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# VENTURE CAPITAL INVESTMENT AGREEMENT

This **Venture Capital Investment Agreement** (the "Agreement") is made and entered into as of **[Effective Date]**, by and between:

1. **[Company Name]**, a **[Legal Entity Type, e.g., Private Limited Company]**, incorporated and existing under the laws of **[Jurisdiction]**, with its registered office at **[Company Address]** (the "Company");

AND

2. **[Investor Name]**, a **[Legal Entity Type, e.g., Limited Liability Company, Venture Capital Fund]**, incorporated and existing under the laws of **[Jurisdiction]**, with its principal place of business at **[Investor's Address]** (the "Investor").

The **Company and the Investor** are each referred to individually as a **"Party"** and collectively as the **"Parties"**.

### RECITALS

**WHEREAS**, the Company is engaged in the business of **[Brief Description of Business]** and is seeking venture capital investment to fund its expansion, operations, and strategic growth;

**WHEREAS**, the Investor is a professional investment entity specializing in early-stage and high-growth companies and has expressed its intention to invest in the Company in exchange for Equity Securities, subject to the terms and conditions set forth herein;

**WHEREAS**, the Parties desire to set forth the terms of the Investor's investment, the rights and obligations of each Party, and the governance, exit, and liquidity provisions governing the investment;

**NOW, THEREFORE**, in consideration of the mutual covenants and agreements contained herein, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties hereby agree as follows:

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# CLAUSE 1: DEFINITIONS

In this Agreement, unless the context otherwise requires, the following terms shall have the meanings set forth below:

### 1.1 "Agreement"

This **Venture Capital Investment Agreement**, including all annexures, schedules, exhibits, and any written amendments or modifications executed by the Parties.

### 1.2 "Board of Directors"

The governing body of the Company, duly constituted as per the Articles of Association and any other applicable corporate governance documents.

### 1.3 "Business Day"

Any day other than a **Saturday, Sunday, or a public holiday** in **[Jurisdiction]** on which banks are open for business.

### 1.4 "Closing"

The **completion of the investment transaction** under the terms of this Agreement, including the issuance of Equity Securities to the Investor.

### 1.5 "Company Valuation"

The **fair market value** of the Company as determined based on the latest funding round, an independent valuation report, or another agreed valuation methodology.

### 1.6 "Confidential Information"

Any proprietary, non-public, or sensitive information disclosed by one Party to the other in connection with this Agreement, including but not limited to:

- Business plans, financial records, projections, and forecasts;
- Trade secrets, patents, copyrights, trademarks, and other intellectual property;
- Customer and supplier lists, contracts, and strategic partnerships;
- Any material information designated as "confidential" or which should reasonably be considered confidential.

### 1.7 "Dilution Protection"

The **anti-dilution provisions** that protect the Investor against dilution in the event of future down-round financing, as detailed in **Clause [Anti-Dilution Protection Clause]**.

### 1.8 "Equity Securities"

Any class of shares, stock options, convertible instruments, warrants, or other securities issued by the Company in exchange for the Investor’s capital contribution.

### 1.9 "Exit Event"

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Any event allowing the Investor to liquidate its investment, including but not limited to:
(a) An **Initial Public Offering (IPO)**;
(b) A **merger, acquisition, or sale of the Company's assets**;
(c) A **secondary sale** of shares to a third party;
(d) Any other transaction as agreed upon by the Investor and the Company.

### 1.10 "Investment Amount"

The **total amount of capital committed** by the Investor to be invested in the Company, as specified in **Clause 2**.

### 1.11 "Investor Rights"

The rights granted to the Investor under this Agreement, including but not limited to:

- **Voting rights** and **board representation**;
- **Pre-emptive rights** to participate in future equity offerings;
- **Liquidation preference** in case of Company liquidation or exit;
- **Tag-Along and Drag-Along rights** in the event of a share sale.

### 1.12 "Liquidation Preference"

The Investor's **priority right to receive a specific return** (e.g., **1.5x to 2x multiple** on the Investment Amount) before any distributions are made to common shareholders in the event of a liquidation, dissolution, or sale of the Company.

### 1.13 "Material Adverse Effect"

Any event, occurrence, or change that materially and negatively impacts the **financial condition, business operations, or assets** of the Company, including:

- Regulatory or legal actions;
- Significant loss of key customers or revenue streams;
- Bankruptcy, insolvency, or other financial distress.

### 1.14 "Pre-Emptive Rights"

The Investor's right to **purchase additional securities** in future funding rounds to maintain its **pro-rata ownership percentage**.

### 1.15 "Reserved Matters"

A list of **corporate actions requiring prior approval** from the Investor, including but not limited to:

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- Issuance of new shares or change in capital structure;
- Debt financing above a certain threshold;
- Sale of Company assets or intellectual property;
- Amendments to the Company's constitutional documents.

### 1.16 "Tag-Along Rights"

The right of the Investor to participate in any sale of shares by the Founders or majority shareholders, ensuring that the Investor receives the **same terms and valuation** as the selling shareholders.

### 1.17 "Drag-Along Rights"

The Investor's obligation to **sell its shares** if the majority shareholders decide to sell the Company, subject to fair market valuation and mutually agreed terms.

### 1.18 "Valuation Cap"

The **maximum valuation** that applies to certain convertible securities, such as SAFEs or convertible notes, for the purpose of calculating conversion terms.

### 1.19 "Voting Rights"

The Investor's right to **vote on key Company decisions**, which may include:

- Election of directors to the Board;
- Approval of significant business transactions;
- Changes in governance, mergers, or acquisitions.

## CLAUSE 2: INVESTMENT TERMS

This Clause sets forth the terms and conditions of the Investor's investment in the Company, including the structure, timing, and use of funds.

### 2.1 Investment Amount and Equity Issuance

(a) The Investor agrees to invest an aggregate amount of **[Investment Amount]** in exchange for **[Type of Securities, e.g., Preferred Shares, Convertible Notes, etc.]**, as detailed in **Schedule [Cap Table Schedule]**.

