

SECURITIES & EXCHANGE COMMISSION EDGAR FILING

GROW CONDOS, INC.

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Corporate Issuer CIK: 1448558

Form 10-Q

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended **December 31, 2018**

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _____ to _____

000-53548

Commission File Number

GROW CONDOS, INC.

(Exact name of registrant as specified in its charter)

Nevada

86-0970023

(State or other jurisdiction of incorporation or organization)

(I.R.S. Employer Identification No.)

2485 Village View Drive, Suite 180, Henderson, NV

89074

(Address of principal executive offices)

(Zip Code)

702-830-7919

(Registrant's telephone number, including area code)

722 Dutton Road, Eagle Pointe, Oregon 97524

(Former name, former address and former fiscal year, if changed since last report)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes No

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files).

Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, smaller reporting company or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company" and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer

Accelerated filer

Non-accelerated filer (Do not check if a smaller reporting company)

Smaller reporting company

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 7(a)(2)(B) of the Securities Act.

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes No

APPLICABLE ONLY TO ISSUERS INVOLVED IN BANKRUPTCY
PROCEEDINGS DURING THE PRECEDING FIVE YEARS:

Not applicable.

APPLICABLE ONLY TO CORPORATE ISSUERS

114,384,288 shares of common stock outstanding as of February 18, 2019

(Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.)

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PART I -- FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

GROW CONDOS, INC. AND SUBSIDIARIES

Consolidated Balance Sheets

ASSETS	December 31, 2018	June 30, 2018*
	(Unaudited)	
CURRENT ASSETS:		
Cash	\$ 114,597	\$ 13,891
Lease receivable, net of allowance for doubtful accounts	14,027	2,440
Prepaid expenses	200,481	5,681
Assets held for sale	-	326,629
Due from related party	68,147	40,268
Total current assets	397,252	388,909
Property, plant and equipment, net	1,733,360	1,742,149
Other assets	6,150	6,150
Deposits	2,823	2,823
TOTAL ASSETS	\$ 2,139,585	\$ 2,140,031
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES:		
Accounts payable	\$ 14,828	\$ 5,031
Accrued liabilities	547,835	612,020
Advances from related parties	105,000	105,000
Short term mortgages	-	902,710
Liability held for sale	-	250,868
Current portion of mortgage loans payable	7,882	7,926
Total current liabilities	675,545	1,883,555
Mortgage loans payable, net of current portion	601,920	605,922
Other liabilities	79,100	79,100
Total Non-Current Liabilities	681,020	685,022
TOTAL LIABILITIES	1,356,565	2,568,577
Commitments and contingencies		
STOCKHOLDERS' DEFICIT		
Preferred stock, \$0.001 par value, 5,000,000 shares authorized, none issued and outstanding	\$ -	\$ -
Common stock, \$0.001 par value, 175,000,000 shares authorized, 113,835,141 and 94,204,741 issued, issuable and outstanding at December 31, 2018 and June 30, 2018 respectively.	113,835	94,205
Additional paid-in capital	46,467,358	44,813,485
Accumulated deficit	(45,798,173)	(45,336,236)
Total stockholders' deficit	783,020	(428,546)
TOTAL LIABILITIES AND STOCKHOLDERS' DEFICIT	\$ 2,139,585	\$ 2,140,031

The accompanying notes are an integral part of these unaudited condensed consolidated financial statements.

*Derived from audited information

GROW CONDOS, INC. AND SUBSIDIARIES
Condensed Consolidated Statements of Operations
(Unaudited)

	Three Months Ended		Six Months Ended	
	December 31,		December 31,	
	2018	2017	2018	2017
Net revenues	\$ 91,715	\$ 66,289	\$ 200,188	\$ 153,394
Operating expenses				
Cost of revenues	19,684	8,153	47,914	20,659
General and administrative	103,556	122,392	165,635	223,153
Sales and marketing	341	359	5,951	359
Professional fees	29,452	(16,847)	63,056	(5,280)
Stock based compensation	118,504	955,389	328,504	955,389
Depreciation, amortization and impairment	7,526	9,012	14,949	35,689
Total operating expenses	279,063	1,078,458	626,009	1,229,969
Income (Loss) from operations	(187,348)	(1,012,169)	(425,821)	(1,076,575)
Other income (expense):				
Loss on disposal of property	-	-	(5,412)	-
Interest expense	(9,144)	(276,009)	(30,704)	(975,642)
Total other income (expense), net	(9,144)	(276,009)	(36,116)	(975,642)
Net income (loss)	\$ (196,492)	\$ (1,288,178)	\$ (461,937)	\$ (2,052,217)
Basic and diluted net loss per common share	\$ (0.00)	\$ (0.02)	\$ (0.00)	\$ (0.03)
Weighted average shares used in completing basic and diluted net loss per common share	113,832,559	77,369,012	110,439,652	60,229,716

The accompanying notes are an integral part of these unaudited condensed consolidated financial statements.

GROW CONDOS, INC. AND SUBSIDIARIES
Condensed Consolidated Statements of Cash Flows
(Unaudited)

	Six Months Ended	
	December 31,	
	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net loss	\$ (461,937)	\$ (2,052,217)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation, amortization and impairment expense	14,949	35,689
Non-cash interest	-	930,540
Stock based compensation	328,504	955,389
Loss on disposal of property	5,412	-
Changes in operating assets and liabilities:		
Lease receivable	(11,587)	-
Prepaid expenses and other assets	(14,750)	14,524
Accounts payable, trade	6,797	(9,917)
Accrued expenses	(61,185)	75,505
Net cash (provided) in operating activities	<u>(193,797)</u>	<u>(50,487)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Proceeds from purchase option on property	-	27,000
Proceeds used in purchase of property, plant, and equipment	(6,160)	(25,487)
Due from related party	(27,879)	-
Net cash used in (provided by) investing activities	<u>(34,039)</u>	<u>1,513</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Repayment of mortgages	(910,927)	(37,226)
Proceeds from convertible notes	-	40,000
Proceeds from private placement	1,165,000	57,000
Net cash provided by financing activities	<u>254,073</u>	<u>59,774</u>
CASH FLOWS FROM DISCONTINUED OPERATIONS:		
Operating activities	-	-
Investing activities	74,469	-
Financing activities	-	-
Net cash (used) provided by discontinued activities	<u>74,469</u>	<u>-</u>
Net increase (decrease) in cash	100,706	10,800
Cash at beginning of period	13,891	30,067
Cash at the end of the period	\$ 114,597	\$ 40,867
Supplemental Disclosure of Cash Flows Information:		
Cash paid for interest	\$ 18,416	\$ 44,927
Cash paid for income taxes	\$ -	\$ -

Non-cash Investing and Financing Activities:

Conversion of debt and accrued interest into common stock	\$ -	\$ 1,191,470
Stock settled debt liability	\$ -	\$ 110,000
Stock settled advances from related party	\$ -	\$ 40,000
Stock settled payroll liability	\$ -	\$ 134,000
Repayment of mortgage from escrow	\$ 252,141	\$ -

The accompanying notes are an integral part of these unaudited condensed consolidated financial statements.

Note 1 – Organization and Description of Business

Grow Condos, Inc. ("GCI" or the "Company") (f/k/a Fanatic Fans Inc. and Calibus, Inc.) was incorporated on October 22, 1999, in the State of Nevada.

Our wholly owned subsidiary, WCS Enterprises, Inc. ("WCS") is an Oregon limited liability company which was formed on September 9, 2013 with operations beginning in October 2013. WCS is a real estate purchaser, developer and manager of specific use industrial properties providing "Condo" style turn-key aeroponics grow facilities to support cannabis farmers. WCS intends to own, lease, sell and manage multi-tenant properties so as to reduce the risk of ownership and reduce costs to tenants and owners.

Our wholly owned subsidiary, Smoke on the Water, Inc. was incorporated on October 21, 2016, in the State of Nevada. Smoke on the Water is focused on acquiring properties in the RV and campground rental industry.

On March 7, 2017, Smoke on the Water, Inc. executed a Real Estate Purchase Agreement to acquire the Lake Selmac Resort located at 2700 Lakeshore Drive, Selma, Oregon.

On June 22, 2018, the Board of Directors of the Company approved an amendment to our articles of incorporation to increase our authorized capital to 180,000,000 shares, consisting of 175,000,000 shares of common stock and 5,000,000 shares of preferred stock (the "Recapitalization") and to change the name of the Company to Grow Capital Inc. The Company filed articles of amendment with the State of Nevada to effect the aforementioned changes on July 10, 2018 and August 28, 2018, respectively. The Company is in the process of seeking approval from the Financial Industry Regulatory Authority ("FINRA") for the above noted corporate actions.

Note 2 – Summary of Significant Accounting Policies

Basis of Presentation:

The interim unaudited financial information referred to above has been prepared and presented in conformity with accounting principles generally accepted in the United States applicable to interim financial information and with the instructions to Form 10-Q and Article 8 of Regulation S-X. The interim financial information has been prepared on a condensed basis, such that certain information and footnote disclosures normally included in financial statements prepared in accordance with accounting principles generally accepted in the United States have been condensed or omitted in accordance with rules and regulations of the Securities and Exchange Commission. These interim financial statements include all adjustments that, in the opinion of management, are necessary in order to make the financial statements not misleading.

This report on Form 10-Q should be read in conjunction with the Company's financial statements and notes thereto included in the Company's Form 10-K for the fiscal year ended June 30, 2018 filed on October 12, 2018. Results of the three and six months ended December 31, 2018 are not necessarily indicative of the results that may be expected for the year ended June 30, 2019 and any other future periods.

Reclassifications

Certain amounts in the Company's consolidated financial statements for prior periods have been reclassified to conform to the current period presentation. These reclassifications have not changed the results of operations of prior periods.

GROW CONDOS, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

Consolidation

These consolidated financial statements include the accounts of Grow Condos, Inc. and its wholly-owned subsidiaries, WCS, Enterprises, LLC and Smoke on the Water, Inc., as of December 31, 2018. All significant intercompany accounting transactions have been eliminated as a result of consolidation.

Use of Estimates:

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. We believe that it is at least reasonably possible that the effect on the financial statements of a condition, situation, or set of circumstances that existed at the date of the financial statements will change in the near term due to one or more future confirming events and the effect of the change would be material to the financial statements.

Going Concern

During the three- and six-month periods ended December 31, 2018, the Company reported a net loss of \$196,492 and \$461,937, respectively. During the three- and six-month periods ended December 31, 2017, the Company reported a net loss of \$1,288,178 and \$2,052,217, respectively. The Company believes that its existing capital resources are not adequate to enable it to fully execute its business plan.

These conditions raise substantial doubt as to the Company's ability to continue as a going concern. The Company estimates that it will require additional cash resources during fiscal year 2019 and beyond based on its current operating plan and condition. In July and August 2018, the Company began a private placement of its common shares and raised gross proceeds of approximately \$1,165,000. The Company used approximately \$900,000 of the proceeds from the private placements to retire the two mortgages held on the WCS condo property (see Note 7 to the unaudited financial statements contained herein). In addition, in September 2018, the Company completed the sale of its land held in the Pioneer Business Park (see Note 3 to the unaudited financial statements contained herein). The Company received proceeds of approximately \$74,000 after payment of expenses of the sale and full retirement of the attached mortgage of approximately \$250,000. These actions have reduced the working capital deficit below \$300,000 in the current period ended December 31, 2018. The Company expects cash flows from operating activities to improve marginally in the short term, primarily as a result of an increase in cash received from tenants and a decrease in certain operating expenses, although there can be no assurance thereof. In addition, there can be no assurance that new tenants will become available after 2019 when the remaining leases expire for the Eagle Point condominium. If the Company fails to generate positive cash flow or obtain additional financing, when required, the Company may have to modify, delay, or abandon some or all of its business and expansion plans, and potentially cease operations altogether. The accompanying unaudited consolidated financial statements do not include any adjustments that might be necessary should we be unable to continue as a going concern.

Cash and Cash Equivalents

For financial accounting purposes, cash and cash equivalents are considered to be all highly liquid investments with a maturity of three (3) months or less at the time of purchase.

Lease Receivables and deferred rent

Lease receivables are recognized when rents are due, and for the straight-line adjustment to rents over the term of the lease less an allowance for expected uncollectible amounts. Inherent in the assessment of the allowance for doubtful accounts are certain judgments and estimates including, among others, the customer's willingness or ability to pay, the Company's compliance with lease terms, the effect of general economic conditions and the ongoing relationship with the customer. Accounts with outstanding balances longer than the payment terms are considered past due. We do not charge interest on past due balances. The Company writes off lease receivables when it determines that they have become uncollectible after all reasonable collection efforts have been made. If we record

GROW CONDOS, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(Unaudited)

bad debt expense, the amount is reflected as a component of operating expenses in the statements of operations. As of December 31, 2018, and June 30, 2018, an allowance for doubtful accounts was recorded in the amount of \$2,861. As of December 31, 2018, and June 30, 2018, the Company had recorded deferred rent for the straight-line value of rental income of \$6,150 as part of other assets.

Investment In and Valuation of Real Estate Assets

Real estate assets are stated at cost, less accumulated depreciation and amortization. Amounts capitalized to real estate assets consist of the cost of acquisition (excluding acquisition related expenses), construction costs, and mortgage interest during the period the facilities are under construction and prior to readiness for occupancy, and any tenant improvements, major improvements and betterments that extend the useful life of the real estate assets and leasing costs. All repairs and maintenance are expensed as incurred.

The Company is required to make subjective assessments as to the useful lives of its depreciable assets. The Company considers the period of future benefit of each respective asset to determine the appropriate useful life of the assets. Real estate assets, other than land, are depreciated on a straight-line basis over the estimated useful life of the asset.

The estimated useful lives of the Company's real estate assets by class are generally as follows:

Land	Indefinite
Buildings	40 years
Tenant improvements	Lesser of useful life or lease term
Intangible lease assets	Lease term

Revenue Recognition

We recognize revenue only when all of the following criteria have been met:

- o persuasive evidence of an arrangement exists;
- o use of the real property has taken place or services have been rendered;
- o the fee for the arrangement is fixed or determinable; and
- o collectability is reasonably assured.

Persuasive Evidence of an Arrangement – We document all terms of an arrangement in a real property lease signed by the tenant, for leases with a term greater than 30 days, prior to recognizing revenue.

Our real property lease agreements, which are governed by the laws of the state of Oregon, usually are non-cancellable and range from six to thirty-six months with a cash security deposit and personal guarantee required. We account for our leases in accordance with Accounting Standard Codification ("ASC") Topic 840, *Leases*, as operating leases. Leases may include escalating rental rates, an option to extend the term of the lease at a fixed rental rate, and an option to purchase the portion of the building being leased at the end of the lease term. Leases may be assigned with our approval. Common area maintenance and water are paid by the Company with the tenant responsible for maintenance, repairs and liability insurance associated with their specific unit within the building. Cash received for purchase options is recorded as deferred option revenue in the accompanying consolidated financial statements. These amounts are recorded to revenue upon the exercise of the option by the tenant or the expiration of the unused option.

Advertising Costs

Advertising costs are expensed as incurred. Advertising expense was \$341 and \$359 for the three months ended December 31, 2018 and 2017, respectively, and \$5,951 and \$359 for the six months ended December 31, 2018 and 2017, respectively.

Fair Value of Financial Instruments:

The Company follows the fair value measurement rules, which provides guidance on the use of fair value in accounting and disclosure for assets and liabilities when such accounting and disclosure is called for by other accounting literature. These rules establish a fair value hierarchy for inputs to be used to measure fair value of financial assets and liabilities. This hierarchy prioritizes the inputs to valuation techniques used to measure fair value into three levels: Level 1 (highest priority), Level 2, and Level 3 (lowest priority).

Level 1—Unadjusted quoted prices in active markets for identical assets or liabilities that the Company has the ability to access at the balance sheet date.

Level 2—Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. Level 2 inputs include quoted prices for similar assets and liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, inputs other than quoted prices that are observable for the asset or liability (i.e., interest rates, yield curves, etc.), and inputs that are derived principally from or corroborated by observable market data by correlation or other means (market corroborated inputs).

Level 3—Inputs are unobservable and reflect the Company's assumptions as to what market participants would use in pricing the asset or liability. The Company develops these inputs based on the best information available.

Investments are reflected in the accompanying financial statements at fair value. The carrying amount of receivables and accounts payable and accrued expenses approximates fair value due to the short-term nature of those instruments.

The estimated fair values for financial instruments are determined at discrete points in time based on relevant market information. These estimates involve uncertainties and cannot be determined with precision. The carrying amounts of lease receivables, accounts payable, and accrued liabilities approximate fair value given their short-term nature or effective interest rates, which constitutes level three inputs.

Share-based compensation

The Company measures the cost of employee services received in exchange for an award of equity instruments based on the grant date fair value of the award. Restricted stock awards are measured based on the fair market values of the underlying stock on the dates of grant. For service type awards, share-based compensation expense is recognized on a straight-line basis over the period during which the employee is required to provide service in exchange for the entire award. For awards that vest or begin vesting upon achievement of a performance condition, the Company estimates the likelihood of satisfaction of the performance condition and recognizes compensation expense when achievement of the performance condition is deemed probable using an accelerated attribution model.

The fair value of options is calculated using the Black-Scholes option pricing model to determine the fair value of stock options on the date of grant based on key assumptions such as expected volatility and expected term, so long as the option does not contain provisions that require a more complex model to be used.

Convertible debt and beneficial conversion features

The Company evaluates embedded conversion features within convertible debt under ASC 815 "Derivatives and Hedging" to determine whether the embedded conversion feature(s) should be bifurcated from the host instrument and accounted for as a derivative at fair value with changes in fair value recorded in earnings. If the conversion feature does not require derivative treatment under ASC 815, the instrument is evaluated under ASC 470-20 "Debt with Conversion and Other Options" for consideration of any beneficial conversion features.

GROW CONDOS, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

Stock settled debt

In certain instances, the Company will issue convertible notes which contain a provision in which the price of the conversion feature is priced at a fixed discount to the trading price of the Company's common shares as traded in the over-the-counter market. In these instances, the Company records a liability, in addition to the principal amount of the convertible note, as stock-settled debt for the fixed value transferred to the convertible note holder from the fixed discount conversion feature. As of December 31, 2018, and June 30, 2018, the Company had recorded within convertible notes, net of discount, the amount of \$0 for the value of the stock settled debt for certain convertible notes (see Note 6).

Impairment of long-lived assets

The Company monitors its long-lived assets and finite-lived intangibles for indicators of impairment. If such indicators are present, the Company assesses the recoverability of affected assets by determining whether the carrying value of such assets is less than the sum of the undiscounted future cash flows of the assets. If such assets are found not to be recoverable, the Company measures the amount of such impairment by comparing the carrying value of the assets to the fair value of the assets, with the fair value generally determined based on the present value of the expected future cash flows associated with the assets.

Income taxes

Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases and net operating loss and credit carryforwards. Deferred tax assets and liabilities are measured at rates expected to apply to taxable income in the years in which those temporary differences and carryforwards are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in the statement of operations in the period that includes the enactment date. A valuation allowance is recorded when it is not more likely than not that all or a portion of the net deferred tax assets will be realized.

Net (loss) income per share

Basic earnings per share is computed by dividing income available to common shareholders by the weighted average number of common shares outstanding for the period and contains no dilutive securities. Diluted earnings per share reflect the potential dilution of securities that could share in the earnings of an entity. For the three and six months ended December 31, 2018 and 2017, all potentially dilutive securities are anti-dilutive due to the Company's losses from operations.

All dilutive common stock equivalents are reflected in our earnings (loss) per share calculations. Anti-dilutive common stock equivalents are not included in our earnings (loss) per share calculations.

The following table sets forth the number of dilutive shares as of December 31, 2018:

Options	500,000
Total dilutive shares	<u>500,000</u>

Recent accounting pronouncements

In August 2018, the Securities and Exchange Commission ("SEC") adopted amendments to eliminate, integrate, update or modify certain of its disclosure requirements. The amendments are part of the SEC's efforts to improve disclosure effectiveness and were focused on eliminating disclosure requirements that have become redundant, duplicative, overlapping, outdated, or superseded.

GROW CONDOS, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

Management has considered all recent accounting pronouncements issued and their potential effect on our financial statements. The Company's management believes that these recent pronouncements will not have a material effect on the Company's financial statements.

Note 3 – Assets Held for Sale

In April 2016, the Company purchased a parcel of land near Eugene, Oregon within the Pioneer Business Park from a private seller in the amount of \$326,629 plus closing costs. As part of the purchase, the Seller financed through a note payable \$267,129 of the purchase price (see Note 6). The intent of the Company was to build an industrial condominium building on the parcel, akin to the WCS property. The Company was unable to secure additional funding via debt or equity and due to the hostility of the local county government towards the intended operations of the tenants, the Company in late calendar 2017 abandoned those plans.

In December 2017, the Company made the decision to put the property up for sale. The Company has retained a sales agent and has listed the property for sale at a purchase price of \$399,000. The financial statements show the value of the land and the related mortgage under Assets Held for Sale and Liabilities Held for Sale on the balance sheet, respectively. In September 2018, the Company completed the sale of the property for a gross sales price of \$349,000 (See Note 6). After payment of all closing costs, the Company recorded a loss on sale of approximately \$5,400.

Note 4 – Property and Equipment, Net

Property and improvements consisted of the following as of December 31, 2018 and June 30, 2018:

	December 31, 2018	June 30, 2018
Cost		
Buildings and improvements	\$ 1,360,240	\$ 1,360,240
Land	777,162	777,162
Furniture and Fixtures	27,581	21,421
	<u>2,164,983</u>	<u>2,158,823</u>
Less: accumulated depreciation and impairment	(431,623)	(416,674)
	<u>\$ 1,733,360</u>	<u>\$ 1,742,149</u>

Depreciation expense (excluding impairment) amounted to \$7,526 and \$9,012 for the three months ended December 31, 2018 and 2017, respectively.

Depreciation expense (excluding impairment) amounted to \$14,949 and \$21,203 for the six months ended December 31, 2018 and 2017, respectively.

Impairment of condo construction deposits and other assets in regard to the land purchased in Eugene during the three and six months ended December 31, 2017 was \$0 and \$14,486, respectively.

Note 5 – Accrued Liabilities

Accrued Liabilities at December 31, 2018 and June 30, 2018 consist of the following:

	December 31, 2018	June 30, 2018
Accrued salaries and wages	\$ 526,403	\$ 556,588
Accrued expenses	21,432	55,432
	<u>\$ 547,835</u>	<u>\$ 612,020</u>

Note 6 – Mortgages Payable

In 2013, upon the acquisition of the condominium property in Eagle Point, Oregon, WCS assumed the mortgage payable of the Seller to Peoples Bank of Commerce, NA. The original principal amount of the mortgage was \$930,220, bears interest at the rate of the bank's prime rate plus 1.75%, and required 58 monthly payments of \$5,946 and matures on June 28, 2018 with a balloon payment due at that time of \$802,294. The mortgage is secured by liens against certain properties owned by the Seller. In August 2018, the Company paid the mortgage in full. As of December 31, 2018, and June 30, 2018, the balance on the mortgage was \$0 and \$797,476, respectively.

In 2013, after acquisition, WCS entered into a second mortgage with Peoples Bank of Commerce, NA in the amount of \$120,000. The mortgage bears interest at the rate of the bank's prime rate plus 3% and required 56 monthly payments of \$883 and matures on October 15, 2018 with a balloon payment due at maturity of \$104,329. The mortgage is collateralized by a deed of trust and assignment of rents with the Seller and WCS in the amount of \$120,000. In August 2018, the Company paid the mortgage in full. As of December 31, 2018, and June 30, 2018, balance on the mortgage was \$0 and \$105,235, respectively.

