**OTC MARKETS**
**GROUP 304 HUDSON**
**STREET**

**New York, NY 10013**

**-------------------------------**
**QUATERLY COMPLIANCE FILING**
**-------------------------------**

**For the Quarterly Period Ended March 31, 2018**

(Exact name of registrant as specified in its charter)

| **Delaware** | **90-0817201** |
| --- | --- |
| (State or other jurisdiction of incorporation or organization) | (IRS Employer Identification No.) |
| **888 Brickell Key Dr., Unit 1102, Miami, FL** | **33131** |
| (Address of principal executive offices) | (zip code) |

**(646) 630-0927**
(Registrant's telephone number, including area code)

The Company's stock is traded on the OTC "Pinksheets" Markets under the trading symbol: MSPC. The Cusip number for the Company is: 59266V304. The following is true and correct, per our transfer agent, as of and at the period ending on March 24, 2018:

a. Total Common Stock Shares in issue as of May 24, 2018: 5,709,012,612
b. Above Shares Restricted from Sale: 104,500
c. Series "A" Preferred Shares: 0
d. Series "B" Preferred Shares: 1,200,000
e. Series "C" Preferred Shares: 45,354
f. Series "D" Preferred Shares: 2,000
g. Par Value: $0.00001

**METROSPACES, INC.**

**Quarterly Report on Form 10-Q**
**For the Quarterly Period Ended March 31, 2018**

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**THIS REPORT CONTAINS FORWARD-LOOKING STATEMENTS THAT INVOLVE RISKS AND UNCERTAINTIES. SUCH STATEMENTS ARE BASED ON CURRENT EXPECTATIONS, ASSUMPTIONS, ESTIMATES AND PROJECTIONS ABOUT THE COMPANY AND ITS INDUSTRY. FORWARD-LOOKING STATEMENTS ARE SUBJECT TO KNOWN AND UNKNOWN RISKS, UNCERTAINTIES AND OTHER FACTORS THAT MAY CAUSE ACTUAL RESULTS, LEVELS OF ACTIVITY, PERFORMANCE, ACHIEVEMENTS AND PROSPECTS TO BE MATERIALLY DIFFERENT FROM THOSE EXPRESSED OR IMPLIED BY SUCH FORWARD-LOOKING STATEMENTS. THE COMPANY UNDERTAKES NO OBLIGATION TO UPDATE PUBLICLY ANY FORWARD-LOOKING STATEMENTS FOR ANY REASON EVEN IF NEW INFORMATION BECOMES AVAILABLE OR OTHER EVENTS OCCUR IN THE FUTURE.**

**METROSPACES, INC.**

**Consolidated Balance Sheets**

| | **March 31, 2018** | **December 31, 2107** |
|---|---|---|
| ASSETS | | |
| Current Assets | | |
| Cash and cash equivalents | 52,543 | 36,905 |
| Accounts receivable | 1,843,158 | 1,350,936 |
| Inventory | 37,318 | 11,226 |
| Prepaid and other current assets | 988,992 | 965,138 |
| Total Current Assets | 2,922,011 | 2,364,205 |
| | | |
| Advance payment for real property | 0 | 0 |
| Investment in non-consolidated subsidiary | 0 | 0 |
| Property and equipment, net | 4,609,113 | 4,627,974 |
| Goodwill | - | - |
| | | |
| TOTAL ASSETS | 7,531,124 | 6,992,179 |
| | | |
| LIABILITIES AND STOCKHOLDERS' DEFICIT | | |
| Current Liabilities | | |
| Bank overdraft payable | - | - |
| Accounts payable | 1,295,059 | 854,330 |
| Accrued expenses | 1,028,255 | 405,250 |
| Accrued interest | 115,681 | 60,117 |
| Sales deposit | 506,319 | 561,241 |
| Long term debt related party | - | - |
| Notes payable - related parties | 22,740 | 19,390 |
| Current portion of convertible notes payable, net of discount | 55,564 | 188,758 |
| Note payable | 2,414,655 | 1,554,371 |
| Derivative liability | 3,150,124 | 3,246,989 |
| Total Current Liabilities | 8,588,397 | 6,890,446 |
| | | |
| Convertible notes payable, net discount of | 515,434 | 89,704 |
| TOTAL LIABILITIES | 9,103,831 | 6,980,150 |
| | | |
| Stockholders' Deficit | | |
| Preferred stock, $0.000001 par value, 8,000,000 shares authorized | - | - |
| Series B Preferred Stock, $0.000001 par value, 2,000,000 shares authorized, 1,200,000 shares issued | 1 | 1 |
| Series C Preferred Stock, $0.000001 par value, 100,000 shares authorized, 45,354 shares issued | 0 | 0 |
| Series D Preferred Stock, $0.000001 par value, 400,000 shares authorized, 0 shares issued | | |

| | | |
|---|---|---|
| | - | - |
| Common Stock, $0.000001 par value,<br>10,000,000,000 shares authorized<br>5,613,275,220 and 4,369,712,186 shares issued and<br>outstanding | 70,604 | 69,418 |
| Additional paid in capital | 7,777,710 | 7,751,070 |
| Accumulated other comprehensive Income (Loss) | 761,913 | 212,847 |
| Accumulated deficit | (10,182,935) | (8,021,307) |
| Total Stockholders' Deficit | (1,572,707) | 12,029 |
| | | |
| TOTAL LIABILITIES AND STOCKHOLDERS' DEFICIT | 7,531,124 | 6,992,179 |

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

**METROSPACES, INC.**

**Consolidated Statement of Operations**

| | March 31, 2018 | December 31, 2107 |
|---|---|---|
| Revenue, net of discounts | 2,180,165 | 7 ,985,903 |
| Cost of revenue | 1,967,159 | 6,935,844 |
| Gross profit | 213,006 | 1,050,059 |
| | | |
| Operating Expenses | | |
| General and administrative expenses | 883,569 | 969,493 |
| Total operating expenses | 883,569 | 969,493 |
| | | |
| Operating Loss | (670,563) | 80,566 |
| | | |
| Other Income (expense) | | |
| Interest expense | (125,410) | (306,348) |
| Gain (loss) on change in fair value of derivative | 96,865 | 2,216,406 |
| Gain (loss) on extinguishment of debt | (1,090,953) | (676,361) |
| Total other income (expense) | (1,119,498) | 1,233,697 |
| | | |
| Net Income (loss) before taxes | (1,790,061) | 1,314,263 |
| | | |
| Income tax benefit | - | - |
| | | |
| Net Income (Loss) | (1,790,061) | 1,314,263 |
| | | |
| Preferred stock dividend | 0 | 0 |
| | | |
| Net Income (Loss) attributable to common stockholder | (1,790,061) | 1,314,263 |
| | | |
| Other comprehensive income (loss) | - | - |
| Foreign currency transaction adjustment | 0 | 0 |
| | | |
| Comprehensive Income (Loss) | (1,790,061) | 1,314,263 |
| | | |
| Net loss per common share - basic and diluted | (0.00) | 0.00 |
| | | |
| Weighted average of common shares - basic and diluted | 5,555,679,279 | 4,369,714,186 |

