Liquid Domains Market Overview
1st Quarter 2018

INTRO
While 5th percentile values keep declining, Escrow.com reported nearly $20m in transactions in the quarter, suggesting a strong start for domain investors in 2018.
DISCLAIMER

This report is not intended to be interpreted as investment, legal or tax advice of any type. No entity or person associated with the production of this report currently holds or has the intention to hold themselves out to be a registered investment advisor or attorney. The readers of this report are responsible for performing appropriate due diligence in considerations with any action they may take as a result of this report. To the maximum extent permitted by law, the Authors, the publisher and their respective affiliates disclaim any and all liability in the event any information, commentary, analysis, opinions, advice and/or recommendations in the report prove to be inaccurate, incomplete or unreliable, or result in any investment or other losses.

The reports’ commentary, analysis, opinions, advice and recommendations represent the personal and subjective views of the Author, and are subject to change at any time without notice. This publication is not a solicitation or an offer to buy or sell any securities, domains or any other type of investment or commodity interest. References to specific domain names, extensions or any other parties is for illustrative purposes only and are not intended to be nor should be interpreted as, recommendations to buy or sell domain names.

The Author or entities participating in the creation of this report may be affiliated with some of the registries or parties listed in this report.

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.

The escrow.com sales data is verified on the best available bases and may be subject to inconsistencies or errors that are corrected at the sole discretion of Escrow.com.

Any information requests should be directed to g@grg.com. Please put Quarterly Industry Report in the header of the email.

Index, ETF and all security return data was initially computed by Morningstar, Inc. and is shown in this report for display purposes only. This data is not, nor is meant to be used as, actionable investment advice; nor a direct comparison between any exchange or market traded security, or individual stock, or index and any category of domain names. We cannot guarantee the accuracy of any such data, as it is maintained by a third party and may be subject to errors, or unavailability. Morningstar, Inc. did not participate in the creation of this report and reserves all intellectual property rights in regard to its own materials or data.

GLOSSARY OF TERMS

Chinese Premium - any domain that does not contain the letters A,E,I,O,U.V.
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.
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 name 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 NULN 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.
DEVELOPMENT INDEX AND OWNERSHIP DATA

2018 starts with a continuation of the trends observed in our past reports: China continues to gain market share, especially on the 5Ns front where Chinese registrants added almost 4,000 domains, bringing up the total domain count up to almost 200,000 or 32.12% of the total market. The US also gained 1% of market share, ranking as second behind China with a total of 18.54%. Europe and the rest of the world continued to hold a stable market share of around 7.5%, while domains under privacy grew slightly to 21.67%. There seems to be: 1) a positive correlation between the average domain value and domain privacy, and 2) an inverse correlation between domain privacy and the development index. In other words, the more valuable a domain is, the more likely it is that it will be under privacy if it is not developed. This translates to record privacy numbers for for Tier 1 categories like 2Ns and 3Ns, with nearly 50% of domain names under privacy registration.

The overall development index went down by 0.5%, with 4Ns domains making the biggest negative jump from 15.5% to 11.3%. 2Ls remained the most developed category at 35.95%, followed by the 3Ls (28.46%) and the 2Cs (28.08%). With the exception of 2Ns at 18%, all the other categories register development indexes between 10% to 15%, with 4Ls being the most developed (14.4%) and the 5Ns being the least developed (10%). 3Ns, 4Ns and 3Cs rank somewhere in the middle, respectively at 12.2%, 11.3% and 12.9%.

SALES DATA

2Ls.com domains registered a record $6M in escrow.com transactions, by far the best result since the publication of the report. 4Ls kept a consistent $4.8M in turnover, followed by another strong quarter for the 3Ls at $3.5M. 3Ns and 4Ns also posted good quarters, respectively with $2.8M and $1.3M in escrow.com sales. While escrow.com did not record any 2Ns transactions, the other categories (5Ns, 2Cs and 3Cs) posted an aggregate of almost $1M, respectively at $225k, $143k and $562k. The total amount of sales reported by ShortNames.com was $7.7M, with 4,108 transactions and 0.67% turnover.

