

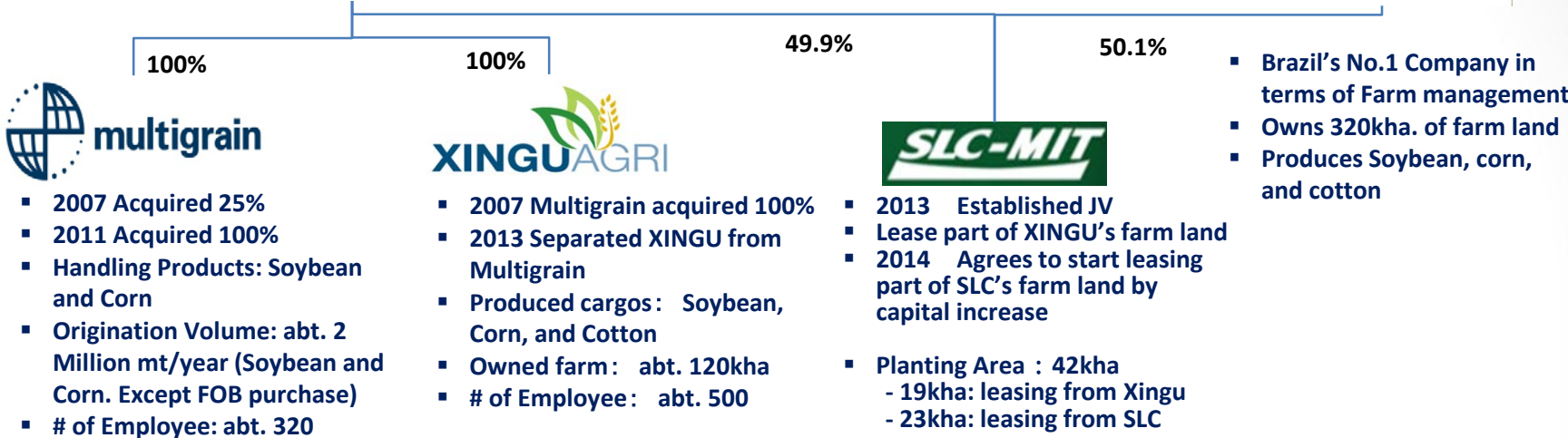
*Infrastructure for Cargo Transportation and
Urban Mobility*

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Mitsui & Co. (Brasil) S.A.
August 2017*

Mitsui's Presence in the Brazilian Agriculture Business

Mitsui has been developing its agricultural business in Brazil, owning 120kha of farms and operating mainly in the MATOPIBA region and in MT.



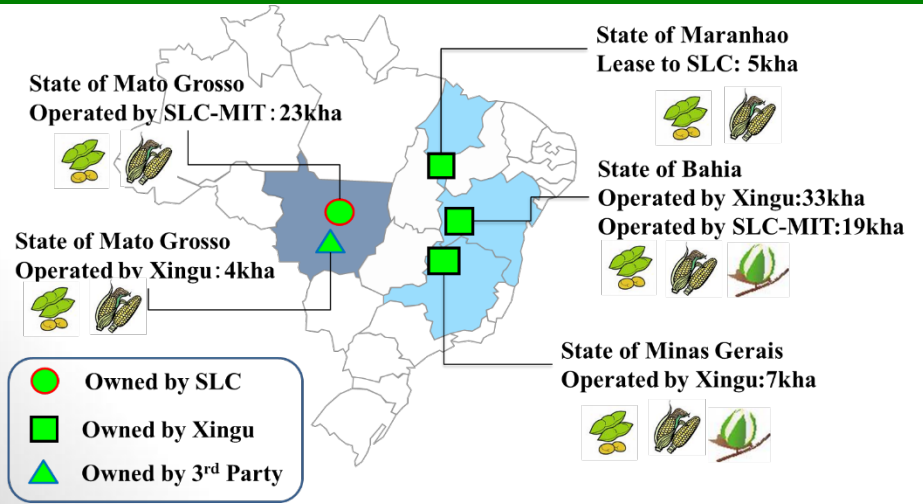
- Brazil's No.1 Company in terms of Farm management
- Owns 320kha. of farm land
- Produces Soybean, corn, and cotton

- 2007 Acquired 25%
- 2011 Acquired 100%
- Handling Products: Soybean and Corn
- Origination Volume: abt. 2 Million mt/year (Soybean and Corn. Except FOB purchase)
- # of Employee: abt. 320

