

## Report of Organizational Actions Affecting Basis of Securities

▶ See separate instructions.

**Part I Reporting Issuer**

<b>1</b> Issuer's name		<b>2</b> Issuer's employer identification number (EIN)	
SG BLOCKS, INC.		95-4463937	
<b>3</b> Name of contact for additional information	<b>4</b> Telephone No. of contact	<b>5</b> Email address of contact	
INVESTOR RELATIONS	(646) 240-4235	info@sblocks.com	
<b>6</b> Number and street (or P.O. box if mail is not delivered to street address) of contact		<b>7</b> City, town, or post office, state, and Zip code of contact	
195 MONTAGUE STREET, 14TH FLOOR		BROOKLYN, NY 11201	
<b>8</b> Date of action		<b>9</b> Classification and description	
JUNE 21, 2017		1:1 CONVERSION OF SHARES OF PREFERRED STOCK FOR SHARES OF COMMON STOCK	
<b>10</b> CUSIP number	<b>11</b> Serial number(s)	<b>12</b> Ticker symbol	<b>13</b> Account number(s)
78418A 307		SGBX	

**Part II Organizational Action** Attach additional statements if needed. See back of form for additional questions.

**14** Describe the organizational action and, if applicable, the date of the action or the date against which shareholders' ownership is measured for the action ▶ On June 21, 2017, at the written consent of a majority of the preferred stockholders, all 1,801,670 issued and outstanding shares of SG Blocks, Inc. preferred stock were converted into 1,801,670 shares of SG Blocks, Inc. common stock pursuant to the terms of the preferred stock (hereafter referred to as the "Preferred Stock Conversion"). Fractional shares were not issued.

**15** Describe the quantitative effect of the organizational action on the basis of the security in the hands of a U.S. taxpayer as an adjustment per share or as a percentage of old basis ▶ The Preferred Stock Conversion described on Line 14, above, should constitute a "recapitalization" for U.S. federal income tax purposes. As a result of the Preferred Stock Conversion, stockholders should allocate their aggregate tax basis in their preferred shares exchanged among their common shares received. In general, a stockholder's aggregate tax basis in such stockholder's common shares received should be equal to the stockholder's aggregate tax basis in such stockholder's preferred shares exchanged.

**16** Describe the calculation of the change in basis and the data that supports the calculation, such as the market values of securities and the valuation dates ▶ See line 15, above.

**Part II Organizational Action** (continued)

**17** List the applicable Internal Revenue Code section(s) and subsection(s) upon which the tax treatment is based ▶ **The Preferred Stock Conversion is intended to qualify as a reorganization under Section 368(a)(1)(E) of the Internal Revenue Code of 1986, as amended (the "Code"). Under Code Section 358, a stockholder's aggregate tax basis in the shares of common stock received pursuant to the Preferred Stock Conversion should be equal to the stockholder's aggregate tax basis in the shares of preferred stock exchanged.**


**18** Can any resulting loss be recognized? ▶ **No loss may be recognized by a stockholder upon the receipt of common shares in exchange for preferred shares pursuant to the Preferred Stock Conversion. Stockholders should consult their own tax advisors with respect to the potential tax consequences to them of the Preferred Stock Conversion.**

**19** Provide any other information necessary to implement the adjustment, such as the reportable tax year ▶ **The adjustment to basis should be taken into account in the tax year during which the Preferred Stock Conversion was effective.**

**The tax treatment of a stockholder may vary depending upon the particular facts and circumstances of the stockholder. Each stockholder is urged to consult with the stockholder's own tax advisor with respect to the consequences of the Preferred Stock Conversion.**

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than officer) is based on all information of which preparer has any knowledge.

**Sign Here**

Signature ▶ 

Date ▶ July 18, 2017

Print your name ▶ Mahesh Shetty

Title ▶ CFO

**Paid Preparer Use Only**

Print/Type preparer's name	Preparer's signature	Date	Check <input type="checkbox"/> if self-employed	PTIN
Firm's name ▶			Firm's EIN ▶	
Firm's address ▶			Phone no.	