



US\$5m

RWA CASE STUDY · OCTOBER 2026

Financing an SME through Tokenisation

A US\$5 Million SME Financing Case Study

A business-first test of tokenisation. Starting from a real commercial objective — raising US\$5 million — we test conventional routes first, then ask what tokenisation materially changes: access to capital, economics, distribution or administration.

A BUSINESS-FIRST CASE STUDY FOR ORIGINATORS, INVESTORS AND PLATFORMS

IF TOKENISATION DOESN'T MAKE THE BUSINESS CASE BETTER, DON'T TOKENISE IT.

FOREWORD

A Business-First Approach to RWA

Tokenisation can change how assets are financed, distributed and administered, opening new routes to capital and investment.

But tokenisation is not, by itself, a business case.

Every RWA project should begin with a simple question:

Why are we tokenising this?

Fractionalisation, blockchain records and digital trading are not, by themselves, sufficient reasons. There must be a commercial purpose.

Hogswood's RWA Case Studies take a business-first approach. Each begins with a real commercial objective: raising capital, financing an asset, reaching investors or reducing friction.

We first test conventional routes, then ask what tokenisation materially changes: access to capital, economics, distribution or administration.

Only when that case has been established do we move on to the structure, regulation, technology and practical execution required to make the project work.

Technology should enable the business case, not substitute for one.

THE HOGSWOOD TEST

If tokenisation doesn't make the business case better, don't tokenise it.

THE CASE AT A GLANCE

THE COMPANY

Established Nigerian cocoa producer and processor, around ten years of profitable operation

THE NEED

US\$5 million to add c.30% processing capacity

THE BENCHMARK

Domestic bank financing at c.29.2% a year

THE PROPOSITION

Five-year secured USD note, 12% coupon, distributed through regulated digital-securities platforms

THE RESULT

An indicative simple annual-equivalent cost of c.13% — a hypothesis until investors commit

THE BUSINESS NEED

01 The Use Case

An established Nigerian cocoa business seeking growth capital

The company has operated for approximately ten years. It purchases cocoa from local growers, processes the crop in Nigeria and sells finished and semi-finished cocoa products to domestic and international customers.

It has an established management team, customers, revenues, audited financial statements and a history of profitable operations.

This is not a start-up.

Its existing processing equipment is approaching capacity. Management believes that investment in additional processing machinery could increase productive capacity by approximately **30%** and support further growth in export sales.

The investment

The new machinery, installation and associated expansion programme require approximately:

US\$5 million INVESTMENT REQUIRED

The machinery is expected to have an economic life considerably longer than the financing period.

The commercial proposition is therefore simple:

Invest US\$5 million today to increase productive capacity and future earnings.

The question is how that US\$5 million should be financed.

IT IS NOT

How can we tokenise a cocoa business?



IT IS

What is the most commercially attractive way to raise US\$5 million?

THE CONVENTIONAL BENCHMARK

02 The Conventional Financing Options

Before considering tokenisation, Hogswood would examine how the company might finance the expansion conventionally.

2.1 Bank debt

An established and profitable company may be able to obtain financing from a Nigerian commercial bank.

The bank would assess profitability, cash generation, collateral, repayment capacity and export revenues.

The question is whether the cost, maturity, security requirements and repayment profile are commercially attractive.

2.2 Equipment finance

Equipment finance could align borrowing with the productive asset, but may not cover installation, infrastructure and the full US\$5 million programme.

2.3 Private credit

Private-credit funds and family offices may offer greater flexibility, but will price corporate, country, currency, commodity and liquidity risk. US\$5 million may also be small for some institutional investors.

2.4 Equity or strategic investment

Equity or strategic investment avoids fixed debt service but introduces permanent dilution, which could prove more expensive if the expansion succeeds.

2.5 Development and agricultural finance

Development and agricultural finance may offer attractive economics, particularly for projects supporting exports, employment and local supply chains, but eligibility, availability, size and timing must be established.

The conventional benchmark

The company may be able to raise money conventionally.

The relevant question is:

Can it raise the full US\$5 million, for an appropriate period, at an acceptable all-in cost and without unattractive dilution or restrictions?

That becomes the benchmark against which tokenisation must compete.

THE COMMERCIAL QUESTION

03 Why Tokenise?

The cocoa processor does not need blockchain technology.

It needs **US\$5 million**.

Tokenisation becomes interesting only if it changes the financing proposition.

3.1 The distribution problem

A Nigerian company can already seek international capital conventionally.

However, accessing investors across several international markets conventionally can require different intermediaries, onboarding processes, regulatory structures and distribution arrangements.

For a US\$5 million transaction, that complexity can become disproportionate to the size of the raise.

The alternative question is therefore:

Can the investment be structured as a regulated digital security and distributed through platforms that already have investors, compliance infrastructure and investment processes in place?

3.2 Distribution, not fractionalisation

The principal attraction is not fractionalisation.

It is distribution: access to existing populations of eligible investors through regulated digital-securities infrastructure.

The issuer does not escape regulation; it uses regulated infrastructure already built to connect investments with investors.

THE EVIDENCE

04 Does the Market Exist?

Before proceeding, one question matters:

Will investors actually put real money into tokenised private-credit investments?

There is relevant evidence.

A US\$5.2 million tokenised private-credit transaction

In December 2023, Mikro Kapital issued ALT2612, a tokenised bond through Bitfinex Securities.

