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 **September 30, 2022**

or

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

For the transition period from _____to _____

000-55038
Commission file number

LiquidValue Development Inc.

(Exact name of registrant as specified in its charter)

Nevada	**27-1467607**
State or other jurisdiction of incorporation or organization	(I.R.S. Employer Identification No.)
4800 Montgomery Lane, Suite 210, Bethesda, Maryland	**20814**
(Address of principal executive offices)	(Zip Code)

301-971-3940
Registrant's telephone number, including area code

Securities registered pursuant to Section 12(b) of the Act: None

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	☐	Accelerated filer	☐
Non-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 Exchange Act). Yes ☐ No ☒

As of November 4, 2022, there were 704,043,324 shares of the registrant's common stock $0.001 par value per share, issued and outstanding.

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Part I. Financial Information

LiquidValue Development Inc. and Subsidiaries
Condensed Consolidated Balance Sheets

	September 30, 2022 (Unaudited)	December 31, 2021 (Audited)
Assets:		
Real Estate		
Investments in Single-family Residential Properties		
Land	$ 9,745,621	$ 9,470,950
Building and Improvements	17,000,186	15,469,814
	26,745,807	24,940,764
Less: Accumulated Depreciation	(595,447)	(120,511)
Investments in Single-family Residential Properties, Net	26,150,360	24,820,253
Construction in Progress	12,599,686	6,724,674
Land Held for Development	7,943,126	8,068,624
Other Properties	414,155	421,382
	47,107,327	40,034,933
Cash	1,986,016	3,055,745
Restricted Cash	309,145	4,399,984
Accounts Receivable	74,527	47,303
Other Receivable	136,350	136,350
Related Party Receivable	16,249	26,565
Prepaid Expenses	92,277	258,700
Fixed Assets, Net	5,565	4,945
Deposits	23,603	23,603
Operating Lease Right-Of-Use Asset	129,373	191,979
Total Assets	$ 49,880,432	$ 48,180,107
Liabilities and Stockholders' Equity:		
Liabilities:		
Accounts Payable and Accrued Expenses	$ 3,007,323	$ 2,832,340
Accrued Interest - Related Parties	1,082,813	228,557
Builder Deposits	-	31,553
Operating Lease Liability	132,694	199,483
Note Payable, net of discount	-	68,502
Note Payable - Related Parties	22,533,055	19,918,382
Total Liabilities	26,755,885	23,278,817
Stockholders' Equity:		
Common Stock, at par $0.001, 1,000,000,000 shares authorized and 704,043,324 issued, and outstanding at September 30, 2022 and December 31, 2021	704,043	704,043
Additional Paid in Capital	32,542,720	32,542,720
Accumulated Deficit	(10,198,816)	(8,397,009)
Total LiquidValue Development Inc. Stockholders' Equity	23,047,947	24,849,754
Non-controlling Interests	76,600	51,536
Total Stockholders' Equity	23,124,547	24,901,290
Total Liabilities and Stockholders' Equity	$ 49,880,432	$ 48,180,107

See accompanying notes to condensed consolidated financial statements

LiquidValue Development Inc. and Subsidiaries
Condensed Consolidated Statements of Operations
For the Three and Nine Months Ended September 30, 2022 and 2021
(Unaudited)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2022	2021	2022	2021
Revenue				
Rental	$ 569,791	$ 133,302	$ 1,206,273	$ 155,249
Property	9,967	3,414,094	664,609	11,870,820
	579,758	3,547,396	1,870,882	12,026,069
Operating Expenses				
Cost of Revenue	416,181	2,235,305	1,716,523	8,709,404
General and Administrative	413,496	360,955	1,270,983	1,173,751
Total Operating Expenses	829,677	2,596,260	2,987,506	9,883,155
Loss (Income) From Operations	(249,919)	951,136	(1,116,624)	2,142,914
Other Income & Expense				
Interest Expense, net	(260,074)	(27,347)	(728,802)	(60,409)
Other Income	181	-	68,683	4,142
Other Expense	-	(1,930)	-	-
Total Other Expense	(259,893)	(29,277)	(660,119)	(56,267)
Net (Loss) Income Before Income Taxes	(509,812)	921,859	(1,776,743)	2,086,647
Income Tax Expense	-	-	-	-
Net (Loss) Income	(509,812)	921,859	(1,776,743)	2,086,647
Net (Loss) Income Attributable to Non-controlling Interests	(425)	(850)	25,064	302,684
Net (Loss) Income Attributable to Common Stockholders	$ (509,387)	$ 922,709	$ (1,801,807)	$ 1,783,963
Net (Loss) Income Per Share - Basic and Diluted	$ (0.00)	$ 0.00	$ (0.00)	$ 0.00
Weighted Average Common Shares Outstanding - Basic and Diluted	704,043,324	704,043,324	704,043,324	704,043,324

See accompanying notes to condensed consolidated financial statements.

LiquidValue Development Inc. and Subsidiaries
Condensed Consolidated Statement of Stockholders' Equity
For the Three- and Nine-Months Periods ended September 30, 2022 and 2021

	Common Stock						
	Shares	Par Value $0.001	Additional Paid in Capital	Accumulated Deficit	Total LiquidValue Development Inc. Stockholders' Equity	Non-controlling Interests	Total Stockholders' Equity
Balance at January 1, 2022	704,043,324	$704,043	$32,542,720	(8,397,009)	24,849,754	$ 51,536	$ 24,901,290
Net (Loss) Income	-	-	-	(505,588)	(505,588)	20,992	(484,596)
Balance at March 31, 2022	704,043,324	$704,043	$32,542,720	(8,902,597)	24,344,166	$ 72,528	$ 24,416,694
Net (Loss) Income	-	-	-	(786,832)	(786,832)	4,497	(782,335)
Balance at June 30, 2022	704,043,324	$704,043	$32,542,720	(9,689,429)	23,557,334	$ 77,025	$ 23,634,359
Net Loss	-	-	-	(509,387)	(509,387)	(425)	(509,812)
Balance at September 30, 2022	704,043,324	$704,043	$32,542,720	(10,198,816)	23,047,947	$ 76,600	$ 23,124,547

	Common Stock						
	Shares	Par Value $0.001	Additional Paid in Capital	Accumulated Deficit	Total LiquidValue Development Inc. Stockholders' Equity	Non-controlling Interests	Total Stockholders' Equity
Balance at January 1, 2021	704,043,324	704,043	32,542,720	(8,632,867)	24,613,896	1,914,791	26,528,687
Distribution to Non-Controlling Stockholder	-	-	-	-	-	(82,250)	(82,250)
Net (Loss) Income	-	-	-	(393,474)	(393,474)	5,919	(387,555)
Balance at March 31, 2021	704,043,324	$704,043	$32,542,720	(9,026,341)	24,220,422	$ 1,838,460	$ 26,058,882
Distribution to Non-Controlling Stockholder	-	-	-	-	-	(1,069,250)	(1,069,250)
Net Income	-	-	-	1,254,728	1,254,728	297,615	1,552,343
Balance at June, 2021	704,043,324	$704,043	$32,542,720	(7,771,613)	25,475,150	$ 1,066,825	$ 26,541,975
Distribution to Non-Controlling Stockholder	-	-	-	-	-	(246,750)	(246,750)
Net Income (Loss)	-	-	-	922,709	922,709	(850)	921,859
Balance at September, 2021	704,043,324	$704,043	$32,542,720	(6,848,904)	26,397,859	$ 819,225	$ 27,217,084

See accompanying notes to condensed consolidated financial statements.

LiquidValue Development Inc. and Subsidiaries
Condensed Consolidated Statements of Cash Flows
For the Nine Months Ended September 30, 2022 and 2021
(Unaudited)

	2022	2021
Cash Flows from Operating Activities		
Net (Loss) Income	$ (1,776,743)	$ 2,086,647
Adjustments to Reconcile Net (Loss) Income to Net Cash (Used in) Provided by Operating Activities:		
Depreciation	475,618	55,905
Amortization of Right -Of- Use Asset	41,270	62,578
PPP Loan Forgiveness	(68,502)	-
Amortization of Debt Discount	-	42,907
Changes in Operating Assets and Liabilities		
Real Estate Development	(5,742,287)	5,342,470
Accounts Receivable	(27,224)	(252,558)
Related Party Receivable	10,316	(36,811)
Prepaid Expenses	187,759	(348,032)
Other Receivable	-	(49,514)
Accounts Payable and Accrued Expenses	174,981	64,011
Accrued Interest - Related Parties	728,930	320,986
Operating Lease Liability	(66,789)	(43,084)
Builder Deposits	(31,553)	(1,017,400)
Net Cash (Used in) Provided by Operating Activities	(6,094,224)	6,228,105
Cash Flows from Investing Activities		
Purchase of Fixed Assets	(1,303)	(3,973)
Purchase of Real Estate Properties	(722,817)	(11,081,491)
Real Estate Improvements	(1,082,225)	-
Net Cash Used in Investing Activities	(1,806,345)	(11,085,464)
Cash Flows from Financing Activities		
Borrowing from PPP	-	68,502
Repayment to Note Payable	-	(690,035)
Distribution to Non-controlling Interest Shareholders	-	(1,398,250)
Borrowing from Notes Payable - Related Parties	3,740,000	6,684,282
Repayment to Notes Payable - Related Parties	(1,000,000)	-
Net Cash Provided by Financing Activities	2,740,000	4,664,499
Net Decrease in Cash and Restricted Cash	(5,160,568)	(192,860)
Cash and Restricted Cash - Beginning of Period	7,455,729	8,104,247
Cash and Restricted Cash - End of Period	$ 2,295,161	$ 7,911,387
Cash	$ 1,986,016	$ 3,511,515
Restricted Cash	$ 309,145	$ 4,399,872
Total Cash and Restricted Cash	$ 2,295,161	$ 7,911,387
Supplementary Cash Flow Information		
Cash Paid for Interest	$ -	$ 10,766
Cash Paid for Taxes	$ -	$ -
Supplemental Disclosure of Non-Cash Investing and Financing Activities		
Initial Recognition of Operating Lease Right-Of-Use Asset and Liability	$ -	$ 256,928

See accompanying notes to condensed consolidated financial statements.

LiquidValue Development Inc. and Subsidiaries
Notes to Condensed Consolidated Financial Statements
September 30, 2022 (Unaudited)

1. NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Operations

LiquidValue Development Inc. (the "Company"), formerly known as SeD Intelligent Home Inc. and Homeownusa, was incorporated in the State of Nevada on December 10, 2009. On December 29, 2017, the Company, acquired Alset EHome Inc. ("Alset EHome") by reverse merger. Alset EHome, a Delaware corporation, was formed on February 24, 2015. Alset EHome is principally engaged in developing, selling, managing, and leasing residential properties in the United States in current stage and may expand from residential properties to other property types, including but not limited to commercial and retail properties. The Company is 99.99% owned by SeD Intelligent Home Inc., formerly known as SeD Home International, Inc., which is wholly-owned by Alset International Limited ("Alset International"), a multinational public company, listed on the Singapore Exchange Securities Trading Limited.

The Company's current operations concentrate around two types of projects, land development and house rental business. Both of them are included in our only reporting segment – real state. In determination of segments, the Company, together with its chief operating decision maker, who is also our CEO, considers factors that include the nature of business activities, allocation of resources and management structure.

Principles of Consolidation

The condensed consolidated financial statements include all accounts of the following entities as of the reporting period ending dates and for the reporting periods as follows:

Name of consolidated subsidiary	State or other jurisdiction of incorporation or organization	Date of incorporation or formation	Attributable interest
Alset EHome Inc.	Delaware	February 24, 2015	100%
SeD USA, LLC	Delaware	August 20, 2014	100%
150 Black Oak GP, Inc.	Texas	January 23, 2014	100%
SeD Development USA, Inc.	Delaware	March 13, 2014	100%
150 CCM Black Oak Ltd.	Texas	March 17, 2014	100%
SeD Ballenger, LLC	Delaware	July 7, 2015	100%
SeD Maryland Development, LLC	Delaware	October 16, 2014	83.55%
SeD Development Management, LLC	Delaware	June 18, 2015	85%
SeD Builder, LLC	Delaware	October 21, 2015	100%
SeD Texas Home, LLC	Delaware	June 16, 2015	100%
SeD REIT Inc.	Maryland	August 20, 2019	100%
Alset Solar Inc.	Texas	September 21, 2020	80%
American Home REIT Inc.	Maryland	September 30, 2020	100%
AHR Texas Two, LLC	Delaware	September 28, 2021	100%
AHR Black Oak One, LLC	Delaware	September 29, 2021	100%
AHR Texas Three, LLC	Delaware	December 21, 2021	100%
Robotic gHome Inc.	Texas	August 25, 2022	90%

All intercompany balances and transactions have been eliminated. Non–controlling interest represents the minority equity investment in the Company's subsidiaries, plus the minority investors' share of the net operating results and other components of equity relating to the non–controlling interest.

As of September 30, 2022 and December 31, 2021, the aggregate non-controlling interest in Alset EHome Inc. was $76,600 and $51,536, respectively, which is separately disclosed on the Condensed Consolidated Balance Sheets.

Basis of Presentation

The Company's condensed consolidated financial statements have been prepared in accordance with the accounting principles generally accepted in the United States of America ("US GAAP").

The unaudited financial information furnished herein reflects all adjustments, consisting solely of normal recurring items, which in the opinion of management are necessary to fairly state the financial position of the Company and the results of its operations for the periods presented. This report should be read in conjunction with the Company's consolidated financial statements and notes thereto included in the Company's Form 10-K for the year ended December 31, 2021 filed on March 14, 2022. The Company assumes that the users of the interim financial information herein have read or have access to the audited consolidated financial statements for the preceding fiscal year and the adequacy of additional disclosure needed for a fair presentation may be determined in that context. The consolidated balance sheet at December 31, 2021 was derived from the audited consolidated financial statements but does not include all disclosures required by accounting principles generally accepted in the United States of America. The results of operations for the interim periods presented are not necessarily indicative of results for the year ending December 31, 2022.

Use of Estimates

The preparation of condensed consolidated financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts in the condensed consolidated financial statements. The Company's significant estimates are made in connection with the valuation of real estate. Actual results could differ from those estimates.

Earnings (Loss) per Share

Basic income (loss) per share is computed by dividing the net income (loss) attributable to the common stockholders by weighted average number of shares of common stock outstanding during the period. Fully diluted loss per share is computed similarly to basic loss per share except that the denominator is increased to include the number of additional common shares that would have been outstanding if the potential common shares had been issued and if the additional common shares were dilutive. There were no potentially dilutive financial instruments issued or outstanding for the periods ended September 30, 2022 or September 30, 2021.

Fair Value of Financial Instruments

For purpose of this disclosure, the fair value of a financial instrument is the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced sale or liquidation. The carrying amount of the Company's short-term financial instruments approximates fair value due to the relatively short period to maturity for these instruments.

Cash and Cash Equivalents

The Company considers all highly liquid investments with a maturity of three months or less at the date of acquisition to be cash equivalents. There were no cash equivalents as of September 30, 2022 and December 31, 2021.

Restricted Cash

As a condition to the loan agreement with the Manufacturers and Traders Trust Company ("M&T Bank"), the Company was required to maintain a minimum of $2,600,000 in an interest-bearing account maintained by the lender as additional security for the loan. The funds were required to remain as collateral for the loan until the loan is paid off in full and the loan agreement terminated. On March 15, 2022 approximately $2,300,000 was released from collateral, leaving approximately $300,000 as collateral for outstanding letters of credit. The Company also has an escrow account with M&T Bank to deposit a portion of cash proceeds from lot sales. The funds in the escrow account were specifically to be used for the payment of the loan from M&T Bank. The funds were required to remain in the escrow account for the loan payment until the loan agreement terminates. In May 2022 the funds from this escrow account were released and the account closed. As of September 30, 2022 and December 31, 2021, the total balance of these two accounts was $309,145 and $4,399,984, respectively.

Accounts Receivable and Allowance for Doubtful Accounts

Accounts receivable include all receivables from buyers, contractors and all other parties. The Company records an allowance for doubtful accounts based on a review of the outstanding receivables, historical collection information and economic conditions. No allowance was necessary at either September 30, 2022 or December 31, 2021.

Property and Equipment and Depreciation

Property and equipment are recorded at cost, less accumulated depreciation. Expenditures for major additions and betterments that extend the useful life or functionality are capitalized. Maintenance and repairs are charged to operations as incurred. Depreciation is computed by the straight-line method (after taking into account their respective estimated residual values) over the estimated useful lives, which are 3 years.

Real Estate Assets

- *Land Development Assets*

Real estate assets are recorded at cost, except when real estate assets are acquired that meet the definition of a business combination in accordance with Financial Accounting Standards Board ("FASB") ASC 805, "Business Combinations," which acquired assets are recorded at fair value. Interest, property taxes, insurance and other incremental costs (including salaries) directly related to a project are capitalized during the construction period of major facilities and land improvements. The capitalization period begins when activities to develop the parcel commence and ends when the asset constructed is completed. The capitalized costs are recorded as part of the asset to which they relate and are reduced when lots are sold.

In addition to our annual assessment of potential triggering events in accordance with ASC 360, the Company applies a fair-value based impairment test to the net book value assets on an annual basis and on an interim basis, if certain events or circumstances indicate that an impairment loss may have occurred.

The Company did not record impairment on any of its projects during the nine months ended on September 30, 2022, nor for the nine months ended September 30, 2021.

- *Investments in Single-Family Residential Properties*

The Company accounts for its investments in single-family residential properties as asset acquisitions and records these acquisitions at their purchase price. The purchase price is allocated between land, building, improvements and existing leases based upon their relative fair values at the date of acquisition. The purchase price for purposes of this allocation is inclusive of acquisition costs which typically include legal fees, title fees, property inspection and valuation fees, as well as other closing costs.

Building improvements and buildings are depreciated over estimated useful lives of approximately 10 to 27.5 years, respectively, using the straight-line method.

The Company assesses its investments in single-family residential properties for impairment whenever events or changes in business circumstances indicate that carrying amounts of the assets may not be fully recoverable. When such events occur, management determines whether there has been impairment by comparing the asset's carrying value with its fair value. Should impairment exist, the asset is written down to its estimated fair value. The Company did not recognize any impairment losses during the nine months ended on September 30, 2022.

Revenue Recognition

- *Land Development Revenue Recognition*

ASC 606, Revenue from Contracts with Customers, establishes principles for reporting information about the nature, amount, timing and uncertainty of revenue and cash flows arising from the entity's contracts to provide goods or services to customers. The Company adopted this new standard on January 1, 2018 under the modified retrospective method. The adoption of this new standard did not have a material effect on our financial statements.

In accordance with ASC 606, revenue is recognized when a customer obtains control of promised goods or services. The amount of revenue recognized reflects the consideration to which we expect to be entitled to receive in exchange for these goods or services. The provisions of ASC 606 include a five-step process by which we determine revenue recognition, depicting the transfer of goods or services to customers in amounts reflecting the payment to which we expect to be entitled in exchange for those goods or services. ASC 606 requires us to apply the following steps: (1) identify the contract with the customer; (2) identify the performance obligations in the contract; (3) determine the transaction price; (4) allocate the transaction price to the performance obligations in the contract; and (5) recognize revenue when, or as, we satisfy the performance obligation. A detailed breakdown of the five-step process for the revenue recognition of our Ballenger project, which were essentially all of the revenue of the Company in 2022 and 2021, is as follows:

a. Identify the contract with a customer.

In the event of a sale the Company has signed agreements with the builders for developing the raw land ready to build lots. The contract has agreed upon prices, timelines, and specifications for what is to be provided.

b. Identify the performance obligations in the contract.

Performance obligations of the Company include delivering developed lots to the customer, which are required to meet certain specifications that are outlined in the contract. The customer inspects all lots prior to accepting title to ensure all specifications are met.

c. Determine the transaction price.

The transaction price is fixed and specified in the contract. Any subsequent change orders or price changes are required to be approved by both parties.

d. Allocate the transaction price to performance obligations in the contract.

Each lot or a group of lots is considered to be a separate performance obligation, for which the specified price in the contract is allocated to.

e. Recognize revenue when (or as) the entity satisfies a performance obligation.

In the event of a sale the builders do the inspections to make sure all conditions/requirements are met before taking title of lots. The Company recognizes revenue when title is transferred. The Company does not have further performance obligations once title is transferred.

- *Rental Revenue Recognition*

The Company leases real estate properties to its tenants under leases that are predominately classified as operating leases, in accordance with ASC 842, Leases ("ASC 842"). Real estate rental revenue is comprised of minimum base rent and revenue from the collection of lease termination fees.

Rent from tenants is recorded in accordance with the terms of each lease agreement on a straight-line basis over the initial term of the lease. Rental revenue recognition begins when the tenant controls the space and continues through the term of the related lease. Generally, at the end of the lease term, the Company provides the tenant with a one-year renewal option, including mostly the same terms and conditions provided under the initial lease term, subject to rent increases.

The Company defers rental revenue related to lease payments received from tenants in advance of their due dates. These amounts are presented within deferred revenues and other payables on the Company's condensed consolidated balance sheets.

Rental revenue is subject to an evaluation for collectability on several factors, including payment history, the financial strength of the tenant and any guarantors, historical operations and operating trends of the property, and current economic conditions. If our evaluation of these factors indicates that it is not probable that we will recover substantially all of the receivable, rental revenue is limited to the lesser of the rental revenue that would be recognized on a straight-line basis (as applicable) or the lease payments that have been collected from the lessee. Differences between rental revenue recognized and amounts contractually due under the lease agreements are credited or charged to straight-line rent receivable or straight-line rent liability, as applicable. For the nine months ended September 30, 2022, the Company did not recognize any deferred revenue and collected all rents due.

Sale of the Front Foot Benefit Assessments

We have established a front foot benefit ("FFB") assessment on all of the NVR lots. This is a 30-year annual assessment allowed in Frederick County which requires homeowners to reimburse the developer for the costs of installing public water and sewer to the lots. These assessments become effective as homes are settled, at which time we can sell the collection rights to investors who will pay an upfront lump sum, enabling us to more quickly realize the revenue. The selling prices range from $3,000 to $4,500 per home depending the type of the home. Our total revenue from the front foot benefit assessment is approximately $1 million. To recognize revenue of the FFB assessment, both our and NVR's performance obligation have to be satisfied. Our performance obligation is completed once we complete the construction of water and sewer facility and close the lot sales with NVR, which inspects these water and sewer facility prior to close lot sales to ensure all specifications are met. NVR's performance obligation is to sell homes they build to homeowners. Our FFB revenue is recognized on quarterly basis after NVR closes sales of homes to homeowners. The agreement with these FFB investors is not subject to amendment by regulatory agencies and thus our revenue from the FFB assessment is not either. During the three months ended on September 30, 2022 and 2021, we recognized revenue of $9,968 and $182,813 from the FFB assessments, respectively. During the nine months ended on September 30, 2022 and 2021, we recognized revenue of $126,055 and $431,458 from the FFB assessments, respectively.

Contract Assets and Contract Liabilities

Based on our contracts, we invoice customers once our performance obligations have been satisfied, at which point payment is unconditional. Accordingly, our contracts do not give rise to contract assets or liabilities under ASC 606. Accounts receivable are recorded when the right to consideration becomes unconditional. We disclose receivables from contracts with customers separately on the balance sheets.

Cost of Revenue

- *Cost of Real Estate Sale*

All of the costs of real estate sales are from our land development business. Land acquisition costs are allocated to each lot based on the area method, the size of the lot comparing to the total size of all lots in the project. Development costs and capitalized interest are allocated to lots sold based on the total expected development and interest costs of the completed project and allocating a percentage of those costs based on the selling price of the sold lot compared to the expected sales values of all lots in the project.

If allocation of development costs and capitalized interest based on the projection and relative expected sales value is impracticable, those costs could also be allocated based on area method, the size of the lot comparing to the total size of all lots in the project.

- *Cost of Rental Revenue*

Cost of rental revenue consists primarily of the costs associated with management and leasing fees to our management company, repairs and maintenance, depreciation and other related administrative costs. Utility expenses are paid directly by tenants.

Recent Accounting Pronouncements

In March 2020, the FASB issued ASU 2020-04, *Reference Rate Reform (Topic 848): Facilitation of Reference Rate Reform on Financial Reporting*. The amendments in this Update provide optional expedients and exceptions for applying generally accepted accounting principles (GAAP) to contracts, hedging relationships, and other transactions affected by reference rate reform if certain criteria are met. The amendments in this Update apply only to contracts, hedging relationships, and other transactions that reference LIBOR or another reference rate expected to be discontinued because of reference rate reform. The Company's line of credit agreement provides procedures for determining a replacement or alternative rate in the event that LIBOR is unavailable. The amendments in this Update are effective for all entities as of March 12, 2020 through December 31, 2022. The Company is currently evaluating the impact of ASU 2020-04 on its future consolidated financial statements.

In October 2021, the FASB issued ASU No. 2021-08, "Business Combinations (Topic 805): Accounting for Contract Assets and Contract Liabilities from Contracts with Customers." ASU 2021-08 requires the company acquiring contract assets and contract liabilities obtained in a business combination to recognize and measure them in accordance with ASC 606, "Revenue from Contracts with Customers". At the acquisition date, the company acquiring the business should record related revenue, as if it had originated the contract. Before the update such amounts were recognized by the acquiring company at fair value. The amendments in this Update are effective for fiscal years beginning after December 15, 2022, including interim periods within those fiscal years. Early adoption is permitted, including in interim periods, for any financial statements that have not yet been issued. The Company plans to adopt these requirements prospectively, effective on the first day of year 2023.

2. CONCENTRATION OF CREDIT RISK

The group maintains cash balances at various financial institutions. These balances are secured by the Federal Deposit Insurance Corporation. At times, these balances may exceed the federal insurance limits. At September 30, 2022 and December 31, 2021, uninsured cash and restricted cash balances were $1,215,224 and $6,137,775, respectively.

3. BUILDER DEPOSITS

In November 2015, SeD Maryland Development, LLC ("SeD Maryland") entered into lot purchase agreements with NVR, Inc. ("NVR") relating to the sale of single-family home and townhome lots to NVR in the Ballenger Run Project. The purchase agreements were amended three times thereafter. Based on the agreements, NVR is entitled to purchase 479 lots for a price of approximately $64 million, which escalates 3% annually after June 1, 2018.

As part of the agreements, NVR was required to give a deposit in the amount of $5,600,000. Upon the sale of lots to NVR, 9.9% of the purchase price is taken as payback of the deposit. A violation of the agreements by NVR would cause NVR to forfeit the deposit. On January 3, 2019 and April 28, 2020, NVR gave SeD Maryland two more deposits in the amounts of $100,000 and $220,000, respectively, based on the 3rd Amendment to the Lot Purchase Agreement. On September 30, 2022 and December 31, 2021, there were $0 and $31,553 held on deposit, respectively.

