

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

FORM 8-K

CURRENT REPORT

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

Date of Report (Date of earliest event reported): **August 1, 2024**

SAFE & GREEN HOLDINGS CORP.
(Exact Name of Registrant as Specified in its Charter)

Delaware

(State or Other Jurisdiction
of Incorporation)

001-38037

(Commission File Number)

95-4463937

(I.R.S. Employer
Identification Number)

**990 Biscayne Blvd.
#501, Office 12
Miami, FL 33132**

(Address of Principal Executive Offices, Zip Code)

(Former name or former address, if changed since last report.)

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

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

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

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 \$0.01	SGBX	The Nasdaq Stock Market LLC

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

Emerging growth company

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

Item 1.01 Entry into a Material Definitive Agreement.

On August 1, 2024 (the "Effective Date"), Safe & Green Holdings Corp. (the "Company"), SG Echo LLC ("SG Echo"), a wholly owned subsidiary of the Company, and SG Environmental Solutions Corp. ("SG Environmental"), a wholly owned subsidiary of the Company, entered into a settlement agreement (the "Settlement") with Farnam Street Financial, Inc. ("Farnam") to resolve pending litigation between Farnam and the Company (the "Litigation"). The Litigation is currently pending before the United States District Court for the District of Minnesota (Case No. 23-CV-3212) and is based on alleged breaches by the Company of that certain lease agreement between Farnam and the Company, entered into on or around October 13, 2021 (the "Lease"), and the related Lease Schedule No. 001 entered into in connection with the Lease ("Schedule 1").

Simultaneously with the execution of the Settlement, (i) the Company, SG Environmental and Farnam entered into an assignment and assumption agreement (the "Assignment"), pursuant to which SG Environmental was substituted for the Company as the lessee under the Lease, and (ii) SG Environmental and Farnam executed a new Lease Schedule No. 001R ("Schedule 1R"), which replaced Schedule 1 in its entirety. The salient terms of the Lease and Schedule 1R are as follows: (i) SG Environmental will be the signatory under the "Lessee" under the Lease; (ii) the initial term (the "Initial Term") of Schedule 1R is 18 months; (iii) the "Commencement Date" of Schedule 1R is August 1, 2024; (iv) the original cost of the equipment subject to Schedule 1R is \$1,556,163.00; (v) so long as there has been no "Default" under the Lease and Schedule 1R, SG Environmental shall have the option to purchase the equipment at the end of the Initial Term for thirty-five percent (35%) of the original cost of the equipment, or \$544,657.05, plus applicable taxes; (vi) the "Monthly Lease Charge" under Schedule 1R is \$65,880.95, plus applicable taxes; and (vii) SG Environmental shall provide a new security deposit under Schedule 1R in the amount of \$167,056.00 ("New Deposit"), which shall be paid on or before August 1, 2024.

Simultaneously with the execution of the Settlement, the Company and SG Echo executed a guaranty (the "Guaranty"), whereby each of the Company and SG Echo jointly and severally guarantee SG Environmental's full and prompt payment and performance under the Lease and Schedule 1R.

Per the Settlement, Farnam shall retain as income all prior payments from the Company (or any Company affiliate) under the Lease, Schedule 1, or any other agreement with the Company or its affiliates, including all monthly lease charges, interim rent, taxes, interest, fees, late charges, and any security deposits, including the Schedule 1 deposit. Additionally, Farnam and the Company shall prepare and file a stipulation dismissing the Litigation within five (5) business days of the Effective Date.

Under the terms of the Settlement, Farnam and the Company each agree to waive and release any and all claims against the other, except with respect to each party's performance under the Settlement and each party's future obligations under the Lease, Schedule 1R and Guaranty agreements. Simultaneously with the execution of the Settlement, the Company, SG Echo, and SG Environmental have executed a confession of judgment (the "Confession").

The foregoing descriptions of the Settlement, Schedule 1R, the Assignment, the Guaranty, and the Confession are qualified in their entirety by reference to the full text of the Settlement, Schedule 1R, the Assignment, the Guaranty and the Confession, copies of which are attached hereto as Exhibits 10.1, 10.2, 10.3, 10.4 and 10.5, respectively, and are incorporated herein in their entirety by reference.

Item 2.03 Creation of a Direct Financial Obligation or an Obligation under an Off-Balance Sheet Arrangement of a Registrant.

The information provided in Item 1.01 of this Current Report on Form 8-K is incorporated herein by reference.

Item 9.01 Financial Statements and Exhibits

Exhibit Number	Description
10.1	Settlement Agreement, dated as of August 1, 2024, by and among Farnam Street Financial, Inc., Safe & Green Holdings Corp., SG Echo LLC, and SG Environmental Solutions Corp.
10.2	Lease Schedule No. 001R, dated as of August 1, 2024, by and between Farnam Street Financial, Inc., Safe & Green Holdings Corp., and SG Environmental Solutions Corp.
10.3	Assignment and Assumption, dated as of August 1, 2024, by and between Farnam Street Financial, Inc., Safe & Green Holdings Corp. and SG Environmental Solutions Corp.
10.4	Unconditional Continuing Guaranty, dated as of August 1, 2024, by Safe & Green Holdings Corp. and SG Echo, LLC in favor of Farnam Street Financial, Inc.
10.5	Confession of Judgment in favor of Farnam Street Financial, Inc., by Safe & Green Holdings Corp., SG Echo LLC, and SG Environmental Solutions Corp.
104	Cover Page Interactive Data File (embedded within the inline XBRL document)

1

SIGNATURES

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

SAFE & GREEN HOLDINGS CORP.

Dated: August 7, 2024

By: /s/ Patricia Kaelin
Name: Patricia Kaelin
Title: Chief Financial Officer

2

SETTLEMENT AGREEMENT

This Settlement Agreement (“Agreement”) is entered into this 22nd day of July, 2024 (“Effective Date”), by and among Farnam Street Financial, Inc. (“Farnam Street”), Safe & Green Holdings Corp. (“S&G”), SG Echo, LLC (“SG Echo”), and SG Environmental Solutions Corp. (“SG Environmental”).

