

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

**AMENDMENT NO. 2 TO
FORM 10**

**GENERAL FORM FOR REGISTRATION OF SECURITIES
Pursuant to Section 12(b) or (g) of the Securities Exchange Act of 1934**

SAFE AND GREEN DEVELOPMENT CORPORATION

(Exact name of Registrant as specified in its charter)

Delaware

87-1375590

(State or other jurisdiction of
incorporation or organization)

(I.R.S. employer
identification number)

990 Biscayne Blvd
#501, Office 12
Miami, FL

33132

(Address of principal executive offices)

(Zip code)

(904) 496-0027

(Registrant's telephone number, including area code)

Securities to be registered pursuant to Section 12(b) of the Act:

Title of Each Class to be so Registered	Name of Each Exchange on which Each Class is to be Registered
Common Stock	The Nasdaq Stock Market LLC

Securities to be registered pursuant to Section 12(g) of the Act: **None**

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

Large accelerated filer
Non-accelerated filer

Accelerated filer
Smaller reporting company
Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

SAFE AND GREEN DEVELOPMENT CORPORATION
INFORMATION REQUIRED IN REGISTRATION STATEMENT

CROSS-REFERENCE SHEET BETWEEN INFORMATION STATEMENT AND ITEMS OF FORM 10

Certain information required to be included herein is incorporated by reference to specifically identified portions of the body of the information statement filed herewith as Exhibit 99.1. None of the information contained in the information statement shall be incorporated by reference herein or deemed to be a part hereof unless such information is specifically incorporated by reference.

Item 1. Business.

The information required by this item is contained under the sections of the information statement entitled “Special Note Regarding Forward-Looking Statements,” “Information Statement Summary,” “Risk Factors,” “The Separation and Distribution,” “Capitalization,” “Unaudited Pro Forma Financial Statements,” “Management’s Discussion and Analysis of Financial Condition and Results of Operations,” “Business,” “Management,” “Executive and Director Compensation,” “Certain Relationships and Related Party Transactions,” “Where You Can Find More Information,” and “Index to Financial Statements” (and the statements referenced therein). Those sections are incorporated herein by reference.

Item 1A. Risk Factors.

The information required by this item is contained under the section of the information statement entitled “Risk Factors.” That section is incorporated herein by reference.

Item 2. Financial Information.

The information required by this item is contained under the sections of the information statement entitled “Capitalization,” “Unaudited Pro Forma Financial Statements,” “Management’s Discussion and Analysis of Financial Condition and Results of Operations,” and “Index to Financial Statements” (and the financial statements referenced therein). Those sections are incorporated herein by reference.

Item 3. Properties.

The information required by this item is contained under the section of the information statement entitled “Business.” That section is incorporated herein by reference.

Item 4. Security Ownership of Certain Beneficial Owners and Management.

The information required by this item is contained under the section of the information statement entitled “Security Ownership of Certain Beneficial Owners and Management.” That section is incorporated herein by reference.

Item 5. Directors and Executive Officers.

The information required by this item is contained under the section of the information statement entitled “Management.” That section is incorporated herein by reference.

Item 6. Executive Compensation.

The information required by this item is contained under the sections of the information statement entitled “Executive and Director Compensation.” Those sections are incorporated herein by reference.

Item 7. Certain Relationships and Related Transactions, and Director Independence.

The information required by this item is contained under the sections of the information statement entitled “The Separation and Distribution—Agreements with SG Holdings,” “Management” and “Certain Relationships and Related Party Transactions.” Those sections are incorporated herein by reference.

Item 8. Legal Proceedings.

The information required by this item is contained under the section of the information statement entitled “Business—Legal Proceedings.” That section is incorporated herein by reference.

Item 9. Market Price of and Dividends on the Registrant’s Common Equity and Related Stockholder Matters.

The information required by this item is contained under the sections of the information statement entitled “Risk Factors,” “The Separation and Distribution,” “Dividend Policy,” “Capitalization,” “Executive and Director Compensation,” and “Description of Capital Stock.” Those sections are incorporated herein by reference.

Item 10. Recent Sales of Unregistered Securities.

The information required by this item is contained under the section of the information statement entitled “Description of Capital Stock—Sale of Unregistered Securities.” That section is incorporated herein by reference.

Item 11. Description of Registrant’s Securities to Be Registered.

The information required by this item is contained under the sections of the information statement entitled “Risk Factors—Risks Related to Our Common Stock,” “Dividend Policy,” and “Description of Capital Stock.” Those sections are incorporated herein by reference.

Item 12. Indemnification of Directors and Officers.

The information required by this item is contained under the sections of the information statement entitled “Certain Relationships and Related Party Transactions—Other Related Party Transactions” and “Description of Capital

Stock” Those sections are incorporated herein by reference.

Item 13. Financial Statements and Supplementary Data.

The information required by this item is contained under the sections of the information statement entitled “Unaudited Pro Forma Financial Statements,” “Management’s Discussion and Analysis of Financial Condition and Results of Operations,” and “Index to Financial Statements” (and the statements referenced therein). Those sections are incorporated herein by reference.

Item 14. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure.

None.

Item 15. Financial Statements and Exhibits.

(a) Financial Statements

The information required by this item is contained under the sections of the information statement entitled “Unaudited Pro Forma Financial Statements” and “Index to Financial Statements” (and the financial statements referenced therein). Those sections are incorporated herein by reference.

(b) Exhibits

The following documents are filed as exhibits hereto:

- 2.1 [Form of Separation and Distribution Agreement by and between Safe & Green Holdings Corp. and the Registrant \(incorporated herein by reference to Exhibit 2.1 to the Amendment No. 1 to Form 10 Registration Statement as filed by the Registrant with the Securities and Exchange Commission on February 6, 2023 \(File No. 001-41581\).](#)
- 3.1 [Form of Amended and Restated Certificate of Incorporation \(incorporated herein by reference to Exhibit 3.1 to the Amendment No. 1 to Form 10 Registration Statement as filed by the Registrant with the Securities and Exchange Commission on February 6, 2023 \(File No. 001-41581\).](#)
- 3.2 [Form of Amended and Restated Bylaws \(incorporated herein by reference to Exhibit 3.2 to the Amendment No. 1 to Form 10 Registration Statement as filed by the Registrant with the Securities and Exchange Commission on February 6, 2023 \(File No. 001-41581\).](#)
- 10.1 [Form of Shared Services Agreement by and between Safe & Green Holdings Corp. and the Registrant \(incorporated herein by reference to Exhibit 10.1 to the Amendment No. 1 to Form 10 Registration Statement as filed by the Registrant with the Securities and Exchange Commission on February 6, 2023 \(File No. 001-41581\).](#)
- 10.2 [Form of Tax Matters Agreement by and between Safe & Green Holdings Corp. and the Registrant \(incorporated herein by reference to Exhibit 10.2 to the Amendment No. 1 to Form 10 Registration Statement as filed by the Registrant with the Securities and Exchange Commission on February 6, 2023 \(File No. 001-41581\).](#)
- 10.3 [Form of Indemnification Agreement to be entered into between the Registrant and each of its directors and executive officers \(incorporated herein by reference to Exhibit 10.3 to the Amendment No. 1 to Form 10 Registration Statement as filed by the Registrant with the Securities and Exchange Commission on February 6, 2023 \(File No. 001-41581\).](#)
- 10.4# [Fabrication Agreement by and between SG Echo, LLC and the Registrant \(incorporated herein by reference to Exhibit 10.4 to the Form 10 Registration Statement as filed by the Registrant with the Securities and Exchange Commission on December 23, 2023 \(File No. 001-41581\).](#)
- 10.5**+ [Form of 2023 Incentive Compensation Plan](#)
- 10.6 [Renewal & Extension of Real Estate Note and Lien between the Registrant and Weinritter Realty, LP \(incorporated herein by reference to Exhibit 10.6 to the Amendment No. 1 to Form 10 Registration Statement as filed by the Registrant with the Securities and Exchange Commission on February 6, 2023 \(File No. 001-41581\).](#)
- 10.7 [Second Lien Deed of Trust between the Registrant and Weinritter Realty, LP \(incorporated herein by reference to Exhibit 10.7 to the Amendment No. 1 to Form 10 Registration Statement as filed by the Registrant with the Securities and Exchange Commission on February 6, 2023 \(File No. 001-41581\).](#)
- 10.8 [Promissory Note between the Registrant and Palermo Lender LLC \(incorporated herein by reference to Exhibit 10.8 to the Amendment No. 1 to Form 10 Registration Statement as filed by the Registrant with the Securities and Exchange Commission on February 6, 2023 \(File No. 001-41581\).](#)
- 10.9 [Promissory Note between the Registrant and SG Blocks, Inc. \(incorporated herein by reference to Exhibit 10.9 to the Amendment No. 1 to Form 10 Registration Statement as filed by the Registrant with the Securities and Exchange Commission on February 6, 2023 \(File No. 001-41581\).](#)

10.10	Operating Agreement of JDI Cumberland Inlet, LLC (incorporated herein by reference to Exhibit 10.10 to the Amendment No. 1 to Form 10 Registration Statement as filed by the Registrant with the Securities and Exchange Commission on February 6, 2023 (File No. 001-41581).
10.11	Amended and Restated Operating Agreement of Norman Berry II Owners, LLC (incorporated herein by reference to Exhibit 10.11 to the Amendment No. 1 to Form 10 Registration Statement as filed by the Registrant with the Securities and Exchange Commission on February 6, 2023 (File No. 001-41581).
10.12	Employment Agreement, dated February 3, 2023, with David Villarreal (incorporated herein by reference to Exhibit 10.12 to the Amendment No. 1 to Form 10 Registration Statement as filed by the Registrant with the Securities and Exchange Commission on February 6, 2023 (File No. 001-41581).
10.13**+	Employment Agreement, dated February 14, 2023, with Nicolai Brune
10.14**	Loan Agreement, dated March 30, 2023
10.15**	Promissory Note, issued by LV Peninsula Holding LLC, dated March 30, 2023
10.16**	Deed of Trust and Security Agreement, dated March 30, 2023
10.17**	Assignment of Contract Rights, dated March 30, 2023
10.18**	Mortgage, dated March 30, 2023
10.19**	Guaranty, dated March 30, 2023
21.1*	Subsidiaries of the Registrant
99.1**	Information Statement of Safe and Green Development Corporation preliminary and subject to completion, dated May 1, 2023
99.2*	Form of Notice of Internet Availability of Information Statement

* To be filed by amendment.

** Filed herewith

Previously filed

+ Management contract or compensatory plan or arrangement.

SIGNATURES

Pursuant to the requirements of Section 12 of the Securities Exchange Act of 1934, the registrant has duly caused this registration statement to be signed on its behalf by the undersigned, thereunto duly authorized.

SAFE AND GREEN DEVELOPMENT CORPORATION

By: /s/ David Villarreal
Name: David Villarreal
Title: President and Chief Executive Officer

Date: May 1, 2023

SAFE AND GREEN DEVELOPMENT CORPORATION

2023 INCENTIVE COMPENSATION PLAN

Section 1. Establishment and Purpose

The purpose of the Safe and Green Development Corporation 2023 Incentive Compensation Plan (the “Plan”) is to provide a means whereby eligible employees, officers, non-employee directors and other individual service providers of Safe and Green Development Corporation (the “Company”) and its subsidiaries may develop a sense of proprietorship and personal involvement in the development and financial success of the Company and to encourage them to devote their best efforts to the business of the Company, thereby advancing the interests of the Company and its stockholders. The Company, by means of the Plan, seeks to retain the services of such eligible persons and to provide incentives for such persons to exert maximum efforts for the success of the Company and its subsidiaries.

The Plan permits the grant of Nonqualified Stock Options, Incentive Stock Options, Stock Appreciation Rights, Restricted Stock, Stock Units, Performance Shares, Performance Units, Incentive Bonus Awards, Other Cash-Based Awards and Other Stock-Based Awards. This Plan shall become effective upon the date set forth in Section 17.1 hereof.

Section 2. Definitions

Wherever the following capitalized terms are used in the Plan, they shall have the meanings specified below:

2.1 “Affiliate” means, with respect to a Person, a Person that directly or indirectly Controls, or is Controlled by, or is under common Control with, such Person.

2.2 “Applicable Law” means the requirements relating to the administration of equity-based awards or equity compensation plans under U.S. state corporate laws, U.S. federal and state securities laws, the Code, any stock exchange or quotation system on which the Common Stock is listed or quoted and the applicable laws of any foreign country or jurisdiction where Awards are, or will be, granted under the Plan.

2.3 “Award” means an award of a Stock Option, Stock Appreciation Right, Restricted Stock, Stock Unit, Performance Share, Performance Unit, Incentive Bonus Award, Other Cash-Based Award and/or Other Stock-Based Award granted under the Plan.

2.4 “Award Agreement” means either (i) a written or electronic agreement entered into between the Company and a Participant setting forth the terms and conditions of an Award including any amendment or modification thereof, or (ii) a written or electronic statement issued by the Company to a Participant describing the terms and provisions of such Award, including any amendment or modification thereof. The Committee may provide for the use of electronic, internet or other non-paper Award Agreements, and the use of electronic, internet or other non-paper means for the acceptance thereof and actions thereunder by a Participant. Each Award Agreement shall be subject to the terms and conditions of the Plan and need not be identical.

2.5 “Board” means the Board of Directors of the Company.

2.6 “Cause” means: (a) conviction of any crime (whether or not involving the Company) constituting a felony in the jurisdiction involved; (b) engaging in any substantiated act involving moral turpitude; (c) engaging in any act which, in each case, subjects, or if generally known would subject, the Company to public ridicule or embarrassment; (d) material violation of the Company’s policies, including, without limitation, those relating to sexual harassment or the disclosure or misuse of confidential information; (e) serious neglect or misconduct in the performance of the grantee’s duties for the Company or a subsidiary or willful or repeated failure or refusal to perform such duties; in each case as determined by the Committee, which determination shall be final, binding and conclusive. Notwithstanding the foregoing, if a Participant and the Company (or any of its Affiliates) have entered into an employment agreement, consulting agreement or other similar agreement that specifically defines “cause,” then with respect to such Participant, “Cause” shall have the meaning defined in that employment agreement, consulting agreement or other agreement.

2.7 “Change in Control” shall be deemed to have occurred if any one of the following events shall occur:

(i) Any Person becomes the beneficial owner (as defined in Rule 13(d)-3 under the Exchange Act) of shares of Common Stock representing more than 50% of the total number of votes that may be cast for the election of directors of the Company;

(ii) The consummation of any merger or other business combination of the Company, sale of all or substantially all of the Company’s assets or combination of the foregoing transactions (a “Transaction”), other than a Transaction involving only the Company and one or more of its subsidiaries, or a Transaction immediately following which the shareholders of the Company immediately prior to the Transaction continue to have a majority of the voting power in the resulting entity;

(iii) Within any 12-month period beginning on or after the Effective Date, the persons who were directors of the Company immediately before the beginning of such period (the “Incumbent Directors”) shall cease (for any reason other than death) to constitute at least a majority of the Board (or the board of directors of any successor to the Company); provided that any director who was not a director as of the date hereof shall be deemed to be an Incumbent Director if such director was elected to the Board by, or on the recommendation of or with the approval of, at least two-thirds of the directors who then qualified as Incumbent Directors either actually or by prior operation of the foregoing unless such election, recommendation or approval was the result of an actual or threatened election contest of the type contemplated by Rule 14a-11 promulgated under the Exchange Act or any successor provision; or

(iv) the shareholders of the Company approve a plan of complete liquidation or dissolution of the Company.

Notwithstanding the foregoing, no event or condition shall constitute a Change in Control to the extent that, if it were, a penalty tax would be imposed under Section 409A of the Code; provided that, in such a case, the event or condition shall continue to constitute a Change in Control to the maximum extent possible (e.g., if applicable, in respect of vesting without an acceleration of distribution) without causing the imposition of such penalty tax.

2.8 “Code” means the Internal Revenue Code of 1986, as amended. For purposes of this Plan, references to sections of the Code shall be deemed to include references to any applicable regulations thereunder and any successor or similar provision.

2.9 “Committee” means the committee of the Board delegated with the authority to administer the Plan, or the full Board, as provided in Section 3 of the Plan. With respect to any decision relating to a Reporting Person, the Committee shall consist solely of two or more directors who are disinterested within the meaning of Rule 16b-3 promulgated under the Exchange Act, as amended from time to time, or any successor provision. The fact that a Committee member shall fail to qualify under any of these requirements shall not invalidate an Award if the Award is otherwise validly made under the Plan. The Board may at any time appoint additional members to the Committee, remove and replace members of the Committee with or without Cause, and fill vacancies on the Committee however caused.

2.10 “Common Stock” means the Company’s Common Stock, par value \$.001 per share.

2.11 “Company” means Safe and Green Development Corporation, a Delaware corporation, and any successor thereto as provided in Section 15.8.

2.12 “Control” means, as to any Person, the power to direct or cause the direction of the management and policies of such Person, or the power to appoint directors of the Company, whether through the ownership of voting securities, by contract or otherwise (the terms “Controlled by” and “under common Control with” shall have correlative meanings).

2.13 “Date of Grant” means the date on which an Award under the Plan is granted by the Committee, or such later date as the Committee may specify to be the effective date of an Award.

2.14 “Disability” means a Participant being considered “disabled” within the meaning of Section 409A of the Code and Treasury Regulation 1.409A-3(i)(4), as well as any successor regulation or interpretation.

2.15 “Effective Date” means the date set forth in Section 17.1 hereof.

2.16 “Eligible Person” means any person who is an employee, officer, director, consultant, advisor or other individual service provider of the Company or any Subsidiary, or any person who is determined by the Committee to be a prospective employee, officer, director, consultant, advisor or other individual service provider of the Company or any Subsidiary; provided that the Award Agreement for any grant of an Award to a prospective employee, officer, director, consultant, advisor or other individual service provider will contain appropriate forfeiture provisions in the event such individual does not become employed or engaged by the Company or applicable Subsidiary .

2.17 “Exchange Act” means the Securities Exchange Act of 1934, as amended.

2.18 “Fair Market Value” of a share of Common Stock shall be, as applied to a specific date (i) the closing price of a share of Common Stock as of such date on the principal established stock exchange or national market system on which the Common Stock is then traded (or, if there is no trading in the Common Stock as of such date, the closing price of a share of Common Stock on the most recent date preceding such date on which trades of the Common Stock were recorded), or (ii) if the shares of Common Stock are not then traded on an established stock exchange or national market system but are then traded in an over-the-counter market, the average of the closing bid and asked prices for the shares of Common Stock in such over-the-counter market as of such date (or, if there are no closing bid and asked prices for the shares of Common Stock as of such date, the average of the closing bid and the asked prices for the shares of Common Stock on the most recent date preceding such date on which such closing bid and asked prices are available on such over-the-counter market), or (iii) if the shares of Common Stock are not then listed on a national securities exchange or national market system or traded in an over-the-counter market, the price of a share of Common Stock as determined by the Committee in its discretion in a manner consistent with Section 409A of the Code and Treasury Regulation 1.409A-1(b)(5)(iv), as well as any successor regulation or interpretation.

2.19 “Incentive Bonus Award” means an Award granted under Section 12 of the Plan.

2.20 “Incentive Stock Option” means a Stock Option granted under Section 6 hereof that is intended to meet the requirements of Section 422 of the Code and the regulations promulgated thereunder.

2.21 “Nonqualified Stock Option” means a Stock Option granted under Section 6 hereof that is not an Incentive Stock Option.

2.22 “Other Cash-Based Award” means a contractual right granted to an Eligible Person under Section 13 hereof entitling such Eligible Person to receive a cash payment at such times, and subject to such conditions, as are set forth in the Plan and the applicable Award Agreement.

2.23 “Other Stock-Based Award” means a contractual right granted to an Eligible Person under Section 13 representing a notional unit interest equal in value to a share of Common Stock to be paid and distributed at such times, and subject to such conditions as are set forth in the Plan and the applicable Award Agreement.

2.24 “Participant” means any Eligible Person who holds an outstanding Award under the Plan.

2.25 “Performance Shares” means a contractual right granted to an Eligible Person under Section 10 hereof representing a notional unit interest equal in value to a share of Common Stock to be paid and distributed at such times, and subject to such conditions, as are set forth in the Plan and the applicable Award Agreement.

2.26 “Performance Unit” means a contractual right granted to an Eligible Person under Section 11 hereof representing a notional dollar interest as determined by the Committee to be paid and distributed at such times, and subject to such conditions, as are set forth in the Plan and the applicable Award Agreement.

2.27 “Person” shall mean any individual, partnership, firm, trust, corporation, limited liability company or other similar entity. When two or more Persons act as a partnership, limited partnership, syndicate or other group for the purpose of acquiring, holding or disposing of Common Stock, such partnership, limited partnership, syndicate or group shall be deemed a “Person”.

2.28 “Plan” means the Safe and Green Development Corporation 2023 Incentive Compensation Plan, as set forth herein and as may be amended from time to time.

2.29 “Reporting Person” means an officer, director or greater than ten percent stockholder of the Company within the meaning of Rule 16a-2 under the Exchange Act, who is required to file reports pursuant to Rule 16a-3 under the Exchange Act.

2.30 “Restricted Stock Award” means a grant of shares of Common Stock to an Eligible Person under Section 8 hereof that are issued subject to such vesting and transfer restrictions and such other conditions as are set forth in the Plan and the applicable Award Agreement.

2.31 “Securities Act” means the Securities Act of 1933, as amended.

2.32 “Service” means a Participant’s employment or other service relationship with the Company or any Subsidiary. A change in the capacity in which a Participant renders service to the Company or a Subsidiary as an employee, director or consultant or a change in the entity for which the Participant renders such service, provided that there is no interruption or termination of the Participant’s Service with the Company or a Subsidiary, will not terminate a Participant’s Service; provided, however, that if the entity for which a Participant is rendering services ceases to qualify as a Subsidiary, as determined by the Committee in its sole discretion, such Participant’s Service will be considered to have terminated on the date such entity ceases to qualify as a Subsidiary. For example, a change in status from an employee of the Company to a consultant to or director of the Company will not constitute an interruption of Service. To the extent permitted by Applicable Law, the Committee or the chief executive officer of the Company, in that party’s sole discretion, may determine whether a Participant’s Service will be considered interrupted in the case of (i) any leave of absence approved by the Company or chief executive officer, including sick leave, military leave or any other personal leave, or (ii) transfers between the Company, a Subsidiary, or their successors. Notwithstanding the foregoing, a leave of absence will be treated as Service for purposes of vesting in an Award only to such extent as may be provided in the Company’s (or a Subsidiary’s) leave of absence policy, in the written terms of any leave of absence agreement or policy applicable to the Participant, or as otherwise required by Applicable Law. Unless the Committee provides otherwise, in its discretion, or as otherwise required by Applicable Law, vesting of Options shall be tolled during any unpaid leave of absence by a Participant.

2.33 “Stock Appreciation Right” means a contractual right granted to an Eligible Person under Section 7 hereof entitling such Eligible Person to receive a payment, upon the exercise of such right, in such amount and at such time, and subject to such conditions, as are set forth in the Plan and the applicable Award Agreement.

2.34 “Stock Option” means a contractual right granted to an Eligible Person under Section 6 hereof to purchase shares of Common Stock at such time and price, and subject to such conditions, as are set forth in the Plan and the applicable Award Agreement.

2.35 “Stock Unit Award” means a contractual right granted to an Eligible Person under Section 9 hereof representing notional unit interests equal in value to a share of Common Stock to be paid and distributed at such times, and subject to such conditions, as are set forth in the Plan and the applicable Award Agreement.

2.36 “Subsidiary” means an entity (whether or not a corporation) that is wholly or majority owned or Controlled, directly or indirectly, by the Company; provided, however, that with respect to Incentive Stock Options, the term “Subsidiary” shall include only an entity that qualifies under Section 424(f) of the Code as a “subsidiary corporation” with respect to the Company.

Section 3. Administration

3.1 Committee Members. The Plan shall be administered by the Committee; provided that the entire Board may act in lieu of the Committee on any matter, subject to the requirements of Section 2.9 of the Plan with respect to an Award to a Reporting Person. If and to the extent permitted by Applicable Law, the Committee may authorize one or more Reporting Persons (or other officers) to make Awards to Eligible Persons who are not Reporting Persons (or other officers whom the Committee has specifically authorized to make Awards). Subject to Applicable Law and the restrictions set forth in the Plan, the Committee may delegate administrative functions to individuals who are Reporting Persons, officers, or employees of the Company or its Subsidiaries.

3.2 Committee Authority. The Committee shall have such powers and authority as may be necessary or appropriate for the Committee to carry out its functions as described in the Plan. Subject to the express limitations of the Plan, the Committee shall have authority in its discretion to determine the Eligible Persons to whom, and the time or times at which, Awards may be granted, the number of shares, units or other rights subject to each Award, the exercise, base or purchase price of an Award (if any), the time or times at which an Award will become vested, exercisable or payable, the performance criteria, performance goals and other conditions of an Award, the duration of the Award, and all other terms of the Award. Subject to the terms of the Plan, the Committee shall have the authority to amend the terms of an Award in any manner that is not inconsistent with the Plan (including to extend the post-termination exercisability period of Stock Options and Stock Appreciation Rights), provided that no such action (except an action relating to a Change in Control) shall materially impair the rights of a Participant with respect to an outstanding Award without the Participant's consent. For purposes of the foregoing, any action of the Committee that alters or affects the tax treatment of any Award shall not be considered to materially impair any rights of any Participant. The Committee shall also have discretionary authority to interpret the Plan, to make all factual determinations under the Plan, and to make all other determinations necessary or advisable for Plan administration, including, without limitation, to correct any defect, to supply any omission or to reconcile any inconsistency in the Plan or any Award Agreement hereunder. The Committee may prescribe, amend, and rescind rules and regulations relating to the Plan. The Committee's determinations under the Plan need not be uniform and may be made by the Committee selectively among Participants and Eligible Persons, whether or not such persons are similarly situated. The Committee shall, in its discretion, consider such factors as it deems relevant in making its interpretations, determinations and actions under the Plan including, without limitation, the recommendations or advice of any officer or employee of the Company or such attorneys, consultants, accountants or other advisors as it may select. All interpretations, determinations, and actions by the Committee shall be final, conclusive, and binding upon all parties.

3.3 No Liability; Indemnification. Neither the Board nor any Committee member, nor any Person acting at the direction of the Board or the Committee, shall be liable for any act, omission, interpretation, construction or determination made in good faith with respect to the Plan, any Award or any Award Agreement. The Company and its Subsidiaries shall pay or reimburse any member of the Committee, as well as any other Person who takes action on behalf of the Plan, for all reasonable expenses incurred with respect to the Plan, and to the full extent allowable under Applicable Law shall indemnify each and every one of them for any claims, liabilities, and costs (including reasonable attorney's fees) arising out of their good faith performance of duties on behalf of the Company with respect to the Plan. The Company and its Subsidiaries may, but shall not be required to, obtain liability insurance for this purpose.

Section 4. Shares Subject to the Plan

4.1 Share Limitation

(a) Subject to adjustment pursuant to Section 4.3 hereof, the maximum aggregate number of shares of Common Stock which may be issued under all Awards granted to Participants under the Plan shall be 4,000,000 shares (the "Initial Limit"), all of which may, but need not, be issued in respect of Incentive Stock Options. In addition, such Initial Limit will automatically increase on January 1 of each calendar year for a period of ten years commencing on January 1, 2024 and ending on (and including) January 1, 2033, in a number of shares of Common Stock equal to 4.5% of the total number of shares of Common Stock outstanding on December 31 of the preceding calendar year; provided, however that the Board may act prior to January 1 of a given calendar year to provide that the increase for such year will be a lesser number of shares of Common Stock

(b) Shares of Common Stock issued under the Plan may be either authorized but unissued shares or shares held in the Company's treasury. Any shares of Common Stock subject to Awards that are settled in Common Stock shall be counted against the maximum share limitations of this Section 4.1(a) as one share of Common Stock for every share of Common Stock subject thereto. To the extent that any Award under the Plan payable in shares of Common Stock is forfeited, cancelled, returned to or repurchased by the Company for failure to satisfy vesting requirements or upon the occurrence of other forfeiture events, or otherwise terminates without payment being made thereunder, the shares of Common Stock covered thereby will no longer be counted against the foregoing maximum share limitations and may again be made subject to Awards under the Plan pursuant to such limitations. Shares of Common Stock that otherwise would have been issued upon the exercise of a Stock Option or Stock Appreciation Right or in payment with respect to any other form of Award, that are surrendered in payment or partial payment of the exercise price thereof and/or taxes withheld with respect to the exercise thereof or the making of such payment, will no longer be counted against the foregoing maximum share limitations and may again be made subject to Awards under the Plan pursuant to such limitations.

4.2 Individual Participant Limitations. Subject to adjustment as provided in Section 4.3, the number of shares of Common Stock with respect to which Awards may be granted during any calendar year to any one Eligible Person who is a non-employee director of the Board shall not exceed 1,000,000.

4.3 Adjustments. If there shall occur any change with respect to the outstanding shares of Common Stock by reason of any recapitalization, reclassification, stock dividend, extraordinary dividend, stock split, reverse stock split, or other distribution with respect to the shares of Common Stock, or any merger, reorganization, consolidation, combination, spin-off or other similar corporate change, or any other change affecting the Common Stock, the Committee shall, in the manner and to the extent that it deems appropriate and equitable to the Participants and consistent with the terms of the Plan, cause an adjustment to be made in (i) the maximum numbers and kind of shares provided in Sections 4.1 and 4.2 hereof, (ii) the numbers and kind of shares of Common Stock, units, or other rights subject to then outstanding Awards, (iii) the price for each share or unit or other right subject to then outstanding Awards, (iv) the performance measures or goals relating to the vesting of an Award, and (v) any other terms of an Award that are affected by the event to prevent dilution or enlargement of a Participant's rights under an Award. Notwithstanding the foregoing, in the case of Incentive Stock Options, any such adjustments shall, to the extent practicable, be made in a manner consistent with the requirements of Section 424(a) of the Code.

Section 5. Participation and Awards

5.1 Designation of Participants. All Eligible Persons are eligible to be designated by the Committee to receive Awards and become Participants under the Plan. The Committee has the authority, in its discretion, to determine and designate from time to time those Eligible Persons who are to be granted Awards, the types of Awards to be granted and the number of shares of Common Stock, units or other amounts subject to such Awards. In selecting Eligible Persons to be Participants and in determining the type and amount of Awards to be granted under the Plan, the Committee shall consider any and all factors that it deems relevant or appropriate.

5.2 Determination of Awards. The Committee shall determine the terms and conditions of all Awards granted to Participants in accordance with its authority under Section 3.2 hereof. An Award may consist of one type of right or benefit hereunder or of two or more such rights or benefits granted in tandem or in the alternative. To the extent deemed appropriate by the Committee, an Award shall be evidenced by an Award Agreement as described in Section 15.1 hereof.

Section 6. Stock Options

6.1 Grants of Stock Options. A Stock Option may be granted to any Eligible Person selected by the Committee. Subject to the provisions of Section 6.7 hereof and Section 422 of the Code, each Stock Option shall be designated, in the discretion of the Committee, as an Incentive Stock Option or as a Nonqualified Stock Option.

6.2 Exercise Price. The exercise price per share of a Stock Option shall not be less than 100 percent of the Fair Market Value of a share of Common Stock on the Date of Grant, subject to adjustments as provided for under Section 4.2, provided that the Committee may in its discretion specify for any Stock Option an exercise price per share that is higher than the Fair Market Value on the Date of Grant and may establish an exercise price that is below Fair Market Value on the Date of Grant for Stock Options granted to Participants who are not residents of the U.S if permitted by applicable law and any applicable rules of the principal established stock exchange or national market system on which the Common Stock is traded.

6.3 Vesting of Stock Options. The Committee shall in its discretion prescribe the time or times at which, or the conditions upon which, a Stock Option or portion thereof shall become vested and/or exercisable. The requirements for vesting and exercisability of a Stock Option may be based on the continued Service of the Participant for a specified time period (or periods) and/or on the attainment of a specified performance goal (or goals) established by the Committee in its discretion. The Committee may, in its discretion, accelerate the vesting or exercisability of any Stock Option at any time. The Committee in its sole discretion may allow a Participant to exercise unvested Nonqualified Stock Options, in which case the shares of Common Stock then issued shall be Restricted Stock having analogous vesting restrictions to the unvested Nonqualified Stock Options.

6.4 Term of Stock Options. The Committee shall in its discretion prescribe in an Award Agreement the period during which a vested Stock Option may be exercised, provided that the maximum term of a Stock Option shall be ten (10) years from the Date of Grant. A Stock Option may be earlier terminated as specified by the Committee and set forth in an Award Agreement upon or following the termination of a Participant's Service, including by reason of voluntary resignation, death, Disability, termination for Cause or any other reason. Except as otherwise provided in this Section 6 or in an Award Agreement as such agreement may be amended from time to time upon authorization of the Committee, no Stock Option may be exercised at any time during the term thereof unless the Participant is then in Service. Notwithstanding the foregoing, unless an Award Agreement provides otherwise:

(a) If a Participant's Service terminates by reason of his or her death, any Stock Option held by such Participant may, to the extent then exercisable, be exercised by such Participant's estate or any person who acquires the right to exercise such Stock Option by bequest or inheritance at any time in accordance with its terms for up to one year after the date of such Participant's death (but in no event after the earlier of the expiration of the term of such Stock Option or such time as the Stock Option is otherwise canceled or terminated in accordance with its terms). Upon expiration of such one-year period, no portion of the Stock Option held by such Participant shall be exercisable and the Stock Option shall be deemed to be canceled, forfeited and of no further force or effect.

(b) If a Participant's Service terminates by reason of his or her Disability, any Stock Option held by such Participant may, to the extent then exercisable, be exercised by the Participant or his or her personal representative at any time in accordance with its terms for up to one year after the date of such Participant's termination of Service (but in no event after the earlier of the expiration of the term of such Stock Option or such time as the Stock Option is otherwise canceled or terminated in accordance with its terms). Upon expiration of such one-year period, no portion of the Stock Option held by such Participant shall be exercisable and the Stock Option shall be deemed to be canceled, forfeited and of no further force or effect.

(c) If a Participant's Service terminates for any reason other than death, Disability or Cause, any Stock Option held by such Participant may, to the extent then exercisable, be exercised by the Participant up until ninety (90) days following such termination of Service (but in no event after the earlier of the expiration of the term of such Stock Option or such time as the Stock Option is otherwise canceled or terminated in accordance with its terms). Upon expiration of such 90-day period, no portion of the Stock Option held by such Participant shall be exercisable and the Stock Option shall be deemed to be canceled, forfeited and of no further force or effect.

(d) If a Participant's Service terminates for Cause, any Stock Option held by such Participant, whether vested or unvested, shall be deemed forfeited and canceled on the date of such termination of Service.

(e) To the extent that a Stock Option of a Participant whose Service terminates is not exercisable, such Stock Option shall be deemed forfeited and canceled on the ninetieth (90th) day after such termination of Service or at such earlier time as the Committee may determine.

6.5 Stock Option Exercise. Subject to such terms and conditions as shall be specified in an Award Agreement, a Stock Option may be exercised in whole or in part at any time during the term thereof by notice in the form required by the Company, and payment of the aggregate exercise price by certified or bank check, or such other means as the Committee may accept. As set forth in an Award Agreement or otherwise determined by the Committee, in its sole discretion, at or after grant, payment in full or in part of the exercise price of an Option may be made: (i) in the form of shares of Common Stock that have been held by the Participant for such period as the Committee may deem appropriate for accounting purposes or otherwise, valued at the Fair Market Value of such shares on the date of exercise; (ii) by surrendering to the Company shares of Common Stock otherwise receivable on exercise of the Option; (iii) by a cashless exercise program implemented by the Committee in connection with the Plan; and/or (iv) by such other method as may be approved by the Committee and set forth in an Award Agreement. Subject to any governing rules or regulations, as soon as practicable after receipt of written notification of exercise and full payment of the exercise price and satisfaction of any applicable tax withholding pursuant to Section 16.5, the Company shall deliver to the Participant evidence of book entry shares of Common Stock, or upon the Participant's request, Common Stock certificates in an appropriate amount based upon the number of shares of Common Stock purchased under the Option. Unless otherwise determined by the Committee, all payments under all of the methods indicated above shall be paid in United States dollars or shares of Common Stock, as applicable.

6.6 Reload Options. The Committee may in its discretion include in any Award Agreement with respect to an option (the "original option") a provision that an additional option (the "additional option") shall be granted to any Participant who, pursuant to Section 6.5, delivers shares of the Common Stock in partial or full payment of the exercise price of the original option. The additional option shall be for a number of shares of the Common Stock equal to the number thus delivered, shall have an exercise price equal to the Fair Market Value of a share of Common Stock on the date of exercise of the original option, and shall have an expiration date no later than the expiration date of the original option. In the event that an Award Agreement provides for the grant of an additional option, such Award Agreement shall also provide that the exercise price of the original option be no less than the Fair Market Value of a share of Stock on its date of grant, and that any shares that are delivered pursuant to Section 6.5 in payment of such exercise price shall have been held for at least six months.

6.7 Additional Rules for Incentive Stock Options.

(a) Eligibility. An Incentive Stock Option may only be granted to an Eligible Person who is considered an employee under Treasury Regulation §1.421-7(h) of the Company or any Subsidiary.

(b) Annual Limits. No Incentive Stock Option shall be granted to an Eligible Person as a result of which the aggregate Fair Market Value (determined as of the Date of Grant) of the stock with respect to which Incentive Stock Options are exercisable for the first time in any calendar year under the Plan and any other stock option plans of the Company or any Subsidiary would exceed \$100,000, determined in accordance with Section 422(d) of the Code. This limitation shall be applied by taking Incentive Stock Options into account in the order in which granted.

(c) Ten Percent Stockholders. If a Stock Option granted under the Plan is intended to be an Incentive Stock Option, and if the Participant, at the time of grant, owns stock possessing ten percent or more of the total combined voting power of all classes of Common Stock of the Company or any Subsidiary, then (A) the Stock Option exercise price per share shall in no event be less than 110 percent of the Fair Market Value of the Common Stock on the date of such grant and (B) such Stock Option shall not be exercisable after the expiration of five (5) years following the date such Stock Option is granted.

(d) Disqualifying Dispositions. If shares of Common Stock acquired by exercise of an Incentive Stock Option are disposed of within two (2) years following the Date of Grant or one (1) year following the transfer of such shares to the Participant upon exercise, the Participant shall, promptly following such disposition, notify the Company in writing of the date and terms of such disposition and provide such other information regarding the disposition as the Company may reasonably require.

Section 7. Stock Appreciation Rights

7.1 Grant of Stock Appreciation Rights. A Stock Appreciation Right may be granted to any Eligible Person selected by the Committee. Stock Appreciation Rights may be granted on a basis that allows for the exercise of the right by the Participant or that provides for the automatic payment of the right upon a specified date or event.

7.2 Base Price. The base price of a Stock Appreciation Right shall be determined by the Committee in its sole discretion; provided, however, that the base price for any grant of a Stock Appreciation Right shall not be less than 100 percent of the Fair Market Value of a share of Common Stock on the Date of Grant, subject to adjustments as provided for under Section 4.2.

7.3 Vesting Stock Appreciation Rights. The Committee shall in its discretion prescribe the time or times at which, or the conditions upon which, a Stock Appreciation Right or portion thereof shall become vested and/or exercisable. The requirements for vesting and exercisability of a Stock Appreciation Right may be based on the continued Service of a Participant for a specified time period (or periods) or on the attainment of a specified performance goal (or goals) established by the Committee in its discretion. The Committee may, in its discretion, accelerate the vesting or exercisability of any Stock Appreciation Right at any time.

7.4 Term of Stock Appreciation Rights. The Committee shall in its discretion prescribe in an Award Agreement the period during which a vested Stock Appreciation Right may be exercised, provided that the maximum term of a Stock Appreciation Right shall be ten (10) years from the Date of Grant. A Stock Appreciation Right may be earlier terminated as specified by the Committee and set forth in an Award Agreement upon or following the termination of a Participant's Service, including by reason of voluntary resignation, death, Disability, termination for Cause or any other reason. Except as otherwise provided in this Section 7 or in an Award Agreement as such agreement may be amended from time to time upon authorization of the Committee, no Stock Appreciation Right may be exercised at any time during the term thereof unless the Participant is then in the Service of the Company or one of its Subsidiaries.

7.5 Payment of Stock Appreciation Rights. Subject to such terms and conditions as shall be specified in an Award Agreement, a vested Stock Appreciation Right may be exercised in whole or in part at any time during the term thereof by notice in the form required by the Company and payment of any exercise price. Upon the exercise of a Stock Appreciation Right and payment of any applicable exercise price, a Participant shall be entitled to receive an amount determined by multiplying: (i) the excess of the Fair Market Value of a share of Common Stock on the date of exercise of the Stock Appreciation Right over the base price of such Stock Appreciation Right, by (ii) the number of shares as to which such Stock Appreciation Right is exercised. Payment of the amount determined under the immediately preceding sentence may be made, as approved by the Committee and set forth in the Award Agreement, in shares of Common Stock valued at their Fair Market Value on the date of exercise, in cash, or in a combination of shares of Common Stock and cash, subject to applicable tax withholding requirements set forth in Section 16.5. If Stock Appreciation Rights are settled in shares of Common Stock, then as soon as practicable following the date of settlement the Company shall deliver to the Participant evidence of book entry shares of Common Stock, or upon the Participant's request, Common Stock certificates in an appropriate amount.

Section 8. Restricted Stock Awards

8.1 Grant of Restricted Stock Awards. A Restricted Stock Award may be granted to any Eligible Person selected by the Committee. The Committee may require the payment by the Participant of a specified purchase price in connection with any Restricted Stock Award. The Committee may provide in an Award Agreement for the payment of dividends and distributions to the Participant at such times as paid to stockholders generally or at the times of vesting or other payment of the Restricted Stock Award. If any dividends or distributions are paid in stock while a Restricted Stock Award is subject to restrictions under Section 8.3 of the Plan, the dividends or other distributions shares shall be subject to the same restrictions on transferability as the shares of Common Stock to which they were paid unless otherwise set forth in the Award Agreement. The Committee may also subject the grant of any Restricted Stock Award to the execution of a voting agreement with the Company or with any Affiliate of the Company.

8.2 Vesting Requirements. The restrictions imposed on shares of Common Stock granted under a Restricted Stock Award shall lapse in accordance with the vesting requirements specified by the Committee in the Award Agreement. Upon vesting of a Restricted Stock Award, such Award shall be subject to the tax withholding requirement set forth in Section 14.5. The requirements for vesting of a Restricted Stock Award may be based on the continued Service of the Participant for a specified time period (or periods) or on the attainment of a specified performance goal (or goals) established by the Committee in its discretion. The Committee may, in its discretion, accelerate the vesting of a Restricted Stock Award at any time. If the vesting requirements of a Restricted Stock Award shall not be satisfied, the Award shall be forfeited and the shares of Common Stock subject to the Award shall be returned to the Company. In the event that the Participant paid any purchase price with respect to such forfeited shares, unless otherwise provided by the Committee in an Award Agreement, the Company will refund to the Participant the lesser of (i) such purchase price and (ii) the Fair Market Value of such shares on the date of forfeiture.

8.3 Restrictions. Shares granted under any Restricted Stock Award may not be transferred, assigned or subject to any encumbrance, pledge, or charge until all applicable restrictions are removed or have expired, unless otherwise allowed by the Committee. The Committee may require in an Award Agreement that certificates representing the shares granted under a Restricted Stock Award bear a legend making appropriate reference to the restrictions imposed, and that certificates representing the shares granted or sold under a Restricted Stock Award will remain in the physical custody of an escrow holder until all restrictions are removed or have expired.

8.4 Rights as Stockholder. Subject to the foregoing provisions of this Section 8 and the applicable Award Agreement, the Participant to whom a Restricted Stock Award is made shall have all rights of a stockholder with respect to the shares granted to the Participant under the Restricted Stock Award, including the right to vote the shares and receive all dividends and other distributions paid or made with respect thereto, unless the Committee determines otherwise at the time the Restricted Stock Award is granted.

8.5 Section 83(b) Election. If a Participant makes an election pursuant to Section 83(b) of the Code with respect to a Restricted Stock Award, the Participant shall file, within 30 days following the Date of Grant, a copy of such election with the Company (directed to the Secretary thereof) and with the Internal Revenue Service, in accordance with the regulations under Section 83 of the Code. The Committee may provide in an Award Agreement that the Restricted Stock Award is conditioned upon the Participant's making or refraining from making an election with respect to the Award under Section 83(b) of the Code.

Section 9. Stock Unit Awards

9.1 Grant of Stock Unit Awards. A Stock Unit Award may be granted to any Eligible Person selected by the Committee. The value of each Stock Unit under a Stock Unit Award is equal to the Fair Market Value of the Common Stock on the applicable date or time period of determination, as specified by the Committee. A Stock Unit Award shall be subject to such restrictions and conditions as the Committee shall determine. A Stock Unit Award may be granted together with a dividend equivalent right with respect to the shares of Common Stock subject to the Award, which may be accumulated and may be deemed reinvested in additional Stock Units, as determined by the Committee in its discretion. If any dividend equivalents are paid while a Stock Unit Award is subject to restrictions under Section 9 of the Plan, the dividend equivalents shall be subject to the same restrictions on transferability as the Stock Units to which they were paid, unless otherwise set forth in the Award Agreement.

9.2 Vesting of Stock Unit Awards. On the Date of Grant, the Committee shall, in its discretion, determine any vesting requirements with respect to a Stock Unit Award, which shall be set forth in the Award Agreement. The requirements for vesting of a Stock Unit Award may be based on the continued Service of the Participant for a specified time period (or periods) or on the attainment of a specified performance goal (or goals) established by the Committee in its discretion. The Committee may, in its discretion, accelerate the vesting of a Stock Unit Award at any time. A Stock Unit Award may also be granted on a fully vested basis, with a deferred payment date as may be determined by the Committee or elected by the Participant in accordance with rules established by the Committee.

9.3 Payment of Stock Unit Awards. A Stock Unit Award shall become payable to a Participant at the time or times determined by the Committee and set forth in the Award Agreement, which may be upon or following the vesting of the Award. Payment of a Stock Unit Award may be made, at the discretion of the Committee, in cash or in shares of Common Stock, or in a combination thereof as described in the Award Agreement, subject to applicable tax withholding requirements set forth in Section 16.5. Any cash payment of a Stock Unit Award shall be made based upon the Fair Market Value of the Common Stock, determined on such date or over such time period as determined by the Committee. Notwithstanding the foregoing, unless specified otherwise in the Award Agreement, any Stock Unit, whether settled in Common Stock or cash, shall be paid no later than two and one-half months after the later of the calendar year or fiscal year in which the Stock Units vest. If Stock Unit Awards are settled in shares of Common Stock, then as soon as practicable following the date of settlement the Company shall deliver to the Participant evidence of book entry shares of Common Stock, or upon the Participant's request, Common Stock certificates in an appropriate amount.

Section 10. Performance Shares

10.1 Grant of Performance Shares. Performance Shares may be granted to any Eligible Person selected by the Committee. A Performance Share Award shall be subject to such restrictions and condition as the Committee shall specify. A Performance Share Award may be granted with a dividend equivalent right with respect to the shares of Common Stock subject to the Award, which may be accumulated and may be deemed reinvested in additional Stock Units, as determined by the Committee in its discretion.

10.2 Value of Performance Shares. Each Performance Share shall have an initial value equal to the Fair Market Value of a Share on the Grant Date. The Committee shall set performance goals in its discretion that, depending on the extent to which they are met over a specified time period, shall determine the number of Performance Shares that shall be paid to a Participant.

10.3 Earning of Performance Shares. After the applicable time period has ended, the number of Performance Shares earned by the Participant over such time period shall be determined as a function of the extent to which the applicable corresponding performance goals have been achieved. This determination shall be made solely by the Committee. The Committee may, in its discretion, waive any performance or vesting conditions relating to a Performance Share Award.

10.4 Form and Timing of Payment of Performance Shares. The Committee shall pay at the close of the applicable Performance Period, or as soon as practicable thereafter, any earned Performance Shares in the form of cash or in shares of Common Stock or in a combination thereof, as specified in a Participant's Award Agreement, subject to applicable tax withholding requirements set forth in Section 16.5. Notwithstanding the foregoing, unless specified otherwise in the Award Agreement, all Performance Shares shall be paid no later than two and one-half months following the later of the calendar year or fiscal year in which such Performance Shares vest. Any shares of Common Stock paid to a Participant under this Section 10.4 may be subject to any restrictions deemed appropriate by the Committee. If Performance Shares are settled in shares of Common Stock, then as soon as practicable following the date of settlement the Company shall deliver to the Participant evidence of book entry shares of Common Stock, or upon the Participant's request, Common Stock certificates in an appropriate amount.

Section 11. Performance Units

11.1 Grant of Performance Units. Performance Units may be granted to any Eligible Person selected by the Committee. A Performance Unit Award shall be subject to such restrictions and conditions as the Committee shall specify in a Participant's Award Agreement.

11.2 Value of Performance Units. Each Performance Unit shall have an initial notional value equal to a dollar amount determined by the Committee, in its sole discretion. The Committee shall set performance goals in its discretion that, depending on the extent to which they are met over a specified time period, will determine the number of Performance Units that shall be settled and paid to the Participant.

11.3 Earning of Performance Units. After the applicable time period has ended, the number of Performance Units earned by the Participant, and the amount payable in cash, in shares or in a combination thereof, over such time period shall be determined as a function of the extent to which the applicable corresponding performance goals have been achieved. This determination shall be made solely by the Committee. The Committee may, in its discretion, waive any performance or vesting conditions relating to a Performance Unit Award.

11.4 Form and Timing of Payment of Performance Units. The Committee shall pay at the close of the applicable Performance Period, or as soon as practicable thereafter, any earned Performance Units in the form of cash or in shares of Common Stock or in a combination thereof, as specified in a Participant's Award Agreement, subject to applicable tax withholding requirements set forth in Section 16.5. Notwithstanding the foregoing, unless specified otherwise in the Award Agreement, all Performance Units shall be paid no later than two and one-half months following the later of the calendar year or fiscal year in which such Performance Units vest. Any shares of Common Stock paid to a Participant under this Section 11.4 may be subject to any restrictions deemed appropriate by the Committee. If Performance Units are settled in shares of Common Stock, then as soon as practicable following the date of settlement the Company shall deliver to the Participant evidence of book entry shares of Common Stock, or upon the Participant's request, Common Stock certificates in an appropriate amount.

Section 12. Incentive Bonus Awards

12.1 Incentive Bonus Awards. The Committee, at its discretion, may grant Incentive Bonus Awards to such Participants as it may designate from time to time. The terms of a Participant's Incentive Bonus Award shall be set forth in the Participant's Award Agreement. Each Award Agreement shall specify such general terms and conditions as the Committee shall determine.

12.2 Incentive Bonus Award Performance Criteria. The determination of Incentive Bonus Awards for a given year or years may be based upon the attainment of specified levels of Company or Subsidiary performance as measured by pre-established, objective performance criteria determined at the discretion of the Committee. The Committee shall (i) select those Participants who shall be eligible to receive an Incentive Bonus Award, (ii) determine the performance period, (iii) determine target levels of performance, and (iv) determine the level of Incentive Bonus Award to be paid to each selected Participant upon the achievement of each performance level. The Committee generally shall make the foregoing determinations prior to the commencement of services to which an Incentive Bonus Award relates, to the extent applicable, and while the outcome of the performance goals and targets is uncertain.

12.3 Payment of Incentive Bonus Awards

(a) Incentive Bonus Awards shall be paid in cash or Common Stock, as set forth in a Participant's Award Agreement. Payments shall be made following a determination by the Committee that the performance targets were attained and shall be made within two and one-half months after the later of the end of the fiscal or calendar year in which the Incentive Award is no longer subject to a substantial risk of forfeiture.

(b) The amount of an Incentive Bonus Award to be paid upon the attainment of each targeted level of performance shall equal a percentage of a Participant's base salary for the fiscal year, a fixed dollar amount, or such other formula, as determined by the Committee.

Section 13. Other Cash-Based Awards and Other Stock-Based Awards

13.1 Other Cash-Based and Stock-Based Awards. The Committee may grant other types of equity-based or equity-related Awards not otherwise described by the terms of this Plan (including the grant or offer for sale of unrestricted Shares) in such amounts and subject to such terms and conditions, as the Committee shall determine. Such Awards may involve the transfer of actual shares of Common Stock to a Participant, or payment in cash or otherwise of amounts based on the value of shares of Common Stock. In addition, the Committee, at any time and from time to time, may grant Cash-Based Awards to a Participant in such amounts and upon such terms as the Committee shall determine, in its sole discretion.

13.2 Value of Cash-Based Awards and Other Stock-Based Awards. Each Other Stock-Based Award shall be expressed in terms of shares of Common Stock or units based on shares of Common Stock, as determined by the Committee, in its sole discretion. Each Other Cash-Based Award shall specify a payment amount or payment range as determined by the Committee, in its sole discretion. If the Committee exercises its discretion to establish performance goals, the value of Other Cash-Based Awards that shall be paid to the Participant will depend on the extent to which such performance goals are met.

13.3 Payment of Cash-Based Awards and Other Stock-Based Awards. Payment, if any, with respect to Other Cash-Based Awards and Other Stock-Based Award shall be made in accordance with the terms of the Award, in cash or Shares as the Committee determines.

14. Change in Control

14.1 Effect of Change in Control.

(a) The Committee may, at the time of the grant of an Award and as set forth in an Award Agreement, provide for the effect of a “Change in Control” on an Award. Such provisions may include any one or more of the following: (i) the acceleration or extension of time periods for purposes of exercising, vesting in, or realizing gain from any Award, (ii) the elimination or modification of performance or other conditions related to the payment or other rights under an Award, (iii) provision for the cash settlement of an Award for an equivalent cash value, as determined by the Committee, or (iv) such other modification or adjustment to an Award as the Committee deems appropriate to maintain and protect the rights and interests of Participants upon or following a Change in Control. To the extent necessary for compliance with Section 409A of the Code, an Award Agreement shall provide that an Award subject to the requirements of Section 409A that would otherwise become payable upon a Change in Control shall only become payable to the extent that the requirements for a “change in control” for purposes of Section 409A have been satisfied.

(b) Notwithstanding anything to the contrary set forth in the Plan, unless otherwise provided by an Award Agreement, upon or in anticipation of any Change in Control, the Committee may, in its sole and absolute discretion and without the need for the consent of any Participant, take one or more of the following actions contingent upon the occurrence of that Change in Control: (i) cause any or all outstanding Stock Options and Stock Appreciation Rights held by Participants affected by the Change in Control to become vested and immediately exercisable, in whole or in part; (ii) cause any or all outstanding Restricted Stock, Stock Units, Performance Shares, Performance Units, Incentive Bonus Award and any other Award held by Participants affected by the Change in Control to become non-forfeitable, in whole or in part; (iii) cancel any Stock Option or Stock Appreciation Right in exchange for a substitute option in a manner consistent with the requirements of Treasury Regulation §1.424-1(a) or §1.409A-1(b)(5)(v)(D), as applicable (notwithstanding the fact that the original Stock Option may never have been intended to satisfy the requirements for treatment as an Incentive Stock Option); (iv) cancel any Restricted Stock, Stock Units, Performance Shares or Performance Units held by a Participant in exchange for restricted stock or performance shares of or stock or performance units in respect of the capital stock of any successor corporation; (v) redeem any Restricted Stock held by a Participant affected by the Change in Control for cash and/or other substitute consideration with a value equal to the Fair Market Value of an unrestricted share of Common Stock on the date of the Change in Control; (vi) terminate any Award in exchange for an amount of cash and/or property equal to the amount, if any, that would have been attained upon the exercise of such Award or realization of the Participant’s rights as of the date of the occurrence of the Change in Control (the “Change in Control Consideration”); provided, however that if the Change in Control Consideration with respect to any Option or Stock Appreciation Right does not exceed the exercise price of such Option or Stock Appreciation Right, the Committee may cancel the Option or Stock Appreciation Right without payment of any consideration therefor. Any such Change in Control Consideration may be subject to any escrow, indemnification and similar obligations, contingencies and encumbrances applicable in connection with the Change in Control to holders of Common Stock. Without limitation of the foregoing, if as of the date of the occurrence of the Change in Control the Committee determines that no amount would have been attained upon the realization of the Participant’s rights, then such Award may be terminated by the Company without payment. The Committee may cause the Change in Control Consideration to be subject to vesting conditions (whether or not the same as the vesting conditions applicable to the Award prior to the Change in Control) and/or make such other modifications, adjustments or amendments to outstanding Awards or this Plan as the Committee deems necessary or appropriate.

(c) The Committee may require a Participant to (i) represent and warrant as to the unencumbered title to the Participant's Awards, (ii) bear such Participant's pro rata share of any post-closing indemnity obligations, and be subject to the same or similar post-closing purchase price adjustments, escrow terms, offset rights, holdback terms and similar conditions as the other holders of Common Stock, and (iii) execute and deliver such documents and instruments as the Committee may reasonably require for the Participant to be bound by such obligations. The Committee will endeavor to take action under this Section 14 in a manner that does not cause a violation of Section 409A of the Code with respect to an Award.

15. General Provisions

15.1 Award Agreement. To the extent deemed necessary by the Committee, an Award under the Plan shall be evidenced by an Award Agreement in a written or electronic form approved by the Committee setting forth the number of shares of Common Stock or units subject to the Award, the exercise price, base price, or purchase price of the Award, the time or times at which an Award will become vested, exercisable or payable and the term of the Award. The Award Agreement may also set forth the effect on an Award of termination of Service under certain circumstances. The Award Agreement shall be subject to and incorporate, by reference or otherwise, all of the applicable terms and conditions of the Plan, and may also set forth other terms and conditions applicable to the Award as determined by the Committee consistent with the limitations of the Plan. Award Agreements evidencing Incentive Stock Options shall contain such terms and conditions as may be necessary to meet the applicable provisions of Section 422 of the Code. The grant of an Award under the Plan shall not confer any rights upon the Participant holding such Award other than such terms, and subject to such conditions, as are specified in the Plan as being applicable to such type of Award (or to all Awards) or as are expressly set forth in the Award Agreement.

15.2 Forfeiture Events/Representations. The Committee may specify in an Award Agreement at the time of the Award that the Participant's rights, payments and benefits with respect to an Award shall be subject to reduction, cancellation, forfeiture or recoupment upon the occurrence of certain specified events, in addition to any otherwise applicable vesting or performance conditions of an Award. Such events shall include, but shall not be limited to, termination of Service for Cause, violation of material Company policies, breach of noncompetition, confidentiality or other restrictive covenants that may apply to the Participant, or other conduct by the Participant that is detrimental to the business or reputation of the Company. The Committee may also specify in an Award Agreement that the Participant's rights, payments and benefits with respect to an Award shall be conditioned upon the Participant making a representation regarding compliance with noncompetition, confidentiality or other restrictive covenants that may apply to the Participant and providing that the Participant's rights, payments and benefits with respect to an Award shall be subject to reduction, cancellation, forfeiture or recoupment on account of a breach of such representation. Notwithstanding the foregoing, the confidentiality restrictions set forth in an Award Agreement shall not, and shall not be interpreted to, impair a Participant from exercising any legally protected whistleblower rights (including under Rule 21 of the Exchange Act). In addition and without limitation of the foregoing, any amounts paid hereunder shall be subject to recoupment in accordance with The Dodd-Frank Wall Street Reform and Consumer Protection Act and any implementing regulations thereunder, any "clawback" policy adopted by the Company or as is otherwise required by applicable law or stock exchange listing condition.

15.3 No Assignment or Transfer; Beneficiaries.

(a) Awards under the Plan shall not be assignable or transferable by the Participant, except by will or by the laws of descent and distribution, and shall not be subject in any manner to assignment, alienation, pledge, encumbrance or charge. Notwithstanding the foregoing, the Committee may provide in an Award Agreement that the Participant shall have the right to designate a beneficiary or beneficiaries who shall be entitled to any rights, payments or other benefits specified under an Award following the Participant's death. During the lifetime of a Participant, an Award shall be exercised only by such Participant or such Participant's guardian or legal representative. In the event of a Participant's death, an Award may, to the extent permitted by the Award Agreement, be exercised by the Participant's beneficiary as designated by the Participant in the manner prescribed by the Committee or, in the absence of an authorized beneficiary designation, by the legatee of such Award under the Participant's will or by the Participant's estate in accordance with the Participant's will or the laws of descent and distribution, in each case in the same manner and to the same extent that such Award was exercisable by the Participant on the date of the Participant's death.

(b) Limited Transferability Rights. Notwithstanding anything else in this Section 15.3 to the contrary, the Committee may in its discretion provide in an Award Agreement that an Award in the form of a Nonqualified Stock Option, share-settled Stock Appreciation Right, Restricted Stock, Performance Share or share-settled Other Stock-Based Award may be transferred, on such terms and conditions as the Committee deems appropriate, either (i) by instrument to the Participant's "Immediate Family" (as defined below), (ii) by instrument to an inter vivos or testamentary trust (or other entity) in which the Award is to be passed to the Participant's designated beneficiaries, or (iii) by gift to charitable institutions. Any transferee of the Participant's rights shall succeed and be subject to all of the terms of the applicable Award Agreement and the Plan. "Immediate Family" means any child, stepchild, grandchild, parent, stepparent, grandparent, spouse, former spouse, sibling, niece, nephew, mother-in-law, father-in-law, son-in-law, daughter-in-law, brother-in-law, or sister-in-law, and shall include adoptive relationships.

15.4 Rights as Stockholder. A Participant shall have no rights as a holder of shares of Common Stock with respect to any unissued securities covered by an Award until the date the Participant becomes the holder of record of such securities. Except as provided in Section 4.2 hereof, no adjustment or other provision shall be made for dividends or other stockholder rights, except to the extent that the Award Agreement provides for dividend payments or dividend equivalent rights.

15.5 Employment or Service. Nothing in the Plan, in the grant of any Award or in any Award Agreement shall confer upon any Eligible Person or Participant any right to continue in Service, or interfere in any way with the right of the Company or any of its Subsidiaries to terminate the employment or other service relationship of an Eligible Person or Participant for any reason at any time.

15.6 Fractional Shares. In the case of any fractional share or unit resulting from the grant, vesting, payment or crediting of dividends or dividend equivalents under an Award, the Committee shall have the discretionary authority to (i) disregard such fractional share or unit, (ii) round such fractional share or unit to the nearest lower or higher whole share or unit, or (iii) convert such fractional share or unit into a right to receive a cash payment.

15.7 Other Compensation and Benefit Plans. The amount of any compensation deemed to be received by a Participant pursuant to an Award shall not constitute includable compensation for purposes of determining the amount of benefits to which a Participant is entitled under any other compensation or benefit plan or program of the Company or any Subsidiary, including, without limitation, under any bonus, pension, profit-sharing, life insurance, salary continuation or severance benefits plan, except to the extent specifically provided by the terms of any such plan.

15.8 Plan Binding on Transferees. The Plan shall be binding upon the Company, its transferees and assigns, and the Participant, the Participant's executor, administrator and permitted transferees and beneficiaries. In addition, all obligations of the Company under this Plan with respect to Awards granted hereunder shall be binding on any successor to the Company, whether the existence of such successor is the result of a direct or indirect purchase, merger, consolidation, or otherwise, of all or substantially all of the business and/or assets of the Company.

15.9 Foreign Jurisdictions. The Committee may adopt, amend and terminate such arrangements and grant such Awards, not inconsistent with the intent of the Plan, as it may deem necessary or desirable to comply with any tax, securities, regulatory or other laws of other jurisdictions with respect to Awards that may be subject to such laws. The terms and conditions of such Awards may vary from the terms and conditions that would otherwise be required by the Plan solely to the extent the Committee deems necessary for such purpose. Moreover, the Board may approve such supplements to or amendments, restatements or alternative versions of the Plan, not inconsistent with the intent of the Plan, as it may consider necessary or appropriate for such purposes, without thereby affecting the terms of the Plan as in effect for any other purpose.

15.10 Substitute Awards in Corporate Transactions. Nothing contained in the Plan shall be construed to limit the right of the Committee to grant Awards under the Plan in connection with the acquisition, whether by purchase, merger, consolidation or other corporate transaction, of the business or assets of any corporation or other entity. Without limiting the foregoing, the Committee may grant Awards under the Plan to an employee or director of another corporation who becomes an Eligible Person by reason of any such corporate transaction in substitution for Awards previously granted by such corporation or entity to such person. The terms and conditions of the substitute Awards may vary from the terms and conditions that would otherwise be required by the Plan solely to the extent the Committee deems necessary for such purpose. Any shares of Common Stock subject to these substitute Awards shall not be counted against any of the maximum share limitations set forth in the Plan.

Section 16. Legal Compliance

16.1 Securities Laws. No shares of Common Stock will be issued or transferred pursuant to an Award unless and until all then applicable requirements imposed by Federal and state securities and other laws, rules and regulations and by any regulatory agencies having jurisdiction, and by any exchanges upon which the shares of Common Stock may be listed, have been fully met. As a condition precedent to the issuance of shares pursuant to the grant or exercise of an Award, the Company may require the Participant to take any reasonable action to meet such requirements. The Committee may impose such conditions on any shares of Common Stock issuable under the Plan as it may deem advisable, including, without limitation, restrictions under the Securities Act, as amended, under the requirements of any exchange upon which such shares of the same class are then listed, and under any blue sky or other securities laws applicable to such shares. The Committee may also require the Participant to represent and warrant at the time of issuance or transfer that the shares of Common Stock are being acquired only for investment purposes and without any current intention to sell or distribute such shares. All Common Stock issued pursuant to the terms of this Plan shall constitute "restricted securities," as that term is defined in Rule 144 promulgated pursuant to the Securities Act, and may not be transferred except in compliance herewith and with the registration requirements of the Securities Act or an exemption therefrom. Certificates representing Common Stock acquired pursuant to an Award may bear such legend as the Company may consider appropriate under the circumstances.

16.2 Incentive Arrangement. The Plan is designed to provide an ongoing, pecuniary incentive for Participants to produce their best efforts to increase the value of the Company. The Plan is not intended to provide retirement income or to defer the receipt of payments hereunder to the termination of a Participant's employment or beyond. The Plan is thus intended not to be a pension or welfare benefit plan that is subject to Employee Retirement Income Security Act of 1974 ("ERISA"), and shall be construed accordingly. All interpretations and determinations hereunder shall be made on a basis consistent with the Plan's status as not an employee benefit plan subject to ERISA.

16.3 Unfunded Plan. The adoption of the Plan and any reservation of shares of Common Stock or cash amounts by the Company to discharge its obligations hereunder shall not be deemed to create a trust or other funded arrangement. Except upon the issuance of Common Stock pursuant to an Award, any rights of a Participant under the Plan shall be those of a general unsecured creditor of the Company, and neither a Participant nor the Participant's permitted transferees or estate shall have any other interest in any assets of the Company by virtue of the Plan. Notwithstanding the foregoing, the Company shall have the right to implement or set aside funds in a grantor trust, subject to the claims of the Company's creditors or otherwise, to discharge its obligations under the Plan.

16.4 Section 409A Compliance. To the extent applicable, it is intended that the Plan and all Awards hereunder comply with the requirements of Section 409A of the Code or an exemption thereto, and the Plan and all Award Agreements shall be interpreted and applied by the Committee in a manner consistent with this intent in order to avoid the imposition of any additional tax under Section 409A of the Code. Notwithstanding anything in the Plan to the contrary, in the event that any provision of the Plan or an Award Agreement is determined by the Committee, in its sole discretion, to not comply with the requirements of Section 409A of the Code or an exemption thereto, the Committee shall, in its sole discretion, have the authority to take such actions and to make such interpretations or changes to the Plan or an Award Agreement as the Committee deems necessary, regardless of whether such actions, interpretations or changes shall adversely affect a Participant, subject to the limitations, if any, of applicable law. If an Award is subject to Section 409A of the Code, any payment made to a Participant who is a "specified employee" of the Company or any Subsidiary shall not be made before the date that is six months after the Participant's "separation from service" to the extent required to avoid the adverse consequences of Section 409A of the Code. For purposes of this Section 16.4, the terms "separation from service" and "specified employee" shall have the meanings set forth in Section 409A of the Code. In no event whatsoever shall the Company be liable for any additional tax, interest or penalties that may be imposed on any Participant by Section 409A of the Code or any damages for failing to comply with Section 409A of the Code.

16.5 Tax Withholding.

(a) The Company shall have the power and the right to deduct or withhold, or require a participant to remit to the Company, the minimum statutory amount to satisfy federal, state, and local taxes, domestic or foreign, required by law or regulation to be withheld with respect to any taxable event arising as a result of this Plan, but in no event shall such deduction or withholding or remittance exceed the minimum statutory withholding requirements unless permitted by the Company and such additional withholding amount will not cause adverse accounting consequences and is permitted under Applicable Law. Notwithstanding the foregoing, if a minimum statutory amount of withholding does not apply under the laws of any foreign jurisdiction, the Company may withhold such amount for remittance to the applicable taxing authority of such jurisdiction as the Company determines in its discretion, uniformly applied, to be appropriate.

(b) A Participant may, in order to fulfill the withholding obligation, tender previously-acquired shares of Common Stock or have shares of stock withheld from the exercise, provided that the shares have an aggregate Fair Market Value sufficient to satisfy in whole or in part the applicable withholding taxes. The broker-assisted exercise procedure described in Section 6.5 may also be utilized to satisfy the withholding requirements related to the exercise of a Stock Option.

(c) Notwithstanding the foregoing, a Participant may not use shares of Common Stock to satisfy the withholding requirements to the extent that (i) there is a substantial likelihood that the use of such form of payment or the timing of such form of payment would subject the Participant to a substantial risk of liability under Section 16 of the Exchange Act; (ii) such withholding would constitute a violation of the provisions of any law or regulation (including the Sarbanes-Oxley Act of 2002); or (iii) such withholding would cause adverse accounting consequences for the Company.

16.6 No Guarantee of Tax Consequences. Neither the Company, the Board, the Committee nor any other Person make any commitment or guarantee that any federal, state, local or foreign tax treatment will apply or be available to any Participant or any other person hereunder.

16.7 Severability. If any provision of the Plan or any Award Agreement shall be determined to be illegal or unenforceable by any court of law in any jurisdiction, the remaining provisions hereof and thereof shall be severable and enforceable in accordance with their terms, and all provisions shall remain enforceable in any other jurisdiction.

16.8 Stock Certificates; Book Entry Form. Notwithstanding any provision of the Plan to the contrary, unless otherwise determined by the Committee or required by any applicable law, rule or regulation, any obligation set forth in the Plan pertaining to the delivery or issuance of stock certificates evidencing shares of Common Stock may be satisfied by having issuance and/or ownership of such shares recorded on the books and records of the Company (or, as applicable, its transfer agent or stock plan administrator).

16.9 Governing Law. The Plan and all rights hereunder shall be subject to and interpreted in accordance with the laws of the State of Delaware, without reference to the principles of conflicts of laws, and to applicable Federal securities laws.

Section 17. Effective Date, Amendment and Termination

17.1 Effective Date. The effective date of the Plan shall be the date on which the Plan is approved by the Board; provided, however, that Awards granted under the Plan subsequent to the approval of the Plan by the Board shall be valid only if the Plan is approved by the requisite percentage of the holders of the Common Stock of the Company within one year of the date on which such Board approval occurs. If such stockholder approval is not obtained within one year after the date of the Board's approval of the Plan, then all Awards previously granted under the Plan shall terminate and cease to be outstanding, and no further Awards shall be granted under the Plan.

17.2 Amendment; Termination. The Board may suspend or terminate the Plan (or any portion thereof) at any time and may amend the Plan at any time and from time to time in such respects as the Board may deem advisable or in the best interests of the Company or any Subsidiary; provided, however, that (a) no such amendment, suspension or termination shall materially impair any rights or materially increase any obligations under any Award theretofore made under the Plan without the consent of the Participant affected thereby (or, after the Participant's death, the person having the right to exercise the Award), (b) to the extent necessary and desirable to comply with any applicable law, regulation, or stock exchange rule, the Company shall obtain stockholder approval of any Plan amendment in such a manner and to such a degree as required, and (c) stockholder approval is required for any amendment to the Plan that (i) increases the number of shares of Common Stock available for issuance under the Plan, or (ii) changes the persons or class of persons eligible to receive Awards. For purposes of the foregoing, any action of the Board or the Committee that alters or affects the tax treatment of any Award shall not be considered to materially impair any rights of any Participant. The Plan will continue in effect until terminated in accordance with this Section 17.2; *provided, however*, that no Award will be granted hereunder on or after the 10th anniversary of the date of the adoption of the Plan by the Board (the "Expiration Date"); but provided further, that Awards granted prior to such Expiration Date may extend beyond that date.

ADOPTION AND APPROVAL OF PLAN

Date Plan approved by Board: February 28, 2023

Date Plan approved by Stockholders: February 28, 2023

**FORM OF
INCENTIVE STOCK OPTION GRANT AGREEMENT**

SAFE AND GREEN DEVELOPMENT CORPORATION 2023 STOCK INCENTIVE PLAN

This Stock Option Grant Agreement (the “Grant Agreement”) is made and entered into effective on the Date of Grant set forth in Exhibit A (the “Date of Grant”) by and between Safe and Green Development Corporation, a Delaware corporation (the “Company”), and the individual named in Exhibit A hereto (the “Optionee”).

WHEREAS, the Company desires to provide the Optionee an incentive to participate in the success and growth of the Company through the opportunity to earn a proprietary interest in the Company; and

WHEREAS, to give effect to the foregoing intention, the Company desires to grant the Optionee an option pursuant to the Safe and Green Development Corporation 2023 Stock Incentive Plan (the “Plan”) to acquire the Company’s common stock, par value \$0.001 per share (the “Common Stock”);

NOW, THEREFORE, in consideration of the mutual covenants hereinafter set forth and for good and valuable consideration, the parties hereto agree as follows:

1. Grant. The Company hereby grants the Optionee a Nonqualified Stock Option (the “Option”) to purchase up to the number of shares of Common Stock (the “Shares”) set forth in Exhibit A hereto at the exercise price per Share (the “Exercise Price”) set forth in Exhibit A, and on the vesting schedule set forth in Exhibit A, subject to the terms and conditions set forth herein and the provisions of the Plan, the terms of which are incorporated herein by reference. Capitalized terms used but not otherwise defined in this Grant Agreement shall have the meanings as set forth in the Plan.

This Option is intended to qualify as an Incentive Stock Option (“ISO”) under Section 422 of the Code. However, notwithstanding such designation, if the Optionee becomes eligible in any given year to exercise ISOs for Shares having a Fair Market Value in excess of \$100,000, those options representing the excess shall be treated as Nonqualified Stock Options. In the previous sentence, “ISOs” include ISOs granted under any plan of the Company or any parent or any Subsidiary of the Company. For the purpose of deciding which options apply to Shares that “exceed” the \$100,000 limit, ISOs shall be taken into account in the same order as granted. The Fair Market Value of the Shares shall be determined as of the time the Option with respect to such Shares is granted. The Optionee hereby acknowledges that there is no assurance that the Option will, in fact, be treated as an Incentive Stock Option under Section 422 of the Code.

2. Exercise Period Following Termination of Service. This Option shall terminate and be canceled to the extent not exercised within three (3) months after the Optionee’s Service terminates; provided that if such termination is due to the Optionee’s total and permanent disability within the meaning of Section 22(e)(3) of the Code, this Option shall terminate and be canceled one (1) year from the date of termination of the Optionee’s Service; and provided, further, that if Optionee’s Service terminates (other than for Cause) on or after a Change in Control, then the Option shall remain exercisable until the Expiration Date. Notwithstanding the foregoing, in the event that the Optionee’s Service is terminated for Cause, then the Option shall immediately terminate on the date of such termination of Service and shall not be exercisable for any period following such date. In no event, however, shall this Option be exercised later than the Expiration Date set forth in Exhibit A and in no event shall this Option be exercised for more Shares than the Shares which otherwise have become exercisable as of the date of termination.

3. Method of Exercise. This Option is exercisable by delivery to the Company of an exercise notice (the “Exercise Notice”) in a form satisfactory to the Committee or by such other form or means as the Committee may permit or require. Any Exercise Notice shall state or provide the number of Shares with respect to which the Option is being exercised (the “Exercised Shares”), and include such other representations and agreements as may be required by the Company pursuant to the provisions of the Plan. The Optionee may elect to make payment of the exercise price in cash or by check or by delivery to the Company of certificates representing shares of outstanding Common Stock already owned by the Optionee that are owned free and clear of any liens, claims, encumbrances or security interests together with stock powers duly executed and with signature guaranteed. In addition, the Optionee may make payment through a “cashless exercise” such that without the payment of any funds, the undersigned may exercise the Option and receive the net number of Shares equal to (x) the number of Shares as to which the Option is being exercised, multiplied by (y) a fraction, the numerator of which is the Fair Market Value per share (on such date as is determined by the Committee) less the Exercise Price per Share, and the denominator of which is such Fair Market Value per Share (the number of net Shares to be received shall be rounded down to the nearest whole number). In the event payment is made by delivery of such Shares, said Shares shall be deemed to have a per Share value equal to the Fair Market Value per Share on the date of exercise. Upon exercise of the Option by the Optionee and prior to the delivery of such Exercised Shares, the Company shall have the right to require the Optionee to satisfy applicable Federal and state tax income tax withholding requirements and the Optionee’s share of applicable employment withholding taxes in a method satisfactory to the Company. Notwithstanding the foregoing, the Optionee may not exercise the Option by tender to the Company of Common Stock to the extent such tender would violate the provisions of any law, regulation or agreement restricting the redemption of the Company’s Common Stock. Further, no Exercised Shares shall be issued unless such exercise and issuance complies with the requirements relating to the administration of stock option plans and other applicable equity plans under U.S. state corporate laws, U.S. federal and state securities laws, the Code, any stock exchange or quotation system on which the Common Stock is listed or quoted, and the applicable laws of any foreign country or jurisdiction where stock grants or other applicable equity grants are made under the Plan; assuming such compliance, for income tax purposes the Exercised Shares shall be considered transferred to the Optionee on the date the Option is exercised with respect to such Shares.

4. Covenants Agreement. This Option shall be subject to forfeiture at the election of the Company in the event that the Optionee breaches any agreement between the Optionee and the Company with respect to noncompetition, nonsolicitation, assignment of inventions and contributions and/or nondisclosure obligations of the Optionee.

5. Taxes.

(a) By executing this Grant Agreement, Optionee acknowledges and agrees that Optionee is solely responsible for the satisfaction of any applicable taxes that may be imposed on Optionee that arise as a result of the grant, vesting or exercise of the Option, including without limitation any taxes arising under Section 409A of the Code (regarding deferred compensation) or Section 4999 of the Code (regarding golden parachute excise taxes), and that neither the Company nor the Committee shall have any obligation whatsoever to pay such taxes or otherwise indemnify or hold Optionee harmless from any or all of such taxes.

(b) Notwithstanding paragraph (a) above, if any amounts or benefits provided for in this Grant Agreement, when aggregated with any other payments or benefits payable or provided to the Optionee (the “Total Payments”) would (i) constitute “parachute payments” within the meaning of Section 280G of the Code (which will not include any portion of payments classified as payments of reasonable compensation for purposes of Section 280G of the Code, including without limitation amounts allocated to any restrictive covenants), and (ii) but for this Section 5(b), would be subject to the excise tax imposed by Section 4999 of the Code (the “Excise Tax”), then the Total Payments will be either: (a) provided in full, or (b) provided as to such lesser extent as would result in no portion of such Total Payments being subject to the Excise Tax, whichever of the foregoing amounts, taking into account the applicable federal, state and local income and employment taxes and the Excise Tax, results in the Optionee’s receipt on an after-tax basis of the greatest amount of the Total Payments, notwithstanding that all or some portion of the Total Payments may be subject to the Excise Tax. To the extent any reduction in Total Payments is required by this Section 5(b), such reduction shall occur to the payments and benefits in the order that results in the greatest economic present value of all payments and benefits actually made to Optionee. Subject to Section 409A of the Code, such order of reductions shall be determined by the Optionee. Unless the Company and the Optionee otherwise agree in writing, any determination required under this Section 5(b) shall be made in writing by an independent public accounting firm mutually acceptable to the Company and the Optionee (the “Accountants”) whose determination shall be conclusive and binding upon the Optionee and the Company for all purposes. For purposes of making the calculations required by this Section 5(b), the Accountants may make reasonable assumptions and approximations concerning applicable taxes and may rely on reasonable, good faith interpretations concerning the application of Sections 280G and 4999 of the Code. The Company and the Optionee shall furnish to the Accountants such information and documents as the Accountants may reasonably request in order to make a determination under this Section 5(b). The Company shall pay all fees and expenses of the Accountants.

6. Non-Transferability of Option. This Option may not be transferred in any manner otherwise than by will or by the laws of descent or distribution and may be exercised during the lifetime of the Optionee only by the Optionee. The terms of the Plan and this Grant Agreement shall be binding upon the executors, administrators, heirs, successors and assigns of the Optionee.

7. Securities Matters. All Shares and Exercised Shares shall be subject to the restrictions on sale, encumbrance and other disposition provided by Federal or state law. The Company shall not be obligated to sell or issue any Shares or Exercised Shares pursuant to this Grant Agreement unless, on the date of sale and issuance thereof, such Shares are either registered under the Securities Act of 1933, as amended (the "Securities Act"), and all applicable state securities laws, or are exempt from registration thereunder. Regardless of whether the offering and sale of Shares under the Plan have been registered under the Securities Act, or have been registered or qualified under the securities laws of any state, the Company at its discretion may impose restrictions upon the sale, pledge or other transfer of such Shares (including the placement of appropriate legends on stock certificates or the imposition of stop-transfer instructions) if, in the judgment of the Company, such restrictions are necessary in order to achieve compliance with the Securities Act or the securities laws of any state or any other law.

8. Investment Purpose. The Optionee represents and warrants that unless the Shares are registered under the Securities Act, any and all Shares acquired by the Optionee under this Grant Agreement will be acquired for investment for the Optionee's own account and not with a view to, for resale in connection with, or with an intent of participating directly or indirectly in, any distribution of such Shares within the meaning of the Securities Act. The Optionee agrees not to sell, transfer or otherwise dispose of such Shares unless they are either (1) registered under the Securities Act and all applicable state securities laws, or (2) exempt from such registration in the opinion of Company counsel.

9. Lock-Up Agreement. The Optionee hereby agrees that in the event that the Optionee exercises this Option during a period in which any directors or officers of the Company have agreed with one or more underwriters not to sell securities of the Company, then, as a condition to such exercise, the Optionee shall enter into an agreement, in form and substance satisfactory to the Company, pursuant to which the Optionee shall agree to restrictions on transferability of the Shares comparable to the restrictions agreed upon by such directors or officers of the Company.

10. Other Plans. No amounts of income received by the Optionee pursuant to this Grant Agreement shall be considered compensation for purposes of any pension or retirement plan, insurance plan or any other employee benefit plan of the Company or its subsidiaries, unless otherwise expressly provided in such plan.

11. No Guarantee of Continued Service. The Optionee acknowledges and agrees that the right to exercise the Option pursuant to the exercise schedule hereof is earned only through continuous Service and such other requirements, if any, as are set forth in Exhibit A (and not through the act of being hired, being granted an option or purchasing shares hereunder). The Optionee further acknowledges and agrees that (i) this Grant Agreement, the transactions contemplated hereunder and the exercise schedule set forth herein do not constitute an express or implied promise of continued employment or service for the exercise period or for any other period, and shall not interfere with the Optionee's right or the right of the Company or its Subsidiaries to terminate the employment or service relationship at any time, with or without cause, subject to the terms of any written employment agreement that the Optionee may have entered into with the Company or any of its Subsidiaries; and (ii) the Company would not have granted this Option to the Optionee but for these acknowledgements and agreements.

12. Entire Agreement; Governing Law. The Plan is incorporated herein by reference. The Plan and this Grant Agreement constitute the entire agreement of the parties with respect to the subject matter hereof and supersede in their entirety all prior undertakings and agreements of the Company and the Optionee with respect to the subject matter hereof, and may not be amended to materially impair the rights of the Optionee without the Optionee's consent; provided, however, that no action of the Board or the Committee that alters or affects the tax treatment of the Option shall be considered to materially impair any rights of the Optionee. In the event of any conflict between this Grant Agreement and the Plan, the Plan shall be controlling, except as otherwise specifically provided in the Plan. This Grant Agreement shall be construed under the laws of the State of Delaware, without regard to conflict of laws principles.

13. Opportunity for Review. Optionee and the Company agree that this Option is granted under and governed by the terms and conditions of the Plan and this Grant Agreement. The Optionee has reviewed the Plan and this Grant Agreement in their entirety, has had an opportunity to obtain the advice of counsel prior to executing this Grant Agreement and fully understands all provisions of the Plan and this Grant Agreement. The Optionee hereby agrees to accept as binding, conclusive and final all decisions or interpretations of the Committee upon any questions relating to the Plan and this Grant Agreement. The Optionee further agrees to notify the Company upon any change in the residence address indicated herein.

14. Section 409A. This Option is intended to be excepted from coverage under Section 409A and shall be administered, interpreted and construed accordingly. The Company may, in its sole discretion and without the Optionee's consent, modify or amend the terms of this Grant Agreement, impose conditions on the timing and effectiveness of the exercise of the Option by Optionee, or take any other action it deems necessary or advisable, to cause the Option to be excepted from Section 409A (or to comply therewith to the extent the Company determines it is not excepted).

15. Recoupment. In the event the Company restates its financial statements due to material noncompliance with any financial reporting requirements under applicable securities laws, any shares issued pursuant to this Agreement for or in respect of the year that is restated, or the prior three years, may be recovered to the extent the shares issued exceed the number that would have been issued based on the restatement. In addition and without limitation of the foregoing, any amounts paid hereunder shall be subject to recoupment in accordance with The Dodd-Frank Wall Street Reform and Consumer Protection Act and any implementing regulations thereunder, any clawback policy adopted by the Company or as is otherwise required by applicable law or stock exchange listing conditions.

[Signature Page Follows]

IN WITNESS WHEREOF, the parties hereto have executed this Grant Agreement as of the date set forth in Exhibit A.

SAFE AND GREEN DEVELOPMENT CORPORATION

By: _____
Name: Paul M. Galvin
Title: Chief Executive Officer and Director

OPTIONEE

EXHIBIT A

**INCENTIVE STOCK OPTION GRANT AGREEMENT
SAFE AND GREEN DEVELOPMENT CORPORATION**

- (a) **Optionee's Name:** _____
- (b) **Date of Grant:** _____
- (c) **Number of Shares Subject to the Option:** _____
- (d) **Exercise Price:** \$ _____ per Share
- (e) **Expiration Date:** _____
- (f) **Vesting Schedule:**

Notwithstanding anything contained herein to the contrary, if a "Change in Control" (as defined in the Plan) occurs prior to the cessation of the Optionee's "Service" (as defined in the Plan), then the Option, to the extent not then vested, shall become fully (100%) vested immediately prior to the date of such Change in Control.

_____(Initials)
Optionee

_____(Initials)
Company Signatory

NONQUALIFIED STOCK OPTION GRANT AGREEMENT

SAFE AND GREEN DEVELOPMENT CORPORATION

This Stock Option Grant Agreement (the “Grant Agreement”) is made and entered into effective on the Date of Grant set forth in Exhibit A (the “Date of Grant”) by and between Safe and Green Development Corporation, a Delaware corporation (the “Company”), and the individual named in Exhibit A hereto (the “Optionee”).

WHEREAS, the Company desires to provide the Optionee an incentive to participate in the success and growth of the Company through the opportunity to earn a proprietary interest in the Company; and

WHEREAS, to give effect to the foregoing intention, the Company desires to grant the Optionee an option pursuant to the Safe and Green Development Corporation 2023 Stock Incentive Plan (the “Plan”) to acquire the Company’s common stock, par value \$0.001 per share (the “Common Stock”);

NOW, THEREFORE, in consideration of the mutual covenants hereinafter set forth and for good and valuable consideration, the parties hereto agree as follows:

1. Grant. The Company hereby grants the Optionee a Nonqualified Stock Option (the “Option”) to purchase up to the number of shares of Common Stock (the “Shares”) set forth in Exhibit A hereto at the exercise price per Share (the “Exercise Price”) set forth in Exhibit A, and on the vesting schedule set forth in Exhibit A, subject to the terms and conditions set forth herein and the provisions of the Plan, the terms of which are incorporated herein by reference. Capitalized terms used but not otherwise defined in this Grant Agreement shall have the meanings as set forth in the Plan.

2. Exercise Period Following Termination of Service. This Option shall terminate and be canceled to the extent not exercised within ninety (90) days after the Optionee’s Service terminates; provided that if such termination is due to the death or Disability of the Optionee, this Option shall terminate and be canceled twelve (12) months from the date of termination of the Optionee’s Service; and provided, further, that if Optionee’s Service terminates (other than for Cause) on or after a Change in Control, then the Option shall remain exercisable until the Expiration Date. Notwithstanding the foregoing, in the event that the Optionee’s Service is terminated for Cause, then the Option shall immediately terminate on the date of such termination of Service and shall not be exercisable for any period following such date. In no event, however, shall this Option be exercised later than the Expiration Date set forth in Exhibit A and in no event shall this Option be exercised for more Shares than the Shares which otherwise have become exercisable as of the date of termination.

3. Method of Exercise. This Option is exercisable by delivery to the Company of an exercise notice (the “Exercise Notice”) in a form satisfactory to the Committee or by such other form or means as the Committee may permit or require. Any Exercise Notice shall state or provide the number of Shares with respect to which the Option is being exercised (the “Exercised Shares”), and include such other representations and agreements as may be required by the Company pursuant to the provisions of the Plan. The Optionee may elect to make payment of the exercise price in cash or by check or by delivery to the Company of certificates representing shares of outstanding Common Stock already owned by the Optionee that are owned free and clear of any liens, claims, encumbrances or security interests together with stock powers duly executed and with signature guaranteed. In addition, the Optionee may make payment through a “cashless exercise” such that without the payment of any funds, the undersigned may exercise the Option and receive the net number of Shares equal to (x) the number of Shares as to which the Option is being exercised, multiplied by (y) a fraction, the numerator of which is the Fair Market Value per share (on such date as is determined by the Committee) less the Exercise Price per Share, and the denominator of which is such Fair Market Value per Share (the number of net Shares to be received shall be rounded down to the nearest whole number). In the event payment is made by delivery of such Shares, said Shares shall be deemed to have a per Share value equal to the Fair Market Value per Share on the date of exercise. Upon exercise of the Option by the Optionee and prior to the delivery of such Exercised Shares, the Company shall have the right to require the Optionee to satisfy applicable Federal and state tax income tax withholding requirements and the Optionee’s share of applicable employment withholding taxes in a method satisfactory to the Company. Notwithstanding the foregoing, the Optionee may not exercise the Option by tender to the Company of Common Stock to the extent such tender would violate the provisions of any law, regulation or agreement restricting the redemption of the Company’s Common Stock. Further, no Exercised Shares shall be issued unless such exercise and issuance complies with the requirements relating to the administration of stock option plans and other applicable equity plans under U.S. state corporate laws, U.S. federal and state securities laws, the Code, any stock exchange or quotation system on which the Common Stock is listed or quoted, and the applicable laws of any foreign country or jurisdiction where stock grants or other applicable equity grants are made under the Plan; assuming such compliance, for income tax purposes the Exercised Shares shall be considered transferred to the Optionee on the date the Option is exercised with respect to such Shares.

4. Covenants Agreement. This Option shall be subject to forfeiture at the election of the Company in the event that the Optionee breaches any agreement between the Optionee and the Company with respect to noncompetition, nonsolicitation, assignment of inventions and contributions and/or nondisclosure obligations of the Optionee.

5. Taxes.

(a) By executing this Grant Agreement, Optionee acknowledges and agrees that Optionee is solely responsible for the satisfaction of any applicable taxes that may be imposed on Optionee that arise as a result of the grant, vesting or exercise of the Option, including without limitation any taxes arising under Section 409A of the Code (regarding deferred compensation) or Section 4999 of the Code (regarding golden parachute excise taxes), and that neither the Company nor the Committee shall have any obligation whatsoever to pay such taxes or otherwise indemnify or hold Optionee harmless from any or all of such taxes.

(b) Notwithstanding paragraph (a) above, if any amounts or benefits provided for in this Grant Agreement, when aggregated with any other payments or benefits payable or provided to the Optionee (the "Total Payments") would (i) constitute "parachute payments" within the meaning of Section 280G of the Code (which will not include any portion of payments classified as payments of reasonable compensation for purposes of Section 280G of the Code, including without limitation amounts allocated to any restrictive covenants), and (ii) but for this Section 5(b), would be subject to the excise tax imposed by Section 4999 of the Code (the "Excise Tax"), then the Total Payments will be either: (a) provided in full, or (b) provided as to such lesser extent as would result in no portion of such Total Payments being subject to the Excise Tax, whichever of the foregoing amounts, taking into account the applicable federal, state and local income and employment taxes and the Excise Tax, results in the Optionee's receipt on an after-tax basis of the greatest amount of the Total Payments, notwithstanding that all or some portion of the Total Payments may be subject to the Excise Tax. To the extent any reduction in Total Payments is required by this Section 5(b), such reduction shall occur to the payments and benefits in the order that results in the greatest economic present value of all payments and benefits actually made to Optionee. Subject to Section 409A of the Code, such order of reductions shall be determined by the Optionee. Unless the Company and the Optionee otherwise agree in writing, any determination required under this Section 5(b) shall be made in writing by an independent public accounting firm mutually acceptable to the Company and the Optionee (the "Accountants") whose determination shall be conclusive and binding upon the Optionee and the Company for all purposes. For purposes of making the calculations required by this Section 5(b), the Accountants may make reasonable assumptions and approximations concerning applicable taxes and may rely on reasonable, good faith interpretations concerning the application of Sections 280G and 4999 of the Code. The Company and the Optionee shall furnish to the Accountants such information and documents as the Accountants may reasonably request in order to make a determination under this Section 5(b). The Company shall pay all fees and expenses of the Accountants.

6. Non-Transferability of Option. This Option may not be transferred in any manner otherwise than by will or by the laws of descent or distribution and may be exercised during the lifetime of the Optionee only by the Optionee. The terms of the Plan and this Grant Agreement shall be binding upon the executors, administrators, heirs, successors and assigns of the Optionee.

7. Securities Matters. All Shares and Exercised Shares shall be subject to the restrictions on sale, encumbrance and other disposition provided by Federal or state law. The Company shall not be obligated to sell or issue any Shares or Exercised Shares pursuant to this Grant Agreement unless, on the date of sale and issuance thereof, such Shares are either registered under the Securities Act of 1933, as amended (the "Securities Act"), and all applicable state securities laws, or are exempt from registration thereunder. Regardless of whether the offering and sale of Shares under the Plan have been registered under the Securities Act, or have been registered or qualified under the securities laws of any state, the Company at its discretion may impose restrictions upon the sale, pledge or other transfer of such Shares (including the placement of appropriate legends on stock certificates or the imposition of stop-transfer instructions) if, in the judgment of the Company, such restrictions are necessary in order to achieve compliance with the Securities Act or the securities laws of any state or any other law.

8. Investment Purpose. The Optionee represents and warrants that unless the Shares are registered under the Securities Act, any and all Shares acquired by the Optionee under this Grant Agreement will be acquired for investment for the Optionee's own account and not with a view to, for resale in connection with, or with an intent of participating directly or indirectly in, any distribution of such Shares within the meaning of the Securities Act. The Optionee agrees not to sell, transfer or otherwise dispose of such Shares unless they are either (1) registered under the Securities Act and all applicable state securities laws, or (2) exempt from such registration in the opinion of Company counsel.

9. Lock-Up Agreement. The Optionee hereby agrees that in the event that the Optionee exercises this Option during a period in which any directors or officers of the Company have agreed with one or more underwriters not to sell securities of the Company, then, as a condition to such exercise, the Optionee shall enter into an agreement, in form and substance satisfactory to the Company, pursuant to which the Optionee shall agree to restrictions on transferability of the Shares comparable to the restrictions agreed upon by such directors or officers of the Company.

10. Other Plans. No amounts of income received by the Optionee pursuant to this Grant Agreement shall be considered compensation for purposes of any pension or retirement plan, insurance plan or any other employee benefit plan of the Company or its subsidiaries, unless otherwise expressly provided in such plan.

11. No Guarantee of Continued Service. The Optionee acknowledges and agrees that the right to exercise the Option pursuant to the exercise schedule hereof is earned only through continuous Service and such other requirements, if any, as are set forth in Exhibit A (and not through the act of being hired, being granted an option or purchasing shares hereunder). The Optionee further acknowledges and agrees that (i) this Grant Agreement, the transactions contemplated hereunder and the exercise schedule set forth herein do not constitute an express or implied promise of continued employment or service for the exercise period or for any other period, and shall not interfere with the Optionee's right or the right of the Company or its Subsidiaries to terminate the employment or service relationship at any time, with or without cause, subject to the terms of any written employment agreement that the Optionee may have entered into with the Company or any of its Subsidiaries; and (ii) the Company would not have granted this Option to the Optionee but for these acknowledgements and agreements.

12. Entire Agreement; Governing Law. The Plan is incorporated herein by reference. The Plan and this Grant Agreement constitute the entire agreement of the parties with respect to the subject matter hereof and supersede in their entirety all prior undertakings and agreements of the Company and the Optionee with respect to the subject matter hereof, and may not be amended to materially impair the rights of the Optionee without the Optionee's consent; provided, however, that no action of the Board or the Committee that alters or affects the tax treatment of the Option shall be considered to materially impair any rights of the Optionee. In the event of any conflict between this Grant Agreement and the Plan, the Plan shall be controlling, except as otherwise specifically provided in the Plan. This Grant Agreement shall be construed under the laws of the State of Delaware, without regard to conflict of laws principles.

13. Opportunity for Review. Optionee and the Company agree that this Option is granted under and governed by the terms and conditions of the Plan and this Grant Agreement. The Optionee has reviewed the Plan and this Grant Agreement in their entirety, has had an opportunity to obtain the advice of counsel prior to executing this Grant Agreement and fully understands all provisions of the Plan and this Grant Agreement. The Optionee hereby agrees to accept as binding, conclusive and final all decisions or interpretations of the Committee upon any questions relating to the Plan and this Grant Agreement. The Optionee further agrees to notify the Company upon any change in the residence address indicated herein.

14. Section 409A. This Option is intended to be excepted from coverage under Section 409A and shall be administered, interpreted and construed accordingly. The Company may, in its sole discretion and without the Optionee's consent, modify or amend the terms of this Grant Agreement, impose conditions on the timing and effectiveness of the exercise of the Option by Optionee, or take any other action it deems necessary or advisable, to cause the Option to be excepted from Section 409A (or to comply therewith to the extent the Company determines it is not excepted).

15. Recoupment. In the event the Company restates its financial statements due to material noncompliance with any financial reporting requirements under applicable securities laws, any shares issued pursuant to this Agreement for or in respect of the year that is restated, or the prior three years, may be recovered to the extent the shares issued exceed the number that would have been issued based on the restatement. In addition and without limitation of the foregoing, any amounts paid hereunder shall be subject to recoupment in accordance with The Dodd-Frank Wall Street Reform and Consumer Protection Act and any implementing regulations thereunder, any clawback policy adopted by the Company or as is otherwise required by applicable law or stock exchange listing conditions.

[Signature Page Follows]

IN WITNESS WHEREOF, the parties hereto have executed this Grant Agreement as of the date set forth in Exhibit A.

SAFE AND GREEN DEVELOPMENT CORPORATION

By: _____
Name:
Title:

OPTIONEE

Name:

EXHIBIT A

NONQUALIFIED STOCK OPTION GRANT AGREEMENT

SAFE AND GREEN DEVELOPMENT CORPORATION

Optionee's Name: _____

Date of Grant: _____

Number of Shares Subject to the Option: _____

Exercise Price: \$ _____ per Share

Expiration Date: _____

Vesting Schedule:

Notwithstanding anything contained herein to the contrary, if a "Change in Control" (as defined in the Plan) occurs prior to the cessation of the Optionee's "Service" (as defined in the Plan), then the Option, to the extent not then vested, shall become fully (100%) vested immediately prior to the date of such Change in Control.

_____(Initials)
Optionee

_____(Initials)
Company Signatory

**FORM OF
RESTRICTED STOCK UNIT AWARD AGREEMENT**

SAFE AND GREEN DEVELOPMENT CORPORATION 2023 STOCK INCENTIVE PLAN

This Restricted Stock Unit Award Agreement (the “Agreement” or “Award Agreement”), dated as of the “Award Date” set forth in the attached Exhibit A, is entered into between Safe and Green Development Corporation, a Delaware corporation (the “Company”), and the individual named in Exhibit A hereto (the “Awardee”).

WHEREAS, the Company desires to provide the Awardee an incentive to participate in the success and growth of the Company through the opportunity to earn a proprietary interest in the Company; and

WHEREAS, to give effect to the foregoing intention, the Company desires to award the Awardee Restricted Stock Units pursuant to the Safe and Green Development Corporation 2023 Stock Incentive Plan (the “Plan”);

NOW, THEREFORE, the following provisions apply to this Award:

1. Award. The Company hereby awards the Awardee the number of Restricted Stock Units (each an “RSU” and collectively the “RSUs”) set forth in Exhibit A. Such RSUs shall be subject to the terms and conditions set forth in this Agreement and the provisions of the Plan, the terms of which are incorporated herein by reference. Capitalized terms used but not otherwise defined herein shall have the meanings as set forth in the Plan.

2. Vesting. Except as otherwise provided in this Agreement, the RSUs shall vest in accordance with the vesting schedule set forth in Exhibit A, provided that the Awardee remains in Service through the applicable vesting date.

For each RSU that becomes vested in accordance with this Agreement, the Company shall issue and deliver to Awardee, on or within thirty (30) business days after becoming vested, one share of the Company’s common stock, par value \$.001 per share (the “Common Stock”). Except as may be provided in Exhibit A, in the event that the Awardee ceases to be in Service, any RSUs that have not vested as of the date of such cessation of service shall be forfeited.

3. Dividend Equivalent Units. If and to the extent that the Company pays a cash dividend with respect to the Common Stock, Awardee shall be credited with an additional number of RSUs (“Dividend Equivalent Units”), including a fractional Dividend Equivalent Unit if applicable, equal to (i) the amount of such dividends as would have been paid with respect to Awardee’s outstanding RSUs on the record date of such dividend (the “record date”) had each such outstanding RSU been an outstanding share of Common Stock on such record date, divided by (ii) the closing price of a share of Common Stock on such record date. Dividend Equivalent Units shall be subject to the same vesting terms and conditions as the RSUs to which they relate.

4. No Rights as Stockholder. The Awardee shall not be entitled to any of the rights of a stockholder with respect to any share of Common Stock that may be acquired following vesting of an RSU unless and until such share of Common Stock is issued and delivered to the Awardee. Without limitation of the foregoing, the Awardee shall not have the right to vote any share of Common Stock to which an RSU relates and shall not be entitled to receive any dividend attributable to such share of Common Stock for any period prior to the issuance and delivery of such share to Awardee (but Awardee shall have dividend equivalent rights as provided in Section 3 above).

5. Transfer Restrictions. Neither this Agreement nor the RSUs may be sold, assigned, pledged or otherwise transferred or encumbered without the prior written consent of the Committee.

6. Government Regulations. Notwithstanding anything contained herein to the contrary, the Company's obligation hereunder to issue or deliver certificates evidencing shares of Common Stock shall be subject to the terms of all applicable laws, rules and regulations and to such approvals by any governmental agencies or national securities exchanges as may be required.

7. Withholding Taxes. The Awardee shall pay to the Company, or make provision satisfactory to the Company for payment of, the minimum statutory amount required to satisfy all federal, state and local income tax withholding requirements and the Awardee's share of applicable employment withholding taxes in connection with the issuance and deliverance of shares of Common Stock following vesting of RSUs, in any manner permitted by the Plan. No shares of Common Stock shall be issued with respect to RSUs unless and until satisfactory arrangements acceptable to the Company have been made by the Awardee with respect to the payment of any income and other taxes which the Company determines must be withheld or collected with respect to the RSUs. Subject to the following sentence, the Committee, in its sole discretion, may provide for the withholding of applicable taxes from the proceeds of the sale of Shares acquired upon vesting of the RSUs, either through a voluntary sale or through a mandatory sale arranged by the Company (on Awardee's behalf pursuant to this authorization). Notwithstanding the foregoing, if requested by Awardee, and if the Committee consents, the Company shall withhold shares of Common Stock that would otherwise be issued upon vesting of the RSUs to cover applicable withholding taxes, equal to the greatest number of whole shares of Common Stock having a Fair Market Value on the date immediately preceding the date on which the applicable tax liability is determined not in excess of the minimum amount required to satisfy the statutory withholding tax obligations with respect to the award. The Company may refuse to issue or deliver the shares of Common Stock unless all withholding taxes that may be due as a result of this Award have been paid.

8. Section 280G. Notwithstanding anything contained herein to the contrary, if any amounts or benefits provided for in this Agreement, when aggregated with any other payments or benefits payable or provided to the Awardee (the "Total Payments") would (i) constitute "parachute payments" within the meaning of Section 280G of the Code (which will not include any portion of payments classified as payments of reasonable compensation for purposes of Section 280G of the Code, including without limitation amounts allocated to any restrictive covenants), and (ii) but for this Section 8, would be subject to the excise tax imposed by Section 4999 of the Code (the "Excise Tax"), then the Total Payments will be either: (a) provided in full, or (b) provided as to such lesser extent as would result in no portion of such Total Payments being subject to the Excise Tax, whichever of the foregoing amounts, taking into account the applicable federal, state and local income and employment taxes and the Excise Tax, results in the Awardee's receipt on an after-tax basis of the greatest amount of the Total Payments, notwithstanding that all or some portion of the Total Payments may be subject to the Excise Tax. To the extent any reduction in Total Payments is required by this Section 8, such reduction shall occur to the payments and benefits in the order that results in the greatest economic present value of all payments and benefits actually made to Awardee. Subject to Section 409A of the Code, such order of reductions shall be determined by the Awardee. Unless the Company and the Awardee otherwise agree in writing, any determination required under this Section 8 shall be made in writing by an independent public accounting firm mutually acceptable to the Company and the Awardee (the "Accountants") whose determination shall be conclusive and binding upon the Awardee and the Company for all purposes. For purposes of making the calculations required by this Section 8, the Accountants may make reasonable assumptions and approximations concerning applicable taxes and may rely on reasonable, good faith interpretations concerning the application of Sections 280G and 4999 of the Code. The Company and the Awardee shall furnish to the Accountants such information and documents as the Accountants may reasonably request in order to make a determination under this Section 8. The Company shall pay all fees and expenses of the Accountants.

9. Investment Purpose. Any and all shares of Common Stock acquired by the Awardee under this Agreement will be acquired for investment for the Awardee's own account and not with a view to, for resale in connection with, or with an intent of participating directly or indirectly in, any distribution of such shares of Common Stock within the meaning of the Securities Act of 1933, as amended (the "Securities Act"). The Awardee shall not sell, transfer or otherwise dispose of such shares unless they are either (1) registered under the Securities Act and all applicable state securities laws, or (2) exempt from such registration in the opinion of Company counsel.

10. Securities Law Restrictions. Regardless of whether the offering and sale of shares of Common Stock issuable to Awardee pursuant to this Agreement and the Plan have been registered under the Securities Act, or have been registered or qualified under the securities laws of any state, the Company at its discretion may impose restrictions upon the sale, pledge or other transfer of such shares of Common Stock (including the placement of appropriate legends on stock certificates or the imposition of stop-transfer instructions) if, in the judgment of the Company, such restrictions are necessary in order to achieve compliance with the Securities Act or the securities laws of any state or any other law.

11. Lock-Up Agreement. The Awardee, in the event that any shares of Common Stock which become deliverable to Awardee with respect to RSUs at a time during which any directors or officers of the Company have agreed with one or more underwriters not to sell securities of the Company, shall enter into an agreement, in form and substance satisfactory to the Company, pursuant to which the Awardee shall agree to restrictions on transferability of the shares of such Common Stock comparable to the restrictions agreed upon by such directors or officers of the Company.

12. Awardee Obligations. The Awardee should review this Agreement with his or her own tax advisors to understand the federal, state, local and foreign tax consequences of the transactions contemplated by this Agreement. The Awardee will rely solely on such advisors and not on any statements or representations of the Company or any of its agents, if any, made to the Awardee. The Awardee (and not the Company) shall be responsible for the Awardee's own tax liability arising as a result of the transactions contemplated by this Agreement.

13. No Guarantee of Continued Service. The Awardee acknowledges and agrees that (i) nothing in this Agreement or the Plan confers on the Awardee any right to continue an employment, service or consulting relationship with the Company, nor shall it affect in any way the Awardee's right or the Company's right to terminate the Awardee's employment, service, or consulting relationship at any time, with or without cause, subject to any employment or service agreement that may have been entered into by the Company and the Awardee; and (ii) the Company would not have granted this Award to the Awardee but for these acknowledgements and agreements.

14. Notices. Notices or communications to be made hereunder shall be in writing and shall be delivered in person, by registered mail, by confirmed facsimile or by a reputable overnight courier service to the Company at its principal office or to the Awardee at his or her address contained in the records of the Company. Alternatively, notices and other communications may be provided in the form and manner of such electronic means as the Company may permit.

15. Entire Agreement; Governing Law. The Plan is incorporated herein by reference. The Plan and this Award Agreement constitute the entire Agreement with respect to the subject matter hereof and supersede in their entirety all prior undertakings and agreements of the Company and the Awardee with respect to the subject matter hereof, and except as provided in the Plan or in this Agreement, may not be modified adversely to the Awardee's interest except by means of a writing signed by the Company and the Awardee. In the event of any conflict between this Award Agreement and the Plan, the Plan shall be controlling. This Award Agreement shall be construed under the laws of the State of Delaware, without regard to conflict of laws principles.

16. Opportunity for Review. Awardee and the Company agree that this Award is granted under and governed by the terms and conditions of the Plan and this Award Agreement. The Awardee has reviewed the Plan and this Award Agreement in their entirety, has had an opportunity to obtain the advice of counsel prior to accepting this Award Agreement and fully understands all provisions of the Plan and this Award Agreement. The Awardee hereby agrees to accept as binding, conclusive and final all decisions or interpretations of the Committee upon any questions relating to the Plan and this Award Agreement. The Awardee further agrees to notify the Company upon any change in Awardee's residence address.

17. Binding Effect. This Agreement shall be binding upon and inure to the benefit of the Company and the Awardee and their respective permitted successors, assigns, heirs, beneficiaries and representatives.

18. Section 409A Compliance. To the extent that this Agreement and the award of RSUs hereunder are or become subject to the provisions of Section 409A of the Code, the Company and the Awardee agree that this Agreement may be amended or modified by the Company, in its sole discretion and without the Awardee's consent, as appropriate to maintain compliance with the provisions of Section 409A of the Code.

19. Recoupment. In the event the Company restates its financial statements due to material noncompliance with any financial reporting requirements under applicable securities laws, any payments made or shares issued pursuant to this Agreement for or in respect of the year that is restated, or the prior three years, may be recovered to the extent the payments made or shares issued exceed the amount that would have been paid or issued based on the restatement. In addition, and without limitation of the foregoing, any amounts paid hereunder shall be subject to recoupment in accordance with The Dodd–Frank Wall Street Reform and Consumer Protection Act and any implementing regulations thereunder, any clawback policy adopted by the Company or as is otherwise required by applicable law or stock exchange listing conditions.

[Signature Page Follows]

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date set forth in Exhibit A.

SAFE AND GREEN DEVELOPMENT CORPORATION

By: _____
Name:
Title:

AWARDEE

Name:

EXHIBIT A

**SAFE AND GREEN DEVELOPMENT CORPORATION
RESTRICTED STOCK UNIT AWARD AGREEMENT**

Awardee's Name: _____

Award Date: _____, 202__

Number of Restricted Stock Units ("RSUs") Granted: _____

Vesting Schedule:

The RSUs awarded herein shall vest as follows, provided that Awardee remains in "Service" (as defined in the Plan) through each such respective vesting date.

Vesting Date	RSUs Vested

Notwithstanding anything contained herein to the contrary, if a "Change in Control" (as defined in the Plan) occurs prior to the cessation of the Awardee's "Service" (as defined in the Plan), then the RSUs, to the extent not then vested, shall become fully (100%) vested immediately prior to the date of such Change in Control.

_____(Initials)
Awardee

_____(Initials)
Company Signatory

EMPLOYMENT AGREEMENT

This AGREEMENT made as of February 14, 2023 (the "Effective Date"), by and between Safe and Green Development Corporation, having its principal office at 990 Biscayne Blvd, #501, Office 12, Miami, FL 33132 (hereinafter referred to as the "Company"), and Nicolai Brune, an individual living in Miami, Florida.

WITNESSETH

WHEREAS, the Company desires to employ Executive, and Executive desires to be employed by the Company, pursuant to the terms and conditions hereof;

NOW THEREFORE, in consideration of the premises and of the mutual promises herein contained, the parties hereto agree as follows:

1. **EMPLOYMENT**. The Company hereby employs Executive and Executive hereby agrees to be employed by the Company, subject to the terms and conditions hereinafter set forth.

2. **TERM**. Executive's employment shall commence as of the Effective Date and unless earlier terminated as provided herein, the initial term of this Agreement will be for a period of two (2) years, commencing on the date of this Agreement (the "Initial Term"); provided that thereafter this Agreement will be extended for additional one (1) year periods unless, no later than sixty (60) days prior to the expiration of the Initial Term or any such one (1) year extension period, as the case may be, either the Company or Executive provides notice to the other of its intent to terminate this Agreement upon the completion of the Initial Term or any such one (1) year extension period (the period of Executive's employment by the Company under this Agreement will be referred to as the "Term").

3. **DUTIES**. The Executive shall perform such duties and functions as the Chief Financial Officer of the Company as are determined from time to time by the Company's Chief Executive Officer. In the performance of his duties, Executive shall comply with the policies of and be subject to the reasonable direction of the Board of Directors (the "Board") of the Company. The Executive agrees to devote his entire working time, attention and energies to the performance of the business of the Company and of any of its subsidiaries or affiliates by which he may be employed; and Executive shall not, directly or indirectly, alone or as a member of any partnership, or as an officer, director or employee of any other corporation, partnership or other organization, be actively engaged in or concerned with any other duties or pursuits which interfere with the performance of his duties hereunder, or which, even if non-interfering, may be inimical to or contrary to the best interests of the Company. Executive's services shall be performed principally at the Company's offices in Miami, Florida.

4. **COMPENSATION**. As compensation for the services to be rendered by Executive hereunder, the Company agrees to pay or cause to be paid to Executive, and Executive agrees to accept, an annual salary of Two Hundred Fifty Thousand Dollars (\$250,000) payable in bi-weekly installments on the 15th and last day of each month, commencing on February 15, 2023. Subject to Board approval, the Executive shall also be entitled to receive, and the Company shall issue, a restricted stock grant ("RSUs") under the Company's Stock Incentive Plan, (the "Plan") as and when adopted, for two hundred thousand shares (200,000) shares of the Company's common stock, vesting fifty percent (50%) upon issuance, with the balance vesting quarterly on a pro-rata basis over the next eighteen (18) months of continuous service.

5. ADDITIONAL COMPENSATION. The Executive shall be eligible to receive a target annual performance cash bonus of up to 20% of Executive's then-base Salary ("Annual Target Bonus") payable in cash and/or equity, as determined by the Board. Executive's Annual Target Bonus is not guaranteed and will be based on the Company's performance and/or Executive's individual performance as determined by the Compensation Committee of the Board (the "Committee") in its sole discretion. The actual payout for this award will be calculated based solely on achievement against performance measures approved by the Committee. Each year, specific targets will be approved by the Committee in the year's first quarter and communicated to Executive following such approval. Performance against these goals will be assessed after year end, with payout made no later than March 15 of the year following the year in respect of which the bonus was earned, subject to Executive's continued employment through the payment date. In addition, during the Term of this Agreement, the Board, in its sole discretion, may award additional compensation to Executive other than as specifically provided by this Agreement.

6. EMPLOYEE BENEFITS. During the period Executive is employed hereunder, Executive shall be permitted to participate in all group health, hospitalization and disability insurance programs, pension plans and similar benefits that are now or may become available to similarly situated executives of the Company. During the period Executive is employed hereunder, Executive shall be entitled to vacations in accordance with the vacation policy of the Company.

7. REIMBURSEMENT OF EXPENSES. During the period Executive is employed hereunder, the Company shall reimburse Executive for reasonable and necessary out-of-pocket expenses advanced or expended by Executive or incurred by him for or on behalf of the Company in connection with his duties hereunder in accordance with its customary policies and practices; provided, however, that Executive shall not expend or incur any such expenses, individually or in the aggregate, in excess of Five Hundred Dollars (\$500.00) without the prior approval of the Company.

8. TERMINATION OF EMPLOYMENT; EFFECT OF TERMINATION.

(a) The Executive's employment hereunder may be terminated at any time upon written notice by the Company, upon the occurrence of any of the following events:

- (i) the death of Executive;
- (ii) the disability of Executive (as defined in paragraph (b)); or
- (iii) the determination that there is cause (as hereinafter defined) for such termination upon ten (10) days' prior written notice to Executive.

(b) For purposes hereof, the term "disability" shall mean the inability of Executive, due to illness, accident or any other physical or mental incapacity, to perform the normal functions of his job for a period of three (3) consecutive months or for a total of six (6) months (whether or not consecutive) in any twelve (12) month period during the term of this Agreement.

(c) For purposes hereof, "cause" shall mean and be limited to (i) Executive's conviction (which, through lapse of time or otherwise, is not subject to appeal) of any crime or offense involving money or other property of the Company or its subsidiaries or which constitutes a felony in the jurisdiction involved; (ii) Executive's performance of any act or his failure to act, for which if he were prosecuted and convicted, a crime or offense involving money or property of the Company or its subsidiaries, or which would constitute a felony in the jurisdiction involved would have occurred, (iii) Executive's breach of any of the representations, warranties or covenants set forth in this Agreement, or (iv) Executive's continuing, repeated, willful failure or refusal to perform his duties required by this Agreement, provided that Executive shall have first received written notice from the Company stating with specificity the nature of such failure and refusal and affording Executive an opportunity, as soon as practicable, to correct the acts or omissions complained of. Whether or not "cause" shall exist in each case shall be determined by the Board of Directors of the Company in its sole discretion.

(d) The Executive's employment hereunder, may also be terminated by the Company at any time upon thirty (30) days prior written notice, without cause.

(e) In the event that the Executive's employment is terminated for cause, Executive will be entitled to only his accrued salary and vacation time through the termination date and nothing more. In the event the Executive's employment is terminated by the Company for any reason other than cause on or after June 30, 2023, Executive shall receive severance equal to one (1) year's salary and benefits.

9. REPRESENTATIONS AND AGREEMENTS OF EXECUTIVE. The Executive represents and warrants that he is free to enter into this Agreement and to perform the duties required hereunder, and that there are no employment contracts, restrictive covenants or other restrictions preventing the performance of his duties hereunder.

10. NON-COMPETITION.

(a) Executive agrees that if his employment is terminated for any reason or if he leaves the employ of the Company for any reason, for a period of one (1) year from the date of such termination of employment, he will not directly or indirectly, as owner, partner, joint venture, stockholder, employee, broker, agent, principal, trustee, corporate officer or director, licensor or in any capacity whatsoever engage in, become financially interested in, be employed by, render consulting services to, or have any connection with, any business which is competitive with the business activities of the Company or its subsidiaries ("Competitive Business"), in any geographic area where, during the time of his employment, the business of the Company or any of its subsidiaries is being or had been conducted in any manner whatsoever, or hire or attempt to hire for any Competitive Business any employee of the Company or any subsidiary thereof, or solicit, call on or induce others to solicit or call on, directly or indirectly, any customers or prospective customers of the Company for the purpose of inducing them to purchase or lease a product or service which may compete with any product or service of the Company; provided, however, that Executive may own any securities of any corporation which is engaged in such business and is publicly owned and traded but in an amount not to exceed at any one time one percent of any class of stock or securities of such company.

(b) If any portion of the restrictions set forth in paragraph (a) should, for any reason whatsoever, be declared invalid by a court of competent jurisdiction, the validity or enforceability of the remainder of such restrictions shall not thereby be adversely affected.

(c) The Executive declares that the foregoing territorial and time limitations are reasonable and properly required for the adequate protection of the business of the Company. In the event any such territorial or time limitation is deemed to be unreasonable by a court of competent jurisdiction, Executive agrees to the reduction of either said territorial or time limitation to such area or period which said court shall have deemed reasonable.

(d) The existence of any claim or cause of action by Executive against the Company or any subsidiary other than under this Agreement shall not constitute a defense to the enforcement by the Company or any subsidiary of the foregoing restrictive covenants, but such claim or cause of action shall be litigated separately.

11. NON-DISCLOSURE OF CONFIDENTIAL INFORMATION.

(a) The Executive shall not, during the term of this Agreement, and at any time following termination of this Agreement, directly or indirectly, disclose or permit to be known, to any person, firm or corporation, any confidential information acquired by him during the course of or as an incident to his employment hereunder, relating to the Company or any of its subsidiaries, the directors of the Company or its subsidiaries, any client of the Company or any of its subsidiaries, or any corporation, partnership or other entity owned or controlled, directly or indirectly, by any of the foregoing, or in which any of the foregoing has a beneficial interest, including, but not limited to, the business affairs of each of the foregoing. Such confidential information shall include, but shall not be limited to, proprietary information, trade secrets, know-how, market studies and forecasts, competitive analyses, the substance of agreements with clients and others, client lists and any other documents embodying such confidential information.

(b) All information and documents relating to the Company, its affiliates as hereinabove described (or other business affairs) shall be the exclusive property of the Company, and Executive shall use his best efforts to prevent any publication or disclosure thereof. Upon termination of Executive's employment with the Company, all documents, records, reports, writings and other similar documents containing confidential information, including copies thereof, then in Executive's possession or control shall be returned and left with the Company.

12. RIGHT TO INJUNCTION. The Executive recognizes that the services to be rendered by him hereunder are of a special, unique, unusual, extraordinary and intellectual character involving skill of the highest order and giving them peculiar value, the loss of which cannot be adequately compensated for in damages. In the event of a breach of this Agreement by Executive, the Company shall be entitled to injunctive relief or any other legal or equitable remedies. Executive agrees that the Company may recover by appropriate action the amount of the actual damage caused the Company by any failure, refusal or neglect of Executive to perform his agreements, representations and warranties herein contained. The remedies provided in this Agreement shall be deemed cumulative and the exercise of one shall not preclude the exercise of any other remedy at law or in equity for the same event or any other event.

13. AMENDMENT OR ALTERATION. No amendment or alteration of the terms of this Agreement shall be valid unless made in writing and signed by both of the parties hereto.

14. GOVERNING LAW. All matters concerning the validity, construction, interpretation and performance under this Agreement shall be governed by the laws of the State of Florida, without giving effect to any conflict of laws principles thereunder.

15. SEVERABILITY. The holding of any provision of this Agreement to be illegal, invalid or unenforceable by a court of competent jurisdiction shall not affect any other provision of this Agreement, which shall remain in full force and effect.

16. NOTICES. Any notice hereunder by either party to the other shall be given in writing by personal delivery or by registered mail, return receipt requested, addressed, if to the Company, to the attention of the Company's Chief Executive Officer at the Company's principal offices or to such other address as the Company may designate in writing to Executive, and if to Executive, to his most recent home address on file with the Company. Notice shall be deemed given, if by personal delivery, on the date of such delivery or, if by registered mail, on the date shown on the applicable return receipt.

17. WAIVER OR BREACH. It is agreed that a waiver by either party of a breach of any provision of this Agreement shall not operate or be construed as a waiver of any subsequent breach by that same party.

18. ENTIRE AGREEMENT AND BINDING EFFECT. This Agreement contains the entire agreement of the parties with respect to the subject matter hereof and shall be binding upon and inure to the benefit of the parties hereto and their respective legal representatives, heirs, distributees, successors and assigns.

19. ASSIGNMENT. This Agreement may not be transferred or assigned by either party without the prior written consent of the other party.

20. SURVIVAL. The termination of Executive's employment hereunder shall not affect the enforceability of Sections 11 and 12 hereof.

21. FURTHER ASSURANCES. The parties agree to execute and deliver all such further instruments and take such other and further action as may be reasonably necessary or appropriate to carry out the provisions of this Agreement.

22. HEADINGS. The Section headings appearing in this Agreement are for purposes of easy reference and shall not be considered a part of this Agreement or in any way modify, amend or affect its provisions.

23. COUNTERPARTS. This Agreement may be executed in any number of counterparts, each of which shall be an original, but all of which together, shall constitute one instrument.

IN WITNESS WHEREOF, the parties have executed this Agreement as of the date and year first above written.

**SAFE AND GREEN DEVELOPMENT
CORPORATION**

By: /s/ David Villarreal
David Villarreal
President & CEO

EXECUTIVE:

/s/ Nicolai Brune
Nicolai Brune

WRITTEN LOAN AGREEMENT

DEBTOR OR OBLIGOR:

LV PENINSULA HOLDING, LLC,
a Texas limited liability company

LENDER:

AUSTERRA STABLE GROWTH FUND, LP

(Collectively called the "Parties")

The Lender has agreed to loan Debtor or Obligor:

Amount: \$5,000,000.00

Note Date: March 30, 2023

and the parties agree to incorporate the terms of all the loan documents connected with such loan as a part of this Loan Agreement.

The following notice is being provided in compliance with §26.02 of the Texas Business and Commerce Code, which provides that certain "loan agreements" must be in writing to be enforceable. As used in the notice, the term "loan agreement" means one or more promises, promissory notes, agreements, undertakings, security agreements, deeds of trust, or other documents, or commitments, or any combination of these actions or documents, executed in connection with the loan from Lender.

NOTICE

THIS WRITTEN LOAN AGREEMENT REPRESENTS THE FINAL AGREEMENT BETWEEN THE PARTIES AND MAY NOT BE CONTRADICTED BY EVIDENCE OF PRIOR, CONTEMPORANEOUS, OR SUBSEQUENT ORAL AGREEMENTS OF THE PARTIES.

THERE ARE NO UNWRITTEN ORAL AGREEMENTS BETWEEN THE PARTIES.

This notice shall be deemed to be a part of each document which is executed by any Debtor or Obligor and which comprises a part of the Loan Agreement.

The term "Debtor or Obligor" means any individual or entity which (i) is primarily obligated to pay the Note or (ii) otherwise is or becomes obligated to pay the loan (for example, as cosigner or guarantor) or (iii) has pledged any property as security for the loan.

The undersigned Debtor or Obligor acknowledges receipt of a copy of this notice and agrees that all documents comprising the Loan Agreement are subject to the provision of §26.02 of the Texas Business and Commerce Code.

Dated to be effective the date of the Note referenced above.

DEBTOR OR OBLIGOR:

LV PENINSULA HOLDING, LLC
a Texas limited liability company

By: /s/ Nicolai Brune
NICOLAI BRUNE, CFO
and Authorized Agent

LENDER:

AUSTERRA STABLE GROWTH FUND, LP

By: _____

Its: _____

Promissory Note

Date: March 30, 2023

Borrower: LV PENINSULA HOLDING, LLC, a Texas limited liability company

Borrower's Mailing Address: 990 Biscayne Blvd., Suite 501
Miami, Florida 33132

Lender: AUSTERRA STABLE GROWTH FUND, LP

Payee and Place for Payment: c/o Stallion Funding, LLC
10119 Lake Creek Parkway, Ste 202
Austin, Texas 78729

Principal Amount: \$5,000,000.00

Annual Interest Rate: WSJ Prime (currently 8.00%) plus Five and 50/100 percent
(5.50%) per annum, currently equaling Thirteen and 50/100 percent (13.50%)

Floor Rate: The interest rate will never be below Thirteen and 50/100 percent (13.50%) regardless of the Prime Interest Rate falling below 8.00%.

Maturity Date: April 1, 2024

Annual Interest Rate on Matured, Unpaid Amounts:

Matured or accelerated unpaid, and past due, principal and interest shall bear interest from date of maturity or acceleration until paid at the highest non- usurious rate allowed by state or federal law, or if no such rate is established, at a rate per annum equal to eighteen percent (18.00%) per annum

Terms of Payment (principal and interest):

Interest only shall be due and payable in monthly installments based on principal advanced, or more, plus tax escrow in the amount of \$7,843.59, commencing on May 1, 2023 and continuing regularly thereafter on the same date of each month until April 1, 2024, when the entire amount hereof, principal and interest then remaining unpaid, shall be due and payable. Payments will be applied first to accrued interest and the remainder to reduction of the Principal Amount.

Borrower may prepay this note in any amount at any time before the Maturity Date without penalty or premium. Any installment becomes overdue for more than 10 days, at Lender's option a late payment charge of 5% may be charged in order to defray the expense of handling the delinquent payment.

Interest Rate Adjustment:

The interest rate on this Note shall be adjusted monthly (“the Interest Adjustment Date”) provided the maturity of this Note has not been accelerated. The Interest Rate Adjustment shall be on the 1st day of each month until this Note is fully paid.

Index:

The Prime Interest Rate means the annual rate of interest identified as the “U.S. prime rate” in the “Money Rates” column published in the *Wall Street Journal*. If the published prime rate is expressed on the applicable date as a range, the prime rate for purposes of this note will be the average between the high and low of that range. If the *Wall Street Journal* ceases to publish a prime rate, Lender may refer to another similar source to identify the prime rate on corporate loans at large United States money center commercial banks and apply that rate.

Adjustment of Monthly Installments:

The Lender shall adjust the amount of the monthly installment payments on the next payment date following the Interest Rate Adjustment Date on which a change in the interest is made.

Notice of Rate Adjustment and Adjustment in Monthly Installments:

The Lender is not required to send a separate written notice of an interest rate change other than changing the interest rate on the monthly payment statements sent to the Borrower.

Security for Payment:

This note is secured by a deed of trust and security agreement, of even date, from LV PENINSULA HOLDING, LLC, a Texas limited liability company (As to Tract One only), to BENJAMIN K. WILLIAMS or BENJAMIN H. HA, Trustee, and by a Real Estate Mortgage (with Power of Sale), of even date, from LV PENINSULA HOLDING, LLC, a Texas limited liability company to Lender (as to Tract Two only) which covers the following real property:

Tract I:

Being that certain tract of land stated to contain 59.3712 acres, more or less, out of the K. BALDWIN SURVEY NO. 600, ABST 90, Travis County, Texas; and out of a portion of Lot 1, AMENDED PLAT OF THE COVE AT LAGO VISTA, a subdivision in Travis County, Texas, according to the map or plat thereof recorded in Volume 87, Page 174C, Plat Records of Travis County, Texas. Said 59.3712 acre tract being more particularly described by metes and bounds in Exhibit “A” attached hereto and made a part hereof.

Tract II:

Parcel 1: All that part of Lots 1 and 2 lying North and East of the Railroad Right-of-way in Section 4, Township 7 South, Range 9 East of the Indian Base and Meridian, Bryan County, State of Oklahoma, according to the U.S. Government Survey thereof.

Parcel 2: The S/2 SE/4 SE/4 and all of that part of the SW/4 SE/4 lying North and East of the A&C Railroad Right-of-Way in Section 33, Township 6 South, Range 9 East of the Indian Base and Meridian, Bryan County, State of Oklahoma, according to the U.S. Government Survey thereof, LESS AND EXCEPT a roadway and utility easement reserved over the North 80 feet of the West 60 feet of the SW/4 of the SE/4 of Section 33, Township 6 South, Range 9 East.

Parcel 3: The N/2 SE/4 SE/4 of Section 33, Township 6 South, Range 9 East of the Indian Base and Meridian, Bryan County, State of Oklahoma, according to the U.S. Government Survey thereof

Together with the following personal property:

All fixtures, supplies, building materials, and other goods of every nature now or hereafter located, used, or intended to be located or used on the Property;

All plans and specifications for development of or construction of improvements on the Property;

All contracts and subcontracts relating to the construction of improvements on the Property;

All accounts, contract rights, instruments, documents, general intangibles, and chattel paper arising from or by virtue of any transactions relating to the Property;

All permits, licenses, franchises, certificates, and other rights and privileges obtained in connection with the Property;

All proceeds payable or to be payable under each policy of insurance relating to the Property; and

All products and proceeds of the foregoing.

Notwithstanding any other provision in this deed of trust, the term "Property" does not include personal effects used primarily for personal, family, or household purposes.

Promise to Pay

Borrower promises to pay to the order of Lender the Principal Amount plus interest at the Annual Interest Rate. This note is payable at the Place for Payment and according to the Terms of Payment. All unpaid amounts are due by the Maturity Date. If any amount is not paid either when due under the Terms of Payment or on acceleration of maturity, Borrower promises to pay any unpaid amount plus interest from the date the payment was due to the date of payment at the Annual Interest Rate on Matured, Unpaid Amounts.

Defaults and Remedies

If Borrower defaults in the payment of this note or in the performance of any obligation in any instrument securing or collateral to this note, Lender may declare the unpaid principal balance, earned interest, and any other amounts owed on the note immediately due.

Waivers

Borrower waives, to the extent permitted by law, all (1) demand for payment, (2) presentation for payment, (3) notice of intention to accelerate maturity, (4) notice of acceleration of maturity, (5) protest, (6) notice of protest, (7) rights under sections 51.003, 51.004, and 51.005 of the Texas Property Code, and (8) rights under section 17.001 and chapter 43 of the Texas Civil Practice and Remedies Code and rule 31 of the Texas Rules of Civil Procedure.

Right of Setoff

In addition to all liens upon and rights of setoff against the money or other property of Borrower given to Lender that may exist under applicable law, Lender shall have and Borrower hereby grants to Lender a lien upon and a right of setoff against all money and other property of Borrower, now or hereafter in possession of Lender, or Lender's Servicing Agent, whether held in a general or special account or deposit or otherwise, and every such lien and right of setoff may be exercised without demand upon or notice to Borrower. No lien or right of setoff shall be deemed to have been waived by any act or conduct on the part of Lender, or by any neglect to exercise such right of setoff or to enforce such lien, or by any delay in so doing, and every right of setoff and lien shall continue in full force and effect until such right of setoff or lien is specifically waived or released by an instrument in writing executed by Lender.

Attorney's Fees

Borrower also promises to pay reasonable attorney's fees and court and other costs if an attorney is retained to collect or enforce the note. These expenses will bear interest from the date of advance at the Annual Interest Rate on Matured, Unpaid Amounts. Borrower will pay Lender these expenses and interest on demand at the Place for Payment. These expenses and interest will become part of the debt evidenced by the note and will be secured by any security for payment.

Usury Savings

Interest on the debt evidenced by this note will not exceed the maximum rate or amount of nonusurious interest that may be contracted for, taken, reserved, charged, or received under law. Any interest in excess of that maximum amount will be credited on the Principal Amount or, if the Principal Amount has been paid, refunded. On any acceleration or required or permitted prepayment, any excess interest will be canceled automatically as of the acceleration or prepayment or, if the excess interest has already been paid, credited on the Principal Amount or, if the Principal Amount has been paid, refunded. This provision overrides any conflicting provisions in this note and all other instruments concerning the debt.

Other Clauses

Each Borrower is responsible for all obligations represented by this note. When the context requires, singular nouns and pronouns include the plural.

LV PENINSULA HOLDING, LLC,
a Texas limited liability company

By: /s/ Nicolai Brune
NICOLAI BRUNE, CFO and
Authorized Agent

Deed of Trust and Security Agreement

Terms

Date: March 30, 2023

Grantor: LV PENINSULA HOLDING, LLC, a Texas limited liability company

Grantor’s Mailing Address: 990 Biscayne Blvd., Suite 501 Miami, Florida 33132

Trustee: BENJAMIN K. WILLIAMS or BENJAMIN H. HA

Trustee’s Mailing Address: 10119 Lake Creek Parkway, Ste 201 Austin, Texas 78729

Lender: AUSTERRA STABLE GROWTH FUND, LP

Lender’s Mailing Address: c/o Stallion Funding, LLC
10119 Lake Creek Parkway, Ste 202
Austin, Texas 78729

Obligation

Note

Date: of even date hereof

Original principal amount: \$5,000,000.00

Borrower: LV PENINSULA HOLDING, LLC,
a Texas limited liability company

Lender: AUSTERRA STABLE GROWTH FUND, LP

Maturity date: April 1, 2024

Property (including any improvements):

Being that certain tract of land stated to contain 59.3712 acres, more or less, out of the K. BALDWIN SURVEY NO. 600, ABST 90, Travis County, Texas; and out of a portion of Lot 1, AMENDED PLAT OF THE COVE AT LAGO VISTA, a subdivision in Travis County, Texas, according to the map or plat thereof recorded in Volume 87, Page 174C, Plat Records of Travis County, Texas. Said 59.3712 acre tract being more particularly described by metes and bounds in Exhibit “A” attached hereto and made a part hereof.

Together with the following personal property:

- All fixtures, supplies, building materials, and other goods of every nature now or hereafter located, used, or intended to be located or used on the Property;
- All plans and specifications for development of or construction of improvements on the Property;
- All contracts and subcontracts relating to the construction of improvements on the Property;
- All accounts, contract rights, instruments, documents, general intangibles, and chattel paper arising from or by virtue of any transactions relating to the Property;
- All permits, licenses, franchises, certificates, and other rights and privileges obtained in connection with the Property;
- All proceeds payable or to be payable under each policy of insurance relating to the Property; and
- All products and proceeds of the foregoing.

Notwithstanding any other provision in this deed of trust, the term "Property" does not include personal effects used primarily for personal, family, or household purposes.

Prior Liens: None

Other Exceptions to Conveyance and Warranty:

Subject to the Permitted Exceptions listed in the attached Exhibit "B" only.

For value received and to secure payment of the Obligation, Grantor conveys the Property to Trustee in trust. Grantor warrants and agrees to defend the title to the Property, subject to the Other Exceptions to Conveyance and Warranty. On payment of the Obligation and all other amounts secured by this deed of trust, this deed of trust will have no further effect, and Lender will release it at Grantor's expense.

Clauses and Covenants

A. Grantor's Obligations

Grantor agrees to—

1. keep the Property in good repair and condition;
2. pay all taxes and assessments on the Property before delinquency, not authorize a taxing entity to transfer its tax lien on the Property to anyone other than Lender, and not request a deferral of the collection of taxes pursuant to section 33.06 of the Texas Tax Code;

3. defend title to the Property subject to the Other Exceptions to Conveyance and Warranty and preserve the lien's priority as it is established in this deed of trust;

4. maintain all insurance coverages with respect to the Property, revenues generated by the Property, and operations on the Property that Lender reasonably requires ("Required Insurance Coverages"), issued by insurers and written on policy forms acceptable to Lender, and as to property loss, that are payable to Lender under policies containing standard mortgagee clauses, and deliver evidence of the Required Insurance Coverages in a form acceptable to Lender at least ten days before the expiration of the Required Insurance Coverages;

5. obey all laws, ordinances, and restrictive covenants applicable to the Property;

6. keep any buildings occupied as required by the Required Insurance Coverages;

7. if the lien of this deed of trust is not a first lien, pay or cause to be paid all prior lien notes and abide by or cause to be abided by all prior lien instruments; and

8. notify Lender of any change of address.

B. Lender's Rights

1. Lender or Lender's mortgage servicer may appoint in writing one or more substitute trustees, succeeding to all rights and responsibilities of Trustee. Such written appointments need not be filed in the Official Public Records of the county where the property is located or in any other public or governmental records in order to be effective. All rights, remedies and duties of Trustee under this Deed of Trust may be exercised or performed by one or more trustees acting alone or together.

- a. Lender, at its option and with or without cause, may from time to time, by power of attorney or otherwise, remove or substitute any trustee, add one or more trustees, or appoint a successor trustee to any Trustee without the necessity of any formality other than a designation by Lender in writing. Without any further act or conveyance of the Property the substitute, additional or successor trustee shall become vested with the title, rights, remedies, powers and duties conferred upon Trustee herein and by Applicable Law.
- b. Neither the Trustee named herein nor any Trustee who may act hereunder shall in any way be disqualified from acting as such Trustee for the reason that he may now be, may become or at any applicable time may be a manager, director, an officer, an employee, a shareholder, an agent, or an attorney of Lender or may be otherwise related to Lender.

- c. Trustee shall not be liable if acting upon any notice, request, consent, demand, statement or other document believed by Trustee to be correct. Trustee shall not be liable for any act or omission unless such act or omission is willful.

2. If the proceeds of the Obligation are used to pay any debt secured by prior liens, Lender is subrogated to all the rights and liens of the holders of any debt so paid.

3. Lender may apply any proceeds received under the property insurance policies covering the Property either to reduce the Obligation or to repair or replace damaged or destroyed improvements covered by the policy. If the Property is Grantor's primary residence and Lender reasonably determines that repairs to the improvements are economically feasible, Lender will make the property insurance proceeds available to Grantor for repairs.

4. Notwithstanding the terms of the Note to the contrary, and unless applicable law prohibits, all payments received by Lender from Grantor with respect to the Obligation or this deed of trust may, at Lender's discretion, be applied first to amounts payable under this deed of trust and then to amounts due and payable to Lender with respect to the Obligation, to be applied to late charges, principal, or interest in the order Lender in its discretion determines.

5. If Grantor fails to perform any of Grantor's obligations, Lender may perform those obligations and be reimbursed by Grantor on demand for any amounts so paid, including attorney's fees, plus interest on those amounts from the dates of payment at the rate stated in the Note for matured, unpaid amounts. The amount to be reimbursed will be secured by this deed of trust.

6. COLLATERAL PROTECTION INSURANCE NOTICE

In accordance with the provisions of section 307.052(a) of the Texas Finance Code, the Lender hereby notifies the Grantor as follows:

(A) the Grantor is required to:

- (i) keep the collateral insured against damage in the amount the Lender specifies;**
- (ii) purchase the insurance from an insurer that is authorized to do business in the state of Texas or an eligible surplus lines insurer; and**
- (iii) name the Lender as the person to be paid under the policy in the event of a loss;**

(B) the Grantor must, if required by the Lender, deliver to the Lender a copy of the policy and proof of the payment of premiums; and

(C) if the Grantor fails to meet any requirement listed in Paragraph (A) or (B), the Lender may obtain collateral protection insurance on behalf of the Grantor at the Grantor's expense.

7. If there is a default on the Obligation or if Grantor fails to perform any of Grantor's obligations and the default continues after any required notice of the default and the time allowed to cure, Lender may—

- a. declare the unpaid principal balance and earned interest on the Obligation immediately due;
- b. exercise Lender's rights with respect to rent under the Texas Property Code as then in effect;
- c. direct Trustee to foreclose this lien, in which case Lender or Lender's agent will cause notice of the foreclosure sale to be given as provided by the Texas Property Code as then in effect; and
- d. purchase the Property at any foreclosure sale by offering the highest bid and then have the bid credited on the Obligation.

8. Lender may remedy any default without waiving it and may waive any default without waiving any prior or subsequent default.

9. Protection of Lender's Interest in the Property and Rights Under this Security Instrument. If (a) Borrower fails to perform the covenants and agreements contained in this Security Instrument, (b) there is a legal proceeding that might significantly affect Lender's interest in the Property and/or rights under this Security Instrument (such as a proceeding in bankruptcy, probate, for condemnation or forfeiture, for enforcement of a lien which may attain priority over this Security Instrument or to enforce laws or regulations), or (c) Borrower has abandoned the Property, then Lender may do and pay for whatever is reasonable or appropriate to protect Lender's interest in the Property and rights under this Security Instrument, including protecting and/or assessing the value of the Property, and securing and/or repairing the Property. Lender's actions can include, but are not limited to: (a) paying any sums secured by a lien which has priority over this Security Instrument; (b) appearing in court; and (c) paying reasonable attorneys' fees to protect its interest in the Property and/or rights under this Security Instrument, including its secured position in a bankruptcy proceeding. Securing the Property includes, but is not limited to, entering the Property to make repairs, change locks, replace or board up doors and windows, drain water from pipes, eliminate building or other code violations or dangerous conditions, and have utilities turned on or off. Although Lender may take action under this Section 9, Lender does not have to do so and is not under any duty or obligation to do so. It is agreed that Lender incurs no liability for not taking any or all actions authorized under this Section 9.

Any amounts disbursed by Lender under this Section 9 shall become additional debt of Borrower secured by this Security Instrument. These amounts shall bear interest at the Note rate from the date of disbursement and shall be payable, with such interest, upon notice from Lender to Borrower requesting payment.

C. Trustee's Rights and Duties

If directed by Lender to foreclose this lien, Trustee will—

1. either personally or by agent give notice of the foreclosure sale as required by the Texas Property Code as then in effect;
2. sell and convey all or part of the Property "AS IS" to the highest bidder for cash with a general warranty binding Grantor, subject to the Prior Lien and to the Other Exceptions to Conveyance and Warranty and without representation or warranty, express or implied, by Trustee;
3. from the proceeds of the sale, pay, in this order—
 - a. expenses of foreclosure, including a reasonable commission to Trustee;
 - b. to Lender, the full amount of principal, interest, attorney's fees, and other charges due and unpaid;
 - c. any amounts required by law to be paid before payment to Grantor; and
 - d. to Grantor, any balance; and
4. be indemnified, held harmless, and defended by Lender against all costs, expenses, and liabilities incurred by Trustee for acting in the execution or enforcement of the trust created by this deed of trust, which includes all court and other costs, including attorney's fees, incurred by Trustee in defense of any action or proceeding taken against Trustee in that capacity.

D. General Provisions

1. If any of the Property is sold under this deed of trust, Grantor must immediately surrender possession to the purchaser. If Grantor fails to do so, Grantor will become a tenant at sufferance of the purchaser, subject to an action for forcible detainer.
2. Recitals in any trustee's deed conveying the Property will be presumed to be true.
3. Proceeding under this deed of trust, filing suit for foreclosure, or pursuing any other remedy will not constitute an election of remedies.
4. This lien will remain superior to liens later created even if the time of payment of all or part of the Obligation is extended or part of the Property is released.
5. If any portion of the Obligation cannot be lawfully secured by this deed of trust, payments will be applied first to discharge that portion.

6. Grantor assigns to Lender all amounts payable to or received by Grantor from condemnation of all or part of the Property, from private sale in lieu of condemnation, and from damages caused by public works or construction on or near the Property. After deducting any expenses incurred, including attorney's fees and court and other costs, Lender will either release any remaining amounts to Grantor or apply such amounts to reduce the Obligation. Lender will not be liable for failure to collect or to exercise diligence in collecting any such amounts. Grantor will immediately give Lender notice of any actual or threatened proceedings for condemnation of all or part of the Property.

7. Grantor collaterally assigns to Lender all present and future rent from the Property and its proceeds. Grantor warrants the validity and enforceability of the assignment. Grantor will apply all rent to payment of the Obligation and performance of this deed of trust, but if the rent exceeds the amount due with respect to the Obligation and the deed of trust, Grantor may retain the excess. If a default exists in payment of the Obligation or performance of this deed of trust, Lender may exercise Lender's rights with respect to rent under the Texas Property Code as then in effect. Lender neither has nor assumes any obligations as lessor or landlord with respect to any occupant of the Property. Lender may exercise Lender's rights and remedies under this paragraph without taking possession of the Property. Lender will apply all rent collected under this paragraph as required by the Texas Property Code as then in effect. Lender is not required to act under this paragraph, and acting under this paragraph does not waive any of Lender's other rights or remedies.

8. Interest on the debt secured by this deed of trust will not exceed the maximum amount of nonusurious interest that may be contracted for, taken, reserved, charged, or received under law. Any interest in excess of that maximum amount will be credited on the principal of the debt or, if that has been paid, refunded. On any acceleration or required or permitted prepayment, any such excess will be canceled automatically as of the acceleration or prepayment or, if already paid, credited on the principal of the debt or, if the principal of the debt has been paid, refunded. This provision overrides any conflicting provisions in this and all other instruments concerning the debt.

9. In no event may this deed of trust secure payment of any debt that may not lawfully be secured by a lien on real estate or create a lien otherwise prohibited by law.

10. Grantor may not sell, transfer, or otherwise dispose of any Property, whether voluntarily or by operation of law, without the prior written consent of Lender. If granted, consent may be conditioned upon (a) the grantee's integrity, reputation, character, creditworthiness, and management ability being satisfactory to Lender; and (b) the grantee's executing, before such sale, transfer, or other disposition, a written assumption agreement containing any terms Lender may require, such as a principal pay down on the Obligation, an increase in the rate of interest payable with respect to the Obligation, a transfer fee, or any other modification of the Note, this deed of trust, or any other instruments evidencing or securing the Obligation.

Grantor may not cause or permit any Property to be encumbered by any liens, security interests, or encumbrances other than the liens securing the Obligation and the liens securing ad valorem taxes not yet due and payable without the prior written consent of Lender. If granted, consent may be conditioned upon Grantor's executing, before granting such lien, a written modification agreement containing any terms Lender may require, such as a principal pay down on the Obligation, an increase in the rate of interest payable with respect to the Obligation, an approval fee, or any other modification of the Note, this deed of trust, or any other instruments evidencing or securing the Obligation.

Grantor may not grant any lien, security interest, or other encumbrance (a "Subordinate Instrument") covering the Property that is subordinate to the liens created by this deed of trust without the prior written consent of Lender. If granted, consent may be conditioned upon the Subordinate Instrument's containing express covenants to the effect that—

- a. the Subordinate Instrument is unconditionally subordinate to this deed of trust;
- b. if any action is instituted to foreclose or otherwise enforce the Subordinate Instrument, no action may be taken that would terminate any occupancy or tenancy without the prior written consent of Lender, and that consent, if granted, may be conditioned in any manner Lender determines;
- c. rents, if collected by or for the holder of the Subordinate Instrument, will be applied first to the payment of the Obligation then due and to expenses incurred in the ownership, operation, and maintenance of the Property in any order Lender may determine, before being applied to any indebtedness secured by the Subordinate Instrument;
- d. written notice of default under the Subordinate Instrument and written notice of the commencement of any action to foreclose or otherwise enforce the Subordinate Instrument must be given to Lender concurrently with or immediately after the occurrence of any such default or commencement; and
- e. in the event of the bankruptcy of Grantor, all amounts due on or with respect to the Obligation and this deed of trust will be payable in full before any payments on the indebtedness secured by the Subordinate Instrument.

Grantor may not cause or permit any of the following events to occur without the prior written consent of Lender: if Grantor is (a) a corporation, the dissolution of the corporation or the sale, pledge, encumbrance, or assignment of any shares of its stock; (b) a limited liability company, the dissolution of the company or the sale, pledge, encumbrance, or assignment of any of its membership interests; (c) a general partnership or joint venture, the dissolution of the partnership or venture or the sale, pledge, encumbrance, or assignment of any of its partnership or joint venture interests, or the withdrawal from or admission into it of any general partner or joint venturer; or (d) a limited partnership, (i) the dissolution of the partnership, (ii) the sale, pledge, encumbrance, or assignment of any of its general partnership interests, or the withdrawal from or admission into it of any controlling limited partner or partners. If granted, consent may be conditioned upon (a) the integrity, reputation, character, creditworthiness, and management ability of the person succeeding to the ownership interest in Grantor (or security interest in such ownership) being satisfactory to Lender; and (b) the execution, before such event, by the person succeeding to the interest of Grantor in the Property or ownership interest in Grantor (or security interest in such ownership) of a written modification or assumption agreement containing such terms as Lender may require, such as a principal pay down on the Obligation, an increase in the rate of interest payable with respect to the Obligation, a transfer fee, or any other modification of the Note, this deed of trust, or any other instruments evidencing or securing the Obligation.

11. When the context requires, singular nouns and pronouns include the plural.
12. The term *Note* includes all extensions, modifications, and renewals of the Note and all amounts secured by this deed of trust.
13. This deed of trust binds, benefits, and may be enforced by the successors in interest of all parties.
14. If Grantor and Borrower are not the same person, the term *Grantor* includes Borrower.

15. Grantor and each surety, endorser, and guarantor of the Obligation waive, to the extent permitted by law, all (a) demand for payment, (b) presentation for payment, (c) notice of intention to accelerate maturity, (d) notice of acceleration of maturity, (e) protest, (f) notice of protest, and (g) rights under sections 51.003, 51.004, and 51.005 of the Texas Property Code.

16. Grantor agrees to pay reasonable attorney's fees, trustee's fees, and court and other costs of enforcing Lender's rights under this deed of trust if this deed of trust is placed in the hands of an attorney for enforcement.

17. If any provision of this deed of trust is determined to be invalid or unenforceable, the validity or enforceability of any other provision will not be affected.

18. The term *Lender* includes any mortgage servicer for Lender.

19. Grantor represents that this deed of trust and the Note are given for the following purposes:

The Note renews and extends the balance that Grantor owes on a prior note in the original principal amount of TWO MILLION DOLLARS and 00/100 (\$2,000,000.00), which is dated July 14, 2021, executed by SGB DEVELOPMENT CORP., a Delaware corporation, and payable to WEINRITTER REALTY, LP, a Texas limited partnership. Prior note is more fully described in and secured by a deed of trust on the Property, which is dated of even date, and recorded under Document Number 2021157556 of the Real Property Records of Travis County, Texas. Additionally, this Note renews and extends the balance that Grantor owes on a second lien note in the original principal amount of FIVE HUNDRED THOUSAND and 00/100 Dollars, which is dated September 8, 2022, executed by SGB DEVELOPMENT CORP, a Delaware limited liability company, and payable to WEINRITTER REALTY, LP, a Texas limited partnership. Prior second lien is more fully described in and secured by a deed of trust on the Property, which is dated of even date, and recorded under Document Number 2022152151, Official Public Records of Travis County, Texas. The balance of the indebtedness is for closing costs, interest carry, and cash out of the Property.

Grantor warrants to Lender and agrees that the proceeds of the Note will be used primarily for business or commercial purposes and not primarily for personal, family, or household purposes.

Grantor warrants to Lender that the Property will not be used as the Grantor's residence during the term of the Obligation.

20. This conveyance is also made in trust to secure payment of all other present and future debts that Grantor may owe to Lender, regardless of how any other such debt is incurred or evidenced. Payment on all present and future debts of Grantor to Lender will be made and the debts will bear interest as provided in notes or other evidences of debt that Grantor will give to Lender. This conveyance is also made to secure payment of any renewal or extension of any present or future debt that Grantor owes to Lender, including any loans and advancements from Lender to Grantor under the provisions of this deed of trust. When Grantor repays all debts owed to Lender, this deed-of-trust lien will terminate only if Lender releases this deed of trust at the request of Grantor. Until Lender releases it, this deed of trust will remain fully in effect to secure other present and future advances and debts, regardless of any additional security given for any debt and regardless of any modification.

21. Grantor agrees to make an initial deposit in a reasonable amount to be determined by Lender and then make monthly payments to a fund for taxes on the Property. Monthly payments will be made on the payment dates specified in the Note, and each payment will be one-twelfth of the amount that Lender estimates will be required annually for payment of taxes. The fund will accrue no interest, and Lender will hold it without bond in escrow and use it to pay the taxes. If Grantor has complied with the requirements of this paragraph, Lender must pay taxes before the end of the calendar year. Grantor agrees to make additional deposits on demand if the fund is ever insufficient for its purpose. If an excess accumulates in the fund, Lender may either credit it to future monthly deposits until the excess is exhausted or refund it to Grantor. When Grantor makes the final payment on the Note, Lender will credit to that payment the whole amount then in the fund or, at Lender's option, refund it after the Note is paid. If this deed of trust is foreclosed, any balance in the fund over that needed to pay taxes, including taxes accruing but not yet payable, and to pay insurance premiums will be paid under part C, "Trustee's Rights and Duties." Deposits to the fund described in this paragraph are in addition to the monthly payments provided for in the Note.

22. Grantor hereby grants Lender a right of first refusal with respect to Grantor's power to authorize any third party (other than Lender pursuant to its rights as set forth in this instrument) to pay ad valorem taxes on the Property and authorize a taxing entity to transfer its tax lien on the Property to that third party. Grantor's authorization to any third party (other than Lender) to pay the ad valorem taxes and receive transfer of a taxing entity's lien for ad valorem taxes shall be null and void and of no force and effect unless Lender, within ten days after receiving written notice from Grantor, fails to pay the ad valorem taxes pursuant to Lender's rights as set forth in this instrument.

22.23. As used in this section: (a) "Hazardous Substances" are those substances defined as toxic or hazardous substances, pollutants, or wastes by Environmental Law and the following substances: gasoline, kerosene, other flammable or toxic petroleum products, toxic pesticides and herbicides, volatile solvents, materials containing asbestos or formaldehyde, and radioactive materials; (b) "Environmental Law" means federal laws and laws of the jurisdiction where the Property is located that relate to health, safety or environmental protection; (c) "Environmental Cleanup" includes any response action, remedial action, or removal action, as defined in Environmental Law; and (d) an "Environmental Condition" means a condition that can cause, contribute to, or otherwise trigger an Environmental Cleanup.

Grantor shall not cause or permit the presence, use, disposal, storage, or release of any Hazardous Substances, or threaten to release any Hazardous Substances, on or in the Property. Grantor shall not do, nor allow anyone else to do, anything affecting the Property (a) that is in violation of any Environmental Law, (b) which creates an Environmental Condition, or (c) which, due to the presence, use, or release of a Hazardous Substance, creates a condition that adversely affects the value of the Property. The preceding two sentences shall not apply to the presence, use, or storage on the Property of small quantities of Hazardous Substances that are generally recognized to be appropriate to normal residential uses and to maintenance of the Property (including, but not limited to, hazardous substances in consumer products).

Grantor shall promptly give Lender written notice of (a) any investigation, claim, demand, lawsuit or other action by any governmental or regulatory agency or private party involving the Property and any Hazardous Substance or Environmental Law of which Grantor has actual knowledge, (b) any Environmental Condition, including but not limited to, any spilling, leaking, discharge, release or threat of release of any Hazardous Substance, and (c) any condition caused by the presence, use or release of a Hazardous Substance which adversely affects the value of the Property. If Grantor learns, or is notified by any governmental or regulatory authority, or any private party, that any removal or other remediation of any Hazardous Substance affecting the Property is necessary, Grantor shall promptly take all necessary remedial actions in accordance with Environmental Law. Nothing herein shall create any obligation on Lender for an Environmental Cleanup.

24. Grantor agrees to deliver to Lender, at Lender's request from time to time, financial statements of Grantor and each guarantor of the Note prepared in accordance with generally accepted accounting principles consistently applied, in detail reasonably satisfactory to Lender and certified to be true and correct by Grantor.

25. WAIVER OF JURY TRIAL. GRANTOR WAIVES ANY RIGHT TO A TRIAL BY JURY IN ANY ACTION OR PROCEEDING TO ENFORCE OR DEFEND ANY RIGHTS (i) UNDER THIS DEED OF TRUST OR ANY RELATED DOCUMENT OR UNDER ANY AMENDMENT, INSTRUMENT, DOCUMENT OR AGREEMENT WHICH MAY IN THE FUTURE BE DELIVERED IN CONNECTION HEREWITH OR ANY RELATED DOCUMENT OR (ii) ARISING FROM ANY LENDING RELATIONSHIP EXISTING IN CONNECTION HEREWITH, AND AGREES THAT ANY SUCH ACTION OR PROCEEDING WILL BE TRIED BEFORE A COURT AND NOT BEFORE A JURY. GRANTOR AGREES THAT IT WILL NOT ASSERT ANY CLAIM AGAINST LENDER OR ANY OTHER PERSON INDEMNIFIED UNDER THIS DEED OF TRUST ON ANY THEORY OF LIABILITY FOR SPECIAL, INDIRECT, CONSEQUENTIAL, INCIDENTAL OR PUNITIVE DAMAGES.

26. **Venue.** Debtor agrees that this Loan shall be deemed to have been made in the State of Texas at Lender's mailing address indicated at the beginning of this Deed of Trust and shall be governed by, and construed in accordance with, the laws of the State of Texas and is performable in Williamson County, Texas. In any litigation in connection with or to enforce this Deed of Trust, the Note, or any Loan Documents, Grantors, and any guarantors irrevocably consent to and confer personal jurisdiction on the courts of the State of Texas or the United States courts located within the State of Texas. Nothing contained herein shall, however, prevent Lender from bringing any action or exercising any rights within any other state or jurisdiction or from obtaining personal jurisdiction by any other means available under applicable law.

27. Cross-Collateral; Cross Default. Without limiting any of the foregoing provisions of this Deed of Trust, and for clarification, Grantor agrees that this Deed of Trust is pledged as security for any and all other sums, indebtedness, obligations and liabilities of any and every kind now or hereafter existing owing and to become due, from any or all of Grantor or any of its successors, assigns, members, managers, guarantors, or affiliates (collectively, the "Grantor Parties") to Lender or to assignees thereof, howsoever created, whether under this Deed of Trust, the Loan Documents or any other instrument, obligation, contract, guarantee or agreement of any and every kind among any of the Grantor Parties and Lender, and whether direct, indirect, primary or secondary, fixed or contingent and any renewals, modifications or extensions of any of the foregoing; provided, however, that notwithstanding anything to the contrary herein or therein neither any Guaranty nor any Environmental Indemnity referenced in the Loan Documents nor any other similar agreement between Grantor or any of its Affiliates and Lender or any of its Affiliates are secured by this Deed of Trust and, notwithstanding anything to the contrary herein or in any other Loan Document, all obligations arising under any such documents are unsecured obligations. A default, not cured within any applicable curative period by any of the Grantor Parties, as applicable, in any such other instrument, obligation, contract, guarantee or agreement of any kind now or hereafter existing among any of the Grantor Parties and Lender, shall constitute a default hereunder and, in like manner, a default hereunder not cured within any applicable curative period shall constitute a default under the terms of such other instrument, obligation, contract, guarantee or agreement. All property of any of the Grantor Parties which stands as security for any of the loans made by Lender to any of the Grantor Parties, whether currently existing or hereafter advanced, shall stand as cross collateral security for all such loans.

28. The lien created by this deed of trust will be cross collateralized with the lien securing payment of ONE MILLION and 00/100 out of the Promissory Note in the original principal amount of FIVE MILLION and 00/100 DOLLARS (\$5,000,000.00), which is dated of even date, executed by LV PENINSULA HOLDING, LLC, a Texas limited liability company, payable to the order of AUSTERRA STABLE GROWTH FUND, LP, and more fully described in and securing said loan with a mortgage with power of sale, of even date, against the following described property, to-wit:

Tract II:

Parcel 1: All that part of Lots 1 and 2 lying North and East of the Railroad Right-of-way in Section 4, Township 7 South, Range 9 East of the Indian Base and Meridian, Bryan County, State of Oklahoma, according to the U.S. Government Survey thereof.

Parcel 2: The S/2 SE/4 SE/4 and all of that part of the SW/4 SE/4 lying North and East of the A&C Railroad Right-of-Way in Section 33, Township 6 South, Range 9 East of the Indian Base and Meridian, Bryan County, State of Oklahoma, according to the U.S. Government Survey thereof, LESS AND EXCEPT a roadway and utility easement reserved over the North 80 feet of the West 60 feet of the SW/4 of the SE/4 of Section 33, Township 6 South, Range 9 East.

Parcel 3: The N/2 SE/4 SE/4 of Section 33, Township 6 South, Range 9 East of the Indian Base and Meridian, Bryan County, State of Oklahoma, according to the U.S. Government Survey thereof

The above described mortgage with power of sale to be recorded approximately contemporaneously with this Document, in the Official Public Records of Bryan County, Oklahoma. If default occurs in payment of any part of principal or interest of the note referenced herein or in observance of any covenants of the deed of trust or mortgage with power of sale securing it, the entire debt secured by this deed of trust will immediately become payable at the option of Lender.

29. In addition to creating a deed-of-trust lien on all the real and other property described above, Grantor also grants to Lender a security interest in all of the above-described personal property pursuant to and to the extent permitted by the Texas Uniform Commercial Code.

In the event of a foreclosure sale under this deed of trust, Grantor agrees that all the Property may be sold as a whole at Lender's option and that the Property need not be present at the place of sale.

LV PENINSULA HOLDING, LLC,
a Texas limited liability company

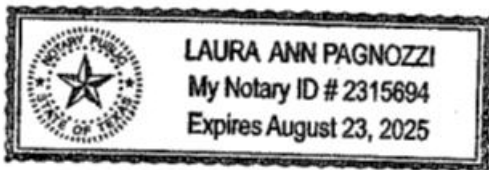
By: /s/ Nicolai Brune
NICOLAI BRUNE, CFO and
Authorized Agent

THE STATE OF TEXAS

COUNTY OF TRAVIS

This instrument was acknowledged before me on the 30TH day of March, 2023, by NICOLAI BRUNE, CFO and Authorized Agent, of LV PENINSULA HOLDING, LLC, a Texas limited liability company, on behalf of said limited liability company.

/s/ Laura Ann Pagnozzi
Notary Public, State of Texas



PREPARED BY:
Law Office of Ben Williams, PLLC
10119 Lake Creek Parkway, Ste 201
Austin, Texas 78729

EXHIBIT A

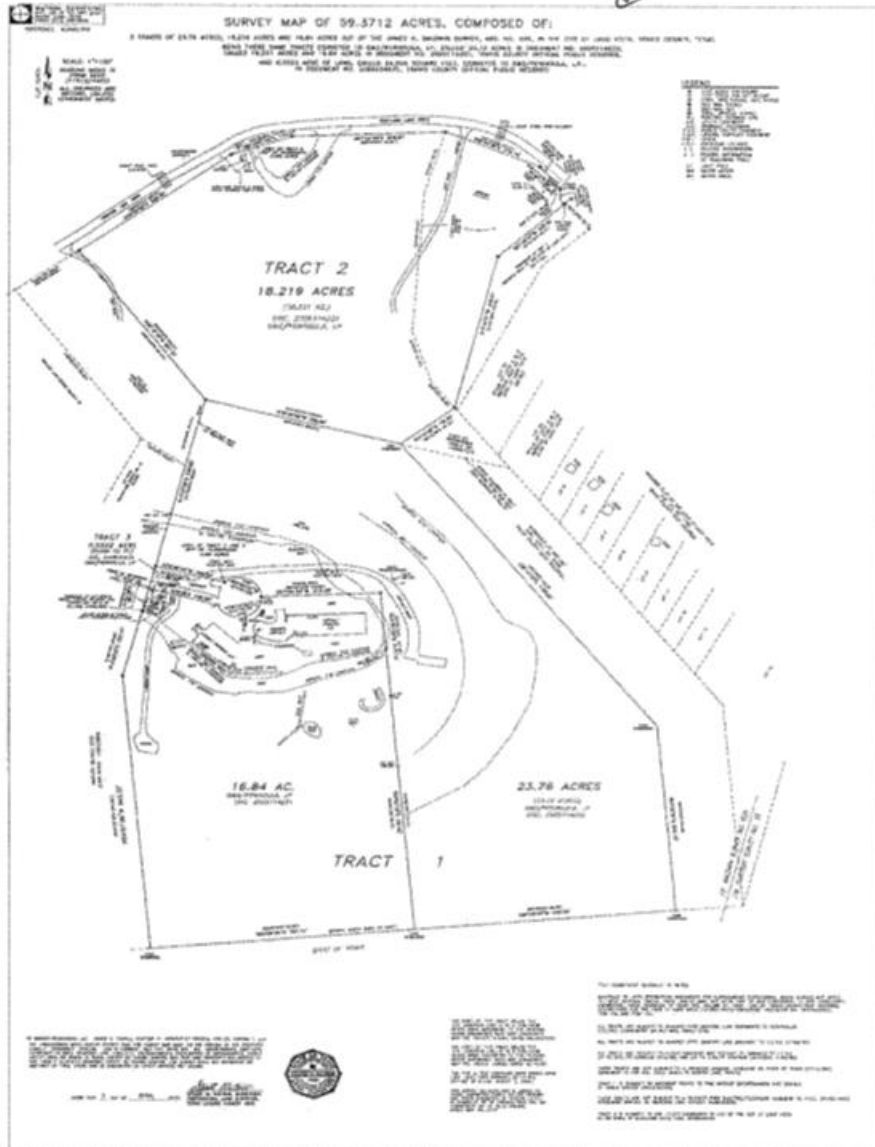


Exhibit "B"

Permitted Exceptions

- a. Volume 87, Page 174C, Plat Records, Volume 10693, Page 559, Volume 10768, Page 1667, Real Property Records, Document No(s) 2007045942, 2012064861, 2012064862, 2013217511, Official Public Records, Travis County, Texas, but omitting any covenant or restriction based on race, color, religion, sex, disability, handicap, familial status or national origin. (As to that portion of Lot 1, AMENDED PLAT OF THE COVE AT LAGO VISTA, a subdivision in Travis County, Texas, according to the map or plat thereof recorded in Volume 87, Page 174C, Plat Records of Travis County, Texas.)
 - b. Maintenance charges and/or assessments secured by a lien as set out in instrument(s) recorded in Document No. 2007045942, Official Public Records, Travis County, Texas. Said lien for charges and assessments is subordinate to purchase money or construction liens as set out therein. (That portion of Lot 1, AMENDED PLAT OF THE COVE AT LAGO VISTA, a subdivision in Travis County, Texas, according to the map or plat thereof recorded in Volume 87, Page 174C, Plat Records of Travis County, Texas)
 - c. Any and all easements, building lines and conditions, covenants and restrictions as set forth in plat recorded in Volume 87, Page 174C, Plat Records, Travis County, Texas. (That portion of Lot 1, AMENDED PLAT OF THE COVE AT LAGO VISTA, a subdivision in Travis County, Texas, according to the map or plat thereof recorded in Volume 87, Page 174C, Plat Records of Travis County, Texas)
 - e. Public Utility and Drainage Easement, Recorded in Volume 10768, Page 1667, Real Property Records, Travis County, Texas. (That portion of Lot 1, AMENDED PLAT OF THE COVE AT LAGO VISTA, a subdivision in Travis County, Texas, according to the map or plat thereof recorded in Volume 87, Page 174C, Plat Records of Travis County, Texas)
 - f. A perpetual easement and right to flood, inundate and submerge granted to the Lower Colorado River Authority, Recorded in Volume 612, Page 38, Deed Records, Travis County, Texas.
 - g. A perpetual easement and right to flood, inundate and submerge granted to the Lower Colorado River Authority, Recorded in Volume 613, Page 295, Deed Records, Travis County, Texas.
 - h. A perpetual easement and right to flood, inundate and submerge granted to the Lower Colorado River Authority, Recorded in Volume 1169, Page 89, Deed Records, Travis County, Texas.
 - i. Right to construct, maintain and operate electric transmission line(s) over and across all or part of the subject property, as described in Volume 1169, Page 89, Deed Records, Travis County, Texas.
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- j. Channel Easement to the State of Texas, Recorded in Volume 1714, Page 394, Deed Records, Travis County, Texas.
 - k. Electric and/or Telephone Easement to Pedernales Electric Cooperative, Inc., Recorded in Volume 3950, Page 1678, Deed Records, Travis County, Texas
 - l. Access and Public Utility Easement to Travis County Municipal Utility District No. 1, Recorded in Volume 6921, Page 1336, Deed Records, Travis County, Texas and as shown on that survey dated 4/3/2013, prepared by Stuart W. Watson, R.P.L.S. 4550.
 - m. Access easement by necessity over and across the subject tract for the benefit of that certain 0.499 acre tract conveyed to Travis County in Constable's Deed dated July 9, 2003, recorded in Document No. 2003158403, Official Public Records, Travis County, Texas.
 - n. Rights of the public to use that portion of American Drive R.O.W. as described under Document No(s) 2008034575 & 2012104068, Official Public Records, Travis County, Texas and as shown on the plats recorded in Volume 65, Page 43 and as amended in Volume 68, Page 23, Plat Records, Travis County, Texas.
 - o. Terms, Conditions, and Stipulations in the Notice: Notice to Purchaser Property in Flood Hazard Area, Recorded in Volume 8506, Page 58, re-filed in Volume 8666, Page 286, Deed Records, Travis County, Texas.
 - p. Mineral and/or royalty interest Recorded in Volume 2145, Page 73, Deed Records, Travis County, Texas.
 - q. Mineral and/or royalty interest Recorded in Volume 2411, Page 30, Deed Records, Travis County, Texas.
 - r. All leases, grants, exceptions or reservation of coal, lignite, oil, gas and other mineral, together with all rights, privileges, and immunities relating thereto appearing in the public records to the extent same are valid and subsisting against the Property.
 - s. (1) All right, title or claim of any character by the United States, State of Texas, local government or by the public generally in and to any portion of the land lying within the current or former bed, or below the ordinary highwater mark, or between the cut banks of a stream navigable in fact or in law.

(2) Right of riparian water rights owners to the use and flow of the water.
 - t. Rights of parties in and to existing roadways extending over, across and onto the insured property northwest corner as shown on survey dated April 3, 2013 prepared by Stuart W. Watson, RPLS No. 4550.
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ASSIGNMENT OF CONTRACT RIGHTS

IDENTIFICATIONS

Date: March 30, 2023

Assignor: LV PENINSULA HOLDING, LLC, a Texas limited liability
company Assignor's Address: 990 Biscayne Blvd., Suite 501
Miami, Florida 33132

Assignee: AUSTERRA STABLE GROWTH FUND, LP
Assignee's Address: c/o 10119 Lake Creek Pkwy, Ste 202, Austin, Texas 78729

Note Description ("the Note"):

Date: of even date herewith

Borrower: LV PENINSULA HOLDING, LLC,
a Texas limited liability company

Amount: \$5,000,000.00

Payee: AUSTERRA STABLE GROWTH FUND, LP

Property:

Tract I:

Being that certain tract of land stated to contain 59.3712 acres, more or less, out of the K. BALDWIN SURVEY NO. 600, ABST 90, Travis County, Texas; and out of a portion of Lot 1, AMENDED PLAT OF THE COVE AT LAGO VISTA, a subdivision in Travis County, Texas, according to the map or plat thereof recorded in Volume 87, Page 174C, Plat Records of Travis County, Texas. Said 59.3712 acre tract being more particularly described by metes and bounds in Exhibit "A" attached hereto and made a part hereof.

Tract II:

Parcel 1: All that part of Lots 1 and 2 lying North and East of the Railroad Right-of-way in Section 4, Township 7 South, Range 9 East of the Indian Base and Meridian, Bryan County, State of Oklahoma, according to the U.S. Government Survey thereof.

Parcel 2: The S/2 SE/4 SE/4 and all of that part of the SW/4 SE/4 lying North and East of the A&C Railroad Right-of-Way in Section 33, Township 6 South, Range 9 East of the Indian Base and Meridian, Bryan County, State of Oklahoma, according to the U.S. Government Survey thereof, LESS AND EXCEPT a roadway and utility easement reserved over the North 80 feet of the West 60 feet of the SW/4 of the SE/4 of Section 33, Township 6 South, Range 9 East.

Parcel 3: The N/2 SE/4 SE/4 of Section 33, Township 6 South, Range 9 East of the Indian Base and Meridian, Bryan County, State of Oklahoma, according to the U.S. Government Survey thereof

1. Assignor transfers and assigns to Assignee and grants to Assignee a security interest in all rights and interests of Assignor in the following (“Assigned Rights”):
 - a. All building permits, site plans, subdivision plats, licenses, governmental approvals, utility contracts and rebate agreements, development contracts, construction contracts and subcontracts, surveys, environmental, drainage and soil, studies, tests and reports, engineering and architectural contracts, studies, drawings, plans and specifications, all construction documentation and other intangible property rights.
 - b. All payment and performance bonds.
 - c. All warranties covering any equipment, if any, located on the Property.
 - d. All construction agreements and escrow agreements, including water, wastewater, gas, electricity, and other utility agreements, if any, between Assignor the any Local Authority or Municipality, directly or indirectly, to construction of improvements on the Property.
2. This Assignment is absolute and is effective from the date of execution of this Assignment. However, prior to the occurrence of an Event of Default (as defined in the deed of trust executed by Assignor of even date), Assignor shall have the right, without joinder of Assignee, to enjoy and enforce the contracts, rights, and interests assigned to Assignee. After an Event of Default (as defined in the deed of trust executed by Assignor to secure the Note or a loan agreement between Assignee and Assignor), after the passage of any applicable notice and cure period, Assignee may, at its sole option, exercise the rights in the contracts, rights, and interests assigned to it under the terms of this Assignment.
3. Upon the occurrence of an Event of Default that continues past any applicable notice and cure period, Assignee shall be entitled to pursue any remedies available to Assignee at law or in equity, and, without limiting the generality of the foregoing, may do any or all of the following:
 - a. Exercise all rights of a secured party under the Texas Business and Commerce Code, including the conducting of a public or private sale of any or all of Assignor’s rights and interests under any Assigned Rights.
 - b. Perform any or all of Assignor’s obligations under any Assigned Rights, and/or exercise any or all of Assignor’s rights and powers thereunder.

- c. Receive all proceeds payable to Assignor under any Assigned Rights and apply such proceeds to payment of the Note or to offset the cost of performance of Assignor's obligations under any Collateral Agreements (as is defined in the deed of trust executed by Assignor, as Grantor, of even date) or the Assigned Rights, in such manner and order as Assignee may elect.
4. Upon the occurrence of an Event of Default, after the passage of any applicable notice and cure period, Assignee is appointed and designated as Assignor's agent and attorney-in-fact for all purposes in regard to any Assigned Rights and is authorized, but not required, to do and perform, in Assignor's name, place and stead any act which Assignor could or might do in connection with any Assigned Rights This power of attorney is a power coupled with an interest and may not be revoked without the prior written consent of Assignee.
5. Assignee is not, and shall never be, obligated to perform any responsibility, obligation or duty of Assignor under or in connection with any Assigned Rights and any such performance shall be wholly discretionary with Assignee. If Assignee undertakes the performance of any duties, burdens or responsibilities or the exercise of any rights or powers of Assignor, Assignee shall not be liable to Assignor for Assignee's failure to complete or properly perform the duties and obligations of Assignor.
6. Assignor agrees to indemnify the Assignee for, and to hold the Assignee harmless from, any and all liability, loss or damage which may or might be incurred by Assignee under any Assigned Rights or under or by reason of this Assignment, including any liability asserted against Assignee due to the negligence, other than gross negligence, of Assignee, and from any and all claims and demands whatsoever which may be asserted against the Assignee by reason of any alleged failure on the part of Assignee to perform or discharge any of the terms, covenants or agreements contained in any Assigned Rights.
7. If the Assignee incurs any liability under any Assigned Rights or under or by reason of this Assignment or in defense of any such claims or demands, the amount of the liability, including costs, expenses, and reasonable attorney's fees shall be secured by this Assignment and the Assignor shall reimburse the Assignee immediately upon demand for any costs or expenses incurred. The failure of the Assignor to reimburse the Assignee for costs or expenses incurred within ten days of the date demand is made for reimbursement shall entitle Assignee, at Assignee's option, to declare all sums secured by this Assignment immediately due and payable.
8. Assignor shall immediately furnish to Assignee copies of all notices, certificates, and other materials received by Assignor from any purchaser in connection with any Assigned Rights, including, but not limited to, all notices of defects and notices of default.
9. Assignor shall immediately furnish to Assignee a complete copy of each contract related to each of the Assigned Rights and shall, upon request by Assignee, execute a specific collateral assignment and UCC-1 Financing Statement pertaining to such contract.
10. Upon the full and final payment and performance of all indebtedness and obligations secured hereby, Assignee shall release the security interest created by the Assignment and reassign any Assigned Rights to Assignor, without representation or warranty.

11. The Assignor covenants with the Assignee as follows:

- a. To observe and perform all the obligations imposed upon the Assignor under any Assigned Rights and not to do or permit to be done anything to impair the enforceability thereof.
- b. Not to execute any other security interest in or assignment of Assignor's interest in any Assigned Rights.
- c. Not to alter, modify or change the terms of any Assigned Rights without the prior written consent of Assignee, or cancel or terminate a contract creating any Assigned Rights or convey or transfer or suffer or permit a conveyance or transfer of any interest therein.

12. This Assignment includes any subsequent renewals, modifications, or substitutions of any assigned contracts, rights, or interests and any proceeds received therefrom.

13. Neither this Assignment nor the exercise of any rights or interests assigned to Assignee shall be construed as a waiver by Assignee of its right to enforce payment of the Note and performance under any document securing its payment in accordance with the terms and provisions of such document or documents.

14. This Assignment is made on the following terms, covenants and conditions:

- a. Upon or at any time after default in the payment of the Note or in the performance by Assignor of any obligation, covenant or agreement contained in a Collateral Agreement, or an Assigned Right that continues past any applicable notice and cure period, this Assignment, upon acceleration of the Note according to its terms, shall assign fully, absolutely and unconditionally to Assignee all of Assignor's right, title and interest in any Assigned Rights. No action other than written notice of default shall be required to make the assignment granted herein absolute.
- b. Upon payment in full of the principal sum, interest, and indebtedness secured hereby, this Assignment shall become and be void and of no effect but the affidavit, certificate, letter or statement of any officer, agent or attorney of the Assignee showing any part of said principal, interest, or indebtedness to remain unpaid shall be and constitute conclusive evidence of the validity, effectiveness and continuing force of this Assignment and any person may, and is hereby authorized to, rely thereon.
- c. The Assignor authorizes and directs the parties contracting with Assignor under a contract creating any Assigned Rights, upon receipt of written notice from Assignee, after any applicable notice and cure period, stating that a default exists under the Note, a Collateral Agreement, or a contract related to an Assigned Right to acknowledge Assignee as the assignee of Assignor's interest in any Assigned Rights. Assignor agrees to indemnify and hold any such contracting parties from any loss or damage suffered by such party in reliance upon this Assignment.

- d. Nothing contained in this Assignment and no act done or omitted by the Assignee pursuant to the powers and rights granted it hereunder shall be deemed to be a waiver by the holder of the Note of any rights and remedies under said Note and any other security documents, and this Assignment is made and accepted without prejudice to any of the rights and remedies possessed by the holder of the Note under the terms of said Note and other security documents.
- e. This Assignment, together with the covenants and warranties contained herein, shall inure to the benefit of the Assignee and any successor of Assignee and shall be binding upon the Assignor, Assignor's heirs, successors and assigns and any subsequent owner of the Property.

ASSIGNOR:

LV PENINSULA HOLDING, LLC,
a Texas limited liability company

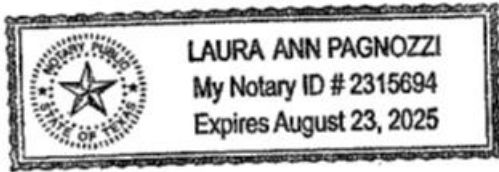
By: /s/ Nicolai Brune
NICOLAI BRUNE, CFO and
Authorized Agent

THE STATE OF TEXAS

COUNTY OF TRAVIS

This instrument was acknowledged before me on the 30TH day of March, 2023, by NICOLAI BRUNE, CFO and Authorized Agent, of LV PENINSULA HOLDING, LLC, a Texas limited liability company, on behalf of said limited liability company.

/s/ Laura Ann Pagnozzi
Notary Public, State of TEXAS



ASSIGNEES:

AUSTERRA STABLE GROWTH FUND, LP,
a Texas limited partnership

By: AUSTERRA WEALTH MANAGEMENT, LLC a Texas
limited liability company
Its: General Partner

By: /s/ Mark C. Holland
MARK C. HOLLAND, Managing Member

Space reserved for recording purposes only

REAL ESTATE MORTGAGE
(WITH POWER OF SALE)

KNOW ALL BY THESE PRESENTS:

THAT LV PENINSULA HOLDING, LLC, a Texas limited liability company ("Mortgagor") has mortgaged and hereby mortgages and grants a security interest to AUSTERRA STABLE GROWTH FUND, LP ("Mortgagee") the following described real estate and premises situated in Bryan County, State of Oklahoma, to-wit:

Tract 1: All that part of Lots 1 and 2 lying North and East of the Railroad Right-of-way in Section 4, Township 7 South, Range 9 East of the Indian Base and Meridian, Bryan County, State of Oklahoma, according to the U.S. Government Survey thereof.

Tract 2: The S/2 SE/4 SE/4 and all of that part of the SW/4 SE/4 lying North and East of the A&C Railroad Right-of-Way in Section 33, Township 6 South, Range 9 East of the Indian Base and Meridian, Bryan County, State of Oklahoma, according to the U.S. Government Survey thereof, LESS AND EXCEPT a roadway and utility easement reserved over the North 80 feet of the West 60 feet of the SW/4 of the SE/4 of Section 33, Township 6 South, Range 9 East.

Tract 3: The N/2 SE/4 SE/4 of Section 33, Township 6 South, Range 9 East of the Indian Base and Meridian, Bryan County, State of Oklahoma, according to the U.S. Government Survey thereof with all buildings, structures and improvements of every nature thereon, and all fixtures, machinery, appliances, equipment, furniture and personal property of every nature located in or on, or attached to or used or intended to be used in connection with the operation of such property, including all additions, accessions, improvements and replacements of or to any of the foregoing, and the proceeds thereof, and all appurtenances thereto belonging, and all rents, royalties, issues, profits and other benefits therefrom (all of which is hereinafter collectively referred to as the "Property"), and warrant the title to the same,

TO HAVE AND TO HOLD the same unto the Mortgagee, and to its successors and assigns, forever, subject to the following terms, covenants, agreements and conditions:

1. Definitions. Capitalized terms used but not defined in this Mortgage have the meanings provided to them in the Loan Agreement of even date with this Mortgage (between Mortgagor, as "Borrower," and Mortgagee, as "Lender" (as amended, restated, amended and restated, supplemented, extended and/or otherwise modified from time to time, the "Loan Agreement").

2. Indebtedness and Covenants Secured by Mortgage. This Mortgage is given to secure the payment of certain indebtedness and the performance of certain covenants and agreements of the Mortgagor, as provided in this Mortgage, including without limitation the following:

A. Indebtedness. This Mortgage secures the payment of an indebtedness in the principal sum of Five Million and no/100 Dollars (\$5,000,000.00), payable according to the terms of that certain Promissory Note, described as follows, to-wit:

Promissory Note dated March 30, 2023, executed by Mortgagor as the "Maker," in favor of the Mortgagee, in the principal sum of \$5,000,000.00, bearing interest at the WSJ Prime Rate (currently 8.00%) plus 5.50%, interest only payments based on the amount of principal advanced payable monthly beginning May 1, 2023, and continuing monthly thereafter until April 1, 2024, at which time all unpaid principal and accrued interest shall be due and payable. This Mortgage also secures the payment of all other and additional debts, obligations and liabilities of every kind and character of the Mortgagor now existing or hereafter arising in favor of the Mortgagee, and any renewals or extensions thereof, as well as any future advances and any advances made by Mortgagee pursuant to the terms and provisions hereof. Notwithstanding the foregoing, this lien of Mortgage shall be limited to the sum of \$1,000,000.00, being the value of the Property described hereinabove.

B. Ad Valorem Taxes. The Mortgagor hereby agrees to pay any and all ad valorem taxes and special assessments of each and every nature against the Property, in a timely manner, and the Mortgagor covenants and agrees to and for the benefit of the Mortgagee that such taxes and assessments shall never become delinquent. In the event any such taxes shall be or remain unpaid for a period of thirty (30) days after payment thereof is due, the Mortgagee shall have the right, but not the obligation, to pay such taxes or assessments, and all interest and penalties then due thereon, and collect the same from the Mortgagor, with interest accruing thereto at the rate of ten percent (10%) per annum. This Mortgage further secures the obligation of the Mortgagor for the payment of all such taxes and assessments, and the payment to the Mortgagee of such taxes if paid by the Mortgagee, including interest and penalties as provided herein.

C. Condition of Property. The Mortgagor covenants and agrees to and for the benefit of the Mortgagee to keep the Property in good condition and repair and not to commit or allow waste to be committed on the Property, nor to demolish or alter the design or structural character of any of the buildings or other improvements (without the Mortgagee's prior written consent), nor to remove any of the fixtures, improvements or personal property (without the Mortgagee's prior written consent) except for the purposes of replacement or repair in the ordinary course of the Mortgagor's business, and to comply with all orders and requirements of any governmental agency or authority with respect to the Property. In particular, the Mortgagor will comply with all environmental laws, rules and regulations, and no hazardous or toxic materials or substances shall be deposited upon or into nor stored within or on the Property. This Mortgage further secures the obligation of the Mortgagor pursuant to such covenants and agreements.

D. Insurance.

(1) Required Coverage. The Mortgagor further covenants and agrees to, at all times during the term of this Mortgage, continuously maintain casualty, public liability and other insurance coverage on the Property described in the Loan Agreement.

(2) Satisfaction of Insurance Requirements. All certificates of required insurance shall be reviewed and approved by the Mortgagee, which review shall include, without limitation, the insurance companies, the amounts, contents and form of certificates and expiration dates, and the issuance of a mortgagee's loss payable endorsement in favor of the Mortgagee. The Mortgagee shall also be named as an additional insured upon request. Premiums on acceptable policies of insurance must be fully paid in advance, and evidence of payment shall be delivered to the Mortgagee prior to the execution hereof. Such policy or policies of insurance shall contain a clause that the insurer will not cancel or change the insurance without first giving the Mortgagee at least ten (10) days' prior written notice. A copy of such policies of insurance shall be delivered to the Mortgagee prior to the execution hereof. In the event the Mortgagor shall fail to procure and to pay the premiums for such policy or policies of insurance, the Mortgagee shall have the right, following notice to the Mortgagor of the intention to do so (except in emergency cases), to procure and pay for such policy or policies and, upon demand therefor, the Mortgagor shall reimburse the Mortgagee in the amount of the premium thereof, together with interest accruing at the rate in effect under the Note.

If title to the Property is transferred, the Mortgagee shall have the right, but not the duty, as authorized agent for the Mortgagor, to assign the insurance to the grantee of title. In the event of loss under any such policies, the Mortgagor will give immediate notice to the Mortgagee. The Mortgagee may make proof of loss if not made promptly by the Mortgagor, and the Mortgagee shall have and is hereby specifically given full power to settle or compromise claims thereunder and to demand, receive and receipt for all moneys payable thereunder, and each insurance company concerned is hereby authorized and directed to make payment for such loss directly to the Mortgagee, instead of to the Mortgagor and the Mortgagee jointly. The Mortgagor hereby irrevocably authorizes the Mortgagee to endorse on the Mortgagor's behalf any items received in connection herewith, and such authorization is coupled with an interest. Such insurance proceeds or any part thereof received by the Mortgagee may, at the Mortgagee's option, be applied upon the indebtedness secured hereby in such manner as the Mortgagee may elect, or be applied in restoring, rebuilding or repairing the property damaged, or be released to the Mortgagor. In the event of the foreclosure of this Mortgage or upon transfer of title to the Property in extinguishment of the indebtedness secured hereby, all right, title and interest of the Mortgagor in and to any insurance policies then in force will pass to the purchaser or grantee. This Mortgage further secures the obligation of the Mortgagor pursuant to such covenants and agreements.

E. Title and Priority of Mortgage. The Mortgagor further represents, warrants, covenants and agrees with the Mortgagee that this Mortgage is prior and superior to all other liens and encumbrances of every nature and kind whatsoever except taxes and assessments not yet due and easements and rights of way of record as of the date hereof. The Mortgagor will defend the title to the Property and the priority and validity of the lien of this Mortgage against all claims or demands whatsoever and will promptly pay and discharge any and all claims or liens which may subsequently be asserted against any portion of the Property which is then subject to the lien of this Mortgage. This Mortgage further secures such covenant and warranty of title and priority of this Mortgage.

F. Costs and Expenses. The Mortgagor further covenants and agrees that in the event that proceedings are initiated to foreclose this Mortgage, either judicially or by exercise of the power of sale, or if the Mortgagee or any holder hereof is compelled to defend the lien of this Mortgage or otherwise to enforce or protect the rights and interests of the Mortgagee or other holder hereunder, the Mortgagor will pay to the Mortgagee a reasonable attorneys' fee and all costs or expenses incurred therein, including court costs, abstracting charges, insurance premiums and taxes, which this Mortgage also secures, and if judgment be entered for any purpose the judgment shall include an award in favor of the Mortgagee or other holder hereof for such fees, costs and expenses.

3. Security Agreement and Financing Statement. This Mortgage shall constitute a security agreement and financing statement under and in accordance with the provisions of the Uniform Commercial Code with respect to the Property. The Mortgagor will, from time to time and as often as requested by the Mortgagee, execute and deliver to the Mortgagee such financing statements and other supplemental security agreements as the Mortgagee may reasonably request in order to perfect the security interest created hereby. The Mortgagor hereby designates and appoints the Mortgagee as the Mortgagor's agent and attorney-in-fact to do all acts and deeds reasonably necessary to perfect and maintain perfection of the lien and security interest created hereby.

4. Events of Default. The following matters shall constitute "Events of Default" hereunder, entitling the Mortgagee or any holder hereof to exercise its remedies therefor as provided herein:

(a) Default Under the Loan Agreement. The occurrence of an "Event of Default" as that term is defined under the Loan Agreement.

(b) Payment Default. The failure to make any of the installment payments due upon the Promissory Note described above, or the failure to make any payments due for any indebtedness, covenant or agreement provided herein as secured by this Mortgage;

(c) Performance Default. The failure by the Mortgagor or any owner or holder of an interest in any portion of the Property which is then subject to the lien of this Mortgage to perform any obligation or agreement provided herein, or if any warranty or representation made by the Mortgagor shall fail or be untrue;

(d) Foreclosure. The institution of any proceedings, either judicial or otherwise, for the foreclosure of any mortgage or other lien against any portion of the Property which is then subject to the lien of this Mortgage, and the pendency or continuation of such proceedings for a period of more than Twenty (20) days following the Mortgagee's receipt of notice or knowledge thereof;

(e) Tax Sale or Certificate. The issuance by the County Treasurer of Bryan County, Oklahoma, by the Oklahoma Tax Commission, by the U.S. Internal Revenue Service, or by any other taxing authority having jurisdiction thereof, of either (i) any certificate or other notice of a delinquent tax obligation constituting a lien upon or against any portion of the Property which is then subject to the lien of this Mortgage, or (ii) any instrument purporting to constitute a sale or other transfer of title to or an interest in any portion of the Property which is then subject to the lien of this Mortgage, in connection with the enforcement of any obligation for the payment of taxes due for or against such portion of the Property;

(f) Bankruptcy, Insolvency, Incapacity, Receivership. With respect to any owner of any portion of the Property which is then subject to the lien of this Mortgage, the bankruptcy or insolvency of such owner, the assignment by such owner of its assets for the benefit of creditors, the incapacity of such owner, the appointment of a guardian or a receiver for or over such owner or its affairs, or the death or cessation of existence of any such owner (including the suspension by the cognizant governmental agency or entity of the authority of such owner to transact business in this state, or the failure of such owner to obtain such authority, if required to do so under applicable law).

5. Remedies upon Default. Upon any Event of Default as set forth herein, the Mortgagee may accelerate all sums due hereunder and foreclose this Mortgage at the option of the Mortgagee, except as limited by law, by either:

(a) Judicial Foreclosure. In accordance with the laws of the State of Oklahoma. In the event a judicial foreclosure is commenced to foreclose this Mortgage, the Mortgagee, and its successors or assigns, shall be forthwith entitled to immediate possession of the Property and may at once take possession of the same and receive and collect the rents, issues and profits therefrom, if any, and shall be entitled to have a receiver appointed to take charge of the Property during such litigation and period of redemption from sale thereunder, without the proof required by statute regardless of the value of the Property, accounting to the Mortgagor for the net income only, applying the same in payment of any part of the indebtedness secured hereby remaining unpaid, and the holder hereof shall in no case be held to account for rentals or damages other than for rent actually received.

(b) Sale without Judicial Foreclosure. In accordance with the Oklahoma Power of Sale Mortgage Foreclosure Act and any acts amendatory thereto, which power of sale is hereby conferred upon the Mortgagee to sell the Property at public sale after giving the Mortgagor written notice in accordance with the Oklahoma Power of Sale Mortgage Foreclosure Act and all acts amendatory thereto. If the breach is not cured on or before the date specified in the Mortgagee's notice to the Mortgagor, the Mortgagee at its option may declare all of the sums secured by this Mortgage to be immediately due and payable without further demand and may invoke the POWER OF SALE hereby granted and any other remedies permitted by applicable law. The Mortgagee shall be entitled to collect all reasonable costs and expenses incurred in pursuing the remedies provided in this Mortgage. The Mortgagee or any holder hereof or their designee may purchase the Property at any sale. The proceeds of the sale shall be applied in the following order: (i) to all reasonable costs and expenses of the sale, including, but not limited to, reasonable attorneys' fees; (ii) to all sums secured by this Mortgage; and (iii) the excess, if any, to the person or persons legally entitled thereto. Any sale pursuant hereto shall be held, advertised, conducted, continued, completed, closed and the proceeds of said sale distributed in accordance with the Oklahoma Power of Sale Mortgage Foreclosure Act and any acts amendatory thereto.

A POWER OF SALE HAS BEEN GRANTED IN THIS MORTGAGE. A POWER OF SALE MAY ALLOW THE MORTGAGEE TO TAKE THE MORTGAGED PROPERTY AND SELL IT WITHOUT GOING TO COURT IN A FORECLOSURE ACTION UPON DEFAULT BY THE MORTGAGOR UNDER THIS MORTGAGE.

(c) Exercise of all Uniform Commercial Code remedies as provided by law, including without limitation requiring the Mortgagor to assemble the Property or any portion thereof and make the same available to the Mortgagee at a place convenient to both parties, for the purpose of the Mortgagee's taking possession thereof and selling the Property in accordance with the Uniform Commercial Code as in effect in the State of Oklahoma, as amended from time to time.

(d) Remedies Cumulative. All remedies herein expressly provided for are cumulative of any and all other remedies existing at law or in equity and are cumulative of any and all other remedies provided for in the Loan Agreement.

(e) Waiver of Marshalling; Additional Rights of Lender. Mortgagor waives any and all right to have the Property (and/or any other property that secures any of the loan) marshaled. In exercising its rights and remedies, Mortgagee may sell all or any part of the Property together or separately, in one sale or by separate sales. If an Event of Default occurs, Mortgagee may pursue any of its remedies and rights under this Mortgage with respect to the Property and Mortgagor to collect payment in full of the obligations secured by this Mortgage, regardless of whether Lender first proceeds against any other collateral for the obligations secured by this Mortgage. Additionally, Mortgagor acknowledges and agrees that, upon the occurrence of an Event of Default, Mortgagee, in its sole discretion, (i) may proceed against the Property pursuant to this Mortgage, or against any other party obligated under, or collateral for, the obligations secured by this Mortgage, as Mortgagee deems appropriate, and (ii) may exercise any right, power, or remedy to which it is entitled under the Loan Agreement simultaneously or separately, and in such order, as Mortgagee deems appropriate.

6. Waiver of Appraisal and Homestead. The Mortgagor, for said consideration, do further hereby expressly waive or not waive, at the option of the Mortgagee, appraisal of said real estate and all benefits of the homestead, exemption and stay laws in Oklahoma.

7. Time of the Essence. Time is of the essence of this Mortgage and the covenants and agreements contained herein.

8. Binding Effect. This Mortgage and the covenants and agreements herein shall be binding upon and inure to the benefit of the parties hereto and their respective heirs, successors and assigns, including all owners of title to or any interests in the Property.

9. Governing Law. This Mortgage and the obligations, covenants and agreements secured hereby shall be in all respects construed according to the laws of the State of Oklahoma.

10. Notices. Any notice, demand or request must be in writing and may be delivered in person or by certified mail at the following addresses:

If to Mortgagor:

LV Peninsula Holding, LLC
990 Biscayne Boulevard, Suite 501
Miami, Florida 33132

If to Mortgagee:

Austerra Stable Growth Fund, LP
c/o Stallion Funding, LLC
10119 Lake Creek Parkway, Ste. 202
Austin, Texas 78729

11. Counterpart Signatures. This instrument may be executed in multiple counterparts, each being deemed an original.

[Signature Page Follows]

THIS REAL ESTATE MORTGAGE has been executed and delivered effective as of the 30st day of March, 2023.

MORTGAGOR:

LV PENINSULA HOLDING, LLC, a Texas
limited liability company

By: /s/ Nicolai Brune

Name: Nicolai Brune

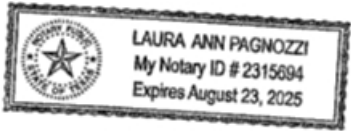
Title: Chief Financial Officer and
Authorized Agent

STATE OF TEXAS)
) ss.
COUNTY OF TRAVIS)

The foregoing instrument was acknowledged before me this 30th day of March, 2023, by Nicolai Brune, Chief Financial Officer and Authorized Agent of LV Peninsula Holding, LLC, a Texas limited liability company, for the uses and purposes therein set forth.

/s/ Laura Ann Pagnozzi

Notary Public



My commission expires: August 23, 2025

SIGNATURE PAGE
REAL ESTATE MORTGAGE

Guaranty

Date: March 30, 2023

Guarantor: SAFE AND GREEN DEVELOPMENT CORP., a Delaware corporation f/k/a
SGB DEVELOPMENT CORP., a Delaware corporation

Guarantor's Mailing Address: 990 Biscayne Blvd., Suite 501
Miami, Florida 33132

Borrower: LV PENINSULA HOLDING, LLC, a Texas limited liability company

Borrower's Mailing Address: 990 Biscayne Blvd., Suite 501
Miami, Florida 33132

Lender: AUSTERRA STABLE GROWTH FUND, LP

Payee and Place for Payment: c/o Stallion Funding, LLC
10119 Lake Creek Parkway, Ste 202
Austin, Texas 78729

Guaranteed Indebtedness: The debt evidenced by the note of even date, in the original principal amount of \$5,000,000.00, executed by Borrower and payable to the order of Lender, the obligations under the deed of trust executed in connection with the note and any other document executed by Borrower evidencing or securing the note (collectively, the "Loan Documents"), plus all interest, penalties, expenses, attorney's fees, and other collection costs as provided in the Loan Documents.

1. Guarantor agrees to pay, when due or declared due, the Guaranteed Indebtedness to Lender at Lender's Mailing Address.
 2. Guarantor waives (a) diligence in preserving liability of any person on the Guaranteed Indebtedness and in collecting or bringing suit to collect the Guaranteed Indebtedness; (b) all rights of Guarantor under chapter 34 of the Texas Business and Commerce Code and rule 31 of the Texas Rules of Civil Procedure, section 17.001 of the Texas Civil Practice and Remedies Code, and sections 51.003, 51.004, and 51.005 of the Texas Property Code; (c) protest; (d) notice of extensions, increases, renewals, or rearrangements of the Guaranteed Indebtedness; and (e) notice of acceptance of this guaranty, of creation of the Guaranteed Indebtedness, of failure to pay the Guaranteed Indebtedness as it matures, of any other default, of adverse change in Borrower's financial condition, of release or substitution of collateral, of intent to accelerate, of acceleration, and of subordination of Lender's rights in any collateral, and every other notice of every kind. Guarantor's obligations under this guaranty will not be altered nor will Lender be liable to Guarantor because of any action or inaction of Lender in regard to a matter waived or of which notice is waived by Guarantor in the preceding sentence.
-

3. Guarantor agrees to pay reasonable attorney's fees and other collection costs if this guaranty is placed in the hands of an attorney for collection. If any party retains an attorney to enforce this guaranty, the party prevailing in litigation is entitled to recover reasonable attorney's fees and court and other costs.
4. This guaranty is an absolute, irrevocable, unconditional, and continuing guaranty of payment and performance and not of collection.
5. Lender need not resort to Borrower or any other person or proceed against collateral before pursuing its rights against Guarantor or any other guarantor. Lender's action or inaction with respect to any right of Lender under the law or any agreement will not alter the obligation of Guarantor hereunder. Lender may pursue any remedy against Borrower or any collateral or under any other guaranty without altering the obligations of Guarantor hereunder and without liability to Guarantor, even though Lender's pursuit of such remedy may result in Guarantor's loss of rights of subrogation or to proceed against others for reimbursement of contribution or any other right.
6. Guarantor will remain liable for the Guaranteed Indebtedness even though the Guaranteed Indebtedness may be unenforceable against or uncollectible from Borrower or any other person because of incapacity, lack of power or authority, discharge, or any other reason.
7. Guarantor consents and acknowledges that Guarantor's obligations will not be released by (a) the renewal, extension, or modification of the Guaranteed Indebtedness or any of the Loan Documents; (b) the insolvency, bankruptcy, liquidation, or dissolution of Borrower or any other obligor; (c) the failure of Lender to properly obtain, perfect, or preserve any security interest or lien in any collateral for the Guaranteed Indebtedness; (d) the release, substitution, or addition of any collateral for the Guaranteed Indebtedness; or (e) the failure of Lender to exercise diligence, commercial reasonableness, or reasonable care in the preservation, enforcement, or sale of any of the collateral.
8. Lender need not notify Guarantor that Lender has sued Borrower, but if Lender gives written notice to Guarantor that it has sued Borrower, Guarantor will be bound by any judgment or decree, to the extent permitted by law.
9. Lender may sue any guarantor without impairing Lender's rights against any other guarantor, with or without making Borrower a party. Lender may settle with Borrower or any other guarantor for such amounts as it may elect or may release Borrower or any guarantor or any collateral securing the Guaranteed Indebtedness without impairing Lender's right to collect the Guaranteed Indebtedness from Guarantor.
10. This guaranty binds Guarantor and Guarantor's heirs, successors, and assigns, and it benefits and may be enforced by Lender and Lender's successors in interest. When the context requires, singular nouns and pronouns include the plural. This guaranty will be construed under the laws of the state of Texas, without regard to choice-of-law rules of any jurisdiction. The provisions of this guaranty are severable. If a court of competent jurisdiction finds that any provision of this guaranty is unenforceable, then the remaining provisions will remain in effect without the unenforceable parts.
11. FINAL AGREEMENT: THIS WRITTEN AGREEMENT REPRESENTS THE FINAL AGREEMENT BETWEEN THE PARTIES AND MAY NOT BE CONTRADICTED BY EVIDENCE OF PRIOR, CONTEMPORANEOUS, OR SUBSEQUENT ORAL AGREEMENTS OF THE PARTIES. THERE ARE NO UNWRITTEN ORAL AGREEMENTS BETWEEN THE PARTIES.

/s/Paul Galvin

PAUL GALVIN, President



____, 2023

Dear Safe & Green Holdings Corp. Stockholder:

In December 2022, we announced our plan to separate into two separate publicly traded companies. To implement the separation, we will distribute 30% of the outstanding shares of common stock of Safe and Green Development Corporation (“SG DevCo”) to our stockholders on a pro rata basis as a distribution.

Each stockholder of Safe & Green Holdings Corp. (“SG Holdings”) as of _____, 2023, the record date for the distribution, will receive 1.048 shares of SG DevCo common stock for every five (5) shares of SG Holdings common stock held as of the close of business on the record date, as well as a cash payment in lieu of any fractional shares. SG DevCo common stock will be issued in book-entry form only, which means that no physical share certificates will be issued. You do not need to take any action to receive shares of SG DevCo to which you are entitled as a SG Holdings stockholder, and you do not need to pay any consideration or surrender or exchange your SG Holdings common stock. Following the consummation of the distribution, you will own common stock in both SG Holdings and SG DevCo.

The separation of SG DevCo from SG Holdings and the distribution of SG DevCo common stock is intended, among other things, to enable the management of the two companies to pursue opportunities for long-term growth and profitability unique to each company’s business and to allow each business to more effectively implement its own distinct capital structure and capital allocation strategies. SG Holdings is expected to continue developing, designing and fabricating modular structures. SG DevCo will focus on real estate development.

The SG Holdings Board of Directors believes that, following the spin-off, the combined value of SG Holdings’ common stock and SG DevCo’s common stock could, over time and assuming similar market conditions, be greater than the value of SG Holdings’ common stock had the spin-off not occurred. With two separate public companies having distinct business models and investment characteristics, investors will have the opportunity to value each against distinct sets of peers and investment metrics. This has the potential to increase the overall valuation of the companies, thus unlocking stockholder value.

We encourage you to read the attached information statement, which is being provided to all SG Holdings stockholders that held shares on the record date for the distribution. The information statement describes the distribution in respect of SG DevCo in detail, material tax consequences and contains important business and financial information about SG DevCo. The included financial statements of SG DevCo are prepared from SG Holdings’ historical accounting records and contain certain allocations of SG Holdings’ costs as required, and we encourage you to read them together with the pro forma financial information included in the attached information statement.

We believe the separation provides tremendous opportunities for our businesses, as we work to continue to build long-term value. We appreciate your continuing support of SG Holdings.

Sincerely,

Paul M. Galvin
Chief Executive Officer and Interim
Chief Financial Officer
Safe & Green Holdings Corp.



____, 2023

Dear Future Safe and Green Development Corporation Stockholder:

On behalf of Safe and Green Development Corporation (“SG DevCo”) it is my great privilege to welcome you as a future stockholder of our company. Following our separation from Safe & Green Holdings Corp. (“SG Holdings”), we will operate as a separate publicly traded company.

SG DevCo is a real estate developer which has been and intends on continuing to engage primarily in the acquisition, development, management, sale and leasing of green single or multi-family projects nationally. We plan to construct many of the developments using modular structures constructed by SG Holdings. In addition to these development projects, we intend, subject to our ability to raise sufficient capital, to build strategically placed manufacturing facilities. We expect to begin to break ground on several projects in 2023.

The separation will create two companies with more focused, aligned businesses, which will allow each company to more effectively articulate a clear investment thesis to attract a long-term investor base suited to its business and the industries in which it operates and serves. We believe that each company will benefit from the investment community’s ability to value its businesses independently within the context of its particular industry with the anticipation that, over time, the aggregate market value of the companies will be higher, assuming the same market conditions, than if SG Holdings were to remain under its current configuration.

We invite you to learn more about our company by reading the enclosed information statement, which details our strategy and plans for near and long-term growth to generate value for our stockholders. We are excited about our future as a separate company, and we look forward to your support as a Safe and Green Development Corporation stockholder as we begin this new and exciting chapter.

Sincerely,

David Villarreal
Chief Executive Officer
Safe and Green Development Corporation

Information contained herein is subject to completion or amendment. A registration statement on Form 10 relating to these securities has been filed with the Securities and Exchange Commission under the Securities Exchange Act of 1934, as amended.

Preliminary and Subject to Completion, dated April XX, 2022

INFORMATION STATEMENT



Safe and Green Development Corporation

This information statement is being furnished in connection with the distribution by Safe & Green Holdings Corp. (“SG Holdings”), to its stockholders of 30% of the outstanding shares of common stock of Safe and Green Development Corporation (“SG DevCo”), a wholly owned subsidiary of SG Holdings, that holds the assets and liabilities associated with SG Holdings’ real estate development business.

We expect to apply to have our common stock listed on the Nasdaq Capital Market as of the effective date of the distribution of our common stock to the stockholders of SG Holdings. For every [5] shares of common stock of SG Holdings held of record by you as of the close of business on [] 2023, the record date for the distribution, you will receive 1.048[] shares of our common stock. The distribution will generally be taxable to stockholders for U.S. federal income tax purposes. See “Material U.S. Federal Income Tax Consequences.” The distribution is expected to be completed on or about [], 2023, the distribution date. Immediately after SG Holdings completes the distribution, we will be a separate publicly traded company.

No vote or other action is required by you to receive shares of our common stock. You will not be required to pay anything for the new shares or to surrender any of your shares of SG Holdings common stock. We are not asking you for a proxy, and you should not send us a proxy or your share certificates.

There currently is no trading market for our common stock. Assuming the Nasdaq Capital Market authorizes our common stock for listing, we anticipate that a limited market, commonly known as a “when-issued” trading market, for our common stock will commence on or shortly before the record date for the distribution and will continue until the distribution of our common stock to SG Holdings stockholders. We expect the “regular-way” trading of our common stock will begin on the first trading day following the completion of the distribution.

We are an “emerging growth company” as defined under the federal securities laws and, as such, have elected to comply with certain reduced public company reporting requirements. See “Business—Emerging Growth Company.” In addition, we will be a “controlled company” within the meaning of the corporate governance rules of the Nasdaq Stock Market due to SG Holding’s anticipated 70% ownership interest in us immediately following the completion of the distribution.

In reviewing this information statement, you should carefully consider the matters described under the caption “Risk Factors” beginning on page 13.

Neither the Securities and Exchange Commission, nor any state securities commission has approved or disapproved these securities or determined if this information statement is truthful or complete. Any representation to the contrary is a criminal offense.

This information statement does not constitute an offer to sell or the solicitation of an offer to buy any securities.

The date of this information statement is [] 2023.

This information statement was first made available to SG Holdings stockholders on or about [] 2023.

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ABOUT THIS INFORMATION STATEMENT

This information statement forms part of a registration statement on Form 10 (File No. 001- 41581) filed with the Securities and Exchange Commission (“SEC”), with respect to the shares of our common stock to be distributed to SG Holdings stockholders in connection with the separation of SG Holdings and SG DevCo.

We and SG Holdings have supplied all information contained in this information statement relating to our respective companies. We and SG Holdings have not authorized anyone to provide you with information other than the information that is contained in this information statement. We and SG Holdings take no responsibility for, and can provide no assurances as to the reliability of, any other information that others may give you. This information statement is dated [], 2023, and you should not assume that the information contained in this information statement is accurate as of any date other than such date.

Except as otherwise indicated or unless the context otherwise requires, the information included in this information statement about SG Holdings assumes the completion of all of the transactions referred to in this information statement in connection with the separation of SG Holdings and SG DevCo.

Unless otherwise indicated or as the context otherwise requires, all references in this information statement to the following terms will have the meanings set forth below:

- “SG DevCo,” “we,” “us,” “our,” “our Company,” and “the Company” means Safe and Green Development Corporation;
- “SG Holdings” means Safe & Green Holdings Corp. and, when appropriate in the context, also includes the subsidiaries of this entity;
- “Distribution” means the distribution of 30% of the shares of our common stock, which are owned by SG Holdings, to stockholders of SG Holdings;
- “Distribution Date” means the date on which the Distribution is completed, which is expected to be on or about [_____] , 2023;
- “Separation” means the separation of the Spin-Off Business from SG Holdings to SG DevCo;
- “Nasdaq” means the Nasdaq Capital Market;
- “Spin-Off Business” means SG Holdings’ real estate development business currently conducted by SG DevCo, including the operations, properties, services, and activities of such business.
- “Record Date” means _____, 2023, the record date for the Distribution.

SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

The statements contained in this information statement that are not purely historical are forward-looking statements. All statements other than statements of historical facts contained or incorporated herein by reference in this information statement, including statements regarding our future operating results, future financial position, business strategy, objectives, goals, plans, prospects, markets, and plans and objectives for future operations, are forward-looking statements. In some cases, you can identify forward-looking statements by terms such as “anticipates,” “believes,” “estimates,” “expects,” “intends,” “targets,” “contemplates,” “projects,” “predicts,” “may,” “might,” “plan,” “will,” “would,” “should,” “could,” “may,” “can,” “potential,” “continue,” “objective,” or the negative of those terms, or similar expressions intended to identify forward-looking statements. However, not all forward-looking statements contain these identifying words. Specific forward-looking statements in this information statement, include statements regarding our strategies, outlook, business and prospects; and statements regarding potential share gains. Forward-looking statements are not guarantees of future performance and are subject to risks, uncertainties, and changes in circumstances that are difficult to predict. Although each of SG Holdings and SG DevCo believes that the expectations reflected in any forward-looking statements it makes are based on reasonable assumptions, it can give no assurance that these expectations will be attained and it is possible that actual results may differ materially from those indicated by these forward-looking statements due to a variety of risks and uncertainties. Such risks and uncertainties include, but are not limited to:

- Our limited operating history makes it difficult for us to evaluate our future business prospects.
- Our auditors have expressed substantial doubt about our ability to continue as a going concern.
- Our financial condition and results of operations could be negatively affected if we fail to grow or fail to manage our growth or investments effectively.
- The long-term sustainability of our operations as well as future growth depends in part upon our ability to acquire land parcels suitable for residential projects at reasonable prices.
- We operate in a highly competitive market for investment opportunities, and we may be unable to identify and complete acquisitions of real property assets.
- Our property portfolio has a high concentration of properties located in certain states.
- There can be no assurance that the properties in our development pipeline will be completed in accordance with the anticipated timing or cost.
- Our insurance coverage on our properties may be inadequate to cover any losses we may incur and our insurance costs may increase.
- We may not be able to secure sufficient modular units to complete our developments using modules built by SG Echo.
- Our operating results may be negatively affected by potential development and construction delays and resultant increased costs and risks.
- We rely on third-party suppliers and long supply chains, and if we fail to identify and develop relationships with a sufficient number of qualified suppliers, or if there is a significant interruption in our supply chains, our ability to timely and efficiently access raw materials that meet our standards for quality could be adversely affected.
- The construction of manufacturing facilities involves significant risks.

- Discovery of previously undetected environmentally hazardous conditions may adversely affect our operating results.
- Legislative, regulatory, accounting or tax rules, and any changes to them or actions brought to enforce them, could adversely affect us.
- Our business, results of operations, cash flows and financial condition are greatly affected by the performance of the real estate industry.
- Our industry is cyclical and adverse changes in general and local economic conditions could reduce the demand for housing and, as a result, could have a material adverse effect on us.
- Fluctuations in real estate values may require us to write-down the book value of our real estate assets.
- We may be required to take write-downs or write-offs, restructuring, and impairment or other charges that could have a significant negative effect on our financial condition, results of operations, and our stock price, which could cause you to lose some or all of your investment.
- Inflation could adversely affect our business and financial results.
- We could be impacted by our investments through joint ventures, which involve risks not present in investments in which we are the sole owner.
- Risks associated with our land and lot inventories could adversely affect our business or financial results.
- We may not be able to sell our real property assets when we desire.
- Access to financing sources may not be available on favorable terms, or at all, which could adversely affect our ability to maximize our returns.
- The COVID-19 pandemic, or the future outbreak of any other highly infectious or contagious diseases, could materially and adversely impact our performance, financial condition, results of operations and cash flows.
- We have no recent history of operating as an independent company, and our historical and pro forma financial information is not necessarily representative of the results that we would have achieved as a separate, publicly traded company and may not be a reliable indicator of our future results.
- Following the Separation and Distribution, our financial profile will change, and we will be a smaller, less diversified company than SG Holdings prior to the Separation.
- We may not achieve some or all of the expected benefits of the Separation and Distribution.
- SG Holdings' plan to separate into two publicly traded companies is subject to various risks and uncertainties and may not be completed in accordance with the expected plans or anticipated timeline, or at all, and will involve significant time and expense.
- Until the Distribution occurs, SG Holdings' Board of Directors has sole and absolute discretion to change the terms of the Separation and Distribution in ways which may be unfavorable to us.

- We may have indemnification liabilities to SG Holdings under the separation and distribution agreement.
- After the Distribution, 70% of our common stock will be owned by a single stockholder, and it may therefore be able to substantially control our management and affairs.
- After the Distribution, we will be a “controlled company” within the meaning of the Nasdaq listing standards and, as a result, will qualify for, and could rely on, exemptions from certain corporate governance requirements. You may not have the same protections afforded to stockholders of companies that are subject to such requirements.
- We currently do not intend to pay dividends on our common stock. Consequently, our stockholders’ ability to achieve a return on their investment will depend on appreciation in the price of our common stock.
- We cannot be certain that an active trading market for our common stock will develop or be sustained after the Distribution and, following the Distribution, our stock price may fluctuate significantly.
- The combined post-Separation value of SG Holdings and SG DevCo shares may not equal or exceed the pre-Separation value of SG Holdings shares.
- We may issue shares of preferred or common stock in the future, which could dilute your percentage ownership of the Company.
- Anti-takeover provisions could enable SG DevCo to resist a takeover attempt by a third party and limit the power of our stockholders.

There can be no assurance that the Separation, Distribution or any other transaction described above will in fact be consummated in the manner described or at all. The above list of factors is not exhaustive or necessarily in order of importance. For additional information on identifying factors that may cause actual results to vary materially from those stated in forward-looking statements, see the discussions under “Risk Factors” in this information statement. Any forward-looking statement speaks only as of the date on which it is made, and each of SG Holdings and SG DevCo assumes no obligation to update or revise such statement, whether as a result of new information, future events or otherwise, except as required by applicable law.

QUESTIONS AND ANSWERS ABOUT THE SEPARATION AND DISTRIBUTION

Please see “The Separation and Distribution” for a more detailed description of the matters summarized below.

Why am I receiving this document?

You are receiving this document because you are a SG Holdings stockholder as of the close of business on the record date and, as such, will be entitled to receive shares of our common stock upon completion of the transactions described in this information statement. This document will help you understand how the Separation and Distribution will affect your post-separation ownership in SG Holdings and SG DevCo.

How will SG Holdings accomplish the Separation of the Spin-Off Business?

The Separation will be implemented by SG Holdings distributing 30% the outstanding shares of common stock of SG DevCo to SG Holdings’ stockholders on a pro rata basis.

Why is SG Holdings separating the Spin-Off Business from its current business operations?

The separation of SG DevCo from SG Holdings and the distribution of SG DevCo common stock is intended, among other things, to enable the management of the two companies to pursue opportunities for long-term growth and profitability unique to each company’s business and to allow each business to more effectively implement its own distinct capital structure and capital allocation strategies.

The SG Holdings Board of Directors believes that, following the spin-off, the combined value of SG Holdings’ common stock and SG DevCo’s common stock could, over time and assuming similar market conditions, be greater than the value of SG Holdings’ common stock had the spin-off not occurred. As a combined company, SG Holdings has no exact peers, which, the SG Holdings Board of Directors believes, causes the market to undervalue the combined company. With two separate public companies having distinct business models and investment characteristics, investors will have the opportunity to value each against distinct sets of peers and investment metrics. This has the potential to increase the overall valuation of the companies, thus unlocking stockholder value. The increased market value of the common stock of each company should provide additional flexibility for each company to pursue its business strategy. For additional information, see “The Separation and Distribution — Reasons for the Separation.”

What is the record date for the Distribution?

The record date for the Distribution will be [], 2023.

When will the Distribution occur?

The Distribution is expected to occur on or around [], 2023.

What do I have to do to participate in the Distribution?

Stockholders of SG Holdings as of the record date for the Distribution will not be required to take any action to receive SG DevCo common stock in the Distribution, but you are urged to read this entire information statement carefully. No stockholder approval of the Distribution is required. You are not being asked for a proxy. You do not need to pay any consideration, exchange or surrender your existing shares of SG Holdings common stock or take any other action to receive your shares of SG DevCo common stock. Please do not send in your SG Holdings stock certificates. The Distribution will not affect the number of outstanding shares of SG Holdings common stock or any rights of SG Holdings stockholders, although it will affect the market value of each outstanding share of SG Holdings common stock.

What will I receive in the Distribution?

In connection with the Distribution, you will be entitled to receive 1.048 shares of our common stock for every five (5) shares of SG Holdings common stock held by you as of the close of business on the record date, as well as a cash payment in lieu of any fractional shares, as discussed herein.

As a SG Holdings stockholder as of the record date, how will shares of common stock be distributed to me?

At the effective time of the Distribution, we will instruct our transfer agent and distribution agent to make book-entry credits for the shares of our common stock that you are entitled to receive as a stockholder of SG Holdings as of the close of business on the record date. Since shares of our common stock will be in uncertificated book-entry form, you will receive share ownership statements in place of physical share certificates.

What if I hold my shares through a broker, bank, or other nominee?

SG Holdings stockholders that hold their shares through a broker, bank, or other nominee will have their bank, brokerage, or other account credited with our common stock. For additional information, those stockholders should contact their broker or bank directly.

How will fractional shares be treated in the Distribution?

You will not receive fractional shares of our common stock in connection with the Distribution. SG Holdings stockholders who would otherwise be entitled to a fraction of our common stock (after aggregating all fractional shares of our common stock that otherwise would be received by such holder), will, in lieu of such fraction of a share, be paid in cash the dollar amount (rounded to the nearest whole cent), without interest, determined by multiplying such fraction by the volume weighted average closing trading price of a share of our common stock for the five consecutive trading days ending five trading days immediately after the date the Distribution is effected. Recipients of cash in lieu of fractional shares will not be entitled to any interest on the amounts paid in lieu of fractional shares.

What are the conditions to the Separation and Distribution?

The Separation and Distribution is subject to the satisfaction or waiver of the following conditions, among other conditions described in this information statement:

- The SEC will have declared effective our registration statement on Form 10, of which this information statement is a part, under the Securities Exchange Act of 1934, as amended (the "Exchange Act"); and no stop order suspending the effectiveness of our registration statement on Form 10 will be in effect.
- This information statement having been made available to SG Holdings' stockholders.
- Nasdaq will have approved the listing of SG DevCo common stock, subject to official notice of issuance.
- No events or developments shall have occurred or exist that, in the sole and absolute judgment of the SG Holdings Board of Directors, make it inadvisable to effect the Distribution or would result in the Distribution and related transactions not being in the best interest of SG Holdings or its stockholders.

SG Holdings and SG DevCo cannot assure you that any or all of these conditions will be met, or that the Separation and Distribution will be consummated even if all of the conditions are met. SG Holdings can decline at any time to go forward with the Separation and Distribution. In addition, SG Holdings may waive any of the conditions to the Distribution. To the extent that the SG Holdings Board of Directors determines that any modifications by SG Holdings, including any waivers of any conditions to the Distribution, materially change the terms of the Distribution, SG Holdings will notify SG Holdings stockholders in a manner reasonably calculated to inform them about the modifications as may be required by law, by publishing a press release, filing a current report on Form 8-K and/or circulating a supplement to this information statement. For a complete discussion of all of the conditions to the distribution, see "The Separation and Distribution — Conditions to the Distribution."

What are the U.S. federal income tax consequences to me of the Distribution?

The receipt by you of shares of SG DevCo common stock in the Distribution and a cash payment in lieu of any fractional shares will generally be a taxable distribution in an amount equal to the sum of the fair market value of such SG DevCo common stock and the amount of such cash you receive, which will be treated as a taxable dividend to the extent of your ratable share of SG Holdings' current and accumulated earnings and profits. The amount by which the sum of the fair market value of such SG DevCo common stock and such cash you receive exceeds your ratable share of SG Holdings' current and accumulated earnings and profits will be treated first as a non-taxable return of capital to the extent of (and in reduction of) your tax basis in shares of SG Holdings common stock (but not below zero) and then as capital gain.

You should consult your own tax advisor as to the particular consequences of the Distribution to you as well as your receipt of a cash payment in lieu of fractional shares, including the applicability and effect of any U.S. federal, state and local tax laws, as well as any non-U.S. tax laws. For more information regarding the material U.S. federal income tax consequences of the Distribution, see the section entitled "Material U.S. Federal Income Tax Consequences."

How will I determine the tax basis I will have in the SG DevCo shares I receive in connection with the Distribution?

Your tax basis in the shares of SG DevCo common stock received generally will equal the fair market value of such shares on the Distribution Date. For a more detailed discussion see "Material U.S. Federal Income Tax Consequences."

Can SG Holdings decide to cancel the Separation and Distribution even if all the conditions have been met?

Yes. SG Holdings has the right to terminate, or modify the terms of, the Separation and Distribution at any time prior to the Distribution Date, even if all of the conditions to the Separation and Distribution are satisfied.

What if I want to sell my SG Holdings common stock or my SG DevCo common stock?

You should consult with your financial advisors, such as your stockbroker, bank or tax advisor. If you sell your shares of SG Holdings common stock in the "regular-way" market after the record date and before the Distribution Date, you also will be selling your right to receive shares of SG DevCo common stock in connection with the Distribution.

What is "regular-way" and "ex-distribution" trading of SG Holdings common stock?

Beginning on or shortly before the record date for the Distribution and continuing up to and through the Distribution Date, we expect that there will be two markets in SG Holdings common stock: a "regular-way" market and an "ex-distribution" market. SG Holdings common stock that trades in the "regular-way" market will trade with an entitlement to shares of SG DevCo common stock distributed pursuant to the Distribution. Shares that trade in the "ex-distribution" market will trade without an entitlement to SG DevCo common stock distributed pursuant to the Distribution. If you decide to sell any shares of SG Holdings common stock before the Distribution Date, you should make sure your stockbroker, bank or other nominee understands whether you want to sell your SG Holdings common stock with or without your entitlement to SG DevCo common stock pursuant to the Distribution. See "The Separation and Distribution — Trading Between the Record Date and the Distribution Date" on page 31 of this information statement for a discussion of selling SG Holdings common stock on or before the Distribution Date.

How will SG Holdings' common stock and SG DevCo's common stock trade after the Distribution?

There is currently no public market for our common stock. We plan to apply to have our common stock listed on Nasdaq under the ticker symbol "SGD." SG Holdings common stock will continue to trade on Nasdaq under the ticker symbol "SGBX." SG DevCo anticipates that trading in shares of its common stock will begin on a "when-issued" basis on or shortly before the record date for the distribution and will continue up to and through the Distribution Date, and that "regular-way" trading in SG DevCo common stock will begin on the first trading day following the completion of the Distribution. If trading begins on a "when-issued" basis, you may purchase or sell SG DevCo common stock up to and through the Distribution Date, but your transaction will not settle until after the Distribution Date. SG DevCo cannot predict the trading prices for its common stock before, on or after the Distribution Date.

Do I have appraisal rights?

No. SG Holdings stockholders do not have any appraisal rights in connection with the Separation and Distribution.

Does SG DevCo intend to pay cash dividends on its common stock?

No. We do not currently intend to pay cash dividends on our common stock. See “Dividend Policy.”

Will the Separation and Distribution affect the trading price of my SG Holdings stock?

The trading price of shares of SG Holdings common stock immediately following the consummation of the Separation and Distribution may be expected to be lower than immediately prior to that time because the trading price will no longer reflect the value of the Spin-Off Business (except to the extent of the shares of our common stock retained by SG Holdings as described herein). There can be no assurance that, following the Separation and Distribution, the combined trading prices of the SG Holdings common stock and our common stock will equal or exceed what the trading price of SG Holdings common stock would have been in the absence of the Separation and Distribution. It is possible that after the Separation and Distribution, our and SG Holdings’ combined equity value will be less than SG Holdings’ equity value before the Separation and Distribution.

What will the relationship between SG Holdings and SG DevCo be following the Separation and Distribution?

In connection with the Separation and Distribution, we will enter into a separation and distribution agreement and several other agreements with SG Holdings to provide a framework for our relationship with SG Holdings after the Separation and Distribution. These agreements will provide for the allocation between SG Holdings and SG DevCo of the assets, employees, liabilities and obligations (including, among others, investments, property, employee benefits and tax-related assets and liabilities) of SG Holdings and its subsidiaries attributable to periods prior to, at and after the Separation and will govern the relationship between us and SG Holdings subsequent to the completion of the Separation. In addition to the separation and distribution agreement, the other principal agreements to be entered into with SG Holdings include a tax matters agreement and a shared services agreement. See “The Separation and Distribution—Agreements with SG Holdings.”

Who is the Distribution Agent, Transfer Agent, and Registrar for SG DevCo?

American Stock Transfer and Trust Company, LLC will be the distribution agent for SG DevCo common stock and the transfer agent and registrar for SG DevCo common stock. For questions relating to the transfer or mechanics of the stock distribution, you should contact:

American Stock Transfer and Trust Company, LLC
6201 15th Avenue
Brooklyn, New York 11219

Tel: []

Who can I contact for more information?

If you have any questions relating to SG Holdings, you should contact:

Safe & Green Holdings Corp.
990 Biscayne Blvd
#501, Office 12
Miami FL 33132
Tel: (646) 240-4235
Attn: Paul Galvin, CEO and Interim CFO

After the Separation, if you have questions relating to SG DevCo, you should contact:

Safe and Green Development Corporation
990 Biscayne Blvd
#501, Office 12
Miami FL 33132
Tel: (904) 496-0027
Attn: David Villarreal, President & CEO]

INFORMATION STATEMENT SUMMARY

This summary highlights information contained in this information statement relating to us and shares of our common stock being distributed by SG Holdings in connection with the Distribution. This summary may not contain all details concerning the Separation, Distribution or other information that may be important to you. To better understand the Separation, Distribution and our business and financial position, you should carefully review this entire information statement, including the risk factors, the material tax consequences discussion, our historical financial statements, our unaudited pro forma financial statements, and the respective notes to those historical and pro forma financial statements.

