

Liquid Domains Market Overview

4th Quarter 2016



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ABOUT THE DATA

Some of the information provided in this report, such as the category breakdown, trademark analysis and valuation data was derived using proprietary systems built by Intelium Corp. or its affiliates.

The domain sales data was provided by ShortNames.com. It was also generated using automated means and through the use of proprietary technology. The data is verified on the best available bases and may be subject to inconsistencies or errors that are corrected at the sole discretion of ShortNames.com.

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GLOSSARY OF TERMS

Chinese Premium - any domain that does not contain the letters A,E,I,O,U,V.

Concentration Index - A calculation that evaluates the registrant density of a particular category. A Concentration Index value of 0 implies that each domain is owned by a separate and unique registration. A concentration index of 1 implies that all of the domains in a particular category are owned by a single registrant.

Development Index - Percentage of the domain category that has been developed into website.

Development/Developed - a classification of a particular domain that was developed into a website. Intelium uses proprietary methodology to determine whether a domain name is developed.

EstiBot - EstiBot.com is a domain analytics platform that focuses on domain valuations and providing its users with tools to buy or sell their inventory.

EstiBot Valuation - a statistical, fair market valuation of a domain name. As a rule, strong trademarks are assigned a fair market valuation of \$0, as the domain name does not have value without corresponding IP rights. These types of domains cannot be effectively resold in the markets as a stand alone asset and their valuations stem strictly from the attached trademark, or IP value.

EstiBot Valuation Market Cap - Sum of all EstiBot Valuations for a particular domain na category.

Liquid Domains - Specific types of domain categories that are actively traded on the major marketplaces. These include LL/LLL/LLLL dot coms; NN/NNN/NNNN/NNNNN dot coms; as well as the NL/LN dot com domains.

5th Percentile - the 5th percentile is the value at two standard deviations below the mean sales price. It is a representation of a reasonable category price floor in any given time period. For example, consider a scenario of only 100 reported sales where the highest sale is \$100,000 and the lowest is \$1,000. If each reported sale is sequenced in \$1,000 increments (i.e. \$1,000, \$2,000, \$3,000 and so on), then the 5th percentile will be the 5th lowest sale at \$5,000.

Registrar - an entity that manages the reservation, transfers, and upkeep of registrant data

Registrant - an individual or entity that registered a particular domain name.

Registry - An entity that manages the database of all domain names and related registrant information relating to a specific TLD. The registry takes on the technical functions of ensuring that the domains in their respective TLD resolve. As an example, VeriSign is the Registry of the .com TLD. **TLD** - top level domain. This is extension part of a domain name. The most popular TLD by registrations is the .com.

Turnover - The percentage of the domain name category that is bought or sold in markets in a particular period of time.for domain names.

Western Premium - any domain that does not contain the letters J,K,Q,U,V,W,X,Y,Z.

Executive Summary

COUNTRY OWNERSHIP & DEVELOPMENT INDEX

China continued to gain significant market share in the last quarter of 2016. Chinese registrants were the only net gainers of liquid domains, with owners in the US, Europe and rest of the world (ROW) losing approximately 10% of their share. The biggest ownership change came in the 4L .com category, with China adding over 45,000 domains, or 10% of the category.

While China is leading the market with over 50% of the registrations in 2N, 3N, 4N and 5N .com, US is still the market leader for 2L and 3L .com domains, the two most developed categories. This suggests that while Chinese investors are clearly leading investor demand, US companies are still the ultimate end user of liquid domain names. It is interesting to note that the global percentage of developed domains decreased from 14.65% to 13.93% in the fourth quarter.

We see three possible explanations: 1) more companies are selling their domains to investors; 2) end user's demand is slowing down due to economical factors; 3) the increased supply coming from the new domain extensions.

SALES DATA

Disclosed sales increased 12% to 5,455 domains sold, and total sales volume increased 7.7% to \$5.48M. Transactions of top tier domains typically remain undisclosed: with the exception of HG.com (rumored to have sold for \$3,770,000 to a Chinese company), there was no recorded transaction of LL, NN and NNN .com in Q4.

