, such inspection to be performed by Tenant's and Landlord's representatives within ten (10) days after Landlord shall advise Tenant that substantial completion of the Leasehold Improvements in the Leased Premises has occurred or is imminent. Landlord shall use its commercially reasonable efforts to cause the Punch List Items to be substantially completed within thirty (30) days after said walkthrough inspection and Landlord and Tenant's agreement on the Punch List Items. Additionally, Landlord shall use its commercially reasonable efforts to obtain and deliver to Tenant a final (permanent) certificate of occupancy for the Leased Premises within ninety (90) after substantial completion.

5. Tenant Delay. As used herein, "**Tenant Delay**" shall mean the sum of (i) the number of days of delay beyond the 5-business day response period in responding to Landlord's request for approval of any documentation in connection with the Leasehold Improvements, (ii) the number of days of delay in preparing any of such documentation caused by changes requested by Tenant to any aspect of the Leasehold Improvements which were reflected in the documentation theretofore approved by Tenant, (iii) the number of days of delay in completing the Leasehold Improvements caused by the Tenant's early entry into the Leased Premises pursuant to Section 2.B of the Lease Agreement and (iv) the positive difference, if any, between the increase and decrease in the number of days required to complete the Leasehold Improvements caused by changes requested by Tenant to the working drawings after Tenant's approval thereof, in all instances net of any delay on the part of Landlord, its employees, agents or contractors.

6. Disclaimer of Warranty. **TENANT ACKNOWLEDGES THAT THE CONSTRUCTION AND INSTALLATION OF THE LEASEHOLD IMPROVEMENTS WILL BE PERFORMED BY AN UNAFFILIATED CONTRACTOR OR CONTRACTORS AND THAT ACCORDINGLY LANDLORD HAS MADE AND WILL MAKE NO WARRANTIES TO TENANT WITH RESPECT TO THE QUALITY OF CONSTRUCTION THEREOF OR AS TO THE CONDITION OF THE LEASED PREMISES, EITHER EXPRESS OR IMPLIED, AND THAT LANDLORD EXPRESSLY DISCLAIMS ANY IMPLIED WARRANTY THAT THE LEASED PREMISES ARE OR WILL BE SUITABLE FOR TENANT'S INTENDED COMMERCIAL PURPOSE. AS SET FORTH IN SECTION 27 OF THE LEASE, TENANT'S OBLIGATION TO PAY BASE AND ADDITIONAL RENTAL HEREUNDER IS NOT DEPENDENT UPON THE CONDITION OF THE LEASED PREMISES OR THE BUILDING OR THE PERFORMANCE BY LANDLORD OF ITS OBLIGATIONS HEREUNDER, AND TENANT SHALL CONTINUE TO PAY THE BASE AND ADDITIONAL RENT WITHOUT ABATEMENT, SETOFF OR DEDUCTION, NOTWITHSTANDING ANY BREACH BY LANDLORD OF ITS DUTIES OR OBLIGATIONS HEREUNDER, WHETHER EXPRESS OR IMPLIED,**

EXCEPT AS OTHERWISE PROVIDED IN THIS LEASE AGREEMENT. However, Landlord agrees that in the event that any defect in the construction of the Leasehold Improvements are discovered, Landlord will diligently pursue and seek to enforce any warranties of the contractor(s) and/or the manufacturer of any defective materials incorporated therein.

