Deal books used to be the tactical side of raising capital. Today they are strategic.

Finding a use for capital is easy. Raising it in the capital markets is harder.

If you don’t differentiate, break through the market clutter, capture imagination and attention and get investors motivated about your deal, then capital will raise slowly.

Why does differentiation matter?

Sometimes it doesn’t. When you are presenting a deal to people you know and have worked with before, then almost any pitch will do. They’ll talk to you long enough — hours if necessary — to understand the structure, capital stack, and value. A discussion is going to happen because you are known and trusted.

But when you are trying to reach investors you don’t know well, a different psychology is in effect. It’s harsh but true — the quality of your deal book and investor package will determine how many people will look at the deal, consider it, and invest.

Velocity is a new method for packaging deals and reaching the mind of the investor. It differentiates star deals. The potential pay off is huge.
THE PROBLEM
CONFUSING IDEAS AND DEALS STRUGGLE TO RAISE CAPITAL

There is a fundamental disconnect between the way investor decks are prepared and the way they are received by investment funds, venture capital and private equity. As a result, at the crucial moment, when it is most important to be convincing, nine out of ten times we are not. Our most important deal points have a surprisingly low chance of getting through. You need to understand why this disconnect occurs in order to fix it, overcome it, and successfully raise capital. This book is devoted to telling you how.

THE TYPICAL INVESTOR DECK:

BORING AND COMPLEX DEALS ARE NOT COMPETITIVE IN THE CAPITAL MARKETS

YOU MAY HAVE A STRONG OFFERING, BUT BECAUSE THE MARKET HAS OVERWHELMED INVESTORS with too many of every kind of deal, it’s hard to get attention. The bottom line: a weak pitch affects the velocity of capital.

TODAY, DEAL PACKAGING IS AN ADVANCED SKILLSET

FOR YEARS EXECUTIVES HAVE DUTIFULLY PUBLISHED THE BASICS OF A DEAL IN THEIR OFFERING MEMORANDUM: product/asset; proforma; price; revenue streams; management bios; and the capital stack. This is the standard dealbook checklist. A quick way to know you’ve done your job. If you don’t include these things, then you have no chance at all.

The way things used to be, if you included all these items, you were more likely than not to succeed. But things have changed. Inserting the basic deal points into the standard template is just not enough.

There’s a new standard: compelling content that is ruthlessly distilled and delivered with visual and narrative power.

A standard that has suddenly become exceptionally important because boring and complex deals have become invisible.

There is a new standard: compelling content that is ruthlessly distilled and delivered with visual and narrative power.
Velocity™ is a path-breaking method for packaging deals. When you prepare your deal with Velocity, even those investors that don’t know you will instantly recognize the merits of your deal. Both you and the deal will be regarded with high status, and the result is investor meetings that otherwise would not have been possible.

The proper execution of a capital raise is fundamental to your company’s overall strategy. No growth can truly be planned without taking into account the organization’s ability to execute a timely capital raise.

VELOCITY is a systematic process to raise capital at a lower overall cost.

**VELOCITY**

**SOLUTION**

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**DEAL STRUCTURE**

We structure the financial opportunity and present it concisely.

**FINANCIALS**

Complete financial picture communicates the deal in less than five minutes.

**COMPELLING**

The Velocity™ style of offering memorandum grabs investor attention and holds it.

**DIFFERENTIATION**

The deal book must be remarkable enough to attract attention – but comprehensive enough to get through the analyst review.
QUICKLY PASS THROUGH PRIMARY SCREENS

VALIDATORS
These are conscious and subconscious financial markers of deal quality.

ENTRY HOOKS
Immediately overcome rejection triggers by confirming why this deal is worth spending time on.

NARRATIVE
Long-form writing that is easy to read, intriguing and novel. Explains uniqueness and advantage in plain English.

SIGNPOSTS
Strategically located to vector reader to a decision to engage with you.

Research suggests that humans can categorize others in less than 150 ms. Within moments, they’ve made lasting judgments about your character, your status -- and your deal. Before you even know it, the investor you are trying to reach has decided what kind of deal you have and if he’s interested at all.
THE DELIVERABLE

A REMARKABLE DEAL BOOK AND FINANCIAL PACKAGE

VELOCITY™ reflects our deepening belief that you must have a deal package that is remarkable enough to attract attention – but comprehensive enough and deep enough that it will get through a certain amount of financial analysis and scrutiny.

When it is packaged with VELOCITY™, your deal includes an offering memorandum that gets through initial filters that investors use to screen out most deals. And supporting the offering memorandum, you are provided the tools to deliver your pitch in a compelling manner that can get the investor to the hookpoint in about 10 minutes. When necessary, we also deliver financial runs that reduce deal complexity and make the business models assumptions clear and accessible.

IF THE READER IS A PRINCIPAL, your pitch book has about thirty seconds to compel him to open it. If the words, images and structure of the document do not immediately and forcefully communicate value to the viewer, it will be set aside, passed off to an underling, or dropped in the recycle bin. Tell the financial story investors want to know and need to know.

INVESTORS AND ANALYSTS ARE NO different than anyone else. They want their working hours to be as productive as possible. When a pitch book lands on their desk, the first subconscious reaction they have is defensive: “This is going to be worth my time.”
The way issues are framed is critical

Framing information creates a convenient mental shortcut for the investor. That’s important because human beings are by nature “cognitive misers”, meaning they prefer to do as little thinking as possible.

Framing provides a quick and easy way to process information. So people use frames to make sense of incoming messages. This gives you, the framer of the information, enormous power to choose how your audience will interpret the message.

Frames construct a point of view that encourages the facts of a given situation to be interpreted in a contrarian or different way.