The issuer was a Luxembourg securitisation fund managed by Mikro Kapital. The underlying portfolio provided financing exposure to microfinance institutions, banks and other financial institutions serving micro, small and medium-sized businesses across a number of European and emerging markets.

The transaction had characteristics remarkably close to the scale of the financing considered in this case study:

AMOUNT RAISED approximately US\$5.2 million	COUPON 10% per annum	TERM 36 months
COUPON PAYMENTS quarterly	SETTLEMENT USDt	TECHNOLOGY Liquid Network

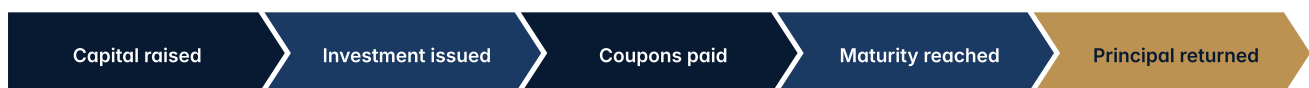
We are therefore not asking whether a regulated digital-securities market might theoretically be capable of distributing an investment of this size. There is an example of investors actually committing a broadly comparable amount of capital to a tokenised private-credit investment carrying emerging-market exposure. It is a comparator, not proof that investors would fund this cocoa processor on the same terms.

Issuance is only part of the test. The investment must also work after the money is raised.

ALT2612 made its first quarterly coupon payment in March 2024, distributing more than **US\$130,000** to investors' Bitfinex Securities wallets.

The ALTERNATIVE programme subsequently expanded into further tokenised bond issuances. By March 2026, Bitfinex Securities reported **four ALTERNATIVE tokenised bond issuances totalling US\$6.2 million-equivalent, of which three had matured and been fully repaid**, together with 20 coupon payments totalling more than US\$1.1 million-equivalent.

The precedent therefore demonstrates more than token creation; it demonstrates an investment lifecycle:



Who were the investors?

There are important limits to the evidence.

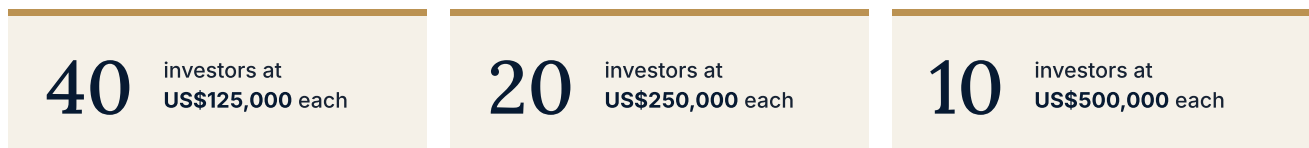
Public information does not disclose the number of investors in ALT2612, detailed investor demographics or meaningful secondary-market trading volumes. We should therefore not present the transaction as evidence of deep or highly liquid secondary markets.

It was also not a mass-retail crowdfunding exercise.

Current Bitfinex Securities information for the ALTERNATIVE programme specifies a US\$125,000 minimum primary issuance ticket, although different rules apply to eligible secondary-market participants.

Our proposed US\$5 million financing does not require tens of thousands of retail investors contributing US\$100 each.

HOW MANY INVESTORS FUND US\$5 MILLION?



The relevant question is not whether millions of crypto users would buy a cocoa token.

It is whether a relatively small population of suitable professional, sophisticated or high-net-worth investors could collectively provide US\$5 million of private credit at an acceptable return.

The Mikro Kapital transaction shows that the proposition is credible enough to test.

The market is broader than one transaction

The wider infrastructure is also developing. Republic/INX combines primary fundraising with regulated digital-securities trading, while tZERO provides tokenisation, capital-raising, onboarding, trading, custody and settlement infrastructure and reports more than US\$880 million of digital securities traded and offered through its ecosystem. In 2026, tZERO and North Capital also launched the Agora network to connect alternative trading systems.

These developments show that regulated digital networks connecting issuers, intermediaries and investors exist and are handling real investment activity.

What does this prove for our cocoa processor?

The evidence should not be overstated: the precedent does not prove that investors will buy our cocoa note, that a particular platform will accept it, or that tokenisation creates demand.

What it does show is that tokenised private-credit transactions of broadly comparable scale, with emerging-market exposure, can attract real investor capital: one such instrument raised about US\$5.2 million, paid a double-digit return, made contractual coupons through regulated digital-securities infrastructure and formed part of a programme in which matured bonds returned principal.

That is close enough to our scale and investment characteristics to justify moving to price discovery. The cocoa note must still undergo its own investor and distributor price discovery.

A market for tokenised private credit exists. Whether it would fund this note is the remaining question, and it is a commercial one:

At what return would investors fund our US\$5 million Nigerian cocoa investment—and would that return make tokenisation more attractive than the company's conventional financing alternatives?

That is the next gate.

THE ECONOMICS

05 Establishing the Financing Benchmark

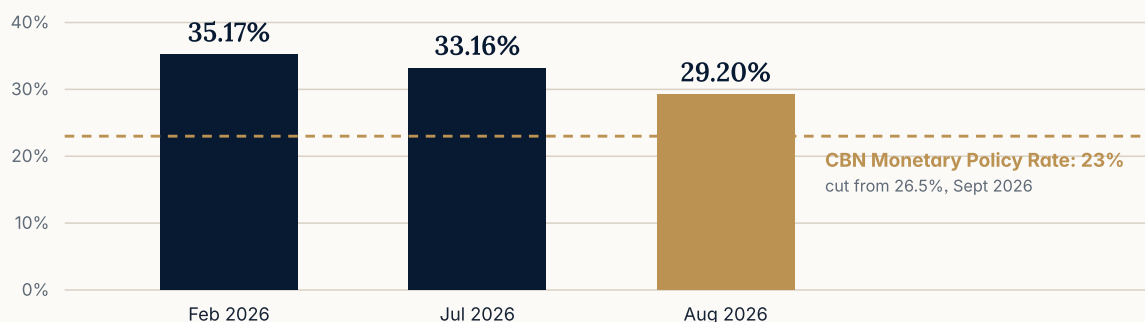
Before comparing conventional and tokenised financing, we need a credible benchmark for what our cocoa processor might pay to borrow domestically.

