



Website Due Diligence Report

On behalf of:

[REDACTED]

Website:

[http://\[REDACTED\].com](http://[REDACTED].com)

2 April 2013

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1. Executive Summary

1.1. Due Diligence Score

Centurica's Due Diligence score for <http://www.██████████.com/> is:

72

Our Due Diligence score is a figure representing the Analyst's overall conclusion on the risk level that they believe to be associated with acquiring the Website in question. **This score is based on both the information we analysed and the information made available to us. It does not account for any potential issues with information outside of the scope of this report.**

The above score is based on multiple factors, including but not limited to the overall verifiability of traffic and revenue data, the sustainability of traffic and revenue (as per documentation provided to the Analyst), as well as the Analyst's subjective opinion on the risks associated with acquiring the Website.

The following table will provide you with a quick guide on interpreting the score, as well as our guidance for proceeding with the acquisition.

Score	Quick Description	Explanation / Recommended Action
90 - 100	Highly Trustworthy	The Website has passed most or all of our checks, and the Analyst believes that the risks associated with operating the site are at their absolute minimum. Whilst this represents a very safe investment, we still advise exercising caution in your decision to purchase.
70 - 89	Trustworthy	The Website has passed the majority of checks and is considered a relatively safe investment. Please factor our warnings into your decision to purchase, and bear in mind that there are certain risks associated with the acquisition of any business.
50 - 69	Passed	Whilst the most important checks (such as the verifiability of traffic and revenue figures) have been passed, there have been several shortcomings in other areas. We advise proceeding with a certain level of caution.
35 - 49	Caution Recommended	There were either shortcomings in major areas, or multiple shortcomings throughout the Analysis. Should you proceed with the acquisition, we recommend you exercise a high level of caution throughout the process.
0 - 34	Extreme Caution Recommended	Serious shortcomings in several areas, including highly important ones, such as verifiability or the legitimacy of the provided traffic and revenue data. The Analyst does not recommend you to proceed, however if you do then we recommend extreme caution .

Whilst our Due Diligence score is designed to give you a quick overview of the overall risk associated with the Website, it is still important to familiarise yourself with the remainder of the Analysis for a more thorough understanding of any specific problem areas.

1.2. Summary of Findings

Below is an overview of what the Analyst believes to be the main problem areas associated with acquiring the Website.

Please note that this section is designed to be a **quick overview**.

As such, we highly recommend you to examine the rest of the Report for more specific analysis.

Overall Conclusion:

While there are areas that may need further examination and/or risk planning (*see Section 5 – Traffic and Search Validation and Section 7 – Operations and Maintenance*), the vast majority of our checks passed, indicating that there should be **no major issues** associated with acquiring the Website.

Critical Issues

No Critical issues were identified.

Warnings

Website is present in a spam black list database

The IP address or the mail server of the website has been found in at least one spam blacklist database, that may suggest the website has been involved in sending unsolicited emails or engaging in less than ethical practices.

Reference: [Section 3.2 Blacklist and Spam Report Checks](#)

Risks associated with maintenance

The Analyst believes certain risks to be involved with the ongoing maintenance of the Website. It is suggested to review the maintenance responsibility and familiarise yourself with the possible risks.

Reference: [Section 4.2.4 Ease of Maintenance](#)

Minor compliance issues with Google's Quality Guidelines

We have identified minor issues with the Website's compliance with Google's Quality Guidelines, however we believe none of these issues pose an imminent risk to the Website's search performance.

Reference: [Section 4.2.5 Compliance with Google's Quality Guidelines](#)

Majority of traffic originates from a single source

The vast majority of the traffic that the Website receives originates from a single source, resulting in a situation where the loss of that particular source would severely reduce the overall traffic that the Website currently receives.

Reference: [Section 5.2 Traffic Source Verification](#)

Minor issues with the quality of the Website's Link Profile

There are minor issues present with the quality of the Website's link profile, indicating that the Website could have been involved in poor or deceptive attempts at search marketing, that may put the Website at risk of a search engine ban or link devaluation.

Reference: [Section 5.3 Link Profile Analysis and Issue Reporting](#)

Website's revenue sources are not transferrable

One or more of the revenue sources or payment processors that the Website utilises are not transferrable to the new owner. As such, the Buyer will have to set up their own accounts, which may result in the loss of any special arrangements or volume discounts.

Reference: [Section 6.2.4 Transferability of Main Revenue Sources](#)

Minor discrepancies between estimated and claimed maintenance hours

The Analyst has concluded that the Seller's claim of the Website's operations being hands-off may not be entirely true, due to the Seller not taking into account the time spent on Operations and Maintenance.

Reference: [Section 7.1.1 Estimated Weekly Maintenance Hours](#)

Potential risks associated with the Seller's other ventures

During research, it has come to the Analyst's attention that the Seller potentially owns another business that could be positioned to compete with the Website.

Reference: [Section 8.1.1 Other Businesses Potentially Owned by the Seller](#)

Distribution of Search Traffic among different keywords is extremely low

Traffic that the Website receives from search engines is the result of very few keywords. Since search engine rankings often change, this presents a major risk as one change in search engine rankings may result in a severe loss of traffic.

Reference: Section 5.2.3 Distribution of Search Traffic Among Different Keywords

Specific skillset is required for successful operation

The Analyst believes the Seller's claim that there are minimal skillsets required for the successful operation and maintenance of the Website to be inaccurate.

Reference: Section 7.1.4 Required Skillsets

1.3. Communications with the Seller

Throughout our contact with the Seller, they demonstrated a high level of willingness to comply with all of our requests, and conveyed the image of being someone easy to work with.

As such, the Analyst believes the Seller to be co-operative and responsive, however as with any business transaction, it is important to retain full control over the transaction and analyse any new information that may arise.

2. General Overview and Remarks

2.1. Terminology and Definitions

Throughout this document, the following terminology is used:

Client – refers to the person or company who commissioned Centurica to provide a Due Diligence report about the Website. The Client’s name is stated on the Title Page above.

Centurica – refers to Centurica of Lord Byron Square, Manchester, M50 2XH, England, United Kingdom.

Analyst – refers to either Centurica as a whole or its employee(s) who were actively involved in completing the Report and carrying out the related research.

Report – refers to this Due Diligence report, completed by Centurica on request of the Client.

Website, Business – refers to the website being analysed by Centurica on request of the Client.

Seller – refers to the current owner of the Website, as advised by the Client.

Public Information – refers to any information that is available in the public domain, including but not limited to information made available publicly on the Internet or through service providers accessible to the general public.

2.2. Methodology

The Analyst has used several sources of information in order to produce the Due Diligence report in hand, including:

- Public information (breakdown in Section 2.3.1.)
- Materials provided by the Client (breakdown in Section 2.3.2.)
- Materials provided by the Seller (breakdown in Section 2.3.3.)

As not all analysed aspects can be scientifically measured, parts of the Report may include the subjective opinion of the Analyst, based on their own experience in the field.

When traffic and revenue metrics are compared with industry averages, the Analyst has used data from the last 12 full months, or the lifetime of the Website if the Website was established less than 12 months ago.

2.3. Information and Documentation Provided to and Collected by Centurica

Below is a breakdown of all documentation, information and materials provided to Centurica. All of the conclusions drawn throughout the Report are based solely on this information, coupled with the subjective opinion of the Analyst where applicable. Where references to attachments or appendices are made, these attachments or appendices are added to the Report as-is and not changed or otherwise manipulated by the Analyst.

2.3.1. Public Information

In order to complete our conclusion and the Report, we have analysed the following publicly available information sources:

- Flippa listing for the Website: [http://www.flippa.com/auctions/\[REDACTED\]*](http://www.flippa.com/auctions/[REDACTED]*)
(Data aggregated at 31.03.2013 13:34 GMT)
- BizBuySell listing for the Website: [http://bizbuysell.com/\[REDACTED\]*](http://bizbuysell.com/[REDACTED]*)
(Data aggregated at 31.03.2013 13:34 GMT)
- Google Search Results for search terms related to the Website and the Seller
- Content made available on the Website
- Various publicly available tools**, such as Open Site Explorer, DomainTools, Google Adwords Keyword Tool, Alexa.com and others.
- Various publicly available databases*, such as the US and EU Trademark databases, public databases of black-listed email and IP addresses and others.

* Data from public listing is gathered at the above date and time. Any changes made or new data added to the listing after this time will not be used as source data for the Analysis.

** Please note that while all of the tools and databases used are publicly available, some may require a paid subscription or membership. Should you have any concerns about the origin of any third party information used through the report, please contact your Analyst.