RECITALS

WHEREAS, in October 2021 S&G, formerly known as SG Blocks, Inc., and Farnam Street entered into that certain Lease Agreement identified by number SG101321 (the “Lease Agreement”);

WHEREAS, in connection with the Lease Agreement, S&G and Farnam Street entered into Lease Schedule 001 (“Schedule 1”);

WHEREAS, S&G accepted and installed \$1,556,163.00 worth of equipment pursuant to the Lease Agreement and Schedule 1;

WHEREAS, the equipment accepted and installed by S&G is identified on the Certificates of Acceptance executed by S&G, and more particularly described on **Exhibit A** hereto (the “Equipment”);

WHEREAS, SG Echo, a wholly-owned subsidiary of S&G, was in possession of and using the Equipment;

WHEREAS, SG Environmental, another wholly-owned subsidiary of S&G and affiliate of SG Echo, will take possession of and use the Equipment moving forward;

WHEREAS, pursuant to the Lease Agreement and Schedule 1, S&G provided a deposit to Farnam Street in the amount of \$167,056.00 (“Schedule 1 Deposit”);

WHEREAS, Farnam Street commenced litigation against S&G based on alleged breaches of the Lease Agreement and Schedule 1, which is currently pending before the United States District Court for the District of Minnesota (Case No. 23-CV-3212) (the “Litigation”);

WHEREAS, S&G denies the relief requested by Farnam Street in the Litigation; and

WHEREAS, to avoid the expense and inconvenience of further litigation, Farnam Street, and S&G, along with SG Echo and SG Environmental (collectively referred to as the “Parties” or “Party” in the singular) desire to settle their disputes and claims arising out of the leasing transaction, including the claims asserted in the Litigation, in accordance with the terms and conditions as set forth below.

NOW THEREFORE, in consideration of the above Recitals and the mutual promises contained in this Agreement, and for other good and valuable consideration, the receipt and sufficiency of which the Parties each hereby acknowledge, it is agreed as follows:

AGREEMENT

1. Recitals. The recitals set forth above are incorporated herein.

2. Assignment and Assumption of Lease Agreement. Simultaneously with the execution of this Agreement, S&G and SG Environmental shall execute an Assignment and Assumption agreement in the form attached hereto as **Exhibit B**, (the “Assignment”), thereby substituting SG Environmental for S&G as the Lessee under the Lease.

3. New Lease Schedule 001R. Simultaneously with the execution of this Agreement, SG Environmental and Farnam Street shall execute a new Lease Schedule 001R (“Schedule 1R”) in the form attached hereto as **Exhibit C**, thereby replacing Schedule 1 in its entirety. The salient terms of the Lease Agreement and Schedule 1R will be as follows:

- i. SG Environmental will be the signatory and “Lessee” under the Lease;
- ii. The “Initial Term” of Schedule 1R is 18 months.

2

iii. The “Commencement Date” of Schedule 1R is August 1, 2024.

iv. The original cost of the Equipment subject to Schedule 1R is \$1,556,163.00 (“OEC”).

v. So long as there has been no “Default” under the Lease Agreement and Schedule 1R, SG Environmental shall have an option to purchase the Equipment at the end of the Initial Term for thirty-five percent (35%) of the OEC, or \$544,657.05, plus applicable taxes.

vi. The “Monthly Lease Charge” under Schedule 1R is \$65,880.95, plus applicable taxes.

vii. SG Environmental shall provide a new security deposit under Schedule 1R in the amount of \$1,67,056.00 (“New Deposit”), which shall be paid on or before the August 1, 2024, Commencement Date of Schedule 1R.

To the extent of a conflict between the terms of this Section 3 and the terms of the Lease Agreement and Schedule 1R, the terms of the Lease Agreement and Schedule 1R shall control.

4. Guaranty of Lease. Simultaneously with the execution of this Agreement, S&G and SG Echo shall execute the attached Guaranty in the form attached hereto as **Exhibit D**, each of S&G and SG Echo thereby jointly and severally guaranteeing SG Environmental’s full and prompt payment and performance under the Lease Agreement and Schedule 1R.

5. Retention of Prior Lease Payments. Farnam Street shall retain as income all prior payments made by S&G (or any affiliate of S&G) under the Lease Agreement,

Schedule 1, or any other agreement with Farnam Street, including, without limitation, all monthly lease charges, interim rent, taxes, interest, fees, late charges, and any security deposits, including the Schedule 1 Deposit. For the avoidance of doubt, S&G, SG Echo, and SG Environmental (or any affiliate of such parties) shall not have any right to a return or recovery of any lease payments, security deposits, or any other amounts received by Farnam Street prior to the Effective Date.

6. Dismissal of Litigation. Within five (5) business days after the Effective Date, Farnam Street and S&G shall prepare and file a stipulation dismissing the Litigation with prejudice. Each Party shall bear its own fees and costs.

3

7. Mutual Waiver and Release of Claims. Except with respect to each Party's performance, obligations, and representations under this Agreement and the Parties' future obligations under the Lease Agreement, Schedule 1R and Guaranty agreements (and any related documents executed in connection therewith), each Party and their respective officers, directors, shareholders, employees, affiliates, parents, subsidiaries, successors, assigns, attorneys, and agents, hereby forever waives, releases, acquits, and discharges any and all claims, demands, causes of action, obligations, controversies, debts, damages, losses, suits, proceedings, contracts, judgments, damages, defenses, accounts, and liabilities of any kind or nature whatsoever (collectively, "Claims"), whether or not previously asserted, known or unknown, present or future, against the other Party or any of its officers, directors, shareholders, employees, affiliates, predecessors, subsidiaries, successors, assigns, consultants and agents, whether based in contract, tort, strict liability, statute, equity, or otherwise and that arise from the beginning of time through the Effective Date of this Agreement, including, without limitation, all claims asserted in the Litigation.

