

Concessioni Autostradali Venete – CAV S.p.A.

*(incorporated as a company limited by shares (società per azioni) under the laws of Italy
and registered at the Venice Companies Registry under registration number 03829590276)*

€400,000,000 2.115 per cent. Class A1 Senior Secured Amortising Fixed Rate Bonds due 2030

€430,000,000 2.115 per cent. Class A2 Senior Secured Amortising Fixed Rate Bonds due 2030

Issue price: 100 per cent.

The €400,000,000 2.115 per cent. Class A1 Senior Secured Amortising Fixed Rate Bonds due 2030 (the **Class A1 Bonds**) and the €430,000,000 2.115 per cent. Class A2 Senior Secured Amortising Fixed Rate Bonds due 2030 (the **Class A2 Bonds** and, together with the Class A1 Bonds, the **Bonds**) are issued by Concessioni Autostradali Venete – CAV S.p.A., (the **Issuer**), and will be constituted by a bond trust deed (the **Bond Trust Deed**) to be dated on or about 6 April 2016 (the **Signing Date**, between the Issuer and Deutsche Trustee Company Limited as bond trustee (the **Bond Trustee**, which expression shall include its successors as bond trustee for the holders of the Class A1 Bonds (the **Class A1 Bondholders**) and the Class A2 Bonds (the **Class A2 Bondholders** and, together with the Class A1 Bondholders, the **Bondholders**) for the time being. The Bonds will be issued and the Bond Trust Deed will become effective on 12 April 2016 (the **Issue Date**).

Interest accrues on the Bonds at a fixed rate of 2.115 per cent. per annum from and including the Issue Date to but excluding 31 December 2030, and is payable semi-annually in arrears on 30 June and 31 December in each year (each a **Payment Date**). The first Payment Date will be 30 June 2016. The Bonds will be redeemed in instalments on each Payment Date falling on or after 30 June 2016. To the extent not previously redeemed or purchased and cancelled, the Bonds will be redeemed in full on 31 December 2030 (the **Final Redemption Date**).

The European Investment Bank (**EIB** or the **PBCE Provider**) has undertaken to issue a letter of credit (the **PBCE Letter of Credit**) as a form of subordinated credit enhancement in relation to the Bonds under, and in accordance with the terms of, a letter of credit and reimbursement deed between the Issuer, the Bond Trustee and the PBCE Provider dated the Signing Date (the **PBCE Agreement**) (as described in "Description of the PBCE Letter of Credit"). Under the terms of the PBCE Agreement, the PBCE Provider will undertake to make amounts available under the PBCE Letter of Credit: (a) to meet scheduled interest and principal payments in relation to the Bonds (other than those held by the Issuer); (b) if a PBCE Rebalancing Event occurs, to meet mandatory partial redemption amounts due in respect of the Bonds; or (c) to meet certain accelerated payments in relation to the Bonds.

The Issuer will use the proceeds of the Bonds, in an amount equal to approximately €830 million, together with approximately €42.11 million cash on balance sheet, to (i) refinance in full the Existing CDP Senior Facility Indebtedness incurred in connection with the construction, operation and maintenance of four motorway sections in Italy: (a) the A4 Mestre By-pass; (b) the A4 Padua - Venice; (c) the A57 from the western interconnection with the A4 to Terraglio; and (d) the link between the A57 and the Marco Polo Airport (together, the **Project**); (ii) refinance in full the Existing ANAS Indebtedness incurred in connection with the Project in an amount of approximately €446.24 million; (iii) fund the Maintenance Reserve Account, the Debt Service Reserve Account and the Capex Reserve Account to their respective Required Balances; and (iv) pay fees and expenses related to the Transaction which are expected to amount to approximately €20.79 million).

50% of the issued shares of the Issuer are owned by ANAS S.p.A. (**ANAS**) and the remaining 50% are owned by the Region of Veneto (the **Veneto Region** and, together with ANAS, the **Shareholders**). The Bondholders will have no recourse to any shareholder of the Issuer other than for the Transaction Security granted by ANAS in relation to the VAT Subordinated Facility and certain other receivables and further Shareholder support will be provided by the ANAS Agreement and the subordination undertakings contained therein.

The obligations of the Issuer under the Bonds will be secured in favour of Deutsche Bank AG, London Branch as Security Agent (the **Security Agent**, which expression shall include its successors for the time being) acting in the name and on behalf of the Bondholders and the other Secured Creditors, in accordance with a security trust and intercreditor deed (the **STID**) to be entered into by, *inter alios*, the Issuer, the VAT Subordinated Facility Provider, the Shareholders, the Bond Trustee, the PBCE Provider and the Security Agent. The Transaction Security (as defined below) will be held by the Security Agent for itself and on behalf of the Bondholders, the PBCE Provider and the other Secured Creditors (as defined below) (see "Description of the Finance Documents").

Pursuant to the STID, certain rights of the PBCE Provider against the Issuer under the PBCE Agreement are subordinated to rights of the Bondholders against the Issuer under the Bonds.

The Issuer will be required to redeem the Bonds in part prior to the Final Redemption Date upon the occurrence of a PBCE Rebalancing Event or if the Issuer has received any Insurance Proceeds not otherwise applied in accordance with the Common Terms Agreement and may redeem the Bonds prior to the Final Redemption Date in full (but not in part only) upon the occurrence of certain tax-related events or if it is illegal for the Bonds to remain outstanding or unlawful for the Issuer to perform its obligations under the Finance Documents. The Issuer may also voluntarily redeem the Bonds prior to the Final Redemption Date in whole provided that it pays the applicable Make-Whole Amount (see Condition 6 (*Redemption and Purchase*) below).

This offering circular (the **Offering Circular**) includes information on the terms of the Bonds, including security, covenants and transfer restrictions. Application has been made to list the Bonds on the official list of the Luxembourg Stock Exchange (the **Official List**) and to admit them to trading on the Euro MTF market operated by the Luxembourg Stock Exchange (the **Euro MTF Market**). References in this Offering Circular to the Bonds being "listed" (and all related references) mean that they have been admitted to the Official List and admitted to trading on the Euro MTF Market. The Euro MTF Market is not a regulated market pursuant to the provisions of the Markets in Financial Instruments Directive 2004/39/EC but is subject to the supervision of the *Commission de Surveillance du Secteur Financier* (the financial sector and exchange regulator in the Grand Duchy of Luxembourg).

The Bonds are expected to be rated A3 by Moody's Investor Services Limited (**Moody's**). Moody's is established in the European Union and is registered under the Regulation (EC) No. 1060/2009 (as amended) (the **CRA Regulation**). As such Moody's is included in the list of credit rating agencies published by the European Securities and Markets Authority (**ESMA**) on its website (at <http://www.esma.europa.eu/page/List-registered-and-certified-CRAs>) in accordance with the CRA Regulation. A security rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction or withdrawal at any time by the assigning rating organisation.

The Bonds are project bonds pursuant to article 157 of Italian Legislative Decree No. 163 of 12 April 2006 (the **Public Contract Code**) and are subject to the requirements set out therein, including that the holders of the Bonds must be Qualified Investors (as defined in the Glossary).

The Bonds have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the **Securities Act**), or with any securities regulatory authority of any state or other jurisdiction of the United States and the Bonds may not be offered, sold or delivered within the United States or to, or for the account or benefit of, U.S. persons (as defined in Regulation S under the Securities Act (**Regulation S**)), except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and any other applicable securities laws.

Each purchaser of the Bonds will be deemed to have made the representations described in "*Subscription and Sale*".

The Bonds will be issued in bearer form in denominations of €100,000 and integral multiples of €1,000 in excess thereof, up to and including €199,000. Upon issue, the Class A1 Bonds and the Class A2 Bonds will each be represented by a temporary global bond (the **Temporary Global Bond**), without interest coupons or principal receipts, which will be deposited on or about the Issue Date with a common safekeeper for Euroclear Bank S.A./N.V. (**Euroclear**) and Clearstream Banking, *société anonyme* (**Clearstream, Luxembourg**). Interests in each Temporary Global Bond will be exchangeable for interests in a permanent global bond (the **Permanent Global Bond** and, together with the Temporary Global Bond, the **Global Bonds**), without interest coupons or principal receipts, not less than 40 days after the Issue Date (the **Exchange Date**), upon certification as to non-U.S. beneficial ownership. Interests in each Permanent Global Bond will be exchangeable for Definitive Bonds only in certain limited circumstances.

Investment in project bonds involves a high degree of risk. For a description of the specific risks involved in an investment in the Bonds, prospective investors should have regard to the factors described in the section "Risk Factors" on page 22.

Joint Arrangers, Joint Lead Managers and Joint Bookrunners

BANCA IMI

BNP PARIBAS

SOCIÉTÉ GÉNÉRALE CORPORATE & INVESTMENT BANKING

THE ROYAL BANK OF SCOTLAND

UNICREDIT BANK

The date of this Offering Circular is 6 APRIL 2016

IMPORTANT INFORMATION

The Issuer accepts responsibility for the information contained in this Offering Circular. To the best of the knowledge of the Issuer (having taken all reasonable care to ensure that such is the case) the information contained in this Offering Circular is in accordance with the facts and does not omit anything likely to affect the import of such information.

With reference to the Independent Traffic Report in Appendix 1 and the Independent Technical Report in Appendix 3 which has been extracted from a technical due diligence report (together the "**Adviser Reports**"), the Issuer confirms that such information has been accurately reproduced and that, so far as it is aware, and is able to ascertain from information published by the providers of those Adviser Reports, no facts have been omitted which would render the reproduced information inaccurate or misleading. Each of the Adviser Reports was prepared at the request of the Issuer and the Adviser Reports themselves, and are included, in the form and context in which they are included, with the consent of the providers of those Adviser Reports who have authorised the contents of those parts of the Offering Circular. The Adviser Reports were prepared on the terms and subject to the conditions, limitations and assumptions set out in the Adviser Reports and in the agreements between the Traffic Adviser and Technical Adviser and the Issuer. Such terms, limitations and assumptions apply equally to the recipients of this Offering Circular as they do to the Issuer, including without limitation all exclusions of or limitations on the Traffic Adviser and Technical Adviser's liability. Each recipient of this Offering Circular, to the extent it determines to be necessary or appropriate in order to obtain a full and complete understanding of the Adviser Reports, shall consult with its own advisers with respect to the matters covered by the Adviser Reports. The Traffic Adviser and Technical Adviser has not acted and is not acting as a consultant or fiduciary to the recipients of this Offering Circular.

Save for the Issuer, no other party has separately verified the information contained herein. Accordingly, no representation, warranty or undertaking, express or implied, is made and no responsibility or liability is accepted by the Joint Arrangers, the Joint Lead Managers, the Joint Bookrunners or the Bond Trustee or Security Agent as to the accuracy or completeness of the information contained or incorporated in this Offering Circular or any other information provided by the Issuer in connection with this Offering Circular. Neither any of the Joint Arrangers, the Joint Lead Managers or the Joint Bookrunners nor the Bond Trustee accept any liability in relation to the information contained in this Offering Circular or any other information otherwise provided by the Issuer in connection with this Offering Circular.

No person is or has been authorised by the Issuer to give any information or to make any representation not contained in, or not consistent with, this Offering Circular or any other information supplied in connection therewith in connection with or any Bonds and, if given or made, such information or representation must not be relied upon as having been authorised by the Issuer or any of the Joint Arrangers, the Joint Lead Managers or the Joint Bookrunners or the Bond Trustee.

Neither this Offering Circular nor any other information supplied in connection therewith or in connection with any Bonds (a) is intended to provide the basis of any credit or other evaluation or (b) should be considered as a recommendation by the Issuer, any of the Joint Arrangers, the Joint Lead Managers or the Joint Bookrunners or the Bond Trustee or Security Agent that any recipient of this Offering Circular or any other information supplied in connection therewith or the Bonds should purchase any Bonds. Each investor contemplating purchasing any Bonds should make its own independent investigation of the financial condition and affairs, and its own appraisal of the creditworthiness, of the Issuer. Neither this Offering Circular nor any other information supplied in connection therewith or the issue of any Bonds constitutes an offer or invitation by or on behalf of the Issuer, any of the Joint Arrangers, the Joint Lead Managers or the Joint Bookrunners or in connection with the Bond Trustee to any person to subscribe for or to purchase any Bonds.

Neither the delivery of this Offering Circular nor the offering, sale or delivery of any Bonds shall in any circumstances imply that the information contained herein concerning the Issuer is correct at any time subsequent to the date hereof or that any other information supplied in connection therewith is correct as of any time subsequent to the date indicated in the document containing the same. The Joint Arrangers, the

Joint Lead Managers and the Joint Bookrunners and the Bond Trustee expressly do not undertake to review the financial condition or affairs of the Issuer during the life of the Bonds or to advise any investor in the Bonds of any information coming to their attention.

FINANCIAL MODEL

The results of the financial model in relation to the Project (the **Financial Model**) included in Appendix 2 (Financial Model Output) to this Offering Circular are not projections or predictions. A financial model simply illustrates hypothetical results that are mathematically derived from specified assumptions. In addition, the Financial Model shows cash flows available for debt service and does not model financial performance under the assumptions set forth therein. While the revenues, operating, maintenance and capital costs, interests rates and taxes have been modelled in alignment with the Issuer's most accurate expectation of the financial performance resulting from the operation of the Project, including verification by the Traffic Adviser of the traffic and tariff inputs to the Financial Model, it can be expected that these will almost certainly differ from those assumed for purposes of any run of the Financial Model. Accordingly, actual performance and cash flows for any future period will almost certainly differ from those shown by the results of the Financial Model.

The inclusion of summary information derived from the Financial Model herein should not be regarded as a representation by the Issuer, any of the Joint Arrangers, the Joint Lead Managers or the Joint Bookrunners or any other person that the results contained in the Financial Model will be achieved. In addition, the summary information with respect to the Financial Model contained herein does not, and does not purport to, restate the Financial Model in its entirety. Prospective investors in the Bonds are cautioned not to place undue reliance on the Financial Model or summary information derived therefrom and should make their own independent assessment of the future results of operations, cash flows and financial condition. The Financial Model Output, which is contained in Appendix 2 to this Offering Circular, was prepared by the Issuer. The Issuer confirms that the Financial Model Output has been accurately reproduced and that, as far as the Issuer is aware and is able to ascertain that no facts have been omitted which would render the Financial Model Output inaccurate or misleading.

PricewaterhouseCoopers Advisory S.p.A. has been engaged by the Board of Directors of the Issuer to conduct review procedures on the Financial Model included in the Financial Model Output, the results of which are included in the Financial Model Output in Appendix 2 of this Offering Circular. On the basis of such engagement PricewaterhouseCoopers Advisory S.p.A. has confirmed that the Financial Model has been properly prepared so as to meet the following objectives:

- (i) Performed with a logical integrity, internal consistency and arithmetic accuracy with respect to the formulae, algorithms calculations and macros contained therein;
- (ii) In line with the relevant extract of the project documentation as delivered to it;
- (iii) In line with the Italian accounting principles as issued by "Consiglio Nazionale dei Dottori Commercialisti e degli Esperti Contabili" and by "Organismo Italiano di Contabilità";
- (iv) Compliant with Italian tax legislation; and
- (v) Accurately runs the model sensitivities, with the outputs consistent with the changes in assumptions and input variables.

IMPORTANT INFORMATION RELATING TO THE USE OF THIS OFFERING CIRCULAR AND OFFERS OF BONDS GENERALLY

This Offering Circular does not constitute an offer to sell or the solicitation of an offer to buy any Bonds in any jurisdiction to any person to whom it is unlawful to make the offer or solicitation in such jurisdiction. The distribution of this Offering Circular and the offer or sale of Bonds can only be made to Qualified Investors (as defined in the Glossary) and may be restricted by law in certain jurisdictions. The Issuer, the Joint Arrangers, the Joint Lead Managers and the Joint Bookrunners and the Bond Trustee do not represent that this Offering Circular may be lawfully distributed, or that any Bonds may be lawfully offered, in compliance with any applicable registration or other requirements in any such jurisdiction, or pursuant to an exemption available thereunder, or assume any responsibility for facilitating any such distribution or offering. In particular, no action has been taken by the Issuer, the Joint Arrangers, the Joint Lead Managers and the Joint Bookrunners or the Bond Trustee which is intended to permit a public offering of any Bonds or distribution of this Offering Circular in any jurisdiction where action for that purpose is required. Accordingly, no Bonds may be offered or sold, directly or indirectly, to investors other than Qualified Investors and neither this Offering Circular nor any advertisement or other offering material may be distributed or published in any jurisdiction, except under circumstances that will result in compliance with any applicable laws and regulations and the selling restrictions set out in "*Subscription and Sale*" below. Persons into whose possession this Offering Circular or any Bonds may come must inform themselves about, and observe, any such restrictions on the distribution of this Offering Circular and the offering and sale of Bonds. In particular, there are restrictions on the distribution of this Offering Circular and the offer or sale of Bonds pursuant to article 157 of the Public Contract Code as well as additional restrictions in the United States, the United Kingdom and Italy (see "*Subscription and Sale*" below).

The Bonds may not be a suitable investment for all investors. Each potential investor in the Bonds must determine the suitability of that investment in light of its own circumstances. In particular, each potential investor may wish to consider, either on its own or with the help of its financial and other professional advisers, whether it:

- (i) has sufficient knowledge and experience to make a meaningful evaluation of the Bonds, the merits and risks of investing in the Bonds and the information contained in this Offering Circular or any applicable supplement;
- (ii) has access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Bonds and the impact the Bonds will have on its overall investment portfolio;
- (iii) has sufficient financial resources and liquidity to bear all of the risks of an investment in the Bonds;
- (iv) understands thoroughly the terms of the Bonds and is familiar with the behaviour of any relevant indices and financial markets; and
- (v) is able to evaluate possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

Legal investment considerations may restrict certain investments. The investment activities of certain investors are subject to legal investment laws and regulations, or review or regulation by certain authorities. Each potential investor should consult its legal advisers to determine whether and to what extent (1) Bonds are legal investments for it, (2) Bonds can be used as collateral for various types of borrowing and (3) other restrictions apply to its purchase or pledge of any Bonds. Financial institutions should consult their legal advisers or the appropriate regulators to determine the appropriate treatment of Bonds under any applicable risk-based capital or similar rules.

For a description of certain restrictions on offers, sales and deliveries of Bonds and on distribution of this Offering Circular and other offering material relating to the Bonds, see "*Subscription and Sale*". In

particular, the Bonds have not been and will not be registered under the Securities Act, or with any securities regulatory authority of any state or other jurisdiction of the United States and the Bonds may not be offered, sold or delivered within the United States or to, or for the account or benefit of, U.S. persons (as defined in Regulation S), except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and any other applicable securities laws. Each purchaser of the Bonds will be deemed to have made the representations described in "*Subscription and Sale*". In addition, the Bonds are subject to U.S. tax law requirements.

DEFINED TERMS

All capitalised terms used in this Offering Circular and not defined have the meanings assigned to them in the Glossary, beginning on page 202 of this Offering Circular.

FORWARD LOOKING STATEMENTS

Certain statements contained in this Offering Circular, including any forecasts, projections, descriptions or statements regarding the possible future results of operations, any statement preceded by, followed by or including the words "believes", "expects", "plans", "aims", "intends" or "will" or similar expressions, and other statements that are not historical facts, are or may constitute "forward-looking statements". Since such statements are inherently subject to risks and uncertainties, actual results may differ from those expressed or implied by such forward-looking statements. Although the Issuer believes that the projections contained in this Offering Circular are reasonable as at the date of this Offering Circular, the Issuer cannot give any assurance that such projections will prove to have been correct. Potential investors are cautioned not to place undue reliance on forward-looking statements, which are made only as at the date of this Offering Circular.

Important factors that could cause actual results to differ from such projections are disclosed in this Offering Circular, including, without limitation, those contained in the section entitled "Risk Factors" and any such projection is qualified in its entirety accordingly.

Each investor in the Bonds offered in this Offering Circular will be deemed to have represented and agreed that it has read and understood the description of the assumptions and uncertainties underlying the projections that are set forth in this Offering Circular and to have acknowledged that the Issuer is under no obligation to update the information and does not intend to do so.

Save as expressly provided under the terms of the Transaction Documents, the Issuer does not undertake any obligation to release publicly any revision to such forward-looking statements after the date of this Offering Circular to reflect later events or circumstances or to reflect the occurrence of unanticipated events. These cautionary statements should be considered in connection with any written or oral forward-looking statements that the Issuer may issue in the future.

All descriptions of documents referred to in this Offering Circular are qualified in their entirety by reference to the terms of the original documents.

PRESENTATION OF CERTAIN INFORMATION

The language of this Offering Circular is English. Certain legislative references and technical terms have been cited in their original language so that the correct technical meaning may be ascribed to them under applicable law.

Certain figures included in this Offering Circular have been subject to rounding adjustments; accordingly, figures shown for the same category presented in different tables may vary slightly and figures shown as totals in certain tables, including percentages, may not be an arithmetic aggregation of the figures which precede them.

In this Offering Circular, all references to **euro**, **EUR** and **€** refer to the currency introduced at the start of the third stage of European economic and monetary union pursuant to the Treaty on the Functioning of the European Union, as amended. In addition, references to **billions** are to thousands of millions.

CONTENTS

Section	Page
Overview of The Transaction and the Project	2
Overview of the Bonds	11
Structure Chart	21
Risk Factors	22
Use of Proceeds.....	39
Description of the Project	40
Selected Financial Information	52
Description of the Project Documents	56
Description of the Finance Documents	72
Description of the Security Documents and certain transaction documents	127
Cashflows.....	130
Description of the Administrative and Regulatory Regime.....	133
Description of the Issuer	141
Description of the Shareholders	149
Description of the Grantor	150
Description of the PBCE Provider	151
Description of the PBCE Letter of Credit	152
Conditions of the Bonds.....	154
Certain Italian Insolvency Law Considerations	175
Description of the Bonds while in Global Form	182
Taxation	185
Subscription and Sale.....	191
General Information	194
Appendix 1	197
Appendix 2	198
Appendix 3	199
Appendix 4	200
Glossary	201

OVERVIEW OF THE TRANSACTION AND THE PROJECT

This overview highlights selected information appearing elsewhere in this Offering Circular. This summary does not contain all of the information that is important to you or that you should consider in making an investment decision. It is qualified in its entirety by, and should be read in conjunction with, the more detailed information, including information in the appendices hereto appearing elsewhere in this Offering Circular. Investors should carefully consider the information set forth under "Risk Factors" herein. In addition, certain statements are forward-looking statements which involve risks and uncertainties. See "Forward Looking Statements".

Overview

The Issuer is an Italian publicly owned company established in 2008 (*società per azioni*) which operates, under a long term Concession (the **Concession Agreement**), 74.1 km of motorway stretches around the Venice hinterland in Northern Italy (the **Project**) which are considered among the most strategic sections of the Italian motorway system. The shares in the Issuer are owned 50% by ANAS, an Italian company fully owned by the Ministry of Economy and Finance and subject to the control and supervision of the Ministry of Infrastructure and Transport (the **MIT**). The remaining 50% of the shares in the Issuer are owned by the Veneto Region (together with ANAS, the **Shareholders**).

In 2009, the Issuer was granted a Concession by ANAS (the **Original Concession Agreement**), in its capacity as grantor, to operate and maintain a motorway network comprising stretches of motorway including the Mestre By-pass (or A4 Mestre By-pass), the A4 Padua-Venice, the Mestre Ring Road (or A57 Mestre Ring Road) and the Airport Motorway Link (or the Marco Polo Airport Link) with a physical length of approximately 74.1 km (the **Motorway Assets**). The Original Concession Agreement was renewed in 2010 in the form of the current agreement (the **Concession Agreement**). On 1 October 2012, ANAS was replaced in its capacity as grantor by the Ministry of Infrastructure and Transport. The Concession Agreement is set to expire on 31 December 2032.

The Motorway Assets currently operated by the Issuer under the Concession Agreement are fully operational with limited complementary works outstanding and in the process of being completed (see "*Description of the Project*" below). Pursuant to the Concession Agreement, the Issuer has the right to collect all tolls paid by the motorway users. Tolls are set on the basis of a formula provided for in the Concession Agreement which, through periodic adjustments, aims to ensure financial sustainability and a fair return on the capital in the Project. For further information, see "*Description of the Project Documents – Toll tariff*" and "*Description of the Administrative and Regulatory Regime – The tariff framework*".

The Transaction

The Issuer intends to issue the €400,000,000 Class A1 Bonds and €430,000,000 Class A2 Bonds described herein, which it plans to use, along with cash available on the balance sheet (in an amount of approximately €42.1million), to refinance approximately €332.15 million of existing third party debt granted by Cassa Depositi e Prestiti (**CDP**), repay approximately €446.24 million of net exposure to ANAS (the Existing ANAS Indebtedness), fund the Maintenance Reserve Account, the Debt Service Reserve Account and the Capex Reserve Account up to their respective Required Balances and pay fees and closing costs required in connection with the Transaction, which are expected to amount to approximately €20.79 million.

The Bonds will be fully amortizing, senior secured obligations of the Issuer and will have no recourse to the Shareholders. In addition, the Bondholders will benefit from credit enhancement in the form of an unfunded subordinated revolving letter of credit (the **PBCE Letter of Credit**) amounting to the lower of 20% of the outstanding amount of the bonds and EUR 166,000,000 which will be provided by the European Investment Bank (the **EIB**), an autonomous public institution rated Aaa and AAA by Moody's Investors Service and Standard and Poor's, respectively. In addition to the Bonds and the PBCE Letter of Credit, the Issuer will also have outstanding a 136,534,955.20 subordinated loan (see description of the "*VAT Subordinated*

Facility" below) provided by ANAS to pay €136,534,955.20 VAT receivables related to the costs of the Mestre By-pass. In accordance with the terms of the Security Documents and the Security Trust and Intercréditor Deed, the Bonds will benefit from the Issuer Security which will include an assignment of the Issuer's rights under the Concession Agreement as well as a pledge of certain of the Issuer's accounts (see "Description of the Security Documents and certain Transaction Documents"). Under the terms of the STID, the VAT Subordinated Facility and the PBCE Letter of Credit will be subordinated to support certain obligations of the Issuer. For the purpose of this Offering Circular, the transaction described above shall be referred to as the **Transaction**.

The Project

Location and Overview of the Motorway Assets

The Motorway Assets are located in the Venice region and are among the most strategically important sections of the Italian motorway system, given their location in one of the most prosperous and most industrialized regions of Italy and at one of Europe's major crossroads. The Motorway Assets are also well connected to various important transport networks, such as the Marco Polo and Treviso airports, the regional railway network and the ports of Venice and Chioggia.



The Issuer is operating the Motorway Assets in the Venice area, including:

- **A4 Padua-Venice:** a closed toll system is applied, with a toll per kilometre collected from the A4 Padua East toll plaza to 1.725 km after the Mestre By-pass intersection;
- **A4 Mestre By-pass:** a closed toll system is applied, with a toll per kilometre collected between the western and eastern junctions with the A57 motorway;
- **A57 Mestre Ring Road and Marco Polo Airport Link:** an open toll system is applied, with a fixed toll collected at the Mirano-Dolo, Mira-Oriago, Venice Mestre, Venice East and Venice North toll plazas. The fixed toll at each toll plaza is given by the product between a predetermined number of kilometres and toll barriers kilometric.

Closed-tolling systems: tolls are collected at each exit of the motorway in proportion to the distance travelled on it by the vehicle.

Open-tolling systems: vehicles passing through certain exits pay a fixed toll, regardless of the entry point onto the motorway.

Financial Overview

The following table provides a financial overview of the Issuer for the years 2012, 2013, 2014 and the first nine months of year 2015.

EUR m				
	2012	2013	2014	30.09.2015
Toll Revenue	118.7	127.3	132.8	106
Service Area Revenue	3.5	3.5	3.9	3.1
Other Revenue	4.0	3.5	3.5	2.7
Total Revenues	126.2	134.2	140.2	111.8
ANAS Surcharge	(13.5)	(13.2)	(12.9)	(10.1)
Adjusted Total Revenue	112.7	121.1	127.3	101.7
Cash-Basis Total Adjusted Operating Costs	(41.3)	(43.3)	(40.7)	(33.2)
EBITDA	71.5	77.8	86.6	68.5
EBITDA Margin (EBITDA / Adjusted Total Revenues)	63.4%	64.3%	68.0%	67.4%

The Issuer's revenues comprise Toll Revenue, Service Area Revenue and Other Revenue (**Total Revenues**). Substantially all of the Issuer's Total Revenues derive from regulated activities which are mainly the Toll Revenues from the Motorway Assets. Total Revenues are adjusted by subtracting from Total Revenues a pass-through item represented by the toll revenue surcharge applied to tariffs which is credited to ANAS pursuant to Law No. 102/2009 and Law No. 122/2010 (**ANAS Surcharge**).

The Issuer's operating costs for the first nine months of 2015 were EUR 33.2 million, compared to EUR 40.7 million for the year ended 2014, EUR 43.3 million for the year ended 2013 and EUR 41.3 million for the year ended 2012 (as adjusted by deducting ANAS Surcharge from the cash-basis operating costs).

The Issuer's EBITDA for the first nine months of 2015 was EUR 68.5 million, compared to EUR 86.6 million for the year ended 2014, EUR 77.8 million for the year ended 2013 and EUR 71.5 million for the year ended 2012.

The amount of capital expenditure invested by the Issuer during the first nine months of year 2015 was approximately equal to EUR 8.5 million. This compares with EUR 65.0 million for the year ended 31 December 2014, EUR 9.6 million for the year ended 31 December 2013 and EUR 32.0 million for the year ended 2012.

For further information, see "*Selected Financial Information*" and "*Description of the Project*".

Historical Traffic Data

Before the opening of the A4 Mestre By-pass, the long distance traffic crossing Mestre – namely vehicles running from the A4 Padua-Venice to the A4 Venice-Trieste or A27 Venice-Belluno – had to use the A57 Mestre Ring Road as no alternative route was available. As a result, the Mestre Ring Road, which was intended to serve local and exchange traffic to and from the Venice Mestre area, experienced very high congestion levels.

From 2009, following the opening of the Mestre By-pass between the western and the eastern ends of the Mestre Ring Road, a high speed alternative route to the traffic crossing Mestre was available, relieving congestion from the Mestre Ring Road and releasing some suppressed demand. Six years on from the opening of the Mestre By-pass, the traffic running along the A4 corridor (94,000 vehicles per day in 2014 on the A4 Padua-Venice motorway section) splits almost evenly between the A4 Mestre By-pass (50,000 vehicles per day to Spinea) and the A57 Mestre Ring Road (44,000 vehicles per day between the western junction with the A4 motorway and the Mirano-Dolo interchange).

Opened to traffic in the midst of the recent economic crisis, the Mestre By-pass experienced decreasing traffic between 2010 and the first half of 2013. In 2012 and 2013 the total traffic decreased by 5.3% and 1.9%, respectively with light goods vehicles decreasing at slightly higher rates (by 5.7% in 2012 and by 2.9% in 2013) than heavy goods vehicles (by 5.4% in 2012 and 1.6% in 2013) and light vehicles (by 5.2% in 2012 and 1.8% in 2013). Some recovery is evident from 2014, when total traffic increased 2.3% compared to 2013. From January 2015 to August 2015, traffic continued to grow by 6.4% in total vehicles compared to the same period of 2014, with light vehicles increasing at higher rates (7.0%). This enhanced performance is partially due to the opening of the new toll booth in Martellago in April 2015.

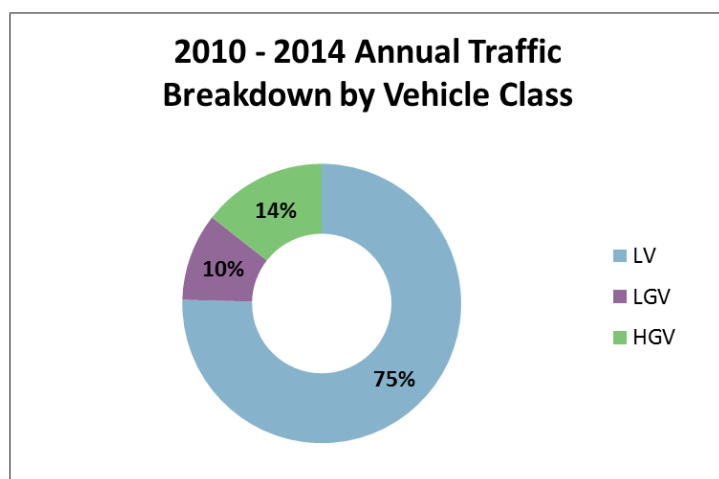
A similar trend is observed on the A4 Padua-Venice with a total increase of 1.1% in 2011, followed by a reduction of 6.3% in 2012 and 1.2% in 2013. Excluding the impact of the Mirano-Dolo – Mira-Oriago liberalisation for the purposes of a like for like comparison (see the *Traffic Report for Liberalisation*), the overall traffic on the A4 Padua-Venice decreased by 1.6% in 2014. However, in 2015, the overall traffic increased by 3.5% from January to August, compared to the same period of the previous year.

Looking at the entire CAV network, total 2014 traffic is 1.4% higher compared to 2013 figures. From January to August 2015 total traffic on the CAV network continued to grow by 2.4%.

This traffic evolution is in line with the overall traffic trend in Italy.

Key Operational Data

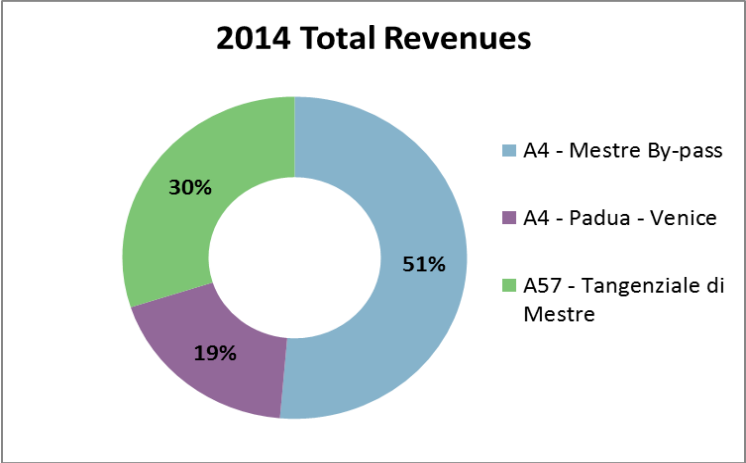
Despite the changes in traffic between 2010-2014, the mix of traffic categories remained broadly consistent.



Source: Traffic Report.

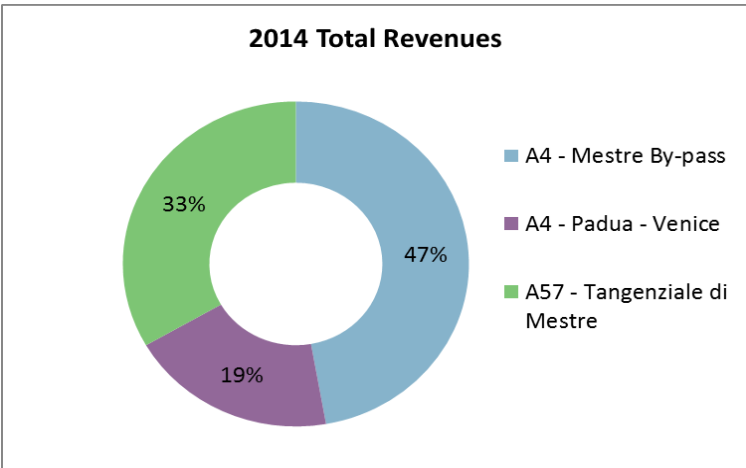
In terms of revenues breakdown, the A4 Mestre By-pass accounts for (a) 47% of the Issuer light vehicles (LV) and light goods vehicles (LGV) revenues, (b) over 60% of heavy goods vehicles (HGV) and (c) 51% of the Total Revenues.

Total Revenue Breakdown



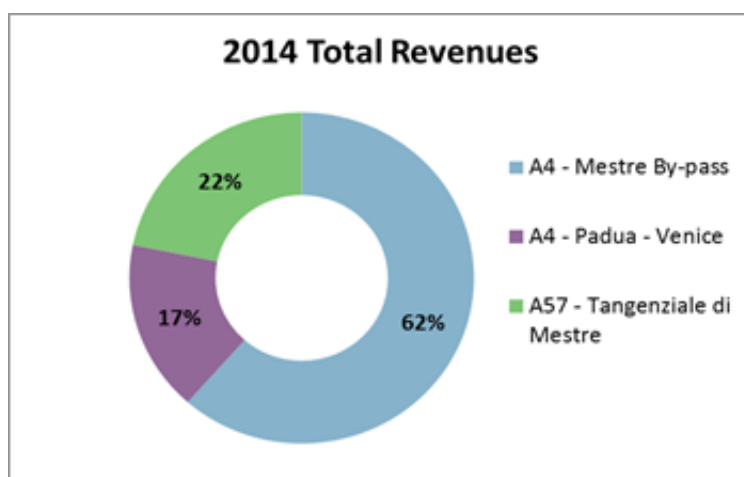
Source: Traffic Report.

LV + LGV Revenue Breakdown



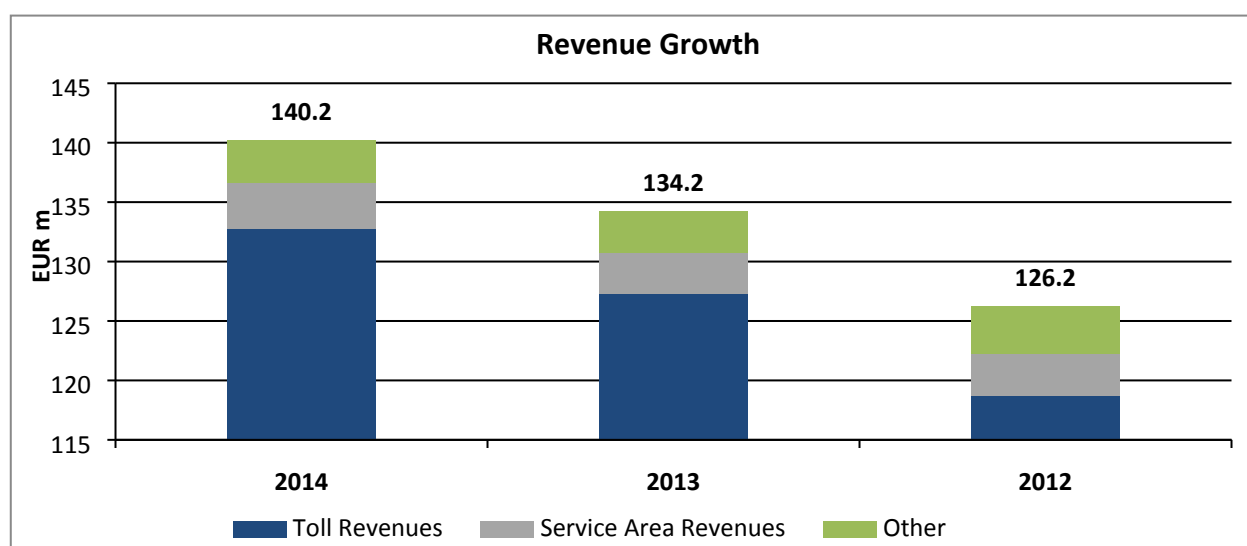
Source: Traffic Report.

HGV Revenue Breakdown



Source: Traffic Report.

Revenue Growth Yearly Breakdown



Characteristics of the Project

Strategic location with strong catchment area

The Motorway Assets are an essential link in the Italian and European motorway system, and are vital for international trade between Western, Central and Eastern Europe. In addition, the Motorway Assets have a strong catchment area, being situated in the Veneto Region, one of Italy's most populous and economically developed regions. Due to its strategic location and strong catchment area, the Motorway Assets were ranked (AISCAT) the fourth most crowded toll road in Italy in 2014.

Limited competition

At present, the Issuer faces only limited competition from other road transport providers and the high level of investment needed for competing infrastructure would represent a significant barrier to increased competition in the near future.

Fully operational assets in good condition

The Motorway Assets are fully operational and their construction has largely been completed, with over 98% of investment in construction work already completed as of 30 September 2015. See the Independent Technical Report in Appendix 3 of this Offering Circular.

Long operational history

Although the Issuer itself was incorporated in 2008, a significant part of its business was previously carried on by Società delle Autostrade di Venezia e Padova S.p.A. (**SAVP**), whose activities date back several decades, operating the Padua East–Venice stretch of the A4 since 1933 and the A57 Mestre Ring Road since 1972.

Stable regulatory framework

The operation and management of the Motorway Assets is regulated under the Concession Agreement which is due to expire in December 2032. Tariffs are updated every year for actual inflation and requisite capital expenditures. Every five years the Project's Financial and Economic Plan (**PEF**) and Financial Regulatory Plan (**PFR**, and, together, the **PEF/PFR**) is reviewed and updated to take into account, among other things, new traffic projections and operating costs and to rebalance potential reductions in the expected revenues, if any, to maintain the financial and economic equilibrium of the PEF/PFR through the re-adjustment of the tariffs.

Stable shareholders and experienced management team

The Issuer is jointly controlled by two public entities, ANAS and the Veneto Region. ANAS has significant experience in the operation of road transport infrastructure and is currently managing over 25,000km of roads throughout Italy. The Veneto Region has a track record in similar investments as it is the main shareholder of Veneto Strade (a company managing approximately 2,000 km of road in the Veneto Region) and a shareholder of Autovie Venete (**AA.VV.**) (a government owned company which controls approximately 200 km of motorways in Veneto and Friuli Venezia Giulia Regions).

Traffic Report

A traffic and revenue report carried out by Steer Davies Gleave dated 27 November 2015 (the **Traffic Report**) is set out in Appendix 1 (Traffic Report). The Traffic Report analyses certain key factors which could have an impact on future traffic and revenue forecasts and provides scenarios including traffic and revenue forecasts under a range of different assumptions which are used in the Financial Model. The Financial Model referenced throughout this Offering Circular, and contained in summary in Appendix 2 is being provided to assist investors in estimating the future cash flows to be derived by the Issuer under the Concession.

The summary of the Traffic Report that follows is qualified in its entirety by the report itself. Capitalised terms used in this summary, and not otherwise defined in this Offering Circular, have the meanings ascribed thereto in the Traffic Report. For a complete understanding of the assumptions, considerations, and calculations upon which these opinions are based, the Traffic Report in Appendix 1 should be read in its entirety.

Projections and Key Assumptions

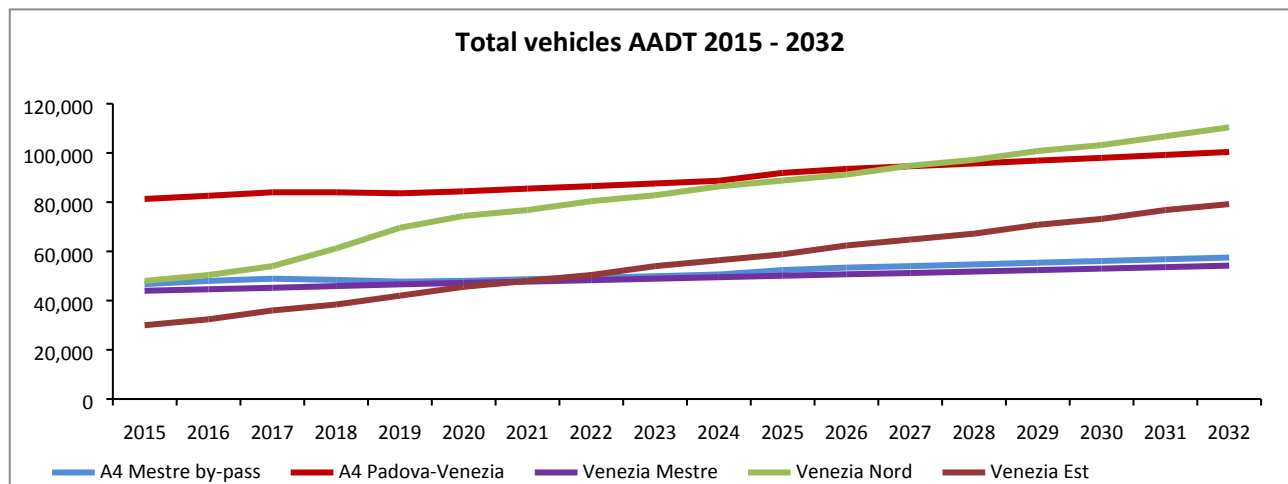
The traffic and revenue forecast in the Traffic Report has been developed by using a combination of an econometric model and a network model.

The econometric model has been used to estimate the traffic evolution over the remaining life of the Concession Agreement as a function of the expected evolution of a number of economic parameters, which

have been proven to drive the traffic trend on the Issuer network in the past. The network model assesses the impact of the future network changes on the route choice for the potential traffic of the Issuer network. For more details on the assumptions, see Appendix 1.

At the end of the Concession period, the AADT (the **Annual Average Daily Traffic** or **AADT**) on the A4 Mestre By-pass is expected to be around 58,000 vehicles whilst the AADT on the A4 Padua-Venice is expected to exceed 100,000 vehicles. Furthermore, AADT at the toll barriers is expected to increase to 56,000 vehicles at Venice Mestre, 23,000 vehicles at Venice North and 22,000 vehicles at Venice East.

Total vehicles AADT 2015-2032



Source: Traffic Report.

All information described in this section is sourced from the Traffic Report as set out in Appendix 1 (Traffic Report) to this Offering Circular.

Financial Projections

In Appendix 2 (*Financial Model Output*), a summary of base case financial projections is presented together with a number of sensitivities. The base case relies on the traffic projections set out in the Traffic Report. For other assumptions and the summary of model outputs for the base case and sensitivities, please see Appendix 2 – (*Financial Model Output*).

Summary of Project Documents

The Issuer has entered into and benefits from a number of agreements that are material to the construction and operation of the Project, including, without limitation, the Concession Agreement, the Interpretation Letter, the Commitment Protocol, the Undertaking Letter, the 2010 Agreement and the General Contract. For a far more complete description of the Concession Agreement and the other agreements mentioned in this paragraph, see "*Description of the Project Documents*".

- **Concession Agreement** – The concession agreement signed on 23 March 2010 between ANAS as grantor and the Issuer, regulating the concessionary relationship between the Issuer and ANAS and replacing the Original Concession Agreement.
- **Interpretation Letter** – An exchange of letters between ANAS as grantor and the Issuer on 29 September 2012 which clarified and specified the interpretation of certain provisions of the Concession Agreement relating to termination rights and the review of the Financial and Economic Plan (the PEF) and of the Financial Regulatory Plan (the PFR).

- ***Commitment Protocol*** – The agreement between the Issuer and ANAS as grantor entered into on 28 October 2011 to regulate certain principles to be implemented by the Issuer when revising the PEF/PFR following the completion of the financing transaction for totally reimbursing ANAS of its debts.
- ***Undertaking Letter*** – The letter between the Issuer and ANAS as grantor signed on 14 November 2011 to regulate a specific undertaking by the Issuer related to the review of the PEF/PFR to be carried out following the completion of the financing transaction for totally reimbursing its debts to ANAS.
- ***General Contract*** – The general contract between the Delegated Commissioner (as defined in "Description of the Project Documents") and the General Contractor, Passante di Mestre S.c.p.A. signed on 30 April 2004 for the final project design and completion works of the Mestre By-pass.
- ***2010 Agreement*** – The agreement among the Issuer, the Delegated Commissioner and ANAS entered into on 9 December 2010 in which the Issuer undertook to bear the costs of advancing the financial resources necessary for completion of the works of the Mestre By-pass.

Summary of Finance Documents

The Issuer has entered into and benefits from a number of agreements that are material to the issue of the Bonds, including, without limitation, the Bond Trust Deed, the PBCE Agreement, Common Terms Agreement, the STID, the Master Definitions Agreement, the Account Bank Agreements and the Security Documents. For a more complete description of the agreements mentioned in this paragraph and other principal Finance Documents, see "Conditions of the Bonds", "Description of the PBCE Agreement" and "Description of the Finance Documents".

- ***Bond Trust Deed*** – The document which constitutes the Bonds.
- ***PBCE Agreement*** – The agreement under which the EIB, acting as PBCE Provider, undertakes to provide a standby letter of credit acting as a form of subordinated credit enhancement in relation to the Bonds.
- ***Common Terms Agreement*** – the agreement under which the Issuer gives warranties and undertakings in favour of the Secured Creditors.
- ***Security Trust and Intercreditor Deed***– The agreement that regulates the respective claims of the Bondholders, the PBCE Provider and the other Secured Creditors against the Issuer.
- ***Account Bank Agreements*** – The agreements which provide for the establishment and maintenance of certain of the Project Accounts with the applicable Account Bank.
- ***Security Documents*** – The various agreements under which the Issuer grants security in favour of the Secured Creditors.
- ***Master Definitions Agreement*** – The agreement which sets out the definitions and principles of construction and interpretation which are common among the Finance Documents

OVERVIEW OF THE BONDS

*The following overview does not purport to be complete and is taken from, and qualified in its entirety by, the remainder of the Offering Circular and the terms and conditions of the Bonds set out in the sections entitled Conditions of the Bonds (the **Conditions**) and Description of the Bonds while in Global Form.*

Words and expressions defined in the Conditions or elsewhere in this Offering Circular shall have the same meanings in this section. In the event of any inconsistency between the Conditions and this section, the Conditions shall prevail.

Issuer:	Concessioni Autostradali Venete – CAV S.p.A (see " <i>Description of the Issuer</i> ").
Initial Shareholders:	ANAS and the Veneto Region.
Bond Trustee:	Deutsche Trustee Company Limited.
Security Agent:	Deutsche Bank AG, London Branch.
Principal Paying Agent:	Deutsche Bank AG, London Branch
DSRA Account Bank:	Deutsche Bank S.p.A.
Operational Account Bank:	Intesa Sanpaolo S.p.A.
Electronic Payments Account Bank:	Deutsche Bank S.p.A.
Technical Adviser:	Steer Davies Gleave.
Traffic Adviser:	Steer Davies Gleave.
Insurance Adviser:	Aon S.p.A.
PBCE Provider:	The European Investment Bank (see " <i>Description of the PBCE Provider</i> ").
Joint Arrangers, Joint Lead Managers and Joint Bookrunners:	Banca IMI S.p.A., BNP Paribas, Société Générale, The Royal Bank of Scotland plc and UniCredit Bank AG, acting through its Milan Branch.
Description of Bonds:	<p>€400,000,000 2.115 per cent. Class A1 Senior Secured Amortising Fixed Rate Bonds due 2030 and the €430,000,000 2.115 per cent. Class A2 Senior Secured Amortising Fixed Rate Bonds due 2030 to be issued by the Issuer on the Issue Date.</p> <p>Each of the Class A1 Bonds and the Class A2 Bonds will be constituted by the Bond Trust Deed and each such class will be secured by the same security.</p> <p>The obligations of the Issuer in respect of the Class A1 Bonds and the Class A2 Bonds will rank equally among themselves in respect of security and as to payment of interest and repayment and prepayment of capital.</p>
Issue Date:	12 April 2016.

Use of Proceeds:

The Issuer will use the proceeds of the Bonds, in an amount equal to approximately €830 million, together with approximately €42.11 million cash on balance sheet:

- (a) to refinance in full the Existing CDP Senior Facility Indebtedness;
- (b) to refinance in full the Existing ANAS Indebtedness in an amount not exceeding €446.24 million; and
- (c) to fund the Maintenance Reserve Account, the Debt Service Reserve Account and the Capex Reserve Account to their respective Required Balances.

The proceeds will also be applied by the Issuer to meet the costs and expenses incurred by it in connection with the issue of the Bonds which are expected to amount to approximately €20.79 million.

Form and Denomination of the Bonds:

The Bonds will be issued in bearer form in denominations of €100,000 and integral multiples of €1,000 in excess thereof, up to and including €199,000. Upon issue, the Class A1 Bonds and the Class A2 Bonds will each be represented by a Temporary Global Bond which will be exchangeable for a Permanent Global Bond on or after 40 days from the Issue Date upon certification as to non-U.S. beneficial ownership. Each Permanent Global Bond will, in limited circumstances, be exchangeable for Bonds in the definitive form.

Eurosystem Eligibility

The Bonds are intended to be held in a manner which will allow Eurosystem eligibility, meaning that the Bonds are intended upon issue to be deposited with one of Euroclear or Clearstream, Luxembourg as common safekeeper and does not necessarily mean that the Bonds will be recognised as eligible collateral for Eurosystem monetary policy and intra-day credit operations by the Eurosystem either upon issue or at any or all times during their life.

Such recognition will depend upon satisfaction of the Eurosystem eligibility criteria.

Final Redemption Date:

31 December 2030.

Bond Trust Deed:

The Bonds will be constituted by, and issued subject to, the Bond Trust Deed (see "*Description of the Finance Documents*").

PBCE Letter of Credit:

The PBCE Provider will undertake to make available the PBCE Letter of Credit, in an amount equal to the PBCE Maximum Balance, as a form of subordinated credit enhancement in relation to the Bonds under, and in accordance with, the terms of, the PBCE Agreement. Under the terms of the PBCE Agreement, the PBCE Provider has undertaken to make available amounts under

the PBCE Letter of Credit in the following circumstances:

- (a) *Debt Service*: if there is insufficient cash to meet scheduled interest and principal payments in relation to the Bonds;
- (b) *PBCE Rebalancing*: if a PBCE Rebalancing Event (as defined below) occurs to meet payment of mandatory partial redemption amounts in respect of the Bonds; and
- (c) *Accelerated Payments*: if, following acceleration of the Bonds, there are insufficient funds available to meet accelerated payments (excluding any Make-Whole Amount, costs or indemnities associated therewith) in relation to the Bonds,

all as more particularly described in the PBCE Agreement (see the section entitled "*Description of the PBCE Letter of Credit*").

Issuer Security:

The security for the Issuer's obligations (including the Issuer's obligations under the Bonds) to the Bondholders and the PBCE Provider (and to the other Secured Creditors for the security interests under points (b) and (c) below) will be set out in the Security Documents. Under the Security Documents, the Italian law governed security granted in favour of the Security Agent will include the following:

- (a) "*Privilegio Speciale*" and "*Privilegio Generale*" over movable present and future assets;
- (b) an assignment over receivables arising from the Material Maintenance Contracts, the Material Insurance policies and any guarantees related to the Material Maintenance Contracts (the **General Receivables Assignment**);
- (c) a pledge over the Project Accounts (other than the Distributions Account and the Postal Tolls Accounts and any Permitted Overdraft Account) (the **Project Accounts Pledge**);
- (d) an assignment of receivables arising under the Concession Agreement (the **Concession Agreement Receivables Assignment**);
- (e) an assignment by way of security in favour of the Secured Creditors over its rights in respect of the public grants owed to it by ANAS pursuant to the Concession Agreement (the **Public Grants Receivables Assignment**); and
- (f) any other document evidencing or creating security over any asset of the Issuer to secure any obligation of the Issuer to a Secured Creditor in respect of the Secured Liabilities,

all as more particularly described in Section "*Description of the Security Documents and certain transaction documents*".

In addition, the rights of the Security Agent to take Enforcement Action in respect of the Transaction Security will be restricted by the provisions of the STID (see the Section entitled "*Description of the Finance Documents – Security Trust and Intercreditor Agreement - Enforcement Action*").

ANAS Security:

ANAS will grant a pledge in favour of the Security Agent over its rights under the VAT Subordinated Facility (the **VAT Receivables Pledge**).

ANAS also undertakes to grant a pledge over any Subordinated Shareholder Liabilities owing by the Issuer to it in favour of the Security Agent (the **ANAS Shareholders Receivables Pledge**) promptly following the accrual of any such Subordinated Shareholder Liabilities.

In addition, the Issuer and, *inter alios*, the Security Agent will enter into:

- (i) an agreement to regulate, among other things, the undertakings given by ANAS to, among other things, (i) restrict its voting rights in relation to its holding of the Issuer's shares, (ii) pay promptly any public grants received by it to the Issuer and (iii) regulate the subordination of its rights in respect of the Subordinated Shareholder Liabilities to the rights of the Secured Creditors (the **ANAS Agreement**); and
- (ii) an agreement to regulate the subordination of ANAS' rights under the VAT Subordinated Facility Liabilities to the rights of the Secured Creditors (the **VAT Subordination Agreement**).

Region Agreement:

An agreement pursuant to which, among other things, the Veneto Region gives certain undertakings in favour of the Secured Creditors in respect of the shares held by the Veneto Region in the Issuer.

See "*Description of the Security*" and "*Description of the other Transaction Documents*" below.

Secured Creditors:

The **Secured Creditors** will be the Bondholders, the PBCE Provider, the Project Account Bank, the Operational Account Bank, the Security Agent, the Bond Trustee, the Principal Paying Agent, each Paying Agent and any other entity (other than the VAT Subordinated Facility Provider) which provides funding to the Issuer in accordance with the terms of the Finance Documents and accedes to the STID and the Common Terms Agreement from time to time.

STID:

The Bonds will be subject to, and have the benefit of the STID (see "*Description of the Finance Documents*"). The STID will regulate: (i) the claims of the Secured Creditors; (ii) the exercise, acceleration and enforcement of rights by the Secured Creditors; (iii) the rights of the Secured Creditors to instruct the Security Agent; and (iv) the giving of consents and waivers and the making of modifications to the Security Documents, the Common Terms Agreement and the other Transaction Documents including, in particular, the basis on which votes of the Secured Creditors will be counted for the purpose of determining whether the Security Agent may provide consents or waivers or approve modifications.

The STID will provide for decisions to be made according to certain majorities and quorums. Decisions may be Discretion Matters, PBCE Provider Discretion Matters, Ordinary Voting Matters or Extraordinary Voting Matters and both Ordinary Voting Matters and Extraordinary Voting Matters are subject to different requirements as to majorities and/or quorums. Under the STID, certain rights of the PBCE Provider against the Issuer under the PBCE Agreement are subordinated to rights of the Bondholders against the Issuer under the Bonds. However, certain proposed actions may not be taken by the Bondholders (or the Bond Trustee on their behalf) without the consent of PBCE Provider, namely PBCE Provider Entrenched Rights.

The STID will also document the appointment of Allianz Global Investors GmbH as Class A1 bond representative (the **Class A1 Bond Representative**). The Class A1 Bond Representative will be entitled to vote on Ordinary Voting Matters and on Extraordinary Voting Matters on behalf of all Class A1 Bondholders.

The Secured Creditors shall have no independent right to take Enforcement Action against the Issuer except through the Security Agent unless the Security Agent, having become bound to take any Enforcement Action, fails to do so within a reasonable period and the failure is continuing.

At any time when an Event of Default is continuing, the Security Agent may, or upon a request from any Qualifying Creditor representing at least 10% of the Qualifying Debt then outstanding the Security Agent shall, request an instruction (the decision period for which shall be no fewer than 20 Business Days) from the Qualifying Creditors as to whether to instruct the Bond Trustee to accelerate the Bonds and/or sanction any other form of Enforcement Action.

The quorum requirement in respect of any Enforcement Matter shall be one or more Qualifying Creditors representing, in aggregate, at least 50% of the Qualifying Debt. Subject to the PBCE Provider Entrenched Rights, if the quorum requirement in respect of any Enforcement Matter is satisfied, the majority required to pass a resolution in respect of any Enforcement

Matter shall be at least 66⅔% of the voted Qualifying Debt.

The STID will also provide for the ranking (in point of payment) of the claims of the Secured Creditors following the taking of an Enforcement Action.

Interest Payments:

Interest will accrue on the Bonds at a rate of 2.115 per cent. per annum from and including the Issue Date to but excluding 31 December 2030, and is payable semi-annually in arrears on 30 June and 31 December in each year (each a **Payment Date**).

Scheduled Redemption of the Bonds:

The Bonds will be redeemed in instalments on each Payment Date commencing on 30 June 2016 – see Condition 6.1 (*Redemption and Purchase - Scheduled Redemption*). To the extent not previously redeemed, the Bonds will be redeemed at their Principal Amount Outstanding on the Final Redemption Date.

Optional redemption of the Bonds:

On giving not fewer than 30 but not more than 60 days' notice to the Bondholders, the Principal Paying Agent and the Bond Trustee, the Issuer may (subject to the satisfaction of certain conditions) in accordance with the Conditions redeem the Bonds in whole or in part at their Principal Amount Outstanding together with accrued and unpaid interest and the Make-Whole Amount (see Condition 6 (*Redemption and Purchase*)).

Optional redemption for tax reasons or illegality:

On giving not fewer than 30 but not more than 60 days' notice to (among others) the Bondholders and the Bond Trustee, the Issuer may, in accordance with the Conditions, redeem all, but not some only, of the Bonds at their Principal Amount Outstanding together with accrued and unpaid interest on the date set out in the circumstances set out below (subject to satisfaction of certain conditions):

- (a) where the Issuer is or will be obliged to make any withholding or deduction from payments and pay additional amounts in respect of the Bonds pursuant to Condition 7 (*Taxation*); or
- (b) it is illegal for the Bonds to remain outstanding or unlawful for the Issuer to perform its obligations under the Finance Documents.

No Make-Whole Amount shall be payable upon this redemption.

See Condition 6.5 (*Optional redemption for taxation or illegality*).

Mandatory Redemption of the Bonds:

The Issuer shall, subject to certain conditions, redeem the Bonds on the relevant Payment Date next following the occurrence of a PBCE Rebalancing Event (see Condition 6.2 (*Mandatory Redemptions for a PBCE Rebalancing Event and in respect of Insurance Proceeds*)).

A **PBCE Rebalancing Event** will be deemed to have occurred if

no Acceleration (as defined in the PBCE Agreement) has occurred and:

- (a) in respect of a Payment Date, if on such Payment Date, the PBCE Letter of Credit has been drawn to pay Debt Service, and
- (i) the BLCR as at that Payment Date is less than or equal to the Default Ratio; or
- (ii) on that Payment Date, the sum of:

- (A) the amount of the PBCE Letter of Credit drawn to pay Debt Service (as calculated in accordance with paragraph 3 of Part 1 of Schedule 7 (*PBCE Drawing Mechanism*) to the Common Terms Agreement); plus

- (B) any amounts previously drawn under the PBCE Letter of Credit and not repaid by the Issuer pursuant to paragraph (a)(i) of Clause 4.1 (*Reimbursement*) of the PBCE Agreement,

exceeds an amount equal to 50 per cent. of the Debt Service falling due on that Payment Date; or

- (iii) there has also been a draw under the PBCE Letter of Credit to pay Debt Service in respect of the previous three consecutive Payment Dates; or
- (iv) the PBCE Rebalancing Historic DSCR as at that Payment Date is 0.90:1 or below; or
- (b) if a Concession Agreement DSCR Default has occurred; and
- (i) each of the Security Agent and the PBCE Provider have confirmed in writing to the other pursuant to clause 10.6 of the STID that, in its discretion it wishes to designate a PBCE Rebalancing Event on the date falling 30 days prior to the expiry of the relevant cure period granted by the Grantor pursuant to Annex K (*Requisiti di solidità patrimoniale*) of the Concession Agreement, provided that the relevant Concession Agreement DSCR Default is continuing on such date; and
- (ii) such Concession Agreement DSCR Default is continuing on the date falling 30 days prior to the expiry of the relevant cure period granted by the Grantor pursuant to Annex K (*Requisiti di solidità patrimoniale*) of the Concession Agreement,

provided that no PBCE Rebalancing Event shall be

deemed to have occurred as a result of paragraphs (a)(i) or (a)(iv) above for so long as a dispute is continuing in relation to any Assumptions or calculations relating to the BLCR level or the PBCE Rebalancing Historic DSCR level which has not been finally determined by an Expert in accordance with clause 6 (*Expert*) of the Common Terms Agreement.

Common Terms Agreement:

The Issuer, ANAS (in its capacity as shareholder of the Issuer and in its capacity as provider of the VAT Subordinated Facility), the PBCE Provider, the Bond Trustee, the Principal Paying Agent, the Security Agent, the Class A1 Bond Representative, the Operational Account Bank and the Project Account Bank will enter into a common terms agreement on the Signing Date (the **Common Terms Agreement** or the CTA) pursuant to which the Secured Creditors will have the benefit of common representations, covenants and events of default.

Project Accounts:

The Issuer will be required to maintain the Proceeds Account, the Insurance Proceeds Account, the Maintenance Reserve Account, the Debt Service Reserve Account, the Capex Reserve Account, each Postal Tolls Account, each Principal Tolls Account, the Electronic Payments Account and the Distributions Account with the relevant Account Bank in accordance with the terms of the relevant Account Bank Agreements and the Common Terms Agreement.

Debt Service Reserve Account:

The Issuer will be required to maintain a minimum balance in the Debt Service Reserve Account with the DSRA Account Bank, which balance, if needed will be available to make, on satisfaction of certain conditions, payments in respect of the Bonds. The Required Balance on the Debt Service Reserve Account will be equal at all times to the higher of the two immediately succeeding semi-annual debt service levels. (See "*Description of the Finance Documents – Common Terms Agreement – Debt Service Reserve Account*").

Maintenance Reserve Account:

The Issuer will be required to maintain a minimum balance in the Maintenance Reserve Account with the Operational Account Bank, which balance, if needed will be available to make payments in respect of lifecycle maintenance expenditure or unforeseen maintenance costs and if needed will be available to make, on satisfaction of certain conditions, payments in respect of the Bonds. The Required Balance on the Maintenance Reserve Account means a balance equal to the average of the maintenance budget for the two immediately succeeding semi-annual periods. (See "*Description of the Finance Documents – Common Terms Agreement – Maintenance Reserve Account*").

Capex Reserve Account:

The Issuer will be required to maintain a minimum balance in the Capex Reserve Account with the Operational Account Bank. The Capex Reserve Account will be funded on the Issue Date with an amount equal to EUR 32 million from the proceeds of the Bond issuance. Amounts may be withdrawn for the purposes of funding the costs associated with the New Works . The Required Balance

on the Capex Reserve Account from but excluding the Issue Date is EUR 32 million less the aggregate of amounts withdrawn from the Capex Reserve Account to fund the New Works or otherwise in accordance with the terms of the Finance Documents. (See "*Description of the Finance Documents – Common Terms Agreement – Debt Service Reserve Account*").

Status of the Bonds:

The Bonds are direct, secured and unconditional obligations of the Issuer and (subject as provided above) rank and will rank *pari passu*, without any preference among themselves.

Meetings of Bondholders:

The Conditions and the Bond Trust Deed contain provisions for calling meetings of Bondholders to consider matters affecting their interests generally. Subject to the provisions of the STID, these provisions permit defined majorities to bind all Bondholders including Bondholders who did not attend (or were not represented) or did not vote at the relevant meeting and Bondholders who abstained or voted in a manner contrary to the majority.

Modification and Waiver:

Subject to the rights of the PBCE Provider in respect of PBCE Provider Discretion Matters and PBCE Provider Entrenched Rights, the Bond Trustee may without the consent of Bondholders, agree to, and direct the Security Agent to agree to, any modification of (subject to certain exceptions), or to the waiver or authorisation of any breach or proposed breach of, any of the provisions of Bonds or the other Finance Documents in the circumstances contemplated by and subject to the Conditions and the STID.

Withholding Tax and additional amounts:

The Issuer will pay such additional amounts as may be necessary in order that the net amounts received by each Bondholder after withholding or deduction for any taxes imposed by tax authorities in Italy upon payments made by or on behalf of the Issuer in respect of the Bonds, shall equal the amount which would have been receivable in respect of the Bonds in the absence of any such withholding or deduction, subject to customary exceptions, as described in Condition 7 (*Taxation*).

Listing, approval and admission to trading:

Application has been made to the Luxembourg Stock Exchange for the listing of the Bonds on the Official List of the Luxembourg Stock Exchange and admission to trading on the Euro MTF Market operated by the Luxembourg Stock Exchange.

Governing law:

The Bonds, the Bond Trust Deed, the Common Terms Agreement, the PBCE Letter of Credit, the PBCE Agreement, the Master Definitions Agreement, the CP Agreement, the STID and the Paying Agency Agreement and any non-contractual obligation arising out of or in connection with them will be governed by, and construed in accordance with, English law.

The Security Documents, the Account Bank Agreements, the VAT Subordinated Facility Agreement, the ANAS Agreement, the VAT Subordination Agreement, the Region Agreement, any other Equity Document and any non-authorised obligation arising

out of or in connection with them will be governed by, and construed in accordance with, Italian law.

Credit Ratings:

The Bonds, upon issue, will be assigned a provisional rating by Moody's, equal to A3. This rating is expected to become definitive following acceptance by the MIT of the Concession Agreement Assignment Receivables, which is a condition subsequent to the Bonds issue (for further detail in such regard, please refer to section "*Risk Factors*" paragraph "*Risks related to the security granted by the Issuer and by ANAS*"). A security rating is not a recommendation to buy, sell or hold securities and may be subject to revision, suspension or withdrawal at any time by the assigning rating organisation.

Selling Restrictions

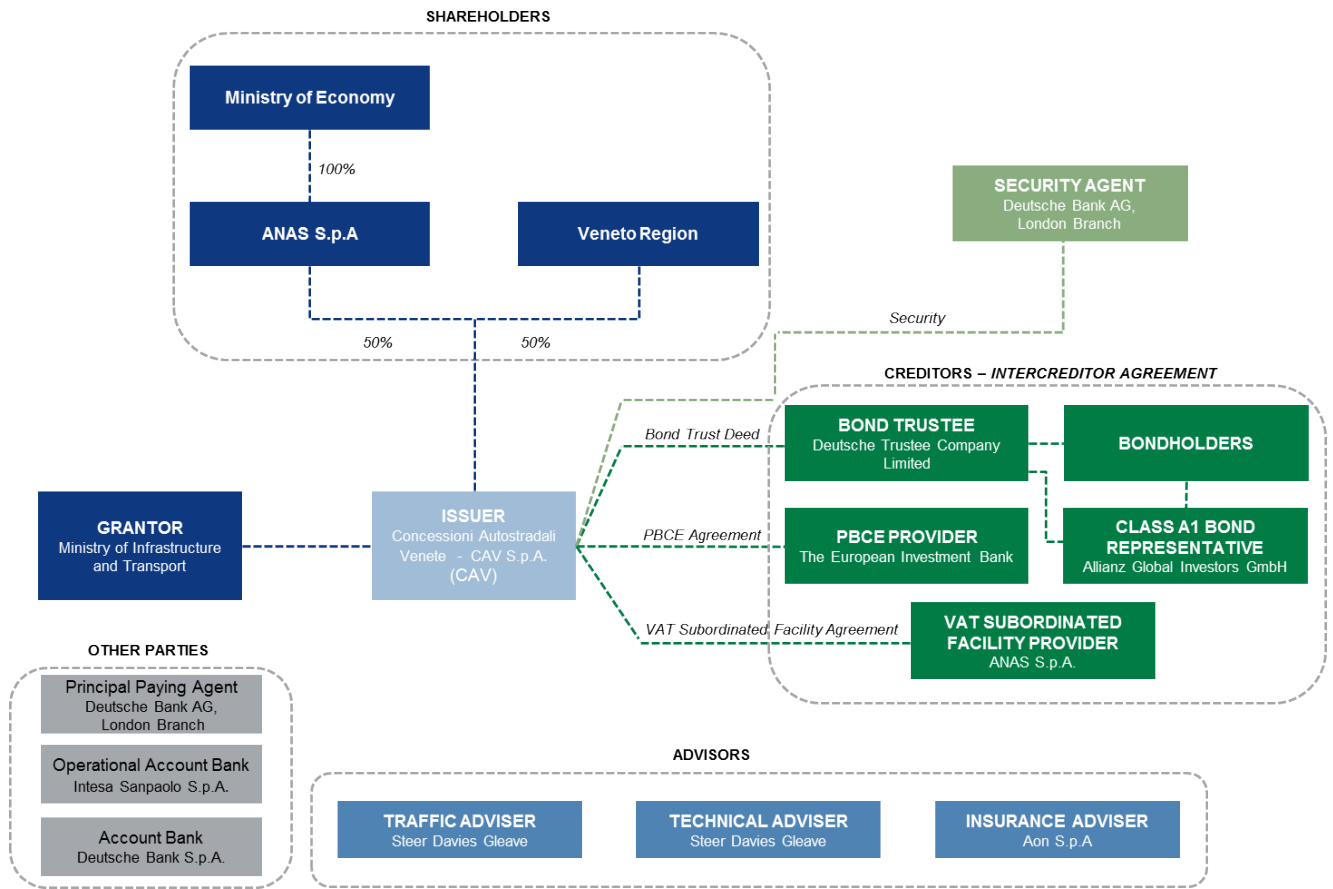
The Bonds must at all times be subscribed and held by and sold to Qualified Investors only pursuant to article 157 of the Public Contract Code. Each initial purchaser will represent, warrant and agree, and any subsequent investor or purchaser by purchasing the Bonds will be deemed to represent, warrant and agree, that it is a Qualified Investor and that it will transfer the Bonds to Qualified Investors only within the meaning of article 157 of the Public Contract Code.

The Bonds have not been and will not be registered under the Securities Act, or with any securities regulatory authority of any state or other jurisdiction of the United States and the Bonds may not be offered, sold or delivered within the United States or to, or for the account or benefit of, U.S. persons (as defined in Regulation S), except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and any other applicable securities laws. The Bonds may be sold in other jurisdictions only in accordance with applicable laws and regulations (see "*Subscription and Sale*" below).

Risk Factors:

Investment in project bonds involves a high degree of risk. In particular, there are certain factors that may affect the Issuer's ability to fulfil its obligations under the Bonds and certain factors which are material for the purpose of assessing the market risks associated with the Bonds. These include the fact that the Bonds may not be a suitable investment for all investors and certain market risks (see "*Risk Factors*" below).

STRUCTURE CHART



RISK FACTORS

Investment in project bonds involves a high degree of risk. The Issuer believes that the following factors may affect its ability to fulfil its obligations under the Bonds. All of these factors are contingencies which may or may not occur and the Issuer is not in a position to express a view on the likelihood of any such contingency occurring. In addition, factors which are material for the purpose of assessing the market risks associated with the Bonds are described below.

The Issuer believes that the factors described below represent the principal risks inherent in investing in the Bonds, but the inability of the Issuer to pay interest, principal or other amounts on or in connection with the Bonds may occur for other reasons which may not be considered significant risks by the Issuer based on information currently available to it or which it may not currently be able to anticipate. In addition, the order in which the risk factors are presented below is not intended to be indicative either of the relative likelihood that each risk will materialise or of the magnitude of their potential impact on the business, financial condition and results of operations of the Issuer.

Prospective investors should also read the detailed information set out elsewhere in this Offering Circular and consider carefully whether an investment in the Bonds is suitable for them in light of the information in this Offering Circular and their personal circumstances, based upon their own judgment and upon advice from such financial, legal and tax advisers as they have deemed necessary.

Words and expressions defined in "Conditions of the Bonds" or elsewhere in this Offering Circular have the same meaning in this section. Prospective investors should read the whole of this Offering Circular.

Factors that may affect the Issuer's ability to fulfil its payment obligations under the Bonds

The Issuer is dependent on the concession under the Concession Agreement, which accounts for substantially all of the Issuer's revenues, and is unable to carry on any other business

The Issuer is dependent on the concession under the Concession Agreement (the **Concession**), which has been granted to it to operate the Project and which represents substantially all of the Issuer's business. As at 30 September 2015, substantially all of the Issuer's Total Revenues were derived from activities or services conducted on the basis of the Concession (see "*Description of the Project*"). In addition, under the Awarding Law and as provided in the Issuer's by-laws, in compliance with CIPE Resolution 3/2007, the Issuer is prevented from expanding its operations or moving into new business areas and, as a result, it cannot undertake any expansion and/or diversification of its business (for further details in such regard, see "*Description of the Project Documents – Scope of the Concession Agreement*" and "*Description of the Issuer*"). Accordingly, any failure by the Issuer to maintain the Concession or to maintain it under its current contractual and financial terms or to generate the expected cash flows and revenues from the Concession will have a material adverse effect on the Issuer's ability to make payments of principal and interest under the Bonds.

The Concession Agreement contains provisions for early termination by the Grantor

As at the date of this Offering Circular, the Concession Agreement is not set to expire until 31 December 2032. Holding the Concession involves significant obligations, including developing an investment plan, performing regular maintenance and enhancement works on the Motorway and operating emergency motorway rescue services. Under the terms of the Concession Agreement, failure by the Issuer to fulfil its material obligations under the Concession Agreement could, if unremedied, lead the Grantor to start a procedure for early termination of the Concession. The Concession may also be terminated (i) for reasons of public interest or (ii) for any other reason not attributable to the Issuer that prevents the continuation of the Concession (including the repeal of the Awarding Law). As almost all of the Issuer's revenues are derived from the Concession, any termination would effectively cut off the Issuer's only significant source of

revenues and, accordingly, would have a material adverse effect on the Issuer's financial condition and results of operations.

There is significant uncertainty over the amount of compensation due to the Issuer on early termination of the Concession

The terms of the Concession Agreement, as interpreted under the Interpretation Letter, provides that in the early termination events under the Concession, the Issuer would be entitled on termination to receive a compensation payment, the amount of which, however, varies depending on whether the Concession is terminated: (i) by reason of default by the Issuer; (ii) for reasons of public interest or other circumstances attributable to the Grantor; (iii) by reason of natural expiry of the Concession Agreement; or (iv) as a consequence of a withdrawal by the Issuer or other circumstances not attributable to the Issuer. See "*Description of the Project Documents – the Concession Agreement*" for further details on the terms of the Concession and the compensation payment. See also "*Certain clauses of the Concession Agreement have been interpreted under the Interpretation Letter, which may be open to challenge in the future*" below.

The literal application of the provisions of the Concession Agreement (as interpreted by the Interpretation Letter) leaves room for uncertainty and/or different interpretations. The amount of any compensation due to the Issuer on termination (for whatever reason) may be disputed and, whatever the amount is that the parties ultimately settle upon, there can be no assurance that it will be sufficient to cover the financial impact of early termination on the Issuer.

The section of this Offering Circular entitled "Financial Model Output" contains a table showing hypotheses of the termination value of the Concession. Investors are cautioned not to place undue reliance on those figures, which are based on what the Grantor might be expected to pay to the Issuer in the event of termination for reasons attributable to the Grantor and also assume full reimbursement of existing indebtedness to ANAS. In the case of termination by reason of default by the Issuer, the Grantor would have the right to set off any loss suffered or costs incurred by it as a consequence of the termination. In addition, although the Issuer believes that the calculations in the table are based on a reasonable and *bona fide* interpretation of the applicable provisions in the Concession Agreement, they are only indicative and are subject to the uncertainties in interpretation referred to above, and the actual amount agreed and paid could be significantly lower, depending on the specific circumstances in which termination might occur.

The basis on which a compensation payment would be calculated, which in any termination event other than termination for default by the Issuer also includes losses and costs incurred by the Issuer in connection with the termination, contains elements of uncertainty and protracted negotiations over the amount of compensation due to the Issuer might well precede any settlement. Moreover, the termination indemnity owed to the Issuer could be set off by the Grantor against amounts to be received by the Issuer for any reason (i.e. by way of liquidated damages, sanctions or claims for further damages). In addition, although the Concession specifies in relation to any termination event (other than termination for default by the Issuer) that the compensation must be paid in a lump sum upon termination, from a practical point of view there could still be a considerable lapse of time between the date of termination of the Concession and the date on which any payment is made by the Grantor and one cannot exclude the risk of disputes with the Grantor on the calculation and on the payment of the indemnity. Accordingly, although until compensation is paid the Issuer will continue to operate the Project, the early termination of the Concession may have a material adverse effect on the financial condition and results of operations of the Issuer and on its ability to make payments of principal and interest under the Bonds.

The Issuer may face penalties or sanctions for non-performance or default under the Concession or the suspension of tariff increases

The Issuer may be subject to penalties or sanctions for non-performance or default under the Concession which, in certain cases, could be significant. See "*Description of the Project Documents – The Concession Agreement*". In addition, the Grantor is entitled to suspend annual tariff increases requested by the Issuer in certain circumstances involving material and on-going breaches of the terms of the Concession. To date, the

Issuer has been subject only to negligible sanctions, applied in a single case due to a traffic jam on the first day of operation of the Motorway Assets, and has managed to cure any breach of the terms of the Concession promptly. However, there can be no assurance that this will remain the case for the duration of the Concession and any penalties or sanctions or any suspension of tariff increases could have a material adverse effect on the Issuer's financial condition and results of operations.

Certain clauses in the Concession Agreement have been interpreted under the Interpretation Letter, which may be open to challenge in the future

In order to overcome certain doubts over the interpretation of certain clauses in the Concession Agreement, ANAS and the Issuer have signed the Interpretation Letter (see "*Description of the Project Documents – Interpretation Letter*" for further details). Although the Grantor has indirectly acknowledged the content of the Interpretation Letter, the provisions under the Interpretation Letter could in the future be contested on the grounds that the content of the Interpretation Letter needed to be agreed upon by way of a specific deed of amendment or rectification in order to be binding on the parties. If this occurred and if such an argument were upheld by the courts, the Interpretation Letter may not be binding (in whole or in part) on the Grantor and the Issuer. Although the clause of the Concession Agreement related to compensation payable to the Issuer in case of termination of the Concession for reasons not attributable to the Issuer would not be affected by the occurrence of the circumstances described above, those circumstances may lead to potential uncertainty over the interpretation of other key clauses of the Concession Agreement and the rights of the Issuer under those clauses, including in particular the clauses in relation to: (i) calculation of the compensation payable to the Issuer in case of withdrawal by the Issuer from the Concession and termination of the Concession for reasons of public interest, (ii) right of the Issuer to receive compensation and calculation of such amount in case of termination of the Concession by reason of default by the Issuer and (iii) clarifications in respect of the events that entitle the Issuer to request the update and/or review of the PEF and the PFR and in respect of the remedies in case of disagreement between the Issuer and the Grantor on such events or on the update and/or review of the PEF/PFR. There can be no assurance that future interpretations of provisions in the Concession will not conflict with, or otherwise be different from, the Issuer's current understanding, based on the Interpretation Letter, as to how they should be construed. Any circumstances in which those future interpretations prevail could have a material adverse effect on the Issuer's rights under the Concession and, as a consequence, on its financial condition and results of operations.

The Issuer has potential liabilities to third parties

Under the terms of the Concession, the Issuer has assumed liability for all activities related to the Concession, as well as for possible loss caused to the Motorway Assets and/or incurred by third parties in connection with the performance of works required under the Concession. This includes liability to users of the Motorway Assets, as well as contractors and their employees, for personal injury or damage to property, together with criminal liability. The use and operation of the Motorway Assets could give rise, as is the case for other motorway operators, to a variety of claims arising from, for example, road accidents and building accidents during performance of the works. In addition, under the terms of the Concession, the Issuer has agreed to indemnify ANAS in respect of certain losses, liabilities, costs and expenses incurred by ANAS from claims by third parties in connection with the completion of certain construction works. Investors should note that following the replacement of ANAS by the MIT as grantor of the Concession, it cannot be ruled out that this indemnity obligation is now owed to the MIT. The materialisation of any uncovered risk or any shortfall in insurance cover could have a material adverse effect on the Issuer's financial conditions and results of operation. See also "*– The Issuer's insurance cover may be insufficient to cover liabilities that it incurs*" below.

Any reduction in traffic volumes can be expected to result in corresponding decreases in toll revenues and turnover rents

The Issuer derives most of its revenues from tolls paid by users of the Motorway Assets and indirectly from turnover rents derived from sub-contracts for the service areas on the Motorway Assets. The amount of toll

revenues depends partly on tariffs applied but also to a large extent on traffic volumes (see "*Description of Administrative and Regulatory Regime – The tariff framework*" for further details on the relationship between traffic volumes and tariffs levels). Turnover rents are also significantly affected by traffic volumes, as they are calculated on the basis of turnover generated by sub-contractors at the service areas. Traffic volumes in turn depend on a number of factors, including the quality, convenience and travel time of the Motorway Assets, the state of the economy, rising petrol prices in Italy, weather conditions and the existence of alternative means of transport. Traffic volumes on the Motorway Assets decreased by 2.37% in 2013 compared to 2012 (or 1.55% on the tolled section of the Project), mainly due to difficult economic conditions in Italy. Even though traffic volumes have increased in 2014 and in the first nine months of 2015, traffic volumes may decrease in the future. Any significant fall in traffic volumes could have a material adverse effect on the Issuer's financial condition and results of operations which may not be compensated adequately or in a timely fashion by tariff increases. See also "*Tariff increases may not be in line with the Issuer's expectations or requirements and delays may occur in obtaining increases*" below.

Tariff increases may not be in line with the Issuer's expectations or requirements and delays may occur in obtaining increases

The current tariff increase mechanism is based on two significant components. One of these (i.e. the **X Component**) is set out under the Financial and Economic Plan (PEF) and the Financial Regulatory Plan (the PFR), which are subject to review every five years. The other (i.e. the **K Component**) is linked to new investments made by the Issuer each year. See "*Description of the Project Documents – Toll tariff*" and see "*Description of Administrative and Regulatory Regime - The tariff framework*" for further details on the tariff increase mechanism. In relation to the X Component, there may be delays in the negotiation of the review of the PEF/PFR or the outcome of those negotiations, partly due to public pressure to resist tariff increases, and therefore tariff increases might not be in line with the Issuer's expectations or requirements. See also "*The financial resources available to the Issuer are subject to the outcome of periodic reviews of the PEF/PFR*" below. In relation to the K Component, although the Issuer believes that this component is unlikely to have a significant impact on overall tariff increases after 2015 (due to the limited amount of investment still to be made), all or some future investments made by the Issuer may be considered unsatisfactory for the purposes of allowing the Issuer to benefit from a corresponding increase in its tariffs. Any failure to obtain tariff increases in line with the Issuer's expectations or requirements or any delay in obtaining them, could have a material adverse effect on the Issuer's financial conditions and results of operations. See also "*The assumptions on which the review of the PEF/PFR are based may be different from the Issuer's expectations*" below.

On 26 June 2015 the Issuer, proposed and submitted to the MIT for its approval a review of the PEF/PFR (as subsequently integrated by the Issuer later on 7 August 2015), which, *inter alia*, provides for a tariff increase of 1.5% for 2016. The MIT process for approval is still in progress. On 14 October 2015, the Issuer submitted to the MIT an application in order to obtain an annual increase amounting to 2.59% of the tariffs for year 2016. However, the MIT, by means of its Decree no. 440 of 31 December 2015, suspended the annual increase of tariffs for year 2016 until the approval of the reviewed PEF/PFR. According to this decree, the tariff increase due for year 2016 will be defined together with approval of the reviewed PEF/PFR, provided that the Issuer will be entitled to recover the tariff increase due during the suspension period, to be determined by the MIT when it will approve the tariff increase for year 2017.

The financial resources available to the Issuer are subject to the outcome of periodic reviews of the PEF/PFR

Under the Concession, the terms of the PEF/PFR are reviewed every five years and, once they have been settled between the Issuer and the Grantor, the review will in normal circumstances also require approval by the Ministry for the Economy and Finance. The PEF/PFR determine, *inter alia*, the investments that the Issuer must make and the most significant elements in setting tariffs (i.e. the X Component described above). On 26 June 2015, the Issuer proposed, and submitted to the MIT for approval, a review of the PEF/PFR (as subsequently integrated by the Issuer later on 7 August 2015). The MIT process for approval remains in progress.

Although the purpose of each review is to ensure that an even balance is maintained in the Issuer's financial position and profitability arising from its benefits and liabilities under the Concession, the review of the PEF/PFR may involve either an increase or a decrease in the revenues available to the Issuer. Accordingly, there can be no assurances that the assumptions on which the current PEF/PFR is based will not change in the future. Furthermore, although current regulations provide for a specific procedure and applicable timing for the review of the PEF/PFR (see "*Description of Administrative and Regulatory Regime – The tariff framework*"), the review may not be approved within the timeframe set out under those regulations. Any review of the PEF/PFR that falls short of the Issuer's expectations or requirements, or any delay in approval of the review, could have a material adverse effect on the Issuer's financial condition and results of operations. See also "*Risk Factors – The assumptions on which the review of the Financial and Economic Plan are based may be different from the Issuer's expectations*" below.

The assumptions on which the review of the PEF/PFR are based may be different from the Issuer's expectations

The Issuer believes that the review of the PEF/PFR is required to be performed in accordance with the provisions set out under Resolution No. 27 dated 21 March 2013 (**New CIPE Resolution**) issued by the *Comitato Interministeriale per la Programmazione Economica* (the Italian Inter-ministerial Committee for Economic Planning) (the **CIPE**). However, the MIT may require:

- i. the provisions of the Undertaking Letter to be taken into consideration in the review; and/or
- ii. the review of the Financial and Economic Plan to be conducted on the basis of the provisions of the Commitment Protocol, which would mean that different criteria from those set out under New CIPE Resolution would be used to calculate the WACC.

The review of the PEF/PFR submitted to the MIT on 26 June 2015 (as subsequently integrated by the Issuer later on 7 August 2015) was carried out in accordance with the provisions of the New CIPE Resolution, without taking into consideration the provisions of the Undertaking Letter and the Commitment Protocol.

This may create uncertainty regarding the outcome of the current review or future reviews (see "*Description of the Project Documents – The Commitment Protocol*" and "*Description of the Project Documents – The Undertaking Letter*" for further details on the provisions of the Commitment Protocol and the Undertaking Letter). In particular:

- (a) applying only the provisions of the Undertaking Letter, the WACC for the first regulatory period (i.e. from 2010 to 2014) would be reduced, since the benefit obtained by the Issuer during the first regulatory period from lower debt servicing costs than those forecast under the current Financial and Economic Plan would be taken into account, and the Issuer would suffer a significant reduction in future regulatory periods in tariffs and, consequently, in its cash-flows and financial ratios; and
- (b) applying both the criteria set out under the Commitment Protocol and the provisions of the Undertaking Letter, the Issuer would still suffer a reduction in tariffs for future regulatory periods though such a reduction may be less significant than in the scenario described under paragraph (a) in view of the beneficial effects deriving from the application of the provisions set out in the Commitment Protocol.

Delays in receiving public funding may affect the Issuer's financial position and profitability

As at the date of this Offering Circular, €28,215,000 of public funding awarded for the Project is expected to be paid to ANAS between 2016 and 2021. Under the terms of the Concession Agreement, ANAS has an obligation to remit these amounts to the Issuer no later than 45 days after receipt of those funds, whilst the ANAS Agreement provides for a similar obligation. However, no assurance can be given as to when such funds will be received by ANAS from the government and, as a consequence, as to when they will become available to the Issuer.

The Concession Agreement and the Interpretation Letter allow for a review of the PEF/PFR in the event of delays in payment of public funding to the extent that this creates an imbalance in the Issuer's financial position and profitability. Nevertheless, late payment of public funding has occurred in the past and may occur in the future, and could have a material adverse effect on the Issuer's financial condition and results of operations.

For additional information on funding already received by ANAS which will be set off against the debt owed to it by the Issuer, see "*Description of the Project Documents - Public grants to the Issuer*".

The Issuer's significant leverage may make it difficult for it to service its debt, including the Bonds, and operate its business

Upon completion of the issue of the Bonds, the Issuer will continue to have a substantial amount of outstanding debt, with significant debt service requirements.

The Issuer's significant leverage could have adverse consequences for the Issuer, including:

- making it more difficult for the Issuer to satisfy its other debts and liabilities in the ordinary course of business;
- limiting its flexibility in planning for, or reacting to, events occurring during its ordinary course of business; and
- restricting it from making additional investments to make improvements to the Motorway Assets.

The Issuer may not have enough cash available to service its debt

The ability of the Issuer to make scheduled payments on the Bonds depends on its future operating and financial performance, which will be affected by, *inter alia*, general economic, financial, competitive, regulatory, technical and other factors that are beyond its control, including the other risk factors discussed in this section. In addition, the Issuer's projections on cash flow are partly based on external sources, such as future traffic flow estimates and the tariff adjustment mechanism. If the Issuer generates cash flows that are lower than those estimated, it may not be in a position to fulfil its payment obligations under the Bonds and/or may need to seek the consent of Bondholders to refinance or restructure its existing indebtedness, including the Bonds, or seek amendments or waivers in respect of its existing covenants and other obligations under the Bonds.

The Issuer's business may be affected by changes in law, government policy and/or other government action

The Issuer operates in a highly regulated environment. The Italian motorway sector is governed by a number of national and local laws, ministerial decrees and resolutions of the CIPE, as well as by generally applicable laws and special legislation, including environmental laws and regulations, all of which must comply with, and are subject to, EU law. The Concession granted to the Issuer is therefore governed by its specific terms, together with other generally applicable laws, ministerial decrees and resolutions. In the past few years, regulation of the Italian motorway sector has undergone frequent changes, including those introduced in order to transfer the role and responsibility of the grantor of almost all Italian motorway Concessions from ANAS to the MIT (i.e. the Grantor). Factors influencing future changes in laws and regulation might also include lobbying and/or public pressure against tariff increases.

Future changes in law and regulation as well as in the government policy or in the government action could affect the current calculation methodology of the tariff and/or the Issuer's ability to increase tariffs or cause the Issuer to incur additional expenses in the operation of the Concession. Where changes in laws and regulations have an adverse impact on the Issuer's financial position or profitability, the Issuer may be entitled either (i) to renegotiate the terms of the Concession with the Grantor in an effort to restore the

financial balance to the position prior to the relevant changes or, in case of disagreement between the Issuer and the Grantor, (ii) to withdraw from the Concession. Nevertheless, there can be no assurance that the Issuer will be adequately indemnified under those circumstances and any changes in law or regulation affecting the motorway sector may have a material adverse impact on the Issuer's financial condition and results of operations.

The Issuer may incur in cost overruns and delays in completing the remaining investments required under the Concession

The investment plan contained within the Concession requires the Issuer to carry out or finance a number of investments. Approximately 98% of these investments had been completed as at 30 September 2015. With reference to the remaining investments, there can be no assurance that the Issuer will be able to keep to the cost and time estimates. The Issuer faces certain risks that are inherent in this kind of project, including non-performance or unsatisfactory performance of contractors and sub-contractors, bankruptcy of contractors, interruptions resulting from litigation, severe weather conditions, additional requirements from local authorities and claims from contractors.

Although the amount of investments still to be made is limited and, accordingly, the impact on the financial condition of the Issuer is unlikely to be material, delays and cost overruns may occur in connection with the circumstances mentioned above, as is the case with other motorway projects. In this connection, although the tariff increase component linked to new investments should allow the Issuer to recover the costs of the investments still to be made, tariff increases may not be sufficient to enable the Issuer to recover losses caused by delays or cost overruns in relation to those investments. Accordingly, any failure to complete remaining investments within the planned timeframe and/or budget may have an adverse effect on the Issuer's financial condition.

Competition from alternative motorway stretches or means of transport may decrease traffic volumes on the Project

Other motorway operators have obtained or may obtain Concessions and develop other stretches of highway or alternative networks close to the routes covered by the Project or may develop attractive facilities along such alternative networks. Competition from other motorway operators or the development or improvement of alternative toll networks such as the *Superstrada Pedemontana Veneta*, or toll-free motorways, may decrease traffic volumes on the Motorway Assets. See "Appendix 1 – Traffic Report" below for further details on the traffic-related risks of the Project. Moreover, with respect to long haul traffic, the Issuer may in the future face competition from alternative means of transport, such as high speed rail and air travel. The market share of competing road transport operators or alternative means of transport may increase, which may result in a reduction in traffic on the Project and, in turn, have a material adverse effect on the Issuer's financial condition and results of operations.

The Issuer relies on third parties to perform its obligations under the Concession

The Issuer relies on third parties for the performance of almost all its major obligations under the Concession, including in particular the carrying-out of investments and of its ordinary and extraordinary maintenance activities required under the Concession. Failure by the Issuer's contractors or suppliers to carry out the work assigned to them or to perform the work to a satisfactory standard could place the Issuer in breach of its obligations under the Concession, regardless of whether the matter was beyond the Issuer's control. Furthermore, although under those circumstances the Issuer would seek to recover any liabilities incurred by it from the defaulting contractor or supplier, its efforts might ultimately be unsuccessful, particularly where the contractor or supplier has become insolvent. Accordingly, any material default by one or more contractors or suppliers could have a material adverse effect on the Issuer's financial condition and results of operations.

In addition, the completion of certain construction works related to the Project is run by ANAS and the Issuer's role is limited to funding and supervising these works. Although the Issuer has limited control over

these works, it has agreed to indemnify ANAS in respect of all claims brought against it from third parties in connection with these works.

Matters beyond the Issuer's control may lead to interruption of service on the Project

Like all motorway Concession holders, the Issuer faces potential risks from labour unrest, natural disasters (such as earthquakes, subsidence, collapse or destruction of sections of Motorway Assets), man-made disasters (such as fires, acts of terrorism or the spillage of hazardous substances), as well as from interruptions of service due to events beyond its control such as accidents, breakdown of equipment, power cuts, malfunctioning of control systems or severe weather conditions, including flooding or snow. The occurrence of any such event could lead to a decline in toll revenues for the Issuer and/or an increase in expenditure for the operation, maintenance or repair of the Project. In addition, significant service interruptions or malfunctions, or failure to deal with them promptly, could expose the Issuer to sanctions, legal proceedings and/or claims for damages. Any of the above events, except where it lasts for a very limited time, could have a material adverse effect on the Issuer's financial condition and results of operations.

The Issuer's insurance cover may be insufficient to cover liabilities that it incurs

The Issuer maintains insurance cover in an amount that it believes appropriate to protect itself against a variety of exposures and risks, such as accident and civil liability insurance. See "*Description of the Issuer*" of this Offering Circular for further details in relation to the Issuer's insurance cover. However, there can be no assurance that its insurance policies cover all of the liabilities that may arise from third party claims, or from any required reconstruction, or maintenance and operating losses, including costs resulting from Motorway damage. The Issuer's policies do not cover labour unrest, and the Issuer does not carry business interruption insurance to cover operating losses it may experience, such as reduced toll revenues resulting from actions or requests by the relevant authorities, work stoppages, strikes or similar industrial action. In addition, the Issuer has only limited business interruption insurance to cover damages or operating losses resulting from terrorist acts.

The Issuer's operations are subject to extensive environmental regulation

The Issuer's activities are subject to a broad range of environmental laws and regulations, which, among other things, require compliance with the terms of licences, permits and other prescriptive approvals. Environmental risks inherent to the Issuer's activities include those arising from the management of waste disposal and reduction of noise pollution. These risks are subject to strict national and international regulations and regular audits by government authorities.

Any of these risks may give rise to claims for damages and/or sanctions and may cause potential damage to the Issuer's image and reputation. In addition, these regulations may be subject to tightening or other modifications by national, European and international laws. The cost of complying with these regulations could be onerous. Although the Motorway Assets have been constructed in order to be compliant with applicable environmental laws and regulations, any failure to comply with such laws and regulations, any adverse change to environmental regulation and/or additional requests for mitigating measures may have a material adverse effect on the Issuer's business, financial condition and results of operations.

The Issuer is a party to legal and administrative proceedings

Due to the nature of its business, the Issuer is involved in legal and administrative proceedings involving claims by and against it arising under the ordinary course of its business. While it is not feasible to predict or determine the possible occurrence and the ultimate outcome of these proceedings, whenever there are circumstances that may give rise to well-founded expectations by third parties that the Issuer is liable to fulfil any obligation, the Issuer has made allocations to risk provisions, recorded as liabilities in its financial statements. However, the Issuer bases its estimates on the effect of the outcome of litigation on expectations, beliefs and assumptions on future developments that are subject to inherent uncertainties. Accordingly, there can be no assurance that provisions relating to litigation will be sufficient to cover the Issuer's ultimate loss

or expenditure in its full entirety and/or that the results of certain legal proceedings will not harm the Issuer's reputation. For further information, see "*Description of the Issuer – Litigation*".

The Issuer's historical financial and operating results may not be indicative of future performances

The Issuer's historical financial and operating results depend on a number of factors that may not be confirmed in the future and, therefore, such results may not be indicative of its future financial performance. No assurances can therefore be given by the Issuer that its profitability in future periods will be aligned to that resulting from its historical financial and operating results.

The Issuer's business may be adversely affected by disruptions in the Eurozone credit markets and associated impacts

The global financial system has yet to overcome the disruptions and difficult conditions of recent years. Financial market conditions have remained challenging and in certain respects, have shown signs of weakness, such as in relation to sovereign credit risk and fiscal deficits in European countries, including Italy. Conditions in Eurozone countries deteriorated in 2011 and remained uncertain in 2012, 2013 and 2014 amid rising yields on certain sovereign debt instruments issued by certain Eurozone states, including Italy and the market perception that the single European currency is facing an institutional crisis of confidence related to contagion from sovereign debt.

Challenging market conditions have resulted in greater volatility and, in some cases, reduced liquidity, widening of credit spreads and a lack of price transparency in credit markets. Changes in investment markets, including changes in interest rates, exchange rates and returns from equity, property and other investments, may affect the financial performance of the Issuer or its ability to refinance in the future should a refinancing be required. In addition, the financial performance of the Issuer could be adversely affected by a worsening of general economic conditions in the markets in which it operates.

Risks relating to insolvency legislation

The Issuer is subject to Italian insolvency laws

The Issuer is incorporated in the Republic of Italy and is subject to Italian insolvency laws. Italian insolvency laws may not be as favourable to Bondholders' interests as creditors as the laws of other jurisdictions with which the Bondholders may be familiar, including in respect of creditors' rights, the ability to obtain post-petitions interest and the duration of the insolvency proceedings. This may therefore limit the Bondholders' ability to recover payments due on the Bonds.

For instance, if the Issuer becomes subject to bankruptcy proceedings, payments made by the Issuer in favour of the Bondholders, the Bond Trustee or the Security Agent prior to the commencement of the relevant proceedings, may be subject to claw-back upon certain conditions, at the request of the relevant receiver.

See further risk factor "*Early redemption at the option of the Issuer*" below and "*Certain Italian Insolvency Law Considerations*".

The Issuer is subject to Italian legislation related to the "corporate liability of legal persons"

Legislative Decree No. 231 of June 8, 2001 introduced the corporate liability of legal persons, companies and associations without legal personality (the **Legislative Decree No. 231/2001**) which brought Italian law in line with certain international conventions to which Italy is a party. Under Legislative Decree No. 231/2001, the Issuer may be held responsible for certain crimes committed in Italy or abroad (including corruption, fraud against the State, corporate offenses and market abuse) in their interest or for their benefit, by individuals having a functional relationship with the Issuer, including third party agents or intermediaries. In such circumstances, the Issuer could be subject to economic sanctions (fines and confiscation of profits)

and legal sanctions which could include: (i) prohibition from continuing the business affected by the criminal offenses; (ii) suspension and revocation of current or future authorisations, licenses or Concessions; (iii) prohibition from contracting with public authorities; (iv) exclusion from subsidies, loans contributions or, where applicable, the revocation of those already granted; and (v) prohibition on publicising goods or services. The duration of these disqualifications range from a minimum of three months to a maximum of two years (in very serious cases, however, some of these disqualifications can be applied permanently). The above-mentioned legal sanctions may also be applied as interim measures, even during the investigations phase. As an alternative to the legal sanctions, the court may appoint a judicial custodian to run the company, with the consequence that the profits gained during the receivership period are automatically confiscated.

