Bath Spa University Spinout Equity Guide 2025

Bath Spa University is committed to following the best practice guidelines set out in the Independent review of university spin-out companies (2023) and the TenU USIT Guide (2023). This means that we have adopted an innovation-friendly approach that all parties, including investors, must adhere to when pursuing spinout opportunities with the University. The equity terms below will be used as a guide in developing University-supported spinouts.

Principles of the Guide

The creation of a spin-out company is one of the mechanisms through which University IP can realise its commercial value and allows the IP to have impact at scale. Maximising the potential of IP in this way supports the University's pursuit of economic and social impact and provides income to the University that supports further research and teaching.

This guide applies to all staff and students seeking to spin out a new company based on IP owned or co-owned by Bath Spa University.

Bath Spa University spin-outs will adhere to the following principles:

1. Spin-out deals will be agreed on market terms. The valuation of the spin-out will be determined by a process of comparator due diligence and this valuation will form the basis of equity negotiations.
2. The equity split will be determined in line with the guidance in TenU's University Spin-out Investment Terms (USIT) Guide and negotiated on a case by case basis. Founding University equity percentages are expected to range from 10%-25% dependant on the level of maturity of the technologies and the portfolio of University IP, support or other assets underpinning the company.
3. The University's equity share will also be determined in combination with other types of remuneration including, for example:
   - Licence fees
   - Royalties
   - Up-front payment or annual fees
   - Milestone payments
4. If the spin-out has an external founder or manager who is not an employee of the University, then they will share in the 80-90% Of the researcher founder equity received at formation.
5. Where the University is required to share any part of its institutional founding equity with a third party funder, this reduction of the founder equity held by the University will normally be borne pro-rata by the University and the founding team.
6. Where the spin-out has been developed collaboratively and includes founding shareholders from other universities then terms will be agreed that fairly reflects the relative contributions (both past and future expected) of all parties.
7. The University does not seek equity in new ventures formed by registered students, *except* when the founding team includes employees of the University or University IP; then the standard spin-out equity policy applies.

Agreed April 2025. Research and Enterprise, Bath Spa University