(b) The price per share shall be determined based on a **pre-money valuation** of **[Insert Valuation]**, as agreed between the Parties.

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(c) The investment shall be disbursed in **[lump sum/installments]**, as outlined in **Schedule [Investment Disbursement Schedule]**.

(d) The funds shall be transferred to the Company's designated bank account upon the **satisfaction of all conditions precedent** as set forth in **Clause 2.2**.

## 2.2 Conditions Precedent to Closing

The Investor's obligation to invest is subject to the fulfillment (or written waiver) of the following conditions:

(a) **Completion of Due Diligence** – The Investor shall have completed a satisfactory **legal, financial, and commercial due diligence review** of the Company.

(b) **Regulatory and Corporate Approvals** – Any required approvals from **governmental authorities, regulatory agencies, or shareholders** shall have been obtained.

(c) **Execution of Ancillary Agreements** – The Company and the Investor shall have executed all necessary agreements, including:

- **Shareholders' Agreement**;
- **Voting Agreement** (if applicable);
- **Employment or Founder Agreements** (if required by the Investor).

(d) **Representations and Warranties** – The representations and warranties of the Company set forth in **Clause 3** shall be **true and correct** as of the Closing Date.

(e) **No Material Adverse Change** – There shall be no occurrence of a **Material Adverse Effect** (as defined in Clause 1.13) between the date of signing and the Closing Date.

## 2.3 Closing and Payment

(a) **Closing Date** – The closing of the investment transaction (the "Closing") shall take place on **[Insert Date]** or such other date as agreed upon by the Parties in writing.

(b) **Investor's Payment Obligation** – On or before the Closing Date, the Investor shall transfer the Investment Amount to the Company's designated bank account as specified in **Schedule [Payment Details]**.

(c) **Issuance of Equity Securities** – Upon receipt of the Investment Amount, the Company shall:

- **Issue and allot the Equity Securities** to the Investor;
- **Update the Company's cap table** to reflect the Investor's shareholding;
- **Provide share certificates or electronic records** as proof of ownership.

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## 2.4 Use of Investment Proceeds

(a) The Company agrees to use the proceeds from the investment exclusively for the purposes of **business expansion, working capital, product development, and other approved uses**, as detailed in **Schedule [Business Use of Funds]**.

(b) The Company shall **not** use the funds for:

- Personal expenses of shareholders, executives, or employees;
- Repayment of **existing shareholder loans** unless approved by the Investor;
- Any purpose that is **unlawful or materially deviates** from the agreed business plan.

(c) The Investor shall have the right to **request periodic financial reports** demonstrating how the investment proceeds are being utilized.

## 2.5 Capitalization and Shareholding Structure

(a) **Pre-Investment Capitalization** – The existing shareholding structure of the Company before the issuance of new Equity Securities is detailed in **Schedule [Existing Cap Table]**.

(b) **Post-Investment Capitalization** – Upon the Closing, the updated shareholding structure of the Company, reflecting the Investor's ownership, shall be recorded in **Schedule [Updated Cap Table]**.

(c) The Company shall ensure that the Investor's ownership rights are **properly documented and reflected** in its corporate filings.

## 2.6 Anti-Dilution Protection

(a) In the event that the Company issues additional **Equity Securities** at a valuation lower than the Investor's purchase price (a "Down Round"), the Investor shall be entitled to **anti-dilution protection**, as follows:

**(i) Full Ratchet Protection** – The Investor's conversion price shall be adjusted to the lower price per share of the new issuance.

**(ii) Weighted-Average Adjustment** – The Investor's conversion price shall be adjusted based on a **broad-based or narrow-based weighted-average formula**, as detailed in **Schedule [Anti-Dilution Formula]**.

(b) **Exceptions** – The following shall **not** trigger anti-dilution adjustments:

- Issuance of shares under an **Employee Stock Option Plan (ESOP)**;
- Issuance of shares due to stock splits, dividends, or recapitalizations.

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### 2.7 Lock-Up and Transfer Restrictions

(a) **Lock-Up Period** – The Investor agrees not to sell, transfer, or otherwise dispose of its Equity Securities for a period of **[Insert Duration, e.g., 12-24 months]** from the Closing Date, except as permitted in this Agreement.

(b) **Restricted Transfers** – Any sale or transfer of Equity Securities by the Investor shall be subject to:

- **Right of First Refusal (ROFR)** as per **Clause [ROFR Clause]**;
- Compliance with **applicable securities laws and regulatory requirements**.

(c) **Permitted Transfers** – The Investor may transfer its Equity Securities to:

- An **Affiliate or related entity** without prior Company approval;
- A **third party**, subject to ROFR provisions.

### 2.8 Reserved Matters (Investor Approval Required)

The Company **shall not undertake** any of the following actions without the **prior written approval** of the Investor:

(a) **Change in Share Capital** – Issuance of new shares, stock splits, or changes in share rights;
(b) **Mergers and Acquisitions** – Entering into a merger, acquisition, or joint venture;
(c) **Debt Financing** – Borrowing funds beyond **[Insert Threshold]**;
(d) **Intellectual Property Transactions** – Licensing or transferring core intellectual property;
(e) **Major Business Model Changes** – Entering into a new line of business or ceasing existing operations;
(f) **Executive Hiring and Compensation** – Appointing or removing key executives or materially altering their compensation.

## CLAUSE 3: REPRESENTATIONS AND WARRANTIES

This Clause sets forth the representations and warranties made by both the **Company** and the **Investor**, ensuring that each Party enters into this Agreement based on accurate disclosures and due diligence.

### 3.1 Representations and Warranties of the Company

The Company represents and warrants to the Investor that, as of the Effective Date and as of the Closing Date:

**(a) Corporate Status and Authority**

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(i) The Company is a **duly incorporated and validly existing** entity under the laws of **[Jurisdiction]**, with full corporate power and authority to execute and perform this Agreement.
(ii) The execution, delivery, and performance of this Agreement **have been duly authorized** by the Company's Board of Directors and Shareholders, where applicable.
(iii) This Agreement constitutes a **valid and binding obligation** of the Company, enforceable in accordance with its terms.

