

Our plan to separate into two publicly-traded companies is subject to various risks and uncertainties and may not be completed in accordance with the expected plans or anticipated timeline, or at all, and will involve significant time and expense, which could disrupt or adversely affect our business.

The Separation and Distribution is subject to the satisfaction of certain conditions (or waiver by us in our sole and absolute discretion), including final approval by our Board of the final terms of the Separation and Distribution. Furthermore, unanticipated developments or changes, including changes in the law, the macroeconomic environment, competitive conditions of our markets could delay or prevent the completion of the proposed Separation and Distribution, or cause the Separation and Distribution to occur on terms or conditions that are different or less favorable than expected.

The process of completing the proposed Separation and Distribution has been and is expected to continue to be time-consuming and involves significant costs and expenses. The costs may be significantly higher than what we currently anticipate and may not yield a discernible benefit if the Separation and Distribution is not completed or is not well-executed, or the expected benefits of the Separation and Distribution are not realized.

We expect to share accounting and other management systems and resources, including our Chief Financial Officer, with SUNS, which may make it more challenging for us to comply with our financial reporting requirements generally and in a timely manner.

Prior to the Distribution, the Company believes that SUNS reporting and control systems have been appropriate for those of a subsidiary of a public company. However, SUNS has not been directly subject to the reporting and other requirements of the Exchange Act. As a result of the Distribution, SUNS will be directly subject to reporting and other obligations under the Exchange Act. These reporting and other obligations will place significant demands on SUNS management and administrative and operational resources, including accounting resources. Our Chief Financial Officer and Chief Accounting Officer, Brandon Hetzel, is expected to be SUNS' expected Chief Financial Officer and expected Chief Accounting Officer. His financial reporting staff that he will manage is expected to also spend time supporting both companies. As a result, it may be more challenging for us to comply with the various financial reporting requirements generally and in a timely manner. Further, Mr. Hetzel and his financial reporting staff will not be our employees and, instead, will be employees of Sunrise Manager LLC, an investment adviser with overlapping ownership to our Manager and certain shared services (the "SUNS Manager"). As a result, he and the staff members may provide services to additional entities that are affiliated with the SUNS Manager, which will further divert resources Mr. Hetzel and his financial reporting staff could provide to us. We may not have sufficient time following the Separation to meet these obligations by the applicable deadlines.

In connection with the separation into two public companies, each of the Company and SUNS will indemnify each other for certain liabilities. If we are required to pay under these indemnities to SUNS, our financial results could be negatively impacted. In addition, the SUNS indemnities may not be sufficient to hold us harmless from the full amount of liabilities for which SUNS will be allocated responsibility, and SUNS may not be able to satisfy its indemnification obligations in the future.

Pursuant to the separation and distribution agreement and certain other agreements between SUNS and us, each party will agree to indemnify the other for certain liabilities. Third parties could also seek to hold us responsible for any of the liabilities that SUNS has agreed to retain. Any amounts we are required to pay pursuant to these indemnification obligations and other liabilities could require us to divert cash that would otherwise have been used in furtherance of our operating business. Further, the indemnities from SUNS for our benefit may not be sufficient to protect us against the full amount of such liabilities, and SUNS may not be able to fully satisfy its indemnification obligations.

Moreover, even if we ultimately succeed in recovering from SUNS any amounts for which we are held liable, we may be temporarily required to bear these losses ourselves. Each of these risks could negatively affect our business, results of operations and financial condition.

Our agreements with SUNS involve potential conflicts of interest.

The agreements we will enter into with SUNS in connection with the Separation were prepared in the context of the Separation while SUNS was still a wholly-owned subsidiary of the Company. Accordingly, during the period in which the terms of those agreements were prepared, SUNS did not have an independent Board of Directors or a management team that was independent of the Company. As a result, the terms of those agreements may not reflect terms that would have resulted from arm's-length negotiations between unaffiliated third parties. For example, the allocation of assets, liabilities, rights, indemnification and other obligations between SUNS and us under the separation and distribution agreement may have been different if agreed to by two unaffiliated parties.