



//domain

VENTURE PARTNERS

Domain Venture Partners II
Market Position • Market Problem • Opportunity • Solution

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INTRODUCING DOMAIN VENTURE PARTNERS

Domain Venture Partners, working with Famous Four Media, are launching this Fund to bridge the gap between the demand for and supply of finance and technical support in ICANN's new generic top level domain name gTLD process.

Domain Venture Partners II shall provide a unique structured regulated investment opportunity to participate in the new gTLD programme to provide secured fixed annual returns along with additional venture type returns at a time in the process where most of the major risks have been removed.

The combination of financial overstretching of applicants, the complexity of the technology and policy surrounding the space and the structure of the ICANN new gTLD programme has provided a perfect opportunity from which DVP is uniquely placed to benefit from.

Key benefits of investing at this stage include:

- // Reduced risk profile
- // Ability to target specific Strings
- // Portfolio spread by investing in multiple applicants
- // Investment cost only if successful in auction or purchase of uncontested Registry
- // Short time period between investment and cash distributions

Iain Roache
Chairman



THE INTERNET AND DOMAINS: AN INTRODUCTION

Domain Name System (DNS)

The Domain name System (DNS) is the technology that underpins the operations of the Internet, communication via the Internet and ecommerce. The purpose of the DNS is to enable Internet applications and their users to name things that have to have a globally unique name. Domain names must be unique to ensure that Internet traffic reaches the desired location.

The DNS was developed to ensure that every computer connected to the Internet has its own unique and easy to remember address. In the DNS system the address of a computer is actually a set of numbers which is called the computer's Internet Protocol (IP) address. However, DNS allows you to assign a domain name in a more user friendly alphabetical rather than numerical form, such as google.com rather than 164.223.161.99.

Top Level Domains (TLD)

Every domain name is composed of at least two parts: a top-level domain (TLD) which is the final part of the name and a second-level domain. In the domain name amazon.com, the .com part is the top-level domain, and the word 'amazon' is the second-level domain. Whilst there are an almost infinite number of second-level domains, there are currently only 22 generic TLD (gTLD) Registries which are listed below.

		gTLD	Description	gTLD	Description
.aero	air-transport industry	.net	network	.info	information
	Asia-Pacific region	.org	organisation	.int	international organisations
	business	.post	Postal related	.jobs	companies
	Catalan	.pro	professions	.mil	US military
	commercial	.tel	Internet communications	.mobi	mobile devices
	cooperatives	.travel	travel & tourism related	.museum	museums
	educational	.xxx	adult entertainment	.name	individuals by name
	governmental				

THE INTERNET AND DOMAINS: AN INTRODUCTION

Second and Third-level Domains

The second-level domain is the part of a domain name immediately to the left of the top level. It is the part of a domain name that most commonly identifies the organisation to which the domain name belongs such as 'amazon' for 'Amazon.com, Inc.' Third-level domains are written immediately to the left of a second-level domain.

The third-level domain is typically used to refer to a specific server within an organization. In larger organisations each division or department might have its own third-level domain, which can serve as an effective means for identifying it. www is often used to identify the web service of an organisation and is the most used third-level domain.

Domains and Real Estate: An Analogy

Within the context of routing within the Internet a domain name or the IP address is similar to a postal address. However, the real estate analogy can be carried further.

From an ownership basis there is a direct overlap. ICANN issues Registries with Registry licenses in the same way that in the UK the Crown assigns freehold tenures. The Registry operator then holds the right to license out a potentially limitless amount of virtual real estate to end consumers (Registrants) for periods of 1 to 10 years in the same way a freeholder may lease out property. The Registrars and resellers provide the same function as estate agents. Domain names are foundations on which a website (like a house or commercial building) can be built.

The analogy is also useful to understand the type of registrations that take place during the different revenue phases. For example, some people register trademarks during the Sunrise period for active use, others may register defensively to prevent others from misusing the space (similar to creating greenbelt land). During the Landrush phase professional domainers buy up plots of land for commercial purposes like real estate developers might. The Premium name Strings are perceived to have the most value and are the virtual real estate equivalent of beach front land. Domains, just like real estate, can appreciate over time, even more so if they are developed.



REGISTRY - REGISTRAR STRUCTURE

The Registry Business

Since ICANN was appointed to oversee the Internet in 1998 Internet Registries have operated as wholesale businesses providing registration services to retail Registrars (such as Go Daddy or Network Solutions) who market registrations to end users known as Registrants. At the close of Q2 2012 there was a base of more than 240 million domain name registrations across all Top-Level Domains (TLDs). This is an increase of 7.3 million domain names (3.1%) over the first quarter of 2012, and Y/Y registrations have grown by 25.5 million (11.9%). For more vertical TLDs the growth has been even larger with 5.7% Q/Q and 18.5% Y/Y.

Operating Internet Registries can be an extremely profitable business. Verisign (which operates the .com and .net Registries) reported:

- // operating income of \$772m in 2011; and
- // an operating margin on Q3 of 2012 of 51.9%.

It is believed that a number of the Registries that may become available as part of the New gTLD programme are extremely valuable, a number being valued in excess of £100m with the asset having been acquired for potentially less than £1m.



Registration Business Structure

A domain Registrant is an individual, organization or company that holds the rights to the use of a particular domain for a set period of time. The Registrant, or user, decides how to utilise the domain name within the Registry Operators T&Cs.

