

Maitreya Promotions Funding Business Plan

--- Confidential ---

Version 1: 25.10.2008 by Maitreya/MaWa

Version 2: 26.10.2008 by Maitreya/MaWa

Version 3: 28.02.2009 by Maitreya/MaWa

Version 4: 03.03.2009 by Maitreya/MaWa/Logical One

Version 5: 14.03.2009 by Maitreya/MaWa/Logical One

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1. Summary

1.1. *The Goal*

In short, the goal of this plan and this project is to break Maitreya as an artist by the means of a promotional campaign funded by angel investors. We aim for the album to go Platinum in New Zealand (15.000 copies sold, counted excluding LECDs)

1.2. *The Plan*

This plan is two-fold: Firstly, the promotional schedule Maitreya has set out to achieve the goal, which is the cornerstone to the plan. Secondly, the process and outline of a return of investment plan for the people who decide to support and fund this plan.

1.3. *The Payback*

From an easy viewpoint, you can consider this plan first and foremost as a means of sponsorship, but the payback or return-of-investment options described here are meant to be very serious and the people involved are committed to make this plan work for all parties involved.

2. MAITREYA: The Plan to break through

2.1. Who is MAITREYA?

Hailing from Christchurch, New Zealand, Maitreya is an MC with a mood and a message to renew the faith of Hip Hop heads worldwide. His soulful melodies, punctuated by tight, head nodding beats and rhymes made him the first ever hip hop artist to crowd-source 50K on SellaBand.com to record his debut solo album **Close To Home**.

Maitreya began his career as part of live Christchurch Hip Hop band, **NILSTATE**, gaining a cult like following and a reputation for unpredictable & explosive performances. Moving to Auckland in '96, Maitreya joined **DARK TOWER** who took the nation by storm, touring to sold-out venues all over the country and collaborating with such artists as Dave Dobbyn, The Feelers and Tiki Taane. In '01, Maitreya went solo, recording with NZ Hip Hop legend DLT, Nesian Mystik and Pete Wood of Salmonella Dub, as well as becoming a popular on air personality at Auckland radio station Mai FM.

In '03, Maitreya took his skills to the Mecca of Hip Hop, New York City, where he secured an internship at **Roc-a-Fella Records (Jay-Z)**. For the next three years, he worked for Roc-a-Fella and immersed himself in New York's Open Mic scene, eventually getting his own show Illegal in and around the Lower East Side. In 2005 he released an album/mixtape **ILLEGAL ALIEN** hosted by The Game's DJ, **DJ Kris-Stylz** and sold 500 copies on the streets of New York.

In '06, Maitreya hit **SellaBand.com** with a fresh repertoire of songs and became in immediate sensation, crowd-sourcing 50K in just 7 months. The album, produced by The Silence & Maitreya, was recorded in New York, London and New Zealand and mastered at Universal Mastering Studios New York by the legendary Vlado Meller (Kanye West, Public Enemy, Run DMC...).

In July '08, the single **WAITAHA** was released to rave reviews and subsequently nominated at the 2008 Silver Scrolls for the **APRA Maioha Award** for Contemporary Maori Song Writing. WAITAHA has remained in the top 13 most paid download chart of amplifier.co.nz since it's release in July. Having returned from a tour throughout New Zealand, Europe and Hong Kong, Maitreya has just released his second single, **LOTALUV**, accompanied by a video shot in Mon Kok, Hong Kong... the most densely populated square mile in the world!

Sites:

Website: www.Maitreya.co.nz

Sellaband: www.sellaband.com/Maitreya/

EPK : www.oneloveandlight.com/EPK_ENTER.html

Blog: www.Maitreyamusic.tumblr.com/

Myspace: www.myspace.com/entertheMaitreya

2.2. Background

2.2.1. What has happened so far?

Close to Home was released through SellaBand.com on April 4 2008 and made available for purchase online.

Maitreya began his release strategy for NZ at this point releasing the first single **WAITAHA** in July, 2008. His second single, **LOTALUV**, was released in December, along with a video shot in Hong Kong.

2.2.2. What has been achieved so far?

With very limited promotion funds, Maitreya was able to release:

WAITAHA in July '08. The single has had great support at student and non-mainstream radio. It's strong Maori content and Drum n Bass content meant it was more suited to this market than an overtly commercial radio audience. A [video](#) has been produced from the live footage of the **WAITAHA WINTER TOUR**, which will be released late March 2009, with another push at radio.

WAITAHA spent 10 weeks in the Top 10 on NZ radio stations **Radio One and RDU**.

