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

FORM 8-K

**CURRENT REPORT
Pursuant to Section 13 or 15(d)
of The Securities Exchange Act of 1934**

Date of Report (Date of earliest event reported)

January 31, 2020

SAVARA INC.

(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction
of incorporation)

001-32157
(Commission
File Number)

84-1318182
(IRS Employer
Identification No.)

**6836 Bee Cave Road
Building III, Suite 200
Austin, TX 78746**
(Address of principal executive offices, including zip code)

(512) 614-1848
(Registrant's telephone number, including area code)

N/A
(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

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, par value \$0.001 per share	SVRA	The Nasdaq Global Select Market

Indicate by check mark whether the registrant is an emerging growth company as defined in as defined in Rule 405 of the Securities Act of 1933 (§ 230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§ 240.12b-2 of this chapter).

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.

Item 1.01. Entry into a Material Definitive Agreement.

On January 31, 2020, Savara Inc. (“Savara”) entered into an amendment (the “Third Amendment”) to the Loan and Security Agreement dated April 28, 2017 (the “Loan Agreement”) between Savara and its Aravas Inc. subsidiary, as co-borrowers, and Silicon Valley Bank, as lender (“SVB”), as amended by the First Amendment to Loan and Security Agreement dated October 31, 2017 and the Second Amendment to Loan and Security Agreement dated December 4, 2018. The Third Amendment amends the Loan Agreement to refinance the amount outstanding under the loan facility, extend the maturity and interest-only period, and make certain other changes.

The Loan Agreement, as amended by the Third Amendment (the “Amended Loan Agreement”), provides for a \$25.0 million term loan facility. The loan is to be made available to Savara upon the effectiveness of the Third Amendment and will be used to refinance the amount currently outstanding under the loan facility.

Pursuant to the Amended Loan Agreement, the loan is now payable as interest-only through June 30, 2022 and thereafter in equal monthly installments of principal plus interest over 18 months. However, if by March 31, 2021, Savara does not have an ongoing phase 3 or phase 4 clinical trial evaluating its Molgradex product for the treatment of autoimmune pulmonary alveolar proteinosis in which the first patient has been dosed (the “Trial Requirement”), the interest-only period will end and principal plus interest will be due in equal monthly installments over 24 months beginning on April 1, 2021.

The loans bear interest at the greater of (i) the prime rate reported in The Wall Street Journal, plus a spread of 3.00% or (ii) 7.75%. Savara is also obligated to pay customary closing fees and a final payment of 6.0% of the aggregate principal amount of the loans advanced under the facility. The final payment and all outstanding principal and accrued and unpaid interest under the facility is due and payable on December 1, 2023, or, if the Trial Requirement is not met, March 31, 2023.

In addition to customary affirmative and negative covenants, the Amended Loan Agreement contains an affirmative covenant requiring Savara to deliver evidence by June 30, 2021, of the receipt of gross cash proceeds of at least \$25.0 million from the exercise of currently outstanding warrants or the issuance of other equity securities.

In connection with the execution of the Third Amendment and the funding of the term loan, Savara will enter into amendments to each of the outstanding warrants previously issued to SVB and its affiliate Life Science

Loans II, LLC in connection with the Loan Agreement to revise the exercise price per share to be equal to the lesser of (i) the average closing price of Savara's Common Stock for the 10 trading days prior to the effective date of the Third Amendment or (ii) the closing price on the day prior to the date of the effective date of the Third Amendment (the "Warrant Amendments"). The foregoing description of the Warrant Amendments is qualified in its entirety by reference to the full text of the Warrant Amendments, which are filed as Exhibits 4.1-4.6 hereto.

Upon the entry into the Third Amendment, Savara was required to pay SVB a fee of \$0.5 million related to the refinancing of the amount outstanding under the loan facility.

The Third Amendment is filed herewith as Exhibit 10.1 and is incorporated herein by reference. The foregoing description of the Third Amendment does not purport to be complete and is qualified in its entirety by reference to the full text of the exhibit.

