



de**Carnys**Capital

International Sovereign & Corporate Debt Funding


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**INFORMATION MEMORANDUM  
RELATING TO A RESTRICTED OFFER  
OF TWO YEAR LOAN NOTES**

ISSUED BY  
**DE CARNYS TREASURY 2 LTD**

of up to 3000 Notes of \$100,000 nominal  
value in tranches of 100 Notes paying an  
8% per annum coupon



A thick yellow curved line starts from the left edge of the page and curves downwards and to the right, ending near the bottom right corner. The background is a solid blue color.

The content of this document has not been approved by an authorised person within the meaning of the Financial Services & Markets Act 2000 ("FSMA"). Reliance on this promotion for the purposes of engaging in any investment activity may expose an individual to significant risks. Nothing in this document constitutes investment, financial, tax or other advice. If you are in any doubt about the action you should take in regard to this document, you should contact an independent financial adviser or other professional adviser authorised under FSMA.



## IMPORTANT NOTICE

This document is presented by De Carnys Treasury 2 Ltd, a company incorporated in England & Wales under company number 12565875 (the “Issuer”, “Company” or “DCT”). It does not constitute a prospectus as defined by the Prospectus Regulations 2005 (the “Regulations”). The content of this brochure has not been approved under section 21 of the Financial Services & Markets Act 2000 by an FCA authorised person.

This document does not constitute an offer, or the solicitation of an offer, in any jurisdiction in which such offer or solicitation is unlawful. It is the responsibility of any person outside the United Kingdom wishing to subscribe to DCT’s Note offer (“the Note Offer”) to satisfy himself/ herself as to full observance of the laws of any relevant territory in connection therewith, including obtaining any requisite governmental or other consents, observing any other formalities required to be observed in such territory and paying any issue, transfer or other taxes required to be paid in such territory.

The promotion is only suitable for and should only be distributed to individuals who are classified as being at least one of: (a) an advised client, being an existing client of an authorised firm that will confirm whether this investment is suitable for them, as per COBS 4.7.8(2)R; (b) a certified high net worth investor within the meaning of COBS 4.7.9(1)R; (c) a certified sophisticated investor within the meaning of COBS 4.7.9(2)R; (d) self-certified sophisticated investor within the meaning of COBS 4.7.9(3)R; or (e) persons to whom it is otherwise lawful to distribute.

This Investment Memorandum is provided for the purpose of providing certain information about the Note Offer. The Note Offer is offered solely on the basis of the information contained in this Investment Memorandum. No person has been authorised to give any information or make any representations other than those contained in this Investment Memorandum, or in any written brochure, notice or report which accompanies this Investment Memorandum, in connection with the Note Offer.

Neither DCT nor any of its respective directors, officers, employees, or agents accept any liability for any direct, indirect or consequential loss or damage suffered by any person as a result of relying on any information or opinions contained herein or in any other communication in connection with the Note Offer except where such liability arises under FSMA, regulations made under FSMA or the FCA Rules and which may not be excluded.

DCT’s board believes that the factual content hereof is accurate and that statements of opinion herein are reasonably held and that the content of the Information Memorandum is presented in a manner which is fair, clear and not misleading with respect to the persons to whom the Note Offer is promoted.

Additionally, some material included in this document is derived from public or third party sources, and each of DCT and its director(s) disclaim all liability for any errors or misrepresentations that any such inclusions may contain.

This Information Memorandum contains certain information that constitutes “forward-looking statements” which can be recognised by use of terminology such as “may”, “will”, “should”, “anticipate”, “estimate”, “intend”, “continue”, or “believe” or their respective negatives or other comparable terminology. Forward-looking statements are provided for illustrative purposes only. Due to various risks and uncertainties, actual events, results or performance may differ materially from those reflected or contemplated in such forward-looking statements.

In making an investment decision, investors must rely on their own independent assessment of the Note Offer and the terms of the offering contemplated hereby. There are significant risks associated with the Note Offer. The payment of coupon and capital returns are subject to the success of the strategy of DCT and to political, economic and other factors outside of the control of DCT.

The information contained in this Investment Memorandum is current at the date of publication.

This Information Memorandum should not be considered as a recommendation by DCT, its directors or its affiliates (or their respective directors, Noteholders, partners, officers, employees, agents or advisers) to invest and each potential investor must make his/ her own independent assessment of the merits or otherwise of the Note Offer and should take his/her own professional advice.

Neither the issue of the Information Memorandum nor any part of its contents is to be taken as any form of commitment on the part of DCT, or the directors or any of their affiliates to proceed with an investment. In no circumstances will DCT, its directors or affiliates be responsible for any costs or expenses incurred in connection with any appraisal or investigation of the Note Offer or for any other costs or expenses incurred by prospective investors in connection with such investment.

The information contained in this Information Memorandum makes reference to the current laws as at the date of the Information Memorandum that may be subject to change.

For further information on the Note Offer, please contact your financial advisor.

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**DEFINITIONS**



**KEY  
INFORMATION**



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## 1. DEFINITIONS

<b>"2 Year 8% Income Product", 8% Income Product" or "Product"</b>	the 2 year fixed rate loan notes with 8% simple interest per annum, payable semi-annually in arrears in year one and year two, and the Final Redemption Amount which will be repaid on the Final Redemption Date;
<b>"Account"</b>	the account of the Receiving Agent into which subscription monies for the Notes will be paid and held until required and drawn down by the Issuer in accordance with the procedure set out in this document;
<b>"Act"</b>	the Companies Act 2006;
<b>"Articles"</b>	the articles of association of the Issuer from time to time;
<b>"Authorised Person"</b>	a person authorised to advise on investments of the type constituted by the Offer under FSMA;
<b>"Board"</b>	the board of directors of the Issuer (or any duly authorised committee thereof) from time to time;
<b>"Business"</b>	the Tanzanian Treasury Bond business to be carried on by the Issuer;
<b>"Business Day"</b>	a day (excluding Saturdays, Sundays and public holidays) when banks in London are open for business;
<b>"Certificate"</b>	a registered note certificate delivered to and registered in the name of the Noteholders;
<b>"COBS"</b>	the Conduct of Business Sourcebook contained within the FCA Handbook;
<b>"Custodian"</b>	CRDB Bank plc, a bank registered in Tanzania with Certificate of Incorporation number 30227 and Banking Licence Number CBA 00028 issued by the Bank of Tanzania;
<b>"Directors"</b>	the directors of the Issuer from time to time;
<b>"Excluded Jurisdiction"</b>	the United States of America and such other jurisdictions as the Issuer may in its sole discretion from time to time exclude;
<b>"Final Redemption Amount"</b>	the amount payable on the Final Redemption Date in respect of the relevant Notes as set out in the relevant Instruments;
<b>"Final Redemption Date"</b>	the relevant date two years following the Issue Date on which the Notes are to be redeemed as set out in the Instruments;
<b>"FCA"</b>	the United Kingdom Financial Conduct Authority;
<b>"FPO"</b>	the Financial Services and Markets Act 2000 (Financial Promotions) Order 2005;

<b>“FSCS”</b>	the Financial Services Compensation Scheme as created under FSMA (being the UK’s statutory fund of last resort for customers of authorised financial services firms);
<b>“FSMA”</b>	the Financial Services and Markets Act 2000, as amended from time to time;
<b>“HMRC”</b>	HM Revenue & Customs;
<b>“Instruments”</b>	the instruments constituting the Notes (copies of which can be provided on request) and “Instrument” shall be construed accordingly;
<b>“Interest”</b>	the interest payable in respect of the Notes at the Interest Rate on the Total Issue Price accruing in the manner and payable on the terms set out in each Instrument, and “Coupon” shall have the same meaning;
<b>“Interest Payment Date”</b>	the date(s) for payment of Interest in respect of the Notes as set out in the Instruments;
<b>“Interest Rate”</b>	the relevant interest rate in respect of the Notes as set out in the Instruments, being 8% per annum;
<b>“Introducer”</b>	such party as introduces the Offer to the noteholder;
<b>“Investors” or “Noteholders”</b>	as the context permits, prospective or actual noteholders;
<b>“Issue”</b>	the issue of Notes pursuant to the terms of the Offer;
<b>“Issue Date”</b>	the date on which the Notes are issued following closure of the Offer;
<b>“Issue Price”</b>	the issue price per Note being \$100,000;
<b>“Issuer”</b>	De Carnys Treasury 2 Ltd, a company incorporated in England & Wales under company number 12565875;
<b>“Issuer’s Legal Advisor” or “Brandsmiths”</b>	Brandsmiths S.L. Ltd, a company registered in England with company number 09308037 and authorised by the Solicitors Regulatory Authority with SRA number 620298;
<b>“Minimum Application size”</b>	the minimum value of Notes a Qualifying Subscriber may subscribe for, being \$100,000;
<b>“Money Laundering Regulations”</b>	the Money Laundering Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations 2017
<b>“Name”</b>	De Carnys Treasury 2 Ltd fixed rate unsecured loan notes 2020;

