

EPISODE 1325

[INTRODUCTION]

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Adam Jason (AJ): When you're raising capital, it has to be as frictionless as possible, if you make it hard for people, the more and more steps, the less and less likely that the subscription is gonna get filled, so we want people to be as comfortable as possible with the law governing their investment and how it works.

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Whitney Sewell (WS): In the syndication business, we need to know a lot about how to structure deals and different business models that we can apply to each individual project or business that we're pursuing raising money for and so forth. But one thing we need to be concerned about is how it affects obviously us and our investors, we wanna ensure that that is the best possible model we can make, is it the most risk-averse as possible, is it going to earn as much as we can possibly make out of it for our investors, is it considering everyone involved. In multifamily, obviously, we're considering our tenants as well, but today's guest, he doesn't have tenants, but he has a different business model that he's syndicating and is growing an amazing business. His name is Adam Jason, he currently serves as a partner of Legacy Group. The Legacy Group is an alternative asset manager that targets profitable investment opportunities with high social-environmental impact in Latin America. Before joining Legacy Group, Adam worked for two international law firms. I'm so interested in this, 'cause he worked as a securities attorney for 12 years before joining a legacy group, I love the background that he has, the knowledge that he brought to this team.

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WS: We talked about it's like a dream of most syndicators or operators to have that type of knowledge and expertise in-house, you gotta have it on your team one way or the other, but you're gonna learn a lot whether you are a passive investor or active, you're gonna enjoy hearing about their business model, thinking through the risks and the answers that he has about different

things that different investors have asked him about this specific business model and investing this way. And I loved also how his focus on intelligent relationships, and you're gonna hear some things you've probably heard from before, but I wanted to ask yourself, are you doing these things, are you representing yourself this way to your relationships and your network?

[INTERVIEW]

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WS: Adam, welcome to the show. Honored to have you on and just what I have learned about you just a few minutes, okay, he's a great fit for our show, no doubt about it. So, you have a business model that's quite different than probably 99% of the people that we've interviewed on the show, and I'm looking forward to getting into this because I know there's many people who have questions about this type of model because it's not very common, right.

But it allows us to do things that, I don't know, it's outside of most of our well house anyway, so welcome to the show, give the listeners a little more about who you are, Adam, but also where you're located, of course, and let's jump in to what you do.

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AJ: Sure. Well, Whitney, thank you for having me. Thanks for the invitation. Pleasure to be here. I guess I'll start with where I am now. And work backwards a little bit to tell you the story. So right now, I'm located in Medellin, Colombia, focused on building businesses down here and really looking for the ability to attract more and more investment capital from abroad, meaning outside of Columbia into the country to help build businesses; focused in agriculture, very heavily invested here in the coffee space, we're now, I guess, the proud owners of the second-largest coffee producing company here in the country, soon to be number one. I have a portfolio of companies here that are taking off and doing some exciting things, and fortunate to have found a way to leverage my background as basically a call it a capital syndicator for the last 12 years, but really started my career coming out of law school as a securities attorney, SEC attorney, Capital Markets attorney, working for, at the time, I started the largest law firm in the world, representing mostly Fortune 500 companies out of the Midwest, a lot of the Wall Street investment banks participating in IPOs.

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AJ: I worked on the IPO for Yeti Coolers, which is one that excites people, probably done about 10 billion dollars in transactions on public markets, private markets, a good breadth of experience when it comes to the legal aspects of raising capital, the practical aspects of getting it done, and now seeing it in our own business is kind of the selling process and what piques investors' interests and what they're looking for, so works in the Cleveland office of the law firm for about six and a half years, moved down to Dallas, continued the same practice down there, just with a little bit of a different focus on the oil and gas space, had the opportunity to move firms from Dallas down to Houston in the months that I had between jobs, I found Medellin, Columbia, fell in love with it, saw the opportunity down here and was at the point in my career where I wanted to do something a little bit more entrepreneurial. And thankfully, in meeting my now business partner who was getting the coffee business kicked off down here, there was a role for me where my experience in raising capital, all my legal background was attractive because I'd say probably 95% of our investors here are US-based folks high net worth, the credit investor folks.

