

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

Date of Report (Date of Earliest Event Reported): July 13, 2018

GROWGENERATION CORP
(Exact Name of Registrant as Specified in its Charter)

Colorado
(State or other Jurisdiction
of Incorporation)

333-207889
(Commission File Number)

46-5008129
(I.R.S. Employer
Identification No.)

1000 West Mississippi Avenue
Denver, Colorado 80223
(Address of Principal Executive Offices)

Registrant's telephone number, including area code: **(303) 386-4796**

N/A
(Former Address of Principal Executive Offices)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation under any of the following provisions *see* General Instruction A.2. below:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

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 13(a) of the Exchange Act.

Section 1 – Registrant’s Business and Operations

Item 1.01. Entry Into a Material Definitive Agreement

On June 28, 2018, GrowGeneration Corp. (the “Company”) entered into a restated and amended asset purchase agreement (the “Purchase Agreement”) to purchase the assets of a retail hydroponic store, Santa Rosa Hydroponics & Grower Supply Inc. (the “Business”), located in Santa Rosa, California. On July 13, 2018, the parties entered into an amendment to the Purchase Agreement and conducted the closing of the asset purchase.

The assets subject to the sale under the Purchase Agreement, as amended, included inventories, fixed assets, tangible personal property, intangible personal property and contracts. As consideration for the assets, the Company agreed to pay the sellers a total of (i) \$1,500,000 for inventory; (ii) \$100,000 for the unencumbered fixed assets; (iii) (a) 925,000 shares of the Company’s restricted common stock, (b) \$825,000 cash and (c) a promissory note of \$500,000 for the intangible assets and goodwill.

In connection with the purchase of the assets, the Company also entered into a commercial lease agreement, effective from July 14, 2018 to July 13, 2023, to rent the premises where the Business is located.

The foregoing descriptions of the terms of the Purchase Agreement and its amendment, the promissory note and the lease do not purport to be complete and are qualified in their entirety by reference to the full text of the forms of them filed herewith as Exhibits 99.1, 99.2, 99.3 and 99.4, respectively.

Section 2 – Financial Information

Item 2.01. Completion of Acquisition or Disposition of Assets

Disclosures under Item 1.01 above are incorporated hereunder in their entirety.

Section 7 – Regulation FD

Item 7.01. Regulation FD Disclosure

On July 16, 2018, the Company published a press release regarding the purchase of assets of the Business.

A copy of the press release is attached hereto as Exhibit 99.5. The information contained herein and the exhibit attached herewith shall be deemed furnished and not filed.

Section 9 – Financial Statements and Exhibits

Item 9.01. Financial Statements and Exhibits

(a) Financial Statements of Business Acquired.

The Company will file any financial statements required by this Item not later than September 25, 2018.

(b) Pro Forma Financial Information.

The Company will file any financial statements required by this Item not later than September 25, 2018.

(d) Exhibits

<u>Exhibit No.</u>	<u>Description</u>
99.1	Form of Revised Asset Purchase Agreement, dated June 28, 2018, by and among GrowGeneration Corp., Santa Rosa Hydroponics & Grower Supply Inc., Rick Barretta and Jason Barretta
99.2	Form of Amendment to Revised Asset Purchase Agreement, dated July 13, 2018
99.3	Form of Promissory Note
99.4	Form of Commercial Lease Agreement, dated July 13, 2018, by and between GrowGeneration Corp. and Barretta Enterprises / South Moorland Avenue, LLC
99.5	Press Release, dated July 16, 2018

SIGNATURES

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

Date: July 16, 2018

GrowGeneration Corp.

By: /s/ Darren Lampert

Name: Darren Lampert

Title: Chief Executive Officer

**Form of
REVISED ASSET PURCHASE AGREEMENT**

THIS REVISED ASSET PURCHASE AGREEMENT (the "*Agreement*") is made and entered into as of the 28th day of June, 2018, by and among GrowGeneration Corp, a Colorado corporation ("*Buyer*") with offices at 1000 W. Mississippi Avenue, Denver, CO 80223, and Santa Rosa Hydroponics & Grower Supply Inc, a California corporation with offices at 4180 S. Moorland Avenue, Santa Rosa, CA 95407 ("*Seller*"), and its two shareholders, Rick Barretta ("*RB*") and Jason Barretta ("*JB*"). Buyer, Seller, RB and JB are collectively referred to as "Parties."

RECITALS

A. The Parties entered an Asset Purchase Agreement ("APA") concerning the sale of Santa Rosa Hydroponics & Grower Supply Inc (the "Business") from Seller to Buyer on April 13, 2018.

B. The Parties have agreed to revise the terms of the APA because of changes in the unaudited financial statement prepared for the Business which showed a lower net income for the Business for 2017 and the first quarter of 2018 than originally shown for the Business.

NOW, THEREFORE, for good and valuable consideration, the Parties agree to amend and restate the APA as follows:

1. DEFINITIONS

For the purposes of this Agreement, the terms set forth below shall have the following meanings:

1.1 "*Assets*" shall be as defined in Section 2.1.

1.2 "*Closing*" shall be as defined in Section 2.3.

1.3 "*Debt*" shall be defined as any monies owed by the Business as enumerated in Schedule A-1.

1.4 "*GAAP*" shall mean generally accepted accounting principles in the United States.

1.5 "*IRC*" shall mean the Internal Revenue Code of 1986, as amended.

1.6 "*Liens*" shall mean all liens, charges, easements, security interests, mortgages, conditional sale contracts, equities, rights of way, covenants, restrictions, title defects, objections, claims or other encumbrances.

1.7 "*Material Adverse Effect*" shall mean an event which has a material adverse effect on the condition, financial or otherwise, of the Assets, business, prospects or results of operations the business.

1.8 "*Restricted Stock*" shall mean common shares of GrowGeneration Corp. OTCQB symbol "GRWG."

2. SALE AND PURCHASE OF ASSETS

2.1 *Sale of Assets.* On the terms and subject to the conditions of this Agreement and for the consideration set forth herein, Seller shall at the Closing sell, convey, assign, transfer and deliver to Buyer, and Buyer shall purchase and acquire from Seller, all of the Assets of the Business. The Assets shall include, without limitation, all assets of the Business identified by the terms of this Agreement or described with particularity in Schedule 2.1 to this Agreement. All assets shall be free and clear from any and all liens or other encumbrances. The Assets shall include the following:

2.1.1 *Inventories.* All inventories of finished goods, inventory for resale, supplies and repair materials of the Business as of the Closing Date (the "Inventories"). A summary of such items on hand will be provided to Buyer at Closing.

2.1.2 *Fixed Assets and Tangible Personal Property.* All fixed assets and tangible personal property of the Business (other than the Inventories) as it relates to this transaction, including without limitation, all equipment, supplies, furniture, fixtures, hardware. A list of such fixed assets and tangible personal property is attached hereto as Schedule 2.1.2.

2.1.3 *Intangible Personal Property.* All intangible property of the Business including without limitation, software, trademarks, patents, copyrights software source codes, customer lists, customer files, customer records, trade and other association memberships and rights, and licenses and permits susceptible of transfer under regulatory agency rules. A detailed list of such assets is attached hereto as Schedule 2.1.3.

2.1.4 *Contracts.* All rights in and to the contracts of the Business (other than as described on Schedule 2.2.), including without limitation, license agreements, assignment agreements, distribution agreements and agreements for leased equipment (the "Contracts"). A list of all written Contracts (excluding any Contracts listed on Schedules 2.1.1-3) is attached hereto as Schedule 2.1.4 showing, for each Contract, the names of the parties, the subject of the Contract, the basic terms and the consideration involved.

2.2 *Purchase Price.* Subject to the terms and conditions of this Agreement, and in full consideration for the transfer of such Assets at Closing, Buyer shall pay the Seller an aggregate purchase price equal to: (i) the actual cost of Seller's Inventory at Closing estimated to be Two Million and Five Hundred Thousand Dollars (\$2,500,000) minus Obsolete Inventory ("Obsolete Inventory" shall mean any product that has been offered for sale by Seller and remains unsold after nine (9) months, excluding inventory purchased for later sale that has not been offered for sale); plus (ii) the sum of One Hundred Thousand Dollars (\$100,000) for Seller's unencumbered fixed assets; plus (iii) One Million (1,000,000) shares of Buyer's Restricted Stock, the sum of Nine Hundred Thousand Dollars (\$900,000) cash and two Promissory Notes for Two Hundred Fifty Thousand Dollars (\$250,000) bearing interest at .5% per annum payable in sixty (60) equal monthly installments with one of the Promissory Notes payable to RB and the other Promissory Note payable to JB for Seller's intangible assets and goodwill, all to be delivered upon the closing of the Transaction (the "Closing").

2.2.1 On or before the Closing, RB shall enter into a mutually acceptable employment agreement with the Buyer, which shall outline the responsibilities of each of the parties and pursuant to which, among other (i) RB shall be appointed as a Vice-President of Sales and Business Development for a period of five (5) years, at an annual salary of Twenty-Four Thousand Dollars (\$24,000) per annum. .. RB shall be entitled to up to One Thousand Dollars (\$1,000) per month of expense and travel reimbursement on an accountable basis.

2.2.2 On or before the Closing, JB shall enter into a mutually acceptable employment agreement with the Buyer, which shall outline the responsibilities of each of the parties and pursuant to which, among other (z) JB shall be appointed as a Vice-President of Sales and Business Development for a period of five (5) years, at an annual salary of Twenty-Four Thousand Dollars (\$24,000) per annum. JB shall be entitled to up to One Thousand Dollars (\$1,000) per month of expense and travel reimbursement on an accountable basis.

2.2.3 Buyer agrees to reasonably fund the opening of another store in Northern California. In the event that RB and JB dedicate their primary time and efforts towards the opening of such a store (either before or after Close of Escrow), Buyer will bonus RB and JB seventy five thousand (75,000) shares of Restricted Stock each when the store attains gross revenue during a calendar year of Four Million Dollars (\$4,000,000) in revenue and will bonus RB and JB an additional seventy five thousand (75,000) shares of Restricted Stock each upon the store attaining Seven Million Five Hundred Thousand Dollars (\$7,500,000) in a Calendar year so long as achieved no later than 2021.