## DEFINITIONS CONT...

<b>“Nominated Account”</b>	the bank account nominated by each Noteholder into which that Noteholder’s Coupons and Final Redemption Amount will be paid;
<b>“Noteholders”</b>	the registered holders of the Notes;
<b>“Notes”</b>	the notes to be issued by the Issuer under the Offer consisting of Notes in the Product to be known as De Carnys Treasury 2 Ltd fixed rate unsecured loan notes 2020;
<b>“Offer”</b>	the offer for subscription of the Product on the terms set out in this document, the Instruments and the Subscription Form;
<b>“Offer Period”</b>	the offer period for the subscription for the Notes issued in respect of the Offer;
<b>“Qualifying Subscriber”</b>	a subscriber for Notes who qualifies with the criteria set out in Section 11 of this document;
<b>“Receiving Agent”</b>	Escrow Custodian Services Ltd, company number 09076407, FCA firm reference number 784390, with registered office address at 3rd Floor, Middleborough House, 16 Middleborough, Colchester, Essex, England, CO1 1QT;
<b>“Register”</b>	the register of Noteholders;
<b>“Sterling”, “GBP” or “£”</b>	the lawful currency of the United Kingdom;
<b>“Stockbroker” or “Archco”</b>	Arch Financial Investment and Advisory Ltd, a company registered in Tanzania with company number 85829 and licensed by the Bank of Tanzania as a dealer in securities with licence number R0011;
<b>“Subscription Form”</b>	the subscription form for use by Qualifying Subscribers in connection with the Offer;
<b>“Tanzanian Shillings” or “TZS”</b>	the lawful currency of the United Republic of Tanzania;
<b>“Target”</b>	the maximum nominal value of Notes to be issued pursuant to the Offer, being \$300 million;
<b>“Total Issue Price”</b>	the total issue price paid for the relevant total number of Notes that a Noteholder subscribes for on the relevant subscription date;
<b>“Tranche”</b>	the minimum amount that the Receiving Agent should receive for the Issuer to purchase the Treasury Bonds, being \$10M (equivalent to 100 Notes);
<b>“Treasury Bonds”</b>	the interest-bearing Treasury bonds issued by the Government of the United Republic of Tanzania and held by CRDB Bank in Tanzania in the name of the Issuer;
<b>“UK GAAP”</b>	UK generally accepted accounting principles; and
<b>“US Dollars”, “USD” or “\$”</b>	the lawful currency of the United States of America.



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## 2. KEY INFORMATION

<b>Issuer</b>	De Carnys Treasury 2 Ltd
<b>Corporate type</b>	Single investment UK company limited by shares
<b>Date of incorporation</b>	22nd April 2020
<b>Type</b>	Loan note offer, with fixed rate coupon return of 8% per annum and capital return linked to the values of the Treasury Bonds and the Tanzanian Shilling at the end of the Term
<b>Term</b>	2-year term
<b>Coupon</b>	8 per cent per annum, payable semi-annually in arrears and denominated in US Dollars
<b>Launch date</b>	1st June 2020
<b>Sector</b>	Security and commodity contracts dealing activities (SIC Code 66120)
<b>Funds sought</b>	USD 300 million
<b>Minimum investment</b>	USD 100,000
<b>Notes on offer</b>	3000 Notes
<b>Note price</b>	USD 100,000 per Note
<b>Investor type</b>	Open to advised individuals, high net worth individuals and sophisticated investors.
<b>Use of Proceeds</b>	Investment in Treasury Bonds.

A savanna landscape with elephants and acacia trees under a blue sky with clouds.

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## EXECUTIVE SUMMARY

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## THE INVESTMENT OPPORTUNITY

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### 3. EXECUTIVE SUMMARY

Set out below is an executive summary of the DCT 2-year \$300m Loan Note investment opportunity.

Investors should read the whole of this document, which provides additional information on the Issuer and the Offer, and not rely on summaries or individual parts only. In particular, the attention of Investors is drawn to Section 9 of this document which contains a summary of the risk factors considered by the Directors to be relevant when considering an investment in the Product.

#### **a. Introduction**

The opportunity is available only to Qualifying Subscribers and involves the subscription in the Product to be issued by the Issuer.

The Offer is made by invitation only by way of this Information Memorandum and the Subscription Form. It is made on the date of this document and will be open for acceptance until the Target is raised (being \$300 million) or until the Offer is declared closed at the Director's discretion.

#### **b. Investment Required**

The Offer is in respect of up to 3000 Notes at a price of \$100,000 per Note.

The Minimum Application Size (for Notes) is \$100,000. The Directors will consider any investment amount proposed but reserve the right to reject any application at their absolute discretion.

#### **c. Use of Proceeds**

The proceeds of the Issue will be used to finance the purchase of Treasury Bonds issued on behalf of the Government of the United Republic of Tanzania by the Bank of Tanzania ("Treasury Bonds").

#### **d. Treasury Bonds**

The Treasury Bonds are backed by the Government of the United Republic of Tanzania and issued on the Government's behalf by the Bank of Tanzania. The Bank of Tanzania is the Tanzanian central bank and amongst other things is responsible for issuing the national currency, the Tanzanian shilling ("TZS").

#### **e. To Subscribe**

To subscribe, Investors, their Introducer or financial advisor should read this document and complete the expression of interest form, which is available through the website at [www.decarnyscapital.com](http://www.decarnyscapital.com) Expression of Interest without delay, following which the Receiving Agent will contact you and send you a Subscription Form.

The Investor's Introducer or financial adviser should then send the completed Subscription Form to the Receiving Agent, together with the additional documents required (including, in particular but without limitation, such documentation to evidence that they are a Qualifying Subscriber) as soon as possible.



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## 4. THE INVESTMENT OPPORTUNITY

### a. Introduction

The DCT 2-year \$300m Loan Note opportunity is available only to Qualifying Subscribers and involves a subscription for the Product. The subscription funds received by the Issuer will be used to purchase Treasury Bonds issued and guaranteed by the Government of the United Republic of Tanzania.

The Product is to be issued by the Issuer, with a Minimum Application Size per Qualifying Subscriber of \$100,000 in value. Each Investor will be permitted to subscribe for Notes exceeding the Minimum Application Size in amounts and multiples of \$100,000 in value.

The Notes are only transferable in limited circumstances and may not be redeemed by Noteholders earlier than the Final Redemption Date. However, the Issuer shall be entitled to redeem the Notes (by written notice to the Noteholders) in accordance with the terms of the Instruments (as applicable).

The Offer is made on the date of this document and will be open for acceptance until the Target is met or the Offer is declared closed earlier at the Directors' discretion.

The Directors may issue different series of loan notes at other times, either contemporaneously with the Notes or following the closing of the Offer.

To subscribe, Investors, their Introducer or financial advisor should read this document and complete the expression of interest form, which is available through the website at [www.decarnyscapital.com](http://www.decarnyscapital.com) Expression of Interest without delay, following which the Receiving Agent will contact you and send you a Subscription Form.

### b. The Issuer

The Issuer was incorporated to engage in the purchase of Treasury Bonds.

### c. Associate Companies

- De Carnys Capital Ltd

The Issuer is 100% owned by De Carnys Capital Ltd, a company incorporated in England & Wales under company number 12193193.