On July 2014 a fatal road accident occurred on the Mestre By-pass, whereby a truck entered into the emergency lane where a company, De Zottis, was carrying out maintenance of the motorway. De Zottis is contracted by the Issuer in connection with the maintenance and cleaning of the road and with respect to the collection of motorway waste. Following the accident, the Prosecutor's Office of Venice commenced an investigation against the Issuer in January 2015 pursuant to art. 25-septies, par. 2, of Legislative Decree 231/2001, alleging breach by the Issuer and specific employees of criminal rule art. 589, par. 1, 2 and 4 of the Italian Criminal Code. The next hearing of the matter is set to be heard on 2 February 2017.

Aside from the above, neither the Issuer nor, to its knowledge, any of its managers or employees are currently under investigation in connection with Legislative Decree No. 231/2001. The Issuer may also be liable if it is determined that the internal anti-corruption controls and policies are inadequate or are not effectively implemented. If the Issuer is found liable under Legislative Decree No. 231/2001 (including in relation to the fatal accident mentioned above) and sanctions are imposed, the authorisations, licenses, Concessions and financing agreements may be terminated (or its ability to draw under financing agreements may be suspended) and it may face temporary or permanent suspension of its operations, debarment from contracting with public authorities and debarment or cross-debarment from public funding, which could have a material adverse effect on its business, financial condition and results of operations.

Factors with respect to support from the PBCE Provider

PBCE Restrictions on a Bondholders' rights to take Enforcement Action

The ability of the Bondholders to direct the Security Agent to take Enforcement Action (including acceleration of the Bonds) under the STID is in certain circumstances restricted and/or subject to the consent of the PBCE Provider. No Enforcement Action shall be permitted:

- (a) in circumstances where there is no remaining amount available for drawing under the PBCE Letter of Credit, without the prior written consent of the PBCE Provider, as a result of a Financial Ratio Breach if the most recent PBCE PLCR is equal to or greater than 1.20:1; or
- (b) as a result of a failure to pay on the due date any amount payable pursuant to a Finance Document at the place at and in the currency in which it is expressed to be payable if sufficient amounts remain available for drawing under the PBCE Letter of Credit to cure the failure to pay; or
- (c) a Financial Ratio Breach if any amounts remain available for drawing under the PBCE Letter of Credit.

Therefore, a Financial Ratio Breach (being an Event of Default) may not lead to the acceleration of the Bonds and enforcement of the security.

Any drawn and outstanding amount under the PBCE Letter of Credit will be counted for the purposes of the quorum and voting procedures in relation to any decision to take Enforcement Action (including acceleration of the Bonds and enforcement of security)

In order to take any Enforcement Action (which includes acceleration of the Bonds and enforcement of security), a majority of holders of 66 ²/₃% of voting Qualifying Debt is required to vote in favour of such action at a validly convened and quorate meeting of Qualifying Creditors. The drawn and outstanding amounts under the PBCE Letter of Credit will constitute **Qualifying Debt**. The PBCE Provider will therefore be able to vote in respect of its drawn and outstanding exposure in any such vote.

The drawn and outstanding amounts under the PBCE Letter of Credit also count towards the quorum required in order for a vote on Enforcement Action to be held. The quorum for an initial meeting is set at fifty per cent. (50%) of Qualifying Debt. Whether or not the relevant quorum can be attained, and whether or not a decision to take Enforcement Action is adopted at any such meeting, will therefore depend in part upon the participation of the PBCE Provider.

The PBCE Provider benefits from PBCE Provider Entrenched Rights

Under the STID, the PBCE Provider has a number of PBCE Provider Entrenched Rights pursuant to which its consent may be required in order for waivers to be granted for breaches of representations, warranties or covenants or amendments to be made to Transaction Documents. This includes (amongst others) the amendment of any financial ratios, any amendment to the natural expiry of the Concession Agreement, amendments to the priorities of payment, any amendments to Permitted Financial Indebtedness, and any amendment to or waiver of a Transaction Document which has or is likely to have a material adverse effect on Project cash-flows.

The ability to utilise the PBCE Letter of Credit depends on certain conditions being satisfied beforehand

In order to draw down on the PBCE Letter of Credit it is necessary for the Bond Trustee to issue a notice of demand confirming certain conditions are satisfied based on information provided by the Principal Paying Agent, the Security Agent and/or the Issuer. To the extent such parties do not comply with their contractual obligations to provide such information the Bond Trustee would be unable to comply with the requirements for drawing under the PBCE Letter of Credit.

Risks related to the security granted by the Issuer and by ANAS

Bondholders will share the security interest created under the Security Documents with the PBCE Provider and (only in relation to certain Security Documents) with the Security Agent, the Bond Trustee, the Principal Paying Agent and each Account Bank.

At the Signing Date, not all the Security Documents will be duly perfected since the relevant formalities can only be completed, due to technical reasons, within a certain number of business days after the Signing Date. This is also the case for the Concession Agreement Receivables Assignment, which pursuant to the Common Terms Agreement must be accepted by the Grantor within 90 days after the issue of the Bonds. The Grantor's acceptance is necessary for the assignment to become effective. Although the Grantor has already confirmed in writing to the Issuer that it will provide its acceptance to the assignment under the Concession Agreement Receivables Assignment, there is no certainty that the Grantor will actually issue its acceptance within 90 days after the issue of the Bonds. In the event that the Grantor does not grant its acceptance within such term the relevant condition subsequent would be triggered and, if such circumstance is not remedied within further 20 Business Days, the Bonds may be accelerated.

The security interests in the Security Documents may not be perfected with respect to the claims of the Bonds if the Issuer fails or is unable to take the actions required to perfect the security interest. Such failure may result in the invalidity of the relevant security interest in the Security Documents or adversely affect the

priority of such security interest in favour of third parties, including a trustee in bankruptcy and other creditors who claim a security interest in the same security.

The granting of the security interests under the Security Documents in connection with the issuance of the Bonds may be clawed back and declared ineffective if an insolvency proceeding in respect of the relevant Security Provider is commenced within a legally specified hardening period following the granting or re-creation of such security interest. To the extent that the granting or re-creation of any security interest under the Security Documents is clawed back, the Bondholders would lose the benefit of the relevant security interest.

Moreover, according to certain case law, the perfection formalities of security over future assets (as assignments of future receivables by way of security, pledges over future receivables or pledges over the balance standing to the credit of bank accounts) must be repeated after the assigned / pledged receivables arise or after a new cash deposit is made in the relevant bank account, as the case may be. Therefore, the Bondholders would lose the benefit of the relevant security interest in case of failure to take the actions required to re-perfect the security interest and, however, a new hardening period would start to run from the date on which the relevant perfection formalities are repeated.

The security interest under the Security Documents in favour of the Bonds will be created in favour of the Security Agent which will act as representative of the Bondholders pursuant to and for the purposes of article 157 of the Public Contract Code and will thus be entitled to exercise, in the name and on behalf of the Bondholders (including their assignees), all the substantial and procedural rights relating to such security interests and in favour of the Bondholders. However, the enforceability of Italian law security granted in favour of a representative (rappresentante) of bondholders pursuant to article 157 of the Public Contract Code has not been tested in the Italian courts due to the recent introduction of the relevant legislative provision and, therefore, the risk of unenforceability by the Bondholders of the security documents posed by Italian law cannot be eliminated or mitigated, nor such risk might be eliminated or mitigated by securing a parallel debt (such as the one vis-à-vis the Bond Trustee) as the enforcement of a security granted in favour of the creditor of a parallel debt has not been tested in Italian courts.

The security under the Security Documents may be subject to exceptions, defects, encumbrances, liens and other imperfections permitted under the Transaction Documents, whether on or after the date of the Bonds are issued. The existence of such exceptions, defects, encumbrances, liens and other imperfections could adversely affect the value of such security, as well as the ability of the Security Agent to realise or foreclose on such security. Furthermore, the first-priority ranking of security interest can be affected by a variety of factors, including the timely satisfaction of the perfection requirements, statutory liens or re-characterisation under local laws.

The security under the Security Documents may be subject to practical problems generally associated with the realisation of security interest. The Security Agent may also need to obtain the cooperation of a third party to enforce a security interest. The Security Agent may not be able to obtain any such cooperation.

The validity and enforceability of the Finance Documents (and in particular of the Security Documents) and other Bondholders' rights is subject to legal qualifications and assumptions typical for similar transactions and the enforcement of rights is subject to procedural rules which may have an impact on the timing and manner of enforcement. Such procedures in Italy may take several years before a final order is obtained.

Factors which are related to the legal framework applicable to the Bonds

New legal framework applicable to the project bond issuance under article 157 of the Public Contract Code

In recent years several legislative provisions (including the Law Decree 133/2014 (the so called "*Sblocca Italia*" Decree) which was published on 12 September 2014 in the Italian Official Gazette, as converted into law on 11 November 2014) have introduced a number of material provisions applicable to the Bonds which

have been issued pursuant to article 157 of the Public Contract Code. Therefore, as of the date of this Offering Circular there is no case law regarding the interpretation of such recent legislative provisions and their applicability.

Decision-making process under the Bonds

Each STID Proposal shall specify the period of time within which the approval of the Bondholders is sought (the **Decision Period**) which shall commence on the date that the Bondholders are provided with the STID Proposal and be:

- (a) for any Ordinary Voting Matter, 10 Business Days from the date of the commencement of the Decision Period, provided that the Decision Period for any Ordinary Voting Matter may be extended for a further period of five Business Days if the quorum requirement for the relevant Ordinary Voting Matter has not been met within the initial Decision Period; and
- (b) for any Extraordinary Voting Matter, 15 Business Days from the date of the commencement of the Decision Period, provided that the Decision Period for any Extraordinary Voting Matter that is not in respect of Enforcement Action may be extended for a further period of five Business Days if the quorum requirement for the relevant Extraordinary Voting Matter has not been met within the initial Decision Period.

In addition, in respect of Extraordinary Voting Matters, there is a risk that if the quorum requirements are not met within the Decision Period the Security Agent will be unable to act on the proposed modification and a new STID Proposal will need to be delivered.

See the section entitled "*Description of the Finance Documents – Security Trust and Intercreditor Deed – Decision Periods*" for further details.

Factors which are material for the purpose of assessing the market risks associated with the Bonds

Risks related to the Bonds generally

Set out below is a brief description of certain risks relating to the Bonds generally:

The Bonds are fixed rate securities and are vulnerable to fluctuations in market interest rates

The Bonds will carry fixed interest. A holder of a security with a fixed interest rate is exposed to the risk that the price of such security falls as a result of changes in the current interest rate on the capital markets (the **Market Interest Rate**). While the nominal interest rate of a security with a fixed interest rate is fixed during the life of such security or during a certain period of time, the Market Interest Rate typically changes on a daily basis. As the Market Interest Rate changes, the price of such security moves in the opposite direction. If the Market Interest Rate increases, the price of such security typically falls, until the yield of such security is approximately equal to the Market Interest Rate. Conversely, if the Market Interest Rate falls, the price of a security with a fixed interest rate typically increases, until its yield is approximately equal to the Market Interest Rate. Investors should be aware that movements of the Market Interest Rate could adversely affect the market price of the Bonds.

Early redemption at the option of the Issuer

Subject to satisfaction of certain conditions set out in the Conditions, the Issuer may redeem all of the Bonds at their Principal Amount Outstanding together with accrued and unpaid interest if (i) the Issuer is or will be obliged to make any withholding or deduction from payments and pay additional amounts in respect of the Bonds pursuant to Condition 7 (*Taxation*) or (ii) it is illegal for the Bonds to remain outstanding or unlawful for the Issuer to perform its obligations under the Finance Documents. If the Issuer calls and redeems the Bonds in the circumstances mentioned above, no Make-Whole Amount is payable and the Bondholders may

not be able to reinvest the redemption proceeds in comparable securities offering a yield as high as that of the Bonds.

In addition, subject to the satisfaction of certain conditions set out in the Conditions, the Issuer may redeem the Bonds at any time in whole at their Principal Amount Outstanding together with accrued and unpaid interest and the Make-Whole Amount (see Condition 6 (*Redemption and Purchase*)). There can be no assurance that the Make-Whole Amount will be sufficient to mitigate the financial impact of early redemption on Bondholders.

In the event of the insolvency of the Issuer, prepayment of the Bonds made by the Issuer may be declared ineffective pursuant to article 65 of the Italian Bankruptcy Law which provides that a payment by a debtor of a debt not yet due and payable, which falls due and payable on or after the date of declaration of bankruptcy of such debtor is ineffective towards the creditors of the bankruptcy estate if such payment has been made in the two-years preceding the declaration of bankruptcy.

See section entitled "*Certain Italian Insolvency Law Considerations*" for further details.

The Bonds must be held by Qualified Investors at all times

The Bonds are "project bonds" issued in accordance with article 157 of the Public Contract Code. Pursuant to such provisions, project bonds must be subscribed and held by and sold to Qualified Investors at all times. Prospective investors should be aware that, by purchasing the Bonds they will be deemed to have represented, warranted and agreed that they are Qualified Investors and that the Issuer is not and will not be in a position to monitor any sales of the Bonds or assess whether any investor complies with the requirements set forth under the Public Contract Code at all times. Prospective investors should consult their own advisors to ensure they comply with the requirements of article 157 of the Public Contract Code. Although the Public Contract Code does not set out the consequences of a non-compliance with the above limitation, it cannot be ruled out that any such Bonds not held by a Qualified Investor would not be enforceable or any transfer to a subscription for Bonds by a person who is not yet a Qualified Investor should not be valid.

See "*Subscription and Sale*" for further details on the definition of Qualified Investors.

Modification, waivers and substitution

The Bond Trust Deed and the STID contain provisions for calling meetings of Bondholders to consider matters affecting their interests generally and for voting on STID Proposals. Subject to the provisions of the STID, these provisions permit defined majorities to bind all Bondholders, including Bondholders who (i) did not attend and vote at the relevant meeting or in respect of the relevant STID Proposal and (ii) who abstained or voted in a manner contrary to the majority. The STID provides that the time in which the approval of the Bondholders is sought (the **Decision Period**) shall be 10 Business Days (with respect to Ordinary Voting Matters) and 15 Business Days (with respect to Extraordinary Voting Matters) and, if not quorate, the quorum will be reduced or, in any other case, the Decision Period will be extended for a further period of five Business Days.

Subject to the provisions of the STID, the Bond Trustee may agree or direct the Security Agent to agree, without the consent of the Bondholders, to any modification of any of these Conditions, the Bond Trust Deed or the other Finance Documents if, in the opinion of the Bond Trustee, such modification is (a) not materially prejudicial to the interests of the Bondholders; (b) of a formal, minor or technical nature; or (c) to correct a manifest error. Subject to the provisions of the STID, the Bond Trustee may also, without the consent of the Bondholders if, in its opinion, it will not be materially prejudicial to the interests of the Bondholders (a) authorise or waive, or direct the Security Agent to authorise or waive, on any terms and subject to any conditions which it considers appropriate, any proposed breach or breach of the Bond Trust Deed, the Conditions or any other Finance Document; or (b) determine that any event that would otherwise constitute a Default shall not, or shall not subject to any condition which it considers appropriate, be treated as such for

the purposes of the Bond Trust Deed and these Conditions. See Condition 13 (*Meetings of Bondholders, Modification, Waiver, Authorisation and Determination*).

The STID classifies decisions into Discretion Matters, PBCE Provider Discretion Matters, Ordinary Voting Matters and Extraordinary Voting Matters (including acceleration matters), which are each subject to the PBCE Provider Entrenched Rights of the PBCE Provider. Each of these matters is subject to distinct quorum and majority requirements. See "*Description of the Finance Document - STID*".

EU Financial Transaction tax

On 14 February 2013, the European Commission issued proposals, including a draft Directive (the **Commission's proposal**) for a financial transaction tax (FTT) to be adopted in certain participating EU member states (including Belgium, Germany, Estonia, Greece, Spain, France, Italy, Austria, Portugal, Slovenia and Slovakia, although Estonia has since stated that it will not participate). If the Commission's proposal was adopted, the FTT would be a tax primarily on "financial institutions" (which would include the Issuer) in relation to "financial transactions" (which would include the conclusion or modification of derivative contracts and the purchase and sale of financial instruments).

Under the Commission's proposal, the FTT would apply to persons both within and outside of the participating member states. Generally, it would apply where at least one party is a financial institution, and at least one party is established in a participating member state. A financial institution may be, or be deemed to be, "established" in a participating member state in a broad range of circumstances, including (a) by transacting with a person established in a participating member state or (b) where the financial instrument which is subject to the financial transaction is issued in a participating member state.

The FTT may give rise to tax liabilities for the Issuer with respect to certain transactions if it is adopted based on the Commission's proposal. Any such tax liabilities may reduce amounts available to the Issuer to meet its obligations under the Bonds and may result in investors receiving less interest or principal than expected. It should also be noted that the FTT could be payable in relation to relevant transactions by investors in respect of the Bonds (including secondary market transactions) if the conditions for a charge to arise are satisfied and the FTT is adopted based on the Commission's proposal. Primary market transactions referred to in Article 5(c) of Regulation (EC) No 1287/2006 are exempt.

The FTT proposal remains subject to negotiation between participating member states. It may therefore be altered prior to any implementation the timing of which remains unclear. Additional EU member states may decide to participate. Prospective holders of the Bonds are advised to seek their own professional advice in relation to the FTT.

Change of law

The Finance Documents are based on English law. However, certain of the Transaction Documents, including the Security Documents, the ANAS Agreement and Equity Documents, are governed by Italian law. In each case, the relevant Transaction Documents are governed by the laws of England and Italy (as applicable) in effect at the date of this Offering Circular. No assurance can be given as to the impact of any possible judicial decision or change to English or Italian law or administrative practice after the date of this Offering Circular.

Denominations involve integral multiples: Definitive Bonds

The Bonds have denominations consisting of a minimum of €100,000 or its equivalent plus one or more higher integral multiples of €1,000 or its equivalent. It is possible that the Bonds may be traded in amounts that are not integral multiples of €100,000 or its equivalent. In such a case, a holder who, as a result of trading such amounts, holds an amount which is less than €100,000 or its equivalent in his account with the relevant clearing system at the relevant time may not receive a Definitive Bond in respect of such holding (should Definitive Bonds be printed) and would need to purchase a principal amount of Bonds such that its

holding amounts to €100,000 or its equivalent. If Definitive Bonds are issued, holders should be aware that Definitive Bonds which have a denomination that is not an integral multiple of €100,000 or its equivalent may be illiquid and difficult to trade.

Risks relating to the applicable Italian tax regime of Project Bonds

The Issuer is deemed to be included in the list of companies eligible to issue project bonds (*obbligazioni di progetto*) under Art. 157 of the Public Contracts Code, as subsequently amended and supplemented. Accordingly, the Bonds are subject to the legal and tax regime provided by the said Art. 157 of the Public Contract Code and by Art. 1 of Law Decree No. 83 of 22 June 2012, as subsequently amended and supplemented. In particular, under Article 1 of Law Decree No. 83 of 22 June 2012, interest from bonds falling within the category of project bonds (*obbligazioni di progetto*) issued by Italian resident companies referred to by Article 157 of the Public Contract Code and subject to the conditions set forth by the same Article 157 (among which the fact that the Notes must be purchased by, held at all times by and circulated only among, Qualified Investors (see “*Risk factors — Risks related to the Bonds generally—The Bonds must be held by Qualified Investor at all times*”) is subject to the same tax regime provided for bonds issued by the Republic of Italy (*titoli del debito pubblico*). However, as clarified by the Italian Revenue Agency with Circular No. 4/E of 6 March 2013, the application of the tax regime provided for bonds issued by the Republic of Italy (*titoli del debito pubblico*) is only limited to interest from the said bonds and is not extended to other capital income (*redditi di capitale*) deriving from the bonds, such as income deriving from repurchase agreements (*riporti or pronti contro termine*) or to capital gains deriving from the sale or redemption of the bonds (See “*Taxation—Italian Taxation*”). Furthermore, a favourable tax regime is provided for any kind of security issued by any type of guarantor at any time in relation to project bonds, as well as the relevant subrogations (*surroghe*) and substitutions (*sostituzioni*), postponements (*postergazioni*), subdivisions (*frazionamenti*), and cancellations or partial cancellations (*cancellazioni, anche parziali*), including the sale of receivables relating to the same issuance of bonds and the transfers of the security package, even if consequential to the transfer of the relevant project bonds. Any change of the above law provisions or regulations or a less favourable interpretation of the same laws and regulations which may determine a change of, or a limitation on, the application of withholding or substitute taxes (or the increase of the applicable withholding rate) with respect to payments on the Bonds and the potential resulting obligation to pay additional amounts to holders of Bonds and/or the applicable tax regime of the security package of the project bonds could have a material adverse effect on the financial conditions and results of operations of the Issuer.

For the avoidance of doubt, Euroclear or Clearstream, Luxembourg, acting as withholding tax agent for the Italian tax authorities for the purposes of Decree No. 83 of 22 June 2012, cannot be held responsible where the Italian tax authorities employ a different interpretation of the statutory framework.

Risks related to the market generally

There is no active trading market for the Bonds and there can be no assurance that there will be one

Application has been made to admit the Bonds to the official list of the Luxembourg Stock Exchange and for the Bonds to be admitted to trading on the Euro MTF Market. The Bonds are new securities for which there is currently no market. There can be no assurance as to the liquidity of any market that may develop for the Bonds, the ability of Bondholders to sell such Bonds or the price at which the Bonds may be sold. The liquidity of any market for the Bonds will depend on the number of holders of the Bonds, prevailing interest rates, the market for similar securities and a number of other factors. In an illiquid market, the Bondholders might not be able to sell their Bonds at any time at fair market prices. There can be no assurance that an active trading market for the Bonds will develop or, if one does develop, that it will be maintained. If an active trading market does not develop or cannot be maintained, this could have a material adverse effect on the liquidity and trading prices for the Bonds.

The liquidity and market value of the Bonds may also be significantly affected by factors such as variations in the Issuer's annual and interim results of operations, news announcements or changes in general market

conditions. In addition, broad market fluctuations and general economic and political conditions may adversely affect the market value of the Bonds, regardless of the actual performance of the Issuer. Furthermore, if additional and competing products are introduced in the markets, this may adversely affect the value of the Bonds.

Exchange rate risks and exchange controls

The Issuer will pay principal and interest on the Bonds in euro. This presents certain risks relating to currency conversions if an investor's financial activities are denominated principally in a currency or currency unit (the **Investor's Currency**) other than euro. These include the risk that exchange rates may significantly change (including changes due to devaluation of the euro or revaluation of the Investor's Currency) and the risk that authorities with jurisdiction over the Investor's Currency may impose or modify exchange controls. An appreciation in the value of the Investor's Currency relative to the euro would decrease: (i) the Investor's Currency-equivalent yield on the Bonds, (ii) the Investor's Currency-equivalent value of the principal payable on the Bonds; and (iii) the Investor's Currency-equivalent market value of the Bonds.

In addition, government and monetary authorities may impose (as some have done in the past) exchange controls that could adversely affect an applicable exchange rate. As a result, investors may receive less interest or principal than expected, or no interest or principal.

Credit ratings may not reflect all risks

Moody's has assigned to the Bonds a provisional credit rating equal to A3. This rating is expected to become definitive only following acceptance by the MIT of the Concession Agreement Assignment Receivables, which is a condition subsequent to the Bonds issue (for further detail in such regard, please refer to section “*Risk Factors*” paragraph “Risks related to the security granted by the Issuer and by ANAS”).

More in general, the ratings may not reflect the potential impact of all risks related to structure, market, additional factors discussed above, and other factors that may affect the value of the Bonds. A credit rating is not a recommendation to buy, sell or hold securities and may be revised, suspended or withdrawn by the rating agency at any time.

In general, European regulated investors are restricted under Regulation (EC) No. 1060/2009 (as amended) (the **CRA Regulation**) from using credit ratings for regulatory purposes, unless such ratings are issued by a credit rating agency established in the EU and registered under the CRA Regulation (and such registration has not been withdrawn or suspended), subject to transitional provisions that apply in certain circumstances whilst the registration application is pending. Such general restriction will also apply in the case of credit ratings issued by non-EU credit rating agencies, unless the relevant credit ratings are endorsed by an EU-registered credit rating agency or the relevant non-EU rating agency is certified in accordance with the CRA Regulation (and such endorsement action or certification, as the case may be, has not been withdrawn or suspended). The list of registered and certified rating agencies published by ESMA on its website in accordance with the CRA Regulation is not conclusive evidence of the status of the relevant rating agency included in such list, as there may be delays between certain supervisory measures being taken against a relevant rating agency and the publication of the updated ESMA list. Certain information with respect to the credit rating agencies and ratings is set out on the cover of this Offering Circular.

Legal investment considerations may restrict certain investments

The investment activities of certain investors are subject to legal investment laws and regulations, or review or regulation by certain authorities. Each potential investor should consult its legal advisers to determine whether and to what extent: (i) the Bonds are legal investments for it; (ii) the Bonds can be used as collateral for various types of borrowing; and (iii) other restrictions apply to its purchase or pledge of the Bonds. Financial institutions should consult their legal advisers or the appropriate regulators to determine the appropriate treatment of the Bonds under any applicable risk-based capital or similar rules.

USE OF PROCEEDS

The proceeds from the issue of the Bonds will equal approximately €830 million.

The Issuer will use the proceeds of the Bonds together with approximately €42.11 million cash on balance sheet:

- (a) to refinance in full the Existing CDP Senior Facility Indebtedness;
- (b) to refinance in full the Existing ANAS Indebtedness in an amount not exceeding €446.24 million;
- (c) to fund the Maintenance Reserve Account, the Debt Service Reserve Account and the Capex Reserve Account up to their respective Required Balances; and
- (d) to pay fees and expenses related to the Transaction which are expected to amount to approximately €20.79 million).

DESCRIPTION OF THE PROJECT

Background

In 2009, the Issuer was granted a Concession by ANAS, in its capacity as grantor at such time, to operate and maintain a motorway network with a total length of 74.1 km comprising stretches of motorway located in the Venice hinterland. The Motorway Assets form one of the key strategic sections of the Italian motorway system, given their location in one of the most prosperous and most industrialised regions of Italy and at one of Europe's major crossroads. The Motorway Assets are also well connected to various important transport networks, such as Venice and Treviso airports, the regional railway network and the ports of Venice and Chioggia.

The Original Concession Agreement was signed in January 2009 and was then replaced by a further agreement signed in March 2010, referred to as the Concession Agreement (see "*Description of the Project Documents*" for more detail). Both agreements were signed by ANAS, in its capacity as grantor at such time, and the Issuer (on 1 October 2012, ANAS was replaced in its capacity as grantor by the MIT). The Concession Agreement is set to expire on 31 December 2032.

The Motorway Assets essentially comprise four main sections which were constructed over a period beginning in 1933 and ending in 2009 as well as various connection roads. The most recently constructed section is the Mestre By-pass, which was completed in early 2009 to allow traffic on the A4 route to circumvent Venice Mestre without entering the city in order to alleviate traffic congestion on a major trans Italian/European route in the Mestre area. Shortly prior to the completion of the Mestre By-pass, the Issuer was established as a company limited by shares, jointly owned by ANAS and the Veneto Region, and became the Concessionaire under the Concession Agreement and assumed the operational responsibilities for the Motorway Assets. The remaining sections currently operated by the Issuer under the Concession Agreement were existing stretches of motorway previously operated by Società delle Autostrade di Venezia e Padova S.p.A (SAVP) and transferred to the Issuer in December 2009. Following the transfer, substantially all of the business and assets of SAVP, including personnel, are now vested in the Issuer.

Therefore, the only newly constructed stretch of the Motorway Assets is the Mestre By-pass, which was constructed at the direction of a *Commissario Delegato* (**Delegated Commissioner**) appointed by the Italian government in March 2003 to resolve a state of traffic emergency in the area. The construction was financed by ANAS, who also took over the remaining ancillary construction works until 2009 from the Delegated Commissioner. The operation of the Mestre By-pass has been the Issuer's responsibility since its opening.

The Mestre By-pass includes eight cut & cover tunnels and four viaducts and has been designed to reduce its environmental impact on the surrounding area. The by-pass has been operational since 2009. As of September 2015, all works on the main axis and substantially all other ancillary works have been completed, with the investment 98% complete. Certain other requisite activities, not pertaining to the Mestre By-pass but included in the investment plan, will be finalised in the coming years in accordance with the re-programming submitted by the Issuer to the Grantor in respect of the Regulatory Period 2015-2019. Most of the outstanding work has been carried out by a general contractor pursuant to a contract arrangement entered into with ANAS (the **General Contract**), with the Issuer responsible for financing the relevant work. Some residual works are also being carried out under the direct responsibility of the Issuer.



Under the terms of the Concession Agreement, the Issuer is responsible for the operation of the Motorway Assets, as well as for ordinary and extraordinary maintenance. Nearly all the maintenance activities are carried out by external contractors appointed by the Issuer in accordance with procurement legislation dealing with the award of public tenders.

The Motorway Assets and tolling

The Issuer is operating the Motorway Assets which if, split into categories according to how tolls are collected, include:

- **A4 Padua-Venice:** a Closed System is applied, with a toll per kilometre collected from the A4 Padua East toll plaza to the Mestre By-pass intersection;
- **A4 Mestre By-pass:** a Closed System is applied, with a toll per kilometre collected between the western and eastern junctions with the A57 motorway;
- **A57 Mestre Ring Road and Marco Polo Airport Link:** an Open System is applied, with a fixed toll collected at the Mirano-Dolo, Mira-Oriago, Venice Mestre, Venice East and Venice North toll plazas. The fixed toll at each toll plaza is given by the product between a predetermined number of kilometres and toll barriers kilometric.

In addition, there are a number of connection roads which are junctions from motorway networks to urban areas of Padua and Venice.

Closed Systems are systems where tolls are collected at each exit of the motorway in proportion to the distance travelled on it by the vehicle.

Open Systems are systems where vehicles pay a fixed toll on passing through certain exits, regardless of the entry point onto the motorway.



Motorway stretches shown in grey on the map above are operated by different operators which are ASPI and AA.VV., both of which are unrelated to the Issuer.

Tolls are set on the basis of the formula set out under the Concession Agreement, updated and reviewed on a five-yearly basis and adjusted annually for the purposes of taking into account inflation and capex for the prior year. For further information, see "*Description of the Project Documents – Toll tariff*" and "*Description of Administrative and Regulatory Regime – The tariff framework*". Vehicle owners can either pay by Telepass (an automatic payment method operating on all motorways in Italy) or by receiving a ticket upon entry to the motorway and paying the required toll when they exit, either by credit card or cash. The Motorway Assets contain six toll booths and three barriers.

Service Areas

Along the Motorway Assets, there are four service areas: Marghera East, Marghera West, Arino East and Arino West. Two of these (Arino East and Arino West) are located along the A4, near the connection with the A57, and are currently undergoing refurbishment and expansion, while the other two (Marghera East and Marghera West) are located along the A57, shortly after the Venice Mestre toll booth, in the direction of Venice.

Services at the service areas are contracted to specialist companies which, in addition to filling stations, operate two restaurants, a motel and four bars. Sub-Concessions are granted to service providers. The current contracts are due to expire in 2015 for Marghera East and 2025 for the others.

The Issuer applies fees to service providers which are calculated as a percentage of revenues generated by such service providers (e.g. with respect to filling stations, percentages are calculated on litres of oil sold by the relevant service providers).

Key Features of the Project

The Issuer believes that the main strengths relating to the Project are as follows:

Strategic location with strong catchment area

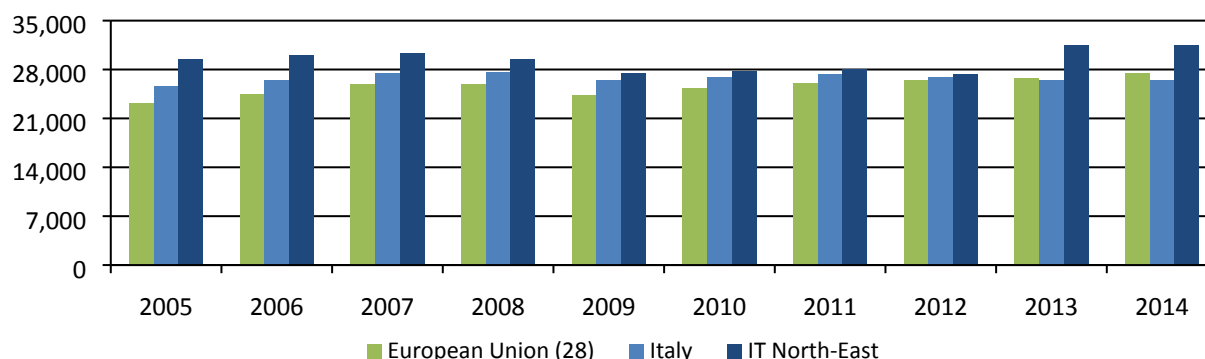
The Motorway Assets are an essential link in the Italian and European motorway system, being vital for international trade with Central and Eastern Europe. Their strategic international importance is highlighted by the Motorway's location at a key intersection point between the two main class A European Routes shown in the maps below, namely the E70, extending from La Coruna to the Georgian city of Pot, and the E55, connecting Helsingborg in Sweden to Kalamata in Greece.



In addition, the Motorway Assets are in a strong catchment area, represented by the Veneto Region, one of Italy's most populous and economically developed regions.

The following diagram shows a comparison of the GDP per capita of the EU, Italy and the north-east of Italy (*Source: Eurostat/Istat*).

GDP per capita: EU and Italy breakdown - EUR



Due to its strategic location and strong catchment area, the Motorway Assets in 2014 were ranked the fourth most crowded tollroad in Italy¹. In 2014 the traffic running along the A4 Padua-Venice motorway section (94,000 vehicles per day) was split almost evenly between the A4 Mestre By-pass (50,000 vehicles per day up to Spinea) and the A57 Mestre Ring Road (45,000 daily vehicles between the western junction with the A4 motorway and the Mirano-Dolo interchange). Traffic was mainly made up of light traffic and commuting, which comprised approximately 75% of total traffic in 2014.

Limited competition

At present, the Issuer faces only limited competition from other road transport providers and the high level of investment needed for competing infrastructure would represent a significant barrier to increased competition in the near future.

The motorway sections of A57 and A4 operated by the Issuer are currently the only two highway routes available for car travel in the Mestre area. Alternative travel options include the non-high-speed train route from Padua to Venice and single carriage roads.

Currently in the Veneto Region a project for the construction of a highway Superstrada Pedemontana Veneta which is a toll based highway has been commenced. The Superstrada Pedemontana Veneta will cover the central area of the Veneto Region and mainly the area of Vicenza and Treviso. The Concession for the final project and construction of such highway was assigned in 2009 by the Delegated Commissioner to a consortium formed between "Consorzio Stabile S.I.S. Scpa - Itinere Infraestructuras S.A." (then replaced by Superstrada Pedemontana Veneta (S.P.V.) S.r.l.). The new Superstrada Pedemontana Veneta is supposed to divert traffic from the A27 corridor to A4 West. However, given the new road is longer and expected to be more expensive it is unlikely that the new Superstrada Pedemontana Veneta will attract traffic from the A4 East – A4 West corridor. As at the date of this Offering Circular the opening date and the tariffs for the Superstrada Pedemontana Veneta have not been officially determined yet. For more information, see section 5 of the Traffic Report in Appendix 1 to this Offering Circular.

Fully operational assets in good condition

As described above, the Motorway Assets are fully operational and their construction has largely been completed, with close to 98% of investment in construction work already completed as at 30 September 2015 as detailed in "-Capital Expenditures" below. As stated in the Independent Technical Report in Appendix 2, the Motorway Assets are in good condition and are expected to require limited additional capital expenditure in the short term.

¹ Based on 2014 AISCAT data which does not include the open system managed by the Issuer (Issuer accounts for 55.6 km).

On 5 February 2016 the commissioning certificate confirming formal completion of the Project (the **Commissioning Certificate**) has been issued by the technical committee appointed by the parties to the General Contract. The General Contractor has accepted the commissioning certificate on 19 February 2016. However, the General Contractor has partially contested some of the evaluations concerning the works set out by the technical committee in the Commissioning Certificate and has requested an increased compensation for additional EUR 1,588,241.76. Despite these challenges brought by the General Contractor, ANAS confirmed by means of an official communication delivered to the Issuer on 15 March 2016 that the Commissioning Certificate is final, since any further verification concerning the challenges brought by the General Contractor will be evaluated separately from the Commissioning Certificate.

Long operational history

Although the Issuer itself was incorporated in 2008, a significant part of its business was previously carried out by SAVP whose activities date back several decades and included operating the Padua East–Venice stretch of the A4 since 1933 and the A57 Mestre Ring Road since 1972. The Issuer took over substantially all of the business of SAVP in December 2009, including its personnel and, accordingly, there has been significant continuity in its operations.

Stable regulatory framework

The Concession relating to the Motorway Assets is regulated under the Concession Agreement which is due to expire in December 2032. Tariffs are updated every year for historical inflation and capex. Every five years the PEF/PFR is reviewed and updated to take into account, among others new traffic projections and operating costs and to rebalance potential reduction in the expected revenues, if any, to maintain the financial and economic equilibrium of the PEF/PFR through the re-alignment of the tariffs, in order to ensure financial sustainability.

Gradual evolution of tariffs

To ensure a gradual evolution of the tariff throughout the Concession period, a rebalancing mechanism is included in the tariff determination criteria: a notional credit or debit (usually a credit) is taken into account when calculating the eligible costs for the re-calculation of the tariff. Thus, for example, large investment costs will be recovered through a gradual increase in tariffs throughout the Concession period.

Stable shareholder group and experienced management team

The Issuer is jointly controlled by two public related entities, ANAS and the Veneto Region. ANAS has a significant experience in the operation of road transport infrastructure. The Veneto Region has a track record in similar investments as it is the main shareholder of Veneto Strade (a company managing approximately 2,000 km of road in the Veneto Region) and a shareholder of AA.VV. (a government owned company which controls approximately 200 km of motorways in Veneto and Friuli Venezia Giulia Regions). For further information, see "*Description of the Shareholders*". Under the Awarding Law, shares of the Issuer are not freely transferrable (other than shares held by the Veneto Region, which can only be transferred to an entity wholly owned by the Veneto Region) and, accordingly, there are limited possibilities for a change of control, absent a change in the Awarding Law.

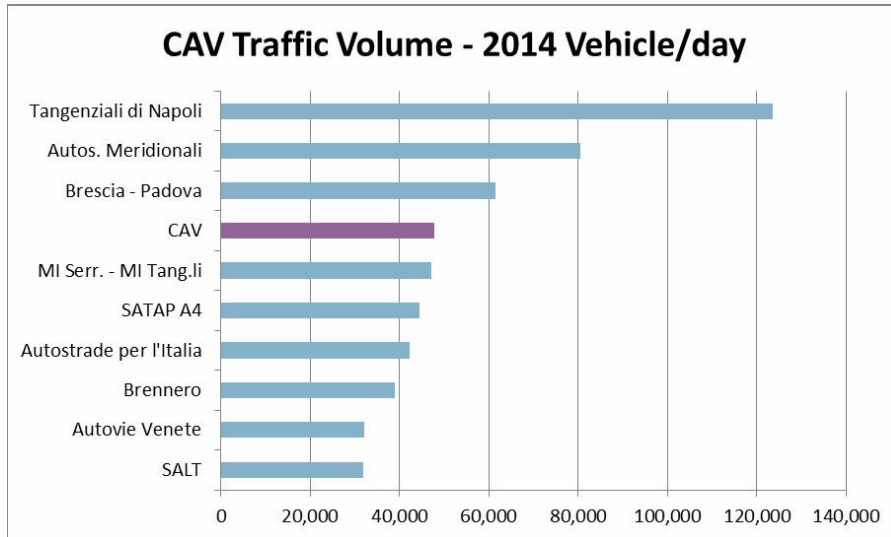
In addition, the Issuer is led by an experienced senior management with an average of approximately 20 years' experience in the industry.

Factors affecting results

The Issuer's results have been affected, and are expected to be affected in the future by a variety of factors, including those set out below.

Traffic

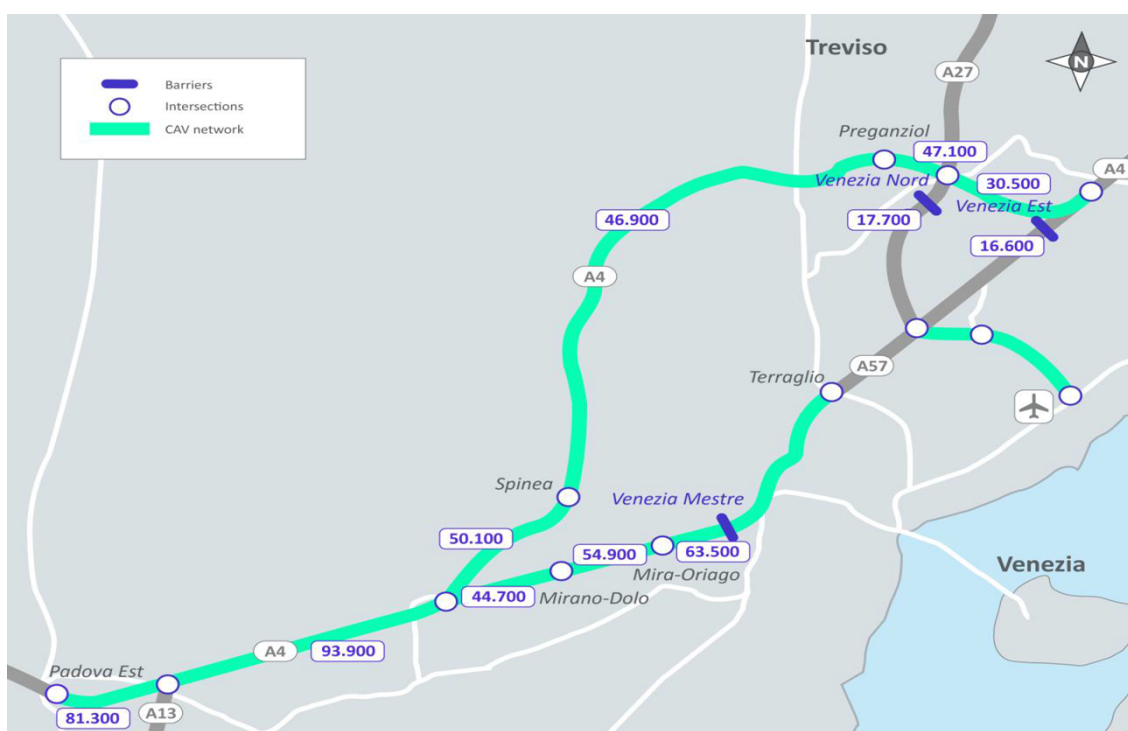
As a result of its catchment area and strategic location, the Issuer is among the top Italian motorway operators in terms of traffic volumes.



Source: elaboration of AISCAT data (the Issuer accounts for 56 Km).

When approaching the Venice Mestre area, the traffic running along the East-West A4 Corridor (in 2014 almost 94,000 AADT in the Padua-Venice section) splits almost evenly along the Issuer's network between the A4 Mestre By-pass and the A57 Mestre Ring Road. Along the Mestre By-pass, traffic is steady (ranging from 47,000 to 50,000 daily vehicles) between the A4/A57 western interchange and the A4/A27 junction and then decreases down to 30,500 from the A4/27 to the A4/A57 eastern junction. In terms of route choice, the Concession Agreement provides that the total toll that vehicles pay for driving the entire Mestre By-pass - from the western to the eastern junctions with the A57 - is set to be equal to the sum of the tolls paid for running through the Venice Mestre and Venice East A57 barriers.

Current traffic on the Issuer's motorway network (2014 AADT)



Source: Traffic Report.

The Issuer's traffic volumes show a varied base with a mixture of commuter, business, urban and commercial traffic. Notwithstanding the changes in traffic in 2010-2014, the mix of traffic categories remained broadly consistent. On average light vehicles (**LV**), either commuter or leisure, accounted for approximately 76% of total traffic. While light goods vehicles (**LGV**) and heavy goods vehicles (**HGV**), mainly business end users, account for approximately 10% and 14% respectively.

Annual traffic breakdown by vehicle class					
	2010	2011	2012	2013	2014
LV	75.5%	75.4%	75.6%	75.5%	75.4%
LGV	10.4%	10.4%	10.4%	10.3%	10.1%
HGV	14.1%	14.1%	14.0%	14.2%	14.4%
Total	100%	100%	100%	100%	100%

Source: Traffic Report.

When compared to the Italian motorway system as a whole over the period of 2010-14, the Issuer's Motorway Assets performed better across all vehicle categories.

Traffic trends: Issuer vs. Italian motorway system				
	2010-11	2011-12	2012-13	2013-14
Heavy traffic Italy*	(0.1%)	(7.5%)	(2.3%)	0.8%
Heavy traffic CAV**	0.3%	(8.3%)	2.0%	1.5%
Light traffic Italy*	(1.4%)	(7.1%)	(1.5%)	1.1%
Light traffic CAV**	(0.4%)	(7.4%)	(2.5%)	1.4%
Total traffic Italy*	(1.1%)	(7.2%)	(1.7%)	1.0%
Total traffic CAV**	0.2%	(7.7%)	2.4%	1.4%

* This data includes light vehicle (LV) only.

Source: *AISCAT. ** Traffic Report, without the liberalization impact in 2014.

Tariffs

As described in further detail in "Description of the Project Documents", tariffs are updated every year for historical inflation and capex. Furthermore, the PFR and PEF are updated at the end of each regulatory period to ensure - through a new calculation of the X factor in the tariff formula (tariff realignment) - the economic and financial equilibrium of the Concession in order to ensure financial sustainability. The tariff determination criteria includes a fair return on invested capital, which is set to be equal to WACC.

As shown below, tariffs decreased each year by 1.18% between 2010 and 2012 which was largely driven for 2011 and 2012 by the fact that the Issuer was applying the original concession in accordance with the Original Concession Agreement as the Concession was not yet effective pending the Corte dei Conti registration. In 2013 following the date the Concession became fully effective, tariffs were adjusted in order to compensate the Issuer for lower than required tariff increases in 2011 and 2012. The standard tariff formula was applied in 2014, the last year of the regulatory period, resulting in a 6.26% tariff increase. The new regulatory period started in 2015.

For additional information on the formula to review the tariff on an annual basis pursuant to the Concession Agreement see "*Description of the Project Documents – Toll tariff*".

On 15 October 2014, the Issuer submitted to the MIT an application to obtain an annual update of the tariffs for the year 2015 which is subject to specific authorisation by way of an Interministerial Decree to be adopted in agreement between the MIT and the MEF. The Issuer requested an increase equal to 2.80% of all tariff fees pertaining to the Issuer. Following the introduction of the MIT directive n. 570 dated 29 December 2014, which provides that the primary objective of the MIT is to introduce measures to overcome the current financial and economic crisis, a 1.5% cap on tariff increases for the year 2015 was proposed. On 30 December 2014, the MIT and the Issuer entered into a commitment protocol whereby the parties agreed that, for the year 2015, the Issuer will apply on a temporary basis, a tariff increase amounting to 1.5%. The parties also agreed that, when updating the PEF/PFR of the Issuer for the five-year regulatory period 2015-2019, which was to be approved by 30 June 2015, a different tariff increase would be recovered – with the relevant financial effects remaining unchanged – during such regulatory period, without prejudice to the tariff adjustments to be granted after the expiry in 2014 of the first regulatory period. Thereafter on 31 December 2014 an Interministerial Decree (Decree no. 588) adopted by way of an agreement between the MIT and the MEF, approved a 1.5% tariff increase for the year 2015 in relation to the tariff fees pertaining to the Issuer.

On 26 June 2015, the Issuer proposed and submitted to the MIT for its approval, a review of the PEF/PFR (as subsequently integrated by the Issuer later on 7 August 2015) which, *inter alia*, provides for a tariff increase of 1.5% for 2016. The MIT process for approval is still in progress. In the meantime, on 14 October 2015, the Issuer submitted to the MIT an application to obtain an annual increase of the tariffs for year 2016 amounting to 2.59%. However, the MIT, by means of its Decree no. 440 of 31 December 2015, suspended the annual increase of tariffs for the year 2016 until the approval of the reviewed PEF/PFR. According to this decree, the tariff increase due for the year 2016 will be, together with approval of the reviewed PEF/PFR, determined by the MIT when it will approve the tariff increase for year 2017, provided that the Issuer will be

Inflation and nominal tariff changes - %						
	2010	2011	2012	2013	2014	CAGR
Inflation.....	1.50%	2.80%	2.90%	1.20%	0.30%	1.70%
A4 Mestre By-pass (A)	(1.18%)	(1.18%)	(1.18%)	13.55%	6.26%	3.09%
A4 Padua - Venice and the Mestre Ring Road (B, C).....	(1.00%)	(1.00%)	(1.00%)	13.19%	6.26%	3.14%

entitled to recover the tariff increase due during the suspension period.

Source: Issuer data. (1) Inflation as measured by the consumer price index (Istat – NIC).

Results of operations

Set out below is a brief description of the key items which affect the Issuer's cash generation capacity:

Revenues

Substantially all of the Issuer's Total Revenues derive from regulated activities which are mainly the toll road revenues (**Toll Revenues**) from the Motorway Assets. For the year ended 31 December 2014, the A4 Mestre By-pass accounted for approximately 51% of Toll Revenues, being the most important asset of the Concession; the remaining amount (approximately 49%) was split between the A4 Padua-Venice stretch of the A4 motorway and the A57 Mestre Ring Road.

The breakdown of Toll Revenues from Motorway Assets for the year ended 31 December 2014 set out below shows the higher portion of the A4 Mestre By-pass deriving from HGV revenue as opposed to LV+LGV revenue reflecting the different traffic composition. A higher portion of commuters from/ to Venice are light vehicle users.

2014 Toll Revenue Breakdown by Motorway Assets			
	A4 Mestre By Pass	A4 Padua – Venice	A57 Mestre Ring Road
LV + LGV	47%	19%	34%
HGV	62%	17%	21%
Total	51%	19%	30%

Source: Issuer data.

The following table shows a breakdown of the Issuer's revenues, which is calculated by subtracting from Total Revenues a pass-through item represented by the toll revenue surcharge (**ANAS Surcharge**), which is credited to ANAS (*Integrazione canone di concessione*, as per Law no. 102/2009 and Law no. 122/2010) (**Adjusted Total Revenues**). The ANAS Surcharge is calculated based on the traffic volume. See "Description of the Project Documents – Concession fee".

Revenue Breakdown – EUR m				
	2012	2013	2014	30.09.2015
Toll Revenues	118.7	127.3	132.8	106
Service Area Revenues	3.5	3.5	3.9	3.1
Other Revenues	4.0	3.5	3.5	2.7
Total Revenues	126.2	134.2	140.2	111.8
ANAS Surcharge	(13.5)	(13.2)	(12.9)	(10.1)
Adjusted Total Revenues	112.7	121.1	127.3	101.7
Cash-Basis Total Adjusted Operating Costs	(41.3)	(43.3)	(40.7)	(33.2)
EBITDA	71.5	77.8	86.6	68.5

Source: Issuer data.

Operating costs

The following table shows a breakdown of the Issuer's cash-basis operating costs. For consistency purposes, the ANAS Surcharge is deducted from the cash-basis operating costs (**Total Adjusted Operating Costs**).

Cost Breakdown – EUR m				
	2012	2013	2014	30.09.2015
Ordinary maintenance	(10.6)	(11.3)	(8.1)	(7.3)
Services & Materials	(10.8)	(10.9)	(10.6)	(8.3)
Operating leases	(0.6)	(0.6)	(0.6)	(0.4)
Concession Fees	(2.6)	(2.7)	(2.9)	(2.3)

Employees	(16.3)	(17.1)	(17.9)	(14.3)
Other	(0.4)	(0.6)	(0.6)	(0.6)
Total Adjusted Operating Costs	(41.3)	(43.2)	(40.7)	(33.2)
% of Adjusted Total Revenue.....	(36.6%)	(35.7%)	(32.0%)	(32.6%)

Source: Issuer data.

Total Adjusted Operating Costs mainly comprise ordinary maintenance, services and materials and employee costs.

Ordinary maintenance costs are related to maintenance activities which are conducted in line with the PEF/PFR in the Concession Agreement and include the cost of materials as well as the maintenance service costs paid to third parties. Service costs mainly include the operational costs shared among different Concessionaires, highway lighting costs and administrative expenses. Operating leases are mainly associated with car rentals. Concession fees are amounts payable to ANAS and/or the MIT as a percentage of revenues where the percentage depends on the revenue's nature. Lastly, employee costs are another major operating cost item which increased due to the new national collective employment contract and new company collective agreements as well as increases in headcount.

EBITDA

	EBITDA – EUR m			
	2012	2013	2014	30.09.2015
EBITDA.....	71.5	77.8	86.6	68.5
% of Adjusted Total Revenue.....	63.4%	64.3%	68.0%	67.4%

Source: Issuer data.

Capital expenditure

The amount of capital expenditure invested was as follows:

	Capital Expenditure Breakdown – EUR m			
	2012	2013	2014	30.09.2015
Capital Expenditure	32.0	9.6	65.0	8.5

Source: Issuer data.

A large part of 2012-2014 capital expenditures were for ancillary completion works for the Mestre By-pass (approximately EUR 22.2 million in 2012, EUR 6.7 million in 2013 and EUR 65.0 million in 2014) related mainly to the Martellago- Scorzè toll booth and the Marcon junction.

As at 30 September 2015 approximately 98% of investment in construction works had been completed and, accordingly, the Issuer believes that capital expenditure requirements in the short term will be mainly limited to maintenance related capital expenditure.

SELECTED FINANCIAL INFORMATION

The following tables contain:

- (i) balance sheet and income statement information of the Issuer as at and for the years ended 31 December 2014 and 2013, derived from the Issuer's audited annual financial statements as at and for the years ended 31 December 2013 and 31 December 2014.
- (ii) balance sheet and income statement information of the Issuer as at and for the nine months ended 30 September 2015 derived from the Issuer's unaudited financial statements as at and for the nine months ended 30 September 2015.

This information should be read in conjunction with, and is qualified in its entirety by reference to the Issuer's audited annual financial statements as at and for the years ended 31 December 2014 and 2013 and its unaudited financial statements as at and for the nine months ended 30 September 2015, together with the accompanying notes and auditors' reports, all of which are set out in Appendix 4 to this Offering Circular.

The Issuer has prepared its financial statements set out in Appendix 4 to this Offering Circular in accordance with generally accepted accounting principles in Italy, as prescribed by Italian law and supplemented by the accounting principles issued by the Italian accounting profession. As the Issuer has no subsidiaries, it does not produce consolidated financial statements.

Ria Grant Thornton S.p.A, the current auditors to the Issuer, have audited the Issuer's annual financial statements as at and for the years ended 31 December 2014 and 2013, and have performed a limited review on the Issuer's financial statements as at and for the nine months ended 30 September 2015 in accordance with Assirevi document No. 188 and International Standards on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity (ISRE 2410)".

Copies of the above-mentioned annual financial statements of the Issuer are available for inspection by Bondholders, as described in "General Information".

BALANCE SHEET (ALL IN EUROS)	31/12/2013²	31/12/2014³	30/09/2015⁴
ASSETS			
A) SUBSCRIBED CAPITAL UNPAID	0	0	0
B) FIXED ASSETS			
I. Intangible assets			
4) Concessions, licences, trademarks and similar rights	37,897	7,830	29,904
6) Intangible assets in progress and advances	47,171,228	110,591,220	6,353,609
7) Other intangible assets	716,153,794	679,206,623	759,775,722
	<u>763,362,919</u>	<u>789,805,673</u>	<u>766,159,235</u>
II. Tangible assets			
1) Land and buildings	26,128	22,644	20,038
2) Plant and machinery	219,739	165,005	116,245
3) Industrial and commercial equipment	43,010	35,557	30,870
4) Other tangible assets	424,603	336,010	280,636
	<u>713,480</u>	<u>559,216</u>	<u>447,789</u>
III. Financial assets			
Investments in:			

² Figures as presented in the Issuer's audited financial statements as at and for the year ended 31 December 2013.

³ Figures as presented in the Issuer's audited financial statements as at and for the year ended 31 December 2014.

⁴ Figures as presented in the Issuer's unaudited financial statements as at and for the nine months ended 30 September 2015.

BALANCE SHEET (ALL IN EUROS)	31/12/2013²	31/12/2014³	30/09/2015⁴
b) associates	299,767	299,767	299,767
d) other companies	1,058	1,058	1,058
	300,825	300,825	300,825
Total fixed assets	764,377,224	790,665,714	766,907,849
C) CURRENT ASSETS			
<i>I. Inventories</i>			
1) Raw materials and consumables	1,056,770	1,077,125	1,028,875
<i>II. Receivables</i>			
1) Trade receivables			
- due within 12 months	4,883,978	5,000,883	1,679,633
- due after 12 months	0	834,520	784,752
4 bis) Tax receivables	79,169,515	64,643,159	50,128,268
4 ter) Deferred tax assets	1,593,793	1,292,565	747,003
5) Other receivables:			
- due within 12 months	168,734,481	177,011,475	192,570,299
- due after 12 months	32,936,367	28,221,885	23,533,409
	287,318,134	277,004,487	269,443,364
<i>III. Financial assets not classified as fixed assets</i>	0	0	0
<i>IV. Cash and cash equivalents</i>			
1) Bank and postal deposits	52,752,932	67,024,702	100,415,197
3) Cash on hand	67,347	68,363	68,419
	52,820,279	67,093,065	100,483,616
Total current assets	341,195,183	345,174,677	370,955,855
D) ACCRUED INCOME AND PREPAID EXPENSE	3,645	5,258	228,611
TOTAL ASSETS	1,105,576,052	1,135,845,649	1,138,092,315
LIABILITIES	31/12/2013	31/12/2014	30/09/2015
A) EQUITY			
I. Share capital	2,000,000	2,000,000	2,000,000
IV. Legal reserve	400,000	400,000	400,000
VII. Other reserves:			
- Extraordinary reserve	47,641,383	47,641,383	59,196,021
- Non-distributable reserve, art. 2426 Italian Civil Code	20,410	25,826	25,826
- Restricted reserve for road infrastructures	0	9,776,227	9,776,227
- Restricted reserve for sanctions and penalties	175,000	175,000	175,000
- Restricted reserve for maintenance works differences	918,054	918,054	2,571,608
IX. Profit (loss) for the year	9,781,643	13,208,192	11,665,436
	60,936,490	74,144,682	85,810,118
B) PROVISIONS FOR RISKS AND CHARGES			
3) Other:			
a) for risks	150,000	150,000	150,000
c) for renewals	12,450,309	16,537,288	18,760,510

LIABILITIES	31/12/2013	31/12/2014	30/09/2015
	12,600,309	16,687,288	18,910,510
<i>C) POST-EMPLOYMENT BENEFITS</i>	557,067	424,090	433,222
<i>D) PAYABLES</i>			
4) Payables to banks	423,500,000	414,663,164	399,400,864
7) Trade payables	6,300,094	5,474,973	5,161,093
10) Payables to associates	0	0	0
12) Tax payables	736,891	2,613,669	2,864,915
13) Social security payables	1,118,140	1,195,196	1,004,881
14) Other payables	599,483,689	620,227,378	621,302,847
	1,031,138,814	1,044,174,380	1,029,734,600
<i>E) ACCRUED EXPENSE AND DEFERRED INCOME</i>	343,372	415,209	3,203,865
TOTAL LIABILITIES	1,105,576,052	1,135,845,649	1,138,092,315
MEMORANDUM ACCOUNTS			
Leased assets	100,350	68,450	59,450
TOTAL MEMORANDUM ACCOUNTS	100,350	68,450	59,450
INCOME STATEMENT	31/12/2013	31/12/2014	30/09/2015
<i>A) PRODUCTION VALUE</i>			
1) Revenue from sales and services	132,976,422	139,117,637	111,002,123
5) Other revenue and income:	1,271,576	1,098,432	779,075
	134,247,998	140,216,069	111,781,198
<i>B) PRODUCTION COSTS</i>			
6) Raw materials and consumables	1,224,575	969,249	742,380
7) Service costs	20,889,250	17,730,785	14,838,779
8) Lease and rental expense	642,289	581,664	445,299
9) Personnel costs			
a) salaries and wages	12,037,171	12,595,648	10,085,625
b) social security contributions	3,824,309	4,000,745	3,165,216
c) post-employment benefits	859,523	911,567	693,808
e) other costs	428,353	417,483	344,288
	17,149,356	17,925,443	14,288,937
10) Amortisation, depreciation and write-downs:			
a) amortisation of intangible assets	37,921,480	38,432,369	32,135,052
b) depreciation of tangible assets	277,220	254,053	141,274
d) write-down of receivables included in current assets and cash and cash equivalents	180,653	0	0
	38,379,353	38,686,422	32,276,326
11) Changes in inventories of raw materials and consumables	-92,822	-20,355	48,250
13) Other provisions			
b) Allocation to provision for renewals	11,776,505	11,779,822	9,316,255
c) Utilisation of provision for renewals	-11,065,047	-7,692,843	-7,093,033
14) Other operating costs	16,554,246	16,447,716	12,925,894

INCOME STATEMENT	31/12/2013	31/12/2014	30/09/2015
	95,457,705	96,407,903	77,789,087
<i>DIFFERENCE BETWEEN PRODUCTION VALUE AND COSTS</i>	38,790,293	43,808,166	33,992,111
<i>C) FINANCIAL INCOME AND CHARGES</i>			
16) Other financial income:			
d) other income	1,144,671	2,863,824	2,156,143
17) Interest and other financial charges	-24,125,860	-25,898,313	-18,540,499
	-22,981,189	-23,034,489	-16,384,356
<i>D) VALUE ADJUSTMENTS TO FINANCIAL ASSETS</i>			
18) Revaluation:			
a) of investments	5,416	0	0
<i>E) EXTRAORDINARY INCOME AND CHARGES</i>			
20) Income	0	0	0
21) Charges	0	0	0
	0	0	0
<i>INCOME BEFORE TAXES</i>	15,814,520	20,773,677	17,607,755
22) Income taxes for the period			
a) current taxes	5,054,788	7,264,257	5,396,756
b) deferred tax liabilities	0	0	0
c) deferred tax assets	978,089	301,228	545,563
	-6,032,877	-7,565,485	-5,942,319
23) Profit (loss) for the period	9,781,643	13,208,192	11,665,436

DESCRIPTION OF THE PROJECT DOCUMENTS

Introduction

The Project's origins date back to 1997 when the Italian Government and the Veneto Region signed a framework agreement for the construction of a motorway link aimed at regulating traffic flows on the roads in the Mestre area (the Mestre By-pass, as defined below).

In 2002 ANAS was awarded a Concession for the construction of the Mestre By-pass with the right to grant to third parties the operation, improvement and maintenance of the relevant infrastructure.

The plan provided that the Mestre By-pass was to be completed with ANAS bearing the construction costs to be reimbursed to ANAS by the Concession holders upon commencement of the operation and maintenance activities of the Mestre By-pass.

In 2003, following the declaration of a state of emergency for the traffic conditions in the Mestre area, the regional secretary of infrastructure and mobility of the Veneto Region was appointed as delegated commissioner (the **Delegated Commissioner**). The Delegated Commissioner was granted with the power, among others, to award the works for the construction of the Mestre By-pass to a general contractor. The Delegated Commissioner was entrusted by law *pro-tempore* with functions originally granted to ANAS for as long as the state of emergency was effective. Such state of emergency was terminated in 2012.

On 30 April 2004, the Delegated Commissioner entered into the General Contract with Passante di Mestre S.c.p.A. (a consortium set up by the original general contractors Impresa Impregilo S.p.A., Grandi Lavori Fincosit S.p.A. and Consorzio Cooperativo Costruzioni) (the **General Contractor**) for carrying out the final project design and the construction works of the Mestre By-pass (including the relevant deed of amendments and integrations and the related documentation in relation thereto).

Law No. 244 of 27 December 2007 (**Law 244/2007** or **Awarding Law**) established that the operation and maintenance activities related to the Mestre By-pass as well as the motorway stretches previously operated by Società delle Autostrade di Venezia e Padova S.p.A. (including the A4 Padua-Venice, the Mestre Ring Road and the Airport Motorway Link as defined below) were to be awarded to a company owned 50% by ANAS and 50% by the Veneto Region or to a subsidiary company of the same. Law 244/2007 provides that the above-mentioned company should assume the financial obligations borne by ANAS for the construction works for the Mestre By-pass.

On 1 March 2008, in light of the provisions of Law 244/2007, ANAS and the Veneto Region incorporated the Issuer.

On 30 January 2009, ANAS, as grantor at such time, and the Issuer signed the original concession agreement (the **Original Concession Agreement**), which was approved by Interministerial Decree No. 81 of 4 February 2009. Subsequently, on 8 February 2009, the Mestre By-pass was opened to traffic and ANAS transferred the operation of the Mestre By-pass to the Issuer while operation of the A4 Padua-Venice, the Mestre Ring Road and the Airport Motorway Link (as defined below) was transferred from SAVP to the Issuer on 1 December 2009.

In 2010 the Issuer and ANAS, as grantor at such time, decided to execute a revised Concession Agreement aimed at regulating the concessionary relationship between ANAS and the Issuer, including both the provisions of the Original Concession Agreement that were still in force and the new provisions that the parties intended to establish following an update of the Financial and Economic Plan. Therefore, on 23 March 2010, the Issuer and ANAS signed the Concession Agreement (as defined below), which however took effect only on 23 February 2012 (the date of its registration by the Court of Auditors (*Corte dei Conti*)). The Concession Agreement was executed for the purpose, *inter alia*, of providing financial coverage for the reimbursement to ANAS of the additional costs borne by the latter for ancillary construction works relating

to the Mestre By-pass which were not included in the Original Concession Agreement and including them in the Financial and Economic Plan (and therefore in the tariff).

In 2010, pending the completion of the approval process of the Concession Agreement (which took place only upon its registration by the Court of Auditors (*Corte dei Conti*) on 23 February 2012), the Issuer, ANAS as grantor at such time and the Delegated Commissioner agreed on 9 December 2010 through the signing of a commitment protocol (the **2010 Agreement**), that the Issuer would have borne directly the costs for the realization of the ancillary and completion works of the Mestre By-pass, advancing financial resources to this end.

With a view to the refinancing of the Issuer's debt vis-à-vis ANAS under the Concession Agreement, on 28 October 2011, ANAS, as Grantor, and the Issuer entered into a commitment protocol (the **Commitment Protocol**) to regulate certain principles to be implemented when revising the PEF/PFR following the completion of the financing transaction. Then, on 14 November 2011, the Issuer and ANAS entered into an undertaking letter (the **Undertaking Letter**) to regulate a specific undertaking by the Issuer related to the review of the PEF/PFR to be carried out following the execution of the relevant facility agreement.

On 29 September 2012 ANAS, as grantor at such time, and the Issuer clarified and specified the interpretation of some provisions of the Concession Agreement by way of an exchange of letters (the **Interpretation Letter**).

Each of the key documents defined above are described in more detail below:

- (a) the Concession Agreement which replaced the Original Concession Agreement, executed on 23 March 2010 between ANAS as grantor at such time and the Issuer (the **Concession Agreement**);
- (b) the Interpretation Letter;
- (c) the Commitment Protocol;

Related documents described in this section are:

- (a) the Undertaking Letter;
- (b) the General Contract; and
- (c) the 2010 Agreement.

A. CONCESSION AGREEMENT

The effectiveness of the Concession Agreement

The Concession Agreement was approved by Interministerial Decree No. 408 of 22 November 2011 (registered by the Court of Auditors (*Corte dei Conti*) on 23 February 2012) and, therefore, is fully effective between the parties.

Scope of the Concession Agreement

The scope of the Concession Agreement (the **Motorway Assets**) includes:

- the operation, including ordinary and extraordinary maintenance of the A4 Mestre By-pass (*Mestre By-pass*), connecting the Padua-Mestre section of the A4 with the A27 Venice-Belluno and the Trieste-Venice section of the A4 (the **Mestre By-pass**), from 8 February 2009;
- the operation of the following motorway sections, previously operated under a Concession granted to Società delle Autostrade di Venezia e Padova S.p.A. (the **Venice-Padua Stretch**) including:

- i. A4 Padua-Venice: section of the A4 motorway between Padua East and the western interconnection with the A57 Mestre Ring Road; (the **A4 Padua-Venice**)
- ii. A57 Mestre Ring Road (the **Mestre Ring Road**); and
- iii. the motorway link between the A57/A27 and the "Marco Polo" airport (the **Airport Motorway Link**,

from 1 December 2009;

- the construction and/or financing of certain completion and/or complimentary works listed under Appendix (H) to the Concession Agreement, including among others:
 - a. certain ancillary investments connected with the operation of the Motorway Assets, such as the improvement of the remote traffic-management systems, the installation of automatic payment systems in certain tollbooths and the restoration of the traffic-police station in Mestre;
 - b. certain completion works in relation to the Mestre By-pass (partially already planned in the original project albeit with different technical solutions), such as the realisation of the Dolo-Pianiga, Riviera del Brenta and Martellago-Scorzè tollbooths, the performance of certain mitigation works (so-called "*Passante Verde*") and other environmental mitigation works, the construction of certain service and/or parking areas and the construction of certain conjunction stretches to the tollbooths;
 - c. financing of the completion of certain investments previously undertaken by Società delle Autostrade di Venezia e Padova S.p.A. (including certain road connections and, in particular, the connection road between the Marco Polo Airport Link and S.S. 14), as further detailed under Appendix (M) to the Concession Agreement. In any case, the Concession Agreement specifies that the Issuer's obligation to finance these works will be limited to the amounts specified under the PEF, equal to EUR15,220,000.

In addition, the Issuer may perform and/or finance additional works aimed at improving regional traffic flows and infrastructures, to the extent that:

- it complies with the requirement of CIPE Resolution 3/2007; and
- it receives from the Veneto Region instructions in relation to these additional works.

CIPE Resolution 3/2007 states that the resources generated by the Motorway Assets – in excess of the amounts necessary to pay operating and maintenance costs, to depreciate investment made and to reimburse the financings related to the investments already made – are to be used to finance additional investments in motorway infrastructures, to be agreed between the Veneto Region and the MIT. As of the date hereof no such agreement has been signed between these two entities. In any case any such future additional investment would be possible only to the extent there would be resources in excess of debt service.

Duration of the Concession Agreement

The expiry of the Concession Agreement is scheduled for 31 December 2032. The Concession Agreement provides that a year before the scheduled expiry, the Grantor and the Issuer will jointly verify the overall condition of the infrastructure. Following this, the Grantor will order, if necessary, the required restorations and changes to be made to the infrastructure according to the provisions of the executive project and its subsequent amendments (see "*Planning of the works and design*"). In the case of breach of these obligations, the Issuer is liable for damages and for payment of the sanctions referred to in the Concession

Agreement, subject to joint verification by the parties, see " - *Application of Sanctions and Liquidated Damages to the Concession holder*".

Following the scheduled expiry of the Concession Agreement, the Issuer will transfer the Motorway Assets to the Grantor for free, in a good state of repair and free from any burdens or encumbrances, without any compensation for the improvements it has carried out. The Concession Agreement provides that following the scheduled expiry of the Concession Agreement, if the contract is not renewed, the Issuer must nonetheless continue the ordinary operation of the Motorway Assets until these responsibilities are transferred to a new operator. Furthermore, if non-renewal of the Concession is due to a change of law that prevents the Issuer from continuing to operate the Motorway Assets, the Issuer shall continue the operation of the Motorway Assets (in theory, without any specific limitation under the Concession Agreement to ordinary activities only) until the identification of the replacement operator.

On 7 October 2015, the Issuer delivered an application to the MIT to request the latter to evaluate the possibility of granting a postponement of the expiry of the Concession Agreement up to year 2050 (**MIT Extension Application**). In particular, the Issuer has represented that at the expiry of the Concession Agreement, the Issuer may submit to the MIT a proposal to extend the duration of the Concession. Pursuant to the application filed by the Issuer, this extension would be aimed, *inter alia*, to (i) raise resources to service the reimbursement of the debts vis-à-vis ANAS and vis-à-vis the Bondholders in a context of maximum certainty relating to the Issuer's operations, (ii) ensure a significant amount of profits are designated towards investments in works of regional interest, and (iii) reduce the levels of annual tariff increases, for the benefit of the end- users (of the Mestre By-pass) and, more generally, the public economy. As of the date of this Offering Circular, the MIT has not provided any answer or requested any clarification in relation to the MIT Extension Application.

Obligations of the Issuer as Concession holder

The Issuer undertakes the obligation to provide for, at its own expense and care, the operation and ordinary and extraordinary maintenance of the Motorway Assets in conditions of economic and financial balance, until the scheduled expiry of the Concession Agreement and in compliance with the provisions of the PEF and the PFR, both included in Schedule D (*Financial and Economic Plan and financial-regulatory plan*) to the Concession Agreement as updated from time to time.

The Concession Agreement provides a list of activities and undertakings that are the exclusive responsibility of the Issuer, including, among others,:

- the technical operation of the infrastructure;
- the implementation of directives issued by the Grantor regarding the provision of services by the Issuer to users, with identification of the levels of quality for these services;
- the maintenance of the Motorway Assets via its constant upkeep and prompt repair and improvement through activities that are instrumental and ancillary to the motorway service, to be provided exclusively or mainly by third parties to users;
- the organisation, maintenance and promotion of a road rescue service;
- submission to the Grantor in November of each year, the plan which details the ordinary maintenance work that the Issuer intends to carry out on the Motorway in the immediate following calendar year;
- submission to the Grantor for approval of the extraordinary maintenance projects for the Motorway Assets, provided that the extraordinary maintenance works are intended to be all works that are not included in the works in the paragraph above;

- communication to the Grantor, on a monthly basis, of the verification of the costs for each service, divided between operation and construction services, in order to allow the Grantor to exercise its control over the Issuer and to update the tariffs;
- upon request of the Grantor, and in any case at the end of each three-month period, certain financial, technical and operational performance data;
- the certification of financial statements pursuant to applicable legislation;
- the application and compliance with the provisions of Legislative Decree No 163⁵ of 12 April 2006 (the Public Contract Code) in any contracting to third parties
- to provide in its by-laws for clauses regarding:
 - the appointment of an auditing firm for the audit of accounts;
 - the presence in the board of statutory auditors of both a member of the Ministry of Economy and Finance, who will act as chairman of the board, and a member of the Grantor;
 - the prevention of conflicts of interest of directors and special requirements as to ethics and professionalism; and
 - the independence of a certain number of directors.
- the maintenance of a ratio between operational cash flow available for debt service and debt service higher than 1:2. Every year the Issuer is required to provide the Grantor with the calculation of this ratio, confirming compliance with the above-mentioned value within fifteen days from the approval of the financial statements.

If the ratio falls below 1:2, the Grantor will give notice of a default to the Issuer, providing it with a period of no less than three months to remedy, by which the Issuer must rectify the ratio by means of a capital increase and/or any other appropriate means to reduce the Issuer's debt exposure. If the Issuer has not remedied the default within this term, the Grantor has the right to activate the termination procedure under the Concession Agreement (see "*Expiry of the Concession due to the Issuer's default*").

In addition, the Issuer shall bear the costs for the construction and maintenance of the traffic police stations and if necessary provide for additional costs for traffic safety, subject to the Grantor's consent.

The Issuer is under an obligation to provide precautions that must be observed by the providers of public transport services that pass through the Motorway Assets, by third party sub-concession holders and by those that provide the key and ancillary services. In the case of failure to comply, the Grantor will replace the Issuer in carrying out these activities and the cost of doing so will be borne by the Issuer.

The Concession Agreement provides that the Issuer shall record and notify the Grantor with quality indicators (i.e. the safety indicator and the indicator of structural state of paving) in order to measure the level of quality of the service provided to motorway users and to agree upon the introduction of any new indicators of quality to be based upon objective and verifiable tests, for the purpose of application of liquidated damages under the Concession Agreement.

The Issuer is responsible under civil and criminal law for all activities deriving from the Concession Agreement. The Issuer assumes liability for damages to all persons and objects, including both employees and their materials, and damage caused to third parties in relation to the carrying-out of the works and related

⁵ Legislative Decree No. 163 of 12 April 2006 (the Public Contract Code) regulates public contracts regarding works, services and supplies by way of the implementation of Directive 2004/17/EC and Directive 2004/18/EC.

activities. The Issuer also undertakes liability for any loss incurred by the Grantor for damage or destruction, even partially, to systems and structures (including those which were pre-existing), which occurs during the carrying-out of the works.

Rights of the Issuer

The Issuer has the following rights under the Concession Agreement:

- to collect toll payments;
- to award to third parties the Concession for occupation and use of the Motorway Assets and its appurtenances, subject to payment to the Grantor of a sub-concession fee. Such sub-contracting agreements regarding concessions shall be disclosed to the Grantor and cannot be of a duration longer than the remaining Concession period.

For more details on the obligation to pay a fee to the Grantor and the relevant calculation of the fee, see " - *Concession fee*" below; and

- to carry out advertising activities in compliance with legal regulations and collect the relevant fees. Advertising contracts cannot be awarded for a duration longer than the remaining Concession period.

Should the Issuer enter into a loan to obtain the requisite financial resources to finance any new works, any such loan would be required to be repaid before the scheduled expiration of the Concession Agreement.

The Issuer's financial obligations to ANAS

The Issuer has acknowledged that the construction costs of the majority of the works in connection with the Mestre By-pass and complementary works included in the project were funded by ANAS, net of the costs covered by public grants, and has undertaken to reimburse ANAS for these costs.

The Issuer has repaid to ANAS EUR 350 million with the proceeds of the loan in 2013 from CDP under the Existing CDP Facilities Agreement, leaving an outstanding balance of approximately EUR 446.24 million still to be paid to ANAS (net of the public grants owed by ANAS to the Issuer). The Issuer intends to reimburse ANAS in full with the proceeds of the Bonds.

The VAT due on the amount reimbursed to ANAS will be financed with the proceeds of a subordinated VAT shareholder loan from ANAS (the **VAT Subordinated Facility Agreement**).

Public grants to the Issuer

The PEF includes public grants assigned by ANAS to the Issuer in an amount equal to EUR 283,654,000 to contribute to the investment costs for the completion of the Mestre By-pass, divided as follows:

- EUR 113,116,500 under CIPE Resolution 92/2002 which has already been received by ANAS but not yet paid to the Issuer and will, accordingly, be set off at closing;
- EUR 70,537,500 under Article 1, paragraph 78, letters I and (i) of Law No. 266 of 23 December 2005 of which:
 - (a) As of 30 September 2015, EUR 42,322,500 was paid to ANAS by MIT but has not yet been paid to the Issuer and will, accordingly, be set off at closing;

- (b) EUR 28,215,000 will be paid to ANAS by MIT which then will be paid to the Issuer within 45 days of its receipt in 6 annual instalments of a maximum amount of EUR 4,702,500 each, starting from 2016. No term is provided for the payment from the MIT to ANAS and ANAS will reimburse the Issuer to the extent ANAS receives such payment from MIT.
- EUR 100,000,000 under Article 1, paragraph 1045 of Law No. 296 of 27 December 2006 (**Law No. 296/2006**) which will be set off at closing.

Expiry of the Concession due to the Issuer's default

If there are material and/or on-going breaches by the Issuer of its obligations under the Concession Agreement, the Grantor will notify the Issuer of its default, and will allow a period of no less than 90 days for the Issuer to resolve the issues and to fulfil its obligations. If the Issuer does not comply within the required timeframe and/or the Grantor does not agree with the counterarguments received from the Issuer, the Grantor will provide a further period to the Issuer of not less than 60 days to comply. Once this term has expired and the Issuer has not remedied its default, the Grantor will propose the termination of the Concession Agreement, which will be declared by the MIT and the Ministry of Economy and Finance. Following the termination of the Concession Agreement, the Issuer will remain under an obligation to proceed with the ordinary operation of the motorway until the Concession is transferred to a new Concession holder. While the Concession Agreement does not explicitly provide for any right for the Issuer to receive any termination indemnity for such a case (termination for breach by the Issuer) the Interpretation Letter sets out the applicability of termination indemnities to this case, to be calculated according to the formula provided in the Concession Agreement (see next paragraph - "*Termination of the Concession Agreement for reasons other than by reason of default by the Issuer*").

The Grantor has a right to claim against the Issuer for any default in its obligations under the Concession Agreement and therefore if the Issuer has the right to receive the termination indemnity and also has, for any reason (i.e. for liquidated damages, sanctions or any greater damages), a due and payable debt owed to the Grantor, the Grantor would have the right to set off the termination indemnity with what the Issuer owes to it.

However, it should be noted that Art. 159 of the Public Contract Code states that in the case of possible termination of the Concession for reasons attributable to the Concession holder, the entities that have financed the project may prevent termination by designating a company to step into the Concession instead of the Concession holder. According to Law Decree No. 133 of 12 September 2014, the bondholders are included to be able to take advantage of this "step in" right.

Termination of the Concession Agreement for reasons other than by reason of default by the Issuer

If the termination of the Concession Agreement is due to reasons of public interest, the Issuer will be repaid for:

- the value of the works that have been carried out, plus ancillary costs, net of depreciation, or, if the works have not yet passed commissioning, the costs actually sustained by the Issuer;
- liquidated damages and other costs sustained or to be sustained as a consequence of the termination, including repayment of amounts that have been paid to Società delle Autostrade di Venezia e Padova S.p.A., less depreciation; and
- an indemnity for loss of profits, equal to 10% of the value of the works that still have to be carried out or of the part of the service that remains to be operated, to be assessed on the basis of the PEF and the PFR.

For further information, see " – *Interpretation Letter*".

Under the Public Contract Code, the Concession Agreement will be terminated only once the above payments are made to the Issuer. The Public Contract Code states that bondholders have priority over this termination indemnity.

In relation to the termination of the Concession Agreement due to reasons that are not attributable to the Concession holder, or that prevents the continuation by the Issuer of the operation and management of the motorway, the Issuer will be reimbursed for:

- the value of the works that have been carried out, and/or of the financings that have been repaid to ANAS under the Concession Agreement, plus ancillary costs, net of depreciation, or, for works that have not yet passed the commissioning, the costs that have been effectively sustained by the Issuer and/or contributions that have been effectively paid to third parties that have carried out the relevant works;
- liquidated damages and other costs sustained or to be sustained as a consequence of the termination, including reimbursement of the amounts that have been paid to Società delle Autostrade di Venezia e Padova S.p.A., less depreciation. As mentioned above, bondholders have priority over this termination indemnity according to the Public Contract Code).

Interest will accrue on any late payments by the Grantor.

In relation to the above, the Concession Agreement does not specify whether the effectiveness of the revocation, cessation and/or termination of the Concession Agreement is subordinated to payment of the indemnity by the Grantor. Under the Public Contract Code, the effectiveness of the revocation is conditional upon the payment of the indemnity. As per other termination scenarios under Article 23 of the Concession Agreement, see " – *Interpretation Letter*".

Moreover, the Grantor has the right to set off the termination indemnity to be paid to the Issuer with any debt of the Issuer to the Grantor (e.g. for liquidated damages, sanctions or claims for damages).

Appendix 3 to this Offering Circular include hypothesis of the termination value profile over the life of the Bonds for reasons attributable to the Grantor. See also "Risk Factor - *There is significant uncertainty over the amount of the compensation due to the Issuer on early termination of the Concession*".

Financial statements and stake holding of the Concession holder

The Issuer shall send to the Grantor: (i) within 1 month from the date of approval, the annual financial statements approved by the shareholders' meeting and, if applicable, the consolidated financial statements of the group; and (ii) any changes to its by-laws within 30 days of implementation.

The Issuer is also under an obligation to notify the Grantor of any purchase of stakes, going concerns, or the incorporation of companies whose corporate purpose includes activities that are instrumental to the carrying-out of the services subject to the Concession, as well as variations in the participation, within 2 months from the undertaking of the relevant agreement.

Toll tariff

Calculation and application of the tariff

The tolls applied are determined by the distance in kilometres and the unitary tariff that applies, with the addition of extra costs and taxes as provided by the applicable law. Subject to the average weighted tariff per kilometre, the Issuer has the right, for commercial purposes or purposes related to collection or optimisation of the Motorway Assets, to adjust the tariff system by introducing differentiated base tariffs, if necessary, according to route, road features, types of vehicle, duration and payment method. This tariff adjustment shall be consistent with EC legislation and shall guarantee that the ratio between maximum and minimum tariffs

does not exceed a ratio of 1.5 and that the difference between different vehicle types shall not exceed a ratio of 3. Furthermore, should the average weighted tariff that is actually applied for each year be in excess of the one provided under line e5 of the PFR, an amount equal to the difference between the two tariffs multiplied by the final calculated traffic will be deducted from credits for notional items (*poste figurative*).

The Issuer shall also comply with *Isopedaggio* (iso-toll) requirements meaning that the same toll is exacted for a vehicle passing through the Mestre By-pass and the Mestre Ring Road. The *Isopedaggio* is aimed at neutralizing the choice of the route in terms of toll payable, through the increase of the "virtual kilometres" calculated at the toll barriers of Venice Mestre, Venice North and Venice East. To this end, the PEF provides a formulation of the "virtual kilometres", calculated on the open system throughout the Concession years, to render the two stretches equivalent in terms of toll payable.

Tariff formula

The Concession Agreement provides a tariff formula in line with CIPE Resolution and Law No. 2 of 28 January 2009, that applies during the regulatory period on the Motorway Assets. The tariff is adjusted on an annual basis according to the following tariff formula:

$$\Delta T = \Delta P * 70\% - X + K$$

where

- ΔT is the annual variation percentage of the tariff;
- ΔP is the rate of inflation of the past 12 months that, pursuant to the Concession Agreement, corresponds to the average annual variation of consumer prices for the national population (NIC index) as most recently measured and published by ISTAT, referring to the period 1 July - 30 June prior to the date in which the tariff variation application is filed;
- X is the annual variation percentage of the tariff calculated at the beginning of each regulatory period assuming the absence of further investments for the relevant regulatory period. The X factor for the current regulatory period is indicated under line e3 of the PFR. For each subsequent regulatory period, until the Concession expires, the X factor will be updated according to the New CIPE Resolution so that, assuming the absence of further investments for the relevant regulatory period, the present value of the revenues provided (line F of the PFR) is equal to the present value of the eligible costs (sum of line D and line E of the PFR), discounting the relevant amounts at the WACC;
- K is the annual variation percentage of the tariff as determined each year so as to allow remuneration of the investments carried out in the year before that for which it applies. The K factor is calculated so that the present value of incremental revenues forecasted until the end of the Concession period is equal to the present value of the incremental eligible costs, discounting the relevant amounts at the WACC and will be updated for the subsequent regulatory period, until the Concession expires, according to the New CIPE Resolution.

The tariff formula provided in the Concession Agreement slightly varies vis-à-vis the tariff formula provided in the CIPE resolutions because the tariff formula in the Concession Agreement is based on 70% of the actual inflation, rather than 100% estimated inflation.

For more details on the tariff formula, and in particular on the determination of the eligible costs and on the calculation of the WACC, pursuant to the CIPE Resolution and the New CIPE Resolution see "*Description of Administrative and Regulatory Regime - The tariff framework – Calculation of motorway toll tariffs*".

Procedure for the annual adjustment of tariffs

The Concession Agreement provides that the annual adjustment of tariffs will be carried out according to a procedure which is described in the section "*Description of the Administrative and Regulatory Regime – Annual tariff variations*" of this Offering Circular for the purposes of taking into account historical inflation and capex.

The Concession Agreement states that the Grantor may challenge the tariff adjustments on the basis of either (i) the correctness of the adjustments inserted in the formula (with particular reference to the amount of investments in the previous regulatory period) to determine the K variable to apply to the following year, or (ii) serious breach of the obligations in the Concession Agreement. If the Grantor challenges the tariff adjustments according to (i), then the Issuer shall apply the adjustment as stated by the Grantor and then the Issuer has the option to challenge this new tariff adjustment. If the Grantor challenges the tariff adjustment according to (ii) and the Issuer continues to breach its obligations, the Grantor may commence the termination of the Concession Agreement pursuant to art. 9 of the Concession Agreement (see – *Expiry of the Concession due to the Issuer's default*).

For more details on this matter see "*Description of Administrative and Regulatory Regime*".

For details on the current progress of the procedure concerning annual tariff adjustments for years 2015 and 2016 see "*Tariffs*" section under "*Description of the Project*".

Financial and Economic Plan, Financial Regulatory Plan and tariff update

The PEF, PFR and tariff variables will be updated on completion of all the works of the Mestre By-pass and at the end of each 5-year regulatory period as per CIPE Resolution and New CIPE Resolution. The current regulatory period of the Concession Agreement started on 1 January 2015.

Also the Concession Agreement states that, if upon the total reimbursement of the Issuer's debts to ANAS there should be a significant change compared to the structure and financial conditions reported in the PEF/PFR, the Concession Agreement will be updated, as well as the PEF and the PFR, with the realignment of the cost of debt (Kd) used in the determination of the WACC.

On 26 June 2015 the Issuer has submitted a proposal for the review and update of the PEF and PFR to the MIT for regulatory purposes (and subsequently integrated by the Issuer later on 7 August 2015).

For a description of the criteria that apply to the update of the PEF/PFR pursuant to the CIPE Resolution and the New CIPE Resolution see "*Description of Administrative and Regulatory Regime – Update of the PEF and the PFR at the end of a 5-year regulatory period*".

In addition to the above criteria, the Concession Agreement specifies that the following items will be included in the calculation of the amount of notional items (*poste figurative*) to be included in the calculation of the updated 5-year toll tariffs:

- a) lower investments or lower amount of ordinary maintenance works compared to those indicated in the PFR (difference to be deducted from amount of "*poste figurative*");
- b) higher or lower amount of Concession fee compared to that indicated in the PFR (difference to be added or deducted from amount of "*poste figurative*");
- c) higher or lower income from virtual kilometers calculated to ensure the calculation of the "*isopedaggio*" mechanism (see *Toll tariff - Calculation and application of tariff* above) compared to that indicated in the PFR (difference to be added or deducted from amount of "*poste figurative*").

The PFR and the PEF shall be updated also if extraordinary events occur, in particular in case of a new investment plan or extraordinary events that determine an alteration of the plans themselves, subject to prior assessment by the MIT and the Ministry of Economy and Finance. Pursuant to the Concession Agreement, the update to the PEF and the PFR shall also be carried out if public grants cease to be available (see "*Grants from the Grantor to the Issuer*" above). To date, there is no indication that such grants will cease to be available.

Concession fee

The Issuer has to pay to the MIT (58%) and to ANAS (42%) an annual Concession fee that is fixed at 2.4% of the net proceeds of the tolls. Commencing from the year beginning 2017, ANAS's share of the Concession fee will be reduced to 21% and the MIT share will be correspondingly increased.

In respect of any awarding of a sub-Concession to third parties for occupation and use of the Motorway Assets and its appurtenances, including commercial activities on appurtenances of the motorway State property and those relating to the commercial exploitation of telecommunication networks, the Issuer will pay the Grantor an annual fee of 2% of the relevant proceeds from such activities of each year.

Finally, there is an additional annual payment which is charged to the motorway Concession holder and is recovered from users of the motorway by applying an equivalent increase in the tariffs (the **ANAS Surcharge**). The ANAS Surcharge is calculated on the basis of the distance in kilometres for each vehicle that uses the motorway infrastructure (equal to 6 thousandths of a Euro per kilometre for toll classes A and B and to 18 thousandths of a Euro per kilometre for toll payment classes 3, 4 and 5).

Planning of the works and design

The Issuer shall provide the Grantor, by the end of November of each year, with a plan for ordinary and extraordinary maintenance works and the plan of works to be carried out in the following year. The Concession Agreement provides that the Grantor may allow an extension of the terms established for the presentation of related projects upon the Issuer's request in case of proven causes of force majeure.

The Concession Agreement provides that the Issuer is required to submit to the Grantor, for its approval, the final and/or executive related projects for the works under its responsibility under the annual plans, along with all schedules provided under legislation in force. The Grantor will directly carry out the verifications as provided for under regulations in force, with the costs being charged to the Issuer, subject to the Issuer acquiring all approvals and authorisations required by law. The final and executive projects must be approved by the Grantor within 90 days from their receipt. Once this term has passed, in the absence of amendments or integrations required by the Grantor, the projects are deemed approved.

Inspection and supervision of the Grantor

The Grantor exercises powers of inspection and supervision over the Issuer, also regarding the implementation of plans and, has the right to ask for all clarifications that are necessary for the ordinary and extraordinary maintenance; to examine accounting documentation as well as the economic and financial results (with particular regard to analytical accounts), to visit and assist the works, carry out tests, experiments, measurements and all else that is necessary to ascertain the proper progress of the works themselves. The Issuer will provide anything needed and bear the relevant costs and expenses.

Application of sanctions and liquidated damages to the Concession holder

The liquidated damages and sanctions set out in schedule L (*Regulations for the application of sanctions and liquidated damages*) of the Concession Agreement (the **Sanctions and Liquidated Damages Regulations**) will apply in the case of breach, non-compliance or omission, even partially, of the operational obligations and of the requirements under the Concession. The procedure is regulated by law. Failure to provide

assistance or disclose data or information required pursuant to schedule L amounts to a default following a first warning notice from the Grantor.

The Concession Agreement provides for the following procedure with regard to sanctions and liquidated damages: following the issuance of a report of the facts or the behaviours that amount to a default, the Grantor will send a written communication to the Issuer within fifteen days and the Issuer will have the right to reply in writing within fifteen days of receipt of the Grantor's communication. In the absence of a reply by the Issuer, it is assumed that the Grantor may, without any further discussion, apply the sanctions as provided for under the Sanctions and Liquidated Damages Regulations. If, on the other hand, the Issuer reply to the Grantor's notice and the Grantor deems that the response is not satisfactory, it will notify the Issuer within ten days following the receipt of the reply and then it will be assumed that the Grantor may, without any further debate, apply the sanctions as provided for in the Sanctions and Liquidated Damages Regulations.

According to the Sanctions and Liquidated Damages Regulations, if the Issuer continues to breach the relevant obligation the Grantor will continue to apply the relevant sanction until the Issuer complies, unless the Issuer's compliance is no longer possible. The sanctions will be paid by the Issuer within 20 days of receipt of the communication of their application by the Grantor. In case of a delay of over twenty days, the amount of the sanction will be increased by 10% and if the delay exceeds six months, the amount of the sanction will be further increased by 30%.

Furthermore, if the breach causes the application of sanctions for an amount that exceeds the cap provided under the Sanctions and Liquidated Damages Regulations for two consecutive years, the Grantor has the right to propose a suspension or termination of the Concession Agreement. The Sanctions and Liquidated Damages Regulations provide that the annual overall amount of the sanctions that apply to the Issuer cannot exceed 10% of the Issuer's annual turnover and cannot exceed the amount of EUR 150 million.

As for the type of sanctions that apply pursuant to the Sanctions and Liquidated Damages Regulations, these concern most of the obligations provided for under the Concession Agreement (e.g. the information obligations under articles 3 and 10 of the Concession Agreement, the obligation to keep analytical accounts and update the general accounts, the obligation to submit extraordinary maintenance projects) and the amounts of the sanctions vary from a minimum amount of EUR 25,000 to a maximum amount of EUR 2 million. In particular, failure to certify financial statements and failure to maintain a member of the Grantor and a member of the Ministry of Economy and Finance on the Board of Auditors in the Issuer's by-laws is subject to a fine of EUR 1 million.

Regarding the procedure to apply liquidated damages, the Sanctions and Liquidated Damages Regulations provides that if the Grantor ascertains a default by the Issuer (pertaining to obligations regarding the operation of the infrastructures that are indicated in the Sanctions and Liquidated Damages Regulations), the Grantor will immediately issue a report and send a warning notice to the Issuer, granting an appropriate term (which in any case, except for urgent cases, will not be less than twenty days) by which the Issuer must comply or provide justifications. Once the term has passed without the Issuer having complied or disclosed its reasons or if these reasons are not accepted by the Grantor, the Grantor may apply liquidated damages as provided for under the Sanctions and Liquidated Damages Regulations for the specific default, as well as the amount due for the notification expenses, demanding payment from the Issuer. Payment must be carried out within 20 days from receipt of the Grantor's communication of their application of the liquidated damages.

With regard to the type of liquidated damages provided under the Sanctions and Liquidated Damages Regulations, these arise from a series of obligations provided pursuant to the Concession Agreement in respect of the operation activities of the Motorway Assets (e.g. the opening and operation of each motorway or functional sections of it or the junctions in the absence of explicit authorisation of the Grantor or default of specific information obligations) and their amounts vary from a minimum of EUR 10,000 to a maximum of EUR 1 million. In particular, liquidated damages of EUR 500,000 apply to cases of breach of the "Q" quality index under schedule J) of the Concession and liquidated damages of EUR 1 million apply in the case of failure to activate or maintain a road rescue service. The Sanctions and Liquidated Damages Regulations does not provide for a maximum amount of liquidated damages that can apply to the Issuer.

Furthermore, the Sanctions and Liquidated Damages Regulations provides that, in addition to the sanction or the liquidated damages that apply from time to time, the Issuer shall pay any further damages borne by the Grantor due to any delay in compliance and/or breach by the Issuer of its obligations. On the other hand, if both sanctions and liquidated damages apply to the same default, the Grantor will have the right to choose whether to apply sanctions or liquidated damages.

In addition, the Sanctions and Liquidated Damages Regulations provide for an annual supervision and inspection programme that will be carried out by the Grantor in joint consultation with the Issuer, aimed at verifying and monitoring compliance of the Issuer with service levels.

Pursuant to the Ministerial Decree no. 341 of 1 October 2012, within the organisation of roles of the MIT, the supervision and control functions on the motorway Concession holders (including supervision on the execution of the construction works on the structures granted in Concession and control on the operation of the motorway that has been granted in Concession), have been assigned to the Supervisory Unit for Motorway Concession Holders (*Struttura di Vigilanza sulle Concessioni Autostradali*) (the **Supervisory Unit**). Such Ministerial Decree does not specify if this function of supervision and control also includes the power to apply sanctions and liquidated damages and, therefore, it is not clear if this task will be carried out by the Grantor via the Supervisory Unit or via another internal body or office.

Supply of works, goods and services

The Issuer, when awarding contracts for works, supplies and services to third parties, including road rescue, shall comply with national and EU laws and shall also appoint tender committees pursuant to the Public Contract Code. The Issuer is required to disclose to the Grantor any minutes relating to tender awards for the contracts. The Grantor is required to prepare standard procedures in respect of tenders for awarding contracts and provide them to the Issuer upon request.

Reserves (costs above those originally estimated) pertaining to works which the Issuer is responsible for and procured to third parties are deemed part of the overall investment for the amounts actually paid by the Issuer to contractors or suppliers only if they acknowledged as such due by the Grantor, or liquidated by judicial proceedings and resulting as not attributable to the Issuer's actions. As of 31 December 2014, no reserves have been acknowledged or paid to third parties and there are no disputes pending with the Grantor or with third party suppliers or contractors relating to the acknowledgement of reserves.

Pursuant to article 148 of the Public Contract Code, the Concession holders that are eligible as awarding administrations shall comply with the procedures, terms and conditions set forth in the Public Contract Code (and relevant secondary and implementation laws) in respect of works to be contracted to third parties. Pursuant to article 2 paragraph 290 of Law No. 244 of 27 December 2007, the Issuer is qualified as a public law entity and pursuant to the Public Contract Code public law entities are included among awarding administrations. Therefore the Issuer shall comply with the procedures, terms and conditions set forth in the Public Contract Code (and relevant secondary and implementation laws) for works to be contracted to third parties.

B. INTERPRETATION LETTER

On 29 September 2012, ANAS (as grantor at such time) and the Issuer signed the Interpretation Letter, by way of exchange of letters, in order to clarify and specify the meaning and application of some of the provisions of the Concession Agreement.

Among other things, the Interpretation Letter clarifies the following:

- a) in case of early termination of the Concession Agreement due to default by the Issuer, the Issuer will have the right to receive a termination indemnity calculated as the sum of the two components described below:

- i. the value of the works that have been carried out, and/or of the financings that have been repaid to ANAS plus ancillary costs, net of depreciation (or, for works that have not yet passed the commissioning, the costs that have been actually borne by the Issuer and/or contributions actually paid to third parties that have carried out the relevant works); and
- ii. the amounts paid to Società delle Autostrade di Venezia e Padova S.p.A., net of depreciation.

This termination indemnity will be without prejudice to: (i) the sanctions and liquidated damages due to the Grantor pursuant to the Concession Agreement if any; and (ii) the damages due to the Grantor pursuant to the Concession Agreement if any;

- b) the Issuer may exercise a right to withdraw from the Concession Agreement due to the failure to reach an agreement with the Grantor on (i) the update and/or review of the PFR and the PEF (in the circumstances provided for by the law and/or the Concession Agreement) aimed at ensuring that the economic and financial balance of the Concession is maintained, or (ii) the occurrence of the requirements for this review of the PFR and the PEF. Such termination shall not be deemed attributable to the Issuer and the termination indemnity shall be calculated accordingly;
- c) the calculation methodology of the first component in the case of a termination of the Concession Agreement for public interest and in the case of a termination of the Concession Agreement for reasons not attributable to the Issuer will be the same (i.e. the value of the works that have been carried out and/or the financings that have been repaid to ANAS pursuant to Concession Agreement);
- d) in case of termination of the Concession Agreement for reasons of public interest and/or for other reasons not attributable to the Issuer (including the repealing of the Law 244/2007, but excluding any termination due to the Grantor's default), the actual termination of the Concession Agreement will be conditional upon the Grantor's payment of the termination indemnity to the Issuer;
- e) in case of delay by the Grantor to pay the termination indemnity provided for under clause 23 of the Concession Agreement (i.e. termination for public interest or for other reasons not attributable to the Issuer), the Grantor shall pay to the Issuer delay interests at a rate equal to the financing costs (including interest and fees) and expenses incurred by the Issuer as a consequence of the Grantor's delay in paying the termination indemnity; and
- f) the PFR and the PEF may be reviewed not only in case of unavailability of the public grants described under article 7 of the Concession Agreement, but also in case of delay in receiving the payment of these public grants (in respect of the forecasted payment dates) to the extent that such delay triggers an alteration of the concession's economic and financial balance.