- 2007 Multigrain acquired 100%
- 2013 Separated XINGU from Multigrain
- Produced cargos: Soybean, Corn, and Cotton
- Owned farm: abt. 120kha
- # of Employee: abt. 500

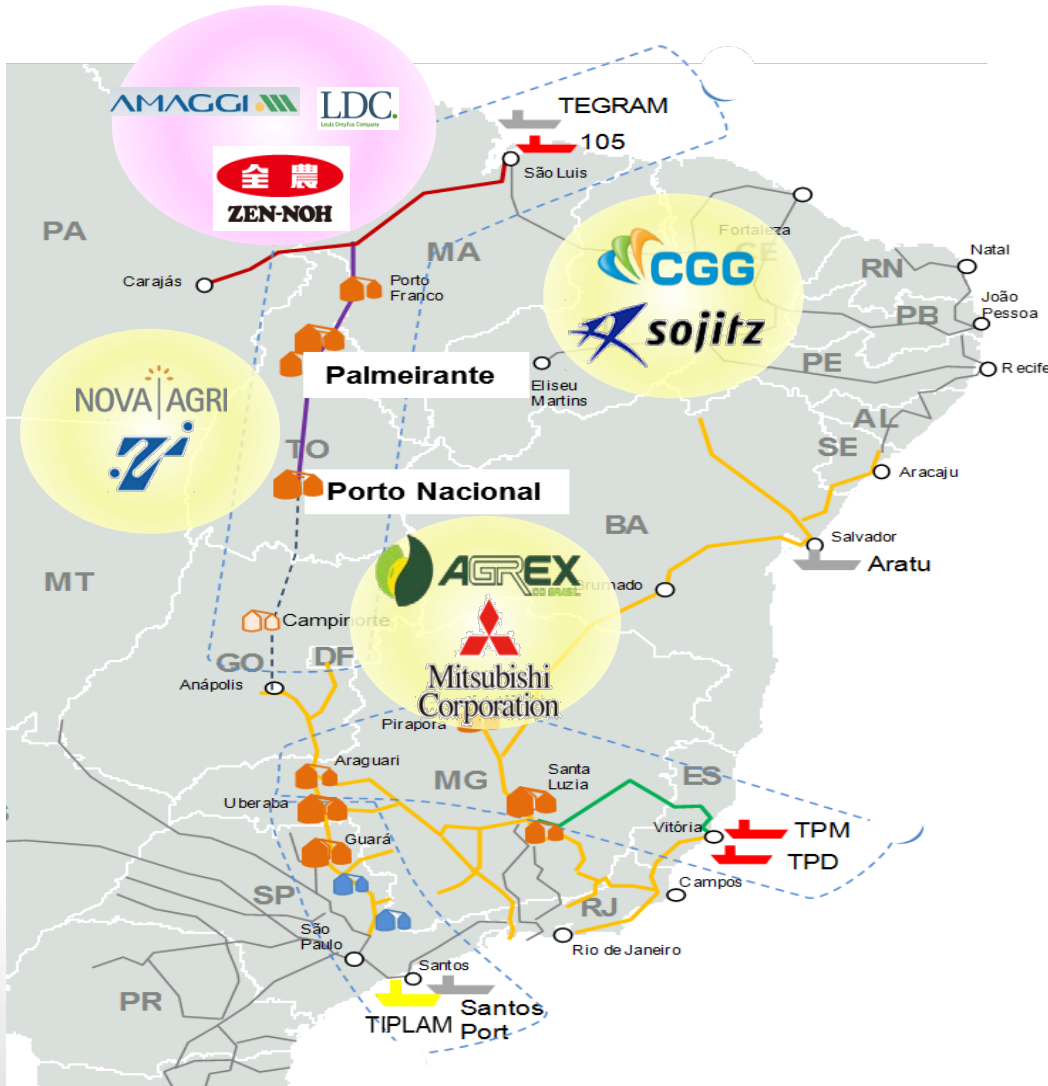
- 2013 Established JV
- Lease part of XINGU's farm land
- 2014 Agrees to start leasing part of SLC's farm land by capital increase
- Planting Area : 42kha
 - 19kha: leasing from Xingu
 - 23kha: leasing from SLC

