

**SRER Issues Update; Preliminary 3Q14 Sales In Line With Our Estimates**

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Price: \$0.09**Price Target: \$0.30****INVESTMENT CONCLUSION**

SearchCore has exited the finder site industry and is transitioning into a pure play retail provider within the manufactured homes industry. The company is directing all its efforts on building out Wisdom Homes Of America, a subsidiary focused on opening/acquiring manufactured home retail sales centers. We view this play favorably and expect it could be accretive to the company's business model, substantially increase sales and potentially result in profitability. However, there are still risks inherent within this new business model.

Therefore, we are maintaining our Speculative Buy rating along with our 30 cent PT.

INVESTMENT SUMMARY

SRER recently provided preliminary top line figures for 3Q14 as well as an inventory update. We had a post release call with management and the following are our thoughts on the aforementioned.

Preliminary sales figures approximate our projections. SRER reported a preliminary top line of \$352,000, which was up from \$50,000 in 2Q14 and largely in line with our \$360,000 estimate. The improvement was primarily due to increased manufactured home sales out of the company's Tyler, Texas retail center. We believe management is working on bringing its other retail centers up to par with Tyler and expect at least one more location to contribute to sales in 4Q14 and 1H15, which should equate to a meaningful bump in revenues going forward. We anticipate the company will file its 10Q in November and will update our model and projections accordingly.

Flooring inventory line issues are beginning to be resolved. One of the primary catalysts for SRER's sequential top line growth was its ability to establish a credit facility with its manufactured home supplier which enabled them to establish a flooring inventory line. The company received 13 manufactured homes in August which enabled them to showcase various home styles to potential customers at their lot in Tyler. SRER received another 15 homes in September and is in the process of receiving another 12 homes this quarter and an additional 15 homes in 1Q15. We believe this will enable the company to create meaningful flooring lines at its Jacksboro, Texas retail center and eventually in their Mount Pleasant, Texas location as well. We anticipate Jacksboro will be the next fully operational retail center for SRER and contribute to sales in 4Q14; however, we believe Mt. Pleasant offers SRER a larger opportunity and expect it will begin contributing to SRER's top line in 1H15.

In short, we are encouraged with the progress SRER is making and continue to view the company's transition out of the finder site industry favorably. However, we continue to be cautious as the company's operations are still in its infancy and will be looking for the company to limit its cash burn while making progress in growing each of its retail locations in the coming quarters.

Valuation

Our 30 cent price target is based a 3-times sales multiple to our FY15 revenue estimate of \$6.2 million, which we then discounted by 30% to account for time value, adoption and execution risk. When we assign this figure to our FY15 diluted share count of 47.0 million, we arrive at our 30 cent PT. We are modeling geometric y-o-y growth and thus believe our 3x multiple is conservative as many companies that exhibit this type of top line growth trade between 5-10x sales.

Risks That May Impede The Achievement Of Our Price Target

- CEO Pakulis owns over 50% of the company's outstanding common stock; as such, he basically controls the company.
- SRER could require more capital to achieve profitability.
- The company could be subject to governmental action, through the Federal Controlled Substances Act, due to its previous medical marijuana business, Weedmaps.com, since some of the business activities of its customers were illegal under federal law.
- The company's financial statements may be subject to regulatory restatements.
- The markets the company targets are very competitive, fragmented, and obscure.
- Loss of top management could severely impact the company.
- Increased interest rates could dramatically lower consumer purchases which could have a detrimental impact to homes sales.

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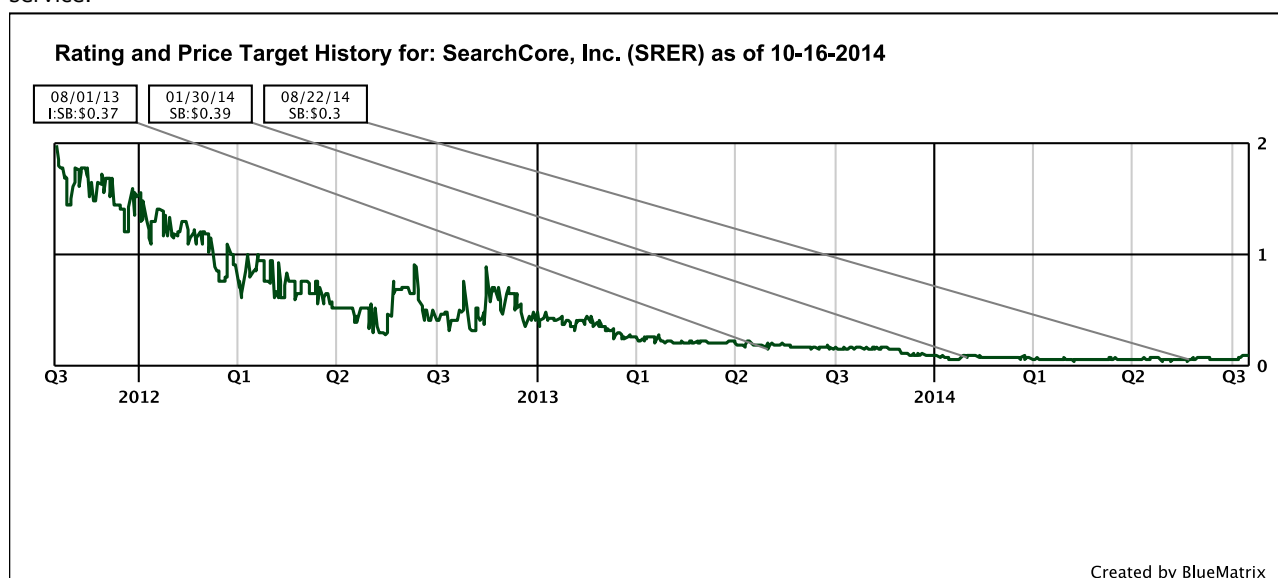
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