2.2.4 On or before the Closing, Buyer will execute with the Seller (through Barretta Enterprises - South Moorland Avenue, LLC, an entity owned by RB and JB) a mutually agreeable five (5) year lease with four (4) additional five (5) terms for the location located at 4180 S. Moorland Ave, Santa Rosa CA. The rent for the first two (2) years of the lease will be Ten Thousand Dollars (\$10,000) per month. The monthly rent in the 3rd year will be Twenty Thousand Dollars (\$20,000) per month. The monthly rent in the 4th year and thereafter will be Twenty Thousand Dollars per month plus a 2% annual increase based upon the preceding year's rent. The lease shall contain such other terms as agreed upon between Buyer and RB and JB concerning the payment of expenses for the property and other matter.

2.3 Closing.

2.3.1 *Closing Date.* The closing of the purchase and sale of the Assets shall take place on at such time the Seller's financial statements are GAPP compliant, at such place, date or time as Buyer and Seller may agree in writing. The date of the Closing shall constitute the "Closing Date."

2.3.2 *Seller's Deliveries at Closing.* At the Closing, Seller will deliver or cause to be delivered to Buyer:

- (a) Bill of Sale of Seller, authorizing consummation of the transaction contemplated by this Agreement;
- (b) A compliance certificate pursuant to Section 5.3;
- (c) A Non-Disclosure and Non-Compete Agreement executed at Closing;
- (d) An Assignment of Trademarks, Copyrights and Patents Form in a form reasonably required by Buyer;
- (e) An assignment of the URL, website content and all copyright therein for the website www. Santa Rosa Hydroponic & Grower Supply. Com;
- (h) Such other documents and instruments as may be reasonably requested to effect the transactions contemplated hereby.

Simultaneously with such deliveries, Seller shall take such steps as are necessary to put Buyer in actual possession and control of the Assets.

2.3.3 *Buyer's Deliveries at Closing.* At the Closing, Buyer shall deliver or cause to be delivered to or for the benefit of Seller the following instruments:

- (a) A certified check in the amount specified in paragraph 2.2;
- (b) A Stock Certificate in the amount of Five Hundred Thousand (500,000) shares of Restricted Stock issued to RB, with restrictions prohibiting the sale of the Shares for a period of one year from issuance;
- (c) A Stock Certificate in the amount of Five Hundred Thousand (500,000) shares of Restricted Stock, issued to JB, with restrictions prohibiting the sale of the Shares for a period of one year from issuance;
- (d) The Promissory Notes to RB and JB specified in paragraph 2.2;
- (e) An Employment Agreement for RB outlined in 2.2.1;

- (f) An Employment Agreement for JB outlined in 2.2.2;
- (g) A Resolution from Buyer authorizing consummation of the transactions contemplated by the Agreement;
- (h) Such other documents and instruments, such as a lease, as may be reasonably requested to affect the transactions contemplated hereby.

3. REPRESENTATIONS AND WARRANTIES OF SELLER

Seller hereby represents and warrants to Buyer the following, except as set forth in the Disclosure Schedule attached hereto as Schedule 3:

3 *Organization and Authority*. Seller is a Corporation doing business as “Santa Rosa Hydro”.

3.1 *Authority Relating to this Agreement; No Violation of Other Instruments*.

3.1.1 The execution and delivery of this Agreement and the performance hereunder by Seller have been duly authorized by all necessary actions on the part of Seller and, assuming execution of this Agreement by Buyer, this Agreement will constitute a legal, valid and binding obligation of Seller.

3.2 *Capitalization*. All of the debts or other obligations of the Business are set forth in the Schedules hereto.

3.3 *Ownership and Delivery of Assets*. The Assets comprise all of the assets, material rights and all of the business of the Business. Seller is the true and lawful owner of the Assets and has all necessary power and authority to transfer the Assets to Buyer free and clear of all liens and encumbrances. No other person will have on the Closing Date any direct or indirect interest in any of the Assets. Upon delivery to Buyer of the Bill of Sale and other instruments of conveyance with respect to the Assets on the Closing Date, Buyer will acquire good and valid title to the Assets free and clear of all liens.

3.4 *Compliance with Law*. The Seller holds, and has at all times since inception of the Business held, all licenses, permits and authorizations necessary for the lawful conduct of the Business pursuant to all applicable statutes, laws, ordinances, rules and regulations of all governmental bodies, agencies and subdivisions having, asserting or claiming jurisdiction over the Business or over any part of the Business’ operations, and Seller knows of no violation thereof. Seller is not in violation of any decree, judgment, order, law or regulation of any court or other governmental body, which violation could have a Material Adverse Effect on the Business.

3.5 *Investments in Others*. The Seller does not conduct any part of the Business through any other entity in which such Seller has an equity investment.

3.6 *Financial Statements.* Seller has delivered un audited GAAP compliant Consolidated Financial Statements of the Business for the Calendar years 2016, 2017 and year to date 2018 prepared by HCVT (the “*Financial Statements*”) to Buyer, which accurately represent the financial condition of the Business. Buyer accepts these Financial Statements as an accurate representation of the financial condition of the Business and waives any objection to the financial condition of the Business.

3.7 *Absence of Undisclosed Liabilities.* The Business does not have outstanding on the date hereof, any indebtedness or liability (fixed or contingent, known or unknown, accrued or unaccrued) other than those enumerated in the Schedules hereto.

3.8 *Tax Returns and Payments.* Schedule 3.9 constitutes a true and complete list of all types of taxes paid or required to be paid in connection with the Business. All tax returns and reports with respect to the Business required by law to be filed under the laws of any jurisdiction, domestic or foreign, have been duly and timely filed and all taxes, fees or other governmental charges of any nature which were required to have been paid have been paid or provided for. Seller has no knowledge of any unpaid taxes or any actual or threatened assessment of deficiency or additional tax or other governmental charge or a basis for such a claim against Seller. Seller has no knowledge of any tax audit of Seller by any taxing or other authority in connection with the Business. Seller has no knowledge of any such audit currently pending or threatened, and there are no tax liens on any of the properties or assets of the Business, nor have any such liens been threatened.

3.9 *Absence of Certain Changes or Events.* Since January 1, 2018, there has been no events or changes giving rise to a Material Adverse Effect. Seller’s generated at least Twelve Million Five Hundred Thousand Dollars (\$12,500,000) in sales for the fiscal year ended December 31, 2017.

Litigation. Seller is not a party to any pending or, to the knowledge of Seller, threatened action, suit, proceeding or investigation, at law or in equity or otherwise in, for or by any court or other governmental body which could have a Material Adverse Effect on: (i) the condition, financial or otherwise, Assets, liabilities, business, prospects or results of operations of the Business; or (ii) the transactions contemplated by this Agreement; nor, to the knowledge of the Business, does any basis exist for any such action, suit, proceeding or investigation. The Business is not subject to any decree, judgment, order, law or regulation of any court or other governmental body which could have a Material Adverse Effect or which could prevent the transactions contemplated by this Agreement or the continuation of the business conducted by the Business.

3.10 *Brokers and Finders.* Neither Seller nor Buyer has retained any broker or finder in connection with the transaction contemplated by this Agreement except for Steve Pletkin. The parties hereby agree to split the Commission, with Buyer issuing fifteen thousand (15,000) Shares of its Restricted Stock as Buyer’s share of compensation to Steve Pletkin. The shares will be restricted for sale for a period of one year following issuance.

3.11 *Negotiations with Other Parties.* Neither Seller nor any other person on his behalf is presently conducting or contemplating negotiations with any other party regarding any acquisition, merger or similar transaction.

3.12 *No Public Market.* Seller understands and acknowledges that the offering of the Shares pursuant to this Agreement will not be registered under the Securities Act of 1933 on the grounds that the offering and sale of securities contemplated by this Agreement are exempt from registration pursuant to Section 4(a) 2 of the Securities Act of 1933, and that Seller's reliance upon such exemption is predicated upon Seller's representations set forth in this Agreement. Seller further understands that no public market now exists for any of the securities issued by Seller and that Seller has made no assurances that a public market will ever exist for Seller's securities.

3.13 *Limitations on Transferability.* Seller, RB and JB acknowledge that the Shares are being issued pursuant to exemption from registration as securities under applicable federal and state law. Seller, RB and JB covenant that in no event will Seller, RB and JB dispose of any of the Shares (other than pursuant to Rule 144 or any similar or analogous rule), without the prior written consent of Parent, which shall not unreasonably be withheld. Seller, RB and JB understand that the Shares will be restricted from sale for a period of one year following issuance and can sell under Rule 144 after one (1) year.

3.14 *Accredited Investor.* Seller hereby warrants that it is an Accredited Investor. RB and TB warrant that they each are Accredited Investors.

3.15 *Assignment of Shares.* Seller is authorized to assign its receipt of Shares under this Agreement to RB and JB, subject to all of the terms, conditions and representations set forth in paragraphs 3.13, 3.14, 3.15 and 3.17.

3.16 *Legends.*

3.16.1 All certificates for the Shares shall bear the following legend:

“THE SECURITIES REPRESENTED HEREBY HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (“ACT”). SUCH SECURITIES MAY NOT BE TRANSFERRED UNLESS A REGISTRATION STATEMENT UNDER THE ACT IS IN EFFECT AS TO SUCH TRANSFER OR IN THE OPINION OF COUNSEL FOR THE COMPANY, SUCH TRANSFER MAY BE MADE PURSUANT TO RULE 144 OR REGISTRATION UNDER THE ACT IS UNNECESSARY IN ORDER FOR SUCH TRANSFER TO COMPLY WITH THE ACT.”

3.17 *Contracts.* Seller has delivered to Buyer copies of all Contracts. A list of the delivered Contracts is attached.

3.18 *Full Disclosure.* The representations and warranties of Buyer contained in this Agreement and the Schedule hereto, when read together, do not contain any untrue statement of a material fact or omit any material fact necessary to make the statements contained therein or herein in view of the circumstances under which they were made not misleading.

4. REPRESENTATIONS AND WARRANTIES OF BUYER

Buyer hereby represents and warrants to Seller that:

4.10 *Corporate Organization and Authority.*

4.1.1 Buyer is a Colorado corporation duly organized, validly existing, authorized to exercise all its corporate powers, rights and privileges in California and in good standing in the State of Colorado and California; and

4.1.2 Buyer has the corporate power and corporate authority to own and operate its properties and to carry on its business now conducted and as proposed to be conducted.