Nigeria remains a high-interest-rate environment.

In September 2026, the Central Bank of Nigeria reduced its Monetary Policy Rate from **26.5% to 23%**. This provides important context, but the policy rate is not the rate at which our cocoa processor would necessarily be able to borrow.

According to Central Bank of Nigeria data, the Nigerian banking sector's **average maximum lending rate was 29.20% in August 2026**, down from **33.16% in July** and from a 2026 peak of **35.17% in February**.

FIGURE Nigerian banking-sector average maximum lending rate, 2026 (CBN data as cited above)



Individual bank rates vary considerably according to the lender, borrower, security and nature of the financing. Recent published CBN data show maximum lending rates ranging from around **20% at some institutions to considerably higher levels at others**.

Our cocoa processor is deliberately assumed to be an established, profitable business with audited accounts, export revenues and assets capable of supporting the financing. It should therefore not automatically be assumed to borrow at the most expensive end of the Nigerian market.

Equally, this is not short-term working-capital finance. The company requires **US\$5 million equivalent of five-year financing**, and a lender would price its credit quality, maturity, sector, security and other risks.

For the purposes of this case study, we therefore use 29% per annum as our domestic commercial-bank interest-rate benchmark, broadly reflecting the latest reported Nigerian banking-sector average maximum lending rate.

This is not an actual quotation, and the hypothetical processor would not necessarily borrow at 29%. In a live mandate, Hogswood would compare real proposals from banks, equipment-finance providers, development-finance institutions and private-credit providers.

It is simply a transparent benchmark against which tokenised financing can be tested.

Because the company is assumed to generate hard-currency export revenues, a live mandate would also test conventional USD-denominated export, trade-finance and development-finance facilities. The Nigerian Export-Import Bank's Foreign Input Facility, for example, provides foreign-currency financing for capital equipment and expansion used in export production, subject to eligibility and prevailing terms. The 29% benchmark used here is therefore a domestic Nigerian commercial-bank benchmark; it is not intended to represent the cost of every conventional financing route.

Bank financing also carries transaction costs. For comparative purposes, we assume a one-off 1% management or arrangement fee on the amount advanced. On US\$5 million equivalent, that is US\$50,000.

On the simplified five-year comparison used in this case study, the US\$50,000 fee adds the equivalent of approximately 0.2 percentage points per annum. The modelled conventional financing cost is therefore approximately 29.2% per annum, while 29% remains the underlying bank interest-rate benchmark.

Setting the commercial target

Tokenisation must now be tested against a commercial hurdle. For this case study, we set an ambitious but simple commercial objective:

The all-in cost of the tokenised financing should be no more than approximately half the domestic Nigerian commercial-bank benchmark.

Against the 29% interest-rate benchmark, that gives us a case-study target for the all-in tokenised financing cost of:

14.5% per annum

“Half” is a deliberately ambitious case-study hurdle, chosen to give the test real commercial bite. It is not an economic rule, and 14.5% is not a threshold at which tokenisation suddenly becomes viable: tokenised financing at a higher cost could still be commercially attractive against conventional alternatives. The hurdle sets a demanding benchmark for this illustrative case.

That 14.5% needs to accommodate not only the return paid to investors, but also the costs of structuring, issuing and distributing the investment.

The question therefore becomes:

Can we offer international investors a sufficiently attractive return, pay the costs associated with the transaction and still keep the company's all-in financing cost below approximately 14.5%?

What return might investors require?

As discussed earlier, Mikro Kapital's ALT2612 raised approximately **US\$5.2 million** through Bitfinex Securities while offering investors a **10% annual coupon**.

Our investment is different.

An investment directly into a Nigerian cocoa processor would expose investors to a single corporate borrower together with Nigerian country, agricultural, commodity and execution risk. It would therefore be reasonable to expect investors to require a higher return than the 10% offered by the diversified Mikro Kapital investment.

For initial market testing, we therefore propose a **12% annual coupon**.

This is a starting point for price discovery, not an assumed market-clearing rate.

At 12%, the proposed coupon is 200 basis points above the 10% Mikro Kapital precedent, while the cocoa processor retains sufficient room within its 14.5% all-in financing target to meet the other costs of the transaction.

What does distribution cost?

The issuer must also pay for access to the infrastructure through which the investment is structured and distributed.

Bitfinex Securities publishes a capital-raising fee for bonds between US\$5 million and US\$20 million of **0.4% of capital raised for each year of activity**, capped at 4%, with a minimum charge of US\$100,000. Its published capital-raise service includes regulatory-document review, tokenisation, marketing materials and secondary-market listing.

For our five-year US\$5 million note:

$$0.4\% \times \text{five years} = 2\%$$

Applied to US\$5 million:

$$\text{Platform capital-raise fee} = \text{US\$100,000}$$

Platform economics vary materially, so platform selection is part of the financing analysis, not merely a technology decision.