Item 2.03. Creation of a Direct Financial Obligation or an Obligation under an Off-Balance Sheet Arrangement of a Registrant.

The information set forth under Item 1.01, "Entry into a Material Definitive Agreement" is incorporated herein by reference.

Item 9.01. Financial Statements and Exhibits.

(d) Exhibits.

Exhibit No.	Description
4.1	<u>Second Amendment to Warrant to Purchase Common Stock dated January 31, 2020, to Warrant to Purchase Common Stock of the Registrant issued to Life Science Loans II, LLC on April 28, 2017 (as amended by that certain Amendment to Warrant to Purchase Common Stock dated as of June 26, 2017)</u>
4.2	<u>Second Amendment to Warrant to Purchase Common Stock dated January 31, 2020, to Warrant to Purchase Common Stock of the Registrant issued to Silicon Valley Bank on April 28, 2017 (as amended by that certain Amendment to Warrant to Purchase Common Stock dated as of June 26, 2017)</u>
4.3	<u>Amendment to Warrant to Purchase Common Stock of the Registrant dated January 31, 2020, to Warrant to Purchase Common Stock of the Registrant issued to Life Science Loans II, LLC on June 26, 2017</u>
4.4	<u>Amendment to Warrant to Purchase Common Stock of the Registrant dated January 31, 2020, to Warrant to Purchase Common Stock of the Registrant issued to Silicon Valley Bank on June 26, 2017</u>
4.5	<u>Amendment to Warrant to Purchase Common Stock of the Registrant dated January 31, 2020, to Warrant to Purchase Common Stock of the Registrant issued to Life Science Loans II, LLC on December 4, 2018</u>
4.6	<u>Amendment to Warrant to Purchase Common Stock of the Registrant dated January 31, 2020, to Warrant to Purchase Common Stock of the Registrant issued to Silicon Valley Bank on December 4, 2018</u>
10.1	<u>Third Amendment, dated January 31, 2020, to Loan and Security Agreement, dated April 28, 2017, as amended on October 31, 2017 and December 4, 2018, among the Registrant, Aravas Inc. and Silicon Valley Bank</u>

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 hereunto duly authorized.

Date: February 3, 2020

SAVARA INC.
a Delaware corporation

By: /s/ Dave Lowrance

Dave Lowrance
Chief Financial Officer

SECOND AMENDMENT TO WARRANT TO PURCHASE COMMON STOCK

This Second Amendment to Warrant to Purchase Common Stock (this "Amendment") is entered into as of January 31, 2020, by and between LIFE SCIENCE LOANS II, LLC ("Holder") and SAVARA INC. a Delaware corporation ("Company").

RECITALS

Company has issued for the benefit of Holder that certain Warrant to Purchase Common Stock dated April 28, 2017 (as amended from time to time, including by that certain Amendment to Warrant to Purchase Common Stock dated as of June 26, 2017, the "Warrant"). Holder and Company now desire to amend the Warrant in accordance with the terms of this Amendment.

NOW, THEREFORE, Holder and Company agree as follows:

1. The Warrant Price for which the Warrant is exercisable is amended and restated in its entirety to read as follows:

"Warrant Price: \$2.87"

2. Unless otherwise defined, all initially capitalized terms in this Amendment shall be as defined in the Warrant. The Warrant, as amended hereby, shall be and remain in full force and effect in accordance with its respective terms and hereby is ratified and confirmed in all respects.

3. This Amendment may be executed in two or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one instrument.

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IN WITNESS WHEREOF, the undersigned have executed this Amendment as of the first date above written.

SAVARA INC.

By: /s/ David L. Lowrance

Name: David L. Lowrance

Title: CFO

LIFE SCIENCE LOANS II, LLC

By: /s/ Trent Dawson

Name: Trent Dawson

Title: Chief Financial Officer

[Signature Page to Second Amendment to Warrant to Purchase Common Stock]

SECOND AMENDMENT TO WARRANT TO PURCHASE COMMON STOCK

This Second Amendment to Warrant to Purchase Common Stock (this “Amendment”) is entered into as of January 31, 2020, by and between SVB FINANCIAL GROUP (“Holder”) and SAVARA INC. a Delaware corporation (“Company”).

