

SECURITIES AND EXCHANGE COMMISSION

FORM 10-Q

Quarterly report pursuant to sections 13 or 15(d)

Filing Date: 2021-11-15 | Period of Report: 2021-09-30
SEC Accession No. 0001069530-21-000050

(HTML Version on secdatabase.com)

FILER

CASSAVA SCIENCES INC

CIK: 1069530 | IRS No.: 911911336 | State of Incorp.: DE | Fiscal Year End: 1231
Type: 10-Q | Act: 34 | File No.: 000-29959 | Film No.: 211406609
SIC: 2834 Pharmaceutical preparations

Mailing Address

7801 N CAPITAL OF TEXAS
HIGHWAY
SUITE 260
AUSTIN TX 78731

Business Address

7801 N CAPITAL OF TEXAS
HIGHWAY
SUITE 260
AUSTIN TX 78731
512-501-2444

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549**

Form 10-Q

(Mark One)

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

For the Quarterly Period Ended September 30, 2021

or

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

For the Transition Period from _____ to _____

Commission File Number: 000-29959

Cassava Sciences, Inc.

(Exact name of registrant as specified in its charter)

Delaware

*(State or other jurisdiction of
incorporation or organization)*

91-1911336

*(I.R.S. Employer
Identification Number)*

7801 N. Capital of Texas Highway, Suite 260, Austin, TX 78731
(512) 501-2444

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

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

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock, \$0.001 par value	SAVA	Nasdaq Capital Market

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

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

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

Large Accelerated Filer

Non-accelerated Filer

Accelerated Filer

Smaller Reporting Company

Emerging Growth Company

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

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

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

Common Stock, \$0.001 par value

40,016,792

Shares Outstanding as of November 10, 2021

CASSAVA SCIENCES, INC.

TABLE OF CONTENTS

	<u>Page No.</u>
PART I. FINANCIAL INFORMATION	
Item 1. Financial Statements	
Condensed Consolidated Balance Sheets – September 30, 2021 and December 31, 2020	3
Condensed Consolidated Statements of Operations – Three and Nine Months Ended September 30, 2021 and 2020	4
Condensed Consolidated Statements of Cash Flows – Nine Months Ended September 30, 2021 and 2020	5
Notes to Condensed Consolidated Financial Statements	6
Item 2. Management’s Discussion and Analysis of Financial Condition and Results of Operations	17
Item 3. Quantitative and Qualitative Disclosures About Market Risk	34
Item 4. Controls and Procedures	34
PART II. OTHER INFORMATION	
Item 1. Legal Proceedings	34
Item 1A Risk Factors	35
Item 2. Unregistered Sales of Equity Securities and Use of Proceeds	37
Item 3. Defaults Upon Senior Securities	37
Item 4. Mine Safety Disclosures	37
Item 5. Other Information	37
Item 6. Exhibits	38
Signatures	39

PART I. FINANCIAL INFORMATION

Item 1. Financial Statements

CASSAVA SCIENCES, INC.

CONDENSED CONSOLIDATED BALANCE SHEETS
(Unaudited, in thousands, except share and par value data)

	September 30, 2021	December 31, 2020
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 241,524	\$ 93,506
Prepaid expenses and other current assets	10,391	488
Total current assets	251,915	93,994
Operating lease right-of-use assets	231	295
Property and equipment, net	20,695	11
Intangible assets, net	1,209	—
Other assets	199	—
Total assets	<u>\$ 274,249</u>	<u>\$ 94,300</u>
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	\$ 2,345	\$ 911
Accrued development expense	3,251	719
Accrued compensation and benefits	126	83
Operating lease liabilities, current	95	58
Other current liabilities	509	94
Total current liabilities	6,326	1,865
Operating lease liabilities, non-current	164	235
Other non-current liabilities	194	—
Total liabilities	6,684	2,100
Commitments and contingencies (Notes 9, 11 and 13)		
Stockholders' equity:		
Preferred stock, \$0.001 par value; 10,000,000 shares authorized, none issued and outstanding	—	—
Common stock, \$0.001 par value; 120,000,000 shares authorized; 40,016,792 and 35,237,987 shares issued and outstanding at September 30, 2021 and December 31, 2020, respectively	40	35
Additional paid-in capital	460,659	267,086
Accumulated deficit	(193,134)	(174,921)
Total stockholders' equity	267,565	92,200
Total liabilities and stockholders' equity	<u>\$ 274,249</u>	<u>\$ 94,300</u>

See accompanying notes to condensed consolidated financial statements.

CASSAVA SCIENCES, INC.

CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(Unaudited, in thousands, except per share data)

	Three months ended September 30,		Nine months ended September 30,	
	2021	2020	2021	2020
Operating expenses:				
Research and development, net of grant reimbursement	\$ 8,041	\$ 399	\$ 14,471	\$ 1,534
General and administrative	1,712	1,038	3,953	2,634
Gain on sale of property and equipment	—	—	—	(346)
Total operating expenses	<u>9,753</u>	<u>1,437</u>	<u>18,424</u>	<u>3,822</u>
Operating loss	(9,753)	(1,437)	(18,424)	(3,822)
Interest income	15	7	35	106
Other income, net	176	—	176	—
Net loss	<u>\$ (9,562)</u>	<u>\$ (1,430)</u>	<u>\$ (18,213)</u>	<u>\$ (3,716)</u>
Net loss per share, basic and diluted	<u>\$ (0.24)</u>	<u>\$ (0.06)</u>	<u>\$ (0.46)</u>	<u>\$ (0.15)</u>
Shares used in computing net loss per share, basic and diluted	<u>39,957</u>	<u>24,972</u>	<u>39,218</u>	<u>24,745</u>

See accompanying notes to condensed consolidated financial statements.

CASSAVA SCIENCES, INC.

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited, in thousands)

	Nine months ended September 30,	
	2021	2020
Cash flows from operating activities:		
Net loss	\$ (18,213)	\$ (3,716)
Adjustments to reconcile net loss to net cash used in operating activities:		
Stock-based compensation	1,237	750
Depreciation	131	21
Amortization of intangible assets	90	—
Gain on sale of property and equipment	—	(346)
Changes in operating assets and liabilities:		
Prepaid and other assets	(10,102)	(729)
Operating lease right-of-use assets and liabilities	30	—
Accounts payable	1,434	12
Accrued development expense	2,532	(219)
Accrued compensation and benefits	43	22
Other current liabilities	609	(2)
Net cash used in operating activities	<u>(22,209)</u>	<u>(4,207)</u>
Cash flows from investing activities:		
Purchase of property and equipment	(22,114)	—
Proceeds from sale of property and equipment	—	360
Net cash (used in) provided by investing activities	<u>(22,114)</u>	<u>360</u>
Cash flows from financing activities:		
Proceeds from issuance of common stock upon exercise of stock options	1,824	256
Proceeds from issuance of common stock upon exercise of common stock warrants	692	4,584
Proceeds from registered direct offering, net of issuance costs	189,825	—
Net cash provided by financing activities	<u>192,341</u>	<u>4,840</u>
Net increase in cash and cash equivalents	148,018	993
Cash and cash equivalents at beginning of period	93,506	23,081
Cash and cash equivalents at end of period	<u>\$ 241,524</u>	<u>\$ 24,074</u>

See accompanying notes to condensed consolidated financial statements.

Notes to Condensed Consolidated Financial Statements
(Unaudited)

Note 1. General and Liquidity

Cassava Sciences, Inc. and its wholly-owned subsidiaries (collectively referred to as the “Company”) discovers and develops proprietary pharmaceutical product candidates that may offer significant improvements to patients and healthcare professionals. The Company generally focuses its discovery and product development efforts on disorders of the nervous system.

The accompanying unaudited condensed financial statements of the Company have been prepared in accordance with accounting principles generally accepted in the United States (“GAAP”) for interim financial information and pursuant to the instructions to the Quarterly Report on Form 10-Q and Article 10 of Regulation S-X. All intercompany transactions and balances have been eliminated in consolidation. Accordingly, the condensed financial statements do not include all of the information and footnotes required by GAAP for complete financial statements. In the opinion of management of the Company, all adjustments, consisting of normal recurring adjustments, considered necessary for a fair presentation have been included. Operating results for the three and nine months ended September 30, 2021 are not necessarily indicative of the results that may be expected for any other interim period or for the year 2021. For further information, refer to the financial statements and footnotes thereto included in the Company’s Annual Report on Form 10-K for the year ended December 31, 2020.

Coronavirus Disease 2019 (COVID-19)

The widespread outbreak of a novel infectious disease called Coronavirus Disease 2019, or COVID-19, has not significantly impacted the Company’s operations or financial condition as of November 15, 2021. However, this pandemic has created a dynamic and uncertain situation in the national economy. The Company continues to closely monitor the latest information to make timely, informed business decisions and public disclosures regarding the potential impact of pandemic on its operations and financial condition. The scope of pandemic is unprecedented and its long-term impact on the Company’s operations and financial condition cannot be reasonably estimated at this time.

Liquidity

The Company has incurred significant net losses and negative cash flows since inception, and as a result has an accumulated deficit of \$193.1 million at September 30, 2021. The Company expects its cash requirements to be significant in the future. The amount and timing of the Company’s future cash requirements will depend on regulatory and market acceptance of its product candidates and the resources it devotes to researching and developing, formulating, manufacturing, commercializing and supporting its products. The Company may seek additional funding through public or private financing in the future, if such funding is available and on terms acceptable to the Company. There are no assurances that additional financing will be available on favorable terms, or at all. However, management believes that the current working capital position will be sufficient to meet the Company’s working capital needs for at least the next 12 months.

Note 2. Significant Accounting Policies

Use of Estimates

The Company makes estimates and assumptions in preparing its condensed financial statements in conformity with GAAP. These estimates and assumptions affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the condensed financial statements and the reported amount of revenue earned and expenses incurred during the reporting period. The Company evaluates its estimates on an ongoing basis, including those estimates related to manufacturing agreements and research collaborations. Actual results could differ from these estimates and assumptions.

Cash and Cash Equivalents and Concentration of Credit Risk

The Company invests in cash and cash equivalents. The Company considers highly liquid financial instruments with original maturities of three months or less to be cash equivalents. Highly liquid investments that are considered cash equivalents include money market accounts and funds, certificates of deposits, and U.S. Treasury securities. The Company maintains its cash and cash equivalents at one financial institution.

Fair Value Measurements

The Company recognizes financial instruments in accordance with the authoritative guidance on fair value measurements and disclosures for financial assets and liabilities. This guidance defines fair value, establishes a framework for measuring fair value in accordance with GAAP, and expands disclosures about fair value measurements. The guidance also establishes a three-tier fair value hierarchy, which prioritizes the inputs used in measuring fair value. These tiers include:

- Level 1 includes quoted prices in active markets.
- Level 2 includes significant observable inputs, such as quoted prices for identical or similar securities, or other inputs that are observable and can be corroborated by observable market data for similar securities. The Company uses market pricing and other observable market inputs obtained from third-party providers. It uses the bid price to establish fair value where a bid price is available. The Company does not have any financial instruments where the fair value is based on Level 2 inputs.
- Level 3 includes unobservable inputs that are supported by little or no market activity. The Company does not have any financial instruments where the fair value is based on Level 3 inputs.

If a financial instrument uses inputs that fall in different levels of the hierarchy, the instrument will be categorized based upon the lowest level of input that is significant to the fair value calculation. The fair value of cash and cash equivalents was based on Level 1 inputs at September 30, 2021 and December 31, 2020.

Proceeds from Grants

During the three months ended September 30, 2021 and 2020, the Company received reimbursements totaling \$2.0 million and \$1.0 million pursuant to National Institutes of Health (“NIH”) research grants, respectively. During the nine months ended September 30, 2021 and 2020, the Company received reimbursements totaling \$3.5 million and \$3.4 million pursuant to NIH research grants, respectively. The Company records the proceeds from these grants as reductions to its research and development expenses.

Stock-based Compensation

The Company recognizes non-cash expense for the fair value of all stock options and other share-based awards. The Company uses the Black-Scholes option valuation model (“Black-Scholes”) to calculate the fair value of stock options, using the single-option award approach and straight-line attribution method. For all options granted, it recognizes the resulting fair value as expense on a straight-line basis over the vesting period of each respective stock option, generally four years.

The Company has granted share-based awards that vest upon achievement of certain performance criteria (“Performance Awards”). The Company multiplies the number of Performance Awards by the fair value of its common stock on the date of grant to calculate the fair value of each award. It estimates an implicit service period for achieving performance criteria for each award. The Company recognizes the resulting fair value as expense over the implicit service period when it concludes that achieving the performance criteria is probable. It periodically reviews and updates as appropriate its estimates of implicit service periods and conclusions on achieving the performance criteria. Performance Awards vest and common stock is issued upon achievement of the performance criteria.

Net Loss per Share

The Company computes basic net loss per share on the basis of the weighted-average number of common shares outstanding for the reporting period. Diluted net loss per share is computed on the basis of the weighted-average number of common shares outstanding plus potential dilutive common shares outstanding using the treasury-stock

method. Potential dilutive common shares consist of outstanding common stock options and warrants. There is no difference between the Company's net loss and comprehensive loss.

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

	Three months ended		Nine months ended	
	September 30,		September 30,	
	2021	2020	2021	2020
Numerator:				
Net loss	\$ (9,562)	\$ (1,430)	\$ (18,213)	\$ (3,716)
Denominator:				
Shares used in computing net loss per share, basic and diluted	39,957	24,972	39,218	24,745
Net loss per share, basic and diluted	<u>\$ (0.24)</u>	<u>\$ (0.06)</u>	<u>\$ (0.46)</u>	<u>\$ (0.15)</u>
Dilutive common stock options excluded from net loss per share, diluted	2,350	2,184	2,219	2,314
Common stock warrants excluded from net loss per share, diluted	—	838	—	838

The Company excluded common stock options and warrants outstanding from the calculation of net loss per share, diluted, because the effect of including options and warrants outstanding would have been anti-dilutive.

Fair Value of Financial Instruments

Financial instruments include accounts payable and accrued liabilities. The estimated fair value of certain financial instruments may be determined using available market information or other appropriate valuation methodologies. However, considerable judgment is required in interpreting market data to develop estimates of fair value; therefore, the estimates are not necessarily indicative of the amounts that could be realized or would be paid in a current market exchange. The effect of using different market assumptions and/or estimation methodologies may be material to the estimated fair value amounts. The carrying amounts of accounts payable and accrued liabilities are at cost, which approximates fair value due to the short maturity of those instruments.

Research Contract Costs and Accruals

The Company has entered into various research and development contracts with research institutions and other third-party vendors. These agreements are generally cancelable. Except for refundable deposits, related payments are recorded as research and development expenses as incurred. The Company records accruals for estimated ongoing research costs. When evaluating the adequacy of the accrued liabilities, the Company analyzes progress of the studies including the phase or completion of events, invoices received and contracted costs. Significant judgments and estimates are made in determining the accrued balances at the end of any reporting period. Actual results could differ from the Company's estimates. The Company's historical accrual estimates have not been materially different from actual costs.

Incentive Bonus Plan

In 2020, the Company established the 2020 Cash Incentive Bonus Plan (the "Plan") to incentivize Plan participants. Awards under the Plan are accounted for as liability awards under Accounting Standards Codification (ASC) 718 "Stock-based Compensation". The fair value of each potential Plan award will be determined once a grant date occurs and will be remeasured each reporting period. Compensation expense associated with the Plan will be recognized over the expected achievement period for each Plan award, when a Performance Condition (as defined below) is considered probable of being met. See Note 11 for further discussion of the Plan.

Leases

The Company recognizes assets and liabilities that arise from leases. For operating leases, the Company is required to recognize a right-of-use asset and a lease liability, initially measured at the present value of the lease payments during the lease term, in the condensed balance sheets. The Company elected the short-term lease recognition exemption for all leases that qualify. This means, for those leases that qualify, the Company does not

recognize right-of-use assets or lease liabilities. As the Company's leases do not provide an implicit rate, it uses its incremental borrowing rate based on the information available at the commencement date in determining the present value of lease payments. Lease expense for lease payments is recognized on a straight-line basis over the lease term.

Property and equipment

Property and equipment is recorded at cost, net of accumulated depreciation. Depreciation is recorded using the straight-line method over the estimated useful lives of the assets. Buildings, and site improvements have estimated useful lives of 39 years and 9 years, respectively. Tenant improvements are amortized using the straight-line method over the useful lives of the improvements or the remaining term of the corresponding leases, whichever is shorter. The remaining term of the corresponding leases is approximately 2.8 years.

Property and equipment are reviewed for impairment when events or changes in circumstances indicate the carrying amount of an asset may not be recoverable. If property and equipment are considered to be impaired, an impairment loss is recognized.

Intangible assets

Acquired intangible assets are recorded at fair value at the date of acquisition and primarily consist of lease-in-place agreements and leasing commissions. Intangible assets are amortized over the estimated life of the lease-in-place agreements, which approximates 2.7 years.

Intangible assets are reviewed for impairment on an annual basis, and when there is reason to believe that their values have been diminished or impaired. If intangible assets are considered to be impaired, an impairment loss is recognized.

Income Taxes

The Company accounts for income taxes under the asset and liability method. Deferred tax assets and liabilities are recognized for the estimated future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Deferred tax balances are adjusted to reflect tax rates based on currently enacted tax laws, which will be in effect in the years in which the temporary differences are expected to reverse. The Company has accumulated significant deferred tax assets that reflect the tax effects of net operating loss and tax credit carryovers and temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. Realization of certain deferred tax assets is dependent upon future earnings. The Company is uncertain about the timing and amount of any future earnings. Accordingly, the Company offsets these deferred tax assets with a valuation allowance.

The Company accounts for uncertain tax positions in accordance with ASC 740, "Income Taxes", which clarifies the accounting for uncertainty in tax positions. These provisions require recognition of the impact of a tax position in the Company's condensed financial statements only if that position is more likely than not of being sustained upon examination by taxing authorities, based on the technical merits of the position. Any interest and penalties related to uncertain tax positions will be reflected as a component of income tax expense.

Note 3. Prepaid and Other Assets

Prepaid and other assets at September 30, 2021 and December 31, 2020 consisted of the following (in thousands):

	September 30, 2021	December 31, 2020
Prepaid insurance	\$ 966	\$ 457
Contract research organization deposit	9,204	—
Other	221	31
Total prepaid expenses and other current assets	<u>\$ 10,391</u>	<u>\$ 488</u>

Note 4. Real Property Acquisition

On August 4, 2021, the Company completed the all-cash purchase of a two-building office complex in Austin, Texas, which will serve as its future corporate headquarters. This property is intended to accommodate the Company's anticipated growth and expansion of its operations in the coming years. Maintenance, physical facilities, leasing, property management and other key responsibilities related to property ownership are being outsourced to professional real-estate managers under long-term contract with the Company. The purchase price of the property was \$22.0 million, including transaction costs, funded with cash on hand. The office complex measures approximately 90,000 rentable square feet. At acquisition and September 30, 2021, the property was 59% leased, before the Company's occupancy of approximately an additional 25% of the property in 2022. The seller was an independent third party not affiliated with the Company.

The purchase was accounted for as an asset acquisition under Accounting Standards Codification (ASC) 805, Business Combinations. As all assets purchased by the Company are considered a single identifiable asset for purposes of the screen test under ASC 805 as the buildings and property improvements are attached to the land and cannot be removed without incurring significant costs and the in-place lease intangibles should be combined with the related real estate and considered a single asset. As substantially all of the fair value of the gross assets acquired are concentrated into a single identifiable asset, the Company concluded that the screen was met, and the transaction is not considered an acquisition of a business. Pursuant to the cost accumulation method as prescribed in ASC 805, the cost of the acquisition, including certain transaction costs, is allocated to the assets acquired on the basis of relative fair values. The value of acquired in-place leases is measured as the sum of lost revenues that would be incurred during a prospective lease-up period that would be necessary to achieve occupancy similar to that at the time of acquisition.

The acquisition is summarized as follows (in thousands):

	Real Property Acquisition	
Land	\$	3,734
Buildings		15,980
Site improvements		453
Tenant improvements		567
Total tangible assets acquired	<u>\$</u>	<u>20,734</u>
Lease-in-place agreements	\$	1,053
Leasing commissions and other		246
Total intangible assets	<u>\$</u>	<u>1,299</u>
Consideration paid	<u>\$</u>	<u>22,033</u>

The Company records the net income from building operations and leases as other income, net, as leasing is not core to the Company's operations. Building depreciation and amortization is included in general and administrative expense. Components of other income, net, for the three and nine months ended September 30, 2021 and 2020 were as follows (in thousands):

	Three months ended		Nine months ended	
	September 30,		September 30,	
	2021	2020	2021	2020
Lease revenue	\$ 347	\$ —	\$ 347	\$ —
Property operating expenses	(171)	—	(171)	—
Other income, net	<u>\$ 176</u>	<u>\$ —</u>	<u>\$ 176</u>	<u>\$ —</u>

Note 5. Property and equipment

The components of property and equipment, net, as of September 30, 2021 and December 31, 2020 were as follows (in thousands):

	September 30, 2021	December 31, 2020
Land	\$ 3,734	\$ —
Buildings	15,980	—
Site improvements	453	—
Tenant improvements	567	—
Furniture and equipment	178	97
Gross property and equipment	\$ 20,912	\$ 97
Accumulated depreciation	(217)	(86)
Property and equipment, net	\$ 20,695	\$ 11

Note 6. Intangible assets

The components of intangible assets, net, as of September 30, 2021 and December 31, 2020 were as follows (in thousands):

	September 30, 2021	December 31, 2020
Lease-in-place agreements	\$ 1,053	\$ —
Leasing commissions and other	246	—
Gross intangible assets	\$ 1,299	\$ —
Accumulated amortization	(90)	—
Intangible assets, net	\$ 1,209	\$ —

Amortization expense for finite-lived intangible assets is expected to be as follows (in thousands):

For the year ending December 31,	
2021	\$ 206
2022	464
2023	464
2024	165
Total amortization	\$ 1,299

Note 7. Stockholders' Equity and Stock-Based Compensation Expense

Stockholders' Equity Activity during the Nine Months Ended September 30, 2021 and 2020

During the nine months ended September 30, 2021 and 2020, the Company's common stock outstanding and stockholders' equity changed as follows:

	Common Stock	Stockholders' equity (in thousands)
Balance at December 31, 2019	21,841,810	\$ 22,099
Stock-based compensation for:		
Stock options for employees	—	261
Stock options for non-employees	—	9
Proceeds from exercise of common stock warrants	2,888,092	3,613
Net loss	—	(1,150)
Balance at March 31, 2020	<u>24,729,902</u>	<u>\$ 24,832</u>
Stock-based compensation for:		
Stock options for employees	—	249
Stock options for non-employees	—	3
Proceeds from exercise of common stock warrants	189,431	236
Net loss	—	(1,136)
Balance at June 30, 2020	<u>24,919,333</u>	<u>\$ 24,184</u>
Non-cash stock-based compensation for:		
Stock options for employees	—	224
Stock options for non-employees	—	4
Proceeds from exercise of common stock warrants	588,235	735
Proceeds from exercise of stock options	71,105	256
Net loss	—	(1,430)
Balance at September 30, 2020	<u>25,578,673</u>	<u>\$ 23,973</u>
Balance at December 31, 2020	35,237,987	\$ 92,200
Stock-based compensation for:		
Stock options for employees	—	249
Stock options for non-employees	—	1
Proceeds from exercise of common stock warrants	554,019	692
Exercise of stock options	135,015	1,746
Proceeds from registered direct offering of common stock	4,081,633	189,825
Net loss	—	(3,526)
Balance at March 31, 2021	<u>40,008,654</u>	<u>\$ 281,187</u>
Stock-based compensation for:		
Stock options for employees	—	410
Stock options for non-employees	—	5
Exercise of stock options	3,240	3
Net loss	—	(5,125)
Balance at June 30, 2021	<u>40,011,894</u>	<u>\$ 276,480</u>
Stock-based compensation for:		
Stock options for employees	—	24
Stock options for non-employees	—	548
Exercise of stock options	4,898	75
Net loss	—	(9,562)
Balance at September 30, 2021	<u>40,016,792</u>	<u>\$ 267,565</u>

2021 Registered Direct Offering

On February 12, 2021, the Company completed a common stock offering pursuant to which certain investors purchased 4,081,633 shares of common stock at a price of \$49.00 per share. Net proceeds of the offering were approximately \$189.8 million after deducting offering expenses.

At-the-Market Common Stock Offering

In March 2020, the Company established an at-the-market offering program (“ATM”) to sell, from time to time, shares of Company common stock having an aggregate offering price of up to \$100 million in transactions pursuant to a shelf registration statement that was declared effective by the U.S. Securities and Exchange Commission (the “SEC”) on May 5, 2020. The Company is obligated to pay a commission of 3.0% of the gross proceeds from the sale of shares of common stock in the offering. The Company is not obligated to sell any shares in the offering.

There were no common stock sales under the ATM during the three and nine months ended September 30, 2021 and 2020.

Common Stock Warrants

In August 2018, the Company issued warrants to purchase up to an aggregate of 9.1 million shares of its common stock in conjunction with an offering of its common stock.

The Company did not receive any proceeds from exercise of common stock warrants during the three months ended September 30, 2021. During the three months ended September 30, 2020, the Company received proceeds of \$0.7 million from the exercise of 0.6 million shares pursuant to warrants.

During the nine months ended September 30, 2021, the Company received proceeds of \$0.7 million from the exercise of 0.6 million shares pursuant to warrants. During the nine months ended September 30, 2020, the Company received proceeds of \$4.6 million from the exercise of 3.7 million shares pursuant to warrants.

There were no common stock warrants outstanding as of September 30, 2021.

Stock Option and Performance Award Activity in 2021

During the nine months ended September 30, 2021, stock options and unvested Performance Awards outstanding under the Company’s stock option plans changed as follows:

	<u>Stock Options</u>	<u>Performance Awards</u>
Outstanding as of December 31, 2020	2,817,504	138,055
Options granted	92,500	—
Options exercised	(241,638)	—
Options forfeited/canceled	(12,139)	—
Outstanding as of September 30, 2021	<u>2,656,227</u>	<u>138,055</u>

The weighted average exercise price of options outstanding at September 30, 2021 was \$11.46. As outstanding options vest over the current remaining vesting period of 2.2 years, the Company expects to recognize stock-based compensation expense of \$6.5 million. If and when outstanding Performance Awards vest, the Company will recognize stock-based compensation expense of \$2.3 million over the implicit service period.

During the three months ended September 30, 2021, there were 6,644 stock options exercised. Of the stock options exercised, 1,746 stock options were net settled in satisfaction of the exercise price, with no cash proceeds received. Cash proceeds to the Company for options not net settled totaled \$75,000 during the three months ended September 30, 2021.

During the nine months ended September 30, 2021, there were 241,638 stock options exercised. Of the stock options exercised, 100,485 stock options were net settled in satisfaction of the exercise price, with no cash proceeds

received. Cash proceeds to the Company for options not net settled totaled \$1,824,000 during the nine months ended September 30, 2021.

During the three and nine months ended September 30, 2020, there were 71,000 stock options exercised resulting in cash proceeds to the Company totaling \$256,000.

Stock-based Compensation Expense in 2021

During the three and nine months ended September 30, 2021 and 2020, the Company's stock-based compensation expense was as follows (in thousands):

	Three months ended September 30,		Nine months ended September 30,	
	2021	2020	2021	2020
Research and development	\$ 452	\$ 109	\$ 867	\$ 335
General and administrative	120	119	370	415
Total stock-based compensation expense	\$ 572	\$ 228	\$ 1,237	\$ 750

2018 Equity Incentive Plan

In January 2018, the Company's Board of Directors (the "Board") approved the Company's 2018 Omnibus Incentive Plan (the "2018 Plan"). The Board or a designated committee of the Board is responsible for administration of the 2018 Plan and determines the terms and conditions of each option granted, consistent with the terms of the 2018 Plan. The Company's employees, directors, and consultants are eligible to receive awards under the 2018 Plan, including grants of stock options and Performance Awards. Share-based awards generally expire 10 years from the date of grant. The 2018 Plan provides for issuance of up to 1,000,000 shares of common stock, par value \$0.001 per share, subject to adjustment as provided in the 2018 Plan.

When stock options or Performance Awards are exercised net of the exercise price and taxes, the number of shares of stock issued is reduced by the number of shares equal to the amount of taxes owed by the award recipient and that number of shares are cancelled. The Company then uses its cash to pay tax authorities the amount of statutory taxes owed by and on behalf of the award recipient.

Note 8. Income Taxes

The Company did not provide for income taxes during the three and nine months ended September 30, 2021, because it has projected a net loss for the full year 2021 for which any benefit will be offset by an increase in the valuation allowance. There was also no provision for income taxes for the three and nine months ended September 30, 2020.

Note 9. Commitments

Right-of-use Asset and Liability

The Company has a non-cancelable operating lease for approximately 6,000 square feet of office space in Austin, Texas that expires on April 30, 2024. The Company also has a short-term lease agreement for an additional 3,600 square feet of office space in Austin, Texas that expires on April 30, 2022. Future lease payments as of September 30, 2021 are as follows (in thousands):

Future lease payments	2021	2022	2023	2024	Total future lease payments	Less: imputed interest	Total
Operating leases	\$ 25	102	107	36	270	(11)	\$ 259
Short-term operating lease	\$ 16	21	—	—	37	—	\$ 37

Rent expense for the three months ended September 30, 2021 and 2020 totaled \$41,000 and \$25,000, respectively.

Rent expense for the nine months ended September 30, 2021 and 2020 totaled \$98,000 and \$75,000, respectively.

Cash paid for operating lease liabilities during the three months ended September 30, 2021 and 2020 totaled \$41,000 and \$25,000, respectively. Cash paid for operating lease liabilities during the nine months ended September 30, 2021 and 2020 totaled \$68,000 and \$75,000, respectively.

Other Commitments

The Company conducts its product research and development programs through a combination of internal and collaborative programs that include, among others, arrangements with universities, contract research organizations and clinical research sites. The Company has contractual arrangements with these organizations that are cancelable. The Company's obligations under these contracts are largely based on services performed. The Company also had non-cancellable commitments for the manufacture of simufilam totaling approximately \$1.9 million at September 30, 2021.

Note 10. Sale of Property and Equipment

There were no sales of property and equipment during the three and nine months ended September 30, 2021.

There were no sales of property and equipment during the three months ended September 30, 2020. During the nine months ended September 30, 2020, the Company sold surplus manufacturing equipment to a third party and received proceeds totaling \$360,000. The original cost of the property and equipment was \$892,000 and accumulated depreciation was \$878,000, resulting in a gain on sale of property and equipment of \$346,000 during the nine months ended September 30, 2020.

Note 11. 2020 Cash Incentive Bonus Plan

In August 2020, the Board approved the Plan. The Plan was established to promote the long-term success of the Company by creating an "at-risk" cash bonus program that rewards Plan participants with additional cash compensation in lockstep with significant increases in the Company's market capitalization. The Plan is considered "at-risk" because Plan participants will not receive a cash bonus unless the Company's market capitalization increases significantly and certain other conditions specified in the Plan are met. Specifically, Plan participants will not be paid any cash bonuses unless (1) the Company completes a merger or acquisition transaction that constitutes a sale of ownership of the Company or its assets (a Merger Transaction) or (2) the Compensation Committee of the Board (the Compensation Committee) determines the Company has sufficient cash on hand, as defined in the Plan. Because of the inherent discretion and uncertainty regarding these requirements, the Company has concluded that a Plan grant date has not occurred as of September 30, 2021.

Plan participants will be paid all earned cash bonuses in the event of a Merger Transaction.

The Company's market capitalization for purposes of the Plan is determined based on either (1) the Company's closing price of one share on the Nasdaq Capital Market multiplied by the total issued and outstanding shares and options to purchase shares of the Company, or (2) the aggregate consideration payable to security holders of the Company in a Merger Transaction. This constitutes a market condition under applicable accounting guidance.

The Plan triggers a potential cash bonus each time the Company's market capitalization increases significantly, up to a maximum \$5 billion in market capitalization. The Plan specifies 14 incremental amounts between \$200 million and \$5 billion (each increment, a "Valuation Milestone"). Each Valuation Milestone triggers a potential cash bonus award in a pre-set amount defined in the Plan. Each Valuation Milestone must be achieved and maintained for no less than 20 consecutive trading days for Plan participants to be eligible for a potential cash bonus award. Approximately 58% of each cash bonus award associated with a Valuation Milestone is subject to adjustment and approval by the Compensation Committee. Any amounts not awarded by the Compensation Committee are no longer available for distribution.

If the Company were to exceed a \$5 billion market capitalization for no less than 20 consecutive trading days, all Valuation Milestones would be deemed achieved, in which case cash bonus awards would range from a minimum of \$139.1 million up to a hypothetical maximum of \$322.3 million. Payment of cash bonuses is deferred until such time as (1) the Company completes a Merger Transaction, or (2) the Compensation Committee determines the Company has sufficient cash on hand to render payment (each, a “Performance Condition”), neither of which may ever occur. Accordingly, there can be no assurance that Plan participants will ever be paid a cash bonus that is awarded under the Plan, even if the Company’s market capitalization increases significantly.

The Plan is accounted for as a liability award. The fair value of each Valuation Milestone award will be determined once a grant date occurs and will be remeasured each reporting period. Compensation expense associated with the Plan will be recognized over the expected achievement period for each of the 14 Valuation Milestones, when a Performance Condition is considered probable of being met.

In October 2020, the Company achieved the first Valuation Milestone. Subsequently, the Compensation Committee approved a potential cash bonus award of \$7.3 million in total for all Plan participants, subject to future satisfaction of a Performance Condition.

During the nine months ended September 30, 2021, the Company achieved 11 Valuation Milestones triggering potential Company obligations to all Plan participants from a minimum of \$93.7 million up to a hypothetical maximum of \$225.0 million, to be determined by the Compensation Committee. However, no compensation expense has been recorded since no grant date has occurred and no Performance Conditions are considered probable of being met. There is no continuing service requirement for Plan participants once the Compensation Committee approves a cash bonus award.

No actual cash payments were authorized or made to participants under the Plan through September 30, 2021.

Note 12. Recently Issued Accounting Pronouncements

In December 2019, the FASB issued Accounting Standards Update (“ASU”) No. 2019-12, Income Taxes (Topic 740) Simplifying Accounting for Income Taxes, as part of its initiative to reduce complexity in the accounting standards. The guidance amended certain disclosure requirements that had become redundant, outdated or superseded. Additionally, this guidance amends accounting for the interim period effects of changes in tax laws or rates, and simplifies aspects of the accounting for franchise taxes. The guidance is effective for annual periods beginning after December 15, 2020, including interim periods therein. The adoption of ASU 2019-12 in the first quarter of 2021 did not have a material impact on the Company’s condensed financial statements.

Note 13. Contingencies

Securities Class Actions and Shareholder Derivative Action

Between August 27 and October 26, 2021, following the submission of a Citizen Petition to the U.S. Food and Drug Administration (FDA) by Labaton Sucharow LLP, four class action lawsuits were filed alleging violations of the U.S. securities laws by the Company and certain named officers. The complaints allege that various statements made by the defendants regarding simufilam were rendered materially false and misleading by the allegation contained in the Labaton Sucharow Citizen Petition. These actions were filed in the United States District Court for the Western District of Texas. The complaints seek unspecified compensatory damages and other relief on behalf of a purported class of purchasers of the Company’s securities between September 14, 2020, and August 27, 2021. The Company expects that the cases will be consolidated and that a lead plaintiff and lead counsel will be appointed and thereafter that a consolidated amended complaint will be filed. The Company believes the claims are without merit and intends to defend against these lawsuits vigorously. The Company is unable to estimate the possible loss or range of loss, if any, associated with these lawsuits.

On November 4, 2021, a related shareholder derivative action was filed, purportedly on behalf of the Company, in the United States District Court for the Western District of Texas, asserting claims under the U.S. securities laws and state fiduciary duty laws against certain named officers and the members of the Company’s board of directors. The complaint relies on the Labaton Sucharow LLP Citizen Petition and alleges, among other things, that the individual defendants exposed the Company to unspecified damages and securities law liability by causing it to make materially

false and misleading statements, in violation of the U.S. securities laws and in breach of their fiduciary duties to the Company. The derivative case seeks, among other things, to recover unspecified compensatory damages on behalf of the Company arising out of the individual defendants' alleged wrongful conduct. Although the plaintiffs in the derivative cases does not seek relief against the Company, it has certain indemnification obligations to the individual defendants.

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

This discussion and analysis should be read in conjunction with Cassava Sciences, Inc.'s (the "Company," "we," "us," or "our") condensed financial statements and accompanying notes included elsewhere in this Quarterly Report on Form 10-Q. Operating results are not necessarily indicative of results that may occur in future periods.

This Quarterly Report on Form 10-Q contains certain statements that are considered forward-looking statements within the meaning of the Private Securities Reform Act of 1995. We intend that such statements be protected by the safe harbor created thereby. Forward-looking statements relate to expectations, beliefs, projections, future plans and strategies, anticipated events or trends and similar expressions concerning matters that are not historical facts. In some cases, you can identify forward-looking statements by terms such as "anticipate," "believe," "could," "estimate," "expect," "intend," "may," "plan," "potential," "should," "will" and "would" or the negatives of these terms or other comparable terminology.

The forward-looking statements are based on our beliefs, assumptions and expectations of our future performance, taking into account all information currently available to us. Forward-looking statements involve risks and uncertainties and our actual results and the timing of events may differ significantly from the results discussed in the forward-looking statements. Examples of such forward-looking statements include, but are not limited to statements about:

- our intention to initiate a second Phase 3 clinical study with simufilam in Alzheimer's disease by the end of 2021, the number of participants we expect to enroll in our Phase 3 studies, the geographic areas for study enrollment, and the expected treatment benefits of simufilam for people with Alzheimer's disease;
- our reliance on third-party contractors to make drug supply on a large-scale for our Phase 3 clinical program, or their ability to do so on-time or on-budget;
- limitations around the interpretation of cognitive results from a long-term open-label study design, as compared to efficacy results from a fully completed, randomized controlled study design;
- the expected rate of cognitive decline over time in untreated Alzheimer's patients;
- the ability of clinical scales to assess cognition or health in our trials of Alzheimer's disease;
- announcements or plans regarding any future analyses of our open-label study of simufilam and our estimated timeline for doing so;
- any significant changes we have made, or anticipate making, to the design of an on-going open-label study of simufilam;
- announcements regarding an End-of-Phase 2 meeting with the U.S. Food and Drug Administration (FDA);
- our ability to initiate, conduct or analyze additional clinical and non-clinical studies with our product candidates targeted at Alzheimer's disease and other neurodegenerative diseases;
- the interpretation of results from our Phase 2 clinical studies;
- our plans to further develop SavaDx, our investigational blood-based diagnostic, and our estimated timeline for doing so;
- the safety, efficacy, or potential therapeutic benefits of our product candidates;
- the utility of protection, or the sufficiency, of our intellectual property;
- our potential competitors or competitive products;
- expected future sources of revenue and capital and increasing cash needs;
- our use of Clinical Research Organizations (CROs) to conduct clinical studies of our product candidates;
- expectations regarding trade secrets, technological innovations, licensing agreements and outsourcing of certain business functions;
- our expenses increasing or fluctuations in our financial or operating results;
- our operating losses and anticipated operating and capital expenditures;
- expectations regarding the issuance of shares of common stock to employees pursuant to equity compensation awards, net of employment taxes;

- the development and maintenance of our internal information systems and infrastructure;
- our need to hire additional personnel and our ability to attract and retain such personnel;
- existing regulations and regulatory developments in the United States and other jurisdictions;
- our need to expand the size and scope of our physical facilities;
- the sufficiency of our current resources to continue to fund our operations;
- the accuracy of our estimates regarding expenses, capital requirements, and needs for additional financing;
- assumptions and estimates used for our disclosures regarding stock-based compensation; and
- the long-term impact of COVID-19, a novel coronavirus first detected in 2019, on our operations and financial condition.

Such forward-looking statements and our business involve risks and uncertainties, including, but not limited to the following:

- We are in the early stages of clinical drug development and have a limited operating history in our business targeting Alzheimer’s disease and no products approved for commercial sale.
- Research and development of biopharmaceutical products is a highly uncertain undertaking and involves a substantial degree of risk and our business is heavily dependent on the successful development of our product candidates.
- We are concentrating a substantial portion of our research and development efforts on the diagnosis and treatment of Alzheimer’s disease, an area of research that has recorded many clinical failures.
- We may encounter substantial delays in our clinical trials or may not be able to conduct or complete our clinical trials on the timelines we expect, if at all.
- Our clinical trials may fail to demonstrate evidence of the safety and efficacy of our product candidates, which would prevent, delay, or limit the scope of regulatory approval and the commercialization of our product candidates.
- We may need to obtain substantial additional financing to complete the development and any commercialization of our product candidates.
- We are a small company with no sales force and may not be successful in our efforts to commercialize any product candidates which are approved.
- Our CROs and contract manufacturers may fail to perform as anticipated.
- We may be unable to protect our intellectual property rights or trade secrets.
- We may be subject to third-party claims of intellectual property infringement.
- We may not succeed in our maintenance or pursuit of licensing rights or third-party intellectual property necessary for the development of our product candidates.
- Enacted or future legislation or regulatory actions may adversely affect our product pricing, or limit the reimbursement we may receive for our products.
- A significant breakdown, security breach or interruption affecting our internal computer systems, or those used by our third-party research collaborators, may compromise the confidentiality of our financial or proprietary information, result in material disruptions of our products and operations and adversely affect our reputation.
- We may be unsuccessful at hiring and retaining qualified personnel.
- Adverse circumstances caused by disease epidemics or pandemics, such as Coronavirus Disease 2019, or COVID-19, a novel coronavirus first detected in 2019;

Please also refer to the section of this Quarterly Report on Form 10-Q entitled “Risk Factors” identified in Part II, Item 1A and the “Risk Factors” in our Annual Report on Form 10-K for the fiscal year ended December 31, 2020, as such risk factors may be amended, updated or modified periodically in our reports filed with the U.S. Securities and Exchange Commission (the “SEC”) for further information on these and other risks affecting us.

We caution you not to place undue reliance on forward-looking statements because our future results may differ materially from those expressed or implied by them. We do not intend to update any forward-looking statement, whether written or oral, relating to the matters discussed in this Quarterly Report on Form 10-Q, except as required by law.

Our research programs in neurodegeneration benefit from longstanding scientific and financial support from the National Institutes of Health (“NIH”). The contents of this Quarterly Report on Form 10-Q are solely our responsibility and do not necessarily represent any official views of NIH.

Overview

Cassava Sciences, Inc. is a clinical-stage biotechnology company based in Austin, Tx. Our mission is to detect and treat neurodegenerative diseases, such as Alzheimer’s disease. Our novel science is based on stabilizing – but not removing – a critical protein in the brain.

Over the past 10 years, we have combined state-of-the-art technology with new insights in neurobiology to develop novel solutions for Alzheimer’s disease and other neurodegenerative diseases. Our strategy is to leverage our unique scientific/clinical platform to develop a first-in-class program for treating neurodegenerative diseases, such as Alzheimer’s.

We currently have two clinical-stage biopharmaceutical assets under development:

- our lead therapeutic product candidate, called simufilam, is a novel treatment for Alzheimer’s disease; and
- our lead investigational diagnostic product candidate, called SavaDx, is a novel way to detect the presence of Alzheimer’s disease from a small sample of blood, possibly years before the overt appearance of clinical symptoms.

Our scientific approach for the treatment of Alzheimer’s disease seeks to simultaneously improve *both* neurodegeneration and neuroinflammation. We believe our ability to improve multiple vital functions in the brain represents a new, different and crucial approach to address Alzheimer’s disease.

Our lead therapeutic product candidate, simufilam, is a proprietary small molecule (oral) drug. Simufilam targets an altered form of a protein called filamin A (FLNA) in the Alzheimer’s brain. Published studies have demonstrated that the altered form of FLNA causes neuronal dysfunction, neuronal degeneration and neuroinflammation.

We believe simufilam improves brain health by reverting altered FLNA back to its native, healthy conformation, thus countering the downstream toxic effects of altered FLNA. We have generated and published experimental and clinical evidence of improved brain health with simufilam. Importantly, simufilam is not dependent on clearing amyloid from the brain. Since simufilam has a unique mechanism of action, we believe its potential therapeutic effects may be additive or synergistic with that of other therapeutic candidates aiming to treat neurodegeneration.

Simufilam has demonstrated a multitude of beneficial effects in animal models of disease, including normalizing neurotransmission, decreasing neuroinflammation, suppressing neurodegeneration, and restoring memory and cognition.

Simufilam and SavaDx were both discovered and designed in-house and were characterized by our academic collaborators during research activities that were conducted from approximately 2008 to date. We own exclusive, worldwide rights to these drug assets and related technologies, without royalty obligations to any third party. Our patent protection with respect to simufilam and use of simufilam for Alzheimer’s disease and other neurodegenerative disease currently runs through 2033 and includes six issued patents and related patent filings and applications. In addition, we have patent protection with respect to simufilam for use in treating certain cancers that runs through 2034. We currently have no patents or patent applications with respect to SavaDx, which we believe is protected in the United States by trade secrets, know-how and other proprietary rights technology.

Alzheimer’s disease is a progressive neurodegenerative disorder that affects cognition, function and behavior. As of 2020, there were approximately 50 million people worldwide living with dementia and the annual global cost of dementia is now above \$1 trillion, according to *Alzheimer’s Disease International*, a charitable organization. According to the non-profit *Alzheimer’s Association*, Alzheimer’s disease is expected to nearly triple in the U.S. between now and 2050. If this occurs, there is potential for Alzheimer’s disease to cause a major financial drain on the national economy.

Phase 2a Study

In 2019, we completed a small, first-in-patient, clinical-proof-of-concept, open-label Phase 2a study of simufilam in the U.S., with substantial support from the *National Institute on Aging* (NIA), a division of the NIH. Treatment with simufilam for 28 days significantly improved key biomarkers of Alzheimer's pathology, neurodegeneration and neuroinflammation ($p < 0.001$). Biomarkers effects were seen in all patients in both cerebrospinal fluid (CSF) and plasma.

Phase 2b Study

In September 2020, we announced final results of a Phase 2b study with simufilam in Alzheimer's disease. In this clinical study funded by the NIH, Alzheimer's patients treated with 50 mg or 100 mg of simufilam twice-daily for 28 days showed statistically significant ($p < 0.05$) improvements in CSF biomarkers of disease pathology, neurodegeneration and neuroinflammation, versus Alzheimer's patients who took placebo. In addition, Alzheimer's patients treated with simufilam showed improvements in validated tests of episodic memory and spatial working memory, versus patients on placebo (Effect Size 17-46%). Cognitive improvements correlated most strongly ($R = 0.5$) with decreases in levels of P-tau181.

Clinical Strategy Around Open-label Study

Much of the value of our open-label study is to gain data to support simufilam's long-term safety profile in patients. Interim data from an open-label study has limitations compared to efficacy data from a fully completed, large, randomized controlled clinical trial, or from a fully completed open-label study.

We believe there is logic to conducting an open-label study prior to conducting a large, expensive Phase 3 clinical testing program. First, this is a standard clinical method of demonstrating drug safety. Second, we believe that if an experimental drug for Alzheimer's shows *no* treatment benefits in a well-designed, long-term open-label study, then there is no chance that drug will succeed in Phase 3 clinical testing. Of course, the opposite is not true: encouraging treatment effects in an open-label study is not proof of drug safety or efficacy, nor can encouraging treatment effects predict clinical success in a Phase 3 program.

In short, we believe a well-designed, long-term, open-label study is an exercise in prudent risk-management. Clinical results may serve as a tool to help inform and manage the inherent risks and uncertainties of drug development prior to undertaking a large, expensive Phase 3 clinical testing program.

Open-label Study Strategy

In March 2020, we initiated a long-term, open-label study to evaluate simufilam in patients with Alzheimer's disease. This study is funded by a research grant award from the National Institutes of Health (NIH). The study is intended to monitor the long-term safety and tolerability of simufilam 100 mg twice-daily for 12 or more months. Another study objective is to measure changes in cognition using ADAS-Cog, a standard test of cognition in Alzheimer's disease. The study protocol has pre-specified interim analyses, including cognition measurements at 6, 9 and 12 months. This study also uses the Neuropsychiatric Inventory (NPI) to assess the presence and severity of dementia-related behavior. ADAS-Cog and NPI scales are both widely used clinical tools in trials of Alzheimer's disease.