Farms owned/operated by Mitsui in Brazil through Xingu and SLC-MIT

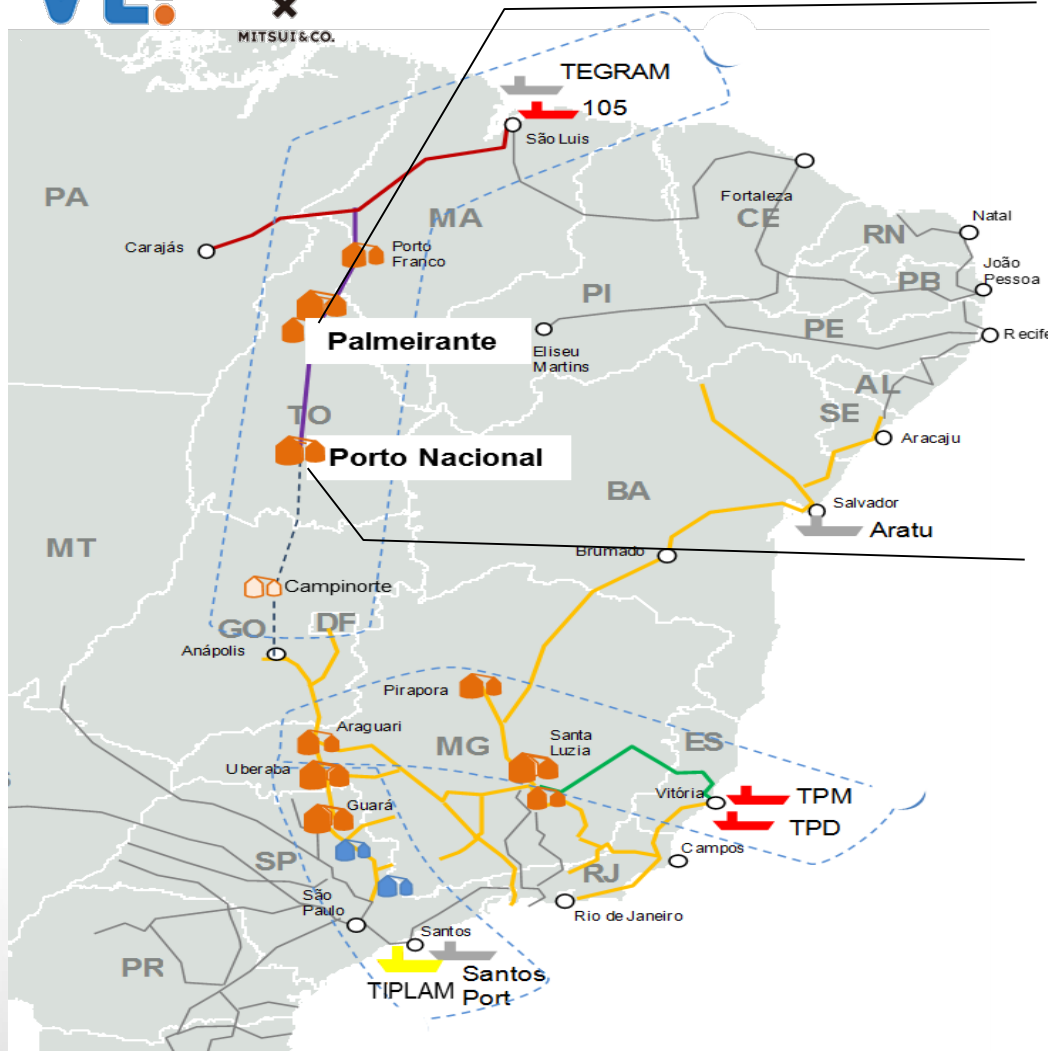


Importance of the development of the logistics infrastructure in the MATOPIBA region is increasing

- ✓ Number of Japanese investments in MATOPIBA has been increasing.



In terms of logistics infrastructure, we have been investing in the Northern region through VLI, doubling its transportation capacity.