- De Carnys Treasury 1 Ltd

De Carnys Treasury 1 Ltd, a company incorporated in England & Wales under company number 12568326 is raising funds in Sterling for the same purpose, and concurrently with, the Issuer. The target amount of such fundraising is £300 million. The directors of the Issuer also act as directors of De Carnys Treasury 1 Ltd and the promotional materials are nearly identical. De Carnys Treasury 1 Ltd has been established to accommodate investors who wish to invest in Sterling and who wish to avoid the cost of converting such Sterling to US Dollars.

## 4. THE INVESTMENT OPPORTUNITY

Additional associate companies may be established from time to time for purposes including but not limited to the issuance of loan notes denominated in different currencies.

### d. Calculation of Final Redemption Amount

The Final Redemption Amount is set out in the relevant Instruments and is based on the market value of the Treasury Bonds held by the Issuer on the Final Redemption Date translated into USD at the market foreign exchange rate then prevailing.

### e. Investor Returns

Investor Returns are dependent upon the market value of the Treasury Bonds held by the Issuer and the market foreign exchange rate between TZS and USD on the Final Redemption Date.

Potential Investor Returns are illustrated below based on three market scenarios:

- Scenario 1: no change in the USD market value of the Treasury Bonds between the Issue Date and Final Redemption Date;
- Scenario 2: an increase of 5% in the USD market value of the Treasury Bonds between the Issue Date and Final Redemption Date; and
- Scenario 3: a decrease of 5% in the USD market value of the Treasury Bonds between the Issue Date and Final Redemption Date.

Potential returns on investment of \$100,000						
Scenario	Product	6 months	12 months	18 months	24 months	Total
1	2 Year 8% Income Product	\$4,000 Coupon	\$4,000 Coupon	\$4,000 Coupon	\$4,000 Coupon + \$100,000 Final Redemption Amount	\$116,000
2	2 Year 8% Income Product	\$4,000 Coupon	\$4,000 Coupon	\$4,000 Coupon	\$4,000 Coupon + \$105,000 Final Redemption Amount	\$121,000
3	2 Year 8% Income Product	\$4,000 Coupon	\$4,000 Coupon	\$4,000 Coupon	\$£4,000 Coupon + \$95,000 Final Redemption Amount	\$111,000

### IMPORTANT

The potential returns illustrated above are based on the Directors' assessment and interpretation of the information available at the date of this Information Memorandum and no representation or assurance is made that such forecasts will be achieved. Capital returns are contingent upon the value of the Treasury Bonds and the exchange rate between US Dollars and Tanzanian Shillings after two years. The Issuer cannot take responsibility for any non-performance on the part of the United Republic of Tanzania or the Bank of Tanzania. Investors must determine what, if any, reliance they should place on such forecasts. The forecasts have also been formulated on the assumption that the Notes are held for the relevant full term.



## **f. Anticipated Returns**

Notwithstanding that the investment is not without risk, the Directors are confident that the Treasury Bonds will generate a return sufficient to meet Interest and Total Issue Price payments that are payable to Investors.

## **g. Management**

The Board currently comprises Messrs James Coleman and Peter Franklin. James is the managing director of the Issuer.

## **h. Affiliates & Service Providers**

### **CRDB Bank** [www.crdbbank.co.tz](http://www.crdbbank.co.tz)

CRDB Bank plc is a bank registered in Tanzania with Certificate of Incorporation number 30227 and Banking Licence Number CBA 00028 issued by the Bank of Tanzania. It is the largest, wholly owned private universal bank in Tanzania and was established in 1996 as a result of Tanzanian Government privatization of state-owned firms. Its major shareholders are a Danish Government sponsored fund<sup>1</sup>, leading Tanzania pension funds, International Finance Corporation<sup>2</sup>, CDC Group plc<sup>3</sup> and JPMCB FBO Africa Capitalisation Fund Ltd (an investment fund managed by JP Morgan Chase Bank<sup>4</sup>).

CRDB Bank offers a comprehensive range of financial services and products including savings, loans, trade finance, treasury products, premier banking services, agency banking services, e-banking, microfinance and SME products. CRDB Bank will act as custodian for the Issuer, holding the Treasury Bonds on the Issuer's behalf, as explained in more detail below.

### **Archco** [www.archco.co.tz](http://www.archco.co.tz)

Archco was established as Arch Financial Investment and Advisory Ltd in 2011 under Tanzanian company number 85829 and is licensed by the Bank of Tanzania as a dealer in securities with licence number R0011.

It has grown to become the leading privately owned stockbroker on the Dar es Salaam Exchange. The directors are highly experienced professionals with various specialisations and prior to forming Archco they worked with international banks throughout the world including the Bank of Tanzania. Archco and its management are fully authorised by the Capital Markets and Securities Authority in Tanzania and by the Bank of Tanzania as buyers and dealers in government bonds.

In addition to its expertise in the bond markets, Archco is also active in the regional equity markets, having sponsored many of the largest initial public offerings in Tanzania. It has a wide following of clients amongst private and corporate investors.

Archo deals in the local debt and equity capital markets on a daily basis, thereby supporting the Issuer and providing real time information on currency movements and pricing. It will therefore play an important role as the Issuer's market facing broker, providing timely market intelligence and effective dealing services in support of the Issuer's Treasury Bonds portfolio and helping the Issuer to safeguard and protect investor funds and their value.

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1. <https://um.dk/en/danida-en>

2. [www.ifc.org](http://www.ifc.org)

3. [www.cdcgroup.com](http://www.cdcgroup.com)

4. [www.jpmorganchase.com](http://www.jpmorganchase.com)

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## 4. THE INVESTMENT OPPORTUNITY

### **Brandsmiths** [www.brandsmiths.co.uk](http://www.brandsmiths.co.uk)

Founded in 2014, with offices in London and Manchester, Brandsmiths S.L. Ltd is one of the UK's leading boutique law firms. The firm has clients including Microsoft, BMW and Pentland Group and was voted one of the Times Best Law Firms in 2019. Its partners are listed in Legal 500 and Chambers as experts in their respective fields. Brandsmiths is authorised by the Solicitors Regulatory Authority with SRA number 620298 and acts as the Issuer's Legal Advisor for the Issue.

### **Escrow Custodian Services** [www.escrowcustodianservices.co.uk](http://www.escrowcustodianservices.co.uk)

Founded in 2014, Escrow Custodian Services Ltd is authorised by the Financial Conduct Authority, firm reference number 784390, with permission for money remittance services. The company acts as a neutral third-party custodian to hold funds, with the authority to make disbursements when specific conditions are met.

### **Burson Cohn & Wolfe** [www.bcw-global.com](http://www.bcw-global.com)

Burson Cohn & Wolfe (BCW) is a multinational communications and public relations firm and it is a subsidiary of WPP Group PLC, the world's largest advertising company. Founded in 1953 and headquartered in New York, BCW has over 4000 employees and it works extensively across the continent of Africa, including Tanzania. BCW provides investor relations services to the Issuer.

#### **i. To Subscribe**

To subscribe, Investors, their Introducer or financial advisor should read this document and complete the expression of interest form, which is available through the website at [www.decarnyscapital.com](http://www.decarnyscapital.com) Expression of Interest without delay, following which the Receiving Agent will contact you and send you a Subscription Form.

#### **j. Settlement**

Notes will be registered in the names of the Noteholders with the relevant certificate dispatched no later than 21 business days following subscription.

No temporary documents of title will be issued. The Issuer will procure the establishment and maintenance of a central register of Notes which shall, in the absence of specific evidence to the contrary, be definitive as to the registration and time of subscription for the Notes. Pending the dispatch of definitive Note certificates, any redemptions or transfers of Notes will be certified against the Issuer's Note register.

For the avoidance of doubt, the Note certificates to be issued by the Issuer are different to the Treasury Bonds that are to be purchased by the Issuer from the Government of the United Republic of Tanzania.

## k. The Funds Flow

Upon receipt of the Subscription Form, the Receiving Agent will conduct all necessary regulatory 'know your customer' and other due diligence checks with the Investor and their financial advisors. Following the completion of these checks the funds will be paid by the Investor to the client account of the Receiving Agent.