4.1.1 *Authorization.* All corporate action on the part of Buyer, its officers, directors, and unit holders necessary for the authorization, execution, delivery, and performance of all obligations under this Agreement and for the issuance of the Shares has been taken, and this Agreement constitutes a legally binding and valid obligation of Buyer enforceable in accordance with its terms.

4.1.2 *Corporate Power.* Buyer has all requisite legal and corporate power and authority to execute and deliver this Agreement, to sell and issue the Shares, and to carry out and perform its obligations under the terms of the Agreement.

4.1.3 *Validity of Securities.* The Shares to be issued hereunder have been duly and validly reserved and, assuming such securities are issued to the Seller and Investors in accordance with the terms of this Agreement, and with the exception of Seller, will be duly and validly issued (including, without limitation, issued in compliance with all applicable federal and state securities laws), fully paid, and non-assessable and will be free of any liens or encumbrances other than any liens or encumbrances created by or imposed thereon by the holders; provided, however, that the securities shall be subject to restrictions on transfer under state and/or federal securities laws and shall be restricted from sale for a period of one (1) year after issuance.

The Shares shall be delivered in certificated form as soon as practicable following the closing.

4.1.4 *Litigation.* There is no action, proceeding, or investigation pending or threatened, or any basis therefor known to Seller, that questions the validity of the Agreement or the right of Buyer to enter into the Agreement or to consummate the transactions contemplated by the Agreement.

4.1.5 *Full Disclosure.* The representations and warranties of Buyer contained in this Agreement and the Schedule hereto, when read together, do not contain any untrue statement of a material fact or omit any material fact necessary to make the statements contained therein or herein in view of the circumstances under which they were made not misleading.

5. CONDITIONS TO THE OBLIGATIONS OF BUYER

Except as otherwise specifically set forth herein or as contemplated by this Agreement, all obligations of Buyer under this Agreement are subject to the fulfillment, prior to or at the Closing Date, of each of the following conditions:

5.1 *Covenants Performed by Seller.* Each of the obligations of Seller to be performed on or before the Closing Date pursuant to the terms of this Agreement shall have been duly performed in all material respects.

Employment Agreement with Don Eddy. Seller shall have entered a mutually acceptable employment agreement with Don Eddy for reasonable compensation for him to be employed by Seller to manage the Business following the Close of Escrow.

5.2 *No Action to Prevent Completion.* There shall not have been instituted and be continuing or threatened any claim, action or proceeding which could have a Material Adverse Effect, nor shall there have been instituted and be continuing or threatened any such claim, action or proceeding to restrain, prohibit or invalidate, or to obtain damages in respect of, the transactions contemplated by this Agreement or which might affect the right of Buyer after the Closing Date to own the Assets or to operate the Business.

5.3 *Delivery of Closing Documents.* Seller shall have delivered to Buyer the closing documents required to be delivered in form and substance reasonably satisfactory to Buyer and its counsel.

6 CONDITIONS TO THE OBLIGATIONS OF SELLER

Except as otherwise specifically set forth herein, all obligations of Seller under this Agreement are subject to the fulfillment and satisfaction, prior to or at the Closing, of each of the following conditions:

6.1 *Representations and Warranties True at the Closing.* The representations and warranties of Buyer contained in this Agreement shall be deemed to have been made again at and as of the Closing Date and shall then be true in all material respects.

6.2 *Covenants Performed by Buyer.* Each of the obligations of Buyer to be performed on or before the Closing Date pursuant to the terms of this Agreement shall have been duly performed in all material respects.

6.3 *Authority Relating to this Agreement.* All corporate and other proceedings required to be taken by or on behalf of Buyer to authorize Buyer to execute, deliver and carry out this Agreement, shall have been duly and properly taken.

6.4 *No Action to Prevent Completion.* There shall not have been instituted and be continuing or threatened any action or proceeding by or before any court or other governmental body to restrain, prohibit or invalidate, or to obtain damages in respect of the transactions contemplated by this Agreement.

6.5 *Delivery of Closing Documents.* Buyer shall have delivered to Seller the closing documents required to be delivered pursuant to Section 2.5.2 in form and substance reasonably satisfactory to Seller and its counsel.

7 EMPLOYMENT MATTERS

7.1 Independent Contractors and Employees. Buyer shall have no liability for accrued wages (including salaries and commissions), severance pay, accrued vacation, sick leave or other benefits, or employee agreements of any type or nature on account of Seller, retention of or termination of independent contractors or employment of or termination of employees, and Seller shall indemnify Buyer and hold Buyer harmless against liability arising out of any claims for such pay or benefits or any other claims arising from Seller's retention of or employment of or termination of such independent contractors or employees.

8. INDEMNITY AND SET-OFF

8.1 *Seller's Indemnity.* Seller shall indemnify and hold harmless Buyer from and against any and all losses, costs, expenses, liabilities, obligations, claims, demands, causes of action, suits, settlements and judgments of every nature, including the costs and expenses associated therewith and reasonable attorneys' fees ("*Buyer's Damages*") which arise out of: (i) the breach by Seller of any representation or warranty made pursuant to this Agreement; (ii) the non-performance, partial or total, of any covenant made pursuant to this Agreement; (iii) claims of any type or nature relating to the retention of the Business' independent contractors or employment of the Business' employees by Seller or any termination of such independent contractors or employees.

8.2 *Buyer's Indemnity.* Buyer shall indemnify and hold harmless Seller from and against any and all losses, costs, expenses, liabilities, obligations, claims, demands, causes of action, suits, settlements and judgments of every nature, including the costs and expenses associated therewith and reasonable attorneys' fees ("*Seller's Damages*" and when used together with or in the alternative to *Buyer's Damages*, "*Damages*"), which arise out of: (i) the breach by Buyer of any representation or warranty made by Buyer pursuant to this Agreement and (ii) the non-performance, partial or total, of any covenant made by Buyer pursuant to this Agreement.

9. MISCELLANEOUS

9.1 *Allocation of Purchase Price.* Schedule 9.1 constitutes the allocation agreed to by Seller and Buyer of the Purchase Price among the various items included in the assets and business being transferred by Seller to Buyer. Buyer and Seller shall file all tax returns and reports in a manner consistent with Schedule 9.2. Schedules based upon and contains the information to be delivered by Buyer and Seller to the IRS on Form 8594.

9.2 *Confidentiality.* Seller agrees to maintain the confidentiality of this Agreement and shall not issue a press release or otherwise publicize the transactions contemplated by this Agreement or otherwise disclose the nature or contents of this Agreement until Seller has issued a press release. Further, Seller agrees to obtain Buyer's consent on the wording of any press release or publication to be issued by Seller once Buyer has issued its press release.

9.3 *Expenses.* Each party will pay its own costs and expenses, including legal and accounting expenses, related to the transactions provided for herein, irrespective of when incurred. In the event of any legal action to enforce any of the obligations set forth in the Agreement, the prevailing party shall be entitled to recover costs and reasonable legal fees. Any and all escrow costs shall be split equally by Buyer and Seller.

9.4 *Notices.* Any notice or other communication required or permitted hereunder shall be in writing and shall be deemed to have been duly given on the date of service if served personally or by facsimile, or five days after the date of mailing if mailed, by first class mail, registered or certified, postage prepaid. Notices shall be addressed as follows:

To Buyer at:	GrowGeneration Corp Attn: Darren Lampert 1000 West Mississippi Ave. Denver, CO 80223
To Seller at:	Santa Rosa Hydroponic & Grower Supply Inc. 4180 S. Moorland Ave. Santa Rosa, CA 95407

or to such other address as a party has designated by notice in writing to the other party in the manner provided by this section.

9.5 *Survival of Terms.* All warranties, representations and covenants contained in this Agreement and any certificate or other instrument delivered by or on behalf of the parties pursuant to this Agreement shall be continuous and shall survive the Closing for a period of two (2) years.

9.6 *Governing Law.* This Agreement shall be governed by and construed in accordance with the laws of the State of California applicable to contracts entered into and wholly to be performed in the State of California.

GrowGeneration Corp, a Colorado corporation ("*Buyer*") with offices at 1000 W. Mississippi Avenue, Denver, CO 80223, and Santa Rosa Hydroponics & Grower Supply Inc, a California corporation with offices at 4180 S. Moorland Avenue, Santa Rosa, CA 95407 ("*Seller*"), and its two shareholders, Rick Barretta ("*RB*") and Jason Barretta ("*JB*") agree to amend the Revised Asset Purchase Agreement ("*Agreement*") signed by the parties on June 28, 2018 as follows:

1. Paragraph 2.2.4 of the Agreement is amended to read as follows:

On or before the Closing, Buyer will execute with the Seller (through Barretta Enterprises South Moorland Avenue, LLC, an entity owned by RB and JB) a mutually Commercial Lease Agreement for Buyer to lease to premises located at 4183 South Moorland Avenue , Santa Rosa, CA from Barretta Enterrises/South Moorland Avenue, LLC upon the terms and conditions set forth in the Commercial Lease Agreement attached hereto as Exhibit A, subject to such other revisions as the parties mutually agree.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed on June 28, 2018:

SELLER:

BUYER:

SANTA ROSA HYDROPONIC & GROWER SUPPLY. INC.

GROWGENERATION CORP.

By: _____
Rick Barretta, CEO

By: _____
Darren Lampert, CEO

By: _____
Jason Barretta

**Form of
Second Addendum to Revised Purchase Agreement**

Santa Rosa Hydroponics & Grower Supply Inc (“Seller”) and GrowGeneration Corp (“Buyer”) (collectively referred to as “Parties”) agree as follows:

The Parties hereby agree that the following amendment shall be made to the Revised Asset Purchase Agreement dated June 28, 2018 (“Agreement”) between Seller and Buyer. The terms and definitions in the Agreement are incorporated into this Addendum.