The negative trends came from 5th percentile values which kept registering double digits losses: 3Ls -21.46%; 5Ns -16.93% and 3Cs -11.11%. 4Ls lost only -3.13%. The positive note came from the median values (not present in our report) which showed significant increases for the 3Ls, 4Ls and 4Ns. This disparity in performance could be interpreted in two ways: 1) the domains sold in Q1 might have been of superior quality compared to last quarter, or 2) the value ranges of liquid domains are starting to polarize again. Lower liquidity in the second tier categories might also play a factor.

FORECAST

The key question for investors is when to buy batches of domain names at floor prices, as opposed to cherry picking ones with the highest end user potential, or selling their existing inventory altogether. The mix of positive signals (high sales volume for valuable categories) and negative signals (constant descent of 5th percentile values for the least valuable categories), can only mean that investors should continue looking at fewer but higher quality domains.
DATA

Total# 676  
Development % 35.99%  
EstiBot Market Cap $2,216,210,000.00  
Turnover 0.15%  
Public sales volume $510,000.00  
Escrow.com sales volume $6,178,000.00  
5th Percentile N/A  
QoQ 5th percentile N/A  

LEGEND

US - United States  
CN - China  
EU - European Union  
ROW - Rest of world  
PVT - Private Registrations  
N/A
3L.com

**DATA**

<table>
<thead>
<tr>
<th>Metric</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total#</td>
<td>17,576</td>
</tr>
<tr>
<td>Development %</td>
<td>28.46%</td>
</tr>
<tr>
<td>EstiBot Market Cap</td>
<td>$2,386,615,245.40</td>
</tr>
<tr>
<td>Turnover</td>
<td>0.19%</td>
</tr>
<tr>
<td>Public sales volume</td>
<td>$2,352,560.00</td>
</tr>
<tr>
<td>Escrow.com sales volume</td>
<td>$3,544,952.00</td>
</tr>
<tr>
<td>5th Percentile</td>
<td>$11,000.00</td>
</tr>
<tr>
<td>QoQ 5th percentile</td>
<td>-21.48%</td>
</tr>
</tbody>
</table>

**LEGEND**

- US - United States
- CN - China
- EU - European Union
- ROW - Rest of world
- PVT - Private Registrations
- N/A
### DATA

<table>
<thead>
<tr>
<th>Metric</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total#</td>
<td>1,000</td>
</tr>
<tr>
<td>Development %</td>
<td>12.20%</td>
</tr>
<tr>
<td>EstiBot Market Cap</td>
<td>n/a</td>
</tr>
<tr>
<td>Turnover</td>
<td>n/a</td>
</tr>
<tr>
<td>Public sales volume</td>
<td>n/a</td>
</tr>
<tr>
<td>Escrow.com sales volume</td>
<td>$2,862,000.00</td>
</tr>
<tr>
<td>5th Percentile</td>
<td>n/a</td>
</tr>
<tr>
<td>QoQ 5th percentile</td>
<td>n/a</td>
</tr>
</tbody>
</table>
4N .com

**LEGEND**

- **US** - United States
- **CN** - China
- **EU** - European Union
- **ROW** - Rest of world
- **PVT** - Private Registrations
- **N/A**

**DATA**

- **Total#**
  - 10,000
- **Development %**
  - 11.33%
- **EstiBot Market Cap**
  - $422,463,739.00
- **Turnover**
  - 0.11%
- **Public sales volume**
  - $341,594.00
- **Escrow.com sales volume**
  - $1,345,100.00
- **5th Percentile**
  - N/A
- **QoQ 5th percentile**
  - N/A

**COMMENT**

The data shows that the majority of sales are in China (48.20%), followed by the United States (39.95%). The rest of the world contributes 4.23%, and private registrations make up 1.38%. The turnover rate is 0.11%. The public sales volume is $341,594.00, and the Escrow.com sales volume is $1,345,100.00. There is no 5th percentile data provided.
2C.com