In April 2016, as more fully described in Note 4, the Company acquired a parcel of land and entered into a mortgage with the seller in the amount of \$267,129. The mortgage bears an interest rate of 6% per annum and has a maturity date of the sooner of (a) October 1, 2017 or the date construction begins on the condominium building proposed to be built. As of June 30, 2017, the balance on the mortgage was \$267,129. In October 2017, the Company entered into an amended mortgage by making a principal payment of \$15,000 and financing the remaining balance of \$252,129. The amended mortgage bears interest at the rate of 6% per annum and requires interest only monthly payments of \$1,261 from November 2017 through June 2018 with the remaining amount due on the note in the form of a final balloon payment will be due in July 2018. As noted above in Footnote 4, in September 2018, the Company closed on the sale of the parcel of land acquired with financing provided by the mortgage. As a condition of the sale, the mortgage was fully repaid at closing. As of December 31, 2018, and June 30, 2018, the balance on the mortgage was \$0 and \$250,868, respectively.

In March 2017, as more fully described in Note 3, the Company acquired a RV and campground park in Selma, Oregon. Upon closing, the Company entered into mortgage payable with the Seller in the amount of \$625,000 with a maturity date of March 6, 2022. The mortgage bears interest at the rate of 5% per annum covering the monthly payments of \$3,355 for the following 12 months, then increases to 6% per annum for the monthly payments of \$3,747 for the following 48 months. Upon maturity, the remaining balance due on the note is required to be paid through a balloon payment. As of December 31, 2018, and June 30, 2018, the balance on the mortgage was \$609,802 and \$613,848, respectively. The note is unsecured.

Note 7 – Capital Stock

On June 22, 2018, the Board of Directors of the Company approved an amendment to our articles of incorporation to increase our authorized capital to 180,000,000 shares, consisting of 175,000,000 shares of common stock with par value of \$0.001 and 5,000,000 shares of preferred stock with par value of \$0.001 per share. As of June 30, 2018, and 2017, the Company's authorized common stock consists of 100,000,000 common shares with par value of \$0.001 and 5,000,000 shares of preferred stock with par value of \$0.001 per share.

Common Stock

Share issuances during the six months ended December 31, 2018:

During the six months ended December 31, 2018, the Company issued a total of 1,237,540 shares to officers and directors as part of their board compensation package. The Company valued those issuances at the closing price of the Company's stock as traded on the OTCMarkets on the date of grant and recorded stock-based compensation of \$148,504.

During the six months ended December 31, 2018, the Company issued 3,000,000 shares to its CEO and President for his initial term of one-year compensation as part of his employment agreement. Of the shares issued, 1,500,000 vested at grant and the remaining 1,500,000 shares vest 180 days after signing of the employment agreement. The Company valued the issuance at \$0.12 per share, the closing price of the Company's stock as traded on the OTCMarkets on the date of grant. Because the share compensation will be all of the compensation earned by the new CEO and President, the Company treated the issuance akin to a cash payment and recorded \$360,000 into prepaid expense upon issuance.

The Company will ratably amortize the prepaid compensation over the initial 12-month period of employment covered in the employment agreement. For the six months ended December 31, 2018, the Company expensed \$180,000 as stock-based compensation.

During the six months ended December 31, 2018, the Company issued a total of 15,392,860 shares in respect to private placements between \$0.07 and \$0.10 per share and received cash proceeds of \$1,165,000.

Preferred Stock

The Company has designated a Series A Convertible Preferred Stock (the "Series A Preferred"). The number of authorized shares totals 5,000,000 and the par value is \$0.001 per share. The Series A Preferred shareholders vote together with the common stock as a single class. The holders of Series A Preferred are entitled to receive all notices relating to voting as are required to be given to the holders of the Common Stock. The holders of shares of Series A Preferred shall be entitled to 5 votes per share and have a conversion right granted to the holder to allow to convert into 5 common shares of the Company for each Series A Preferred Share held.

Equity Incentive Plan

In December 2015, the Company adopted the 2015 Equity Incentive Plan ("Incentive Plan") with a term of 10 years. The Incentive Plan allows for the issuance up to a maximum of 2 million shares of common stock, options exercisable into common stock of the Company or stock purchase rights exercisable into shares of common stock of the Company. The plan is administered by the board of directors unless a separate delegation to an administrator is made by the board of directors. Options granted under the plan carry a maximum term of 10 years, except to a grantee who is also a 10% beneficial owner at the time of grant, in which case the maximum term is 5 years. In addition, exercise prices of options granted must be within a certain percentage of the closing price on date of grant depending on the level of beneficial ownership of common stock of the Company by the grantee. All vesting conditions are set by the board or administrator. In December 2015, the Company filed a registration statement on Form S-8 covering all shares issued or issuable under the Incentive Plan.

Stock Plan

In December 2015, the Company adopted the 2015 Stock Plan ("Stock Plan"). As a condition of adoption of the Stock Plan, the Company entered into a registration statement on Form S-8 and covered the shares issued under the plan, which registration statement was filed in December 2015. The Stock Plan allows for the issuance up to a maximum of 2 million shares of common stock of the Company. The plan is administered by the board of directors unless a separate delegation to an administrator is made by the board of directors. The Stock Plan shall continue in effect until such time as is terminated by the Board or all shares are issued pursuant to the Stock Plan.

Note 8 – Related Party Transactions

The Company is currently leasing units located in Eagle Point Oregon. The building has approximately 15,000 square feet and is divided into four 1,500 square foot condo style grow rooms which are being leased to four tenants, 1,500 square feet of office space for Grow Condos, Inc., and one 7,500 square foot grow facility. Four units are currently under lease to three different unrelated companies and the 7,500 square foot unit is under lease to a company controlled by our Chairman. The agreement to the lease 7,500 square feet to a company controlled by our Chairman was entered into by the owner prior to purchase of the facility by WCS in 2013. The lease term begins once the tenant improvements are completed and the premises are occupied and continues for a period of 36 months. Four-unit lease terms began in the fiscal year ended June 30, 2016, with cash payments commencing on all four unit leases in the fiscal year ended June 30, 2017. The lease on the 7,500 grow facility commenced in fiscal 2017.

As of December 31, 2018, and June 30, 2018, a related party had advanced the Company, on an unsecured basis, \$105,000.

On July 1, 2018, Wayne Zallen resigned as the President and CEO of the Company and David Tobias resigned his position as a member of the Board of Directors. On the same day, Jonathan Bonnette was elected to the Board of Directors filling the vacancy created by the resignation of David Tobias. Mr. Bonnette was also appointed the President and CEO of the Company. Wayne Zallen will remain the Chairman of the Board of Directors and will continue to serve as the CFO until such time as a replacement can be found. Mr. Zallen's employment contract was terminated, and the Company and Mr. Zallen have agreed on compensation of \$2,500 per month.

In July 2018, the Company entered into an employment agreement with its CEO and President having an initial term of one year including compensation for the first year at \$240,000 payable in restricted stock at the valuation rate of \$0.08 per share or 3,000,000 shares which have been issued.

During the three months ended September 30, 2018, the Company negotiated a sublease agreement to lease approximately 1,500 square feet of office space at a business center known as Green Valley Corporate Center South located in Henderson, Nevada, effective February 19, 2019, which the Company will use as its new headquarters. The sublease includes a four-month abatement of monthly base rent. Appreciation, LLC holds the master lease from which the Company derives its sublease for its headquarters. Terry Kennedy, the President of Appreciation, provides consulting services to the Company and is also a 10% shareholder. The sublease includes a four-month abatement of monthly base rent. (See Note 9)

In fiscal 2018, the Company was notified by its primary banks that these banks would no longer accept the Company as a client for its banking services. As of June 30, 2018, the Company's wholly owned subsidiary, WCS, was notified that its bank, which also holds both of its mortgages, would no longer continue to accept WCS as a customer shortly after its fiscal year end. Because the Company rents its properties to those who engage in a federal crime under the Controlled Substances Act, most banks subject to any federal oversight (the Office of the Comptroller of the Currency or any of the Federal Reserve Bank's of the United States) have declined to do business with any entity that is related in any way to cannabis operations. The Company's management and directors have as of June 30, 2018 transferred the Company's cash and its banking operations to an entity owned and controlled by them.

The Company has treated the cash transferred as amounts due from this related entity and the cash expended from these accounts on behalf of the Company as reductions of the amounts due from these entities. As of

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(Unaudited)

December 31, 2018, and June 30, 2018, the amount held in cash by the related entity and reported as a current asset as due from related party was \$68,147 and \$40,268.

Note 9- Commitments

During the three months ended September 30, 2018, the Company negotiated a sublease agreement effective February 19, 2019 to lease approximately 1,500 square feet of office space at a business center known as Green Valley Corporate Center South located in Henderson, Nevada, which the Company will use as its new headquarters. The lease has a term of 123 months, an abatement of the first four months of rent, and escalating base monthly rent per square foot ranging between \$2.00 to \$3.00 per square foot.

Appreciation, LLC holds the master lease from which the Company derives its sublease for its headquarters. Terry Kennedy, the President of Appreciation, provides consulting services to the Company and is also a 10% shareholder.

Note 10- Subsequent Events

On January 2, 2019 the Company issued a total of 882,483 shares of common stock to certain officers and directors as part of their respective employment and/or board compensation package, valued at \$54,361, or \$0.0616 per share, the closing price of the Company's common stock on the date of issuance as posted on OTCMarkets.

On January 28, 2019, the Company entered into a consulting agreement with Trevor Hall and appointed Mr. Hall to serve as a part-time Chief Financial Officer ("CFO") of the Company through December 31, 2019. Mr. Hall succeeded Wayne Zellen as CFO, who resigned from the position in connection with Mr. Hall's appointment. Mr. Zellen continues to serve as Chairman of the Company's Board of Directors following his resignation as CFO of the Company. Pursuant to the Agreement, Mr. Hall received \$76,000 in compensation, payable as 1,000,000 shares of unregistered common stock of the Company, and will devote enough of his time to the Company as is reasonably necessary to meet the needs of the Company during the term. The shares were issued on January 29, 2019.

On January 31, 2018, the Company issued 250,000 shares of common stock to a consultant for services rendered, valued at \$19,500, or \$0.078 per share, the closing price of the Company's stock on the date of issuance as posted on OTCMarkets.

During February 2019, the Company moved its headquarters to 2485 Village View Drive, Suite 180, Henderson, Nevada 89074. In connection with the move, the Company's telephone number changed to (702) 830-7919.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATION

This current report contains forward-looking statements relating to future events or our future financial performance. In some cases, you can identify forward-looking statements by terminology such as "may", "should", "intends", "expects", "plans", "anticipates", "believes", "estimates", "predicts", "potential", or "continue" or the negative of these terms or other comparable terminology. These statements are only predictions and involve known and unknown risks, uncertainties and other factors which may cause our or our industry's actual results, levels of activity or performance to be materially different from any future results, levels of activity or performance expressed or implied by these forward-looking statements.

Although we believe that the expectations reflected in the forward-looking statements are reasonable, we cannot guarantee future results, levels of activity or performance. You should not place undue reliance on these statements, which speak only as of the date that they were made. These cautionary statements should be considered with any written or oral forward-looking statements that we may issue in the future. Except as required by applicable law, including the securities laws of the United States, we do not intend to update any of the forward-looking statements to conform these statements to actual results, later events or circumstances or to reflect the occurrence of unanticipated events.

The management's discussion and analysis of our financial condition and results of operations are based upon our condensed financial statements, which have been prepared in accordance with accounting principles generally accepted in the United States of America ("GAAP").

The following discussion of our financial condition and results of operations should be read in conjunction with our unaudited condensed consolidated financial statements for the three and six months ended December 31, 2018 and the notes thereto appearing elsewhere in this Report and the Company's audited financial statements for the fiscal year ended June 30, 2018, as filed with the Securities and Exchange Commission in our Form 10-K on October 12, 2018, along with the accompanying notes. As used in this quarterly report, the terms "we", "us", "our", and the "Company" means Grow Condos, Inc.

Overview

Grow Condos offers professional services to cannabis growers and other participants in the cannabis industry. These services include helping them optimize their growing process, creating public facing and back end technology solutions for participants in the cannabis industry and working with cannabis related companies without access to the traditional banking system on banking and lending solutions.

Additionally, we continue to conduct operations through our two wholly-owned subsidiaries, WCS Enterprises, Inc. ("WCS") and Smoke on the Water, Inc.

In connection with changing our business focus to professional solutions for cannabis companies, on June 22, 2018, the Board of Directors of the Company approved an amendment to our articles of incorporation to increase our authorized capital to 180,000,000 shares, consisting of 175,000,000 shares of common stock and 5,000,000 shares of preferred stock (the "Recapitalization") and to change the name of the Company to Grow Capital Inc. The Company filed articles of amendment with the State of Nevada to effect the aforementioned changes on July 10, 2018 and August 28, 2018 respectively. The Company is in the process of seeking approval from the Financial Industry Regulatory Authority ("FINRA") for the above noted corporate actions.

WCS Business Operations

Through WCS, we are a real estate purchaser, developer and manager of specific use industrial properties providing "Condo" style turn-key grow facilities to support cannabis growers in the United States cannabis industry. We intend to own, lease, sell and manage multi-tenant properties so as to reduce the risk of ownership and reduce costs to the tenants and owners. We offer tenants the option to lease, lease to purchase or buy their condo warehouse space that is divided into comparable 1,500-2,500 square foot condominium units. Each Condo unit will be uniquely designed and have all necessary resources as an optimum stand-alone grow facility. We believe that Cannabis farmers will pay an above market rate to lease or buy our condo grow facility. We will purchase and develop buildings that are

divisible into separate units to attract multiple farmers and reduce the risk of single tenant leases. In addition to our "Condo" turn-key growing facilities we intend to provide marijuana grow consulting services and equipment and supplies as part of our turn-key offerings. The Company is not directly involved in the growing, distribution or sale of cannabis.

Smoke on the Water, Inc.

Smoke on the Water, Inc., was incorporated on October 21, 2016, in the State of Nevada and is a wholly owned subsidiary.

Smoke on the Water Business Operations

Smoke on the Water is designed to capitalize on the country's growing level of recreational marijuana acceptance. The company plans to engage in a roll up strategy for this highly-fragmented industry and provide turn-key solutions for Marijuana-friendly campgrounds and resorts. The company has strategized to initially develop the property through acquisition, subsequently rebranding the existing RV business to represent the Smoke on The Water brand. Upon project launch, the Company plans to provide fully functional vacationing solutions to campground operators and owners seeking to fill the growing demand for stress free and acceptable vacationing for the pro-personal choice and marijuana smoking community.

On March 7, 2017, Smoke on the Water, Inc. executed a Real Estate Purchase Agreement to acquire the Lake Selmac Resort located at 2700 Lakeshore Drive, Selma, Oregon.

Plan of Operations

The Company believes that its existing capital resources may not be adequate to satisfy its cash requirements for the next twelve months and further funding will be required to fully execute our business plans. Through the date of this report we have been able to rely on bank and non-bank financing in the form of mortgages, convertible notes with third parties, sales of common stock, and advances from related parties to continue to fund shortfalls in our operations. The Company estimates that it will require additional cash resources during fiscal 2019 and beyond based on its current operating plan and condition. The Company expects cash flows from operating activities to improve, primarily as a result of the reduction in interest expense going forward, however we do not presently have enough revenue to meet our overhead. We will continue to rely on funding from our officers, directors and third parties to meet our operational shortfalls. While we expect to continue to have these resources available to us, there is no guarantee we will be able to continue to meet our obligations in the normal course. If we fail to generate positive cash flow or obtain additional financing, when required, we may have to modify, delay, or abandon some or all of our business and expansion plans.

There is substantial doubt that we can continue as an on-going business after the next twelve months unless we obtain additional capital to pay our expenditures.

RESULTS OF OPERATIONS

Three Months Ended December 31, 2018 compared to Three Months ended December 31, 2017

Revenue

During the three months ended December 31, 2018 and 2017, respectively, we generated net revenues of \$91,715 and \$66,289. We do not yet have sufficient revenues to meet our ongoing operational overhead. The increase in revenue in 2018 was due to the ongoing leasing fees paid by a related party from our condominium property and increased revenues from our Lake Selmac RV campground property.

Operating expenses

Our operating expenses for the three-month periods ended December 31, 2018 and 2017 are as follows:

	Three Months Ended	
	December 31,	
	2018	2017
Net revenues	\$ 91,715	\$ 66,289
Operating expenses		
Cost of revenues	19,684	8,153
General and administrative	103,556	122,392
Sales and marketing	341	359
Professional fees	29,452	(16,847)
Stock based compensation	118,504	955,389
Depreciation, amortization and impairment	7,526	9,012
Total operating expenses	279,063	1,078,458

Three months ended December 31, 2018 and 2017

Our general and administrative expenses include rent, telephone, internet services, banking charges, salaries, consulting fees and miscellaneous office costs.

The Company experienced a substantial decrease in operating expenses from \$1,078,458 during the three months ended December 31, 2017 compared to \$279,063 during the three months ended December 31, 2018. The decrease in operating expenses is predominantly attributable to a reduction in stock-based compensation in the current period. During fiscal 2017, the Company issued common stock to pay accrued payroll for certain board members and consultants at rates below market, as well as issued common stock as board compensation, the total combined value of which was \$955,389 compared to \$118,504 recorded for issuances of common stock in the three-months ended December 31, 2018 as board compensation, and no comparative transactions to settle prior accrued payroll. Professional fees also increased substantially during the three months ended December 31, 2018 to \$29,452 as compared to a credit balance reported in the prior comparative period. In the three months ended December 31, 2017, the Company recovered legal deposits previously advanced for services prior expensed resulting in a net credit to professional fees of \$16,847. Costs of revenues in the current period totaled \$19,684 as compared to \$8,153 in the prior comparative three months ended December 31, 2017. The increase in costs of revenue were attributable to our acquisition of the RV campground near Lake Selmac, Oregon and were comprised of costs associated with concession items sold at the campground and other associated expenses. Depreciation, amortization and impairment decreased to \$7,526 in the current three-month period, as compared to \$9,012 in the three months ended December 31, 2017. During the three months ended December 31, 2018 and 2017 we recorded sales and marketing costs of \$341 and \$359, respectively.

We expect operating expenses to increase in future periods as we continue to expand our holdings and our revenue base.

Other Expenses

Other expenses recorded in the three months ended December 31, 2018 and 2017 totaled \$9,144 and \$276,009 respectively. The Company experienced a substantial decrease in interest expenses in the three months ended December 31, 2018 due to the fact that during the period ended December 31, 2017 the Company recorded interest expense relative to the issuance of certain convertible notes and their conversion through issuance of our common stock, with no similar transactions during the current three-month period ended December 31, 2018.

Net losses in the three months ended December 31, 2018 and 2017 totaled \$196,492 and \$1,288,178, respectively.

Six Months Ended December 31, 2018 compared to Six Months ended December 31, 2017

Revenue

During the six months ended December 31, 2018 and 2017, respectively, we generated net revenues of \$200,188 and \$153,394. We do not yet have sufficient revenues to meet our ongoing operational overhead. The increase in revenue in 2018 was due to the ongoing leasing fees paid by a related party from our condominium property and increased revenues from our Lake Selmac RV campground property.

Operating expenses

Our operating expenses for the six-month periods ended December 31, 2018 and 2017 are as follows:

	Six Months Ended	
	December 31,	
	2018	2017
Net revenues	\$ 200,188	\$ 153,394
Operating expenses		
Cost of revenues	47,914	20,659
General and administrative	165,635	223,153
Sales and marketing	5,951	359
Professional fees	63,056	(5,280)
Stock based compensation	328,504	955,389
Depreciation, amortization and impairment	14,949	35,689
Total operating expenses	626,009	1,229,969

Six months ended December 31, 2018 and 2017

Our general and administrative expenses include rent, telephone, internet services, banking charges, salaries, consulting fees and miscellaneous office costs.

The Company experienced a substantial decrease in operating expenses from \$1,229,969 during the six months ended December 31, 2017 to \$626,009 during the six months ended December 31, 2018. The decrease to expenses is predominantly attributable to a reduction in stock-based compensation in the current period. During fiscal 2017, the Company converted accrued payroll for certain board members and consultants at rates below market, as well as issued board compensation the total value of which was \$955,389 with only \$148,504 recorded relative to certain issued board compensation in the current comparative six-month period ended December 31, 2018, and no comparative transactions to settle prior accrued payroll. Professional fees also increased substantially during the six months ended December 31, 2018 to \$63,056 as compared to a credit balance reported in the prior comparative period. In the six months ended December 31, 2017, the Company recovered legal deposits previously advanced for services prior expensed resulting in a net credit to professional fees of \$5,280. Costs of revenues in the current period totaled \$47,914 as compared to \$20,659 in the prior comparative six months ended December 31, 2017. The increase in costs of revenue were attributable to our acquisition of the RV campground near Lake Selmac, Oregon and were comprised of costs associated with concession items sold at the campground and other associated expenses. Depreciation, amortization and impairment decreased to \$14,949 in the current six-month period, as compared to \$35,689 in the six months ended December 31, 2017 due to prior period impairment of construction deposits and other costs associated with the land purchased in April 2016 near Eugene Oregon in the amount of \$14,486, as we determined subsequent to quarter end to put the land up. During the six months ended December 31, 2018 and 2017 we recorded marketing costs of \$5,951 and \$359, respectively.

We expect operating expenses to increase in future periods as we continue to expand our holdings and our revenue base.

Other Expenses

Other expenses recorded in the six months ended December 31, 2018 and 2017 totaled \$30,704 and \$975,642 respectively. The Company experienced a substantial decrease to interest expenses in the current six months ended December 31, 2018 due to the fact that during the period ended December 31, 2017 the company recorded interest expense relative to the issuance of certain convertible notes and their conversion through issuance of our common stock of \$930,540, with no similar transactions during the current six-month period ended December 31, 2018. Further, the Company recorded a loss on disposal of property of \$5,412 during the current six-month period, with no comparative expense in the comparative six months in 2017.

Net losses in the six months ended December 31, 2018 and 2017 totaled \$461,937 and \$2,052,217, respectively.

Liquidity and Financial Condition

Liquidity and Capital Resources

	At		At
	December 31, 2018		June 30, 2018
Current Assets	\$ 397,252	\$	388,909
Current Liabilities	675,545		1,883,555
Working Capital Deficit	\$ (278,293)	\$	(1,494,646)

As of December 31, 2018, the Company had total current assets of \$397,252 and a working capital deficit of \$278,293 compared to total current assets of \$388,909 and a working capital deficit of \$1,494,646 as of June 30, 2018. The decrease in our working capital deficit was primarily a result of the sale of certain owned properties during the current period and proceeds from financings of \$1,165,000 which allowed us to retire the two mortgages held on the WCS condo property.

During the six months ended December 31, 2018, cash provided by operating activities totaled \$193,797, primarily as a result of a net loss from operations of \$461,937, offset by stock-based compensation of \$328,504, loss on disposal of property of \$5,412 and depreciation, amortization and impairment expenses of \$14,949. Further during the six months ended December 31, 2018, we reduced our accrued expenses by \$64,185, partially offset by an increase in our accounts payable of \$6,797. In the six months ended December 31, 2017, cash provided by operating activities totaled \$50,487 with a net loss from operations of \$2,052,217 offset by non-cash interest of \$930,540, stock-based compensation of \$955,389 and depreciation, amortization and impairment expenses of \$35,689. During the six months ended December 31, 2017, the Company's accrued expenses increased by \$75,505, partially offset by a reduction to accounts payable of \$9,917.

Net cash provided by investing activities in the six months ended December 31, 2017 was \$1,513, as compared to cash used of \$34,039 in 2018. Cash due from related party in the current six-month period is a result of the loss of certain banking facilities in fiscal 2018 due to the nature of our area of operations which required us to transfer the Company's cash and its banking operations to an entity owned and controlled by management while sourcing other banking solutions. Further, in the six months ended December 31, 2017, we received \$27,000 under option agreements for certain units at our Eagle Creek condominium compared to \$Nil received in the six months ended December 31, 2018. The Company purchased certain property and equipment during fiscal 2017 in the amount of \$25,487 as compared to \$6,160 during fiscal 2018.

