Royalty Exchange

Investment Memorandum – Songwriter Royalty Catalog Featuring "Do It To It" (Cherish/ACRAZE) and Related Hits

1. Asset Definition

This offering represents a music royalty asset consisting of the songwriter's royalty income from a catalog of approximately 80–90 songs. The catalog spans the mid-2000s through the 2010s, covering R&B, hip-hop, and dance-pop genres. It includes songs performed by the platinum-selling R&B group Cherish and other contemporary artists. Notably, the catalog features *"Do It To It,"* a 2006 R&B hit by Cherish that experienced a global resurgence in 2021 via a viral EDM remix, as well as the 2019 R&B smash *"Easy"* by DaniLeigh (featuring Chris Brown). The songs in this collection range from 15+ years old to recent releases, illustrating both vintage appeal and renewed relevance.

Nature of the Investment: The buyer will acquire the right to receive future royalty income generated by these compositions. This is a life-of-rights sale of the royalty stream – i.e. the investor will collect royalties for the remaining life of the copyrights (typically the life of the authors plus 70 years). The asset is described as a share of the songwriters' share of royalties (composition rights), meaning it does not include master recording rights. The listing specifies that this is a passive income stream; the buyer will not be managing the rights (e.g. not actively licensing songs), but simply collecting the contractual royalty income as it's paid out. The catalog is anchored by well-known hit songs and is currently an active royalty stream, with recent 12-month earnings around the mid five-figure range (USD). The investment opportunity, therefore, is to obtain a share of proven hit songs' royalty income, with the potential for ongoing cash flow as these songs continue to be streamed, played, and monetized worldwide.

2. Included Rights

The offering includes publishing royalty rights tied to the compositions in the catalog. Each major type of royalty income is detailed below, with what is included in this sale:

- Performance Royalties (Included): Yes – The buyer will receive performance royalties generated by public performances of the songs. This covers royalties collected by Performing Rights Organizations (PROs) or similar entities worldwide for airplay on radio, plays on television and film (background uses), live concert performances, and

the performance portion of digital streams. According to the royalty statements, the catalog's income to date has been almost entirely from performance royalties. For example, PRO distributions from radio broadcasts, streaming platforms, live venues ("Live" performance category), and background music services (e.g. retail music plays) are all included in the cash flow.

- Synchronization Licensing (Not Included – no direct sync rights): The right to authorize new sync licenses (using these songs in new films, TV, commercials, etc.) is *not* part of this sale. However, if the songs are used in visual media, the buyer would still receive any royalties that flow from those uses passively. It's important to note that synchronization *fees* themselves are not included. This indicates that new sync placements have not been a significant income source for this catalog to date.

- Digital/Streaming Royalties (Included): Yes – Royalties from digital platforms are a major component of this asset and are included. This encompasses both the performance and mechanical portions of streaming as noted above. The songs generate income from services like Spotify, Apple Music, YouTube, Amazon Music, etc., all of which are reflected in the royalty data. In fact, streaming has been the dominant source of revenue for the catalog (about half of all earnings, see Section 4), and these streaming-derived royalties will accrue to the buyer.

- Master Recording Rights (Not Included): To clarify, this catalog does not include any sound recording/master royalties (e.g. artist royalties, producer royalties from record sales or digital recordings). It strictly involves the composition side (publishing) public performance royalties. So, things like SoundExchange payments for digital radio or any label advances are not part of this asset. The income comes from the songs as compositions, not from owning any recordings.

In summary, the offering comprises performance royalties stemming from the catalog's songs. The investor will collect royalties from broadcast, streaming, and other uses of the compositions worldwide. Synchronization licensing rights are not part of the sale, meaning the investor won't be actively licensing the music, but will still earn any performance royalties resulting from sync uses. This structure is typical for songwriter royalty offerings, focusing on passive income from existing works.

3. Artists and Songs Overview

The catalog's value is underpinned by a set of high-profile songs and artists with significant achievements. Below we profile the primary artists and key songs included, highlighting their career milestones, hit records, cultural impact, and notable placements:

- Cherish (Primary Artist / Songwriters): Cherish is an American R&B girl group (four sisters) who rose to fame in the mid-2000s. They achieved platinum success with their debut album *Unappreciated* (2006) and are best known for the hit singles *"Do It to It"* and *"Unappreciated."* In this catalog, Cherish's works form a core component. "Do It To It" was a smash R&B single in 2006, peaking at #12 on the Billboard Hot 100 and becoming a club anthem of its era. The track had enduring popularity: it spent 16 weeks on the Hot 100 and was a staple on BET's music video countdown (retiring on *106 & Park* after reaching #2). Cherish followed up with the soulful ballad "Unappreciated," which showcased their harmonies; it reached #41 on the Hot 100 and a strong #14 on Billboard's R&B/Hip-Hop Songs chart, resonating with R&B audiences for its relatable theme. Another key song, "Killa," was released in 2008 as part of Cherish's second album *The Truth*. *Killa* was featured prominently in the dance film *Step Up 2: The Streets*, giving it a pop culture moment (the music video even includes scenes from the movie). The song hit #39 on the Hot 100 and was a top 20 Rhythmic radio hit, underlining its crossover appeal between R&B and pop. Cherish's tracks "Killa" and "Amnesia" (another included song, which charted on R&B radio) solidified the group's presence in mid-2000s R&B. Culturally, Cherish's music is remembered for its infectious hooks and the group's role in the Atlanta snap/R&B scene of that era. The fact that *Do It To It* could resurface 15 years later as a global dance hit (see below) speaks to the timeless, hooky quality of the songwriting that Cherish brought to the table.