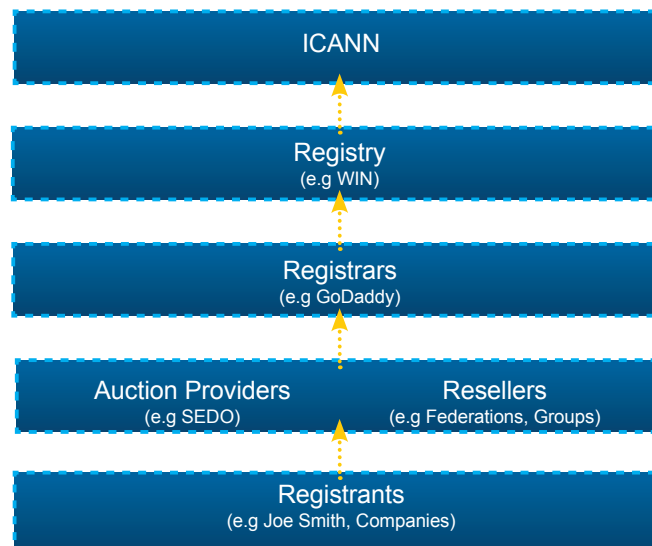
A domain Reseller is a company that is not directly accredited as an ICANN Registrar, but still resells domain names and domain name service through an existing ICANN accredited Registrar. These companies are often ISPs or other service providers and there are many thousand Resellers globally.

A domain Registrar is a company that is directly accredited by ICANN. The Registrar provides direct services to domain name Registrants. There are now over 960 Registrars that provide services to Registrants and Resellers or users around the world.

A domain Registry operator maintains and operates the infrastructure that makes it possible to convert IP addresses to domain names. A Registry receives domain name service (DNS) information from

domain name Registrars, inserts that information into a centralised database and distributes the information via Internet zone files so that domain names can be found by users around the world.

Relationship between Registry-Registrars -Resellers-Registrants:



REGISTRY REVENUE STREAMS

// Sunrise – the period prior to the launch of the Registry when trademark holders may register a domain name containing their marks. Should more than one application be received for a particular String the registration will be decided by an auction.

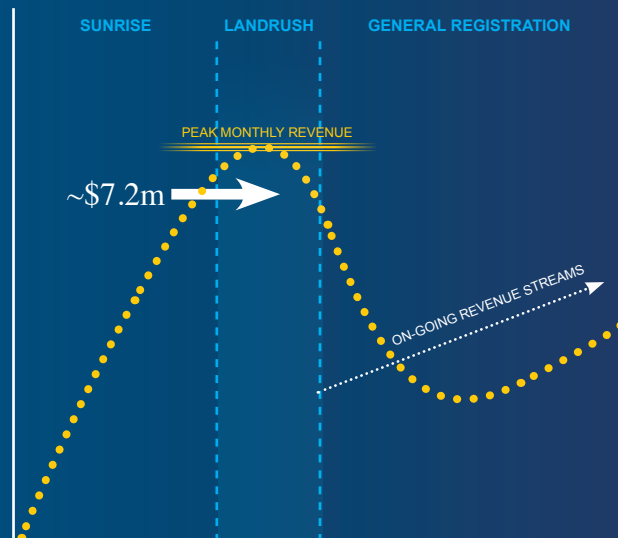
// Landrush – Landrush is the period prior to the opening of the Registry to general registration where Registrants with particular interests in non-trademarked Strings can apply to register such String. Should more than one application be received for a particular String the registration will be decided by an auction.

// Premium String – Those of extremely high value reserved by the Registry to be auctioned. The market has valued single Strings on new gTLDs in excess of USD 0.5M.(6)

// General Registrations – This is the period after the initial launch of the Registry where domains are sold on a first come first served basis.

The last few gTLD launches like .ASIA and .XXX have delivered significant revenue during these phases – USD 7.2M.(7) (.ASIA Sunrise and Landrush) and USD 13M.(8) (.XXX Sunrise before auctions only)

• ASIA:



POTENTIAL AVERAGE YEAR 1 REVENUE STREAMS IN A gTLD REGISTRY

The projections set out below are aimed to highlight the potential year 1 revenues for an average Registry. These are based on historical data points established by the existing operational gTLD Registries. The domain name registration business is highly statistical and quantifiable. Each Registry must publish monthly sales volume and make available their various pricing for general registrations. However, not all gTLD Registries have accessed each potential revenue stream (for example .com and .net developed gradually before the concepts of Sunrise or premium name registrations were established) and not all information regarding sales volume and pricing are publically available (for example with premium name registrations or auction prices).

The figures are averages and therefore would represent projections for a standard gTLD Registry. Potential year 1 revenues for specific Registries may be below or above this average. It may be possible to increase the revenue streams by optimising marketing and sales, in addition there are further revenue streams being developed by Famous Four Media Limited (FFM).



PHASE 1 Sunrise Revenue	PHASE 3 Landrush Revenue	PHASE 5 General Availability Revenue
Estimated Market Size = 39,679	Estimated Landrush Volume = 34,375	Mean Average Volume = 225,759
Mean Average Price = \$173.5	Mean Average Price = \$111	Mean Average Price = \$18.47
Potential Revenue = \$6.9m	Potential Revenue = \$3.8m	Potential Revenue = \$4.1m
PHASE 2 Sunrise Auction Revenue	PHASE 4 Landrush Auction Revenue	PHASE 6 Premium Name Revenue
Auction Volume = 1,401	Auction Volume = 45,697	Premium Volume = 5,500
Mean Average Price = \$2,000	Mean Average Price = \$213.34	Mean Average Price = \$202
Potential Revenue = \$2.8m	Potential Revenue = \$9.7m	Potential Revenue = \$1.1m

THE DEREGULATION OF THE INTERNET

The DNS is evolving through the introduction of new gTLDs following in the footsteps of .com and .net. There are currently two types of TLDs: gTLDs such as .com, .mobi, and .info, and country code top-level domains (“ccTLDs”) such as .uk, .br, and .cn. There are currently 294 ccTLDs and 22 gTLDs in the IANA root zone.(1)

On the 20th of June 2011 ICANN, which oversees the Internet addressing systems, voted to withdraw certain restrictions on the use of new gTLDs from the current 22 and invited an unlimited number of applicants to apply to operate gTLD Registries based on potentially any generic term. ICANN stated “we have opened the door to an era of creative innovation unlike any other since the Internet’s inception”.

