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

FORM 10-Q

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

For the quarterly period ended **June 30, 2024**

OR

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

For the transition period from _____ to _____

Commission File Number: 001-41581

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 No.)
100 Biscayne Blvd, Suite 1201, Miami FL 33132	33132
(Address of principal executive offices)	(Zip Code)

(646) 240-4235
(Registrant's telephone number, including area code)

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

Title of each class	**Trading Symbol(s)**	**Name of each exchange on which registered**
Common Stock, par value $0.001 per share	SGD	The Nasdaq Stock Market LLC

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No □

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☒ No □

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, 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.

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. □

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act). Yes □ No ☒

As of August 14, 2024 the issuer had a total of 17,808,713 shares of the registrant's common stock, $0.001 par value, outstanding.

SAFE AND GREEN DEVELOPMENT CORPORATION AND SUBSIDIARY

FORM 10-Q

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PART I. FINANCIAL INFORMATION

ITEM 1. Financial Statements

SAFE AND GREEN DEVELOPMENT CORPORATION AND SUBSIDIARY

Condensed Consolidated Balance Sheets

	June 30, 2024	*December 31, 2023*
	(Unaudited)	
Assets		
Current assets:		
Cash	$ 24,238	$ 3,236
Prepaid asset and other current assets	946,365	231,989
Current Assets	970,603	235,225
Assets held for sale	4,400,361	4,400,361
Land	1,190,655	1,190,655
Property and equipment, net	4,215	3,569
Project development costs and other non-current assets	96,240	65,339
Equity-based investments	3,642,607	3,642,607
Intangible assets	538,769	-
Goodwill	1,810,787	22,210
Total Assets	$ 12,654,237	$ 9,559,966
Liabilities and Stockholder's Equity		
Current liabilities:		
Accounts payable and accrued expenses	$ 930,137	$ 601,292
Due to affiliates	335,000	260,000
Short term notes payable, net	8,425,937	6,810,897
Total current liabilities	9,691,074	7,672,189
Contingent consideration liability	945,000	-
Total Liabilities	10,636,074	7,672,189
Stockholder's equity:		
Preferred stock, $0.001 par value, 5,000,000 shares authorized, 0 issued and outstanding	-	
Common stock, $0.001 par value, 50,000,000 shares authorized, 16,521,106 issued and outstanding as of June 30, 2024 and 10,200,000 shares authorized, issued and outstanding as of December 31, 2023	16,521	10,200
Additional paid-in capital	14,168,651	9,008,124
Accumulated deficit	(12,167,009)	(7,130,547)
Total stockholder's equity	2,018,163	1,887,777
Total Liabilities and Stockholder's Equity	$ 12,654,237	$ 9,559,966

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

Safe and Green Development Corporation and Subsidiary
Condensed Consolidated Statements of Operations

	For the Three Months Ended June 30,		*For the Six Months Ended June 30,*	
	2024	**2023**	**2024**	**2023**
Revenue:				
Sales	$ 42,162	$ -	$ 91,978	$ -
Total	42,162	-	91,978	-
Operating expenses:				
Payroll and related expenses	$ 595,645	$ 196,601	$ 2,611,732	$ 670,098
General and administrative expenses	216,829	284,704	683,084	519,973
Marketing and business development expense	132,661	15,159	201,811	27,305
Total	945,135	496,464	3,496,627	1,217,376
Operating loss	(902,973)	(496,464)	(3,404,649)	(1,217,376)
Other expense:				
Interest Expense	(1,065,818)	(291,456)	(1,631,814)	(475,046)
Net loss	$ (1,968,791)	$ (787,920)	$ (5,036,463)	$ (1,692,422)
Net loss per share				
Basic and diluted	$ (0.13)	$ (787.92)	$ (0.37)	$ (1,692.42)
Weighted average shares outstanding:				
Basic and diluted	15,407,593	1,000	13,666,779	1,000

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

Safe and Green Development Corporation and Subsidiary
Condensed Consolidated Statements of Changes in Stockholder's Equity (Unaudited)

	$0.001 Par Value Common Stock		*Additional Paid-in*	*Accumulated*	*Total Stockholder's*
	Shares	***Amount***	***Capital***	***Deficit***	***Equity***
Balance at January 1, 2023	1,000	$ 1	$ 5,095,345	$ (2,930,006)	$ 2,165,340
Capital contributions	-	-	959,384	-	959,384
Net loss	-	-		(904,503)	(904,503)
Balance at March 31, 2023	1,000	$ 1	$ 6,054,729	$ (3,834,509)	$ 2,220,221
Net loss	-	-	-	(787,920)	(787,920)
Balance at June 30, 2023	1,000	$ 1	$ 6,054,729	$ (4,622,429)	$ 1,432,301

	$0.001 Par Value Common Stock		*Additional Paid-in*	*Accumulated*	*Total Stockholder's*
	Shares	***Amount***	***Capital***	***Deficit***	***Equity***
Balance at January 1, 2024	10,200,000	$ 10,200	9,008,124	$ (7,130,547)	$ 1,887,777
Conversion of notes payable	998,905	999	699,001	-	700,000
Issuance of common stock from EP agreement	386,000	386	421,274	-	421,660
Issuance of stock for debt and warrant issuance	224,320	224	308,291	-	308,515
Issuance of stock for services	196,774	197	197,674	-	197,871
Issuance of common stock from restricted stock units	1,539,418	1,539	1,745,101	-	1,746,640
Cashless warrant exercise	305,831	306	(306)	-	-
Issuance of stock in connection with business combination	500,000	500	434,500		435,000
Net loss	-	-	-	(3,067,671)	(3,067,671)
Balance at March 31, 2024	14,351,248	$ 14,351	12,813,659	$ (10,198,218)	$ 2,629,792
Restricted stock units	66,666	67	185,024	-	185,091
Conversion of notes payable and accrued interest	529,506	529	370,126	-	370,655
Issuance of common stock from EP agreement	500,000	500	294,250	-	294,750
Cashless warrant exercise	713,686	714	(714)	-	-
Issuance of stock for debt and warrant issuance	160,000	160	278,146	-	278,306
Issuance of stock for purchase of MVONIA	200,000	200	228,160	-	228,360
Net loss	-	-	-	(1,968,791)	(1,968,791)
Balance at June 30, 2024	16,521,106	$ 16,521	$ 14,168,651	$ (12,167,009)	$ 2,018,163

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

Safe and Green Development Corporation and Subsidiary
Condensed Consolidated Statements of Cash Flows

	For the Six Months Ended June 30, 2024	*For the Six Months Ended June 30, 2023*
	(Unaudited)	**(Unaudited)**
Cash flows from operating activities:		
Net loss	$ (5,036,463)	$ (1,692,422)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation	356	-
Amortization of debt issuance costs	1,059,135	186,706
Stock based compensation	1,931,731	-
Common stock for debt and warrant issuance	586,821	-
Common stock for services	197,871	-
Changes in operating assets and liabilities:		
Prepaid asset and other current assets	285,623	158,390
Intangible assets	(187,731)	(21,650)
Accounts payable and accrued expenses	(182,837)	78,276
Due to affiliates	75,000	(999,257)
Net cash used in operating activities	(1,270,494)	(2,289,957)
Cash flows from investing activities:		
Additions to assets held for sale	-	(3,534)
Cash acquired bus combination	1,082	-
Purchase of computers and software	(1,002)	-
Project development costs	(30,900)	(12,345)
Equity-based investments	--	(25,000)
Net cash used in investing activities	(30,820)	(40,879)
Cash flows from financing activities:		
Debt issuance costs	(895,794)	(486,825)
Proceeds from short-term notes payable	1,501,700	5,440,000
Issuance of common stock from EP Agreement	716,410	-
Repayment of short-term notes payable		(2,500,000)
Contributions	-	959,384
Net cash provided by financing activities	1,322,316	3,412,559
Net change in cash	21,002	1,081,723
Cash – beginning of period	3,236	720
Cash – end of period	$ 24,238	$ 1,082,443
Supplemental disclosure of non-cash operating activities:		
Prepaid interest held back from proceeds from short-term notes payable	$ 1,000,000	$ 675,000
Conversion of notes payable	$ 1,070,655	$ -
Intangible assets acquired in connection with asset acquisition	$ 228,360	$ -
Assets and liabilities acquired in business combination:		
Intangible assets	$ 100,468	$ -
Goodwill	$ 1,810,787	$ -
Accounts payable and accrued expenses	$ 32,237	$ -
Contingent consideration payable	$ 945,000	$ -

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

1. Description of Business

Safe and Green Development Corporation (the "Company" or "SG DevCo"), previously known as SGB Development Corp., a Delaware corporation, was incorporated on February 17, 2021. The Company was formed in 2021 for the purposes of real property development using purpose-built, prefabricated modules built from both wood and steel. The Company's 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. Additionally, a majority owned subsidiary of SG DevCo, Majestic World Holdings LLC, is a prop-tech company that has created an AI powered real estate marketplace. It aims to decentralize the real estate marketplace, creating an all-in-one solution that brings banks, institutions, home builders, clients, agents, vendors, gig workers, and insurers into a seamlessly integrated and structured AI-driven environment. MyVONIA Innovations LLC, a wholly own subsidiary, is the owner of MyVONIA which is an AI-powered personal assistant designed to help simplify daily tasks and improve productivity for individuals and businesses. MyVONIA aims to assist with managing both personal and professional tasks.

Going Concern

The Company began operations during 2021 and has incurred net losses since inception and has a net capital deficiency, which raises substantial doubt about its ability to continue as a going concern. Prior to becoming a public company, the Company's operations had primarily been funded through advances from Safe & Green Holdings Corp., the Company's then parent company ("Parent") and the Company had been largely dependent upon Parent for funding. The Company has also funded its operations through bridge note financing, project level financing, and the issuance of its equity and debt securities. The above conditions raise substantial doubt about the Company's ability to continue as a going concern. The Company has initiated strategic monetization of properties, which may yield additional financing proceeds to fund operations, however there is no assurance that the Company will be successful in achieving its objectives.

Separation and Distribution

In December 2022, Parent and then owner of 100% of the Company's issued and outstanding securities, announced its plan to separate the Company and Parent into two separate publicly traded companies (the "Separation"). To implement the Separation, on September 27, 2023 (the "Distribution Date"), Parent, effected a pro rata distribution to Parent's stockholders of approximately 30% of the outstanding shares of the Company's common stock (the "Distribution"). In connection with the Distribution, each Parent stockholder received 0.930886 shares of the Company's common stock for every five (5) shares of Parent common stock held as of the close of business on September 8, 2023, the record date for the Distribution, as well as a cash payment in lieu of any fractional shares. Immediately after the Distribution, the Company was no longer a wholly owned subsidiary of Parent and Parent held approximately 70% of the Company's issued and outstanding securities. On September 28, 2023, the Company's common stock began trading on the Nasdaq Capital Market under the symbol "SGD."

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

Basis of presentation and principals of consolidation — 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") and include the accounts of the Company and its wholly owned subsidiaries, LV Peninsula Holding, LLC ("LV Holding") and MyVonia Innovations LLC ("MyVonia LLC").

2. Summary of Significant Accounting Policies

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.

Revenue recognition – The Company determines, at contract inception, whether it will transfer control of a promised good or service over time or at a point in time, regardless of the length of contract or other factors. The recognition of revenue aligns with the timing of when promised goods or services are transferred to customers in an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services. To achieve this core principle, the Company applies the following five steps in accordance with its revenue policy:

(1) Identify the contract with a customer

(2) Identify the performance obligations in the contract

(3) Determine the transaction price

(4) Allocate the transaction price to performance obligations in the contract

(5) Recognize revenue as performance obligations are satisfied

The revenue the Company has generated to date resulted from commissions related to residential real estate purchases and sales transactions. For this revenue, the Company applies recognition of revenue when the customer obtains control over such service, which is at a point in time.

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 does not consolidate the activities in its financial statements. The Company used 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. During the year ended December 31, 2023, the Company contributed an additional $25,000. 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 does not consolidate the activities in its financial statements. The Company uses the equity method to report the activities as an investment in its financial statements.

During the six months ended June 30, 2024 and 2023, 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 June 30, 2024 or December 31, 2023.

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 June 30, 2024 and December 31, 2023.

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.

2. Summary of Significant Accounting Policies (cont.)

Intangible assets — Intangible assets consist of $22,210 of website costs that will be amortized over 5 years, and $538,769 of software development acquired in connection with the business combination described below, the acquisition described below, and additional additions which will be amortized over 3 years, As of June 30, 2024 the website costs and software development are not in service. The Company evaluated intangible assets for impairment during the six months ended June 30, 2024 and 2023 and determined that there are no impairment losses.

Project Development Costs — Project development costs are stated at cost. At June 30, 2024 and December 31, 2023, 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.

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 previous project development costs associated with Lago Vista of $824,231, the book value is now $4,400,361.

On November 28, 2023, LV Peninsula Holding LLC ("LV Holding") entered into a Contribution Agreement (the "Contribution Agreement") with Preserve Acquisitions, LLC, a Delaware limited liability company ("Preserve"), to form either a Delaware or Texas limited liability company or limited partnership (the "Joint Venture") for the purpose of owning, holding for investment and ultimately selling a residential housing development (the "Project") to be developed by the parties on Lago Vista upon the terms and conditions set forth in the Contribution Agreement and in the operating agreement of the Joint Venture to be negotiated between the parties (the "JV Agreement"). The Contribution Agreement provides that the parties will negotiate the JV Agreement within five months of the November 28, 2023 execution date of the Contribution Agreement. The Contribution Agreement further provides that LV Holding will contribute the Lago Vista Property to the Joint Venture as a capital contribution to be valued at $11,500,000 in the JV Agreement.

Preserve will lead the development process and, after the completion of a feasibility period, will be required to submit permits for the first phase of the Project within 11 months from the execution of the Contribution Agreement. In addition, the Contribution Agreement provides that LV Holding must remove, pay and/or satisfy prior to or at Closing (as defined below) any monetary liens (as defined in the Contribution Agreement) on the Lago Vista Property.

The closing for the formation of the Joint Venture (the "Closing") is to be held on the date which is 30 days after the expiration of the feasibility period subject to fulfillment of the following conditions: (a) an affiliate of Preserve, LV Holding or its affiliate (the "LV Member") and a third party equity investor, if applicable, have executed and delivered the JV Agreement in form approved by Preserve and LV Holding, which terms must be consistent with waterfall provisions set forth in the Contribution Agreement; (b) the Joint Venture having secured a legally binding and unconditional commitment for construction financing and capital commitments sufficient for the Project from third parties (debt and equity); and (c) the Title Agent being unconditionally committed to issue the Owner's Title Policy to the Joint Venture.

At Closing, LV Holding must pay a 5% brokerage commission based upon the $11,500,000 property value. Until the Closing or the earlier termination of the Contribution Agreement, LV Holding has agreed to not convey or encumber all or any portion of the Lago Vista Property, or any interest therein, or enter into any agreement granting to any person any right with respect to the Lago Vista Property (or any portion thereof), provided, however, prior to Closing, LV Holding may solicit, discuss, and negotiate purchase offers so long as it notifies all potential buyers that the Lago Vista Property is under contract pursuant to the Contribution Agreement. See the subsequent events footnote for additional information.

On April 25, 2024, the Company entered into a Commercial Contract (the "Contract of Sale") with Lithe Development Inc., a Texas corporation ("Lithe"), to sell the Lago Vista Property for $5.825 million. The Contract of Sale provides that the closing of the sale by the Company to Lithe of the Lago Vista Property is expected to occur after a 70-day due diligence period and a subsequent 30-day closing period. After being notified of the Contract of Sale, the Company received written notice from counsel to Preserve terminating the Contribution Agreement. On July 18th, 2024 the Company entered into an amendment o the Contract of Sale to extend the closing date to August 4th, The contract was further amended on July 25th, 2024, to increase the sales price to $5.84 million. On August 8, 2024, the Company entered into an additional amendment to the Contract of Sale to extend the closing date to August 20th, 2024 and increase the price sales price to $5.86M.

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.

2. Summary of Significant Accounting Policies (cont.)

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.

Business Combinations — The Company accounts for business acquisitions using the acquisition method of accounting in accordance with ASC 805 "Business Combinations", which requires recognition and measurement of all identifiable assets acquired and liabilities assumed at their fair value as of the date control is obtained. The Company determines the fair value of assets acquired and liabilities assumed based upon its best estimates of the acquisition-date fair value of assets acquired and liabilities assumed in the acquisition. Goodwill represents the excess of the purchase price over the fair value of the net tangible and identifiable intangible assets acquired. Subsequent adjustments to fair value of any contingent consideration are recorded to the Company's consolidated statements of operations. Costs that the Company incurs to complete the business combination are charged to general and administrative expenses as they are incurred.

For acquisitions of assets that do not constitute a business, any assets and liabilities acquired are recognized at their cost based upon their relative fair value of all asset and liabilities acquired.

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. Property and Equipment

Property and equipment are stated at cost less accumulated depreciation and amortization and depreciated using the straight-line method over their useful lives. At June 30, 2024 and December 31, 2023 the Company's property and equipment, net consisted of the following:

	2024	2023
Computer equipment and software	$ 4,807	$ 3,805
Less: accumulated depreciation	(592)	(236)
Property, plant and equipment, net	$ 4,215	$ 3,569

Depreciation expense for the six months ended June 30, 2024 amounted to $356,356.

4. Equity-based investments

As of June 30, 2024, the Company's investment in Norman Barry and Cumberland amount to $617,607 and $3,025,000, respectively. The approximate combined financial position of the Company's equity-based investments are summarized below as of June 30, 2024 and December 31, 2023:

Condensed balance sheet information:	***June 30, 2024***	***December 31, 2023***
	(Unaudited)	**(Unaudited)**
Total assets	$ 39,975,000	$ 39,800,000
Total liabilities	$ 9,800,000	$ 9,700,000
Members' equity	$ 30,175,000	$ 30,100,000

5. Notes Payable

During August 2022, in connection with the purchase of the St. Mary's 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. During August 2023, such note was extended for a one year period. During March 2024, the note was modified and the principal amount was increased to $200,000.

On March 31, 2023, LV Peninsula Holding LLC ("LV Peninsula"), a Texas limited liability company and wholly owned subsidiary of the Company, 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 the Lake Travis project site in Lago Vista, Texas, a related Assignment of Contract Rights, dated March 30, 2023 ("Assignment of Rights"), on the Company's project site in Lago Vista, Texas and McLean site in Durant, Oklahoma and a Mortgage, dated March 30, 2023 ("Mortgage"), on the Company's site in Durant, Oklahoma.

The proceeds of the LV Note were used to pay off prior notes. The LV Note requires monthly installments of interest only 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 the Company 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 Company incurred $406,825 of debt issuance costs and remitted $675,000 in prepaid interest in connection with the LV Note. The LV Note had an original maturity date of April 1, 2024.

On April 3, 2024, LV Holding, entered into a Modification and Extension Agreement, effective as of April 1, 2024 (the "Extension Agreement"), to extend to April 1, 2025 the maturity date of the LV Note. As consideration for the Extension Agreement, LV Holding agreed to pay an extension fee of $50,000. Additionally, the Extension Agreement provides for the LV Note's interest rate to be increased to a fixed rate of 17.00%. In addition, pursuant to a loan agreement dated April 3, 2024 (the "2nd Lien Loan Agreement"), LV Holding issued a promissory note, in the principal amount of $1,000,000 (the "2nd Lien Note"), secured by a revised Deed of Trust and Security Agreement, dated April 3, 2024 (the "Revised Deed of Trust") on the Company's Lago Vista site, a Modification to Real Estate Mortgage, dated April 3, 2024 ("Mortgage Modification"), to the mortgage, dated March 30, 2023, on the Company's McLean site in Durant, Oklahoma,. The 2nd Lien Note is subordinate to the LV Note. The 2nd Lien Note requires monthly installments of interest only, is due in full on April 1, 2025, bears interest at fixed rate of 17.00% and may be prepaid by LV Holding at any time without interest or penalty. LV Holding's obligations under the 2nd Lien Note have been guaranteed by the Company pursuant to a Guaranty, dated April 3, 2024.

On June 23, 2023, the Company entered into a Loan Agreement (the "BCV Loan Agreement") with a Luxembourg-based specialized investment fund, BCV S&G DevCorp ("BCV S&G"), for up to $2,000,000 in proceeds, under which it initially received $1,250,000. The Loan Agreement provides that the loan provided thereunder will bear interest at 14% per annum and mature on December 1, 2024. The loan may be repaid by the Company at any time following the twelve-month anniversary of its issue date. The loan is secured by 1,999,999 of Parent's shares of the Company's common stock (the "Pledged Shares"), which were pledged pursuant to an escrow agreement (the "Escrow Agreement") with the Company's transfer agent. The fees associated with the issuance include $70,000 paid to BCV S&G for the creation of the BCV Loan Agreement and $27,500 payable to BCV S&G per annum for maintaining the BCV Loan Agreement. Additionally, $37,500 in broker fees was paid to Bridgeline Capital Partners S.A. on the principal amount raised of $1,250,000. As of March 31, 2024, the Company has paid $55,000 in debt issuance costs. The BCV Loan Agreement further provided that if the Company's shares of common stock were not listed on The Nasdaq Stock Market before August 30, 2023 or if following such listing the total market value of the Pledged Shares fell below twice the face value of the loan, the loan would be further secured by the Company's St. Mary's industrial site, consisting of 29.66 acres and a proposed manufacturing facility in St. Mary's, Georgia (the "St. Mary's Site").

On August 9, 2023, Parent and the Company entered into a Note Cancellation Agreement, effective as of July 1, 2023, pursuant to which Parent cancelled and forgave the remaining balance then due on that certain promissory note, dated December 19, 2021, made by the Company in favor of Parent in the original principal amount of $4,200,000.

5. Notes Payable (cont.)

On August 16, 2023, the Company secured an additional $500,000 in bridge funding from BCV S&G under the BCV Loan Agreement.

On August 25, 2023, the Company and BCV S&G amended the BCV Loan Agreement ("Amendment No. 1") to change the date upon which the Company's shares must be listed on The Nasdaq Stock Market from August 30, 2023 to September 15, 2023. According to Amendment No. 1, if the Company's shares of common stock were not listed on The Nasdaq Stock Market before September 15, 2023 or if following such listing the total market value of the Pledged Shares fell below twice the face value of the loan, the loan would be further secured by a security interest in the St. Mary's Site.

On September 11, 2023, the Company and BCV S&G amended the BCV Loan Agreement ("Amendment No. 2") to change the date upon which the Company's shares must be listed on The Nasdaq Stock Market from September 15, 2023 to September 30, 2023. According to Amendment No. 2, if the Company's shares of common stock were not listed on The Nasdaq Stock Market before September 30, 2023 or if following such listing the total market value of the Pledged Shares fell below twice the face value of the loan, the loan would be further secured by a security interest in the St. Mary's Site. Following the listing, the total market value of the Pledged Shares fell below twice the face value of the loan and the Company and BCV S&G are in discussions regarding alternatives, if any.

On November 30, 2023, the Company entered into a Securities Purchase Agreement, dated November 30, 2023 (the "Purchase Agreement") with Peak One Opportunity Fund, L.P. ("Peak One"), pursuant to which the Company agreed to issue, in a private placement offering consisting of two tranches, two Debentures to Peak One in the aggregate principal amount of $1,200,000.

The closing of the first tranche was consummated on November 30, 2023 and the Company issued an 8% convertible debenture in principal amount of $700,000 (the "Initial Debenture") to Peak One and a warrant (the "First Warrant") to purchase up to 350,000 shares of the Company's common stock, to Peak One's designee as described in the Purchase Agreement. The Initial Debenture was sold to Peak One for a purchase price of $630,000, representing an original issue discount of ten percent (10%). In connection with the offering, the Company paid $17,500 as a non-accountable fee to Peak One to cover its accounting fees, legal fees and other transactional and issued to Peak One and its designee an aggregate total of 100,000 shares of its restricted common stock as commitment shares.

The Initial Debenture matured twelve months from its date of issuance and bore interest at a rate of 8% per annum payable on the maturity date. The Initial Debenture was convertible, at the option of the holder, at any time, into such number of shares of common stock of the Company equal to the principal amount of the Initial Debenture plus all accrued and unpaid interest at a conversion price equal to $2.14 (the "Conversion Price"), subject to adjustment for any stock splits, stock dividends, recapitalizations and similar events, as well as anti-dilution price protection provisions that are subject to a floor price of $0.39.

The Initial Debenture was redeemable by the Company at a redemption price equal to 110% of the sum of the principal amount to be redeemed plus accrued interest, if any. While the Initial Debenture was outstanding, if the Company received cash proceeds of more than $1,500,000 ("Minimum Threshold") in the aggregate from any source or series of related or unrelated sources, the Company was required to, within two (2) business days of Company's receipt of such proceeds, inform the holder of such receipt, following which the holder had the right in its sole discretion to require the Company to immediately apply up to 50% of all proceeds received by the Company (from any source except with respect to proceeds from the issuance of equity or debt to officers and directors of the Company) after the Minimum Threshold was reached to repay the outstanding amounts owed under the Initial Debenture.

The Initial Debenture contained customary events of default. If an event of default occurs, until it was cured, Peak One may increase the interest rate applicable to the Initial Debenture to the lesser of eighteen percent (18%) per annum and the maximum interest rate allowable under applicable law and accelerate the full indebtedness under the Initial Debenture, in an amount equal to 110% of the outstanding principal amount and accrued and unpaid interest. The Initial Debenture prohibits the Company from entering into a Variable Rate Transaction (as defined in the Initial Debenture) until the Initial Debenture is paid in full.

The First Warrant expired five years from its date of issuance. The First Warrant was exercisable, at the option of the holder, at any time, for up to 350,000 of shares of common stock of the Company at an exercise price equal to $2.53, subject to adjustment for any stock splits, stock dividends, recapitalizations, and similar events, as well as anti-dilution price protection provisions that are subject to a floor price of $0.39. The First Warrant provided for cashless exercise under certain circumstances.

Under the Purchase Agreement, a closing of the second tranche could occur subject to the mutual written agreement of Peak One and the Company and satisfaction of the closing conditions set forth in the Purchase Agreement at any time after January 29, 2024, upon which the Company would issue and sell to Peak One on the same terms and conditions a second 8% convertible debenture in the principal amount $500,000.

5. Notes Payable (cont.)

In connection with the Purchase Agreement, the Company incurred a total of $75,393 in debt issuance costs. In addition, the initial fair value of the First Warrant amounted to $294,438 and the fair value of the commitment shares amounted to $195,000, both of which have been recorded as a debt discount and will be amortized over the effective rate method.

During the six months ended June 30, 2024 the balance of $700,000 from the Initial Debenture was converted into 1,098,904 shares of common stock and the Company issued 305,831 shares of the Company's common stock in connection with the exercise, in full of the First Warrant, on a cashless basis. The conversion was within the terms of the agreement and there was no gain or loss recognized.

On February 15, 2024, the Company entered into an amendment (the "Amendment") to the Purchase Agreement with Peak One.

The Amendment provided that the second tranche be separated into two tranches (the second and third tranche) wherein which the Company would issue in each tranche an 8% convertible debenture in the principal amount of $250,000 at a purchase price of $225,000 (representing an original issue discount of ten percent (10%) with the same terms as the Initial Debenture). In addition, the Amendment provided that the Company would issue (i) 35,000 shares of its Common Stock on the closing of each of the second tranche and the third tranche as a commitment fee in connection with the issuance of the second debenture and the third debenture, respectively; (ii) a common stock purchase warrant (with the same terms as the First Warrant) for the purchase of 125,000 shares of common stock on the closing of each of the second tranche and the third tranche; and (iii) pay $6,500 of Peak One's non-accountable fees in connection with each of the second tranche and the third tranche.

The closing of the second tranche was consummated on February 16, 2024. In connection with the second tranche, the Company incurred a total of $20,000 in debt issuance costs. In addition, the initial fair value of the warrant issued at the February 2024 closing of the second tranche amounted to $60,030 and the fair value of the commitment shares issued at the February 2024 closing of the second tranche amounted to $28,350, both of which have been recorded as a debt discount and will be amortized over the effective rate method.

The closing of the third tranche was consummated on March 20, 2024. In connection with the third tranche, the Company incurred a total of $20,000 in debt issuance costs. In addition, the initial fair value of the warrant issued at the March 2024 closing of the third tranche amounted to $64,333 and the fair value of the commitment shares issued at the March 2024 closing of the third tranche amounted to $30,800, both of which have been recorded as a debt discount and will be amortized over the effective rate method.

During the six months ended June 30, 2024, $350,000 from the second and third tranche debentures was converted into 529,506 shares of common stock within the terms of the original agreement, and there was no gain or loss recognized. As of June 30th, 2024 the outstanding principal balance of the debentures was $850,000.

On March 1, 2024, the Company entered into a credit agreement with the Bryan Leighton Revocable Trust Dated December 13, 2023 (the "Lender") pursuant to which the Lender agreed to provide the Company with a line of credit facility (the "Line of Credit") up to the maximum amount of $250,000 from which the Company may draw down, at any time and from time to time, during the term of the Line of Credit. The "Maturity Date "of the Line of Credit is September 1, 2024. At any time prior to the Maturity Date, upon mutual written consent of the Company and the Lender, the Maturity Date may be extended for up to an additional six-month period. The advanced and unpaid principal of the Line of Credit from time to time outstanding will bear interest at a fixed rate per annum equal to 12.0% (the "Fixed Rate"). On the first day of each month, the Company will pay to the Lender interest, in arrears, on the aggregate outstanding principal indebtedness of the Line of Credit at the Fixed Rate. The entire principal indebtedness of the Line of Credit and any accrued interest thereon will be due and payable on the Maturity Date. In consideration for the Line of Credit, the Company issued 154,320 shares of the Company's restricted common stock to Lender. The fair value of the shares issued to Lender amounted to $125,000 and has been recorded as a debt discount and will be amortized over the effective rate method. During the six months ended June 30, 2024, the Company drew down $250,000 from the Line of Credit.

On April 29, 2024, the Company entered into a Securities Purchase Agreement, dated April 29, 2024 (the "April 2024 Purchase Agreement") with Peak One, pursuant to which the Company agreed to issue, in a private placement offering upon the satisfaction of certain conditions specified in the April 2024 Purchase Agreement, three Debentures to Peak One in the aggregate principal amount of $1,200,000. The closing of the first tranche was consummated on April 29, 2024 and the Company issued an 8% convertible debenture in principal amount of $350,000 (the "First 2024 Debenture") to Peak One and a warrant (the "First 2024 Warrant") to purchase up to 262,500 shares of the Company's common stock, to Peak One's designee as described in the April 2024 Purchase Agreement. The First 2024 Debenture was sold to Peak One for a purchase price of $315,000, representing an original issue discount of ten percent (10%). In connection with the closing of the first tranche, the Company paid $10,000 as a non-accountable fee to Peak One to cover its accounting fees, legal fees and other transactional costs and issued to Peak One and its designee an aggregate total of 80,000 shares of its restricted common stock as commitment shares.

5. Notes Payable (cont.)

The First 2024 Debenture matures twelve months from its date of issuance and bears interest at a rate of 8% per annum payable on the maturity date. The First 2024 Debenture is convertible, at the option of the holder, at any time, into such number of shares of common stock of the Company equal to the principal amount of the First 2024 Debenture plus all accrued and unpaid interest at a conversion price equal to $0.70, subject to adjustment for any stock splits, stock dividends, recapitalizations and similar events, as well as anti-dilution price protection provisions that are subject to a floor price of $0.165.

The First 2024 Debenture is redeemable by the Company at a redemption price equal to 110% of the sum of the principal amount to be redeemed plus accrued interest, if any. While the First 2024 First Debenture contains customary events of default. If an event of default occurs, until it is cured, Peak One may increase the interest rate applicable to the First 2024 Debenture to the lesser of eighteen percent (18%) per annum and the maximum interest rate allowable under applicable law and accelerate the full indebtedness under the First 2024 Debenture, in an amount equal to 110% of the outstanding principal amount and accrued and unpaid interest. Subject to limited exceptions set forth in the First 2024 Debenture, the First 2024 Debenture prohibits the Company from entering into a Variable Rate Transaction (as defined in the First 2024 Debenture) or incurring any new indebtedness that is senior to the First 2024 Debenture or secured by the assets of the Company until the First 2024 Debenture is paid in full.

The First 2024 Warrant expires five years from its date of issuance. The First 2024 Warrant is exercisable, at the option of the holder, at any time, for up to 262,500 of shares of common stock of the Company at an exercise price equal to $0.76, subject to adjustment for any stock splits, stock dividends, recapitalizations, and similar events, as well as anti-dilution price protection provisions that are subject to a floor price of $0.165. The First 2024 Warrant provides for cashless exercise under certain circumstances.

Under the April 2024 Purchase Agreement, as amended, a closing of the second tranche could occur subject to the mutual written agreement of Peak One and the Company and satisfaction of the closing conditions set forth in the April 2024 Purchase Agreement at any time after May 19, 2024, upon which the Company would issue and sell to Peak One on the same terms and conditions a second 8% convertible debenture in the principal amount of $350,000 and issue to Peak One's designee on the same terms and conditions a second warrant to purchase up to 262,500 shares of the Company's common stock. The second debenture would be sold to Peak One for a purchase price of $315,000, representing an original issue discount of ten percent (10%). In connection with the closing of the second tranche, the Company would pay $10,000 as a non-accountable fee to Peak One to cover its accounting fees, legal fees and other transactional costs and would issue to Peak One and its designee an aggregate total of 80,000 shares as commitment shares.