RECITALS

Company has issued for the benefit of Silicon Valley Bank (“Bank”) that certain Warrant to Purchase Common Stock dated April 28, 2017 (as amended from time to time, including by that certain Amendment to Warrant to Purchase Common Stock dated as of June 26, 2017, the “Warrant”). Bank has assigned the Warrant to Holder. Holder and Company now desire to amend the Warrant in accordance with the terms of this Amendment.

NOW, THEREFORE, Holder and Company agree as follows:

1. The Warrant Price for which the Warrant is exercisable is amended and restated in its entirety to read as follows:

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SAVARA INC.

By: /s/ David L. Lowrance

Name: David L. Lowrance

Title: CFO

SVB FINANCIAL GROUP

By: /s/ David Busch

Name: David Busch

Title: Sr. Manager, Corporate Investments and Funding

[Signature Page to Second Amendment to Warrant to Purchase Common Stock]

FIRST AMENDMENT TO WARRANT TO PURCHASE COMMON STOCK

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RECITALS

Company has issued for the benefit of Holder that certain Warrant to Purchase Common Stock dated June 26, 2017 (as amended from time to time, the “Warrant”). Holder and Company now desire to amend the Warrant in accordance with the terms of this Amendment.

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Name: Trent Dawson

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RECITALS

Company has issued for the benefit of Silicon Valley Bank (“Bank”) that certain Warrant to Purchase Common Stock dated June 26, 2017 (as amended from time to time, the “Warrant”). Bank has assigned the Warrant to Holder. Holder and Company now desire to amend the Warrant in accordance with the terms of this Amendment.

NOW, THEREFORE, Holder and Company agree as follows:

1. The Warrant Price for which the Warrant is exercisable is amended and restated in its entirety to read as follows:

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SAVARA INC.

By: /s/ David L. Lowrance

Name: David L. Lowrance

Title: CFO

SVB FINANCIAL GROUP

By: /s/ David Busch

Name: David Busch

Title: Sr. Manager, Corporate Investments and Funding

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This First Amendment to Warrant to Purchase Common Stock (this “Amendment”) is entered into as of January 31, 2020, by and between LIFE SCIENCE LOANS II, LLC (“Holder”) and SAVARA INC. a Delaware corporation (“Company”).

RECITALS

Company has issued for the benefit of Holder that certain Warrant to Purchase Common Stock dated December 4, 2018 (as amended from time to time, the “Warrant”). Holder and Company now desire to amend the Warrant in accordance with the terms of this Amendment.

NOW, THEREFORE, Holder and Company agree as follows:

1. The Warrant Price for which the Warrant is exercisable is amended and restated in its entirety to read as follows:

“Warrant Price: \$2.87”

2. Unless otherwise defined, all initially capitalized terms in this Amendment shall be as defined in the Warrant. The Warrant, as amended hereby, shall be and remain in full force and effect in accordance with its respective terms and hereby is ratified and confirmed in all respects.

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By: /s/ Trent Dawson

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RECITALS

Company has issued for the benefit of Silicon Valley Bank (“Bank”) that certain Warrant to Purchase Common Stock dated December 4, 2018 (as amended from time to time, the “Warrant”). Bank has assigned the Warrant to Holder. Holder and Company now desire to amend the Warrant in accordance with the terms of this Amendment.

NOW, THEREFORE, Holder and Company agree as follows:

1. The Warrant Price for which the Warrant is exercisable is amended and restated in its entirety to read as follows:

“Warrant Price: \$2.87”

2. Unless otherwise defined, all initially capitalized terms in this Amendment shall be as defined in the Warrant. The Warrant, as amended hereby, shall be and remain in full force and effect in accordance with its respective terms and hereby is ratified and confirmed in all respects.

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SAVARA INC.

