

Investment by Outward VC in [Company Name]
Term Sheet
[Date]

This term sheet sets out the key terms upon which **Outward VC** proposes to invest in [Company Name] (the "**Company**") whose founder[s] are [·], [·] and [·] (the "**Founders**").

The purpose of this term sheet is to describe, for negotiation purposes only, some key terms of the proposed investment by Outward VC.

This term sheet does not constitute an offer to buy, sell, or subscribe to the securities described in this term sheet. Except this paragraph and the provisions relating to "**Confidentiality**" and "**No Shop**", nothing contained in this term sheet creates any binding obligation on Outward VC, the Company or the Founders.

1. Investment Amount:	Outward VC proposes to invest £[·] (" Outward VC Investment Amount ") [as part of a total investment round of [·] with the following co-investors (together the " Investors "): [Investor] £[·] [Investor] £[·] [Investor] £[·]
2. Valuation:	The Investors propose to invest £[·] at a share price of £[·] representing [·]% of the post-money fully diluted capitalisation of the Company.
3. Liquidation Preference:	The Investors will be issued with [Preferred Shares] that will have a liquidation preference where the Company is liquidated and the money remaining after paying all creditors is less than the valuation of the Company following this investment round, or the Company is sold and the selling price is less than the valuation of the Company following this investment round. The liquidation preference gives holders of the [Preferred Shares] the right to receive 1x the Investment Amount from the liquidation or sales proceeds with the balance of proceeds paid to remaining shareholders.
4. Investor Rights:	The Investors will receive customary investor rights including: (i) Pre-emption rights on new issues and transfers of shares (ii) Exit rights (drag along and tag along) (iii) Conversion rights (Investors may convert Preferred Shares into Ordinary Shares at any time) (iv) Information rights (annual budgets and monthly financial updates)
5. Important Decisions:	Certain important matters (such as, amongst others, altering the rights of any class of share, the issue of new shares or changing the Articles of Association) shall require the consent of an Investor Majority.

<p>6. Board Representation:</p>	<p>Outward VC will be entitled to appoint a [non-executive director / non-voting observer] to attend all meetings of the Company's Board and any committee thereof.</p>
<p>7. Option Pool:</p>	<p>[In addition to the existing share option pool] the Company shall reserve additional Ordinary Shares for issue under its employee share option plan such that the total number of Ordinary Shares available for issue shall equal [·]% of the fully diluted share capital of the Company immediately following completion of this investment round.</p>
<p>8. Warranties:</p>	<p>The Company and Founder[s] will provide warranties as are customary in a transaction of this nature. The Investors will have a right to recover any loss from the Company up to the value of the Investment Amount and/or from the Founder[s] up to the amount of their annual salary, on a joint and several basis.</p>
<p>9. Service Agreements:</p>	<p>The Founders agree to service agreements/employment which include customary provisions for non-disclosure, non-competition, non-solicitation, confidentiality, assignment of intellectual property rights, and termination.</p>
<p>10. Founder Shares:</p>	<p>[·]% of the Founder[s] shares will be subject to reverse vesting. The Founder's shares will vest monthly on a straight line basis over a 3 year period from the date of completion of the investment. If a Founder ceases to be an employee of the Company as (i) a Good Leaver, all their unvested shares will convert into deferred shares in the Company, (ii) an Intermediate Leaver, all their unvested shares and [·]% of their vested shares will convert into Deferred Shares and (iii) as a Bad Leaver, all their shares will convert into Deferred Shares.</p>
<p>11. Leaver Provisions</p>	<p>(i) "Good Leaver": a leaver whose employment is terminated by reason of death, permanent incapacity due to ill-health or disability, retirement at mandatory or contractual retirement age; (ii) "Intermediate Leaver": a leaver who is not a Good Leaver and who ceases to be an employee as a result of voluntary resignation for any reason except summary dismissal (including for gross misconduct or negligence); and (iii) "Bad Leaver": a leaver who is not a Good Leaver or an Early Leaver. "Bad Leaver" means a leaver who ceases to be an employee as a result of lawful dismissal by the Company for fraud, negligence and/or gross misconduct. A Good Leaver or an Intermediate Leaver can be re-designated as a Bad Leaver if that leaver subsequently breaches their restrictive covenants.</p>
<p>12. Conditions Precedent:</p>	<p>The investment by Outward VC will be conditional upon the fulfillment or waiver in Outward VC's sole determination: (i) Satisfactory completion of commercial and legal due diligence on the Company (ii) Compliance with regulatory requirements including anti-money laundering checks on the Company and the Founder(s) (iii) Entry into appropriate legally binding agreements</p>

13. Confidentiality:	The terms and conditions of this Term Sheet shall be confidential information and Outward VC, the Company or Founders shall not disclose the same to any third party nor shall a press release relating to this Term Sheet be made without Outward VC's consent.
14. No Shop:	<p>This Term Sheet is exclusive and the Company agrees to work in good faith expeditiously toward a closing. The Company and the Founders agree that during 30 days from the date of this Term Sheet, they will not, directly or indirectly:</p> <p>(i) Take any action to solicit, initiate, encourage or assist the submission of any proposal, negotiation, or offer from any person or entity other than the Investors, relating to the sale or issuance of any of the capital shares of the Company or the acquisition, sale, lease, license, or other disposition of the Company or any material part of the shares or assets of the Company</p> <p>(ii) Enter into any discussions or negotiations or execute any agreement related to any of the foregoing other than the Investors or with respect to the Offering, and shall notify Outward VC promptly of any inquiries by any third parties in regard to the foregoing. These No Shop terms shall expire upon the earlier of (a) both parties agreement in writing that definitive agreements shall not be executed pursuant to this Term Sheet; (b) lapse of 30 days with no agreement to extend by the Company and Outward VC, in which case the Company shall have no further obligations under this clause.</p>
15. Expenses:	The Company shall bear Outward VC's reasonable expenses (including legal expenses) not exceeding [·]
16. Timetable:	<p>The target completion date is [·].</p> <p>Outward VC reserves the right to withdraw this Term Sheet at any time and will not be bound to invest until legally binding documents have been signed.</p>

[Company Name]:

Outward VC Fund LLP:

Signed:

Signed:

Name:

Name:

Title:

Title:

Date:

Date: