



HomeSale.com

Business Plan for the definitive
For-Sale-By-Owner Website

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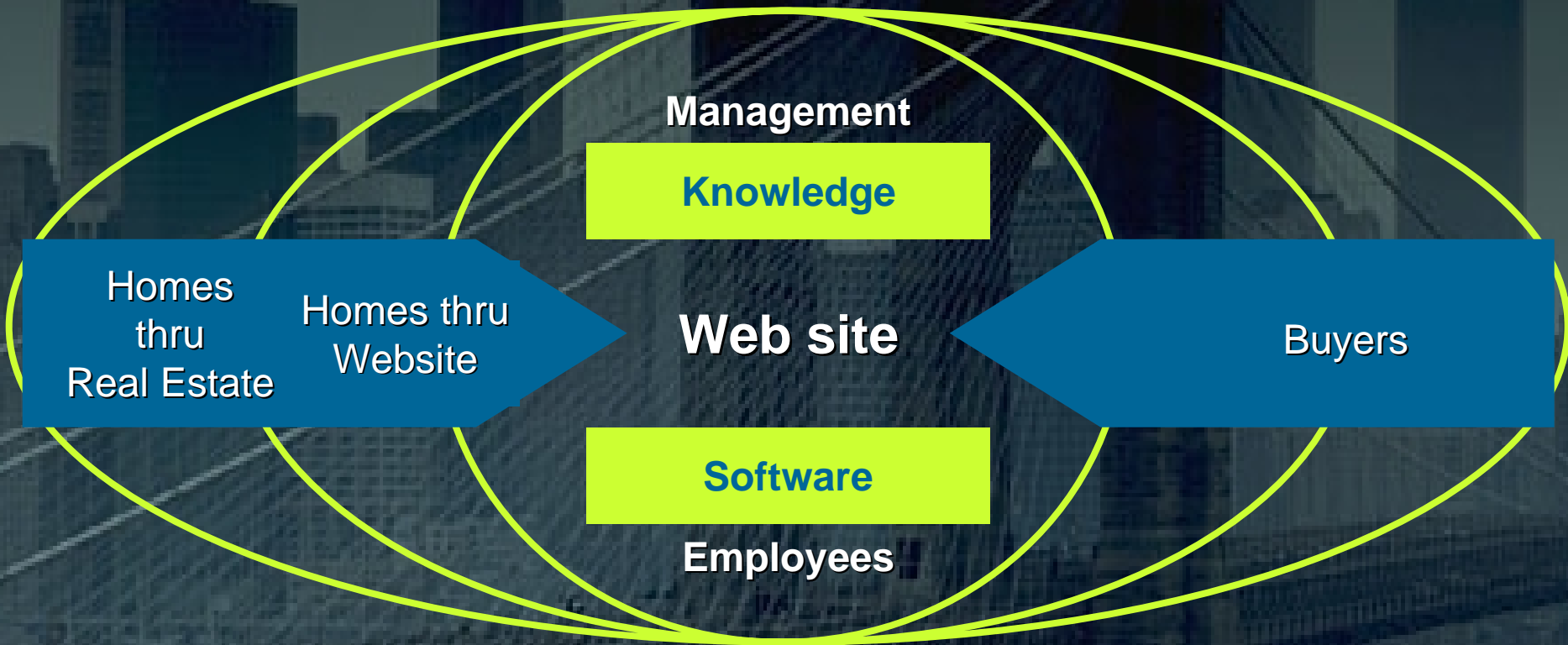