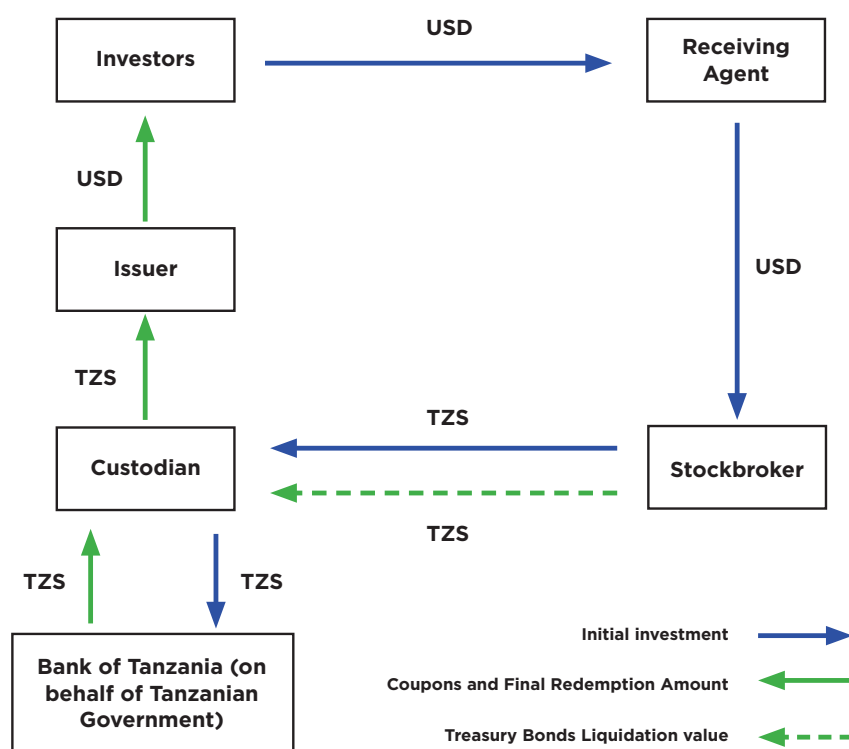
When the total value of Investor funds held by the Receiving Agent in respect of subscriptions on which the required due diligence has been completed reaches the value of a Tranche, closing will occur. On closing (1) the Receiving Agent shall release the funds to the client account of the licensed Tanzanian stockbroker Archco, where the funds will be held in a segregated client trust account in the name of the Issuer and (2) simultaneously, the Issuer's Legal Advisor will issue the Note to the Investor on the Issuer's behalf.

On instructions from the Issuer, issued at closing, the stockbroker, Archco, will then purchase Treasury Bonds from the Bank of Tanzania. On purchase, Archco will thereupon release the funds to the Custodian, CRDB Bank plc, which will then settle the purchase in line with normal market practice. The Custodian will hold the Treasury Bonds in the name of, and to the order of, the Issuer.

The Treasury Bond Coupon return shall be paid into the account of the Issuer at the Custodian in Tanzania. The interest Coupons and Final Redemption Amount due to the Noteholders shall be remitted by the Custodian to the Issuer, with the Issuer being responsible for immediately paying the 8% per annum Coupon and Final Redemption Amount due to each Noteholder into that Noteholder's Nominated Account.

It may be necessary to fund the Final Redemption Amount by liquidating the Treasury Bonds in the open market via the Stockbroker. In this case the Treasury Bonds liquidation value will be paid by the Stockbroker to the Custodian and the Custodian will then remit the final Coupon and Final Redemption Amount to the Issuer, with the Issuer being responsible for immediately paying the final semi-annual Coupon and Final Redemption Amount due to each Noteholder into that Noteholder's Nominated Account.

The flow of funds is illustrated graphically below.



## l. Waiver

Investors must understand the risks associated with an investment that is not regulated and that political, legislative and economic and other factors can affect (positively and negatively) the business of the Issuer. As such, any person reading this document and considering the potential investment opportunity should carry out their own due diligence in respect of this opportunity and make their own commercial assessment. Investors are also encouraged and recommended to take their own independent legal and taxation advice together with any other advice that they may consider necessary to consider the benefit and risk attached to this investment opportunity.



A photograph of two men harvesting tea in a field. The man in the foreground is wearing a plaid shirt and is using a yellow-handled tool to pluck tea leaves into a white box. He has a large woven basket filled with harvested tea leaves on his back. The man in the background is wearing a yellow t-shirt and is also using a yellow-handled tool to pluck tea leaves. He also has a large woven basket on his back. The background shows a vast tea plantation under a cloudy sky.

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## MARKET OPPORTUNITY



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## 5. MARKET OPPORTUNITY

### (a) Market Strategy

DCT's strategy is to provide Investors with a specialist and focused exposure to high-yielding Tanzanian Treasury Bonds as part of each Investor's diversified portfolio of assets. DCT therefore offers the Notes in the expectation that all Noteholders will receive professional advice.

DCT considers that investment into the Tanzanian Treasury Bond sector offers a compelling opportunity and the backing of the Government of the United Republic of Tanzania for the Treasury Bonds further provides a high level of risk mitigation. Treasury Bonds are relatively liquid, with an active secondary market in operation. The rate of return is competitive, they are transferable and negotiable, can be pledged as collateral and are relatively low risk because they are issued and underwritten by the Government.

DCT is satisfied that the Treasury Bonds issued by the Government of the United Republic of Tanzania represent a secure, viable and ethical means to facilitate an attractive investment return for investors.

### (b) Why Tanzanian Treasury Bonds?

The Bank of Tanzania as a banker and fiscal agent of the Tanzanian Government issues Treasury Bonds on behalf of the Government.

Treasury Bonds are debt instruments issued by the Governments in exchange for money borrowed from the public. They are long-term securities (i.e. they have a maturity longer than a year) and are issued with aim of offsetting fluctuations between receipts from the budgeted revenues and the payments of the Government. They are only available through Tanzanian authorised agents of the Bank of Tanzania.

At regular intervals Treasury Bonds are issued in the primary market to authorised dealers by the Government of Tanzania via the Bank of Tanzania, and an active and liquid secondary market exists in which bonds are traded continuously. At the Launch Date Moody's has rated long-term debt issued by the Government of the United Republic of Tanzania as B1.

As investment instruments, Treasury Bonds have the following advantages:

- They are held by banks as part of their regulatory liquidity portfolios and are therefore highly liquid, with an active secondary market in operation.
- The rate of return is competitive.
- They are transferable and negotiable.
- They can be pledged as collateral.
- They are relatively low risk because they are issued and guaranteed by the Government..

Most Treasury Bond issues by the Government of the United Republic of Tanzania are oversubscribed.

In terms of political stability, Tanzania ranks favourably compared to many of its neighbours. It improved three places on the latest Corruption Perceptions Index published by Transparency International, currently ranking 96th among 180 countries surveyed<sup>5</sup>. This has been accredited to the zeal of Tanzanian President John Pombe Magufuli in tackling corruption.

The current rate of inflation in Tanzania is 3.9%, which represents an improvement from its 2017 rate of 5.3%. A December 2017 report prepared by the International Monetary Fund in conjunction with the International Development Association, undertaking a debt sustainability analysis, concluded that the country had a low risk of external debt distress<sup>6</sup>.

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5. [www.transparency.org/country/TZA](http://www.transparency.org/country/TZA)

6. [www.imf.org/external/pubs/ft/dsa/pdf/2018/dsacr1811.pdf](http://www.imf.org/external/pubs/ft/dsa/pdf/2018/dsacr1811.pdf)



### **(c) The DCT Advantage**

The business model is beautifully simple: DCT will use Investor funds to purchase Treasury Bonds. Such Treasury Bonds will deliver the 8% per annum Coupon and the Final Redemption Amount to Investors.

The Bank of Tanzania is satisfied that the directors of Archco and DCT have the expertise required to purchase and deal in the Treasury Bonds and thereby help the Tanzanian banking sector to grow nationally and internationally. It is predicated on the establishment of local relationships, support and expertise built up by the DCT team over many years – in particular, with the CDRB Bank and the Bank of Tanzania.

