



Royalty Flow

INVESTOR PRESENTATION
September 2017



DISCLAIMER

No money or other consideration is being solicited for our Regulation A+ offering at this time and if sent in to Royalty Flow will not be accepted. No offer to buy securities in a Regulation A+ offering of Royalty Flow can be accepted and no part of the purchase price can be received until Royalty Flow's offering statement is qualified with the SEC. Any such offer to buy securities may be withdrawn or revoked, without obligation or commitment of any kind, at any time before notice of its acceptance given after the qualification date. Any indication of interest in Royalty Flow's offering involves no obligation or commitment of any kind.

The securities to be offered will be highly speculative. Investing in shares of Royalty Flow will involve significant risks. Investment will be suitable only for persons who can afford to lose their entire investment. Furthermore, investors must understand that such investment could be illiquid for an indefinite period of time. No public market currently exists for the securities, and if a public market develops following the anticipated offering, it may not continue.

This contains forward-looking statements. Forward-looking statements are subject to risks, uncertainties and assumptions and are identified by words such as "expects," "estimates," "projects," "anticipates," "believes," "could," and other similar words. All statements addressing events or developments that Royalty Flow expects or anticipates will occur in the future, including but not limited to, the success of its crowdfunding campaign, listing on a securities exchange and development of a market for its securities, and its business strategy, including acquiring future royalties. Because they are forward-looking, they should be evaluated in light of important risk factors and uncertainties, including without limitation: Royalty Flow's ability to execute its equity crowdfunding and future growth strategies, the state of the music industry and payment under royalty interests, and the future popularity of Eminem. Should one or more of these risks or uncertainties materialize, or should any of the Royalty Flow's underlying assumptions prove incorrect, actual results may vary materially from those currently anticipated. In addition, undue reliance should not be placed on the Royalty Flow's forward-looking statements. Except as required by law, Royalty Flow disclaims any obligation to update or publicly announce any revisions to any of the forward-looking statements contained here.



TABLE OF CONTENTS

- OVERVIEW**
- INVESTING IN ROYALTIES**
- MUSIC INDUSTRY RECOVERY**
- ROYALTY FLOW: BUSINESS MODEL**
- ROYALTY FLOW: FIRST ASSET**
- ROYALTY FLOW: IMPORTANT INFORMATION**
- APPENDIX**



ROYALTY EXCHANGE

4

Mission:

Making quality media royalty streams investable.

Founded:

2011

Full-Time Employees:

16

Registered Users:

21,000+

Focus Since Inception:

Media-Based Intellectual Property Royalties

Location:

Denver, CO

IP assets sold/acquired via 200+ auctions in the last two years at Royalty Exchange include royalties spanning:

Music

Television/Movies

Photography

Video

Publishing (books)

*As of September 2017

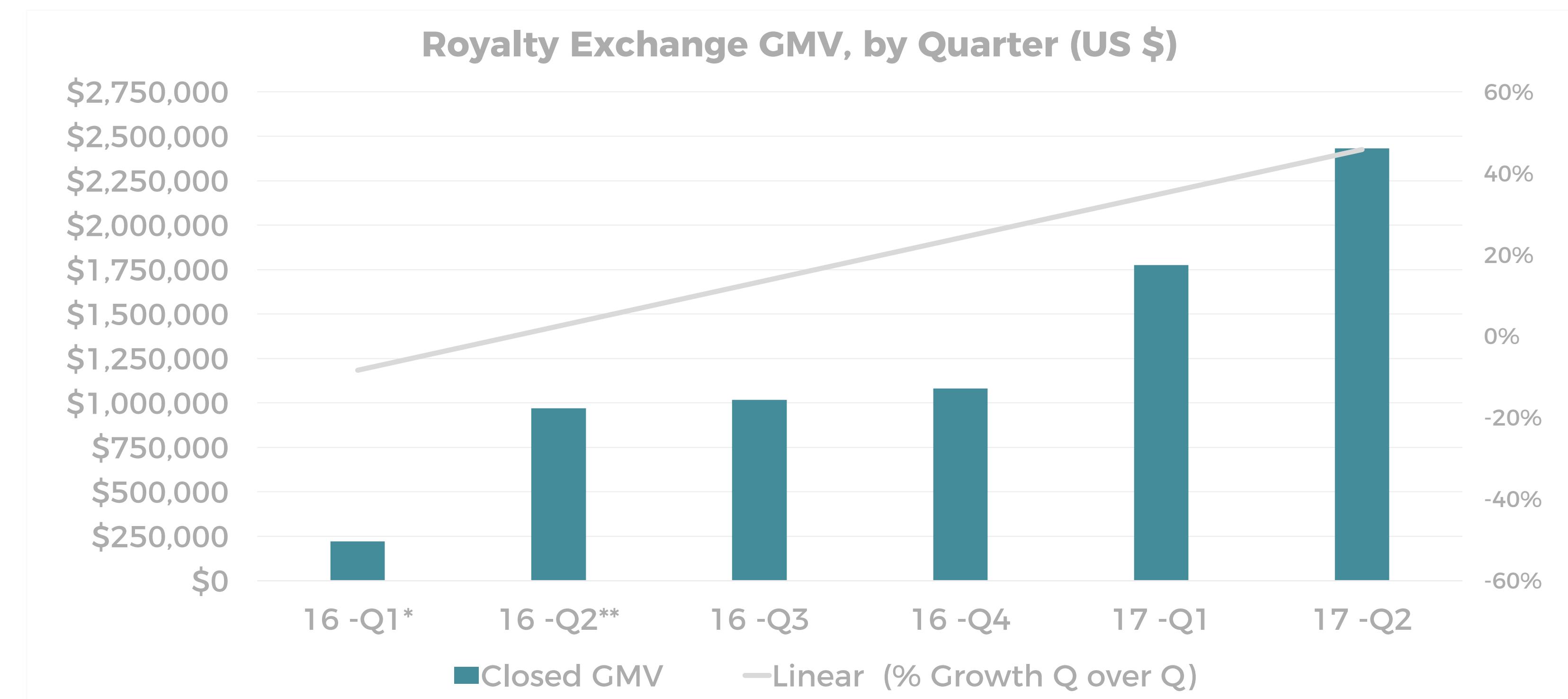


ROYALTY EXCHANGE

GROSS MARKETPLACE VOLUME

GROSS MARKETPLACE VOLUME:

The sum of the gross dollar value of closed deals that generated revenues or commissions for Royalty Exchange.



Royalty Exchange GMV by Quarter						
	16 -Q1 *	16 -Q2 **	16 -Q3	16 -Q4	17 -Q1	17 -Q2
Closed GMV	\$220,550	\$970,000	\$1,018,300	\$1,080,500	\$1,774,900	\$2,432,400
% Growth (Q over Q)	N/A	N/A	4.98%	6.11%	64.27%	37.04%

*Partial data

**Excludes 1 abnormal auction

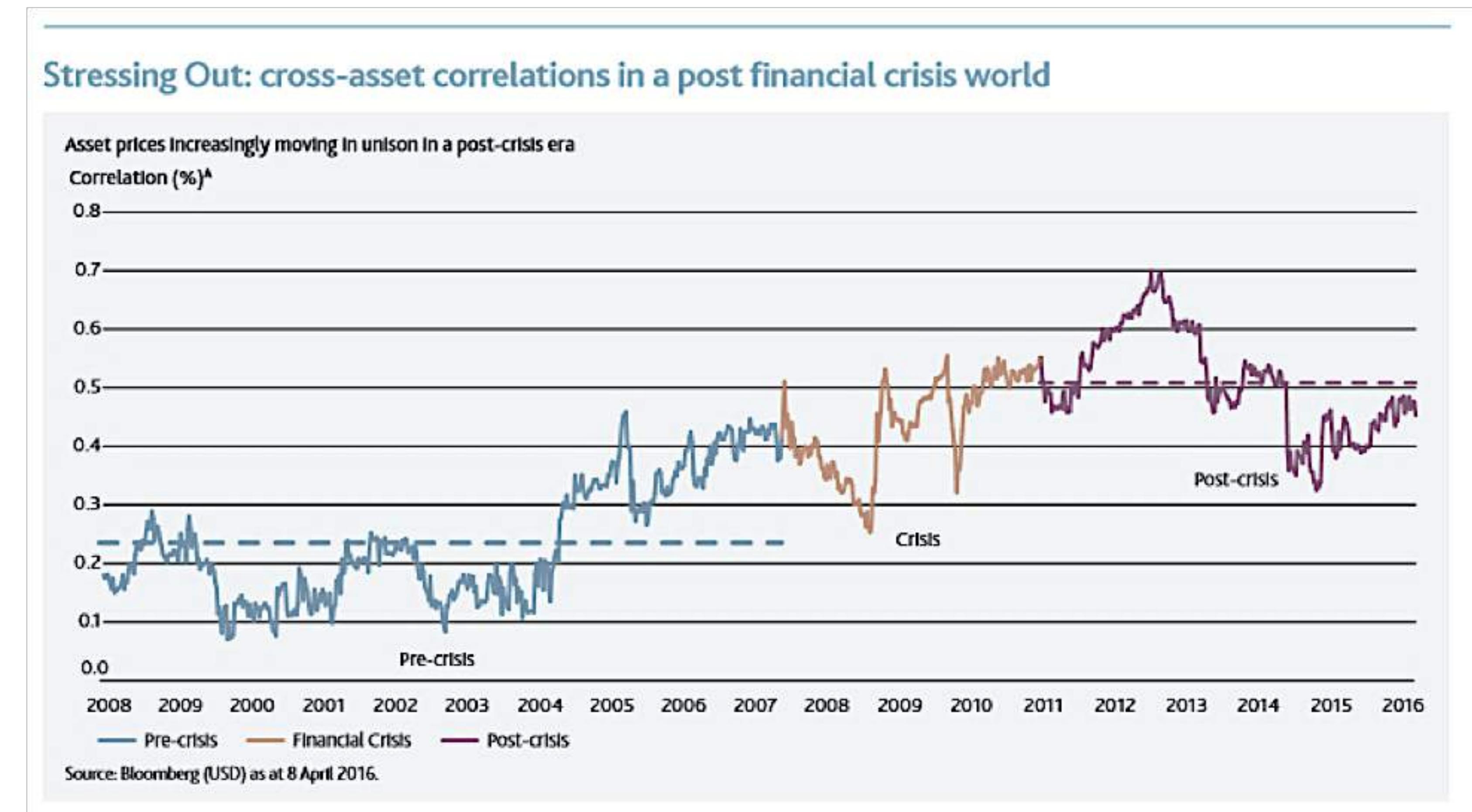


POST-2008: CORRELATIONS STILL INCREASING

INTERNATIONAL MONETARY FUND (IMF):