Our historical financial statements have been prepared on a “carve-out” basis to reflect the operations, financial condition, and cash flows of the Spin-Off Business during all periods shown. Our unaudited pro forma financial statements adjust our historical financial statements to give effect to our Separation from SG Holdings and our anticipated post-Separation capital structure.

Our Company

We were formed in 2021 for the purpose of real property development utilizing SG Holdings’ proprietary technologies and SG Holdings’ manufacturing facilities. Our current business focus is primarily on the direct acquisition and indirect investment in properties nationally that will be further developed in the future into green single or multi-family projects. To date, we have not generated any revenue and our activities have consisted solely of the acquisition of three properties and an investment in two entities that have acquired two properties to be further developed; however we have not yet commenced any development activities. We are focused on increasing our presence in markets with favorable job formation and a favorable demand/supply ratio for multifamily housing. We intend to construct many of the planned developments using modules built by SG Echo, LLC, a subsidiary of SG Holdings (“SG Echo”). In addition to these development projects, we intend, subject to our ability to raise sufficient capital, to build additional, strategically placed manufacturing facilities that will be sold or leased to third parties. We also intend to build manufacturing sites for lease to SG Echo near our project sites in order to support SG Holdings \$6,810,762 backlog of signed construction and engineering contracts in existence at December 31, 2022 and take advantage of cost savings for transportation of modules from SG Echo to our sites. We intend to build our first manufacturing facility on the land owned by us in St Mary’s, GA. We expect that this facility will be fully operational by Q3 2024 and will fulfill the need for modular units at both our Norman Berry and Cumberland Inlet projects. Our business model is flexible and we anticipate developing properties on our own and also through joint ventures in which we partner with third-party equity investors or other developers.

We intend to develop the properties that we own from the proceeds of future financings, both at the corporate and project level, and / or sale proceeds from properties that are sold. However, our ability to develop any properties will be subject to our ability to raise capital either through the sale of equity or by incurring debt. We have forecasted to invest approximately \$1.6 million over the course of the next 12 months to start the development of three different projects, subject to our ability to raise additional capital.

The projects we intend to develop over the next 12 months are:

- Finley Street Apartments (165 Units), the first phase of our Cumberland Inlet Site
- St Mary’s Industrial, a 120,000 SF Manufacturing Facility to be leased by SG Echo
- Magnolia Gardens I (100 Units), the first phase of our McLean Mixed Use Site

Summary of Risk Factors

An investment in our Company is subject to a number of risks, including risks relating to our business, risks related to the Separation and Distribution and risks related to our common stock. Set forth below is a high-level summary of some, but not all, of these risks. Please read the information in the section entitled “Risk Factors” of this information statement, for a more thorough description of these and other risks.

Risks Related to Our Business Generally

- Our limited operating history makes it difficult for us to evaluate our future business prospects.
- Our auditors have expressed substantial doubt about our ability to continue as a going concern.
- Our financial condition and results of operations could be negatively affected if we fail to grow or fail to manage our growth or investments effectively.
- The long-term sustainability of our operations as well as future growth depends in part upon our ability to acquire land parcels suitable for residential projects at reasonable prices.
- We operate in a highly competitive market for investment opportunities, and we may be unable to identify and complete acquisitions of real property assets.
- Our property portfolio has a high concentration of properties located in certain states.
- There can be no assurance that the properties in our development pipeline will be completed in accordance with the anticipated timing or cost.

- Our insurance coverage on our properties may be inadequate to cover any losses we may incur and our insurance costs may increase.
- We may not be able to secure sufficient modular units to complete our developments using modules built by SG Echo.
- Our operating results may be negatively affected by potential development and construction delays and resultant increased costs and risks.
- We rely on third-party suppliers and long supply chains, and if we fail to identify and develop relationships with a sufficient number of qualified suppliers, or if there is a significant interruption in our supply chains, our ability to timely and efficiently access raw materials that meet our standards for quality could be adversely affected.
- The construction of manufacturing facilities involves significant risks.
- Discovery of previously undetected environmentally hazardous conditions may adversely affect our operating results.
- Legislative, regulatory, accounting or tax rules, and any changes to them or actions brought to enforce them, could adversely affect us.
- Our business, results of operations, cash flows and financial condition are greatly affected by the performance of the real estate industry.
- Our industry is cyclical and adverse changes in general and local economic conditions could reduce the demand for housing and, as a result, could have a material adverse effect on us.
- Fluctuations in real estate values may require us to write-down the book value of our real estate assets.
- We may be required to take write-downs or write-offs, restructuring, and impairment or other charges that could have a significant negative effect on our financial condition, results of operations, and our stock price, which could cause you to lose some or all of your investment.
- Inflation could adversely affect our business and financial results.
- We could be impacted by our investments through joint ventures, which involve risks not present in investments in which we are the sole owner.
- Risks associated with our land and lot inventories could adversely affect our business or financial results.
- We may not be able to sell our real property assets when we desire.
- Access to financing sources may not be available on favorable terms, or at all, which could adversely affect our ability to maximize our returns.
- The COVID-19 pandemic, or the future outbreak of any other highly infectious or contagious diseases, could materially and adversely impact our performance, financial condition, results of operations and cash flows.

Risks Related to the Separation and Distribution

- We have no recent history of operating as an independent company, and our historical and pro forma financial information is not necessarily representative of the results that we would have achieved as a separate, publicly traded company and may not be a reliable indicator of our future results.
- Following the Separation and Distribution, our financial profile will change, and we will be a smaller, less diversified company than SG Holdings prior to the Separation.
- We may not achieve some or all of the expected benefits of the Separation and Distribution.
- SG Holdings' plan to separate into two publicly traded companies is subject to various risks and uncertainties and may not be completed in accordance with the expected plans or anticipated timeline, or at all, and will involve significant time and expense.
- Until the Distribution occurs, SG Holdings' Board of Directors has sole and absolute discretion to change the terms of the Separation and Distribution in ways which may be unfavorable to us.
- We may have indemnification liabilities to SG Holdings under the separation and distribution agreement.
- After the Distribution, 70% of our common stock will be owned by a single stockholder, and it may therefore be able to substantially control our management and affairs.
- After the Distribution, we will be a "controlled company" within the meaning of the Nasdaq listing standards and, as a result, will qualify for, and could rely on, exemptions from certain corporate governance requirements. You may not have the same protections afforded to stockholders of companies that are subject to such requirements.

Risks Related to Our Common Stock

- We currently do not intend to pay dividends on our common stock. Consequently, our stockholders' ability to achieve a return on their investment will depend on appreciation in the price of our common stock.
- We cannot be certain that an active trading market for our common stock will develop or be sustained after the Distribution and, following the Distribution, our stock price may fluctuate significantly.
- The combined post-Separation value of SG Holdings and SG DevCo shares may not equal or exceed the pre-Separation value of SG Holdings shares.
- We may issue shares of preferred or common stock in the future, which could dilute your percentage ownership of the Company.
- Anti-takeover provisions could enable SG DevCo to resist a takeover attempt by a third party and limit the power of our stockholders.

The Separation and Distribution

In December 2022, we announced our plan to separate into two publicly traded companies. The Separation will occur through a pro rata distribution to SG Holdings' stockholders of 30% of the outstanding shares of common stock of SG DevCo. In connection with the Distribution, each SG Holdings stockholder will receive 1.048 shares of SG DevCo common stock for every five (5) shares of SG Holdings common stock held as of the close of business on [], 2023, the record date for the Distribution, as well as a cash payment in lieu of any fractional shares.

SG DevCo's Post-Separation Relationship with SG Holdings

After the Distribution, SG Holdings and SG DevCo will be separate companies with separate management teams and separate boards of directors. Prior to the Distribution, SG Holdings and SG DevCo will enter into a separation and distribution agreement. In connection with the Separation, we will also enter into various other agreements to provide a framework for our relationship with SG Holdings after the Separation, including a tax matters agreement and a shared services agreement. These agreements will provide for the allocation between SG Holdings and SG DevCo of the assets, employees, liabilities and obligations (including, among others, investments, property, employee benefits and tax-related assets and liabilities) of SG Holdings and its subsidiaries attributable to periods prior to, at and after the Separation and will govern the relationship between us and SG Holdings subsequent to the completion of the Separation. For additional information regarding the separation agreement and other transaction agreements, see "The Separation and Distribution—Agreements with SG Holdings."

Reasons for the Separation

SG Holdings previously announced that it was proceeding with a plan to spin-off its real estate development business. We are currently a wholly owned subsidiary of SG Holdings and expect to hold all of the assets, subject to any related liabilities, associated with the Spin-Off Business. Following a strategic review, it was determined that separating the Spin-Off Business from SG Holdings' current business operations would be in the best interests of SG Holdings and its stockholders and that the Separation would create two companies with attributes that best position each company for long-term success, including the following:

- **Distinct Focus.** Each company will benefit from a distinct strategic and management focus on its specific operational and growth priorities. SG Holdings is expected to continue developing, designing and fabricating modular structures. SG DevCo will focus on real estate development. Because each company will have a smaller portfolio of businesses, management of each company is expected to be able to better allocate time and resources to identifying and executing operational and growth strategies.
- **Allocation of Financial Resources and Separate Capital Structures.** The Separation will permit each company to allocate its financial resources to meet the unique needs of its own business, which will allow each company to intensify its focus on its distinct strategic priorities. The Separation will also allow each business to more effectively pursue its own distinct capital structures and capital allocation strategies.
- **Targeted Investment Opportunity.** The Separation will create two companies with more focused, aligned businesses, which will allow each company to more effectively articulate a clear investment thesis to attract a long-term investor base suited to its businesses and the industries in which it operates and serves, and will facilitate each company's access to capital by providing investors with two distinct and targeted investment opportunities.
- **Employee Incentives, Recruitment and Retention.** The Separation will allow each company to more effectively recruit, retain and motivate employees through the use of stock-based compensation that more closely reflects and aligns management and employee incentives with specific growth objectives, financial goals and business performance. In addition, the Separation will allow incentive structures and targets at each company to be better aligned with each underlying business. Similarly, recruitment and retention will be enhanced by more consistent talent requirements across the businesses, allowing both recruiters and applicants greater clarity and understanding of talent needs and opportunities associated with the core business activities, principles and risks of each company.
- **Direct Access to Capital Markets.** Each company will have its own equity structure that should afford it direct access to the capital markets and allow it to capitalize on its unique growth opportunities appropriate to its business.
- **Incremental Stockholder Value.** We believe that each company will benefit from the investment community's ability to value its businesses independently within the context of its particular industry with the anticipation that, over time, the aggregate market value of the companies will be higher, assuming the same market conditions, than if SG Holdings were to remain under its current configuration.

Neither we, nor SG Holdings, can assure you that, following the Separation, any of the benefits described above or otherwise in this information statement will be realized to the extent anticipated or at all. For more information, see "Risk Factors."

Regulatory Approvals and Appraisal Rights

We must complete the necessary registration under the federal securities laws of our common stock to be issued in connection with the Distribution. We must also complete the applicable listing requirements on Nasdaq for such shares. Other than these requirements, we do not believe that any other material governmental or regulatory filings or approvals will be necessary to consummate the Distribution.

SG Holdings stockholders will not have any appraisal rights in connection with the Separation and Distribution.

Corporate Information

We were incorporated in Delaware in February 2021. We maintain our principal executive offices at 990 Biscayne Boulevard, #501, Office 12, Miami, Florida 33132. Our telephone number is (904) 496-0027. Our website will be located at [www. \[\]](http://www.[]) and we expect to launch it prior the Distribution. Our website and the information contained therein or connected thereto are not incorporated into this information statement or the registration statement of which this information statement forms a part, or in any other filings with, or any information furnished or submitted to, the SEC.

Reason for Furnishing this Information Statement

This information statement is being furnished solely to provide information to SG Holdings stockholders who will receive shares of SG DevCo common stock in the Distribution. It is not, and is not to be construed as, an inducement or encouragement to buy or sell any of SG DevCo's securities. The information contained in this information statement is believed by SG DevCo to be accurate as of the date set forth on its cover. Changes may occur after that date, and neither SG Holdings nor SG DevCo will update the information except as may be required in the normal course of their respective disclosure obligations and practices.

RISK FACTORS

You should carefully consider the following risks and other information in this information statement in evaluating SG DevCo and SG DevCo common stock. Any of the following risks and uncertainties could materially adversely affect our business, financial condition or results of operations. The risks and uncertainties described in this information statement are not the only risks and uncertainties that we face. Additional risks and uncertainties not presently known to us or that we currently believe to be immaterial may become material and adversely affect our business, financial condition and results of operations.

Risks Related to Our Business Generally

Our limited operating history makes it difficult for us to evaluate our future business prospects.

We were incorporated in February 2021. We cannot assure you that we will be able to operate our business successfully or profitably or find additional suitable investments. There can be no assurance that we will be able to generate sufficient revenue from operations to pay our operating expenses. The results of our operations and the execution on our business plan depends on the availability of additional land parcels, the performance of our currently held properties, competition, the ability to obtain building permits, the availability of adequate equity and debt financing, and conditions in the financial markets and economic conditions.

You should consider our business and prospects in light of the risks and significant challenges we face as a new entrant into our industry. If we fail to adequately address any or all of these risks and challenges, our business, prospects, financial condition, results of operations, and cash flows may be materially and adversely affected.

Our auditors have expressed substantial doubt about our ability to continue as a going concern.

We have never generated any revenue and have incurred significant net losses in each year since inception. For the year ended December 31, 2022 we incurred a net loss of \$2,444,259 as compared to a net loss of \$485,747 for the period from February 17, 2021 through December 31, 2021. We expect to incur increasing losses in the future when we commence development of the properties we own. We cannot offer any assurance as to our future financial results. Also, we cannot provide any assurances that we will be able to secure additional funding from public or private offerings on terms acceptable to us, or at all, if, and when needed. Our inability to achieve profitability from our current operating plans or to raise capital to cover any potential shortfall would have a material adverse effect on our ability to meet our obligations as they become due. If we are not able to secure additional funding, if, and when needed, we would be forced to curtail our operations or take other action in order to continue to operate. We currently do not have any cash or cash equivalents on hand and since inception, we have been funded by SG Holdings and have relied solely on SG Holdings to fund operations. These and other factors raise substantial doubt about our ability to continue as a going concern. If we are unable to meet our obligations and are forced to curtail or cease our business operations, our stockholders could suffer a complete loss of any investment made in our securities. Our independent registered public accounting firm has indicated in their audit report that there is substantial doubt about our ability to continue as a going concern.

Our business strategy includes growth plans. Our financial condition and results of operations could be negatively affected if we fail to grow or fail to manage our growth or investments effectively.

Our prospects must be considered in light of the risks, expenses and difficulties frequently encountered by companies in significant growth stages of development. We cannot assure you that we will be able to successfully develop any of our properties or that we will have access to additional development opportunities. Failure to manage potential transactions to successful conclusions, or failure more generally to manage our growth effectively, could have a material adverse effect on our business, future prospects, financial condition or results of operations and could adversely affect our ability to successfully implement our business strategy.

The long-term sustainability of our operations as well as future growth depends in part upon our ability to acquire land parcels suitable for residential projects at reasonable prices.

The long-term sustainability of our operations, as well as future growth, depends in large part on the price at which we are able to obtain suitable land parcels for development or homebuilding operations. Our ability to acquire land parcels for various residential projects may be adversely affected by changes in the general availability of land parcels, the willingness of land sellers to sell land parcels at reasonable prices, competition for available land parcels, availability of financing to acquire land parcels, zoning, regulations that limit housing density, the ability to obtain building permits, environmental requirements and other market conditions and regulatory requirements. If suitable lots or land at reasonable prices become less available, the number of units we may be able to build and sell could be reduced, and the cost of land could be increased substantially, which could adversely impact us. As competition for suitable land increases, the cost of undeveloped lots and the cost of developing owned land could also rise and the availability of suitable land at acceptable prices may decline, which could adversely impact us. The availability of suitable land assets could also affect the success of our land acquisition strategy, which may impact our ability to maintain or increase the number of our active communities, as well as to sustain and grow our revenues and margins, and achieve or maintain profitability. Additionally, developing undeveloped land is capital intensive and time consuming and we may develop land based upon forecasts and assumptions that prove to be inaccurate, resulting in projects that are not economically viable.

We operate in a highly competitive market for investment opportunities, and we may be unable to identify and complete acquisitions of real property assets.

The housing industry is highly competitive, and we face competition from many sources, including from other housing communities both in the immediate vicinity and the geographic market where our properties are and will be located. Furthermore, housing communities we invest in compete, or will compete, with numerous housing alternatives in attracting residents, including owner occupied single and multifamily homes available to rent or purchase. Increased competition may prevent us from acquiring attractive land parcels or make such acquisitions more expensive, hinder our market share expansion, or lead to pricing pressures that may adversely impact our margins and revenues. Competitors may independently develop land and construct housing units that are superior or substantially similar to our products and because they are or may be significantly larger, have a longer operating history, and have greater resources or lower cost of capital than us, may be able to compete more effectively in one or more of the markets in which we operate or plan to operate.

We will also compete with public and private funds, commercial and investment banks, commercial financing companies and public and private REITs to make certain of the investments that we plan to make. Many of such competitors are substantially larger and have considerably greater financial, technical and marketing resources than us. In addition, some of our competitors may have higher risk tolerances or different risk assessments, allowing them to pay higher consideration, consider a wider variety of investments and establish more effective relationships than us.

These competitive conditions could adversely affect our ability to make investments. Moreover, our ability to close transactions will be subject to our ability to access financing within stipulated contractual time frames, and there is no assurance that we will have access to such financing on terms that are favorable to us, if at all.

Our property portfolio has a high concentration of properties located in certain states.

To date, our properties are located in Georgia, Texas and Oklahoma. Certain of our properties are located in areas that may experience catastrophic weather and other natural events from time to time, including hurricanes or other severe weather, flooding fires, snow or ice storms, windstorms or earthquakes. These adverse weather and natural events could cause substantial damages or losses to our properties which could exceed our insurance coverage. In the event of a loss in excess of insured limits, we could lose our capital invested in the affected property, as well as anticipated future revenue from that property. We could also continue to be obligated to repay any mortgage indebtedness or other obligations related to the property. Any such loss could materially and adversely affect our business and our financial condition and results of operations.

To the extent that significant changes in the climate occur, we may experience extreme weather and changes in precipitation and temperature and rising sea levels, all of which may result in physical damage to or a decrease in demand for properties located in these areas or affected by these conditions. Should the impact of climate change be material in nature, including destruction of our properties, or occur for lengthy periods of time, our financial condition or results of operations may be adversely affected. In addition, changes in federal and state legislation and regulation on climate change could result in increased capital expenditures to improve the energy efficiency of our existing properties or to protect them from the consequence of climate change.

There can be no assurance that the properties in our development pipeline will be completed in accordance with the anticipated timing or cost.

The development of the projects in our pipeline is subject to numerous risks, many of which are outside of our control, including:

- inability to obtain entitlements;
- inability to obtain financing on acceptable terms;
- default by any of the contractors we engage to construct our projects;
- site accidents; and
- failure to secure tenants or residents in the anticipated time frame, on acceptable terms, or at all.

We can provide no assurances that we will complete any of the projects in our development pipeline on the anticipated schedule or within the budget, or that, once completed, these properties will achieve the results that we expect. If the development of these projects is not completed in accordance with our anticipated timing or cost, or the properties fail to achieve the financial results we expect, it could have a material adverse effect on our business, financial condition, results of operations and cash flows and ability to repay our debt, including project-related debt.

Our insurance coverage on our properties may be inadequate to cover any losses we may incur and our insurance costs may increase.

We maintain insurance on our properties. However, there are certain types of losses, generally of a catastrophic nature, such as floods or acts of war or terrorism that may be uninsurable or not economical to insure. Further, insurance companies often increase premiums, require higher deductibles, reduce limits, restrict coverage, and refuse to insure certain types of risks, which may result in increased costs or adversely affect our business. We use our discretion when determining amounts, coverage limits and deductibles, for insurance, based on retaining an acceptable level of risk at a reasonable cost. This may result in insurance coverage that, in the event of a substantial loss, would not be sufficient to pay the full current market value or current replacement cost of our lost investment. In addition, we may become liable for injuries and accidents at our properties that are underinsured. A significant uninsured loss or increase in insurance costs could materially and adversely affect our business, liquidity, financial condition and results of operations.

We may not be able to secure sufficient modular units to complete our developments using modules built by SG Echo

We intend to construct many of our planned developments using modules built by SG Holdings subsidiary, SG Echo, and to rely on SG Holdings and SG Echo as the sole source of the modular units used in our projects. SG Holdings has a \$6,810,762 backlog of signed construction and engineering contracts in existence at December 31, 2022 on which work has not yet begun. Our ability to complete our modular developments will be limited to the available capacity of the SG Echo facility. If we are unable to secure sufficient modular units to complete our developments using modules built by SG Echo, our business, prospects, financial condition, results of operations, and cash flows would be materially and adversely affected and the value of your investment in our company may be materially adversely affected.

Our operating results may be negatively affected by potential development and construction delays and resultant increased costs and risks.

We have acquired properties upon which we will construct improvements. In connection with our development activities, we are subject to uncertainties associated with zoning for development, environmental concerns of governmental entities or community groups and our contractor's or partner's ability to build in conformity with plans, specifications, budgeted costs, and timetables. Performance also may be affected or delayed by conditions beyond our control. We may incur additional risks when we make periodic progress payments or other advances to builders before they complete construction. If a builder or development partner fails to perform, we may resort to legal action to rescind the purchase or the construction contract or to compel performance, but there can be no assurance any legal action would be successful. These and other factors can result in increased costs of a project or loss of our investment. In addition, we will be subject to normal lease-up risks relating to newly constructed projects. We also must rely on rental income and expense projections and estimates of the fair market value of property upon completion of construction when agreeing upon a price at the time we acquire the property. If our projections are inaccurate, we may pay too much for a property, and our return on our investment could suffer.

We rely on third-party suppliers and long supply chains, and if we fail to identify and develop relationships with a sufficient number of qualified suppliers, or if there is a significant interruption in our supply chains, our ability to timely and efficiently access raw materials that meet our standards for quality could be adversely affected.

Our ability to identify and develop relationships with qualified suppliers who can satisfy our standards for quality and our need to access products and supplies in a timely and efficient manner will be a significant challenge. We may be required to replace a supplier if their products do not meet our quality or safety standards. In addition, our suppliers could discontinue selling products at any time for reasons that may or may not be in our control or the suppliers' control. Our operating results and inventory levels could suffer if we are unable to promptly replace a supplier who is unwilling or unable to satisfy our requirements with a supplier providing similar products. Our suppliers' ability to deliver products may also be affected by financing constraints caused by credit market conditions, which could negatively impact our revenue and costs, at least until alternate sources of supply are arranged.

The construction of manufacturing facilities involves significant risks.

We have limited experience constructing manufacturing facilities and doing so is a complex and lengthy undertaking that requires sophisticated, multi-disciplinary planning and precise execution. The construction of manufacturing facilities is subject to a number of risks. In particular, the construction costs may materially exceed budgeted amounts, which could adversely affect our results of operations and financial condition. For example, we may suffer construction delays or cost overruns as a result of a variety of factors, such as labor and material shortages, defects in materials and workmanship, adverse weather conditions, transportation constraints, construction change orders, site changes, labor issues and other unforeseen difficulties, any of which could delay or prevent the completion of our planned facilities. While our goal is to negotiate contracts with engineering, procurement and construction firms that minimize risk, any delays or cost overruns we encounter may result in the renegotiation of our construction contracts, which could increase our costs.

In addition, the construction of manufacturing facilities may be subject to the receipt of approvals and permits from various regulatory agencies. Such agencies may not approve the projects in a timely manner or may impose restrictions or conditions on a production facility that could potentially prevent construction from proceeding, lengthen its expected completion schedule and/or increase its anticipated cost. If construction costs are higher than we anticipate, we may be unable to achieve our expected investment return, which could adversely affect our business and results of operations.

Discovery of previously undetected environmentally hazardous conditions may adversely affect our operating results.

We are subject to various federal, state and local laws and regulations that (a) regulate certain activities and operations that may have environmental or health and safety effects, such as the management, generation, release or disposal of regulated materials, substances or wastes, (b) impose liability for the costs of cleaning up, and damages to natural resources from, past spills, waste disposals on and off-site, or other releases of hazardous materials or regulated substances, and (c) regulate workplace safety. Compliance with these laws and regulations could increase our operational costs. Violation of these laws may subject us to significant fines, penalties or disposal costs, which could negatively impact our results of operations, financial position and cash flows. Under various federal, state and local environmental laws, a current or previous owner or operator of currently or formerly owned, leased or operated real property may be liable for the cost of removal or remediation of hazardous or toxic substances on, under or in such property. The costs of removal or remediation could be substantial. Such laws often impose liability whether or not the owner or operator knew of, or was responsible for, the presence of such hazardous or toxic substances. Accordingly, we may incur significant costs to defend against claims of liability, to comply with environmental regulatory requirements, to remediate any contaminated property, or to pay personal injury claims.

Moreover, environmental laws also may impose liens on property or other restrictions on the manner in which property may be used or businesses may be operated, and these restrictions may require substantial expenditures or prevent us or our lessees from operating such properties. Compliance with new or more stringent laws or regulations or stricter interpretation of existing laws may require us to incur material expenditures. Future laws, ordinances or regulations or the discovery of currently unknown conditions or non-compliances may impose material liability under environmental laws.

Legislative, regulatory, accounting or tax rules, and any changes to them or actions brought to enforce them, could adversely affect us.

We are subject to a wide range of legislative, regulatory, accounting and tax rules. The costs and efforts of compliance with these laws, or of defending against actions brought to enforce them, could adversely affect us. In addition, if there are changes to the laws, regulations or administrative decisions and actions that affect us, we may have to incur significant expenses in order to comply, or we may have to restrict or change our operations.

We have invested, and expect to continue to invest, in real property assets which are subject to laws and regulations relating to the protection of the environment and human health and safety. These laws and regulations generally govern wastewater discharges, noise levels, air emissions, the operation and removal of underground and above-ground storage tanks, the use, storage, treatment, transportation and disposal of solid and hazardous materials and the remediation of contamination associated with disposals. Environmental laws and regulations may impose joint and several liabilities on tenants, owners or operators for the costs to investigate and remediate contaminated properties, regardless of fault or whether the acts causing the contamination were legal. This liability could be substantial. In addition, the presence of hazardous substances, or the failure to properly remediate these substances, could adversely affect our ability to sell, rent or pledge an affected property as collateral for future borrowings. We intend to take commercially reasonable steps when we can to protect ourselves from the risks of environmental law liability; however, we may not obtain independent third-party environmental assessments for every property we acquire. In addition, any such assessments that we do obtain may not reveal all environmental liabilities, or whether a prior owner of a property created a material environmental condition not known to us. In addition, there are various local, state and federal fire, health, safety and similar regulations with which we may be required to comply, and that may subject us to liability in the form of fines or damages. In all events, the existing condition of land when we buy it, operations in the vicinity of our properties or activities of unrelated third parties could all affect our properties in ways that lead to costs being imposed on us.

Any material expenditures, fines, damages or forced changes to our business or strategy resulting from any of the above could adversely affect our financial condition and results of operations.

Our business, results of operations, cash flows and financial condition are greatly affected by the performance of the real estate industry.

The U.S. real estate industry is highly cyclical and is affected by global, national and local economic conditions, general employment and income levels, availability of financing, interest rates, and consumer confidence and spending. Other factors impacting real estate businesses include over-building, changes in traffic patterns, changes in demographic conditions, changes in tenant and buyer preferences and changes in government requirements, including tax law changes. These factors are outside of our control and may have a material adverse effect on our business, profits and the timing and amounts of our cash flows.

Our industry is cyclical and adverse changes in general and local economic conditions could reduce the demand for housing and, as a result, could have a material adverse effect on us.

Our business can be substantially affected by adverse changes in general economic or business conditions that are outside of our control, including changes in short-term and long-term interest rates; employment levels and job and personal income growth; housing demand from population growth, household formation and other demographic changes, among other factors; availability and pricing of mortgage financing for homebuyers; consumer confidence generally and the confidence of potential homebuyers in particular; consumer spending; financial system and credit market stability; private party and government mortgage loan programs (including changes in FHA, USDA, VA, Fannie Mae and Freddie Mac conforming mortgage loan limits, credit risk/mortgage loan insurance premiums and/or other fees, down payment requirements and underwriting standards), and federal and state regulation, oversight and legal action regarding lending, appraisal, foreclosure and short sale practices; federal and state personal income tax rates and provisions, including provisions for the deduction of mortgage loan interest payments, real estate taxes and other expenses; supply of and prices for available new or resale multifamily units; interest of financial institutions or other businesses in purchases; and real estate taxes. Adverse changes in these conditions may affect our business nationally or may be more prevalent or concentrated in particular submarkets in which we operate. Inclement weather, natural disasters (such as earthquakes, hurricanes, tornadoes, floods, prolonged periods of precipitation, droughts, and fires), other calamities and other environmental conditions can delay the delivery of our units and/or increase our costs. Civil unrest or acts of terrorism can also have a negative effect on our business. If the housing industry experiences a significant or sustained downturn, it would materially adversely affect our business and results of operations in future years. The potential difficulties described above can cause demand and prices for our units to fall or cause us to take longer and incur more costs to develop the land and build our units. We may not be able to recover these increased costs by raising prices because of market conditions.

Fluctuations in real estate values may require us to write-down the book value of our real estate assets.

The housing and land development industries are subject to significant variability and fluctuations in real estate values. As a result, we may be required to write-down the book value of our real estate assets in accordance with GAAP, and some of those write-downs could be material. Any material write-downs of assets could have a material adverse effect on our business, prospects, liquidity, financial condition, and results of operations. In addition, valuations of real estate properties do not necessarily represent the price at which a willing buyer would purchase such property; therefore, there can be no assurance that we would realize the values underlying estimated valuations of our properties if we were to sell such properties.

We may be required to take write-downs or write-offs, restructuring, and impairment or other charges that could have a significant negative effect on our financial condition, results of operations, and our stock price, which could cause you to lose some or all of your investment.

Factors outside of our business and outside of our control may arise. As a result of these factors, we may be forced to write down or write off assets, restructure operations, or incur impairment or other charges that could result in losses. Further, unexpected risks may arise, and previously known risks may materialize in a manner not consistent with our risk analysis. Even though these charges may be non-cash items and not have an immediate impact on our liquidity, the fact that we report charges of this nature could contribute to negative market perceptions about us or our securities. Accordingly, our securities could suffer a reduction in value.

Inflation could adversely affect our business and financial results.

Inflation could adversely affect our business and financial results by increasing the costs of land, raw materials and labor needed to operate our business. If our markets have an oversupply of housing, relative to demand, we may be unable to offset any such increases in costs with corresponding higher sales prices for our units or buildings. Inflation may also accompany higher interest rates, which could adversely impact potential customers' ability to obtain financing on favorable terms, thereby further decreasing demand. If we are unable to raise the prices of our units or buildings to offset the increasing costs of our operations, our margins could decrease. Furthermore, if we need to lower the price of our units to meet demand, the value of our land inventory may decrease. Inflation may also raise our costs of capital and decrease our purchasing power, making it more difficult to maintain sufficient funds to operate our business.

We could be impacted by our investments through joint ventures, which involve risks not present in investments in which we are the sole owner.

We have and may continue to fund development projects through the use of joint ventures. Joint ventures involve risks including, but not limited to, the possibility that the other joint venture partners may possess the ability to take or force action contrary to our interests or withhold consent contrary to our requests, have business goals which are or become inconsistent with ours, or default on their financial obligations to the joint venture, which may require us to fulfill the joint venture's financial obligations as a legal or practical matter. We and our joint venture partners may each have the right to initiate a buy-sell arrangement, which could cause us to sell our interest, or acquire a joint venture partner's interest, at a time when we otherwise would not have entered into such a transaction. In addition, a sale or transfer by us to a third party of our interests in the joint venture may be subject to consent rights or rights of first refusal in favor of our partners which would restrict our ability to dispose of our interest in the joint venture. Each joint venture agreement is individually negotiated, and our ability to operate, finance, or dispose of a joint venture project in our sole discretion is limited to varying degrees depending on the terms of the applicable joint venture agreement.

Risks associated with our land and lot inventories could adversely affect our business or financial results.

Risks inherent in controlling, purchasing, holding, and developing land are substantial. The risks inherent in purchasing and developing land parcels increase as consumer demand for housing decreases and the holding period increases. As a result, we may buy and develop land parcels on which housing units cannot be profitably built and sold. In certain circumstances, a grant of entitlements or development agreement with respect to a particular parcel of land may include restrictions on the transfer of such entitlements to a buyer of such land, which could negatively impact the price of such entitled land by restricting our ability to sell it for its full entitled value. In addition, inventory carrying costs can be significant and can result in reduced margins or losses in a poorly performing community or market. The time and investment required for development may adversely impact our business. In the event of significant changes in economic or market conditions, we may have to sell units or buildings at significantly lower margins or at a loss, if we are able to sell them at all. Additionally, deteriorating market conditions could cause us to record significant inventory impairment charges. The recording of a significant inventory impairment could negatively affect our reported earnings per share and negatively impact the market perception of our business.

Our quarterly results may fluctuate.

We could experience fluctuations in our quarterly operating results due to a number of factors, including variations in the returns on our current and future investments, the interest rates payable on any outstanding debt, the level of our expenses, the levels and timing of the recognition of our realized and unrealized gains and losses, the seasonal nature of travel if the community is a vacation destination, the degree to which we encounter competition in our markets and other business, market and general economic conditions. Consequently, our results of operations for any current or historical period should not be relied upon as being indicative of performance in any future period.

We may not be able to sell our real property assets when we desire.

Investments in real property are relatively illiquid compared to other investments. Accordingly, we may not be able to sell real property assets when we desire or at prices acceptable to us. This could substantially reduce the funds available for satisfying our obligations, including any debt obligations.

Access to financing sources may not be available on favorable terms, or at all, which could adversely affect our ability to maximize our returns.

Our access to third-party sources of financing will depend, in part, on:

- general market conditions;
- the market's perception of our growth potential;
- with respect to acquisition and/or development financing, the market's perception of the value of the land parcels to be acquired and/or developed;
- our current debt levels;
- our current and expected future earnings;
- our cash flow; and
- the market price per share of our common stock.

The global credit and equity markets and the overall economy can be extremely volatile, which could have a number of adverse effects on our operations and capital requirements. For the past decade, the domestic financial markets have experienced a high degree of volatility, uncertainty and, during certain periods, tightening of liquidity in both the high yield debt and equity capital markets, resulting in certain periods where new capital has been both more difficult and more expensive to access. If we are unable to access the credit markets, we could be required to defer or eliminate important business strategies and growth opportunities in the future. In addition, if there is volatility and weakness in the capital and credit markets, potential lenders may be unwilling or unable to provide us with financing that is attractive to us or may increase collateral requirements or may charge us prohibitively high fees in order to obtain financing. Consequently, our ability to access the credit market in order to attract financing on reasonable terms may be adversely affected. Investment returns on our assets and our ability to make acquisitions could be adversely affected by our inability to secure additional financing on reasonable terms, if at all. Depending on market conditions at the relevant time, we may have to rely more heavily on additional equity financings or on less efficient forms of debt financing that require a larger portion of our cash flow from operations, thereby reducing funds available for our operations, future business opportunities and other purposes. We may not have access to such equity or debt capital on favorable terms at the desired times, or at all.

The COVID-19 pandemic, or the future outbreak of any other highly infectious or contagious diseases, could materially and adversely impact our performance, financial condition, results of operations and cash flows.

Throughout 2021 and to date, the COVID-19 pandemic has severely impacted global economic activity and caused significant volatility and negative pressure in financial markets. COVID-19 (or a future pandemic) could have material and adverse effects on our performance, financial condition, results of operations and cash flows due to, among other factors:

- a complete or partial closure of, or other operational issues at, one or more of our properties resulting from government actions;
- difficulty accessing equity and debt capital on attractive terms, or at all, and a severe disruption and instability in the global financial markets
- difficulty obtaining capital necessary to fund business operations;
- delays in construction at our properties may adversely impact our ability to commence operations and generate revenues from projects, including:
 - construction moratoriums by local, state or federal government authorities;
 - delays by applicable governmental authorities in providing the necessary authorizations to commence construction;
 - reductions in construction team sizes to effectuate social distancing and other requirements;
 - infection by one or more members of a construction team necessitating a partial or full shutdown of construction; and
 - manufacturing and supply chain disruptions for materials sourced from other geographies which may be experiencing shutdowns and shipping delays.

The extent to which COVID-19 (or a future pandemic) impacts our operations will depend on future developments, which are highly uncertain and cannot be predicted with confidence.

Risks Related to the Separation and Distribution

We have no recent history of operating as an independent company, and our historical and pro forma financial information is not necessarily representative of the results that we would have achieved as a separate, publicly traded company and may not be a reliable indicator of our future results.

The historical information about SG DevCo in this information statement refers to the Spin-Off Business as operated by and integrated with SG Holdings. Our historical financial information included in this information statement is derived from SG Holdings' accounting records and is presented on a standalone basis as if the Spin-Off Business has been conducted independently from SG Holdings. Additionally, the pro forma financial information included in this information statement is derived from our historical financial information and (i) gives effect to the Separation and (ii) reflects SG DevCo's anticipated post-Separation capital structure. Accordingly, the historical and pro forma financial information does not necessarily reflect the financial condition, results of operations or cash flows that we would have achieved as a separate, publicly traded company during the periods presented or those that we will achieve in the future primarily as a result of the factors described below:

- Generally, our working capital requirements and capital for our general corporate purposes, including capital expenditures and acquisitions, have historically been satisfied as part of the corporate-wide cash management policies of SG Holdings. Following the completion of the Distribution, we may need to obtain additional financing from banks, through public offerings or private placements of debt or equity securities, strategic relationships or other arrangements, which may or may not be available and may be more costly.
- Prior to the Distribution, our business has been operated by SG Holdings as part of its broader corporate organization, rather than as an independent company. SG Holdings or one of its affiliates performed various corporate functions for us, such as legal, treasury, accounting, auditing, human resources, investor relations, and finance. Our historical and pro forma financial results reflect allocations of corporate expenses from SG Holdings for such functions, which may be less than the expenses we would have incurred had we operated as a separate, publicly traded company.

- Currently, our business is integrated with the other businesses of SG Holdings. Historically, we have shared economies of scope and scale in costs, employees, vendor relationships and customer relationships. While we have sought to minimize the impact on SG DevCo when separating these arrangements, there is no guarantee these arrangements will continue to capture these benefits in the future.
- After the completion of the Distribution, the cost of capital for our business may be higher than SG Holdings' cost of capital prior to the Distribution.

Other significant changes may occur in our cost structure, management, financing and business operations as a result of operating as a company separate from SG Holdings. For additional information about the past financial performance of our business and the basis of presentation of the historical financial statements and the unaudited pro forma financial statements of our business, see “Unaudited Pro Forma Financial Statements,” “Management’s Discussion and Analysis of Financial Condition and Results of Operations” and the historical financial statements and accompanying notes included elsewhere in this information statement.

Following the Separation, our financial profile will change, and we will be a smaller, less diversified company than SG Holdings prior to the Separation.

The Separation will result in each of SG Holdings and SG DevCo being smaller, less diversified companies with more limited businesses concentrated in their respective industries. As a result, we may be more vulnerable to changing market conditions, which could have a material adverse effect on our business, financial condition and results of operations. In addition, the diversification of our revenues, costs, and cash flows will diminish as a standalone company, such that our results of operations, cash flows, working capital and financing requirements may be subject to increased volatility and our ability to fund capital expenditures and investments may be diminished.

We may not achieve some or all of the expected benefits of the Separation and Distribution, and the Separation and Distribution may materially adversely affect our business.

We may not be able to achieve the full strategic and financial benefits expected to result from the Separation and Distribution, or such benefits may be delayed or not occur at all. The Separation and Distribution is expected to provide the following benefits, among others: (1) enabling our management to more effectively pursue its own distinct operating priorities and strategies; (2) permitting us to allocate our financial resources to meet the unique needs of our business, which will allow us to intensify our focus on our distinct strategic priorities and to more effectively pursue our own distinct capital structure and capital allocation strategies; (3) allowing us to more effectively articulate a clear investment thesis to attract a long-term investor base suited to our business and providing investors with a distinct and targeted investment opportunity; (4) creating an independent equity security tracking our underlying business, which should afford us direct access to the capital markets and facilitate our ability to consummate future acquisitions or other transactions using our common stock; and (5) permitting us to more effectively recruit, retain and motivate employees through the use of stock-based compensation that more closely aligns management and employee incentives with specific business goals and objectives related to our business.

We may not achieve these and other anticipated benefits for a variety of reasons, including, among others: (1) the Separation and Distribution will demand management’s time and effort, which may divert management’s attention from operating and growing our business; (2) following the Separation and Distribution, we may be more susceptible to market fluctuations and other adverse events than if we were still a part of SG Holdings because our business will be less diversified than SG Holdings’ business prior to the completion of the Separation; (3) the Separation may require us to pay costs that could be substantial and material to our financial resources, including accounting, tax, legal and other professional services costs, recruiting costs, and tax costs; and (4) after the Separation and Distribution, we cannot predict the trading prices of SG DevCo common stock or know whether the combined trading prices of the SG Holdings common stock and our common stock will be less than, equal to or greater than the market value of SG Holdings common stock prior to the Separation and Distribution. If we fail to achieve some or all of the benefits expected to result from the Separation, or if such benefits are delayed, it could have a material adverse effect on our competitive position, business, financial condition, results of operations and cash flows.

SG Holdings' plan to separate into two publicly traded companies is subject to various risks and uncertainties and may not be completed in accordance with the expected plans or anticipated timeline, or at all, and will involve significant time and expense, which could disrupt or adversely affect our business.

In December 2022, SG Holdings announced its plan to separate into two publicly traded companies. The Separation and Distribution is subject to the satisfaction of certain conditions (or waiver by SG Holdings in its sole and absolute discretion), including final approval by SG Holdings' Board of Directors of the final terms of the Separation and Distribution. Furthermore, unanticipated developments or changes, including changes in the law, the macroeconomic environment, competitive conditions of SG Holdings' markets could delay or prevent the completion of the proposed Separation and Distribution, or cause the Separation and Distribution to occur on terms or conditions that are different or less favorable than expected.

The process of completing the proposed Separation and Distribution has been and is expected to continue to be time-consuming and involves significant costs and expenses. The costs may be significantly higher than what we currently anticipate and may not yield a discernible benefit if the Separation and Distribution is not completed or is not well executed, or the expected benefits of the Separation and Distribution are not realized.

Until the Distribution occurs, SG Holdings will have sole discretion to change the terms of the Separation and Distribution in ways that may be unfavorable to us.

Completion of the Separation and Distribution remains subject to the satisfaction or waiver of certain conditions, some of which are in the sole and absolute discretion of SG Holdings, including final approval by the Board of Directors of SG Holdings. Additionally, SG Holdings has the sole and absolute discretion to change certain terms of the Separation and Distribution, which changes could be unfavorable to us. In addition, SG Holdings may decide at any time prior to the completion of the Separation and Distribution not to proceed with the Separation and Distribution.

Our accounting and other management systems and resources may not be adequately prepared to meet the financial reporting and other requirements to which we will be subject as a standalone, publicly traded company following the Distribution.

Prior to the Distribution, we believe that our reporting and control systems have been appropriate for those of a subsidiary of a public company. However, we have not been directly subject to the reporting and other requirements of the Exchange Act. As a result of the Distribution, we will be directly subject to reporting and other obligations under the Exchange Act. These reporting and other obligations will place significant demands on our management and administrative and operational resources, including accounting resources. We may not have sufficient time following the Separation to meet these obligations by the applicable deadlines.

Moreover, to comply with these requirements, we anticipate that we will need to migrate our systems, including information technology systems, implement additional financial and management controls, reporting systems and procedures and hire additional accounting and finance staff. We expect to incur additional annual expenses related to these steps, and those expenses may be significant. If we are unable to implement our financial and management controls, reporting systems, information technology and procedures in a timely and effective fashion, our ability to comply with our financial reporting requirements and other rules that apply to reporting companies under the Exchange Act could be impaired. Any failure to achieve and maintain effective internal controls could result in adverse regulatory consequences and/or loss of investor confidence, which could limit SG DevCo's ability to access the global capital markets and could have a material adverse effect on our business, financial condition, results of operations, cash flows or the market price of SG DevCo securities.

In connection with the separation into two public companies, each of SG Holdings and SG DevCo will indemnify each other for certain liabilities. If we are required to pay under these indemnities to SG Holdings, our financial results could be negatively impacted. The SG Holdings indemnities may not be sufficient to hold us harmless from the full amount of liabilities for which SG Holdings will be allocated responsibility, and SG Holdings may not be able to satisfy its indemnification obligations in the future.

Pursuant to the separation and distribution agreement and certain other agreements between SG Holdings and SG DevCo, each party will agree to indemnify the other for certain liabilities. Third parties could also seek to hold us responsible for any of the liabilities that SG Holdings has agreed to retain. Any amounts we are required to pay pursuant to these indemnification obligations and other liabilities could require us to divert cash that would otherwise have been used in furtherance of our operating business. Further, the indemnities from SG Holdings for our benefit may not be sufficient to protect us against the full amount of such liabilities, and SG Holdings may not be able to fully satisfy its indemnification obligations.

Moreover, even if we ultimately succeed in recovering from SG Holdings any amounts for which we are held liable, we may be temporarily required to bear these losses ourselves. Each of these risks could negatively affect our business, results of operations and financial condition.

The terms we will receive in our agreements with SG Holdings and its subsidiaries could be less beneficial than the terms we may have otherwise received from unaffiliated third parties.

The agreements we will enter into with SG Holdings in connection with the Separation were prepared in the context of the Separation while we were still a wholly owned subsidiary of SG Holdings. Accordingly, during the period in which the terms of those agreements were prepared, we did not have an independent Board of Directors or a management team that was independent of SG Holdings. As a result, the terms of those agreements may not reflect terms that would have resulted from arm's-length negotiations between unaffiliated third parties. See "Certain Relationships and Related Party Transactions."

Until the Distribution occurs, the SG Holdings Board of Directors has sole and absolute discretion to change the terms of the Separation and Distribution in ways which may be unfavorable to us.

Until the Distribution occurs, SG DevCo will be a wholly-owned subsidiary of SG Holdings. Accordingly, SG Holdings will have the sole and absolute discretion to determine and change the terms of the Separation and Distribution, including the establishment of the record date for the Distribution and the Distribution Date. These changes could be unfavorable to us. In addition, the SG Holdings Board of Directors, in its sole and absolute discretion, may decide not to proceed with the Distribution at any time prior to the Distribution Date.

After the Separation and Distribution, some of our directors and officers may have actual or potential conflicts of interest because of their equity ownership in SG Holdings.

Because of their current or former positions with SG Holdings, following the Separation and Distribution, some of our directors and executive officers may own shares of SG Holdings common stock, and the individual holdings may be significant for some of these individuals compared to their total assets. This ownership may create, or may create the appearance of, conflicts of interest when these directors and officers are faced with decisions that could have different implications for SG Holdings or us. For example, potential conflicts of interest could arise in connection with the resolution of any dispute that may arise between SG Holdings and us regarding the terms of the agreements governing the Separation and the relationship thereafter between the companies.

After the Distribution, 70% of our common stock will be owned by a single stockholder, SG Holdings, and it may therefore be able to substantially control our management and affairs.

SG Holdings currently owns 100% of our outstanding common stock and will own beneficially 70% of our outstanding common stock immediately after the consummation of the Distribution. Therefore, SG Holdings will have substantial influence over any election of our directors and our operations. This concentration of ownership could also have the effect of delaying or preventing a change in our control and might affect the market price of our common stock, even when a change in control may be in the best interest of all stockholders. Furthermore, the interests of this concentration of ownership may not always coincide with our interests or the interests of other stockholders.

After the Distribution, we will be a “controlled company” within the meaning of the Nasdaq listing standards and, as a result, will qualify for, and may rely on, exemptions from certain corporate governance requirements. You may not have the same protections afforded to stockholders of companies that are subject to such requirements.

After the Distribution, SG Holdings will control 70% of our outstanding common stock. Because of the voting power of SG Holdings, we will be considered a “controlled company” for purposes of Nasdaq requirements. As such, we are exempt from certain corporate governance requirements of Nasdaq, including the requirements that (i) a majority of the board of directors consist of independent directors, (ii) we have a Corporate Governance and Nominating Committee that is composed entirely of independent directors and (iii) we have a Compensation Committee that is composed entirely of independent directors. Following the Distribution, we may rely on some or all of these exemptions. Accordingly, you may not have the same protections afforded to stockholders of companies that are subject to all of Nasdaq’s corporate governance requirements.

Risks Related to Our Common Stock

We currently do not intend to pay dividends on our common stock. Consequently, our stockholders’ ability to achieve a return on their investment will depend on appreciation in the price of our common stock.

We do not expect to pay cash dividends on our common stock. Any future dividend payments are within the absolute discretion of our Board of Directors and will depend on, among other things, our results of operations, working capital requirements, capital expenditure requirements, financial condition, level of indebtedness, contractual restrictions with respect to payment of dividends, business opportunities, anticipated cash needs, provisions of applicable law and other factors that our Board of Directors may deem relevant.

We cannot be certain that an active trading market for our common stock will develop or be sustained after the Distribution and, following the Distribution, our stock price may fluctuate significantly.

A public market for our common stock does not currently exist. We anticipate that on or prior to the record date for the Distribution, trading of shares of our common stock will begin on a “when-issued” basis and will continue through the Distribution Date. However, we cannot guarantee that an active trading market will develop or be sustained for our common stock after the Distribution, nor can we predict the prices at which shares of our common stock may trade after the Distribution. Similarly, we cannot predict the effect of the Distribution on the trading prices of our common stock or whether the combined trading prices of the SG Holdings common stock and our common stock will equal or exceed what the trading price of SG Holdings common stock would have been in absence of the Separation and Distribution.

Until the market has fully evaluated our business as a standalone entity, the prices at which shares of our common stock trade may fluctuate more significantly than might otherwise be typical, even with other market conditions, including general volatility, held constant. The increased volatility of our stock price following the Distribution may have a material adverse effect on our business, financial condition and results of operations. The market price of our common stock may fluctuate significantly due to a number of factors, some of which may be beyond our control, including:

- actual or anticipated fluctuations in our operating results;
- changes in earnings estimated by securities analysts or our ability to meet those estimates;
- the operating and stock price performance of comparable companies;
- changes to the regulatory and legal environment under which we operate; and
- domestic and worldwide economic conditions.

If securities or industry analysts do not publish research or publish inaccurate or unfavorable research about our business, our stock price and trading volume could decline.

The trading market for our securities will depend in part on the research and reports that securities or industry analysts publish about us or our business. If only a limited number of securities or industry analysts commence coverage of our Company, the trading price for our securities would likely be negatively impacted. In the event securities or industry analysts initiate coverage, if one or more of the analysts who covers us downgrades our stock or publishes unfavorable research about our business, our stock price may decline. If one or more of these analysts ceases coverage of our Company or fails to publish reports on us regularly, demand for our securities could decrease, which might cause our stock price and trading volume to decline.

As a result of becoming a public company, we will be obligated to develop and maintain proper and effective internal control over financial reporting in order to comply with Section 404 of the Sarbanes-Oxley Act of 2002 (the “Sarbanes-Oxley Act”). We may not complete our analysis of our internal control over financial reporting in a timely manner, or these internal controls may not be determined to be effective, which may adversely affect investor confidence in us and, as a result, the value of our common stock.

As a result of becoming a public company we will be subject to SEC reporting and other regulatory requirements. We will incur expenses and diversion of our management’s time in its efforts to comply with Section 404 of the Sarbanes-Oxley Act regarding internal controls over financial reporting. Effective internal controls over financial reporting are necessary for us to provide reliable financial reports and, together with adequate disclosure controls and procedures, are designed to prevent fraud. Any failure to implement required new or improved controls, or difficulties encountered in their implementation could cause us to fail to meet our reporting obligations. In addition, any testing by us conducted in connection with Section 404 of the Sarbanes-Oxley Act, or the subsequent testing by our independent registered public accounting firm when, and if, required, may reveal deficiencies in our internal controls over financial reporting that are deemed to be material weaknesses or that may require prospective or retrospective changes to our financial statements or identify other areas for further attention or improvement. If we are unable to assert that our internal controls over financial reporting are effective, we could lose investor confidence in the accuracy and completeness of our financial reports, which would cause the price of our common stock to decline, and we may be subject to investigation or sanctions by the SEC.

We are an emerging growth company and a smaller reporting company within the meaning of the Securities Act, and we are taking advantage of certain exemptions from disclosure requirements available to emerging growth companies or smaller reporting companies, this could make our securities less attractive to investors and may make it more difficult to compare our performance with other public companies.

We are an “emerging growth company,” as defined in Section 2(a) of the Securities Act, as modified by the Jumpstart Our Business Startups Act of 2012 (the “JOBS Act”), and are taking advantage of certain exemptions from various reporting requirements that are applicable to other public companies that are not emerging growth companies, including, but not limited to, not being required to comply with the auditor attestation requirements of Section 404 of the Sarbanes-Oxley Act, reduced disclosure obligations regarding executive compensation in our periodic reports and proxy statements, and exemptions from the requirements of holding a nonbinding advisory vote on executive compensation and stockholder approval of any golden parachute payments not previously approved.

Further, Section 102(b)(1) of the JOBS Act exempts emerging growth companies from being required to comply with new or revised financial accounting standards until private companies (that is, those that have not had a registration statement under the Securities Act declared effective or do not have a class of securities registered under the Exchange Act) are required to comply with the new or revised financial accounting standards. The JOBS Act provides that a company can elect to opt out of the extended transition period and comply with the requirements that apply to non-emerging growth companies, but any such an election to opt out is irrevocable. We have elected not to opt out of such extended transition period, which means that when a standard is issued or revised and it has different application dates for public or private companies, we, as an emerging growth company, can adopt the new or revised standard at the time private companies adopt the new or revised standard. This may make comparison of our financial statements with another public company, which is neither an emerging growth company nor an emerging growth company that has opted out of using the extended transition period, difficult or impossible because of the potential differences in accounting standards used.

We will remain an emerging growth company until the earlier of: (1) the last day of the fiscal year (a) following the fifth anniversary of the date of the first sale of our common stock pursuant to an effective registration statement under the Securities Act, (b) in which we have total annual revenue of at least \$1.235 billion, or (c) in which we are deemed to be a large accelerated filer, which generally means the market value of our common equity that is held by non-affiliates exceeds \$700 million as of the end of the prior fiscal year’s second fiscal quarter; and (2) the date on which we have issued more than \$1 billion in non-convertible debt securities during the prior three-year period. References herein to “emerging growth company” have the meaning associated with it in the JOBS Act.

Additionally, we are a “smaller reporting company” as defined in Item 10(f)(1) of Regulation S-K. Smaller reporting companies may take advantage of certain reduced disclosure obligations, including, among other things, providing only two years of audited financial statements. We will remain a smaller reporting company until the last day of any fiscal year for so long as either (1) the market value of our shares of common stock held by non-affiliates did not equal or exceed \$250 million as of the prior June 30, or (2) our annual revenues did not equal or exceed \$100 million during such completed fiscal year and the market value of our shares of common stock held by non-affiliates did not equal or exceed \$700 million as of the prior December 31.

Because we are subject to the above listed reduced reporting requirements, investors may not be able to compare us to other companies, this could make our securities less attractive to investors and may make it more difficult to compare our performance with other public companies.

Your percentage of ownership in SG DevCo may be diluted in the future.

In the future, your percentage ownership in SG DevCo may be diluted because of equity issuances for acquisitions, capital market transactions or otherwise, including any equity awards that we will grant to our directors, officers and employees. Such awards will have a dilutive effect on the number of SG DevCo shares outstanding, and therefore on our earnings per share, which could adversely affect the market price of our common stock. From time to time, we will issue additional stock-based awards to our employees under our employee benefits plans.

We may issue shares of preferred stock in the future, which could make it difficult for another company to acquire us or could otherwise adversely affect holders of our common stock, which could depress the price of our common stock.

Our amended and restated certificate of incorporation authorizes us to issue one or more series of preferred stock. Our Board of Directors has the authority to determine the preferences, limitations and relative rights of the shares of preferred stock and to fix the number of shares constituting any series and the designation of such series, without any further vote or action by our stockholders. Our preferred stock could be issued with voting, liquidation, dividend and other rights superior to the rights of our common stock. The potential issuance of preferred stock may delay or prevent a change in control of us, discouraging bids for our common stock at a premium to the market price, and materially adversely affect the market price and the voting and other rights of the holders of our common stock.

Provisions in our corporate charter documents and under Delaware law could make an acquisition of our company, which may be beneficial to our stockholders, more difficult and may prevent attempts by our stockholders to replace or remove our management.

Provisions in our amended and restated certificate of incorporation and our amended and restated bylaws may discourage, delay or prevent a merger, acquisition or other change in control of our company that stockholders may consider favorable, including transactions in which you might otherwise receive a premium for your shares. These provisions could also limit the price that investors might be willing to pay in the future for shares of our common stock, thereby depressing the market price of our common stock. In addition, because our Board of Directors is responsible for appointing the members of our management team, these provisions may frustrate or prevent any attempts by our stockholders to replace or remove our management by making it more difficult for stockholders to replace members of our Board of Directors. Among other things, these provisions provide:

- our Board of Directors is divided into three classes, one class of which is elected each year by our stockholders with the directors in each class to serve for a three-year term;
- the authorized number of directors can be changed only by resolution of our Board of Directors;
- directors may be removed by stockholders only for cause;

- our amended and restated bylaws may be amended or repealed by our Board of Directors or by the affirmative vote of sixty-six and two-thirds percent (66 2/3%) of our stockholders;
- stockholders may not call special meetings of the stockholders or fill vacancies on the Board of Directors;
- our board of directors will be authorized to issue, without stockholder approval, preferred stock, the rights of which will be determined at the discretion of the board of directors and that, if issued, could operate as a “poison pill” to dilute the stock ownership of a potential hostile acquirer to prevent an acquisition that our Board of Directors does not approve;
- our stockholders do not have cumulative voting rights, and therefore our stockholders holding a majority of the shares of common stock outstanding will be able to elect all of our directors; and
- our stockholders must comply with advance notice provisions to bring business before or nominate directors for election at a stockholder meeting.