8. Confession of Judgment. Simultaneously with the execution of this Agreement, S&G, SG Echo, and SG Environmental shall fully execute and deliver to Farnam Street a confession of judgment in the form attached hereto as **Exhibit E** ("Confession"). S&G, SG Echo, and SG Environmental each confirm that the "Judgment Amount" of \$2,000,000.00 as stated in the Confession is justly due to Farnam Street.

9. Binding Effect. This Agreement shall bind and inure to the benefit of the Parties and their respective representatives, receivers, trustees, successors, parent companies, subsidiaries and affiliates, predecessors, officers, directors, employees, agents, and assigns.

10. Modifications. This Agreement contains the entire understanding of the Parties with respect to the specific matters addressed and supersedes all prior understandings, discussions, and negotiations. Any change, amendment, or alteration to this Agreement must be in writing and signed by all Parties to be effective. Each Party warrants that it is not relying on any other representations, written or oral, in entering into this Agreement.

4

11. Full Understanding; Legal Counsel. Each Party to this Agreement acknowledges, represents, and agrees that it has read this Agreement and that it fully understands and voluntarily accepts this Agreement for final resolution and settlement of the Litigation as set forth in this Agreement. Each Party to this Agreement further acknowledges, represents, and agrees that it has had the opportunity to consult with its own legal counsel prior to execution of this Agreement.

12. Construction. This Agreement is a product of negotiations among the Parties and has been jointly drafted and approved by each Party. For these reasons, no provision of this Agreement shall be interpreted or construed against a Party for the reason that said Party proffered or drafted the language at issue.

13. Authority to Sign. Each person executing this Agreement expressly represents and warrants that he or she is fully authorized to enter into this Agreement on behalf of his or her respective Party for the purpose of binding that Party to the terms and conditions of this Agreement, and binding that Party's respective subsidiaries and affiliates, predecessors and successors, officers, directors, employees, and assigns.

14. Headings. Section headings in this Agreement are included only for the convenience of reference and shall not affect the interpretation of any provision of this Agreement nor any of the rights or obligations of the Parties.

15. Severability. If any covenant, condition, term, or provision of this Agreement is deemed illegal, or if the application of any covenant, condition, term, or provision of this Agreement to any person or in any circumstance shall to any extent be judicially determined to be invalid or unenforceable, the remainder of this Agreement, or the application of such covenant, condition, term, or provision to persons or in circumstances other than those to which it is held to be invalid or unenforceable, shall not be affected, and each covenant, condition, term and provision of this Agreement shall be valid and enforceable to the fullest extent permitted by law.

16. Attorneys' Fees and Costs. The Parties shall bear their own attorneys' fees incurred in connection with the negotiation and implementation of this Agreement. Notwithstanding the foregoing, in any action brought by either Party to enforce the terms of this Agreement, the prevailing party shall be entitled to recover its reasonable attorneys' fees and costs incurred therein.

17. Governing Law; Venue. This Agreement shall be construed and interpreted according to the laws of the State of Minnesota. Venue for any dispute arising out of this Agreement shall be in the federal or state courts located in Hennepin County, Minnesota.

18. Counterparts. This Agreement may be executed by electronic signature (e.g., .pdf) and in counterparts, each of which shall be deemed an original, and said counterparts shall constitute one and the same instrument.

(signature page follows)

5

By signing below, the Parties enter into this Agreement as of the Effective Date.

SAFE & GREEN HOLDINGS CORP.,
a Delaware corporation

By /s/ Caleb Zobrist

Title Legal officer

Date 7/31/2024

FARNAM STREET FINANCIAL,
INC., a Minnesota corporation

By /s/ Steve Morgan

Title President

Date 8-1-2024

**SG ECHO, LLC, a Delaware limited
liability company**

By /s/ Caleb Zobrist
Title Legal officer
Date 7/31/2024

**SG ENVIRONMENTAL SOLUTIONS
CORP., a Delaware corporation**

By /s/ Caleb Zobrist
Title Legal officer
Date 7/31/2024

LEASE SCHEDULE NO. 001R
"This Lease Schedule No. 001R replaces Lease Schedule No. 001."

This Lease Schedule is issued pursuant to the Lease Agreement Number SG101321 dated October 13, 2021. The terms of the Lease Agreement and serial numbers contained on Certificate of Acceptance Numbers SG101321-001- 001 thru SG101321-001-006 are a part hereof and are incorporated by reference herein.

LESSOR
Farnam Street Financial, Inc.
5850 Opus Parkway, Suite 240
Minnetonka, MN 55343

LESSEE
SG Environmental Solutions Corp.
990 Biscayne Boulevard
Miami, FL 33132

SUPPLIER OF EQUIPMENT
Various

LOCATION OF EQUIPMENT
2917 Big Lots Parkway
Durant, OK 74701

Initial Term of Lease from Commencement Date: 18 Months
Monthly Lease Charge: \$65,880.95
Delivery and Installation: June 2022 – July 2024
Commencement Date: August 1, 2024

Security Deposit: Due on or before August 1, 2024, Lessee shall deliver a security deposit in the amount of \$167,056.00. Provided that there has been no event of default and Lessee has returned all of the Equipment under this Lease Schedule per the terms of the Lease Agreement, this security deposit will be returned to Lessee.

EQUIPMENT

MANUFACTURER QTY MACHINE/MODEL EQUIPMENT DESCRIPTION (including features)

See Attachment A

The total Equipment cost on this Lease Schedule is \$1,556,163.00. Interim rent billed prior to the Commencement date shall not reduce or offset Lessee's post-Commencement Monthly Lease Charge obligations hereunder.