**(b) Capitalization and Ownership**

(i) The authorized and issued share capital of the Company, as set forth in **Schedule [Cap Table]**, is true, accurate, and complete.
(ii) All issued shares are **validly issued, fully paid, and non-assessable**, and there are no outstanding options, warrants, or convertible securities except as disclosed in writing.
(iii) The execution of this Agreement **does not breach any existing shareholder agreements, voting agreements, or Company obligations**.

**(c) Financial Statements and Condition**

(i) The **financial statements** provided to the Investor, including the most recent balance sheet, profit and loss statement, and cash flow statement, have been prepared in accordance with **[Applicable Accounting Standards]** and fairly present the Company's financial condition.
(ii) The Company has **no undisclosed liabilities, debts, or obligations** that could materially affect its financial health.
(iii) There has been **no material deterioration** in the financial condition or operations of the Company since the date of the last financial statements.

**(d) Business and Compliance**

(i) The Company has obtained all **necessary licenses, permits, and approvals** to conduct its business and is in compliance with all **Applicable Laws and regulations**.
(ii) The Company is **not subject to any material litigation, arbitration, governmental investigation, or claims** that could negatively impact its business.
(iii) There are **no known regulatory violations, tax liabilities, or labor disputes** that have not been disclosed to the Investor.

**(e) Intellectual Property Rights (IPR)**

(i) The Company **owns or lawfully licenses** all Intellectual Property necessary for its business, as listed in **Schedule [IPR Schedule]**.
(ii) The Company has **not received any notice of infringement** claims related to its Intellectual Property, and no such disputes are pending or threatened.
(iii) The Company has taken **reasonable measures** to protect its trade secrets, proprietary information, and confidential data from unauthorized disclosure or misuse.

**(f) Material Agreements and Obligations**

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(i) The Company is **not in breach** of any material contract, agreement, or obligation that could have an adverse effect on its business operations.
(ii) No existing contracts will be **terminated, breached, or adversely affected** as a result of this investment transaction.
(iii) The Company has **disclosed all material contracts** that may impact the Investor's rights or financial interests.

**(g) Tax Compliance**

(i) The Company has **duly filed and paid all taxes** required by law, including corporate taxes, VAT, and withholding taxes.
(ii) There are **no pending tax audits, disputes, or claims** that could result in material liabilities.

**(h) No Material Adverse Effect**

Since the execution of this Agreement, **no event, change, or circumstance** has occurred that would result in a **Material Adverse Effect** on the Company's business, financial condition, or prospects.

## 3.2 Representations and Warranties of the Investor

The Investor represents and warrants to the Company that, as of the Effective Date and as of the Closing Date:

**(a) Authority and Investment Intent**

(i) The Investor has the **full legal capacity, power, and authority** to enter into and perform this Agreement.
(ii) The execution and performance of this Agreement have been **duly authorized** and will not breach any agreements, corporate obligations, or Applicable Laws.
(iii) The Investor is acquiring the Equity Securities **solely for investment purposes** and **not for immediate resale or distribution** in violation of securities laws.

**(b) Financial Capability**

(i) The Investor has **sufficient funds available** to pay the Investment Amount and perform its obligations under this Agreement.
(ii) The Investor understands that the investment **involves risks**, including potential loss of investment, and has conducted its **own due diligence** regarding the Company.

**(c) Compliance with Laws**

(i) The Investor is **not subject to any sanctions, regulatory restrictions, or legal prohibitions** that would prevent the execution of this Agreement.
(ii) The Investor **complies with all applicable anti-money laundering (AML), anti-bribery, and anti-corruption laws** and is not using funds derived from unlawful activities.

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### 3.3 Survival of Representations and Warranties

The representations and warranties set forth in this Clause **shall survive the Closing** for a period of **[Insert Duration, e.g., 12-24 months]**, except for representations regarding **tax liabilities, intellectual property, and compliance matters**, which shall survive **indefinitely** or for the maximum period allowed under Applicable Law.

## CLAUSE 4: INVESTOR RIGHTS AND PROTECTIONS

This Clause sets out the rights, privileges, and protections granted to the Investor as part of its investment in the Company.

### 4.1 Board Representation

(a) The Investor shall have the right to **appoint [Insert Number] member(s)** to the Company's Board of Directors (the "Investor Director(s)").
(b) The Investor Director(s) shall have the **same rights and privileges** as other board members, including voting rights and access to Company records.
(c) The Company agrees to **notify and consult** the Investor Director(s) regarding all significant business matters and strategic decisions.

### 4.2 Observer Rights

(a) If the Investor does not appoint a board member, it shall have the right to appoint a **board observer** who may attend all Board meetings but shall not have voting rights.
(b) The board observer shall have **full access** to Company records, reports, and financial statements, subject to confidentiality obligations.

### 4.3 Information Rights

The Company shall provide the Investor with:
(a) **Quarterly financial statements** within **[Insert Number] days** of the end of each quarter.
(b) **Annual audited financial statements** within **[Insert Number] days** of the fiscal year-end.
(c) **Monthly updates** on key business metrics, including revenue, expenses, and operational performance.
(d) **Advance notice of material events**, including major transactions, changes in leadership, or regulatory issues.

### 4.4 Pre-Emptive Rights (Right to Participate in Future Rounds)

(a) The Investor shall have the right to **participate in any future equity financings** to maintain its **pro-rata ownership percentage**.
(b) The Company shall notify the Investor in writing at least **[Insert Notice Period, e.g., 30 days]** before issuing new Equity Securities.
(c) The Investor shall have **[Insert Timeframe, e.g., 15 days]** to exercise its pre-emptive right.

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### 4.5 Right of First Refusal (ROFR) on Share Transfers

(a) If any Founder, shareholder, or key executive intends to sell their shares, the Investor shall have the **Right of First Refusal (ROFR)** to purchase such shares on the same terms.
(b) The selling shareholder must provide **written notice** to the Investor detailing the offer received.
(c) The Investor shall have **[Insert Timeframe, e.g., 30 days]** to match the offer before the shares can be sold to a third party.

