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

<table>
<thead>
<tr>
<th>Transaction Type</th>
<th>Approximate % of Transactions</th>
<th>Approximate % of Addresses</th>
</tr>
</thead>
<tbody>
<tr>
<td>Direct Sale with Immediate Transfer</td>
<td>96%</td>
<td>10%</td>
</tr>
<tr>
<td>Longer term transaction</td>
<td>4%</td>
<td>90%</td>
</tr>
</tbody>
</table>