Net cash provided by financing activities was \$254,073 in the six months ended December 31, 2018 as compared to \$59,774 in 2017. During the current six-month period ended December 31, 2018, the Company closed private placements for total proceeds of \$1,165,000, compared to total proceeds of \$57,000 from private placements during the comparable period ended December 31, 2017. The amounts raised during the current six month period were

offset by the repayment of mortgages in the amount of \$910,927. During the six months ended December 31, 2017 the Company received proceeds from the sale of convertible notes of \$40,000 offset by mortgage repayments of \$37,226.

Going Concern

During the three- and six-months period ended December 31, 2018, the Company reported a net loss of \$196,492 and \$461,937, respectively. During the three- and six-months period ended December 31, 2017, the Company reported a net loss of \$1,288,178 and \$2,052,217, respectively. The Company believes that its existing capital resources are not adequate to enable it to fully execute its business plan.

These conditions raise substantial doubt as to the Company's ability to continue as a going concern. The Company estimates that it will require additional cash resources during fiscal year 2019 and beyond based on its current operating plan and condition. In July and August 2018, the Company conducted a private placement of its common shares and raised gross proceeds of approximately \$1,165,000. The Company used approximately \$900,000 of the proceeds from the private placements to retire the two mortgages held on the WCS condo property (see Note 6 to the unaudited financial statements contained herein). In addition, in September 2018, the Company completed the sale of its land held in the Pioneer Business Park (see Note 3 to the unaudited financial statements contained herein). The Company received proceeds of approximately \$74,000 after payment of expenses of the sale and full retirement of the attached mortgage of approximately \$250,000. These actions have reduced the working capital deficit below \$300,000 in the current period ended December 31, 2018. The Company expects cash flows from operating activities to improve marginally in the short term, primarily as a result of an increase in cash received from tenants and a decrease in certain operating expenses, although there can be no assurance thereof. In addition, there can be no assurance that new tenants will become available after 2019 when the remaining leases expire for the Eagle Point condominium. If we fail to generate positive cash flow or obtain additional financing, when required, we may have to modify, delay, or abandon some or all of our business and expansion plans, and potentially cease operations altogether. The accompanying unaudited consolidated financial statements do not include any adjustments that might be necessary should we be unable to continue as a going concern.

Off-Balance Sheet Arrangements

We have no off-balance sheet arrangements.

Critical Accounting Policies and Estimates

The preparation of our financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. On an on-going basis, management evaluates its estimates and judgments which are based on historical experience and on various other factors that are believed to be reasonable under the circumstances. The results of their evaluation form the basis for making judgments about the carrying values of assets and liabilities. Actual results may differ from these estimates under different assumptions and circumstances. Our significant accounting policies are more fully discussed in the Notes to our Financial Statements. Refer to Note 2 of the Unaudited Consolidated Financial Statements included herein.

Recent Accounting Pronouncements

There were various accounting standards and interpretations issued recently, none of which are expected to have a material effect on the Company's operations, financial position or cash flows.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

We are a smaller reporting company and are not required to provide this information.

ITEM 4. CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures

Our management, with the participation of our Chief Executive Officer and Chief Financial Officer, conducted an evaluation of the effectiveness of the design and operation of our disclosure controls and procedures (as defined in Rules 13a- 15(e) and 15d- 15(e) under the Exchange Act). Based on this evaluation, our Chief Executive Officer and Chief Financial Officer concluded that, as of December 31, 2018, our disclosure controls and procedures were not effective, for the reasons discussed below, to ensure that information required to be disclosed by us in the reports we file or submit under the Exchange Act is (i) recorded, processed, summarized, and reported within the time periods specified in the SEC rules and forms, and (ii) is accumulated and communicated to our management, including our Chief Executive Officer, as appropriate to allow timely decisions regarding required disclosure.

Our management is responsible for establishing and maintaining adequate internal control over financial reporting (as defined in Rule 13a-15(f) under the Exchange Act) to provide reasonable assurance regarding the reliability of our financial reporting and the preparation of financial statements for external purposes in accordance with GAAP.

A material weakness is a deficiency, or combination of deficiencies, that creates a reasonable possibility that a material misstatement of the annual or interim financial statements will not be prevented or detected in a timely manner.

The material weakness related to our company was due to not having the adequate personnel to address the reporting requirements of a public company and to fully analyze and account for our transactions.

Accordingly, while we identified a material weakness in our system of internal control over financial reporting as of December 31, 2018, we believe that we have taken reasonable steps to ascertain that the financial information contained in this report is in accordance with GAAP. We are committed to remediating the control deficiencies that constitute the material weaknesses by implementing changes to our internal control over financial reporting.

Management is responsible for implementing changes and improvements in the internal control over financial reporting and for remediating the control deficiencies that gave rise to the material weaknesses.

Going forward, we intend to evaluate our processes and procedures and, where practicable and resources permit, implement changes in order to have more effective controls over financial reporting.

Changes in Internal Control over Financial Reporting

During the period covered by this report, there were no changes in our internal controls over financial reporting that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II – OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

There are no pending legal proceedings to which the Company is a party or in which any director, officer or affiliate of the Company, any owner of record or beneficially of more than 5% of any class of voting securities of the Company, or security holder is a party adverse to the Company or has a material interest adverse to the Company. The Company's property is not the subject of any pending legal proceedings.

ITEM 1A. RISK FACTORS

The Company is a smaller reporting company and is not required to provide this information.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

On January 2, 2019 the Company issued a total of 882,483 shares of unregistered common stock to certain officers and directors as part of their respective employment and/or board compensation package, valued at \$54,361, or

\$0.0616 per share, the closing price of the Company's common stock on the date of issuance as posted on OTCMarkets.

On January 29, 2019, the Company issued 1,000,000 shares of unregistered common stock to Trevor Hall in connection with his appointment as Chief Financial Officer ("CFO"), valued at \$76,000, or \$0.076 per share, the closing price of the Company's common stock on the date of issuance as posted on OTCMarkets.

On January 31, 2018, the Company issued 250,000 shares of common stock to a consultant for services rendered, valued at \$19,500, or \$0.078 per share, the closing price of the Company's stock on the date of issuance as posted on OTCMarkets.

Other than as set out above, there were no unregistered sales of equity securities during the period covered by this Report that were not previously included in a Current Report on Form 8-K or on Form 10-K or Form 10-Q.

All stock issuances discussed in this section under the heading Recent Sales of Unregistered Securities, were exempt from the registration requirements of Section 5 of the Securities Act of 1933 pursuant to Section 4(2) of the same Act since the issuances of the shares were to persons well known to the Company and did not involve any public offerings.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

None.

ITEM 4. MINE SAFETY DISCLOSURES

Not Applicable

ITEM 5. OTHER INFORMATION

On January 28, 2019, the Company entered into a consulting agreement (the "Agreement") with Trevor Hall and appointed Mr. Hall to serve as a part-time CFO of the Company through December 31, 2019. Mr. Hall succeeded Wayne Zallen as CFO, who resigned from the position in connection with Mr. Hall's appointment. Mr. Zallen continues to serve as Chairman of the Company's Board of Directors following his resignation as CFO of the Company.

Pursuant to the Agreement, Mr. Hall received \$76,000 in compensation, payable as 1,000,000 shares of unregistered common stock of the Company, and will devote enough of his time to the Company as is reasonably necessary to meet the needs of the Company during the term. The shares of Common Stock were issued on January 29, 2019 at a price of \$0.076 per share, the closing price of the Company's Common Stock on January 29, 2019. Additionally, Mr. Hall was appointed as Treasurer of the Company, replacing Joann Cleckner, who had previously tendered her resignation as Secretary and Treasurer of the Company effective as of November 15, 2018. Carl Sanko, who currently serves as a director of the Company, replaced Ms. Cleckner as Secretary of the Company after her resignation.

During February 2019,, the Company moved its headquarters to 2485 Village View Drive, Suite 180, Henderson, Nevada 89074. In connection with the move, the Company's telephone number changed to (702) 830-7919.

ITEM 6. EXHIBITS

**Exhibit Exhibit
Number**

- 3.1* [Articles of Incorporation of the Company, as amended.](#)

- 3.2* [By-laws of the Company.](#)

- 10.1*# [Employment Agreement, by and between the Company and Jonathan Bonnette, dated July 1, 2018.](#)

- 10.2# [Agreement, by and between the Company and Trevor Hall, dated January 28, 2019 \(incorporated by reference to Exhibit 10.1 of the Company's Form 8-K filed on February 1, 2019.](#)

- 10.3* [Sublease, by and between the Company and Appreciation, LLC effective February 19, 2019.](#)

- 10.4*# [Consulting Agreement, by and between the Company and Carl Sanko, dated August 6, 2018.](#)

- 10.5*# [Consulting Agreement, by and between the Company and Wayne Zallen, dated August 6, 2018.](#)

- 31.1* [Certification of the Principal Executive Officer required by Rule 13a-14\(a\) or Rule 15d-14\(a\) under the Securities Exchange Act of 1934, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002](#)
- 31.2* [Certification of the Principal Financial Officer required by Rule 13a-14\(a\) or Rule 15d-14\(a\) under the Securities Exchange Act of 1934, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002](#)
- 32.1* [Certification of the Chief Executive Officer and Chief Financial Officer \(Principal Executive Officer and Principal Financial Officer\) pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 \(18 U.S.C. Section 1350\)](#)

- 101.INS XBRL INSTANCE DOCUMENT
- 101.SCH XBRL TAXONOMY EXTENSION SCHEMA
- 101.CAL XBRL TAXONOMY EXTENSION CALCULATION LINKBASE
- 101.DEF XBRL TAXONOMY EXTENSION DEFINITION LINKBASE
- 101.LAB XBRL TAXONOMY EXTENSION LABEL LINKBASE
- 101.PRE XBRL TAXONOMY EXTENSION PRESENTATION LINKBASE

*As filed herewith.

Management contract or any compensatory plan, contract or arrangement.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

GROW CONDOS, INC.

Date: February 20, 2019

By: /s/ Jonathan Bonnette
Name: Jonathan Bonnette
Jonathan Bonnette
Chief Executive Officer, and President (Principal
Executive Officer)

ARTICLES OF INCORPORATION
OF
ALLCITYBRANDS.COM, INC.

The undersigned incorporator, being a natural person more than eighteen (18) years of age and acting as the sole incorporator of the above-named corporation (hereinafter referred to as the "Corporation") hereby adopts the following Articles of Incorporation for the Corporation.

ARTICLE I
NAME

The name of the Corporation shall be: Allcitybrands.com, Inc.

ARTICLE II
PERIOD OF DURATION

The Corporation shall continue in existence perpetually unless sooner dissolved according to law.

ARTICLE III
PURPOSES

The Corporation is organized for the purpose conducting any lawful business for which a corporation may be organized under the laws of the State of Nevada.

ARTICLE IV
AUTHORIZED SHARES

The Corporation is authorized to issue a total of 50,000,000 shares, consisting of 5,000,000 shares of preferred stock having a par value of \$0.001 per share (hereinafter referred to as "Preferred Stock") and 45,000,000 shares of common stock having a par value \$0.001 per share (hereinafter referred to as "Common Stock"). Shares of any class of stock may be issued, without shareholder action, from time to time in one or more series *as may* from time to time be determined by the board of directors. The board of directors of this Corporation is hereby expressly granted authority, without shareholder action, and within the limits set forth in the Nevada Revised Statutes, to:

(a) designate in whole or in part, the powers, preferences, limitations, and relative rights, of any class of shares before the issuance of any shares of that class;

(b) create one or more series within a class of shares, fix the number of shares of each such series, and designate, in whole or part, the powers, preferences, limitations, and relative rights of the series, all before the issuance of any shares of that series;

(c) alter or revoke the powers, preferences, limitations, and relative rights granted to or imposed upon any wholly unissued class of shares or any wholly unissued series of any class of shares; or

(d) increase or decrease the number of shares constituting any series, the number of shares of which was originally fixed by the board of directors, either before or after the issuance of shares of the series; provided that, the number may not be decreased below the number of shares of the series then outstanding, or increased above the total number of authorized shares of the applicable class of shares available for designation as a part of the series.

The allocation between the classes, or among the series of each class, of unlimited voting rights and the right to receive the net assets of the Corporation upon dissolution, shall be as designated by the board of directors. All rights accruing to the outstanding shares of the Corporation not expressly provided for to the contrary herein or in the Corporation's bylaws or in any

amendment hereto or thereto shall be vested in the Common Stock. Accordingly, unless and until otherwise designated by the board of directors of the Corporation, and subject to any superior rights as so designated, the Common Stock shall have unlimited voting rights and be entitled to receive the net assets of the Corporation upon dissolution.

ARTICLE V
NON-ACCESSIBILITY FOR DEBTS OF CORPORATION

After the amount of the subscription price, the purchase price, or the par value of the stock of any class or series is paid into the Corporation, owners or holders of shares of any stock in the Corporation may never be assessed to pay the debts of the Corporation.

ARTICLE VI
NO CUMULATIVE VOTING

Except as may otherwise be required by law, these articles of incorporation, or the provisions of the resolution or resolutions as may be adopted by the board of directors pursuant to Article IV of these articles of incorporation, in all matters as to which the vote or consent of stockholders of the Corporation shall be required to be taken, the holders of Common Stock shall have one vote per share of Common Stock held. Cumulative Voting on the election of directors or on any other matter submitted to the stockholders shall not be permitted.

ARTICLE VII
NO PREEMPTIVE RIGHTS

No holder of any of the shares of any class or series of stock or of options, warrants, or other rights to purchase shares of any class or series of stock or of other securities of the Corporation shall have any preemptive right to purchase or subscribe for any unissued stock of any class or series of any additional shares of any class or series to be issued by reason of any increase of the authorized capital stock of the Corporation of any class or series, or bonds, certificates of indebtedness, debentures, or other securities convertible into or exchangeable for stock of the Corporation of its class or series, or carrying any rights to purchase stock of any class or series, but any such unissued stock, additional authorized issue of shares of any class or series of stock, or securities convertible into or exchangeable for stock carrying any right to purchase stock may be issued and disposed of pursuant to an appropriate resolution of the board of directors to such persons, firms, corporations, or associations and on such terms as may be deemed advisable by the board of directors in the exercise of its sole discretion.

ARTICLE VIII
TRANSACTIONS WITH OFFICERS DIRECTORS

No contract or other transaction between the Corporation and one or more of its directors -or officers, or between the Corporation and any corporation, firm or association in which one or more of its directors or officers are directors or officers or are financially interested, is void or voidable solely for this reason or solely because any such director or officer is present at the meeting of the board of directors or a committee thereof which authorizes or approves the contract or transaction, or because the vote or votes of - common or interested directors are counted for that purpose, if the circumstances specified in any of the following paragraphs exist:

(a) The fact of the common directorship, office or financial interest is disclosed or known to the board of directors or committee and noted in-the minutes, and the board or committee authorizes, approves or ratifies the contract or transaction in good faith by a vote sufficient for the purpose without counting the vote or votes of the common or interested director or directors;

(b) The fact of the common directorship, office or financial interest is disclosed or known to the stockholders, and they approve or ratify the contract or transaction in good faith by a majority vote of stockholders holding a majority of the voting power. The votes of the common or interested directors or officers must be counted in any such vote of stockholders; or

(c) The contract or transaction is fair as to the Corporation at the time it is authorized or approved.

ARTICLE IX
INDEMNIFICATION OF OFFICERS, DIRECTORS, AND OTHERS

(a) The Corporation shall indemnify each director and officer of the Corporation and their respective heirs, administrators, and executors against all liabilities and expenses reasonably incurred in connection with any action, suit, or proceeding to which he may be made a party by reason of the fact that he is or was a director or officer of the Corporation, to the full extent permitted by the laws of the state of Nevada now existing or as such laws may hereafter be amended. The expenses of officers and directors incurred in defending a civil or criminal action, suit, or proceeding shall be paid by the Corporation as they are incurred and in advance of the final disposition of the action, suit, or proceeding, upon receipt of an undertaking by or on behalf of the director or officer to repay the amount if it is ultimately determined by a court of competent jurisdiction that he is not entitled to be indemnified by the Corporation.

(b) The Corporation may indemnify each director, officer, employee, or agent of the Corporation and their respective heirs, administrators, and executors against all liabilities and expenses reasonably incurred in connection with any action, suit, or proceeding to which such person may be made a party by reason of such person being, or having been, a director, officer, employee, or agent of the Corporation, to the full extent permitted by the laws of the state of Nevada now existing or as such laws may hereafter be amended.

ARTICLE X
LIMITATION ON DIRECTOR:, LIABILITY

To the full extent permitted by the Nevada Revised Statutes, directors and officers of the Corporation shall have no personal liability to the Corporation or its stockholders for damages for breach of their fiduciary duty as a director or officer, except for damages resulting from (a) acts or omissions which involve intentional misconduct, fraud or a knowing violation of law; (b) the payment of distribution in violation of section 78.300 of the Nevada Revised Statutes, as it may be amended from time to time, or any successor statute thereto.

ARTICLE XI
NO LIMITATIONS ON VOTING RIGHTS

To the extent permissible under the applicable law of any jurisdiction to which the Corporation may become subject by reason of the conduct of business, the ownership of assets, the residence of shareholders, the location of offices or facilities, or any other item, the Corporation elects not to be governed by the provisions of any statute that (i) limits, restricts, modifies, suspends, terminates, or otherwise effects the rights of any shareholder to cast one vote for each share of Common Stock registered in the name of such shareholder on the books of the Corporation, without regard to whether such shares were acquired directly from the Corporation or from any other person and without regard to whether such shareholder has the power to exercise or direct the exercise of voting power over any specific fraction of the shares of Common Stock of the Corporation issued and outstanding or (ii) grants to any shareholder the right to have his or her stock redeemed or purchased by the Corporation or any other shareholder of the Corporation. Without limiting the generality of the foregoing, the Corporation expressly elects not to be governed by or be subject to the provisions of sections 78.378 through 78.3793 of the Nevada Revised Statutes or any similar or successor statutes adopted by any state which may be deemed to apply to the Corporation from time to time.

ARTICLE XII
PRINCIPAL OFFICE AND RESIDENT AGENT

The address of the Corporation in the State of Nevada is 600 Highway 50, Pinewild at Marla Bay, Unit 101. The name and address of the Corporation's initial resident agent is:

Either the principal office or the resident agent may be changed in the manner provided by law.

ARTICLE XIII
AMENDMENTS

The Corporation reserves the right to amend, alter, change, or repeal all or any portion of the provisions contained in these articles of incorporation from time to time in accordance with the laws of the state of Nevada; and all rights conferred herein on stockholders are granted subject to this reservation.

ARTICLE XIV
ADOPTION AND AMENDMENT OF BYLAWS

The initial bylaws of the Corporation shall be adopted by the board of directors. The power to alter, amend, or repeal the bylaws or adopt new bylaws shall be vested in the board of directors. The bylaws may contain any provisions for the regulation or management of the affairs of the Corporation not inconsistent with these articles of incorporation and the laws of the state of Nevada now or hereafter existing.

ARTICLE XV
GOVERNING BOARD

The governing board of the Corporation shall be known as the "board of directors." The board of directors must have at least one director or as otherwise specified in its bylaws or director's resolutions.

The first board of directors shall consist of one person. The name and address of the person who is to serve as the initial director until the first annual meeting of the stockholders and until such person's successor is elected and shall qualify is as follows:

NAME

ADDRESS

Jeff Holmes 600 Highway 50, Pinewild at Marla Bay, Unit 101, Zephyr Cove, Nevada 89448

ARTICLE XVI
POWERS OF GOVERNING BOARD

The governing board of the Corporation is specifically granted by these articles of incorporation all powers permitted to be vested in the governing board of a corporation by the applicable provisions of the laws of the state of Nevada now or hereafter existing.

ARTICLE XVII
INCORPORATOR

The name and mailing address of the incorporator signing these articles of incorporation is as follows:

NAME

ADDRESS

Jeff Holmes 600 Highway 50, Pinewild at Marla Bay, Unit 101, Zephyr Cove, Nevada
89448

The undersigned, being the sole incorporator of the Corporation herein before named, hereby makes and files these articles of incorporation, declaring and certifying that the facts contained herein are true.

DATED this 13th day of October 1999.

/s/ Jeff W. Holmes
Jeff Holmes

STATE OF UTAH)

: ss

COUNTY OF SALT LAKE)

On this 13th day of October 1999, before me, a Notary Public, personally appeared Jeff Holmes who, upon being first duly sworn, declared to me that he is the sole incorporator of Allcitybrands.com, Inc., and acknowledged to me that he executed the foregoing articles of incorporation as his free act and deed.

/s/ Victor D. Schwartz
Notary Public

SIGNATURE OF ACCEPTANCE OF INITIAL RESIDENT AGENT

On this 13th day of October, 1999, I, Jeff Holmes, hereby accept appointment as resident agent for Allcitybrands.com, Inc. as named in the foregoing Articles of Organization.

/s/ Jeff W. Holmes
Jeff Holmes, Resident Agent

ARTICLES OF AMENDMENT
TO THE ARTICLES OF INCORPORATION
OF
ALLCITYBRANDS.COM, INC.

Pursuant to the provisions of Section 78.385, et. seq., of the Nevada Revised Statute Allcitybrands.com Inc., a Nevada corporation, hereinafter referred to as the "Corporation," hereby adopts the following Articles of Amendment to its Articles of Incorporation:

FIRST: The name of the Corporation is Allcitybrands.com, Inc.

SECOND: Article I of the Articles of Incorporation shall be amended to read as follows:

Article I

The name of the corporation is Calibrus, Inc.

THIRD: By executing these Articles of Amendment to the Articles of Incorporation, the president and secretary of the Corporation do hereby certify that on January 19, 2000, the foregoing amendment to the Articles of Incorporation of Allcitybrands.com, Inc., was authorized and approved pursuant to Section 78.390 of the Nevada Revised Statutes by the consent of the majority of the Corporation's shareholders. The number of issued and outstanding shares entitled to vote on the foregoing amendment to the Articles of Incorporation was 5,000,000 of which 5,000,000 shares voted for, no shares voted against and no shares abstained from the foregoing amendment to the Articles of Incorporation. No other class of shares was entitled to vote thereon as a class.

DATED this 19th day of January, 2000

/s/ Jeff W. Holmes
Jeff Holmes, President

/s/ Greg W. Holmes
Greg Holmes, Secretary

STATE OF ARIZONA)

: ss

COUNTY OF MARICOPA

On this 20th day of January 2000, before me, a Notary Public, personally appeared Jeff Holmes and Greg Holmes who, upon being first duly sworn, declared to me that he is the sole incorporator of Allcitybrands.com, Inc., and acknowledged to me that he executed the foregoing articles of incorporation as his free act and deed.

/s/ Erin Adams
Notary Public

Certificate of Amendment to Articles of Incorporation
For Nevada Profit Corporations

(Pursuant to NRS 78.385 and 78.390 - After Issuance of Stock)

April 22, 2014

1. Name of corporation.

Calibrus, Inc.

2. The articles have been amended as follows: (provide article numbers, if available) Article 1 is amended and restated so that as amended it shall read in its entirety as follows:

ARTICLE I
NAME

The name of the Corporation shall be: Fanatic Fans, Inc.

3. The vote by which the stockholders holding shares in the corporation entitling them to exercise at least a majority of the voting power, or such greater proportion of the voting power as may be required in the case of a vote by classes or series, or as may be required by the provisions of the articles of incorporation* have voted in favor of the amendment is: 51%

4. Signature: (required)

/s/ Greg W. Holmes
Greg Holmes, Secretary

Certificate of Amendment to Articles of Incorporation
For Nevada Profit Corporations

(Pursuant to NRS 78.385 and 78.390 - After Issuance of Stock)

July 29, 2014

1. Name of corporation.

Fanatic Fans, Inc.