Under the April 2024 Purchase Agreement, as amended, a closing of the third tranche could occur subject to the mutual written agreement of Peak One and the Company and satisfaction of the closing conditions set forth in the April 2024 Purchase Agreement at any time after 20 days after the closing of the second tranche, upon which the Company would issue and sell to Peak One on the same terms and conditions a third 8% convertible debenture in the principal amount of $500,000. and issue to Peak One's designee on the same terms and conditions a third warrant) to purchase up to 375,000 shares of the Company's common stock. The third debenture would be sold to Peak One for a purchase price of $450,000, representing an original issue discount of ten percent (10%). In connection with the closing of the third tranche, the Company would pay $10,000 as a non-accountable fee to Peak One to cover its accounting fees, legal fees and other transactional costs and would issue to Peak One and its designee an aggregate total of 100,000 shares as commitment shares.

On May 24, 2024, the Company closed the second tranche of its private placement offering under the April 2024, Purchase Agreement pursuant to which the Company issued an 8% convertible debenture in principal amount of $350,000 (the "Second 2024 Debenture") to Peak One and a warrant (the "Second 2024 Warrant") to purchase up to 262,500 shares of the Company's common stock to Peak One's designee as described in the Purchase Agreement.

The Second 2024 Debenture was sold to Peak One for a purchase price of $315,000, representing an original issue discount of ten percent (10%). The Second Debenture matures twelve months from its date of issuance and bears interest at a rate of 8% per annum payable on the maturity date. The Second 2024 Debenture is convertible, at the option of the holder, at any time, into such number of shares of Common Stock of the Company equal to the principal amount of the Second 2024 Debenture plus all accrued and unpaid interest at a conversion price equal to $0.60, subject to adjustment for any stock splits, stock dividends, recapitalizations and similar events, as well as anti-dilution price protection provisions that are subject to a floor price of $0.165. Based upon the floor price, the maximum number of shares issuable upon conversion of the Second 2024 Debenture is 2,290,909 shares of common stock. In connection with the closing of the second tranche, the Company paid $10,000 as a non-accountable fee to Peak One to cover its accounting fees, legal fees and other transactional costs and issued to Peak One and its designee an aggregate total of 80,000 shares of its restricted Common Stock as commitment shares as described in the Purchase Agreement.

5. Notes Payable (cont.)

The Second 2024 Debenture is redeemable by the Company at a redemption price equal to 110% of the sum of the principal amount to be redeemed plus accrued interest, if any. While the Second 2024 Debenture is outstanding, if the Company receives cash proceeds of more than $1,500,000.00 ("Minimum Threshold") in the aggregate from any source or series of related or unrelated sources, the Company shall, within two (2) business days of Company's receipt of such proceeds, inform the holder of such receipt, following which the holder shall have the right in its sole discretion to require the Company to immediately apply up to 50% of all proceeds received by the Company (from any source except with respect to proceeds from the issuance of equity or debt to officers and directors of the Company) after the Minimum Threshold is reached to repay the outstanding amounts owed under the Second 2024 Debenture.

The Second 2024 Debenture contains customary events of default. If an event of default occurs, until it is cured, Peak One may increase the interest rate applicable to the Second 2024 Debenture to the lesser of eighteen percent (18%) per annum and the maximum interest rate allowable under applicable law and accelerate the full indebtedness under the Second 2024 Debenture, in an amount equal to 110% of the outstanding principal amount and accrued and unpaid interest. Subject to limited exceptions set forth in the Second 2024 Debenture, the Second 2024 Debenture prohibits the Company from entering into a Variable Rate Transaction (as defined in the Second 2024 Debenture) or incurring any new indebtedness that is senior to the Second 2024 Debenture or secured by the assets of the Company until the Second 2024 Debenture is paid in full.

The Second 2024 Warrant expires five years from its date of issuance. The Second 2024 Warrant is exercisable, at the option of the holder, at any time, for up to 262,500 of shares of Common Stock of the Company at an exercise price equal to $0.65, subject to adjustment for any stock splits, stock dividends, recapitalizations, and similar events, as well as anti-dilution price protection provisions that are subject to a floor price as set forth in the Second 2024 Warrant. The Second 2024 Warrant provides for cashless exercise under certain circumstances.

In connection with the First 2024 Debenture and the Second 2024 Debenture the Company incurred $96,491 in debt issuance costs. In addition, the initial fair value of the warrants issued amounted to $188,074 and the fair value of the commitment shares issued amounted to $90,232, both of which have been recorded as a debt discount and will be amortized over the effective rate method.

For the six months ended June 30, 2024, the Company recognized amortization of debt issuance costs and debt discount of $1,059,135. For the six months ended June 30, 2023, the Company recognized amortization of debt issuance costs of $186,706. As of June30, 2024, the unamortized debt issuance costs and discount amounted to $624,063.

6. Business Combination and Acquisition of Assets

On February 7, 2024, the Company, entered into a Membership Interest Purchase Agreement ("MIPA") to acquire Majestic World Holdings LLC ("Majestic"). The aggregate consideration payable by the Company for the outstanding membership interests (the "Membership Interests") of Majestic consists of 500,000 shares of the Company's restricted stock (the "Stock Consideration") and $500,000 in cash (the "Cash Consideration"). The MIPA and a related side letter provide that the aggregate purchase price be paid as follows: (i) the Stock Consideration was issued at the closing (the "Closing") on February 7, 2024; and (ii) 100% of the Cash Consideration will be paid in five equal installments of $100,000 each on the first day of each of the five quarterly periods following the Closing. In addition, pursuant to a profit sharing agreement entered into as of February 7, 2024 (the "Profit Sharing Agreement"), the Company agreed to pay the former members of Majestic a 50% share of the net profits for a period of five years that are directly derived from the technology and intellectual property utilized in the real estate focused software as a service offered and operated by Majestic and its subsidiaries. In accordance with ASC 805, the Majestic acquisition is accounted for as a business combination. The Majestic acquisition was made for the purpose of expanding the Company's footprint into technology space. As of August 8, 2024 no cash payments have been made and the parties are discussing alternatives, if any.

The purchase consideration amounted to:

Cash	$	500,000
Contingent consideration payable		945,000
Equity compensation		435,000
	$	1,880,000

As part of the Majestic acquisition, the Company recorded a contingent consideration liability for additional payments pursuant to the Profit Sharing Agreement. The initial contingent consideration liability of $945,000 was based on the fair value of the contingent consideration liability at the acquisition date, and is payable in cash.

6. Business Combination and Acquisition of Assets (cont.)

The following table summarizes the preliminary allocation of the purchase price to the assets acquired and liabilities assumed for the Majestic Acquisition:

Cash and cash equivalents	$	1,082
Intangible assets		100,468
Goodwill		1,810,787
Accounts payable and accrued expenses		(32,337)
	$	1,880,000

As of June 30, 2024, the intangible assets are not in service. Once they are in service, they will be amortized over three years. As of June 30, 2024, the Company has not completed its measurement period with respect to the Majestic acquisition. The amounts above represent provisional amounts recorded at this time and are subject to adjustments once the measurement period has ended.

Below is a proforma condensed consolidated statement of operations for the six months ended June 30, 2024, as if the Company purchased Majestic as of January 1, 2024. A proforma condensed consolidated statement of operations for the six months ended June 30, 2023, is not presented because during that period there was no activity in Majestic.

		For the Six Months Ended June 30, 2024
		(Unaudited)
Revenue:		
Sales	$	163,970
Total		163,970
Operating expenses:		
Payroll and related expenses	$	2,611,732
General and administrative expenses		804,317
Marketing and business development expense		201,811
Total		3,617,860
Operating loss		(3,453,890)
Other expense:		
Interest Expense		(1,631,814)
Net loss	$	(5,085,704)

As of May 7, 2024, the Company entered into an Asset Purchase Agreement (the "APA") with Dr. Axely Congress to purchase all of the assets related to the A.I technology known as My Virtual Online Intelligent Assistant ("MyVONIA"). MyVONIA, an advanced artificial intelligence (AI) assistant, utilizes machine learning and natural language processing algorithms to provide users with human-like conversational interactions, tailored to their specific needs. MyVONIA does not require an app, or website but is accessible to subscribers via text messaging.

On June 6, 2024, the Company completed the acquisition of all of the assets related to MyVONIA pursuant to the APA. The purchase price for MyVONIA is up to 500,000 shares of the Company's common stock. Of such shares, 200,000 shares of common stock were issued at the closing on June 6, 2024, with an additional 300,000 shares of common stock issuable upon the achievement of certain benchmarks. The purchase of MyVONIA was determined to be an acquisition of assets, of which intangible assets were acquired. The fair value of the purchase amounted to $228,360 which resulted from the 200,000 shares of common stock issued, and the estimated value of the contingent shares to be issued, as shown on the accompanying condensed consolidated statement of changes in stockholders' equity.

7. 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 June 30, 2024, there were 775,000 warrants outstanding that could potentially dilute future net loss per share.

8. Stockholder's Equity

As of June 30, 2024, the Company has 16,521,106 shares of common stock issued and outstanding.

On September 27, 2023, Parent effected a pro rata distribution to Safe & Green Holdings Corp.'s stockholders of approximately 30% of the then outstanding shares of the Company's common stock ("Distribution"). In connection with the Distribution, each Parent stockholder received 0.930886 shares of the Company's common stock for every five (5) shares of Parent common stock held as of the close of business on September 8, 2023, the record date for the Distribution, as well as a cash payment in lieu of any fractional shares. Immediately after the Distribution, the Company was no longer a wholly owned subsidiary of Parent and Parent held approximately 70% of the Company's issued and outstanding securities.

During the six months ended June 30, 2024, the Company issued 186,774 shares of common stock for services with a value of $197,871. Additionally, during the six months ended June 30, 2024, the Company issued 384,320 shares of common stock for the issuance of debt and warrants with a value of $586,821, as previously disclosed.

Equity Purchase Agreement

On November 30, 2023, the Company entered into an Equity Purchase Agreement (the "EP Agreement") with Peak One, pursuant to which the Company shall have the right, but not the obligation, to direct Peak One to purchase up to $10,000,000 (the "Maximum Commitment Amount") in shares of the Company's common stock in multiple tranches upon satisfaction of certain terms and conditions. Further, under the EP Agreement and subject to the Maximum Commitment Amount, the Company has the right, but not the obligation, to submit a Put Notice (as defined in the EP Agreement) from time to time to Peak One (i) in a minimum amount not less than $25,000.00 and (ii) in a maximum amount up to the lesser of (a) $750,000 or (b) 200% of the Average Daily Trading Value (as defined in the EP Agreement).

In connection with the EP Agreement, the Company agreed, among other things, to issue to Peak One's designee 100,000 shares of its restricted common stock as commitment shares. As of June 30, 2024, the Company has sold approximately 886,000 shares under the EP Agreement for gross proceeds of approximately $716,410.

Additionally, as disclosed in Note 5, in connection with the Purchase Agreement and April 2024 Purchase Agreement with Peak One, the Company has paid additional commitment shares to Peak One and its designee.

Warrants

In conjunction with the issuance of the Initial Debenture in November 2023, the Company issued the First Warrant to purchase 350,000 shares of common stock. The First Warrant expired five years from its date of issuance. The First Warrant was exercisable, at the option of the holder, at any time, for up to 350,000 of shares of common stock of the Company at an exercise price equal to $2.53 (the "Exercise Price"), subject to adjustment for any stock splits, stock dividends, recapitulations, and similar events, as well as anti-dilution price protection provisions that were subject to a floor price as set forth in the First Warrant. The initial fair value of the First Warrant amounted to $294,438 and was recorded as a debt discount at the time of issuance of the Initial Debenture. The fair value was calculated using a Black-Scholes Value model, with the following assumptions.

Risk-free interest rate	4.48%
Contractual term	5 years
Dividend yield	0%
Expected volatility	103%

8. Stockholder's Equity (cont.)

In conjunction with the issuance of the second and third Peak debentures in February and March 2024, the Company issued the second and third Peak warrants to purchase an aggregate of 250,000 shares of common stock. The second and third Peak warrants each expire five years from their respective date of issuance. The second and third Peak warrants each is exercisable, at the option of the holder, at any time, for up to 125,000 shares of common stock of the Company at an exercise price equal to $2.53, subject to adjustment for any stock splits, stock dividends, recapitulations, and similar events, as well as anti-dilution price protection provisions that are subject to a floor price of $0.39. The initial fair value of the second and third Warrants amounted to an aggregate of $124,363 and was recorded as a debt discount at the time of issuance of the second and third Debenture, as applicable. The fair value was calculated using a Black-Scholes Value model, with the following assumptions.

Risk-free interest rate	4.22%
Contractual term	5 years
Dividend yield	0%
Expected volatility	131%

In conjunction with the issuance of First 2024 Debenture and Second 2024 Debenture in April and May 2024, the Company issued warrants to purchase an aggregate of 525,000 shares of common stock. The warrants each expire five years from their respective date of issuance. The warrants are exercisable, at the option of the holder, at any time, for up to 262,500 and 262,500 shares of common stock of the Company at an exercise price equal to $0.65 and $0.76, respectively, subject to adjustment for any stock splits, stock dividends, recapitulations, and similar events, as well as anti-dilution price protection provisions that are subject to a floor price of $0.39. The initial fair value of warrants amounted to an aggregate of $188,074 and was recorded as a debt discount at the time of issuance of the debentures, as applicable. The fair value was calculated using a Black-Scholes Value model, with the following assumptions.

Risk-free interest rate	4.52 – 4.65%
Contractual term	5 years
Dividend yield	0%
Expected volatility	133-138%

Warrant activity for the six months ended June 30, 2024 is summarized as follows:

Warrants	Number of Warrants	Weighted Average Exercise Price	Weighted Average Remaining Contractual Term (Years)	Aggregate Intrinsic Value
Outstanding and exercisable – January 1, 2024	350,000	2.53	4.90	-
Granted	775,000	$ 00.77	5.00	
Exercised	(350,000)			
Outstanding and exercisable – June 30, 2024	775,000	$ 00.77	4.35	$ -

9. Share-based Compensation

On February 28, 2023, the Company's Board of Directors approved the issuance of up to 4,000,000 shares of the Company's common stock in the form of incentive stock options, nonqualified stock options, options, stock appreciation rights, restricted stock, or restricted stock units ("2023 Plan"). The 2023 Plan expires February 2033 and is administered by the Company's Compensation Committee of the Board of Directors. Any employee, director, consultant, and other service provider, or affiliates, are eligible to participate in the 2023 Plan. 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 years for a period of ten years commencing on January 1, 2024, 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. On January 1, 2024, 459,000 shares of the Company's common stock were added to the 2023 Plan pursuant to the evergreen provision. 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.

9. Share-based Compensation (cont.)

As of December 31, 2023, 1,831,250 restricted stock unit awards had been approved to be issued to directors, officers, and service providers. During the three months ended March 31, 2024, 2,017,500 restricted stock units were formally accepted, which includes the 1,831,250 restricted stock unit award which were formally issued. These units were issued at the fair value between $0.74 and $1.10 per share, which represents the closing price of the Company's common stock acceptance of the grant The fair value of these units upon issuance amounted to $1,865,400.

On May 20, 2024, 150,000 restricted stock units were issued at a fair value of $0.84 which represents the closing price of the Company's common stock. The fair value of these units upon issuance amounted to $126,675. These restricted stock units were issued pursuant to the Director Compensation Plan 2024 as follows:

For fiscal 2024, each director shall be given the option to select one of the following three compensation options quarterly (with payments to be made on April 1, 2024, July 1, 2024, October 1, 2024 and January 1, 2025):

Option A	Option B	Option C
● A cash retainer of $20,000, and	● A cash retainer of $10,000; and	● A grant of 40,000 RSUs that will vest after three months of continued service by the director.
● A grant of 20,000 restricted stock units ("RSUs") that will vest after three months of continued service by the director.	● A grant of 30,000 RSUs that will vest after three months of continued service by the director.	

For the three months and six months ended June 30, 2024, the Company recorded stock-based compensation expense of $185,091 and $1,931,731, which is included in the payroll and related expenses in the accompanying consolidated statement of operations. As of June 30, 2024, there was a total of $60,344 of unrecognized compensation costs related to non-vested restricted stock units. As of June 30, 2024, there were [ ] shares of the Company's common stock available for issuance under the 2023 Plan.

The following table summarized restricted stock unit Activities during the six months ended June 30, 2024:

	Number of Shares
Non – vested balance at January 1,2024	-
Granted	2,167,500
Vested	(2,098,634)
Forfeited/Expired	-
Non – vested balance at June 30, 2024	68,866

10. Related Party Transactions

On August 9, 2023, Parent and the Company entered into a Note Cancellation Agreement, effective as of July 1, 2023, pursuant to which the Parent cancelled and forgave the remaining balance then due on that certain promissory note, dated December 19, 2021, made by the Company in favor of the Parent in the original principal amount of $4,200,000. As such, $4,000,000 was recorded as additional paid in capital during 2023.

In addition, as of June 30, 2024 and December 31, 2023, $1,720,844 is due from the Parent for advances made by the Company. As of December 31, 2023, the Company has recorded a reserve against the $1,720,844, which is included in additional paid in capital.

On December 17, 2023, the Company entered into a Master Purchase Agreement with SG Echo pursuant to which the Company may engage SG Echo from time to time to provide modular construction design, engineering, fabrication, delivery and other services (collectively, the "Work") on such terms as the parties may mutually agree. The Master Purchase Agreement provides that if the Company should desire that SG Echo provide services in connection with any location, the Company will request from SG Echo a written proposal and that within 15 business days SG Echo will provide us with an itemized cost proposal for the services to be performed and a firm schedule for performing the services based upon the information contained in the request. If the proposal and schedule is satisfactory to the Company, the Master Purchase Agreement provides that the substance of such proposal will then be incorporated into a project order, including specific information regarding the project, the project site and services to be performed, to be executed by both parties.

The Master Purchase Agreement provides that SG Echo will be paid a fee equal to 12% of the agreed cost of each project. The Master Purchase Agreement further provides that payment terms for all design work and the completion of the pre-fabricated container and module shall be made in accordance with the following schedule: (a) a deposit equal to 40% of the cost of the pre- fabricated container and module only shall be paid by us to SG Echo within 5 business days of the mutual execution of a project order; (b) a progress payment (not to exceed to 35% of the cost of the pre-fabricated container and module) shall be paid by the Company to SG Echo monthly in proportion to the percentage of Work completed, which payment shall be made within 10 business days of the Company receipt of SG Echo's invoice; (c) a progress payment equal to 15% of the cost of the pre-fabricated container and module shall be paid by us to SG Echo within 10 business days of the delivery of the pre-fabricated container and module to the specific project site; and (d) the final payment equal to 10% of the cost of the pre-fabricated container and module only shall be paid by us to SG Echo within 10 business days of the substantial completion of the Work. Substantial completion of the Work shall be as defined by the applicable project order. Notwithstanding the foregoing, we may withhold 10% of the invoiced amount, as retainage, which will be paid to SG Echo once the specific project is completed (including any punch list items). The Master Purchase Agreement may be terminated by either party if there is a material default by the other party and such default continues for a period of 20 days after receipt by the defaulting party of written notice thereof. If the Company terminates the Master Purchase Agreement or any project order as a result of a default by SG Echo, SG Echo will not be entitled to receive further payment until the Work is finished. If the unpaid balance of the amount set forth in the project order for the project is less than the cost of finishing the Work, SG Echo will pay the difference to us. In no event will SG Echo be entitled to receive any compensation if the cost to the Company of performing the balance of the Work is less than the unpaid balance. In addition, the Company may terminate the Master Purchase Agreement or any project order without cause. In the event the termination by the Company is without cause, SG Echo will be entitled to payment for all work and costs incurred prior to termination date plus the applicable fee owed to SG Echo thereon as more particularly described in the applicable project order.

As of June 30, 2024 and December 31, 2023, included in accounts payable and accrued expenses is $0 and $145,000 due to the Company's board members.

11. 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 its 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. The Company is not currently involved in any legal proceedings.

12. Subsequent Events

Peak One Conversion

During July 2024, Peak One converted $350,000 of notes payable and accrued interest into 970,951 shares of common stock.

NASDAQ Notice

On July 22, 2024, the Company received a letter from Nasdaq stating that based on the Quarterly Report on Form 10-Q that the Company filed with the SEC for the period ended March 31, 2024, and the Company's submission to the Staff, dated May 29, 2024, it determined that the Company was in compliance with Nasdaq Listing Rule 5550(b)(1) (the "Rule"). The letter further stated that if the Company fails to evidence compliance with the Rule upon filing its next periodic report it may be subject to delisting. At that time, Nasdaq staff will provide written notification to the Company, which may then appeal the staff's determination to a Nasdaq Hearings Panel.

Sugar Phase I Joint Venture

On July 23, 2024, the Company entered into a Joint Venture Agreement (the "JV Agreement") with Milk & Honey LLC, a Texas limited liability company ("Milk & Honey"), for the purpose of establishing a joint venture to be conducted under the name of Sugar Phase I LLC (the "Joint Venture") for the purpose of developing and constructing single-family homes (the "Project") on five parcels of land located in Edinburg Texas (the "Land"). Each of the Company and Milk & Honey are referred to as a "Joint Venturer" and collectively are referred to as the "Joint Venturers."

Pursuant to the JV Agreement, the Company has agreed to contribute capital in the amount of $100,000 to the Joint Venture to be used for the development and construction of single-family homes on the Land, and Milk & Honey has agreed to contribute the Land, valued at $317,500, to the Joint Venture. The Joint Venturers will make such other capital contributions required to enable the Joint Venture to carry out its purposes as set forth in the JV Agreement as the Joint Venturers may mutually agree upon. The Joint Venturers shall arrange for or provide any financing as may be required by the Joint Venture for carrying out the purposes of the Joint Venture.

The JV Agreement provides that the Company will have a 60% interest and Milk & Honey will have a 40% interest in the Joint Venture. In addition, it provides that net profits of the Joint Venture as they accrue will be distributed 45% to the Company and 55% to Milk & Honey, and that the expenses of the Joint Venture will be paid by the Joint Venturers, in the ratio which the contribution of each Joint Venturer bears to the total contributions.

12. Subsequent Events (cont.)

The JV Agreement provides that the Company will act as the manager of the Joint Venture and shall be responsible for overseeing and dictating all responsibilities associated with managing a real estate development project, including: (i) overseeing the planning, development, and construction phases of the Project to ensure that it is completed on time and within budget, (ii) coordinating with architects, contractors, suppliers, and other relevant parties to facilitate smooth project execution, and (iii) ensuring compliance with all applicable laws, regulations, and industry standards throughout the duration of the Project. The Company will also oversee the financial management of the Joint Venture, including the establishment and maintenance of financial accounts and records.

The JV Agreement provides that Milk & Honey will be responsible for the construction and development aspects of the Project, including: (i) overseeing and managing all aspects of the construction process, including the selection and supervision of contractors, subcontractors, and suppliers and (ii) ensuring that all construction activities are carried out in accordance with the approved development plan, building codes, and industry standards.

The JV Agreement provides that the following powers may be exercised only upon the mutual consent of the Joint Venturers: (i) the power to borrow money on the general credit of the Joint Venture in any amount, or to create, assume, or incur any indebtedness to any person or entity; (ii) the power to make loans in any amount, to guarantee obligations of any person or entity, or to make any other pledge or extension of credit; (iii) the power to purchase or otherwise acquire any other property except in the ordinary course of business of the Joint Venture; (iv) the power to sell, encumber, mortgage or refinance any loan or mortgage on any of the Joint Venture property; (v) the power to confess any judgment against the Joint Venture, or to create, assume, incur or consent to any charge (including any deed of trust, pledge, encumbrance or security interest of any kind) upon any property or assets of the Joint Venture; (vi) the power to spend any renovation or remodeling funds or to make any other expenditures except for routine day-to-day maintenance and operation of the Joint Venture.

Pursuant to JV Agreement, in the event the Joint Venturers are divided on a material issue and cannot agree on the conduct of the business and affairs of the Joint Venture, a deadlock shall be deemed to have occurred in which event one Joint Venturer (the "Offeror") may elect to purchase the Joint Venture interest of the other Joint Venturer (the "Offeree") at a price calculated based on the Offeree's percentage interest in a total purchase price for all of the assets of the Joint Venture. The JV Agreement provides that the Offeror must notify the Offeree in writing of the offer to purchase, state the total purchase price for all of the assets of the Joint Venture, and the price offered for the Offeree's Joint Venture interest expressed as Offeree's percentage interest in the Joint Venture assets multiplied by the total purchase price for all of the assets of the Joint Venture. The Offeree shall then have the right to buy the interest of the Offeror at the designated price and terms, or to sell the Offeree's interest to the Offeror at the designated price and terms, whichever the Offeree may elect.

Peak One Payoff

On August 13, 2024 the Company exercised its option to repay Peak One at a 10% premium pursuant to Section 2(b)(i) of the Peak Debentures. The investor and the Company agreed that the outstanding principal is currently $500,000 with accrued interest of $17,911 for a total repayment of $569,702.

Arena Investors LP Debentures

On August 12, 2024, the Company entered into a Securities Purchase Agreement, dated August 12, 2024 (the "Arena Purchase Agreement") with the purchasers named therein ("Arena Investors"), pursuant to which the Company issued in a private placement offering (the "Arena Offering") after satisfaction of certain conditions specified in the Arena Purchase Agreement, four secured convertible debentures to Arena Investors in the aggregate principal amount of $10,277,777 (the "Arena Debentures") together with warrants to purchase a number of shares of the Company's common stock equal to 20% of the total principal amount of the Arena Debentures sold divided by 92.5% of the lowest daily VWAP (as defined in the Purchase Agreement) for the Company's common stock during the ten consecutive trading day period preceding the respective closing dates (the "Arena Warrants").

The closing of the first tranche was consummated on August 12, 2024 (the "First Closing Date") and the Company issued to Arena Investors 10% original issue discount secured convertible debentures in principal amount of $1,388,888.75 (the "First Closing Arena Debentures") and a warrant (the "First Closing Arena Warrants") to purchase up to 277,777 shares of the Company's common stock. The First Closing Arena Debentures were sold to Arena Investors for a purchase price of $1,250,000, representing an original issue discount of ten percent (10%). In connection with the closing, the Company reimbursed Arena Investors $55,000 for its legal fees and expenses and placed $250,000 in escrow, to be released to the Company upon the First Registration Statement Effectiveness Date (as defined in the Purchase Agreement).

The First Closing Arena Debentures mature eighteen months from their date of issuance and bears interest at a rate of 0% per annum. The First Closing Arena Debentures are convertible, at the option of the holder, at any time, into such number of shares of common stock of the Company equal to the principal amount of the First Closing Arena Debentures plus all accrued and unpaid interest at a conversion price equal to the lesser of (i) $0.279, and (ii) 92.5% of lowest daily volume weighted average price (VWAP) of the Company's common stock during the ten trading day period ending on such conversion date (the "Conversion Price"), subject to adjustment for any stock splits, stock dividends, recapitalizations and similar events, as well as anti-dilution price protection provisions, and subject to a floor price of $0.04854.

The First Closing Arena Debentures are redeemable by the Company at a redemption price equal to 115% of the sum of the principal amount to be redeemed plus accrued interest, if any. While the First Closing Arena Debentures are outstanding, if the Company or any of its subsidiaries receives cash proceeds from the issuance of equity or indebtedness (other than the issuance of additional secured convertible debentures as contemplated by the Arena Purchase Agreement), in one or more financing transactions, whether publicly offered or privately arranged (including, without limitation, pursuant to the Arena ELOC (as defined below), the Company shall, within two (2) business days of Company's receipt of such proceeds, inform the holder of such receipt, following which the holder shall have the right in its sole discretion to require the Company to immediately apply up to 20% of all proceeds received by the Company to repay the outstanding amounts owed under the First Closing Arena Debentures.

The First Closing Arena Debentures contain customary events of default. If an event of default occurs, until it is cured, the holder may increase the interest rate applicable to the First Closing Arena Debentures to two percent (2%) per annum and accelerate the full indebtedness under the First Closing Arena Debentures, in an amount equal to 150% of the outstanding principal amount and accrued and unpaid interest. Subject to limited exceptions set forth in the First Closing Arena Debentures, the First Closing Arena Debentures prohibit the Company and, as applicable, its subsidiaries from incurring any new indebtedness that is not subordinated to the Company's and, as applicable, any subsidiary's obligations in respect of the First Closing Arena Debentures until the First Closing Arena Debentures are paid in full.

The First Closing Arena Warrants expire five years from its date of issuance. The First Closing Arena Warrants are exercisable, at the option of the holder, at any time, for up to 1,299,242 of shares of the Company's common stock at an exercise price equal to $0.279 (the "Exercise Price"), subject to adjustment for any stock splits, stock dividends, recapitalizations, and similar events, as well as anti-dilution price protection provisions that are subject to a floor price as set forth in the First Closing Arena Warrants. The First Closing Arena Warrants provide for cashless exercise under certain circumstances.

The Company entered into a Registration Rights Agreement, dated August 12, 2024 (the "RRA"), with Arena Investors where it agreed to file with the SEC an initial registration statement within 30 days to register the maximum number of Registrable Securities (as defined in the RRA) issuable under the First Closing Arena Debentures and the First Closing Arena Warrants as shall be permitted to be included thereon in accordance with applicable SEC rules and to use its reasonable best efforts to have the registration statement declared effective by the SEC no later than the "First Registration Statement Effectiveness Date", which is defined as the 30th calendar day following the First Closing Date (or, in the event of a "full review" by the SEC, no later than the 120th calendar day following the First Closing Date); provided, however, that if the registration statement will not be reviewed or is no longer subject to further review and comments, the First Registration Statement Effectiveness Date will be the fifth trading day following the date on which the Company is so notified if such date precedes the date otherwise required above.

Under the Arena Purchase Agreement, a closing of the second tranche may occur subject to the mutual written agreement of Arena Investors and the Company and satisfaction of the closing conditions set forth in the Purchase Agreement on the later (y) the fifth trading day following the First Registration Statement Effectiveness Date (or if such day is not a trading day, on the next succeeding trading day) and (z) such date as the outstanding principal balance of the First Closing Arena Debenture issued is less than $100,000.00, unless the parties mutually agree in writing to consummate the second closing on a different date, upon which the Company would issue and sell to Arena Investors on the same terms and conditions a second 10% original issue discount secured convertible debentures in principal amount of $2,222,222 (the "Second Closing Arena Debentures") and a warrant (the "Second Closing Warrants") to purchase a number of shares of the Company's common stock equal to 20% of the total principal amount of the Second Closing Arena Debentures divided by 92.5% of the lowest daily VWAP (as defined in the Purchase Agreement) for the common stock during the ten consecutive trading day period ended on the last trading day immediately preceding the closing of the second tranche, provided the second Closing is also contingent on the satisfaction of the following additional condition, unless waived mutually by the parties: the median daily turnover of the Company's common stock on its principal trading market for the thirty consecutive trading day period ended as of the last trading day immediately preceding the date of the proposed second Closing must be greater than $200,000.

The Second Closing Arena Debentures would be sold to Arena Investors for a purchase price of $2,000,000, representing an original issue discount of ten percent (10%). In connection with the closing of the second tranche, the Company will enter into a registration rights agreement pursuant to which the Company will agree to register the maximum number of shares of the Company's common stock issuable under the Second Closing Debentures and the Second Closing Arena Warrants as shall be permitted with terms substantially similar as the terms provided in the RRA. The Company also has agreed to reimburse Arena Investors for its legal fees and expenses related to such second closing.

Under the Arena Purchase Agreement, a closing of the third tranche may occur subject to the mutual written agreement of Arena Investors and the Company and satisfaction of the closing conditions set forth in the Arena Purchase Agreement on the later (y) the fifth trading day following the Second Registration Statement Effectiveness Date (as defined in the Arena Purchase Agreement) (or if such day is not a trading day, on the next succeeding trading day) and (z) such date as the aggregate outstanding principal balance of the First Closing Arena Debentures and Second Closing Arena Debentures issued is less than $100,000.00, unless the parties mutually agree in writing to consummate the third closing on a different date, upon which the Company would issue and sell to Arena Investors on the same terms and conditions a third 10% original issue discount secured convertible debenture in principal amount of $2,222,222 (the "Third Closing Arena Debentures") and a warrant (the "Third Closing Arena Warrants") to purchase a number of shares of the Company's common stock equal to 20% of the total principal amount of the Third Closing Arena Debentures divided by 92.5% of the lowest daily VWAP (as defined in the Purchase Agreement) for the common stock during the ten consecutive trading day period ended on the last trading day immediately preceding the closing of the third tranche, provided the third Closing is also contingent on the satisfaction of the following additional condition, unless waived mutually by the parties: the median daily turnover of the Company's common stock on its principal trading market for the thirty consecutive trading day period ended as of the last trading day immediately preceding the date of the proposed third Closing must be greater than $200,000.

The Third Closing Arena Debentures would be sold to Arena Investors for a purchase price of $2,000,000, representing an original issue discount of ten percent (10%). In connection with the closing of the third tranche, the Company will enter into a registration rights agreement pursuant to which the Company will agree to register the maximum number of shares of the Company's common stock issuable under the Third Closing Arena Debentures and the Third Closing Arena Warrants as shall be permitted with terms substantially similar as the terms provided in the RRA. The Company also has agreed to reimburse Arena Investors for its legal fees and expenses related to such third closing.

Under the Arena Purchase Agreement, a closing of the fourth tranche may occur subject to the mutual written agreement of Arena Investors and the Company and satisfaction of the closing conditions set forth in the Arena Purchase Agreement on the later (y) the fifth trading day following the Third Registration Statement Effectiveness Date (as defined in the Arena Purchase Agreement) (or if such day is not a trading day, on the next succeeding trading day) and (z) such date as the aggregate outstanding principal balance of the First Closing Arena Debentures, Second Closing Arena Debentures and Third Closing Arena Debentures issued is less than $100,000.00, unless the parties mutually agree in writing to consummate the fourth closing on a different date, upon which the Company would issue and sell to Arena Investors on the same terms and conditions a fourth 10% original issue discount secured convertible debenture in principal amount of $2,222,222 (the "Fourth Closing Arena Debentures") and a warrant (the "Fourth Closing Arena Warrants") to purchase a number of shares of the Company's common stock equal to 20% of the total principal amount of the Fourth Closing Arena Debentures divided by 92.5% of the lowest daily VWAP (as defined in the Purchase Agreement) for the common stock during the ten consecutive trading day period ended on the last trading day immediately preceding the closing of the fourth tranche, provided the fourth Closing is also contingent on the satisfaction of the following additional condition, unless waived mutually by the parties: the median daily turnover of the Company's common stock on its principal trading market for the thirty consecutive trading day period ended as of the last trading day immediately preceding the date of the proposed fourth Closing must be greater than $200,000.