Moreover, because we are incorporated in Delaware, we are governed by the provisions of Section 203 of the Delaware General Corporation Law, which prohibits a person who owns in excess of 15% of our outstanding voting stock from merging or combining with us for a period of three years after the date of the transaction in which the person acquired in excess of 15% of our outstanding voting stock, unless the merger or combination is approved in a prescribed manner.

Our amended and restated certificate of incorporation provides that the Court of Chancery of the State of Delaware will be the exclusive forum for certain types of state actions that may be initiated by our stockholders, which could limit our stockholders’ ability to obtain a favorable judicial forum for disputes with us or our directors, officers, or employees

Our amended and restated certificate of incorporation provides that, unless we consent to the selection of an alternative forum, the Court of Chancery of the State of Delaware is the exclusive forum for (i) any derivative action or proceeding brought on behalf of us, (ii) any action asserting a claim of breach of a fiduciary duty owed by any of our directors, officers, or other employees to us or our stockholders, (iii) any action arising pursuant to any provision of the DGCL or our amended and restated certificate of incorporation or bylaws (as either may be amended from time to time), or (iv) any action asserting a claim governed by the internal affairs doctrine. The exclusive forum provision does not apply to suits brought to enforce any liability or duty created by the Securities Act or the Exchange Act or any other claim for which the federal courts have exclusive jurisdiction. To the extent that any such claims may be based upon federal law claims, Section 27 of the Exchange Act creates exclusive federal jurisdiction over all suits brought to enforce any duty or liability created by the Exchange Act or the rules and regulations thereunder. Furthermore, Section 22 of the Securities Act creates concurrent jurisdiction for federal and state courts over all suits brought to enforce any duty or liability created by the Securities Act or the rules and regulations thereunder.

These exclusive-forum provisions may limit a stockholder’s ability to bring a claim in a judicial forum that it finds favorable for disputes with us or our directors, employees, control persons, underwriters, or agents, which may discourage lawsuits against us and our directors, employees, control persons, underwriters, or agents. Additionally, a court could determine that the exclusive forum provision is unenforceable, and our stockholders will not be deemed to have waived our compliance with the federal securities laws and the rules and regulations thereunder. If a court were to find these provisions of our bylaws inapplicable to, or unenforceable in respect of, one or more of the specified types of actions or proceedings, we may incur additional costs associated with resolving such matters in other jurisdictions, which could adversely affect our business, financial condition, or results of operations.

THE SEPARATION AND DISTRIBUTION

General

SG Holdings intends to distribute 30% of the outstanding shares of our common stock to holders of SG Holdings common stock on a pro rata basis. SG Holdings will retain 70% of our outstanding shares of common stock following the Separation and Distribution. The Distribution of our common stock is expected to take place on [], 2023, the Distribution Date. On the Distribution Date, each holder of SG Holdings common stock will receive 1.048 shares of our common stock for every five (5) shares of SG Holdings common stock held as of the close of business on the Record Date, as described below. You will not be required to make any payment, surrender or exchange your SG Holdings common stock or take any other action to receive your shares of SG DevCo common stock to which you are entitled on the Distribution Date.

The Distribution of our common stock as described in this information statement is subject to the satisfaction or waiver of certain conditions. We cannot provide any assurances that the Distribution will be completed. For a more detailed description of these conditions, see the section “The Separation—Conditions to the Distribution.” We cannot provide any assurances that SG Holdings will complete the Separation and Distribution.

Reasons for the Separation

SG Holdings previously announced that it was proceeding with a plan to spin-off its real estate development business. We are currently a wholly owned subsidiary of SG Holdings and hold all of the assets and related liabilities associated with the Spin-Off Business. Following a strategic review, it was determined that separating the Spin-Off Business from SG Holdings’ current business operations would be in the best interests of SG Holdings and its stockholders and that the Separation would create two companies with attributes that best position each company for long-term success, including the following:

- **Distinct Focus.** Each company will benefit from a distinct strategic and management focus on its specific operational and growth priorities. SG Holdings is expected to continue developing, designing and fabricating modular structures. SG DevCo will focus on real estate development. Because each company will have a smaller portfolio of businesses, management of each company is expected to be able to better allocate time and resources to identifying and executing operational and growth strategies.
- **Allocation of Financial Resources and Separate Capital Structures.** The Separation will permit each company to allocate its financial resources to meet the unique needs of its own business, which will allow each company to intensify its focus on its distinct strategic priorities. The Separation will also allow each business to more effectively pursue its own distinct capital structure and capital allocation strategies.
- **Targeted Investment Opportunity.** The Separation will create two companies with more focused, aligned businesses, which will allow each company to more effectively articulate a clear investment thesis to attract a long-term investor base suited to its businesses and the industries in which it operates and serves, and will facilitate each company’s access to capital by providing investors with two distinct and targeted investment opportunities.
- **Employee Incentives, Recruitment and Retention.** The Separation will allow each company to more effectively recruit, retain and motivate employees through the use of stock-based compensation that more closely reflects and aligns management and employee incentives with specific growth objectives, financial goals and business performance. In addition, the Separation will allow incentive structures and targets at each company to be better aligned with each underlying business. Similarly, recruitment and retention will be enhanced by more consistent talent requirements across the businesses, allowing both recruiters and applicants greater clarity and understanding of talent needs and opportunities associated with the core business activities, principles and risks of each company.

- **Direct Access to Capital Markets.** Each company will have its own equity structure that should afford it direct access to the capital markets and allow it to capitalize on its unique growth opportunities appropriate to its business.
- **Incremental Stockholder Value.** We believe that each company will benefit from the investment community's ability to value its businesses independently within the context of its particular industry with the anticipation that, over time, the aggregate market value of the companies will be higher, than if SG Holdings were to remain under its current configuration.

Neither we, nor SG Holdings, can assure you that, following the Separation, any of the benefits described above or otherwise in this information statement will be realized to the extent anticipated or at all. For more information, see "Risk Factors."

The Number of Shares You Will Receive

On the Distribution Date, you will receive 1.048 shares of our common stock for every five (5) shares of SG Holdings common stock held as of the close of business on the Record Date, as well as a cash payment in lieu of fractional shares. The Distribution will generally be taxable to stockholders for U.S. federal income tax purposes as described under "Material U.S. Federal Income Tax Consequences."

Treatment of Fractional Shares

American Stock Transfer and Trust Company, LLC, acting as the distribution agent, will not distribute any fractional shares of our common stock to SG Holdings stockholders. SG Holdings stockholders who would otherwise be entitled to a fraction of our common stock (after aggregating all fractional shares of our common stock that otherwise would be received by such holder), will, in lieu of such fraction of a share, be paid in cash the dollar amount (rounded to the nearest whole cent), without interest, determined by multiplying such fraction by the volume weighted average closing trading price of a share of our common stock for the five consecutive trading days ending five trading days immediately after the date the Distribution is effected. Recipients of cash in lieu of fractional shares will not be entitled to any minimum sale price for the fractional shares or to any interest on the amounts of payments made in lieu of fractional shares. The receipt of cash in lieu of fractional shares generally will be taxable to the recipient stockholders for U.S. federal income tax purposes as described under "Material U.S. Federal Income Tax Consequences."

When and How You Will Receive the Distribution of SG DevCo Shares

SG Holdings will distribute the shares of our common stock on [], 2023, the Distribution Date, to holders of record as of the close of business on the Record Date. The Distribution is expected to be completed following the Nasdaq market closing on the Distribution Date. SG Holdings' transfer agent and registrar, American Stock Transfer and Trust Company, LLC, will serve as transfer agent and registrar for our common stock and as distribution agent in connection with the Distribution.

If you own SG Holdings common stock as of the close of business on the Record Date, the shares of our common stock that you are entitled to receive in connection with the Distribution will be issued electronically, as of the Distribution Date, to your account as follows:

- **Registered Stockholders.** If you own your shares of SG Holdings stock directly, either in book-entry form through an account at American Stock Transfer and Trust Company, LLC and/or if you hold paper stock certificates, you will receive your shares of our common stock by way of direct registration in book-entry form. Registration in book-entry form is a method of recording stock ownership when no physical paper share certificates are distributed to stockholders, as is the case in connection with the Distribution.

On or shortly following the Distribution Date, the Distribution Agent will mail to you a direct registration account statement that reflects the number of shares of our common stock that have been registered in book-entry form in your name. Stockholders having any questions concerning the mechanics of having shares of our common stock registered in book-entry form may contact American Stock Transfer and Trust Company, LLC at the address set forth under "Questions and Answers About the Separation and Distribution" in this information statement; and

- **Beneficial Stockholders.** Many SG Holdings stockholders hold their shares of SG Holdings common stock beneficially through a bank or brokerage firm. In such cases, the bank or brokerage firm would be said to hold the stock in “street name” and ownership would be recorded on the bank or brokerage firm’s books. If you hold your SG Holdings common stock through a bank or brokerage firm, your bank or brokerage firm will credit your account with the shares of our common stock that you are entitled to receive in connection with the Distribution. If you have any questions concerning the mechanics of having shares of common stock held in “street name,” we encourage you to contact your bank or brokerage firm.

Treatment of Outstanding Equity Compensation Awards

There will be no adjustments made to outstanding unvested SG Holdings restricted stock units (“RSUs”) in connection with the Separation and Distribution. Outstanding unvested SG Holdings RSUs shall remain subject to the same terms and conditions after the Distribution as the terms and conditions applicable to such RSUs immediately prior to the Distribution.

Results of the Separation and Distribution

After the Separation and Distribution, we will be a separate publicly traded company. Immediately following the Separation and Distribution, we expect to have approximately 10,000,000 shares of our common stock outstanding, based on the number of SG Holdings shares of common stock outstanding on April 30, 2023 and the number of shares to be retained by SG Holdings as described above. The actual number of shares of our common stock SG Holdings will distribute in the Distribution will depend on the actual number of shares of SG Holdings common stock outstanding on the Record Date, which will reflect any issuance of new shares or the vesting of equity awards pursuant to SG Holdings’ equity plans on or prior to the Record Date. Shares of SG Holdings common stock held by SG Holdings as treasury shares will not be considered outstanding for purposes of, and will not be entitled to participate in, the Distribution. The Distribution will not affect the number of outstanding shares of SG Holding common stock or any rights of SG Holdings stockholders. However, following the Separation and Distribution, the equity value of SG Holdings will no longer reflect the value of the Spin-Off Business (except to the extent of the shares of our common stock retained by SG Holdings as described above). Although SG Holdings believes that our separation from SG Holdings offers its stockholders the greatest long-term value, there can be no assurance that the combined trading prices of the SG Holdings common stock and our common stock will equal or exceed what the trading price of SG Holdings common stock would have been in absence of the Separation and Distribution.

Regulatory Approvals

We must complete the necessary registration under the federal securities laws of our common stock to be issued in connection with the Distribution. We must also complete the applicable listing requirements on Nasdaq for such shares. Other than these requirements, we do not believe that any other material governmental or regulatory filings or approvals will be necessary to consummate the Distribution.

Appraisal Rights

No SG Holdings stockholder will have any appraisal rights in connection with the Separation and Distribution.

Listing and Trading of Our Common Stock

As of the date of this information statement, there is no public market for our common stock. We plan to apply to have our common stock listed on Nasdaq under the ticker symbol “SGD.”

The shares of our common stock distributed to SG Holdings stockholders will be freely transferable, except for shares received by individuals who are our affiliates. Individuals who may be considered our affiliates after the Separation and Distribution include individuals who control, are controlled by, or are under common control with us, as those terms generally are interpreted for federal securities law purposes. These individuals may include some or all of our directors and executive officers. Individuals who are our affiliates will be permitted to sell their shares of our common stock only pursuant to an effective registration statement under the Securities Act of 1933, or the “Securities Act,” or an exemption from the registration requirements of the Securities Act, such as those afforded by Section 4(a)(1) of the Securities Act or Rule 144 thereunder.

Trading Between the Record Date and the Distribution Date

Beginning on or shortly before the Record Date and continuing up to and including the Distribution Date, we expect that there will be two markets in SG Holdings common stock: a “regular-way” market and an “ex-distribution” market. Shares of SG Holdings common stock that trade on the “regular-way” market will trade with an entitlement to receive shares of our common stock in connection with the Distribution. Shares of SG Holdings common stock that trade on the “ex-distribution” market will trade without an entitlement to receive shares of our common stock in the Distribution. Therefore, if you sell shares of SG Holdings common stock on the “regular-way” market after the close of business on the Record Date and up to and including through the Distribution Date, you will be selling your right to receive shares of our common stock in connection with the Distribution. If you own shares of SG Holdings common stock as of the close of business on the Record Date and sell those shares on the “ex-distribution” market, up to and including through the Distribution Date, you will still receive the shares of our common stock that you would be entitled to receive in respect of your ownership as of the Record Date.

Furthermore, beginning on or shortly before the Record Date and continuing up to and including the Distribution Date, we expect there will be a “when-issued” market in our common stock. “When-issued” trading refers to a sale or purchase made conditionally because the security has been authorized but not yet issued. The “when-issued” trading market will be a market for shares of our common stock that will be distributed to SG Holdings stockholders on the Distribution Date. If you own shares of SG Holdings common stock as of the close of business on the Record Date, you would be entitled to receive shares of our common stock in connection with the Distribution. You may trade this entitlement to receive shares of our common stock, without trading the shares of SG Holdings common stock you own, in the “when-issued” market. On the first trading day following the Distribution Date, we expect “when-issued” trading with respect to our common stock will end and “regular-way” trading in our common stock will begin.

Conditions to the Distribution

We expect the Distribution will be effective on [], 2023, the Distribution Date, provided that, among other conditions described in the separation and distribution agreement, the following conditions will have been satisfied or waived by SG Holdings in its sole discretion:

- the SG Holdings Board of Directors will have approved the Distribution and will not have abandoned the Distribution or terminated the separation and distribution agreement at any time prior to the consummation of the Distribution;
- the SEC will have declared effective our registration statement on Form 10, of which this information statement is a part, under the Exchange Act; no stop order suspending the effectiveness of our registration statement on Form 10 will be in effect; no proceedings for such purpose will be pending before or threatened by the SEC; and this information statement, or a notice of internet availability thereof, will have been mailed to the holders of SG Holdings common stock as of the Record Date;
- all actions and filings necessary or appropriate under applicable federal, state “blue sky,” or foreign securities laws and the rules and regulations thereunder will have been taken and, when applicable, become effective or been accepted;
- our common stock to be delivered in connection with the Distribution will have been approved for listing on Nasdaq, subject to official notice of issuance;

- our Board of Directors, as named in this information statement, will have been duly elected, and our Amended and Restated Articles of Incorporation and Amended and Restated Bylaws, each in substantially the form attached as exhibits to the registration statement on Form 10 of which this information statement is a part, will be in effect;
- each of the ancillary agreements contemplated by the separation and distribution agreement will have been duly executed and delivered by the parties thereto;
- no applicable law will have been adopted, promulgated, or issued, and be in effect, that prohibits the consummation of the Distribution or any of the transactions contemplated by the separation and distribution agreement;
- any material governmental approvals and consents and any material permits, registrations, and consents from third parties, in each case, necessary to effect the Distribution and to permit the operation of the real estate development business after the Distribution Date substantially as conducted as of the date of the separation and distribution agreement will have been obtained; and
- no events or developments shall have occurred or exist that, in the sole and absolute judgment of the SG Holdings Board of Directors, make it inadvisable to effect the Distribution or would result in the Distribution and related transactions not being in the best interest of SG Holdings or its stockholders.

The fulfillment of these conditions will not create any obligations on SG Holdings' part to effect the Separation, and the SG Holdings Board of Directors has reserved the right, in its sole discretion, to abandon, modify, or change the terms of the Separation, including by accelerating or delaying the timing of the consummation of all or part of the Distribution, at any time prior to the Distribution Date.

Agreements with SG Holdings

In connection with the Separation, we will enter into a separation and distribution agreement and several other agreements with SG Holdings to effect the Separation and provide a framework for our relationship with SG Holdings after the Separation. These agreements will govern the relationship between our company, on the one hand, and SG Holdings and its subsidiaries, on the other hand, subsequent to the Separation (including with respect to transition services, employee matters and tax matters).

In addition to the separation and distribution agreement (which will contain many of the key provisions related to our Separation from SG Holdings and the distribution of our shares of common stock to SG Holdings stockholders), we will also enter into a Tax Matters Agreement and a Shared Services Agreement.

The forms of the principal agreements described below have been or will be filed as exhibits to the registration statement of which this information statement forms a part. The following descriptions of these agreements are summaries of the material terms of these agreements.

Separation and Distribution Agreement

The separation and distribution agreement will govern the overall terms of the Separation and Distribution. On or prior to the Distribution Date, SG Holdings will deliver 30% of the issued and outstanding shares of our common stock to the distribution agent. On or as soon as practicable following the Distribution Date, the distribution agent will electronically deliver the shares of our common stock to SG Holdings stockholders based on the distribution ratio. The SG Holdings' Board may, in its sole and absolute discretion, at any time until the Distribution, decide to abandon or modify the Distribution and to terminate the separation and distribution agreement.

The separation and distribution agreement will also specify those conditions that must be satisfied or waived by SG Holdings prior to the completion of the Separation, which are described further in “—Conditions to the Distribution.”

We and SG Holdings will each agree to indemnify the other and each of the other's current and former directors, officers, and employees, and each of the heirs, executors, administrators, successors, and assigns of any of them, against certain liabilities incurred in connection with the Separation and Distribution and our and SG Holdings' respective businesses. The amount of either SG Holdings or our indemnification obligations will be reduced by any net insurance proceeds the party being indemnified receives. The separation and distribution agreement will also establish procedures for handling claims subject to indemnification and related matters.

Tax Matters Arrangement

In connection with the Separation, we and SG Holdings intend to enter into a tax matters agreement that will contain certain tax matters arrangements and will govern the parties' respective rights, responsibilities, and obligations with respect to taxes, including taxes arising in the ordinary course of business and taxes incurred as a result of the Separation and the Distribution. The tax matters arrangement will also set forth the respective obligations of the parties with respect to the filing of tax returns, the administration of tax contests, and assistance and cooperation on tax matters.

The tax matters arrangement will govern the rights and obligations that we and SG Holdings will have after the Separation with respect to taxes for both pre- and post-closing periods. Under the tax matters arrangement, we will be responsible for (i) any of our taxes for all periods prior to and after the Distribution and (ii) any taxes of the SG Holdings group for periods prior to the Distribution to the extent attributable to the real estate development business. SG Holdings generally will be responsible for any of the taxes of the SG Holdings group other than taxes for which we are responsible. In addition, SG Holdings will be responsible for its taxes arising as a result of the Separation and Distribution. Notwithstanding the foregoing, sales, use, transfer, real property transfer, intangible, recordation, registration, documentary, stamp or similar taxes imposed on the Distribution shall be borne fifty percent (50%) by us and fifty percent (50%) by SG Holdings. SG DevCo shall be entitled to any refund (and any interest thereon received from the applicable tax authority) of taxes for which SG DevCo is responsible for under tax matters arrangement and SG Holdings shall be entitled to any refund (and any interest thereon received from the applicable tax authority) of taxes for which SG Holdings is responsible for under tax matters arrangement.

Each of SG Holdings and SG DevCo will indemnify each other against any taxes allocated to such party under the tax matters agreement and related out-of-pocket costs and expenses.

Shared Services Agreement

In connection with the Separation, we and SG Holdings also intend to enter into a shared services agreement which will set forth the terms on which SG Holdings will provide to us on a transitional basis, certain services or functions that the companies historically have shared. Shared services will include various administrative, accounting, communications/investor relations, human resources, operations/construction services, and strategic management and other support services.

In consideration for such services, we will pay fees to SG Holdings for the services provided, and those fees will generally be in amounts intended to allow SG Holdings to recover all of its direct and indirect costs incurred in providing those services. SG Holdings will charge us a fee for services performed by (i) its employees which shall be a percentage of each employee's base salary based upon an allocation of their business time spent providing such services and (ii) third parties, the fees charged by such third parties. We will also pay SG Holdings for general and administrative expenses incurred by SG Holdings attributable to both the operation of SG Holdings (other than the provision of the services performed by SG Holdings' employees) and the provision of the shared services, including but not limited to information technology, data subscription and corporate overhead expenses, the portion of such costs and expenses that are attributable to the provision of the shared services, as reasonably determined by SG Holdings. We expect that these fees and expenses will aggregate approximately \$20,000 a month, with \$2,000 a month allocated to administrative services, \$3,000 a month allocated to accounting services, \$1,500 a month allocated to communications/investor relations services, \$2,000 a month allocated to human resources services, \$4,000 a month allocated to operations/construction services and \$7,500 a month allocated to strategic management and other support services. The personnel performing services under the shared services agreement will be employees and/or independent contractors of SG Holdings and will not be under our direction or control. We will also reimburse SG Holdings for direct out-of-pocket costs incurred by SG Holdings for third party services provided to us.

Reason for Furnishing this Information Statement

This information statement is being furnished solely to provide information to SG Holdings stockholders who are entitled to receive shares of our common stock in connection with the Distribution. The information statement is not, and is not to be construed as, an inducement or encouragement to buy, hold, or sell any of our securities. We believe the information contained in this information statement is accurate as of the date set forth on the cover. Changes may occur after that date and neither SG Holdings nor we undertake any obligation to update such information except in the normal course of our respective public disclosure obligations.

DIVIDEND POLICY

We currently intend to retain all available funds and future earnings, if any, to fund the development and expansion of our business, and we do not anticipate paying any cash dividends on our common stock in the foreseeable future. Any future determination to pay dividends on our common stock will be made at the discretion of our Board of Directors and will depend on various factors, including applicable laws, our results of operations, financial condition, future prospects, the terms of our outstanding indebtedness, and any other factors deemed relevant by our Board of Directors.

CAPITALIZATION

The following table sets forth our capitalization as of December 31, 2022, on a historical basis and on a pro forma basis to give effect to the pro forma adjustments included in our Unaudited Pro Forma Financial Information. The information below is not necessarily indicative of what our capitalization would have been had the Separation and Distribution been completed as of December 31, 2022. In addition, it is not indicative of our future capitalization. This table should be read in conjunction with “Unaudited Pro Forma Financial Information,” “Management’s Discussion and Analysis of Financial Condition and Results of Operations,” and our historical financial statements and the related notes included elsewhere in this information statement.

Capitalization:	December 31, 2022	
	Historical	Pro Forma
Cash and cash equivalents	\$ 0	\$ []
Shareholders’ equity		
Common stock	1	[]
Additional paid in capital	5,095,345	[]
Accumulated deficit	(2,930,006)	[]
Total shareholder’s equity	2,165,340	[]
Total capitalization	\$ 2,165,340	\$ []

SG DevCo has not yet finalized its post-distribution capitalization. Pro forma financial information reflecting SG DevCo’s post-distribution capitalization will be included in an amendment to this information statement.

UNAUDITED PRO FORMA FINANCIAL STATEMENTS

The Unaudited Pro Forma Financial Information presented below has been derived from SG DevCo's historical financial statements included in this information statement. While the historical financial statements reflect the past financial results of the Spin-Off Business, this pro forma information gives effect to the separation of that business into a separate publicly traded company. The pro forma adjustments to reflect the Separation and Distribution include:

- the separation of the assets and liabilities related to the Spin-Off Business pursuant to the separation and distribution agreement;
- the anticipated post-Separation and Distribution capital structure, including the issuance of [] shares of our common stock to SG Holdings and the distribution of 30% of our issued and outstanding shares of common stock by SG Holdings in connection with the Distribution; and
- the impact of, and transactions contemplated by, the separation and distribution agreement, the tax matters agreement and the shared services agreement.

The pro forma adjustments are based on available information and assumptions our management believes are reasonable; however, such adjustments are subject to change as the costs of operating as a standalone company are determined. In addition, such adjustments are estimates and may not prove to be accurate. The Unaudited Pro Forma Financial Information has been derived from our Historical Financial Statements included in this information statement and includes certain adjustments to give effect to events that are (1) directly attributable to the Separation and Distribution and related transaction agreements, (2) factually supportable, and (3) with respect to the statement of operations, expected to have a continuing impact on SG DevCo. Any change in costs or expenses associated with operating as a standalone company would constitute projected amounts based on estimates and, therefore, are not factually supportable; as such, the Unaudited Pro Forma Financial Information has not been adjusted for any such estimated changes. Only costs that management has determined to be factually supportable and recurring are included as pro forma adjustments, including the items described above. Incremental costs and expenses associated with operating as a standalone company, which are not reflected in the Unaudited Pro Forma Financial Information, are not practical to estimate as of the date of this filing.

The Unaudited Pro Forma Statement of Operations for the period February 17, 2021 (Inception) through December 31, 2021 and the year ended December 31, 2022 has been prepared as though the Distribution occurred on February 17, 2021. The Unaudited Pro Forma Balance Sheet at December 31, 2022 has been prepared as though the distribution occurred on December 31, 2022. The Unaudited Pro Forma Financial Information is for illustrative purposes only, and does not reflect what our financial position and results of operations would have been had the distribution occurred on the dates indicated and is not necessarily indicative of our future financial position and future results of operations.

The Unaudited Pro Forma Financial Information should be read in conjunction with our historical financial information, "Capitalization" and "Management's Discussion and Analysis of Financial Condition and Results of Operations" included elsewhere in this information statement. The Unaudited Pro Forma Financial Information constitutes forward-looking information and is subject to certain risks and uncertainties that could cause actual results to differ materially from those anticipated. See "Cautionary Note Regarding Forward-Looking Statements" included elsewhere in this information statement.

SAFE AND GREEN DEVELOPMENT CORPORATION
UNAUDITED PRO FORMA BALANCE SHEET

As of December 31, 2022

	<u>As Reported</u>	<u>Pro Forma Adjustments</u>	<u>Pro Forma</u>
Assets			
Current assets:			
Cash	\$ 720		
Assets held for sale	4,396,826	[]	[]
Land	1,190,655	[]	[]
Project development costs and other non-current assets	55,732	[]	[]
Equity-based investments	3,599,945	[]	[]
Other current assets	25,040		
Total Assets	<u>\$ 9,268,918</u>	<u>[]</u>	<u>[]</u>
Liabilities and Stockholders' Equity			
Current liabilities:			
Accounts payable and accrued expenses	\$ 255,278	\$ []	[]
Due to affiliates	4,200,000	[]	[]
Short term note payable, net	2,648,300	[]	[]
Total current liabilities	<u>7,103,578</u>	<u>[]</u>	<u>[]</u>
Stockholders' equity:			
Common stock	1	[]	[]
Additional paid-in capital	5,095,345	[]	[]
Accumulated deficit	(2,930,006)	[]	[]
Total stockholders' equity	<u>2,165,340</u>	<u>[]</u>	<u>[]</u>
Total Liabilities and Stockholders' Equity	<u>\$ 9,268,918</u>	<u>[]</u>	<u>[]</u>

SAFE AND GREEN DEVELOPMENT CORPORATION
UNAUDITED PRO FORMA STATEMENT OF OPERATIONS

For the year ended December 31 2022

	<i>As Reported</i> <u>(Unaudited)</u>	<i>Pro Forma Adjustments</i> <u>(Unaudited)</u>	<i>Pro Forma</i> <u>(Unaudited)</u>
Operating expenses:			
Payroll and related expenses	\$ 1,106,997	[]	[]
General and administrative expenses	998,717	[]	[]
Marketing and business development expense	32,152	[]	[]
Total	<u>2,137,866</u>	<u>[]</u>	<u>[]</u>
Operating loss	<u>(2,137,866)</u>	<u>[]</u>	<u>[]</u>
Other income (expense):			
Interest Expense	(306,393)	[]	[]
Net loss	<u>(2,444,259)</u>	<u>[]</u>	<u>[]</u>
Net loss per share			
Basic and diluted	<u>\$ (2,444.26)</u>	<u>[]</u>	<u>[]</u>
Weighted average shares outstanding:			
Basic and diluted	<u>1,000</u>	<u>[]</u>	<u>[]</u>

SAFE AND GREEN DEVELOPMENT CORPORATION
UNAUDITED PRO FORMA STATEMENT OF OPERATIONS

For the period February 17, 2021 (Inception) through December 31, 2021

	<u><i>As Reported</i></u> (Unaudited)	<u><i>Pro Forma</i></u> <u><i>Adjustments</i></u> (Unaudited)	<u><i>Pro Forma</i></u> (Unaudited)
Operating expenses:			
Payroll and related expenses	199,919	[]	[]
General and administrative expenses	272,271	[]	[]
Marketing and business development expense	13,557	[]	[]
Total	<u>485,747</u>	<u>[]</u>	<u>[]</u>
Operating loss	(485,747)	[]	[]
Other income (expense):			
Interest Expense	—	[]	[]
Net loss	<u>(485,747)</u>	<u>[]</u>	<u>[]</u>
Net loss per share			
Basic and diluted	<u>\$ (487.75)</u>	<u>\$ []</u>	<u>[]</u>
Weighted average shares outstanding:			
Basic and diluted	<u>1,000</u>	<u>[]</u>	<u>[]</u>

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

You should read the following Management's Discussion and Analysis of Financial Condition and Results of Operations ("MD&A") in conjunction with the Historical Financial Statements and corresponding notes and the Unaudited Pro Forma Financial Information and corresponding notes included elsewhere in this information statement. This MD&A contains forward-looking statements. The matters discussed in these forward-looking statements are subject to risk, uncertainties, and other factors that could cause actual results to differ materially from those projected or implied in the forward-looking statements. Please see "Risk Factors" and "Special Note Regarding Forward-Looking Statements" for a discussion of the uncertainties, risks, and assumptions associated with these statements.

Overview

The Company. We were formed in 2021 by SG Holdings for the purpose of real property development utilizing SG Holdings' proprietary technologies and SG Holdings' manufacturing facilities. Our current business focus is primarily on the direct acquisition and indirect investment in properties nationally that will be further developed in the future into green single or multi-family projects. To date, we have not generated any revenue and our activities have consisted solely of the acquisition of three properties and an investment in two entities that have acquired two properties to be further developed; however we have not yet commenced any development activities. We are focused on increasing our presence in markets with favorable job formation and a favorable demand/supply ratio for multifamily housing. We intend to construct many of the planned developments using modules built by SG Echo, LLC, a subsidiary of SG Holdings and to rely on SG Holdings and SG Echo as the sole source of the modular units used in our projects. In addition to these development projects, we intend, subject to our ability to raise sufficient capital, to build additional, strategically placed manufacturing facilities that will be sold or leased to third parties. We also intend to build manufacturing sites for lease to SG Echo near our project sites in order to support SG Holdings' \$6,810,762 backlog of signed construction and engineering contracts in existence at December 31, 2022 and take advantage of cost savings for transportation of modules. We intend to build our first manufacturing facility on the land owned by us in St Mary's, GA. We expect that this facility will be fully operational by Q3 2024 and will fulfill the need for modular units at both our Norman Berry and Cumberland Inlet projects. Our business model is flexible and we anticipate developing properties on our own and also through joint ventures in which we partner with third-party equity investors or other developers.

We intend to develop the properties that we own from the proceeds of future financings, both at the corporate and project level, and / or sale proceeds from properties that are sold. However, our ability to develop any properties will be subject to our ability to raise capital either through the sale of equity or by incurring debt. We have forecasted to invest approximately \$1.6 million over the course of the next 12 months to start the development of three different projects, subject to our ability to raise additional capital.

The projects we intend to develop over the next 12 months are:

- Finley Street Apartments (165 Units), the first phase of our Cumberland Inlet Site
- St Mary's Industrial, a 120,000 SF Manufacturing Facility to be leased by SG Echo
- Magnolia Gardens I (100 Units), the first phase of our McLean Mixed Use Site

In the event due to SG Holdings' backlog or otherwise we are unable to secure sufficient modular units to complete our developments using modules built by SG Echo, our business, prospects, financial condition, results of operations, and cash flows may be materially and adversely affected. See "Risk Factors - Risks Related to Our Business Generally".

The Proposed Separation. In December 2022, we announced our plan to separate into two publicly traded companies. The Separation will occur through a pro rata distribution to SG Holdings' stockholders of 30% of the outstanding shares of common stock of SG DevCo, a wholly owned subsidiary of SG Holdings, that holds the assets and liabilities associated with SG Holdings' real estate development business. In connection with the Distribution, each SG Holdings stockholder will receive 1.048 shares of SG DevCo common stock for every five (5) shares of SG Holdings common stock held as of the close of business on [], 2023 the record date for the Distribution.

The Separation is subject to a number of conditions, including, but not limited to: final approval by SG Holdings Board of Directors; the SEC will have declared effective our registration statement on Form 10, of which this information statement is a part, under the Exchange Act; and no stop order suspending the effectiveness of our registration statement on Form 10 will be in effect; this information statement having been made available to SG Holdings' stockholders; Nasdaq will have approved the listing of SG DevCo common stock, subject to official notice of issuance; and no events or developments shall have occurred or exist that, in the sole and absolute judgment of the SG Holdings Board of Directors, make it inadvisable to effect the Distribution or would result in the Distribution and related transactions not being in the best interest of SG Holdings or its stockholders.

SG DevCo will enter into a separation and distribution agreement and several other agreements with SG Holdings to provide a framework for our relationship with SG Holdings after the Separation and Distribution. These agreements will provide for the allocation between SG Holdings and SG DevCo of the assets, employees, liabilities and obligations (including, among others, investments, property, employee benefits and tax-related assets and liabilities) of SG Holdings and its subsidiaries attributable to periods prior to, at and after the Separation and will govern the relationship between us and SG Holdings subsequent to the completion of the Separation. In addition to the separation and distribution agreement, the other principal agreements to be entered into with SG Holdings include a tax matters agreement and a shared services agreement.

SG Holdings may, at any time and for any reason until the Separation and Distribution is complete, abandon the separation plan or modify its terms.

Basis of Presentation. The historical financial statements of SG DevCo are prepared in conformity with accounting principles generally accepted in the United States of America (GAAP). In accordance with GAAP, certain situations require management to make estimates based on judgments and assumptions, which may affect the reported amounts of assets and liabilities or contingent liabilities at the date of the financial statements. They also may affect the reported amounts of expenses during the reporting periods. Actual results could differ from those estimates upon subsequent resolution of identified matters. The historical financial statements of SG DevCo are prepared from SG Holdings' historical accounting records and are presented on a standalone basis as if the Spin-Off Business has been conducted independently from SG Holdings.

Impact of Coronavirus (COVID-19). With the global spread of the ongoing novel coronavirus (“COVID-19”) pandemic, we have implemented business continuity plans designed to address and mitigate the impact of the COVID-19 pandemic on our business. To date, we have experienced some delays in projects due to COVID-19. Any further quarantines, containment and eradication solutions, travel restrictions, absenteeism by infected workers, labor shortages or other disruptions to suppliers and contract manufacturers or customers would likely adversely impact our operating results and result in further project delays.

Recent Developments

On March 30, 2023, our wholly owned subsidiary entered into an agreement to secure financing to pay off the note in the principal amount of \$2,000,000 that we issued on July 14, 2021 and the note in the principal amount of \$500,000 that we issued[], both of which were secured by a Deed of Trust on the Lago Vista property by issuing a new note in the principal amount of \$5,000,000 note which is secured by a Deed of Trust on the Lago Vista property and SG DevCorp.’s McLean site in Durant, Oklahoma.

Results of Operations

We have never generated any revenue and have incurred significant net losses in each year since inception. For the year ended December 31, 2022 we incurred a net loss of \$2,444,259 as compared to a net loss of \$485,747 for the period from February 17, 2021 through December 31, 2021. We expect to incur increasing losses in the future when we commence development of the properties we own .

To date, a significant portion of our funding has been provided by SG Holdings. We have issued a note dated December 19, 2021 in the principal amount of \$4,200,000 that we issued to SG Holdings for loans that SG Holdings made to us that were used to acquire properties. The note is due upon demand and is non-interest bearing

Results of Operations for the Year Ended December 31, 2022 and Period Ended December 31, 2021

The discussion of the operations for the year ended December 31, 2022 includes our operations for the year; however, the discussion of the operations for the period ended December 31, 2021 only includes operations from February 17, 2021 through December 31, 2021. Accordingly, the results of operations reported for the year ended December 31, 2022 and the period ended December 31, 2021 are not comparable.

	For the Year Ended December 31, 2022	For the Period February 17, 2021 through December, 2021
Total Payroll and related expenses	\$ 1,106,997	\$ 199,918
Total Other operating expenses	1,030,869	285,828
Operating loss	<u>\$ (2,137,866)</u>	<u>(485,747)</u>
Interest expense	(306,393)	-
Net loss	<u>\$ (2,444,259)</u>	<u>\$ (485,747)</u>

Payroll and Related Expenses

Payroll and related expenses for the year ended December 31, 2022 were \$1,106,997 compared to \$199,918 for the period ended December 31, 2021. This increase of \$907,079 in expenses allocated to us by SG Holdings during the year ended December 31, 2022 as compared to the period ended December 31, 2021 resulted from a full twelve month period as well as additional efforts of personnel during 2022, as well as increased salaries of the five employees of SG Holdings who devoted time to us. In addition, the Company stopped capitalizing project development costs at the time the Lago Vista was held for sale.

Other Operating Expenses (General and administrative expenses and marketing and business development expenses)

Other operating expenses for the year ended December 31, 2022 were \$1,030,869 compared to \$285,828 for the period ended December 31, 2021. These expenses were allocated to us by SG Holdings and consisted of legal fees, professional fees, rent, office expenses, insurance and other general and administrative expenses. This increase of \$745,041 in expenses allocated to us by SG Holdings during the year ended December 31, 2022 as compared to the period ended December 31, 2021 resulted from a full twelve month period as well as additional costs incurred during 2022.

Income Tax Provision

A 100% valuation allowance was provided against the deferred tax asset consisting of available net operating loss carry forwards and, accordingly, no income tax benefit was provided.

Our operations for the year ended December 31, 2022 and the period ended December 31, 2021 may not be indicative of our future operations.

Liquidity and Capital Resources

As of December 31, 2022 we had cash of \$720. Historically, our operations have primarily been funded through advances from SG Holdings and we have been largely dependent upon SG Holdings for funding. These factors raise substantial doubt that we will be able to continue as a going concern. The report of our independent registered public accounting firm includes an explanatory paragraph that our auditors have expressed substantial doubt that we will be able to continue as a going concern. We currently do not have any committed sources of financing. We have also funded operations through two lien notes in the aggregate amount of \$2,500,000 on the Lago Vista property, which were paid off in March 2023 in connection with the refinancing described below and one secured note in the amount of \$148,300 on the St. Mary's industrial site.

On March 31, 2023, LV Peninsula Holding LLC ("LV Peninsula"), a Texas limited liability company and our wholly owned subsidiary pursuant to a Loan Agreement, dated March 30, 2023 (the "Loan Agreement"), issued a promissory note, in the principal amount of \$5,000,000 (the "LV Note"), secured by a Deed of Trust and Security Agreement, dated March 30, 2023 (the "Deed of Trust") on our Lake Travis project site in Lago Vista, Texas, a related Assignment of Contract Rights, dated March 30, 2023 ("Assignment of Rights"), on our project site in Lago Vista, Texas and McLean site in Durant, Oklahoma and a Mortgage, dated March 30, 2023 ("Mortgage"), on our site in Durant, Oklahoma.

The proceeds of the LV Note were used to pay off our outstanding Real Estate Lien Note, dated July 14, 2021, in the principal amount of \$2,000,000 (the "Short-Term Note"), on the Lake Travis project site in Lago Vista, Texas and our Second Lien Note, dated September 8, 2022, in the principal amount of \$500,000 (the "Second Short-Term Note"), on the Lake Travis project site in Lago Vista, Texas. The LV Note requires monthly installments of interest only, is due on April 1, 2024 and bears interest at the prime rate as published in the Wall Street Journal (currently 8.0%) plus five and 50/100 percent (5.50%), currently equaling 13.5%; provided that in no event will the interest rate be less than a floor rate of 13.5%. The LV Peninsula obligations under the LV Note have been guaranteed by us, pursuant to a Guaranty, dated March 30, 2023 (the "Guaranty"), and may be prepaid by LV Peninsula at any time without interest or penalty.

The net loan proceeds were approximately \$1,337,000, after loan commission fees of \$250,000, broker fees of \$125,000, the escrow of a 12-month \$675,000 interest reserve, other closing fees and the repayment of the Short-Term Note and Second Short-Term Note. The Lago Vista property has been listed for sale. There can be no assurance that we will be successful in selling the Lago Vista property and that we will receive anticipated proceeds from such sale.

The note on the St. Mary's industrial site has a maturity date of September 1, 2023, subject to our right to extend for 6 months upon payment of a fee equal to 1% of the principal balance of the note and provides for payments of interest only at a rate of nine and three quarters percent (9.75%) per annum. This note could be prepaid without penalty, provided, however, if the lender has not received six months of interest, we must pay the lender an amount equivalent to the months of interest necessary to complete six months of interest. In addition, at the time of payment in full of the note, we must pay the lender an amount equivalent to half of one percent (0.50%) of the original loan amount. To secure payment in full of the note, the note is secured by a security deed in the property with power of the lender to sell the property.

There is no guarantee we will be successful in raising capital outside of our current sources, and if so, that we will be able to do so on favorable terms.

We intend to develop the properties that we own from the proceeds of future financings or sales proceeds from properties that are sold. To date, we have not generated revenue sufficient to develop any properties and have focused on property acquisitions not development activities. We have forecasted to invest approximately \$1.6 million over the course of the next 12 months to start the development of three different projects, subject to our ability to raise additional capital either through the sale of equity or by incurring debt. We anticipate that we will incur as additional \$1.5 million of expenses for payroll, legal & other general costs associated with being a publicly traded company once the spin-off is completed.

To date, a significant portion of our funding has been provided by SG Holdings. We have issued a note dated December 19, 2021 in the principal amount of \$4,200,000 that we issued to SG Holdings for loans that SG Holdings made to us that were used to acquire properties. The note is due upon demand and is non-interest bearing.

Cash Flow Summary

	For the Year Ended December 31, 2022	For the Period February 17, 2021 through December 31, 2021
Net cash used in:		
Operating activities	\$ (2,316,170)	\$ 3,844,442
Investing activities	(1,397,022)	(7,822,410)
Financing activities	3,713,912	3,977,968
Net increase in cash and cash equivalents	<u>\$ 720</u>	<u>\$ -</u>

Operating activities used net cash of \$2,316,170 during the year ended December 31, 2022, and provided cash of \$3,844,442 during the period February 17, 2021 through December 31, 2021. Cash used in operating activities increased by \$6,160,612 due to an increase of net loss of \$1,675,897 offset by \$4,200,000 received from due to affiliates during 2021.

Investing activities used net cash of \$1,397,022 during the year ended December 31 2022, and \$7,822,410 net cash during the period February 17, 2021 through December 31, 2021 a decrease in cash used of \$6,425,388. This change results primarily from fewer land purchases during 2022 and fewer investments. During the period February 17, 2021 through December 31, 2021, we made investments in minority interests in Norman Berry II Owners LLC and JDI-Cumberland Inlet LLC.

Cash provided from financing activities was \$3,713,912 during the year ended December 31, 2022 due to contributions we received from SG Holdings and to a lesser extent proceeds from short-term notes payable. Cash provided from financing activities was \$3,977,968 during the period February 17, 2021 through December 31, 2021 due to contributions we received from SG Holdings and proceeds from short-term notes payable. This change resulted primarily from \$2,000,000 of proceeds from a short-term note issued during 2021 associated with Lago Vista property and additional contributions from SG Holdings.

Off-Balance Sheet Arrangements

As of December 31, 2022 and 2021, we had no material off-balance sheet arrangements to which we are a party.

Critical Accounting Estimates

Our financial statements have been prepared using generally accepted accounting principles in the United States of America (“GAAP”). In connection with the preparation of the financial statements, we are required to make assumptions and estimates and apply judgments that affect the reported amounts of assets, liabilities, revenue, and expenses, and the related disclosures. We base our assumptions, estimates, and judgments on historical experience, current trends, and other factors that we believe to be relevant at the time the financial statements are prepared. On a regular basis, we review the accounting policies, assumptions, estimates, and judgments to ensure that our financial statements are presented fairly and in accordance with GAAP. However, because future events and their effects cannot be determined with certainty, actual results could differ from our assumptions and estimates, and such differences could be material.

Our significant accounting policies are discussed in “Note 2— Summary of Significant Accounting Policies” of the notes to our financial statements for the year ended December 31, 2022 included elsewhere in this Information Statement. We believe that the following accounting policies are the most critical in fully understanding and evaluating our reported financial results.

Investment Entities – On May 31, 2021, we agreed to contribute \$600,000 to acquire a 50% membership interest in Norman Berry II Owner LLC (“Norman Berry”). We contributed \$350,329 and \$114,433 of the initial \$600,000 in the second quarter and third quarter of 2021 respectively, with the remaining \$135,183 funded in the fourth quarter of 2021. The purpose of Norman Berry is to develop and provide affordable housing in the Atlanta, Georgia metropolitan area. We have determined we are not the primary beneficiary of Norman Berry and thus will not consolidate the activities in our financial statements. We use the equity method to report the activities as an investment in our financial statements.

On June 24, 2021, we entered into an operating agreement with Jacoby Development for a 10% non-dilutable equity interest for JDI-Cumberland Inlet, LLC (“Cumberland”). We contributed \$3,000,000 for our 10% equity interest. The purpose of Cumberland is to develop a waterfront parcel in a mixed-use destination community. We have determined we are not the primary beneficiary of Cumberland and thus will not consolidate the activities in our financial statements. We use the equity method to report the activities as an investment in our financial statements.

During the year ended December 31, 2022, Norman Berry and Cumberland did not have any material earnings or losses as the investments are in development. In addition, management believes there was no impairment as of December 31, 2022.

Property, plant and equipment – Property, plant and equipment is stated at cost. Depreciation is computed using the straight-line method over the estimated lives of each asset. Repairs and maintenance are charged to expense when incurred.

On May 10, 2021 we acquired a 50+ acre Lake Travis project site in Lago Vista, Texas (“Lago Vista”) for \$3,576,130 which is recorded in assets held for sale on the accompanying balance sheets.

During February 2022 and September 2022, we acquired properties in Oklahoma and Georgia for \$893,785 and \$296,870, respectively, which is recorded as land on the accompanying balance sheets.

Project Development Costs – Project development costs are stated at cost. At December 31, 2022, the Company’s project development costs are expenses incurred related to development costs on various projects that are capitalized during the period the project is under development. As of December 31, 2022, \$820,696 of project development costs related to Lago Vista are included in assets held for sale.

Assets Held For Sale– During 2022, management has implemented a plan to sell Lago Vista, which meets all of the criteria required to classify it as an Assets Held for Sale. Including the project development costs associated with Lago Vista of \$844,861, the book value is now \$4,420,991

JOBS Act

The JOBS Act permits an emerging growth company such as us to take advantage of an extended transition period to comply with new or revised accounting standards applicable to public companies until those standards would otherwise apply to private companies. We have elected to avail ourselves of the extended transition period for complying with new or revised financial accounting standards.

We will remain an emerging growth company until the earliest of (i) the last day of the fiscal year (a) following the fifth anniversary of the date of the first sale of our common stock pursuant to an effective registration statement under the Securities Act, (b) in which we have total annual revenue of at least \$1.235 billion, or (c) in which we are deemed to be a large accelerated filer, which generally means the market value of our common equity that is held by non-affiliates exceeds \$700 million as of the end of the prior fiscal year’s second fiscal quarter; and (2) the date on which we have issued more than \$1 billion in non-convertible debt securities during the prior three-year period.

BUSINESS

We were formed in 2021 for the purpose of real property development utilizing SG Holdings' proprietary technologies and SG Holdings' manufacturing facilities. Our current business focus is primarily on the direct acquisition and indirect investment in properties nationally that will be further developed in the future into green single or multi-family projects. To date, we have not generated any revenue and our activities have consisted solely of the acquisition of three properties and an investment in two entities that have acquired two properties to be further developed; however we have not yet commenced any development activities. We are focused on increasing our presence in markets with favorable job formation and a favorable demand/supply ratio for multifamily housing. We intend to construct many of the developments using modules built by SG Echo, LLC, a subsidiary of SG Holdings ("SG Echo") and to rely on SG Holdings and SG Echo as the sole source of the modular units used in our projects. In addition to these planned development projects, we intend, subject to our ability to raise sufficient capital, to build additional, strategically placed manufacturing facilities that will be sold or leased to third parties. We also intend to build manufacturing sites for lease to SG Echo near our project sites in order to support SG Holdings' \$6,810,762 backlog of signed construction and engineering contracts in existence at December 31, 2022 and take advantage of cost savings for transportation of modules. We intend to build our first manufacturing facility on the land owned by us in St Mary's, GA. We expect that this facility will be fully operational by Q3 2024 and will fulfill the need for modular units at both our Norman Berry and Cumberland Inlet projects. Our business model is flexible and we anticipate developing properties on our own and also through joint ventures in which we partner with third-party equity investors or other developers.

We intend to develop the properties that we own from the proceeds of future financings, both at the corporate and project level, and / or sale proceeds from properties that are sold. However, our ability to develop any properties will be subject to our ability to raise capital either through the sale of equity or by incurring debt. We have forecasted to invest approximately \$1.6 million over the course of the next 12 months to start the development of three different projects, subject to our ability to raise additional capital.

The projects we intend to develop over the next 12 months are:

- Finley Street Apartments (165 Units), the first phase of our Cumberland Inlet Site
- St Mary's Industrial, a 120,000 SF Manufacturing Facility to be leased by SG Echo
- Magnolia Gardens I (100 Units), the first phase of our McLean Mixed Use Site

In the event due to SG Holdings' backlog or otherwise, we are unable to secure sufficient modular units to complete our developments using modules built by SG Echo our business, prospects, financial condition, results of operations, and cash flows may be materially and adversely affected. See "Risk Factors - Risks Related to Our Business Generally".

Organizational Chart Pre-Spin Off and Post-Spin Off

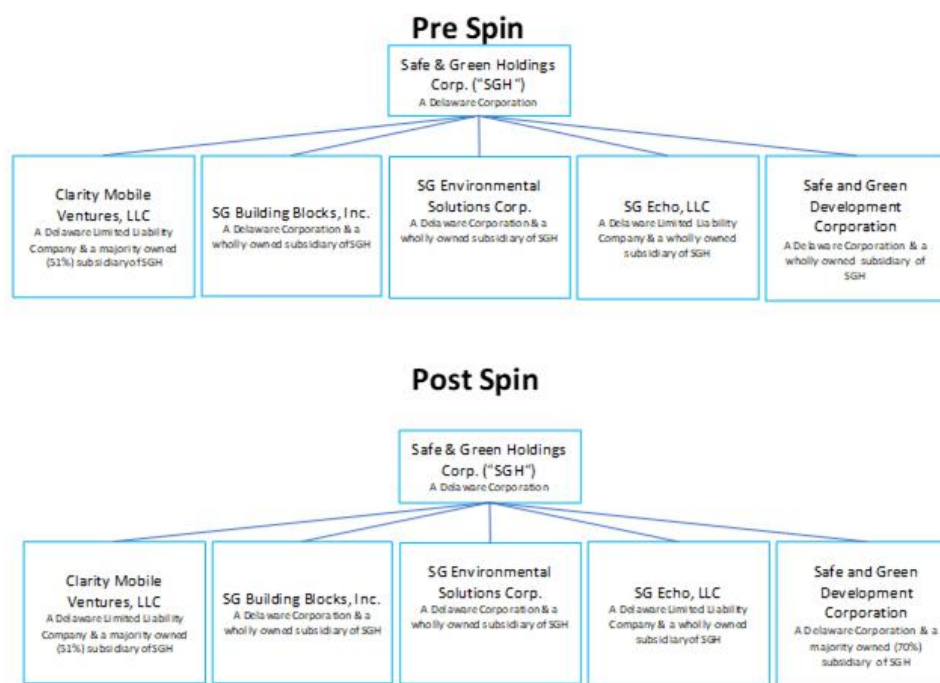
Set forth below is an organizational diagram detailing our corporate structure before and after the spin-off.

Currently, SG Holdings operates through its four wholly owned subsidiaries and one 51% owned subsidiary subsidiaries in the following four segments: (i) manufacturing, (ii) medical, (iii) real estate and (iv) environmental. We are the real estate development focused subsidiary that owns properties and interest in properties to be developed. SG Echo is a container/modular manufacturer based in Durant, Oklahoma specializing in the design and construction of permanent modular and temporary modular buildings. Clarity Mobile Ventures provides clinical lab testing at modules supplied by SG Echo. SG Environmental Solutions Corp is engaged in the business of medical and waste management. SG Buildings Blocks provides administrative services, such as billing services, to SG Holdings.

To date, a significant portion of our funding has been provided by SG Holdings. We have issued a note dated December 19, 2021 in the principal amount of \$4,200,000 that we issued to SG Holdings for loans that SG Holdings made to us that were used to acquire properties. The note is due upon demand and is non-interest bearing.

Immediately after the completion of the spin-off, we will no longer be a wholly owned subsidiary of SG Holdings and instead we will be a majority owned subsidiary of SG Holdings, with 70% of our outstanding common stock being owned by SG Holdings and the remaining 30% being owned by the shareholders of SG Holdings.

It is anticipated that both prior to and after the spin-off we will use the services of SG Echo to develop the properties that we own or have an interest in and SG Holdings will provide many ongoing services that it currently provides such as information technology, finance, human resources, compliance, legal, and other support services. Commencing upon the closing of the spin-off, we will pay SG Holdings fees for these services pursuant to the terms of a shared services agreement.



Housing Industry

The multifamily housing industry is growing. Multi-family dwellings have numerous competitive advantages, including:

- lower construction costs;
- on-site amenities including clubhouses, landscaping, maintenance, and lower insurance costs;
- efficient land use;
- residential populations large enough to support neighborhood retail and public transportation;
- the creation of open, public space; and
- providing residential options for an increasing number of single-person and empty-nester households.

The National Multifamily Housing Council and National Apartment Association shared that the United States would need approximately 4.3 million new apartments by 2035 to meet the rising demand for housing. One contributing factor in the current supply/demand imbalance was the 2008 recession, which significantly slowed new building projects. Another more recent and significant factor is the move to remote work as a result of the Covid-19 pandemic. The workforce gained the ability to move to different areas while continuing to access remote employment opportunities. This has sparked massive migration patterns to states that offer a higher quality of life with a lower cost of living. In addition, CBRE forecasts that the U.S. multifamily sector is expected to perform above average in 2023 despite economic headwinds and ongoing capital markets disruptions. According to CBRE, strong housing fundamentals should keep occupancy rates above 95% and drive 4% rent growth.

Joint Venture and Partnership Activities

We have entered into, and may continue in the future to enter into, joint ventures (including limited liability companies or partnerships) through which we would own an indirect economic interest of less than 100% of the property owned directly by such joint ventures. Our decision to either develop a property on our own or through a joint venture is based on a variety of factors and considerations, including: (i) the economic and tax terms required by the seller of land; (ii) our desire to diversify our portfolio of communities by market, submarket and product type; (iii) our desire at times to preserve our capital resources to maintain liquidity or balance sheet strength; and (iv) our projections, in some circumstances, that we will achieve higher returns on our invested capital or reduce our risk if a joint venture vehicle is used. Each joint venture agreement is individually negotiated, and our ability to operate and/or dispose of a community in our sole discretion may be limited to varying degrees depending on the terms of the joint venture agreement.

Current Projects/Development Sites

Lago Vista. On May 10, 2021, we acquired a 50+ acre site in Lago Vista, Texas for \$3.5 million, paid in cash, pursuant to an Unimproved Property Contract, dated February 25, 2021, with Northport Harbor LLC. The acquired parcel sits on Lake Travis on the Colorado River in central Texas. We acquired the property and were able to successfully get a PDD approved for 174 condominium units, which was further amended to include the option of building rental units on the property. As a result of obtaining the site approval and market conditions, the property's value increased significantly from the time of purchase. Accordingly, we determined to list the undeveloped property for sale.

On July 14, 2021, we issued a Real Estate Lien Note, dated July 14, 2021, in the principal amount of \$2.0 million (the “Short Term Note”), secured by a Deed of Trust, dated July 14, 2021, on the Lake Travis project site in Lago Vista, Texas and a related Assignment of Leases and Rents, dated July 8, 2021, for net loan proceeds of \$1,958,233 after fees. The Note had a term of one (1) year, provided for payments of interest only at a rate of twelve percent (12%) per annum and could be prepaid without penalty commencing nine (9) months after its issuance date. If the Note was prepaid prior to nine (9) months after its issuance date, a 0.5% prepayment penalty would be due. This Note was initially extended until January 14, 2023 and was further extended until February 1, 2024. In addition, on September 8, 2022, we issued a Second Lien Note in the principal amount of \$500,000 (the “Second Short-Term Note” also secured by a Deed of Trust on the Lake Travis project site in Lago Vista, Texas. The Second Short-Term Note Lien provided for payments of interest only at a rate of twelve percent (12%) per annum and originally matured on January 14, 2023, which maturity date was extended until February 1, 2024.

On March 31, 2023, LV Peninsula Holding LLC (“LV Peninsula”), a Texas limited liability company and our wholly-owned subsidiary, pursuant to a Loan Agreement, dated March 30, 2023 (the “Loan Agreement”), issued a promissory note, in the principal amount of \$5,000,000 (the “LV Note”), secured by a Deed of Trust and Security Agreement, dated March 30, 2023 (the “Deed of Trust”) on our Lake Travis project site in Lago Vista, Texas, a related Assignment of Contract Rights, dated March 30, 2023 (“Assignment of Rights”), on our project site in Lago Vista, Texas and McLean site in Durant, Oklahoma and a Mortgage, dated March 30, 2023 (“Mortgage”), on our site in Durant, Oklahoma.

The proceeds of the LV Note were used to pay off the Short-Term Note and the Second Short-Term Note. The LV Note requires monthly installments of interest only, is due on April 1, 2024 and bears interest at the prime rate as published in the Wall Street Journal (currently 8.0%) plus five and 50/100 percent (5.50%), currently equaling 13.5%; provided that in no event will the interest rate be less than a floor rate of 13.5%. The LV Peninsula obligations under the LV Note have been guaranteed by us pursuant to a Guaranty, dated March 30, 2023 (the “Guaranty”), and may be prepaid by LV Peninsula at any time without interest or penalty.