1. Paragraph 2.2 of the Agreement shall be amended to provide as follows:

Purchase Price. Subject to the terms and conditions of this Agreement, and in full consideration for the transfer of such Assets at Closing, Buyer shall pay the Seller an aggregate purchase price equal to: (i) One Million Five Hundred Thousand Dollars (\$1,500,000) for inventory. This figure represents a negotiate price after taking into consideration deductions for obsolete inventory. (ii) The sum of One Hundred Thousand Dollars (\$100,000) for Seller’s unencumbered fixed assets. (iii) Nine Hundred Twenty-Five Thousand (925,000) shares of Buyer’s Restricted Stock and the sum of Eight Hundred Twenty-Five Thousand Dollars (\$825,000) cash and a Promissory Note for Five Hundred Thousand Dollars (\$500,000) bearing interest at .5% per annum payable in sixty (60) equal monthly installments for Seller’s intangible assets and goodwill, all to be delivered upon the closing of the Transaction (the “Closing”). Buyer agrees to convert the Promissory Note to two Promissory Notes in the sum of Two Hundred Fifty Thousand Dollars (\$250,000) each with one Promissory Note payable to RB upon the same terms and conditions and the other Promissory Note payable to JB upon the same terms and conditions following the Closing upon RB’s and JB’s request.

2. As an additional requirement of this Agreement, Seller shall send a letter to all of its vendors that sell product under Seller’s account to Heavy Garden advising the Vendor that Seller is no longer associated with Heavy Garden in any manner, that Heavy Garden is not authorized to purchase any product under Seller’s account and that Seller will not be responsible for payment of any product purchased by Heay Garden under Seller’s account. The language and recipients of this letter shall be subject to Buyer’s approval.

3. Buyer acknowledges that this reduction in the price being paid for Seller’s assets is in consideration of a compromise between Seller and Buyer for the fact that sales were reported by Seller on its books for sales made to Heavy Garden by Seller (directly by Heavy Gardens from Seller’s Vendors) at Seller’s cost. Buyer is now fully aware of these sales and the existence and amount of these sales shall not constitute a Material Adverse Effect or misrepresentation of Seller’s representations and warranties at Closing.

All other terms and conditions of the AGREEMENT shall remain in force and effect.

Dated: _____

GrowGeneration Corp

By _____
Darren Lampert, Its CEO

Dated: _____

Santa Rosa Hydroponics & Growers Supply, Inc

By _____
Rick Barretta, Its CEO

Form of
PROMISSORY NOTE

AMOUNT \$500,000
INTEREST RATE: .5%
TERM: 5 YEARS

July 13, 2018

For value received, Grow Generation Corp, a Colorado Corporation with offices at 1000 W. Mississippi, Denver CO 80223 through its authorized signatory Darren Lampert (hereinafter referred to as "**PAYOR**"), hereby agrees to pay Santa Rosa Hydroponics & Grower Supply, Inc. (hereinafter "**PAYEE**"), the sum of Five Hundred Thousand Dollars (\$500,000.00) bearing interest at .5% per annum payable monthly in sixty (60) equal monthly installments commencing September 1, 2018 and continuing on the first day of each month thereafter until paid in full. Full payment of the outstanding principal and accrued interest is due on or before August 1, 2023, said date being the maturity date.

PAYOR may prepay this loan in full at any time without penalty.

At the option of the **PAYEE**, this note shall become immediately due and payable upon any of the following events of default:

1. The institution by or against the undersigned of any proceedings under the bankruptcy act or any other law in which the undersigned is alleged to be insolvent or unable to pay the undersigned debts as they mature or the making by the undersigned of an assignment for the benefit of creditors;
2. **PAYOR** fails to cure within in ten (10) days of receiving notice from **PAYEE** that a monthly obligation is ten (10) days overdue.

The **PAYOR** agrees to pay any and all expenses, including reasonable attorney's fees, which may be incurred by the **PAYEE** in the enforcement or protection of his rights in connection with this loan.

The terms, payments and obligations evidenced by this note are subject to the provisions of the laws of the State of Colorado.

No delay or omission on the part of the **PAYEE** in exercising any right hereunder shall operate as the waiver of such right of the **PAYEE**, nor shall any delay, omission or waiver of any one occasion be deemed a bar to or waiver of the same or any right on any future occasion.

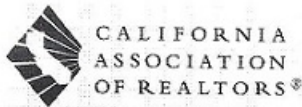
This note shall be assignable by the **PAYEE** and may be converted by **PAYEE** into two separate equal notes payable to each of Rick Barretta and Jason Barretta.

The proceeds of the loan represented by this note may be paid to any one or more of the undersigned. All rights and obligations hereunder shall be governed by the laws of the State of Colorado and this note shall be deemed to be under seal.

Executed under seal this 13th day of July 2018.

Darren Lampert
Authorized Signatory
Grow Generation Corp

Witness:



Form of
COMMERCIAL LEASE AGREEMENT
(C.A.R. Form CL, Revised 12/15)

Date (For reference only): June 27, 2018

Barretta Enterprises/South Moorland Avenue, LLC
GrowGeneration Corp

(Landlord) and
(Tenant) agree as follows:

1. PROPERTY: Landlord rents to Tenant and Tenant rents from Landlord, the real property and improvements described as: 4183 S. Moorland Ave. Santa Rosa, CA 95407
comprise approximately 100.000 % of the total square footage of rentable space in the entire property. See exhibit for a further description of the Premises.

2. TERM: The term begins on (date) July 14 2018 (Commencement Date).

(Check A or B):

A. Lease: and shall terminate on (date) at AM PM. Any holding over after the term of this agreement expires, with Landlord's consent, shall create a month-to-month tenancy that either party may terminate as specified in paragraph 2B. Rent shall be at a rate equal to the rent for the immediately preceding month, payable in advance. All other terms and conditions of this agreement shall remain in full force and effect.

B. Month-to-month: and continues as a month-to-month tenancy. Either party may terminate the tenancy by giving written notice to the other at least 30 days prior to the intended termination date, subject to any applicable laws. Such notice may be given on any date.

X C. RENEWAL OR EXTENSION TERMS: See attached addendum Addendum #1

3. BASE RENT:

A. Tenant agrees to pay Base Rent at the rate of (CHECK ONE ONLY):

(1) \$ per month, for the term of the agreement.
(2) \$ per month, for the first 12 months of the agreement. Commencing with the 13th month, and upon expiration of each 12 months thereafter, rent shall be adjusted according to any increase in the U.S. Consumer Price Index of the Bureau of Labor Statistics of the Department of Labor for All Urban Consumers ("CPI") for 3% (the city nearest the location of the Premises), based on the following formula: Base Rent will be multiplied by the most current CPI preceding the first calendar month during which the adjustment is to take effect, and divided by the most recent CPI preceding the Commencement Date. In no event shall any adjusted Base Rent be less than the Base Rent for the month immediately preceding the adjustment. If the CPI is no longer published, then the adjustment to Base Rent shall be based on an alternate index that most closely reflects the CPI.

(3) \$ per month for the period commencing and ending and per month for the period commencing and ending and \$ per month for the period commencing and ending

(4) In accordance with the attached rent schedule.

X (5) Other: Addendum #1

B. Base Rent is payable in advance on the 1st (or) day of each calendar month, and is delinquent on the next day.

C. If the Commencement Date falls on any day other than the first day of the month, Base Rent for the first calendar month shall be prorated based on a 30-day period. If Tenant has paid one full month's Base Rent in advance of Commencement Date, Base Rent for the second calendar month shall be prorated based on a 30-day period.

4. RENT:

A. Definition: ("Rent") shall mean all monetary obligations of Tenant to Landlord under the terms of this agreement, except security deposit.

B. Payment: Rent shall be paid to (Name) Barretta Enterprises South Moorland Avenue at (address) 4180 S Moorland Ave Santa Rosa CA 95407, or at any other location specified by Landlord in writing to Tenant.

C. Timing: Base Rent shall be paid as specified in paragraph 3. All other Rent shall be paid within 30 days after Tenant is billed by Landlord.

5. EARLY POSSESSION: Tenant is entitled to possession of the Premises on

If Tenant is in possession prior to the Commencement Date, during this time (i) Tenant is not obligated to pay Base Rent, and (ii) Tenant is not obligated to pay Rent other than Base Rent. Whether or not Tenant is obligated to pay Rent prior to Commencement Date, Tenant is obligated to comply with all other terms of this agreement.

6. SECURITY DEPOSIT:

A. Tenant agrees to pay Landlord \$ 10,000.00 as a security deposit. Tenant agrees not to hold Broker responsible for its return. (IF CHECKED) If Base Rent increases during the term of this agreement, Tenant agrees to increase security deposit by the same proportion as the increase in Base Rent.

B. All or any portion of the security deposit may be used, as reasonably necessary, to: (i) cure Tenant's default in payment of Rent, late charges, non-sufficient funds ("NSF") fees, or other sums due; (ii) repair damage, excluding ordinary wear and tear, caused by Tenant or by a guest or licensee of Tenant; (iii) broom clean the Premises, if necessary, upon termination of tenancy; and (iv) cover any other unfulfilled obligation of Tenant. SECURITY DEPOSIT SHALL NOT BE USED BY TENANT IN LIEU OF PAYMENT OF LAST MONTH'S RENT. If all or any portion of the security deposit is used during tenancy, Tenant agrees to reinstate the total security deposit within 5 days after written notice is delivered to Tenant. Within 30 days after Landlord receives possession of the Premises, Landlord shall: (i) furnish Tenant an itemized statement indicating the amount of any security deposit received and the basis for its disposition, and (ii) return any remaining portion of security deposit to Tenant. However, if the Landlord's only claim upon the security deposit is for unpaid Rent, then the remaining portion of the security deposit, after deduction of unpaid Rent, shall be returned within 14 days after the Landlord receives possession.