4. NOTES PAYABLE

M&T Bank Loans

On April 17, 2019, SeD Maryland Development LLC entered into a Development Loan Agreement with Manufacturers and Traders Trust Company ("M&T Bank") in the principal amount not to exceed at any one time outstanding the sum of $8,000,000, with a cumulative loan advance amount of $18,500,000. The line of credit bears interest rate on LIBOR plus 375 basis points. SeD Maryland Development LLC was also provided with a Letter of Credit ("L/C") Facility in an aggregate amount of up to $900,000. The L/C commission will be 1.5% per annum on the face amount of the L/C. Other standard lender fees will apply in the event L/C is drawn down. The loan is a revolving line of credit. The L/C Facility is not a revolving loan, and amounts advanced and repaid may not be re-borrowed. Repayment of the Loan Agreement is secured by $2,600,000 collateral fund and a Deed of Trust issued to the Lender on the property owned by SeD Maryland. As of September 30, 2022 and December 31, 2021, the outstanding balance of the revolving loan was $0. On March 15, 2022 approximately $2,300,000 was released from collateral, leaving approximately $300,000 as collateral for outstanding letters of credit.

On June 18, 2020, Alset EHome Inc. entered into a Loan Agreement with M&T Bank. Pursuant to the Loan Agreement, M&T Bank provided a non-revolving loan to Alset EHome Inc. in an aggregate amount of up to $2,990,000. The line of credit bears interest rate on LIBOR plus 375 basis points. Repayment of this loan is secured by a Deed of Trust issued to M&T Bank on the property owned by certain subsidiaries of Alset EHome Inc. The maturity date of this Loan was July 1, 2022. The Company together with one of its subsidiaries, SeD Maryland Development LLC, are both the guarantors of this Loan. The loan in the amount of $664,810, together with all accrued interests of $25,225, was paid off on May 28, 2021. The loan was closed in June 2021. Additionally, the debt discount of $42,907 was fully amortized during year 2021.

Paycheck Protection Program Loan

On February 11, 2021, the Company entered into a five year note with M&T Bank with a principal amount of $68,502 pursuant to the Paycheck Protection Program ("PPP Term Note") under the Coronavirus Aid, Relief, and Economic Security Act (the "CARES Act"). The PPP Loan is evidenced by a promissory note. The PPP Term Note bears interest at a fixed annual rate of 1.00%, with the first sixteen months of principal and interest deferred or until we apply for the loan forgiveness. The PPP Term Note may be accelerated upon the occurrence of an event of default.

The PPP Term Note is unsecured and guaranteed by the United States Small Business Administration. The Company applied to M&T Bank for forgiveness of the PPP Term Note, with the amount which may be forgiven equal to at least 60% of payroll costs and other eligible payments incurred by the Company, calculated in accordance with the terms of the CARES Act. In April, 2022 the Company received confirmation that the loan was fully forgiven.

5. RELATED PARTY TRANSACTIONS

Loan from SeD Home Limited

The Company receives advances from SeD Home Limited (an affiliate of Alset International) to fund development and operation costs. The advances bear interest of 10% and are payable on demand. As of September 30, 2022 and December 31, 2021, Alset EHome Inc. had outstanding principal due of $0 and $0, respectively and accrued interest of $228,557 and $228,557, respectively.

Loan to/from SeD Intelligent Home Inc. (f.k.a. SeD Home International Inc.)

The Company receives advances from or loans funds to SeD Intelligent Home, the owner of 99.99% of the Company. The advances or the loans bore interest of 18% until August 30, 2017 when the interest rate was adjusted to 5% and have no set repayment terms. On September 30, 2022, the Company owed $22,533,055 of advance principal and $854,256 of accrued interest. On December 31, 2021, the Company owed $19,891,734 of advance principal and $144,588 of accrued interest.

Management Fees

MacKenzie Equity Partners, LLC, an entity owned by a Charles MacKenzie, a Director of the Company, has had a consulting agreement with a majority-owned subsidiary of the Company since 2015. Per the terms of the agreement, as amended on January 1, 2018, the Company's subsidiary paid a monthly fee of $20,000 for consulting services. Pursuant to an agreement entered into in June of 2022, the Company's subsidiary has paid $25,000 per month for consulting services, effective as of January, 2022.

In addition, MacKenzie Equity Partners will be paid certain bonuses, including (i) a sum of $50,000 on June 30, 2022; (ii) a sum of $50,000 upon the successful financing of 100 homes owned by American Housing REIT Inc. with an entity not affiliated with SeD Development Management LLC (a subsidiary of the Company); and (iii) a sum of $50,000 upon the successful leasing of 30 homes in the Alset of Black Oak development.

The Company incurred expenses of $60,000 and $240,000 in the three and nine months ended September 30, 2021, respectively, and $75,000 and $275,000 in the three and nine months ended September 30, 2022, respectively, which were capitalized as part of Real Estate on the balance sheet as the services relate to property and project management. In 2021, MacKenzie Equity Partners was paid a bonus payment of $120,000. In June, 2022, MacKenzie Equity Partners accrued an additional $50,000 bonus payment (as described above). On September 30, 2022 and December 31, 2021, the Company owed this related party $25,000 and $80,000, respectively.

On December 29, 2020, the Company entered into a Management Services Agreement (the "Management Services Agreement") with Alset International, pursuant to which the Company paid Alset International a one-time payment of $360,000 for the services of certain Alset International staff members the Company received in 2020, and agreed to pay Alset International $30,000 per month for services to be provided in 2021. This Management Services Agreement had a term that ended December 31, 2021. Alset International provided the Company with services related to the development of the Black Oak and Ballenger Run real estate projects near Houston, Texas and in Frederick, Maryland, respectively, and the potential development of future real estate projects. During the three and nine months ended September 30, 2021 the Company incurred expense of $90,000 and $270,000, respectively, and owed this related party $720,000 as of December 31, 2021. This balance due is included in the loan amount from SeD Intelligent Home Inc., which in turn owes the funds to Alset International.

Advances to Alset Inc.

The Company pays some operating expenses for Alset Inc., a related party under the common control of Chan Heng Fai, the CEO of the Company. The advances are interest free with no set repayment terms. On September 30, 2022 and December 31, 2021, the balance of these advances was $16,249 and $26,566, respectively.

6. STOCKHOLDERS' EQUITY

Cash Dividend Distributions

From January to September 2021, the Board of Managers of SeD Maryland Development LLC (the 83.55% owned subsidiary of the Company which owns the Company's Ballenger Project) authorized the payment of distributions to its members in the amount of $8,500,000. Accordingly, the minority member of SeD Maryland Development LLC received a distribution in the amount of $1,398,250, with the remainder being distributed to a subsidiary of the Company, which is eliminated upon consolidation.

The Company did not authorize any distribution during nine months ended September 30, 2022.

7. SINGLE FAMILY RESIDENTIAL PROPERTIES

As of September 30, 2022, the Company owns 112 Single Family Residential Properties ("SFRs") in Montgomery and Harris Counties, Texas. The Company's aggregate investment in those SFRs was approximately $26 million. The Company borrowed $19.5 million from SeD Intelligent Home Inc. to fund part of this acquisition. Depreciation expense was $161,182 and $38,533 in the three months ended September 30, 2022 and 2021, respectively. Depreciation expense was $474,936 and $53,755 in the nine months ended September 30, 2022 and 2021, respectively.