By: /s/ David L. Lowrance

Name: David L. Lowrance

Title: CFO

SVB FINANCIAL GROUP

By: /s/ David Busch

Name: David Busch

Title: Sr. Manager, Corporate Investments and Funding

[Signature Page to First Amendment to Warrant to Purchase Common Stock]

**THIRD AMENDMENT TO
LOAN AND SECURITY AGREEMENT**

THIS **THIRD AMENDMENT** to Loan and Security Agreement (this “**Amendment**”) is entered into as of January 31, 2020, by and among **SILICON VALLEY BANK**, a California corporation (“**Bank**”), **SAVARA INC. f/k/a MAST THERAPEUTICS, INC.**, a Delaware corporation (“**Parent**”), and **ARAVAS INC. f/k/a SAVARA INC.**, a Delaware corporation (each a “**Co-Borrower**” and collectively “**Co-Borrowers**”).

RECITALS

A. Bank and Co-Borrowers have entered into that certain Loan and Security Agreement dated as of April 28, 2017 (as the same may from time to time be further amended, modified, supplemented or restated, including by that certain First Amendment to Loan and Security Agreement dated as of October 31, 2017, and that certain Second Amendment to Loan and Security Agreement dated as of December 4, 2018, collectively, the “**Loan Agreement**”).

B. Bank has extended credit to Co-Borrowers for the purposes permitted in the Loan Agreement.

C. Co-Borrowers have requested that Bank amend the Loan Agreement to (i) extend additional credit, and (ii) make certain other revisions to the Loan Agreement as more fully set forth herein.

D. Bank has agreed to so amend certain provisions of the Loan Agreement, but only to the extent, in accordance with the terms, subject to the conditions and in reliance upon the representations and warranties set forth below.

AGREEMENT

NOW, THEREFORE, in consideration of the foregoing recitals and other good and valuable consideration, the receipt and adequacy of which is hereby acknowledged, and intending to be legally bound, the parties hereto agree as follows:

1. Definitions. Capitalized terms used but not defined in this Amendment shall have the meanings given to them in the Loan Agreement.

2. Amendments to Loan Agreement.

2.1 Section 2.1.1 (Term Loans). Section 2.1.1(a) and Section 2.1.1(b) of the Loan Agreement hereby are amended and restated in their entirety to read as follows:

“(a) Availability. On the Third Amendment Effective Date, subject to the terms and conditions of this Agreement, Bank shall make one (1) term loan to Co-Borrowers in the amount of Twenty-Five Million Dollars (\$25,000,000) (the “Term Loan”), the proceeds of which shall be used, in part, to refinance all Indebtedness owing from Co-Borrowers to Bank under the Term Loans (as defined prior to the Third Amendment Effective Date) outstanding as of the Third Amendment Effective Date.

(b) **Repayment.** The Term Loan shall be “interest only” during the Interest-Only Period, with interest due and payable on the first day of each month. Beginning on the Amortization Start Date, and continuing on the first day of each month thereafter, Co-Borrowers shall repay the Term Loans in equal monthly installments of principal plus interest (each, a “**Term Loan Payment**”) with a repayment schedule equal to eighteen (18) months; provided, however, if the conditions for the Amortization Trigger are not in effect, then the repayment schedule shall be equal to twenty-four (24) months. Co-Borrowers’ final Term Loan Payment, due on the Term Loan Maturity Date, shall include all outstanding principal and accrued and unpaid interest under the Term Loans and the Final Payment. Once repaid, the Term Loans may not be reborrowed.”

2.2 Section 2.3 (Payment of Interest on the Credit Extensions). Section 2.3(a) is amended in its entirety and replaced with the following:

“(a) **Interest Rate.** Subject to Section 2.3(b), the principal amount outstanding under the Term Loan shall accrue interest at a floating per annum rate equal to the greater of (i) three percentage points (3.00%) above the Prime Rate or (ii) seven and three quarters of one percentage point (7.75%), which interest shall be payable monthly.”