The increase in sales volume came mostly from lower tier categories like 4L and 5N .coms. Both categories showed a turnover value of approximately 1%. As predicted in our Q3 forecast, these categories seem to have reached a support level: 5th percentile values increased 6.51% for 4L .com and 8.27% for 5N .com. Transactions of 3L .com domains registered a notable 57% increase in number of units sold; the increase in supply however translated into a sharp 17% decrease of the 5th percentile values, which decreased from \$18,200 to \$15,100. The number of disclosed 4N .com transactions was unchanged from last quarter (11 domains sold), but sales volume almost doubled, increasing from \$259,936 to \$512,983.

FORECAST

The uncertain geopolitical outlook suggests that end users might be less willing to invest large amounts of money in marketing and new product launches, which could explain the decrease in the development index.

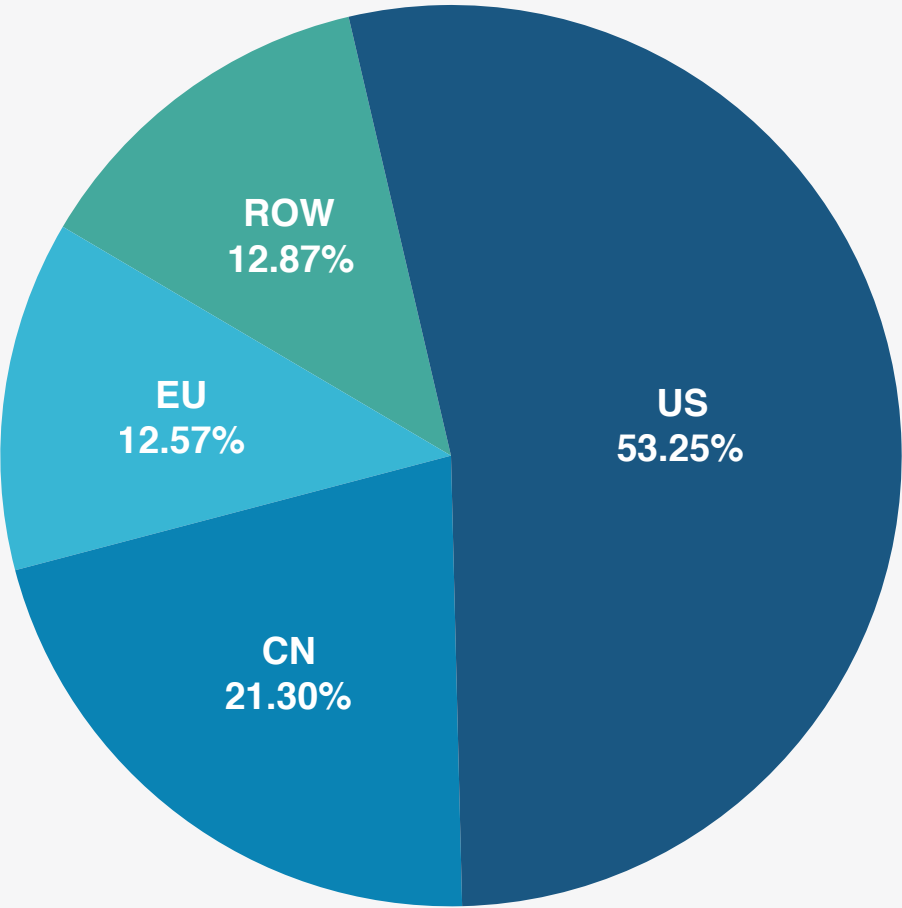
For the first half of Q1 2017, we forecast a further decrease in investor demand due to: 1) the slow period around Chinese New Year; and 2) the increased activity in bitcoins, an investment alternative to domain names for Chinese buyers.

In terms of market opportunities, LN & NL domains still appear to be undervalued because their retail price is quite low in relation to their scarcity (520 domains) and high development index (27.31%). The low concentration index, the lowest among liquid domains, suggests that this category is one of the least susceptible to market manipulation and therefore unexpected surges in supply. Also, since end user demand does not seem to favor domains with Chinese Premium letters, domains with vowels seem to offer better prices than their Chinese Premium counterparts.