The Fourth Closing Arena Debentures would be sold to Arena Investors for a purchase price of $2,000,000, representing an original issue discount of ten percent (10%). In connection with the closing of the fourth tranche, the Company will enter into a registration rights agreement pursuant to which the Company will agree to register the maximum number of shares of the Company's common stock issuable under the Fourth Closing Arena Debentures and the Fourth Closing Arena Warrants as shall be permitted with terms substantially similar as the terms provided in the RRA. The Company also has agreed to reimburse Arena Investors for its legal fees and expenses related to such fourth closing.

Under the Arena Purchase Agreement, a closing of the fifth tranche may occur subject to the mutual written agreement of Arena Investors and the Company and satisfaction of the closing conditions set forth in the Arena Purchase Agreement on the later (y) the fifth trading day following the Fourth Registration Statement Effectiveness Date(as defined in the Arena Purchase Agreement) (or if such day is not a trading day, on the next succeeding trading day) and (z) such date as the outstanding principal balance of the First Closing Arena Debentures, Second Closing Arena Debentures, Third Closing Arena Debentures and Fourth Closing Arena Debentures issued is less than $100,000.00, unless the parties mutually agree in writing to consummate the fifth closing on a different date, upon which the Company would issue and sell to Arena Investors on the same terms and conditions a fifth 10% original issue discount secured convertible debenture in principal amount of $2,222,222 (the "Fifth Closing Arena Debentures") and a warrant (the "Fifth Closing Arena Warrants") to purchase a number of shares of the Company's common stock equal to 20% of the total principal amount of the Fifth Closing Arena Debentures divided by 92.5% of the lowest daily VWAP (as defined in the Purchase Agreement) for the common stock during the ten consecutive trading day period ended on the last trading day immediately preceding the closing of the fifth tranche, provided the fifth Closing is also contingent on the satisfaction of the following additional condition, unless waived mutually by the parties: the median daily turnover of the Company's common stock on its principal trading market for the thirty consecutive trading day period ended as of the last trading day immediately preceding the date of the proposed fifth Closing must be greater than $200,000.

The Fifth Closing Arena Debentures would be sold to Arena Investors for a purchase price of $2,000,000, representing an original issue discount of ten percent (10%). In connection with the closing of the fifth tranche, the Company will enter into a registration rights agreement pursuant to which the Company will agree to register the maximum number of shares of the Company's common stock issuable under the Fifth Closing Arena Debentures and the Fifth Closing Arena Warrants as shall be permitted with terms substantially similar as the terms provided in the RRA. The Company also has agreed to reimburse Arena Investors for its legal fees and expenses related to such fifth closing.

Without giving effect to the Exchange Cap discussed below, assuming the Company issued all of the Arena Debentures and converted accrued interest in full on each of the Debentures into its common stock at the floor price (assuming each of such Arena Debentures accrued interest for a period one year), approximately 232,912,128 shares of the Company's common stock would be issuable upon conversion.

The Arena Purchase Agreement prohibits the Company from entering into a Variable Rate Transaction (other than the Arena ELOC described below) until such time as no Arena Debentures remain outstanding. In addition, the Purchase Agreement provides that from the (i) the First Registration Statement Effectiveness Date until the earlier of (x) such date thereafter as no Debentures remain outstanding and (y) 120 days after the First Registration Statement Effectiveness Date, (ii) the Second Registration Statement Effectiveness Date until the earlier of (x) such date thereafter as no Debentures remain outstanding and (y) 120 days after the Second Registration Statement Effectiveness Date, (iii) the Third Registration Statement Effectiveness Date until the earlier of (x) such date thereafter as no Debentures remain outstanding and (y) 120 days after the Third Registration Statement Effectiveness Date, (iv) the Fourth Registration Statement Effectiveness Date until the earlier of (x) such date thereafter as no Debentures remain outstanding and (y) 120 days after the Fourth Registration Statement Effectiveness Date, and (v) the Fifth Registration Statement Effectiveness Date until the earlier of (x) such date thereafter as no Debentures remain outstanding and (y) 120 days after the Fifth Registration Statement Effectiveness Date, neither the Company nor any subsidiary may issue any Common Stock or Common Stock equivalents, except for certain exempted issuances (i.e., stock options, employee grants, shares issuable pursuant to outstanding securities, acquisitions and strategic transactions) and the Arena ELOC.

The Company entered into a Security Agreement, dated August 12, 2024 (the "Security Agreement"), with Arena Investors where it agreed to grant Arena Investors a security interest in all of its assets to secure the prompt payment, performance and discharge in full of all of the Company's obligations under the Arena Debentures. In addition, each of the Company's subsidiaries entered into a Guaranty Agreement, dated August 12, 2024 (the "Subsidiary Guaranty"), with Arena Investors pursuant to which they agreed to guarantee the prompt payment, performance and discharge in full of all of the Company's obligations under the Arena Debentures.

Maxim Group LLC ("Maxim") acted as placement agent in the Offering. In connection with the closing of the first tranche of the Arena Offering, the Company paid a placement fee of $75,000 to Maxim. Assuming the second tranche is closed, a placement fee in an amount equal to $120,000 will be payable by the Company to Maxim upon closing of the second tranche of the Arena Offering. Assuming the third tranche is closed, a placement fee in an amount equal to 120,000 will be payable by the Company to Maxim upon closing of the third tranche of the Arena Offering. Assuming the fourth tranche is closed, a placement fee in an amount equal to 120,000 will be payable by the Company to Maxim upon closing of the fourth tranche of the Arena Offering. Assuming the fifth tranche is closed, a placement fee in an amount equal to 120,000 will be payable by the Company to Maxim upon closing of the fifth tranche of the Arena Offering.

The Arena Purchase Agreement and the Registration Rights Agreement contain customary representations, warranties, agreements and conditions to completing future sale transactions, indemnification rights and obligations of the parties. Among other things, Arena Investors represented to the Company, that it is an "accredited investor" (as such term is defined in Rule 501(a) of Regulation D under the Securities Act of 1933, as amended (the "Securities Act")), and the Company sold the securities in reliance upon an exemption from registration contained in Section 4(a)(2) of the Securities Act and/or Regulation D promulgated thereunder.

Arena Investors ELOC

On August 12, 2024 , the Company also entered into an Purchase Agreement (the "Arena ELOC") with Arena Business Solutions Global SPC II, LTD ("Arena Global"), pursuant to which the Company shall have the right, but not the obligation, to direct Arena Global to purchase up to $50,000,000.00 (the "Maximum Commitment Amount") in shares of the Company's common stock in multiple tranches upon satisfaction of certain terms and conditions contained in the Arena ELOC, which includes, but is not limited to, filing a registration statement with the SEC and registering the resale of any shares sold to Arena Global. Further, under the Arena ELOC and subject to the Maximum Commitment Amount, the Company has the right, but not the obligation, to submit an Advance Notice (as defined in the Arena ELOC) from time to time to Arena Global calculated as follows: (a) if the Advance Notice is received by 8:30 a.m. Eastern Time. the lower of: (i) an amount equal to seventy percent (70%) of the average of the Daily Value Traded (as defined in the Arena ELOC) of the Company's common stock on the ten trading days immediately preceding an Advance Notice, or (ii) $20 million, (b) if the Advance Notice is received after 8:30 a.m. Eastern Time but prior to 10:30 a.m. Eastern Time, the lower of (i) an amount equal to forty percent (40%) of the average of the Daily Value Traded of the Company's common stock on the ten trading days immediately preceding an Advance Notice, or (ii) $15 million, and (c) if the Advance Notice is received after 10:30 a.m. Eastern Time but prior to 12:30 p.m. Eastern Time, the lower of (i) an amount equal to twenty percent (20%) of the average of the Daily Value Traded of the Company's common stock on the ten trading days immediately preceding an Advance Notice, or (ii) $10 million.

During the Commitment Period (as defined below), the purchase price to be paid by Arena Investors for the common stock under the EP Agreement will be 96% of the Market Price, defined as the daily volume weighted average price (VWAP) of the Company's common stock, on the trading day commencing on the date of the Advance Notice.

In connection with the Arena ELOC, the Company agreed, among other things, to issue to Arena Global, in two separate tranches, as a commitment fee, that number of shares of its restricted common stock ("Commitment Fee Shares") equal to (i) with respect to the first tranche ("First Tranche"), 500,000 divided by the simple average of the daily VWAP of the common stock during the five trading days immediately preceding the effectiveness of the initial registration statement (the "Initial Registration Statement") on which the Commitment Fee Shares are registered (the "First Tranche Price"), promptly the effectiveness of the Registration Statement (the "Initial Issuance") and (ii) with respect to the second tranche ("Second Tranche"), 250,000 divided by the simple average of the daily VWAP of the Common Shares during the five trading days immediately preceding the three month anniversary (the "Anniversary") of the effectiveness of the registration statement on which the Commitment Fee Shares are registered (the "Second Tranche Price"), promptly after the Anniversary.

The Commitment Fee Shares shall be subject to a true-up after each issuance pursuant to which the Company shall issue to Arena Global common stock having an aggregate dollar value equal to (i) with respect to the First Tranche, 500,000 based on the lower of (A) the First Tranche Price and (B) the lower of (a) the simple average of the three lowest daily intraday trade prices over the twenty trading days after (and not including) the date of effectiveness of the Initial Registration Statement and (b) the closing price on the twentieth trading day after the effectiveness of the Registration Statement, and (ii) with respect to the Second Tranche, 250,000 based on the lower of (A) the Second Tranche Price and (B) the lower of (a) the simple average of the three lowest daily intraday trade prices over the twenty trading days after (and not including) the Anniversary and (b) the closing price on the twentieth trading day after the Anniversary.

In connection with the Arena ELOC, the Company agreed to file a registration statement registering the common stock issued or issuable to Arena Global under the Arena ELOC for resale with the SEC within 30 calendar days of the Arena ELOC.

The obligation of Arena Global to purchase the Company's common stock under the Arena ELOC begins on the date of the Arena ELOC, and ends on the earlier of (i) the date on which Arena Global shall have purchased common stock pursuant to the Arena ELOC equal to the Commitment Amount, (ii) thirty six (36) months after the date of the Arena ELOC or (iii) written notice of termination by the Company (the "Commitment Period"). The Arena ELOC contains customary representations, warranties, agreements and conditions to completing future sale transactions, indemnification rights and obligations of the parties. Among other things, Arena Global represented to the Company, that it is an "accredited investor" (as such term is defined in Rule 501(a) of Regulation D under the Securities Act, and the Company will sell the securities in reliance upon an exemption from registration contained in Section 4(a)(2) of the Securities Act and Regulation D promulgated thereunder.

The number of shares of the Company's common stock that may be issued upon conversion of the Arena Debentures and exercise of the Arena Warrants, and inclusive of the Commitment Shares and any shares issuable under and in respect of the Arena ELOC, is subject to an exchange cap (the "Exchange Cap") of 19.99% of the outstanding number of shares of the Corporation's common stock on the closing date, 3,559,961 shares, unless shareholder approval to exceed the Exchange Cap is approved.

The foregoing descriptions of the Arena Purchase Agreement, the Arena Debentures, the Arena Warrants, the Registration Rights Agreement, the Security Agreement, the Subsidiary Guaranty and Arena ELOC are qualified in their entirety by reference to the full text of such agreements, copies of which are attached hereto as Exhibit 10.1, 4.1, 4.2, 10.2, 10.3, 10.4 and 10.5, respectively, and each of which is incorporated herein in its entirety by reference. The representations, warranties and covenants contained in such agreements were made only for purposes of such agreements and as of specific dates, were solely for the benefit of the parties to such agreements and may be subject to limitations agreed upon by the contracting parties.

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

Introduction and Certain Cautionary Statements

As used in this Quarterly Report on Form 10-Q, unless the context requires otherwise, references to the "Company," "SG DevCo," "we," "us," and "our" refer to Safe and Green Development Corporation and its subsidiaries. The following discussion and analysis of the financial condition and results of our operations should be read in conjunction with our unaudited condensed consolidated financial statements and related notes and schedules included elsewhere in this Quarterly Report on Form 10-Q and with our audited condensed consolidated financial statements and notes for the year ended December 31, 2023 included in our Annual Report for the year ended December 31, 2023 filed with the Securities and Exchange Commission on April 1, 2024 (the "2023 10-K"). This discussion, particularly information with respect to our future operations, includes forward-looking statements that involve risks and uncertainties as described under the heading "Special Note regarding forward-looking statements" in this Quarterly Report on Form10-Q. You should review the disclosure under the heading "Risk Factors" in this Quarterly Report on Form 10-Q and the 2023 10-K for a discussion for important factors that could cause our actual results to differ materially from those anticipated in these forward-looking statements.

Special Note regarding forward-looking statements

This Quarterly Report on Form 10-Q contains forward-looking statements that involve risks and uncertainties. Our actual results could differ materially from those discussed in the forward-looking statements. The statements contained in this report that are not purely historical are forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended (the "Securities Act"), and Section 21E of the Securities Exchange Act of 1934, as amended (the "Exchange Act"). Statements contained in this Quarterly Report on Form 10-Q may use forward-looking terminology, such as "anticipates," "believes," "could," "would," "estimates," "may," "might," "plan," "expect," "intend," "should," "will," or other variations on these terms or their negatives. All statements other than statements of historical facts are statements that could potentially be forward-looking. We caution that forward-looking statements involve risks and uncertainties, and actual results could differ materially from those expressed or implied in these forward-looking statements or could affect the extent to which a particular objective, projection, estimate or prediction is realized.

Forward-looking statements are subject to risks and uncertainties. Actual results could differ materially from those expressed in or implied by such forward-looking statements due to a variety of factors, including:

- 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.
- 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.
- Previously undetected environmentally hazardous conditions may adversely affect our business.
- Legislative, regulatory, accounting or tax rules, and any changes to them or actions brought to enforce them, could adversely affect us.
- If we were deemed to be an investment company, applicable restrictions could make it impractical for us to continue our business as contemplated and could have an adverse effect on our business.
- 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 could be impacted by our investments through joint ventures, which involve risks not present in investments in which we are the sole owner.
- 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.
- If we were to default in our obligation to repay the loan we received from BCV S&G DevCorp or Peak One, it could disrupt or adversely affect our business and our stock price could decline.
- Future outbreaks of any highly infectious or contagious diseases, could materially and adversely impact our performance, financial condition, results of operations and cash flows.
- SG Holdings beneficially owns a significant portion of our outstanding common stock, and it may therefore be able to substantially control our management and affairs.
- 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 may issue shares of preferred or common stock in the future, which could dilute your percentage ownership of the company.
- 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
- Provisions in our corporate charter documents and under Delaware law could make an acquisition of our company more difficult and may prevent attempts by our stockholders to replace or remove our management.
- 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
- Our failure to comply with continued listing requirements of Nasdaq.
- Risks relating to ownership of our common stock, including high volatility and dilution.

The risks and uncertainties included here are not exhaustive or necessarily in order of importance. Other sections of this report and other reports we file with the SC include additional factors that could affect our business and financial performance, including discussed in "Part II – Item 1A. Risk Factors" to this Quarterly Report on Form 10-Q as well as the Risk Factors set forth in our 2023 10-K. New risk factors emerge from time to time, and it is not possible for management to predict all such risk factors.

In addition, certain information presented below is based on unaudited financial information. There can be no assurance that there will be no changes to this information once audited financial information is available. As a result, readers are cautioned not to place undue reliance on forward-looking statements. Forward-looking statements speak only as of the date of this report. We will not undertake to update any forward-looking statement herein or that may be made from time to time on behalf of us.

Overview

We were formed in 2021 by Safe & Green Holdings Corp. ("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 generated minimal revenue and our activities have consisted solely of the acquisition and entitlement of three properties, an investment in two entities that have acquired two properties to be further developed; however we have not yet commenced any development activities. We have since executed contracts to sell two properties for a profit. We have also acquired a majority interest in MWH described below.. We are focused on increasing our presence in markets with favorable job formation and a favorable demand/supply ratio for multifamily and / or single-family housing.. 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 sales of our securities and 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 expect development activities to begin for our Magnolia Gardens Project Single Family project to be built on our McLean mixed use site in the fourth quarter of 2024.In addition, in January 2024, we announced that we would strategically look to monetize our real estate holdings throughout 2024 by identifying markets where our land may have increased in value, as demonstrated by third-party appraisals. In connection with this strategy, we have entered into agreements to sell our St. Mary's site and our Lago Vista site as described in more detail below.

Additionally, we acquired a majority interest in Majestic World Holdings LLC ("MWH") during the first quarter of 2024. MWH is a prop-tech company that has created an AI Software platform (the "AI Powered Platform"). The AI Powered Platform, which was launched in April 2024, aims to decentralize the real estate marketplace, creating an all-in-one solution that brings banks, institutions, home builders, clients, agents, vendors, gig workers, and insurers into a seamlessly integrated and structured AI-driven environment. In addition, we purchased all of the assets related to the A.I technology known as My Virtual Online Intelligent Assistant ("MyVONIA"). MyVONIA, an advanced artificial intelligence (AI) assistant, which utilizes machine learning and natural language processing algorithms to provide users with human-like conversational interactions, tailored to their specific needs.

During the second quarter of 2024, we have generated minimal revenue and our primary source of funding has been from sales of debt and equity described in more detail below.

Recent Developments.

The Peak One Transactions

2023 Private Placement Offering

On November 30, 2023, we entered into a securities purchase agreement (the "2023 Securities Purchase Agreement") and related registration rights agreement with Peak One Opportunity Fund, L.P. ("Peak One"), pursuant to which we agreed to issue, in a private placement offering (the "2023 Offering") upon the satisfaction of certain conditions specified in the 2023 Securities Purchase Agreement, two debentures in the aggregate principal amount of $1,200,000, a warrant to purchase up to 350,000 shares of common stock (the "First 2023 Warrant") and 100,000 shares of common stock as commitment shares ("Initial 2023 SPA Commitment Shares"). On November 30, 2023, we issued an 8% convertible debenture in the principal amount of $700,000 (the "First 2023 Debenture") in addition to the First 2023 Warrant and the Initial 2023 SPA Commitment Shares. The First 2023 Debenture was sold to Peak One for a purchase price of $630,000, representing an original issue discount of ten percent (10%). In connection with the closing on November 30, 2023, we paid $17,500 as a non-accountable fee to Peak One to cover its accounting fees, legal fees and other transactional costs incurred in connection with the transactions contemplated by the securities purchase agreement.

The 2023 Securities Purchase Agreement provided that a closing of the second tranche could occur subject to the mutual written agreement of Peak One and us and satisfaction of the closing conditions set forth in the 2023 Securities Purchase Agreement at any time after January 29, 2024, upon which we would issue and sell to Peak One on the same terms and conditions a second 8% convertible debenture in the principal amount of $500,000 for a purchase price of $450,000, representing an original issue discount of ten percent (10%).

On February 15, 2024, we entered into an amendment (the "Amendment") to the 2023 Securities Purchase Agreement with Peak One. The Amendment provided that the second tranche be separated into two tranches (the second and third tranche) wherein which we would issue in each tranche an 8% convertible debenture in the principal amount of $250,000 at a purchase price of $225,000. In addition, the Amendment provided that we would issue (i) 35,000 shares of our common stock on the closing of each of the second tranche and the third tranche as a commitment fee in connection with the issuance of the second debenture and the third debenture, respectively; (ii) a common stock purchase warrant for the purchase of 125,000 shares of common stock on the closing of each of the second tranche and the third tranche; and (iii) pay $6,500 of Peak One's non-accountable fees in connection with each of the second tranche and the third tranche.

The closing of the second tranche was consummated on February 16, 2024, and we issued an 8% convertible debenture in the principal amount of $250,000 (the "Second 2023 Debenture") and a warrant (the "Second 2023 Warrant") to purchase up to 125,000 shares of our common stock. The Second 2023 Debenture was sold to Peak One for a purchase price of $225,000, representing an original issue discount of ten percent (10%). In connection with the closing of the second tranche, we paid $6,500 as a non-accountable fee to Peak One to cover its accounting fees, legal fees and other transactional costs incurred in connection with the second tranche and issued an aggregate total of 35,000 shares of our common stock as commitment shares.

The closing of the third tranche was consummated on March 22, 2024, and we issued an 8% convertible debenture in the principal amount of $250,000 (the "Third 2023 Debenture") and a warrant (the "Third 2023 Warrant") to purchase up to 125,000 shares of our common stock. In connection with the closing of the third tranche, we paid $6,500 as a non-accountable fee to Peak One to cover our accounting fees, legal fees and other transactional costs incurred in connection with the third tranche and issued an aggregate total of 35,000 shares of our common stock as commitment shares. The First 2023 Debenture, the Second 2023 Debenture the Third 2023 Debenture are collectively referred to as the "2023 Debentures."

The 2023 Debentures mature twelve months from their respective date of issuance and bear interest at a rate of 8% per annum payable on the maturity date. The 2023 Debentures are convertible, at the option of the holder, at any time, into such number of shares of our common stock equal to the principal amount of the 2023 Debentures plus all accrued and unpaid interest at a conversion price equal to $2.14 (the "2023 Conversion Price"), subject to adjustment for any stock splits, stock dividends, recapitalizations and similar events and in the event we, at any time while the 2023 Debentures are outstanding, issue, sell or grant any option to purchase, or sell or grant any right to reprice, or otherwise dispose of, or issue common stock or other securities convertible into, exercisable for, or otherwise entitle any person the right to acquire, shares of common stock, other than with respect to an Exempt Issuance (as defined in the 2023 Debentures), at an effective price per share that is lower than the then 2023 Conversion Price. In the event of any such anti-dilutive event, the 2023 Conversion Price will be reduced at the option of the holder to such lower effective price of the dilutive event, subject to a floor price of $0.39 per share.

The 2023 Debentures are redeemable by us at a redemption price equal to 110% of the sum of the principal amount to be redeemed plus accrued interest, if any. While the 2023 Debentures are outstanding, if we receive cash proceeds of more than $1,500,000.00 ("Minimum Threshold") in the aggregate from any source or series of related or unrelated sources, we shall, within two (2) business days of our receipt of such proceeds, inform the holder of such receipt, following which the holder shall have the right in its sole discretion to require us to immediately apply up to 50% of all proceeds received by us (from any source except with respect to proceeds from the issuance of equity or debt to our officers and directors) after the Minimum Threshold is reached to repay the outstanding amounts owed under the 2023 Debentures.

The 2023 Debentures contain customary events of default. If an event of default occurs, until it is cured, Peak One may increase the interest rate applicable to the 2023 Debentures to the lesser of eighteen percent (18%) per annum and the maximum interest rate allowable under applicable law and accelerate the full indebtedness under the 2023 Debentures, in an amount equal to 110% of the outstanding principal amount and accrued and unpaid interest. The 2023 Debentures prohibit us from entering into a Variable Rate Transaction (as defined in the 2023 Debentures) until the 2023 Debentures are paid in full.

To date, we have issued 1,022,222 shares of our common stock pursuant to the First 2023 Debenture which was converted in full. On May 9, 2024, we issued 506,189 shares of our common stock upon conversion of the Second 2024 Debenture and partial conversion of the Third 2024 Debenture. On July 22, 2024 we issued 970,941 shares of our common stock upon conversion of the remainder of the Third 2023 debenture in full and partial conversion of the 1st 2024 Debenture. As of August 8th, 2024 the outstanding principle on debentures is $500,000.

On January 8, 2024, 305,000 shares of our common stock were issued in connection with the exercise, in full, of the First 2023 Warrant, on a cashless basis. On April 30th, 2024, 229,216 shares of our common stock were issued in connection with the exercise, in full, of the Second 2023 Warrant and the Third 2023 Warrant, on a cashless basis.

Second Private Placement Offering

On April 29, 2024, we entered into a securities purchase agreement, dated April 29, 2024 (the "2024 Securities Purchase Agreement") with Peak One, pursuant to which we agreed to issue, in a private placement offering (the "2024 Offering") upon the satisfaction of certain conditions specified in the 2024 Securities Purchase Agreement, three 2024 Debentures to Peak One in the aggregate principal amount of $1,200,000.

The closing of the first tranche was consummated on April 29, 2024 and we issued an 8% convertible debenture in principal amount of $350,000 (the "First 2024 Debenture") to Peak One and a warrant (the "First 2024 Warrant") to purchase up to 262,500 shares of common stock, to Peak One's designee as described in the 2024 Securities Purchase Agreement. The First 2024 Debenture was sold to Peak One for a purchase price of $315,000, representing an original issue discount of ten percent (10%). In connection with the closing of the first tranche, we paid $10,000 as a non-accountable fee to Peak One to cover its accounting fees, legal fees and other transactional costs and issued to Peak One and its designee an aggregate total of 80,000 shares of our restricted common stock (the "2024 Initial Commitment Shares") as described in the 2024 Securities Purchase Agreement.

The First 2024 Debenture matures twelve months from its date of issuance and bears interest at a rate of 8% per annum payable on the maturity date. The First 2024 Debenture is convertible, at the option of the holder, at any time, into such number of shares of our common stock equal to the principal amount of the First 2024 Debenture plus all accrued and unpaid interest at a conversion price equal to $0.70 (the "First 2024 Conversion Price"), subject to adjustment for any stock splits, stock dividends, recapitalizations and similar events, as well as anti-dilution price protection provisions that are subject to a floor price of $0.165.

The First 2024 Debenture is redeemable by us at a redemption price equal to 110% of the sum of the principal amount to be redeemed plus accrued interest, if any. While the First 2024 Debenture is outstanding, if we receive cash proceeds of more than $1,500,000.00 in the aggregate from any source or series of related or unrelated sources, we shall, within two (2) business days of our receipt of such proceeds, inform the holder of such receipt, following which the holder shall have the right in its sole discretion to require us to immediately apply up to 50% of all proceeds received by us (from any source except with respect to proceeds from the issuance of equity or debt to our officers and directors) after the Minimum Threshold is reached to repay the outstanding amounts owed under the First 2024 Debenture.

The First 2024 Debenture contains customary events of default. If an event of default occurs, until it is cured, Peak One may increase the interest rate applicable to the First 2024 Debenture to the lesser of eighteen percent (18%) per annum and the maximum interest rate allowable under applicable law and accelerate the full indebtedness under the First 2024 Debenture, in an amount equal to 110% of the outstanding principal amount and accrued and unpaid interest. Subject to limited exceptions set forth in the First 2024 Debenture, the First 2024 Debenture prohibits us from entering into a Variable Rate Transaction (as defined in the First 2024 Debenture) or incurring any new indebtedness that is senior to the First 2024 Debenture or secured by our assets until the First 2024 Debenture is paid in full.

The First 2024 Warrant expires five years from its date of issuance. The First 2024 Warrant is exercisable, at the option of the holder, at any time, for up to 262,500 of shares of common stock at an exercise price equal to $0.76 (the "Exercise Price"), subject to adjustment for any stock splits, stock dividends, recapitalizations, and similar events, as well as anti-dilution price protection provisions that are subject to a floor price as set forth in the First 2024Warrant. The First 2024 Warrant provides for cashless exercise under certain circumstances.

Under the 2024 Securities Purchase Agreement, as amended, a closing of the second tranche could occur subject to the mutual written agreement of Peak One and us and satisfaction of the closing conditions set forth in the 2024 Securities Purchase Agreement at any time after May 19, 2024, upon which we would issue and sell to Peak One on the same terms and conditions a second 8% convertible debenture in the principal amount $350,000 (the "Second 2024 Debenture") and issue to Peak One's designee on the same terms and conditions a second warrant (the "Second 2024 Warrant") to purchase up to 262,500 shares of the common stock. The Second 2024 Debenture would be sold to Peak One for a purchase price of $315,000, representing an original issue discount of ten percent (10%). In connection with the closing of the second tranche, we will pay $10,000 as a non-accountable fee to Peak One to cover its accounting fees, legal fees and other transactional costs and we would issue to Peak One and its designee an aggregate total of 80,000 shares of our restricted common stock as commitment shares (the "Second 2024 Commitment Shares") as described in the 2024 Securities Purchase Agreement.

Under the 2024 Securities Purchase Agreement, as amended, a closing of the third tranche may occur subject to the mutual written agreement of Peak One and us and satisfaction of the closing conditions set forth in the Purchase Agreement at any time after 20 days after the closing of the second tranche, upon which we would issue and sell to Peak One on the same terms and conditions a third 8% convertible debenture in the principal amount of $500,000 (the "Third 2024 Debenture" and together with the First 2024 Debenture and the Second 2024 Debenture, the "2024 Debentures") and issue to Peak One's designee on the same terms and conditions a third warrant (the "Third 2024 Warrant" and together with the First 2024 Warrant and the Second 2024 Warrant, the "2024 Warrants") to purchase up to 375,000 shares of common stock. The Third 2024 Debenture would be sold to Peak One for a purchase price of $450,000, representing an original issue discount of ten percent (10%). In connection with the closing of the third tranche, we will pay $10,000 as a non-accountable fee to Peak One to cover its accounting fees, legal fees and other transactional costs and will issue to Peak One and its designee an aggregate total of 100,000 shares of our restricted common stock as commitment shares (the "Third 2024 Commitment Shares" and together with the Initial 2024 Commitment Shares and the Second 2024 Commitment Shares, the "2024 Commitment Shares") as described in the 2024 Securities Purchase Agreement.

We entered into a Registration Rights Agreement, dated April 29, 2024 (the "2024 RRA"), with Peak One where we agreed to file with the Securities and Exchange Commission (the "SEC") an initial registration statement within 30 days to register the maximum number of Registrable Securities (as defined in the 2024 RRA) as shall be permitted to be included thereon in accordance with applicable SEC rules and to use our reasonable best efforts to have the registration statement declared effective by the SEC within 90 calendar days from April 29, 2024.

On May 24, 2024, we closed the second tranche of our private placement offering with Peak One under the 2024 Securities Purchase Agreement, as amended on May 22, 2024 (the "Amended 2024 Securities Purchase Agreement"), between us and Peak One, pursuant to which we issued the Second 2024 Debenture, Second 2024 Warrant and Second 2024 Commitment Shares. The Second Debenture is convertible, at the option of the holder, at any time, into such number of shares of Common our common stock equal to the principal amount of the Second 2024 Debenture plus all accrued and unpaid interest at a conversion price equal to $0.60, subject to adjustment for any stock splits, stock dividends, recapitalizations and similar events, as well as anti-dilution price protection provisions that are subject to a floor price of $0.165. Second Warrant is exercisable, at the option of the holder an exercise price equal to $0.65, subject to adjustment for any stock splits, stock dividends, recapitalizations, and similar events, as well as anti-dilution price protection provisions that are subject to a floor price as set forth in the Second Warrant. The Second Warrant provides for cashless exercise under certain circumstances.

On June 17th, 2024, 484,470 shares of our common stock were issued in connection with the exercise, in full, of the First 2024 Warrant and the Second 2024 Warrant, on a cashless basis.

ELOC

On November 30, 2023, we also entered into an equity purchase agreement ("Equity Purchase Agreement") and related registration rights agreement with Peak One, pursuant to which we have the right, but not the obligation, to direct Peak One to purchase up to $10,000,000 (the "Maximum Commitment Amount") in shares of our common stock in multiple tranches upon satisfaction of certain terms and conditions contained in the Equity Purchase Agreement and the related registration rights agreement. Pursuant to the terms of the Equity Purchase Agreement, we issued to Peak One Investments 100,000 shares of our common stock as commitment shares. To date, we have issued 386,000 shares of our common stock pursuant to the terms of the Equity Purchase Agreement for $423,660. Accordingly, we currently have the right, but not the obligation, to direct Peak One to purchase up to $9,576,340 in shares of our common stock pursuant to the Equity Purchase Agreement.

As of August 8, 2024, we have sold approximately 986,000 shares under the Equity Purchase Agreement for gross proceeds of approximately $758,660.00

St. Mary's Site

On January 31, 2024, we entered into an Agreement of Sale (the "Agreement of Sale") with Pigmental, LLC, a Delaware limited liability company ("Pigmental Studios"), to sell approximately 27 acres of land zoned for a manufacturing facility in St. Mary's, Georgia (the "St Mary's Site") owned by us to Pigmental Studios for $1.35 million, payable $900,000 in cash and $450,000 by the issuance of a promissory note to us. The promissory note was to bear interest at 10% per annum, provide for monthly interest only payments, mature on April 30, 2025, and be secured by a mortgage on the St Mary's Site. The Agreement of Sale provided that the closing of the sale of the St Mary's Site by us to Pigmental Studios was agreed to occur no later than June 20th, 2024.

As of April 25, 2024, we entered into an amendment to the Agreement of Sale (the "Amendment"). The Amendment amends the closing date to one of three dates (April 30, 2024, May 15, 2024 and May 30, 2024) and amends the purchase price contingent upon the closing date met by Pigmental Studios as follows:

- If Pigmental Studios closes by April 30, 2024, the total purchase price will be $1,290,000. The payment breakdown for the purchase price will be as follows: $899,000 in cash and $390,000 by the issuance of a promissory note to us.

- If Pigmental Studios closes by May 15, 2024, the total purchase price will be $1,310,000. The payment breakdown for the purchase price will be as follows: $899,000 in cash and $410,000 by the issuance of a promissory note to us.