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

**METROSPACES, INC.**

**Consolidated Statements of Cash Flows**

| | March 31, 2018 | December 31, 2107 |
|---|---|---|
| CASH FLOWS FROM OPERATING ACTIVITIES: | | |
| Net Income (Loss) | (1,790,061) | (292,793) |
| | | |
| Adjustments to reconcile net loss to net cash provided by (used in) operating activities: | | |
| Depreciation and amortization | 12,180 | 55,859 |
| Stock-based compensation | 0 | 0 |
| Payment of expenses by issuances of convertible notes | 0 | 71,722 |
| Salary accrued to related party | 64,613 | 194,523 |
| Non-cash interest expense | 55,564 | 60,117 |
| (Gain) loss on change in fair value of derivative | 96,865 | (2,216,406) |
| (Gain) loss on extinguishment of debt | 848,900 | (676,361) |
| Changes in operating assets and liabilities: | | |
| (Increase) decrease in operating assets: | | |
| Accounts receivable | (492,222) | (1,350,936) |
| Inventory | (26,092) | (11,226) |
| Prepaid expenses and other assets | (23,854) | (965,138) |
| Increase (decrease) in operating liabilities: | | |
| Accounts payable | 440,729 | 854,330 |
| Accrued expenses | 504,702 | 936,993 |
| Net Cash Used in Operating Activities | (308,677) | (4,836,584) |
| | | |
| CASH FLOWS FROM INVESTING ACTIVITIES: | | |
| Cash acquired from acquisition | 0 | 0 |
| Investment | 18,891 | |
| Net Cash provided by Investing Activities | 18,891 | 0 |

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

**METROSPACES, INC.**

**Notes to Consolidated Financial Statements**
**March 31, 2016**

**Note 1 – Business**

Metrospaces, Inc. (the "Company") was incorporated as "Strata Capital Corporation" on December 10, 2007, under the laws of the State of Delaware. Urban Spaces, Inc. ("Urban Spaces") was incorporated on April 3, 2012, under the laws of the State of Nevada and thereafter formed Urban Properties LLC, a Delaware limited liability company as its 99.9% owned subsidiary ("UPLLC"). Urban Spaces and its subsidiaries, the Company builds, sells and manages condominium properties located the United States and Argentina. On January 13, 2015, the Company acquired all of the outstanding shares of stock of Bodega IKAL, S.A., an Argentine corporation ("IKAL"), and Bodega Silva Valent S.A., an Argentinian corporation, which collectively own 185 acres of vineyards, from which they currently sell grapes to local wineries. On April 10, 2017 the Company acquired a 51% stake in Etelix USA.com, a Miami-based telecom operator and value added hosted telephone services.

Our company will continue to invest in luxury real estate developments in the US, with a heavy focus in NY. Additionally, it will continue to invest in operating companies with strong real estate components such as data center, telcos with infrastructure and others. Etelix, for this reason will continue to be a strong part of our ongoing investment strategy where we will continue to grow the real estate side (data centers) and the business units that grow these data center's operations. This grow will be organic and by acquisitions.

**Note 2 – Significant accounting policies**

*Basis of Consolidation*

The financial statements have been prepared on a consolidated basis, with the Company's subsidiaries IKAL and Bodega Silva Valent S.A. No intercompany balances or transactions exist during the period presented.

*Use of Estimates*

The preparation of the financial statements in conformity with Generally Accepted Accounting Principles ("GAAP") requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the dates of the financial statements and the reported amounts of revenue and expenses during the reporting periods. Actual results could differ from those estimates.

*Cash and Cash Equivalents*

The Company considers all highly liquid investments with original maturity of three months or less to be cash equivalents.

*Real Property*

Real property is stated at cost less accumulated depreciation. Depreciation is provided for on a straight-line basis over the useful lives of the assets. Expenditures for additions and improvements are capitalized; repairs and maintenance are expensed as incurred.

*Investments in non-consolidated subsidiaries*

Investments in non-consolidated entities are accounted for using the equity method or cost basis depending upon the level of ownership and/or the Company's ability to exercise significant influence over the operating and financial policies of the investee. When the equity method is used, investments are recorded at original cost and adjusted periodically to recognize the Company's proportionate share of the investees' net income or losses after the date of investment. When net losses from an investment accounted for under the equity method exceed its carrying amount, the investment balance is reduced to zero and additional losses are not provided for. The Company resumes accounting for the investment under the equity method if the entity subsequently reports net income and the Company's share of that net income exceeds the share of net losses not recognized during the period the equity method was suspended. Investments are written down only when there is clear evidence that a decline in value that is other than temporary has occurred.

*Business Combinations*

The Company allocates the fair value of purchase consideration to the tangible assets acquired, liabilities assumed and intangible assets acquired based on their estimated fair values. The excess of the fair value of purchase consideration over the fair values of these identifiable assets and liabilities is recorded as goodwill. Such valuations require management to make significant estimates and assumptions, especially with respect to intangible assets. Significant estimates in valuing certain intangible assets include, but are not limited to, future expected cash flows from acquired users, acquired technology and trade names from a market participant perspective, useful lives and discount rates.

Management's estimates of fair value are based upon assumptions believed to be reasonable, but which are inherently uncertain and unpredictable and, as a result, actual results may differ from estimates. During the measurement period, which is one year from the acquisition date, the Company may record adjustments to the assets acquired and liabilities assumed, with the corresponding offset to goodwill. Upon the conclusion of the measurement period, any subsequent adjustments are recorded to earnings.

*Long-Lived Assets, Including Goodwill and Other Acquired Intangible Assets*

The Company evaluates the recoverability of property and equipment and finite-lived intangible assets for possible impairment whenever events or circumstances indicate that the carrying amount of such assets may not be recoverable. Recoverability of these assets is measured by a comparison of the carrying amounts to the future undiscounted cash flows the assets are expected to generate. If such review indicates that the carrying amount of property and equipment and intangible assets is not recoverable, the carrying amount of such assets is reduced to fair value. We have not recorded any significant impairment charge during the years presented.

The Company reviews goodwill for impairment at least annually or more frequently if events or changes in circumstances indicate that the carrying value of goodwill may not be recoverable. The Company has elected to first assess the qualitative factors to determine whether it is more likely than not that the fair value of our single reporting unit is less than its carrying amount as a basis for determining whether it is necessary to perform the two-step goodwill impairment under Accounting Standards Update (ASU) No. 2011-08, *Goodwill and Other (Topic 350): Testing Goodwill for Impairment,* issued by the Financial Accounting Standards Board (FASB). If it is determined that it is more likely than not that its fair value is less than its carrying amount, then the two-step goodwill impairment test is performed. The first step, identifying a potential impairment, compares the fair value of the reporting unit with its carrying amount. If the carrying amount exceeds its fair value, the second step would need to be performed; otherwise, no further step is required. The second step, measuring the impairment loss, compares the implied fair value of the goodwill with the carrying amount of the goodwill. Any excess of the goodwill carrying amount over the applied fair value is recognized as an impairment loss, and the carrying value of goodwill is written down to fair value.

In addition to the recoverability assessment, the Company routinely reviews the remaining estimated useful lives of property and equipment and finite-lived intangible assets. If we reduce the estimated useful life assumption for any asset, the remaining unamortized balance would be amortized or depreciated over the revised estimated useful life.