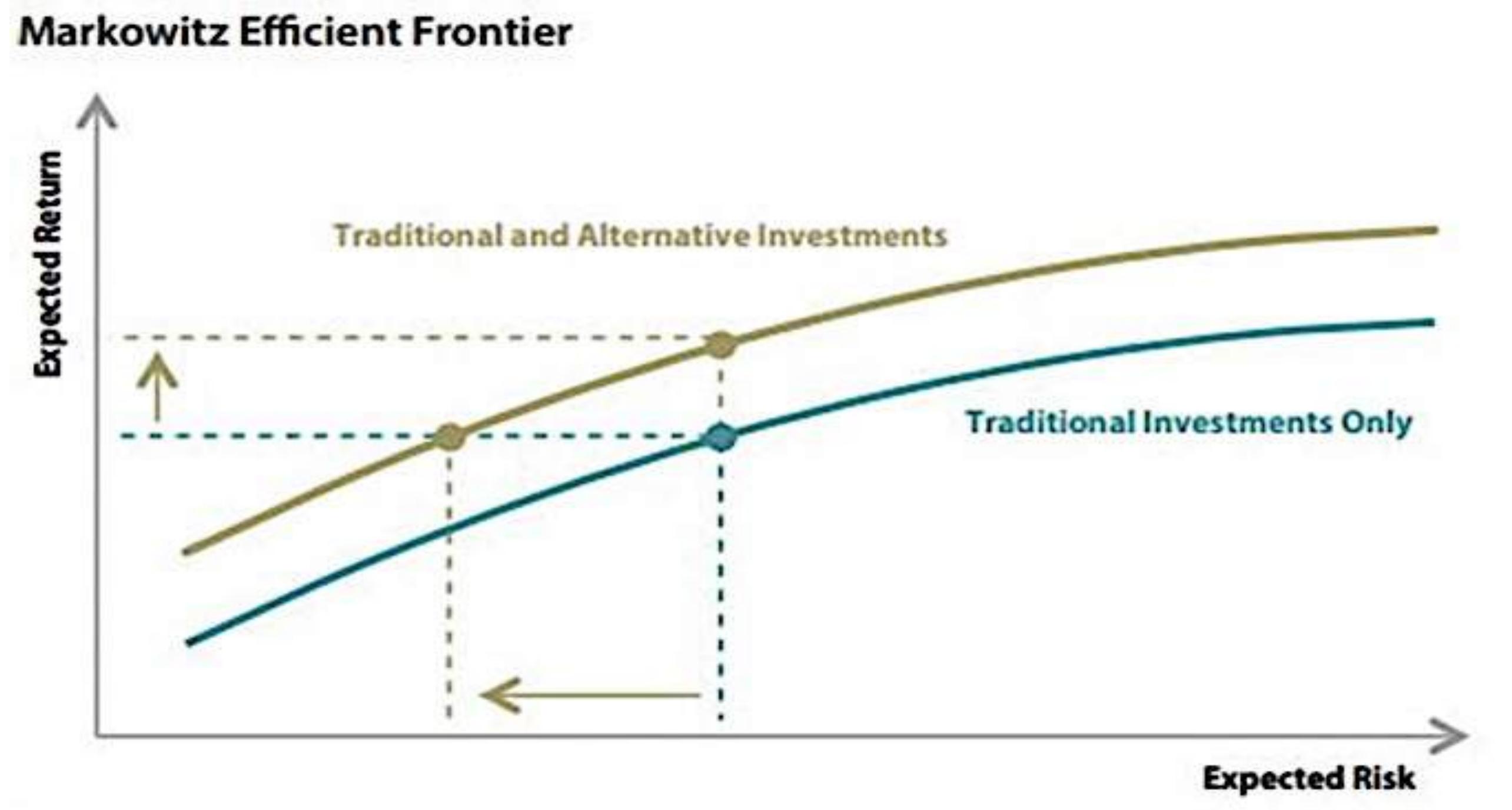
Global asset prices have a higher tendency to move together now than at any other time since the 2008 Financial Crisis.

- IMF World Financial Stability Report, October 2015
- IMF World Financial Stability Report, April 2016



CASE FOR ALTERNATIVE ASSETS

7



For illustrative purposes only – not drawn to scale.

¹Harry Markowitz was an economist renowned for his research on Modern Portfolio Theory. He received the Nobel Prize in Economics in 1990 for his work in this area.

<https://www.thestreet.com/story/13383547/1/4-reasons-why-investors-should-consider-alternative-investments.html>

- “Broadly speaking, alternatives are investments in assets other than stocks, bonds and cash or investments”
- “Because alternatives tend to behave differently than typical stock and bond investments, adding them to a portfolio may provide broader diversification, reduce risk, and enhance returns.”

- *BlackRock, Inc.*

<https://www.blackrock.com/investing/resources/education/alternative-investments-education-center/what-are-alternative-investments>



MUSIC ROYALTIES: ALTERNATIVE ASSETS ⁸

LOW CORRELATION

Music consumption has not historically changed with
interest rate movement OR stock market volatility

“The secular influence of new sound-carrier format introductions such as cassettes in 1973, compact discs in 1983, and digital downloading and streaming services (e.g. Napster) has been far more important than the business cycle in affecting demand.”

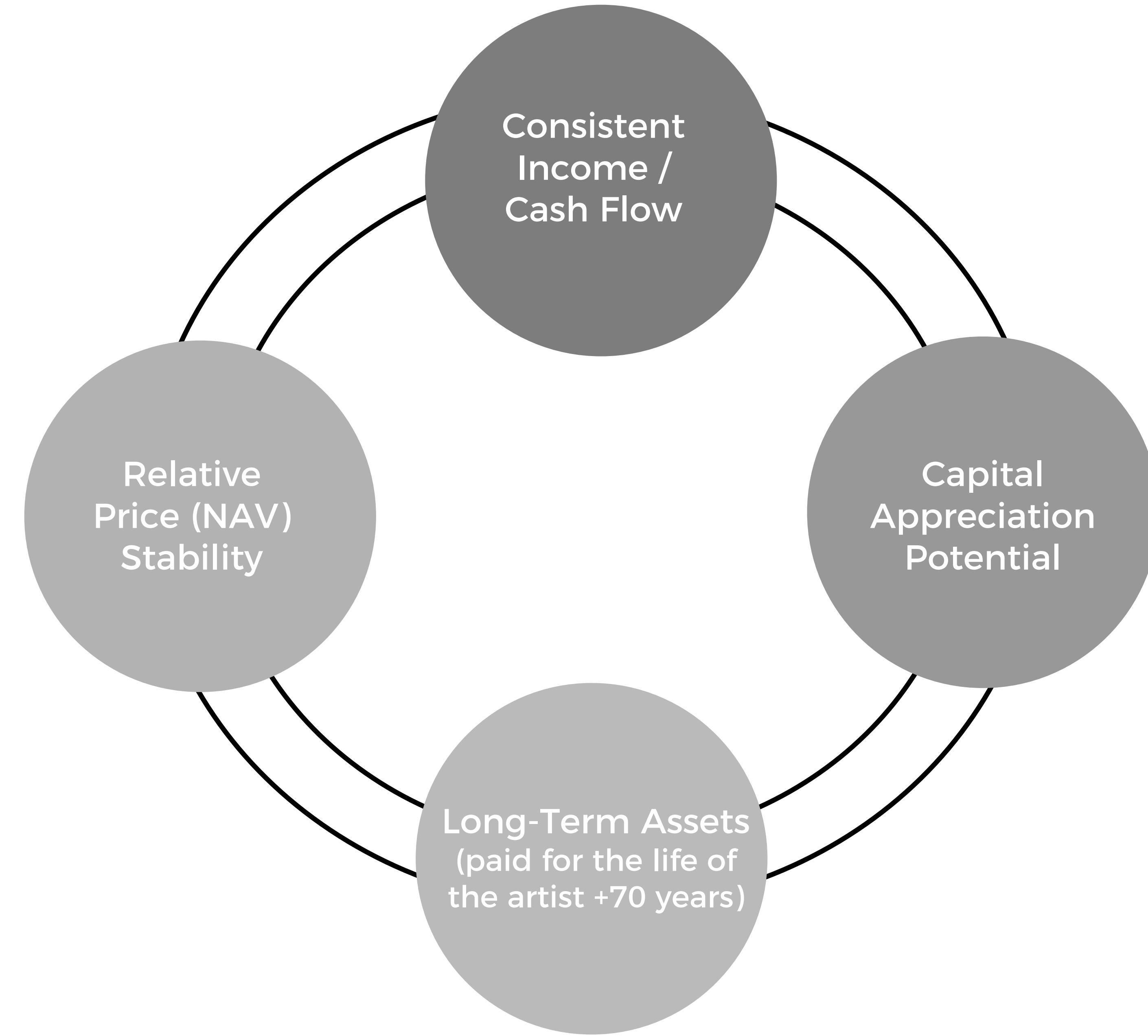
- HOWARD VOGEL

- Former Merrill Lynch Senior Entertainment Industry Analyst (17 years)
- Ranked Top Entertainment Industry Analyst for 10 years by Institutional Investor magazine



THE ASSET CLASS: MUSIC ROYALTIES

9



**“THE BEST BUSINESS IS A ROYALTY ON
THE GROWTH OF OTHERS, REQUIRING
VERY LITTLE CAPITAL ITSELF”**

- WARREN BUFFETT



*Warren Buffett quoted in “The Money Masters”
by John Train, published 1980*

ROYALTIES 101

A “royalty” is a monetary compensation paid to the owner of an asset.

- The owner may license the asset to be used by another party, and will be paid a percentage of the net revenues of the asset **based on its usage**.
- Music royalties are a “cut off the top” of revenue earned from music. The owner of a royalty gets paid before stockholders, company executives, and others at specified intervals like annually, quarterly or monthly.