- If Pigmental Studios closes by May 30, 2024, the total purchase price will be $1,375,000. The payment breakdown for the purchase price will be as follows: $899,000 in cash and $475,000 by the issuance of a promissory note to us.

As of August 13th, 2024 Pigmental Studios is currently in breach of the Agreement of Sale and the we are in discussions to execute an amendment for the closing of the property to take place in the third quarter of 2024.

Lago Vista Extension and Second Lien

On April 3, 2024, LV Peninsula Holding LLC ("LV Holding"), a Delaware limited liability company and our wholly owned subsidiary, entered into a Modification and Extension Agreement, effective as of April 1, 2024 (the "Extension Agreement"), to extend to April 1, 2025 the maturity date of the promissory note, in the principal amount of $5,000,000 (the "LV Note"), issued by LV Holding pursuant to a loan agreement, dated March 30, 2023. As consideration for the Extension Agreement, LV Holding agreed to pay an extension fee of $50,000. Additionally, the Extension Agreement provides for the LV Note's interest rate to be increased to a fixed rate of 17.00%.

In addition, pursuant to a loan agreement dated April 3, 2024, LV Holding issued a promissory note, in the principal amount of $1,000,000 (the "2nd Lien Note"), secured by a revised Deed of Trust and Security Agreement, dated April 3, 2024 on our Lake Travis project site in Lago Vista, Texas, a Modification to Real Estate Mortgage, dated April 3, 2024, to the Mortgage, dated March 30, 2023, on our McLean site in Durant, Oklahoma. The 2nd Lien Note is subordinate to the LV Note.

The 2nd Lien Note requires monthly installments of interest only, is due in full on April 1, 2025, bears interest at a fixed rate of 17.00% and may be prepaid by LV Holding at any time without interest or penalty. LV Holding's obligations under the 2nd Lien Note have been guaranteed by us pursuant to a guaranty, dated April 3, 2024.

Contract for Sale of Lago Vista

On April 25, 2024, we entered into a Commercial Contract (the "Contract of Sale") with Lithe Development Inc., a Texas corporation ("Lithe"), to sell our approximately 60-acre waterfront Lago Vista site in Lake Travis, Texas (the "Lago Vista Property") to Lithe for $5.825 million. The Contract of Sale provides that the closing of the sale by us to Lithe of the Lago Vista Property is expected to occur after a 70-day due diligence period and a subsequent 30-day closing period. As of July 18, 2024, the Company entered into an amendment to the Contract of Sale which extended the closing date of the sale of the Lago Vista Property to August 12, 2024. On July 18th, 2024 the Company entered into an amendment o the Contract of Sale to extend the closing date to August 4th, The contract was further amended on July 25th, 2024, to increase the sales price to $5.84 million. On August 8, 2024, the Company entered into an additional amendment to the Contract of Sale to extend the closing date to August 20th, 2024 and increase the price sales price to $5.86M

AI Platform Acquisition

On February 7, 2024, we acquired MWH, a real estate technology firm and owner of the an AI powered real estate marketplace Home Platform, pursuant to a Membership Interest Purchase Agreement (the "Purchase Agreement"), dated as of February 7, 2024, by and among us, the members of MWH listed therein (the "Members"), MWH and Matthew A. Barstow, as Sellers Representative. The AI Powered Platform, powered by advanced AI technology, has the goal of creating a decentralized real estate marketplace, creating an all-in-one solution that brings banks, institutions, home builders, clients, agents, vendors, gig workers, and insurers into a seamlessly integrated and structured AI-driven environment. This development is expected to significantly save time and resources for all parties involved. The AI Powered Platform is designed to streamline property transactions and offer a cost-effective alternative to traditional buyers' agent models. The AI Powered Platform was launched in April 2024.

Pursuant to the Purchase Agreement, the aggregate consideration payable by us for the outstanding membership interests (the "Membership Interests") of MWH consists of 500,000 shares of our restricted stock (the "Stock Consideration") and $500,000 in cash (the "Cash Consideration"). The Purchase Agreement and a related side letter agreement provide that the aggregate purchase price be paid as follows: (i) the Stock Consideration was issued at the closing on February 7, 2024; and (ii) 100% of the Cash Consideration will be paid in five equal installments of $100,000 each on the first day of each of the five quarterly periods following the closing. The Membership Interests will be transferred and assigned to us as follows: (y) 68.25% of the Membership Interests were transferred to us at closing, and (z) the remaining 31.75% will be transferred to us in five equal installments of 6.35% each on the first day of each of the five quarterly periods following the closing. The Purchase Agreement contains customary representations, warranties, and covenants of the parties. Additional agreements ancillary to the Purchase Agreement were executed at the closing, including but not limited to a profit sharing agreement (the "Profit Sharing Agreement"), assignments of the Membership Interests and employment agreements. Pursuant to the Profit Sharing Agreement entered into as of February 7, 2024, we agreed to pay the Members a 50% share of the net profits for a period of five years that are directly derived from the technology and intellectual property utilized in the real estate focused software as a service offered and operated by MWH and its subsidiaries.

MyVONIA

As of May 6, 2024, we entered into an Asset Purchase Agreement (the "APA") with Dr. Axely Congress to purchase all of the assets related to the A.I technology known as My Virtual Online Intelligent Assistant ("MyVONIA"). MyVONIA, an advanced artificial intelligence (AI) assistant, utilizes machine learning and natural language processing algorithms to provide users with human-like conversational interactions, tailored to their specific needs. MyVONIA does not require an app, or website but is accessible to subscribers via text messaging. The purchase price for MyVONIA is up to 500,000 shares of our common stock. Of such shares, 200,000 shares of common stock will be issued at closing, with an additional 300,000 shares of common stock issuable upon the achievement of certain benchmarks. The APA contains customary closing conditions and Dr. Congress has agreed to a non-compete.

On June 6, 2024, we completed the acquisition of all of the assets related to the A.I technology known as MyVONIA pursuant to the previously disclosed theAPA. MyVONIA, an advanced artificial intelligence (AI) assistant, utilizes machine learning and natural language processing algorithms to provide users with human-like conversational interactions, tailored to their specific needs. MyVONIA does not require an app, or website but is accessible to subscribers via text messaging. theOf such shares, 200,000 shares of common stock were issued at the closing on June 6, 2024, with an additional 300,000 shares of common stock issuable upon the achievement of certain benchmarks. Pursuant to the APA, Dr. Congress has agreed to a non-compete. In connection with the closing, Dr. Congress also entered into a consulting agreement with us to continue to develop MyVONIA and provide such other services as are required pursuant thereto under which Dr. Congress will receive a consulting fee of $10,000 per month. The consulting agreement has a term of two years and has a non-compete.

Credit Agreement

On March 1, 2024, we entered into a credit agreement with the Bryan Leighton Revocable Trust dated December 13, 2023 (the "Lender") pursuant to which the Lender agreed to provide us with a line of credit facility (the "Line of Credit") up to the maximum amount of $250,000 from which we may draw down, at any time and from time to time, during the term of the Line of Credit. The "Maturity Date" of the Line of Credit is September 1, 2024. At any time prior to the Maturity Date, upon mutual written consent of us and the Lender, the Maturity Date may be extended for up to an additional six-month period. The advanced and unpaid principal of the Line of Credit from time to time outstanding will bear interest at a fixed rate per annum equal to 12.0% (the "Fixed Rate"). On the first day of each month, we will pay to the Lender interest, in arrears, on the aggregate outstanding principal indebtedness of the Line of Credit at the Fixed Rate. The entire principal indebtedness of the Line of Credit and any accrued interest thereon will be due and payable on the Maturity Date. In consideration for the extension of the Line of Credit, we issued 154,320 shares of our restricted common stock to Lender. During the three months ended June 30, 2024, we drew down $250,000 from the Line of Credit.

Nasdaq Notice

On April 16, 2024, we received a letter from the Listing Qualifications Department of The Nasdaq Stock Market LLC ("Nasdaq") stating that we were not in compliance with Nasdaq Listing Rule 5550(b)(1) (the "Rule") because our stockholders' equity of $1,887,777 as of December 31, 2023, as reported in our Annual Report on Form 10-K filed with the SEC on April 1, 2024, was below the minimum requirement of $2,500,000. Pursuant to Nasdaq's Listing Rules, we had 45 calendar days (until May 31, 2024), to submit a plan to evidence compliance with the Rule (a "Compliance Plan"). We submitted a Compliance Plan within the required time. On July 22, 2024, we received a letter from Nasdaq stating that based on the Quarterly Report on Form 10-Q that we filed with the Securities and Exchange Commission for the period ended March 31, 2024, and our submission to the Staff, dated May 29, 2024, it determined that we were in compliance with Nasdaq Listing Rule 5550(b)(1). The letter further stated that if we fail to evidence compliance with Nasdaq Listing Rule 5550(b)(1) upon filing our next periodic report we may be subject to delisting. At that time, Nasdaq staff will provide written notification to us, upon which we may then appeal the staff's determination to a Nasdaq Hearings Panel.

On April 25, 2024, we received written notice from Nasdaq notifying us that for the preceding 30 consecutive business days (March 14, 2024 through April 24, 2024), our common stock did not maintain a minimum closing bid price of $1.00 ("Minimum Bid Price Requirement") per share as required by Nasdaq Listing Rule 5550(a)(2). The notice has no immediate effect on the listing or trading of the common stock and the common stock will continue to trade on The Nasdaq Capital Market under the symbol "SGD."

In accordance with Nasdaq Listing Rule 5810(c)(3)(A), we have a compliance period of 180 calendar days, or until October 22, 2024, to regain compliance with Nasdaq Listing Rule 5550(a)(2). Compliance may be achieved without further action if the closing bid price of our common stock is at or above $1.00 for a minimum of ten consecutive business days at any time during the 180-day compliance period, in which case Nasdaq will notify us if it determines it is in compliance and the matter will be closed; however Nasdaq may require the closing bid price to equal or to exceed the $1.00 minimum bid price requirement for more than 10 consecutive business days before determining that a company complies.

If, however, we do not achieve compliance with the Minimum Bid Price Requirement by October 22, 2024, we may be eligible for additional time to comply. In order to be eligible for such additional time, we will be required to meet the continued listing requirement for market value of publicly held shares and all other initial listing standards for The Nasdaq Capital Market, with the exception of the Minimum Bid Price Requirement, and must notify Nasdaq in writing of its intention to cure the deficiency during the second compliance period.

We intend to actively monitor the bid price of our common stock and will consider available options to regain compliance with the Nasdaq listing requirements, including such actions as effecting a reverse stock split to maintain our Nasdaq listing. At our 2024 Annual Meeting of Stockholders held on July 2, 2024, the stockholders approved an amendment to the Company's Amended and Restated Certificate of Incorporation, to effect a reverse stock split with respect to the Company's issued and outstanding common stock at a ratio of 1-for-2 to 1-for-20, with the ratio within such range to be determined at the discretion of the board of directors and included in a public announcement, subject to the authority of the board of directors to abandon such amendment.

There can be no assurance that we will be able to meet the Nasdaq continued listing requirements.

Sugar Phase I Joint Venture

On July 23, 2024, we entered into a Joint Venture Agreement (the "JV Agreement") with Milk & Honey LLC, a Texas limited liability company ("Milk & Honey"), for the purpose of establishing a joint venture to be conducted under the name of Sugar Phase I LLC (the "Joint Venture") for the purpose of developing and constructing single-family homes (the "Project") on five parcels of land located in Edinburg Texas (the "Land"). We and Milk & Honey are each referred to as a "Joint Venturer" and collectively are referred to as the "Joint Venturers."

Pursuant to JV Agreement, we have agreed to contribute capital in the amount of $100,000 to the Joint Venture to be used for the development and construction of single-family homes on the Land, and Milk & Honey has agreed to contribute the Land, valued at $317,500, to the Joint Venture. The Joint Venturers shall make such other capital contributions required to enable the Joint Venture to carry out its purposes as set forth in the JV Agreement as the Joint Venturers may mutually agree upon. The Joint Venturers shall arrange for or provide any financing as may be required by the Joint Venture for carrying out the purposes of the Joint Venture.

The JV Agreement provides that we will have a 60% interest and Milk & Honey will have a 40% interest in the Joint Venture. In addition, it provides that net profits of the Joint Venture as they accrue will be distributed 45% to the Company and 55% to Milk & Honey, and that the expenses of the Joint Venture will be paid by the Joint Venturers, in the ratio which the contribution of each Joint Venturer bears to the total contributions.

The JV Agreement provides that we will act as the manager of the Joint Venture and shall be responsible for overseeing and dictating all responsibilities associated with managing a real estate development project, including: (i) overseeing the planning, development, and construction phases of the Project to ensure that it is completed on time and within budget, (ii) coordinating with architects, contractors, suppliers, and other relevant parties to facilitate smooth project execution, and (iii) ensuring compliance with all applicable laws, regulations, and industry standards throughout the duration of the Project. We will also oversee the financial management of the Joint Venture, including the establishment and maintenance of financial accounts and records.

The JV Agreement provides that Milk & Honey will be responsible for the construction and development aspects of the Project, including: (i) overseeing and managing all aspects of the construction process, including the selection and supervision of contractors, subcontractors, and suppliers and (ii) ensuring that all construction activities are carried out in accordance with the approved development plan, building codes, and industry standards.

The JV Agreement provides that the following powers may be exercised only upon the mutual consent of the Joint Venturers: (i) the power to borrow money on the general credit of the Joint Venture in any amount, or to create, assume, or incur any indebtedness to any person or entity; (ii) the power to make loans in any amount, to guarantee obligations of any person or entity, or to make any other pledge or extension of credit; (iii) the power to purchase or otherwise acquire any other property except in the ordinary course of business of the Joint Venture; (iv) the power to sell, encumber, mortgage or refinance any loan or mortgage on any of the Joint Venture property; (v) the power to confess any judgment against the Joint Venture, or to create, assume, incur or consent to any charge (including any deed of trust, pledge, encumbrance or security interest of any kind) upon any property or assets of the Joint Venture; (vi) the power to spend any renovation or remodeling funds or to make any other expenditures except for routine day-to-day maintenance and operation of the Joint Venture.

Pursuant to JV Agreement, in the event the Joint Venturers are divided on a material issue and cannot agree on the conduct of the business and affairs of the Joint Venture, a deadlock shall be deemed to have occurred in which event one Joint Venturer (the "Offeror") may elect to purchase the Joint Venture interest of the other Joint Venturer (the "Offeree") at a price calculated based on the Offeree's percentage interest in a total purchase price for all of the assets of the Joint Venture. The JV Agreement provides that the Offeror must notify the Offeree in writing of the offer to purchase, state the total purchase price for all of the assets of the Joint Venture, and the price offered for the Offeree's Joint Venture interest expressed as Offeree's percentage interest in the Joint Venture assets multiplied by the total purchase price for all of the assets of the Joint Venture. The Offeree shall then have the right to buy the interest of the Offeror at the designated price and terms, or to sell the Offeree's interest to the Offeror at the designated price and terms, whichever the Offeree may elect.

Arena Investors LP Debentures

On August 12, 2024, the Company entered into a Securities Purchase Agreement, dated August 12, 2024 (the "Arena Purchase Agreement") with the purchasers named therein ("Arena Investors"), pursuant to which the Company issued in a private placement offering (the "Arena Offering") after satisfaction of certain conditions specified in the Arena Purchase Agreement, four secured convertible debentures to Arena Investors in the aggregate principal amount of $10,277,777 (the " Arena Debentures") together with warrants to purchase a number of shares of the Company's common stock equal to 20% of the total principal amount of the Arena Debentures sold divided by 92.5% of the lowest daily VWAP (as defined in the Purchase Agreement) for the Company's common stock during the ten consecutive trading day period preceding the respective closing dates (the "Arena Warrants").

The closing of the first tranche was consummated on August 12, 2024 (the "First Closing Date") and the Company issued to Arena Investors 10% original issue discount secured convertible debentures in principal amount of $1,388,888.75 (the "First Closing Arena Debentures") and a warrant (the "First Closing Arena Warrants") to purchase up to 277,777 shares of the Company's common stock. The First Closing Arena Debentures were sold to Arena Investors for a purchase price of $1,250,000, representing an original issue discount of ten percent (10%). In connection with the closing, the Company reimbursed Arena Investors $55,000 for its legal fees and expenses and placed $250,000 in escrow, to be released to the Company upon the First Registration Statement Effectiveness Date (as defined in the Purchase Agreement).

The First Closing Arena Debentures mature eighteen months from their date of issuance and bears interest at a rate of 0% per annum. The First Closing Arena Debentures are convertible, at the option of the holder, at any time, into such number of shares of common stock of the Company equal to the principal amount of the First Closing Arena Debentures plus all accrued and unpaid interest at a conversion price equal to the lesser of (i) $0.279, and (ii) 92.5% of lowest daily volume weighted average price (VWAP) of the Company's common stock during the ten trading day period ending on such conversion date (the "Conversion Price"), subject to adjustment for any stock splits, stock dividends, recapitalizations and similar events, as well as anti-dilution price protection provisions, and subject to a floor price of $0.04854.

The First Closing Arena Debentures are redeemable by the Company at a redemption price equal to 115% of the sum of the principal amount to be redeemed plus accrued interest, if any. While the First Closing Arena Debentures are outstanding, if the Company or any of its subsidiaries receives cash proceeds from the issuance of equity or indebtedness (other than the issuance of additional secured convertible debentures as contemplated by the Arena Purchase Agreement), in one or more financing transactions, whether publicly offered or privately arranged (including, without limitation, pursuant to the Arena ELOC (as defined below), the Company shall, within two (2) business days of Company's receipt of such proceeds, inform the holder of such receipt, following which the holder shall have the right in its sole discretion to require the Company to immediately apply up to 20% of all proceeds received by the Company to repay the outstanding amounts owed under the First Closing Arena Debentures.

The First Closing Arena Debentures contain customary events of default. If an event of default occurs, until it is cured, the holder may increase the interest rate applicable to the First Closing Arena Debentures to two percent (2%) per annum and accelerate the full indebtedness under the First Closing Arena Debentures, in an amount equal to 150% of the outstanding principal amount and accrued and unpaid interest. Subject to limited exceptions set forth in the First Closing Arena Debentures, the First Closing Arena Debentures prohibit the Company and, as applicable, its subsidiaries from incurring any new indebtedness that is not subordinated to the Company's and, as applicable, any subsidiary's obligations in respect of the First Closing Arena Debentures until the First Closing Arena Debentures are paid in full.

The First Closing Arena Warrants expire five years from its date of issuance. The First Closing Arena Warrants are exercisable, at the option of the holder, at any time, for up to 1,299,242 of shares of the Company's common stock at an exercise price equal to $0.279 (the "Exercise Price"), subject to adjustment for any stock splits, stock dividends, recapitalizations, and similar events, as well as anti-dilution price protection provisions that are subject to a floor price as set forth in the First Closing Arena Warrants. The First Closing Arena Warrants provide for cashless exercise under certain circumstances.

The Company entered into a Registration Rights Agreement, dated August 12, 2024 (the "RRA"), with Arena Investors where it agreed to file with the SEC an initial registration statement within 30 days to register the maximum number of Registrable Securities (as defined in the RRA) issuable under the First Closing Arena Debentures and the First Closing Arena Warrants as shall be permitted to be included thereon in accordance with applicable SEC rules and to use its reasonable best efforts to have the registration statement declared effective by the SEC no later than the "First Registration Statement Effectiveness Date", which is defined as the 30th calendar day following the First Closing Date (or, in the event of a "full review" by the SEC, no later than the 120th calendar day following the First Closing Date); provided, however, that if the registration statement will not be reviewed or is no longer subject to further review and comments, the First Registration Statement Effectiveness Date will be the fifth trading day following the date on which the Company is so notified if such date precedes the date otherwise required above.

Under the Arena Purchase Agreement, a closing of the second tranche may occur subject to the mutual written agreement of Arena Investors and the Company and satisfaction of the closing conditions set forth in the Purchase Agreement on the later (y) the fifth trading day following the First Registration Statement Effectiveness Date (or if such day is not a trading day, on the next succeeding trading day) and (z) such date as the outstanding principal balance of the First Closing Arena Debenture issued is less than $100,000.00, unless the parties mutually agree in writing to consummate the second closing on a different date, upon which the Company would issue and sell to Arena Investors on the same terms and conditions a second 10% original issue discount secured convertible debentures in principal amount of $2,222,222 (the "Second Closing Arena Debentures") and a warrant (the "Second Closing Warrants") to purchase a number of shares of the Company's common stock equal to 20% of the total principal amount of the Second Closing Arena Debentures divided by 92.5% of the lowest daily VWAP (as defined in the Purchase Agreement) for the common stock during the ten consecutive trading day period ended on the last trading day immediately preceding the closing of the second tranche, provided the second Closing is also contingent on the satisfaction of the following additional condition, unless waived mutually by the parties: the median daily turnover of the Company's common stock on its principal trading market for the thirty consecutive trading day period ended as of the last trading day immediately preceding the date of the proposed second Closing must be greater than $200,000.

The Second Closing Arena Debentures would be sold to Arena Investors for a purchase price of $2,000,000, representing an original issue discount of ten percent (10%). In connection with the closing of the second tranche, the Company will enter into a registration rights agreement pursuant to which the Company will agree to register the maximum number of shares of the Company's common stock issuable under the Second Closing Debentures and the Second Closing Arena Warrants as shall be permitted with terms substantially similar as the terms provided in the RRA. The Company also has agreed to reimburse Arena Investors for its legal fees and expenses related to such second closing.

Under the Arena Purchase Agreement, a closing of the third tranche may occur subject to the mutual written agreement of Arena Investors and the Company and satisfaction of the closing conditions set forth in the Arena Purchase Agreement on the later (y) the fifth trading day following the Second Registration Statement Effectiveness Date (as defined in the Arena Purchase Agreement) (or if such day is not a trading day, on the next succeeding trading day) and (z) such date as the aggregate outstanding principal balance of the First Closing Arena Debentures and Second Closing Arena Debentures issued is less than $100,000.00, unless the parties mutually agree in writing to consummate the third closing on a different date, upon which the Company would issue and sell to Arena Investors on the same terms and conditions a third 10% original issue discount secured convertible debenture in principal amount of $2,222,222 (the "Third Closing Arena Debentures") and a warrant (the "Third Closing Arena Warrants") to purchase a number of shares of the Company's common stock equal to 20% of the total principal amount of the Third Closing Arena Debentures divided by 92.5% of the lowest daily VWAP (as defined in the Purchase Agreement) for the common stock during the ten consecutive trading day period ended on the last trading day immediately preceding the closing of the third tranche, provided the third Closing is also contingent on the satisfaction of the following additional condition, unless waived mutually by the parties: the median daily turnover of the Company's common stock on its principal trading market for the thirty consecutive trading day period ended as of the last trading day immediately preceding the date of the proposed third Closing must be greater than $200,000.

The Third Closing Arena Debentures would be sold to Arena Investors for a purchase price of $2,000,000, representing an original issue discount of ten percent (10%). In connection with the closing of the third tranche, the Company will enter into a registration rights agreement pursuant to which the Company will agree to register the maximum number of shares of the Company's common stock issuable under the Third Closing Arena Debentures and the Third Closing Arena Warrants as shall be permitted with terms substantially similar as the terms provided in the RRA. The Company also has agreed to reimburse Arena Investors for its legal fees and expenses related to such third closing.

Under the Arena Purchase Agreement, a closing of the fourth tranche may occur subject to the mutual written agreement of Arena Investors and the Company and satisfaction of the closing conditions set forth in the Arena Purchase Agreement on the later (y) the fifth trading day following the Third Registration Statement Effectiveness Date (as defined in the Arena Purchase Agreement) (or if such day is not a trading day, on the next succeeding trading day) and (z) such date as the aggregate outstanding principal balance of the First Closing Arena Debentures, Second Closing Arena Debentures and Third Closing Arena Debentures issued is less than $100,000.00, unless the parties mutually agree in writing to consummate the fourth closing on a different date, upon which the Company would issue and sell to Arena Investors on the same terms and conditions a fourth 10% original issue discount secured convertible debenture in principal amount of $2,222,222 (the "Fourth Closing Arena Debentures") and a warrant (the "Fourth Closing Arena Warrants") to purchase a number of shares of the Company's common stock equal to 20% of the total principal amount of the Fourth Closing Arena Debentures divided by 92.5% of the lowest daily VWAP (as defined in the Purchase Agreement) for the common stock during the ten consecutive trading day period ended on the last trading day immediately preceding the closing of the fourth tranche, provided the fourth Closing is also contingent on the satisfaction of the following additional condition, unless waived mutually by the parties: the median daily turnover of the Company's common stock on its principal trading market for the thirty consecutive trading day period ended as of the last trading day immediately preceding the date of the proposed fourth Closing must be greater than $200,000.

The Fourth Closing Arena Debentures would be sold to Arena Investors for a purchase price of $2,000,000, representing an original issue discount of ten percent (10%). In connection with the closing of the fourth tranche, the Company will enter into a registration rights agreement pursuant to which the Company will agree to register the maximum number of shares of the Company's common stock issuable under the Fourth Closing Arena Debentures and the Fourth Closing Arena Warrants as shall be permitted with terms substantially similar as the terms provided in the RRA. The Company also has agreed to reimburse Arena Investors for its legal fees and expenses related to such fourth closing.

Under the Arena Purchase Agreement, a closing of the fifth tranche may occur subject to the mutual written agreement of Arena Investors and the Company and satisfaction of the closing conditions set forth in the Arena Purchase Agreement on the later (y) the fifth trading day following the Fourth Registration Statement Effectiveness Date(as defined in the Arena Purchase Agreement) (or if such day is not a trading day, on the next succeeding trading day) and (z) such date as the outstanding principal balance of the First Closing Arena Debentures, Second Closing Arena Debentures, Third Closing Arena Debentures and Fourth Closing Arena Debentures issued is less than $100,000.00, unless the parties mutually agree in writing to consummate the fifth closing on a different date, upon which the Company would issue and sell to Arena Investors on the same terms and conditions a fifth 10% original issue discount secured convertible debenture in principal amount of $2,222,222 (the "Fifth Closing Arena Debentures") and a warrant (the "Fifth Closing Arena Warrants") to purchase a number of shares of the Company's common stock equal to 20% of the total principal amount of the Fifth Closing Arena Debentures divided by 92.5% of the lowest daily VWAP (as defined in the Purchase Agreement) for the common stock during the ten consecutive trading day period ended on the last trading day immediately preceding the closing of the fifth tranche, provided the fifth Closing is also contingent on the satisfaction of the following additional condition, unless waived mutually by the parties: the median daily turnover of the Company's common stock on its principal trading market for the thirty consecutive trading day period ended as of the last trading day immediately preceding the date of the proposed fifth Closing must be greater than $200,000.

The Fifth Closing Arena Debentures would be sold to Arena Investors for a purchase price of $2,000,000, representing an original issue discount of ten percent (10%). In connection with the closing of the fifth tranche, the Company will enter into a registration rights agreement pursuant to which the Company will agree to register the maximum number of shares of the Company's common stock issuable under the Fifth Closing Arena Debentures and the Fifth Closing Arena Warrants as shall be permitted with terms substantially similar as the terms provided in the RRA. The Company also has agreed to reimburse Arena Investors for its legal fees and expenses related to such fifth closing.

Without giving effect to the Exchange Cap discussed below, assuming the Company issued all of the Arena Debentures and converted accrued interest in full on each of the Debentures into its common stock at the floor price (assuming each of such Arena Debentures accrued interest for a period one year), approximately 232,912,128 shares of the Company's common stock would be issuable upon conversion.

The Arena Purchase Agreement prohibits the Company from entering into a Variable Rate Transaction (other than the Arena ELOC described below) until such time as noArena Debentures remain outstanding. In addition, the Purchase Agreement provides that from the (i) the First Registration Statement Effectiveness Date until the earlier of (x) such date thereafter as no Debentures remain outstanding and (y) 120 days after the First Registration Statement Effectiveness Date, (ii) the Second Registration Statement Effectiveness Date until the earlier of (x) such date thereafter as no Debentures remain outstanding and (y) 120 days after the Second Registration Statement Effectiveness Date, (iii) the Third Registration Statement Effectiveness Date until the earlier of (x) such date thereafter as no Debentures remain outstanding and (y) 120 days after the Third Registration Statement Effectiveness Date, (iv) the Fourth Registration Statement Effectiveness Date until the earlier of (x) such date thereafter as no Debentures remain outstanding and (y) 120 days after the Fourth Registration Statement Effectiveness Date, and (v) the Fifth Registration Statement Effectiveness Date until the earlier of (x) such date thereafter as no Debentures remain outstanding and (y) 120 days after the Fifth Registration Statement Effectiveness Date, neither the Company nor any subsidiary may issue any Common Stock or Common Stock equivalents, except for certain exempted issuances (i.e., stock options, employee grants, shares issuable pursuant to outstanding securities, acquisitions and strategic transactions) and the Arena ELOC.

The Company entered into a Security Agreement, dated August 12, 2024 (the "Security Agreement"), with Arena Investors where it agreed to grant Arena Investors a security interest in all of its assets to secure the prompt payment, performance and discharge in full of all of the Company's obligations under the Arena Debentures. In addition, each of the Company's subsidiaries entered into a Guaranty Agreement, dated August 12, 2024 (the "Subsidiary Guaranty"), with Arena Investors pursuant to which they agreed to guarantee the prompt payment, performance and discharge in full of all of the Company's obligations under the Arena Debentures.

Maxim Group LLC ("Maxim") acted as placement agent in the Offering. In connection with the closing of the first tranche of the Arena Offering, the Company paid a placement fee of $75,000 to Maxim. Assuming the second tranche is closed, a placement fee in an amount equal to $120,000 will be payable by the Company to Maxim upon closing of the second tranche of the Arena Offering. Assuming the third tranche is closed, a placement fee in an amount equal to 120,000 will be payable by the Company to Maxim upon closing of the third tranche of the Arena Offering. Assuming the fourth tranche is closed, a placement fee in an amount equal to 120,000 will be payable by the Company to Maxim upon closing of the fourth tranche of the Arena Offering. Assuming the fifth tranche is closed, a placement fee in an amount equal to 120,000 will be payable by the Company to Maxim upon closing of the fifth tranche of the Arena Offering.

The Arena Purchase Agreement and the Registration Rights Agreement contain customary representations, warranties, agreements and conditions to completing future sale transactions, indemnification rights and obligations of the parties. Among other things, Arena Investors represented to the Company, that it is an "accredited investor" (as such term is defined in Rule 501(a) of Regulation D under the Securities Act of 1933, as amended (the "Securities Act")), and the Company sold the securities in reliance upon an exemption from registration contained in Section 4(a)(2) of the Securities Act and/or Regulation D promulgated thereunder.

Arena Investors ELOC

On August 12, 2024 , the Company also entered into an Purchase Agreement (the "Arena ELOC") with Arena Business Solutions Global SPC II, LTD ("Arena Global"), pursuant to which the Company shall have the right, but not the obligation, to direct Arena Global to purchase up to $50,000,000.00 (the "Maximum Commitment Amount") in shares of the Company's common stock in multiple tranches upon satisfaction of certain terms and conditions contained in the Arena ELOC, which includes, but is not limited to, filing a registration statement with the SEC and registering the resale of any shares sold to Arena Global. Further, under the Arena ELOC and subject to the Maximum Commitment Amount, the Company has the right, but not the obligation, to submit an Advance Notice (as defined in the Arena ELOC) from time to time to Arena Global calculated as follows: (a) if the Advance Notice is received by 8:30 a.m. Eastern Time. the lower of: (i) an amount equal to seventy percent (70%) of the average of the Daily Value Traded (as defined in the Arena ELOC) of the Company's common stock on the ten trading days immediately preceding an Advance Notice, or (ii) $20 million, (b) if the Advance Notice is received after 8:30 a.m. Eastern Time but prior to 10:30 a.m. Eastern Time, the lower of (i) an amount equal to forty percent (40%) of the average of the Daily Value Traded of the Company's common stock on the ten trading days immediately preceding an Advance Notice, or (ii) $15 million, and (c) if the Advance Notice is received after 10:30 a.m. Eastern Time but prior to 12:30 p.m. Eastern Time, the lower of (i) an amount equal to twenty percent (20%) of the average of the Daily Value Traded of the Company's common stock on the ten trading days immediately preceding an Advance Notice, or (ii) $10 million.

During the Commitment Period (as defined below), the purchase price to be paid by Arena Investors for the common stock under the EP Agreement will be 96% of the Market Price, defined as the daily volume weighted average price (VWAP) of the Company's common stock, on the trading day commencing on the date of the Advance Notice.

In connection with the Arena ELOC, the Company agreed, among other things, to issue to Arena Global, in two separate tranches, as a commitment fee, that number of shares of its restricted common stock ("Commitment Fee Shares") equal to (i) with respect to the first tranche ("First Tranche"), 500,000 divided by the simple average of the daily VWAP of the common stock during the five trading days immediately preceding the effectiveness of the initial registration statement (the "Initial Registration Statement") on which the Commitment Fee Shares are registered (the "First Tranche Price"), promptly the effectiveness of the Registration Statement (the "Initial Issuance") and (ii) with respect to the second tranche ("Second Tranche"), 250,000 divided by the simple average of the daily VWAP of the Common Shares during the five trading days immediately preceding the three month anniversary (the "Anniversary") of the effectiveness of the registration statement on which the Commitment Fee Shares are registered (the "Second Tranche Price"), promptly after the Anniversary.