In June 2021, the open-label study reached its target enrollment of 150 subjects with mild-to-moderate Alzheimer's disease. By physician and patient request, clinical sites continued to enroll additional subjects up through the initiation of the Company's Phase 3 pivotal program of simufilam in October 2021. Approximately 200 subjects were enrolled as of September 2021.

In February 2021, we announced results of a preplanned interim analysis of our open-label study with simufilam. This interim analysis summarized clinical data in the first 50 patients who have completed at least 6 months of drug treatment. Patients' cognition and behavior scores both improved following six months of simufilam treatment, with no safety issues. Six months of simufilam treatment improved cognition scores by 1.6 points on ADAS-Cog11, a 10% mean improvement from baseline to month 6. In these same patients, simufilam also improved dementia-related behavior, such as anxiety, delusions and agitation, by 1.3 points on the Neuropsychiatric Inventory, a 29% mean improvement from baseline to month 6.

In July 2021, we announced results of another preplanned interim analysis of our open-label study with simufilam. This interim analysis summarized clinical data on the first 50 patients who have completed at least 9 months of drug

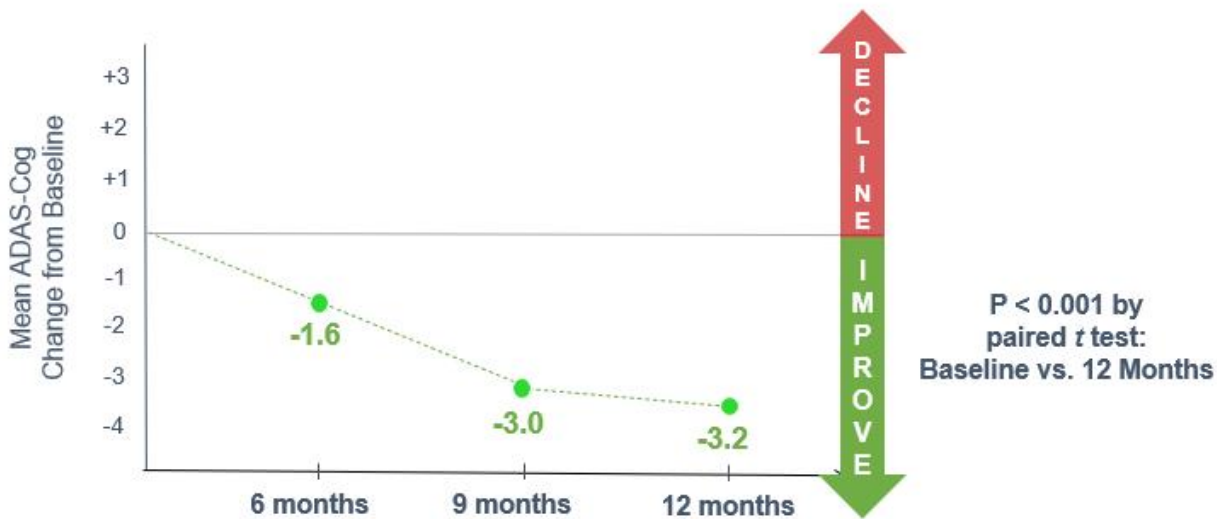
treatment. Patients' cognition and behavior scores both improved following nine months of simufilam treatment, with no safety issues. Nine months of simufilam treatment improved cognition scores by 3.0 points on ADAS-Cog11, an 18% mean improvement from baseline to month 9 ($p < 0.001$).

In September 2021, we announced results of a third preplanned interim analysis of our open-label study with simufilam. This interim analysis summarized clinical data on the first 50 patients who have completed at least 12 months of drug treatment. Patients' cognition and behavior scores both improved following twelve months of simufilam treatment, with no safety issues. Twelve months of simufilam treatment improved cognition scores by 3.2 points on ADAS-Cog11 from baseline to month 12 ($p < 0.001$). Figure 1.

Baseline values for cognition for each 50-patient cohort may not be exactly the same at months 6, 9 and 12 because study participants may drop out of the open-label study in-between interim analyses. At September 2021, the study's drop-out rate was under 10%. Interim analyses summarize clinical data on the first 50 patients who have completed 6, 9, and 12 months of open-label treatment.

Figure 1. Cognition Results

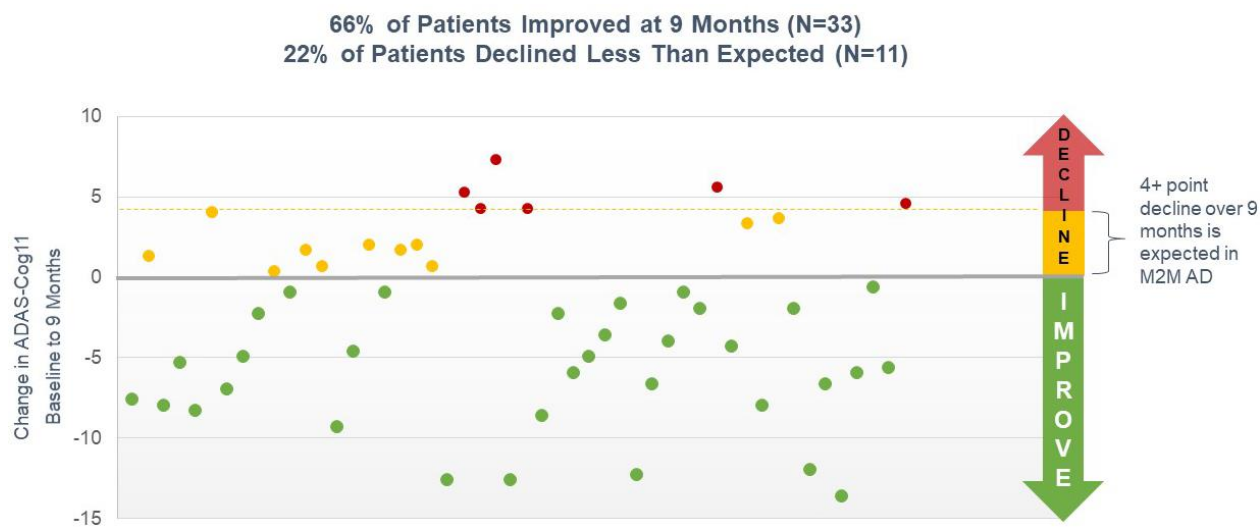
Cognition scores on ADAS-Cog11 observed in first 50 subjects at 6, 9 and 12 months.



Alzheimer's is a progressive disease. Cognition will always decline over time. Historical controls indicate that in patients with mild-to-moderate Alzheimer's disease, cognition scores decline an average of 5.5 points on ADAS-Cog over 12 months amongst study subjects who were administered placebo in randomized, controlled trials, as reported by the science literature¹, and, more recently, by Biogen, Inc. In 2020, Biogen reported a 5.2-point decline over 18 months on ADAS-Cog amongst study subjects with early Alzheimer's disease who were administered placebo in two Phase 3 randomized, controlled trials studies with their drug, aducanumab².

Despite an expectation of cognitive decline, simufilam improved ADAS-Cog scores in 68% of patients at 12 months. An additional 20% of patients declined less than an expected 5 points decline at 12 months. These study subjects declined an average of 2.5 points (S.D. ± 1.3). Cognition outcomes suggest simufilam's treatment effects were broad-based. Figure 2 (data at 9 months).

Figure 2. Individual Patient Changes in ADAS-Cog (N=50) at 9 months



Alzheimer's is often accompanied by behaviors disorders, such as anxiety, agitation or delusions. These may become more frequent as disease progresses. Simufilam reduced dementia-related behavior at 12 months on the Neuropsychiatric Inventory (NPI), a clinical tool widely used to measure changes in dementia-related behavior.

- At baseline, 34% of study subjects had no neuropsychiatric symptoms.
- At month 6, 38% of study subjects had no neuropsychiatric symptoms.
- At month 9, over 50% of study subjects had no neuropsychiatric symptoms.
- At month 12, over 50% of study subjects had no neuropsychiatric symptoms.

The safety profile of simufilam in the interim analysis is consistent with prior human studies. There were no drug-related serious adverse events. Adverse events were mild and transient.

In July 2021, we also announced positive biomarker data from our open-label study. Biomarkers are objective biological data. There are no known placebo effects.

¹ *Disease Progression Meta-analysis Model in Alzheimer's disease* (Ito, et al., Pfizer Global Research), *Alzheimer's & Dementia* 6 (2010) 39-53

² EMERGE and ENGAGE Topline Results (2020), available on-line.

A key objective of this bioanalysis was to measure changes in levels of biomarkers in patients before and after 6 months of treatment with open label simufilam. Biomarker data were analyzed from cerebrospinal fluid (CSF) collected from 25 patients with mild-to-moderate Alzheimer’s disease who are enrolled in the open-label study and who agreed to undergo a lumbar puncture at baseline and again after 6 months of treatment. All bioanalyses were conducted blind by an outside lab.

Simufilam robustly improved all measured CSF biomarkers in this cohort of 25 patients with mild-to-moderate Alzheimer’s disease.

Cerebrospinal fluid (CSF) biomarkers of disease pathology, t-tau and p-tau181, decreased 38% and 18%, respectively (both $p < 0.00001$). CSF biomarkers of neurodegeneration, neurogranin and Nfl, decreased 72% and 55%, respectively (both $p < 0.00001$). CSF biomarkers of neuroinflammation, sTREM2 and YKL-40, decreased 65% and 44% (both $p < 0.00001$). All p-values are baseline vs. 6-month levels by paired *t*-test. Figure 3.

Core markers of Alzheimer’s pathology are total tau (T-tau), phosphorylated tau (P-tau181), and amyloid beta42 (Aβ42). In Alzheimer’s, tau levels are elevated and Aβ42 is low.

- T-tau decreased 38% ($p < 0.00001$)
- P-tau181 decreased 18% ($p < 0.00001$)
- CSF Aβ42 increased 84% ($p < 0.00001$)

Elevated CSF levels of two proteins, neurogranin (Ng) and neurofilament Light Chain (NfL) indicate neurodegeneration.

- Ng decreased 72% ($p < 0.00001$)
- NfL decreased 55% ($p < 0.00001$)

Elevated levels of marker YKL-40 indicate neuroinflammation.

- YKL-40 decreased 44% ($p < 0.00001$)

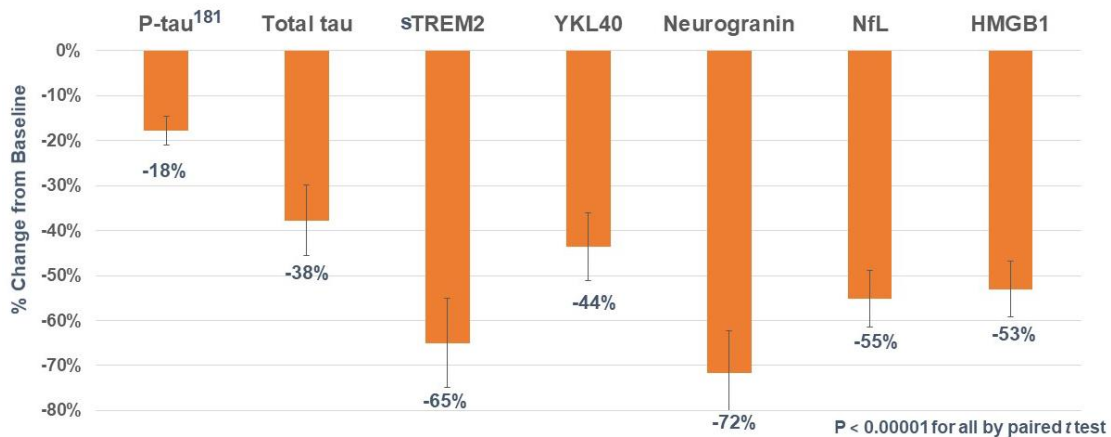
sTREM2 is a biomarker of microglia-induced neuroinflammation that has commanded substantial recent attention from researchers for its role in Alzheimer’s and frontotemporal dementia.

- sTREM2 decreased 65% ($p < 0.00001$)

HMGB1 protein, is a damage-related protein sometimes called a ‘danger molecule’ because it triggers additional neuroinflammation and loss of neurons.

- HMGB1 decreased 53% ($p < 0.00001$)

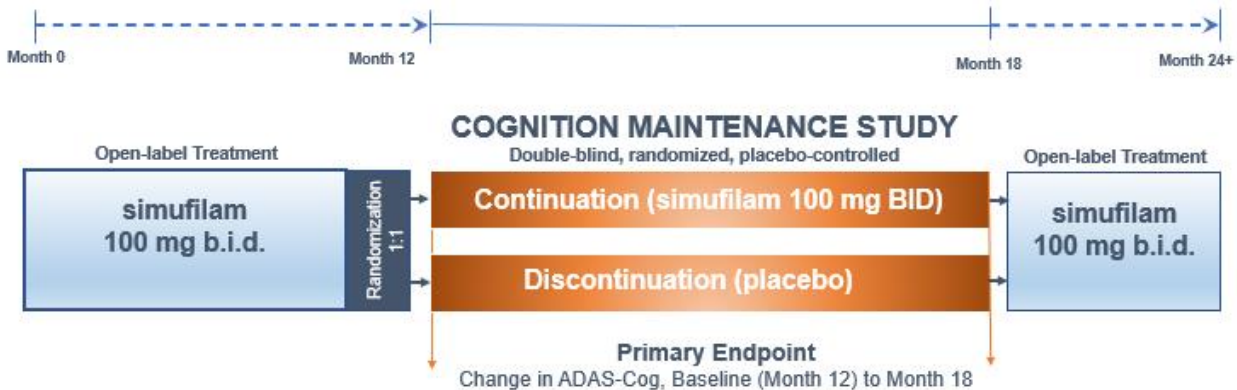
Figure 3. Significant Decreases in CSF Biomarkers at Month 6



Cognition Maintenance Study

In May 2021, we initiated a double-blind, randomized, placebo-controlled study in patients with mild-to-moderate Alzheimer's disease. Patients who have completed at least one year of open-label treatment with simufilam qualify to enroll in the *Cognition Maintenance Study* (CMS). Study subjects in the CMS are randomized (1:1) to simufilam or placebo for six months. The CMS is designed to compare simufilam's effects on cognition in Alzheimer's patients who continue with drug treatment versus patients who discontinue drug treatment. Figure 4. The target enrollment for the CMS is 100 subjects or more; as of September 2021, > 35 subjects were enrolled.

Figure 4. Cognition Maintenance Study Design



End-of-Phase 2 (EOP2) Meeting with FDA

In January 2021, we held an End-of-phase 2 (EOP2) meeting for simufilam with the U.S Food and Drug Administration (FDA). The purpose of this EOP2 was to gain general agreement around key elements of a pivotal Phase 3 program to treat Alzheimer's disease dementia. FDA attendees included Robert Temple, MD, Deputy Center Director for Clinical Science and Senior Advisor in the Office of New Drugs; Billy Dunn, MD, Director, Office of Neuroscience; Eric Bastings, MD, Director, Division of Neurology, and others.

In February 2021, we announced the successful completion of our EOP2 meeting. Official meeting minutes confirm that we and FDA are aligned on key elements of a Phase 3 clinical program for simufilam. FDA has agreed that the completed Phase 2 program, together with an upcoming and well-defined Phase 3 clinical program, are sufficient to show evidence of clinical efficacy for simufilam in Alzheimer's disease. There is also agreement that the use of separate clinical scales to assess cognition (ADAS-cog¹) and function (ADCS-ADL²) are appropriate co-primary endpoints of efficacy. A clinical scale that combines cognition and function, such as iADRS³, is a secondary efficacy endpoint.

¹ ADAS-Cog = The Alzheimer's Disease Assessment Scale – Cognitive Subscale, a measure of cognition

² ADCS-ADL = Alzheimer's Disease Cooperative Study – Activities of Daily Living, a measure of health function

³ iADRS = integrated Alzheimer's Disease Rating Scale, a composite measure of cognition and health function

Special Protocol Assessments

On August 24, 2021, we announced we had reached agreement with FDA under a Special Protocol Assessment (SPA) for both of its Phase 3 studies. These SPA agreements document that FDA has reviewed and agreed upon the key design features of our Phase 3 study protocols of simufilam for the treatment of patients with Alzheimer’s disease.

An SPA agreement indicates concurrence by the FDA with the adequacy and acceptability of specific critical elements of overall protocol design (e.g., entry criteria, dose selection, endpoints, etc.). These elements are critical to ensure that our planned Phase 3 studies of simufilam in Alzheimer’s disease can be considered adequate and well-controlled studies in support of a future regulatory submission and marketing application.

The first clinical study protocol under the SPA is titled “A Phase 3, Randomized, Double-Blind, Placebo-Controlled, Parallel-Group, 52-Week Study Evaluating the Safety and Efficacy of One Dose of Simufilam in Subjects with Mild-to-Moderate Alzheimer’s Disease.”

The second clinical study protocol under the SPA is titled “A Phase 3, Randomized, Double-Blind, Placebo-Controlled, Parallel-Group, 76-Week Study Evaluating the Safety and Efficacy of Two Doses of Simufilam in Subjects with Mild-to-Moderate Alzheimer’s Disease.”

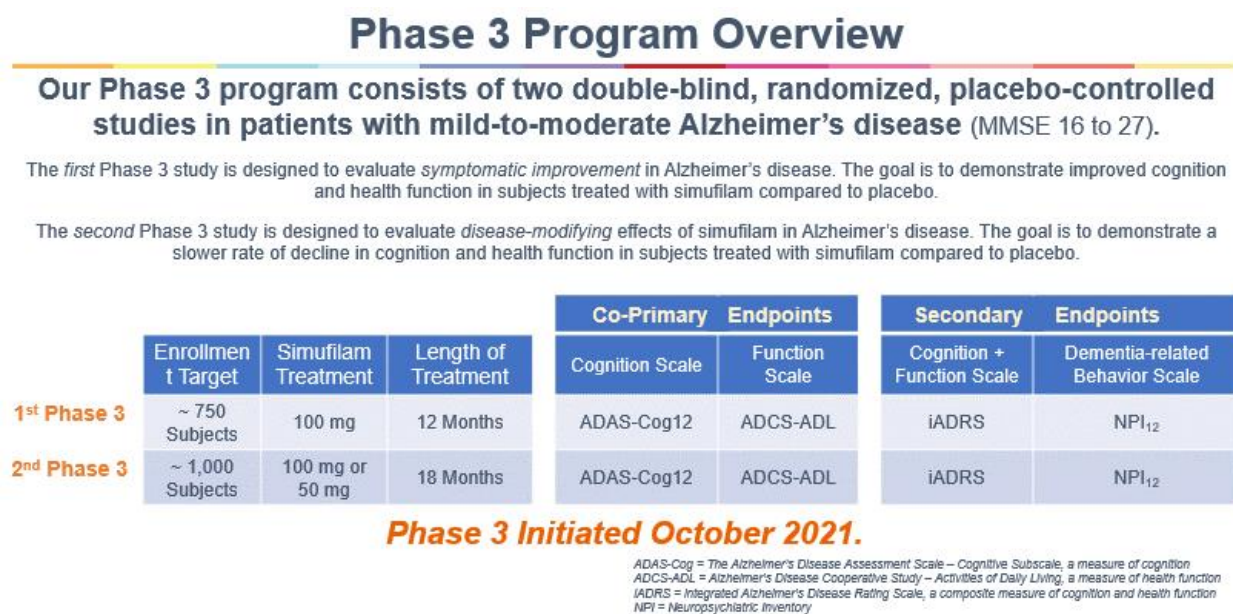
Phase 3 Drug Supply

In March 2021, we announced we had entered into a drug supply agreement with Evonik Industries AG for simufilam. Under the agreement, Evonik will supply us with large-scale, clinical-grade quantities of simufilam. Evonik is one of the world’s largest contract development and manufacturing organizations for pharmaceutical ingredients.

Phase 3 Clinical Program

The Phase 3 program consists of two large, double-blind, randomized, placebo-controlled studies in patients with mild-to-moderate Alzheimer’s disease dementia. Figure 5. In June 2021, we announced the selection of Premier Research International as our clinical research organization (CRO) to help conduct the Phase 3 clinical program of simufilam for Alzheimer’s disease.

Figure 5. Phase 3 Program Overview



On October 6, 2021, we announced the initiation of the first of two Phase 3 studies of simufilam. A second Phase 3 efficacy study of simufilam in Alzheimer’s disease is expected to begin by the end of the fourth quarter in 2021.

The first Phase 3 study, called RETHINK-ALZ, is designed to evaluate the safety and efficacy of oral simufilam 100 mg in enhancing cognition and slowing cognitive and functional decline over 52 weeks. Secondary objectives include the assessment of simufilam's effect on neuropsychiatric symptoms and caregiver burden. We plan to enroll in a randomized, double-blind, placebo-controlled study approximately 750 patients with mild-to-moderate Alzheimer's disease in the U.S. and Canada and, eventually, overseas. We commenced patient screening for RETHINK-ALZ in October 2021, followed by patient dosing in November 2021.

The second Phase 3 study, called REFOCUS-ALZ, which is expected to begin by the end of the fourth quarter in 2021, is designed to evaluate the safety and efficacy of oral simufilam 100 mg and 50 mg over 78 weeks. We plan to enroll in a randomized, double-blind, placebo-controlled study approximately 1,000 patients with mild-to-moderate Alzheimer's disease in the U.S. and Canada and, eventually, overseas.

SavaDx

Our diagnostic effort, called SavaDx, is a clinical-stage program focused on detecting the presence of Alzheimer's disease from a small sample of blood, possibly years before the overt appearance of clinical symptoms. We are developing SavaDx as a fast, accurate and quantitative blood-based investigational biomarker/diagnostic to detect and monitor Alzheimer's disease. The goal is to make the detection of Alzheimer's disease as simple as getting a blood test. There is no patent protection for SavaDx in the U.S., but we believe this product candidate is protected by trade secrets, know-how and other proprietary rights technology. The SavaDx program is substantially funded by a research grant award from the National Institutes of Health (NIH).

In blinded studies, SavaDx detected >10-fold differences between patients with Alzheimer's and age-matched normal controls or young cognitively intact subjects (N=232).

In July 2021, we announced positive clinical data with SavaDx when used to measure plasma levels of altered filamin A before and after simufilam treatment in patients with Alzheimer's disease. In a Phase 2b randomized, controlled trial sponsored by the National Institutes of Health (NIH), simufilam significantly reduced plasma levels of altered filamin A in Alzheimer's patients treated for 28 days. Plasma levels of p-tau181 also dropped significantly in these same patients.

Simufilam 100 mg and 50 mg reduced plasma levels of altered filamin A by 48% (p=0.003) and 44% (p=0.02) respectively, versus placebo. Additionally, simufilam 100 mg and 50 mg reduced plasma levels of p-tau181 by 17% (p=0.01) and 15% (p=0.02) respectively, versus placebo. Plasma p-tau181 is a biomarker that is known to be elevated in Alzheimer's disease.

For business, personnel, scientific and regulatory reasons, we continue to prioritize the development of simufilam, our novel drug candidate, over SavaDx, our novel diagnostic candidate. The regulatory pathway for SavaDx is currently unknown but may eventually include analytical validation studies and clinical studies that support evidence of sensitivity, specificity, precision, accuracy and other variables in various healthy and diseased patient populations. We have not conducted such studies and do not expect to conduct such studies in 2021.

Publication Corrections

An erratum or corrigendum is a correction of a published text, generally a production or author's error, that was not caught in proofing. We note the following corrections in our published works.

In July 2021, we presented clinical data for SavaDx in a poster presentation titled, "*SavaDx, a Novel Plasma Biomarker to Detect Alzheimer's Disease, Confirms Mechanism of Action of Simufilam*" at the Alzheimer's Association International Conference (AAIC) in Denver, CO and virtually. Publication correction: the AAIC data and data analysis are correct, however, visual errors that were not caught in proofing were disclosed by the Company in September 2021. This error does not impact data conclusions.

In 2017, we published in *Neurobiology of Aging* an article titled "PTI-125 binds and reverses an altered conformation of filamin A to reduce Alzheimer's disease pathogenesis" (Vol 55, July 2017, Pages 99–114). Publication correction: Figure 12 contains an image showing 12 control bands. It should show 13. The data analysis was based on all 13 control bands. This error does not impact data conclusions.

In 2012, we published in the *Journal of Neuroscience* an article titled, “Reducing Amyloid-Related Alzheimer's Disease Pathogenesis by a Small Molecule Targeting Filamin A” (*JNeurosci* 2012;32:9773-9784). Publication correction: a duplicated panel appears in Figure 8B of the article. This error does not impact data conclusions and the publisher is expected to print a correction.

No Evidence of Data Manipulation in Technical Paper

In August 2021, a law firm representing anonymous clients who have a short position in our stock submitted a Citizen Petition to the FDA that alleges, among other things, data manipulation in Western blots in a science article published by the *Journal of Neuroscience* (*JNeurosci* 2012;32:9773-9784, “Reducing Amyloid-Related Alzheimer's Disease Pathogenesis by a Small Molecule Targeting Filamin A”). This peer-reviewed article was co-authored by our scientists and academic collaborators and is foundational to simufilam, our lead drug candidate for the proposed treatment of Alzheimer's disease. In response to this and similar on-line allegations, the *Journal of Neuroscience* requested raw data for the article, including images of original, uncropped Western blots. In November 2021, we were informed by the *Journal of Neuroscience* that there is no evidence of data manipulation. The *Journal of Neuroscience* authorized us to share a statement on this matter, reprinted in full below:

“The Journal of Neuroscience follows COPE [Committee on Publication Ethics] guidelines and takes any claims of misconduct very seriously. In response to allegations of data manipulation in JNeurosci 2012;32:9773-9784 the Journal requested raw data, including images of original, uncropped Western blots. The Journal determined that there was one duplicated panel in Figure 8 and a Corrigendum was requested and will be printed. No evidence of data manipulation was found for Western blot data.”

Impact of COVID-19 on our Business

During the COVID-19 pandemic, our top priorities are to protect the health, well-being, and safety of our employees and partners, while still focusing on the key drivers of our business. Despite COVID-19, we believe we remain on-track to achieve our major strategic objectives for 2021 with simufilam. We have not experienced major disruptions across our drug manufacturing operations or supply of materials. Our broad spectrum of technical consultants, scientific advisors and service providers continue to provide timely services. We have adapted flexible business practices, such as remote work arrangements and temporary travel restrictions, to insure we continue to operate safely and cautiously while also meeting our public health responsibilities. We recognize the pandemic has created a dynamic and uncertain situation in the national economy. We continue to closely monitor the latest information to make timely, informed business decisions and public disclosures regarding the potential impact of pandemic on our operations. However, the scope of pandemic is unprecedented and its long-term impact on our operations cannot be reasonably estimated at this time.

Financial Overview

We have yet to generate any revenues from product sales. We have an accumulated deficit of \$193.1 million at September 30, 2021. These losses have resulted principally from costs incurred in connection with research and development activities, salaries and other personnel-related costs and general corporate expenses. Research and development activities include costs of preclinical and clinical trials as well as clinical supplies associated with our product candidates. Salaries and other personnel-related costs include stock-based compensation associated with stock options and other equity awards granted to employees and non-employees. Our operating results may fluctuate substantially from period to period as a result of the timing of reimbursement from NIH grants, preclinical activities, enrollment rates of clinical trials for our product candidates and our need for clinical supplies.

We expect to continue to use significant cash resources in our operations for the next several years. Our cash requirements for operating activities and capital expenditures may increase substantially in the future as we:

- conduct our first Phase 3 study with simufilam
- initiate and conduct our second Phase 3 study with simufilam
- continue a large-scale drug manufacturing campaign for simufilam;
- conduct other preclinical and clinical studies for our product candidates;
- plan to seek regulatory approvals for our product candidates;
- develop, formulate, manufacture and commercialize our product candidates;
- implement additional internal systems and develop new infrastructure;
- acquire or in-license additional products or technologies, or expand the use of our technology;
- maintain, defend and expand the scope of our intellectual property;

- hire additional personnel; and
- expand our office facilities to accommodate growth in personnel and R&D activities.

Product revenue will depend on our ability to receive regulatory approvals for, and successfully market, our product candidates. If our development efforts result in regulatory approval and successful commercialization of our product candidates, we will generate revenue from direct sales of our drugs and/or, if we license our drugs to future collaborators, from the receipt of license fees and royalties from sales of licensed products. We conduct our research and development programs through a combination of internal and collaborative programs. We rely on arrangements with universities, our collaborators, contract research organizations and clinical research sites for a significant portion of our product development efforts.

We focus substantially all of our research and development efforts in the area of neurology. The following table summarizes expenses which have been reduced for reimbursements received for NIH grants (in thousands):

	Three months ended		Nine months ended	
	September 30,		September 30,	
	2021	2020	2021	2020
Research and development expenses - gross	\$ 10,029	\$ 1,374	\$ 17,922	\$ 4,949
Less: Reimbursement from NIH grants	1,988	975	3,451	3,415
Research and development expenses - net	<u>\$ 8,041</u>	<u>\$ 399</u>	<u>\$ 14,471</u>	<u>\$ 1,534</u>

Research and development expenses include compensation, contractor fees and supplies as well as allocated common costs. Contractor fees and supplies generally include expenses for preclinical studies and clinical trials and costs for formulation and manufacturing activities. Other common costs include the allocation of common costs such as facilities. During the three months ended September 30, 2021 and 2020, we received \$2.0 million and \$1.0 million in NIH research grants, respectively. During the nine months ended September 30, 2021 and 2020, we received \$3.5 million and \$3.4 million in NIH research grants, respectively. These reimbursements were recorded as a reduction to our research and development expenses.

Our technology has been applied across certain of our product candidates. Data, know-how, personnel, clinical results, research results and other matters related to the research and development of any one of our product candidates also relate to, and further the development of, our other product candidates. As a result, costs allocated to a specific drug candidate may not necessarily reflect the actual costs surrounding research and development of that product candidate due to cross application of the foregoing.

Estimating the dates of completion of clinical development, and the costs to complete development, of our product candidates would be highly speculative, subjective and potentially misleading. Pharmaceutical product candidates take a significant amount of time to research, develop and commercialize. The clinical trial portion of the development of a new drug alone usually spans several years. We expect to reassess our future research and development plans based on our review of data we receive from our current research and development activities. The cost and pace of our future research and development activities are linked and subject to change.

Critical Accounting Policies

The preparation of our condensed financial statements in accordance with accounting principles generally accepted in the United States requires us to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues, expenses and interest income in our condensed financial statements and accompanying notes. We evaluate our estimates on an ongoing basis, including those estimates related to agreements and research collaborations. We base our estimates on historical experience and various other assumptions that we believe to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions or conditions. The following items in our condensed financial statements require significant estimates and judgments:

- *Research Contracts and Accruals.* We have entered into various research and development contracts with research institutions and other third-party vendors. Except for refundable deposits, related payments are

recorded as research and development expenses as incurred. We record accruals for estimated ongoing research costs. When evaluating the adequacy of the accrued liabilities, we analyze progress of the studies including the phase or completion of events, invoices received and contracted costs. Significant judgments and estimates are made in determining the accrued balances at the end of any reporting period. Actual results could differ from our estimates. Our historical accrual estimates have not been materially different from actual costs.

- *2020 Cash Incentive Bonus Plan.* In 2020, we established the 2020 Cash Incentive Bonus Plan (the “Plan”) to incentivize Plan participants. Awards under the Plan are accounted for as liability awards under ASC 718, “Stock-based Compensation”. The fair value of each potential Plan award will be determined once a grant date occurs and will be remeasured each reporting period. Compensation expense associated with the Plan will be recognized over the expected achievement period for each Plan award, when a Performance Condition is considered probable of being met.

The Plan was established to promote the long-term success of the Company by creating an “at-risk” cash bonus program that rewards Plan participants with additional cash compensation in lockstep with significant increases in our market capitalization. The Plan is considered “at-risk” because Plan participants will not receive a cash bonus unless our market capitalization increases significantly and (1) we complete a merger or acquisition transaction that constitutes a sale of ownership of the Company or its assets (a Merger Transaction) or (2) the Compensation Committee of the Board (the Compensation Committee) determines the Company has sufficient cash on hand, as defined in the Plan, to render payment (each, a “Performance Condition”), neither of which may ever occur. Because of the inherent discretion and uncertainty regarding these requirements, we have concluded that a Plan grant date has not occurred as of September 30, 2021. No actual cash payments were authorized or made to participants under the Plan through September 30, 2021.

- *Stock-based Compensation.* We recognize non-cash expense for the fair value of all stock options and other share-based awards. We use the Black-Scholes option valuation model to calculate the fair value of stock options, using the single-option award approach and straight-line attribution method. For all options granted, we recognize the resulting fair value as expense on a straight-line basis over the vesting period of each respective stock option, generally four years.

We have granted share-based awards that vest upon achievement of certain performance criteria, or Performance Awards. We multiply the number of Performance Awards by the fair value of our common stock on the date of grant to calculate the fair value of each award. We estimate an implicit service period for achieving performance criteria for each award. We recognize the resulting fair value as expense over the implicit service period when we conclude that achieving the performance criteria is probable. We periodically review and update as appropriate our estimates of implicit service periods and conclusions on achieving the performance criteria. Performance Awards vest and common stock is issued upon achievement of the performance criteria.

- *Income Taxes.* We account for income taxes under the asset and liability method. Deferred tax assets and liabilities are recognized for the estimated future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Deferred tax balances are adjusted to reflect tax rates based on currently enacted tax laws, which will be in effect in the years in which the temporary differences are expected to reverse. We have accumulated significant deferred tax assets that reflect the tax effects of net operating loss and tax credit carryovers and temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. Realization of certain deferred tax assets is dependent upon future earnings. We are uncertain about the timing and amount of any future earnings. Accordingly, we offset these deferred tax assets with a valuation allowance.

We account for uncertain tax positions in accordance with ASC 740, "Income Taxes", which clarifies the accounting for uncertainty in tax positions. These provisions require recognition of the impact of a tax position in our condensed financial statements only if that position is more likely than not of being sustained upon examination by taxing authorities, based on the technical merits of the position. Any interest and penalties related to uncertain tax positions will be reflected as a component of income tax expense.

Results of Operations – Three and Nine Months Ended September 30, 2021 and 2020

Research and Development Expense

Research and development expenses consist primarily of costs of drug development work associated with our product candidates, including:

- Pre-clinical testing,
- clinical trials,
- clinical supplies and related formulation and design costs, and
- compensation and other personnel-related expenses.

Research and development expenses were \$8.0 million and \$0.4 million during the three months ended September 30, 2021 and 2020, respectively. This significant increase was due primarily to costs related to manufacture of clinical trial supplies for and the initiation of a Phase 3 clinical program in simufilam, costs of an on-going open-label study in simufilam, as well as increased personnel costs compared to the prior year. These increases were partially offset by an increase in grant funding received from NIH and recorded as a reduction in research and development expenses. During the three months ended September 30, 2021 and 2020, we received \$2.0 million and \$1.0 million in research grants from NIH, respectively.

Research and development expenses were \$14.5 million and \$1.5 million during the nine months ended September 30, 2021 and 2020, respectively. The significant increase was due primarily to costs related to the manufacture of clinical trial supplies for and the initiation of a Phase 3 clinical program in simufilam, costs of an on-going open-label study in simufilam, and increased personnel costs compared to the prior year.

We expect research and development expense to increase significantly in future periods as compared to 2020 as we continue to hire new personnel, manufacture drug supply, continue our development efforts and conduct a Phase 3 clinical program with simufilam.

General and Administrative Expense

General and administrative expenses consist of personnel costs, allocated expenses and other expenses for outside professional services, including legal, human resources, audit and accounting services. Personnel costs consist of salaries, bonus, benefits and stock-based compensation. Allocated expenses consist primarily of leased facility costs. Depreciation and amortization for buildings owned is included in general and administrative expense. We incur expenses associated with operating as a public company, including additional legal fees, expenses related to compliance with the rules and regulations of the SEC and Nasdaq, additional insurance and audit expenses, investor relations activities, Sarbanes-Oxley compliance expenses and other administrative expenses and professional services.

General and administrative expenses were \$1.7 million and \$1.0 million during the three months ended September 30, 2021 and 2020, respectively. The 65% increase was due primarily to higher legal and insurance costs in 2021 as well as \$200,000 of depreciation and amortization for the two-building office complex in Austin, Texas, purchased in third quarter 2021 as compared to the prior year.

General and administrative expenses were \$4.0 million and \$2.6 million during the nine months ended September 30, 2021 and 2020, respectively. The 50% increase was due primarily to higher legal fees, annual shareholder meeting and insurance costs in 2021 compared to the prior year. In addition, 2021 expense included \$200,000 of depreciation and amortization for the two-building office complex in Austin, Texas, purchased in third quarter 2021.

We expect our general and administrative expenses to increase significantly in future periods due primarily to anticipated higher legal and professional fees related to ongoing securities class action lawsuits and governmental investigations.

Gain on Sale of Property and Equipment

There were no sales of property and equipment during the three and nine months ended September 30, 2021.

There were no sales of property and equipment during the three months ended September 30, 2020. During the nine months ended September 30, 2020, we sold surplus manufacturing equipment to a third party and received proceeds totaling \$360,000. The original cost of the property and equipment was \$892,000 and accumulated depreciation was \$878,000, resulting a gain on sale of property and equipment of \$346,000 during the nine months ended September 30, 2020.

We do not currently expect any future gains on sales of property and equipment.

Interest Income

Interest income was \$15,000 and \$7,000 during the three months ended September 30, 2021 and 2020, respectively. Interest income was \$35,000 and \$106,000 during the nine months ended September 30, 2021 and 2020, respectively. The decrease in interest income was due to lower interest rates, which more than offset additional interest from increases in our cash balances compared to the prior periods.

We expect interest income to decrease in the remainder 2021 compared to 2020 due to decreases in interest rates.

Other income, net

We record the net income from building operations and leases as other income, net, as leasing is not core to the Company's operations. Other income, net, was \$176,000 during the three and nine months ended September 30, 2021. There was no other income, net, during the three and nine months ended September 30, 2020 as we acquired the leased buildings on August 4, 2021.

Liquidity and Capital Resources

Since inception, we have financed our operations primarily through public and private stock offerings, payments received under collaboration agreements and interest earned on our cash and cash equivalents balances. We intend to continue to use our capital resources to fund research and development activities, capital expenditures, working capital requirements and other general corporate purposes. As of September 30, 2021, cash and cash equivalents were \$241.5 million.

2021 Registered Direct Offering

On February 12, 2021, we completed a common stock offering pursuant to which certain investors purchased 4,081,633 shares of common stock at a price of \$49.00 per share. Net proceeds of the offering were approximately \$189.8 million after deducting offering expenses.

Common Stock Warrants

In August 2018, we issued warrants to purchase up to an aggregate of 9.1 million shares of common stock in conjunction with an offering of our common stock.

We did not receive any proceeds from exercise of common stock warrants during the three months ended September 30, 2021. During the three months ended September 30, 2020, we received proceeds of \$0.7 million from the exercise of 0.6 million shares pursuant to warrants.

During the nine months ended September 30, 2021, we received proceeds of \$0.7 million from the exercise of 0.6 million shares pursuant to warrants. During the nine months ended September 30, 2020, we received proceeds of \$4.6 million from the exercise of 3.7 million shares pursuant to warrants.

There were no common stock warrants outstanding as of September 30, 2021.

At-the-Market Common Stock Offering

In March 2020, we established an at-the-market offering program (“ATM”) to sell, from time to time, shares of our common stock having an aggregate offering price of up to \$100 million in transactions pursuant to a shelf registration statement that was declared effective by the SEC on May 5, 2020. We are obligated to pay a commission of 3.0% of the gross proceeds from the sale of shares of common stock in the offering. We are not obligated to sell any shares in the offering.

There were no common stock sales under the ATM during the three and nine months ended September 30, 2021 and 2020.

NIH Research Grant Awards

Our programs have been supported by NIH under multiple research grant awards. Strong, long-term support from NIH has allowed us to advance our two lead product candidates, simufilam and SavaDx, into clinical development.

In May 2021, we were awarded a new research grant award from NIH of up to \$2.7 million to support clinical readiness activities in support of an upcoming Phase 3 program with simufilam. In April 2020, we were awarded a research grant from NIH of up to \$2.5 million. In March 2020, we were awarded a supplemental research funding grant from NIH of up to \$374,000. These non-dilutive research grants are intended to strengthen our clinical program of simufilam, our investigational drug to treat Alzheimer’s disease. All of our NIH research grant awards are paid out on a reimbursement basis and require milestone-based technical progress.

2020 Cash Incentive Bonus Plan Obligations

In August 2020, the Board approved the 2020 Cash Incentive Bonus Plan (the Plan). The Plan was established to promote the long-term success of the Company by creating an “at-risk” cash bonus program that rewards Plan participants with additional cash compensation in lockstep with significant increases in the Company’s market capitalization. The Plan is considered “at-risk” because Plan participants will not receive a cash bonus unless the Company’s market capitalization increases significantly and certain other conditions specified in the Plan are met. Specifically, Plan participants will not be paid any cash bonuses unless (1) the Company completes a merger or acquisition transaction that constitutes a sale of ownership of the Company or its assets (a Merger Transaction) or (2) the Compensation Committee determines the Company has sufficient cash on hand, as defined in the Plan. Plan participants will be paid all earned cash bonuses in the event of a Merger Transaction.

The Company’s market capitalization, including all outstanding stock options, was \$89.4 million at the inception of the Plan in August 2020. If the Company were to exceed a \$5 billion market capitalization for no less than 20 consecutive trading days, and conditions noted above for payment are met, all Plan milestones would be deemed achieved, in which case total cash bonus awards would range from a minimum of \$139.1 million up to a hypothetical maximum of \$322.3 million.

The Company’s potential financial obligation to plan participants at September 30, 2021 totaled \$7.3 million, based upon the achievement of one Plan milestone in the Company’s market capitalization in 2020. No actual cash bonus payments have been made to any Plan participant, as the Company has not yet satisfied all the conditions necessary for amounts to be paid under the Plan. During the nine months ended September 30, 2021, the Company’s market capitalization increased substantially. These increases triggered the achievement of 11 additional Plan milestones. Collectively, the achievement of such milestones could trigger potential Company obligations to Plan participants ranging from a minimum of \$93.7 million up to a hypothetical maximum of \$225.0 million, with exact amounts to be determined by the Compensation Committee and contingent upon future satisfaction of a Performance Condition.

No actual cash payments have been made to participants under the Plan as of September 30, 2021, or through the filing date of this Form 10-Q.

Use of Cash

Net cash used in operating activities was \$22.2 million for the nine months ended September 30, 2021, resulting primarily from the net loss reported of \$18.2 million and an increase in prepaid and other assets of \$10.1 million, partially offset by an increase in accrued development expense of \$2.5 million, accounts payable of \$1.4 million, other current liabilities of \$0.6 million and stock-based compensation expense of \$1.2 million.

Net cash used in operating activities was \$4.2 million for the nine months ended September 30, 2020, resulting primarily from the net loss reported of \$3.7 million, changes in operating assets and liabilities of \$0.9 million and a gain on sale of property and equipment of \$0.3 million, partially offset by stock-based compensation expense of \$0.7 million.

Net cash used in investing activities during the nine months ended September 30, 2021 was \$22.1 million related to the purchase of a two-building office complex in Austin, Texas, which will serve as our future corporate headquarters.

Net cash provided by investing activities during the nine months ended September 30, 2020 was \$360,000 for proceeds received from the sale of property and equipment.

Net cash provided by financing activities during the nine months ended September 30, 2021 was \$192.3 million, consisting of \$189.8 million in proceeds from our registered direct offering of common stock in February 2021, \$1.8 million from the exercise of stock options and \$0.7 million in proceeds from the exercise of common stock warrants.

Net cash provided by financing activities during the nine months ended September 30, 2020 was \$4.8 million, resulting from \$4.6 million in proceeds from the exercise of common stock warrants and in proceeds from the exercise of stock options.

Leases

We lease approximately 6,000 square feet of office space pursuant to a non-cancelable operating lease in Austin, TX that expires in April 2024. We also lease an additional 3,600 square feet of office space in Austin, Texas that expires on April 30, 2022.

On August 4, 2021, we completed the purchase of a two-building office complex in Austin, Texas, which will serve as our future corporate headquarters. This property is intended to accommodate our anticipated growth and expansion of our operations in the coming years. Maintenance, physical facilities, leasing, property management and other key responsibilities related to property ownership are being outsourced to professional real-estate managers under long-term contract. The purchase price of the property was \$22.0 million, including closing costs, funded with cash on hand. The office complex measures approximately 90,000 rentable square feet. The property is currently 59% leased, before our occupancy of an additional 25% of the property in 2022. The seller was an independent third party not affiliated with us.

Other Commitments

We had non-cancellable commitments for the manufacture of simufilam totaling approximately \$1.9 million at September 30, 2021.

We have an accumulated deficit of \$193.1 million as of September 30, 2021. We expect our cash requirements to be significant in the future. The amount and timing of our future cash requirements will depend on regulatory and market acceptance of our drug candidates, the resources we devote to researching and developing, formulating, manufacturing, commercializing and supporting our products and other corporate needs. We believe that our current resources will be sufficient to fund our operations for at least the next 12 months. We may seek additional future funding through public or private financing in the future, if such funding is available and on terms acceptable to us. However, there are no assurances that additional financing will be available on favorable terms, or at all.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

Per Item 305(e) of Regulation S-K, the information called for by this Item 3 is not required.

Item 4. Controls and Procedures

Evaluation of disclosure controls and procedures. Our management, with the participation of our Chief Executive Officer and our Chief Financial Officer, evaluated the effectiveness of our disclosure controls and procedures as of the end of the period covered by this Quarterly Report on Form 10-Q. Based on this evaluation, our Chief Executive Officer (as Principal Executive Officer) and our Chief Financial Officer (as Principal Financial Officer) have concluded that our disclosure controls and procedures are effective to ensure that information we are required to disclose in reports that we file or submit under the Securities Exchange Act of 1934, as amended (the “Exchange Act”), is recorded, processed, summarized and reported within the time periods specified in the SEC’s rules and forms and that such information is accumulated and communicated to management as appropriate to allow timely decisions regarding required disclosures.

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. Based on the evaluation of our disclosure controls and procedures as of September 30, 2021, our Chief Executive Officer and Chief Financial Officer concluded that, as of such date, our disclosure controls and procedures were effective at the reasonable assurance level.

Changes in internal control over financial reporting. There has been no change in our internal control over financial reporting (as defined in Rule 13a-15(f) under the Exchange Act) identified during the three months ended September 30, 2021 that has materially affected, or is reasonable likely to materially affect, our internal control over financial reporting.

PART II – OTHER INFORMATION

Item 1. Legal Proceedings

From time to time, we may become involved in litigation or other legal proceedings and claims, including U.S. government inquiries, investigations and citizen petitions submitted to FDA. The outcome of these proceedings is inherently uncertain. Regardless of outcome, legal proceedings can have an adverse impact on us because of defense and settlement costs, diversion of management resources, and other factors. At this time, no assessment can be made as to their likely outcome or whether the outcome will be material to us. No information is available to indicate that it is probable that a loss has been incurred or can be reasonably estimated as of the date of the condensed financial statements and, as such, no accrual for these matters has been recorded within the condensed financial statements.

Government Investigations

Certain government agencies have asked us to provide them with corporate information and documents. We have been cooperating and will continue to cooperate with government authorities. No government agency has informed us that any wrongdoing has occurred by any party. We cannot predict the outcome or impact of any these ongoing matters, including whether a government agency may pursue an enforcement action against us or others.

Citizen Petitions Submitted to FDA

In August 2021, Labaton Sucharow LLP, a law firm representing anonymous clients who have a short position in our stock, submitted a Citizen Petition to the FDA (*a short position allows an investor to make a financial profit from a decline in our stock price*). This Citizen Petition requests that the FDA Commissioner immediately halt the clinical development of simufilam, our drug candidate for Alzheimer’s disease. In September 2021, Labaton Sucharow LLP filed a supplement to their Citizen Petition, requesting that the FDA Commissioner immediately rescind previously granted Special Protocol Assessments (SPAs) for our Phase 3 clinical program with simufilam.

In October 2021, a second Citizen Petition was submitted to FDA by an individual unknown to us. This petitioner “*is requesting the FDA for approval of simufilam and immediate initiation of Phase 4 trials for further efficacy, safety assessment and, most critically, to address one of the greatest needs in modern medicine.*”

When a Citizen Petition requests that the FDA Commissioner take action on an issue, FDA generally has 150-180 days to provide a response. FDA has not engaged with us regarding anyone's Citizen Petition. Nor has FDA halted the clinical development of simufilam or rescinded the SPAs for our Phase 3 clinical program with simufilam, or expedited regulatory approval for simufilam. No assurance can be given that FDA will grant, deny, dismiss, defer or otherwise act upon a Citizen Petition within any timeframe, if ever.