- "Do It To It" – A Viral Second Life: While already noted as Cherish's signature hit, *"Do It To It"* gained extraordinary new life in 2021 thanks to a remix by DJ ACRAZE. The ACRAZE version (credited as "Do It To It – Acraze featuring Cherish") became a global dance phenomenon, introducing the song to a new generation. This tech-house rework went viral on TikTok (with over *3.3 million* TikTok videos created using the track) and dominated clubs and festivals. It was even named the "song of the year" in the dance music world in 2021 and 2022, with heavy rotation by DJs worldwide. On the charts, the remix didn't appear on the main Hot 100 due to its dance genre, but it reached #3 on the UK Singles Chart and charted in dozens of countries, accumulating 8.4 billion combined streams globally as of mid-2022 – an astonishing metric that underlines its ubiquity. It also achieved multiple Platinum certifications internationally (for example, Platinum in the UK and across Europe). Culturally, the ACRAZE remix was so prominent it featured in a major Pepsi commercial campaign, further cementing "Do It To It" as a cross-generational hit. For the catalog, this has meant a surge of royalties from streaming and global usage of the song in the past 2–3 years. In summary, "Do It To It" (originally a mid-2000s R&B jam) is now also known as a viral EDM hit – giving it dual identity and enduring commercial appeal. This kind of revival is relatively rare and speaks to the song's hook ("Bounce wit it, drop wit it…") being instantly recognizable and trend-worthy. The investor should note that "Do It To It" is by far the top revenue-generating song here (more on earnings in Section 4), effectively the crown

jewel of the catalog.

- DaniLeigh – "Easy" (feat. Chris Brown): Another marquee song in the catalog is *"Easy,"* performed by R&B singer DaniLeigh. "Easy" became a breakout hit for DaniLeigh, propelled by a smooth R&B vibe and a dance challenge on social media. The remix with Chris Brown garnered extensive airplay on R&B/Hip-Hop radio and the song was certified Double Platinum in the US, signifying over 2 million units (sales plus streaming equivalents). While it peaked just outside the Hot 100 (it bubbled under, partly due to gradual viral growth rather than a single big push), "Easy" solidified itself as a modern R&B staple in the late 2010s. Culturally, having Chris Brown – one of the biggest R&B/pop stars – on the track gave it extra visibility. It received positive attention for its laid-back, "Aaliyah-esque" 90s throwback vibe, aligning with trends in contemporary R&B. The song has longevity on streaming, often included in R&B playlists, which bodes well for continued residual royalties. Its Double Platinum status confirms substantial commercial success. There were no major awards for "Easy," but it significantly raised DaniLeigh's profile.

- Songs for Television (Fox's *Empire* and *Star*): The catalog also contains songs written for television soundtracks, notably Fox's hit series Empire (and its sister show Star). These shows, centered on the music industry, regularly released original songs performed by the characters. Having songs on Empire – which was a #1 TV show in 2015 and known for its music – is a testament to the commercial appeal of the catalog. *Empire*'s soundtracks often charted on Billboard; while the specific tracks "Lifetime" and "Energy" were not radio singles, they were featured in the show (Season 6) and released officially (e.g. on the Empire soundtrack albums and streaming). This means the songs got exposure to Empire's millions of viewers and still generate royalties from streams and any syndication of the show. From a cultural standpoint, *Empire* was known for jumpstarting songs like "Drip Drop" into popular consciousness; while the Season 6 songs came later in the series' run, they still tie the catalog to a known media franchise. For an investor, the key point is that these are professional soundtrack placements – a different exploitation avenue for the songs that can yield performance royalties whenever the episodes air (domestically or in international syndication). It diversifies the context in which the songs earn income (beyond just artist albums and radio).

- BET's "The Encore" Project: The catalog also includes songs from the 2021 reality TV show BET Presents: The Encore. Tracks like "Bird's Eye View," "Say Something," and "Go Don't Leave" were performed by the show's cast and released as an EP. These songs likely generated some streaming and TV performance royalties. From an investor view, these are minor contributors to income (the royalty data shows modest figures for these tracks), but they add breadth to the catalog's profile. They have niche cultural significance for reality TV/music competition fans and demonstrate the continued

commercial viability of the tracks beyond their initial era.

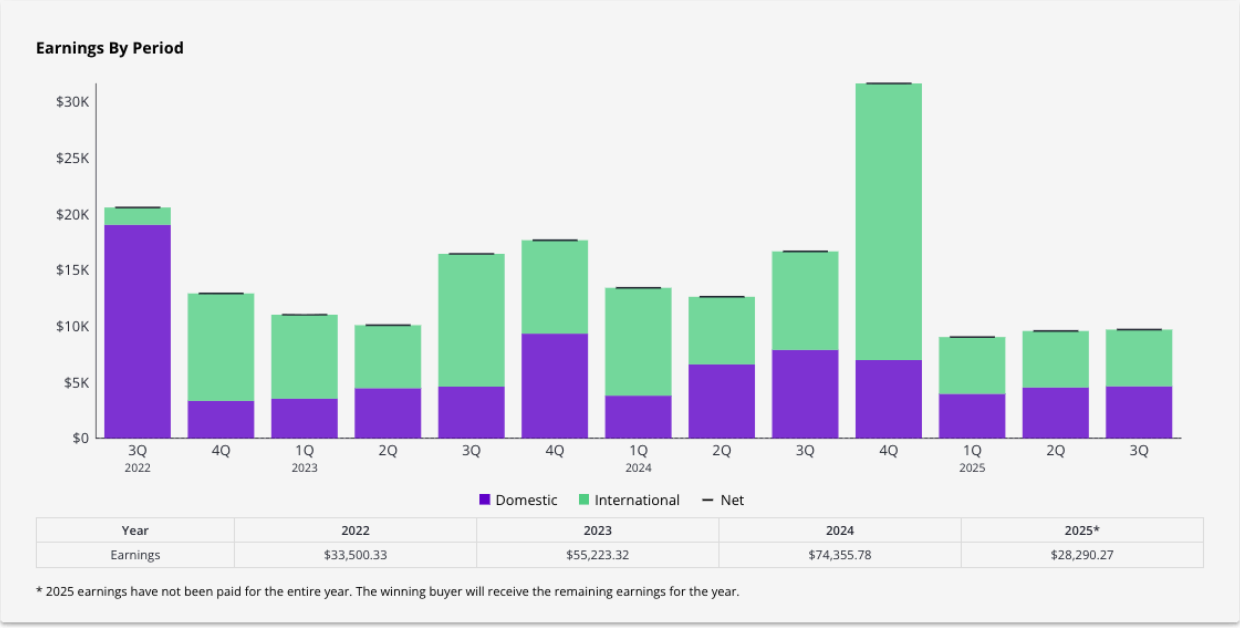
- Awards and Accolades: The songs in this catalog have garnered notable industry certifications and accolades. Cherish's debut album *Unappreciated* (containing the title track and "Do It To It") was certified Gold, and "Do It To It" itself achieved Gold status in the US in its original run. The remix by ACRAZE, as mentioned, earned multiple Platinum awards internationally and was one of the most-played tracks at major festivals like EDC in 2022. While specific awards (Grammys, etc.) are not tied to these songs, the commercial milestones (Platinum certifications, chart peaks) speak to their impact. The group Cherish was nominated for a Vibe Award and Soul Train Award in their day, and *Do It To It*'s enduring popularity can be considered an accolade in itself.