7. Cost of Leasehold Improvements. Landlord shall pay all costs and expenses of the Leasehold Improvements (including labor, materials, construction management, architectural and engineering costs) up to the aggregate amount of $45.00 per square foot of Net Rentable Area of the Manufacturing Space only (the "**Improvement Allowance**"). Landlord shall pay any invoices for consultants engaged directly by Tenant out of the Improvement Allowance within thirty (30) days after delivery. In the event that the cost and expense of constructing and installing any portion of the Leasehold Improvements exceeds the Improvement Allowance (the "**Excess Cost**"), then prior to Landlord's awarding of the construction contract with respect to the Leasehold Improvements or, as applicable, Landlord performing any change order work, Tenant shall deposit with Landlord, one hundred ten percent (110%) of the amount of Landlord's good faith, reasonable estimate of any Excess Cost, or security therefor in a form reasonably acceptable to Landlord. No more frequently than monthly, Landlord shall invoice Tenant for the portion of the Excess Cost expended by Landlord and unpaid by Tenant. Tenant shall pay the invoiced amount within ten (10) business days thereafter. Tenant shall be entitled to authorize Landlord to draw on its security for the invoice amount (plus any costs incurred by Landlord as a result of the draw), provided that the remaining security shall at all times be at least one hundred ten percent (110%) of the then-projected Excess Cost not yet expended. If Tenant pays the invoice amount, Landlord shall approve a reduction in the amount of the security, to an amount equal to one hundred ten percent (110%) of the then-projected Excess Cost not yet expended. In the event that any portion of the Improvement Allowance remains unused on the Leasehold Improvements Completion Date, Tenant shall have the option to have such unused amounts applied to Base Rent first due under this Lease Agreement.

8. Construction Management Fee. Tenant acknowledges and agrees to pay Landlord a construction management fee equal to five percent (5%) of the total costs and expenses of the Leasehold Improvements, excluding "soft" costs incurred by Tenant, such as Tenant's interior architect and third-party consultants retained directly by Tenant. Such construction management fee may be paid for by Tenant out of the Improvement Allowance.

9. Builder's Risk Insurance. Landlord shall cause the general contractor to obtain and maintain Builder's Risk insurance on an "all risk" basis and on a completed value form including a Permission to Complete and Occupy endorsement, for full replacement value of the Leasehold Improvements, such policy naming Landlord and Tenant as additional insureds. The cost of such insurance shall be paid for out of the Improvement Allowance.

EXHIBIT H

AIR CONDITIONING AND HEATING SERVICES

Landlord will furnish Building standard chilled water for air conditioning and heating at such temperatures and in such amounts as are considered to be standard for other comparable medical office buildings in and in the vicinity of the Texas Medical Center area of Houston, Texas, twenty-four (24) hours per day, seven (7) days per week, to be paid for by Tenant as described below. Landlord shall install, as part of the Leasehold Improvements, to be paid for out of the Improvement Allowance, separate metering for all of Tenant's HVAC air handling units, heat exchangers and fan coil units (such HVAC air handling units, heat exchangers and fan coil units are hereinafter collectively referred to as the "**HVAC Equipment**" and such meters are hereinafter referred to as the "**BTU Meters**"). Tenant shall maintain and repair the HVAC Equipment and BTU Meters at Tenant's expense. The BTU Meters measure the energy consumed by the HVAC Equipment in British Thermal Units ("**BTUs**"). Tenant will pay Landlord the cost of the energy consumed by the HVAC Equipment (the "**Submetered BTU Charges**"), which cost shall be the product of (x) the BTUs (in millions) consumed during such month by the HVAC Equipment (as evidenced by the BTU Meters), multiplied by (y) the then-current per million BTU amount charged by Landlord in the Building generally to tenants leasing space in the tower portion of the Building, which amount shall be determined using the formula shown on **Exhibit H-1** attached hereto and made a part hereof for all purposes. Tenant acknowledges that **Exhibit H-1** applies the formula to the information available to Landlord as of the Effective Date, and that the amounts will be adjusted as of the Commencement Date based on updated information and thereafter from time to time based on the Kilowatt Hour Rate (as defined below). The "**Kilowatt Hour Rate**" shall mean the actual average cost per kilowatt hour charged by the utility company providing electricity to Landlord in the Building or, if said utility company shall cease charging for electricity on the basis of a kilowatt hour, then the Kilowatt Hour Rate shall mean the actual average cost per unit of measurement substituted therefor by said utility company. Tenant acknowledges that, during the Term, the Kilowatt Hour Rate is subject to fluctuation as prescribed by the applicable utility company. Landlord shall provide an invoice to Tenant for the Submetered BTU Charges on a monthly basis in arrears, which shall be paid by Tenant as Additional Rent on or before the first day of the calendar month following the month the invoice is provided, along with the remainder of the Additional Rent then due and owing by Tenant.