LL.com

LEGEND

- US - United States
- CN - China
- EU - Europe
- ROW - Rest of world



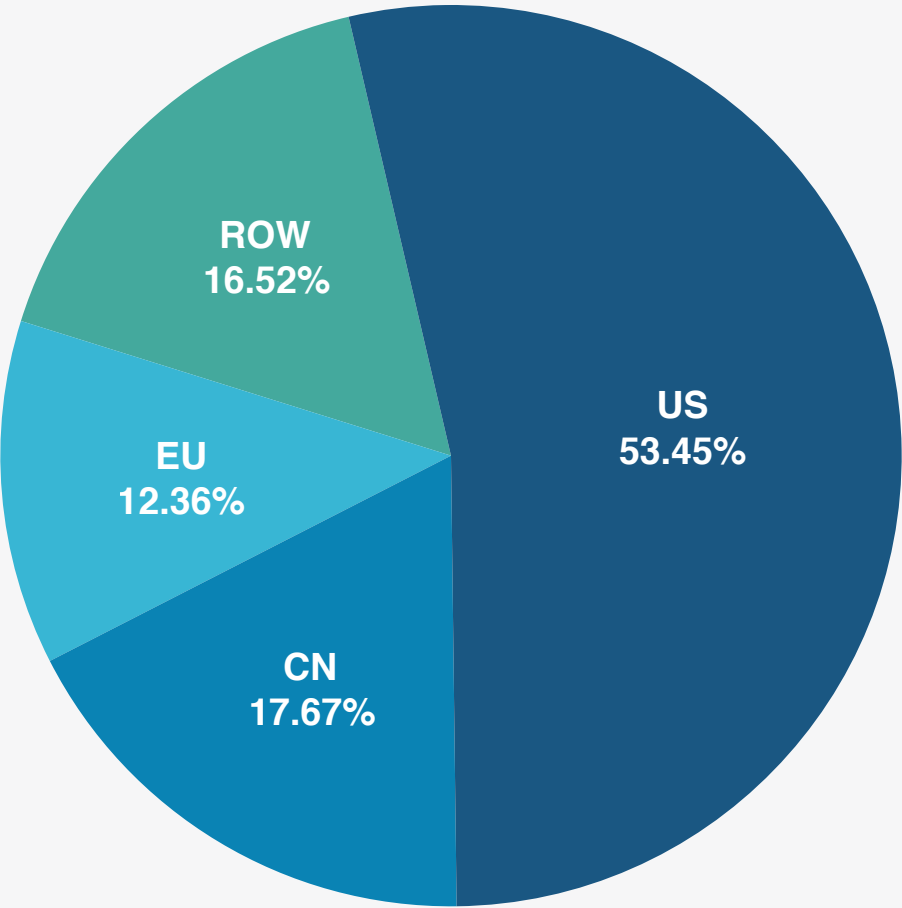
DATA

Total #	676
Development %	37.57%
EstiBot Market Cap	\$2,480,000,000.00
Concentration Index	0.14
Turnover	0.00%
Public sales volume	\$0.00
QoQ 5th percentile	n/a
Country with largest ownership	UNITED STATES