2.3.2. Information Provided by Client

Throughout the Due Diligence process, the Client has provided us with the following documentation:

- Initial Income Statement (Appendix 2 – Income Statement.xls)
- Website Traffic Overview (Appendix 3 – Traffic Data.pdf)

2.3.3. Information Provided by Seller

Throughout the Due Diligence process, the Seller has provided us with the following documentation:

- Information provided during the Live Screen Sharing Session

- Access to the Google Analytics account for the Website
- Access to selected parts of the Source Code of the Website
- Copy of Supplier Contracts (Appendix 4 – Contracts.pdf)

2.4. Verifications

Centurica has made every effort to accurately verify the validity of any and all claims made by the Seller and/or presented by the Seller in the form of documentation or information.

We have made the following efforts to achieve the highest degree of verification:

- Accessing live traffic reporting data by having the Seller grant the Analyst access to the Google Analytics account attached to the Website.

- Holding a live screen sharing session with the Seller (took place on **25 March 2013 at 2:00-2:45pm GMT**) to further verify the validity of the following information:

Website Revenue – PayPal Account

Website Revenue – Google AdSense Account

3. Domain and Server Checks

Our conclusion on risks associated with this area is

Satisfactory with remarks

3.1. Domain Verification and Ownership Checks

3.1.1. Domain Record Reporting and Verification

Domain Name Verified

Having analysed the public *WHOIS* data (source data in Appendix 1) of the domain name [REDACTED], the Analyst has verified that the domain name belongs to the Seller.

Additional Information

By comparing the data available in the *WHOIS* database to the Seller's details, we determine whether the Seller is the rightful owner of the domain name(s) associated with the Website.

3.1.2. Domain Record History

Domain Record History Checks Passed

The Analyst has compared four historical records of the *WHOIS* database (source data in Appendix 1) to current records, and concluded that there are no discrepancies between them, and that the Seller has been the owner of the domain name for **at least three years**.

Additional Information

Comparing the historical *WHOIS* records to the current *WHOIS* records helps identify situations where the website has been recently purchased and has not been in the Seller's possession for as long as it is claimed to.

3.1.3. Domain Data Reporting

Historical Domain Data does not raise any concerns

The Analyst has checked the site's history, any recorded change of registrars and any changes in the domain's name servers and found no evidence that should be of concern to the Client.

Additional Information

Simultaneous changes in name server, hosting IP and registrar can sometimes indicate a previous sale or transfer of ownership where public sale or auction information does not exist.

3.1.4. Ownership Restrictions

No Known Ownership Restrictions

To the best of the Analyst's knowledge there are **no known restrictions** on owning domain names with a **.com** suffix.

Additional Information

Some domain types pose certain restrictions to the ownership of domains, such as allowing ownership only to the residents of a certain country or only to corporate entities. A notable example is the Australian domain space '.com.au', in which only entities incorporated in Australia are allowed to own .au domains.

3.2. Blacklist and Spam Report Checks

Minor Issues Present

Having checked the IP addresses and mail servers associated with the Website ([REDACTED], [REDACTED] and [REDACTED]) against over 50 publicly available databases that monitor spam and other malicious activities, we have found out that the IP address [REDACTED] **appears to be black listed** on the "Spam Cannibal" database.

Please note that all other databases that we checked yielded a **negative** result and as such, there is a high likelihood that the blacklisting in question is a false positive.

Additional Information

Checking the IP addresses and mail servers associated with the website against known spam databases help us discover whether the website has been involved in suspicious activities, such as sending out unsolicited emails. Prior involvement in this type of activity poses a risk to the future owner of the website, as it may negatively influence the deliverability of their emails.

4. On Site Checks

Our conclusion on risks associated with this area is

Caution Recommended

4.1. Legal and Compliance Checks

4.1.1. Copy Uniqueness

Website's Content Appears Unique (7% Matched)

Having scanned the Website through several plagiarism databases, we have concluded that the website's **content appears to be unique and not plagiarised**. At the time of the scan, 7% of the website's content matched that of other websites, however the Analyst has concluded these matches to be of minimal importance, and not plagiaristic in nature.

Additional Information

Scanning the website for plagiarism helps us identify whether the website has copied content from other sources or is using original content. In cases where over 25% of the website's content match that of other websites, it is important to analyse the situation further and make sure that there are no possible legal risks.

4.1.2. Privacy Policy Check

Privacy Policy Appears to be Present

Privacy Policy appears to be present on the website at [http://\[REDACTED\]/index.php?Privacy](http://[REDACTED]/index.php?Privacy)

Additional Information

A privacy policy is a crucial part of any website. Not only do some jurisdictions require it to be present for their visitors, many search engines tend to devalue websites that fail to communicate their privacy policy to the visitor.

4.1.3. Trademark Violations

No Known Trademark Issues

To the best of the Analyst's knowledge, there are **no trademark issues** associated with the Website. During our analysis, we performed trademark searches for the brand name [REDACTED] [REDACTED] in the following databases:

- * U.S. Trademark Database (United States Patent and Trademark Office)
- * European Union Trademark Database (Office for Harmonization in the Internal Market)
- * Australian Trademark Database (IP Australia)

None of these searches resulted in any registered trademarks.

Additional Information

Registered trademarks being present in the website's name or its domain name often poses a risk to the website as the owner of the original trademark can often claim ownership of the domain name or take legal action against the website.

4.1.4. Plugin and Licence Audit

Not Applicable

Our Plug-in and Licence Audit is only applicable to websites running on the WordPress platform.

Additional Information

Our Plug-in and Licence Audit helps determine which plug-ins (third party software additions) are used on websites that run on the WordPress platform. We also establish whether any paid plug-ins are present, and verify whether the licences of such plug-ins are active. Using un-licensed plug-ins can result in both legal and software stability issues.

4.2. Code Verification

4.2.1. Metric Sanity Check

Pages Per Visitor: 3.2

Having compared the Website's PPV* metric to the industry average, the Analyst has concluded that the metric is **in line with the average**, allowing a deviation of +/- 30%

Additional Information

* The Pages Per Visitor (PPV) metric shows on average, how many pages each visitor accessed during 1 visit.

Comparing this metric with the industry average helps us make decisions about the quality of the traffic that the website receives. An extremely low number suggests low traffic quality and low engagement, whereas an extremely high number would suggest traffic spoofing or the use of scripts designed to increase page views to deceive advertisers.

The Industry Average for eCommerce is typically 2.2 pages per visit.

4.2.2. Legibility of Analytics Code

No Evidence of Tampering Found

Having checked the source code of the Website, the Analyst did not find any evidence that the Analytics tracking code had been tampered with.

Additional Information

Some websites manipulate their Analytics code snippet in ways that result in the Analytics package reporting more traffic than the website is actually receiving. Our checks are designed to identify such cases and make sure that the Analytics code used on the website is not tampered with and used only once per page. Please note that this does not detect any historical tampering that may have affected report data prior to this check being completed.

4.2.3. Platform and Code Used

Custom Platform Based on PHP/MySQL

The Website uses a custom platform built on the PHP open source programming language. It also uses a MySQL-based database.

4.2.4. Ease of Maintenance

Possible Risks Involved

Due to the fact that the Website is based on a custom platform, any maintenance needs to be performed by a person familiar with both the original development language, as well as with the programming of the Website itself.

As such, the Client would need to account for certain costs associated with making any fundamental changes to the Website after the acquisition.

Additional Information

Establishing which platform the website uses helps us identify any possible risks with maintaining it. Widely known Content Management Systems, such as WordPress, Joomla, Drupal and others generally present a lower maintenance burden, as changes can be made by a person not familiar with website. Custom-coded sites on the other hand, come with greater risks, as technical knowledge is often needed even for the smallest change.

4.2.5. Compliance with Google's Quality Guidelines

Minor Guideline Violations Identified

The Analyst has identified minor violations of Google's Webmaster Guidelines. The Analyst believes that these violations do not pose an imminent risk to the Website's search rankings, however they may negatively affect its long term search performance.

During our analysis, we have assessed the following internal and external characteristics of the Website:

Design and Content Guidelines

Clear hierarchy and text links	YES	Site Map present on the Website	NO
Reasonable number of links on pages	YES	Useful, information-rich site	YES
<title> elements are descriptive	YES	ALT attributes are descriptive	YES
No "broken links" identified	YES		

Technical Guidelines

Content accessible by spiders	YES	Legacy browser test passed	YES
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Quality Guidelines

Pages are user-targeted	YES	No deception techniques identified	YES
No automatically generated content	YES	No cloaking techniques used	N/A
No disallowed redirects used	N/A	No hidden text or links	YES
No "Doorway Pages"	YES	No scraped content	YES
No low-value affiliate schemes	YES	No "keyword stuffing"	YES
No malicious code or malware	YES	No abuse of "rich snippets" mark-up	YES
Sending automated queries to Google	N/A	Prevention of user-generated spam	YES

Please note:

- The above checks have only been performed on the index page of the Website.
- N/A means that the Analyst is unable to verify compliance with said guideline due to the external nature of the check.

Additional Information

For sites that receive some or part of their traffic from Google, complying with Google's Webmaster Guidelines is extremely important as failing to do so often results in lower search rankings and, in some cases, penalties and exclusions from Google's search index. The full list of Google's Webmaster Guidelines can be found at <https://support.google.com/webmasters/answer/35769?hl=en>.

4.3. Subscriber Data Due Diligence

4.3.1. Opt in Email Addresses

Opt In Email Addresses: 3,431

The Website has **3,431** email subscribers that are likely double-opt in*. The Analyst has verified this information by accessing the Aweber.com account associated with the Website.

Additional Information

* Double-opt in means that all email subscribers have been sent a confirmation message confirming their interest in being included in the mailing list. Double-opt in, whilst not absolutely necessary, is good practice as it helps avoid spam complaints.

When checking for the number of email subscribers, the Analyst looks to verify the information through third party channels. In cases where verification is not possible (such as a self-managed mailing list), the Analyst will make this clear.

4.3.2. Mailing List Health

Mailing List Health Score: 4

Understanding the score:

5 – Extremely Healthy. Even though mailings are frequent, the list maintains a very high open rate, extremely low unsubscribe rate and shows constant growth in the rate of new sign-ups.

4 – Healthy. The mailing list performs above average, with good open, unsubscribe and sign-up rates.

3 – Average Health. An average mailing list that is not at high risk of running into issues due to low quality signals, but could benefit from improvements.

2 – Below Average Health. Figures demonstrate low quality and potential issues, leading to possible deliverability issues or account termination. A low score may also indicate a significant risk of email subscribers not being legitimate or not being collected through the website itself.

1 – Poor Health. Very serious issues. Delivery issues are imminent, if not present, and the delivery account is at risk of termination or being black listed.

Additional Information

When assigning the Mailing List Health score, we take into account various factors, such as the unsubscribe rates (how often people unsubscribe from the mailing list), the open rates (how often people tend to open emails that originate from the site), the frequency of mailings and the current rate of sign-ups.

A mailing list score is only provided if the Website uses a known third party provider, such as aWeber, GetResponse or MailChimp for managing its mailing list(s). The Analyst is unable to run sufficient checks to provide a score if the mailing list is managed in-house or by an unknown service provider.

5. Traffic and Search Validation

Our conclusion on risks associated with this area is

Caution Recommended

5.1. Verification of Traffic Analytics Reports

Discrepancy Between Claimed and Reported Figures: 1.8%

During our Due Diligence process we have compared the traffic claims publicly provided by the Seller, and those gathered from the Client as a follow-up (see Appendix 3 – Traffic Data.pdf) to those reported by Google Analytic’s live environment.

Upon detailed comparison for the period of **21 March 2012 – 20 March 2013**, we have concluded the discrepancy between claimed traffic figures and those reported by Google Analytics was **less than 2%**, indicating that the data provided was **accurate***.

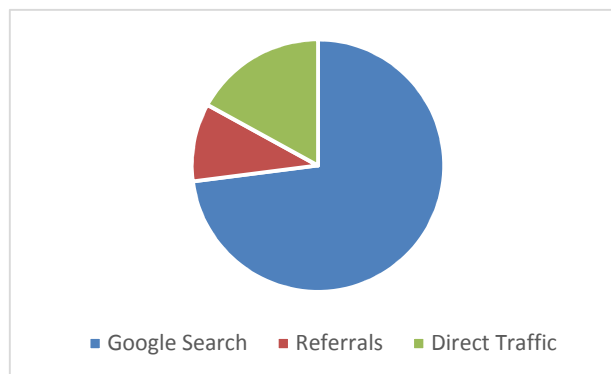
Additional Information

* A slight discrepancy of less than 2% often occurs when rounding the figures and as such, any discrepancies below 2% are ignored.

5.2. Traffic Source Verification

Analysed Traffic Sources

Traffic Source	Contribution to Overall Traffic
Google Search	73%
Referrals	10%
Direct Traffic	17%



5.2.1. Quality of Main Traffic Sources

We have completed our analysis on the sustainability of traffic using most of the metrics analysed throughout Section 5, including historical vs. current traffic levels, the overall stability of the Website’s main traffic sources, the number of different traffic sources, the quality of the Website’s link profile and more.

	Contribution to Traffic	Sustainability Score
Google Search	73%	3
<p>Whilst organic search traffic often converts well and is perceived as a relatively stable traffic source, it’s important to understand that this type of traffic can be extremely unstable, due to the fact that any changes in the search engine’s algorithms can affect the website’s rankings considerably. Websites that rely heavily on search traffic are therefore at the mercy of the search engines, and this type of traffic should be considered as relatively high risk.</p>		
Referrals	10%	4
<p>Referral traffic (e.g. visitors from links on other websites) can be relatively risky in nature, due to the fact that the sites in question can remove the links responsible for this traffic at any time.</p> <p>Furthermore, referral traffic can often originate from (disclosed or undisclosed) paid for deals, and can therefore be unsustainable or short-term. As such, it’s important to analyse the main sources of referral traffic and determine whether the sites in question are likely to be trustworthy sources for traffic.</p>		
Direct Traffic	17%	4
<p>Direct traffic (e.g. visitors typing in the address of the website directly or accessing the site from a bookmark) can originate from various sources, with the main ones often being offline advertising and word-of-mouth marketing. Since it can be difficult to track the origin of direct traffic, it’s important to be cautious in situations where direct traffic represents a significant share of overall traffic.</p>		

Understanding the score:

- 5 – Extremely Sustainable Traffic Source. Traffic source is highly sustainable and/or can be replicated without much difficulty.
- 4 – Sustainable Traffic Source. Sustainable traffic source that typically doesn’t present issues. Can be replicated.
- 3 – Average Sustainability. Traffic source is sustainable under normal circumstances but could discontinue unexpectedly and/or be difficult to replicate.
- 2 – Below Average Sustainability. Whilst the traffic source could be sustainable, there are imminent issues that need to be looked into. Replicating the traffic source without incurring additional costs may be difficult or impossible.
- 1 – Short Term Unsustainable Traffic. Traffic source is extremely likely to discontinue. Any previous success was likely short term in nature.

5.2.2. Distribution of Search Traffic Among Different Keywords

Distribution of Search Traffic among different keywords is extremely low

The supplied Analytics data suggests that the vast majority (84%) of the Website’s search traffic originates from a total of **2 keywords / search terms**, making the distribution extremely top-heavy.

Additional Information

This check determines how many different keywords are bringing in the majority of the website’s Search Traffic. Few keywords means that the website’s traffic is more likely to fluctuate, as any minor fluctuations in how the

website ranks in search engines will be amplified in the site's traffic. On the other hand, a large number of different keywords being responsible for Search Traffic reduces the risk of a major traffic decline, since small changes will not have a noticeable effect on the overall number of visits.

5.2.3. Illegitimate and Suspicious Traffic Investigation

Google Search – Nothing Suspicious Found

The Analyst has verified that the Website does appear at various places in Google's search results for the main keywords indicated by Google Analytics: [REDACTED]

Referrals – Nothing Suspicious Found

The top three referring websites have been checked and the Analyst has confirmed that these websites do indeed possess links to the Website.

Direct Traffic – Nothing Suspicious Found

Based on the Analyst's subjective opinion, word of mouth marketing and direct recommendations are common in the [REDACTED] industry that the Website operates in. As such, we have **no major reason to believe the Direct Traffic figure to be inaccurate or inflated**, especially considering the fact that Direct Traffic only accounts for less than one fifth of the overall traffic that the Website receives.

Additional Information

Our Illegitimate and Suspicious Traffic Investigation is designed to verify whether any of the claimed traffic has been faked, inflated or spoofed. There are several ways for traffic to be spoofed, which is why we analyse each traffic source on its own and determine the likelihood of all or part of that source being illegitimate.

5.2.4. Undisclosed Paid Traffic Sources

No Evidence of Undisclosed Paid Traffic Sources Found

Having analysed the Google Analytics data of the Website, the Analyst **did not notice any irregularities that would suggest undisclosed paid traffic sources** to be present.