2. The articles have been amended as follows: (provide article numbers, if available) Article 1 is amended and restated so that as amended it shall read in its entirety as follows:

ARTICLE I
NAME

The name of the Corporation shall be: Grow Condos, Inc.

3. The vote by which the stockholders holding shares in the corporation entitling them to exercise at least a majority of the voting power, or such greater proportion of the voting power as may be required in the case of a vote by classes or series, or as may be required by the provisions of the articles of incorporation* have voted in favor of the amendment is: 51%

4. Signature: (required)

/s/Joann Cleckner
Joann Cleckner, Secretary

Certificate of Amendment to Articles of Incorporation
For Nevada Profit Corporations

(Pursuant to NRS 78.385 and 78.390 - After Issuance of Stock)

July 10, 2018

1. Name of corporation.

Grow Condos, Inc.

2. The articles have been amended as follows: (provide article numbers, if available) Article 1 is amended and restated so that as amended it shall read in its entirety as follows:

ARTICLE I
AUTHORIZED SHARES

The Corporation is authorized to issue a total of 180,000,000 shares, consisting of 5,000,000 shares of preferred stock having a par value of \$.001 per share (hereinafter referred to as "Preferred Stock") and 175,000,000 shares of common stock having a par value of \$.001 per share (hereinafter referred to as "Common Stock").

(all other parts of Article IV remain the same)

3. The vote by which the stockholders holding shares in the corporation entitling them to exercise at least a majority of the voting power, or such greater proportion of the voting power as may be required in the case of a vote by classes or series, or as may be required by the provisions of the articles of incorporation* have voted in favor of the amendment is: 56%

4. Effective date and time of filing: (optional) Date: Time: 6:15 pm

5. Signature: (required) 7/10/2018

/s/Wayne A. Zallen
Wayne Zallen, Chief Financial Officer

Certificate of Amendment to Articles of Incorporation
For Nevada Profit Corporations

(Pursuant to NRS 78.385 and 78.390 - After Issuance of Stock)

August 27, 2018

1. Name of corporation.

Grow Condos, Inc.

2. The articles have been amended as follows: (provide article numbers, if available) Article 1 is amended and restated so that as amended it shall read in its entirety as follows:

ARTICLE I
NAME

The name of the Corporation shall be: Grow Capital, Inc.

3. The vote by which the stockholders holding shares in the corporation entitling them to exercise at least a majority of the voting power, or such greater proportion of the voting power as may be required in the case of a vote by classes or series, or as may be required by the provisions of the articles of incorporation* have voted in favor of the amendment is: 51%

4. Signature: (required)

/s/ Carl Sanko

Carl Sanko, Secretary

**BYLAWS
OF
GROW CONDOS, INC.**

**ARTICLE I
OFFICES**

Section Registered Office. The registered office shall be in the city of Henderson, State of Nevada.

Section Location of Offices. The corporation may maintain such offices within or without the state of Nevada as the board of directors may from time to time designate or require.

Section Principal Office. The address of the principal office of the corporation shall be at the address of the Registered office of the corporation as so designated in the office of the Secretary of State of the state of incorporation, or at such other address as the board of directors shall from time to time determine.

**ARTICLE II
SHAREHOLDERS**

Section 2.1 Annual Shareholder Meeting. The annual meeting of the shareholders shall be held within 150 days of the close of the corporation's fiscal year, at a time and date as is determined by the corporation's board of directors, for the purpose of electing directors and for the transaction of such other business as may come before the meeting. If the day fixed for the annual meeting shall be a legal holiday in the state of Nevada, such meeting shall be held on the next succeeding business day.

If the election of directors shall not be held on the day designated herein for any annual meeting of the shareholders, or at any subsequent continuation after adjournment thereof, the board of directors shall cause the election to be held at a special meeting of the shareholders as soon thereafter as convenient. The failure to hold an annual or special meeting does not affect the validity of any corporate action or work a forfeiture or dissolution of the corporation.

Section 2.2 Special Shareholder Meetings. Special meetings of the shareholders, for any purpose or purposes described in the meeting notice, may be called by the president or by the board of directors and shall be called by the president at the request of the holders of not less than one-tenth of all outstanding votes of the corporation entitled to be cast on any issue at the meeting.

Section 2.3 Place of Shareholder Meetings. The board of directors may designate any place, either within or without the state of Nevada, as the place of meeting for any annual or any special meeting of the shareholders, unless by written consents, which may be in the form of waivers of notice or otherwise, a majority of shareholders entitled to vote at the meeting may

designate a different place, either within or without the state of Nevada, as the place for the holding of such meeting. If no designation is made by either the directors or majority action of the voting shareholders, the place of meeting shall be the principal office of the corporation.

Section 2.4 Notice of Shareholder Meetings.

(a) *Required Notice.* Written notice stating the place, day, and time of any annual or special shareholder meeting shall be delivered not less than 10 nor more than 60 days before the date of the meeting, either in person, by any form of electronic communication, by mail, by private carrier, or by any other manner provided for in the Act, by or at the direction of the president, the board of directors, or other persons calling the meeting, to each shareholder of record, entitled to vote at such meeting and to any other shareholder entitled by the Act or the articles of incorporation to receive notice of the meeting. Notice shall be deemed to be effective at the earlier of: (1) when deposited in the United States mail, addressed to the shareholder at his address as it appears on the stock transfer books of the corporation, with postage thereon prepaid; (2) on the date shown on the return receipt if sent by registered or certified mail, return receipt requested, and the receipt is signed by or on behalf of the addressee; (3) when received; or (4) five days after deposit in the United States mail, if mailed postpaid and correctly addressed to an address other than that shown in the corporation's current record of shareholders.

(b) *Adjourned Meeting.* If any shareholder meeting is adjourned to a different date, time, or place, notice need not be given of the new date, time, and place, if the new date, time, and place is announced at the meeting before adjournment. If a new record date for the adjourned meeting is, or must be fixed (see section 2.5 of this Article II) or if the adjournment is for more than 30 days, then notice must be given pursuant to the requirements of paragraph (a) of this section 2.4, to those persons who are shareholders as of the new record date.

(c) *Waiver of Notice.* The shareholder may waive notice of the meeting (or any notice required by the Act, articles of incorporation, or bylaws), by a writing signed by the shareholder entitled to the notice, which is delivered to the corporation (either before or after the date and time stated in the notice) for inclusion in the minutes or filing with the corporate records.

(d) *Shareholder Attendance.* A shareholder's attendance at a meeting:

(1) waives objection to lack of notice or defective notice of the meeting, unless the shareholder at the beginning of the meeting objects to holding the meeting or transacting business at the meeting; and

(2) waives objection to consideration of a particular matter at the meeting that is not within the purpose or purposes described in the meeting notice, unless the shareholder objects to considering the matter when it is presented.

(e) Contents of Notice. The notice of each special shareholder meeting shall include a description of the purpose or purposes for which the meeting is called. Except as provided in this section 2.4(e), the articles of incorporation, or otherwise in the Act, the notice of an annual shareholder meeting need not include a description of the purpose or purposes for which the meeting is called.

If a purpose of any shareholder meeting is to consider either: (1) a proposed amendment to the articles of incorporation (including any restated articles requiring shareholder approval); (2) a plan of merger or share exchange; (3) the sale, lease, exchange, or other disposition of all, or substantially all of the corporation's property; (4) the dissolution of the corporation; or (5) the removal of a director, the notice must so state and, to the extent applicable, be accompanied by a copy or summary of the: (1) articles of amendment; (2) plan of merger or share exchange; (3) agreement for the disposition of all or substantially all of the corporation's property; or (4) the terms of the dissolution. If the proposed corporate action creates dissenters' rights, the notice must state that shareholders are, or may be entitled to assert dissenters' rights, and must be accompanied by a copy of the provisions of the Act governing such rights.

Section 2.5 Meetings by Telecommunications. Any or all of the shareholders may participate in an annual or special meeting of shareholders by, or the meeting may be conducted through the use of, any means of communication by which all persons participating in the meeting can hear each other during the meeting. A shareholder participating in a meeting by this means is considered to be present in person at the meeting.

Section 2.6 Fixing of Record Date. For the purpose of determining shareholders of any voting group entitled to notice of or to vote at any meeting of shareholders, or shareholders entitled to receive payment of any distribution or dividend, or in order to make a determination of shareholders for any other proper purpose, the board of directors may fix in advance a date as the record date. Such record date shall not be more than 70 days prior to the meeting of shareholders or the payment of any distribution or dividend. If no record date is so fixed by the board of directors for the determination of shareholders entitled to notice of, or to vote at a meeting of shareholders, or shareholders entitled to receive a share dividend or distribution, or in order to make a determination of shareholders for any other proper purpose, the record date for determination of such shareholders shall be at the close of business on:

- (a) With respect to an annual shareholder meeting or any special shareholder meeting called by the board of directors or any person specifically authorized by the board of directors or these bylaws to call a meeting, the day before the first notice is delivered to shareholders;
 - (b) With respect to a special shareholders' meeting demanded by the shareholders, the date the first shareholder signs the demand;
 - (c) With respect to the payment of a share dividend, the date the board of directors authorizes the share dividend;
-

(d) With respect to actions taken in writing without a meeting (pursuant to Article II, section 2.12), the date the first shareholder signs a consent; and

(e) With respect to a distribution to shareholders (other than one involving a repurchase or reacquisition of shares), the date the board authorizes the distribution.

When a determination of shareholders entitled to vote at any meeting of shareholders has been made as provided in this section 2.6, such determination shall apply to any adjournment thereof unless the board of directors fixes a new record date. A new record date must be fixed if the meeting is adjourned to a date more than 120 days after the date fixed for the original meeting.

Section 2.7 Shareholder List. The officer or agent having charge of the stock transfer books for shares of the corporation shall make a complete record of the shareholders entitled to vote at each meeting of shareholders, arranged in alphabetical order with the address of and the number of shares held by each. The list must be arranged by voting group (if such exists, see Article II, section 2.8) and within each voting group by class or series of shares. The shareholder list must be available for inspection by any shareholder, beginning on the earlier of ten days before the meeting for which the list was prepared or two business days after notice of the meeting is given for which the list was prepared and continuing through the meeting. The list shall be available at the corporation's principal office or at a place identified in the meeting notice in the city where the meeting is to be held. A shareholder, or his agent or attorney, is entitled, on written demand, to inspect and, subject to the requirements of section 2.18 of this Article II and sections 16-10a-1602 and 16-10a-1603 of the Act, or any sections of like tenor as from time to time amended, to inspect and copy the list during regular business hours, at his expense, during the period it is available for inspection. The corporation shall maintain the shareholder list in written form or in another form capable of conversion into written form within a reasonable time.

Section 2.8 Shareholder Quorum and Voting Requirements. If the articles of incorporation or the Act provides for voting by a single voting group on a matter, action on that matter is taken when voted upon by that voting group.

Shares entitled to vote as a separate voting group may take action on a matter at a meeting only if a quorum of those shares exists with respect to that matter. Unless the articles of incorporation, a bylaw adopted pursuant to section 2.9 of this Article II, or the Act provides otherwise, a majority of the votes entitled to be cast on the matter by the voting group constitutes a quorum of that voting group for action on that matter.

If the articles of incorporation or the Act provides for voting by two or more voting groups on a matter, action on that matter is taken only when voted upon by each of those voting groups counted separately. Action may be taken by one voting group on a matter even though no action is taken by another voting group entitled to vote on the matter.

Once a share is represented for any purpose at a meeting, it is deemed present for quorum purposes for the remainder of the meeting and for any adjournment of that meeting unless a new record date is or must be set for that adjourned meeting.

If a quorum exists, action on a matter (other than the election of directors) by a voting group is approved if the votes cast within the voting group favoring the action exceed the votes cast opposing the action, unless the articles of incorporation, a bylaw adopted pursuant to section 2.9 of this Article II, or the Act require a greater number of affirmative votes.

Section 2.9 Increasing Either Quorum or Voting Requirements. For purposes of this section 2.9, a "supermajority" quorum is a requirement that more than a majority of the votes of the voting group be present to constitute a quorum; and a "supermajority" voting requirement is any requirement that requires the vote of more than a majority of the affirmative votes of a voting group at a meeting.

The shareholders, but only if specifically authorized to do so by the articles of incorporation, may adopt, amend, or delete a bylaw which fixes a "supermajority" quorum or "supermajority" voting requirement.

The adoption or amendment of a bylaw that adds, changes, or deletes a "supermajority" quorum or voting requirement for shareholders must meet the same quorum requirement and be adopted by the same vote and voting groups required to take action under the quorum and voting requirement then in effect or proposed to be adopted, whichever is greater.

A bylaw that fixes a supermajority quorum or voting requirement for shareholders may not be adopted, amended, or repealed by the board of directors.

Section Proxies. At all meetings of shareholders, a shareholder may vote in person or vote by proxy, executed in writing by the shareholder or by his duly authorized attorney-in-fact. Such proxy shall be filed with the secretary of the corporation or other person authorized to tabulate votes before or at the time of the meeting. No proxy shall be valid after 11 months from the date of its execution unless otherwise provided in the proxy.

Section Voting of Shares. Unless otherwise provided in the articles of incorporation, each outstanding share entitled to vote shall be entitled to one vote upon each matter submitted to a vote at a meeting of shareholders.

Except as provided by specific court order, no shares held by another corporation, if a majority of the shares entitled to vote for the election of directors of such other corporation are held by the corporation, shall be voted at any meeting or counted in determining the total number of outstanding shares at any given time for purposes of any meeting; provided, however, the prior sentence shall not limit the power of the corporation to vote any shares, including its own shares, held by it in a fiduciary capacity.

Redeemable shares are not entitled to vote after notice of redemption is mailed to the holders and a sum sufficient to redeem the shares has been deposited with a bank, trust company,

or other financial institution under an irrevocable obligation to pay the holders the redemption price on surrender of the shares.

Section Corporation's Acceptance of Votes.
2.12

(a) If the name signed on a vote, consent, waiver, or proxy appointment or revocation corresponds to the name of a shareholder, the corporation if acting in good faith is entitled to accept the vote, consent, waiver, or proxy appointment or revocation and give it effect as the act of the shareholder.

(b) If the name signed on a vote, consent, waiver, or proxy appointment or revocation does not correspond to the name of its shareholder, the corporation, if acting in good faith, is nevertheless entitled to accept the vote, consent, waiver, or proxy appointment or revocation and give it effect as the act of the shareholder if:

(1) the shareholder is an entity as defined in the Act and the name signed purports to be that of an officer or agent of the entity;

(2) the name signed purports to be that of an administrator, executor, guardian, or conservator representing the shareholder and, if the corporation requests, evidence of fiduciary status acceptable to the corporation has been presented with respect to the vote, consent, waiver, or proxy appointment or revocation;

(3) the name signed purports to be that of receiver or trustee in bankruptcy of the shareholder and, if the corporation requests, evidence of this status acceptable to the corporation has been presented with respect to the vote, consent, waiver, or proxy appointment or revocation;

(4) the name signed purports to be that of a pledgee, beneficial owner, or attorney-in-fact of the shareholder and, if the corporation requests, evidence acceptable to the corporation of the signatory's authority to sign for the shareholder has been presented with respect to the vote, consent, waiver, or proxy appointment or revocation; and

(5) two or more persons are the shareholder as co-tenants or fiduciaries and the name signed purports to be the name of at least one of the co-owners and the person signing appears to be acting on behalf of all the co-owners.

(c) The corporation is entitled to reject a vote, consent, waiver, or proxy appointment or revocation if the secretary or other officer or agent authorized to tabulate votes, acting in good faith, has reasonable basis for doubt about the validity of the signature or about the signatory's authority to sign for the shareholder.

(d) The corporation and its officer or agent who accepts or rejects a vote, consent, waiver, or proxy appointment or revocation in good faith and in accordance with

the standards of this section are not liable in damages to the shareholder for the consequences of the acceptance or rejection.

(e) Corporate action based on the acceptance or rejection of a vote, consent, waiver, or proxy appointment or revocation under this section 2.12 is valid unless a court of competent jurisdiction determines otherwise.

Section Inspectors of Election. There shall be appointed at least one inspector of the vote. Such inspector shall first take and subscribe an oath or affirmation faithfully to execute the duties of inspector at such meeting with strict impartiality and according to the best of his ability. Unless appointed in advance of any such meeting by the board of directors, such inspector shall be appointed for the meeting by the presiding officer. In the absence of any such appointment, the secretary of the corporation shall act as the inspector. No candidate for the office of director (whether or not then a director) shall be appointed as such inspector. Such inspector shall be responsible for tallying and certifying each vote, whether made in person or by proxy.

Section Shareholder Action Without Meeting. Any action required or permitted to be taken at a meeting of the shareholders, except for the election of directors as set forth in section 2.15 of this Article II, may be taken without a meeting and without prior notice if one or more consents in writing, setting forth the action so taken, shall be signed by shareholders having not less than the minimum number of votes that would be necessary to authorize or take the action at a meeting at which all shares entitled to vote with respect to the subject matter thereof are present. Directors may be elected without a meeting of shareholders by the written consent of the shareholders holding all of the shares entitled to vote for the election of directors. Unless the written consents of all shareholders entitled to vote have been obtained, notice of any shareholder approval without a meeting shall be given at least ten days before the consummation of the action authorized by the approval to (i) those shareholders entitled to vote who have not consented in writing, and (ii) those shareholders not entitled to vote and to whom the Act requires that notice of the proposed action be given. If the act to be taken requires that notice be given to nonvoting shareholders, the corporation shall give the nonvoting shareholders written notice of the proposed action at least ten days before the action is taken. The notice shall contain or be accompanied by the same material that would have been required if a formal meeting had been called to consider the action. A consent signed under this section 2.14 has the effect of a meeting vote and may be described as such in any document. The written consents are only effective if received by the corporation within a 60 day period and not revoked prior to the receipt of the written consent of that number of shareholders necessary to effectuate such action. Action taken pursuant to a written consent is effective as of the date the last written consent necessary to effect the action is received by the corporation, unless all of the written consents necessary to effect the action specify a later date as the effective date of the action, in which case the later date shall be the effective date of the action. If the corporation has received written consents signed by all shareholders entitled to vote with respect to the action, the effective date of the action may be any date that is specified in all the written consents as the effective date of the action. Such consents may be executed in any number of counterparts or evidenced by any number of instruments of substantially similar tenor.

Section Election of Directors. At all meetings of the shareholders at which directors are to be elected, except as otherwise set forth in any stock designation with respect to the right of the holders of any class or series of stock to elect additional directors under specified circumstances, directors shall be elected by a plurality of the votes cast at the meeting. The election need not be by ballot unless any shareholder so demands before the voting begins. Except as otherwise provided by law, the articles of incorporation, any preferred stock designation, or these bylaws, all matters other than the election of directors submitted to the shareholders at any meeting shall be decided by a majority of the votes cast with respect thereto.

Section Business at Annual Meeting. At any annual meeting of the shareholders, only such business shall be conducted as shall have been brought before the meeting (a) by or at the direction of the board of directors or (b) by any shareholder of record of the corporation who is entitled to vote with respect thereto. Notwithstanding anything in these bylaws to the contrary, no business shall be brought before or conducted at an annual meeting except in accordance with the provisions of this section. The officer of the corporation or other person presiding at the annual meeting shall, if the facts so warrant, determine and declare to the meeting that business was not properly brought before the meeting in accordance with such provisions, and if such presiding officer should so determine and declare to the meeting that business was not properly brought before the meeting in accordance with such provisions and if such presiding officer should so determine, such presiding officer shall so declare to the meeting, and any such business so determined to be not properly brought before the meeting shall not be transacted.

Section Conduct of Meeting. The board of directors of the corporation shall be entitled to make such rules or regulations for the conduct of meetings of shareholders as it shall deem necessary, appropriate, or convenient. Subject to such rules and regulations of the board of directors, if any, the chairman of the meeting shall have the right and authority to prescribe such rules, regulations, and procedures and do all such acts as, in the judgment of such chairman, are necessary, appropriate, or convenient for the proper conduct of the meeting, including, without limitation, establishing an agenda or order of business for the meeting, rules and procedures for maintaining order at the meeting, and the safety of those present, limitations on participation in such meeting to shareholders of record of the corporation and their duly authorized and constituted proxies, and such other persons as the chairman shall permit, restrictions on entry to the meeting after the time fixed for the commencement thereof, limitations on the time allotted to questions or comments by participants and regulation of the opening and closing of the polls for balloting on matters which are to be voted on by ballot, unless, and to the extent, determined by the board of directors or the chairman of the meeting, meetings of shareholders shall not be required to be held in accordance with rules of parliamentary procedure.

Section Shareholder's Rights to Inspect Corporate Records.
2.18

(a) *Minutes and Accounting Records.* The corporation shall keep as permanent records minutes of all meetings of its shareholders and board of directors, a record of all actions taken by the shareholders or board of directors without a meeting, and a record of all actions taken by a committee of the board of directors in place of the board of directors on behalf of the corporation. The corporation shall maintain appropriate accounting records.

(b) *Absolute Inspection Rights of Records Required at Principal Office*

If a shareholder gives the corporation written notice of his demand at least five business days before the date on which he wishes to inspect and copy, such shareholder (or his agent or attorney) has the right to inspect and copy, during regular business hours, any of the following records, all of which the corporation is required to keep at its principal office:

- (1) its articles or restated articles of incorporation and all amendments to the articles of incorporation currently in effect;
- (2) its bylaws or restated bylaws and all amendments to the bylaws currently in effect;
- (3) the minutes of all shareholders' meetings, and records of all action taken by shareholders without a meeting, for the past three years;
- (4) all written communications to shareholders within the past three years;
- (5) a list of the names and business addresses of its current directors and officers;
- (6) the most recent annual report of the corporation delivered to the Nevada Division of Corporations and Commercial Code; and
- (7) all financial statements prepared for periods ending during the last three years that a shareholder could request under section 2.19.

(c) *Conditional Inspection Right.* In addition, if a shareholder gives the corporation a written demand made in good faith and for a proper purpose at least five business days before the date on which such shareholder wishes to inspect and copy, such shareholder describes with reasonable particularity his purpose and the records he desires to inspect, and the records are directly connected with his purpose, such shareholder of the corporation (or his agent or attorney) is entitled to inspect and copy, during regular business hours at a reasonable location specified by the corporation, any of the following records of the corporation:

- (1) excerpts from minutes of any meeting of the board of directors, records of any action of a committee of the board of directors acting on behalf of the corporation, minutes of any meeting of the shareholders, and records of action taken by the shareholders or board of directors without a meeting, to the extent not subject to inspection under paragraph (b) of this section 2.18;
 - (2) accounting records of the corporation; and
-

(3) the record of shareholders (compiled no earlier than the date of the shareholder's demand).

(d) *Copy Costs.* The right to copy records includes, if reasonable, the right to receive copies made by photographic, xerographic, or other means. The corporation may impose a reasonable charge, covering the costs of labor and material (including third-party costs) for copies of any documents provided to the shareholder. The charge may not exceed the estimated cost of production or reproduction of the records.

(e) *Shareholder Includes Beneficial Owner.* For purposes of this section 2.18, the term "shareholder" shall include a beneficial owner whose shares are held in a voting trust or by a nominee on his behalf.

Section Financial Statements Shall be Furnished to the Shareholders
Upon written request of any shareholder, the corporation shall mail to such shareholder its most recent annual or quarterly financial statements showing in reasonable detail its assets and liabilities and the results of its operations.

Section Dissenters' Rights. Each shareholder shall have the right to dissent from and obtain payment for such shareholder's shares when so authorized by the Act, the articles of incorporation, these bylaws, or in a resolution of the board of directors.

