



August 01, 2021 / 12:25 PST

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Organizer: Michael Coudrey  
12 Participants

## Meeting Notes & Proposed Resolutions

Notes (Transcribed)

### Purpose of call/introduction:

Thank you for taking the time on a Sunday to join the call.  
The purpose of call is to speak on our investment potential in Tanzania.

This call will go over our on-ground execution strategy, our GTM (go to market) strategy, vertical integration and growth opportunity, and other topics, as well as a resolution to apply to receive a Certificate of Incentives from the Tanzanian Investment Center.

### Investment thesis:

Analyzing all measurable data including import statistics, consumer trend analysis, capital inflows to these kinds of emerging markets, and the ever-growing appreciation of consumer prices pertaining to avocados, this indicates that this area and industry is ripe for opportunity, and continued, sustainable growth.

### GTM Strategy:

In order to expedite initial harvest recovery and line up immediate buyers for our produce, we intend to enter into cooperative agreements with larger agricultural firms located in Tanzania. The benefit to this, is not only will be have buyers immediately available for our goods, but they will deal with all compliance and export regulations, streamlining and expediting the process for us as a new firm.

Later on, likely during our 2<sup>nd</sup> and 3<sup>rd</sup> harvest, we intend to build out the internal infrastructure to export to key regional markets, such as Europe, which is a primary trading partner of Tanzanian avocado produce, and South Africa, with a trade deal on the way between governments which will pave the pathway forward for export.

Further:

Africado, one of the largest Tanzanian exporting firms currently has over 2000 cooperative agreements (outgrower program), purchasing produce from a significant portion of local farms and preparing that produce for export.

Rungwe Avocado company currently buys avocado produce from 3500 local growers.

And so larger firms that have already developed infrastructure will purchase produce from smaller organizations, prepare for export, and ensure of compliance and regulations, streamlining the process for us as a newer firm.

## Why we chose Tanzania:

We are willing to choose Tanzania for this investment project **on the condition the Government of Tanzania will:**

A) Will grant us the Certificate of Incentives from the TIC

B) Will lower our federal tax rate from 30% to 5%. As we have been offered a tax rate of 4% from Puerto Rico, a US territory, under Act 60 incentives, it would not make business sense to willingly engage a country with a tax rate of 30%, when we can locate in Puerto Rico with a tax rate of 4% of net-revenue. We will ask the government for this.

C) Will grant us 0% import duty and taxes on:

-All business capital goods. This includes farmland equipment, fertilizers, and other items needed to commence operations. This also includes finished goods we need for our infrastructure, such as washer/dryer, PVC tiles and boards for on-farm construction, and other finished consumer goods to provide accommodations for our workers. As importation costs are extremely costly, we cannot justify an increased cost of goods with VAT and import duties and further justify engaging business in a country where we cannot freely import goods.

Should the government of Tanzania not be willing to provide us the above in our negotiations, we will likely choose Puerto Rico for our investment instead. I will keep all investors updated with this at a later date.

## Years to ROI:

No return for 3 years.

Understand that this will take 3 years to deliver an ROI. This is because it takes 3 years for avocado trees to develop into maturity. We intend to begin on 2400 acres and planting 200,000 avocado trees. With this capacity, we estimate that we will bring in approximately \$10m in annual revenue. This is based on a wholesale rate of \$1 per piece, with 200,000 trees producing roughly 50 pieces each when exported to Europe.

### Vertical integration and future growth prospects:

After our 1<sup>st</sup> harvest, we intend to build our own infrastructure to and gain the clearances required to export to regional trade partners. This includes the European markets.

We also have a myriad of other opportunities to expand. This includes expansion by acquiring more land and increasing output capacity or purchasing smaller local players.

### Company Resolutions:

Let us all now vote in favor of proceeding with the Tanzanian Investment:

Result:

All in favor: **11**

All against: **1** (Notes: Mark Archibald dissents.)

**So it is decided on this date of August 01, 2021, Tova Sustainable farms will proceed with negotiations to choose Tanzania for our agricultural investment.**

#### Controlling Member Authorization:

**Michael Coudrey**



Let us now vote in favor of registering with the Tanzanian Investment Center to apply for a Certificate of Incentives:

Result:

All in favor: **11**

All against: **1** (Notes: Mark Archibald dissented. Indicates the Government of Tanzania will likely be unwilling to lower tax rate. Suggests to choose Puerto Rico as a location for investment instead. Counter-dissent from Michael Coudrey, states we will negotiate and if negotiations fail, we will choose Puerto Rico.)

**So it is decided on this date of August 01, 2021, Tova Sustainable farms will proceed with registering with the Tanzanian Investment Center and engage in further negotiations with the Government of Tanzania.**

#### Controlling Member Authorization:

**Michael Coudrey**