Securities Class Actions and Shareholder Derivative Action

Between August 27 and October 26, 2021, following the submission of the Labaton Sucharow LLP Citizen Petition, four class action lawsuits were filed alleging violations of the U.S. securities laws by us and certain named officers. The complaints allege that various statements made by the defendants regarding simufilam were rendered materially false and misleading by the allegation contained in the Labaton Sucharow Citizen Petition. These actions were filed in the United States District Court for the Western District of Texas. The complaints seek unspecified compensatory damages and other relief on behalf of a purported class of purchasers of our securities between September 14, 2020, and August 27, 2021. We expect that the cases will be consolidated and that a lead plaintiff and lead counsel will be appointed and thereafter that a consolidated amended complaint will be filed. We believe the claims are without merit and intend to defend against these lawsuits vigorously. We are unable to estimate the possible loss or range of loss, if any, associated with these lawsuits.

On November 4, 2021, a related shareholder derivative action was filed, purportedly on behalf of the Company, in the United States District Court for the Western District of Texas, asserting claims under the U.S. securities laws and state fiduciary duty laws against certain named officers and the members of the Company's board of directors. The complaint relies on the Labaton Sucharow LLP Citizen Petition and alleges, among other things, that the individual defendants exposed the Company to unspecified damages and securities law liability by causing it to make materially false and misleading statements, in violation of the U.S. securities laws and in breach of their fiduciary duties to the Company. The derivative case seeks, among other things, to recover unspecified compensatory damages on behalf of the Company arising out of the individual defendants' alleged wrongful conduct. Although the plaintiffs in the derivative cases does not seek relief against the Company, we have certain indemnification obligations to the individual defendants.

Item 1A. Risk Factors

You should carefully consider the following risk factors and uncertainties together with all of the other information contained in this Quarterly Report on Form 10-Q, the risk factors disclosed under "Risk Factors" in Part I, Item 1A of our 2020 Annual Report on Form 10-K, and our other filings from time to time with the SEC. The risks and uncertainties described below and in our 2020 Annual Report on Form 10-K are not the only ones we face. Additional risks and uncertainties not presently known to us or that we currently deem immaterial may also materially adversely affect our business, financial condition or results of operations.

Our financial condition and operating results could be adversely impacted by unfavorable results of legal proceedings or government investigations.

We are subject to various claims, legal proceedings and government investigations that have arisen in the ordinary course of business and have not yet been fully resolved, and new matters may arise in the future.

We are currently facing citizen petitions and U.S. government inquiries, as well as civil claims under the U.S. securities laws, relating to the research and development of simufilam. New claims or inquiries may arise in the future. Regardless of the merit of particular claims and inquiries, defending against litigation or responding to government investigations is expensive, time-consuming, disruptive to our operations and distracting to management. In recognition of these considerations, we may enter into agreements or other arrangements to settle such matters and resolve such challenges. No assurance can be given that such agreements can be obtained on acceptable terms or that litigation will not occur.

The outcome of citizen petitions, legal proceedings or government investigations is inherently uncertain. If one or more such matters were resolved against us, our financial condition and operating results for that reporting period could be materially adversely affected. Further, such an outcome could result in significant compensatory, punitive or trebled monetary damages, disgorgement of revenue or profits, remedial corporate measures or injunctive relief against us, all of which could materially adversely affect our financial condition and operating results.

While we maintain insurance coverage for certain types of claims, such insurance coverage may be insufficient to cover all losses or all types of claims that may arise.

Our reputation and operations could be adversely impacted by allegations, regardless of their merits.

We believe that our reputation has significantly contributed to the success of our business. We also believe that maintaining and enhancing our reputation is critical to many of our core operations, such as conducting studies, working with outside vendors, hiring qualified employees, members of our Board of Directors or science collaborators, raising funds for future operations, or working with potential industry and government collaborators. Maintaining and enhancing our reputation will depend largely on our ability to develop innovative drug products, continue to generate credible scientific data and respond appropriately to our critics, which we may not do successfully.

Our reputation may be injured by published false statements purporting to be fact, or by hostile actions made by or paid for by parties who represent investors who seek a decline in the price of our securities (“short-sellers”). Such allegations and statements may be published on internet forums over which we have no control, such as social media. Regardless of merit, allegations and false statements may spread quickly and erode confidence in our reputation. Maintaining and enhancing our reputation may require us to make substantial investments in legal actions or other activities, and these investments may not be successful. If we fail to successfully maintain our reputation, or if we incur excessive expenses in this effort, our business, operations, future prospects, cash flows, and financial position may be adversely affected.

Our ability to continue to operate without any significant disruptions will in part depend on our ability to source raw materials and clinical supplies via our product supply chains.

The widespread outbreak of a novel infectious disease called Coronavirus Disease 2019, or COVID-19, has not significantly impacted our ability to source raw materials and clinical supplies to date. However, we are broadly aware of some general supply chain disruptions in certain markets due primarily to the restriction of employee movements and, in North America, due to labor shortages and transportation constraints. In addition, uncertainty in the duration and scope of the pandemic, the emergence of new variants of the virus, the likelihood of a resurgence of positive cases, the speed at which treatments and vaccines are administered and governmental actions in response to the pandemic could result in an unforeseen disruption to our supply chain and impact our operations. In addition, our ability to conduct clinical trials require the use of a host of critical ancillary supplies. Clinical ancillary supplies are general consumable or disposable products, such as sample collection tubes, latex gloves, instruments and other products routinely used in a medical or clinical research setting. We rely on independent vendors globally to supply us or our clinical collaborators with ancillary supplies. Any disruptions, gaps or shortages in the global supply chain for ancillary supplies could increase the cost or complexity of our supply chain management and delay the completion of our Phase 3 clinical program.

We cannot predict disruptions, gaps or shortages across our product supply-chains. With prolonged disruptions, there exists the possibility of a material adverse impact on our business, clinical operations, future prospects, cash flows, and financial position. Should we be unable to obtain key raw materials and clinical supplies on a timely basis, it could have a material adverse effect on our business, financial condition, results of operations, and growth prospects.

Ownership of our corporate headquarters is subject to numerous risks and uncertainties.

In August 2021, we purchased for cash an office complex in Austin, Tx., that we anticipate will serve as our corporate headquarters for the long term. The purchase required a substantial upfront investment and may require further commitments of our resources in the future. We have assumed or entered into lessor commitments with independent third parties for portions of our office complex. Commercial property ownership and related leasing activity are subject to many factors that pose substantial risks and uncertainties, including tenant default or non-payment of lease obligations by tenants. Macro-economic or other factors outside of our control could have an adverse effect on the demand for leased office space in our locale or may cause a decline in the market value of our corporate headquarters. If we fail to lease unoccupied office space at favorable rates, or if we incur excessive expenses in this effort or incur excessive leasehold improvements or property ownership expenses, our business, operations, future prospects, cash flows, and financial position may be adversely affected.

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

None.

Item 3. *Defaults Upon Senior Securities*

None.

Item 4. *Mine Safety Disclosures*

Not applicable.

Item 5. *Other Information*

None.

Item 6. Exhibits

The following exhibits have been filed with this report:

Exhibit No.	Description	Incorporated by Reference			Filed Herewith
		Form	Filing Date	Exhibit No.	
3.1	Amended and Restated Certificate of Incorporation.	10-Q	7/29/2005	3.1	
3.2	Certificate of Amendment of Restated Certificate of Incorporation.	8-K	5/8/2017	3.1	
3.3	Certificate of Amendment of Restated Certificate of Incorporation.	10-K	3/29/2019	3.3	
3.4	Amended and Restated Bylaws of Cassava Sciences, Inc.	8-K	12/11/2020	3.1	
10.4*	Agreement of Sale and Purchase Between DWF IV Lakewood, LP and Cassava Sciences, Inc. dated July 2, 2021				X
31.1	Certification of Principal Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.				X
31.2	Certification of Principal Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.				X
32.1 +	Certification of the Chief Executive Officer and the Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.				X
101.INS	XBRL Instance Document - (the instant document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document).				X
101.SCH	XBRL Taxonomy Extension Schema Document.				X
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document.				X
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document.				X
101.LAB	XBRL Taxonomy Extension Labels Linkbase Document.				X
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document.				X
104.	Cover Page Interactive Data File –(formatted as Inline XBRL and contained in Exhibit 101).				X

*Pursuant to Item 601(b)(10) of Regulation S-K, certain confidential portions of this exhibit were omitted by means of marking such portions with an asterisk because the identified confidential portions (i) are not material and (ii) would be competitively harmful if publicly disclosed.

+The certification furnished in Exhibit 32.1 hereto is deemed to accompany this Quarterly Report on Form 10-Q and will not be deemed “filed” for purposes of Section 18 of the Securities Exchange Act of 1934, as amended. Such certification will not be deemed to be incorporated by reference into any filings under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended, except to the extent that the registrant specifically incorporates it 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.

Cassava Sciences, Inc.

(Registrant)

/s/ REMI BARBIER

Remi Barbier,

Chairman of the Board of Directors,
President and Chief Executive Officer

(Principal Executive Officer)

Date: November 15, 2021

/s/ ERIC J. SCHOEN

Eric J. Schoen,

Chief Financial Officer

(Principal Financial and Accounting Officer)

Date: November 15, 2021

*Note: Certain identified information, [***], in this Exhibit 10.4 has been excluded from the exhibit as that information (i) is not material and (ii) would likely result in competitive harm to the registrant if publicly disclosed.*

AGREEMENT OF SALE AND PURCHASE

BETWEEN

**DWF IV LAKEWOOD, LP,
a Delaware limited partnership**

“Seller”

and

**CASSAVA SCIENCES, INC.,
a Delaware corporation**

“Buyer”

with Escrow Instructions for

HERITAGE TITLE COMPANY

“Escrow Agent”

TABLE OF CONTENTS

	<u>Page</u>
7	
ARTICLE I CERTAIN DEFINITIONS	1
Section 1.1 Definitions	1
Section 1.2 Rules of Construction	7
 ARTICLE II AGREEMENT OF SALE AND PURCHASE; PURCHASE PRICE	 8
Section 2.1 Agreement of Sale and Purchase	8
Section 2.2 Purchase Price	8
Section 2.3 Deposit	8
Section 2.4 Independent Consideration	8
Section 2.5 Indivisible Economic Package	8
Section 2.6 Assumption of Obligations.	8
 ARTICLE III BUYER’S DUE DILIGENCE/CONDITION OF THE PROPERTY	 9
Section 3.1 Buyer’s Inspections and Due Diligence	9
Section 3.2 Due Diligence Items	9
Section 3.3 Site Visits	10
Section 3.4 Buyer’s Due Diligence Indemnity	10
Section 3.5 Confidentiality	11
Section 3.6 Due Diligence Period	11
Section 3.7 Estoppel Certificates	12
Section 3.8 SNDAs	12
Section 3.9 Contracts	12
 ARTICLE IV TITLE AND SURVEY	 12
Section 4.1 Title to Real Property	12
Section 4.2 Certain Exceptions to Title	12
Section 4.3 Title Insurance	13
Section 4.4 Amended Commitment	13
 ARTICLE V REMEDIES AND DEPOSIT INSTRUCTIONS	 14
Section 5.1 Permitted Termination; Seller Default	14
Section 5.2 BUYER DEFAULT; LIQUIDATED DAMAGES	14
Section 5.3 Deposit Instructions	15
Section 5.4 Designation of Reporting Person	15
 ARTICLE VI REPRESENTATIONS AND WARRANTIES OF SELLER	 16
Section 6.1 Representations and Warranties of Seller	16
Section 6.2 Limited Liability	18
Section 6.3 Seller’s Knowledge	19
Section 6.4 Liability of Representations and Warranties	19

TABLE OF CONTENTS
(continued)

	<u>Page</u>
ARTICLE VII REPRESENTATIONS AND WARRANTIES OF BUYER	20
Section 7.1 Buyer's Representations and Warranties	20
Section 7.2 Buyer's Independent Investigation	21
Section 7.3 Buyer's Release of Seller.	22
Section 7.4 Discharge	23
Section 7.5 TITLE DISCLOSURE.	24
ARTICLE VIII LEASES; MAINTENANCE OF PROPERTY	24
Section 8.1 Leasing Actions	24
Section 8.2 Lease Expenses	25
Section 8.3 Lease Enforcement	26
Section 8.4 Certain Interim Operating Covenants	26
Section 8.5 HVAC Equipment	26
ARTICLE IX CLOSING AND CONDITIONS	27
Section 9.1 Escrow Instructions	27
Section 9.2 Closing	27
Section 9.3 Seller's Closing Documents and Other Items	27
Section 9.4 Buyer's Closing Documents and Other Items	28
Section 9.5 Prorations and Closing Costs	29
Section 9.6 Brokers	31
Section 9.7 Expenses	31
Section 9.8 Conditions to Buyer's Obligation to Close	31
Section 9.9 Conditions to Seller's Obligation to Close	32
ARTICLE X MISCELLANEOUS	33
Section 10.1 Amendment and Modification	33
Section 10.2 Risk of Loss and Insurance Proceeds	33
Section 10.3 Notices	34
Section 10.4 Assignment	35
Section 10.5 Governing Law and Consent to Jurisdiction	35
Section 10.6 Counterparts	36
Section 10.7 Entire Agreement	36
Section 10.8 Severability	36
Section 10.9 Attorney Fees	36
Section 10.10 Payment of Fees and Expenses	36
Section 10.11 Confidential Information	36
Section 10.12 No Joint Venture	37
Section 10.13 Waiver of Jury Trial	37

Section		
10.14	Limited Liability	37
Section		
10.15	Time of Essence	37
Section		
10.16	Time Periods	37
Section		
10.17	No Waiver	37
Section		
10.18	Not an Offer	37
Section		
10.19	No Third Party Beneficiaries	38
Section		
10.20	Prohibition Against Recording	38
Section		
10.21	Tax-Deferred Exchange	38
Section		
10.22	Disclosures.	38

TABLE OF CONTENTS
(continued)

Page

EXHIBITS AND SCHEDULES

Exhibit “A”	Description of Land
Exhibit “B”	Disclosure Items
Exhibit “C”	List of Service and Other Contracts
Exhibit “D”	Form of Deed
Exhibit “E”	Form of Bill of Sale
Exhibit “F”	Form of Assignment and Assumption of Leases
Exhibit “G”	Form of Assignment and Assumption of Contracts
Exhibit “H”	Form of Tenant Estoppel Certificate
Exhibit “I”	Description of Existing Surveys
Exhibit “J”	Non-Foreign Affidavit
Exhibit “K”	Form of Owner’s Affidavit
Schedule 3.2-1	Additional Due Diligence Items
Schedule 3.2-2	Excluded Personalty
Schedule 6.1(e)	Leasing Costs

TABLE OF CONTENTS

Page

AGREEMENT OF SALE AND PURCHASE

THIS AGREEMENT OF SALE AND PURCHASE (as amended, modified, or supplemented from time to time in writing by the parties hereto, this “**Agreement**”), dated effective for all purposes as of July 2, 2021, is between **DWF IV LAKEWOOD, LP**, a Delaware limited partnership (“**Seller**”), and **CASSAVA SCIENCES, INC.**, a Delaware corporation (“**Buyer**”).

Article I

CERTAIN DEFINITIONS

Section 1.1 Definitions. The parties hereby agree that the following terms shall have the meanings hereinafter set forth, such definitions to be applicable equally to the singular and plural forms, and to the masculine and feminine forms, of such terms:

“**Action**” shall have the meaning ascribed in Section 10.13.

“**Additional Rent Expenses**” shall have the meaning ascribed in Section 9.5(c).

“**Additional Rents**” shall have the meaning ascribed in Section 9.5(c).

“**Additional Rents Reconciliation**” shall have the meaning ascribed in Section 9.5(c).

“**Additional Rents Reconciliation Period**” shall have the meaning ascribed in Section 9.5(c).

“**Affiliate**” shall mean any person or entity that directly, or indirectly through one or more intermediaries, controls, is controlled by or is under common control with Buyer or Seller, as the case may be. For the purposes of this definition, “**control**” means the possession, direct or indirect, of the power to direct or cause the direction of the management and policies of a person, whether through the ownership of voting securities, by contract or otherwise, and the terms “**controlling**” and “**controlled**” have the meanings correlative to the foregoing.

“**Agreement**” shall have the meaning set forth in the Preamble hereof.

“**Assignment and Assumption of Contracts**” shall have the meaning ascribed in Section 9.3(d).

“**Assignment and Assumption of Leases**” shall have the meaning ascribed in Section 9.3(c).

“**Bill of Sale**” shall have the meaning ascribed in Section 9.3(b).

“Breach Notice” shall have the meaning ascribed in Section 6.2.

“Broker Commission” shall have the meaning ascribed in Section 9.5(h).

“BSA” shall have the meaning ascribed in Section 7.1(f).

“Buyer Closing Conditions” shall have the meaning ascribed in Section 9.8.

“Buyer Closing Deliveries” shall have the meaning ascribed in Section 9.4.

“Buyer Lease Expenses” shall mean, collectively, with respect to any extensions, renewals or expansions under any Pre-Effective Date Lease exercised or granted between the Effective Date and the Closing Date in accordance with the terms of this Agreement and any New Lease entered into in accordance with the terms of this Agreement, solely with respect to the portion of such extension, renewal, expansion or New Lease that accrues after the Closing Date, all (a) Commissions to effect any such leasing transaction (including, without limitation, any fees owed to the Property Manager), (b) tenant improvement allowances under the applicable Lease with regard to such leasing transaction, (c) legal fees for services in connection with the preparation of documents and other services rendered in connection with the effectuation of the leasing transaction (subject to the provisions of Section 8.1(c)), and (d) if there are any rent concessions covering any period that the Tenant has the right to be in possession of the demised space, the rents that would have accrued during the period of such concession prior to the Closing Date as if such concession were amortized over (i) with respect to any extension or renewal, the term of such extension or renewal, (ii) with respect to any expansion, that portion of the term remaining under the subject Lease after the date of any expansion, or (iii) with respect to any New Lease, the entire initial term of any such New Lease.

“Buyer’s Broker” shall have the meaning ascribed in Section 9.6.

“Buyer’s Reports” shall collectively mean the results of any examinations, inspections, tests, studies, analyses, appraisals, evaluations and/or investigations prepared by or for or otherwise obtained by Buyer and/or any Permitted Outside Parties in connection with Buyer’s Due Diligence.

“Close Associate” is a person who is widely and publicly known to maintain an unusually close relationship with a Senior Foreign Political Figure, and includes a Person who is in a position to conduct substantial United States and non-United States financial transactions on behalf of the Senior Foreign Political Figure.

“Closing” shall have the meaning ascribed in Section 9.2.

“Closing Date” shall mean, TIME BEING OF THE ESSENCE, the date on which the Closing shall occur, but in no event later than fifteen (15) days following the expiration of the Due Diligence Period.

“Closing Statement” shall have the meaning ascribed in Section 9.5(a).

“Code” means the Internal Revenue Code of 1986, as amended.

“Commission Agreements” shall mean all written agreements and documents obligating Seller or the Property Manager to pay Commissions that are not contained in a Lease, together with all amendments thereto or modifications thereof.

“Commissions” shall mean all commissions, referral fees, payments and obligations of Seller or the Property Manager to make payments to leasing agents, leasing brokers or other parties with respect to the leasing of all or any of the Property, whether such agreements are contained in a Lease or in any separate Commission Agreement.

“Contracts” shall mean the service contracts and other agreements described in Exhibit “C” and all other service contracts entered into by Seller after the Effective Date with respect to the Property in accordance with Section 8.4. For the avoidance of doubt, “Contracts” shall not include any Leases, management agreements, agreements with Seller’s Broker or any contract to which Seller or Property Manager is a party

which provides services not only to the Property, but to other properties, or pertains to the operation of the Property and any other property.

“**Deed**” shall have the meaning ascribed in Section 9.3(a).

“**Delinquent Rents**” shall have the meaning ascribed in Section 9.5(b).

“**Deposit**” shall have the meaning ascribed in Section 2.3.

“**Disclosure Items**” shall have the meaning ascribed in Section 6.1.

“**DTPA**” shall have the meaning ascribed in Section 7.2(i).

“**Due Diligence**” shall mean the review contemplated by Section 3.1 and related provisions of this Agreement.

“**Due Diligence Items**” shall mean those items, documents and deliveries contemplated in Section 3.2(a).

“**Due Diligence Period**” shall mean the time period contemplated by Section 3.1 of this Agreement.

“**Effective Date**” shall mean the date of this Agreement, as set forth on page 1 of this Agreement.

“**Election Notice**” shall have the meaning ascribed in Section 6.2.

“**Environmental Laws**” means all federal, state and local environmental laws, rules, statutes, directives, binding written interpretations, binding written policies, ordinances and regulations issued by any Governmental Entity and in effect as of the Effective Date with respect to or which otherwise pertain to or affect the Real Property or the Improvements, or any portion thereof, the use, ownership, occupancy or operation of the Real Property or the Improvements, or any portion thereof, or Seller, and as the same have been amended, modified or supplemented from time to time prior to the Effective Date, including but not limited to the Comprehensive Environmental Response, Compensation and Liability Act of 1980 (42 U.S.C. § 9601 et seq.), the Hazardous Substances Transportation Act (49 U.S.C. § 1802 et seq.), the Resource Conservation and Recovery Act (42 U.S.C. § 6901 et seq.), the Water Pollution Control Act (33 U.S.C. § 1251 et seq.), the Safe Drinking Water Act (42 U.S.C. § 300f et seq.), the Clean Air Act (42 U.S.C. § 7401 et seq.), the Solid Waste Disposal Act (42 U.S.C. § 6901 et seq.), the Toxic Substances Control Act (15 U.S.C. § 2601 et seq.), the Emergency Planning and Community Right-to-Know Act of 1986 (42 U.S.C. § 11001 et seq.), the Radon and Indoor Air Quality Research Act (42 U.S.C. § 7401 note, et seq.), the Superfund Amendment Reauthorization Act of 1986 (42 U.S.C. § 9601 et seq.), comparable state and local laws, and any and all rules and regulations which have become effective prior to Effective Date any and all of the aforementioned laws.

“**Escrow Agent**” shall mean Heritage Title Company.

“**Estoppel Condition**” shall have the meaning ascribed in Section 3.7.

“Excluded Personalty” shall have the meaning ascribed in the definition of “Personal Property”.

“Existing Survey” shall mean that certain existing ALTA survey of the Land and Improvements more particularly described on Exhibit “I” attached hereto.

“Fixtures” shall mean the fixtures which are located at and affixed to any of the Improvements as of the Closing Date, but specifically excluding any trade fixtures of the Tenants under the Leases.

“**Governmental Entity**” means the various governmental and quasi-governmental bodies or agencies having jurisdiction over Seller, the Real Property or the Improvements or any portion thereof.

“**Hazardous Materials**” means any pollutants, contaminants, mold, hazardous or toxic substances, materials or wastes (including petroleum, petroleum by-products, radon, asbestos and asbestos containing materials, polychlorinated biphenyls (“**PCBs**”), PCB-containing equipment, radioactive elements, infectious agents, and urea formaldehyde), as such terms are used in any Environmental Laws (excluding solvents, cleaning fluids and other lawful substances used and stored in material compliance with all Environmental Laws in the ordinary operation and maintenance of the Real Property, to the extent in closed containers).

“**Holdback Agreement**” shall have the meaning ascribed in Section 8.5.

“**HVAC Holdback**” shall have the meaning ascribed in Section 8.5.

“**HVAC Work**” shall have the meaning ascribed in Section 8.5.

“**Immediate Family Member**” includes the parents, siblings, spouse, children and in-laws of a Senior Foreign Political Figure.

“**Improvements**” shall mean the buildings, improvements, and structures located on the Land (but shall expressly exclude trade fixtures owned by the Tenants under the Leases, if any).

“**Independent Consideration**” shall have the meaning ascribed in Section 2.4.

“**Intrusive Testing**” shall have the meaning ascribed in Section 3.3.

“**Land**” shall mean that certain parcel of land and appurtenances thereto more particularly described on Exhibit “A” including Seller’s right, title and interest, if any, in and to all rights-of-way, open or proposed streets, alleys, easements, strips or gores of land adjacent thereto, water rights, oil, gas and mineral rights, if any.

“**Lease(s)**” shall individually and collectively (as the context so requires) mean all leases, subleases, licenses, occupancy agreements, and any other agreements (including any extensions, renewals and amendments thereto) to which Seller is a party for the use, possession, or occupancy of any portions of the Real Property, including any tenant guaranties delivered in connection with any of the foregoing, and all prepaid rent attributable to the period following Closing, and the security deposits under such Leases.

“**Leasing Action**” shall mean any of the following: (i) entering into a New Lease, except with respect to the top floor of “Building 1” of the Property which shall not be leased to any party in any event, (ii) modifying or amending any Pre-Effective Date Lease or any New Lease entered into prior to the end of the Due Diligence Period, (iii) consenting to any assignment or sublease in connection with any Pre-Effective Date Lease or New Lease, and (iv) terminating any Lease and/or removing any Tenant under any Pre-Effective Date Lease or New Lease, whether by summary proceedings or otherwise.

“Licensee Parties” shall collectively mean those authorized agents, employees, engineers, architects, contractors, consultants, surveyors and representatives of Buyer who shall inspect, investigate, test or evaluate the Property on behalf of Buyer in accordance with this Agreement.

“Licenses and Permits” shall mean, collectively, to the extent assignable, all licenses, permits, approvals, certificates of occupancy, dedications, subdivision maps and entitlements now or hereafter issued,

approved or granted by any Governmental Entity in connection with the Real Property, together with all renewals and modifications thereof.

“Liens” shall have the meaning ascribed in Section 4.2.

“Mandatory Cure Items” shall have the meaning ascribed in Section 4.2.

“New Leases” or “New Lease” shall mean, collectively, or singularly, any Lease entered into in accordance with the terms of this Agreement between the Effective Date and the Closing Date.

“OFAC” means the U.S. Department of the Treasury’s Office of Foreign Assets Control.

“OFAC List” is any list of prohibited countries, individuals, organizations and entities that is administered or maintained by OFAC, including: (i) Section 1(b), (c) or (d) of Executive Order No. 13224 (September 23, 2001) issued by the President of the United States (Executive Order Blocking Property and Prohibiting Transactions with Persons Who Commit, Threaten to Commit, or Support Terrorism), any related enabling legislation or any other similar executive orders, (ii) the List of Specially Designated Nationals and Blocked Persons maintained by OFAC, and/or on any other similar list maintained by OFAC pursuant to any authorizing statute, executive order or regulation, or (iii) a “Designated National” as defined in the Cuban Assets Control Regulations, 31 C.F.R. Part 515.

“Operating Expenses” shall mean operating expenses and common area maintenance charges, including utilities, insurance and other charges, under the Leases whether deemed additional rent or otherwise, but excluding Rent.

“Patriot Act” shall have the meaning ascribed in Section 7.1(f).

“Permitted Bring-Down Modifications” shall have the meaning ascribed in Section 9.8(c).

“Permitted Exceptions” shall mean and include all of the following: such state of facts as would be disclosed by a physical inspection or properly prepared ALTA survey of the Property, the lien of taxes and assessments not yet due and payable, any exclusions from coverage set forth in the jacket of any Owner’s Policy of Title Insurance or any standard printed exceptions, any exceptions caused by any Tenant, or for which any Tenant is otherwise responsible pursuant to its respective Lease, rights of Tenants under the Leases, any exceptions caused by Buyer, its agents, representatives or employees, such other exceptions as the Title Company shall commit to insure over, without any additional cost to Buyer, whether such insurance is made available in consideration of payment, bonding, indemnity of Seller, or otherwise, any matters deemed to constitute Permitted Exceptions under Section 4.2 hereof and any matters deemed to constitute Permitted Exceptions under Section 4.4(b) hereof.

“Permitted Outside Parties” shall have the meaning ascribed in Section 3.5.

“Permitted Transfer” shall have the meaning ascribed in Section 10.4(b).

“**Person**” means any individual, partnership, corporation, limited liability company, limited liability partnership, trust or other entity.

“**Personal Property**” shall mean all of the right, title, and interest of Seller in and to the tangible personal property, which is located at and used solely in connection with any of the Real Property as of the date hereof, but specifically excluding (a) any personal property owned, financed or leased by the Tenants under the Leases, (b) any computer software which either is licensed to Seller, or Seller deems proprietary, except to the

extent that such software is necessary to operate any building systems at the Property, and (c) any tangible personal property used by any affiliated or unaffiliated on-site property manager. Personal Property shall not include (i) any appraisals or other forward-looking economic evaluations of, or projections with respect to, all or any portion of the Property, prepared by or on behalf of Seller or any affiliate of Seller, (ii) any documents, materials or information which are subject to attorney/client, work product or similar privilege, or which are subject to a confidentiality agreement, (iii) internal memoranda, income tax records and other proprietary information, and (iv) those documents, if any, listed on Schedule 3.2-2 attached hereto (the items identified in clauses (i), (ii), (iii) and (iv) of this sentence, the “**Excluded Personalty**”). In no event shall any computers located at the Property that are required to operate any building systems at the Property be deemed to be Excluded Personalty or be excluded from the definition of Personal Property.

“**Pre-Effective Date Leases**” or “**Pre-Effective Date Lease**” shall mean, collectively, or singularly, any Lease in effect as of the Effective Date.

“**Property**” shall mean the Real Property and all of Seller’s right, title and interest in and to the Personal Property, the Leases, the Contracts (to the extent transferable under applicable law and without consent) that Buyer does not elect to terminate pursuant to Section 3.9, and all of Seller’s right, title and interest in and to all tangible and intangible assets of any nature relating solely to the Property, including, without limitation, (a) all warranties upon the Improvements or the Personal Property including, without limitation, the HVAC Warranty (as hereinafter defined), (b) rights to any plans, specifications, engineering studies, reports, drawings, and prints relating to the construction, reconstruction, modification, and alteration of Improvements, (c) all works of art, graphic designs, and other intellectual or intangible property used by Seller in connection with the Property, including any trade name associated with the Improvements, websites, telephone numbers, social media accounts and domain names for the Improvement, (d) all claims and causes of action arising out of or in connection with the Property after the Closing Date, and (e) the Licenses and Permits.

“**Property Manager**” shall mean the property manager(s) for the Property, if any.

“**Proration Items**” shall have the meaning ascribed in Section 9.5(a).

“**Purchase Price**” shall have the meaning ascribed in Section 2.2.

“**Real Property**” shall mean the Land, the Improvements, and the Fixtures.

“**Rents**” shall mean and include fixed monthly rentals, percentage rentals, special event proceeds, temporary rents, telephone receipts, locker rentals, vending machine receipts, escalation rentals, retroactive rentals, all administrative charges, association payments, storage rentals, and other sums and charges payable by tenants under the Leases or from other occupants or users of the Property, but excluding amounts received as reimbursement for, or direct payment for, Operating Expenses.

“**Seller Closing Conditions**” shall have the meaning ascribed in Section 9.9.

“**Seller Closing Deliveries**” shall have the meaning ascribed in Section 9.3.

“Seller Lease Expenses” shall mean, collectively, with respect to any extensions, renewals or expansions under any Pre-Effective Date Lease exercised or granted prior to the Effective Date, and with respect to the portion of any extension, renewal or expansion exercised or granted after the Effective Date under any Pre-Effective Date Lease, but accrues prior to the Closing Date, and the portion of any New Lease that is entered into after the Effective Date, but accrues prior to the Closing Date, all (a) Commissions to effect any such leasing transaction (including, without limitation, any fees owed to the Property Manager), (b) tenant improvement allowances under the applicable Lease with regard to such leasing transaction, (c) legal fees for

services in connection with the preparation of documents and other services rendered in connection with the effectuation of the leasing transaction (subject to the provisions of Section 8.1(c)), and (d) if there are any rent concessions covering any period that the Tenant has the right to be in possession of the demised space, the rents that would have accrued during the period of such concession prior to the Closing Date as if such concession were amortized over (i) with respect to any extension or renewal, the term of such extension or renewal or (ii) with respect to any expansion, that portion of the term remaining under the subject Lease after the date of any expansion.

“**Seller Response Notice**” shall have the meaning ascribed in Section 4.2.

“**Seller’s Broker**” shall have the meaning ascribed in Section 9.6.

“**Seller’s Cure Period**” shall have the meaning ascribed in Section 6.2.

“**Senior Foreign Political Figure**” means a senior official of a major non-United States political party or a senior executive of a government-owned corporation not organized within the United States. In addition, a “Senior Foreign Political Figure” includes any corporation, business or other entity that has been formed by or for the benefit of a Senior Foreign Political Figure.

“**SRO**” means a self-regulatory organization.

“**Survival Period**” shall have the meaning ascribed in Section 6.2.

“**Tenant Deposit**” means all advance rents and security deposits (whether cash or non-cash) paid or deposited by the Tenants to Seller, as landlord, or any other person on Seller’s behalf pursuant to the Leases (together with any interest which has accrued thereon as required by the terms of such Lease, but only to the extent such interest has accrued for the account of the respective Tenants or as required by law).

“**Tenant Estoppel Certificates**” shall have the meaning ascribed in Section 3.7.

“**Tenant Notice Letters**” shall have the meaning ascribed in Section 9.3(f).

“**Tenants**” shall mean all persons or entities occupying or entitled to possession of any portion of the Real Property pursuant to the Leases, including tenants, subtenants, and licensees.

“**Texas Water Code**” shall have the meaning ascribed in Section 10.22.

“**Title Commitment**” shall have the meaning ascribed in Section 4.1.

“**Title Company**” shall mean Heritage Title Company.

“**Title Objections**” shall have the meaning ascribed in Section 4.2.

“**Title Policy**” shall have the meaning ascribed in Section 4.3.

“**Transfer**” shall have the meaning ascribed in Section 10.4(b).

“**Updated Title Objection**” shall have the meaning ascribed in Section 4.4.

“Valid Estoppel Objection” shall have the meaning ascribed in Section 3.7.

Section 1.2 Rules of Construction. Article and section captions used in this Agreement are for convenience only and shall not affect the construction of this Agreement. All references to “Article” or “Sections” without reference to a document other than this Agreement, are intended to designate articles and sections of this Agreement, and the words “herein,” “hereof,” “hereunder,” and other words of similar import refer to this Agreement as a whole and not to any particular article or section, unless specifically designated otherwise. The use of the term “including” shall mean in all cases “including but not limited to,” unless specifically designated otherwise. No rules of construction against the drafter of this Agreement shall apply in any interpretation or enforcement of this Agreement, any documents or certificates executed pursuant hereto, or any provisions of any of the foregoing.

ARTICLE II

AGREEMENT OF SALE AND PURCHASE; PURCHASE PRICE

Section 2.1 Agreement of Sale and Purchase. Seller agrees to sell, transfer, assign and convey to Buyer, and Buyer agrees to purchase, accept and assume, subject to the terms and conditions stated herein, all of Seller’s right, title and interest in and to the Property.

Section 2.2 Purchase Price. Buyer shall pay Seller the purchase price of Twenty-One Million Nine Hundred Thousand Dollars (\$21,900,000.00) (“**Purchase Price**”) in immediately available funds at Closing. The Purchase Price, subject to closing adjustments, less the Deposit and any other amounts credited to the Buyer or the Purchase Price as set forth herein, shall be deposited with the Escrow Agent on the Closing Date in accordance with this Agreement, including, without limitation, Section 9.2 hereof. The Purchase Price shall be paid to Seller upon satisfaction of all conditions precedent to the Closing as described herein.

Section 2.3 Deposit. Within three (3) business days after Seller’s and Buyer’s execution of this Agreement, Buyer shall deposit via wire transfer the sum of \$250,000.00 in immediately available funds as a deposit (the “**Deposit**”) with Escrow Agent whose address is as indicated in Section 10.3. The Deposit shall be held and delivered by Escrow Agent in accordance with the provisions of Article V and held and disbursed in accordance with the terms hereof. Interest earned on the Deposit shall be considered part of the Deposit, and shall be deemed to have been earned by and constitute income of, Buyer. Except as otherwise expressly set forth herein, the Deposit shall be applied against the Purchase Price on the Closing Date. If Buyer fails to deposit the Deposit as specified herein, Seller may at any time prior to Buyer making the Deposit, terminate this Agreement in which case this Agreement shall be null and void and in such event neither party shall have any further rights or obligations to the other hereunder, except as otherwise set forth in this Agreement.

Section 2.4 Independent Consideration. Contemporaneously with the execution and delivery of this Agreement, Buyer has paid to Seller as further consideration for this Agreement, in cash, the sum of One Hundred and No/100 Dollars (\$100.00) (the “**Independent Consideration**”), in addition to the Deposit and the Purchase Price and independent of any other consideration provided hereunder, which Independent Consideration is fully earned by Seller and is non-refundable under any circumstances.

Section 2.5 Indivisible Economic Package. Buyer has no right to purchase, and Seller has no obligation to sell, less than all of the Property, it being the express agreement and understanding of Buyer and Seller that, as a material inducement to Seller and Buyer to enter into

this Agreement, Buyer has agreed to purchase, and Seller has agreed to sell, all of the Property, subject to and in accordance with the terms and conditions hereof.

Section 2.6 Assumption of Obligations. As additional consideration for the purchase and sale of the Property, at Closing Buyer will take the Property subject to all of the covenants and obligations of Seller, Seller's predecessors in title and Seller's Affiliates pursuant to the Leases and assumed Contracts regarding the

physical, environmental or legal compliance status of the Property arising on or after the Closing Date and, to the extent Buyer is credited or prorated for such item in connection with the closing of the transaction, for matters arising prior to the Closing Date. Buyer hereby indemnifies and holds Seller harmless from and against any and all claims, liens, damages, demands, causes of action, liabilities, lawsuits, judgments, losses, costs and expenses (including but not limited to attorneys' fees and expenses) asserted against or incurred by Seller and arising out of the failure of Buyer to (a) assume and perform all of the covenants and obligations of Seller, Seller's predecessors in title and Seller's Affiliates pursuant to the Leases and Contracts (subject to the provisions of Section 3.9), including, without limitation, those relating to any Tenant Deposits, to the extent arising out of events or circumstances occurring on or after the Closing Date, as and to the extent provided in the Assignment and Assumption of Contracts and the Assignment and Assumption of Leases; (b) discharge, perform and comply with each and every liability, duty, covenant, debt or obligation of Seller or any of its Affiliates resulting from, arising out of, or in any way related to any Licenses and Permits and arising on or after the Closing Date and, to the extent Buyer is credited or prorated for such item in connection with the closing of the transaction, for matters arising prior to the Closing Date; (c) assume Seller's obligations to pay, when due (whether on a stated due date or accelerated) any Buyer Lease Expenses in accordance with Section 8.2 of this Agreement and (d) perform its obligations pursuant to this Section 2.6. The provisions of this Section 2.6 shall survive the Closing without limitation.

Article III

BUYER'S DUE DILIGENCE/CONDITION OF THE PROPERTY

Section 3.1 Buyer's Inspections and Due Diligence. Buyer acknowledges that commencing on the Effective Date and continuing for a period which will expire at 5:00 p.m. Central Time on July 30, 2021 (as may be further extended as provided below in Section 8.1) (the "**Due Diligence Period**"), Buyer shall conduct its examinations, inspections, testing, studies and investigations (collectively, the "**Due Diligence**") of the Property, information regarding the Property and such documents applicable to the Property, as Seller delivers or makes available as set forth in Section 3.2 below. Except for any limitations as may be imposed by Section 3.4 below, Buyer may conduct such due diligence activities, inspections, and studies of the Property as it deems necessary or appropriate, and examine and investigate to its full satisfaction all facts, circumstances, and matters relating to the Property (including the physical condition and use, availability and adequacy of utilities, access, zoning, compliance with applicable laws, environmental conditions, engineering and structural matters), title and survey matters, and any other matters it deems necessary or appropriate, for purposes of consummating this transaction. The Due Diligence shall be at Buyer's sole cost and expense.

Section 3.2 Due Diligence Items.

(a) Seller has made available the following: (i) the Existing Survey; (ii) copies of all Leases and Contracts; (iii) to the extent they exist and are in Seller's possession, monthly cash flow reports for the current year to date; (iv) a copy of Seller's existing policies of title insurance, and (v) to the extent in the possession or control of Seller or Property Manager, those items set forth on Schedule 3.2-1. During the Due Diligence Period and, subject to Section 3.6 hereof, through Closing, Seller shall make available to Buyer any other such diligence items in Seller's possession or control pertaining to the Property that are reasonably requested by Buyer other than

the Excluded Personalty (such other items, together with items (i) through (v) in the previous sentence, collectively, the “**Due Diligence Items**”). Seller shall not be obligated to deliver to Buyer or make available for its review the Excluded Personalty.

(b) Buyer acknowledges and agrees that all documents, materials, and information furnished to or made available to Buyer pursuant to this Section 3.2 are being furnished or made available to Buyer for information purposes only and without any representation or warranty by Seller with respect thereto, express or

implied, except as may otherwise be expressly set forth in Article VI below and as limited by Sections 6.2 and 7.3 below, and all such documents, materials, and information are expressly understood by Buyer to be subject to the confidentiality provisions of Section 3.5 below.

Section 3.3 Site Visits. Subject to the rights of Tenants, Buyer and its Licensee Parties shall have reasonable access to the Real Property during regular business hours on at least twenty-four (24) hours' prior written notice to Seller (which, for the avoidance of doubt, may be by telephone or email). Such notice shall describe the scope of the Due Diligence Buyer intends to conduct during Buyer's access to the Real Property. Seller shall have the right to have a representative present during any visits to or inspections of the Real Property by Buyer or any Licensee Parties. Buyer will conduct its Due Diligence in a manner which is not unreasonably disruptive to Tenants or the normal operation of the Real Property. Buyer will not enter the Real Property or contact any leasing agents or Property Manager of the Real Property or any Governmental Entity without Seller's prior written consent, which such approval may be granted or withheld by Seller in its sole discretion, except that Buyer or the Licensee Parties may, without prior notice to or consent from Seller, contact Governmental Entities in order to obtain a customary zoning report (including information regarding the existence of any zoning, building, or life safety code violations) and a Phase I environmental report. Buyer shall be entitled to contact Tenants at the Real Property or make any inquiries of such Tenants by telephone, email, video conference or in-person interviews upon twenty-four (24) hours prior written notice to Seller, provided that Seller shall be entitled to reasonable opportunity to participate in or be copied on all such communications or interviews. Notwithstanding anything set forth herein, no invasive, intrusive or destructive testing or soil investigations, including, without limitation, any Phase II environmental investigations and sampling of other media or building materials (collectively, "**Intrusive Testing**"), shall be performed without the prior written approval of Seller, which such approval may be granted or withheld by Seller in its sole discretion. Buyer will identify in writing exactly what procedures Buyer desires to perform in connection with any Intrusive Testing when requesting Seller's express written consent. Upon receipt of Seller's written consent as provided in the prior sentence, Buyer and all Licensee Parties shall, in performing such Due Diligence, comply with the agreed upon procedures and with any and all laws, ordinances, rules, and regulations applicable to the Property or any of the Licensee Parties and will not engage in any activities which would violate any permit, license, environmental law or regulation, or lease. All of Buyer and any Licensee Parties will: (a) maintain comprehensive General Liability insurance in an amount no less than \$1,000,000.00 with respect to injury or death to any one person and \$2,000,000.00 with respect to injury or death to more than one person, and \$1,000,000.00 with respect to property damage, and statutory Worker's Compensation benefits including Employer's Liability in an amount no less than the amount required by applicable law, and (b) restore the Real Property and Improvements to the condition in which the same were found immediately before any such entry upon the Real Property and inspection or examination was undertaken, ordinary wear and tear excepted. Buyer shall keep the Property free from all liens caused by Buyer's Due Diligence under this Agreement and shall within fifteen (15) days after notice thereof satisfy or bond off any mechanic's, materialman's, or other liens against the Property that relate to or result from Buyer's Due Diligence under this Agreement.

Section 3.4 Buyer's Due Diligence Indemnity. Buyer shall defend, indemnify, and hold harmless Seller, and any direct or indirect owner of any beneficial interest in Seller, and any officer, director, employee agent or lender of Seller or of any direct or indirect owner of any

beneficial interest in Seller from and against any and all third-party claims, liens, damages, demands, causes of action, liabilities, lawsuits, judgments, losses, costs and expenses (including, but not limited to, reasonable attorneys' fees and expenses) (whether arising out of injury or death to persons or damage to the Property or any portion thereof or otherwise) including, but not limited to, costs of remediation, restoration and other similar activities, mechanic's and materialmen's liens, arising out of or in connection with Buyer's Due Diligence, Buyer's breach of its obligations under Section 3.5 or Buyer's or any Licensee Party's entry upon the Real Property, except to the extent any of the same are caused solely by the gross negligence, illegal acts or willful misconduct of Seller or any of its agents,

contractors, employees and/or any tenant (provided that the foregoing indemnity shall not apply to the mere discovery, as opposed to the exacerbation, of any pre-existing condition at the Property). The provisions of this Section 3.4 shall survive the Closing or, if the purchase and sale is not consummated, any termination of this Agreement, and shall not be subject to the Survival Period set forth in Section 6.2. Buyer acknowledges and agrees that money damages may not be a sufficient remedy for any breach of this Agreement and that Seller shall be entitled to specific performance and injunctive or other equitable relief as a remedy for any such breach (or any threatened breach) without the requirement of posting a bond or demonstrating the insufficiency of monetary damages. Such remedy shall not be deemed to be the exclusive remedy for breach or threatened breach of this Agreement, but shall be in addition to all other remedies available at law or in equity to Seller.

Section 3.5 Confidentiality. Buyer agrees that any non-public information of Seller obtained by Buyer or its Licensee Parties, attorneys, partners, principals, directors, members, shareholders, affiliates, representatives, advisors, agents, analysts, accountants, lenders or investors (collectively, the “**Permitted Outside Parties**”) in the conduct of its Due Diligence shall be treated as confidential pursuant to Section 10.10 of this Agreement, and shall be used only to evaluate the feasibility of Buyer’s acquisition of the Property. Prior to the purchase of the Property by Buyer, Buyer shall not divulge and shall use commercially reasonable efforts to prevent the Permitted Outside Parties from divulging such information to any unrelated third parties, except with respect to such matters that (a) are of public record, (b) are available to Buyer or the Permitted Outside Parties on a non-confidential basis prior to disclosure to Buyer by Seller, or (c) become available to Buyer or any Permitted Outside Party on a non-confidential basis from a source other than Seller or its representatives, provided that, to Buyer’s actual knowledge, such source was not itself bound by an obligation of confidentiality owed to Seller, or (d) are independently developed by Buyer or any employee or agent of Buyer who did not have access to the confidential information; provided, however, Buyer and Seller may disclose such information to (a) any Permitted Outside Party and the direct and indirect legal and beneficial owners thereof; (b) third parties as required under applicable law, rule or regulation applicable to Buyer or any Permitted Outside Party or in connection with a dispute hereunder and (c) the principals of Buyer’s Broker, Escrow Agent, the Title Company and such other persons whose assistance is required in carrying out the terms of this Agreement. Notwithstanding the foregoing or anything to the contrary contained herein, Seller acknowledges and agrees that Buyer may contact governmental officials or representatives in connection with performing a zoning/building code file review, ordering a zoning report or zoning verification letter, conducting a Phase I environmental site assessment, conducting other routine due diligence inquiries or as otherwise permitted in accordance with Section 3.3 above. With respect to the Due Diligence Items, except as may otherwise be set forth in this Agreement, Seller makes no representation or warranty, express, written, oral, statutory, or implied, and all such representations and warranties are hereby expressly excluded. Subject to the terms of this Agreement, Buyer shall not in any way be entitled to rely upon the accuracy of such information. Subject to the terms of this Agreement, the provisions of this Section 3.5 shall survive the termination of this Agreement.