Market Analysis

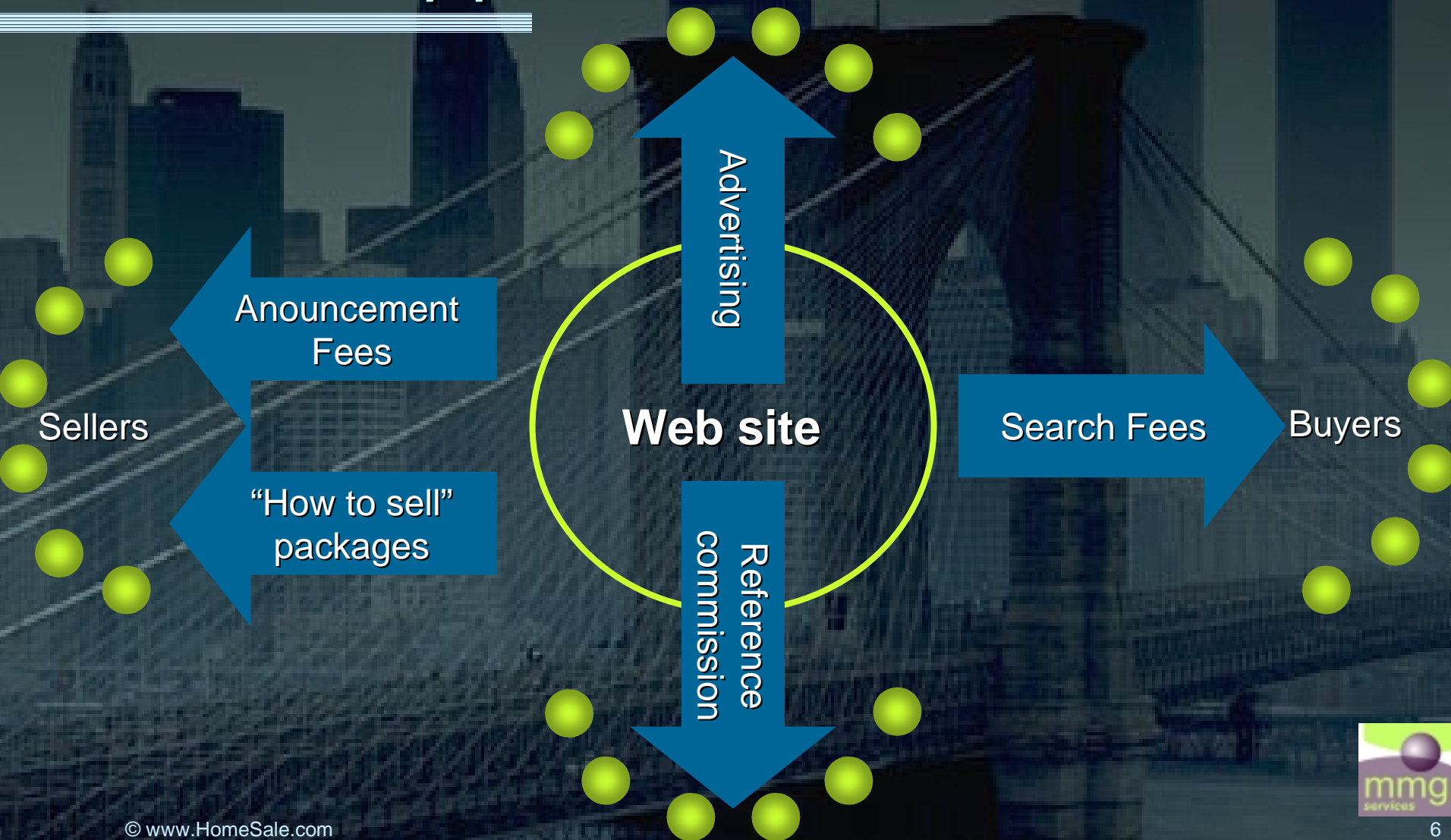
Business model

- This website business will be profitable within two years of launch
- Revenue streams will come from the following sources:
 - people selling their homes through the website - they will pay a flat rate dependent upon the product they choose
 - people seeking detailed information about homes within an area
 - commission from ancillary products such as videos on how to sell your home
 - commission from networks of those with products or services related to the website such as insurance companies or removals companies
 - real estate agents that want use the website as an alternative distribution channel

The "market-place"



Income opportunities



Website positioning

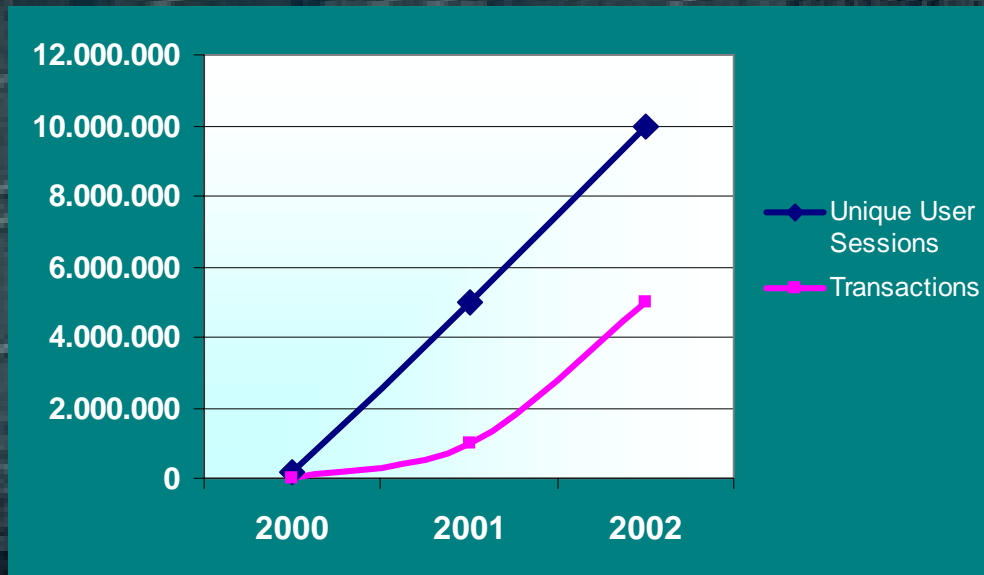
- The site has to be of first class design
 - this is a critical success factor
 - the site needs to be exceedingly easy to use and navigate
 - client data and information needs to be seen to be of high quality
 - data base access needs to be very fast
- The site needs to be reviewed as the best in its class
- This will be a full service site and will encompass all the needs of those wishing to sell or buy a home in without the use of a real estate agent
 - the concept of a one stop shop will be applied through commercially viable alliances