### **(d) An Ethical Investment**

The Issuer will provide inward investment into Tanzania that will enable the country to develop its human capital and physical and financial infrastructure, so improving the welfare and prosperity of its population. The Issuer and its associate companies will work to the highest standards of good governance and ethical business practices within Tanzania. The Issuer and its associated companies support the Government of the United Republic of Tanzania in its goal to enable the artisan population to become self-sufficient, healthy and educated, with the ultimate aim of reducing poverty by 50% over the next 10 years.





6

# MANAGEMENT TEAM



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## 6. MANAGEMENT TEAM

### **(a) James Coleman BSc (Hons), DIC, MBA, FCT (Dip)**

Jim specializes in treasury, risk, investment and project management.

With over 35 years' experience in the investment industry, he has worked in senior Treasury roles at a number of banks, including NatWest Capital Markets, Nationwide Building Society, Abu Dhabi Commercial Bank and Lloyds Banking Group (LBG). From 2010 to 2012, Jim led the establishment of the Treasury function of TSB Bank plc in preparation for the bank's divestment by LBG. This included the designing of the Treasury operating model, the preparation of the Information Memorandum, the development of a funding plan and risk management strategy and negotiation with potential buyers.

Between 2013 and 2016, Jim was Treasurer of Sainsbury's Bank, a senior management team role at J Sainsbury plc. He was hired to lead the Treasury function through J Sainsbury's acquisition in 2014 of the 50% of the bank's shares held by LBG. During this time, he negotiated the refinancing of a bilateral funding line from LBG, restructure a large interest rate swaps portfolio, and established a wide range of banking relationships and associated documentation for Sainsbury's Bank, including membership of the Bank of England's Sterling Monetary Framework.

Jim has a number of academic qualifications including a BSc in pure mathematics from the University of St Andrews, an MBA with distinction from Imperial College Business School and diplomas in Corporate Treasury Management and Islamic Finance.

In 2000, Jim was elected as a Fellow of the Association of Corporate Treasurers (ACT), where he acted as a Member of its Technical Committee. On behalf of the ACT, he was appointed a Founder Member of the Bank of England Money Markets Liaison Group. In 2006, whilst he was Treasurer of Abu Dhabi Commercial Bank, Euromoney Magazine presented Jim with awards as Best Local Currency Trader and Best Borrower in the Middle East.

Jim is the current Head of Treasury at PCF Group Plc and PCF Bank Ltd in London, a role he has held since 2016. During his tenure he has supported PCF's evolution from a specialist consumer and asset finance business to a deposit-taking bank. His optimization of the bank's Treasury operating model has led to substantial reductions in liquidity and funding costs and efficiency gains. In 2017 Jim led the bank's successful application to join the Bank of England's Sterling Monetary Framework.

### **(b) Peter Franklin LLB, FCA, FCT**

Peter has over 40 years' experience in the financial services industry. He has developed a broad range of skills - in particular, in the field of treasury, finance and operations. A recurring theme at the organizations at which he has worked has been his responsibility for the assessment of current and future banking initiatives followed by the implementation of relevant processes and control procedures.

With a focus on Treasury and Capital Markets, Peter has had direct responsibility for a number of management projects, both tactical and strategic, including a series of retail banking establishment and re-direction initiatives, the complete turnaround of a merchant bank, market risks change solutions (including operating procedures), the introduction of robust policies and procedures for data ownership, full governance and compliance. From 2000 to 2018, Peter successfully undertook a number of interim assignments across the entire financial services sector under Pangray Limited with increasing focus on the challenger banking arena covering Aldermore, Shawbrook and TSB - where he helped to set up the finance and operations area of Treasury - and Sainsbury's Bank.

### **(c) Graham Jenner MA, MBA**

Graham has over 40 years' experience in international tax, holding senior in-house positions and consultancy roles relating in financial structuring and management for companies such as J M Huber Corporation USA, Hagemeyer Netherlands, Air Products & Chemicals UK and Ellerman Lines UK. Responsibilities included structuring of acquisitions, mergers and disposals, providing long term reduction of effective tax rates to companies operating internationally. Graham has had extensive experience in and responsibility for major projects and transactions, with the ability to formulate, implement and control the required strategies.

### **Conflicts of interest**

The directors and/ or managers of the Issuer will act in different capacities including potentially acting as director, shareholder, manager, agent and/or adviser to companies that may provide services to the Issuer. Any such conflicts arising shall be dealt with by ensuring that the fees negotiated between the Issuer and the service provider company shall be at normal commercial rates commensurate with the fees charged by unconnected companies.

A full-page background image of a tropical beach. In the foreground, a person wearing a red cap and an orange tank top is running along the shoreline. The beach is wide and sandy, with gentle waves washing onto the shore. In the background, there is a dense line of palm trees and some resort-style buildings with thatched roofs. The sky is blue with scattered white clouds. A yellow circle with the number 7 inside is positioned in the upper middle part of the image.

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## THE OFFER

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## 7. THE OFFER

### 1. The Notes

The Offer is being made by the Issuer and gives Qualifying Subscribers the opportunity to apply for Notes in the 2 Year 8% Income Product. The 8% return is in US Dollars and the Capital return is linked to Tanzanian Shillings.

### 2. Issue Price

Under the Offer, Qualifying Subscribers may apply for the Notes at the fixed Issue Price of \$100,000 per Note.

### 3. Minimum Offer Size

The minimum amount of Notes which need to be subscribed for in order for the Offer to proceed is 100. The maximum amount to be raised pursuant to the Offer is \$300 million (the Target).

### 4. Minimum Application Size per Investor

The Minimum Application Size per Investor is \$100,000.

### 5. Expenses and Taxes Charged to Investor

Investors are not charged any expenses by the Issuer or any taxes at the point of payment (save for such tax that the Issuer is required to withhold or any transaction charges specifically incurred in the course of making payments due on the Notes).

### 6. Offer Period

The Issuer offers the Product from the date on which the Offer Period begins until the Target has been met or the Offer is declared closed at the Directors' discretion. Applications received after this time will not be accepted except at the Directors' discretion. Notes are issued to Qualifying Subscribers as successful applications are received and processed by the Receiving Agent. The Issuer may reject any application in respect of the Offer in its absolute discretion.

### 7. Conditions of the Offer

The Offer is conditional upon the Issuer receiving applications from Qualifying Subscribers. If such a cancellation event occurs, all application monies (without interest) for such Notes less any unrecoverable costs will be returned within seven days of the end of the offer period.

### 8. Transferability

The Notes are only transferable in circumstances provided for in the Subscription Form.

### 9. Cancellation of the Offer

The Issuer reserves the right, in its absolute discretion, to cancel the Offer and the issue of the Notes at any time prior to the end of the Offer Period, provided that no Notes have already been issued. If such a cancellation event occurs, all application monies (without interest) for such Notes less any unrecoverable costs will be returned within seven days of the end of the offer period.

Application monies will be returned by interbank credit transfer back to the bank account from which such monies were first received or by any other method the Issuer deems appropriate.



## 10. Interest

In respect of the Notes, Interest is calculated and paid as stated in the Instruments at 8% per annum, payable semi-annually in arrears.

Interest is paid to Investors by the Issuer by way of BACS or cheque within seven Business Days after the relevant Interest Payment Date and Final Redemption Date (as set out in the Instruments).

## 11. Procedure for Application

To subscribe, Investors, their Introducer or financial advisor should read this document and complete the expression of interest form, which is available through the website at [www.decarnyscapital.com](http://www.decarnyscapital.com) Expression of Interest without delay, following which the Receiving Agent will contact you and send you a Subscription Form.