The window for filing applications to operate gTLD Registries was open between the 12th of January and the 30th of May 2012. ICANN publicly announced the number of applications that it had received, and disclosed which generic words had been applied for and which entities had applied to operate those Registries on the 13th of June 2012(2)

// Number of applications: 1,930

// Number of unique Strings: 1,409

// Number of brand applications: 652

// Number of geographic place names: 66

// Number of generic terms: 691

// Number of terms contested by more than one applicant:

232 applied for by 751 applicants

BRAND NAME APPLICATIONS

A large number of internationally recognised companies from all market segments have applied for trademarked Strings.

These include:

Microsoft, Yahoo, Apple, Samsung, Flickr, JP Morgan, HSBC, American Express, Visa, KPMG, Nike, Audi, Ford, Ferrari, McDonalds, BBC, L'Oreal, Hermes, Nikon, Nokia.

Brand Generic Applications

In addition, a number of groups applied for generic terms associated with their various market segments.

// Google:
.family, .llp, .site, .gmbh, .lol,.diy, .inc, .dog, llc, & .wow

// Amazon:
.audible, .author, .read, .song & .tunes

// L'Oreal:
beauty, hair, makeup, salon & skin

// Richemont:
.jewellery, .love & .watches

Generic Portfolios

// Donuts, Inc:
307 applications; 149 uncontested.

// Amazon:
76 applications; 41 uncontested

// Google, Inc:
103 applications; 38 uncontested

// TLD Holdings:
70 applications; 14 uncontested

// DVP I:
60 applications; 10 uncontested

// UniRegistry:
54 applications; 9 uncontested

// Radix:
31 applications; 3 uncontested

POSITION OF NEW GTLD APPLICANTS

A combination of factors have combined to create a perfect investment environment for a well capitalised investment fund with technical and policy knowledge to make informed investment decisions. The costs associated with applications in the new gTLD have increased, the financial strength of most applicants has been reduced and the knowledge barrier to entry is too high to interest large standard venture investors.

Financial Introduction

Increased Costs

- // Delays in New gTLD programme
- // Portfolio players investing the majority of financial resources in application fees rather than reserving for future operational costs
- // Increased number of applicants and applications means more contention sets leading to more auctions
- // Underestimation of operational costs to launch; and
- // Underestimation of the cost of marketing to successfully maximise gTLD value and reach
- // A number have used debt rather than equity finance

Transaction Flow

Applicants require extra funding for both operational and auction costs.

Following a survey of all generic applicant groups

- // 42% of potential generic applicant groups stated that they were interested in receiving additional funding
- // This percentage represents 148 applications

Technical and Operational

Application Mistakes

Examples of serious application mistakes that have already taken place include:

- // Placing all applications in one Corporate entity.
 - Creates legal and commercial contamination risk
 - Restricts the transfer of Registry assets
- // Major application errors.
 - Applying for prohibited Strings
 - Google has withdrawn 3 applications
 - Applying for Strings that are confusingly similar to existing gTLDs or ccTLDs
 - Applications for closed generic Strings
 - Applicants wishing to switch from open to close Registries
 - Applying for new Registry services without public consultation
 - Invalid claims for community status

DOMAIN VENTURE PARTNERS II

Domain Venture Partners, working with Famous Four Media, are launching this fund to support and bridge the gap between the demand for, and supply of, finance relating to the new gTLD process. Domain Venture Partners II shall provide a structured regulated investment opportunity created by the New gTLD programme and the Fund's success to date.

Key benefits of investing at this stage include:

// Reduced risk profile based on the advanced stage of ICANN process

// Ability to target specific Strings

// Portfolio is diversified by investing in multiple applicants

// Valuation discipline applied using proprietary valuation model/methodology

// Investment made only if applicant is successful in the auction or via a purchase of an uncontested Registry

// Short time period between investment and operation

Domain Venture Partners II is a unique offering to investors:

// It is the only regulated investment fund established to invest specifically in this stage of the ICANN new gTLD programme

// Domain Venture Partners II, partnered with Famous Four Media, has the Operational Capacity as a market leader to launch, monetise and manage the Registries



DOMAIN VENTURE PARTNERS II

The Fund has identified the following two main categories of investment in Investment Entities:

//1. Auction Investment Method

This is where the Fund shall invest in auction Investment Entities to provide funding for such entities to participate in String auctions.

Investments within the auction Investment Method shall be subject to the following terms:

- // The Investment Amount determined by the Investment Valuation Matrix.
- // The Investment Amount shall be paid only to auction provider should the Investment Entity win such auction.
- // The Fund shall take controlling stakes in such entities and rights over initial revenues in return for providing the ability of the Investment Entity to win the String auction.
- // The Investment shall be repaid by the auction Investment Entity from initial revenues with suitable security taken over such revenues.
- // This ensures prioritised early repayment of the IE investments and provides the funding for the preferred return, which is distributed to investors in the Fund.
- // The Fund shall require the auction Investment Entity (subject to ICANN permissions) to transfer the operations of the Registry to the Famous Four Media Operating Platform.