- Notable Syncs and Uses: Beyond the aforementioned Pepsi commercial using "Do It To It" (ACRAZE Remix) and the Step Up 2 movie placement for "Killa," there haven't been large upfront sync deals evidenced for these songs. However, *"Do It To It"* has become ubiquitous in user-generated content (TikTok, YouTube dance videos, etc.), which, while not direct sync licenses, has driven streaming. The cultural saturation of that song in online media and advertising (Pepsi) is a positive indicator of its lasting commercial appeal. The Empire/Star placements are effectively synced uses within those TV shows. Also, Cherish's music videos, especially "Do It To It," received heavy rotation on TV networks (BET's *106 & Park*, MTV Jams) and the songs were frequently used in club playlists and mixtapes in the 2000s – all contributing to their cultural footprint, even if those uses primarily yield performance royalties. As of now, there's potential upside if any of these songs get picked up for new sync uses which could lead to more plays and streams (for example, an early-2000s nostalgia movie or a commercial might license "Do It To It" or "Unappreciated"). The catalog's profile of popular, recognizable songs makes it a candidate for such opportunities, though none are guaranteed (and again, sync *fees* would go to the publisher, but increased performance from such use would benefit the buyer).

In summary, this catalog's songs are tied to recognizable artists and hits. Cherish's contributions give it a foundation of mid-2000s R&B hits with proven longevity, DaniLeigh's "Easy" provides a contemporary R&B hit with multi-Platinum status, and the explosion of "Do It To It" in the EDM world has made that composition a multi-generational hit. These are songs that have millions of streams and significant name recognition. The catalog's creators have demonstrated an ability to craft culturally resonant music across eras, which underpins the commercial appeal and durability of the royalty stream an investor would be buying. Key value drivers here are the evergreen party appeal of "Do It To It," the R&B radio recurrents like "Unappreciated," and the modern streaming power of "Easy." The diversity of contexts (radio, clubs, viral dance, TV show) in which these songs thrive suggests a degree of resilience and cross-platform income generation potential.

4. Earnings Analysis

A comprehensive analysis of the catalog's historical earnings reveals both the **magnitude and composition** of its royalty stream, as well as trends in growth/decline. The provided royalty data (covering mid-2022 through mid-2025, broken down by period, song, income type, and source) is summarized below:



Year	2022	2023	2024	2025*
Earnings	$33,500.33	$55,223.32	$74,355.78	$28,290.27

* 2025 earnings have not been paid for the entire year. The winning buyer will receive the remaining earnings for the year.

By Period (Temporal Trend): The catalog's royalty income saw a dramatic rise from 2022 into 2024, followed by signs of normalization in 2025. The growth was driven largely by the **surge in streams of "Do It To It"** and sustained performance of "Easy." By **2024**, annual royalties jumped to about **$74,356**, which is ~34% higher than 2023. This growth in 2024 can be attributed to a combination of factors: continued strong streaming performance (especially international payouts coming through for "Do It To It"), and possibly one-time retroactive payments or peak-period usage. In fact, the single **highest quarter** on record was Q4 2024, with about **$31,647** earned in that quarter alone. It appears there were some **catch-up or bonus distributions** in late 2024 – for example, industry-wide streaming royalty rate increases led to supplemental payments (the data shows a category for "Amazon Unlimited Additional Fees 2016–2022" paid in late 2023, indicating retroactive mechanical royalties being distributed). So, 2024 benefited from such spikes.

However, moving into **2025**, the trend has reversed to a decline. For the first three quarters of 2025, total earnings sum to about **$28,290**. Projecting a full year 2025, we anticipate around $38,000–$40,000 (if Q4 2025 comes in similar to Q3). This would be a **significant drop (~50%) from the 2024 peak**. The trailing twelve months (LTM) as of Q3 2025 is approximately **$60,000** in royalties. The data suggests that the extraordinary peak from the viral remix is tapering off –

a common pattern after a viral hit's initial explosion. In other words, the income grew rapidly and is now heading toward a more baseline level. The important question is where it stabilizes. If 2024 was the high-water mark, 2025 indicates a new normal might be in the mid-five-figures annually. We also note that even in the "down" quarters of 2023 and 2025, the catalog is still earning five figures per quarter, which indicates a baseline popularity remains (likely from recurring streams of "Do It To It" and "Easy," and steady radio background rotation of older songs). Importantly, any similar boosts like those in 2024 would be payable to the owner of these royalties. So while we calculate for the baseline with this analysis, boosts from remixes like this could be potential future upside.

To summarize by period: H2 2022 (two quarters) averaged ~$16.7K/quarter. 2023 averaged ~$13.8K/quarter (a bit lower than late-2022, indicating the absolute peak might have hit in late 2022 when the remix royalties first ramped up). 2024 averaged ~$18.6K/quarter, but with a big jump in Q4. 2025 so far averages ~$9.4K/quarter. The volatility is evident. It reflects the usage cycle of a viral hit (big initial payouts then decline), plus lumpy settlements. An investor should factor in that the recent trend is downward, understanding that the most recent three pay periods are likely more indicative of the future, though bumps up are still possible.