Traffic Volume vs. Search Volume

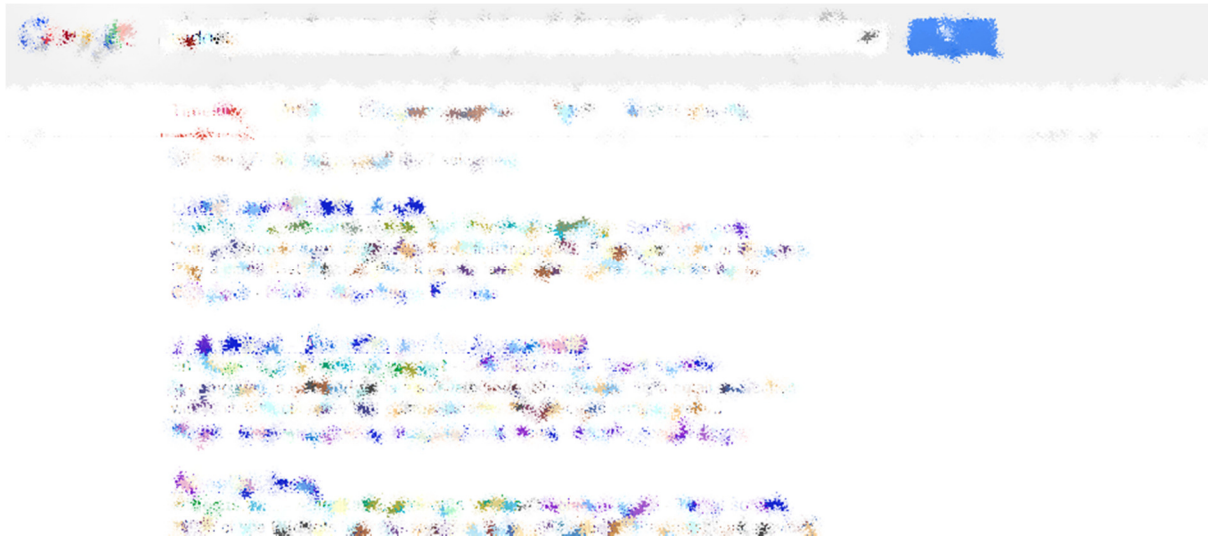
Since the vast majority (73%) of the traffic that the Website receives originates from Google.com, the Analyst has also performed a check to identify whether the main keywords responsible for traffic possess the appropriate Search Volume to support the claimed amount of traffic.

The Analyst gathered from the Google Analytics account of the Website that the main Search Terms responsible for traffic are:

- [REDACTED] – Aprx. 46% of all search traffic
- [REDACTED] – Aprx. 38% of all search traffic

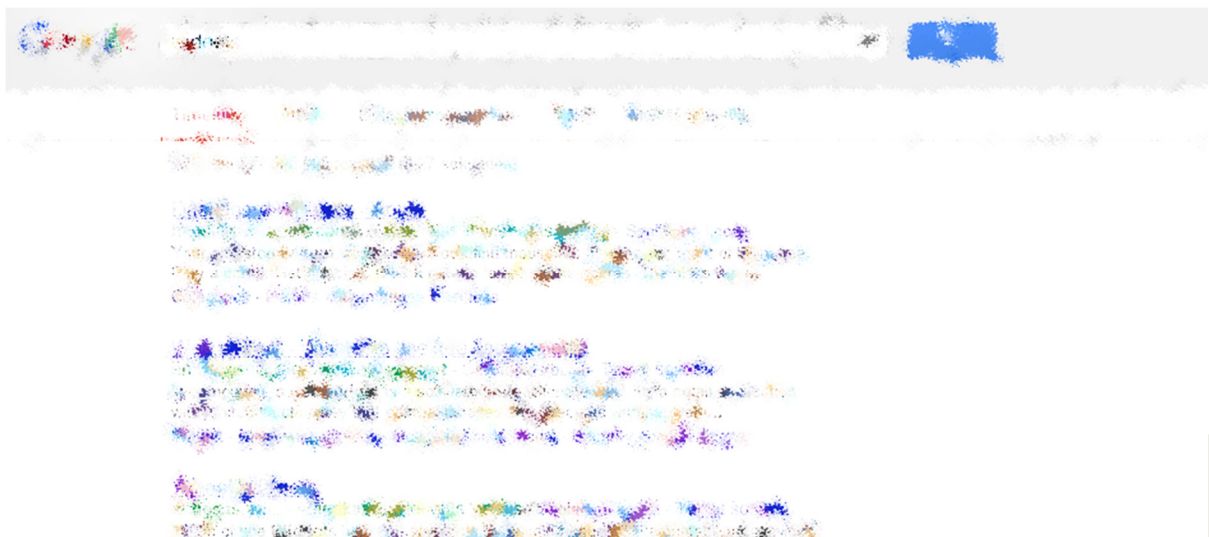
We performed a Google search for both of the main keywords. The results of this search were as follows:

[REDACTED]



At the time of checking, the Website appeared to be in position number 2 in Google's Search Results.

[REDACTED]



At the time of checking, the Website appeared to be in position number 1 in Google's Search Results.

Knowing the Website's placement in search allows us to predict the approximate percentage of users that are likely to navigate from the Search Results to the Website. Whilst there is no figure that is 100% accurate, there have been several studies suggesting that the average Click Through Rate for Placement #1 is between 30% and 70%, and Placement #2 is between 10% and 40%.

Based on these assumptions, we would need the following Search Volumes to verify the Seller's claims:

██████████ – 3,785 monthly searches.

██████████ – 4,827 monthly searches.

Having checked the keywords in question with Google Adwords' Keyword Tool, we gathered the following results:

██████████

Search Volume: 8,100 – suggesting a larger search volume than we needed for our check to pass.

████████████████████

Search volume: 6,500 – suggesting a slightly larger search volume than we needed for our check to pass.

In conclusion, we have determined that the Search Volume **does correspond** to the claimed traffic volume.

Further Verifications

We have also verified that the Website **does not seem to receive traffic from paid traffic sources**, such as Google Adwords or Display advertisements.

5.2.5. Overall Traffic Sustainability Analysis

Minor Traffic Sustainability Issues Identified

The Analyst has identified **minor issues** in the following areas:

- The Website receives many of its visits (more than 50%) from just a few main traffic sources. This increases the risk of a sudden loss of traffic, as losing one key traffic source would severely affect the Website's overall traffic levels.

- The Website's main traffic source has a lower than average sustainability score (ref: Section 5.1.1. Quality of Main Traffic Sources)

We did not identify any issues with other areas, such as the Website's historical traffic levels, the quality of the Website's link profile or the distribution of search traffic among different keywords.

Additional Information

Our traffic sustainability analysis is designed to verify several factors that can influence the overall sustainability of the Website's current traffic levels. This includes analysing both the Website's current and historical traffic data, market trends, distribution of search traffic among different keywords, distribution of traffic sources and more.

5.2.6. Visitor Engagement Analysis

No Issues Identified

The Analyst has assessed the Website's visitor engagement based on the following metrics:

- Website's Bounce Rate – 44%
- Average Pageviews per Visit – 3.2
- Average Time on Site – 00:02:32

Based on the above, the Analyst has concluded that visitor engagement **appears reasonable** for the niche that the Website operates in.

Additional Information

We assess the main traffic metrics such as Bounce Rate, Time on Site and Pages per Visitor, to determine the level of visitor engagement. Low engagement often indicates untargeted traffic, which can be difficult to monetise and sustain or the Website has low quality content.

5.2.7. Keyword Ranking Analysis

No Issues Identified

The Analyst has assessed the Website's keyword rankings in Google based on the following metrics:

- Total Top 20 Ranking Keywords in Google (US) - 240
- Keyword Gains over the last 3 months - 18 (8%)
- Keyword Losses over the last 3 months - 4 (2%)
- Keyword Improvements over the last 3 months - 45 (19%)
- Keyword Declines over the last 3 months - 6 (3%)

Based on the above, the Analyst has concluded that the Website seems to be steadily ranking for an increasing number of keyword terms and as such shows no signs of immediate loss of traffic from organic search.

Additional Information

Significant losses or declines in ranking keywords can sometimes be an early signal of quality issues with the Website or with its backlink profile. Those issues may precede a search penalty or worst, total de-indexation resulting in large scale loss of traffic.