Palmeirante, TO

Terminal characteristic

- Railway loop with capacity for 80 cars
- Warehouse with static capacity of 90,000 tons of grain storage and modular structure enabling extension



Porto Nacional, TO

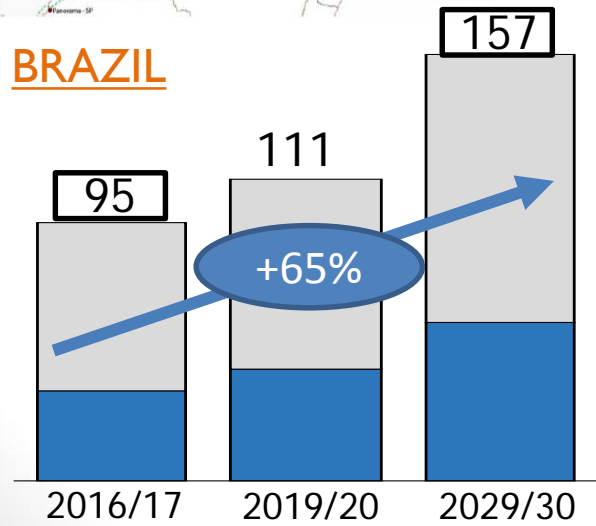
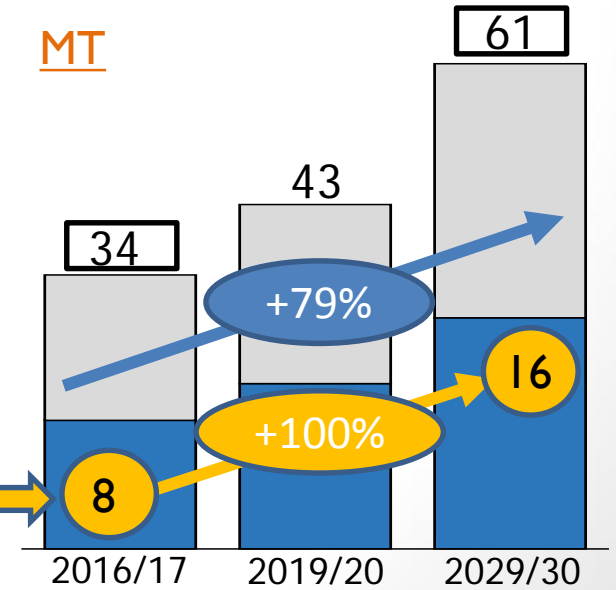
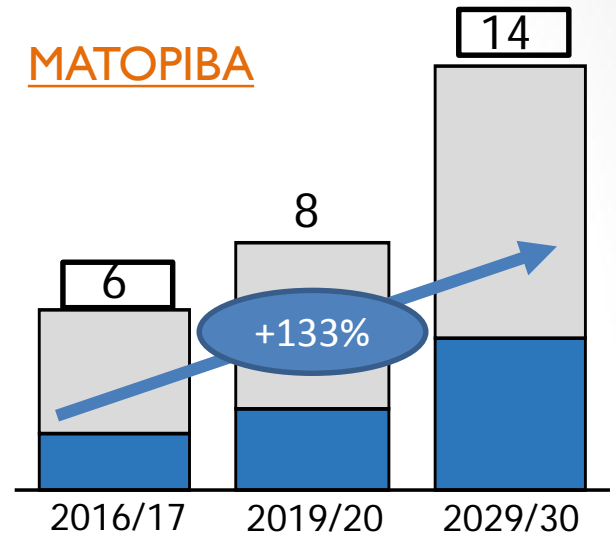
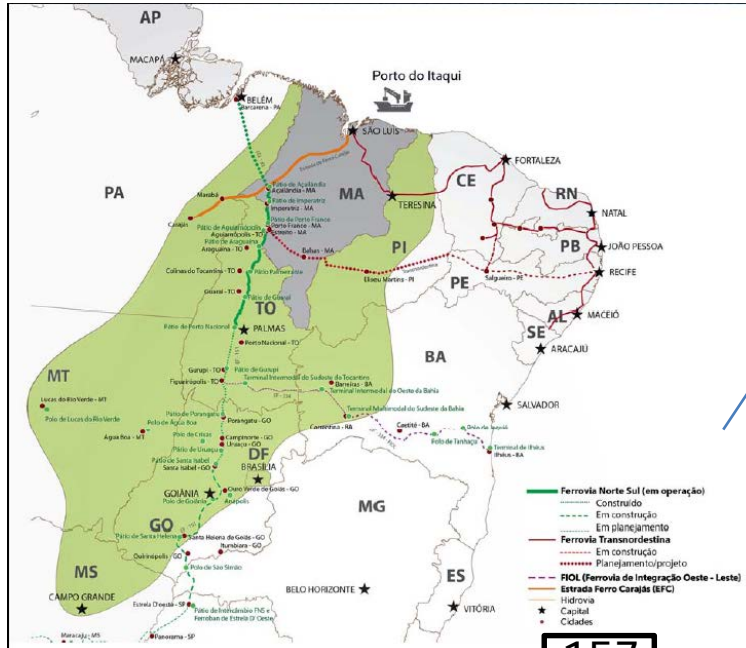
Terminal characteristic