### 4.6 Tag-Along Rights (Protection in Third-Party Sales)

(a) If a majority shareholder sells shares to a third party, the Investor shall have the right to **sell its shares on the same terms (Tag-Along Rights)**.
(b) The Company shall notify the Investor in writing before any such transaction occurs.
(c) The Investor may choose to participate in the sale or retain its shares.

### 4.7 Drag-Along Rights (Majority Sale Requirement)

(a) If shareholders holding at least **[Insert Percentage, e.g., 75%]** of the voting power decide to sell the Company to a third party, the Investor **may be required to sell its shares** under the same terms.
(b) The Investor shall receive **the same price and consideration** as other selling shareholders.
(c) The Company shall ensure that the sale terms are **commercially reasonable and fair** to all shareholders.

### 4.8 Liquidation Preference

(a) In the event of a **liquidation, dissolution, merger, or asset sale**, the Investor shall be entitled to receive its **investment amount plus a preferred return before common shareholders**.
(b) The **liquidation preference multiplier** shall be **[Insert Multiple, e.g., 1.5x]** of the Investor's original investment amount.
(c) If there are insufficient funds to fully satisfy the liquidation preference, the available funds shall be distributed **proportionally** among preferred shareholders.

### 4.9 Anti-Dilution Protection

(a) If the Company issues additional Equity Securities at a **lower price per share** than the Investor's purchase price, the Investor shall be entitled to **anti-dilution protection**, using either:

- **Full Ratchet Adjustment** – The Investor's conversion price is adjusted to the lower issuance price.
- **Weighted-Average Adjustment** – The conversion price is adjusted based on a formula considering total issued shares and new issuance price.

(b) Exceptions: Anti-dilution adjustments **shall not apply** to:

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- **Employee Stock Option Plan (ESOP) issuances**.
- **Shares issued as part of stock splits, dividends, or recapitalizations**.

### 4.10 Reserved Matters (Investor Approval Required)

The Company **shall not** undertake any of the following actions **without the prior written consent of the Investor**:

(a) **Change in Share Capital Structure** – Issuing new shares, stock splits, or changing share classes.
(b) **Debt Financing** – Borrowing money beyond **[Insert Threshold]**.
(c) **Mergers, Acquisitions, or Business Sales** – Entering into a merger, sale, or significant acquisition.
(d) **Key Executive Hiring or Compensation Adjustments** – Appointing or removing senior management or materially altering compensation.
(e) **Intellectual Property Transfers** – Selling or licensing core Intellectual Property.
(f) **Litigation Settlements** – Settling any legal claims exceeding **[Insert Amount]**.

### 4.11 Voting Rights

(a) The Investor shall have **voting rights proportional to its shareholding**, including the right to vote on:

- Major business decisions.
- Election or removal of Board members.
- Corporate governance amendments.

(b) If the Investor holds **preferred shares**, it may have **superior voting rights** in certain cases, as specified in **Schedule [Voting Rights Schedule]**.

### 4.12 Confidentiality and Information Protection

(a) The Investor agrees to keep all non-public Company information **strictly confidential**.
(b) The Investor shall not disclose, distribute, or share confidential business data with any third party **without prior Company approval**.

### 4.13 Transfer Restrictions

(a) The Investor may transfer its shares only in accordance with:

- **Lock-up Period** (if applicable).
- **Right of First Refusal (ROFR)**.
- **Applicable securities laws and regulations**.

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(b) The Investor **may freely transfer shares** to its **affiliates or investment funds**, provided that the new owner agrees to be bound by the terms of this Agreement.

# CLAUSE 5: EXIT STRATEGIES AND LIQUIDITY PROVISIONS

This Clause outlines the mechanisms by which the Investor may exit its investment in the Company and realize returns on its capital.

## 5.1 Permitted Exit Events

The Investor shall be entitled to exit its investment in the Company through any of the following means:

**(a) Initial Public Offering (IPO)**

(i) If the Company successfully lists its shares on a recognized stock exchange, the Investor shall have the right to **sell its shares** in accordance with applicable **securities laws, underwriter lock-up periods, and listing requirements**.
(ii) The Company shall use **commercially reasonable efforts** to pursue an IPO within **[Insert Timeframe, e.g., 5 years]** if financially and strategically viable.

**(b) Trade Sale or Acquisition**

(i) If the Company is acquired, merged, or sells substantially all of its assets, the Investor shall have the right to:

- **Sell its shares at the same valuation** as other shareholders in the transaction.
- Exercise **Tag-Along Rights** (Clause 5.3) to ensure equal treatment.
- Receive proceeds in accordance with **Clause 5.5 (Liquidation Preference)**.

**(c) Secondary Sale of Shares**

(i) The Investor may sell all or part of its shares to a third party, subject to:

- The **Right of First Refusal (ROFR)** provisions in **Clause 5.2**.
- Compliance with **Clause 5.6 (Lock-Up and Transfer Restrictions)**.

**(d) Buyback by the Company**

(i) The Company may repurchase the Investor's shares at a **mutually agreed fair market value**, subject to:

- Approval by the Board and Shareholders, if required.
- Availability of sufficient retained earnings.

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**(e) Drag-Along Sale**

(i) If majority shareholders or the Board of Directors decide to sell the Company, the Investor may be **compelled to participate** under the **Drag-Along Rights** provisions of **Clause 5.4**.

## 5.2 Right of First Refusal (ROFR) on Investor Shares

(a) If the Investor intends to sell its shares, the existing shareholders and/or the Company shall have a **Right of First Refusal (ROFR)** to purchase the shares before they are sold to a third party.
(b) The Investor must notify the Company and shareholders in writing, providing:

- The proposed buyer's details.
- The offer price per share.
- Any other material terms of the sale.
  (c) The Company or shareholders shall have **[Insert Duration, e.g., 30 days]** to match the offer. If no response is received, the Investor shall be free to sell to the third party.