The net loan proceeds were approximately \$1,337,000, after loan commission fees of \$250,000, broker fees of \$125,000, the escrow of a 12-month \$675,000 interest reserve, other closing fees and the repayment of the Short-Term Note and Second Short-Term Note. We intend to use the proceeds from the sale of the property for its other development projects.

Norman Berry Village. On May 31, 2021, we acquired a 50% membership interest for \$600,000 in a limited liability company, Norman Berry II Owners, LLC (“NB Owners”), that is building affordable housing in the Atlanta, Georgia metropolitan area to be known as “Norman Berry Village.” We partnered with CMC Development Group (“CMC”), a New York City-based real estate development firm with national expertise providing design build services. CMC owns the other 50% membership interest in NB Owners. The NB Owners’ operating agreement provides that NB Owners will initially have two managers, one designated by CMC (the “CMC Manager”) and one designated by us. Pursuant to the operating agreement, the CMC Manager will manage the day-to-day business and affairs of NB Owners and all non-routine decisions requires the approval of members owning a majority of the outstanding membership interests. The operating agreement also provides that any fee earned by CMC in connection with the acquisition and development of the Norman Berry Village and related real property will be split 75% to CMC and 25% to us. We have no obligation under the operating agreement to make any additional capital contributions to NB Owners. In addition, neither we nor CMC may voluntarily make any additional capital contributions to NB Owners. In accordance with the operating agreement, we are entitled to a preferred return equal to 10% per annum on our unreturned capital contributions which return will (i) accrue from the date on which our capital contributions were actually contributed to NB Owners until the date such capital contributions are returned to us, and (ii) compound annually. We expect the project to develop 125,000 square feet of space and build approximately 132 multi-family rental apartments in two buildings. We expect the project to commence in the first quarter of 2024, subject to available funding, and to be completed within three years of commencement for estimated development costs for this project is approximately \$35 million dollars.

Cumberland Inlet. On June 24, 2021, we, as a member, entered into an Operating Agreement, with Jacoby Development, Inc., a Georgia corporation (“JDI”), as manager, dated June 24, 2021 (the “Operating Agreement”), for JDI-Cumberland Inlet, LLC, a Georgia limited liability company (“JDI-Cumberland”), pursuant to which we acquired a 10% non-dilutable equity interest (“LLC Interest”) in JDI-Cumberland for \$3.0 million. JDI-Cumberland has purchased a 1,298 acre waterfront parcel in downtown historic St. Mary’s, Georgia and expects to develop approximately 352 acres thereof (the “Project”). We, in conjunction with JDI, expect to develop a mixed-use destination community. The location will serve as home to 3,500 units made up of single family, multi-family, vacation and hospitality use, as well as a full-service marina, village, and upscale Eco-Tourism park inclusive of camping, yurts, cabins and cottages.

We have no obligation under the Operating Agreement to make any additional capital contributions to JDI-Cumberland. The Operating Agreement provides JDI with the right, at its option, to purchase the LLC Interest from us on or before June 24, 2023 for \$3.0 million, plus an amount equal to an annual internal rate of return (IRR) on such funds of forty (40%) percent (i.e., \$1.2 million annualized). After June 24, 2023, the Operating Agreement provides JDI with the right, at its option, to purchase the LLC Interest from us for \$3.0 million, plus an amount equal to an IRR of thirty-two and one-half (32.5%) percent (i.e., \$975,000 annualized). The Operating Agreement also provides that if JDI receives a good faith, bona fide written offer from an unaffiliated third party to purchase all or any portion of the Project, JDI shall first offer the Project to us at the same price and upon substantially the same terms as are contained in the offer. The Operating Agreement contains certain protective provisions that prevent JDI, as manager, from determining to, or taking, certain significant actions without our consent. SG Echo, a subsidiary of SG Holdings, entered into a Fabrication and Building Services Agreement (“Building Services Agreement”) with JDI-Cumberland to design, fabricate and install various improvements for the Project using modular structures, pursuant to budgets prepared by SG Echo submitted for approval to JDI-Cumberland, including a marina, town center, apartments and single family units, townhomes, commercial, retail and lodging buildings/structures, eco-tourism park, camping yurts, cabins and cottages. The Building Services Agreement has an initial term of three years, with two-year automatic renewal provisions. During the term of the Building Services Agreement, SG Echo will have a right of first refusal with respect to each phase of the construction of the project buildings. If SG Echo’s quote for a given phase is no more than five percent more than the average of all bona fide, arm’s length bids that JDI-Cumberland obtains from reputable, unaffiliated builders, the phase will be awarded to SG Echo. In the event that SG Echo’s quote for a given phase is more than five percent more than the average of all bona fide arm’s length bids JDI-Cumberland obtains from reputable, unaffiliated builders, SG Echo will have the right to match such best bona fide, arm’s length offer and secure the work.

We anticipate that the first phase of development activities at this site will be the construction of 165 multifamily units over the course of 12-18 months, which activities are anticipated to commence during the third quarter of 2023, with an estimated cost of \$38 million. We also anticipate that the units will be built with modules supplied by SG Echo. Current plans are to sell this development three (3) years after development.

St Mary's Industrial Site. On August 18, 2022, the Company purchased, for \$296,870 approximately 27 acres of land adjacent to our Cumberland Inlet Project from the Camden County Joint Development Authority (JDA). We plan to build a 120,000 square foot state of the art manufacturing facility which will be occupied by SG Echo. This facility will service not only the Cumberland Inlet Project, but also the Southeastern region. In connection with the purchase of the St. Mary's Industrial Site, the Company entered into a promissory note in the amount of \$148,300. This note has a maturity date of September 1, 2023, subject to our right to extend for 6 months upon payments of a fee equal to 1% of the principal balance of the note and provides for payments of interest only at a rate of nine and three quarters percent (9.75%) per annum. This note could be prepaid without penalty, provided, however, if the lender has not received six months of interest, the Company must pay the lender an amount equivalent to the months of interest necessary to complete six months of interest. In addition, at the time of payment in full of the note, the Company must pay the lender an amount equivalent to half of one percent (0.50%) of the original loan amount. To secure payment in full of the note, the note is secured by a security deed in the property with power of the lender to sell the property.

We anticipate that of development activities at this site will commence during the second quarter of 2023 and continue for 12-18 months, with an estimated cost of \$17 million. We also anticipate that the units will be built with modules supplied by SG Echo. We also anticipate that the units will be built with modules supplied by SG Echo. Current plans are to sell this development three (3) years after development.

McLean Mixed Use Site. On November 10, 2021, we entered into a Purchase Agreement ("Purchase Agreement") with the Durant Industrial Authority to acquire 100% ownership of approximately 114 mixed-use acres in Durant, Oklahoma for \$868,000. We anticipate building approximately 800 residential units and up to 1.1 million square feet of industrial manufacturing space on the mixed-use property. The closing on the 114 mixed-use acres occurred in the first quarter of 2022. We plan to build and SG Echo will occupy a 120,000 square foot state of the art manufacturing facility. The property is zoned for an additional 1.0 million square feet of industrial space. We are currently marketing the additional space to potential tenants. On December 2, 2022, we entered into a Fabrication Agreement (the "Fabrication Agreement") with SG Echo for the fabrication of approximately 800 multifamily market rate rental units, equal to approximately 800,000 square feet of new modular buildings to be located at the McLean site (the "Project"). The Fabrication Agreement provides that SG Echo will be paid a fee equal to 15% of the cost of the Project. The Project will be fabricated in Phases of 100 to 150 units per phase, with the schedule of the phasing to be determined in our sole discretion. The terms of payment are as follows: (i) down payment of 30% upon release of project for fabrication; (ii) stage payment of 65% upon completion of fabrication, testing and inspection of each unit as it leaves the facility; and (iii) final payment of 5% upon completion of installation on site, including acceptance of punch list items, startup of equipment and City of Durant inspection. Notwithstanding the foregoing, we may withhold 10%, as retainage, from the payment otherwise due, to be reduced to 5% after field install is watertight and 2.5% after all punch list items have been complete. The Fabrication Agreement may be terminated for cause by either party upon 30-days written notice to the other party, subject to each party's right to cure a default or breach, except for fraud or bad faith. In the event of termination, SG Echo will be entitled to be paid for all services rendered through the date of termination. In the event the termination by us is without cause, we will also pay any expenses incurred as a result of the termination (including without limitation supplier and vendor cancellation fees, restocking fees, subcontractor termination or cancellation fees, or other similar termination costs), plus a 15% markup as compensation for SG Echo's anticipated profit on the value of services not performed by SG Echo.

We anticipate that the first phase of development activities at this site will be the construction of 100 multifamily units over the course of 12-18 months, which activities are anticipated to commence during the third quarter of 2023, with an estimated cost of \$17 million. We also anticipate that the units will be built with modules supplied by SG Echo. Current plans are to sell this development three (3) years after development.

Modular Construction

The sites we develop will primarily utilize modular construction. SG Holdings produces purpose built pre-fabricated modular structures, for both residential and commercial use, using wood or steel as the base material. We believe that modular construction provides the following benefits:

<i>STRONG</i>	<i>FAST</i>	<i>GREEN</i>
<ul style="list-style-type: none"> ● Factory produced modules provide greater quality of construction ● Modules are inspected by a third party engineering firm to meet or exceed all applicable building codes ● Less weather related damage to construction materials 	<ul style="list-style-type: none"> ● Modules can be produced in parallel to the local site and civil work to enhance the date of completion ● Projects can save up to 50% on speed to market in comparison to traditional construction 	<ul style="list-style-type: none"> ● Modular construction allows for energy savings and more efficient waste management than traditional construction ● Less site disturbance and impact on local traffic

In cases where modular construction is not advantageous, SG DevCo will utilize other construction methods. In the case of building manufacturing facilities, for example, SG DevCo expects to work with a team of third-party architects, engineers and construction management firms with deep experience in developing industrial sites to build out such facilities.

Employees

We have two employees a Chief Executive Officer and a Chief Financial Officer. as of the date hereof.

In connection with the Separation and Distribution, we will enter into a shared services agreement with SG Holdings, under which SG Holdings will provide and/or make available to us various information technology, finance, human resources, compliance, legal, and other support services to be provided by, or on behalf of, SG Holdings, together with such other services as may be mutually and reasonably agreed.

In consideration for such services, we will pay fees to SG Holdings for the services provided, and those fees will generally be in amounts intended to allow SG Holdings to recover all of its direct and indirect costs incurred in providing those services. The personnel performing services under the shared services agreement will be employees and/or independent contractors of SG Holdings and will not be under our direction or control. As such, conflicts of interest may arise in connection with to the performance of the services by SG Holdings personnel and the allocation of priority to the services requested by us. We will also reimburse SG Holdings for direct out-of-pocket costs incurred by SG Holdings for third party services provided to us.

We anticipate that it will take us approximately 12 months to develop our own independent work force separate from that of SG Holdings.

Legal Proceedings

During the normal course of its business, the Company may be subject to occasional legal proceedings and claims. There are currently no legal proceedings or claims asserted against the Company.

Headquarters

We rent office space in Miami, Florida for our corporate headquarters.

Competition

We face competition in the real estate development and housing industries. Real estate developers compete for, among other things, residents, desirable land parcels, financing, raw materials, and skilled labor. Increased competition may prevent us from acquiring attractive land parcels or make such acquisitions more expensive, hinder our market share expansion, or lead to pricing pressures that may adversely impact our margins and revenues. Competitors may independently develop land and construct housing units that are superior or substantially similar to our products and because they are or may be significantly larger, have a longer operating history, and have greater resources or lower cost of capital than us, may be able to compete more effectively in one or more of the markets in which we operate or plan to operate. We believe we can distinguish ourselves from our competitors on the basis of our quality and construction time savings when utilizing SG Holdings' technology and expertise.

In addition, we will compete with public and private funds, commercial and investment banks, commercial financing companies and public and private REITs to make some of the investments that we plan to make. Many of such competitors are substantially larger and have considerably greater financial, technical and marketing resources than us. In addition, some of such competitors may have higher risk tolerances or different risk assessments, allowing them to pay higher consideration, consider a wider variety of investments and establish more effective relationships than us.

Regulation and Environmental Matters

Our real estate investments are subject to extensive local, city, county and state rules and regulations regarding permitting, zoning, subdivision, utilities and water quality as well as federal rules and regulations regarding air and water quality, and protection of endangered species and their habitats. Such regulation may delay development of our properties and may result in higher development and administrative costs. See "Risk Factors" for further discussion.

We have made, and will continue to make, expenditures for the protection of the environment with respect to our real estate development activities. Emphasis on environmental matters will result in additional costs in the future. Further, regulatory and societal responses intended to reduce potential climate change impacts may increase our costs to develop, operate and maintain our properties. Based on an analysis of our operations in relation to current and presently anticipated environmental requirements, we currently do not anticipate that these costs will have a material adverse effect on our future operations or financial condition.

Sustainability

We are committed to protecting the environment and developing sustainable properties. We emphasize sustainable design, construction and operations as essential goals in developing and operating our properties. Our projects begin with a careful site assessment, taking into account unique and environmentally sensitive site features, including vegetation, slopes, soil profiles and water resources. Our sites are then engineered to protect our environment and promote their natural attributes. The building products we utilize are developed with SG Holdings' proprietary technology and are generally stronger, more durable, environmentally sensitive, and erected in less time than traditional construction methods. The use of the SG Holdings building structure typically provides between four to six points towards the Leadership in Energy and Environmental Design ("LEED") certification levels, including reduced site disturbance, resource reuse, recycled content, innovation in design and use of local and regional materials.

Emerging Growth Company

As a company with less than \$1.235 billion in revenue during our last fiscal year, we qualify as an “emerging growth company” as defined in the Jumpstart Our Business Startups Act of 2012 the (“JOBS Act”). We will continue to be an emerging growth company until the earliest to occur of the following:

- the last day of the fiscal year following the fifth anniversary of the date of the first sale of our common stock pursuant to an effective registration statement under the Securities Act;
- the last day of the fiscal year with at least \$1.235 billion in annual revenue;
- the last day of the fiscal year in which we are deemed to be a large accelerated filer, which generally means that we have been public for at least 12 months, have filed at least one annual report, and the market value of our common stock that is held by non-affiliates exceeds \$700 million as of the last day of our then-most recently completed second fiscal quarter; or
- the date on which we have issued more than \$1 billion of non-convertible debt during the prior three-year period.

Until we cease to be an emerging growth company, we plan to take advantage of reduced reporting requirements generally unavailable to other public companies. Those provisions allow us to do the following:

- provide reduced disclosure regarding our executive compensation arrangements pursuant to the rules applicable to smaller reporting companies, which means we do not have to include a compensation discussion and analysis and certain other disclosures regarding our executive compensation;
- not provide an auditor attestation of our internal control over financial reporting as required under Section 404 of the Sarbanes-Oxley Act of 2002, as amended (“Sarbanes-Oxley”); and
- not hold a nonbinding advisory vote on executive compensation.

We have elected to adopt the reduced disclosure requirements described above for purposes of this information statement. In addition, for so long as we qualify as an emerging growth company, we expect to take advantage of certain of the reduced reporting and other requirements of the JOBS Act with respect to the periodic reports we will file with the SEC and proxy statements that we use to solicit proxies from our stockholders. As a result of these elections, the information that we provide in this information statement may be different than the information you may receive from other public companies in which you hold equity interests. In addition, it is possible that some investors will find our common stock less attractive as a result of these elections, which may result in a less active trading market for our common stock and higher volatility in our stock price.

In addition, the JOBS Act permits an emerging growth company to take advantage of an extended transition period to comply with new or revised accounting standards applicable to public companies. We have elected to take advantage of the extended transition period that allows an emerging growth company to delay the adoption of certain accounting standards until those standards would otherwise apply to private companies.

MANAGEMENT

Executive Officers

The following table sets forth information as of April 30, 2023 regarding the individuals who currently serve as executive officers of SG DevCo and who will continue to serve as executive officers following the Separation and Distribution.

Name	Age	Position
David Villarreal	72	Chief Executive Officer
Nicolai Brune	25	Chief Financial Officer

Set forth below is biographical information about our executive officers identified above.

David Villarreal has served as the President and Chief Executive Officer of SG DevCo since February 3, 2023 and will continue in that capacity following the Separation and Distribution. Mr. Villarreal was appointed as a director of SG DevCo effective April 11, 2023 and has served as a director of SG Holdings since May 28, 2021. Mr. Villarreal's career spans over 40 years in various management, business and leadership capacities, beginning in 1977 when he served as Deputy Mayor and Senior Deputy Economic Development Advisor, under Mayor Tom Bradley in the City of Los Angeles. He has served since August 2014 as the Chief Administrative Officer of Affinity Partnerships, LLC, a Costco national mortgage services platform provider, with annual closed loan production of \$8+ billion through a network of ten national mortgage lenders. From March 2011 to August 2014, he served as the President -Corporate Business Development, of Prime Source Mortgage, Inc. From September 2008 to September 2012, he served as a Consultant to the International Brotherhood of Teamsters.

Nicolai Brune has served as the Chief Financial Officer of SG DevCo since February 14, 2023 and will continue in that capacity following the Separation and Distribution. Since March 2022, Mr. Brune has served as Director of Acquisition for SG Holdings responsible for financial evaluation and modeling of all potential acquisitions, investments and divestitures. Prior to joining SG Holdings, Mr. Brune served as a Treasury Analyst at GL Homes, a large private real estate developer/home builder in the state of Florida, from June 2020 to March 2022. At GL Homes, Mr. Brune was tasked with reviewing financial transactions, examining cash flows and maintaining and preparing monthly performance reports. From June 2017 until June 2020, Mr. Brune worked at Generation Nine, a company that he founded in the clothing industry.

Directors

Subject to the rights of holders of any series of our preferred stock with respect to the election of directors, our amended and restated certificate of incorporation will provide for our Board of Directors to be divided into three classes as nearly equal in size as practicable. The directors designated as Class I directors will have terms expiring at the first annual meeting of stockholders following the Separation and Distribution, which we expect to hold in 2023, and each director nominee elected to succeed any such Class I director as a Class I director will hold office for a three-year term and until his or her successor is duly elected and qualified or until his or her earlier death, resignation or removal. The directors designated as Class II directors will have terms expiring at the following year's annual meeting of stockholders, which we expect to hold in 2024, and each director nominee elected to succeed any such Class II director as a Class II director will hold office for a three-year term and until his or her successor is duly elected and qualified or until his or her earlier death, resignation or removal. The directors designated as Class III directors will have terms expiring at the following year's annual meeting of stockholders, which we expect to hold in 2024], and each director nominee elected to succeed any such Class III director as a Class III director will hold office for a three-year term and until his or her successor is duly elected and qualified or until his or her earlier death, resignation or removal.

The following table sets forth information as of April 30, 2023 regarding the individuals who currently serve on SG DevCo's Board of Directors and who will continue to serve on our Board of Directors following completion of the Separation and Distribution and until their respective successors are duly elected and qualified, together with the class designation of each such director upon the effectiveness of our amended and restated certificate of incorporation.

Name	Age	Class
Yaniv Blumenfeld	50	Class III
Paul Galvin	60	Class I
Peter G. DeMaria	60	Class III
John Scott Magrane, Jr.	76	Class II
Christopher Melton	53	Class III
Jeff Tweedy	60	Class I
David Villarreal	72	Class II

Set forth below is biographical information about our directors identified above, as well as a description of the specific skills and qualifications such directors provide to our Board of Directors.

Yaniv Blumenfeld, age 49, was appointed as a director of SG DevCo effective April 28, 2023 and has served as a director of SG Holdings from April 2018 through April 2023. He founded Glacier Global Partners LLC in 2009 and is responsible for its strategic direction and oversees its investments and day-to-day management, including origination, underwriting, closing, investor relations and asset management functions. Mr. Blumenfeld has over 20 years of real estate experience, 13 years of which have been with leading Wall Street firms, where he was responsible for structuring, underwriting, pricing, securitizing and syndicating over \$16 billion of commercial real estate loans and equity transactions. Prior to founding Glacier Global Partners LLC, Mr. Blumenfeld was a Managing Director at The Bear Stearns Companies, Inc. and JPMorgan Chase & Co., and, in such role, was responsible for structuring and closing over \$2 billion in real estate debt and equity transactions for institutional clientele. Prior to that, Mr. Blumenfeld was a Managing Director and Head of the CMBS Capital Markets Group for the U.S. at EuroHypo AG, then world's largest real estate investment bank. In that capacity, Mr. Blumenfeld expanded the large loan CMBS group and oversaw the structuring, pricing, securitization and syndication functions and served on the bank's investment committee in charge of approving all transactions. He designed and implemented risk-control measures, standardized underwriting and pricing models and structured over \$4 billion of real estate loans. Other positions previously held by Mr. Blumenfeld include Senior Vice President at Lehman Brothers, PaineWebber/UBS and Daiwa Securities. Prior to joining the banking industry, Mr. Blumenfeld worked as a real estate consultant at Ernst & Young real estate consulting group, advising real estate owners and operators, and various investment banks. Mr. Blumenfeld received a Bachelor of Science in real estate finance from Cornell University School of Hotel Administration. He is a member of the CRE Finance Council, was a guest lecturer at Columbia University, and was a recipient of the Young Jewish Professional NYC Real Estate Entrepreneur & Achievement Award in 2013. He is also involved with various philanthropic organizations, including The American Israel Public Affairs Committee, White Plains Hospital, American Friends of Rabin Medical Center and is on the board of directors of Arts Westchester and the White Plains Business Improvement District.

We selected Mr. Blumenfeld to serve on our Board because he brings extensive knowledge of the real estate finance industry. Mr. Blumenfeld's pertinent experience, qualifications, attributes and skills include expertise in real estate finance, risk-control, developments, investment banking and capital raising.

Paul M. Galvin, age 60, was appointed as a director of SG DevCo upon its incorporation in February 2021. Mr. Galvin is a founder of SG Blocks, LLC, the predecessor entity of SG Holdings. He has served as the Chief Executive Officer of SG Holdings since April 2009 and as a director of SG Holdings since January 2007. Mr. Galvin has been a managing member of TAG Partners, LLC ("TAG"), an investment partnership formed for the purpose of investing in the Company, since October 2007. Mr. Galvin brings over 30 years of experience developing and managing real estate, including residential condominiums, luxury sales and market rate and affordable rental projects. Prior to his involvement in real estate, he founded a non-profit organization that focused on public health, housing and child survival, where he served for over a decade in a leadership position. During that period, Mr. Galvin designed, developed and managed emergency food and shelter programs through New York City's Human Resources Administration and other federal and state entities. From November 2005 to June 2007, Mr. Galvin was Chief Operating Officer of a subsidiary of Yucaipa Investments, where he worked with religious institutions that needed to monetize underperforming assets. While there, he designed and managed systems that produced highest and best use analyses for hundreds of religious assets and used them to acquire and re-develop properties across the U.S. Mr. Galvin holds a Bachelor of Science in Accounting from LeMoyné College and a Master's Degree in Social Policy from Fordham University. He was formerly an adjunct professor at Fordham University's Graduate School of Welfare. Mr. Galvin previously served for 10 years on the Sisters of Charity Healthcare System Advisory Board and six years on the board of SentiCare, Inc. In 2011, the Council of Churches of New York recognized Mr. Galvin with an Outstanding Business Leadership Award.

We selected Mr. Galvin to serve on our Board because he brings extensive knowledge of the real estate and finance industries and managements experience. Mr. Galvin's pertinent experience, qualifications, attributes and skills include his expertise in real estate development and management and finance.

Peter G. DeMaria, CFA, age 60, was appointed as a director of SG DevCo effective April 11, 2023. Mr. DeMaria is a senior banking and finance professional with over thirty-eight years of experience with middle market, mid-corporate, financial sponsor and real estate clients in both domestic and international markets. From December 2018 through May 2022, Mr. DeMaria served as a Senior Managing Director/Group Manager for the middle-market and corporate banking group at PNC Bank where he and his team advised middle market and large corporate clients in the New Jersey and New York City regions. Prior to PNC Bank, Mr. DeMaria served as Managing Director at JPMorgan (December 1984 through November 2018) where he spent nearly 34 years specializing in cash flow and asset-based lending, capital markets and investment banking products. Mr. DeMaria received his BS in Finance and Accounting from Lehigh University (1984). He received a Masters in Business Administration from the Stern School of Business at New York University (1991) and an Executive Management Certificate at the Fuqua School of Business at Duke University (1998).

We selected Mr. DeMaria to serve on our Board because he brings extensive knowledge of the banking and finance industry. Mr. DeMaria's pertinent experience, qualifications, attributes and skills include financial literacy and expertise, managerial experience and the knowledge and experience he has attained through his banking and finance activities.

John Scott Magrane, Jr., age 76, was appointed as a director of SG DevCo effective April 11, 2023. Mr. Magrane is an investment banking professional with over thirty-five years of experience advising power related enterprises, including utilities, independent power companies, rural electric cooperatives, governments and energy technology companies. Mr. Magrane currently serves as Vice Chairman and Managing Director at Coady Diemar Partners, LLC, a registered broker dealer and boutique investment bank which he founded that provides M&A, strategic and financial advisory, and private capital market services, and from March 2018 to July 2020, served as Chairman and CEO of the firm. Mr. Magrane also currently serves as Chairman of the Board of Hydromer (HYDI Pink), a polymer research and development company that develops polymeric complexes for commercial use in the medical, commercial, cosmetics and other markets. Prior to Coady Diemar Partners, LLC, Mr. Magrane spent 15 years with Goldman Sachs & Co. where his responsibilities encompassed all manner of corporate finance and strategic advisory activities. While at Goldman, he started the firm's Energy Technology effort. Mr. Magrane began his career and spent 10 years with Blyth, Eastman Dillon & Co. and Paine Webber where he specialized in energy and power project finance. Mr. Magrane earned his undergraduate degree in economics from The College of Wooster in 1970 and his MBA from The Wharton School of the University of Pennsylvania in 1973.

We selected Mr. Magrane to serve on our Board because he brings extensive knowledge of the investment banking and finance industry. Mr. Magrane's pertinent experience, qualifications, attributes and skills include financial literacy and expertise, managerial experience and the knowledge and experience he has attained through his investment banking and finance activities.

Christopher Melton, age 53, was appointed as a director of SG DevCo effective April 11, 2023 and has served as a director of SG Holdings since November 4, 2011. Mr. Melton is a licensed real estate salesperson in the State of South Carolina and until June 2019 was a principal of Callegro Investments, LLC, a specialist land investor investing in the southeastern U.S., which he founded 2012. Since June 2019 he has served as a specialist Land Advisor with SVN. Mr. Melton also serves on several public and private boards, including Jupiter Wellness, Inc. since August 2019 and has served since February 2018 as chief investment officer and analyst at TNT Capital Advisors, a capital advisory firm based in Florida. He also served as a sales agent as MSK Commercial Services, a commercial real estate company, from February 2018 to June 2019. From 2000 to 2008, Mr. Melton was a Portfolio Manager for Kingdon Capital Management (“Kingdon”) in New York City, where he ran an \$800 million book in media, telecom and Japanese investment. Mr. Melton opened Kingdon’s office in Japan, where he set up a Japanese research company. From 1997 to 2000, Mr. Melton served as a Vice President at JPMorgan Investment Management as an equity research analyst, where he helped manage \$500 million in REIT funds under management. Mr. Melton was a Senior Real Estate Equity Analyst at RREEF Funds in Chicago from 1995 to 1997. RREEF Funds is the real estate investment management business of Deutsche Bank’s Asset Management division. Mr. Melton earned a Bachelor of Arts in Political Economy of Industrial Societies from the University of California, Berkeley in 1995. Mr. Melton earned Certification from University of California, Los Angeles’s Anderson Director Education Program in 2014.

We selected Mr. Melton to serve on our Board because he brings extensive knowledge of the finance and the real estate industry. Mr. Melton’s pertinent experience, qualifications, attributes and skills include financial literacy and expertise, managerial experience and the knowledge and experience he has attained through his real estate investment and development activities.

Jeffrey Tweedy, age 60, was appointed as a director of SG DevCo effective April 11, 2023. Mr. Tweedy is an accomplished, multi-faceted leader with approximately thirty years of executive experience in the fashion and retail industries. Since March 2021 Mr. Tweedy has served as a Brand Advisor to Sean Jean Clothing, an award-winning clothing and lifestyle brand founded by Sean Combs. From November 2007 to March 2021, Mr. Tweedy served as President and CEO of Sean John, having previously served as Executive Vice President from February 1998 to March 2005, building the brand into a market leader, maximizing sales, including across international markets, and conceptualizing and launching a ground-breaking, profitable and highly visible menswear company distinguished by its sophisticated young men’s image. Mr. Tweedy has served on the Advisory Board of the Fashion Institute of Technology since January 2020.

We selected Mr. Tweedy to serve on our Board because he brings extensive knowledge if building brands and maximizing sales. Mr. Tweedy’s pertinent experience, qualifications, attributes and skills include financial literacy and expertise, managerial experience and the knowledge and experience he has attained through his executive experience in the fashion and retail industries.

David Villarreal’s biographical information is set forth above under “Management - Executive Officers”.

We selected Mr. Villarreal to serve on our Board because he brings extensive knowledge of mortgage and real estate industry. Mr. Villarreal’s pertinent experience, qualifications, attributes and skills include financial literacy and expertise, managerial experience and the knowledge and experience he has attained through his real estate investment activities.

CORPORATE GOVERNANCE

Director Nominations Process

Each year the Board is expected to nominate a slate of directors for election by stockholders at the annual meeting of stockholders based on the recommendations of the Corporate Governance and Nominating Committee. In identifying prospective director candidates, the Corporate Governance and Nominating Committee may seek referrals from other members of the Board, management, stockholders and other sources, including third-party recommendations.

Director and Executive Officer Qualifications

Our Corporate Governance Guidelines provide that our Corporate Governance and Nominating Committee is responsible for reviewing with our Board, on an annual basis, the appropriate experience, skills and characteristics for the Board as a whole and its individual members. In evaluating the suitability of individuals for Board membership, our Corporate Governance and Nominating Committee, pursuant to our Corporate Governance Guidelines, takes into account many factors, including but not limited to: the individual's qualification as independent, as well as consideration of diversity, skills, age, education and experience and the general needs of the Board. Our Corporate Governance and Nominating Committee evaluates each individual in the context of the Board as a whole, with the objective of recommending a group of directors that can best perpetuate the success of the business and represent stockholder interests through the exercise of sound judgment, using its diversity of experience. In determining whether to recommend a director for re-election, our Corporate Governance and Nominating Committee will consider the director's past attendance at meetings and participation in and contributions to the activities of the Board.

Board Diversity

It is anticipated that we will seek diversity in experience, viewpoint, education, skill, and other individual qualities and attributes to be represented on our Board of Directors. We believe directors should have various qualifications, including individual character and integrity; business experience; leadership ability; strategic planning skills, ability, and experience; requisite knowledge of our industry and finance, accounting, and legal matters; communications and interpersonal skills; and the ability and willingness to devote time to our company. We also believe the skill sets, backgrounds, and qualifications of our anticipated directors, taken as a whole, should provide a significant mix of diversity in personal and professional experience, background, viewpoints, perspectives, knowledge, and abilities. Nominees will not be discriminated against on the basis of race, religion, national origin, sex, sexual orientation, disability, or any other basis proscribed by law. It is anticipated that the assessment of prospective directors will be made in the context of the perceived needs of our Board of Directors from time to time.

Board Structure, Number and Terms of Office of Officers and Directors

Our Board of Directors consists of six directors. In accordance with our amended and restated certificate of incorporation and our amended and restated bylaws, our board shall consist of one or more members, with the exact number of directors to be fixed from time to time by the Board of Directors. Our Board of Directors will be classified, meaning the directors will be divided into three classes each consisting of as close to 1/3 of the total directors as possible. At each annual meeting of the stockholders, one class of directors will be up for election. Directors will serve three-year terms until their successors are duly elected and qualified or until their earlier death, resignation, or removal. Stockholders will not be entitled to cumulative voting in the election of our directors. No determination has been made regarding the directors to be in the individual classes. This classification of the Board of Directors may delay or prevent a change in control of our company or our management.

Director Independence

An "independent director" is defined generally as a person other than an officer or employee of the Company or its subsidiaries or any other individual having a relationship that, in the opinion of the Company's Board of Directors, would interfere with the director's exercise of independent judgment in carrying out the responsibilities of a director. The Board has affirmatively determined that Peter DeMaria, John Scott Magrane, Jr., Christopher Melton and Jeff Tweedy qualify as independent directors in accordance with the Nasdaq listing rules.

Board Leadership Structure

Our Board of Directors does not have a formal policy regarding the combination of the roles of Chairman of the Board and Chief Executive Officer. Rather, the Company has the flexibility to determine, from time to time, whether the positions should be held by the same person or by separate persons.

The Corporate Governance and Nominating Committee evaluates on an ongoing basis whether the Board's leadership structure is appropriate to effectively address the evolving needs of the Company's business and the long-term interests of our stockholders. The committee is expected to then makes recommendations to the Board of Directors concerning the Board of Directors' leadership structure, including whether the roles of Chairman and Chief Executive Officer should be separated or combined.

Lead Independent Director

Our Corporate Governance Guidelines provide that if the Chairman of the Board of Directors is not an independent director, as determined by the Corporate Governance and Nominating Committee and the Board, the independent directors will annually appoint one independent director to be the Lead Independent Director. The Lead Independent Director's responsibilities will be to: (i) preside over executive sessions of the independent directors and at all meetings at which the Chairman is not present; (ii) call meetings of the independent directors as he or she deems necessary; (iii) serve as a liaison between management and the independent directors; (iv) propose agendas and schedules for Board meetings in consultation with the Chairman; (v) communicate Board member feedback to the Chief Executive Officer and Chairman and (vi) perform such other duties as may be delegated by the Board from time to time.

Board's Role in Risk Oversight

Our management will be responsible for identifying risks facing our Company, including strategic, financial, operational, and regulatory risks, implementing risk management policies and procedures and managing our day-to-day risk exposure. The Board has overall responsibility for risk oversight, including, as part of regular Board of Directors and committee meetings, general oversight of executives' management of risks relevant to the Company. While the full Board of Directors has overall responsibility for risk oversight, it will be supported in this function by its Audit Committee, Compensation Committee and Corporate Governance and Nominating Committee, and each of the committees is expected to regularly report to the Board of Directors.

The Audit Committee reviews and discusses with management and the Company's auditors, as appropriate, financial risks. The Compensation Committee reviews the Company's incentive compensation arrangements to determine whether they encourage excessive risk-taking, to review and discuss at least annually the relationship between risk management policies and practices and compensation, and to evaluate compensation policies and practices that could mitigate any such risk.

Members of the Company's senior management team periodically report to the full Board about their areas of responsibility and a component of these reports are risk within their area of responsibility and the steps management has taken to monitor and control such exposures. Additional review or reporting on risks will be conducted as needed or as requested by the Board or committee.

Committees of the Board of Directors

There are currently three standing committees of the Board – an Audit Committee, a Compensation Committee and a Corporate Governance and Nominating Committee. The Board has adopted written charters for each committee, which will be available on our website.

The tables below set forth the responsibilities of each of the standing Board committees. The Audit Committee is comprised of Peter DeMaria, John Scott Magrane, Jr. and Christopher Melton, with Christopher Melton serving as the Chairman. The Compensation Committee is comprised of Peter DeMaria, John Scott Magrane, Jr. and Jeff Tweedy, with John Scott Magrane, Jr. serving as the Chairman. The Corporate Governance and Nominating Committee is comprised of Peter DeMaria, Christopher Melton and Jeff Tweedy, with Jeff Tweedy serving as the Chairman. Each of the Audit Committee, Compensation Committee and Corporate Governance and Nominating Committee are comprised solely of directors who have been determined by the Board of Directors to be independent in accordance with SEC regulations and Nasdaq listing standards (including the heightened independence standards for members of the Audit Committee and Compensation Committee).

AUDIT COMMITTEE

Responsibilities

- Be directly responsible for the appointment, compensation, retention and oversight of the work of the Company’s independent auditors
- Pre-approve all audit and permitted non-audit services to be provided by the independent auditors
- Discuss with management and the independent auditors significant financial reporting issues and judgments made in connection with the preparation of the Company’s financial statements
- Review with the independent auditors the matters required to be discussed by the applicable auditing standards adopted by the PCAOB and approved by the SEC from time to time
- Review and discuss the Company’s annual and quarterly financial statements with management and the independent auditors
- Review and discuss with management the Company’s earnings press releases
- Discuss Company policies and practices with respect to risk assessment and risk management
- Establish procedures for (i) the receipt, retention and treatment of complaints received by the Company regarding accounting, internal accounting controls or auditing matters, and (ii) the confidential, anonymous submission by Company employees of concerns regarding questionable accounting or auditing matters
- Review related party transactions

Each member of the Audit Committee is able to read and understand fundamental financial statements, including the Company’s balance sheet, income statement and cash flow statement, and the Board of Directors has determined that Christopher Melton qualifies as an “audit committee financial expert” under applicable SEC rules.

COMPENSATION COMMITTEE

Responsibilities

- Annually determine and approve the CEO’s compensation, based upon an evaluation of the CEO’s performance in light of approved corporate goals and objectives
- Annually review and approve the compensation of the Company’s other executive officers
- Review and approve and, when appropriate, recommend to the Board for approval, incentive compensation plans and equity-based plans of the Company
- Review and approve and, when appropriate, recommend to the Board for approval any employment agreements and any severance arrangements or plans, including any benefits to be provided in connection with a change in control, for the CEO and other executive officers
- Review, approve and, when appropriate, recommend to the Board for approval, stock ownership guidelines and monitor compliance therewith
- Review, approve and, when appropriate, recommend to the Board for approval, the creation or revision of any clawback policy and oversee the application thereof
- Annually review the potential risk to the Company from its compensation policies and practices
- Periodically review the compensation paid to non-employee directors for their service and make recommendations to the Board for any adjustments

**CORPORATE
GOVERNANCE AND
NOMINATING
COMMITTEE**

Responsibilities

- Periodically make recommendations to the Board regarding the size and composition of the Board
- Develop and recommend to the Board criteria for the selection of individuals to be considered as candidates for election to the Board
- Identify and screen individuals qualified to become members of the Board
- Review and make recommendations to the full Board whether members of the Board should stand for re-election
- Recommend to the Board director nominees to fill vacancies
- Recommend to the Board director nominees for stockholder approval at each annual or any special meeting of stockholders at which one or more directors are to be elected
- Make recommendations to the Board regarding Board committee memberships
- Develop and recommend to the Board a set of corporate governance guidelines and oversee the Company's corporate governance practices
- Review the Company's strategies, activities, and policies regarding ESG matters and make recommendations to the Board
- Oversee an annual evaluation of the Board and its committees

Executive Sessions

Independent directors are expected to regularly meet in executive session at Board of Directors meetings without any members of management being present.

Board and Board Committee Meetings and Attendance

Our Corporate Governance Guidelines provide that directors are expected to prepare themselves for and attend all Board of Directors meetings, the annual meeting of stockholders and the meetings of the Board of Directors' standing committees on which they serve.

Anti-Hedging Policy

Our Board of Directors is expected to adopt an Insider Trading Policy, which will prohibit, among other things, our directors, officers, and employees from engaging in any hedging or monetization transactions with respect to the Company's securities. In addition, our Insider Trading Policy will prohibit our directors, officers, and employees from engaging in certain short-term or speculative transactions in the Company's securities, such as short-term trading, short sales, and publicly traded options, which could create heightened legal risk and/or the appearance of improper or inappropriate conduct by our directors, officers, and employees.

Corporate Code of Conduct and Ethics and Whistleblower Policy

The Board of Directors is expected to adopt a Corporate Code of Conduct and Ethics and Whistleblower Policy that applies to all of the Company's directors, officers, and employees. The Corporate Code of Conduct and Ethics and Whistleblower Policy will cover areas such as conflicts of interest, insider trading and compliance with laws and regulations. The Code of Conduct and Ethics will be available on our website at [www.\[\]](http://www.[]). We intend to post any amendments to or waivers from our Code of Conduct and Ethics and Whistleblower Policy at this location on our website.

Communication with the Board of Directors

Stockholders desiring to communicate with the Board or any individual director will be able to directly contact such director or directors by sending a letter addressed to the Board or the individual director c/o Corporate Secretary, Safe and Green Development Corporation at our principal executive offices: 990 Biscayne Blvd, #501, Office 12, Miami, FL 33132. In the letter, the stockholder must identify himself, herself, or themselves as a stockholder of the Company. The Corporate Secretary may require reasonable evidence that the communication is being made by or on behalf of a stockholder before the communication is transmitted to the individual director or to the Board.

Clawback Policy

We will maintain a clawback policy which will allow the Company to recover performance-based compensation, whether cash or equity, from a current or former executive officer in the event the Board determines that such executive officer engaged in fraud, willful misconduct or gross negligence that directly caused or otherwise materially contributed to the need for a restatement of the Company's financial results due to material noncompliance with any financial reporting requirement under the federal securities laws. Under such policy, the Company will be able to recoup annual incentives and long-term incentives received by such executive officer during the three completed fiscal years immediately preceding the date on which the Company is required to prepare such restatement if the Board determines, in its reasonable discretion, that any such performance-based compensation would not have been paid, awarded or vested or would have been at a lower amount had it been based on the restated financial results. The Board will have the sole discretion to determine the form and timing of the recovery, which may include repayment, forfeiture and/or an adjustment to future performance-based compensation payouts or awards. The remedies under the clawback policy will be in addition to, and not in lieu of, any legal and equitable claims available to the Company.

EXECUTIVE AND DIRECTOR COMPENSATION

We are an “emerging growth company” and a “smaller reporting company” under applicable federal securities laws and therefore permitted to take advantage of certain reduced public company reporting requirements. As such, we provide in this information statement the scaled disclosure permitted under the Jumpstart Our Business Startups Act of 2012, or the JOBS Act, including the compensation disclosures required of a “smaller reporting company,” as that term is defined in Rule 12b-2 promulgated under the Exchange Act.

Executive Compensation

David Villarreal

On February 3, 2023, we entered into an executive employment agreement with David Villarreal to employ Mr. Villarreal as the Company’s President and Chief Executive Officer for an initial term of two (2) years, which provides for an annual base salary of \$300,000, a discretionary bonus of up to 25% of his base salary upon achievement of objectives as may be determined by the Company’s board of directors and severance in the event of a termination without cause in amount equal to equal to one year’s annual base salary and benefits.

Pursuant to the terms of the employment agreement, subject to Board of Directors approval, we agreed to issue to him an RSU award under the Company’s 2023 Incentive Compensation Plan, as and when adopted, for six hundred fifty thousand (650,000) shares of the Company’s common stock, vesting fifty percent (50%) upon issuance, with the balance vesting quarterly on a pro-rata basis over the next eighteen (18) months of continuous service, which RSU grant has been approved by the Compensation Committee.

Mr. Villarreal is subject to a one-year post-termination non-compete and non-solicit of employees and clients. He is also bound by confidentiality provisions.

Nicolai Brune

On February 14, 2023, we entered into an executive employment agreement with Nicolai Brune to employ Mr. Brune as the Company’s Chief Financial Officer for an initial term of two (2) years, which provides for an annual base salary of \$250,000, a discretionary bonus of up to 20% of his base salary upon achievement of objectives as may be determined by the Company’s board of directors and severance in the event of a termination without cause on or after June 30, 2023 in amount equal to equal to one year’s annual base salary and benefits.

Pursuant to the terms of the employment agreement, subject to Board of Directors approval, we agreed to issue to him an RSU award under the Company’s 2023 Incentive Compensation Plan, as and when adopted, for two hundred thousand (200,000) shares of the Company’s common stock, vesting fifty percent (50%) upon issuance, with the balance vesting quarterly on a pro-rata basis over the next eighteen (18) months of continuous service, which RSU grant has been approved by the Compensation Committee.

Mr. Brune is subject to a one-year post-termination non-compete and non-solicit of employees and clients. He is also bound by confidentiality provisions.

Prior to the effectiveness of the registration statement of which this information statement forms a part, additional information regarding SG DevCo’s executive compensation and benefits will be included in an amendment to this information statement.

Director Compensation

Our non-employee director compensation program is designed to provide competitive compensation necessary to attract and retain high quality non-employee directors and to encourage ownership of Company stock to further align their interests with those of our stockholders. Non-employee directors receive \$80,000 in cash per year for serving on the Board of Directors and for committee service, paid quarterly, and an annual grant of restricted stock units (RSUs) under the Company’s 2023 Incentive Compensation Plan having a value of \$80,000 on the date of grant, vesting on the one-year anniversary of the grant date, subject to continued service as a director through such date. The Compensation Committee has approved an RSU award to each of John Scott Magrane, Jr., Jeff Tweedy, Peter DeMaria, Paul Galvin and Christopher Melton under the Company’s 2023 Incentive Compensation Plan, as and when adopted, for twelve thousand five hundred (12,500) shares of the Company’s common stock, vesting quarterly over one (1) year of continuous service.

2023 Incentive Compensation Plan

The 2023 Incentive Compensation Plan (the “2023 Plan”) was approved and adopted on February 28, 2023 by our Board of Directors as well as SG Holdings, our sole shareholder on such date. The principal provisions of the 2023 Plan are summarized below.

Administration

The 2023 Plan vests broad powers in a committee to administer and interpret the 2023 Plan. Our board of directors has initially designated the Compensation Committee to administer the 2023 Plan. Except when limited by the terms of the 2023 Plan, the Compensation Committee has the authority to, among other things: select the persons to be granted awards; determine the type, size and term of awards; establish performance objectives and conditions for earning awards; determine whether such performance objectives and conditions have been met; and accelerate the vesting or exercisability of an award. In its discretion, the Compensation Committee may delegate all or part of its authority and duties with respect to granting awards to one or more of our officers, subject to certain limitations and provided applicable law so permits.

Our board of directors may amend, alter or discontinue the 2023 Plan and the Compensation Committee may amend any outstanding award at any time; provided, however, that no such amendment or termination may adversely affect awards then outstanding without the holder’s permission. In addition, any amendments seeking to increase the total number of shares reserved for issuance under the 2023 Plan or modifying the classes of participants eligible to receive awards under the 2023 Plan will require ratification by our stockholders in accordance with applicable law. Additionally, as described more fully below, neither the Compensation Committee nor the board of directors is permitted to reprice outstanding options or stock appreciation rights without shareholder consent.

Eligibility

Any of our employees, directors, consultants, and other service providers, or those of our affiliates, are eligible to participate in the 2023 Plan and may be selected by the Compensation Committee to receive an award.

Vesting

The Compensation Committee determines the vesting conditions for awards. These conditions may include the continued employment or service of the participant, the attainment of specific individual or corporate performance goals, or other factors as determined in the Compensation Committee’s discretion (collectively, “Vesting Conditions”).

Shares of Stock Available for Issuance

Subject to certain adjustments, the maximum number of shares of common stock that may be issued under the 2023 Plan in connection with awards is 4,000,000 shares. In addition, the maximum number of shares of common stock that may be issued under the 2023 Plan will automatically increase on January 1 of each calendar year for a period of ten years commencing on January 1, 2024 and ending on (and including) January 1, 2033, in a number of shares of common stock equal to 4.5% of the total number of shares of common stock outstanding on December 31 of the preceding calendar year; provided, however that the board of directors may act prior to January 1 of a given calendar year to provide that the increase for such year will be a lesser number of shares of common stock. All available shares may be utilized toward the grant of any type of award under the 2023 Plan. The 2023 Plan imposes a \$250,000 limitation on the total grant date fair value of awards granted to any non-employee director in his or her capacity as a non-employee director in any single calendar year.

In the event of any merger, consolidation, reorganization, recapitalization, stock split, reverse stock split, split up, spin-off, combination of shares, exchange of shares, stock dividend, dividend in kind, or other like change in capital structure (other than ordinary cash dividends), or other similar corporate event or transaction that affects our common stock, the Compensation Committee shall make adjustments to the number and kind of shares authorized by the 2023 Plan and covered under outstanding 2023 Plan awards as it determines appropriate and equitable. Shares subject to 2023 Plan awards that expire without being fully exercised or that are otherwise forfeited, cancelled or terminated may again be made available for issuance under the 2023 Plan. However, shares withheld in settlement of a tax withholding obligation, or in satisfaction of the exercise price payable upon exercise of an option, will not again become available for issuance under the 2023 Plan.

Types of Awards

The following types of awards may be granted to participants under the 2023 Plan: (i) incentive stock options, or ISOs; (ii) nonqualified stock options, or NQOs and together with ISOs, options, (iii) stock appreciation rights, (iv) restricted stock, or (v) restricted stock units.

Stock Options. An option entitles the holder to purchase from us a stated number of shares of common stock. An ISO may only be granted to an employee of ours or our eligible affiliates. The Compensation Committee will specify the number of shares of common stock subject to each option and the exercise price for such option, provided that the exercise price may not be less than the fair market value of a share of common stock on the date the option is granted. Notwithstanding the foregoing, if ISOs are granted to any 10% stockholder, the exercise price shall not be less than 110% of the fair market value of common stock on the date the option is granted.

Generally, options may be exercised in whole or in part through a cash payment. The Compensation Committee may, in its sole discretion, permit payment of the exercise price of an option in the form of previously acquired shares based on the fair market value of the shares on the date the option is exercised, through means of “net settlement,” which involves the cancellation of a portion of the option to cover the cost of exercising the balance of the option or by such other means as it deems acceptable.

All options shall be or become exercisable in accordance with the terms of the applicable award agreement. The maximum term of an option shall be determined by the Compensation Committee on the date of grant but shall not exceed 10 years (5 years in the case of ISOs granted to any 10% stockholder). In the case of ISOs, the aggregate fair market value (determined as of the date of grant) of common stock with respect to which such ISOs become exercisable for the first time during any calendar year cannot exceed \$100,000. ISOs granted in excess of this limitation will be treated as non-qualified stock options.

Stock Appreciation Rights. A stock appreciation right represents the right to receive, upon exercise, any appreciation in a share of common stock over a particular time period. The base price of a stock appreciation right shall not be less than the fair market value of a share of common stock on the date the stock appreciation right is granted. This award is intended to mirror the benefit the participant would have received if the Compensation Committee had granted the participant an option. The maximum term of a stock appreciation right shall be determined by the Compensation Committee on the date of grant but shall not exceed 10 years. Distributions with respect to stock appreciation rights may be made in cash, shares of common stock, or a combination of both, at the Compensation Committee’s discretion.

Unless otherwise provided in an award agreement or determined by the Compensation Committee, if a participant terminates employment with us (or our affiliates) due to death or disability, the participant’s unexercised options and stock appreciation rights may be exercised, to the extent they were exercisable on the termination date, for a period of twelve months from the termination date or until the expiration of the original award term, whichever period is shorter. If the participant terminates employment with us (or our affiliates) for cause, (i) all unexercised options and stock appreciation rights (whether vested or unvested) shall terminate and be forfeited on the termination date, and (ii) any shares in respect of exercised options or stock appreciation rights for which we have not yet delivered share certificates will be forfeited and we will refund to the participant the option exercise price paid for those shares, if any. If the participant’s employment terminates for any other reason, any vested but unexercised options and stock appreciation rights may be exercised by the participant, to the extent exercisable at the time of termination, for a period of ninety days from the termination date (or such time as specified by the Compensation Committee at or after grant) or until the expiration of the original option or stock appreciation right term, whichever period is shorter. Unless otherwise provided by the Compensation Committee, any options and stock appreciation rights that are not exercisable at the time of termination of employment shall terminate and be forfeited on the termination date.

Restricted Stock. A restricted stock award is a grant of shares of common stock, which are subject to forfeiture restrictions during a restriction period. The Compensation Committee will determine the price, if any, to be paid by the participant for each share of common stock subject to a restricted stock award. The restricted stock may be subject to Vesting Conditions. If the specified Vesting Conditions are not attained, the participant will forfeit the portion of the restricted stock award with respect to which those conditions are not attained, and the underlying common stock will be forfeited to us. At the end of the restriction period, if the Vesting Conditions have been satisfied, the restrictions imposed will lapse with respect to the applicable number of shares. Unless otherwise provided in an award agreement or determined by the Compensation Committee, upon termination a participant will forfeit all restricted stock that then remains subject to forfeiture restrictions.

Restricted Stock Units. Restricted stock units are granted in reference to a specified number of shares of common stock and entitle the holder to receive, on the achievement of applicable Vesting Conditions, shares of common stock. Unless otherwise provided in an award agreement or determined by the Compensation committee, upon termination a participant will forfeit all restricted stock units that then remain subject to forfeiture.

Change in Control

In the event of a change in control, the Compensation Committee may, on a participant-by-participant basis: (i) cause any or all outstanding awards to become vested and immediately exercisable (as applicable), in whole or in part; (ii) cause any outstanding option or stock appreciation right to become fully vested and immediately exercisable for a reasonable period in advance of the change in control and, to the extent not exercised prior to that change in control, cancel that option or stock appreciation right upon closing of the change in control; (iii) cancel any unvested award or unvested portion thereof, with or without consideration; (iv) cancel any award in exchange for a substitute award; (v) redeem any restricted stock or restricted stock unit for cash and/or other substitute consideration with value equal to the fair market value of an unrestricted share on the date of the change in control; (vi) cancel any outstanding option or stock appreciation right with respect to all common stock for which the award remains unexercised in exchange for a cash payment equal to the excess (if any) of the fair market value of the common stock subject to the option or stock appreciation right over the exercise price of the option or stock appreciation right; (vii) impose vesting terms on cash or substitute consideration payable upon cancellation of an award that are substantially similar to those that applied to the cancelled award immediately prior to the change in control, and/or earn-out, escrow, holdback or similar arrangements, to the extent such arrangements are applicable to any consideration paid to stockholders in connection with the change in control; (viii) take such other action as the Compensation Committee shall determine to be reasonable under the circumstances; and/or (ix) in the case of any award subject to Section 409A of the Code, the Compensation Committee shall only be permitted to use discretion to alter the settlement timing of the award to the extent that such discretion would be permitted under Section 409A of the Code.

Repricing

Neither our board of directors nor the Compensation Committee may, without obtaining prior approval of our stockholders: (i) implement any cancellation/re-grant program pursuant to which outstanding options or stock appreciation rights under the 2023 Plan are cancelled and new options or stock appreciation rights are granted in replacement with a lower exercise per share; (ii) cancel outstanding options or stock appreciation rights under the 2023 Plan with an exercise price per share in excess of the then current fair market value per share for consideration payable in our equity securities; or (iii) otherwise directly reduce the exercise price in effect for outstanding options or stock appreciation rights under the 2023 Plan.

Miscellaneous

Generally, awards granted under the 2023 Plan shall be nontransferable except by will or by the laws of descent and distribution. No participant shall have any rights as a stockholder with respect to shares covered by options or restricted stock units, unless and until such awards are settled in shares of common stock. The Company's obligation to issue shares or to otherwise make payments in respect of 2023 Plan awards will be conditioned on the Company's ability to do so in compliance with all applicable laws and exchange listing requirements. The awards will be subject to our recoupment and stock ownership policies, as may be in effect from time to time. The 2023 Plan will expire 10 years after it becomes effective.

CERTAIN RELATIONSHIPS AND RELATED PARTY TRANSACTIONS

Procedures for Approval of Related Person Transactions

The Company will have a written related person transaction policy regarding the review and approval or ratification of related person transactions.

The related person transaction policy will apply to any transaction in which SG DevCo is a participant, the amount involved exceeds \$120,000 and a related party has or will have a direct or indirect material interest. A related party means any director or executive officer, any nominee for director, any stockholder known to SG DevCo to be the beneficial owner of more than 5% of any class of the Company's voting securities, any immediate family member of any such persons, any entity in which any of such persons is employed or occupies a similar position, and any entity in which any of such persons has a direct or indirect ownership interest in such entity that, when aggregated with the ownership interests of all the persons identified above, amounts to a 10% or greater ownership interest.

It is the responsibility of the Audit Committee to review related party transactions and approve, ratify, revise or reject such transactions. It will be our policy to enter into or ratify related party transactions only when it is determined that the related party transaction in question is in, or is not inconsistent with, the best interests of SG DevCo and its stockholders. In determining whether to approve or ratify a related party transaction, the Audit Committee is able to consider, among other factors it deems appropriate, whether the proposed transaction would occur in the ordinary course of business; the purpose and benefits of the proposed transaction to SG DevCo; the terms and conditions of the proposed transaction; and the terms and conditions available to unrelated third parties in arms-length negotiations in respect of similar transactions. No director will be able participate in the deliberations or vote regarding a transaction in which he or she, or a member of his or her immediate family, has a direct or indirect interest.

Our related person transaction policy is expected to provide that certain types of transactions are deemed to be pre-approved, including compensation of executive officers and directors approved by the Compensation Committee and transactions involving competitive bids or at rates fixed by governmental authority.

Related Party Transactions since Inception

During 2021, we received \$4,200,000 from due to affiliates. This amount was advanced to us by SG Holdings, is non-interest bearing and is due on demand. Included in this amount, are payroll and general and administrative expenses which have been paid by SG Holdings and allocated to us.

The Separation from SG Holdings

In connection with the Separation and Distribution, we will enter into a separation and distribution agreement and several other agreements with SG Holdings to effect the Separation and provide a framework for our relationship with SG Holdings and its subsidiaries after the Separation. These agreements will provide for the allocation between us, on the one hand, and SG Holdings and its subsidiaries on the other hand, of the assets, liabilities and obligations associated with the Spin-Off Business, on the one hand, and SG Holdings other current businesses, on the other hand, and will govern the relationship between our company, on the one hand, and SG Holdings and its subsidiaries, on the other hand, subsequent to the Separation and Distribution (including with respect to transition services, employee matters and tax matters). See "The Separation and Distribution—Agreements with SG Holdings" for more information regarding these agreements.

Other Related Party Transactions

We intend to enter into separate indemnification agreements with each of our directors and executive officers, in addition to the indemnification that will be provided for in our amended and restated certificate of incorporation and bylaws. The indemnification agreements and our amended restated certificate of incorporation and bylaws that will be in effect upon the completion of the Distribution will require us to indemnify our directors, executive officers and certain controlling persons to the fullest extent permitted by Delaware law. See the section titled "Description of Capital Stock—Limitations on Liability and Indemnification of Officers and Directors" for additional information.

