

Blumberg Grain

Bringing Opportunities to Africa's Agriculture Market



“Innovative food storage solutions have the capacity to transform Africa. In nations where agriculture is the largest incremental economic contributor, if you eliminate 50% of product loss without plowing one new acre, farmers increase productivity by 60%. This then becomes the largest direct contributor to a nation's increase in GDP.”

About Blumberg Capital Partners

Blumberg Capital Partners, headquartered in Miami, Florida, is an independent, privately held investment firm. Although neither overly aggressive nor exotic in their approach, Blumberg Capital Partners has produced among the strongest returns in the country. The firm co-invests in all funds, and by operating fully institutional investment funds they have the agility needed to be successful in today's market.

Blumberg deploys its innovative offerings and expertise all over the globe to address critical resource and infrastructure challenges. These challenges include

infrastructure, such as food storage and security, the sourcing of rare earths and strategic resources, manufacturing, and the productive management of real estate assets. While the projects are varied, the Blumberg process is the same in every case – a very disciplined system of risk-managed investment and experienced management that has produced industry-leading results for more than thirty years. (Source: Blumberg Capital Investments)

Blumberg's investment discipline emphasizes stability and preservation of capital. To limit downside risk in cyclical markets, the use of leverage is very moderate compared to industry averages. As Mr. Philip

Blumberg, Chairman and CEO, explains, “We at Blumberg Capital consider investing other people's money to be more precious than investing our own. We do not risk or endanger investments, rather we pay a lot of attention to market cycles, individual focus on managing investments, and apply conservative risk and financial management strategies to our projects and investments.”

Blumberg Grain

Blumberg's agricultural roots reach back to the 1800's in the United States; and today, they are proud to help entire nations manage their food supply with greater safety and security.

Recently Africa Agribusiness Magazine had the pleasure of speaking with Philip Blumberg, Chairman and CEO of Blumberg Capital, to discuss how their agriculture initiative, Blumberg Grain, can provide innovative solutions to Africa.

Blumberg provides countries and companies with state of the art and comprehensive storage units for post harvest food safety and security. Mass produced in the United States, the lightweight, scalable warehouses use one-third the steel of conventional warehouses, making them the most cost effective storage facilities in today's market. However, the simple design does not hinder the structures' expected lifespans, which is estimated at 25-50 years.

Furthermore, each self-contained facility can be customized for farmers' needs. "Despite their simple design, these warehouses are quite sophisticated. It's what we can do inside that makes all the difference," said Philip Blumberg.

By design, Blumberg warehouses can be divided for multiple products, and each area can have its own sophisticated temperature, insulation and humidity controls. To operate the facilities, countries may choose from generator, solar or wind power. What's more, Blumberg structures are designed to work in rural areas, close to the farmers and their crops, so that harvested crops are stored as quickly as possible. The units also serve as large distribution and collection facilities.

After the modules are shipped to the host country, assembly begins. One key advantage is that these warehouse buildings can be installed and working in as little as 3 days. Blumberg works directly to train the local workforce to assemble and run the facilities. "We are committed to hiring the majority of employees from the local job market," says Mr. Blumberg.

Management services

Blumberg Grain provides the most comprehensive, state of the art management for post harvest food safety and security.

Effectively managing the stored grain is essential to ensure that the grain remains at its highest quality throughout its time in storage.

"We have a highly regarded and innovative grain storage system being applied globally," said Philip Blumberg.

Blumberg provides the following strategic stockpiling and trading services, particularly for countries and companies that import grain and agricultural products, where an assured supply and pricing is important.

Systems and Procedures

Blumberg Grain utilizes a system of procedures to assure the proper maintenance of each unit providing the ability to store grain with confidence in order to achieve the highest possible market premiums. Additional procedures may be implemented that are specific to each individual facility, inventory type and location.

Management

Blumberg Grain management relies on a proactive approach to grain and perishable storage management, to immediately recognize potential problems, determine their causes and effectively resolve the issue. Additionally, Blumberg Grain employs skilled service technicians specifically trained to monitor, control and maintain Blumberg Grain storage units.

Staff Training

An educated and skilled work force is critical to the development of a more productive workplace and is essential to foster economic employment growth and development. Blumberg is committed to employing at least 80% local work force and to provide them with the training and skills for advancement in the organization. (Source: Blumberg Capital Partners)



"Furthermore, adequate

storage creates options for future use—to be able to sell at different times at the right market price generates a sophisticated economy, an economy more likely to receive higher credit ratings which then will attract a multitude of private investors."

—Philip Blumberg, Founding Chairman and CEO, Blumberg Capital Partners

Transformative Economy through Agriculture

The Blumberg Grain food storage systems have the capacity to provide significant impact—perhaps the single most significant impact that can be made on post harvest yields—by securing food for a country's people and guaranteeing the quality and quantity of exports.

When farmers and countries gain the ability to adequately stockpile agricultural products the economic picture changes. No longer forced to immediately sell a product, they can now analyze the market and choose when to sell and how to price the product. With this sophisticated type of market, the control goes to farmer and/or country, as there are options for the future. And in terms of food security, products no longer perish and are available when needed by the community, country or region.

The positive aspects of an options market such as this include (1) the ability to protect against declining crop prices while retaining the opportunity to gain if prices rise, (2) increasing marketing flexibility while lowering risk in case you price your



crop before harvest but yields are severely reduced by adverse weather or disease, (3) opportunity to fix in a price before harvest to avoid unforeseen risk and (4) the fact that options markets can be a less complicated tool to hedge risk than direct sales in the futures market.

As Blumberg cites as an example, "If a farmer evaluates the harvest market and determines that the market is being flooded and depressing prices, he can harvest his crop but then store it in a Blumberg warehouse for 4-6 months, at which point he can receive a premium of up to 50%. This improves the economics and supply of the value chain."

Next Steps

Blumberg Grain will be opening five manufacturing plants and export Hubs across emerging markets. For Sub-Saharan Africa, the Hub finalists are Nigeria and Ghana.

These Hubs will produce prefabricated Blumberg Grain Storage Warehouses, ranging in size from 6,000 square feet for small farmer applications to large cluster configurations of more than 200,000 square feet.

It is estimated that each the manufacturing plant and export Hub will provide 1,000 new jobs through manufacturing steel warehouses and systems.

Furthermore, the hubs will significantly increase exports, provide an agricultural institute to farmers on new farming techniques and methods, and promote agribusiness diversification into upstream and downstream investments.

Blumberg Grain's development of turnkey storage facilities with management support are designed with the goal to bring post harvest crop losses to under 5% (down from the current estimate of 50%).

Blumberg Grain's storage facilities are diverse and provide flexible use for grains and dry goods or refrigerated and gas displacement systems for perishables, including produce and meat.

These warehouse units are designed specifically for developing world markets and are powered using an independent energy supply that insures primary or backup operational power. Examples of additional Blumberg Grain technology include self contained inventory management systems and commodities exchange linkages.



Blumberg Grain warehouses and network management enable secure crop-to-market systems providing enhanced and increased supply of food for a country's people, as well as significantly enhanced and increased quality and quantity of exports.

Overall, through increased trade activity and development, the five new manufacturing plants and export hubs have the capacity to manufacture 6,000 warehouse buildings annually or US \$750M to \$1B in output.

Blumberg Grain has over 600 warehouse buildings currently on order from trading firms, agri-businesses, and governments. Blumberg Grain is truly doing its part in increasing food supply and food inventory levels via sustainable business initiatives.