2.3 Section 2.4 (Fees). Section 2.4(a) and (b) of the Loan Agreement hereby are amended and restated in their entirety to read as follows:

“(a) **Prepayment Fee.**

(i) The Prepayment Fee, when due hereunder pursuant to the terms of Section 2.1.1(c); and

(ii) A fully-earned, non-refundable prepayment fee, in connection with the Term Loans (as defined prior to the Third Amendment Effective Date) made prior to the Third Amendment Effective Date, in an aggregate amount of Five Hundred Thousand Dollars (\$500,000) (the “**Third Amendment Prepayment Fee**”), of which Five Hundred Thousand Dollars (\$500,000) Bank has agreed to waive. For the sake of clarity, the Third Amendment Prepayment Fee shall not reduce the Prepayment Fee otherwise due in connection with Section 2.4(a)(i) hereto.

(b) **Final Payment.**

(i) The Final Payment, when due hereunder; and

(ii) A fully-earned, non-refundable final payment, in connection with the Term Loans (as defined prior to the Third Amendment Effective Date) made prior to the Third Amendment Effective Date, in an aggregate amount of One Million Five Hundred Thousand Dollars (\$1,500,000) (the “**Third Amendment Final Payment**”), of which (x) Five Hundred Thousand Dollars (\$500,000) is due and payable on the Third Amendment Effective Date and (y) One Million Dollars (\$1,000,000) Bank has agreed to waive. For the sake of clarity, the Third Amendment Final Payment shall not reduce the Final Payment otherwise due in connection with Section 2.4(b)(i) hereto.”

2.4 **Section 3.2 (Post-Closing Items).** Section 3.2 of the Loan Agreement hereby is amended and restated in its entirety to read as follows:

“3.2 Intentionally Omitted.”

2.5 **Section 6.2 (Financial Statements, Reports, Certificates).** With respect to Section 6.2, the “and” at the end of subsection (g) is hereby deleted, the period (“.”) at the end of subsection (h) is hereby replaced by a semi-colon (“;”) followed by the word “and”, and new subsection (i) is hereby added to the Loan Agreement to read in its entirety as follows:

“(i) **Beneficial Ownership.** Prompt written notice of any changes to the beneficial ownership information set out in Addendum 1 to the Perfection Certificate. Co-Borrowers understand and acknowledge that Bank relies on such true, accurate and up-to-date beneficial ownership information to meet Bank’s regulatory obligations to obtain, verify and record information about the beneficial owners of its legal entity customers.”

2.6 **Section 6.6 (Operating Accounts).** New Section 6.6(c) hereby is added to the Loan Agreement in its entirety to read as follows:

“(c) In addition, Co-Borrowers shall obtain any business credit card, letters of credit and cash management services exclusively from Bank.”

2.7 **Section 6.7 (Equity Milestone).** Section 6.7 of the Loan Agreement hereby is amended and restated in its entirety to read as follows:

“**6.7 Equity Milestone.** Co-Borrowers shall deliver evidence, reasonably satisfactory to Bank, that Co-Borrowers have received, after the Third Amendment Effective Date but on or prior to June 30, 2021, at least Twenty-Five Million Dollars (\$25,000,000) in gross cash proceeds from the exercise of warrants issued pursuant to the Securities Purchase Agreement dated December 20, 2019 by and among Parent and the Investors identified on Exhibit A attached thereto or from the sale of Parent’s equity securities to investors and on terms and conditions reasonably acceptable to Bank.”