MUSIC ROYALTY INCOME

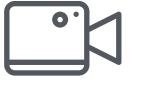
12

Music royalty owners are paid via:

DIRECT CONSUMPTION:

-  Downloads
-  Streams
-  Physical album sales

OTHER USAGE:

-  Movies
-  Television
-  Advertisements
-  Bars
-  Restaurants
-  Concerts- Stadiums
-  Radio



MUSIC INDUSTRY: TURNING THE CORNER

13

**“IT’S FINALLY TURNING THE CORNER. AFTER
15 YEARS OF DESTRUCTION, THE NEXT 15
YEARS ARE ALL ABOUT VALUE CREATION”**

- LISA YANG

- Goldman Sachs Executive
Director of Media and Internet



MUSIC INDUSTRY CRISIS: 1999-2014

14

Global recording industry revenue: Decreased Nearly 40%

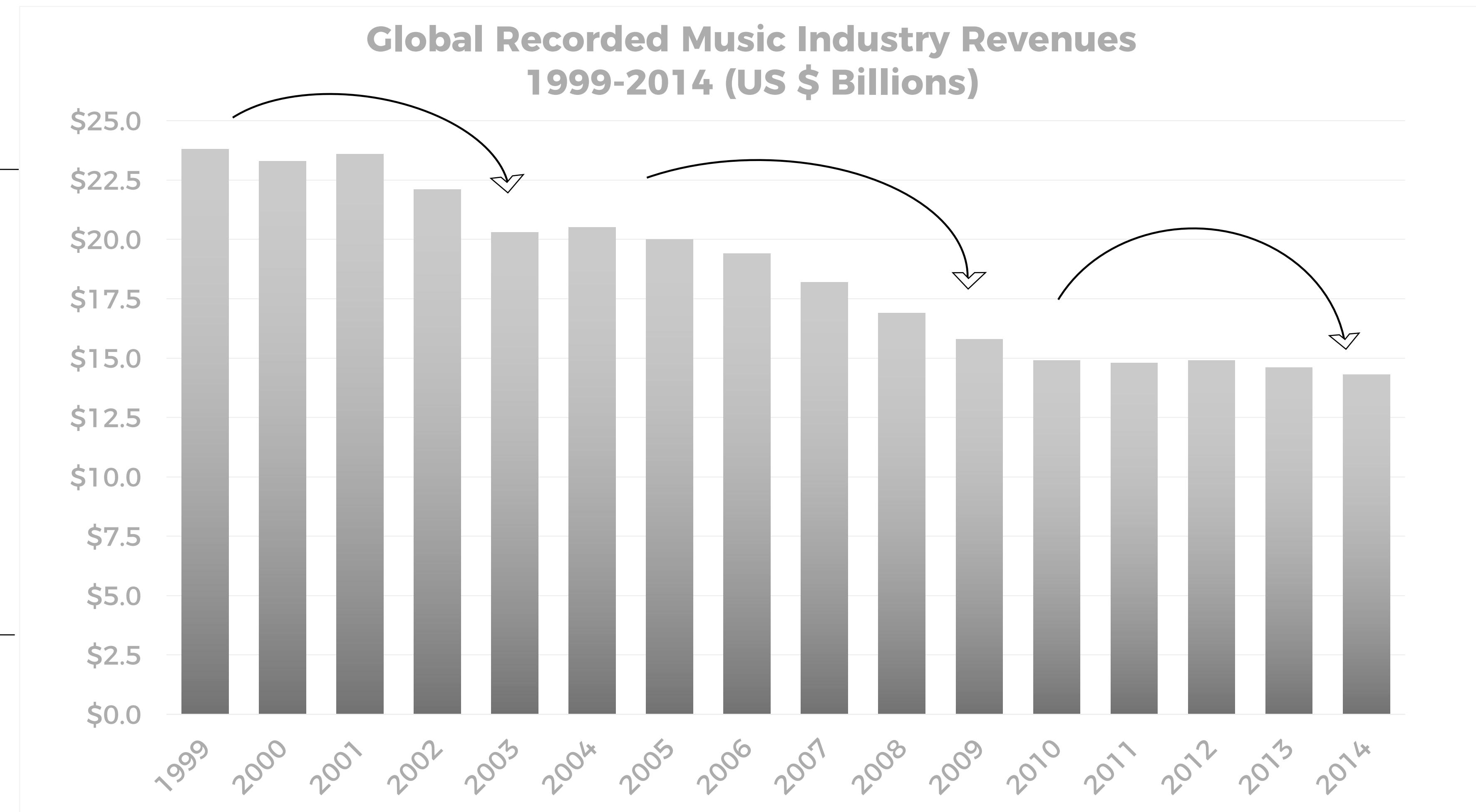
Piracy

- Napster, Limewire

Disaggregation

- Albums to singles

Lack of Transparency

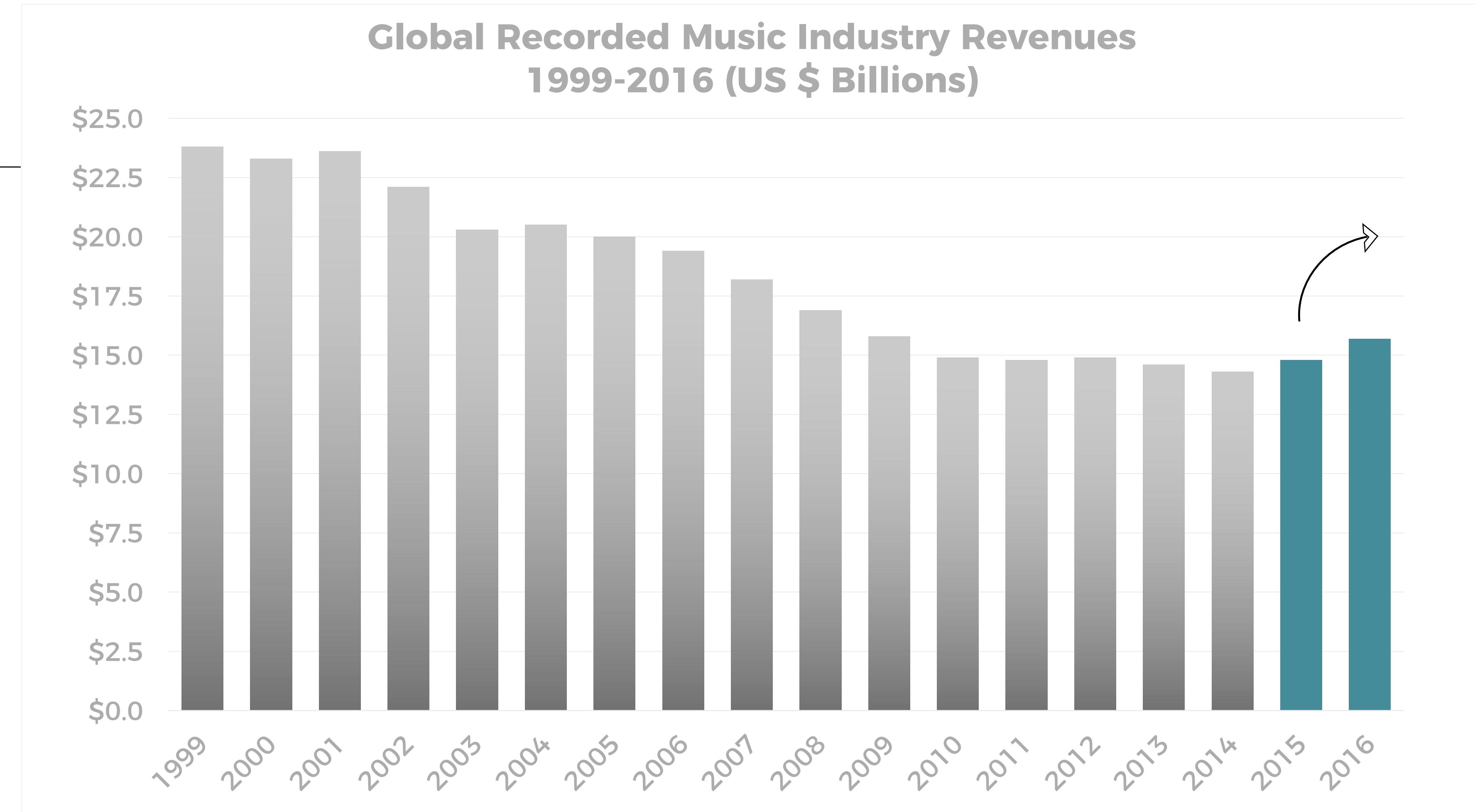


MUSIC INDUSTRY RECOVERY: 2015+