C. No interest will be paid on security deposit, unless required by local ordinance.

Landlord's Initials (KB) ()

Tenant's Initials (DL) ()

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COMMERCIAL LEASE AGREEMENT (CL PAGE 1 OF 6)

Premier Lending and Real Estate 645 4th Street Santa Rosa, CA 95404 Phone: (707)293-3598 Fax: (707)293-3598 Barretta Enter
Met Fax Produced with zipForm® by zipLogix 18070 Fifteen Mile Road, Fraser, Michigan 48226 www.ziplogix.com

7. PAYMENTS:

	TOTAL DUE	PAYMENT RECEIVED	BALANCE DUE	DUE DATE
A. Rent: From <u>07/15/2018</u> To <u>07/30/2018</u> Date Date	\$ <u>5,000.00</u>	\$ _____	\$ <u>5,000.00</u>	<u>07/01/2018</u>
B. Security Deposit	\$ <u>10,000.00</u>	\$ _____	\$ <u>10,000.00</u>	_____
C. Other: <u>rent from 08/01/2018-08/31/2018</u> Category	\$ <u>10,000.00</u>	\$ _____	\$ <u>10,000.00</u>	_____
D. Other: _____ Category	\$ _____	\$ _____	\$ _____	_____
E. Total:	\$ <u>25,000.00</u>	\$ _____	\$ <u>25,000.00</u>	_____

8. **PARKING:** Tenant is entitled to _____ unreserved and _____ reserved vehicle parking spaces. The right to parking is is not included in the Base Rent charged pursuant to paragraph 3. If not included in the Base Rent, the parking rental fee shall be an additional \$ _____ per month. Parking space(s) are to be used for parking operable motor vehicles, except for trailers, boats, campers, buses or trucks (other than pick-up trucks). Tenant shall park in assigned space(s) only. Parking space(s) are to be kept clean. Vehicles leaking oil, gas or other motor vehicle fluids shall not be parked in parking spaces or on the Premises. Mechanical work or storage of inoperable vehicles is not allowed in parking space(s) or elsewhere on the Premises. No overnight parking is permitted.
9. **ADDITIONAL STORAGE:** Storage is permitted as follows: All Storage On Premise. The right to additional storage space is is not included in the Base Rent charged pursuant to paragraph 3. If not included in Base Rent, storage space shall be an additional \$ _____ per month. Tenant shall store only personal property that Tenant owns, and shall not store property that is claimed by another, or in which another has any right, title, or interest. Tenant shall not store any improperly packaged food or perishable goods, flammable materials, explosives, or other dangerous or hazardous material. Tenant shall pay for, and be responsible for, the clean-up of any contamination caused by Tenant's use of the storage area.
10. **LATE CHARGE; INTEREST; NSF CHECKS:** Tenant acknowledges that either late payment of Rent or issuance of a NSF check may cause Landlord to incur costs and expenses, the exact amount of which are extremely difficult and impractical to determine. These costs may include, but are not limited to, processing, enforcement and accounting expenses, and late charges imposed on Landlord. If any installment of Rent due from Tenant is not received by Landlord within 5 calendar days after date due, or if a check is returned NSF, Tenant shall pay to Landlord, respectively, \$ 5 % as late charge, plus 10% interest per annum on the delinquent amount and \$25.00 as a NSF fee, any of which shall be deemed additional Rent. Landlord and Tenant agree that these charges represent a fair and reasonable estimate of the costs Landlord may incur by reason of Tenant's late or NSF payment. Any late charge, delinquent interest, or NSF fee due shall be paid with the current installment of Rent. Landlord's acceptance of any late charge or NSF fee shall not constitute a waiver as to any default of Tenant. Landlord's right to collect a Late Charge or NSF fee shall not be deemed an extension of the date Rent is due under paragraph 4, or prevent Landlord from exercising any other rights and remedies under this agreement, and as provided by law.
11. **CONDITION OF PREMISES:** Tenant has examined the Premises and acknowledges that Premise is clean and in operative condition, with the following exceptions: _____
Items listed as exceptions shall be dealt with in the following manner: _____
12. **ZONING AND LAND USE:** Tenant accepts the Premises subject to all local, state and federal laws, regulations and ordinances ("Laws"). Landlord makes no representation or warranty that Premises are now or in the future will be suitable for Tenant's use. Tenant has made its own investigation regarding all applicable Laws.
13. **TENANT OPERATING EXPENSES:** Tenant agrees to pay for all utilities and services directly billed to Tenant Gas, Electricity, Water and Sewer, Septic, Garbage Removal, Permitting, and any other operating expenses.
14. **PROPERTY OPERATING EXPENSES:**
A. Tenant agrees to pay its proportionate share of Landlord's estimated monthly property operating expenses, including but not limited to, common area maintenance, consolidated utility and service bills, insurance, and real property taxes, based on the ratio of the square footage of the Premises to the total square footage of the rentable space in the entire property. see addendum #1
- OR B. (If checked) Paragraph 14 does not apply.
15. **USE:** The Premises are for the sole use as A business in association with Grow Gen. Sale and Growing Supplies. No other use is permitted without Landlord's prior written consent. If any use by Tenant causes an increase in the premium on Landlord's existing property insurance, Tenant shall pay for the increased cost. Tenant will comply with all Laws affecting its use of the Premises.
16. **RULES/REGULATIONS:** Tenant agrees to comply with all rules and regulations of Landlord (and, if applicable, Owner's Association) that are at any time posted on the Premises or delivered to Tenant. Tenant shall not, and shall ensure that guests and licensees of Tenant do not, disturb, annoy, endanger, or interfere with other tenants of the building or neighbors, or use the Premises for any unlawful purposes, including, but not limited to, using, manufacturing, selling, storing, or transporting illicit drugs or other contraband, or violate any law or ordinance, or committing a waste or nuisance on or about the Premises.
17. **MAINTENANCE:**
A. Tenant (If checked, Landlord) shall professionally maintain the Premises including heating, air conditioning, electrical, plumbing and water systems, if any, and keep glass, windows and doors in operable and safe condition. Unless Landlord is checked, if Tenant fails to maintain the Premises, Landlord may contract for or perform such maintenance, and charge Tenant for Landlord's cost.
B. Landlord (If checked, Tenant) shall maintain the roof, foundation, exterior walls, common areas and See addendum #2

Landlord's Initials (RB) (_____)Tenant's Initials (DL) (_____)

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COMMERCIAL LEASE AGREEMENT (CL PAGE 2 OF 6)

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Barrett's Enter

Premises: 4183 S. Moorland Ave. Santa Rosa, CA 95407

Date June 27, 2018

- 18. ALTERATIONS:** Tenant shall not make any alterations in or about the Premises, including installation of trade fixtures and signs, without Landlord's prior written consent, which shall not be unreasonably withheld. Any alterations to the Premises shall be done according to Law and with required permits. Tenant shall give Landlord advance notice of the commencement date of any planned alteration, so that Landlord, at its option, may post a Notice of Non-Responsibility to prevent potential liens against Landlord's interest in the Premises. Landlord may also require Tenant to provide Landlord with lien releases from any contractor performing work on the Premises.
- 19. GOVERNMENT IMPOSED ALTERATIONS:** Any alterations required by Law as a result of Tenant's use shall be Tenant's responsibility. Landlord shall be responsible for any other alterations required by Law.
- 20. ENTRY:** Tenant shall make Premises available to Landlord or Landlord's agent for the purpose of entering to make inspections, necessary or agreed repairs, alterations, or improvements, or to supply necessary or agreed services, or to show Premises to prospective or actual purchasers, tenants, mortgagees, lenders, appraisers, or contractors. Landlord and Tenant agree that 24 hours notice (oral or written) shall be reasonable and sufficient notice. In an emergency, Landlord or Landlord's representative may enter Premises at any time without prior notice.
- 21. SIGNS:** Tenant authorizes Landlord to place a FOR SALE sign on the Premises at any time, and a FOR LEASE sign on the Premises within the 90 (or) day period preceding the termination of the agreement.
- 22. SUBLETTING/ASSIGNMENT:** Tenant shall not sublet or encumber all or any part of Premises, or assign or transfer this agreement or any interest in it, without the prior written consent of Landlord, which shall not be unreasonably withheld. Unless such consent is obtained, any subletting, assignment, transfer, or encumbrance of the Premises, agreement, or tenancy, by voluntary act of Tenant, operation of law, or otherwise, shall be null and void, and, at the option of Landlord, terminate this agreement. Any proposed sublessee, assignee, or transferee shall submit to Landlord an application and credit information for Landlord's approval, and, if approved, sign a separate written agreement with Landlord and Tenant. Landlord's consent to any one sublease, assignment, or transfer, shall not be construed as consent to any subsequent sublease, assignment, or transfer, and does not release Tenant of Tenant's obligation under this agreement.
- 23. POSSESSION:** If Landlord is unable to deliver possession of Premises on Commencement Date, such date shall be extended to the date on which possession is made available to Tenant. However, the expiration date shall remain the same as specified in paragraph 2. If Landlord is unable to deliver possession within 60 (or) calendar days after the agreed Commencement Date, Tenant may terminate this agreement by giving written notice to Landlord, and shall be refunded all Rent and security deposit paid.
- 24. TENANT'S OBLIGATIONS UPON VACATING PREMISES:** Upon termination of agreement, Tenant shall: (i) give Landlord all copies of all keys or opening devices to Premises, including any common areas; (ii) vacate Premises and surrender it to Landlord empty of all persons and personal property; (iii) vacate all parking and storage spaces; (iv) deliver Premises to Landlord in the same condition as referenced in paragraph 11; (v) clean Premises; (vi) give written notice to Landlord of Tenant's forwarding address; and (vii) _____.

All improvements installed by Tenant, with or without Landlord's consent, become the property of Landlord upon termination. Landlord may nevertheless require Tenant to remove any such improvement that did not exist at the time possession was made available to Tenant.