2.8 **Section 6.11 (Formation or Acquisition of Subsidiaries).** Section 6.11 of the Loan Agreement hereby is amended and restated in its entirety to read as follows:

“**6.11 Formation or Acquisition of Subsidiaries.** Notwithstanding and without limiting the negative covenants contained in Sections 7.3 and 7.7 hereof, at the time that a Co-Borrower forms any direct or indirect Subsidiary or acquires any direct or indirect Subsidiary after the Effective Date (including, without limitation, pursuant to a Division), such Co-Borrower shall (a) cause such new Domestic Subsidiary to provide to Bank a joinder to the Loan Agreement to cause such Domestic Subsidiary to become a Co-Borrower hereunder, together with such appropriate financing statements and/or Control Agreements, all in form and substance reasonably satisfactory to Bank (including being sufficient to grant Bank a first priority Lien (subject to Permitted Liens) in and to the Collateral of such newly formed or acquired Subsidiary), (b) provide to Bank appropriate certificates and powers and financing statements, pledging all of the direct or beneficial ownership interest in such new Subsidiary (or sixty five percent (65%) thereof for any Subsidiary that is a Foreign Subsidiary or FSHCO), in form and substance reasonably satisfactory to Bank, and (c) provide to Bank all other documentation reasonably requested by Bank in form and substance reasonably satisfactory to Bank, including one or more opinions of counsel satisfactory to Bank, which in its opinion is

appropriate with respect to the execution and delivery of the applicable documentation referred to above. Any document, agreement, or instrument executed or issued pursuant to this Section 6.11 shall be a Loan Document. For the avoidance of doubt, the foregoing provisions of this Section shall not apply to any of the Co-Borrowers' existing Subsidiaries in existence as of the date hereof."

2.9 Section 7.1 (Dispositions). Section 7.1 of the Loan Agreement hereby is amended and restated in its entirety to read as follows:

"7.1 Dispositions. Convey, sell, lease, transfer, assign, or otherwise dispose of (including, without limitation, pursuant to a Division) (collectively, "Transfer"), or permit any of its Subsidiaries to Transfer, all or any part of its business or property, except for Transfers (a) of Inventory in the ordinary course of business; (b) of worn out, surplus or obsolete Equipment that is, in the reasonable judgment of Co-Borrower, no longer economically practicable to maintain or useful in the ordinary course of business of Co-Borrower; (c) consisting of Permitted Liens and Permitted Investments; (d) Transfers not to exceed One Hundred Thousand (\$100,000) in the aggregate in any fiscal year; (e) consisting of Co-Borrower's use or transfer of money or Cash Equivalents in a manner that is not prohibited by the terms of this Agreement or the other Loan Documents; (f) of non-exclusive licenses for the use of the property of Co-Borrower or its Subsidiaries in the ordinary course of business and licenses that could not result in a legal transfer of title of the licensed property but that may be exclusive in respects other than territory and that may be exclusive as to territory only as to discreet geographical areas outside of the United States; (g) the surrender or waiver of contractual rights or the settlement, release or surrender of contractual rights, obligations of customers or suppliers or other litigation claims in the ordinary course of business; (h) the abandonment of Intellectual Property that is, in the reasonable judgment of the Co-Borrower, no longer economically practicable or commercially desirable to maintain or that is not material to the conduct of the business of Co-Borrower and its Subsidiaries; (i) Transfers permitted by Section 7.3, Section 7.7 or Section 7.11; and (j) made pursuant to the LifeRaft Asset Purchase Agreement."

2.10 Section 7.3 (Mergers or Acquisitions). Section 7.3 of the Loan Agreement hereby is amended and restated in its entirety to read as follows:

"7.3 Mergers or Acquisitions. Merge or consolidate, or permit any of its Subsidiaries to merge or consolidate, with any other Person, or acquire, or permit any of its Subsidiaries to acquire, all or substantially all of the capital stock or property of another Person (including, without limitation, by the formation of any Subsidiary or pursuant to a Division) other than a Permitted Investment. Notwithstanding the foregoing, a Subsidiary may merge or consolidate into another Subsidiary or into Co-Borrower."

2.11 Section 13 (Definitions). The following terms and their respective definitions hereby are added or amended and restated in their entirety in Section 13.1 of the Loan Agreement, as appropriate, as follows:

"Amortization Trigger" means Co-Borrowers delivery of evidence, satisfactory to Bank in its sole discretion, that on or prior to March 31, 2021, Co-Borrowers have (i) an ongoing phase 3 or, if a Biologics License Application has been submitted to the Food and Drug Administration, phase 4 clinical trial evaluating Molgradex for the treatment of autoimmune pulmonary alveolar proteinosis, and (ii) the first patient in connection with such phase 3 or phase 4 clinical trial has been dosed.