Every Term is Agreed to and Accepted:
FARNAM STREET FINANCIAL, INC.
"LESSOR"

Every Term is Agreed to and Accepted:
SG ENVIRONMENTAL SOLUTIONS CORP.
"LESSEE"

By: /s/ Steve Morgan
Print Name: Steve Morgan
Title: President
Date: Aug 1, 2024

By: /s/ Paul M Galvin
Print Name: Paul M Galvin
Title: CEO
Date: Aug 1, 2024

Lease Agreement Number: SG101321

Lease Schedule Number: 001R

ATTACHMENT A

Table with 4 columns: MANUFACTURER, QTY, MACHINE/MODEL, EQUIPMENT DESCRIPTION (incl. features). It lists multiple units of Sanitec Industries HG-A-250S microwave medical waste disinfection units and their associated components like freight, tariffs, and charging systems.

SANITEC INDUSTRIES	1	In-Feed Hopper
SANITEC INDUSTRIES	1	Extraction Filter System
SANITEC INDUSTRIES	1	Shredding Assembly, Reversible
SANITEC INDUSTRIES	1	Transfer Hopper
SANITEC INDUSTRIES	1	Microwave Section
SANITEC INDUSTRIES	1	Microwave Generator (6)
SANITEC INDUSTRIES	1	Temperature Holding Section (THS)
SANITEC INDUSTRIES	1	Treaded Waste Discharge Screw (THS Screw)
SANITEC INDUSTRIES	1	Built-In Generator, Steam Generator
SANITEC INDUSTRIES	1	Hydraulic System
SANITEC INDUSTRIES	1	Enclosure Ventilation Fan & Automatic Louvers
SANITEC INDUSTRIES	1	Microwave Survery
SANITEC INDUSTRIES	1	Water Pump
SANITEC INDUSTRIES	1	Additional Components Supplied
PROSERV CRANE & EQUIPMENT, INC.	4	5 Ton "SET" Single Girder Electric Top Running Bridge Cranes X 60'=0" Spans
PROSERV CRANE & EQUIPMENT, INC.	1	175 Ft. of Four-Conductor Runway Electrification Complete with all Necessary Hardware for Installation
PROSERV CRANE & EQUIPMENT, INC.	1	350 Linear Ft. of 30# ASCE Rail Complete with Hook Bolts and Splice Bars
PROSERV CRANE & EQUIPMENT, INC.	1	Freight
PROSERV CRANE & EQUIPMENT, INC.	1	Start Up & Load Test

Lease Agreement Number: SG101321

Page: 2 of 2

Lease Schedule Number: 001R

Agreed to and Accepted:

Agreed to and Accepted:

FARNAM STREET FINANCIAL, INC.

SG ENVIRONMENTAL SOLUTIONS CORP.

“LESSOR”

“LESSEE”

By: /s/ Steve Morgan
 Print Name: Steve Morgan
 Title: President
 Date: Aug 1, 2024

By: /s/ Paul M Galvin
 Print Name: Paul M Galvin
 Title: CEO
 Date: Aug 1, 2024

Rider Number: 003

Lease Agreement Number: SG101321

Lease Schedule Number: 001

Lessee Name: SG ENVIRONMENTAL SOLUTIONS CORP.

Lease Agreement Dated: OCTOBER 13, 2021

PURCHASE OPTION

If (i) an Event of Default has not occurred, and (ii) Lessor has received all of the Lease Charges currently due under Lease Schedule No. 001 (including all late fees whether billed or unbilled), Lessee shall have the option to purchase the Equipment in its physical possession and on this Lease Schedule on the last day of the initial term, in whole and not in part, for thirty-five percent (35%) of the original Equipment cost (plus applicable taxes). If the conditions above have been met, Lessee can exercise this option by providing written notification of its election to exercise not less than one hundred twenty (120) days prior to the last date of the initial term of this Lease Schedule. If a sale is not consummated, the notice provided to exercise this option shall be accepted as a notice to terminate and return all the Equipment, and Lessee will return all the Equipment on this Lease Schedule in accordance with the Lease Agreement. If Lessee does not return all the Equipment, the Lease Schedule will continue in accordance with the Lease Agreement.

Lessee will receive title to the Equipment free and clear of all known liens only after Lessee has performed all its obligations associated with the Lease Agreement and Lessor has been paid all sums due or becoming due under both this purchase option and the Lease Agreement, including, whether billed or not, all lease charges, taxes, and late fees. Lessor shall retain as income all monies received in association with the Lease Schedule including all rent, taxes, and other monthly lease charges, excluding the security deposit, and Lessee hereby waives any right to offset these monies against the costs associated with the exercise of this purchase option. Any sales or use tax due and not paid on these monies shall be added to the purchase price above.

Every Term is Agreed to and Accepted:

Every Term is Agreed to and Accepted:

FARNAM STREET FINANCIAL, INC.
 “LESSOR”

SG ENVIRONMENTAL SOLUTIONS CORP.
 “LESSEE”

By: /s/ Steve Morgan
 Print Name: Steve Morgan
 Title: President

By: /s/ Paul M Galvin
 Print Name: Paul M Galvin
 Title: CEO

Date: Aug 1, 2024

Date: Aug 1, 2024

Assignment and Assumption

This **Assignment and Assumption with Lessor's Consent** ("Agreement") dated the August 1, 2024 ("Effective Date") is by and between **FARNAM STREET FINANCIAL, INC.** ("Lessor"), with an office located at 5850 Opus Parkway, Suite 240, Minnetonka, MN 55343, **SAFE & GREEN HOLDINGS CORP. F/K/A SG BLOCKS, INC.** ("Lessee") with an office located at 990 Biscayne Boulevard, Miami, FLA 33132 and **SG ENVIRONMENTAL SOLUTIONS CORP.** ("New Lessee") with an office located at 990 Biscayne Boulevard, Miami, FLA 33132. (Lessor, Lessee and New Lessee are collectively referred to herein as the "Parties").