The following table presents the summary of our SRFs as of September 30, 2022:

	Number of Homes	Aggregate investment	Average Investment per Home
SFRs	112	$ 25,663,582	$ 229,139

8. LEASE INCOME

The Company generally rents its SFRs under lease agreements with a term of one year. Future minimum rental revenue under existing leases on our properties at September 30, 2022 in each calendar year through the end of their terms are as follows:

2022	$ 552,644
2023	856,590
2024	7,450
Total Future Receipts	$ 1,416,684

Property Management Agreements

The Company has entered into property management agreement with the property managers under which the property managers generally oversee and direct the leasing, management and advertising of the properties in our portfolio, including collecting rents and acting as liaison with the tenants. The Company pays its property managers a monthly property management fee for each property unit and a leasing fee. For the three months ended September 30, 2022 and 2021, property management fees incurred by the property managers were $28,890 and $6,390, respectively. For the nine months ended September 30, 2022 and 2021, property management fees incurred by the property managers were $60,390 and $7,380, respectively. For the three months ended September 30, 2022 and 2021, leasing fees incurred by the property managers were $36,420 and $31,580, respectively. For the nine months ended September 30, 2022 and 2021, leasing fees incurred by the property managers were $149,625 and $47,805, respectively.

9. COMMITMENTS AND CONTINGENCIES

Leases

The Company leases office space in Texas and Maryland. The lease for the Company's Texas office is currently on a month-to-month basis, while the lease of the Company's Maryland office expires on December 31, 2024. The monthly rental payments range between $2,300 and $8,143, respectively. Rent expense was 87,652 and $87,197 for the nine months ended September 30, 2022 and 2021, respectively. The below table summarizes future payments due under these leases as of September 30, 2022.

The balance of the operating lease right-of-use asset and operating lease liability as of September 30, 2022 was $129,373 and $132,694, respectively. The balance of the operating lease right-of-use asset and operating lease liability as of December 31, 2021 was $191,979 and $199,483, respectively.

Supplemental Cash Flow and Other Information Related to Operating Leases are as follows:

	Nine Months Ended September 30, 2022
Weighted Average Remaining Operating Lease Term (in years)	1.50

The below table summarizes future payments due under these leases as of September 30, 2022.
For the Years Ending September 30:

2023	$	94,468
2024		48,206
Total Minimum Lease Payments		142,674
Less: Effect of Discounting		9,979
Present Value of Future Minimum Lease Payments		132,695
Less: Current Obligation under Leases		88,287
Long-term Lease Obligations	$	44,408

Lot Sale Agreements

On November 23, 2015, SeD Maryland Development LLC completed the $15,700,000 acquisition of Ballenger Run, a 197-acre land sub-division development located in Frederick County, Maryland. Previously, on May 28, 2014, the RBG Family, LLC entered into a $15,000,000 assignable real estate sales contract with NVR, by which RBG Family, LLC would facilitate the sale of the 197 acres of Ballenger Run to NVR. On December 10, 2015, NVR assigned this contract to SeD Maryland Development, LLC through execution of an assignment and assumption agreement and entered into a series of lot purchase agreements by which NVR would purchase 443 subdivided residential lots from SeD Maryland Development, LLC. During the three months ended September 30, 2022 and 2021, NVR has purchased 0 and 18 lots, respectively. During the nine months ended September 30, 2022 and 2021, NVR has purchased 3 lots and 76 lots, respectively.

Certain arrangements for the sale of buildable lots to NVR require the Company to credit NVR with an amount equal to one year of the FFB assessment. Under ASC 606, the credits to NVR are not in exchange for a distinct good or service and accordingly, the amount of the credit was recognized as the reduction of revenue. As of September 30, 2022 and December 31, 2021, the accrued balance due to NVR was $189,475 and $188,125, respectively.

Security Deposits

Our rental-home lease agreements require tenants to provide a one-month security deposits. The property management company collects all security deposits and maintains them in a trust account. The Company also has obligation to refund these deposits to the renters at the time of lease termination. As of September 30, 2022, the security deposits held in the trust account were $260,835.

10. SUBSEQUENT EVENTS

On October 28, 2022, 150 CCM Black Oak Ltd. (the “Seller”), a Texas Limited Partnership and subsidiary of the Company, entered into a Contract for Purchase and Sale and Escrow Instructions (the “Agreement”) with Century Land Holdings of Texas, LLC, a Colorado limited liability company (the “Buyer”). Pursuant to the terms of the Agreement, the Seller has agreed to sell all of the approximately 242 single-family detached residential lots comprising a residential community in the city of Magnolia, Texas known as the “Lakes at Black Oak.” The lots will be sold at a range of prices, and the Seller will also be entitled to receive a community enhancement fee for each lot sold. The aggregate purchase price and community enhancement fees are anticipated to be $12,881,000, however, such purchase price will be adjusted accordingly, if the total number of lots increases or decreases prior to the closing of the transactions contemplated by the Agreement.

The closing of the transactions described in the Agreement depends on the satisfaction of certain conditions set forth therein. There can be no assurance that such closings will be completed on the terms outlined herein or at all. The Buyer has agreed to purchase the lots in stages, with an estimated closing date of December of 2022 for the first 132 lots to be acquired, with the remainder to be acquired through 2023. Prior to such closing dates, the Buyer shall have a thirty (30) day inspection period in which to inspect the properties and determine their suitability; during such inspection period, the Buyer may decline to proceed with the closing of these transactions.

The Seller shall be required to develop and improve the property at the Seller’s cost pursuant to certain development plans and government regulations prior to the closings described above.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

Forward-Looking Statements

This Form 10-Q contains certain forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. For this purpose, any statements contained in this Form 10-Q that are not statements of historical fact may be deemed to be forward-looking statements. Without limiting the foregoing, words such as "may", "will", "expect", "believe", "anticipate", "estimate" or "continue" or comparable terminology are intended to identify forward-looking statements. These statements by their nature involve substantial risks and uncertainties, and actual results may differ materially depending on a variety of factors, many of which are not within our control. These factors include by are not limited to economic conditions generally and in the industries in which we may participate, competition within our chosen industry, including competition from much larger competitors, technological advances and failure to successfully develop business relationships.

Results of Operations for the Three and Nine Months Ended September 30, 2022 and 2021:

	Three-months Ended		Nine-months Ended	
	September 30, 2022	September 30, 2021	September 30, 2022	September 30, 2021
Revenue	$ 579,758	$ 3,547,396	$ 1,870,882	$ 12,026,069
Cost of Revenue	$ 416,181	$ 2,235,305	$ 1,716,523	$ 8,709,404
General and Administrative	$ 413,496	$ 360,955	$ 1,270,983	$ 1,173,751
Other Expense	$ 259,893	$ 29,277	$ 660,119	$ 56,267
Net (Loss) Income	$ (509,812)	$ 921,859	$ (1,776,743)	$ 2,086,647

Revenue

Revenue was $579,758 for the three months ended September 30, 2022 as compared to $3,547,396 for the three months ended September 30, 2021. Revenue was $1,870,882 for the nine months ended September 30, 2022 as compared to $12,026,069 for the nine months ended September 30, 2021. The decrease in revenue is caused mainly by the decrease in property sales from the Ballenger project in 2022. In the first nine months of 2022 the last three homes in Ballenger Project were sold. In this project, builders were required to purchase a minimum number of lots based on their applicable sale agreements. We collected revenue only from the sale of lots to builders. We are not involved in the construction of homes at the present time.