“Division” means, in reference to any Person which is an entity, the statutory division of such Person into two (2) or more separate Persons, with the dividing Person either continuing or terminating its existence as part of such division, including, without limitation, as contemplated under Section 18-217 of the Delaware Limited Liability Company Act for limited liability companies formed under Delaware law, or any analogous action taken pursuant to any other applicable law with respect to any corporation, limited liability company, partnership or other entity.

“Interest-Only Period” means the period commencing on the Effective Date and continuing through June 30, 2022; provided, however, if the conditions for the Amortization Trigger are not in effect by March 31, 2021, then the Interest-Only Period shall be reduced to end on March 31, 2021.

“Prepayment Fee” is, with respect to the Term Loan subject to prepayment prior to the Term Loan Maturity Date, whether by mandatory or voluntary prepayment, acceleration or otherwise, an additional fee payable to Bank in an amount equal to: (i) for a prepayment made on or after the Third Amendment Effective Date through and including the first anniversary of the Third Amendment Effective Date, three percent (3.00%) of the principal amount of the Term Loan prepaid; (ii) for a prepayment made after the date which is the first anniversary of the Third Amendment Effective Date through and including the second anniversary of the Third Amendment Effective Date, two percent (2.00%) of the principal amount of the Term Loan prepaid and (iii) for a prepayment made after the date which is the second anniversary of the Third Amendment Effective Date and before the Term Loan Maturity Date, one percent (1.00%) of the principal amount of the Term Loan prepaid.

“Term Loan Maturity Date” is December 1, 2023; provided, however, if the conditions for the Amortization Trigger are not in effect by March 31, 2021, then the Term Loan Maturity Date is March 1, 2023.

“Third Amendment Effective Date” means January 31, 2020.

“Warrants” are those certain Warrants to Purchase Common Stock (i) dated as of the Effective Date (as amended by that certain Amendment to Warrant to Purchase Common Stock dated as of June 26, 2017, and that certain Second Amendment to Warrant to Purchase Common Stock dated as of January 31, 2020), (ii) dated as of June 26, 2017 (as amended by that certain First Amendment to Warrant to Purchase Common Stock dated as of January 31, 2020), and (iii) dated as of the Second Amendment Effective Date (as amended by that certain First Amendment to Warrant to Purchase Common Stock dated as of January 31, 2020), or any date theretofore or thereafter, issued by Parent in favor of Bank and Life Science Loans, LLC.

2.12 Section 13 (Definitions). The following terms and their respective definitions hereby are deleted in their entirety in Section 13.1 of the Loan Agreement as follows:

“Cash Collateralization Amount”, “Draw Period”, “Draw Period Milestone”, “Market Capitalization”, “Term A Loan”, “Term B Loan”, “Trading Day”

2.13 New Addendum 1 is hereby added to the Perfection Certificate in the form attached hereto.

2.14 Exhibit B of the Loan Agreement hereby is replaced by Exhibit B attached hereto.

3. Limitation of Amendments.

3.1 The amendments set forth in **Section 2**, above, are effective for the purposes set forth herein and shall be limited precisely as written and shall not be deemed to (a) be a consent to any amendment, waiver or modification of any other term or condition of any Loan Document, or (b) otherwise prejudice any right or remedy which Bank may now have or may have in the future under or in connection with any Loan Document.

3.2 This Amendment shall be construed in connection with and as part of the Loan Documents and all terms, conditions, representations, warranties, covenants and agreements set forth in the Loan Documents, except as herein amended, are hereby ratified and confirmed and shall remain in full force and effect.