5.3. Link Profile Analysis and Issue Reporting

5.3.1. Link Profile Analysis and Subnet Diversification

Having analysed the link profile of the Website, we have concluded the following:

Backlinks vs. Referring Domains – 823 Backlinks from 238 Domains (28%)

This figure demonstrates how many backlinks, on average, are on each individual domain that links to the Website. The figure being either too low (<5%) or too high (>40%) can indicate poor or deceptive attempts at search marketing, that may put the website at risk of a search engine Ban or link devaluation.

Subnet diversification – 315 subnets / 382 domains (82%)

This figure indicates how many different subnets (*clusters of sites hosted on the same or nearby servers, often owned by the same company or individual*) link to the Website, in comparison with the overall number of domains. This figure being too low (<60%) can indicate that the owner of the website has linked to the site from several of their own properties, or purchased links from a 'link-farm' where all the sites are on servers with similar IP addresses. This can pose a risk both if those links are removed or if they remain.

Do-follow vs. No-follow links – 21% No-follow

The percentage of no-follow links* is often a reflection as to how natural a site's link profile is, as well as indicating whether any unethical link building methods have potentially been used. Websites that earn their links from organic and natural practices, are expected to have both do-follow and no-follow links with both being within acceptable limits.

* The No-follow attribute on links is a concept introduced by Google that allows webmasters to devalue certain links on their websites to prevent link spam. Links that are marked no-follow carry no value towards the target website's search engine rankings and is recommended for all paid or sponsored links.

Sitewide vs. Non sitewide backlinks – 33% Site-wide

Similarly to no-follow links, an overly large (65%+) presence of site-wide links* may suggest that links have previously been purchased by the Website's owner to increase the Website's rankings in search.

* Sitewide links are links that are present on every page of a site. These links are often placed in the footer or sidebar but they can be present anywhere.

Anchor Text Variation – Passed

This check aims to establish whether the same anchor text * has been used too frequently. Excessive use of the same anchor text can be considered evidence that link spam is or has been used. When performing our check, we analyse the top three anchor texts used when linking to the Website and make sure that their contribution to the overall link profile does not exceed 70%.

* Anchor text is the visible, clickable text in a hyperlink. Ideally a site's anchor text should be distributed with approximately 1/3 being keyword phrases, 1/3 being brand terms (for example the URL of the site or the site's name) and 1/3 being 'noise' or generic terms (for example 'click here' or 'more information').

5.3.2. Advanced Link Profile Analysis

No Issues Identified

The Analyst has manually checked a selected snapshot of linking sites, looking for:

- Potential Link Spam
- Artificial or Paid Links
- Sitewide or Footer Links
- Links from sites with thin or unnatural content

Based on the snapshot of links analysed, the Analyst has concluded that the Website's link profile has no immediate issues at the time of checking.

Additional Information

With the main search engines now using human editors, search penalties for sites with links from bad neighbourhoods are becoming more commonplace. We assess a selection of linking sites to discover quality issues that a machine or automated process couldn't.

5.3.3. Detailed Anchor Text Analysis

Minor anchor text quality issues identified

The Analyst has identified an issue in the following area:

- A significant amount of anchor text seems to be for an un-natural keyword phrase

Based on the snapshot of anchor text analysed, the Analyst has concluded that some Anchor text phrases seem un-natural - for example anchor texts that use "buy [product]" or "get [product] here". Whilst these can be a representation of a low quality search marketing campaign, the Analyst has concluded that they are relatively low risk in nature.

Additional Information

The quality of site's link profile is often judged not just on the sites where links are found, but also on the anchor text which forms the link itself. A large percentage of relatively un-natural terms is often a sign of an automated or low quality link-building campaign.

5.3.4. Search Engine Bans

The Website does not appear to be banned in any major search engine

We have checked whether the Website appears to be excluded from any of the major search engines (Google.com, Bing.com, Yahoo.com) and have concluded that the website **does not appear to be banned** and can be found on all three search engines.

Additional Information

Search engine bans and exclusions typically happen when the website in question has been involved in unethical activities, such as attempts to manipulate search engine rankings. Once excluded it can be extremely difficult and sometimes impossible to regain rankings on that particular search engine.

5.3.5. Fake Page Rank Check

Google Page Rank Appears to be Legitimate

The Analyst has checked whether the Website has used any techniques to spoof its Google Page Rank* and did not discover anything suspicious. The Website appears to carry a valid Page Rank of 3.

Additional Information

* Google PageRank is a numerical weighting assigned by Google for each page that is included in Google's search results. PageRank is used to measure the relative "value" of a particular website when compared to other websites in Google's results.

Our Fake Page Rank Check is designed to identify cases where the owner of the website has purposely manipulated the site to show a higher Google PageRank than the actual PageRank assigned by Google. This is a common practice among fraudsters to elevate the perceived value of their web properties.

5.3.6. Evidence of Possible Historical Search Penalties

No Previous Search Penalties* Identified

Having examined the Google Analytics data, the Analyst did not find any clear evidence of previous search penalties.

Additional Information

* Search penalty means a permanent or temporary penalty assigned by a search engine for a particular website. These penalties are often assigned due to the website engaging in malicious activities, such as trying to manipulate the website's search engine rankings. The result of a search penalty is typically the website moving lower in rankings and therefore losing part of its incoming traffic.

5.4. Social Reporting

5.4.1. Social Accounts and Number of Followers

Social Accounts potentially linked to the Website exist, but have not been declared as part of the sale.

Based on a check from public sources, the Analyst has concluded that the Website appears to be associated with the following Social Media accounts:

Facebook – [http://facebook.com/\[REDACTED\]](http://facebook.com/[REDACTED]) - 5,692 fans

Twitter – [http://twitter.com/\[REDACTED\]](http://twitter.com/[REDACTED]) - 762 followers

Within the documentation provided to the Analyst, including the public sale listing of the Website, the Seller **has NOT included** the above named Social Media accounts in the sale and as such, it is not certain whether they are or are not included in the sale or whether the accounts in question belong to the Seller.

5.4.2. Social Score

Social Score: 4

Understanding the score:

- 5** – Very Strong Social Presence. The Website has an extremely strong social presence, and has been active on Social Networks for a while. It benefits from a large and highly targeted following.
- 4** – Strong Social Presence. The Website has a strong social presence that can be further improved upon.
- 3** – Average Social Presence. The Website is present in the Social Media space but hasn't utilised it fully. Accounts are either young or not very well established.
- 2** – No or Very Little Social Presence. The Website has either no or very little social presence, or shows indications of low quality, such as heavily inflated figures or potentially fake followers.
- 1** – Serious Risk Indicators Present. The Website's Social Profile appears to be almost entirely or entirely based on inflated/spoofed figures.

Additional Information

Social Score is calculated based on a number of factors, including the popularity and the age of the Social Media accounts in question, as well as public information from various sources and various metrics, such as the ratio between followers and those engaged in open communication.

6. Revenue and Monetisation Checks

Our conclusion on risks associated with this area is

Satisfactory with remarks

6.1. Verification of Provided Revenue Figures

In order to analyse whether the revenue details provided by the Seller match those reported by the Website's revenue sources, we held a **Live Screen Sharing Session** with the Seller. This session took place on **25 March 2013 at 2:00-2:45pm GMT**. During the session we were able to verify the following:

- PayPal transactions – in-depth overview of ALL transactions of the following two calendar months, randomly chosen by the Analyst:
 - February 2013
 - November 2012
- PayPal transactions – overall overview of transactions from the period of 21 March 2012 – 20 March 2013
- Google AdSense – overview of all income from the period of 21 March 2013 – 20 March 2013

6.1.1. Overall Legitimacy of Claimed Revenue Sources

All Revenue Sources Appear to be Legitimate

Having performed our investigation on whether the claimed and proven revenue originates from the Website in question, we have concluded that **the revenue sources presented appear to be legitimate**.

We have established the above conclusion by confirming that the PayPal Transaction Reports include the URL of the Website, indicating that the revenue generated indeed originates from purchases made through the Website.

When analysing Google AdSense revenue, we have verified our conclusion by analysing the “Domain statistics” feature, that clearly displays that claimed revenue originates from advertising on the Website.

Additional Information

Our Revenue Legitimacy checks are designed to spot situations where the claimed revenue indeed exists, but has been generated through means other than the site being sold. In order to confirm that this isn't the case, we look for signs that connect the revenue at its source to the Website in question, such as references in transaction descriptions and the presence of tracking data.