By Song (Catalog Concentration): The royalty contributions are highly concentrated in a few top songs. In fact, one song – "Do It To It" – accounts for the majority of the earnings. Combining all versions and credits of that composition (the original and the ACRAZE remix versions), "Do It To It" has generated roughly $120,000 of the ~$191,000 total royalties in the dataset (approximately 63% of all earnings). This is an enormous share attributable to a single composition. The next biggest contributor is "Easy." Between the original and remix versions of "Easy," total earnings are around $45,000 (roughly 23% of the total). These two titles alone therefore make up about 86% of the historical revenue.

All other songs in the catalog are relatively minor contributors in comparison. The data by track shows a long tail of ~80 other titles, many of which earned well under 1% each. For example, songs like "Feel More," "Questions," "Unappreciated," and others have cumulative earnings in the low thousands or hundreds of dollars. "Unappreciated," despite being a notable hit, has only about $1,584 in the statement period – likely because its peak revenues came before this data window (2006–2010 era) and now it generates smaller PRO royalties. Similarly, "Killa" and "Amnesia" by Cherish appear but with modest totals (indicating some ongoing radio/streaming activity but not large sums). Some newer tracks from the TV projects ("Birds Eye View," etc.) have a few hundred dollars each.

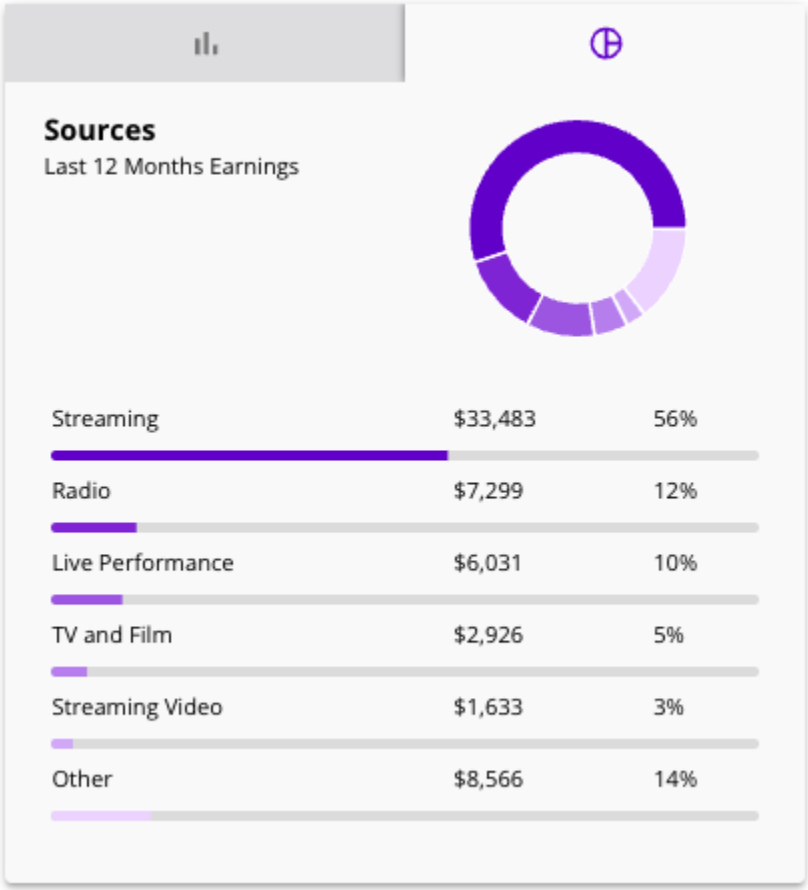
The highest-earning songs over time clearly are "Do It To It" (on the strength of the remix-fueled streaming bonanza) and "Easy." "Do It To It" particularly saw its earnings spike dramatically around 2022–2023 with the remix's success – prior to that, the song's annual royalties were much lower (not included in the data, but one can infer that the 2006 hit was relatively dormant until the remix). "Easy" had a more gradual build in 2019–2020 and

continues to earn from R&B radio play and streaming. Meanwhile, the lowest-earning songs are numerous – many album cuts, instrumental versions, or cues (e.g., "BET Presents The Encore Cues") that earned under $100 total. For instance, there are instrumental versions like "Be Mad (Instrumental)" and alternates which have token amounts. This underscores that the catalog is not evenly diversified across its songs: it is a classic hit-driven catalog where a couple of blockbuster compositions drive the economics, and the rest provide marginal incremental income.

From an investor's perspective, this concentration means the future cash flow is heavily tied to the continued performance of those top songs. The flip side is that there isn't a broad base of medium-level earners – it's mostly just the two big ones and then very small contributions from others. We will discuss diversification risk in Section 6, but it's clear the catalog's fortunes rise and fall with "Do It To It" (and to a lesser extent "Easy").

By Income Type: The royalty income is entirely from performance royalties. In reality, streaming revenue comprises both performance and mechanical components, but the deal is structured such that the songwriter's share (which traditionally is performance) is the portion on offer. If mechanicals were being paid through the publisher share, they might have been forwarded to the writer and logged similarly. In any case, for practical analysis: Performance royalty streams (PRO distributions from BMI/ASCAP or international societies, and other performance sources) make up 100% of recorded income.

In summary, by income type, this is overwhelmingly PRO and streaming collections (performance). The songwriter's share of performance was the dominant reported category. For the investor, this means the royalty stream will be paid via the PRO/publishing administrator channels primarily. It also implies the earnings are recurring in nature (tied to usage), not reliant on episodic sync deals. This aligns with the historical data showing consistent quarterly performance royalty inflows, as opposed to sporadic large sync chunks.