15

The Rise of Digital Streaming

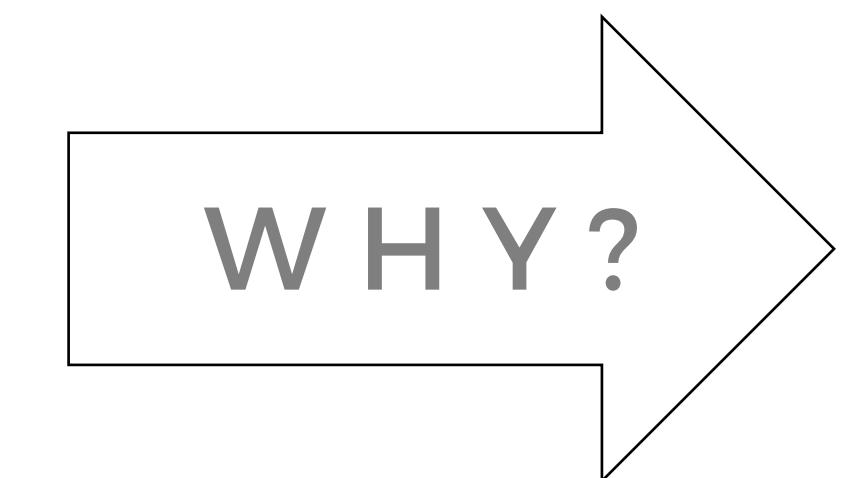
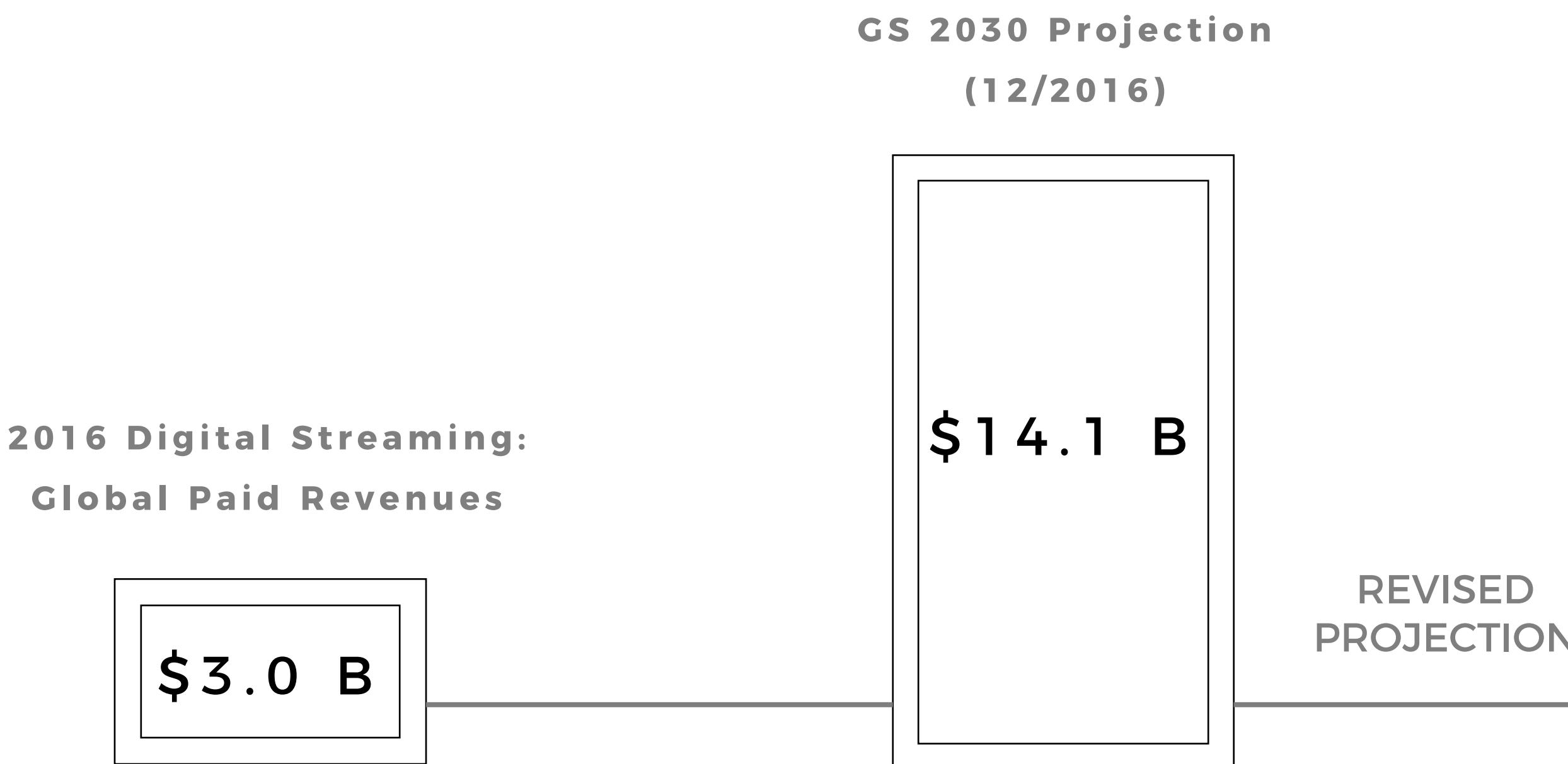
- Streaming is now outpacing the effect of declining physical sales (CDs).
- Technological advances (smartphones, mobile networks, etc.) are creating opportunities for continued growth.



GOLDMAN SACHS PROJECTION

Digital Streaming Paid Revenues: Revised Upward

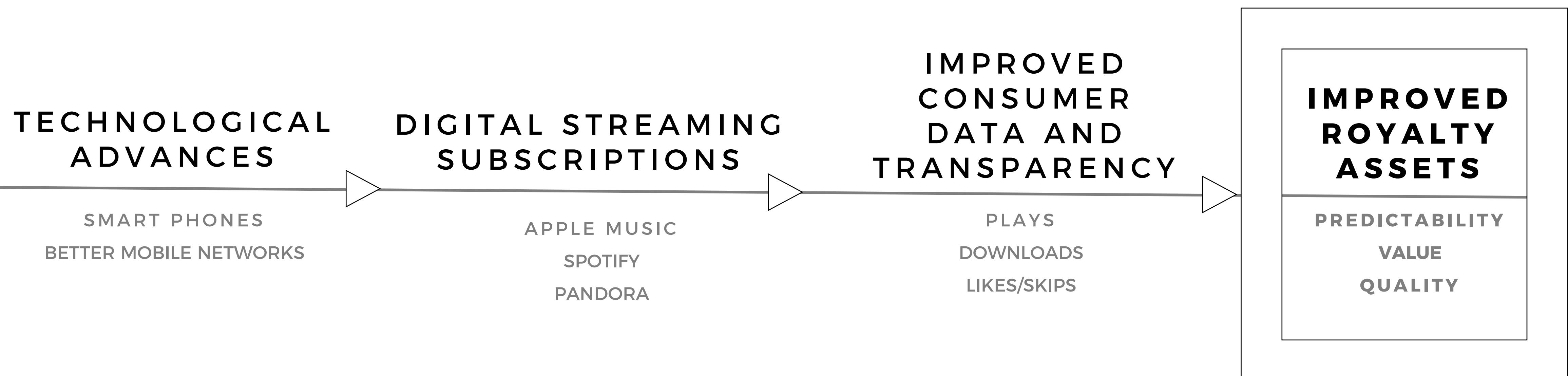
Goldman Sachs recently DOUBLED its 2030 projection for music industry revenue from paid digital streaming.



MUSIC INDUSTRY RECOVERY CHAIN

17

Major Beneficiary: **Royalty Asset Owners**

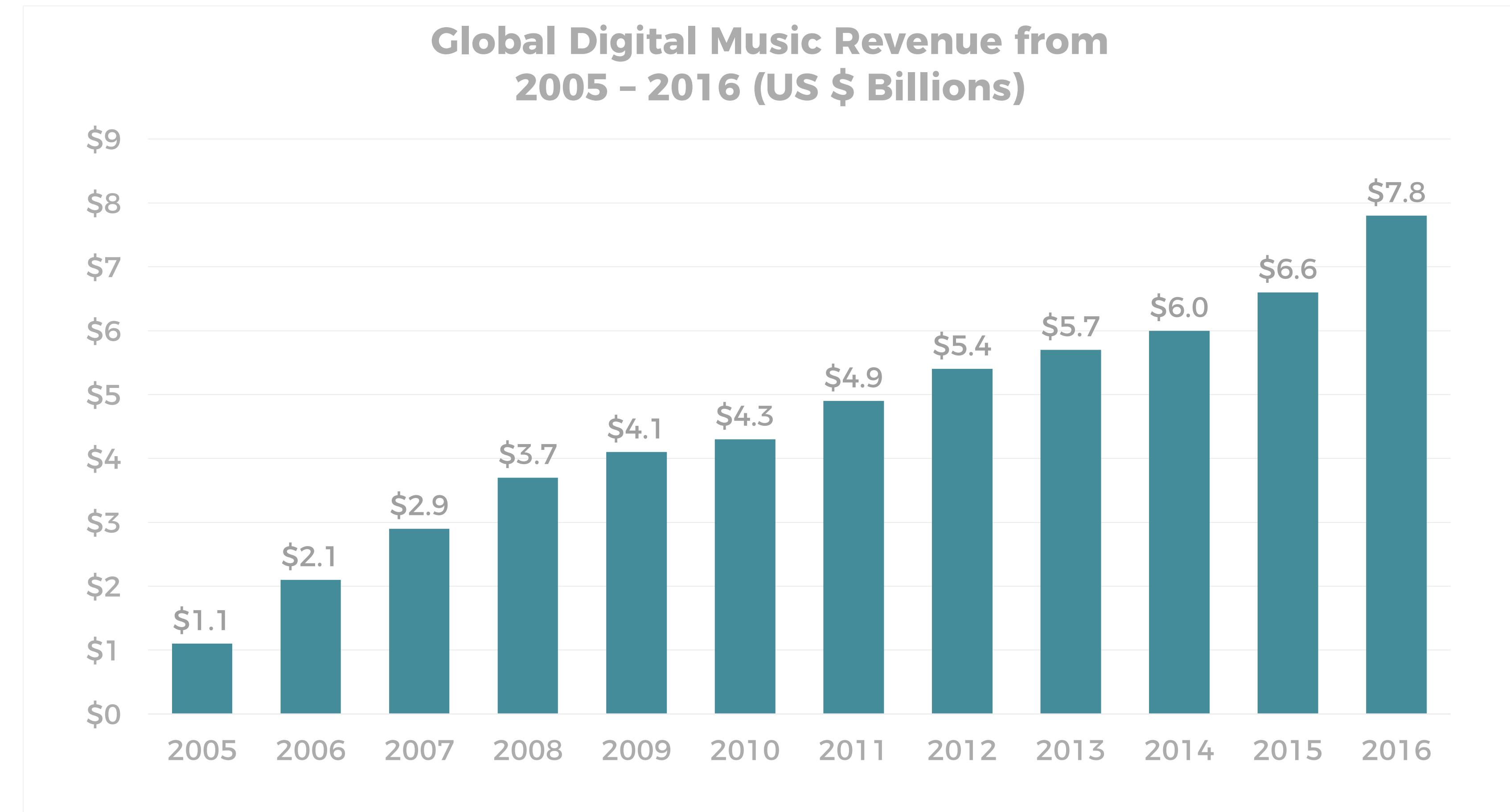


GLOBAL DIGITAL MUSIC REVENUE

2005-2016

INCLUDES:

- Streaming
- Downloads
- Ringtones
- Non-interactive streaming
(Pandora, Sirius XM, YouTube)