6.1.2. Discrepancies Between Claimed and Actual Revenue

Discrepancy Between Claimed and Reported Figures: 0%

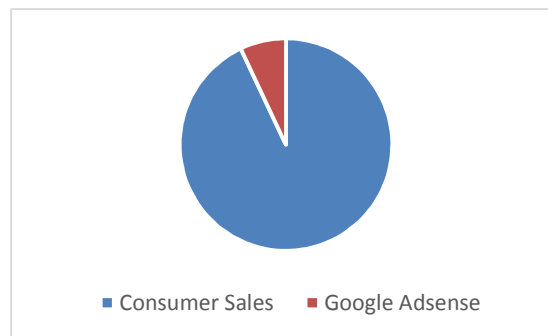
During our investigation, we **did not discover any discrepancies** between the figures provided by the Seller and those seen and confirmed by the Analyst.

The figures provided by the Seller completely match those that the Analyst saw during our Screen Sharing Session (see Appendix 4 – Revenue Report.pdf).

6.2. Revenue Source Verification

Analysed Revenue Sources

Revenue Source	Contribution to Overall Revenue
Consumer Sales – Paypal	93%
Google AdSense Advertising	7%



6.2.1. Quality of Main Revenue Sources

We have completed our analysis on the sustainability of the site's revenue using most of the metrics analysed throughout Section 6, including the overall reliability of the source, the possibility of replacing it and its seasonality.

	Contribution to Revenue	Sustainability Score
Consumer Sales - PayPal	93%	4
Direct sales to consumers can be considered a relatively safe source of revenue. It needs to be noted though, that in cases where all sales are processed through a single payment processor, the payment processor itself can pose a risk to the revenue source (should anything happen to that relationship with the payment processor), and as such, it is suggested that a back-up solution should be in place.		
Google AdSense Advertising	7%	4
Google AdSense can be considered a safe and stable source for revenue. Being relatively hands off and stable, Google AdSense is often many owner's preferred revenue source for advertising. However, it should be noted that AdSense revenue depends largely on the content of the website and as such, any major changes to the content may affect the revenue that the website generates.		

Understanding the score:

- 5 –Extremely Sustainable. Revenue source is highly sustainable and/or can be replicated without much difficulty.
- 4 –Sustainable with No Issues Foreseen. Sustainable revenue source that typically doesn't present issues. Can be replicated.
- 3 – Average Sustainability. Revenue source is sustainable under normal circumstances but could discontinue unexpectedly and/or be difficult to replicate.
- 2 – Below Average Sustainability. Whilst the revenue source could be sustainable, there are imminent issues that need to be investigated. Replicating this source without incurring additional costs may be difficult to impossible.
- 1 – Short Term Unsustainable Revenue. Revenue source is extremely likely to discontinue. Any previous success was likely short term in nature.

6.2.2. Quality of Supplied Revenue Proofs

Quality Rating for Supplied Revenue Proofs: 5

Understanding the score:

- 5 – All Revenue has been verified live via screencast or through direct access to the seller's account. Any misrepresentations are highly unlikely.
- 4 – Revenue has been verified live via screencast and sufficiently proven, but minor discrepancies may exist.
- 3 – Revenue verification has been partially live. Discrepancies may exist and further verification is recommended.
- 2 – Live access to revenue proofs has not been granted and / or major discrepancies may exist. Further verification is highly recommended.
- 1 – Low Quality revenue proofs supplied. Discrepancies and misrepresentations are highly likely.

6.2.3. Transferability of Main Revenue Sources

Revenue Sources are Not Transferrable

During our investigation, the Analyst has concluded that **neither of the two revenue sources – PayPal and Google Adsense - are directly transferrable.**

To the best of the Analyst's knowledge, neither Google nor PayPal allow the transfer of accounts to a new owner. As such, the purchaser of the Website will be required to have or set up their own accounts with both of these service providers. In scenarios where the accounts are attached to a company entity, another option is to have the Buyer assume control of that company (the Business) from the Seller.

We strongly recommend the Client to verify the above directly with the Seller.

Additional Information

Whilst the transferability of revenue sources or processing accounts is usually not an issue since the buyer can always set up their own accounts with the same service providers, the two possible issues that may arise from revenue sources being not transferrable are a) Any specific agreements that the Seller has with the service provider (such as reduced fees or volume discounts) may be not retainable after the change in ownership and b) some revenue sources may not be available in certain countries, states or jurisdictions.

6.2.4. Recommendations for Further Revenue Verification

The Analyst has verified all revenue and at this stage there are no recommendations for further verification.

6.2.5. Google AdSense Terms & Conditions Compliance

No Compliance Issues Identified

Since one of the Website's revenue sources is Google AdSense, the Analyst has assessed whether the Website is likely to comply with Google's AdSense Program Policies.

We have analysed the Website in following areas:

Encouraging Clicks	NO	Adult, violent or racist content	NO
Copyrighted Material	NO	Disallowed Redirects	N/A
Ads places in pop-ups	NO	Gambling-related Content	NO
Lack of disclaimer on 3rd party cookies	NO	Exceeding maximum number of ads	NO
No malicious code or malware	NO	Disallowed Traffic Sources	N/A

Please note:

- The above checks have only been performed on the index page of the Website.
- N/A means that the Analyst is unable to verify compliance with said guidelines due to their external nature.

Considering the above, the Website does not appear to violate any of the main AdSense Program Policies, and can therefore be considered **safe for Google AdSense**.

Additional Information

For sites monetised through Google AdSense, we assess whether the site is likely to comply with Google's AdSense Program Policies. Sites that don't comply with Google's policies are at risk of getting excluded from Google AdSense and therefore losing it as a revenue stream. Please note that we are only able to assess the on-site compliance with current Google AdSense policies. Full program policies are available at <https://support.google.com/adsense/answer/48182?hl=en>.

6.3. Revenue Metrics

6.3.1. RPU and RPM Sanity Checks

RPU (Revenue Per Unique User): \$0.02

Having compared the Website's RPU to the sites within a similar niche operating similar methods of monetization, the Analyst has concluded that the metric is **in line with the industry average**, allowing a deviation of +/- 30%.

RPM (Revenue per 1,000 Impressions): \$2.10

Having compared the Website's RPM from advertising to the industry average, the Analyst has concluded that the metric is **in line with typical industry RPM figures**.

As neither metric seems excessive nor grossly above typical figures, **it is highly likely that the revenue data supplied is and will continue to be achievable by the Website**.

Additional Information

Analysing the RPU and RPM will often allow us to spot inaccurate or fraudulent revenue claims made by a Seller. An extremely high RPU in comparison to similar sites would indicate that the Website under review has an exceptional conversion rate and this is seldom the case. It's more likely that the seller has inflated their earnings, or failed to report a source of traffic that contributes revenue to the site - e.g. trade shows or offline advertising.

A grossly higher than average RPM is often a sign of click fraud, where users or remote machines are setup to click the Website's adverts to increase earnings.

6.3.2. Refund / Chargeback Rate

Refund Rate*: 2.32%

Having compared the Website's Refund Rate to the industry average, the Analyst has concluded that the metric is **in line with the industry average**, allowing a deviation of +/- 30%.

Chargeback Rate*: 0.07%

Having compared the Website's Chargeback Rate to the industry average, the Analyst has concluded that the metric is **in line with the industry average**, allowing a deviation of +/- 30%.

Both of the above metrics are extremely low (2.32% and 0.07% respectively, over the last 12 months) considering the industry averages. As such, we **do not foresee any issues with this regard**.

Additional Information

Analysing the Refund and Chargeback rates, and comparing them to the industry average helps us determine whether the products or services offered by the website are considered of sufficient quality by its clients. Higher than usual Refund and Chargeback rates often present a risk to the payment processing solution that the site uses, as most payment processors tend to terminate merchants that continuously show high Refund and Chargeback rates.

The Industry Average for [REDACTED] is typically 3% (Refunds) / 0.20% (Chargebacks)

* Refund rate represents the percentage of gross revenue refunded to buyers voluntarily by the merchant, mostly as the result of a product return. Chargeback rate represents the percentage of gross revenue refunded to buyers as the result of a complaint filed with the buyer's bank or Credit Card company.

6.3.3. Seasonality Score

Seasonality Score: 4

Understanding the score:

- 5** – Revenue is Not Seasonal. There are no signs of any seasonality. Revenue is extremely stable throughout the year.
- 4** – Revenue is Slightly Seasonal. There are minor signs of seasonality that result in a variance of less than 15% between the low and the high season.
- 3** – Revenue is Seasonal. Revenue is affected by seasonality. The variance between the low and the high season is 16%-50%.
- 2** – Revenue is Very Seasonal. The difference between the lowest and highest revenue months is above 51%.
- 1** – Revenue is Extremely Seasonal. The Website is producing revenue only throughout certain periods, such as specific events or holiday seasons.