//2. Purchase Investment Method

These involve equity purchases of Investment Entities. These shall be sourced from two areas:

- // New gTLD programme Applicants
- // Existing Operational Registries

Equity purchases of New gTLD programme Applicants shall be subject to the following terms:

- // The Investment Entity must hold an uncontested application that has passed evaluation within the New gTLD programme.
- // The Investment Amount shall be no greater than the Fundamental Value of the proposed Registry as determined by the Investment Valuation Matrix.
- // The Fund shall require the Investment Entity (subject to ICANN permissions) to transfer the operations of the Registry to the Famous Four Media Operating Platform.
- // This will enable the Fund to maximise the value of the Registry by harnessing the benefits of the Famous Four Media Operating Platform, significantly increasing revenues and lowering costs, resulting in higher initial returns to investors, and venture returns based on increased entity values.

Equity purchases of existing operational Registries shall be subject to the following terms:

- // The Investment Entity must hold the rights to operate an existing gTLD or ccTLD Registry.
- // The Investment Entity must be able to move its operations on to the Famous Four Media Operating Platform.
- // The Investment shall only be made should the Fund believe that it can increase the profitability of the Registry by moving it to the Famous Four Media Operating Platform and using the intellectual property rights of DML II.
- // The increased profitability shall provide an initial return on investment and an increased entity value allowing for a venture type return whilst providing regular distributions to the Fund.

DOMAIN VENTURE PARTNERS II

Methods of increasing the entity value above the Fundamental Value for New gTLD programme Applicants or improving net profit margins for such operational Investment Entities include:

- // Reducing costs by using economies of scale created by Famous Four Media;
- // Increasing the number of revenue lines available to the Registry;
- // Utilising the Famous Four Media Operating Platform's Registrar channel links to reach a larger Registrant community;
- // Using DIP's methods of Registry and Registrar management;
- // Forming part of Famous Four Media's marketing reach;
- // Utilising DIP's protected systems and business methods;
- // Restructuring the business to reduce unnecessary costs; and

- // Re-domiciling to a more tax efficient jurisdiction such as Gibraltar;
- // Commercialising a ccTLD with limited appeal by rebranding it as a gTLD in a similar way to .co or .tv;
- // Removing restrictions on Registrant qualification to open it up to a wider market; and
- // Removing registration complications that create barriers to registration, for complex application forms.

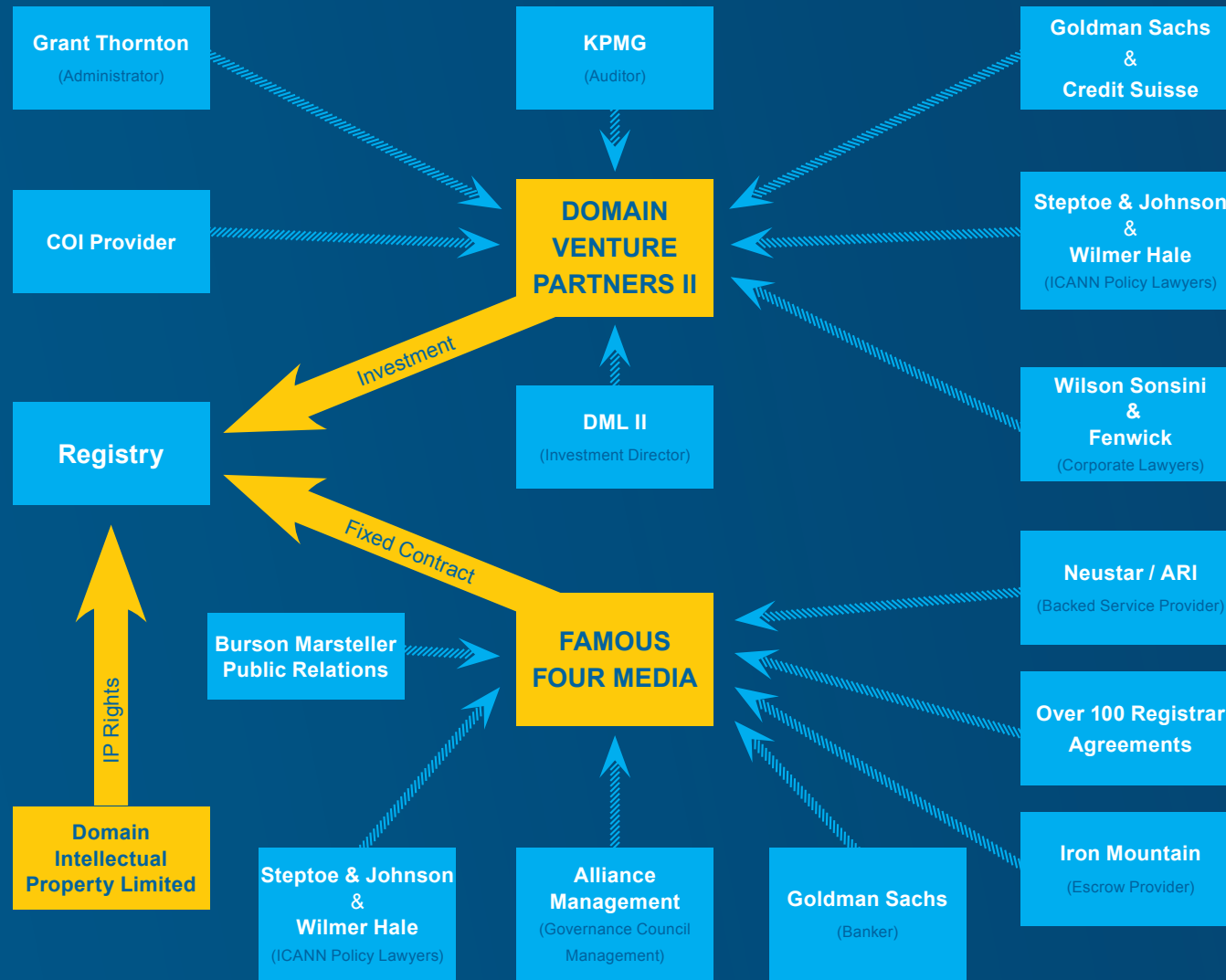
Management Alignment and IP consideration:

In order to align the management to optimise Registry profitability and maximise returns to the Fund, B Shares shall be issued to allow the management to participate in distributable profits above the hurdle and Preferred Return. The profitability of investee Registries is highly dependent on unique intellectual property rights (both current and future) developed by DVP, Domain Intellectual Properties Limited (DIP) and FFM. These have been provided for the use of DVP II by way of licensing agreements in consideration for the B Shares.

MARKET SQUEEZE

The funding gap has not been bridged for a number of reasons including:

- // Traditional financial institutions restricting lending and investment criteria.
- // The highly technical area of ICANN policy and Internet infrastructure makes the market appear higher risk to stand alone venture investors.
- // Lack of specialist investment funds with market knowledge and strategic positioning to expertly manage investments at this stage.



ICANN PROCESS INVESTMENT RISK PROFILE

Pre-Application

- // Programme Cancelled
- // Timeline Delayed
- // Batching and Delegation
Timing Uncertainty
- // Extended Reviews Delaying
Contention Sets
- // Failure of Application
- // Community Objections
- // GAC Objections
- // Trademark law Suits
- // No Visibility of Competitors
- // No Clarity on Success of
Verticalisation Process
- // ICANN Contract Challenges
- // IANA Delegation Uncertainty
- // Ability to Operate

Pre Evaluation

- // Timeline Delayed
- // Extended Reviews Delaying
Contention Sets
- // Failure of Application
- // Community Objection
- // GAC Objections
- // ICANN Contract Challenges
- // IANA Delegation Uncertainty
- // Ability to Operate

Post Evaluation

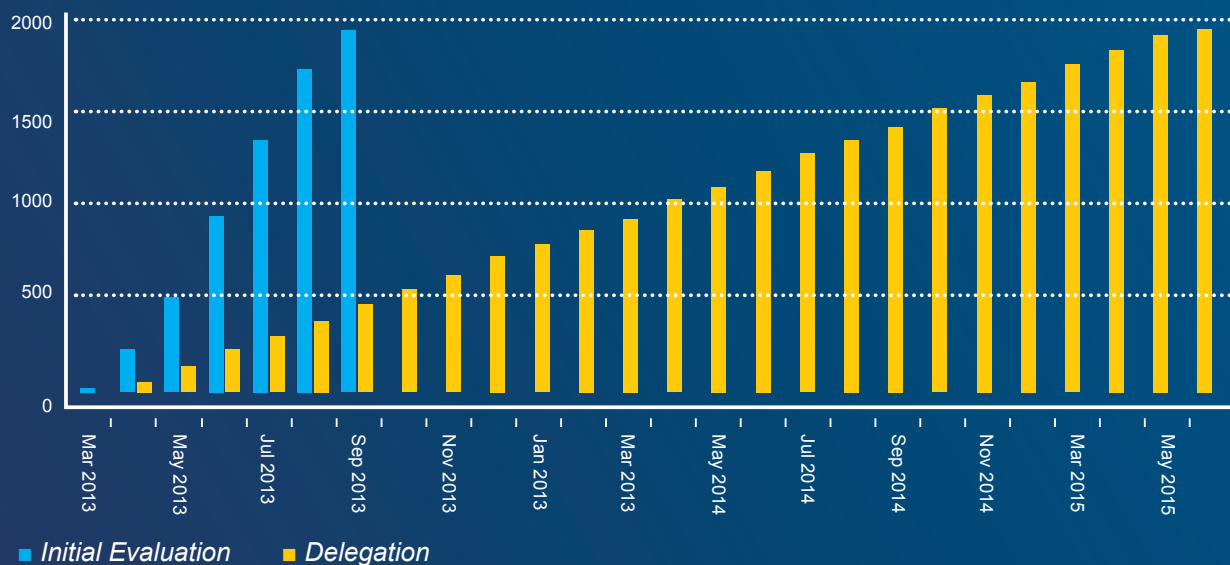
DVP 2



Risks managed by FFM

- // ICANN contract challenges
- // IANA delegation uncertainty
- // Ability to operate

• *Initial Evaluation Pace vs. Delegation:*



The structure of the ICANN new gTLD process has created a perfect investment environment for the Fund.

Formal contention sets were announced from March 2013. However, the results of the application evaluations will be released in a staggered format between March and June 2013 with between 30 - 100 being announced per week. Pre-delegation testing for resolved contention sets will take place at a rate of 20 per week. The order in which applications are evaluated and eventually delegated is based on a prioritisation lottery that took place in December 2012. This staggered approach provides a structured timeline for contention sets to be resolved. It allows the Fund to focus its investment process on targets individually and then move on to the next investment opportunity in the investment window.

THE PERFECT OPTION

An investment in gTLD applicants at the predelegation stage in the New gTLD programme can be viewed as similar to an investment in a stock option, but a variety of factors enables this to display similar characteristics to a highly valuable equity option:

// Availability - Depth and breadth of demand; High level of applicants requiring finance to fund their applications.

// Price of option. The price of the option is the investment level.

- lack of funding in the market lowers auction price.
- The Fund sets maximum investment level.

// Free option. Financing of the acquisition by way of cash/earn-out ensures that the revenue of the Registry pays for the purchase price of the option. The equity element provides for the venture upside for investors.