Section 3.6 Due Diligence Period. Buyer may, by giving Seller written notice on or before the end of the Due Diligence Period, for any reason or no reason, terminate this Agreement and its obligations hereunder without further liability except as described in this Section 3.6 and in Sections 3.4, 3.5, 9.6, 10.9 and 10.11. If before the end of the Due Diligence Period, Buyer fails to give Seller such written notice, then Buyer shall be automatically deemed to have elected to

waive its rights to terminate this Agreement and to proceed with the acquisition of the Property. Buyer may continue its examinations, inspections, testing, studies or investigations regarding the Property after the expiration of the Due Diligence Period, and Buyer's access rights to the Property under this Agreement shall remain in effect through the earlier of (i) Closing or (ii) the earlier termination of this Agreement, but Buyer shall have no further right to terminate this Agreement from and after the expiration of the Due Diligence Period (except as otherwise expressly provided in this Agreement including, without limitation, in the event of Seller's default). If Buyer timely elects to terminate its obligations hereunder as described above, (a) Buyer shall be entitled to promptly receive a refund of the Deposit and (b) Buyer and Seller shall pay equal portions of the Escrow Agent's escrow fee and any expenses incurred by the Title

Company in connection with the Title Commitment. In the event of such termination, Buyer shall return the Due Diligence Items to Seller or destroy same, and Buyer shall provide Seller with copies of all third party reports, studies and appraisals obtained by Buyer relating to the Property in Buyer's possession, without liability, representation or warranty, and at no cost to Seller or Buyer to the extent such reports, studies or appraisals may be shared without a cost; excluding, however any attorney-client privileged communications, confidential information, or internally generated work product. The foregoing obligations shall survive any termination of this Agreement.

Section 3.7 Estoppel Certificates. Seller shall cooperate with Buyer and shall use commercially reasonable efforts to secure and deliver to Buyer at least five (5) business days prior to Closing estoppel certificates for all Leases substantially in the form attached hereto as Exhibit "H" or such form as may be required under the applicable Leases, executed by the Tenants under the Leases ("**Tenant Estoppel Certificates**"). As a condition to Closing in Buyer's favor, Buyer shall have received Tenant Estoppel Certificates at least one (1) business day prior to Closing dated not more than thirty (30) days prior to the Closing Date from Tenants under Leases comprising at least seventy-five percent (75%) of the total leased square footage of the Property (and which shall include, in any event, the following Tenant: 360 Training and Overhaul), which Tenant Estoppel Certificates are not materially and adversely inconsistent with the Leases (an objection to failure of any of the foregoing, a "**Valid Estoppel Objection**", and such condition to Closing set forth in this Section 3.7, the "**Estoppel Condition**"). If Buyer fails to assert a Valid Estoppel Objection in writing to Seller within five (5) business days after receipt by Buyer of a Tenant Estoppel Certificate along with a reasonably detailed explanation of Buyer's Valid Estoppel Objection, Buyer shall be deemed to have approved such Tenant Estoppel Certificate. Failure to deliver any Tenant Estoppel Certificate shall not be a Seller default hereunder or cause Seller to incur any liability, it being agreed that Buyer's sole remedy for such failure shall be to terminate this Agreement and receive a refund of the Deposit. Seller may elect to postpone the Closing Date for a period not to exceed five (5) business days to allow additional time to satisfy the Estoppel Condition. Seller shall deliver draft Tenant Estoppel Certificates to all of the Tenants under any Leases at the Property on or before the date that is five (5) business days after the Effective Date.

Section 3.8 SNDAs. If requested by Buyer, Seller shall use good faith, commercially reasonable efforts to present to, and obtain executed copies from, Tenants any form of subordination, non-disturbance and attornment agreement (an "**SNDA**") that may be required by Buyer's lender, provided, however, that the failure of any Tenant to deliver an executed SNDA shall not be a Seller default hereunder or cause Seller to incur any liability.

Section 3.9 Contracts. On or before the expiration of the Due Diligence Period, Buyer shall provide written notice to Seller of the Contracts that Buyer elects not to assume at Closing, which Contracts Seller shall terminate on or before Closing at Seller's sole cost and expense. Buyer shall not be required to assume, and shall not assume, any Contracts that Buyer elects to not assume pursuant to this Section 3.9. Buyer shall be required to assume (pursuant to the Assignment and Assumption of Contracts) any Contracts that Buyer does not elect to terminate in a notice given on or before the expiration of the Due Diligence Period. Buyer's failure to provide any such notice shall not constitute a default hereunder, but shall be deemed Buyer's election to assume (pursuant to the Assignment and Assumption of Contracts) the Contracts.

Article IV
TITLE AND SURVEY

Section 4.1 Title to Real Property. Seller (i) has caused Title Company to deliver to Buyer (a) a commitment to issue an owner's policy of title insurance with respect to the Property on a Texas T-7 Form commitment issued by the Title Company (the "**Title Commitment**"), and (b) to the extent available, copies of

all recorded documents referred to on Schedule B of the Title Commitment as exceptions to coverage, and (ii) has delivered to Buyer the Existing Survey.

Section 4.2 Certain Exceptions to Title. Buyer shall have the right to object in writing to any title matters that are disclosed in the Title Commitment or Existing Survey (herein collectively called “**Liens**”) on or before the date that is seven (7) business days prior to expiration of the Due Diligence Period. Unless Buyer shall timely object to the Liens, all such Liens set forth in the Title Commitment and any such supplemental reports or updates shall be deemed to constitute additional Permitted Exceptions. Any exceptions which are timely objected to by Buyer shall be herein collectively called the “**Title Objections.**” Seller may elect (but shall not be obligated) to remove or cause to be removed, or insured over, at its expense, any Title Objections, and shall be entitled to a reasonable adjournment of the Closing (not to exceed fifteen (15) business days) for the purpose of such removal, which removal will be deemed effected by the issuance of title insurance eliminating or insuring against the effect of the Title Objections. Seller shall notify Buyer in writing within five (5) business days after receipt of Buyer’s notice of Title Objections (the “**Seller Response Notice**”) whether Seller elects to remove the same. If Seller is unable to remove or endorse over any Title Objections prior to the Closing, or if Seller elects not to remove one (1) or more Title Objections (Seller shall be deemed to have provided a Seller Response Notice electing not to remove or endorse over any Title Objections for which it does not timely provide the Seller Response Notice), Buyer may elect, as its sole and exclusive remedy therefor, to either (a) terminate this Agreement by giving written notice to Seller on or before the end of the Due Diligence Period, in which event the Deposit shall be paid to Buyer and, thereafter, the parties shall have no further rights or obligations hereunder except for those obligations which expressly survive the termination of this Agreement as set forth in Sections 3.4, 3.5, 3.6, 9.6, 10.9 and 10.11, or (b) waive such Title Objections, in which event such Title Objections shall be deemed additional “Permitted Exceptions” and the Closing shall occur as herein provided without any reduction of or credit against the Purchase Price. If before the end of the Due Diligence Period, Buyer fails to give Seller such written notice, then Buyer shall be deemed to have elected to waive such Title Objections and its right to terminate this Agreement pursuant to this Section 4.2. Seller shall be entitled to apply the Purchase Price towards the payment or satisfaction of any Title Objections it elects to cure. Notwithstanding the foregoing, Seller shall be obligated at Closing to cause the release of the liens of any deed of trust or mortgage liens, mechanics and materialmen liens (only to the extent related to work contracted for by Seller), and judgment liens less than \$200,000.00 in the aggregate encumbering the Property (“**Mandatory Cure Items**”); provided, that if Seller elects not to release any such liens that it is not required to release hereunder, Buyer shall be entitled, as its sole remedy, to elect to terminate this Agreement and receive the return of the Deposit (without the need for any further consent or authorization from Seller).

Section 4.3 Title Insurance. At Closing, Title Company shall issue to Buyer or be irrevocably committed to issue to Buyer a TLTA Owner Policy of Title Insurance (the “**Title Policy**”), in the amount of the Purchase Price, insuring that fee simple title to the Real Property is vested in Buyer subject only to the Permitted Exceptions. Buyer shall be entitled to request that the Title Company provide extended coverage and/or such endorsements (or amendments) to the Title Policy as Buyer may reasonably require, provided that (a) such extended coverage and/or endorsements (or amendments) shall be at no cost to, and shall impose no additional liability on, Seller, (b) Buyer’s obligations under this Agreement shall not be conditioned upon Buyer’s ability

to obtain such extended coverage and/or endorsements and, if Buyer is unable to obtain such extended coverage and/or endorsements, Buyer shall nevertheless be obligated to proceed to close the transaction contemplated by this Agreement without reduction of or set off against the Purchase Price, and (c) the Closing shall not be delayed as a result of Buyer's request.

Section 4.4 Amended Commitment. If an updated Title Commitment is issued or any survey of the Property is updated after expiration of the Due Diligence Period, Buyer shall have three (3) business days after receipt of such updated Title Commitment and/or survey, as applicable, to object to any new Liens shown on the updated Title Commitment that were not included on the last Title Commitment or survey, as applicable,

issued prior to the expiration of the Due Diligence Period and that have a greater than de minimis adverse effect on Buyer's title to the Real Property ("Updated Title Objection(s)"). Seller shall have three (3) business days after receipt of any such objections to deliver a Seller Response Notice. If Seller does not elect to cure any Updated Title Objection Buyer shall have three (3) business days after the expiration of Seller's three (3) business day response period to elect (a) terminate this Agreement by giving written notice to Seller and Escrow Agent, in which event the Deposit shall be paid to Buyer and, thereafter, the parties shall have no further rights or obligations hereunder except for those obligations which expressly survive the termination of this Agreement as set forth in Sections 3.4, 3.5, 3.6, 9.6, 10.9 and 10.11, or (b) waive such Title Objections, in which event such Title Objections shall be deemed additional "Permitted Exceptions" and the Closing shall occur as herein provided without any reduction of or credit against the Purchase Price. Notwithstanding the foregoing, Seller must cause the release of any Mandatory Cure Items. The Closing Date will be extended to the extent necessary to allow for the objection and response time periods set forth in this Section 4.4.

Article V

REMEDIES AND DEPOSIT INSTRUCTIONS

Section 5.1 Permitted Termination; Seller Default. If the sale of the Property is not consummated due to the permitted termination of this Agreement by Buyer as herein expressly provided, the Deposit shall be returned to Buyer and Buyer will have no liability hereunder except as set forth in Sections 3.4, 3.5, 3.6, 9.6, 10.9 and 10.11. If the sale of the Property is not consummated due to Seller's default hereunder, Buyer shall be entitled, as its sole remedy, to elect (a) to terminate this Agreement and receive the return of the Deposit (without the need for any further consent or authorization from Seller) in which event Seller will reimburse Buyer for Buyer's actual and reasonable out-of-pocket expenses incurred in connection with the transaction evidenced by this Agreement (up to but not in excess of \$75,000), or (b) to enforce specific performance of the sale of the Property pursuant to this Agreement. Except as expressly set forth above in this Section 5.1, Buyer expressly waives its rights to seek any damages in the event of Seller's default prior to Closing hereunder. Buyer shall be deemed to have elected the remedy in clause (a) above if Buyer fails to file suit for specific performance against Seller in a court prescribed by Section 10.5 hereof, on or before thirty (30) days following the date upon which Closing was to have occurred. Notwithstanding any provision to the contrary, Seller shall remain liable for all damages at law or in equity if specific performance is not available as a remedy due to Seller selling the Property to a third party in violation of this Agreement; subject to a cap equal to the difference in price between such sale price and the Purchase Price.

Section 5.2 BUYER DEFAULT; LIQUIDATED DAMAGES. IF THE SALE IS NOT CONSUMMATED DUE TO ANY DEFAULT BY BUYER HEREUNDER THAT IS NOT CURED WITHIN FIVE (5) BUSINESS DAYS AFTER RECEIPT OF WRITTEN NOTICE FROM SELLER, THEN SELLER SHALL RETAIN THE DEPOSIT AS LIQUIDATED DAMAGES, WHICH RETENTION SHALL OPERATE TO TERMINATE THIS AGREEMENT AND RELEASE BUYER FROM ANY AND ALL LIABILITY HEREUNDER, EXCEPT AS PROVIDED IN SECTIONS 3.4, 3.5, 3.6, 9.6, 10.9 AND 10.11; PROVIDED, HOWEVER, THAT BUYER SHALL HAVE NO SUCH FIVE (5) BUSINESS DAY NOTICE AND CURE PERIOD IF IT FAILS TO TIMELY (i) DEPOSIT BUYER CLOSING DELIVERIES INTO ESCROW OR (ii) DELIVER THE DEPOSIT TO

ESCROW AGENT. THE PARTIES HAVE AGREED THAT SELLER'S ACTUAL DAMAGES, IN THE EVENT OF A FAILURE TO CONSUMMATE THIS SALE DUE TO BUYER'S DEFAULT, WOULD BE EXTREMELY DIFFICULT OR IMPRACTICABLE TO DETERMINE. AFTER NEGOTIATION, THE PARTIES HAVE AGREED THAT, CONSIDERING ALL THE CIRCUMSTANCES EXISTING ON THE EFFECTIVE DATE, THE AMOUNT OF THE DEPOSIT IS A REASONABLE ESTIMATE OF THE DAMAGES THAT SELLER WOULD INCUR IN SUCH EVENT. BY PLACING THEIR INITIALS BELOW, EACH PARTY SPECIFICALLY CONFIRMS THE ACCURACY OF THE

STATEMENTS MADE ABOVE AND THE FACT THAT EACH PARTY WAS REPRESENTED BY COUNSEL WHO EXPLAINED, AT THE TIME THIS AGREEMENT WAS MADE, THE CONSEQUENCES OF THIS LIQUIDATED DAMAGES PROVISION. THE FOREGOING IS NOT INTENDED TO LIMIT BUYER'S SURVIVING OBLIGATIONS UNDER THIS AGREEMENT. NOTWITHSTANDING ANYTHING TO THE CONTRARY IN THIS AGREEMENT, BUYER SHALL NOT BE LIABLE FOR DAMAGES ARISING FROM LOST PROFITS, LOSS DUE TO BUSINESS INTERRUPTION, LOSS DUE TO DIMINUTION OF VALUE, OR CONSEQUENTIAL, SPECULATIVE, SPECIAL, INDIRECT, INCIDENTAL, EXEMPLARY OR PUNITIVE DAMAGES EXCEPT FOR DAMAGES ARISING FROM BUYER'S DUE DILIGENCE OF THE PROPERTY TO THE EXTENT COVERED BY INSURANCE REQUIRED TO BE MAINTAINED BY BUYER HEREUNDER.

Initials: Seller /s/ SN Buyer /s/ RB

Section 5.3 Deposit Instructions. The Escrow Agent joins herein below to evidence its agreement to hold the Deposit in accordance with the terms and conditions of this Agreement. Further, the following provisions shall control with respect to the rights, duties and liabilities of the Escrow Agent.

(a) The Escrow Agent acts hereunder as a depository only and is not responsible or liable in any manner whatsoever for the (i) sufficiency, correctness, genuineness or validity of any written instrument, notice or evidence of a party's receipt of any instruction or notice which is received by the Escrow Agent, or (ii) identity or authority of any person executing such instruction notice or evidence.

(b) The Escrow Agent shall have no responsibility hereunder except for the performance by it in good faith of the acts to be performed by it hereunder, and the Escrow Agent shall have no liability except for its own breach of this Agreement, willful misconduct or gross negligence.

(c) The Escrow Agent shall be reimbursed on an equal basis by Buyer and Seller for any reasonable expenses incurred by the Escrow Agent arising from a dispute with respect to the Deposit, including the cost of any legal expenses and court costs incurred by the Escrow Agent, should the Escrow Agent deem it necessary to retain an attorney with respect to the disposition of the amount held in escrow, provided, however, that as between Seller and Buyer, the party that ultimately is determined to be entitled to receive the Deposit shall be reimbursed by the other party for any costs paid by such party to the Escrow Agent under this Section 5.3(c).

(d) In the event of a dispute between the parties hereto with respect to the disposition of the amount held in escrow, the Escrow Agent shall be entitled, at its own discretion, to deliver such amount to an appropriate court of law pending resolution of the dispute.

(e) The Escrow Agent shall invest the amount in escrow in accounts which are federally insured or which invest solely in government securities and shall be applied in accordance with the terms of this Agreement. Interest earned thereon shall be added to the funds deposited by Buyer.

Section 5.4 Designation of Reporting Person. In order to assure compliance with the requirements of Section 6045 of the Code, and any related reporting requirements of the Code, the parties hereto agree as follows:

(a) Provided the Escrow Agent shall execute a statement in writing (in form and substance reasonably acceptable to the parties hereunder) pursuant to which it agrees to assume all responsibilities for information reporting required under Section 6045(e) of the Code, Seller and Buyer shall designate the Escrow Agent as the person to be responsible for all information reporting under Section 6045(e) of the Code (the

“**Reporting Person**”). If the Escrow Agent refuses to execute a statement pursuant to which it agrees to be the Reporting Person, Seller and Buyer shall agree to appoint another third party as the Reporting Person.

(b) Seller and Buyer hereby agree:

(i) to provide to the Reporting Person all information and certifications regarding such party, as reasonably requested by the Reporting Person or otherwise required to be provided by a party to the transaction described herein under Section 6045 of the Code; and

(ii) to provide to the Reporting Person such party’s taxpayer identification number and a statement (on Internal Revenue Service Form W-9 or an acceptable substitute form, or on any other form the applicable current or future Code sections and regulations might require and/or any form requested by the Reporting Person), signed under penalties of perjury, stating that the taxpayer identification number supplied by such party to the Reporting Person is correct.

Each party hereto agrees to retain this Agreement for not less than four years from the end of the calendar year in which the Closing occurred, and to produce it to the Internal Revenue Service upon a valid request therefor.

Article VI

REPRESENTATIONS AND WARRANTIES OF SELLER

Section 6.1 Representations and Warranties of Seller. Subject to the provisions of Sections 6.2 and 7.4, and except for those matters disclosed in any written materials, documents or information provided or made available to Buyer at least three (3) business days prior to the expiration of the Due Diligence Period (except as noted in Section 6.2 below), including, without limitation, those described in Section 3.2 and/or described in Exhibit “B” (the “**Disclosure Items**”) for which Seller makes no representations or warranties of any kind and for which Seller shall have no liability or obligation to Buyer of any kind whatsoever (except as expressly provided in this Agreement), Seller makes the following representations and warranties:

(a) **Status.** Seller is a limited partnership duly organized or formed, validly existing and in good standing under the laws of the State of Delaware and is qualified to transact business in the State of Texas.

(b) **Authority.** The execution and delivery of this Agreement and the performance of Seller’s obligations hereunder have been or will be duly authorized by all necessary action on the part of Seller, and this Agreement constitutes the legal, valid and binding obligation of Seller, subject to equitable principles and principles governing creditors’ rights generally.

(c) **Non-Contravention.** The execution and delivery of this Agreement by Seller and the consummation by Seller of the transactions contemplated hereby will not (i) violate any judgment, order, injunction, decree, regulation or ruling of any court or Governmental Entity or (ii) conflict with, result in a breach of, or constitute a default under the organic documents of

Seller, any note or other evidence of indebtedness, any mortgage, deed of trust or indenture, or any lease or other material agreement or instrument to which Seller is a party or by which Seller or the Property may be bound.

(d) **Suits and Proceedings.** There are no legal actions, suits or similar proceedings pending and served, or, to Seller's knowledge, threatened in writing against Seller or the Property.

(e) **Leasing.** Seller has delivered to Buyer true and complete copies, in all material respects, of all Leases, all extensions, renewals and amendments thereto, and all Commission Agreements pursuant to

which any commissions are or may be due with respect to the Leases (including, without limitation, any commissions that may be due with respect to the future exercise by a Tenant of any extensions, renewals or expansions granted to the Tenant in a Lease). The Leases delivered to Buyer are in full force and effect. Except as set forth on Schedule 6.1(e) attached hereto and incorporated herein by reference or with respect to items for which Buyer is receiving a credit at closing, all Commissions and tenant improvement allowances or work with respect to Pre-Effective Date Leases arising with respect to the current unexpired term of such Pre-Effective Date Leases have been paid in full. Seller has not sent to, or received from, any Tenant any written notice under any of the Leases claiming that any tenant or Seller is in material default of its obligations under any of the Leases other than material defaults that have been cured. To Seller's actual knowledge, no Tenant is in material default of its obligations under any of the Leases other than material defaults that have been cured. To the extent a Tenant delivers any estoppel certificate which is approved by Buyer and which indicates any of the foregoing representation of Seller is, in any respect, untrue, the foregoing representation of Seller shall be deemed modified, revised, and corrected as set forth in the estoppel. Seller has not pledged or granted a security interest in its interest in any of the Leases which will be binding on Buyer or the Property after Closing.

(f) **Contracts.** Except for the Contracts referenced on Exhibit "C", there are no material contracts or written agreements with respect to the Property to which Seller is a party or by which it is bound that are currently in effect and will be in effect after Closing relating to operations, leasing, construction, architectural services, parking, maintenance or other supplies or services, management, leasing or brokerage services, or any equipment leases. Seller has not sent to, or to its knowledge, received from, any party to a Contract any written notice claiming that the party or Seller is in material default of its obligations under any of the Contracts other than material defaults that have been cured.

(g) **Non-Foreign Entity.** Seller is not a "foreign person" or "foreign corporation" as those terms are defined in the Code, and the regulations promulgated thereunder.

(h) **Consents.** No consent, waiver, approval or authorization is required from any person or entity (that has not already been obtained prior to the execution hereof or Closing, as applicable) in connection with the execution and delivery of this Agreement by Seller or the performance by Seller of the transactions contemplated hereby.

(i) **Condemnation.** Seller has not received any written condemnation notice from a Governmental Entity with respect to all or part of the Property.

(j) **Bankruptcy.** Seller has not (i) commenced a voluntary case, or had entered against it a petition, for relief under any federal bankruptcy act or any similar petition, order or decree under any federal or state law or statute relative to bankruptcy, insolvency or other relief for debtors, (ii) caused, suffered or consented to the appointment of a receiver, trustee, administrator, conservator, liquidator or similar official in any federal, state or foreign judicial or non-judicial proceedings, to hold, administer and/or liquidate all or substantially all of its property, or (iii) made an assignment for the benefit of creditors.

(k) **Violation of Laws.** Seller has received no written notice of any uncured, material violation of any laws, rules, statutes, directives, binding written interpretations, binding

written policies, ordinances, codes and regulations, including, without limitation, applicable environmental laws, issued by any Governmental Entity.

(l) **Patriot Act.** Seller is in compliance with all applicable anti-money laundering and anti-terrorist laws, regulations, rules, executive orders and government guidance, including the reporting, record keeping and compliance requirements of the Bank Secrecy Act (“**BSA**”), as amended by The International Money Laundering Abatement and Financial Anti-Terrorism Act of 2001, Title III of the USA PATRIOT Act (the “**Patriot Act**”), and other authorizing statutes, executive orders and regulations administered by OFAC,

and related Securities and Exchange Commission, SRO or other agency rules and regulations, and has policies, procedures, internal controls and systems that are reasonably designed to ensure such compliance.

(m) **OFAC.** Neither: (i) Seller, any Affiliate of Seller nor any Person controlled by Seller; nor (ii) to the best of knowledge of Seller, after making due inquiry, any Person who owns a controlling interest in or otherwise controls Seller; nor (iii) to the best of knowledge of Seller, after making due inquiry, if Seller is a privately held entity, any Person otherwise having a direct or indirect beneficial interest (other than with respect to an interest in a publicly traded entity) in Seller; nor (iv) any Person for whom Seller is acting as agent or nominee in connection with this investment, is a country, territory, Person, organization, or entity named on an OFAC List, nor is a prohibited country, territory, Person, organization, or entity under any economic sanctions program administered or maintained by OFAC.

(n) **Miscellaneous.**

(i) There are no options or rights in any party, other than Buyer, to purchase, or acquire any fee ownership interest in the Property;

(ii) The Property is separately assessed for real property tax assessment purposes and is not combined with any other real property for such tax assessment purposes. Seller has received no written notice from any governmental agency with taxing authority of any contemplated or actual, re-assessments of the Property or any part thereof for general real estate tax purposes or special assessment purposes. Seller has received no written notice from any governmental agency with taxing authority over the Property of any pending or threatened special assessments affecting the Property.

Section 6.2 Limited Liability. The representations and warranties of Seller set forth in Section 6.1 will survive the Closing for a period of nine (9) months (as may be extended pursuant to this Section 6.2) (the “**Survival Period**”), but not thereafter, it being the intention of the parties that all suits or actions for any such breach, and any action for liabilities resulting from any such breach, must identify with specificity each such breach and must be brought, if at all, prior to the expiration of the Survival Period, or they shall be forever barred. Buyer will not have any right to bring any action against Seller as a result of any untruth or inaccuracy of such representations and warranties, or any such breach, (x) if Buyer had knowledge that such representation and warranty was untrue prior to Closing yet proceeded to close and (y) unless and until the aggregate amount of all liability and Losses (as defined below) arising out of any such untruth or inaccuracy, or any such breach, exceeds \$50,000.00, and if such liability and Losses exceed such amount, Buyer shall thereafter be entitled to recover the entire amount of such liability and Losses. In addition, in no event will Seller’s liability for all such breaches exceed, in the aggregate, \$500,000.00. Notwithstanding anything set forth herein to the contrary, Buyer shall take, and shall cause its Affiliates to take, reasonable steps to mitigate and otherwise minimize their Losses to the extent reasonably possible upon and after becoming aware of any event which would reasonably be expected to give rise to any such Losses. In the event of any breach of any of Seller’s representations or warranties that is discovered by Buyer during the Survival Period, Buyer shall give Seller written notice of such alleged breach (a “**Breach Notice**”) prior to the expiration of the Survival Period and shall allow Seller the opportunity to cure any such alleged breach that is reasonably susceptible of cure prior to making any claim for damages under this Agreement, in

each case, as more particularly set forth below. In the event that Seller elects, by written notice to Buyer (an “**Election Notice**”) within ten (10) business days of receipt of any Breach Notice, to cure any such breach that is reasonably susceptible of cure, Seller shall have a period of time (“**Seller’s Cure Period**”) equal to thirty (30) days (as such period shall be extended for such time as may be reasonably necessary to cure any such breach that is not reasonably capable of cure within such initial thirty (30) day period, but in no event for more than an additional thirty (30) days) to attempt to cure such breach prior to Buyer making a claim for damages under this Agreement with respect thereto. The Survival Period with respect to any breach alleged in a Breach Notice shall be extended to the date that is ten (10) business days after

the lesser of (i) the period of time from (A) delivery of the Breach Notice from Buyer to Seller to (B) delivery of written notice from Seller to Buyer that it either does not intend to cure, or has been unable to cure, such breach (or that such breach does not constitute a breach), and (ii) Seller's Cure Period. In the event Seller delivers an Election Notice to Buyer, Buyer shall allow Seller to have reasonable access to the Property and shall reasonably cooperate with Seller (at no out-of-pocket cost or expense to Buyer) to allow Seller to prosecute the cure of the applicable breach during Seller's Cure Period. In the event Seller accesses the Property, the provisions relating to Buyer's access to the Property under Section 3.3 of this Agreement shall apply to Seller and Seller's access to the Property. Buyer waives all rights and remedies pursuant to this Section 6.2 with respect to all breaches, if any, not alleged in a Breach Notice delivered during the Survival Period. Seller shall have no liability with respect to any of Seller's representations, warranties and covenants herein if, prior to the Closing, Buyer has actual knowledge of any breach of a representation, warranty or covenant of Seller herein, or Buyer obtains actual knowledge (from any written source, including, without limitation, any Due Diligence Items delivered to Buyer at least three (3) business days prior to the Closing Date, Buyer's Reports, Tenant Estoppel Certificates or other tenant estoppel certificates, as a result of Buyer's Due Diligence or as a result of written disclosure by Seller or Seller's agents, representatives and/or employees received by Buyer at least three (3) business days prior to the Closing Date) that contradicts any of Seller's representations and warranties herein or evidences such a breach, and Buyer nevertheless consummates the transaction contemplated by this Agreement. Buyer shall be deemed to have actual knowledge of all information, matters and circumstances set forth, described or otherwise referenced in any of the written files, documents, materials, analyses, studies, tests or reports and other Due Diligence Items disclosed or made available to Buyer at least three (3) business days prior to the Closing Date or obtained by or on behalf of Buyer with respect to the Property. Sections 3.4, 3.5, 9.6, 10.9 and 10.11 will survive Closing without limitation unless a specified period is otherwise provided in this Agreement. All other representations, warranties, covenants and agreements made or undertaken by Seller under this Agreement, unless otherwise specifically provided herein, will not survive the Closing Date but will be merged into the Deed and other Closing documents delivered at the Closing. Additionally, in the event that Buyer subsequently recovers any amount in respect to all or part of any claim for a breach by Seller from any other person or entity, Buyer shall forthwith repay to Seller the amounts so recovered up to the amount theretofore paid by Seller with respect to Buyer's claim for such breach. Notwithstanding anything to the contrary herein, Buyer agrees that Seller shall have no liability under this Agreement or otherwise for any breach or failure of any representation, warranty or covenant to the extent Buyer or any direct or indirect owner or affiliate of Buyer or any agent, employee, contractor and/or representative of any of the foregoing Persons intentionally caused such breach or failure. For the purposes of this Section 6.2, the term "**Losses**" shall mean any direct, actual loss, liability, demand, claim, action, cause of action, cost, damage, interest, penalty, fine or expense (including interest, penalties, reasonable attorneys' fees); provided, that (a) Losses will not be measured by any multiplier of profits, earnings or cash flow and (b) Losses will not include lost profits, loss due to business interruption, loss due to diminution of value, or consequential, speculative, special, indirect, incidental, exemplary or punitive damages. This Section 6.2 shall survive the Closing.

Section 6.3 Seller's Knowledge. For purposes of this Agreement and any document delivered at Closing, whenever the phrase "to Seller's knowledge," or the "knowledge" of any Seller or words of similar import are used, they shall be deemed to refer to facts within the actual

knowledge only of Steve Novick and Costa Petrunoff (the “**Knowledge Parties**”) and no others, at the times indicated only, without any duty of inquiry. Seller represents and warrants that the Knowledge Parties are individuals within Seller’s organization that have sufficient knowledge to make the representations of Seller set forth herein, which representation and warranty shall survive Closing.

Section 6.4 Liability of Representations and Warranties. Buyer acknowledges and agrees that the Knowledge Parties are named solely for the purpose of defining and narrowing the scope of Seller’s knowledge and not for the purpose of imposing any liability on or creating any duties running from the Knowledge Parties

to Buyer. Buyer covenants that it will bring no action of any kind against a Knowledge Party, any shareholder, partner or member of Seller, as applicable, or related to or arising out of these representations and warranties. This Section 6.4 shall survive the Closing or any termination of this Agreement.

Article VII

REPRESENTATIONS AND WARRANTIES OF BUYER

Section 7.1 Buyer's Representations and Warranties. Buyer represents and warrants to Seller the following:

(a) **Status.** Buyer is a corporation duly organized or formed, validly existing and in good standing under the laws of the state of its formation, as applicable, and is qualified (or will be qualified prior to Closing) to transact business in the State of Texas.

(b) **Authority.** The execution and delivery of this Agreement and the performance of Buyer's obligations hereunder have been or will be duly authorized by all necessary action on the part of Buyer and this Agreement constitutes the legal, valid and binding obligation of Buyer, subject to equitable principles and principles governing creditors' rights generally.

(c) **Non-Contravention.** The execution and delivery of this Agreement by Buyer and the consummation by Buyer of the transactions contemplated hereby will not violate any judgment, order, injunction, decree, regulation or ruling of any court or Governmental Entity or conflict with, result in a breach of, or constitute a default under the organizational documents of Buyer, any note or other evidence of indebtedness, any mortgage, deed of trust or indenture, or any lease or other material agreement or instrument to which Buyer is a party or by which it is bound.

(d) **Consents.** No consent, waiver, approval or authorization is required from any person or entity (that has not already been obtained or that will be obtained prior to Closing) in connection with the execution and delivery of this Agreement by Buyer or the performance by Buyer of the transactions contemplated hereby.

(e) **Bankruptcy.** Buyer has not (i) commenced a voluntary case, or had entered against it a petition, for relief under any federal bankruptcy act or any similar petition, order or decree under any federal or state law or statute relative to bankruptcy, insolvency or other relief for debtors, (ii) caused, suffered or consented to the appointment of a receiver, trustee, administrator, conservator, liquidator or similar official in any federal, state or foreign judicial or non-judicial proceeding, to hold, administer and/or liquidate all or substantially all of its property, or (iii) made an assignment for the benefit of creditors.

(f) **Patriot Act.** Buyer is in compliance with all applicable anti-money laundering and anti-terrorist laws, regulations, rules, executive orders and government guidance, including the reporting, record keeping and compliance requirements of the Bank Secrecy Act ("BSA"), as amended by The International Money Laundering Abatement and Financial Anti-Terrorism Act of 2001, Title III of the USA PATRIOT Act (the "**Patriot Act**"), and other

authorizing statutes, executive orders and regulations administered by OFAC, and related Securities and Exchange Commission, SRO or other agency rules and regulations, and has policies, procedures, internal controls and systems that are reasonably designed to ensure such compliance.

(g) **OFAC.** Neither: (i) Buyer, any Affiliate of Buyer nor any Person controlled by Buyer; nor (ii) to the best of knowledge of Buyer, after making due inquiry, any Person who owns a controlling interest in or otherwise controls Buyer; nor (iii) to the best of knowledge of Buyer, after making due inquiry, if Buyer is a privately held entity, any Person otherwise having a direct or indirect beneficial interest (other than with respect

to an interest in a publicly traded entity) in Buyer; nor (iv) any Person for whom Buyer is acting as agent or nominee in connection with this investment, is a country, territory, Person, organization, or entity named on an OFAC List, nor is a prohibited country, territory, Person, organization, or entity under any economic sanctions program administered or maintained by OFAC.

(h) **Senior Foreign Political Figure.** Unless disclosed in writing to Seller on the date hereof, it is not a Senior Foreign Political Figure, or an Immediate Family Member or a Close Associate of a Senior Foreign Political Figure, that it is not controlled by a Senior Foreign Political Figure, or an Immediate Family Member or a Close Associate of a Senior Foreign Political Figure, and that, to the best of Buyer's knowledge, after making due inquiry, none of the direct or indirect owners of Buyer (other than any owner(s) of any interest(s) in a publicly-traded entity) is a Senior Foreign Political Figure, or an Immediate Family Member or a Close Associate of a Senior Foreign Political Figure.

(i) **Brokerage.** Buyer represents and warrants that there are no claims for brokerage commissions, finders' fees or similar compensation in connection with this Agreement based on any arrangement or agreement entered into by Buyer, other than the Broker Commission.

Buyer's representations and warranties contained in this Section 7.2 shall survive the Closing for the Survival Period. Any claims by Seller alleging any breach of the Buyer's representations and warranties contained in this Section 7.2 must be brought on or before the expiration of the Survival Period, or such claims shall be forever barred.

Section 7.2 Buyer's Independent Investigation. Buyer has been given, or will be given before the end of the Due Diligence Period, a full opportunity to inspect and investigate each and every aspect of the Property, either independently or through agents of Buyer's choosing, including, without limitation:

(a) All matters relating to title, together with all governmental and other legal requirements such as taxes, assessments, zoning, use permit requirements, and building codes and/or the state of entitlements;

(b) The physical condition and aspects of the Property, including, without limitation, the interior, the exterior, the square footage within the improvements on the Real Property and within each tenant space therein, the structure, the paving, the utilities, and all other physical and functional aspects of the Property, including, without limitation, an examination for the presence or absence of Hazardous Materials, which shall be performed or arranged by Buyer at Buyer's sole expense;

(c) Any easements and/or access rights affecting the Property;

(d) The Leases and all matters in connection therewith, including, without limitation, the ability of the Tenants to pay Rent;

(e) The Contracts, the Licenses and Permits, the Commission Agreements and any other documents or agreements of significance affecting the Property; and

(f) All other matters of material significance affecting the Property or delivered to Buyer by Seller in accordance with Article III of this Agreement.

(g) THE TRANSACTION CONTEMPLATED BY THIS AGREEMENT HAS BEEN NEGOTIATED BETWEEN SELLER AND BUYER, THIS AGREEMENT REFLECTS THE MUTUAL AGREEMENT OF SELLER AND BUYER, AND BUYER HAS CONDUCTED ITS OWN INDEPENDENT EXAMINATION OF THE PROPERTY. OTHER THAN THE MATTERS REPRESENTED IN SECTION 6.1 HEREOF AS SUCH MAY BE LIMITED BY SECTION 6.2

HEREOF AND THE WARRANTY OF TITLE CONTAINED IN THE DEED (“SELLER’S REPRESENTATIONS”), BUYER HAS NOT RELIED UPON AND WILL NOT RELY UPON, EITHER DIRECTLY OR INDIRECTLY, ANY REPRESENTATION OR WARRANTY OF SELLER OR ANY OF SELLER’S AGENTS OR REPRESENTATIVES, AND BUYER HEREBY ACKNOWLEDGES THAT NO SUCH REPRESENTATIONS HAVE BEEN MADE. EXCEPT FOR SELLER’S REPRESENTATIONS, SELLER SPECIFICALLY DISCLAIMS, AND NEITHER IT NOR ANY OTHER PERSON IS MAKING, ANY REPRESENTATION, WARRANTY OR ASSURANCE WHATSOEVER TO BUYER AND NO WARRANTIES OR REPRESENTATIONS OF ANY KIND OR CHARACTER, EITHER EXPRESS OR IMPLIED, ARE MADE BY SELLER OR RELIED UPON BY BUYER WITH RESPECT TO THE STATUS OF TITLE TO OR THE MAINTENANCE, REPAIR, CONDITION, DESIGN OR MARKETABILITY OF THE PROPERTY, OR ANY PORTION THEREOF, INCLUDING BUT NOT LIMITED TO (i) ANY IMPLIED OR EXPRESS WARRANTY OF MERCHANTABILITY, (ii) ANY IMPLIED OR EXPRESS WARRANTY OF FITNESS FOR A PARTICULAR PURPOSE, (iii) ANY IMPLIED OR EXPRESS WARRANTY OF CONFORMITY TO MODELS OR SAMPLES OF MATERIALS, (iv) ANY RIGHTS OF BUYER UNDER APPROPRIATE STATUTES TO CLAIM DIMINUTION OF CONSIDERATION, (v) ANY CLAIM BY BUYER FOR DAMAGES BECAUSE OF DEFECTS, WHETHER KNOWN OR UNKNOWN, WITH RESPECT TO THE IMPROVEMENTS OR THE PERSONAL PROPERTY, (vi) THE FINANCIAL CONDITION OR PROSPECTS OF THE PROPERTY, (vii) THE COMPLIANCE OR LACK THEREOF OF THE REAL PROPERTY OR THE IMPROVEMENTS WITH GOVERNMENTAL REGULATIONS, (viii) THE COMPLIANCE OR LACK THEREOF OF THE REAL PROPERTY OR THE IMPROVEMENTS WITH APPLICABLE ENVIRONMENTAL LAWS OR THE PRESENCE OR ABSENCE OF HAZARDOUS MATERIALS AT, ON, IN, UNDER OR ADJACENT TO THE PROPERTY OR ANY PORTION THEREOF, AND (ix) THE PHYSICAL AND/OR ENVIRONMENTAL CONDITION, WHETHER VISIBLE OR NOT, OF THE PROPERTY OR THE CONDITION OR SAFETY OF THE PROPERTY OR ANY IMPROVEMENTS THEREON, INCLUDING, BUT NOT LIMITED TO, PLUMBING, SEWER, HEATING, VENTILATING AND AIR CONDITIONING, LIFE SAFETY, BUILDING MANAGEMENT, VERTICAL TRANSPORTATION, AND ELECTRICAL SYSTEMS, ROOFING, FOUNDATIONS, SOILS AND GEOLOGY, OR LOT SIZE, IT BEING THE EXPRESS INTENTION OF SELLER AND BUYER THAT, EXCEPT AS EXPRESSLY SET FORTH IN THIS AGREEMENT, THE PROPERTY WILL BE CONVEYED AND TRANSFERRED TO BUYER IN ITS PRESENT CONDITION AND STATE OF REPAIR, “AS IS” AND “WHERE IS”, WITH ALL FAULTS, WITH NO RIGHT OF SETOFF OR REDUCTION IN THE PURCHASE PRICE EXCEPT FOR SELLER’S REPRESENTATIONS AND CREDITS EXPRESSLY PROVIDED TO BUYER.

(h) Buyer represents that it is a knowledgeable and sophisticated buyer of real estate, and that, except for Seller’s Representations, it is relying solely on its own expertise and that of Buyer’s consultants in purchasing the Property. Buyer acknowledges and agrees that it will have the opportunity to conduct such inspections, investigations and other independent examinations of the Property and related matters, including but not limited to the physical and environmental conditions thereof, during the Due Diligence Period and will rely upon same and not upon any statements of Seller or of any Affiliate, member, partner, shareholder, manager,

officer, director, employee, representative, agent or attorney of Seller, other than Seller's Representations. Buyer acknowledges that all information obtained by Buyer will be obtained from a variety of sources and, except for Seller's Representations, Seller will not be deemed to have represented or warranted the completeness, truth or accuracy of any of the Due Diligence Items or other such information heretofore or hereafter furnished to Buyer. Upon Closing, except for Seller's Representations, Buyer will assume the risk that adverse matters, including, but not limited to, adverse physical and environmental conditions, may not have been revealed by Buyer's inspections and investigations. Buyer acknowledges and agrees that upon Closing, Seller will sell and convey to Buyer, and Buyer will accept the Property, "AS IS, WHERE IS," with all faults, except for Seller's Representations. Buyer further acknowledges and agrees that there are no oral agreements,

warranties or representations, collateral to or affecting the Property, by Seller, and any member of Seller, any broker or other agent of Seller or any third party. Seller is not liable or bound in any manner by any oral or written statements, representations or information pertaining to the Property furnished by any real estate broker, agent, employee, servant or other Person, unless the same are specifically set forth or referred to herein. Except for Seller's Representations, Buyer acknowledges that the Purchase Price reflects the "as is, where is" nature of this sale and any faults, liabilities, defects or other adverse matters that may be associated with the Property.

BUYER, WITH BUYER'S COUNSEL, HAS FULLY REVIEWED THE DISCLAIMERS AND WAIVERS SET FORTH IN THIS AGREEMENT, AND UNDERSTANDS THE SIGNIFICANCE AND EFFECT THEREOF. BUYER ACKNOWLEDGES AND AGREES THAT THE DISCLAIMERS AND OTHER AGREEMENTS SET FORTH HEREIN ARE AN INTEGRAL PART OF THIS AGREEMENT, AND THAT SELLER WOULD NOT HAVE AGREED TO SELL THE PROPERTY TO BUYER FOR THE PURCHASE PRICE WITHOUT THE DISCLAIMER AND OTHER AGREEMENTS SET FORTH IN THIS AGREEMENT. THE TERMS AND CONDITIONS OF THIS SUBSECTION 7.2(h) WILL EXPRESSLY SURVIVE THE CLOSING, WILL NOT MERGE WITH THE PROVISIONS OF ANY CLOSING DOCUMENTS AND WILL NOT BE INCORPORATED INTO THE DEED.

(i) BUYER IS A SOPHISTICATED REAL ESTATE INVESTOR AND HAS KNOWLEDGE AND EXPERIENCE IN FINANCIAL AND BUSINESS MATTERS THAT ENABLE IT TO EVALUATE THE MERITS AND RISKS OF THIS TRANSACTION. EXCEPT FOR SELLER'S REPRESENTATIONS, BUYER HEREBY WAIVES, TO THE FULLEST EXTENT PERMITTED BY LAW, ANY RIGHTS, REMEDIES AND BENEFITS UNDER THE TEXAS DECEPTIVE TRADE PRACTICES-CONSUMER PROTECTION ACT (SECTIONS 17.41 AND FOLLOWING OF THE TEXAS BUSINESS AND COMMERCE CODE) (THE "DTPA") AND ANY OTHER SIMILAR CONSUMER PROTECTION LAW, WHETHER FEDERAL, STATE OR LOCAL. EXCEPT FOR ANY BREACH OF SELLER'S REPRESENTATIONS OR COVENANTS UNDER THIS AGREEMENT, BUYER COVENANTS NOT TO SUE SELLER UNDER THE DTPA OR ANY SUCH SIMILAR CONSUMER PROTECTION LAW. THE TERMS AND CONDITIONS OF THIS SUBSECTION 7.2(i) WILL EXPRESSLY SURVIVE THE CLOSING, WILL NOT MERGE WITH THE PROVISIONS OF ANY CLOSING DOCUMENTS AND WILL BE INCORPORATED INTO THE DEED.

Section 7.3 Buyer's Release of Seller.

(a) Except as expressly provided in Section 6.1 hereof, Seller is hereby released from all responsibility and liability to Buyer regarding the condition (including its physical condition and its compliance with applicable laws, and the presence in the soil, air, structures and surface and subsurface waters, of Hazardous Materials or substances that have been or may in the future be determined to be toxic, hazardous, undesirable or subject to regulation and that may need to be specially treated, handled and/or removed from the Property under current or future federal, state and local laws, regulations or guidelines), valuation, salability or utility of the Property, or its suitability for any purpose whatsoever except to the extent that such responsibility or liability is the result of the inaccuracy (if any) of Seller's representations under Section 6.1 hereof, as to which Seller's liability, if any, shall be limited as provided in Section 6.2.

(b) The foregoing waiver and release by Buyer shall survive either (a) the Closing and the recordation of the Deed, and shall not be deemed merged into the Deed upon its recordation, or (b) any termination of this Agreement.

Section 7.4 Discharge. Notwithstanding any other provisions contained herein, or in any document or instrument delivered in connection with the transfer contemplated hereby, to the contrary (including, without limitation, any language providing for survival of certain provisions hereof or thereof), Buyer hereby

acknowledges and agrees that (a) prior to Closing, Buyer's sole recourse in the event of a breach by Seller shall be as set forth in Section 5.1 hereof, and (b) Seller shall, upon consummation of Closing, be deemed to have satisfied and fulfilled all of Seller's covenants, indemnities, and obligations contained in this Agreement and the documents delivered pursuant hereto, and Seller shall have no further liability to Buyer or otherwise with respect to this Agreement, the transfers contemplated hereby, or any documents delivered pursuant hereto, except in all cases to the extent of any obligation or liability Seller may have under Section 6.1 as to which Seller's liability, if any, shall be limited as provided in Section 6.2 or with respect to any covenants that are expressly stated to survive the Closing. This Section 7.4 shall survive either (i) the Closing and the recordation of the Deed, and shall not be deemed merged into the Deed upon its recordation, or (ii) any termination of this Agreement. Notwithstanding anything to the contrary in this Agreement, Buyer does not waive or release Seller for, and the limitations of Seller's liability contained in this Agreement shall not apply to, any fraud or intentional material misrepresentation by Seller.

Section 7.5 TITLE DISCLOSURE.

IN ACCORDANCE WITH THE TERMS OF THE REAL ESTATE LICENSE ACT OF TEXAS, YOU, AS BUYER, ARE ADVISED THAT YOU SHOULD HAVE THE ABSTRACT COVERING THE REAL PROPERTY EXAMINED BY AN ATTORNEY OF YOUR CHOICE, OR BE FURNISHED WITH OR OBTAIN A POLICY OF TITLE INSURANCE. BUYER ACKNOWLEDGES RECEIPT OF SUCH NOTICE BY ITS EXECUTION OF THIS AGREEMENT.

Article VIII

LEASES; MAINTENANCE OF PROPERTY

From the date hereof until the Closing, and except as otherwise consented to or approved by Buyer, Seller covenants and agrees with Buyer as follows:

Section 8.1 Leasing Actions.

(a) After the Effective Date and prior to the end of the Due Diligence Period, Seller, in its sole discretion, and without Buyer's consent, shall have the right to undertake any Leasing Action it deems advisable, so long as such Leasing Action does not generate any Buyer Lease Expenses (in which event Seller shall not undertake such Leasing Action without Buyer's prior written consent, which consent may be given or withheld in Buyer's reasonable discretion); provided, however, Seller shall provide Buyer with written notice concerning such Leasing Action promptly after the taking of such Leasing Action, but in no event later than the last day of the Due Diligence Period, together with true and correct copies of all documents entered into in connection with such Leasing Action, information regarding the nature and financial condition of the Tenants (if Seller is not prohibited from providing such information) and such other information as Buyer may reasonably request regarding such Leasing Action. Such written notice must include a calculation of all Buyer Lease Expenses and other Commissions and tenant improvement allowances that will be due from Buyer or that Buyer will be required to assume pursuant to Section 8.2 in connection with the Leasing Action and in connection with any future exercise by the Tenant of any extensions, renewals or expansions under the applicable Lease that do not require the consent or approval of the landlord under such Lease. If Seller provides notice

pursuant to this Section 8.1(a) with respect to a Leasing Action less than three (3) business days prior to the expiration of the Due Diligence Period, at Buyer's option, the Due Diligence Period shall be extended to the date that is three (3) business days after Seller provides the notice of the Leasing Action, so that Buyer will have sufficient time to review the Leasing Action and determine whether Buyer is willing to proceed with the transaction contemplated under this Agreement. Buyer's sole remedy in the event any Leasing Action is

undertaken by Seller after the Effective Date and prior to the end of the Due Diligence Period shall be to terminate this Agreement on or before the end of the Due Diligence Period in accordance with Section 3.6.