LLL.com

LEGEND

- US - United States
- CN - China
- EU - Europe
- ROW - Rest of world



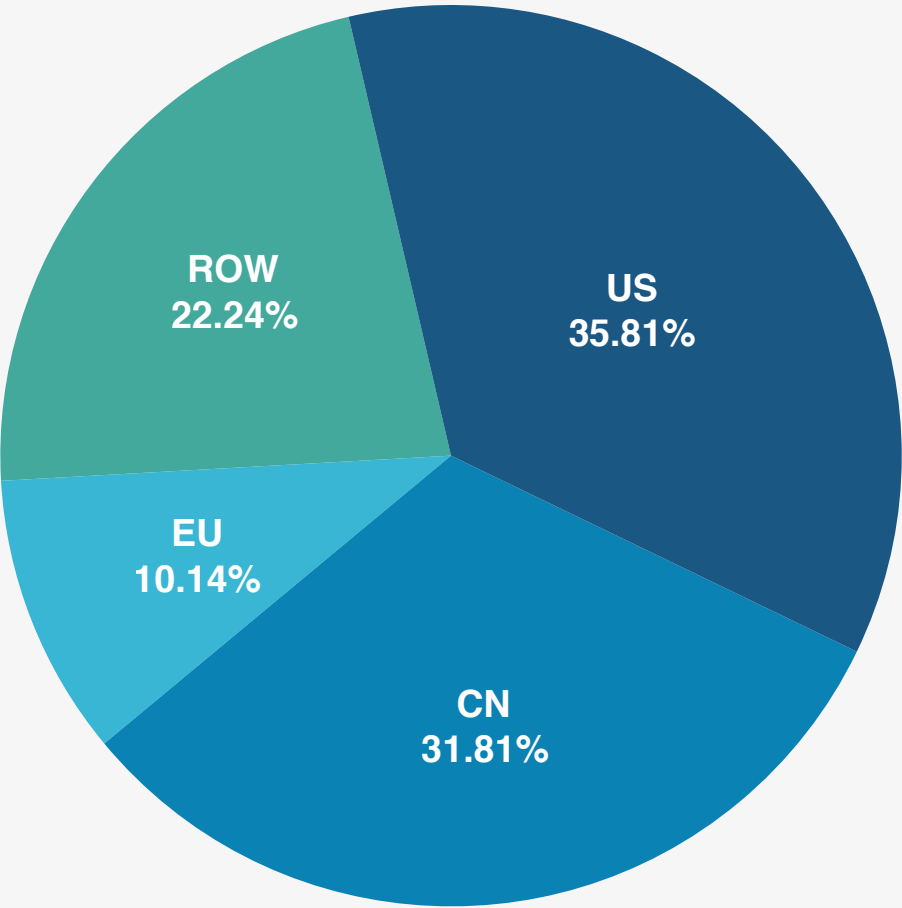
DATA

Total #	17,576
Development %	28.18%
EstiBot Market Cap	\$1,980,000,000.00
Concentration Index	0.29
Turnover	0.19%
Public sales volume	\$1,020,772.00
QoQ 5th percentile	-17.03%
Country with largest ownership	UNITED STATES