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AJ: So, everything that we do, even though our operations are here in Columbia, we still have all the same legal compliance, we still have all the considerations that capital syndicators have to think about if they're raising money from US investors for a project in Fort Lauderdale or a project in Omaha, Nebraska, Columbia doesn't really change anything. Everything we do is structured out of the US, so it's a very simple process, just different geography, and we're hoping to bring our experience, knowledge on the ground, talent to open up a new market, new industries, new opportunities for the people who find, What we're doing to be interesting and something they want as part of their portfolio, and obviously happy to help your audience in their own pursuits as well as they go down the same journey.

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WS: That's awesome. I think your experience would be attractive to any team, any syndication team, that most of us dreamed about having an SEC attorney, security's attorney on staff, you know, part of the team, and so, that's incredible. But I wanna get into some of the things that you are focused on, 'cause I know that's gonna help the listeners and our passive investors that are listening as well, 'cause I know their interest is peaked at new opportunities immediately, but then

they're obviously they're thinking about, okay, wait a minute, they're judging the risk level and thinking about their risk tolerance but I think most are looking for diversification and alternative investments and those things like that. Which is right up your alley. No doubt about it. But let's jump right on. I'd love to hear more about your all method of raising capital, and maybe you can hammer some of the legal structure, which I'd love to hear about as well, because you talked about how everything's structured out of the US, I think you mentioned. Well, what does that mean, really, when you're raising money in Columbia, you said 95% of your investors are US based, but what does that look like, that international transaction in working, investing in one country and being obviously a citizen in another. Can you just walk through that a little bit? Maybe start though, how are you attracting these investors and then walk through that structure a little bit.

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AJ: Sure, maybe if I describe the business side by side with the process of raising capital for it, it'll give, good context and make sense. So, our flagship business down here is called the Green Coffee Company, started back in 2017 with an initial capital raise about \$5.7 million, as I mentioned, since 2017, we've grown it to become the number two largest producer in the country of coffee. Coffee Columbia. Pretty synonymous, exciting journey that we're on, and it's mostly been fueled by the ability to attract outside capital and deploy that effectively. We made the strategic decision early on to headquarter the business in Delaware so that we made it as frictionless as possible for US-based folks to invest, but also gave us the most flexibility down the road for a potential exit. If we had everything based in Columbia, I think there might be a little bit more resistance from a sales standpoint, if we wanted to sell the business to a client of ours, call it a Starbucks or a Nestle or (inaudible) these people we're doing business with, or a US-based private equity fund that wants to roll it into their portfolio or getting to the public markets in the US.

0:08:15.1 AJ: I think it's good to always kind of position yourself in a market that from a legal standpoint, from an operational standpoint, doing business, it makes a lot of sense to a potential acquirer or what the public markets would like. So, thinking from the end and working backwards. All the operations here are conducted through wholly-owned subsidiaries of their Delaware entity, so everything is within a consolidated structure, we sell standard common equity in the parent to

all of our US-based investors. We attract high net worth, accredited investors, usual investment size is probably about 150 to 200,000 we've raised since that first cap raise on a collective basis through three funding rounds, about 30 million right now, and we do everything through 506-C. So, for those of you aren't familiar, it basically allows us to accept money from accredited investors, usually, people who are meeting the income tests, which are 200,000 annually for persons, 300,000 with a spouse or they have over a million dollars in net worth outside their principal residence. So, that's been our target to date, we're moving more into attracting institutional strategic investment capital from some of our partners, so we're working, for example, with companies like Starbucks and not only of joint venture capacity, but also financing the business and building some proof of concept around what we're doing in the industry, which will be important to be able to exit the business in the future, to be able to get to public markets. People wanna see that kind of call it, anchor investors as we move down the road.

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AJ: But to date, 230 or so high net worth investors in the project that continues to grow, we're launching our Series C funding round right now and opening that up to additional investment and hoping to open more and more eyes to a really attractive opportunity with some great upside.