ARTICLE III BOARD OF DIRECTORS

Section 3.1 General Powers. Unless the articles of incorporation have dispensed with or limited the authority of the board of directors, all corporate powers shall be exercised by or under the authority of, and the business and affairs of the corporation shall be managed under the direction of, the board of directors.

Section 3.2 Number, Tenure, and Qualification of Directors. Unless permitted by the Act, the authorized number of directors shall be not less than three. The current number of directors shall be as determined (or as amended from time to time) by resolution adopted from time to time by either the shareholders or directors. Each director shall hold office until the next annual meeting of shareholders or until removed. However, if his term expires, he shall continue to serve until his successor shall have been elected and qualified, or until there is a decrease in the number of directors. A decrease in the number of directors does not shorten an incumbent director's term. Unless required by the articles of incorporation, directors do not need to be residents of Nevada or shareholders of the corporation.

Section 3.3 Regular Meetings of the Board of Directors. A regular meeting of the board of directors shall be held without other notice than this bylaw immediately after, and at the same place as, the annual meeting of shareholders. The board of directors may provide, by resolution, the time and place for the holding of additional regular meetings without other notice than such resolution.

Section 3.4 Special Meetings of the Board of Directors. Special meetings of the board of directors may be called by or at the request of the president or any one director. The person authorized to call special meetings of the board of directors may fix any place as the place for holding any special meeting of the board of directors.

Section 3.5 Notice of, and Waiver of Notice for, Special Director Meetings
Unless the articles of incorporation provide for a longer or shorter period, notice of any special director meeting shall be given at least two days prior thereto either orally, in person, by telephone, by any form of electronic communication, by mail, by private carrier, or by any other manner provided for in the Act. Any director may waive notice of any meeting. Except as provided in the next sentence, the waiver must be in writing, signed by the director entitled to the notice, and filed with the minutes or corporate records. The attendance of a director at a meeting shall constitute a waiver of notice of such meeting, except where a director attends a meeting for the express purpose of objecting to the transaction of any business and at the beginning of the meeting (or promptly upon his arrival) objects to holding the meeting or transacting business at the meeting, and does not thereafter vote for or assent to action taken at the meeting.
Unless required by the articles of incorporation or the Act, neither the business to be transacted at, nor the purpose of, any special meeting of the board of directors need be specified in the notice or waiver of notice of such meeting.

Section 3.6 Director Quorum. A majority of the number of directors in office immediately before the meeting begins shall constitute a quorum for the transaction of business at any meeting of the board of directors, unless the articles of incorporation require a greater number.

Any amendment to this quorum requirement is subject to the provisions of section 3.8 of this Article III.

Section 3.7 Directors, Manner of Acting. The act of the majority of the directors present at a meeting at which a quorum is present when the vote is taken shall be the act of the board of directors unless the articles of incorporation require a greater percentage. Any amendment which changes the number of directors needed to take action, is subject to the provisions of section 3.8 of this Article III.

Unless the articles of incorporation provide otherwise, any or all directors may participate in a regular or special meeting by, or conduct the meeting through the use of, any means of communication by which all directors participating may simultaneously hear each other during the meeting. A director participating in a meeting by this means is deemed to be present in person at the meeting.

A director who is present at a meeting of the board of directors or a committee of the board of directors when corporate action is taken is deemed to have assented to the action taken unless: (1) he objects at the beginning of the meeting (or promptly upon his arrival) to holding it or transacting business at the meeting; or (2) his dissent or abstention from the action taken is requested by such director to be entered in the minutes of the meeting; or (3) he delivers written

notice of his dissent or abstention to the presiding officer of the meeting before its adjournment or to the corporation immediately after adjournment of the meeting. The right of dissent or abstention is not available to a director who votes in favor of the action taken.

Section 3.8 Establishing a "Supermajority" Quorum or Voting Requirement for the Board of Directors. For purposes of this section 3.8, a "supermajority" quorum is a requirement that requires more than a majority of the directors in office to constitute a quorum; and a "supermajority" voting requirement is any requirement that requires the vote of more than a majority of those directors present at a meeting at which a quorum is present to be the act of the directors.

A bylaw that fixes a supermajority quorum or supermajority voting requirement may be amended or repealed:

- (1) if originally adopted by the shareholders, only by the shareholders (unless otherwise provided by the shareholders); or
- (2) if originally adopted by the board of directors, either by the shareholders or by the board of directors.

A bylaw adopted or amended by the shareholders that fixes a supermajority quorum or supermajority voting requirement for the board of directors may provide that it may be amended or repealed only by a specified vote of either the shareholders or the board of directors.

Subject to the provisions of the preceding paragraph, action by the board of directors to adopt, amend, or repeal a bylaw that changes the quorum or voting requirement for the board of directors must meet the same quorum requirement and be adopted by the same vote required to take action under the quorum and voting requirement then in effect or proposed to be adopted, whichever is greater.

Section 3.9 Director Action Without a Meeting. Unless the articles of incorporation provide otherwise, any action required or permitted to be taken by the board of directors at a meeting may be taken without a meeting if all the directors sign a written consent describing the action taken, and such consent is filed with the records of the corporation. Action taken by consent is effective when the last director signs the consent, unless the consent specifies a different effective date. A signed consent has the effect of a meeting vote and may be described as such in any document. Such consent may be executed in any number of counterparts, or evidenced by any number of instruments of substantially similar tenor.

Section 3.10 Removal of Directors. The shareholders may remove one or more directors at a meeting called for that purpose if notice has been given that the purpose of the meeting is such removal. The removal may be with or without cause unless the articles of incorporation provide that directors may only be removed with cause. If a director is elected by a voting group of shareholders, only the shareholders of that voting group may participate in the vote to remove him. If cumulative voting is authorized, a director may not be removed if the number of votes sufficient to elect him under cumulative voting is voted against his removal. If

cumulative voting is not authorized, a director may be removed only if the number of votes cast to remove him exceeds the number of votes cast against such removal.

Section Board of Director Vacancies. Unless the articles of incorporation provide otherwise, if a vacancy occurs on the board of directors, including a vacancy resulting from an increase in the number of directors, the shareholders may fill the vacancy. During such time that the shareholders fail or are unable to fill such vacancies, then and until the shareholders act:

- (a) the board of directors may fill the vacancy; or
- (b) if the directors remaining in office constitute fewer than a quorum of the board, they may fill the vacancy by the affirmative vote of a majority of all the directors remaining in office.

If the vacant office was held by a director elected by a voting group of shareholders, only the holders of shares of that voting group are entitled to vote to fill the vacancy if it is filled by the shareholders. If two or more directors are elected by the same voting group, only remaining directors elected by such voting group are entitled to vote to fill the vacancy of a director elected by the voting group if it is filled by directors.

A vacancy that will occur at a specific later date (by reason of resignation effective at a later date) may be filled before the vacancy occurs but the new director may not take office until the vacancy occurs.

The term of a director elected to fill a vacancy expires at the next shareholders' meeting at which directors are elected. However, if his term expires, he shall continue to serve until his successor is elected and qualified or until there is a decrease in the number of directors.

Section Director Compensation. Unless otherwise provided in the articles of incorporation, by resolution of the board of directors, each director may be paid his expenses, if any, of attendance at each meeting of the board of directors, and may be paid a stated salary as director or a fixed sum for attendance at each meeting of the board of directors or both. No such payment shall preclude any director from serving the corporation in any other capacity and receiving compensation therefor.

Section Director Committees.
3.13

(a) *Creation of Committees*. Unless the articles of incorporation provide otherwise, the board of directors may create one or more committees and appoint members of the board of directors to serve on them. Each committee must have two or more members, who serve at the pleasure of the board of directors.

(b) *Selection of Members*. The creation of a committee and appointment of members to it must be approved by the greater of (1) a majority of all the directors in office when the action is taken or (2) the number of directors required by the articles of

incorporation to take such action (or if not specified in the articles of incorporation, the number required by section 3.7 of this Article III to take action).

Required Procedures. Sections 3.4, 3.5, 3.6, 3.7, 3.8, and 3.9 of this Article III, which govern meetings, action without meetings, notice and waiver of notice, quorum and voting requirements of the board of directors, apply to committees and their members.

(d) *Authority.* Unless limited by the articles of incorporation, each committee may exercise those aspects of the authority of the board of directors which the board of directors confers upon such committee in the resolution creating the committee; provided, however, a committee may not:

- (1) authorize distributions to shareholders;
- (2) approve, or propose to shareholders, action that the Act requires be approved by shareholders;
- (3) fill vacancies on the board of directors or on any of its committees;
- (4) amend the articles of incorporation pursuant to the authority of directors to do so granted by section 16-10a-1002 of the Act or any section of like tenor as from time to time amended;
- (5) adopt, amend, or repeal bylaws;
- (6) approve a plan of merger not requiring shareholder approval;
- (7) authorize or approve reacquisition of shares, except according to a formula or method prescribed by the board of directors; or
- (8) authorize or approve the issuance or sale or contract for sale of shares or determine the designation and relative rights, preferences, and limitations of a class or series of shares, except that the board of directors may authorize a committee (or a senior executive officer of the corporation) to do so within limits specifically prescribed by the board of directors.

ARTICLE IV OFFICERS

Section 4.1 Number of Officers. The officers of the corporation shall be a president and a secretary, both of whom shall be appointed by the board of directors. Such other officers and assistant officers as may be deemed necessary, including any vice-presidents, may be appointed by the board of directors. If specifically authorized by the board of directors, an

officer may appoint one or more officers or assistant officers. The same individual may simultaneously hold more than one office in the corporation.

Section 4.2 Appointment and Term of Office. The officers of the corporation shall be appointed by the board of directors for a term as determined by the board of directors. If no term is specified, such term shall continue until the first meeting of the directors held after the next annual meeting of shareholders. If the appointment of officers shall not be made at such meeting, such appointment shall be made as soon thereafter as is convenient. Each officer shall hold office until his successor shall have been duly appointed and shall have qualified, until his death, or until he shall resign or shall have been removed in the manner provided in section 4.3 of this Article IV.

Section 4.3 Removal of Officers. Any officer or agent may be removed by the board of directors or an officer authorized to do so by the board of directors at any time either before or after the expiration of the designated term, with or without cause. Such removal shall be without prejudice to the contract rights, if any, of the person so removed. Neither the appointment of an officer nor the designation of a specified term shall create any contract rights.

Section 4.4 President. The president shall be the principal executive officer of the corporation and, subject to the control of the board of directors, shall in general supervise and control all of the business and affairs of the corporation. The president shall, when present, preside at all meetings of the shareholders and of the board of directors, if the chairman of the board is not present. The president may sign, with the secretary or any other proper officer of the corporation thereunto authorized by the board of directors, certificates for shares of the corporation and deeds, mortgages, bonds, contracts, or other instruments arising in the normal course of business of the corporation and such other instruments as may be authorized by the board of directors, except in cases where the signing and execution thereof shall be expressly delegated by the board of directors or by these bylaws to some other officer or agent of the corporation, or shall be required by law to be otherwise signed or executed; and in general shall perform all duties incident to the office of president and such other duties as may be prescribed by the board of directors from time to time.

Section 4.5 Vice-Presidents. If appointed, in the event of the president's death or inability to act, the vice-president (or in the event there be more than one vice-president, the executive vice-president or, in the absence of any designation, the senior vice-president in the order of their appointment) shall perform the duties of the president, and when so acting, shall have all the powers of and be subject to all the restrictions upon the president. A vice-president, if any, may sign, with the secretary or an assistant secretary, certificates for shares of the corporation the issuance of which has been authorized by resolution of the board of directors; and shall perform such other duties as from time to time may be assigned to him by the president or by the board of directors.

Section 4.6 Secretary. The secretary shall: (a) keep the minutes of the proceedings of the shareholders and of the board of directors in one or more books provided for that purpose; (b) see that all notices are duly given in accordance with the provisions of these bylaws or as required by law; (c) be custodian of the corporate records and of any seal of the corporation and,

if there is a seal of the corporation, see that it is affixed to all documents the execution of which on behalf of the corporation under its seal is duly authorized; (d) when requested or required, authenticate any records of the corporation; (e) keep a register of the post office address of each shareholder which shall be furnished to the secretary by such shareholders; (f) sign with the president, or a vice-president, certificates for shares of the corporation, the issuance of which has been authorized by resolution of the board of directors; (g) have general charge of the stock transfer books of the corporation; and (h) in general perform all duties incident to the office of secretary and such other duties as from time to time may be assigned to him by the president or by the board of directors.

Section 4.7 Treasurer. The treasurer, if any, and in the absence thereof of the secretary, shall: (a) have charge and custody of and be responsible for all funds and securities of the corporation; (b) receive and give receipts for moneys due and payable to the corporation from any source whatsoever, and deposit all such moneys in the name of the corporation in such banks, trust companies, or other depositories as shall be selected by the board of directors; and (c) in general perform all of the duties incident to the office of treasurer and such other duties as from time to time may be assigned to him by the president or by the board of directors. If required by the board of directors, the treasurer shall give a bond for the faithful discharge of his duties in such sum and with such surety or sureties as the board of directors shall determine.

Section 4.8 Assistant Secretaries and Assistant Treasurers. Any assistant secretary, when authorized by the board of directors, may sign with the president or a vice-president certificates for shares of the corporation the issuance of which has been authorized by a resolution of the board of directors. Any assistant treasurer shall, if required by the board of directors, give bonds for the faithful discharge of his duties in such sums and with such sureties as the board of directors shall determine. Any assistant secretary or assistant treasurer, in general, shall perform such duties as shall be assigned to them by the secretary or the treasurer, respectively, or by the president or the board of directors.

Section 4.9 Salaries. The salaries of the officers shall be fixed from time to time by the board of directors or by a duly authorized officer.

ARTICLE V

INDEMNIFICATION OF DIRECTORS, OFFICERS, AGENTS, AND EMPLOYEES

Section 5.1 Indemnification of Directors. The corporation shall indemnify any individual made a party to a proceeding because such individual was a director of the corporation to the extent permitted by and in accordance with section 16-10a-901, et seq. of the Act or any amendments of successor sections of like tenor.

Section 5.2 Advance Expenses for Directors. To the extent permitted by section 16-10a-904 of the Act or any section of like tenor as amended from time to time, the corporation may pay for or reimburse the reasonable expenses incurred by a director who is a party to a proceeding in advance of final disposition of the proceeding, if:

(a) the director furnishes the corporation a written affirmation of his good faith belief that he has met the standard of conduct described in the Act;

(b) the director furnishes the corporation a written undertaking, executed personally or on his behalf, to repay advances if it is ultimately determined that he did not meet the standard of conduct (which undertaking must be an unlimited general obligation of the director but need not be secured and may be accepted without reference to financial ability to make repayment); and

(c) a determination is made that the facts then known to those making the determination would not preclude indemnification under section 5.1 of this Article V or section 16-10a-901 through section 16-10a-909 of the Act or similar sections of like tenor as from time to time amended.

Section 5.3 Indemnification of Officers, Agents, and Employees Who are not Directors. Unless otherwise provided in the articles of incorporation, the board of directors may authorize the corporation to indemnify and advance expenses to any officer, employee, or agent of the corporation who is not a director of the corporation, to the extent permitted by the Act.

ARTICLE VI CERTIFICATES FOR SHARES AND THEIR TRANSFER

Section 6.1 Certificates for Shares.

(a) *Content*. Certificates representing shares of the corporation shall at minimum, state on their face the name of the issuing corporation and that it is formed under the laws of the state of Nevada; the name of the person to whom issued; and the number and class of shares and the designation of the series, if any, the certificate represents; and be in such form as determined by the board of directors. Such certificates shall be signed (either manually or by facsimile) by the president or a vice-president and by the secretary or an assistant secretary and may be sealed with a corporate seal or a facsimile thereof. Each certificate for shares shall be consecutively numbered or otherwise identified.

(b) *Legend as to Class or Series*. If the corporation is authorized to issue different classes of shares or different series within a class, the designations, relative rights, preferences, and limitations applicable to each class and the variations in rights, preferences, and limitations determined for each series (and the authority of the board of directors to determine variations for future series) must be summarized on the front or back of each certificate.

Alternatively, each certificate may state conspicuously on its front or back that the corporation will furnish the shareholder this information without charge on request in writing.

(c) *Shareholder List.* The name and address of the person to whom the shares represented thereby are issued, with the number of shares and date of issue, shall be entered on the stock transfer books of the corporation.

(d) *Transferring Shares.* All certificates surrendered to the corporation for transfer shall be canceled and no new certificate shall be issued until the former certificate for a like number of shares shall have been surrendered and canceled, except that in case of a lost, destroyed, or mutilated certificate a new one may be issued therefor upon such terms and indemnity to the corporation as the board of directors may prescribe.

Section 6.2 Shares Without Certificates.

(a) *Issuing Shares Without Certificates.* Unless the articles of incorporation provide otherwise, the board of directors may authorize the issuance of some or all the shares of any or all of its classes or series without certificates. The authorization does not affect shares already represented by certificates until they are surrendered to the corporation.

(b) *Written Statement Required.* Within a reasonable time after the issuance or transfer of shares without certificates, the corporation shall send the shareholder a written statement containing at minimum:

- (1) the name of the issuing corporation and that it is organized under the laws of the state of Nevada;
- (2) the name of the person to whom issued; and
- (3) the number and class of shares and the designation of the series, if any, of the issued shares.

If the corporation is authorized to issue different classes of shares or different series within a class, the written statement shall describe the designations, relative rights, preferences, and limitations applicable to each class and the variation in rights, preferences, and limitations determined for each series (and the authority of the board of directors to determine variations for future series). Alternatively, each written statement may state conspicuously that the corporation will furnish the shareholder this information without charge on request in writing.

Section 6.3 Registration of the Transfer of Shares. Registration of the transfer of shares of the corporation shall be made only on the stock transfer books of the corporation. In order to register a transfer, the record owner shall surrender the shares to the corporation for cancellation, properly endorsed by the appropriate person or persons with reasonable assurances that the endorsements are genuine and effective. Unless the corporation has established a procedure by which a beneficial owner of shares held by a nominee is to be recognized by the corporation as the record owner of such shares on the books of the corporation shall be deemed by the corporation to be the owner thereof for all purposes.

Section 6.4 Restrictions on Transfer of Shares Permitted. The board of directors (or shareholders) may impose restrictions on the transfer or registration of transfer of shares (including any security convertible into, or carrying a right to subscribe for or acquire, shares). A restriction does not affect shares issued before the restriction was adopted unless the holders of the shares are parties to the restriction agreement or voted in favor of the restriction.

A restriction on the transfer or registration of transfer of shares is authorized:

- (a) to maintain the corporation's status when it is dependent on the number or identity of its shareholders;
- (b) to preserve entitlements, benefits, or exemptions under federal, state, or local law; and
- (c) for any other reasonable purpose.

A restriction on the transfer or registration of transfer of shares may:

- (a) obligate the shareholder first to offer the corporation or other persons (separately, consecutively, or simultaneously) an opportunity to acquire the restricted shares;
- (b) obligate the corporation or other persons (separately, consecutively, or simultaneously) to acquire the restricted shares;
- (c) require the corporation, the holders of any class of its shares, or another person to approve the transfer of the restricted shares, if the requirement is not manifestly unreasonable; and
- (d) prohibit the transfer of the restricted shares to designated persons or classes of persons, if the prohibition is not manifestly unreasonable.

A restriction on the transfer or registration of transfer of shares is valid and enforceable against the holder or a transferee of the holder if the restriction is authorized by this section 6.4 and such person has knowledge of the restriction or its existence is noted conspicuously on the front or back of the certificate or is contained in the written statement required by section 6.2 of this Article VI with regard to shares issued without certificates. Unless so noted, a restriction is not enforceable against a person without knowledge of the restriction.

Section 6.5 Acquisition of Shares. The corporation may acquire its own shares and unless otherwise provided in the articles of incorporation, the shares so acquired constitute authorized but unissued shares.

If the articles of incorporation prohibit the reissuance of acquired shares, the number of authorized shares is reduced by the number of shares acquired by the corporation, effective upon amendment of the articles of incorporation, which amendment may be adopted by the

shareholders or the board of directors without shareholder action. The articles of amendment must be delivered to the Nevada Division of Corporations and Commercial Code for filing and must set forth:

- (a) the name of the corporation;
- (b) the reduction in the number of authorized shares, itemized by class and series;
- (c) the total number of authorized shares, itemized by class and series, remaining after reduction of the shares; and
- (d) if applicable, a statement that the amendment was adopted by the board of directors without shareholder action and that shareholder action was not required.

ARTICLE VII DISTRIBUTIONS

The corporation may make distributions (including dividends on its outstanding shares) as authorized by the board of directors and in the manner and upon the terms and conditions provided by law and in the corporation's articles of incorporation.

ARTICLE VIII CORPORATE SEAL

The board of directors may provide for a corporate seal which may have inscribed thereon any designation including the name of the corporation, Nevada as the state of incorporation, and the words "Corporate Seal."

ARTICLE IX DIRECTORS CONFLICTING INTEREST TRANSACTIONS

A director's conflicting interest transaction may not be enjoined, be set aside, or give rise to an award of damages or other sanctions, in a proceeding by a shareholder or by or in the right of the corporation, solely because the director, or any person with whom or which the director has a personal, economic, or other association, has an interest in the transaction, if:

- (a) directors' action respecting the transaction was at any time taken in compliance with section 16-10a-852 of the Act or any section of like tenor as amended from time to time;
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(b) shareholders' action respecting the transaction was at any time taken in compliance with section 16-10a-853 of the Act or any section of like tenor as amended from time to time; or

(c) the transaction, judged according to the circumstances at the time of commitment, is established to have been fair to the corporation.

ARTICLE X AMENDMENTS

The corporation's board of directors may amend or repeal the corporation's bylaws unless:

(a) the Act or the articles of incorporation reserve this power exclusively to the shareholders in whole or part; or

(b) the shareholders in adopting, amending, or repealing a particular bylaw provide expressly that the board of directors may not amend or repeal that bylaw; or

(c) the bylaw either establishes, amends, or deletes, a supermajority shareholder quorum or voting requirement (as defined in Article II, section 2.9).

Any amendment which changes the voting or quorum requirement for the board must comply with Article III, section 3.8, and for the shareholders, must comply with Article II, section 2.9.

The corporation's shareholders may amend or repeal the corporation's bylaws even though the bylaws may also be amended or repealed by its board of directors.

ARTICLE XI FISCAL YEAR

The fiscal year of the corporation shall be fixed by resolution of the board of directors in consultation with the financial and tax advisors of the corporation.

THIS EXECUTIVE EMPLOYMENT AGREEMENT (this "Agreement"), dated as of July 1, 2018, (the "Effective Date") is made and entered by and between Grow Condos, Inc., a Nevada corporation (the "Company"), and Jonathan Bonnette (the "Executive").

WITNESSETH:

WHEREAS, the Executive will be employed as the Company's President and Chief Executive Officer as of July 1, 2018 and is expected to make major contributions to the short- and long-term profitability, growth and financial strength of the Company;

WHEREAS, the Company has determined that appropriate arrangements should be taken to encourage the continued attention and dedication of the Executive to his assigned duties without distraction; and

WHEREAS, in consideration of the Executive's employment with the Company, the Company desires to provide the Executive with certain compensation and benefits as set forth in this Agreement in order to ameliorate the financial and career impact on the Executive in the event the Executive's employment with the Company is terminated for a reason related to, or unrelated to, a Change in Control (as defined below) of the Company.