## 12. Effect of Application

By completion and delivery of the Subscription Form the applicant:

(i) represents and warrants to the Issuer that they have the right, power and authority and have taken all action necessary to make the application under the Offer and to execute, deliver and exercise their rights and perform their obligations under any contracts resulting therefrom and that they are not a person otherwise prevented by legal or regulatory restrictions from applying for the Product as they are or are otherwise treated as applying for or acting on behalf of any such person on a non-discretionary basis;

(ii) agrees with the Issuer that all applications under the Offer and any contracts or non-contractual obligations resulting therefrom shall be governed by, and construed in accordance with, the laws of England and Wales;

(iii) confirms to the Issuer that in making the application they are not relying on any information or representation relating to the Issuer other than that contained in (or incorporated by reference in) this Information Memorandum;

(iv) agrees that no person responsible solely or jointly for this Information Memorandum or any part thereof, or involved in the preparation thereof, shall have any liability for any such information or representation not so contained and further agrees that, having had the opportunity to read this Information Memorandum, they will be deemed to have had notice of all information in relation to the Issuer contained in this Information Memorandum (including information incorporated by reference);

(v) confirms to the Issuer that no person has been authorised to give any information or to make any representation concerning the Issuer or the Product (other than as contained in this Information Memorandum) and, if given or made, any such other information or representation should not be relied upon as having been authorised by the Issuer;

(vi) represents and warrants to the Issuer that they are a Qualifying Subscriber;

(vii) requests the Product to which they will become entitled to be issued (on the terms set out in this Information Memorandum, the Subscription Form and the Instrument); and

(viii) represents and warrants to the Issuer that they are not, nor are they applying on behalf of any person who is, a citizen or resident, or which is a corporation, partnership or other entity created or organised in or under any laws of any jurisdiction in which the application for the Product is prevented by law and they are not applying with a view to re-offering, re-selling, transferring or delivering any of the Product which is the subject of their application to, or for the benefit of, a person who is a citizen or resident or which is a corporation, partnership or other entity created or organised in or under any laws of any jurisdiction in which the application for Notes is prevented by law (except where proof satisfactory to the Company has been provided to the Company that they are able to accept the invitation by the Company free of any requirement which it (in its absolute discretion) regards as unduly burdensome), nor acting on behalf of any such person on a non-discretionary basis nor (a) person(s) otherwise prevented by legal or regulatory restrictions from applying for the Product under the Offer.

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## 7. THE OFFER

### 14. Money Laundering Regulations

To ensure compliance with the Money Laundering Regulations, the Issuer may require, at its absolute discretion, verification of the identity of the person by whom or on whose behalf the Subscription Form is lodged with payment.

If the Issuer determines that the verification of identity requirements apply to any acceptor or application, the relevant Notes (notwithstanding any other term of the Offer) will not be issued unless and until the verification of identity requirements have been satisfied in respect of an application. The Issuer is entitled, in its absolute discretion, to determine whether the verification of identity requirements apply to any application and whether such requirements have been satisfied, and the Issuer will not be liable to any person for any loss or damage suffered or incurred (or alleged), directly or indirectly, as a result of the exercise of such discretion.

If the Issuer states that verification of identity is required, failure to provide the necessary evidence of identity within a reasonable time may result in delays in the dispatch of Certificates in respect of Notes taken up. If, within a reasonable time following a request for verification of identity, the Issuer has not received evidence satisfactory to it, the Issuer may, in its absolute discretion, treat the relevant application as invalid. This is without prejudice to the right of the Issuer to take proceedings to recover any loss suffered by it as a result of failure to provide satisfactory evidence.

### 15. Times and Dates

Applications will be admitted until the offer is fully subscribed or the Offer is declared closed earlier at the Issuer's discretion.

### 16. Taxation

Investors who are in any doubt as to their tax position in relation to subscribing for Notes (and the receipt of any returns) should immediately consult a suitable professional adviser.

### 17. Governing Law and Jurisdiction

The terms and conditions of the Offer set out in this Information Memorandum, the Subscription Form and any non-contractual obligation relating to the Offer shall be governed by, and construed with, the laws of England and Wales. The courts of England shall have exclusive jurisdiction to settle any dispute which may arise out of or in connection with the Offer, this Information Memorandum or the Subscription Form. By subscribing for the Product in accordance with the instructions set out in this Information Memorandum and, where applicable, the Subscription Form, Qualifying Subscribers irrevocably submit to the jurisdiction of the courts of England and waive any objection to proceedings in any such court on the ground of venue or on the ground that proceedings have been brought in an inconvenient forum.

# DAR ES SALAM

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## FREQUENTLY ASKED QUESTIONS





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## 8. FREQUENTLY ASKED QUESTIONS

### **What is a loan note?**

A loan note is a type of corporate IOU. It is a company instrument which evidences the amount lent by an investor to that company and which sets out the terms under which the loan will be repaid.

### **Who issues my Note?**

The Note is issued by De Carnys Treasury 2 Ltd.

### **What is the term of investment?**

The term is fixed for a 2-year period.

### **How much funding is being sought by DCT?**

It is a total raise of \$300,000,000.

### **What will be my investment return?**

DCT offers a fixed interest rate 8% per annum of any invested sum for two years with a final redemption amount based on the prevailing USD value of the Treasury Bonds at maturity. The USD value of the Treasury Bonds may go up or down.

### **Will I receive my investment return gross?**

The Issuer believes that the Notes meet the criteria for a qualifying private placement under prevailing UK tax law and regulations. As such, interest may be paid to you without any deduction of tax if you are tax resident in the United Kingdom or a qualifying territory. A list of qualifying territories may be found at <https://www.gov.uk/hmrc-internal-manuals/international-manual/intm412090>. If you are not resident in the United Kingdom or a qualifying territory, the Issuer may be required to apply withholding tax at 20% on interest payments. In this case the Issuer will provide you with a certificate showing the amount of any tax withheld.

### **To whom are the DCT 2-Year \$300m Loan Notes available?**

They are available to high net worth individuals, professional and sophisticated investors.

### **What is the minimum and maximum amount of capital I can invest?**

Investment is invited from \$100,000. The maximum position is the allocation available at the time. This may vary depending on the amount raised to date.

### **Why does DCT not approach banks and other traditional funding sources for its funding?**

Since the credit crunch there has been less credit available from banks and other lending institutions and the terms under which they lend are often onerous. This accounts for the rise of crowdfunding and minibonds. The Issuer may use bank funding from time to time but does not rely solely on it. Bank funding can take time to arrange, up to 3 months, and so the Issuer has developed a multi-sourcing strategy utilising high net worth and sophisticated investors, institutions as well as family offices.

### **Can I seek early withdrawal or release from my investment prior expiration of the term?**

The simple answer to this is no, however DCT will do all it can in the event of unforeseen circumstances to offer your investment to its existing network of clients.

### **What is the procedure if I change my mind on investing?**

Once your Note has been issued you cannot change your mind.

**Why invest in the Tanzanian Treasury Bonds?**

The Issuer believes that investment into the Tanzanian Treasury Bond sector offers a more compelling opportunity than most opportunities that exist at the current time. The backing of the Government of the United Republic of Tanzania for the Treasury Bonds provides a compellingly high level of risk mitigation.

**How are our investment funds utilised?**

Funds are used to finance the purchase of the Treasury Bonds.

**How will I know when my investment has been received by the Issuer?**

Investors receive a Certificate sent to them directly by the Issuer.

**Is there any currency risk when I invest in the Issuer?**

Yes, the investor's total return is dependent on the USD value of the Treasury Bonds on the Final Redemption Date, which in turn will be affected by the prevailing USD TZS foreign exchange rate. Investors should take this into account before investing.

**How will I know how the Issuer is getting on?**

All investors receive a performance update on a bi-annual basis and regular newsletters updating them with the latest developments at the Issuer.

**Does my investment have protection under the Financial Compensation Services Scheme (FSCS)?**

The Financial Services Compensation Scheme does not apply to this investment opportunity.

**Are loan notes correlated with share price movements?**

It is not a listed corporate instrument and there is no correlation with the share price of the Issuer or any other company.

**How is my investment dealt with if something unexpected happens to me or should I die?**

Your loan note is willable and will be dealt with by the executor of your estate in the normal manner.

**Is it possible I could lose my money?**

The Issuer cannot guarantee that you will not lose some or all of your money but it seeks to mitigate the risk by using investment funds to purchase the Treasury Bonds which are debt securities that are backed by the Government of the United Republic of Tanzania.

**What makes DCT different?**

There are very few companies operating in this market sector that have the business relationships necessary to ensure that the purchase of Treasury Bonds, and the realisation of investor returns pertaining thereto, may be maximized.

The Issuer contends that, at its core, it is the experience of the management team that give it the edge over its competitors. The Issuer's seasoned management team has many decades of hands on, blue-chip experience in the international debt capital markets that they will bring to bear in managing its Treasury Bonds portfolio to preserve capital and maximise returns on behalf of investors.