*Revenue Recognition*

The Company follows the guidance of the Accounting Standards Codification ("ASC") Topic 605, *Revenue Recognition.* We record revenue when persuasive evidence of an arrangement exists, product delivery has occurred, the selling price to the customer is fixed or determinable and collectability of the revenue is reasonably assured.

The Company generally recognizes revenue from grape sales upon delivery to the customer. The Company does not have any allowance for returns because grapes are accepted upon delivery.

*Income Taxes*

The Company uses the asset and liability method of accounting for income taxes in accordance with ASC Topic 740, *Income Taxes* . Under this method, income tax expense is recognized for the amount of: (i) taxes payable or refundable for the current year and (ii) deferred tax consequences of temporary differences resulting from matters that have been recognized in an entity's financial statements or tax returns. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in the results of operations in the period that includes the enactment date. A valuation allowance is provided to reduce the deferred tax assets reported if based on the weight of the available positive and negative evidence, it is more likely than not some portion or all of the deferred tax assets will not be realized.

ASC Topic 740.10.30 clarifies the accounting for uncertainty in income taxes recognized in an enterprise's financial statements and prescribes a recognition threshold and measurement attribute for the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. ASC Topic 740.10.40 provides guidance on derecognition, classification, interest and penalties, accounting in interim periods, disclosure, and transition. We have no material uncertain tax positions for any of the reporting periods presented.

*Fair Value Measurement*

The Company adopted the provisions of ASC Topic 820, *Fair Value Measurements and Disclosures,* which defines fair value as used in numerous accounting pronouncements, establishes a framework for measuring fair value and expands disclosure of fair value measurements.

The estimated fair value of certain financial instruments, including cash and cash equivalents, accounts receivable, accounts payable and accrued expenses are carried at historical cost basis, which approximates their fair values because of the short-term nature of these instruments. The carrying amounts of our short and long term credit obligations approximate fair value because the effective yields on these obligations, which include contractual interest rates taken together with other features such as concurrent issuances of warrants and/or embedded conversion options, are comparable to rates of returns for instruments of similar credit risk.

ASC 820 defines fair value as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. ASC 820 also establishes a fair value hierarchy, which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. ASC 820 describes three levels of inputs that may be used to measure fair value:

Level 1 — quoted prices in active markets for identical assets or liabilities

Level 2 — quoted prices for similar assets and liabilities in active markets or inputs that are observable

Level 3 — inputs that are unobservable (for example cash flow modeling inputs based on assumptions)

The derivative liability in connection with the conversion feature of the convertible debt, classified as a Level 3 liability, is the only financial liability measured at fair value on a recurring basis.

*Convertible Instruments*

The Company evaluates and account for conversion options embedded in convertible instruments in accordance with ASC 815, *Derivatives and Hedging Activities.*

Applicable GAAP requires companies to bifurcate conversion options from their host instruments and account for them as free standing derivative financial instruments according to certain criteria. The criteria include circumstances in which (a) the economic characteristics and risks of the embedded derivative instrument are not clearly and closely related to the economic characteristics and risks of the host contract, (b) the hybrid instrument that embodies both the embedded derivative instrument and the host contract is not re-measured at fair value under other GAAP with changes in fair value reported in earnings as they occur and (c) a separate instrument with the same terms as the embedded derivative instrument would be considered a derivative instrument.

The Company accounts for convertible instruments (when we have determined that the embedded conversion options should not be bifurcated from their host instruments) as follows: We record when necessary, discounts to convertible notes for the intrinsic value of conversion options embedded in debt instruments based upon the differences between the fair value of the underlying common stock at the commitment date of the note transaction and the effective conversion price embedded in the note. Debt discounts under these arrangements are amortized over the term of the related debt to their stated date of redemption.

The Company accounts for the conversion of convertible debt when a conversion option has been bifurcated using the general extinguishment standards. The debt and equity linked derivatives are removed at their carrying amounts and the shares issued are measured at their then-current fair value, with any difference recorded as a gain or loss on extinguishment of the two separate accounting liabilities. During the three months ended March 31, 2016, the Company recognized a gain on extinguishment of $2,109,410 from the conversion of convertible debt with a bifurcated conversion option.

*Foreign Currency Translation*

The functional currency of Bodega IKAL, S.A and Bodega Silva Valent S.A. is denominated in Argentine peso. Assets and liabilities of these operations are translated into United States dollar equivalents using the exchange rates in effect at the balance sheet date. Revenues and expenses are translated using the average exchange rates during each period. Adjustments resulting from the process of translating foreign functional currency financial statements into U.S. dollars are included in accumulated other comprehensive income in shareholders' deficit.

**Note 3 – Going Concern**

The accompanying consolidated financial statements have been prepared on a going concern basis, which contemplates the Company will continue to realize its assets and discharge its liabilities in the normal course of business. The Company has generated revenues of $2,180,165 and has an accumulated deficit of $12,326,014, had a stockholders' deficit of $1,572,707 for the period of March 31, 2018. The continuation of the Company as a going concern is dependent upon, among other things, continued economic growth from its majority-owned telco company and financial support from its stockholders and continued attainment of profitable operations. These factors, among others, raise some doubt regarding the Company's ability to continue as a going concern. There is no assurance that the Company will be able to continue to generate and grow revenues in the future. These financial statements do not give any effect to any adjustments that would be necessary should the Company be unable to continue as a going concern.

Management plans to alleviate the going concern issues through future equity and debt financing opportunities currently being pursued.

**Note 4 – Acquisition**

Ikal Wine and Lodge:

On January 13, 2015, the Company acquired all of the outstanding shares of common stock of Bodega IKAL, S.A., and all of the outstanding shares of common stock of Bodega Silva Valent S.A., both of which are Argentine corporations that collectively own 75 hectares of vineyards that produce grapes that they sell to local wineries. The consideration for these shares was a convertible promissory note in the principal amount of $4,500,000. On May 29th, 2015 the company entered into an Exchange Agreement ("Exchange Agreement") where the company exchanged the issued promissory note for $4,500,000 for 45,354 of the newly designated Series C PIK Convertible Preferred Stock. The acquisitions have been recorded in accordance with the acquisition method of accounting and have included the financial results of the acquired companies from the date of acquisition. Pro forma historical results of operations have not been presented because they are not material to the consolidated statement of operations.

The Company has estimated the fair value assets acquired and liabilities assumed as part of the acquisition and is currently undergoing a formal valuation and will adjust these estimates accordingly within the one-year measurement period.

The following table summarizes the estimated fair values assigned to the assets acquired and liabilities assumed:

| | |
|---|---|
| Net current assets | $ 376,514 |
| Land | 3,911,486 |
| Equipment | 212,000 |
| Net Assets Acquired | 4,500,000 |
| Consideration | 4,500,000 |

Etelix USA.com, LLC:

On June 2017, Metropsaces acquired a 51% majority control position of the common units. The acquisition price was $2,040,000 of which $240,000 was in cash, and $1,800,000 backed by a Preferred PIK. The transaction was executed completely and in form, however, the Preferred PIK is yet to be designated. This debt is currently reflected as short-term debt on our balance sheet.