C. COMMITMENT PROTOCOL

Pursuant to the Commitment Protocol signed on 28 October 2011 with ANAS (in its role as grantor at such time), the Issuer agreed to regulate certain principles to be implemented when revising the PEF/PFR following the total reimbursement of its debts to ANAS, according to clauses provided under schedule A to the Commitment Protocol.

The clauses provided under schedule A to the Commitment Protocol, among other things, include:

- the Issuer's undertaking to annually set aside amounts corresponding to the financial benefits deriving from any potential omission or delay in the carrying-out of new investments under article 2 of the Concession Agreement compared to the time frames forecast in the PEF in the liability and charges fund of the asset and liability statement of the financial statement;

- the provision that, if the Motorway Assets are used by a local entity for the carrying-out of public utility works, the local entity will be subject to the payment of subsidised costs;
- the Issuer's undertaking to take out the following insurance policies, which will co-insure both the Issuer and the Grantor with an aggregate and limit that are proportional to the value of the relevant contract: (i) civil liability professional policy, in the forms and with the procedures provided under article 111 of the Public Contract Code and the relevant implementation regulations, to be issued by the designer or the designers in charge of the planning, and (ii) an insurance policy for direct and indirect damages in the carrying out of the works effective until the date of issuance of temporary testing certificate, to be issued by the supplier of the works;
- the provision that in case, when the facility agreement is signed, there is a variation of the cost of debt reported in the PEF, the PEF will be updated in order to recalculate the economic and financial balance with consequent realignment of the cost of debt used in calculating the average weighted cost of sources of financing (**WACC**).

In particular the Commitment Protocol provides that in the case of realignment of the cost of debt due to an increase compared to the value provided in the PEF, the cost of debt included in the PEF should be calculated according to the lesser of: (i) the difference between the Financially Equivalent Rate (**TFE**) of the financing indicated in the PEF, calculated on the date of execution of the relevant facility agreement and the TFE for the financing indicated in the PEF and, if this difference is negative, the value to be considered must be equal to zero; (ii) the difference of the cost of debt reported in the PEF and the cost of debt relating to the executed facility agreement. The TFE is calculated on the basis of the curve of BTP Benchmark rates reported on page "0#ITBMK=FIX" of Reuters, according to a specifically described procedure under schedule A to the Commitment Protocol.

However, should the realignment of the cost of debt be determined by a reduction of the cost of debt compared to the value provided in the PEF, the variation of the cost of debt must be determined in a measure equal to the difference between the cost of the financing provided in the PEF and the cost of debt of the executed facility agreement.

See also "*Risk Factors - The assumption on which the review of the Financial and Economic Plan are based may be different from the Issuer's expectations*".

D. UNDERTAKING LETTER

In addition to the above, under the letter of undertaking entered into between the Issuer and ANAS (in its role as grantor at such time) on 14 November 2011 (the **Undertaking Letter**), the parties agreed that, in the context of the review of the PEF/PFR occurring following the total reimbursement of its debts to ANAS, the Issuer would take into account the benefits obtained during the current regulatory period from debt service costs lower than the forecast under the current PEF/PFR.

The Issuer believes that the review of the PEF/PFR is required to be performed in accordance with the provisions set out under the New CIPE Resolution. However the Grantor may require (i) the provisions of the Undertaking Letter to be taken into consideration in the review; and/or (ii) the review of the PEF/PFR to be conducted on the basis of the provisions of the Commitment Protocol, which would mean that different criteria from those set out under the New CIPE Resolution would be used to calculate the WACC. For further information, see also: "*Risk Factors - The assumption on which the review of the Financial and Economic Plan are based may be different from the Issuer's expectations*".

E. ROLE OF THE ISSUER UNDER THE GENERAL CONTRACT

Starting from the execution of the Third Deed of Amendment to the General Contract⁶, the Delegated Commissioner and the General Contractor agreed that the consideration due for the remaining works to be

carried out under the General Contract would have been paid directly by the Issuer to the General Contractor. Accordingly, on 9 December 2010, the Issuer entered into the 2010 Agreement with the Delegated Commissioner and ANAS (in its role as grantor at such time), following an exchange of letters between ANAS, the Delegated Commissioner and the Issuer by which the parties agreed, inter alia, that the Issuer would have borne the costs of advancing the financial resources necessary for completion of the works of the Mestre By-pass to the extent compatible with the Issuer's available cash resources.

Therefore, as of today, the consideration under the General Contract is paid directly from the Issuer to the General Contractor.

F. 2010 AGREEMENT

Pursuant to article 2 of the 2010 Agreement, the Issuer and the Delegated Commissioner agreed that the Issuer would disburse amounts necessary for the realization of the complementary ancillary completion of the Mestre By-pass on the basis of the progress of the works and in compliance with provisions of the PEF.

With reference to the amounts due to the General Contractor, the Delegated Commissioner is required to send the Issuer and ANAS a copy of the single milestone certificates, payment certificates and invoices, the invoices remaining to be issued to ANAS and recorded in its accounts. The Issuer has undertaken to proceed with the payment directly in favour of the General Contractor of the relevant amounts within 30 days from receipt of the relevant invoice.

Article 4 of the 2010 Agreement provides that the Delegated Commissioner is required to forward the economic plan of the works and its activities on a monthly basis and article 5 states that both the Issuer and the Delegated Commissioner were to provide for joint verification of the progress of the activities and compliance with the schedule of the works by the General Contractor in order to calibrate the financial flows programme according to the actual financial availability of the Issuer.

Pursuant to article 6 of the 2010 Agreement, in the case of adjustment to the works that would have increased the contractual consideration, further actions to reduce it were to be identified in order to maintain the same contractual consideration. In cases provided by law whereby an increase in the contractual consideration would have resulted, the Issuer and the Delegated Commissioner agreed a solution, with the Issuer submitting an updated economic overview including the variation in respect of which the Issuer had to provide an assessment within 30 days. In regard to the reservations that may have been potentially recorded by the General Contractor, the Delegated Commissioner was to transmit them to the Issuer and ANAS to jointly establish initiatives to be implemented. The state of traffic emergency ended on 31 May 2012 and as a result the Delegated Commissioner ceased to carry on its activities, which passed to ANAS.

⁶ The Third Deed of Amendment and supplement to the General Contract was entered into on 20 April 2010 between the Delegated Commissioner and the General Contractor for, inter alia, the final project design and realisation of the "Casello di Martellago-Scorzè" and "Dolo-Pianiga" and other works whose realisation had been postponed.

DESCRIPTION OF THE FINANCE DOCUMENTS

Common Terms Agreement

General

Each of the Security Providers, the Bond Trustee, the Security Agent, the PBCE Provider, the Principal Paying Agent, the Operational Account Bank, the Project Account Bank and the Class A1 Bond Representative will enter into the Common Terms Agreement on or about the Signing Date. The Common Terms Agreement is deemed to be effective as of the Issue Date. The Common Terms Agreement sets out the representations, covenants (positive, negative and financial), and Events of Default which apply to the issue of the Bonds.

The Common Terms Agreement will contain certain indemnities from the Security Providers to, *inter alios*, the Bond Trustee and the Security Agent in respect of losses caused, *inter alia*, by Events of Default.

A summary of the representations, covenants and Events of Default included in the CTA is set out below.

Representations

On the Signing Date and the Issue Date, each Security Provider will make a number of representations in respect of itself only to each Finance Party. The representations made by the Issuer include (subject, in some cases, to agreed exceptions and qualifications as to materiality and reservations of law) representations as to:

- (a) its due incorporation, power and authority to own and operate its assets and carry on its business in Italy;
- (b) its power to enter into, perform and deliver the Transaction Documents and the transactions contemplated by those Transaction Documents;
- (c) the validity, ranking and effectiveness of the Security Interests created by the Security Documents to which it is party;
- (d) all necessary action to authorise its entry into, performance of and delivery of the Transaction Documents, and its obligations thereunder, and the transactions contemplated by those Transaction Documents having been obtained;
- (e) all relevant consents, authorisations, licences and approvals for entry into and exercise of its rights and obligations under the Transaction Documents and for the operation of the Project having been obtained or effected and are in full force and effect;
- (f) its obligations under the Transaction Documents being legal, valid, binding and enforceable;
- (g) that any unsecured and unsubordinated claims against any Security Provider under the Finance Documents rank at least *pari passu* with the claims of all its other unsecured and unsubordinated creditors except those creditors mandatorily preferred by law;
- (h) its entry into and performance under the Transaction Documents not conflicting with any document or agreement which is binding upon it, its constitutional documents or any applicable law or regulation which could reasonably be determined to have a Material Adverse Effect;
- (i) no corporate action, legal proceedings or other procedure or creditors' process having been taken or threatened in relation to it;
- (j) it not being in a situation contemplated by articles 2446 and 2447 of the Italian Civil Code;

- (k) it not being the subject of any Insolvency Proceedings;
- (l) the necessity of filing or of deducting or paying stamp, registration or similar taxes upon the execution of the Finance Documents;
- (m) having good title to its assets, or valid leases or licences of and all appropriate authorisations necessary to carry on its business;
- (n) no Defaults, Trigger Events, Events of Default, Insolvency Events or other similar events and circumstances continuing, or reasonably likely to result from the entry into and the performance of the transactions contemplated by any Finance Document;
- (o) (other than the Disclosed Litigation) the absence of litigation, arbitration, administrative proceedings or other proceedings in connection with the Project;
- (p) the recognition and enforceability of the choice of governing law of each of the Finance Documents in its jurisdiction of incorporation;
- (q) matters relating to environmental compliance and claims;
- (r) matters relating to insurances;
- (s) the accuracy of certain information including financial statements, the Adviser Reports and this Offering Circular;
- (t) its business interests other than the Permitted Business;
- (u) the absence of any breach of any law or regulation or licence which has or is reasonably likely to have a Material Adverse Effect;
- (v) matters relating to taxation;
- (w) save for the ANAS Shareholder Receivables Pledge, the Transaction Documents being in full force and effect;
- (x) the full disclosure of full material facts and information in connection with the Project;
- (y) the absence of any breach of, the enforceability and the priority of, the Project Documents;
- (z) matters relating to its centre of main interest;
- (aa) the absence of any outstanding Financial Indebtedness other than Permitted Financial Indebtedness;
- (bb) the absence of any Security Interest or Quasi-Security over the assets of a Security Provider other than a Permitted Security Interest;
- (cc) matters relating to the nature of the Security created pursuant to the Security Documents;
- (dd) matters relating to the application for approval of this Offering Circular and the listing of the Bonds;
- (ee) matters relating to corrupt gifts and immunity;
- (ff) matters as to criminal offences in relation to both it and its management bodies;
- (gg) the absence of any funds invested in the Project from an illicit origin; and

- (hh) the completion of the works comprising the General Contract;
- (ii) the accuracy of any certifications provided in connection with the PBCE Letter of Credit;
- (jj) its adoption and implementation of Legislative Decree 231;
- (kk) matters relating to ownership of the assets that are subject to Transaction Security; and
- (ll) compliance with applicable Sanctions.

On each Payment Date the Issuer shall make certain repeating representations, including those set out in paragraphs (a) to (f), (m), (p), (z), (gg) and (ii), and certain aspects of the representations set out in paragraphs (s), (v) and (kk), above.

On the Signing Date and the Issue Date, each Security Provider other than the Issuer will make a number of the representations set out above in respect of itself only to each Finance Party. The representations made by each Security Provider include (subject, in some cases, to agreed exceptions and qualifications as to materiality and reservations of law) those set out in paragraphs (a) to (f), (l), (p), (z) and (ll), and certain aspects of the representations set out in paragraphs (g), (k), (o), (q), (aa), (bb) and (kk), above.

On each Payment Date each Security Provider other than the Issuer shall make certain repeating representations, including those set out in paragraphs (a) to (f), and certain aspects of the representations set out in paragraphs (bb) and (kk), above.

Covenants

The CTA contains certain covenants from each of the Security Providers. A summary of the covenants is set out below.

Information Covenants

Financial Statements

- (a) The Issuer must supply to each Information Recipient:
 - (i) its audited financial statements for the preceding Financial Year together with the related accountants' report and audit opinion (such financial statements to comprise profit and loss account, balance sheet, statement of changes in equity, cash flow statement and the notes to the accounts) (the **Annual Financial Statements**), as soon as they are available and, in any event, within 180 days after the end of its Financial Year; and
 - (ii) unaudited financial statements (such financial statements to comprise profit and loss account, balance sheet and cash flow statement) (the **Semi-Annual Financial Statements**), as soon as they are available and, in any event, within 90 days after the end of its Financial Half Year.

Requirements as to Financial Statements

- (b) The Issuer must ensure that each set of Financial Statements supplied by it:
 - (i) is prepared in accordance with the Accounting Principles consistent with those applied in the preparation of its Original Financial Statements unless, in respect of any set of financial statements, the Issuer notifies the Information Recipients that there has been a change in the Accounting Principles and its Auditors (or, if the Bond Trustee (acting on the instructions of the Required Bondholders) and/or the PBCE Provider so requests, the Monitoring Accountants) deliver to each Information Recipient (x) a description of any change necessary for those financial statements to reflect the Accounting Principles or accounting practices upon which its Original Financial

Statements were prepared, and (y) sufficient information, in form and substance satisfactory to the Bond Trustee and the PBCE Provider, to enable the Secured Creditors to (y) make an accurate comparison between the financial statements and the Original Financial Statements and (z) determine whether (I) any Financial Ratio Breach has occurred; (II) any Trigger Event has occurred; (III) any PBCE Rebalancing Event has occurred; and

- (ii) be certified by two Authorised Signatories of the Issuer as, in the case of the Annual Financial Statements, giving a true and fair view of or, in the case of the Semi-Annual Financial Statements, fairly presenting its financial condition (consolidated or otherwise) as at the date to which those Financial Statements were drawn up and the results of its operations during such period;
 - (iii) in the case of any audited Annual Financial Statements delivered after the first Payment Date, be accompanied by written confirmation from the Auditors (or, if the Bond Trustee (acting on the instructions of the Required Bondholders) and/or the PBCE Provider so requests, the Monitoring Accountants) that the Compliance Certificates delivered during the corresponding Financial Year remain correct by reference to the audited Financial Statements or, if they are not correct, setting out the correct Financial Ratio levels and a detailed explanation as to the difference;
 - (iv) in the case of any Annual Financial Statements, have been approved by a meeting of the board of directors of the Issuer and a meeting of the shareholders of the Issuer; and
 - (v) in the case of any Semi-Annual Financial Statements, have been approved by a meeting of the board of directors of the Issuer.
- (c) If at any time there is a discrepancy between the Annual Financial Statements and the Semi-Annual Financial Statements in respect of any accounting period which, in the opinion of the Required Bondholders or in the opinion of the PBCE Provider, is reasonably likely to be materially adverse to its interests as a Bondholder or as the PBCE Provider (as applicable), the Bond Trustee or the PBCE Provider (as applicable) may request that the Issuer make available the management of the Issuer for the purpose of explaining the reasons for such discrepancy in the relevant Financial Statements, and the Issuer shall, following any such request, make available its management at a time and place reasonably acceptable to it for such purpose.

Compliance Certificate

- (d) Within sixty Business Days after each Payment Date, the Issuer shall deliver to each Information Recipient a Compliance Certificate:
 - (i) confirming, as at the relevant Payment Date and in each case in respect of the applicable Relevant Period (A) the BLCR; (B) the Historic DSCR; (C) the Projected DSCR; (D) the PBCE Rebalancing Historic DSCR; (E) the PBCE PLCR; and (F) the amount of any Restricted Payments made;
 - (ii) if the BLCR as at the relevant Payment Date is less than or equal to the Default Ratio, confirming whether, as a result of paragraph (b) of clause 11.2 (Financial Ratios) of the CTA, no Event of Default will occur solely as a result of the BLCR as at that Payment Date being less than or equal to the Default Ratio provided that a PBCE Rebalancing occurs; and
 - (iii) confirming, as at the relevant Payment Date, in respect of the applicable Relevant Period and as at the date of the relevant Compliance Certificate, that no Default has occurred or is continuing, or if a Default has occurred and is continuing, details thereof and those steps (which shall be specified) that are being taken to remedy such Default.

The Compliance Certificate delivered by the Issuer must be signed by two Authorised Signatories of the Issuer.

- (e) If (i) the Bond Trustee, acting on the instructions of the Required Bondholders, and/or (ii) the PBCE Provider, notifies the Issuer within 10 Business Days of receipt that it wishes to challenge any statement or calculation made in a Compliance Certificate and provides the Issuer with reasonably sufficient details of the grounds of such challenge, the Issuer shall promptly provide such information or evidence as the Bond Trustee (acting on the instructions of the Required Bondholders) and/or the PBCE Provider, as applicable, may reasonably request in light of the grounds of such challenge.

If any such challenge is made by the Bond Trustee (on behalf of the Required Bondholders) or the PBCE Provider, the Issuer and Requesting Bondholders or the PBCE Provider (as applicable) shall discuss in good faith any modifications to the relevant Compliance Certificate or the statements and/or calculations made therein so that it is prepared in accordance with the terms of the CTA. If no agreement is reached between the Issuer and the Requesting Bondholders and/or the PBCE Provider (as applicable) within 15 Business Days of discussing such modifications, or such longer period as may be agreed between the Issuer and the Requesting Bondholders and/or the PBCE Provider (as applicable), the Issuer shall refer the same to the determination of the Expert.

Semi-Annual Financial Models

- (f) The Issuer shall deliver to each Information Recipient a semi-annual financial model (a **Semi-Annual Financial Model**). Each Semi-Annual Financial Model must:
- (i) be in respect of the period immediately following the next Payment Date to the Final Maturity Date;
 - (ii) set out the relevant amounts corresponding to the line items contained in the Base Case Model;
 - (iii) if applicable, set out the assumptions, projections and forecasts that differ from the previous Semi-Annual Financial Model (or, if none, the Base Case Model); and
 - (iv) to the extent not covered in paragraphs (i) to (iii) above, contain sufficient information to enable the Issuer to make the calculations required in order to determine the Financial Ratios.
- (g) The Issuer shall ensure that each Semi-Annual Financial Model:
- (i) is based on assumptions, projections and forecasts which, to the best of its knowledge and belief, were reasonable as at the date on which such assumptions, projections and forecasts were made;
 - (ii) is consistent with the provisions of the Transaction Documents in all material respects;
 - (iii) is prepared in good faith and with due care;
 - (iv) fairly represents its expectation as to the matters covered in it as at its date and for the period covered by that Semi-Annual Financial Model and accurately specifies its best estimate of all costs and expenses anticipated by it to be incurred to operate and maintain the Project in the manner contemplated by the Transaction Documents; and
 - (v) is, taking into account the relevant Project Budget Maintenance Threshold and the relevant Project Budget Other Liabilities Threshold, consistent with the then current Project Budget.
- (h) At the time that it delivers a copy of the Semi-Annual Financial Model, the Issuer shall deliver to each Information Recipient, the Traffic Adviser and the Technical Adviser:
- (i) a certificate addressed to each Information Recipient, the Traffic Adviser and the Technical Adviser then rating the Bonds confirming that the Semi-Annual Financial Model has been prepared on the

basis of (and the assumptions, projections and forecasts referred to in paragraph (g) above are the same as):

- (A) the assumptions (the **Existing Assumptions**) that were the basis of the preceding Semi-Annual Financial Model (or, if none, the Base Case Model); and
 - (B) additions and amendments to the Existing Assumptions, projections and forecasts which the Issuer believes are necessary (x) to correct any deficiency in the form and structure of the Semi-Annual Financial Model; or (y) to take into account any circumstances that are not taken into account in the Existing Assumptions, projections and forecasts but which it reasonably believes should be taken into account; and
- (ii) a written explanation detailing any revision to the Existing Assumptions.
- (i) Unless the Bond Trustee (acting on the instructions of the Required Bondholders) (in consultation with the Technical Adviser in respect of any technical assumptions) or the PBCE Provider raises objections to the contents of any Semi-Annual Financial Model or to any assumptions used therein within 10 Business Days of receipt, any such Semi-Annual Financial Model will be deemed to have been delivered by the Issuer in accordance with the CTA.

If any such objections are raised by the Bond Trustee (on behalf of the Required Bondholders) or the PBCE Provider, the Issuer and the Requesting Bondholders and/or the PBCE Provider (as applicable) shall discuss in good faith any modifications to the relevant Semi-Annual Financial Model or the relevant assumptions used therein so that it is prepared in accordance with the terms of the CTA. If no agreement is reached between the Issuer and the Requesting Bondholders and/or the PBCE Provider (as applicable) within 15 Business Days of discussing such modifications, or such longer period as may be agreed between the Issuer and the Requesting Bondholders and/or the PBCE Provider (as applicable), the Issuer shall refer the same to the determination of the Expert.

Periodic Investor Reports

- (j) The Issuer must deliver a Periodic Investor Report (in the form set out in the CTA) in respect of the applicable Relevant Period to each Information Recipient with each Compliance Certificate.
- (k) Each Periodic Investor Report shall contain:
- (i) details of and a comparison between (A) Maintenance Liabilities (to be identified by an appropriate description for any Maintenance Liability with a value exceeding €500,000) actually incurred during the Relevant Period; and (B) the amount of Maintenance Liabilities (to be identified by an appropriate description for any Maintenance Liability with a value exceeding €500,000) forecast to have been incurred in the Relevant Period in the then applicable Project Budget, together with an explanation for any material difference;
 - (ii) details of and a comparison between (A) Other Liabilities (to be identified by an appropriate description for any Maintenance Liability with a value exceeding €200,000) actually incurred by the Issuer during the Relevant Period; and (B) the amount of Other Liabilities (to be identified by an appropriate description for any Maintenance Liability with a value exceeding €200,000) forecast to have been incurred in the Relevant Period in the then applicable Project Budget, together with an explanation for any material difference;
 - (iii) a statement as to the level of Tariffs in the Relevant Period;

- (iv) details of and a comparison between (A) aggregate traffic figures recorded for the Project in the Relevant Period; and (B) aggregate traffic figures forecast for the Project in the then applicable Project Budget for the Relevant Period, together with an explanation for any material difference;
- (v) details of and a comparison between (A) the amount of Project Revenues actually received in the Relevant Period; and (B) the amount of Project Revenues forecast in the then applicable Project Budget to have been received in the Relevant Period,
together with an explanation for any material difference.
- (vi) the status and description of each Insurance and any material insurance claims made relating to such Insurance in the Relevant Period;
- (vii) the status or description of any claims or disputes commenced or pending against the Issuer or the Project in the Relevant Period where such claims or disputes have an aggregate value equal to or greater than €1,000,000;
- (viii) to the extent not dealt with above, a review on the overall financial position of the Issuer during such Relevant Period and performance against the then applicable Project Budget;
- (ix) details of any Permitted Acquisition made during the Relevant Period;
- (x) details of any Permitted Disposal made during the Relevant Period where the higher of the market value and net consideration receivable exceeds €500,000;
- (xi) confirmation as to the amount of any Restricted Payments made in the Relevant Period;
- (xii) details of the actual and Required Balance of each of the Debt Service Reserve Account, the Maintenance Reserve Account and the Capex Reserve Account for the Relevant Period; and
- (xiii) confirmation that no Default or Trigger Event has occurred and is continuing (or, if a Default or Trigger Event is continuing, details of the steps, if any, being taken to remedy it).
- (l) Unless the Bond Trustee (acting on the instructions of the Required Bondholders) or the PBCE Provider raises objections to the contents of any Periodic Investor Report within 10 Business Days of receipt, any such Periodic Investor Report will be deemed to have been delivered by the Issuer in accordance with the CTA.

If such objections are raised by the Bond Trustee (on behalf of the Required Bondholders) or the PBCE Provider, the Issuer and the Requesting Bondholders and/or the PBCE Provider (as applicable) shall discuss in good faith any modifications to the relevant Periodic Investor Report so that it is prepared in accordance with the terms of the CTA. If no agreement is reached between the Issuer and the Requesting Bondholders and/or the PBCE Provider (as applicable) within 15 Business Days of discussing such modifications, or such longer period as may be agreed between the Issuer and the Requesting Bondholders and/or the PBCE Provider (as applicable), the Issuer shall refer the same to the determination of the Expert.

Project Budget

- (m) The Issuer shall deliver to each Information Recipient, the Traffic Adviser and the Technical Adviser by 31 January in each year its proposed Project Budget for the calendar year commencing on 1 January in that year, commencing from and including the calendar year commencing on 1 January 2017.

- (n) The Issuer shall revise the then current Semi-Annual Financial Model to reflect the revised Project Budget (including following any amendments required to the proposed Project Budget).
- (o) The Issuer shall ensure that each Project Budget delivered is prepared in a form which is substantially consistent with that of the Initial Project Budget and uses:
 - (i) accounting policies, practices, procedures and reference periods consistent with the Initial Project Budget; and
 - (ii) the assumptions applied in the preparation of the then current Semi-Annual Financial Model (save where a dispute is continuing in connection with the same, in which case the assumptions selected by the Issuer (acting reasonably) shall apply until such time as the Expert makes its determination).
- (p) Each Project Budget shall be delivered by the Issuer to the Technical Adviser no less than 10 Business Days prior to the date of delivery to the Bond Trustee.
- (q) The Issuer shall deliver with each proposed Project Budget delivered a certificate or statement from the Technical Adviser confirming that, in its opinion, the proposed Project Budget reflects the current status and costs of the Project.
- (r) The Issuer shall post the proposed Project Budget on the relevant Designated Website at the same time as it is delivered to the Bond Trustee.
- (s) Unless the Bond Trustee (acting on the instructions of the Required Bondholders) or the PBCE Provider raises any objections or queries relating to the Project Budget within 10 Business Days of its being posted on the relevant Designated Website, such Project Budget shall become the Project Budget for the time being.
- (t) If the Bond Trustee (acting on the instructions of the Required Bondholders) or the PBCE Provider does raise any objections or queries relating to the Project Budget, such objections and/or queries shall be discussed between the relevant Bondholders or the PBCE Provider (as applicable) and the Issuer for a period not exceeding 10 Business Days.
- (u) If:
 - (i) the Bond Trustee (acting on the instructions of the Required Bondholders) or the PBCE Provider requests changes to the Project Budget and the Issuer agrees with such changes within 15 Business Days of receipt thereof, the Issuer will prepare a revised Project Budget reflecting such requested changes which shall then become the Project Budget for the time being;
 - (ii) the Issuer does not agree such changes within 10 Business Days of receipt thereof or such longer period as agreed between the Issuer and the relevant Bondholders or the PBCE Provider (as applicable), the Issuer shall refer the same to the determination of the Expert in accordance with the provisions of the CTA.

Periodic Technical Report

- (v) The Issuer shall deliver to the Technical Adviser, with a copy to each Information Recipient together with each December Compliance Certificate, in respect of the 12 month period ending on the Payment Date to which the relevant Compliance Certificate relates, a duly completed Periodic Technical Report satisfactory to the Technical Adviser.
- (w) The Issuer shall provide the Technical Adviser with all such further information as the Technical Adviser reasonably requires in order to satisfy itself as to the accuracy of any Periodic Technical Report. If the Technical Adviser, within 10 Business Days of receipt of the relevant Periodic

Technical Report, requests any changes to any Periodic Technical Report on the basis that it believes that the Periodic Technical Report is not accurate, the Issuer shall, unless it disagrees with the Technical Adviser, amend the relevant Periodic Technical Report accordingly. If the Issuer disagrees with the Technical Adviser, the Issuer shall within 10 Business Days of receipt of such request from the Technical Adviser (unless the Technical Adviser and the Issuer agree otherwise), refer the same to the determination of the Expert.

Periodic Traffic Report

- (x) The Issuer shall deliver to the Traffic Adviser, with a copy to each Information Recipient, together with each Compliance Certificate, a duly completed Periodic Traffic Report satisfactory to the Traffic Adviser, in respect of the period of six months ending on the Payment Date to which the relevant Compliance Certificate relates.
- (y) The Issuer shall provide the Traffic Adviser with all such further information as the Traffic Adviser reasonably requires in order to satisfy itself as to the accuracy of any Periodic Traffic Report. If the Traffic Adviser requests any changes to any Traffic Report on the basis that it believes that the Traffic Report is not accurate, the Issuer shall, unless it disagrees with the Traffic Adviser, amend the relevant Periodic Traffic Report accordingly. If the Issuer disagrees with the Traffic Adviser, the Issuer shall within 10 Business Days of receipt of such request from the Traffic Adviser (unless the Traffic Adviser and the Issuer agree otherwise) refer the same to the determination of the Expert.
- (z) If the Periodic Traffic Report most recently delivered contains traffic figures which demonstrate any material divergence (as determined by the Issuer) from those set out in the Semi-Annual Financial Model most recently delivered, the Issuer shall procure that the Traffic Adviser delivers to the Information Recipients within 30 Business Days of the date of such traffic report, a new traffic report prepared by the Traffic Adviser, the scope of which shall be substantially consistent with the scope of the Traffic Report.

Investor Meetings

- (aa) The management of the Issuer shall attend Investor Meetings with the Secured Creditors to be held once a year at a time that the Issuer shall notify to the Secured Creditors through publication of a notice in writing on the relevant Designated Website and delivery of such notice setting out the agenda to the Investor Meeting to the Information Recipients, subject to such time falling within eight weeks of the publication of each June Compliance Certificate or December Compliance Certificate.
- (bb) Each Investor Meeting shall take place by conference call or, if required by the Bond Trustee, physically either in Italy or London.

Information

- (cc) The Issuer shall supply to each Information Recipient:
 - (i) at the same time as they are dispatched, copies of all documents dispatched by the Issuer to its shareholders pursuant to Applicable Law or to its creditors generally;
 - (ii) promptly upon becoming aware of them (A) any material change in the status of the Disclosed Litigation; and (B) the status and description of any other Proceedings which are threatened in writing or (save for any investigations, except where the Issuer has actual knowledge of such investigations) pending against it or its assets, the value of which exceeds EUR 1,000,000;
 - (iii) promptly upon receipt, a copy of any notice issued by or material communication with the Grantor (including any notice issued pursuant to the terms of article 22 (Procedura di accertamento degli

inadempimenti e sanzioni) of the Concession Agreement) under or in respect of the Concession Agreement or agreement entered into with the Grantor in respect of the Concession Agreement;

- (iv) promptly on request, such information as the Information Recipients may reasonably require about the Transaction Security and compliance of the Issuer with the terms of the Security Documents;
- (v) promptly upon becoming aware of it, information in relation to any amendment to its constitutional documents and/or any amendment to the shareholders' agreement between the ANAS Shareholder and the Veneto Region and/or the entry into any new shareholders' agreement;
- (vi) promptly upon becoming aware of it, information in relation to any amendment, variation or supplement to, or supersession of, any term of the VAT Subordinated Facility Agreement;
- (vii) promptly on request, such further information regarding its financial condition or performance, assets and operations (including any reasonably requested amplification or explanation of any item in the financial statements, budgets or other material provided by the Issuer, any changes to its board of directors or board of statutory auditors (which shall be reported promptly without the need for a request) as the Information Recipients may reasonably request.
- (dd) The Issuer shall notify each Information Recipient promptly upon becoming aware of the same of:
 - (i) any claim or entitlement to claim under, or the occurrence of any event which is likely to result in a claim under, any Insurance, in each case the value or estimated value of which exceeds EUR 10,000,000;
 - (ii) any sanction or penalty imposed by (A) the Grantor pursuant to the terms of the Concession Agreement; or (B) the Transport Authority;
 - (iii) the details of any non-consensual amendment or variation of the terms of the Concession Agreement;
 - (iv) any Extraordinary Event relating to the Issuer or the Project;
 - (v) any change in law or regulation applicable to the Issuer or the Project which is, or is reasonably likely to be, materially adverse to the interests of the Issuer or the Project;
 - (vi) any dispute relating to Environmental Law or any Environmental Claim (A) against it; or (B) against the General Contractor, in respect of which the Issuer has received actual notice, which is current, pending or threatened;
 - (vii) any occurrence, facts or circumstances which have or are reasonably likely to have an effect on the Issuer's compliance with Environmental Law;
 - (viii) any facts or circumstances which are reasonably likely to result in any Environmental Claim being commenced or threatened against it;
 - (ix) any material breach by any counterparty under any Project Document; and
 - (x) any communication by any counterparty under any Project Document or any other written information received by it, in each case regarding the termination, annulment, withdrawal, suspension, revocation or inefficacy of any Project Document,

and, in each case, the Issuer shall set out in such notice reasonable details associated therewith, the effects of such an event or occurrence and any actions being undertaken to mitigate or remedy such event or occurrence.

- (ee) The Issuer shall notify the Information Recipients immediately of:
 - (i) any fact which obliges it to prepay any Financial Indebtedness or any European Union funding other than any prepayment obligation under the Finance Documents (including under the PBCE Agreement);
 - (ii) any investigations notified to the Issuer in writing or of which it is otherwise aware concerning the integrity of the members of its board of directors or other administrative body or managers;
 - (iii) to the extent permitted by law, any Proceedings carried out by a court, administration or similar public authority, in each case in respect of which it has received written notice or of which it is otherwise aware and (A) the value of which exceeds EUR1,000,000; and/or (B) which, if adversely determined would have or would reasonably be likely to have a Material Adverse Effect, which is pending against it or members of its management bodies in connection with Criminal Offences related to the Project and/or the Issuer; or
 - (iv) any measures taken by it pursuant to this paragraph (ee).
- (ff) The Issuer shall promptly notify the Information Recipients of any action, suit or proceeding by or before any court, governmental agency, authority, body or arbitrator involving it or, to the best of its knowledge, its Affiliates with respect to Money Laundering Laws or if at any time it becomes aware of the illicit origin of any funds (including funds which are the product of money laundering or linked to the financing of terrorism) invested in the Project.
- (gg) ANAS shall promptly notify the Information Recipients and the Issuer of any Environmental Claim which has been commenced or threatened against the General Contractor and which has been notified to ANAS.

Notification of Default

- (hh) The Issuer shall notify the Information Recipients, promptly upon becoming aware of the occurrence of a Default and the steps, if any, being taken to remedy it.
- (ii) Each Security Provider (other than the Issuer) shall notify the Information Recipients and the Issuer, promptly upon becoming aware of the occurrence of a Default relating to it or to any Transaction Document to which it is a party and the steps, if any, being taken to remedy it.
- (jj) Promptly upon a request by the Bond Trustee, the Issuer shall deliver to it a certificate certifying, as far as it is aware having made all reasonable enquiries, no Default is continuing (or, if a Default is continuing, specifying the steps, if any, being taken to remedy it).

Notices to Bondholders

- (kk) The Issuer shall:
 - (i) deliver to the Bond Trustee and the PBCE Provider not less than seven Business Days before the time of publication a copy of each notice which it proposes to give to the Bondholders pursuant to the Conditions; and
 - (ii) deliver to the Bond Trustee and the PBCE Provider a copy of each such notice as soon as reasonably practicable following publication.

For the avoidance of doubt, other than in respect of delivery of any such notice to the Bond Trustee and the PBCE Provider, the obligations set out in this paragraph shall not apply in respect of any information that is to be published on the relevant Designated Website.

Concession Agreement DSCR Default

- (ll) Immediately upon the occurrence of a Concession Agreement DSCR Default, the Issuer shall notify the Information Recipients and deliver a STID Proposal to the Security Agent in respect of the consent to be granted by the Security Agent (in addition to the PBCE Provider) pursuant to paragraph (b) of the definition of PBCE Rebalancing Event.

Use of Designated Websites

- (mm) The Issuer must maintain:

- (i) an open access website (which may be operated and managed by a third party on its behalf) on which it publishes (A) the financial statements; (B) each Periodic Investor Report; (C) each STID Proposal; (D) each notice notifying the Secured Creditors of annual Investor Meetings; and (E) all information required to be published in accordance with its Inside Information obligations; and
- (ii) a password-protected secured website (which may be operated and managed by a third party on its behalf) where the relevant password is made available to Bondholders on request (subject to their proving their holding of Bonds to the satisfaction of the Issuer), on which it publishes all other Designated Information,

in each case at the same time as it is required to be provided to any Information Recipient (and, if applicable, any Rating Agency then rating the Bonds) under any Finance Document.

- (nn) Subject to paragraph (qq) below, any Designated Information or other information published by the Issuer on the relevant Designated Website shall be considered to have been duly delivered to the Information Recipients (other than the PBCE Provider and the Class A1 Bond Representative) in accordance with the terms of the Finance Documents.
- (oo) The Issuer must ensure that each Designated Website is publicly available.
- (pp) The Issuer must promptly upon becoming aware of its occurrence, notify the Information Recipients if (i) any Designated Website cannot be accessed for a period of five Business Days or longer; or (ii) any Designated Website or any information on any Designated Website is infected by any electronic virus or similar software for a period of five Business Days or longer.

Where such circumstances occur, the Issuer must supply all information required to be delivered under the CTA to the Bondholders (through publication of a notice to the Bondholders in accordance with the Conditions) and the PBCE Provider in paper form, in such numbers of copies as such persons may request.

Financial Covenants

- (a) The Issuer shall calculate the BLCR, the Historic DSCR, the Projected DSCR, the PBCE Rebalancing Historic DSCR and the PBCE PLCR as at each Payment Date.
- (b) The Historic DSCR will be calculated based on the most recent financial statements.
- (c) Each of the BLCR, the Projected DSCR and the PBCE PLCR will be calculated based on the projections used in the most recent Semi-Annual Financial Model or, if there is none, the Base Case Model.
- (d) The provisions of paragraph 1 of Part 2 (PBCE Drawing Mechanics upon a PBCE Rebalancing Event) of Schedule 7 (PBCE Mechanics) shall apply with respect to the testing for any PBCE

Rebalancing Event based on a Rebalancing Notice following the drawing of the PBCE Letter of Credit to pay Debt Service.

General Covenants

Pursuant to the CTA, the Security Providers will give covenants for the benefit of each Secured Creditor that are customary for a financing of the type (with customary carve-outs, thresholds and caveats) including in relation to compliance with laws, conduct of business and maintenance of licences and authorisations. In particular, the Security Providers will give the following covenants:

Authorisations

- (a) Each Security Provider shall promptly:
 - (i) obtain, comply with and do all that is necessary to maintain in full force and effect any Authorisation required under any Applicable Law or any corporate power or authority otherwise required in each case to (A) enable it to enter into and deliver the Transaction Documents to which it is a party and to perform its obligations thereunder; (B) ensure the legality, validity, enforceability or admissibility in evidence of any Transaction Document; and (C) carry on its business (in the case of any Security Provider other than the Issuer, insofar as failure to do so would be adverse to the interests of the Issuer, the Project and/or any Secured Creditor);
 - (ii) on request, supply certified copies to the Bond Trustee and the PBCE Provider of any such Authorisation; and
 - (iii) to the extent applicable, supply copies to the Bond Trustee and PBCE Provider of any documents required under any Applicable Law to be filed, recorded or enrolled with any court or other authority in that jurisdiction.

Constitutional Documents

- (b) The Issuer shall not change its constitutional documents (other than in any immaterial manner to change manifest error or where required to do so pursuant to any change in Applicable Law).

Compliance with laws: general

- (c) Each Security Provider shall comply in all respects with all laws and regulations to which they may respectively be subject, if failure so to comply has or is reasonably likely to have a Material Adverse Effect.

Compliance with the Concession Agreement

- (d) The Issuer shall perform all of its obligations under, and comply in all respects with the terms of, the Concession Agreement where failure to do so would have or would be reasonably likely to have a Material Adverse Effect

Use of proceeds

- (e) The Issuer shall use all proceeds (i) of the issue and sale of the Bonds only for the purposes permitted under the CTA and the Transaction Documents; and (ii) received by it under the PBCE Letter of Credit only for the purposes permitted under the CTA and the PBCE Agreement.

Environmental compliance

- (f) The Issuer shall (i) comply with all Environmental Laws; (ii) obtain, maintain and ensure compliance with all requisite Environmental Permits; (iii) comply with any Environmental

Approvals required in connection with the Project; and (iv) implement procedures to monitor compliance with and prevent liability under any Environmental Law.

Taxation

- (g) The Issuer shall pay and discharge all Taxes imposed upon it or its assets within the time period allowed without incurring penalties unless:
 - (i) such payment is being contested in good faith and with reasonable prospect of success;
 - (ii) adequate reserves are being maintained for those Taxes, any applicable penalties and the costs required to contest them, pursuant to the Applicable Law or the Accounting Principles;
 - (iii) if such payment was being contested as at the date of its latest Financial Statements delivered pursuant to the CTA, such reserves, penalties and/or costs (as applicable) have been disclosed in those financial statements if required by Applicable Law or the Accounting Principles; and
 - (iv) such payment can be lawfully withheld and failure to pay those Taxes does not have or is not reasonably likely to have a Material Adverse Effect.
- (h) The Issuer shall not change its residence for Tax purposes.
- (i) The Issuer shall duly and promptly file all tax returns required to be filed by it in any jurisdiction.

Specific Compliance

- (j) The Issuer shall purchase equipment, secure services and order works for the Project:
 - (i) insofar as they apply to it or to the Project, in accordance with European Union law and Italian law in general and in particular with the relevant European Union Directives as implemented in Italy and the Public Contract Code and its implementing regulations; and
 - (ii) insofar as European Union Directives and the Public Contract Code do not apply, by procurement procedures which, to the satisfaction of the PBCE Provider, respect the criteria of economy and efficiency and, in the case of public contracts, the principles of transparency, equal treatment and non-discrimination on the grounds of nationality.
- (k) The Issuer shall take appropriate measures in respect of any member of its management bodies who has been convicted by a final and irrevocable court ruling of a Criminal Offence for an offence perpetrated in the course of the exercise of his/her professional duties, in order to ensure that such member is excluded from the activities of the Issuer.
- (l) The Issuer shall, taking into account applicable law and regulation, ensure that all contracts under the Project to be procured after the Signing Date in accordance with European Union Directives on procurement, as implemented in Italy and with the Public Contract Code provide for:
 - (i) the requirement that the relevant contractor promptly informs the Issuer and the PBCE Provider of a genuine allegation, complaint or information with regard to Criminal Offences related to the Project; and
 - (ii) the requirement that the relevant contractor keeps books and records of all financial transactions and expenditures in connection with the Project; and
 - (iii) the right of the Issuer and the PBCE Provider, in relation to an alleged Criminal Offence, to review the books and records of the relevant contractor in relation to the Project and to take copies of documents to the extent permitted by law.

- (m) The Issuer shall allow persons designated by the Security Agent, the Bond Trustee and/or the PBCE Provider, as well as persons designated by other institutions or bodies of the European Union (including the European Commission, the European Court of Auditors and OLAF):
 - (i) to visit the sites, installations and works comprising the Project;
 - (ii) to interview representatives of the Issuer, and not to obstruct contacts with any other person involved in or affected by the Project; and
 - (iii) to review the Issuer's books and records in relation to the Project and to be able to take copies of related documents to the extent permitted by law.
- (iv) The Issuer shall provide the Information Recipients, as well as persons designated by the Information Recipients or other persons designated by other institutions or bodies of the European Union, or ensure that the Information Recipients as well as other persons designated by other institutions or bodies of the European Union are provided, with all necessary assistance for such purposes. The Issuer acknowledges that the PBCE Provider may be obliged to communicate information relating to the Issuer, the Project and the Transaction Documents to any competent institution or body of the European Union (including the European Commission, the European Court of Auditors and OLAF) in accordance with the relevant mandatory provisions of European Union law or to publish the same in accordance with the PBCE Provider's Transparency Policy.
- (n) The Issuer shall ensure that no practice, procedure or policy employed or proposed to be employed by it in the conduct of its business violates any Money Laundering Laws.

Change of business

- (o) The Issuer shall carry on only Permitted Business.

Acquisitions and investments

- (p) Save in the case of an acquisition of or investment in a company, of shares, stocks, securities or a business, undertaking or assets (or, in each case, any interest in any of them) or the incorporation of a company which is a Permitted Acquisition, the Issuer shall not:
 - (i) enter into, invest in or acquire (or agree to acquire) any shares, stocks, securities or any other interest in or of any company or any shares or securities or a business or undertaking (or, in each case, any interest in any of them);
 - (ii) acquire any interest (legal, beneficial or otherwise), or invest, in any assets which are not necessary for or directly connected with the Project; or
 - (iii) incorporate a company.

Mergers and other arrangements

- (q) The Issuer shall not enter into any amalgamation, demerger, merger, consolidation or corporate reconstruction except where approved or consented to by the Security Agent pursuant to the STID.
- (r) Other than the entry into the Transaction Documents, or in the circumstances permitted in paragraph (z) below (Restricted Payments), the Issuer shall not enter into any partnership, profit-sharing, royalty or other arrangement or contract pursuant to which the whole or any part of its income or profits are or may be shared with any other person.

Share capital

- (s) The Issuer shall not purchase its shares and shall not reduce its corporate capital, except in the events provided under articles 2446 and 2447 of the Italian Civil Code.

Disposals

- (t) Save any sale, lease, transfer or other disposal which is a Permitted Disposal or Permitted Transaction, the Issuer shall not enter into a single transaction or a series of transactions (whether related or not) to sell, lease (acting as lessor), transfer or otherwise dispose of any asset.

Financial Indebtedness

- (u) Save in the case of the incurring of any Financial Indebtedness which is Permitted Financial Indebtedness or a Permitted Transaction, the Issuer shall not incur or allow to remain outstanding any Financial Indebtedness.

No guarantees or indemnities

- (v) Save in the case of a guarantee which is a Permitted Guarantee or a Permitted Transaction, the Issuer shall not incur or allow to remain outstanding any guarantee in respect of any obligation of any person.

Loans or credit

- (w) Save in respect of a Permitted Loan or a Permitted Transaction, the Issuer shall not be a creditor in respect of any Financial Indebtedness.

Treasury Transactions

- (x) The Issuer shall not enter into any Treasury Transactions without the consent of the Security Agent pursuant to the STID.

Project Budget

- (y) Save liabilities incurred by the Issuer in respect of which the Extraordinary Event Conditions are satisfied, the Issuer shall not incur any liability other than:
 - (i) as contemplated in (and permitted under) the Transaction Documents;
 - (ii) in respect of any period to which a Project Budget relates, such liabilities which (A) in respect of Maintenance Liabilities, do not exceed the applicable Project Budget Maintenance Threshold; and (B) in respect of Other Liabilities, do not exceed the aggregate of the applicable Other Liabilities Threshold and any costs and expenses of any Secured Creditor incurred in accordance with the terms of the Finance Documents;
 - (iii) as are otherwise consented to in writing by the Security Agent pursuant to the STID; and
 - (iv) third party liabilities funded from the Insurance Proceeds relating thereto.

Restricted Payments

- (z) The Issuer shall not make any (i) VAT Subordinated Facility Restricted Payment unless the Restricted Payment Conditions applicable to a VAT Subordinated Facility Restricted Payment are, on the date of such payment, satisfied; or (ii) Shareholder Restricted Payment other than from amounts standing to the credit of the Distributions Account.

- (aa) The Issuer shall not transfer any amount to the Distributions Account unless the Restricted Payment Conditions applicable to a Shareholder Restricted Payment are, on the date of such transfer, satisfied.

Pari passu ranking

- (bb) The Issuer shall ensure that at all times any unsecured and unsubordinated claims of a Secured Creditor against it under the Finance Documents rank at least *pari passu* with the claims of all its other unsecured and unsubordinated creditors except those creditors whose claims are mandatorily preferred by laws of general application to companies.

Negative pledge

- (cc) Save any Security Interest or (as the case may be) Quasi-Security which is a Permitted Security Interest or a Permitted Disposal, the Issuer shall not create or permit to subsist any Security Interest or Quasi-Security over any of its assets.
- (dd) The Issuer shall use all best efforts to procure that no shareholder of the Issuer creates or permits to subsist, any Security Interest or Quasi-Security over any shares in the Issuer or over any of its respective rights and receivables towards the Issuer.

Arm's length basis

- (ee) The Issuer shall not enter into any transaction with any person, except on arm's length terms and for fair market value, save:
 - (i) any Subordinated Shareholder Liabilities or VAT Subordinated Facility Liabilities;
 - (ii) the payment of fees, costs and expenses payable under the Finance Documents in the amounts set out in the Finance Documents;
 - (iii) any a Permitted Transaction under paragraph (a) of the definition thereof;
 - (iv) any Permitted Payment; and
 - (v) any other transaction expressly permitted by the Finance Documents.

Transaction Documents

- (ff) The Issuer shall take all steps reasonably necessary to protect, maintain, exercise and enforce all its rights with respect to the Concession Agreement.
- (gg) The Issuer shall use all reasonable endeavours to procure the due performance by the Grantor of such party's obligations under the Concession Agreement.
- (hh) The Issuer shall not amend, vary, novate, supplement, supersede, withdraw from, cancel, suspend, waive or terminate (or in each case evidence an intention to do so) any term of (x) any Finance Document, any Equity Document or, subject to paragraph (ii) below, the Concession Agreement, in each case other than as expressly permitted under the Finance Documents; or (y) any Ancillary Project Document if to do so would have or would be reasonably likely to have a Material Adverse Effect.
- (ii) The Issuer shall not amend, vary, supplement or supersede any term of the Concession Agreement other than any amendment, variation, supplement or supersession:

- (i) constituted by the annual adjustment of Tariffs conducted in accordance with the terms of the Concession Agreement and/or any Applicable Law in force;
- (ii) constituted by each periodic update to the PEF and/or the PFR at the end of each Regulatory Period conducted in accordance with the terms of the Concession Agreement and/or any Applicable Law provided that any assumptions delivered by the Issuer to the Grantor in respect of such update have been delivered to the PBCE Provider at least 10 Business Days prior to delivery to the Grantor and have not been challenged by the PBCE Provider during such time;
- (iii) constituted by an update to the PEF and/or the PFR as a consequence of any Extraordinary Event or any extraordinary maintenance cost, aimed at obtaining the recognition from the Grantor of such Extraordinary Event or extraordinary maintenance cost and provided in each case that such update (x) is not adverse to the interests of the Issuer or any Secured Creditor; and (y) has been approved or consented to by the Security Agent pursuant to the STID;
- (iv) effected pursuant to the Commitment Protocol or the Undertaking Letter; and/or
- (v) required to be effected as a consequence of any mandatory change in Applicable Law which does not have and is not reasonably likely to have a Material Adverse Effect.
- (jj) The Issuer shall not amend, vary, supplement or supersede any term of the VAT Subordinated Facility Agreement (including any amendment, variation, supplement or supersession which relates to or has the effect of increasing the amount of VAT Subordinated Facility Liabilities or the bringing forward of any date of payment of any amount under the VAT Subordinated Facility Agreement), except where such amendment is (i) to the advantage of the Issuer (including any reduction in the applicable interest); and (ii) not and is not reasonably likely to be adverse to the interests of any Secured Creditor.

Project Accounts

- (kk) The Issuer shall ensure that each Project Account is opened, maintained, operated and funded in accordance with the Common Terms Agreement and the other Finance Documents and that each Project Account (other than the Distributions Account) is subject to valid Security Interests under the Security Documents.
- (ll) The Issuer shall not open or maintain any bank account other than the Project Accounts.

Intellectual Property

- (mm) The Issuer shall, in respect of the Intellectual Property which is necessary for the Project:
 - (i) preserve and maintain the subsistence and validity of that Intellectual Property and its interest therein (if any);
 - (ii) use reasonable endeavours to prevent any infringement in any material respect of that Intellectual Property;
 - (iii) make registrations and pay all registration fees and taxes necessary to maintain that Intellectual Property in full force and effect and record its interest in that Intellectual Property;
 - (iv) not use or permit that Intellectual Property to be used in a way or take any steps or omit to take any step in respect of that Intellectual Property which may materially and adversely affect the existence or value of the Intellectual Property or imperil its right to use such Intellectual Property; and
- not discontinue the use of that Intellectual Property

Insurance

- (nn) The Issuer shall maintain and shall procure the maintenance of Insurances on and in relation to its business and assets and to the Project against those risks and to the extent as is commercially prudent in accordance with Good Industry Practice for such assets for companies carrying on the same or a substantially similar business.
- (oo) Each Insurance must be with reputable independent insurance companies or underwriters.

Reinstatement

- (pp) in respect of any Physical Damage Event, the Issuer may withdraw amounts standing to the credit of the Insurance Proceeds Account to the extent necessary to restore or repair (or to reimburse to the Issuer the costs borne to restore or repair) such Physical Damage, provided that such amounts:
 - (i) do not exceed the Insurance Proceeds received in relation to such Physical Damage Event;
 - (ii) in respect of that event, do not exceed EUR 5,000,000 (the Reinstatement Withdrawal Threshold); and
 - (iii) are used to restore and repair the Project;save that no such amount shall be eligible for withdrawal without the written consent of the Security Agent at any time when an Event of Default has occurred and is continuing.
- (qq) in respect of Physical Damage Event, the Issuer may withdraw amounts standing to the credit of the Insurance Proceeds Account to the extent necessary to restore or repair (or to reimburse to the Issuer the costs borne to restore or repair) such Physical Damage, if such amounts exceed the Reinstatement Withdrawal Threshold, provided that:
 - (i) the Issuer has prepared a reinstatement plan to restore or repair the relevant Physical Damage, the Technical Adviser has commented on such reinstatement plan to the Issuer and the Issuer has incorporated such comments in such reinstatement plan (such agreed reinstatement plan, the Reinstatement Plan);
 - (ii) the Issuer has demonstrated to the satisfaction of the Technical Adviser that the contractor which will undertake the reinstatement works set out in the Reinstatement Plan (the Reinstatement Works) has accepted, or has agreed to comply with, the terms of the Reinstatement Plan;
 - (iii) the Issuer has delivered the Reinstatement Plan to the Bond Trustee and the PBCE Provider and neither the Bond Trustee (acting on the instructions of the Required Bondholders) nor the PBCE Provider has raised any objections to the Reinstatement Plan within 15 Business Days of receipt;
 - (iv) the Issuer has provided the Bond Trustee and the PBCE Provider with invoices (being due and payable) related to the requested transfer amount, certified by the Technical Adviser in accordance with paragraph (v) below, together with such other information regarding the claim as the Bond Trustee (acting on the instructions of the Required Bondholders), the PBCE Provider and/or the Technical Adviser may request; and
 - (v) the Technical Adviser has certified that any applicable Reinstatement Works have been properly carried out and, if applicable, any costs have been properly incurred or that such Reinstatement Works are in progress and such payment is made in accordance with the payments schedule for the relevant Reinstatement Works;

save that no such amount shall be eligible for withdrawal without the written consent of the Security Agent at any time when an Event of Default has occurred and is continuing.

- (rr) The Issuer shall promptly provide to the Information Recipients copies of all information submitted to and agreed with the Grantor and the contractor performing the Reinstatement Works in connection with the Reinstatement Works and the Reinstatement Plan.
- (ss) The Issuer shall promptly provide monthly updates to the Information Recipients of the progress made with the Reinstatement Works, invoices for the Reinstatement Works certified by the Technical Adviser and details of the consequences (or possible future consequences) of the physical loss or damage on the Project.
- (tt) If the Issuer and the Technical Adviser do not agree upon a Reinstatement Plan, the Issuer, the Technical Adviser, the Bondholders and the PBCE Provider shall consult for a period of five Business Days or such longer period agreed between the Bond Trustee (acting on the instructions of the Required Bondholders), the PBCE Provider, the Technical Adviser and Issuer in order to agree the Reinstatement Plan. If the Issuer, the Technical Adviser, the Bond Trustee (acting on the instructions of the Required Bondholders) and the PBCE Provider are unable to agree the matters set out in paragraph (qq) above the Issuer shall refer the matters to an Expert for determination in accordance with the terms of the Finance Documents.
- (uu) The Issuer shall, within five Business Days of the date on which the Issuer demonstrates to the satisfaction of the Technical Adviser that the Reinstatement Works have been completed and no further payments are required to be made in respect of the Reinstatement Works, transfer from the Insurance Proceeds Account to the Proceeds Account the amount of any Insurance Proceeds received in relation to the relevant Physical Damage Event which have not been applied in repair or reinstatement of the Project in accordance with the Reinstatement Plan (the **Excess Insurance Proceeds Amount**).
- (vv) The Issuer may effect a withdrawal from the Insurance Proceeds Account and/or the Proceeds Account to effect restoration, reinstatement and/or repair works in respect of which the Extraordinary Event Conditions are satisfied.

Maintenance

- (ww) Without prejudice to its other obligations in the Transaction Documents, the Issuer shall maintain, repair, overhaul and renew all property forming part of the Project as required to keep it in good working order and shall procure that the Project is operated and maintained:
 - (i) in a safe and efficient manner and, in all material respects, in accordance with Good Industry Practice;
 - (ii) in substantially continuous operation in accordance with its original purpose;
 - (iii) in all material respects in accordance with the terms of the Concession Agreement;
 - (iv) such that, in any period to which a Project Budget relates, the aggregate Maintenance Liabilities incurred by the Issuer in such period do not exceed the applicable Project Budget Maintenance Threshold;
 - (v) as contemplated in (and permitted under) the Transaction Documents; and
 - (vi) in all respects in accordance with any requirements of the Insurances,

and shall, without limitation, ensure that all maintenance is carried out so as to cause minimum disruption to the operation of the Project. Notwithstanding paragraph (iv) above, the Issuer may incur operation and maintenance liabilities in excess of the amount set out in the Project Budget if the Extraordinary Event Conditions are satisfied.

New Works

- (xx) ANAS or the Issuer (as applicable) shall procure that the New Works are completed on or prior to 31 December 2018 in respect of any New Works which are not provided under the General Contract, to the extent still required under the PEF.

Maintenance Contracts

- (yy) The Issuer shall ensure that each Maintenance Contract complies with the provisions of the Public Contract Code and any other provision of Applicable Law.

Personnel

- (zz) The Issuer shall employ (or procure the secondment of) a sufficient number of suitably qualified and experienced management personnel and staff to ensure the execution of all aspects of the Project in accordance with Good Industry Practice (except to the extent subcontracted in accordance with the Concession Agreement and the Public Contract Code).

Centre of main interests

- (aaa) The Issuer shall maintain its centre of main interests for the purposes of Council Regulation (EC) No 1346/2000 of 29 May 2000 (the **Insolvency Regulation**) in Italy and must ensure that it does not have an "establishment" (as defined in Insolvency Regulation) in any jurisdiction other than Italy.

Credit Rating

- (bbb) The Issuer shall use all reasonable endeavours to maintain a credit rating from at least one Rating Agency for the Bonds issued by the Issuer.
- (ccc) The Issuer shall co-operate with each relevant Rating Agency in connection with any reasonable request for information in respect of the maintenance of a rating and with any review of its business which may be undertaken by one or more of the Rating Agencies after the Issue Date.

Listing

- (ddd) The Issuer will use all reasonable endeavours to maintain the listing of the Bonds on the Euro MTF Market for so long as any of the Bonds are outstanding. If, however, it is unable to do so, having used all reasonable endeavours, or if the maintenance of such listing is, in the reasonable opinion of the Issuer, unduly onerous, then the Issuer shall endeavour promptly to list the Bonds on another equivalent market or multilateral trading platform approved in writing by the Bond Trustee.

Purchase of Bonds

- (eee) The Issuer shall ensure at all times that it does not any time make purchases of Bonds in the open market or otherwise, either directly or through a third party on its behalf.

Accounting Reference Date

- (fff) The Issuer shall not change its Accounting Reference Date if:
- (i) such change could reasonably be expected to have a Material Adverse Effect;

- (ii) the Bond Trustee has not received, at the cost and expense of the Issuer, such information as it requires to enable an accurate comparison to be made between any financial statements received prior to such change and financial statements received (or to be received) after such change; or
- (iii) following such change (x) the Financial Ratios will be worse than those shown in the Compliance Certificate delivered immediately prior to the date of such change; or (y) the basis for the calculation of the Financial Ratios by reference to the Relevant Periods will be amended in such a way as adversely effects the interests of the Secured Creditors.

Accounting

- (ggg) The Issuer shall authorise the Auditors or, if the Bond Trustee (acting on the instructions of the Required Bondholders) and/or the PBCE Provider so requests, the Monitoring Accountants (in each case whose fees and expenses shall be for its account) to communicate directly with any of the Secured Creditors at such time as the Security Agent, the Bond Trustee (acting on the instructions of the Required Bondholders) or the PBCE Provider may reasonably require (and at any time while any Default is outstanding) regarding its accounts and operations and furnish to the Information Recipients (as applicable) a copy of such authorisation, subject to the Auditors' and/or the Monitoring Accountants' (as applicable) agreement to communicate at such time and upon agreed conditions (including in relation to confidentiality).

Illegal payments and advantage

- (hhh) The Issuer shall not, and shall procure that none of its officers, directors, employees and/or agents acting on its authority will, give, offer, insist on, receive or solicit any illegal payment or advantage to influence the action of any person in connection with the Project.

Access

- (iii) The Issuer shall, where reasonably required for the purposes of exercising their rights or performing their duties under the Finance Documents:
 - (i) permit representatives of the Secured Creditors and each External Adviser free access to any of the premises where the Project is conducted and to inspect all facilities, plant and equipment forming part of the Project, in each case (A) (except where a Default is continuing) at all reasonable times with at least 48 hours' notice; or (B) if a Default has occurred and the same has not been waived or remedied to the satisfaction of the Security Agent pursuant to the STID, at such times as any of such persons may request and in each case at the cost of the Issuer, but in each case, having regard to applicable laws, regulations and safety requirements;
 - (ii) permit representatives of the Secured Creditors and each External Adviser free access to the books and records of the Issuer and to take copies thereof and to have access to those employees and agents of the Issuer who have or may have knowledge of matters with respect to which the relevant Secured Creditor or External Adviser seeks information, in each case (A) (except where a Default is continuing) at all reasonable times and on reasonable notice; or (B) if a Default has occurred and the same has not been waived or remedied to the satisfaction of the Security Agent pursuant to the STID, at such times as any of such persons may request and in each case at the cost of the Issuer, in each case having regard to applicable laws, regulations and safety requirements; and
 - (iii) permit representatives of the Secured Creditors and each External Adviser to meet and discuss matters with the senior management of the Issuer, in each case (A) (except where a Default is continuing) at all reasonable times and on reasonable notice; or (B) if a Default has occurred and the same has not been waived or remedied to the satisfaction of the Security Agent, at such times as any of such persons may request and in each case at the cost of the Issuer, and in each case save where such access to information would cause the Issuer to breach any disclosure restriction or

confidentiality obligation applicable to it and but in each case, having regard to applicable laws and regulations.

- (jjj) The Secured Creditors shall, where practicable, use reasonable efforts to co-ordinate requests for access.

Further assurance

- (kkk) Each Security Provider shall promptly do all such acts or execute all such documents (including pledges, assignments, transfers, mortgages, charges, notices and instructions) as the Security Agent may specify (and in such form as the Security Agent may reasonably require in favour of the Security Agent or any of its nominees):
- (i) to perfect the Security Interests created or intended to be created under or evidenced by the Finance Documents (which may include the execution of a mortgage, charge, assignment, pledge or other Security Interest over all or any of the assets which are, or are intended to be, the subject of any Security Document) or for the exercise of any rights, powers and remedies of the Security Agent or the Secured Creditors provided by or pursuant to the Finance Documents or by law;
 - (ii) to confer on the Security Agent or confer on the Secured Creditors a Security Interest over any property and assets of the relevant Security Provider located in any jurisdiction equivalent or similar to the Security Interest intended to be conferred by or pursuant to any Security Document;
 - (iii) to facilitate the realisation of the assets which are, or are intended to be, the subject of any Security Document; and/or
 - (iv) otherwise to give effect to the terms of the Finance Documents.
- (lll) Each Security Provider shall take all such action as is available to it (including making all filings and registrations) as may be necessary for the purpose of the creation, perfection, protection or maintenance of any Security Interest conferred or intended to be conferred on the Security Agent or the Secured Creditors by or pursuant to the Finance Documents.

Conditions Subsequent

- (mmm) The Issuer shall deliver the conditions subsequent listed in Schedule 1 (Conditions Subsequent) of the CTA to the Security Agent, in compliance with the terms and conditions set out in the relevant Finance Document, prior to the expiry of the time periods specified therein.

Events of Default

The CTA will contain the following events of default which will constitute the Events of Default under each Finance Document (each one being an **Event of Default**):

- (a) *Non-payment*

Any amount payable by the Issuer pursuant to a Finance Document (other than, prior to the Bond Discharge Date only, any amount payable by the Issuer pursuant to the PBCE Agreement (except any amount owed to the PBCE Provider in respect of fees, costs and expenses of the PBCE Provider that are payable by the PBCE Provider to third parties pursuant to clause 4.2 (Charges, fees, costs and expenses) of the PBCE Agreement) if and to the extent that amounts are not available to meet such payments in accordance with the Pre-Enforcement Priority of Payments) is not paid on the relevant due date at the place and in the currency in which it is expressed to be payable unless (a) failure to pay is caused by administrative or technical error; and (b) payment is made within three Business Days of the due date.

(b) Financial Ratios

- (i) Subject to paragraph (ii) below, any Financial Ratio is less than or equal to the relevant Default Ratio in respect of the most recent Payment Date (a **Financial Ratio Breach**).
- (ii) No Event of Default under paragraph (i) above will occur unless (A) the PBCE Available Amount is zero; or (B) a PBCE Rebalancing Event has occurred and either (x) a PBCE Rebalancing does not occur on the following Payment Date; or (y) the Financial Ratios are re-calculated on a pro forma basis, so that (I) the Principal Amount Outstanding of the Bonds is deemed to have been reduced by the PBCE Available Amount; and (II) the Debt Service for the Relevant Period ending on that Payment Date is deemed to have been reduced by the amount of Debt Service which is attributable to Bonds with a principal amount equal to the PBCE Available Amount, and there is still a Financial Ratio Breach.

(c) Other obligations

- (i) Any Security Provider fails to comply with any provision of the Finance Documents (or, with the agreement of the PBCE Provider, save for the PBCE Agreement) applicable to it, provided that no Event of Default will occur if:
 - (A) the failure to comply is capable of remedy and is remedied to the satisfaction of the Security Agent within 20 Business Days of the earlier of (x) the Security Agent, the Bond Trustee or the PBCE Provider giving notice to the Issuer; and (y) the Issuer becoming aware of the relevant Security Provider's failure to comply;
 - (B) in the case of a failure by the Issuer comply with its undertaking to file all tax returns required to be filed by it in any jurisdiction, such failure to comply does not have and is not reasonably likely to have a Material Adverse Effect; and
 - (C) in the case of a failure by any Security Provider (other than the Issuer) to comply with its obligations under the ANAS Agreement and the VAT Subordination Agreement, such failure to comply:
 - I. is not under article 3 (Subordination) paragraph (i), (ii), (iii), (vi), (vii), (ix), (x), (xi) or (xii) of article 4.1 (ANAS' obligations in its capacity as shareholder), article 4.2 (ANAS' obligations in its capacity as shareholder) and article 8.2 (Representations and Warranties) of the ANAS Agreement;
 - II. is not under article 2 (Subordination) or article 4 (ANAS' Obligations) of the VAT Subordination Agreement;and in each case does not have and is not reasonably likely to have a Material Adverse Effect.

(d) Representations

- (i) Any representation or warranty made by any Security Provider is or proves to have been incorrect or misleading in any respect when made or repeated by reference to the facts and circumstances when made or repeated.
- (ii) Any other representation or statement made by the Issuer in or pursuant to the Finance Documents is or proves to have been incorrect or misleading in any material respect when made by reference to the facts and circumstances when made.

(iii) No Event of Default under paragraphs (i) or (ii) above will occur if the circumstances giving rise to such representation being incorrect are capable of being remedied and is remedied to the satisfaction of the Security Agent within 30 Business Days of the earlier of (x) the Security Agent, the Bond Trustee or the PBCE Provider giving notice to the Issuer; and (y) the Issuer becoming aware of the relevant event or circumstance.

(e) *Cross default*

(i) Subject to paragraph (ii) below:

- (A) any Financial Indebtedness of the Issuer is not paid when due (including, after the expiry of any originally applicable grace period);
- (B) any Financial Indebtedness of the Issuer is declared to be or otherwise becomes due and payable prior to its specified maturity as a result of an event of default (however described); or
- (C) any commitment for any Financial Indebtedness of the Issuer is cancelled or suspended by a creditor of the Issuer as a result of an event of default (however described).

(ii) No Event of Default will occur under paragraph (i) above (x) if the aggregate amount of Financial Indebtedness or commitment for Financial Indebtedness falling within paragraph (i) above is less than Euro 2,500,000; or (y) in respect of any Financial Indebtedness of the Issuer under the PBCE Agreement.

(f) *Insolvency*

(i) The Issuer (A) is unable or admits inability to pay its debts as they fall due; (B) is deemed to or declared to be unable to pay its debts or insolvent under Applicable Law; (C) suspends or threatens to suspend making payments on any of its debts; or (D) by reason of actual or anticipated financial difficulties, commences negotiations with one or more of its creditors with a view to rescheduling any of its indebtedness.

(ii) A moratorium is declared in respect of any indebtedness of the Issuer. If a moratorium occurs, the ending of the moratorium will not remedy any Event of Default caused by that moratorium.

(iii) The Issuer is in any situation contemplated by articles 2446 and 2447 of the Italian Civil Code, except if such situation is remedied to the satisfaction of the Security Agent within 30 Business Days.

(g) *Insolvency proceedings*

Any corporate action, legal proceedings or other procedure or step is taken in relation to:

- (i) the bankruptcy, any insolvency proceedings or pre-insolvency proceedings (including concordato preventivo, accordo di ristrutturazione del debito and any request under article 161, paragraph 6, of the Italian Bankruptcy Law), liquidation or final solvent dissolution of the Issuer;
- (ii) the suspension of payments, a moratorium of any indebtedness, winding-up, dissolution, administration or reorganisation (by way of voluntary arrangement, scheme of arrangement or otherwise) of the Issuer;

- (iii) a composition, compromise, assignment or arrangement for the creditors generally of the Issuer other than a composition, compromise, assignment or arrangement with respect to any Subordinated Shareholder Liabilities or the VAT Subordinated Facility Liabilities;
- (iv) the appointment of a liquidator, receiver, administrator, administrative receiver, compulsory manager or other similar officer in respect of the Issuer or any of its assets; or
- (v) the enforcement of any Security Interest over any assets of the Issuer,

or any analogous procedure or step is taken in any jurisdiction, save any liquidation or winding-up petition which the Security Agent is satisfied results from frivolous or vexatious proceedings which are discharged within 60 days of being commenced.

(h) *Creditors' process*

Any expropriation, attachment, sequestration, distress or execution or any analogous process in any jurisdiction affects any asset or assets of the Issuer, the value of which equals or exceeds EUR 2,500,000.

(i) *Change of Control*

The share capital of the Issuer ceases to be owned, legally and beneficially in the following proportion (i) 50% by the ANAS Shareholder or by an entity wholly owned by ANAS which has acceded to the Finance Documents and assumed the relevant liabilities arising thereunder (to the extent permitted under the Applicable Law); and (ii) 50% by the Veneto Region or by an entity wholly owned by the Veneto Region, free from any Security Interest.

(j) *Unlawfulness and invalidity*

- (i) It is or becomes unlawful for any Security Provider to perform any of its obligations under any Finance Document to which it is a party.
- (ii) Any Security Interest created or expressed to be created or evidenced by any Security Document to which it is a party or any subordination created under the STID is or becomes unlawful.
- (iii) Any obligation of any Security Provider under the Finance Documents is not (subject to the Legal Reservations) or ceases to be legal, valid, binding and enforceable.
- (iv) Any Finance Document ceases to be in full force and effect or any Security Interest created or expressed to be created or evidenced by any Security Document or any subordination created under the STID ceases to be legal, valid, binding, enforceable or effective or is alleged in writing by a party to it (other than a Secured Creditor) to be ineffective or does not have the ranking and priority it is expressed to have.
- (v) It is or becomes unlawful for the Issuer or the Grantor to perform any of its obligations under the Concession Agreement or the Concession Agreement or any obligation of the parties thereunder ceases to be legal, valid, binding and enforceable.

(k) *Termination of Finance Documents*

- (i) Any Security Provider:
 - (A) rescinds or purports to rescind or repudiates or purports to repudiate or evidences in writing an intention to rescind or repudiate any Finance Document governed by English law;

- (B) terminates, revokes, suspends, withdraws from or alleges the invalidity of any Finance Document governed by Italian law;
- (C) issues a notice of termination, suspension, revocation or withdrawal or invalidity in respect of any Finance Document governed by Italian law;
- (D) proposes, purports or evidences an intention to terminate, suspend, revoke, withdraw from or allege the invalidity of any Finance Document governed by Italian law; or
- (E) otherwise terminates or revokes or purports to or evidences an intention in writing to terminate or revoke any Finance Document.

(l) *Concession Agreement*

(i) Any party to the Concession Agreement:

- (A) terminates, revokes, suspends, withdraws from or alleges the invalidity of the Concession Agreement;
- (B) issues a notice of termination for events other than those under article 9 (*Decadenza della concessione*) of the Concession Agreement, revocation, suspension or withdrawal or invalidity in respect of the Concession Agreement; or
- (C) proposes the termination of the Concession Agreement to the MIT and the Ministry of Economy and Finance pursuant to article 9.2 (*Decadenza della concessione*) of the Concession Agreement,

in each case otherwise than by reason of natural expiry of its term in accordance with article 4 (*Durata della Concessione*) of the Concession Agreement or as consented to in writing by the Security Agent.

- (ii) The Grantor alleges the invalidity of or unequivocally proposes to suspend, terminate, revoke or withdraw from the Interpretation Letter.
- (iii) The Grantor issues a notice to the Issuer in accordance with article 9.1 (*Decadenza della concessione*) of the Concession Agreement, unless:
 - (A) such notice is challenged by the Issuer, acting in good faith on reasonable grounds, within 30 days and the Issuer delivers to the Security Agent evidence in form and substance reasonably satisfactory to the Security Agent that the Grantor has (x) acknowledged in writing that there are no grounds for proceeding with the termination; or (y) otherwise revoked or withdrawn the original notice, in each case within 90 days of the date of such notice; or
 - (B) the Issuer delivers to the Security Agent evidence, in form and substance reasonably satisfactory to the Security Agent, that the circumstances in respect of which such notice has been issued have been remedied, or have been waived by the Grantor, within 90 days of the date of such notice.
- (iv) The Transport Authority proposes the suspension, termination or revocation of the Concession Agreement in accordance with Applicable Law;
- (v) A Concession Agreement DSCR Default has occurred and the Issuer has not remedied it or it has not been remedied through a PBCE Rebalancing (as the case may be), within the relevant cure period

granted by the Grantor pursuant to Annex K (Requisiti di solidità patrimoniale) of the Concession Agreement.

- (vi) The Grantor and/or the Transport Authority impose any sanction or penalty on the Issuer in an aggregate amount exceeding EUR3,000,000 in any Financial Year of the Issuer or which has (or the events or circumstances giving rise to which have) or is or are (as applicable) reasonably likely to have a Material Adverse Effect.
- (vii) The operation and/or maintenance of any material part of the Project is suspended for any reason and such suspension is reasonably likely to have a Material Adverse Effect.
- (viii) The Grantor demands payment by the Issuer under any indemnity or guarantee under the Concession Agreement which has or is reasonably likely to have a Material Adverse Effect unless the Issuer provides evidence satisfactory to the Security Agent that such amount is not due.
- (ix) Any change to the legal status of the Grantor or to its rights, duties, obligations and powers in respect of the Concession Agreement occurs which has, or is reasonably likely to have, a Material Adverse Effect.

(m) Immunity from suit

Any party to a Transaction Document (other than a Secured Creditor) is entitled to claim immunity from suit, execution, attachment or other legal process in any Proceedings taken in the relevant state in relation to or in connection with the relevant Transaction Document.

(n) Cessation of business

The Issuer suspends or ceases to carry on (or threatens in a written communication to suspend or cease to carry on) all or a material part of its business.

(o) Abandonment or destruction

- (i) The Issuer abandons all or part of the Project.
- (ii) All or a material part of the Project is damaged or destroyed and a Reinstatement Plan is not approved, deemed to be approved or determined following a decision of the Expert within the relevant period.

(p) Insurance

Any Insurance which is required to be maintained in order for the Issuer to comply with its obligations under the Finance Documents (taking into account the requirements under the Applicable Law (including the Public Contract Code)) is not maintained in accordance with the terms of the Finance Documents or ceases to be in full force and effect.

(q) Expropriation

Any person or Governmental Authority seizes, expropriates, nationalises or compulsorily acquires (whether or not for fair compensation) any asset of the Issuer or any asset used by the Issuer, in each case which is necessary for the performance of the Issuer's obligations under the Transaction Documents.

(r) Change in Law

- (i) The occurrence of any amendment, variation or supplement to any Applicable Law (including the Public Contract Code and the Establishing Legislation) or the introduction of any applicable law or regulation, in each case which has or is reasonably likely to have a Material Adverse Effect.
- (ii) The repeal or abrogation of any Applicable Law (including any provision of the Public Contract Code but excluding the Establishing Legislation), in each case which has or is reasonably likely to have a Material Adverse Effect.
- (iii) The repeal or abrogation of the Establishing Legislation.
- (s) *Litigation and Legislative Decree 231*
- (i) Any Proceedings are commenced or threatened in writing in relation to the Transaction Documents or the transactions contemplated in the Transaction Documents or against the Issuer or its assets which are or are reasonably likely, in the opinion of a third party legal adviser (whose determination shall be final and binding) selected by the Security Agent and approved by the Issuer (or, failing approval, nominated (on the application of the Security Agent) by the Chairman of the Chamber of Arbitration of Milan (the costs of the nomination and of such professional adviser being payable by the Issuer)), to be adversely determined and, if adversely determined, reasonably likely to have a Material Adverse Effect.
- (ii) A decision is issued by a competent court declaring that the Issuer is responsible under Legislative Decree 231 for Criminal Offences or is subject to any sanction or precautionary measure under Legislative Decree 231 for Criminal Offences.

Trigger Events

Trigger Events

Under the CTA, a trigger event shall occur if certain events constituting Equity Trigger Events and/or VAT Subordinated Facility Trigger Events occur (each a **Trigger Event**).

The Issuer shall notify the Security Agent in writing of the occurrence of a Trigger Event, following which the Security Agent shall notify the Secured Creditors of the occurrence of such Trigger Event.

Equity Trigger Events

An Equity Trigger Event shall occur if:

- (a) the BLCR is less than 1.40:1;
- (b) the Projected DSCR is less than 1.30:1; and/or
- (c) the Historic DSCR is less than 1.30:1;

where, in each case, such Financial Ratio is calculated as at a Payment Date relating to the Relevant Period, as stated in the Compliance Certificate produced in respect of such Payment Date, or in respect of any calculation required by the terms of the Finance Documents but not delivered in respect of a Payment Date, as stated in a Compliance Certificate from the Issuer (an **Equity Trigger Event Compliance Certificate**).

VAT Subordinated Facility Trigger Events

A VAT Subordinated Facility Trigger Event shall occur if:

- (a) the BLCR is less than 1.25:1;

- (b) the Projected DSCR is less than 1.20:1; and/or
- (c) the Historic DSCR is less than 1.20:1;

where, in each case, such Financial Ratio is calculated as at a Payment Date relating to the Relevant Period (a **VAT Subordinated Facility Trigger Event**), as stated in the Compliance Certificate produced in respect of such Payment Date, or in respect of any calculation required by the terms of the Finance Documents but not delivered in respect of a Payment Date, as stated in a Compliance Certificate from the Issuer (a **VAT Subordinated Facility Trigger Event Compliance Certificate** and together with the Equity Trigger Event Compliance Certificate, the **Trigger Event Compliance Certificates**).

Consequences of a Trigger Event

- (a) During an Equity Trigger Event Period, the Issuer must not transfer any amount to the Distributions Account.
- (b) During a VAT Subordinated Facility Trigger Event Period, the Issuer must not:
 - (i) transfer any amount to the Distributions Account; or
 - (ii) make any Payment in respect of any VAT Subordinated Facility Liabilities.
- (c) During any Trigger Event Period, the Issuer:
 - (i) shall within 40 Business Days of the delivery of the relevant Trigger Event Compliance Certificate, provide the Security Agent, the Bond Trustee, the Class A1 Bond Representative and the PBCE Provider with its written proposals for the remedy of any Trigger Event specified therein (a **Trigger Event Remedy Plan**); and
 - (ii) shall, if each of the Compliance Certificates delivered in respect of the two consecutive Payment Dates immediately following the Payment Date in respect of which the Trigger Event Compliance Certificate has been delivered evidences that any Trigger Event has occurred and is continuing, meet with the Security Agent, the Bond Trustee and the PBCE Provider to discuss the Trigger Event Remedy Plan and the ramifications of any relevant Trigger Event and its remedy and shall make any amendments or supplements to the Trigger Event Remedy Plan as may be required by the Bond Trustee (acting on the instructions of the Required Bondholders) and the PBCE Provider.

Project Accounts - Cash Management

General

- (a) The Issuer shall open and maintain the following Project Accounts:
 - (i) the Debt Service Reserve Account with the DSRA Account Bank;
 - (ii) the Proceeds Account, each Principal Tolls Account, the Capex Reserve Account, the Insurance Proceeds Account and the Maintenance Reserve Account (together the **Operational Accounts**) with the Operational Account Bank;
 - (iii) the Electronic Payments Account with the Electronic Payments Account Bank;
 - (iv) the Postal Tolls Accounts with the Postal Tolls Account Bank; and
 - (v) the Distributions Account with the Distributions Account Bank.

- (b) The Project Accounts shall be operated by the Issuer on the terms set out in the CTA, Account Bank Agreements and in each Project Accounts Pledge and shall (other than the Distributions Account, the Permitted Overdraft Account and any Postal Tolls Account, each of which shall not be the subject of any Security Interest), upon completion of the Perfection Requirements, be subject to first ranking security in favour of the Security Agent for the benefit of the Secured Creditors.
- (c) The Issuer shall not open or maintain any bank, deposit, savings, custody or other account, save the Permitted Overdraft Account, other than in accordance with the Finance Documents.

Proceeds Account

- (a) Pursuant to the CTA, the Issuer shall pay into the Proceeds Account immediately upon receipt amounts received from the Principal Paying Agent on the Issue Date; and amounts received from the ANAS Shareholder and the VAT Subordinated Facility Provider pursuant to the Equity Documents.
- (b) In addition, the Issuer shall ensure the payment into the Proceeds Account of:
 - (i) all Project Revenues other than (A) any Principal Tolls Amounts; (B) any Postal Tolls Amounts; (C) any Electronic Payments Amounts; and (D) any other amounts which, pursuant to the CTA, are permitted and/or required to be otherwise applied);
 - (ii) all other amounts received by the Issuer for any reason whatsoever (other than amounts which, in accordance with paragraph (i) above or any other provision of the CTA, are permitted or required to be otherwise applied or amounts which are required to be paid into the Insurance Proceeds Account);
 - (iii) any amounts which are required to be transferred into the Proceeds Account from other Project Accounts to be applied in Debt Service in accordance with the CTA; and
 - (iv) any Insurance Proceeds which relate to delay in start-up, advance loss of profit or business interruption insurances,

in each case immediately upon receipt.
- (c) Subject to paragraph (e) below, payments of sums out of the Proceeds Account shall be permitted on any Payment Date.
- (d) Payments of sums out of the Proceeds Account (i) in respect of paragraphs (a), (b) and (c) of the Pre-Enforcement Priority of Payments shall be permitted on any date; or, (ii) in respect of paragraph (i) and paragraph (j) of the Pre-Enforcement Priority of Payments shall be permitted within 20 Business Days of a Compliance Certificate being agreed or deemed to be agreed in accordance with the Finance Documents.
- (e) If, at any time, the amount standing to the credit of the Proceeds Account is insufficient to meet all payments falling due at such time, they shall be applied towards payments in the order of the Pre-Enforcement Priority of Payments. See "*Cashflows – Pre-Enforcement Priority of Payments*" below for further detail.

Principal Tolls Accounts, Electronic Payments Accounts and Postal Tolls Accounts

- (a) The CTA provides for the following payments to be made into the relevant accounts:
 - (i) The Issuer shall pay all Principal Tolls Amounts into the relevant Principal Tolls Account immediately upon receipt.

- (ii) The Issuer shall pay all Electronic Payments Amounts into the Electronic Payments Account immediately upon receipt.
- (iii) The Issuer shall pay all Postal Tolls Amounts into the relevant Postal Tolls Account immediately upon receipt.
- (b) The Issuer shall ensure that:
 - (i) on the date falling on the 15th of each month and on the last day of each month after the Issue Date to and including the Final Discharge Date, all amounts standing to the credit of any Principal Tolls Account, any Postal Tolls Account and/or any Electronic Payments Account at that time less:
 - (A) in the case of any Postal Tolls Account, EUR 1,000.00;
 - (B) in the case of the Electronic Payments Account, EUR 1,000.00;
 - (C) in the case of the Principal Tolls Account identified by IBAN IT 42H0306902119100000005257, EUR100,000.00;
 - (D) in the case of any other Principal Tolls Account, EUR1,000.00,

are transferred to the Proceeds Account, *provided that* in each case, if on any date the balance standing to the credit of any Principal Tolls Account, Postal Tolls Account and/or Electronic Payments Account is equal to or greater than EUR500,000, the Issuer shall ensure that all amounts standing to the credit of such account(s) (and exceeding the relevant above mentioned threshold(s)) are transferred to the Proceeds Account as soon as reasonably practicable and in any event within two Business Days of such date; and
 - (ii) amounts standing to the credit of each Principal Tolls Account, each Postal Tolls Account and the Electronic Payments Account are applied only for the following purposes:
 - (A) the making of a transfer to the Proceeds Account (which, for the avoidance of doubt, may be made at any time);
 - (B) the payment of amounts due to the Postal Tolls Account Bank, to the Electronic Payments Account Bank and to the Operational Account Bank in respect of the relevant Payment Services Fees (which, for the avoidance of doubt, shall be made from the account in respect of which the Payment Services Fees are payable);
 - (C) in the case of the Principal Tolls Account under paragraph (i)(C) above, the funding of the operative needs of the toll booths; and
 - (D) in the case of the Electronic Payments Account, the payment of any amount due to any credit card issuer in connection with any electronic payment, provided that the aggregate of such amounts does not exceed EUR20,000 in any month.
- (c) Notwithstanding paragraph (c) above, the Issuer shall on the Business Day immediately prior to each Payment Date transfer amounts standing to the credit of each Principal Tolls Account, each Postal Tolls Account and the Electronic Payments Account to the Proceeds Account in order to pay Debt Service if there would otherwise be insufficient amounts standing to the credit of the Proceeds Account in accordance with paragraph 2 (Confirmation of any Debt Service Shortfall) of Part 1 (PBCE Drawing Mechanics for Debt Service Shortfalls) of (Schedule 7) (PBCE Drawing Mechanics).

Capex Reserve Account

- (a) The CTA requires that the Issuer shall ensure that an amount equal to EUR32,000,000 is paid into the Capex Reserve Account on the Issue Date.
- (b) The Issuer is permitted to use amounts standing to the credit of the Capex Reserve Account to pay amounts in respect of the New Works.
- (c) The Issuer shall on the Business Day immediately prior to each Payment Date transfer amounts standing to the credit of the Capex Reserve Account to the Proceeds Account in order to pay Debt Service if there would otherwise be insufficient amounts standing to the credit of the Proceeds Account in accordance with paragraph 2 (Confirmation of any Debt Service Shortfall) of Part 1 (PBCE Drawing Mechanics for Debt Service Shortfalls) of (Schedule 7) (PBCE Drawing Mechanics).

Insurance Proceeds Account

- (a) Pursuant to the CTA, the Issuer shall ensure that any Insurance Proceeds received (other than Insurance Proceeds relating to delay in start-up, advance loss of profit or business interruption insurances which are to be paid to the Proceeds Account) are paid immediately into the Insurance Proceeds Account.
- (b) The Issuer is permitted to use amounts standing to the credit of the Insurance Proceeds Account for any of the following purposes:
 - (i) to the extent such amounts relate to losses or claims suffered or made by any insured party other than the Issuer, such funds may be paid to such insured party;
 - (ii) to the extent such amounts relate to claims in respect of any Physical Damage Event or any Extraordinary Event, in accordance with paragraph (a), (b) or (h) (as applicable) of clause 9.28 (Reinstatement) of the CTA; and
 - (iii) the making of a transfer to the Proceeds Account of the Excess Insurance Proceeds Amount.

Maintenance Reserve Account

- (a) The Issuer shall, on the Issue Date, transfer from the Proceeds Account to the Maintenance Reserve Account, the amount required to ensure that the balance standing to the credit of the Maintenance Reserve Account is not less than the then applicable Required Balance.
- (b) The Issuer shall on each Payment Date, transfer from the Proceeds Account to the Maintenance Reserve Account the lesser of (i) the amount required to ensure that the balance standing to the credit of the Maintenance Reserve Account is not less than the then applicable Required Balance; and (ii) the amount available for transfer from the credit of the Proceeds Account in accordance with paragraph (f) of the Pre-Enforcement Priority of Payments.
- (c) The Issuer may apply amounts standing to the credit of the Maintenance Reserve Account to meet ordinary and extraordinary maintenance costs incurred as they fall due.
- (d) If the balance standing to the credit of the Maintenance Reserve Account on any date exceeds the then applicable relevant Required Balance, the Issuer may transfer the whole or any part of the excess to the Proceeds Account.
- (e) The Issuer shall on the Business Day immediately prior to each Payment Date transfer amounts standing to the credit of the Maintenance Reserve Account to the Proceeds Account in order to pay

Debt Service if there would otherwise be insufficient amounts standing to the credit of the Proceeds Account in accordance with paragraph 2 (Confirmation of any Debt Service Shortfall) of Part 1 (PBCE Drawing Mechanics for Debt Service Shortfalls) of (Schedule 7) (PBCE Drawing Mechanics).

Debt Service Reserve Account

- (a) The Issuer shall, on the Issue Date, transfer from the Proceeds Account to the Debt Service Reserve Account the amount required to ensure that the balance standing to the credit of the Debt Service Reserve Account is not less than the then applicable Required Balance.
- (b) The Issuer shall, on each Payment Date, transfer from the Proceeds Account to the Debt Service Reserve Account the lesser of (i) the amount required to ensure that the balance standing to the credit of the Debt Service Reserve Account is not less than the then applicable Required Balance; and (ii) the amount available for transfer from the Proceeds Account in accordance with paragraph (f) of the Pre-Enforcement Priority of Payments.
- (c) The Issuer shall on the Business Day immediately prior to each Payment Date transfer amounts standing to the credit of the Debt Service Reserve Account to the Proceeds Account in order to pay Debt Service if there would otherwise be insufficient amounts standing to the credit of the Proceeds Account in accordance with paragraph 2 (Confirmation of any Debt Service Shortfall) of Part 1 (PBCE Drawing Mechanics for Debt Service Shortfalls) of (Schedule 7) (PBCE Drawing Mechanics).
- (d) If the balance standing to the credit of the Debt Service Reserve Account on any date exceeds the then applicable Required Balance in respect of the Debt Service Reserve Account, the Issuer may transfer the whole or any part of the excess to the Proceeds Account.

Distributions Account

- (a) The Issuer may only transfer amounts from the Proceeds Account to the Distributions Account if (i) the Restricted Payment Conditions applicable to a Shareholder Restricted Payment are met on the date of transfer; and (ii) within 20 Business Days of a Compliance Certificate being agreed or deemed agreed in accordance with the Finance Documents.
- (b) The Issuer may make payments from the Distributions Account at any time at its discretion.

Permitted Overdraft Account

- (a) The Issuer may only credit the Permitted Overdraft Account with amounts representing drawdowns under any Overdraft Facility or amounts transferred from the Proceeds Account pursuant to paragraph (c) below.
- (b) The Issuer shall transfer any amounts standing to the credit of the Permitted Overdraft Account representing drawdowns under or amounts made available through the use of any Overdraft Facility to the Proceeds Account.
- (c) The Issuer may transfer amounts from the Proceeds Account to the Permitted Overdraft Account to repay amounts due under any Overdraft Facility.

Interest and charges

The CTA provides that interest earned on the balances of any Project Account shall be credited to the relevant Project Account unless the balance of such Project Account is in excess of any applicable Required

Balance, in which case interest earned shall, within five Business Days of receipt, be transferred to the Proceeds Account to the extent of such excess amount.

Cash Equivalent Investments

- (a) The Issuer may invest in Cash Equivalent Investments from such part of the amounts standing to the credit of any of the Reserve Accounts from time to time as is prudent.
- (b) The Issuer may only invest in Cash Equivalent Investments which are held to its order.
- (c) The Issuer will at all times (i) ensure to the best of its knowledge that a prudent spread of any Cash Equivalent Investments is maintained; and (ii) liquidate (or ensure the liquidation of) Cash Equivalent Investments to the extent necessary for the purposes of payment of any amount due under the Finance Documents.
- (d) Whenever an Account Bank receives any Investment Proceeds it must transfer those funds, upon receipt of instructions from the Issuer, to the Issuer (to the Project Account specified by the Issuer) who will apply such funds towards (i) reinvesting them in further Cash Equivalent Investments nominated by the Issuer; or (ii) paying them into the Project Account concerned with the Cash Equivalent Investment from which the Investment Proceeds derive.
- (e) Following the occurrence of an Event of Default which is continuing, if any document of title or other documentary evidence of ownership with respect to Cash Equivalent Investments comes into the possession or control of the Issuer, it must ensure the same is delivered as soon as practicable to, or to the order of, the Security Agent.
- (f) Whenever an Account Bank or the Issuer receives any Income it (upon receipt of instructions from the Issuer) must (i) pay the Income into the Project Account concerned with the Cash Equivalent Investment from which the Income derives; or (ii) if the Cash Equivalent Investment from which the Income derives is to be retained after the Income is received by the Issuer, reinvest the same in that Cash Equivalent Investment.
- (g) The Issuer must give directions under paragraph (d) above and otherwise exercise its rights under this Agreement in such manner as will ensure compliance with the applicable provisions of the Finance Documents with respect to the Project Accounts, Cash Equivalent Investments, Investment Proceeds and Income.
- (h) The Issuer shall procure that the maximum average life of a Cash Equivalent Investment is appropriate having regard to the credits to be made to the Proceeds Account and payments to be made from the Proceeds Account or the Reserve Accounts from time to time.
- (i) If any investment ceases to be a Cash Equivalent Investment, the Issuer must as soon as reasonably practicable after becoming aware of that fact (and in any event, no more than 30 Business Days after that time) replace the investment with a Cash Equivalent Investment or with cash as soon as it is reasonably practicable to do so.
- (j) Any reference in any Finance Document to the balance standing to the credit of one of the Project Accounts will be deemed to include a reference to the Cash Equivalent Investments in which all or part of such balance is for the time being invested. In the event of any dispute as to the value of any Cash Equivalent Investment for the purpose of determining the amount deemed to be standing to the credit of a Project Account, that value will be determined in good faith by the Issuer.

PBCE Drawing Mechanics for Debt Service Shortfalls

The CTA sets out the procedure for assessing whether a Debt Service Shortfall has occurred and for delivering a Notice of Demand in respect of the PBCE Letter of Credit for any such Debt Service Shortfall which has arisen.

Debt Service Shortfall – Information Requirements

By no later than 11.00 a.m. on the date falling 15 Business Days prior to any given Payment Date (each such date being the **Account Balance Determination Date**):

- (a) the Issuer shall deliver to the Bond Trustee and the Principal Paying Agent a statement of all amounts (other than any amount in respect of Debt Service) which will become due and payable from a Project Account on any date up to and including the next Payment Date falling after the Account Balance Determination Date (and following the delivery of such statement, the Issuer shall not make any transfer from the Project Accounts during the period up to the next Payment Date other than in respect of a payment specified on such statement or payments permitted for Debt Service);
- (b) the Issuer shall deliver to the Bond Trustee and the Principal Paying Agent a statement of the amount payable by the Issuer from the Proceeds Account on the next Payment Date falling after the Account Balance Determination Date (i) pursuant to paragraphs (a) to (j) of the Pre-Enforcement Priority of Payments; and (ii) in respect of Debt Service pursuant to paragraphs (a) to (e) of the Pre-Enforcement Priority of Payments; and
- (c) each Account Bank shall deliver to the Issuer, the Principal Paying Agent and the Bond Trustee a statement of the amounts standing to the credit of each Project Account held with it as at the Account Balance Determination Date.

Confirmation of any Debt Service Shortfall

By no later than 11.00 a.m. on the Business Day immediately following the relevant Account Balance Determination Date, the Issuer shall deliver a notice to the Principal Paying Agent, the PBCE Provider and the Bond Trustee in writing (the **Payment Confirmation Notice**) confirming:

- (a) the amounts to be paid from the Proceeds Account on the next Payment Date (including the amount of Debt Service); and
- (b) if there are insufficient funds in the Proceeds Account to make payment of all amounts which will be due in respect of Debt Service on that Payment Date, the amount to be paid from any other Project Account to the Proceeds Account prior to that Payment Date (as set out in "*Project Accounts – Cash Management*" above), together with a statement as to (i) whether, following such transfers, there will be insufficient funds standing to the credit of the Proceeds Account to make all payments due in respect of Debt Service on the next Payment Date (the amount of such shortfall being the **Debt Service Shortfall**); and (ii) the PBCE Available Amount and the amount, if any, required to be drawn on the PBCE Letter of Credit to fund any Debt Service Shortfall and the amount to be applied to the Bonds.

Notice of Demand under the PBCE Letter of Credit

In the event that the Bond Trustee receives a Payment Confirmation Notice from the Issuer that there will be a Debt Service Shortfall on the next Payment Date, the Bond Trustee shall, by no later than 11.00 a.m. on the day that is the second Business Day following the Account Balance Determination Date issue a Notice of Demand under the PBCE Letter of Credit for an amount (the **PBCE Utilisation Amount**) equal to the lesser

of (a) the Debt Service Shortfall; and (b) the PBCE Available Amount most recently notified to it by the PBCE Provider.

Drawings from other Project Accounts

The Issuer shall liquidate any Cash Equivalent Investments no later than the second Business Day preceding the Payment Date made with funds from any Project Account where those funds are required to be standing to the credit of that Project Account for application on the relevant Payment Date.

Payments on Debt Service

The Issuer shall irrevocably instruct the Principal Paying Agent to transfer on the Payment Date for value on that day an amount equal to all amounts payable in respect of Debt Service, or if less, all amounts available to pay Debt Service to such account in the name of the Principal Paying Agent as the Issuer shall from time to time notify the Principal Paying Agent and the Principal Paying Agent shall make such payment in accordance with the relevant instruction.

PBCE Drawing Mechanics Upon a PBCE Rebalancing Event

The CTA sets out the procedure for delivering a Rebalancing Notice and for the carrying out of a PBCE Rebalancing.

PBCE Rebalancing Event (other than for a Concession Agreement DSCR Default)

By no later than the day which is the fifth Business Day after any Payment Date on which the PBCE Letter of Credit is drawn to pay Debt Service, provided it has been so notified by the Issuer, the Bond Trustee shall deliver a notice (based solely on information furnished by the Issuer and without liability for, or enquiry by, the Bond Trustee) in writing to the PBCE Provider and the Issuer (the **Rebalancing Notice**) stating:

- (a) the BLCR on such Payment Date as set out in the Compliance Certificate delivered to, among others, the Bond Trustee on such Payment Date;
- (b)
- (i) the sum of the PBCE Utilisation Amount and all amounts that have been drawn under the PBCE Letter of Credit and not repaid by the Issuer pursuant to the PBCE Agreement (on the basis of the information provided to the Bond Trustee on the relevant Account Balance Determination Date) (the **PBCE Outstanding Balance**);
- (ii) the figure representing 50% of the amount of Debt Service which fell due on such Payment Date (the **PBCE 3 Month Level**); and
- (iii) whether or not the PBCE Outstanding Balance exceeded the PBCE 3 Month Level on such Payment Date;
- (c) whether or not the PBCE Letter of Credit was drawn on such Payment Date for the fourth consecutive Payment Date; and
- (d) whether or not the PBCE Rebalancing Historic DSCR was less than or equal to 0.90:1 on the most recent Payment Date as set out in the Compliance Certificate delivered to, among others, the Bond Trustee on such Payment Date.

If on such Payment Date, a PBCE Rebalancing Event has occurred under paragraph (a) of the definition of PBCE Rebalancing Event, then the Bond Trustee, having been so notified by the Issuer, shall confirm in the Rebalancing Notice that a PBCE Rebalancing Event has occurred in respect of such Payment Date.

In the event that a PBCE Rebalancing Event would have occurred solely as a result of either the BLCR level or the PBCE Rebalancing Historic DSCR level, and the Bond Trustee has received notice that a dispute is continuing in relation to any assumptions or calculations relating to the BLCR level or the PBCE Rebalancing Historic DSCR level set out in the Rebalancing Notice and the Bond Trustee has not received notice that such dispute has been finally determined by an Expert, the Bond Trustee shall notify the Issuer as soon as reasonably practicable following receipt of such notice that the PBCE Rebalancing Event shall be deemed not to have occurred until the next following Payment Date provided that the Bond Trustee receives notice that the dispute is determined by the Expert prior to the next following Payment Date (unless the Bond Trustee receives notice that the Expert has determined that no PBCE Rebalancing Event occurred, in which case there shall not be a PBCE Rebalancing in respect of such event).

Drawing to fund PBCE Rebalancing (other than for a Concession Agreement DSCR Default)

If a PBCE Rebalancing Event has occurred in respect of a Payment Date (unless it is deemed not to have occurred due to a dispute continuing in relation to any assumptions or calculations as a result of the Bond Trustee receiving the abovementioned notice of dispute), the Bond Trustee shall, by no later than 11.00 a.m. on the date falling 10 Business Days prior to the next Payment Date (such next Payment Date, the **PBCE Rebalancing Date**), if as at that day:

- (a) the PBCE Letter of Credit has not previously been drawn in connection with a PBCE Rebalancing Event; and
- (b) the Bonds have not been accelerated in accordance with the STID and the Conditions,

deliver to the PBCE Provider a Notice of Demand under the PBCE Letter of Credit, pursuant to which it certifies to the PBCE Provider the matters in sub-paragraphs (a) (having been so advised by the Issuer) and (b) above, for the full PBCE Available Amount most recently notified to it by the PBCE Provider (less any PBCE Utilisation Amount to be drawn under a Notice of Demand to be delivered in respect of a Debt Service Shortfall by the Bond Trustee contemporaneously with any Notice of Demand delivered in respect of the PBCE Rebalancing Date) to fund a PBCE Rebalancing under the PBCE Letter of Credit on the PBCE Rebalancing Date.