By Source (Media/Platform): The earnings are generated across various usage platforms, with streaming leading the way. If we break down the royalties by source type (using categories like those in the data: Streaming, Radio, etc.) we find the following rough split:

- Interactive Streaming (Audio): About 49% of the total royalties come from on-demand streaming services (Spotify, Apple Music, Amazon, etc.). This is inferred from the "Streaming" category which totaled roughly $93,300 out of $191,370. This makes sense given the central role of the Spotify/TikTok-driven ACRAZE hit and generally how music consumption has shifted to streaming. Streaming is the single largest revenue source, satisfying the criterion that at least 50% of revenue is from streaming (we'll confirm criteria in Section 6).

- Streaming Video (e.g. YouTube): Approximately 2% of the income came from platforms like YouTube (likely Content ID or ad-supported video streams) – around $4,100 in total. While small, it's another form of streaming performance. The ACRAZE track, for instance, has hundreds of millions of YouTube views on the official video, which yields some publishing royalties.

- Terrestrial Radio & Broadcast: Traditional radio play contributed roughly 15% of the income (about $28,400). This would be U.S. and international radio spins of songs like "Do It To It" (which still gets recurrent play on throwback R&B mixes or rhythmic stations) and "Easy" (which had radio life in 2019–20). It also includes TV broadcasts (e.g. music channels, the Empire episodes airing – those generate performance royalties akin to radio). The radio portion underscores that some songs in the catalog have had and continue to have broadcast appeal.

- Live Performances (and General/Public Venues): The "Live" category is about 9% (~$16,900). This reflects royalties for performances of the songs at concerts, clubs, and other venues tracked by PROs. Notably, "Do It To It" being a DJ staple at festivals (EDC, Tomorrowland, etc.) likely falls under performance royalties from live plays – indeed the data shows a distinct Live category. As DJs and performers continue to play that track, live performance royalties accrue. This category also covers things like music played in nightclubs and other public venues.

- "Other" and Miscellaneous: About 12% (~$22,400) is in an "Other" bucket. This likely includes background music services (e.g. Muzak-type services in retail stores, fitness, etc.), possibly synchronization *performance* royalties (e.g. when Empire episodes air, that's technically TV performance royalty, which might be categorized differently by some PROs), and any uncategorizable income. Essentially, it's a mix of minor sources – but collectively a non-trivial slice.

Trend by Source: In terms of trends, streaming ramped up massively in 2022–2023 with the viral hit and remains the dominant source, though declining in 2025 as the hype subsides. Radio and other traditional sources likely saw a more modest increase (radio might have briefly spiked when "Easy" was on the charts and when the ACRAZE remix got some radio/DJ play). The data shows streaming growth was the key driver of overall growth, whereas sources like radio are more stable or slowly declining (Cherish's songs are older and will slowly recede from rotation). In summary, the earnings analysis reveals a recent peak and downward correction pattern, heavy concentration in two songs, and a modern streaming-heavy income profile (~50% streaming). The royalties flow from performance rights via streaming, radio, etc., with streaming being critical. The revenue volatility is a notable factor: after extraordinary growth to $74K in 2024, the LTM is ~$60K and possibly heading lower. This will feed into our projections. The high concentration means that forecasting essentially comes down to forecasting "Do It To It" and "Easy" performance in the future. These songs will likely continue to be streamed (albeit at declining rates from the peak) and to a lesser extent played on radio or in public. The long tail of other songs provides a base level of a few thousand per year collectively (which may remain relatively steady as catalog/nostalgia streams). The next section will model forward-looking scenarios given these observations.

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5. Scenario Analysis and Cash Flow Projections

To project the future cash flows of this catalog, we consider three scenarios – Conservative, Normal, and Optimistic – each with different assumptions about how the royalty income will evolve over the next 10 years. All scenarios assume a 10-year holding period with a sale (exit) at the end of Year 10 at an 8×, 9x, and 10x multiple of the Year 10 royalty income (respectively). We use a discount rate of 8% to evaluate Net Present Value (NPV), which is a typical required return for this asset class. All figures are in USD.

For the starting point for projections we would typically use the Last Twelve Months (LTM) royalty earnings (approximately $60,000 over the most recent 4 quarters). However, given the outlier payment in 4Q24, we'll adjust our LTM figure to the assumed move-forward earnings of around $40,000. In each scenario, we apply a different growth/decay rate to this baseline:

- Conservative Scenario: Assumes revenues decline 5% per year (compound) going forward. This models a faster decay, as might happen if the viral fad drops off quickly and no new uses replace it. Essentially, each year's royalty would be 95% of the previous year's.

- Normal Scenario: Assumes a modest 2% decline per year. This represents a more stable outcome – a slight annual drop (perhaps reflecting that the big surge is over, but the songs settle into a long-term decay akin to normal catalog attrition of a few percent per year).

- Optimistic Scenario: Assumes 1% growth per year (i.e. a very mild increase each year). This could occur if the songs maintain popularity better than expected or find new minor growth vectors (for instance, continued strong streaming or new markets discovering the songs, offsetting natural declines). Essentially a flat-to-slight growth scenario.

Below are the 10-year cash flow tables for each scenario, showing projected royalty income each year and the Year 10 exit value:

Conservative (5% decline) – LTM is $40K, dropping 5% annually:

Entry	$(400,000.00)
2025	$38,000.00
2026	$36,100.00
2027	$34,295.00
2028	$32,580.25
2029	$30,951.24
2030	$29,403.68
2031	$27,933.49
2032	$26,536.82
2033	$25,209.98
2034	$215,545.30*
TIRR	3.23%

*Assumes an exit at an 8x multiple in Year 10

Normal (2% decline) – a gentle decay from $40K, –2% YoY:

Entry	$(400,000.00)
2025	$39,200.00
2026	$38,416.00
2027	$37,647.68
2028	$36,894.73
2029	$36,156.83
2030	$35,433.70
2031	$34,725.02
2032	$34,030.52
2033	$33,349.91
2034	$326,829.12*
TIRR	7.17%