LLLL.com

LEGEND

- US - United States
- CN - China
- EU - Europe
- ROW - Rest of world



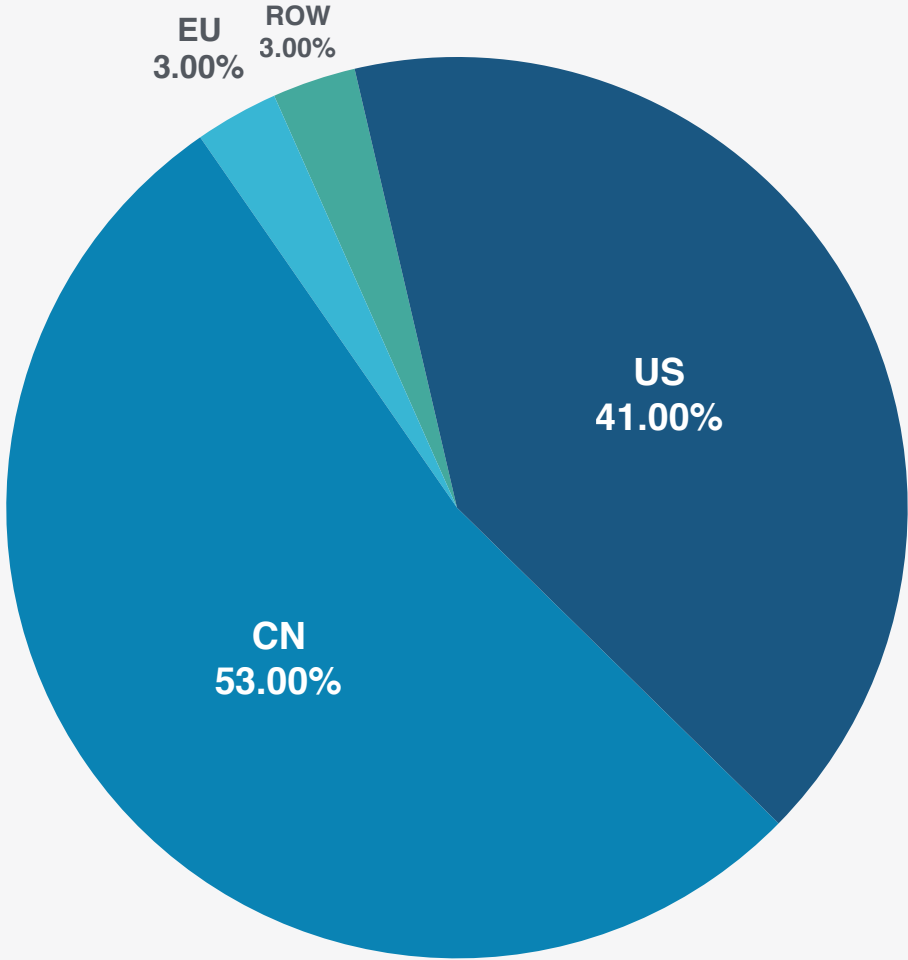
DATA

Total #	456,976
Development %	14.70%
EstiBot Market Cap	\$2,260,000,000.00
Concentration Index	0.41
Turnover	0.95%
Public sales volume	\$2,858,461.00
QoQ 5th percentile	6.51%
Country with largest ownership	UNITED STATES