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WS: Awesome, so if I understand correctly, there's a Delaware entity that pretty much owns the entire operation in Colombia, is that accurate?

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AJ: That's right. Everything is structured through the Delaware entity.

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WS: So, if I invest, I'm buying shares in the entity for the Delaware entity that owns everything in Colombia, is that right?

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AJ: Exactly. We keep everything governed by US law, we choose Delaware, because, for people who don't know, that's really the leading corporate law jurisdiction perhaps in the world, which

can be a surprise to people, but you're gonna see a lot of the Fortune 500 companies, the big boys on the NYC being headquartered in Delaware, and then we do all of our banking through JP Morgan in the US to make the investment process super easy, everything is done in English, even though the operations here are conducted in Spanish. I think when you're raising capital, it has to be as frictionless as possible, if you make it hard for people, the more and more steps the less and less likely that the subscription is gonna get filled, so we want people to be as comfortable as possible with the law governing their investment and how it works tax-wise, it's critical investing with us is equal to an investment in Apple, you pay your standard capital gains, you pay taxes on dividends if you're getting distributions at the same rates that you would pay if those were coming from Apple or you had an exit from a US company.

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WS: As frictionless as possible. We talked about that in some form or fashion often on the show, because I believe, I agree completely that, yes, the frictionless as possible is best. The harder it is for somebody, the more questions they have that are unanswered or more road blocks, the more likely they are to say no, of course that's for any of us when making a decision without that much capital. So, speak to how you've done that or maybe some ways you have honed that process, so it is as frictionless as possible, then we'll get into the Series C in a little bit, but how have you done that? And maybe first, how do you get in front of the investors, but then how do you make it as frictionless as possible?

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AJ: Yeah, we've been fortunate I'd say we attract investors through several sources, we're doing a lot of podcast interviews, telling the story, trying to get in press publications using social media, we're part of some great investor groups. GoBundance, for example, is one, it's been a great source for us for some capital, Lifestyle Investor, which a good friend of ours, Justin Donald, host. He has a great group of high-net-worth investors and a great mastermind around that, those guys were looking for opportunities. And then we have historic, just investors who are interested in Columbia. The business was built really as an alternative to collateralized real estate and commercial real estate here in Columbia. So, we have that audience as well. So, it's just been kind of building, As we go through the years, we get a lot of referrals from people, we got a lot of repeat investment from people, so that's kind of the process in terms of source, in terms of

making it as streamlined and frictionless as possible, just practically how we do it, we have all the documents through DocuSign, makes things clickable and easy to welcome me, now we send, after somebody says they're interested, has all the wire instructions, everything that's super intuitive.

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AJ: We try to do it like, you know, the approach to that Apple has with the iPhone where you can kinda just take it out of the box and you don't need an instruction booklet. We try to make it as easy as possible for everybody who comes into our universe, So it's not really more complicated than that.

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WS: What are some of the questions or reservations that investors have when they're trying to figure out your model, your business model, and maybe they're very interested with and oftentimes something like that, I can see an investor coming in and really them feeling like, well, I don't even know the questions to ask, right? I don't know the things that I should know about this type of transaction and owning something that's being done in another country, and what are some questions, and maybe the investors are considering even this with operators as well. What should they know, what should they be asking, and maybe some answers that they should be receiving?

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AJ: I think that a lot of the structuring that we've done has basically been to anticipate the questions that we're gonna get like, I'm investing in a Colombian company, no, you're investing in a US company. How is this gonna be from a tax perspective, it's gonna be the same as it would be if you were investing in Apple, so we set up everything in the US. And then people wanna know the general things about investing in a business, what's the model, what does the return profile look like, what's the team that you have here, what's the communication, are you gonna send me quarterly updates? How can I track the investment? I'd say maybe almost obnoxiously transparent. So we get people a couple of communications a week, if there's something exciting at the farms or something exciting with one of our portfolio companies, we do quarterly updates with audited financial statements, and we do a webinar with the executive team, we also on an

annual basis, put out an extensive letter talking about the macro-economic situation affecting the business, what the results were for the year, what the audit financial say and what people should be focusing on, really trying to give people the insight into the business that we would want if we weren't involved in the business on a daily basis.