- 25. BREACH OF CONTRACT/EARLY TERMINATION:** In event Tenant, prior to expiration of this agreement, breaches any obligation in this agreement, abandons the premises, or gives notice of tenant's intent to terminate this tenancy prior to its expiration, in addition to any obligations established by paragraph 24, Tenant shall also be responsible for lost rent, rental commissions, advertising expenses, and painting costs necessary to ready Premises for re-rental. Landlord may also recover from Tenant: (i) the worth, at the time of award, of the unpaid Rent that had been earned at the time of termination; (ii) the worth, at the time of award, of the amount by which the unpaid Rent that would have been earned after expiration until the time of award exceeds the amount of such rental loss the Tenant proves could have been reasonably avoided; and (iii) the worth, at the time of award, of the amount by which the unpaid Rent for the balance of the term after the time of award exceeds the amount of such rental loss that Tenant proves could be reasonably avoided. Landlord may elect to continue the tenancy in effect for so long as Landlord does not terminate Tenant's right to possession, by either written notice of termination of possession or by reletting the Premises to another who takes possession, and Landlord may enforce all Landlord's rights and remedies under this agreement, including the right to recover the Rent as it becomes due.
- 26. DAMAGE TO PREMISES:** If, by no fault of Tenant, Premises are totally or partially damaged or destroyed by fire, earthquake, accident or other casualty, Landlord shall have the right to restore the Premises by repair or rebuilding. If Landlord elects to repair or rebuild, and is able to complete such restoration within 90 days from the date of damage, subject to the terms of this paragraph, this agreement shall remain in full force and effect. If Landlord is unable to restore the Premises within this time, or if Landlord elects not to restore, then either Landlord or Tenant may terminate this agreement by giving the other written notice. Rent shall be abated as of the date of damage. The abated amount shall be the current monthly Base Rent prorated on a 30-day basis. If this agreement is not terminated, and the damage is not repaired, then Rent shall be reduced based on the extent to which the damage interferes with Tenant's reasonable use of the Premises. If total or partial destruction or damage occurs as a result of an act of Tenant or Tenant's guests, (i) only Landlord shall have the right, at Landlord's sole discretion, within 30 days after such total or partial destruction or damage to treat the lease as terminated by Tenant, and (ii) Landlord shall have the right to recover damages from Tenant.
- 27. HAZARDOUS MATERIALS:** Tenant shall not use, store, generate, release or dispose of any hazardous material on the Premises or the property of which the Premises are part. However, Tenant is permitted to make use of such materials that are required to be used in the normal course of Tenant's business provided that Tenant complies with all applicable Laws related to the hazardous materials. Tenant is responsible for the cost of removal and remediation, or any clean-up of any contamination caused by Tenant.
- 28. CONDEMNATION:** If all or part of the Premises is condemned for public use, either party may terminate this agreement as of the date possession is given to the condemner. All condemnation proceeds, exclusive of those allocated by the condemner to Tenant's relocation costs and trade fixtures, belong to Landlord.
- 29. INSURANCE:** Tenant's personal property, fixtures, equipment, inventory and vehicles are not insured by Landlord against loss or damage due to fire, theft, vandalism, rain, water, criminal or negligent acts of others, or any other cause. Tenant is to carry Tenant's own property insurance to protect Tenant from any such loss. In addition, Tenant shall carry (i) liability insurance in an amount of not less than \$ 2,000,000.00 and (ii) property insurance in an amount sufficient to cover the replacement cost of the property if Tenant is responsible for maintenance under paragraph 17B. Tenant's insurance shall name Landlord and Landlord's agent as additional insured. Tenant, upon Landlord's request, shall provide Landlord with a certificate of insurance establishing Tenant's compliance. Landlord shall maintain liability insurance insuring Landlord, but not Tenant, in an amount of at least \$ 1,000,000.00, plus property insurance in an amount sufficient to cover the replacement cost of the property unless Tenant is responsible for maintenance pursuant to paragraph 17B. Tenant is advised to carry business interruption insurance in an amount at least sufficient to cover Tenant's complete rental obligation to Landlord. Landlord is advised to obtain a policy of rental loss insurance. Both Landlord and Tenant release each other, and waive their respective rights to subrogation against each other, for loss or damage covered by insurance.

Landlord's Initials (RS) (_____)

Tenant's Initials (JL) (_____)

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COMMERCIAL LEASE AGREEMENT (CL PAGE 3 OF 6)

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Barretts Enter

- 30. **TENANCY STATEMENT (ESTOPPEL CERTIFICATE):** Tenant shall execute and return a tenancy statement (estoppel certificate), delivered to Tenant by Landlord or Landlord's agent, within 3 days after its receipt. The tenancy statement shall acknowledge that this agreement is unmodified and in full force, or in full force as modified, and state the modifications. Failure to comply with this requirement: (i) shall be deemed Tenant's acknowledgment that the tenancy statement is true and correct, and may be relied upon by a prospective lender or purchaser; and (ii) may be treated by Landlord as a material breach of this agreement. Tenant shall also prepare, execute, and deliver to Landlord any financial statement (which will be held in confidence) reasonably requested by a prospective lender or buyer.
- 31. **LANDLORD'S TRANSFER:** Tenant agrees that the transferee of Landlord's interest shall be substituted as Landlord under this agreement. Landlord will be released of any further obligation to Tenant regarding the security deposit, only if the security deposit is returned to Tenant upon such transfer, or if the security deposit is actually transferred to the transferee. For all other obligations under this agreement, Landlord is released of any further liability to Tenant, upon Landlord's transfer.
- 32. **SUBORDINATION:** This agreement shall be subordinate to all existing liens and, at Landlord's option, the lien of any first deed of trust or first mortgage subsequently placed upon the real property of which the Premises are a part, and to any advances made on the security of the Premises, and to all renewals, modifications, consolidations, replacements, and extensions. However, as to the lien of any deed of trust or mortgage entered into after execution of this agreement, Tenant's right to quiet possession of the Premises shall not be disturbed if Tenant is not in default and so long as Tenant pays the Rent and observes and performs all of the provisions of this agreement, unless this agreement is otherwise terminated pursuant to its terms. If any mortgagee, trustee, or ground lessor elects to have this agreement placed in a security position prior to the lien of a mortgage, deed of trust, or ground lease, and gives written notice to Tenant, this agreement shall be deemed prior to that mortgage, deed of trust, or ground lease, or the date of recording.
- 33. **TENANT REPRESENTATIONS; CREDIT:** Tenant warrants that all statements in Tenant's financial documents and rental application are accurate. Tenant authorizes Landlord and Broker(s) to obtain Tenant's credit report at time of application and periodically during tenancy in connection with approval, modification, or enforcement of this agreement. Landlord may cancel this agreement: (i) before occupancy begins, upon disapproval of the credit report(s); or (ii) at any time, upon discovering that information in Tenant's application is false. A negative credit report reflecting on Tenant's record may be submitted to a credit reporting agency, if Tenant fails to pay Rent or comply with any other obligation under this agreement.
- 34. **CONSTRUCTION-RELATED ACCESSIBILITY STANDARDS:** Landlord states that the Premises has, or has not been inspected by a Certified Access Specialist. If so, Landlord states that the Premises has, or has not been determined to meet all applicable construction-related accessibility standards pursuant to Civil Code Section 55.53.
- 35. **DISPUTE RESOLUTION:**

- A. **MEDIATION:** Tenant and Landlord agree to mediate any dispute or claim arising between them out of this agreement, or any resulting transaction, before resorting to arbitration or court action, subject to paragraph 35B(2) below. Paragraphs 35B(2) and (3) apply whether or not the arbitration provision is initialed. Mediation fees, if any, shall be divided equally among the parties involved. If for any dispute or claim to which this paragraph applies, any party commences an action without first attempting to resolve the matter through mediation, or refuses to mediate after a request has been made, then that party shall not be entitled to recover attorney fees, even if they would otherwise be available to that party in any such action. THIS MEDIATION PROVISION APPLIES WHETHER OR NOT THE ARBITRATION PROVISION IS INITIALED.
- B. **ARBITRATION OF DISPUTES:** (1) Tenant and Landlord agree that any dispute or claim in Law or equity arising between them out of this agreement or any resulting transaction, which is not settled through mediation, shall be decided by neutral, binding arbitration, including and subject to paragraphs 35B(2) and (3) below. The arbitrator shall be a retired judge or justice, or an attorney with at least 5 years of real estate transactional law experience, unless the parties mutually agree to a different arbitrator, who shall render an award in accordance with substantive California Law. In all other respects, the arbitration shall be conducted in accordance with Part III, Title 9 of the California Code of Civil Procedure. Judgment upon the award of the arbitrator(s) may be entered in any court having jurisdiction. The parties shall have the right to discovery in accordance with Code of Civil Procedure §1283.05.
 (2) **EXCLUSIONS FROM MEDIATION AND ARBITRATION:** The following matters are excluded from Mediation and Arbitration hereunder: (i) a judicial or non-judicial foreclosure or other action or proceeding to enforce a deed of trust, mortgage, or installment land sale contract as defined in Civil Code §2985; (ii) an unlawful detainer action; (iii) the filing or enforcement of a mechanic's lien; (iv) any matter that is within the jurisdiction of a probate, small claims, or bankruptcy court; and (v) an action for bodily injury or wrongful death, or for latent or patent defects to which Code of Civil Procedure §337.1 or §337.15 applies. The filing of a court action to enable the recording of a notice of pending action, for order of attachment, receivership, injunction, or other provisional remedies, shall not constitute a violation of the mediation and arbitration provisions.
 (3) **BROKERS:** Tenant and Landlord agree to mediate and arbitrate disputes or claims involving either or both Brokers, provided either or both Brokers shall have agreed to such mediation or arbitration, prior to, or within a reasonable time after the dispute or claim is presented to Brokers. Any election by either or both Brokers to participate in mediation or arbitration shall not result in Brokers being deemed parties to the agreement.

"NOTICE: BY INITIALING IN THE SPACE BELOW YOU ARE AGREEING TO HAVE ANY DISPUTE ARISING OUT OF THE MATTERS INCLUDED IN THE 'ARBITRATION OF DISPUTES' PROVISION DECIDED BY NEUTRAL ARBITRATION AS PROVIDED BY CALIFORNIA LAW AND YOU ARE GIVING UP ANY RIGHTS YOU MIGHT POSSESS TO HAVE THE DISPUTE LITIGATED IN A COURT OR JURY TRIAL. BY INITIALING IN THE SPACE BELOW YOU ARE GIVING UP YOUR JUDICIAL RIGHTS TO DISCOVERY AND APPEAL, UNLESS THOSE RIGHTS ARE SPECIFICALLY INCLUDED IN THE 'ARBITRATION OF DISPUTES' PROVISION. IF YOU REFUSE TO SUBMIT TO ARBITRATION AFTER AGREEING TO THIS PROVISION, YOU MAY BE COMPELLED TO ARBITRATE UNDER THE AUTHORITY OF THE CALIFORNIA CODE OF CIVIL PROCEDURE. YOUR AGREEMENT TO THIS ARBITRATION PROVISION IS VOLUNTARY."

