

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): September 11, 2023

AFC GAMMA, INC.  
(Exact name of Registrant as Specified in Its Charter)

Maryland  
(State or Other Jurisdiction  
of Incorporation)

001-39995  
(Commission  
File Number)

85-1807125  
(IRS Employer  
Identification No.)

525 Okeechobee Blvd., Suite 1650  
West Palm Beach, FL, 33401  
(Address of principal executive offices, including zip code)

561-510-2390  
(Registrant's telephone number, including area code)

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 (see General Instructions A.2. below):

- 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 per share	AFCG	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 September 11, 2023, AFC Gamma, Inc. (the “Company”) entered into an amendment (the “Management Agreement Amendment”) to the Company’s Amended and Restated Management Agreement, dated January 14, 2021, between the Company and AFC Management, LLC (the “Manager”), as amended by the First Amendment to Amended and Restated Management Agreement, dated March 10, 2022, as further amended by the Second Amendment to Amended and Restated Management Agreement, dated November 7, 2022, as further amended by the Third Amendment to Amended and Restated Management Agreement, dated March 6, 2023 (the “Amended and Restated Management Agreement”). Pursuant to the Management Agreement Amendment, the Amended and Restated Management Agreement was amended to update the investment guidelines to allow for investments in mezzanine loans to commercial real estate owners, operators and related businesses. In addition, the investment guidelines were amended such that loans and investments made in respect of (x) first lien or second lien loans secured by mortgages or mezzanine loans to commercial real estate owners, operators and related businesses, (y) the ownership of non-cannabis related commercial real estate assets, and (z) mortgage-backed securities shall not exceed 35% of the Company’s assets as evaluated on a quarterly basis and determined by the Company’s Board of Directors through the independent Audit and Valuation Committee. The Manager is a wholly-owned subsidiary of Castleground Holdings LLC (f/k/a Advanced Flower Capital Management, LLC) (the “Parent Manager”), which is approximately 79% beneficially owned by Leonard M. Tannenbaum, our Chief Executive Officer and Chairman of the Board, and approximately 11% beneficially owned by Robyn Tannenbaum, our President.

The foregoing description of the Amended and Restated Management Agreement is qualified in its entirety by reference to the full text of the Management Agreement Amendment, which is filed as Exhibit 10.1D to this Current Report on Form 8-K and is incorporated by reference herein.

### **Item 5.02 Departure of Directors or Certain Officers; Election of Directors; Appointment of Certain Officers. Compensatory Arrangements of Certain Officers.**

On September 11, 2023, effective as of such date, Jonathan Kalikow resigned from each of his officer and director positions with the Company and each of its subsidiaries, including, without limitation, as (i) a member of the Company’s board of directors, (ii) Head of Real Estate of the Company and all other roles he has with the Company and each of its subsidiaries, whether as an employee or officer, and (iii) a member of the Company’s Investment Committee. Mr. Kalikow’s decision to resign was based on his desire to focus on non-cannabis investments and is not the result of any dispute or disagreement with the Company or any matter related to the Company’s operations, policies or practices. In connection with Mr. Kalikow’s resignation, the Company has agreed to cause the Manager to recommend to the Company’s Board of Directors to fully accelerate all restricted stock of the Company owned by Mr. Kalikow.

As of September 11, 2023, Mr. Kalikow no longer owns any of the outstanding equity of the Parent Manager, and Mr. Tannenbaum and Mrs. Tannenbaum beneficially own approximately 79% and 11%, respectively.

### **Item 9.01 Financial Statements and Exhibits.**

(d) Exhibits

<b>Exhibit No.</b>	<b>Description</b>
10.1D	<a href="#">Fourth Amendment to Amended and Restated Management Agreement, dated September 11, 2023 by and between AFC Gamma, Inc. and AFC Management, LLC.</a>

**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 hereunto duly authorized.

**AFC GAMMA, INC.**

By: /s/ Brandon Hetzel  
Brandon Hetzel  
Chief Financial Officer and Treasurer

Date: September 11, 2023

**FOURTH AMENDMENT TO AMENDED AND RESTATED MANAGEMENT AGREEMENT**

This Fourth Amendment to Amended and Restated Management Agreement (this “**Amendment**”) is entered into effective as of September 11, 2023 (the “**Effective Date**”) by and between AFC Gamma, Inc., a Maryland corporation (together with its subsidiaries, the “**Company**”), and AFC Management, LLC, a Delaware limited liability company (the “**Manager**”).