WITNESSETH:

WHEREAS, Lessor and Lessee entered into Lease Agreement Number SG101321 dated October 13, 2021 (the "Lease Agreement");

WHEREAS, on October 26, 2021, Lessor and Lessee executed the following lease documents: (i) a Monthly Lease Charge Adjustment Rider; and (ii) a Right of First Refusal;

WHEREAS, on October 26, 2021, Lessor and Lessee entered into Lease Schedule No. 001 to the Lease Agreement ("Schedule 001") with a total committed Equipment cost of \$2,000,000.00, a projected commencement date of February 1, 2022, a security deposit of \$167,056.00, and an initial term following commencement of twenty-four (24) months; Lessee accepted and installed \$1,556,163.00 of Equipment, less than the committed Equipment cost; as a result, Schedule 001 was not commenced. (The Lease Agreement, the Schedule 001, and all related documents are sometimes hereafter collectively referred to in this Agreement as the "Lease");

WHEREAS, in December 2022, SG Blocks, Inc. changed its name to Safe & Green Holdings Corp;

WHEREAS, New Lessee is a wholly owned subsidiary of Lessee, and is in possession of, and using the Equipment installed under the Lease;

WHEREAS, in 2024 Lessor began breach of contract proceedings against Lessee in United States District Court for the District of Minnesota. The parties agreed on settlement terms pursuant to a settlement agreement (the "Settlement Agreement") for the purpose of, among other things, foregoing further costs in the litigation proceedings; and

WHEREAS, under the terms of the Settlement Agreement, Lessor and Lessee agree that (i) Lessee will assign the Lease to New Lessee and New Lessee agrees to assume the Lease pursuant to this Agreement, and (ii) immediately upon assignment of the Lease pursuant to this Agreement, New Lessee and Lessor will execute a new Lease Schedule No. 001R in the form attached to the Settlement Agreement ("Schedule 001R"), thereby replacing Schedule 001.

NOW, THEREFORE, in consideration of the foregoing recitals and mutual covenants contained herein, and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the Parties hereto agree as follows:

Assignment & Assumption. As of the Effective Date, Lessee hereby assigns, conveys, and transfers all rights and interests in the Lease to the New Lessee. The New Lessee hereby desires to and does accept Lessee's assignment and assumes the Lease and all the associated debts, liabilities, obligations, and duties. New Lessee now and forever agrees to be unconditionally bound by all the terms, conditions, covenants, duties, and obligations contained in the Lease. Further, the New Lessee now and forever unconditionally agrees that the terms, conditions, covenants, duties, and obligations contained in the Lease are valid and legally enforceable against the New Lessee. Lessor does not waive any rights which it may have been entitled to exercise prior to this Agreement. Further, Lessee agrees that Lessor shall retain as income all monies received from Lessee under the Lease including all security deposits.

Waiver & Estoppel. New Lessee agrees and acknowledges that the Lease is a true lease under Article 2A of the Uniform Commercial Code, adopted in Minnesota by Minn. Stat. Sec. 336.2A, et. seq., and that the Lessor is now and continues to be the owner of the equipment subject to the Lease (the "Equipment"). New Lessee agrees to waive the right to assert, and acknowledges that it is hereby estopped from asserting, that the Lease that is the subject of this Agreement is a secured financing. New Lessee agrees to be bound by all Certificates of Acceptance as if it had executed the Certificates of Acceptance and further acknowledges that it is accepting the Equipment on an "as-is" "where-is" basis, thereby waiving any and all claims that the condition of the Equipment renders New Lessee's obligations under this Agreement unenforceable.

Release. The Lessee and New Lessee hereby release, acquit, and forever discharge Lessor and each and every past and present subsidiary, affiliate, stockholder, officer, director, agent, servant, employee, representative, and attorney of the Lessor from any and all claims, causes of action, suits, debts, liens, obligations, liabilities, demands, losses, costs and expenses (including attorneys' fees) of any kind, character, or nature whatsoever, known or unknown, fixed or contingent, which either of them may have or claim to have now or which may hereafter arise out of or be connected with any act of commission or omission of Lessor existing or occurring prior to the date of this Agreement or any instrument executed prior to the date of this Agreement including, without limitation, any claims, liabilities or obligations arising with respect to the Lease. The provisions of this Section shall survive payment and performance of all obligations and shall be binding upon the Lessee and New Lessee and shall inure to the benefit of Lessor and its successors and assigns.

Incorporation by Reference. Lessor, Lessee and New Lessee agree that the terms and conditions of the Lease are incorporated herein by reference.

Lessor's Consent. Based on the terms and conditions contained in this Agreement, the Lessor hereby consents to the above assignment from Lessee to New Lessee as of the Effective Date, provided that: (i) that Lessee is not in default under the Lease; (ii) that all sums due, including taxes and rental payments, have been paid; (iii) that such consent is not interpreted as consent to any further assignments; (iv) that such consent shall not be construed as a waiver or release of any right, debt, liability, or obligation which may accrue or has accrued under the Lease; and

(v) that both the Lessee and New Lessee have executed this document. Lessor's consent shall not be valid until an executed original has been received by the Lessor.

Lease Agreement Unmodified. This Assignment and Assumption does not alter the terms and conditions of the Lease except as expressly provided herein.

Execution; Counterparts. Lessor, Lessee and New Lessee have executed and delivered this Agreement or caused this Agreement to be executed and delivered by its duly authorized officer. This Agreement may be executed in any number of counterparts, each of which will be considered an original, and all such counterparts shall constitute one and the same instrument. This Agreement may be executed and delivered via facsimile or transmitted electronically in either "Tagged Image Format Files" ("TIFF") or "Portable Document Format" ("PDF"). Upon such delivery, each Party's facsimile, TIFF or PDF signature (as applicable) will have the same force and effect as an original signature.