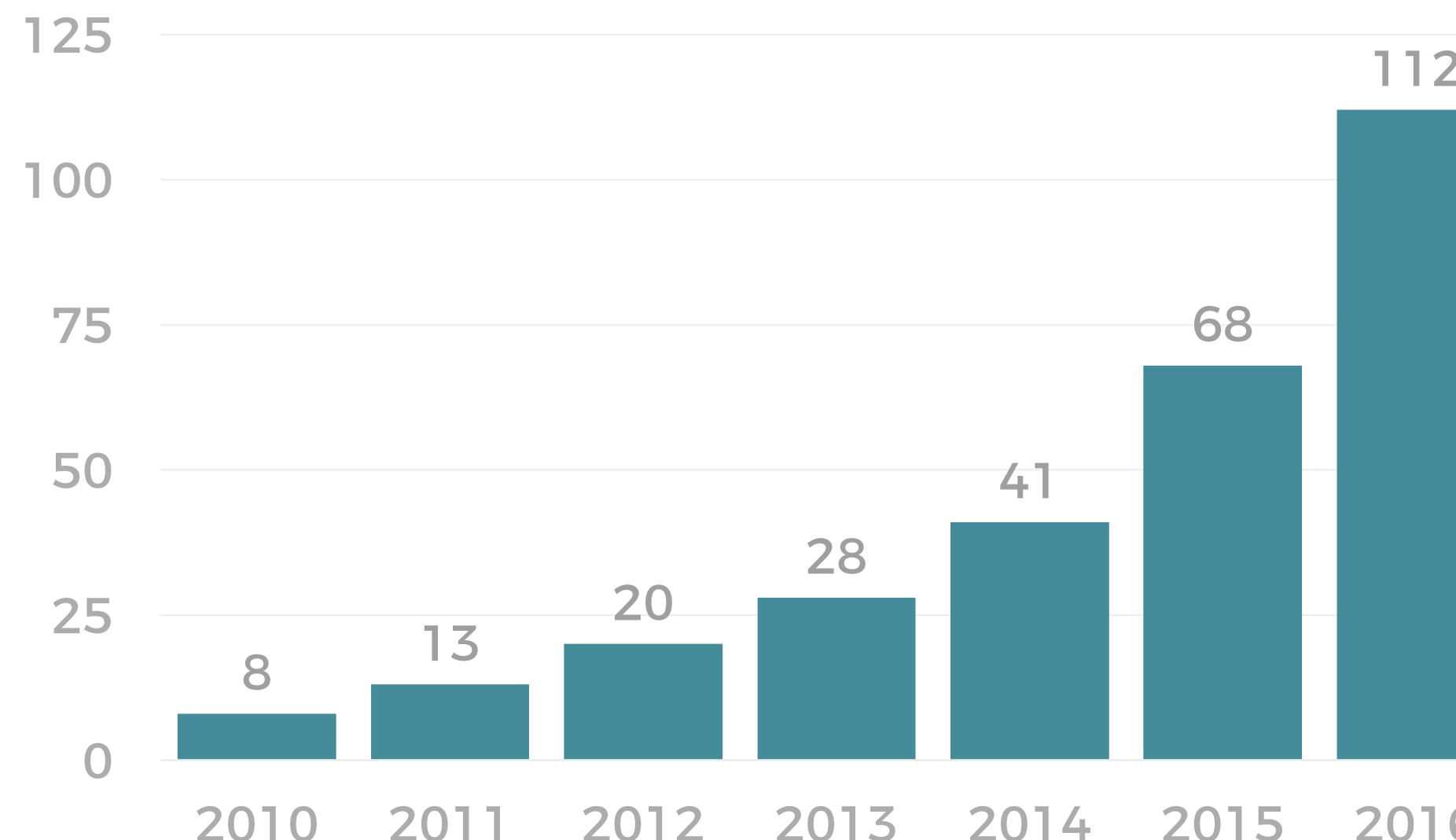


DIGITAL STREAMING: CHALLENGING TERRESTRIAL RADIO

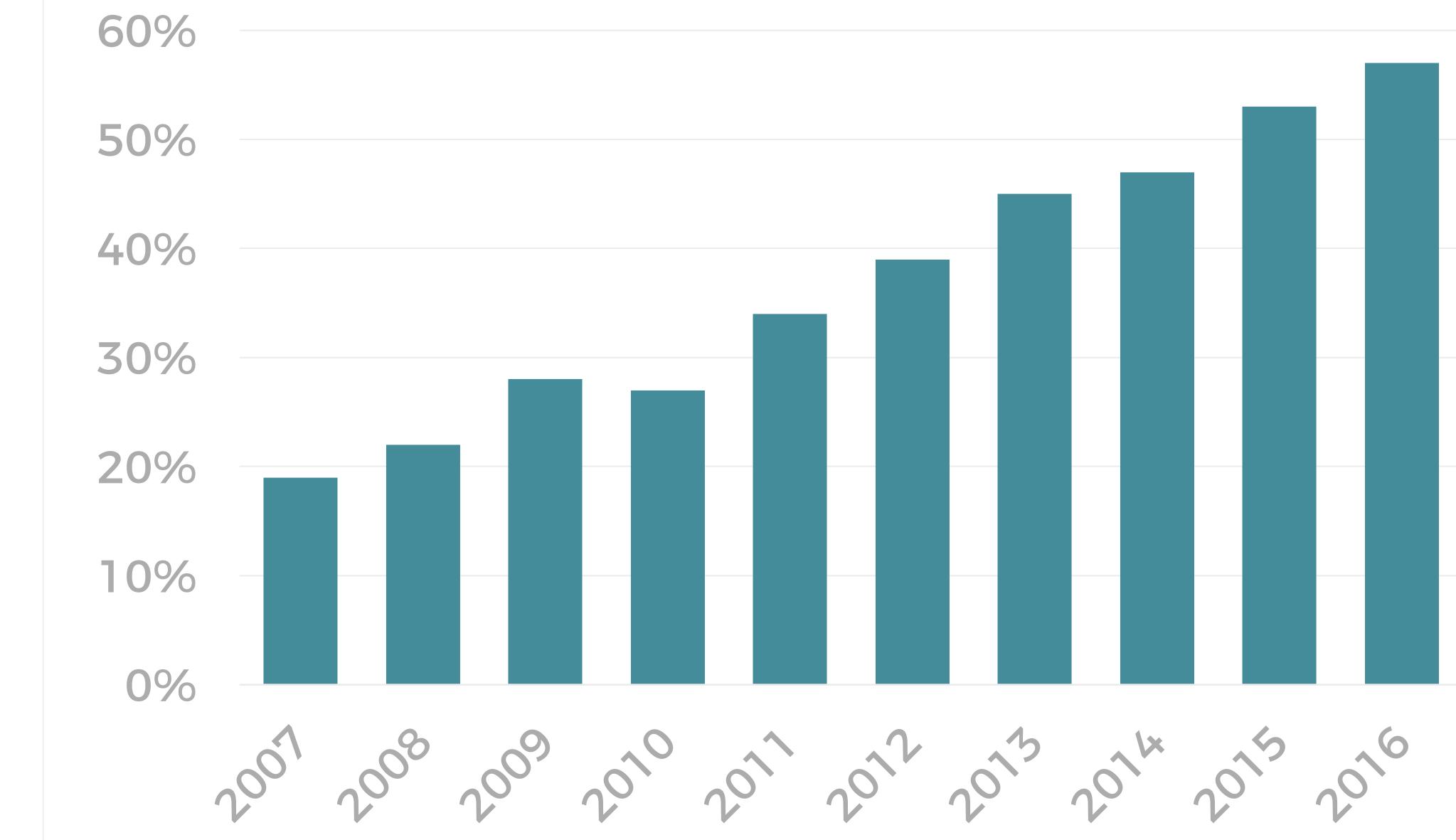
U.S. TERRESTRIAL RADIO AIRPLAY →
DIGITAL STREAMING PLAYS →

RECORDING ARTISTS DO NOT GET PAID
RECORDING ARTISTS GET PAID

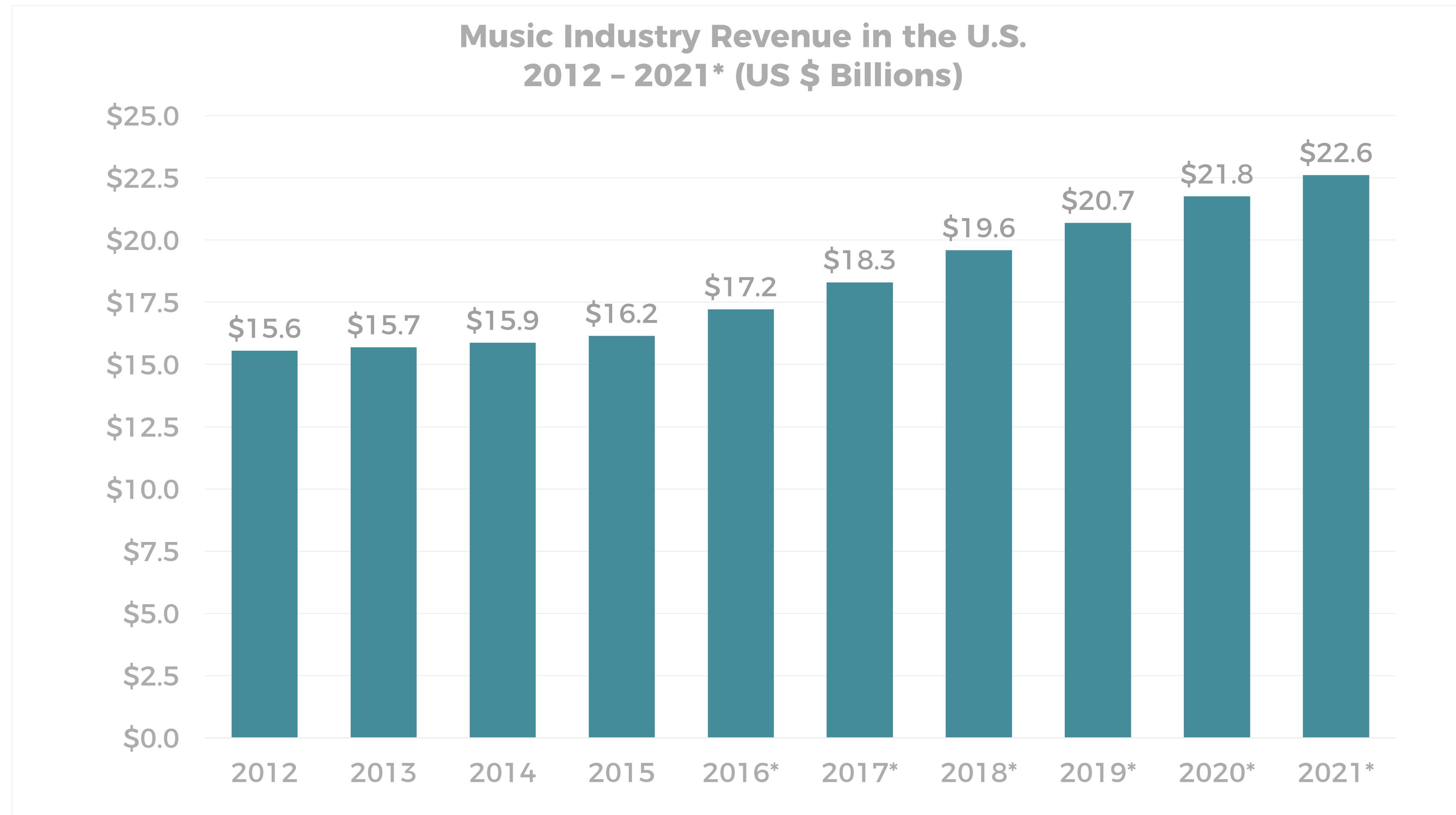
Number of Paying Online Music Service Subscribers, Worldwide 2010 - 2016 (In Millions)



Americans ages 12+ who have listened to online radio in the past month (%)



MUSIC INDUSTRY: PROJECTED REVENUE GROWTH





Royalty Flow

Royalty Flow is a specialty financing company acquiring
passive interests in quality media royalty streams.