EXHIBIT H - 1

HVAC CALCULATIONS

See Image labeled HVAC Calculation

EXHIBIT I

INSURANCE REQUIREMENTS

1. Tenant's Insurance.

a. Tenant, at its expense, shall obtain and keep in full force and effect during the Term:

i. a policy of commercial general liability insurance on an occurrence basis against claims for personal injury, bodily injury, death and/or property damage occurring in or about the Complex, under which Tenant is named as the insured and (a) Landlord, (b) Landlord's property manager, (c) any lender whose loan is secured by a lien against the Complex, (d) their respective shareholders, members, partners, affiliates and subsidiaries, successors and assigns, and (e) any directors, officers, employees, agents, or contractors of such persons or entities are named as additional insureds (collectively, the "**Landlord Parties**"). Such insurance shall provide primary coverage without contribution from any other insurance carried by or for the benefit of the Landlord Parties, and Tenant shall obtain blanket broad-form contractual liability coverage to insure its indemnity obligations set forth in Section 28 of the Lease Agreement. The minimum limits of liability applying exclusively to the Leased Premises shall be a combined single limit with respect to each occurrence in an amount of not less than $5,000,000; provided, however, that Landlord shall retain the right to require Tenant to increase such coverage from time to time to that amount of insurance which in Landlord's reasonable judgment is then being customarily required by landlords for similar office space in buildings comparable to the Building. The deductible or self insured retention amount for such policy shall not exceed $10,000;

ii. insurance against loss or damage by fire, and such other risks and hazards as are insurable under then available standard forms of "Special Form Causes of Loss" or "All Risk" property insurance policies with extended coverage, insuring Tenant's movable fixtures and movable partitions, telephone and other equipment, computer systems, trade fixtures, furniture, furnishings, and other items of personal property which are removable without material damage to the Building ("**Tenant's Property**") and all alterations and improvements to the Leased Premises (including the Leasehold Improvements constructed pursuant to Exhibit G to the Lease Agreement) to the extent such alterations and improvements exceed the cost of the improvements typically performed in connection with the initial occupancy of tenants in the Building ("**Building Standard Installations**"), for the full insurable value thereof or replacement cost thereof, having a deductible amount (or self-insured retention amount), not in excess of $25,000;

iii. during the performance of any alteration made after the Commencement Date, until completion thereof, Builder's Risk insurance on an "all risk" basis and on a completed value form including a Permission to Complete and Occupy endorsement, for full replacement value covering the interest of Landlord and Tenant (and their respective contractors and subcontractors) in all work incorporated in the Building and all materials and equipment in or about the Leased Premises;

iv. Workers' Compensation Insurance, as required by law;

v. Business Interruption Insurance in an amount equal to at least one year's Rent; and

vi. such other insurance in such amounts as the Landlord Parties may reasonably require from time to time.

b. All insurance required to be carried by Tenant (i) shall contain a provision that (x) no act or omission of Tenant shall affect or limit the obligation of the insurance company to pay the amount of any loss sustained, and (y) it shall be noncancellable and/or no material change in coverage shall be made thereto unless the Landlord Parties receive thirty (30) days' prior notice of the same via US mail, and (ii) shall be effected under valid and enforceable policies issued by reputable insurers permitted to do business in the State of Texas and rated in Best's Insurance Guide,

or any successor thereto as having a "Best's Rating" of at least "A-" and a "Financial Size Category" of at least "X" or, if such ratings are not then in effect, the equivalent thereof or such other financial rating as Landlord may at any time consider appropriate.

c. On or prior to the Commencement Date, Tenant shall deliver to Landlord appropriate policies of insurance, including evidence of waivers of subrogation required to be carried pursuant to this **Exhibit I** and that the Landlord Parties are named as additional insureds (the "**Policies**"). Evidence of each renewal or replacement of the Policies shall be delivered by Tenant to Landlord at least ten (10) days prior to the expiration of the Policies. In lieu of the Policies, Tenant may deliver to Landlord a certification from Tenant's insurance company (on the form currently designated "Acord 27" (Evidence of Property Insurance) and "Acord 25-S" (Certificate of Liability Insurance), or the equivalent, provided that attached thereto is an endorsement to Tenant's commercial general liability policy naming the Landlord Parties as additional insureds) which shall be binding on Tenant's insurance company, and which shall expressly provide that such certification conveys to the Landlord Parties all the rights and privileges afforded under the Policies as primary insurance. Tenant will notify Landlord immediately upon receipt of any notice from its insurance carrier of cancellation or non-renewal of the coverages required under this Lease Agreement.