"WE HAVE READ AND UNDERSTAND THE FOREGOING AND AGREE TO SUBMIT DISPUTES ARISING OUT OF THE MATTERS INCLUDED IN THE 'ARBITRATION OF DISPUTES' PROVISION TO NEUTRAL ARBITRATION."

Landlord's Initials RB Tenant's Initials DL

Landlord's Initials (RB) (_____)

Tenant's Initials (DL) (_____)

CL REVISED 12/15 (PAGE 4 of 6)

COMMERCIAL LEASE AGREEMENT (CL PAGE 4 OF 6)



Premises: 4183 S. Moorland Ave. Santa Rosa, CA 95407

Date June 27, 2018

36. **JOINT AND INDIVIDUAL OBLIGATIONS:** If there is more than one Tenant, each one shall be individually and completely responsible for the performance of all obligations of Tenant under this agreement, jointly with every other Tenant, and individually, whether or not in possession.

37. **NOTICE:** Notices may be served by mail, facsimile, or courier at the following address or location, or at any other location subsequently designated:

Landlord: Barretta Enterprises South Moorland Avenue, LLC
5251 Plum Ranch Road, Santa Rosa CA 95409

Tenant: GrowGeneration Corp.
1000 W. Mississippi, Denver, CO 80223

Notice is deemed effective upon the earliest of the following: (i) personal receipt by either party or their agent; (ii) written acknowledgement of notice; or (iii) 5 days after mailing notice to such location by first class mail, postage pre-paid.

38. **WAIVER:** The waiver of any breach shall not be construed as a continuing waiver of the same breach or a waiver of any subsequent breach.

39. **INDEMNIFICATION:** Tenant shall indemnify, defend and hold Landlord harmless from all claims, disputes, litigation, judgments and attorney fees arising out of Tenant's use of the Premises.

40. **OTHER TERMS AND CONDITIONS/SUPPLEMENTS:** Addendum No 1, Addendum No 2, and Addendum No 3 are incorporated into this lease and made a part hereof

The following ATTACHED supplements/exhibits are incorporated in this agreement: Option Agreement (C.A.R. Form OA)

41. **ATTORNEY FEES:** In any action or proceeding arising out of this agreement, the prevailing party between Landlord and Tenant shall be entitled to reasonable attorney fees and costs from the non-prevailing Landlord or Tenant, except as provided in paragraph 35A.

42. **ENTIRE CONTRACT:** Time is of the essence. All prior agreements between Landlord and Tenant are incorporated in this agreement, which constitutes the entire contract. It is intended as a final expression of the parties' agreement, and may not be contradicted by evidence of any prior agreement or contemporaneous oral agreement. The parties further intend that this agreement constitutes the complete and exclusive statement of its terms, and that no extrinsic evidence whatsoever may be introduced in any judicial or other proceeding, if any, involving this agreement. Any provision of this agreement that is held to be invalid shall not affect the validity or enforceability of any other provision in this agreement. This agreement shall be binding upon, and inure to the benefit of, the heirs, assignees and successors to the parties.

43. **BROKERAGE:** Landlord and Tenant shall each pay to Broker(s) the fee agreed to, if any, in a separate written agreement. Neither Tenant nor Landlord has utilized the services of, or for any other reason owes compensation to, a licensed real estate broker (individual or corporate), agent, finder, or other entity, other than as named in this agreement, in connection with any act relating to the Premises, including, but not limited to, inquiries, introductions, consultations, and negotiations leading to this agreement. Tenant and Landlord each agree to indemnify, defend and hold harmless the other, and the Brokers specified herein, and their agents, from and against any costs, expenses, or liability for compensation claimed inconsistent with the warranty and representation in this paragraph 43.

44. **AGENCY CONFIRMATION:** The following agency relationships are hereby confirmed for this transaction:
Listing Agent: _____ (Print Firm Name) is the agent of (check one):
 the Landlord exclusively; or both the Tenant and Landlord.
Selling Agent: _____ (Print Firm Name) (if not same as Listing Agent) is the agent of (check one):
 the Tenant exclusively; or the Landlord exclusively; or both the Tenant and Landlord.
Real Estate Brokers are not parties to the agreement between Tenant and Landlord.

Landlord's Initials (RS) (_____)

Tenant's Initials (DL) (_____)

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COMMERCIAL LEASE AGREEMENT (CL PAGE 5 OF 6)

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Barretta Enter

Premises: 4183 S. Moorland Ave, Santa Rosa, CA 95407

Date June 27, 2018

Landlord and Tenant acknowledge and agree that Brokers: (i) do not guarantee the condition of the Premises; (ii) cannot verify representations made by others; (iii) will not verify zoning and land use restrictions; (iv) cannot provide legal or tax advice; (v) will not provide other advice or information that exceeds the knowledge, education or experience required to obtain a real estate license. Furthermore, if Brokers are not also acting as Landlord in this agreement, Brokers: (vi) do not decide what rental rate a Tenant should pay or Landlord should accept; and (vii) do not decide upon the length or other terms of tenancy. Landlord and Tenant agree that they will seek legal, tax, insurance, and other desired assistance from appropriate professionals.

Tenant _____ Date 7/13/2018

Grow Generation

(Print name)

Address 1000 W. Mississippi City Denver State CO Zip 80223

Tenant _____ Date _____

(Print name)

Address _____ City _____ State _____ Zip _____

GUARANTEE: In consideration of the execution of this Agreement by and between Landlord and Tenant and for valuable consideration, receipt of which is hereby acknowledged, the undersigned ("Guarantor") does hereby: (i) guarantee unconditionally to Landlord and Landlord's agents, successors and assigns, the prompt payment of Rent or other sums that become due pursuant to this Agreement, including any and all court costs and attorney fees included in enforcing the Agreement; (ii) consent to any changes, modifications or alterations of any term in this Agreement agreed to by Landlord and Tenant; and (iii) waive any right to require Landlord and/or Landlord's agents to proceed against Tenant for any default occurring under this Agreement before seeking to enforce this Guarantee.

Guarantor (Print Name) Grow Generation

Guarantor _____

Address 1000 W. Mississippi City Denver State CO Zip 80223

Telephone (914)924-1235 Fax _____ E-mail darren@growgeneration.com

Landlord agrees to rent the Premises on the above terms and conditions.

Landlord _____ Date 7/13/2018

(owner or agent with authority to enter into this agreement) Barretta Enterprises/South Moorland Avenue, LLC

Address 5251 Plum Ranch Road City Santa Rosa State CA Zip 95409

Landlord _____ Date _____

(owner or agent with authority to enter into this agreement)

Address _____ City _____ State _____ Zip _____

Agency relationships are confirmed as above. Real estate brokers who are not also Landlord in this agreement are not a party to the agreement between Landlord and Tenant.

Real Estate Broker (Leasing Firm) _____ CalBRE Lic. # _____

By (Agent) _____ CalBRE Lic. # _____ Date _____

Address _____ City _____ State _____ Zip _____

Telephone _____ Fax _____ E-mail _____

Real Estate Broker (Listing Firm) _____ CalBRE Lic. # _____

By (Agent) _____ CalBRE Lic. # _____ Date _____

Address _____ City _____ State _____ Zip _____

Telephone _____ Fax _____ E-mail _____

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COMMERCIAL LEASE AGREEMENT (CL PAGE 6 OF 6)

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Barretta Ester



COMMERCIAL LEASE CONSTRUCTION ACCESSIBILITY ADDENDUM (C.A.R. Form CLCA 11/16)

This is an addendum to the Commercial Lease Agreement (lease) dated June 27, 2018 in which Barretta Enterprises/South Moorland Avenue, LLC is referred to as "Landlord" and Grow Generation is referred to as "Tenant". Paragraph 34 of the lease is deleted in its entirety and replaced by the following;

Paragraph 34. CONSTRUCTION-RELATED ACCESSIBILITY STANDARDS:

- A. Landlord states that the Premises [] have, or [X] have not been inspected by a Certified Access Specialist (CASp).
B. If the Premises have been inspected by a CASp, (1) Landlord states that the Premises [] have, or [X] have not been determined to meet all applicable construction-related accessibility standards pursuant to Civil Code Section 55.53. Landlord shall provide Tenant a copy of the report prepared by the CASp (and, if applicable a copy of the disability access inspection certificate) as specified below. (2) [] (i) Tenant has received a copy of the report at least 48 hours before executing this lease. Tenant has no right to rescind the lease based upon information contained in the report. OR [] (ii) Tenant has received a copy of the report prior to, but no more than, 48 hours before, executing this lease. Based upon information contained in the report, Tenant has 72 hours after execution of this lease to rescind it. OR [] (iii) Tenant has not received a copy of the report prepared by the CASp prior to execution of this lease. Landlord shall provide a copy of the report prepared by the CASp (and, if applicable a copy of the disability access inspection certificate) within 7 days after execution of this lease. Tenant shall have up to 3 days thereafter to rescind the lease based upon information in the report.
C. If the Premises have not been inspected by a CASp or a certificate was not issued by the CASp who conducted the inspection, "A Certified Access Specialist (CASp) can inspect the subject premises and determine whether the subject premises comply with all of the applicable construction-related accessibility standards under state law. Although state law does not require a CASp inspection of the subject premises, the commercial property owner or lessor may not prohibit the lessee or tenant from obtaining a CASp inspection of the subject premises for the occupancy or potential occupancy of the lessee or tenant, if requested by the lessee or tenant. The parties shall mutually agree on the arrangements for the time and manner of the CASp inspection, the payment of the fee for the CASp inspection, and the cost of making any repairs necessary to correct violations of construction-related accessibility standards within the premises."
D. Notwithstanding anything to the contrary in paragraph 17, 18, 19 or elsewhere in the lease, any repairs or modifications necessary to correct violations of construction related accessibility standards are the responsibility of Tenant [X] Landlord [] Other

Tenant (Signature) _____ Date 7/13/2018
Tenant (Print name, Grow Generation) _____
Tenant (Signature) _____ Date _____
Tenant (Print name) _____
Landlord (Signature) _____ Date 7/13/2018
Landlord (Print name) Barretta Enterprises/South Moorland Avenue, LLC
Landlord (Signature) _____ Date _____
Landlord (Print name) _____

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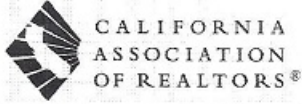
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CLCA 11/16 (PAGE 1 OF 1)

COMMERCIAL LEASE CONSTRUCTION ACCESSIBILITY ADDENDUM (CLCA PAGE 1 OF 1)



ADDENDUM

(C.A.R. Form ADM, Revised 12/15)

No. 1

The following terms and conditions are hereby incorporated in and made a part of the: Purchase Agreement, Residential Lease or Month-to-Month Rental Agreement, Transfer Disclosure Statement (Note: An amendment to the TDS may give the Buyer a right to rescind), Other Commercial lease

dated _____, on property known as _____ 4180 S Moorland Ave _____ Santa Rosa, CA 95407

in which _____ Grow Generation _____ is referred to as ("Buyer/Tenant") and _____ Barretta Enterprises/South Moorland Avenue, LLC _____ is referred to as ("Seller/Landlord").