We also assume a further **US\$150,000** for legal, regulatory, structuring, security, administration and other transaction costs.

This US\$150,000 is a case-study assumption rather than a published platform charge. In a live transaction, these costs would be obtained from the relevant advisers and service providers.

For this case study, the US\$5 million of note proceeds are assumed to be available in full to fund the expansion, with the US\$250,000 of transaction costs funded separately by the company.

Putting the economics together

Our indicative financing now looks as follows:

PRINCIPAL	US\$5 million	TERM	Five years
INVESTOR COUPON	12% per annum	INTEREST	Paid annually
PRINCIPAL	Repaid in full at the end of year five	CURRENCY	US dollars
SECURITY	New processing machinery and an appropriate package of additional security, including agreed export receivables		

At a 12% coupon, annual interest is:

US\$600,000

Over five years:

Investor coupon payments: US\$3.00 million

We then add:

Indicative platform capital-raise fee: US\$100,000
Assumed additional transaction costs: US\$150,000

Total financing costs over the five-year term are therefore approximately:

US\$3.25 million

On a US\$5 million financing, this represents a simple equivalent financing cost of approximately:

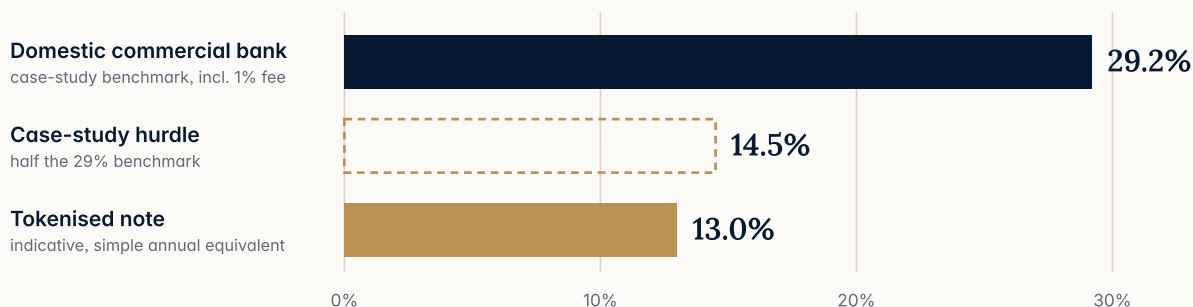
13% per annum

That compares with our modelled conventional financing benchmark of approximately:

29.2% per annum

	DOMESTIC COMMERCIAL BANK	TOKENISED NOTE
Capital	US\$5.0m equivalent	US\$5.0m
Interest / coupon	29%	12%
Annual interest / coupon	US\$1.45m	US\$600,000
Platform / management fee	US\$50,000 assumed one-off	US\$100,000
Other assumed transaction costs	Not modelled	US\$150,000
Five-year interest / coupon	US\$7.25m	US\$3.00m
Modelled financing costs	US\$7.30m	US\$3.25m
Simple annual equivalent	Approx. 29.2%	Approx. 13.0%

FIGURE Simple annual equivalent financing cost — per cent per annum, five-year US\$5 million. The 29% is a case-study benchmark, not a quotation



For comparability, the conventional bank benchmark is modelled as an interest-only/bullet facility with the full principal outstanding over the five-year term. An actual bank facility may amortise; if so, aggregate interest expense would be lower and the comparison would be recalculated using the actual repayment profile.

The percentages used in this comparison are simple annual-equivalent financing costs for illustrative purposes; they are not APRs, IRRs or effective annual yields.

This comparison remains deliberately conservative. Conventional bank financing may incur additional legal, security, valuation, insurance and other costs, just as a tokenised transaction may incur costs beyond those assumed here. Rather than constructing hypothetical charges on either side, the case study includes only the principal financing costs for which there is a reasonable basis.

The 29.2% is a case-study benchmark, not a quotation: a live mandate would test real proposals, and the hypothetical processor would not necessarily borrow at that level.

There is room for price discovery.

If investors will fund the transaction at 12%, the financing sits comfortably inside our case-study target.

If market testing establishes that investors require a **13% coupon**, the transaction could still remain around our 14.5% target under the assumptions used in this case study.

If investors require materially more—for example 16% or 18%—the economics would need to be reconsidered, although a cost above 14.5% could still compare well with conventional alternatives.

Currency matters

One qualification is fundamental.

The comparison between Nigerian domestic financing and a USD-denominated international note is not automatically like-for-like.

A naira borrower accepting dollar debt merely to obtain a lower headline interest rate could exchange interest-rate risk for potentially much more significant foreign-exchange risk.

Our hypothetical cocoa processor, however, is assumed to generate sufficient **US-dollar or other hard-currency export revenues** to service the note.

This potential natural hedge is therefore fundamental to the financing proposition.

In a live transaction, Hogswood would test the company's export receipts, currency matching and sensitivity to movements in exchange rates before concluding that USD financing represents better economics.

The commercial gate

Our proposed investment carries additional risks compared with the 10% Mikro Kapital precedent, so we begin market testing at **12%**.

Using an actual published digital-securities platform fee together with reasonable assumptions for the remaining transaction costs produces an indicative simple annual-equivalent financing cost of approximately **13%**.

That is less than half our modelled conventional benchmark of approximately 29.2%, which is a case-study benchmark rather than a quotation.

But it remains a hypothesis until investors commit capital.

The next step is to take the proposed investment to the market and ask:

Will investors provide US\$5 million of five-year capital at a 12% return?