The Commitment Fee Shares shall be subject to a true-up after each issuance pursuant to which the Company shall issue to Arena Global common stock having an aggregate dollar value equal to (i) with respect to the First Tranche, 500,000 based on the lower of (A) the First Tranche Price and (B) the lower of (a) the simple average of the three lowest daily intraday trade prices over the twenty trading days after (and not including) the date of effectiveness of the Initial Registration Statement and (b) the closing price on the twentieth trading day after the effectiveness of the Registration Statement, and (ii) with respect to the Second Tranche, 250,000 based on the lower of (A) the Second Tranche Price and (B) the lower of (a) the simple average of the three lowest daily intraday trade prices over the twenty trading days after (and not including) the Anniversary and (b) the closing price on the twentieth trading day after the Anniversary.

In connection with the Arena ELOC, the Company agreed to file a registration statement registering the common stock issued or issuable to Arena Global under the Arena ELOC for resale with the SEC within 30 calendar days of the Arena ELOC.

The obligation of Arena Global to purchase the Company's common stock under the Arena ELOC begins on the date of the Arena ELOC, and ends on the earlier of (i) the date on which Arena Global shall have purchased common stock pursuant to the Arena ELOC equal to the Commitment Amount, (ii) thirty six (36) months after the date of the Arena ELOC or (iii) written notice of termination by the Company (the "Commitment Period"). The Arena ELOC contains customary representations, warranties, agreements and conditions to completing future sale transactions, indemnification rights and obligations of the parties. Among other things, Arena Global represented to the Company, that it is an "accredited investor" (as such term is defined in Rule 501(a) of Regulation D under the Securities Act, and the Company will sell the securities in reliance upon an exemption from registration contained in Section 4(a)(2) of the Securities Act and Regulation D promulgated thereunder.

The number of shares of the Company's common stock that may be issued upon conversion of the Arena Debentures and exercise of the Arena Warrants, and inclusive of the Commitment Shares and any shares issuable under and in respect of the Arena ELOC, is subject to an exchange cap (the "Exchange Cap") of 19.99% of the outstanding number of shares of the Corporation's common stock on the closing date, 3,559,961 shares, unless shareholder approval to exceed the Exchange Cap is approved.

The foregoing descriptions of the Arena Purchase Agreement, the Arena Debentures, the Arena Warrants, the Registration Rights Agreement, the Security Agreement, the Subsidiary Guaranty and Arena ELOC are qualified in their entirety by reference to the full text of such agreements, copies of which are attached hereto as Exhibit 10.1, 4.1, 4.2, 10.2, 10.3, 10.4 and 10.5, respectively, and each of which is incorporated herein in its entirety by reference. The representations, warranties and covenants contained in such agreements were made only for purposes of such agreements and as of specific dates, were solely for the benefit of the parties to such agreements and may be subject to limitations agreed upon by the contracting parties.

Results of Operations for the Three Months Ended June 30, 2024 and Three Months Ended June 30, 2023

The following table sets forth, for the periods indicated, the dollar value represented by certain items in our Statements of Operations:

	For the Three Months Ended June 30, 2024	For the Three Months Ended June 30, 2023
Sales	$ 42,162	$ -
Total Payroll and related expenses	595,645	196,601
Total Other operating expenses	349,490	299,863
Operating loss	$ (902,973)	(496,464)
Interest expense	(1,065,818)	(291,456)
Net loss	$ (1,968,791)	$ (787,920)

Sales

During the three months ended June 30, 2024 we generated revenues from commissions on residential real estate purchases and sale transactions amounting to $42,162. There were no sales for the three months ended June 30, 2023. This was due to the new lines of business entered into during 2024.

Payroll and Related Expenses

Payroll and related expenses for the three months ended June 30, 2024 were $595,645 compared to $196,601 for the three months ended June 30, 2023. This increase of $399,044 in expenses resulted primarily from stock-based compensation of $185,091 being recognized during the three months ended June 30, 2024.

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

Other operating expenses for three months ended June 30, 2024 were $349,489 compared to $299,863 for the three months ended June 30, 2023. During the three months ended June 30, 2023, these expenses were primarily allocated to us by SG Holdings and consisted of legal fees, professional fees, rent, office expenses, insurance and other general and administrative expenses. During the three months ended June 30, 2024, these expenses were primarily professional and consulting fees. This increase of $49,62949,629 resulted primarily from the increased cost of professional fees in relation of being a public company.

Interest Expense

During the three months ended June 30, 2024 and 2023, we incurred $1,065,818 and $291,456 of interest expense. This increase resulted from an increase in the balance of our notes payable.

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.

Results of Operations for the Six Months Ended June 30, 2024 and Six Months Ended June 30, 2023

The following table sets forth, for the periods indicated, the dollar value represented by certain items in our Statements of Operations:

	For the Six Months Ended June 30, 2024	For the Six Months Ended June 30, 2023
Sales	$ 91,978	$ -
Total Payroll and related expenses	2,611,732	670,098
Total Other operating expenses	884,895	547,278
Operating loss	$ (3,404,649)	(1,217,376)
Interest expense	(1,631,814)	(475,046)
Net loss	$ (5,036,463)	$ (1,692,422)

Sales

During the six months ended June 30, 2024 we generated revenues from commissions on residential real estate purchases and sale transactions amounting to $91,978. There were no sales for the six months ended June 30, 2023. This was due to the new lines of business entered into during 2024.

Payroll and Related Expenses

Payroll and related expenses for the six months ended June 30, 2024 were $2,611,732 compared to $670,098 for the six months ended June 30, 2023. This increase of $1,941,634 in expenses resulted primarily from stock-based compensation of $1,931,731 being recognized during the six months ended June 30, 2024.

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

Other operating expenses for six months ended June 30, 2024 were $884,895 compared to $547,278 for the six months ended June 30, 2023. During the six months ended June 30, 2023, these expenses were primarily allocated to us by SG Holdings and consisted of legal fees, professional fees, rent, office expenses, insurance and other general and administrative expenses. During the six months ended June 30, 2024, these expenses were primarily professional and consulting fees.- This increase of $337,617 resulted primarily from the increased cost of professional fees in relation of being a public company.

Interest Expense

During the six months ended June 30, 2024 and 2023, we incurred $1,631,814 and $475,046 of interest expense. This increase resulted from an increase in the balance of our notes payable.

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.

Liquidity and Capital Resources

We have generated limited revenue and have incurred significant net losses in each year since inception. For the six months ended June 30, 2024 and the year ended December 31, 2023 we incurred a net loss of $5,036,463 and $4,200,541, respectively. We expect to incur increasing losses in the future when we commence development of our McLean Property. We also expect to incur additional software development expenses related to the development of the Xene Platform and the MyVONIA Asset. As of June 30, 2024 and December 31, 2023, we had cash of $24,238 and $3,236, respectively. Prior to us becoming a public company, our operations were primarily funded through advances from SG Holdings and we had been largely dependent upon SG Holdings for funding. We have recently funded our operations through bridge note financing, project level financing, and the issuance of our equity and debt securities. We intend to develop the properties that we own from the proceeds of sales of our securities to Arena Investors LP and future financings, both at the corporate and project level, and/or sale proceeds from properties that are sold. Additional financing will be required to continue operations, which may not be available at acceptable terms, if at all. If we are unable to obtain additional funding when it becomes necessary, we would likely be forced to delay, reduce, or terminate some or all of our operating activities, including selling some of our properties. There is no guarantee we will be successful in raising capital outside of our current sources. In addition, we also have amounts owed to us from SG Holdings for advances we made to them in the amount of $1,720,844, the collectability of which is uncertain. These and other factors raise substantial doubt about our ability to continue as a going concern.

Financing Activities

SG Holdings. As of December 31, 2023, $1,720,844 is due from SG Holdings for advances made by us, which we have written off due to the financial position of SG Holdings.

BCV Loan Agreement. On June 23, 2023, we entered into the BCV Loan Agreement with BCV S&G DevCorp, a Luxembourg-based specialized investment fund, to receive up to $2,000,000 as a secured loan. To date, we have received $1,750,000 as a secured loan from BCV S&G DevCorp. The loan matures on December 1, 2024 and is secured by 1,999,999 of SG Holdings' shares of our common stock, which were pledged pursuant to an escrow agreement with our transfer agent. The BCV Loan Agreement provides that the loan provided thereunder will bear interest at 14% per annum. The loan may be repaid by us at any anytime following the twelve-month anniversary of its issue date.

Lago Vista Financing. On July 14, 2021, we issued a Real Estate Lien Note, dated July 14, 2021, in the principal amount of $2,000,000 (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 $1,945,234 after fees. This Short-Term 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 originally matured on January 14, 2023, which maturity date was extended until February 1, 2024.

On March 31, 2023, LV Holding, 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 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 Holding 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 Holding 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.

On April 3, 2024, LV Holding entered into a Modification and Extension Agreement, to extend to April 1, 2025 the maturity date of the LV Note. As consideration for the Extension Agreement, LV Holding agreed to pay an extension fee of $50,000.00. Additionally, the Extension Agreement provides for the LV Note's interest rate to be increased to a fixed rate of 17.00%. In addition, pursuant to the 2nd Lien Loan Agreement, LV Holding issued a promissory note, in the principal amount of $1,000,000 (the "2nd Lien Note"), secured by the Revised Deed of Trust on the Lago Vista site, and Mortgage Modification, to the mortgage, dated March 30, 2023, on the Company's McLean site in Durant, Oklahoma. The 2nd Lien Note is subordinate to the LV Note. The 2nd Lien Note requires monthly installments of interest only, is due in full on April 1, 2025, bears interest at fixed rate of 17.00% and may be prepaid by LV Holding at any time without interest or penalty. LV Holding's obligations under the 2nd Lien Note have been guaranteed by the Company.

St. Mary's Financing. In connection with the purchase of the St. Mary's Site, we entered into a promissory note in the amount of $148,300. The secured note on the St. Mary's Site had 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. During August 2023, such note was extended for a one-year period. This note could be prepaid without penalty. 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. On March 7, 2024, the Company entered into a modification agreement to the promissory note to increase the loan amount to $200,000.

Peak One Private Placement. On November 30, 2023, we entered into a Securities Purchase Agreement with Peak One pursuant to which we issued, in a private placement offering the following securities in three tranches: (i) first tranche: an 8% convertible debenture in the principal amount of $700,000, a warrant to purchase up to 350,000 shares of our common stock and 100,000 of our restricted common stock as commitment shares, (ii) second tranche: an 8% convertible debenture in the principal amount of $250,000, a warrant to purchase up to 125,000 shares of our common stock and 35,000 of our restricted common stock as commitment shares, and (iii) third tranche: an 8% convertible debenture in the principal amount of $250,000, a warrant to purchase up to 125,000 shares of our common stock and 35,000 of our restricted common stock as commitment shares. During the three months ended March 31, 2024, the balance of $700,000 from the first tranche debenture was converted into 1,098,904 shares of common stock and we issued 305,831 shares of our common stock in connection with the exercise, in full, of the first tranche warrant, on a cashless basis.

On April 29, 2024, we entered into the April 2024 Purchase Agreement with Peak One, pursuant to which we agreed to issue, in the April 2024 Offering upon the satisfaction of certain conditions specified in the April 2024 Purchase Agreement, three debentures to Peak One in the aggregate principal amount of $1,200,000. The closing of the first tranche was consummated on April 29, 2024 and the Company issued securities including an 8% convertible debenture in principal amount of $350,000.00 to Peak One and a warrant to purchase up to 262,500 shares of the Company's common stock, to Peak One's designee. On May 24, 2024, we closed the second tranche of our private placement offering with Peak One under the April 2024 Purchase Agreement , as amended between the Company and issued an 8% convertible debenture in principal amount of $350,000.00to Peak One and a warrant to purchase up to 262,500 shares of our common stock. The Second Debenture was sold to Peak One for a purchase price of $315,000, representing an original issue discount of ten percent (10%). The Second Debenture matures twelve months from its date of issuance and bears interest at a rate of 8% per annum payable on the maturity date. Common Stock See "Recent Developments-The Peak One Transactions" for additional information regarding transactions with Peak One.

ELOC. On November 30, 2023, we also entered into an Equity Purchase Agreement with Peak One, pursuant to which we have the right, but not the obligation, to direct Peak One to purchase up to $10,000,000 in shares of our common stock in multiple tranches. Pursuant to the terms of the Equity Purchase Agreement, we issued 100,000 shares of our common stock as commitment shares. To date, we have issued 986,000 shares of our common stock pursuant to the terms of the Equity Purchase Agreement for approximately $757,970. Accordingly, we currently have the right, but not the obligation, to direct Peak One to purchase up to $9,242,031 in shares of our common stock pursuant to the Equity Purchase Agreement.

Credit Agreement. On March 1, 2024, we entered into a Credit Agreement with the Bryan Leighton Revocable Trust Dated December 13th, 2023 pursuant to which the Lender agreed to provide us with a Line of Credit up to the maximum amount of $250,000 from which the Company may draw down, at any time and from time to time, during the term of the Line of Credit. The "Maturity Date" of the Line of Credit is September 1, 2024. At any time prior to the Maturity Date, upon mutual written consent of us and the Lender, the Maturity Date may be extended for up to an additional six-month period. The advanced and unpaid principal of the Line of Credit from time to time outstanding will bear interest at a Fixed Rate per annum equal to 12.0%. On the first day of each month, we will pay to the Lender interest, in arrears, on the aggregate outstanding principal indebtedness of the Line of Credit at the Fixed Rate. The entire principal indebtedness of the Line of Credit and any accrued interest thereon will be due and payable on the Maturity Date. In consideration for the extension of the Line of Credit, we issued 154,320 shares of the Company's restricted common stock to Lender. During the six months ended June 030, 2024, we drew down $25250,000 from the Line of Credit

Cash Flow Summary

	For the Six Months Ended June 30, 2024	For the Six Months Ended June 30, 2023
Net cash provided by (used in):		
Operating activities	$ (1,270,494)	$ (2,289,957)
Investing activities	(30,820)	(40,879)
Financing activities	1,322,316	3,412,559
Net increase in cash and cash equivalents	$ 21,002	$ 1,081,723

Operating activities used net cash of $1,270,494 during the six months ended June 30, 2024, and used cash of $22,289,957 during the six months ended June 30, 2023. Cash used in operating activities decreased by $1,019,463 due to an increase of net loss of $3,344,041, depreciation of $356, increase in amortization of debt issuance cost of $872,429, stock based compensation of $1,931,731, common stock for services of $784,692, increase change in prepaid assets of $127,234, increase in change in intangible assets of $166,081, a decrease in change in accounts payable of $261,113 and an increase in due to affiliates of $1,074,257.

Investing activities used net cash of $30,820 during the six months ended June 30, 2024, and $40,879 net cash during the six months ended June 30, 2023, which is a decrease in cash used of $10,059. This change results from a decrease in assets held for sale of $3,535, an increase of cash acquired from a business combination of $1,082, the purchase of computers and software of $1,002, an increase in project pre-development costs of $3030,900, and a decrease in equity-based investments of $25,000.

Cash provided from financing activities was $1,322,316 during the six months ended June 30, 2024, which resulted from $895,794 debt issuance costs paid, increased by $11,501,700 proceeds from short-term note payable, and $716,410 from issuance of common stock. Cash provided from financing activities was $33,412,559 during the six months ended June30, 2023, which resulted from $486,825 debt issuance costs paid, increased by $55,440,000 proceeds from short-term note payable, decreased by $2,500,000 from issuance of common stock, and increased by $959,384 contributions from SG Holdings.

Off-Balance Sheet Arrangements

As of June 30, 2024 and December 31, 2023, 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 six months ended June 30, 2024 and the year ended December 31, 2023 included elsewhere in this Form 10-Q. 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 six months ended June 30, 2024 and the year ended December 31, 2023, 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 June 30, 2024.

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 June 30, 2024 our project development costs are expenses incurred related to development costs on various projects that are capitalized during the period the project is under development.

Assets Held For Sale – During 2023, 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 $824,231, the book value is now $4,400,361.

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.

ITEM 3. Quantitative and Qualitative Disclosures About Market Risk

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

ITEM 4. Controls and Procedures

Evaluation of Disclosure Controls and Procedures

We maintain disclosure controls and procedures designed to provide reasonable assurance that information required to be disclosed in reports filed or submitted under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the Securities and Exchange Commission's rules and forms and accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer, or persons performing similar functions, as appropriate to allow timely decisions regarding required disclosures.

Our management, with the participation of our Chief Executive Officer and our Chief Financial Officer, conducted an evaluation, as of the end of the period covered by this report, of the effectiveness of our disclosure controls and procedures, as such term is defined in Exchange Act Rule 13a-1I). Based on this evaluation, our Chief Executive Officer and our Chief Financial Officer have concluded that, as of the end of the period covered by this report, our disclosure controls and procedures, as defined in Rule 13-15(e), were ineffective at the reasonable assurance level.

Changes in Internal Control over Financial Reporting

During the fiscal quarter ended June 30, 2024, other than the material weakness discussed below, there were no changes in our internal control over financial reporting that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Material Weakness

During the course of the review of the Quarterly Report on Form 10-Q for the quarter ended June 30, 2024, we identified a material weakness in our controls relating to the ineffective design of certain management review controls across a portion of the Company's financial statements. Specifically, the controls related to the review of internal and externally prepared reports and analysis utilized in the financial reporting process of outside consultants that aid in the preparation of our financial statements.

In order to remediate these material weaknesses, we will change certain control activities over financial reporting to include, but are not limited to utilization of an increased number of external consultants to assist in the preparation of our financial statements.

We are committed to maintaining a strong internal control environment and implementing measures designed to help ensure that control deficiencies contributing to the material weaknesses are remediated as soon as possible.

Notwithstanding the material weaknesses described above, management has concluded that the consolidated financial statements included in this Quarterly Report on Form 10-Q for the quarter ended June 30, 2024 present fairly, in all material respects, our financial position, results of operations and cash flows in conformity with GAAP.

Inherent Limitations on Effectiveness of Controls

Our management, including our Chief Executive Officer and Chief Financial Officer, does not expect that our disclosure controls or our internal control over financial reporting will prevent or detect all errors and all fraud. A control system, no matter how well designed and operated, can provide only reasonable, not absolute, assurance that the control system's objectives will be met. The design of a control system must reflect the fact that there are resource constraints, and the benefits of controls must be considered relative to their costs. Further, because of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that misstatements due to error or fraud will not occur or that all control issues and instances of fraud, if any, have been detected. These inherent limitations include the realities that judgments in decision-making can be faulty and that breakdowns can occur because of simple error or mistake. Controls can also be circumvented by the individual acts of some persons, by collusion of two or more people, or by management override of the controls. The design of any system of controls is based in part on certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions. Projections of any evaluation of controls effectiveness to future periods are subject to risks. Over time, controls may become inadequate because of changes in conditions or deterioration in the degree of compliance with policies or procedures.

PART II. OTHER INFORMATION

ITEM 1. Legal Proceedings

The information included in "Note 11 - Commitments and Contingencies" of our condensed consolidated financial statements included elsewhere in this Quarterly Report Form 10-Q is incorporated by reference into this Item.

ITEM 1A. Risk Factors

Except as set forth below, there have been no material changes in our risk factors from the risks previously reported in Part 1, Item 1A, "Risk Factors" of our 2023 10-K. You should carefully consider the factors discussed in Form 10-K, which could materially affect our business, financial condition or future results. The risks described in our Form 10-K are not the only risks we face. Additional risks and uncertainties not currently known to us or that we currently deem to be immaterial also may materially adversely affect our business, financial condition and/or operating results. We may disclose changes to such factors or disclose additional factors from time to time in our future filings with the SEC.

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

We have generated limited revenue and have incurred significant net losses in each year since inception. For the six months ended June 30, 2024, we incurred a net loss of $5,036,463 as compared to a net loss of $787,920 for the six months ended June 30, 2023. We expect to incur increasing losses in the future when we commence development of our McLean Property. We also expect to incur additional software development expenses related to the development of the Xene Platform and the MyVONIA Asset 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. In addition, we can provide no assurance that we will be able to collect amounts owed to us from SG Holdings and have taken a reserve against the $1,720,844 owed to us by SG Holdings, which is included in additional paid-in capital. 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. A significant portion of our funding was historically provided by SG Holdings. 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.

We identified a material weakness in our internal control over financial reporting and determined that our disclosure controls and procedures were ineffective as of June 30, 2024. In the future, we may identify additional material weaknesses or otherwise fail to maintain an effective system of internal control over financial reporting or adequate disclosure controls and procedures, which may result in material errors in our financial statements or cause us to fail to meet our period reporting obligations.

Management and our Audit Committee, in consultation with M&K CPAS PLLC ("M&K"), our independent registered public accounting firm, determined that there was a material weakness in our internal controls as of June 30, 2024. A material weakness is a deficiency, or a combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of a company's annual or interim financial statements will not be prevented or detected on a timely basis.

Pursuant to Section 404 of the Sarbanes-Oxley Act of 2002, as amended, our management is required to report on the effectiveness of our internal control over financial reporting. The rules governing the standards that must be met for management to assess our internal control over financial reporting are complex and require significant documentation, testing and possible remediation. Annually, we perform activities that include reviewing, documenting and testing our internal control over financial reporting. In addition, if we fail to maintain the adequacy of our internal control over financial reporting, we will not be able to conclude on an ongoing basis that we have effective internal control over financial reporting in accordance with Section 404 of the Sarbanes-Oxley Act of 2002. If we fail to achieve and maintain an effective internal control environment, we could suffer misstatements in our financial statements and fail to meet our reporting obligations, which would likely cause investors to lose confidence in our reported financial information. This could result in significant expenses to remediate any internal control deficiencies and lead to a decline in our stock price.

We cannot provide assurance that we have identified all, or that we will not in the future have additional, material weaknesses in our internal control over financial reporting. As a result, we may be required to implement further remedial measures and to design enhanced processes and controls to address deficiencies. If we do not effectively remediate the material weaknesses identified by management and maintain adequate internal controls over financial reporting in the future, we may not be able to prepare reliable financial reports and comply with our reporting obligations under the Exchange Act on a timely basis. Any such delays in the preparation of financial reports and the filing of our periodic reports may result in a loss of public confidence in the reliability of our financial statements, which, in turn, could materially adversely affect our business, the market value of our common stock and our access to capital markets.

Our failure to meet the continued listing requirements of the Nasdaq could result in a de-listing of our common stock.

Our shares of common stock are listed for trading on the Nasdaq. If we fail to satisfy the continued listing requirements of the Nasdaq such as the corporate governance requirements, the stockholder's equity requirement or the minimum closing bid price requirement, Nasdaq may take steps to de-list our common stock or warrants.

On April 16, 2024, we received a letter from Nasdaq stating that we were not in compliance with Nasdaq Listing Rule 5550(b)(1) (the "Rule") because our stockholders' equity of $1,887,777 as of December 31, 2023, as reported in our Annual Report on Form 10-K filed with the SEC on April 1, 2024, was below the minimum requirement of $2,500,000. Pursuant to Nasdaq's Listing Rules, we had 45 calendar days (until May 31, 2024), to submit a plan to evidence compliance with the Rule (a "Compliance Plan"). We submitted a Compliance Plan within the required time. On July 22, 2024, we received a letter from Nasdaq stating that based on the Quarterly Report on Form 10-Q that we filed with the Securities and Exchange Commission for the period ended March 31, 2024, and our submission to the Staff, dated May 29, 2024, it determined that we were in compliance with Nasdaq Listing Rule 5550(b)(1). The letter further stated that if we fail to evidence compliance with Nasdaq Listing Rule 5550(b)(1) upon filing our next periodic report we may be subject to delisting. At that time, Nasdaq staff will provide written notification to us, upon which we may then appeal the staff's determination to a Nasdaq Hearings Panel. Our stockholder's equity of $2,018,163 as reported in this Quarterly Report on Form 10-Q is below the minimum requirement of $2,500,000 and therefore we may be subject to a delisting notice which we plan to appeal to a Nasdaq Hearings Panel; however there can be no assurance that the appeal with be successful.

On April 25, 2024, we received written notice from Nasdaq notifying us that for the preceding 30 consecutive business days (March 14, 2024 through April 24, 2024), our common stock did not maintain a minimum closing bid price of $1.00 ("Minimum Bid Price Requirement") per share as required by Nasdaq Listing Rule 5550(a)(2). The notice has no immediate effect on the listing or trading of the common stock and the common stock will continue to trade on The Nasdaq Capital Market under the symbol "SGD."

In accordance with Nasdaq Listing Rule 5810(c)(3)(A), we have a compliance period of 180 calendar days, or until October 22, 2024, to regain compliance with Nasdaq Listing Rule 5550(a)(2). Compliance may be achieved without further action if the closing bid price of our common stock is at or above $1.00 for a minimum of ten consecutive business days at any time during the 180-day compliance period, in which case Nasdaq will notify us if it determines it is in compliance and the matter will be closed; however Nasdaq may require the closing bid price to equal or to exceed the $1.00 minimum bid price requirement for more than 10 consecutive business days before determining that a company complies.

If, however, we do not achieve compliance with the Minimum Bid Price Requirement by October 22, 2024, we may be eligible for additional time to comply. In order to be eligible for such additional time, we will be required to meet the continued listing requirement for market value of publicly held shares and all other initial listing standards for the Nasdaq, with the exception of the Minimum Bid Price Requirement, and must notify Nasdaq in writing of its intention to cure the deficiency during the second compliance period.

We intend to actively monitor the bid price of its common stock and will consider available options to regain compliance with the Nasdaq listing requirements, including such actions as effecting a reverse stock split to maintain its Nasdaq listing. At our 2024 Annual Meeting of Stockholders held on July 2, 2024, the stockholders approved an amendment to the Company's Amended and Restated Certificate of Incorporation, to effect a reverse stock split with respect to the Company's issued and outstanding common stock at a ratio of 1-for-2 to 1-for-20, with the ratio within such range to be determined at the discretion of the board of directors and included in a public announcement, subject to the authority of the board of directors to abandon such amendment.

There can be no assurance that we will be able to meet Nasdaq continued listing requirements. In the event of a de-listing, we would take actions to restore our compliance with Nasdaq's listing requirements, but we can provide no assurance that any such action taken by us would allow our common stock become listed again, stabilize the market price or improve the liquidity of our common stock, prevent our common stock from dropping below The Nasdaq Capital Market minimum bid price requirement or stockholder's equity requirement prevent future non-compliance with The Nasdaq Capital Market's listing requirements.

The National Securities Markets Improvement Act of 1996, which is a federal statute, prevents or preempts the states from regulating the sale of certain securities, which are referred to as "covered securities." Because our common stock is listed on Nasdaq, our common stock is a covered security. Although the states are preempted from regulating the sale of covered securities, the federal statute does allow the states to investigate companies if there is a suspicion of fraud, and, if there is a finding of fraudulent activity, then the states can regulate or bar the sale of covered securities in a particular case. Further, if we were to be delisted from the Nasdaq, our common stock would cease to be recognized as covered securities and we would be subject to regulation in each state in which we offer our securities.

ITEM 2. Unregistered Sales of Equity Securities and Use of Proceeds

We did not sell any equity securities during the quarter ended June 30, 2024, in transactions that were not registered under the Securities Act other than as previously disclosed in our filings with the SEC.

ITEM 3. Defaults Upon Senior Securities

None.

ITEM 4. Mine Safety Disclosures

Not applicable.

ITEM 5. Other Information

During the second quarter of 2024, none of our directors or executive officers adopted or terminated any "Rule 10b5-1 trading arrangement" or "non-Rule 10b5-1 trading arrangement" (as each term is defined in Item 408(a) of Registration S-K).

ITEM 6. Exhibits

EXHIBIT INDEX

Exhibit Number	Description
2.1+	Asset Purchase Agreement, dated May 7, 2024, by and between the Company and Dr. Axely Congress
3.1	Amended and Restated Certificate of Incorporation (incorporated herein by reference to Exhibit 3.1 to the Form 8-K filed by the Registrant with the Securities and Exchange Commission on September 19, 2023 (File No. 001-41581)).
3.2	Amended and Restated Bylaws (incorporated herein by reference to Exhibit 3.2 to the Form 8-K filed by the Registrant with the Securities and Exchange Commission on September 19, 2023 (File No. 001-41581)).
4.1	Debenture, dated April 29, 2024, in the principal amount of $350,000 (incorporated herein by reference to Exhibit 4.1 to the Form 8-K filed by the Registrant with the Securities and Exchange Commission on May 3, 2024 (File No. 001-41581)).
4.2	Warrant, dated April 29, 2024 (incorporated herein by reference to Exhibit 4.2 to the Form 8-K filed by the Registrant with the Securities and Exchange Commission on May 3, 2024 (File No. 001-41581)).
4.3	Debenture, dated May 23, 2024, in the principal amount of $350,000 (incorporated herein by reference to Exhibit 4.1 to the Form 8-K filed by the Registrant with the Securities and Exchange Commission on May 24, 2024 (File No. 001-41581)).
4.4	Warrant, dated May 23, 2024 (incorporated herein by reference to Exhibit 4.2 to the Form 8-K filed by the Registrant with the Securities and Exchange Commission on May 24, 2024 (File No. 001-41581)).
10.1	Extension Agreement, effective April 1, 2024, between LV Peninsula Holding LLC and Austerra Stable Growth Fund, LP (incorporated herein by reference to Exhibit 10.1 to the Form 8-K filed by the Registrant with the Securities and Exchange Commission on April 9, 2024 (File No. 001-41581)).
10.2	Loan Agreement, dated April 3, 2024, between LV Peninsula Holding LLC and Austerra Stable Growth Fund, LP (incorporated herein by reference to Exhibit 10.2 to the Form 8-K filed by the Registrant with the Securities and Exchange Commission on April 9, 2024 (File No. 001-41581))
10.3	Promissory Note, issued by LV Peninsula Holding LLC, dated April 3, 2024 (incorporated herein by reference to Exhibit 10.3 to the Form 8-K filed by the Registrant with the Securities and Exchange Commission on April 9, 2024 (File No. 001-41581))
10.4	Deed of Trust and Security Agreement, dated April 3, 2024 (incorporated herein by reference to Exhibit 10.4 to the Form 8-K filed by the Registrant with the Securities and Exchange Commission on April 9, 2024 (File No. 001-41581))
10.5	Modification to Real Estate Mortgage, dated April 3, 2024 (incorporated herein by reference to Exhibit 10.5 to the Form 8-K filed by the Registrant with the Securities and Exchange Commission on April 9, 2024 (File No. 001-41581))
10.6	Guaranty, dated April 3, 2024 (incorporated herein by reference to Exhibit 10.6 to the Form 8-K filed by the Registrant with the Securities and Exchange Commission on April 9, 2024 (File No. 001-41581))
10.7	Amendment to Real Estate Sales Contract, dated as of April 29, 2024 (incorporated herein by reference to Exhibit 10.1 to the Form 8-K filed by the Registrant with the Securities and Exchange Commission on May 1, 2024 (File No. 001-41581))
10.8	Commercial Contract between Safe and Green Development Corporation and Lithe Development Inc. (incorporated herein by reference to Exhibit 10.2 to the Form 8-K filed by the Registrant with the Securities and Exchange Commission on May 1, 2024 (File No. 001-41581))
10.9	Securities Purchase Agreement, dated April 29, 2024 (incorporated herein by reference to Exhibit 10.1 to the Form 8-K filed by the Registrant with the Securities and Exchange Commission on May 3, 2024 (File No. 001-41581)).

10.10	Registration Rights Agreement (incorporated herein by reference to Exhibit 10.2 to the Form 8-K filed by the Registrant with the Securities and Exchange Commission on May 3, 2024 (File No. 001-41581)).
10.11	Amendment to Real Estate Sales Contract, dated as of May 17, 2024 (incorporated herein by reference to Exhibit 10.1 to the Form 8-K filed by the Registrant with the Securities and Exchange Commission on May 20, 2024 (File No. 001-41581)).
10.12	Amendment No. 1 to Securities Purchase Agreement, dated May 22, 2024 (incorporated herein by reference to Exhibit 10.2 to the Form 8-K filed by the Registrant with the Securities and Exchange Commission on May 24, 2024 (File No. 001-41581)).
10.13	Amendment No. 1 to Registration Rights Agreement, dated May 22, 2024 (incorporated herein by reference to Exhibit 10.3 to the Form 8-K filed by the Registrant with the Securities and Exchange Commission on May 24, 2024 (File No. 001-41581)).
10.14+	Commercial Contract Amendment Safe and Green Development Corporation and Lithe Development Inc. effective as of July 18, 2024
10.15+	Commercial Contract Amendment Safe and Green Development Corporation and Lithe Development Inc. effective as of July 25, 2024
10.16+	Commercial Contract Amendment Safe and Green Development Corporation and Lithe Development Inc. effective as of August 8th, 2024
31.1+	Certification by Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
31.2+	Certification by Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
32.1+	Certification by Chief Executive Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
32.2+	Certification by Chief Financial Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
101.INS+	Inline XBRL Instance Document - the instance document does not appear in the Interactive Data File as the XBRL tags are embedded within the Inline XBRL document.
101.SCH+	Inline XBRL Taxonomy Extension Schema Document.
101.CAL+	Inline XBRL Taxonomy Extension Calculation Linkbase Document.
101.DEF+	Inline XBRL Taxonomy Extension Definition Linkbase Document.
101.LAB+	Inline XBRL Taxonomy Extension Label Linkbase Document.
101.PRE+	Inline XBRL Taxonomy Extension Presentation Linkbase Document.
104	Cover Page Interactive Data File (embedded within the Inline XBRL document)

\+ **Filed herewith.**

SIGNATURES

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

SAFE AND GREEN DEVELOPMENT CORPORATION
(Registrant)

By: /s/ David Villarreal
David Villarreal
Chief Executive Officer
(Principal Executive Officer)

By: /s/ Nicolai Brune
Nicolai Brune
Chief Financial Officer
(Principal Financial Officer and
Principal Accounting Officer)

Date: August 14, 2024

Exhibit 2.1

ASSET PURCHASE AGREEMENT

by and between

SAFE AND GREEN DEVELOPMENT CORPORATION

and

DR. AXELY CONGRESS

Dated as of May 7, 2024

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ASSET PURCHASE AGREEMENT

THIS ASSET PURCHASE AGREEMENT (this "***Agreement***") is entered into as of May 7, 2024, by and between Safe & Green Development Corporation ("***Buyer***") and Dr. Axely Congress, an individual ("***Seller***"). Unless otherwise defined in this Agreement, all capitalized terms used in this Agreement have the meanings given to them on **Exhibit A** hereto.