// Future exercise price. The Investment Valuation Matrix assists in assessing the future value of the investment.

- Investment methodology sets large margin between Investment and sale price.
- Investment price based on early revenue streams.

- The Fund can improve the future value of the registry through the 9 strategies explained on Page 16, e.g., via the IP, operational and distribution reach, and efficiencies offered by FFM.
- The future exercise price is pure venture profit because investment amount is repaid from Registry revenues.

// Volatility. Initial high volatility as asset price increases upon delegation followed by stable revenue streams.

// Exercise Date. The Fund controls when to exercise the option (i.e. when to sell the Registry). It is an American Option rather than a European Option that the fund can sell the Registry when it finds a suitable purchaser.

// Dividends. Unlike an option the Registries can pay dividends throughout the option period.



• Investment Returns:



GEIR RASMUSSEN

Partner

– Domain Venture Partners
Chief Executive Officer
- Famous Four Media Limited.

Experience

Geir Rasmussen was a founder and CEO of the Global Name Registry Ltd (GNR), the operator of the .name top-level domain (gTLD).

GNR focused on digital identity services, utilising the .name gTLD as a core part of providing individuals worldwide with personal and memorable digital identities. GNR offered two core products: a personalized email address with forwarding capabilities (e.g. john@smith.name), and a personalized domain name (e.g. www.johnsmith.name).

Geir was the CTO of the company during its initial phase, and was responsible for building its own Registry system, global DNS resolution infrastructure, as well as a 24/7/365

network operations function. He further managed the integration of the Registrar channel and the different phases of the .name launch in 2002.

Later, Geir managed the transition from an in-house infrastructure to an outsourced backend provider in order to optimize the cost base of the company. Global Name Registry Ltd was acquired by VeriSign Inc. in late 2008.

Prior to GNR, Geir was a founder of the personal email provider Nameplanet.com. Nameplanet.com provided email accounts using personal domain names to over 1.5 million users. The company managed over 100,000 personal domain names on a number of TLDs, providing consumers with a highly personal domain name using their name as an email address. Nameplanet.com was acquired by Netidentity.com in 2002, and is now part of Tucows following an acquisition in 2006.

Before his tenure at Nameplanet.com, Geir was a founding investor in a web-pad company producing

the Free Pad, a Linux based touch-screen, wireless tablet PC. He was a co-founder of one of the first web content management systems (IMAKER CMS) which launched in 1995.

Geir managed sales, project management, development and deployment of a large number of Internet projects in the early days of the World Wide Web. These projects included developing and launching 52 online newspapers, online travel agencies, financial institutions and a number of other commercial, government and educational websites. Geir also co-founded Synaps as a vehicle for the research and development of a laser and image recognition based optical weighing system for industrial use.

IAIN SIMON ROACHE

Partner

– Domain Venture Partners

Chairman and Chief Executive Officer

- Domain Venture Partners PPC Limited & Domain Venture Partners II Limited.

- Iain also acts as a Director of the business

Experience

Iain Roache graduated with the top First in his year at the London School of Economics, winning the Arthur Andersen prize in the process.

He spent his early career in investment banking structuring and marketing derivatives with Nomura, Kleinwort Benson and Merrill Lynch. He then moved into strategy consulting where he was elected a Partner and led the London Investment Banking Practice at 31 with AT Kearney.

In 1998 he was appointed a managing director and member of the European Board of Cisco Systems, where he was responsible for developing and implementing the EMEA Mergers & Acquisitions process, successfully executing almost 50 transactions during a five year tenure.

Over the last eight years he has advised leading technology organisations including Juniper, Avaya, HP, Sun Microsystems, VeriSign and Oracle Corporation in EMEA leading to over twenty resultant M&A transactions.

Iain has been working with VeriSign and Neustar on the new ICANN application round for the previous seven years.

Since 2010 Iain has worked in relation to the establishment of Domain Venture Partners PCC Limited and Domain Management II Limited.

He is a Director of Domain Management Limited which is the Investment Director of Domain Venture Partners PCC Limited and Domain Management II Limited which is the Investment Director of Domain Venture Partners II Limited.

Professional qualifications and memberships

// Bsc (Econ) First Class, London School of Economics, specialising in Accounting and Finance.

CHARLES MELVIN

Partner

– Domain Venture Partners

Chief Operating Officer

- Domain Venture Partners PPC Limited and Domain Venture Partners II Limited.

- Charles also acts as a Director of the business

Experience

Prior to joining Domain Venture Partners in 2012 Charles practised as a solicitor at Triay & Triay in Gibraltar where he led the Funds and Investment Services department. He is listed as 'outstanding' by the Legal 500 Legal Directory.

Charles has a wide experience of corporate matters including all forms of M&A, JV and fund formations. The key service areas of his practice are Investment Services and Banking. In particular he advises in the structuring,

formation and regulation of all types of investment funds, fund managers and other investment service firms.

In addition he advised on regulatory matters within the Banking sector and notably recently assisted UKFI in its involvement in this area. He advised on the establishment of Gibraltar's first Shariah compliant fund.

Since 2010 Charles has worked in relation to the establishment of Domain Venture Partners PCC Limited and Domain Venture Partners II Limited. He is a Director of Domain Management Limited which is the Investment Director of Domain Venture Partners PCC Limited and Domain Venture Partners II Limited.

He has advised the Gibraltar Government on and drafted a number of pieces of legislation including the Financial Services (Experienced Investor Funds) Regulations

2012 and the Financial Services (Collective Investment Schemes) Act 2011.

Professional qualifications and memberships

// Charles is an English solicitor who was admitted as a Gibraltar solicitor and was called to the Gibraltar Bar. He has a MA (Hons) from St. Andrews University in Scotland.