A full-page background image of a savanna landscape at sunset. In the foreground, an elephant is silhouetted against the warm, orange light of the setting sun. To the right, a large acacia tree with a flat-topped canopy stands prominently. The sky is filled with dramatic, layered clouds in shades of orange, yellow, and blue. In the distance, rolling hills are visible under the soft glow of the twilight.

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## RISK FACTORS

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## 9. RISK FACTORS

Investors should consider carefully all of the information set out in this document and the risks attaching to an investment in the Issuer, including, in particular, the risks described below, prior to making any investment decision. The information below does not purport to be an exhaustive list or summary of the risks which the Issuer may encounter and is not set out in any particular order of priority. Prior to making an investment decision, Investors should consider whether an investment in the Issuer through the Product constitutes a suitable investment for them in light of their circumstances, tax position and the financial resources available to them.

### General

There can be no guarantee that the Issuer will achieve its stated trading objectives. The value of the Tanzanian national currency may go down as well as up. Currency risk is a factor that Investors should take into account when deciding whether to invest. Investors may realise less than their original investment as a direct result of fluctuations in the value of US Dollars or the Tanzanian Shilling and the value of the Tanzanian Treasury Bonds.

### Government and Legislative Changes

Changes in government policy, legislation or regulation in the UK or, in particular, in Tanzania, could affect the return on any investment in the Issuer.

### Liquidity of the Notes

The Notes are only transferable in limited circumstances and are not listed on any stock exchange. All investments carry an element of risk. However, investments in unlisted debt securities issued by private limited companies such as the Issuer may carry a greater risk than, for example, investments in shares issued by FTSE 100 companies.

### Security

The loan notes are not secured in any way. Investors do not benefit from a legal charge over the assets of the Issuer.

### Financial Services Compensation Scheme

Investors will not be able to make a claim under the FSCS established by the FCA in the event that the Issuer fails. As such Investors may lose all or part of the monies subscribed for the Notes.

### Realisation

Market forces beyond the control of the Issuer could materially adversely affect the ability of the Issuer to realise its investment. Investor returns are contingent upon the receipt of payments due on the Treasury Bonds from the Government of the United Republic of Tanzania and the timing of such receipts. The Issuer cannot take responsibility for any non-performance on the part of the Government of the United Republic of Tanzania.

The Issuer will apply Investor funds to the purchase of a portfolio of Treasury Bonds that will be managed to ensure that the Issuer has sufficient income and capital to make both the Coupon and Final Redemption Amount payments when they fall due. However, there is a risk, albeit remote, that on the Final Redemption Date the liquidation value of the Treasury Bonds may adversely affect the Final Redemption Amount paid to Investors.

### **Currency translation**

The investor's total return is dependent on the USD value of the Treasury Bonds on the Final Redemption Date, which in turn will be affected by the prevailing USD TZS foreign exchange rate.

### **Early redemption**

The Directors have no current plan to make early redemption of Notes and subscribing for Notes should therefore be viewed as a subscription for the full 2-year term of the Notes. However, investors should be aware that the Issuer retains the right of early redemption.

### **Rights of Noteholders**

Noteholders do not participate in the management of the Issuer or the conduct of its business.

### **Miscellaneous:**

#### **Tax Implications**

Investments in the Notes may have certain taxation implications specific to the Qualifying Subscriber. Commentary on tax is provided for information only and no representation or warranty, express or implied, is given to Noteholders in any jurisdiction as to the tax consequences of the investment.

Prospective investors should consult their own professional advisers as to the implications of their investing in the Notes. Any change in the Issuer's tax status or in taxation legislation could affect the value of the Noteholders' investments. Representations in this document concerning the taxation of Noteholders are based upon current tax law and practice, which is subject to change.

### **Inflation**

An investment in the Notes is not protected against the effects of inflation. The effect of inflation is to reduce the returns to Noteholders in real terms.

### **Regulatory Status of the Company**

The Issuer is not (nor are its Directors) subject to regulation by the FCA or any other financial services regulator.

Accordingly, the Issuer will not be subject to the requirements applicable to persons who are authorised by the FCA to provide investment management and similar services.

Prospective investors should consider the risks attached to an investment in the Issuer as a Noteholder, including but not limited to those set out above. Consideration should be given to whether such risks are suitable for them and prospective investors in any doubt about the contents of this document or the nature of an investment in the Issuer should seek independent financial advice.





10

**INFORMATION  
ON PAYMENTS  
AND  
REDEMPTION  
OF NOTES**

11

**QUALIFYING  
SUBSCRIBERS**



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## 10. INFORMATION ON PAYMENTS AND REDEMPTION OF NOTES

### a. Payment of Interest

Interest is payable semi-annually in arrears on the Interest Payment Dates.

### b. Payment on the Final Redemption Date

Payment of the Final Redemption Amount in respect of the Notes which are redeemed on their Final Redemption Date shall be made by the Issuer to the Noteholders within 21 Business Days of the Final Redemption Date.

The payment of redemption proceeds will be made by the Issuer by cheque or BACS and sent by first class post to the name and address of the Noteholder (or to the name and address of the first named holder in the case of joint holders) as appearing in the Register; all at the risk of the Noteholder(s) concerned.

### c. Market for Notes and Early Redemption

Investors should be aware that investment in any Notes should be viewed as an investment for the full term of the Notes. While the Directors have no plans to make early redemption of the Notes, the Issuer retains the right to do so if the Directors assess that the circumstances at the time make this appropriate. Noteholders may only redeem the Notes early in very limited circumstances as set out in the Instruments.

The Notes are not transferable (except in limited circumstances as provided in the Instruments) and there is no secondary market for the Notes.

### d. Redemption

On the Final Redemption Date for the Notes, such Notes will be redeemed in full by the Issuer and the Final Redemption Amount paid. Please refer to the Risk Factors section for information on circumstances in which the Issuer's ability to pay to Noteholders the full amount scheduled to be paid in respect of the Notes may be adversely affected.



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## 11. QUALIFYING SUBSCRIBERS

### (A) Eligibility

The Product is offered only to Qualifying Subscribers being persons who fall within the restricted categories of investors within the meaning of the FPO being:

(i) to persons falling within the definition of investment professional contained in article 19 of the FPO (“Investment professionals”), namely authorised persons; persons who are exempt in relation to the promotion of investments of this nature; persons whose ordinary activities involve them investing in unregulated schemes; governments; local authorities or international organisations; or a director, officer or employee acting for any of the entities listed in this paragraph (i) in relation to engaging in investment activity (provided that the communication is made to the director, officer or employee in this capacity and when acting in this capacity they are involved in the entities’ participation in non-readily realisable securities);

(ii) to persons falling within article 49 of the FPO (“High net worth companies, unincorporated associations etc.”), namely bodies corporate with called up share capital or net assets of not less than £5 million (except where the body corporate has more than 20 members in which case the share capital or net assets should be not less than £500,000); unincorporated associations or partnerships with net assets of not less than £5 million; trustees of high value trusts; or a director, officer or employee acting for any of the entities listed in this paragraph (ii) in relation to engaging in investment activity (provided that the communication is made to the director, officer or employee in this capacity and when acting in this capacity they are involved in the entities’ participation in non-readily realisable securities);

(iii) to persons who fall within article 48 of the FPO (“certified high net worth individual”), namely a person who has signed, within the period of 12 months ending on the date on which this communication is made, a statement in the terms specified in COBS 4.12.6R;

(iv) to persons who fall within article 50 of the FPO (“certified sophisticated investor”), namely a person who (1) has a written certificate within the last 36 months by a regulated firm confirming he has been assessed by the firm as sufficiently knowledgeable to understand the risks associated with engaging in activity relating to non-readily realisable securities and (2) who has signed within the period of 12 months ending on the date on which this communication is made, a statement in the terms specified in article 50 of the FPO;

(v) to persons who fall within article 50A of the FPO (“self-certified sophisticated investor”), namely a person who has signed, within the period of 12 months ending on the date on which this communication is made, a statement in the terms specified Part 2 of Schedule 5 of the FPO.