RECITALS

WHEREAS, Seller has created A.I. technology ("***Tech Asset***") known as My Virtual Online Intelligent Assistant ("***MVONIA***"); and

WHEREAS, Seller desires to sell and assign to Buyer, and Buyer desires to purchase from Seller, substantially all of the assets related to or which are used, useful or held for use in connection with the Tech Asset and assume certain Liabilities, in each case, upon the terms and conditions set forth in this Agreement.

AGREEMENT

NOW, THEREFORE, in consideration of the promises, representations, warranties and covenants set forth herein and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, intending to be legally bound hereby, the parties agree as follows:

1. **SALE AND PURCHASE OF ASSETS**

1.1 **Sale and Purchase of Assets.**

(a) At the Closing, Seller agrees to sell, assign, transfer or deliver, as the case may be, to Buyer, and Buyer agrees to purchase and acquire from Seller free and clear of any Encumbrances, all right, title and interest in, to and under and under all of the tangible and intangible assets, properties, and rights of every kind and nature and wherever located (other than the Excluded Assets), which relate to, or are used or held for use in connection with, the Tech Asset (collectively, the "***Acquired Assets***"), including the following:

(i) all Assigned Contracts and all rights, benefits and interests thereunder from and after the Closing;

(ii) all the Seller Intellectual Property and all files and disclosures relating thereto, and all goodwill associated therewith, licenses and sublicenses granted in respect thereto and rights thereunder, together with all claims against third parties with respect thereto;

(iii) all federal, state, local and foreign permits and authorizations issued by any Governmental Authority in respect of the Tech Asset, which are held by Seller or his Affiliates, as applicable, including without limitation those listed on **Schedule 1.1(a)(vi)** (the "***Permits***");

(iv) all rights to any action of any nature available to or being pursued by Seller to the extent related to the Tech Asset, the Acquired Assets, whether arising by way of counterclaim or otherwise; and

(v) all rights of Seller under warranties, indemnities and all similar rights against third parties to the extent related to any Acquired Asset.

(vi) all insurance benefits, including rights and proceeds, arising post-Closing from or relating to the Acquired Assets;

(vii) all goodwill, going concern value and other intangible rights with respect to the Acquired Assets (the "***Goodwill***").

Notwithstanding the foregoing, the transfer of the Acquired Assets pursuant to this Agreement shall not include the assumption of any Liability related to the Acquired Assets unless the Buyer expressly assumes that Liability pursuant to **Section 1.1(c)**.

(b) On the terms and subject to the conditions contained in this Agreement, Buyer shall not assume any Liabilities. All Liabilities are Excluded Liabilities.

(c) Seller and his Affiliates shall retain, and shall be responsible for paying, performing and discharging when due, and Buyer shall not assume and shall not be responsible to pay, perform or discharge, any Liabilities of Seller or his Affiliates, or any Liabilities of any kind or nature whatsoever (collectively, including the matters set forth below, the *"**Excluded Liabilities***"), and, notwithstanding anything to the contrary herein, all of the following are Excluded Liabilities for purposes of this Agreement:

(i) all Liabilities under the Assigned Contracts to be paid, performed or otherwise discharged on or prior to the Closing Date or relating to a breach or default by Seller or his Affiliates on or prior to the Closing Date;

(ii) all Liabilities arising out of or relating to any Acquired Asset on or prior to the Closing Date or resulting from the ownership, operation or control of the Acquired Assets on or prior to the Closing Date, including all such Liabilities (i) arising out of or relating to the design, manufacture, testing, marketing, labeling, distribution, use or sale of any products, (ii) relating to a violation of Law or breach of Contract, or (iii) relating to any Proceeding, whether or not presently asserted;

(iii) all Liabilities related to the return of products sold on or prior to the Closing Date, recall of Products sold on or prior to the Closing Date, warranty claims, credits, rebates and refunds related to products sold on or prior to the Closing Date and product liability or similar claims for injury to person or property, regardless of when made or asserted, relating to products sold on or prior to the Closing Date;]

(iv) all Liabilities arising in connection with the Acquired Assets based on infringement, misappropriation or other violation of the Intellectual Property of any Person, or allegation thereof, in each case on or prior to the Closing Date;

(v) all Liabilities with respect to the Indebtedness of Seller or his Affiliates;

(vi) all Liabilities of Seller or any member of any consolidated, affiliated, combined or unitary group of which Seller is or has been a member for Taxes;

(vii) all Liabilities of Seller or any member of any consolidated, affiliated, combined or unitary group of which Seller is or has been a member for Taxes attributable to the Acquired Assets for any and all Tax periods ending on or prior to the Closing Date and the portion ending on the Closing Date of any Tax period that includes but does not end on the Closing Date (collectively, the "***Pre-Closing Tax Period***"), including any Taxes which are not due or assessed until after the Closing Date but which are attributable to such Pre-Closing Tax Period;

(viii) all Taxes that arise out of the consummation of the transactions contemplated hereby or other Taxes of Seller of any kind or description that become a liability of Buyer under any common law doctrine of de facto merger or transferee or successor liability or otherwise by operation of contract or law,

(ix) all Taxes described in **Section 4.4** that are the responsibility of Seller;

(x) all current liabilities related to the Acquired Assets as of Closing, including all outstanding accounts payable under the Assigned Contracts as of such time (whether or not invoiced prior to or after such time);

(xi) all Liabilities arising out of or relating to the businesses of Seller or his Affiliates other than (A) the Acquired Assets, or (B) the Excluded Assets;

(xii) all fees and expenses of counsel, accountants, consultants and advisors incurred by Seller or his Affiliates in connection with the negotiation and preparation of this Agreement, the Ancillary Documents and the Transactions; and

(xiii) all Liabilities arising under any unclaimed property or escheat Laws to the extent related to facts or conditions existing on or prior to the Closing Date or resulting from the ownership, operation or control of the Acquired Assets on or prior to the Closing Date.

1.2 **Consideration.** Subject to the terms and conditions of this Agreement, in consideration for the sale and transfer of the Acquired Assets, and Buyer shall pay to Seller consideration as follows (collectively, the "***Purchase Price***") and payable by Buyer as described in **Section 1.3**:

(a) an amount equal to 200,000 shares of Common Stock (the "***Base Consideration Shares***"), which shall be issued in accordance with an exemption from registration under the Securities Act of 1933, as amended (the "***Act***") and shall not be registered; plus

(b) the Earnout Shares.

1.3 **Payment of the Purchase Price.**

(a) Three business days prior to the Closing, Seller shall provide instructions to issue the Base Consideration Shares; and

(b) As additional Purchase Price, Seller may, subject to Buyer's right of set-off pursuant to **Section 5.8** hereof, be entitled to additional shares of Common Stock to be issued (each issuance, an "***Earnout Issuance***") as follows:

"***Earnout Shares***" mean the shares of Common Stock issuable to Seller upon attainment of the Benchmarks set forth below and the achievement of each benchmark (each of the items in (i) – (iii) is a "***Benchmark***" and multiple are "***Benchmarks***") shall be determined by the number of Qualified Users brought to the MVONIA platform (the "***Platform***") as set forth below:

(i) Upon the occurrence of the Platform having 2,500 Qualified Users, a one-time issuance of 100,000 shares of Common Stock;

(ii) Upon the occurrence of the Platform having 5,000 total Qualified Users, a one-time issuance of 100,000 shares of Common Stock;

(iii) Upon the occurrence of the Platform having 10,000 total Qualified Users, a one-time issuance of 100,000 shares of Common Stock.

The Benchmarks must be achieved in the period commencing on the Closing Date and ending on the twenty-four month anniversary thereof (the "***Measurement Period***").

(c) **Earnout Payment Statement**. Within 10 days of the events set forth in Section 1.3(b)(i) through (iii), Buyer shall deliver to its transfer agent, an instruction letter related to issuing the relevant Earnout Shares. Seller shall provide any additional documentation necessary for such issuance, including representation letters or other certifications.

(d) **No Security**. The parties hereto understand and agree that (a) the contingent rights to receive the Earnout Shares shall not be represented by any form of certificate or other instrument, are not guaranteed or secured in any fashion, are not transferable and do not constitute an equity or ownership interest in Buyer, and (b) Seller shall not have any rights as securityholders of Buyer as a result of Seller's contingent right to receive an Earnout Shares hereunder.

(e) **Tax Treatment of Earnout Payment**. The Earnout Shares hereunder, if and when issued, shall be considered a purchase price adjustment for U.S. federal income Tax purposes.

(f) **Earnout Covenants**. It is expressly acknowledged and understood by the parties hereto that the inclusion of the provisions related to the Earnout Shares are principal terms of this Agreement and the opportunity to receive the Earnout Shares constitutes substantial consideration for the Seller's willingness to execute this Agreement and consummate the transactions contemplated hereby. Therefore, Buyer, on behalf of it and each of its Affiliates, hereby covenants and agrees, until the end of the Measurement Period not to take any steps or actions, or omit to take any steps or actions, the primary purpose of which is to avoid the achieving or paying of any Earnout Shares. Without limiting the foregoing, nothing in this Agreement is meant to preclude Buyer or its Affiliates from operating its business in accordance with its standard policies and procedures and all Laws applicable to Buyer.

1.4 **Third Party Consents.**

To the extent that Seller's rights in respect of any Acquired Asset may not be assigned to Buyer without the consent of another Person which has not been obtained, this Agreement shall not constitute an agreement to assign the same if an attempted assignment would constitute a breach thereof or be unlawful, and Seller, at Seller's expense, shall use their best efforts to obtain any such required consent(s) as promptly as possible. If any such consent shall not be obtained or if any attempted assignment would be ineffective or would impair Buyer's rights under the Acquired Asset in question so that Buyer would not in effect acquire the benefit of all such rights, Seller, to the maximum extent permitted by Law and the Acquired Asset, shall act after the Closing as Buyer's agent in order to obtain for it the benefits thereunder and shall cooperate, to the maximum extent permitted by Law and the Acquired Asset, with Buyer in any other reasonable arrangement designed to provide such benefits to Buyer.

1.5 **Closing.**

(a) The closing of the transactions contemplated by this Agreement (the "***Closing***") shall take place remotely via the exchange of documents and signature pages no later than three (3) Business Days following the satisfaction or waiver of all of the closing conditions set forth in **Section 1.5(c)** and **Section 1.5(d)** hereof (other than those conditions which by their nature are to be satisfied at the Closing) or on such other date as is mutually agreeable to Buyer and Seller. The date on which the Closing occurs in accordance with this **Section 1.5** referred to in this Agreement as the "***Closing Date***"). The Closing shall be deemed to occur at the close of business on the Closing Date.

(b) At the Closing (unless waived by the parties hereto):

(i) Seller and Buyer shall execute and deliver a Bill of Sale and Assignment and Assumption Agreement in the form of **Exhibit B** hereto;

(ii) Seller and Buyer shall execute and deliver an Intellectual Property assignment in the form of **Exhibit C** hereto (the "***IP Assignment***");

(iii) Buyer shall deliver the Purchase Price in accordance with **Section 1.3**; and

(iv) Seller shall deliver to Buyer evidence reasonably satisfactory to Buyer that each of the Consents identified in **Schedule 1.5(b)(vii)** has been obtained;[1]

(v) Seller shall deliver to Buyer the Books and Records; and

(vi) Seller shall execute and deliver a certificate in the form of **Exhibit D** hereto pursuant to Treasury Regulations Section 1.1445-2(b) that such Seller is not a foreign person within the meaning of Section 1445 of the Code.

(c) The obligations of Buyer to consummate the transactions contemplated by this Agreement shall be subject to the fulfillment or Buyer's waiver, at or prior to the Closing, of each of the following conditions:

(i) Seller shall have duly performed and complied in all material respects with all agreements, covenants and conditions required by this Agreement and each of the Ancillary Documents to be performed or complied with by it prior to or on the Closing Date;

(ii) the representations and warranties of Seller contained in this Agreement, the Ancillary Documents and any certificate or other writing delivered pursuant hereto shall be true and correct in all respects as of the Closing, with the same force and effect as if made as of the Closing, other than such representations and warranties as are made as of another date, the accuracy of which shall be determined as of that specified date in all respects;

(iii) no Proceeding before any Governmental Authority shall have been threatened or commenced against Seller to prevent the sale of the Acquired Assets, or asserting that the sale of the Acquired Assets would be illegal;

(iv) no Governmental Authority shall have enacted, issued, promulgated, enforced or entered any Order which is in effect and has the effect of making the transactions contemplated in this Agreement illegal or otherwise restraining or prohibiting consummation of such transactions or causing any of the transactions contemplated hereunder to be rescinded following completion thereof;

1 Note to Draft: Required consents determined to be required based on due diligence.

(v) all Encumbrances relating to the Acquired Assets shall have been released in full and Seller shall have delivered to Buyer evidence reasonably satisfactory to Buyer of the release of such Encumbrances (including UCC termination statements or other release documentation as Buyer may reasonably request);

(vi) no Material Adverse Effect shall have occurred;

(vii) Buyer shall have received from Seller each of the closing deliveries to be delivered by Seller in accordance with this **Section 1.5**;

(viii) Seller shall have delivered to Buyer such other documents or instruments as Buyer reasonably requests and are reasonably necessary to consummate the transactions contemplated by this Agreement; and

(ix) Seller shall have delivered a Consulting Agreement in the form attached hereto as **Exhibit E** (the "***Consulting Agreement***") duly executed by Seller.

(d) The obligations of Seller under this Agreement to consummate the transactions contemplated hereby shall be subject to the satisfaction (or written waiver by Seller) on or prior to the Closing Date of the following conditions:

(i) all the covenants contained in this Agreement to be complied with by Buyer on or before the Closing shall have been complied with in all material respects;

(ii) the representations and warranties of Buyer contained in this Agreement shall be true and correct in all respects as of the Closing, with the same force and effect as if made as of the Closing, other than such representations and warranties as are made as of another date the accuracy of which shall be determined as of that specified date in all respects;

(iii) no Proceeding before any Governmental Authority shall have been threatened or commenced against Buyer to prevent the sale of the Acquired Assets or asserting that the sale of the Acquired Assets would be illegal;

(iv) no Governmental Authority shall have enacted, issued, promulgated, enforced or entered any Order which is in effect and has the effect of making the transactions contemplated in this Agreement illegal or otherwise restraining or prohibiting consummation of such transactions or causing any of the transactions contemplated hereunder to be rescinded following completion thereof;

(v) Seller shall have received from Buyer each of the closing deliveries to be delivered by Buyer in accordance with this **Section 1.5**; and

(vi) Buyer shall have delivered the Consulting Agreement duly executed by Buyer.

2. REPRESENTATIONS AND WARRANTIES OF SELLER

Seller represents and warrants to Buyer that the statements contained in this **Section 2** are true and correct as of the date hereof, except as set forth in the Disclosure Schedules as follows:

2.1 **Authority.** Seller resides in the state of Nevada and has the individual capacity to enter into this Agreement and the Ancillary Documents to which Seller is a party, to carry out his obligations hereunder and thereunder and to consummate the transactions contemplated hereby and thereby. This Agreement has been duly executed and delivered by Seller, and (assuming due authorization, execution and delivery by Buyer) this Agreement constitutes a legal, valid and binding obligation of Seller enforceable against Seller in accordance with its terms. When each Ancillary Document to which Seller is or will be a party has been duly executed and delivered by Seller (assuming due authorization, execution and delivery by each other party thereto), such Ancillary Document will constitute a legal and binding obligation of Seller enforceable against Seller in accordance with its terms.

2.2 **No Conflicts; Consents.** The execution, delivery and performance by Seller of this Agreement and the Ancillary Documents to which Seller is a party, and the consummation of the transactions contemplated hereby and thereby, do not and will not: (a) conflict with or result in a violation or breach of any provision of any Law or Order applicable to Seller or the Acquired Assets; (c) require the consent, notice or other action by any Person under, conflict with, result in a violation or breach of, constitute a default or an event that, with or without notice or lapse of time or both, would constitute a default under, result in the acceleration of or create in any party the right to accelerate, terminate, modify or cancel any contract or Permit to which Seller is a party or by which Seller is bound or to which any of the Acquired Assets are subject; or (d) result in the creation or imposition of any Encumbrance on the Acquired Assets. No consent, approval, Permit, Order, declaration or filing with, or notice to, any Governmental Authority is required by or with respect to Seller in connection with the execution and delivery of this Agreement or any of the Ancillary Documents and the consummation of the transactions contemplated hereby and thereby.

2.3 **Title to Assets.** Seller owns, and has good and valid title to, or a valid leasehold interest in, all of the Acquired Assets. All of the Acquired Assets are owned by Seller free and clear of any Encumbrances. Upon Closing, Buyer will acquire exclusive, good title or a valid interest in or a valid license to use all of the Acquired Assets.

2.4 **Condition of Assets.** The Acquired Assets are in good operating condition and repair, and are adequate for the uses to which they are being put.

2.5 **Proceedings; Orders.** There is no pending Proceeding, and, to the Knowledge of Seller, no Person has threatened, against Seller to commence any Proceeding against Seller: (i) that involves the Acquired Assets; or (ii) that challenges or seeks to prevent, enjoin or otherwise delay any of the transactions contemplated hereby. No event has occurred and no circumstances exist that may give rise or serve as a basis for any such Proceeding. There is no Order against Seller to which any of the Acquired Assets is subject.

2.6 **Brokers.** Seller has not agreed to, or become obligated to pay, or have taken any action that gives any Person the right to receive, any brokerage commission, finder's fee or similar commission or fee in connection with any of the transactions contemplated hereby.

2.7 **Intellectual Property.**

(a) There is no Intellectual Property related in any way to the Acquired Assets owned or purported to be owned by Seller that is: (i) subject to any issuance, registration, application or other filing by, to or with any Governmental Authority or authorized private registrar in any jurisdiction, indicating for each, the applicable jurisdiction, title, registration number (or application number), and the date issued (or date filed); or (ii) material to the operation of the Acquired Assets, but is not subject to any issuance, registration, application or other filing by, to or with any Governmental Authority or authorized private registrar in any jurisdiction.

(b) **Schedule 2.7(b)** contains a complete and accurate list of all Software owned or purported to be owned by Seller related in any way to the Acquired Assets (the "***Purchased Software***"), including (a) the name of the Software, and (b) a description of the Software. Neither Seller nor any Person acting on Seller's behalf has disclosed, delivered or licensed to any Person, agreed to disclose, deliver or license to any Person, or permitted the disclosure or delivery to any escrow agent or other Person of, any source code owned by Seller ("***Seller Source Code***"). No event has occurred, and no circumstance or condition exists, that (with or without notice or lapse of time or both) will, or would reasonably be expected to, result in the disclosure or delivery by or on behalf of Seller of any Seller Source Code. Seller has actual possession of Seller Source Code and all source code, system documentation, statements of principles of operation and schematics, as well as any pertinent commentary, explanation, program (including compilers), workbenches, tools and higher-level language used for the development, maintenance, implementation and use of the Purchased Software.

(c) **Schedule 2.7(c)** contains a complete and accurate list of all Publicly Available Software that is incorporated into or was used in the development of any Software owned, purportedly owned, developed or distributed by Seller. Seller is, and for the last six (6) years, has been in compliance with all applicable licenses with respect to Publicly Available Software, including all notice and attribution requirements. None of the Purchased Software incorporates, embeds, or is distributed or installed with, statically or dynamically links with, or otherwise interacts with any Publicly Available Software or other elements that would result in any obligation to distribute, license or otherwise make available Purchased Software, either in whole or in part: (i) in source code form; (ii) on a royalty-free or a reasonable and non-discriminatory basis; (iii) for the purpose of making derivative works; (iv) under terms that allow reverse engineering, reverse assembly or disassembly of any kind; or (v) in a manner that would obligate Seller to covenant not to sue third persons for infringement of the Seller Intellectual Property. For the last six (6) years, Seller has not received any requests from any Person for disclosure of source code owned by Seller.

(d) There are no Contracts by or through which other Persons grant Seller rights or interests in or to any Intellectual Property that are used in or necessary for the operation of the Acquired Assets and there are no Contracts by or through which Seller grants other Persons rights or interests in or to any Intellectual Property.

(e) **Schedule 2.12(e)** sets forth all of the registered and non-registered Intellectual Property of Seller used in or necessary for the operation of the Acquired Assets and included in the Acquired Assets (the "***Seller Intellectual Property***"). Seller exclusively owns all right, title and interest in and to the Seller Intellectual Property, free and clear of Encumbrances. There are no Intellectual Property licenses used in or necessary for the operation of the Acquired Assets. Seller is in full compliance with all legal requirements applicable to the Seller Intellectual Property and the ownership and use thereof. The Seller Intellectual Property will be owned and available for use by Buyer following the Closing on substantially identical terms and conditions as it was owned or available for use by Seller prior to the Closing. The Seller Intellectual Property constitutes all of the Intellectual Property used in or necessary for the operation of the Acquired Assets.

(f) Neither the Seller Intellectual Property, nor the operation of the Acquired Assets has, does or will, infringe(d), violate(d) or misappropriate(d) any Intellectual Property right of any Person. None of the Seller Intellectual Property is subject to any outstanding Order and Seller has not received any notice or other communication, and no Proceeding has been instituted, settled or, to the Knowledge of Seller, threatened that alleges any such infringement, violation or misappropriation. To the Knowledge of Seller, there are no facts or circumstances that could reasonably be expected to give rise to any such Proceeding. There is no claim or demand of any Person pertaining to, or any Proceeding which is pending or, threatened, that challenges the rights of Seller in respect of the Seller Intellectual Property. No Person is misappropriating, violating or infringing upon, or has misappropriated, violated or infringed upon at any time, the Seller Intellectual Property or any other right of Seller or the Acquired Assets. No employee or consultant of Seller has claimed rights to or any interests in or to any of the Seller Intellectual Property.

(g) Seller has entered into binding, valid and enforceable, Contracts with each current and former employee, independent contractor, and other Person who is or was involved in or has contributed to the invention, creation, or development of any Seller Intellectual Property during the course of employment or engagement with Seller whereby such Person: (i) acknowledges Seller's exclusive ownership of all Intellectual Property invented, created, or developed by such Person within the scope of such Person's engagement or other relationship with Seller; (ii) grants to Seller an assignment of any and all ownership interests such Person may have in or to such Intellectual Property; and (iii) waives any right or interest regarding any such Intellectual Property, to the extent permitted by applicable Law.

(h) Seller has taken all reasonable steps that are required or necessary to protect the Seller's rights in confidential information and trade secrets of Seller or provided by any other Person to Seller. Without limiting the foregoing, Seller has, and enforce, a policy requiring each employee, consultant, and contractor to execute proprietary information, confidentiality and assignment agreements substantially in Seller's standard forms, and all current and former employees, consultants and contractors of Seller has executed such an agreement in substantially Seller's standard form.

(i) Neither this Agreement nor the transactions contemplated by this Agreement will result in: (i) Seller or Buyer granting to any third party any right to or with respect to any Seller Intellectual Property, (ii) Buyer being bound by or subject to, any exclusivity obligations, non-compete or other restriction on the operation or use of the Acquired Assets, or (iii) Buyer being obligated to pay any royalties or other material amounts to any third party in excess of those payable in the absence of this Agreement or the transactions contemplated hereby.

(j) No Seller Intellectual Property is subject to any proceeding or outstanding decree, order, judgment or settlement agreement or stipulation that restricts in any manner the use, transfer or commercialization thereof by Buyer following the Closing or that may affect the validity, use or enforceability of such Seller Intellectual Property.

(k) No funding, facilities or resources of a Governmental Authority or a university, college, other educational institution or research center was used in the development of the Seller Intellectual Property and no Governmental Authority, university, college, other educational institution or research center has any claim or right in or to the Seller Intellectual Property. No rights have been granted to any Governmental Authority under any Seller Intellectual Property other than the same standard commercial rights as are granted by the Seller to commercial end users of the Seller services in the ordinary course of business. No current or former employee, consultant or independent contractor of the Seller who was involved in, or who contributed to, the creation or development of any Seller Intellectual Property, has performed services for the government, a university, college or other educational institution, or a research center, during a period of time during which such employee, consultant or independent contractor was also performing services for Seller. No current or former partner, employee or any third Person has any claim, right (whether or not currently exercisable), or interest to or in any of the Seller Intellectual Property.

2.8 **Assigned Contracts.** Seller is not a party to any Contract that relates to or is associated with the Acquired Assets.

2.9 **Government Contracts.** There are no Government Contracts entered into by Seller.

2.10 **Compliance with Laws.**

(a) Seller has complied, and is presently complying, with all Laws applicable to the ownership and use of the Acquired Assets. There are no pending or threatened Proceedings relating to Seller's failure to comply with any Laws applicable to the ownership and use of the Acquired Assets. Since January 1, 2019, Seller has not received any written communication from any Governmental Authority alleging that he is not in compliance in any material respect with any Laws applicable to him and related to the Acquired Assets.

(b) There are no Permits required for Seller for the ownership and use of the Acquired Assets.

2.11 **No Violations.** Neither Seller's execution, delivery or performance of this Agreement or any of the other Ancillary Documents to which Seller is a party, nor the consummation of the transactions contemplated hereby by Seller will: (i) contravene, conflict with or result in a violation or breach of, or give rise to the right of any Person to challenge any of the transactions contemplated hereby; (ii) contravene, conflict with or result in a violation of any of the terms of, or give rise to any right of any Governmental Authority to revoke, withdraw, suspend, cancel, terminate or modify, any Permit; or (iii) result in the imposition or creation of any Encumbrance upon or with respect to any Acquired Asset.

2.12 **Illegal Payments.** None of Seller or his Affiliates have made any payment in violation of Law to, or provided any illegal or improper benefit or inducement, including for or to any official of any Governmental Authority, supplier, customer, or other Person, in an attempt to influence any such Person to take or to refrain from taking any action relating to the use and ownership of the Acquired Assets, or to engage in any action by or on behalf of Seller or his affiliates in any way, or paid any bribe, payoff, influence payment, kickback, or other unlawful payment.

2.13 **Tax Matters.**

(a) All Tax Returns of Seller have been timely filed in accordance with applicable Laws, and each such Tax Return is true, correct and complete in all material respects. Seller has timely paid all Taxes required under Law to have been paid by it (whether or not shown on any Tax Return).

(b) Seller has complied with the provisions of the Code relating to the withholding and payment of Taxes, including the withholding and reporting requirements under Code sections 1441 through 1464, 3401 through 3406, and 6041 through 6049, as well as similar provisions under any other Laws, and has, within the time and in the manner prescribed by Law, withheld from employee wages and paid over to the proper Taxing Authorities all amounts required. Seller has undertaken in good faith to appropriately classify all service providers as either employees or independent contractors for all Tax purposes. Seller (i) has collected and remitted all applicable sales and/or use Taxes to the appropriate Taxing Authority or (ii) has obtained, in good faith, any applicable sales and/or use Tax exemption certificates.

(c) Seller has not requested an extension of time within which to file any Tax Return which has not since been filed. There are no agreements or waivers currently in effect that provide for an extension of time for the assessment of any Tax against Seller.

(d) No audit of Seller by any Tax Authority has ever been conducted, is currently pending or is threatened, no notice of any proposed Tax audit, or of any Tax deficiency or adjustment, has been received by Seller and there is no reasonable basis for any Tax deficiency or adjustment to be assessed against Seller.

(e) There are no Encumbrances upon any of the Acquired Assets for any Taxes, other than Encumbrances for Taxes that are not yet due and payable or Encumbrances for Taxes that are being contested in good faith by Seller.

(f) No claim has been made by any Tax Authority in a jurisdiction in which Seller does not file Tax Returns that Selles are or may be subject to taxation by that jurisdiction.

(g) Seller has disclosed to the U.S. Internal Revenue Service on the appropriate Tax Returns any Reportable Transaction in which Seller has participated and have retained all documents and other records pertaining to any Reportable Transaction in which Seller has participated, including documents and other records listed in Treasury Regulation Section 1.6011-4(g) and any other documents or other records which are related to any Reportable Transaction in which Seller has participated but which are not listed in Treasury Regulation Section 1.6011-4(g). A "***Reportable Transaction***" means any transaction listed in Treasury Regulation Section 1.6011-4(b).

(h) Seller is not a foreign person, as such term is defined in Section 1445(f)(3) of the Code.

2.14 **Employees and Independent Contractors.**

(a) There are no current employees or independent contractors of Seller.

2.15 **Users.**

(a) **Schedule 2.15** sets forth the top ten (10) users of the Platform since Artificial Intelligence.

(b) Except as set forth in **Schedule 2.15(a)**, no user of the Platform has cancelled or otherwise terminated, or threatened in writing to cancel or otherwise terminate or intends to cancel or otherwise adversely modify in any material respect, its relationship with the Platform or has during the last twelve (12) months decreased materially, or threatened to decrease or limit its usage of the services or products of the Platform, in each case whether as a result of the transactions contemplated hereby or otherwise.

2.16 **Artificial Intelligence.**

(a) **Schedule 2.16** sets forth a correct, current, and complete list of all Seller AI Products and all other proprietary AI Technology used or held for use in the Seller's business as currently conducted and as proposed to be conducted (collectively, "***Seller AI***").

(b) **Schedule 2.16** sets forth a correct, current, and complete list and description of all AI Inputs used in the development, operation, or improvement of any Seller AI and for all such AI Inputs owned or controlled by any other Person, the Contracts or other terms governing the Seller's collection and use of such AI Inputs. Seller has: (i) obtained all licenses, consents, and permissions, provided all notices and disclosures, and otherwise has all rights, in each case as required under applicable Law, to collect and use all such AI Inputs in the conduct of Seller's business as currently conducted and as proposed to be conducted; and (ii) complied with all use restrictions and other requirements of any license, consent, permission, or other Contract and any website terms of use, terms of service, or other terms governing Seller's collection and use of such AI Inputs, including the extraction of AI Inputs using web scraping, web harvesting, or similar Software.

(c) Seller has: (i) implemented procedures to (A) ensure that any AI Technology incorporated in or used in the development, operation, or improvement of any Seller AI is reproducible in a manner consistent with industry standard procedures and (B) enable similar or equivalent AI Technology to be developed, retrained, or improved; and (ii) maintained a technical description of any neural networks used in or with any Seller AI that is sufficiently detailed to enable data scientists, engineers, and programmers reasonably skilled in the development of AI Technology to retrain, debug, and improve such neural networks in the ordinary course.

(d) **Schedule 2.16** sets forth a correct, current, and complete list of all Generative AI Tools used by Seller and, for any such Generative AI Tool owned or controlled by any other Person, the license or other Contract governing Seller's use thereof. Seller has not: (i) used any Generative AI Tools (whether owned or controlled by Seller or any other Person) in a manner that does, will, or could reasonably be expected to adversely affect the ownership, validity, enforceability, registrability, or patentability of any Company Intellectual Property or any material content or other output created by such Generative AI Tools that the Company or any Subsidiary intended to maintain as proprietary; (ii) included any trade secrets (including source code) or other confidential and proprietary information in any prompts or inputs into any Generative AI Tool owned or controlled by any other Person; or (iii) used any Generative AI Tool in a manner that does not comply with the applicable license or other Contract terms. For each third party AI Technology that is used by Seller, Seller (i) has complied with all license terms applicable to such third party AI Technology; (ii) owns any improvements to the third party AI Technology; (iii) owns the model that is created by use of algorithms applied to the Seller's intellectual property; and (iv) owns the outputs generated by use of the third party AI Technology at the expense of the Seller.

(e) Seller has implemented and is in compliance with industry standard policies and procedures for the ethical and responsible use of AI Technology, including for: (i) developing and implementing AI Technology in a way that promotes transparency, accountability, and human interpretability; (ii) identifying and mitigating bias in AI Inputs or Seller AI Products; and (iii) management oversight and approval of employees' and contractors' collection and use of AI Inputs and development and implementation of AI Technology, including use of Generative AI Tools; and (iv) compliance with all Laws applicable to the Seller's development and implementation of AI Technology (collectively, "***Company AI Policies***"). There has been no notice, complaint, claim, proceeding, litigation, inquiry, audit, investigation, or other action by any Governmental Authority or other Person: (A) alleging that any AI Inputs used in the development, training, improvement, or testing of any Seller AI was falsified, biased, untrustworthy, or manipulated in an unethical or unscientific way; or (B) otherwise concerning any Seller AI Product or the Seller's development or implementation of AI Technology; and there are no facts or circumstances that could reasonably be expected to give rise to any of the foregoing.

2.17 **Employee Benefit Blans**.

(a) Seller has no Employee Benefit Plans.

2.18 **Investment Representations.** Seller understands and acknowledges that (a) none of the Base Consideration Shares or Earnout Shares have been registered or qualified under the Securities Act of 1933, as amended (the "1933 Act"), or under any securities laws of any state of the United States or other jurisdiction, in reliance upon specific exemptions thereunder for transactions not involving any public offering; (b) all of the Base Consideration Shares and Earnout Shares constitute "restricted securities" as defined in Rule 144 under the 1933 Act; and (c) none of the Base Consideration Shares or Earnout Shares may be sold, transferred or otherwise disposed of unless a registration statement under the 1933 Act with respect to such Base Consideration Shares or Earnout Shares and qualification in accordance with any applicable state securities laws becomes effective or unless such registration and qualification is inapplicable, or an exemption therefrom is available. Seller shall not transfer or otherwise dispose of any of the Base Consideration Shares or Earnout Shares acquired hereunder or any interest therein in any manner that may cause Buyer to be in violation of the 1933 Act or any applicable state securities laws. Seller is an "accredited investor" as defined in Rule 501(a) of the 1933 Act. No "bad actor" disqualifications described in Rule 506(d)(1)(i) through (iii) under the Securities Act of 1934, as amended, apply to Seller or any of Seller's Rule 506(d) Related Parties, and Seller shall notify the Company promptly in writing in the event any such disqualification becomes applicable to Seller or any of Seller's Rule 506(d) Related Parties hereafter.