// Charles sat on the Executive Committee of the Gibraltar Funds and Investments Association (GFIA) for 2 years and was the Chairman of GFIA's Technical Committee.

FAMOUS FOUR MEDIA

Registry Operator At Scale

Famous Four Media Limited (FFM) was established to provide Registries within the DVP group with an outsourced shared services Registry administration company setting market leading standards assisted by the largest industry service providers at fixed annual fees which are a fraction of market rates. FFM's low fixed pricing from its economies of scale have been set to maximise the profitability and enterprise value of the Registry companies within the DVP group. FFM ownership is similar to that of the DVP group and therefore is entirely aligned to drive growth in the Registries invested in by DVP fund I and II.

FFM is a full service Registry administrator. FFM's extensive operational support team enables the functional running of its clients' Registries. Its senior team is led by Geir Rasmussen (see Domain Venture Partners: The Team) and includes some of the few Internet industry professionals that have previously launched, marketed and operated existing gTLDs.

Currently FFM services DVP I's 60 applicants in the New gTLD programme on fixed long term contracts. FFM provides Registry operators with the opportunity to fully outsource the management of supplier relationships, marketing, PR, business, operational and compliance tasks to one single provider. In addition to the cost savings its clients are able to harness FFM's significant reach to the leading service providers in the industry and links to the leading Registrars to maximise the sales channel of a Registry. FFM is looking to service 3rd party clients. However, the fee levels within contracts with 3rd party clients would be at market pricing and not at the deeply discounted rates it services its DVP clients.

FFM provides the most technically secure and cost efficient large scale outsourced operations platform within the Internet Registry market place.

DVP II has been provided with options to migrate any Registry that it invests in on to the FFM operational platform and to lock FFM into long term fixed rate

contracts. In addition DVP II has been provided with a license to use FFM and Domain Intellectual Property's IP rights.

Services and Benefits

Costs

- // Lowest fixed overheads due to portfolio approach. Operating a Registry on a stand-alone basis will result in an order of magnitude higher costs than incorporating the license in to the FFM ecosystem.
- // Lower variable costs due to close supplier relationships. The principal cost of operating a Registry is the per domain name fee paid to the backend operator. FFM has access to the lowest fees in the industry with the gTLD market leading provider.
- // Fiscal environment with zero tax on domain sale. FFM is operating in a fiscal environment that has multiple advantages over others in the industry. Domain names sales are treated as royalty income which is currently zero rated in Gibraltar. This would result in an instant bottom line gain.

FAMOUS FOUR MEDIA

FFM Key Services

Supplier Relationships

// Scale of operations result in increased market reach. FFM manages all supplier relationships covering the full spectrum of services required for a Registry operator to fulfil its obligations under its ICANN contract with the leading service providers including the backend service provider, lawyers, marketing suppliers, the Registrar channel and auction providers (please see DVP II Service Provider Chart).

// Intellectual property rights in relation to sales and channel management. FFM in cooperation with its sister company Domain Intellectual Property has developed a number of proprietary tools to manage and incentivize its channel and customers across multiple Registries. Their tools and their respective IP rights are currently in the process of being protected and they will be used to ensure that FFM Registries have a competitive advantage in the marketplace.

Channel Relationships

// Maximum market reach. With potentially over 1,000 new Registries entering the market space on the next few years, leverage with the channel is the vital differentiating factor to ensure success. One Registrant's choice of one gTLD over another is likely to be determined by the visibility of the gTLD in the channel. FFM already has this leverage.

Market expertise

// Technical experience in Registry operations. As one of the very few operators in the industry FFM has direct experience with the end to end process of managing and operating a gTLD. This ensures that the gTLD will efficiently reach the market place and will be operated in a stable and secure manner.

// Commercial experience in Registry operations. Ensuring that the gTLD reaches the market efficiently will increase the Registries potential operating revenue in a highly competitive marketplace. Once operational FFM is able to harness its experience to maximise the potential revenue streams of the Registry ensuring optimal returns.

FAMOUS FOUR MEDIA

Policy and ICANN Compliance

// Established policy networks.

Interactions with ICANN and the ICANN process can be time-consuming and require specialist skills. FFM manages the necessary interactions with the ICANN operational teams and the policy structures within ICANN for its clients.

FFM can represent Registries in the required forums, including the Registry constituency. Registry operators are required to participate in the ICANN compliance and policy process. FFM can carry out this requirement for its clients.

Customer Support

// Developing client management systems

FFM manages interactions with:

- Law enforcement and other governmental officials with concerns for individual domain names and their use.
- Registrar requests relating to custom reporting, policy, registration rules, technology, transfers, dispute resolution, or other Registry related concerns.
- Media requests regarding gTLD or Strings registered on the gTLD
- End users with questions of any kind.
- All financial functions including billing, reporting and administration

Platform Development

// Proprietary platforms

FFM is developing platform infrastructure to further significantly increase the volume and revenue potential of the gTLDs by adding utility. This will be a key differentiating factor in a crowded market place.

Famous Four Media Intellectual Property

// Proprietary Investment Valuation Matrix

// Investment transaction flow

// Patent applications

- Use of data regarding Registrants across multiple Registries
- Channel relationship management
- Channel incentive and loyalty schemes
- Outsourcing business model

// Additional Registry revenue streams

DOMAIN VENTURE PARTNERS PCC LIMITED (DVP I)

Overview

Domain Venture Partners PCC Limited (DVP I) was launched in October 2011, raised £48.3M in capital commitments and has invested (through single purpose vehicles) in 60 applications for Internet Registries within the ICANN application window making it one of the largest players in the market behind Google and Amazon.

