

ELEVEN ALPHA TERM SHEET

in relation to a pre-seed investment in [Project/Company Name]

PARTIES

Company	[Company], developing [project description]
Founders	[Founder 1], [Founder 2], & [Founder 3]
Investor(s)	Eleven Fund III Cooperatief U.A. ("Eleven" or the "Investor") and any other investors mutually agreed by the Parties

TRANSACTION

Financing	Eleven will invest EUR 300,000 via newly issued preferred shares ("Preferred Shares") and would hold no less than 10% stake of the Company on a fully diluted basis, including an unallocated employee share option plan ("ESOP") of 10% and the conversion of any SAFE or other convertible instruments.
Documentation	For executing the Financing, the Parties shall finalize, execute and procure entering into effect the following documentation: 1. Investment and Shareholders Agreement; 2. Company Articles and any other relevant subscription agreements; 3. Documents transferring or assigning all relevant IP rights to the Company; and 4. Employment or other similar agreements between the Company and the Founders and key employees, including relevant IP assignment provisions; together (the "Initial Investment Agreements")
Closing	Implementation of the proposed transaction shall be subject to: (i) Non-occurrence of any notable adverse change in the affairs of the Company, (ii) Completion of confirmatory due diligence and (iii) Entering into effect of the Investment Agreements and the date thereof – Closing Date.
Cap Table	A Cap Table reflecting the fully diluted shareholdings in the Company following the whole transaction is attached hereto as Annex A.

INVESTOR RIGHTS

Liquidation Preference	Upon a liquidation, dissolution, winding up, merger, acquisition, sale, exclusive license or other disposal of substantially all of the assets or a majority of the shares of the Company (a "Change of Control"), the holders of the Preferred Shares shall receive the higher of: (a) 1x (one time) the original purchase price for the Preferred Shares; or (b) the amount they would receive if all shareholders received their pro rata share of such assets or proceeds.
[Anti-Dilution Provisions]	[In the event that the Company issues additional securities at a purchase price less than the Preferred Shares price per share, the number of shares held by the Investors shall be adjusted on a broad-based weighted average basis, subject to customary exclusions.]

Important Decisions	Certain important decisions of the Company shall require the approval of the majority of the Preferred Shares or the Investor Director as the case may be, including the following matters: 1. amendment of the Company articles; 2. alteration of the Company's share capital such as (i) alter the rights, preferences or privileges of the Preferred Shares (ii) allot any new shares beyond those anticipated by this investment (iii) create any new class or series of shares having rights, preferences or privileges senior to or on a parity with the Preferred Shares (iv) increase the number of shares reserved for issuance to employees and consultants, whether under the ESOP or otherwise; 3. change of the CEO of the Company and the appointment or change of the CFO of the Company; 4. entering into or amend material terms of convertible loan agreements, option plans, etc.; 5. acquisition or disposal or merger of the Company; 6. sale, transfer, grant into use or other encumbrance of the Company's assets or IP rights; 7. payment of dividends or other distributions; 8. subscription or acquisition of any shares in the capital of another company; 9. sale or IPO of the Company; 10. permission of the Company to cease, or propose to cease, to carry on its business or to wind up; 11. permit of the Company to take any step into bankruptcy; 12. adoption of the Company's budget; 13. incurring any expenditure exceeding EUR 50,000, outside the Company's budget; 14. any material change to the nature of the Company's business; 15. changing the name of the Company or its jurisdiction; 16. making any loan or advance or giving any credit to any person or acquiring any loan of any corporate body; and 17. entering into or varying any transactions with related parties.
Pre-emption	All shareholders will have a pro rata right, but not an obligation, based on their ownership of issued capital, to participate in subsequent financings of the Company (subject to customary exceptions). Any shares not subscribed for may be reallocated among the other shareholders. The Investor(s) may assign this right to an affiliate.
ROFR and Co-sale	The holders of the Preferred Shares shall have a pro rata right, but not an obligation, based on their ownership of Preferred Shares, to participate on identical terms in transfers of any shares of the Company, and a right of first refusal on such transfers (subject to customary permitted transfers, including transfers by Investor(s) to affiliates). Any shares not subscribed for by the holders of Preferred Shares would then be offered to the holders of Ordinary Shares.
Drag Along	In the event that a majority of the Preferred Shares and a majority of the Ordinary Shares wish to accept an offer to sell all of their shares to a third party, or enter into a Change of Control event of the Company, then subject to the approval of the Board, all other shareholders shall be required to sell their shares or to consent to the transaction on the same terms and conditions, subject to the liquidation preferences of the Preferred Shares.