NN.com

LEGEND

- US - United States
- CN - China
- EU - Europe
- ROW - Rest of world

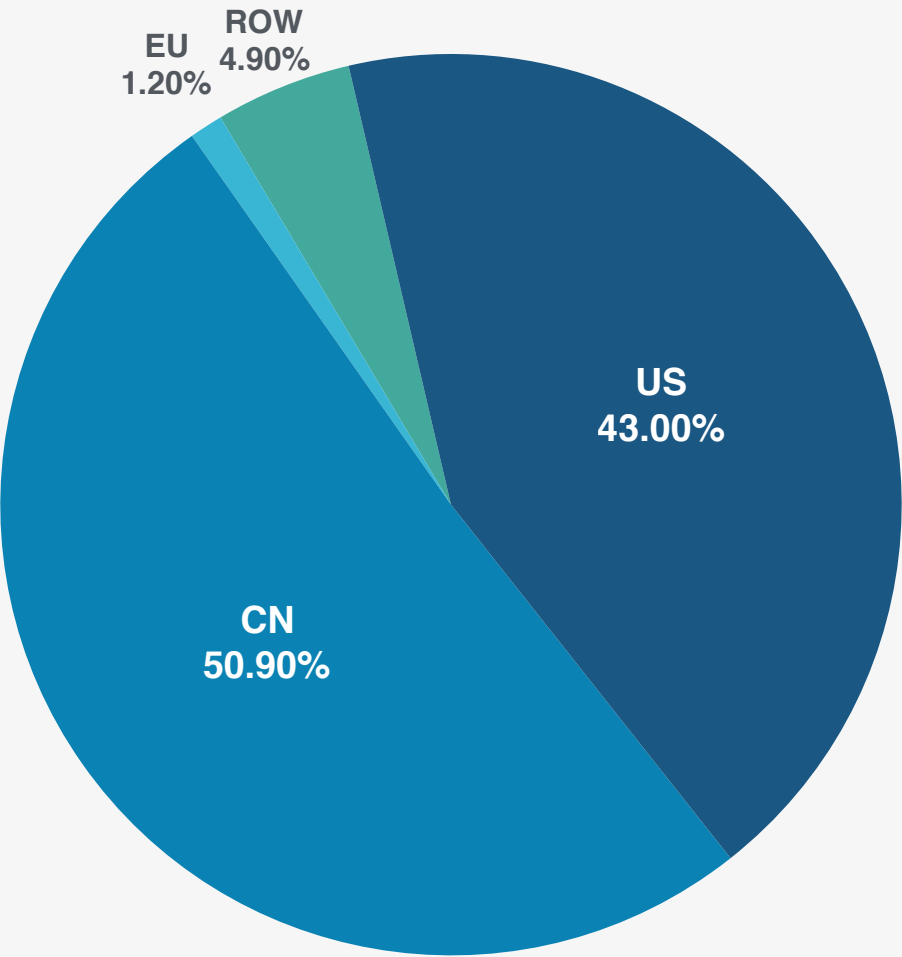


DATA

Total #	100
Development %	26.00%
EstiBot Market Cap	\$158,940,000.00
Concentration Index	0.12
Turnover	0.00%
Public sales volume	\$0.00
QoQ 5th percentile	n/a
Country with largest ownership	CHINA

LEGEND

- US - United States
- CN - China
- EU - Europe
- ROW - Rest of world



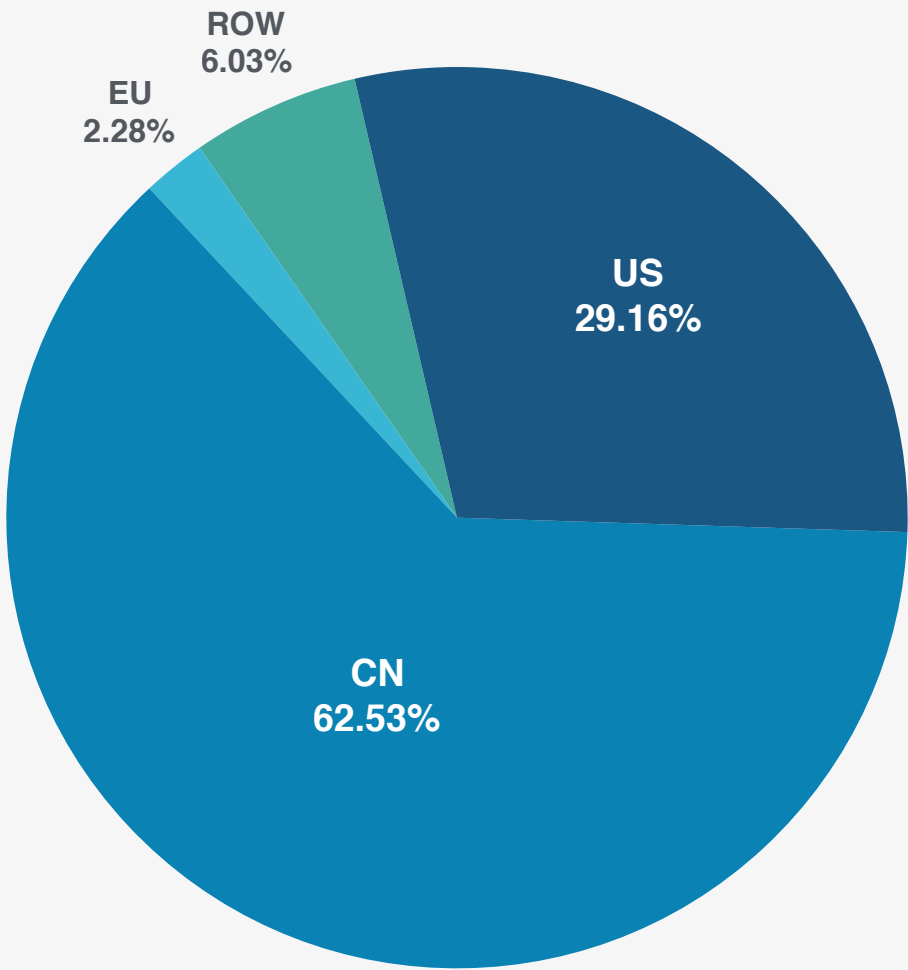
DATA

Total #	1,000
Development %	13.70%
EstiBot Market Cap	\$479,190,000.00
Concentration Index	0.24
Turnover	0.00%
Public sales volume	\$0.00
QoQ 5th percentile	n/a
Country with largest ownership	CHINA