DVP I is anticipated to have a minimum of 8 uncontested Registry applications (i.e. there are no other applications for the same generic term) and on the basis of where it has competing applications (and with how many applicants) it anticipates being successful in obtaining licenses to operate over 50% of the Registries it applied for and thus operates 30 Registries or more. It is expected that many such Registries will be operational this calendar year.

String 1-10	String 10-20	String 20-30	String 30-40	String 40-50	String 50-60
.accountant ³	.casino	.fashion	.law	.poker	.soccer
.app	.charity	.fit	.loan ²	.racing	.sport
.baby	.chat	.football	.love	.restaurant	.stream
.basketball	.cricket	.forum	.men ¹	.review	.taxi
.bet	.date ¹	.game	.money	.rugby	.tennis
.bid ¹	.delivery	.gift	.movie	.run	.tickets
.bingo	.dict	.golf	.music	.sale	.trade ¹
.book	.download ¹	.health	.news	.science	.webcam ¹
.buy	.energy	.hockey	.party	.search	.win ¹
.cam	.faith ¹	.hotel	.play	.shop	.wine

¹ Anticipated Uncontested – contention sets to be announced by ICANN on 1st March 2013

² May end in same contention set as .loans

³ May end in same contention set as .accountants



DOMAIN VENTURE PARTNERS PCC LIMITED (DVP I)

DVP I Projected Returns

DVP I has a call structure and currently does not anticipate calling more than 32% of commitments to the Fund. However, to highlight a worst case scenario the projected returns to investors have been calculated at both the 32% and 100% levels - (DVP I) Projected Performance. Currently, with a 32% call and operating just 8 Registries DVP I forecasts returns to investors of 13.2 times investment. Should DVP I operate 30 Registries (50% of its applications) it forecasts the return to be 67.4 times investment.

50% Application Success Rate		
Level of Subscription Called	32%	100%
USD Called	\$24,884,160	\$77,763,000
Net Cash Flow	\$1,676,348,117	\$1,623,469,277
Return on Investment	67.4	20.9
IRR (Fund and Direct Eq)	496%	167%

13% Success Rate on actual 8 uncontested gTLDs		
Level of Subscription Called	32%	100%
USD Called	\$24,884,160	\$77,763,000
Net Cash Flow	\$329,354,813	\$276,475,973
Return on Investment	13.2	3.6
IRR (Fund and Direct Eq)	108%	45%



STRUCTURAL DETAILS

Launched:	March 2013
Fund Size:	Up to \$400 million
Minimum Investment:	\$1,000,000
Subscription:	Partially paid on call basis with 15% being payable on final close
First Close:	End of Founders Programme
Final Close:	November 2013
Term:	Up to 10 years with distributions throughout and liquidity events after year 3
Structure:	Experienced Investor Fund
Regulator:	Gibraltar Financial Services Commission
Hurdle Rate:	- 12% of drawn down monies per annum - All monies drawn down
Venture Uplift:	Above preferred return
Fees:	2% Management Fee (on full commit) 20% Performance Fee (above the hurdle of drawn down monies and the preferred return)
Management Alignment:	Issuance of B shares to only participate in profits above the Hurdle Rate



WHO'S WHO

Directors

// Adrian Hogg
// Charles Melvin
// Iain Simon Roache
// Douglas Smith
// Domain Management II
// Peter Young
// Joseph Garcia

Secretary

// GT Fiduciary Service Limited
6A Queensway,
Gibraltar.

Administrator

// Grant Thornton Fund Administration
Limited,
6A Queensway,
Gibraltar.

Auditor to DVP II

// KPMG Limited
3B Leisure Island Business Centre,
Ocean Village,
Gibraltar.

Bank Non-US Monie

// Credit Suisse (Gibraltar) Limited
Neptune House,
Marina Bay,
Gibraltar.

Bank US Monies

// Goldman Sachs and Co
200 West Street
34th Floor
Manhattan, NY10282

Global Legal Panel

ICANN Advisors

// Steptoe & Johnson LLP
1330 Connecticut Avenue, NW
Washington, DC 20036
USA

// Wilmer Hale
1875 Pennsylvania Avenue, NW
Washington, DC 20006
950 Page Mill Road
Palo Alto, California 94304
USA

Corporate and M&A

// Wilson Sonsini Goodrich & Rosati
139 Townsend Street - Suite 150
San Francisco , CA 94107
USA

Gibraltar Legal Advisors

// Isolaz
Portland House, Glacis Road
PO Box 204
Gibraltar

//References

Ref 1: <http://www.iana.org/domains/root>
Ref 2: <http://gtldresult.icann.org/application-result/applicationstatus>
Ref 3: <http://www.verisigninc.com/assets/domain-name-brief-oct2012.pdf>
Ref 4: http://files.shareholder.com/downloads/VRSN/2173549468x0x558951/150fc117-a1d3-42f2-aae9-1b60bbf2cc16/2011_Annual_Report-Form_10-K_Proxy.pdf

Ref 5: <https://investor.verisign.com/releaseDetail.cfm?releaseid=71643>
Ref 6: <http://www.businessinsider.com/this-xxx-domain-name-was-the-highest-selling-of-all-2011-12>
Ref 7: http://www.dotasia.org/pressreleases/DotAsia-PR-HoN%20Final-2008-08-28_EN.pdf
Ref 8: <http://domainnamewire.com/2011/10/31/xxx-domain-nets-13-million-from-sunrise/>



Growing the Internet

2ND Floor, Leisure Island Business Centre
Ocean Village, Gibraltar

t: +350 216 50000

e: cmelvin@domainventurepartners.net

w: domainventurepartners.net

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