PBCE Rebalancing for a Concession Agreement DSCR Default

If a PBCE Rebalancing Event under paragraph (b) of the definition thereof has occurred, the Security Agent shall deliver a notice to the Bond Trustee and the PBCE Provider by no later than close of business on the Business Day following the occurrence of such PBCE Rebalancing Event.

The Bond Trustee shall, by no later than 11.00 a.m. on the Business Day following the date on which it receives notice from the Security Agent that a PBCE Rebalancing Event under paragraph (b) of the definition thereof has occurred, deliver to the PBCE Provider a Notice of Demand under the PBCE Letter of Credit for the full PBCE Available Amount most recently notified to it by the PBCE Provider to fund a PBCE Rebalancing under the PBCE Letter of Credit on the PBCE Rebalancing Date.

PBCE Drawing Mechanics Upon an Acceleration of the Bonds

The CTA sets out the procedure for drawing under the PBCE Letter of Credit following the acceleration of the Bonds.

Drawing to Fund Debt Service

Following any acceleration of the Bonds pursuant to Condition 9 (Events of Default) and prior to the delivery of notice from the Security Agent pursuant to paragraph (a) below, the PBCE Letter of Credit shall be available for Debt Service on any Payment Date and amounts shall be drawn in accordance with the procedure set out in the CTA.

Drawing to Fund Acceleration Amount Shortfall

- (a) The Security Agent shall deliver a notice in writing to the Bond Trustee, PBCE Provider, the Class A1 Bond Representative and the Issuer (an **Acceleration Amount Shortfall Notice**) as soon as reasonably practicable where either:
 - (i) the process of enforcement of the Transaction Security has been completed and all proceeds from the enforcement of the Transaction Security have been received (including all amounts of compensation payable by the Grantor under the Concession Agreement); or
 - (ii)
 - (A) the process of enforcement of the Transaction Security has been completed save in respect of the Concession Agreement Receivables Assignment, and all proceeds from the enforcement of the Transaction Security (save for the amounts of compensation payable by the Grantor under the Concession Agreement arising from the Concession Agreement Receivables Assignment) have been received, and the amounts of compensation payable by the Grantor under the Concession Agreement have been demanded by the Security Agent; and
 - (B) following the occurrence of the events in (A) above, reasonable endeavours have been made to obtain the compensation payable by the Grantor under the Concession Agreement and a period of fifteen (15) months has elapsed,

and in each case where following application of the proceeds of such enforcement obtained at such time in accordance with the provisions of the STID, there is or will be amounts due and owing to Bondholders in respect of the Principal Amount Outstanding of the Bonds plus any accrued and unpaid interest (excluding any Make-Whole Amount and any costs or indemnities associated therewith) (such shortfall amount being the **Acceleration Amount Shortfall** , which shall be specified in the Acceleration Amount Shortfall Notice).

- (b) In the event that the Security Agent has delivered an Acceleration Amount Shortfall Notice to the Bond Trustee in accordance with paragraph (a) above, the Bond Trustee shall issue a Notice of Demand under the PBCE Letter of Credit promptly following such notice and in any event by no later than the date falling 5 Business Days after the date such notice was received, for an amount equal to the lesser of:
 - I. the PBCE Available Amount most recently notified to it by the PBCE Provider; and
 - II. the Acceleration Amount Shortfall.
- (c) Where the Issuer receives all amounts of compensation payable by the Grantor under the Concession Agreement following the service of a Notice of Demand and drawing under the PBCE Letter of Credit in accordance with paragraph (a)(ii) above, and there is, following the drawing under the PBCE Letter of Credit, no longer an Acceleration Amount Shortfall, such compensation amounts paid by the Grantor pursuant to the Concession Agreement and the Concession Agreement Receivables Assignment shall be payable in accordance with paragraphs (f) to (h) of the Post-Enforcement Priority of Payments where all prior ranking Secured Liabilities thereunder have been met from Recoveries applied by the Security Agent in accordance with clause 11.2 (Order of Application) of the STID.

For the avoidance of doubt, where all such compensation amounts payable by the Grantor under the Concession Agreement are received by the Issuer following the service of a Notice of Demand and drawing under the PBCE Letter of Credit in accordance with paragraph (a)(ii) above, and there

remains, following the drawing under the PBCE Letter of Credit, an Acceleration Amount Shortfall, such amounts received shall be applied as Recoveries towards the Acceleration Amount Shortfall in accordance with clause 11.2 (Order of Application) of the STID.

- (d) It is hereby acknowledged that the Bond Trustee shall have no obligation to verify whether the Security Agent is entitled to instruct the Bond Trustee to draw down the PBCE Letter of Credit, the calculation of the amount specified to be drawn down in the Notice of Demand or whether the amount specified to be drawn in the Notice of Demand exceeds the PBCE Available Amount.

STID

General

The purpose of the STID is to regulate, among other things, (a) the claims of the Secured Creditors; (b) the exercise, acceleration and enforcement of rights by the Secured Creditors; (c) the rights of the Secured Creditors to instruct the Security Agent; (d) the PBCE Provider Entrenched Rights of the PBCE Provider; and (e) the giving of consents and waivers and the making of modifications to the Finance Documents.

The STID also provides for the ranking in point of payment of the claims of the Secured Creditors both before and after the delivery of an Enforcement Instruction and for the subordination of all claims relating to Subordinated Shareholder Liabilities.

Decision-making protocol

General

The STID contains detailed provisions setting out the voting and instruction mechanics in respect of (a) Discretion Matters, (b) Ordinary Voting Matters; (c) Extraordinary Voting Matters; (d) PBCE Provider Discretion Matters and (e) PBCE Provider Entrenched Rights (as further described below in "*Types of Voting Categories*"), together with provisions governing the delivery of STID Proposals detailing the basis upon which given proposals are to be approved.

STID Proposal

The Issuer is entitled to provide the Information Recipients with written notice requesting any modification, consent, waiver, determination or exercise of any right or discretion it requires under or in respect of any Finance Document (a **STID Proposal**). The notice will certify whether such STID Proposal is a Discretion Matter, an Ordinary Voting Matter, an Extraordinary Voting Matter or PBCE Provider Discretion Matter or whether it gives rise to a PBCE Provider Entrenched Right (as further described in "*Types of Voting Categories*" below) and stating the Decision Period (as further described in "*Decision Periods*" below).

Determination of voting category

Subject to the right of the PBCE Provider to deliver a PBCE Provider Entrenched Rights Notice, the determination of the voting category made by the Issuer in a STID Proposal shall be binding on the Bondholders unless the Bond Trustee (acting on the instruction of Bondholders representing at least 10% of the then Principal Amount Outstanding of the Bonds (the **Determination Dissenting Creditor**)) challenges the determination made by the Issuer in the STID Proposal by notice to the Issuer and the PBCE Provider within 10 Business Days of the date of delivery of the STID Proposal (a **Determination Dissenting Notice**). The Determination Dissenting Notice should also specify the voting category of the relevant STID Proposal which each Determination Dissenting Creditor proposes should apply for the relevant STID Proposal.

The Determination Dissenting Creditors and the Issuer shall agree the voting category within five Business Days from receipt by the Issuer of the Determination Dissenting Notice. If the Determination Dissenting Creditors and the Issuer are not able to agree on the voting category of the relevant STID Proposal within

five Business Days of the receipt by the Issuer of the Determination Dissenting Notice, as applicable, they must instruct an expert(s) (at the cost of the Issuer) agreed upon by the Determination Dissenting Creditors and the Issuer or, if no agreement can be reached, then an expert chosen by the President for the time being of the International Centre for Expertise (the International Chamber of Commerce) or an equivalent independent and internationally recognised body (the **Appropriate Expert**). The Appropriate Expert (acting jointly, if comprising more than one individual) having regard to all the circumstances and facts that he/she considers relevant must determine the relevant voting category in respect of the relevant STID Proposal. The decision of the Appropriate Expert will be final and binding on each of the parties.

Discretion Matters

Subject to the PBCE Provider Entrenched Rights, the Security Agent may (subject to the limitation set out in "*Limitations on general discretion*" below)), as requested by the Issuer by way of a STID Proposal, in its sole discretion concur with the Issuer and any other relevant Party in making any modification to a Finance Document to which the Security Agent is a party or over which it has the benefit of the Transaction Security in respect of any Discretion Matter if:

- (a) in the opinion of the Security Agent (which may be supported by a certification by the Issuer on the relevant matter), such modification is of a formal, minor or technical nature or is to correct a manifest error; or
- (b) in the opinion of the Security Agent (which may be supported by a certification by the Issuer on the relevant matter), such modification is not materially prejudicial to the interests of any Secured Creditors (where "materially prejudicial" means that such modification, consent or waiver would have a material adverse effect on the ability of the Issuer to perform its payment obligations to the Secured Creditors under the Finance Documents).

The Security Agent may also (subject to the limitation set out in "*Limitations on general discretion*" below)), as requested by the Issuer by way of a STID Proposal, in its sole discretion without the consent of the Secured Creditors (x) authorise or waive, on any terms and subject to any conditions which it considers appropriate, any proposed breach or breach of any Finance Document; or (y) determine that any event that would otherwise constitute a Default shall not, or shall not subject to any condition which it considers appropriate, be treated as such for the purposes of the Finance Documents.

The Security Agent shall be under no obligation to exercise its discretion in respect of any STID Proposal designated by the Issuer as a Discretion Matter and if it chooses not to do so, it shall notify the Issuer, which may then issue a STID Proposal referring to another voting category in accordance with the STID.

PBCE Provider Discretion Matters

The PBCE Provider may, as requested by the Issuer by way of a STID Proposal, in its sole discretion concur with the Issuer and any other relevant Party in relation to any amendment to, or any waiver of the provisions of any of the covenants set out in clause 9.9 (Specific Compliance) of the Common Terms Agreement.

The PBCE Provider shall be under no obligation to exercise its discretion in respect of any STID Proposal designated by the Issuer as a PBCE Provider Discretion Matter.

Limitations on general discretion

No person shall make or concur in making any modification to, give any consent under, or grant any waiver or make any determination in respect of any Finance Documents to which it is a party if such modification, consent or waiver:

- (a) is a Discretion Matter, unless and until the consent of the Security Agent has been obtained;

- (b) is an Ordinary Voting Matter, unless and until the provisions of the STID in respect of Ordinary Voting Matters (see "*Ordinary Voting Matters*" below) have been complied with; or
- (c) is an Extraordinary Voting Matter, unless and until the provisions of the STID in respect of Extraordinary Voting Matters (see "*Extraordinary Voting Matters*" below) have been complied with; or
- (d) is a PBCE Provider Discretion Matter, unless and until the consent of the PBCE Provider has been obtained or deemed to be obtained in accordance with the provisions of the STID (see "*PBCE Provider Discretion Matters*" below).
- (e) is a PBCE Provider Entrenched Right, unless and until the consent of the PBCE Provider has been obtained or deemed to be obtained in accordance with the provisions of the STID (see "*PBCE Provider Entrenched Rights*" below).

Types of Voting Categories and Voting

Ordinary Voting Matters

Ordinary Voting Matters include all matters which are not designated as Extraordinary Voting Matters, Discretion Matters, PBCE Provider Discretion Matters or PBCE Provider Entrenched Rights (see "*Extraordinary Voting Matters*", "*Discretion Matters*", "*PBCE Provider Discretion Matters*" and "*PBCE Provider Entrenched Rights*" below).

Pursuant to the STID, no proposed modification to be made, consent to be given or waiver to be granted, in respect of any Ordinary Voting Matter shall be effective, and the Security Agent shall not concur with the Issuer in making any modification to, giving any consent under or granting any waiver in respect of any Finance Document which falls within the category of Ordinary Voting Matter, unless and until an Ordinary Resolution in respect of such Ordinary Voting Matter has been passed, provided that the Security Agent shall not be obliged to make any modification, give any consent or grant any waiver to the extent that doing so would, in the opinion of the Security Agent, have the effect of increasing the liabilities, obligations or duties or decreasing the protections of the Security Agent.

If the quorum requirement for an Ordinary Voting Matter is satisfied (see "*Quorum requirements*" below), an Ordinary Voting Matter may be approved by way of an Ordinary Resolution.

Ordinary Resolution means a resolution passed by at least 50% of the Voted Bond Debt.

Voted Bond Debt means the Principal Amount Outstanding of the Bonds held by Bondholders which vote on the relevant STID Proposal.

Extraordinary Voting Matters

The STID also describes the treatment of Extraordinary Voting Matters.

Pursuant to the STID, no proposed modification to be made, consent to be given or waiver to be granted in respect of any Finance Documents which relates to an Extraordinary Voting Matter shall be effective, and the Security Agent shall not concur with the Issuer in making any modification to, giving any consent under or granting any waiver in respect of any Finance Document which constitutes an Extraordinary Voting Matter, unless and until an Extraordinary Resolution in respect of such Extraordinary Voting Matter has been passed, provided that the Security Agent shall not be obliged to make any modification, give any consent or grant any waiver to the extent that doing so would, in the opinion of the Security Agent, have the effect of increasing the liabilities, obligations or duties or decreasing the protections of the Security Agent.

If the relevant quorum requirement for an Extraordinary Voting Matter is met (see "*Quorum requirements*" below), the majority of Bondholders required to pass a resolution in respect of an Extraordinary Voting Matter will be at least 75 per cent. in aggregate of the Voted Bond Debt.

If the relevant quorum requirement for an Extraordinary Voting Matter is satisfied (see "*Quorum requirements*" below), an Extraordinary Voting Matter may be approved by way of an Extraordinary Resolution.

As soon as the Security Agent has received votes in favour of a STID Proposal in respect of an Extraordinary Voting Matter from the Bondholders representing 75% of the Principal Amount Outstanding of the Bonds or votes against a STID Proposal in respect of an Extraordinary Voting Matter from the Bondholders representing more than 25% of the aggregate Principal Amount Outstanding of the Bonds, no further votes will be counted by the Security Agent or taken into account notwithstanding the fact that the Security Agent has yet to receive votes from all Bondholders.

Extraordinary Resolution means a resolution passed by a majority of Bondholders representing at least 75% of the Voted Bond Debt.

Quorum requirements

Pursuant to the terms of the STID, the quorum requirement in respect of an Ordinary Voting Matter shall initially be one or more Bondholders representing in aggregate at least 20% of the Principal Amount Outstanding of the Bonds,

- (a) if the quorum requirement has not been met on or before the Business Day immediately preceding the last day of the Decision Period (being a period of ten Business Days), the quorum requirement shall be reduced to one or more Bondholders representing in aggregate at least 10% of the Principal Amount Outstanding of the Bonds and the Decision Period shall be extended for a period of a further five Business Days from the expiry of the initial Decision Period; and
- (b) if the quorum requirement is not met on the last day of the extended Decision Period, the Ordinary Resolution in respect of such Ordinary Voting Matter which relates to any amendment or consent (and not to any waiver of any Default or Event of Default) shall be deemed to have been passed.

The quorum requirement in respect of an Extraordinary Voting Matter shall be one or more Bondholders representing, in aggregate, at least 75% of the Principal Amount Outstanding of the Bonds provided that if the quorum requirement has not been met on or before the Business Day immediately preceding the last day of the Decision Period (being a period of 15 Business Days) save in respect of any Extraordinary Voting Matter under paragraph (p) and (k) of the definition thereof, the quorum requirement shall be reduced to one or more Bondholders representing, in aggregate, at least 50% of the Principal Amount Outstanding of the Bonds.

PBCE Provider Entrenched Rights

PBCE Provider Entrenched Rights are rights that cannot be modified or waived in accordance with the STID without the consent of the PBCE Provider.

Notwithstanding any certification by the Issuer in any STID Proposal that the STID Proposal does not give rise to a PBCE Provider Entrenched Right, the PBCE Provider shall be entitled by no later than 20 Business Days following the date on which the PBCE Provider receives the STID Proposal (the **ER Determination Date**) to deliver a notice in writing to the Issuer, the Security Agent, the Class A1 Bond Representative and the Bond Trustee that the PBCE Provider is of the opinion that the STID Proposal does give rise to a PBCE Provider Entrenched Right (a **PBCE Provider Entrenched Rights Notice**).

If any STID Proposal gives rise to a PBCE Provider Entrenched Right, including if the PBCE Provider has delivered a PBCE Provider Entrenched Rights Notice, the PBCE Provider shall notify the Security Agent whether it approves the relevant STID Proposal, by no later than 20 Business Days following the date on which the PBCE Provider receives the STID Proposal (the **PBCE ER Decision Date**).

If the PBCE Provider does not deliver a PBCE Provider Entrenched Rights Notice by the ER Determination Date or its approval or disapproval (as the case may be) of the relevant STID Proposal by the PBCE ER Decision Date, then any approval by the Bondholders of a STID Proposal will be binding on the Secured Creditors.

If the PBCE Provider notifies the Security Agent that it does not approve any STID Proposal relating to a PBCE Provider Entrenched Right by the PBCE ER Decision Date (whether or not the Bondholders have approved the STID Proposal), then such STID Proposal will not be implemented. If the PBCE Provider does approve such STID Proposal, then the STID Proposal will only be implemented if it has also been approved in accordance with the STID.

If the PBCE Provider delivers a PBCE Provider Entrenched Rights Notice, the Issuer shall promptly notify the Bondholders in accordance with the Conditions of the Bonds that any approval by the Bondholders of such STID Proposal is subject to the PBCE Provider's approval.

The Issuer shall notify the PBCE Provider as soon as reasonably practicable if any STID Proposal is approved by the Bondholders, irrespective of whether or not the STID Proposal relates to a PBCE Provider Entrenched Right.

At any time after the Bond Discharge Date, but prior to the PBCE Discharge Date, the PBCE Provider shall assume and be entitled to exercise all rights and to take any action against a Security Provider under the Finance Documents in respect of the PBCE Liabilities as if the PBCE Provider were a Senior Creditor in respect of such PBCE Liabilities.

The **PBCE Provider Entrenched Rights** are as follows:

- (a) any amendment to or waiver of the terms of the PBCE Letter of Credit or the PBCE Agreement or any related fee letter (and including, for the avoidance of doubt, any provisions relating to payments due to the PBCE Provider (including payments of interest, principal and fees), the currency of such payments, and the obligation of the Issuer to gross up any such payment in the event of imposition of withholding tax);
- (b) any amendment to the PBCE Provider's decision-making and voting rights, including any amendment which would change or would have the effect of changing:
 - (i) any of the definitions relating to majority thresholds and voting groups applicable to the PBCE Provider;
 - (ii) the definition of the PBCE Provider Entrenched Rights,
 - (iii) the decision period, quorum requirement or voting majority required in respect of any decision, waiver, determination or enforcement instruction;
 - (iv) the provisions of the STID setting out the effect of the PBCE Provider Entrenched Rights; or
 - (v) how the PBCE Provider casts its votes including in respect of enforcement or exercises its decision-making rights under the STID;
- (c) any amendment which would have the effect of adversely changing any priority of payment or application thereof in respect of the PBCE Provider (whether directly or indirectly);

- (d) any amendment to any provision of the Common Terms Agreement relating to the drawing of the PBCE Letter of Credit or any related definitions;
- (e) any partial or total voluntary redemption of the Bonds by the Issuer unless there is (i) a full payment of outstanding amounts under the PBCE Agreement if the Bonds are being redeemed in full; or (ii) a *pro rata* reduction of the maximum amount of the PBCE Letter of Credit (and, as the case may be, a *pro rata* repayment of the drawn amounts plus current interest under the PBCE Agreement) and the PBCE Provider has confirmed to the Issuer that the proposed voluntary redemption will not have a material adverse effect on its exposure and rights under the PBCE Agreement;
- (f) any increase in the Financial Indebtedness of the Issuer (including fees, charges, interest or margin, changes in the repayment profile of any Financial Indebtedness or any material amendments to the terms of such Financial Indebtedness) other than any Financial Indebtedness permitted pursuant to paragraphs (b), (d) or (e) of the definition of Permitted Financial Indebtedness;
- (g) any amendment to or waiver of the definition of Permitted Financial Indebtedness;
- (h) any approval provided by the Security Agent under the definition of Monitoring Accountants;
- (i) any consent provided by the Security Agent to any amalgamation, demerger, merger, consolidation or corporate restructuring undertaken by the Issuer in accordance with the CTA;
- (j) any amendments to, or waiver of, the basis or timing of calculation of any Financial Ratio, the PBCE Rebalancing Historic DSCR or the PBCE PLCR;
- (k) any amendment to, or waiver of which, would constitute any amendment to, or waiver of the provisions of:
 - (i) the non-payment Event of Default set out in clause 11.1 (Non-Payment) of the Common Terms Agreement;
 - (ii) the Event of Default set out in clause 11.2 (Financial Ratios) of the Common Terms Agreement arising as a result of a Financial Ratio Breach;
 - (iii) the Event of Default covering failure to comply with any provision of the Finance Documents set out in clause 11.3 (Other obligations) of the Common Terms Agreement but only so far as it relates to:
 - (A) an increase in the Permitted Financial Indebtedness of the Issuer or any change to the repayment profile of any Financial Indebtedness or other material amendments to the terms of such Financial Indebtedness;
 - (B) a breach of the PBCE Agreement by the Issuer;
 - (C) any of the covenants relating to the performance of the Transaction Documents set out in clause 9.24 (Transaction Documents) of the Common Terms Agreement;
 - (D) a breach of the Concession Agreement; or
 - (E) an approval of any amalgamation, demerger, merger, consolidation or corporate restructuring undertaken by the Issuer or any sale, lease (as lessor), transfer or other disposal of any asset (except a Permitted Transaction or a Permitted Disposal) in accordance with the Common Terms Agreement;
 - (iv) the insolvency event Events of Default set out in clause 11.6 (Insolvency), clause 11.7 (Insolvency proceedings) or clause 11.8 (Creditors' process) of the Common Terms Agreement;

- (v) the change of control Event of Default set out in clause 11.9 (Change of Control) of the Common Terms Agreement;
- (vi) clause 11.10 (Unlawfulness and invalidity) of the Common Terms Agreement insofar as the provisions concerning unlawfulness and invalidity relates to any PBCE Document;
- (vii) clause 11.12 (Concession Agreement) of the Common Terms Agreement concerning the occurrence of certain (including termination) events in relation to the Concession Agreement;
- (viii) clause 11.17 (Expropriation) of the Common Terms Agreement in respect of the seizure, expropriation, nationalisation or compulsory acquisition of any asset of the Issuer necessary for the performance of its obligations under the Transaction Documents; and
- (ix) clause 11.18 (Change in Law) of the Common Terms Agreement concerning a change in Applicable Law having a Material Adverse Effect;
- (l) any amendment to or waiver of any right under a Transaction Document which has or is reasonably likely to have a material adverse effect on Project cash-flows (See "*Material adverse effect on Project cashflows*" below);
- (m) any amendment to the date of natural expiry of the Concession Agreement set out in article 4 (Durata della Concessione) of the Concession Agreement;
- (n) any amendment to, or waiver of, any Restricted Payment Condition or to the definitions of Restricted Payment or Restricted Payment Condition which has or is reasonably likely to have a material adverse effect on the PBCE Provider;
- (o) any amendment which would have the effect of changing the nature or the scope of, or would release any Transaction Security, unless equivalent replacement Security Interests are taken at the same time;
- (p) any amendment to or waiver of a Transaction Document which directly or indirectly affects any termination compensation or the payment mechanism and which would or would be reasonably likely to have a material adverse effect on the PBCE Provider;
- (q) any reduction in the scope of work of the Traffic Adviser or the Technical Adviser which would have the effect of materially changing the nature or scope of such scope of work;
- (r) any waiver of, or amendment to, any condition precedent to the availability of any funds under the PBCE Letter of Credit;
- (s) any amendment to the definitions of "Permitted Acquisition", "Permitted Business", "Enforcement Action", "Environment" or "Environmental Law", "Information Recipients" or "Reliance Parties" in the Master Definitions Agreement;
- (t) any consent or approval provided by the Security Agent pursuant to paragraph (c) of the definition of "Permitted Acquisition" or paragraph (d) of the definition of "Permitted Business"; and
- (u) any amendment to the ANAS Agreement.

Material adverse effect on Project cashflows

If any amendment or waiver of a Transaction Document is sufficiently material that it may result in a material adverse effect on Project cashflows, the Issuer shall, prior to delivering a STID Proposal, re-run the

Semi-Annual Financial Model on a pro forma basis assuming (i) such amendment or waiver is effected and (ii) such amendment or waiver is not effected.

In determining whether any amendment or waiver of a Transaction Document has a material adverse effect on Project cashflows for the purposes of determining whether a PBCE Provider Entrenched Right applies, the relevant amendment or waiver shall be deemed to have a material adverse effect if on the basis of the relevant Semi-Annual Financial Model run, the result of the amendment or waiver is:

- (a) a reduction in the average Projected DSCR for all future testing periods of 0.05 or more when compared with the result if such amendment or waiver is not effected; or
- (b) a Restricted Payment Condition will not be satisfied in any future period where it would have been satisfied in such period if such amendment or waiver is not effected.

If neither of these conditions are satisfied, a PBCE Provider Entrenched Right shall not apply for the purposes of the relevant amendment or waiver.

Qualifying Debt

General

Creditors to whom Qualifying Debt is owed are entitled to vote when consenting to proposals made by the Issuer or instructing the Security Agent to take action in accordance with the STID. Subject to PBCE Provider Entrenched Rights, only the relevant Qualifying Creditors that are owed, or deemed to be owed, Qualifying Debt may vote.

Qualifying Debt

Qualifying Debt comprises the principal outstanding of the Bonds owed by the Issuer to the Bondholders; and (ii) the drawn and outstanding amounts under the PBCE Letter of Credit (the **Qualifying Debt**)

The Qualifying Creditors comprise the Bondholders and the PBCE Provider (the **Qualifying Creditors**).

Determining relevant percentage of Qualifying Secured Debt

For the purposes of determining the relevant percentage of Qualifying Debt that has voted for or against any Enforcement Action, the Security Agent shall take instructions from (a) the Bond Trustee, as to the Principal Amount Outstanding of the Bonds; and (b) the PBCE Provider, as to the drawn and outstanding principal amount under the PBCE Letter of Credit.

Enforcement and Acceleration

The Security Agent shall deliver a notice of enforcement to the Issuer and to the Bond Trustee and the PBCE Provider, and take any Enforcement Action, only if it is notified that an Event of Default has occurred and is continuing and it is instructed to do so by a QC Resolution, and subject (where applicable) to each of the Security Agent and the Bond Trustee (if it is requested by the Security Agent to deliver a notice to accelerate the Bonds in accordance with the instructions of a QC Resolution) being prefunded/indemnified and/or secured to its satisfaction.

QC Voting Matter

At any time when an Event of Default is continuing the Security Agent may, or upon a request from any Qualifying Creditor representing at least 10% of the Qualifying Debt then outstanding, the Security Agent shall promptly request by notice (an **Enforcement Instruction Notice**) an instruction from the Qualifying

Creditors as to whether the Security Agent should instruct the Bond Trustee to accelerate the Bonds and/or sanction any other kind of Enforcement Action (such matter being a **QC Voting Matter**).

The time period within which the approval of the Qualifying Creditors is sought (the **QC Decision Period**) shall commence on the date that the Qualifying Creditors are provided with the Enforcement Instruction Notice and shall not be fewer than 20 Business Days from the start of the QC Decision Period.

The Security Agent shall deliver the Enforcement Instruction Notice to the PBCE Provider and the Bond Trustee (who shall deliver it to Bondholders in accordance with Condition 12 (Notices)), and the Bond Trustee shall post the Enforcement Instruction Notice on the Designated Website.

Quorum and voting requirements in respect of a QC Voting Matter in respect of an Enforcement Instruction Notice

With respect to a QC Voting Matter in respect of an Enforcement Instruction Notice, the quorum requirement shall be one or more Qualifying Creditors representing, in aggregate, at least 50% of the Qualifying Debt.

If the quorum requirement for a QC Voting Matter is satisfied, a QC Voting Matter may be approved by way of a QC Resolution.

As soon as the Security Agent has received votes in favour of a QC Resolution in respect of a QC Voting Matter from the Qualifying Creditors representing $66\frac{2}{3}\%$ of the aggregate Qualifying Debt or votes against a QC Resolution in respect of a QC Voting Matter from the Qualifying Creditors representing more than $33\frac{1}{3}\%$ of the aggregate Qualifying Debt, no further votes will be counted by the Security Agent or taken into account notwithstanding the fact that the Security Agent has yet to receive votes from all Qualifying Creditors.

QC Resolution means a resolution in respect of taking Enforcement Action passed by a majority of at least $66\frac{2}{3}\%$ of the Voted QC Debt.

Voted QC Debt means the Qualifying Debt held or represented by Qualifying Creditors which vote on the relevant QC Voting Matter.

Enforcement Instructions

In the event that the Qualifying Creditors vote to take Enforcement Action, the Security Agent shall deliver an Enforcement Instruction to the Issuer (copied to the Bond Trustee) as soon as reasonably practicable. If the relevant Event of Default leading to the Enforcement Action is remedied, the Security Agent shall not deliver a revocation notice unless instructed to do so by a QC Resolution and shall be indemnified and/or secured and/or prefunded to its satisfaction by the Secured Creditors for any Loss arising as a result of any failure to deliver such revocation notice.

The Security Agent shall enforce the Transaction Security in such manner as instructed by a QC Resolution or, in the absence of any such instructions, as the Security Agent considers in its discretion to be appropriate, in either case subject to being indemnified and/or secured and/or prefunded to its satisfaction.

PBCE Restrictions on Enforcement

In circumstances where there is no remaining amount available for drawing under the PBCE Letter of Credit, no Enforcement Action shall be permitted without the prior written consent of the PBCE Provider as a result of a Financial Ratio Breach if the most recent PBCE PLCR is equal to or greater than 1.20:1.

No Enforcement Action shall be permitted as a result of (a) a Financial Ratio Breach if any amounts remain available for drawing under the PBCE Letter of Credit or (b) a failure to pay on the due date any amount

payable pursuant to a Finance Document at the place at and in the currency in which it is expressed to be payable, if sufficient amounts remain available for drawing under the PBCE Letter of Credit to cure the failure to pay.

Concession Agreement DSCR Default

Upon the occurrence of a Concession Agreement DSCR Default which is continuing, each of the Security Agent and the PBCE Provider may, by written notice to the other party, confirm its consent to, and request such other party to consent (in its own discretion) in writing to, the designation of a PBCE Rebalancing Event on the date falling 30 days prior to the expiry of the relevant cure period granted by the Grantor pursuant to Annex K (*Requisiti di solidità patrimoniale*) of the Concession Agreement provided that the relevant Concession Agreement DSCR Default is continuing on such date.

Post-Enforcement Priority of Payments

Following the delivery of an Enforcement Notice, the whole of the Security will become enforceable. Subject to certain matters and to certain exceptions, following an enforcement, any proceeds of enforcement or other moneys held by the Security Agent under the STID will be applied by the Security Agent in accordance with the Post-Enforcement Priority of Payments waterfall. See "*Cashflows – Post-Enforcement Priority of Payments*" for a detailed description.

Account Bank Agreements

General

The Issuer will establish or cause to be established (a) the Proceeds Account; (b) the Debt Service Reserve Account; (c) the Maintenance Reserve Account; (d) the Capex Reserve Account; (e) the Insurance Proceeds Account; (f) the Electronic Payments Account; (g) each Postal Tolls Account, (h) the Distributions Account and (i) each Principal Tolls Account (the **Project Accounts**).

The Proceeds Account, the Capex Reserve Account, the Insurance Proceeds Account, the Maintenance Reserve Account and each Principal Tolls Account (the **Operational Accounts**) will be held with the Operational Account Bank pursuant to the Operational Account Bank Agreement between the Issuer, the Security Agent and the Operational Account Bank. Intesa Sanpaolo S.p.A. will serve as the Operational Account Bank pursuant to the Operational Account Bank Agreement.

The Debt Service Reserve Account and the Electronic Payments Account (the **Accounts**) will be held with the Project Account Bank pursuant to the Project Account Bank Agreement between the Issuer, the Security Agent and the Project Account Bank. Deutsche Bank S.p.A. will serve as the Project Account Bank pursuant to the Project Account Bank Agreement (the Operational Account Bank Agreement and the Project Account Bank Agreement together the **Account Bank Agreements**).

Each Postal Tolls Account will be held with Poste Italiane S.p.A., as Postal Tolls Account Bank, and the Distributions Account will be held with Banca Nazionale del Lavoro S.p.A., as the Distributions Account Bank.

Termination

Pursuant to the Operational Account Bank Agreement and the Project Account Bank Agreement, the Operational Account Bank and the Project Account Bank, as applicable, may each resign its appointment upon not less than 90 days' notice to the Issuer (with a copy to the Security Agent) provided that:

- (a) in respect of the Operational Account or the Accounts, as applicable, if such resignation would otherwise take effect less than 30 days before or on any Payment Date, it shall not take effect until the thirtieth day following such date; and

- (b) such resignation shall not take effect until a substitute Operational Account Bank or Project Account Bank, as applicable, has been duly appointed consistent, and/or in accordance, with the terms of the Operational Account Bank Agreement or the Project Account Bank Agreement, as applicable, including that such substitute bank holds the Required Ratings.

In addition, the Issuer may revoke its appointment of the Operational Account Bank or the Project Account Bank, as applicable, by not less than 60 days' notice to the Operational Account Bank or the Project Account Bank, as applicable, (with a copy to the Security Agent). Such revocation shall not take effect, in each case, until a substitute has been duly appointed in accordance with the terms of the Operational Account Bank Agreement or the Project Account Bank Agreement, as applicable, including that such substitute bank holds the Required Ratings.

The Issuer shall be entitled to terminate or withdraw the appointment of the Operational Account Bank or the Project Account Bank Agreement, as applicable; (i) the Issuer fully and finally discharges all Secured Liabilities; (ii) promptly if an Insolvency Event occurs in relation to the Operational Account Bank or the Project Account Bank, as applicable; (iii) promptly if the Operational Account Bank or the Project Account Bank no longer retains the Required Ratings, unless there is no other clearing bank which retains the Required Ratings in which case, the Issuer may not terminate the appointment of the Operational Account Bank or the Project Account Bank, as applicable, until such time as there is a bank which holds the Required Ratings or until some other arrangement is made provided that such arrangement will not adversely affect the then current ratings of the Bonds outstanding; (iv) the Operational Account Bank or the Project Account Bank, as applicable, defaults in the performance of any of its material obligations under the Operational Account Bank Agreement or the Project Account Bank Agreement, as applicable, and such default is not cured or waived within five Business Days of it occurring; (v) the Operational Account Bank or the Project Account Bank, as applicable, fails to act in accordance with any Operational Account Mandate or Project Account Mandate, as applicable, or defaults in the performance of any of its obligations under the Operational Account Bank Agreement or Project Account Bank Agreement, as applicable, and such failure or default is not cured or waived within five Business Days of it occurring; (vi) the Operational Account Bank or the Project Account Bank, as applicable, defaults in the performance of any of its obligations (other than those under (iii) and (iv) above) and such default is materially prejudicial to the interests of the Secured Creditors and is not cured or waived within ten Business Days of it occurring; or (vii) the Issuer determines, in its sole discretion, that it will be required to make any FATCA Withholding in connection with any payments due on the Bonds and such FATCA Withholding would not have arisen but for the Operational Account Bank or the Project Account Bank, as applicable, not being or having ceased to be a person to whom payments are free from FATCA Withholding.

Bond Trust Deed

General

The Issuer and the Bond Trustee will enter into the Bond Trust Deed pursuant to which the Bonds will be constituted. The Bond Trust Deed will include the form of the Bonds and contain a covenant from the Issuer to the Bond Trustee to pay all amounts due under the Bonds. The Bond Trustee will hold the benefit of that covenant on trust for itself and the Bondholders in accordance with their respective interests.

Enforcement

Notwithstanding the provisions of any other Finance Document, the Security shall only become enforceable upon the delivery of an Enforcement Instruction in accordance with the STID. Only the Bond Trustee may enforce the provisions of the Bonds or the Bond Trust Deed and no Bondholder, Receiptholder or Couponholder shall be entitled to proceed directly against the Issuer unless the Bond Trustee or Security Agent (as the case may be), having become bound so to proceed, fails to do so within a reasonable time and such failure is continuing (provided that no Bondholder shall be entitled to take any steps or proceedings to procure the winding-up, administration or liquidation of the Issuer).

Waiver of an Event of Default

The Bond Trustee may without the consent or sanction of the Bondholders, the Couponholders or the Receipholders and without prejudice to its rights in respect of any subsequent breach, Default or Event of Default at any time and from time to time but only if and in so far as in its opinion the interests of the Bondholders shall not be materially prejudiced thereby:

- (a) waive or authorise any breach or proposed breach by the Issuer or any other person of any of the covenants or provisions contained in the Finance Documents or determine that any Default or Event of Default shall not be treated as such for the purposes of the Bond Trust Deed; or
- (b) direct the Security Agent to waive or authorise any breach or proposed breach by the Issuer or any other person of any of the covenants or provisions contained in any Finance Document,

provided that such waiver, authorisation, determination or direction does not relate to a PBCE Provider Entrenched Right, Ordinary Voting Matter or Extraordinary Voting Matter and that the Bond Trustee shall not exercise any powers conferred on it in contravention of any express direction given by an Extraordinary Resolution or Ordinary Resolution but so that no such direction or request shall affect any waiver, authorisation or determination previously given or made.

Any such waiver, authorisation or determination may be given or made on such terms and subject to such conditions (if any) as the Bond Trustee may determine, and shall be binding on the Bondholders, Couponholders and Receipholders and if, but only if, the Bond Trustee shall so require, shall be notified by the Issuer to the Bondholders in accordance with the Conditions as soon as practicable thereafter.

Modification

The Bond Trustee may without the consent or sanction of the Bondholders, at any time and from time to time concur with the Issuer or any other person, or direct the Security Agent to concur with the Issuer or any other person, in making any modification to the Bond Trust Deed, the Conditions, the Bonds, the Receipts, the Coupons and/or the other Finance Documents:

- (a) provided that the Bond Trustee is of the opinion that such modification will not be materially prejudicial to the interests of the Bondholders; or
- (b) if in the opinion of the Bond Trustee such modification is of a formal, minor or technical nature to correct a manifest error;

provided that the Bond Trustee shall not exercise any powers conferred on it under the Bond Trust Deed in making any modification to Bond Trust Deed or any other Finance Document which falls within the category of a PBCE Provider Entrenched Right, Ordinary Voting Matter or Extraordinary Voting Matter.

The Bond Trustee shall, without the consent or sanction of any of the Bondholders and/or Couponholders of any class and (subject as provided below) any other Secured Creditor, concur with the Issuer, and/or direct the Security Agent to concur with the Issuer, in making any modification to the Bonds and/or Coupons, the Conditions, these presents and/or the other Finance Documents, save to the extent that such modification relates to a PBCE Provider Entrenched Right, Ordinary Voting Matter or Extraordinary Voting Matter, or giving its consent to any event, matter or thing that is requested by the Issuer in writing in order to comply with any criteria of the Rating Agencies which may be published after the Issue Date and which modification(s) or consent(s) the Issuer certifies to the Bond Trustee and/or the Security Agent (as applicable) in writing (i) do not relate to a PBCE Provider Entrenched Right, Ordinary Voting Matter or Extraordinary Voting Matter and (ii) are required to avoid a downgrade, withdrawal or suspension of the then current ratings assigned by a Rating Agency to the Bonds provided that the Bond Trustee shall not concur with the Issuer in making any such modification or giving any such consent, or direct the Security Agent to concur with the Issuer in making such modification, unless and until the Issuer has obtained the

consent in writing of each other party to any relevant Finance Document to which such modification is applicable, the provision of the STID relating to modifications thereto shall apply and further provided that the Bond Trustee shall not be obliged to agree to any modification which, in the sole opinion of the Bond Trustee, would have the effect of (a) exposing the Bond Trustee to any liability against which it has not been indemnified and/or secured and/or prefunded to its satisfaction or (b) adding to or increasing the obligations, liabilities or duties, or decreasing the protections, of the Bond Trustee in respect of the Bonds, in the Finance Documents and/or the Conditions of the Bonds

The Bond Trustee shall, without the consent of any of the Bondholders or Couponholders or any other Secured Creditor, concur with the Issuer, and/or direct the Security Agent to concur with the Issuer, in making any modifications to the Finance Documents and/or the Conditions of the Bonds (save to the extent that such modification relates to PBCE Provider Entrenched Right, Ordinary Voting Matter or Extraordinary Voting Matter) that are requested by the Issuer in order to enable the Issuer to comply with any requirements which apply to it under Regulation (EU) 648/2012 (), subject to receipt by the Bond Trustee of a certificate of the Issuer certifying to the Bond Trustee and the Security Agent that (i) the requested amendments are to be made solely for the purpose of enabling the Issuer to satisfy its requirements under EMIR; and (ii) the requested amendments do not relate to or affect a PBCE Provider Entrenched Right, Ordinary Voting Matter or Extraordinary Voting Matter and (iii) that each of the Rating Agencies has been notified of the proposed amendments and have not made the Issuer aware that such amendments will result in a downgrade, withdrawal or suspension of the then current ratings assigned by a Rating Agency to the Bonds.

The Bond Trustee and the Security Agent shall not be obliged to agree to any modification which, in the sole opinion of the Bond Trustee or the Security Agent, as applicable, would have the effect of (a) exposing the Bond Trustee or the Security Agent, as applicable, to any liability against which it has not been indemnified and/or secured and/or pre-funded to its satisfaction; or (b) increasing the obligations or duties, or decreasing the protections, of the Bond Trustee or the Security Agent, as applicable, in the Finance Documents and/or the Terms and Conditions of the Bonds.

Any such modification may be made on such terms and subject to such conditions (if any) as the Bond Trustee may determine, shall be binding upon the Bondholders, the Couponholders and the Receiptholders and shall be notified by the Issuer to the Bondholders in accordance with the Conditions (unless the Bond Trustee agrees otherwise) and to the Rating Agencies, in each case as soon as practicable thereafter.

As soon as reasonably practicable after the giving of its consent or its agreement to waive, authorise or modify any event, matter or thing in accordance with the Bond Trust Deed, the Bond Trustee shall, subject to the terms of the STID and at the cost of the Issuer, execute and deliver any deeds, documents or notices as may be required to be executed and/or delivered and which are provided to the Bond Trustee in order to give effect to or to implement, or direct the Security Agent to give effect to or to implement, the relevant matter or thing which the Bond Trustee has consented to or agreed to waive, authorise or modify.

Any waiver, authorisation or modification agreed or consent given by the Bond Trustee in accordance with the provisions of the Bond Trust Deed shall be binding on all Bondholders and each of the Bondholders shall be bound to give effect to it.

The Bond Trustee is authorised by each Bondholder to execute and deliver on its behalf all documentation required to implement, or direct the Security Agent to implement, any waiver, authorisation, modification or consent granted by the Bond Trustee in respect of the Bond Trust Deed, the Conditions, the Bonds, the Receipts, the Coupons and/or the other Finance Documents subject as provided in the STID in relation to any document to which it is a party or in respect of which the Security Agent holds security and such execution and delivery by the Bond Trustee shall bind each Bondholder as if such documentation had been duly executed by it.

The Bond Trustee may, without the consent of the Bondholders, Couponholders or Receiptholders, agree to the substitution of another company (the **Substituted Issuer**) in place of the Issuer (or of any previous substitute) as the principal debtor under these presents, provided that:

- (a) a deed is executed or undertaking given by the Substituted Issuer to the Bond Trustee, in form and manner and with content satisfactory to the Bond Trustee, agreeing to be bound by these presents (with consequential amendments as the Bond Trustee may deem appropriate) as if the Substituted Issuer had been named in these presents as the principal debtor in place of the Issuer;
- (b) the Substituted Issuer executes such security documents, substantially in the same form as the Security Documents, as the Bond Trustee may require in order that the Substituted Issuer grants, among other things, security over all the shares it holds in any directly owned Subsidiary, and such other notices or documents required to be given in order that the security documents and the security purported to be created thereunder are fully effective and valid, and comply with such other requirements as the Bond Trustee may direct in the interests of the Bondholders, the Couponholders and the Receiptholders;
- (c) if any two directors of the Substituted Issuer certify that it will be solvent immediately after such substitution, the Bond Trustee need not have regard to the Substituted Issuer's financial condition, profits or prospects or compare them with those of the Issuer;
- (d) the substitution is not in breach of any Italian mandatory law provision and the Substituted Issuer complies with the requirements of Article 157 of the Public Contract Code; and
- (e) the Issuer and the Substituted Issuer comply with such other requirements, including KYC requirements, as the Bond Trustee may direct in the interests of the Bondholders

and provided always that the Bond Trustee is of the opinion that the interests of the Bondholders will not be materially prejudiced by such substitution.

Any such agreement by the Bond Trustee shall, if so expressed, release the Issuer (or a previous substitute of) from any or all of its obligations under the Bond Trust Deed. Notice of the substitution shall be given to the Bondholders within 14 days of the execution of such documents and compliance with such requirements. On completion of the above relevant formalities, the Substituted Issuer shall be deemed to be named in the Bond Trust Deed as the principal debtor in place of the Issuer (or of any previous substitute) and the Bond Trust Deed shall be deemed to be amended as necessary to give effect to the substitution.

Action, proceedings and indemnification

The Bond Trustee shall not be bound to take any action in relation to the Bond Trust Deed, the Bonds or any other Finance Document (including, but not limited to, instructing or directing the Security Agent to give an Enforcement Instruction or the taking of any proceedings and/or steps and/or action or the giving of any direction mentioned in the Bond Trust Deed) unless, subject always to the terms of the STID, directed or requested to do by (a) in respect of all matters other than relating to an Enforcement Action, (x) (save those solely the subject of an Extraordinary Voting Matter) by way of Ordinary Resolution or (y) an Extraordinary Resolution; or (b) in respect of any matter relating to an Enforcement Action, in accordance with the provisions of the STID, and then, in any case, only if it shall be indemnified and/or secured and/or pre funded to its satisfaction against all liabilities to which it may render itself liable or which it may incur by so doing.

The Bond Trustee may refrain from taking any action in any jurisdiction or state if the taking of such action in that jurisdiction would, in its opinion based upon legal advice in the relevant jurisdiction, be contrary to any law of that jurisdiction or state or any directive or regulation of any agency of any such jurisdiction or state. Furthermore, the Bond Trustee may also refrain from taking such action if it would otherwise render it liable to any person in that jurisdiction or if, in its opinion based upon such legal advice, it would not have the power to do the relevant thing in that jurisdiction by virtue of any applicable law in that jurisdiction or state or any directive or regulation of any agency of any such jurisdiction or state or if it is determined by any court or other competent authority in that jurisdiction that it does not have such power.

As between the Bond Trustee and the Bondholders, only the Bond Trustee may enforce the provisions of the Bond Trust Deed and the other Finance Documents (to the extent that it is able to do so).

Provisions for Voting on STID Proposals

On receipt of a STID Proposal from the Security Agent, the Bond Trustee shall send a Bondholder Voting Request appending a copy of such STID Proposal to the Bondholders in accordance with the Conditions. **Bondholder Voting Request** means a request sent to the Bondholders by the Bond Trustee in respect of any STID Proposal (substantially in the form set out in Schedule 5 (Provisions for Voting in respect of STID Proposals) of the Bond Trust Deed), appending the relevant STID Proposal received by the Bond Trustee pursuant to Schedule 2 (STID Decision Making Protocol) to the STID and requesting the votes of holders of the Bonds then outstanding in relation to the proposal or proposals set out in the STID Proposal and setting out the relevant quorum and majority voting requirements and the Voting Date by which such votes must be received by the Bond Trustee.

Each Bondholder may only vote or instruct the Bond Trustee by way of Block Voting Instruction or, but only if notified by the Bond Trustee to the Bondholders in advance, by way of **Electronic Instruction** and no physical meetings of Bondholders will be held in respect of any such instruction or vote (unless otherwise permitted by the terms of the STID) and accordingly, the meeting provisions of the Bond Trust Deed shall not apply to any such STID Proposals nor to any instruction or vote in respect of any such STID Proposals.

For the purposes of determining the votes cast in respect of a STID Proposal by a Bondholder, each Bondholder shall have one vote in respect of each €1 of the Principal Amount Outstanding of the Bonds for the time being outstanding held or represented by it.

Each Bondholder must vote on or prior to the time specified by (a) the Principal Paying Agent and/or relevant clearing system in order to enable the Principal Paying Agent to issue a Block Voting Instruction on the Voting Date; or (b) the Bond Trustee in respect of an Electronic Instruction.

For each STID Proposal, the Bond Trustee shall vote in respect of the Bondholders by promptly notifying the Security Agent, in accordance with the STID, of all instructions or votes comprised in (i) a Block Voting Instruction received by it from the Principal Paying Agent; or (ii) Electronic Instructions received from the Bondholders on or prior to the Voting Date.

The proposal or proposals set out in a STID Proposal duly approved by the requisite majority of the Qualifying Creditors in accordance with the STID shall be binding on all Bondholders (subject to any PBCE Provider Entrenched Rights). The Bond Trustee shall, following receipt from the Security Agent of the result of any vote in respect of a STID Proposal, promptly notify the Bondholders in accordance with the Conditions.

Provisions for Voting on QC Voting Matters

On receipt of an Enforcement Instruction Notice from the Security Agent, the Bond Trustee shall send a copy of such Enforcement Instruction Notice to the Bondholders in accordance with the Conditions. **QC Voting Request** means a request sent to the Bondholders by the Bond Trustee in respect of any QC Voting Matter (substantially in the form set out in Schedule 5 to the Bond Trust Deed), appending the relevant Enforcement Instruction Notice received by the Bond Trustee pursuant to Schedule 3 (Votes of Qualifying Creditors) to the STID and requesting the votes of holders of the Bonds then outstanding (being Qualifying Debt) in relation to the QC Voting Matters set out in the Enforcement Instruction Notice and setting out the relevant quorum and majority voting requirements and the date by which such QC Votes must be received by the Bond Trustee, being the end of the QC Decision Period.

Each Bondholder may only vote or instruct the Bond Trustee by way of Block Voting Instruction or, but only if notified by the Bond Trustee to the Bondholders in advance, by way of QC Electronic Instruction and no physical meetings of Bondholders will be held in respect of any such instruction or QC Vote (unless

otherwise permitted by the terms of the STID) and accordingly, the meeting provisions of the Bond Trust Deed shall not apply to any such QC Voting Matter nor to any instruction or QC Vote in respect of any such QC Voting Matter.

For the purposes of determining the QC Votes cast in respect of a QC Voting Matter by a Bondholder, each Bondholder shall have one vote in respect of each €1 of the Principal Amount Outstanding of the Bonds for the time being outstanding held or represented by it.

Each Bondholder must vote on or prior to the time specified by (i) the Principal Paying Agent and/or relevant clearing system in order to enable the Principal Paying Agent to issue a Block Voting Instruction before the QC Decision Period Termination Date or (ii) the Bond Trustee in respect of a QC Electronic Instruction.

For each QC Voting Matter, the Bond Trustee shall vote in respect of the Bondholders by promptly notifying the Security Agent, in accordance with the STID, of all instructions or QC Votes comprised in (i) a Block Voting Instruction received by it from the Principal Paying Agent or (ii) QC Electronic Instructions received from the Bondholders on or prior to the QC Decision Period Termination Date (or the scheduled termination date of the Decision Period (as applicable)) or such other time as is specified by the Principal Paying Agent and/or relevant clearing system.

The QC Voting Matters set out in an Enforcement Instruction Notice duly approved by the requisite majority of the Qualifying Debt in accordance with the STID shall be binding on all Bondholders (subject to any PBCE Provider Entrenched Rights). The Bond Trustee shall, following receipt from the Security Agent of the result of any vote in respect of a QC Voting Matter, promptly notify the Bondholders in accordance with the Conditions.

Paying Agency Agreement

Pursuant to the Paying Agency Agreement between the Issuer, the Bond Trustee and the Principal Paying Agent, provision has been made for, among other things, payment of principal and interest in respect of the Bonds.

CP Agreement

The conditions precedent to the issue of the Bonds and the PBCE Letter of Credit are set out in a conditions precedent agreement (the CP Agreement) as agreed between, among others, the Issuer, the PBCE Provider and the Security Agent.

DESCRIPTION OF THE SECURITY DOCUMENTS AND CERTAIN TRANSACTION DOCUMENTS

Set out below is a summary of certain features of the Security Documents and it is qualified in its entirety by reference to the detailed provisions provided therein.

Issuer Security

Privilegio Speciale (Special Privilege)

The agreement dated on or about the Signing Date between, among others, the Issuer and the Security Agent evidencing the “*Privilegio Speciale*” granted by the Issuer over movable present and future assets of the Issuer pursuant to article 46, paragraph 1-bis of the Italian Banking Act.

Pursuant to Italian law, the *Privilegio Speciale* becomes effective and is enforceable vis-à-vis third parties once it has been duly registered at the competent Court. The registration of the *Privilegio Speciale* will occur after the Issue Date, due to the technical time necessary for the competent Court to carry out the registration formalities. Therefore, the Common Terms Agreement provides, as a condition subsequent to the issue of the Bonds, that the registration of the *Privilegio Speciale* has to be completed within 40 Business Days of the Signing Date. In the event that such condition is not fulfilled within such term and if such circumstance is not remedied within further 20 Business Days, the Bonds may be accelerated.

Privilegio Generale (General Privilege)

The agreement dated on or about the Signing Date between, among others, the Issuer and the Security Agent evidencing the “*Privilegio Generale*” granted by the Issuer over movable present and future assets of the Issuer pursuant to article 160 of the Public Contract Code.

Pursuant to Italian law, the *Privilegio Generale* becomes effective and is enforceable vis-à-vis third parties once it has been duly registered at the competent Court. The registration of the *Privilegio Generale* will occur after the Issue Date, due to the technical time necessary for the competent Court to carry out the registration formalities. Therefore, the Common Terms Agreement provides, as a condition subsequent to the issue of the Bonds, that the registration of the *Privilegio Generale* has to be completed within 40 Business Days of the Issue Date. In the event that such condition is not fulfilled within such term and if such circumstance is not remedied within further 20 Business Days, the Bonds may be accelerated.

General Receivables Assignment

The agreement dated on or about the Signing Date between, among others, the Issuer and the Security Agent evidencing an assignment over receivables arising from the Material Maintenance Contracts, the Material Insurance policies and any guarantees related to the Material Maintenance Contracts.

Pursuant to Italian law, the General Receivables Assignment becomes effective and is enforceable vis-à-vis third parties once it has been duly notified to the relevant assigned debtors (or accepted by the same assigned debtors). Some of the notifications under the General Receivables Assignment will occur after the Issue Date, due to the technical time necessary to carry out such formalities. Therefore, the Common Terms Agreement provides, as a condition subsequent to the issue of the Bonds, that the notifications (and/or the acceptances by the relevant assigned debtors) under the General Receivables Assignment shall be completed within 50 Business Days of the Signing Date. In the event that such condition is not fulfilled within such term and if such circumstance is not remedied within further 20 Business Days, the Bonds may be accelerated.

Project Accounts Pledge

The agreement dated on or about the Signing Date between, among others, the Issuer and the Security Agent evidencing a pledge over any Project Account and any other account of the Issuer (other than the Distributions Account and the Postal Tolls Accounts).

Concession Agreement Receivables Assignment

The agreement dated on or about the Signing Date between, among others, the Issuer and the Security Agent an assignment over receivables arising from the Concession Agreement.

Pursuant to Italian law, the Concession Agreement Receivables Assignment, in order to be effective, requires the Grantor's acceptance, which will occur after the Issue Date. Therefore, the Common Terms Agreement provides, as a condition subsequent to the issue of the Bonds, that the Grantor's acceptance has to occur within 90 days of the Issue Date. In the event that the Grantor does not grant its acceptance within such term the relevant condition subsequent would be triggered and, if such circumstance is not remedied within further 20 Business Days, the Bonds may be accelerated.

For further details in such regard, please refer to paragraph "*Risks related to the security granted by the Issuer and by ANAS*" under the "Risk Factors" section above.

Assignment by way of security over Public Grants Receivables

The agreement dated on or about the Signing Date between, among others, the Issuer and the Security Agent an assignment over Issuer's rights in respect of the public grants owed to it by ANAS pursuant to the terms of the Concession Agreement.

ANAS Security

VAT Receivables Pledge

The pledge agreement dated on or about the Signing Date between, among others, the Issuer, ANAS and the Security Agent pursuant to which ANAS grants a pledge in favour of the Secured Creditors over its rights in respect of the VAT Subordinated Facility Liabilities.

ANAS Shareholder Receivables Pledge

Any pledge agreement to be entered into in accordance with the STID between, among others, the Issuer, ANAS and the Security Agent pursuant to which ANAS will grant a pledge in favour of the Secured Creditors over its rights in respect of any Subordinated Shareholder Liabilities owing by the Issuer to it arising after the Signing Date

Other Transaction Documents

VAT Subordinated Facility

The subordinated loan agreement dated on 6 April 2016 between the Issuer (as borrower) and ANAS (as lender) through which ANAS makes available to the Issuer a facility for an amount equal to EUR 136,534,955.20 to be utilised in order to pay the VAT due on the net exposure to ANAS. The applicable interest rate has been set at 8.75% (eight point seventy-five per cent. per annum. The facility shall be reimbursed pursuant to the terms and conditions of the Finance Documents, and in particular of the Common Documents and the VAT Subordination Agreement.

ANAS Agreement

An agreement dated on 6 April 2016 to regulate, among other things, the undertakings given by ANAS, among other things, (i) to restrict its voting rights in relation to its holding of the Issuer's shares and to pay promptly any public grants received by it to the Issuer; (ii) to not sell, assign, transfer or otherwise dispose of the Issuer's shares or any right connected to the Issuer's shares and not to create, or permit the creation of, any security interest or beneficial interest, lien or encumbrance of any other kind in favour of third parties concerning the Issuer's shares and (iii) to regulate the subordination of ANAS' rights under the Subordinated Shareholder Liabilities to the rights of the Secured Creditors.

VAT Subordination Agreement

An agreement dated on 6 April 2016 between, among others, the VAT Subordinated Facility Provider, the Issuer, the Bond Trustee, the PBCE Provider and the Security Agent, acting for itself and in the interest and for the benefit of the Bondholders in accordance with article 1411 of the Italian Civil Code, pursuant to which the VAT Subordinated Facility Provider undertook, among other things, (i) to subordinate its rights in respect of the VAT Subordinated Facility Liabilities to the rights of the Secured Creditors under the Finance Documents; (ii) to not request or receive any payment, in cash or in kind, or withhold any amount from or apply any amount to the repayment of the VAT Subordinated Facility Liabilities; and (iii) to not discharge the Issuer's obligations relating to the VAT Subordinated Facility Liabilities by offsetting them (either pursuant to laws or voluntarily).

Region Agreement

An agreement dated on 6 April 2016 pursuant to which, among other things, the Veneto Region gives certain undertakings in favour of the Secured Creditors in respect of the shares held by the Veneto Region in the Issuer.

CASHFLOWS

Pre-Enforcement Priority of Payments

If, at any time, the amount standing to the credit of the Proceeds Account is insufficient to meet all payments falling due at such time, they shall be applied towards payments in the order of the following pre-enforcement priority of payments (the **Pre-Enforcement Priority of Payments**):

- (a) *first*, in or towards payment of operating costs (including insurance premia and other Liabilities of the Issuer which are expressly permitted under the terms of the Finance Documents and which are not otherwise governed by the Pre-Enforcement Priority of Payments), amounts due under any Overdraft Facility (by transferring such amounts to the Permitted Overdraft Account), costs incurred in connection with the New Works and maintenance costs (including extraordinary maintenance costs), any costs of any technical adviser or legal adviser and any insurance adviser costs and, in each case, any Taxes due by the Issuer thereon;
- (b) *second, pari passu and pro rata* in or towards costs, fees and expenses, liability or Loss of the Bond Trustee, the Security Agent, any agent, delegate or other appointee appointed by the Security Agent, the Bond Trustee or any Receiver in accordance with any of the Transaction Documents;
- (c) *third, pro rata and pari passu* towards payments of:
 - (i) the fees, costs and expenses of and other amounts due to the Paying Agents and the Account Banks; and
 - (ii) the fees, costs and expenses of the PBCE Provider that are payable by the PBCE Provider to third parties pursuant to the PBCE Agreement;
- (d) *fourth*, towards payments of interest due or overdue in respect of the Bonds;
- (e) *fifth*, towards payments of principal due or overdue in respect of the Bonds (including any Make-Whole Amount but excluding principal payable upon a mandatory redemption of the Bonds as a result of a PBCE Rebalancing Event (which shall be paid by the PBCE Provider directly to the Principal Paying Agent and shall not pass through the Proceeds Account));
- (f) *sixth*, in making a transfer to the Maintenance Reserve Account in accordance with schedule 5 (Project Accounts) of the CTA;
- (g) *seventh*, in making a transfer to the Debt Service Reserve Account in accordance with schedule 5 (Project Accounts) of the CTA;
- (h) *eighth*, in payment of all amounts due or overdue to the PBCE Provider pursuant to the PBCE Agreement, other than those amounts referred to in paragraph (c)(ii) above (for the avoidance of doubt, by way of applying 100% of cash available after paying all amounts payable under paragraphs (a) to (g) above until all amounts due or overdue to the PBCE Provider pursuant to the PBCE Agreement have been paid) to be applied in the following order:
 - (i) first, in or towards payment pro rata of any fees, costs and expenses due under the PBCE Agreement;
 - (ii) second, in or towards payment pro rata of any indemnities and accrued interest due or overdue under the PBCE Agreement;

- (iii) third, in or towards payment of any principal due or overdue under the PBCE Agreement (and where the PBCE Letter of Credit has been drawn on more than one occasion, towards repayment of such drawing(s) as the PBCE Provider may determine in its sole discretion); and
- (iv) fourth, in or towards payment of any other sum due or overdue under the PBCE Agreement;
- (v) *ninth*, if the Issuer has delivered a notice of redemption pursuant to Condition 6.3 (Optional redemption) or Condition 6.5 (Optional redemption for taxation or illegality), payment of principal due in respect of such redemption of all or part of the Bonds, including any applicable Make-Whole Amount;
- (i) *tenth*, subject to compliance with the Restricted Payment Condition applicable to a VAT Subordinated Facility Restricted Payment, towards payment of amounts due to the VAT Subordinated Facility Provider under the VAT Subordinated Facility Agreement; and
- (j) *eleventh*, subject to compliance with the Restricted Payment Condition applicable to a Shareholder Restricted Payment, towards transfers to the Distributions Account in accordance with schedule 5 of the CTA.

Post-Enforcement Priority of Payments

Subject to the paragraph below (*Prospective liabilities*), all amounts from time to time received or recovered by the Security Agent pursuant to the terms of any Transaction Document following any Enforcement Action (**Recoveries**) shall be held by the Security Agent on trust to apply them at any time as the Security Agent (in its discretion) sees fit, to the extent permitted by applicable law (and subject to the provisions of this paragraph), in the following order of priority:

- (a) *first*, any operating costs (including amounts which any such party is required by law or regulation to pay in respect of liabilities to the Issuer);
- (b) *second, pari passu and pro rata* towards the costs, fees, expenses, liabilities and Losses of the Bond Trustee, the Security Agent, any *agent*, delegate or other appointee appointed by the Bond Trustee or Security Agent or any Receiver including those incurred in connection with any realisation or enforcement of the Transaction Security;
- (c) *third, pari passu and pro rata* towards:
 - (i) fees, costs and expenses, and other amounts due to, the Principal Paying Agent, Project Account Bank and the Operational Account Bank including those incurred in connection with any realisation or enforcement of the Transaction Security; and
 - (ii) fees, costs and expenses incurred by the PBCE Provider in connection with the PBCE Letter of Credit, in each case which are payable by the PBCE Provider to third parties, or those incurred in connection with any realisation or enforcement of the Transaction Security;
- (d) *fourth*, towards accrued *but* unpaid interest on the Bonds;
- (e) *fifth*, towards all amounts of principal due or overdue in respect of the Bonds (including any unpaid Make-Whole Amount, if applicable);
- (f) *sixth*, towards payment of all amounts due or overdue to the PBCE Provider pursuant to the PBCE Agreement, other than amounts referred to in paragraph (c)(ii) above (for the avoidance of doubt, by way of applying 100% of cash available after paying all amounts payable under paragraphs (a) to (e) above until all amounts due or overdue to the PBCE Provider pursuant to the PBCE Agreement have been paid), to be applied in the following order:

- (i) first, in or towards payment of any unpaid fees, costs and expenses due to the PBCE Provider under the PBCE Agreement;
- (ii) second, in or towards payment of any indemnity and accrued interest due but unpaid under the PBCE Agreement;
- (iii) third, in or towards payment of any principal due but unpaid under the PBCE Agreement (and where the PBCE Letter of Credit has been drawn on more than one occasion, towards repayment of such drawing(s) as the PBCE Provider may determine in its sole discretion); and
- (iv) fourth, in or towards payment of any other sum due but unpaid under the PBCE Agreement;
- (g) *seventh*, if the Issuer is not under any further actual or contingent liability under any Finance Document, in or towards *payment* of the following amounts in the following order:
 - (i) in respect of amounts due to the VAT Subordinated Facility Provider under the VAT Subordinated Facility Agreement; and
 - (ii) to the ANAS Shareholder in respect of the Subordinated Shareholder Liabilities; and
- (h) *eighth*, the balance, if any, in payment or distribution to the Issuer.

All amounts from time to time received or recovered by the Security Agent other than in connection with the realisation or enforcement of all or any part of the Security, shall be held by the Security Agent on trust to apply them at any time as the Security Agent (in its discretion) sees fit, to the extent permitted by applicable law (and subject to the provisions of this paragraph), in accordance with the Priority of Payments.

Prospective liabilities

Following any Enforcement Action the Security Agent may, in its discretion to the extent permitted under applicable law:

- (a) hold any amount of the Recoveries which is in the form of cash, and any cash which is generated by holding, managing, exploiting, collecting, realising or disposing of any Non-Cash Consideration, in one or more interest bearing suspense or impersonal accounts in the name of or under the control of the Security Agent with such financial institution (including itself) as the Security Agent shall think fit (the interest being credited to the relevant account) provided that such financial institution has the Required Rating; and
- (b) hold, manage, exploit, collect and realise any amount of the Recoveries which is in the form of Non-Cash Consideration,

in each case for so long as the Security Agent shall think fit for later application under the CTA in respect of (i) any sum due to any Security Agent, any Receiver, the Bond Trustee or any Delegate; and (ii) any part of the Secured Liabilities, that will be due or owing at any time in the future.

DESCRIPTION OF THE ADMINISTRATIVE AND REGULATORY REGIME

EU and Italian laws heavily regulate the Issuer's business and may affect its financial condition and results of operations or the way it conducts its business. The principal legislative and regulatory measures applicable to the Issuer are summarised below. Although this summary contains the information that the Issuer considers material in the context of the issue of the Bonds, it is not an exhaustive account of all applicable laws and regulations. Prospective investors and/or their advisers should make their own analysis of the legislation and regulations affecting the Issuer and of the impact they may have on an investment in the Bonds and should not rely on this summary only.

The Italian motorway sector is governed by a set of laws, ministerial decrees and resolutions issued by the Interdepartmental Committee for Economic Planning (**CIPE**), each as amended and issued from time to time, as well as by generally applicable laws and specific legislation. Motorway concession holders, including the Issuer, must operate within this regulatory framework and in compliance with the provisions of the relevant concession agreement. The Issuer operates through a motorway concession granted by the MIT. The MIT is the grantor of all the Italian motorway concession pursuant to law. The MIT has replaced ANAS as grantor in the existing Concession Agreement on 1 October 2012.

Overall Regulatory Framework

Main Legislation

The main pieces of legislation governing the regulation of the Concession Agreement are, among others, as follows:

- Law No. 244 of 24 December 2007 (article 2, paragraph 290) (**Law 244/2007** or the **Awarding Law**), which empowers the Issuer to operate the Motorway Assets and classifies it as a body governed by public law, subject to the Public Contract Code.
- CIPE Resolution No. 24 of 27 March 2008, which approved the procedural guidelines relating to the Concession Agreement.
- Interministerial Decree No. 81 of 4 February 2009, which approved the Original Concession Agreement between ANAS and the Issuer.
- Interministerial Decree No. 408 of 22 November 2011 (registered by the Court of Auditors on 23 February 2012), which approved the current Concession Agreement between ANAS and the Issuer.
- Law No. 296 of 27 December 2006 (State Budget Law 2007) (article 1, paragraph 1020), which regulates the concession fee system.
- Law Decree No. 78 of 1 July 2009 (article 19, paragraph 9-*bis*), converted with amendments by Law No. 102/2009, which also regulates the concession fee system.
- Law Decree No. 78 of 31 May 2010 (article 15), converted with amendments by Law No. 122/2010, which also regulates the concession fee system.
- The Public Contract Code, Legislative Decree No. 163 of 12 April 2006, which regulates public contracts.⁷

⁷ Following EU Directives No. 23/2014, 24/2014 and 25/2015 concerning the general rules on awarding of public contracts of works, services and supplies as well as on awarding of public concessions, the Public Contract Code will be amended to implement the rules set out in these EU Directives. The deadline for this implementation is 18 April 2016.

- Law Decree No. 355 of 24 December 2003 (article 21, paragraph 5), as subsequently amended, which regulates tariff adjustments.
- Law Decree No. 262 of 3 October 2006 (article 2, paragraphs 82-90), regarding tariff adjustments, motorway concessionaires' obligations and single concessions.
- Law Decree No. 69 of 21 June 2013 (articles 25-27) (so called *Decreto del Fare*), which also regulates tariff adjustments and urgent measures regarding infrastructure.
- CIPE Resolution No. 319/1996, which originally introduced the calculation of the tariff formula.
- CIPE Resolution No. 39 of 15 June 2007, which regulates the calculation of the tariff formula (the **CIPE Resolution**).
- Legislative Decree No. 59/2008 (article 8-duodecies, paragraph 2), as amended by Law No. 191/2009 (State Budget Law 2010), establishing that concession holder companies may agree a simplified formula with grantors.
- CIPE Resolution No. 27 of 21 March 2013, containing "Criteria for the update of the economic and financial plan" in order to provide the criteria that apply to the update of the Financial and Economic Plan (*piano economico finanziario* - **PEF**) (the **New CIPE Resolution**).
- Law Decree No. 98 of 6 July 2011 and Law Decree No. 216 of 29 December 2011 (so called *Decreto Milleproroghe*), which regulate the functions and tasks subsequently transferred from ANAS to the MIT.
- Law Decree No. 201 of 6 December 2011, (so called *Decreto Salva Italia*), which regulates the Transport Authority (as defined below).
- Ministerial Decree No. 341 of 1 October 2012, which regulates the Supervisory Unit of the MIT (as defined below).

Transport regulators

Supervisory Unit of the MIT

Following the replacement of ANAS by MIT as grantor of motorway concessions on 1 October 2012, the MIT set up the Supervisory Unit for Motorway Concession Holders (*Struttura di Vigilanza sulle Concessionarie Autostradali*) (the **Supervisory Unit**). This is a branch of the Department of Infrastructure of the MIT and has been assigned many of the tasks formerly performed by ANAS as grantor of motorway concessions.

The Supervisory Unit performs the following functions:

- selection of motorway concession holders and relevant awards;
- supervision and control of motorway concession holders, including supervision of construction works and operation of the motorways;
- approval of projects for works on the motorway network of national interest, equivalent to a declaration of public utility and urgency for the purposes of compulsory purchase for public utility;
- planning proposals for the progressive improvement of the road and motorway network and of state motorways and relevant signalling systems;

- proposals regarding tariff regulation and relevant variations for motorway concessions according to the criteria and procedures established by the relevant regulatory authority (i.e. the Transport Authority defined below), which is in charge of their subsequent approval;
- supervision of the implementation of laws and regulations concerning the protection of the state of the roads and motorways, as well as traffic safety and signalling by the concession holders; and
- supervision over the adoption of the provisions deemed necessary for traffic safety on the roads and motorways by the concession holders.

Recent legislation (art. 25 of the *Decreto del Fare*) specified that the MIT is considered as having been assigned (i) the debt and credit positions pertaining to grantors under existing motorway concessions; as well as (ii) any litigation related to those positions, provided that such positions (i) and (ii) arose after 1 October 2012 (i.e. from the time the replacement of ANAS by the MIT as grantor became effective).

Transport Authority

The independent Transport Regulation Authority (*Autorità di Regolazione dei Trasporti*) (the **Transport Authority**) was set up by law in 2011 and started operating in January 2014. The Transport Authority is responsible for the transport sector and for the access to relevant infrastructure and ancillary services.

The Transport Authority is a collegiate body consisting of a chairman and two members who are appointed by the Italian Government, with prior approval by a majority of two thirds of the members of competent committees of the Italian Parliament.

With particular reference to the motorway sector, the Transport Authority has the following responsibilities: (i) establishing toll tariff systems based on a price cap method for new concessions, with the calculation of the productivity index X every five years for each concession; (ii) defining the forms of concession to be adopted in tenders for motorway operation or construction; (iii) setting out the forms of tender that motorway concession holders shall comply with in order to award works to third parties for new concessions; (iv) setting out the optimal operation systems of motorway sections in order to promote diversified management over the different sections and to stimulate competition; and (v) approving proposals formulated by the MIT regarding the regulation and the tariff adjustments for motorway concessions.

More generally, the Transport Authority may, *inter alia*:

- propose the suspension, termination or revocation of concession agreements, public service contracts, programme contracts and any other instrument that can be regarded as equivalent, if legal and regulatory conditions allow so;
- order to stop any action that does not comply with the regulatory requirements and of contractual undertakings entered into with entities subject to regulation, taking the appropriate measures;
- issue fines of up to 10% of the turnover of the relevant company in the case of (i) non-compliance with criteria for the setting and updating of the tariffs, fees, tolls, rights and prices subject to administrative control; (ii) non-compliance with criteria for accounting separation and disaggregation of costs and revenues related to the activities of public services; (iii) breach of the regulations relating to access to the networks and to infrastructure or conditions imposed by the Transport Authority itself; as well as (iv) non-compliance with orders issued and measures taken.

Although the Transport Authority has been assigned the above mentioned powers and responsibilities, art. 36 of the *Decreto Salva Italia* specifies that the MIT, the MEF and the CIPE keeps their regulatory powers on the approval of programme agreements and concession deeds, with particular reference to matters concerning public finance.

Legislation applicable to the Concession Agreement

The Concession Agreement entered into between ANAS and the Issuer has been subject to an approval procedure regulated under Italian law.

First Law 244/2007 provided that *"the operational activities, including ordinary and extraordinary maintenance, of the motorway link between the A4 motorway Venice-Trieste section, the complementary works thereof, as well as the Venice-Padua motorway stretch, shall be transferred, once the construction works are completed, or once the Concession granted to Autostrada Padova-Venezia S.p.A. has expired, to a company limited by shares incorporated with equal holdings between ANAS S.p.A. and the Veneto Region or an entity wholly owned by the latter [...]"*. Law 244/2007, therefore, empowered a new concession holder (i.e. the Issuer, incorporated on 1 March 2008) to operate the Motorway Assets.

The original procedural guidelines related to the concession of the Motorway Assets to be executed between the MIT and ANAS were approved by CIPE Resolution No. 24 of 27 March 2008. Such resolution provided that, once the works for the construction of the Mestre By-pass were completed, or the concession granted to Società delle Autostrade di Venezia e Padova S.p.A. for the Venice-Padua Stretch had expired, the Issuer would succeed ANAS as concession holder, with the signing of the Original Concession Agreement between ANAS and the Issuer.

The Original Concession Agreement between ANAS and the Issuer was entered into on 30 January 2009 and approved by the MIT-MEF through an Interministerial Decree.

The Issuer and ANAS decided to execute a revised concession agreement aimed at regulating the concessionary relationship between themselves, including both the provisions of the Original Concession Agreement that were still in force and the new provisions that the parties intended to establish following an update of the Financial and Economic Plan. Therefore, on 23 March 2010, the Issuer and ANAS signed a new concession agreement (is referred to herein as the **Concession Agreement**) which, starting from the date of its registration by the Court of Auditors (*Corte dei Conti*) on 23 February 2012, entirely replaced the Original Concession Agreement. The Concession Agreement was executed for the purpose, *inter alia*, of providing financial coverage for the reimbursement to ANAS of the additional costs borne by the latter for ancillary construction works relating to the Mestre By-pass which were not included in the Original Concession Agreement and including them in the Financial and Economic Plan (and therefore in the tariff).

Concession Fee and ANAS Surcharge

Pursuant to art. 1, paragraph 1020 of Law No. 296/2006, concession holders have to pay to the relevant grantor an annual fee that is fixed at 2.4% of the net proceeds of the tolls.

An additional "sub-concession fee" is made payable under the majority of the concession agreements, calculated on the income deriving from the exploitation of service areas and similar areas.

Law no. 102/2009 and art. 15, paragraph 4 of the Law Decree n. 79/2010 provides for the ANAS Surcharge which is charged to the motorway concession holder and is recovered from users of the motorway by applying an equivalent increase in the tariffs. The ANAS Surcharge is calculated on the basis of the distance in kilometres for each vehicle that uses the motorway infrastructure (equal to 6 thousandths of a Euro per kilometre for toll classes A and B and to 18 thousandths of a Euro per kilometre for toll payment classes 3, 4 and 5. As such, the ANAS Surcharge is a pass-through item.

The tariff framework

Calculation of motorway toll tariffs

Motorway toll tariffs are established, in compliance with CIPE Resolutions, by decrees issued by the MIT in respect of each motorway concession. Motorway toll tariffs are, in essence, regulated by CIPE Resolution

No. 39 of 15 June 2007 (the **CIPE Resolution**) and by CIPE Resolution No. 27 of 21 March 2013 (the **New CIPE Resolution**).

Even though each concession agreement may adopt slight variations, in general the tariff formula is as follows:

$$\Delta T = \Delta P - X + K$$

where:

- ΔT is the annual percentage of tariff variation;
- ΔP represents the forecast inflation rate⁸;
- X is the percentage factor of adjustment of the tariff calculated at the beginning of each 5-year regulatory period. Concession holders like the Issuer set the X factor, in the first year of the new regulatory period, equal to the forecast of the previous PEF/PFR (or zero) and, in the remaining 4 years, to a constant value calculated, so that, in a scenario of no further investments in that regulatory period, the present value of forecast revenues is equal to the present value of eligible costs, discounting the relevant amounts at the WACC;
- K is the annual variation percentage of the tariff as determined each year so as to allow remuneration of the investments carried out in the year before that for which it applies. The K factor is calculated so that the present value of incremental revenues forecasted until the end of the concession period is equal to the present value of the incremental eligible costs, discounting the relevant amounts at the WACC. For the first year of the new regulatory period concession holders like the Issuer calculate the K factor with a WACC equal to the previous PEF/PFR and, in the remaining 4 years, with the WACC calculated for the new regulatory period.

According to the CIPE Resolution, "eligible costs" include (in summary, and without limitation):

- **operating expenses.** Such expenses include operating expenses for materials and goods, operating expenses for services, operating expenses for use of third party assets, operating expenses for employees, variations in stock of materials and goods and other operating charges which are both directly and indirectly ascribable to the motorway operating activities. Such expenses are eligible up to maximum amounts defined on the basis of cost-effectiveness principles, of comparison with comparable players and of traffic volumes;
- **reimbursement of the Regulatory Asset Base.** This is equal to the relevant depreciation;
- **return on net regulatory asset base.** This is equal to WACC applied to the Regulatory Asset Base net of cumulated depreciation.

The regulatory asset base includes intangible fixed assets (research, development and advertising costs, patents and intellectual property rights, intangible fixed assets under construction and payment in advance) as well as tangible fixed assets (land and buildings, plants and machinery, production and trade equipment, other tangible assets and tangible under construction and payment in advance) which are both directly and indirectly ascribable to the motorway activities. Such investments are eligible within limits represented by amounts determined in the final design approved by the grantor or (for capex indirectly ascribable to the motorway activities) up to maximum amounts defined on the basis of cost-effectiveness principles and of comparison with comparable players. Eligible costs are net of the grants received by the relevant concession holder.

⁸ However, in the case of the Concession Agreement, as granted to the Issuer, the formula is based on 70% of the actual, rather than estimated, inflation. See "*Description of the Project Documents – Toll Tariff*".

According to the CIPE Resolutions, the PEF/PFR may allow the addition or the deduction of notional items (so called "*poste figurative*") in the calculation of the eligible costs in order to have a gradual annual variation percentage in tariff as much as possible. The credit for "*poste figurative*" also allows, on the occasion of the PEF/PFR 5-year update, the X parameter to take into account the need to rebalance for higher or lower operating or investment costs, compared to those forecasted in the PEF/PFR at the beginning of the previous regulatory period.

Pursuant to the New CIPE Resolution, the procedure for the calculation of the WACC (weighted average cost of capital) shall be carried out following the ensuing table:

WACC Calculation	
	<i>Return on Equity</i>
	<i>Risk-free return</i>
	<i>Market Risk Premium</i>
	<i>Beta levered</i>
	<i>Return on Equity</i>
	$E / (D+E)$
	<i>Impact of ROE on WACC</i>
	<i>Cost of debt</i>
	<i>Cost of debt (Kd)</i>
	<i>IRES rate</i>
	<i>Net cost of debt</i>
	$D / (D+E)$
	<i>Impact of cost of debt on WACC</i>
	<i>Net WACC</i>
	<i>Average impact of personnel cost on invested capital</i>
	<i>IRES rate</i>
	<i>IRAP rate</i>
	<i>Average tax rate (IRES and IRAP)</i>
	<i>Gross WACC</i>

Pursuant to the New CIPE Resolution, the following calculation criteria shall be taken into account:

- Rate of return for risk-free assets: this is based on the average return of the ten year Italian benchmark treasury bonds on the 12 months preceding the date of the proposal of the new PEF/PFR;
- Market risk premium: 4%;
- Beta levered: beta levered is calculated taking into account the average beta of the Italian peer group of motorway concession holders adjusted for the specific financial structure of the individual concession holder (formula detailed in the New CIPE Resolution);
- Return on equity (ke): rate of return on risk-free assets + market premium rate * beta component;
- Cost of debt (kd): is the concession holder average cost of debt capped at a level equal to the risk-free rate plus 2%;

- Equity ratio: the impact of equity on total sources $E/(D+E)$ of the concession holder is derived from the latest approved financial statements;
- Debt ratio: $D/(D+E)$ derived from the latest approved financial statements;
- Impact of personnel cost on invested capital: derived from the latest approved financial statements; invested capital is the sum of tangible and intangible assets eligible for the regulatory invested capital (pursuant to the CIPE Resolution); and
- Tax rate calculated according to a specific formula on the basis of the IRAP and IRES rates applicable at the time of the update of the PEF / PFR.

The relevant regulation provides that additionally, a component regarding the quality factor (number of incidents, quality of the asphalt), is either subtracted or added to the tariff calculated as above, pursuant to the modalities set forth in the CIPE Resolution 319/2006 as amended and art. 21, par. 3 of the Law No. 47/2004. In the case of the Issuer, however, the quality factor does not affect the tariff but only gives rise to penalties if the agreed minimum level of quality is not satisfied.

The revenues forecasted for the calculation of the X parameter in the financial plan depend to a great extent on the scenarios of traffic development, a variable driven by external factors beyond the operator's control. The CIPE Resolution describes the procedures to be adopted for traffic forecasting, so as to avoid the circumstance in which overly cautious forecasts lead to a significant windfall. The forecast traffic volumes, processed on the basis of the criteria specified in the CIPE Resolution, are approved by the grantor for the purposes of subsequent tariff calculations.

In addition to toll revenues, the income from ancillary activities connected to the use of motorway areas and appurtenances is also included among the revenue.

Finally, any tariff revenues received in respect of investments which the concessionaire has failed to make or has delayed is set aside in a specific risk fund in order to be used for new investments at the discretion of the grantor (so called "recovery").

Update of the PEF and the PFR at the end of a 5 – year regulatory period

According to the CIPE Resolution and the New CIPE Resolution, at the end of each 5-year regulatory period and by 30 June of the first year of the new regulatory period, the concession holder must propose to the MIT the updated PEF/PFR.

The New CIPE Resolution contains new and more precise criteria for the update of the economic and financial plan for motorway concessionaires. The New CIPE Resolution specifies, among other things: (i) the procedure used to calculate the regulatory invested capital at the end of each period; (ii) how to update the gross WACC (weighted average cost of capital) to be applied to the new regulatory period every 5 years, as well as (iii) other rules applicable to cases which have less relevance to the Issuer.

At the end of each regulatory period, PEF/PFR is updated proceeding with the determination of the amount of the net regulatory invested capital and of the balance of the *poste figurative* resulting at the end of the preceding regulatory period, with the calculation of the eligible costs for the next regulatory period, with the updating of the traffic forecast, with the updating of the WACC and consequently the redetermination of the X factor applying to the next regulatory period. The update of the PEF/PFR aims to rebalance potential reduction in the expected revenues, if any, to maintain the financial and economic equilibrium through the re-alignment of the tariffs, and so to ensure financial sustainability.

The updated PEF/PFR must take into account also:

- (a) any additional design or construction costs borne during the regulatory period due to force majeure or other reasons not attributable to the concessionaire;
- (b) any amounts of "recovery" i.e. for investments which were not completed or which were delayed during the regulatory period; and
- (c) penalties.

Specific rules are established for concessionaires who seek a general redress of the economic and financial equilibrium of the concession, and for concessionaires who have made investments not originally contemplated in the concession.

Annual tariff adjustments

During each 5-year regulatory period, the tariff is adjusted annually by applying the formula described above. In particular, the concession holder shall communicate to the MIT, no later than 15 October of each year, the proposal for tariff variations it intends to apply, based on the annually reviewed ΔP and K variable (with the X variable remaining the same for each five year regulatory period). The proposed adjustments are approved or rejected by a decree of the MIT, to be adopted no later than 15 December. The decree may exclusively relate to the verification of whether or not the values inserted in the review formula and relevant calculations are correct, or may also regard the existence of serious breaches of the provisions of the concession that have been formally reported by the concession holder up to the previous 30 June.

Whereas the approval or rejection of the tariff variations proposed by the specific concession holder remains a task of the MIT (in agreement with the MEF), the Transport Authority has been assigned the responsibility of approving proposals regarding the regulation and the tariff variations for motorway concessions, being a purely programmatic and regulatory function. These proposals are formulated by the MIT via the Supervisory Unit, on the basis of criteria and procedures established beforehand by the Transport Authority itself. This is only applicable for future works or for new concessions.

Provisions regulating the awarding of the concession works by the Issuer

With regard to the awarding of work to third parties, the Issuer is explicitly classified by law as a body governed by public law, and therefore, as an awarding administration⁹, the Issuer must fully comply with the provisions under the Public Contract Code in order to award any contracts to third parties for the works or services.

⁹ Article 3, paragraph 25 of the Public Contract Code includes the following entities in the category of awarding administrations: State administrations, public territorial entities, other non-economic public entities, public law entities, associations, unions, consortia, however named, constituted by those entities.

DESCRIPTION OF THE ISSUER

History and Incorporation

Concessioni Autostradali Venete – CAV S.p.A. (CAV or the **Issuer**) is a company limited by shares incorporated under the laws of Italy on 1 March 2008 and registered with the Companies Registry (*Registro delle Imprese*) of Venice under registration number 03829590276. The duration of the Issuer as an entity currently expires on 31 December 2050 but may be extended by a shareholders' resolution. The registered office of the Issuer is at Via Bottenigo 64/A, 30175 Marghera (VE), Italy and its telephone number is 041 5497111.

The Issuer was incorporated pursuant to parliamentary legislation, namely the Finance Law No. 244 of 27 December 2007. Its founding and current shareholders are ANAS and the Veneto Region. For further information, see "Description of the Shareholders".

Principal Activities

The sole activity of the Issuer comprises the operation and the ordinary and extraordinary maintenance of the Motorway, including the repayment of amounts advanced by ANAS for the construction of sections of the Motorway.

As set out in article 2 of its by-laws (*Statuto*), the Issuer's objects are to carry out the operation, including the ordinary and extraordinary maintenance, of the stretches of motorway relating to the link connecting A4 motorway - stretch of the Venice-Trieste section (including complementary works) and to the Venice-Padua section, as well as activities in the context of new investments for local motorway infrastructures that may be indicated by the Veneto Region in consultation with the Ministry of Infrastructure and Transport, subject to compliance with the provisions set forth in CIPE Resolution 3/2007.

CIPE Resolution 3/2007 states that resources generated by the Motorway Assets – in excess of the amounts necessary to pay operating and maintenance costs, to depreciate investment made and to reimburse the financings related to the investments already made – are to be used for additional investments in motorway infrastructures, to be agreed between the Veneto Region and the Ministry of Infrastructure and Transport. As of the date hereof no such agreement has been signed between these two entities. In any case any such future additional investment would be possible only to the extent there would be resources in excess of debt service. Both under legislation and under its by-laws, the Issuer is prevented from carrying on any business that is unconnected with the operation of motorway.

Share Capital and Shareholders

Share Capital

The Issuer has a share capital of €2,000,000, fully paid up, divided into 2,000,000 ordinary shares with a par value of €1 each. The Issuer has no convertible debt securities, exchangeable debt securities or debt securities with warrants attached.

Shareholders

The Issuer's shareholders, ANAS and the Veneto Region, each hold a 50% stake in the Issuer. Shares in the Issuer are not freely transferable unless new legislation is passed allowing for transfers to third parties (apart from the Veneto Region, which can transfer shares only if the transferee is wholly owned by itself).

A shareholders' agreement is in force between the Issuer's shareholders and governs the following matters: duration of the Issuer; composition of the board of directors (up to three directors to be chosen by the Veneto

Region and up to two by ANAS); replacement of Directors; appointment of the Chief Executive and the Chairman; board resolutions; and part of the composition of the board of statutory auditors.

For further information, see *"Description of the Shareholders"*.

Shareholdings in Other Companies

The Issuer is a member of two consortiums which are also involved in the motorway sector. The Issuer is a member of Servizi Utenza Stradale S.C.p.A *in liquidazione*, a limited liability consortium, together with three other companies, namely Autostrade Centro Padane, Autostrada Brescia-Padua and AA.VV. This consortium is involved in advancing and improving motorway services for users. The Issuer is also a member of Consorzio Autostrade Italiane Energia, a consortium set up to improve energy efficiency and reduce energy consumption, in which the Issuer holds a 0.9% stake.

Financing

The following table sets out the Issuer's outstanding financings as at 30 September 2015.

Lender	Type of financing	Maturity Date	Amount (€)
European Investment Bank / Cassa Depositi e Prestiti	Senior loan facility	31/12/2027	341.2 million
Cassa Depositi e Prestiti	Existing CDP VAT Facility	31/12/2015	58.2 million

On 31 December 2015, the Issuer paid with its available cash through wire transfer a total of 72.9 million, divided as follows:

- (a) partial reimbursement of the Senior loan facility, for a total amount of Euro 13.6 million (of which Euro 9 million as principal and Euro 4.6 million as interest);
- (b) full reimbursement of the Existing CDP VAT Facility, for a total amount of Euro 59.3 million (of which Euro 58.2 million as principal and Euro 1.1 as interest).

As at the date of this Offering Circular, €28,215,000 of public funding awarded for the Project are expected to be paid to ANAS between 2016 and 2021. Under the terms of the Concession Agreement, ANAS has an obligation to remit these amounts to the Issuer no later than 45 days after receipt of those funds. The Issuer also receives public funding through ANAS.

For additional information on funding already received by ANAS which will be set off against the debt owed to it by the Issuer, see *"Description of the Project Documents- Public grants to the Issuer"*.

Management

Board of Directors

The Issuer's management is entrusted to a Board of Directors consisting of a minimum of three members and a maximum of five members. The following table sets out the names and positions of the current members of the Issuer's Board of Directors, together with their principal activities outside of the Issuer.

Name	Position	Principal activities outside Issuer
Luisa Serato	Chairman	-
Michele Adiletta	Managing Director	-

Alessandro Maggioni
Federica Ribechi

Director
Director

Business consultant
Financial manager at ANAS

The above members of the Board of Directors have been appointed by the Issuer's shareholders meeting held on 21 October 2015, which originally appointed five members. The fifth member, Alessio Adami (which had been designated in such meeting by the Veneto Region) resigned from his role on 18 November 2015. The Issuer's Board of Directors envisages to replace the fifth member once the Veneto Region indicates the person it intends to appoint.

On 9 February 2016, the Public Prosecutor of Forli notified Michele Adiletta that an investigation was being carried out in relation to him in his prior role as a manager of ANAS, together with other persons, for possible offences relating to their duty to act diligently as coordinator of the maintenance works on the E45 motorway, where a number of road accidents have occurred in recent years, allegedly relating to the condition of the road. As at the date of this Offering Circular, there is insufficient detail to assess the likely outcome of the matter and it is not known whether charges will be brought against the persons involved.

For clarity sake, it is worth underlining that this matter does not concern the Mestre By-pass and the Issuer in any way.

Board of Statutory Auditors

The following table sets out the names and positions of the current members of the Issuer's Board of Statutory Auditors, together with their principal activities outside of the Issuer.

Name	Position	Principal Activities outside Issuer
Francesco Corso	Chairman	Executive officer at the Italian Ministry of Infrastructure and Transport
Giulia De Martino	Standing Statutory Auditor	Professor at the University "Luiss Guido Carli"
Silvia Solimene	Standing Statutory Auditor	Researcher at the University "La Sapienza"

On 15 January 2016 the Chairman of the Board of Statutory Auditors resigned, therefore Mr. Francesco Corso was appointed as Chairman. Two new standing alternative statutory auditor will have to be appointed so that if any of the standing statutory auditors resigns from its role, an alternative auditor may succeed.

Conflicts of interest

As far as the Issuer is aware, save as set out above, there are no potential conflicts of interest between the duties to the Issuer of each of the members of the Board of Directors and of the Board of Statutory Auditors and their private interests or other duties.

Litigation and investigation

The following table sets out the litigation to which the Issuer is a party as at the date of this Offering Circular.

Parties	Forum	Description	Amount claimed	Status
Italian Competition Authority (Autorità Garante della Concorrenza e	Italian Council of State	Appeal by AGCM against judgment by Regional Administrative Court (Tribunale Amministrativo Regionale or TAR) of Lazio in	€150,000	Waiting for hearing date to be fixed

Parties del Mercato or AGCM)/ Issuer	Forum	Description	Amount claimed	Status
		favour of the Issuer cancelling fine imposed by AGCM due to a critical traffic in August 2009.		
Issuer / ANAS	Italian Council of State	Appeal by the Issuer against judgment by TAR of Lazio confirming fine imposed by ANAS due to a critical traffic in August 2009.	€150,000	Waiting for hearing date to be fixed
Società delle Autostrade Serenissima/ ANAS/ Issuer	Italian Council of State	Appeal by Società Serenissima against judgment by TAR of Lazio confirming fines imposed by ANAS due to a critical traffic in August 2009.	€75,000	Waiting for hearing date to be fixed
Issuer/ AIPA S.p.A. (AIPA) (Concession holder for inspection and recovery for the Municipality of Martellago in the province of Venezia of public land occupation tax (TOSAP))	Supreme Court (Corte di Cassazione)	Appeal by the Issuer against rulings by Provincial Revenue Commission of Venice and Veneto Regional Revenue Commission. In May 2014, the Issuer paid TOSAP instalments for 2009–2010, as well as penalties and interest for late payment.	€31,038.17	Waiting for hearing date to be fixed
Issuer/ AIPA	Provincial Revenue Commission of Venice.	Appeal by the Issuer against ruling by AIPA relating to TOSAP due for period from 2012-2013. In May 2014, the Issuer paid TOSAP instalments for 2012-2013, as well as penalties and interest for late payment. The first level court rejected the Issuer's appeal.	€21,917.10	Issuer intends to appeal against such ruling.
Issuer/ AIPA	Provincial Revenue Commission of Venice.	Appeal against ruling by AIPA relating to TOSAP due for 2014. The Issuer paid 2014 TOSAP subject to right to reimbursement in case of success of its appeal.	€10,789.99	Waiting for hearing date to be fixed.

Parties	Forum	Description	Amount claimed	Status
Fabiani Costruzioni S.p.A. / Issuer (previously Società VE/PD)	Court of Appeal of Venice	<p>Claim brought by Fabiani Costruzioni S.p.A. against Società VE/PD for payment for additional work carried out under an awarded contract.</p> <p>The final ruling condemns the Issuer to the payment in favour of Fabiani Costruzioni S.p.A. of Euro 343,671.89 plus the costs and expenses related to the proceeding.</p>	€726,000	Judgment released on 17 November 2015.
Immobiliare Quadrifoglio S.r.l. (IQ)/Issuer	Supreme Court (<i>Corte di Cassazione</i>)	<p>Appeal by IQ against judgment by Court of Appeal of Venezia concerning amount of compensation for compulsory purchase of land on public interest grounds for work carried out between the Mestre By-pass and the gas distribution network of Snam Rete Gas S.p.A. in Casale sul Sile (province of Treviso).</p> <p>The Issuer successfully argued that it could not be joined as a party to the dispute and intends to re-affirm this in the appeal.</p>	€4,380,569	Hearing date to be fixed.
Ballin/Issuer	Venice Tribunal	<p>Claim brought by Mr. Ballin against the Issuer for damages to the claimant's building allegedly caused by the Mestre By-pass.</p> <p>The appointed technical advisor, in its report dated 6 July 2015, estimated damages up to €28,600. However, such damages do not seem to have been caused by the Issuer's activity.</p>	€78,841.60	Waiting for judgment.

Parties	Forum	Description	Amount claimed	Status
Issuer/MIT	Administrative Regional Tribunal Lazio	The Issuer has appealed to obtain annulment of the MIT's request to receive information on the status of the barriers and toll stations.	Not assessable	Hearing date to be fixed
Issuer/Agenzia delle Entrate	Provincial Revenue Commission of Venice	The Issuer has appealed the cadastral verification carried out by the <i>Agenzia delle Entrate</i> on certain ancillary real estate properties owned by the Issuer. The Issuer holds that this property should fall in the category E/9 (thus having a cadastral income of €110,169), while the <i>Agenzia delle Entrate</i> holds that it should fall in the category E/8 (thus having a cadastral income of €96,521).	Not assessable	Hearing date to be fixed
Mr. Marinello, Mr. Dalla Riva / Municipality of Venice (and, among others, the Issuer)	Administrative Tribunal of Veneto Region	Mr. Marinello and Mr. Dalla Riva filed an appeal requesting the annulment of certain administrative measures, adopted by the Municipality of Venice pursuant to art. 34 of legislative decree 267/2000, authorizing the Gazzera-Marzenego works. Even though the Issuer does not have any direct liability vis-à-vis the claimant, it will take part in this litigation in order to protect its best interests.	Not assessable	Waiting for hearing to be fixed
Faggian heirs / the Issuer	Tribunal of Venice	Following a car crash which had caused the death of two, the heirs of one of the deceased sued for damages the Issuer. The Issuer failed to appear in court (<i>contumace</i>).	€ 488,684.00	On 1 February 2016, the judge ruled against the Issuer. The Issuer intends to file an appeal against such ruling.

On July 2014 a fatal road accident occurred on the Mestre By-pass, whereby a truck entered into the emergency lane where an employee of a company in charge of the maintenance and cleaning of the road and the collection of motorway waste as a contractor of the Issuer, De Zottis, was carrying out maintenance activities on the motorway. Following such accident, the Prosecutor's Office of Venice in January 2015 commenced an investigation against (i) the Issuer pursuant to art. 25-septies, par. 2, of Legislative Decree 231/2001 alleging breach of criminal rule art. 589, par. 1, 2 and 4 of the Italian Criminal Code and (ii) some employees of the Issuer for their roles, including the Issuer's technical responsible (Mr. Fusco), the responsible for the execution of the contract (Mrs. Bottan) and the signatory of the contract entered into with De Zottis (Mr. Mucilli) pursuant to art. 583, par. 1, 2 and 4, and 113 of the Italian Criminal Code and art. 25-septies, par. 2 of the Legislative Decree 231/2001. Following the recent investigation notification under Articles 415-bis and 369 of the Italian Code of Criminal Procedure, the investigated parties intend to file a defensive memorandum in order to obtain the dismissal of the investigation. The judge initiall set the first hearing for 7 January 2016 wherein, at such hearing, the preliminary hearings were postponed to 2 February 2017.

As at the date of this Offering Circular the Issuer is also a party as a defendant to labour litigation for few claims.

Save as set out above, the Issuer is not involved and, in the 12 months prior to the date of this Offering Circular, has not been involved in any governmental, legal or arbitration proceedings which may have or have had a significant effect on the Issuer's financial position or profitability.

Auditors

The Issuer's auditors are Ria Grant Thornton S.p.A, which is on the special register kept by CONSOB under No. 49. Its registered office is at Corso Vercelli 40, 20145 Milan, Italy.

Employees

As of 30 September 2015, the Issuer has 254 employees. The average number of employees of the Issuer over the twelve months starting from 1 October 2014 was equal to 249.

Insurance

The Issuer has an insurance coverage in line with the industry standard and it is taking action to improve its insurance coverage in connection with the business interruption insurance policy following advice received from the Insurance Adviser.

Upon advice by the Insurance Adviser, CAV has increased the coverage cap of the Directors' and Officers' Liability Insurance from the current EUR 10 million to EUR 25 million effective as of 1 January 2015.

Recent Developments

2016 plan of ordinary maintenance

In compliance with art. 3.2 i) of the Concession Agreement, the Issuer has submitted in November 2015 to the Grantor the plan of ordinary maintenance that it intends to implement for the 2016.

"Business Interruption" Insurance Policy

Upon advice by the Insurance Adviser, during year 2015 the Issuer convened a tender for the purposes of executing an insurance policy providing coverage against business interruption risk starting from January 2016. However, the Issuer could not award such tender since no offers were presented.

Therefore, the Issuer aims at including the insurance policy against business interruption risk in the global insurance package which will be renewed, following a tender process, starting effectively from year 2017.