WAITAHA was nominated for the Maioha Contemporary Maori Song Writing Award at the **2008 Silver Scrolls**.

WAITAHA has remained in the amplifier.co.nz top 12 downloaded songs charts since July 2008, it is currently #5 (March 2nd '09).

Maitreya played 6 dates around NZ on the **WAITAHA WINTER TOUR**.

LOTALUV was released in December and began to pick up speed at radio and TV in January '09. The accompanying [video](#) has been very well received and has been a major factor in the song attaining a higher level of radio play and exposure.

LOTALUV has gained an A-Rotate position on KIWI FM, RADIO ACTIVE, RDU and RADIO ONE.

The video for **LOTALUV** has been placed on **Juice TV and C4 TV**.

Maitreya was featured on nationally broadcast NZ Music show **NZOWN**.

Maitreya has gained national TV and radio exposure through interviews on:
Nightline - #1 news show.

Juice TV's NZOWN – Music TV show focussing on NZ hot artists

Te Kaia – Maori TV News

Music 101 – Radio New Zealand’s most respected interview show

Newstalk ZB - #1 Radio station in the country

Freak The Sheep – BFM New Zealand Music show

George FM – Drive time show

Radio One – Breakfast & Drive

Base FM – Breakfast Show

RDU Drive – The Greenroom (NZ Music), Hip Hop Show, Miriama’s Show

Print Interviews with

NZ Musician – Exclusively NZ Music Magazine, an industry mainstay.

Back 2 Basics – #1 Hip Hop Magazine in the country.

Groove Guide – #1 gig guide and interview magazine.

2.2.3. What drawbacks have occurred, what is needed now?

Videos and Advertising are the keys to lifting the profile of any release. With **LOTALUV**, Maitreya has been able to lift his profile but could not compliment it with the necessary advertising due to lack of funds.

We believe that videos are critical to breaking singles and making a hit of one or more singles is key to breaking the album. We have access to some of the best video makers in NZ. 30% of the promotional budget is set aside for video production. We plan to use the promotional fund to produce the highest possible quality videos for the remaining singles and promote these through advertising and touring.

2.3. *NZ and the goal*

2.3.1. New Zealand

NZ has a population of 4 million people. The market is small, but competition high and support for local music is strong. Platinum sales in NZ are 15,000 units. Each year, about 10 to 15 acts achieve this, so to go platinum means you have broken the market which translates into Sales, Merchandising and Touring revenue.

2.3.2. The goal

Our first goal is to break three singles. We want to go #1 with at least one of those singles. Each single release will be accompanied by online advertising at music download sites, music magazines and radio websites. We will take out print ads where appropriate and combine each release with a street promotional campaign (Stickers and Posters). We will purchase Single of the Week spots at radio and continue to garner media interest.

Our ultimate goal is to make Platinum sales (this will most likely exclude (because of the registration) the LECDs) of **Close To Home**. We will accompany the album's release with a national tour. This tour will be a revenue stream of both album and merchandise sales. We will advertise extensively on commercial and student radio, conduct national poster runs and purchase advertisements on music video channels C4 and Juice TV.

2.4. The Team

Who is on it and what are their roles?

Ashley Page – PageOne Management.

Ashley Page is a ten year Veteran of **Warner Music** and has broken many acts here. He brings both connections and experience. His roles will be plugging radio and TV, securing a distribution deal with a major label, networking and guiding promotional activities. He has a proven track record in the industry in NZ.

Duane Schroeder

Duane has managed all of Maitreya's touring. He has strong relationships with many major **Ski and Beverage** companies in NZ and is in the process of booking dates for a Ski Field tour in June next year. He will be in charge of all touring and will road manage the tours.

Kilotone

DJ and Producer Jeremy Frogger is one half of Drum n Bass duo **Kilotone** responsible for production on **WAITAHA**. He is Maitreya's official live DJ. Maitreya and Kilotone are in the process off organizing a monthly night called Hip Hop Lives Here in Auckland with NZ Hip Hop legend King Kapisi. This night will help to build and generate exposure.

Fans, Supporters

Maitreya has

917 'believers' on sellaband.com, who have helped to finance his album

the 6 shows in NZ gathered around 100 people per show

his mailing list contains about 500 people

70 people are on his 'Street Team'

Some 'high-level' people with various skills are on the team of this project

3. The Plan

3.1. Strategy

3.1.1. Promotional Strategy

Isaac Promotions

New Zealand's longest running independent music promotions company will be contracted to promote *Close To Home* and four single releases over a 12 month period. **Isaac Promotions** has second to none relationships with Radio and TV programmers, print and tv media agencies and physical promotions companies. Isaac will take full control of publicity and marketing of the singles and album, delivering bi-weekly reports on progress.