Additional Information

Our Seasonality Score is based on how seasonal the Website's revenue appears to be, based on both historical data, as well as market research.

7. Operations and Maintenance

Our conclusion on risks associated with this area is

Potential Issues Identified

7.1. Operational Breakdowns

7.1.1. Estimated Weekly Maintenance Hours

Minor Discrepancies Found Between Claimed and Estimated Maintenance Hours

In the Website's Sale listing, the Seller has claimed that the Website is “almost completely hands-off for the buyer since all of the work has been outsourced.”

In our opinion, the **above statement is true**, however it is important to understand that:

- 1) The current set-up is dependent on **two outsourcing partners**, meaning that even though there is a back-up solution in place should one of the partners discontinue their relationship with the Website, it's still recommended to establish a safety net should the relationship with both of the partners end. At this stage, we have not conducted any investigation into these partners or their relationship with the seller.
- 2) Managing communication and workflow with the outsourcing partners can consume time, especially in non-standard cases where direct communication is required. This can result in an added maintenance overhead.

7.1.2. Estimated Maintenance Tasks

Estimated and Claimed Maintenance Tasks match

Having analysed the Website's business model, as well as considering our own internal data on similar properties operating in related niches, the Analyst believes the primary maintenance tasks for the Website to be as follows:

A) First level Customer Support	5-15 hours per month
B) Order processing	5-15 hours per month
C) Minor changes to the site and the product catalogue	3-9 hours per month
D) Minor changes to the website's main content	1-4 hours per month
E) Operations and Supplier Relations	2-6 hours per month

Tasks mentioned above **match those claimed by the Seller** within the Public Listing.

Additional Information

Please note that the above data is an estimate, based on the Analyst's experience and internal data from properties that are similar to the Website. The actual maintenance tasks required may differ from what is stated above.

7.1.3. Possibility of Outsourcing Operations

Good Possibility of Outsourcing Operations

The operational tasks for the Website have already been largely outsourced, and outsourcing has been proven to be a cost-effective solution.

7.1.4. Required Skillsets

Specific Skills Required

The Seller has claimed that the skills required to operate the Website are "minimal". The Analyst would like to point out that even though the day-to-day operations of the Website are straightforward, the website is coded in PHP. As no Content Management System has been used, making any changes to the content or the functionality of the website requires familiarity with the PHP programming language.

As such, the Client will need to account for certain costs associated with making any changes to the Website after the acquisition.

7.2. Operation Cost Analysis and Verification

7.2.1. Estimated Monthly Operation Costs

Estimated Monthly Operation Costs: \$1,500 - \$3,000 (Claimed: \$1,926)

Having analysed the Website's business model, as well as considering our own internal data on similar properties operating in related niches, the Analyst believes the Estimated Monthly Operation Costs to be in the range of **\$1,500 - \$3,000**.

The average monthly operation costs of the Website, as declared by the Seller, are **\$1,926**. Based on this, the Analyst believes the Operation Costs to be **in line with the industry average**.

Additional Information

Please note that the above data is an estimate, based on the Analyst's experience and internal data from properties that are similar to the Website. The actual operations cost of the Website may differ from the above.

8. The Seller

Our conclusion on risks associated with this area is

Caution Recommended

8.1. Linked Asset Reporting

8.1.1. Other Businesses Potentially Owned by the Seller

There is a possibility of the Seller owning related domains or websites that could be positioned to compete with the Website being sold.

Having carried out a basic background check on the Seller using publicly available information, the Analyst has concluded the following:

In addition to owning the domain name [REDACTED].com, the Seller could also potentially own the following 14 sites / domains:

[REDACTED].com	[REDACTED].com	[REDACTED].net
[REDACTED].com	[REDACTED].net	[REDACTED].com
[REDACTED].com	[REDACTED].com	[REDACTED].com
[REDACTED].com	[REDACTED].com	[REDACTED].com
[REDACTED].com	[REDACTED].com	[REDACTED].com

Upon reviewing each of the above domain names and their corresponding websites, the Analyst has concluded that the **majority are irrelevant** to the business of the Website being sold.

However, the website hosted on the domain name “[REDACTED].com” appears to have a small **degree of competition** with the Website being sold, by offering its visitors products in the areas of [REDACTED] and [REDACTED].

As such, we highly recommend the Client to **pay close attention to the non-compete terms** agreed with the Seller.

Additional Information

When carrying out our checks on other businesses potentially owned by the seller, we utilise public footprints that connect other websites with the Website in question and/or the Seller’s person. It is important to understand, however, that the above are merely estimates and false positives, as well as false negatives, can be expected.

8.1.2. Other Sites Recently Sold by the Seller

No Other Website Listings Identified

To the best of the Analyst's knowledge, the Seller has not sold any other properties within the last 36 months. Please note that we have only analysed public information and as such, the Seller may have been involved in other transactions not advertised publicly.

8.2. Conflict of Interests Report / Assessment of Intention to Compete

8.2.1. Traffic Sources Contributing Over 10% Owned by the Seller

No Relevant Traffic Sources identified

The vast majority of the traffic that the Website receives originates from search engines. Also, none of websites responsible for the majority of referral traffic seem to belong to the Seller. The Analyst therefore has no reason to believe that any of the traffic sources are owned or controlled by the Seller.

8.2.2. Suppliers of Products / Services Responsible for Over 10% Revenue Owned by the Seller.

No relevant Supplier Relations identified

After conducting an investigation through public channels, the Analyst concluded that there is no reason to believe that any of the product suppliers are owned or controlled by the Seller.

8.3. Background Checking

8.3.1. Seller Background Check

[Removed from Example Report]

9. The Business

Our conclusion on risks associated with this area is

Satisfactory with remarks

9.1. Labour Assessment

9.1.1. Staff Breakdown

Not Applicable - The Business does not have staff

9.1.2. Total Staff Hours (Monthly Total)

Not Applicable - The Business does not have staff

9.2. Agreements and Commitments

9.2.1 Agreements and Contracts Held

Supplier Contracts and Agreements Held

The Analyst has confirmed with the Seller and verified that **contracts or agreements with all suppliers are in place** (see Appendix 4 – Contracts.pdf).

9.2.2. Leases and Commitments Held

Not Applicable - the Website is sold as an asset, rather than a business

9.2.3. Loan / Credit / Finance Agreements Outstanding

Not Applicable - the Website is sold as an asset, rather than a business

9.3. Company Reporting

9.3.1. Company Structure

Not Applicable - the Website is sold as an asset, rather than a business

9.3.2. Company Shareholders

Not Applicable - the Website is sold as an asset, rather than a business

9.3.3. Geographic Locations Served

Not Applicable - the Website is sold as an asset, rather than a business

9.3.4. Company Background Check and Credit Report

Not Applicable - the Website is sold as an asset, rather than a business

9.3.5. Physical Requirements for trading

No Physical Requirements Identified

9.4. Analysis of External Factors

9.4.1. Product / Site Forum Mentions

Mostly Positive Press

The Analyst has concluded that the public mentions of the Websites have been mostly positive in nature.

Notable mentions include:

[http://mashable.com/2011/09/\[REDACTED\]/](http://mashable.com/2011/09/[REDACTED]/)

A review article in a popular online magazine. The majority of visitor comments are positive.

[http://www.ukbusinessforums.co.uk/forums/showthread.php?p=\[REDACTED\]](http://www.ukbusinessforums.co.uk/forums/showthread.php?p=[REDACTED])

An online forum thread discussing the Website. Includes positive customer feedback.

9.4.2. Market Analysis

Market Analysis Score: 4

Understanding the score:

5 – Excellent Market. The market that the Website operates in is either very large or highly commercially attractive. The market has a perfect outlook for the future and is likely to grow.

4 – Good Market. The market and the niche are highly profitable and/or have strong growth potential.

3 – Average. While the market may be not very established or large, it has certain potential for the right players.

2 – Poor. The market that the Website operates in is either very limited in its potential for growth or provides exceptionally low yield.