Board of Directors	The board of directors of the Company (the “Board”) shall consist of [3] members. The holders of Ordinary Shares may appoint [2] directors and the holders of Preferred Shares may appoint [1] director (the “Investor Director”).
Information Rights	The Investor(s) shall receive monthly reporting, quarterly financial information and annual statutory statements.

FOUNDER OBLIGATIONS

Founders Undertakings	Each Founder will enter into a non-competition and non-solicitation agreement, and an employment agreement in a form reasonably acceptable to the Eleven, and shall agree to devote their entire business time and attention to the Company and to not undertake additional activities without the consent of Eleven. A breach of any of the foregoing restrictive covenants or undertakings by a Founder shall result in immediate dismissal for cause of such Founder.
Founder Shares	Shares held by the Founders will be subject to reverse vesting provisions over four years as follows: 25% to vest one year after Closing and the remaining 75% to vest in semi-annual installments over the following [three] years (“the Vesting Period”). All founders shall be subject to Good Leaver / Bad Leaver provisions. For the avoidance of doubt, if a Founder leaves the Company before the expiry of the Vesting Period, he or she should transfer back to the Company any unvested shares at nominal value.
Lock-up	Until such time when Eleven has sold all of its Shares, the Founders shall not be entitled to transfer, unless Eleven consents, any of their Shares.
ESOP	The Founders shall be required to reserve 10% of the Company Ordinary Shares for an employee share option plan (“ESOP”) to be allocated to key employees and/or advisors and/or [independent] board members of the Company with typical vesting arrangements in place. Any allocation of the ESOP shall be subject to approval by the Board of the Company.

MISCELLANEOUS

Documentation	Definitive agreements shall be provided by Eleven and shall include customary covenants, representations and warranties of the Company, reflecting the provisions set forth herein and other provisions typical to venture capital transactions.
Expenses	Subject to successful Closing the Company shall cover Eleven's out of pocket legal and other fees and expenses related to the transaction up to a total amount of EUR 10k (<i>amount may vary depending on the Company domiciliation</i>).
Exclusivity	From the date of signing this Term Sheet and until the earlier of the Closing Date or the expiry of 30 days, the Founders shall not solicit third party investment in the Company unless such investment is consulted and approved by Eleven.
Confidentiality	The Parties agree to treat this term sheet confidentially and will not distribute or disclose its existence or contents outside the Company without the consent of Eleven, except as required to its shareholders and professional advisors.

Non-binding Effect

This Summary of Terms is not intended to be legally binding, with the exception of this paragraph and the paragraphs entitled Expenses, Exclusivity and Confidentiality, which are binding upon the parties hereto.

[Signatory page]

ANNEX A

POST-MONEY CAP TABLE (Eleven as only investor)

	Type of shares	Amount Invested	Stake in %
Founders	Ordinary	-	80%
ESOP	Ordinary	-	10%
Eleven	Preferred	EUR 300,000	10%
	Total	EUR 300,000	100%

POST-MONEY CAP TABLE (Eleven and other investors - for illustrative purposes)

	Type of shares	Amount Invested	Stake in %
Founders	Ordinary	-	75%
ESOP	Ordinary	-	10%
Eleven	Preferred	EUR 300,000	10%
Angel Investors	Preferred	[EUR 150,000]	[5%]
	Total	[EUR 450,000]	100%