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AJ: I think that goes a long way to make people feel comfortable around, I'd say the leap that some people take in terms of opening themselves up to maybe unfamiliar market.

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WS: Yeah. No, I could see any of the questions you just listed are, It would have been some of the first things I would question as well, Or wanna know, right? And I know that listener would as well. So that's great. Speak to a Series C fund. Why Series C? What that means, exactly. And how you are using it.

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AJ: So taking somebody through, I guess, what the life cycle of a company would be connected to kind of funding rounds, so your seed round is basically, I need some money to get the business off the ground, I need to buy the first computer or hire the first member of the team, whatever it might be, it's usually the smallest amount of capital, now we see huge ones, people going out for 50 million dollar seed rounds, which doesn't make a lot of sense to me, but let's say it is, especially in the tech-driven world, we're in right now, Series A would be obviously your next it goes alphabetically, that's usually a little bit more capital, a little bit more towards making sure you're getting kind of product-market fit, maybe you're just starting to get some revenue going. Series B, I think is kind of the next milestone where you're building yourself into a sustainable business or whatever that might look like, Okay, with this series B capital, we can buy the inventory we need to satisfy a large customer or something along those lines, and then I'd say that Series C is where you're really doubling down on the growth of the business, so that's where we are right now with respect to the green coffee company. We'll get to number one this year in terms of coffee production in Columbia, we're looking to grow rapidly in terms of additional acquisitions, we have about five farms under diligence right now that if we can pick those up, will not only be number one, but about three to four times larger than the next largest operator here in

Columbia, which is exciting, we have our eyes set on the US market and roasting coffee that we're selling, that you're gonna see in stores like HEB or wherever you do your shopping, and going further down the value chain, we're adding on a lot of different revenue sources.

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AJ: The one thing that's interesting about coffee is it functions similar to the oil and gas industry, right, you have the crude production, but you can make a lot of products like natural gas and other things that come from the by-products. So coffee is the same, you take out the grain, that's what everybody knows, you make the cup of coffee with it for every grain of coffee that you take off, you have about five times as much by-product, so with that you can do things like create alcohol products, distill it down to ethynol for different applications, like enzymes, you can use it for fertilizer. So, at this point, a lot of the capital that we're raising is going into that R and D and exploring how do we not only become a great coffee company, but how do we use what we've built so far as a platform for generating additional revenue sources, doing more and more exciting things and really setting up a dominant market physician here in Columbia. Our timeline for investors, we tell them we're looking for an exit somewhere around 2025, 2026, we think we need those couple of extra years to really maximize the value, a lot of it has to do with the life cycle, coffee trees, and the two years and needs from planting to being optimally productive, but also the different business focuses that we have, before we say to somebody, You know what, we think we've kind of put everything we need into this, it's time to go public or sell the business.

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WS: I love the thought of adding more revenue sources, you said five times the by-products, that's incredible. It's hard to do that and to think that through, I think, and how to maximize all those by-products like that, so I need to have that option for sure. Speak to the risk of an investment or international business and coffee maybe specifically about what are the risks or maybe a couple of the biggest things that would be most concerning?

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AJ: Yeah, I think the biggest risk in any agricultural business is always gonna be weather, we get impacted by things like La Niña, which is really a lot of rain, or we have these different conditions

