Form **8937**(December 2017) Department of the Treasury Internal Revenue Service

Report of Organizational Actions Affecting Basis of Securities

► See separate instructions.

OMB No. 1545-0123

Part I Reporting I	ssuer				
1 Issuer's name				2 Issuer's employer identification number (EIN)	
AFC GAMMA, INC.				85-1807125	
3 Name of contact for add	ditional information	4 Telephon	e No. of contact	5 Email address of contact	
BRANDON HETZEL			561-510-2390	IR@ADVANCEDFLOWERCAPITAL.COM	
6 Number and street (or P	O.O. box if mail is not	7 City, town, or post office, state, and ZIP code of contact			
525 OKEECHOBEE BLVD,	SUITE 1650			WEST PALM BEACH, FL 33401	
8 Date of action		9 Class	sification and description		
JULY 8, 2024		соммо	N STOCK		
0 CUSIP number 11 Serial number(s)		s)	12 Ticker symbol	13 Account number(s)	
00109K105	00109K105 N/A		AFCG	N/A	
the action ► SEE AT		pplicable, the		gainst which shareholders' ownership is measured for	
15 Describe the quantitat share or as a percenta				in the hands of a U.S. taxpayer as an adjustment per	
16 Describe the calculation valuation dates ▶ SEE		asis and the o	data that supports the calculation	on, such as the market values of securities and the	

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		Organizationa	II Action (continued	9				
17 L	ist the	applicable Interna	al Revenue Code sectio	n(s) and subsection(s) upon w	hich the tax treatment is ba	sed ▶ SEE	EATTACHED	
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18 (Can an	y resulting loss be	recognized? ► SEE A	ATTACHED				
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19 F	rovide	any other informa	ition necessary to imple	ement the adjustment, such as	the reportable tax year	SEE ATTACE	160	
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Firm's name

Use Only

Firm's EIN ▶

AFC GAMMA, INC. EIN: 85-1807125 ATTACHMENT TO FORM 8937

REPORT OF ORGANIZATIONAL ACTIONS AFFECTING BASIS OF SECURITIES

Disclaimer: The information in Form 8937 and this attachment does not constitute tax advice and does not purport to take into account the specific circumstances that may apply to particular categories of AFC Gamma, Inc. shareholders. Each shareholder is urged to consult his, her or its own tax advisor regarding the consequences of the transactions described herein, including the impact on tax basis resulting therefrom.

Form 8937 Part II

<u>Item 14.</u> 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 July 9, 2024 (the "Distribution Date"), AFC Gamma, Inc. ("AFC Gamma") distributed shares of common stock of Sunrise Realty Trust, Inc. ("SUNS") pro rata to AFC Gamma shareholders of record as of the close of business on July 8, 2024 (the "Record Date," and such distribution, the "Spin-Off").

No fractional shares of SUNS common stock were distributed. All fractional shares of SUNS common stock that AFC Gamma shareholders otherwise would have been entitled to receive as a result of the Spin-Off were aggregated into whole shares and sold on the open market, and the resulting cash proceeds of the sale were paid to such shareholders.

Item 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:

In general, a distribution that is not a redemption under $\S302(b)$ is a dividend to the extent it comes from earnings and profits of the current taxable year or accumulated earnings and profits. A distribution in excess of current and accumulated earnings and profits is subject to IRC \S 301(c)(2) and 301(c)(3). Under IRC \S 301(c)(2), the distribution is applied against, and reduces, the adjusted basis of the shareholder's stock. If the distribution is greater than the adjusted basis of the stock, the excess is treated by IRC \S 301(c)(3) as gain from the sale or exchange of property (thus, as capital gain if the stock is a capital asset).

Item 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:

The amount of distribution shall be equal to the fair market value of SUNS common stock distributed. The distribution is being valued at \$11 per share, determined by next day market trading. Distributions made during the tax year may exceed current and accumulated earnings and profits. If the distribution is not one described in IRC §302(b), then under IRC §302(d) and IRC §302(c), the distribution will be a return of capital and reduce adjusted basis of the stock dollar for dollar, to the extent that the distribution exceeds earnings and profits under IRC §301(c)(2), until the shareholder's adjusted basis of the stock is zero. The amount of capital, if any, that exceeds a zero basis shall be treated as a gain from the sale or exchange of property.

<u>Item 17. List the applicable Internal Revenue Code section(s) and subsection(s) upon which the tax treatment is based:</u>

The applicable sections of the Internal Revenue Code of 1986, as amended (the "Code") upon which the tax treatment is based are sections 301, 311, 316.

Item 18. Can any resulting loss be recognized?:

Not applicable.

<u>Item 19. Provide any other information necessary to implement the adjustment, such as the reportable tax year:</u>

The Distribution occurred on July 9, 2024. As a result, the basis adjustments and any corresponding federal income tax impact to shareholders should be reported in the taxable year that includes this date. In the case of shareholders who are calendar year taxpayers, the reportable tax year is 2024.

AFC Gamma expects to perform an Earnings and Profit (E&P) study at the end of the tax year. The portion of the distribution that is dividend versus nondividend distribution will be reported on Federal Form 1099-DIV.