



**EAST AFR. PROT**  
**No. 39848**

POST OFFICE  
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Recd  
 4th Sept 13/1907

Office or Individual

10 Cpts  
 1907  
 12 Mar

(Subject.)

Upwards of 6 Afr. Syndicate's Company  
 Reports matters discussed with Col  
 Thomas & Mr. Goldmann for comm

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H. J. R.  
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do not quite understand. I have always assumed that the lessees had the right to cut what timber they wished, not only for use but for export, or in order to clear the land for cultivation.

W.D.B.

14/11.

Mr. Arthur. I agree. With regard to timber we have taken up the position that all forest which has not yet been disposed of in any way are to be regarded as State forests & that timber falling in them is only to be allowed on certain conditions & subject to the supervision of the Forest Dept. It appears however that there is no private forest in this concession & I do not see why the lessees should not be allowed to cut what timber they require, but to be on the safe side I would better calculate the value of the timber which they have cut & the price to pay for it.

H. J. R.

Discard as broken 15/11

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ALL COMMUNICATIONS  
TO BE ADDRESSED TO THE  
SIGNED AGENTS FOR THE COLONIES,  
THE ABOVE REFERENCE AND THE  
NAME OF THIS LETTER BEING QUOTED

TEL. AND CROWN, LONDON

WHITEHALL GARDENS,  
LONDON, S.W.

12th November 1907

Sir,

In continuation of our letter of the 29th of October, and with further reference to your letter No. 35141/1907 of the 25th October, I have the honour to report that as Colonel Owen Thomas, one of the directors of the Uplands of East Africa Syndicate, is leaving for East Africa on the 16th instant, the Syndicate asked to have an interview with us before his departure at which they might submit their views on the draft concession now in their hands. After consultation with the Eastern Department of the Colonial Office, we agreed to this course, and saw Colonel Thomas with Mr Goldmann on the 6th instant with the Syndicate's solicitor who in his letter of the 5th to our solicitors a copy of which is enclosed, set forth the points the Syndicate wished to discuss.

2. They informed us that it was not their intention to form a separate Company to take over the lease, that it was proposed that the lease should be granted to the Syndicate which was already incorporated as a limited company with a nominal capital of £120,000, and that it was intended to alter the Memorandum and Articles of Association of the Syndicate so as to enable the Syndicate to give effect to the provisions of sub-section C of clause 1 of the Agreement. We understand that

Under Secretary of State

cc to cc

Colonial Office

x. No. 35141/1907

the Syndicate intend to carry on a general trading business in East Africa and possibly other enterprises in addition to the present concession, and that consequently the whole of the £120,000 capital will not be available for the purposes of this concession.

3. As regards the reservation of the waters of any river or lake from the lease (clause 2), the directors put the point that under the present wording of the draft the Government might remove an unlimited quantity of water for supply to Mombasa or other Government purposes, and might by doing so leave them an insufficient quantity for carrying on their operations. They wished to be secured in a prior right - against Government as well as other users - to take all water required for their operations, though they were willing that the Government should be the judge of any question that might arise. They further desired that the words "for motive power or irrigation" might be deleted from clause 13, sub-clause IV, line 3, so that they should be at liberty to use the water for other purposes connected with the enterprise.

4. As regards the term of the lease (clause 2) you inform us in your letter of the 25th of October that the unexpired term of the lease from the Sultan of Zanzibar is 30 years from the 9th of October 1908. As this period has not yet begun and is therefore not strictly "unexpired" it occurs to us that "1908" may have been written by a clerical error for "1907". If not we presume that we shall be correct in granting the lease for certain up to the 8th of October 1938.

5. With regard to the extension of the lease to 99 years, the directors pointed out that the provision as to six months notice (page 2, fifth line from bottom) might leave them in doubt as to the extension till just before the expiration of the

30 years term. We see no objection to deleting the words "and shall give to the Governor..... for a further lease of the demised premises". Under the altered wording the Government could extend the lease as soon as it is in a position to do so, and we would suggest that it might be stipulated that the offer of the extended term should be made to the Company when that is the case, and should be accepted by them within say six months after receiving it.

Clause 4 of Lease. The Directors asked that all goods or produce sold, not for exportation but for consumption in the country, should be exempted from royalty; that the royalty should be confined to vegetable produce (e.g. that which would be exempt), and that where the produce was worked in the country, only the value in the raw state should be taken for the purpose of calculating the royalty.