NNNN.com

LEGEND

- US - United States
- CN - China
- EU - Europe
- ROW - Rest of world



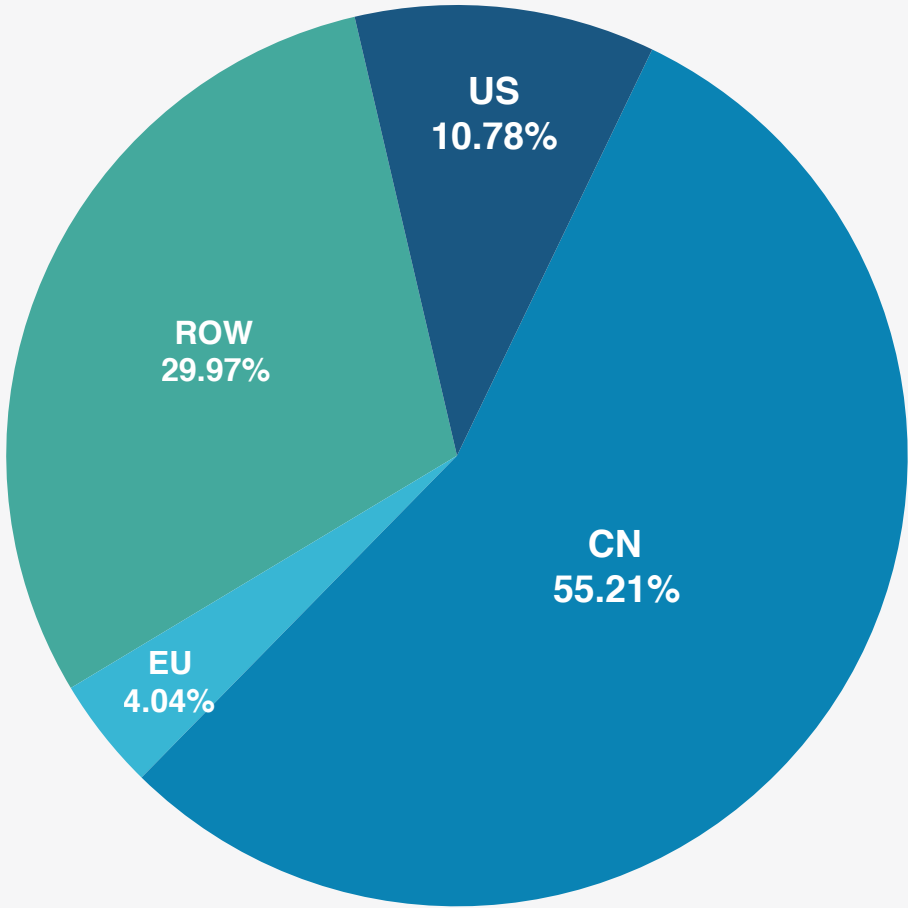
DATA

Total #	10,000
Development %	11.43%
EstiBot Market Cap	\$457,880,000.00
Concentration Index	0.32
Turnover	0.11%
Public sales volume	\$512,983.00
QoQ 5th percentile	n/a
Country with largest ownership	CHINA