If the answer is yes, proceed.

If the answer is 13%, recalculate and potentially proceed.

If the return required by investors makes the all-in financing cost commercially unattractive, the structure should be revised or abandoned.

That is the second commercial gate.

DECISION

PROCEED TO INVESTOR AND DISTRIBUTOR TESTING

THE INVESTMENT

06 Designing the Investment

The next objective is not a token.

It is an investment investors will buy.

Our initial investment proposition is:

ISSUER	Nigerian cocoa processor or an appropriate financing vehicle	ISSUE SIZE	US\$5 million
INSTRUMENT	Secured corporate note	CURRENCY	USD
MATURITY	Five years	COUPON	12% fixed
INTEREST	Annual	PRINCIPAL	Bullet repayment at maturity
PURPOSE	Processing machinery and expansion	SECURITY	Machinery plus agreed additional security and export receivables
TARGET INVESTORS	Professional, institutional and high-net-worth investors, subject to each market's rules		

Investors would consider:

◆ borrower credit quality	◆ Nigerian country risk	◆ cocoa-market exposure	◆ security	◆ currency
◆ maturity	◆ governance	◆ liquidity	◆ export customers	◆ enforceability

If investors require 16% or 18%, the company recalculates the economics.

If they accept 10% or 12%, the financing becomes even more attractive.

THE DISTRIBUTORS

07 Building the Global Distribution Strategy

Potential channels could include:

- ◆ Bitfinex Securities;
- ◆ Republic/INX;
- ◆ tZERO;
- ◆ Securitize;
- ◆ regulated digital-securities platforms in Singapore and other Asian financial centres; and
- ◆ appropriate regulated platforms and investment networks in the Middle East.

These are channels to investigate, not claims that every platform would accept the transaction.

Each must confirm eligibility, appetite and economics.

Testing the market

Potential distributors would receive essentially the same proposition:

Established Nigerian cocoa processor seeking US\$5 million to expand processing capacity. Five-year secured USD note. 12% annual coupon. Audited operating business with USD export receipts. Security over financed equipment and agreed export receivables.

Hogswood would establish:

- | | |
|--|---|
| ◆ Can the platform accept the issuer? | ◆ What minimum investment would be appropriate? |
| ◆ Can it distribute this type of security? | ◆ What maturity would investors prefer? |
| ◆ In which jurisdictions? | ◆ What security would be required? |
| ◆ To which categories of investor? | ◆ What disclosure is required? |
| ◆ What amount might its investors provide? | ◆ What does distribution cost? |
| ◆ Is 12% sufficient? | ◆ Can secondary transfers be supported? |

THE BOOK

08 Building the US\$5 Million Book

This is where tokenisation becomes commercially relevant.

If one bank, private-credit fund or development-finance institution were prepared to provide the entire US\$5 million at equivalent or better terms, there might be little reason to tokenise the financing.

The opportunity here is different:

to use tokenisation to access multiple existing pools of international capital.

The traditional question

Conventionally, the company might approach banks, funds and other lenders individually and ask:

Will you lend us US\$5 million?

Each potential lender represents a separate financing route.

If one agrees to provide the entire amount on attractive terms, the problem is solved.

If not, the company or its advisers need to find additional lenders, negotiate separate arrangements or construct a syndicate.

For a relatively modest US\$5 million emerging-market transaction, the economics of creating a bespoke international distribution network can itself become an obstacle.

The tokenised question

Tokenisation changes the question.

INSTEAD OF ASKING

~~Which lender will give us US\$5 million?~~



WE CAN ASK

How can we assemble US\$5 million from existing regulated investor networks around the world?

The cocoa processor does not need to build those investor networks itself.

Digital-securities platforms already provide regulated infrastructure through which eligible investors can discover, assess, subscribe to, hold and—in some circumstances—transfer digital securities.

The investment can therefore potentially be taken to **the investors where they already are**.

That is the capital-formation opportunity.

One financing requirement, multiple sources of capital

There is no requirement for one platform or one investor to provide the entire US\$5 million.

The eventual book might, for example, comprise:



The actual allocation could be entirely different.

One platform might place US\$3 million. An institutional investor might take US\$1 million. Twenty suitable investors might each invest US\$250,000. Forty might each invest US\$125,000.

The objective is not to prescribe where every dollar comes from.

It is to **build the book**.

Why does tokenisation help?

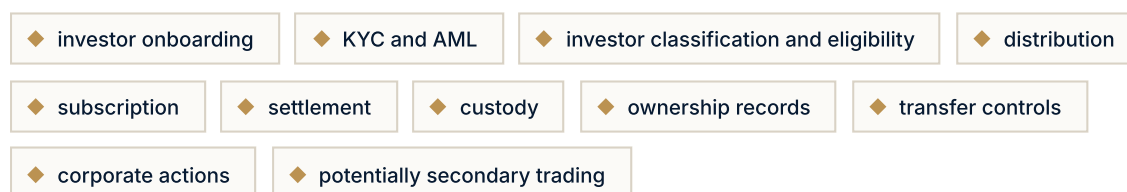
Tokenisation does not create investor appetite.

A poorly structured investment remains a poorly structured investment whether represented on paper, in a conventional electronic register or on a blockchain.

Nor does tokenisation remove securities regulation.

What it can do is provide a **common digital investment instrument capable of interacting with regulated digital distribution infrastructure**.

Those platforms can provide or coordinate functions such as:



The cocoa processor therefore does not need to recreate all of this infrastructure every time it approaches another group of investors.