## 5.3 Tag-Along Rights (Minority Protection in Share Sales)

(a) If a **majority shareholder (holding [Insert Threshold, e.g., 25%] or more)** decides to sell its shares to a third party, the Investor shall have the **right to sell its shares proportionally** under the same terms.
(b) The selling shareholder must ensure that the third-party buyer **offers the same exit terms** to the Investor.

## 5.4 Drag-Along Rights (Compelled Sale with Majority Approval)

(a) If shareholders holding at least **[Insert Percentage, e.g., 75%]** of the voting power decide to sell the Company to a third party, the Investor **may be required to sell its shares** under the same terms.
(b) The sale must be on **fair market terms**, and the Investor shall receive **the same price and consideration** as other selling shareholders.

## 5.5 Liquidation Preference

(a) In the event of a **liquidation, winding-up, dissolution, or sale of substantially all Company assets**, the Investor shall have the right to receive proceeds in the following order of priority:

**(i) Preference Amount**

(i) The Investor shall receive **[Insert Multiple, e.g., 1.5x]** its original investment amount **before** any distributions to common shareholders.

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(ii) If proceeds are insufficient to fully satisfy the preference amount, the available funds shall be distributed **proportionally** among preferred shareholders.

**(ii) Participation Rights (If Applicable)**

(i) If the Company adopts a **Participating Liquidation Preference**, the Investor shall receive its preference amount **and** participate in remaining distributions with common shareholders.
(ii) If a **Non-Participating Liquidation Preference** is adopted, the Investor may **choose to receive either** the preference amount **or** a pro-rata share of total proceeds.

## 5.6 Lock-Up and Transfer Restrictions

(a) **Lock-Up Period** – The Investor agrees not to sell, transfer, or otherwise dispose of its shares for a period of **[Insert Duration, e.g., 12-24 months]** from the Closing Date.
(b) **Restricted Transfers** – Any sale of shares by the Investor shall be subject to:

- Compliance with **securities laws and regulatory requirements**.
- The **Right of First Refusal (ROFR)** in **Clause 5.2**.

(c) **Permitted Transfers** – The Investor may transfer its shares:

- To an **Affiliate or related entity** without prior Company approval.
- In a **secondary sale**, subject to ROFR and other transfer restrictions.

## 5.7 Valuation and Fair Market Pricing

(a) If the Investor opts for an exit through a **secondary sale or buyback**, the share price shall be determined by:

- A **mutually agreed independent valuation expert**, or
- A **fair market value assessment based on the latest funding round price**.
  (b) The Company shall **not take any actions** that artificially reduce valuation to hinder an exit.

## 5.8 Company's Obligation to Support Investor Exit

(a) The Company shall provide all **reasonable assistance and information** necessary to facilitate the Investor's exit, including:

- **Providing audited financial statements** and compliance certificates to buyers.
- **Coordinating with legal and financial advisors** to execute agreements efficiently.
- **Ensuring no undue restrictions** are placed on share transfers.

(b) If an IPO is pursued, the Investor shall **cooperate in good faith** with underwriters and legal advisors to comply with listing requirements.

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### 5.9 Restrictions on Forced Sale or Transfer

(a) The Investor shall not be compelled to sell its shares at a **price lower than its investment valuation**, unless:

- The majority of shareholders agree to the terms.
- The Company faces insolvency or financial distress.
- The sale is approved under a **court-supervised restructuring**.

(b) The Company shall not impose **unfair penalties or forfeiture mechanisms** that restrict the Investor's exit rights.

### 5.10 Survival of Exit Rights

(a) The rights and obligations in this Clause shall survive:

- Any amendments to the Company's Articles of Association.
- Changes in management or Board structure.
- The expiration or termination of this Agreement, unless waived in writing by the Investor.

(b) The Company shall not **dilute, remove, or amend these exit rights** without obtaining the **Investor's prior written approval**.

## CLAUSE 6: INDEMNIFICATION AND LIABILITY

This Clause sets forth the responsibilities of the Parties regarding indemnification, liability limitations, and the process for handling claims arising from breaches of this Agreement.

### 6.1 Indemnification by the Company

The Company agrees to indemnify, defend, and hold harmless the **Investor, its affiliates, directors, officers, employees, and agents** (collectively, the "Investor Indemnified Parties") from and against any and all losses, liabilities, damages, claims, costs, and expenses, including reasonable legal fees (collectively, "Losses"), incurred as a result of:

(a) Any **breach of representations, warranties, or covenants** made by the Company in this Agreement;
(b) Any **violation of Applicable Laws, regulations, or contractual obligations** by the Company;
(c) Any **third-party claims** arising from the Company's operations, including intellectual property infringement, employment disputes, or regulatory non-compliance;
(d) Any **misuse or misappropriation** of the Investor's funds in violation of the **Use of Proceeds**

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**provisions in Clause 2.4**;
(e) Any **fraud, gross negligence, or willful misconduct** by the Company or its key executives.

## 6.2 Indemnification by the Investor

The Investor agrees to indemnify, defend, and hold harmless the **Company, its affiliates, directors, officers, employees, and agents** (collectively, the "Company Indemnified Parties") from and against any Losses resulting from:

(a) Any **breach of representations, warranties, or covenants** made by the Investor in this Agreement;
(b) Any **violation of securities laws, anti-money laundering (AML) laws, or foreign investment restrictions** applicable to the Investor;
(c) Any **unauthorized disclosure of Confidential Information** obtained from the Company;
(d) Any **fraud, gross negligence, or willful misconduct** by the Investor in relation to this Agreement.

## 6.3 Indemnification Procedure

(a) **Notification of Claim** – The Indemnified Party shall notify the Indemnifying Party in writing of any claim or Losses for which indemnification is sought within **[Insert Timeframe, e.g., 30 days]** of becoming aware of such claim.

(b) **Defense of Claims** – The Indemnifying Party shall have the right to assume control of the defense of any third-party claim, provided that:

- The defense is conducted in **good faith and with due diligence**;
- The Indemnified Party is kept informed and **reasonably consulted**;
- Any settlement requires prior **written approval** of the Indemnified Party, which shall not be unreasonably withheld.

