



CLARIFICATION ON TRAFIGURA'S INVESTMENT IN PORTO SUDESTE DO BRASIL

19 June 2019 - Trafigura and Mubadala co-own Porto Sudeste do Brasil, a Brazilian iron ore port. Porto Sudeste is an integral part of Trafigura's iron ore trading strategy. Alongside their equity investment, both companies purchased listed debt securities issued by Porto Sudeste. These listed debt securities are senior to equity holders and junior to Porto Sudeste's bank debt. The holding of these securities, together with the port equity, combines both the economic benefit and control of the port.

Together, the companies own in aggregate approximately 90 percent of these securities, which allow the collection of a fixed royalty payment per metric ton processed by the port. Since the free float of these listed debt securities is approximately 10 percent and the volume traded per day is less than USD8,000, IFRS accounting rules require that the fair value be determined using a Level 3 valuation model, instead of relying on a market price that could be lacking economic ground.

The cash flow valuation model is based on a discount rate of 12.5 percent per year. In addition, the valuation reflects the limited marketability of such securities. As such, a specific marketability discount factor was taken into account on the first reporting date to reflect the risk associated with the launch of the port operations. In subsequent reporting periods, the discount factor was progressively adjusted to reflect the positive developments of Porto Sudeste: i.e. completion of port construction in mid-2015; achieving targeted load-rate in 2016; completion of bank debt renegotiation in mid-2017. The marketability discount factor therefore decreased from 38 percent in 2015, to 26 percent in 2016, to 10 percent in 2017, and remained at 10 percent in 2018.

The securities represent 5 percent of Trafigura's non-current assets as of 30 September 2018. Detailed and specific disclosures on Porto Sudeste are provided in Trafigura's audited financial statements. Trafigura has always followed a conservative approach to the valuation of its assets. This principle is part of its risk management framework, supported by strong governance anchored in Trafigura's partnership model.