Commissioning Certificate

On 5 February 2016 the commissioning certificate confirming formal completion of the Project (the **Commissioning Certificate**) has been issued by the technical committee appointed by the parties to the General Contract. The General Contractor has accepted the commissioning certificate on 19 February 2016. However, the General Contractor has partially contested some of the evaluations concerning the works set out by the technical committee in the Commissioning Certificate and has requested an increased compensation for additional EUR 1,588,241.76. Despite these challenges brought by the General Contractor, ANAS confirmed by means of an official communication delivered to the Issuer on 15 March 2016 that the Commissioning Certificate is final, since any further verification concerning the challenges brought by the General Contractor will be evaluated separately from the Commissioning Certificate.

Recent cash disbursements

Between September 30, 2015 and the date of this Offering Circular, the Issuer registered a decrease in cash and cash equivalent of approximately EUR 4,000,000.00 relating to costs for ancillary completion works.

DESCRIPTION OF THE SHAREHOLDERS

ANAS

ANAS is an Italian publicly owned company limited by shares (*società per azioni*) having its registered office at Monzambano 10, 00185 Rome, Italy and registered with the Companies Registry of Rome under registration number 1024951. ANAS is wholly owned by the Ministry of Economy and Finance and it is subject to the control and supervision of the Ministry of Infrastructure and Transport. Transformed into a company limited by shares in 2002, ANAS was previously a public corporation and its activity as the main road infrastructure operator in Italy dates back to 1928.

ANAS builds, operates and maintains Italian highways and motorways, and looks after the efficiency of the road network, its safety and all road related signalling. It manages all projects on national highways and motorways not operated by Concession holders and not subject to tolling. Overall, as Italy's main road operator, it manages over 25,000 km of roads, including junctions, of which approximately 1,300 km are comprised of motorways and motorway links. As at 31 December 2014, ANAS had a total of 6,163 employees.

The Veneto Region

The Veneto Region (rated Baa2/BBB+) is the government of one of the most populous and economically developed of Italy's 20 regions. With approximately 4.9 million inhabitants, Veneto ranks fifth among Italy most populous regions and has one of the highest population densities among Italian regions (265 inhabitants per square kilometre in 2008).

The Veneto regional government has a track record in investments similar to the Project: it is the main shareholder of Veneto Strade, managing approximately 2,000 km of road in the Veneto Region, and shareholder of AA.VV., a government owned company which controls approximately 200 km of motorways in Veneto and in the neighbouring Friuli Venezia Giulia Region.

DESCRIPTION OF THE GRANTOR

The Ministry of Infrastructure and Transport (Ministero delle Infrastrutture e dei Trasporti or MIT) is the government ministry for transport in Italy. It is responsible for all transport infrastructure (roads, motorways, railways, ports and airports) as well as general transport planning and logistics, especially for urban transport schemes. In 2001, following the Bassanini reforms of 1999, the MIT was created by merging the Ministry of Public Works, the Ministry of Transport and the Ministry for Post and Telecommunications. The current Minister of Infrastructure and Transport is Graziano Delrio, who has held that position since 2 April 2015.

With effect from 1 October 2012, the MIT has assumed the role of grantor under the Concession in place of ANAS. The MIT also carries out certain regulatory functions in relation to motorway Concessions, such as submitting proposals for regulation and tariff variations for motorway Concessions to the Transport Authority and, jointly with the Ministry of the Treasury, it approves the updates or reviews of motorway Concession Agreements and annual tariff variation proposed by Concession holders. For further information, see "Description of Administration and Regulatory Regime – Transport regulators".

DESCRIPTION OF THE PBCE PROVIDER

Establishment and status

The EIB is an autonomous public institution established by the Treaty on the Functioning of the European Union, as amended and supplemented from time to time (the **Treaty**). The EIB's capital is subscribed by the member states (the **Member States** and each a **Member State**) of the European Union (the **EU**). The EIB is situated at 98-100, boulevard Konrad Adenauer, L-2950 Luxembourg, Grand Duchy of Luxembourg.

The EIB is separate from the EU institutions and it has its own governing bodies, sources of revenues and financial operations and is solely responsible for its indebtedness. The EIB is governed by the provisions of the Treaty, the Statute of the EIB, as amended, which is annexed as a protocol to the Treaty (the **Statute**), and the Protocol on the Privileges and Immunities of the European Union.

Purpose

The EIB grants finance in the EU and outside the EU, in particular in the form of loans and guarantees for investments.

Legal Status

The EIB has a legal personality and possesses in each Member State the most extensive legal capacity accorded to legal persons under the laws of each such Member State. It may acquire and transfer property and sue and be sued in its own name. The Treaty provides that the Court of Justice of the European Union (the **Court of Justice**) has exclusive jurisdiction in certain cases involving the fulfilment by Member States of their obligations under the Statute and the lawfulness of measures adopted by the board of governors and the EIB's board of directors. Subject to the foregoing exclusive jurisdiction of the Court of Justice, any litigation between the EIB and its creditors or debtors, including claims based on guarantees made by Member States, may be determined by competent national courts. The property and assets of the EIB within the Member States are not, except by judicial decision and with the authorisation of the Court of Justice, subject to attachment or to seizure by way of execution.

DESCRIPTION OF THE PBCE LETTER OF CREDIT

The description of the PBCE Letter of Credit set out below is a summary of certain features of the PBCE Agreement and the PBCE Letter of Credit and is qualified in its entirety by reference to the detailed provisions of those documents.

Purpose and scope of the PBCE Letter of Credit

Pursuant to the terms of a letter of credit agreement dated the Signing Date between the Issuer, the Bond Trustee and the PBCE Provider (the **PBCE Agreement**), EIB as PBCE Provider has (subject to the satisfaction of certain conditions precedent set out therein) agreed to issue on the Issue Date a standby letter of credit in favour of the Bond Trustee, as a form of credit enhancement for the Bonds.

Pursuant to the terms of the PBCE Agreement, the Issuer has agreed to indemnify the PBCE Provider for any drawings made under the PBCE Letter of Credit. Once issued, the PBCE Letter of Credit is irrevocable, and is subject to the International Standby Practices (ISP 98), except where it is inconsistent with its express terms.

Circumstances in which the PBCE Letter of Credit may be drawn

The PBCE Letter of Credit may be utilised in the following circumstances subject to certain conditions:

- *Scheduled Debt Service*: in the event that there are insufficient funds standing to the credit of the Proceeds Account and any other Project Account where the balance is available to transfer to the Proceeds Account in order to pay Debt Service to meet scheduled interest and principal payments due on the Bonds.
- *PBCE Rebalancing*: in the event that a PBCE Rebalancing Event has occurred.
- *Accelerated Payments*: following enforcement, in the event that any amounts due in respect of interest and principal (excluding any makewhole amounts, costs or indemnities associated therewith) on the Bonds have been declared immediately due and payable prior to their respective scheduled payment dates.

Procedure for drawing and application of funds

The Bond Trustee may request a utilisation of the PBCE Letter of Credit by presenting a Notice of Demand (as defined in the PBCE Letter of Credit) to the PBCE Provider no later than ten Business Days prior to the proposed date of utilisation.

The Bond Trustee is required to apply amounts drawn under the PBCE Letter of Credit by transferring (or procuring the transfer) of the relevant funds to the account of the Principal Paying Agent for payment to Bondholders.

Outstanding principal amount of the PBCE Letter of Credit

The PBCE Letter of Credit will be issued with an initial maximum balance of the lesser of (i) 20% of the Principal Amount Outstanding of the Bonds and (ii) EUR 166,000,000, which shall be subject to scheduled amortisation during the lifetime of the Bonds (the **PBCE Maximum Balance**). Thereafter, the total balance of the PBCE Letter of Credit available for utilisation (the **Total L/C Amount**) shall be the PBCE Maximum Balance, *less* any amounts drawn under the PBCE Letter of Credit or in respect of which a Notice of Demand has been issued under the PBCE Letter of Credit and for which the date for payment specified in such Notice of Demand has not passed; *and after adding back* any amounts drawn under the PBCE Letter of

Credit which have been repaid or reimbursed to the PBCE Provider by the Issuer, provided however the PBCE Letter of Credit may only be drawn once to fund a PBCE Rebalancing.

The PBCE Provider shall be required to keep a balance of the Total L/C Amount available for drawing from time to time, and to inform the Issuer and the Bond Trustee of any increase or decrease in the Total L/C Amount on request.

Term and availability

The PBCE Letter of Credit will be available for drawing during the period from, and including, the Issue Date to (but excluding) the earlier of: (a) the date on which the Bonds are redeemed in full and (b) 31 December 2030.

Subject to the presentation of a valid Notice of Demand in accordance with "Procedure for drawing and application of funds" above, the PBCE Letter of Credit may be drawn: (i) to fund Debt Service on any Payment Date (including, following acceleration, payments in accordance with the agreed schedule), (ii) to fund a rebalancing on the relevant date, and (iii) to fund accelerated payments, subject to satisfaction of certain other conditions.

Reimbursement of the PBCE Provider and Subordination of the PBCE Provider's claims

Pursuant to the terms of the PBCE Agreement, the Issuer has agreed that it will immediately reimburse the PBCE Provider for all amounts paid by the PBCE Provider under the PBCE Letter of Credit, together with certain charges, fees, costs and expenses incurred by the PBCE Provider.

Pursuant to the terms of the STID and the Common Terms Agreement, the PBCE Provider's entitlement to be reimbursed by the Issuer is subordinated to the claims of Bondholders against the Issuer, at all times both prior to and following the enforcement of the Transaction, see *"Description of Transaction Documents – STID and Common Terms Agreement"*.

The PBCE Provider's right to reimbursement of any third party fees, costs and expenses incurred by the PBCE Provider in the administration, enforcement, defence or preservation of any rights in respect of the Transaction Documents and the PBCE Documents will rank ahead of payments of interest in respect of the Bonds, *pro rata* and *pari passu* with the fees, costs and expenses of the Principal Paying Agent and the Account Banks but after the fees, costs and expenses of the Bond Trustee and the Security Agent.

Governing law

The PBCE Letter of Credit and the PBCE Agreement are governed by English law.

CONDITIONS OF THE BONDS

The following is the text of the Conditions of the Bonds which (subject to modification) will be endorsed on each Bond in definitive form (if issued). The terms and conditions applicable to any Bond in global form will differ from those terms and conditions which would apply to Bonds in definitive form to the extent described in the next section of this Offering Circular entitled "Description of the Bonds in Global Form".

The €400,000,000 2.115 per cent. Class A1 Senior Secured Amortising Fixed Rate Bonds due 2030 (the **Class A1 Bonds**) and the €430,000,000 2.115 per cent. Class A2 Senior Secured Amortising Fixed Rate Bonds due 2030 (the **Class A2 Bonds** and, together with the Class A1 Bonds, the **Bonds**, which expression shall in these Conditions, unless the context otherwise requires, include any further bonds issued pursuant to Condition 15 (*Further Bonds*) and forming a single series with the Bonds) of Concessioni Autostradali Venete – CAV S.p.A. (the **Issuer**) are constituted by a Bond Trust Deed dated on or about 6 April 2016 (the **Signing Date**) (the **Bond Trust Deed**) made between the Issuer and Deutsche Trustee Company Limited (the **Bond Trustee**, which expression shall include its successor(s)) as trustee for the holders of the Class A1 Bonds (the **Class A1 Bondholders**) and for the holders of the Class A2 Bonds (the **Class A2 Bondholders** and, together with the Class A1 Bondholders, the **Bondholders**), the holders of the related principal receipts (the **Receiptholders** and **Receipts**, respectively) and the holders of the interest coupons appertaining to the Bonds (the **Couponholders** and the **Coupons**, respectively).

The Bonds are issued by the Issuer pursuant to, and subject to the provisions of, Article 157 of the Public Contract Code.

The Bonds have the benefit (to the extent applicable) of an agency agreement (as amended, supplemented and/or restated from time to time, the **Paying Agency Agreement**) to be dated on or about the Signing Date (to which, among others, the Issuer, the Bond Trustee and the Principal Paying Agent are party). As used herein, the **Principal Paying Agent** means, in relation to the Bonds, Deutsche Bank AG, London Branch and any successor to such person in such capacity, and the **Paying Agent** shall mean the Principal Paying Agent and any other paying agent appointed from time to time in accordance with the Paying Agency Agreement.

The terms of the Bonds will be subject to, and have the benefit of, a common terms agreement (the **Common Terms Agreement**) to be dated on or about the Signing Date between, *inter alios*, the Issuer, the Bond Trustee and the PBCE Provider (as defined below).

The obligations of the Issuer under the Bonds will be secured in favour of Deutsche Bank AG, London Branch as Security Agent for itself and on behalf of the Bondholders pursuant to Article 157 of the Public Contract Code (the **Security Agent**, which expression shall include its successors for the time being). The security granted to the Security Agent (the **Transaction Security**) will comprise the following:

- (a) the *Privilegio Speciale*;
- (b) the *Privilegio Generale*;
- (c) the General Receivables Assignment;
- (d) each Project Accounts Pledge;
- (e) the Concession Agreement Receivables Assignment;
- (f) the Public Grants Receivables Assignment;
- (g) any ANAS Shareholder Receivables Pledge;

- (h) the VAT Receivables Pledge; and
- (i) any other document evidencing or creating security over any asset of the Issuer, the ANAS Shareholder or the VAT Subordinated Facility Provider to secure any obligation of the Issuer to a Secured Creditor in respect of the Secured Liabilities

(together with the STID (as defined below), the **Security Documents**).

In addition, ANAS, the Issuer and, among others, the Security Agent, will enter into the ANAS Agreement and the Equity Documents.

In accordance with a security trust and intercreditor deed (the **STID**) entered into by, *inter alios*, the Issuer, the Bond Trustee, the PBCE Provider (as defined below) and the Security Agent, the Transaction Security will be held by the Security Agent for itself and on behalf of the Bondholders, the Bond Trustee, the PBCE Provider, the Principal Paying Agent (and any other Paying Agent), Deutsche Bank S.p.A (acting in its capacity as **DSRA Account Bank** and **Electronic Payments Account Bank**, together the **Project Account Bank**), Intesa Sanpaolo S.p.A. (acting in its capacity as **Operational Account Bank**) and each other Agent (together, the **Secured Creditors**).

The Project Account Bank and the Operational Account Bank are, together with Banca Nazionale del Lavoro S.p.A. as **Distributions Account Bank** and Poste Italiane S.p.A. as **Postal Tolls Account Bank**, the **Project Account Banks**.

The European Investment Bank (the **PBCE Provider**) has provided a letter of credit (the **PBCE Letter of Credit**) as a form of subordinated credit enhancement instrument in relation to the Bonds pursuant to the terms of a PBCE Letter of Credit and Reimbursement Deed to be entered into on the Signing Date between, *inter alios*, the Issuer and the PBCE Provider (the **PBCE Agreement**).

The Bond Trust Deed, the Bonds (including these Conditions), the Paying Agency Agreement, the Common Terms Agreement, the STID, the master definitions agreement between, among others, the Issuer and the Bond Trustee to be dated the Signing Date (the **Master Definitions Agreement**), the account bank agreement to be entered into on the Signing Date between, among others, the Project Account Bank, the Issuer and the Security Agent (the **Project Account Bank Agreement**), the account bank agreement to be entered into on the Signing Date between, among others, the Operational Account Bank, the Issuer and the Security Agent (the **Operational Account Bank Agreement** and, together with the Project Account Bank Agreement, the **Account Bank Agreements**) and any related document (each, if not defined above, as defined below or in the Master Definitions Agreement) are, in relation to the Bonds, together referred to as the **Finance Documents**.

The Finance Documents together with Project Documents and the Equity Documents constitute the **Transaction Documents**.

The Bonds will provide for the unconditional obligation of the Issuer to pay, at the Final Maturity Date, a redemption price equal to 100% of the outstanding principal amount thereof, together with accrued and unpaid interest and additional amounts (if due).

Certain statements in these Conditions are summaries of the detailed provisions appearing on the face of the Bonds (which expression shall include the body thereof), the Bond Trust Deed and the other Finance Documents. Copies of the Finance Documents are available for inspection by the Bondholders, the Receiptholders and Couponholders during normal business hours at the specified offices of the Principal Paying Agent.

The Bondholders are entitled to the benefit of, are bound by and are deemed to have notice of, all the provisions of the Finance Documents applicable to them.

All capitalised terms used herein and not otherwise defined herein shall have the meanings given to them in the Master Definitions Agreement.

1. FORM, DENOMINATION AND TITLE

1.1 Form and Denomination

The Bonds will be issued by the Issuer on 12 April 2016 (the **Issue Date**).

The Bonds are in bearer form, serially numbered (in the case of Definitive Bonds), in the denominations of €100,000 and integral multiples of €1,000 in excess thereof up to and including €199,000, each (in the case of Definitive Bonds) with Coupons and Receipts attached on issue. No Definitive Bonds will be issued with a denomination above €199,000.

The Class A1 Bonds and the Class A2 Bonds will each initially be represented by a temporary global bond in bearer form, without coupons attached (a **Temporary Global Bond**). Each Temporary Global Bond will be deposited on the Issue Date with a common safekeeper for Euroclear Bank S.A./N.V. (**Euroclear**) and Clearstream Banking, *société anonyme* (**Clearstream, Luxembourg**). Each Temporary Global Bond will be exchangeable for interests in a corresponding permanent global bond (the **Permanent Global Bond**) in bearer form, without coupons attached, from and including the date which is 40 days after the Issue Date, upon certification as to non-U.S. beneficial ownership in accordance with the terms of the relevant Temporary Global Bond. On the exchange of the relevant Temporary Global Bond for the corresponding Permanent Global Bond, such Permanent Global Bond will remain deposited with the common safekeeper.

Interests in a Global Bond will be transferable in accordance with the rules and procedures for the time being of Clearstream, Luxembourg or Euroclear, as the case may be.

Save in certain limited circumstances detailed below, Bonds in definitive form will not be issued. If, while any of the Bonds are represented by a Global Bond: (a) either Clearstream, Luxembourg or Euroclear is closed for business for a continuous period of 14 days (other than by reason of holiday, statutory or otherwise) or announces an intention permanently to cease business or does in fact do so and no other clearing system acceptable to the Bond Trustee is then in existence; or (b) if the Issuer would suffer a disadvantage as a result of a change in, the laws or regulations (taxation or otherwise) or as a result of a change in the practice of Euroclear and/or Clearstream, Luxembourg which would not be suffered were the Bonds in definitive form (and a certificate to such effect signed by two Authorised Signatories is given to the Bond Trustee), then the Issuer will issue Bonds of the relevant tranches in definitive form (**Definitive Bonds**) in exchange for such Global Bond (free of charge to the persons entitled to them) within 60 days from notice of the occurrence of the relevant event. These Conditions and the Finance Documents will be amended in such manner as the Bond Trustee and Security Agent require to take account of the issue of Definitive Bonds.

Definitive Bonds (which, if issued, will be in the denomination of €100,000 each and integral multiples of €1,000 up to €199,000 thereafter) will be serially numbered and will be issued in bearer form with (at the date of issue) Coupons, and Receipts attached. No Definitive Bonds will be reissued in denominations above €199,000.

1.2 Title

Title to the Bonds, the Receipts and the Coupons will pass by delivery.

For so long as any of the Bonds is represented by a Global Bond held on behalf of Euroclear and/or Clearstream, Luxembourg, each person (other than Euroclear or Clearstream, Luxembourg) who is for the time being shown in the records of Euroclear or of Clearstream, Luxembourg as the holder of a particular nominal amount of such Bonds (in which regard any certificate or other document issued

by Euroclear or Clearstream, Luxembourg as to the nominal amount of such Bonds standing to the account of any person shall be conclusive and binding for all purposes save in the case of manifest error) shall be treated by the Issuer, the Principal Paying Agent and the Bond Trustee as the holder of such nominal amount of such Bonds for all purposes (including for the purposes of any quorum requirements of, or the right to demand a poll at, meetings of the Bondholders) other than with respect to the payment of principal or interest on such nominal amount of such Bonds, for which purpose the bearer of the relevant Global Bond shall be treated by the Issuer, the Principal Paying Agent and the Bond Trustee as the holder of such nominal amount of such Bonds in accordance with and subject to the terms of the relevant Global Bonds, and the expressions **Bondholder** and **holder of Bonds** and related expressions shall be construed accordingly. In determining whether a particular person is entitled to a particular nominal amount of Bonds as aforesaid, the Bond Trustee may rely on such evidence and/or information and/or certification as it shall, at its absolute discretion, think fit and, if it does so rely, such evidence and/or information and/or certification shall, in the absence of manifest error, be conclusive and binding on all concerned.

Bonds which are represented by a Global Bond will be transferable only in accordance with the rules and procedures for the time being of Euroclear and Clearstream, Luxembourg, as the case may be.

1.3 Holder Absolute Owner

The Issuer, the Principal Paying Agent and the Bond Trustee will (to the fullest extent permitted by applicable laws) deem and treat the bearer of any Bond, Receipt or Coupon as the absolute owner for all purposes (whether or not the Bond, Receipt or Coupon shall be overdue and notwithstanding any notice of ownership or writing on the Bond, Receipt or Coupon or any notice of previous loss or theft of the Bond, Receipt or Coupon or of any trust or interest therein) and shall not be required to obtain any proof thereof or as to the identity of such bearer.

2. STATUS AND SECURITY

2.1 Status

The Bonds, the Receipts and the Coupons are direct, unconditional, unsubordinated and secured obligations of the Issuer and rank and will rank *pari passu*, without any preference among themselves.

The Bond Trust Deed contains provisions requiring the Bond Trustee to have regard to the interests of the Bondholders equally as regards all rights, powers, trusts, authorities, duties and discretions of the Bond Trustee (except where expressly provided otherwise).

2.2 Security

Subject to the provisions of the STID, the obligations of the Issuer under the Bonds and certain other obligations of the Issuer are secured by, *inter alia*, the Security Documents. The Bondholders (together with the other Secured Creditors) will share in the benefit of the security constituted by the Security Documents, upon and subject to the terms and conditions of the Security Documents and the STID.

2.3 Application of proceeds

Prior to the delivery of an Enforcement Instruction, the Issuer is required to apply relevant funds as set out in Schedule 5 (Project Accounts) to the Common Terms Agreement. The STID requires that the net proceeds of enforcement with respect to the Transaction Security be applied in the order specified therein.

Such net proceeds may be less than the sums due to the Bondholders (after deduction of amounts ranking above such claims in the order referred to above).

None of the Bond Trustee, the Security Agent, the Principal Paying Agent, any Project Account Bank or any of the persons who hold any Bonds has any obligation to any Bondholder to pay any amount owing by the Issuer to them in respect of any of those Bonds or by the PBCE Provider under the PBCE Letter of Credit.

3. COVENANTS OF THE ISSUER

The Issuer has, in the Bond Trust Deed, covenanted to perform all its obligations applicable to it in the Common Terms Agreement, the Bond Trust Deed, the Security Documents and the other Transaction Documents.

4. INTEREST

4.1 Interest Rate and Payment Dates

The Bonds bear interest from and including 12 April 2016 at the rate of 2.115 per cent. per annum, payable semi-annually in arrears on 30 June and 31 December in each year until the Final Maturity Date (each a **Payment Date**). The first payment amounting to €4.59 per €1,000 principal amount of Bonds shall be made on 30 June 2016.

4.2 Interest Accrual

Each Bond will cease to bear interest from and including its due date for redemption unless, upon due presentation, payment of the principal in respect of the Bond is improperly withheld or refused or unless default is otherwise made in respect of payment, in which event interest shall continue to accrue as provided in the Bond Trust Deed.

4.3 Calculation of Broken Interest

When interest is required to be calculated in respect of a period of less than a full period, it shall be calculated on the basis of (a) the actual number of days in the period from and including the date from which interest begins to accrue to but excluding the date on which it falls due, divided by (b) the actual number of days from and including (i) 30 June to (but excluding) 31 December or, as the case may be, (ii) 31 December to (but excluding) 30 June in any year, multiplied by two.

5. PAYMENTS

5.1 Payments in respect of Bonds

Payments of principal and interest in respect of each Bond will be made against presentation and surrender (or, in the case of part payment only, endorsement) of the Bond, except that payments of interest due on a Payment Date will be made against presentation and surrender (or, in the case of part payment only, endorsement) of the relevant Bond or Coupon, and payments of principal due on a Payment Date will be made against presentation of such Bond and the appropriate Receipt and surrender (or, in the case of part payment only, endorsement) of such receipt, in each case at the specified office of the Principal Paying Agent.

Payments of principal and interest (if any) in respect of Bonds represented by any Global Bond in bearer form will (subject as provided below) be made in the manner specified above or otherwise in the manner specified in the relevant Global Bond against presentation or surrender, as the case may be, of such Global Bond at the specified office of the Principal Paying Agent. A record of each payment, distinguishing between any payment of principal and any payment of interest, will be made

on such Global Bond either by the Principal Paying Agent or in the records of Euroclear and Clearstream, Luxembourg, as applicable.

5.2 Method of Payment

Payments will be made by credit or transfer to the Euro account (or any other account to which euro may be credited or transferred) specified by the payee or, at the option of the payee in the case of Bonds in definitive form, by euro cheque.

5.3 Unmatured Receipts and Coupons

Each Bond should be presented for payment together with all relative unmaturing Receipts and Coupons, failing which the full amount of any relative missing unmaturing Receipt or Coupon (or, in the case of payment not being made in full, that proportion of the full amount of the missing unmaturing Receipt or Coupon which the amount so paid bears to the total amount due) will be deducted from the amount due for payment. Each amount so deducted will be paid in the manner mentioned above against presentation and surrender (or, in the case of part payment only, endorsement) of the relative missing Receipt or Coupon at any time before (i) in the case of Coupons, the expiry of five years from the Relevant Date in respect of such Coupons of that maturity, either all paid Coupons of that maturity or a list of the serial numbers of Coupons of that maturity still remaining unpaid and (ii) in the case of the Bonds or Receipts, the expiry of ten years from the Relevant Date in respect of payment of principal in respect of such Bonds or Receipts of that maturity, either all payments in respect of principal in relation to such Bonds or Receipts of that maturity or a list of the serial numbers of Bonds or Receipts of that maturity still remaining unpaid, but not thereafter.

Relevant Date for the purposes of these Conditions means, in respect of a payment, the date on which such payment first becomes due or (if the full amount of the moneys payable on that date has not been duly received by the Principal Paying Agent or the Bond Trustee on or prior to such date) the date on which, the full amount of such moneys having been received, notice to that effect is duly given to the relevant Bondholders in accordance with Condition 12 (*Notices*).

5.4 Payments subject to Applicable Laws

Payments in respect of principal and interest on the Bonds are subject in all cases to any fiscal or other laws and regulations applicable in the place of payment, but without prejudice to the provisions of Condition 4 (*Interest*).

5.5 Payment only on a Presentation Date

A holder shall be entitled to present a Bond, Receipt or Coupon for payment only on a Presentation Date and shall not, except as provided in Condition 4 (*Interest*), be entitled to any further interest or other payment if a Presentation Date is after the due date.

Presentation Date means a day which (subject to Condition 8 (*Prescription*)):

- (a) is or falls after the relevant due date;
- (b) is a Business Day in the place of the specified office of the Principal Paying Agent at which the Bond or Coupon is presented for payment; and
- (c) in the case of payment by credit or transfer to a euro account as referred to above, is a Business Day.

In this Condition, **Business Day** means, in relation to any place, a day (other than a Saturday or Sunday) on which commercial banks are open generally in London, Milan and Luxembourg.

5.6 Initial Principal Paying Agent

The Issuer reserves the right, subject to the prior written approval of the Bond Trustee, at any time to vary or terminate the appointment of the Principal Paying Agent, replace it and/or to appoint additional Paying Agents, provided that at all times the Issuer shall maintain a Principal Paying Agent. The Issuer undertakes that it will ensure that it maintains a paying agent in a Member State of the European Union who is not obliged to withhold or deduct tax pursuant to European Council Directive 2003/48/EC or any law implementing or complying with, or introduced in order to conform to, such Directive. Notice of any termination or appointment and of any changes in specified offices will be given to the Bondholders promptly by the Issuer in accordance with Condition 12 (*Notices*).

5.7 General provisions applicable to payments

The holder of a Global Bond shall be the only person entitled to receive payments in respect of Bonds represented by such Global Bond and the Issuer will be discharged by payment to, or to the order of, the holder of such Global Bond in respect of each amount so paid. Each of the persons shown in the records of Euroclear or Clearstream, Luxembourg as the beneficial holder of a particular nominal amount of Bonds represented by such Global Bond must look solely to Euroclear, or Clearstream, Luxembourg, as the case may be, for his share of each payment so made by the Issuer to, or to the order of, the holder of such Global Bond.

6. REDEMPTION AND PURCHASE

6.1 Scheduled Redemption

Unless previously redeemed or purchased and cancelled as provided below, the Issuer will redeem the Bonds on each Payment Date in an aggregate amount equal to the principal payment set out below (each, an **Amortisation Amount**), such that on each Payment Date the outstanding principal amount of the Bonds then outstanding will be as set out next to that Payment Date (with the final Payment Date being the **Final Redemption Date**).

Class A1 Bonds

Payment Date	Aggregate payments (in euro)		Principal Amount Outstanding (in euro)
	Interest payment	Principal payment	
30 June 2016	1,836,000.00	5,980,000.00	400,000,000.00
31 December 2016	4,168,000.00	11,044,000.00	394,020,000.00
30 June 2017	4,048,000.00	13,460,000.00	382,976,000.00
31-December 2017	3,908,000.00	12,172,000.00	369,516,000.00
30 June 2018	3,780,000.00	12,200,000.00	357,344,000.00
31 December 2018	3,648,000.00	11,736,000.00	345,144,000.00
30 June 2019	3,524,000.00	15,016,000.00	333,408,000.00
31 December 2019	3,368,000.00	13,544,000.00	318,392,000.00
30 June 2020	3,224,000.00	16,560,000.00	304,848,000.00
31 December 2020	3,048,000.00	14,632,000.00	288,288,000.00
30 June 2021	2,892,000.00	14,976,000.00	273,656,000.00
31 December 2021	2,736,000.00	14,136,000.00	258,680,000.00
30 June 2022	2,588,000.00	16,176,000.00	244,544,000.00
31 December 2022	2,416,000.00	15,264,000.00	228,368,000.00

30 June 2023	2,252,000.00	14,752,000.00	213,104,000.00
31 December 2023	2,096,000.00	11,900,000.00	198,352,000.00
30 June 2024	1,972,000.00	12,092,000.00	186,452,000.00
31 December 2024	1,844,000.00	11,908,000.00	174,360,000.00
30 June 2025	1,716,000.00	13,004,000.00	162,452,000.00
31 December 2025	1,580,000.00	12,596,000.00	149,448,000.00
30 June 2026	1,448,000.00	12,876,000.00	136,852,000.00
31 December 2026	1,312,000.00	12,440,000.00	123,976,000.00
30 June 2027	1,180,000.00	14,148,000.00	111,536,000.00
31 December 2027	1,028,000.00	13,284,000.00	97,388,000.00
30 June 2028	888,000.00	14,472,000.00	84,104,000.00
31 December 2028	736,000.00	13,900,000.00	69,632,000.00
30 June 2029	588,000.00	14,388,000.00	55,732,000.00
31 December 2029	436,000.00	14,068,000.00	41,344,000.00
30 June 2030	288,000.00	14,904,000.00	27,276,000.00
31 December 2030	132,000.00	12,372,000.00	12,372,000.00

Class A2 Bonds

Payment Date	Aggregate payments (in euro)		Principal Amount Outstanding (in euro)
	Interest payment	Principal payment	
30 June 2016	1,973,700.00	6,428,500.00	430,000,000.00
31 December 2016	4,480,600.00	11,872,300.00	423,571,500.00
30 June 2017	4,351,600.00	14,469,500.00	411,699,200.00
31-December 2017	4,201,100.00	13,084,900.00	397,229,700.00
30 June 2018	4,063,500.00	13,115,000.00	384,144,800.00
31 December 2018	3,921,600.00	12,616,200.00	371,029,800.00
30 June 2019	3,788,300.00	16,142,200.00	358,413,600.00
31 December 2019	3,620,600.00	14,559,800.00	342,271,400.00
30 June 2020	3,465,800.00	17,802,000.00	327,711,600.00
31 December 2020	3,276,600.00	15,729,400.00	309,909,600.00
30 June 2021	3,108,900.00	16,099,200.00	294,180,200.00
31 December 2021	2,941,200.00	15,196,200.00	278,081,000.00
30 June 2022	2,782,100.00	17,389,200.00	262,884,800.00
31 December 2022	2,597,200.00	16,408,800.00	245,495,600.00
30 June 2023	2,420,900.00	15,858,400.00	229,086,800.00
31 December 2023	2,253,200.00	12,792,500.00	213,228,400.00
30 June 2024	2,119,900.00	12,998,900.00	200,435,900.00
31 December 2024	1,982,300.00	12,801,100.00	187,437,000.00
30 June 2025	1,844,700.00	13,979,300.00	174,635,900.00
31 December 2025	1,698,500.00	13,540,700.00	160,656,600.00
30 June 2026	1,556,600.00	13,841,700.00	147,115,900.00
31 December 2026	1,410,400.00	13,373,000.00	133,274,200.00
30 June 2027	1,268,500.00	15,209,100.00	119,901,200.00
31 December 2027	1,105,100.00	14,280,300.00	104,692,100.00
30 June 2028	954,600.00	15,557,400.00	90,411,800.00
31 December 2028	791,200.00	14,942,500.00	74,854,400.00
30 June 2029	632,100.00	15,467,100.00	59,911,900.00
31 December 2029	468,700.00	15,123,100.00	44,444,800.00
30 June 2030	309,600.00	16,021,800.00	29,321,700.00
31 December 2030	141,900.00	13,299,900.00	13,299,900.00

6.2 Mandatory Redemptions for a PBCE Rebalancing Event and in respect of Insurance Proceeds

- (a) If a PBCE Rebalancing Event has occurred and the Bond Trustee has delivered a notice confirming that the required conditions under clause 3.3(b) of the PBCE Agreement in order to make a valid demand have been met, the Bond Trustee shall, by no later than 11.00 a.m. on the date falling 10 Business Days prior to the next Payment Date (such Payment Date, the **PBCE Rebalancing Date**), deliver to the PBCE Provider a Notice of Demand (subject to the requirements of paragraph 2(a) of part 2 of schedule 7 of the CTA) for the PBCE Available Amount most recently notified to it by the PBCE Provider (less any PBCE Utilisation Amount to be drawn under the PBCE Letter of Credit to pay Debt Service on the PBCE Rebalancing Date) to fund the partial mandatory redemption of the Bonds by way of a PBCE Rebalancing on the PBCE Rebalancing Date.
- (b) Any partial redemption of the Bonds in accordance with paragraph (a) above must be made at par together with the applicable accrued interest on the Bonds from (and including) the most recent Payment Date to (but excluding) the PBCE Rebalancing Date and the Bond Trustee shall specify in any such Notice of Demand the Principal Amount Outstanding of the Bonds to be redeemed from the PBCE Available Amount pursuant to the PBCE Rebalancing (together with the applicable accrued interest payable) on the PBCE Rebalancing Date.
- (c) If (i) the Issuer has received any Insurance Proceeds not otherwise applied in accordance with schedule 5 (Project Accounts) or clause 9.28 (Reinstatement) of the Common Terms Agreement or (ii) Excess Insurance Proceeds Amounts have been transferred to the Proceeds Account following the completion of Reinstatement Works in accordance with clause 9.28 (Reinstatement) of the Common Terms Agreement, then, on giving not more than 60 nor less than 30 days' notice to the Bondholders in accordance with Condition 12 (*Notices*) and to the Bond Trustee, the Issuer shall apply all such Insurance Proceeds or Excess Insurance Proceeds Amounts (as applicable), less any amounts due or overdue to the PBCE Provider as at such Payment Date, towards the redemption on the next Payment Date of the whole of the Bonds or, if the amount of the relevant Insurance Proceeds so applied or the Excess Insurance Proceeds Amount (as applicable) following the deduction of any such amounts due or overdue to the PBCE Provider as at such Payment Date is less than the Principal Amount Outstanding, such part of the Bonds as represents that remaining amount of the Insurance Proceeds or the Excess Insurance Proceeds Amount (and the Issuer shall specify in any such notice of redemption the Principal Amount Outstanding of the Bonds to be redeemed (together with the applicable accrued interest payable) on the relevant Payment Date).
- (d) In the case of a partial redemption, the part of the Principal Amount Outstanding of the Bond redeemed pursuant to paragraph (a) or (c) (excluding the Amortisation Amount (if any) due in respect of such Bond on the date of redemption pursuant to Condition 6.1 (*Scheduled Redemption*)) shall be applied to reduce the remaining Amortisation Amounts in respect of such Bond, on a *pro rata* basis; and the reduced Amortisation Amounts shall, if necessary, be rounded upwards or downwards to the nearest cent, at the discretion of the Issuer, but so that the sum of the reduced Amortisation Amounts, as so rounded, is equal to the Principal Amount Outstanding of the relevant Bond following its redemption pursuant to paragraph (a) or (c), as applicable.

6.3 Optional redemption

- (a) On giving not more than 60 nor less than 30 days' notice to the relevant Bondholders in accordance with Condition 12 (*Notices*) and to the Bond Trustee and provided that: (i) on or

prior to the Payment Date on which such notice expires, no Enforcement Instruction has been served; and (ii) the Issuer has, immediately prior to giving such notice, certified to the Bond Trustee that it will have the necessary funds to pay all principal, premium (if any) and interest due in respect of the Bonds on the relevant Payment Date and to discharge all other amounts required to be paid by it on the relevant Payment Date, the Issuer may redeem on any Payment Date the whole or part of the Bonds.

- (b) In the case of a partial redemption of Bonds, the Bonds will be redeemed on a *pro-rata* basis in such manner as the Bond Trustee may approve, not more than 30 days before the date fixed for redemption. Notice of any such redemption will be given not less than 15 days before the date fixed for redemption. Each notice will specify the date fixed for redemption and the aggregate principal amount of the Bonds to be so redeemed.

6.4 Adjusted redemption price

- (a) Any Bond redeemed pursuant to Conditions 6.3 will be redeemed at an amount equal to the Principal Amount Outstanding of the relevant Bond (or, as the case may be, the relevant part of it) together with accrued and unpaid interest on the Principal Amount Outstanding of the relevant Bond up to but excluding the date of redemption and the applicable Make-Whole Amount.
- (b) For the purposes of the Conditions:

Make-Whole Amount means the amount in euro rounded to the nearest euro cent (half a euro cent being rounded upwards), as determined by the Independent Investment Banker, equal to the excess (if any) of (a) the sum of the then present value of each then scheduled Amortisation Amount and each then scheduled payment of interest under the Bonds, over (b) the Principal Amount Outstanding of the Bonds, where the present value of each then scheduled Amortisation Amount and each then scheduled payment of interest shall be calculated by discounting the relevant payments to the redemption date at a rate equal to (i) the Swap Rate, plus (ii) 0.375 per cent,

where:

Independent Investment Banker means one of the Reference Bond Dealers appointed by the Issuer;

Reference Bond Dealer shall mean the principal offices of BNP Paribas, Banca Imi S.p.A., Societe Generale, The Royal Bank of Scotland plc and UniCredit Bank AG, Milan Branch; and

Swap Rate means the mid-market quotation rate for a swap period equal to the period from the date of redemption of the Bonds to (in respect of each Amortisation Amount) the scheduled Payment Date for each Amortisation Amount denominated in euro and calculated on an actual/actual basis for semi-annual payments against 6 month EURIBOR,

where:

EURIBOR means in relation to six month euro deposits:

- (i) the applicable Screen Rate; or;
- (ii) if no Screen Rate is available for the relevant six month period, the Interpolated Screen Rate; or
- (iii) if no Screen Rate is available for the relevant six month period and it is not possible to calculate an Interpolated Screen Rate, the Reference Bank Rate,

as of, in the case of paragraphs (i) and (iii) above, the Specified Time on the Quotation Day for euro for the six month period and, if any such rate is below zero, EURIBOR will be deemed to be zero .

Interpolated Screen Rate means, in relation to EURIBOR, the rate (rounded to the same number of decimal places as the two relevant Screen Rates) which results from interpolating on a linear basis between:

- (i) the applicable Screen Rate for the longest period (for which that Screen Rate is available) which is less than the relevant six month period; and
- (ii) the applicable Screen Rate for the shortest period (for which that Screen Rate is available) which exceeds the relevant six month period,

each as of the Specified Time on the Quotation Day.

Quotation Day means, in relation to any period for which an interest rate is to be determined two TARGET Days before the first day of that period or unless market practice differs in the European interbank market, in which case the Quotation Day will be determined by the Principal Paying Agent in accordance with market practice in the European interbank market (and if quotations would normally be given by leading banks in the European interbank market on more than one day, the Quotation Day will be the last of those days).

Reference Banks shall mean the principal offices of BNP Paribas, Banca Imi S.p.A., Societe Generale, The Royal Bank of Scotland plc and UniCredit Bank AG, Milan Branch;

Reference Bank Rate means the arithmetic mean of the rates (rounded upwards to four decimal places) as supplied to the Principal Paying Agent at its request by the Reference Banks in relation to EURIBOR, as the rate at which the relevant Reference Bank could borrow funds in the European interbank market, for the relevant six month period, were it to do so by asking for and then accepting interbank offers for deposits in reasonable market size in euro for that period.

Screen Rate means the euro interbank offered rate administered by the European Money Markets Institute (or any other person which takes over the administration of that rate) for the relevant six month period displayed on page EURIBOR01 of the Reuters screen (or any replacement Reuters page which displays that rate), or on the appropriate page of such other information service which publishes that rate from time to time in place of Reuters. If such page or service ceases to be available, the Principal Paying Agent may specify another page or service displaying the relevant rate after consultation with the Issuer.

Specified Time Quotation Day as of 11:00 a.m. (Brussels time).

6.5 Optional redemption for taxation or illegality

If the Issuer at any time satisfies the Bond Trustee immediately prior to the giving of the notice referred to below that:

- (a) the Issuer is or will be obliged to make any withholding or deduction from payments and pay additional amounts in respect of the Bonds pursuant to Condition 7 (*Taxation*); or
- (b) it is illegal for the Bonds to remain outstanding or unlawful for the Issuer to perform its obligations under the Finance Documents; and
- (c) the Issuer cannot avoid the relevant event described in (a) or (b) above by taking reasonable measures available to it (including, without limitation, appointing a Paying Agent in another jurisdiction),

then the Issuer may, on giving not fewer than 30 nor more than 60 days' notice to the Bondholders (in accordance with Condition 12 (*Notices*)), to the Principal Paying Agent and to the Bond Trustee and provided that the Issuer has:

- (A) certified to the Bond Trustee the occurrence of an event listed in (a) or (b) above, and
- (B) two directors of the Issuer have, immediately prior to giving such notice, certified to the Bond Trustee that the Issuer will have the necessary funds to pay all principal and interest (if any) due in respect of the Bonds on the relevant date for redemption and to discharge all other amounts required to be paid under the Finance Documents in priority to or *pari passu* with the redemption of the Bonds,

the Issuer may redeem all of the Bonds (but not part only) on the date set out in the notice from the Issuer at the Principal Amount Outstanding together with accrued interest up to but excluding the relevant date for redemption.

6.6 Cancellations

All Bonds which are redeemed or purchased by the Issuer will forthwith be cancelled, together with all relative unmatured Receipts and Coupons attached to the Bonds or surrendered with the Bonds, and accordingly may not be held, reissued or resold.

6.7 Notices Final

Any such notice as is referred to in Condition 6.3 (*Optional redemption*) and Condition 6.5 (*Optional redemption for taxation or illegality*) above shall be irrevocable and, upon the expiry of such notice, the Issuer shall be bound to redeem the relevant Bonds at the applicable amounts specified above.

6.8 Principal Amount Outstanding

The **Principal Amount Outstanding** of a Bond on any date shall be its original principal amount less (i) the aggregate amount of all principal payments in accordance with Condition 6.1 (*Scheduled Redemption*) and (ii) the aggregate amount of all redemptions made in accordance with Condition 6.2 (*Mandatory Redemptions for a PBCE Rebalancing Event and in respect of Insurance Proceeds*) or pursuant to Condition 6.3 (*Optional redemption*) above, made in respect of such Bond which have previously been paid in respect of such Bond since the Issue Date except if and to the extent that any such payment has been improperly withheld or refused. If the Issuer does not at any time for any reason calculate any Principal Amount Outstanding in accordance with this Condition 6.8 (*Principal Amount Outstanding*), the Bond Trustee may make such calculation (without any liability accruing to the Bond Trustee as a result) in accordance with this Condition 6.8 (*Principal Amount Outstanding*) (based on information supplied to it by the Issuer) and each such calculation shall be deemed to have been made by the Issuer. In each case, the Bond Trustee may, at the expense of the Issuer, employ an expert to make such calculations and any such calculations shall be deemed to have been made by the Issuer.

7. TAXATION

7.1 Payment without Withholding

- (a) All payments in respect of the Bonds, Receipts or Coupons by or on behalf of the Issuer shall be made free and clear of, and without withholding or deduction for, or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature (**Taxes**), unless the withholding or deduction of the Taxes is required by applicable law. In that event, the Issuer or the Principal Paying Agent shall make such payment after the

withholding or deduction has been made and shall account to the relevant authorities for the amount required to be withheld or deducted. In addition, the Issuer will pay such additional amounts as shall be necessary in order to ensure that the net amounts received by the holders of the Bonds, Receipts or Coupons after such withholding or deduction shall equal the respective amounts which would otherwise have been receivable in respect of the Bonds, Receipts or Coupons, as the case may be, in the absence of such withholding or deduction, except that no such additional amounts shall be due in respect of payments under any Bond, Coupon or Receipt:

- (i) to a Bondholder which is liable to such Taxes in respect of such Bond, Coupon or Receipt by reason of its having some connection with the Republic of Italy other than the mere holding of the Bond, Coupon or Receipt; or
 - (ii) in relation to any payment or deduction of any interest, principal or other proceeds of any Bond, Coupon or Receipt on account of *imposta sostitutiva*, pursuant to Italian Legislative Decree No. 239 of 1 April 1996 (**Decree No. 239**) and related implementing regulations, as amended, supplemented or re-enacted from time to time or pursuant to Italian Legislative Decree 21 November 1997, No. 461 as amended and supplemented; or
 - (iii) where such withholding or deduction is required to be made pursuant to European Council Directive 2003/48/EC on the taxation of savings income, as amended and supplemented, or any law, or any treaty or agreement between one or more taxing jurisdictions, implementing or complying with, or introduced in order to conform to, such Directive; or
 - (iv) to a holder who would have been able to avoid such withholding or deduction by making a declaration of non-residence or other similar claim or other statement required in order to benefit from an exemption, but fails to do so; or
 - (v) to a non-Italian resident legal entity or individual, to the extent that interest or other amounts are paid to such legal entity or individual which is resident in a country which does not allow for a satisfactory exchange of information with the Republic of Italy; or
 - (vi) where the formalities to obtain an exemption from *imposta sostitutiva* under Decree No. 239 have not been complied with, except where such formalities have not been complied with due to the actions or omissions of the Issuer or its agents.
- (b) Payments by the Issuer in respect of the Bonds will be subject in all cases to any withholding or deduction required pursuant to an agreement described in Section 1471(b) of the U.S. Internal Revenue Code of 1986 (the **Code**) or otherwise imposed pursuant to Sections 1471 through 1474 of the Code (or any regulations thereunder or official interpretations thereof) or an intergovernmental agreement between the United States and another jurisdiction facilitating the implementation thereof (or any law implementing such an intergovernmental agreement). For the avoidance of doubt, no additional amounts shall be payable by the Issuer pursuant to this Condition 7.1 where any such withholding or deduction is made.

7.2 Additional Amounts

Any reference in these Conditions to any amounts of principal or interest in respect of the Bonds shall be deemed also to refer to any additional amounts which may be payable under this Condition 7 (*Taxation*) or under any undertakings given in addition to, or in substitution for, this Condition 7 pursuant to the Bond Trust Deed.

8. PRESCRIPTION

Bonds, Receipts and Coupons will become void unless presented for payment (i) in the case of Coupons, the expiry of five years from the Relevant Date in respect of the relevant Coupons of that maturity and (ii) in the case of the Bonds or Receipts, the expiry of ten years from the Relevant Date in respect of payment of principal in respect of such Bonds or Receipts of that maturity.

9. EVENTS OF DEFAULT

The Events of Default (as defined in the Master Definitions Agreement) relating to the Bonds will be set out in clause 11 (*Events of Default*) of the Common Terms Agreement. If an Event of Default as set out in clause 11 (*Events of Default*) of the Common Terms Agreement occurs and is continuing, the Security Agent and the Secured Creditors, including the Bondholders, may take action in relation to enforcement subject to, and in accordance with, the STID.

10. ENFORCEMENT

10.1 Enforcement by the Security Agent

The Security Agent shall take Enforcement Action (including directing the Bond Trustee to accelerate the Bonds) if instructed to do so by a QC Resolution passed by Qualifying Creditors in accordance with the STID, subject to the Security Agent being indemnified and/or prefunded and/or provided with security to its satisfaction.

10.2 Limitation on Bond Trustee and Security Agent's actions

The Bond Trustee and the Security Agent shall not be required to do anything:

- (a) which may be illegal or contrary to applicable law or regulation or the requirements of any regulatory authority; or
- (b) which may cause it to expend or risk its own funds or otherwise incur any liability in the performance of any of its duties or in the exercise of any of its rights, powers, authorities or discretions or otherwise in connection with the Bond Trust Deed, STID or any other Finance Document, if it shall believe that repayment of such funds or an adequate indemnity or security for such liability is not reasonably assured to it.

10.3 Enforcement by the Bondholders

No Bondholder shall be entitled to (i) take any steps or action against the Issuer to enforce the performance of any of the provisions of the Bond Trust Deed, the Bonds or any Finance Document or (ii) take any other proceedings (including lodging an appeal in any proceedings) in respect of or concerning the Issuer, in each case unless the Bond Trustee, having become bound so to take any such action, steps or proceedings, fails so to do within a reasonable period and the failure shall be continuing provided that no Bondholder shall be entitled to take any steps or proceedings to procure the winding up, administration or liquidation of the Issuer.

11. REPLACEMENT OF BONDS, RECEIPTS AND COUPONS

Should any Bond, Receipt or Coupon be lost, stolen, mutilated, defaced or destroyed, it may be replaced at the specified office of the Principal Paying Agent upon payment by the claimant of the expenses incurred in connection with the replacement and on such terms as to evidence and indemnity as the Issuer may reasonably require. Mutilated or defaced Bonds, Receipts or Coupons must be surrendered before replacements will be issued.

12. NOTICES

Any notice shall be deemed to have been duly given to the relevant Bondholders if (i) sent to Euroclear Bank S.A./N.V. or Clearstream Banking, *societe anonyme*, Luxembourg or any replacements or successor clearing systems (together, the **Clearing Systems**) for communication by them to the holders of the Bonds and shall be deemed to be given on the date on which it was so sent and (ii) (so long as the relevant Bonds are admitted to the Official List of the Luxembourg Stock Exchange and to trading on the Euro MTF Market) also published in accordance with the relevant listing rules and regulations.

In addition, for so long as the Bonds are admitted to trading and listed as described above and the rules of the Luxembourg Stock Exchange so require, any notices to Bondholders will be published in a leading newspaper having general circulation in Luxembourg (which is expected to be the *Luxemburger Wort*) or published on the Luxembourg Stock Exchange official website (www.bourse.lu).

The Bond Trustee shall be at liberty to sanction some other method of giving notice to the Bondholders if, in its opinion, such other method is reasonable having regard to market practice then prevailing and to the requirements of the stock exchange on which the relevant Bonds are then admitted to trading and provided that notice of such other method is given to the Bondholders in such manner as the Bond Trustee shall require.

13. MEETINGS OF BONDHOLDERS, MODIFICATION, WAIVER, AUTHORISATION AND DETERMINATION

13.1 Meetings of Bondholders

The Bond Trust Deed and the STID contain provisions for voting via the clearing system(s) or convening physical meetings of the Bondholders in respect of any Extraordinary Voting Matter or Ordinary Voting Matter.

13.2 Quorum for Meetings of Bondholders

The quorum at any meeting convened for passing:

- (a) an Ordinary Resolution in respect of an Ordinary Voting Matter will be (i) one or more **Eligible Persons** present at a meeting (or voting via the relevant clearing system(s)) and holding or representing not less than 20 per cent. in Principal Amount Outstanding of the Bonds for the time being outstanding or (ii) in respect of an adjourned meeting one or more persons present at a meeting (or voting via the relevant clearing system(s)) (whatever the Principal Amount Outstanding of the Bonds so held or represented by them); and
- (b) an Extraordinary Resolution in respect of an Extraordinary Voting Matter will be (i) one or more Eligible Persons present at a meeting (or voting via the relevant clearing system(s)) and holding or representing not less than 75 per cent. in Principal Amount Outstanding of the Bonds for the time being outstanding or (ii) in respect of an adjourned meeting (other than in respect of an Extraordinary Voting Matter that could result in the termination of the PBCE Letter of Credit) one or more persons present (or voting via the relevant clearing system(s)) and holding or representing a least 25% per cent. of the Principal Amount Outstanding of the Bonds.

13.3 Ordinary Resolutions and Extraordinary Resolutions

In respect of an Ordinary Voting Matter, (i) a resolution passed at a meeting duly convened and held in accordance with the Bond Trust Deed by votes in favour by holders representing 50 per cent. or

more of the Voted Bond Debt or (ii) a resolution in writing signed by or on behalf of the holders of at least 50 per cent. of the Principal Amount Outstanding of the Bonds shall, in each case, be effective as an Ordinary Resolution of the Bondholders.

In respect of an Extraordinary Voting Matter (i) a resolution passed at a meeting duly convened and held in accordance with the Bond Trust Deed by votes in favour by holders representing 75 per cent. or more of the Voted Bond Debt or (ii) a resolution in writing signed by or on behalf of the holders of at least 75 per cent. of the Principal Amount Outstanding of the Bonds shall, in each case, be effective as an Extraordinary Resolution of the Bondholders.

The STID also contains provisions for voting via the clearing system(s) or convening meetings of the Qualifying Creditors to consider any QC Resolution. The quorum at any meeting for passing a QC Resolution shall be one or more Qualifying Creditors representing, in aggregate, at least 50 per cent. of the outstanding principal amount of all Qualifying Debt. The STID provides that (i) a resolution passed at a meeting duly convened and held in accordance with the STID by votes in favour by $66\frac{2}{3}$ per cent. or more of the aggregate Qualifying Debt, (ii) a resolution in writing signed by or on behalf of the Qualifying Creditors and representing not less than $66\frac{2}{3}$ per cent. of the aggregate Qualifying Debt, shall, in each case, be effective as a QC Resolution. In the event that there is no request for a physical meeting of Qualifying Creditors, votes of Bondholders through the clearing system(s) shall be aggregated with the votes of other Qualifying Creditors to determine if the QC Resolution has been passed.

An Ordinary Resolution and/or an Extraordinary Resolution validly passed by the Bondholders will be binding on all Bondholders, whether or not they are present at any meeting and whether or not they voted on the resolution.

13.4 Written Resolutions

A resolution in writing may be passed if signed by the holders of:

- (a) 50 per cent. in nominal amount of the Bonds outstanding shall take effect as if it were an Ordinary Resolution; or
- (b) 75 per cent. in nominal amount of the Bonds outstanding shall take effect as if it were an Extraordinary Resolution,

(each a **Written Resolution**).

A Written Resolution may be contained in one document or several documents in the same form, each signed by or on behalf of one or more Bondholders.

13.5 Modification

Subject to the provisions of the STID, the Bond Trustee may (i) concur with the Issuer or any person or (ii) agree or direct the Security Agent to agree, without the consent of the Bondholders, to the making of any modification of any of these Conditions, the Bond Trust Deed or the other Finance Documents if, in the opinion of the Bond Trustee, such modification is:

- (a) not materially prejudicial to the interests of the Bondholders; or
- (b) of a formal, minor or technical nature or is to correct a manifest error or an error which is proven.

13.6 Waiver

Subject to the provisions of the STID, the Bond Trustee may also, without the consent of the Bondholders, the Couponholders or the Receiptholders, if, in its opinion, it will not be materially prejudicial to the interests of the Bondholders:

- (a) authorise or waive, or direct the Security Agent to authorise or waive, on any terms and subject to any conditions which it considers appropriate, any proposed breach or breach of the Bond Trust Deed, these Conditions or any other Finance Document; or
- (b) determine that any event that would otherwise constitute a Default or Event of Default shall not, or shall not subject to any condition which it considers appropriate, be treated as such for the purposes of the Bond Trust Deed and these Conditions.

13.7 Bond Trustee to have Regard to Interests of Bondholders as a Class

In connection with the exercise by it of any of its trusts, powers, authorities and discretions (including, without limitation, any modification, waiver, authorisation, determination or substitution), the Bond Trustee shall have regard to the general interests of the Bondholders as a class but shall not have regard to any interests arising from circumstances particular to individual Bondholders, Couponholders or Receiptholders (whatever their number) and, in particular but without limitation, shall not have regard to the consequences of any such exercise for individual Bondholders, Couponholders or Receiptholders (whatever their number) resulting from their being for any purpose domiciled or resident in, or otherwise connected with, or subject to the jurisdiction of, any particular territory or any political sub division thereof, and the Bond Trustee shall not be entitled to require, nor shall any Bondholder, Couponholder or Receiptholder be entitled to claim, from the Issuer, the Bond Trustee or any other person any indemnification or payment in respect of any tax consequence of any such exercise upon individual Bondholders Couponholders or Receiptholders, except to the extent already provided for in Condition 7 (*Taxation*) and/or any undertaking given in addition to, or in substitution for, Condition 7 (*Taxation*) pursuant to the Bond Trust Deed.

13.8 Class A1 Bond Representative

- (a) The Class A1 Bondholders appoint Allianz Global Investors GmbH (the **Class A1 Bond Representative**) to represent the interests of the Class A1 Bondholders to vote in respect of the Class A1 Bonds in a vote of Qualifying Creditors under the STID with respect to any (i) Ordinary Voting Matters and (ii) Extraordinary Voting Matters. The Bond Trustee shall be entitled to assume that the appointment of the Class A1 Bond Representative under this Condition 13.8 is valid and continuing until notified in writing to the contrary by the Class A1 Bond Representative or by a successor appointed in accordance with Condition 13.8(c) and the Bond Trustee shall be entitled to rely on any such notification of a change in identity of the Class A1 Bond Representative without further investigation or liability to any person.
- (b) The Bond Trustee will treat any votes, instructions or directions which any Class A1 Bondholder is entitled to deliver pursuant to the Finance Documents as delivered by the Class A1 Bond Representative on behalf of such Class A1 Bondholders and the Bond Trustee shall act on such votes, instructions or directions of the Class A1 Bond Representative as if delivered by the relevant Class A1 Bondholder.
- (c) The Bond Trustee shall be entitled to assume that each Class A1 Bondholder will communicate its vote, instructions or directions through the Class A1 Bond Representative, unless notified in writing to the contrary by a Class A1 Bondholder, in which case the vote, instructions or directions of such Class A1 Bondholder will be communicated in the same

way as with respect to the Class A2 Bondholders, in accordance with the Bond Trust Deed and the other Finance Documents.

- (d) The holders of more than 25 per cent of the Bonds may by notice in writing to the Bond Trustee terminate the appointment of the then current Class A1 Bond Representative. The holders of more than 25 per cent of the Bonds may by notice in writing to the Bond Trustee appoint a successor Class A1 Bond Representative. Any successor Class A1 Bond Representative shall accede to the STID and agree to be bound by the terms of the STID, the CTA, the Master Definitions Agreement and the Bond Trust Deed.

13.9 Notification to the Bondholders

Any modification, abrogation, waiver, authorisation, determination or substitution shall be binding on the Bondholders and, unless the Bond Trustee agrees otherwise, any modification or substitution shall be notified by the Issuer to the Bondholders as soon as practicable thereafter in accordance with Condition 12 (*Notices*).

13.10 Substitution

The Bond Trust Deed contains provisions permitting the Bond Trustee to agree, subject to such amendment of the Bond Trust Deed and such other conditions as the Bond Trustee may require and subject to the conditions and qualifications contained in the Bond Trust Deed, but without the consent of the Bondholders or the Couponholders, to the substitution of another company in place of the Issuer, or in place of any previous substituted company, as principal debtor under the Bond Trust Deed and the Bonds provided that such substitution would not in the opinion of the Bond Trustee be materially prejudicial to the interests of the Bondholders.

14. BOND TRUSTEE AND SECURITY AGENT

14.1 Indemnification and protection of the Bond Trustee and the Security Agent

The Bond Trust Deed contains provisions for the indemnification of the Bond Trustee and for its relief from responsibility, including provisions relieving it from taking action unless indemnified and/or secured and/or pre-funded to its satisfaction. The Bond Trustee is entitled to enter into business transactions with the Issuer and any entity related to the Issuer without accounting for any profit. Additionally, the STID contains provisions for the indemnification of the Security Agent and for its relief from responsibility, including provisions relieving it from taking action unless indemnified and/or secured and/or pre-funded to its satisfaction. The Security Agent is entitled to enter into business transactions with the Issuer and any entity related to the Issuer without accounting for any profit.

14.2 Bond Trustee contracting with the Issuer

The Bond Trust Deed also contains provisions pursuant to which the Bond Trustee is entitled to, *inter alia*: (a) enter into business transactions with the Issuer and act as trustee for the holders of any other securities issued, or relating to, the Issuer; (b) exercise and enforce its rights, comply with its obligations and perform its duties under or in relation to any such transactions or, as the case may be, any such trusteeship without regard to the interests of, or consequences for, the Bondholders, Receiptholders or Couponholders; and (c) retain and not be liable to account for any profit made or any other amount or benefit received thereby or in connection therewith.

14.3 Security Agent contracting with the Issuer

The STID also contains provisions pursuant to which the Security Agent is entitled to, *inter alia*: (a) enter into business transactions with the Issuer; (b) exercise and enforce its rights, comply with its

obligations and perform its duties under or in relation to any such transactions or, as the case may be, any such trusteeship without regard to the interests of, or consequences for, the Bondholders, Receiptholders or Couponholders; and (c) retain and not be liable to account for any profit made or any other amount or benefit received thereby or in connection therewith.

14.4 Reliance by the Bond Trustee

The Bond Trustee may rely without liability to Bondholders or Couponholders on a report, confirmation or certificate or any advice of any accountants, financial advisers, financial institution or any other expert, whether or not addressed to it and whether their liability in relation thereto is limited (by its terms or by any engagement letter relating thereto entered into by the Bond Trustee or in any other manner) by reference to a monetary cap, methodology or otherwise. The Bond Trustee may accept and shall be entitled to rely on any such report, confirmation or certificate or advice in which event such report, confirmation or certificate or advice shall be binding on the Issuer, the Bond Trustee, the Bondholders and the Couponholders.

14.5 Deemed acceptance, acknowledgement and confirmation

By purchasing a Bond, a Bondholder shall be deemed, to the greatest extent permitted by applicable laws, to (i) have agreed to, and accepted, the appointment of the Security Agent as representative of the Bondholders in relation to the Transaction Security created by the Security Documents governed by Italian law pursuant to Article 2414-bis, paragraph 3, of the Italian civil code and article 157, paragraph 4-bis, of the Public Contract Code and as agent and *mandatario con rappresentanza* under and in connection with the Finance Documents (other than the Security Documents) which are expressed to be governed by Italian law, (ii) have agreed and acknowledged that the Security Agent will administer the Transaction Security and the other Secured Creditors' rights under the Finance Documents governed by Italian law in accordance with the STID and the other Transaction Documents (including any power of attorney granted in favour of the Security Agent) and (iii) have confirmed that, as from the relevant purchase date, it intends to be party to the STID (including any power of attorney granted in accordance with the STID), the Common Terms Agreement and the Master Definitions Agreement as a Bondholder and Secured Creditor, undertakes to perform all the obligations expressed in the STID, the Common Terms Agreement and the Master Definitions Agreement to be assumed by a Bondholder and Secured Creditor and agrees that it shall be bound by all the provisions of the STID, the Common Terms Agreement and the Master Definitions Agreement as if it had been an original party to the STID, the Common Terms Agreement and the Master Definitions Agreement.

15. FURTHER BONDS

15.1 Further Bonds

The Issuer will have the right, without the consent of the Bondholders but subject always to the provisions of these Conditions of the Bonds and the Bond Trust Deed, to raise further funds from time to time and on any date by the creation and issue of further Bonds (**Further Bonds**) in bearer form, carrying the same terms and conditions in all respects as the Bonds (save as to the Issue Date, the first Payment Date, and the amortisation schedule), and so that the same shall be consolidated and form a single series and rank *pari passu* with the Bonds.

Unless otherwise approved by the Bondholders, the issue of Further Bonds will be subject to the following conditions precedent being fulfilled:

- (a) the requirements of the definition of "Permitted Financial Indebtedness" are met in accordance with the terms of the Common Terms Agreement;

- (b) any Further Bonds are assigned the same ratings as are then applicable to the Bonds with which they are to be consolidated and form a single series;
- (c) the current ratings of the Bonds then outstanding are not downgraded, withdrawn or qualified as a result of such issue of Further Bonds (as confirmed by Moody's or, only where Moody's is unwilling to provide such confirmation for any reason other than related to the rating itself, as certified by the Issuer that it has notified Moody's of the proposed issue of Further Bonds and after having made all reasonable enquiries with Moody's and providing evidence to the Bond Trustee to support such certification); and
- (d) application will be made, in respect of the Further Bonds, for such bonds to be admitted to the Official List of the Luxembourg Stock Exchange and to be traded on Euro MTF Market or, if the Bonds then issued are no longer admitted to trading on that exchange, such exchange, if any, on which the Bonds then issued are then admitted to trading.

15.2 Supplemental trust deeds and security

Any such Further Bonds will be constituted by a further deed or deeds supplemental to the Bond Trust Deed and have the benefit of the security constituted by the Security Document. Any of the Finance Documents may be amended, and further Finance Documents may be entered into, in connection with the issue of such Further Bonds and the claims of the parties to any amended Finance Document or any further Finance Document may rank ahead of, *pari passu* with, or behind, any tranche or tranches of the Bonds, but subject always to the provisions of the Conditions of the Bonds and the Bond Trust Deed.

16. GOVERNING LAW AND SUBMISSION TO JURISDICTION

16.1 Governing Law

The Bond Trust Deed, the Bonds, the Coupons and the other Finance Documents and any non-contractual obligations arising out of or in connection with them shall be governed by, and shall be construed in accordance with, English law.

16.2 Jurisdiction of English Courts

The Issuer has, in the Bond Trust Deed, irrevocably agreed for the benefit of the Bond Trustee, the Bondholders, the Couponholders and the Receiptholders that the courts of England are to have exclusive jurisdiction to settle any disputes which may arise out of or in connection with the Bond Trust Deed, the Bonds, the Coupons, the Receipts and these Conditions (including a dispute relating to any non-contractual obligations arising out of or in connection with the Bond Trust Deed, the Bonds, the Coupons, the Receipts and these Conditions) and accordingly has submitted to the exclusive jurisdiction of the English courts.

The Issuer has, in the Bond Trust Deed, waived any objection to the courts of England on the grounds that they are an inconvenient or inappropriate forum. The Bond Trustee, the Bondholders, the Couponholders and the Receiptholders may take any suit, action or proceeding arising out of or in connection with the Bond Trust Deed, the Bonds, the Coupons or the Receipts respectively (including any suit, action or proceedings relating to any non-contractual obligations arising out of or in connection with the Bond Trust Deed, the Bonds, the Coupons or the Receipts) (together referred to as **Proceedings**) against the Issuer in any other court of competent jurisdiction and concurrent Proceedings in any number of jurisdictions.

16.3 Appointment of Process Agent

The Issuer has, in the Bond Trust Deed, irrevocably and unconditionally appointed Law Debenture Corporate Services Limited at Fifth Floor, 100 Wood Street, London EC2V 7EX as its agent for service of process in England in respect of any Proceedings and has undertaken that in the event of such agent ceasing so to act it will appoint such other person as the Bond Trustee may approve as its agent for that purpose.

17. RIGHTS OF THIRD PARTIES

No rights are conferred on any person under the Contracts (Rights of Third Parties) Act 1999 to enforce any term of this Bond, but this does not affect any right or remedy of any person which exists or is available apart from that Act.

CERTAIN ITALIAN INSOLVENCY LAW CONSIDERATIONS

This section sets out certain aspects of the insolvency laws of Italy which may be relevant to investors. The descriptions below do not purport to be complete or to present all relevant considerations of Italian law which may affect the insolvency of the Issuer.

Italian Bankruptcy Law provides for different models of pre-insolvency and insolvency proceedings, namely:

- (a) certified restructuring plans (*piani attestati di risanamento*) (**CRP**);
- (b) composition with creditors (*concordato preventivo*) (**CP**);
- (c) debt restructuring agreements (*accordi di ristrutturazione dei debiti*) (**DRA**);
- (d) bankruptcy (*fallimento*).

Pursuant to Article 1 of Italian Bankruptcy Law, corporations are submitted to any of the above mentioned proceedings, where any of the following thresholds are exceeded: (i) assets (*attivo patrimoniale*) in an aggregate amount exceeding €0.3 million in each of the three preceding fiscal years, (ii) gross revenues (*ricavi lordi*) in an aggregate amount exceeding €0.2 million for each of the three preceding fiscal years or (iii) total indebtedness (including debt not overdue and payable) in excess of €0.5 million.

In the following paragraphs we will provide a brief description of the above mentioned proceedings, highlighting the main and relevant figures.

Bankruptcy Proceedings (*fallimento*)

Upon commencement of bankruptcy proceedings:

- (a) subject to certain exceptions, creditors are prevented from individually taking any legal action against the debtor and no individual payment of credit is allowed. All credits are considered overdue and accrual of interest on the creditors' claims is suspended. Creditors must file their claims against the debtor by submitting a proof of claim before the competent bankruptcy court within the term assigned to them, and the designated judge (*giudice delegato*) may decide whether to admit the said claims into the bankruptcy liabilities. Under certain circumstances secured creditors may execute against the secured asset as soon as their claims are admitted into bankruptcy liabilities as preferred claims. Secured claims are paid out of the proceeds of the secured assets, together with interest and expenses. Any outstanding balance will be considered unsecured and rank *pari passu* with all of the bankrupt debtor's other unsecured debt. The secured creditor may sell the secured asset only after it has obtained authorization from the designated judge, who, after hearing the bankruptcy receiver (*curatore fallimentare*) and the creditors' committee (*comitato dei creditori*), decides whether to authorize the sale, and sets forth the relevant timing terms and conditions in his or her decision;
- (b) the administration of the debtor and the management of its assets passes from the debtor to the bankruptcy receiver (*curatore fallimentare*); and
- (c) any act (including payments) made by the debtor, other than those made through the receiver, becomes ineffective *vis-à-vis* the creditors. Although the general rule is that the bankruptcy receiver is allowed to terminate contracts where some or all of the obligations have not been entirely performed by each of the parties (the "pending agreements"), certain contracts are subject to specific rules expressly provided for by the Italian Bankruptcy Law.

Bankruptcy proceedings are carried out and supervised by a court-appointed bankruptcy receiver, a designated judge and a creditors' committee. The bankruptcy receiver is not a representative of the creditors, and is responsible for the liquidation of the assets of the debtor to the satisfaction of the creditors.

The bankruptcy receiver may also evaluate the opportunity of a temporary continuation of the debtor's business or of a temporary lease of the debtor's business, that shall in any case be authorized by the creditors' committee and the designated judge. The proceeds from the liquidation are distributed in accordance with statutory priority. Liquidation of a debtor's assets can take a considerable amount of time, particularly in cases where the debtor's assets include real property. The Italian Bankruptcy Law provides for priority of payment to certain preferential creditors, including employees, the Italian treasury, and judicial and social security authorities. Such priority of payment is provided under mandatory provisions of Italian law. Additionally, the Italian bankruptcy law provides for the following:

- (d) **Bankruptcy composition with creditors** (*concordato fallimentare*). Bankruptcy proceedings can terminate prior to liquidation through a bankruptcy composition proposal with creditors. The relevant petition can be filed by one or more creditors or third parties starting from the declaration of bankruptcy, whereas the debtor or its subsidiaries are admitted to file such a proposal only after one year following such declaration but before the lapse of two years from the decree giving effectiveness to the bankruptcy liabilities. The petition may provide for the division of creditors into classes having homogeneous legal position and economic interests thereby proposing different treatment among the classes (that in any case shall not result in changes of statutory priority), the restructuring of debts and the satisfaction of creditors' claims in any technical form, including the assignment to the creditors of shares, stakes or securities or other financial instruments. The petition may also provide for partial repayment of secured claims provided that such secured claims would not obtain a full payment in case of sale of the secured asset. The *concordato fallimentare* proposal must be submitted for approval to the bankruptcy receiver and to the creditors' committee and—should the proposal split the creditors in different classes and provide for different treatments among the classes—it must also be reviewed by the bankruptcy court.

The *concordato fallimentare* proposal must be approved by the majority of the creditors admitted to vote (in case the debtor has issued notes or financial instruments, the *concordato fallimentare* proposal shall be sent to the bodies empowered to call the holders' meeting for the relevant resolutions) and if creditors are divided in different classes, by the majority of the creditors included in the majority of the classes. Final court confirmation is also required.

- (e) **Statutory priorities.** The statutory priority assigned to creditors under the Italian Bankruptcy Law may be different from the priorities in the United States, the United Kingdom and certain other EU jurisdictions. Under Italian law, the highest priority claims (after the costs of the proceedings are paid) are the claims of preferential creditors, including the claims for employee wages, the claims of the Italian tax authorities and social security authorities. Under Italian law, the proceeds from the sale of the bankruptcy assets are distributed according to legal rules of priority. Neither the debtor nor the court can deviate from these priority rules by proposing their own priorities of claims or by subordinating one claim to another based on equitable subordination principles. The law creates a hierarchy of claims that must be adhered to when distributing the proceeds derived from the sale of the entire bankruptcy assets or part thereof, or from a single asset.
- (f) **Avoidance powers in insolvency.** Similar to other jurisdictions, there are so-called "claw-back" or avoidance provisions under Italian law that may give rise, *inter alia*, to the revocation of payments or of the granting of security interests made by the debtor prior to adjudication in bankruptcy. The key avoidance provisions address transactions made below market value, preferential transactions and transactions made with a view to defraud creditors. Claw-back rules under Italian law are normally considered to be particularly favorable to the receiver in bankruptcy compared to the rules applicable in other jurisdictions.

In bankruptcy proceedings, the Italian Bankruptcy Law provides for a claw-back period of up to one year (six months in certain circumstances) and a two-year ineffectiveness period for certain other transactions.

In particular, the Italian Bankruptcy Law distinguishes between acts or transactions which are ineffective by operation of law and actions or transactions which are voidable at the request of the bankruptcy receiver/extraordinary commissioner:

- (g) **Actions ineffective by operation of law.** (i) Under article 64 of the Italian Bankruptcy Law, all transactions entered into for no consideration are ineffective vis-a-vis creditors if entered into by the bankrupt debtor in the two-year period prior to the insolvency declaration, and (ii) under article 65 of the Italian Bankruptcy Law, payments of receivables falling due on the day of the insolvency declaration or thereafter are deemed ineffective vis-a-vis creditors, if made by the bankrupt debtor in the two-year period prior to the insolvency declaration.
- (h) **Acts that may be avoided at the bankruptcy receiver's request.** These can include the following:
 - (i) The following acts and transactions, if made during the so-called suspect period or such other period specified below, may be avoided and declared ineffective, unless the other party proves that it had no actual or constructive knowledge of the debtor's insolvency:
 - (A) transactions entered into in the year before the insolvency declaration, when the value of the debt or the obligations undertaken by the bankrupt debtor exceeds 25% of the value of the consideration received by and/or promised to the debtor;
 - (B) payments of debts, due and payable, made by the bankrupt debtor which were not paid in cash or by other customary means of payment in the year before the insolvency declaration;
 - (C) pledges and mortgages granted by the bankrupt debtor in the year before the insolvency declaration in order to secure pre-existing debts which have not yet fallen due; and
 - (D) pledges and mortgages granted by the bankrupt debtor in the six months before the insolvency declaration in order to secure mature debts.
 - (ii) The following acts and transactions, if made during the suspect period or such other period specified below, may be avoided and declared ineffective if the bankruptcy receiver proves that the other party knew that the bankrupt debtor was insolvent:
 - (A) the payments of debts that are immediately due and payable and any transactions for consideration entered into or made within six months before the insolvency declaration; and
 - (B) the granting of security interests in favor of new debts (even those of third parties) and made within six months before the insolvency declaration.
 - (iii) Some specific transactions are exempt from claw-back actions including:
 - (A) a payment for goods or services made in the ordinary course of business according to market practice;
 - (B) a remittance on a bank account, provided that it does not materially and permanently reduce the bankrupt debtor's debt towards the bank;

- (C) transactions entered into, payments made and guarantees issued with respect to the bankrupt debtor's assets, provided that they relate to the implementation of an out of court reorganization plan (*piano di risanamento attestato*) under article 67, paragraph 3(d) of the Italian Bankruptcy Law or to the implementation of "*concordato preventivo*" or an '*accordo di ristrutturazione dei debiti*' under article 182-bis of the Italian Bankruptcy Law and any act, payment and security interest validly performed after the filing of a request for a concordato preventive procedure;
- (D) payments to the bankrupt debtor's employees and consultants concerning work carried out by them.

In addition, in certain cases, the bankruptcy receiver can request that certain transactions of the bankrupt entity be declared void within the Italian Civil Code ordinary claw-back period of five years (*revocatoria ordinaria*). Under article 2901 of the Italian Civil Code, a creditor may demand that transactions whereby the bankrupt debtor disposed of its assets to the detriment of such creditor's rights be declared ineffective with respect to such creditor, provided that the bankrupt debtor was aware of such detriment (or, if the transaction was entered into prior to the date on which the creditor's claim was originated, that such transaction was fraudulently entered into by the bankrupt debtor for the purpose of causing detriment to the bankrupt entity) and that, in the case of a transaction entered into for consideration with a third party, the third party was aware of such detriment (or, if the transaction was entered into prior to the date on which the creditor's claim was originated, such third party participated in the fraudulent design).

Certified restructuring plans

CRP can be briefly described as it follows:

- filed by companies for the sake of the restructuring of their indebtedness and ensuring the recovery of their financial condition, the feasibility of which, together with the truthfulness of debtor's business (and accounting) data, must be assessed by an independent expert directly appointed by the debtor;
- the expert can only be selected and appointed among those possessing certain specific professional requisites and qualifications (e.g., being registered in the auditors' registrar), and meeting the requirements under Article 2399 of the Italian Civil Code;
- the expert may be subject to liability in the case of misrepresentation or false certification;
- CRPs are not under any form of judicial control or approval and, therefore, no application is required to be filed with the court or other supervisory authority;
- CRPs do not require to be approved and consented by a specific majority of all outstanding claims;
- there is no entrustment of business to another entity, therefore the debtor remains entitled to manage its business;
- upon request of the debtor, a CRP can be published in the relevant companies register (**Companies Register**) and in such case creditors would benefit from a reduction in debtor tax liability; and
- CRP is usually chosen when few creditors (most of the times banks or, in general, financial institutions) hold the large part of the company's indebtedness, because, in this scenario, it's reasonably feasible to reach an agreement.

Debt restructuring agreements

DRA can be briefly described as it follows:

- out-of-court debt restructuring procedure aimed at restructuring the indebtedness entered into with creditors who represent at least 60% of the outstanding company's debts;
- must be ratified ("*omologati*") by a court;
- an independent expert, directly appointed by the debtor, must assess — in addition to the truthfulness of the debtor's business data — that the agreement is feasible and, in particular, that it ensures that the non-participating creditors can be fully satisfied within a 120 day term from: (a) the ratification ("*omologazione*") of the DRA by the court if the relevant claims are already due and payable; or (b) from the expiry date if the relevant claims are not due and payable as of the date of the sanction of the restructuring agreement by the court;
- only a debtor who is in a situation of "financial distress" (*i.e.*, facing financial distress which does not yet amount to insolvency) can initiate such process and request the court's confirmation ("*omologazione*") of the DRA, which must be entered into with creditors who represent not less than 60% of the company's debts;
- DRA must be published in the Italian Companies Register and is effective as of the day of its publication;
- starting from the date of such publication and for 60 days thereafter, creditors cannot start or continue any *interim* relief or enforcement actions over the assets of the debtor in relation to pre-existing claims and cannot obtain any new and additional security interest in relation to the pre-existing debts, overdue prior to the DRA formation;
- such *moratorium* can be requested, pursuant to Article 182-bis, Paragraph 6, of the Italian Bankruptcy Law, by the debtor to the court even when the DRA hasn't been executed and published yet, but the negotiations are pending with at least 60% creditors; the application for the *moratorium* must be published in the Companies Register and becomes effective as of the date of publication;
- the court, having verified the completeness of the documentation, sets the date for the hearing within 30 days from the filing of the request and orders the company to file the relevant documentation in relation to the *moratorium* to the creditors. In this hearing, the court assesses whether the conditions for granting the *moratorium* are in place and, if they are, orders, that no *interim* relief or enforcement action may be started or continued, nor can security interests (unless agreed) be acquired over the assets of the debtor, and sets a deadline (not exceeding 60 days) within which such order has to be published in the Companies Register and it sets the deadline to finalize the DRA. The court's order may be challenged within 15 days of its publication;
- DRA may also contain a proposed tax settlement for the partial or deferred payment of certain taxes overdue, as provided in Article 182-ter of the Italian Bankruptcy Law;
- pursuant to the new Article 182-quinquies of the Italian Bankruptcy Law, the court, pending the sanctioning of the agreement pursuant to Article 182-bis, Paragraph 1, or after the filing of the *moratorium* application pursuant to Article 182-bis, Paragraph 6, of the Italian Bankruptcy Law or a petition pursuant to Article 161, Paragraph 6, (in relation to the court supervised pre-bankruptcy arrangement with creditors procedure ("*concordato in bianco*") described below) may authorize the debtor, if so expressly requested: (a) to incur in new super senior indebtedness and to secure such indebtedness with in rem securities ("*garanzie reali*"), provided that the expert appointed by the debtor declares that the new financing aims at providing a better satisfaction of the creditors; and (b) to pay pre-existing debts deriving from the supply of services or goods, already payable and due,

provided that the expert declares that such payments are essential for the company to operate. This possibility may be available to the applicant whereas its business activity is kept as a going concern; and

- DRA is usually chosen whenever few creditors (most of the times banks or, in general, financial institutions) hold the large part of the company's indebtedness, because, in this scenario, it's reasonably feasible to reach an agreement.

Composition with creditors proceeding

CP proceeding can be briefly described as follows:

- court-validated proceeding which may only be commenced by the debtor;
- the debtor can file a petition at court for a CP which must be accompanied and supported by a restructuring plan proposed to the creditors and an independent expert report assessing, *inter alia*, the feasibility of the arrangement proposal and the truthfulness of the business data on which the plan is based;
- as an alternative, pursuant to Article 161, Paragraph 6 of the Italian Bankruptcy Law, the debtor may file a preliminary petition ("*concordato in bianco*") for a CP attaching only its financial statements from the previous three years in order to ask the court to set a deadline for the filing of all relevant documentation, as outlined above. Before such deadline expires, the debtor, as an alternative to the CP, may also file a petition for the approval of DRA pursuant to Article 182-bis of the Italian Bankruptcy Law;
- between the publishing in the Companies Register of the CP proposal and its ratification ("*omologazione*") by the court, all enforcement actions by the creditors (whose title to enforcement arose before filing with the court) are automatically stayed. In addition, during this time, pre-existing creditors cannot obtain security interests (unless authorized by the court) and the mortgages registered within 90 days preceding the date on which the petition for the CP is published in the Italian Companies Register are ineffective against such pre-existing creditors;
- the CP proposal may provide that: (a) the business continues to be run by the debtor as a going concern; or (b) the business is transferred to one or more companies and any assets which are no longer necessary to run the business are liquidated; or (c) the liquidation of all assets of the business.

In addition the CP proposal may provide, *inter alia*: for (a) the restructuring of debts and the satisfaction of creditors' claims in any manner, including the liquidation of assets or extraordinary transactions such as the granting to creditors and their subsidiaries or affiliated companies of shares, bonds (also convertible into shares), or other financial instruments and debt securities; (b) the transfer to a receiver ("*assuntore*") of the operations of the business involved in the proposed arrangement agreement; (c) the placing of creditors into different classes (thereby proposing different treatments among the classes); and (d) different treatments for creditors belonging to different classes;

- the court determines whether the proposal for the arrangement is admissible, in which case the court, *inter alia*, delegates a judge ("*giudice delegato*") to follow the procedure, appoints one or more judicial officers ("*commissari giudiziali*") and calls a creditor meeting. This entails slightly lower administrative costs in comparison with those of the bankruptcies;
- following the admission to the CP, the company is managed by its corporate bodies (usually its board of directors) under the supervision of the judicial officer(s) and under the supervision of a judge delegated by the court. The debtor is allowed to carry out urgent extraordinary transactions, only upon the prior court's authorization, while ordinary transactions may be carried out without

authorization. Third party claims and receivables, related to the *interim* activity legally carried out by the debtor, are super-senior pursuant to Article 111 of the Italian Bankruptcy Law;

- under Article 169-bis of the Italian Bankruptcy Law, the debtor in the CP proposal filed according to Article 161, may seek to the court or, after the proposal admission, to the Judge, the authorization to terminate the contracts which are still in force at the date of the petition filing. The debtor may also demand the authorization to suspend the contracts still in force, for no more than sixty days, term extendable once.
- If the contract is terminated and/or suspended, the other party is entitled to ask for compensation due the contract suspension and/or termination; this claim is ranked as unsecured.
- Article 169-bis of the Italian Bankruptcy Law cannot be enforced with regard to (a) full time employment contracts, (b) preliminary contracts having as object a real estate for residential use of the buyer, (c) contract of allocation of dedicated assets to specified business activities pursuant to Article 2447-bis of the Italian Civil Code and (d) real estate lease contracts.
- the CP proposal is voted on at a creditors' meeting and must be approved with the favorable vote of creditors representing the majority (of value) of credits entitled to vote. Secured creditors, whose seniority exceeds or covers the value of claim, are not entitled to vote (since they must be paid in full); if the plan envisages a lower repayment to secured creditors, they are (in part) allowed to vote;
- in order for the CP to be approved, at least the majority of claims (by value) admitted to vote must vote in favor; if more classes of creditors are envisaged in the restructuring plan (tax, secured creditors, strategic suppliers, non-strategic suppliers) also the majority of classes must vote in favor of the proposal;
- creditors who do not show up in court are deemed consenting creditors;
- the average repayment for unsecured creditors in recent CP cases has been as low as 10%-15%;
- if the CP provides for new money made available to the debtor, super-seniority may be granted to such financing under certain circumstances;
- if the CP is aimed at liquidating the assets, its duration largely depends upon the sale process. If it is aimed at reshaping the business and the equity structure, usually closes in 1-2 years;
- after the creditors' approval, the court (after having settled possible objections raised by the dissenting creditors, if any) must confirm the CP proposal by issuing a ratification order ("*omologazione*"); and
- if the majority of creditors do not vote in favor of the CP, the Court may, upon request of the public prosecutor or a creditor and after having ascertained the condition for declaration of bankruptcy, declare the debtor bankrupt (if it is insolvent and no alternative restructuring plan is achievable).

DESCRIPTION OF THE BONDS WHILE IN GLOBAL FORM

The following is a summary of the provisions to be contained in the Bond Trust Deed to constitute the Bonds and in the Global Bonds which will apply to, and in some cases modify, the Conditions of the Bonds while the Bonds are represented by the Global Bonds.

1. Exchange

Each Permanent Global Bond will be exchangeable in whole but not in part (free of charge to the holder) for Definitive Bonds only:

- (a) if either Euroclear or Clearstream, Luxembourg is closed for business for a continuous period of 14 days (other than by reason of holiday, statutory or otherwise) or announces an intention permanently to cease business or does in fact do so and no alternative clearing system satisfactory to the Bond Trustee is available; or
- (b) if the Issuer would suffer a disadvantage as a result of a change in laws or regulations (taxation or otherwise) or as a result of a change in the practice of Euroclear and/or Clearstream, Luxembourg which would not be suffered were the Bonds in definitive form and a certificate to such effect signed by a director of the Issuer is given to the Bond Trustee.

Thereupon (in the case of (a) above) the holder of the relevant Permanent Global Bond (acting on the instructions of one or more of the Accountholders (as defined below)) or the Bond Trustee may give notice to the Issuer and (in the case of (b) above) the Issuer may give notice to the Bond Trustee and the Bondholders, of its intention to exchange the Permanent Global Bond for Definitive Bonds on or after the Exchange Date (as defined below).

On or after the Exchange Date the holder of the relevant Permanent Global Bond may or, in the case of (b) above, shall surrender such Permanent Global Bond to or to the order of the Principal Paying Agent. In exchange for such Permanent Global Bond the Issuer will deliver, or procure the delivery of, an equal aggregate principal amount of Definitive Bonds (having attached to them all Coupons in respect of interest and Receipts in respect of principal which has not already been paid on such Permanent Global Bond), security printed in accordance with any applicable legal and stock exchange requirements and in or substantially in the form set out in the Bond Trust Deed. On exchange of the Permanent Global Bond, the Issuer will procure that it is cancelled and, if the holder so requests, returned to the holder together with any relevant Definitive Bonds.

For these purposes, **Exchange Date** means a day specified in the notice requiring exchange falling not less than 60 days after that on which such notice is given and being a day on which banks are open for general business in the place in which the specified office of the Principal Paying Agent is located and, except in the case of exchange pursuant to (a) above, in the place in which the relevant clearing system is located.

2. Payments

Not less than 40 days after the Issue Date, no payment will be made on any Temporary Global Bond unless exchange for an interest in the relevant Permanent Global Bond is improperly withheld or refused. Payments of principal and interest in respect of Bonds represented by a Global Bond will, subject as set out below, be made to the bearer of such Global Bond and, if no further payment falls to be made in respect of the Bonds, against surrender of such Global Bond to the order of the Principal Paying Agent or such other Paying Agent as shall have been notified to the Bondholders for such purposes. The Issuer shall procure that the amount so paid shall be entered *pro rata* in the records of Euroclear and Clearstream, Luxembourg and the nominal amount of the Bonds recorded in the records of Euroclear and Clearstream, Luxembourg and represented by such Global Bond will

be reduced accordingly. Each payment so made will discharge the Issuer's obligations in respect thereof. Any failure to make the entries in the records of Euroclear and Clearstream, Luxembourg shall not affect such discharge. Payments of interest on each Temporary Global Bond (if permitted by the first sentence of this paragraph) will be made only upon certification as to non-U.S. beneficial ownership unless such certification has already been made.

3. **Partial Redemption**

At any time where there is a partial redemption of the Bonds, the aggregate principal amount of the Bonds to be redeemed will be allocated between the Global Bonds *pro rata* (or as near thereto as may be possible) to the aggregate principal amounts of Bonds which they represent at such time. Selection of such Bonds or portions thereof for redemption will be made only in accordance with the standard procedures of Euroclear and Clearstream, Luxembourg. The Global Bonds will be written down to reflect the partial redemption.

4. **Notices**

For so long as all of the Bonds are represented by one or both of the Global Bonds and such Global Bond(s) is/are held on behalf of Euroclear and/or Clearstream, Luxembourg, notices to Bondholders may be given by delivery of the relevant notice to Euroclear and/or Clearstream, Luxembourg (as the case may be) for communication to the relative Accountholders rather than by publication as required by Condition 12 (*Notices*), provided that, so long as the Bonds are listed on the Luxembourg Stock Exchange, all requirements of the Luxembourg Stock Exchange have been complied with. Any such notice shall be deemed to have been given to the Bondholders on the day after the day on which such notice is delivered to Euroclear and/or Clearstream, Luxembourg (as the case may be) as aforesaid.

Whilst any Bonds held by a Bondholder are represented by a Global Bond, notices to be given by such Bondholder may be given by such Bondholder to the Principal Paying Agent through Euroclear and/or Clearstream, Luxembourg, as the case may be, in such a manner as the Principal Paying Agent and Euroclear and/or Clearstream, Luxembourg, as the case may be, may approve for this purpose.

5. **Accountholders**

For so long as all of the Bonds are represented by one or both of the Global Bonds and such Global Bond(s) is/are held on behalf of Euroclear and/or Clearstream, Luxembourg, each person (other than Euroclear or Clearstream, Luxembourg) who is for the time being shown in the records of Euroclear or Clearstream, Luxembourg as the holder of a particular principal amount of such Bonds (each an **Accountholder**) (in which regard any certificate or other document issued by Euroclear or Clearstream, Luxembourg as to the principal amount of such Bonds standing to the account of any person shall, in the absence of manifest error, be conclusive and binding for all purposes) shall be treated as the holder of such principal amount of such Bonds for all purposes (including but not limited to, for the purposes of any quorum requirements of, or the right to demand a poll at, meetings of the Bondholders) other than with respect to the payment of principal and interest on such principal amount of such Bonds, the right to which shall be vested, as against the Issuer and the Bond Trustee, solely in the bearer of the relevant Global Bond in accordance with and subject to its terms and the terms of the Bond Trust Deed. Each Accountholder must look solely to Euroclear or Clearstream, Luxembourg, as the case may be, for its share of each payment made to the bearer of the relevant Global Bond.

6. Prescription

Claims against the Issuer in respect of principal and interest on the Bonds represented by a Global Bond will be prescribed after ten years (in the case of principal) and five years (in the case of interest) from the Relevant Date (as defined in the Conditions).

7. Cancellation

Cancellation of any Bond represented by a Global Bond and required by the Conditions of the Bonds to be cancelled following its redemption or purchase will be recorded in the records of the relevant Clearing System.

TAXATION

The statements herein regarding taxation are based on the laws in force in Italy, in the European Union and in the United States as at the date of this Offering Circular and are subject to any changes in law occurring after such date, which changes could be made on a retroactive basis. The Issuer will not update this summary to reflect changes in laws and/or in practice and if such a change occurs the information in this summary could become invalid.

The following summary does not purport to be a comprehensive description of all the tax considerations which may be relevant to a decision to subscribe for, purchase, own or dispose of the Bonds and does not purport to deal with the tax consequences applicable to all categories of investors, some of which (such as dealers in securities or commodities) may be subject to special rules.

Where in this summary English terms and expressions are used to refer to Italian concepts, the meaning to be attributed to such terms and expressions shall be the meaning to be attributed to the equivalent Italian concepts under Italian tax law.

Prospective purchasers of the Bonds are advised to consult their own tax advisers concerning the overall tax consequences of their ownership of the Bonds.

EU SAVINGS DIRECTIVE

Under Council Directive 2003/48/EC on the taxation of savings income (the “**Savings Directive**”), EU Member States are required to provide to the tax authorities of other EU Member States details of certain payments of interest or similar income paid or secured by a person established in a EU Member State to or for the benefit of an individual resident in another EU Member State or certain limited types of entities established in another EU Member State.

For a transitional period, Austria is required (unless during that period it elects otherwise) to operate a withholding system in relation to such payments. The end of the transitional period is dependent upon the conclusion of certain other agreements relating to information exchange with certain other countries. A number of non-EU countries and territories including Switzerland have adopted similar measures (a withholding system in the case of Switzerland).

On 10 November 2015, the Council of the European Union approved Council Directive 2015/2060/EU (published in the Official Journal of the EU on 18 November 2015) repealing the Savings Directive from 1 January 2017 in the case of Austria and from 1 January 2016 in the case of all other EU Member States (subject to on-going requirements to fulfil administrative obligations such as the reporting and exchange of information relating to, and accounting for withholding taxes on, payments made before those dates).

This is to prevent overlap between the Savings Directive and a new automatic exchange of information regime to be implemented under Council Directive 2011/16/EU on Administrative Cooperation in the field of Taxation (as amended by Council Directive 2014/107/EU).

ITALIAN TAXATION

Tax treatment of interest from Bonds

Legislative Decree No. 239 of 1 April 1996 (as subsequently amended and supplemented, Decree 239) provides for the applicable regime with respect to the tax treatment of interest (**Interest**) from, *inter alia*, Italian government bonds (*titoli del debito pubblico*).

Pursuant to Article 1 of Law Decree No. 83 of 22 June 2012 (as converted into law with amendments by Law No. 134 of 7 August 2012), as subsequently amended and supplemented, Interest from bonds qualifying

as "project bonds" under Article 157 of the Public Contract Code (as the Bonds issued by the Issuer) is subject to the same tax regime provided for Italian government bonds (*titoli del debito pubblico*) under Decree No. 239.

The provisions of Decree No. 239 only apply to bonds issued by the Issuer which qualify as *obbligazioni* (bonds) or *titoli similari alle obbligazioni* (securities similar to bonds) pursuant to Article 44 of Presidential Decree No. 917 of 22 December 1986.

Italian resident Bondholders

Where an Italian resident Bondholder is (a) an individual not engaged in an entrepreneurial activity to which the Bonds are connected (unless he has opted for the application of the *risparmio gestito* regime - see under section "Tax treatment of capital gains on Bonds" below); (b) a non-commercial partnership; (c) a public or private entity (other than a company) or a trust not carrying out a commercial activity; or (d) an investor exempt from Italian corporate income taxation, Interest relating to the Bonds is subject to a withholding tax - referred to as "*imposta sostitutiva*" - levied at the rate of 12.5 per cent. In the event that the Bondholders described under (a) and (c) above are engaged in an entrepreneurial activity to which the Bonds are connected, the *imposta sostitutiva* applies as a provisional tax.

Where an Italian resident Bondholder is a company or similar commercial entity, a commercial partnership, or a permanent establishment in Italy of a foreign company to which the Bonds are effectively connected, and the Bonds are deposited with an authorised intermediary, Interest from the Bonds will not be subject to *imposta sostitutiva*, but must be included in the relevant Bondholder's income tax return and are therefore subject to general Italian corporate taxation (**IRES**) and, in certain circumstances, depending on the "status" of the Bondholder, also to the regional tax on productive activities (**IRAP**).

Where an Italian resident Bondholder is an individual engaged in an entrepreneurial activity to which the Bonds are connected, Interest relating to the Bonds is subject to *imposta sostitutiva* and will be included in its relevant income tax return. As a consequence, interest will be subject to the ordinary income tax and the *imposta sostitutiva* may be recovered as a deduction from the income tax due.

Interest accrued on the Bonds and received by Italian real estate funds (complying with the definition as amended pursuant to Law Decree n. 78 of 31 May 2010, converted into Law n. 122 of 30 July 2010) or by an investment company with fixed capital (**SICAF**) to which the provisions of Article 9 of Legislative Decree No. 44 of 4 March 2014 apply (the **Real Estate Funds**), is subject neither to *imposta sostitutiva* nor to any other income tax in the hands of the Real Estate Fund. A withholding tax of 26 per cent. may apply to income of the Real Estate Fund derived by unitholders or shareholders through distribution and/or redemption or disposal of the units and shares.

If the investor is resident in Italy and is an open-ended or closed-ended investment fund or an investment company with variable capital (**SICAV**) or investment company with fixed capital (**SICAF**) and either (i) the fund or SICAV or SICAF or (ii) their manager is subject to the supervision of a regulatory authority (the **Fund**), and the relevant Bonds are held by an authorised intermediary, Interest accrued during the holding period on such Bonds will not be subject to *imposta sostitutiva*, but must be included in the management results of the Fund. A withholding tax of 26 per cent. may apply to income of the Fund derived by unitholders or shareholders through distribution and/or redemption or disposal of the units and shares (such withholding to be levied, in respect of the income attributable to the Bonds, on the 48.08 per cent. of the Interest).

Where an Italian resident Bondholder is a pension fund subject to the regime provided for by article 17 of the Legislative Decree No. 252 of 5 December 2005 (the **Pension Fund**) and the Bonds are deposited with an authorised intermediary, Interest from Bonds accrued during the holding period will not be subject to *imposta sostitutiva*, but must be included in the result of the relevant portfolio accrued at the end of the tax period for 62.50 per cent. of its amount, to be subject to an *ad hoc* 20 per cent. substitute tax.

Pursuant to Decree No. 239, *imposta sostitutiva* is applied by banks, SIMs, fiduciary companies, SGRs, stockbrokers and other entities identified by a decree of the Ministry of Finance (each an **Intermediary**).

An Intermediary must (a) be resident in Italy or be a permanent establishment in Italy of a non-Italian resident financial intermediary and (b) intervene, in any way, in the collection of interest or in the transfer of the Bonds. For the purpose of the application of the *imposta sostitutiva*, a transfer of bonds includes any assignment or other act, either with or without consideration, which results in a change of the ownership of the relevant bonds or in a transfer of Bonds to another deposit or account, held by the same or another Intermediary.

Where the Bonds are not deposited with an Intermediary, the *imposta sostitutiva* is applied and withheld by any entity paying interest to a Bondholder.

If interest and other proceeds on the Bonds are not collected through an Intermediary or any entity paying interest and as such no *imposta sostitutiva* is levied, the Italian resident beneficial owners listed under (a) to (d) above will be required to include interest and other proceeds in their yearly income tax return and subject them to a final substitute tax at a rate of 12.5%. The Italian individual investor may elect instead to pay ordinary personal income tax (IRPEF) at the applicable progressive rates in respect of the payments.

Non-Italian resident Bondholders

Where the Bondholder is a non-Italian resident without a permanent establishment in Italy to which the Bonds are connected, an exemption from the *imposta sostitutiva* applies provided that the non-Italian resident beneficial owner is either (a) resident, for tax purposes, in one of the countries which allows for a satisfactory exchange of information with Italy (the **White List States**), as currently listed under Ministerial Decree of 4 September 1996, as amended from time to time, or in a decree to be issued under the authority of Article 11(4)(c) of Decree No. 239 (as amended by Legislative Decree No. 147 of 14 September 2015) or any other decree or regulation that will be issued in the future to provide the list of such countries; or (b) an international body or entity set up in accordance with international agreements which have entered into force in Italy; or (c) a Central Bank or an entity which manages, *inter alia*, the official reserves of a foreign State; or (d) an institutional investor, whether or not subject to tax, which is established in a White List State (as defined above).

The *imposta sostitutiva* will be applicable at the rate of 12.5 per cent. (or at the reduced rate provided for by the applicable double tax treaty, if any) to Interest paid to Bondholders who are resident, for tax purposes, in countries which do not allow for a satisfactory exchange of information with Italy and/or not comply with the requirements set forth in Decree No. 239 and the relevant application rules (see below) in order to benefit from the exemption from the *imposta sostitutiva*.