LESSOR:

AGREED TO AND ACCEPTED BY:

FARNAM STREET FINANCIAL, INC.

Authorized
Signature: /s/ Steve Morgan
Print Name: Steve Morgan
Title: President

LESSEE:

AGREED TO AND ACCEPTED BY:

SAFE & GREEN HOLDINGS CORP. F/K/A SG BLOCKS, INC.

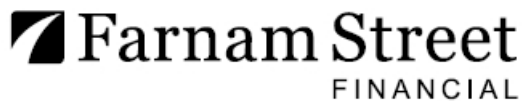
Authorized
Signature: /s/ Paul M Galvin
Print Name: Paul M Galvin
Title: CEO

NEW LESSEE:

AGREED TO AND ACCEPTED BY:

SG ENVIRONMENTAL SOLUTIONS CORP.

Authorized
Signature: /s/ Paul M Galvin
Print Name: Paul M Galvin
Title: CEO



This Unconditional Continuing Guaranty (the “Guaranty”), is made and entered into as of August 1, 2024, by Safe & Green Holdings Corp. and SG Echo, LLC (the “Guarantors”) both with principal offices at 990 Biscayne Boulevard, Miami, Florida 33132 in favor of Farnam Street Financial, Inc., with an office at 5850 Opus Parkway, Suite 240, Minnetonka, MN 55343 (the “Lessor”). In consideration of Lessor and SG Environmental Solutions Corp., with an office at 990 Biscayne Boulevard, Miami, Florida 33132 (the “Lessee”) becoming parties to Lease Agreement Number SG101321, the Guarantors (and all successors) agrees as follows:

1. Definitions. As used in this Guaranty: “Obligation(s)” means all rents, monies, debts, liabilities, agreements and other obligations of the Lessee to the Lessor, whether direct or indirect, absolute or contingent, due or to become due, secured or unsecured, now existing or hereafter arising or acquired under the Lease, the Lease Schedules entered into pursuant and subject to the Lease and any other agreement or writing evidencing, securing or otherwise executed in connection with the Lease or any above referenced Obligation.

2. Guaranty of Payment and Performance. The Guarantors hereby guarantee to the Lessor the full and punctual payment when due (whether at maturity, by acceleration or otherwise) at the place specified therefor or, if no place of payment is specified, at the office designated by the Lessor, and the performance, of each Obligation of the Lessee to the Lessor. This Guaranty is an absolute, unconditional and continuing guaranty of the full and punctual payment and performance of the Obligations and not of their collectability only and is in no way conditioned upon any requirement that the Lessor first attempt to collect any of the Obligations from the Lessee or resort to any security or other means of obtaining their payment. Should the Lessee default in the payment or performance of any of the Obligations, the obligations of the Guarantors hereunder shall become immediately due and payable to the Lessor, without demand or notice of any nature, all of which are expressly waived by the Guarantors. Payments by the Guarantors hereunder may be required by the Lessor on any number of occasions.

3. Guarantor’s Agreement to Pay. The Guarantors further agree, as the principal obligors and not as a guarantors only, to pay to the Lessor, on demand, in funds immediately available to the Lessor: (a) the amount of each Obligation which has not been paid when due at the place of payment specified therefor, or if no place of payment is specified, at the office designated by the Lessor; and (b) all costs and expenses (including court costs and legal expenses) incurred or expended by the Lessor in connection with the Obligations, this Guaranty and the enforcement thereof, together with interest on amounts recoverable under this Guaranty from the time such amounts become due until payment, at the rate equal to one and one-half percent (1½%) per month; provided that if such interest exceeds the maximum amount permitted to be paid under applicable law, then such interest shall be reduced to such maximum permitted amount. This Guaranty shall remain in full force and effect until all the Obligations are paid in full. This Guaranty shall continue to be effective or be reinstated, if at any time any payment made or value received with respect to an Obligation is rescinded or must otherwise be returned by the Lessor upon the insolvency, bankruptcy or reorganization of the Lessee, or otherwise, all as though such payment had not been made or value received. Guarantors expressly waive the right to revoke or terminate this Guaranty. The liability of the Guarantors hereunder shall be unlimited and be continuing until all of the Obligations are paid in full.

Lease Guaranty

Page 1

4. Waivers by Guarantor. The Guarantors agree that the Obligations will be paid and performed strictly in accordance with their respective terms regardless of any law, regulation or order now or hereafter in effect in any jurisdiction affecting any of the rights of the Lessor with respect thereto. The Guarantors waive presentment, demand, protest, notice of acceptance, notice of Obligations incurred and all other notices of any kind, all defenses which may be available by virtue of any valuation, stay, moratorium law or other similar law now or hereafter in effect, any right to require the marshaling of assets of the Lessee, and all defenses available to a surety, guarantor or accommodation co-obligor. Without limiting the generality of the foregoing, the Guarantors agree to the provisions of the Lease and agrees that the obligations of the Guarantors hereunder shall not be released or discharged, in whole or in part, or otherwise affected by (i) the failure of the Lessor to assert any claim or demand or to enforce any right or remedy against the Lessee; (ii) any extensions or renewals of any Obligation; (iii) any rescissions, waivers, amendments or modifications of any of the terms or provisions of the Lease; (iv) the substitution or release of any entity primarily or secondarily liable for any Obligation; (v) the adequacy of any rights the Lessor may have against any collateral or other means of obtaining repayment of the Obligations; (vi) the impairment of any collateral securing the Obligations, including without limitation the failure to perfect or preserve any rights the Lessor might have in such collateral or the substitution, exchange, surrender, release, loss or destruction of any such collateral; or (vii) any other act or omission which might in any manner or to any extent vary the risk of the Guarantors or otherwise operate as a release or discharge of the Guarantors, all of which may be done without notice to the Guarantors. No amendment or waiver of any provision of this Guaranty nor consent to any departure by the Guarantors therefrom shall be effective unless put in writing and signed by the Lessor. No failure on the part of the Lessor to exercise, and no delay in exercising, any right hereunder shall operate as a waiver thereof; nor shall any single or partial exercise of any right hereunder preclude any other or further exercise thereof or the exercise of any other right.