- Railway loop with capacity for 80 cars
- Warehouse with static capacity of 60,000 tons of grain storage and modular structure enabling extension

Potential for Development in the MATOPIBA region + East of MT

In addition to the MATOPIBA Region, the grain production and export from the east of MT has been growing significantly and is expected to grow continuously.

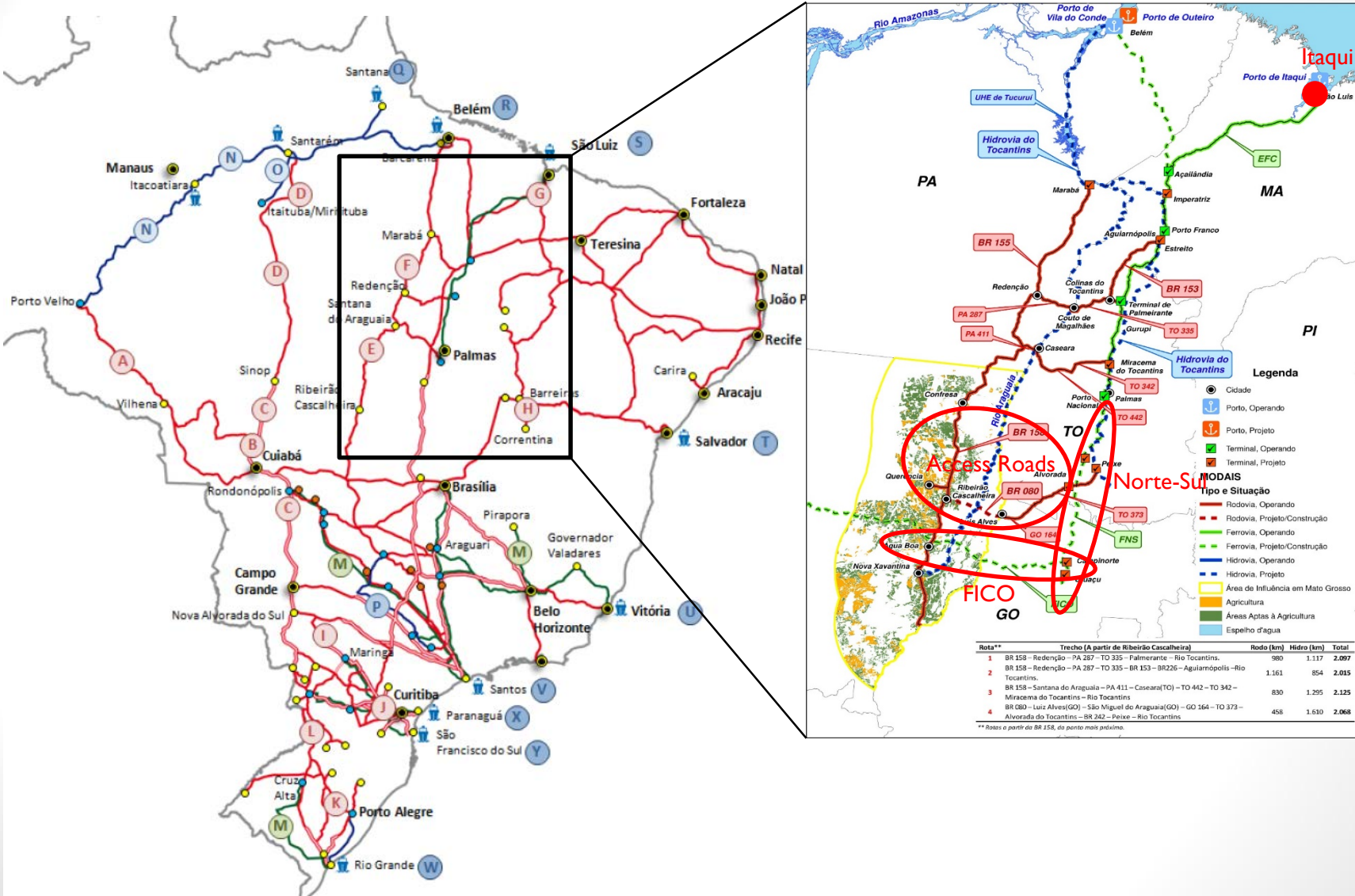
Exportation of Soybean and Corn (Million ton)



East of MT

However, lack of Logistics Infrastructure may hinder such growth

The logistics infrastructure to support the growth, such as completing the access to the new Norte-Sul Railway (e.g. access roads and FICO) and the expansion of Itaquí Port, is urgent.