that happen that push harvest and you get delays and things like that, and we continue to manage that risk in a very productive way, part of it is buying land at the right elevation so that you're protected from what we expect to see down the road with respect to climate change and rising temperatures at lower elevations. We've become, I think the most technologically advanced coffee company perhaps globally, with respect to the infrastructure. We use the reduced the amount of water that we need in our production, the way we track whether, the way we track heat, the way we can inter-crop throughout the farms to reduce the temperatures, that's got to be the fertilization practices that we have. All of those are critical to being able to build a sustainable business, but it still ranks. Some things take longer than others, but I think if you look at the business through the holding period that we're talking about, were very bullish on where the business is going to go, I think politically, that's a popular question. What's the situation there in Colombia by picking the industry that we're in, especially with respect to coffee, coffee being the national product here and getting to the scale that we're at, I think we're pretty well insulated from any kind of crazy political situation, in fact, we receive a lot of support from the community, from the national government, because we're doing so much to bring employment and investment to an industry that even though everybody knows Colombian coffee, the history of the industry, is that it suffered from investment for 40 years. The technology that we're bringing into the business, the foreign capital that we're bringing to the business has not existed here for so long, that simply by doing something different everybody's encouraging us to continue to grow.

We've become the largest employer in the community that we're in, we've become part of the group of multi-national companies here in Columbia that basically has direct access to the US Embassy with a respective business practice is influence. We're building something that's macroeconomically significant, which mitigates a lot of the uncertainty, I guess, for people about what it might look like to operate in a different country.

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WS: And many things you just listed, whether it was the technology and the way you track the weather and all of those things that even help somebody to have better questions to ask when you're thinking about investing with somebody that's in this type of industry as well, I think it's very unique. I love how you all are so ingrained in the culture there, the country there, in the employment side, no doubt that adds so many other benefits, almost more by-products of other

benefits to being there. Just a few final questions Adam, we're gonna change gears just a little bit, so a ton of value there around that business model in that gives the investors and the active and passive investors a lot to chew on and think about how they're looking to invest with somebody like yourself or even doing their own security, syndication business. But Adam, what are some of the most important metrics that you track? So, you can answer that any way you want, it could be personal, it could be business, or maybe one of both.

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AJ: I think from a personal perspective and a business perspective, I like to kind of look back at each day and make sure that we got a little bit better, I think that means you know, did some learning that day, worked hard that day towards our goals, focused on the health and fitness aspect of my own life, which is important. We recently married, so making sure I'm being a good husband to kick off the marriage, I'd say there's probably five or six pillars for me that are critical, and if I can do those and improve a little bit every day. That's great.

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WS: I love the focus just on a little better each day, you said, of course, the health and fitness and, yes, being a good husband. That's very important. Congratulations as well.

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AJ: It is. Thank you. Happy wife, happy life. (**AD:** Yes, sir. It's important.)

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WS: Adam, what about some, and maybe this would be kinda along with what you just said, but what are some daily habits that you are disciplined about that have helped you achieve success?

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AJ: And I think I've done a good job over the years of being able to put the fundamentals kind of on speed dial, so going and exercising for me is not something I have to remind myself to do every day, it's just kind of my habits, same I'd say with diet and just trying to eat healthy, I try to take a lot of time every day to learn, I think that's the one thing that I've transitioned to more throughout my career of just being like heads down, a tardy executing, responding to emails and

more now, strategic and thinking and learning from others who have done what we've done before, I think that's critically important, and then really approaching, and I'm an ex-football player growing up playing college, and the competitiveness of that, I've basically just carried over to business and what we're doing here, so if I feel like we're kind of competing every day and in the arena, I feel good and alive and pushing forward.

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WS: What does, you said more strategic and thinking and opposition to that, you say like emails and those things, what led you to think that way? What helps you to think more strategically, but even to spend time thinking, people think that that's like, I think it was a thing almost, but it's so important and it's hard to do it well, and I find people don't do it, including myself sometimes, 'cause it's the harder thing to do almost, it's easy to get caught up in emails and just the business or to return in a home call or email after email after email, then all of a sudden you've spent so much time, you feel like you haven't accomplished anything. What made you to think this way and helped you to be more strategic in like, focusing on that?