Traffic forecasts

We plan to reach 50,000 unique user sessions after five months from launch.

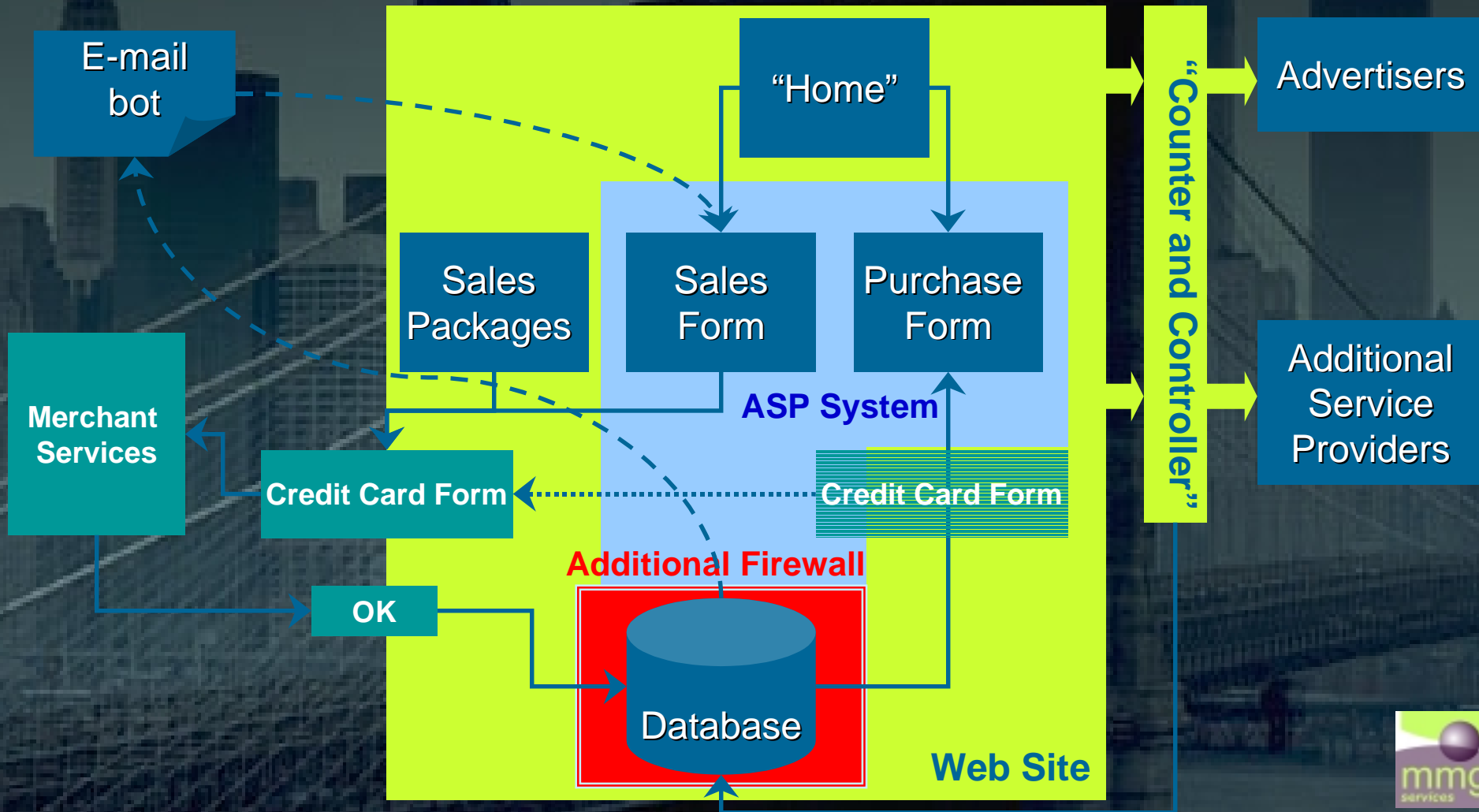
By December we should be at 500,000 unique user sessions.