2. Landlord's Insurance.

a. Landlord shall keep the Building insured against damage and destruction by fire, vandalism, and other perils in the amount of the full replacement value of the Building (as determined for insurance purposes) as the value may exist from time to time, exclusive of foundations and footings, or such lesser amount as will avoid co-insurance.

b. Landlord shall maintain contractual and commercial general liability insurance, including bodily injury and property damage, with a minimum combined single limit of liability of $1,000,000 for bodily injury or death of any person occurring in or about the Building and $3,000,000 for injury, death, or damages resulting to more than one person in any one occurrence.

c. Notwithstanding the foregoing, in the event Landlord is an institutional owner, then Landlord may elect to self-insure with respect to the insurance coverages required by the terms of the Lease Agreement.

3. Waiver of Subrogation.

Landlord and Tenant shall each procure an appropriate clause in or endorsement to any property insurance covering the Complex and personal property, fixtures and equipment located therein, wherein the insurer waives subrogation or consents to a waiver of right of recovery, and Landlord and Tenant agree not to make any claim against, or seek to recover from, the other for any loss or damage to its property or the property of others resulting from fire or other hazards to the extent covered by the property insurance that was required to be carried by that party under the terms of the Lease Agreement. Tenant acknowledges that Landlord shall not carry insurance on, and shall not be responsible for, (i) damage to any alterations or improvements exceeding Building Standard Installations, (ii) Tenant's Property, and (iii) any loss suffered by Tenant due to interruption of Tenant's business.

EXHIBIT J

PREVIOUSLY GRANTED EXCLUSIVE USES

1. A full service health club and fitness facility offering such fitness programs, recreational facilities, personal training and other related services as Tenant may determine which may include, without limitation, the following primary permitted uses: a jogging track, weight and aerobic training, racquetball and other racquet sports, gymnasiums, basketball, swimming pool, jacuzzi, sauna and whirlpool facilities, steam rooms, aerobics and/or floor exercise, strength training, cardio fitness training, free weights, exercise machinery and equipment, martial arts, spinning, boxing, yoga, circuit training and personal training.

2. A long term acute care hospital.

3. A first class delicatessen style sandwich shop.

4. A medical facility having in the Building a linear accelerator, CT scan imaging equipment, PET scan imaging equipment and/or MRI equipment, all for oncological diagnosis and treatment purposes.

EXHIBIT K

MODIFIED BOMA STANDARD

Life Science Plaza Modified BOMA Standards

The following items constitute the **"Modified BOMA Standard"** as noted in the Lease Agreement. For the items not addressed in this modification, the BOMA standard **BOMA Z65.1-2010** or its successor shall prevail. A copy of the BOMA standards will be available for review in the management office located on the Penthouse floor, suite 1300 at Life Science Plaza.

The following are the modifications to the BOMA standard. Page numbers refer to the original BOMA document.

1. Definition: Major Vertical Penetrations, pg.2 shall read:

'Major vertical penetrations shall mean stairs, elevator shafts, flues, pipe shafts, vertical ducts and the like, and their enclosing walls. Atria, light-wells and similar penetrations above the finished floor are included in this definition. Not included, however, are vertical penetrations built for the private use of a tenant occupying office areas. These major vertical penetrations shall be considered private. Exclusive use of these spaces shall be directed by the Owner. If the tenant uses part of any or all of the vertical penetrations, the area used shall viewed as leasable/rentable space. Notwithstanding the above, structural columns, openings for vertical electrical cable or telephone distribution are not considered to be major vertical penetrations.'