The following table summarizes the estimated fair values assigned to the assets acquired and liabilities assumed:

| | |
|---|---|
| Net current assets | $ (369,763) |
| Other Assets (Net) | 862,000 |
| Equipment and software (Net of Depreciation) | 300,000 |
| Net Assets Acquired | 2,040,000 |
| Consideration | 2,040,000 |

**Note 5 – Advance payment for Real Property**

The Company purchased from GBS Capital Partners, Inc. ("GBS"), a related party, the right to receive 9 loft-type condominium units from their builder upon the completion of these units (See note 9). As consideration for this purchase, the Company agreed to pay $750,000 to GBS, without interest (See note 6). The Company has imputed interest on this obligation at the rate of 8% per annum and has recorded the advance payment net of such imputed interest at a cost of $665,984. However, in April of 2016 the Company received notification that the project had run out of funds and that the Company would have to put up the amount of $45,000 per unit to guarantee payment. On December 5, 2014, the Company entered into an agreement with GBS to return 4 of the 9 loft-type condominium units in exchange for $350,000 of the debt. The

value assigned to the units returned was $295,993 which after the exchange of the debt resulted in a gain of $54,007, which has been recorded as an equity transaction with related parties. The remaining 5 units will be offered for sale upon their acquisition. However, the Company decided to not to make this capital investment since at the time economic activity in Argentina were very uncertain. Additionally, the Company was refocusing its business operations and investment into the U.S. market, therefore the Company took a charge of 100% of the value of these assets, thus writing the complete investment a loss to the Company**.**

**Note 6 – Investment in non-consolidated subsidiary**

On December 3, 2012, UPLLC assigned to GBS Fund I, LLC, a Florida limited liability company (the "Fund"), UPLLC's rights to acquire all of the outstanding shares of Promotora Alon-Bell, C.A., a Venezuelan corporation which owns vacant land located in Venezuela upon which a condominium project is to be constructed. UPLLC had acquired such rights from a stockholder of the Company in exchange for a promissory note in the principal amount of $150,000. (See note 7.) This stockholder had acquired his rights to acquire these shares under an agreement with their holders, pursuant to which he paid them $150,000 in cash. This investment, which represents an interest of 26.32% in the Fund, is being accounted for under the cost method of accounting due to the Company not having any significant influence. The Fund acquired the shares in Promotora Alon-Bell, C.A. on December 16, 2012. This investment was also told that needed additional funding for completion as the Venezulan economy was in a downward spiral. This project was eventually completed, but the investment in the project was charge off since it required more funds from new investors. This was an investment the company decided not do due the dire economic situation in Venezuela a re-focusing of the Company's investments and economic activity in the U.S.

**Note 7 – Long Term Debt – Related Party**

On April 13, 2012, the Company entered into an agreement to purchase nine condominium units from GBS Capital Partners ("GBS"), a related party of the Company, in exchange for a two-year non-interest bearing note payable. Interest has been imputed at the rate of 8% per annum.

The Company has recorded an initial debt discount of $84,016 related to the imputed interest which was amortized on the effective interest rate method over the term of the note, which was fully amortized as of December 31, 2014.

On December 5, 2014, the Company entered into an agreement with GBS to return 4 of the 9 loft-type condominium units in exchange for $350,000 of the debt leaving a remaining balance of $400,000 on December 31, 2014, which was past due.

On February 19, 2015, the Company exchanged the remaining $400,000 of debt to GBS in exchange for 450,000 shares of newly

designated shares of Series B Preferred Stock.

**Note 8 – Notes Payable – Related Parties**

*Notes Payable – related party*

(a) $150,000 promissory note payable to a shareholder of the Company incurred for the transfer of an option to purchase the outstanding shares of Promotora Alon-Bell, C.A. (See Note 6), which was due April 20, 2014, and bears interest at the rate of 11% per annum. Interest expense for the year ended December 31, 2014 charged to the statement of operations was $16,500.

On February 19, 2015, the Company exchanged the $150,000 of debt in exchange for 150,000 shares of newly designated shares of series B preferred stock.

*Convertible Note Payable – related party*

The Company issued a Convertible Promissory Note, dated May 1, 2014, in the principal amount of $66,944 and bearing interest at the rate of 0.33% per annum, to the prior president and sole director of the Company (the “Existing Note”). The Existing Note is subject to and entitled to the benefits of the Convertible Note Exchange Agreement, dated May 1, 2014, between MSPC and prior president and sole director (the “Existing Note Exchange Agreement”), as amended by an Agreement of Amendment and Rescission, dated as of July 11, 2014, by and among the Company, the former officer and director and one of his affiliates. (the “Rescission Agreement”), including, without limitation, its provisions in respect of the conversion of the principal amount thereof and interests thereon into shares of Common Stock. The Existing Note was issued pursuant to the Existing Note Exchange Agreement solely in exchange for a Convertible Promissory Note, dated February 19, 2014, and maturing 1 year later, in the original principal amount of $260,000, the outstanding principal of which and interest accrued thereon at the time of the exchange, was $66,944 (the “First Exchange Note”). The Existing Note Exchange Agreement was amended by the Rescission Agreement to increase the conversion price from the par value of the Common Stock ($0.000001 per share), as provided in the Existing Note Exchange Agreement, to 2.5% of its Current Market Value, as that term is defined therein.

The First Exchange Note was acquired by the prior president and sole director pursuant to a Promissory Note Exchange Agreement, dated February 19, 2014, between the Company and him (the “First Exchange Agreement”) solely in exchange for a promissory note, dated August 13, 2012, and maturing one year later, made by the Company and him in the principal amount of $260,000 and bearing interest at the rate of 0.24% per annum, which was amended on August 12, 2013, by a letter agreement between the Company and him (the “Letter Agreement”) to extend its maturity date to April 14, 2014 (as so amended, the “Original Note”).

The prior president and sole director was issued the Original Note pursuant to an Exchange Agreement, dated August 13, 2012 (the “Original Note Exchange Agreement”), under which he surrendered to the Company for cancellation a certificate representing 10,000,000 shares of its Series A Preferred Stock and extinguished $170,146 of the Company’s indebtedness to him as consideration for the Original Note.

The Company has determined that the conversion feature embedded in the notes constitutes a derivative and has been bifurcated from the note and recorded as a derivative liability, with a corresponding discount recorded to the associated debt, on the accompanying balance sheet, and revalued to fair market value at each reporting period.

**Note 9 – Acquisition note payable**

In connection with the acquisition referred to in note 4, the Company issued a convertible promissory note in the principal amount of $4,500,000. The note was convertible at, at any time at the option of the holder, into shares of Common Stock, as provided therein. The Company has determined that the conversion feature embedded in the note constituted a derivative and it has been bifurcated from the note and recorded as a derivative liability, with a corresponding discount recorded to the associated debt or a charge to interest expense where the derivative exceeds the carrying value of the note, on the accompany balance sheet, and revalued to fair market value at each reporting period. During the year ended December 31, 2015, the Company made principal payments aggregating $56,100. On May 29, 2015, the Compan y exchanged the unpaid $4,443,900 of the note for 45,354 shares of newly designated shares of Series C Preferred Stock.

**Note 10 – Notes Payable**

On August 28, 2013, the Company received a $10,000 bridge loan from a nonrelated party. The loan bears interest at 15% per annum and matured on February 14, 2014. The loan remains past due and the Company has continued to accrue interest on the note until an agreement with the lender for repayment has been reached.