NOW, THEREFORE, in consideration of the foregoing and the mutual covenants and agreements hereinafter set forth and intending to be legally bound hereby, the Company and the Executive agree as follows:

1. Position. During Executive's employment with the Company, Executive shall serve as the President and Chief Executive Officer of the Company shall report to and take directions from the Company's Board of Directors, and shall be a member of the Company's Board of Directors. The Company's corporate office (the "Corporate Office") shall be located in Henderson, Nevada or such other place as determined by the Board of Directors from time to time. Regardless of the location of the Company's Corporate office, during the Employment Period Executive shall not be required to relocate to a work location more than 25 miles from such office during the Employment Period. The Company will make the best use of technology (i.e. telephone and video conferencing) to avoid unnecessary and over burdensome travel.
2. Scope of Services. Executive shall be the President and Chief Executive Officer of the Company, shall report to and take directions from the Company's Board of Directors, and shall be a member of the Company's Board of Directors. Executive shall be responsible for the management and running of the day-to-day operations of the Company, and shall focus his time and energy in the business development, and shall be responsible for and oversee and manage the day-to-day operations of the Company shall perform such duties and responsibilities as may be reasonably requested from time to time by the Board of Directors of the Company. Executive agrees that while employed by the Company Executive will devote Executive's time, taking into consideration Executive's position, applying Executive's attention, skill and best efforts to the faithful performance of Executive's duties hereunder in a professional manner, to the exclusion of any other occupation. Due to the nature of Executive's position, Executive agrees that Executive will work those hours reasonably necessary to complete Executive's duties hereunder, even if such duties require Executive to work outside of normal business hours. Executive agrees that in the performance of such duties and in all aspects of employment, Executive will comply with the policies, standards, work rules, strategies and regulations established from time to time by the Board of Directors of the Company.
3. Certain Defined Terms. In addition to terms defined elsewhere herein, the following terms have the following meanings when used in this Agreement with initial capital letters:

(a) "Annual Base Salary" means the Executive's annual base salary rate, exclusive of bonuses, commissions and other incentive pay, as in effect immediately preceding Executive's Termination Date.

As of the Effective Date, Executive's first year compensation shall be \$240,000 paid through Stock Based Compensation, valued at \$.08 per share, and equaling three million shares of Grow Condos, Inc. restricted "144" common stock. The shares are to be issued within 10 days of executing this agreement. Half of the stock, 1,500,000 shares, vests immediately upon issuance and the remainder stock, 1,500,000 shares, vests after 180 days of issuance and until that time will be held in escrow by the company's transfer agent, Colonial Stock Transfer Company. Executive acknowledges and understands that it is restricted "144" common stock that he receives and that, in regard to restricted "144" shares, the United States Securities and Exchange Commission has recognized that such shares are non-transferable at time of issuance.

(b) "Board" means the Board of Directors of the Company.

(c) "Cause" means:

(i) an intentional tort (excluding any tort relating to a motor vehicle) which causes substantial loss, damage or injury to the property or reputation of the Company or its subsidiaries;

(ii) any serious crime or intentional, material act of fraud or dishonesty against the Company;

(iii) the commission of a felony that results in other than immaterial harm to the Company's business or to the reputation of the Company or Executive;

(iv) habitual neglect of Executive's reasonable duties (for a reason other than illness or incapacity) which is not cured within ten (10) days after written notice thereof by the Board to the Executive;

(v) the disregard of written, material policies of the Company or its subsidiaries which causes other than immaterial loss, damage or injury to the property or reputation of the Company or its subsidiaries which is not cured within ten (10) days after written notice thereof by the Board to the Executive; or

(vi) any material breach of the Executive's ongoing obligation not to disclose confidential information and not to assign intellectual property developed during employment which, if capable of being cured, is not cured within ten (10) days after written notice thereof by the Board to the Executive.

(d) "Change in Control" means:

(i) any person or entity becoming the beneficial owner, directly or indirectly, of securities of the Company representing forty (40%) percent of the total voting power of all its then outstanding voting securities;

(ii) a merger or consolidation of the Company in which its voting securities immediately prior to the merger or consolidation do not represent, or are not converted into securities that represent, a majority of the voting power of all voting securities of the surviving entity immediately after the merger or consolidation;

(iii) a sale of substantially all of the assets of the Company or a liquidation or dissolution of the Company; or

(iv) individuals who, as of the date of the signing of this Agreement, constitute the Board of Directors (the "Incumbent Board") cease for any reason to constitute at least a majority of such Board; provided that any individual who becomes a director of the Company subsequent to the date of the signing of this Agreement, whose election, or nomination for election by the Company stockholders, was approved by the vote of at least a majority of the directors then in office shall be deemed a member of the Incumbent Board.

(e) "COBRA" means the Consolidated Omnibus Budget Reconciliation Act of 1986, as amended.

(f) "Disability" means (i) the Executive has been incapacitated by bodily injury, illness or disease so as to be prevented thereby from engaging in the performance of the Executive's duties (provided, however, that the Company acknowledges its obligations to provide reasonable accommodation to the extent required by applicable law); (ii) such total incapacity shall have continued for a period of six

(6) consecutive months; and (iii) such incapacity will, in the opinion of a qualified physician, be permanent and continuous during the remainder of the Executive's life.

(h) "Good Reason Termination" means:

(i) a material diminution in the Executive's base compensation or target bonus below the amount as of the date of this Agreement or as increased during the course of his employment with the Company, excluding one or more reductions (totaling no more than 20% in the aggregate) generally applicable to all senior executives provided, however, that such exclusion shall not apply if the material diminution in the Executive's base compensation occurs within (A) 60 days prior to the consummation of a Change in Control where such Change in Control was under consideration at the time of Executive's Termination Date or (B) twelve (12) months after the date upon which such a Change in Control occurs;

(ii) a material diminution in the Executive's authority, duties or responsibilities;

(iii) a requirement that that the Executive report to a corporate officer or employee of the Company instead of reporting directly to the Board (or if the Company has a parent corporation, a requirement that the Executive report to any individual or entity other than the board of the ultimate parent corporation of the Company);

(iv) a material diminution in the budget over which the Executive retains authority;

(v) a material change in the geographic location at which the Executive must perform services; or

(vi) any action or inaction that constitutes a material breach by the Company of this Agreement: provided, however, that for the Executive to be able to terminate his employment with the Company on account of Good Reason he must provide notice of the occurrence of the event constituting Good Reason and his desire to terminate his employment with the Company on account of such within ninety (90) days following the initial existence of the condition constituting Good Reason, and the Company must have a period of thirty (30) days following receipt of such notice to cure the condition. If the Company does not cure the event constituting Good Reason within such thirty (30) day period, the Executive's Termination Date shall be the day immediately following the end of such thirty (30) day period, unless the Company provides for an earlier Termination Date.

(i) "Target Bonus" means the target payout (i.e., at 100% achievement of each of the applicable metric(s) in effect from time to time) under the Company's Executive Annual Incentive Plan in effect for the Executive as of the Termination Date. As of the Effective Date, Executive's target bonus percentage under the Executive Annual Incentive Plan is 150% of annual base salary.

(i) "Termination Date" means the last day of Executive's employment with the Company.

(j) "Termination of Employment" means the termination of Executive's active employment relationship with the Company.

4. Termination Unrelated to a Change in Control.

(a) Involuntary Termination Unrelated to a Change in Control. In the event of: (i) an involuntary termination of Executive's employment by the Company for any reason other than Cause, death or Disability, or (ii) Executive's resignation for Good Reason, and if Section 3 does not apply, Executive shall be entitled to the benefits provided in subsection (b) of this Section 2.

(b) Compensation Upon Termination Unrelated to a Change in Control. Subject to the provisions of Section 5 hereof, in the event a termination described in subsection (a) of this Section 2 occurs, the Company shall provide Executive with the following, provided that Executive executes and does not revoke the Release (as defined in Section 5):

(i) 1.5 times the sum of Annual Base Salary and Target Bonus, paid in a single lump sum cash payment on the sixtieth (60th) day following Executive's Termination Date. (For purposes of this subsection (i), Annual Base Salary will mean the largest among the following: Executive's annual base salary immediately prior to (A) Executive's Termination Date, or (B) any reduction

of Executive's base salary described in the first clause of subsection (i) in the definition of Good Reason. For purposes of this subsection (i), Target Bonus will mean the largest among the following: Executive's target bonus immediately prior to (A) Executive's Termination Date, or (B) any reduction of Executive's target bonus described in the first clause of subsection (i) in the definition of Good Reason.)

(ii) For a period of up to eighteen (18) months following Executive's Termination Date, Executive and where applicable, Executive's spouse and eligible dependents, will continue to be eligible to receive medical coverage under the Company's medical plans in accordance with the terms of the applicable plan documents; provided, that in order to receive such continued coverage at such rates, Executive will be required to pay the applicable premiums to the plan provider, and the Company will reimburse the Executive, within 60 days following the date such monthly premium payment is due, an amount equal to the monthly COBRA premium payment, less applicable tax withholdings. Notwithstanding the foregoing, if Executive obtains full-time employment during this eighteen (18) month period that entitles him and his spouse and eligible dependents to comprehensive medical coverage, Executive must notify the Company and no further reimbursements will be paid by the Company to the Executive pursuant to this subsection. In addition, if Executive does not pay the applicable monthly COBRA premium for a particular month at any time during the eighteen (18) month period and coverage is lost as a result, no further reimbursements will be paid by the Company to the Executive pursuant to this subsection. Notwithstanding the above, if the Company determines in its sole discretion that it cannot provide the foregoing COBRA benefits without potentially violating applicable law (including, without limitation, Section 2716 of the Public Health Service Act), the Company shall in lieu thereof provide to Executive a taxable lump-sum payment in an amount equal to the monthly (or then remaining) COBRA premium that Executive would be required to pay to continue his group health coverage in effect on the Termination Date (which amount shall be based on the premium for the first month of COBRA coverage).

(iii) With respect to any outstanding Company stock options held by the Executive as of his Termination Date that are not vested and exercisable as of such date, the Company shall accelerate the vesting of that portion of the Executive's stock options, if any, which would have vested and become exercisable within the eighteen (18) month period after the Executive's Termination Date, such options (as well as any outstanding stock options that previously became vested and exercisable) to remain exercisable, notwithstanding anything in any other agreement governing such options, until the earlier of (A) a period of one year after the Executive's Termination Date, or (B) the original term of the option. Except as provided in this Section 2(b)(iii) and in Section 3(b)(iii) below, any portion of Executive's outstanding stock options that are not vested and exercisable as of Executive's Termination Date shall terminate.

(iv) With respect to any restricted stock units representing shares of Company common stock ("Restricted Stock Units") held by the Executive that are unvested at the time of his Termination Date, the number of unvested Restricted Stock Units that would have vested within the eighteen (18) month period after the Executive's Termination Date shall vest, and settle not later than sixty (60) days following the Termination Date. Except as provided in this Section 2(b)(iv) and in Section 3(b)(iv) below, any Restricted Stock Units that are not vested as of Executive's Termination Date shall terminate.

(v) Any amounts that have been accrued for the account of the Executive under the Company's Long Term Incentive Plan ("LTIP") that have not been released to the Executive as of the Termination Date shall be released to the executive, as applicable, in accordance with the terms of any applicable LTIP then in effect under the circumstances described therein as an involuntary termination other than for cause.

(vi) With respect to any Performance-based Restricted Stock Units ("PRUs") held by the Executive that have not been released to the Executive pursuant to the terms of the applicable Performance Based Restricted Share Unit Award Agreement (the "PRU Agreement") as of the

Termination Date shall be treated in accordance with the terms of the applicable PRU Agreement as an involuntary termination other than for cause.

(vii) With respect to any Performance Contingent Stock Units ("PCSUs") held by the Executive that have not been released to the Executive pursuant to the terms of the applicable Performance Contingent Stock Unit Agreement (the "PCSU Agreement") as of the Termination Date shall be treated in accordance with the terms of the applicable PCSU Agreement as an involuntary termination other than for cause.

(viii) Executive shall receive any amounts earned, accrued or owing but not yet paid to Executive as of his Termination Date, payable in a lump sum, and any benefits accrued or earned in accordance with the terms of any applicable benefit plans and programs of the Company.

5 Termination of Employment on Account of Disability, Death, Cause or Voluntarily Without Good Reason.

(a) Termination on Account of Disability. Notwithstanding anything in this Agreement to the contrary, if Executive's employment terminates on account of Disability, Executive shall be entitled to receive disability benefits under any disability program maintained by the Company that covers Executive, and Executive shall not receive benefits pursuant to Sections 2 and 3 hereof, except that, subject to the provisions of Section 5 hereof, the Executive shall be entitled to the following benefits provided that Executive executes and does not revoke the Release:

(i) For a period of up to eighteen (18) months following Executive's Termination Date, Executive and where applicable, Executive's spouse and eligible dependents, will continue to be eligible to receive medical coverage under the Company's medical plans in accordance with the terms of the applicable plan documents; provided, that in order to receive such continued coverage at such rates, Executive will be required to pay the applicable premiums to the plan provider, and the Company will reimburse the Executive, within 60 days following the date such monthly premium payment is due, an amount equal to the monthly COBRA premium payment, less applicable tax withholdings. Notwithstanding the foregoing, if Executive obtains full-time employment during this eighteen (18) month period that entitles him and his spouse and eligible dependents to comprehensive medical coverage, Executive must notify the Company and no further reimbursements will be paid by the Company to the Executive pursuant to this subsection. In addition, if Executive does not pay the applicable monthly COBRA premium for a particular month at any time during the eighteen (18) month period and coverage is lost as a result, no further reimbursements will be paid by the Company to the Executive pursuant to this subsection. Notwithstanding the above, if the Company determines in its sole discretion that it cannot provide the foregoing COBRA benefits without potentially violating applicable law (including, without limitation, Section 2716 of the Public Health Service Act), the Company shall in lieu thereof provide to Executive a taxable lump-sum payment in an amount equal to the monthly (or then remaining) COBRA premium that Executive would be required to pay to continue his group health coverage in effect on the Termination Date (which amount shall be based on the premium for the first month of COBRA coverage).

With respect to any outstanding Company stock options held by the Executive as of his Termination Date that are not vested and exercisable as of such date, the Company shall fully accelerate the vesting and exercisability of such stock options, so that all such stock options shall be fully vested and exercisable as of the Executive's Termination Date, such options (as well as any outstanding stock options that previously became vested and exercisable) to remain exercisable, notwithstanding anything in any other agreement governing such options, until the earlier of (A) a period of one year after the Executive's Termination Date, or (B) the original term of the option.

(iii) With respect to any Restricted Stock Units held by the Executive that are unvested at the time of his Termination Date, all such unvested Restricted Stock Units shall vest and settle not later than sixty (60) days following his Termination Date.

(iv) Any amounts that have been accrued for the account of the Executive under the LTIP that have not been released to the Executive as of the Termination Date shall be released to the executive, as applicable, in accordance with the terms of any applicable LTIP then in effect under the circumstances described therein as a termination by reason of total and permanent disability.

(v) With respect to any PRUs held by the Executive that have not been released to the Executive pursuant to the terms of the applicable PRU Agreement as of the Termination Date shall be treated in accordance with the terms of the applicable PRU Agreement as a termination of employment by reason of total and permanent disability.

(vi) With respect to any PCSUs held by the Executive that have not been released to the Executive pursuant to the terms of the applicable PCSU Agreement as of the Termination Date shall be treated in accordance with the terms of the applicable PCSU Agreement as a termination of employment by reason of total and permanent disability.

(b) Termination on Account of Death. Notwithstanding anything in this Agreement to the contrary, if Executive's employment terminates on account of death, Executive shall be entitled to receive death benefits under any death benefit program maintained by the Company that covers Executive, and Executive not receive benefits pursuant to Sections 2 and 3 hereof, except that, subject to the provisions of Section 5 hereof, the Executive shall be entitled to the following benefits provided that Executive's estate executes and does not revoke the Release:

(i) With respect to any outstanding Company stock options held by the Executive as of his death that are not vested and exercisable as of such date, the Company shall fully accelerate the vesting and exercisability of such stock options, so that all such stock options shall be fully vested and exercisable as of the Executive's death, such options (as well as any outstanding stock options that previously became vested and exercisable) to remain exercisable, notwithstanding anything in any other agreement governing such options, until the earlier of (A) a period of one year after the Executive's death or (B) the original term of the option.

(ii) With respect to any Restricted Stock Units held by the Executive that are unvested at the time of his death, all such unvested Restricted Stock Units shall vest and settle not later than sixty (60) days following his death.

(iii) Any amounts that have been accrued for the account of the Executive under the LTIP that have not been released to the Executive as of his death shall be released to the executive, as applicable, in accordance with the terms of any applicable LTIP then in effect under the circumstances described therein as a termination by reason of death.

(iv) With respect to any PRUs held by the Executive that have not been released to the Executive pursuant to the terms of the applicable PRU Agreement as of his death shall be treated in accordance with the terms of the applicable PRU Agreement as a termination of employment by reason of death.

(v) With respect to any PCSUs held by the Executive that have not been released to the Executive pursuant to the terms of the applicable PCSU Agreement as of his death shall be treated in accordance with the terms of the applicable PCSU Agreement as a termination of employment by reason of death.

(c) Termination on Account of Cause. Notwithstanding anything in this Agreement to the contrary, if Executive's employment terminates by the Company on account of Cause, Executive shall not receive benefits pursuant to Sections 2 and 3 hereof.

(d) Termination on Account of Voluntary Resignation Without Good Reason. Notwithstanding anything in this Agreement to the contrary, if Executive's employment terminates on account of a resignation by Executive for no reason or any reason other than on account of Good Reason, Executive shall not receive benefits pursuant to Sections 2 and 3 hereof.

6. Release. Notwithstanding the foregoing, no payments or other benefits under this Agreement shall be made unless Executive executes, and does not revoke, the Company's standard written release, substantially in the form as attached hereto as Annex A, (the "Release"), of any and all claims against the Company and all related parties with respect to all matters arising out of Executive's employment by the Company (other than entitlements under the terms of this Agreement or under any other plans or programs of the Company in which Executive participated and under which Executive has accrued or become entitled to a benefit) or a termination thereof, with such release being effective not later than sixty (60) days following Executive's Termination Date.

7. No Mitigation Obligation. Executive shall not be required to mitigate the amount of any payment or benefit provided for in this Agreement by seeking other employment or otherwise, nor shall the amount of any payment or benefit provided for herein be reduced by any compensation earned by other employment or otherwise.

8. Employment Rights. Nothing expressed or implied in this Agreement will create any right or duty on the part of the Company or the Executive to have the Executive remain in the employment of the Company or any subsidiary prior to or following any Change in Control.

9. PRU Agreement. Notwithstanding the provisions of the PRU Agreement, Executive's Conditional PRU Award for the Performance Period beginning in fiscal year 2018 and ending at the end of fiscal year 2019 shall be not less than 80,000 PRUs (capitalized terms used in this Section 8 but not defined herein shall have the meanings ascribed to them in the PRU Agreement).

10. Tax Matters

(a) Withholding of Taxes. T The Company will withhold from Executive any amounts payable under this Agreement all federal, state, city or other taxes as the Company is required to withhold pursuant to any applicable law, regulation or ruling. Additionally, the Executive will complete an Internal Revenue Service Form W-4 within seven days of executing this agreement. The Company shall limit and pay the payroll taxes incurred by Executive's stock compensation at a pre-determined rate of thirty-three and one-third percent (33 1/3 %) of the first year compensation of \$240,000, equating to and capped at \$80,000 in total, as determined by and based on the expectation that the Executive, in relation to receiving 1,500,000 shares of unvested Company stock that vest to Executive at 180 days after the issuance of such shares, will file an Internal Revenue Section "83(b)" election within 30 days of the date of this agreement in order to elect to report as compensation the payment and receipt of Company restricted 144 shares valued at \$120,000 representing the unvested portion of his Stock Compensation. The Company's payment of the payroll taxes generated by the first-year compensation of \$240,000, equating to and capped at \$80,000 in total, will be applied in the following order: payment of employer portion of payroll taxes, payment of employee F.I.C.A., payment of other applicable federal, state and local income tax, with all such taxes paid directly to the appropriate government payroll agencies at the time such taxes are due. Executive will be responsible for any additional withholding taxes that are indicated by how Executive completes his Form W-4 should he exceeds the pre-determined payroll tax capped rate of thirty-three and one-third percent (33 1/3 %) of compensation.

(b) Parachute Excise Tax. In the event that any amounts payable under this Agreement or otherwise to Executive would (i) constitute "parachute payments" within the meaning of section 280G of the Internal Revenue Code of 1986, as amended (the "Code"), or any comparable successor provisions and (ii) but for this Subsection (b) would be subject to the excise tax imposed by section 4999 of the Code or any comparable successor provisions (the "Excise Tax"), then such amounts payable to Executive hereunder shall be either:

(i) Provided to Executive in full; or

(ii) Provided to Executive to the maximum extent that would result in no portion of such benefits being subject to the Excise Tax; whichever of the foregoing amounts, when taking into account applicable federal, state, local and foreign income and employment taxes, the Excise Tax and any other applicable taxes, results in the receipt by Executive, on an after-tax basis, of the greatest amount of benefits, notwithstanding that all or some portion of such benefits may be taxable under the Excise Tax. Unless the Company and Executive otherwise agree in writing, any determination required under this Subsection (b) shall be made in writing in good faith by a nationally recognized accounting firm (the "Accountants"). In the event of a reduction in benefits hereunder, the reduction of the total payments shall apply as follows, unless otherwise agreed in writing and such agreement is in compliance with section 409A of the Code: (i) any cash severance payments subject to Section 409A of the Code due under this Agreement shall be reduced, with the last such payment due first forfeited and reduced, and sequentially thereafter working from the next last payment, (ii) any cash severance payments not subject to Section 409A of the Code due under this Agreement shall be reduced, with the last such payment due first forfeited and reduced, and sequentially thereafter working from the next last payment; (iii) any acceleration of vesting of any equity subject to Section 409A of the Code shall remain as originally scheduled to vest, with the tranche that would vest last (without any such acceleration) first remaining as originally scheduled to vest; and (iv) any acceleration of vesting of any equity not subject to Section 409A of the Code shall remain as originally scheduled to vest, with the tranche that would vest last (without any such acceleration) first remaining as originally scheduled to vest. For purposes of making the calculations required by this Subsection (b), the Accountants may make reasonable assumptions and approximations concerning applicable taxes and may rely on reasonable, good-faith interpretations concerning the application of the Code and other applicable legal authority. The Company and Executive shall furnish to the Accountants such information and documents as the Accountants may reasonably request in order to make a determination under this Subsection (b). The Company shall bear all costs that the Accountants may reasonably incur in connection with any calculations contemplated by this Subsection (b).

If, notwithstanding any reduction described in this Subsection (b), the Internal Revenue Service ("IRS") determines that Executive is liable for the Excise Tax as a result of the receipt of amounts payable under this Agreement or otherwise as described above, then Executive shall be obligated to pay back to the Company, within thirty (30) days after a final IRS determination or, in the event that Executive challenges the final IRS determination, a final judicial determination, a portion of such amounts equal to the Repayment Amount. The "Repayment Amount" with respect to the payment of benefits shall be the smallest such amount, if any, that is required to be paid to the Company so that Executive's net after-tax proceeds with respect to any payment of benefits (after taking into account the payment of the Excise Tax and all other applicable taxes imposed on such payment) are maximized. The Repayment Amount with respect to the payment of benefits shall be zero if a Repayment Amount of more than zero would not result in Executive's net after-tax proceeds with respect to the payment of such benefits being maximized. If the Excise Tax is not eliminated pursuant to this paragraph, Executive shall pay the Excise Tax.

Notwithstanding any other provision of this Subsection (b), if (i) there is a reduction in the payment of benefits as described in this Subsection (b), (ii) the IRS later determines that Executive is liable for the Excise Tax, the payment of which would result in the maximization of Executive's net after-tax proceeds (calculated as if Executive's benefits had not previously been reduced), and (iii) Executive pays the Excise Tax, then the Company shall pay to Executive those benefits which were reduced pursuant to this Subsection (b) as soon as administratively possible after Executive pays the Excise Tax, so that Executive's net after-tax proceeds with respect to the payment of benefits are maximized.