2. Definition: Office Area, pg.2 shall read:

'Office area shall mean the area where a tenant normally houses personnel, furniture, equipment and/or other items for the exclusive use of the tenant.'

3. Definition: Measuring Usable Area, pg 16 shall read:

'Usable area of an interior office area or interior building common area shall be computed by measuring the area enclosed by: the center line of the corridor and other permanent walls, including exterior walls; tenant spaces abutting building common areas are measured to the centerline of walls that separate them; the dominant portion of a major vertical penetration; and the center of partitions that separate the area being measured from adjoining office areas, store areas and/or building common areas. Usable Area of Exterior Mechanical Space shall be computed by measuring the area enclosed by a three (3') foot buffer area on all sides of the space occupied by equipment, equipment pads and operational functions, unless an exterior wall, demising wall or screen wall falls within the three (3') foot buffer area on any side, in which case the outside of the exterior wall or mid-point of any other wall shall mark the extent of the measurement on that side. Usable Area of Interior Mechanical Space shall be computed by measuring: (i) the area enclosed by a three (3') foot buffer area on all sides of the space occupied by equipment, equipment pads and operational functions, unless an exterior wall, demising wall or screen wall falls within the three (3') foot buffer area on any side, in which case the outside of the exterior wall or mid-point of any other wall shall mark the extent of the measurement on that side; and (ii) where Tenant's pipes, conduits or equipment cause clear headroom to be less than eight (8') feet, the floor area immediately below such pipes, conduits or equipment, together with a three (3') foot access area on each side.'

4. Definition: Calculating Store Area, pg 20 shall read:

'Store area shall be computed by measuring the area enclosed by: the building line in the case of all exterior outside face/ façade wall surfaces; the center-line surface of the store area side of the corridor and other permanent walls; and the center of interior partitions that separate the store area from adjoining interior store areas, interior office areas and/or interior building common areas'.

EXHIBIT L

FORM 0F SUBORDINATION, NON-DISTURBANCE AND ATTORNMENT AGREEMENT

SUBORDINATION, NON-DISTURBANCE AND ATTORNMENT AGREEMENT

MassMutual Loan No. 0642101

Massachusetts Mutual Life Insurance Company
c/o Cornerstone Real Estate Advisers
One Financial Plaza
Hartford, Connecticut 06103
Attention: Finance Group Loan Servicing

Re: Life Science Plaza located at 2130 West Holcombe Boulevard, Houston, Texas 77030

The undersigned, Bellicum Pharmaceuticals, Inc., ("**Tenant**") understands that Massachusetts Mutual Life Insurance Company ("**Lender**") has made or will be making a loan (the "**Loan**") to Sheridan Hills Developments L.P. ("**Landlord**") secured by a mortgage or deed of trust (the "**Mortgage**") encumbering the real property (the "**Property**") described on Exhibit A, attached hereto and made a part hereof. Tenant and Landlord entered into a lease agreement (the "**Lease**") dated May 6, 2015 by which Tenant leased from Landlord certain premises commonly known as Suite 500 located on the fifth (5^{th}) floor of that certain medical office building located at 2130 West Holcombe Boulevard, Houston, Harris County, Texas 77030 (the "**Leased Premises**"), and constituting a portion of the Property. Tenant desires to be able to obtain the advantages of the Lease and occupancy thereunder in the event of foreclosure of the Mortgage and Lender wishes to have Tenant confirm the priority of the Mortgage over the Lease.

NOW, THEREFORE, in consideration of the mutual covenants and conditions set forth herein, the parties hereto agree as follows:

1. Tenant hereby subordinates all of its right, title and interest under the Lease to the lien, operation and effect of the Mortgage s (as the same may be modified and/or extended from time to time) now or hereafter in force against the Property, and to any and all existing and future advances made under such Mortgage.

2. In the event that Lender becomes the owner of the Property by foreclosure, deed in lieu of foreclosure, or otherwise, Tenant agrees to unconditionally attorn to Lender and to recognize it as the owner of the Property and the Landlord under the Lease. The Lender agrees not to terminate the Lease or disturb or interfere with Tenant's possession of the Leased Premises during the term of the Lease, or any extension or renewal thereof, so long as Tenant is not in default under the Lease beyond applicable notice, grace and cure periods, if any.