(c) **Failure to Defend** – If the Indemnifying Party does not assume defense within **[Insert Timeframe, e.g., 15 days]**, the Indemnified Party may conduct its own defense at the cost of the Indemnifying Party.

(d) **Mitigation of Losses** – The Indemnified Party shall take all **reasonable steps** to mitigate damages and prevent further Losses.

## 6.4 Limitations on Liability

(a) **Cap on Liability** – The total liability of each Party for any claims arising under this Agreement shall not exceed **[Insert Liability Cap, e.g., the amount of the Investor's total investment]**, except in cases of **fraud, willful misconduct, or breaches of confidentiality**.

(b) **Exclusion of Indirect Damages** – Neither Party shall be liable for any:

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- Indirect, consequential, or punitive damages;
- Loss of profits, revenue, goodwill, or business opportunities;
- Losses resulting from unforeseeable events beyond their control.

(c) **Exceptions to Liability Limitations** – The liability limitations **shall not apply** to:

- Breaches of **Confidentiality (Clause 7)**;
- **Fraud, intentional misrepresentation, or willful misconduct**;
- Any **indemnification obligations** expressly provided in this Clause.

### 6.5 Force Majeure

(a) **Definition** – Neither Party shall be liable for any failure or delay in performing its obligations due to events beyond its reasonable control, including but not limited to:

- Natural disasters, pandemics, or acts of God;
- War, terrorism, civil unrest, or governmental restrictions;
- Cyberattacks, data breaches, or failures of third-party service providers.

(b) **Notice and Suspension** – The affected Party must provide **written notice** within **[Insert Timeframe, e.g., 5 days]** of becoming aware of a Force Majeure Event. The obligation affected by the Force Majeure event shall be **suspended** during the period of disruption.

(c) **Termination for Prolonged Force Majeure** – If the Force Majeure Event continues for **more than [Insert Duration, e.g., 90 days]**, either Party may terminate this Agreement without further liability, except for obligations accrued prior to termination.

### 6.6 Survival of Indemnification Obligations

The provisions of this Clause **shall survive the termination or expiration of this Agreement** for a period of **[Insert Duration, e.g., 3 years]** from the date of termination, except for claims related to:
(a) Tax liabilities, which shall survive **indefinitely**;
(b) Intellectual Property Rights disputes, which shall survive until the expiration of the relevant IP rights.

## CLAUSE 7: CONFIDENTIALITY AND NON-DISCLOSURE

This Clause sets forth the obligations of the Parties regarding the protection and use of Confidential Information exchanged during the course of this Agreement.

### 7.1 Definition of Confidential Information

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For the purposes of this Agreement, "Confidential Information" shall mean **all non-public, proprietary, or sensitive information** disclosed by one Party ("Disclosing Party") to the other Party ("Receiving Party"), whether orally, in writing, electronically, or through any other means, including but not limited to:

(a) Business plans, financial statements, investment strategies, and market analysis;
(b) Product designs, technical data, trade secrets, and Intellectual Property Rights;
(c) Customer lists, supplier agreements, and partnership details;
(d) Negotiation terms, valuations, and funding arrangements;
(e) Any other information marked as “Confidential” or that a reasonable person would consider confidential.

## 7.2 Exclusions from Confidentiality Obligations

Confidential Information **shall not include** information that:

(a) **Is or becomes publicly available** without breach of this Agreement;
(b) **Was lawfully known** to the Receiving Party prior to disclosure by the Disclosing Party;
(c) **Is lawfully obtained from a third party** without confidentiality obligations;
(d) **Is independently developed** by the Receiving Party without reference to the Confidential Information;
(e) **Must be disclosed under applicable law** or court order, provided that the Receiving Party gives prior notice to the Disclosing Party and takes reasonable steps to prevent further disclosure.

## 7.3 Obligations of the Receiving Party

The Receiving Party agrees to:

(a) **Maintain strict confidentiality** and use reasonable care (at least the same level of care it uses to protect its own confidential information) to prevent unauthorized disclosure;
(b) **Not disclose, distribute, or reproduce** Confidential Information without the Disclosing Party’s prior written consent;
(c) **Use Confidential Information only** for purposes related to this Agreement and not for any personal, competitive, or unauthorized commercial purpose;
(d) **Restrict access** to Confidential Information only to employees, directors, and advisors who need to know and are bound by similar confidentiality obligations.

## 7.4 Permitted Disclosures

The Receiving Party may disclose Confidential Information:

(a) To its **legal, financial, or professional advisors**, provided they are bound by confidentiality obligations;
(b) As required by law, government regulation, or stock exchange requirements, provided prior

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notice is given to the Disclosing Party;
(c) In any **legal proceedings** to enforce its rights under this Agreement.

### 7.5 Duration of Confidentiality Obligations

(a) The obligations under this Clause shall remain in effect **for the duration of this Agreement** and shall survive its termination for a period of **[Insert Duration, e.g., 3-5 years]** thereafter.
(b) Obligations regarding trade secrets shall survive **indefinitely**, or for as long as the trade secrets remain confidential.

### 7.6 Return or Destruction of Confidential Information

(a) Upon termination of this Agreement, the Receiving Party shall:

- **Immediately cease use** of the Confidential Information;
- **Return or destroy** all Confidential Information, including copies, electronic files, and backups, within **[Insert Duration, e.g., 30 days]** unless otherwise required by law.
  (b) The Receiving Party shall provide written confirmation of compliance with this requirement upon request.

### 7.7 Non-Disclosure of Agreement Terms

(a) The Parties agree **not to disclose** the existence, terms, or conditions of this Agreement to any third party without mutual consent, except as required by law.
(b) Any public announcements, press releases, or investor disclosures **must be approved** by both Parties in writing before release.