The Directors also asked that the Government should remove the clause which provided that the Company should spend £10,000 a year upon the development and improvement of the demised premises. They agreed provisionally to spend at least £2,000 in the first two years, and the balance up to £10,000 in the third year, to which we see no objection.

The Directors also asked that the £10,000 provided in subclause (ii) should be allowed to cover not only the Bacon factory and works, but also the expense of purchasing and farming pigs.

The meaning of the words "development and improvement of the demised premises" in clause 16 subclause (i) was discussed, the question being raised whether a share of the general administrative expenses of the Company in London, expenses of supervision, clerical assistance, and commercial agencies

agencies

agencies in the Government, and the cost of machinery, could properly be charged to this head. We expressed the view that the intention of the Secretary of State, as we understood it, was probably to confine the money dealt with in this subclause to expenditure directly applied to the soil and its products, and that accordingly the cost of purchasing transporting and erecting machinery intended for such direct application would be legitimately included, but not administration expenses or commercial agencies concerned with selling rather than producing. We agreed however to submit the point to the Secretary of State.

The Directors asked that if as the result of the survey of the land or through the determination of native rights or other cause during the currency of the lease, a substantial amount of land should be withdrawn from the provisional area of 350,000 acres, the amount so withdrawn should be replaced elsewhere, or alternatively that the amount which they were required to spend should be proportionately reduced. They stated that they would prefer the first alternative.

9. They submitted that it would be a hardship to the Company to be obliged on the expiration or earlier determination of the lease, to give up without compensation the buildings and other "unexhausted improvements" effected by them on the land. In view of the definite condition laid down in paragraph (g) of our letter to Mr Goldsmid of the 11th of June, we doubted whether this point would be entertained, but we agreed to submit to the Secretary of State the proposal that if the Government should, within six months after re-entry sell such improvements to a subsequent tenant or purchaser of the land, the price paid to the Government for them should be handed over to the Company

10. They further asked - as we understood them - with reference to clause 13 sub clause (vi), that they might be allowed to take timber for construction purposes, and wood and coal (if any) for fuel, free of charge from the land included in the lease.

11. We explained to the representatives of the Company clearly the purport of your letter to us of the 25th ultimo and made it understood that the above matters would have to be submitted to the Secretary of State, who would probably refer some or all of them to the Governor of the East Africa Protectorate.

I have the honour to be,

Sir,

Your obedient servant,

*R. G. ...*

for Crown Agents.



Messrs. Martineau & Reid to Messrs. Sutton, Gannett  
and Kendall

39848

2 Raymond Buildings W.C.

5th November 1907

UPLANDS OF EAST AFRICA SYNDICATE LTD

Ras Muaka Senge Concession

207

Dear Sirs,

Our clients wish to discuss at a meeting tomorrow in particular the following points.

1. The allocation of expenditure in the accounts.
2. The capital actually to be subscribed now in cash.
3. The question of replacing any land which may be withdrawn on survey owing to native rights or any other cause.
4. As to a proportionate reduction of land and expenditure if for any reason the area is reduced from 350,000 acres.
5. As to the lessees position in the case of exercising mining rights.
6. Question of reservation of water.
7. As to the extension of the lease from 10 to 99 years and the time when that is to be exercised.
8. That a royalty should only apply to produce exported and only in the case of raw products.
9. That Section 10 sub-section 1 should be limited to the expenditure of £30,000 at least during the first three years, and that in sub-section 2 the £10,000 is to be expended on establishing a pig-farming and bacon industry and not entirely in the building of a factory.
10. That clause 13 sub-section 6 should be extended to include fuel and coal required for the purposes of the Company in developing the area.
11. As to the valuation of improvements on determination of lease. The basis of value to be fixed under clause 30 by virtue of which the Governor has power to purchase machinery etc.

We are, &c.,

Sd/ Martineau & Reid.

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23<sup>rd</sup> November  
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Summaries

MINUTE.

- Mr. Bottomley 22/11 11/11 22/11
- Mr. Read 22
- Mr. Just.
- Mr. Antrobus 23
- Mr. Cox.
- Mr. Lucas.
- Sir F. Hopwood.
- Mr. Churchill.
- The Earl of Elgin.

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DRAFT.

MINUTE.

- Mr.
- Mr.
- Mr. Luca.
- Sir F. Hopwood.
- Mr. Churchill.
- The Earl of Elgin

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