Income from the sale of Front Foot Benefits ("FFBs"), assessed on Ballenger Run project lots, decreased from $182,813 in the three months ended September 30, 2021 to $9,968 in the three months ended September 30, 2022. Income from the sale of FFBs decreased from $431,458 in the nine months ended September 30, 2021 to $126,055 in the nine months ended September 30, 2022. The decrease is a result of the decreased sale of properties to homebuyers in 2022.

In the second quarter of 2021, the Company started renting homes to tenants. Revenue from rental business was $569,792 and $133,302 for the three months ended September 30, 2022 and 2021, respectively. Revenue from rental business was $1,206,273 and $155,249 for the nine months ended September 30, 2022 and 2021, respectively. The company expects that the revenue from this business will continue to increase as we acquire more rental houses and successfully rent them.

Cost of Revenue

All cost of revenue in the nine months ended on September 30, 2022 and 2021 came from our Ballenger and SeD Texas projects. The gross margin ratio for Ballenger project in first nine months of 2022 and 2021 were approximately 31% and 23%, respectively. The different types of lots usually have different gross margins, the main reason which led to the increase in 2022. The gross margin ratio for SeD Texas project in first nine months of 2022 and 2021 were approximately -4% and 26%, respectively.

General and Administrative Expenses

General and administrative expenses increased from $360,955 in the three months ended September 30, 2021 to $413,496 in the three months ended September 30, 2022. General and administrative expenses increased from $1,173,751 in the nine months ended September 30, 2021 to $1,270,983 in the nine months ended September 30, 2022. The increase in those expenses is caused mainly by the increase in the professional fees in 2022.

Net Income (Loss)

In the three months ended September 30, 2022, the Company had net loss of $509,812 as compared to net income of $921,859 in the three months ended September 30, 2021. In the nine months ended September 30, 2022, the Company had net loss of $1,776,743 as compared to net income of $2,086,647 in the nine months ended September 30, 2021. The increase in net loss was caused by increased administrative and interest expenses.

Liquidity and Capital Resources

Our real estate assets have increased to $ 47,107,327 as of September 30, 2022 from $40,034,933 as of December 31, 2021. This increase primarily reflects the acquisition of 3 new rental properties in the first nine months of 2022, which will be used in the Company's rental business. Our rental properties assets were $26,150,360 as of September 30, 2022. Additionally, in September 2021 we purchased a house which currently serves as the model house with some office space for a property manager. This property asset was $414,155 as of September 30, 2022.

Our liabilities increased from $23,278,817 at December 31, 2021 to $ 26,755,885 at September 30, 2022. Our total assets have increased to $ 49,880,432 as of September 30, 2022 from $48,180,107 as of December 31, 2021.

As of September 30, 2022, we had cash of $1,986,016 and restricted cash of $309,145 compared to $3,055,745 and $4,399,984 as of December 31, 2021, respectively.

Our Ballenger Run project has a revolver loan from M&T Bank in the principal amount not to exceed at any one time outstanding the sum of $8,000,000, with a cumulative loan advance amount of $18,500,000. As of September 30, 2022 and December 31, 2021, the revolver loan balance was $0.

On June 18, 2020, Alset EHome Inc. entered into a Loan Agreement with M&T Bank. Pursuant to this Loan Agreement, M&T Bank provided a non-revolving loan to Alset EHome Inc. in an aggregate amount of up to $2,990,000. As of September 30, 2021, the M&T loan balance was $0. The loan was paid off in May 2021.

On February 11, 2021, the Company entered into a term note with M&T Bank with a principal amount of $68,502 pursuant to the Paycheck Protection Program ("PPP Term Note") under the Coronavirus Aid, Relief, and Economic Security Act (the "CARES Act"). The PPP Loan is evidenced by a promissory note. The PPP Term Note bears interest at a fixed annual rate of 1.00%, with the first sixteen months of principal and interest deferred or until we apply for the loan forgiveness. The PPP Term Note may be accelerated upon the occurrence of an event of default.

The PPP Term Note is unsecured and guaranteed by the United States Small Business Administration. The Company applied to M&T Bank for forgiveness of the PPP Term Note, with the amount which may be forgiven equal to at least 60% of payroll costs and other eligible payments incurred by the Company, calculated in accordance with the terms of the CARES Act. The PPP loan was forgiven in April, 2022

During 2021 the Company signed multiple purchase agreements to acquire 109 homes in Montgomery and Harris Counties, Texas. By December 31, 2021, the acquisition of the 109 homes was completed with an aggregate purchase cost of $24,940,764. The Company borrowed $19,122,471 from SeD Intelligent Home Inc. to fund most of these acquisitions.

Our subsidiaries are reviewing plans for potential additional fundraising to fund single family rental operations and the acquisition of additional real estate projects.

The future development timeline of Black Oak will be based on multiple conditions, including the amount of funds which may be raised from capital markets, the loans we may secure from third party financial institutions, and government reimbursements which may be received. The development will be step by step and expenses will be contingent on the amount of funding we will receive.

The management believes that the available cash in bank accounts and favorable cash revenue from real estate projects are sufficient to fund our operations for at least the next 12 months.

Summary of Cash Flows

A summary of cash flows from operating, investing and financing activities for the nine months ended September 30, 2022 and 2021 are as follows:

	2022	2021
Net Cash (Used in) Provided by Operating Activities	$ (6,094,224)	$ 6,228,105
Net Cash Used in Investing Activities	$ (1,806,345)	$ (11,085,464)
Net Cash Provided by Financing Activities	$ 2,740,000	$ 4,664,499

Cash Flows from Operating Activities

Cash flows from operating activities include costs related to assets ultimately planned to be sold, including land purchased for development and resale, and costs related to construction, which were capitalized in the book. In the nine months ended September 30, 2022, cash used in operating activities was $6,094,224 compared to cash provided of $6,228,105 the nine months ended September 30, 2021. Development of real estate and other expenses were the main reason for the cash used in operating activities in 2022.

Cash Flows from Investing Activities

Cash flows used in investing activities in the nine months ended September 30, 2022 and 2021 include the purchase of properties and improvements for our rental business, as well as small expenditures for purchases of office computer equipment.

Cash Flows from Financing Activities

In the nine months ended September 30, 2022, the Company repaid $1,000,000 and subsequently borrowed $3,740,000 from a related party loan. In the nine months ended September 30, 2021, the Company repaid $690,035 of bank loan, distributed $1,398,250 in cash to the minority shareholder, borrowed $6,684,282 from a related party and obtained $68,502 from PPP loan.