Videos

Releasing videos for singles is critical to success in any music market. We will be dedicating \$10,000 NZD the promotional budget to shooting top quality videos with some of the best NZ music video directors, producers and editors. Videos for **ALONE, CHUR TO THE CHUR & SIN CITY** will be promoted aggressively online and at TV on New Zealand's four music video channels: **C4, Juice, MTV, ALT TV**. We will also be applying for **NZ on AIR** grants (5K) to compliment our video budget.

Advertising (Radio, Print, TV, Online)

Advertising for the singles and album will be purchased on b-net (student radio) and commercial radio. Advertising for the album will be purchased on **C4 & Juice TV**, as well as selected print media. We will conduct a nationwide poster run for the release of the album.

Distribution

Maitreya has been offered Distribution deals through **UNIVERSAL MUSIC GROUP, RHYTHMETHOD** and **BORDER DITRIBUTION**, all of whom will take a 25% distribution fee. The physical distributor will be finalized over the coming weeks and SellaBand will continue to take care of Digital distribution.

National Tour

This tour will cover the entire country and be extensively advertised through TV, Print and Poster campaigns, building on the album release campaigns described above. The tour will provide revenue from CD and Merchandise sales.

3.2. Costs

The planned budget for this project is 15.000 USD, which equals (currently) to about 30.000 NZD (1 USD ~ 2 NZD, 1 Euro ~ 2.5 NZD).

All figures in NZD.

SINGLES

Videos (ALONE & CHUR TO THE CHUR, SIN CITY)	\$10,000
Radio Advertising	\$1000
(B-net Single of the week spots)	
Street Promo	\$500
Online Advertising	\$500

ALBUM

Isaac Promotions	\$5000
TV Advertising	\$3000
(C4, Juice TV)	
Commercial Radio Advertising	\$2000
(The Edge, Mai FM, Flava, Tahu FM, More FM)	
Print Advertising	\$2000
(Real Groove, Rip It Up, Back 2 Basics, NZM)	
B-net Advertising	\$2000
(Nationwide Album of the Week)	
Release Posters	\$2000
Online Advertising	\$1000
(TV & Radio sites)	
Postcards/Flyers/Street Promo	\$1000

TOTAL BUDGET	\$30,000 NZD
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4. Payback: what's in for you!

4.1. General outline

First and foremost, if you decide to participate, consider yourself a sponsor or an *angel investor*, carrying a high level of risk regarding a payback of your investment. But, no one should participate in this endeavour without the fair chance of such a payback. The revenue coming out of the – hopefully – success will be split in the following way:

Until the initial investment of 50K NZD is paid back:

ALL ALBUM SALES AT RETAIL (approx \$12-13 NZD net profit)

50% of net profit goes to Investors (approx \$6.5 NZD)

50% of net profit goes to Owner of CD (approx \$6.5 NZD)

LECD: Original Owner *

REG CD: Maitreya

Maitreya would like to show his appreciation for the investment and belief SellaBand Believers put in him by selling their **Limited Edition CD's**.

- Believers must make a minimum Investment of **7 USD fresh-money per LECD** they put up for sale (so as example: if you want to put in 20 LECDs, minimum investment is 140 USD).
- Believers may have as many Limited Edition CDs sent from SellaBand as they like, incurring no postage charge (it will be paid out of the budget). If sent from home, Believer will carry the postage cost.
- The LECDs are intended to be sold primary via gigs, but we can't guarantee that.

ALL LECD (sold first) ALBUM SALES AT GIGS (approx \$20 NZD net profit)

37.5% of net profit goes to Owner of CD (approx \$7.5 NZD)

37.5% of net profit goes to Investors (approx \$7.5 NZD)

25% of net profit goes to Maitreya (approx \$5 NZD)

ALL normal CD ALBUM SALES AT GIGS (approx \$20 NZD net profit)

50% of net profit goes to Owner of CD (approx \$10 NZD)

50% of net profit goes to Investors (approx \$10 NZD)

OTHER SALES & INCOME

Sellaband will continue to handle Digital Sales throughout NZ and the rest of the world. Investors receive **50%** of Maitreya's net profit from digital sales. We will also explore other Digital sales possibilities.

50% of all net revenue from merchandising sold at gigs go to investors.