Website Traffic	By Month		
	2000	2001	2002
Unique User Sessions	150.000	5.000.000	10.000.000
Page Views / Session	20	40	60
Page Views	3.000.000	200.000.000	600.000.000
Transactions / Session	0,05	0,20	0,50
Transactions	7.500	1.000.000	5.000.000



The key to the traffic forecast is to understand the slow entrance into search engines that is inevitable. We do plan to leverage our location and achieve most of our traffic through partnerships.

How it works - basics



Basic value proposition

Buying

- Save money - the real estate agents commission is reflected in the sales price
- Save time going through third parties
- It's easy

Selling

- More control - no need to clean the house just in case!
- You know your house better than anyone else
- Save the commission
- As you put the commission on the price the effective price is lower and so you will sell quicker
- You will get to know the prospect first hand
- It's easy - you would sell your car so why not your house

Top Level Income Statement

	2000	2001	2002
Sales	500.000	10.000.000	25.000.000
Direct Costs of Sale	25.000	500.000	1.250.000
Support Payroll	80.000	1.300.000	3.500.000
Fulfillment	10.000	200.000	500.000
Total Cost of Sales	115.000	2.000.000	5.250.000
Gross margin	385.000	8.000.000	19.750.000
Gross margin %	77%	80%	79%
Total Sales and Marketing	231.000	3.054.000	7.560.000
Sales and Marketing %	46%	31%	30%
Total General and Administrative	182.700	545.900	1.103.000
General and Administrative %	37%	5%	4%
Total Development Expenses	187.800	320.000	465.000
Development Expenses %	38%	3%	2%
Total Operating Expenses	601.500	3.919.900	9.128.000
Profit Before Interest and Taxes	-101.500	6.080.100	15.872.000
Interest Expense Short Term	72.000	72.000	72.000
Interest Expense Long Term	1.120.000	1.120.000	1.120.000
Taxes Incurred	-30.450	1.854.480	4.761.600
Net Profit	-1.263.050	3.033.620	9.918.400
Net Profit / Sales	-253%	30%	40%

As explained earlier predominantly from house placements

Outsourced contract negotiated for 5 years

Extremely healthy margins form outset

Initial funding from first round

Excellent performance in 2 years

Sales and Marketing expenses

Sales and Marketing			
Sales & Marketing Payroll	50.000	1.000.000	2.500.000
On line Advertising	60.000	600.000	1.500.000
Other Advertising	60.000	1.200.000	3.000.000
Collaterals	3.000	6.000	12.000
Events	20.000	20.000	20.000
Public Relations	12.000	12.000	12.000
Website Infrastructure	16.000	16.000	16.000
Miscellaneous	10.000	200.000	500.000
Total Sales and Marketing	231.000	3.054.000	7.560.000
Sales and Marketing %	46%	31%	30%

This includes the contribution from Greg Marsh and his associates

Although we have placed an important amount on on line advertising we will be reviewing the effectiveness on a 6 monthly basis and may swap funds to other channels

This is an outsourced 3 year contract with Frederick and Shoe in NY specialists in the Real Estate market.


We recognize that this is the fundamental cost of the business but we will keep a very strict budgetary control on the Sales and Marketing. Without these expenses the revenue will not happen.

Finance Plan - Overview

- This is an Internet venture that, of course, depends on the developing financial prospects of the growing Internet world. To make it work financially, we need to increase valuation on schedule to bring in substantial additional capital.

Finance Plan - Commentary

- The exit strategy is IPO, in 2003, valuing the company at market cap of \$200 million.
- The seed investor puts in \$500 thousand in 1999. That buys 50% of the \$1 million valuation at the time, or 500,000 shares, which should be 25% of the company at the time of the IPO, worth \$50 million. That's an IRR of 216%.
- The year 2000 investor puts in \$2 million for 500,000 shares, worth \$50 million at IPO, for an IRR of 192%.
- The 2001 venture capitalists (VCs) invest \$10 million that year for 300,000 shares, which is worth \$30 million at IPO, for an IRR of 73.21%.
- The 2002 VCs invest \$12.5 million that year for 200,000 shares, worth \$20 million at IPO one year or less later, with a 60% IRR.



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