Seasonality

The real estate business is subject to seasonal shifts in costs as certain work is more likely to be performed at certain times of year. This may impact the expenses of Alset EHome Inc. from time to time. In addition, should we commence building homes, we are likely to experience periodic spikes in sales as we commence the sales process at a particular location.

Impact of Recent Public Health Events

In December 2019, a novel strain of coronavirus (“COVID-19”) was first identified in Wuhan, Hubei Province, China, and has since spread to a number of other countries, including the United States. The COVID-19 pandemic, or other adverse public health developments, could have a material and adverse effect on our business operations.

In the three and nine months ended September 30, 2022, the COVID-19 pandemic did not have a material impact on our operations. However, the extent to which the COVID-19 pandemic may impact our business in the future will depend on developments which are highly uncertain and cannot be predicted. The COVID-19 pandemic’s far-reaching impact on the global economy could negatively affect various aspects of our business, including demand for real estate and the cost of materials.

The COVID-19 pandemic could impact the ability of our staff and contractors to continue to work, and our ability to conduct our operations in a prompt and efficient manner. In 2020, we experienced a slowdown in the planned construction of a clubhouse at the Ballenger Run project which was completed behind schedule. We believe this delay was caused in part by policies requiring lower numbers of contractors working in indoor spaces. In the future, the COVID-19 pandemic could cause similar delays at future projects.

The COVID-19 pandemic may adversely impact the timeliness of local government in granting required approvals. Accordingly, COVID-19 may cause the completion of important stages in our real estate projects to be delayed.

At our Black Oak project in Texas, we have strategically redesigned the lots since the beginning of the COVID-19 pandemic for a smaller “starter home” products that we believe will be more resilient in fluctuating markets. We have received strong indications that buyers and renters across the country are expressing interest in moving from more densely populated urban areas to the suburbs. Should we initiate sales at Black Oak, we believe the general trend of customers’ interest shifting from urban to suburban areas will be favorable such project. Unlike our Ballenger Run project, our Black Oak project may include our involvement in single family rental home development.

Impact on Staff

Most of our staff works out of our Bethesda, Maryland office. Our staff has shifted to mostly working from home since March 2020, but this has had minimal impact on our operations to date. The COVID-19 pandemic has also impacted the frequency with which our management would otherwise travel to the Black Oaks project; however, we have a contractor in Texas providing supervision of the project. Management continues to regularly supervise the remaining tasks at the Ballenger Run project. Limitations on the mobility of our management and staff may slow down our ability to enter into new transactions and expand existing projects.

We have not reduced our staff in connection with the COVID-19 pandemic. To date, we did not have to expend significant resources related to employee health and safety matters related to the COVID-19 pandemic. We have a small staff, however, and the inability of any significant number of our staff to work due to illness or the illness of a family member could adversely impact our operations.

Recent Business Developments in our Home Rental Business

Recently, the Company expanded its real estate portfolio to single family rental houses. During 2021 and early 2022, the Company, through its subsidiaries, acquired 112 homes in Montgomery and Harris Counties, Texas.

In the first fifty of the 112 rental homes that were acquired, as part of our commitment to advancing smart and healthy sustainable living, we have installed Tesla PV solar panels and Powerwalls. We are reviewing plans to add solar panels and related technologies at the balance of the single-family rental homes, where feasible. In addition, we have added technologies at many of the single family rental homes such as (i) smart solar, thermostat, and energy usage controls; (ii) smart lighting controls; (iii) smart locks and security; and (iv) smart home automation devices. We believe these and other technologies will be attractive to renters and we continue to build and pursue strategic, technological partnerships that will assist us as we expand our real estate business to include building homes for rent and building homes for sale in the future.

The Company has entered into a property management agreement with the property managers under which the property managers generally oversee and direct the leasing, management and advertising of the properties in our portfolio, including collecting rents and acting as liaison with the tenants. The Company pays its property managers a monthly property management fee per property unit and a leasing fee.

Off-Balance Sheet Arrangements

As of September 30, 2022, we did not have any off-balance sheet arrangements, as defined under applicable SEC rules.

Critical Accounting Policy and Estimates

The Company's condensed consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America ("US GAAP"). For detail accounting policy and estimates information, please see Note 1 in the condensed consolidated financial statements.

Item 3. Quantitative and Qualitative Disclosures about Market Risk

As a "smaller reporting company" as defined by Item 10(f)(1) of Regulation S-K, the Company is not required to provide the information required by this Item.

Item 4. Controls and Procedures

(a) Evaluation of Disclosure Controls and Procedures

As of the end of the period covered by this report, an evaluation was performed under the supervision and with the participation of our management, including our Chief Executive Officers and Chief Financial Officers, of the effectiveness of the design and operation of our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended (the "Exchange Act")). Based on that evaluation, our management, including our Chief Executive Officers and Chief Financial Officers concluded that our disclosure controls and procedures are not effective to ensure that information required to be disclosed by us in reports that we file or submit under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the Securities and Exchange Commission's ("SECs") rules and forms and to ensure that information required to be disclosed by us in the reports that we file or submit under the Exchange Act is accumulated and communicated to our management, including our Chief Executive Officers and Chief Financial Officers, as appropriate to allow timely decisions regarding required disclosure.

(b) Changes in the Company's Internal Controls Over Financial Reporting

There was no change in our internal control over financial reporting (as defined in Rules 13a-15(f) and 15(d)-15(f) under the Exchange Act) that occurred during the quarterly period ended September 30, 2022 that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

Part II. Other Information

Item 1. Legal Proceeding

The registrant is not a party to, and its property is not the subject of, any material pending legal proceedings.

Item 1A. Risk Factors

Not applicable to smaller reporting companies.

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

None.

Item 3. Defaults Upon Senior Securities

None.

Item 4. Mine Safety Disclosures

Not Applicable.

Item 5. Other Information

Not Applicable.

Item 6. Exhibits

The following documents are filed as a part of this report:

31.1a*	Certification of Co-Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.1b*	Certification of Co-Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2a*	Certification of Co-Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2b*	Certification of Co-Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32.1**	Certifications of the Chief Executive Officers and Chief Financial Officers pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
101.INS	Inline XBRL Instance 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.
** Furnished 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.

LIQUIDVALUE DEVELOPMENT INC.

November 4, 2022

By: */s/ Fai H. Chan*

Fai H. Chan
Co-Chief Executive Officer and Director
(Principal Executive Officer)

November 4, 2022

By: */s/ Moe T. Chan*

Moe T. Chan
Co-Chief Executive Officer and Director
(Principal Executive Officer)

November 4, 2022

By: */s/ Rongguo (Ronald) Wei*

Rongguo (Ronald) Wei
Co-Chief Financial Officer
(Principal Financial and Accounting Officer)

November 4, 2022

By: */s/ Alan W. L. Lui*

Alan W. L. Lui
Co-Chief Financial Officer
(Principal Financial and Accounting Officer)