In order to ensure gross payment, non-Italian resident Bondholders must be the beneficial owners of the payments of interest, premium or other income and (a) deposit, directly or indirectly, the Bonds with a resident bank or SIM or a permanent establishment in Italy of a non-Italian resident bank or SIM or with a non-Italian resident entity or company participating in a centralised securities management system which is in contact, via computer, with the Ministry of Economy and Finance, and (b) file with the relevant depository, prior to or concurrently with the deposit of the Bonds, a statement of the relevant Bondholder, which remains valid until withdrawn or revoked, in which the Bondholder declares to be eligible to benefit from the applicable exemption from *imposta sostitutiva*. Such statement, which is not requested for international bodies or entities set up in accordance with international agreements which have entered into force in Italy nor in case of foreign Central Banks or entities which manage, *inter alia*, the official reserves of a foreign State, must comply with the requirements set forth by Ministerial Decree of 12 December 2001, as subsequently amended.

The banks or brokers mentioned above receive all necessary information to identify the non-resident beneficial owner of the deposited debt securities, and all necessary information in order to determine the amount of Interest that such beneficial owner is entitled to receive. Failure of a non-Italian resident

Bondholder to comply promptly with the procedures set forth in Decree No. 239 and in the relevant implementation rules will result in the application of *imposta sostitutiva* on Interest payments to a non-resident Bondholder.

Tax treatment of capital gains on Bonds

Any gain obtained from the sale or redemption of the Bonds would be treated as part of the corporate income (and, in certain circumstances, depending on the "status" of the Bondholders, also as part of the net value of the production for IRAP purposes) if realised by an Italian company or a similar commercial entity (including the Italian permanent establishment of foreign entities to which the Bonds are connected) or Italian resident individuals engaged in an entrepreneurial activity to which the Bonds are connected.

Where an Italian resident Bondholder is an (i) an individual holding the Bonds not in connection with an entrepreneurial activity, (ii) a non-commercial partnership, (iii) a non-commercial private or public institution, any capital gain realised by such Bondholder from the sale or redemption of the Bonds would be subject to an *imposta sostitutiva*, levied at the current rate of 26 per cent. Under certain conditions and limitations, Bondholders may set off losses with gains.

In respect of the application of *imposta sostitutiva*, taxpayers may opt for one of the three regimes described below.

Under the tax declaration regime (*regime della dichiarazione*), which is the default regime for Italian resident individuals not engaged in an entrepreneurial activity to which the Bonds are connected, the *imposta sostitutiva* on capital gains will be chargeable, on a cumulative basis, on all capital gains, net of any incurred capital loss, realised by the Italian resident individual Bondholder holding the Bonds not in connection with an entrepreneurial activity pursuant to all sales or redemptions of the Bonds carried out during any given tax year. Italian resident individuals holding the Bonds not in connection with an entrepreneurial activity must indicate the overall capital gains realised in any tax year, net of any relevant incurred capital loss, in the annual tax return and pay *imposta sostitutiva* on such gains together with any balance income tax due for such year. Capital losses in excess of capital gains may be carried forward against capital gains realised in any of the four succeeding tax years.

As an alternative to the tax declaration regime, Italian resident individual Bondholders holding the Bonds not in connection with an entrepreneurial activity may elect to pay the *imposta sostitutiva* separately on capital gains realised on each sale or redemption of the Bonds (the *risparmio amministrato* regime). Such separate taxation of capital gains is allowed subject to (a) the Bonds being deposited with Italian banks, SIMs or certain authorised financial intermediaries and (b) an express election for the *risparmio amministrato* regime being timely made in writing by the relevant Bondholder. The depository is responsible for accounting for *imposta sostitutiva* in respect of capital gains realised on each sale or redemption of the Bonds (as well as in respect of capital gains realised upon the revocation of its mandate), net of any incurred capital loss, and is required to pay the relevant amount to the Italian tax authorities on behalf of the taxpayer, deducting a corresponding amount from the proceeds to be credited to the Bondholder or using funds provided by the Bondholder for this purpose. Under the *risparmio amministrato* regime, where a sale or redemption of the Bonds results in a capital loss, such loss may be deducted from capital gains subsequently realised, within the same securities management, in the same tax year or in the following tax years up to the fourth. Under the *risparmio amministrato* regime, the Bondholder is not required to declare the capital gains in the annual tax return.

Any capital gains realised by Italian resident individuals holding the Bonds not in connection with an entrepreneurial activity who have entrusted the management of their financial assets, including the Bonds, to an authorised intermediary and have opted for the so-called "*risparmio gestito*" regime will be included in the computation of the annual increase in value of the managed assets accrued, even if not realised, at year end, subject to a 26 per cent. substitute tax, to be paid by the managing authorised intermediary. Under the *risparmio gestito* regime, any depreciation of the managed assets accrued at year end may be carried forward against increase in value of the managed assets accrued in any of the four succeeding tax years. Under the

risparmio gestito regime, the Bondholder is not required to declare the capital gains realised in the annual tax return.

Any capital gains realised by Bondholders who are Real Estate Funds will be subject neither to *imposta sostitutiva* nor to any other income tax at the level of the Real Estate Fund, but a withholding tax of 26 per cent. may apply on income of the Fund derived by unitholders or shareholders through distribution and/or redemption or disposal of the units and shares..

Any capital gains realised by Bondholders who are Funds will be included in the management results of the Fund. Such result will not be subject to taxation at the level of the Fund, but a withholding tax of 26 per cent. may apply on income of the Fund derived by unitholders or shareholders through distribution and/or redemption or disposal of the units and shares.

Any capital gains realised by Bondholders who are Pension Funds will be included in the result of the relevant portfolio accrued at the end of the tax period, to be subject to the 20 per cent. substitute tax.

Non-Italian resident Bondholders

Capital gains realised by non-Italian resident Bondholders, not having a permanent establishment in Italy to which the Bonds are connected, from the sale or redemption of Bonds are not subject to the *imposta sostitutiva*, provided that the beneficial owner: (a) is resident in a White List State (as defined above); or (b) is an international entity or body set up in accordance with international agreements which have entered into force in Italy; or (c) is a Central Bank or an entity which manages, *inter alia*, the official reserves of a foreign State; or (d) is an institutional investor, whether or not subject to tax, which is established in a White List State (as defined above)..

If none of the conditions above is met, capital gains realised by non-Italian resident Bondholders from the sale or redemption of Bonds are subject to the *imposta sostitutiva* at the current rate of 26 per cent.

In any event, non-Italian resident individuals or entities without a permanent establishment in Italy to which the Bonds are connected that may benefit from a double taxation treaty with Italy providing that capital gains realised upon the sale or redemption of Bonds are to be taxed only in the country of tax residence of the recipient, will not be subject to *imposta sostitutiva* in Italy on any capital gains realised upon the sale or redemption of Bonds.

Inheritance and gift taxes

Pursuant to Law Decree No. 262 of 3 October 2006, converted into Law No. 286 of 24 November 2006, as subsequently amended, the transfers of any valuable asset (including shares, notes or other securities) as a result of death or donation are taxed as follows:

- (i) transfers in favour of spouses and direct descendants or direct ancestors are subject to an inheritance and gift tax applied at a rate of 4 per cent. on the value of the inheritance or the gift exceeding, for each beneficiary, €1,000,000;
- (ii) transfers in favour of relatives to the fourth degree or relatives-in-law to the third degree are subject to an inheritance and gift tax at a rate of 6 per cent. on the entire value of the inheritance or the gift. Transfers in favour of brothers/sisters are subject to the 6 per cent. inheritance and gift tax on the value of the inheritance or the gift exceeding, for each beneficiary, €100,000; and
- (iii) any other transfer is, in principle, subject to an inheritance and gift tax applied at a rate of 8 per cent. on the entire value of the inheritance or the gift.

If the transfer is made in favour of persons with severe disabilities, the tax is levied at the rate mentioned above in (i), (ii) and (iii) on the value exceeding, for each beneficiary, €1,500,000.

Transfer tax

Following the repeal of the Italian transfer tax, contracts relating to the transfer of securities are subject to the following registration tax: (i) public deeds and notarised deeds (*atti pubblici e scritture private autenticate*) executed in Italy are subject to fixed registration tax at a rate of €200; (ii) private deeds are subject to registration tax at a rate of €200 only in case of voluntary registration or if the so-called “*caso d’uso*” or “*enunciazione*” occurs.

Stamp duty

Pursuant to article 19(1) of Decree No. 201 of 6 December 2011 (**Decree 201**), as amended by Law No. 161 of 30 October 2014, a proportional stamp duty applies on an annual basis to the periodic reporting communications sent by financial intermediaries to their clients for the Bonds deposited in Italy. The stamp duty applies at a rate of 0.2 per cent and cannot exceed €14,000, for taxpayers different from individuals; this stamp duty is determined on the basis of the market value or - if no market value figure is available - the nominal value or redemption amount of the Bonds held.

Based on the wording of the law and the implementing decree issued by the Italian Ministry of Economy on 24 May 2012, the stamp duty applies to any investor who is a client (as defined in the regulations issued by the Bank of Italy on 9 February 2011) of an entity that exercises in any form a banking, financial or insurance activity within the Italian territory. The communication is deemed to be sent to the customers at least once a year, even for instruments for which it is not mandatory. In case of reporting periods of less than 12 months, the stamp duty is payable pro-rata.

Wealth tax on securities deposited abroad

Pursuant to article 19(18) of Decree 201, Italian resident individuals holding the Bonds outside the Italian territory are required to pay an additional tax at a rate of 0.2 per cent. In this case the above mentioned stamp duty provided for by Article 13 of the tariff Part I attached to the Decree 642 does not apply.

This tax is calculated on the market value of the Bonds at the end of the relevant year or - if no market value figure is available - the nominal value or the redemption value of such financial assets held outside the Italian territory. Taxpayers are entitled to an Italian tax credit equivalent to the amount of wealth taxes paid in the State where the financial assets are held (up to an amount equal to the Italian wealth tax due).

Payments made by an Italian Resident Guarantor

There is no authority directly regarding the Italian tax regime of payments on Bonds made by an Italian resident guarantor. Accordingly, there can be no assurance that the Italian tax authorities will not assert an alternative treatment of such payments than that set forth herein or that the Italian courts would not support such an alternative treatment.

With respect to payments on the Bonds made by an Italian resident guarantor, in accordance with one interpretation of Italian tax law, any such payments may be subject to Italian withholding tax at the rate of 26 per cent. levied as a final tax or a provisional tax (“*a titolo d’imposta o a titolo di acconto*”) depending on the legal status and tax residence of the beneficial owner of the Bonds, pursuant to Decree No. 600. Under certain procedural requirements, double taxation treaties entered into between Italy and the country of which the beneficial tax owner is resident may apply allowing for a lower (or in certain cases, no) rate applicable of the withholding tax in case of payments to non-Italian residents.

In accordance with another interpretation, any such payments made by an Italian resident guarantor should be treated as payments by the guaranteed issuer and subject to the tax treatment described above under the caption “Interest and other proceeds”.

SUBSCRIPTION AND SALE

Banca IMI S.p.A., BNP Paribas, Société Générale, The Royal Bank of Scotland plc and UniCredit Bank AG, acting through its Milan Branch (the the **Joint Bookrunners**) have, pursuant to a Subscription Agreement (the **Subscription Agreement**) dated 6 April 2016, jointly and severally agreed to subscribe and pay for, or procure subscriptions and payments for the Bonds, at the issue price of 100 per cent. of the principal amount of the Bonds. The Issuer will pay to the the Joint Bookrunners a combined commission in respect of the Bonds.

The Issuer will also reimburse the Joint Bookrunners in respect of certain expenses, and has agreed to indemnify the Joint Bookrunners against certain liabilities, incurred in connection with the issue of the Bonds. The Subscription Agreement contains a number of terms and conditions and may be terminated in certain circumstances prior to payment to the Issuer.

The Bonds are "project bonds" pursuant to article 157 of the Public Contract Code and, as such, must at all times be subscribed and held by and sold to:

- (iv) Qualified Investors (as defined under article 100 of Legislative Decree No. 58 of 24 February 1998 (the **Italian Securities Act**) and relevant implementing regulations); and
- (v) companies and other legal entities controlled pursuant to article 2359 of the Italian Civil Code by Qualified Investors under (iv) above.

For the purposes of the above, as at the date of this Offering Circular, Qualified Investor, is defined in the Glossary. The Joint Bookrunners, as initial subscribers of the Bonds, have represented, warranted and agreed, and any subsequent purchaser of the Bonds, by purchasing the Bonds, will be deemed to represent, warrant and agree that it is a Qualified Investor and that it will transfer the Bonds only to Qualified Investors in compliance with article 157 of the Public Contract Code.

United States

The Joint Bookrunners understand that the Bonds have not been and will not be registered under the Securities Act and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except in accordance with Regulation S or pursuant to any other exemption from the registration requirements of the Securities Act. The Joint Bookrunners represent, warrant and agree that they have not offered or sold, and will not offer or sell, any Bonds constituting part of its allotment within the United States except in accordance with Rule 903 of Regulation S under the Securities Act. The Joint Bookrunners also represent, warrant and agree that they have offered and sold the Bonds, and will offer and sell the Bonds (i) as part of their distribution at any time and (j) otherwise until 40 days after the later of the commencement of the offering and the Issue Date (the distribution compliance period), only in accordance with Rule 903 of Regulation S under the Securities Act. The Joint Bookrunners agree that, at or prior to confirmation of sale of the Bonds, it will have sent to each distributor, dealer or person receiving a selling concession, fee or other remuneration that purchases Bonds from it during the distribution compliance period a confirmation or notice to substantially the following effect:

"The Securities covered hereby have not been registered under the U.S. Securities Act of 1933, as amended (the Securities Act), and may not be offered and sold within the United States or to, or for the account or benefit of, U.S. persons (i) as part of their distribution at any time or (ii) otherwise until 40 days after the later of the commencement of the offering and the issue date, except in either case in accordance with Regulation S under the Securities Act. Terms used above have the meaning given to them by Regulation S."

Terms used in this sub-section have the meanings given to them by Regulation S.

The Joint Bookrunners each represent that they have not entered and agrees that they will not enter into any contractual arrangement with any distributor (as that term is defined in Regulation S) with respect to the distribution or delivery of the Bonds; except with its Affiliates or with the prior written consent of the Issuer.

In addition:

- (i) except to the extent permitted under U.S. Treas. Reg. §1.163-5(c)(2)(i)(D) (or any successor Treasury Regulation section including, without limitation, regulations issued in accordance with United States Internal Revenue Service Notice 2012 20 or otherwise in connection with the United States Hiring Incentives to Restore Employment Act of 2010) (the **D Rules**), (a) the Joint Bookrunners each represent that they have not offered or sold, and agrees that during a 40-day restricted period they will not offer or sell, Bonds to a person who is within the United States or its possessions or to a United States person, and (b) represents that they have not delivered and agrees that they will not deliver within the United States or its possessions Definitive Bonds that are sold during the restricted period;
- (ii) the Joint Bookrunners each represent that they have and agrees that throughout the restricted period they will have in effect procedures reasonably designed to ensure that their employees or agents who are directly engaged in selling Bonds are aware that such Bonds may not be offered or sold during the restricted period to a person who is within the United States or its possessions or to a United States person, except as permitted by the D Rules;
- (iii) if the Joint Bookrunners are a United States person, the Joint Bookrunners each represent that they are acquiring the Bonds for purposes of resale in connection with their original issue and if they retain Bonds for their own account, they will only do so in accordance with the requirements of U.S. Treas. Reg. §1.163-5(c)(2)(i)(D)(6) (or any successor Treasury Regulation section including, without limitation, regulations issued in accordance with United States Internal Revenue Service Notice 2012 20 or otherwise in connection with the United States Hiring Incentives to Restore Employment Act of 2010); and
- (iv) with respect to each Affiliate that acquires from it Bonds for the purpose of offering or selling such Bonds during the restricted period, the Joint Bookrunners each either (a) repeat and confirm the representations and agreements contained in clauses (i), (i) and (iii) on their behalf or (b) agree that they will obtain from such Affiliate for the benefit of the Issuer the representations and agreements contained in clauses (i), (ii) and (iii).

Terms used in clauses (i), (ii), (iii) and (iv) have the meaning given to them by the U.S. Internal Revenue Code of 1986 and regulations thereunder, including the D Rules.

United Kingdom

Each Joint Bookrunner has represented and agreed that:

- (a) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the FSMA) received by it in connection with the issue or sale of any Bonds in circumstances in which Section 21(1) of the FSMA does not apply to the Issuer; and
- (b) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to any Bonds in, from or otherwise involving the United Kingdom.

Italy

The Bonds may not and will not be offered, sold or delivered, nor may nor will copies of this Offering Circular or of any other document relating to the Bonds be distributed in the Republic of Italy, except in

accordance with all Italian securities, tax and exchange control and other applicable laws and regulations. The Bonds are issued pursuant to article 157 of the Public Contract Code and therefore shall be purchased by Qualified Investors only.

Each of the Joint Bookrunners has represented, warranted and agreed that it has not offered, sold or delivered and that it will not offer, sell or deliver any Bonds or distribute copies of this Offering Circular and/or any other document relating to the Bonds in the Republic of Italy, except to Qualified Investors.

Any offer, sale, resale, or delivery of the Bonds or distribution of copies of this Offering Circular or any other document relating to the Bonds in the Republic of Italy must be:

- (i) made by an investment firm, bank or financial intermediary permitted to conduct such activities in the Republic of Italy in accordance with the Italian Securities Act, the Italian Banking Act, and CONSOB Regulation No.16190 of 29 October 2007, in each case, as amended from time to time.
- (ii) in compliance with article 129 of the Italian Banking Act, as amended, and the implementing guidelines of the Bank of Italy, as amended from time to time, pursuant to which the Bank of Italy may request information on the issue or the offer of securities in the Republic of Italy; and
- (iii) in compliance with any other applicable laws and regulations or requirement imposed by CONSOB or other Italian authority.

General

The Bonds must at all times be subscribed and held by and sold to Qualified Investors. No action has been taken by the Issuer or any of the Joint Bookrunners that would, or is intended to, permit a public offer of the Bonds in any country or jurisdiction where any such action for that purpose is required. Accordingly, each Joint Bookrunner has undertaken that it will not, directly or indirectly, offer or sell any Bonds or distribute or publish any prospectus, form of application, advertisement or other document or information in any country or jurisdiction to investors other than Qualified Investors and except under circumstances that will, result in compliance with any applicable laws and regulations and all offers and sales of Bonds by it will be made on the same terms.

GENERAL INFORMATION

Authorisation

The issue of the Bonds, the entry into the Transaction Documents to which it is a party and the granting of the Security was duly authorised by a resolution of the board of directors of the Issuer dated 21 March 2016.

Admission to Trading and Listing

Application has been made to the Luxembourg Stock Exchange for the Bonds to be admitted to the Official List and to be admitted to trading on the Euro MTF Market operated by the Luxembourg Stock Exchange in accordance with the rules of such exchange.

Clearing Systems

The Bonds have been accepted for clearing and settlement through Euroclear and Clearstream, Luxembourg. The ISIN and Common Code assigned to the Bonds are as follows:

	ISIN	COMMON CODE
Class A1 Bonds:	XS 1387812677	138781267
Class A2 Bonds:	XS 1387813212	138781321

The address of Euroclear is Euroclear Bank S.A./N.V, 1 Boulevard du Roi Albert II, B-1210 Brussels and the address of Clearstream, Luxembourg is Clearstream Banking, 42 Avenue JF Kennedy, L-1855 Luxembourg.

No material adverse change and no significant change

There has been no material adverse change in the prospects of the Issuer since 31 December 2014, being the date of its most recent audited financial statements, and there has been no significant change in the financial or trading position of the Issuer since 30 September 2015, being the date of its most recent interim audited financial statements,.

Litigation

Save as disclosed in "*Description of the Issuer – Litigation*" the Issuer is not and has not been involved in any governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Issuer is aware) in the 12 months preceding the date of this document which may have or have in such period had a significant effect on the financial position or profitability of the Issuer.

Auditors

The auditors of the Issuer are Ria Grant Thornton S.p.A, whose registered office is at Corso Vercelli 40, 20145, Milan, Italy. The Issuer has not prepared, nor has it been required to prepare, any financial statements since the date of its incorporation. The auditors of the Issuer have no material interest in the Issuer.

The Issuer is required to prepare annual and semi-annual financial statements.

Documents Available

For so long as the Bonds are listed, copies of the following documents will be available for inspection and collection (free of charge and freely accessible) from the registered office of the Issuer and from the specified office of the Principal Paying Agent for the time being in London and for review at http://www.cavspa.it/index.php?option=com_pbond&task=logout:

- (a) the constitutional documents of the Issuer and each Security Provider;
- (b) the audited annual financial statements of the Issuer as at and for the years ended 31 December 2013 and 31 December 2014 and the unaudited financial statements of the Issuer as at and for the nine months ended 30 September 2015;
- (c) the future financial statements of the Issuer, including the audited annual financial statements and the unaudited semi-annual financial statements delivered pursuant to the Common Terms Agreement; and
- (d) copies of the following Transaction Documents:
 - (i) the Paying Agency Agreement;
 - (ii) the Bond Trust Deed;
 - (iii) the STID;
 - (iv) the PBCE Agreement;
 - (v) each of the Account Bank Agreements;
 - (vi) each of the Security Documents;
 - (vii) the Common Terms Agreement;
 - (viii) the Master Definitions Agreement;

Adviser Reports and other notices to the Bondholders and Information Recipients will be made available for review at http://www.cavspa.it/index.php?option=com_pbond&task=logout.

Joint Arrangers, the Joint Lead Managers and Joint Bookrunners transacting with the Issuer

Each of the Joint Arrangers, the Joint Lead Managers and the Joint Bookrunners and their respective Affiliates (including their parent companies) has engaged, and may in future engage, in investment banking and/or commercial banking (including derivatives contracts, the provision of loan facilities and consultancy services) and other related transactions with, and may perform services for the Issuer and its Affiliates in the ordinary course of business.

In relation to The Royal Bank of Scotland plc, the term Affiliate shall not include (a) the UK government or any member or instrumentality thereof, including Her Majesty's Treasury and UK Financial Services Investments Limited (or any directors, officers, employees or entities thereof) or (b) any persons or entities controlled by or under common control with the UK government or any member or instrumentality thereof (including Her Majesty's Treasury and UK Financial Services Investments Limited) and which are not part of The Royal Bank of Scotland Group plc and its subsidiaries or subsidiary undertakings.

Each of the Joint Arrangers, the Joint Lead Managers and the Joint Bookrunners and their respective Affiliates may have positions, deal or make markets in the Bonds, related derivatives and reference obligations, including (but not limited to) entering into hedging strategies on behalf of the Issuer and its

Affiliates, investor clients, or as principal in order to manage their exposure, their general market risk, or other trading activities.

In addition, in the ordinary course of their business activities, the Joint Arrangers, the Joint Lead Managers and the Joint Bookrunners and their respective Affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers. Such investments and securities activities may involve securities and/or instruments of the Issuer or its Affiliates or any entity related to the Bonds. The Joint Arrangers, the Joint Lead Managers and Joint Bookrunners or their respective Affiliates that have a lending relationship with the Issuer routinely hedge their credit exposure to the Issuer consistent with their customary risk-management policies. Typically, such Joint Arrangers, the Joint Lead Managers and Joint Bookrunners and their respective Affiliates would hedge such exposure by entering into transactions which consist of either the purchase of credit default swaps or the creation of short positions in the Issuer's securities, including potentially the Bonds offered hereby. Any such positions could adversely affect future trading prices of the Bonds or whether a specified barrier or level is reached. The Joint Arrangers, Joint Lead Managers and Joint Bookrunners and their respective Affiliates may also make investment recommendations and/or publish or express independent research views in respect of such securities or financial instruments and may hold, or recommend to clients that they acquire, long and/or short positions in such securities and instruments.

Furthermore, UniCredit S.p.A., the parent company of UniCredit Bank AG (acting through its Milan Branch as Joint Lead Manager), has a lending relationship with the Issuer whilst Intesa Sanpaolo S.p.A., the parent company of Banca IMI S.p.A (also a Joint Lead Manager), has entered into material financing agreements or arrangements with the Issuer, its shareholders and their subsidiary companies from time to time, and are among the leading lenders to the Security Providers.

It should be noted that Banca IMI S.p.A., BNP Paribas, Société Générale, The Royal Bank of Scotland plc and UniCredit Bank AG, acting through its Milan Branch, as Joint Arrangers, Joint Lead Managers and Joint Bookrunners in respect of the Bonds, will receive a commission (as further described in "Subscription and Sale"). For the purpose of this paragraph the term "Affiliates" shall also include parent companies.

APPENDIX 1
TRAFFIC REPORT

CAV Motorway Network Traffic Due Diligence

Report
27 November 2015

Concessioni Autostradali Venete - CAV S.p.A.
BANCA IMI S.p.A.
BNP PARIBAS
SOCIÉTÉ GÉNÉRALE
THE ROYAL BANK OF SCOTLAND PLC
UNICREDIT BANK AG - MILAN BRANCH
European Investment Bank
Deutsche Trustee Company Limited



CAV Motorway Network Traffic Due Diligence

Report
27 November 2015

Concessioni Autostradali Venete - CAV S.p.A.
BANCA IMI S.p.A.
BNP PARIBAS
SOCIÉTÉ GÉNÉRALE
THE ROYAL BANK OF SCOTLAND PLC
UNICREDIT BANK AG - MILAN BRANCH
European Investment Bank
Deutsche Trustee Company Limited

Prepared by:

Steer Davies Gleave
Via Marsala, 36
40126 Bologna, Italy
+39 051 6569381
www.steerdaviesgleave.com

Prepared for:

Concessioni Autostradali Venete – CAV S.p.A.
BANCA IMI S.p.A.
BNP PARIBAS
SOCIÉTÉ GÉNÉRALE
THE ROYAL BANK OF SCOTLAND PLC
UNICREDIT BANK AG - MILAN BRANCH
European Investment Bank
Deutsche Trustee Company Limited

Steer Davies Gleave has prepared this work for Concessioni Autostradali Venete - CAV S.p.A., BANCA IMI S.p.A., BNP PARIBAS, SOCIÉTÉ GÉNÉRALE, THE ROYAL BANK OF SCOTLAND PLC, UNICREDIT BANK AG - MILAN BRANCH, European Investment Bank, Deutsche Trustee Company Limited (in its capacity as the Bond Trustee acting on behalf of the Bondholders). This work may only be used within the context and scope of work for which Steer Davies Gleave was commissioned and may not be relied upon in part or whole by any third party or be used for any other purpose. Any person choosing to use any part of this work without the express and written permission of Steer Davies Gleave shall be deemed to confirm their agreement to indemnify Steer Davies Gleave for all loss or damage resulting therefrom. Steer Davies Gleave has prepared this work using professional practices and procedures using information available to it at the time and as such any new information could alter the validity of the results and conclusions made.

Contents

Glossary	i
Executive Summary	ii
Overview	ii
CAV Motorway Network	ii
Tolling system.....	iii
Traffic and revenue composition	v
Forecasting Methodology	vii
Base Case forecast.....	viii
 1 Introduction	 1
Our role	1
About Steer Davies Gleave.....	1
CAV motorway network.....	2
This Report	3
 2 CAV motorway network.....	 5
Introduction	5
CAV motorway network.....	5
The Concession Agreement	13
Tolling system.....	14
 3 Traffic in the study area	 22
Introduction	22
Current traffic on the CAV network.....	23
Historic trends and monthly profiles	25
Daily profiles.....	34
Hourly profiles.....	35
Impact of the opening of Martellago interchange	37
Impact of the Venezia Mestre toll barrier changes	38
Revenue share by asset	42
 4 Forecasting methodology	 44
Introduction	44
Econometric model	44
Network model.....	52
 5 Traffic and revenue forecast	 59
Introduction	59
Base Case traffic forecast.....	60
Base Case revenue forecasts.....	69
Impact of the ASPI and AA.VV. tariffs.....	72
 6 Risk analysis.....	 77
Introduction	77
Sensitivity tests.....	77

Risk analysis.....	80
--------------------	----

Figures

Figure 1 CAV Motorway Network.....	ii
Figure 2 Light Vehicles (Class A) user tolls on the CAV motorway network in 2015 (including VAT and ANAS extra charge).....	v
Figure 3 Comparison between the Annual Average Daily Traffic (AADT) before (2008) and after (2014) the Mestre By-pass opening	vi
Figure 1.1: CAV Motorway Network.....	3
Figure 2.1: CAV Motorway Network assets	6
Figure 2.2: A4 Mestre By-pass - Spinea toll station	7
Figure 2.3: A4 Mestre By-pass - Preganziol toll station	7
Figure 2.4: A4 Mestre By-pass - Junction with A27	8
Figure 2.5: A4 Mestre By-pass - Junction with A57	8
Figure 2.6: A4 Padova-Venezia – Junction with Mestre By-pass and A57	9
Figure 2.7: A57 Mestre Ring Road - A4/A57 interchange-Venezia Mestre section.....	10
Figure 2.8: A57 Mestre Ring Road - Mirano-Dolo toll plaza	10
Figure 2.9: A57 Mestre Ring Road - Mira-Oriago toll plaza	11
Figure 2.10: A57 Mestre Ring Road - Venezia Mestre-Terraglio section	11
Figure 2.11: A57 Mestre Ring Road - Venezia Mestre toll plaza	12
Figure 2.12: Marco Polo airport motorway link	12
Figure 2.13: Light Vehicles (Class A) user tolls on the CAV motorway network in 2015 (including VAT and ANAS extra charge).....	17
Figure 2.14: Light Vehicles (Class A) user tolls at Mirano-Dolo / Venezia Mestre in 2013	19
Figure 3.1: Comparison between the Annual Average Daily Traffic (AADT) before (2008) and after (2014) the Mestre By-pass opening	23
Figure 3.2: Current traffic on the CAV motorway network (2014 AADT)	24
Figure 3.3: A4 Mestre By-pass: monthly trend Light Vehicles	26
Figure 3.4: A4 Mestre By-pass: monthly trend Light Goods Vehicles	26
Figure 3.5: A4 Mestre By-pass: monthly trend Heavy Goods Vehicles	27
Figure 3.6: A4 Padova-Venezia: monthly trend Light Vehicles	28
Figure 3.7: A4 Padova-Venezia: monthly trend Light Goods Vehicles.....	29
Figure 3.8: A4 Padova-Venezia: monthly trend Heavy Goods Vehicles.....	29
Figure 3.9: Virtual barrier: 2014 – 2015 monthly trend	32
Figure 3.10: Venezia Nord barrier: 2014-2015 monthly trend	32
Figure 3.11: Venezia Est barrier: 2014- 2015 monthly trend.....	33
Figure 3.12: Open System: 2014-2015 total vehicles monthly trend.....	33
Figure 3.13: Venezia Mestre and Mira-Oriago barriers: total vehicles daily profile	34
Figure 3.14: Venezia Nord barrier: total vehicles daily profile.....	34
Figure 3.15: Venezia Est barrier: total vehicles daily profile.....	35
Figure 3.16: Open System: March 2013 average weekday hourly profile.....	35
Figure 3.17: Open System: July 2013 average weekday hourly profile	36
Figure 3.18: Open System: March 2013 average weekend hourly profile	36
Figure 3.19: Open System: July 2013 average weekend hourly profile.....	36
Figure 3.20: Martellago interchange (opened in 2015)	37
Figure 3.21: Light Vehicles (Class A) user tolls at Mirano-Dolo / Venezia Mestre in 2013	38
Figure 3.22: Mirano-Dolo toll plaza: Light Vehicles weekly profile	39
Figure 3.23: Mirano-Dolo toll plaza: Light Goods Vehicles weekly profile	39

Figure 3.24: Mirano-Dolo toll plaza: Heavy Goods Vehicles weekly profile	40
Figure 3.25: Light Vehicles (Class A) plus Light Goods Vehicles (Class B) net revenue shares by CAV asset in 2014	42
Figure 3.26: Heavy Goods Vehicles (Class 3, 4, 5) net revenue shares by CAV asset in 2014.....	42
Figure 4.1: 2004-2014 traffic trend along the A4+A27 corridor	45
Figure 4.2: Historic trend of GDP and Consumption	46
Figure 4.3: Fuel Price Trend	47
Figure 4.4: Modelled versus observed Light Vehicle traffic.....	49
Figure 4.5: Modelled versus observed Light Goods Vehicle traffic	49
Figure 4.6: Modelled versus observed Heavy Goods Vehicle traffic	50
Figure 4.7: The 2014 Network.....	53
Figure 4.8: Traffic zoning of the study area	54
Figure 4.9: March 2014 count Locations	56
Figure 4.10: AM peak hour Light Vehicle observed versus modelled flows	57
Figure 4.11: AM peak hour Light Goods Vehicle observed versus modelled flows	57
Figure 4.12: AM peak hour Heavy Goods Vehicle observed versus modelled flows	58
Figure 5.1: Strada Pedemontana Veneta (SPV).....	61
Figure 5.2: Total vehicles AADT trend	67
Figure 5.3: SDG Base Case (total CAV network, total vehicles_km)	69
Figure 5.4: CAV revenues with different assumptions for ASPI and AAVV toll increases.....	76
Figure 6.1: Frequency distribution for light vehicles in 2020 - Closed & Open System	83
Figure 6.2: Closed system – Light Vehicles	84
Figure 6.3: Closed system – Light Goods Vehicles.....	84
Figure 6.4: Closed system – Heavy Goods Vehicles.....	85
Figure 6.5: Open System – Light Vehicles	85
Figure 6.6: Open System – Light Goods Vehicles	86
Figure 6.7: Open System – Heavy Goods Vehicles	86
Appendix Figure A.1: Venezia Mestre virtual toll barrier*: monthly profile, Light Vehicles	90
Appendix Figure A.2: Venezia Nord toll barrier: monthly profile, Light Vehicles	91
Appendix Figure A.3: Venezia Est toll barrier: monthly profile, Light Vehicles.....	91
Appendix Figure A.4: Venezia Mestre virtual toll barrier*: monthly profile, LGVs	92
Appendix Figure A.5: Venezia Nord toll barrier: monthly profile, LGVs	92
Appendix Figure A.6: Venezia Est toll barrier: montly profile, LGVs	93
Appendix Figure A.7: Venezia Mestre virtual toll barrier*: montly profile, HGVs	93
Appendix Figure A.8: Venezia Nord: monthly profile, HGV s.....	94
Appendix Figure A.9: Venezia Est: monthly profile, HGVs.....	94
Appendix Figure A.10: Weekly profile at Mestre toll barrier, Light Vehicles.....	95
Appendix Figure A.11: Weekly profile at Venezia Nord toll barrier, Light Vehicles	95
Appendix Figure A.12: Weekly profile at Venezia Est toll barrier, Light Vehicles	96
Appendix Figure A.13: Weekly profile at Mestre toll barrier, LGVs	96
Appendix Figure A.14: Weekly profile at Venezia Nord toll barrier, LGVs.....	96
Appendix Figure A.15: Weekly profile at Venezia Est toll barrier, LGVs.....	97
Appendix Figure A.16: Weekly profile at Mestre toll barrier, HGVs.....	97
Appendix Figure A.17: Weekly profile at Venezia Nord toll barrier, HGVs.....	97
Appendix Figure A.18: Weekly profile at Venezia Est toll barrier, HGVs	98
Appendix Figure A.19: Hourly Profile of the average weekday at Mestre toll barrier, March 2013	98

Appendix Figure A.20: Hourly Profile of the average weekday at Mestre toll barrier, July 2013	99
Appendix Figure A.21: Hourly Profile of the average public holiday at Mestre toll barrier, March 2013	99
Appendix Figure A.22: Hourly Profile of the average public holiday at Mestre toll barrier, July 2013	99
Appendix Figure A.23: Hourly Profile of the average weekday at Venezia Nord toll barrier, March 2013	100
Appendix Figure A.24: Hourly Profile of the average weekday at Venezia Nord toll barrier, July 2013	100
Appendix Figure A.25: Hourly Profile of the average public holiday at Venezia Nord toll barrier, March 2013	100
Appendix Figure A.26: Hourly Profile of the average public holiday at Venezia Nord toll barrier, July 2013	101
Appendix Figure A.27: Hourly Profile of the average weekday at Venezia Est toll barrier, March 2013	101
Appendix Figure A.28: Hourly Profile of the average weekday at Venezia Est toll barrier, July 2013	101
Appendix Figure A.29: Hourly Profile of the average public holiday at Venezia Est toll barrier, March 2013	102
Appendix Figure A.30: Hourly Profile of the average public holiday at Venezia Est toll barrier, July 2013	102

Tables

Table 1 Kilometres tolled by CAV on its motorway network in 2015	iv
Table 2 Net tolls per kilometre (excluding ANAS extra charge and VAT) for the different assets of the CAV Concession in 2015 (€/km)	iv
Table 3 Methodology approach	vii
Table 4 Traffic growth rates compared with socio-economic variables 2016-2025	viii
Table 5 Total vehicles AADT 2014-2032	ix
Table 6 Base case Tariff and Km evolution 2016-2032	x
Table 2.1: Kilometres tolled by CAV on its motorway network in 2015	15
Table 2.2: Net tolls per kilometre (excluding ANAS extra charge and VAT) in 2015 (€/km)	15
Table 2.3: Tolled kilometres and tolls by Concessionaire at each tolled barrier in 2015	16
Table 2.4: Toll comparison between Mestre By-pass and Mestre Ring Road routes in 2015	18
Table 2.5: Tolled km applied to each tolled barrier	18
Table 2.6: 2013 user tolls (Class A) between Padova Est and the Mirano-Dolo, Mira-Oriago and Venezia Mestre toll stations (including ANAS extra charge and VAT)	19
Table 2.7: 2014 user tolls (Class A) between Padova Est and the Mirano-Dolo, Mira-Oriago and Venezia Mestre toll stations (including ANAS extra charge and VAT)	20
Table 2.8: Comparison between current and proposed tolls and lengths	21
Table 3.1: Annual traffic trend 2010-2014, A4 Mestre By-pass	25
Table 3.2: Traffic growth, January-August 2014-2015	25
Table 3.3: Annual traffic trend 2010 – 2014, A4 Padova-Venezia	27
Table 3.4: Traffic Growth, January – August 2014 - 2015	28
Table 3.5: Venezia Mestre and Mira-Oriago barriers: annual traffic trend 2010-2014	30

Table 3.6: Venezia Nord barrier: annual traffic trend 2010-2014	30
Table 3.7: Venezia Est barrier: annual traffic trend 2010-2014	31
Table 3.8: Virtual Barrier: Traffic Growth, January - August 2014 - 2015	31
Table 3.9: Venezia Nord Barrier: Traffic Growth, January - August 2014 - 2015	31
Table 3.10: Venezia Est Barrier: Traffic Growth, January - August 2014 - 2015	31
Table 3.11: Entries/exits at Mestre by-pass tollbooths (Apr-Sept 2015)	38
Table 3.12: Traffic 2013-2014	40
Table 3.13: Traffic trend 2014-2013 (based on veh_km)	41
Table 3.14: Traffic trend 2014-2013 excluding the liberalisation effect (based on veh_km)	41
Table 4.2: GDP growth forecast Italy	50
Table 4.3: Consumption growth forecast Italy	51
Table 4.4: Diesel fuel price growth forecast	51
Table 4.5: Traffic growth rates compared with socio-economic variables (2016-2025)	51
Table 4.6: Vehicles Classification	54
Table 4.7: Light vehicles VoTs	55
Table 5.1: Summary of the methodology approach	59
Table 5.2: Traffic growth rates 2016-2032	60
Table 5.3: Superstrada Pedemontana Veneta impact	61
Table 5.4: Mestre By-pass traffic forecasts 2014-2032 (Mil_veh_km)	62
Table 5.5: A4 Padova-Venezia traffic forecasts 2014-2032 (Mil_veh_km)	63
Table 5.6: Venezia Mestre traffic forecasts 2014-2032 (Mil veh)	63
Table 5.7: Venezia Est traffic forecasts 2014-2032 (Mil veh)	64
Table 5.8: Venezia Nord traffic forecasts 2014-2032 (Mil veh)	65
Table 5.9: Open System traffic forecasts 2014-2032 (Mil_veh)	65
Table 5.10: Open System traffic forecasts 2014-2032 (Mil_veh_km)	66
Table 5.11: Total vehicles AADT 2014-2032	67
Table 5.12: Total vehicles_km 2014-2032	68
Table 5.13: Base case Tariff and Km evolution 2016-2032	70
Table 5.14: Annual Net Revenue on Mestre By-pass 2015-2032 (Real Value, Prices 2015, million €)	70
Table 5.15: Annual Net Revenue on A4 Padova-Venezia 2015-2032 (Real Value, Prices 2015, million €)	71
Table 5.16: Annual Net Revenue on the A57 Barriers 2015-2032 (Real Value, Prices 2015, million €)	71
Table 5.17: Total Annual Net revenue for CAV 2015-2032 (Real Value, Prices 2015, million €)	72
Table 5.18: ASPI and AA.VV. toll increase 3% per year (2021-2032)	73
Table 5.19: ASPI and AA.VV. toll increase 5% per year	74
Table 5.20: Total Revenue for Base Case and 3%-5% annual toll increases for ASPI and AA.VV (Real Value, Prices 2015, million €)	75
Table 6.1: GDP assumptions	78
Table 6.2: Consumption assumptions	78
Table 6.3: Traffic Growth Sensitivity – Light & Light Goods Vehicles	78
Table 6.4: Traffic Growth Sensitivity – Heavy Goods Vehicles	79
Table 6.5: Pedemontana Veneta impact – Light Vehicles	79
Table 6.6: Pedemontana Veneta impact – Light Goods Vehicles	79
Table 6.7: Pedemontana Veneta impact – Heavy Goods Vehicles	79
Table 6.8: Range of values and cumulated probability related to the demand growth – Light & Light Goods Vehicles	80

Table 6.9: Range of values and probability related to the demand growth – Light & Light Goods Vehicles.....	80
Table 6.10: Range of values and cumulated probability related to the demand growth – Heavy Goods Vehicles	81
Table 6.11: Range of values and probability related to the demand growth – Heavy Goods Vehicles.....	81
Table 6.12: Superstrada Pedemontana Veneta, Range of values and probability related to the opening year parameter – Closed & Open System	82
Table 6.13: Superstrada Pedemontana Veneta, Range of values and probability related to opening year – Light Vehicles.....	82
Table 6.14: Closed system – Base Case and Low Case (Mil. Vehicle-Km).....	87
Table 6.15: Open System – Base Case and Low Case (Mil. Vehicles)	88

Appendices

A Focus on traffic in open tolling system

Glossary

	Description
@Risk	Probabilistic simulation software for risk analysis and decision support
AADT	Annual Average Daily Traffic
AISCAT	Associazione Italiana Società Concessionarie Autostrade e Trafori
ANAS	National Agency of State Roads, Italy
ASPI	Autostrade per l'Italia S.p.A.
AA.VV.	Autovie Venete S.p.A.
CAV	Concessioni Autostradali Venete S.p.A.
EIA	Energy Information Administration
EIB	European Investment Bank
GDP	Gross domestic product
GEH	Formula used in traffic engineering, traffic forecasting, and traffic modelling to compare two sets of traffic volumes
HC	Household Consumption
HGV	Heavy Goods Vehicle
IMF	International Monetary Fund
ISTAT	National Institute of Statistics
LGV	Light Goods Vehicle
LV	Light Vehicles
OECD	The Organisation for Economic Co-operation and Development
P50	This code refers exceedance probability connected to the traffic forecast in order to quantify the associated risks. The probability of reaching a higher or lower value of the P50 ones is 50:50
P80	P80 is the annual traffic which is reached with a probability of 80%. The risk that an annual traffic forecast of P80 is not reached is 20%
PBCE	Project Bond Credit Enhancement
PCU	Passenger car unit
PPP	Public–Private Partnership
Ramp-up	Is the period upon project opening when drivers are still familiarising themselves and experimenting with the new facility. It end when travel patterns mature into a steady-state
SDG	Steer Davies Gleave
SP	Strada Provinciale: provincial road
SPV	Superstrada Pedemontana Veneta
SR	Strada Regionale: regional road
SS	Strada Statale: national road
Telepass	Telepass is the brand name for an electronic toll collection system used to collect toll on motorways in Italy
Toll equality	User toll (including ANAS extra charge and VAT) from the western A4/A57 interchange to the eastern A4/A57 interchange has to be the equal independently from the route chosen between the A4 Mestre By-pass or the A57 Mestre Ring Road
VAT	Value-Added Tax
VOT	Value of Time
VOC	Vehicle Operating Cost

Executive Summary

Overview

Concessioni Autostradali Venete – CAV S.p.A. (CAV), which is a joint venture of Italian road agency ANAS and Regione Veneto, appointed BANCA IMI S.p.A., BNP PARIBAS, SOCIÉTÉ GÉNÉRALE, THE ROYAL BANK OF SCOTLAND PLC and UNICREDIT BANK AG - MILAN BRANCH as *Joint Arrangers, Joint Lead Managers and Joint Bookrunners* (“Bookrunners”) in relation to the issuance of a project bond (“Bonds”), which will benefit from the credit enhancement product (PBCE) provided by the European Investment Bank (EIB).

Steer Davies Gleave has prepared this Report for CAV, Bookrunners, European Investment Bank, and Deutsche Trustee Company Limited (in its capacity as the Bond Trustee acting on behalf of the holders of the Bonds (“Bondholders”).

CAV Motorway Network

The network operated by CAV S.p.A. consists of the following motorway sections:

- **A4 Padova-Venezia:** a closed toll system is applied, with a toll per kilometre collected from the A4 Padova Est toll plaza to the Mestre by-pass intersection;
- **A4 Mestre Bypass:** a closed toll system is applied, with a toll per kilometre collected between the western and eastern junctions with the A57 motorway;
- **A57 Mestre Ring Road and link to the Marco Polo airport:** an open toll system is applied, with a fixed toll collected at the Mirano-Dolo, Mira-Oriago, Venezia Mestre, Venezia Est and Venezia Nord toll plazas. The fixed toll at each toll plaza is given by the product between a predetermined number of kilometres and toll barriers kilometric toll.

Figure 1 CAV Motorway Network



A4 Mestre By-pass

The A4 Mestre By-pass is a 32.3 km-long dual carriageway three lane motorway segment connecting the Padova-Mestre section of the A4 motorway with the A27 Venezia-Belluno and the Trieste-Venezia section of the A4 motorway. It is a Category A road infrastructure, with 3 lanes per direction (3.75 m wide each), a 32.5 m wide cross section and a speed limit of 130 km/h along its entire length.

The Mestre By-pass – which was opened to traffic on February 8th 2009 – is part of the Lisbon-Kiev European Corridor V and allows middle and long distance traffic running along the A4 to bypass the congested Mestre Ring Road, thus reducing the travel time and improving the road safety of the Mestre crossing.

The Mestre By-pass operates under a closed toll system where the toll is calculated by the distance travelled on the By-pass.

A4 Padova-Venezia Motorway

On the western side of the By-pass, the approximately 13 km long Padova-Venezia motorway section is part of the A4 Torino-Trieste corridor. This segment goes from the Padova Est interchange (km 363.3 of the A4 motorway) to the west interchange between the A4 and the A57 (km 374.6 of the A4).

It is a Category A road (Motorway) with three lanes per direction and a speed limit of 130 km/h. The A4 Padova-Venezia motorway section does not include any intermediate toll plazas but is connected with the A13 Bologna-Padova at km 364.2 of the A4 motorway.

This section is fully interconnected with the rest of the motorway network and it is operated through a closed toll system.

A57 Mestre Ring Road

CAV S.p.A. operates approximately 16 km of the 26 km long A57 Mestre Ring Road. This section goes from the western junction with the A4 (km 0 of the A57 Mestre Ring Road) to the Terraglio interchange, located at km 16+161 of the A57.

From km 0+000 of the A57 to the Venezia Mestre toll barrier (km 9+272) the Mestre Ring Road is a dual carriageway motorway with three lane per direction, a speed limit of 110 km/h

This section is operated under an open toll system with a free section between Marghera (km 10+800), Carbonifera (km 11+900), Miranese (km 12+550), Castellana (km 14+600) and Terraglio (km 16+200) interchanges and a fixed toll collected when crossing the Venezia Mestre toll barrier.

Tolling system

CAV collects tolls along its motorway network for the use of the following assets:

- **A4 Padova-Venezia:** a closed toll system is applied, with a toll per kilometre collected between the A4 Padova Est toll plaza and the Venezia Mestre virtual barrier for a total of 14.907Km;
- **A4 Mestre Bypass:** a closed toll system is applied, with a toll per kilometre collected between the western and eastern junctions with the A57 motorway for a total of 32.326Km;

- **A57 Mestre Ring Road and link to the airport:** an open toll system is applied, with a fixed toll collected at the Mirano-Dolo, Mira-Oriago, Venezia Mestre, Venezia Est and Venezia Nord toll plazas. The fixed toll at each toll plaza is given by the product between a predetermined number of kilometres (23.800 km in 2015) and toll barriers kilometric toll.

Table 1 Kilometres tolled by CAV on its motorway network in 2015

Asset	Tolled length (km)
A4 Padova-Venezia	14.907
A4 Mestre By-pass	32.309
Toll barriers (Venezia Mestre/Mirano-Dolo/Mira-Oriago, Venezia Est and Venezia Nord)	23.800 (6.200 fixed + 17.600 variable)

Source: CAV S.p.A.

The 23.800 km tolled by CAV at the toll barriers are made of a fixed part (6.200 km), which will remain constant across the whole Concession period, and a variable part (17.600 km in 2015), that will be adjusted each year in order to guarantee the toll equality between the Mestre By-pass and Mestre Ring Road.

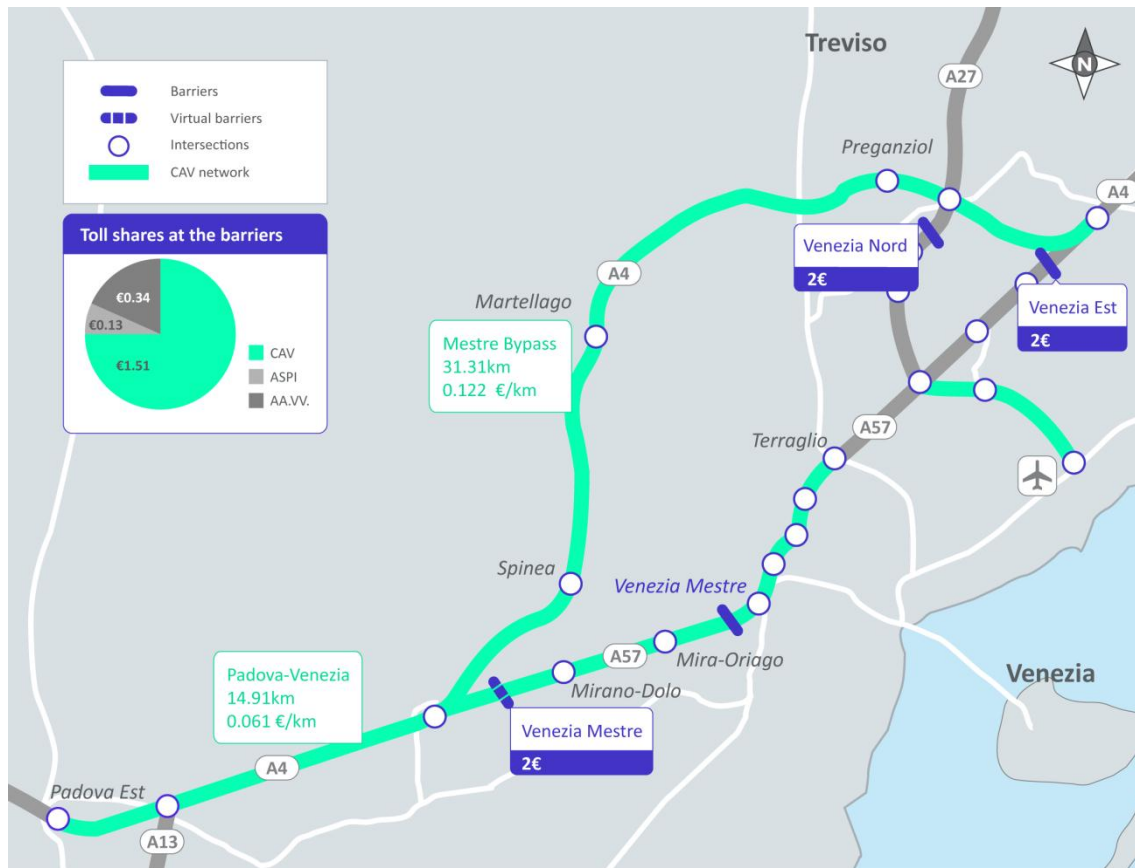
Table 2 Net tolls per kilometre (excluding ANAS extra charge and VAT) for the different assets of the CAV Concession in 2015 (€/km)

Asset	Class A	Class B	Class 3	Class 4	Class 5
A4 Padova-Venezia	0.04433	0.04544	0.05227	0.08637	0.10456
A4 Mestre By-pass	0.09435	0.09670	0.11795	0.18768	0.22489
Toll barriers	0.04598	0.04718	0.05425	0.08960	0.10846

Source: CAV S.p.A.

The total toll at barriers (2.00€ for Class A in 2015) is formed by the CAV component plus an additional component collected by ASPI and Autovie Venete (AA.VV.) as reported below.

Figure 2 Light Vehicles (Class A) user tolls on the CAV motorway network in 2015 (including VAT and ANAS extra charge)



The Concession Agreement between CAV and ANAS requires the total toll that vehicles pay for driving the entire Mestre By-pass - from the western to the eastern junctions with the A57 - needs to be equal to the sum of the tolls paid for trips through the Venezia Mestre and Venezia Est A57 barriers (including not only the tolls collected by CAV at the barriers but also the ASPI and AA.VV. tolls).

Since the tolls applied at the Venezia Mestre and Venezia Est barriers depend also on the toll levels set by ASPI and AA.VV., to maintain the toll equality between the Mestre By-pass and the Mestre Ring Road, the variable kilometres tolled by CAV at the toll barriers need to be adjusted each year.

Traffic and revenue composition

Before the opening of the A4 Mestre By-pass, the long distance traffic crossing Mestre – namely trips from the A4 Padova-Venezia to the A4 Venezia-Trieste or A27 Venezia Belluno – was forced to use the A57 Mestre Ring Road since no alternative was available.

As a consequence, in 2008 the Mestre Ring Road experienced very high congestion levels, with over 90,000 daily vehicles crossing the Venezia-Mestre barrier, 52,000 vehicles running through Venezia Est and 33,000 vehicles travelling across Venezia Nord.

Figure 3 Comparison between the Annual Average Daily Traffic (AADT) before (2008) and after (2014) the Mestre By-pass opening



After 5 years from the By-pass opening the traffic running along the A4 corridor (94,000 vehicles per day in 2014 on the Padova-Venezia motorway section) splits almost evenly between the A4 Mestre Bypass (50,000 vehicles per day up to Spinea) and the A57 Mestre Ring Road (44,000 daily vehicles between the western junction with the A4 motorway and the Mirano-Dolo interchange).

Opened to traffic in the early years of the worst economic crisis of the last decades, the Mestre By-pass shows a decreasing traffic trend since 2010. Between 2011 and 2012 the total traffic has dropped by 5.3% with light goods vehicles decreasing at slightly higher rates (-5.7% in 2012 and -2.9% in 2013) than heavy goods vehicles (-5.4% in 2012 and -1.6% in 2013) and light vehicles (-5.2% in 2012 and -1.8% in 2013). Some recovery seems evident from 2014, when LV, LGV and HGV traffic recorded a 2.9%, 0.8% and 1.0% increase, respectively, compared to 2013. In the first months of 2015 traffic is continuing to grow: LV, LGV and HGV traffic recorded a 7.0%, 4.6% and 5.4% increase, respectively, compared to the same period of 2014.

Similar trend is observed on the A4 section Padova-Venezia with a total +1.1% in 2011 and a reduction of 6.3% in 2012 and -1.2% in 2013. As for the Mestre Ring Road barriers, the Venezia Mestre barrier, carrying almost as many vehicles as the Venezia Est and Venezia Nord barriers together, has the highest reduction in 2012 (around -9%). When looking at the traffic of 2014, there's significant reduction in veh_km compared to the same period of the previous year (-22.2% in LV, -21.5% in LGV, -14.8% in HGV). However, this decrease does not represent an actual traffic reduction but reflects the reduced number of kilometres tolled on the A4 Padova-Venezia motorway - from 24.707 km in 2013 to 14.907 km in 2014, due to the liberalisation of the Mirano-Dolo – Mira-Oriago section.

This significant reduction (-9.80 km) in tolled Km on the A4 Padova-Venezia close system explains the lower veh_km figures in 2014 compared to the previous years. This is however compensated by more tolled vehicles on the open system.

In 2015 traffic is continuing to grow: LV, LGV and HGV traffic recorded respectively a 3.7%, 1.2% and 4.0% increase from January to August, compared to the same period of 2014. This is due to a combination of factors:

- the opening of the new Martellago interchange (detailed in the next paragraphs);
- the recovery from the economic crisis, seen also on the rest of the national motorway network;
- to the excellent weather conditions during the summer months compared with 2014.

In terms of revenue, the A4 Mestre By-pass accounts for 47% of the CAV light vehicles (LV) and light goods vehicles (LGV) revenue and over 62% of heavy goods vehicles (HGV) revenue.

The open tolling system generate 34% of the total LV+LGV revenue, with the Venezia Mestre (and Mira-Oriago) barrier accounting for half of this share and Venezia Nord and Venezia Est having a similar proportion (8% and 7% respectively on total revenue). The remaining 19% is due to the A4 Padova-Venezia motorway.

As for the HGV revenue, the open and closed tolling system have the similar share (respectively 22% and 17%).

Forecasting Methodology

The traffic and revenue evolution on the CAV motorway network has been forecasted by using a combination of an econometric and a network model.

The econometric model has been used to estimate the traffic evolution during the Concession period as a function of the expected evolution of a number of economic parameters, which have been proven to drive the traffic trend on the CAV network in the past. The network model is assessing the impact of the future network changes on the route choice for the potential traffic of the CAV network.

Table 3 Methodology approach

Items	Econometric Model	Network Model
Traffic Growth	X	
Network changes impacts		X
Sensitivity Tests		
Network changes impacts		X
Demand growth	X	

For the econometric model, the main socio-economic indicators that were showing a significant correlation with the traffic evolution on the A4+A27 corridor in the Venezia/Mestre area are the following:

- Consumption expenditure of the Italian households - for light goods vehicles (LV);
- Italian Gross Domestic Product (GDP) - for light goods vehicles (LGV) and heavy goods vehicles (HGV);
- Price of diesel fuel – for heavy goods vehicles (HGV).

The correlation between the A4+A27 traffic and the above socio-economic indicators have been assessed separately for light vehicles, light goods vehicles and heavy goods vehicles by means of multivariate econometric models which allow obtaining a separate estimate of the influence on transport demand of each of the considered explanatory variables.

By applying the traffic - socio-economic indicators elasticity coefficients and the forecasted variations of GDP, Consumption expenditure and diesel prices to the light vehicles, light goods vehicles and heavy goods vehicles regressions estimated by means of the econometric model, the future percentage of motorway traffic growths of the total A4 Venezia-Trieste and A27 Venezia-Belluno traffic have been estimated from 2016 to 2032.

To assess the impact of the network changes, a network model has been developed using the VISUM platform. The model simulates the traffic conditions within the study area in the morning peak hour of the average 2014 March working day.

After validating the network model against the observed traffic – ensuring the ability of the model to accurately replicate the current vehicles route choice in the study area – we have modelled the network changes which are likely to affect the CAV traffic in the future.

In particular, one forecasting scenario has been developed to assess the impact of the Opening of the *Pedemontana Veneta* motorway, planned for 2018.

The above mentioned scenario is then compared to the 2014 base case in order to estimate the percentage impact of the modelled network change on the CAV traffic.

This impact is applied to the CAV traffic figures estimated through the econometric model in order to obtain the full traffic forecast for the Concession.

Base Case forecast

The Base Case forecasts have been estimated starting from 2014 traffic and applying the demand growth resulting from the econometric model and the network impacts resulting from the network model.

Without any changes on the road network, total traffic on the CAV network is expected to growth according with the traffic growth estimated from the econometric model (+1.6% CAGR from 2016 to 2025 and 1.2% from 2025 to 2032).

Table 4 Traffic growth rates compared with socio-economic variables 2016-2025

	Variables	CAGR Variables	Elasticity	CAGR Traffic
LV	HC	1.2%	1.10	1.4%
LGV	GDP	1.3%	1.40	1.5%
HGV	GDP	1.3%	1.72	2.4%
	Fuel	1.6%	-0.06	

As for the network changes, only the opening of the of the *Superstrada Pedemontana Veneta* (SPV) motorway should diverge some traffic from the corridor A27-Mestre by-pass-A4 West while it is less probably that it will capture traffic from corridor A4 Est – Mestre by-pass-A4 West as the new alternative is longer and more expensive.

For this reason the impact on the Mestre By-pass is limited (ca. -6%), while at the same time there will be an increase in traffic at the Venezia Nord toll barrier as a result of the traffic increase between the A27 from the SPV to the Venice area.

Table 5 Total vehicles AADT 2014-2032

Year	Mestre by-pass	A4 Padova-Venezia	Venezia Mestre*	Venezia Nord	Venezia Est
2014	45,200	80,500	43,900	17,700	16,600
2015	48,100	83,400	44,300	17,800	17,400
2016	48,700	84,500	44,800	18,000	17,700
2017	49,500	85,800	45,500	18,300	18,000
2018	49,100	85,900	46,300	19,000	18,300
2019	48,400	85,700	47,000	19,700	18,600
2020	48,900	86,800	47,800	20,100	18,900
2021	49,700	88,100	48,500	20,400	19,200
2022	50,500	89,500	49,200	20,700	19,500
2023	51,300	90,800	49,900	21,000	19,800
2024	52,100	92,200	50,700	21,300	20,100
2025	52,900	93,600	51,400	21,600	20,400
2026	53,600	94,700	52,000	21,900	20,600
2027	54,200	95,800	52,600	22,100	20,900
2028	54,900	96,900	53,200	22,400	21,100
2029	55,600	98,100	53,800	22,600	21,400
2030	56,200	99,200	54,400	22,900	21,700
2031	56,900	100,300	55,000	23,100	21,900
2032	57,600	101,500	55,600	23,400	22,200

*includes Venezia Mestre, Mira-Oriago and Mirano-Dolo

Source: Steer Davies Gleave elaboration

In terms of revenue, the CAV total revenue is generated by:

- Mestre By-pass: Veh_Km multiplied by the kilometric Mestre By-pass tariff (0.09435 €/Km for Class A in 2015);
- A4 Padova-Venezia: Veh_Km multiplied by the corresponding kilometric tariff (0.04433 €/Km for Class A in 2015);
- Open System Barriers: Transits at the barriers multiplied by the CAV predetermined kilometres charged at each Barrier (23.800 km in 2015), multiplied by the CAV kilometric toll associated at the Barriers (0.04598 €/Km for class A in 2015).

Since tolls applied at the Venezia Mestre and Venezia Est barriers depend also on the toll levels set by ASPI and AA.VV., to maintain the toll equality between the Mestre By-pass and the Mestre Ring Road, the variable kilometres tolled by CAV at the toll barriers should be adjusted each year. This component will be therefore dependent on the ASPI and AA.VV. tariffs evolution.

The Base Case revenue forecast has been developed based on the following assumptions:

- ASPI and AA.VV. tariffs are growing in nominal terms by 1.5% per year from 2016 on;
- CAV tariff and predetermined kilometres at the Open System Barriers will have the evolution reported below.

Table 6 Base case Tariff and Km evolution 2016-2032

Year	CAV Real Tariff increase	CAV Nominal Tariff Increase*	ASPI and AA.VV. Nominal Tariff Increase*	Predetermined CAV Km at Barriers
2016	0.92%	1.50%	1.50%	17.114
2017	0.80%	1.50%	1.50%	17.137
2018	0.72%	1.50%	1.50%	17.161
2019	0.63%	1.50%	1.50%	17.183
2020	0.56%	1.50%	1.50%	17.206
2021	-0.32%	0.62%	1.50%	17.157
2022	-0.32%	0.62%	1.50%	17.106
2023	-0.32%	0.62%	1.50%	17.056
2024	-0.32%	0.62%	1.50%	17.004
2025	-0.32%	0.62%	1.50%	16.952
2026	-0.32%	0.62%	1.50%	16.899
2027	-0.32%	0.62%	1.50%	16.846
2028	-0.32%	0.62%	1.50%	16.792
2029	-0.32%	0.62%	1.50%	16.737
2030	-0.32%	0.62%	1.50%	16.681
2031	-0.32%	0.62%	1.50%	16.625
2032	-0.32%	0.62%	1.50%	16.568

* Annual inflation included

Source: CAV 2015 Financial Plan

Total revenue for Concessionaire are expected to growth from the 119.8 million € in 2014 to the 155.8 million € at the end of the concession period (Year 2032) on the Base Case Scenario (Real Values, 2015 prices).

Impact of a different toll evolution for ASPI and AA.VV. has been estimated (+3% and +5% toll increase in period 2021-2032). Since revenue generated by the Open System is only 33% of the CAV total revenue for Light Vehicles and 22% for Heavy Vehicles, the overall impact of the ASPI and AA.VV. tariffs increases on CAV revenue is limited (-0.7% on the whole concession period for a 3% annual tariff increase and -1.6% for a 5% annual increase).

A Low Scenario has been estimated using a probabilistic analysis with @Risk software. Several sensitivity tests have been carried out to assess the impact on traffic associated with the change of some external conditions, in particular:

- Traffic Growth;
- Opening of the Superstrada Pedemontana Veneta (SPV).

Results of the @Risk analysis indicate for the pessimistic scenario (P80) traffic values 9% lower than the Base Case for the Closed system and 6% lower for the Open System at the end of the Concession period. The reason behind this is that the Open System is only dependent on the different traffic growth, while the network changes have no impact on the three tolled barriers.

1 Introduction

Our role

- 1.1 Concessioni Autostradali Venete – CAV S.p.A. (CAV), which is a joint venture of Italian road agency ANAS and Regione Veneto, appointed BANCA IMI S.p.A., BNP PARIBAS, SOCIÉTÉ GÉNÉRALE, THE ROYAL BANK OF SCOTLAND PLC and UNICREDIT BANK AG - MILAN BRANCH as Joint Arrangers, Joint Lead Managers and Joint Bookrunners (“Bookrunners”) in relation to the issuance of a project bond (“Bonds”), which will benefit from the credit enhancement product (PBCE) provided by the European Investment Bank (EIB).
- 1.2 Steer Davies Gleave has prepared this Report for CAV, Bookrunners, European Investment Bank, and Deutsche Trustee Company Limited (in its capacity as the Bond Trustee acting on behalf of the holders of the Bonds (“Bondholders”).
- 1.3 The remainder of this section sets out our credentials, briefly introduces the key characteristics of the CAV motorway network, and describes how the due diligence process is documented in the following sections of this report.

About Steer Davies Gleave

- 1.4 Steer Davies Gleave is one of the world’s leading independent consultancies working across the transport industry. We are an employee-owned transportation consulting firm and our independence and lack of connection to downstream engineers and contractors guarantees impartiality and ensures our efforts are closely focused on meeting client needs.
- 1.5 Over the past 20 years Steer Davies Gleave has worked on the vast majority of all privately-funded infrastructure schemes around the world. During this time, we have been involved in all sides of the procurement process for bidders, existing concessionaires, lenders and governments on over 600 schemes including toll roads, bridges and tunnels.
- 1.6 We have advised either the equity providers or the lenders in their development of major infrastructure project financings. In many cases, we presented the results to the monolines and the rating agencies, obtaining investment grade ratings in support of bond offerings.
- 1.7 Our efforts have been recognised by the wider industry. We were awarded the “Technical Consultant of the Year” award at the 2012 Infrastructure Journal Awards. We note, too, that

we were involved in two of the three transport projects (BreBreMi and Ohio Bridges) named by PFI Magazine as 2013 deals of the year.

1.8 Our project list includes a substantial proportion of the initial PPP and secondary financings of major projects in Europe and the Americas. Over the past two years we have been instructed by many of the most significant trade sponsors, investors and infrastructure funds in the development of major road and tunnel projects.

1.9 A selection of these projects across the globe are:

- PR 22, San Juan, Puerto Rico: originally appointed to support the Abertis led team in their successful bid for the concession, we later supported the bond issue on the NY Stock Market. We now are appointed as advisors and auditors to the agent and the lenders.
- Conmex, Mexico: supported the owners (OHL and Goldman Sachs) in their issue of bonds for the refinancing of this important highway project serving Mexico City. Building on our extensive experience in the local market we produced traffic and revenue forecasts for inclusion in the bond offer documents.
- APRR (Autoroutes Paris-Rhin-Rhône): having supported the successful Eiffage/Macquarie bid for the 2000km APRR toll road network in eastern/ south eastern France as lenders advisor, we have subsequently continued to work in this role – including through the recent re-financing exercise with the production of a traffic and revenue update.
- Midtown Tunnel: Traffic and Revenue Advisor to Elizabeth River Crossings, LLC, led by Skanska and Macquarie, in the development of a P3 with Virginia DOT. Our traffic and revenue forecasts served as part inputs into the agreement between VDOT and Elizabeth River Crossings, and supported the successful bond offer.
- Mumbai Trans-Harbour link: Traffic and revenue advisor services for the bid for the Mumbai Trans Harbour Link to support the bid of the GAMMON, OHL, GS E&C Consortium.
- Iberian toll roads: Steer Davies Gleave has been assisting lenders and investors in their ongoing review of the projects in the present difficult economic and operating conditions.
- A11, Brussels, Belgium: lenders technical advisor for the A11 road tunnel. Steer Davies Gleave provided lenders' technical advice for the A11 PPP project, consisting of some 13km road works, and 87 structures including a 1km viaduct, a double Bascule (moving bridge), and two tunnels.
- Greek Motorways: supporting the Greek Ministry of Finance in discussions and negotiations with concession companies and other stakeholders leading to successful re-setting of the concessions – recently agreed by the Hellenic Government.
- Toll roads in Santiago: Santiago has been one of the first cities to implement a network of urban toll roads operated through free-flow Electronic Toll Collection (ETC) technology. Steer Davies Gleave helped its client through a complicated financing process enabled Santiago to become the first city to successfully implement free-flow ETC toll roads in Latin America.

CAV motorway network

1.13 The network operated by CAV S.p.A. consists of the following motorway sections:

- **A4 Padova-Venezia:** a closed toll system is applied, with a toll per kilometre collected from the A4 Padova Est toll plaza to 1,725 km after the Mestre by-pass intersection;
- **A4 Mestre Bypass:** a closed toll system is applied, with a toll per kilometre collected between the western and eastern junctions with the A57 motorway;

- **A57 Mestre Ring Road and link to the Marco Polo airport:** an open toll system is applied, with a fixed toll collected at the Mirano-Dolo, Mira-Oriago, Venezia Mestre, Venezia Est and Venezia Nord toll plazas. The fixed toll at each toll plaza is given by the product between a predetermined number of kilometres and toll barriers kilometric toll.

Figure 1.1: CAV Motorway Network



Source: Steer Davies Gleave

- 1.14 The Concession Agreement between ANAS S.p.A. and CAV S.p.A., concerning the above mentioned network dates back to January 2009 and was updated on 25th March 2010.

According to the 2010 Concession Agreement CAV has the right to collect traffic tolls on the Mestre By-pass, the “A4 Venezia Mestre”, A4 “Venezia Est” and A27 “Venezia Nord” toll barriers and the motorway sections owned by Società delle Autostrade di Venezia e Padova S.p.A. up to the end of the Concession on December 31st 2032.

This Report

- 1.15 This report presents the characteristics of the CAV Concession and of the in-scope traffic for the CAV and surrounding road network, provides a socio-economic overview of the study area, describes the methodology adopted for the development of the Base Case traffic and revenue forecast and of the main risks and uncertainties associated with the traffic forecast.
- 1.16 The structure of the report is set out as follows:

- Chapter 2 describes the motorway network operated by CAV and the main characteristics of the Concession Agreement.
- Chapter 3 analyses the traffic in the study area, focusing on the motorway network operated by CAV.
- Chapter 4 presents the forecasting methodology adopted for the development of the traffic and revenue forecast for the CAV motorway network.
- Chapter 5 provides the traffic and revenue outputs of the Base Case forecast.
- Chapter 6 shows sensitivity tests and risk analysis undertaken to derive the Low Case forecast.

2 CAV motorway network

Introduction

2.1 The following section provides an overview of the CAV motorway assets describing:

- The motorway network operated by CAV;
- The Concession Agreement;
- The Tolling system.

CAV motorway network

2.2 This section presents the motorway network operated by CAV Concession as for the March 2010 Concession Agreement. Each element of infrastructure is described in terms of its physical characteristics, tolling system and traffic characteristics .

A4 Mestre By-pass

2.3 The CAV Concession includes the operation and maintenance of the A4-Mestre By-pass from km 249+650 to km 281+976km.

2.4 This is a 32.3 km-long dual carriageway three lane motorway segment connecting the Padova-Mestre section of the A4 motorway with the A27 Venezia-Belluno and the Trieste-Venezia section of the A4 motorway. It is a Category A road infrastructure, with 3 lanes per direction (3.75 m wide each), a 32.5 m wide cross section and a speed limit of 130 km/h along its entire length.

Figure 2.1: CAV Motorway Network assets

Source: Steer Davies Gleave

- 2.5 The Mestre By-pass – which was opened to traffic on February 8th 2009 – is part of the Lisbon-Kiev European Corridor V and allows middle and long distance traffic running along the A4 to by-pass the congested Mestre Ring Road, thus reducing the travel time and improving the road safety of the Mestre crossing.
- 2.6 The motorway by-passes the A57 Ring Road by running through the Spinea, Martellago and Preganziol municipalities and is characterised by the following interchanges with the local and motorway network:
- A4/A57 West: located at km 374+650, it is the western end of the A4 Mestre By-pass, where the A4 Padova-Mestre section divides into the A4 Mestre By-pass and the A57 Mestre Ring-Road.
 - Spinea: located at km 380+380 of the A4 motorway, it is the first interchange of the Mestre By-pass and is the location of one of the two existing toll plazas. Access is provided to the municipalities of Mirano, Spinea and Mira.

Figure 2.2: A4 Mestre By-pass - Spinea toll station



Source: Steer Davies Gleave

- Martellago: located at km 389+396 of the A4 motorway, opened in April 2015, provides access to the municipalities of Martellago and Scorzè.
- Preganziol: it is located at km 400+177 of the A4 motorway and provides access to the municipalities of Preganziol and Mogliano Veneto.

Figure 2.3: A4 Mestre By-pass - Preganziol toll station



Source: Steer Davies Gleave

- A27: located at km 402+402, it connected the Mestre By-pass with the A27 Venezia-Belluno Motorway.

Figure 2.4: A4 Mestre By-pass - Junction with A27



Source: Steer Davies Gleave

- A4/A57 East: it is the western end of the Mestre By-pass, located at km 406+976 where the A4 Mestre By-pass and the A57 Mestre Ring Road merge into the Venezia-Mestre section of the A4 motorway.

Figure 2.5: A4 Mestre By-pass - Junction with A57



Source: Steer Davies Gleave

- 2.7 The Mestre By-pass operates under a closed toll system where the toll is calculated by the distance travelled on the By-pass.

A4 Padova-Venezia Motorway

- 2.8 On the western side of the By-pass, the approximately 13 km long Padova-Venezia motorway section is part of the A4 Torino-Trieste corridor. This segment goes from the Padova Est interchange (km 363.3 of the A4 motorway) to the west interchange between the A4 and the A57 (km 374.6 of the A4).
- 2.9 It is a Category A road (Motorway) with three lanes per direction and a speed limit of 130 km/h. The A4 Padova-Venezia motorway section does not include any intermediate toll plazas but is connected with the A13 Bologna-Padova at km 364.2 of the A4 motorway.
- 2.10 This section is fully interconnected with the rest of the motorway network and it is operated through a closed toll system.
- 2.11 The next figure shows the eastbound carriageway of the A4 Padova-Venezia section.

Figure 2.6: A4 Padova-Venezia – Junction with Mestre By-pass and A57



Source: Steer Davies Gleave

A57 Mestre Ring Road

- 2.12 CAV S.p.A. operates approximately 16 km of the 26 km long A57 Mestre Ring Road. This section goes from the western junction with the A4 (km 0 of the A57 Mestre Ring Road) to the Terraglio interchange, located at km 16+161 of the A57.
- 2.13 From km 0+000 of the A57 to the Venezia Mestre toll barrier (km 9+272) the Mestre Ring Road is a dual carriageway motorway with three lane per direction, a speed limit of 110 km/h and two intermediate junctions, namely the Mirano-Dolo (km 2+750) and Mira Oriago (km 7+550) interchanges.

Figure 2.7: A57 Mestre Ring Road - A4/A57 interchange-Venezia Mestre section



Source: Steer Davies Gleave

Figure 2.8: A57 Mestre Ring Road - Mirano-Dolo toll plaza



Source: Steer Davies Gleave

Figure 2.9: A57 Mestre Ring Road - Mira-Oriago toll plaza



Source: Steer Davies Gleave

- 2.14 The section from Venezia Mestre toll barrier to the Terraglio interchange (km 16+200) has three lanes per direction as well, the inner one having a speed limit of 60 km/h while the others with a speed limit of 90 km/h.

Figure 2.10: A57 Mestre Ring Road - Venezia Mestre-Terraglio section



Source: Steer Davies Gleave

- 2.15 This section is operated under an open toll system with a free section between Marghera (km 10+800), Carbonifera (km 11+900), Miranese (km 12+550), Castellana (km 14+600) and Terraglio (km 16+200) interchanges and a fixed toll collected when crossing the Venezia Mestre toll barrier.

Figure 2.11: A57 Mestre Ring Road - Venezia Mestre toll plaza



Source: Steer Davies Gleave

Marco Polo airport motorway link

- 2.16 CAV operates also the 6.7 km motorway link from the interchange with the A57 and A27 motorways to the Venezia Marco Polo Airport.
- 2.17 This is a dual carriageways motorway spur with two lanes per direction plus emergency lanes and a speed limit of 130 km/h. Opened in March 1991, this link has been operated by CAV S.p.A. since December 2009 as a toll free link.

Figure 2.12: Marco Polo airport motorway link



Source: Steer Davies Gleave

The Concession Agreement

- 2.18 Concessioni Autostradali Venete is a limited company founded on March 1st 2008 by ANAS S.p.A. and Regione Veneto with the purpose of repaying ANAS for the financing of the construction of the Mestre By-pass, raising money to make further infrastructure investments in the Veneto region and operating the motorway system represented by the combination of the Mestre By-pass and Mestre Ring Road.
- 2.19 ANAS S.p.A. and Regione Veneto own 50% of CAV S.p.A. shares each. The CAV motorway network includes the following assets:
- The 32.3 km **Mestre By-pass** - since February 8th 2009 (opening date);
 - The 41.8 km motorway network operated by Società delle Autostrade di Venezia e Padova until November 30th 2009, including:
 - **The A4** motorway from the “Padova Est” interchange to the west interchange with the A57 Mestre Ring Road;
 - **The A57 Mestre Ring Road** from the west interchange with the A4 motorway to the A57 “Terraglio” interchange;
 - **The airport motorway link** connecting the A27 to the Marco Polo Airport.

January 2009 Concession Agreement

- 2.20 The first Concession Agreement for the operation and maintenance of the Mestre By-pass and the motorway network operated by Società delle Autostrade di Venezia e Padova S.p.A. until November 30th 2009 was signed by CAV S.p.A. and ANAS S.p.A. on January 30th 2009, pursuant to the Art. 2 comma 290 della Legge (law) 27/12/2007 n.244.
- 2.21 According to the Concession Agreement, CAV has the right to collect tolls for the use of the motorway assets part of the Concession. Tolls are collected according to the following mechanisms:
- **Closed System** - tolls are collected at each exit of the motorway proportionally to the distance travelled on the motorway – along the A4 (including the Mestre By-pass) and the A57 from the interchange with the A4 to the “Venezia Mestre” toll barrier;
 - **Open System** for the A57 Ring Road and the Marco Polo Airport link– namely a fixed toll to be paid by the vehicles passing through the “Venezia Mestre” and “Venezia Est” A57 barriers and the “Venezia Nord” A27 barrier, independently from the entrance toll plaza. The fixed toll to apply to each barrier is set by the Concession Agreement and given by the product between a predetermined distance assigned to the toll barrier and the kilometric toll associated to the barrier.

The Concession Agreement imposes the toll paid for the Mestre crossings - from the Western to the Eastern interchanges between the A4 Mestre By-pass and the A57 Mestre Ring Road – to be the same independently from the route chosen.

- 2.22 This means that vehicles travelling along the whole Mestre By-pass should pay the same toll as those using the Mestre Ring Road and crossing the “Venezia Mestre” and “Venezia Est” barriers.

March 2010 Concession Agreement

- 2.23 On March 25th 2010, a new Concession Agreement was signed by Anas S.p.A. and CAV S.p.A., substituting the one dated January 30th 2009.
- 2.24 The new Concession Agreement includes a number of new investments but maintains the principle of toll equality between the A4 Mestre By-pass and the A57 Mestre Ring Road as well as the combined use of open and closed tolling systems.

Tolling system

- 2.25 In this section the toll collection system applied on the CAV motorway network in 2015 is described in detail, focusing on the following:

- Toll levels for the different assets of the Concession;
- Toll equality between the Mestre By-pass and the Mestre Ring Road;
- Mirano-Dolo – Mira-Oriago section liberalisation.

Toll levels

- 2.26 As at 2015, CAV collects tolls along its motorway network for the use of the following assets:
- **A4 Padova-Venezia:** a closed toll system is applied, with a toll per kilometre collected between the A4 Padova Est toll plaza and the Venezia Mestre virtual barrier;
 - **A4 Mestre By-pass:** a closed toll system is applied, with a toll per kilometre collected between the western and eastern junctions with the A57 motorway;
 - **A57 Mestre Ring Road and link to the airport:** an open toll system is applied, with a fixed toll collected at the Mirano-Dolo, Mira-Oriago, Venezia Mestre, Venezia Est and Venezia Nord toll plazas. The fixed toll at each toll plaza is given by the product between a predetermined number of kilometres (23.800 km in 2015, as show in Table 2.1) and toll barriers kilometric toll reported in Table 2.2.
- 2.27 The next two tables show the kilometres and net tolls per kilometre applied by CAV on the A4 Padova-Venezia, A4 Mestre By-pass and Venezia Mestre, Mirano-Dolo, Mira-Oriago, Venezia Est and Venezia Nord barriers in 2015.

Table 2.1: Kilometres tolled by CAV on its motorway network in 2015

Asset	Section	Tolled length (km)
A4 Padova-Venezia	Padova Est - A13	3.100
	A13 - A57 West	10.082
	A57 West - Venezia Mestre virtual barrier	1.725
	Subtotal	14.907
A4 Mestre By-pass	A57 West - Spinea	5.730
	Spinea - Martellago	9.016
	Martellago - Preganziol	10.764
	Preganziol - A27	2.225
	A27 - A57 East	4.574
	Subtotal	32.309
	Spinea interchange	0.964 westbound, 0.948 eastbound
	Martellago interchange	0.779 westbound, 0.767 eastbound
	Preganziol interchange	0.198 westbound, 0.156 eastbound
Toll barriers	Venezia Mestre/Mirano-Dolo/Mira-Oriago	23.800 (6.200 fixed + 17.600 variable)
	Venezia Est	23.800 (6.200 fixed + 17.600 variable)
	Venezia Nord	23.800 (6.200 fixed + 17.600 variable)

Source: CAV S.p.A.

- 2.28 The 23.800 km tolled by CAV at the toll barriers are made of a fixed part (6.200 km), which will remain constant across the whole Concession period, and a variable part (17.600 km in 2015), that will be adjusted each year in order to guarantee the toll equality between the Mestre By-pass and Mestre Ring Road (which will be discussed in the following section of the report).

Table 2.2: Net tolls per kilometre (excluding ANAS extra charge and VAT) in 2015 (€/km)

Asset	Class A	Class B	Class 3	Class 4	Class 5
A4 Padova-Venezia	0.04433	0.04544	0.05227	0.08637	0.10456
A4 Mestre By-pass	0.09435	0.09670	0.11795	0.18768	0.22489
Toll barriers	0.04598	0.04718	0.05425	0.08960	0.10846

Source: CAV S.p.A.

- 2.29 As for the open tolling system, it is important to underline the following points:

- The same toll is applied to the Mirano-Dolo, Mira-Oriago, Venezia Mestre, Venezia Est and Venezia Nord toll plazas;
- This toll (2.00€ for Class A in 2015) is formed by the CAV component reported at Table 2.1 plus an additional component collected by ASPI and Autovie Venete (AA.VV.) as reported below.

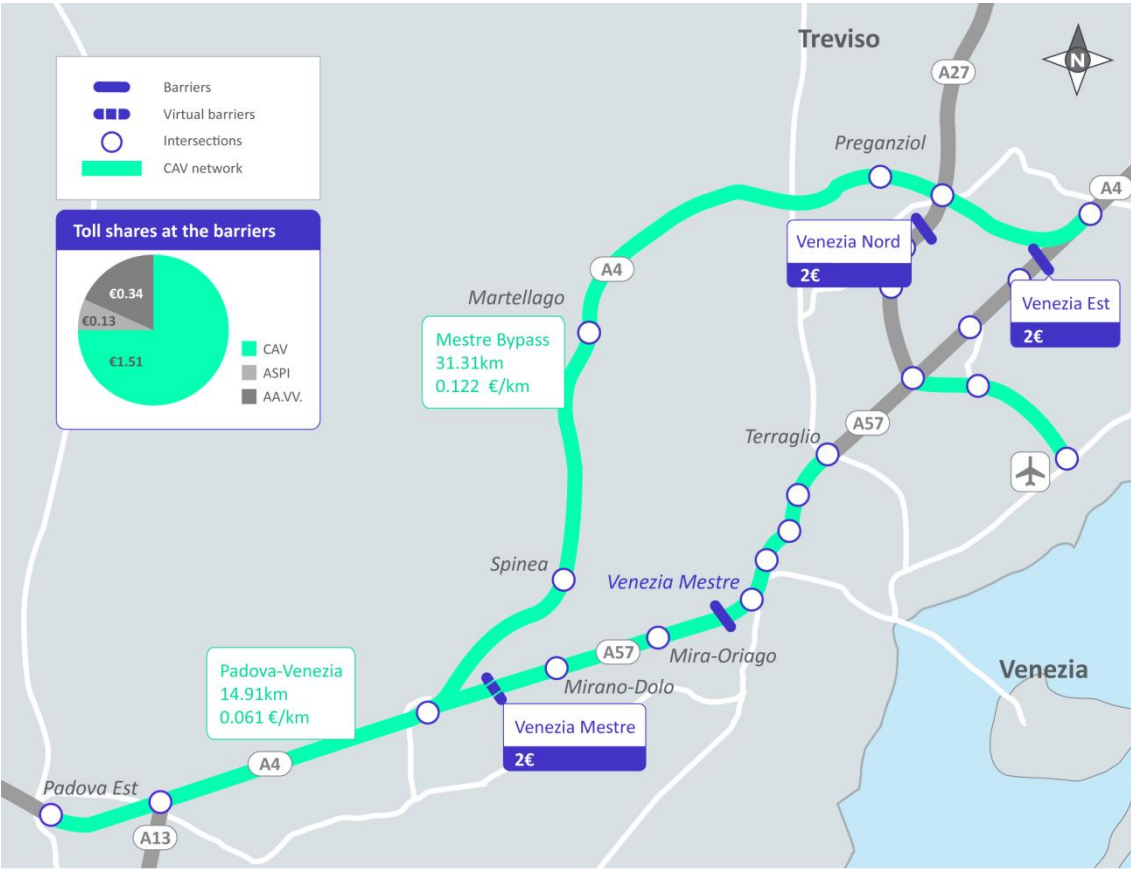
Table 2.3: Tolled kilometres and tolls by Concessionaire at each tolled barrier in 2015

Concessionaire	CAV	ASPI	AA.VV.	Total
Toll class	Tolled length (km)			
	23.800	1.82	4.50	30.12
Net kilometric toll (€/km) – excluding ANAS extra charge and VAT				
Class A	0.04598	0.05159	0.05647	-
Class B	0.04718	0.05293	0.05795	-
Class 3	0.05425	0.06086	0.06662	-
Class 4	0.08960	0.10063	0.11003	-
Class 5	0.10846	0.12170	0.13322	-
User kilometric toll (€/km) – including ANAS extra charge and VAT				
Class A	0.06341	0.07026	0.07622	-
Class B	0.06488	0.07190	0.07801	-
Class 3	0.08815	0.09620	0.10324	-
Class 4	0.13128	0.14473	0.15619	-
Class 5	0.15428	0.17044	0.18449	-
User toll (€)				
Class A	1,509	0,128	0,343	2,0
Class B	1,544	0,131	0,351	2,0
Class 3	2,098	0,175	0,465	2,7
Class 4	3,124	0,263	0,703	4,1
Class 5	3,672	0,310	0,830	4,8

Source: Steer Davies Gleave elaboration on CAV data

- 2.30 The same toll (2.00 € for Class A in 2015) is applied to the Mirano-Dolo, Mira-Oriago, Venezia Mestre, Venezia Est and Venezia Nord toll plazas but the internal movements between Mirano-Dolo, Mira-Oriago and Venezia Mestre toll stations are toll free. In this way there's a sort of a virtual barrier located between the A4/A57 western interchange and Mirano-Dolo: all the vehicles going through this section pay the fixed toll whereas vehicle moving beyond this barrier do not pay any toll.
- 2.31 The next figure summarises the tolling systems, by indicating the Class A tolls per kilometre on the CAV closed tolling sections (A4 Padova-Venezia and A4 Mestre By-pass) and the fixed toll at the Venezia Mestre virtual barrier, Venezia Est and Venezia Nord barriers – which is equal to 2.00 € to be split among CAV, ASPI and AA.VV., as shown in the pie chart of the figure.

Figure 2.13: Light Vehicles (Class A) user tolls on the CAV motorway network in 2015 (including VAT and ANAS extra charge)



Source: Steer Davies Gleave

- 2.32 Currently 79% of the toll paid at the toll barriers of the Open System is collected by CAV, 15% by AA.VV. and the remaining 6% by ASPI.

Toll equality between Mestre By-pass– Mestre Ring Road

- 2.33 The Concession Agreement between CAV and ANAS requires the user toll (including ANAS extra charge and VAT) from the western A4/A57 interchange to the eastern A4/A57 interchange to be the equal independently from the fact that the vehicle uses the A4 Mestre By-pass or the A57 Mestre Ring Road.

The total toll that vehicles pay for driving the entire Mestre By-pass- from the western to the eastern junctions with the A57 - needs to be equal to the sum of the tolls paid for running through the Venezia Mestre and Venezia Est A57 barriers (including not only the tolls collected by CAV at the barriers but also the ASPI and AA.VV. tolls).

- 2.34 The next table shows the comparison between the Mestre By-pass and Mestre Ring Road user tolls (including ANAS extra charge and VAT) for Class A vehicles in 2014.

Table 2.4: Toll comparison between Mestre By-pass and Mestre Ring Road routes in 2015

Routes comparison					
Mestre By-pass		A4/A57 West - A4/A57 East			Total
		4.00 €			4.00 €
Mestre Ring Road		Venezia Mestre	+	Venezia Est	Total
		2.00 €		2.00 €	4.00 €

Source: Steer Davies Gleave elaboration on CAV data

- 2.35 Since the tolls applied at the Venezia Mestre and Venezia Est barriers depend also on the toll levels set by ASPI and AA.VV., to maintain the toll equality between the Mestre By-pass and the Mestre Ring Road, the variable kilometres tolled by CAV at the toll barriers (see Table 2.3. and following paragraph) need to be adjusted each year.
- 2.36 The next table shows the expected evolution of the conventional kilometres collected by CAV at the toll barriers to guarantee the toll equality during the entire Concession period - as at the time of the delivery of the current report.

Table 2.5: Tolled km applied to each tolled barrier

Year	Variable km	Fixed km	Total km
2014	18.330	6.200	24.530
2015	17.600	6.200	23.800
2016	17.114	6.685	23.799
2017	17.137	6.685	23.822
2018	17.161	6.685	23.846
2019	17.183	6.685	23.868
2020	17.206	6.685	23.891
2021	17.157	6.685	23.842
2022	17.106	6.685	23.791
2023	17.056	6.685	23.741
2024	17.004	6.685	23.689
2025	16.952	6.685	23.637
2026	16.899	6.685	23.584
2027	16.846	6.685	23.531
2028	16.792	6.685	23.477
2029	16.737	6.685	23.422
2030	16.681	6.685	23.366
2031	16.625	6.685	23.310
2032	16.568	6.685	23.253

Source: for years 2014 and 2015 CAV Concession Agreement 2010, for years 2016-2032 CAV 2015 Financial Plan

Liberalisation of the Mirano-Dolo – Mira-Oriago section

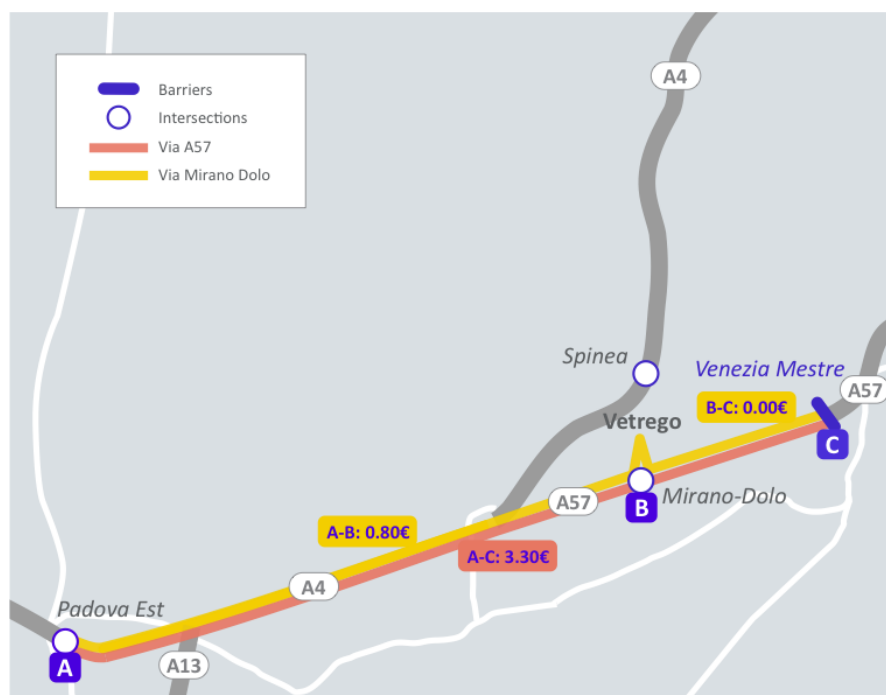
- 2.37 Until December 2013, vehicles coming from or directed to the A4 Padova-Venezia paid the tolls shown in the following table between Padova Est and the Mirano-Dolo, Mira-Oriago and Venezia Mestre.

Table 2.6: 2013 user tolls (Class A) between Padova Est and the Mirano-Dolo, Mira-Oriago and Venezia Mestre toll stations (including ANAS extra charge and VAT)

From - to	Actual Distance	2013 Tolled Distance			2013 Toll
		A4 Padova-Venezia (Closed System)	Venezia Mestre barrier (Open System)	Total (Open+Closed)	
Padova Est - Mirano-Dolo	13.676	14.907	0.000	14.907	0.80
Padova Est - Mira-Oriago	18.476	14.907 + 9.800 = 24.707	24.900 (CAV) + 1.820 (ASPI) + 4.500 (AA.VV.) = 31.220	55.927	3.30
Padova Est - Venezia Mestre	20.198	14.907 + 9.800 = 24.707	24.900 (CAV) + 1.820 (ASPI) + 4.500 (AA.VV.) = 31.220	55.927	3.30

- 2.38 Since in 2013 the trips between Mirano-Dolo, Mira-Oriago and Venezia Mestre were toll free and the toll for running from the A4/A57 western interchange to Mira-Oriago or Venezia Mestre was much higher than the one to Mirano-Dolo (3.30 € versus 0.80 €), a significant amount of vehicles coming from or going to the A4 Padova-Venezia were exiting and re-entering at the Mirano-Dolo toll plaza in order to save 2.50 € per trip.

Figure 2.14: Light Vehicles (Class A) user tolls at Mirano-Dolo / Venezia Mestre in 2013



Source: Steer Davies Gleave elaboration on CAV data

- 2.39 Since January 2014, the distance tolled by CAV on the closed system has been reduced by 9.80 km for trips between Padova Est and Mira-Oriago or Venezia Mestre and that on the Open System by 0.37 km. As a consequence, the toll between Padova Est and Mira-Oriago or Venezia Mestre has been reduced from 3.30 € to 2.80 €.
- 2.40 In addition, to avoid the misuse of the Mirano-Dolo toll plaza, the toll between Padova Est and Mirano-Dolo has been set equal to the one at Mira-Oriago and Venezia Mestre, as show in the table below.

Table 2.7: 2014 user tolls (Class A) between Padova Est and the Mirano-Dolo, Mira-Oriago and Venezia Mestre toll stations (including ANAS extra charge and VAT)

From - to	Actual Distance	2014 Tolled Distance			2014 Toll
		Closed System	Open System	Close + Open	
Padova Est - Mirano-Dolo	13.676	14.907	24.530 (CAV) + 1.820 (ASPI) + 4.500 (AA.VV.) = 30.850	45.757	2.80
Padova Est - Mira-Oriago	18.476	14.907	24.530 (CAV) + 1.820 (ASPI) + 4.500 (AA.VV.) = 30.850	45.757	2.80
Padova Est - Venezia Mestre	20.198	14.907	24.530 (CAV) + 1.820 (ASPI) + 4.500 (AA.VV.) = 30.850	45.757	2.80

- 2.41 To compensate the commuters of the Mirano, Dolo, Mira, Spinea and Pianiga municipalities for the toll increase between Padova Est and Mirano-Dolo, a 40% discount was provided to all the vehicles of Class A using the Telepass Family and making at least 20 trips between Padova Est and Mirano-Dolo. These vehicles pay 2.00 € in place of 2.80 €.
- 2.42 The impact of the discount applied has been minimal in 2014 and in the first months of 2015, it has been calculated by CAV in a revenue reduction of less than 4.000€ per month. In the whole year we estimate a reduction of about 0.1% on total CAV revenues and we didn't consider it in our forecasts as it is not material.
- 2.43 The trips between Mirano-Dolo, Mira-Oriago and Venezia Mestre have been left toll free as it was in 2013.

New tolled length

- 2.44 At the beginning of 2015, as part of a new survey commissioned by CAV to improve accuracy on the calculation of its network length, some minor discrepancies in the road length were registered.
- 2.45 The new lengths are reported in the Table below, based on these findings CAV is intending to propose to the Grantor a revision of the resulted toll as following:

Table 2.8: Comparison between current and proposed tolls and lengths

From	To	Current tolled length	Proposed tolled length	Current toll (€)	Proposed toll (€)	% change length	% change toll
Padova Est (604)	Mirano/Dolo (602)	43.920	45.417	2.8	2.9	3%	4%
Padova Est (604)	Spinea (598)	19.876	19.217	1.6	1.6	-3%	0%
Padova Est (604)	Preganziol (596)	38.907	38.220	4.0	3.9	-2%	-3%
Padova Est (604)	Martellago/Scorzè (597)	28.706	28.067	2.7	2.7	-2%	0%

2.46 The differences found, in terms of kilometre as well as toll, are minimal. Therefore, the potential update of tolled length will not have a significant impact on the expected traffic.

3 Traffic in the study area

Introduction

- 3.1 A detailed analysis of the past trends and current characteristics of traffic in the study area is a fundamental starting point for any forecasting exercise since it allows understanding which will be the most likely drivers of traffic on the project network in the future.
- 3.2 This is particularly true when dealing with traffic forecasting of brownfield assets – as in the case of the CAV motorway network - since observed traffic data are available on these infrastructures and need to be used as a starting point onto which to anchor the forecasting exercise.
- 3.3 In this chapter we present the results of the traffic analyses undertaken on the CAV motorway network, including:
- **Current traffic on the CAV network**, to provide a comprehensive overview of the present traffic in the study area and show how the Mestre By-pass has changed the vehicles flows distribution in the Mestre area;
 - **Historic trends and monthly profiles** for the different assets of the CAV network – A4 Padova-Venezia, A4 Mestre By-pass, Mestre toll barriers – to assess the traffic evolution since the Mestre By-pass opening and the weight of the tourist component on the total CAV network traffic;
 - **Daily and hourly profiles** at the Mestre barriers, to understand which are the time periods characterised by the highest congestion levels within the study area;
 - **Impact of the Mirano-Dolo – Mira-Oriago section liberalization**, to understand if and to what extent the moving back of the virtual barrier of Venezia Mestre has led to any vehicles rerouting along the A57 Mestre Ring Road;
 - **Impact of the opening of Martellago interchange**, to understand how much traffic has been attracted due to the opening of the new tollbooth;
 - **Revenue share by asset**, to show the weight on total revenue of each of the CAV Concession assets in 2013.

All the analyses have been carried out separately for the A4 Venezia-Padova motorway, A4 Mestre By-pass and A57 Mestre Ring Road open tolling system (namely the A57 Venezia Mestre, A4 Venezia Est and A27 and Venezia Nord toll barriers).

3.4 If not otherwise specified, when presenting results by vehicle class, light vehicles (LV) corresponds to Class A of the Italian motorway classification, light goods vehicles (LGV) to Class B and heavy goods vehicles (HGV) to the sum of classes 3, 4 and 5.

3.5 Further data analyses on the Open System traffic are presented in Appendix A.

Current traffic on the CAV network

3.6 Before the opening of the A4 Mestre By-pass, the long distance traffic crossing Mestre – namely vehicles running from the A4 Padova-Venezia to the A4 Venezia-Trieste or A27 Venezia Belluno – was forced to use the A57 Mestre Ring Road since no alternative was available.

3.7 As a consequence, in 2008 the Mestre Ring Road experienced very high congestion levels, with over 90,000 daily vehicles crossing the Venezia-Mestre barrier, 52,000 vehicles running through Venezia Est and 33,000 vehicles travelling across Venezia Nord.

3.8 The opening of the Mestre By-pass between the western and the eastern ends of the Mestre Ring Road has provided a high speed route to the traffic crossing Mestre, relieving congestion from the Mestre Ring Road, as shown in the following figure.