3. Tenant agrees to commence paying all rents, revenues and other payments due under the Lease directly to Lender after Lender notifies Tenant that Lender is the owner and holder of the Loan and is invoking Lender's rights under the Loan documents to directly receive from Tenant all rents, revenues and other payments due under the Lease. By making such payments to Lender, Tenant shall be deemed to have satisfied all such payment obligations to Landlord under the Lease.

4. This Agreement shall inure to the benefit of and be binding upon Lender's affiliates, agents, co-lenders and participants, and each of their respective successors and assigns (each a "**Lender Party**" and collectively, the "**Lender Parties**").

5. For the convenience of the parties any number of counterparts hereof may be executed, and each such executed counterpart shall be deemed an original, and all such counterparts together shall constitute one and the same instrument. Facsimile or .PDF transmission of an executed counterpart of this Agreement shall be deemed to constitute due and sufficient delivery of such counterpart, and such facsimile or .PDF signatures shall be deemed original signatures for purposes of enforcement and construction of this Agreement.

IN WITNESS WHEREOF, the parties hereto have caused this Subordination, Non-Disturbance and Attornment Agreement to be duly executed as of the 6th day of May, 2015.

TENANT:

Bellicum Pharmaceuticals, Inc.

By: /s/ Thomas J. Farrell
Name: Thomas J. Farrell
Title: President & CEO

LANDLORD:

Sheridan Hills Developments L.P.,
a Texas limited partnership

By: Pouncet Sheridan Inc., an Ontario,
Canada corporation, its general partner

By: /s/ Lawrence Lubin
Name: Lawrence Lubin
Title: Vice President

LENDER:

MASSACHUSETTS MUTUAL LIFE INSURANCE COMPANY

By: Cornerstone Real Estate Advisers LLC,
its authorized agent

By: /s/ Chance Hyde
Name: Chance Hyde
Title: A.V.P

NOTARY ACKNOWLEDGEMENTS

STATE OF Texas)
) ss.
COUNTY OF Harris)

On this, the 6th day of May, 2015, before me, the undersigned party, personally appeared Thomas J. Farrell who acknowledged himself to be the President & CEO of Bellicum Pharmaceuticals, Inc., a Delaware corporation, and that he as such President & CEO , being authorized to do so, executed the foregoing Subordination, Non-disturbance and Attornment Agreement for the purposes therein contained by signing the name of the Company by himself as President & CEO.

IN WITNESS WHEREOF, I hereunto set my hand and official seal.

/s/ Shelia C. Huddleston
Notary Public
My Commissions Expires: 08/28/2016

PROVINCE OF ONTARIO §
§
CITY OF TORONTO §

This instrument was acknowledged before me on May 5th, 2015, by Lawrence Lubin, Vice President of Pouncet Sheridan Inc., an Ontario, Canada corporation, the general partner of Sheridan Hills Developments L.P., on behalf of said entities.

/s/ Matthew Kirk Fisher
MATTHEW KIRK FISHER
NOTARY PUBLIC IN AND FOR THE PROVINCE OF ONTARIO

STATE OF Texas)
) ss.
COUNTY OF Dallas)

On this, the 14th day of May 2015, before me, the undersigned party, personally appeared Chance Hyde who acknowledged himself to be a A.V.P. of Cornerstone Real Estate Advisers LLC, a Delaware limited liability company, and that he as such A.V.P being authorized to do so, executed the foregoing Subordination, Non-disturbance and Attornment Agreement for the purposes therein contained by signing the name of the corporation by himself as a A.V.P..

IN WITNESS WHEREOF, I hereunto set my hand and official seal.