THE ENABLER

The technology becomes the connection between the investment and the distribution network.

That is the enabler.

The difference between an investor and a distribution network

A bank lending US\$5 million provides capital.

A digital-securities platform does something different.

It can provide access to a **network of potential capital providers**.

The platform itself does not necessarily fund the transaction. Its value is that it can connect the security with eligible investors who may choose to do so.

This changes the financing problem.

We are no longer necessarily looking for **one balance sheet with US\$5 million to lend**.

We are looking for **regulated distribution capable of assembling US\$5 million of investor demand**.

And because digital-securities infrastructure is developing in different financial centres, the potential investor population need not be confined to Nigeria.

Could the financing be raised without tokenisation?

Yes, in principle.

International private placements, syndicated lending, crowdfunding and conventional securities platforms can also aggregate investors.

Tokenisation has no monopoly on global capital formation.

The commercial question is therefore more demanding:

Does tokenisation make that distribution easier, broader, cheaper or more practical for this transaction?

In our case, the proposition is that a compliant digital security can potentially connect to specialist regulated platforms that have already built investor onboarding, digital settlement, custody, transfer controls and investment infrastructure.

Rather than the Nigerian company attempting to establish its own international distribution capability, it can potentially connect its financing to infrastructure and investor communities that already exist.

That is what needs to be proven during distributor testing.

One security does not mean one global licence

There is an important qualification.

Tokenisation does not create a passport allowing a security issued in one country to be freely offered everywhere else.

Every distribution channel must still operate within applicable securities laws.

A US investor may need to qualify under one regulatory route. A European investor may participate under another. An investor in the Middle East or Asia may be subject to different eligibility and offering requirements.

The platform or intermediary serving each market therefore remains responsible for the regulatory framework within which it operates.

The ambition is not:

One token that ignores borders.

It is:

One underlying investment that can potentially be distributed through multiple compliant channels.

That is the realistic proposition.

The technology now has a job

Until this point, blockchain has hardly mattered.

Deliberately so.

Only now does the technology have a specific commercial purpose.

It must enable the security to operate across the chosen digital investment infrastructure while enforcing the rules attached to it.

The technology may need to identify which wallets or accounts can hold the security, restrict transfers to eligible investors, maintain ownership records, facilitate settlement, support coupon payments and ultimately enable redemption.

From a US\$5 million loan request to a global capital-raising exercise

That is the transformation.

WE STARTED WITH

~~A Nigerian cocoa processor needs somebody to lend it US\$5 million.~~



WE NOW HAVE

A US\$5 million, five-year, secured USD private-credit investment offering an indicative 12% annual return that can be presented through regulated digital-securities infrastructure to suitable investors across multiple markets.

The underlying business has not changed.

The machinery has not changed.

The US\$5 million requirement has not changed.

The credit risk has not disappeared.

What has changed is the potential route to capital.

And that is the tokenisation case to be tested.

01

Capital formation is the use case

02

Tokenisation is the enabler

03

Global distribution is the advantage

The test

One commercial test remains.

Platforms and technology do not prove that US\$5 million can be raised.

We therefore take the investment to the selected distributors and ask:

- ◆ Can you distribute this security?
- ◆ To whom?
- ◆ In which jurisdictions?
- ◆ How much investor demand do you believe exists?

◆ At what return?

◆ At what cost?

If the combined answers indicate credible demand for US\$5 million at economics that remain attractive to the cocoa processor, the tokenisation case has passed its most important test.

If they do not, we should not proceed merely because the technology allows us to.

The objective is not to issue a token.

The objective is to raise US\$5 million on better terms.

LEGAL ARCHITECTURE

09 Regulatory and Legal Structure

The US\$5 million note remains an investment instrument carrying legal rights and obligations.

It therefore requires a legal and regulatory architecture.

Nigeria

Nigeria now has an established regulatory framework covering digital assets and securities, including specific recognition of **Real-World Assets Tokenization and Offering Platforms (RATOPs)**.

However, the existence of a tokenisation regime does not mean every Nigerian company can simply issue a token globally.

The treatment of the issuer, offering, security, foreign-exchange flows and investor distribution must still be analysed.

Direct issuance or SPV?

One structural decision is whether the Nigerian operating company should issue the security directly.

An alternative may be an appropriate financing special-purpose vehicle.

The SPV could issue the notes to investors and advance the proceeds to the Nigerian operating company under an appropriate financing arrangement.

Whether that is desirable depends upon:

◆ Nigerian securities law

◆ tax

◆ foreign-exchange rules

◆ withholding

◆ security enforcement

◆ investor requirements

◆ platform admission requirements

◆ the jurisdictions in which the notes are distributed

There should be no SPV for its own sake.

The objective is the **simplest legally robust structure capable of reaching the required investors.**

REGULATORY REALITY

10 One Investment, Multiple Markets

One token does not automatically mean one globally passported security.

Different jurisdictions may impose different:

- ◆ securities-law requirements
- ◆ offering exemptions
- ◆ investor classifications
- ◆ disclosure standards
- ◆ KYC/AML requirements
- ◆ transfer restrictions
- ◆ custody requirements
- ◆ secondary-market rules

The potential advantage of tokenisation is that these requirements can be applied around a common digitally represented security.

The token can potentially recognise which investors are permitted to hold or receive it and prevent transfers that would breach applicable restrictions.

THE TECHNOLOGY

11 Designing the Token

Only now should technology be selected.