Rota**	Trecho [A partir de Ribeirão Cascalheira]	Rodo (km)	Hidro (km)	Total
1	BR 158 - Redenção - PA 287 - TO 335 - Palmeirante - Rio Tocantins.	980	1.117	2.097
2	BR 158 - Redenção - PA 287 - TO 335 - BR 153 - BR226 - Aguiarnópolis - Rio Tocantins.	1.161	854	2.015
3	BR 158 - Santana de Araguaia - PA 411 - Caseara(TO) - TO 442 - TO 342 - Miracema do Tocantins - Rio Tocantins	830	1.295	2.125
4	BR 080 - Luiz Alves(GO) - São Miguel de Araguaia(GO) - GO 164 - TO 373 - Alvorada do Tocantins - BR 242 - Peixe - Rio Tocantins.	458	1.610	2.068

** Notas a partir de BR 158, do ponto mais próximo.

Map of necessary infrastructure (Source: MT)

Current status of Urban Mobility Project in São Paulo

The construction work has been suspended since September, 2016 because BNDES long term finance contract has not been closed yet due to the negative influence from Lava Jato issue.

History from October 2016:

- ✓ Several meeting among PPI, Sao Paulo state government, BNDES and Japanese shareholders.
 - => BNDES required the restructuring of concessionaire's shareholding structure inviting new investors to replace the existing Brazilian shareholders.
- ✓ Japanese shareholders identified the candidate of new investors and deeply discussed the possibility of its participation.
- ✓ The candidate of new investor required the followings:
 - ① Protection from the compliance risk due to the potential wrongdoings of existing Brazilian shareholders.
 - ② Improvement of BNDES' requirement for sponsor guarantee provision.



Lessons learnt through the intensive discussion on Urban Mobility Project in São Paulo (1)

① Secure the long term project finance before starting implementation:

<Current Situation>

Since the concession/PPP agreement becomes effective before successful conclusion of necessary long term finance contract, the concessionaire needs to start implementation work without closing the long term finance contract.

<Problem>

Risk of implementation interruption due to the delay of long term project finance

<Suggestion>

Concession/PPP agreement shall be effective when the long term finance is closed.

Lessons learnt through the intensive discussion on Urban Mobility Project in São Paulo (2)

② Protection for new investors from the compliance risks:

<Current Situation >

Potential new investors have big concern about the compliance risk due to the eventual wrongdoings conducted by other parties in the past, even though such new investors participate to save the project.

<Problem>

More difficult to settle the problem of the projects affected by Lava Jato through the involvement of new investors.