Tax Matters Arrangement

In connection with the Separation, we and SG Holdings intend to enter into a tax matters agreement that will contain certain tax matters arrangements and will govern the parties' respective rights, responsibilities, and obligations with respect to taxes, including taxes arising in the ordinary course of business and taxes incurred as a result of the Separation and the Distribution. The tax matters arrangement will also set forth the respective obligations of the parties with respect to the filing of tax returns, the administration of tax contests, and assistance and cooperation on tax matters.

The tax matters arrangement will govern the rights and obligations that we and SG Holdings will have after the Separation with respect to taxes for both pre- and post-closing periods. Under the tax matters arrangement, we will be responsible for (i) any of our taxes for all periods prior to and after the Distribution and (ii) any taxes of the SG Holdings group for periods prior to the Distribution to the extent attributable to the real estate development business. SG Holdings generally will be responsible for any of the taxes of the SG Holdings group other than taxes for which we are responsible. In addition, SG Holdings will be responsible for its taxes arising as a result of the Separation and Distribution. Notwithstanding the foregoing, sales, use, transfer, real property transfer, intangible, recordation, registration, documentary, stamp or similar taxes imposed on the Distribution shall be borne fifty percent (50%) by us and fifty percent (50%) by SG Holdings.

Each of SG Holdings and SG DevCo will indemnify each other against any taxes allocated to such party under the tax matters agreement and related out-of-pocket costs and expenses.

Shared Services Agreement

We intend to enter into a shared services agreement with SG Holdings which will set forth the terms on which SG Holdings will provide to us certain services or functions that the companies historically have shared. Shared services will include various information technology, finance, human resources, compliance, legal, and other support services.

In consideration for such services, we will pay fees to SG Holdings for the services provided, and those fees will generally be in amounts intended to allow SG Holdings to recover all of its direct and indirect costs incurred in providing those services. SG Holdings will charge us a fee for services performed by (i) its employees which shall be a percentage of each employee's base salary based upon an allocation of their business time spent providing such services and (ii) third parties, the fees charged by such third parties. The personnel performing services under the shared services agreement will be employees and/or independent contractors of SG Holdings and will not be under our direction or control. As such, conflicts of interest may arise in connection with to the performance of the services by SG Holdings personnel and the allocation of priority to the services requested by us. We will also reimburse SG Holdings for direct out-of-pocket costs incurred by SG Holdings for third party services provided to us.

Fabrication Agreement

On December 2, 2022, we entered into a Fabrication Agreement (the "Fabrication Agreement") with SG Echo for the fabrication of approximately 800 multifamily market rate rental units, equal to approximately 800,000 square feet of new modular buildings to be located at the McLean site (the "Project"). The Fabrication Agreement provides that SG Echo will be paid a fee equal to 15% of the cost of the Project. The Project will be fabricated in Phases of 100 to 150 units per phase, with the schedule of the phasing to be determined in our sole discretion. The terms of payment are as follows: (i) down payment of 30% upon release of project for fabrication; (ii) stage payment of 65% upon completion of fabrication, testing and inspection of each unit as it leaves the facility; and (iii) final payment of 5% upon completion of installation on site, including acceptance of punch list items, startup of equipment and City of Durant inspection. Notwithstanding the foregoing, we may withhold 10%, as retainage, from the payment otherwise due, to be reduced to 5% after field install is watertight and 2.5% after all punch list items have been complete. The Fabrication Agreement may be terminated for cause by either party upon 30-days written notice to the other party, subject to each party's right to cure a default or breach, except for fraud or bad faith. In the event of termination, SG Echo will be entitled to be paid for all services rendered through the date of termination. In the event the termination by us is without cause, we will also pay any expenses incurred as a result of the termination (including without limitation supplier and vendor cancellation fees, restocking fees, subcontractor termination or cancellation fees, or other similar termination costs), plus a 15% markup as compensation for SG Echo's anticipated profit on the value of services not performed by SG Echo.

SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

As of the date of this Information Statement, SG Holdings beneficially owns all of the outstanding shares of our common stock. After the Separation and Distribution, SG Holdings will continue to own 70% of the shares of our common stock. Following the Separation and Distribution, SG DevCo expects to have outstanding an aggregate of approximately 10,000,000 shares of common stock based upon approximately 14,314,800 shares of SG Holdings common stock issued and outstanding on April 30, 2023 and the number of shares to be retained by SG Holdings. The actual number of outstanding shares of SG Holdings common stock immediately following the consummation of the Distribution will be determined on the record date.

We have determined beneficial ownership in accordance with the rules of the SEC. These rules generally attribute beneficial ownership of securities to persons who possess sole or shared voting power or investment power with respect to those securities.

Stock Ownership of Directors and Executive Officers

The following table shows the ownership of SG DevCo common stock beneficially owned by our current directors, named executive officers, our directors and current executive officers as a group and our 5% stockholders prior to the Distribution and the ownership of SG DevCo common stock expected to be beneficially owned by our current directors, named executive officers, and our directors and current executive officers as a group immediately following the completion of the Distribution, based on information available as of April 30, 2023 and based on the assumption that, for every five (5) shares of SG Holdings common stock held by such persons, they will receive 1.048 shares of SG DevCo common stock. We also assumed that SG Holdings will retain 70% of our common stock. Unless otherwise indicated, SG DevCo believes that all persons named in the table have sole voting and investment power with respect to all shares of common stock beneficially owned by them.

We have based our calculation of the percentage of beneficial ownership of our common stock both prior to and following the Separation and Distribution on 10,000,000 shares of common stock outstanding as of April 30, 2023, which number is based upon approximately 14,314,800 shares of SG Holdings common stock issued and outstanding on April 30, 2023 and the number of shares to be retained by SG Holdings. We have deemed shares of our common stock subject RSUs that are currently vested, but for which shares of common stock have not been issued, or RSUs that will vest within 60 days of April 30, 2023, to be outstanding and to be beneficially owned by the person holding the RSUs for the purpose of computing the percentage ownership of that person. We did not deem these shares outstanding, however, for the purpose of computing the percentage ownership of any other person. Unless otherwise indicated, the address of each beneficial owner listed in the table below is c/o Safe and Green Development Corporation, 990 Biscayne Boulevard, #501, Office 12, Miami, Florida 33132.

<u>Name of Beneficial Owner</u>	<u>Shares of Common Stock Beneficially Owned Prior to Separation and Distribution</u>	<u>Percentage of Common Stock Beneficially Owned Prior to Separation and Distribution</u>	<u>Shares of Common Stock Beneficially Owned After Separation and Distribution</u>	<u>Percentage of Common Stock Beneficially Owned After Separation and Distribution</u>
David Villarreal	-(1)	–	327,073 ⁽²⁾	*
Nicolai Brune	-(3)	–	105,515 ⁽⁴⁾	*
Paul Galvin	-(5)	–	333,752 ⁽⁶⁾	*
John Scott Magrane	-(7)	–	3,125 ⁽⁸⁾	*
Jeff Tweedy	-(7)	–	3,125 ⁽⁸⁾	*
Peter DeMaria	-(7)	–	3,125 ⁽⁸⁾	*
Christopher Melton	-(7)	–	8,869 ⁽⁹⁾	*
Yaniv Blumenfeld	–	–	9,227 ⁽¹⁰⁾	*
All executive officers and directors as a group (7 persons)	–	–	793,811	7.43%

5% Stockholders other than executive officers and directors

Safe & Green Holdings Corp.	10,000,000	100%	7,000,000	70%
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*Represents beneficial ownership of less than one percent.

- (1) Does not include: (i) 325,000 vested RSUs under the 2023 Plan but for which shares of common stock subject to such vested RSUs have not yet been issued; and (ii) 325,000 unvested RSUs that will not vest within 60 days of April 30, 2023.
- (2) Includes: (i) 2,073 shares of common stock that David Villarreal is expected to receive upon the Separation and Distribution based upon his ownership of 9,895 shares of common stock of SG Holdings on April 30, 2023; and (ii) 325,000 vested RSUs under the 2023 Plan. Does not include 325,000 unvested RSUs that will not vest within 60 days of April 30, 2023.
- (3) Does not include: (i) 100,000 vested RSUs under the 2023 Plan but for which shares of common stock subject to such vested RSUs have not yet been issued; and (ii) 100,000 unvested RSUs that will not vest within 60 days of April 30, 2023.
- (4) Includes: (i) 5,515 shares of common stock that Nicolai Brune is expected to receive upon the Separation and Distribution, based upon his ownership of 26,312 shares of common stock of SG Holdings on April 30, 2023; and (ii) 100,000 vested RSUs under the 2023 Plan. Does not include 100,000 unvested RSUs that will not vest within 60 days of April 30, 2023.
- (5) Does not include: (i) 253,125 vested RSUs under the 2023 Plan but for which shares of common stock subject to such vested RSUs have not been issued; and (ii) 259,375 unvested RSUs that will not vest within 60 days of April 30, 2023.
- (6) Includes: (i) 80,627 shares of common stock that Paul Galvin is expected to receive upon the Separation and Distribution based upon his ownership of 384,679 shares of common stock of SG Holdings on April 30, 2023; and (ii) 253,125 vested RSUs under the 2023 Plan. Does not include 259,375 unvested RSUs that will not vest within 60 days of April 30, 2023.
- (7) Does not include: (i) 3,125 RSUs under the 2023 Plan but for which shares of common stock subject to such vested RSUs have not yet been issued; and (ii) 9,375 RSUs that will not vest within 60 days of April 30, 2023.
- (8) Includes 3,125 RSUs under the 2023 Plan and does not include 9,375 RSUs that will not vest within 60 days of April 30, 2023.
- (9) Includes: (i) 5,744 shares of common stock that Christopher Melton is expected to receive upon the Separation and Distribution, based upon his ownership of 27,405 shares of SG Holdings on April 30, 2023; and (ii) 3,125 RSUs under the 2023 Plan. Does not include 9,375 RSUs that will not vest within 60 days of April 30, 2023.
- (10) Includes 9,227 shares of common stock that Yaniv Blumenfeld is expected to receive upon the Separation and Distribution, based upon his ownership of 44,029 shares of SG Holdings on April 30, 2023.

MATERIAL U.S. FEDERAL INCOME TAX CONSEQUENCES

General

The following is a summary description of the material U.S. federal income tax aspects of the Separation and Distribution. This summary is not intended as a complete description of all of the tax consequences of the Separation and Distribution and does not discuss tax consequences under the laws of state, local or foreign governments or any other jurisdiction or the potential application of the Medicare contribution tax or the alternative minimum tax or U.S. federal gift and estate tax laws. Moreover, the tax treatment of a stockholder may vary, depending upon his, her or its particular situation. In this regard, special rules not discussed in this summary may apply to some of our stockholders, including, but not limited to, U.S. expatriates and former citizens or long-term residents of the United States; persons subject to the alternative minimum tax; persons holding SG Holdings common stock as part of a hedge, straddle or other risk reduction strategy or as part of a conversion transaction or other integrated transaction; banks, insurance companies and other financial institutions; brokers, dealers or traders in securities; "controlled foreign corporations," "passive foreign investment companies" and corporations that accumulate earnings to avoid U.S. federal income tax; partnerships or other entities or arrangements treated as partnerships for U.S. federal income tax purposes (and investors therein); persons that acquired SG Holdings common stock through the exercise of an option or otherwise as compensation; traders in securities that use the mark-to-market method of accounting for U.S. federal income tax purposes; tax-exempt organizations or governmental organizations; persons subject to special tax accounting rules as a result of any item of gross income being taken into account in an applicable financial statement; U.S. stockholders (as defined below) whose functional currency is not the U.S. dollar; mutual funds, regulated investment companies (RICs) or real estate investment trusts (REITs); tax-qualified retirement plans; and "qualified foreign pension funds" as defined in Section 897(l)(2) of the Internal Revenue Code of 1986, as amended (the "Code"), and entities all of the interests of which are held by qualified foreign pension funds.

In addition, this summary applies only to shares which are held as capital assets. If you are a partnership (or other pass-through entity) for U.S. federal income tax purposes, the tax treatment of your partners (or other owners) will generally depend on the status of the partners, the activities of the partnership and certain determinations made at the partner level. Accordingly, partnerships (or other pass-through entities) and the partners (or other owners) in such partnerships (or such other pass-through entities) should consult their own tax advisors regarding the U.S. federal income tax consequences to them relating to the matters discussed below.

The following discussion is based on currently existing provisions of the Code, existing, proposed and temporary treasury regulations promulgated under the Code and current administrative rulings and court decisions. All of the foregoing are subject to change, which may or may not be retroactive, and any of these changes could affect the validity of the following discussion.

For purposes of this discussion, a "U.S. stockholder" is a beneficial owner of shares of SG Holdings common stock that is, for U.S. federal income tax purposes:

- an individual who is a citizen or resident of the United States,
- a corporation (or other entity taxable as a corporation for U.S. federal income tax purposes) organized in or under the laws of the United States, any state thereof or the District of Columbia,
- an estate, the income of which is subject to U.S. federal income tax regardless of its source, or
- an entity treated as a trust that (1) is subject to the primary supervision of a U.S. court and the control of one or more "United States persons" (within the meaning of Section 7701(a)(30) of the Code) or (2) was in existence on August 20, 1996 and has a valid election in effect under applicable Treasury regulations to be treated as a United States person for U.S. federal income tax purposes.

Also, for purposes of this discussion, a "non-U.S. stockholder" is any beneficial owner of SG Holdings common stock who or that is neither a U.S. stockholder nor an entity classified as a partnership for U.S. federal income tax purposes.

Each stockholder is urged to consult his, her or its own tax advisor as to the particular tax consequences to him, her or it of the Separation and Distribution described herein, including the applicability and effect of any state, local or foreign tax laws, and the possible effects of changes in applicable tax laws.

Tax Consequences of the Separation and Distribution

For U.S. federal income tax purposes, the distribution by SG Holdings of the shares of SG DevCo common stock will not be eligible for treatment as a tax-free distribution. Accordingly, each holder of SG Holdings common stock who receives shares of SG DevCo common stock in the Distribution generally will be treated as if such stockholder received a taxable distribution in an amount equal to the sum of the fair market value of SG DevCo common stock received and a cash payment in lieu of any fractional shares, which will result in: (a) a dividend to the extent of such stockholder's ratable share of SG Holdings' current and accumulated earnings and profits; then (b) a reduction in such stockholder's basis in SG Holdings' common stock (but not below zero) to the extent the amount received exceeds the amount referenced in clause (a); and then (c) gain from the sale or exchange of SG Holdings common stock to the extent the amount received exceeds the sum of the amounts referenced in clauses (a) and (b). Each stockholder's basis in his, her or its SG DevCo common stock will be equal to the fair market value of such stock at the time of the Distribution. A stockholder's holding period for such shares will begin on the Distribution Date.

A corporate level U.S. federal income tax will be payable by SG Holdings if gain realized in the Separation and Distribution exceeds any net operating losses that may be available to offset such gain. The tax would be based upon the gain, if any, computed as the difference between the fair market value of the SG DevCo common stock and SG Holdings' adjusted basis in such stock.

SG Holdings' earnings and profits generally will be increased by any gain SG Holdings recognizes as a result of the Separation and Distribution. SG Holdings will not be able to advise stockholders of the amount of its earnings and profits until after the end of the tax year in which the Separation and Distribution occurs.

In addition, SG Holdings or other applicable withholding agents may be required or permitted to withhold at a rate of 30% (or at a lower rate under an applicable tax treaty) on all or a portion of the distribution (including a cash payment in lieu of fractional shares) payable to non-U.S. stockholders, and any such withholding would be satisfied by SG Holdings or the other applicable withholding agent either by withholding and selling a portion of our shares of common stock otherwise distributable to non-U.S. stockholders, or withholding such amount from any cash distribution otherwise payable to such non-U.S. stockholders. Any shares or cash so withheld shall be treated as if they were paid to such non-U.S. stockholders. If a distribution payable to a non-U.S. stockholder is effectively connected with the non-U.S. stockholder's conduct of a trade or business within the United States (and, if required by an applicable income tax treaty, the non-U.S. stockholder maintains a permanent establishment in the United States to which such dividends are attributable), the non-U.S. stockholder will be exempt from the 30% U.S. federal withholding tax described above if such non-U.S. stockholder furnishes to the applicable withholding agent a valid Internal Revenue Service ("IRS") Form W-8ECI, certifying that the distribution is effectively connected with the non-U.S. stockholder's conduct of a trade or business within the United States.

Any such effectively connected income will be subject to U.S. federal income tax on a net income basis at the regular graduated rates. A non-U.S. stockholder that is a corporation also may be subject to a branch profits tax at a rate of 30% (or such lower rate specified by an applicable income tax treaty) on such effectively connected income, as adjusted for certain items. Non-U.S. stockholders should consult their tax advisors regarding any applicable tax treaties that may provide for different rules.

If any portion of the distribution of the SG DevCo common stock and cash payment in lieu of any fractional shares of a non-U.S. stockholder is treated as gain from the sale or exchange of SG Holdings common stock, such gain will not be subject to U.S. federal income tax, unless (a) the gain is effectively connected with the non-U.S. stockholder's conduct of a trade or business within the United States in which case it will be subject to the tax treatment described above; (b) the non-U.S. stockholder is a nonresident alien individual present in the United States for 183 days or more during the taxable year of the Distribution and certain other requirements are met, in which case such gain will be subject to U.S. federal income tax at a rate of 30% (or such lower rate specified by an applicable income tax treaty), which may be offset by U.S. source capital losses of the non-U.S. stockholder (provided that the non-U.S. stockholder has timely filed U.S. federal income tax returns with respect to such losses); or (c) SG Holdings is or has been a "United States real property holding corporation" for U.S. federal income tax purposes at any time during the shorter of the five-year period ending on the Distribution Date or the period that the non-U.S. stockholder held SG Holdings common stock, and, in the case where shares of SG Holdings common stock are regularly traded on an established securities market, the non-U.S. shareholder has owned, directly or constructively, more than 5% of SG Holdings common stock at any time during the shorter of the five-year period ending on the Distribution Date or the period that the non-U.S. stockholder held SG Holdings common stock, in which case such gain will be subject to tax at generally applicable U.S. federal income tax rates.

Moreover, Sections 1471 through 1474 of the Code, and Treasury regulations promulgated thereunder ("FATCA"), generally provide that a 30% withholding tax may be imposed on payments of U.S. source income, such as U.S. dividends, to certain non-U.S. entities. In general, no such withholding will be required with respect to a U.S. stockholder or non-U.S. stockholder that timely provides the information reporting and certifications required on a valid IRS Form W-9 or applicable IRS Form W-8, respectively. Non-U.S. stockholders are encouraged to consult with their own tax advisors regarding the possible implications and obligations of FATCA.

Although SG Holdings will be ascribing a value to shares of SG DevCo common stock it distributes for tax purposes, this valuation is not binding on the IRS or any other tax authority. These taxing authorities could ascribe a higher valuation to such shares, particularly if such shares trade at prices significantly above the value ascribed to them by SG Holdings in the period following the Distribution. Such a higher valuation may cause a larger reduction in the tax basis of a stockholder's shares of SG Holdings common stock or may cause a stockholder to recognize additional dividend or capital gain income.

Back-up Withholding Requirements

United States information reporting requirements and backup withholding may apply with respect to all or a portion of the distribution (including cash payment in lieu of fractional shares) and dividends paid on, and proceeds from the taxable sale, exchange or other disposition of, SG DevCo common stock unless the stockholder: (a) is a corporation or non-U.S. stockholder or comes within certain other exempt categories, and, when required, demonstrates these facts (including by providing any applicable IRS form); or (b) provides a correct taxpayer identification number, certifies as to no loss of exemption from backup withholding and otherwise complies with applicable requirements of the backup withholding rules. A stockholder who does not supply us with his, her or its correct taxpayer identification number may be subject to penalties imposed by the IRS. Any amount withheld under these rules will be creditable against the stockholder's U.S. federal income tax liability. Stockholders should consult their tax advisors as to their qualification for exemption from backup withholding and the procedure for obtaining such an exemption. If information reporting requirements apply to a stockholder, the amount of dividends paid with respect to the stockholder's shares will be reported annually to the IRS and to the stockholder.

Stockholders should consult their own tax advisors as to the particular tax consequences of the Separation and Distribution to them.

DESCRIPTION OF CAPITAL STOCK

Our certificate of incorporation and bylaws will be amended and restated prior to the Distribution. The following briefly summarizes the material terms of our capital stock that will be contained in our amended and restated certificate of incorporation and amended and restated bylaws. These summaries do not describe every aspect of these securities and documents and are subject to all the provisions of our amended and restated certificate of incorporation or amended and restated bylaws that will be in effect at the time of the Distribution, and are qualified in their entirety by reference to these documents, which you should read (along with the applicable provisions of Delaware law) for complete information on our capital stock as of the time of the Distribution. The amended and restated certificate of incorporation and amended and restated bylaws, each in a form expected to be in effect at the time of the Distribution, are included as exhibits to our registration statement on Form 10, of which this information statement forms a part. We will include our amended and restated certificate of incorporation and amended and restated bylaws, as in effect at the time of the Distribution, in a Current Report on Form 8-K filed with the SEC. The following also summarizes certain relevant provisions of the DGCL. Since the terms of the DGCL are more detailed than the general information provided below, you should read the actual provisions of the DGCL for complete information.

General

Our authorized capital stock will consist of 50,000,000 shares of common stock, par value \$0.01 per share, and 5,000,000 shares of preferred stock, par value \$0.01 per share.

Immediately following the Distribution, we expect that approximately [] shares of our common stock will be issued and outstanding, all of which will be fully paid and nonassessable, and that no shares of our preferred stock will be issued and outstanding.

Our common stock is expected to be listed on Nasdaq under the symbol "SGD".

Common Stock

Holders of shares of our common stock will be entitled to one vote for each share held of record on all matters submitted to a vote of stockholders. Except as otherwise provided in our amended and restated certificate of incorporation or as required by law, all matters to be voted on by our stockholders, other than matters relating to the election and removal of directors, must be approved by a majority of the shares present in person or by proxy at the meeting and entitled to vote on the subject matter or by a written resolution of the stockholders representing the number of affirmative votes required for such matter at a meeting. The holders of our common stock will not have cumulative voting rights in the election of directors.

Holders of shares of our common stock will be entitled to receive dividends when and if declared by our Board of Directors out of funds legally available therefor, subject to any statutory or contractual restrictions on the payment of dividends and to any restrictions on the payment of dividends imposed by the terms of any outstanding preferred stock.

Upon our dissolution or liquidation or the sale of all or substantially all of our assets, after payment in full of all amounts required to be paid to creditors and subject to any rights of preferred stockholders, the holders of shares of our common stock will be entitled to receive pro rata our remaining assets available for distribution.

Holders of shares of our common stock will not have preemptive, subscription, redemption, or conversion rights. There will be no redemption or sinking fund provisions applicable to the common stock

Preferred Stock

Our Board of Directors will have the authority, without action by our stockholders, to designate and issue up to 5,000,000 shares of preferred stock in one or more series or classes and to designate the rights, preferences and privileges of each series or class, which may be greater than the rights of our common stock. There are no shares of preferred stock designated or outstanding. It is not possible to state the actual effect of the issuance of any shares of preferred stock upon the rights of holders of our common stock until our Board of Directors determines the specific rights of the holders of the preferred stock. However, the effects might include:

- restricting dividends on our common stock;
- diluting the voting power of our common stock;
- impairing liquidation rights of our common stock; or
- delaying or preventing a change in control of us without further action by our stockholders.

The Board of Directors' authority to issue preferred stock without stockholder approval could make it more difficult for a third-party to acquire control of our company and could discourage such attempt. We have no present plans to issue any shares of preferred stock.

Forum Selection

Our amended and restated certificate of incorporation and amended and restated bylaws will provide that unless we consent in writing to the selection of an alternative forum, the Court of Chancery of the State of Delaware (or, in the event that the Court of Chancery does not have jurisdiction, the federal district court for the District of Delaware or other state courts of the State of Delaware) is the exclusive forum for (i) any derivative action or proceeding brought on our behalf; (ii) any action asserting a claim of breach of fiduciary duty owed by any director, officer, employee or agent of the Company to the Company or our stockholders; (iii) any action asserting a claim arising pursuant to the provisions of the Delaware General Corporation Law, our amended and restated certificate of incorporation or our amended and restated bylaws; or (iv) any action asserting a claim against us that is governed by the internal affairs doctrine of the State of Delaware; provided that, if and only if the Court of Chancery of the State of Delaware dismisses any such action for lack of subject matter jurisdiction, or the Company consents in writing to the selection of an alternative forum, such action may be brought in another state or federal court sitting in the State of Delaware. Our amended and restated certificate of incorporation and amended and restated bylaws will also provide that the federal district courts of the United States of America is the exclusive forum for the resolution of any complaint asserting a cause of action against under the Securities Act. Notwithstanding the foregoing, the exclusive forum provision will not apply to suits brought to enforce any liability or duty created by the Exchange Act or any other claim for which the federal courts have exclusive jurisdiction. Nothing in our amended and restated certificate of incorporation or amended and restated bylaws will preclude stockholders that assert claims under the Exchange Act from bringing such claims in state or federal court, subject to applicable law.

Anti-Takeover Provisions

Our amended and restated certificate of incorporation and our amended and restated bylaws will contain provisions that may delay, defer, or discourage another party from acquiring control of us. We expect that these provisions, which are summarized below, will discourage coercive takeover practices or inadequate takeover bids. These provisions are also designed to encourage persons seeking to acquire control of us to first negotiate with our board of directors, which we believe may result in an improvement of the terms of any such acquisition in favor of our stockholders. However, they will also give our board of directors the power to discourage acquisitions that some stockholders may favor.

Section 203 of the DGCL. We are subject to Section 203 of the DGCL. Subject to certain exceptions, Section 203 prevents a publicly held Delaware corporation from engaging in a "business combination" with any "interested stockholder" for three years following the date that the person became an interested stockholder, unless the interested stockholder attained such status with the approval of our board of directors or unless the business combination is approved in a prescribed manner. A "business combination" includes, among other things, a merger or consolidation involving us and the "interested stockholder" and the sale of more than 10% of our assets. In general, an "interested stockholder" is any entity or person beneficially owning 15% or more of our outstanding voting stock and any entity or person affiliated with or controlling or controlled by such entity or person.

Blank Check Preferred Stock. Our board of directors has the right to issue preferred stock in one or more series and to determine the designations, rights, preferences of such preferred stock without stockholder approval. As a result, our board of directors could, without stockholder approval, authorize the issuance of preferred stock with voting, dividend, redemption, liquidation, sinking fund, conversion and other rights that could proportionately reduce, minimize or otherwise adversely affect the voting power and other rights of holders of the Company's capital stock or that could have the effect of delaying, deferring or preventing a change in control.

Classified Board of Directors. Our amended and restated certificate of incorporation will divide our Board of Directors into three classes serving three-year terms, with one class being elected each year by a plurality of the votes cast by the stockholders entitled to vote on the election. In addition,

Removal of Directors. Our amended and restated certificate of incorporation and our amended and restated bylaws will provide that, (i) subject to the rights of holders of any series of preferred stock or any limitation imposed by law, the Board of Directors or any individual director may be removed from office at any time with cause by the affirmative vote of the holders of majority of the voting power of all the then-outstanding shares of capital stock of the Corporation entitled to vote generally at an election of directors; and (ii) subject to the rights of holders of any series of preferred stock, neither the Board of Directors nor any individual director may be removed without cause.

Board Vacancies. Our amended and restated certificate of incorporation and our amended and restated bylaws, will provide that any vacancy on our Board of Directors, including a vacancy resulting from an enlargement of our Board of Directors, may be filled only by the affirmative vote of a majority of our directors then in office, even though less than a quorum of the board of directors.

Stockholder Action by Written Consent. Our amended and restated certificate of incorporation and our amended and restated bylaws will prohibit stockholders from acting by written consent. Accordingly, stockholder action must take place at an annual or a special meeting of the Company's stockholders.

Special Meetings of Stockholders. Our amended and restated bylaws will also provide that, except as otherwise required by law, special meetings of the stockholders may only be called by our Board of Directors, Chairman of the Board of Directors or our Chief Executive Officer.

Advance Notice Requirements for Stockholder Proposals and Director Nominations. Stockholders wishing to nominate persons for election to our Board of Directors or to propose any business to be considered by our stockholders at an annual meeting must comply with certain advance notice and other requirements which will be set forth in our amended and restated bylaws. Likewise, if our Board of Directors has determined that directors shall be elected at a special meeting of stockholders, stockholders wishing to nominate persons for election to our Board of Directors at such special meeting must comply with certain advance notice and other requirements which will be set forth in our amended and restated bylaws.

Amendment of Certificate of Incorporation or Bylaws. The DGCL provides generally that the affirmative vote of a majority of the shares entitled to vote on any matter is required to amend a corporation's certificate of incorporation or bylaws, unless a corporation's certificate of incorporation or bylaws, as the case may be, requires a greater percentage. Our amended and restated bylaws may be amended or repealed by a majority vote of our Board of Directors or by the affirmative vote of the holders of at least 66 2/3% of the votes which all our stockholders would be eligible to cast in an election of directors.

Limitations on Liability and Indemnification of Officers and Directors

Our amended and restated bylaws will provide indemnification for our directors and executive officers to the fullest extent permitted by the DGCL. We intend to enter into indemnification agreements with each of our directors and executive officers that may, in some cases, be broader than the specific indemnification provisions contained under Delaware law. In addition, as permitted by Delaware law, our amended and restated certificate of incorporation will include provisions that eliminate the personal liability of our directors and officers for monetary damages resulting from breaches of certain fiduciary duties as a director or officer, as applicable, except to the extent such an exemption from liability thereof is not permitted under the DGCL. The effect of these provisions will be to restrict our rights and the rights of our stockholders in derivative suits to recover monetary damages against a director or officer for breach of fiduciary duties as a director or officer, subject to certain exceptions in which case the director or officer would be personally liable. An officer may not be exculpated for any action brought by or in the right of the corporation. A director may not be exculpated for improper distributions to stockholders. Further, pursuant to Delaware law, a director or officer may not be exculpated for:

- any breach of his duty of loyalty to us or our stockholders;
- acts or omissions not in good faith or which involve intentional misconduct or a knowing violation of law; and
- any transaction from which the director derived an improper personal benefit.

These limitations of liability will not apply to liabilities arising under the federal or state securities laws and do not affect the availability of equitable remedies such as injunctive relief or rescission.

Our amended and restated bylaws will provide that we will indemnify our directors and executive officers to the fullest extent permitted by law, and may indemnify other officers, employees and other agents. Our amended and restated bylaws will also provide that we are obligated to advance expenses incurred by a director or executive officer in advance of the final disposition of any action or proceeding.

We plan to enter into separate indemnification agreements with our directors and executive officers. These agreements, among other things, will require us to indemnify our directors and officers for any and all expenses (including reasonable attorneys' fees, retainers, court costs, transcript costs, fees of experts, witness fees, travel expenses, duplicating costs, printing and binding costs, telephone charges, postage, delivery service fees) judgments, fines and amounts paid in settlement actually and reasonably incurred by such directors or officers or on his or her behalf in connection with any action or proceeding arising out of their services as one of our directors or officers, or any of our subsidiaries or any other company or enterprise to which the person provides services at our request provided that such person follows the procedures for determining entitlement to indemnification and advancement of expenses set forth in the indemnification agreement. We believe that these bylaw provisions and indemnification agreements are necessary to attract and retain qualified persons as directors and officers.

Insofar as indemnification for liabilities arising under the Securities Act may be permitted to directors, officers or persons controlling us, we have been informed that, in the opinion of the SEC, such indemnification is against public policy as expressed in the Securities Act and is therefore unenforceable.

Dissenters' Rights of Appraisal and Payment

Under the DGCL, with certain exceptions, our stockholders will have appraisal rights in connection with a merger or consolidation of SG DevCo. Pursuant to the DGCL, stockholders who properly request and perfect appraisal rights in connection with such merger or consolidation will have the right to receive payment of the fair value of their shares as determined by the Delaware Court of Chancery.

Stockholders' Derivative Actions

Under the DGCL, any of our stockholders may bring an action in our name to procure a judgment in our favor, also known as a derivative action, provided that the stockholder bringing the action is a holder of our shares at the time of the transaction to which the action relates or such stockholder's stock thereafter devolved by operation of law.

Sale of Unregistered Securities

Prior to the Distribution, we have made the following issuances of unregistered securities pursuant to Section 4(a)(2) and/or Rule 701 of the Securities Act. We do not intend to register the issuance of these securities under the Securities Act because the issuance will not constitute a public offering.

On _____, 2023, we issued 1,000 shares of our common stock to SG Holdings, which shares will be distributed to SG Holdings stockholders in the Distribution.

On April 11, 2023, we granted an RSU under the 2023 Plan to Paul Galvin for 500,000 shares of our common stock, vesting fifty percent (50%) upon issuance, with the balance vesting quarterly on a pro-rata basis over the next eighteen (18) months of continuous service.

On April 11, 2023, we granted an RSU under the 2023 Plan to William Rogers for 100,000 shares of our common stock, vesting fifty percent (50%) upon issuance, with the balance vesting quarterly on a pro-rata basis over the next eighteen (18) months of continuous service.

On April 11, 2023, we granted an RSU under the 2023 Plan to David Rulien for 200,000 shares of our common stock, vesting fifty percent (50%) upon issuance, with the balance vesting quarterly on a pro-rata basis over the next eighteen (18) months of continuous service.

On April 11, 2023, we granted an RSU under the 2023 Plan to Nicolai Brune for 200,000 shares of our common stock, vesting fifty percent (50%) upon issuance, with the balance vesting quarterly on a pro-rata basis over the next eighteen (18) months of continuous service.

On April 11, 2023, we granted an RSU under the 2023 Plan to Caitlin Kelly for 100,000 shares of our common stock, vesting fifty percent (50%) upon issuance, with the balance vesting quarterly on a pro-rata basis over the next eighteen (18) months of continuous service.

On April 11, 2023, we granted an RSU under the 2023 Plan to Marc Brune for 100,000 shares of our common stock, vesting fifty percent (50%) upon issuance, with the balance vesting quarterly on a pro-rata basis over the next eighteen (18) months of continuous service.

On April 11, 2023, we granted an RSU under the 2023 Plan to Wendy Bravo for 50,000 shares of our common stock, vesting fifty percent (50%) upon issuance, with the balance vesting quarterly on a pro-rata basis over the next eighteen (18) months of continuous service.

On April 11, 2023, we granted an RSU under the 2023 Plan to David Villarreal for 650,000 shares of our common stock, vesting fifty percent (50%) upon issuance, with the balance vesting quarterly on a pro-rata basis over the next eighteen (18) months of continuous service.

On April 11, 2023, we granted an RSU under the 2023 Plan to Ahmad Cory Jubran for 18,750 shares of our common stock, 14,062 vesting upon issuance, with 1/3 of the balance vesting on each of July 1, 2023, October 1, 2023 and January 1, 2024 provided that such person provides continuous services.

On April 11, 2023, we granted an RSU under the 2023 Plan to Jordan Bem for 18,750 shares of our common stock, 14,062 vesting upon issuance, with 1/3 of the balance vesting on each of July 1, 2023, October 1, 2023 and January 1, 2024 provided that such person provides continuous services.

On April 11, 2023, we granted an RSU under the 2023 Plan to Nancy Guzman for 18,750 shares of our common stock, 14,062 vesting upon issuance, with 1/3 of the balance vesting on each of July 1, 2023, October 1, 2023 and January 1, 2024 provided that such person provides continuous services.

On April 11, 2023, we granted an RSU under the 2023 Plan to Eric Tate for 18,750 shares of our common stock, 14,062 vesting upon issuance, with 1/3 of the balance vesting on each of July 1, 2023, October 1, 2023 and January 1, 2024 provided that such person provides continuous services.

On April 11, 2023, we granted an RSU under the 2023 Plan to Kevin Rohani for 18,750 shares of our common stock, 14,062 vesting upon issuance, with 1/3 of the balance vesting on each of July 1, 2023, October 1, 2023 and January 1, 2024 provided that such person provides continuous services.

On April 11, 2023, we granted an RSU under the 2023 Plan to John Scott Magrane, Jr. for 12,500 shares of our common stock, with twenty-five percent (25%) vesting on each of April 1, 2023, July 1, 2023, October 1, 2023 and January 1, 2024 provided he continues to serve on our Board of Directors.

On April 11, 2023, we granted an RSU under the 2023 Plan to Jeff Tweedy for 12,500 shares of our common stock, with twenty-five percent (25%) vesting on each of April 1, 2023, July 1, 2023, October 1, 2023 and January 1, 2024 provided he continues to serve on our Board of Directors.

On April 11, 2023, we granted an RSU under the 2023 Plan to Peter DeMaria for 12,500 shares of our common stock, with twenty-five percent (25%) vesting on each of April 1, 2023, July 1, 2023, October 1, 2023 and January 1, 2024 provided he continues to serve on our Board of Directors.

On April 11, 2023, we granted an RSU under the 2023 Plan to Paul Galvin for 12,500 shares of our common stock, with twenty-five percent (25%) vesting on each of April 1, 2023, July 1, 2023, October 1, 2023 and January 1, 2024 provided he continues to serve on our Board of Directors.

On April 11, 2023, we granted an RSU under the 2023 Plan to Christopher Melton for 12,500 shares of our common stock, with twenty-five percent (25%) vesting on each of April 1, 2023, July 1, 2023, October 1, 2023 and January 1, 2024 provided he continues to serve on our Board of Directors.

Transfer Agent and Registrar

After the consummation of the Distribution, the transfer agent and registrar for SG DevCo common stock will be American Stock Transfer and Trust Company, LLC.

Listing

We plan to apply to have our common stock listed on Nasdaq under the ticker symbol “SGD.”

WHERE YOU CAN FIND MORE INFORMATION

We have filed a registration statement on Form 10 with the SEC with respect to the shares of our common stock being distributed as contemplated by this information statement. This information statement is a part of and does not contain all of the information set forth in, the registration statement and the exhibits and schedules to the registration statement. For further information with respect to our company and our common stock, please refer to the registration statement, including its exhibits and schedules. While statements made in this information statement relating to any contract or other document include the material provisions of such contracts or other documents, such statements are not necessarily complete, and you should refer to the exhibits attached to the registration statement for copies of the actual contract or document. You may review a copy of the registration statement, including its exhibits and schedules, on the Internet website maintained by the SEC at www.sec.gov. **Information contained on or connected to any website referenced in this information statement is not incorporated into this information statement or the registration statement of which this information statement forms a part, or in any other filings with, or any information furnished or submitted to, the SEC.**

As a result of the Distribution, we will become subject to the information and reporting requirements of the Exchange Act, and, in accordance with the Exchange Act, will file periodic reports, proxy statements and other information with the SEC, which will be available on the Internet website maintained by the SEC at www.sec.gov.

We intend to furnish holders of our common stock with annual reports containing financial statements prepared in accordance with U.S. generally accepted accounting principles and audited and reported on, with an opinion expressed, by an independent registered public accounting firm.

You should rely only on the information contained in this information statement or to which this information statement has referred you. We have not authorized any person to provide you with different information or to make any representation not contained in this information statement.

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Stockholder
Safe and Green Development Corporation

Opinion on the Financial Statements

We have audited the accompanying balance sheets of Safe and Green Development Corporation (the “Company”), as of December 31, 2022 and 2021, and the related statements of operations, changes in stockholder’s equity, and cash flows for the year ended December 31, 2022 and for the period from February 17, 2021 (Inception) through December 31, 2021, and the related notes (collectively referred to as the “financial statements”). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company, as of December 31, 2022 and 2021, and the results of its operations and its cash flows for the year ended December 31, 2022 and for period from February 17, 2021 (Inception), through December 31, 2021, in conformity with accounting principles generally accepted in the United States of America.

Going Concern

The accompanying financial statements have been prepared assuming that the Company will continue as a going concern. As discussed in Note 1 to the financial statements, the Company is dependent upon its one stockholder to fund operations. These factors raise substantial doubt that the Company will be able to continue as a going concern. Management’s plans in regard to these matters are also described in Note 1 to the financial statements. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

Basis for Opinion

These financial statements are the responsibility of the Company’s management. Our responsibility is to express an opinion on the Company’s financial statements based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (“PCAOB”) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audits, we are required to obtain an understanding of internal control over financial reporting, but not for the purpose of expressing an opinion on the effectiveness of the Company’s internal control over financial reporting. Accordingly, we express no such opinion.

Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

Emphasis of Matter

The financial statements include expense allocations for certain corporate functions historically provided by Safe & Green Holdings Corp. These allocations may not be reflective of the actual expense that would have been incurred had the Company operated as a separate entity apart from Safe & Green Holdings Corp. A summary of transactions with related parties is included in Note 7 to the financial statements.

We have served as the Company’s auditor since 2016.

Dallas, Texas

/s/ Whitley Penn LLP

May 1, 2023

PART I. FINANCIAL INFORMATION

ITEM 1. Financial Statements
Safe and Green Development Corporation

Balance Sheets

	<u>December 31,</u> <u>2022</u>	<u>December 31,</u> <u>2021</u>
Assets		
Current assets:		
Cash	\$ 720	\$ -
Assets held for sale	4,396,826	-
Land	1,190,655	3,576,130
Project development costs and other non-current assets	55,732	670,061
Equity-based investments	3,599,945	3,599,945
Other current assets	25,040	-
Total Assets	<u>\$ 9,268,918</u>	<u>\$ 7,846,136</u>
Liabilities and Stockholder's Equity		
Current liabilities:		
Accounts payable and accrued expenses	\$ 255,278	\$ 130,189
Due to affiliates	4,200,000	4,200,000
Short term notes payable, net	2,648,300	1,971,960
Total current liabilities	7,103,578	6,302,149
Commitments and contingencies		
Stockholder's equity:		
Common stock, \$0.001 par value, 1,000 shares authorized, issued and outstanding	1	1
Additional paid-in capital	5,095,345	2,029,733
Accumulated deficit	(2,930,006)	(485,747)
Total stockholder's equity	<u>2,165,340</u>	<u>1,543,987</u>
Total Liabilities and Stockholder's Equity	<u>\$ 9,268,918</u>	<u>\$ 7,846,136</u>

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

Safe and Green Development Corporation

Statements of Operations

	<i>For the Year Ended December 31, 2022</i>	<i>For the Period February 17, 2021 (inception) through December 31, 2021</i>
	<u> </u>	<u> </u>
Operating expenses:		
Payroll and related expenses	\$ 1,106,997	\$ 199,919
General and administrative expenses	998,717	272,271
Marketing and business development expense	32,152	13,557
Total	<u>2,137,866</u>	<u>485,747</u>
Operating loss	(2,137,866)	(485,747)
Other expense:		
Interest Expense	(306,393)	-
Net loss	<u>\$ (2,444,259)</u>	<u>\$ (485,747)</u>
Net loss per share		
Basic and diluted	<u>\$ (2,444.26)</u>	<u>\$ (485.75)</u>
Weighted average shares outstanding:		
Basic and diluted	<u>1,000</u>	<u>1,000</u>

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

Safe and Green Development Corporation

Statements of Changes in Stockholder's Equity (Unaudited)

	<i>\$0.01 Par Value Common Stock</i>		<i>Additional Paid-in Capital</i>	<i>Accumulated Deficit</i>	<i>Total Stockholder's Equity</i>
	<i>Shares</i>	<i>Amount</i>			
Balance at February 17, 2021	-	\$ -	\$ -	\$ -	\$ -
Capital Contributions	1,000	1	2,029,733	-	2,029,734
Net Loss	—	—	—	(485,747)	(485,747)
Balance at December 31, 2021	<u>1,000</u>	<u>\$ 1</u>	<u>\$ 2,029,733</u>	<u>\$ (485,747)</u>	<u>\$ 1,543,987</u>
Balance at January 1st, 2022	1,000	\$ 1	\$ 2,029,733	\$ (485,747)	\$ 1,543,987
Capital Contributions	—	—	3,065,612	—	3,065,612
Net Loss	—	—	—	(2,444,259)	(2,444,259)
Balance at December 31, 2022	<u>1,000</u>	<u>\$ 1</u>	<u>\$ 5,095,345</u>	<u>\$ (2,930,006)</u>	<u>\$ 2,165,340</u>

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

Safe and Green Development Corporation

Statements of Cash Flows

	<i>For the Year Ended December 31, 2022</i>	<i>For the period February 17, 2021 (Inception), through December 31, 2021</i>
	<u> </u>	<u> </u>
Cash flows from operating activities:		
Net loss	\$ (2,444,259)	\$ (485,747)
Adjustments to reconcile net loss to net cash used in operating activities:		
Amortization of debt issuance costs	28,040	-
Changes in operating assets and liabilities:		
Other current assets	(25,040)	-
Accounts payable and accrued expenses	125,089	130,189
Due to affiliates	-	4,200,000
Net cash (used in) provided by operating activities	<u>(2,316,170)</u>	<u>3,844,442</u>
Cash flows from investing activities:		
Purchase of land	(1,190,655)	(3,576,130)
Additions to project development costs	(206,367)	(646,335)
Equity-based investments	-	(3,599,945)
Net cash used in investing activities	<u>(1,397,022)</u>	<u>(7,822,410)</u>
Cash flows from financing activities:		
Debt Issuance Costs	-	(51,766)
Proceeds from short-term notes payable	648,300	2,000,000
Contributions	3,065,612	2,029,734
Net cash provided by financing activities	<u>3,713,912</u>	<u>3,977,968</u>
Net change in cash	<u>720</u>	<u>-</u>
Cash - beginning of period	<u>-</u>	<u>-</u>
Cash - end of period	\$ 720	\$ -
Supplemental disclosure of non-cash operating activities:		
Transfer of land to assets held for sale	<u>\$ 3,576,130</u>	<u>\$ -</u>

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

Safe and Green Development Corporation
Notes to Financial Statements

For the Year Ended December 31, 2022 and for the Period from February 17, 2021 (inception) through December 31, 2021

1. Description of Business

Safe and Green Development Corporation (the “Company,” “we,” “us” or “our”), previously known as SGB Development Corp., a Delaware corporation was incorporated on February 17, 2021. The Company was formed with the purpose of real property development primarily in the acquisition, development, management, sale and leasing of green single or multi-family projects in underserved regions nationally. The Company has a minority interest in Norman Berry II Owners LLC and JDI-Cumberland Inlet LLC as described further below.

The Company began operations during 2021 and has incurred a net loss during such period. In addition, as of December 31, 2022, the Company has minimal cash or cash equivalents on hand. Since inception, the Company has been funded by Safe & Green Holdings Corp., the Company’s parent company (“Parent”) and the Company relies solely on the Parent to fund operations and has raised substantial doubt of the Company’s ability to continue as a going concern. The Company will continue to rely on its Parent to fund the operations of the Company until positive cash flows are received. Management believes that these actions will enable the Company to continue as a going concern.

2. Summary of Significant Accounting Policies

Basis of presentation – The financial statements have been prepared in accordance with generally accepted accounting principles in the United States of America (“GAAP”) and the applicable rules and regulations of the United States Securities and Exchange Commission (“SEC”).

Recently adopted accounting pronouncements – New accounting pronouncements implemented by the Company are discussed below or in the related notes, where appropriate.

Accounting estimates – The preparation of financial statements in conformity with 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 date of the financial statements and the reported amount of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Investment Entities – On May 31, 2021, the Company agreed to contribute \$600,000 to acquire a 50% membership interest in Norman Berry II Owner LLC (“Norman Berry”). The Company contributed \$350,329 and \$114,433 of the initial \$600,000 in the second quarter and third quarter of 2021 respectively, with the remaining \$135,183 funded in the fourth quarter of 2021. The purpose of Norman Berry is to develop and provide affordable housing in the Atlanta, Georgia metropolitan area. The Company has determined it is not the primary beneficiary of Norman Berry and thus will not consolidate the activities in its financial statements. The Company will use the equity method to report the activities as an investment in its financial statements.

On June 24, 2021, the Company entered into an operating agreement with Jacoby Development for a 10% non-dilutable equity interest for JDI-Cumberland Inlet, LLC (“Cumberland”). The Company contributed \$3,000,000 for its 10% equity interest. The purpose of Cumberland is to develop a waterfront parcel in a mixed-use destination community. The Company has determined it is not the primary beneficiary of Cumberland and thus will not consolidate the activities in its financial statements. The Company will use the equity method to report the activities as an investment in its financial statements.

During the year ended December 31, 2022 and the period ended December 31, 2021, Norman Berry and Cumberland did not have any material earnings or losses as the investments are in development. In addition, management believes there was no impairment as of December 31, 2022 and 2021.

Cash and cash equivalents – The Company considers cash and cash equivalents to include all short-term, highly liquid investments that are readily convertible to known amounts of cash and have original maturities of three months or less upon acquisition. The Company has minimal cash and cash equivalents on hand as of December 31, 2022 and 2021.

Property, plant and equipment – Property, plant and equipment is stated at cost. Depreciation is computed using the straight-line method over the estimated lives of each asset. Repairs and maintenance are charged to expense when incurred.

On May 10, 2021 the Company acquired a 50+ acre Lake Travis project site in Lago Vista, Texas (“Lago Vista”) for \$3,576,130, which is recorded in assets held for sale on the accompanying balance sheets.

During February 2022 and September 2022, the Company acquired properties in Oklahoma and Georgia for \$893,785 (including additions) and \$296,870, respectively, which is recorded as land on the accompanying balance sheets.

Project Development Costs – Project development costs are stated at cost. At December 31, 2022, the Company’s project development costs are expenses incurred related to development costs on various projects that are capitalized during the period the project is under development. As of December 31, 2022, \$820,696 of project development costs related to Lago Vista are included in assets held for sale.

Assets Held For Sale – During 2022, management implemented a plan to sell Lago Vista, which meets all of the criteria required to classify it as an Asset Held For Sale. Including the project development costs associated with Lago Vista of \$820,696, the book value is now \$4,396,826.

Fair value measurements – Financial instruments, including accounts payable and accrued expenses are carried at cost, which the Company believes approximates fair value due to the short-term nature of these instruments. The short-term note payable is carried at cost which approximates fair value due to corresponding market rates.

The Company measures the fair value of financial assets and liabilities based on 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. The Company maximizes the use of observable inputs and minimizes the use of unobservable inputs when measuring fair value.

The Company uses 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).

Transfer into and transfers out of the hierarchy levels are recognized as if they had taken place at the end of the reporting period.

Income taxes – The Company accounts for income taxes utilizing the asset and liability approach. Under this approach, deferred taxes represent the future tax consequences expected to occur when the reported amounts of assets and liabilities are recovered or paid. The provision for income taxes generally represents income taxes paid or payable for the current year plus the change in deferred taxes during the year. Deferred taxes result from the differences between the financial and tax bases of the Company’s assets and liabilities and are adjusted for changes in tax rates and tax laws when changes are enacted.

The calculation of tax liabilities involves dealing with uncertainties in the application of complex tax regulations. The Company recognizes liabilities for anticipated tax audit issues based on the Company’s estimate of whether, and the extent to which, additional taxes will be due. If payment of these amounts ultimately proves to be unnecessary, the reversal of the liabilities would result in tax benefits being recognized in the period when the liabilities are no longer determined to be necessary. If the estimate of tax liabilities proves to be less than the ultimate assessment, a further charge to expense would result.

Concentrations of credit risk – Financial instruments, that potentially subject the Company to concentration of credit risk, consist principally of cash and cash equivalents. The Company places its cash with high credit quality institutions. At times, such amounts may be in excess of the FDIC insurance limits. The Company has not experienced any losses in such account and believes that it is not exposed to any significant credit risk on the account.

3. Equity-based investments

The approximate combined financial position of the Company’s equity-based investments are summarized below as of December 31, 2022 and 2021:

Condensed balance sheet information:

	<u>2022</u>	<u>2021</u>
	(Unaudited)	(Unaudited)
Total assets	\$ 37,500,000	\$ 37,700,000
Total liabilities	\$ 7,100,000	\$ 7,020,000
Members’ equity	\$ 30,400,000	\$ 30,680,000

4. Note Payable

On July 14, 2021, the Company, issued a Real Estate Lien Note, in the principal amount of \$2,000,000 (the “Short-Term Note”), secured by a Deed of Trust, dated July 14, 2021 (the “Deed of Trust”), on Lago Vista and a related Assignment of Leases and Rents, dated July 8, 2021 (“Assignment of Rents”), for net loan proceeds of approximately \$1,948,234 after fees. The Short-Term Note has a term of one (1) year, provides for payments of interest only at a rate of twelve percent (12%) per annum and may be prepaid without penalty commencing nine (9) months after its issuance date. If the Short-Term Note is prepaid prior to nine (9) months after its issuance date, a 0.5% prepayment penalty is due. The Company capitalized \$20,000 in interest charges and \$4,134 in debt issuance costs during the year ended December 31, 2022 related to the Lago Vista project in accordance with ASC 835-20. On July 14, 2022, the Company entered into a renewal and extension of the Short-Term Note, with a maturity date of January 14, 2023 and all other terms remaining the same.

The Company entered into a Second Real Estate Lien Note, in the principal amount of \$500,000, with similar terms to the Short-Term Note (“Second Short-Term Note”). The Second Short-Term Note has a maturity date of January 14, 2023.

During August 2022, in connection with the purchase of a property in Georgia, the Company entered into a promissory note in the amount of \$148,300. This note has a term of one (1) year, provided for payments of interest only at a rate of nine and three quarters percent (9.75%) per annum.

5. Net Loss Per Share

Basic net loss per share is computed by dividing the net loss for the period by the weighted average number of common shares outstanding during the period. Diluted net loss per share is computed by dividing the net loss for the period by the weighted average number of common and potentially dilutive common shares outstanding during the period. Potentially dilutive common shares consist of the common shares issuable upon the exercise of stock options and warrants. Potentially dilutive common shares are excluded from the calculation if their effect is antidilutive.

At December 31, 2022 and 2021, there were no securities outstanding that could potentially dilute future net loss per share.

6. Stockholder's Equity

As of December 31, 2022, the Company has 1,000 shares of common stock authorized, issued and outstanding which were issued to the Parent. As of December 31, 2022, the Parent contributed \$5,095,346 to the Company.

7. Related Party Transactions

As of December 31, 2022 and 2021, \$4,200,000 is due to Parent. This amount was advanced to the Company, is non-interest bearing and is due on demand. Included in this amount, are payroll and general and administrative expenses which have been paid by the Parent and allocated to the Company. The Parent has allocated these costs based upon the estimated efforts which benefit the Company. For the year ended December 31, 2022, the Parent allocated \$1,690,377 to the Company, with \$207,523 included in project development costs. For the period February 17, 2021 (inception) through December 31, 2021, the Parent allocated \$1,150,808 to the Company, with \$670,061 included in project development costs.

8. Income Taxes

The Company's provision (benefit) for income taxes consists of the following for the year end and period ended December 31, 2022 and 2021:

Deferred:	2022	2021
Federal	\$ (513,294)	\$ 102,007
State and local	(35,234)	(7,002)
Total deferred	(548,528)	(109,009)
Total provision (benefit) for income taxes	(548,528)	(109,009)
Less: valuation reserve	548,528	109,009
Income tax provision	\$ —	\$ —

A reconciliation of the federal statutory rate to 0.0% for the year ended December 31, 2022 and the period ended December 31, 2021 to the effective rate for income from operations before income taxes is as follows:

Benefit for income taxes at federal statutory rate	21.0%
State and local income taxes, net of federal benefit	1.4
Less valuation allowance	(22.4)
Effective income tax rate	0.0%

The tax effects of these temporary differences along with the net operating losses, net of an allowance for credits, have been recognized as deferred tax assets at December 31, 2022 and 2021 as follows:

	2022	2021
Net operating loss carryforward	\$ 439,519	\$ 109,009
Valuation allowance	(439,519)	(109,009)
Net deferred tax asset	\$ —	\$ —

The Company establishes a valuation allowance, if based on the weight of available evidence, it is more likely than not that some portion or all of the deferred assets will not be realized. The valuation allowance increased by \$439,519 and 109,009 during the year ended December 31, 2022 and the period ended December 31, 2021, respectively.

As of December 31, 2022, the Company had a net operating loss carryforward of approximately \$2,900,000 for Federal and State tax purposes. This net operating losses will carryforward indefinitely and be available to offset up to 80% of future taxable income each year. The Company's net operating loss carryforward may be subject to annual limitations, which could reduce or defer the utilization of the losses as a result of an ownership change as defined in Section 382 of the Internal Revenue Code.

As required by the provisions of ASC 740, the Company recognizes the financial statement benefit of a tax position only after determining that the relevant tax authority would more likely than not sustain the position following an audit. For tax positions meeting the more likely than not threshold, the amount recognized in the consolidated financial statements is the largest benefit that has a greater than 50 percent likelihood of being realized upon ultimate settlement with the relevant tax authority. Differences between tax positions taken or expected to be taken in a tax return and the net benefit recognized and measured pursuant to the interpretation are referred to as "unrecognized benefits." A liability is recognized (or amount of net operating loss or amount of tax refundable is reduced) for an unrecognized tax benefit because it represents an enterprise's potential future obligation to the taxing authority for a tax position that was not recognized as a result of applying the provisions of ASC 740.

The Company recognizes interest and penalties related to uncertain tax positions in general and administrative expenses. As of December 31, 2022 and 2021, the Company has no unrecognized tax positions, including interest and penalties. The 2021 tax year is still open to examination by the major tax jurisdictions in which the Company operates. The Company files returns in the United States Federal tax jurisdiction and various other state jurisdictions.

9. Commitments and Contingencies

At times the Company is subject to certain claims and lawsuits arising in the normal course of business. The Company assesses liabilities and contingencies in connection with outstanding legal proceedings utilizing the latest information available. Where it is probable that the Company will incur a loss and the amount of the loss can be reasonably estimated, the Company records a liability in our financial statements. These legal accruals may be increased or decreased to reflect any relevant developments on a quarterly basis. Where a loss is not probable or the amount of the loss is not estimable, the Company does not record an accrual, consistent with applicable accounting guidance. Based on information currently available, advice of counsel, and available insurance coverage, the Company believes that any legal proceedings will not have a material adverse effect on the financial condition.

10. Subsequent Events

During January 2023, the Short-Term Note and Second Short-Term Note were extended with a current maturity date of February 1, 2024.

On March 30, 2023, an affiliate of SG DevCorp. entered into an agreement to secure financing to pay off the Short-Term Note and Second Short-Term Note by issuing a new \$5,000,000 note to be secured by the Lago Vista property and SG DevCorp.'s McLean site in Durant, Oklahoma. As of the date of this report, the financing to pay off the Short-Term Note had not closed.