### (B) Suitability

Investors should either:

(i) determine the suitability of an investment in the Product in light of their own circumstances and in doing this should:

- have sufficient knowledge and experience to make an evaluation of a subscription for the Product and the merits and risks of subscribing for the Product;
- have sufficient financial resources and liquidity to bear all of the risks associated with subscribing for the Product, including the risk of loss of such investment; and
- be able to meet the Minimum Application Size; or

(ii) have received advice from an independent financial adviser (authorised and regulated by the FCA).

The Offer is made to (and a subscription for the Product is suitable for) Qualifying Subscribers who seek a competitive return on their capital or who wish to diversify their existing investment portfolios.

### (C) Drawdown

All funds payable by Qualifying Subscribers for the Product will be held by the Receiving Agent in the Account before being released by the Receiving Agent to the Issuer’s bank account.

# **APPENDICES**

- 1. Sample Loan Notes  
The Conditions**
- 2. Investor Certifications**

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# 1. SAMPLE LOAN NOTES

## SCHEDULE 1

### FORM OF CERTIFICATE

**Certificate No. [NUMBER]**

**Date of Issue [DATE]**

**Amount**

**DE CARNYS TREASURY 2 LTD**

**US\$100,000 FIXED RATE UNSECURED LOAN NOTES 2020**

Created and issued pursuant to a resolution of the board of directors of the Company passed on 26th May, 2020.

**THIS IS TO CERTIFY THAT** [NAME OF NOTEHOLDER] is the registered holder of [amount] De Carnys Treasury 2 Ltd fixed rate secured loan notes constituted by an instrument entered into by the Company on [DATE] (**Instrument**). Such Notes are issued with the benefit of and subject to the provisions contained in the Instrument and the Conditions endorsed on or annexed to this Certificate.

#### Notes:

1. The Notes are repayable and shall bear interest in accordance with the Conditions.
2. This Certificate must be surrendered to the Company before repayment, whether of the whole or any part of the Notes comprised in it, can be registered or effected, or any new certificate issued in exchange.
3. Any change of address of the Noteholder(s) must be notified in writing signed by the Noteholder(s) to the Company at the Registered Office.
4. No transfer of any part of the Notes represented by this Certificate can be registered without production of this Certificate.
5. Words and expressions defined in the Instrument shall bear the same meaning in this Certificate and in the Conditions.
6. The Notes and any dispute or claim arising out of or in connection with any of them or their subject matter or formation (including non-contractual disputes or claims) shall be governed by, and construed in accordance with, the law of England and Wales. The courts of England and Wales shall have exclusive jurisdiction to settle any dispute or claim arising out of or in connection with the Notes or their subject matter or formation (including non-contractual disputes or claims).
7. A copy of the Instrument is available for inspection at the registered office of the Company.



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## THE CONDITIONS

### SCHEDULE 2

#### THE CONDITIONS

##### PART 1

##### Interest and repayment

#### 1. INTEREST

- 1.1** Interest shall only be payable on any outstanding Notes at a rate of 8% (eight per cent) interest per annum (“the **Interest Rate**”) in four equal amounts. The first payment of interest shall be payable within 7 days of the date 6 (six) months after the **Issue Date**. The second payment of interest shall be payable within 7 days of the date 12 (twelve) months after the **Issue Date**. The third payment of interest shall be payable within 7 days of the date 18 (eighteen) months after the **Issue Date**. The fourth payment of interest shall be payable within 7 days of the **Final Redemption Date**.
- 1.2** Interest, if payable, shall accrue daily at the Interest Rate and shall be calculated on the basis of a 365-day year and the actual number of days elapsed from the date of issue of the Notes to the Redemption Date.
- 1.3** If the Company fails to pay amounts of interest due under paragraph 1.1 when due, interest shall continue to accrue on the unpaid amount at the Interest Rate.

#### 2. REDEMPTION

- 2.1** The Notes shall be redeemed on the Final Redemption Date through the payment of the Final Redemption Amount. The Final Redemption Amount shall be payable within 21 days of the Final Redemption Date.
- 2.2** The Company shall not be entitled to redeem the Notes at any earlier time other than with the consent of the Investor Majority. As and when the Notes (or any part of them) are to be redeemed the Company shall pay the Noteholders the principal amount of the Notes which are to be redeemed. The principal amount of the Notes shall be calculated as the Final Redemption Amount that would be due if the date of redemption were the Final Redemption Date.

#### 3. RIGHT TO WITHHOLD

The Company may deduct from any principal amount or interest payable in accordance with the Conditions any tax or other amounts which the Company may be required by law to deduct.

#### 4. NOTES PERSONAL TO NOTEHOLDER

The notes are personal to the Noteholder and not transferable other than on death of the Noteholder to a person benefitting from the estate of the Noteholder under a will or through intestacy rules.

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## 2. INVESTOR CERTIFICATIONS

### CERTIFICATE FOR EXECUTION BY HIGH NET WORTH INDIVIDUALS

I declare that I am a high net worth individual for the purposes of the Financial Services and Marketing Acts 2000 (Financial Promotion) Order 2005.

I understand that this means:

- a) I can receive financial promotions that may not have been approved by a person authorized by the Financial Conduct Authority
- b) The content of such financial promotions may not confirm to rules issued by the Financial Conduct Authority
- c) In signing this statement I may lose significant rights:
- d) I may have no right to complain to either of the following
  - 1) The Financial Conduct Authority
  - 2) The Financial Ombudsman Scheme
- e) I may have no right to seek compensation from the Financial Services Compensation Scheme.

I am a certified high net worth individual because at least one of the following applies:

- a) I had, during the financial year immediately preceding the date below, an annual income to the value of £100,000 or more
- b) I held, throughout the financial year immediately preceding the date below, net assets to the value of £250,000 or more. Net assets for this purpose do not include:
  - 1) The property, which is my primary residence or any loan secured on that property
  - 2) Any rights of mine under a qualifying contract or insurance within the meaning of the Financial Services and Marketing Act 2000 (Regulated Activities) order 2001; or
  - 3) Any benefits (in the form of pensions or otherwise) which are payable on the termination of my service or on my death or retirement and to which I am (or my dependants are), or may be entitled.

I accept that I can lose my property and other assets from making investment decisions based on financial promotions.

I am aware that it is open to me to seek advice from someone who specializes in advising on investments.

Print Full Name:

Signature:

Date:

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## **CERTIFICATE FOR EXECUTION BY CERTIFIED SOPHISTICATED INVESTOR**

I make this statement so that I am able to receive promotions which are exempt from the restrictions on financial promotions in the Financial Services and Markets Act 2000. The exemption relates to certified sophisticated investors and I declare that I qualify as such in relation to the Notes.

I accept that the contents of promotions and other material that I receive may not have been approved by an authorised person and that their content may not therefore be subject to controls which would apply if the promotion were made or approved by an authorised person. I accept that the investments to which the promotions will relate may expose me to a significant risk of losing all of the money or other property invested. I am aware that it is open to me to seek advice from someone who specialises in advising on this kind of investment.

I have attached a certificate from an authorised person which states that I am sufficiently knowledgeable to understand the risks associated with the Notes.

Print Full Name:

Signature:

Date:



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## **CERTIFICATE FOR EXECUTION BY SELF-CERTIFIED SOPHISTICATED INVESTORS**

I declare that I am a self-certified sophisticated investor for the purposes of the restriction on promotion of non-readily realisable securities. I understand that this means:

(i) I can receive promotional communications made by a person who is not authorised by the Financial Conduct Authority which relate to investment activity in non-readily realisable securities;

(ii) the investments to which the promotions will relate may expose me to a significant risk of losing all the property invested.

I am a self-certified sophisticated investor because at least one of the following applies:

(i) I am a member of a network or syndicate of business angels and have been so for at least the last six months prior to the date below;

(ii) I have made more than one investment in an unlisted company in the two years prior to the date below;

(iii) I am working, or have worked in the two years prior to the date below, in a professional capacity in the private equity sector, or in the provision of finance for small and medium enterprises;

(iv) I am currently, or have been in the two years prior to the date below, a director of a company with an annual turnover of at least £1 million.

I accept that the investments to which the promotions will relate may expose me to a significant risk of losing all of the money or other property invested. I am aware that it is open to me to seek advice from someone who specialises in advising on non-readily realisable securities.

Print Full Name:

Signature:

Date:



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