If an investor detects subtle cues indicating that you have low status or that the deal is weak — the proposal is toast.

On the conscious level, Velocity carries the reader through the basic things they need to know — the pro formas, consideration, that involves quality deals, etc. By including some information — and by excluding other.

Framing helps package information and data in a way that encourages certain interpretations - and discourages others.

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Framing helps package information and data in a way that encourages certain interpretations - and discourages others.

A frame is a way people have to interpret information and to understand and respond to events. When you set the frame you control the agenda. Every situation can be seen from many different angles. Frame control is about controlling which angle it is seen from.

Facts and information have no meaning unto themselves. Frames focus your attention and that’s how they provide the meaning. Frames create relevance by including some information — and excluding other.

Your pitch book will receive only a quick scan at first. This will be triage, at best, as the analyst is looking for a fatal flaw — any fatal flaw — that will justify tossing your pitch book into the recycle bin.
At this stage, your deal has been screened. The reader has made the decision to involve others. This is an important stage because the decision to sponsor a prospective investment involves social and career risk. No one wants to recommend a low-quality deal, and Velocity takes the risk out of doing so. The quality of your presentation is so unique and so high that Velocity deal book will be respected and remembered.

Our experience has shown that in most instances, your Velocity deal book will be shared and discussed as something novel, unique and worthy of serious consideration. In most cases, when it reaches the stage where it is socially shared, you will be contacted. Meetings will be set.

At this point in the process, the investor has reached several important and highly positive conclusions about your deal and your firm. They hold a preconceived idea that you offer quality deals and that they should be a member of your investor pool. Your Velocity deal book has done its job, and the rest is up to your team.

### VELOCITY is used in these capital markets

<table>
<thead>
<tr>
<th>Market</th>
<th>Percentage</th>
</tr>
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<tbody>
<tr>
<td>Early Stage</td>
<td>40%</td>
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<tr>
<td>Private Eq.</td>
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<tr>
<td>Technology</td>
<td>15%</td>
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<tr>
<td>Renewables</td>
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**ACCELERATE THE TIMELINE TO CAPITAL**

**WHAT YOU CAN EXPECT FROM VELOCITY™**

- Your deal books will pass through initial screens successfully and be marked as important materials that require evaluation.
- They will successfully pass through the review process quickly.
- Your cost to acquire new investors will dramatically fall, as the call-back rate from Velocity™ deal books is much higher than with conventional OMs.
- Your close rate will be much higher, as investors will come into your meetings with desire rather than skepticism. At this stage, it’s yours to lose.
- You will close financings faster and more efficiently than ever before.
- You will find yourself in the desirable position of being able to select the best investors for your pool and your style of investing. Instead of taking what you can get, you can decide who are the best fit for your organization and investment opportunities. Imagine that.
We all like to think that others judge us carefully and objectively on our merits. They don’t.

In hurried business situations in which executives must evaluate dozens of deals in a week, or even a day, they are rarely willing to expend the effort necessary to look into the deal and its underwriting. They classify deals in a matter of seconds. They use negative stereotyping to rapidly identify the no-go ideas. All you have to do is fall into the common a low status negative stereotype, and the pitch will be over before it has begun in fact, many deal evaluations are strictly a process of elimination; in our experience, only 1% of ideas make it beyond the initial minutes of a pitch. These kind of elimination’s are too easy for investors to make, because negative impressions tend to be more salient and memorable than positive ones. To avoid fast of elimination, successful pitchers - only 25% or less of those we observe do this – turn the tables on the investors in ways we describe in this book. By doing so, they induce investors to judge them as high status. Executives who know what they are doing when pitching a deal to a new contact/investor/corporation deliberately level the status differential between themselves and people they are pitching to.

Many of the neuro-scientific methods used to produce Velocity™ pitch books are derived from path-breaking work done by Intersection Capital founder Oren Klaff, and are described in his book, “Pitch Anything” (McGraw-Hill, 2011).
FINANCIALS

The Deal. The newly expanded Terminal 2 is expected to open sometime in late 2014 or early 2015 and will be completed in two phases. It is being completed on an old municipal site granted by the City.

UNDERWRITING

and KEY METRICS

The Deal. The newly expanded facility is expected to open sometime in late 2014 or early 2015 and will be completed in two phases. It is being completed on an old municipal site granted by the City.

UNDERWRITING ASSUMPTIONS

<table>
<thead>
<tr>
<th>2012</th>
<th>2013</th>
<th>2014</th>
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<tbody>
<tr>
<td>Net Cash Flow</td>
<td>$1,200 million</td>
<td>$1,500 million</td>
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<tr>
<td>Growth Rate</td>
<td>5%</td>
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<tr>
<td>Market Rate for Room Nights</td>
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</table>

OVER CAPACITY

22 million passengers projected for 2020

AIR TRAFFIC San Diego Metropolitan Airport will help alleviate the massive congestion.

SAN DIEGO’S LINDBERG FIELD is the second busiest single-runway airport in the world, behind London Gatwick. It’s nearly at capacity. Now with more than 22 million San Diego passengers projected to plan, deplane in 2020, private aircraft and freight traffic are being pushed out. But they can’t go north to Palomar — that runway is too far away and too busy. Instead, this armada of displaced flights is going to land at the San Diego Metropolitan Airport.

NEW INFRASTRUCTURE

San Diego Metropolitan features an 8,000-foot runway, large enough to accommodate heavy jets.

San Diego’s Lindberg Field is the second busiest single-runway airport in the world, behind London Gatwick. It’s nearly at capacity. Now with more than 22 million San Diego passengers projected to plan, deplane in 2020, private aircraft and freight traffic are being pushed out.