(b) After the Due Diligence Period, Seller shall not, without Buyer's prior written consent in each instance, which consent may be given, withheld, conditioned or delayed in Buyer's sole and absolute discretion, undertake a Leasing Action except (i) pursuant to the exercise by a Tenant of a renewal, extension or expansion option or other right contained in such Tenant's lease that does not require or permit the consent or approval of Seller, or (ii) in connection with the termination of a Lease and/or removal of a Tenant under any Pre-Effective Date or New Lease, by reason of a default of the Tenant under the subject Pre-Effective Date Lease or New Lease (the foregoing clauses (i) and (ii) are referred to in this Section 8.2(b) as the "**Permitted Leasing Actions**"). With respect to Permitted Leasing Actions, Seller shall endeavor to provide advance written notice to Buyer of any Permitted Leasing Action that Seller intends to undertake and, in any event, shall provide written notice to Buyer promptly after undertaking a Permitted Leasing Action with reasonable information explaining the Permitted Leasing Action that was undertaken. With respect to any Leasing Action after the end of the Due Diligence Period that is not a Permitted Leasing Action, Seller shall furnish Buyer with a written notice of the proposed Leasing Action together with true and correct copies of all documents that Seller proposes to enter into in connection with such Leasing Action, information regarding the nature and financial condition of the Tenants (if Seller is not prohibited from providing such information) and such other information as Buyer may reasonably request regarding such Leasing Action. Such written notice must include a calculation of all Buyer Lease Expenses and other Commissions and tenant improvement allowances that will be due from Buyer or that Buyer will be required to assume pursuant to Section 8.2 in connection with the Leasing Action and in connection with any future exercise by the Tenant of any extensions, renewals or expansions under the applicable Lease that do not require the consent or approval of the landlord under such Lease, if Buyer approves the proposed Leasing Action. Any failure of Buyer to object in writing to any such proposed Leasing Action within five (5) business days after receipt of the aforementioned information shall be deemed to be a disapproval by Buyer of the proposed Leasing Action, and Seller shall not undertake the proposed Leasing Action; provided, however, that Buyer shall act in good faith in reviewing and responding to such proposed Leasing Actions. After the expiration of the Due Diligence Period, Buyer shall have the right upon not less than twenty-four (24) hours' prior written or telephonic notice to Seller to discuss the marketing or leasing of the Property with any prospective tenants or any other person with whom Seller intends to undertake or has undertaken a Leasing Action, provided that Seller shall be entitled to reasonable opportunity to have a representative be present at any meetings or participate in any such communications.

(c) With respect to any Leasing Action taken pursuant to Sections 8.1(a) or (b), legal fees for services in connection with the preparation of documents and other services rendered in connection with the effectuation of the Leasing Action shall only be included in the Buyer Lease Expenses for such Leasing Action to the extent that the notices required to be given by Seller under such Sections expressly identify the amount of legal fees incurred in connection with the Leasing Action that are to be included as Buyer Leasing Expenses. Any legal expenses incurred by Seller in connection with such Leasing Actions and not identified in such notice shall be paid by Seller.

(d) Notwithstanding anything in this Agreement to the contrary, Seller shall not lease the top floor of “Building 1” of the Property, whether during or after the Due Diligence Period.

Section 8.2 Lease Expenses. Seller shall be responsible for all Seller Lease Expenses and Buyer shall receive a credit at Closing for all such unpaid Seller Lease Expenses. At Closing, Buyer shall reimburse Seller for any and all Buyer Lease Expenses to the extent the same have been paid by Seller prior to Closing and Buyer shall assume Seller’s obligations to pay, when due (whether on a stated due date or by acceleration) any Buyer Lease Expenses unpaid as of the Closing. If any Seller Lease Expenses are contingent upon the occurrence of a future event or failure of an event which is not reasonably certain as of Closing (such as tenant’s

tenant improvement allowance being subject to forfeiture if not used by a certain later date), then, in lieu of a credit to Buyer, Seller and Buyer shall, at Seller's option, enter into an escrow agreement at Closing, reasonably acceptable in form and substance to all parties, whereby the Title Company will hold the applicable funds for release to Buyer or Seller upon final determination of the entitlement of such reimbursement. Buyer hereby agrees to indemnify, defend and hold Seller harmless from and against any and all claims for such Buyer Lease Expenses which remain unpaid for any reason at the time of Closing, which obligations of Buyer shall survive the Closing and shall not be merged therein. Each party shall make available to the other all records, bills, vouchers and other data in such party's control verifying Seller Lease Expenses and Buyer Lease Expenses and the payment thereof.

Section 8.3 Lease Enforcement. Subject to the provisions of Section 8.1 above, prior to the Closing Date, Seller shall have the right, but not the obligation (except to the extent that Seller's failure to act shall constitute a waiver of such rights or remedies), to enforce the rights and remedies of the landlord under any Pre-Effective Date Lease or New Lease, by summary proceedings or otherwise (including, without limitation, the right to remove any tenant), and to apply all or any portion of any Tenant Deposits then held by Seller toward any loss or damage incurred by Seller by reason of any defaults by Tenants. If Seller undertakes any actions under this Section 8.3, Seller shall provide prompt written notice of the same to Buyer. In addition, if the Tenant that is the subject of any action with respect to a default under its Lease undertaken by Seller under this Section 8.3 previously delivered a Tenant Estoppel Certificate, such Tenant Estoppel Certificate shall be disregarded in determining whether the Estoppel Condition has been satisfied, unless the Tenant subsequently delivers an updated Tenant Estoppel Certificate that takes into account the effect of any actions taken by Seller under this Section 8.3.

Section 8.4 Certain Interim Operating Covenants. Seller covenants to Buyer that it will, from the Effective Date until Closing: (a) continue to operate and manage the Improvements in the ordinary course of its business and substantially in accordance with present practice, subject to ordinary wear and tear and further subject to Section 10.2; (b) maintain fire and extended coverage insurance on the Property which is at least equivalent in all material respects to the insurance policies covering the Land and the Improvements as of the Effective Date; (c) not enter into any new contract for the provision of goods or services to or with respect to the Property or renew, extend, modify or replace any of the Contracts other than in the ordinary course of business and only if such contract is terminable as of the Closing Date without payment of any fees or penalty or unless Buyer consents thereto in writing, which approval shall not be unreasonably withheld, delayed or conditioned; or (d) after the expiration of the Due Diligence Period until Closing, not record or cause to be recorded against the Property any easements, licenses, liens or other encumbrances, unless Buyer consents thereto in writing, which approval may be given, withheld, delayed or conditioned in Buyer's sole and absolute discretion. In addition, Seller shall terminate any management agreement with the Property Manager and any Commission Agreements with respect to the Property effective as of the Closing Date and pay any and all costs and expenses of termination thereof, provided, however, Seller shall not be required to terminate any Commission Agreements to the extent Buyer will ultimately be responsible for such applicable Commissions. Seller will not alter or amend in any way which would be binding on Buyer or the Property after Closing, the zoning or any other material governmental approval or permit affecting the Property.

Section 8.5 HVAC Equipment. Prior to Closing, at Seller's sole cost and expense, Seller shall cause to be completed and shall oversee and direct (i) the installation and calibration of a new cooling tower for each building on the Property and (ii) the removal of any old or temporary cooling tower equipment from the Property, each by qualified professionals in a workmanlike manner (collectively, the "**HVAC Work**"). Seller shall use commercially reasonable efforts to diligently cause such HVAC Work to be completed prior to the Closing Date. If Seller fails to complete the HVAC Work such that the new cooling towers are not fully functional for their intended use by the Closing Date, then Seller and Buyer will, at Closing, enter into an escrow holdback agreement (the "**Holdback Agreement**") pursuant to which Seller deposits with Escrow

Agent from the Purchase Price payable at Closing an amount equal to \$600,000.00 (the “**HVAC Holdback**”). The Holdback Agreement shall provide that (i) Escrow Agent shall release such HVAC Holdback to Seller when all HVAC Work has been completed such that the new cooling towers are fully functional, provided that such completion occurs within one hundred and twenty (120) days of the Closing Date and (ii) Escrow Agent shall release such HVAC Holdback to Buyer if such HVAC Work has not been completed such that the new cooling towers are fully functional (through no fault of Buyer) within one hundred twenty (120) days of the Closing Date. In the event there is a disagreement between Seller and Buyer as to completion of the HVAC Work, Seller and Buyer shall engage a mutually acceptable third party consultant to inspect and provide a final determination as to the matter in question, which determination shall be binding for purposes of this paragraph. In the event such third party consultant determines in favor of Seller, then Buyer shall be responsible for the cost of such consultant. If such consultant determines in favor of Buyer, then Seller shall be responsible for the cost of such consultant. At Closing, Seller shall assign to Buyer all of Seller’s right, title and interest in and to all warranties and guaranties relating to the HVAC Work (the “**HVAC Warranty**”) to the extent such warranties or guaranties are assignable, and Seller shall have notified such third party contractor of same (or shall have obtained consent to such assignment, to the extent required).

ARTICLE IX

CLOSING AND CONDITIONS

Section 9.1 Escrow Instructions. Upon execution of this Agreement, the parties hereto shall deposit an executed counterpart of this Agreement with the Escrow Agent, and this Agreement shall serve as escrow instructions to the Escrow Agent as the escrow holder for consummation of the purchase and sale contemplated hereby. Seller and Buyer agree to execute such reasonable additional and supplementary escrow instructions as may be appropriate to enable the Escrow Agent to comply with the terms of this Agreement; provided, however, that in the event of any conflict between the provisions of this Agreement and any supplementary escrow instructions, the terms of this Agreement shall control.

Section 9.2 Closing. The closing hereunder (“**Closing**”) shall be held and delivery of all items to be made at the Closing under the terms of this Agreement shall be made through escrow at Escrow Agent’s office on the Closing Date. No later than 12:00 p.m. Central Time on the Closing Date, Buyer shall deposit in escrow with the Escrow Agent the Purchase Price (subject to adjustments described in Section 9.5), together with all other costs and amounts to be paid by Buyer at the Closing pursuant to the terms of this Agreement, by Federal Reserve wire transfer of immediately available funds to an account to be designated by the Escrow Agent. No later than 1:00 p.m. Central Time on the Closing Date, (a) Buyer will direct the Escrow Agent to (i) pay to Seller by Federal Reserve wire transfer of immediately available funds to an account designated by Seller, the Purchase Price (subject to adjustments described in Section 9.5), less any costs or other amounts to be paid by Seller at Closing pursuant to the terms of this Agreement, and (ii) pay all appropriate payees the other costs and amounts to be paid by Buyer at Closing pursuant to the terms of this Agreement and (b) Seller will direct the Escrow Agent to pay to the appropriate payees out of the proceeds of Closing payable to Seller, all costs and amounts to be paid by Seller at Closing pursuant to the terms of this Agreement. Buyer and Seller agree that they may, at Seller’s election, elect to use a “New York” or “gap” style Closing, whereby the transaction closes

and funds are disbursed upon receipt by Escrow Agent of all required documents and funds, and the recordable documents may be recorded after such Closing.

Section 9.3 Seller's Closing Documents and Other Items. At or before Closing, Seller shall deposit into escrow the following items (the "**Seller Closing Deliveries**"):

(a) A duly executed and acknowledged Special Warranty Deed for the Property in the form attached hereto as Exhibit "D" (the "**Deed**");

(b) Two (2) duly executed counterparts of a Bill of Sale for the Property in the form attached hereto as Exhibit “E” (the “**Bill of Sale**”);

(c) Two (2) duly executed counterparts of an Assignment and Assumption of Leases for the Property in the form attached hereto as Exhibit “F” (the “**Assignment and Assumption of Leases**”);

(d) Two (2) duly executed counterparts of an Assignment and Assumption of Contracts, Warranties and Guaranties, and Other Intangible Property for the Property in the form attached hereto as Exhibit “G” (the “**Assignment and Assumption of Contracts**”);

(e) An affidavit pursuant to Section 1445(b)(2) of the Code in the form attached hereto as Exhibit “J”, and on which Buyer is entitled to rely, that Seller is not a “foreign person” within the meaning of Section 1445(f)(3) of the Code;

(f) Two (2) duly executed counterparts of the Holdback Agreement, only if required pursuant to the terms of Section 8.5 hereof;

(g) A rent roll for the Property dated not more than three (3) business days prior to the Closing Date, certified by a duly authorized representative of Seller as the rent roll that is used by the Seller in the ordinary course of business for purposes of managing the Property and reporting to its investors and lenders;

(h) Notices to each Tenant of the Property, signed by Seller that shall disclose that the Property has been sold to Buyer, that Buyer has received any Tenant Deposit and assumed liability therefor, and that, after the Closing, all Rents should be paid to Buyer or Buyer’s designee (the “**Tenant Notice Letters**”);

(i) Seller shall deliver to Buyer a set of keys to the Property on the Closing Date. Location of any of the items referred to in this subsection at the Property on the Closing Date shall be deemed to be delivery to Buyer;

(j) An owner’s affidavit in the form attached hereto as Exhibit “K”; and

(k) Such other documents as may be reasonably required by the Title Company or as may be agreed upon by Seller and Buyer to consummate the purchase of the Property as contemplated by this Agreement.

Section 9.4 Buyer’s Closing Documents and Other Items. At or before Closing, Buyer shall deposit into escrow the following items (collectively, the “**Buyer Closing Deliveries**”):

(a) The balance of the Purchase Price and such additional funds as are necessary to close this transaction;

(b) Two (2) duly executed counterparts of the Bill of Sale for the Property;

(c) Two (2) duly executed counterparts of the Assignment and Assumption of Leases for the Property;

(d) Two (2) duly executed counterparts of the Assignment and Assumption of Contracts for the Property;

(e) Two (2) duly executed counterparts of the Holdback Agreement, only if required pursuant to the terms of Section 8.5 hereof;

(f) Documentation to establish to Title Company's reasonable satisfaction the due authority of Buyer's acquisition of the Property and Buyer's delivery of the documents required to be delivered by Buyer pursuant to this Agreement (including, but not limited to, the organizational documents of Buyer, as they may have been amended from time to time, resolutions of Buyer and incumbency certificates of Buyer);

(g) Copies of duly executed counterparts of the Tenant Notice Letters; and

(h) Such other documents as may be reasonably required by the Title Company or as may be agreed upon by Seller and Buyer to consummate the purchase of the Property as contemplated by this Agreement.

Section 9.5 Prorations and Closing Costs.

(a) Seller and Buyer agree to adjust, as of 11:59 p.m. on the day before the Closing Date, the following (collectively, the "**Proration Items**"): real estate and personal property taxes and assessments (subject to the terms of Section 9.5(d) below), utility bills (except as hereinafter provided), collected Rents (subject to the terms of Section 9.5(b) below) and Operating Expenses (subject to the terms of Section 9.5(c) below) payable by the owner of the Property. Seller will be charged and credited for the amounts of all of the Proration Items relating to the period up to and including the Closing Date, and Buyer will be charged and credited for all of the Proration Items relating to the period from and after the Closing Date. Such preliminary estimated Closing prorations shall be set forth on a preliminary closing statement to be prepared by Seller and submitted to Buyer for Buyer's approval prior to the Closing Date (the "**Closing Statement**"). The Closing Statement, once agreed upon, shall be delivered to the Escrow Agent for purposes of making the preliminary proration adjustment at Closing subject to the final cash settlement provided for below. The preliminary proration shall be paid at Closing by Buyer to Seller (if the preliminary prorations result in a net credit to Seller) or by Seller to Buyer (if the preliminary prorations result in a net credit to Buyer) by increasing or reducing the cash to be delivered by Buyer in payment of the Purchase Price at the Closing. If the actual amounts of the Proration Items are not known as of the Closing Date, the prorations will be made at Closing on the basis of the best evidence then available; thereafter, when actual figures are received (not to exceed one hundred twenty (120) days after Closing), re-prorations will be made on the basis of the actual figures, and a final cash settlement will be made between Seller and Buyer. No prorations will be made in relation to insurance premiums, and Seller's insurance policies will not be assigned to Buyer. Final readings and final billings for utilities will be made if possible as of the Closing Date, in which event no proration will be made at Closing with respect to utility bills. If a final reading and billing cannot be made for a utility as of the Closing Date, utilities will be prorated based on the estimated daily usage for the billing period in which the Closing occurs and Buyer shall assume such utilities but Seller will be entitled to all deposits presently in effect with the utility providers, and Buyer will be obligated to make its own arrangements for deposits with the utility providers. The provisions of this Section 9.5(a) will survive the Closing for twelve (12) months.

(b) Buyer will receive a credit on the Closing Statement for the prorated amount (as of 11:59 p.m. on the day before the Closing Date) of all Rents previously paid to or collected by Seller and attributable to any period following Closing (which Rents will be retained by Seller). Rents are "**Delinquent Rents**" when they were due prior to the Closing Date, and

payment thereof has not been made on or before the Closing Date. Delinquent Rents will not be prorated. All sums collected by Buyer from and after Closing from each Tenant will be applied first to Rents owed by such Tenant for periods from and after the Closing, then to amounts owed by such Tenant to Seller for periods prior to the Closing Date, which amounts shall be promptly remitted to Seller by Buyer. Buyer shall not have an exclusive right to collect any sums due Seller from Tenants under the Leases and Seller hereby retains the right to pursue any Tenant under the Leases for any sums due such Seller for periods attributable to such Seller's ownership of the Property, including by commencing or pursuing legal proceedings against such Tenant; provided, however, Seller shall not be permitted to commence or pursue

eviction proceedings against any Tenant or pursue a termination of such Tenant's Lease; provided, further, Buyer shall invoice Tenants for Delinquent Rents and shall use commercially reasonable efforts to collect such amounts for a period of at least six (6) months, but such commercially reasonable efforts shall not require Buyer to commence legal proceedings against such Tenants. The provisions of this Section 9.5(b) will survive the Closing for twelve (12) months.

(c) All Additional Rents (as defined below) which have been received in respect to the month in which the Closing Date occurs (the "**Current Month**") shall be prorated as of the Closing Date. Such Additional Rents for the Current Month which have been received as of the Closing Date shall be prorated on a per diem basis based upon the number of days in the Current Month prior to, but not including, the Closing Date (which shall be allocated to Seller) and the number of days in the Current Month from and after the Closing Date (which shall be allocated to Buyer). Buyer shall be solely responsible, after the Closing Date, for collecting unpaid Additional Rents. Additional Rents for calendar year 2021 are paid on an estimated basis in monthly installments. After Closing, but no later than March 31, 2022, Buyer shall cause to be prepared and delivered to Seller a reconciliation ("**Additional Rents Reconciliation**") of (i) actual operating and similar expense of the Property upon which Additional Rents are based ("**Additional Rent Expenses**") for the period commencing on January 1, 2021 and ending on December 31, 2021 ("**Additional Rents Reconciliation Period**"); (ii) Additional Rents collected by Seller for that portion of the Additional Rents Reconciliation Period prior to the Current Month and Additional Rents payable for the Current Month; and (iii) Additional Rents collected by Buyer for that portion of the Additional Rents Reconciliation Period after the Current Month. Seller and Buyer shall work in good faith to agree on the Additional Rents Reconciliation within thirty (30) days of delivery by Buyer. Seller shall remit to Buyer any amount shown to be owed by Seller to the Tenants of the Property under the Additional Rents Reconciliation, and Buyer shall remit to Seller any amounts shown to be owed to Seller by Tenants of the Property under the Additional Rents Reconciliation. For purposes of this Section 9.5(c), "**Additional Rents**" shall mean any and all amounts due from Tenants for Operating Expenses and any other Tenant charges other than Rents.

(d) All ad valorem real estate and personal property taxes with respect to the Property (to the extent not prorated in (c) above) shall be prorated as of 11:59 p.m. on the day before the Closing Date on a cash basis for the calendar year in which the Closing occurs, regardless of the year for which such taxes are assessed. In the event that tax appeal proceedings for taxes dues for the fiscal year in which the Closing occurs are pending at Closing, Seller shall not settle any such proceeding that will be binding on Buyer without Buyer's consent, which consent shall not be unreasonably withheld. If Seller has not filed a notice of appeal for taxes dues or tax assessments for the fiscal year in which the Closing occurs prior to Closing, Buyer shall be entitled to file such notice if the notice is required to be filed prior to Closing in order to preserve the right to appeal taxes or tax assessments.

(e) Buyer shall receive a credit against Purchase Price at Closing for all Tenant Deposits in the form of cash then outstanding under the Leases which are in Seller's possession and have not been properly applied to delinquent rents or other amounts pursuant to the terms of the applicable Lease, and for all Rents made in advance (to the extent not prorated as set forth in Section 9.5(b) above).

(f) Buyer shall receive a credit against the Purchase Price at Closing for all payments due or owing under any Contracts that Buyer has not elected to require to be terminated pursuant to Section 3.9 for periods prior to the Closing Date, which amounts shall be prorated as of 11:59 p.m. on the day before the Closing Date. If Seller has paid any amounts under any Contracts that Buyer has not elected to require to be terminated pursuant to Section 3.9 for periods after 11:59 p.m. on the day before the Closing Date, Buyer shall pay such amounts to Seller at Closing in addition to the Purchase Price.

(g) Seller shall receive a credit for any and all Buyer Lease Expenses as set forth in Section 8.2 of this Agreement, to the extent that the same have been paid by Seller prior to Closing. Buyer shall receive a credit for any and all Seller Lease Expenses as set forth in Section 8.2 of this Agreement, to the extent the same remain unpaid as of Closing. Each party shall make available to the other all records, bills, vouchers and other data in such party's control verifying Buyer Lease Expenses and Seller Lease Expenses and the payment thereof.

(h) Seller shall pay at Closing: (i) one-half of the Escrow Agent's escrow fee, (ii) the premium for the standard coverage portion of the Title Policy, (iii) recording fees in connection with any reconveyance requested hereby, (iv) any additional costs and charges customarily charged to sellers in accordance with common escrow practices in the county in which the Property is located, other than those costs and charges specifically required to be paid by Buyer hereunder, (v) a commission equal to 1.6% of the Purchase Price to Buyer's Broker (the "**Broker Commission**") and all fees of Seller's Broker, and (vi) one-half of any costs of updating the Existing Survey of the Property or otherwise conforming the Existing Survey to the requirements for issuance of such Title Policy or for any new survey that may be required for issuance of such Title Policy. Buyer shall pay at Closing: (i) one-half of the Escrow Agent's escrow fee, (ii) the premium for the ALTA "extended coverage" portion of the Title Policy and the costs of any endorsements Buyer may require in accordance with Section 4.3, (iii) the recording fees and any costs related to Buyer's financing, including any mortgage or intangibles tax (if applicable), (iv) all state, county and local transfer taxes in connection with the recording of the Deed, (v) any sales/use taxes on the Personal Property (if applicable), (vi) any additional costs and charges customarily charged to buyers in accordance with common escrow practices in the county in which the Property is located, other than those costs and charges specifically required to be paid by Seller hereunder, and (vii) one-half of any costs of updating the Existing Survey of the Property or otherwise conforming the Existing Survey to the requirements for issuance of such Title Policy or for any new survey that may be required for issuance of such Title Policy.

Section 9.6 Brokers. Buyer hereby represents and warrants to Seller that it did not employ or use any broker or finder to arrange or bring about this transaction, other than Colliers International Austin, LLC ("**Buyer's Broker**"), and that there are no claims or rights for brokerage commissions or finder's fees in connection with the transactions contemplated by this Agreement as a result of any agreement entered into by Buyer, other than the Broker Commission. Seller hereby represents and warrants to Buyer that it did not employ or use any broker or finder to arrange or bring about this transaction, other than Aquila Commercial, LLC ("**Seller's Broker**"), and that there are no claims or rights for brokerage commissions or finder's fees in connection with the transactions contemplated by this Agreement as a result of any agreement entered into by Seller, other than with respect to Seller's Broker. If Buyer's Broker or any person brings a claim for a commission or finder's fee (other than the Broker Commission) based upon any contact, dealings, or communication with Buyer in connection with the transactions contemplated by this Agreement, then Buyer shall defend Seller from such claim, and shall indemnify Seller and hold Seller harmless from any and all costs, damages, claims, liabilities, or expenses (including, without limitation, reasonable attorneys' fees and disbursements) incurred by Seller with respect to the claim. If Seller's Broker or any person brings a claim for a commission or finder's fee based upon any contact, dealings, or communication with Seller in connection with the transactions contemplated by this Agreement, then Seller shall defend Buyer from such claim, and shall indemnify Buyer and hold Buyer

harmless from any and all costs, damages, claims, liabilities, or expenses (including, without limitation, reasonable attorneys' fees and disbursements) incurred by Buyer with respect to the claim. The provisions of this Section 9.6 shall survive the Closing or, if the purchase and sale is not consummated, any termination of this Agreement, and shall not be subject to the Survival Period set forth in Section 6.2.

Section 9.7 Expenses. Except as provided in Sections 9.5, 9.6 and 10.9, each party hereto shall pay its own expenses incurred in connection with this Agreement and the transactions contemplated hereby, including,

without limitation in the case of Buyer, all third-party engineering and environmental review costs, all other Due Diligence costs, and all legal, accounting and consultant fees.

Section 9.8 Conditions to Buyer's Obligation to Close. Buyer's obligation to close the transaction contemplated under this Agreement is subject to the satisfaction at or prior to Closing of the following conditions precedent (collectively, the "**Buyer Closing Conditions**"):

- (a) Seller shall have delivered or caused to be delivered to Buyer all of the Seller Closing Deliveries set forth in Section 9.3.
- (b) The Title Company shall be irrevocably committed (subject to payment of the premium therefor) to issue to Buyer at Closing the Title Policy, subject only to the Permitted Exceptions.
- (c) The Estoppel Condition shall have been satisfied.
- (d) All covenants, and agreements of Seller contained herein that are contemplated to have been performed prior to Closing shall have been performed in all material respects as of the Closing Date.
- (e) All of the representations and warranties of Seller contained herein shall be true and correct in all material respects as of the Closing Date as if remade on the Closing Date, except for (1) any representations or warranties which are expressly made as of an earlier date, (2) any material modifications to Seller's representations and warranties in Section 6.1(d), 6.1(e), 6.1(f), or 6.1(i) in a bring-down certificate to the extent the same are rendered untrue by changes, following the Effective Date, in factual circumstances that are not the result of a breach of this Agreement by Seller, or (3) any material modifications to Seller's representations and warranties in this Agreement to the extent the underlying inaccuracy was known to Buyer (from any source, including, without limitation, any Due Diligence Items provided to Buyer at least three (3) business days prior to the expiration of the Due Diligence Period, Buyer's Reports, Tenant Estoppel Certificates or other tenant estoppel certificates, as a result of Buyer's Due Diligence or as a result of written disclosure by Seller or Seller's agents, representatives and/or employees provided to Buyer at least three (3) business days prior to the expiration of the Due Diligence Period) prior to the expiration of the Due Diligence Period (the items set forth in clauses (1) and (2), the "**Permitted Bring-Down Modifications**"). For the purposes of this Section 9.8(e), Buyer shall be deemed to have actual knowledge of all written information, matters and circumstances set forth, described or otherwise referenced in any of the written files, documents, materials, analyses, studies, tests or reports disclosed or made available by Seller to Buyer at least three (3) business days prior to the expiration of the Due Diligence Period or obtained by or on behalf of Buyer with respect to the Property prior to the expiration of the Due Diligence Period.

The Buyer Closing Conditions are for the benefit of Buyer only, and if, as of the Closing Date, the Buyer Closing Conditions shall not be satisfied, the same shall not be deemed a breach or default by Seller hereunder (unless such failure of a closing condition is caused by a breach or default of Seller as otherwise provided for in this Agreement (e.g., Seller's failure to deliver closing documents, as and when required, is a breach and default under Section 9.3 hereunder)) and Buyer may either elect to (i) waive any of the Buyer Closing Conditions and close on the purchase of the Property or (ii) terminate this Agreement; provided, however, that any such

termination shall not relieve either party hereto of any obligations that expressly survive the termination of this Agreement, nor for any liability either party may have under the terms and provisions of this Agreement for its wrongful failure to close. If Buyer elects to terminate this Agreement pursuant to this Section 9.8 because a Buyer Closing Condition is not satisfied as of the Closing Date, Buyer shall be entitled to receive the return of the Deposit, provided that Seller shall have the opportunity to extend the Closing Date for five (5) business days to satisfy any outstanding Buyer Closing Condition (except that Seller's right to extend the Closing Date for a five (5) business day period shall not apply to any failure by Seller to timely deliver the Seller Closing Deliveries into Escrow pursuant to Section 9.3, and the five (5) business day extension period

shall run concurrently with the five (5) business day period provided in Section 3.7 during which Seller may postpone the Closing Date to allow additional time to satisfy the Estoppel Condition).

Section 9.9 Conditions to Seller's Obligation to Close. In addition to all other conditions set forth in this Agreement, Seller's obligation to close the transactions contemplated under this Agreement are subject to the satisfaction at or prior to Closing of the following conditions precedent (collectively, the "**Seller Closing Conditions**"):

- (a) Buyer shall have delivered the balance of the Purchase Price and such additional funds as required pursuant to this Agreement to close this transaction.
- (b) Buyer shall have delivered or caused to be delivered to Seller all of the Buyer Closing Deliveries set forth in Section 9.4.
- (c) All of the representations, warranties, covenants, and agreements of Buyer contained herein shall be true and correct and/or shall have been performed, as the case may be, in all material respects.

The Seller Closing Conditions are for the benefit of Seller only, and if, as of the Closing Date, the Seller Closing Conditions shall not be satisfied (as and when required pursuant to the terms hereof), the same shall not be deemed a breach or default by Buyer hereunder (unless such failure of a closing condition arises out of or is caused by a breach or default of Buyer as otherwise provided for in this Agreement (e.g., Buyer's failure to deliver closing documents, as and when required, is a breach and default under Section 9.4 hereunder)) and Seller may either (i) elect to waive any of the Seller Closing Conditions and close on the sale of the Property or (ii) terminate this Agreement; provided, however, that any such termination shall not relieve either party hereto of any obligations that expressly survive the termination of this Agreement, nor for any liability either party may have under the terms and provisions of this Agreement for its wrongful failure to close.

Article X

MISCELLANEOUS

Section 10.1 Amendment and Modification. Subject to applicable law, this Agreement may be amended, modified, or supplemented only by a written agreement signed by Buyer and Seller.

Section 10.2 Risk of Loss and Insurance Proceeds.

(a) **Minor Loss.** Buyer shall be bound to purchase the Property for the full Purchase Price as required by the terms hereof, without regard to the occurrence or effect of any damage to the Property or destruction of any improvements thereon or condemnation of any portion of the Property, provided that: (a) the cost to repair any such damage or destruction, or the diminution in the value of the remaining Property as a result of a partial condemnation, equals \$1,500,000.00 or less, (b) such damage or destruction is fully insured, or Seller, having no obligation to do so, elects to credit Buyer for the amount of such uninsured loss, (c) with respect to a condemnation, the condemnation is not a Material Condemnation (defined below), and (d) upon the Closing, there shall be a credit against the Purchase Price due hereunder equal to (i) the

amount of any insurance proceeds or condemnation awards collected by Seller as a result of any such damage or destruction or condemnation, plus (ii) the amount of any insurance deductible, plus (iii) if there is any uninsured loss and Seller elects pursuant to clause (b) above to provide a credit for the uninsured loss, the amount of the uninsured loss, less (iv) any sums expended by Seller toward the restoration or repair of the Property or in collecting such insurance proceeds or condemnation awards. If the proceeds or awards have not been collected as of the Closing, then such proceeds or awards shall be assigned to Buyer, except to the extent needed to reimburse Seller for sums expended prior to the Closing to repair or restore the Property or to collect any such proceeds or

awards. For purposes of this Section 10.2, the term “**Material Condemnation**” means a condemnation that results in (i) any material change in access to the Property, (ii) any taking of any vertical Improvements located on the Property, (iii) any taking of any parking spaces at the Property, or (iv) the Property failing to comply with applicable zoning codes.

(b) **Major Loss.** If the amount of the damage or destruction or condemnation as specified above exceeds \$1,500,000.00, results in a Material Condemnation, or is uninsured and Seller in its sole discretion elects not to credit Buyer for the amount of such uninsured loss, Seller having no obligation to do so, then Buyer may at its option, to be exercised by written notice to Seller within ten (10) business days of Seller’s notice of the occurrence of the damage or destruction or the commencement of condemnation proceedings, terminate this Agreement. Buyer’s failure to elect to terminate this Agreement within said ten (10) business day period shall be deemed an election by Buyer to consummate this purchase and sale transaction. If applicable, the Closing Date shall be extended so as to allow Buyer the entire ten (10) business day period to make its election under this Section 10.2(b). If Buyer elects to terminate this Agreement within such ten (10) business day period, the Deposit shall be returned to Buyer and neither party shall have any further rights or obligations hereunder except as provided in Sections 3.4, 3.5, 3.6, 9.6, 10.9 and 10.11. If Buyer elects or is deemed to have elected to proceed with the purchase, then upon the Closing, there shall be a credit against the Purchase Price due hereunder equal to the amount of any insurance proceeds or condemnation awards collected by Seller as a result of any such damage or destruction or condemnation, plus the amount of any insurance deductible, less any sums expended by Seller toward the restoration or repair of the Property or in collecting such insurance proceeds or condemnation awards. If the proceeds or awards have not been collected as of the Closing, then such proceeds or awards shall be assigned to Buyer, except to the extent needed to reimburse Seller for sums expended prior to the Closing to repair or restore the Property or to collect any such proceeds or awards.

Section 10.3 Notices. All notices required or permitted hereunder shall be in writing and shall be served on the parties at the following address:

If to Seller: DWF IV Lakewood, LP
c/o DivcoWest Real Estate Services, LLC
301 Howard Street, Suite 2100
San Francisco, California 94105
Attention: [***]
E-mail: [***]

with Copies to: Gibson, Dunn & Crutcher LLP
333 South Grand Avenue
Los Angeles, California 90071
Attn: [***]
E-Mail: [***]

If to Buyer: Cassava Sciences, Inc.
7801 N. Capital of Texas Highway, Suite 260
Austin, Texas 78731
Attention: Remi Barbier
E-Mail: [***]

with Copies to: Locke Lord LLP
600 Congress Avenue, Suite 2200
Austin, Texas 78701
Attention: [***]

E-Mail: [***]

If to Escrow Agent: Heritage Title Company
401 Congress Ave, Suite 1500
Austin, TX, 78701
Attention: [***]
Email: [***]

Any such notices may be sent by (a) certified mail, return receipt requested, in which case notice shall be deemed delivered five (5) business days after deposit, postage prepaid in the U.S. mail, (b) a nationally recognized overnight courier, in which case notice shall be deemed delivered one (1) business day after deposit with such courier or (c) electronic mail, if hard copy notices are sent promptly thereafter by the methods provided in clause (a) or (b) above, in which case notice shall be deemed delivered upon sending; (d), no hard copy notices shall be required. The above addresses and e-mail addresses may be changed by written notice to the other party; provided that no notice of a change of address or e-mail address shall be effective until actual receipt of such notice. Copies of notices are for informational purposes only, and a failure to give or receive copies of any notice shall not be deemed a failure to give notice. Counsel for a party may give notice or demand on behalf of such party, and such notice or demand shall be treated as being sent by such party.

Section 10.4 Assignment.

(a) Except as expressly provided below in this Section 10.4(a), Buyer shall not have the right to assign this Agreement, without the prior written consent of Seller, in Seller's sole and absolute discretion. This Agreement will be binding upon and inure to the benefit of Seller and Buyer and their respective successors and permitted assigns, and no other party will be conferred any rights by virtue of this Agreement or be entitled to enforce any of the provisions hereof. Whenever a reference is made in this Agreement to Seller or Buyer, such reference will include the successors and permitted assigns of such party under this Agreement. Notwithstanding the foregoing, Buyer may assign this Agreement to an entity that is, directly or indirectly, controlled by or under common control with Buyer or an affiliate of Buyer without the prior written consent of Seller, if (i) Buyer provides written notice of such assignment as least five (5) business days prior to Closing, (ii) the originally named Buyer and the assignee shall remain jointly and severally liable under this Agreement, and (iii) the assignee is subject to the same covenants, representations and warranties made by Buyer herein, including, without limitation, those relating to compliance with OFAC and the Patriot Act.

(b) For purposes of this Section 10.4, the term "control" shall have the meaning given to that term in the definition of Affiliate.

Section 10.5 Governing Law and Consent to Jurisdiction. THIS AGREEMENT SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF TEXAS, AND ALL OBLIGATIONS OF THE PARTIES CREATED HEREUNDER ARE PERFORMABLE IN TRAVIS COUNTY, TEXAS, WITHOUT REGARD TO ANY OTHERWISE APPLICABLE PRINCIPLES OF CONFLICTS OF LAWS. ANY ACTION ARISING OUT OF THIS AGREEMENT MUST BE

COMMENCED BY BUYER OR SELLER IN THE STATE COURTS OF THE STATE OF TEXAS OR IN U.S. FEDERAL COURT FOR THE WESTERN DISTRICT OF TEXAS AND EACH PARTY HEREBY CONSENTS TO THE JURISDICTION OF THE ABOVE COURTS IN ANY SUCH ACTION AND TO THE LAYING OF VENUE IN THE STATE OF TEXAS. BUYER AND SELLER EACH HEREBY IRREVOCABLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY LAW, ANY OBJECTION IT MAY NOW OR HEREAFTER HAVE TO SUCH

VENUE AS BEING AN INCONVENIENT FORUM. ANY PROCESS IN ANY SUCH ACTION SHALL BE DULY SERVED IF MAILED BY REGISTERED MAIL, POSTAGE PREPAID, TO THE PARTIES AT THEIR RESPECTIVE ADDRESS DESCRIBED IN SECTION 10.3 HEREOF.

Section 10.6 Counterparts. This Agreement may be executed in two (2) or more fully or partially executed counterparts, including by .pdf, DocuSign, or other electronic format, each of which will be deemed an original binding the signer thereof against the other signing parties, but all counterparts together will constitute one and the same instrument.

Section 10.7 Entire Agreement. This Agreement and any other document to be furnished pursuant to the provisions hereof embody the entire agreement and understanding of the parties hereto as to the subject matter contained herein. There are no restrictions, promises, representations, warranties, covenants, or undertakings other than those expressly set forth or referred to in such documents. This Agreement and such documents supersede all prior agreements and understandings among the parties with respect to the subject matter hereof.

Section 10.8 Severability. Any term or provision of this Agreement that is invalid or unenforceable in any jurisdiction will, as to such jurisdiction, be ineffective to the extent of such invalidity or unenforceability without rendering invalid or unenforceable the remaining terms and provisions of this Agreement, or affecting the validity or enforceability of any of the terms or provisions of this Agreement.

Section 10.9 Attorney Fees. If any action is brought (including but not limited to any alternative dispute resolution) by any party to this Agreement to enforce or interpret its terms or provisions, the prevailing party will be entitled to reasonable attorney fees and costs incurred in connection with such action prior to and at trial and on any appeal therefrom; it being understood and agreed that the determination of the prevailing party shall be included in the matters which are the subject of such action or suit. The provisions of this Section 10.9 shall survive the Closing or, if the purchase and sale is not consummated, any termination of this Agreement.

Section 10.10 Payment of Fees and Expenses. Except as provide in Section 10.9, each party to this Agreement will be responsible for, and will pay, all of its own fees and expenses, including those of its counsel and accountants, incurred in the negotiation, preparation, and consummation of this Agreement and the transaction contemplated hereunder.

Section 10.11 Confidential Information. The parties acknowledge that the transaction described herein (including the specific terms hereof) is of a confidential nature and, prior to Closing, shall not be disclosed except to Permitted Outside Parties and except with respect to such matters that (a) are of public record, (b) are available to Buyer or the Permitted Outside Parties on a non-confidential basis prior to disclosure to Buyer by Seller, or (c) become available to Buyer or any Permitted Outside Party on a non-confidential basis from a source other than Seller or its representatives, provided that, to Buyer's actual knowledge, such source was not itself bound by an obligation of confidentiality owed to Seller, or (d) are independently developed by Buyer or any employee or agent of Buyer who did not have access to the confidential information; provided, however, Buyer and Seller may disclose such information to (a) any Permitted Outside Party and the direct and indirect legal and beneficial owners thereof; (b) third parties as required under applicable law, rule or regulation applicable to Buyer or any Permitted Outside Party or in

connection with a dispute hereunder and (c) the principals of Buyer's Broker, Escrow Agent, the Title Company and such other persons whose assistance is required in carrying out the terms of this Agreement. In connection with the negotiation of this Agreement and the preparation for the consummation of the transactions contemplated hereby, each party acknowledges that it will have access to confidential information relating to the other party. Each party shall treat such information as confidential, preserve the confidentiality thereof, and not duplicate or use such information, except to

Permitted Outside Parties in connection with the transactions contemplated hereby, and except as set forth above. In the event of the termination of this Agreement for any reason whatsoever, Buyer shall (i) return to Seller or destroy all documents, work papers, engineering and environmental studies and reports and all other materials obtained from Seller in connection with the transactions contemplated hereby and (ii) destroy copies of any other confidential information in connection with the transactions contemplated hereby, and each party shall use commercially reasonable efforts, including instructing its employees and others who have had access to such information, to keep confidential and not to use any such information. The provisions of this Section 10.11 shall survive the Closing or, if the purchase and sale is not consummated, any termination of this Agreement and shall not be subject to the Survival Period set forth in Section 6.2.

Section 10.12 No Joint Venture. Nothing set forth in this Agreement shall be construed to create a joint venture between Buyer and Seller.

Section 10.13 Waiver of Jury Trial. Each party to this Agreement hereby expressly waives any right to trial by jury of any claim, demand, action or cause of action (each, an “**Action**”) (a) arising out of this Agreement, including any present or future amendment thereof or (b) in any way connected with or related or incidental to the dealings of the parties or any of them with respect to this Agreement (as hereafter amended) or any other instrument, document or agreement executed or delivered in connection herewith, or the transactions related hereto or thereto, in each case whether such Action is now existing or hereafter arising, and whether sounding in contract or tort or otherwise and regardless of which party asserts such Action; and each party hereby agrees and consents that any such Action shall be decided by court trial without a jury, and that any party to this Agreement may file an original counterpart or a copy of this section with any court as written evidence of the consent of the parties to the waiver of any right they might otherwise have to trial by jury.

Section 10.14 Limited Liability. Notwithstanding anything to the contrary contained herein, no constituent partner, shareholder or member in or agent of Seller or Buyer, nor any advisor, trustee, director, officer, member, partner, employee, beneficiary, shareholder, participant, representative or agent of any entity that is or becomes a constituent partner, shareholder or member in Seller or Buyer or an agent of Seller or Buyer (including, without limitation, Seller’s property management company) shall have any personal liability, directly or indirectly, under or in connection with this Agreement or any agreement made or entered into under or pursuant to the provisions of this Agreement, or any amendment or amendments to any of the foregoing made at any time or times, heretofore or hereafter, and Buyer and Seller, as applicable, and their respective successors and assigns and, without limitation, all other persons and entities, shall look solely to Seller’s or Buyer’s assets, as applicable, for the payment of any claim or for any performance, and Seller and Buyer, each on behalf of itself and its successors and assigns, hereby waives any and all such personal liability. This Section 10.14 shall survive the Closing without limitation.

Section 10.15 Time of Essence. Time is of the essence with respect to each of the terms of this Agreement.

Section 10.16 Time Periods. As used in this Agreement, “business day” means any day other than Saturday, Sunday, any day that is a legal holiday in the State of Texas or New York, or any other day on which banking institutions in Texas or New York are authorized to close. Any

reference in this Agreement to a specific time shall refer to Central Time. Should the last day of a time period calculated hereunder fall on a weekend or legal holiday, the period shall be deemed to end on the next business day thereafter.

Section 10.17 No Waiver. No waiver of any of the provisions of this Agreement shall be deemed, or shall constitute, a waiver of any other provision, whether or not similar, nor shall any waiver constitute a continuing waiver, nor shall a waiver in any instance constitute a waiver in any subsequent instance. No waiver shall be binding unless executed in writing by the party making the waiver.

Section 10.18 Not an Offer. The preparation or distribution of drafts hereof by one party to the other shall not be deemed to constitute an offer and this Agreement shall only become binding and enforceable upon execution hereof by both parties.

Section 10.19 No Third Party Beneficiaries. Nothing in this Agreement is intended to benefit any third party, or create any third party beneficiary.

Section 10.20 Prohibition Against Recording. Buyer hereby knowingly and unconditionally waives: (a) any and all of Buyer's lien rights of any type or nature against the Property or Seller; and (b) the right to file a lis pendens in any legal action that may arise out of this Agreement, except in connection with an action for specific performance. Neither this Agreement, nor any notice, memorandum or affidavit describing, referring to or identifying this Agreement, in any manner, will be recorded in any public records. Should Buyer or any person under the direction and/or control of Buyer record any document in any public records in violation of the preceding sentence, Buyer will be deemed to have breached the provisions of the preceding sentence, such breach will constitute a default by Buyer under this Agreement, and Seller may immediately terminate this Agreement, retain the Deposit as liquidated damages pursuant to Section 5.2, and the parties shall have no further rights or obligations hereunder except for those obligations which expressly survive the termination of this Agreement.

Section 10.21 Tax-Deferred Exchange. Either party may consummate the purchase or sale (as applicable) of the Property as part of a so-called like kind exchange, including, without limitation, a so-called reverse exchange (an "**Exchange**"), pursuant to the Code, provided that: (a) the Closing shall not be delayed or affected by reason of the Exchange, nor shall the consummation or accomplishment of an Exchange be a condition precedent or condition subsequent to the exchanging party's obligations under this Agreement, (b) the exchanging party shall effect its Exchange through an assignment of this Agreement, or its rights under this Agreement, to a qualified intermediary, (c) neither party shall be required to take an assignment of the purchase agreement for the relinquished or replacement property or be required to acquire or hold title to any real property for purposes of consummating an Exchange desired by the other party, and (d) the exchanging party shall pay any additional costs that would not otherwise have been incurred by the non-exchanging party had the exchanging party not consummated the transaction through an Exchange. Neither party shall by this Agreement or acquiescence to an Exchange desired by the other party have its rights under this Agreement affected or diminished in any manner or be responsible for compliance with or be deemed to have warranted to the exchanging party that its Exchange in fact complies with Section 1031 of the Code. Subject to the foregoing, however, the parties shall reasonably cooperate with each other to permit the other to structure the purchase or sale as an Exchange.

Section 10.22 Disclosures. The following statutory disclosures are hereby made to the Buyer:

(a) The Real Property may be subject to deed restrictions which may be enforced by a municipality, and, if applicable, the Buyer and the Seller will sign and acknowledge at the Closing the notice documents in conformity with Texas Local Government Code Article 212.151 through 212.155;

(b) If the Real Property is situated within a utility district or flood control district subject to the provisions of Section 49.452 of the Texas Water Code, then Seller shall give Buyer as part of the Due Diligence Items during the Due Diligence Period the required written notice and Buyer agrees to acknowledge receipt of the notice in writing. The notice must set forth the current tax rate, the current bonded indebtedness, and the authorized indebtedness of the district, and must comply with all other applicable requirements of the Texas Water Code.

(Remainder of page left blank; signatures commence on following page.)

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed as of the day and year first above written.

SELLER:

DWF IV LAKEWOOD, LP,
a Delaware limited partnership

By: DWF IV LAKEWOOD GP, LLC,
a Delaware limited liability company,
its General Partner

By: /s/ Steve Novick_____

Name: Steve Novick

Title: Authorized Signatory

[Signature Page to Agreement of Sale and Purchase]

CONFIDENTIAL

BUYER:

CASSAVA SCIENCES, INC.,
a Delaware corporation

By: /s/ Remi Barbier__
Name: Remi Barbier
Title: President & CEO
July 2, 2021

[Signature Page to Agreement of Sale and Purchase]

ESCROW AGENT:

The Escrow Agent is executing this Agreement to evidence its agreement to hold the Deposit and act as escrow agent in accordance with the terms and conditions of this Agreement.

