



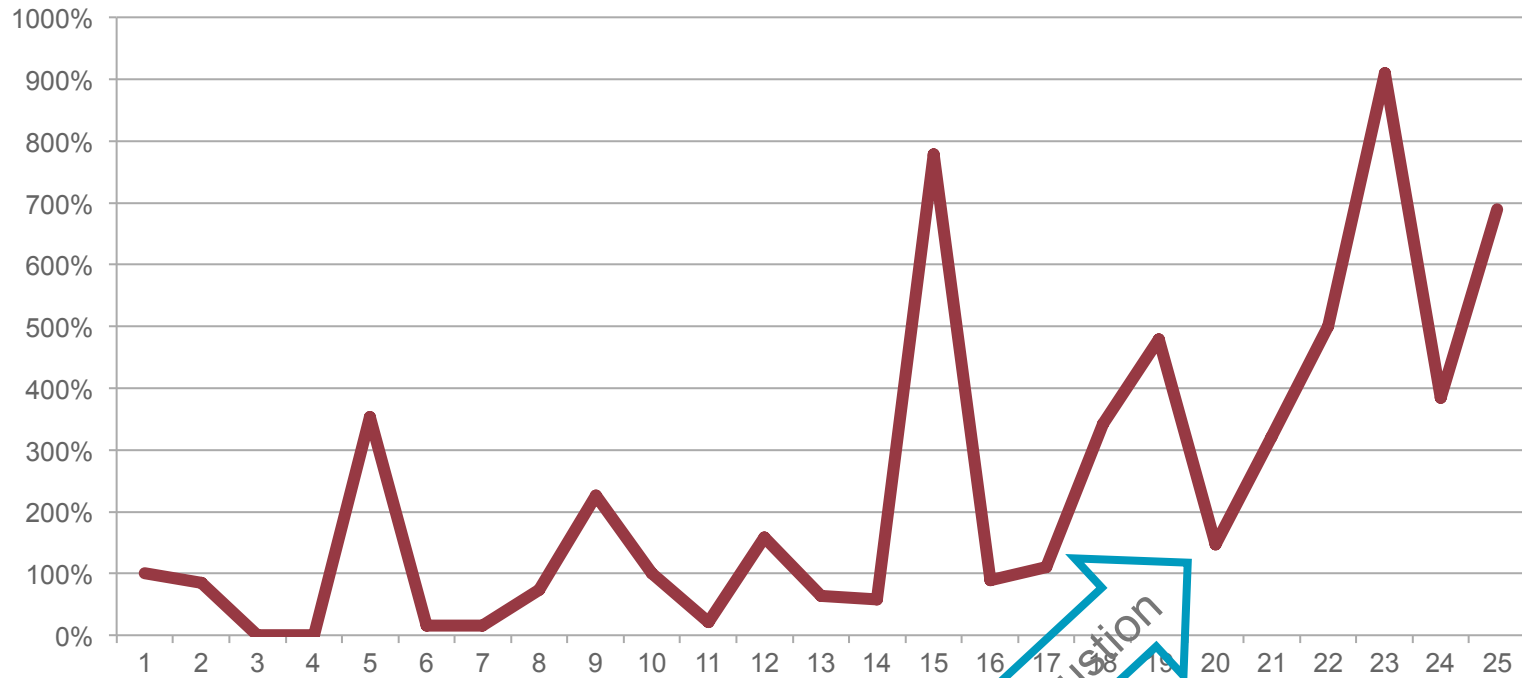
IPv4 Exhaustion and Market Activity

IPv4Auctions.com

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IPv4auctions.com – Historic Volume /17 or smaller

Indexed to Month 1



Months (January 2014 – February 11, 2016)

ARIN Exhaustion

Transaction Activity – Larger Blocks

- **Elephants:**
- Multiple sales of /10 or greater 2014 to present
- Only 1/3 of Transactions Recorded with Registry
- **Large blocks (/16-/12)**
- Frequency of transactions is increasing
- Inter RIR Transfers increasing

Pricing Trends

Inter RIR Transfer rules have created more price uniformity

Pricing has increased in every block size category

/24	\$12 (US)	+	15% YOY
/16	\$7	+	22%
/10 and higher		+	10%

As small block pricing increases, sellers are more willing to break up large blocks.

Doing so increases returns to sellers by 75% or more but takes more time.

Transaction Structuring

Assignment Document and Escrow Agreement

Smaller blocks

RIR pre-approval

Closing time 2 days to 2 weeks

Option Agreements

Larger blocks

Buyer pays in full at closing

Seller retains control of blocks until transfer

Buyer reserves right to designate recipient

Transaction Structuring - Continued

Option Agreement - Features

Requires extensive financial diligence

Typically best for public companies (large)

Requires greater legal/financial review

Revenue recognition often influences structure

Pros & Cons

Pros: Provides certainty of availability to buyer

Defers RIR involvement

Cons: High transaction costs

Not transparent to marketplace (pro?)

Transaction Structuring – Final Thought

Transaction Type	Approximate % of Transactions	Approximate % of Addresses
Direct Sale with Immediate Transfer	96%	10%
Longer term transaction	4%	90%