2.19 Seller has such knowledge and experience in financial and business matters that Seller is capable of evaluating the merits and risks of the prospective investment in the Buyer and the Base Consideration Shares, and if earned, the Earnout Shares. Seller is acquiring the Base Consideration Shares, and, if earned, the Earnout Shares, for his own account and not with a view towards resale or distribution. Seller has been provided all information he requested to evaluate an investment in the Buyer's Common Stock. Seller has had the opportunity to ask questions of and has received answers from the Buyer concerning the Buyer and the Buyer's Common Stock, including the Base Consideration Shares, and, if earned, the Earnout Shares, and to obtain any additional information necessary to verify the accuracy of the information furnished.

2.20 **Full Disclosure**. No representation or warranty by Seller in this Agreement and no statement contained in the Disclosure Schedules to this Agreement or any certificate or other document furnished or to be furnished to Buyer pursuant to this Agreement contains any untrue statement of a material fact, or omits to state a material fact necessary to make the statements contained therein, in light of the circumstances in which they are made, not misleading.

3. REPRESENTATIONS AND WARRANTIES OF BUYER

Buyer represents and warrants to Seller, as of the date hereof, as follows:

3.1 **Organization.** Buyer is corporation duly organized, validly existing and in good standing under the laws of the State of Delaware.

3.2 **Authority.** Buyer has full corporate power and authority to enter into this Agreement and the Ancillary Documents to which Buyer is a party, to carry out its obligations hereunder and thereunder and to consummate the transactions contemplated hereby and thereby. The execution and delivery by Buyer of this Agreement and any Ancillary Document to which Buyer is a party, the performance by Buyer of its obligations hereunder and thereunder and the consummation by Buyer of the transactions contemplated hereby and thereby have been duly authorized by all requisite corporate action on the part of Buyer. This Agreement has been duly executed and delivered by Buyer, and (assuming due authorization, execution and delivery by Seller) this Agreement constitutes a legal, valid and binding obligation of Buyer enforceable against Buyer in accordance with its terms. When each Ancillary Document to which Buyer is or will be a party has been duly executed and delivered by Buyer (assuming due authorization, execution and delivery by each other party thereto), such Ancillary Document will constitute a legal and binding obligation of Buyer enforceable against it in accordance with its terms.

3.3 **No Violations.** Neither the execution and the delivery of this Agreement, or the other Ancillary Documents to which it is a party, by Buyer, nor the consummation of the transactions contemplated hereby and thereby by Buyer, will: (i) violate any Order or other Law of any Governmental Authority to which Buyer is subject; or (ii) violate any provisions of any of the charter documents of Buyer. No consent, approval, Permit, Order, declaration or filing with, or notice to, any Governmental Authority is required by or with respect to Buyer in connection with the execution and delivery of this Agreement and the Ancillary Documents and the consummation of the transactions contemplated hereby and thereby.

3.4 **Brokers.** Buyer has not agreed or become obligated to pay, and has not taken any action that might result in any Person claiming to be entitled to receive, any brokerage commission, finder's fee or similar commission or fee in connection with any of the transactions contemplated hereby.

3.5 **Proceedings.** There are no pending Proceedings, and, to the Knowledge of Buyer, no Person has threatened against Buyer to commence any Proceeding that challenges or seeks to prevent, enjoin or otherwise delay the transactions contemplated hereby. No event has occurred and no circumstances exist that may give rise or serve as a basis for any such Proceeding.

4. **COVENANTS OF BUYER AND SELLER**

4.1 **Press Releases and Communications.** No press release or public announcement related to this Agreement or the transactions contemplated herein shall be issued or made by any Party or any affiliate thereof without the a approval of Buyer (not to be unreasonably withheld, delayed or conditioned), except (a) such release or announcement as may be required by Law or pursuant to any listing agreement with or the rules of any applicable securities exchange on which any party lists securities, in which case the party required to issue or make the release or announcement shall use its reasonable best efforts consistent with such Law, listing agreement or securities exchange rules to consult with the other party with respect to the text of such release or announcement in advance of such issuance or the making thereof, and (b) that Buyer, Seller and their respective affiliates shall be permitted to make announcements from time to time to their respective employees, customers, suppliers and other business relations and otherwise as Buyer or Seller, respectively, may reasonably determine is necessary to with applicable Law or the requirements of any Contract to which such Person is a party or otherwise bound.

4.2 **Closing Efforts.** Subject to the terms and conditions of this Agreement, Buyer and Seller will use their respective best efforts to take, or cause to be taken, all actions and to do, or cause to be done, all things necessary or desirable to cause the conditions to the obligations of the other parties hereunder to be satisfied and to consummate the transactions contemplated by this Agreement. Each of Buyer and Seller agrees to execute and deliver such other documents, certificates, Contracts and other writings and to take such other actions as may be reasonably necessary in order to consummate or implement expeditiously the transactions contemplated by this Agreement. In the event that the parties, acting in good faith, conclude that certain of the Assigned Contracts cannot be transferred for whatever reason, the parties shall cooperate to seek reasonable commercial alternative means by which the benefits of the would-be assignment of said Assigned Contract(s) can be transferred to Buyer. None of Seller or his Affiliates, or Buyer or its Affiliates shall be obligated to make any payments or otherwise pay any consideration to any third party to obtain any applicable consent, waiver or approval.

4.3 **Bulk Sales Laws**. The parties hereby waive compliance with the provisions of any bulk sales, bulk transfer or similar laws of any jurisdiction that may otherwise be applicable with respect to the sale of any or all of the Acquired Assets to Buyer; provided, however, that Seller agrees (a) to pay and discharge when due or to contest or litigate all claims of creditors which are asserted against Buyer or the Acquired Assets by reason of such noncompliance; (b) to indemnify, defend and hold harmless Buyer from and against any and all claims in the manner provided in **Section 5**; and (c) to take promptly all necessary action to remove any Encumbrance which is placed on the Acquired Assets by reason of such noncompliance.

4.4 **Transfer Taxes.** All transfer, documentary, sales, use, stamp, registration, value added and other such Taxes, and all conveyance fees, recording charges and other fees and charges (including any penalties and interest) incurred in connection with consummation of the transactions contemplated by this Agreement and the Ancillary Documents shall be borne and paid by Seller when due. Seller shall, at his sole expense, timely file any tax return or other document with respect to such Taxes or fees (and Buyer shall cooperate with respect thereto as necessary).

4.5 **Acquisition Proposals.** From the date hereof until the Closing Date, Seller shall not, and shall not authorize or permit any of his Affiliates, representatives or any of the same in respect of the Acquired Assets to, directly or indirectly, (i) encourage, solicit, initiate, facilitate or continue inquiries regarding any proposal to acquire the Acquired Assets (an "***Acquisition Proposal***"); (ii) enter into discussions or negotiations with, or provide any information to, any Person concerning a possible Acquisition Proposal; or (iii) enter into any agreements or other instruments (whether or not binding) regarding an Acquisition Proposal. Seller shall, and shall use his best efforts to cause his Affiliates to, immediately cease and cause to be terminated all existing discussions or negotiations with any Persons conducted heretofore with respect to, or that could lead to, an Acquisition Proposal.

4.6 **Notice of Certain Events.**

(a) From the date hereof until the Closing Date, Seller shall promptly notify Buyer in writing of:

(i) any fact, circumstance, event or action the existence, occurrence or taking of which (A) has had, or could reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect, (B) has resulted in, or could reasonably be expected to result in, any representation or warranty made by Seller hereunder not being true and correct in any material respect or (C) has resulted in, or could reasonably be expected to result in, the failure of any of the conditions set forth in **Section 1.5(c)** to be satisfied;

(ii) any notice or other communication from any Person alleging that the consent of such Person is or may be required in connection with the transactions contemplated by this Agreement;

(iii) any notice or other communication from any Governmental Authority in connection with the transactions contemplated by this Agreement; and

(iv) any Proceeding commenced or threatened against, relating to or involving or otherwise affecting the Acquired Assets that, if pending on the date of this Agreement, would have been required to have been disclosed pursuant to **Section 2.9** or that relates to the consummation of the transactions contemplated by this Agreement.

(b) Buyer's receipt of information pursuant to this **Section 4.6** shall not operate as a waiver or otherwise affect any representation, warranty or agreement given or made by Seller in this Agreement and shall not be deemed to amend or supplement the Disclosure Schedules.

(c) From the date hereof until the Closing Date, Buyer shall promptly notify Seller in writing of:

(i) any notice or other communication from any Person alleging that the consent of such Person is or may be required in connection with the transactions contemplated by this Agreement;

(ii) any notice or other communication from any Governmental Authority in connection with the transactions contemplated by this Agreement; and

(iii) any Proceeding commenced or, to Knowledge of Buyer, threatened against, relating to or involving or otherwise affecting Buyer or that relates to the consummation of the transactions contemplated by this Agreement.

4.7 **Non-Competition; Non-Solicitation; Non-Disparagement; Confidentiality.**

(a) **Irreparable Harm.** Seller acknowledges and agrees that Buyer would be irreparably harmed if Seller was to (i) engage in Competition with Buyer or the Acquired Assets within the restricted time periods and geographical areas set forth herein, (ii) solicit employees, or (iii) otherwise induce any customer, supplier, vendor, licensee, distributor, contractor or other business relation related to the Acquired Assets to cease doing business with, or materially alter its business relationship with, Buyer following the Closing. Seller further acknowledges and agrees that the covenants set forth in this **Section 4.7** represent reasonable measures to protect the business interests of Buyer.

(b) **Non-Competition; Non-Solicitation; Non-Disparagement.** In further consideration of the Purchase Price to be paid hereunder and the significant direct and indirect benefits received by Seller in connection with the transactions contemplated hereunder, Seller agrees that:

(i) during the Non-Competition Period, Seller shall not directly or indirectly engage in, and shall cause its affiliates not to engage in, Competition;

(ii) during the Non-Competition Period, Sellers shall not, directly or indirectly, and shall cause its affiliates not to: (A) hire, solicit, encourage, or engage in any activity to induce any employee of Buyer to terminate his or her employment with Buyer, or to become employed by, or to enter into a business relationship with, any other Person; (B) seek, solicit, or attempt to establish a business relationship with a Person who (1) was a client, customer, supplier, employee, salesperson, agent or representative regarding the Acquired Asset during the two (2) year period preceding the date of determination, or (2) was solicited directly by the Seller during the twelve (12) months preceding the date of determination to become a client, customer, supplier, employee, salesman, agent or representative of the Business; or (C) subject to the restrictions of any applicable Law, induce or attempt to induce any customer, supplier, vendor, licensee, distributor, contractor or other business relation related to the Acquired Asset to cease doing business with, materially alter its business relationship with, or limit, curtail, cancel or terminate any business it transacts with, or products it provides to or services it receives from, the Acquired Asset;

(iii) at all times following the Closing Date, Seller shall not make or solicit or encourage others to make or solicit directly or indirectly any derogatory or negative statement or communication about Buyer, the Acquired Asset or any of their businesses, products, services or activities related thereto; provided, however, that such restriction shall not prohibit truthful testimony compelled by valid legal process. Notwithstanding anything herein to the contrary, nothing in this **Section 4.7(b)(iii)** shall prevent any party from exercising such party's authority or enforcing such party's rights or remedies hereunder or that such party may otherwise be entitled to enforce or assert under another agreement or applicable Law, or limit such rights or remedies in any way; and

(iv) Seller shall not, and will not at any time after Closing, make any statement, either oral or written, to any Person or in any public forum, including without limitation, any electronic or print news media or other publication, which would malign, defame or disparage the reputation, image, good will or commercial interest of the Buyer or its business operations.

(c) The "***Non-Competition Period***" shall mean, the period beginning on the Closing Date and ending on the third (3^{rd}) anniversary of the Closing.

(d) **Confidentiality.** Following the Closing, Seller shall, and shall cause his Affiliates, trustees, beneficiaries, advisors, agents, representatives or other intermediaries to, keep all proprietary information relating to Buyer and the Acquired Assets confidential, and shall not, and shall cause his Affiliates trustees, beneficiaries, advisors, agents, representatives or other intermediaries not to, use any of such confidential information, except to the extent that (A) it is necessary or appropriate to disclose such information to a Governmental Authority having jurisdiction over Seller or his Affiliates, trustees, beneficiaries, advisors, agents, representatives or other intermediaries from whom disclosure is sought, (B) any requirement of Law requires otherwise, (C) such duty as to confidentiality is waived in writing by Buyer or (D) such use is solely in connection with any claim brought or dispute or disagreement arising under or out of in connection with **Section 1.3(c)** or **Section 5** and, in each case, only to the extent such confidential information is required or in good faith believed to be necessary to be disclosed in connection therewith; provided, that, with respect to subclauses (A) and (B), if Seller is requested or required (by oral question or request for information or documents in any legal proceeding, interrogatory, subpoena, civil investigative demand, or similar process) to disclose any confidential information, then Seller will notify Buyer promptly of the request or requirement in writing so that Buyer may seek an appropriate protective order (at their sole expense) or waive compliance with the provisions of this **Section 4.7(c)**. If, in the absence of a protective order or the receipt of a waiver hereunder, Seller is, on the reasonable advice of his counsel, compelled to disclose any confidential information to any tribunal or else stand liable for contempt, Seller may disclose the confidential information to the tribunal; provided, that Seller shall use his commercially reasonable efforts to obtain an order or other assurance that confidential treatment will be accorded to such portion of the confidential information required to be disclosed and shall disclose only such portions of the confidential information as are strictly required. In any event, Seller shall use commercially reasonable efforts to mark, or cause to be marked, any confidential information that is disclosed in accordance with this **Section 4.7(c)** as confidential and to accord such information confidential treatment. For the purposes of this **Section 4.7(c)**, information or proprietary information shall not be deemed confidential to the extent that it was in the public domain at the time it was disclosed or has entered the public domain through no fault of any Seller, his advisors, agents, representatives or other intermediaries.

(e) **Enforcement; Partial Invalidity.**

(i) Seller acknowledges and agrees that Buyer entered into this Agreement in reliance on the provisions of this **Section 4.7** and the enforcement of this Agreement is necessary to ensure the preservation and protection of the Acquired Assets, trade secrets and other confidential information and goodwill to the extent and for the periods of time expressly agreed to herein. Seller acknowledges and agrees that, due to the nature of the Acquired Assets, the restrictions set forth in this Agreement (including in this **Section 4.9**) are reasonable as to time and scope.

(ii) Notwithstanding any provision to the contrary herein, (A) Buyer may pursue, at its discretion, enforcement of this **Section 4.7** in any court of competent jurisdiction (each, a "***Court***"), and (B) in no event shall Buyer be held liable for Seller's legal fees or costs in pursuit of such claim.

(iii) If any Court determines that any of the covenants set forth in this **Section 4.7** are overbroad under applicable Law in time, geographic scope or otherwise, the parties specifically agree and authorize such Court to rewrite this Agreement to reflect the maximum time, geographic or other restrictions permitted under applicable Law to be reasonable and enforceable.

(f) The parties agree that money damages would not be an adequate remedy for any breach of this **Section 7**, and any breach of the terms of this **Section 4.7** would result in irreparable injury and damage to Buyer for which Buyer would have no adequate remedy at Law. Therefore, in the event of a breach or threatened breach of this **Section 4.7**, Buyer and its successors and assigns, in addition to any other rights and remedies existing in their favor at Law or in equity, shall be entitled to specific performance, immediate injunctive or other equitable relief from a Court in order to enforce, or prevent any violations of, the provisions of this **Section 4.7** (without posting a bond or other security), without having to prove Losses. The terms of this **Section 4.7** shall not prevent Buyer from pursuing any other available remedies for any breach or threatened breach of this Agreement, including pursuant to the provisions of **Section 5.**

4.8 **Remittances and Related Matters.** Each party hereby undertakes to use best efforts to direct or forward all remittances, payments, bills, invoices, mail or like instruments and communications to the appropriate party.

4.9 **Books and Records.** Buyer and Seller agree (i) to hold all of the books and records related to the Acquired Assets existing on the Closing Date and not to destroy or dispose of any thereof for a period of two (2) years from the Closing Date, and (ii) following the Closing Date, to afford Seller or Buyer, as the case may be, and their accountants and counsels, during normal business hours, upon reasonable request, reasonable access to such books, records and other data to the extent that such access may be requested for any reasonable purpose related to the Acquired Assets, as applicable; provided, however, that such access rights shall be exercised in a manner so as to maintain the privileged nature of any information that may be subject to attorney client privilege.

4.10 **Post-Closing Access.** After the Closing Date, Buyer shall permit Seller and its representatives to have reasonable access to, and to inspect and copy, during normal business hours and upon reasonable advance notice, materials related to the pre-Closing operation of the Acquired Assets for audit, regulatory, financial reporting, tax and related purposes.

4.11 **Insurance Matters.** From and after the Closing Date, Seller acknowledges that: (i) such Seller shall remain responsible for any known insurance claims with respect to the Acquired Assets that remain open as of the Closing, (ii) Seller shall remain responsible for occurrences with respect to such Seller prior to the Closing giving rise to insurance claims in respect of Acquired Assets under Seller's insurance policies following the Closing, and (iii) Seller shall remain responsible for occurrences arising following the Closing, but which relate to the pre-Closing period.

5. **INDEMNIFICATION.**

5.1 **Survival of Representations and Covenants.**

(a) Subject to **Section 5.1(b)**, the representations, warranties, covenants and obligations of each party in this Agreement shall survive the Closing. All of the covenants and obligations of the parties contained in this Agreement shall survive in accordance with their applicable terms or if no term is specified, indefinitely.

(b) The representations and warranties set forth in **Section 2** and **Section 3** shall expire at 5:00 p.m. Eastern Time on the date that is twenty-four (24) months after the Closing Date, except that the Specified Representations shall survive for a period of six (6) years after the Closing Date.

5.2 **Indemnification.**

(a) **By Seller.** Subject to the other terms and conditions of this **Section 5.2**, Seller shall indemnify and defend each of Buyer and its Affiliates and their respective representatives (collectively, the "***Buyer Indemnitees***") against, and shall hold each of them harmless from and against, and shall pay and reimburse each of them for, any and all Losses incurred or sustained by, or imposed upon, Buyer Indemnitees based upon, arising out of, with respect to or by reason of:

(i) any inaccuracy in or breach of any of the representations or warranties of Seller contained in this Agreement, the Ancillary Documents or in any certificate or instrument delivered by or on behalf of Seller pursuant to this Agreement, as of the date such representation or warranty was made or as if such representation or warranty was made on and as of the Closing Date (except for representations and warranties that expressly relate to a specified date, the inaccuracy in or breach of which will be determined with reference to such specified date);

(ii) any breach or non-fulfillment of any covenant, agreement or obligation to be performed by Seller pursuant to this Agreement, the Ancillary Documents or any certificate or instrument delivered by or on behalf of Seller pursuant to this Agreement;

(iii) any Excluded Asset or any Excluded Liability; or

(iv) any Third-Party Claim based upon, resulting from or arising out of the business, operations, properties, assets or obligations of Seller conducted, existing or arising on or prior to the Closing.

(b) **Indemnification by Buyer.** Subject to the other terms and conditions of this **Section 5.2**, Buyer shall indemnify and defend Seller and his affiliates and their respective Representatives (collectively, the "***Seller Indemnitees***") against, and shall hold each of them harmless from and against, and shall pay and reimburse each of them for, any and all Losses incurred or sustained by, or imposed upon, Seller Indemnitees based upon, arising out of, with respect to or by reason of:

(i) any inaccuracy in or breach of any of the representations or warranties of Buyer contained in this Agreement or in any certificate or instrument delivered by or on behalf of Buyer pursuant to this Agreement, as of the date such representation or warranty was made or as if such representation or warranty was made on and as of the Closing Date (except for representations and warranties that expressly relate to a specified date, the inaccuracy in or breach of which will be determined with reference to such specified date);

(ii) any breach or non-fulfillment of any covenant, agreement or obligation to be performed by Buyer pursuant to this Agreement; or

(iii) any Assumed Liability.

5.3 **Limitations on Indemnification Obligations.** Except with respect to any Loss arising out of fraud, willful misconduct or intentional misrepresentation, or arising out of the breach of any of the Specified Representations, no Indemnifying Party shall be liable for any Loss under **Section 5.2(a)(i)** for an amount that exceeds the Purchase Price.

5.4 **Mitigation.** Each party agrees to use reasonable best efforts to mitigate any Liability or Loss which forms the basis of a claim hereunder.

5.5 **Exclusive Remedy.** Buyer and Seller acknowledge and agree that except for the remedies provided in **Section 1.3(c)** to address disputes or objections to the calculation of the Earnout Shares, the foregoing indemnification provisions in this **Section 5** shall be the sole and exclusive remedies of the parties and their respective officers, directors, employees, affiliates, agents, representatives, successors and assigns for any breach of any representation or warranty or non-fulfillment of any covenant contained in this Agreement; provided, however, that no limitation set forth in this Agreement, including the limitations set forth in this **Section 5**, shall limit (i) any remedy that may be available to Buyer or Seller against any other party on account of fraud, willful misconduct or intentional misrepresentation, or (ii) the ability of Buyer to seek equitable remedies, including injunctive relief.

5.6 **Indemnification Claims.**

(a) In order for any Buyer Indemnitee or Seller Indemnitee (such Person, an "***Indemnified Party***") to seek indemnification under this **Section 5**, Buyer (if the Indemnified Party is any Buyer Indemnitee) or Seller (if the Indemnified Party is any Seller Indemnitee) shall deliver in good faith, a written demand (an "***Indemnification Demand***") to the other parties against whom the claim for indemnification is being made (the "***Indemnifying Party***") that contains (i) a description and the amount if known and/or determined (the "***Asserted Losses Amount***") of any Losses incurred or reasonably expected to be incurred by the Indemnified Party, (ii) a statement that the Indemnified Party is entitled to indemnification under this **Section 5** for such Losses and a reasonable explanation of the basis therefor (the "***Claim***"), and (iii) a demand for payment in the amount of such Losses (if then known) from the Indemnifying Party.

(b) Within twenty (20) days after delivery of an Indemnification Demand to the Indemnifying Party, the Indemnifying Party shall deliver to the Indemnified Party a written response (the "***Response***") in which the Indemnifying Party shall: (i) agree that the Indemnified Party is entitled to receive all of the Asserted Losses Amount; (ii) agree that the Indemnified Party is entitled to receive part, but not all, of the Asserted Losses Amount (such portion, the "***Agreed Portion***"); or (iii) dispute that the Indemnified Party is entitled to receive any of the Asserted Losses Amount.

(c) If the Indemnifying Party (i) disputes that the Indemnified Party is entitled to receive any of the Asserted Losses Amount, or (ii) agrees that the Indemnified Party is entitled to only the Agreed Portion of the Asserted Losses Amount, the Indemnified Party(ies) and Indemnifying Party(ies) shall attempt in good faith to resolve the matters asserted in the Indemnification Demand. If no such agreement can be reached after good faith negotiation within sixty (60) days after delivery of a Response, the matter shall be resolved in accordance with the provisions of **Section 6.6** hereof.

(d) For purposes of this **Section 5** in determining whether there has been any inaccuracy in or breach of any representation or warranty and the amount of any Losses that are the subject matter of a Claim, each representation and warranty shall be read without regard to and without giving effect to any materiality qualifications contained therein (including without limitation the terms "material", "Material Adverse Effect" or any similar terms).

5.7 **Defense of Third-Party Claims.**

(a) In the event of the assertion or commencement by any Person (that would not be an Indemnified Party hereunder) of any claim or Proceeding with respect to which any Indemnified Party may be entitled to indemnification pursuant to this **Section 5**, the Indemnified Party(ies) shall promptly give the Indemnifying Party(ies) written notice (a "***Claim Notice***") of such claim or Proceeding. If the contents and delivery of a Claim Notice satisfy the content and delivery requirements of an Indemnification Demand pursuant to **Section 5.6(a)**, then such Claim Notice shall also be deemed to be an Indemnification Demand. The Claim Notice shall be accompanied by reasonable supporting documentation submitted by the third party making such claim (to the extent then in the possession of the Indemnified Party(ies)) and shall describe in reasonable detail (to the extent then known by the Indemnified Party(ies)) the facts constituting the basis for such claim and the amount of the claimed Losses; provided, however, that no delay or failure on the part of the Indemnified Party(ies) in delivering a Claim Notice shall relieve the Indemnifying Party(ies) from any indemnification Liability hereunder, except to the extent such failure materially prejudices the defense of such claim or Proceeding or the rights of the Indemnifying Party(ies). The Indemnifying Party(ies) shall have the right, at its election, to proceed with the defense of such claim or Proceeding provided that the Indemnifying Party(ies) accepts Liability for the claim or Proceeding, such amount to be determined once such claim or Proceeding is finally determined. If the Indemnifying Party(ies) so proceeds in the defense of such claim or proceeding, subject to all the other provisions of **Section 5**, all reasonable expenses relating to the defense of such claim or Proceeding shall be borne and paid exclusively by the Indemnifying Party(ies). No party may settle, adjust or compromise such claim or Proceeding without the consent of the other parties to this Agreement, which consent shall not be unreasonably withheld.

(b) Within ten (10) days of delivery of the Claim Notice, the Indemnifying Party(ies) may elect (by written notice delivered to the Indemnified Party) to contest any claim or Proceeding involving third parties or to prosecute such claim or Proceeding to conclusion or settlement provided that the Indemnifying Party(ies) accepts Liability for the claim or Proceeding, such amount to be determined once such claim or Proceeding is finally determined. If the Indemnifying Party(ies) elects to proceed with the defense, any Indemnified Party(ies) will have the right to participate at its own expense in all proceedings. If the Indemnifying Party(ies) does not so elect within such period or fails to diligently contest such claim or Proceeding after such election, then the Indemnified Party(ies) shall be free to handle the prosecution or defense of any such claim or Proceeding at the expense of the Indemnifying Party, and may contest the claim or Proceeding involving third parties to prosecute such claim or Proceeding to conclusion or settlement, and will notify the Indemnifying Party(ies) of the progress of any such claim or Proceeding, will permit the Indemnifying Party(ies), at its sole cost, to participate in such prosecution or defense and will provide the Indemnifying Party(ies) with reasonable access to all relevant information and documentation relating to the claim or Proceeding and the prosecution or defense thereof.

(c) In any case, the party not in control of the claim or Proceeding will cooperate with the other party in the conduct of the prosecution or defense of such claim or Proceeding. In the event an Indemnified Party(ies) delivers a Claim Notice in connection with a claim for indemnification with respect to Third-Party Claims for which the procedures set forth in this **Section 5.7** have been followed, the Indemnified Party(ies) shall also comply with the procedures set forth in **Section 5.6** hereof, as applicable.

5.8 **Right of Set-Off; Payments.** In addition to all other rights and remedies that Buyer may have, Buyer shall have the right to satisfy any Losses arising from the indemnification obligations of Seller under this **Section 5** by setting-off and reducing the number of Earnout Shares (if any) payable to Seller pursuant to **Section 1.3** by an amount equal to such Losses, as calculated by multiplying the closing price of the Common Stock on the date following the first public disclosure of a Claim times the number of Earnout Shares to be issued. In the event that Earnout Shares are due to be issued to Seller prior to the resolution of any such indemnification claim, Buyer may at its option retain in trust such amount of the Earnout Shares as it reasonably believes may be necessary to offset any Losses arising from such duly submitted indemnification claim. The Buyer's rights to indemnification under this **Section 5** shall not be in any manner limited by or to the foregoing right of set-off. Other than with respect to the foregoing right of set-off, once a Loss is agreed to by the Indemnifying Party or finally adjudicated to be payable pursuant to this **Section 5**, the Indemnifying Party shall satisfy its obligations within five (5) Business Days of such final, non-appealable adjudication by wire transfer of immediately available funds.

5.9 **Tax Treatment of Indemnification Payments.** All indemnification payments made under this Agreement (including the right of set-off pursuant to **Section 5.8**) shall be treated by the parties as an adjustment to the Purchase Price for Tax purposes, unless otherwise required by Law.

5.10 **Effect of Investigation.** The representations, warranties and covenants of the Indemnifying Party, and the Indemnified Party's right to indemnification with respect thereto, shall not be affected or deemed waived by reason of any investigation made by or on behalf of the Indemnified Party (including by any of its representatives) or by reason of the fact that the Indemnified Party or any of its representatives knew or should have known that any such representation or warranty is, was or might be inaccurate or by reason of the Indemnified Party's waiver of any condition set forth in **Section 1.5(c)** or **Section 1.5(d)**, as the case may be.

6. **MISCELLANEOUS PROVISIONS.**

6.1 **Further Assurances.** Following the Closing, each of the parties hereto shall, and shall cause their respective affiliates to, execute and deliver such additional documents, instruments, conveyances and assurances and take such further actions as may be reasonably required to carry out the provisions hereof and give effect to the transactions contemplated by this Agreement and the Ancillary Documents.

6.2 **Fees and Expenses.** Except as otherwise provided in this Agreement, Seller and Buyer will bear their respective fees and expenses in connection with this Agreement and the transactions contemplated hereby, including, without limitation, the fees and expenses of its own financial consultants, accountants and legal counsel.

6.3 **Notices.** Any notice or other communication required or permitted to be delivered to any party under this Agreement shall be in writing and shall be deemed properly delivered, given and received when delivered (by hand, by certified mail, by courier or express delivery service or by facsimile or electronic transmission, provided that any notice delivered by electronic transmission shall also be sent by another means) to the address or facsimile number set forth beneath the name of such party below (or to such other address or facsimile number as such party shall have specified in a written notice given to the other parties hereto):

if to Seller, to:

Dr. Axely Congress
1350 E. Flamingo Rd. #274
Las Vegas, Nevada 89119
Email: [_____]

if to Buyer:

Safe and Green Development Corporation
100 Biscayne Boulevard, Suite 1201
Miami, FL 33132
Attention: David Villareal
Email: dvillareal@sgdevco.com

with a copy (which copy shall not constitute notice) to:

Blank Rome LLP
1271 Avenue of the Americas
New York, NY 10020
Attention: Leslie Marlow and Kathleen Cunningham
Email: leslie.marlow@blankrome.com; kathleen.cunningham@blankrome.com

6.4 **Headings.** The underlined headings contained in this Agreement are for convenience of reference only, shall not be deemed to be a part of this Agreement and shall not be referred to in connection with the construction or interpretation of this Agreement.

6.5 **Counterparts.** This Agreement may be executed in several counterparts and by facsimile or electronic transmission, each of which shall constitute an original and all of which, when taken together, shall constitute one agreement. Counterparts may be delivered via facsimile, electronic mail (including pdf) or other transmission method and any counterpart so delivered shall be deemed to have been duly and validly delivered and be valid and effective for all purposes.

6.6 **Governing Law; Venue.**

(a) This Agreement shall be construed in accordance with, and governed in all respects by, the laws of the State of Delaware (without giving effect to principles of conflicts of laws).

(b) Except as otherwise set forth herein, the parties irrevocably agree that any legal action or proceeding arising out of or in connection with this Agreement shall be brought in the state and federal courts of the State of Delaware (and all courts from which appeals may be taken from such courts), and each party agrees not to assert, by way of motion, as a defense, or otherwise, in any such action, suit or proceeding, any claim that such party is not subject personally to the jurisdiction of such court, that the action, suit or proceeding is brought in an inconvenient forum, that the venue of the action, suit or proceeding is improper or that this Agreement or the subject matter of this Agreement may not be enforced in or by such court, and agrees not to challenge such jurisdiction or venue by reason of any offsets or counterclaims in any such action, suit or proceeding.

(c) Each of the parties hereto acknowledges that, in the event of any breach of this Agreement, the non-breaching party would be immediately and irreparably harmed by such breach and could not be made whole by monetary damages. It is accordingly agreed that, with respect to any such breach, each party hereto (a) shall waive, in any action for equitable relief (including specific performance, injunctive relief and any other equitable remedy), the defense of adequate remedy at law, and (b) shall be entitled to equitable relief (including the compelling of specific performance of this Agreement, injunctive relief and any other equitable remedy) with no obligation to prove actual damages or post any bond in connection therewith.

(d) EACH PARTY HERETO ACKNOWLEDGES AND AGREES THAT ANY CONTROVERSY WHICH MAY ARISE UNDER THIS AGREEMENT IS LIKELY TO INVOLVE COMPLICATED AND DIFFICULT ISSUES, AND THEREFORE, IT HEREBY IRREVOCABLY AND UNCONDITIONALLY WAIVES ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY IN RESPECT OF ANY LITIGATION DIRECTLY OR INDIRECTLY ARISING OUT OF OR RELATING TO THIS AGREEMENT AND ANY OF THE ANCILLARY DOCUMENTS OR THE TRANSACTIONS CONTEMPLATED HEREBY OR THEREBY. EACH PARTY HERETO CERTIFIES AND ACKNOWLEDGES THAT (A) NO REPRESENTATIVE, AGENT OR ATTORNEY OF ANY OTHER PARTY HAS REPRESENTED, EXPRESSLY OR OTHERWISE, THAT SUCH OTHER PARTY WOULD NOT, IN THE EVENT OF LITIGATION, SEEK TO ENFORCE EITHER OF SUCH WAIVERS, (B) IT UNDERSTANDS AND HAS CONSIDERED THE IMPLICATIONS OF SUCH WAIVERS, (C) IT MAKES SUCH WAIVERS VOLUNTARILY, AND (D) IT HAS BEEN INDUCED TO ENTER INTO THIS AGREEMENT BY, AMONG OTHER THINGS, THE MUTUAL WAIVERS AND CERTIFICATIONS HEREIN.