ROYALTY FLOW

EXCLUSIVE ROYALTY ACCESS

Royalty Flow will grant investors exclusive access to media royalty streams via a daily liquid, exchange-traded stock.

Royalty Flow will offer the most direct exposure to media royalties available on a public exchange.

Acquisition & Growth Strategy Will:

Initially focus on music assets.

Actively analyze and potentially include other forms of media-based Intellectual Property, including but not limited to:

Movies

Television

Trademarks

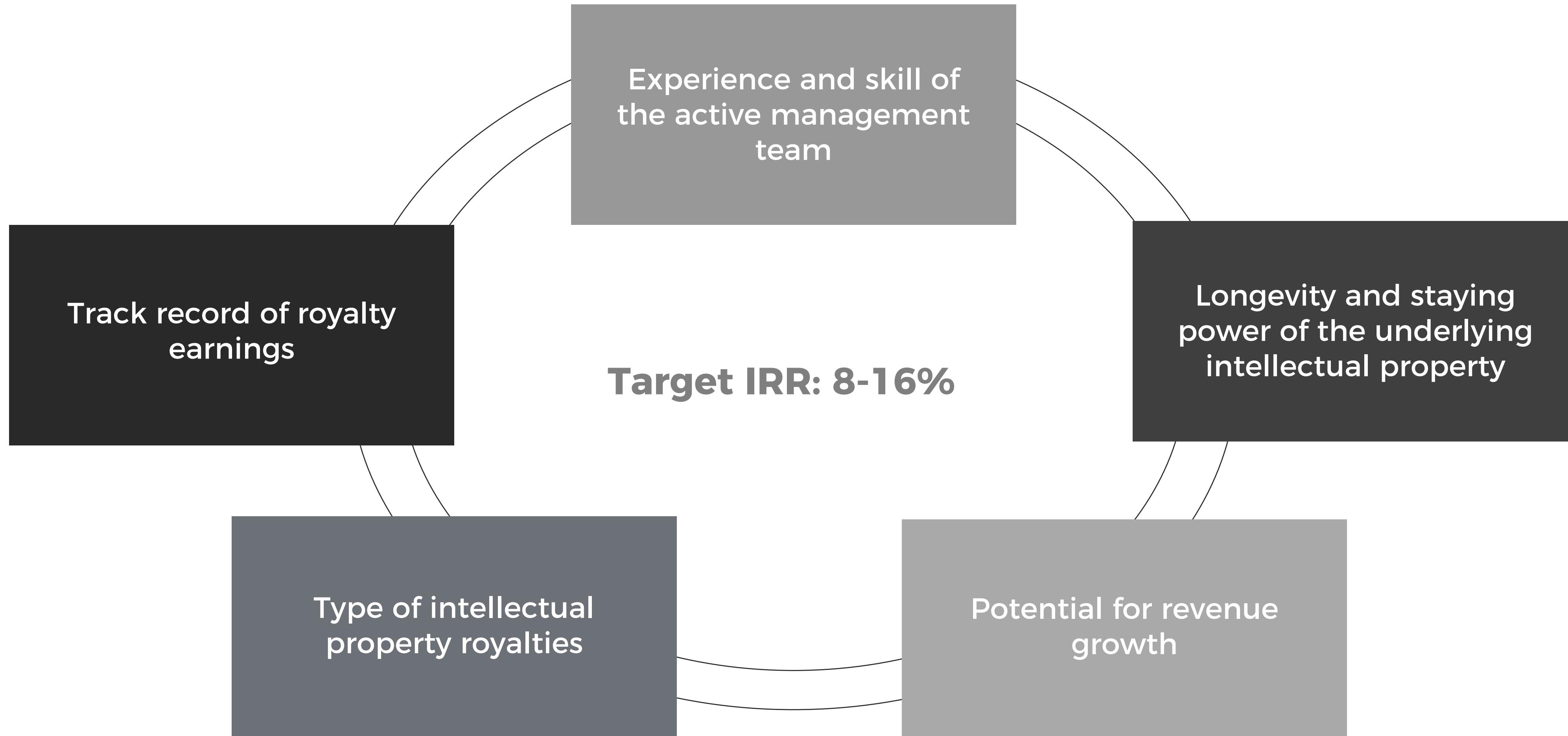


ROYALTY FLOW

23

ASSET EVALUATION CRITERIA

We use a series of quantitative, qualitative, financial, and legal criteria by which we evaluate the potential acquisition of royalty interests. The factors considered include:



ROYALTY FLOW

GROWTH STRATEGY

24

ROYALTY FLOW'S GROWTH STRATEGY WILL TARGET

Dividend Growth

Capital Appreciation

Cost Efficiency

Passive Interests Only

Established Operating
Partners



DIVIDEND GROWTH CREATES VALUE

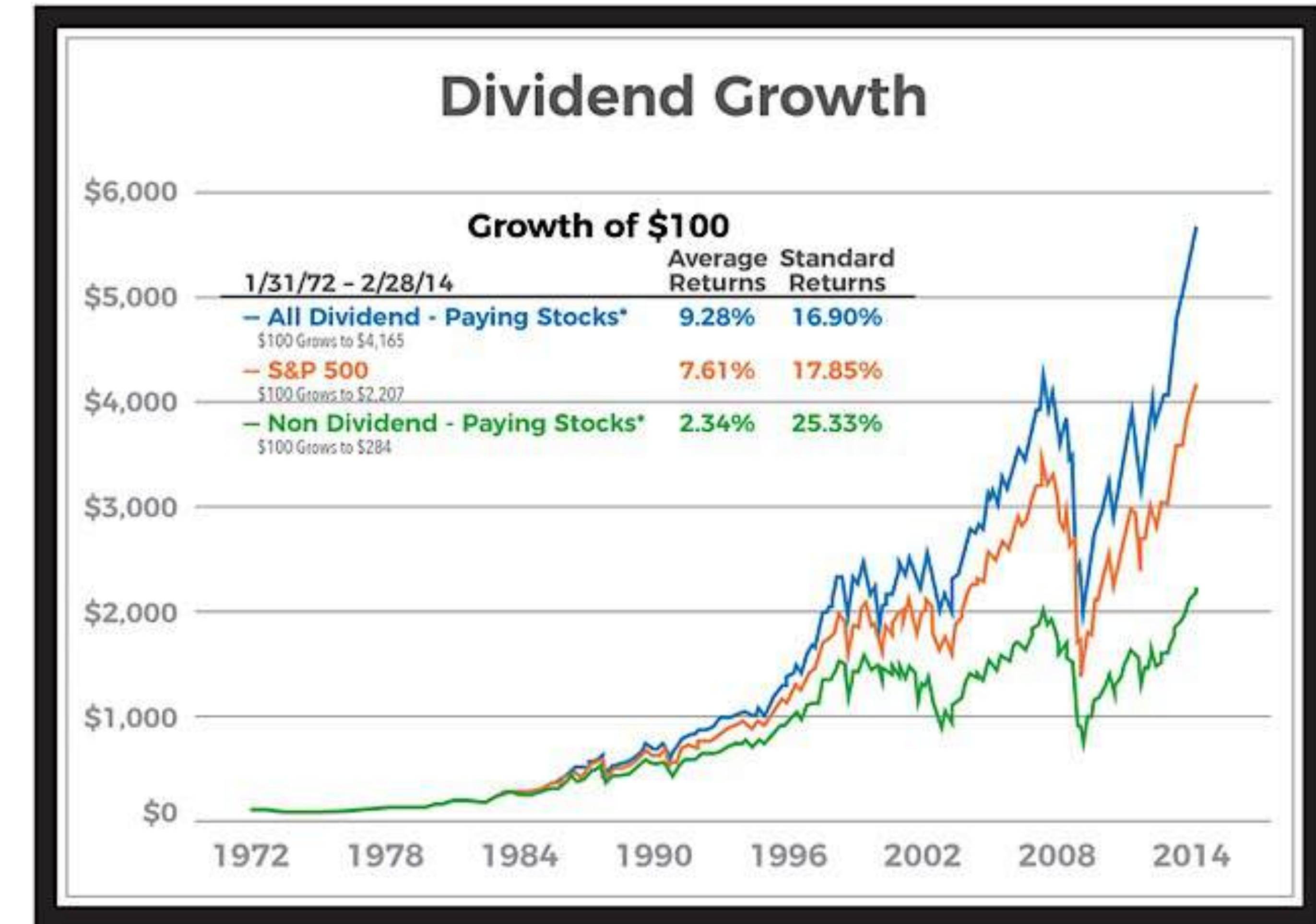
25

ROYALTY FLOW WILL PURSUE DIVIDEND GROWTH

"DIVIDENDS HAVE BEEN A MAJOR COMPONENT OF THE STOCK MARKET'S OVERALL TOTAL RETURNS THROUGHOUT HISTORY. DIVIDENDS HAVE CONTRIBUTED ANYWHERE FROM 25% TO 75% OF THE MARKET'S OVERALL TOTAL RETURN OVER THE PAST SEVEN DECADES"

- BRIAN BOLLINGER*

THESTREET.COM



Ned Davis Research, Morningstar

*<https://www.simplysafedividends.com/dividends-vs-total-returns/>



ROYALTY FLOW

26

CAPITAL APPRECIATION POTENTIAL

The current trends in the music industry provide an opportunity to dwarf the bull market of the early 90s (introduction of CDs)

Goldman Sachs
2030 Projection

\$28.0 B

2016 Digital Streaming:
Global Paid Revenues

\$3.0 B

Goldman Sachs Equity Research, GS
Music in the Air Series. - August 28, 2017



CAPITAL APPRECIATION POTENTIAL

27

We at Royalty Exchange agree with Goldman Sachs that the music industry is in the early days of a bull market. For example, in 2016:



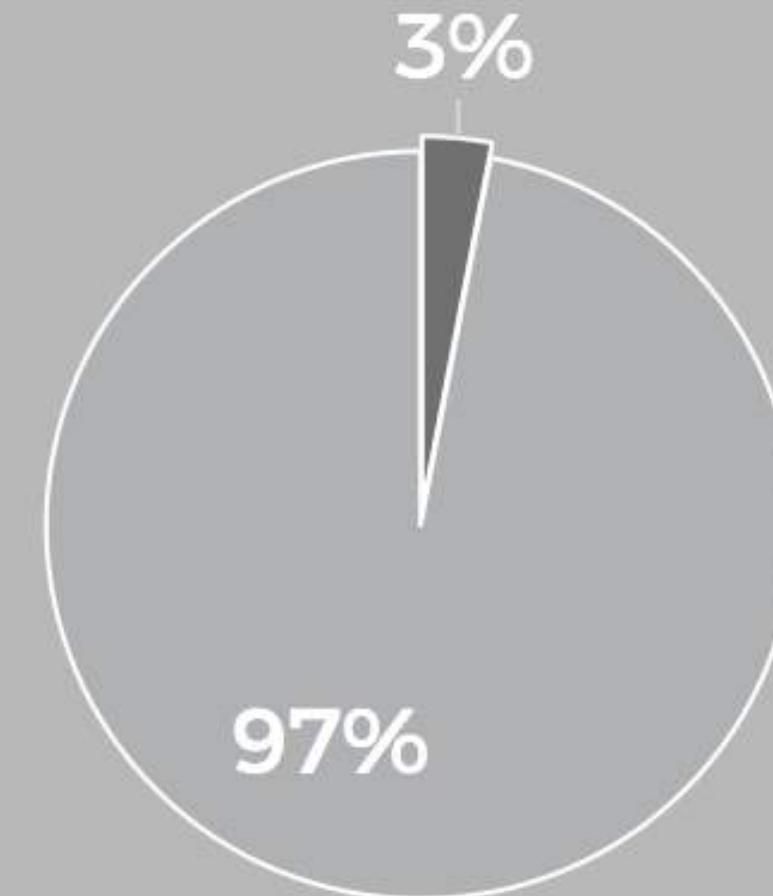
Sweden population: 9,960,487



China population: 1,379,302,771

Chinese music market exceeded Sweden for the first time, posting 20% growth year-over-year, driven by a 31% growth in streaming.

112 million paid streaming subscribers = only 3% of the global smartphone population



COST EFFICIENCY

PASSIVE INTERESTS ONLY

- No expenses of a label or publisher
- Copyright owners maintain economic interest to exploit catalog

ESTABLISHED OPERATING PARTNERS

- History of effective stewardship, i.e.: defending the asset
- Vigilant focus on monetization





FIRST EXCLUSIVE ASSET

EMINEM



EMINEM'S FULL CATALOG 1999-2013

30

EXTRAORDINARY SOUND RECORDING CATALOG INCLUDES

- ALL OF EMINEM'S ALBUMS FROM 1999'S SLIM SHADY LP UP TO AND INCLUDING 2013'S MARSHALL MATHERS LP 2.
- EMINEM'S SIDE PROJECTS INCLUDING WORKS WITH JAY-Z, AKON, TUPAC, 50 CENT AND MORE
- ALL OF EMINEM'S MUSIC VIDEOS
- REVENUE HISTORY 20+ YEARS

*Asset being acquired is a 15% or 25% royalty interest from FBT Productions, the individuals who discovered and developed EMINEM



EMINEM CATALOG

31

TOP 20 SONGS BY REVENUE 2013 - 2016

Song Title
The Monster
Berzerk
Lose Yourself
Rap God
Love The Way You Lie - Album V
'Till I Collapse
Without Me
The Real Slim Shady
Survival
Not Afraid
Marshall Mathers
Stan
Mockingbird
Headlights
When I'm Gone
Shake That
Superman
My Name Is
Sing For The Moment
8 Mile

Includes songs from

- Albums
- Side Projects
- Compilations
- Soundtracks



ROYALTY FLOW

THE FIRST ASSET

32

- Named “Billboard’s Artist of the Decade” for 2000-2010
- 43 Grammy Award nominations, 15 Grammy wins - including six for Best Rap Album.
- Won an Oscar for Best Original Song with “Lose Yourself”
- Ranked by Rolling Stone and VH-1 as one of the 100 Greatest Artists of all time.
- So far in 2017, Eminem is the 12th most streamed artist in the world. And he hasn't released an album in 4 years.
- One of the best-selling artists of all time, with 10 No. 1 albums and five No. 1 singles.
- Second best-selling male artist of the Nielsen SoundScan era.
- Sixth best-selling artist in the United States.
- Best-selling hip-hop artist of all-time.
- Globally, has sold more than 172 million albums.
- Long-term relevance: This catalog has four albums currently charting on the Billboard 200. Three of which are among the top 20 longest-charting of all time, and one: "Curtain Call" was named the longest-charting hip-hop album in history.

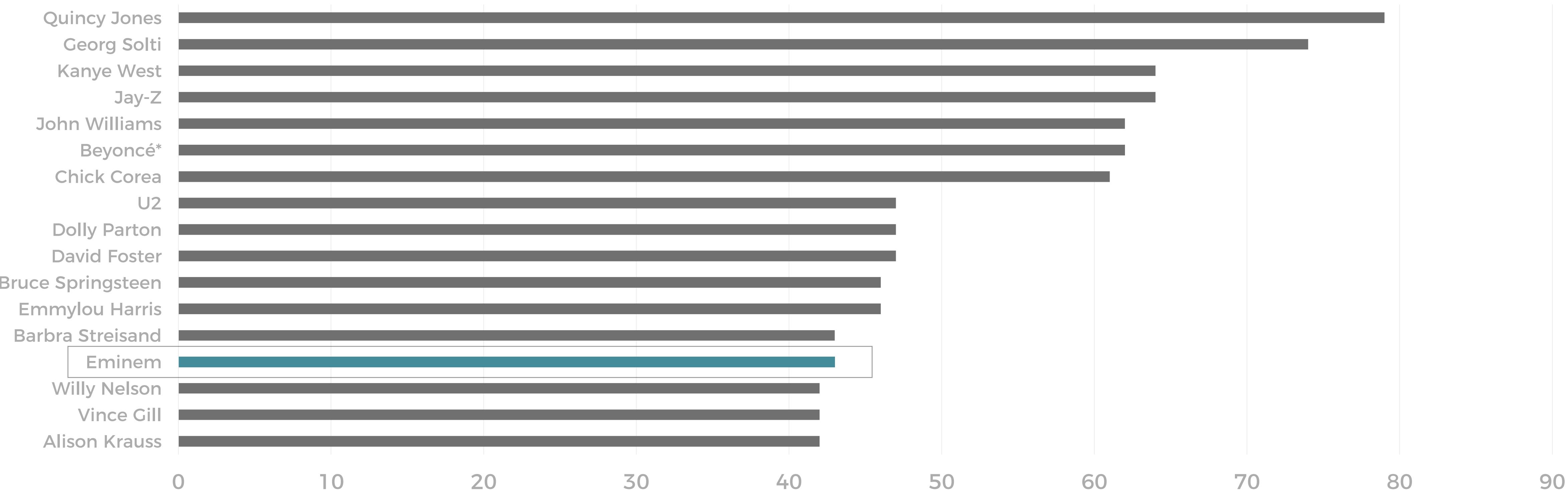


EMINEM

33

POPULARITY

Most Grammy Award-Nominated Individuals Of All Time, As Of 2017



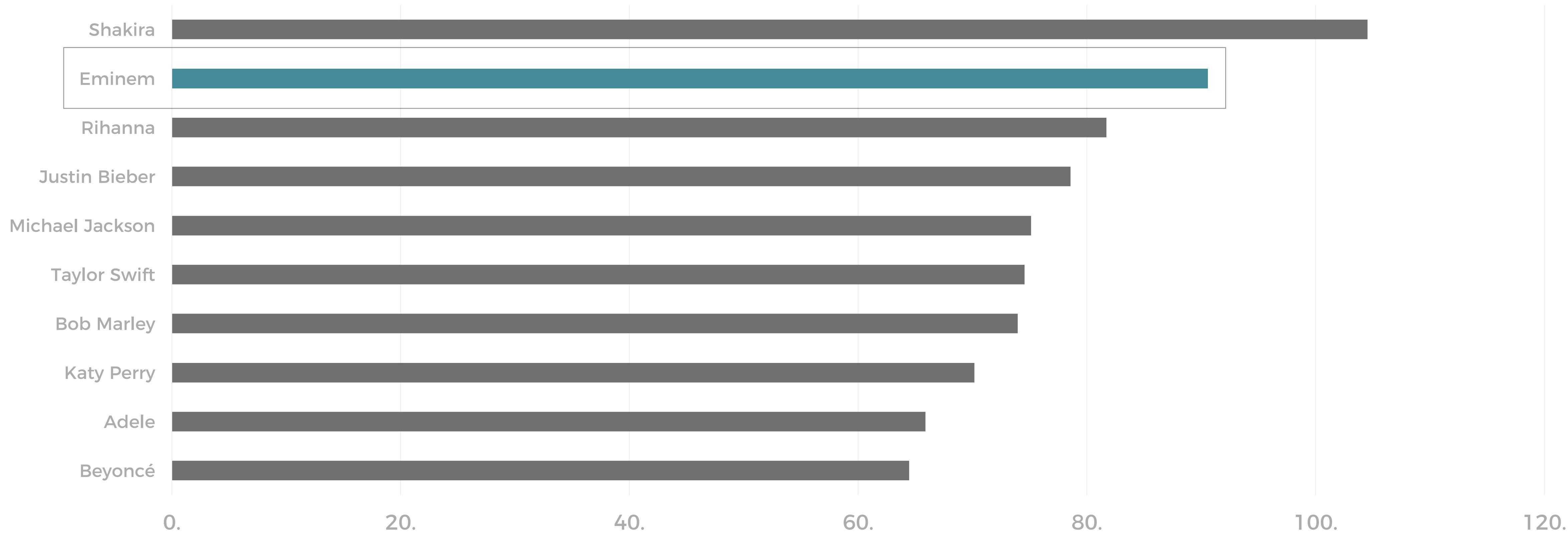
Statista - 2017

EMINEM

POPULARITY

34

Musicians With The Most Facebook Fans As Of May 2017 (In Millions)