4. **Representations and Warranties.** To induce Bank to enter into this Amendment, each Co-Borrower hereby represents and warrants to Bank as follows:

4.1 Immediately after giving effect to this Amendment (a) the representations and warranties contained in the Loan Documents are true and correct in all material respects as of the date hereof (except to the extent such representations and warranties relate to an earlier date, in which case they are true and correct as of such date), and (b) no Event of Default has occurred and is continuing;

4.2 Co-Borrower has the power and authority to execute and deliver this Amendment and to perform its obligations under the Loan Agreement, as amended by this Amendment;

4.3 The organizational documents of Co-Borrower delivered to Bank on or prior to the date of this Amendment remain true, accurate and complete and have not been amended, supplemented or restated and are and continue to be in full force and effect;

4.4 The execution and delivery by Co-Borrower of this Amendment and the performance by Co-Borrower of its obligations under the Loan Agreement, as amended by this Amendment, have been duly authorized;

4.5 The execution and delivery by Co-Borrower of this Amendment and the performance by Co-Borrower of its obligations under the Loan Agreement, as amended by this Amendment, do not and will not contravene (a) any law or regulation binding on or affecting Co-Borrower, (b) any contractual restriction with a Person binding on Co-Borrower, (c) any order, judgment or decree of any court or other governmental or public body or authority, or subdivision thereof, binding on Co-Borrower, or (d) the organizational documents of Co-Borrower;

4.6 The execution and delivery by Co-Borrower of this Amendment and the performance by Co-Borrower of its obligations under the Loan Agreement, as amended by this Amendment, do not require any order, consent, approval, license, authorization or validation of, or filing, recording or registration with, or exemption by any governmental or public body or authority, or subdivision thereof, binding on either Co-Borrower, except any filings by Parent as may be required with the Securities and Exchange Commission and as already has been obtained or made; and

4.7 This Amendment has been duly executed and delivered by Co-Borrower and is the binding obligation of Co-Borrower, enforceable against Co-Borrower in accordance with its terms, except as such enforceability may be limited by bankruptcy, insolvency, reorganization, liquidation, moratorium or other similar laws of general application and equitable principles relating to or affecting creditors' rights.

5. Ratification of Perfection Certificate. Each Co-Borrower hereby ratifies, confirms and reaffirms, all and singular, the terms and disclosures contained in a certain Perfection Certificate dated on or prior to the Effective Date and acknowledges, confirms and agrees that the disclosures and information that each Co-Borrower provided to Bank in such Perfection Certificate have not changed, as of the date hereof, with the exception of inclusion of Addendum 1 to the Perfection Certificate attached hereto.

6. Counterparts. This Amendment may be executed in any number of counterparts and all of such counterparts taken together shall be deemed to constitute one and the same instrument.

7. Effectiveness. This Amendment shall be deemed effective upon (a) the due execution and delivery to Bank, by each party thereto, of (i) this Amendment, (ii) an updated Corporate Borrowing Certificate for each Co-Borrower in the form attached hereto, (iii) an Amendment to Warrant for each Warrant executed prior to the date hereof, and an (iv) Addendum 1 to Perfection Certificate for each Co-Borrower in the form attached hereto, and (b) Co-Borrowers' payment of (i) Five Hundred Thousand Dollars (\$500,000) in connection with the Third Amendment Final Payment, and (ii) to the extent that an invoice therefor has been provided by Bank to Co-Borrowers, all fees then due and owing and all Bank Expenses incurred through the date of this Amendment, which may be debited from any of Co-Borrowers' accounts at Bank.

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IN WITNESS WHEREOF, the parties hereto have caused this Amendment to be duly executed and delivered as of the date first written above.

BANK

SILICON VALLEY BANK

By: /s/ Igor DaCruz _____
Name: Igor DaCruz
Title: Director

CO-BORROWER

SAVARA INC.

By: /s/ David L. Lowrance _____
Name: David L. Lowrance
Title: CFO

CO-BORROWER

ARAVAS INC.

By: /s/ David L. Lowrance _____
Name: David L. Lowrance
Title: CFO

[Signature Page to Third Amendment to Loan and Security Agreement]