/s/ Jan Cibulka
Notary Public
My Commission Expires: 01/11/2018

EXHIBIT A

LEGAL DESCRIPTION

All that certain 2.3391 acres being all of Restricted Reserve “A”, Block 1, Twenty-One Thirty West Holcombe Boulevard Replat No. 1 according to the plat thereof as filed in Film Code Number 595196, Harris County Map Records, in the P. W. Rose Survey, Abstract - 645, Houston, Harris County, Texas, and being more particularly described by metes and bounds as follows (bearings based on Texas Coordinate System of 1983, South Central Zone);

Commencing at Harris County Floodplain Reference Mark Number 040110 being a brass disc stamped “040110” having published coordinates of (X: 3,110,377.78) and (Y: 13,820,307.50) from which Harris County Floodplain Reference Mark Number 040115 being a brass disc stamped “D100 BM16” bears S 70° 42’ 24” W - 1,730.12’ for reference; Thence N 36° 12’ 56” W - 1,995.95’ to a found 3/4” iron pipe with cap (stamped C.L. DAVIS RPLS 4464) marking the southeast corner of said Restricted Reserve “A” from which a found 3/4” iron pipe bears N 79° 32’ 53” E - 0.69’ for reference and marking the POINT OF BEGINNING of herein described tract;

1. Thence S 87° 49’ 11” W - 932.20’ with the north right-of-way line of West Holcombe Boulevard (120’ wide) to a found 1” iron pipe marking the southwest corner of said Restricted Reserve “A”;

2. Thence N 02° 10’ 49” W - 104.62’ with the east right-of-way line of Mont Clair Drive (60’ wide) to a 1” pinch top pipe marking the southwest corner of Lot 22, Block 7, Replat of Southgate Addition Section No. 3 according to the plat thereof as filed in Volume 26, Page 16, Harris County Map Records;

3. Thence N 87° 52’ 11” E - 798.90’ north line of said Reserve “A” to a found 5/8” iron rod for corner;

4. Thence N 59° 45’ 09” E - 151.07’ with the south line of Lots 9 - 11, Block 7 of said Replat of Southgate Addition, Section No. 3 to a found 5/8’ iron rod for corner;

5. Thence S 02° 10’ 49” E - 175.00’ with the west line of that certain tract described in a deed dated 06-30-1986 from Miller Hotel Development, Incorporated to Burger King Corporation as filed in Official Records of Real Property of Harris County at Clerk’s File Number K-700805, Film Code 056-71-1646 to the POINT OF BEGINNING and containing 2.3391 (101,892 square feet) of land more or less.

Exhibit 31.1

CERTIFICATION PURSUANT TO
RULE 13a-14(a) and 15d-14(a) UNDER THE SECURITIES EXCHANGE ACT OF 1934, AS AMENDED, AS ADOPTED PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Thomas J. Farrell, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Bellicum Pharmaceuticals, Inc.;

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

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

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

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

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

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

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

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

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

b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 13, 2015

By: /s/ Thomas J. Farrell
Thomas J. Farrell
President and Chief Executive Officer

Exhibit 31.2

CERTIFICATION PURSUANT TO
RULE 13a-14(a) and 15d-14(a) UNDER THE SECURITIES EXCHANGE ACT OF 1934, AS AMENDED, AS ADOPTED PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Alan A. Musso, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Bellicum Pharmaceuticals, Inc.;

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

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

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

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

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

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

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

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

a) All significant deficiencies and material weaknesses in the design or operation of internal controls 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 13, 2015

By: /s/ Alan A. Musso

Alan A. Musso

Chief Financial Officer and Treasurer
(Principal Financial and Accounting Officer)

Exhibit 32

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

In connection with the Quarterly Report on Form 10-Q for the quarter ended June 30, 2015 (the "Report") of Bellicum Pharmaceuticals, Inc. (the "Registrant"), as filed with the Securities and Exchange Commission on the date hereof, the undersigned, in their capacities as officers of the Registrant, do each hereby certify, that, to the best of such officer's knowledge:

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

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

/s/ Thomas J. Farrell

Thomas J. Farrell
President and Chief Executive Officer
(Principal Executive Officer)
August 13, 2015

/s/ Alan A. Musso

Alan A. Musso
Chief Financial Officer and Treasurer
(Principal Financial and Accounting Officer)
August 13, 2015