

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 capitalization of the Company.

3. Share Class and 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. Conditions Precedent

The investment by Outward VC will be conditional upon the fulfillment or waiver in Outward VC’s sole determination:

- 4.1 Satisfactory completion of commercial and legal due diligence on the Company
- 4.2 Compliance with regulatory requirements including anti-money laundering checks on the Company and the Founder(s)
- 4.3 Entry into appropriate legally binding agreements

5. Warranties

The Company and Founder[s] will provide warranties as are customary in a transaction of this nature. The limit of the warranties will be the Investment Amounts invested by the Investors. These warranties will include:

- 5.1 Financial, legal and commercial obligations of the Company over £20,000
- 5.2 All financial statements presented to the Investors being true and correct and no material adverse changes having occurred since the last accounting date
- 5.3 There being debts owed the Company of more than [·] at Closing
- 5.4 Any connected party transactions
- 5.5 There being no material litigation outstanding
- 5.6 Condition, operation and ownership of the Company's assets including all intellectual property

6. 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.

7. Board Representation

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.

8. Option Pool

[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 number of additional Ordinary Shares available for issue shall equal [10-15]% of the fully diluted share capital of the Company immediately following completion of this investment round.

9. Founder Shares

[·]% 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.

10. Non-compete

Should a Founder[s] depart the Company, she/he agrees not to compete with the Company for a period of 18 months following departure.

11. Investor Rights

The Investors will receive customary investor rights including:

- 11.1 Pre-emption rights on new issues and transfers of shares
- 11.2 Exit rights (drag along and tag along)
- 11.3 Conversion rights (Investors may convert Preferred Shares into Ordinary Shares at any time)
- 11.4 Information rights (annual budgets and monthly financial updates)

12. Investors not Founders

The Investors are not promoters or founders of the Company. The Company and the Founder[s] will take all necessary steps to ensure that Investors are not considered founders of the Company (including in any documents and filings).

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

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 45 days from the date of this Term Sheet, they will not, directly or indirectly:

- 14.1 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
- 14.2 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 45 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.

15. Expenses

The Company shall bear Outward VC's reasonable expenses (including legal and monitoring expenses) not exceeding [·]% of the Outward VC Investment Amount.

16. Timetable

The target completion date is [·].

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.

17. Acceptance

If you agree to the above terms, please sign below and return the Term Sheet.