WELCOME TO
September 2017
INVESTOR PRESENTATION

Royalty Flow
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 Any such offer to buy securities may be withdrawn or revoked, without obligation or commitment of any kind, at any time before notice of its acceptance given after the qualification date.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.
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
GROSS MARKETPLACE VOLUME:

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

International Monetary Fund (IMF):

CASE FOR ALTERNATIVE ASSETS

• “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.
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

- Consistent Income / Cash Flow
- Capital Appreciation Potential
- Long-Term Assets (paid for the life of the artist +70 years)
- Relative Price (NAV) Stability
ROYALTIES 101

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

- WARREN BUFFETT

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 owners are paid via:

**DIRECT CONSUMPTION:**
- Downloads
- Streams
- Physical album sales

**OTHER USAGE:**
- Movies
- Television
- Advertisements
- Bars
- Restaurants
- Concerts- Stadiums
- Radio
“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

Global recording industry revenue: Decreased Nearly 40%

- Piracy
  - Napster, Limewire
- Disaggregation
  - Albums to singles
- Lack of Transparency

Global Recorded Music Industry Revenues 1999-2014 (US $ Billions)

IFPI - MIDiA Research - April 2017
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.

Global Recorded Music Industry Revenues 1999-2016 (US $ Billions)

MUSIC INDUSTRY RECOVERY: 2015+

IFPI - MIDiA Research - April 2017
Goldman Sachs recently DOUBLED its 2030 projection for music industry revenue from paid digital streaming.
MUSIC INDUSTRY RECOVERY CHAIN

Major Beneficiary: Royalty Asset Owners

TECHNOLOGICAL ADVANCES
- SMART PHONES
- BETTER MOBILE NETWORKS

DIGITAL STREAMING SUBSCRIPTIONS
- APPLE MUSIC
- SPOTIFY
- PANDORA

IMPROVED CONSUMER DATA AND TRANSPARENCY
- PLAYS
- DOWNLOADS
- LIKES/SKIPS

IMPROVED ROYALTY ASSETS
- PREDICTABILITY
- VALUE
- QUALITY

Major Beneficiary: Royalty Asset Owners
# Global Digital Music Revenue

## 2005-2016

<table>
<thead>
<tr>
<th>Year</th>
<th>Revenue (US $ Billions)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2005</td>
<td>$1.1</td>
</tr>
<tr>
<td>2006</td>
<td>$2.1</td>
</tr>
<tr>
<td>2007</td>
<td>$2.9</td>
</tr>
<tr>
<td>2008</td>
<td>$3.7</td>
</tr>
<tr>
<td>2009</td>
<td>$4.1</td>
</tr>
<tr>
<td>2010</td>
<td>$4.3</td>
</tr>
<tr>
<td>2011</td>
<td>$4.9</td>
</tr>
<tr>
<td>2012</td>
<td>$5.4</td>
</tr>
<tr>
<td>2013</td>
<td>$5.7</td>
</tr>
<tr>
<td>2014</td>
<td>$6.0</td>
</tr>
<tr>
<td>2015</td>
<td>$6.6</td>
</tr>
<tr>
<td>2016</td>
<td>$7.8</td>
</tr>
</tbody>
</table>

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

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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 (%)

Edison Research “State of the News Media 2016” – February 2017
MUSIC INDUSTRY:
PROJECTED REVENUE GROWTH

Music Industry Revenue in the U.S.
2012 – 2021* (US $ Billions)

PWC; VentureBeat – June 2017
Royalty Flow is a specialty financing company acquiring passive interests in quality media royalty streams.
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
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:

- Track record of royalty earnings
- Experience and skill of the active management team
- Type of intellectual property royalties
- Longevity and staying power of the underlying intellectual property
- Potential for revenue growth

Target IRR: 8-16%
ROYALTY FLOW

GROWTH STRATEGY

ROYALTY FLOW’S GROWTH STRATEGY WILL TARGET

- Dividend Growth
- Capital Appreciation
- Cost Efficiency
  - Passive Interests Only
  - Established Operating Partners
DIVIDEND GROWTH CREATES VALUE
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/
The current trends in the music industry provide an opportunity to dwarf the bull market of the early 90s (introduction of CDs).
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