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AJ: I started seeing that to be the best I could be at the goals that I have for myself, I needed to be, I guess, more well-rounded. A lot of that was around human psychology, understanding people, understanding markets better, understanding what drives decision-making more than just, Okay, I know the nuts and bolts of capital raising transactions and what's the difference between 506, 506(c), crowd funding, a lot of that is learned and then you kinda have it, but to continue to grow as a person, become better at speaking and become just more, I guess well-rounded, I found to be critical for people, I think for your audience, and for me, raising capital is critical in terms of having, I guess, good emotional intelligence, building relationships, understanding where you can add value to other people so that they want to add value to the things that you're doing, a lot of that, that I would say I had to learn much of it kind of on my own, but just say being invested in your own growth and continue to get better holistically as a person.

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WS: Awesome. What about the number one thing that's contributed to your success?

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AJ: Relationships for sure, being intelligent about managing relationships, being reliable, being honest, continuing to add value to others, I don't think anybody can do much alone, it's critical to have that network.

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WS: You mentioned intelligent about relationships. What does that, give us just one or two things about what that means exactly.

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AJ: Yeah, I think to me, it's the two I always say on is being reliable, being a person who does what they say they're gonna do, if you and I have this podcast scheduled for 9 o'clock, I'm gonna be here at 8:55, so it's just doing those kind of things where being honest, delivering on your word and trying to help other people, that goes a long way. I guess being humble is important too, not having a big ego, being willing to learn and listen from others, all these simple fundamental things that you can read as many books as you want or whatever, but some of those things just never change.

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WS: That's awesome. Those things would have worked 500 years ago, just like they, and they still work. All those things you mentioned are so important, so how do you like to give back?

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AJ: I'd like to help with other people's businesses, if there's, I get a lot of questions about probably from folks like you have in your audience, I'm doing this real estate syndication, how do I go about it? What's the strategy? Happy to help folks who wanna reach out, I think that the best way that we give back from a contribution perspective is through the businesses that we have through polygons, which is where I am today.

0:27:55.6 AJ: Another one of our portfolio companies this year, we would do about 2300 scholarships for students in the local community that wanna learn about computer science, coding, the effects, all these kind of things through opportunities that they wouldn't otherwise

have. We're doing a lot in the communities that we're in with respect to a coffee company, started a program for single mothers, heads of family. We're looking at building a kindergarten on our operations so that they can bring their children there to study while they, while they work and just continuing to create jobs, I think really the best thing you can do for people is just giving them the opportunity and give them a purpose and convey the mission to them and what we're all trying to do. I've been motivated over the last couple of years to see how that clarity and communication can really excite people and get them behind a common goal.

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WS: Adam, I'm grateful to have met you, grateful for your give back to show the listeners and myself. I've learned a lot, I know they have as well, you went through a lot and provided a ton of value, just your business model alone is unique, I don't think we've interviewed anyone else yet has that type of business model and how you talked about it being structured out of the US, but that entity owning this business in another country and how that works a little bit, but even some of the investors, maybe common reservations that we wouldn't even think to ask, they wouldn't even know to ask. But you had answers for each of those, which I love, you talk about being ahead of that. Right. What do you call it? A how you're transparent, like overly transparent. You gotta work for it. It was incredible, but the frictionless as a possible process for investors, even putting your fundamentals on the speed dial, personally to all the how you handle an intelligent relationship. So many great things. Thank you again and tell the listeners how they can get in touch with you and learn more about you.

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AJ: Yeah, absolutely. So, if you're interested in the Series C funding for coffee, feel free to contact me. We're expecting great returns. We're looking at between 8x to 10x have come for people coming in in this round, so to your point, another thing about being frictionless is having a great product to sell, so people who are interested in there, you can find me, adam.j@legacy-group.co. You can find me personally, or you can find us at Legacy-Group.co and we'll connect you with investor relations, there's people who have questions about syndication or any way that I can help with their businesses, their projects love to meet as many folks, as possible and contribute any way I can.

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Whitney Sewell: Thank you for being a loyal listener of the Real Estate Syndication Show, please subscribe and like the show, share it with your friends so we can help them as well. Don't forget, go to LifeBridgeCapital.com, where you can sign up and start investing in real estate today. Have a blessed day.

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