**Note 11 – Convertible Note Payable**

At December 31, 2017, convertible notes payable consisted of the following:

| Loan Holder | Principal (Face) Amount | Issue Date | Maturity date | Interest Rate |
|---|---|---|---|---|
| LG #1 | $ 32,000 | 10/8/2015 | 10/8/2016 | 8% |
| Blackbridge (included in Astrom) | $ 8,000 | 2/26/2015 | 2/27/2016 | 5% |
| Apollo (originally LG) #1 | $ 192,000 | 2/6/2015 | 2/6/2016 | 8% |
| Apollo #2 | $ 25,000 | 7/28/2015 | 1/28/2017 | 12% |
| EMA | $ 30,000 | 2/2/2016 | 2/2/2017 | 10% |
| Apollo #3 | $ 20,000 | 2/19/2016 | 8/19/2016 | 12% |
| Tarpon Bay Partners Inc | $ 25,000 | 1/29/2015 | 7/31/2017 | 10% |
| Lg Capital | $ 15,000 | 6/3/2016 | 6/3/2017 | 8% |
| Max Saas | $ 5,000 | 12/2/2016 | 5/1/2017 | 12% |
| Apollo Capital | $ 31,000 | 4/28/2017 | 10/28/2017 | 22% |
| Apollo Capital | $ 2,000 | 6/20/2017 | 12/19/2017 | 12% |
| Apollo Capital | $ 66,000 | 8/3/2017 | 2/4/2018 | 12% |
| Apollo Capital | $ 68,200 | 12/1/2017 | 6/1/2018 | 12% |
| Apollo Capital | $ 280,167 | 2/28/2018 | 8/26/2018 | 12% |
| Blackridge Capital LLC | $ 35,000 | 3/6/2018 | 3/6/2019 | 10% |
| JP Carey Enterprises | $ 50,000 | 3/22/2018 | 10/31/2018 | 5% |
| LG Capital Funding LLC | $ 36,750 | 3/14/2018 | 3/14/2019 | 8% |
| LG Capital Funding LLC | $ 38,850 | 2/26/2018 | 2/26/2019 | 8% |

All convertible promissory notes listed above were issued in exchange of investment proceeds (cash investment) except for $25,000 issued to Tarpon Bay on January 29, 2015 which was issued as a remuneration for financial services rendered. Additionally, the convertible notes of $1,000 issued to Wellington Shields, $2,000 to Edward Cabrera, $4,000 issued to Metaxas Georgegatos, $4,000 issued to Juan Ramirez and $69,000 issued to Eduardo Cabrera were also convertible notes issued to Wellington Shields and employees are consideration for financial services rendered. Lastly, the note issued to Apollo Capital (originally from LG Capital) of February 5, 2015 was originally for $42,000. However, the company ended up entering a forbearance agreement of $144,000 as penalty for not issuing shares upon conversions presented by Apollo Capital, as per the original note.

On November 1, 2017 we entered into a 3(a) settlement with CF3. On March 8th, 2018 CF3 presented a notice of conversion under this agreement, however, we denied the issuance of shares due to the fact that after the settlement had been reached, material and legal facts were omitted to us regarding the entire structure of the 3(a)10. It was upon presentation of the notice of conversion that we deemed that the 3(a)10 had someone become effective. Therefore, as of that date, all liabilities tied to that 3(a)10 were removed from out balance sheet. Those liabilities were basically accrued legal expenses, and all promissory notes and derivatives owned by Suggar Daddy, Inc. and Dixie Asset Management. These liabilities exchanged for an obligation to issue $1,037,238 in common shares with a discount of 50% to market. Therefore, in exchange for clearing out this debt, we booked a charge of 2,074,476. However, as of March 31, 2018 no shares were issued tied to this settlement and we expect to settle this debt with monthly installments of cash payments with a substantial discount to the $1,037,238 currently owed. The new cash settlement negotiations are ongoing, but we expect to conclude in a timely manner.

During the period ending March 31, 2018 the company converted $95,826 into 2,785,165,093 free trading common shares. However, during the same period, the Company cancelled 1,599,200,000 shares belonging to management. This resulted in a net new issue of shares in the amount of 1,185,965,093 leaving a total shares outstanding of of 5,555,679,279 common shares outstanding at the end of the period, March 31, 2018.

Please, see chart below:

| Convertible Debt Holder | Date | Amount converted | Shares issued | Share strike price |
|---|---|---|---|---|
| Apollo Capital | 2/1/18 | 620.00 | 206,666,667 | 0.0000030 |
| Apollo Capital | 2/2/18 | 350.00 | 116,666,667 | 0.0000030 |
| Apollo Capital | 2/15/18 | 7,000.00 | 233,333,333 | 0.0000300 |
| Apollo Capital | 2/20/18 | 6,700.00 | 223,333,333 | 0.0000300 |
| Apollo Capital | 2/21/18 | 5,250.00 | 175,000,000 | 0.0000300 |
| Apollo Capital | 2/28/18 | 8,000.00 | 266,666,667 | 0.0000300 |
| Apollo Capital | 3/5/18 | 7,960.00 | 265,333,333 | 0.0000300 |
| LG Capital | 3/12/18 | 10,000.00 | 213,283,621 | 0.0000469 |
| Shares cancelled | 3/16/18 | | | |
| | | | (1,599,200,000) | |
| Black Bridge Capital | 3/20/18 | 2,637.87 | 130,000,000 | 0.0000203 |
| LG Capital | 3/21/18 | 5,975.43 | 48,288,505 | 0.0001237 |
| Apollo Capital | 3/22/18 | 6,400.00 | 213,333,333 | 0.0000300 |
| Tarpon Bay | 3/22/18 | 9,500.00 | 229,698,600 | 0.0000414 |
| Apollo Capital | 3/24/18 | 11,516.41 | 213,266,781 | 0.0000540 |
| Apollo Capital | 3/27/18 | 13,916.36 | 250,294,093 | 0.0000556 |
| **Total** | | **95,826.07** | **1,185,965,093** | |

**Note 12 – Related Party Transactions**

A stockholder is a 33% partner in GBS Capital Partners (see Note 4), the entity from which the Company acquired the deposit of nine condominium units.

The stockholder referred to above is entitled to receive a monthly salary of $1,250. The Company has accrued an amount of $3,750 for the three months ended March 31, 2016, and $9,970 for the years ended December 31, 2015, for salary. The Company has accrued an aggregate amount of $56,970 since inception which is reflected in accrued expenses in the accompanying Balance Sheet at March 31, 2016.

On February 19, 2015, the Company issued 600,000 shares of newly designated shares of Series B Preferred Stock to the Company's executive officer as payment under his employment agreement.

See Notes 4 and 6 regarding the assignment of the right to acquire 9 condominium units from an entity in which a stockholder of the Company has an interest.

**Note 13 – Income Tax**

The reconciliation of income tax benefit at the U.S. statutory rate of 34% to

the Company's effective rate for the periods presented is as follows:

| | |
|---|---|
| U.S. federal statutory rate | (34.00) |
| State income tax, net of federal benefit | (4.00) |
| Increase in valuation allowance | 38.00 |
| Income tax provision (benefit) | 0.00 |

**Note 14 – Stockholders Equity**

*Common stock*

The Company is authorized to issue 10,000,000,000 shares of common stock, par value of $0.000001 per share.