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

Royalty Flow
EMINEM’S FULL CATALOG 1999-2013
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*
<table>
<thead>
<tr>
<th>Song Title</th>
<th>Album</th>
<th>Year</th>
</tr>
</thead>
<tbody>
<tr>
<td>Without Me</td>
<td>Marshall Mathers</td>
<td>2013-2016</td>
</tr>
<tr>
<td>Not Afraid</td>
<td>Marshall Mathers</td>
<td>2013-2016</td>
</tr>
<tr>
<td>When I’m Gone</td>
<td>Marshall Mathers</td>
<td>2013-2016</td>
</tr>
<tr>
<td>Superman</td>
<td>Marshall Mathers</td>
<td>2013-2016</td>
</tr>
<tr>
<td>My Name Is</td>
<td>Marshall Mathers</td>
<td>2013-2016</td>
</tr>
<tr>
<td>Sing For The Moment</td>
<td>Marshall Mathers</td>
<td>2013-2016</td>
</tr>
</tbody>
</table>

Includes songs from:
- Albums
- Side Projects
- Compilations
- Soundtracks
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.
Most Grammy Award-Nominated Individuals Of All Time, As Of 2017

Quincy Jones
Georg Solti
Kanye West
Jay-Z
John Williams
Beyoncé
Chick Corea
U2
Dolly Parton
David Foster
Bruce Springsteen
Emmylou Harris
Barbra Streisand
Eminem
Willy Nelson
Vince Gill
Alison Krauss
Musicians With The Most Facebook Fans As Of May 2017 (In Millions)

- Eminem
- Shakira
- Rihanna
- Justin Bieber
- Michael Jackson
- Taylor Swift
- Bob Marley
- Katy Perry
- Adele
- Beyoncé

Source: Fanpagelist.com - 2017
EMINEM CATALOG
FINANCIAL HIGHLIGHTS
CONTINUED RELEVANCE

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

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.

Catalog Total Earnings (US $ Millions)

<table>
<thead>
<tr>
<th>Year</th>
<th>Earnings (US $ Millions)</th>
</tr>
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<tbody>
<tr>
<td>2015</td>
<td>$3.55</td>
</tr>
<tr>
<td>2016</td>
<td>$5.07</td>
</tr>
</tbody>
</table>
Catalog Total Earnings (US $ Millions)

- 2010: $7.44
- 2011: $3.93
- 2012: $15.12
- 2013: $3.59
- 2014: $10.43
- 2015: $3.55
- 2016: $5.07

Audited financials of the catalog
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**

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

<table>
<thead>
<tr>
<th>Company</th>
<th>Symbol</th>
<th>IPO Date</th>
<th>Price/Book Ratio*</th>
<th>Total Return*</th>
<th>Market Cap*</th>
<th>Approximate Employee Count*</th>
</tr>
</thead>
<tbody>
<tr>
<td>Royal Gold</td>
<td>RGLD</td>
<td>6/19/1981</td>
<td>2.6</td>
<td>3596%</td>
<td>$6.1 billion</td>
<td>30</td>
</tr>
</tbody>
</table>

In acquiring assets, Royal Gold Seeks:

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

*Morningstar.com as of September 2017
Royalty Flow will seek to acquire assets generating uncorrelated income of 8-16% IRR.

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.”

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

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.”
A company is an association or collection of individuals, whether natural persons, legal persons, or a mixture of both. Company members share a common purpose and unite in order to focus their various needs.

**IPO IN Q4 2017**

- **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

**Important Information**

<table>
<thead>
<tr>
<th>Broker-Dealer(s):</th>
<th>Folio Investing</th>
</tr>
</thead>
<tbody>
<tr>
<td>Reg A+ Investment Portal:</td>
<td>Folio Investing</td>
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<tr>
<td>Stock Exchange:</td>
<td>TBD (NASDAQ or OTC)</td>
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<td>Transfer Agent:</td>
<td>ComputerShares</td>
</tr>
<tr>
<td>Legal Counsel:</td>
<td>Hogan Lovells US LLP</td>
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<tr>
<td>Third Party Due Diligence:</td>
<td>Hogan Lovells US LLP</td>
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