HERITAGE TITLE COMPANY

By: /s/ Debbie Lopez__

Name: DeeDee King__

Title: Vice President__

[Signature Page to Agreement of Sale and Purchase]

EXHIBIT "A"

Description of Land

Lot 1, LAKEWOOD OFFICE PARK, a subdivision in Travis County, Texas, according to the map or plat thereof, recorded in Volume 87, Page(s) 43C of the Plat Records of Travis County, Texas.

A-1

EXHIBIT “B”

Disclosure Items

None.

B-1

EXHIBIT "C"

List of Contracts

Vendor	Scope
[***]	Weekly property recycling service
[***]	Elevator phone monitoring equipment servicing
[***]	Building sound system – service/leased equipment
[***]	Property janitorial services
[***]	Building fire monitoring panel
[***]	HVAC air filter service
[***]	HVAC systems servicing (quarterly)
[***]	Roof inspections
[***]	Interior landscaping
[***]	Elevator servicing
[***]	Exterior landscapes
[***]	Trash removal

EXHIBIT "D"

Form of Deed

NOTICE OF CONFIDENTIALITY RIGHTS: IF YOU ARE A NATURAL PERSON, YOU MAY REMOVE OR STRIKE ANY OR ALL OF THE FOLLOWING INFORMATION FROM ANY INSTRUMENT THAT TRANSFERS AN INTEREST IN REAL PROPERTY BEFORE IT IS FILED FOR RECORD IN THE PUBLIC RECORDS: YOUR SOCIAL SECURITY NUMBER OR YOUR DRIVER'S LICENSE NUMBER.

SPECIAL WARRANTY DEED

STATE OF TEXAS §

§

COUNTY OF §

[_____] , a [_____] ("**Grantor**"), for and in consideration of the sum of Ten and No/100 Dollars (\$10.00) and other valuable consideration, the receipt and sufficiency of which consideration are hereby acknowledged, by these presents does hereby Grant, Bargain, Sell, and Convey, unto [_____] , a [_____] ("**Grantee**"), having an address at [_____] , for itself and its successors and assigns (i) all that real property situated in the County of [_____] , State of Texas, and more particularly described on Exhibit A attached hereto and made a part hereof for all purposes, and (ii) together with all improvements now or hereafter situated thereon, and Grantor's interest as lessor or landlord in all space leases or occupancy agreements covering all or any portion of such real property and the improvements situated thereon (collectively, the "**Property**"), TOGETHER with all and singular tenements, hereditaments and appurtenances thereunto belonging or in any way appertaining thereto, and all rights-of-way, open or proposed streets, alleys, easements, strips or gores of land adjacent thereto, water rights, and oil, gas and mineral rights, if any.

This Deed is made and accepted expressly subject to the matters set forth in Exhibit B attached hereto and made a part hereof for all purposes.

TO HAVE AND TO HOLD the Property, together with all and singular the rights and appurtenances belonging in any way to the Property, unto the said Grantee, its successors and assigns forever, and Grantor binds itself and its successors and assigns to warrant and forever defend all and singular the Property to Grantee, its successors and assigns against every person lawfully claiming or to claim all or any part of the Property, by, through or under Grantor, but not otherwise, subject to the Permitted Exceptions.

Grantee assumes responsibility for the payment of ad valorem taxes on the Property for the 2021 calendar year.

[Signature Pages Follow]

IN WITNESS WHEREOF, the parties have executed this Special Warranty Deed to be effective as of this __ day of _____, 2021.

GRANTOR:

_____,
a _____

By: _____
Name: _____
Title: _____

D-2

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

State of CALIFORNIA)

County of _____)

On _____ before me, _____, a Notary Public, personally appeared _____, who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature _____ (Seal)

EXHIBIT "E"

Form of Bill of Sale

BILL OF SALE

For good and valuable consideration, the receipt of which is hereby acknowledged, [_____] , a [_____] ("Seller"), does hereby sell, transfer, and convey to [_____] , a [_____] ("Buyer") any and all personal property owned by Seller and used exclusively in connection with the operation of that certain real property more particularly described in Exhibit "A" attached hereto (the "Personal Property"), as such Personal Property is more particularly described in the attached Schedule 1, provided, however, that "Personal Property" shall not include any Excluded Personalty (as defined in that certain Purchase and Sale Agreement, dated as of [_____] , by and between Seller and Buyer, and warrants that such Personal Property is sold, transferred and conveyed free and clear of all security interests, liens, claims and encumbrances.

Seller has executed this Bill of Sale and **BARGAINED, SOLD, TRANSFERRED, CONVEYED** and **ASSIGNED** the Personal Property and Buyer has accepted this Bill of Sale and purchased the Personal Property **AS IS AND WHEREVER LOCATED, WITH ALL FAULTS AND WITHOUT ANY REPRESENTATIONS OR WARRANTIES OF WHATSOEVER NATURE, EXPRESS, IMPLIED, OR STATUTORY, EXCEPT AS EXPRESSLY SET FORTH IN THAT CERTAIN AGREEMENT OF SALE AND PURCHASE BETWEEN SELLER AND BUYER, DATED AS OF [_____] , 20[___]** (the "PURCHASE AGREEMENT") AND THE WARRANTIES SET FORTH HEREIN, IT BEING THE INTENTION OF SELLER AND BUYER TO EXPRESSLY NEGATE AND EXCLUDE ALL WARRANTIES WHATSOEVER, INCLUDING BUT NOT LIMITED TO THE IMPLIED WARRANTIES OF MERCHANTABILITY AND FITNESS FOR ANY PARTICULAR PURPOSE, ANY IMPLIED OR EXPRESS WARRANTY OF CONFORMITY TO MODELS OR SAMPLES OF MATERIALS, ANY RIGHTS OF BUYER UNDER APPROPRIATE STATUTES TO CLAIM DIMINUTION OF CONSIDERATION, ANY CLAIM BY BUYER FOR DAMAGES BECAUSE OF DEFECTS, WHETHER KNOWN OR UNKNOWN WITH RESPECT TO THE PERSONAL PROPERTY, WARRANTIES CREATED BY AFFIRMATION OF FACT OR PROMISE AND ANY OTHER WARRANTIES CONTAINED IN OR CREATED BY THE UNIFORM COMMERCIAL CODE AS NOW OR HEREAFTER IN EFFECT IN THE STATE IN WHICH THE PERSONAL PROPERTY IS LOCATED, OR CONTAINED IN OR CREATED BY ANY OTHER LAW.

Buyer expressly acknowledges and affirms the provisions of Sections 6.2, 7.2 and 7.3 of the Purchase Agreement.

This Bill of Sale shall be governed and construed in accordance with the laws of the State of Texas.

Dated this _____ day of _____, 20__.

SELLER:

_____,
a _____

By: _____
Name: _____
Title: _____

E-2

BUYER:

_____,
a _____

By: _____
Name: _____
Title: _____

Exhibit "A" to Bill of Sale

Description of Real Property

Exhibit E
Exhibit A-1

Schedule 1 to Bill of Sale

List of Personal Property

Exhibit E
Schedule 1-1

EXHIBIT "F"

Form of Assignment and Assumption of Leases

ASSIGNMENT AND ASSUMPTION OF LEASES

THIS ASSIGNMENT AND ASSUMPTION OF LEASES (the "Assignment") dated as of [____], 20[___], is between [____], a [____] ("Assignor"), and [____], a [____] ("Assignee").

A. Assignor is the lessor under certain leases executed with respect to that certain real property and improvements thereon known as [____, _____, _____], and more particularly described in Exhibit "A" attached hereto (the "Property"), which leases are described in Schedule 1 attached hereto (the "Leases").

B. Assignor and Assignee, entered into an Agreement of Sale and Purchase dated as of [____], 20[___] (the "Purchase Agreement"), pursuant to which Assignee agreed to purchase the Property from Assignor and Assignor agreed to sell the Property to Assignee, on the terms and conditions contained therein.

C. Assignor desires to assign its interest as lessor in the Leases to Assignee, and Assignee desires to accept the assignment thereof, on the terms and conditions below.

ACCORDINGLY, the parties hereby agree as follows:

1. Assignor hereby assigns to Assignee all of its right, title, and interest in and to the Leases, and Assignee hereby accepts such assignment and assumes and agrees to perform and observe (i) all of the lessor's obligations under the Leases arising (x) from and after the date hereof or (y) to the extent Assignee received a credit for such obligation under Section 9.5 of the Purchase Agreement, including the obligations and duties of Assignor relating to any Tenant Deposits and (ii) all of the lessor's obligations under the Leases relating to the physical, environmental or legal compliance status of the Property arising on or after the Closing Date and, to the extent Assignee is credited or prorated for such item in connection with the closing of the transaction, for matters arising prior to the Closing Date.

2. Assignor shall indemnify, defend and hold harmless Assignee from and against any claims, losses and liabilities, including reasonable attorneys' fees, incurred by Assignee relating to the Leases and Tenant Deposits as a result of events or circumstances occurring prior to the date hereof (other than to the extent of the credits provided for in Section 9.5(f) of the Purchase Agreement). Assignee shall indemnify, defend and hold harmless Assignor from and against any claims, losses and liabilities, including reasonable attorneys' fees, incurred by Assignor relating to the Leases and Tenant Deposits as a result of events or circumstances occurring on or after the date hereof or to the extent of the credits provided for in Section 9.5(f) of the Purchase Agreement.

3. In the event of any dispute between Assignor and Assignee arising out of the obligations of the parties under this Assignment or concerning the meaning or interpretation of any provision contained herein, the losing party shall pay the prevailing party's costs and expenses of such dispute, including, without limitation, reasonable attorneys' fees and costs.

4. Any rental and other payments under the Leases shall be prorated between the parties as provided in the Purchase Agreement.

5. This Assignment shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns.

6. This Assignment shall be governed and construed in accordance with the laws of the State of Texas.

7. This Assignment may be executed in any number of counterparts, each of which shall be deemed an original, but all of which taken together shall constitute one and the same instrument.

8. Assignee hereby expressly acknowledges and affirms the provisions of Sections 6.2, 7.2 and 7.3 of the Purchase Agreement.

Assignor and Assignee have executed this Agreement the day and year first above written.

ASSIGNOR:

_____,
a _____

By: _____
Name: _____
Title: _____

ASSIGNEE:

_____,
a _____

By: _____
Name: _____
Title: _____

Exhibit "A" to Assignment and Assumption of Leases

Description of Real Property

Exhibit F
Exhibit A-1

Schedule 1 to Assignment and Assumption of Leases

List of Leases

Exhibit F
Schedule 1-1

EXHIBIT "G"

Form of Assignment and Assumption of Contracts, Warranties and Guaranties, and Other Intangible Property

ASSIGNMENT AND ASSUMPTION OF CONTRACTS, WARRANTIES AND GUARANTIES, AND OTHER INTANGIBLE PROPERTY

THIS ASSIGNMENT AND ASSUMPTION OF CONTRACTS, WARRANTIES AND GUARANTIES, AND OTHER INTANGIBLE PROPERTY (the "**Assignment**") dated as of [____], 20[___], is between [____], a [____] ("**Assignor**"), and [____], a [____] ("**Assignee**").

A. Assignor owns certain real property and certain improvements thereon known as [____, _____, _____], and more particularly described in Exhibit "A" attached hereto (the "**Property**").

B. Assignor has entered into certain contracts which are more particularly described in Schedule 1 attached hereto (the "**Contracts**"), which affect the Property.

C. Assignor and Assignee, entered into an Agreement of Sale and Purchase dated as of [____], 20[___] (the "**Purchase Agreement**"), pursuant to which Assignee agreed to purchase the Property from Assignor and Assignor agreed to sell the Property to Assignee, on the terms and conditions contained therein.

D. Assignor desires to assign to Assignee its interest, if any, in the Contracts and in certain warranties, guaranties, and intangible personal property with respect to the Property, to the extent the same are assignable, and Assignee desires to accept the assignment thereof, on the terms and conditions below.

ACCORDINGLY, the parties hereby agree as follows:

1. Assignor hereby assigns to Assignee all of Assignor's right, title, and interest, if any, in and to the following, from and after the date hereof, to the extent the same are assignable:

(a) the Contracts;

(b) any and all warranties and guaranties ("**Warranties and Guaranties**") made by or received from any third party with respect to any improvements owned by Assignor on the Property, including without limitation the HVAC Warranty; and

(c) the right to use the name [____].

2. Assignee hereby accepts the foregoing assignment by Assignor and assumes all of the Assignor's obligations under the Contracts, (x) solely to the extent of the credits provided for in Section 9.5(f) of the Purchase Agreement or (y) for obligations that arise from events or circumstances that first occur after the date hereof.

3. Assignor shall indemnify, defend and hold harmless Assignee from and against any claims, losses and liabilities, including reasonable attorneys' fees, incurred by Assignee relating to the Contracts as a result of events or circumstances occurring prior to the date hereof (other than to the extent of the credits provided for in Section 9.5(f) of the Purchase Agreement). Assignee shall indemnify, defend and hold harmless Assignor from and against any claims, losses and liabilities, including reasonable attorneys' fees, incurred by Assignor relating

G-1

to the Contracts as a result of events or circumstances occurring on or after the date hereof or to the extent of the credits provided for in Section 9.5(f) of the Purchase Agreement.

4. In the event of any dispute between Assignor and Assignee arising out of the obligations of the parties under this Assignment or concerning the meaning or interpretation of any provision contained herein, the losing party shall pay the prevailing party's costs and expenses of such dispute, including, without limitation, reasonable attorneys' fees and costs.

5. This Assignment shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns.

6. This Assignment shall be governed and construed in accordance with the laws of the State of Texas.

7. This Assignment may be executed in any number of counterparts, each of which shall be deemed an original, but all of which taken together shall constitute one and the same instrument.

8. Assignee hereby expressly acknowledges and affirms the provisions of Sections 6.2, 7.2 and 7.3 of the Purchase Agreement.

Assignor and Assignee have executed this Agreement the day and year first above written.

ASSIGNOR:

_____,
a _____

By: _____
Name: _____
Title: _____

G-3

ASSIGNEE:

_____,
a _____

By: _____
Name: _____
Title: _____

**Exhibit “A” to Assignment and Assumption of Contracts, Warranties and
Guaranties, and Other Intangible Property**

Description of Real Property

Exhibit G
Exhibit A-1

**Schedule 1 to Assignment and Assumption of Contracts, Warranties and
Guaranties, and Other Intangible Property**

List of Contracts

Exhibit G
Schedule 1-1

EXHIBIT "H"

Form of Tenant Estoppel Certificate

TENANT ESTOPPEL CERTIFICATE

TO: _____

TENANT: _____

RE: _____

THIS IS TO CERTIFY THAT:

1. The undersigned is the "Tenant" under that certain Lease, dated _____, _____ (the "Original Lease") between Tenant and _____ ("Landlord"), covering the premises described above (the "Premises").

2. The Original Lease has not been modified, assigned, supplemented, or amended in any respect, except by the following instruments:

(insert dates of all modifications, assignments, supplements, or amendments; if blank, then "none"). The Original Lease, as so modified, assigned, supplemented, and/or amended, as applicable (collectively, the "Lease"), constitutes the entire agreement between Landlord and Tenant and is valid and in full force and effect on the date hereof. A correct and complete copy of the Lease is attached hereto as **Exhibit A**.

3. The Premises contain _____ rentable square feet. Landlord delivered the Premises to Tenant in accordance with the terms of the Lease on _____. Tenant has accepted the Premises and now occupies the Premises. The Lease term commenced on _____, _____, and will expire on _____. Any improvements to be constructed on the Premises by Landlord have been completed and accepted by Tenant and any tenant construction allowances payable by Landlord have been paid. Tenant has _____ *(if blank, then "none")* options to renew the initial term of the Lease, each for a period of _____ years *(if blank, then "none")*.

4. The base rent payable by Tenant presently is \$ _____ per month, and Tenant's share of common area maintenance expenses (or similar) payable by Tenant presently is \$ _____ per month. No such rent or other amount payable by Tenant under the Lease has been paid more than one (1) month in advance of its due date except as follows *(if blank, then "none")*: _____. Rent and other amounts payable under the Lease have been paid through _____ *(insert date)*.

5. Tenant's security deposit is \$ _____. Tenant has paid in full all other sums presently due and payable under the Lease.

6. The Guarantor(s) under the Lease is(are) _____ *(if blank, then "none")*.

7. As of this date, to the best of Tenant's knowledge, no breach exists on the part of Tenant under the Lease and no events or conditions exist which, with the passage of time or giving of notice or both, would constitute a breach on the part of Tenant under the Lease. As of this date, to the best of Tenant's knowledge, Tenant has no claims of setoffs or defenses against the Landlord or any rents payable under the Lease, Tenant

H-1

does not assert or allege any claim against the Landlord for any failure of performance of any of the terms of the Lease, and no breach exists on the part of Landlord under the Lease.

8. Tenant has no right or option whatsoever to purchase or otherwise acquire the Premises or any portion thereof.

9. The undersigned has not entered into any sublease, assignment or any other agreement transferring _____
(if blank, then "none").

10. The undersigned is authorized to execute this Tenant Estoppel Certificate on behalf of Tenant and realizes that Landlord is proposing to sell the building in which the premises are located. The undersigned makes this statement with the understanding that any proposed buyer of the building (or its assignee) and any lender making a loan to such buyer (or its assignee) secured by the Premises shall be entitled to rely upon this certification by Tenant.

H-2

Dated this ____ day of _____, 20__.

TENANT:

_____,
a _____

By: _____
Name: _____
Title: _____

H-3

EXHIBIT A TO TENANT ESTOPPEL CERTIFICATE

[See Attached Lease]

H-4

EXHIBIT "I"

Description of Existing Survey

ALTA Survey performed on March 12, 2016 by McMinn Land Surveying Company

I-1

EXHIBIT "J"

NON-FOREIGN AFFIDAVIT

Section 1445 of the Internal Revenue Code provides that a transferee of a U.S. real property interest must withhold tax if the transferor is a foreign person. To inform the transferee that withholding of tax is not required upon the disposition of a U.S. real property interest by [_____], a [_____] (the "Seller"), the undersigned hereby certifies the following:

Seller is not a foreign person, foreign corporation, foreign partnership, foreign trust, or foreign estate (as those terms are defined in the Internal Revenue Code and Income Tax Regulations);

Seller's U.S. taxpayer identification number is [_____];

Seller is not a disregarded entity as defined in §1.1445-2(b)(2)(iii) of the Income Tax Regulations;

Seller's address is [_____].

The undersigned understands that this certification may be disclosed to the Internal Revenue Service by the transferee and that any false statement contained herein could be punished by fine, imprisonment, or both. Under penalties of perjury, the undersigned declares that it has examined this certification and to the best of its knowledge and belief it is true, correct, and complete, and further declares that it has authority to sign this document.

[Signature Page Follows]

J-1

Dated: _____, 20[]

SELLER:

[], a
[]

By: __
Name:
Title:

[Signature Page – Seller’s Non-Foreign Affidavit]

EXHIBIT "K"

Form of Owner's Affidavit

**AFFIDAVIT AS TO DEBTS AND LIENS
AND INDEMNITY AGREEMENT**

HERITAGE TITLE COMPANY OF AUSTIN, INC.
401 Congress Avenue, Suite 1500
Austin, TX 78701

GF# 202102063 DK

SELLER(S): DWF IV Lakewood LP

PURCHASER(S)/BORROWER(S): Cassava Sciences, Inc.

LENDER:

UNDERWRITER: First American Title Insurance Company

STREET ADDRESS: 6801 Capital of Texas Highway North, Austin, TX 78731

PROPERTY DESCRIPTION:

Lot 1, LAKEWOOD OFFICE PARK, a subdivision in Travis County, Texas, according to the map or plat thereof, recorded in [Volume 87, Page\(s\) 43C](#) of the Plat Records of Travis County, Texas.

The undersigned ("Affiant", whether one or more) after being duly sworn under oath, hereby states, certifies, swears and affirms that the following information is true and correct, to-wit:

1. **PURPOSE OF AFFIDAVIT.** This Affidavit as to Debts and Liens ("Affidavit") is made, executed and delivered for the benefit of Heritage Title Company of Austin, Inc. ("Title Company"), and its underwriter named above, ("Beneficiaries") as an inducement to the Beneficiaries to issue a title policy in connection with the transaction which is currently pending (this "Transaction") in connection with the above-described property (the "Property"). Affiant acknowledges that (i) the Beneficiaries are relying upon the representations in this Affidavit as being true and correct; and (ii) the Beneficiaries would not issue a title policy without this Affidavit being executed.

2. **DEBTS OR LIENS.** To the best of Affiant's knowledge except as indicated below, there are no loans, state or federal tax liens, or other real estate liens of any kind or nature on or against the Property, including Broker's and Appraiser's liens that will be paid at closing. The only exceptions are:

1. (Original Principal)

3. **LOAN PAYOFF.** To the best of Affiant's knowledge, the payoff letter delivered to Beneficiaries by Seller's lender in connection with the above described loan (the "Payoff Letter") is correct in all respects. Affiant hereby indemnifies the Beneficiaries against any and all loss or damage sustained as a result of any shortage in the payoff of any loan secured by liens against the Property, so long as such payoff is made in the amount or amounts specified in the Payoff Letter. In the event of any such shortage, Affiant hereby agrees to tender all amounts necessary to fully pay and alleviate said shortage promptly after notice thereof. Affiant: (i) acknowledges that the Beneficiaries are relying upon the Payoff Letter in connection with this Transaction; (ii) certifies that to the best of Affiant's knowledge, the payees identified in the Payoff Letter are the appropriate recipients of the payoff funds; and (iii) undertakes and agrees to cooperate with the

Title Company in obtaining appropriate releases, discharges, satisfactions, and terminations of the security instruments which secure the payment of the loan(s) identified in the Payoff Letter.

K-1

4. IMPROVEMENT DEBTS OR LIENS. To the best of Affiant's knowledge, except as indicated below: (i) there are no unpaid debts on any personal property or fixtures of any kind or nature that are attached to or a part of the Property; (ii) there are no unpaid bills or contracts for labor or materials used in connection with any construction or improvements on the Property. The only exceptions are:

1. NONE

5. GOVERNMENT LIENS. Affiant represents that: (i) Affiant has received no notice of any liens or claims outstanding against the Property for any paving, sidewalks, utility lines, or other improvements benefiting the Property; and (ii) Affiant has received no notice of any claims by any governmental authority, utility provider, or other person or entity that any liens or claims exist against the Property for any unpaid utilities or for costs incurred in removing trash, cutting grass or weeds, or removing or repairing any buildings or other improvements located upon or within the Property.

6. TAXES AND ASSESSMENTS. All real property taxes, ad valorem taxes, maintenance assessments, home owners or condominium owners association assessments, and other taxes or assessments of any kind or nature which are due or payable with respect to the Property (the "Assessments") have been paid in full; except only for Assessments which are being collected by the Title Company in connection with this Transaction.

7. PENDING LITIGATION. To the best of Affiant's knowledge, no action or proceeding is now pending in any state or federal court in the United States which is applicable to the Property.

8. RESTRICTIVE COVENANTS. Affiant has received no notice of any alleged violation of subdivision restrictions, condominium declaration, or other covenants, conditions or restrictions applicable to the Property (the "Restrictions"). To the best of Affiant's knowledge, the Property is currently in compliance with all of the Restrictions.

9. PARTIES IN POSSESSION. There are no existing or potential claims to the Property or any portion thereof arising because of adverse possession; options to purchase or rights of first refusal. Except as indicated below, there are no tenants or other Parties who are in possession of any portion of the Property or have the right to be in possession of any portion of the Property. The only exceptions are the following listed tenants who hold rights with respect to the Property (or portions thereof) under valid, written leases:

1.

10. BANKRUPTCY. There are no creditor's rights proceedings or other proceedings in bankruptcy or receivership that have been instituted by or against Affiant. No assignment for the benefit of creditors has been made by Affiant. Affiant acknowledges that bankruptcy of Affiant will not discharge any liabilities to the Beneficiaries which arise out of any false or fraudulent representations in this Affidavit.

11. AUTHORITY. Affiant certifies and confirms that: (i) this Affidavit and the other elements of this Transaction have been duly authorized by each person signing on behalf of each Entity; (ii) the charter and/or other organizational documents of each Entity are in full force and effect and no proceedings are pending for the dissolution or annulment of any Entity; and (iii) full and complete copies of all organizational documents of each Entity have been furnished to the Title Company, together with any and all amendments which have been entered into or filed with respect thereto.

12. GAP INDEMNITY. Affiant agrees that in consideration of Beneficiaries issuing the policy(ies) of title insurance without exception to any matters which may arise between the effective date of the title commitment and the date of the documents creating the interest being insured are filed for record, (which

matters may constitute an encumbrance on or adversely affect the title) (the "GAP"), to promptly defend, remove, bond or otherwise dispose of any encumbrance, lien or objectionable matter to title which may arise or be filed against the Property during the GAP. Affiant further agrees to HOLD HARMLESS AND INDEMNIFY the Beneficiaries against all losses, expenses, costs and fees (including, but not limited to, attorney fees) which may arise out of the Affiant's failure to so remove, bond or otherwise dispose of any said liens, encumbrances or objectionable matters.

EXECUTED by the undersigned on the dates set out hereinbelow.

DWF IV Lakewood LP

By

THE STATE OF

COUNTY OF

BEFORE ME, the affiant authority, this day appeared , who after being duly sworn, stated upon oath that the foregoing was true and correct. Sworn to before me this _____ day of _____, _____.

NOTARY PUBLIC STATE OF

K-3

SCHEDULE 3.2-1

Additional Due Diligence Items

1. CAD file of the as-built improvements
2. Soils reports; engineer reports; environmental assessments in Seller's possession
3. A current certified rent roll and history of rent relief for the last 3 years
4. History of legal actions related to the Property for the last 3 years
5. Financial statements of the Property (including capital improvements) for the last 3 years
6. Copies of tax bills for the Property for the last 3 years
7. Full copies of all service, maintenance or operating contracts and warranties relating to the Property
8. Disclosures of any known structural, mechanical, plumbing, elevator or electrical deficiencies
9. Unsafe conditions or other damage, including radon gas or other hazards
10. Any ADA inspection reports, notices, fines or legal actions for the last 3 years
11. A list of accounts receivable as of the current date
12. A list of security deposits and letters of credit, which shall be assignable to Buyer at Closing
13. Certificates of occupancy
14. Purchase Agreement, including design specifications, for the to-be-installed HVAC equipment
15. Equipment and service agreements, which shall be assignable to the Buyer at Closing
16. Any other materials in Seller's possession that would aid in the evaluation of a purchase of the Property

Schedule 3.2-1

SCHEDULE 3.2-2

Excluded Personalty

None.

Schedule 6.1(E)

SCHEDULE 6.1(E)

Leasing Costs

None.

K-3

CERTIFICATION OF THE PRINCIPAL EXECUTIVE OFFICER PURSUANT TO
SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Remi Barbier, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Cassava Sciences, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/s/ REMI BARBIER

Remi Barbier,
Chairman of the Board of Directors,
President and Chief Executive Officer
(Principal Executive Officer)

Date: November 15, 2021

CERTIFICATION OF THE PRINCIPAL FINANCIAL OFFICER PURSUANT TO
SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Eric J. Schoen, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Cassava Sciences, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/s/ ERIC J. SCHOEN

Eric J. Schoen,
Chief Financial Officer
(Principal Financial Officer)

Date: November 15, 2021

CERTIFICATION OF THE CHIEF EXECUTIVE OFFICER AND CHIEF FINANCIAL
OFFICER PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002
(18 U.S.C. Section 1350)

Pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, each of the undersigned officers of Cassava Sciences, Inc. (the “Company”), hereby certifies that to the best of such officer’s knowledge:

1. The Company’s Quarterly Report on Form 10-Q for the period ended September 30, 2021, and to which this certification is attached as Exhibit 32.1 (the “Periodic Report”), fully complies with the requirements of Section 13-(a) or 15-(d) of the Securities Exchange Act of 1934, and
2. The information contained in the Periodic Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: November 15, 2021

/s/ REMI BARBIER

Remi Barbier,
Chairman of the Board of Directors,
President and Chief Executive Officer

/s/ ERIC J. SCHOEN

Eric J. Schoen,
Chief Financial Officer

**Document And Entity
Information - shares**

**9 Months Ended
Sep. 30, 2021**

Nov. 10, 2021

Document And Entity Information [Abstract]

<u>Document Type</u>	10-Q	
<u>Document Quarterly Report</u>	true	
<u>Document Fiscal Period Focus</u>	Q3	
<u>Document Period End Date</u>	Sep. 30, 2021	
<u>Document Transition Report</u>	false	
<u>Entity File Number</u>	000-29959	
<u>Entity Registrant Name</u>	Cassava Sciences, Inc.	
<u>Entity Incorporation, State or Country Code</u>	DE	
<u>Entity Tax Identification Number</u>	91-1911336	
<u>Entity Address, Address Line One</u>	7801 N. Capital of Texas Highway	
<u>Entity Address, Address Line Two</u>	Suite 260	
<u>Entity Address, City or Town</u>	Austin	
<u>Entity Address, State or Province</u>	TX	
<u>Entity Address, Postal Zip Code</u>	78731	
<u>City Area Code</u>	512	
<u>Local Phone Number</u>	501-2444	
<u>Title of 12(b) Security</u>	Common Stock, \$0.001 par value	
<u>Trading Symbol</u>	SAVA	
<u>Security Exchange Name</u>	NASDAQ	
<u>Entity Current Reporting Status</u>	Yes	
<u>Entity Interactive Data Current</u>	Yes	
<u>Entity Filer Category</u>	Non-accelerated Filer	
<u>Entity Small Business</u>	true	
<u>Entity Emerging Growth Company</u>	false	
<u>Entity Shell Company</u>	false	
<u>Entity Common Stock, Shares Outstanding</u>		40,016,792
<u>Amendment Flag</u>	false	
<u>Current Fiscal Year End Date</u>	--12-31	
<u>Document Fiscal Year Focus</u>	2021	
<u>Entity Central Index Key</u>	0001069530	

**Condensed Consolidated
Balance Sheets - USD (\$)
\$ in Thousands**

**Sep. 30, Dec. 31,
2021 2020**

Current assets:

<u>Cash and cash equivalents</u>	\$	
	241,524	\$ 93,506
<u>Prepaid expenses and other current assets</u>	10,391	488
<u>Total current assets</u>	251,915	93,994
<u>Operating lease right-of-use assets</u>	231	295
<u>Property and equipment, net</u>	20,695	11
<u>Intangible assets, net</u>	1,209	
<u>Other assets</u>	199	
<u>Total assets</u>	274,249	94,300

Current liabilities:

<u>Accounts payable</u>	2,345	911
<u>Accrued development expense</u>	3,251	719
<u>Accrued compensation and benefits</u>	126	83
<u>Operating lease liabilities, current</u>	95	58
<u>Other current liabilities</u>	509	94
<u>Total current liabilities</u>	6,326	1,865
<u>Operating lease liabilities, non-current</u>	164	235
<u>Other non-current liabilities</u>	194	
<u>Total liabilities</u>	6,684	2,100

Commitments and contingencies (Notes 9, 11 and 13)

Stockholders' equity:

<u>Preferred stock, \$0.001 par value; 10,000,000 shares authorized, none issued and outstanding</u>		
<u>Common stock, \$0.001 par value; 120,000,000 shares authorized; 40,016,792 and 35,237,987 shares issued and outstanding at September 30, 2021 and December 31, 2020, respectively</u>	40	35
<u>Additional paid-in capital</u>	460,659	267,086
<u>Accumulated deficit</u>	(193,134)	(174,921)
<u>Total stockholders' equity</u>	267,565	92,200
<u>Total liabilities and stockholders' equity</u>	\$	\$ 94,300
	274,249	

**Condensed Consolidated
Balance Sheets
(Parenthetical) - \$ / shares**

Sep. 30, 2021 Dec. 31, 2020

Condensed Consolidated Balance Sheets [Abstract]

<u>Preferred stock, par value</u>	\$ 0.001	\$ 0.001
<u>Preferred stock, shares authorized</u>	10,000,000	10,000,000
<u>Preferred stock, shares issued</u>	0	0
<u>Preferred stock, shares outstanding</u>	0	0
<u>Common stock, par value</u>	\$ 0.001	\$ 0.001
<u>Common stock, shares authorized</u>	120,000,000	120,000,000
<u>Common stock, shares issued</u>	40,016,792	35,237,987
<u>Common stock, shares outstanding</u>	40,016,792	35,237,987

Condensed Consolidated Statements Of Operations - USD (\$) shares in Thousands, \$ in Thousands	3 Months Ended		9 Months Ended	
	Sep. 30,	Sep. 30,	Sep. 30,	Sep. 30,
	2021	2020	2021	2020
Operating expenses:				
<u>Research and development, net of grant reimbursement</u>	\$ 8,041	\$ 399	\$ 14,471	\$ 1,534
<u>General and administrative</u>	1,712	1,038	3,953	2,634
<u>Gain on sale of property and equipment</u>				(346)
<u>Total operating expenses</u>	9,753	1,437	18,424	3,822
<u>Operating loss</u>	(9,753)	(1,437)	(18,424)	(3,822)
<u>Interest income</u>	15	7	35	106
<u>Other income, net</u>	176		176	
<u>Net loss</u>	\$ (9,562)	\$ (1,430)	\$ (18,213)	\$ (3,716)
<u>Net loss per share, basic and diluted</u>	\$ (0.24)	\$ (0.06)	\$ (0.46)	\$ (0.15)
<u>Shares used in computing net loss per share, basic and diluted</u>	39,957	24,972	39,218	24,745

**Condensed Consolidated
Statements Of Cash Flows -
USD (\$)
\$ in Thousands**

**9 Months Ended
Sep. 30, 2021 Sep. 30, 2020**

Cash flows from operating activities:

Net loss \$ (18,213) \$ (3,716)

Adjustments to reconcile net loss to net cash used in operating activities:

Stock-based compensation 1,237 750

Depreciation 131 21

Amortization of intangible assets 90

Gain on sale of property and equipment (346)

Changes in operating assets and liabilities:

Prepaid and other assets (10,102) (729)

Operating lease right-of-use assets and liabilities 30

Accounts payable 1,434 12

Accrued development expense 2,532 (219)

Accrued compensation and benefits 43 22

Other current liabilities 609 (2)

Net cash used in operating activities (22,209) (4,207)

Cash flows from investing activities:

Purchases of property and equipment (22,114)

Proceeds from sale of property and equipment 360

Net cash (used in) provided by investing activities (22,114) 360

Cash flows from financing activities:

Proceeds from issuance of common stock upon exercise of stock options 1,824 256

Proceeds from issuance of common stock upon exercise of common stock warrants 692 4,584

Proceeds from registered direct offering, net of issuance costs 189,825

Net cash provided by financing activities 192,341 4,840

Net increase in cash and cash equivalents 148,018 993

Cash and cash equivalents at beginning of period 93,506 23,081

Cash and cash equivalents at end of period \$ 241,524 \$ 24,074

General And Liquidity

9 Months Ended
Sep. 30, 2021

[General And Liquidity](#)

[\[Abstract\]](#)

[General And Liquidity](#)

Note 1. General and Liquidity

Cassava Sciences, Inc. and its wholly-owned subsidiaries (collectively referred to as the “Company”) discovers and develops proprietary pharmaceutical product candidates that may offer significant improvements to patients and healthcare professionals. The Company generally focuses its discovery and product development efforts on disorders of the nervous system.

The accompanying unaudited condensed financial statements of the Company have been prepared in accordance with accounting principles generally accepted in the United States (“GAAP”) for interim financial information and pursuant to the instructions to the Quarterly Report on Form 10-Q and Article 10 of Regulation S-X. All intercompany transactions and balances have been eliminated in consolidation. Accordingly, the condensed financial statements do not include all of the information and footnotes required by GAAP for complete financial statements. In the opinion of management of the Company, all adjustments, consisting of normal recurring adjustments, considered necessary for a fair presentation have been included. Operating results for the three and nine months ended September 30, 2021 are not necessarily indicative of the results that may be expected for any other interim period or for the year 2021. For further information, refer to the financial statements and footnotes thereto included in the Company’s Annual Report on Form 10-K for the year ended December 31, 2020.

Coronavirus Disease 2019 (COVID-19)

The widespread outbreak of a novel infectious disease called Coronavirus Disease 2019, or COVID-19, has not significantly impacted the Company’s operations or financial condition as of November 15, 2021. However, this pandemic has created a dynamic and uncertain situation in the national economy. The Company continues to closely monitor the latest information to make timely, informed business decisions and public disclosures regarding the potential impact of pandemic on its operations and financial condition. The scope of pandemic is unprecedented and its long-term impact on the Company’s operations and financial condition cannot be reasonably estimated at this time.

Liquidity

The Company has incurred significant net losses and negative cash flows since inception, and as a result has an accumulated deficit of \$193.1 million at September 30, 2021. The Company expects its cash requirements to be significant in the future. The amount and timing of the Company’s future cash requirements will depend on regulatory and market acceptance of its product candidates and the resources it devotes to researching and developing, formulating, manufacturing, commercializing and supporting its products. The Company may seek additional funding through public or private financing in the future, if such funding is available and on terms acceptable to the Company. There are no assurances that additional financing will be available on favorable terms, or at all. However, management believes that the current working capital position will be sufficient to meet the Company’s working capital needs for at least the next 12 months.

Significant Accounting Policies

9 Months Ended
Sep. 30, 2021

[Significant Accounting Policies \[Abstract\]](#)

[Significant Accounting Policies](#)

Note 2. Significant Accounting Policies

Use of Estimates

The Company makes estimates and assumptions in preparing its condensed financial statements in conformity with GAAP. These estimates and assumptions affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the condensed financial statements and the reported amount of revenue earned and expenses incurred during the reporting period. The Company evaluates its estimates on an ongoing basis, including those estimates related to manufacturing agreements and research collaborations. Actual results could differ from these estimates and assumptions.

Cash and Cash Equivalents and Concentration of Credit Risk

The Company invests in cash and cash equivalents. The Company considers highly liquid financial instruments with original maturities of three months or less to be cash equivalents. Highly liquid investments that are considered cash equivalents include money market accounts and funds, certificates of deposits, and U.S. Treasury securities. The Company maintains its cash and cash equivalents at one financial institution.

Fair Value Measurements

The Company recognizes financial instruments in accordance with the authoritative guidance on fair value measurements and disclosures for financial assets and liabilities. This guidance defines fair value, establishes a framework for measuring fair value in accordance with GAAP, and expands disclosures about fair value measurements. The guidance also establishes a three-tier fair value hierarchy, which prioritizes the inputs used in measuring fair value. These tiers include:

- Level 1 includes quoted prices in active markets.
- Level 2 includes significant observable inputs, such as quoted prices for identical or similar securities, or other inputs that are observable and can be corroborated by observable market data for similar securities. The Company uses market pricing and other observable market inputs obtained from third-party providers. It uses the bid price to establish fair value where a bid price is available. The Company does not have any financial instruments where the fair value is based on Level 2 inputs.
- Level 3 includes unobservable inputs that are supported by little or no market activity. The Company does not have any financial instruments where the fair value is based on Level 3 inputs.

If a financial instrument uses inputs that fall in different levels of the hierarchy, the instrument will be categorized based upon the lowest level of input that is significant to the fair value calculation. The fair value of cash and cash equivalents was based on Level 1 inputs at September 30, 2021 and December 31, 2020.

Proceeds from Grants

During the three months ended September 30, 2021 and 2020, the Company received reimbursements totaling \$2.0 million and \$1.0 million pursuant to National Institutes of Health ("NIH") research grants, respectively. During the nine months ended September 30, 2021 and 2020, the Company received reimbursements totaling \$3.5 million and \$3.4 million pursuant to NIH research grants, respectively. The Company records the proceeds from these grants as reductions to its research and development expenses.

Stock-based Compensation

The Company recognizes non-cash expense for the fair value of all stock options and other share-based awards. The Company uses the Black-Scholes option valuation model (“Black-Scholes”) to calculate the fair value of stock options, using the single-option award approach and straight-line attribution method. For all options granted, it recognizes the resulting fair value as expense on a straight-line basis over the vesting period of each respective stock option, generally four years.

The Company has granted share-based awards that vest upon achievement of certain performance criteria (“Performance Awards”). The Company multiplies the number of Performance Awards by the fair value of its common stock on the date of grant to calculate the fair value of each award. It estimates an implicit service period for achieving performance criteria for each award. The Company recognizes the resulting fair value as expense over the implicit service period when it concludes that achieving the performance criteria is probable. It periodically reviews and updates as appropriate its estimates of implicit service periods and conclusions on achieving the performance criteria. Performance Awards vest and common stock is issued upon achievement of the performance criteria.

Net Loss per Share

The Company computes basic net loss per share on the basis of the weighted-average number of common shares outstanding for the reporting period. Diluted net loss per share is computed on the basis of the weighted-average number of common shares outstanding plus potential dilutive common shares outstanding using the treasury-stock method. Potential dilutive common shares consist of outstanding common stock options and warrants. There is no difference between the Company’s net loss and comprehensive loss.

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

	Three months ended		Nine months ended	
	September 30, 2021	2020	September 30, 2021	2020
Numerator:				
Net loss	\$ (9,562)	\$ (1,430)	\$(18,213)	\$ (3,716)
Denominator:				
Shares used in computing net loss per share, basic and diluted	39,957	24,972	39,218	24,745
Net loss per share, basic and diluted	<u>\$ (0.24)</u>	<u>\$ (0.06)</u>	<u>\$ (0.46)</u>	<u>\$ (0.15)</u>
Dilutive common stock options excluded from net loss per share, diluted	2,350	2,184	2,219	2,314
Common stock warrants excluded from net loss per share, diluted	—	838	—	838

The Company excluded common stock options and warrants outstanding from the calculation of net loss per share, diluted, because the effect of including options and warrants outstanding would have been anti-dilutive.

Fair Value of Financial Instruments

Financial instruments include accounts payable and accrued liabilities. The estimated fair value of certain financial instruments may be determined using available market information or other appropriate valuation methodologies. However, considerable judgment is required in interpreting market data to develop estimates of fair value; therefore, the estimates are not necessarily indicative of the amounts that could be realized or would be paid in a current market exchange. The effect of using different market assumptions and/or estimation methodologies may be material to the estimated fair value amounts. The carrying amounts of accounts payable and accrued liabilities are at cost, which approximates fair value due to the short maturity of those instruments.

Research Contract Costs and Accruals

The Company has entered into various research and development contracts with research institutions and other third-party vendors. These agreements are generally cancelable. Except for refundable deposits, related payments are recorded as research and development expenses as incurred. The Company records accruals for estimated ongoing research costs. When evaluating the adequacy of the accrued liabilities, the Company analyzes progress of the studies including the phase or completion of events, invoices received and contracted costs. Significant judgments and estimates are made in determining the accrued balances at the end of any reporting period. Actual results could differ from the Company's estimates. The Company's historical accrual estimates have not been materially different from actual costs.

Incentive Bonus Plan

In 2020, the Company established the 2020 Cash Incentive Bonus Plan (the "Plan") to incentivize Plan participants. Awards under the Plan are accounted for as liability awards under Accounting Standards Codification (ASC) 718 "*Stock-based Compensation*". The fair value of each potential Plan award will be determined once a grant date occurs and will be remeasured each reporting period. Compensation expense associated with the Plan will be recognized over the expected achievement period for each Plan award, when a Performance Condition (as defined below) is considered probable of being met. See Note 11 for further discussion of the Plan.

Leases

The Company recognizes assets and liabilities that arise from leases. For operating leases, the Company is required to recognize a right-of-use asset and a lease liability, initially measured at the present value of the lease payments during the lease term, in the condensed balance sheets. The Company elected the short-term lease recognition exemption for all leases that qualify. This means, for those leases that qualify, the Company does not recognize right-of-use assets or lease liabilities. As the Company's leases do not provide an implicit rate, it uses its incremental borrowing rate based on the information available at the commencement date in determining the present value of lease payments. Lease expense for lease payments is recognized on a straight-line basis over the lease term.

Property and equipment

Property and equipment is recorded at cost, net of accumulated depreciation. Depreciation is recorded using the straight-line method over the estimated useful lives of the assets. Buildings, and site improvements have estimated useful lives of 39 years and 9 years, respectively. Tenant improvements are amortized using the straight-line method over the useful lives of the improvements or the remaining term of the corresponding leases, whichever is shorter. The remaining term of the corresponding leases is approximately 2.8 years.

Property and equipment are reviewed for impairment when events or changes in circumstances indicate the carrying amount of an asset may not be recoverable. If property and equipment are considered to be impaired, an impairment loss is recognized.

Intangible assets

Acquired intangible assets are recorded at fair value at the date of acquisition and primarily consist of lease-in-place agreements and leasing commissions. Intangible assets are amortized over the estimated life of the lease-in-place agreements, which approximates 2.7 years.

Intangible assets are reviewed for impairment on an annual basis, and when there is reason to believe that their values have been diminished or impaired. If intangible assets are considered to be impaired, an impairment loss is recognized.

Income Taxes

The Company accounts for income taxes under the asset and liability method. Deferred tax assets and liabilities are recognized for the estimated future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Deferred tax balances are adjusted to reflect tax rates based on currently enacted tax laws, which will be in effect in the years in which the temporary differences are expected to reverse. The Company has accumulated significant deferred tax assets that reflect the tax effects of net operating loss and tax credit carryovers and temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes

and the amounts used for income tax purposes. Realization of certain deferred tax assets is dependent upon future earnings. The Company is uncertain about the timing and amount of any future earnings. Accordingly, the Company offsets these deferred tax assets with a valuation allowance.

The Company accounts for uncertain tax positions in accordance with ASC 740, "Income Taxes", which clarifies the accounting for uncertainty in tax positions. These provisions require recognition of the impact of a tax position in the Company's condensed financial statements only if that position is more likely than not of being sustained upon examination by taxing authorities, based on the technical merits of the position. Any interest and penalties related to uncertain tax positions will be reflected as a component of income tax expense.

Prepaid And Other Assets

9 Months Ended
Sep. 30, 2021

[Prepaid And Other Assets](#)

[\[Abstract\]](#)

[Prepaid And Other Assets](#)

Note 3. Prepaid and Other Assets

Prepaid and other assets at September 30, 2021 and December 31, 2020 consisted of the following (in thousands):

	<u>September 30, 2021</u>	<u>December 31, 2020</u>
Prepaid insurance	\$ 966	\$ 457
Contract research organization deposit	9,204	—
Other	221	31
Total prepaid expenses and other current assets	<u>\$ 10,391</u>	<u>\$ 488</u>

Real Property Acquisition

9 Months Ended
Sep. 30, 2021

[Real Property Acquisition](#)

[\[Abstract\]](#)

[Real Property Acquisition](#)

Note 4. Real Property Acquisition

On August 4, 2021, the Company completed the all-cash purchase of a two-building office complex in Austin, Texas, which will serve as its future corporate headquarters. This property is intended to accommodate the Company's anticipated growth and expansion of its operations in the coming years. Maintenance, physical facilities, leasing, property management and other key responsibilities related to property ownership are being outsourced to professional real-estate managers under long-term contract with the Company. The purchase price of the property was \$22.0 million, including transaction costs, funded with cash on hand. The office complex measures approximately 90,000 rentable square feet. At acquisition and September 30, 2021, the property was 59% leased, before the Company's occupancy of approximately an additional 25% of the property in 2022. The seller was an independent third party not affiliated with the Company.

The purchase was accounted for as an asset acquisition under Accounting Standards Codification (ASC) 805, Business Combinations. As all assets purchased by the Company are considered a single identifiable asset for purposes of the screen test under ASC 805 as the buildings and property improvements are attached to the land and cannot be removed without incurring significant costs and the in-place lease intangibles should be combined with the related real estate and considered a single asset. As substantially all of the fair value of the gross assets acquired are concentrated into a single identifiable asset, the Company concluded that the screen was met, and the transaction is not considered an acquisition of a business. Pursuant to the cost accumulation method as prescribed in ASC 805, the cost of the acquisition, including certain transaction costs, is allocated to the assets acquired on the basis of relative fair values. The value of acquired in-place leases is measured as the sum of lost revenues that would be incurred during a prospective lease-up period that would be necessary to achieve occupancy similar to that at the time of acquisition.

