



EAST AFR. PROT.
35053

C.O
35053

Area 1/2
1913
9 Oct.
as previous Paper
for
16575

Transfer of Concession to New Company.

States criticisms to which the business has been subjected by underwriters, the main objection being to the provision in original lease which requires that £50000 be paid down before any freehold is acquired. Ask that this provision be modified in manner indicated.

~~Dear Sir~~ Sir J. Fiddell

The original lease & the draft of the abortive modify of agreement of 1911 are in the envelope just below. The latter contemplated the gradual disposal of a great part of the area in small freehold farms. It was abandoned in favour of the present scheme but affords a precedent for subdivision.

The chief objection I see to the scheme proposed is that, if this is the maximum condition possible of £80,000 are to be underwritten the prospects of raising any substantial amount of capital are not very good. Evidently the new Company looks to selling part of its property in order to raise capital for developing the rest and cannot even hope to be underwritten.

22 Oct 11
28 Oct 11
36072

the E. A. Syndicate debenture holders) a
clear £50,000 worth - which they buy the
freehold of the whole. If they can buy
the land in 10,000 acre lots, on the other
hand, they can make a good profit without
any large initial expenditure. They
hope (see draft prospectus in 10065) to
realise £1 per acre (against the they
must pay (as a proportion of the shares
for the whole area)

To Govt. 3... 2 1/4 pence

To Debenture holders 11 " " (with an additional
4 1/2 pence (E.A.S. shares),
pence

5s. 12 in cash

i.e. they have to ~~be~~ ^{be} ~~able~~ ^{able} to ~~provide~~ ^{provide} their
cash outlay.

I very much doubt if they will do it
as the Govt. land sales, with easier
conditions than in the past, will compete
with them.

However, it is to be expected to get
this land broken up, and if the
Governor sees no objection to the proposal
I do not think we need worry any.

There is of course the contingency that
they might make so much on say half
or three quarters of the whole area that
they would not need to develop the rest
& could sell it at a sacrifice & yet clear
themselves up with a handsome
profit. I think this is remote: the
proportion of land sold (the whole)

probably not large. In any case
we might fix a limit to sales?

[I have left out of account the conversion
of rent on the land acquired a freehold
- it is only about 1/2 of what the Govt. gets
on occupation licences] 280

? (By Govt. for common, telling him to
reply by tel - if he agrees. He might
be asked if there is any need to fix a
limit to the amount sold (fixed by
the Syndicate (it would involve a
supplementary agreement with the
Govt.)). - & inf. Syndicate

W.S.

13/10/13

Col: V. gave ~~me~~ ^{me} the substance of this
C. conversation & I told him to put
it into writing. I gathered that
the British Co. were driving a hard
bargain with the Syndicate.

As proposed?

16. J. R.

13/10/13
14. 10. 13

15. 10. 13

W. B. Stanley W. Read

W. Read has seen Col. Killiers this morning & he wishes a telegram to be sent to C.A.P. instead of a disp. as the Syndicate is very anxious to know the result of their application by the end of this month.

It seems clearly a case in wh. the cost of the tel. shd be claimed from the Syndicate. If so, the app. shd be marked full rates accordingly. * in telling Synd. that tel. has been sent we shd say cost of tel. will be claimed.

* confirm tel. by disp. enclosing Syndicate's letter.

I think so
Col. V. calls me that they will pay for it

6/17/13
Allf 17/10/13
Stone
h. s. d. 17/5/13

19, 5, SWITHINS LANE,
LONDON E.C.

35053

13



9th October, 1913.

EAST AFRICA SYNDICATE LIMITED.

210

Sir,

With regard to the interview which Colonel Villiers, one of my Directors, had with Mr. Read on the 1st instant, I am instructed to lay before you the criticisms to which the business has been subjected by many of the proposed Underwriters of the issue of the British East Africa Cattle Farms Limited. Partly owing to these and partly owing to the depressed condition of the money market the issue under the aegis of Bovril Limited has been held back for the present, but it is desired if possible to meet the criticisms referred to so that on the market conditions improving the issue may be proceeded with.

The main criticism is that the New Company will be greatly handicapped by the provision in the original lease from the Government which requires £50,000 paid down before any freehold is acquired, whereby the Company would be practically prevented from selling off to genuine Settlers any part of the land without finding £50,000 for the purpose.

My Directors are informed that the opinion of men returning to this country from East Africa is that part of the land included in the lease is not fitted for cattle and stock raising, but can be used for agricultural and other purposes: and my Directors think that the Government will recognise that it is in the interest of the Protectorate that any land more suitable

Under Sec. Cal. Off.

or valuable for agricultural purposes should be so developed.

For the New Company in its initial stages to raise a sum of £50,000 in addition to the working capital to be supplied, in order to enable it to deal with any of its land as freehold, would be out of the question: and the suggestion has been made that the Government should reconsider the option to purchase the freehold from this point of view.

I am therefore to suggest that the Government should modify the existing option by allowing the Lessees from time to time during the currency of that option to acquire the freehold in blocks of say not less than 10,000 acres, the total purchase price of £50,000 being ratably apportioned over the blocks. In this way the New Company would be in a position to exercise its option at any time on any block, a portion of which it desired to sell off to bona fide Settlers, paying only the proportion of the £50,000 which the area of the block bore to the total acreage included in the lease.

My Directors are confident that if the Government will meet the Syndicate in the manner indicated, the underwriting could be completed and the prospectus issued so soon as the market conditions improve.

I have the honour to be, Sir,

Your obedient Servant,

For EAST AFRICA SYNDICATE LIMITED.

Secretary.

The Under Secretary,

Colonial Office,

Downing Street, S.W.

M. I. / 35053 East

258



Handwritten vertical text: "Handwritten vertical text" (likely "Handwritten vertical text")

DRAFT.

Telegram
Memo
Nairobi

sent 5.25 pm
\$ 17/10

Odiab
17 October

- MINUTE
- Mr. deeb 17/10/13
- Mr. Attorney 17/10/13
- Mr. deeb 17/10/13
- Sr G. Fiddes.
- Sr H. Just.
- Sr J. Anderson.
- Lord Emmott.
- Mr. Horcourt.

Gen. let. of 16 May No.
underpull

(12/11/13)

92 Syndicate

state that they
underwriting
shoglass

cannot arrange for

ancette

underwriting on existing

terms which
subaqueous

Copy Exp. 28001 36872

for coin
el put this
minute
B A

35053
for info with
to E. J. []

require £50000
pinion coin

to be paid before
preparation

freehold acquired

since Company must

raise full amount before
claimable

selling to settlers any
nummagost

part of land \odot Syndicate
part less Alwayray

point out that this development
pellegam discipline

in interests of Govt. of S.A.P.
inswathing for gingeriness

as part of land
part less

suitable for agriculture
smashers adoxiani

but not grazing
bunghole

\odot They ~~not for~~
silverray ~~not for~~

apply for permission to
partida

acquire freehold blocks

not less than 10000
Panguivamo wind sail

acres at one time
apicillary

on proportional terms
Mocoma

based on area

arrivals during whenever of option

this will get over
suddenly dipitate
difficultly underwriting

① Telegraph you

views also whether you
Fidelock to so Cerai

consider amount of cash
alagore

sold by ~~sp~~ judicate
ruminati

should be limited
latrunculi