EMINEM CATALOG

FINANCIAL HIGHLIGHTS

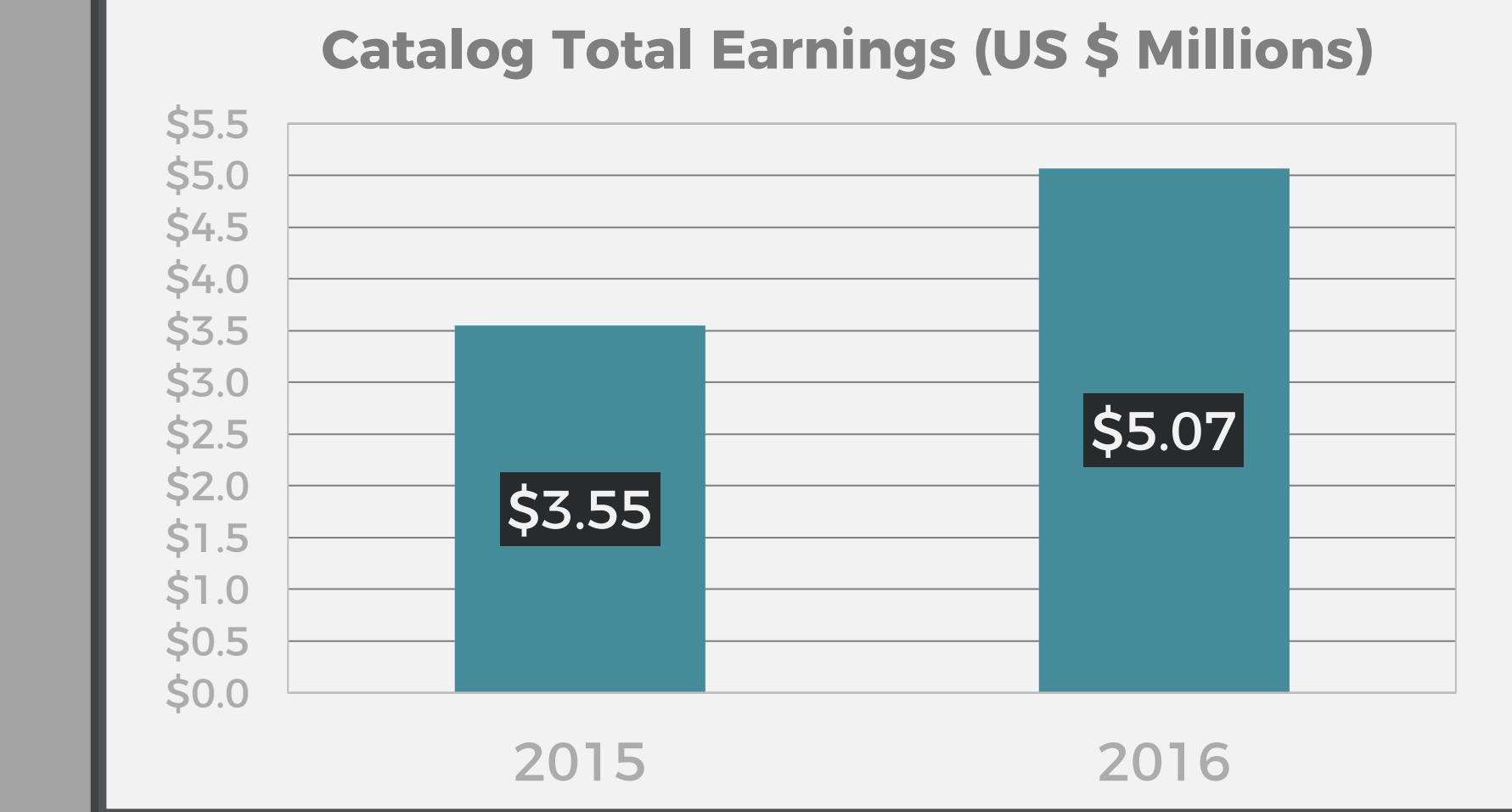
CONTINUED RELEVANCE

THE STREAMING EFFECT

The streaming royalties grew by 76% in calendar year 2016 over calendar year 2015.

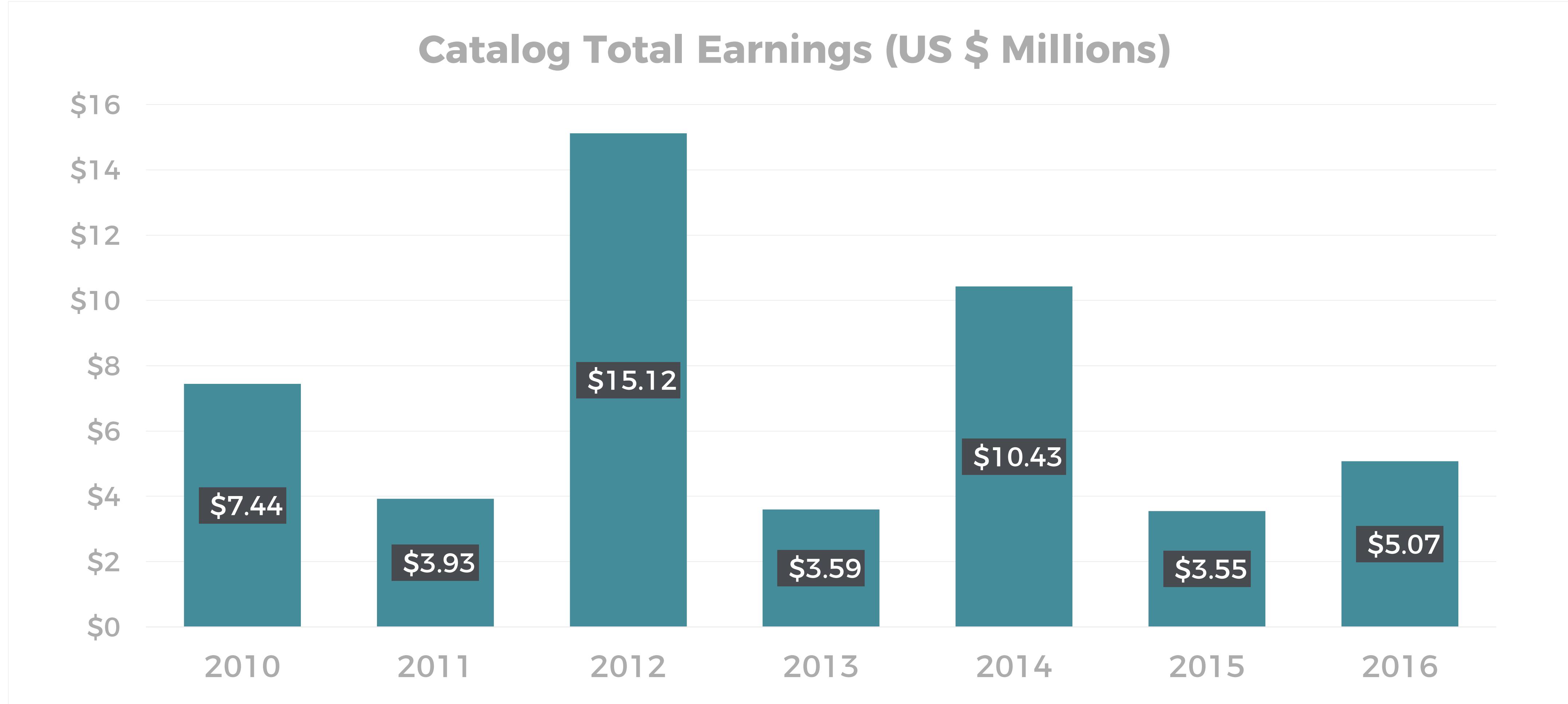
Streaming represents 46% of the asset's total 2016 royalties.

The catalog's royalties grew by 43% from 2015 to 2016, even though Eminem hasn't released a new album since 2013.



EMINEM CATALOG: TOTAL EARNINGS

36



Audited financials of the catalog

FBT PRODUCTIONS VS. AFTERMATH RECORDS

EFFECTIVE ASSET OPERATOR CASE STUDY

37

SEPTEMBER 3, 2010:

- FBT won the landmark case of *FBT Productions v. Aftermath Records*.*
- The Ninth Circuit overruled a District Court decision (which FBT Productions had appealed) determining digital downloads from third party sites are generally licensed, not purchased, by the retailer from the copyright owner.

THE RESULT:

- **The artist (FBT, in this case) is owed the licensing rate for digital downloads and streams of 50%, rather than the sale rate of 12-20%.**
- FBT is now receiving significantly enhanced royalties from digital uses and other licensing.
- This case has already had a major influence on the income of many renowned artists.

* *FBT Productions, LLC v. Aftermath Records*, 621 F.3d 958, 961 (9th Cir. 2010), cert. denied, 131 S. Ct. 167



COMPARABLE CASE STUDY: ROYAL GOLD

38

Royal Gold is engaged in the acquisition and management of precious metals royalties and streams

Company	Symbol	IPO Date	Price/Book Ratio*	Total Return*	Market Cap*	Approximate Employee Count*
Royal Gold	RGLD	6/19/1981	2.6	3596%	\$6.1 billion	30

In acquiring assets, Royal Gold Seeks:

- EXTRAORDINARY ASSETS/DEPOSITS
- POLITICALLY STABLE ENVIRONMENTS
- EFFECTIVE OPERATING PARTNERS

*Morningstar.com as of September 2017



ROYALTY FLOW

VALUE PROPOSITION

39

INCOME FOCUS

Royalty Flow will seek to acquire assets generating uncorrelated income of 8-16% IRR.

ALIGNMENT OF INTERESTS

Royalty Exchange will own Royalty Flow (approximately 20% upon IPO), aligning interests with shareholders.

Royalty Flow will not charge management or performance fees

Many alternative asset investors have experienced muted returns due to managers charging exorbitant fees like "2 & 20."

CAPITAL EFFICIENT STRUCTURE

Keeping costs low

Finding, valuing, acquiring and administering media-based IP royalty assets has been our specialty since inception.

Intangible assets: no factories or storage facilities necessary.

Acquisitions and growth should create "economies of scale."



IMPORTANT INFORMATION

40

IPO IN Q4 2017

Broker-Dealer(s):

Folio Investing

Reg A+ Investment Portal:

Folio Investing

Stock Exchange:

TBD (NASDAQ or OTC)

Transfer Agent:

ComputerShares

Legal Counsel:

Hogan Lovells US LLP

Third Party Due Diligence:

Hogan Lovells US LLP

Fundraise Goal: \$11-\$50 million

Minimum Investment: \$2,250

Goal: List on NASDAQ Capital Market
(may require IPO on OTC Markets)

NASDAQ Ticker Symbol: RLTY

Investment period opens:
October 2017