5. Unenforceability of Obligations Against Lessee. If for any reason the Lessee has no legal existence or is under no legal obligation to discharge any of the Obligations, this Guaranty shall nevertheless be binding on the Guarantors to the same extent as if the Guarantors at all times had been the principal obligor on all such Obligations. In the event that acceleration of the time for payment of the Obligations is stayed upon the insolvency, bankruptcy or reorganization of the Lessee, or for any other reason, all such amounts otherwise subject to acceleration under the terms of the Lease shall be immediately due and payable by the Guarantors.

6. Further Assurances/Financial Condition of Lessee. The Guarantors agree that they will, from time to time at the request of Lessor, provide to the Lessor their most recent balance sheets and related statements of income and changes in financial condition and such other information relating to the business and affairs of the Guarantors as the Lessor may reasonably request. The Guarantors assume the responsibility for being and keeping themselves informed of the financial condition of Lessee and of all other circumstances bearing upon the risk of liability hereunder. Lessor shall have no duty to advise Guarantors of information known to it regarding the Lessee or its financial condition. The Guarantors also agree to do all such things and execute all such documents, including financing statements, as the Lessor may consider necessary or desirable to give full effect to this Guaranty and to perfect and preserve the rights and powers of the Lessor hereunder.

7. Attorneys’ Fees and other Costs. Guarantors, in addition to all other sums which Guarantors may be called upon to pay to the Lessor pursuant to this Guaranty, shall pay to or Lessor, on demand, all costs, expenses and fees paid or payable related to or arising under this Guaranty or the Lease, including, but not limited to, attorneys’ fees and out-of-pocket costs, including travel and related expenses incurred by Lessor or its attorneys. The term “attorneys’ fees” means the full cost of legal services relating to any action, suit, counterclaim, post-judgment motions, bankruptcy litigation, appeal, arbitration or mediation related to or arising under this Guaranty or the Lease.

8. Subordination/Subrogation. Until the payment and performance in full of all Obligations, the Guarantors shall not exercise any rights against the Lessee arising as a result of payment by the Guarantors hereunder, by way of subrogation, contribution, indemnity, reimbursement or otherwise. The Guarantors agree that after the occurrence of any default in the payment or performance of the Obligations, the Guarantors will not demand, sue for or otherwise attempt to collect any such indebtedness of the Lessee to the Guarantors until the Obligations shall have been paid in full.

Lease Guaranty

Page 2

UNITED STATES DISTRICT COURT
DISTRICT OF MINNESOTA

Farnam Street Financial, Inc., a Minnesota corporation,

Case No. _____

Plaintiff,

vs.

**VERIFIED CONFESSION OF
JUDGMENT**

Safe & Green Holdings Corp., a Delaware corporation, SG Environmental Solutions Corp., a Delaware corporation, and SG Echo, LLC, a Delaware limited liability company,

Defendants.

CONFESSION OF JUDGMENT

In accordance with that certain Settlement Agreement dated July 22, 2024 (the "Agreement"), entered into by and among Farnam Street Financial, Inc. ("Farnam Street"), Safe & Green Holdings Corp. ("S&G"), SG Echo, LLC ("SG Echo"), and SG Environmental Solutions Corp. ("SG Environmental, together with S&G and SG Echo, the "Debtors"), the Debtors hereby execute this verified statement and Confession of Judgment pursuant to Minn. Stat. § 548.22 and all other applicable statutes or regulations, and hereby confesses judgment and authorizes the court administrator or clerk of court for the United States District Court, District of Minnesota to enter judgment in favor of Farnam Street and against S&G, SG Echo, and SG Environmental jointly and severally, in the amount of Two Million Dollars (\$2,000,000.00), ("Judgment Amount"). All payments made by the Debtors after the date of the Agreement will reduce the Judgment Amount. Capitalized terms not otherwise defined herein shall have the meanings ascribed to them in the Agreement.

STATEMENT OF FACTS OUT OF WHICH DEBT AROSE

1. Farnam Street, as lessor, and S&G (formerly known as SG Blocks, Inc.), as lessee, are parties to an equipment lease agreement, identified as Lease Agreement Number SG101321 (the "Lease Agreement") and Lease Schedule No. 001 ("Schedule 1").

2. Farnam Street commenced a civil action against S&G in the United States District Court of Minnesota (Case No. 23-CV-3212), (the "Litigation") based on allegations that S&G breached the Lease Agreement and Schedule 1 by failing to make payments when due. S&G denies the allegations.

3. SG Echo and SG Environmental are using the equipment leased by Farnam Street to S&G.

4. To resolve the claims of Farnam Street against the Debtors, including those asserted in the Litigation, S&G, SG Echo, SG Environmental, and Farnam Street (the "Parties") entered into the Agreement.

5. The Agreement provides, among other things, that: (i) SG Environmental is required to become the lessee under the Lease, (ii) SG Environmental and Farnam Street enter into a new Lease Schedule 001R ("Schedule 1R") with a lease commencement date of August 1, 2024 ("Commencement Date"); (iii) S&G and SG Echo will guaranty all obligations of SG Environmental under the Lease Agreement and Schedule 1R (the "Lease"); (iv) SG Environmental will pay a security deposit under Schedule 1R in the amount of \$167,056.00 ("Deposit") on or before August 1, 2024; and (v) SG Environmental will make monthly lease payments in the amount of \$65,880.95, plus applicable taxes, when due under the Lease Agreement and Schedule 1R. Failure to pay the Deposit or any monthly lease payment when due under the Lease constitutes a default under the Agreement ("Default").

6. In the event of any Default under the Agreement, Farnam Street to proceed to enter judgment against the Debtors pursuant to this Confession.

