

Rook: On Misunderstood Value and the Art of Reclaiming Greatness

AN INVESTOR LETTER | SUMMER 2025

To Our Partners,

In every cycle, there are windows. Most people see them only in hindsight. A few act on them while they're open.

This letter is written from inside one of those windows.

Over the past two years, the venture capital ecosystem has undergone one of the greatest compressions in recent history. The momentum-fueled optimism that once carried half-built companies to billion-dollar valuations has all but vanished. Capital that used to chase potential now demands clarity. Many of the world's most promising hardtech companies, those grounded in real engineering, in physical products, in time-tested principles of creation, now find themselves stranded.

They are not broken. They are simply stuck. And that is where Rook begins.

I. THE PATTERN BEHIND THE OUTLIERS

If you study enough history, certain truths begin to repeat.

In 2009, Silver Lake and Andreessen Horowitz took a controlling stake in Skype at a moment when most of the world had written it off. Eighteen months later, they sold it to Microsoft for \$8.5 billion. It was one of the fastest and most profitable tech recaps of the modern era, not because the product had changed, but because the ownership had.

That same year, Apollo Global was buying distressed debt in a bankrupt LyondellBasell, a commodity chemicals company the market viewed as dead money. Apollo converted that debt into equity and exited with nearly a 7x return within five years. All from a business that didn't need reinvention, just capital, conviction, and control.

Rewind further. In 2007, Blackstone acquired Hilton in a \$26 billion LBO right before the world fell apart. To the market, it looked like a catastrophic overreach. To Blackstone, it was a deeply undervalued brand with operational levers to pull. They exited with \$14 billion in profit.

Again and again, the same story:

- The asset wasn't wrong. The timing was.
The value was always there; it just needed to be unlocked.
- That is the foundation of Rook.

II. WHAT WE DO

Rook is a focused investment vehicle that acquires majority control in physically-enabled technology companies – robotics, automation, and industrial AI – at the moment of their maximum mispricing.

These are businesses that took too long, not because they were misbuilt, but because the venture timeline outpaced the operating reality. They've typically raised \$50M–\$100M. They have customers. Infrastructure. Data. Patents. Teams who've already done the hard work. But they've run out of capital, and their cap tables, along with investor psychology, have run out of oxygen.

We step in. We acquire control. We reset the structure. We focus the business. And we aim to build toward a profitable, strategic exit within three to five years.

This is not venture. This is not growth equity. This is not traditional distressed investing. This is something in between. And it is only possible right now.

III. WHY NOW

Over 10,000 companies raised a Series A from 2019-2021. Data released by Carta estimates that 80% of these companies have not raised a Series B and are now capital-starved.

Many of them were trying to do something truly difficult, build hardware, invent physical infrastructure, apply AI in the real world. These are not browser extensions or chat tools. These are real businesses with weight, with cost, with resilience.

The world is waking back up to that reality. Defense buyers, industrial strategics, climate-forward manufacturers... they are all looking for an edge. The market is shifting back to physical. And Rook is built for that shift.

In this moment of transition, we see the single greatest buying opportunity in hardtech since the aftermath of the 2000 dotcom collapse.

Just as Apollo stepped into chemicals, and Blackstone into hospitality, we are stepping into stranded physical AI.

IV. HOW WE OPERATE

Rook only backs companies that meet specific criteria:

- Revenue generating
- Proven and deployed technology
- Cash flow positive in under 24 months with <\$10M of capital invested
- Path to \$5M+ EBITDA in three years
- Path to industry leading gross margins (preferably 50%+)
- Minimum four years in business
- Alignment with Rook on goals, priorities, and outcome (exit in 3–5 years)

We do not back ideas. We back companies with gravity, and we bring them across the finish line. Our first two investments, Roam Robotics and Inevitable Technologies, illustrate this model clearly.

Roam had spent \$49M building exoskeleton systems for defense and healthcare. It had real contracts, military traction, and the technical risk behind it. But it was burning \$350k/month, had three months of runway, and no venture firm willing to lead.

We stepped in. Acquired 53% of the business with downside protection. Reset the board, reduced headcount, focused solely on defense. Within 12 months: path to profitability established, M&A interest engaged, team reactivated. This is not turnaround theater, it's value realignment with precision.

Inevitable Technologies was a similar story. Nine years of development. IP in advanced agriculture and propagation. Real revenue. Stalled by cap table complexity and internal distraction. We streamlined, refocused, and built a path to HaaS profitability with marquee customer traction in place. Again, majority ownership. Again, compressed timeline.

These situations are not unique. They are everywhere... right now. Rook simply sees them early, acts decisively, and operates with conviction.

V. WHAT WE BELIEVE

We believe the most powerful investment strategy in a dislocated market is clarity.

We are not betting on sentiment. We are underwriting to hard numbers and definable exits. Our base case is a 3x–5x MOIC across the portfolio, with 10x+ upside in outlier events. Our risk is asymmetrically protected through control, liquidation preference, and path-to-profit discipline.

We believe ownership is the greatest tool in investing.

We believe complexity is often where value hides.

We believe timing is everything, and that now is the time.

VI. THE SHAPE OF THE FUTURE

The future belongs to physical systems paired with intelligent software.

The world is moving toward automation that matters, on the battlefield, in the supply chain, on the farm, in logistics. These systems are being built today by companies that look small, but have already done the hard work.

They simply don't fit the old funding model anymore.

That's where Rook fits.

Not as a rescuer. But as a reclamer.

We are not waiting for the world to return to what it was. We are building for what it's becoming. And we are doing it with the same clarity of purpose that defined the greatest investments of the last century, not by copying their structures, but by adopting their posture: conviction in moments of doubt. Action when the crowd hesitates. Discipline when others overreach.

To our partners who already see this with us: thank you for your belief.

To those considering this path: there is still time. But not much. The window is open.

Let's go take the hill.

Warmly,

A handwritten signature in black ink, appearing to read "Trey Ward".

Trey Ward
General Partner, Rook