*Assumes an exit at an 9x multiple in Year 10

Optimistic (1% growth) – slight growth from $40K, +1% YoY:

Entry	$(400,000.00)
2025	$40,400.00
2026	$40,804.00
2027	$41,212.04
2028	$41,624.16
2029	$42,040.40
2030	$42,460.81
2031	$42,885.41
2032	$43,314.27
2033	$43,747.41
2034	$486,033.74*
TIRR	11.10%

*Assumes an exit at an 10x multiple in Year 10

Discussion of Projections: In the conservative case, we see royalties falling to about $24K by Year 10 (roughly a third of the current LTM). This scenario might materialize if "Do It To It" rapidly fades from playlists and has minimal long-tail, and "Easy" also steadily declines with no enduring resurgence. Even so, by Year 10, there is still a meaningful ~$24K annual income, implying the songs don't disappear entirely – they continue to generate background royalties (which is reasonable given they've become part of pop culture to some extent). The Year 10 exit value (8× $23.95K) is ~$191.6K on top of the $23.95k collected.

In the normal scenario (base-case), royalties gently decline to ~$32.6K in Year 10. This assumes that after the post-viral drop, the catalog finds a stable footing and only erodes slowly (2% a year is quite mild; many hit songs actually decay faster, but the ongoing popularity of "Do It To It" in dance playlists and "Easy" in R&B might sustain fairly well). Year 10 income ~$32.6K would command an exit of about $294K at 9×. Notably, in this scenario, the total cash flows (without exit) over 10 years sum to around $357K, and including the exit, you'd have around $651K nominal coming in over the decade.

The optimistic scenario posits that the catalog actually grows 1% annually. This could happen if, for example, "Do It To It" becomes something of a perennial throwback hit every summer, or gets another viral moment (not as big as before, but enough to slightly boost streams), or if new covers/remixes emerge. It's not expecting a second explosion, just that the usage slightly outpaces decay (perhaps new markets streaming more as emerging markets join Spotify, etc.).

In this scenario, Year 10 royalty would be ~$44.2K, and the exit value ~$442K. Cumulatively, 10-year royalties would be about $422K, plus the $442K exit.

NPV and IRR Analysis: Using a discount rate of 8%, we calculate the NPV of each scenario's cash flows (including the Year 10 sale):

- Conservative NPV @8%: Approximately -$100K (present value of 10 years of declining royalties + $191K exit) is ~$300K. This can be interpreted as the justified valuation if one anticipated the pessimistic decline – paying $400K would yield a 3.23% IRR in that scenario. If an investor paid more than that and the conservative scenario came true, their return would fall short of 8%.

- Base-case NPV @8%: Around -$20K (this is the valuation that makes the discounted cash flows equal the price, or close to it). At a ~$380K valuation, the IRR for the 8% decline scenario is exactly 8%. This roughly corresponds to a multiple of about 9.5× the adjusted LTM. It's higher than the 9× exit multiple because we are including 10 years of cash flows before that exit (so one is effectively capturing more than 9 years of earnings in present value). If the investor pays roughly this amount and the royalties decline gently as assumed, the investment would achieve ~8% IRR. At the modeled $400k entry, the IRR is ~7.2%.

- Optimistic NPV @8%: Approximately $86.5K. If one were confident in slight growth, the asset could be worth up to ~$486K in present terms at an 8% discount. That would equate to a higher effective multiple on current earnings (because of growth). If an investor bought in at ~$400K but the optimistic scenario played out, the IRR would be around 11.1% – a substantial upside surprise in returns.

For clarity, here are the scenario outcomes in terms of IRR if the purchase price were, say, $400K (the base scenario NPV):

- Conservative outcome -> IRR ~3.23% (lower return due to underperformance).

- Base/Normal outcome -> IRR ≈ 7.2% (nearly meeting target).

- Optimistic outcome -> IRR ~11% (exceeding target due to outperformance).

This illustrates the risk/reward: the actual IRR realized will depend on how well the catalog sustains its earnings. There is a swing from mid-single-digit returns in a downside case up to low-double-digit in the upside case, given that purchase price.

Valuation Implications: The current owner and market will likely have a view somewhere between the normal and optimistic scenarios when pricing. Given the likely $40K/year and a recent growth story, the seller might tend toward the baseline assumptions. If one were more conservative, one might value it under $400K. If bullish, one could justify up to ~$500K+. It's worth noting the investment criteria (next section) suggest a $1M+ catalog would need >$100K annual earnings, which this doesn't have on a stable basis – so expectations should be tempered.

Each scenario assumes an improving exit at year 10 to mirror the performance over 10 years- 8× in the conservative, 9x in the baseline, 10x in the optimistic. If, for some reason, the catalog had no sale (and one just held it, collecting declining cash flows beyond year 10), the NPV would change accordingly. But given that life-of-rights means you could hold indefinitely, an exit multiple is a way to approximate the residual value.

It's also important to stress that these projections do not account for any *unexpected upside*, such as a new viral trend (e.g., another TikTok trend using "Unappreciated" or a movie licensing "Do It To It" – which could spike income temporarily) like we've seen in the past. Nor do they account for downside beyond gradual decay (e.g., the risk that streaming platforms pay lower rates or that the songs practically vanish from public consumption – which is unlikely to zero out but could accelerate decline). The scenarios give a reasonable range: from a steady erosion to a slight growth case.

In conclusion, under Conservative assumptions the catalog is a slower-yield, shrinking annuity and would be valued under $0.4M with returns under 8%. Under Normal assumptions, at ~$0.4M price, an investor gets ~7% and the income slowly declines but is bolstered by the exit value. Under Optimistic assumptions, the income actually grows and the investor could see substantially more value (NPV ~$0.48M), with a profitable exit. An investor should weigh how realistic each scenario is – considering the song profiles, a modest decline scenario is perhaps most likely (viral buzz fading but songs not disappearing). Therefore, our base case valuation in the ~$400–450K range seems justified. We would treat the optimistic outcome as potential upside (maybe if "Do It To It" remains an enduring meme or gets another lease of life) and the conservative as a downside case (if interest in these songs falls off quicker than expected).