The acquisition is summarized as follows (in thousands):

	Real Property Acquisition	
Land	\$	3,734
Buildings		15,980
Site improvements		453
Tenant improvements		567
Total tangible assets acquired	\$	<u>20,734</u>
Lease-in-place agreements	\$	1,053
Leasing commissions and other		246
Total intangible assets	\$	<u>1,299</u>
Consideration paid	\$	<u>22,033</u>

The Company records the net income from building operations and leases as other income, net, as leasing is not core to the Company's operations. Building depreciation and amortization is included in general and administrative expense. Components of other income, net, for the three and nine months ended September 30, 2021 and 2020 were as follows (in thousands):

	Three months ended		Nine months ended	
	September 30,		September 30,	
	2021	2020	2021	2020
Lease revenue	\$ 347	\$ —	\$ 347	\$ —
Property operating expenses	(171)	—	(171)	—
Other income, net	\$ 176	\$ —	\$ 176	\$ —



Property And Equipment

9 Months Ended
Sep. 30, 2021

[Property And Equipment](#)

[\[Abstract\]](#)

[Property And Equipment](#)

Note 5. Property and equipment

The components of property and equipment, net, as of September 30, 2021 and December 31, 2020 were as follows (in thousands):

	September 30, 2021	December 31, 2020
Land	\$ 3,734	\$ —
Buildings	15,980	—
Site improvements	453	—
Tenant improvements	567	—
Furniture and equipment	178	97
Gross property and equipment	\$ 20,912	\$ 97
Accumulated depreciation	(217)	(86)
Property and equipment, net	\$ 20,695	\$ 11

Intangible Assets

9 Months Ended
Sep. 30, 2021

[Intangible Asset \[Abstract\]](#)
[Intangible Assets](#)

Note 6. Intangible assets

The components of intangible assets, net, as of September 30, 2021 and December 31, 2020 were as follows (in thousands):

	September 30, 2021	December 31, 2020
Lease-in-place agreements	\$ 1,053	\$ —
Leasing commissions and other	246	—
Gross intangible assets	\$ 1,299	\$ —
Accumulated amortization	(90)	—
Intangible assets, net	<u>\$ 1,209</u>	<u>\$ —</u>

Amortization expense for finite-lived intangible assets is expected to be as follows (in thousands):

For the year ending December 31,	
2021	\$ 206
2022	464
2023	464
2024	165
Total amortization	<u>\$ 1,299</u>

**Stockholders' Equity And
Stock-Based Compensation
Expense**

9 Months Ended

Sep. 30, 2021

[Stockholders' Equity And
Stock-Based Compensation
Expense \[Abstract\]](#)

[Stockholders' Equity And
Stock-Based Compensation
Expense](#)

Note 7. Stockholders' Equity and Stock-Based Compensation Expense

Stockholders' Equity Activity during the Nine Months Ended September 30, 2021 and 2020

During the nine months ended September 30, 2021 and 2020, the Company's common stock outstanding and stockholders' equity changed as follows:

	Common Stock	Stockholders' equity (in thousands)
Balance at December 31, 2019	21,841,810	\$ 22,099
Stock-based compensation for:		
Stock options for employees	—	261
Stock options for non-employees	—	9
Proceeds from exercise of common stock warrants	2,888,092	3,613
Net loss	—	(1,150)
Balance at March 31, 2020	<u>24,729,902</u>	<u>\$ 24,832</u>
Stock-based compensation for:		
Stock options for employees	—	249
Stock options for non-employees	—	3
Proceeds from exercise of common stock warrants	189,431	236
Net loss	—	(1,136)
Balance at June 30, 2020	<u>24,919,333</u>	<u>\$ 24,184</u>
Non-cash stock-based compensation for:		
Stock options for employees	—	224
Stock options for non-employees	—	4
Proceeds from exercise of common stock warrants	588,235	735
Proceeds from exercise of stock options	71,105	256
Net loss	—	(1,430)
Balance at September 30, 2020	<u>25,578,673</u>	<u>\$ 23,973</u>
Balance at December 31, 2020	35,237,987	\$ 92,200
Stock-based compensation for:		
Stock options for employees	—	249
Stock options for non-employees	—	1
Proceeds from exercise of common stock warrants	554,019	692
Exercise of stock options	135,015	1,746
Proceeds from registered direct offering of common stock	4,081,633	189,825
Net loss	—	(3,526)
Balance at March 31, 2021	<u>40,008,654</u>	<u>\$ 281,187</u>
Stock-based compensation for:		
Stock options for employees	—	410
Stock options for non-employees	—	5
Exercise of stock options	3,240	3
Net loss	—	(5,125)
Balance at June 30, 2021	<u>40,011,894</u>	<u>\$ 276,480</u>
Stock-based compensation for:		
Stock options for employees	—	24

Stock options for non-employees	—	548
Exercise of stock options	4,898	75
Net loss	—	(9,562)
Balance at September 30, 2021	<u>40,016,792</u>	<u>\$ 267,565</u>

2021 Registered Direct Offering

On February 12, 2021, the Company completed a common stock offering pursuant to which certain investors purchased 4,081,633 shares of common stock at a price of \$49.00 per share. Net proceeds of the offering were approximately \$189.8 million after deducting offering expenses.

At-the-Market Common Stock Offering

In March 2020, the Company established an at-the-market offering program (“ATM”) to sell, from time to time, shares of Company common stock having an aggregate offering price of up to \$100 million in transactions pursuant to a shelf registration statement that was declared effective by the U.S. Securities and Exchange Commission (the “SEC”) on May 5, 2020. The Company is obligated to pay a commission of 3.0% of the gross proceeds from the sale of shares of common stock in the offering. The Company is not obligated to sell any shares in the offering.

There were no common stock sales under the ATM during the three and nine months ended September 30, 2021 and 2020.

Common Stock Warrants

In August 2018, the Company issued warrants to purchase up to an aggregate of 9.1 million shares of its common stock in conjunction with an offering of its common stock.

The Company did not receive any proceeds from exercise of common stock warrants during the three months ended September 30, 2021. During the three months ended September 30, 2020, the Company received proceeds of \$0.7 million from the exercise of 0.6 million shares pursuant to warrants.

During the nine months ended September 30, 2021, the Company received proceeds of \$0.7 million from the exercise of 0.6 million shares pursuant to warrants. During the nine months ended September 30, 2020, the Company received proceeds of \$4.6 million from the exercise of 3.7 million shares pursuant to warrants.

There were no common stock warrants outstanding as of September 30, 2021.

Stock Option and Performance Award Activity in 2021

During the nine months ended September 30, 2021, stock options and unvested Performance Awards outstanding under the Company’s stock option plans changed as follows:

	Stock Options	Performance Awards
Outstanding as of December 31, 2020	2,817,504	138,055
Options granted	92,500	—
Options exercised	(241,638)	—
Options forfeited/canceled	(12,139)	—
Outstanding as of September 30, 2021	<u>2,656,227</u>	<u>138,055</u>

The weighted average exercise price of options outstanding at September 30, 2021 was \$11.46. As outstanding options vest over the current remaining vesting period of 2.2 years, the Company expects to recognize stock-based compensation expense of \$6.5 million. If and when outstanding Performance Awards vest, the Company will recognize stock-based compensation expense of \$2.3 million over the implicit service period.

During the three months ended September 30, 2021, there were 6,644 stock options exercised. Of the stock options exercised, 1,746 stock options were net settled in satisfaction of

the exercise price, with no cash proceeds received. Cash proceeds to the Company for options not net settled totaled \$75,000 during the three months ended September 30, 2021.

During the nine months ended September 30, 2021, there were 241,638 stock options exercised. Of the stock options exercised, 100,485 stock options were net settled in satisfaction of the exercise price, with no cash proceeds received. Cash proceeds to the Company for options not net settled totaled \$1,824,000 during the nine months ended September 30, 2021.

During the three and nine months ended September 30, 2020, there were 71,000 stock options exercised resulting in cash proceeds to the Company totaling \$256,000.

Stock-based Compensation Expense in 2021

During the three and nine months ended September 30, 2021 and 2020, the Company's stock-based compensation expense was as follows (in thousands):

	Three months ended September 30,		Nine months ended September 30,	
	2021	2020	2021	2020
Research and development	\$ 452	\$ 109	\$ 867	\$ 335
General and administrative	120	119	370	415
Total stock-based compensation expense	<u>\$ 572</u>	<u>\$ 228</u>	<u>\$ 1,237</u>	<u>\$ 750</u>

2018 Equity Incentive Plan

In January 2018, the Company's Board of Directors (the "Board") approved the Company's 2018 Omnibus Incentive Plan (the "2018 Plan"). The Board or a designated committee of the Board is responsible for administration of the 2018 Plan and determines the terms and conditions of each option granted, consistent with the terms of the 2018 Plan. The Company's employees, directors, and consultants are eligible to receive awards under the 2018 Plan, including grants of stock options and Performance Awards. Share-based awards generally expire 10 years from the date of grant. The 2018 Plan provides for issuance of up to 1,000,000 shares of common stock, par value \$0.001 per share, subject to adjustment as provided in the 2018 Plan.

When stock options or Performance Awards are exercised net of the exercise price and taxes, the number of shares of stock issued is reduced by the number of shares equal to the amount of taxes owed by the award recipient and that number of shares are cancelled. The Company then uses its cash to pay tax authorities the amount of statutory taxes owed by and on behalf of the award recipient.

Income Taxes

**9 Months Ended
Sep. 30, 2021**

[Income Taxes \[Abstract\]](#)

[Income Taxes](#)

Note 8. Income Taxes

The Company did not provide for income taxes during the three and nine months ended September 30, 2021, because it has projected a net loss for the full year 2021 for which any benefit will be offset by an increase in the valuation allowance. There was also no provision for income taxes for the three and nine months ended September 30, 2020.

Commitments

**9 Months Ended
Sep. 30, 2021**

[Commitments \[Abstract\]](#)
[Commitments](#)

Note 9. Commitments

Right-of-use Asset and Liability

The Company has a non-cancelable operating lease for approximately 6,000 square feet of office space in Austin, Texas that expires on April 30, 2024. The Company also has a short-term lease agreement for an additional 3,600 square feet of office space in Austin, Texas that expires on April 30, 2022. Future lease payments as of September 30, 2021 are as follows (in thousands):

<u>Future lease payments</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	Total future lease payments	Less: imputed interest	<u>Total</u>
Operating leases	\$ 25	102	107	36	270	(11)	\$ 259
Short-term operating lease	\$ 16	21	—	—	37	—	\$ 37

Rent expense for the three months ended September 30, 2021 and 2020 totaled \$41,000 and \$25,000, respectively.

Rent expense for the nine months ended September 30, 2021 and 2020 totaled \$98,000 and \$75,000, respectively.

Cash paid for operating lease liabilities during the three months ended September 30, 2021 and 2020 totaled \$41,000 and \$25,000, respectively. Cash paid for operating lease liabilities during the nine months ended September 30, 2021 and 2020 totaled \$68,000 and \$75,000, respectively.

Other Commitments

The Company conducts its product research and development programs through a combination of internal and collaborative programs that include, among others, arrangements with universities, contract research organizations and clinical research sites. The Company has contractual arrangements with these organizations that are cancelable. The Company's obligations under these contracts are largely based on services performed. The Company also had non-cancellable commitments for the manufacture of simufilam totaling approximately \$1.9 million at September 30, 2021.

**Sale Of Property And
Equipment**

**9 Months Ended
Sep. 30, 2021**

[Sale Of Property And
Equipment \[Abstract\]](#)

[Sale Of Property And
Equipment](#)

Note 10. Sale of Property and Equipment

There were no sales of property and equipment during the three and nine months ended September 30, 2021.

There were no sales of property and equipment during the three months ended September 30, 2020. During the nine months ended September 30, 2020, the Company sold surplus manufacturing equipment to a third party and received proceeds totaling \$360,000. The original cost of the property and equipment was \$892,000 and accumulated depreciation was \$878,000, resulting in a gain on sale of property and equipment of \$346,000 during the nine months ended September 30, 2020.

**2020 Cash Incentive Bonus
Plan**

**9 Months Ended
Sep. 30, 2021**

**[Cash Incentive Bonus Plan
\[Abstract\]](#)**

**[2020 Cash Incentive Bonus
Plan](#)**

Note 11. 2020 Cash Incentive Bonus Plan

In August 2020, the Board approved the Plan. The Plan was established to promote the long-term success of the Company by creating an “at-risk” cash bonus program that rewards Plan participants with additional cash compensation in lockstep with significant increases in the Company’s market capitalization. The Plan is considered “at-risk” because Plan participants will not receive a cash bonus unless the Company’s market capitalization increases significantly and certain other conditions specified in the Plan are met. Specifically, Plan participants will not be paid any cash bonuses unless (1) the Company completes a merger or acquisition transaction that constitutes a sale of ownership of the Company or its assets (a Merger Transaction) or (2) the Compensation Committee of the Board (the Compensation Committee) determines the Company has sufficient cash on hand, as defined in the Plan. Because of the inherent discretion and uncertainty regarding these requirements, the Company has concluded that a Plan grant date has not occurred as of September 30, 2021.

Plan participants will be paid all earned cash bonuses in the event of a Merger Transaction.

The Company’s market capitalization for purposes of the Plan is determined based on either (1) the Company’s closing price of one share on the Nasdaq Capital Market multiplied by the total issued and outstanding shares and options to purchase shares of the Company, or (2) the aggregate consideration payable to security holders of the Company in a Merger Transaction. This constitutes a market condition under applicable accounting guidance.

The Plan triggers a potential cash bonus each time the Company’s market capitalization increases significantly, up to a maximum \$5 billion in market capitalization. The Plan specifies 14 incremental amounts between \$200 million and \$5 billion (each increment, a “Valuation Milestone”). Each Valuation Milestone triggers a potential cash bonus award in a pre-set amount defined in the Plan. Each Valuation Milestone must be achieved and maintained for no less than 20 consecutive trading days for Plan participants to be eligible for a potential cash bonus award. Approximately 58% of each cash bonus award associated with a Valuation Milestone is subject to adjustment and approval by the Compensation Committee. Any amounts not awarded by the Compensation Committee are no longer available for distribution.

If the Company were to exceed a \$5 billion market capitalization for no less than 20 consecutive trading days, all Valuation Milestones would be deemed achieved, in which case cash bonus awards would range from a minimum of \$139.1 million up to a hypothetical maximum of \$322.3 million. Payment of cash bonuses is deferred until such time as (1) the Company completes a Merger Transaction, or (2) the Compensation Committee determines the Company has sufficient cash on hand to render payment (each, a “Performance Condition”), neither of which may ever occur. Accordingly, there can be no assurance that Plan participants will ever be paid a cash bonus that is awarded under the Plan, even if the Company’s market capitalization increases significantly.

The Plan is accounted for as a liability award. The fair value of each Valuation Milestone award will be determined once a grant date occurs and will be remeasured each reporting period. Compensation expense associated with the Plan will be recognized over the expected achievement period for each of the 14 Valuation Milestones, when a Performance Condition is considered probable of being met.

In October 2020, the Company achieved the first Valuation Milestone. Subsequently, the Compensation Committee approved a potential cash bonus award of \$7.3 million in total for all Plan participants, subject to future satisfaction of a Performance Condition.

During the nine months ended September 30, 2021, the Company achieved 11 Valuation Milestones triggering potential Company obligations to all Plan participants from a minimum of \$93.7 million up to a hypothetical maximum of \$225.0 million, to be determined by the Compensation Committee. However, no compensation expense has been recorded since no grant

date has occurred and no Performance Conditions are considered probable of being met. There is no continuing service requirement for Plan participants once the Compensation Committee approves a cash bonus award.

No actual cash payments were authorized or made to participants under the Plan through September 30, 2021.

**Recently Issued Accounting
Pronouncements**

**9 Months Ended
Sep. 30, 2021**

[Recently Issued Accounting
Pronouncements \[Abstract\]](#)

[Recently Issued Accounting
Pronouncements](#)

Note 12. Recently Issued Accounting Pronouncements

In December 2019, the FASB issued Accounting Standards Update (“ASU”) No. 2019-12, Income Taxes (Topic 740) Simplifying Accounting for Income Taxes, as part of its initiative to reduce complexity in the accounting standards. The guidance amended certain disclosure requirements that had become redundant, outdated or superseded. Additionally, this guidance amends accounting for the interim period effects of changes in tax laws or rates, and simplifies aspects of the accounting for franchise taxes. The guidance is effective for annual periods beginning after December 15, 2020, including interim periods therein. The adoption of ASU 2019-12 in the first quarter of 2021 did not have a material impact on the Company’s condensed financial statements.

Contingencies

**9 Months Ended
Sep. 30, 2021**

[Contingencies \[Abstract\]](#)
[Contingencies](#)

Note 13. Contingencies

Securities Class Actions and Shareholder Derivative Action

Between August 27 and October 26, 2021, following the submission of a Citizen Petition to the U.S. Food and Drug Administration (FDA) by Labaton Sucharow LLP, four class action lawsuits were filed alleging violations of the U.S. securities laws by the Company and certain named officers. The complaints allege that various statements made by the defendants regarding simufilam were rendered materially false and misleading by the allegation contained in the Labaton Sucharow Citizen Petition. These actions were filed in the United States District Court for the Western District of Texas. The complaints seek unspecified compensatory damages and other relief on behalf of a purported class of purchasers of the Company's securities between September 14, 2020, and August 27, 2021. The Company expects that the cases will be consolidated and that a lead plaintiff and lead counsel will be appointed and thereafter that a consolidated amended complaint will be filed. The Company believes the claims are without merit and intends to defend against these lawsuits vigorously. The Company is unable to estimate the possible loss or range of loss, if any, associated with these lawsuits.

On November 4, 2021, a related shareholder derivative action was filed, purportedly on behalf of the Company, in the United States District Court for the Western District of Texas, asserting claims under the U.S. securities laws and state fiduciary duty laws against certain named officers and the members of the Company's board of directors. The complaint relies on the Labaton Sucharow LLP Citizen Petition and alleges, among other things, that the individual defendants exposed the Company to unspecified damages and securities law liability by causing it to make materially false and misleading statements, in violation of the U.S. securities laws and in breach of their fiduciary duties to the Company. The derivative case seeks, among other things, to recover unspecified compensatory damages on behalf of the Company arising out of the individual defendants' alleged wrongful conduct. Although the plaintiffs in the derivative cases does not seek relief against the Company, it has certain indemnification obligations to the individual defendants.

Significant Accounting Policies (Policy)

9 Months Ended
Sep. 30, 2021

[Significant Accounting Policies \[Abstract\]](#)

[Use Of Estimates](#)

Use of Estimates

The Company makes estimates and assumptions in preparing its condensed financial statements in conformity with GAAP. These estimates and assumptions affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the condensed financial statements and the reported amount of revenue earned and expenses incurred during the reporting period. The Company evaluates its estimates on an ongoing basis, including those estimates related to manufacturing agreements and research collaborations. Actual results could differ from these estimates and assumptions.

[Cash And Cash Equivalents And Concentration Of Credit Risk](#)

Cash and Cash Equivalents and Concentration of Credit Risk

The Company invests in cash and cash equivalents. The Company considers highly liquid financial instruments with original maturities of three months or less to be cash equivalents. Highly liquid investments that are considered cash equivalents include money market accounts and funds, certificates of deposits, and U.S. Treasury securities. The Company maintains its cash and cash equivalents at one financial institution.

[Fair Value Measurements](#)

Fair Value Measurements

The Company recognizes financial instruments in accordance with the authoritative guidance on fair value measurements and disclosures for financial assets and liabilities. This guidance defines fair value, establishes a framework for measuring fair value in accordance with GAAP, and expands disclosures about fair value measurements. The guidance also establishes a three-tier fair value hierarchy, which prioritizes the inputs used in measuring fair value. These tiers include:

- Level 1 includes quoted prices in active markets.
- Level 2 includes significant observable inputs, such as quoted prices for identical or similar securities, or other inputs that are observable and can be corroborated by observable market data for similar securities. The Company uses market pricing and other observable market inputs obtained from third-party providers. It uses the bid price to establish fair value where a bid price is available. The Company does not have any financial instruments where the fair value is based on Level 2 inputs.
- Level 3 includes unobservable inputs that are supported by little or no market activity. The Company does not have any financial instruments where the fair value is based on Level 3 inputs.

If a financial instrument uses inputs that fall in different levels of the hierarchy, the instrument will be categorized based upon the lowest level of input that is significant to the fair value calculation. The fair value of cash and cash equivalents was based on Level 1 inputs at September 30, 2021 and December 31, 2020.

[Proceeds From Grants](#)

Proceeds from Grants

During the three months ended September 30, 2021 and 2020, the Company received reimbursements totaling \$2.0 million and \$1.0 million pursuant to National Institutes of Health (“NIH”) research grants, respectively. During the nine months ended September 30, 2021 and 2020, the Company received reimbursements totaling \$3.5 million and \$3.4 million pursuant to NIH research grants, respectively. The Company records the proceeds from these grants as reductions to its research and development expenses.

[Stock-Based Compensation](#)

Stock-based Compensation

The Company recognizes non-cash expense for the fair value of all stock options and other share-based awards. The Company uses the Black-Scholes option valuation model (“Black-Scholes”) to calculate the fair value of stock options, using the single-option award approach and straight-line attribution method. For all options granted, it recognizes the resulting

fair value as expense on a straight-line basis over the vesting period of each respective stock option, generally four years.

The Company has granted share-based awards that vest upon achievement of certain performance criteria (“Performance Awards”). The Company multiplies the number of Performance Awards by the fair value of its common stock on the date of grant to calculate the fair value of each award. It estimates an implicit service period for achieving performance criteria for each award. The Company recognizes the resulting fair value as expense over the implicit service period when it concludes that achieving the performance criteria is probable. It periodically reviews and updates as appropriate its estimates of implicit service periods and conclusions on achieving the performance criteria. Performance Awards vest and common stock is issued upon achievement of the performance criteria.

Net Loss Per Share

Net Loss per Share

The Company computes basic net loss per share on the basis of the weighted-average number of common shares outstanding for the reporting period. Diluted net loss per share is computed on the basis of the weighted-average number of common shares outstanding plus potential dilutive common shares outstanding using the treasury-stock method. Potential dilutive common shares consist of outstanding common stock options and warrants. There is no difference between the Company’s net loss and comprehensive loss.

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

	<u>Three months ended</u>		<u>Nine months ended</u>	
	<u>September 30,</u>		<u>September 30,</u>	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
Numerator:				
Net loss	\$ (9,562)	\$ (1,430)	\$(18,213)	\$ (3,716)
Denominator:				
Shares used in computing net loss per share, basic and diluted	39,957	24,972	39,218	24,745
Net loss per share, basic and diluted	<u>\$ (0.24)</u>	<u>\$ (0.06)</u>	<u>\$ (0.46)</u>	<u>\$ (0.15)</u>
Dilutive common stock options excluded from net loss per share, diluted	2,350	2,184	2,219	2,314
Common stock warrants excluded from net loss per share, diluted	—	838	—	838

The Company excluded common stock options and warrants outstanding from the calculation of net loss per share, diluted, because the effect of including options and warrants outstanding would have been anti-dilutive.

Fair Value Of Financial Instruments

Fair Value of Financial Instruments

Financial instruments include accounts payable and accrued liabilities. The estimated fair value of certain financial instruments may be determined using available market information or other appropriate valuation methodologies. However, considerable judgment is required in interpreting market data to develop estimates of fair value; therefore, the estimates are not necessarily indicative of the amounts that could be realized or would be paid in a current market exchange. The effect of using different market assumptions and/or estimation methodologies may be material to the estimated fair value amounts. The carrying amounts of accounts payable and accrued liabilities are at cost, which approximates fair value due to the short maturity of those instruments.

Research Contract Costs And Accruals

Research Contract Costs and Accruals

The Company has entered into various research and development contracts with research institutions and other third-party vendors. These agreements are generally cancelable. Except for refundable deposits, related payments are recorded as research and development expenses as incurred. The Company records accruals for estimated ongoing research costs. When evaluating the adequacy of the accrued liabilities, the Company analyzes progress of the studies including the phase or completion of events, invoices received and contracted costs. Significant judgments

and estimates are made in determining the accrued balances at the end of any reporting period. Actual results could differ from the Company's estimates. The Company's historical accrual estimates have not been materially different from actual costs.

Incentive Bonus Plan

Incentive Bonus Plan

In 2020, the Company established the 2020 Cash Incentive Bonus Plan (the "Plan") to incentivize Plan participants. Awards under the Plan are accounted for as liability awards under Accounting Standards Codification (ASC) 718 "*Stock-based Compensation*". The fair value of each potential Plan award will be determined once a grant date occurs and will be remeasured each reporting period. Compensation expense associated with the Plan will be recognized over the expected achievement period for each Plan award, when a Performance Condition (as defined below) is considered probable of being met. See Note 11 for further discussion of the Plan.

Leases

Leases

The Company recognizes assets and liabilities that arise from leases. For operating leases, the Company is required to recognize a right-of-use asset and a lease liability, initially measured at the present value of the lease payments during the lease term, in the condensed balance sheets. The Company elected the short-term lease recognition exemption for all leases that qualify. This means, for those leases that qualify, the Company does not recognize right-of-use assets or lease liabilities. As the Company's leases do not provide an implicit rate, it uses its incremental borrowing rate based on the information available at the commencement date in determining the present value of lease payments. Lease expense for lease payments is recognized on a straight-line basis over the lease term.

Property And Equipment

Property and equipment

Property and equipment is recorded at cost, net of accumulated depreciation. Depreciation is recorded using the straight-line method over the estimated useful lives of the assets. Buildings, and site improvements have estimated useful lives of 39 years and 9 years, respectively. Tenant improvements are amortized using the straight-line method over the useful lives of the improvements or the remaining term of the corresponding leases, whichever is shorter. The remaining term of the corresponding leases is approximately 2.8 years.

Property and equipment are reviewed for impairment when events or changes in circumstances indicate the carrying amount of an asset may not be recoverable. If property and equipment are considered to be impaired, an impairment loss is recognized.

Intangible Assets

Intangible assets

Acquired intangible assets are recorded at fair value at the date of acquisition and primarily consist of lease-in-place agreements and leasing commissions. Intangible assets are amortized over the estimated life of the lease-in-place agreements, which approximates 2.7 years.

Intangible assets are reviewed for impairment on an annual basis, and when there is reason to believe that their values have been diminished or impaired. If intangible assets are considered to be impaired, an impairment loss is recognized.

Income Taxes

Income Taxes

The Company accounts for income taxes under the asset and liability method. Deferred tax assets and liabilities are recognized for the estimated future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Deferred tax balances are adjusted to reflect tax rates based on currently enacted tax laws, which will be in effect in the years in which the temporary differences are expected to reverse. The Company has accumulated significant deferred tax assets that reflect the tax effects of net operating loss and tax credit carryovers and temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. Realization of certain deferred tax assets is dependent upon future earnings. The Company is uncertain about the timing and amount of any future earnings. Accordingly, the Company offsets these deferred tax assets with a valuation allowance.

The Company accounts for uncertain tax positions in accordance with ASC 740, "Income Taxes", which clarifies the accounting for uncertainty in tax positions. These provisions require recognition of the impact of a tax position in the Company's condensed financial statements only

if that position is more likely than not of being sustained upon examination by taxing authorities, based on the technical merits of the position. Any interest and penalties related to uncertain tax positions will be reflected as a component of income tax expense.

**Significant Accounting
Policies (Tables)**

Significant Accounting Policies [Abstract]

**Numerators And Denominators In The Calculation Of
Basic And Diluted Net Loss Per Share**

**9 Months Ended
Sep. 30, 2021**

	Three months ended		Nine months ended	
	September 30, 2021	2020	September 30, 2021	2020
Numerator:				
Net loss	\$ (9,562)	\$ (1,430)	\$ (18,213)	\$ (3,716)
Denominator:				
Shares used in computing net loss per share, basic and diluted	39,957	24,972	39,218	24,745
Net loss per share, basic and diluted	<u>\$ (0.24)</u>	<u>\$ (0.06)</u>	<u>\$ (0.46)</u>	<u>\$ (0.15)</u>
Dilutive common stock options excluded from net loss per share, diluted				
	2,350	2,184	2,219	2,314
Common stock warrants excluded from net loss per share, diluted				
	—	838	—	838

**Prepaid And Other Assets
(Tables)**

**9 Months Ended
Sep. 30, 2021**

Prepaid And Other Assets [Abstract]
Schedule Of Prepaid And Other Assets

	September 30, 2021	December 31, 2020
Prepaid insurance	\$ 966	\$ 457
Contract research organization deposit	9,204	—
Other	221	31
Total prepaid expenses and other current assets	<u>\$ 10,391</u>	<u>\$ 488</u>

**Real Property Acquisition
(Tables)**

**9 Months Ended
Sep. 30, 2021**

Real Property Acquisition [Abstract]

Summary Of Acquisition

	Real Property Acquisition
Land	\$ 3,734
Buildings	15,980
Site improvements	453
Tenant improvements	567
Total tangible assets acquired	<u>\$ 20,734</u>
Lease-in-place agreements	\$ 1,053
Leasing commissions and other	246
Total intangible assets	<u>\$ 1,299</u>
Consideration paid	<u>\$ 22,033</u>

Components Of Other Income, Net

	Three months ended September 30,		Nine months ended September 30,	
	2021	2020	2021	2020
Lease revenue	\$ 347	\$ —	\$ 347	\$ —
Property operating expenses	(171)	—	(171)	—
Other income, net	<u>\$ 176</u>	<u>\$ —</u>	<u>\$ 176</u>	<u>\$ —</u>

**Property And Equipment
(Tables)**

**9 Months Ended
Sep. 30, 2021**

Property And Equipment [Abstract]

Components Of Property And Equipment, Net

	September 30, 2021	December 31, 2020
Land	\$ 3,734	\$ —
Buildings	15,980	—
Site improvements	453	—
Tenant improvements	567	—
Furniture and equipment	178	97
Gross property and equipment	\$ 20,912	\$ 97
Accumulated depreciation	(217)	(86)
Property and equipment, net	<u>\$ 20,695</u>	<u>\$ 11</u>

Intangible Assets (Tables)

9 Months Ended
Sep. 30, 2021

Intangible Asset [Abstract]

Components Of Intangible Assets, Net

	September 30, 2021	December 31, 2020
Lease-in-place agreements	\$ 1,053	\$ —
Leasing commissions and other	246	—
Gross intangible assets	\$ 1,299	\$ —
Accumulated amortization	(90)	—
Intangible assets, net	<u>\$ 1,209</u>	<u>\$ —</u>

Amortization Expense For Finite-Lived Intangible Assets

<u>For the year ending December 31,</u>	
2021	\$ 206
2022	464
2023	464
2024	165
Total amortization	<u>\$1,299</u>

**Stockholders' Equity And
Stock-Based Compensation
Expense (Tables)**

**9 Months Ended
Sep. 30, 2021**

[Stockholders' Equity And Stock-Based Compensation
Expense \[Abstract\]](#)

[Common Stock Outstanding And Stockholders' Equity](#)

	Common Stock	Stockholders' equity (in thousands)
Balance at December 31, 2019	21,841,810	\$ 22,099
Stock-based compensation for:		
Stock options for employees	—	261
Stock options for non-employees	—	9
Proceeds from exercise of common stock warrants	2,888,092	3,613
Net loss	—	(1,150)
Balance at March 31, 2020	<u>24,729,902</u>	<u>\$ 24,832</u>
Stock-based compensation for:		
Stock options for employees	—	249
Stock options for non-employees	—	3
Proceeds from exercise of common stock warrants	189,431	236
Net loss	—	(1,136)
Balance at June 30, 2020	<u>24,919,333</u>	<u>\$ 24,184</u>
Non-cash stock-based compensation for:		
Stock options for employees	—	224
Stock options for non-employees	—	4
Proceeds from exercise of common stock warrants	588,235	735
Proceeds from exercise of stock options	71,105	256
Net loss	—	(1,430)
Balance at September 30, 2020	<u>25,578,673</u>	<u>\$ 23,973</u>
Balance at December 31, 2020	35,237,987	\$ 92,200
Stock-based compensation for:		
Stock options for employees	—	249
Stock options for non-employees	—	1
Proceeds from exercise of common stock warrants	554,019	692
Exercise of stock options	135,015	1,746
Proceeds from registered direct offering of common stock	4,081,633	189,825
Net loss	—	(3,526)
Balance at March 31, 2021	<u>40,008,654</u>	<u>\$ 281,187</u>
Stock-based compensation for:		
Stock options for employees	—	410
Stock options for non-employees	—	5
Exercise of stock options	3,240	3
Net loss	—	(5,125)
Balance at June 30, 2021	<u>40,011,894</u>	<u>\$ 276,480</u>
Stock-based compensation for:		
Stock options for employees	—	24
Stock options for non-employees	—	548
Exercise of stock options	4,898	75

Net loss	—	(9,562)
Balance at September 30, 2021	<u>40,016,792</u>	<u>\$ 267,565</u>

Stock Options And Unvested Performance Award Outstanding Activity

	<u>Stock Options</u>	<u>Performance Awards</u>
Outstanding as of December 31, 2020	2,817,504	138,055
Options granted	92,500	—
Options exercised	(241,638)	—
Options forfeited/canceled	(12,139)	—
Outstanding as of September 30, 2021	<u>2,656,227</u>	<u>138,055</u>

Stock-Based Compensation Expense

	<u>Three months ended September 30,</u>		<u>Nine months ended September 30,</u>	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
Research and development	\$ 452	\$ 109	\$ 867	\$ 335
General and administrative	<u>120</u>	<u>119</u>	<u>370</u>	<u>415</u>
Total stock-based compensation expense	<u>\$ 572</u>	<u>\$ 228</u>	<u>\$ 1,237</u>	<u>\$ 750</u>

Commitments (Tables)

9 Months Ended
Sep. 30, 2021

[Commitments \[Abstract\]](#)

[Future Minimum Lease Payments](#)

<u>Future lease payments</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>Total future lease payments</u>	<u>Less: imputed interest</u>	<u>Total</u>
Operating leases	\$ 25	102	107	36	270	(11)	\$ 259
Short-term operating lease	\$ 16	21	—	—	37	—	\$ 37

**General And Liquidity
(Narrative) (Details) - USD
($\$$)**

Sep. 30, 2021 Dec. 31, 2020

$\$$ in Thousands

[General And Liquidity \[Abstract\]](#)

<u>Accumulated deficit</u>	\$ 193,134	\$ 174,921
----------------------------	------------	------------

Significant Accounting Policies (Narrative) (Details) - USD (\$) \$ in Millions	3 Months Ended		9 Months Ended	
	Sep. 30, 2021	Sep. 30, 2020	Sep. 30, 2021	Sep. 30, 2020
Summary Of Significant Accounting Policies [Line Items]				
Reimbursement from National Institutes of Health research grants	\$ 2.0	\$ 1.0	\$ 3.5	\$ 3.4
Vesting period of stock options			4 years	
Leases-In-Place Agreements [Member]				
Summary Of Significant Accounting Policies [Line Items]				
Intangible assets, Estimated useful lives			2 years 8 months 12 days	
Building [Member]				
Summary Of Significant Accounting Policies [Line Items]				
Property and equipment, Estimated useful lives			39 years	
Site Improvements [Member]				
Summary Of Significant Accounting Policies [Line Items]				
Property and equipment, Estimated useful lives			9 years	
Tenant Improvements [Member]				
Summary Of Significant Accounting Policies [Line Items]				
Property and equipment, Estimated useful lives			2 years 9 months 18 days	

Significant Accounting Policies (Numerators And Denominators In The Calculation Of Basic And Diluted Net Loss Per Share) (Details) - USD (\$)
\$ / shares in Units, shares in Thousands, \$ in Thousands

3 Months Ended

9 Months Ended

Sep. 30, Jun. 30, Mar. 31, Sep. 30, Jun. 30, Mar. 31, Sep. 30, Sep. 30, 2021 2021 2021 2020 2020 2020 2021 2020

Numerator:

<u>Net loss</u>	\$ (9,562)	\$ (5,125)	\$ (3,526)	\$ (1,430)	\$ (1,136)	\$ (1,150)	\$ (18,213)	\$ (3,716)
-----------------	------------	------------	------------	------------	------------	------------	-------------	------------

Denominator:

<u>Shares used in computing net loss per share, basic and diluted</u>	39,957			24,972			39,218	24,745
<u>Net loss per share, basic and diluted</u>	\$ (0.24)			\$ (0.06)			\$ (0.46)	\$ (0.15)

Stock Option [Member]

Denominator:

<u>Common stock excluded from net loss per share, diluted</u>	2,350			2,184			2,219	2,314
---	-------	--	--	-------	--	--	-------	-------

Warrants [Member]

Denominator:

<u>Common stock excluded from net loss per share, diluted</u>				838				838
---	--	--	--	-----	--	--	--	-----

Prepaid And Other Assets
(Schedule Of Prepaid And
Other Assets) (Details) - USD Sep. 30, 2021 Dec. 31, 2020
(\$)

\$ in Thousands

Prepaid And Other Assets [Abstract]

<u>Prepaid insurance</u>	\$ 966	\$ 457
<u>Contract research organization deposit</u>	9,204	
<u>Other</u>	221	31
<u>Total prepaid expenses</u>	\$ 10,391	\$ 488

Real Property Acquisition
(Narrative) (Details) - **Aug. 04, 2021**
Building [Member] - Austin, **USD (\$)**
Texas [Member] **ft²**
\$ in Millions

Business Acquisition [Line Items]

<u>Purchase price \$</u>	\$ 22.0
<u>Rentable area ft²</u>	90,000
<u>Percentage of currently leased</u>	59.00%
<u>Percentage of occupying in the future</u>	25.00%

**Real Property Acquisition
(Summary Of Acquisition)
(Details) - Austin, Texas
[Member]**

**Aug. 04, 2021
USD (\$)**

\$ in Thousands

Business Acquisition [Line Items]

Total tangible assets acquired \$ 20,734

Total intangible assets 1,299

Consideration paid 22,033

Land [Member]

Business Acquisition [Line Items]

Total tangible assets acquired 3,734

Building [Member]

Business Acquisition [Line Items]

Total tangible assets acquired 15,980

Site Improvements [Member]

Business Acquisition [Line Items]

Total tangible assets acquired 453

Tenant Improvements [Member]

Business Acquisition [Line Items]

Total tangible assets acquired 567

Leases-In-Place Agreements [Member]

Business Acquisition [Line Items]

Total intangible assets 1,053

Leasing Commissions And Other [Member]

Business Acquisition [Line Items]

Total intangible assets \$ 246

**Real Property Acquisition
(Components Of Other
Income, Net) (Details) - USD
(\$)**

3 Months Ended **9 Months Ended**
Sep. 30, 2021 **Sep. 30, 2020** **Sep. 30, 2021** **Sep. 30, 2020**

\$ in Thousands

Business Acquisition [Line Items]

Other income, net \$ 176 \$ 176

Building [Member] | Austin, Texas [Member]

Business Acquisition [Line Items]

Lease revenue 347 347

Property depreciation and amortization (171) (171)

Other income, net \$ 176 \$ 176

**Property And Equipment
(Components Of Property
And Equipment, Net)
(Details) - USD (\$)
\$ in Thousands**

Sep. 30, 2021 Dec. 31, 2020 Sep. 30, 2020

Property, Plant and Equipment [Line Items]

<u>Gross property and equipment</u>	\$ 20,912	\$ 97	\$ 892
<u>Accumulated depreciation</u>	(217)	(86)	\$ (878)
<u>Property and equipment, net</u>	20,695	11	

Land [Member]

Property, Plant and Equipment [Line Items]

<u>Gross property and equipment</u>	3,734		
-------------------------------------	-------	--	--

Building [Member]

Property, Plant and Equipment [Line Items]

<u>Gross property and equipment</u>	15,980		
-------------------------------------	--------	--	--

Site Improvements [Member]

Property, Plant and Equipment [Line Items]

<u>Gross property and equipment</u>	453		
-------------------------------------	-----	--	--

Tenant Improvements [Member]

Property, Plant and Equipment [Line Items]

<u>Gross property and equipment</u>	567		
-------------------------------------	-----	--	--

Furniture And Equipment [Member]

Property, Plant and Equipment [Line Items]

<u>Gross property and equipment</u>	\$ 178	\$ 97	
-------------------------------------	--------	-------	--

Intangible Assets
(Components Of Intangible
Assets, Net) (Details) - USD
(\$)

Sep. 30, 2021 Dec. 31, 2020

\$ in Thousands

Finite-Lived Intangible Assets [Line Items]

Gross intangible assets \$ 1,299

Accumulated amortization (90)

Intangible assets, net 1,209

Leases-In-Place Agreements [Member]

Finite-Lived Intangible Assets [Line Items]

Gross intangible assets 1,053

Leasing Commissions And Other [Member]

Finite-Lived Intangible Assets [Line Items]

Gross intangible assets \$ 246

Intangible Assets
(Amortization Expense For
Finite-Lived Intangible Sep. 30, 2021 Dec. 31, 2020
Assets) (Details) - USD (\$)
\$ in Thousands

[Intangible Asset \[Abstract\]](#)

<u>2021</u>	\$ 206
<u>2022</u>	464
<u>2023</u>	464
<u>2024</u>	165
<u>Total amortization</u>	\$ 1,299

Stockholders' Equity And Stock-Based Compensation Expense (Narrative) (Details) - USD (\$) \$ / shares in Units, \$ in Thousands	1 Months Ended		3 Months Ended			9 Months Ended					
	Feb. 12, 2021	Jan. 31, 2018	Mar. 31, 2020	Aug. 31, 2018	Sep. 30, 2021	Jun. 30, 2021	Mar. 31, 2021	Sep. 30, 2020	Sep. 30, 2021	Sep. 30, 2020	Dec. 31, 2020

[Employee Service Share
Based Compensation](#)

[Allocation Of Recognized
Period Costs \[Line Items\]](#)

Stock options exercised					4,898	3,240	135,015	71,105				
Proceeds from issuance of common stock upon exercise of stock options									\$ 1,824	\$ 256		
Proceeds from offering						\$ 189,825			189,825			
Proceeds from exercise of warrants									\$ 692	4,584		
Vesting period of stock options									4 years			
Stock-based compensation expense					\$ 572		\$ 228	\$ 1,237	\$ 750			
Par value per share					\$ 0.001			\$ 0.001			\$ 0.001	

[2021 Registered Direct
Offering \[Member\]](#)

[Employee Service Share
Based Compensation](#)

[Allocation Of Recognized
Period Costs \[Line Items\]](#)

Number of shares issued	4,081,633
Price per share	\$ 49.00
Proceeds from offering	\$ 189,800

[ATM \[Member\]](#)

[Employee Service Share
Based Compensation](#)

[Allocation Of Recognized
Period Costs \[Line Items\]](#)

Percentage of commission in ATM offering												3.00%
--	--	--	--	--	--	--	--	--	--	--	--	-------

Number of shares issued ATM [Member] Maximum [Member]					0		0	0	0			
---	--	--	--	--	---	--	---	---	---	--	--	--

[Employee Service Share
Based Compensation](#)

[Allocation Of Recognized
Period Costs \[Line Items\]](#)

Aggregate offering price												\$ 100,000
--	--	--	--	--	--	--	--	--	--	--	--	---------------

[Common Stock Warrants
\[Member\] | Warrants
\[Member\]](#)

[Employee Service Share
Based Compensation](#)

**Allocation Of Recognized
Period Costs [Line Items]**

<u>Number of shares issued</u>	9,100,000			
<u>Proceeds from exercise of warrants</u>	\$ 0	\$ 700	\$ 700	\$ 4,600
<u>Number of warrants exercised</u>		600,000	600,000	3,700,000
<u>Number of warrants outstanding</u>	0		0	
<u>2018 Equity Incentive Plan [Member]</u>				

**Employee Service Share
Based Compensation
Allocation Of Recognized
Period Costs [Line Items]**

<u>Expiration period</u>	10 years
<u>Par value per share</u>	\$ 0.001
<u>2018 Equity Incentive Plan [Member] Maximum [Member]</u>	

**Employee Service Share
Based Compensation
Allocation Of Recognized
Period Costs [Line Items]**

<u>Shares issued</u>	1,000,000
<u>Stock Option [Member]</u>	

**Employee Service Share
Based Compensation
Allocation Of Recognized
Period Costs [Line Items]**

<u>Stock options exercised</u>	6,644	71,000	241,638	71,000
<u>Proceeds from issuance of common stock upon exercise of stock options</u>	\$ 75	\$ 256	\$ 1,824	\$ 256
<u>Stock options exercised, net settled in satisfaction of the exercise price</u>	1,746		100,485	
<u>Proceeds from stock options exercised net settled in satisfaction of the exercise price</u>	\$ 0		\$ 0	

**Stock Option [Member] |
Stock Option And
Performance Award [Member]**

**Employee Service Share
Based Compensation
Allocation Of Recognized
Period Costs [Line Items]**

<u>Weighted average exercise price or options</u>	\$ 11.46	\$ 11.46
<u>Vesting period of stock options</u>		2 years 2 months 12 days

Stock-based compensation expense	\$ 6,500
Performance Award [Member]	
 Stock Option And	
Performance Award [Member]	
Employee Service Share Based Compensation Allocation Of Recognized Period Costs [Line Items]	
Stock-based compensation expense	\$ 2,300

Stockholders' Equity And Stock-Based Compensation Expense (Common Stock Outstanding And Stockholders' Equity) (Details) - USD (\$) \$ in Thousands	3 Months Ended						9 Months Ended	
	Sep. 30, 2021	Jun. 30, 2021	Mar. 31, 2021	Sep. 30, 2020	Jun. 30, 2020	Mar. 31, 2020	Sep. 30, 2021	Sep. 30, 2020
Common Stock, Beginning balance	40,011,894	40,008,654	35,237,987	24,919,333	24,729,902	21,841,810	35,237,987	21,841,810
Common Stock, Proceeds from exercise of common stock warrants			554,019	588,235	189,431	2,888,092		
Common Stock, Exercise of stock options	4,898	3,240	135,015	71,105				
Common Stock, Proceeds from registered direct offering of common stock			4,081,633					
Net loss								
Common Stock, Ending balance	40,016,792	40,011,894	40,008,654	25,578,673	24,919,333	24,729,902	40,016,792	25,578,673
Stockholders' equity, Beginning balance	\$ 276,480	\$ 281,187	\$ 92,200	\$ 24,184	\$ 24,832	\$ 22,099	\$ 92,200	\$ 22,099
Stockholders' equity, Stock-based compensation for:							1,237	750
Stockholders' equity, Proceeds from exercise of common stock warrants			692	735	236	3,613		
Stockholders' equity, Exercise of stock options	75	3	1,746	256				
Stockholders' equity, Proceeds from registered direct offering of common stock			189,825				189,825	
Net loss	(9,562)	(5,125)	(3,526)	(1,430)	(1,136)	(1,150)	(18,213)	(3,716)
Stockholders' equity, Ending balance	\$ 267,565	\$ 276,480	\$ 281,187	\$ 23,973	\$ 24,184	\$ 24,832	\$ 267,565	\$ 23,973
Stock Option [Member]								
Common Stock, Stock-based compensation for:								
Common Stock, Exercise of stock options	6,644			71,000			241,638	71,000
Stockholders' equity, Stock-based compensation for:	\$ 24	\$ 410	\$ 249	\$ 224	\$ 249	\$ 261		
Non-Employee Stock Options [Member]								
Common Stock, Stock-based compensation for:								
Stockholders' equity, Stock-based compensation for:	\$ 548	\$ 5	\$ 1	\$ 4	\$ 3	\$ 9		

**Stockholders' Equity And
Stock-Based Compensation
Expense (Stock Options And
Unvested Performance
Award Outstanding Activity)
(Details) - shares**

3 Months Ended

9 Months Ended

**Sep. 30, Jun. 30, Mar. 31, Sep. 30, Sep. 30, Sep. 30,
2021 2021 2021 2020 2021 2020**

Share-based Compensation Arrangement by Share-based Payment Award [Line Items]

Options exercised (4,898) (3,240) (135,015) (71,105)

Stock Option [Member]

Share-based Compensation Arrangement by Share-based Payment Award [Line Items]

Outstanding as of, Beginning 2,817,504 2,817,504

Options granted 92,500

Options exercised (6,644) (71,000) (241,638) (71,000)

Options forfeited/canceled (12,139)

Outstanding as of, Ending 2,656,227 2,656,227

Performance Award [Member]

Share-based Compensation Arrangement by Share-based Payment Award [Line Items]

Outstanding as of, Beginning 138,055 138,055

Options granted

Options exercised

Options forfeited/cancelled

Outstanding as of, Ending 138,055 138,055

**Stockholders' Equity And
Stock-Based Compensation
Expense (Stock-Based
Compensation Expenses)
(Details) - USD (\$)
\$ in Thousands**