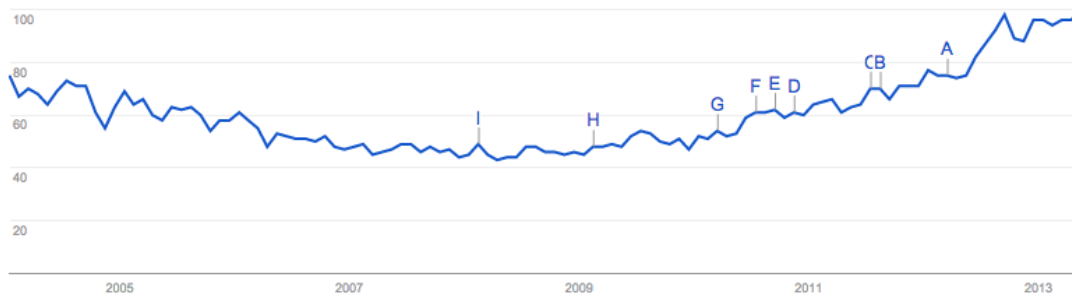
1 – Extremely poor. The market is extremely limited in its size, potential and yields.

Having analysed the main keyword mentions in websites' titles, the keyword [REDACTED] [REDACTED] has been mentioned in approximately **5,450** websites which is a relatively small number in comparison to other [REDACTED] and [REDACTED] keywords.

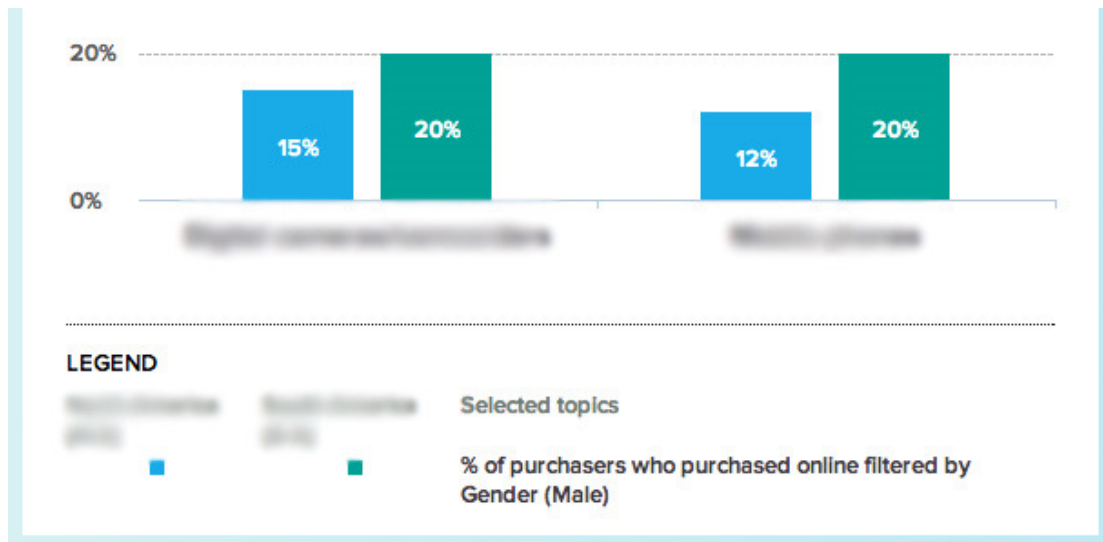
Interest over time ?

The number 100 represents the peak search interest

News headlines Forecast ?



As illustrated above, the industry of [REDACTED] has shown a relatively stable growth over the last four years.



Based on publicly available information about consumer behaviour, approximately 12 – 20% of people choose to purchase their [REDACTED] online, demonstrating that the target market is already accustomed to online shopping and can therefore be easily reached.

Additional Information:

Our Market Analysis score is based on our independent analysis of the niche and market that the Website operates in, including estimated market size, the overall potential and the maturity of the market.

9.4.3. Competition Score

Competition Score: 4

Understanding the score:

5 – Very Low Competition. The Website has either very few or no known competitors. There are high legal or physical barriers to entry or the Website offers a unique proposition that is almost impossible to duplicate.

4 – Low Competition. There are some competitors, however none of them are very well established when compared to the Website. There are some barriers that make it difficult for new entrants but these are mostly intangible barriers such as effort, or capital.

3 – Some Competition. There are either some well established competitors in the industry or many smaller businesses targeting the same demographic. Industry can be considered competitive.

2 – High Competition. There are some highly established competitors in the industry, as well as several newcomers. The product or service offering is easy to source or replicate.

1 – Extremely High Competition. Highly established industry with several serious players, as well as frequent newcomers. Competition is extremely strong and there are few ways to differentiate the Website's offering from competitors.

Additional Information:

The Competition Score is the Analyst's rating on how competitive the industry the Website operates in is, and how difficult it's likely to be to compete. The score is assigned based on a variety of factors, including but not limited to the overall number of competitors, how established the Website is compared to its main competitors, any licenses, patents or permits held by the Website, and competition in the organic search space.

9.4.4. Uniqueness and Competitive Advantage

Business Model is Relatively Unique

Having analysed the business model behind the Website as well as the market that it operates in, it is the Analyst's belief that the business model is fairly unique and the Website has a major competitive advantage over any newcomers due to being highly established and known in the industry.

While there are several smaller competitors present (see www.████████.com and www.████████.com), the Website appears to be the most established provider in the industry.

The barriers of entry for newcomers are relatively low, however with most clients seemingly being heavily influenced by the on-line reputation of the provider that they choose, the Analyst believes it to be difficult for newcomers to successfully take over a large portion of market share in a short space of time.

10. Website Valuation

10.1. Methodology

The Analyst has compiled information from several sources to prepare an accurate appraisal, including:

- Extensive research, identifying properties similar to the one that is being appraised.
- The Analyst's subjective opinion based on their own industry experience.
- Publicly available information on current market averages.

The base multiple used for the appraisal is 17.4x monthly net revenue, which the Analyst believes to be the current average multiple for this type of property.

This base multiple has been adjusted based on additional information provided by the Client.

10.2. Appraisal

The Analyst believes the current market value of www.██████████.com to be in the range of:

\$125,500 - \$129,000

Please Note:

The final sale price is dependent on several factors that may not be linked to the property itself. As such, the Analyst has provided a valuation range, rather than an exact figure.

The above valuation is based solely on current market averages, combined with the below list of factors influencing the Website's value. No part of the above Due Diligence Report has been used in this valuation

10.3. Overview of Main Influencing Factors

Factors Increasing the Value of the Property	Factors Decreasing the Value of the Property
<ul style="list-style-type: none">✓ Aged site/domain (est. over 3 years ago)✓ Semi-premium domain name✓ Customer loyalty (over 20% returning visits)✓ Strong Link Profile✓ Website is passive or semi-passive in nature✓ A significant amount of original content✓ Traffic and revenue on an upward trend	<ul style="list-style-type: none">✓ Traffic is largely dependent on a single source✓ Site reached its current revenue level less than 1 year ago✓ Site is branded around an individual

10.4. Factors Increasing the Value

10.4.1. Aged site/domain (established over 3 years ago)

Websites that have been operating for several years or more are considered a safer investment than those established more recently. In most cases, these sites come with an existing user base and have already been proven themselves in their niche.

10.4.2. Semi-premium domain name

Premium and semi-premium domain names add value, both in terms of the monetary value of the domain name itself and the added brand value of the domain.

10.4.3. Customer loyalty (over 20% returning visits)

A large portion of returning clients means that the Website is less likely to suffer from temporary fluctuations in new traffic. It can also be an indication that the content, product or service is good enough for users to return or reorder.

10.4.4. Strong Link Profile

A strong backlink profile will typically mean decreased risk of a Website losing search traffic due to a drop in rankings.

10.4.5. Website is passive or semi-passive in nature

Passive and semi-passive websites tend to be more in demand than Websites that require a significant amount of maintenance or up-keep, and hence have a higher value.

10.4.6. A significant amount of original content

Having original and engaging content will usually translate to additional traffic, as search engines rank and favour original content over everything else. This also acts as a barrier to entry, with the cost of outsourcing quality content creation being relatively high.

10.4.7. Traffic and Revenue are on an upward trend

Traffic and revenue being on an upward trend increases a website's value significantly as it typically means a rising demand in the industry.

10.5. Factors Decreasing the Value

10.5.1. Traffic is largely dependent on a single source

The majority of traffic originating from a single source decreases a website's value as it poses a risk to the overall sustainability of traffic.

10.5.2. Site reached its current revenue level less than 1 year ago

Websites that have only recently reached their current revenue levels are regarded as riskier purchases than those that have been operating at similar revenue levels for a while. In most cases traffic and revenue need time to stabilise, especially when search traffic is involved.

10.5.3. Site is branded around an individual

A website being branded around an individual decreases its value, due to the fact that the new owner will more than likely have to re-brand the website, and may therefore lose some of its existing clients or users.