A.) Operating expenses:

Defined as a NET LEASE; which is a lease agreement on a commercial property where in addition to rent, tenant pays some or all of taxes, insurance, or maintenance

- 1.) Lessor agrees to pay for 100% of property taxes
2.) Lessee agrees to pay for insurance (liability and renters), and utilities. Lessee will obtain, pay, and manage their own insurance

B.) Maintenance:

- 1.) Lessee is responsible for all property maintenance; septic, well, permits, landscaping, driveways, drians, common areas, and hvac.
2.) Lessee is responsible for all acquiring and maintinaing proper permits
2.) Lessor is responsible for property maintenance on exterior walls and roof

The foregoing terms and conditions are hereby agreed to, and the undersigned acknowledge receipt of a copy of this document.

Date 7/13/2018 Date 7/13/2018
Buyer/Tenant Grow Generation Seller/Landlord Barretta Enterprises/South Moorland Avenue, LLC
Buyer/Tenant Seller/Landlord

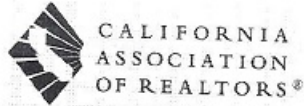
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ADM REVISED 12/15 (PAGE 1 OF 1)

ADDENDUM (ADM PAGE 1 OF 1)





ADDENDUM

(C.A.R. Form ADM, Revised 12/15)

No. 2

The following terms and conditions are hereby incorporated in and made a part of the: Purchase Agreement, Residential Lease or Month-to-Month Rental Agreement, Transfer Disclosure Statement (Note: An amendment to the TDS may give the Buyer a right to rescind), Other commercial lease

dated _____, on property known as _____ 4180 S Moorland Ave

in which _____ Santa Rosa, CA 95407

and _____ Grow Generation is referred to as ("Buyer/Tenant")

and _____ Barretta Enterprises/South Moorland Avenue, LLC is referred to as ("Seller/Landlord").

1. Term. The Lease shall commence upon close of escrow for the Asset Purchase Agreement between Tenant and Santa Rosa Hydronics & Supplies, Inc. The initial term of the Lease will be for five (5) years. If close of escrow occurs other than on the first of the month, Tenant will pay prorated rent for the month in which escrow closes, and the commencement of the initial term of this Lease will be the first of the first full month after close of escrow.

2. Rent. The rent for the first two (2) years of the lease will be Ten Thousand Dollars (\$10,000) per month, subject to a cost of living increase described below. The monthly rent commencing the 3rd year of the Lease will be Twenty Thousand Dollars (\$20,000) per month plus the a cost of living increase described below from the commencement of the lease; provided, however, that upon the Business conducted by Tenant reaching Net Revenue of Twelve Million Five Hundred Thousand Dollars (\$12,500,000) during any Calendar year, the rent shall increase at that time to a monthly rent of Twenty Thousand Dollars (\$20,000) plus a cost of living increase described below from the commencement of the lease for the remainder of the lease term. The rent shall increase one (1) year after commencement of the lease by the amount of increase in the Consumer Price Index ("CPI"), All Urban Consumers, San Francisco/Oakland/San Jose, 1982-1984 = 100, but not less than 2% increase or more than 5% increase over the prior year's rent. The rent of Twenty Thousand Dollars (\$20,000) a month shall increase one year after it commences and each year thereafter by the Consumer Price Index ("CPI"), All Urban Consumers, San Francisco/Oakland/San Jose, 1982-1984 = 100, but not less than 2% or more than 5%. To determine the increase in the CPI, the unadjusted rent will be multiplied by the fraction which has as its numerator the CPI index figure for the month two months prior to the commencement of the Lease. For example, if the Lease commences on July 1, 2018, for the rent increase on July 1, 2019, the rent will be \$10,000 multiplied by the CPI index for May, 2019 divided by the CPI index for May 2018, but not less than a 2% increase or more than a 5% increase.

3. Renewals. Tenant shall have the option to renew the Lease for four (4) additional five (5) year terms. To extend the Lease for an additional five (5) year term Tenant must notify Landlord in writing of Tenant's intention to enter an additional five (5) year term of the Lease no later than sixty (60) days prior to the expiration of the Lease. Lessee has the option to renew the lease whereas terms shall remain the same with rent at 20000.000/month or where it last stood for the previous lease with cpi increases annually.

The foregoing terms and conditions are hereby agreed to, and the undersigned acknowledge receipt of a copy of this document.

Date

Date

Buyer/Tenant

Seller/Landlord

Grow Generation

Barretta Enterprises/South Moorland Avenue, LLC

Buyer/Tenant

Seller/Landlord

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ADM REVISED 12/15 (PAGE 1 OF 1)

ADDENDUM (ADM PAGE 1 OF 1)

ADDENDUM NO. 3 TO COMMERCIAL LEASE AGREEMENT

Property: 4180 S. Moorland Ave, Santa Rosa, CA
Landlord: Barretta Enterprises - South Moorland Avenue, LLC
Tenant: Grow Generation

1. Rick Barretta shall have the right to maintain a small enclosed storage area approximately 20 feet by 20 feet in size in the back left corner of the back shop for storage of personal items and to have access to said area during normal business hours during the term of this Lease without charge.
2. Rick Barretta may store a fifth wheel trailer and two covered carports at the west side of the back building during the term of the Lease without charge.
3. Any repairs to the Premises required for Tenant's initial use or occupation of the Premises within 30 days of the commencement of the Lease up to a cost of \$5,000 shall be made by Landlord.

dc. RB

GrowGeneration Purchases Santa Rosa Hydroponics and Grower Supply Inc.**6th California Store Creates a Market in Excess of \$10 Million in Sonoma County, CA.**

DENVER, July 16, 2018 /PRNewswire/ - GrowGeneration Corp. (OTCQX:GRWG), GrowGeneration (“GrowGen” or the “Company”), one of the largest specialty retail hydroponic and organic gardening store chain, with 18 locations serving both commercial and home growers, today announced that it has purchased Santa Rosa Hydroponics and Grower Supply (SRH) located in Santa Rosa, CA. SRH will serve as a retail and warehouse location servicing the growing number of commercial cultivators in the Sonoma and Northern California market. SRH, located on 3.5 acres, with over 20,000 sq. ft. of warehouse and retail space, adds the 6th store to the GrowGeneration portfolio of stores in California.

GrowGen CEO Comments:

“Santa Rosa Hydroponics and Grower Supply marks our 5th acquisition in 2018, adding \$25 Million in revenue to our Company. Adding SRH, located directly in a strategic location with high visibility in Northern CA., adds one of the largest and highest volume hydroponic stores in the country. SRH has a seasoned team, and we are excited that the founders of SRH, Rick and Jason Barretta will be continuing as VPs of Sales and Business Development for the Northern California region.” Further Mr. Lampert stated, “In addition to its store acquisitions, the Company is investing in vertical markets that will offer new technologies and products that bring automation and efficiencies. Through GrowGeneration Management, our newly formed commercial division, GrowGeneration is now able to deliver a full turnkey solution for new license holders and owners who are building new facilities. Our Commercial team is comprised of mechanical engineers, grow room designers, and a solid team of dedicated commercial salesmen who are focused on large capital projects. We have a strong balance sheet in excess of \$14 million in cash. The company has set revenue guidance at \$37 million up from \$14.5 million for the trailing 12 months.”

Santa Rosa Hydroponics and Grower Supply CEO Comments:

“We are excited to be part of the GrowGeneration portfolio of companies. As the largest hydroponic store in Sonoma County, our customers will benefit with more product offerings, competitive pricing and expanded professional services. We were attracted to GrowGeneration’s model and track record of building a national chain of stores, applying a professional management team and resources, and a strong financial position.”

About GrowGeneration Corp.:

GrowGeneration Corp. (“GrowGen”) owns and operates specialty retail hydroponic and organic gardening stores. Currently, GrowGen has 18 stores, which includes 6 locations in Colorado, 6 locations in California, 3 locations in Michigan, 1 location in Las Vegas, 1 location in Rhode Island and 1 location in Washington. GrowGen carries and sells thousands of products, including organic nutrients and soils, advanced lighting technology and state of the art hydroponic equipment to be used indoors and outdoors by commercial and home growers. Our mission is to own and operate GrowGeneration branded stores in all the major legalized cannabis states. Management estimates that roughly 1,000 hydroponic stores are in operation in the U.S. By 2020 the market is estimated to reach over \$23 billion with a compound annual growth rate of 32%.

Forward Looking Statements:

This press release may include predictions, estimates or other information that might be considered forward-looking within the meaning of applicable securities laws. While these forward-looking statements represent our current judgments, they are subject to risks and uncertainties that could cause actual results to differ materially. You are cautioned not to place undue reliance on these forward-looking statements, which reflect our opinions only as of the date of this release. Please keep in mind that we are not obligating ourselves to revise or publicly release the results of any revision to these forward-looking statements in light of new information or future events. When used herein, words such as “look forward,” “believe,” “continue,” “building,” or variations of such words and similar expressions are intended to identify forward-looking statements. Factors that could cause actual results to differ materially from those contemplated in any forward-looking statements made by us herein are often discussed in filings we make with the United States Securities and Exchange Commission, available at: www.sec.gov, and on our website, at: www.growgeneration.com.

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