NNNNN.com

LEGEND

- US - United States
- CN - China
- EU - Europe
- ROW - Rest of world



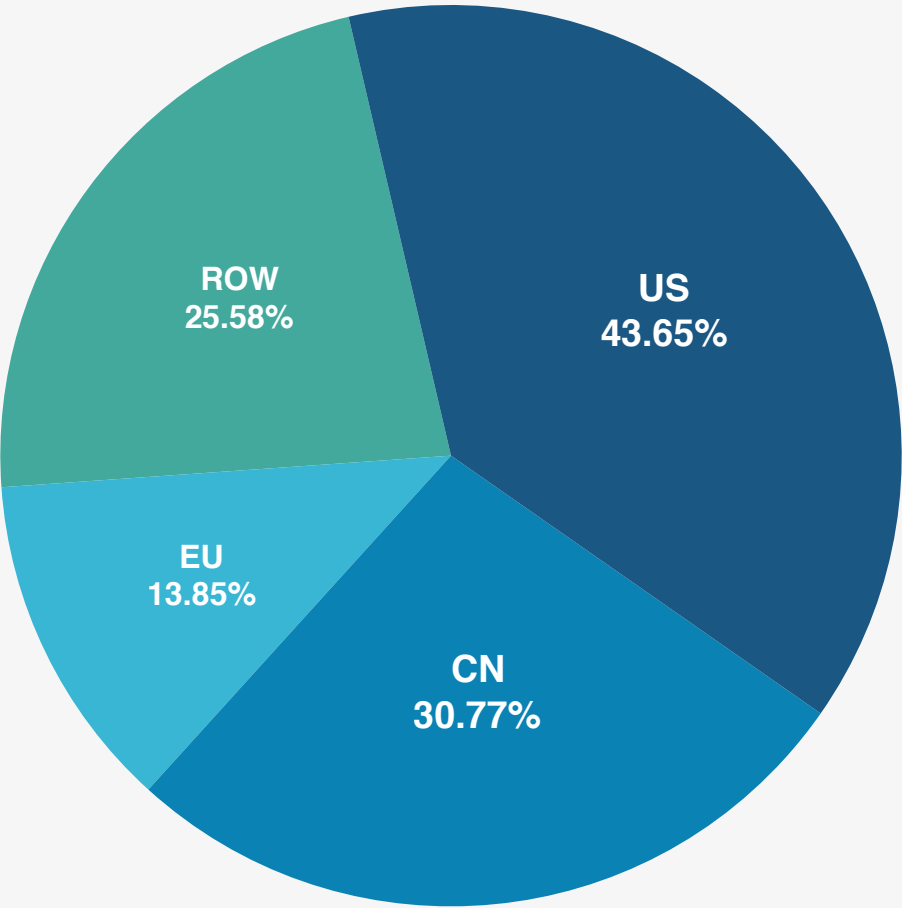
DATA

Total #	100,000
Development %	7.92%
EstiBot Market Cap	\$182,090,000.00
Concentration Index	0.40
Turnover	1.07%
Public sales volume	\$1,049,040.00
QoQ 5th percentile	8.27%
Country with largest ownership	CHINA

LN.com & NL.com

LEGEND

- US - United States
- CN - China
- EU - Europe
- ROW - Rest of world



DATA

Total #	520
Development %	27.31%
EstiBot Market Cap	\$17,970,000.00
Concentration Index	0.11
Turnover	0.19
Public sales volume	\$44,000.00
QoQ 5th percentile	n/a
Country with largest ownership	UNITED STATES



Intelium is the premier supplier of domain name analytics. We specialize in creating powerful software and service solutions for the domain name industry.

Over the past 10 years, our products have been used by hundreds of thousands of satisfied customers across the world. We have built a reputation for providing the highest quality of software and customer service.

We also specialize in gathering and analyzing raw internet data, and converting that data into useful intelligence. Our data is routinely used by domain investors, public and private sector organizations, as well as government agencies to make key decisions.

Software is not just our business, it is also our passion. We strive to continuously improve the software and services we provide to our customers.



GGRG.com is a Lisbon based Brokerage and Consulting firm which focuses on the 29,872 .com domain names defined as “liquid” (NN, NNN, NNNN, LL, LLL, LN & NL). Founded in 2015 with the vision of making the domain after-market efficient, we provide unbiased advice and market intelligence that allows investors to make informed decisions.

With millions of dollars in privately brokered transactions and clients that range from private investors to billion dollar companies, GGRG.com quickly established itself as a leading firm in the domain space, and received award nominations for Blogger of the Year and Goodwill Ambassador in 2015, and Broker of the Year in 2016.



ShortNames aggregates and tracks short domain name auctions and sales across a multitude of domain marketplaces. We provide tools and powerful search features to help domain investors track and monitor domains and categories of interest.

We have been tracking the domain aftermarket since early 2008, with a focus on short domains. Most sales we track are collected from the closing price of public auctions, as well as some private sales that are reported to us by certain venues. We cannot guarantee that all reported sales were completed successfully, but we do our best to remove any inaccurate data.

The goal of the site is to provide an aggregated overview of the short domain market, and to offer tools to those who invest in it.