

RESOLUTIONS OF THE ADVISORY BOARD OF STRUCTURED PRODUCTS (SP)- CYTONN HIGH YIELD SOLUTIONS LLP AND CYTONN REAL ESTATE PROJECT NOTES LLP AND THE PRINCIPAL PARTNER FOLLOWING AN UPDATE MEETING ON THE STATUS OF THE FUNDS.

THE MEETING WAS HELD AT THE PRINCIPAL PARTNERS OFFICE AT THE 6TH FLOOR AT THE CHANCERY AND VIA TELECONFERENCE IN NAIROBI ON THE 4TH DAY OF DECEMBER 2020

On behalf of the Principal Partner, The Chief Executive Officer, Mr. Edwin H. Dande reported: -

1. **THAT** Inflows from the real estate projects and funds into the Structured Products (SP)- Cytonn High Yield solutions LLP 'CHYS' and Cytonn Real Estate Project Notes LLP 'CPN' – both known as the Structured Products Portfolio, dropped from Kshs 640 million per month in Jan 2020 to Kshs 153 million per month in June 2020, mainly due to the effects of the pandemic. There has been a further decrease from Kshs 153 million in June to Kshs 25 million per month, in Nov 2020 mainly due to negative publicity in both the mainstream and social medial. This represents a cumulative 96% drop in inflows;
2. **THAT** with the significant drop on inflows, the Structured Products Portfolio cannot sustainably pay out 50% of the monthly and/or periodic interest as had been proposed by the Principal Partner following the resolution by the Board to capitalize a portion of interest at the meeting held on 10th June 2020 and communicated to Investment Partners vide the email of 22nd June 2020 and labelled "*CHYS & CPN Loan Restructuring in the face of Covid-19*";
3. **THAT** due to the current liquidity position the Management of the Principal Partner, in consultation with the Board has resolved to capitalize all interest from August 2020 retrospectively until the end of the Extension Period; to give the Portfolio room to restore liquidity through asset sales estimated to be about Kshs 7 billion;
4. **THAT** due to the tough economic environment and the illiquidity in the real estate industry, the minimum tenor for CHYS and CPN be increased from three (3) months to twelve (12) months for new investments;
5. **THAT** in recording these discussions on the Structured Products, the Principal Partner notes that the Structured Products Advisory Board can act on behalf of the CHYS/CPN Partnership and/or delegate their role as provided for in Clause 10.2 of the CHYS Deed, and the Principal Partners role to act for and on behalf of the Partnership in Clause 4.1 of the CPN Partnership Deed;
6. **THAT** this resolution is binding to all Partners as per the respective Partnership Deeds.

IT WAS THEREFORE FURTHER UNANIMOUSLY RESOLVED, AND IN ADDITION TO ALREADY EXISTING RESOLUTIONS AS PASSED ON 10th JUNE 2020 AS FOLLOWS: -

1. **THAT**, the Principal Partner needs to continue to act in the best interest of the CHYS and CPN funds and all Investment Partners therein, and put all its efforts to ensure the liquidity and safety of the funds is maintained;
2. **THAT** in view of the extended effects of Covid-19 and negative publicity to the liquidity of CHYS and CPN, a further capitalization of all the monthly and periodic interest from August 2020 for the period of the extension, a retrospective capitalization is necessary to pay the pending interest and to reduce the funding pressure on the Funds;

3. **THAT** the capitalization in 2 above shall apply ONLY to Pre-Covid investments that were received in the firm on or prior March 11, 2020, the day the World Health Organization declared Covid-19 a global pandemic;
4. **THAT** The Principal Partner shall proceed with the sale of assets;
5. **THAT** The Principal Partner shall increase the minimum CHYS & CPN tenor from 3 months to at least a year for new sales;
6. **THAT** the Principal Partner shall identify viable projects, raise funds, and run them to completion;
7. **THAT** the existing clients shall either give the management of the Principal Partner time to complete the identified projects and realize the value of their investments, or in addition to time, top up by at least 25% of their initial investments and enjoy preferential treatment of the post-Covid funds;
8. **THAT** Investors seeking full repayment by the end of the one-year extension period shall give the management of the Principal Partner time to liquidate the assets and receive a redemption of their funds, but at a predetermined discount on their investment;
9. **THAT** investors looking for exit before the expiry of the Extension Period do so at a discount based on the fact that we would be selling assets at this time at less than their potential value
10. **THAT** the management of the Principal Partner communicate the above resolutions timeously to each CHYS and CPN Client, and as far as possible handle each Client on a case-by-case manner.

It is hereby certified that the above is a true extract for the decision communicated by the Principal Partner having consulted the Structured Products Advisory Board, and that the resolutions set forth above were duly passed in accordance with the Partnership Deeds of the Cytonn High Yield Solutions LLP and the Cytonn Real Estate Project Notes LLP Funds.

IN WITNESS WHEREOF, the undersigned have adopted the above resolutions as of 20th December 2020.

For and on behalf of the Principal Partner
 SEALED WITH THE COMMON SEAL OF
CYTONN INVESTMENTS MANAGEMENT PLC
 in the presence of:

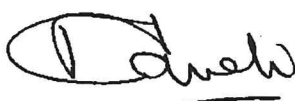
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Signature: _____
 Director

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Signature: _____
 Director/Company Secretary

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