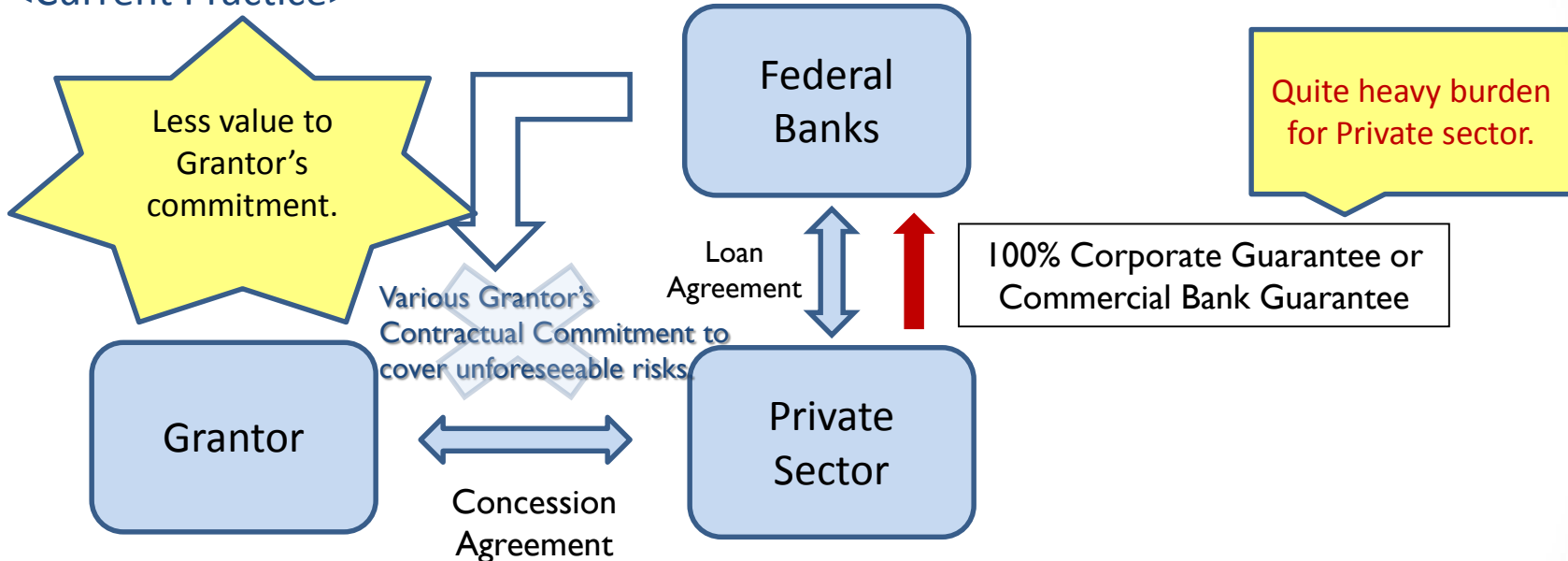
<Suggestion>

Establishment of legal framework to protect the new investors from the potential compliance risk due to the eventual wrongdoings conducted by other parties in the past.

Lessons learnt through the intensive discussion on Urban Mobility Project in São Paulo (3)

Grantor's obligations under Concession Agreement shall be properly evaluated by Lenders (Federal Banks) as the counter-guarantee for Long Term Finance.

<Current Practice>



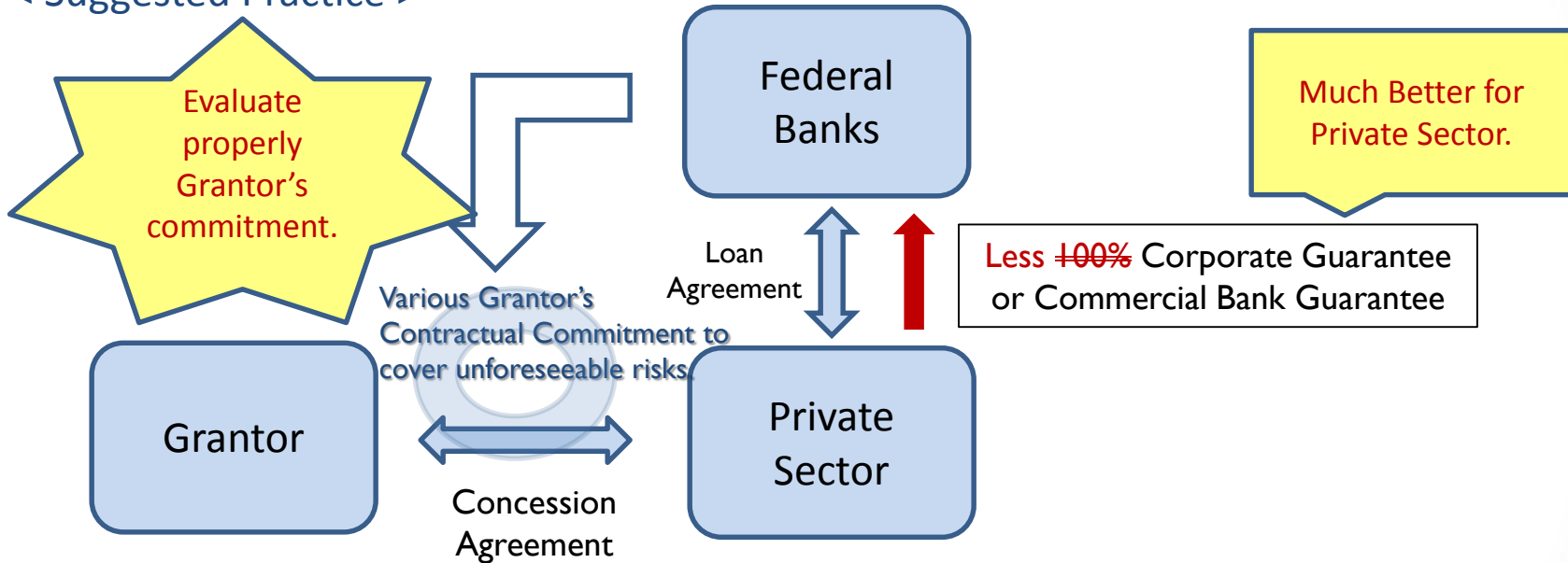
Problem:

- ✓ Less Attractive for Private Sectors to invest in the Concession/PPPs.
- ✓ Higher risk of delay of Project because the Finance is provided based on Corporate Guarantee or Bank Guarantee only.

Lessons learnt through the intensive discussion on Urban Mobility Project in São Paulo (2)

Grantor's obligations under Concession Agreement shall be properly evaluated by Lenders (Federal Banks) as the counter-guarantee for Long Term Finance.

< Suggested Practice >



Benefit:

- ✓ Attraction of more Private Sectors to invest in the Concession/PPPs.
- ✓ Less risk of delay of Project because the Finance is provided based on Grantor's commitment.

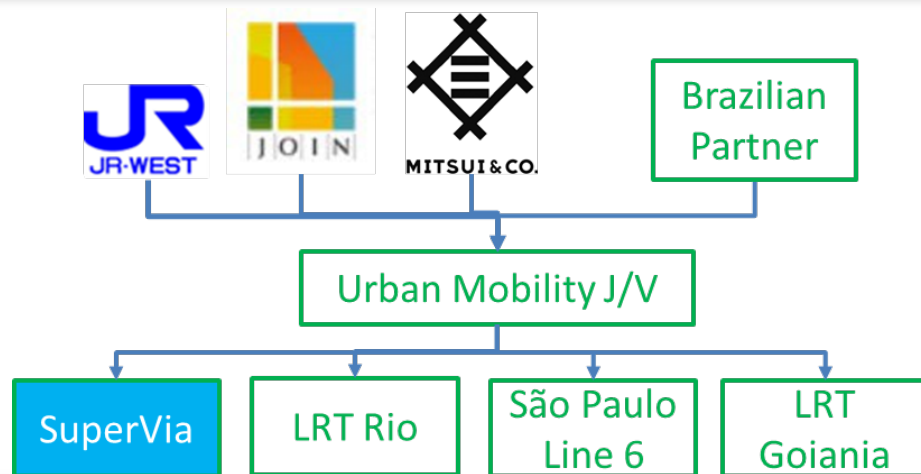
Suggestion to Brazilian Government based on the lessons learnt – Urban Mobility

- ① Create standards in the future concession/PPP agreement to set forth the closing of necessary finance arrangement as a condition precedent to the effectiveness of concession/PPP agreement.
- ② Establishment of necessary legal framework to protect the new investors from the potential compliance risk due to the eventual wrongdoings conducted by other parties in the past.
- ③ Introduction of international standard practice of “Project Finance”, instead of sponsors’ guarantee based finance, by evaluating Grantor’s obligations under Concession Agreement properly.



SuperVia is suffering from severe business circumstance caused by financial crisis of Rio State

- ✓ The tight cash flow of SuperVia was caused by delay of compensation from Rio de Janeiro state government to SuperVia due to the financial crisis of the state.
- ✓ The bankruptcy request to SuperVia was filed due to non-payment of electric energy bill, which was caused due to delay of compensation from Rio de Janeiro state government.
- ✓ Due to tight cash flow, SuperVia has been facing the difficulties of keeping its investment, which should be settled urgently to keep its safety operation.



Request from Japanese Investors - Urgent financial support to Rio State and allocation of financial resource to SuperVia

- ✓ SuperVia has suffered from Rio de Janeiro state government's delay of compensation, of which aggregate amount is more than BRL100 million, due to the financial crisis of the state government.



- ✓ The financial support from Federal Government to Rio de Janeiro state government should be performed urgently.
- ✓ Then, necessary amount should be allocated properly for the payment from the state government to SuperVia so that SuperVia can keep minimum necessary investment for the safety operation.

Thank you for listening