The token represents the legal rights attached to the note.

Depending upon the final structure, its functionality may include:

- ◆ recording ownership
- ◆ investor whitelisting
- ◆ transfer restrictions
- ◆ compliance controls
- ◆ coupon distributions
- ◆ corporate actions
- ◆ secondary transfers
- ◆ redemption at maturity

The blockchain and token standard should be selected according to the requirements of the chosen issuance and distribution infrastructure.

The company should therefore **not select a blockchain first and design the financing around it.**

The financing structure determines the technology requirement.

EXECUTION

12 Issuance

Once the legal structure, regulatory routes, distributors, technology and investor book have been established, the transaction can move toward issuance.

The process would typically include:

- 1 Final legal and regulatory structuring.
- 2 Preparation of offering and disclosure documentation.
- 3 Finalisation and perfection of the security package.
- 4 Appointment of required regulated intermediaries.
- 5 Investor onboarding and eligibility checks.
- 6 Creation of the digital security.
- 7 Subscription by investors.
- 8 Receipt and settlement of investment proceeds.
- 9 Transfer of the US\$5 million of note proceeds to the operating business, with transaction costs funded separately by the company.
- 10 Acquisition and installation of the processing machinery.

The tokenisation transaction is therefore complete only when capital has actually moved from investors into productive economic activity.

LIFECYCLE

13 The Five-Year Lifecycle

Issuance is not the end.

For Hogswood, an RWA transaction must be considered across its entire lifecycle.

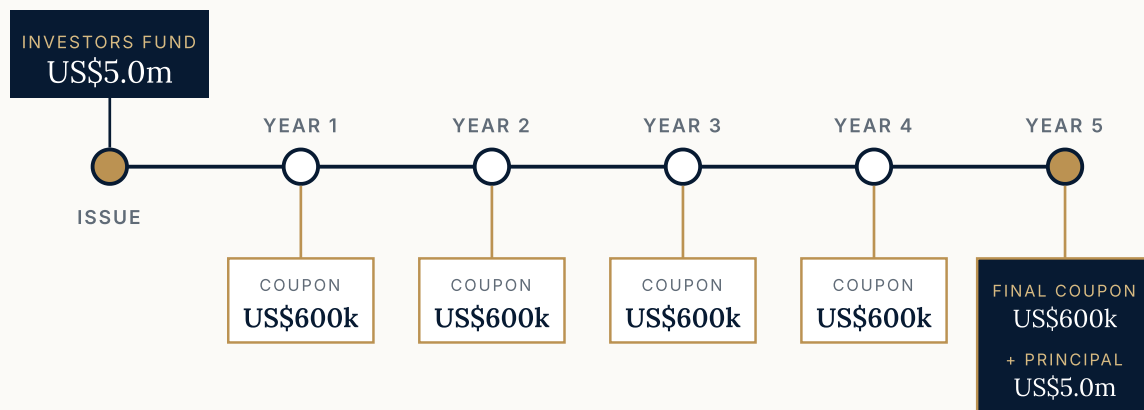
During the five-year term, the structure must support:



If secondary trading is available, transfers must continue to comply with applicable investor and jurisdictional restrictions.

At the end of year five, the company pays the final **US\$600,000 coupon** and repays the **US\$5 million principal**.

FIGURE The five-year cash-flow lifecycle: 12% annual coupon on US\$5 million, bullet repayment at maturity



The tokens are then redeemed or cancelled in accordance with the legal and technological structure.

THE VERDICT

14 What Did Tokenisation Actually Achieve?

Tokenisation did not create the machinery or revenues, remove credit or regulatory risk, or make Nigerian risk disappear.

What it potentially changed was **access to capital**.

If that distribution produces an indicative simple annual-equivalent financing cost of approximately 13% rather than the modelled conventional benchmark of approximately 29.2%, while keeping currency and other risks manageable, the commercial benefit is substantial.

The transaction should be tokenised only if distributor testing confirms attractive economics and no conventional financing route provides equivalent or better terms:

not because it could be,

but because it would make the financing proposition better.

THE SEQUENCE

15 Conclusion

The case began with a Nigerian cocoa processor needing US\$5 million to expand production.

Conventional financing was tested first.

International digital distribution offered the possibility of reaching investors prepared to finance an emerging-market private-credit investment at potentially different economics.

Only then were the regulatory structure, distribution model and technology considered.

The sequence was:

01 Business need	08 Structure the security
02 Conventional financing alternatives	09 Regulatory execution
03 Why tokenise?	10 Token design
04 Commercial gate	11 Issuance
05 Design the investment	12 Lifecycle management
06 Identify investor demand	13 Redemption
07 Build global distribution	

This is the distinction between tokenising an asset and using tokenisation to solve a business problem:

the former begins with technology;

the latter begins with the business.

01

Capital formation is the
use case

02

Tokenisation is the
enabler

03

Global distribution is the
advantage

And the final test remains:

THE HOGSWOOD TEST

*If tokenisation doesn't make the business case
better, don't tokenise it.*

REFERENCE

Selected primary sources

The principal sources supporting the factual statements in this case study. Current terms, fees and eligibility would need to be confirmed in a live mandate.