After the initial investment is paid back, (break-even point) the percentage will be reduced to **25%** of the according net revenue (this excludes the agreement about the LECDs, which will be in place for the runtime of the agreement).

The payback period is limited to a period of **3 years** after the plan is put into action and the raised money is transferred to Maitreya. In case the initial investment is not able to be paid back in full in the **3 years** runtime of the agreement, Maitreya is not obliged to pay anything further other than the share of the revenue occurred until that moment.

The target market for this plan is solely New Zealand and all numbers are based on this, but should it happen, that during the runtime of this agreement, a 3rd party deal e.g. for a licence in another country comes along, also the net revenue of those type of deals will be shared accordingly with 50% going to investors.

4.1.1. ALBUM SALES BREAKDOWN

For his album ***Close To Home***, Maitreya has an exclusive one-year exploitation deal with the record label Sellaband from **April 4, 2008**. SellaBand then have a ***non-exclusive*** right to exploit the album for one more year until **April 4, 2010**. They have no infrastructure in NZ. Maitreya did not sign the *new deal* with Sellaband.

After **April 4, 2009** Maitreya owns his Masters and is free to manufacture and exploit his album independently. Albums sell at retail for around **\$30 NZD**. After the share of the retailer and the distributor (25%) and 30% VAT, the artist gets only about **\$12-13 NZD per album** sold. Maitreya also has to cover the risk of returns. Maitreya can produce CDs in New Zealand for **\$3 NZD** per copy. This is by far the most economically viable option enabling the Investment Plan to pay back a far higher % to Investors.

There are also around **2500 Limited Edition CDs (LECD's)** owned by Maitreya's **SellaBand Believers** (Investors) who got one CD per \$10 USD they invested into the recording of the album. These Believer **LECDs** are sitting at SellaBand Headquarters gathering dust and it is Maitreya's expressed desire that these be sold, hence the special conditions for the sale of Believer's Limited Edition CDs. Maitreya will not make any money on LECDs sold at retail, 50% will go to the Owner of the CD and 50% will go to Investors. For LECDs sold at gigs the Owner will receive 50%, Investors 25% and Maitreya a 25% commission.

4.1.2. Scope

The scope of this agreement is restricted to the sale of Maitreya's album ***Close To Home***.

4.1.3. Budget

The budget to be reached to put this plan into is 30.000 NZD. The actual final sum will be slightly more or less due to the conversion rates and the bank transfer cost, for the collecting phase we work with simplified rates here. The budget will not be extended, if further spending is required it solely up to Maitreya to bring up that money. If we can not reach enough commitments from investors to bring up the full budget, the plan will not put into action; it is not required to send any money, before commitments for the whole budgets are made. Oh, and (unlikely or not) funds not used will go directly to the payout account (in full) – well we have been asked.

We are looking now to a couple of weeks in order to get commitments from investors to bring up the budget.

4.2. Procedure

We explored money transfer, escrow accounts, Paypal etc looking for a practical, trustworthy and inexpensive investment and money returning mechanism. In the end it turns out that all these mechanisms do not help with the actual purpose or are simply too expensive without adding value like being more trustworthy. We believe the best idea is to have **HUB** investors who will collect money from the different geographical areas (USA, Europe, Australasia). These are people Investors know they can trust with the transfer of their funds, substantially cutting down transaction fees.

The **HUB** Investors are **Jennifer Barlow** in the US, **Martin Wassman** in Europe and **Maitreya** in NZ collect the actual money transfer through their normal bank account.

Once collected, the money is sent to Maitreya and payouts are done vice versa. There will be **3-monthly** statements of all the money going in and out (budget and income are handled as separate accounts) from the time the project starts until its end (after 3 years).

Payouts are first possible 6 month after the start of the project and than all 3 month after the quarterly statement. Last and final payout is after the 3 years are up. Also, here we will try to minimize bank transfer costs by using people in different areas in the world as 'hubs'.

Because of the bank transfer cost involved generally the **minimum** amount to participate is **\$100 USD** (or the equivalent in another currency).

The records will be held in NZD. Conversions from and into other currencies will occur on the actual bank rate, when a transfer happens.

4.2.1. Payment via Paypal vs. the use of 'Hubs'

Paypal is a very convenient way of making international money transfers, but that comes with a price.