6.7 **Successors and Assigns.** This Agreement shall be binding upon and shall inure to the benefit of the parties hereto and their respective successors and permitted assigns. Neither party may assign its rights or obligations hereunder without the prior written consent of the other party, which consent shall not be unreasonably withheld or delayed. No assignment shall relieve the assigning party of any of its obligations hereunder.

6.8 **Amendment and Modification; Waiver.** This Agreement may only be amended, modified or supplemented by an agreement in writing signed by each party hereto. No waiver by any party of any of the provisions hereof shall be effective unless explicitly set forth in writing and signed by the party so waiving. No waiver by any party shall operate or be construed as a waiver in respect of any failure, breach or default not expressly identified by such written waiver, whether of a similar or different character, and whether occurring before or after that waiver. No failure to exercise, or delay in exercising, any right, remedy, power or privilege arising from this Agreement shall operate or be construed as a waiver thereof; nor shall any single or partial exercise of any right, remedy, power or privilege hereunder preclude any other or further exercise thereof or the exercise of any other right, remedy, power or privilege.

6.9 **Severability.** Any term or provision of this Agreement that is invalid or unenforceable in any situation in any jurisdiction shall not affect the validity or enforceability of any remaining term or provision hereof or the validity or enforceability of the offending term or provision in any other situation or in any other jurisdiction. If the final judgment of a court of competent jurisdiction declares that any term or provision hereof is invalid or unenforceable, the parties hereto agree that the court making such determination shall have the power to limit the term or provision, to delete specific words or phrases, or to replace any invalid or unenforceable term or provision with a term or provision that is valid and enforceable and that comes closest to expressing the intention of the invalid or unenforceable term or provision, and this Agreement shall be enforceable as so modified. In the event such court does not exercise the power granted to it in the prior sentence, the parties hereto agree to replace such invalid or unenforceable term or provision with a valid and enforceable term or provision that will achieve, to the extent possible, the economic, business and other purposes of such invalid or unenforceable term.

6.10 **No Third-Party Beneficiaries.** Except as provided in **Section 6** hereof, this Agreement is for the sole benefit of the parties hereto and their respective successors and permitted assigns and nothing herein, express or implied, is intended to or shall confer upon any other Person or entity any legal or equitable right, benefit or remedy of any nature whatsoever under or by reason of this Agreement.

6.11 **Entire Agreement**. This Agreement, the Disclosure Schedules, and the other Ancillary Documents set forth the entire understanding of the parties relating to the subject matter hereof and supersede all prior agreements and understandings among or between any of the parties relating to the subject matter hereof.

6.12 **Construction.**

(a) For purposes of this Agreement, whenever the context requires: the singular number shall include the plural, and vice versa; the masculine gender shall include the feminine and neuter genders; the feminine gender shall include the masculine and neuter genders; and the neuter gender shall include the masculine and feminine genders.

(b) The parties hereto agree that any rule of construction to the effect that ambiguities are to be resolved against the drafting party shall not be applied in the construction or interpretation of this Agreement.

(c) As used in this Agreement, the words “include” and “including,” and variations thereof, shall not be deemed to be terms of limitation, but rather shall be deemed to be followed by the words “without limitation.”

(d) Except as otherwise indicated, all references in this Agreement to “Sections” and “Exhibits” are intended to refer to Sections of this Agreement and Exhibits to this Agreement.

6.13 **Termination.**

(a) This Agreement may be terminated and the transactions contemplated hereby may be abandoned at any time prior to the Closing:

(i) by the mutual written consent of Buyer and Seller;

(ii) by either Buyer or Seller if the Closing shall not have occurred within 30 days following the date hereof (subject to extension upon mutual agreement of Buyer and Seller);

(iii) by Buyer by written notice to Seller if a Material Adverse Effect has occurred or is continuing;

(iv) by Buyer by written notice to Seller, if any representation or warranty of Seller made in or pursuant to this Agreement is materially untrue or incorrect or could reasonably be expected to result in the failure to satisfy a condition set forth in **Section 1.5(c)**, or Seller breaches the covenants of this Agreement, provided that any such breach has not been waived by Buyer; or

(v) by Seller by written notice to Buyer, if any representation or warranty of Buyer made in or pursuant to this Agreement is materially untrue or incorrect or could reasonably be expected to result in the failure to satisfy a condition set forth in **Section 1.5(d)**, or if Buyer materially breaches the covenants of this Agreement, provided that any such breach has not been waived by Seller.

(b) In the event of a termination of this Agreement as provided in this **Section 6.13**, this Agreement will be of no further force or effect and there will be no liability on the part of any party with respect thereto, except that (i) the provisions of **Section 6** will survive any such termination, and (ii) nothing herein shall relieve any party from Liability for any willful breach of this Agreement occurring prior to such termination.

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

BUYER:

SAFE AND GREEN DEVELOPMENT CORPORATION

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

SELLER:

/s/ Axely Congress
Dr. Axely Congress

[Signature page to Asset Purchase Agreement]

Exhibit A

CERTAIN DEFINITIONS

For purposes of this Agreement (including this **Exhibit A**):

"***AI Inputs***" means any and all data, content, or materials of any nature (including text, numbers, images, photos, graphics, video, audio, or computer code) used to train, validate, test, improve, or deploy any AI Technology.

"***AI Technology***" means any and all machine learning, deep learning, and other artificial intelligence ("AI") technologies, including statistical learning algorithms, models (including large language models), neural networks, and other AI tools or methodologies, all software implementations of any of the foregoing, and related hardware or equipment.

"***Affiliate***" means any Person that, directly or indirectly, Controls, is Controlled by, or is under common Control with or of, such entity. The term "***Control***" (including, with correlative meaning, the terms "Controlled by" and "under common Control with"), as used with respect to any entity, means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of such entity, whether through the ownership of voting securities, by contract or otherwise.

"***Ancillary Documents***" shall mean this Agreement, its exhibits, the Disclosure Schedules and all other agreements to be entered into or delivered by the parties in connection with the consummation of the transactions contemplated by this Agreement.

"***Authorizations***" shall mean, as to any Person, all licenses, permits, franchises, orders, approvals, concessions, clearances, registrations, qualifications and other authorizations issued or granted to such Person under applicable foreign, federal, state and local laws or by any Governmental Authority.

"***Books and Records***" means, to the extent in existence and available to Seller, all books, documents, records and files of Seller with respect to the Acquired Assets, including, but not limited to, books of account, ledgers and general, financial and accounting records, machinery and equipment maintenance files, customer lists, customer purchasing histories, price lists, distribution lists, supplier lists, production data, quality control records and procedures, customer complaints and inquiry files, research and development files, records and data (including all correspondence with any Governmental Authority), sales material and records (including pricing history, total sales, terms and conditions of sale, sales and pricing policies and practices), strategic plans, internal financial statements, marketing and promotional surveys, material and research and files relating to the Seller Intellectual Property.

"***Code***" means the Internal Revenue Code of 1986, as amended.

"***Common Stock***" means shares of common stock of Buyer, par value $0.001 per share.

"***Competition***" means to directly or indirectly own any interest in, manage, operate, control, invest or acquire an interest in, participate in, consult with, render services for, operate or in any manner engage in any business or enterprise (including any division, group or franchise of a larger organization), whether as a proprietor, owner, member, partner, stockholder, director, officer, employee, consultant, joint venturer, investor, sales representative or other participant in a business in which the Acquired Asset would be competing at any time during the two (2) year period preceding the date of determination, or engages or proposes to engage as of the Closing Date, in the Territory. For the avoidance of doubt, rendering services (including as a consultant) to any third party that is considering or evaluating a commercial relationship with, or potential investment in, any a business or owner of a business which engages in competition with the Acquired Asset, will be deemed to be "***Competition***".

"***Consent***" means any third-party approval, consent, ratification, permission, waiver or authorization.

"***Contract***" means all contracts, leases, deeds, mortgages, licenses, instruments, notes, commitments, undertakings, indentures, joint ventures and all other agreements, commitments and legally binding arrangements, whether written or oral.

"***COTS Software***" shall mean commercially available non-custom software or hosted-service or software-as-a-service platforms, that are made available in executable form on standard, non-negotiated terms involving annual payments from Seller for less than $5,000 in the aggregate.

"***Disclosure Schedules***" means the schedules (dated as of the date of this Agreement) delivered to Buyer on behalf of Seller, a copy of which are attached to this Agreement and incorporated in this Agreement by reference.

"***Employee Benefit Plan***" means any "employee benefit plan" as defined in Section 3(3) of ERISA, any "voluntary employees' beneficiary association" within the meaning of Section 501I(9) of the Code, "welfare benefit fund" within the meaning of Section 419 of the Code, or "qualified asset account" within the meaning of Section 419A of the Code, and any other material plan, program, policy or arrangement for or regarding bonuses, commissions, incentive compensation, severance, vacation, deferred compensation, pensions, profit sharing, retirement, payroll savings, stock options, stock purchases, stock awards, stock ownership, phantom stock, stock appreciation rights, equity compensation, medical/dental expense payment or reimbursement, disability income or protection, sick pay, group insurance, self-insurance, death benefits, employee welfare or fringe benefits of any nature, including those benefiting retirees or former employees with respect to which Seller or any ERISA Affiliate could reasonably be expected to have any Liability on behalf of any employees of Seller.

"***Encumbrance***" shall mean any lien, pledge, hypothecation, charge, mortgage, security interest, encumbrance, claim, preference, right of possession, lease, tenancy, license, encroachment, covenant, infringement, interference, proxy, option, right of first refusal, preemptive right, community property interest, impediment, reservation, limitation, impairment, imperfection of title, condition or restriction of any nature (including any restriction on the voting of any security, any restriction on the transfer of any security or other asset, any restriction on the receipt of any income derived from any asset, any restriction on the use of any asset and any restriction on the possession, exercise or transfer of any other attribute of ownership of any asset).

"***Entity***" shall mean any corporation (including any non-profit corporation), general partnership, limited partnership, limited liability partnership, joint venture, estate, trust, cooperative, foundation, society, political party, union, company (including any limited liability company or joint stock company), firm or other enterprise, association, organization or entity.

"***ERISA***" means the Employee Retirement Income Security Act of 1974, as amended, and all rulings and regulations promulgated thereunder.

"***ERISA Affiliate***" means any entity, trade or business (whether or not incorporated) that is part of the same controlled group with, common control with, part of an affiliated service group with, or part of another arrangement that includes, Seller within the meaning of Code Section 414(b), (c), (m) or (o).

"***GAAP***" means United States generally accepted accounting principles in effect from time to time.

"***Generative AI Tools***" means AI Technology capable of generating various types of content (including text, images, video, audio, or computer code) based on user-supplied prompts.

"***Governmental Authority***" means any (a) nation, state, county, city, town, borough, village, district or other jurisdiction; (b) federal, state, local, municipal, foreign or other government; (c) governmental or quasi-governmental authority of any nature (including any agency, branch, department, board, commission, court, tribunal, securities exchange or other entity exercising governmental or quasi-governmental powers); (d) multinational organization or body; (e) body exercising, or entitled or purporting to exercise, any administrative, executive, judicial, legislative, police, regulatory or Taxing Authority or power; or (f) official of any of the foregoing.

"***Indebtedness***" means, with respect to the Seller, (a) all obligations for borrowed money, including the principal, accreted value, accrued and unpaid interest, unpaid fees or expenses and other monetary obligations or other interest-bearing indebtedness, whether current or funded, secured or unsecured, (b) all obligations evidenced by a note, bond or debenture, (c) all obligations for deferred purchase price of any property or services, (d) all obligations created or arising under any conditional sale or other title retention agreement with respect to property acquired, including any "earnout" or similar payments or any non-compete payments, (e) all obligations secured by an Encumbrance to secure all or part of the purchase price of property subject to such Encumbrance, (f) all obligations under leases which will have been or should be, in accordance with GAAP, recorded as capital leases, (g) all obligations in respect of bankers' acceptances, letters of credit or similar credit transactions, (h) all obligations secured by Encumbrances on property acquired, whether or not such obligations were assumed at the time of acquisition of such property, (i) the face value of any surety bonds, performance bonds or security deposits, (j) all obligations of Seller in respect of the portion of any employee bonuses or incentive compensation payments related to pre-Closing periods (including any of Seller's portion of any employment Taxes relating thereto), (k) any transaction expenses of Seller, (m) breakage or similar costs for interest rate hedges or early termination of any of the obligations of a type reflected above, (n) any Liabilities with related parties of Seller or his Affiliates, and (o) all obligations of a type referred to above which are directly or indirectly guaranteed by Seller, any of the Acquired Assets or which Seller has agreed (contingently or otherwise) to purchase or otherwise acquire or in respect of which it has otherwise assured a credit against loss. For purposes of this Agreement, Indebtedness includes the aggregate amount of any accrued interest, accreted value, breakage costs, prepayment premiums or penalties related thereto, unpaid fees or other costs or expenses associated with the prepayment or termination of any Indebtedness.

"***Intellectual Property***" means any of the following, as they exist anywhere in the world, whether registered or unregistered: (a) all patents, inventions and patent applications and all reissues, divisions, divisionals, provisionals, continuations and continuations-in-part, renewals, extensions, reexaminations, utility models, certificates of invention and design patents, registrations and applications thereof, and all documents and filings claiming priority to or serving as a basis for priority thereof, and all industrial designs and industrial models (b) all trademarks, service marks, trade names, service names, brand names, trade dress rights, logos, corporate names, trade styles and other source or business identifiers, together with the goodwill associated with any of the foregoing, along with all applications, registrations, renewals and extensions thereof, (c) all copyrights, source code, works of authorship, copyrightable works, copyright registrations and applications therefor, and all other rights corresponding thereto, (d) all Software (e) confidential information, proprietary information and rights, ideas, formulas, designs, devices, technology, know-how, research and development, inventions, methods, data, databases, processes, compositions and other trade secrets (whether or not patentable or subject to copyright or trade secret protection), (f) all Internet domain names, social media handle or page names, (g) any other intellectual property rights or intangible rights of any kind, nature or description, (h) all rights to sue and recover and retain damages, costs and attorneys' fees for past, present and future infringement and any other rights relating to any of the foregoing and (i) any copies of tangible embodiments thereof (in whatever form or medium).

"***Knowledge of Buyer***" shall mean the actual knowledge of the following individuals after due inquiry: Nicolai Brune and David Villarreal.

"***Knowledge of Seller***" shall mean the actual knowledge of Seller.

"***Law***" shall mean any applicable federal, state, local, municipal, law, statute, legislation, constitution, principle of common law, resolution, ordinance, code, edict, decree, proclamation, rule, regulation, ruling, directive, pronouncement, requirement, specification, determination, decision, opinion or interpretation issued, enacted, adopted, passed, approved, promulgated, made, implemented or otherwise put into effect by or under the authority of any Governmental Authority.

"***Liability***" means any liability, debt, direct or indirect Indebtedness, duty, commitment or obligation of any nature whatsoever, asserted or unasserted, known or unknown, fixed or inchoate, liquidated or unliquidated, secured or unsecured, accrued or unaccrued, mature or unmatured absolute, contingent or otherwise.

"**Losses**" means damages, Liabilities, losses, claims, payments, fines, fees, penalties, charges, Taxes, judgments, settlements, deficiencies, assessments and costs and expenses (including reasonable attorneys', accountants' and other experts' fees and reasonable out-of-pocket disbursements).

"***Order***" shall mean any order, judgment, injunction, edict, decree, ruling, pronouncement, determination, decision, opinion, verdict, sentence, subpoena, writ, fine, citation or award or any other judgment of any kind whatsoever that is, has been issued, made, entered, rendered or otherwise put into effect by or under the authority of any court, administrative agency or other Governmental Authority or any arbitrator or arbitration panel.

"***Person***" shall mean any individual, Entity or Governmental Authority.

"***Personal Property***" means all of the machinery, equipment, tools, vehicles, furniture, leasehold improvements, office equipment, plant, spare parts, supplies and other tangible personal property, which are owned, used or leased by Seller related to the Acquired Assets.

"***Proceeding***" shall mean any claim, action, cause of action, suit, equitable action, litigation, arbitration, proceeding (including any civil, criminal, administrative, investigative or appellate proceeding and any informal proceeding), prosecution, trademark opposition, cancellation action, contest, bid-protest, hearing, administrative hearing, inquiry, inquest, audit, examination or investigation or any other judicial or administrative proceeding of any kind or nature whatsoever commenced, brought, conducted or heard by or before, any Governmental Authority or any arbitrator or arbitration panel.

"***Publicly Available Software***" means each of (i) any Software that contains, or is derived in any manner (in whole or in part) from, any software that is distributed as free software, open source software, or similar licensing and distribution models, and (ii) any Software that requires as a condition of use, modification, and/or distribution of such software that such Software or other Software incorporated into, derived from, or distributed with such Software (a) be disclosed or distributed in source code form, (b) be licensed for the purpose of making derivative works, or (c) be redistributed at no or minimal charge.

"***Qualified Users***" means new, unique users registered on the Platform and remaining registered on the Platform for at least three months.

"***Seller AI Products***" means all products and services that are currently offered, licensed, sold, distributed, hosted, or otherwise made commercially available, or are under development, by or on behalf of the Seller that incorporate or employ any AI Technology.

"***Software***" means computer software programs and software systems, including all databases, algorithms, compilations, tool sets, templates, compilers, higher level or "proprietary" languages, related documentation and materials, whether in source code, object code or human readable form.

"***Specified Representations***" shall mean the representations and warranties set forth in **Sections 2.1** (Due Organization), **2.2** (Authority), **2.3** (Title to Assets), **2.6** (Brokers), **2.13** (Tax Matters), **3.1** (Organization), **3.2** (Authority) and **3.4** (Brokers) of this Agreement.

"***Subsidiary***" means, with respect to any Person, any corporation, limited liability company, partnership, association or business entity of which (i) if a corporation, a majority of the total voting power of shares of stock entitled (without regard to the occurrence of any contingency) to vote in the election of directors, managers or trustees thereof is at the time owned or controlled, directly or indirectly, by that Person or one or more of the other Subsidiaries of that Person or a combination thereof, or (ii) if a limited liability company, partnership, association or other business entity (other than a corporation), a majority of partnership or other similar ownership interest thereof is at the time owned or controlled, directly or indirectly, by any Person or one or more Subsidiaries of that Person or a combination thereof. For purposes hereof, a Person or Persons shall be deemed to have a majority ownership interest in a limited liability company, partnership, association or other business entity (other than a corporation) if such Person or Persons shall be allocated a majority of limited liability company, partnership, association or other business entity gains or losses or shall be or control any managing director or member or general partner of such limited liability company, partnership, association or other business entity. For purposes hereof, references to a "Subsidiary" of any Person shall be given effect only at such times that such Person has one or more Subsidiaries.

"***Tax***", "***Taxes***" or "***Taxable***" means (a) all federal, state, local or foreign taxes, charges, fees, imposts, levies or other assessments, including all income, net income, gross receipts, capital, sales, use, ad valorem, value added, alternative or add-on minimum, gross margin, transfer, franchise, escheat, unclaimed property (regardless of whether or not escheat or unclaimed property is considered a tax under applicable Law), registration, profits, inventory, capital stock, license, withholding, payroll, employment, social security, unemployment, disability, excise, severance, stamp, occupation, premium, windfall profits, environmental, property and estimated taxes, customs duties, fees, assessments and charges of any kind whatsoever, (b) all interest, penalties, fines, additions to tax or additional amounts imposed by any Taxing Authority in connection with any item described in clause (a), and (c) any transferee liability in respect of any items described in clauses (a) or (b) payable by reason of Contract, assumption, transferee liability, operation of law, treasury regulation section 1.1502-6(a) (or any predecessor or successor thereof of any analogous or similar provision under Law) or otherwise.

"***Tax Returns***" means all returns and reports, amended returns, information returns, statements, declarations, estimates, schedules, notices, notifications, forms, elections, certificates or other documents required to be filed or submitted to any Taxing Authority with respect to the determination, assessment, collection or payment of any Tax or in connection with the administration, implementation or enforcement of, or compliance with, any Tax.

"***Taxing Authority***" means any domestic, foreign, federal, national, state, county or municipal or other local government, any subdivision, agency, commission or authority thereof, or any quasi-governmental body exercising tax regulatory authority.

"***Territory***" means the United States or any geographic region in which the Buyer and its subsidiaries conduct business.

TEXAS REALTORS

COMMERCIAL CONTRACT AMENDMENT

AMENDMENT TO COMMERCIAL CONTRACT BETWEEN THE UNDERSIGNED BUYER AND SELLER CONCERNING THE PROPERTY AT

1900	**American Dr**	**Lago Vista**	**78645**

Effective 07/18/2024, Seller and Buyer amend the contract as follows: *(Check all applicable boxes.)*

□ A. Sales Price: The sales price in Paragraph 3 of the contract is changed to:

Cash portion payable by Buyer at closing	$ _____
Sum of all financing described in the contract	$ _____
Sales price (sum of cash portion and sum of all financing)	$ _____

□ B. Property Description: The Property's legal description in Paragraph 2A of the contract is changed to the legal description described on the attached Exhibit _____ or as follows:

□ C. Repairs: Buyer accepts the Property in its present condition except that Seller, at Seller's expense, will complete the following before closing:

□ D. Extension of Feasibility Period: Prior to the expiration of the feasibility period, Buyer may extend the feasibility period until 11:59 p.m. on _____ (*date*) by delivering $_____ to the title company as additional earnest money.

(1) $_____ of the additional earnest money will be retained by Seller as additional independent consideration for Buyer's unrestricted right to terminate, but will be credited to the sales price only upon closing of the sale. If Buyer terminates under this Paragraph D, the additional earnest money will be refunded to Buyer and Seller will retain the additional independent consideration.

(2) Buyer authorizes escrow agent to release and deliver to Seller the following at any time upon Seller's request without further notice to or consent from Buyer:

(a) The additional independent consideration.

(b) *(Check no boxes or only one box.)*

□ all or □ $_____ of the remaining portion of the additional earnest money, which will be refunded to Buyer if Buyer terminates under this Paragraph 7B or if Seller defaults under the contract.

If no dollar amount is stated in this Paragraph D as additional earnest money or as additional independent consideration, or if Buyer fails to timely deliver the additional earnest money, the extension of the feasibility period will not be effective.

□ E. Extension of Financing Deadline: The deadline for Buyer to give notice of inability to obtain the:

□ (1) Third party loan(s) described in Subparagraph A(2) of the Commercial Contract Financing Addendum is extended until _____ (*date*).

□ (2) Assumption approval described in Subparagraph B(6) of the Commercial Contract Financing Addendum is extended until _____ (*date*).

□ (3) Buyer has paid Seller additional consideration of $_____ for the extension financing deadline. This additional consideration □ will □ will not be credited to the sales price upon the closing of the sale.

☒ F. Closing: The closing date in Paragraph 10A of the contract is changed to **8/12/2024** .

□ G. Expenses: At closing Seller will pay the first $_____ of Buyer's expenses under Paragraph 13 of the contract.

□ H. Waiver of Right to Terminate: Upon final acceptance of this Amendment, Buyer waives the right to terminate under Paragraph 7B of the contract.

□ I. Counterparts: If this amendment is executed in a number of identical counterparts, each counterpart is an original and all counterparts, collectively, constitute one agreement.

☒ J. Other Modifications:

Heritage Title (the Title Company) is authorized to release to the Seller all Earnest Money Funds held and described in Paragraph 5A ($10,000.00) and 5B ($30,000.00)

Seller: **LV Peninsula Holding, LLC**

By: _____

By (signature): /s/ Nicolai A. Brune
Printed Name: **Nicolai Brune**
Title: **CFO**

By: _____

By (signature): _____
Printed Name: _____
Title: _____

Buyer: **Lithe Development Inc**

By: _____

By (signature): /s/ Stephanie Goldin
Printed Name: **Stephanie Goldin**
Title: **President**

By: _____

By (signature): _____
Printed Name: _____
Title: _____

TEXAS REALTORS

COMMERCIAL CONTRACT AMENDMENT

AMENDMENT TO COMMERCIAL CONTRACT BETWEEN THE UNDERSIGNED BUYER AND SELLER CONCERNING THE PROPERTY AT

1900	**American Dr**	**Lago Vista**	**78645**

Effective **7/25/2024**, Seller and Buyer amend the contract as follows: (*Check all applicable boxes*.)

☒ A. Sales Price: The sales price in Paragraph 3 of the contract is changed to:

Cash portion payable by Buyer at closing	$	**5,840,000.00**
Sum of all financing described in the contract	$	
Sales price (sum of cash portion and sum of all financing)	$	**5,840,000.00**

□ B. Property Description: The Property's legal description in Paragraph 2A of the contract is changed to the legal description described on the attached Exhibit _____ or as follows:

□ C. Repairs: Buyer accepts the Property in its present condition except that Seller, at Seller's expense, will complete the following before closing:

□ D. Extension of Feasibility Period: Prior to the expiration of the feasibility period, Buyer may extend the feasibility period until 11:59 p.m. on _____ (*date*) by delivering $_____ to the title company as additional earnest money.

(1) $_____ of the additional earnest money will be retained by Seller as additional independent consideration for Buyer's unrestricted right to terminate, but will be credited to the sales price only upon closing of the sale. If Buyer terminates under this Paragraph D, the additional earnest money will be refunded to Buyer and Seller will retain the additional independent consideration.

(2) Buyer authorizes escrow agent to release and deliver to Seller the following at any time upon Seller's request without further notice to or consent from Buyer:

(a) The additional independent consideration.

(b) *(Check no boxes or only one box.)*

□ all or □ $_____ of the remaining portion of the additional earnest money, which will be refunded to Buyer if Buyer terminates under this Paragraph 7B or if Seller defaults under the contract.

If no dollar amount is stated in this Paragraph D as additional earnest money or as additional independent consideration, or if Buyer fails to timely deliver the additional earnest money, the extension of the feasibility period will not be effective.

□ E. Extension of Financing Deadline: The deadline for Buyer to give notice of inability to obtain the:

□ (1) Third party loan(s) described in Subparagraph A(2) of the Commercial Contract Financing Addendum is extended until _____ (*date*).

□ (2) Assumption approval described in Subparagraph B(6) of the Commercial Contract Financing Addendum is extended until _____ (*date*).

□ (3) Buyer has paid Seller additional consideration of $_____ for the extension financing deadline. This additional consideration □ will □ will not be credited to the sales price upon the closing of the sale.

□ F. Closing: The closing date in Paragraph 10A of the contract is changed to _____ .

□ G. Expenses: At closing Seller will pay the first $_____ of Buyer's expenses under Paragraph 13 of the contract.

□ H. Waiver of Right to Terminate: Upon final acceptance of this Amendment, Buyer waives the right to terminate under Paragraph 7B of the contract.

□ I. Counterparts: If this amendment is executed in a number of identical counterparts, each counterpart is an original and all counterparts, collectively, constitute one agreement.

☒ J. Other Modifications:

The transaction will be funded in cash only without third party financing.

Seller:	**LV Peninsula Holding, LLC**	**Buyer:**	**Lithe Development Inc**
By:		By:	
By (signature):	**/s/ Nicolai Brune**	By (signature):	**/s/ Stephanie Goldin**
Printed Name:	**Nicolai Brune**	Printed Name:	**Stephanie Goldin**
Title:	**CFO**	Title:	**President**
By:		By:	
By (signature):		By (signature):	
Printed Name:		Printed Name:	
Title:		Title:	

TEXAS REALTORS

COMMERCIAL CONTRACT AMENDMENT

AMENDMENT TO COMMERCIAL CONTRACT BETWEEN THE UNDERSIGNED BUYER AND SELLER CONCERNING THE PROPERTY AT

1900 American Dr, Lago Vista, TX 78645-7801

Effective **August 8, 2024**, Seller and Buyer amend the contract as follows: (*Check all applicable boxes.*)

☒ A. Sales Price: The sales price in Paragraph 3 of the contract is changed to:

Cash portion payable by Buyer at closing	$	**5,860,000.00**
Sum of all financing described in the contract	$	
Sales price (sum of cash portion and sum of all financing)	$	**5,860,000.00**

□ B. Property Description: The Property's legal description in Paragraph 2A of the contract is changed to the legal description described on the attached Exhibit _____ or as follows:

□ C. Repairs: Buyer accepts the Property in its present condition except that Seller, at Seller's expense, will complete the following before closing:

□ D. Extension of Feasibility Period: Prior to the expiration of the feasibility period, Buyer may extend the feasibility period until 11:59 p.m. on _____ (*date*) by delivering $_____ to the title company as additional earnest money.

(1) $_____ of the additional earnest money will be retained by Seller as additional independent consideration for Buyer's unrestricted right to terminate, but will be credited to the sales price only upon closing of the sale. If Buyer terminates under this Paragraph D, the additional earnest money will be refunded to Buyer and Seller will retain the additional independent consideration.

(2) Buyer authorizes escrow agent to release and deliver to Seller the following at any time upon Seller's request without further notice to or consent from Buyer:

(a) The additional independent consideration.

(b) *(Check no boxes or only one box.)*

□ all or □ $_____ of the remaining portion of the additional earnest money, which will be refunded to Buyer if Buyer terminates under this Paragraph 7B or if Seller defaults under the contract.

If no dollar amount is stated in this Paragraph D as additional earnest money or as additional independent consideration, or if Buyer fails to timely deliver the additional earnest money, the extension of the feasibility period will not be effective.

□ E. Extension of Financing Deadline: The deadline for Buyer to give notice of inability to obtain the:

□ (1) Third party loan(s) described in Subparagraph A(2) of the Commercial Contract Financing Addendum is extended until _____ (*date*).

□ (2) Assumption approval described in Subparagraph B(6) of the Commercial Contract Financing Addendum is extended until _____ (*date*).

□ (3) Buyer has paid Seller additional consideration of $_____ for the extension financing deadline. This additional consideration □ will □ will not be credited to the sales price upon the closing of the sale.

☒ F. Closing: The closing date in Paragraph 10A of the contract is changed to **August 20, 2024** .

□ G. Expenses: At closing Seller will pay the first $_____ of Buyer's expenses under Paragraph 13 of the contract.

□ H. Waiver of Right to Terminate: Upon final acceptance of this Amendment, Buyer waives the right to terminate under Paragraph 7B of the contract.

□ I. Counterparts: If this amendment is executed in a number of identical counterparts, each counterpart is an original and all counterparts, collectively, constitute one agreement.

□ J. Other Modifications:

Seller: **LV Peninsula Holding, LLC**

By: _____

By (signature): /s/ Nicolai A. Brune
Printed Name: **Nicolai Brune**
Title: **CFO**

By: _____

By (signature): _____
Printed Name: _____
Title: _____

Buyer: **Lithe Development Inc**

By: _____

By (signature): /s/ Stephanie Goldin
Printed Name: **Stephanie Goldin**
Title: **President**

By: _____

By (signature): _____
Printed Name: _____
Title: _____

DOUGLAS ELLIMAN REAL ESTATE, 98 SAN JACINTO BOULEVARD, SUITE 401 Austin TX 78701 Phone: **5128974600** Fax: **Lago Vista**
Courtney Hohl Produced with one Wolf Transactions (zipForm Edition) 717 N Harwood St, Suite 2200, Dallas, TX 75201 www.lwolf.com

Exhibit 31.1

CERTIFICATION OF CHIEF EXECUTIVE OFFICER PURSUANT TO RULE 13A-14(A) AND 15D-14(A) OF THE SECURITIES EXCHANGE ACT OF 1934, AS ADOPTED PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, David Villarreal, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Safe and Green Development Corporation.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 14, 2024

/s/ David Villarreal
David Villarreal
Chairman, Chief Executive Officer
(Principal Executive Officer)

Exhibit 31.2

CERTIFICATION OF CHIEF FINANCIAL OFFICER PURSUANT TO RULE 13A-14(A) AND 15D-14(A) OF THE SECURITIES EXCHANGE ACT OF 1934, AS ADOPTED PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Nicolai Brune, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Safe and Green Development Corporation.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 14, 2024

/s/ Nicolai Brune

Nicolai Brune
Chief Financial Officer
(Principal Financial Officer)

Exhibit 32.1

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

In connection with the quarterly report of Safe and Green Development Corporation (the "Company") on Form 10-Q for the quarter ended June 30, 2024 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, David Villarreal, the Chief Executive Officer of the Company, do hereby certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, to the best of my knowledge and belief that:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and

2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company for the periods presented.

August 14, 2024

/s/ David Villarreal

Name: David Villarreal
Title: Chairman and Chief Executive Officer
(Principal Executive Officer)

This certification accompanies each Report pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 and shall not, except to the extent required by the Sarbanes-Oxley Act of 2002, be deemed filed by the Company for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), or otherwise subject to the liability of that section, nor shall it be deemed incorporated by reference into any filing under the Securities Act of 1933, as amended, or the Exchange Act.

A signed original of this written statement required by Section 906 of the Sarbanes-Oxley Act of 2002 has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.

Exhibit 32.2

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

In connection with the quarterly report of Safe and Green Development Corporation (the "Company") on Form 10-Q for the quarter ended June 30, 2024 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Nicolai Brune, the Chief Financial Officer of the Company, do hereby certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, to the best of my knowledge and belief that:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and

2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company for the periods presented.

August 14, 2024

/s/ Nicolai Brune

Name: Nicolai Brune
Title: Chief Financial Officer
(Principal Financial Officer)

This certification accompanies each Report pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 and shall not, except to the extent required by the Sarbanes-Oxley Act of 2002, be deemed filed by the Company for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), or otherwise subject to the liability of that section, nor shall it be deemed incorporated by reference into any filing under the Securities Act of 1933, as amended, or the Exchange Act.

A signed original of this written statement required by Section 906 of the Sarbanes-Oxley Act of 2002 has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.