### 7.8 Remedies for Breach of Confidentiality

In the event of a breach or threatened breach of this Clause:

(a) The Disclosing Party shall have the right to seek **injunctive relief, specific performance, or other equitable remedies** without the need to prove actual damages.
(b) The Receiving Party shall be liable for any **monetary damages** suffered due to the breach.
(c) The Disclosing Party may **terminate this Agreement immediately** if a material breach of confidentiality occurs.

## CLAUSE 8: DISPUTE RESOLUTION

This Clause outlines the mechanisms and procedures for resolving disputes between the Parties related to this Agreement.

### 8.1 Good Faith Negotiations

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(a) In the event of any dispute, controversy, or claim arising out of or in connection with this Agreement, including its breach, termination, or validity (a "Dispute"), the Parties shall first attempt to resolve the matter through **good faith negotiations**.

(b) A Party raising a Dispute shall provide a **written notice** (the "Dispute Notice") to the other Party, specifying the nature of the Dispute and the desired resolution.

(c) The senior executives of both Parties shall meet and use their best efforts to resolve the Dispute within **[Insert Duration, e.g., 30 days]** from the date of the Dispute Notice.

## 8.2 Mediation

(a) If the Parties fail to resolve the Dispute through negotiation within the timeframe specified in **Clause 8.1**, the Dispute shall be referred to **mediation**.

(b) The mediation shall be conducted in **[Insert Location]**, before a mutually agreed-upon mediator or, if the Parties fail to agree, a mediator appointed by **[Insert Mediation Institution, e.g., the International Chamber of Commerce (ICC) or the American Arbitration Association (AAA)]**.

(c) The mediation shall take place within **[Insert Duration, e.g., 45 days]** of referral, and the costs shall be shared equally by the Parties unless otherwise agreed.

(d) Any settlement reached during mediation shall be **legally binding** upon the Parties.

## 8.3 Arbitration

(a) If mediation fails or is not completed within the prescribed time, the Dispute shall be **finally settled by arbitration** under the rules of **[Insert Arbitration Institution, e.g., ICC, AAA, London Court of International Arbitration (LCIA), Singapore International Arbitration Centre (SIAC)]**.

(b) The arbitration shall be conducted in **[Insert Location]**, in **[Insert Language]**, by a tribunal of **[Insert Number, e.g., one or three]** arbitrator(s) appointed in accordance with the applicable arbitration rules.

(c) The arbitral award shall be **final, binding, and enforceable** in any court of competent jurisdiction.

(d) The arbitration fees and legal costs shall be **allocated as determined by the arbitral tribunal**.

## 8.4 Governing Law and Jurisdiction

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(a) This Agreement shall be governed by and construed in accordance with the laws of **[Insert Governing Law Jurisdiction, e.g., the State of Delaware, United Kingdom, Singapore]**, without regard to its conflict of law principles.

(b) In the event that a Dispute is not subject to arbitration, the Parties agree that the courts of **[Insert Exclusive Jurisdiction]** shall have exclusive jurisdiction to hear and decide any legal action relating to this Agreement.

### 8.5 Interim Relief and Injunctive Remedies

(a) Notwithstanding the dispute resolution process outlined in this Clause, either Party may seek **interim or injunctive relief** from a court of competent jurisdiction to prevent irreparable harm, including:

- Breaches of **Confidentiality (Clause 7)**;
- Unauthorized use of **Intellectual Property**;
- **Fraud or misrepresentation** affecting the Agreement.

(b) Such interim relief shall **not be construed as a waiver** of the obligation to resolve Disputes through arbitration.

### 8.6 Waiver of Class Action and Jury Trial

(a) The Parties agree that any Dispute shall be resolved **on an individual basis** and that no claims shall be pursued as a **class action, collective action, or representative lawsuit**.

(b) The Parties further waive any **right to a jury trial** in connection with any legal proceeding related to this Agreement.

## CLAUSE 9: MISCELLANEOUS PROVISIONS

This Clause sets out various standard legal provisions that govern the interpretation, enforceability, and administration of this Agreement.

### 9.1 Entire Agreement

This Agreement, including all **schedules, annexures, and exhibits**, constitutes the entire agreement between the Parties and **supersedes all prior agreements, negotiations, understandings, or representations**, whether written or oral, related to the subject matter hereof.

### 9.2 Amendments and Modifications

(a) No modification, amendment, or waiver of any provision of this Agreement shall be effective unless made in **writing and signed by both Parties**.

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(b) Any amendments to **corporate governance documents** affecting the Investor's rights (e.g., voting rights, liquidation preferences) shall require the **Investor's prior written consent**.

### 9.3 Assignment and Transfer

(a) The Company shall **not assign or transfer** its rights or obligations under this Agreement without the **Investor's prior written consent**.

(b) The Investor may transfer or assign its rights, in whole or in part, to:

- **Affiliates or related entities**;
- Any third-party buyer **subject to the Right of First Refusal (ROFR) provisions** in **Clause 5.2**.

(c) Any unauthorized transfer shall be **null and void**.

### 9.4 Notices

(a) Any notice, request, or communication under this Agreement shall be in **writing** and delivered by:

- **Hand delivery or courier** (with proof of receipt);
- **Registered mail** (return receipt requested);
- **Email** (with confirmation of receipt).

(b) Notices shall be deemed delivered:

- On the date of **actual receipt**, if delivered in person or by courier;
- **Five (5) business days** after dispatch, if sent by registered mail;
- **One (1) business day** after transmission, if sent via email (provided no bounce-back error occurs).

(c) The Parties' contact details for notices shall be set forth in **Schedule [Insert Schedule Reference]**.

(d) Either Party may change its designated address by providing written notice to the other Party.

### 9.5 Severability

(a) If any provision of this Agreement is found to be **invalid, illegal, or unenforceable**, such provision shall be:

- **Modified** to the minimum extent necessary to be enforceable; or
- **Severed**, with the remaining provisions continuing in full force and effect.

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(b) The Parties shall negotiate in **good faith** to replace any unenforceable provision with a **valid provision that best achieves the original intent**.

