



Blumberg Grain meets with Prime Minister Sherif Ismail; encouraged by the Sisi Administration's Leadership

Company hopes to come to an agreement with the Government of Egypt in the next two weeks

Cairo, Egypt, 14 August 2016. Blumberg Grain had a positive and productive meeting with the Prime Minister of Egypt, Eng. Sherif Ismail on Thursday 11 August 2016. Also in attendance was the Minister of Supply and Internal Trade, Dr. Khaled Hanafy, along with other government officials.

The topics covered during the three-hour meeting included the company's work in modernizing 93 shouna (open-air storage plots) in Egypt, as well as President Sisi's desire to develop the rest of the country's shouna, and Blumberg Partner's proposed large-scale investment program for Egypt.

Blumberg Grain completed Phase 1 of the Shouna Development Project for Egypt in April 2016, installing 93 Blumberg Grain Aggregation and Processing Centers across the country in record time.

The systems transformed existing earthen shouna into advanced food security facilities by providing the Government of Egypt with the advanced technology necessary to receive, clean, grade, and safely store their grains.

President Sisi and the Egyptian Government have placed a priority on developing the remainder of shouna across the country.

To those ends, a second phase of the Shouna Development Project includes the development of 300 new Blumberg Grain Aggregation and Processing Centers to complete the entire shouna network.

Blumberg Grain's Phase 2 design has been modified to be installed outdoors on a smaller footprint that allows for use on any Shouna site, regardless of size or layout.

The Phase 2 project also includes a Blumberg Grain Command, Control, and Logistics Center (CCLC) 2.0 upgrade, bringing the highest levels of food security technology and logistics-management systems to Egypt.

Through this system, Egypt will have an accurate, up-to-the-minute, digital inventory of its grain under storage, which will assist in combatting corruption across the wheat value chain.



Data will be safely and securely communicated to the Command and Control Center through the development of one of the world's largest private, wide area networks (PWAN). Solar panels will provide back-up power to ensure no critical disruptions due to lack of power.

As part of the scope of the Phase 2 project, Blumberg Grain will also upgrade the 93 Blumberg Grain systems installed in Phase 1 to include the solar panels, PWAN, and other hardware necessary to seamlessly incorporate the enhanced capabilities of the upgraded network.

Blumberg Grain's CEO of the Middle East and Africa, David Blumberg, commented, "According to a study done by KPMG, the Egyptian government stands to save \$550 million dollars a year in wheat losses through the implementation of Blumberg Grain's systems. This also has a dramatic impact on Egypt's foreign exchange, as the Government depletes its hard currency to import wheat from abroad to make up for these losses."

"We have been very impressed by the Prime Minister, and while we haven't resolved the modest issues that stand in the way of Phase 2 project implementation, given the high impact of this project, and the Sisi administration's emphasis on combatting corruption, the need to increase hard currency, and help farmers, we are confident that the Egyptian Government will do everything in its power to ensure the rapid development of the entire shouna network. We know from our experience that President Sisi never do anything half-way," Blumberg concluded.

Importantly, Blumberg Grain also relayed a message from Blumberg Partners Chairman, Philip Blumberg, who, four months ago, put forth an investment plan to make Egypt the leader in food security and agriculture throughout Africa and the Middle East under President Sisi's administration.

The investment program would make Egypt Blumberg Grain's Headquarters and Hub for the Middle East and Africa, and would include the following investments:

- the development of a Manufacturing Plant and Export Hub in East Port Said to produce industrial refrigeration for Egypt and export across the region
- the establishment of an Agricultural Institute, in partnership with US and Egyptian Universities, which will bring the most productive, high yield, and green techniques to Egyptian farmers
- the commissioning of a greenhouse project feasibility study that provides a roadmap for President Sisi's vision to create 100,000 greenhouses in Egypt (Blumberg is prepared to participate in the development of those greenhouses at cost, for the benefit of Egypt and its farmers)
- the redevelopment of a bagging facility in the Suez to create state-of-the-art bags for the storage of grain to be exported globally
- the creation of one of the largest cold chain terminals in the Mediterranean at the Port of Damietta



The impact of these investments on the Egyptian economy would be over US\$ 8B in five years, and will generate very high levels of hard currency as Blumberg Grain exports made-in-Egypt products across the world.

Blumberg requires no financing for these projects, which would see an injection of US foreign direct investment, and likely attract other American companies to Egypt.

The Phase 2 Shouna Development Project and investment program come as a package deal.

Blumberg is readying for an announcement event in Egypt, which would feature high-level government officials from the US and Egypt, international media, and key players in the Egyptian and US business communities.

The company is proposing a pathway to come to an agreement in the next two weeks and hope this can be resolved as soon as possible, as there are other countries competing for the investment program.

Timing to come to agreement is also limited because President Sisi's goals are to have much of the Phase 2 Shouna Project completed in 2017, and the whole system complete for the 2018 harvest.

Blumberg Partner's Chairman, Philip Blumberg, commented on the outcome of the meeting yesterday, "A fast response from Egypt is critical to us moving forward with this investment program. We are fortunate to be working with a Prime Minister like Sherif Ismail, and are sure that he will be able to address our timeframes, given the very large and very high job creation program (thousands of direct jobs, and tens of thousands of indirect jobs) that our investment program will bring to Egypt."

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About Blumberg Grain

Blumberg Grain is a leading global food security company, providing harvest protection systems and technology. Blumberg Grain's fully integrated crop and food security systems can reduce post-harvest losses of grain, produce, and other perishables to 5% or less. Blumberg Grain works with private companies and countries to modernize agricultural value chains, increase the quality and marketable output of their harvests, enable efficient market timing, and significantly boost exports of agriculture products.

With the Shouna Development Project in Egypt, Blumberg Grain is creating the Middle East's largest and most sophisticated integrated food security system for grain storage.

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