As of March 31, 2018, there were 5,555,679,279 total common shares issued and outstanding. During the period, a total of 2,785,165,093 shares we issued, however 1,599,200,000,000 belong to management were cancelled, leaving a total net shares issue of 1,185,965,093. All issued shares were in connection with promissory notes held by Apollo Capital and LG Capital and a total of $95,826 was converted into

common shares.

*Preferred Stock*

The Company is authorized to issue 8,000,000 shares of preferred stock at a par value of $0.000001 per share in series. As of December 31, 2015, and, 2014, no shares of preferred stock were issued and outstanding.

*Series B Preferred Stock*

The Board of Directors of the Company has designated 2,000,000 shares of preferred stock as Series B PIK Convertible Preferred Stock ("Series B Preferred Stock").

On February 19, 2015, the Company exchanged the $400,000 of debt to GBS referred to in Note 7 for 450,000 shares of Series B Preferred Stock and the $150,000 of debt to the Company's shareholder referred to in note 8 for 150,000 shares of Series B Preferred Stock and issued 600,000 shares of newly designated shares of Series B Preferred Stock to the Company's executive officer for the $50,000 of compensation.

As of December 31, 2016, and December 31, 2015, 1,200,000 shares of Series B Preferred Stock were issued and outstanding.

*Series C Preferred Stock*

The Board of Directors of the Company has designated 100,000 shares of preferred stock as Series C PIK Convertible Preferred Stock ("Series C Preferred Stock").

On May 29, 2015, the Company exchanged the unpaid $4,443,900 of acquisition note payable referred to in Note 9 for 45,354 shares of newly designated shares of Series C Preferred Stock. The Company accounted for the conversion as an extinguishment of debt, whereby it recorded the fair value of the Series C Preferred Stock, based on a third party valuation of the Series C, and recorded the difference between the fair value, the carrying value of the debt (net of discount) and the bifurcated conversion option, which aggregated $1,687,807 and recorded as a gain on extinguishment of debt.

As of March 31, 2016, and December 31, 2015, 100,000 shares of series C preferred stock were issued and outstanding.

## Note 15 – Cash and Stock-Based Compensation

For the period ending on March 31, 2018 Mr. Daniel Silva, the Company's CEO had an annual cash salary of $140,000. The company was not able to pay this salary so this has been accrued and is part of the company's accrued expenses. For the same period, Mr. Oscar Brito the company's CFO also made a salary of $140,000. This amount was also accrued since the company did not generate enough cash from operations or financing to pay it. Asides from Mr. Daniel Silva and Oscar Brito, the Company does not have any other permanent employees.

On November 4, 2014, the Board of Directors adopted the Metrospaces, Inc. Restricted Stock Plan. The plan is administered by the board's compensation committee. Also on November 4, 2014, the compensation committee granted an award of 800,000 shares of common stock (800,000,000 shares prior to the reverse split referred to in note 14) under the plan to Oscar Brito, who was then the Company's principal executive officer and a director. The shares awarded shall vest as follows:

1. After the Corporation publishes its audited annual financial statement for the year ended December 31, 2019, the Grantee shall receive a number of shares (subject to the Base Amount and Additional Annual Amount), free of all restrictions, equal to the market value on the date of such publication, determined on the basis of the Last Price, of twenty percent (20%) of the sum of the amounts, if any, shown as net income on the Corporation's statement of operations for the years ended December 31, 2019, 2018, 2017, 2016 and 2015.

2. For each of the years ended December 31, 2020, 2021, 2022, 2023 and 2024, when the Corporation publishes its audited annual financial statements with respect to such year, the Grantee shall receive a number of shares (subject to the Base Amount and Additional Annual Amount), free of all restrictions, equal to the market value on the date of such publication, determined on the basis of the Last Price, of twenty percent (20%) of the amount, if any, shown as net income on the Corporation's statement of operations for such year.

3. Shares of Restricted Stock that have not Vested on the date of the publication of the Corporation's audited annual financial statements for the year ended December 31, 2024, shall never Vest and the Grantee shall have no further rights with respect to them.

As of March 31, 2016, none of the awards had vested and no compensation cost had been recorded in the Company's financial statements.

On September 23, 2015, the Compensation Committee awarded 12,500,000 shares to each of Messrs. Silva and Brito, which was substantially less than the number of shares that was intended and agreed to. Therefore, on October 22, 2015, the Compensation Committee awarded Mr. Silva an additional 787,500,000 shares and Mr. Brito an additional 786,700,000 shares, with the result that each of them has now been awarded 800,000,000 shares under the Plan. In establishing the number of shares that were awarded, the Compensation Committee considered the following factors:

1. Each of the persons who received awards is serving at no or nominal compensation and it is unlikely that his compensation can be increased to a level commensurate with his value and abilities in the foreseeable future;
2. The business of the Registrant has not developed as anticipated and its prospects and financial condition are precarious;
3. The Registrant needs to retain these persons if it is to develop its business and remedy its precarious financial condition;
4. and awarding restricted shares to these persons may induce them to work for minimal cash compensation, to incentivize them to develop the business of the Registrant and to remain in the employ of the Registrant or one of its affiliates.

The Award Agreements provide as follows:

Performance criteria:

The Award under this Award Agreement is made for the purpose of inducing the Grantee to (i) improve the financial condition of the Registrant, principally by increasing its profits, and (ii) to remain in the employ of the Registrant and/or an Affiliate. In light of the foregoing, shares of Restricted Stock awarded under this Agreement shall Vest as follows:

(a) After the Registrant publishes its audited annual financial statement for the year ended December 31, 2020, the Grantee shall receive a number of shares (subject to the Base Amount and Additional Annual Amount), free of all restrictions, equal to the market value on the date of such publication, determined on the basis of the Last Price, of twenty percent (20%) of the sum of the amounts, if any, shown as net income on the Registrant's statement of operations for the years ended December 31, 2020, 2019, 2018, 2017 and 2016.

(b) For each of the years ended December 31, 2021, 2022, 2023, 2024 and 2025, when the Registrant publishes its audited annual financial statements with respect to such year, the Grantee shall receive a number of shares (subject to the Base Amount and Additional Annual Amount), free of all restrictions, equal to the market value on the date of such publication, determined on the basis of the Last Price, of twenty percent (20%) of the amount, if any, shown as net income on the Registrant's statement of operations for such year.

(c) Shares of Restricted Stock that have not Vested on the date of the publication of the Registrant's audited annual financial statements for the year ended December 31, 2024, shall never Vest and the Grantee shall have no further rights with respect to them. (d) Restricted shares may not vest in any person under more than one Award Agreement in any year, except to the extent that there are insufficient shares available under an agreement

The Committee awarded a large amount of Restricted Stock because of the possibility that the market price for the Common Stock might deteriorate substantially, but limited the compensation that might be earned, such that once shares having a market value of $2,000,000 have vested, no further shares may vest. Because shares may not vest until after the year ending December 31, 2020, the Committee concluded that the maximum value of shares that could vest would be $4,500,000 and that the Registrant would have to earn profits of $22,500,000 to earn these shares. The Committee determined that shares may not vest until after December 31, 2020, to induce Messrs. Silva and Brito to remain employed by the Registrant until at least that time. However, on March 2$^{nd}$, 2018 the company and management team decided to bilaterally cancel stock grants to Mr. Daniel Silva and Oscar Brito. This stock grant was replaced by a new Employment Agreement for Mr. Daniel Silva and Mr. Oscar Brito. The employment agreement for Mr. Daniel Silva sets a signing bonus of $160,000 and an annual salary of $140,000. Additionally, Mr. Daniel Silva will be entitled to an annual bonus of three percent (3%) of net income. The employment agreement for Mr. Daniel Silva sets a signing bonus of $144,000 and an annual salary of $140,000. Additionally, Mr. Oscar Brito will be entitled to an annual bonus of three percent (3%) of net income. Both agreements are for 10 years and state for the reimbursement of the following expense:

- entertainment
- travel
- meals
- mobile phone

The agreements also state the following benefits:

(A) Paid Time Off. Employee shall be entitled to paid time off in the amount of fifteen (15) days per year.