Figure 3.1: Comparison between the Annual Average Daily Traffic (AADT) before (2008) and after (2014) the Mestre By-pass opening



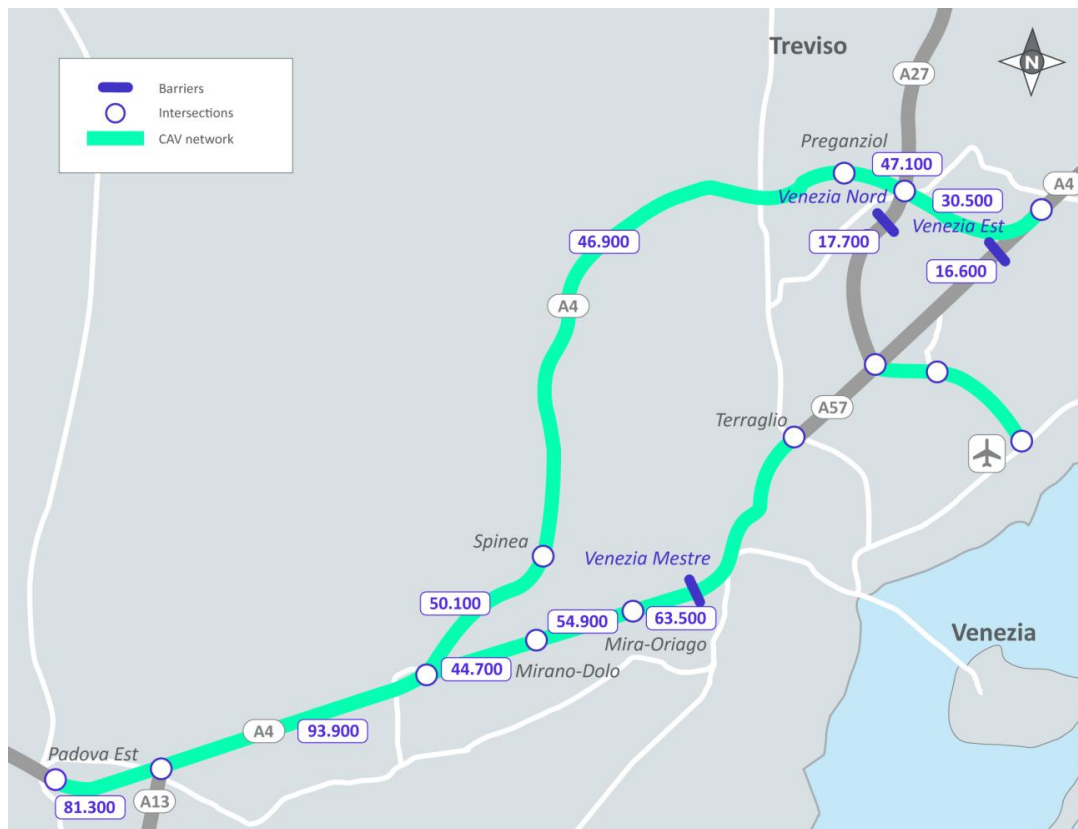
Source: Steer Davies Gleave elaboration on CAV data

- 3.9 Overall, the daily traffic running through the Mestre Ring Road Open System – which is the sum of the Venezia Mestre, Venezia Est and Venezia Nord traffic - has decreased by almost 90,000 vehicles per day from 2008 and 2014, with significant benefits in terms of travel times and speeds for the Mestre Ring Road users.

Looking at the current distribution of traffic on the CAV motorway network, the traffic running along the A4 Padova-Venezia motorway section (94,000 vehicles per day in 2014) splits almost evenly between the A4 Mestre By-pass (50,000 vehicles per day up to Spinea) and the A57 Mestre Ring Road (45,000 daily vehicles between the western junction with the A4 motorway and the Mirano-Dolo interchange).

- 3.10 Moving from the A4/A57 western interchange towards the Venezia Mestre toll barrier, traffic progressively increases due to the local traffic commuting between Mirano, Dolo, Mira, Spinea, Pianiga and Venice.
- 3.11 Along the Mestre By-pass, traffic is steady (ranging from 47,000 to 50,000 daily vehicles) between the A4/A57 western interchange and the A4/A27 junction and then decreases down to 30,500 from the A4/A27 to the A4/A57 eastern junction.
- 3.12 Finally, the Venezia Est and Venezia Nord barriers carry around 17,000 daily vehicles each.

Figure 3.2: Current traffic on the CAV motorway network (2014 AADT)



Source: Steer Davies Gleave elaboration on CAV traffic data

Historic trends and monthly profiles

- 3.13 To assess the traffic evolution and seasonality profiles on the CAV motorway network since the Mestre By-pass opening, the A4 Mestre By-pass, A4 Padova-Venezia and Mestre Ring Road Open System traffic data have been analysed.

A4 Mestre By-pass

- 3.14 The following table shows the annual traffic trend from 2010 (first year of full operation of the Mestre By-pass) to 2014 separately for light vehicles (LV), light goods vehicles (LGV) and heavy goods vehicles (HGV).

Table 3.1: Annual traffic trend 2010-2014, A4 Mestre By-pass

Year	Million Veh_km				Annual % growth			
	LV	LGV	HGV	Total	LV	LGV	HGV	Total
2010	396.2	61.3	109.1	566.6				
2011	389.4	62.0	109.5	561.9	-1.7%	1.2%	0.4%	-1.0%
2012	369.0	58.4	103.6	531.1	-5.2%	-5.7%	-5.4%	-5.3%
2013	362.5	56.8	102.0	521.2	-1.8%	-2.9%	-1.6%	-1.9%
2014	372.8	57.2	103.0	533.0	2.9%	0.8%	1.0%	2.3%

Source: SDG elaboration on CAV S.p.A data

- 3.15 Opened to traffic in the early years of the worst economic crisis of the last decades, the Mestre By-pass shows a decreasing traffic trend since 2010. Between 2011 and 2012 the total traffic has dropped by 5.3% with light goods vehicles decreasing at slightly higher rates (-5.7% in 2012 and -2.9% in 2013) than heavy goods vehicles (-5.4% in 2012 and -1.6% in 2013) and light vehicles (-5.2% in 2012 and -1.8% in 2013).
- 3.16 Some recovery seems evident from 2014, when LV, LGV and HGV traffic recorded a 2.9%, 0.8% and 1.0% increase, respectively, compared to 2013.
- 3.17 In the first months of 2015 traffic is continuing to grow: LV, LGV and HGV traffic recorded a 7.0%, 4.6% and 5.4% increase, respectively, compared to the same period of 2014. This is due to a combination of impacts:
- the opening of the new Martellago interchange (detailed in the next paragraphs);
 - the recovery from the economic crisis, seen also on the rest of the national motorway network;
 - to the excellent weather conditions during the summer months compared with 2014.

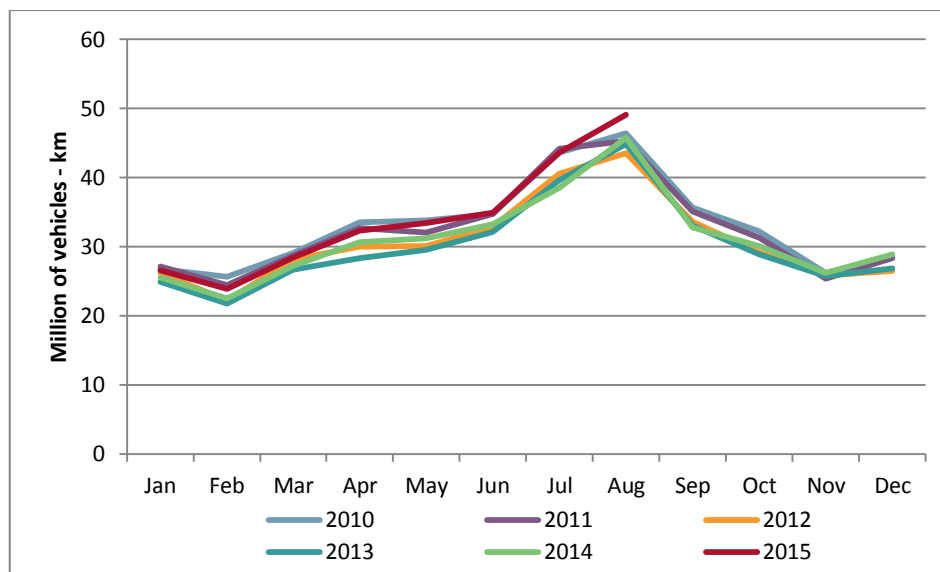
Table 3.2: Traffic growth, January-August 2014-2015

Mestre By-pass Year	Vehicles-km [million]				Average annual increases			
	LV	LGV	HV	Total	LV	LGV	HV	Total
2014 (Jan-Aug)	254.8	38.3	67.9	361.0				
2015 (Jan-Aug)	272.5	40.0	71.6	384.1	7.0%	4.6%	5.4%	6.4%

Source: SDG elaboration on CAV S.p.A data

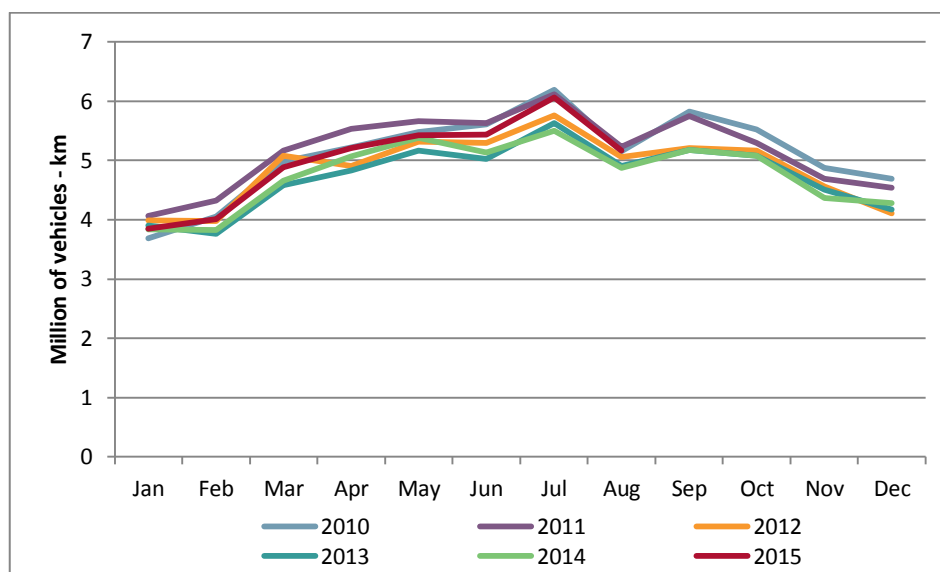
- 3.18 The next figures show the monthly traffic trend of the Mestre By-pass by vehicle class from January 2010 to August 2015.

Figure 3.3: A4 Mestre By-pass: monthly trend Light Vehicles

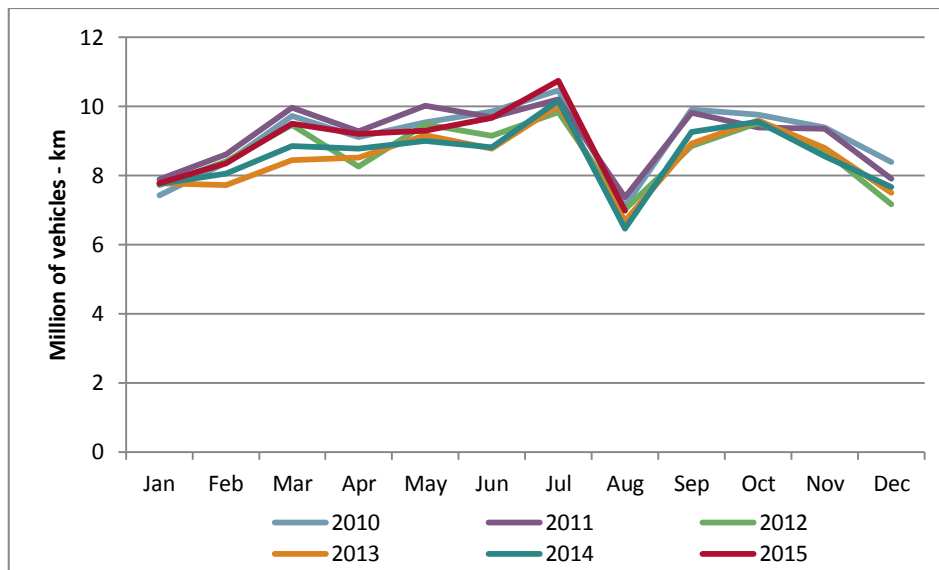


Source: SDG elaboration on CAV S.p.A data

Figure 3.4: A4 Mestre By-pass: monthly trend Light Goods Vehicles



Source: SDG elaboration on CAV S.p.A data

Figure 3.5: A4 Mestre By-pass: monthly trend Heavy Goods Vehicles

Source: SDG elaboration on CAV S.p.A data

3.19 The monthly profile is similar through the years. Light vehicles show a peak in summer (July-August) which is mainly driven by the tourist traffic to/from the Adriatic coast whereas the lowest vehicle flows are recorded during the winter period.

3.20 Light and heavy goods vehicles have a more steady monthly profile with a peak in July and a slowdown in August (more pronounced for HGV), due to the summer holiday and the consequent closure of many offices and stores.

A4 Padova-Venezia motorway

3.21 The A4 Padova-Venezia motorway shows a slight traffic increase across all the vehicle classes in 2011 (approximately +1% compared to 2010), following a significant reduction in 2011 (-6.0% for LV, -6.9% for LGV and -7.8% for HGV), as shown in the following table.

Table 3.3: Annual traffic trend 2010 – 2014, A4 Padova-Venezia

Year	Million Veh_km				Annual % growth			
	LV	LGV	HGV	Total	LV	LGV	HGV	Total
2010	457.7	59.9	76.1	593.7				
2011	462.3	60.6	77.1	600.1	1.0%	1.1%	1.4%	1.1%
2012	434.8	56.4	71.1	562.3	-6.0%	-6.9%	-7.8%	-6.3%
2013	429.1	55.2	71.4	555.7	-1.3%	-2.1%	0.4%	-1.2%
2014	333.9	43.4	60.8	438.0	-22.2%	-21.5%	-14.8%	-21.2%

Source: SDG elaboration on CAV S.p.A data

3.22 Despite the overall 1.2% decrease compared to 2012, traffic has been in line with the previous year levels from the second quarter of 2013, recording a +0.5% for LV, +2.4% for LGV and +6.3% for HGV in December compared to the same month of 2012.

3.23 When looking at the traffic of 2014, there's significant reduction in veh_km compared to the same period of the previous year (-22.2% in LV, -21.5% in LGV, -14.8% in HGV). However, this decrease does not represent an actual traffic reduction but reflects the reduced number of

kilometres tolled on the A4 Padova-Venezia motorway - from 24.707 km in 2013 to 14.907 km in 2014.

This significant reduction (-9.80 km) in tolled distance on the A4 Padova-Venezia close system explains the lower veh_km figures in 2014 compared to the previous years.

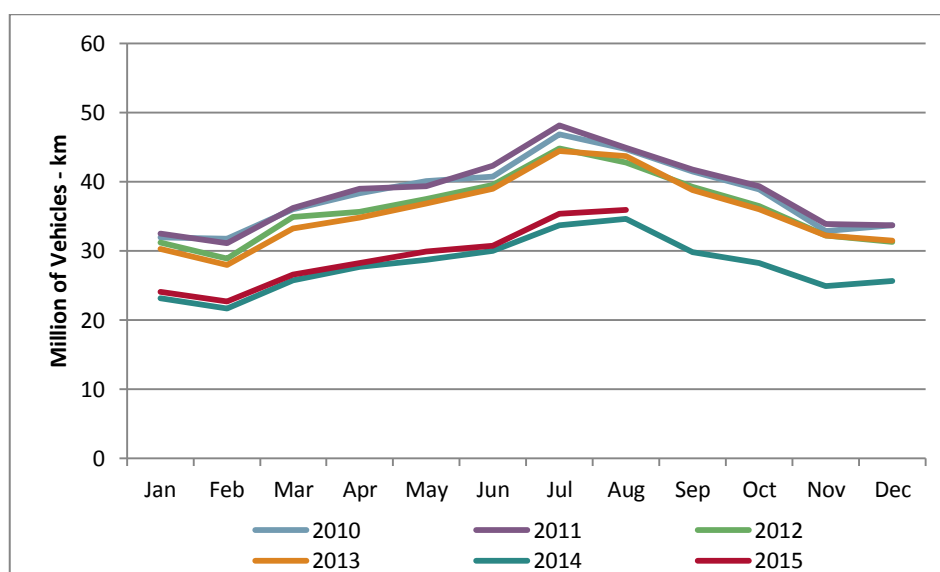
- 3.24 In 2015 traffic is continuing to grow: LV, LGV and HGV traffic recorded respectively a 3.7%, 1.2% and 4.0% increase from January to August, compared to the same period of 2014. Like for the Mestre by-pass, the good performance in 2015 is driven by the recovery from economic crisis and the excellent weather conditions in the summer months.

Table 3.4: Traffic Growth, January – August 2014 - 2015

A4 Pd-Ve Year	Vehicles-km [million]				Average annual increases			
	LV	LGV	HV	Total	LV	LGV	HV	Total
2014 (Jan-Aug)	225.3	29.1	40.2	294.6				
2015 (Jan-Aug)	233.7	29.4	41.8	305.0	3.7%	1.2%	4.0%	3.5%

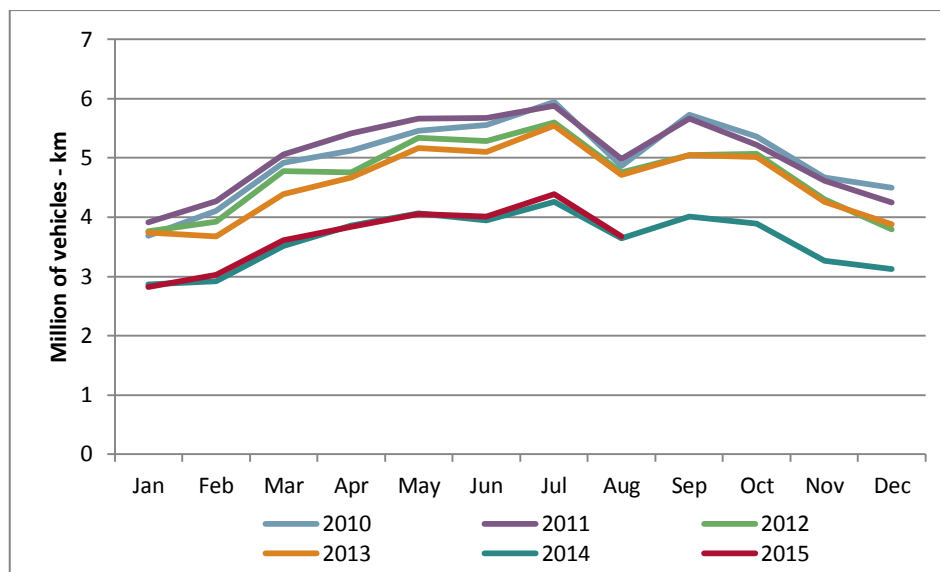
Source: SDG elaboration on CAV S.p.A data

Figure 3.6: A4 Padova-Venezia: monthly trend Light Vehicles



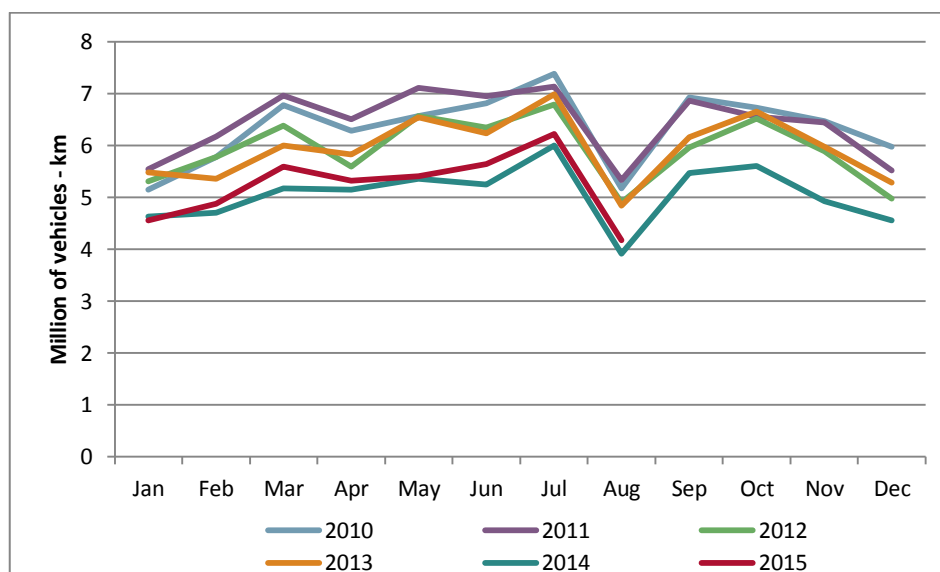
Source: SDG elaboration on CAV S.p.A data

Figure 3.7: A4 Padova-Venezia: monthly trend Light Goods Vehicles



Source: SDG elaboration on CAV S.p.A data

Figure 3.8: A4 Padova-Venezia: monthly trend Heavy Goods Vehicles



Source: SDG elaboration on CAV S.p.A data

- 3.25 The monthly profile on the A4 Padova-Venezia motorway is very similar to the one of the A4 Mestre By-pass, with a peak in summer for light vehicles and a less variable profile for light and heavy goods vehicles, both showing a slowdown in August.

Mestre Ring Road open tolling system

- 3.26 As for the open tolling system, traffic at the Venezia Mestre+Mira-Oriago, Venezia Nord and Venezia Est barriers have been analysed from 2010 to August 2015.
- 3.27 The annual traffic trends at the Venezia Mestre+Mira-Oriago and Venezia Nord barriers are similar with a 1.4% traffic increase in 2011, followed by a significant reduction in 2012 (around -9% in total vehicles) and less pronounced decrease in 2013 (approximately -1%) and in 2014 (-0.4% only for Venezia Nord Barrier).
- 3.28 Instead, in 2014 traffic at the Venezia Mestre+Mira Oriago barriers is substantially different (+25.7% compared to 2013) because both data include Mirano-Dolo million vehicles and because are evident the impacts of liberalization.
- 3.29 As for the Venezia Est barrier, traffic remained almost constant in 2011 compared to the previous year (less than 0.5% total traffic reduction). In 2012, the decrease was in line with those recorded on the other barriers (around -9%), whereas in 2013 and in 2014 the traffic reduction was more significant due to the roadwork for the enlargement of the A4 Padova-Trieste motorway.

Table 3.5: Venezia Mestre and Mira-Oriago barriers: annual traffic trend 2010-2014

Year	Million vehicles				Annual % growth			
	LV	LGV	HGV	Total	LV	LGV	HGV	Total
2010	11.1	1.4	1.4	14.0				
2011	11.3	1.4	1.4	14.2	1.5%	0.4%	1.3%	1.4%
2012	10.4	1.3	1.2	12.9	-8.3%	-8.7%	-14.2%	-8.9%
2013	10.2	1.3	1.2	12.8	-1.5%	-1.4%	1.8%	-1.2%
2014*	12.9	1.5	1.6	16.0	26.4%	19.4%	26.3%	25.7%

*includes Mirano Dolo

Source: SDG elaboration on CAV S.p.A data

Table 3.6: Venezia Nord barrier: annual traffic trend 2010-2014

Year	Million vehicles				Annual % growth			
	LV	LGV	HGV	Total	LV	LGV	HGV	Total
2010	6.0	0.6	0.6	7.2				
2011	6.0	0.6	0.6	7.3	0.8%	3.2%	5.2%	1.4%
2012	5.5	0.6	0.5	6.6	-9.1%	-10.0%	-12.8%	-9.5%
2013	5.4	0.6	0.5	6.5	-1.3%	-2.7%	-1.8%	-1.4%
2014	5.3	0.6	0.6	6.5	-1.0%	-0.9%	6.5%	-0.4%

Source: SDG elaboration on CAV S.p.A data

Table 3.7: Venezia Est barrier: annual traffic trend 2010-2014

Year	Million vehicles				Annual % growth			
	LV	LGV	HGV	Total	LV	LGV	HGV	Total
2010	5.3	0.9	1.2	7.4				
2011	5.3	0.9	1.1	7.3	0.3%	-1.8%	-2.1%	-0.4%
2012	4.8	0.8	1.0	6.6	-9.3%	-10.7%	-9.0%	-9.4%
2013	4.5	0.7	1.0	6.3	-5.6%	-5.2%	-2.3%	-5.1%
2014	4.3	0.7	1.0	6.1	-4.6%	-3.4%	0.4%	-3.7%

Source: SDG elaboration on CAV S.p.A data

- 3.30 When looking at the traffic of 2015, in all barriers there is an increase in vehicles compared to the same period of the previous year. The increase is more significant in case of light vehicles and in case of Venezia Est barrier, probably due to the completion of the first section of the A4 Venezia-Trieste and to the absence of road works on the successive sections.
- 3.31 On the virtual barrier there is evident a decrease of light goods vehicles (-2,4%) and a moderate increase of heavy goods vehicles (+0.6%). These performances are a consequence of the liberalisation of Mirano Dolo, as heavy vehicles move to the Mestre by-pass, using Spinea tollbooth instead of Mirano Dolo or Mira Oriago and saving, consequently, from €0.70 to €1.60.

Table 3.8: Virtual Barrier: Traffic Growth, January - August 2014 - 2015

Virtual Barrier	Vehicles [million]				Average annual increases			
	LV	LGV	HV	Total	LV	LGV	HV	Total
2014(Jan-Aug)	8.67	1.04	1.05	10.76				
2015 (Jan-Aug)	8.77	1.01	1.05	10.83	1.1%	-2.4%	0.6%	0.7%

Source: SDG elaboration on CAV S.p.A data

Table 3.9: Venezia Nord Barrier: Traffic Growth, January - August 2014 - 2015

VE-Nord	Vehicles [million]				Average annual increases			
	LV	LGV	HV	Total	LV	LGV	HV	Total
2014(Jan-Aug)	3.53	0.37	0.37	4.27				
2015 (Jan-Aug)	3.57	0.36	0.36	4.30	1.1%	-1.6%	-2.2%	0.6%

Source: SDG elaboration on CAV S.p.A data

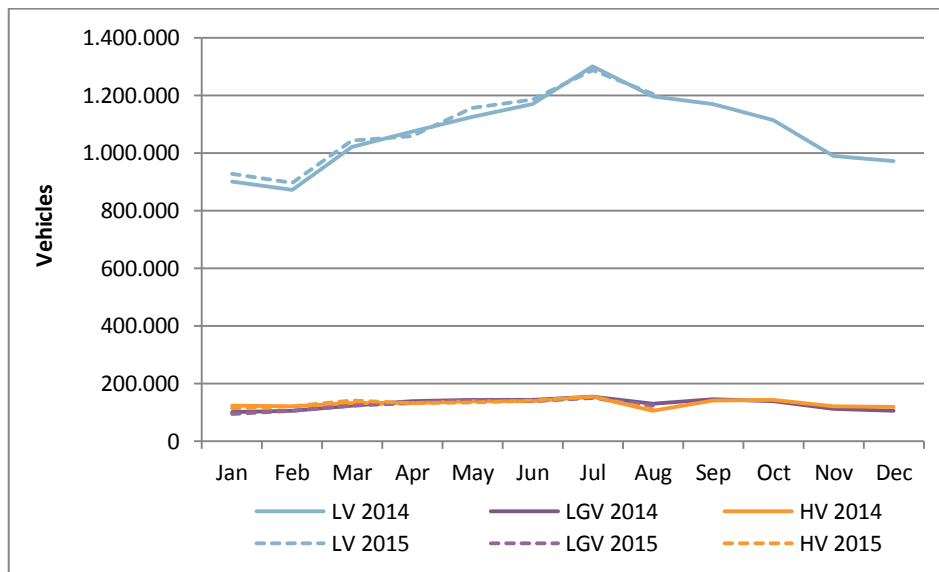
Table 3.10: Venezia Est Barrier: Traffic Growth, January - August 2014 - 2015

VE-Est	Vehicles [million]				Average annual increases			
	LV	LGV	HV	Total	LV	LGV	HV	Total
2014(Jan-Aug)	2.96	0.48	0.67	4.11				
2015 (Jan-Aug)	3.11	0.49	0.70	4.31	5.2%	3.7%	4.4%	4.9%

Source: SDG elaboration on CAV S.p.A data

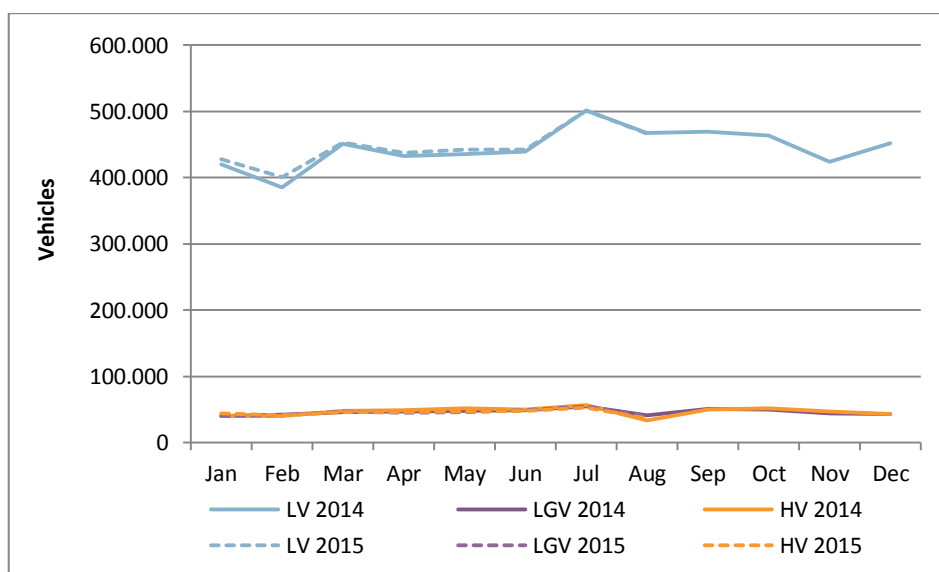
- 3.32 The monthly profiles at the Venezia Mestre and Venezia Est barriers are similar to those of the A4 Padova-Venezia and A4 Mestre By-pass. Light vehicles show a peak during the summer months and the lowest traffic values are collect in winter.
- 3.33 The light vehicles traffic recorded at the Venezia Nord barrier is less variable compared to the other barriers, due to the lower impact of the tourist traffic on the Adriatic coast which reduces the summer peak and the influence of the winter tourist traffic towards the Alps which leads to higher traffic values in December and January compared to the other barriers.
- 3.34 As for the light and heavy goods vehicles, all the barriers are characterised by a profile which is in line with those recorded along the A4 section, with a more steady trend during the year and a slowdown in August.

Figure 3.9: Virtual barrier: 2014 – 2015 monthly trend

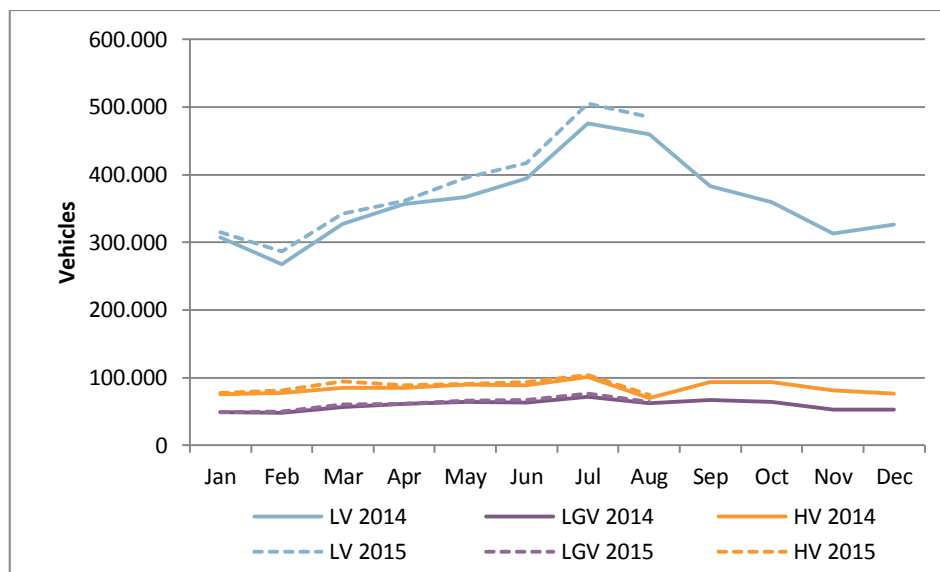


Source: SDG Elaboration on CAV data

Figure 3.10: Venezia Nord barrier: 2014-2015 monthly trend

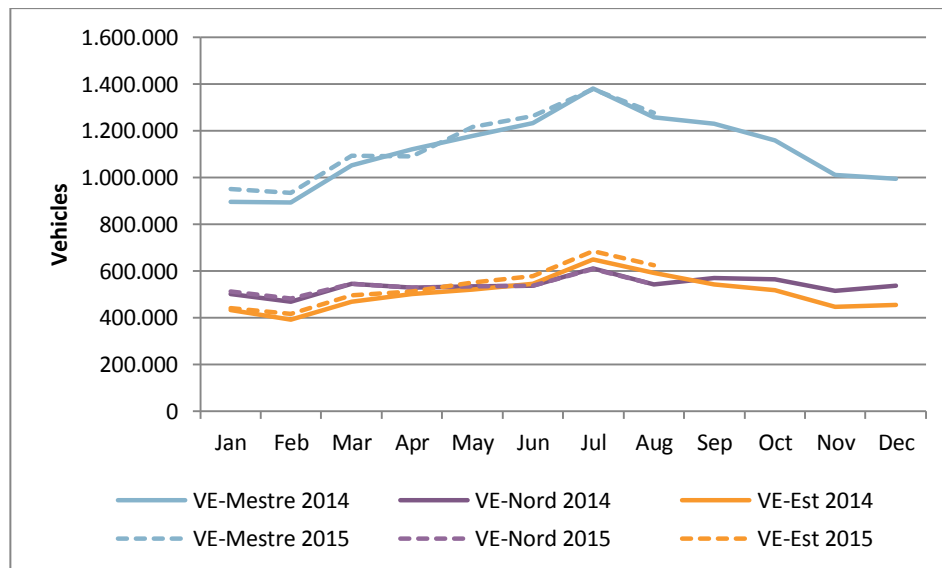


Source: SDG Elaboration on CAV data

Figure 3.11: Venezia Est barrier: 2014- 2015 monthly trend

Source: SDG Elaboration on CAV data

- 3.35 When comparing the total traffic at the Mestre Ring Road barriers it is evident that the Venezia Mestre barrier carries almost as many vehicles as the Venezia Est and Venezia Nord barriers together. The total traffic in 2014 at the Venezia Nord barrier is 3% higher than the Venezia Est one. However, during summer time, Venezia Est carries higher traffic volumes than Venezia Nord, due to the Adriatic coast tourist traffic.

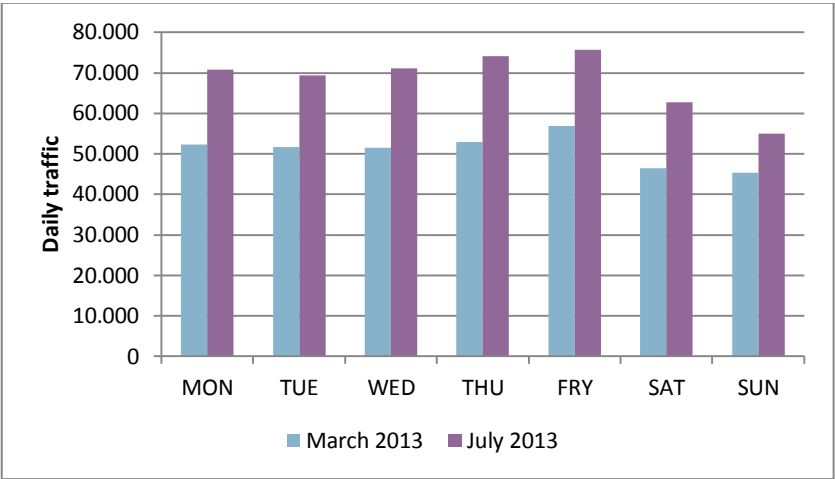
Figure 3.12: Open System: 2014-2015 total vehicles monthly trend

Source: SDG Elaboration on CAV data

Daily profiles

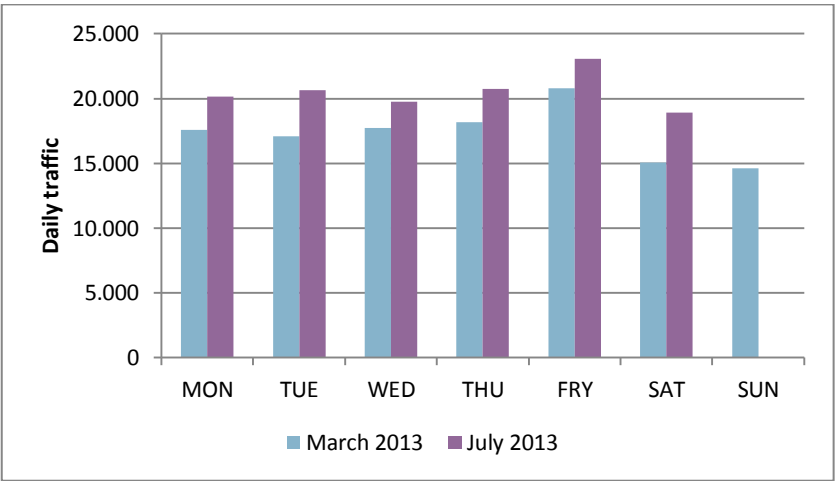
3.36 The traffic variability across the week has been analysed by looking at the Venezia Mestre, Venezia Nord and Venezia Est total traffic trends in an average winter (March) and summer (July) week in 2013.

Figure 3.13: Venezia Mestre and Mira-Oriago barriers: total vehicles daily profile

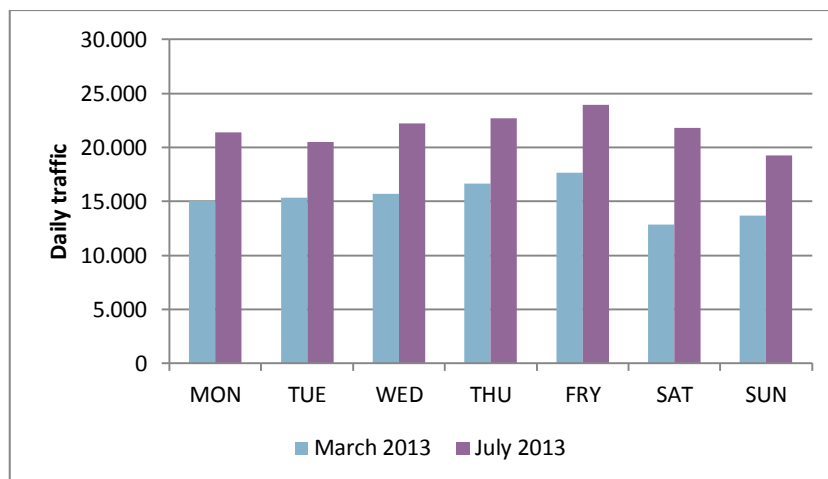


Source: SDG Elaboration on CAV data

Figure 3.14: Venezia Nord barrier: total vehicles daily profile



Source: SDG Elaboration on CAV data

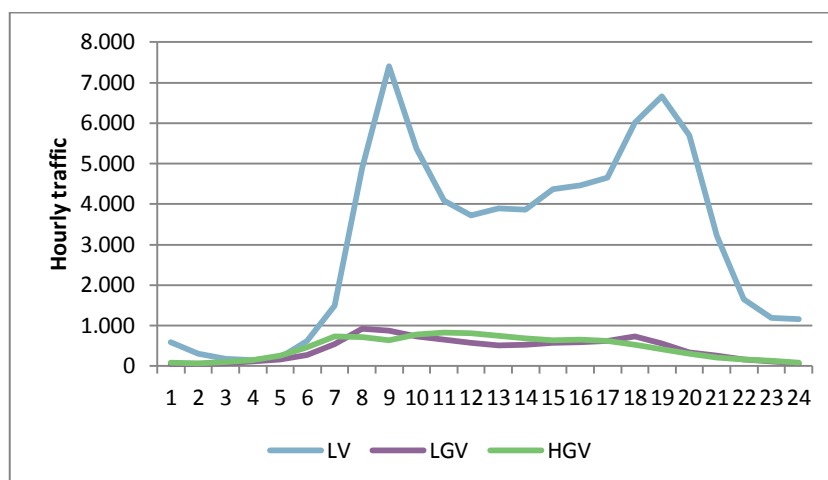
Figure 3.15: Venezia Est barrier: total vehicles daily profile

Source: SDG Elaboration on CAV data

- 3.37 The winter and summer profiles are consistent for all the barriers with similar traffic volumes from Monday to Thursday, a peak on Friday and the lower values recorded on Saturday and Sunday – mainly due to the low number of light and heavy goods vehicles travelling during the weekends.

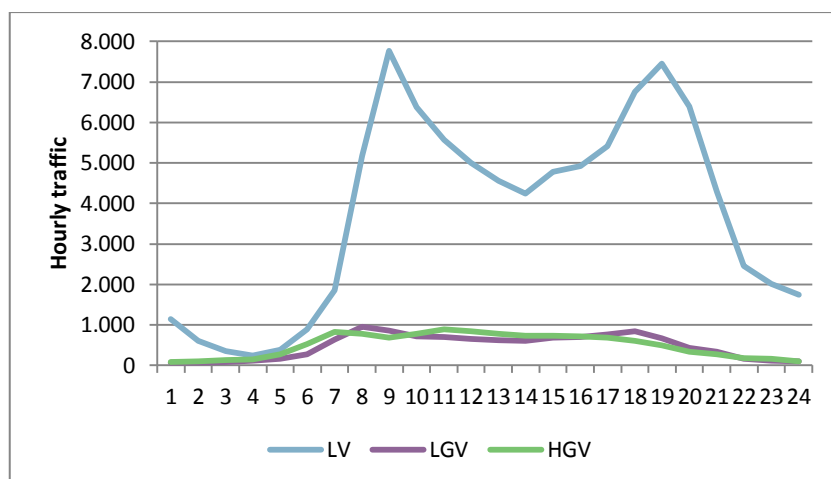
Hourly profiles

- 3.38 The hourly profile on the CAV network has been analysed by looking at the total traffic at the Mestre Ring Road barriers in an average 2013 summer and winter working day (from Tuesday to Thursday) and weekend day.

Figure 3.16: Open System: March 2013 average weekday hourly profile

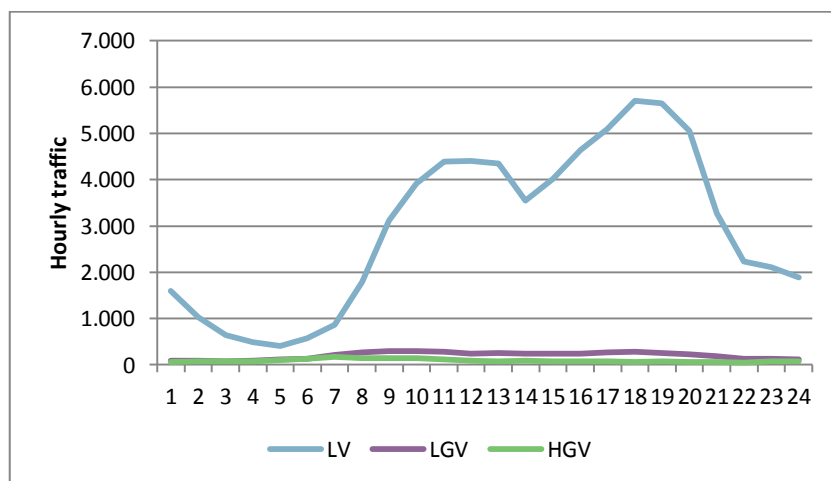
Source: SDG Elaboration on CAV data

Figure 3.17: Open System: July 2013 average weekday hourly profile



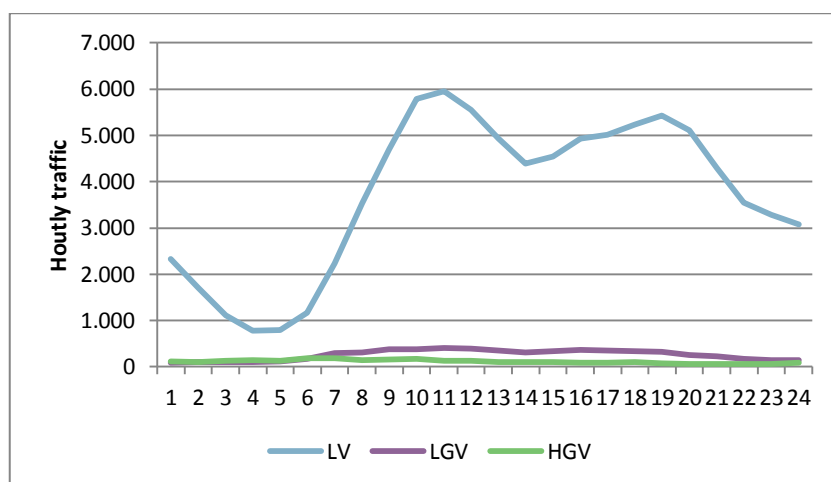
Source: SDG Elaboration on CAV data

Figure 3.18: Open System: March 2013 average weekend hourly profile



Source: SDG Elaboration on CAV data

Figure 3.19: Open System: July 2013 average weekend hourly profile



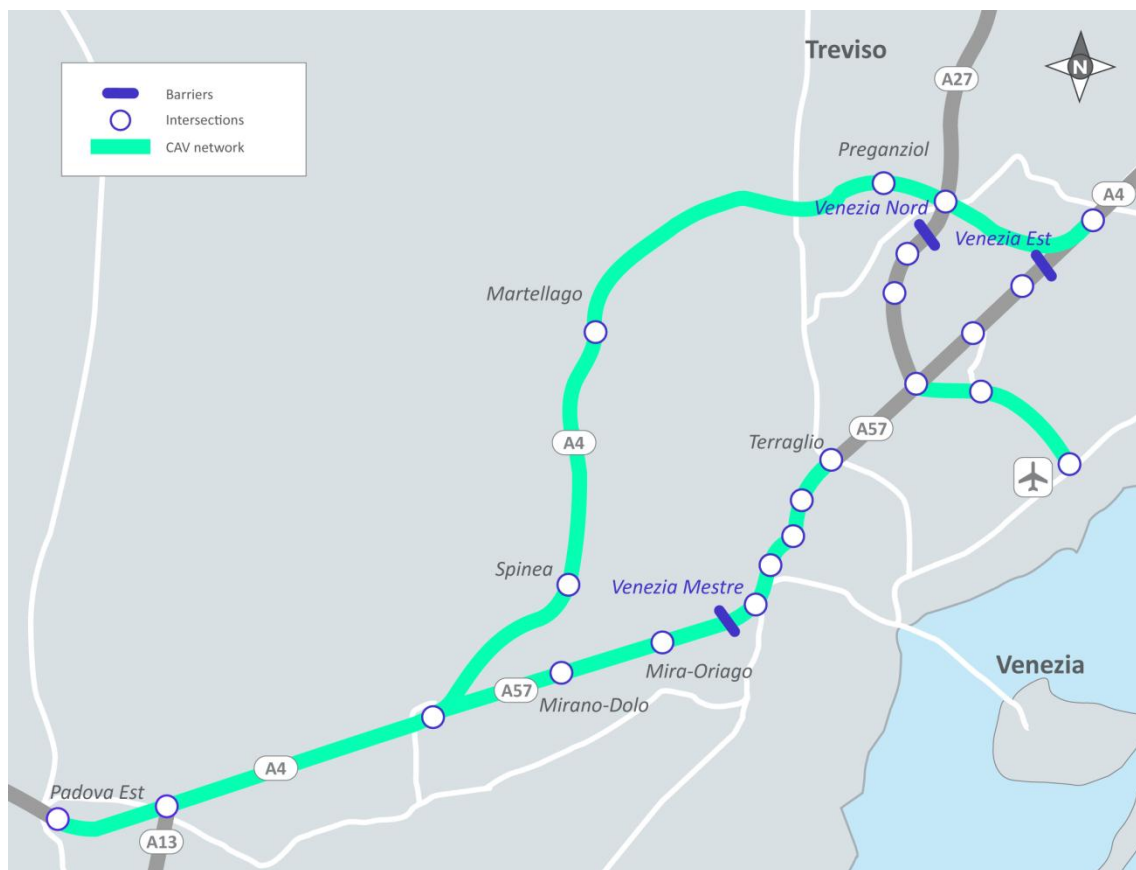
Source: SDG Elaboration on CAV data

- 3.39 During the March weekends, the highest flows are observed between 5.00 and 7.00 PM whereas no significant peak is evident during the morning. On the other hand, in summer, the highest traffic is recorded between 9:00 and 11:00 AM whereas the evening peak is less marked and occurs between 5:00 and 7:00 PM.
- 3.40 The weekend peaks are less pronounced – both in winter and in summer – due to the much lower number of commuting trips on Saturday and Sunday.

Impact of the opening of Martellago interchange

- 3.41 The Martellago interchange, located between Spinea and Preganziol, opened in April 2015. It allowed to reduce the distance between two consecutive interchanges on the Mestre by-pass, from 20 km (the actual distance between Spinea and Preganziol) to about 10 km.
- 3.42 The new interchange improves the accessibility of the Mestre By-pass especially for traffic generated and destined to Scorzè, Noale and Martellago located half-way between the interchanges of Spinea and Preganziol.

Figure 3.20: Martellago interchange (opened in 2015)



Source: Steer Davies Gleave elaboration

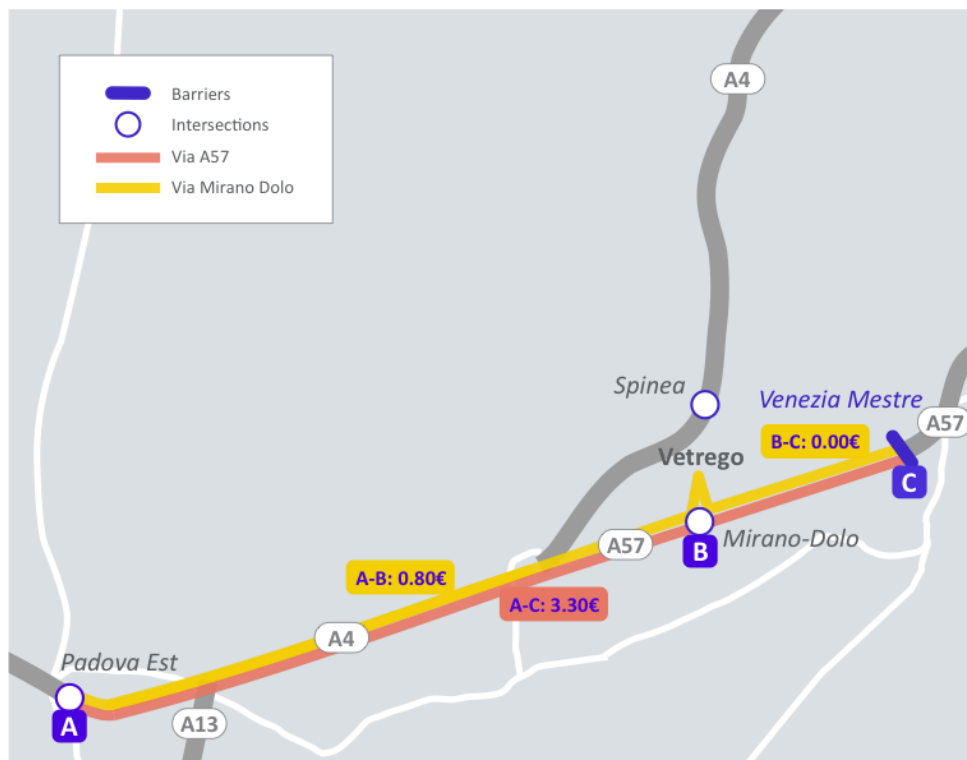
- 3.43 As a result of a better accessibility the traffic on the Mestre by-pass is increasing. From April to September the impact on the Mestre by-pass could be quantified around 3%, while on the A4 section the impact is not relevant.
- 3.44 Tollbooths movements for Spinea, Martellago and Preganziol starting from April 2015 highlight that Martellago interchange is mainly used by heavy goods vehicles, while cars use more Spinea and Preganziol interchanges.

Table 3.11: Entries/exits at Mestre by-pass tollbooths (Apr-Sept 2015)

Tollbooth	LV	LGV	HGV	Total
Spinea	927,412	128,948	85,262	1,141,622
Martellago	529,627	78,980	95,153	703,760
Preganziol	948,830	107,412	48,207	1,104,449

Impact of the Venezia Mestre toll barrier changes

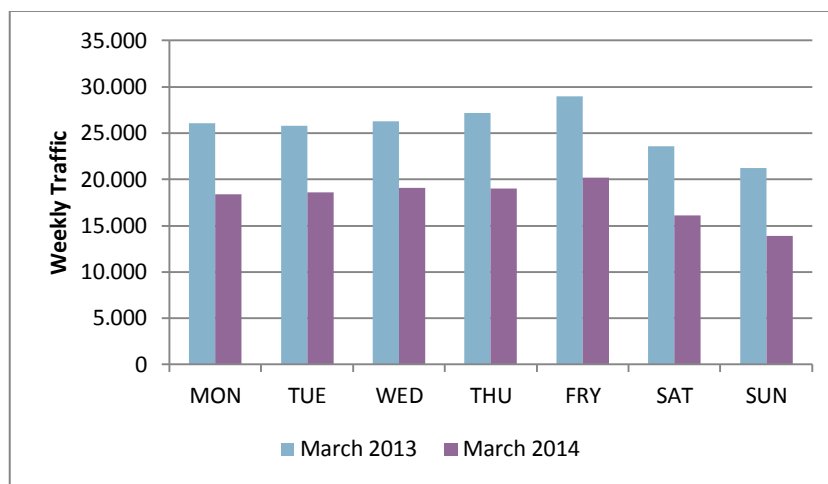
- 3.45 Until December 2013, the tolling collection points on the west part of the Mestre Ring Road open tolling system were the Mira-Oriago toll plaza and the Venezia Mestre barrier – as only the toll corresponding to the A4 Padova-Venezia closed system was collected at the Mirano-Dolo toll plaza.
- 3.46 All the trips between Mirano-Dolo, Mira-Oriago and Venezia Mestre were toll free so that local traffic commuting within the Venice province did not have to pay for the use of the Ring Road.
- 3.47 However, a significant proportion of vehicles between Padova Est and Venezia Mestre were taking advantage of this tolling collection system by using the A4 between Padova Est and Mirano-Dolo, exiting the motorway from the Mirano-Dolo toll plaza (and paying 0.80 € for the use of the A4 Padova-Venezia closed system), U-turning at the Vetrego roundabout, re-entering at Mirano-Dolo, and using the toll free Mirano-Dolo – Venezia Mestre section of the A57.
- 3.48 This improper use of the Mirano-Dolo toll plaza –schematically shown in the following figure – allowed a saving 2.50 € for each trip between Padova Est and Mira-Oriago or Venezia Mestre for Class A users.

Figure 3.21: Light Vehicles (Class A) user tolls at Mirano-Dolo / Venezia Mestre in 2013

Source: Steer Davies Gleave elaboration on CAV S.p.A. data

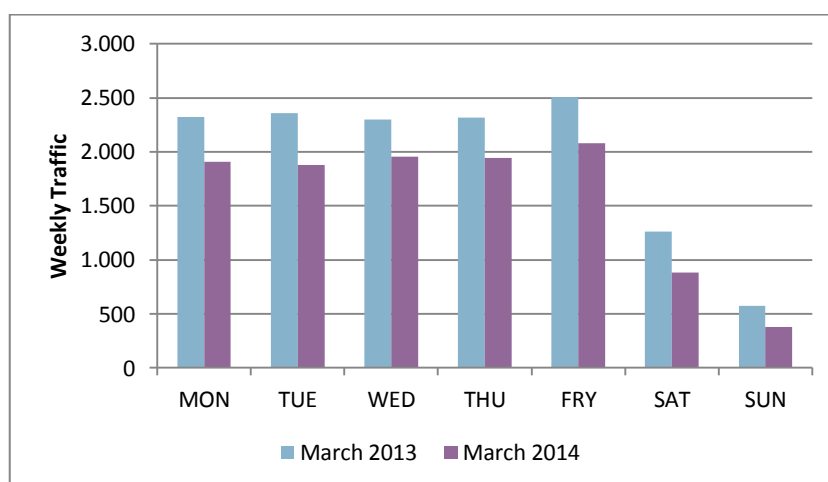
- 3.49 In addition, the high number of vehicles exiting and re-entering at Mirano-Dolo led to congestion and long queues at the toll plaza and the Vetrego roundabout.
- 3.50 To avoid these issues, since January 2014, the toll collected at Mirano-Dolo has been set equal to those at Mira-Oriago and Venezia Mestre – 2.80 € for class A up to the A4 Padova Est interchange.
- 3.51 To compensate the commuters of the Mirano, Dolo, Mira, Spinea and Pianiga municipalities for the high toll increase between Padova Est and Mirano-Dolo, a 40% discount was provided to all the vehicles of Class A using the Telepass Family and making at least 20 trips between Padova Est and Mirano-Dolo. These vehicles pay 2.00 € in place of 2.80 €.
- 3.52 The impact of this countermeasure to the improper use of the Mirano-Dolo toll plaza is evident when comparing the total traffic at Mirano-Dolo before (March 2013) and after (March 2014) the increased toll level at Mirano-Dolo, as show in the following figures.

Figure 3.22: Mirano-Dolo toll plaza: Light Vehicles weekly profile

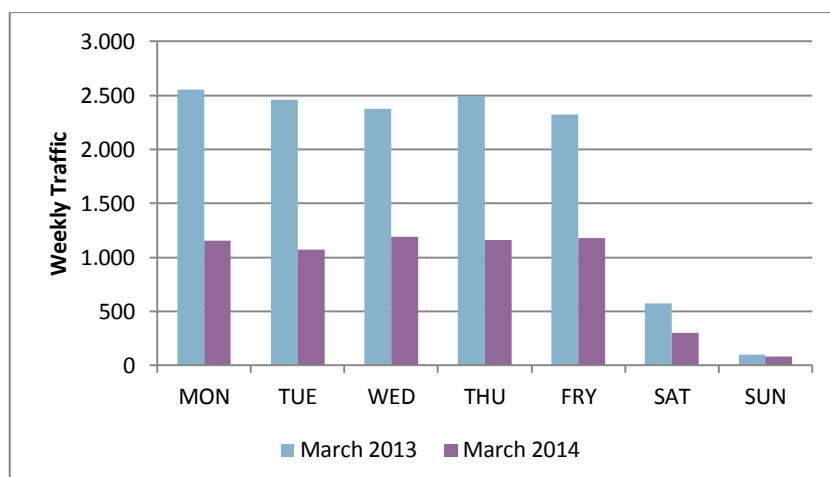


Source: SDG elaboration on Cav S.p.A data

Figure 3.23: Mirano-Dolo toll plaza: Light Goods Vehicles weekly profile



Source: SDG elaboration on CAV S.p.A data

Figure 3.24: Mirano-Dolo toll plaza: Heavy Goods Vehicles weekly profile

Source: SDG elaboration on CAV S.p.A data

- 3.53 In particular, the total traffic recorded at Mirano-Dolo in March 2014 was 31% lower compared to the March 2013 levels. The reduction is even more for the heavy goods vehicles, that show a 47% drop compared to the same month in 2013.

It is important to underline that the traffic reduction at Mirano-Dolo did not lead to a decrease in revenue for CAV. Conversely, the amount collected in the open tolling system has increased by 17% in 2014, due to the fact that all the vehicles that were paying only 0.80 € between Padova Est and Venezia are now paying 2.80 € per trip.

- 3.54 Below are reported traffic levels differences in 2013 and 2014.

Table 3.12: Traffic 2013-2014

		Mestre By-pass (mil veh_km)	A4 (mil veh_km)	Venezia Mestre (mil veh)	Venezia Nord (mil veh)	Venezia Est (mil veh)
2013	LV	362.5	429.1	9.8	5.4	4.5
	LGV	56.8	55.2	1.2	0.6	0.7
	HGV	102.0	71.4	1.0	0.5	1.0
	Total	521.2	555.7	12.0	6.5	6.3
2014	LV	372.8	333.9	12.9	5.3	4.3
	LGV	57.2	43.4	1.5	0.6	0.7
	HGV	103.0	60.8	1.6	0.6	1.0
	Total	533.0	438.0	16.0	6.5	6.1
Diff % 2014-2013	LV	2.9%	-22.2%	32.2%	-1.0%	-4.6%
	LGV	0.8%	-21.5%	28.1%	-0.9%	-3.4%
	HGV	1.0%	-14.8%	61.2%	6.5%	0.4%
	Total	2.3%	-21.2%	34.1%	-0.4%	-3.7%

Source: SDG elaboration on CAV S.p.A. data

- 3.55 The Mestre By-pass had a good performance with an average increase of 2.3% compared to 2013.
- 3.56 The effect of the Mestre Ring Road liberalisation can be seen in the A4 traffic decrease as a consequence of the reduction of 9,8 tolled kilometres (-40%) and in the increase at the Venezia Mestre toll barrier (including Mira-Oriago and Mirano-Dolo) as users are now paying also at Mirano-Dolo barrier.
- 3.57 At the Venezia Nord and Venezia Est barrier there is a recovery in heavy traffic and a drop in light and light good traffic, more evident at the Venezia Est barrier, probably due to the roadwork to enlarge the A4 carriageway Quarto D'Altino and San Donà.
- 3.58 During 2014 the overall CAV paying traffic is approximately 2.4% lower than the traffic recorded in the corresponding period of 2013.

Table 3.13: Traffic trend 2014-2013 (based on veh_km)

Section	LV	LGV	HGV	Total
A4	-22.5%	-21.6%	-14.8%	-21.4%
Mestre by-pass	2.5%	0.6%	1.0%	2.0%
Open system	10.4%	6.9%	11.4%	10.2%
Total	-2.5%	-3.9%	-0.7%	-2.4%

Source: SDG elaboration on CAV data

- 3.59 This difference is mainly due to the Mirano-Dolo – Mira-Oriago section liberalisation, which modified the kilometres tolled in the open and closed tolling system, as follows:
- A reduction of the *veh_km* on the A4 (around -20%) due to the reduction of *kilometres* tolled on the closed system;
 - An increase of the *veh_km* on the open system (around +9%) due to the *kilometres* tolled at the *Mirano-Dolo* toll plaza for the vehicles coming from or going to the A4 motorway;
 - The rerouting of part of the traffic previously entering the CAV system at *Mirano-Dolo* and now using either the *Spinea* toll plaza on the *Mestre By-pass* or the *Mira-Oriago* or *Venezia Mestre* toll barriers.
- 3.60 By excluding the effects of the modification of the kilometres tolled on the open and closed system, the A4 traffic had a reduction of 1.6%, while Mestre by-pass and the open system traffic are higher than the 2013 figures (2.1% and 3.5%). Overall 2014 traffic is above 1.4% compared with 2013 figures.

Table 3.14: Traffic trend 2014-2013 excluding the liberalisation effect (based on veh_km)

Section	LV	LGV	HGV	Total
A4	-2.2%	-0.8%	1.0%	-1.6%
Mestre by-pass	2.6%	0.7%	1.0%	2.1%
Open system	3.6%	0.0%	6.4%	3.5%
Total	1.4%	0.0%	2.5%	1.4%

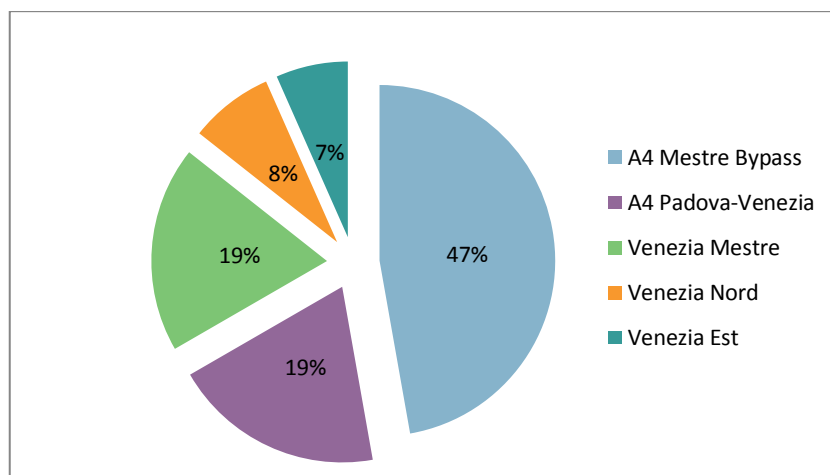
Source: SDG elaboration on CAV data

- 3.61 This suggests that the reduction of paying *veh_km* between 2013 and 2014 is not due to an actual reduction of vehicles on the CAV system but to the different application of tolled kilometres on the open and closed tolling system between 2013 and 2014.

Revenue share by asset

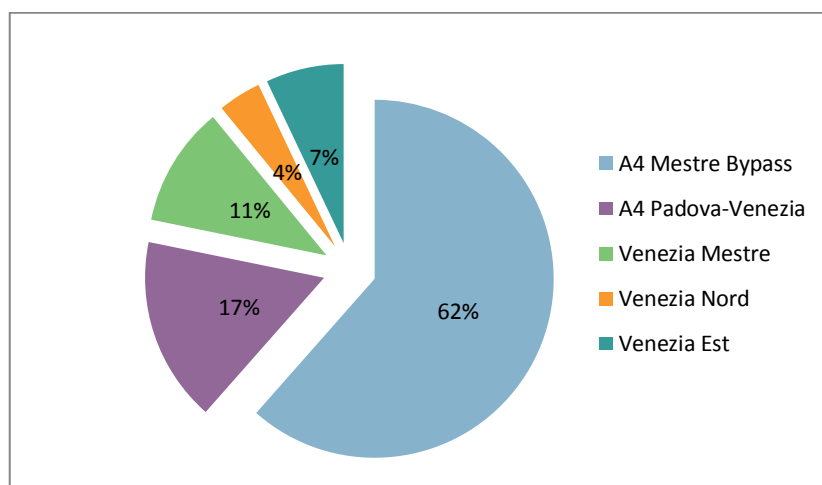
- 3.62 We analysed the revenue collected by CAV in 2014 to understand the weight of each of the CAV assets on total revenue. The following figures show the CAV net revenue shares in 2014 for the A4 Mestre By-pass, A4 Padova-Venezia close tolling system and Venezia-Mestre (including Mira-Oriago), Venezia Nord and Venezia Est toll barriers.

Figure 3.25: Light Vehicles (Class A) plus Light Goods Vehicles (Class B) net revenue shares by CAV asset in 2014



Source: SDG elaboration on CAV S.p.A data

Figure 3.26: Heavy Goods Vehicles (Class 3, 4, 5) net revenue shares by CAV asset in 2014



Source: SDG elaboration on CAV S.p.A data

- 3.63 The A4 Mestre By-pass accounts for 47% of the CAV light vehicles (LV) and light goods vehicles (LGV) revenue and over 60% of heavy goods vehicles (HGV) revenue, being the most important asset of the Concession in terms of revenue.
- 3.64 The open tolling system generates 30% of the total LV+LGV revenue, with the Venezia Mestre (and Mira-Oriago) barrier accounting for more than half of this share and Venezia Nord and Venezia Est having a similar proportion (8% and 7% respectively on total revenue). The remaining 20% is due to the A4 Padova-Venezia motorway.
- 3.65 As for the HGV revenue, the open and closed tolling system have almost the same share (17% and 22% respectively).

- 3.66 The higher proportion of the A4 Mestre By-pass for HGV revenue compared to LV+LGV revenue reflects the different traffic composition – with a high proportion of commuters from/to Venice among cars users and long distance traffic using running along the A4 corridor among heavies.

4 Forecasting methodology

Introduction

- 4.1 The traffic and revenue forecast for the CAV motorway network has been developed by using a combination of an econometric model and a network model.
- 4.2 The objective of the models is to forecast the traffic on the tolled sections of the CAV motorway network –the A4 Padova-Venezia, A4 Mestre By-pass and the Venezia Mestre (including Mirano-Dolo and Mira-Oriago) , Venezia Est and Venezia Nord toll barriers – so to compute the total revenue during the Concession period.

The econometric model has been used to estimate the traffic evolution during the Concession period as a function of the expected evolution of a number of economic parameters, which have been proven to drive the traffic trend on the CAV network in the past. The network model assesses the impact of the future network changes on the route choice for the potential traffic of the CAV network.

- 4.3 This chapter presents the inputs, assumptions and methodology applied for the development of the econometric and network models and how the outputs of the two models have been integrated to estimate the traffic and revenue forecast for the CAV Concession from 2014 to 2032.

Econometric model

- 4.4 There is a strong and consolidated relationship between the socio-economic and demographic trends recorded in a geographic area and the traffic using the infrastructure serving that territory. However, the nature of these factors and the relationship with traffic data varies by geographical area, by transport mode and by type of traffic.
- 4.5 To understand what are the exogenous factors that will drive future traffic growth on the CAV network, an econometric model has been developed that is enabling us to:

- Identify what are the traffic data that will better explain the traffic evolution on the CAV motorway network;
- Identify what are the socio-economic indicators that drove the traffic growth along the Mestre/Venezia corridor (A4 and A27) in the past;
- Estimate the best correlation between the socio-economic indicators and the corridor traffic to assess elasticity coefficients;
- Collect the most up to date forecasts of the socio-economic indicators for the forecasting period (2016-2032);
- Apply the elasticity coefficients to the future socio-economic indicators growths so to estimate the traffic corridor growth for the forecasting period;
- Apply the forecasted traffic growths to the observed 2014 traffic on the CAV network so to estimate its evolution from 2015 to 2032.

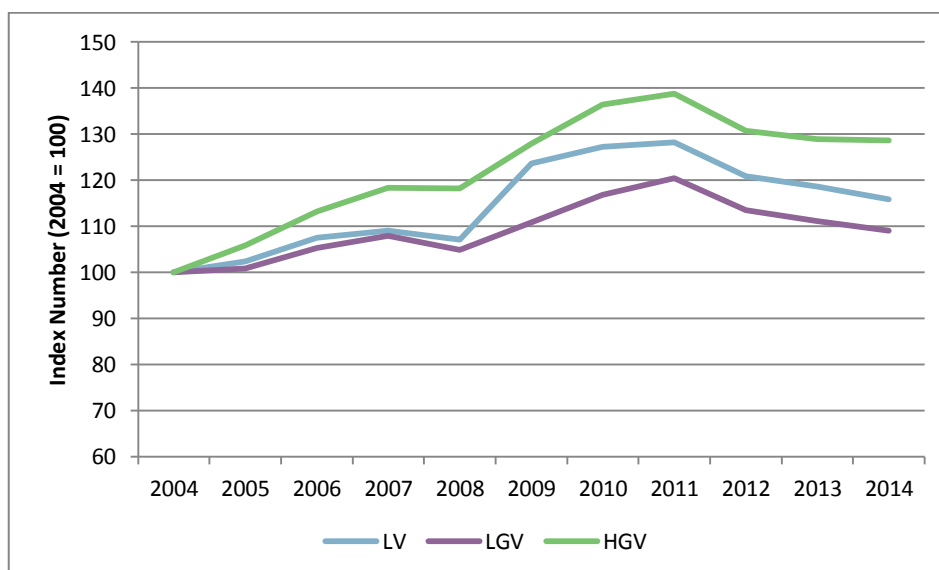
4.6 Each of these items is summarised in the following sections.

Traffic evolution in the Venezia/Mestre area (A4+A27 motorways)

In full operation only from year 2010, the traffic evolution on the CAV network was considered too short to be statistically significant. For building up a more robust data set to figure out the traffic evolution on the project corridor we have assumed that the traffic on the CAV network is following the traffic evolution on the whole Venezia/Mestre corridor A4 Padova-Trieste - including the A4 Padova-Venezia, A4 Mestre By-pass and A4 Venezia-Trieste – plus the A27 Venezia-Belluno motorways.

4.7 The next figure shows the light vehicles (LV), light goods vehicles (LGV) and heavy goods vehicles (HGV) traffic trends from 2004 to 2014 on the A4 Venezia-Trieste plus A27 Venezia-Belluno corridor.

Figure 4.1: 2004-2014 traffic trend along the A4+A27 corridor



Source: SDG elaboration on ASPI data

4.8 Before the opening of the Mestre By-pass, between 2004-2008, traffic on the A27-A4 motorways has experienced a limited growth as a consequence of the bottleneck on the Mestre Ring Road.

4.9 The significant traffic increases recorded in 2009 and 2010 on the corridor are due to the opening to traffic of the A4 Mestre By-pass which increased the number of kilometres on the system as well as the capacity of the entire corridor.

Evolution of the main socio-economic indicators

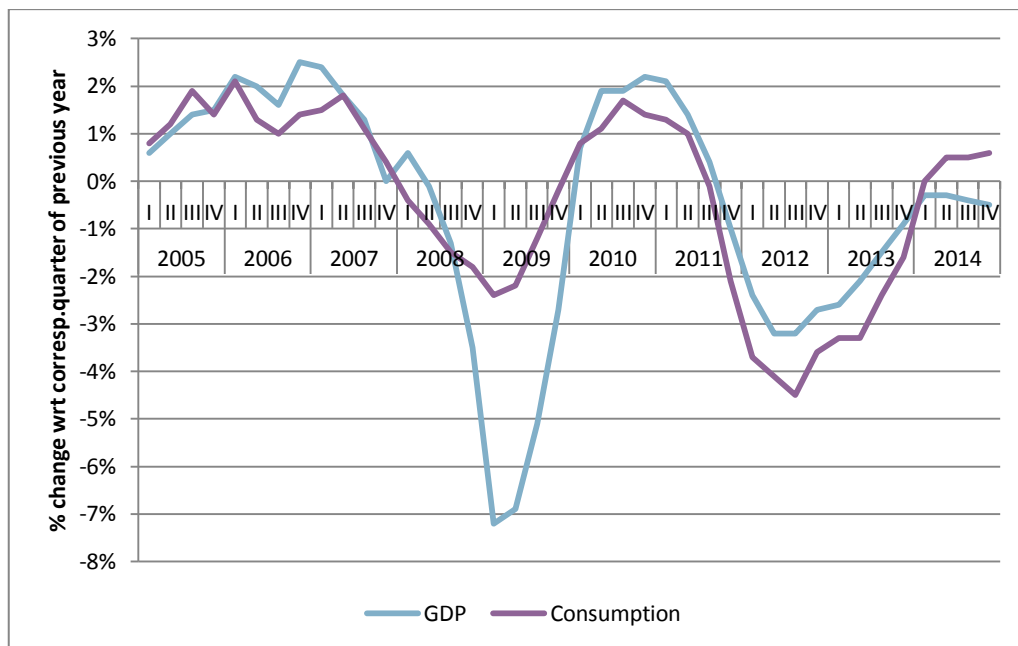
4.10 The main socio-economic indicators that were showing a significant correlation with the traffic evolution on the A4+A27 corridor in the Venezia/Mestre area are the following:

- Consumption expenditure of the Italian households - for light goods vehicles (LV);
- Italian Gross Domestic Product (GDP) - for light goods vehicles (LGV) and heavy goods vehicles (HGV);
- Price of diesel fuel – for heavy goods vehicles (HGV).

4.11 The following sections summarise their evolution over the last decade.

4.12 The quarterly variation of GDP and consumption expenditure in real terms with respect to the corresponding quarter of the previous year between 2005 and 2014 is summarised below.

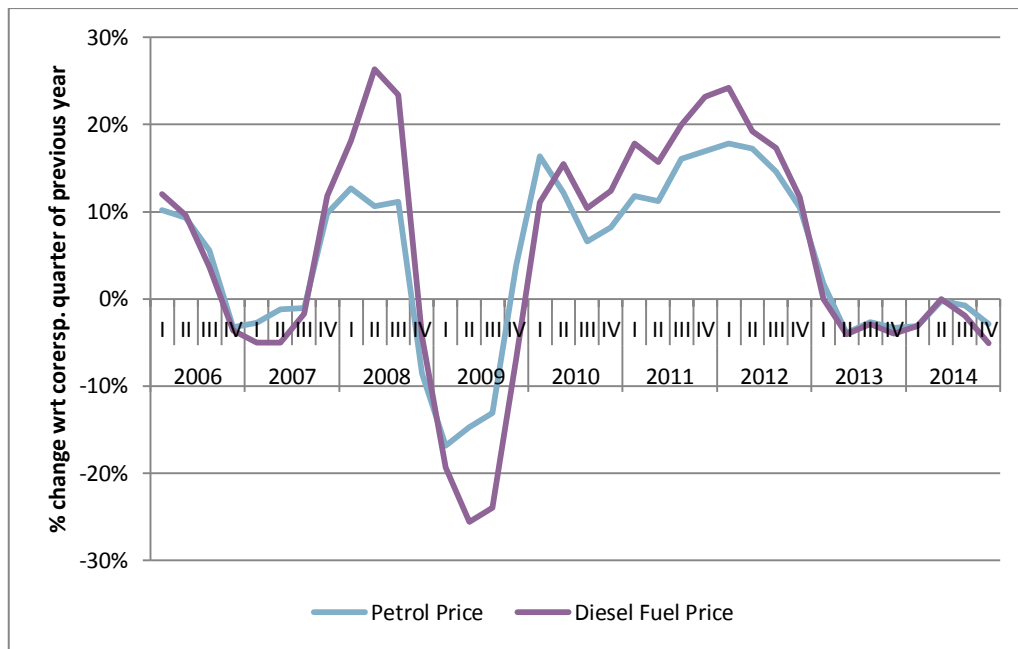
Figure 4.2: Historic trend of GDP and Consumption



Source: SDG elaboration on OECD data

4.13 Due to the economic crisis affecting the country in the last six years, both the GDP and the Consumption show a drop in 2008 and 2009, a recovery in 2010 and another slowdown in 2012. In 2013 and 2014, both the trends remain negative although the negative percentage variations are less pronounced than in 2012.

4.14 The fuel prices have also been analysed in terms of the quarterly variation with respect to the corresponding quarter of the previous year (to avoid inflation effects in this case current consumer prices have been considered).

Figure 4.3: Fuel Price Trend

Source: SDG elaboration on Ministero dello Sviluppo Economico data

- 4.15 The figure shows massive increases in fuel prices in 2008 and from 2010 to 2012, whereas during the economic crisis of 2009 and in the last year prices have decreased – although to a lower extent in 2013 and 2014.

Correlation between socio-economic indicators and A4+A27 past traffic

The correlation between the A4+A27 traffic and the above mentioned socio-economic indicators have been assessed separately for light vehicles, light goods vehicles and heavy goods vehicles by means of multivariate econometric models which allow obtaining a separate estimate of the influence on transport demand of each of the considered explanatory variables.

- 4.16 Such influence is quantified by means of a numerical coefficient: the overall impact is therefore estimated by linear combination, where the value of each explanatory variable is multiplied by the coefficient provided by the model.
- 4.17 In particular, the use of multi-variate econometric models makes it possible to provide a separate estimate of the influence of each of the considered explanatory variables on the transport demand and therefore envisage the impact of future economic cycles on the traffic that will characterize the infrastructure under examination over the simulated time period.
- 4.18 The use of a logarithmic functional form allows an easy interpretation of these coefficients, which represent levels of elasticity. These coefficients can be used to build an inference of future traffic levels on the basis of a series of hypotheses regarding the future evolution of the explanatory variables.

Functional form of the regressions

4.19 For each of the models – light vehicles, light goods vehicles, heavy goods vehicles - we proceeded to select the best possible correlation, that is one characterized by the higher goodness of fit as well as a functional form simple and thus suitable to be used for the inference of future values. Below we describe in detail the three models:

- Light vehicles:
 - Dependent variable: quarterly car traffic on the corridor (millions of vehicle-kilometres, source: AISCAT);
 - Independent variables:
 - Consumption expenditure of the Italian households, real quarterly data (source: ISTAT);
 - Dummy variables for the four quarters to control for seasonality effects;
 - Dummy variable relating to the opening of the Mestre By-pass.
- Light goods vehicles:
 - Dependent variable: quarterly LCV traffic on the corridor (millions of vehicle-kilometres, source: AISCAT);
 - Independent variables:
 - Gross Domestic Product of Italy, quarterly real data (source: OECD);
 - Dummy variables for the four quarters to control for seasonality effects;
 - Dummy variable relating to the opening of the Mestre By-pass.
- Heavy goods vehicles:
 - Dependent variable: quarterly HGV traffic on the corridor (millions of vehicle-kilometres, source: AISCAT);
 - Independent variables:
 - Gross Domestic Product of Italy, quarterly real data (source: OECD);
 - Price of diesel fuel, average quarterly consumer price (source: Unione Petrolifera);
 - Dummy variables for the four quarters to control for seasonality effects;
 - Dummy variable relating to the opening of the Mestre's By-pass.

Goodness of fit of the regressions

4.20 All the three regressions are characterized by a satisfactory goodness of fit – that is, by high values of the coefficient of determination:

- Cars: $R^2 = 99.19\%$
- Light commercial vehicles: $R^2 = 96.65\%$
- Heavy goods vehicles: $R^2 = 96,91\%$

4.21 The following are the elasticity coefficients estimated by the models:

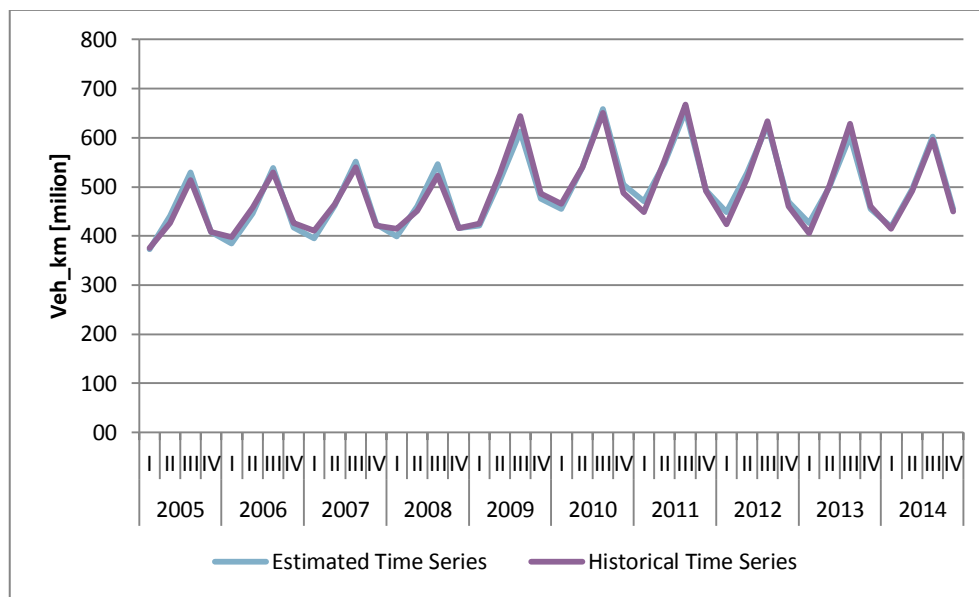
- Cars:
 - Elasticity of car traffic to households consumption expenditure: 1.10.
- Light goods vehicles:
 - Elasticity of LGV traffic to Italian GDP: 1.40.
- Heavy goods vehicles:
 - Elasticity of HGV traffic to Italian GDP: 1.72;
 - Elasticity of HGV traffic to diesel fuel price: -0.06.

- 4.22 The level of traffic on the A4+A27 corridor is significantly sensitive to changes in macroeconomic variables, both in the case of cars, where consumption-traffic elasticity is slightly greater than 1.0, and in the case of light goods vehicles and heavy goods vehicles, for which the GDP-traffic elasticity is 1.4 and 1.7 respectively. This disparity is justified by the fact that the traffic of heavy goods vehicles is influenced by the level of economic activity to a higher degree than the traffic of light goods vehicles.

Model validation

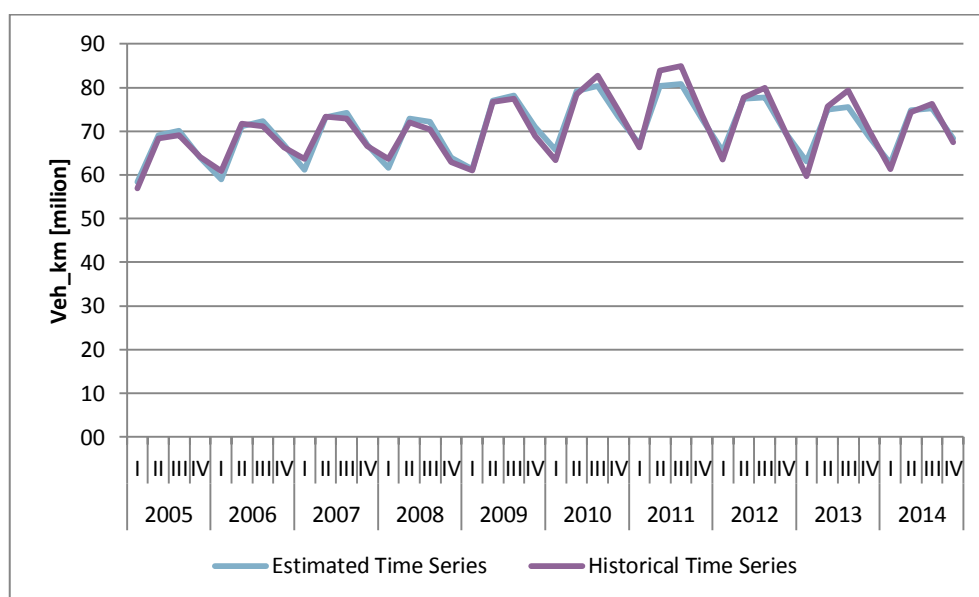
- 4.23 The following figures show a comparison of the historical time series of the total A4+A27 traffic and those estimated by the models. The models provide a good replica of actual traffic flows and properly incorporate all seasonality effects.

Figure 4.4: Modelled versus observed Light Vehicle traffic

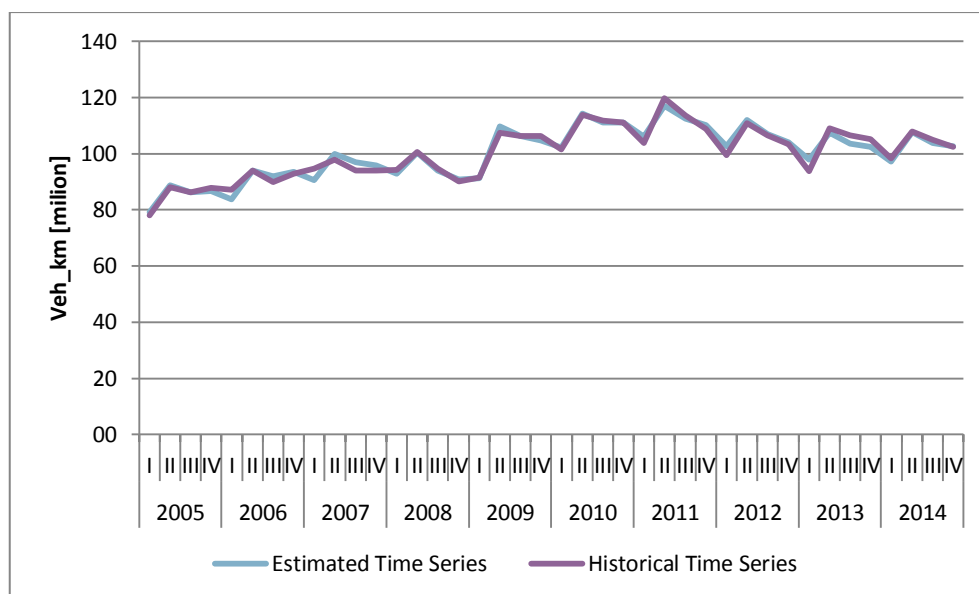


Source: SDG elaboration

Figure 4.5: Modelled versus observed Light Goods Vehicle traffic



Source: SDG elaboration

Figure 4.6: Modelled versus observed Heavy Goods Vehicle traffic

Source: SDG elaboration

Socio-economic indicators forecast

- 4.24 Once the elasticity coefficients with respect to the corridor traffic are estimated, the forecasts of the socio-economic explanatory variables needs to be collected for the entire forecasting period.
- 4.25 The following tables show the annual GDP and Consumption forecasts released by *Consensus* in October 2015 and the diesel fuel price forecast from the EIA – also dated April 2015.

Table 4.1: GDP growth forecast Italy

Year	Annual percentage rate
2015	0.8
2016	1.3
2017	1.3
2018	1.2
2019	1.2
2020-2025	1.3

Source: Consensus, October 2015

Table 4.2: Consumption growth forecast Italy

Year	Annual percentage rate
2015	0.7
2016	1.2
2017	1.2
2018	1.1
2019	1.0
2020	1.2
2021-2025	1.2

Source: Consensus, October 2015

Table 4.3: Diesel fuel price growth forecast

Year	Annual percentage rate
2015-2020	3.3%
2021-2025	2.0%
2026-2030	1.9%
2030-2032	2.0%

Source: EIA Outlook, April 2015

Econometric model output

By applying the traffic - socio-economic indicators elasticity coefficients and the forecasted variations of GDP, Consumption expenditure and diesel prices to the light vehicles, light goods vehicles and heavy goods vehicles regressions estimated by means of the econometric model, the future percentage of motorway traffic growths of the total A4 Venezia-Trieste and A27 Venezia-Belluno traffic have been estimated from 2016 to 2032.

- 4.26 By applying these variations to the 2015 observed traffic on the CAV network – which is assumed to grow in line with the A4+A27 corridor – we have obtained the 2016-2032 base case forecast growth for the A4 Padova-Venezia close system, A4 Mestre By-pass and Mestre Ring Road open tolling system.

Table 4.4: Traffic growth rates compared with socio-economic variables (2016-2025)

	Variables	CAGR Variables	Elasticity	CAGR Traffic
LV	HC	1.2%	1.10	1.4%
LGV	GDP	1.3%	1.40	1.5%
HGV	GDP	1.3%	1.72	2.4%
	Fuel	1.6%	-0.06	

4.27 However, the econometric model is not able to foresee the impact of any modifications to the road network that are likely to affect traffic on the CAV network.

4.28 Therefore, to assess such impacts, a network model simulating the traffic flows distribution across the CAV network has been developed.

Network model

4.29 The network model has been developed using the VISUM platform, a software programme developed by the German company PtV AG Karlsruhe, incorporating a demand model, a network model and an assignment model:

- The network model describes the road network;
- The demand model describes the Origin-Destination trips within the study area;
- The assignment model distributed the Origin-Destination demand on the road network allowing computing vehicle flows in specific time periods.

4.30 The model simulates the traffic conditions within the study area in the morning peak hour of the average 2014 March working day, thus reflecting the distribution of the vehicle flows on the CAV network following the liberalisation of the A57 Mirano-Dolo – Mira-Oriago section.

4.31 This chapter describes the main elements and assumptions of the network model, the results of the validation against the observed traffic data and the model outputs used in the forecasting exercise.

Road Network

4.32 The road network is a succession of links drawn following the physical and geometrical characteristics of the main roads of the study area.

4.33 Each link of the road network is described by means of a set of attributes such as number of lanes, length, capacity, free flow speed and speed-flow curve.

4.34 The capacity of the transport system is the maximum flow that could circulate on a section of the infrastructure during a specific time period, considering the geometric characteristics of the road and the traffic conditions.

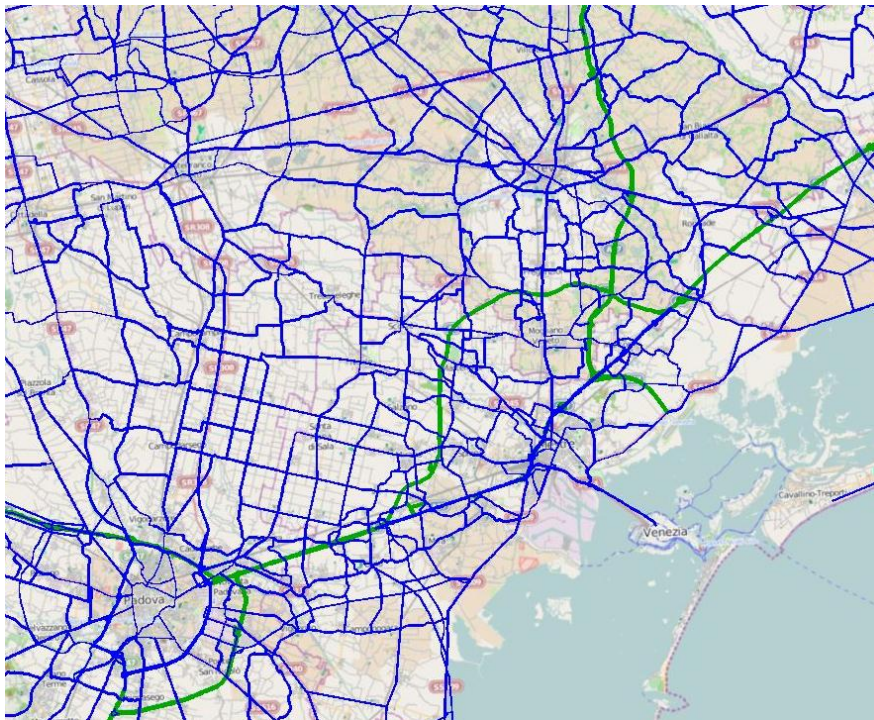
4.35 The road network has been built starting from the Pedemontana Veneta network developed by Steer Davies Gleave in 2010 and updated and refined in the Venice province to reflect the 2014 conditions.

4.36 The physical and functional characteristics of the modelled links along the concession roads and their main alternative and connecting routes were compared to the observation notes on the roads and satellite photographs through Google Earth.

4.37 The tolls charged in the model on existing motorways were updated to the current 2014 levels and the existing speed-flow curve information contained within the VISUM model were checked and adjusted where necessary.

4.38 The network implemented in the model recreates the system of the existing extra-urban road network with 11,224 links and 3,677 nodes.

Figure 4.7: The 2014 Network



Source: SDG elaboration

Zoning System

- 4.39 Transport demand was set out in the model through an O/D matrix with relation to the territory “zoning” process adopted.
- 4.40 The study area is split into traffic zones. The zones are similar to each other from a dimensional and socio-economic point of view, following criteria linked to the type of analysis to be carried out, to the dimension of the area and to data availability. The external territory has been divided into zones called “externals” which represent the areas interacting with the system even though they are not the subject of the study.
- 4.41 Zones have been defined at a municipality level along the CAV network, other zones in the study area were defined as aggregation of municipalities or at provincial level. Overall, 406 zones have been identified.

Figure 4.8: Traffic zoning of the study area

Source: SDG elaboration

Demand

- 4.42 The demand is based on the 2010 Origin-Destination matrices developed by SDG for several traffic studies in the area, supplemented with the Veneto 2001 ISTAT Census matrix for the internal trips of the Venice province.
- 4.43 Separate O/D matrices have been used for light vehicles, light goods vehicles and heavy goods vehicles. These have been updated to 2014 with a matrix estimation process using the traffic counts collected in the study area.
- 4.44 The base matrices represent the peak hour (between 7:00 and 8:00 AM) of an average working day of March 2014.
- 4.45 A user class has been associated to each matrix allowing different Values of Time and Vehicle Operating Costs for light vehicles, light goods vehicles and heavy goods vehicles. The correspondence between the modelled user classes and the Italian motorways classes is shown in the following table.

Table 4.5: Vehicles Classification

Motorway classification	Description	SDG model classification	PCU factor
A	Light vehicles	Light Vehicles (LV)	1.0
B	2 axle vehicles	Light Goods Vehicles (LGV)	1.2
3	3 axle vehicles		
4	4 axle vehicles		
5	5 or more axle vehicles	Heavy Goods Vehicles (HGV)	2.0

Source: SDG elaboration

- 4.46 Note that the model converts light goods vehicles (LGV) and heavy goods vehicles (HGV) in an equivalent number of cars (passenger car unit, PCU). The conversion coefficients to move from LGV and HGV to PCU are 1.2 and 2.0 respectively.

Behavioural Parameters

- 4.47 The assignment process depends on the Value of Time (VoT) of the different user classes, that is the amount that a traveller would be willing to pay in order to save time for a trip.
- 4.48 The methodology adopted to compute the VoT for light vehicles is based on the income and trip purpose of the different road users, as follows:
- VoT for business/work trips: average gross salary in Veneto increased by 15% to take into account the extra employment costs;
 - VoT for commuter trips: 50% of average gross salary in Veneto of different commuters groups.
- 4.49 The weighted average VoT is 13.4 €/h in 2014, based on the following trip purpose segmentation.

Table 4.6: Light vehicles VoTs

Trip purpose	% of Light Vehicles demand	VoT (€/h)
Business	10%	27.2
Commuter High Income	27%	14.9
Commuter Average Income	36%	11.2
Commuter Low Income	27%	9.6
Average VOT	100%	13.4

Source: SDG elaboration

- 4.50 The average light vehicles VoT of 13.4 €/km has been used for the light vehicles (LV) user class whereas the VoT assumed for the light goods vehicles (LGV) class is the same as the one of the Commuter High Income group, namely 14.9 €/h.
- 4.51 The value of time assumed for the heavy goods vehicles is based on the 2005 HEATCO study, that provided an average value of time of approximately 3€ per freight tonne per hour for heavy vehicles.
- 4.52 By applying this value – updated to 2014 - to the average truckload carried by the different heavy vehicles classes on the A4, we calculated a VoT of 30.5 €/h.
- 4.53 This values are in line with VoTs generally applied to motorways in North-Italy.
- 4.54 The Vehicle Operating Costs (VOC) assumed within the model follow:
- Light vehicles: 0.11 €/km;
 - Light goods vehicles: 0.14 €/km;
 - Heavy goods vehicles: 0.23 €/km.

Assignment

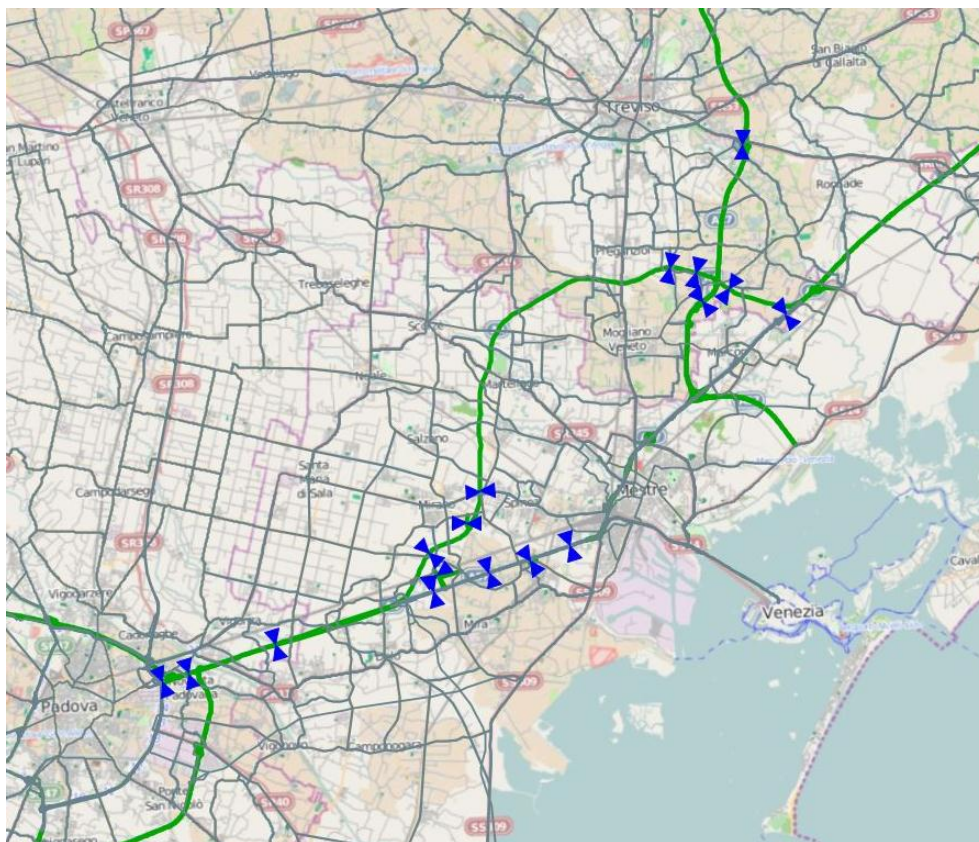
- 4.55 The VISUM model uses specific algorithms to calculate the traffic volumes on each link of the road network.

- 4.56 The assignment algorithms simulate the behaviour of road users choosing their itinerary, minimizing the overall cost of transport in terms of length, time and eventual costs of the trip. While the first two parameters exclusively depend on the physical characteristics of the road network, the journey time is influenced by the vehicles flows on the links.
- 4.57 The allocation procedure is based on an algorithm for the research of the best itineraries. Each itinerary is calculated by minimizing a cost function.
- 4.58 The procedure used for the calculation is called “at equilibrium”: it includes a first incremental allocation, so that the number of vehicles on the network could gradually increase and consequently the weight of each road section could gradually vary according to the flow. Then, various iterations are made in order to find the alignment with lower weight and so balance the flows on new itineraries.

Validation

- 4.59 The traffic model has been validated against the average hourly traffic volumes observed between 7:00 and 8:00 of the 2014 March average working day (11-13 March 2014) along the motorways of the study area.
- 4.60 In particular, counts have been collected at the following locations:
- A4 Padova-Venezia and A4 Mestre By-pass motorway sections;
 - A4 Padova Est, A57 Mirano-Dolo and Mira-Oriago and A27 Treviso Sud toll plazas;
 - Venezia-Mestre, Venezia Est and Venezia Nord barriers.