11. Term of Agreement. This Agreement shall continue in full force and effect for one year (the "Initial Term"), and shall automatically renew for additional one (1) year renewal periods (a "Renewal Term") if Executive is employed by the Company on the last day of the Initial Term and on each Renewal Term; provided, however, that within the sixty (60) to ninety (90) day period prior to the expiration of the Initial Term or any Renewal Term, at its discretion, the Board may propose for consideration by Executive, such amendments to the Agreement as it deems appropriate. If Executive's employment with the Company

terminates during the Initial Term or a Renewal Term, this Agreement shall remain in effect until all of the obligations of the parties hereunder are satisfied or have expired.

12. Successors and Binding Agreement.

(a) The Company will require any successor (whether direct or indirect, by purchase, merger, consolidation, reorganization or otherwise) to all or substantially all of the business or assets of the Company, by agreement in form and substance reasonably satisfactory to the Executive, expressly to assume and agree to perform this Agreement in the same manner and to the same extent the Company would be required to perform if no such succession had taken place. This Agreement will be binding upon and inure to the benefit of the Company and any successor to the Company, including without limitation any persons acquiring directly or indirectly all or substantially all of the business or assets of the Company whether by purchase, merger, consolidation, reorganization or otherwise (and such successor will thereafter be deemed the "Company" for the purposes of this Agreement), but will not otherwise be assignable, transferable or delegable by the Company.

(b) This Agreement will inure to the benefit of and be enforceable by the Executive's personal or legal representatives, executors, administrators, successors, heirs, distributees and legatees. This Agreement will supersede the provisions of any employment, severance or other agreement between the Executive and the Company that relate to any matter that is also the subject of this Agreement, and such provisions in such other agreements will be null and void.

(c) This Agreement is personal in nature and neither of the parties hereto will, without the consent of the other, assign, transfer or delegate this Agreement or any rights or obligations hereunder except as expressly provided in Sections 10(a) and 10(b). Without limiting the generality or effect of the foregoing, the Executive's right to receive payments hereunder will not be assignable, transferable or delegable, whether by pledge, creation of a security interest, or otherwise, other than by a transfer by the Executive's will or by the laws of descent and distribution and, in the event of any attempted assignment or transfer contrary to this Section 10(c), the Company will have no liability to pay any amount so attempted to be assigned, transferred or delegated.

12. Notices. For all purposes of this Agreement, all communications, including without limitation notices, consents, requests or approvals, required or permitted to be given hereunder will be in writing and will be deemed to have been duly given when hand delivered or dispatched by electronic facsimile transmission (with receipt thereof orally confirmed), or five (5) business days after having been mailed by United States registered or certified mail, return receipt requested, postage prepaid, or three business days after having been sent by a nationally recognized overnight courier service such as FedEx or UPS, addressed to the Company (to the attention of the Secretary of the Company) at its principal executive office and to the Executive at his principal residence, or to such other address as any party may have furnished to the other in writing and in accordance herewith, except that notices of changes of address will be effective only upon receipt.

13. Superseding Provision. The benefits and payments set forth in Sections 3, 4 and 5 that may triggered by any of the Termination events and/or Change of Control events discussed in those sections are entirely superseded should a majority of the Company's board of directors, and followed by a majority of the Company's shareholders, vote to terminate this agreement with Executive prior to the completion of its full term of one year. In the case of such majority vote by the Company's board of directors and shareholders, Executive will be entitled to receive only a severance compensation of fifty percent (50%) of that part of the \$240,000 that has been earned up to the date of such termination, and payable either in cash or Company stock or both, at the discretion of the Company. This section shall supersede all payments, entitlements and benefits of Executive otherwise payable in connection to Terminations and Changes of Control under Sections 3, 4 and 5.

14. Section 409A of the Code.

(a) Interpretation. Notwithstanding the other provisions hereof, this Agreement is intended to comply with the requirements of section 409A of the Code, to the extent applicable, and this Agreement shall be interpreted to avoid any penalty sanctions under section 409A of the Code. Accordingly, all

provisions herein, or incorporated by reference, shall be construed and interpreted to comply with section 409A of the Code and, if necessary, any such provision shall be deemed amended to comply with section 409A of the Code and regulations thereunder. If any payment or benefit cannot be provided or made at the time specified herein without incurring sanctions under section 409A of the Code, then such benefit or payment shall be provided in full at the earliest time thereafter when such sanctions will not be imposed. Any amount payable under this Agreement that constitutes deferred compensation subject to section 409A of the Code shall be paid at the time provided under this Agreement or such other time as permitted under section 409A of the Code. No interest will be payable with respect to any amount paid within a time period permitted by, or delayed because of, section 409A of the Code. All payments to be made upon a termination of employment under this Agreement that are deferred compensation may only be made upon a "separation from service" under section 409A of the Code. For purposes of section 409A of the Code, each payment made under this Agreement shall be treated as a separate payment. In no event may Executive, directly or indirectly, designate the calendar year of payment.

(b) Payment Delay. To the maximum extent permitted under section 409A of the Code, the severance benefits payable under this Agreement are intended to comply with the "short-term deferral exception" under Treas. Reg. §1.409A-1(b)(4), and any remaining amount is intended to comply with the "separation pay exception" under Treas. Reg. §1.409A-1(b)(9)(iii); provided, however, any amount payable to Executive during the six (6) month period following Executive's Termination Date that does not qualify within either of the foregoing exceptions and constitutes deferred compensation subject to the requirements of section 409A of the Code, then such amount shall hereinafter be referred to as the "Excess Amount." If at the time of Executive's separation from service, the Company's (or any entity required to be aggregated with the Company under section 409A of the Code) stock is publicly-traded on an established securities market or otherwise and Executive is a "specified employee" (as defined in section 409A of the Code and determined in the sole discretion of the Company (or any successor thereto) in accordance with the Company's (or any successor thereto) "specified employee" determination policy), then the Company shall postpone the commencement of the payment of the portion of the Excess Amount that is payable within the six (6) month period following Executive's Termination Date with the Company (or any successor thereto) for six (6) months following Executive's Termination Date with the Company (or any successor thereto). The delayed Excess Amount shall be paid in a lump sum to Executive within ten (10) days following the date that is six (6) months following Executive's Termination Date with the Company (or any successor thereto). If Executive dies during such six (6) month period and prior to the payment of the portion of the Excess Amount that is required to be delayed on account of section 409A of the Code, such Excess Amount shall be paid to the personal representative of Executive's estate within sixty (60) days after Executive's death.

(c) Reimbursements. All reimbursements provided under this Agreement shall be made or provided in accordance with the requirements of section 409A of the Code, including, where applicable, the requirement that (i) any reimbursement is for expenses incurred during Executive's lifetime (or during a shorter period of time specified in this Agreement), (ii) the amount of expenses eligible for reimbursement during a calendar year may not affect the expenses eligible for reimbursement in any other calendar year, (iii) the reimbursement of an eligible expense will be made on or before the last day of the taxable year following the year in which the expense is incurred, and (iv) the right to reimbursement is not subject to liquidation or exchange for another benefit. Any tax gross up payments to be made hereunder shall be made not later than the end of Executive's taxable year next following Executive's taxable year in which the related taxes are remitted to the taxing authority.

15. Governing Law. The validity, interpretation, construction and performance of this Agreement will be governed by and construed in accordance with the substantive laws of the State of Nevada, without giving effect to the principles of conflict of laws of such State.

16. Validity. If any provision of this Agreement or the application of any provision hereof to any person or circumstances is held invalid, unenforceable or otherwise illegal, the remainder of this Agreement and the application of such provision to any other person or circumstances will not be affected, and the provision so held to be invalid, unenforceable or otherwise illegal will be reformed to the extent (and only to the extent) necessary to make it enforceable, valid or legal.

17. Miscellaneous. No provision of this Agreement may be modified, waived or discharged unless such waiver, modification or discharge is agreed to in writing signed by the Executive and the Company. No waiver by either party hereto at any time of any breach by the other party hereto or compliance with any condition or provision of this Agreement to be performed by such other party will be deemed a waiver of similar or dissimilar provisions or conditions at the same or at any prior or subsequent time. No agreements or representations, oral or otherwise, expressed or implied with respect to the subject matter hereof have been made by either party that are not set forth expressly in this Agreement. References to Sections are to references to Sections of this Agreement. Any reference in this Agreement to a provision of a statute, rule or regulation will also include any successor provision thereto.

18. Board Membership. At each annual meeting of the Company's stockholders prior to the Termination Date, the Company will nominate Executive to serve as a member of the Board. Executive's service as a member of the Board will be subject to any required stockholder approval. Upon the termination of Executive's employment for any reason, unless otherwise requested by the Board, Executive agrees to resign from the Board (and all other positions held at the Company and its affiliates), and Executive, at the Board's request, will execute any documents necessary to reflect his resignation.

19. Indemnification and D&O Insurance. Executive will be provided indemnification to the maximum extent permitted by the Company's and its subsidiaries' and affiliates' Articles of Incorporation or Bylaws, including, if applicable, any directors and officers insurance policies, with such indemnification to be on terms determined by the Board or any of its committees, but on terms no less favorable than provided to any other Company executive officer or director and subject to the terms of any separate written indemnification agreement.

(a) 20. Employee Benefits. Executive will be eligible to participate in the Company employee benefit plans, policies and arrangements that are applicable to other executive officers of the Company, as such plans, policies and arrangements may exist from time to time and on terms at least as favorable as provided to any other executive officer of the Company. The Company shall reimburse Executive (or, in the Company's sole discretion, shall pay directly), upon presentation of vouchers and other supporting documentation as the Company may reasonably require, for reasonable out-of-pocket expenses incurred by Executive relating to the business or affairs of the Company or the performance of Executive's duties hereunder, including reasonable expenses respecting entertainment, travel, and similar items, *provided* that Executive shall have complied with the Company's regular reimbursement procedures and practices generally applicable from time to time to the Company's executive officers.

21. No Duplication of Benefits. The benefits provided to Executive in this Agreement shall offset substantially similar benefits provided to Executive pursuant to another Company policy, plan or agreement (including without limitation the Grow Condos, Inc. Executive Severance Plan and the Grow Condos, Inc. Executive Retention Plan).

22. Survival. Notwithstanding any provision of this Agreement to the contrary, the parties' respective rights and obligations under Sections 2 and 3, will survive any termination or expiration of this Agreement or the termination of the Executive's employment for any reason whatsoever.

23. Counterparts. This Agreement may be executed in one or more counterparts, each of which will be deemed to be an original but all of which together will constitute one and the same agreement.

24. Intellectual Property. The Executive will provide the following Intellectual Property ("IP") deliverables to the company.

a) Exclusive knowledge on the building of industrial unites as it relates to construction of irrigation for the Cannabis industry

b) Exclusive knowledge on the building of industrial unites as it relates to electrical/voltage procedures as it relates to the Cannabis Industry

c) Exclusive knowledge on the building of industrial unites as it relates to the providing of O2 procedures for the Cannabis Industry

d) In depth knowledge of financial products that will be receptive to the Cannabis industry

e) Marketing experience required to effectively market to the unique industry of the Cannabis industry

f) General working knowledge of the Cannabis Industry to lead the company's strategic business plan.

IN WITNESS WHEREOF, the parties have caused this Agreement to be duly executed and delivered as of the date first above written.

GROW CONDOS, INC.

By: /s/ Wayne Zallen
Name: Wayne Zallen
Title: Chief Executive Officer

EXECUTIVE

/s/ Jonathan Bonnette
Jonathan Bonnette

RELEASE OF CLAIMS

This Release of Claims ("Agreement") is made by and between Grow Condos, Inc. ("Grow Condos") and Jonathan Bonnette.

WHEREAS, you have agreed to enter into a release of claims in favor of Grow Condos upon certain events specified in the Executive Employment Agreement by and between Grow Condos and you;

NOW, THEREFORE, in consideration of the mutual promises made herein, Grow Condos and you agree as follows:

1. Termination Date. This means the last day of your employment with Grow Condos.
2. Acknowledgement of Payment of Wages. You acknowledge that Grow Condos has paid you all accrued wages, salary, bonuses, accrued but unused vacation pay and any similar payment due and owing, with the exception of the payments and benefits owed to you under the Executive Employment Agreement and/or under any equity-based compensation awards.
3. Confidential Information. You hereby acknowledge that you are bound by all confidentiality agreements that you entered into with Grow Condos and/or any and all past and current parent, subsidiary, related, acquired and affiliated companies, predecessors and successors thereto (which agreements are incorporated herein by this reference), that as a result of your employment you have had access to the Confidential Information (as defined in such agreement(s)), that you will hold all such Confidential Information in strictest confidence and that you may not make any use of such Confidential Information on behalf of any third party. You further confirm that within five business days following the Termination Date you will deliver to Grow Condos all documents and data of any nature containing or pertaining to such Confidential Information and that you will not take with you any such documents or data or any reproduction thereof.
4. Release and Waiver of All Claims. You waive any limitation on this release Nevada Employer Liability Law pursuant to Chapter 613 of the Nevada Revised Statutes, Title VII of the Civil Rights Act of 1964, the Civil Rights Act of 1991, the Federal Rehabilitation Act of 1973, all federal and state wage and hour statutes and the Federal Fair Labor Standards Act, the Americans with Disabilities Act, the Family Medical Leave Act, the Age Discrimination in Employment Act, the Uniformed Services Employment and Reemployment Rights Act of 1994 (38 USC Sections 4301-4333), 42 USC Sections 1981-1988, the Equal Pay Act of 1963, the Nevada Constitution and the Constitution of the United States, and all claims for attorney fees and costs. In consideration of the benefits provided in this Agreement, **you release Grow Condos, Inc., and any and all past, current and future parent, subsidiary, related and affiliated companies, predecessors and successors thereto, as well as their officers, directors, shareholders, agents, employees, affiliates, representatives, attorneys, insurers, successors and assigns, from any and all claims, liability, damages or causes of action whatsoever, whether known or unknown, which exist or may in the future exist arising from or relating to events, acts or omissions on or before the Effective Date of this Agreement, other than those rights which as a matter of law cannot be waived.**

You understand and acknowledge that this release includes, but is not limited to any claim for reinstatement, re-employment, damages, attorney fees, stock options, bonuses or additional compensation in any form, and any claim, including but not limited to those arising under tort, contract and local, state or federal statute, including but not limited to Title VII of the Civil Rights Act of 1964, the Civil Rights Act of 1991, the Post Civil War Civil Rights Act (42 U.S.C. 1981-88), the Equal Pay Act, the Age Discrimination in Employment Act, the Americans with Disabilities Act, the Vietnam Era Veterans Readjustment Assistance Act, the Fair Labor Standards Act, the Family Medical Leave Act of 1993, the Uniformed Services Employment and Re-employment Rights Act, the Employee Retirement Income Security Act of 1974, and the civil rights, employment, and labor laws of any state and any regulation under such authorities relating to your employment or association with Grow Condos or the termination of that relationship.

You also acknowledge that you are waiving and releasing any rights you may have under the Age Discrimination in Employment Act (ADEA) and that this waiver and release is knowing and voluntary. You acknowledge that (1) you have been, and hereby are, advised in writing to consult with an attorney prior to executing this Agreement; (2) as consideration for executing this Agreement, you have received additional benefits and compensation of value to which you would otherwise not be entitled, and (3) by signing this Agreement, you will not waive rights or claims under the Act which may arise after the execution of this Agreement; and (4) you have twenty-one (21) calendar days within which to consider this Agreement and in the event you sign the Agreement prior to 21 days, you do so voluntarily. Once you have accepted the terms of this Agreement, you will have an additional seven (7) calendar days in which to revoke such acceptance. To revoke, you must send a written statement of revocation to the Vice President of Human Resources. If you revoke within seven (7) days, you will receive no benefits under this Agreement. In the event you do not exercise your right to revoke this Agreement, the Agreement shall become effective on the date immediately following the seven-day (7) waiting period described above.

This release does not waive any rights you may have under any directors and officers insurance or indemnity provision, agreement or policy in effect as of the Termination Date, nor does it affect vested rights you may have under any equity-based compensation plan, retirement plan, 401(k) plan or other benefits plan.

5. No Pending or Future Lawsuits. You represent that you have no lawsuits, claims, or actions pending in your name or on behalf of any other person or entity, against Grow Condos or any other person or entity referred to herein. You also represent that you do not intend to bring any claims on your own behalf or on behalf of any other person or entity against Grow Condos or any other person or entity referred to herein.

6. Resignation from Board. You agree that you will offer your resignation from the Board of Directors effective upon your Termination Date. The Board may accept or reject your offer of resignation within its sole and absolute discretion.

7. Non disparagement. You agree that you will not, whether orally or in writing, make any disparaging statements or comments, either as fact or as opinion, about Grow Condos or its products and services, business, technologies, market position, agents, representatives, directors, officers, shareholders, attorneys, employees, vendors, affiliates, successors or assigns, or any person acting by, through, under or in concert with any of them.

8. Additional Terms

A. Legal and Equitable Remedies. You agree that Grow Condos shall have the right to enforce this Agreement and any of its provisions by injunction, specific performance or other equitable relief without prejudice to any other rights or remedies Grow Condos may have at law or in equity for breach of this Agreement.

B. Attorney's Fees. If any action at law or in equity is brought to enforce the terms of this Agreement, the prevailing party shall be entitled to recover from the other party its reasonable attorneys' fees, costs and expenses at trial or arbitration and any appeal therefrom, in addition to any other relief to which such prevailing party may be entitled.

C. Non-Disclosure. You agree to keep the contents, terms and conditions of this Agreement confidential; provided, however that you may disclose this Agreement with your spouse, attorneys, and accountants, or pursuant to subpoena or court order. Any breach of this non-disclosure paragraph is a material breach of this Agreement.

D. No Admission of Liability. This Agreement is not, and the parties shall not represent or construe this Agreement, as an admission or evidence of any wrongdoing or liability on the part of Grow Condos, its officers, shareholders, directors, employees, subsidiaries, affiliates, divisions, successors or assigns. Neither party shall attempt to admit this Agreement into evidence for any purpose in any proceeding except in a proceeding to construe or enforce the terms of this Agreement.

E. Entire Agreement. This Agreement along with the Executive Employment Agreement, the Intellectual Property and Confidentiality Agreement, and your written equity award agreements with Grow Condos, constitutes the entire agreement between you and Grow Condos with respect to your separation from Grow Condos and supersedes all prior negotiations and agreements, whether written or oral, relating to its subject matter.

F. Modification/Successors. This Agreement may not be altered, amended, modified, or otherwise changed in any respect except by another written agreement that specifically refers to this Agreement, and that is duly executed by you and an authorized representative of Grow Condos. This Agreement shall be binding upon your heirs, executors, administrators and other legal representatives and may be assigned and enforced by Grow Condos, its successors and assigns.

G. Severability. The provisions of this Agreement are severable. If any provision of this Agreement or its application is held invalid, the invalidity shall not affect other obligations, provisions, or applications of this Agreement that can be given effect without the invalid obligations, provisions, or applications.

H. Waiver. The failure of either party to demand strict performance of any provision of this Agreement shall not constitute a waiver of any provision, term, covenant, or condition of this agreement or of the right to demand strict performance in the future.

I. Governing Law and Jurisdiction. This Agreement shall be interpreted and enforced in accordance with the laws of the State of Nevada. The exclusive jurisdiction for any action to interpret or enforce this Agreement shall be the State of Nevada.

J. Counterparts. This Agreement may be executed in counterparts, each of which shall be deemed an original, but all of which together shall constitute one and same instrument.

K. Voluntary Execution of Agreement. This Agreement is executed voluntarily and without any duress or undue influence on the part of the Parties hereto, with the full intent of releasing all claims. You acknowledge that:

- a. You have read this Agreement;
- b. You understand the terms and consequences of this Agreement and the releases it contains;
- c. You have been advised to consult with an attorney prior to executing this Agreement
- d. You knowingly and voluntarily agree to all the terms in this Agreement and;
- e. You knowingly and voluntarily intend to be bound by this Agreement.

Sign: _____ Dated: _____
Jonathan Bonnette

Grow Condos, Inc.
By: _____ Dated: _____

COMMERCIAL SUBLEASE AGREEMENT

THIS SUBLEASE AGREEMENT ("Agreement") is entered into on February 19, 2019, by and between **APPRECIATION, LLC, a Nevada Limited liability company** ("Sublessor"), and **GROW CAPITAL, INC., a Nevada corporation** ("Subtenant" or "Sublessee"). Collectively the "Parties."

FOR VALUABLE CONSIDERATION, the Parties agree to the following terms and conditions.

1. Building. 2485 Village View Drive, Henderson, Nevada, 89074 is a three-story office building ("the Building") containing approximately 69,195 rentable square feet. The Building is located in a business center commonly referred to as "Green Valley Corporate Center South."

2. The Premises. Suite 190 comprised of approximately 6,089 rentable square feet. Sublessor leases to the Sublessee the portion of the Premises described as follows: Approximately 1,338 square feet of the Premises, to be known as **Suite 180** ("Subleased Premises"). The Subleased Premises is located approximately as shown in red on Schedule "A" attached to and incorporated in the Sublease. The space is located on the first (1st) floor of the Building.

3. Master Lease. The Master Lease is between **GVR Back Office 123, LLC, a Nevada limited liability company** (the "Landlord") and the Sublessor with respect to 2485 Village View Drive, **Suite 190**, Henderson, NV 89074. Sublessee acknowledges it is willing to undertake certain obligations of the Master Lease.

- a. Sublessor is the lessee of the Premises by virtue of the Master Lease, wherein Landlord is the Master Lessor.
- b. This Sublease is and shall at all times be subject and subordinate to the Master Lease.
- c. The terms, conditions and respective obligations of Sublessor and Sublessee to each other under this Sublease shall be the terms and conditions of the Master Lease except for those provisions of the Master Lease which are directly contradicted by this Sublease in which event the terms of this Sublease shall control over the Master Lease. Therefore, for the purposes of this Sublease, **wherever in the Master Lease the word "Lessor" is used it shall be deemed to mean the Sublessor herein and wherever in the Master Lease the word "Lessee" is used it shall be deemed to mean the Sublessee herein.**
- d. During the term of this Sublease and for all periods subsequent for obligations which have arisen prior to the termination of this Sublease, Sublessee does hereby expressly assume and agree to perform and comply with, for the benefit of Sublessor and Master Lessor, each and every **obligation of Sublessor under the Master Lease (the "Sublessee's Assumed Obligations")**. The obligations that Sublessee has not assumed under this Paragraph are hereinafter referred to as the **"Sublessor's Remaining Obligations"**.
- e. Sublessee shall hold Sublessor free and harmless from all liability, judgments, costs, damages, claims or demands, including reasonable attorneys' fees, arising out of Sublessee's failure to comply with or perform Sublessee's Assumed Obligations.
- f. Sublessor agrees to maintain the Master Lease during the entire term of this Sublease, subject however, to any earlier termination of the Master Lease without the fault of the Sublessor, and to comply with or perform Sublessor's Remaining Obligations and to hold Sublessee free and harmless from all liability, judgments, costs, damages, claims or demands arising out of Sublessor's failure to comply with or perform Sublessor's Remaining Obligations.
- g. Sublessor represents to Sublessee that the Master Lease is in full force and effect and that no default exists on the part of any party to the Master Lease.

4. Term. The term of this sublease shall be for one hundred twenty-three (123) months, commencing upon execution, unless sooner terminated pursuant to any provision hereof. Sublessor agrees to use its best commercially reasonable efforts to deliver possession of the Premises by the commencement date. If, despite said efforts, Sublessor is unable to deliver possession as agreed, the rights and obligations of Sublessor and Sublessee shall be as set forth in the Master Lease and in Paragraph 3 of this Sublease.