NIGERIAN REGULATORS AND INSTITUTIONS

Central Bank of Nigeria	Money Market Indicators, 2026
Central Bank of Nigeria	Monetary Policy Committee decisions, September 2026
Central Bank of Nigeria	Guide to Charges by Banks and Other Financial Institutions
Securities and Exchange Commission Nigeria	Investment and Securities Act 2025 and relevant digital-asset / RATOP material
Nigerian Export-Import Bank	Foreign Input Facility

TOKENISED PRIVATE-CREDIT PRECEDENT

Bitfinex Securities	ALT2612 issuance announcement
Bitfinex Securities	ALT2612 first coupon announcement
Bitfinex Securities	ALTERNATIVE programme update, March 2026
Bitfinex Securities	Current fee schedule

PLATFORMS AND INFRASTRUCTURE

tZERO	Current platform information
tZERO	Agora Network announcement, July 2026
Republic	INX acquisition completion, November 2025
Securitize	Current regulated tokenisation, issuance and trading infrastructure information

THE FIRM

About Hogswood

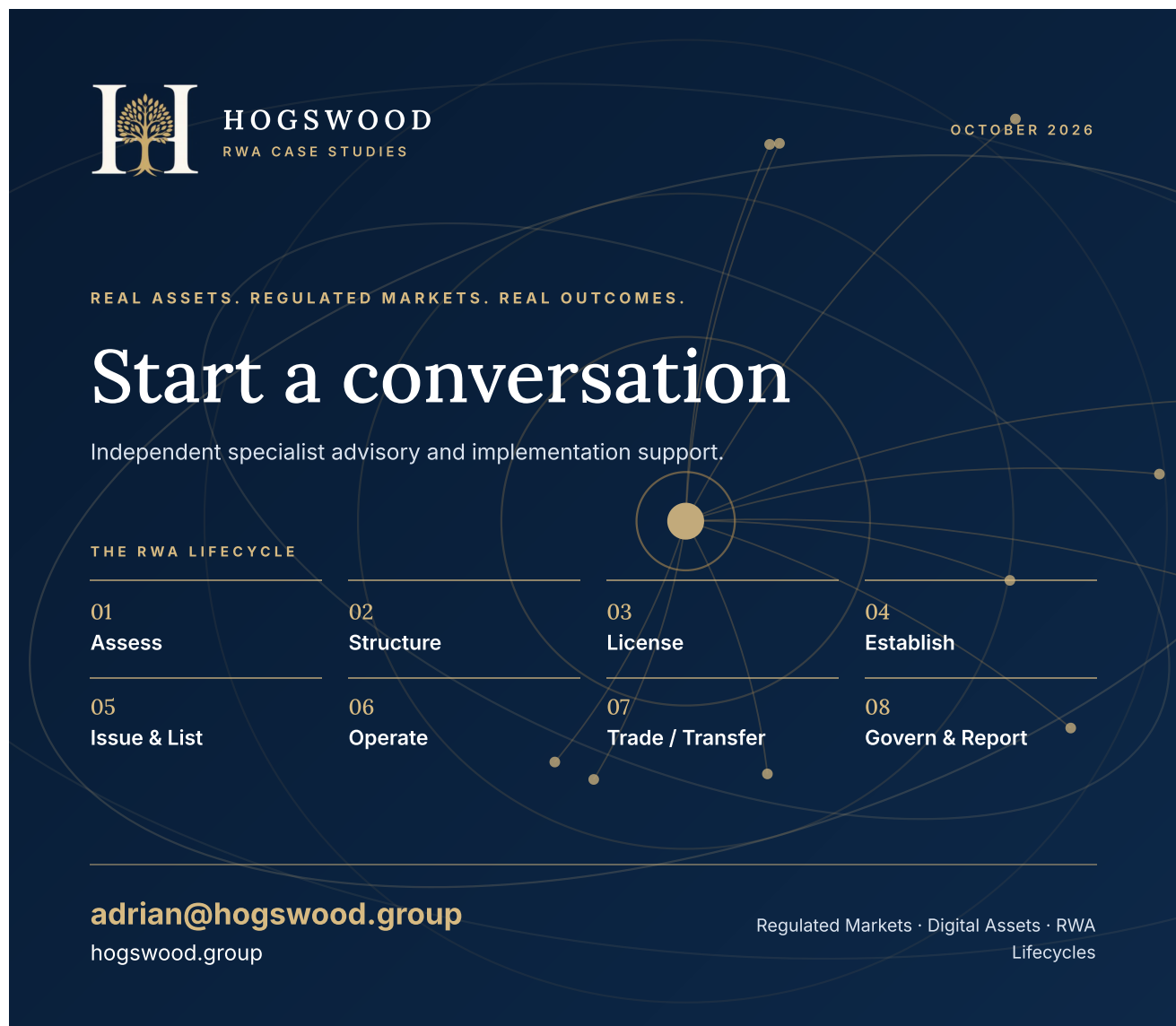
Hogswood is an independent advisory practice led by Adrian Hogg FCA, drawing on more than 25 years in financial services and investment business, including a decade in blockchain, digital assets and real-world asset cycles – with exchange, licensing and regulatory experience in the United States, Singapore, Gibraltar, El Salvador, Labuan (Malaysia), Estonia and Cagayan (Philippines).

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THE RWA LIFECYCLE

01 Assess	02 Structure	03 License	04 Establish
05 Issue & List	06 Operate	07 Trade / Transfer	08 Govern & Report

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IMPORTANT NOTICE

This case study is hypothetical and is intended to illustrate the commercial, regulatory and operational considerations involved in structuring an RWA transaction. It does not constitute investment, legal, tax or regulatory advice. Platform references illustrate potential market infrastructure and should not be interpreted as confirmation that a particular platform would accept the hypothetical issuer or transaction.