The cash flow tables above justify these projections year-by-year, and the IRR/NPV figures guide what one might pay today. In practice, the auction market might price this catalog at a higher multiple if there is competitive demand (given the headline appeal of the hits involved). But from a fundamentals perspective, one should be careful not to overpay for the recent spike that is now waning.

Royalty Exchange

6. Investment Criteria Analysis

We will now evaluate how this offering measures up against eight standard investment criteria for music royalties, explicitly addressing each:

- Size (≥ $100K annual royalties & ~$1M+ valuation): *Does the catalog generate sufficient cash flow to meet the size threshold?* As of the latest full year, the catalog's annual royalties were about $74K in 2024, and the trailing-twelve-month is around $60K. This is below the $100K/year benchmark. Even at its peak, it did not reach six figures annually. Consequently, the expected valuation (at typical multiples) would likely be in the mid-to-high six figures (we estimated ~$400–450K in the base scenario). This is under the desired ~$1M+ size criterion. In short, the catalog does not meet the size criteria: it's a medium-sized catalog in terms of cash flow, not a $100K+ per year producer. This could be a concern for some investors who prefer larger, more stable income streams. On the positive side, the catalog did show a high watermark of ~$74K and historically (pre-data) the songs earned significant sums (just not in the last year into account). But strictly by current numbers, it falls short of the size threshold. An investor might factor in that 2022–2024 averaged around $54K/year, and the forward-looking might be in the ~$40–50K range – still below $100K. Thus, if size is a rigid criterion, this asset fails it. However, it is possible that with the cachet of the hits, the asset might be valued as if it could climb back, but we should remain grounded in actual revenue.

- Growth (Flat or Positive Historical Trend): *Is the revenue trend flat or growing, rather than declining?* The catalog shows a mixed growth picture. There was explosive growth from 2022 to 2024, but this was driven by a one-time viral event. Crucially, the current trend is declining – 2025 is on track to be significantly lower than 2024. If we smooth it out, one could say revenue grew in 2023 and 2024, then started declining in late 2024 onward. The key here is the criterion's intent: we prefer catalogs that are at least stable or growing over time (indicating longevity and possibly upside). In this case, the growth was not organic, steady growth but rather a spike. Going forward, it appears to be decay rather than growth. Therefore, the catalog does not strictly meet the growth criterion in a sustained sense. It fails the "flat or better" rule because the best twelve months are already behind it. That said, if one looked at a longer history, one might argue the underlying older songs (like "Do It To It" original) had flat low income for years, then huge growth with the remix – but that growth has peaked. So unless another growth catalyst appears, this is trending downward. An investor would likely classify this as a declining revenue asset at present, which typically commands a lower multiple (reinforcing the need for conservative projections). In summary, criterion not met – the revenue trajectory is not reliably flat/up; it spiked and is now falling.

- Dollar Age (≥ 7 years average age of earnings): *Are the earnings from older, well-established songs (7+ years since release on average), indicating stability?* This criterion examines how "mature" the royalties are – older catalogs (high dollar age) suggest the songs have been earning steadily for many years. Here, the catalog's earnings are dominated by fairly recent earnings on an older song. "Do It To It" was released in 2006 (19 years ago), which on the surface is great (old song). However, the majority of its earnings came in 2021–2023 due to the remix bringing attention back to the original track– one could consider those dollars are "young" in terms of earning history. Similarly, "Easy" was released in 2019 (~6 years ago), which is right around the cutoff (and its big earnings came within 1–3 years of release, also relatively young). The other songs like "Unappreciated" (2006) and "Killa" (2008) are well over 7 years old, but they contributed very little to recent earnings (their big years were 15+ years ago and now they're minor). Regardless of revenue generated by exploitation that happened within the last 3 years, the earnings are attributed to tracks that are 19+ years old. One could view the recent exploitation with a relatively low dollar age in practice, but one could also argue that the songs have proved they have longevity by being revived 15 years later. Since the criterion is usually interpreted as "has the catalog been making money for many years?", we would have to say this catalog passes the 7+ year average dollar age target. The songs' release ages are older (which can be good – no impending expirations, etc.), and while the earnings profile is youthful and potentially volatile in some regards, it's centered around tracks that are nearly two decades old. This criterion is borderline, given both sides of the argument – we lean towards met.

- Streaming Revenue (≥ 50% from streaming): *Is at least half of income coming from streaming (showing adaptability to the modern music economy)?* Yes – this criterion is satisfied. Streaming is the primary source of revenue for this catalog, comfortably around 50% or slightly more of total earnings. As detailed earlier, roughly ~49% came from audio streaming platforms and a couple extra percent from streaming video, so combined streaming exceeds 50% of income. This indicates the catalog is well-positioned in the streaming era – its biggest songs are clearly being consumed through streams by listeners worldwide. The heavy streaming share is a positive sign: it means the catalog is not overly reliant on legacy formats like radio or downloads that might decline; instead, it's riding the main wave of how people listen to music today. So definitely, criterion met – the catalog has the profile of a modern streaming-friendly royalty stream.

- Diversification (No single song > 30–40%; broad distribution): *Are earnings distributed across numerous songs, or concentrated in one/few?* Here the catalog fails the diversification criterion by a wide margin. As noted, one song contributed ~63% of the revenue, and the top two songs together about 85%+. This is a very concentrated

portfolio of songs. Ideally, we want a catalog where if one song's popularity wanes, others pick up the slack. In this case, the fate of "Do It To It" largely determines the fate of the income. This concentration is a risk: if "Do It To It" were to dramatically drop off, there aren't enough other sizable earners to cushion that fall. The other ~80 songs collectively contribute only ~15% of income, and no single one of them (outside "Easy") contributes even 5% on its own. So there's a heavy tail of minor works. The criterion threshold of not having more than ~30% from one song is nowhere near met – we have double that share in the top song. Therefore, from a diversification standpoint, this asset is highly undiversified. It's essentially a bet on one blockbuster and one secondary hit. Investors should be aware that this increases risk: the variance of cash flows is tied to the usage of one composition. On the flip side, both those top songs are quite robust in their respective domains (so one might be confident in them individually), but nonetheless, the lack of spread means the asset doesn't check the diversification box. In summary, criterion not met – the catalog is *hit-dependent* rather than a broad collection of moderate earners.