5. Base Rent. The monthly Base Rent for the Subleased Premises shall be as follows:

	Rental Rate/RSF/Month
Months 1 - 4	\$0.00
Months 5 - 12	\$2.00
Months 13 - 24	\$2.37
Months 25- 36	\$2.44
Months 37 - 48	\$2.51
Months 49 - 60	\$2.59
Months 61 - 72	\$2.67
Months 73 - 84	\$2.75
Months 85 - 96	\$2.83
Months 97 - 108	\$2.91
Months 109 - 123	\$3.00

6. Rent abatement. Sublessor shall receive rent abatements for months 1, 2, 3, & 4 of the Sublease.

7. Rent Payments. The amount of rent and the conditions of payment are the same as under the Master Lease. Sublessee rent is calculated based on its proportionate square footage occupancy of the Premises. Rental payments shall be made to Sublessor, at 2485 Village View Drive, Suite 190, Henderson, Nevada 89074. All sums payable by Sublessee to the Sublessor under any provision of this Sublease, that is not covered by Rent Payments, will be deemed to be Additional Rent and will be recovered by the Sublessor as rental arrears.

8. Security Deposit. Sublessee shall deposit with Sublessor upon execution hereof \$3,043.85 as security for Sublessee's faithful performance of Sublessee's obligations hereunder. The rights and obligations of Sublessor and Sublessee as to said Security Deposit shall be as set forth in the Master Lease.

9. Use.

a. Agreed Use. Except as otherwise provided in this Sublease, the Subtenant and the agents and employees of the Subtenant will only use the Subleased Premises for a purpose consistent with the permitted use allowed in the Master Lease. Further, the Subtenant agrees to comply with all other applicable provisions of the Master Lease, and will not do anything that would constitute a violation of any part or condition of the Master Lease.

b. Compliance. Sublessor warrants that the improvements on the Premises comply with all applicable covenants or restrictions of record and applicable building codes, regulations and ordinances in effect on the commencement date. Said warranty does not apply to the use to which Sublessee will put the Premises or to any alterations or utility installations made or to be made by Sublessee. NOTE: Sublessee is responsible for determining whether or not the zoning is appropriate for its intended use and acknowledges that past uses of the Premises may no longer be allowed. If the Premises do not comply with said warranty, or in the event that the applicable requirements are hereafter changed, the rights and obligations of Sublessor and Sublessee shall be as provided in the Master Lease.

c. Acceptance of Premises and Lessee. Sublessee acknowledges that (i) it has been advised to satisfy itself with respect to the condition of the Premises (including but not limited to the electrical, HVAC and fire sprinkler systems, security, environmental aspects, and compliance with all applicable requirements) and their suitability for Sublessee's intended use; (ii) Sublessee has made such investigation as it deems necessary with reference to such matters and assumes all responsibility therefor as the same relate to its occupancy of the Premises; and (iii) neither Sublessor, Sublessor's agents, nor any broker has made any oral or written representations or warranties with respect to said matters other than as set forth in this Sublease. In addition, Sublessor acknowledges that it is Sublessor's sole responsibility to investigate the financial capability and/or suitability of all proposed tenants.

10. Premises/Subleased Premises Improvements. Sublessee acknowledges that (i) both Parties intend to make improvements to the Premises and Subleased Premises respectively; (ii) Landlord has approved said improvements as set forth in the Master Lease; (iii) each Party shall be responsible for the improvements undertaken and shall be held separately liable to Landlord under the Master Lease.

11. Assignment of Sublease and Default.

- a. Sublessor hereby assigns and transfers to Master Lessor the Sublessor's interest in this Sublease, subject to the provisions of this Paragraph.
- b. Master Lessor, by executing this document, agrees that until a default occurs in the performance of Sublessor's Obligations under the Master Lease, that Sublessor may receive, collect and enjoy the Rent accruing under this Sublease. However, if Sublessor defaults in the performance of its obligations to Master Lessor, then Master Lessor may, at its option, receive and collect, directly from Sublessee, all Rent owing and to be owed under this Sublease. Master Lessor shall not, by reason of this assignment of the Sublease nor by reason of the collection of the Rent from Sublessee, be deemed liable to Sublessee for any failure of Sublessor to perform and comply with Sublessor's Remaining Obligations.
- c. Sublessor hereby irrevocably authorizes and directs Sublessee upon receipt of any written notice from the Master Lessor stating that a default exists in the performance of Sublessor's obligations under the Master Lease, to pay to Master Lessor the Rent due and to become due under the Sublease. Sublessor agrees that Sublessee shall have the right to rely upon any such statement and request from Master Lessor, and that Sublessee shall pay such Rent to Master Lessor without any obligation or right to inquire as to whether such default exists and notwithstanding any notice from or claim from Sublessor to the contrary and Sublessor shall have no right or claim against Sublessee for any such Rent so paid by Sublessee.
- d. No changes or modifications shall be made to this Sublease without the consent of Master Lessor.

12. Master Lessor Guarantees.

- a. Master Lessor acknowledges that, to the best of Master Lessor's knowledge, no default presently exists under the Master Lease of obligations to be performed by Sublessor and that the Master Lease is in full force and effect.
- b. In the event that Sublessor defaults under its obligations in the Master Lease, Master Lessor agrees to deliver to Sublessee a copy of any such notice of default. Sublessee shall have the right to cure any default of Sublessor described in any notice within ten (10) days after such service of such notice of default on Sublessee. If such default is cured by Sublessee, then Sublessee shall have the right of reimbursement and offset from and against Sublessor.

13. Right to Enter. Sublessor shall have the right to enter the Subleased Premises upon twenty-four (24) hours' notice to, (i) inspect the Subleased Premises; (ii) maintain the Subleased Premises; or (iii) make repairs that the Sublessor is obligated to perform, if applicable.

14. Utilities. All payments for utilities and other charges connected with the Subleased Premises shall be paid in accordance with the Master Lease.

15. Maintenance and Repairs. The Sublessee agrees to surrender and deliver to the Sublessor the Subleased Premises and all furniture and decorations within the Subleased Premises in as good a condition as they were at the beginning of the Term, reasonable wear and tear excepted. The Sublessee will be liable to the Sublessor and the Landlord for any damages occurring to the Subleased Premises or the contents of the Subleased Premises or to the building which are done by the Sublessee or the Sublessee's guests.

16. Insurance. The Sublessee, at its own expense, will carry insurance similar to that required of the Sublessor under the Master Lease. Sublessee will include the Sublessor and the Landlord as additional insured parties on all policies of insurance. Sublessee will provide proof of such insurance to the Sublessor and the Landlord upon the issuance or renewal of such insurance.

17. Alterations and Improvements. With the prior written consent of the Sublessor, Sublessee may make approved alterations and improvements to the Subleased Premises. Any alterations and improvements must comply with all applicable construction laws and regulations regarding property improvements as well as the Master Lease. Sublessee will ensure that the Subleased Premises remain free and clear of any and all liens arising out of the work performed or materials used in making such improvements to the Subleased Premises. Any alterations or improvements remaining on the Subleased Premises upon termination will revert to the Sublandlord and will be free of any encumbrance at the time of such reversion.

18. Taxes. Sublessee will pay any privilege, excise and other taxes duly assessed against its business, the Subleased Premises and any personal property on or about the Subleased Premises. Sublessee will avoid the assessment of any late fees or penalties.

19. Event of Default. The Sublessee will default under this Sublease if any one or more of the following events (the "Event of Default") occurs:

- a. Sublessee fails to pay the Rent to the Sublessor or any amount of it when due or within any grace period, if any.
- b. Sublessee fails to perform any of its obligations under this Sublease or any applicable obligation under the Master Lease.
- c. Sublessee becomes insolvent, commits an act of bankruptcy, becomes bankrupt, takes the benefit of any legislation that may be in force for bankrupt or insolvent debtors, becomes involved in a voluntary or involuntary winding up, dissolution or liquidation proceeding, or if a receiver will be appointed for the affairs of the Sublessee.
- d. Sublessee abandons the Subleased Premises or any part of the Subleased Premises.
- e. Sublessee uses the Subleased Premises for any unpermitted or illegal purposes.

- f. Sublessee fails to commence, diligently pursue, and complete the work to be performed pursuant to this Sublease pertaining to the Subleased Premises.
- g. The Subleased Premises, or any part of the Subleased Premises is completely or partially damaged by fire or other casualty that is due to Sublessee's negligence, willful act, or that of the Sublessee's employee, family, agent, or guest.
- h. Any other event of default provided in the Master Lease.

20. Remedies upon Default. Upon the occurrence of any Event of Default, Sublessor may invoke any of the following remedies:

- a. Terminate the Sublease upon the greater of any notice required in the Master Lease and the Term will then immediately become forfeited and void.
- b. The Sublessor may, but is not obligated to, perform on behalf of Sublessee, any obligation of this Sublease or the Master Lease which Sublessee has failed to perform. Sublessor may seek redress from Sublessee for such performance.
- c. Sublessor may reenter the Subleased Premises or any part of the Subleased Premises and in the name of the whole repossess and enjoy the same as of its former state anything contained within the Subleased Premises.
- d. Any other remedy provided in the Master Lease.

No reference to or exercise of any specific right or remedy by the Sublessor will prejudice or preclude the Sublessor from any other remedy whether allowed at law or in equity or expressly provided for in this Sublease or the Master Lease. No such remedy will be exclusive or dependent upon any other such remedy, but the Sublessor may from time to time exercise any one or more of such remedies independently or in combination.

21. Surrender of Premises. At the expiration of the Term of this Sublease, Sublessee will quit and surrender the Premises in as good a state and condition as they were at the commencement of this Lease, reasonable use and wear and damages by the elements excepted.

22. Governing Law. It is the intention of the parties to this Sublease that the tenancy created by this Sublease and the performance under this Sublease, and all suits and special proceedings under this Sublease, be construed in accordance with and governed, to the exclusion of the law of any other forum, by the laws of Nevada, without regard to the jurisdiction in which any action or special proceeding may be instituted.

23. Severability. In the event that any of the provisions of this Sublease will be held to be invalid or unenforceable in whole or in part, those provisions to the extent enforceable and all other provisions will nevertheless continue to be valid and enforceable as though the invalid or unenforceable parts had not been included in this Sublease and the remaining provisions had been executed by both parties subsequent to the expungement of the invalid provision.

24. Amendment and Modification. This Agreement may be amended, modified, or supplemented only by a written agreement signed by all of the Parties to this Agreement.

25. Headings. All section titles or captions contained in this Agreement are for convenience only and not part of the context and do not affect the interpretation.

26. Entire Agreement. This Agreement contains the entire understanding between the Parties and supersedes any prior understandings and agreements between them respecting the subject matter hereof.

27. Binding Effect; Successors and Assigns. This Agreement shall be binding upon, and inure to the benefit of, the successors, executors, heirs, representatives, administrators and permitted assigns of the Parties hereto. Neither Party may assign any rights or delegate any duties under this Agreement, except as expressly provided for herein.

28. Counterparts. This Agreement may be executed in several counterparts and all so executed constitute one Agreement, binding on all the parties even though all the parties did not sign the original or the same counterpart.

29. Attorney's fees. In the event of any legal action concerning this Sublease, the losing party will pay to the prevailing party reasonable attorney's fees and court costs to be fixed by the court and such judgment will be entered.

30. Parties in Interest. Other than as expressly set forth herein, nothing herein is intended to benefit any third party.

31. No Partnership or Joint Venture. Nothing in this Agreement shall be deemed to constitute a partnership or joint venture between the Parties or constitute any Party to be the agent of the other Party for any purpose.

32. No Waiver. A Party's waiver of any breach of any provision or the failure of a party to insist on the strict performance by any other party, does not constitute a waiver of such, or any other provision.

33. Notices. All notices or other communications required or permitted hereunder shall be in writing, and shall be personally delivered (including by means of professional courier service), sent by registered or certified mail, postage prepaid, return receipt requested, or by recognized overnight air courier, and shall be deemed received upon the date of delivery thereof to the relevant noticed address set forth below each party's signatures to this Agreement; provided, however, that the first attempted delivery of any notice which is not delivered as a result of a change of address of which the sending party was not notified by requisite notice or as a result of any party's refusal to accept delivery shall be deemed delivery.

Address of Sublessor:

2485 Village View Drive, Suite 190
Henderson, NV 89074
Attn: Terry Kennedy

Address of Sublessee:

2485 Village View Drive, Suite 180
Henderson, NV 89074
Attn: Jonathan Bonnette

IN WITNESS WHEREOF, the Parties hereto have executed this Sublease as of the date set forth above.

SUBLESSOR:

Appreciation, LLC,
a Nevada limited liability company

SUBLESSEE:

Grow Capital, Inc.
a Nevada corporation

/s/ Terry Kennedy

By: Appreciation, LLC
Name: Terry Kennedy
Its: President & CEO

/s/ Jonathan Bonnette

By: Grow Capital, Inc.
Name: Jonathan Bonnette
Its: CEO

July 1, 2018

Jonathan Bonnette, President
Grow Condos, Inc.

Re: Fee Agreement

Gentlemen,

Set forth below are the terms and conditions regarding compensation for services to be provided during calendar year 2018, and the fee arrangement for services to be provided by my firm to Grow Condos, Inc., its subsidiaries and affiliates (collectively "GRWC") for periods after June 30, 2018, along with our agreement regarding payment of fees for those services. The effective date of this agreement is and shall be July 1, 2018.

COMPENSATION FOR PAST SERVICES

It is acknowledged, both by GRWC and by Carl Sanko, that there are no amounts that GRWC currently owes Carl Sanko for any period prior to July 1, 2018 and that in consideration of this agreement and for other good and valuable consideration, Carl Sanko hereby waives any claim or cause of action, whether in equity or at law, he has or may have against GRWC for fees for services provided prior to July 1, 2018.

BASIC FEE ARRANGEMENT

For the twelve months beginning July 1, 2018, GRWC hereby agrees to pay Carl Sanko ("Sanko") a fixed fee of Forty Thousand Dollars (\$40,000) for the services of Sanko in providing outside business management and consulting services. It is also understood and agreed that Mr. Sanko is providing and intends to continue to provide services to other clients of his firm or to otherwise be individually employed by another entity or entities and that Mr. Sanko shall devote only so much time and effort as is reasonably necessary to meet the needs of GRWC within his other time constraints.

The basic fee arrangement noted above of \$40,000 shall be paid through Stock Based Compensation, valued at \$.08 per share, and equaling Five Hundred Thousand (500,000) shares of Grow Condos, Inc. restricted "144" common stock. The shares are to be issued within 10 days of executing this agreement. Half of the stock, 250,000 shares, vests immediately upon issuance, and the remainder stock, 250,000 shares, vests after 180 days from the effective date of this agreement. Any such shares of Stock will be issued to Carl Sanko, or, upon request, his designee.

Because of the nature of the services to be provided is in the nature of a fee retainer arrangement, it is understood and agreed that no detailed billing statements with respect to the fixed monthly fee are required nor will they be provided and Mr. Sanko and other firm personnel shall have no obligation and shall not be required to account for their time. The firm will not provide GRWC a monthly invoice for the monthly fixed fee.

The above stated fees do not include expenses and GRWC agrees to timely pay any authorized expenses separately billed to GRWC. GRWC further agrees that Mr. Sanko or the firm may also utilize other employees or subcontractors to perform services for GRWC or in support of matters assigned by you to the firm, all subject to the time limitations set forth above. To the extent a matter requires or may require the expertise of a business services other than what Mr. Sanko or other firm personnel can provide, GRWC agrees to separately engage and pay for such business services and expenses, and Mr. Sanko will provide business oversight of said services within the parameters of this Fee Agreement and all as directed by you.

Charges for expenses may and shall include, but not be limited to, expenditures for office expenses, travel, business meals, mileage, and other expenses incurred by us in the proper performance of consulting services for you.

AVAILABILITY TO PROVIDE SERVICES; TERM

With regard to any matter that GRWC may wish to refer to the firm that is within the capability and expertise of Mr. Sanko or other firm personnel to perform, Mr. Sanko and the firm will make himself/itself reasonably available on a priority/first call basis to respond to the needs of GRWC or to perform the tasks requested in regard to providing outside business management services, subject to the time limitations set forth above.

The firm will perform general business management services for GRWC and, in the case of specific matters identified by GRWC, only when reasonably requested to do so either by you or by other employees or agents of GRWC acting under your direction. The scope of our responsibility for each such matter will be specified by you; if no such specification is made, we will perform such services as we believe appropriate for the particular matter, in the circumstances of the request. We will not be responsible for any specific business management matters relating to GRWC unless they are covered by such a request.

If any of the above terms do not meet with your approval, please let me know immediately, and I will review them with you. If you agree with the foregoing, please sign the duplicate original of this letter and return it to me at your earliest convenience.

The term of this agreement shall be and is 12 months from the effective date of July 1, 2018, and may be terminated during such initial term for any cause by either party with thirty (30) days' official notice.

Sincerely,
/s/ Carl Sanko

Acknowledged and Agreed:

Grow Condos, Inc.

By: /s/ Jonathan Bonnette
Jonathan Bonnette, President

Date signed: August 6, 2018

July 1, 2018

Jonathan Bonnette, President
Grow Condos, Inc.

Re: Fee Agreement

Gentlemen,

Set forth below are the terms and conditions regarding compensation for services to be provided during calendar year 2018, and the fee arrangement for services to be provided by my firm to Grow Condos, Inc., its subsidiaries and affiliates (collectively "GRWC") for periods after June 30, 2018, along with our agreement regarding payment of fees for those services. The effective date of this agreement is and shall be July 1, 2018.

BASIC FEE ARRANGEMENT

For the twelve months beginning July 1, 2018, GRWC hereby agrees to pay Wayne Zallen ("Zallen") a fixed fee of Forty Thousand Dollars (\$40,000) for the services of Zallen in providing outside business management and consulting services. It is also understood and agreed that Mr. Zallen is providing and intends to continue to provide services to other clients of his firm or to otherwise be individually employed by another entity or entities and that Mr. Zallen shall devote only so much time and effort as is reasonably necessary to meet the needs of GRWC within his other time constraints.

The basic fee arrangement noted above of \$40,000 shall be paid through Stock Based Compensation, valued at \$.08 per share, and equaling Five Hundred Thousand (500,000) shares of Grow Condos, Inc. restricted "144" common stock. The shares are to be issued within 10 days of executing this agreement. Half of the stock, 250,000 shares, vests immediately upon issuance, and the remainder stock, 250,000 shares, vests after 180 days from the effective date of this agreement. Any such shares of Stock will be issued to Wayne Zallen, or, upon request, his designee.

Because of the nature of the services to be provided is in the nature of a fee retainer arrangement, it is understood and agreed that no detailed billing statements with respect to the fixed monthly fee are required nor will they be provided and Mr. Zallen and other firm personnel shall have no obligation and shall not be required to account for their time. The firm will not provide GRWC a monthly invoice for the monthly fixed fee.

The above stated fees do not include expenses and GRWC agrees to timely pay any authorized expenses separately billed to GRWC. GRWC further agrees that Mr. Zallen or the firm may also utilize other employees or subcontractors to perform services for GRWC or in support of matters assigned by you to the firm, all subject to the time limitations set forth above. To the extent a matter requires or may require the expertise of a business services other than what Mr. Zallen or other firm personnel can provide, GRWC agrees to separately engage and

pay for such business services and expenses, and Mr. Zallen will provide business oversight of said services within the parameters of this Fee Agreement and all as directed by you.

Charges for expenses may and shall include, but not be limited to, expenditures for office expenses, travel, business meals, mileage, and other expenses incurred by us in the proper performance of consulting services for you.

AVAILABILITY TO PROVIDE SERVICES; TERM

With regard to any matter that GRWC may wish to refer to the firm that is within the capability and expertise of Mr. Zallen or other firm personnel to perform, Mr. Zallen and the firm will make himself/itself reasonably available on a priority/first call basis to respond to the needs of GRWC or to perform the tasks requested in regard to providing outside business management services, subject to the time limitations set forth above.

The firm will perform general business management services for GRWC and, in the case of specific matters identified by GRWC, only when reasonably requested to do so either by you or by other employees or agents of GRWC acting under your direction. The scope of our responsibility for each such matter will be specified by you; if no such specification is made, we will perform such services as we believe appropriate for the particular matter, in the circumstances of the request. We will not be responsible for any specific business management matters relating to GRWC unless they are covered by such a request.

If any of the above terms do not meet with your approval, please let me know immediately, and I will review them with you. If you agree with the foregoing, please sign the duplicate original of this letter and return it to me at your earliest convenience.

The term of this agreement shall be and is 12 months from the effective date of July 1, 2018, and may be terminated during such initial term for any cause by either party with thirty (30) days' official notice.

Sincerely,
/s/ Wayne Zallen

Acknowledged and Agreed:

Grow Condos, Inc.

By: /s/ Jonathan Bonnette
Jonathan Bonnette, President

Date signed: _August 6, 2018

**CERTIFICATION PURSUANT TO
SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Jonathan Bonnette, certify that:

1. I have reviewed the Quarterly Report on Form 10-Q of Grow Condos, Inc. (the "Registrant"), filed on February 20, 2019, to which this certification is attached;
 2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
 3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the Registrant as of, and for, the periods presented in this report;
 4. The Registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rule 13a-15(f) and 15d-15(f)) for the Registrant and have:
 - a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the Registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principals;
 - c) evaluated the effectiveness of the Registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) disclosed in this report any change in the Registrant's internal control over financial reporting that occurred during the Registrant's most recent fiscal quarter (the Registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the Registrant's internal control over financial reporting; and
 5. The Registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the Registrant's auditors and the audit committee of the Registrant's board of directors (or persons performing the equivalent functions);
 - a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the Registrant's ability to record, process, summarize and report financial information; and
 - b) any fraud, whether or not material, that involves management or other employees who have a significant role in the Registrant's internal control over financial reporting.
-

Date: February 20, 2019

By: /s/ Jonathan Bonnette

Chief Executive Officer, and President (Principal Executive Officer)

**CERTIFICATION PURSUANT TO
SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Trevor Hall, certify that:

1. I have reviewed the Quarterly Report on Form 10-Q of Grow Condos, Inc. (the "Registrant"), filed on February 20, 2019, to which this certification is attached;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the Registrant as of, and for, the periods presented in this report;
4. The Registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rule 13a-15(f) and 15d-15(f)) for the Registrant and have:
 - a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the Registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principals;
 - c) evaluated the effectiveness of the Registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) disclosed in this report any change in the Registrant's internal control over financial reporting that occurred during the Registrant's most recent fiscal quarter (the Registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the Registrant's internal control over financial reporting; and
5. The Registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the Registrant's auditors and the audit committee of the Registrant's board of directors (or persons performing the equivalent functions);
 - a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the Registrant's ability to record, process, summarize and report financial information; and
 - b) any fraud, whether or not material, that involves management or other employees who have a significant role in the Registrant's internal control over financial reporting.

Date: February 20, 2019

By: /s/ Trevor Hall

Chief Financial Officer (Principal Financial and Accounting Officer)

CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT TO SECTION
906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of Grow Condos, Inc. (the "Registrant") on Form 10-Q for the six months ended December 31, 2018, as filed with the Commission on February 20, 2019 (the "Quarterly Report"), we, Jonathan Bonnette, Chief Executive Officer (Principal Executive Officer) and Trevor Hall, Chief Financial Officer (Principal Financial and Accounting Officer) of the Registrant, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

- (1) The Quarterly Report as filed on February 20, 2019 fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Quarterly Report fairly presents, in all material respects, the financial condition and results of operations of the Registrant.

Dated: February 20, 2019

/s/ Jonathan Bonnette

Jonathan Bonnette

Chief Executive Officer (Principal Executive Officer)

/s/Trevor Hall

Trevor Hall

Chief Executive Officer (Principal Financial and Accounting Officer)