Paypal is

- charging the receiver of the money (for the amounts we are talking about) 3.9% plus 35 Eurocents (or 50 US- dollar cents) per transaction
- in addition it charges 2.5% on top of the interbank rate on currency conversions
- also not necessarily the most secure and service orientated way of doing this

You have to consider, that those charges happen twice:

- on the way of the money to NZ - here Maitreya has to pay the fees
- on the way back for payouts - here the investor has to pay the fees

This is why we came up with the idea of the 'hub' investors. Money transfers will in those cases happen in the following way:

- An investor of one currency zone sends the money in his currency to the 'hub' (currently we have 'hubs' for Euro and USD) via normal bank account to bank account means, occurring minimal or no cost
- the 'hub' than sends all the money in one single transaction to Maitreya via a service like: <http://www.xe.com/fx/> - this eliminates most of the transfer cost and the currency conversion charges
- for payouts the way is simply vice versa
- in this way (bundling per currency and the use of a specialized service) most of the charges can be avoided, which can make in case of Paypal more than 10% of the transferred money overall

4.2.2. "Shares"

If you like, you can still transfer the money via Paypal creating the described charges, but the investment and the actual 'share' will be calculated in the following way:

- from the total money reaching Maitreya in NZ, so after the cost for money transfer and currency conversion, the total and the individual 'shares' of each investor are calculated – on the base of NZD.
- For the payouts and share statements also NZD are used. Money transfer costs are treated as cost deducted from the payout. Also here the 'hubs' can or are be used.

4.3. Risks

The biggest risk is that we sell no albums, make no money on the national tour and the term to pay it back comes up without it actually being paid back, or at least not the majority of the investment.

We will have regular performance reviews and associated milestones. These will be reported to Investors and changes in milestones and goals will also be reported. The types of figures and milestones we will reviewing will be:

- Record Sales
- Signed up fans
- Chart position of singles and album
- Live show attendance
- Radio play frequency

4.4. *Scenarios*

See picture for some example numbers regarding the possible income streams. Please note that these are just examples of possibilities.

Item	Total net return (NZD)	Investors share
From a retail price of 30 NZD the artists get roughly a net cut of around 13 NZD, from which also the production cost of the CDs have to be deducted leaving around 9 NZD per copy, for 5000 sold copies this would be:	\$45,000.00	\$22,500.00
For 15.000 copies (Platin in NZ)	\$135,000.00	\$67,500.00
For (only) 1.000 copies:	\$9,000.00	\$4,500.00
Income from one concert (as part of the tour) by selling merchandise, tickets, etc	\$500.00	\$250.00
When the campaign starts, there is expected that this will have also an effect on the Sellaband related sales, but this is difficult to estimate, but over the runtime of the agreement it is expected to be at least (even considering the poor sales at Sellaband currently): Maitreya gets 33.3% via this	\$6,000.00	\$3,000.00

4.5. *Early Payback*

In the event that Maitreya is offered a Licensing or other recording contract which will reasonably bring about the goals of the Promotional Budget Investment Plan and whereby the a Promotional Budget Investment Fund will constrict his ability to freely enter into that contract, Maitreya may choose to either, make nul in void this contract, only after ALL Investments are paid back in FULL plus 50%, or, to enter into the said Contract continuing to pay 50% of his Net Earnings to Investors for the period of and under the terms of this Investment Plan agreement.

5. Questions and Answers

Question: Maitreya is also the producer of the Nearfield Album and will spend time in Portugal for that. How does this affect this plan?

Answer:

I will be travelling to Portugal sometime in the next few months for two weeks to record the album. However, the majority of the work I do as producer will be done back in New Zealand and the album takes shape through file sharing, distance is no obstacle. As a professional musician I am always working on new material, this will be a project which will take up that part of my time for about three months and so will have no adverse impact on my ability to promote *Close To Home* in New Zealand. In fact, projects of an international nature such as this only go to strengthen my ability to gain media exposure.

Question: How is the campaign to be played out, as a short and intense burst or by the means of slow and continuous build-up?

Answer:

It will be a continuous build up of singles, videos, tours and associated advertising. Of course, we all hope that a single will 'blow up' at which point things can turn from *slow build up* to *intense burst* very quickly! But that's the nature of the industry. The key is to deliver the album at the right time, when awareness and demand warrants the campaign we are planning so we take best advantage of the mediums of advertising and touring.

Question: Will 'Alone' and 'Sincity' be released with Francis and Jake (original) or with local singers?

Answer:

It's a great question because it goes to the heart of the plan, which is: How to promote *Close To Home* most effectively in NZ!? I do have something in mind for one of the singles which would involve a local artist singing the part of a SAB artist. However, I have not gone any further than the idea. Safe to say though that even if we do release a single with a local artist singing the hook, the original version will be on ALL *Close To Home* albums sold in NZ.