### 9.6 No Waiver

(a) No waiver of any breach, right, or provision under this Agreement shall be deemed effective unless **expressly made in writing** and signed by the waiving Party.

(b) Failure to enforce any provision **shall not constitute a waiver** of such right or any subsequent breach.

### 9.7 Relationship of the Parties

(a) Nothing in this Agreement shall be construed to create a **partnership, joint venture, or employment relationship** between the Company and the Investor.

(b) Each Party shall act as an **independent contractor**, and neither Party shall have authority to bind or obligate the other.

### 9.8 Costs and Expenses

(a) Each Party shall bear its **own costs and expenses** incurred in connection with negotiating, executing, and performing this Agreement, unless otherwise stated.

(b) The Company shall be responsible for:

- Any **governmental filing fees** related to the investment;
- Any **legal fees** incurred for corporate compliance purposes.

### 9.9 Counterparts and Electronic Signatures

(a) This Agreement may be executed in **multiple counterparts**, each of which shall be deemed an **original**, but all of which together shall constitute one and the same agreement.

(b) This Agreement may be signed electronically (e.g., via **DocuSign, Adobe Sign, or other recognized e-signature platforms**) and shall have the **same legal effect** as a handwritten signature.

### 9.10 Further Assurances

(a) Each Party agrees to take all **reasonable actions** and sign all **necessary documents** to **implement the terms** of this Agreement.

(b) The Company shall provide any **additional documentation** required by the Investor's legal, financial, or regulatory advisors.

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### 9.11 Survival

The following Clauses shall **survive termination or expiration** of this Agreement:

- **Clause 5 (Exit Rights and Liquidity Provisions)**
- **Clause 6 (Indemnification and Liability)**
- **Clause 7 (Confidentiality and Non-Disclosure)**
- **Clause 8 (Dispute Resolution)**
- **Clause 9.5 (Severability)**

## CLAUSE 10: TERM AND TERMINATION

This Clause outlines the duration of the Agreement, the conditions under which it may be terminated, and the consequences of termination.

### 10.1 Term of the Agreement

(a) This Agreement shall become effective as of the **Effective Date** and shall remain in force **until the earlier of the following**:

- The occurrence of an **Exit Event** as defined in **Clause 5 (Exit Rights and Liquidity Provisions)**;
- The Investor **fully exits** its investment and ceases to hold any Equity Securities in the Company;
- The Agreement is terminated in accordance with **Clause 10.2 (Termination by Either Party)**.

### 10.2 Termination by Either Party

This Agreement may be terminated under the following circumstances:

**(a) Mutual Agreement**

The Agreement may be terminated at any time by **written mutual consent** of both the Company and the Investor.

**(b) Material Breach**

(i) Either Party may terminate this Agreement if the other Party commits a **material breach** of its obligations, provided that:

- The breaching Party is given written **notice of the breach**;
- The breaching Party fails to cure the breach within **[Insert Cure Period, e.g., 30 days]** from receipt of the notice.

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(ii) If the breach **is not curable** (e.g., fraud, willful misconduct), the Agreement may be terminated **immediately** upon written notice.

**(c) Insolvency or Bankruptcy**

Either Party may terminate this Agreement **immediately** if the other Party:

- Becomes **insolvent** or unable to pay its debts as they fall due;
- Files for **bankruptcy, receivership, or liquidation**;
- Undergoes a court-ordered dissolution.

**(d) Change in Legal or Regulatory Environment**

The Agreement may be terminated if a change in law or regulation makes the performance of this Agreement **unlawful or impossible**.

## 10.3 Consequences of Termination

(a) **Survival of Certain Provisions** – Termination shall **not affect** the validity or enforceability of any provisions intended to survive, including:

- **Clause 5 (Exit Rights and Liquidity Provisions)**
- **Clause 6 (Indemnification and Liability)**
- **Clause 7 (Confidentiality and Non-Disclosure)**
- **Clause 8 (Dispute Resolution)**

(b) **Return or Transfer of Equity Securities** – If the Investor still holds shares upon termination:

- The Investor may **retain** the shares, subject to the Company's corporate governance rules;
- The Investor may **sell or transfer** its shares in accordance with the provisions of **Clause 5 (Exit Rights)**.

(c) **Return of Confidential Information** – Each Party shall return or destroy all Confidential Information as required in **Clause 7.6 (Return or Destruction of Confidential Information)**.

(d) **Settlement of Outstanding Obligations** – Any outstanding financial obligations, including unpaid dividends, indemnification claims, or fees, shall be settled within **[Insert Duration, e.g., 60 days]** of termination.

## 10.4 No Liability for Lawful Termination

Neither Party shall be liable for damages, penalties, or compensation for termination, provided such termination was done in accordance with the terms of this Agreement.

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# CLAUSE 11: EXECUTION AND SIGNATURES

This Clause sets forth the process for the formal execution of this Agreement by authorized representatives of the Parties.

## 11.1 Execution of the Agreement

(a) This Agreement shall be **deemed executed and legally binding** upon the signature of the authorized representatives of the Parties.

(b) The Parties agree to **execute this Agreement in multiple counterparts**, each of which shall be deemed an original, but all of which together constitute one and the same agreement.

(c) The execution may be conducted in **physical or electronic form**, and electronic signatures (e.g., via **DocuSign, Adobe Sign**) shall have the same legal effect as handwritten signatures.

## 11.2 Authorized Signatories

Each Party warrants that its respective signatory has the **legal authority** to enter into and bind the Party to the terms of this Agreement.

## 11.3 Date of Effectiveness

This Agreement shall become **effective as of the date of the last signature** affixed below.

## IN WITNESS WHEREOF, the Parties have executed this Venture Capital Investment Agreement as of the Effective Date.

### SIGNED FOR AND ON BEHALF OF THE COMPANY:

**Company Name:** _____
Authorized Representative: _____
Title: _____
Signature: _____
Date: _____

### SIGNED FOR AND ON BEHALF OF THE INVESTOR:

**Investor Name:** _____
Authorized Representative: _____
Title: _____
Signature: _____
Date: _____

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