DATA

<table>
<thead>
<tr>
<th>Metric</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total#</td>
<td>$20</td>
</tr>
<tr>
<td>Development %</td>
<td>28.08%</td>
</tr>
<tr>
<td>EstiBot Market Cap</td>
<td>$42,033,000.00</td>
</tr>
<tr>
<td>Turnover</td>
<td>0.19%</td>
</tr>
<tr>
<td>Public sales volume</td>
<td>$34,786.00</td>
</tr>
<tr>
<td>Escrow.com sales volume</td>
<td>$143,000.00</td>
</tr>
<tr>
<td>5th Percentile</td>
<td>n/a</td>
</tr>
<tr>
<td>QoQ 5th percentile</td>
<td>n/a</td>
</tr>
</tbody>
</table>

LEGEND

- US - United States
- CN - China
- EU - European Union
- ROW - Rest of world
- PVT - Private Registrations
- N/A
**3C .com**

**DATA**

- **Total**: 28,080
- **Development %**: 12.87%
- **EstiBot Market Cap**: $52,814,196.40
- **Turnover**: 0.92%
- **Public sales volume**: $481,748.00
- **Escrow.com sales volume**: $562,266.00
- **5th Percentile**: $224.00
- **QoQ 5th percentile**: -11.11%

---

**LEGEND**

- **US - United States**: 24.11%
- **CN - China**: 21.91%
- **EU - European Union**: 8.58%
- **ROW - Rest of world**: 9.38%
- **PVT - Private Registrations**: 32.69%
- **N/A**: 3.33%
TRAILING 12 MO ENDING 1Q2018 - PUBLIC SALES

PUBLIC SALES

<table>
<thead>
<tr>
<th>Quarter</th>
<th>2Q17</th>
<th>3Q17</th>
<th>4Q17</th>
<th>1Q18</th>
</tr>
</thead>
<tbody>
<tr>
<td>2L.com</td>
<td>$460,890</td>
<td>$1,700,000</td>
<td>$933,380</td>
<td>$1,750,000</td>
</tr>
<tr>
<td>3L.com</td>
<td>$469,476</td>
<td>$333,360</td>
<td>$515,000</td>
<td>$1,500,000</td>
</tr>
<tr>
<td>4L.com</td>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
</tr>
<tr>
<td>2N.com</td>
<td>$1,343,950</td>
<td>$2,486,951</td>
<td>$1,175,000</td>
<td>$2,499,910</td>
</tr>
<tr>
<td>3N.com</td>
<td>$1,070,000</td>
<td>$295,353</td>
<td>$312,900</td>
<td>$1,100,000</td>
</tr>
<tr>
<td>4N.com</td>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
</tr>
<tr>
<td>2C.com</td>
<td>$702,550</td>
<td>$525,548</td>
<td>$933,380</td>
<td>$1,000,000</td>
</tr>
<tr>
<td>3C.com</td>
<td>$660,000</td>
<td>$717,080</td>
<td>$411,399</td>
<td>$2,352,560</td>
</tr>
<tr>
<td>4C.com</td>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
</tr>
</tbody>
</table>
1Q2018 - ESCROW SALES

1Q18

$0

$1,750,000

$3,500,000

$5,250,000

$7,000,000

$8,000,000

1Q 2018 - ESCROW SALES

$4,175,000

$6,371,661

N/A

$2,842,000

$1,245,400

$133,000

$562,366

N/A
TRAILING 12 MO ENDING 1Q2018 - TURNOVER

* Turnover based on publicly disclosed sales data
TRAILING 12 MO ENDING 1Q2018 - DEVELOPMENT
GLOBAL ASSET MARKETS ENDING 3/31/2018

Index, ETF and all security return data was initially computed by Morningstar, Inc. and is shown in this report for display purposes only. This data is not, nor is it meant to be used as, actionable investment advice; nor a direct comparison between any exchange or market traded security, or individual stock, or index and any category of domain names. We cannot guarantee the accuracy of any such data, as it is maintained by a third party and may be subject to errors, or unavailability. Morningstar, Inc. did not participate in the creation of this report and reserves all intellectual property rights in regard to its own materials or data.
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 2013 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.

Escrow.com is the leading provider of secure online payments and online transaction management for consumers and businesses on the Internet, having safely processed over US$3 billion in transactions.

Founded in 1999, Escrow.com reduces the risk of fraud in the domains industry by acting as a trusted third party that collects, holds and disburses funds according to buyer and seller instructions.