3 Months Ended 9 Months Ended
Sep. 30, Sep. 30, Sep. 30, Sep. 30,
2021 2020 2021 2020

**Employee Service Share-based Compensation, Allocation of
Recognized Period Costs [Line Items]**

<u>Total stock-based compensation expense</u>	\$ 572	\$ 228	\$ 1,237	\$ 750
<u>Research and development [Member]</u>				

**Employee Service Share-based Compensation, Allocation of
Recognized Period Costs [Line Items]**

<u>Total stock-based compensation expense</u>	452	109	867	335
<u>General and administrative [Member]</u>				

**Employee Service Share-based Compensation, Allocation of
Recognized Period Costs [Line Items]**

<u>Total stock-based compensation expense</u>	\$ 120	\$ 119	\$ 370	\$ 415
---	--------	--------	--------	--------

Income Taxes (Narrative) (Details) - USD (\$)	3 Months Ended Sep. 30, 2020	9 Months Ended Sep. 30, 2020
Income Taxes [Abstract]		
Provision for income taxes	\$ 0	\$ 0

Commitments (Narrative) (Details) \$ in Thousands	3 Months Ended		9 Months Ended		Aug. 04, 2021 ft ²
	Sep. 30, 2021 USD (\$) ft ²	Sep. 30, 2020 USD (\$)	Sep. 30, 2021 USD (\$) ft ²	Sep. 30, 2020 USD (\$)	
<u>Operating Leased Assets [Line Items]</u>					
<u>Cash paid for operating lease liabilities \$</u>	\$ 41	\$ 25	\$ 68	\$ 75	
<u>Non-cancellable commitments \$</u>	1,900		1,900		
<u>Building [Member]</u>					
<u>Operating Leased Assets [Line Items]</u>					
<u>Rent expense \$</u>	\$ 41	\$ 25	\$ 98	\$ 75	
<u>Austin, Texas [Member] Operating Leases [Member]</u>					
<u>Operating Leased Assets [Line Items]</u>					
<u>Office space ft²</u>	6,000		6,000		
<u>Lease expiration date</u>			Apr. 30, 2024		
<u>Austin, Texas [Member] Short-Term Operating Lease [Member]</u>					
<u>Operating Leased Assets [Line Items]</u>					
<u>Office space ft²</u>	3,600		3,600		
<u>Lease expiration date</u>			Apr. 30, 2022		
<u>Austin, Texas [Member] Building [Member]</u>					
<u>Operating Leased Assets [Line Items]</u>					
<u>Office space ft²</u>					90,000

Commitments (Future Minimum Lease Payments) (Details) \$ in Thousands	Sep. 30, 2021 USD (\$)
<u>Operating Leases [Member]</u>	
<u>2021</u>	\$ 25
<u>2022</u>	102
<u>2023</u>	107
<u>2024</u>	36
<u>Total future lease payments</u>	270
<u>Less: imputed interest</u>	(11)
<u>Total</u>	259
<u>Short-Term Operating Lease [Member]</u>	
<u>2021</u>	16
<u>2022</u>	21
<u>2023</u>	
<u>2024</u>	
<u>Total future lease payments</u>	37
<u>Less: imputed interest</u>	
<u>Total</u>	\$ 37

**Sale Of Property And
Equipment (Narrative)
(Details) - USD (\$)
\$ in Thousands**

	3 Months Ended		9 Months Ended		
	Sep. 30, 2021	Sep. 30, 2020	Sep. 30, 2021	Sep. 30, 2020	Dec. 31, 2020

**Sale Of Property And Equipment
[Abstract]**

Proceeds from sale of property and
equipment

\$ 360

Gross property and equipment

20,912

892

20,912

892

\$ 97

Accumulated depreciation

\$ 217

\$ 878

\$ 217

878

\$ 86

Gain on sale of property and equipment

\$ 346

2020 Cash Incentive Bonus Plan (Narrative) (Details) - Cash Incentive Bonus Plan [Member] - USD (\$) \$ in Millions	9 Months Ended	
	Sep. 30, 2021	Oct. 13, 2020
<u>Cash Incentive Bonus Plan [Line Items]</u> <u>Percentage of each cash bonus award associated with Valuation Milestone subject to adjustment and approval</u>	58.00%	
<u>Cash bonus award</u>		\$ 7.3
<u>Payments authorized or made to participants under the Plan</u>	\$ 0.0	
<u>Eighth Valuation Milestones [Member]</u>		
<u>Cash Incentive Bonus Plan [Line Items]</u> <u>Compensation expense</u>	0.0	
<u>Minimum [Member]</u>		
<u>Cash Incentive Bonus Plan [Line Items]</u> <u>Valuation milestone amount in market capitalization</u>	200.0	
<u>Minimum [Member] Exceeds \$5 Billion Market Capitalization For No Less Than 20 Consecutive Trading Days [Member]</u>		
<u>Cash Incentive Bonus Plan [Line Items]</u> <u>Cash bonus award</u>	139.1	
<u>Minimum [Member] Eighth Valuation Milestones [Member]</u>		
<u>Cash Incentive Bonus Plan [Line Items]</u> <u>Cash bonus award</u>	93.7	
<u>Maximum [Member]</u>		
<u>Cash Incentive Bonus Plan [Line Items]</u> <u>Valuation milestone amount in market capitalization</u>	5,000.0	
<u>Maximum [Member] Exceeds \$5 Billion Market Capitalization For No Less Than 20 Consecutive Trading Days [Member]</u>		
<u>Cash Incentive Bonus Plan [Line Items]</u> <u>Cash bonus award</u>	322.3	
<u>Maximum [Member] Eighth Valuation Milestones [Member]</u>		
<u>Cash Incentive Bonus Plan [Line Items]</u> <u>Cash bonus award</u>	\$ 225.0	

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28
29
30
31
32
33
34
35
36
37
38
39
40
41
42
43
44
45
46
47
48
49
50
51
52
53
54
55
56
57
58
59
60
61
62
63
64
65
66
67
68
69
70
71
72
73
74
75
76
77
78
79
80
81
82
83
84
85
86
87
88
89
90
91
92
93
94
95
96
97
98
99
100
101
102
103
104
105
106
107
108
109
110
111
112
113
114
115
116
117
118
119
120
121
122
123
124
125
126
127
128
129
130
131
132
133
134
135
136
137
138
139
140
141
142
143
144
145
146
147
148
149
150
151
152
153
154
155
156
157
158
159
160
161
162
163
164
165
166
167
168
169
170
171
172
173
174
175
176
177
178
179
180
181
182
183
184
185
186
187
188
189
190
191
192
193
194
195
196
197
198
199
200
201
202
203
204
205
206
207
208
209
210
211
212
213
214
215
216
217
218
219
220
221
222
223
224
225
226
227
228
229
230
231
232
233
234
235
236
237
238
239
240
241
242
243
244
245
246
247
248
249
250
251
252
253
254
255
256
257
258
259
260
261
262
263
264
265
266
267
268
269
270
271
272
273
274
275
276
277
278
279
280
281
282
283
284
285
286
287
288
289
290
291
292
293
294
295
296
297
298
299
300
301
302
303
304
305
306
307
308
309
310
311
312
313
314
315
316
317
318
319
320
321
322
323
324
325
326
327
328
329
330
331
332
333
334
335
336
337
338
339
340
341
342
343
344
345
346
347
348
349
350
351
352
353
354
355
356
357
358
359
360
361
362
363
364
365
366
367
368
369
370
371
372
373
374
375
376
377
378
379
380
381
382
383
384
385
386
387
388
389
390
391
392
393
394
395
396
397
398
399
400
401
402
403
404
405
406
407
408
409
410
411
412
413
414
415
416
417
418
419
420
421
422
423
424
425
426
427
428
429
430
431
432
433
434
435
436
437
438
439
440
441
442
443
444
445
446
447
448
449
450
451
452
453
454
455
456
457
458
459
460
461
462
463
464
465
466
467
468
469
470
471
472
473
474
475
476
477
478
479
480
481
482
483
484
485
486
487
488
489
490
491
492
493
494
495
496
497
498
499
500
501
502
503
504
505
506
507
508
509
510
511
512
513
514
515
516
517
518
519
520
521
522
523
524
525
526
527
528
529
530
531
532
533
534
535
536
537
538
539
540
541
542
543
544
545
546
547
548
549
550
551
552
553
554
555
556
557
558
559
560
561
562
563
564
565
566
567
568
569
570
571
572
573
574
575
576
577
578
579
580
581
582
583
584
585
586
587
588
589
590
591
592
593
594
595
596
597
598
599
600
601
602
603
604
605
606
607
608
609
610
611
612
613
614
615
616
617
618
619
620
621
622
623
624
625
626
627
628
629
630
631
632
633
634
635
636
637
638
639
640
641
642
643
644
645
646
647
648
649
650
651
652
653
654
655
656
657
658
659
660
661
662
663
664
665
666
667
668
669
670
671
672
673
674
675
676
677
678
679
680
681
682
683
684
685
686
687
688
689
690
691
692
693
694
695
696
697
698
699
700
701
702
703
704
705
706
707
708
709
710
711
712
713
714
715
716
717
718
719
720
721
722
723
724
725
726
727
728
729
730
731
732
733
734
735
736
737
738
739
740
741
742
743
744
745
746
747
748
749
750
751
752
753
754
755
756
757
758
759
760
761
762
763
764
765
766
767
768
769
770
771
772
773
774
775
776
777
778
779
780
781
782
783
784
785
786
787
788
789
790
791
792
793
794
795
796
797
798
799
800
801
802
803
804
805
806
807
808
809
810
811
812
813
814
815
816
817
818
819
820
821
822
823
824
825
826
827
828
829
830
831
832
833
834
835
836
837
838
839
840
841
842
843
844
845
846
847
848
849
850
851
852
853
854
855
856
857
858
859
860
861
862
863
864
865
866
867
868
869
870
871
872
873
874
875
876
877
878
879
880
881
882
883
884
885
886
887
888
889
890
891
892
893
894
895
896
897
898
899
900
901
902
903
904
905
906
907
908
909
910
911
912
913
914
915
916
917
918
919
920
921
922
923
924
925
926
927
928
929
930
931
932
933
934
935
936
937
938
939
940
941
942
943
944
945
946
947
948
949
950
951
952
953
954
955
956
957
958
959
960
961
962
963
964
965
966
967
968
969
970
971
972
973
974
975
976
977
978
979
980
981
982
983
984
985
986
987
988
989
990
991
992
993
994
995
996
997
998
999
1000

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28
29
30
31
32
33
34
35
36
37
38
39
40
41
42
43
44
45
46
47
48
49
50
51
52
53
54
55
56
57
58
59
60
61
62
63
64
65
66
67
68
69
70
71
72
73
74
75
76
77
78
79
80
81
82
83
84
85
86
87
88
89
90
91
92
93
94
95
96
97
98
99
100
101
102
103
104
105
106
107
108
109
110
111
112
113
114
115
116
117
118
119
120
121
122
123
124
125
126
127
128
129
130
131
132
133
134
135
136
137
138
139
140
141
142
143
144
145
146
147
148
149
150
151
152
153
154
155
156
157
158
159
160
161
162
163
164
165
166
167
168
169
170
171
172
173
174
175
176
177
178
179
180
181
182
183
184
185
186
187
188
189
190
191
192
193
194
195
196
197
198
199
200
201
202
203
204
205
206
207
208
209
210
211
212
213
214
215
216
217
218
219
220
221
222
223
224
225
226
227
228
229
230
231
232
233
234
235
236
237
238
239
240
241
242
243
244
245
246
247
248
249
250
251
252
253
254
255
256
257
258
259
260
261
262
263
264
265
266
267
268
269
270
271
272
273
274
275
276
277
278
279
280
281
282
283
284
285
286
287
288
289
290
291
292
293
294
295
296
297
298
299
300
301
302
303
304
305
306
307
308
309
310
311
312
313
314
315
316
317
318
319
320
321
322
323
324
325
326
327
328
329
330
331
332
333
334
335
336
337
338
339
340
341
342
343
344
345
346
347
348
349
350
351
352
353
354
355
356
357
358
359
360
361
362
363
364
365
366
367
368
369
370
371
372
373
374
375
376
377
378
379
380
381
382
383
384
385
386
387
388
389
390
391
392
393
394
395
396
397
398
399
400
401
402
403
404
405
406
407
408
409
410
411
412
413
414
415
416
417
418
419
420
421
422
423
424
425
426
427
428
429
430
431
432
433
434
435
436
437
438
439
440
441
442
443
444
445
446
447
448
449
450
451
452
453
454
455
456
457
458
459
460
461
462
463
464
465
466
467
468
469
470
471
472
473
474
475
476
477
478
479
480
481
482
483
484
485
486
487
488
489
490
491
492
493
494
495
496
497
498
499
500
501
502
503
504
505
506
507
508
509
510
511
512
513
514
515
516
517
518
519
520
521
522
523
524
525
526
527
528
529
530
531
532
533
534
535
536
537
538
539
540
541
542
543
544
545
546
547
548
549
550
551
552
553
554
555
556
557
558
559
560
561
562
563
564
565
566
567
568
569
570
571
572
573
574
575
576
577
578
579
580
581
582
583
584
585
586
587
588
589
590
591
592
593
594
595
596
597
598
599
600
601
602
603
604
605
606
607
608
609
610
611
612
613
614
615
616
617
618
619
620
621
622
623
624
625
626
627
628
629
630
631
632
633
634
635
636
637
638
639
640
641
642
643
644
645
646
647
648
649
650
651
652
653
654
655
656
657
658
659
660
661
662
663
664
665
666
667
668
669
670
671
672
673
674
675
676
677
678
679
680
681
682
683
684
685
686
687
688
689
690
691
692
693
694
695
696
697
698
699
700
701
702
703
704
705
706
707
708
709
710
711
712
713
714
715
716
717
718
719
720
721
722
723
724
725
726
727
728
729
730
731
732
733
734
735
736
737
738
739
740
741
742
743
744
745
746
747
748
749
750
751
752
753
754
755
756
757
758
759
760
761
762
763
764
765
766
767
768
769
770
771
772
773
774
775
776
777
778
779
780
781
782
783
784
785
786
787
788
789
790
791
792
793
794
795
796
797
798
799
800
801
802
803
804
805
806
807
808
809
810
811
812
813
814
815
816
817
818
819
820
821
822
823
824
825
826
827
828
829
830
831
832
833
834
835
836
837
838
839
840
841
842
843
844
845
846
847
848
849
850
851
852
853
854
855
856
857
858
859
860
861
862
863
864
865
866
867
868
869
870
871
872
873
874
875
876
877
878
879
880
881
882
883
884
885
886
887
888
889
890
891
892
893
894
895
896
897
898
899
900
901
902
903
904
905
906
907
908
909
910
911
912
913
914
915
916
917
918
919
920
921
922
923
924
925
926
927
928
929
930
931
932
933
934
935
936
937
938
939
940
941
942
943
944
945
946
947
948
949
950
951
952
953
954
955
956
957
958
959
960
961
962
963
964
965
966
967
968
969
970
971
972
973
974
975
976
977
978
979
980
981
982
983
984
985
986
987
988
989
990
991
992
993
994
995
996
997
998
999
1000

1. The first part of the document discusses the importance of maintaining accurate records of all transactions and activities. It emphasizes the need for transparency and accountability in financial reporting.

2. The second part of the document outlines the various methods and techniques used to collect and analyze data. It includes a detailed description of the experimental procedures and the statistical analysis performed.

3. The third part of the document presents the results of the study, including a comparison of the different methods and techniques used. It discusses the strengths and weaknesses of each approach and provides a summary of the findings.

4. The fourth part of the document discusses the implications of the study and provides recommendations for future research. It highlights the need for further investigation into the effectiveness of the different methods and techniques used.

5. The fifth part of the document provides a conclusion and a summary of the key findings. It reiterates the importance of maintaining accurate records and the need for transparency and accountability in financial reporting.

6. The sixth part of the document provides a list of references and a bibliography. It includes a list of all the sources used in the study and provides a detailed description of each source.

7. The seventh part of the document provides a list of appendices and a bibliography. It includes a list of all the supplementary materials used in the study and provides a detailed description of each material.

8. The eighth part of the document provides a list of figures and a bibliography. It includes a list of all the figures used in the study and provides a detailed description of each figure.

9. The ninth part of the document provides a list of tables and a bibliography. It includes a list of all the tables used in the study and provides a detailed description of each table.

10. The tenth part of the document provides a list of equations and a bibliography. It includes a list of all the equations used in the study and provides a detailed description of each equation.

1. The first step in the process of identifying a problem is to define the problem clearly. This involves identifying the symptoms and the underlying causes of the problem. Once the problem is defined, the next step is to gather information about the problem. This can be done through research, interviews, and observation. The information gathered should be used to identify the key factors that are contributing to the problem. Once the key factors are identified, the next step is to develop a plan of action. This plan should outline the steps that need to be taken to address the problem. The plan should also include a timeline and a budget. Once the plan is developed, the next step is to implement the plan. This involves putting the plan into action and monitoring the progress. Finally, the last step is to evaluate the results. This involves assessing the effectiveness of the plan and making any necessary adjustments.

1. Introduction
The purpose of this report is to analyze the impact of the COVID-19 pandemic on the global economy. The report will discuss the economic challenges faced by various countries and the role of government intervention in mitigating the effects of the pandemic.

2. Methodology
This report is based on a review of secondary data, including academic journals, government reports, and news articles. The data was analyzed using a descriptive and analytical approach.

3. Results
The COVID-19 pandemic has led to a significant global economic downturn. Many countries have experienced a sharp decline in GDP, with some reporting a double-digit contraction. Unemployment rates have risen, and governments have implemented various measures to support the economy and provide relief to citizens.

4. Conclusion
The COVID-19 pandemic has highlighted the need for international cooperation and coordinated economic responses. Governments must continue to implement effective policies to stabilize the economy and promote recovery.

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28
29
30
31
32
33
34
35
36
37
38
39
40
41
42
43
44
45
46
47
48
49
50
51
52
53
54
55
56
57
58
59
60
61
62
63
64
65
66
67
68
69
70
71
72
73
74
75
76
77
78
79
80
81
82
83
84
85
86
87
88
89
90
91
92
93
94
95
96
97
98
99
100
101
102
103
104
105
106
107
108
109
110
111
112
113
114
115
116
117
118
119
120
121
122
123
124
125
126
127
128
129
130
131
132
133
134
135
136
137
138
139
140
141
142
143
144
145
146
147
148
149
150
151
152
153
154
155
156
157
158
159
160
161
162
163
164
165
166
167
168
169
170
171
172
173
174
175
176
177
178
179
180
181
182
183
184
185
186
187
188
189
190
191
192
193
194
195
196
197
198
199
200
201
202
203
204
205
206
207
208
209
210
211
212
213
214
215
216
217
218
219
220
221
222
223
224
225
226
227
228
229
230
231
232
233
234
235
236
237
238
239
240
241
242
243
244
245
246
247
248
249
250
251
252
253
254
255
256
257
258
259
260
261
262
263
264
265
266
267
268
269
270
271
272
273
274
275
276
277
278
279
280
281
282
283
284
285
286
287
288
289
290
291
292
293
294
295
296
297
298
299
300
301
302
303
304
305
306
307
308
309
310
311
312
313
314
315
316
317
318
319
320
321
322
323
324
325
326
327
328
329
330
331
332
333
334
335
336
337
338
339
340
341
342
343
344
345
346
347
348
349
350
351
352
353
354
355
356
357
358
359
360
361
362
363
364
365
366
367
368
369
370
371
372
373
374
375
376
377
378
379
380
381
382
383
384
385
386
387
388
389
390
391
392
393
394
395
396
397
398
399
400
401
402
403
404
405
406
407
408
409
410
411
412
413
414
415
416
417
418
419
420
421
422
423
424
425
426
427
428
429
430
431
432
433
434
435
436
437
438
439
440
441
442
443
444
445
446
447
448
449
450
451
452
453
454
455
456
457
458
459
460
461
462
463
464
465
466
467
468
469
470
471
472
473
474
475
476
477
478
479
480
481
482
483
484
485
486
487
488
489
490
491
492
493
494
495
496
497
498
499
500
501
502
503
504
505
506
507
508
509
510
511
512
513
514
515
516
517
518
519
520
521
522
523
524
525
526
527
528
529
530
531
532
533
534
535
536
537
538
539
540
541
542
543
544
545
546
547
548
549
550
551
552
553
554
555
556
557
558
559
560
561
562
563
564
565
566
567
568
569
570
571
572
573
574
575
576
577
578
579
580
581
582
583
584
585
586
587
588
589
590
591
592
593
594
595
596
597
598
599
600
601
602
603
604
605
606
607
608
609
610
611
612
613
614
615
616
617
618
619
620
621
622
623
624
625
626
627
628
629
630
631
632
633
634
635
636
637
638
639
640
641
642
643
644
645
646
647
648
649
650
651
652
653
654
655
656
657
658
659
660
661
662
663
664
665
666
667
668
669
670
671
672
673
674
675
676
677
678
679
680
681
682
683
684
685
686
687
688
689
690
691
692
693
694
695
696
697
698
699
700
701
702
703
704
705
706
707
708
709
710
711
712
713
714
715
716
717
718
719
720
721
722
723
724
725
726
727
728
729
730
731
732
733
734
735
736
737
738
739
740
741
742
743
744
745
746
747
748
749
750
751
752
753
754
755
756
757
758
759
760
761
762
763
764
765
766
767
768
769
770
771
772
773
774
775
776
777
778
779
780
781
782
783
784
785
786
787
788
789
790
791
792
793
794
795
796
797
798
799
800
801
802
803
804
805
806
807
808
809
810
811
812
813
814
815
816
817
818
819
820
821
822
823
824
825
826
827
828
829
830
831
832
833
834
835
836
837
838
839
840
841
842
843
844
845
846
847
848
849
850
851
852
853
854
855
856
857
858
859
860
861
862
863
864
865
866
867
868
869
870
871
872
873
874
875
876
877
878
879
880
881
882
883
884
885
886
887
888
889
890
891
892
893
894
895
896
897
898
899
900
901
902
903
904
905
906
907
908
909
910
911
912
913
914
915
916
917
918
919
920
921
922
923
924
925
926
927
928
929
930
931
932
933
934
935
936
937
938
939
940
941
942
943
944
945
946
947
948
949
950
951
952
953
954
955
956
957
958
959
960
961
962
963
964
965
966
967
968
969
970
971
972
973
974
975
976
977
978
979
980
981
982
983
984
985
986
987
988
989
990
991
992
993
994
995
996
997
998
999
1000

Document Name: [Illegible]
Version: [Illegible]
Author: [Illegible]
Date: [Illegible]

1. Introduction
This document describes the [Illegible] system and its components.

2. System Architecture
The system is composed of several modules that interact with each other.

3. Installation and Configuration
Detailed instructions for installing and configuring the system are provided below.

4. Usage and Maintenance
This section covers the correct usage of the system and necessary maintenance tasks.

5. Troubleshooting
Common issues and their solutions are listed here to assist users in resolving problems.

6. Appendix
Additional information, including technical specifications and references, is included in the appendix.

7. Contact Information
For further assistance or inquiries, please contact the support team.

8. License and Legal Information
The terms of use and applicable laws are outlined in this section.

9. Change Log
A record of all modifications and updates made to the document is maintained here.

10. Glossary
Key terms and abbreviations used throughout the document are defined in the glossary.

11. Index
An index is provided to facilitate the location of specific information within the document.

12. Acknowledgments
The authors wish to thank the individuals and organizations that supported this project.

13. Conclusion
In conclusion, the [Illegible] system offers a robust and efficient solution for [Illegible].

14. Future Work
Future iterations of the system will focus on enhancing performance and adding new features.

15. References
A list of references is provided to acknowledge the sources of information used in this document.

16. Appendix A
Detailed technical specifications for the hardware components are listed in Appendix A.

17. Appendix B
Sample data and test results are included in Appendix B to illustrate system behavior.

18. Appendix C
Additional diagrams and flowcharts are provided in Appendix C to clarify system processes.

19. Appendix D
A list of acronyms and abbreviations is included in Appendix D for clarity.

20. Appendix E
Detailed information regarding the software licenses and legal notices is provided in Appendix E.

21. Appendix F
A list of contributors and their roles in the development of this document is included in Appendix F.

22. Appendix G
A list of related documents and resources is provided in Appendix G for further reading.

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28
29
30
31
32
33
34
35
36
37
38
39
40
41
42
43
44
45
46
47
48
49
50
51
52
53
54
55
56
57
58
59
60
61
62
63
64
65
66
67
68
69
70
71
72
73
74
75
76
77
78
79
80
81
82
83
84
85
86
87
88
89
90
91
92
93
94
95
96
97
98
99
100
101
102
103
104
105
106
107
108
109
110
111
112
113
114
115
116
117
118
119
120
121
122
123
124
125
126
127
128
129
130
131
132
133
134
135
136
137
138
139
140
141
142
143
144
145
146
147
148
149
150
151
152
153
154
155
156
157
158
159
160
161
162
163
164
165
166
167
168
169
170
171
172
173
174
175
176
177
178
179
180
181
182
183
184
185
186
187
188
189
190
191
192
193
194
195
196
197
198
199
200
201
202
203
204
205
206
207
208
209
210
211
212
213
214
215
216
217
218
219
220
221
222
223
224
225
226
227
228
229
230
231
232
233
234
235
236
237
238
239
240
241
242
243
244
245
246
247
248
249
250
251
252
253
254
255
256
257
258
259
260
261
262
263
264
265
266
267
268
269
270
271
272
273
274
275
276
277
278
279
280
281
282
283
284
285
286
287
288
289
290
291
292
293
294
295
296
297
298
299
300
301
302
303
304
305
306
307
308
309
310
311
312
313
314
315
316
317
318
319
320
321
322
323
324
325
326
327
328
329
330
331
332
333
334
335
336
337
338
339
340
341
342
343
344
345
346
347
348
349
350
351
352
353
354
355
356
357
358
359
360
361
362
363
364
365
366
367
368
369
370
371
372
373
374
375
376
377
378
379
380
381
382
383
384
385
386
387
388
389
390
391
392
393
394
395
396
397
398
399
400
401
402
403
404
405
406
407
408
409
410
411
412
413
414
415
416
417
418
419
420
421
422
423
424
425
426
427
428
429
430
431
432
433
434
435
436
437
438
439
440
441
442
443
444
445
446
447
448
449
450
451
452
453
454
455
456
457
458
459
460
461
462
463
464
465
466
467
468
469
470
471
472
473
474
475
476
477
478
479
480
481
482
483
484
485
486
487
488
489
490
491
492
493
494
495
496
497
498
499
500
501
502
503
504
505
506
507
508
509
510
511
512
513
514
515
516
517
518
519
520
521
522
523
524
525
526
527
528
529
530
531
532
533
534
535
536
537
538
539
540
541
542
543
544
545
546
547
548
549
550
551
552
553
554
555
556
557
558
559
560
561
562
563
564
565
566
567
568
569
570
571
572
573
574
575
576
577
578
579
580
581
582
583
584
585
586
587
588
589
590
591
592
593
594
595
596
597
598
599
600
601
602
603
604
605
606
607
608
609
610
611
612
613
614
615
616
617
618
619
620
621
622
623
624
625
626
627
628
629
630
631
632
633
634
635
636
637
638
639
640
641
642
643
644
645
646
647
648
649
650
651
652
653
654
655
656
657
658
659
660
661
662
663
664
665
666
667
668
669
670
671
672
673
674
675
676
677
678
679
680
681
682
683
684
685
686
687
688
689
690
691
692
693
694
695
696
697
698
699
700
701
702
703
704
705
706
707
708
709
710
711
712
713
714
715
716
717
718
719
720
721
722
723
724
725
726
727
728
729
730
731
732
733
734
735
736
737
738
739
740
741
742
743
744
745
746
747
748
749
750
751
752
753
754
755
756
757
758
759
760
761
762
763
764
765
766
767
768
769
770
771
772
773
774
775
776
777
778
779
780
781
782
783
784
785
786
787
788
789
790
791
792
793
794
795
796
797
798
799
800
801
802
803
804
805
806
807
808
809
810
811
812
813
814
815
816
817
818
819
820
821
822
823
824
825
826
827
828
829
830
831
832
833
834
835
836
837
838
839
840
841
842
843
844
845
846
847
848
849
850
851
852
853
854
855
856
857
858
859
860
861
862
863
864
865
866
867
868
869
870
871
872
873
874
875
876
877
878
879
880
881
882
883
884
885
886
887
888
889
890
891
892
893
894
895
896
897
898
899
900
901
902
903
904
905
906
907
908
909
910
911
912
913
914
915
916
917
918
919
920
921
922
923
924
925
926
927
928
929
930
931
932
933
934
935
936
937
938
939
940
941
942
943
944
945
946
947
948
949
950
951
952
953
954
955
956
957
958
959
960
961
962
963
964
965
966
967
968
969
970
971
972
973
974
975
976
977
978
979
980
981
982
983
984
985
986
987
988
989
990
991
992
993
994
995
996
997
998
999
1000

```
using System;
using System.Collections.Generic;
using System.Linq;
using System.Text;
using System.Threading.Tasks;

namespace ConsoleApplication1
{
    class Program
    {
        static void Main()
        {
            Console.WriteLine("Hello World!");
            Console.ReadKey();
        }
    }
}
```

Page 1 of 1

1.0 Introduction

1.1 Purpose

1.2 Scope

1.3 References

2.0 Objectives

2.1 Overall Objectives

2.2 Specific Objectives

3.0 Methodology

3.1 Research Methodology

3.2 Data Collection

3.3 Data Analysis

4.0 Results

4.1 Findings

4.2 Discussion

5.0 Conclusions

5.1 Summary

5.2 Recommendations

6.0 Appendix

6.1 Appendix A

6.2 Appendix B

7.0 Bibliography

7.1 Bibliography

8.0 Glossary

8.1 Glossary

9.0 Index

9.1 Index

10.0 Revision History

10.1 Revision History

11.0 Approval

11.1 Approval

12.0 Distribution

12.1 Distribution

13.0 Contact Information

13.1 Contact Information

14.0 Disclaimer

14.1 Disclaimer

15.0 Acknowledgments

15.1 Acknowledgments

16.0 Copyright

16.1 Copyright

17.0 Privacy Policy

17.1 Privacy Policy

18.0 Terms and Conditions

18.1 Terms and Conditions

19.0 License

19.1 License

20.0 Warranty

20.1 Warranty

21.0 Limitation of Liability

21.1 Limitation of Liability

22.0 Assignment

22.1 Assignment

23.0 Severability

23.1 Severability

24.0 Entire Agreement

24.1 Entire Agreement

25.0 Force Majeure

25.1 Force Majeure

26.0 Assignment of Rights

26.1 Assignment of Rights

27.0 Waiver

27.1 Waiver

28.0 Counterparts

28.1 Counterparts

29.0 Binding Effect

29.1 Binding Effect

30.0 Governing Law

30.1 Governing Law

31.0 Dispute Resolution

31.1 Dispute Resolution

32.0 Notices

32.1 Notices

33.0 Electronic Communications

33.1 Electronic Communications

34.0 Assignment of Rights

34.1 Assignment of Rights

35.0 Waiver

35.1 Waiver

36.0 Counterparts

36.1 Counterparts

37.0 Binding Effect

37.1 Binding Effect

38.0 Governing Law

38.1 Governing Law

39.0 Dispute Resolution

39.1 Dispute Resolution

40.0 Notices

40.1 Notices

41.0 Electronic Communications

41.1 Electronic Communications

42.0 Assignment of Rights

42.1 Assignment of Rights

43.0 Waiver

43.1 Waiver

44.0 Counterparts

44.1 Counterparts

45.0 Binding Effect

45.1 Binding Effect

46.0 Governing Law

46.1 Governing Law

47.0 Dispute Resolution

47.1 Dispute Resolution

48.0 Notices

48.1 Notices

49.0 Electronic Communications

49.1 Electronic Communications

50.0 Assignment of Rights

50.1 Assignment of Rights

51.0 Waiver

51.1 Waiver

52.0 Counterparts

52.1 Counterparts

53.0 Binding Effect

53.1 Binding Effect

54.0 Governing Law

54.1 Governing Law

55.0 Dispute Resolution

55.1 Dispute Resolution

56.0 Notices

56.1 Notices

57.0 Electronic Communications

57.1 Electronic Communications

58.0 Assignment of Rights

58.1 Assignment of Rights

59.0 Waiver

59.1 Waiver

60.0 Counterparts

60.1 Counterparts

61.0 Binding Effect

61.1 Binding Effect

62.0 Governing Law

62.1 Governing Law

63.0 Dispute Resolution

63.1 Dispute Resolution

64.0 Notices

64.1 Notices

65.0 Electronic Communications

65.1 Electronic Communications

66.0 Assignment of Rights

66.1 Assignment of Rights

67.0 Waiver

67.1 Waiver

68.0 Counterparts

68.1 Counterparts

69.0 Binding Effect

69.1 Binding Effect

70.0 Governing Law

70.1 Governing Law

71.0 Dispute Resolution

71.1 Dispute Resolution

72.0 Notices

72.1 Notices

73.0 Electronic Communications

73.1 Electronic Communications

74.0 Assignment of Rights

74.1 Assignment of Rights

75.0 Waiver

75.1 Waiver

76.0 Counterparts

76.1 Counterparts

77.0 Binding Effect

77.1 Binding Effect

78.0 Governing Law

78.1 Governing Law

79.0 Dispute Resolution

79.1 Dispute Resolution

80.0 Notices

80.1 Notices

81.0 Electronic Communications

81.1 Electronic Communications

82.0 Assignment of Rights

82.1 Assignment of Rights

83.0 Waiver

83.1 Waiver

84.0 Counterparts

84.1 Counterparts

85.0 Binding Effect

85.1 Binding Effect

86.0 Governing Law

86.1 Governing Law

87.0 Dispute Resolution

87.1 Dispute Resolution

88.0 Notices

88.1 Notices

89.0 Electronic Communications

89.1 Electronic Communications

90.0 Assignment of Rights

90.1 Assignment of Rights

91.0 Waiver

91.1 Waiver

92.0 Counterparts

92.1 Counterparts

93.0 Binding Effect

93.1 Binding Effect

94.0 Governing Law

94.1 Governing Law

95.0 Dispute Resolution

95.1 Dispute Resolution

96.0 Notices

96.1 Notices

97.0 Electronic Communications

97.1 Electronic Communications

98.0 Assignment of Rights

98.1 Assignment of Rights

99.0 Waiver

99.1 Waiver

100.0 Counterparts

100.1 Counterparts

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28
29
30
31
32
33
34
35
36
37
38
39
40
41
42
43
44
45
46
47
48
49
50
51
52
53
54
55
56
57
58
59
60
61
62
63
64
65
66
67
68
69
70
71
72
73
74
75
76
77
78
79
80
81
82
83
84
85
86
87
88
89
90
91
92
93
94
95
96
97
98
99
100
101
102
103
104
105
106
107
108
109
110
111
112
113
114
115
116
117
118
119
120
121
122
123
124
125
126
127
128
129
130
131
132
133
134
135
136
137
138
139
140
141
142
143
144
145
146
147
148
149
150
151
152
153
154
155
156
157
158
159
160
161
162
163
164
165
166
167
168
169
170
171
172
173
174
175
176
177
178
179
180
181
182
183
184
185
186
187
188
189
190
191
192
193
194
195
196
197
198
199
200
201
202
203
204
205
206
207
208
209
210
211
212
213
214
215
216
217
218
219
220
221
222
223
224
225
226
227
228
229
230
231
232
233
234
235
236
237
238
239
240
241
242
243
244
245
246
247
248
249
250
251
252
253
254
255
256
257
258
259
260
261
262
263
264
265
266
267
268
269
270
271
272
273
274
275
276
277
278
279
280
281
282
283
284
285
286
287
288
289
290
291
292
293
294
295
296
297
298
299
300
301
302
303
304
305
306
307
308
309
310
311
312
313
314
315
316
317
318
319
320
321
322
323
324
325
326
327
328
329
330
331
332
333
334
335
336
337
338
339
340
341
342
343
344
345
346
347
348
349
350
351
352
353
354
355
356
357
358
359
360
361
362
363
364
365
366
367
368
369
370
371
372
373
374
375
376
377
378
379
380
381
382
383
384
385
386
387
388
389
390
391
392
393
394
395
396
397
398
399
400
401
402
403
404
405
406
407
408
409
410
411
412
413
414
415
416
417
418
419
420
421
422
423
424
425
426
427
428
429
430
431
432
433
434
435
436
437
438
439
440
441
442
443
444
445
446
447
448
449
450
451
452
453
454
455
456
457
458
459
460
461
462
463
464
465
466
467
468
469
470
471
472
473
474
475
476
477
478
479
480
481
482
483
484
485
486
487
488
489
490
491
492
493
494
495
496
497
498
499
500
501
502
503
504
505
506
507
508
509
510
511
512
513
514
515
516
517
518
519
520
521
522
523
524
525
526
527
528
529
530
531
532
533
534
535
536
537
538
539
540
541
542
543
544
545
546
547
548
549
550
551
552
553
554
555
556
557
558
559
560
561
562
563
564
565
566
567
568
569
570
571
572
573
574
575
576
577
578
579
580
581
582
583
584
585
586
587
588
589
590
591
592
593
594
595
596
597
598
599
600
601
602
603
604
605
606
607
608
609
610
611
612
613
614
615
616
617
618
619
620
621
622
623
624
625
626
627
628
629
630
631
632
633
634
635
636
637
638
639
640
641
642
643
644
645
646
647
648
649
650
651
652
653
654
655
656
657
658
659
660
661
662
663
664
665
666
667
668
669
670
671
672
673
674
675
676
677
678
679
680
681
682
683
684
685
686
687
688
689
690
691
692
693
694
695
696
697
698
699
700
701
702
703
704
705
706
707
708
709
710
711
712
713
714
715
716
717
718
719
720
721
722
723
724
725
726
727
728
729
730
731
732
733
734
735
736
737
738
739
740
741
742
743
744
745
746
747
748
749
750
751
752
753
754
755
756
757
758
759
760
761
762
763
764
765
766
767
768
769
770
771
772
773
774
775
776
777
778
779
780
781
782
783
784
785
786
787
788
789
790
791
792
793
794
795
796
797
798
799
800
801
802
803
804
805
806
807
808
809
810
811
812
813
814
815
816
817
818
819
820
821
822
823
824
825
826
827
828
829
830
831
832
833
834
835
836
837
838
839
840
841
842
843
844
845
846
847
848
849
850
851
852
853
854
855
856
857
858
859
860
861
862
863
864
865
866
867
868
869
870
871
872
873
874
875
876
877
878
879
880
881
882
883
884
885
886
887
888
889
890
891
892
893
894
895
896
897
898
899
900
901
902
903
904
905
906
907
908
909
910
911
912
913
914
915
916
917
918
919
920
921
922
923
924
925
926
927
928
929
930
931
932
933
934
935
936
937
938
939
940
941
942
943
944
945
946
947
948
949
950
951
952
953
954
955
956
957
958
959
960
961
962
963
964
965
966
967
968
969
970
971
972
973
974
975
976
977
978
979
980
981
982
983
984
985
986
987
988
989
990
991
992
993
994
995
996
997
998
999
1000

1. The first part of the document discusses the importance of maintaining accurate records of all transactions and activities. It emphasizes the need for transparency and accountability in financial reporting.

2. The second part of the document outlines the various methods used to collect and analyze data. It includes a detailed description of the sampling process and the statistical techniques employed to interpret the results.

3. The third part of the document presents the findings of the study. It highlights the key trends and patterns observed in the data, as well as the implications of these findings for the industry and the broader economy.

4. The fourth part of the document discusses the limitations of the study and the potential areas for future research. It acknowledges the challenges faced during the data collection process and offers suggestions for improving the accuracy and reliability of the results.

5. The fifth part of the document provides a conclusion and a summary of the main points. It reiterates the significance of the findings and the need for continued research in this area.

6. The sixth part of the document includes a list of references and a bibliography. It cites the various sources used in the study, including academic journals, books, and industry reports.

7. The seventh part of the document contains a list of appendices and supplementary materials. These include detailed data tables, charts, and graphs that provide further insight into the study's findings.

8. The eighth part of the document is a glossary of terms and definitions. It clarifies the meaning of key concepts and terminology used throughout the document.

9. The ninth part of the document is a list of acknowledgments. It expresses gratitude to the individuals and organizations that provided support and assistance during the course of the study.

10. The tenth part of the document is a list of footnotes and endnotes. It provides additional information and references related to the study's methodology and findings.

1. The first part of the document discusses the importance of maintaining accurate records of all transactions and activities. It emphasizes the need for transparency and accountability in financial reporting.

2. The second part of the document outlines the various methods and techniques used to collect and analyze data. It includes a detailed description of the experimental procedures and the tools used for data collection.

3. The third part of the document presents the results of the study, including a comparison of the different methods and techniques used. It discusses the strengths and weaknesses of each method and provides a summary of the findings.

4. The fourth part of the document discusses the implications of the study and provides recommendations for future research. It highlights the need for further investigation into the effectiveness of the different methods and techniques used.

5. The fifth part of the document provides a conclusion and a summary of the key findings. It emphasizes the importance of maintaining accurate records and the need for transparency and accountability in financial reporting.

6. The sixth part of the document provides a list of references and a bibliography. It includes a list of all the sources used in the study and provides a detailed description of each source.

7. The seventh part of the document provides a list of appendices and a bibliography. It includes a list of all the appendices used in the study and provides a detailed description of each appendix.

8. The eighth part of the document provides a list of figures and a bibliography. It includes a list of all the figures used in the study and provides a detailed description of each figure.

9. The ninth part of the document provides a list of tables and a bibliography. It includes a list of all the tables used in the study and provides a detailed description of each table.

10. The tenth part of the document provides a list of equations and a bibliography. It includes a list of all the equations used in the study and provides a detailed description of each equation.

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28
29
30
31
32
33
34
35
36
37
38
39
40
41
42
43
44
45
46
47
48
49
50
51
52
53
54
55
56
57
58
59
60
61
62
63
64
65
66
67
68
69
70
71
72
73
74
75
76
77
78
79
80
81
82
83
84
85
86
87
88
89
90
91
92
93
94
95
96
97
98
99
100
101
102
103
104
105
106
107
108
109
110
111
112
113
114
115
116
117
118
119
120
121
122
123
124
125
126
127
128
129
130
131
132
133
134
135
136
137
138
139
140
141
142
143
144
145
146
147
148
149
150
151
152
153
154
155
156
157
158
159
160
161
162
163
164
165
166
167
168
169
170
171
172
173
174
175
176
177
178
179
180
181
182
183
184
185
186
187
188
189
190
191
192
193
194
195
196
197
198
199
200
201
202
203
204
205
206
207
208
209
210
211
212
213
214
215
216
217
218
219
220
221
222
223
224
225
226
227
228
229
230
231
232
233
234
235
236
237
238
239
240
241
242
243
244
245
246
247
248
249
250
251
252
253
254
255
256
257
258
259
260
261
262
263
264
265
266
267
268
269
270
271
272
273
274
275
276
277
278
279
280
281
282
283
284
285
286
287
288
289
290
291
292
293
294
295
296
297
298
299
300
301
302
303
304
305
306
307
308
309
310
311
312
313
314
315
316
317
318
319
320
321
322
323
324
325
326
327
328
329
330
331
332
333
334
335
336
337
338
339
340
341
342
343
344
345
346
347
348
349
350
351
352
353
354
355
356
357
358
359
360
361
362
363
364
365
366
367
368
369
370
371
372
373
374
375
376
377
378
379
380
381
382
383
384
385
386
387
388
389
390
391
392
393
394
395
396
397
398
399
400
401
402
403
404
405
406
407
408
409
410
411
412
413
414
415
416
417
418
419
420
421
422
423
424
425
426
427
428
429
430
431
432
433
434
435
436
437
438
439
440
441
442
443
444
445
446
447
448
449
450
451
452
453
454
455
456
457
458
459
460
461
462
463
464
465
466
467
468
469
470
471
472
473
474
475
476
477
478
479
480
481
482
483
484
485
486
487
488
489
490
491
492
493
494
495
496
497
498
499
500
501
502
503
504
505
506
507
508
509
510
511
512
513
514
515
516
517
518
519
520
521
522
523
524
525
526
527
528
529
530
531
532
533
534
535
536
537
538
539
540
541
542
543
544
545
546
547
548
549
550
551
552
553
554
555
556
557
558
559
560
561
562
563
564
565
566
567
568
569
570
571
572
573
574
575
576
577
578
579
580
581
582
583
584
585
586
587
588
589
590
591
592
593
594
595
596
597
598
599
600
601
602
603
604
605
606
607
608
609
610
611
612
613
614
615
616
617
618
619
620
621
622
623
624
625
626
627
628
629
630
631
632
633
634
635
636
637
638
639
640
641
642
643
644
645
646
647
648
649
650
651
652
653
654
655
656
657
658
659
660
661
662
663
664
665
666
667
668
669
670
671
672
673
674
675
676
677
678
679
680
681
682
683
684
685
686
687
688
689
690
691
692
693
694
695
696
697
698
699
700
701
702
703
704
705
706
707
708
709
710
711
712
713
714
715
716
717
718
719
720
721
722
723
724
725
726
727
728
729
730
731
732
733
734
735
736
737
738
739
740
741
742
743
744
745
746
747
748
749
750
751
752
753
754
755
756
757
758
759
760
761
762
763
764
765
766
767
768
769
770
771
772
773
774
775
776
777
778
779
780
781
782
783
784
785
786
787
788
789
790
791
792
793
794
795
796
797
798
799
800
801
802
803
804
805
806
807
808
809
810
811
812
813
814
815
816
817
818
819
820
821
822
823
824
825
826
827
828
829
830
831
832
833
834
835
836
837
838
839
840
841
842
843
844
845
846
847
848
849
850
851
852
853
854
855
856
857
858
859
860
861
862
863
864
865
866
867
868
869
870
871
872
873
874
875
876
877
878
879
880
881
882
883
884
885
886
887
888
889
890
891
892
893
894
895
896
897
898
899
900
901
902
903
904
905
906
907
908
909
910
911
912
913
914
915
916
917
918
919
920
921
922
923
924
925
926
927
928
929
930
931
932
933
934
935
936
937
938
939
940
941
942
943
944
945
946
947
948
949
950
951
952
953
954
955
956
957
958
959
960
961
962
963
964
965
966
967
968
969
970
971
972
973
974
975
976
977
978
979
980
981
982
983
984
985
986
987
988
989
990
991
992
993
994
995
996
997
998
999
1000

1. The first part of the document discusses the importance of maintaining accurate records in a business setting. It highlights how proper record-keeping can help in identifying trends, making informed decisions, and ensuring compliance with various regulations. The text emphasizes that records should be organized, up-to-date, and easily accessible to all relevant personnel.

2. The second part of the document focuses on the role of technology in modern record management. It explores how digital tools and software solutions can streamline the process of creating, storing, and retrieving records. The author notes that while technology offers significant benefits, it also introduces challenges such as data security and the need for regular backups.

3. The third part of the document addresses the legal aspects of record management. It discusses the requirements for retaining records for different periods and the consequences of non-compliance. The text also touches upon the importance of having a clear policy regarding the disposal of records to avoid any legal complications.

4. The fourth part of the document provides practical tips for implementing an effective record management system. It suggests starting with a thorough audit of existing records, defining clear roles and responsibilities, and investing in reliable hardware and software. The author also stresses the importance of training employees on the correct procedures for handling records.

5. The fifth and final part of the document concludes by summarizing the key points discussed throughout the text. It reiterates that a well-managed record system is essential for the long-term success and sustainability of any business. The author encourages readers to take proactive steps to improve their record management practices.

.....

1. The first part of the document discusses the importance of maintaining accurate records of all transactions and activities. It emphasizes the need for transparency and accountability in financial reporting.

2. The second part of the document outlines the various methods used to collect and analyze data. It includes a detailed description of the sampling process and the statistical techniques employed to interpret the results.

3. The third part of the document presents the findings of the study. It highlights the key trends and patterns observed in the data, as well as the implications of these findings for the industry and the broader economy.

4. The fourth part of the document discusses the limitations of the study and suggests areas for future research. It acknowledges the potential biases and limitations of the data and the methods used, and offers suggestions for how these issues can be addressed in future studies.

5. The fifth part of the document provides a conclusion and a summary of the main points. It reiterates the importance of accurate record-keeping and the need for ongoing research in this field.

Header information and metadata, including document type, version, and creation details.