JUDGMENT AMOUNT

7. The Judgment Amount is justly due to Farnam Street from S&G, SG Echo, and SG Environmental under the terms of the Lease. Upon occurrence of a Default under the Agreement, S&G, SG Echo, and SG Environmental each agree that the Judgment Amount may be conclusively established by an affidavit of Farnam Street or its attorney, setting forth: (a) the portion of the Judgment Amount then owing to Farnam Street on this Confession; (b) that the portion of the Judgment Amount is justly due; and (c) that a Default has occurred under the Agreement.

8. If a Default occurs under the terms of the Agreement, S&G, SG Echo, and SG Environmental hereby authorize any attorney designated by Farnam Street to appear in person or by affidavit on behalf of Farnam Street in the United States District Court of Minnesota ("Court") to confess judgment against S&G, SG Echo, and SG Environmental, jointly and severally, and in favor of Farnam Street for the Judgment Amount, as reduced by any payments made after execution of the Agreement.

9. S&G, SG Echo, and SG Environmental hereby specifically and voluntarily waives any right to notice, hearing, or opportunity to protest which may be required by court rule or statute prior to Farnam Street obtaining entry of judgment pursuant to this Confession; acknowledges that it has read this Confession; and acknowledges that, in reading and signing this Confession, it has been assisted by legal counsel and understands and agrees to each and every provision hereof.

10. S&G, SG Echo, and SG Environmental acknowledge that (i) the Court may exercise personal jurisdiction over it under the terms of the lease documents and this Confession; (ii) venue in the judicial district of the Court is also proper under the terms of the lease documents and this Confession; and (iii) subject matter jurisdiction exists in the Court under 28 U.S.C. § 1332(a) as S&G, SG Echo, and SG Environmental are not citizens of Minnesota and Farnam Street is a citizen of Minnesota.

11. This Confession of Judgment is given pursuant to Minn. Stat. § 548.22.

12. If any provision herein is held to be invalid or unenforceable by a court of competent jurisdiction, the other provisions of this Confession shall remain in full force and effect.

13. Farnam Street's failure to enforce this Confession shall not constitute a waiver of its right to do so at any subsequent time.

(verifications and signatures on subsequent pages)

VERIFICATION

I, [NAME], [TITLE] of SG Echo, LLC, being first duly sworn upon oath, do depose and state that I have read the foregoing Verified Confession of Judgment and that the same is true of my own knowledge and that I executed the foregoing Verified Confession of Judgment on behalf of SG Echo, LLC and acknowledge such instrument to be the free act and deed of said limited liability company.

SG Echo, LLC

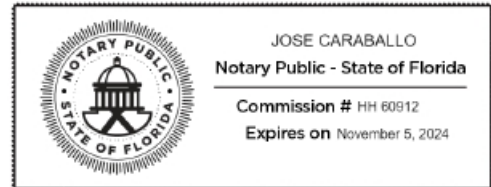
By: /s/ Paul M Galvin
Name: Paul Galvin
Its Chief Executive Officer

NOTARY:

State of Florida

County of Miami-Dade

This foregoing instrument was acknowledged before me by means of online notarization, this 08/01/2024 by Paul Galvin as CEO of SG. Echo, LLC



/s/ Jose Caraballo
Jose Caraballo
Online Notary

Personally Known OR Produced Identification

Type of Identification Produced DRIVER LICENSE

Notarized remotely online using communication technology via Proof.

VERIFICATION

I, [NAME], [TITLE] of Safe & Green Holding Corp., being first duly sworn upon oath, do depose and state that I have read the foregoing Verified Confession of Judgment and that the same is true of my own knowledge and that I executed the foregoing Verified Confession of Judgment on behalf of Safe & Green Holding Corp. and acknowledge such instrument to be the free act and deed of said corporation.

Safe & Green Holding Corp.

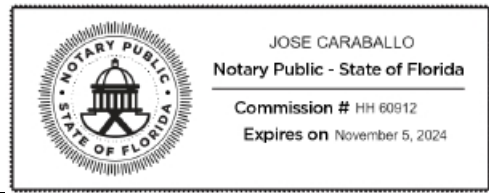
By: /s/ Paul M Galvin
Name: Paul Galvin
Its: Chief Executive Officer

NOTARY:

State of Florida

County of Miami-Dade

This foregoing instrument was acknowledged before me by means of online notarization, this 08/01/2024 by Paul Galvin as CEO of Safe & Green Holding Corp.



/s/ Jose Caraballo
Jose Caraballo
Online Notary

Personally Known OR Produced Identification

Type of Identification Produced DRIVER LICENSE

Notarized remotely online using communication technology via Proof.

VERIFICATION

I, [NAME], [TITLE] of SG Environmental Solutions Corp., being first duly sworn upon oath, do depose and state that I have read the foregoing Verified Confession of Judgment and that the same is true of my own knowledge and that I executed the foregoing Verified Confession of Judgment on behalf of SG Environmental Solutions Corp. and acknowledge such instrument to be the free act and deed of said corporation.

SG Environmental Solutions Corp.

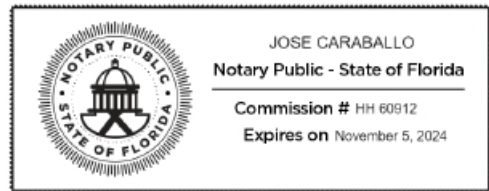
By: /s/ Paul M Galvin
Name: Paul Galvin
Its: Chief Executive Officer

NOTARY:

State of Florida

County of Miami-Dade

This foregoing instrument was acknowledged before me by means of online notarization, this 08/01/2024 by Paul Galvin as CEO of SG Environmental Solutions Corp.



/s/ Jose Caraballo
Jose Caraballo
Online Notary

Personally Known OR Produced Identification

Type of Identification Produced DRIVER LICENSE

Notarized remotely online using communication technology via Proof.