(B) Sick Leave. Employee shall be entitled to paid sick leave of up to ten (10) days per year.

(C) Personal Leave. Employee shall be entitled to paid personal leave of up to five (5) days per year.

Complete Management Compensation Chart:

| Name and principal position | Year | Salary | Signing Bonus | Total | Incentive Plan Net Profit Sharing Percentage |
|---|---|---|---|---|---|
| Carlos Daniel Silva, CEO | 2018 | 140,000 | 160,000 | 300,000 | 3% |
| | 2017 | 50,000 | | 50,000 | |
| | 2016 | 50,000 | - | 50,000 | |
| Oscar Brito, CFO | 2018 | 140,000 | 144,000 | 284,000 | 3% |
| CFO | 2017 | 15,000 | - | 15,000 | |
| | 2016 | 15,000 | - | 15,000 | |

**Note 16 – Subsequent Events**

Subsequent to March 31, 2018, the Company issued 153,333,333 shares of common stock upon the conversion of $7,579 of principal amount of convertible promissory notes and $1,620 of interest accrued thereon. Total common stock issued shares as of March 31, 2018 was 5,709,012,612.

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

**THE FOLLOWING DISCUSSION SHOULD BE READ IN CONJUNCTION WITH THE COMPANY'S FINANCIAL STATEMENTS AND THE NOTES TO THOSE STATEMENTS AND OTHER FINANCIAL INFORMATION APPEARING ELSEWHERE IN THIS REPORT.**

**General**

We acquire land and design, build, develop and resell condominiums on it, principally in urban areas in the US with some exceptions outside the US, alone or together with investors; We sell condominiums at different prices, depending principally on their location, size and level of options and amenities to customers who are able to make substantial payments upon signing purchase agreements and at agreed time as construction progresses. Our current real estate project is in located in Mendoza, Argentina named Ikal, consists of a 185-acre vineyard with approved plans for a 25-suite luxury boutique hotel, a restaurant, winery and 29 luxury villas to be sold under fractional ownership. We are currently in the process of raising funds with investors for the development of the real estate. Additionally, we invest in operating companies with a strong real estate component to them such as data centers. In that sense, we currently own 51% of Etelix USA.com, ,a Miami-based telecom operator with telco value added services and a colocation service. Our intention is to continue to grow Etelix by organic means and acquisitions of data centers and other telco providers that will drive the data center business and be synergetic with Etelix.

**RESULTS OF OPERATIONS FOR THE<br>THREE MONTHS ENDED MARCH 31, 2015<br>AS COMPARED WITH THE THREE MONTHS ENDED MARCH 31, 2014**

**Revenues**

We had revenues of $2,180,165 for the three months ended March 31, 2018, as compared with revenues of $335,456 for the three months ended March 31, 2017. Revenues increase is mostly due to the acquisition of Etelix USA.com during 2017.

General and Administrative Expenses

General and administrative expenses for the three months ended March 31, 2018, were $883,568, of which $370,000 was for unpaid salaries and signing bonus for management. Since the company lacked the cash to pay these salaries, they have been accrued until enough cash flow is generated to pay for the. The remainder for administrative costs, transfer agent fees and accounting fees and an increased investment in the Spain office.

**Gain/Loss from Operations**

We had a loss from operations of $670,563 mostly due to management salaries and signing bonus added to increased investment in the new Spain office. Additionally, it reflects operating expenses for Ikal Wine Lodge for revenue that will be reflected in the second quarter 2018.

**Other Expense**

**Interest**

During the three-month periods ending March 31, 2018, we incurred interest expense of $125,410.

**Loss on change in fair value of derivative**

During the three-month period ended March 31, 2018, we recorded a gain on fair value of derivative of $96,865.

**Gain on extinguishment of debt**

During the three-month period ended March 31, 2018, we recorded a loss on extinguishment of debt of $1,090,953 mostly due to new debt acquired.

## LIQUIDITY AND CAPITAL RESOURCES

Our net loss for the three months ended at March 31, 2018, was $1,790,061 and our accumulated deficit at that date was $10,182,953 mostly derived from new convertible debt. We had cash at that date of $52,543 and accounts receivable of $1,843,158. We financed our operations during this period through a loan of $112,175 from a third party and repaid $48,807 of a note payable. During the three-month period then ended, Mr. Oscar Brito, our president, and Daniel Silva, our CEO earned a monthly salary of $11,666 each. We were unable to pay this obligation and it has been accrued in our financial statements. We will be able to pay this obligation only from revenues from our operations and/or financing. Given our current financial condition and prospects, we project to be able to pay their salaries by 3rd quarter or 2018.

Net cash used in operating activities for the three months ended March 31, 2018, was $308,677 resulting principally the investment in the new office in the Spain office a slightly lowering of pricing to acquire larger long-term customers

Net cash provided by financing activities for the three months ended March 31, 2018, was $63,368, as compared with $40,666 for the three months ended March 31, 2015.

**Cash Requirements**

At March 31, 2018, we had a stockholders' deficit of $607,967. We expect to generate sufficient working capital from operations to continue to operate with an operational profit for the next 12 months however, we will require additional financing to continue revenue and operating growth, pay our legal, accounting and other fees associated with our company and its filing obligations under federal securities laws, as well as to pay our other accounts payable generated in the ordinary course of our business. Our cash flow needs will be of approximately $750,000 which we expect to raise by selling convertible promissory notes and business lines of credit.

As of March 31, 2018, the Company had written down to $0 the value of its assets in Venezuela and the Chacabuco 1353 project in Buenos Aires Argentina Chacabuco 1354. The focus of the Company is at this time, the sourcing of funds to develop the Ikal Wine and Lodge real estate project in Mendoza, Argentina (www.ikal1150.com). This project is cash-flow positive, and we expect it generate approximately $350,000 with operating margin of approximately $150,000 for the coming rest of 2018. This amount is used mostly to fund local operations, including salary of our executives in Argentina. The real estate development of this project consists of the development of a 25-Suite Luxury boutique hotel, a winery, a 5-Star restaurant and 29 luxury villas that will be sold under fractional ownership. The total cost of development is approximately For the full development of this project, the company need a total of approximately $12 million. However, we believe that with $5 million we can build the hotel, winery, and one model Villa and then rely of pre-sales of the Luxury Villas to build and deliver the Villas. The market in Mendoza for high-end luxury villas in wine country have been very strong since 2013.