- Duration (≥ 20 years of rights remaining): *Is there a long duration of income ahead (no imminent right reversions or expirations)?* Yes – this is a life-of-copyright sale, and the songs are nowhere near entering public domain. The compositions are all relatively "young" in copyright terms (released in the 2000s and 2010s). Copyright on these songs will last until 70 years after the last co-writer dies. So the buyer will have decades of royalty entitlement. This meets the 20+ year criterion easily – in fact, effectively perpetual from an investment horizon standpoint. Another aspect: no pending expiration of any administration deals that would cut off income. The current royalty collection is via PROs and established channels that will continue operating. Thus, the duration criterion is met – the catalog offers a very long runway for earnings (the challenge is more about the quantum of those earnings, not the length). The investor can collect these royalties for potentially generations, which is ideal.

- Distribution Partner (Reliable collection/payment): *Are royalties paid through reputable, dependable organizations (labels, PROs, etc.)?* Yes – the royalties here are collected and paid out by major PROs and publishing administrators. From the data, we see references to BMI/ASCAP style breakdowns and major digital platforms. The key is that all sources are well-established industry channels: Spotify, Apple, YouTube, terrestrial radio via PROs, etc. There is no dependence on a single small label or an unproven payer. Instead, the income comes from dozens of micro-sources aggregated by PROs. We can infer, for example, that U.S. performance royalties likely come via ASCAP/BMI. Those entities have a long track record of timely, audited payments. The data even shows back payments being received (which indicates the admin is diligent in catching underpayments). Therefore, the investor can be confident in the infrastructure of collection – it's as solid as it gets in music royalties. Payments might be split among PRO

quarterly checks, but all from trusted intermediaries. No red flags such as foreign PROs not paying or a bankrupt label. So this criterion is fully met. The distribution partners are indeed "reputable, reliable."

- Commercial Appeal (Mainstream appeal, not niche production music): *Are the songs commercially popular and broadly appealing (as opposed to obscure cues, etc.)?* Absolutely yes – this catalog's songs have strong commercial appeal. The flagship songs were hit singles on radio and streaming, not background music or niche cues. "Do It To It" was a Top 20 Hot 100 hit and then a global EDM viral hit – extremely commercial (millions of consumers know it). "Easy" was a certified double-platinum R&B track with a superstar feature. These songs have been played at clubs, parties, on mainstream radio, in popular streaming playlists, and even ads – they are *highly commercial*. The catalog does not consist of, say, library music for reality TV or one-off production tracks; it consists of artist songs that were released on major labels (Cherish on Capitol Records, DaniLeigh on Def Jam, etc.) and achieved significant popularity. Furthermore, the involvement of these songs in pop culture (movies like *Step Up 2*, TV like *Empire*, viral trends) underscores their mainstream resonance. None of the major income drivers are from esoteric sources – it's not like the revenue is coming from some small territory sub-license or a narrow genre. It's coming from broad consumption by the public. Even the lesser songs in the catalog are in the R&B/pop realm (the BET show group songs, etc.), not production music. The criterion specifically cautions to exclude catalogs dominated by production music for reality TV or similar – here, while there are reality TV songs, they are original songs featuring known artists, not library cues. So indeed the commercial appeal is strong. Investors typically like to see recognizable titles, and here we have that in spades: "Do It To It" is a recognizable title across demographics, and Cherish/Chris Brown affiliations are marquee. Therefore, the catalog easily meets this criterion. It is a commercially proven catalog with clear popular appeal – arguably one of its biggest strengths as an asset (people will keep listening to these songs because they're catchy and tied to memorable eras/events).

Summary of Criteria Fit: Out of the 8 criteria, this asset meets roughly half. Specifically, it scores well on Streaming, Duration, Dollar Age, Distribution, and Commercial Appeal. These are important positives: the catalog is built for the streaming era, has a long life ahead, is collected by reputable channels, and contains genuinely popular music. On the other hand, it falls short on Size, Growth stability, and Diversification. Those represent the risk factors: it's a mid-sized earner (not huge), its recent growth is not stable (actually reversing), and it's very dependent on one hit song.

For an investor, the mixed criteria results mean this opportunity has both clear attractions and clear risks. The opportunities are in the quality and popularity of the songs (which could yield surprises on the upside, and ensure some baseline listening continues) and the fact that

streaming is driving it (so one can monitor and predict trends via streaming stats). The risks are that the income may continue declining faster than hoped (since it's not broadly spread across a steady back-catalog), and the catalog might not generate enough annual cash to meet some institutional thresholds (some investors want $100K+/yr catalogs only). The lack of diversification and recent peak suggest a need for a more conservative valuation, which we accounted for in our scenario analysis.

In conclusion, while the catalog doesn't tick every box, it presents a compelling story: a set of hit songs with enduring cultural footprints, albeit with a currently declining income profile. An investor will have to be comfortable with the concentration risk and the possible downward trend in near-term royalties, but can take comfort in the strong streaming presence and long-term ownership of proven hit IP. Balancing these factors is key in the investment decision, and the criteria above provide a framework: about 4 of 8 criteria are solidly met, 2 are borderline, and 2 are clearly not met. This doesn't disqualify the asset, but signals that the asset would require careful pricing (to compensate for the shortfalls) and active monitoring of the top songs' performance post-acquisition. Overall, the offering's value lies in its hit-driven upside and cultural relevance, whereas the main drawbacks lie in recent volatility and concentration – factors the investor should weigh in light of their portfolio strategy and return targets.