**RECITALS**

WHEREAS, the Company and the Manager entered into the Amended and Restated Management Agreement, dated as of January 14, 2021, as amended by the First Amendment, dated March 10, 2022, the Second Amendment, dated November 7, 2022, and that Third Amendment, dated March 6, 2023 (as amended, the “**Management Agreement**”), under which the Company has retained the Manager to administer the business activities and day-to-day operations of the Company and to perform services for the Company in the manner and on the terms set forth therein; and

WHEREAS, the Company and the Manager desire to amend the Management Agreement in certain respects as more fully set forth below.

**AGREEMENT**

NOW, THEREFORE, in consideration of the premises and covenants contained herein and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Company and the Manager, intending to be legally bound hereby, agree as follows:

1. All capitalized terms not defined in this Amendment shall have the meanings assigned to them in the Management Agreement.
2. Upon the Effective Date, the Investment Guidelines, as set forth on Exhibit A to the Management Agreement, are hereby amended and restated in their entirety as set forth on Annex I attached hereto, and made a part hereof for all purposes.
3. Except as expressly modified by this Amendment, the Management Agreement shall continue to be and remain in full force and effect in accordance with its terms. Any future reference to the Management Agreement shall be deemed to be a reference to the Management Agreement as modified by this Amendment.
4. The provisions of Section 16 of the Management Agreement are incorporated herein by reference *mutatis mutandis* with the same force and effect as if expressly written herein.
5. This Amendment may be executed by the parties to this Amendment on any number of separate counterparts (including by facsimile), and all of said counterparts taken together shall be deemed to constitute one and the same instrument.

[Signature Page Follows]

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IN WITNESS WHEREOF, each of the parties hereto has executed this Amendment as of the Effective Date.

**AFC GAMMA, INC.**

By: /s/ Gabriel Katz  
Name: Gabriel Katz  
Title: Secretary and Chief Legal Officer

**AFC MANAGEMENT, LLC**

By: /s/ Leonard M. Tannenbaum  
Name: Leonard M. Tannenbaum  
Title: Manager

[Signature Page To Fourth Amendment]

## Annex I

### Amended Investment Guidelines

#### Investment Guidelines

1. No investment shall be made that would cause the Company to fail to qualify as a REIT under the Code.
2. No investment shall be made that would cause the Company to be regulated as an investment company under the Investment Company Act.

3. No investment shall be made that would cause the Company to violate any law, rule or regulation of any governmental body or agency having jurisdiction over the Company (excluding for purposes of this clause, the federal prohibition under the U.S. Controlled Substances Act of the cultivation, processing, sale or possession of cannabis or parts of cannabis including the sale or possession of cannabis paraphernalia, advertising the sale of cannabis, products containing cannabis or cannabis paraphernalia, or controlling or managing real estate on which cannabis is trafficked, as long as such investments are in compliance with applicable state law) or of any securities exchange on which the securities of the Company may be listed or that would otherwise not be permitted by the Company's Governing Instruments.

4. The Company's investments shall be in (i) first lien loans secured by mortgages to cannabis operators in states that have legalized medical and/or adult use cannabis (the "Cannabis Investments"); (ii) first lien or second lien loans secured by mortgages or mezzanine loans to commercial real estate owners, operators and related businesses; (iii) the ownership of non-cannabis related commercial real estate assets; and (iv) mortgage-backed securities, in each case subject to the restrictions set forth in paragraphs 1 through 3 above; provided, that, loans and investments made in respect of items (ii), (iii) and (iv) of this paragraph 4 shall not exceed 35% of the Company's assets as evaluated on a quarterly basis and determined by the Board through its independent Audit and Valuation Committee.

Notwithstanding the foregoing, this paragraph 4 shall not prohibit the Manager from causing the Company to invest in (a) debt securities (including seller notes) with characteristics similar to the Cannabis Investments, or (b) the types of assets described in paragraph 5 below until appropriate investments described in this paragraph 4 are identified.

5. Until appropriate investments are identified, the Manager may cause the Company to invest its available cash in interest-bearing, short-term investments, including money market accounts or funds, commercial mortgage-backed securities, corporate bonds, debt and equity interests of REITs and other investments, in each case subject to the requirements set forth in paragraphs 1 through 3 above.

6. All investments by the Company require the approval of the Investment Committee.

These Investment Guidelines may be amended, restated, modified, supplemented or waived by the Board (which must include a majority of the Independent Directors) and the Manager without the approval of the Company's stockholders.