The amount of the funds required for the Company to pay its outstanding the promissory notes, including promissory notes that are due and unpaid in the principal amount of $41,933, is included in the approximately $5,00,000 that the Company will require to finance the construction of the Ikal project for the next 12 months. The Company plans to obtain such funds through the sale of debt or equity securities and from joint venture private investors in the Ikal Wine and Lodge project. In the event that we are unable to pay our outstanding promissory notes when due, we intend to ask for extensions of their due date, as well as for extensions of the above-mentioned notes that are due and unpaid, but none of the holders is obligated to do so. Further, the Company has no information as to whether or on what terms any such extension would be granted.

**Off-Balance Sheet Arrangements**

None.

**Risks and Uncertainties**

We operate in an industry that is subject to rapid and sometimes unpredictable change. Our operations will be subject to significant risk and uncertainties, including financial, operational and other risks, including the risk of business failure. Further, as noted in this report, in order to develop its business, the Company will require substantial capital resources.

We currently do not have any off-balance sheet arrangements.

## ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

We are a smaller reporting company as defined by Rule 12b-2 of the Securities Exchange Act of 1934 and are not required to provide information under this item.

## ITEM 4. CONTROLS AND PROCEDURES

### Evaluation of Disclosure Controls and Procedures

Our management, with the participation of our Chief Executive Officer and Chief Financial Officer, has evaluated the effectiveness of the design and operation of our disclosure controls and procedures (as defined in Rule 13a-15(e) under the Exchange Act as of March 31, 2016. Based on this evaluation, our Chief Executive Officer and Chief Financial Officer concluded that these disclosure controls and procedures were not effective as of such date, at a reasonable level of assurance, in ensuring that the information required to be disclosed by our company in the reports we file or submit under the Exchange Act is: (i) accumulated and communicated to our management (including the Chief Executive Officer and Chief Financial Officer) in a timely manner, and (ii) recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms.

### Internal Control over Financial Reporting

Our management is responsible for establishing and maintaining adequate internal control over financial reporting, as such term is defined in Exchange Act Rules 13a-15(f) and 15d-15(f) of the Exchange Act. Internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements in accordance with U.S. Generally Accepted Accounting Principles ("GAAP").

Under the supervision and with the participation of our management, including our Chief Executive Officer and Chief Financial Officer, we conducted an evaluation of the effectiveness of our internal control over financial reporting based on the criteria in Internal Control – Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission. Based on our evaluation, management has concluded that our internal control over financial reporting was not effective as of March 31, 2016. Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risks that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate. This report does not include an attestation report of our registered public accounting firm regarding internal control over financial reporting pursuant to temporary rules of the Commission

A material weakness is a deficiency, or a combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of our annual or interim financial statements will not be prevented or detected on a timely basis. In connection with our assessment of our internal control over financial reporting as required under Section 404 of the Sarbanes-Oxley Act of 2002, we identified the following material weaknesses in our internal control over financial reporting as of March 31, 2016:

- We have difficulty in accounting for complex accounting transactions particularly in relation to complex equity transactions.
- Documented processes do not exist for several key processes.

Because of the material weaknesses noted above, we have concluded that we did not maintain effective internal control over financial reporting as of March 31, 2015, based on *Internal Control over Financial Reporting – Guidance for Smaller Public Companies issued by COSO* .

# PART II - OTHER INFORMATION

## ITEM 1. LEGAL PROCEEDINGS

In August and September 2017, CF3 Enterprises, LLC ("CF3") acquired claims against the Registrant for failure to pay promissory notes and breach of contracts, which totaled $1,037,238.88, from several persons (the "Claimants") pursuant to claim purchase agreements, under which CF3 agreed with them that it would bring legal action against the Company seeking a judgment for that amount and would attempt to settle these claims pursuant to a judicially approved Settlement Agreement (the "Settlement Agreement") and, if successful in so settling, would pay each of the Claimants a specified amount each month for seven months; the aggregate amounts to be paid each month vary from $1.00 to approximately $230,000.

Under the Settlement Agreement, the Registrant would be required monthly issue to CF3 a number of shares of the Registrant's Common

Stock ("Common Stock") determined by dividing the aggregate amount of the payment that CF3 is obligated to pay to the Claimants for that month by the lowest price at which such common stock has sold during the previous 30 days, multiplied by discount rate of 50 percent, which is subject to adjustment in certain events. The number of shares of Common Stock that the Registrant may issue to CF3 on any date islimited

by a provision in the Settlement Agreement to the effect that CF3 may not be the holder of more than 9.99% of Common Stock after such issuance. Because the number of shares to be issued is based upon the market price of the Common Stock, the total number of shares to be issued under the Settlement Agreement is indeterminable. The provisions of the Settlement Agreement require the Registrant to take action to increase the number of shares of its authorized common stock from 10,000,000,000 to 20,000,000,000 and the Registrant intends to take action so to do as quickly as practicable.

On September 26, 2017, in compliance with the claim purchase agreements, CF3 filed a complaint against the Registrant in respect of the above mentioned claims in the Seventeenth Circuit Count in and for Broward County, Florida, seeking a judgment against the Company for
$1,037,238.88, plus interest and attorney's fees, under the caption "CF3 Enterprises, LLC v. Metrospaces, Inc." The lawsuit was assigned Case No. CACE17017866. On October 4, 2017, the Registrant filed an answer to the complaint, admitting each and every one of the allegations set forth in the complaint, acknowledging and accepting informal service of process and waiving all objections to service thereof, and asserting as an affirmative defense, the facts that the parties entered into the Settlement Agreement on the terms described above, and that the Registrant and CF3 had agreed therein to resolve all of the claims set forth in the complaint in accordance therewith. On October 4, 2017, the parties filed a joint motion seeking an order approving the Settlement Agreement, stating that there would be submitted to the court an agreed proposed order approving the Settlement Agreement and the fairness thereof and a stipulation and order of dismissal.

On November 1, 2017, a hearing on the joint motion was held, at which the full terms of the Settlement Agreement were disclosed and at which the court entered an order, dated November 1, 2017, approving the Settlement Agreement and ordering the Registrant and CF3 to comply with its terms.

On November 14, 2017, CF3 submitted a request for the issuance of 460,000,000 shares of Common Stock in respect of the first monthly issuance under the Settlement Agreement and by virtue thereof, became the holder of these shares on that date. After the issuance of these shares, the Registrant has 4,609,712,186 shares of its common stock issued and outstanding of which the shares issued to CF3 constitute approximately 9.99%. However, these shares were never issued and the Company has since retained the legal services of Pryor and Cashman to seek a resolution to this 3(a)10 settlement that does not implicate the issuance of common shares for payment, but a cash scheduled payment settrlement.

**ITEM 1A. RISK FACTORS**

We are a smaller reporting company as defined by Rule 12b-2 of the Securities Exchange Act of 1934 and are not required to provide information under this item.

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

None.

**ITEM 3. DEFAULTS UPON SENIOR SECURITIES**

None

**ITEM 4. (REMOVED AND RESERVED).**

**ITEM 5. OTHER INFORMATION**

None

## SIGNATURES

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

**METROSPACES, INC.** October 30, 2017

By: /s/ Carlos Daniel Silva
Carlos Daniel Silva
Principal executive officer

By: /s/ Oscar Brito
Oscar Brito
Principal accounting officer