Figure 4.9: March 2014 count Locations



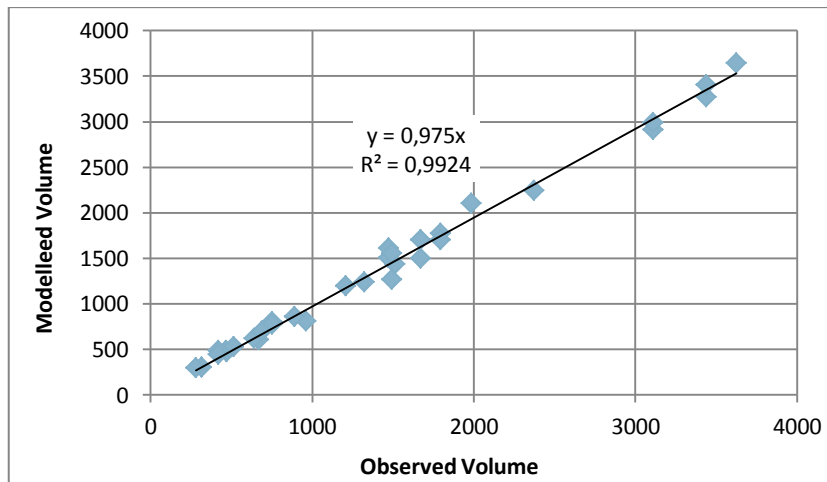
Source: SDG elaboration

4.61 The calibration accuracy has been evaluated on the basis of the following statistic parameters:

- Coefficient of correlation R^2 : it shows the dependency of the two variables and is considered good when R^2 has values higher than 0.88;
- Index $GEH = \sqrt{\frac{(flow_simulated - flow_observed)^2}{(flow_simulated + flow_observed) * 0.5}}$: literature indicates that this value must have a maximum value always lower than 5 for any count location;
- Comparison calculated-measured: values of theoretical traffic, calculated with the model, have to be very close to the observed traffic values; to have a good calibration the coefficient of correlation of the linear regression line must be close to 1, which represents the angular coefficient of the bisector line.

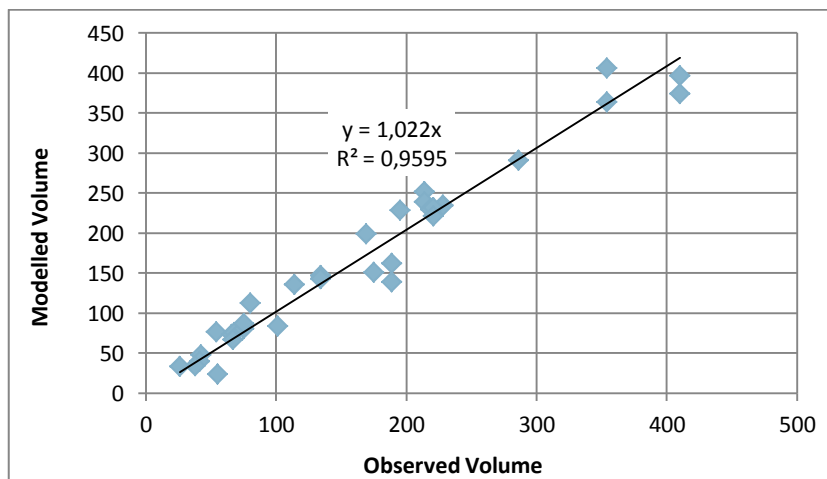
4.62 The resulting calibration statistics are presented below.

Figure 4.10: AM peak hour Light Vehicle observed versus modelled flows

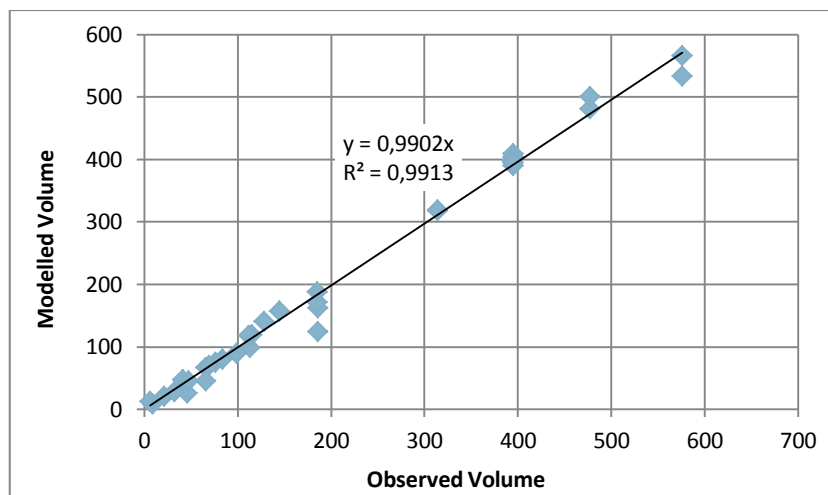


Source: SDG elaboration

Figure 4.11: AM peak hour Light Goods Vehicle observed versus modelled flows



Source: SDG elaboration

Figure 4.12: AM peak hour Heavy Goods Vehicle observed versus modelled flows

Source: SDG elaboration

- 4.63 The calibration is good for all the vehicle classes as the coefficient of correlation R^2 is higher than 0.99 for light vehicles and heavy goods vehicles and higher than 0.95 for light goods vehicles. Moreover, all the counting sections have a $GEH < 5$ and the differences between modelled and observed traffic are within the range of 2% and 3% for all the user classes.

Network impacts

- 4.64 After validating the network model against the observed traffic – ensuring the ability of the model to accurately replicate the current vehicles route choice in the study area – we have modelled the opening of the *Pedemontana Veneta* motorway, planned for 2018; this is a 94 km long motorway part of the European Corridor V Kiev-Lisbon, linking the town of Montecchio (Vicenza) on the A4 motorway with the town of Spresiano (Treviso) on the A27 motorway.

Network model output

- 4.65 This scenario will be compared to the 2014 base case in order to estimate the percentage impact of the modelled network change on the CAV traffic.
- 4.66 This impacts will be applied to the CAV traffic figures estimated through the econometric model in order to obtain the full traffic forecast for the Concession.
- 4.67 The Pedemontana Veneta motorway impact will be applied on the econometric model results from 2018.

5 Traffic and revenue forecast

Introduction

- 5.1 This Chapter summarises the main results in terms of traffic and revenue forecasts for the network managed by CAV for the Base Case Scenario, which is considered the most likely outcome, taking into account the balance of probabilities with all the different risks and uncertainties in the forecasting process.

The Base Case forecasts have been estimated starting from 2015 traffic and applying the demand growth resulting from the econometric model and the network impacts resulting from the network model discussed in Chapter 4.

Table 5.1: Summary of the methodology approach

Items	Econometric Model	Network Model
Traffic Growth	X	
Network changes impacts		
CAV Network		X
Other's network (Pedemontana Veneta)		X
Sensitivity Tests		
Network changes impacts		X
Demand growth	X	

- 5.2 The forecasts have been estimated for the Concession period (2015-2032) for three classes: light vehicles (LV), light goods vehicles (LGV) and heavy goods vehicles (HGV).

Base Case traffic forecast

Traffic growth rates

- 5.3 Traffic in 2015 has been estimated starting from observed data until August 2015 and assuming the same average growth for the remaining months of 2015.
- 5.4 From 2016 the traffic growth factors resulting from the econometric model have been applied to the CAV network.

Table 5.2: Traffic growth rates 2016-2032

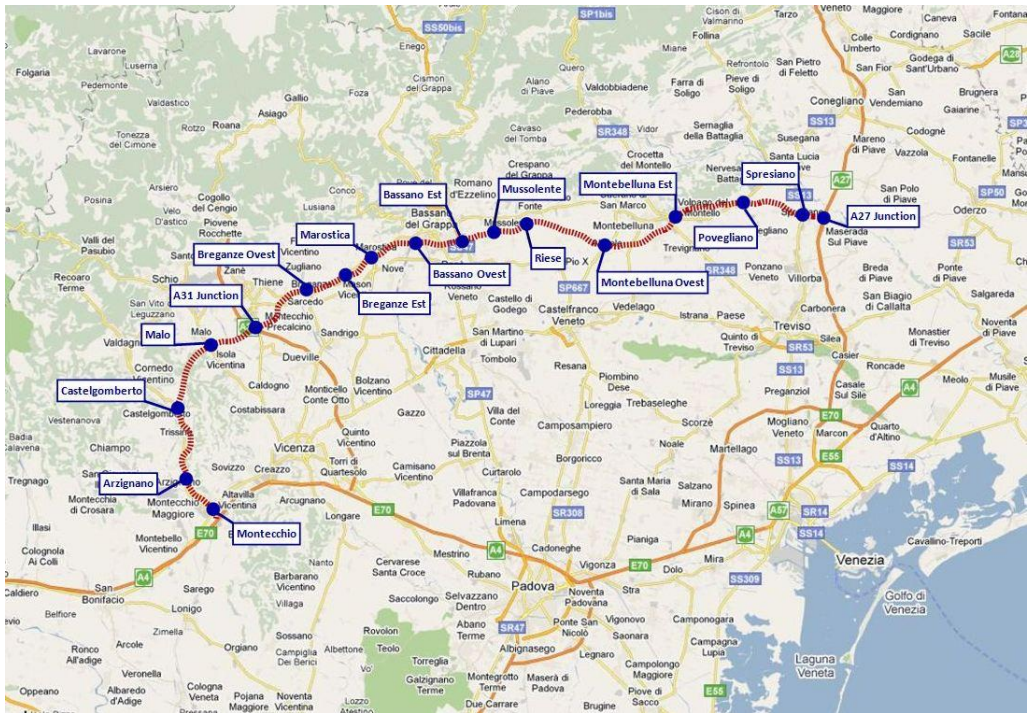
Year	LV	LGV	HGV	Total vehicles
2016	1.3%	1.1%	1.6%	1.3%
2017	1.5%	1.3%	2.4%	1.6%
2018	1.5%	1.4%	2.6%	1.7%
2019	1.5%	1.5%	2.5%	1.7%
2020	1.5%	1.5%	2.5%	1.7%
2021	1.4%	1.5%	2.5%	1.6%
2022	1.4%	1.5%	2.4%	1.5%
2023	1.4%	1.5%	2.4%	1.5%
2024	1.4%	1.5%	2.3%	1.5%
2025	1.4%	1.4%	2.2%	1.5%
2026	1.0%	1.1%	2.1%	1.2%
2027	1.0%	1.1%	2.1%	1.2%
2028	1.0%	1.1%	2.0%	1.2%
2029	1.0%	1.1%	2.0%	1.2%
2030	1.0%	1.1%	2.0%	1.2%
2031	1.0%	1.1%	2.0%	1.2%
2032	1.0%	1.1%	2.0%	1.2%

Source: SDG elaboration based on Econometric model

Network changes

- 5.5 In the short term should be opened the Pedemontana Veneta toll road network that might have an impact on the traffic using the CAV motorways.
- 5.6 The Superstrada Pedemontana Veneta (SPV) is part of the European Corridor V Kiev-Lisbon, in an area where the national motorway network coexists with heavy congestion of existing roads.
- 5.7 This road allows the closure of a ring that encompasses the entire central area of Veneto. The SPV is a dual carriageway motorway, plus an emergency lane, linking the town of Montebelluna (Treviso) on the A4 highway with the town of Montebelluna (Treviso) on the A27 highway, a distance of around 94km.

Figure 5.1: Strada Pedemontana Veneta (SPV)



Source: Steer Davies Gleave elaboration on Google Maps base

- 5.8 The opening of the SPV should diverge traffic from the corridor A27-Mestre by-pass-A4 West while it is less probably that it will capture traffic from corridor A4 Est – Mestre by-pass-A4 West as the new alternative is longer and more expensive.
- 5.9 For that reason the impact on the Mestre By-pass is limited (ca. -6%), while at the same time there will be an increase in traffic at the Venezia Nord toll barrier as a result of the traffic increase between the A27 from the SPV to the Venice area.

Table 5.3: Superstrada Pedemontana Veneta impact

Section	LV	LGV	HGV	Total Vehicles
Metre by-pass	-5.7%	-6.9%	-7.0%	-6.1%
A4 Padova-Venezia	-3.3%	-5.0%	-5.3%	-3.8%
Venezia Nord	4.7%	5.0%	5.2%	4.8%

Source: Steer Davies Gleave elaboration

- 5.10 These impacts have been applied from 2018 considering a period of ramp up of 40% during the first year and 60% during the second year, so that the full impact on the CAV network is visible from 2020.
- 5.11 It is worth highlighting that impacts have been calculated with a peak-hour model while in the off-peak hours we are expecting less traffic diversion from the Mestre by-pass. We therefore believe our impact assumptions to be conservative for the CAV network.

Base Case Traffic forecasts 2015-2032

- 5.12 Traffic forecasts reported below have been calculated by applying the impacts of the network changes discussed above to the traffic trends estimated.
- 5.13 Base Case forecasts have been estimated for the Concession period (2014-2032) for three classes: light vehicles, light goods vehicles and heavy goods vehicles for all the sections of the CAV network:
- Mestre by-pass;
 - A4 Padova-Venezia;
 - Open System (includes all the tolled barriers).
- 5.14 On the Mestre by-pass and A4 Padova-Venezia there is a traffic decreasing in 2018-19 due to the opening of the SPV, which has been assumed to have a period of ramp up of 40% during the first year and 60% during the second year.
- 5.15 The SPV negative impact is partially offset by the traffic growth forecasted.

Table 5.4: Mestre By-pass traffic forecasts 2014-2032 (Mil_veh_km)

Year	A	B	3	4	5	HGV	Total	Increase %
2014	373	57	10	9	85	103	533	
2015	399	60	10	9	89	109	567	6.4%
2016	404	60	11	9	90	110	575	1.3%
2017	410	61	11	9	93	113	584	1.7%
2018	407	60	11	9	92	113	580	-0.8%
2019	401	59	11	9	91	111	571	-1.5%
2020	404	60	11	9	93	113	577	1.1%
2021	410	61	11	10	95	116	587	1.6%
2022	416	61	11	10	98	119	596	1.6%
2023	421	62	12	10	100	122	605	1.6%
2024	427	63	12	10	102	124	615	1.6%
2025	433	64	12	11	104	127	624	1.5%
2026	437	65	13	11	107	130	632	1.3%
2027	442	66	13	11	109	133	640	1.2%
2028	446	66	13	11	111	135	648	1.2%
2029	451	67	13	11	113	138	656	1.2%
2030	455	68	14	12	115	141	664	1.2%
2031	460	69	14	12	118	144	672	1.2%
2032	464	69	14	12	120	146	680	1.2%

Source: Steer Davies Gleave elaboration

Table 5.5: A4 Padova-Venezia traffic forecasts 2014-2032 (Mil_veh_km)

Year	A	B	3	4	5	HGV	Total	Increase %
2014	334	43	7	5	49	61	438	
2015	346	44	7	5	51	63	454	3.5%
2016	351	44	7	5	52	64	460	1.3%
2017	356	45	7	6	53	66	467	1.6%
2018	357	45	7	6	53	66	468	0.1%
2019	356	44	7	6	53	66	466	-0.3%
2020	360	45	7	6	54	67	472	1.3%
2021	365	45	7	6	55	69	479	1.5%
2022	370	46	8	6	57	70	487	1.5%
2023	375	47	8	6	58	72	494	1.5%
2024	380	47	8	6	60	74	502	1.5%
2025	386	48	8	6	61	75	509	1.5%
2026	390	49	8	7	62	77	515	1.2%
2027	393	49	9	7	63	79	521	1.2%
2028	397	50	9	7	65	80	527	1.2%
2029	401	50	9	7	66	82	534	1.2%
2030	405	51	9	7	67	83	540	1.2%
2031	409	51	9	7	69	85	546	1.2%
2032	414	52	9	7	70	87	552	1.2%

Source: Steer Davies Gleave elaboration

Table 5.6: Venezia Mestre traffic forecasts 2014-2032 (Mil veh)

Year	A	B	3	4	5	HGV	Total	Increase %
2014	12.9	1.5	0.2	0.1	1.2	1.6	16.0	
2015	13.1	1.5	0.2	0.1	1.2	1.6	16.2	0.7%
2016	13.2	1.5	0.2	0.1	1.3	1.6	16.4	1.3%
2017	13.4	1.5	0.2	0.1	1.3	1.6	16.6	1.6%
2018	13.6	1.6	0.2	0.2	1.3	1.7	16.9	1.6%
2019	13.8	1.6	0.2	0.2	1.3	1.7	17.2	1.6%
2020	14.0	1.6	0.2	0.2	1.4	1.8	17.4	1.6%
2021	14.2	1.6	0.2	0.2	1.4	1.8	17.7	1.5%
2022	14.4	1.7	0.2	0.2	1.5	1.9	18.0	1.5%
2023	14.6	1.7	0.2	0.2	1.5	1.9	18.2	1.5%
2024	14.8	1.7	0.3	0.2	1.5	2.0	18.5	1.5%
2025	15.0	1.7	0.3	0.2	1.6	2.0	18.8	1.5%
2026	15.2	1.8	0.3	0.2	1.6	2.0	19.0	1.2%
2027	15.3	1.8	0.3	0.2	1.6	2.1	19.2	1.1%
2028	15.5	1.8	0.3	0.2	1.7	2.1	19.4	1.1%

Year	A	B	3	4	5	HGV	Total	Increase %
2029	15.7	1.8	0.3	0.2	1.7	2.2	19.6	1.1%
2030	15.8	1.8	0.3	0.2	1.7	2.2	19.9	1.1%
2031	16.0	1.9	0.3	0.2	1.8	2.3	20.1	1.1%
2032	16.1	1.9	0.3	0.2	1.8	2.3	20.3	1.1%

Source: Steer Davies Gleave elaboration

Table 5.7: Venezia Est traffic forecasts 2014-2032 (Mil veh)

Year	A	B	3	4	5	HGV	Total	Increase %
2014	4.3	0.7	0.1	0.1	0.8	1.0	6.1	
2015	4.6	0.7	0.1	0.1	0.8	1.1	6.4	4.9%
2016	4.6	0.7	0.1	0.1	0.8	1.1	6.4	1.3%
2017	4.7	0.8	0.1	0.1	0.9	1.1	6.6	1.6%
2018	4.8	0.8	0.1	0.1	0.9	1.1	6.7	1.7%
2019	4.8	0.8	0.1	0.1	0.9	1.2	6.8	1.7%
2020	4.9	0.8	0.1	0.1	0.9	1.2	6.9	1.7%
2021	5.0	0.8	0.2	0.1	1.0	1.2	7.0	1.6%
2022	5.0	0.8	0.2	0.1	1.0	1.3	7.1	1.6%
2023	5.1	0.8	0.2	0.1	1.0	1.3	7.2	1.6%
2024	5.2	0.8	0.2	0.1	1.0	1.3	7.3	1.5%
2025	5.3	0.9	0.2	0.1	1.0	1.3	7.4	1.5%
2026	5.3	0.9	0.2	0.1	1.1	1.4	7.5	1.2%
2027	5.4	0.9	0.2	0.1	1.1	1.4	7.6	1.2%
2028	5.4	0.9	0.2	0.1	1.1	1.4	7.7	1.2%
2029	5.5	0.9	0.2	0.1	1.1	1.5	7.8	1.2%
2030	5.5	0.9	0.2	0.1	1.2	1.5	7.9	1.2%
2031	5.6	0.9	0.2	0.1	1.2	1.5	8.0	1.2%
2032	5.6	0.9	0.2	0.1	1.2	1.5	8.1	1.2%

Source: Steer Davies Gleave elaboration

Table 5.8: Venezia Nord traffic forecasts 2014-2032 (Mil veh)

Year	A	B	3	4	5	HGV	Total	Increase %
2014	5.3	0.6	0.1	0.0	0.4	0.6	6.5	
2015	5.4	0.5	0.1	0.0	0.4	0.5	6.5	0.6%
2016	5.5	0.6	0.1	0.0	0.4	0.6	6.6	1.3%
2017	5.6	0.6	0.1	0.0	0.5	0.6	6.7	1.6%
2018	5.7	0.6	0.1	0.0	0.5	0.6	6.9	3.5%
2019	6.0	0.6	0.1	0.0	0.5	0.6	7.2	4.0%
2020	6.1	0.6	0.1	0.0	0.5	0.6	7.3	2.1%
2021	6.2	0.6	0.1	0.0	0.5	0.7	7.5	1.5%
2022	6.2	0.6	0.1	0.0	0.5	0.7	7.6	1.5%
2023	6.3	0.6	0.1	0.1	0.6	0.7	7.7	1.5%
2024	6.4	0.7	0.1	0.1	0.6	0.7	7.8	1.5%
2025	6.5	0.7	0.1	0.1	0.6	0.7	7.9	1.4%
2026	6.6	0.7	0.1	0.1	0.6	0.7	8.0	1.1%
2027	6.6	0.7	0.1	0.1	0.6	0.8	8.1	1.1%
2028	6.7	0.7	0.1	0.1	0.6	0.8	8.2	1.1%
2029	6.8	0.7	0.1	0.1	0.6	0.8	8.3	1.1%
2030	6.8	0.7	0.1	0.1	0.6	0.8	8.4	1.1%
2031	6.9	0.7	0.1	0.1	0.7	0.8	8.4	1.1%
2032	7.0	0.7	0.1	0.1	0.7	0.8	8.5	1.1%

Source: Steer Davies Gleave elaboration

Table 5.9: Open System traffic forecasts 2014-2032 (Mil_veh)

Year	A	B	3	4	5	HGV	Total	Increase %
2014	22.6	2.8	0.4	0.3	2.5	3.2	28.6	
2015	23.0	2.8	0.4	0.3	2.5	3.2	29.0	1.6%
2016	23.3	2.8	0.4	0.3	2.5	3.2	29.4	1.3%
2017	23.7	2.9	0.4	0.3	2.6	3.3	29.9	1.6%
2018	24.1	2.9	0.4	0.3	2.7	3.4	30.5	2.1%
2019	24.6	3.0	0.5	0.3	2.8	3.5	31.1	2.2%
2020	25.0	3.0	0.5	0.3	2.8	3.6	31.7	1.7%
2021	25.4	3.1	0.5	0.3	2.9	3.7	32.2	1.5%
2022	25.7	3.1	0.5	0.3	3.0	3.8	32.6	1.5%
2023	26.1	3.2	0.5	0.3	3.0	3.9	33.1	1.5%
2024	26.4	3.2	0.5	0.4	3.1	4.0	33.6	1.5%
2025	26.8	3.3	0.5	0.4	3.2	4.1	34.1	1.5%
2026	27.1	3.3	0.5	0.4	3.2	4.1	34.5	1.2%
2027	27.3	3.3	0.5	0.4	3.3	4.2	34.9	1.1%
2028	27.6	3.4	0.6	0.4	3.4	4.3	35.3	1.1%

Year	A	B	3	4	5	HGV	Total	Increase %
2029	27.9	3.4	0.6	0.4	3.4	4.4	35.7	1.1%
2030	28.2	3.4	0.6	0.4	3.5	4.5	36.1	1.1%
2031	28.5	3.5	0.6	0.4	3.6	4.6	36.5	1.1%
2032	28.7	3.5	0.6	0.4	3.7	4.7	36.9	1.1%

Source: Steer Davies Gleave elaboration

Table 5.10: Open System traffic forecasts 2014-2032 (Mil_veh_km)

Year	A	B	3	4	5	HGV	Total	Increase %
2014	554.3	69.1	9.9	6.9	60.5	77.3	700.7	
2015	548.0	66.6	9.8	6.8	59.5	76.1	690.6	-1.4%
2016	555.1	67.3	9.9	6.9	60.5	77.3	699.6	1.3%
2017	563.9	68.2	10.2	7.1	62.0	79.2	711.3	1.7%
2018	575.6	69.5	10.5	7.3	63.9	81.7	726.7	2.2%
2019	588.0	71.0	10.8	7.5	65.8	84.1	743.2	2.3%
2020	598.2	72.2	11.1	7.7	67.6	86.4	756.8	1.8%
2021	605.1	73.2	11.4	7.9	69.2	88.4	766.7	1.3%
2022	612.0	74.2	11.6	8.0	70.7	90.3	776.5	1.3%
2023	619.0	75.1	11.9	8.2	72.2	92.3	786.5	1.3%
2024	626.1	76.1	12.1	8.4	73.7	94.2	796.4	1.3%
2025	633.2	77.0	12.4	8.5	75.2	96.1	806.3	1.2%
2026	638.4	77.7	12.6	8.7	76.6	97.9	813.9	0.9%
2027	643.4	78.4	12.8	8.9	78.0	99.7	821.4	0.9%
2028	648.3	79.1	13.0	9.0	79.4	101.5	828.8	0.9%
2029	653.3	79.8	13.3	9.2	80.8	103.2	836.3	0.9%
2030	658.2	80.4	13.5	9.3	82.2	105.1	843.7	0.9%
2031	663.2	81.1	13.7	9.5	83.6	106.9	851.2	0.9%
2032	668.2	81.8	14.0	9.7	85.1	108.8	858.8	0.9%

Source: Steer Davies Gleave elaboration

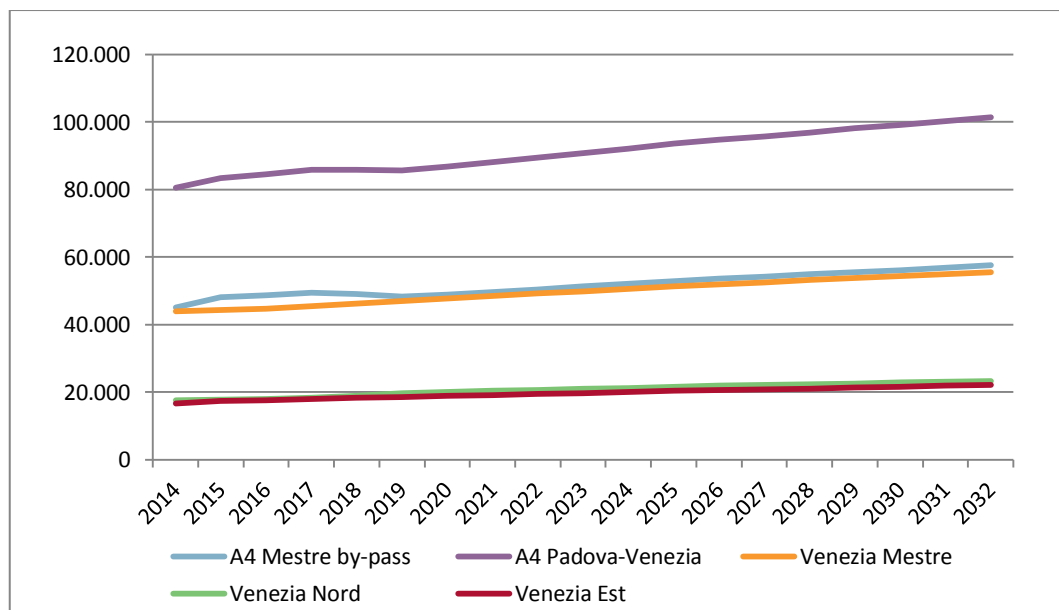
- 5.16 The AADT on the CAV network are reported below. At the end of the Concession period in 2032 the AADT on the Mestre By-pass is expected to be around 58,000 vehicles and the A4 section will reach 100,000 vehicles. AADT at the toll barriers will increase to 55,000 vehicles at Venezia Mestre and to 23,000 vehicles and 22,000 vehicles at Venezia Nord and Venezia Est.

Table 5.11: Total vehicles AADT 2014-2032

Year	Mestre by-pass	A4 Padova-Venezia	Venezia Mestre*	Venezia Nord	Venezia Est
2014	45,200	80,500	43,900	17,700	16,600
2015	48,100	83,400	44,300	17,800	17,400
2016	48,700	84,500	44,800	18,000	17,700
2017	49,500	85,800	45,500	18,300	18,000
2018	49,100	85,900	46,300	19,000	18,300
2019	48,400	85,700	47,000	19,700	18,600
2020	48,900	86,800	47,800	20,100	18,900
2021	49,700	88,100	48,500	20,400	19,200
2022	50,500	89,500	49,200	20,700	19,500
2023	51,300	90,800	49,900	21,000	19,800
2024	52,100	92,200	50,700	21,300	20,100
2025	52,900	93,600	51,400	21,600	20,400
2026	53,600	94,700	52,000	21,900	20,600
2027	54,200	95,800	52,600	22,100	20,900
2028	54,900	96,900	53,200	22,400	21,100
2029	55,600	98,100	53,800	22,600	21,400
2030	56,200	99,200	54,400	22,900	21,700
2031	56,900	100,300	55,000	23,100	21,900
2032	57,600	101,500	55,600	23,400	22,200

*includes Venezia Mestre, Mira-Oriago and Mirano-Dolo

Source: Steer Davies Gleave elaboration

Figure 5.2: Total vehicles AADT trend

Source: Steer Davies Gleave elaboration

- 5.17 Total vehicles_km on the CAV network are expected to grow up to 2billions at the end of the Concession period, as shown in the table below.

Table 5.12: Total vehicles_km 2014-2032

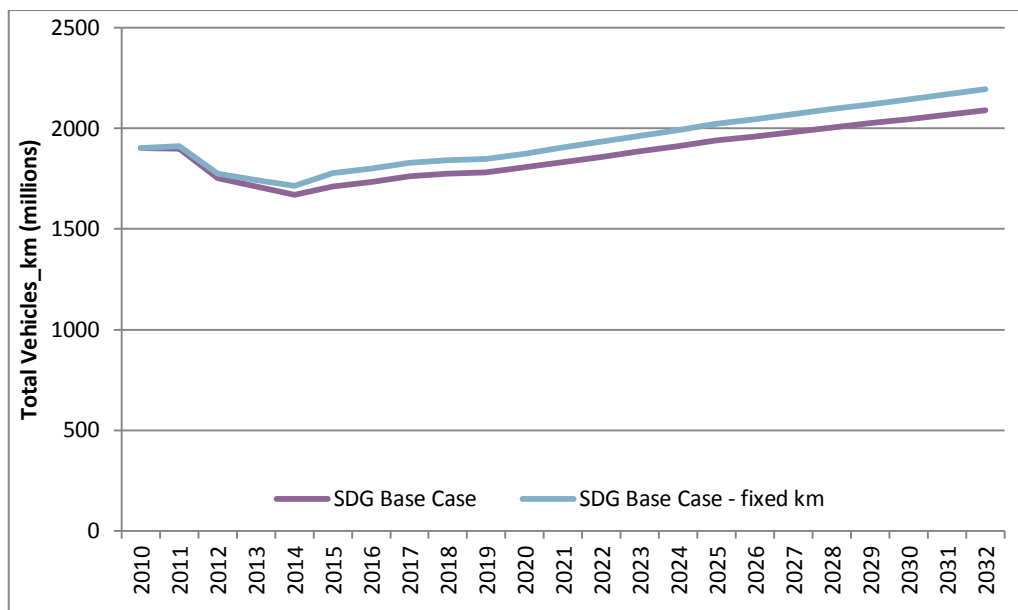
Year	Mestre by-pass	A4 Padova-Venezia	Open System	Total
2014	533.0	438.0	700.7	1,671.7
2015	567.1	453.5	690.6	1,711.2
2016	574.6	459.5	699.6	1,733.8
2017	584.1	466.9	711.3	1,762.4
2018	579.7	467.5	726.7	1,774.0
2019	571.2	466.2	743.2	1,780.7
2020	577.3	472.1	756.8	1,806.2
2021	586.5	479.4	766.7	1,832.6
2022	595.8	486.7	776.5	1,859.0
2023	605.3	494.2	786.5	1,885.9
2024	614.8	501.6	796.4	1,912.9
2025	624.2	509.1	806.3	1,939.7
2026	632.1	515.2	813.9	1,961.3
2027	640.0	521.3	821.4	1,982.7
2028	647.8	527.4	828.8	2,004.0
2029	655.7	533.5	836.3	2,025.4
2030	663.7	539.7	843.7	2,047.1
2031	671.8	546.0	851.2	2,069.0
2032	680.0	552.4	858.8	2,091.1

*includes Venezia Mestre, Mira-Oriago and Mirano-Dolo

Source: Steer Davies Gleave elaboration

- 5.18 In the graphs below the traffic trend on the total CAV network since the beginning of CAV Concession in 2010 is shown.
- 5.19 The traffic has been calculated in vehicle_km multiplying the toll barriers traffic for the total km (variables in the next years). The calculation has also been performed keeping the km applied at the toll barriers fixed as they were in 2010 in order to understand the real impact of traffic growth.
- 5.20 Without taking into account the variable kilometres at the toll barriers, the 2010 traffic level will be reached again in 2021; however, since to maintain the toll equality the variable km at the barrier should decrease over time, the same level of vehicle_km of 2010 will be reached only in 2024.

Figure 5.3: SDG Base Case (total CAV network, total vehicles_km)



Source: Steer Davies Gleave elaboration

Base Case revenue forecasts

5.21 As reported above, traffic on the CAV network may be split into the following components:

- Veh_Km on the Mestre By-pass;
- Veh_Km on the A4 Padova-Venezia;
- Transits at the Venezia Nord, Venezia Est and Venezia Mestre (including Mirano-Dolo and Mira-Oriago) Barriers of the Open System.

5.22 The CAV total revenue is therefore generated by:

- Mestre By-pass: Veh_Km multiplied by the kilometric Mestre By-pass tariff (0.09435 €/Km for Class A in 2015);
- A4 Padova-Venezia: Veh_Km multiplied by the corresponding kilometric tariff (0.04433 €/Km for Class A in 2015);
- Open System Barriers: Transits at the barriers multiplied by the CAV predetermined kilometres charged at each Barrier (23.800 km in 2015), multiplied by the CAV kilometric toll associated at the Barriers (0.04598 €/Km for class A in 2015).

5.23 The 23.800 km tolled by CAV at the toll barriers are made of a fixed part (6.200 km), which will remain constant across the whole Concession period, and a variable part (17.600 km in 2015), that will be adjusted each year in order to guarantee the toll equality between the Mestre By-pass and Mestre Ring Road.

5.24 Since tolls applied at the Venezia Mestre and Venezia Est barriers depend also on the toll levels set by ASPI and AA.VV., to maintain the toll equality between the Mestre By-pass and the Mestre Ring Road, the variable kilometres tolled by CAV at the toll barriers should be adjusted each year. This component will be therefore dependent on the ASPI and AA.VV. tariffs evolution.

5.25 The Base Case revenue forecast has been developed based on the following assumptions:

- ASPI and AA.VV. tariffs are growing in nominal terms by 1.5% per year from 2015 on;

- CAV tariff and predetermined kilometres at the Open System Barriers will have the evolution reported below.

Table 5.13: Base case Tariff and Km evolution 2016-2032

Year	CAV Real Tariff increase	CAV Nominal Tariff Increase*	ASPI and AA.VV. Nominal Tariff Increase*	Predetermined CAV Km at Barriers
2016	0.92%	1.50%	1.50%	17.114
2017	0.80%	1.50%	1.50%	17.137
2018	0.72%	1.50%	1.50%	17.161
2019	0.63%	1.50%	1.50%	17.183
2020	0.56%	1.50%	1.50%	17.206
2021	-0.32%	0.62%	1.50%	17.157
2022	-0.32%	0.62%	1.50%	17.106
2023	-0.32%	0.62%	1.50%	17.056
2024	-0.32%	0.62%	1.50%	17.004
2025	-0.32%	0.62%	1.50%	16.952
2026	-0.32%	0.62%	1.50%	16.899
2027	-0.32%	0.62%	1.50%	16.846
2028	-0.32%	0.62%	1.50%	16.792
2029	-0.32%	0.62%	1.50%	16.737
2030	-0.32%	0.62%	1.50%	16.681
2031	-0.32%	0.62%	1.50%	16.625
2032	-0.32%	0.62%	1.50%	16.568

*Annual inflation included

Source: for years 2014 and 2015 CAV Concession Agreement 2010, for years 2016-2032 CAV 2015 Financial Plan

- 5.26 The annual revenue forecasts for the Closed and Open System components are reported below for the Base Case. If not otherwise specified, the revenue should be considered as Net Revenue for Concessionaire at real values price € 2015.

Table 5.14: Annual Net Revenue on Mestre By-pass 2015-2032 (Real Value, Prices 2015, million €)

Year	LV Revenues	LGV Revenues	HGV Revenues	Total Revenues
2015	37.6	5.8	23.0	66.4
2016	38.5	5.9	23.5	67.9
2017	39.3	6.0	24.3	69.7
2018	39.3	6.0	24.4	69.7
2019	39.0	5.9	24.3	69.2
2020	39.6	6.0	24.8	70.4
2021	40.0	6.1	25.4	71.4
2022	40.4	6.1	25.9	72.4
2023	40.8	6.2	26.4	73.4
2024	41.2	6.3	27.0	74.5
2025	41.7	6.3	27.5	75.5

Year	LV Revenues	LGV Revenues	HGV Revenues	Total Revenues
2026	42.0	6.4	27.9	76.3
2027	42.3	6.4	28.4	77.1
2028	42.5	6.5	28.9	78.0
2029	42.8	6.5	29.4	78.8
2030	43.1	6.6	29.9	79.6
2031	43.4	6.6	30.4	80.5
2032	43.7	6.7	30.9	81.3

Source: Steer Davies Gleave elaboration

Table 5.15: Annual Net Revenue on A4 Padova-Venezia 2015-2032 (Real Value, Prices 2015, million €)

Year	LV Revenues	LGV Revenues	HGV Revenues	Total Revenues
2015	15.4	2.0	6.2	23.5
2016	15.7	2.0	6.3	24.0
2017	16.1	2.1	6.5	24.7
2018	16.2	2.1	6.6	24.9
2019	16.3	2.1	6.6	25.0
2020	16.6	2.1	6.8	25.4
2021	16.7	2.1	6.9	25.8
2022	16.9	2.2	7.1	26.1
2023	17.1	2.2	7.2	26.5
2024	17.3	2.2	7.4	26.8
2025	17.4	2.2	7.5	27.2
2026	17.6	2.2	7.6	27.4
2027	17.7	2.3	7.8	27.7
2028	17.8	2.3	7.9	28.0
2029	17.9	2.3	8.0	28.3
2030	18.1	2.3	8.2	28.5
2031	18.2	2.3	8.3	28.8
2032	18.3	2.4	8.4	29.1

Table 5.16: Annual Net Revenue on the A57 Barriers 2015-2032 (Real Value, Prices 2015, million €)

Year	LV Revenues	LGV Revenues	HGV Revenues	Total Revenues
2015	25.2	3.1	7.6	35.9
2016	25.8	3.2	7.8	36.7
2017	26.4	3.3	8.0	37.7
2018	27.1	3.4	8.4	38.8
2019	27.9	3.5	8.7	40.0
2020	28.5	3.5	8.9	41.0
2021	28.8	3.6	9.1	41.4
2022	29.0	3.6	9.3	41.9
2023	29.2	3.6	9.5	42.3
2024	29.5	3.7	9.6	42.8

Year	LV Revenues	LGV Revenues	HGV Revenues	Total Revenues
2025	29.7	3.7	9.8	43.2
2026	29.9	3.7	9.9	43.5
2027	30.0	3.8	10.1	43.8
2028	30.1	3.8	10.2	44.1
2029	30.3	3.8	10.4	44.4
2030	30.4	3.8	10.5	44.7
2031	30.5	3.8	10.7	45.1
2032	30.7	3.9	10.8	45.4

Source: Steer Davies Gleave elaboration

Table 5.17: Total Annual Net revenue for CAV 2015-2032 (Real Value, Prices 2015, million €)

Year	LV Revenues	LGV Revenues	HGV Revenues	Total Revenues
2015	78.2	10.9	36.7	125.8
2016	79.9	11.1	37.6	128.7
2017	81.8	11.4	38.9	132.0
2018	82.6	11.4	39.3	133.4
2019	83.1	11.4	39.5	134.1
2020	84.6	11.6	40.5	136.8
2021	85.5	11.8	41.4	138.6
2022	86.3	11.9	42.2	140.4
2023	87.1	12.0	43.1	142.3
2024	88.0	12.2	43.9	144.1
2025	88.8	12.3	44.7	145.8
2026	89.4	12.4	45.5	147.3
2027	89.9	12.5	46.3	148.7
2028	90.5	12.6	47.1	150.1
2029	91.0	12.6	47.8	151.5
2030	91.6	12.7	48.6	152.9
2031	92.1	12.8	49.4	154.3
2032	92.7	12.9	50.2	155.8

Source: Steer Davies Gleave elaboration

Impact of the ASPI and AA.VV. tariffs

- 5.27 Since the Concession Agreement imposes the toll equality for the users travelling on the new Mestre By-pass (along the A4 corridor) or on the existing Mestre Ring Road (A57), the CAV toll component (in terms of variable Kilometres applied at the Venezia Mestre and Venezia Est barriers) depend also on the toll increases set by the other Concessionaires (ASPI and AA.VV.).
- 5.28 The ASPI and AA.VV. tariff evolutions are regulated by the Grantor (ANAS) and updated on a yearly basis according to the investments and quality/safety parameters set in their Concession Agreements.

5.29 As we are not in the position to assess the expected annual tariff increases on the AA.VV. and ASPI networks, we have estimated the impact of the following toll evolution profiles on the total CAV revenue:

- ASPI and AA.VV. tariffs will growth by 3% per year in nominal terms from 2021-2032;
- ASPI and AA.VV. tariffs will growth by 5% per year in nominal terms from 2021-2032.

5.30 We assumed that tariffs will grow by 1.5% per year in nominal terms between 2016 and 2020.

5.31 To maintain the toll equality, the variable kilometres tolled by CAV at the Barriers - under the assumption of 3% and 5% ASPI and AA.VV. annual tariff increase - will follow the evolution shown in the tables below.

Table 5.18: ASPI and AA.VV. toll increase 3% per year (2021-2032)

Year	CAV Nominal Tariff Increase*	ASPI and AA.VV Nominal Tariff Increase*	Resulting CAV Km at Barriers	Difference with Base Case Km (Open System only)
2015	1.50%	1.50%	23.800	0%
2016	1.50%	1.50%	23.799	0%
2017	1.50%	1.50%	23.822	0%
2018	1.50%	1.50%	23.846	0%
2019	1.50%	1.50%	23.868	0%
2020	1.50%	1.50%	23.891	0%
2021	0.62%	3.00%	23.741	0%
2022	0.62%	3.00%	23.587	-1%
2023	0.62%	3.00%	23.428	-1%
2024	0.62%	3.00%	23.266	-2%
2025	0.62%	3.00%	23.099	-2%
2026	0.62%	3.00%	22.927	-3%
2027	0.62%	3.00%	22.751	-3%
2028	0.62%	3.00%	22.571	-4%
2029	0.62%	3.00%	22.385	-4%
2030	0.62%	3.00%	22.195	-5%
2031	0.62%	3.00%	22.000	-6%
2032	0.62%	3.00%	21.800	-6%

*Annual inflation included

Source: CAV 2015 Financial Plan

Table 5.19: ASPI and AA.VV. toll increase 5% per year

Year	CAV Nominal Tariff Increase*	ASPI and AA.VV Nominal Tariff Increase*	Resulting CAV Km at Barriers	Difference with Base Case Km (Open System only)
2015	1.50%	1.50%	23.800	0%
2016	1.50%	1.50%	23.799	0%
2017	1.50%	1.50%	23.822	0%
2018	1.50%	1.50%	23.846	0%
2019	1.50%	1.50%	23.868	0%
2020	1.50%	1.50%	23.891	0%
2021	0.62%	5.00%	23.607	-1%
2022	0.62%	5.00%	23.309	-2%
2023	0.62%	5.00%	22.997	-3%
2024	0.62%	5.00%	22.671	-4%
2025	0.62%	5.00%	22.330	-6%
2026	0.62%	5.00%	21.973	-7%
2027	0.62%	5.00%	21.600	-8%
2028	0.62%	5.00%	21.210	-10%
2029	0.62%	5.00%	20.802	-11%
2030	0.62%	5.00%	20.375	-13%
2031	0.62%	5.00%	19.929	-15%
2032	0.62%	5.00%	19.462	-16%

*Annual inflation included

Source: CAV 2015 Financial Plan

- 5.32 Since revenue generated by the Open System is only 33% of the CAV total revenue for Light Vehicles and 22% for Heavy Vehicles, the overall impact of the ASPI and AA.VV. tariffs increases on CAV revenue is limited (-0.7% on the whole concession period for a 3% annual tariff increase and -1.6% for a 5% annual increase).
- 5.33 In the table and graph below revenues for the different scenarios are reported.

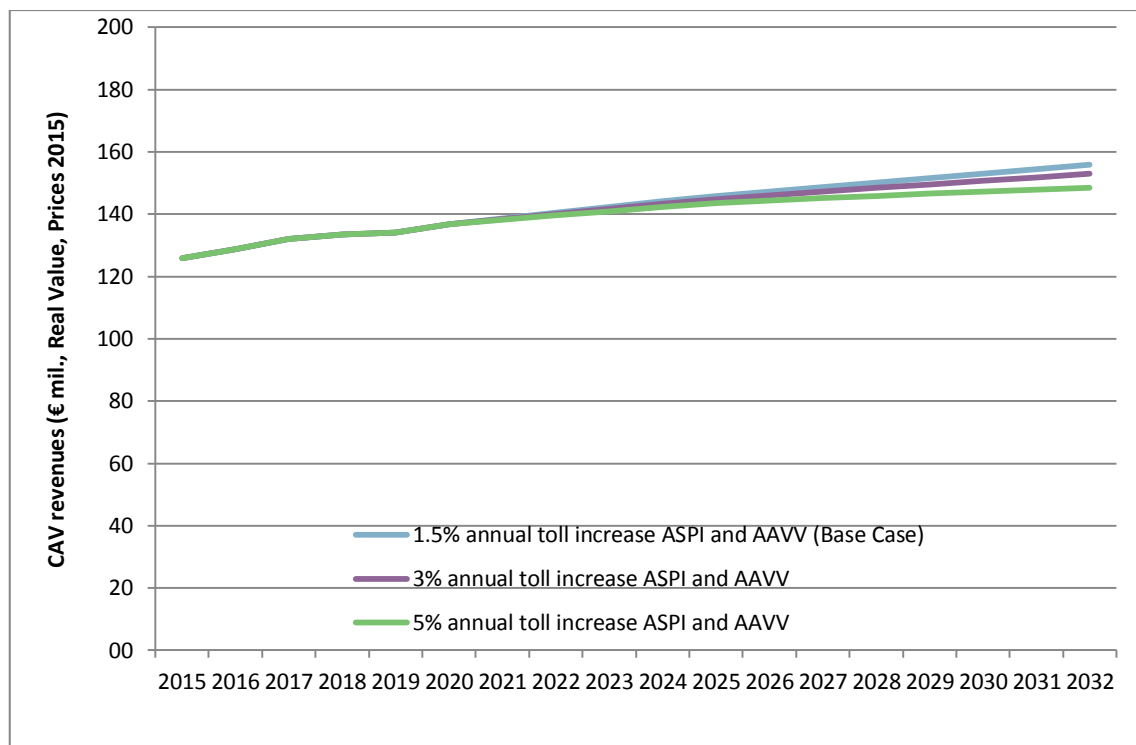
Table 5.20: Total Revenue for Base Case and 3%-5% annual toll increases for ASPI and AA.VV (Real Value, Prices 2015, million €)

Year	1.5% annual toll increase for ASPI and AA.VV*	3% annual toll increase for ASPI and AA.VV	5% annual toll increase for ASPI and AA.VV
2015	125.8	125.8	125.8
2016	128.7	128.7	128.7
2017	132.0	132.0	132.0
2018	133.4	133.4	133.4
2019	134.1	134.1	134.1
2020	136.8	136.8	136.8
2021	138.6	138.4	138.2
2022	140.4	140.1	139.6
2023	142.3	141.7	140.9
2024	144.1	143.3	142.2
2025	145.8	144.9	143.5
2026	147.3	146.1	144.3
2027	148.7	147.2	145.1
2028	150.1	148.4	145.8
2029	151.5	149.5	146.5
2030	152.9	150.7	147.2
2031	154.3	151.8	147.8
2032	155.8	152.9	148.4

* Base Case forecast

Source: Steer Davies Gleave elaboration

Figure 5.4: CAV revenues with different assumptions for ASPI and AAVV toll increases



Source: Steer Davies Gleave elaboration

6 Risk analysis

Introduction

- 6.1 This chapter presents the methodology used for assessing uncertainties and the risk analysis around the Base Case forecasts.

The methodology is based on two phases described in details below:

- Sensitivity analysis;
- Risk model.

Sensitivity tests

- 6.2 In order to perform a probabilistic analysis using @ Risk software to generate optimistic and pessimistic forecasts, several sensitivity tests have been carried out to assess the impact on traffic associated with the change of some external conditions, in particular:

- Traffic Growth;
- Opening of the Superstrada Pedemontana Veneta (SPV).

- 6.3 The following paragraphs show the results for the variables described above.

Traffic Growth Sensitivity

- 6.4 The demand growth profile adopted in the base case traffic forecast was based on results from the econometric models that takes into account the traffic in the last 10 years on the corridor and the impact of the economic crisis that hit Italy from the second half of 2008.
- 6.5 The traffic growth estimation depends on GDP, consumptions and fuel price. To assess uncertainty around base case assumptions we developed sensitivity tests for year 2015, 2018, 2019, 2025 and 2032, assuming different growth rates for GDP and consumptions assumptions.

Table 6.1: GDP assumptions

Year	Base Case	Worst Case	High Case
2015	0.8	0.3	1.2
2016	1.3	0.5	2.0
2017	1.3	0.5	2.0
2018	1.2	0.5	1.8
2019	1.2	0.5	1.8
2020	1.3	0.5	2.0
2021	1.3	0.5	2.0
2022	1.3	0.5	2.0
2023	1.3	0.5	2.0
2024	1.3	0.5	2.0

Source: Steer Davies Gleave elaboration on Consensus data (October 2015)

Table 6.2: Consumption assumptions

Year	Base Case	Worst Case	High Case
2015	0.7	0.1	1.2
2016	1.2	0.2	2.0
2017	1.2	0.2	2.0
2018	1.1	0.2	1.9
2019	1.0	0.2	1.7
2020	1.2	0.2	2.0
2021	1.2	0.2	2.0
2022	1.2	0.2	2.0
2023	1.2	0.2	2.0
2024	1.2	0.2	2.0

Source: Steer Davies Gleave elaboration on Consensus data (October 2015)

- 6.6 In 2032, the worst case GDP and consumptions assumptions will lead to a reduction in light and commercial traffic of 14% and in heavy traffic of about 20%.
- 6.7 On the opposite side, the high case GDP and consumptions assumption will lead to an increase of 14% for light and commercial and about 20% for heavy traffic.

Table 6.3: Traffic Growth Sensitivity – Light & Light Goods Vehicles

	2015	2018	2019	2025	2032
Worst Case	-0.49%	-3.56%	-4.56%	-9.25%	-14.27%
Base Case	0.00%	0.00%	0.00%	0.00%	0.00%
High Case	0.43%	3.20%	4.14%	8.81%	14.33%

Source: Steer Davies Gleave elaboration

Table 6.4: Traffic Growth Sensitivity – Heavy Goods Vehicles

	2015	2018	2019	2025	2032
Worst Case	-1.05%	-5.15%	-6.36%	-12.73%	-19.60%
Base Case	0.00%	0.00%	0.00%	0.00%	0.00%
High Case	0.75%	4.30%	5.41%	11.70%	19.51%

Source: Steer Davies Gleave elaboration

Opening of the Superstrada Pedemontana Veneta

- 6.8 The completion of the infrastructural network is another uncertainty throughout the Concession period. Several sensitivity tests were carried out by changing the impacts of both the Superstrada Pedemontana Veneta.
- 6.9 In the sensitivity tests we assumed that SPV would have a range of impacts between 0% and the double of the impact estimated with the network model on the closed system, while we didn't assume any variation on the Open System.
- 6.10 The SPV impacts vary then between 0% and -9% for light vehicles up to -12% for heavy vehicles.

Table 6.5: Pedemontana Veneta impact – Light Vehicles

	2018	2019	2020
Worst Case	-3.6%	-8.1%	-9.0%
Base Case	-1.8%	-4.1%	-4.5%
High Case	0%	0%	0%

Source: Steer Davies Gleave elaboration

Table 6.6: Pedemontana Veneta impact – Light Goods Vehicles

	2018	2019	2020
Worst Case	-4.8%	-10.7%	-11.9%
Base Case	-2.4%	-5.3%	-5.9%
High Case	0%	0%	0%

Source: Steer Davies Gleave elaboration

Table 6.7: Pedemontana Veneta impact – Heavy Goods Vehicles

	2018	2019	2020
Worst Case	-4.9%	-11.1%	-12.3%
Base Case	-2.5%	-5.5%	-6.2%
High Case	0%	0%	0%

Source: Steer Davies Gleave elaboration

Risk analysis

- 6.11 Results of the Risk Analysis are probability distributions for the traffic forecasts values. With this type of analysis the uncertainty can be defined as a range of possible values associated to the probability that these values could be close to reality. The quantification of this uncertainty is based on the information available and on our professional judgment.
- 6.12 This means that, even if the modelling assumptions are considered as the most probable values, a range of values can be derived from these parameters (as well as the probability of realization of these values). These assumptions are translated into inputs for the risk model on the basis of the results obtained in the sensibility test. In this way, it is therefore possible to define an area of uncertainty associated to the different assumptions.

Demand growth

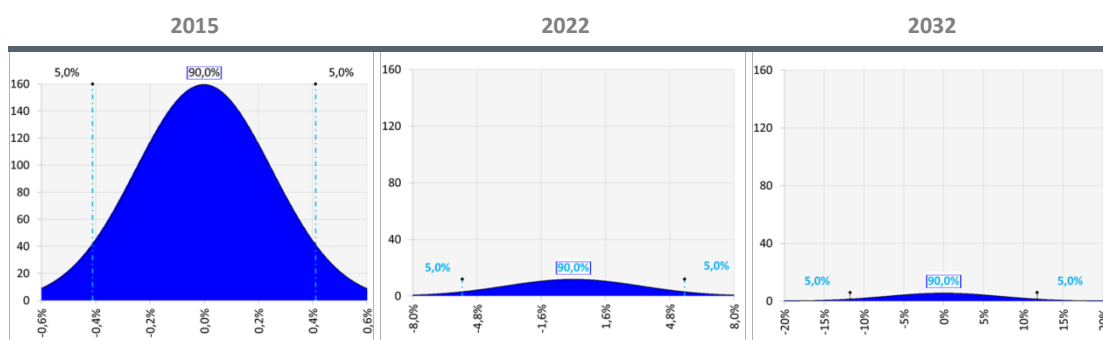
- 6.13 In order to define the risk distribution related to the demand growth parameter (both for the Closed and Open System) we have assumed a normal distribution that takes in consideration symmetric variables, and that the range of lower than Base Case forecast growth rates is the same as greater than forecast rates.
- 6.14 The following tables set out the risk model assumptions used to define the range for the demand growth parameter.

Table 6.8: Range of values and cumulated probability related to the demand growth – Light & Light Goods Vehicles

Cumulated Probability	2015	2025	2032
Parameter variations			
0,3%	-1.8%	-14.7%	-18.3%
2%	-1.2%	-9.8%	-12.2%
16%	-0.6%	-4.9%	-6.1%
50%	0.0%	0.0%	0.0%
84%	0.6%	4.9%	6.1%
98%	1.2%	9.8%	12.2%
99,7%	1.8%	14.7%	18.3%

Source: Steer Davies Gleave elaboration

Table 6.9: Range of values and probability related to the demand growth – Light & Light Goods Vehicles

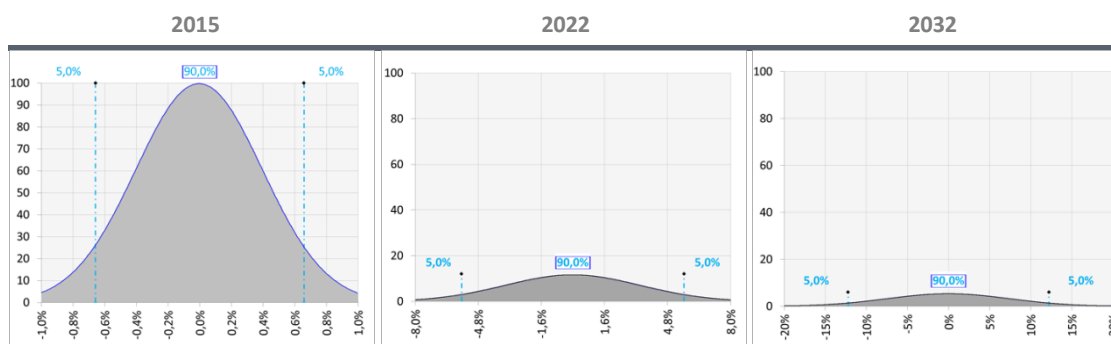


Source: Steer Davies Gleave elaboration

Table 6.10: Range of values and cumulated probability related to the demand growth – Heavy Goods Vehicles

Cumulated Probability	2015	2025	2032
Parameter variations			
0,3%	-1.9%	-15.2%	-18.88%
2%	-1.3%	-10.1%	-12.58%
16%	-0.6%	-5.1%	-6.29%
50%	0.0%	0.0%	0.00%
84%	0.6%	5.1%	6.29%
98%	1.3%	10.1%	12.58%
99,7%	1.9%	15.2%	18.88%

Source: Steer Davies Gleave elaboration

Table 6.11: Range of values and probability related to the demand growth – Heavy Goods Vehicles

Source: Steer Davies Gleave elaboration

Opening of Superstrada Pedemontana Veneta

- 6.15 For the Superstrada Pedemontana Veneta highway it was assumed an opening in 2018 with a probability of 80% and an opening in 2020 with a probability of 20%.
- 6.16 In order to define the risk distribution linked to the opening year assumptions we have assumed a discrete distribution by defining specific values that may occur and the likelihood of each.

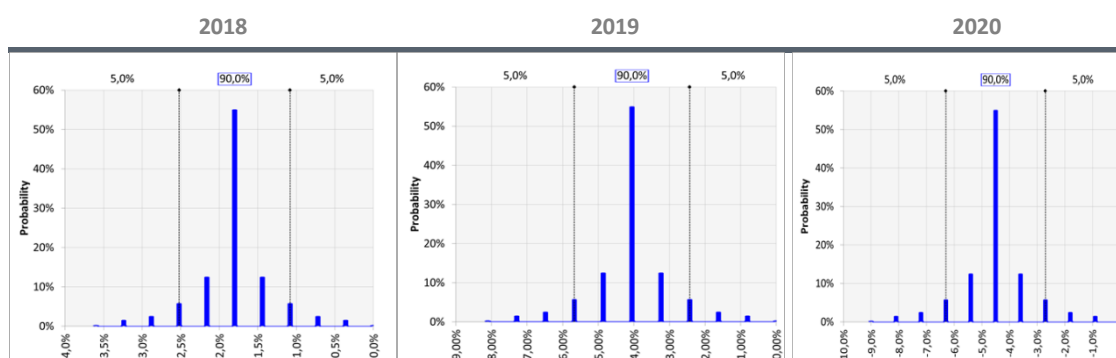
Table 6.12: Superstrada Pedemontana Veneta, Range of values and probability related to the opening year parameter – Closed & Open System

Probability	LV			LGV			HGV		
	2018	2019	2020	2018	2019	2020	2018	2019	2020
Parameter Variation									
0,3%	-3.6%	-8.1%	-9.0%	-4.8%	-10.7%	-11.9%	-4.9%	-11.1%	-12.3%
1,5%	-3.2%	-7.3%	-8.1%	-4.3%	-9.6%	-10.7%	-4.4%	-10.0%	-11.1%
2,5%	-2.9%	-6.5%	-7.2%	-3.8%	-8.6%	-9.5%	-3.9%	-8.9%	-9.8%
5,8%	-2.5%	-5.7%	-6.3%	-3.3%	-7.5%	-8.3%	-3.4%	-7.7%	-8.6%
12,5%	-2.2%	-4.9%	-5.4%	-2.9%	-6.4%	-7.1%	-3.0%	-6.6%	-7.4%
55,0%	-1.8%	-4.1%	-4.5%	-2.4%	-5.3%	-5.9%	-2.5%	-5.5%	-6.2%
12,5%	-1.4%	-3.2%	-3.6%	-1.9%	-4.3%	-4.8%	-2.0%	-4.4%	-4.9%
5,8%	-1.1%	-2.4%	-2.7%	-1.4%	-3.2%	-3.6%	-1.5%	-3.3%	-3.7%
2,5%	-0.7%	-1.6%	-1.8%	-1.0%	-2.1%	-2.4%	-1.0%	-2.2%	-2.5%
1,5%	-0.4%	-0.8%	-0.9%	-0.5%	-1.1%	-1.2%	-0.5%	-1.1%	-1.2%
0,3%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%

Source: Steer Davies Gleave elaboration

- 6.17 The figure below show an example of how we have associated a range of probability to the effect coming from the opening of the Pedemontana Veneta (in this case just for the light vehicles).

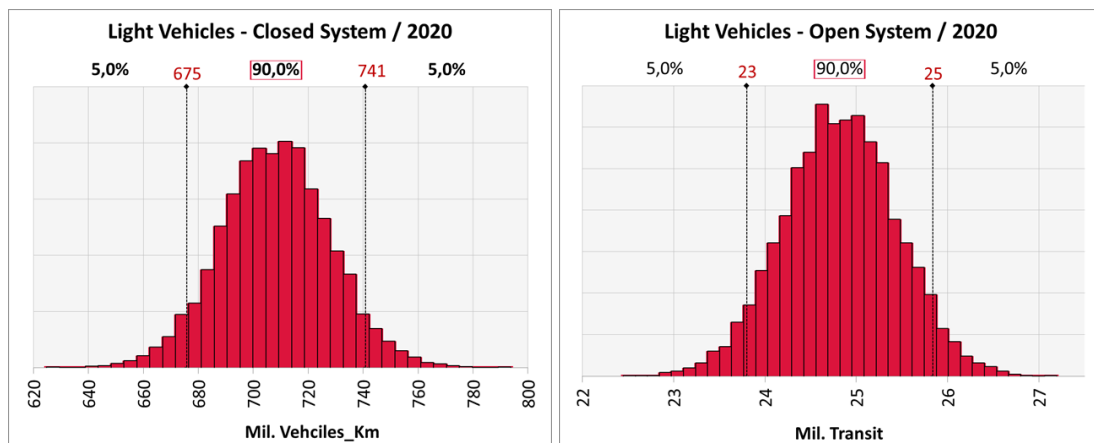
Table 6.13: Superstrada Pedemontana Veneta, Range of values and probability related to opening year – Light Vehicles



Source: Steer Davies Gleave elaboration

- 6.18 Once the different assumptions have been identified, including the risks and the probability associated with them, these risk factors were introduced into the risk simulation model created on the @ Risk platform.
- 6.19 The @Risk software uses Monte Carlo simulation that allow to perform risk analysis by building models of possible results by substituting a range of values—a probability distribution—for any factor that has inherent uncertainty. It then calculates results over and over, each time using a different set of random values from the probability functions. In this case the number of iterations run was 10,000.
- 6.20 The figures below show, for the year 2020, the frequency distribution of the light vehicles traffic flows in the Closed and Open Systems resulting from by @ Risk simulation.
- 6.21 This frequency distribution, calculated for each year, shows all the possible outcomes of a process of random sampling. From the frequency distribution it is possible to calculate the probability that an event, identified by a probability, can occur (in our case, P5 and P20 percentiles).

Figure 6.1: Frequency distribution for light vehicles in 2020 - Closed & Open System



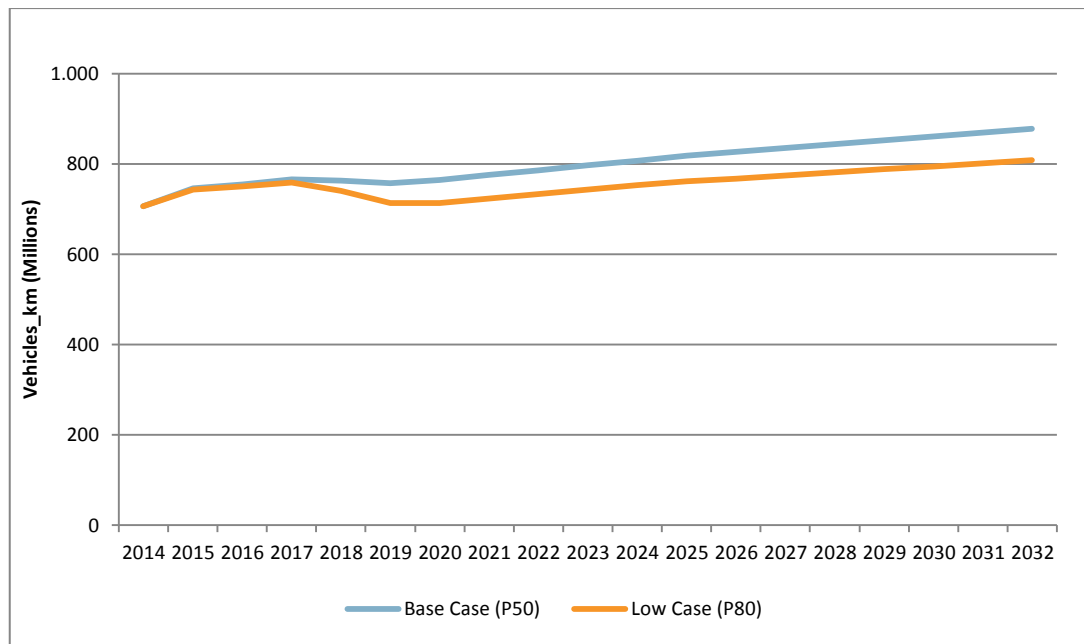
Source: Steer Davies Gleave elaboration

- 6.22 This option displays the probabilities associated with a particular event. It can be seen that:
- In the Closed System there is a 5% probability that the level of light vehicles traffic in 2020 is less than 675 million vehicle-km;
 - In the Open System there is a 5% probability that the level of light vehicles traffic in 2020 is less than 23 million transit vehicles.

Risk analysis Results

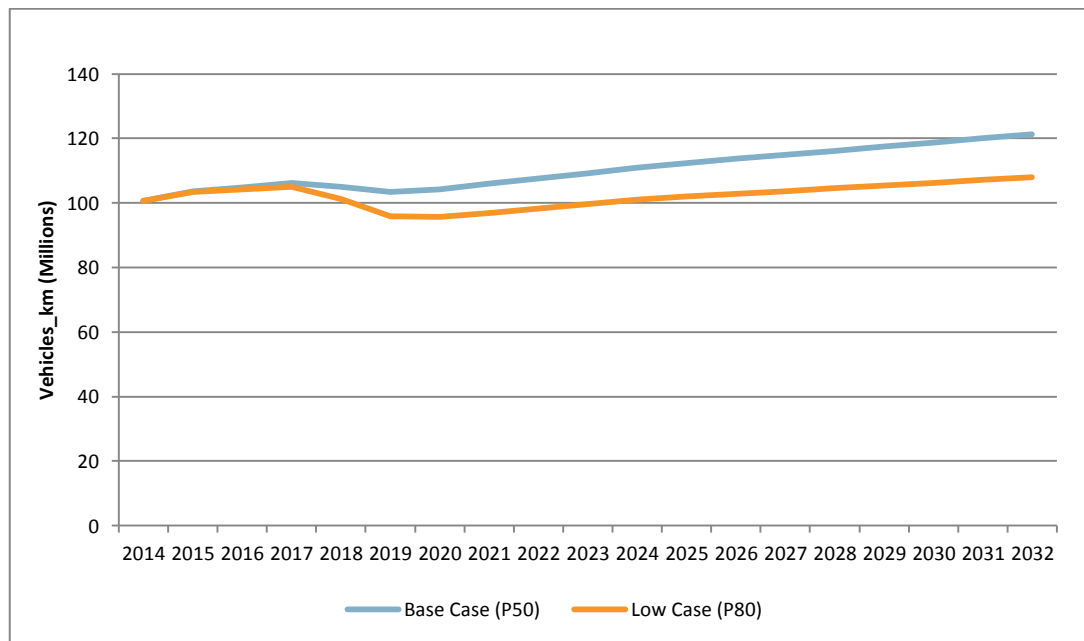
- 6.23 The following figures identify for each system (Closed and Open) and each vehicle category (LV, LGV and HGV) the margins of uncertainty for the Low Case around the Base Case estimate presented in the previous chapters (light blue line).
- 6.24 The values in the figures below show the P80 percentile resulting from the simulation performed with @Risk. Basically they provide the range of variation within which it is would be expected to find the expected value and indicated, as a graph, where the probabilities are visible giving a feel for the risks involved.
- 6.25 The difference between P50 and P80 values is higher for the closed system as a result of the negative impact of the Superstrada Pedemontana Veneta.

Figure 6.2: Closed system – Light Vehicles



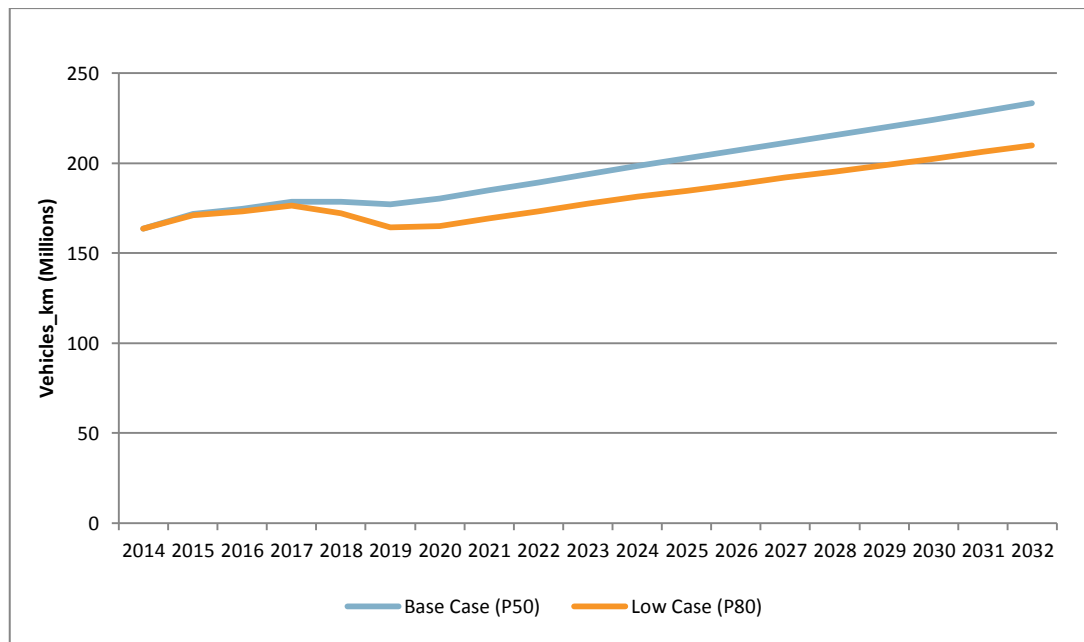
Source: Steer Davies Gleave elaboration

Figure 6.3: Closed system – Light Goods Vehicles



Source: Steer Davies Gleave elaboration

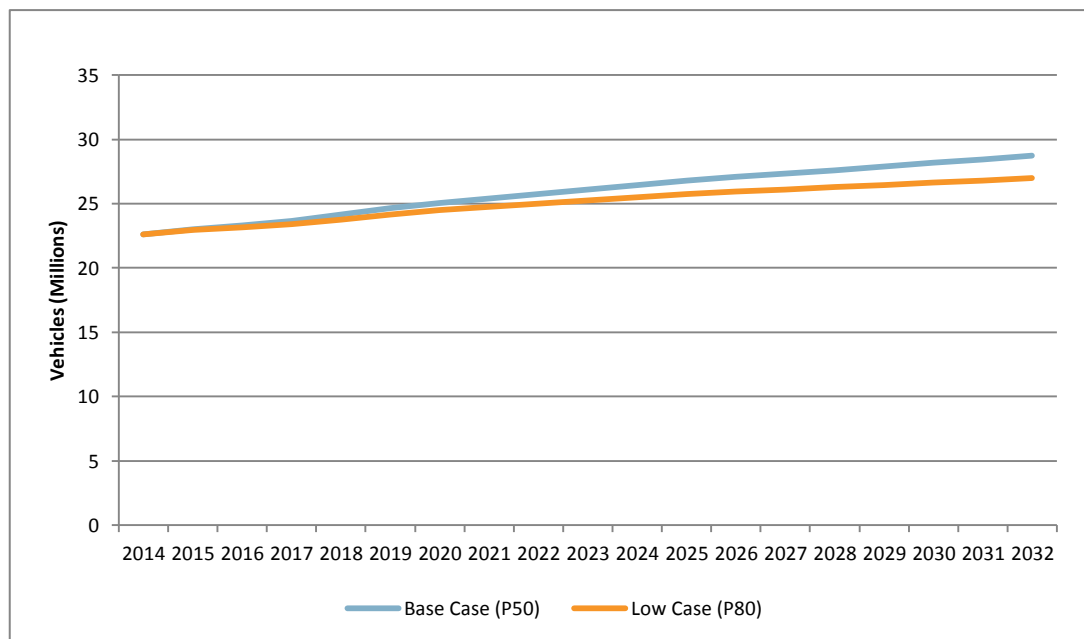
Figure 6.4: Closed system – Heavy Goods Vehicles



Source: Steer Davies Gleave elaboration

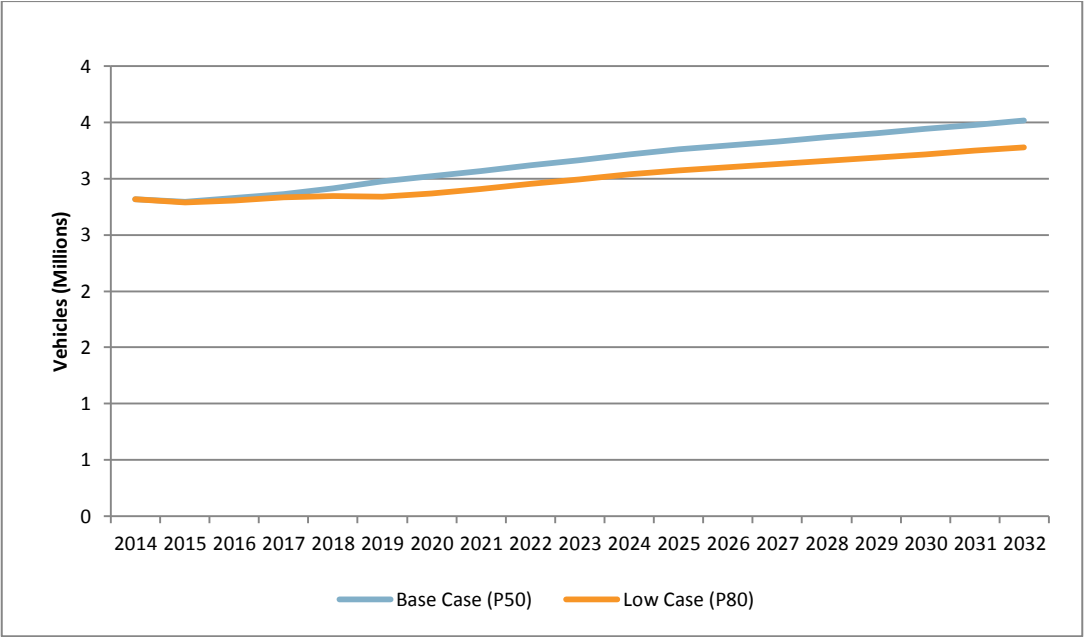
- 6.26 For the Open System the only impact is the different traffic growth so the variance between P80 and P50 is lower than the one calculated for the closed system.

Figure 6.5: Open System – Light Vehicles



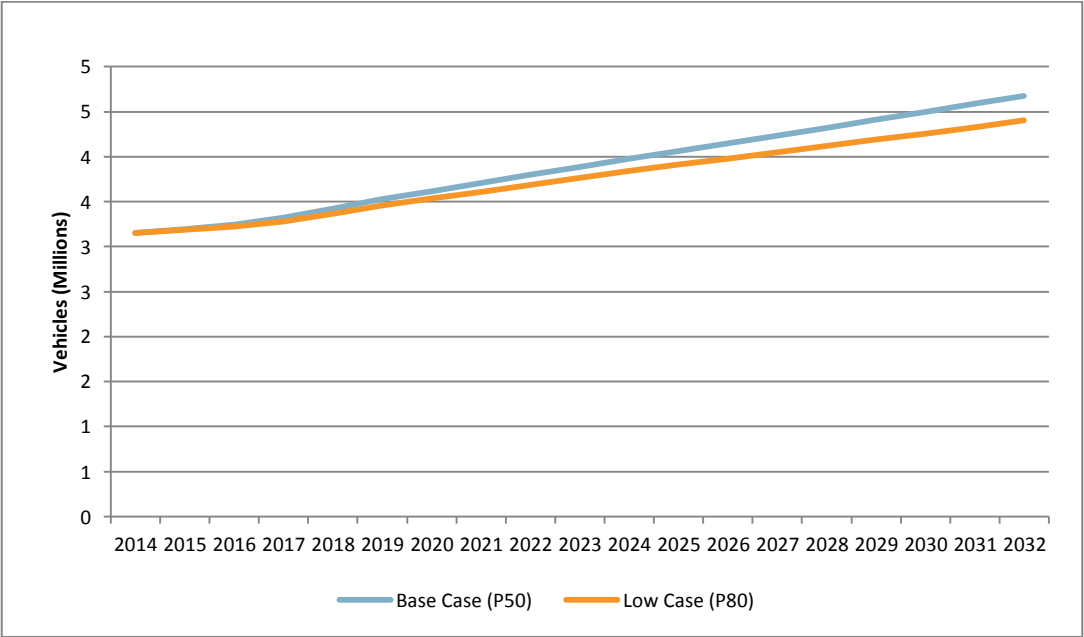
Source: Steer Davies Gleave elaboration

Figure 6.6: Open System – Light Goods Vehicles



Source: Steer Davies Gleave elaboration

Figure 6.7: Open System – Heavy Goods Vehicles



Source: Steer Davies Gleave elaboration

6.27 The values show that for the closed system, in the pessimistic scenario (P80), the traffic values would be 9% lower than the Base Case. The tables below summarise the results obtained by using @Risk software.

Table 6.14: Closed system – Base Case and Low Case (Mil. Vehicle-Km)

Year	Base Case (P50)				Low Case (P80)				Diff. % Total
	LV	LGV	HGV	Total	LV	LGV	HGV	Total	
2014	706.7	100.6	163.8	971.0	706.7	100.6	163.8	971.0	0.0%
2015	745.1	103.7	171.7	1,020.6	743.6	103.5	171.2	1,018.2	-0.2%
2016	754.8	104.8	174.5	1,034.2	749.9	104.1	173.3	1,027.3	-0.7%
2017	766.1	106.2	178.7	1,051.0	758.0	105.0	176.5	1,039.6	-1.1%
2018	763.5	105.1	178.7	1,047.2	740.0	101.3	172.0	1,013.3	-3.2%
2019	756.9	103.4	177.2	1,037.5	713.2	95.9	164.3	973.4	-6.2%
2020	764.7	104.3	180.4	1,049.4	712.8	95.6	165.1	973.5	-7.2%
2021	775.1	105.9	184.9	1,065.9	722.8	97.0	169.2	989.0	-7.2%
2022	785.7	107.5	189.3	1,082.5	732.8	98.3	173.4	1,004.5	-7.2%
2023	796.4	109.2	193.9	1,099.4	742.9	99.7	177.5	1,020.1	-7.2%
2024	807.2	110.9	198.3	1,116.4	753.0	101.1	181.6	1,035.7	-7.2%
2025	818.2	112.4	202.7	1,133.3	760.8	102.0	184.8	1,047.6	-7.6%
2026	826.7	113.7	206.9	1,147.3	767.6	102.9	188.3	1,058.8	-7.7%
2027	835.1	114.9	211.3	1,161.3	774.3	103.7	191.9	1,069.9	-7.9%
2028	843.4	116.2	215.5	1,175.1	781.0	104.5	195.4	1,080.9	-8.0%
2029	851.9	117.5	219.8	1,189.2	787.7	105.4	199.0	1,092.1	-8.2%
2030	860.4	118.7	224.2	1,203.4	794.5	106.2	202.6	1,103.3	-8.3%
2031	869.0	120.1	228.7	1,217.8	801.3	107.1	206.2	1,114.7	-8.5%
2032	877.7	121.4	233.3	1,232.3	808.2	108.0	210.0	1,126.2	-8.6%

Source: Steer Davies Gleave elaboration

- 6.28 For the Open System, in the Low Case (P80) the traffic values would be 6% lower than the Base Case. That is due to the fact that the only variation on Open System is due to a different traffic growth, while the network changes have no impact on the three tolled barriers. The table below summarises the results obtained by using @Risk software.

Table 6.15: Open System – Base Case and Low Case (Mil. Vehicles)

Year	Base Case (P50)				Low Case (P80)				Diff. % Total
	LV	LGV	HGV	Total	LV	LGV	HGV	Total	
2014	22.6	2.8	3.2	28.6	22.6	2.8	3.2	28.6	0.0%
2015	23.0	2.8	3.2	29.0	23.0	2.8	3.2	28.9	-0.2%
2016	23.3	2.8	3.2	29.4	23.2	2.8	3.2	29.2	-0.7%
2017	23.7	2.9	3.3	29.9	23.4	2.8	3.3	29.5	-1.1%
2018	24.1	2.9	3.4	30.5	23.8	2.8	3.4	30.0	-1.6%
2019	24.6	3.0	3.5	31.1	24.2	2.8	3.5	30.5	-2.2%
2020	25.0	3.0	3.6	31.7	24.5	2.9	3.5	30.9	-2.4%
2021	25.4	3.1	3.7	32.2	24.8	2.9	3.6	31.3	-2.7%
2022	25.7	3.1	3.8	32.6	25.0	3.0	3.7	31.6	-3.1%
2023	26.1	3.2	3.9	33.1	25.2	3.0	3.8	32.0	-3.4%
2024	26.4	3.2	4.0	33.6	25.5	3.0	3.8	32.4	-3.7%
2025	26.8	3.3	4.1	34.1	25.8	3.1	3.9	32.8	-4.0%
2026	27.1	3.3	4.1	34.5	25.9	3.1	4.0	33.0	-4.3%
2027	27.3	3.3	4.2	34.9	26.1	3.1	4.1	33.3	-4.6%
2028	27.6	3.4	4.3	35.3	26.3	3.2	4.1	33.6	-4.9%
2029	27.9	3.4	4.4	35.7	26.5	3.2	4.2	33.8	-5.2%
2030	28.2	3.4	4.5	36.1	26.6	3.2	4.3	34.1	-5.5%
2031	28.5	3.5	4.6	36.5	26.8	3.2	4.3	34.4	-5.9%
2032	28.7	3.5	4.7	36.9	27.0	3.3	4.4	34.7	-6.2%

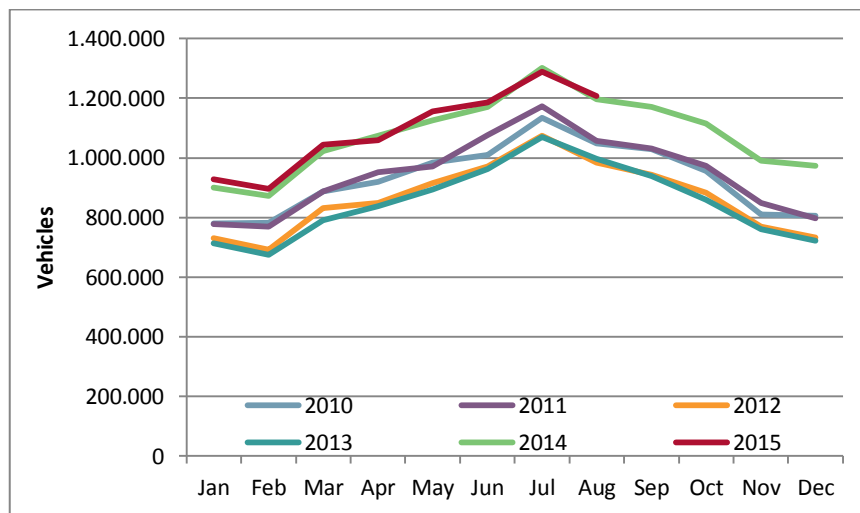
Source: Steer Davies Gleave elaboration

A Focus on traffic in open tolling system

A.1 This appendix contains more details than Chapter 3 on the traffic in open tolling system. Particularly it shows different and detailed charts based on traffic data, presented separately for all toll barriers , and for light, light and heavy goods vehicles.

Historic trends

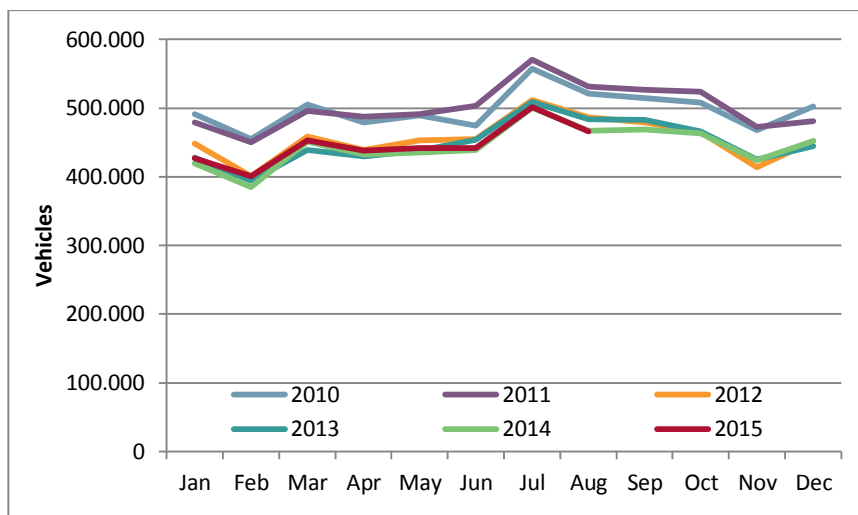
Appendix Figure A.1: Venezia Mestre virtual toll barrier*: monthly profile, Light Vehicles



*includes Venezia Mestre, Mira-Oriago and Mirano-Dolo

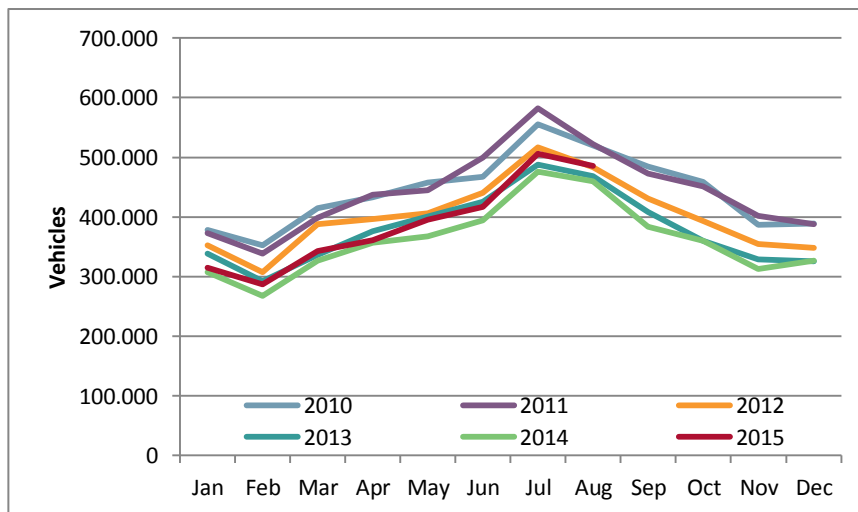
Source: SDG elaboration on Cav S.p.A data

Appendix Figure A.2: Venezia Nord toll barrier: monthly profile, Light Vehicles



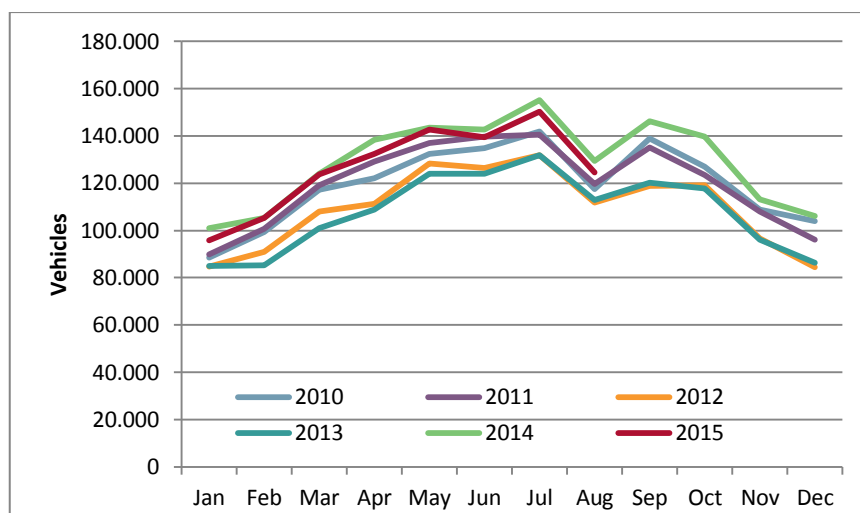
Source: SDG elaboration on Cav S.p.A data

Appendix Figure A.3: Venezia Est toll barrier: monthly profile, Light Vehicles



Source: SDG elaboration on Cav S.p.A data

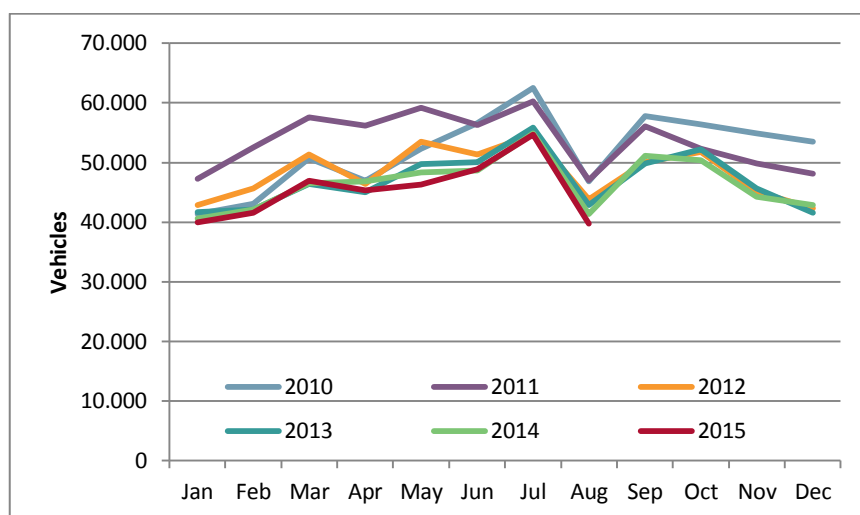
Appendix Figure A.4: Venezia Mestre virtual toll barrier*: monthly profile, LGVs



*includes Venezia Mestre, Mira-Oriago and Mirano-Dolo

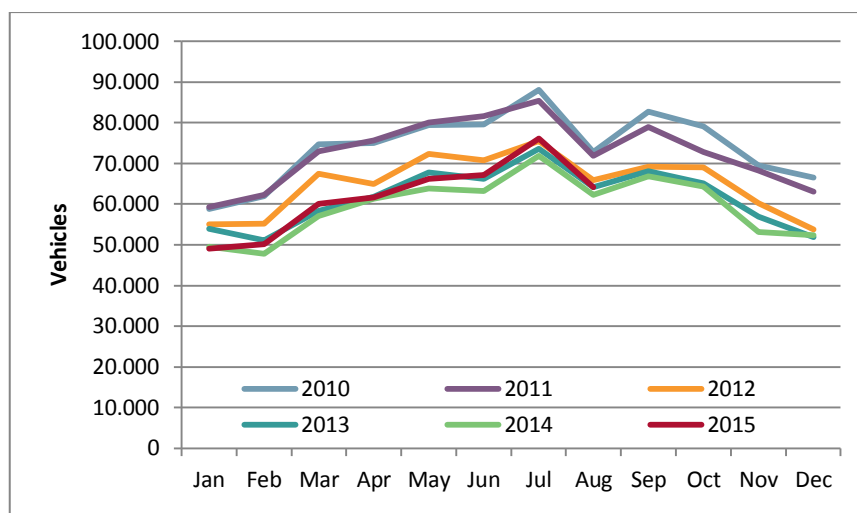
Source: SDG elaboration on Cav S.p.A data

Appendix Figure A.5: Venezia Nord toll barrier: monthly profile, LGVs



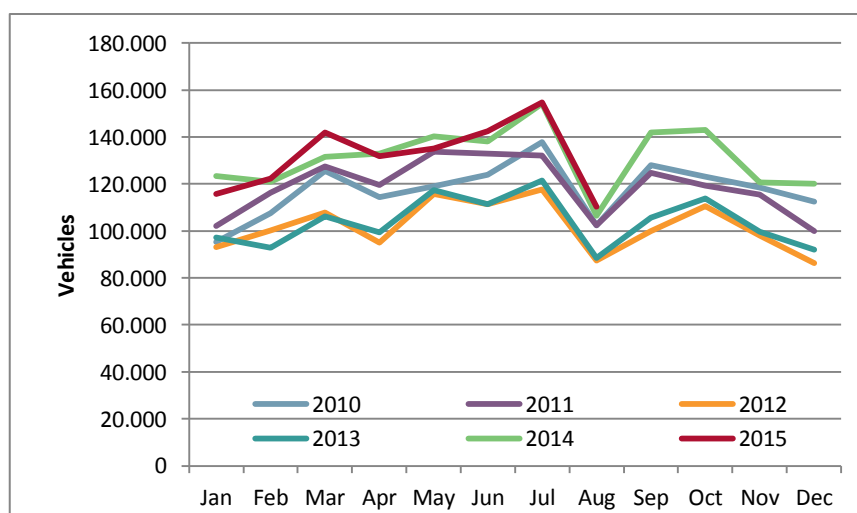
Source: SDG elaboration on Cav S.p.A data

Appendix Figure A.6: Venezia Est toll barrier: montly profile, LGVs



Source: SDG elaboration on Cav S.p.A data

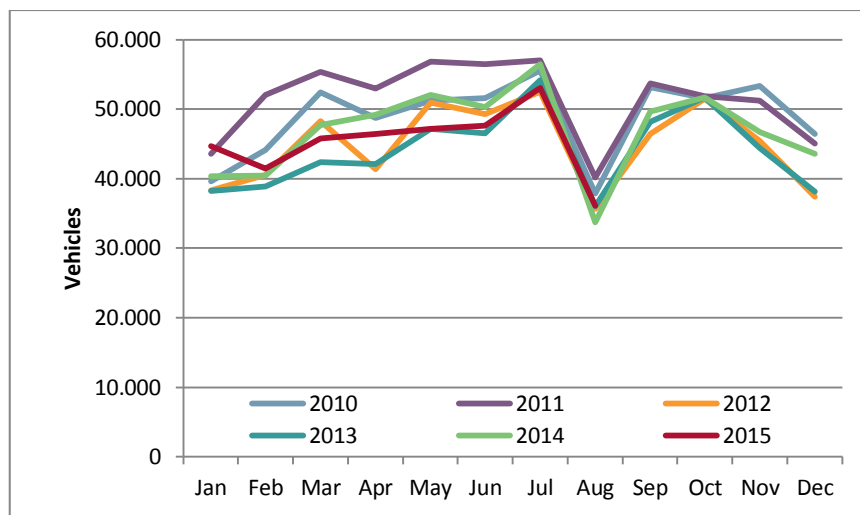
Appendix Figure A.7: Venezia Mestre virtual toll barrier*: montly profile, HGVs



*includes Venezia Mestre, Mira-Oriago and Mirano-Dolo

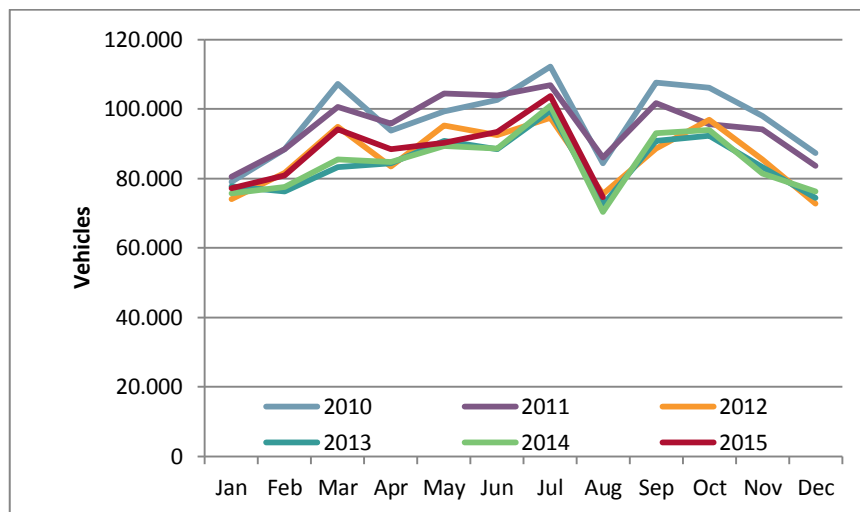
Source: SDG elaboration on Cav S.p.A data

Appendix Figure A.8: Venezia Nord: monthly profile, HGV s



Source: SDG elaboration on Cav S.p.A data

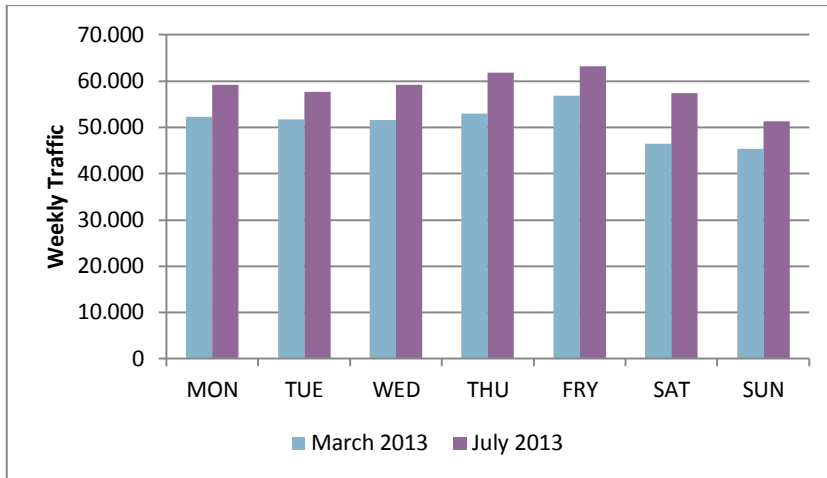
Appendix Figure A.9: Venezia Est: monthly profile, HGVs



Source: SDG elaboration on Cav S.p.A data

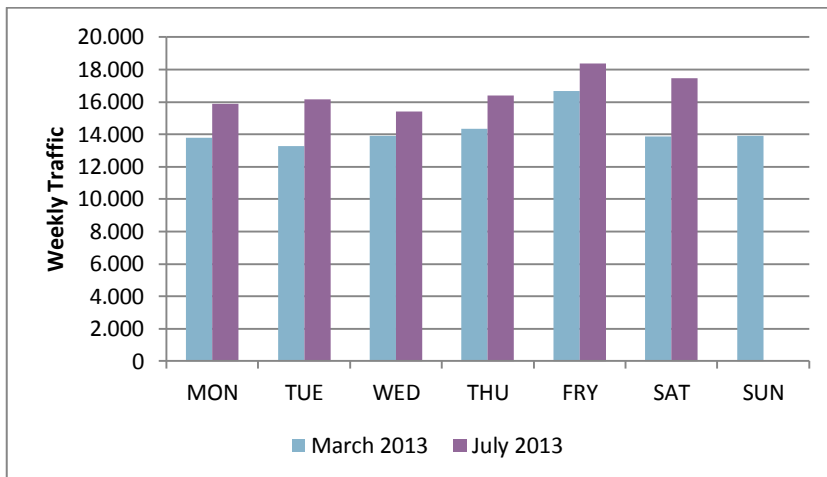
Weekly Profile

Appendix Figure A.10: Weekly profile at Mestre toll barrier, Light Vehicles



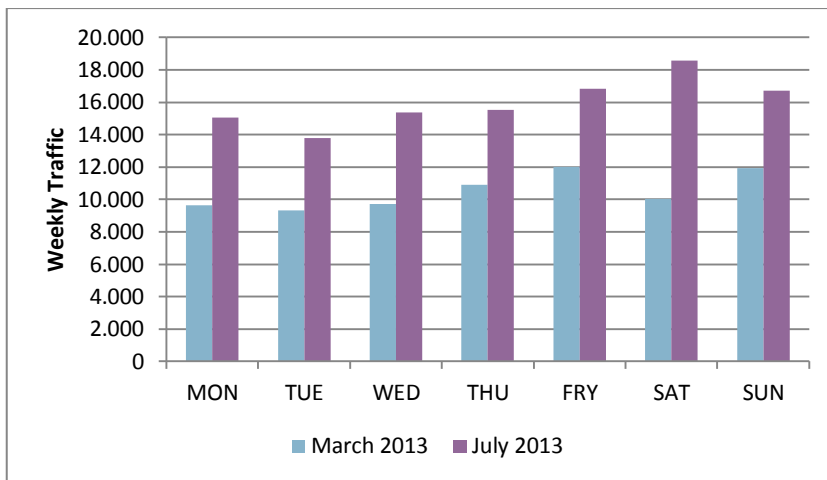
Source: SDG elaboration on Cav S.p.A data

Appendix Figure A.11: Weekly profile at Venezia Nord toll barrier, Light Vehicles



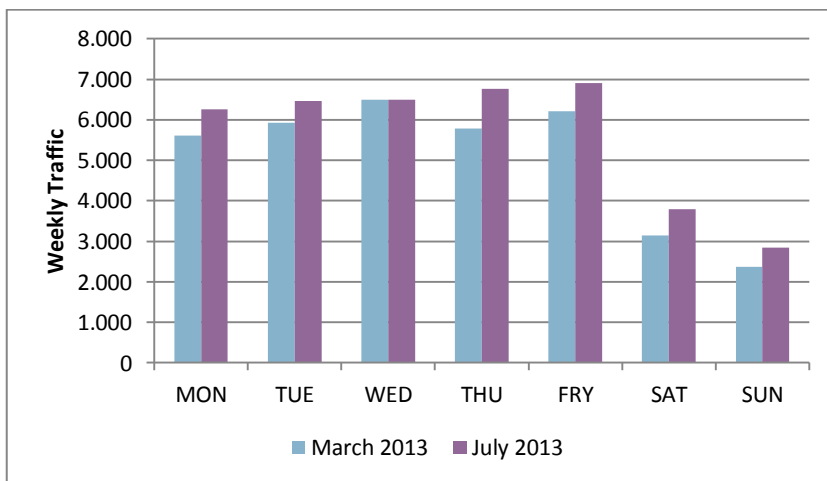
Source: SDG elaboration on Cav S.p.A data

Appendix Figure A.12: Weekly profile at Venezia Est toll barrier, Light Vehicles



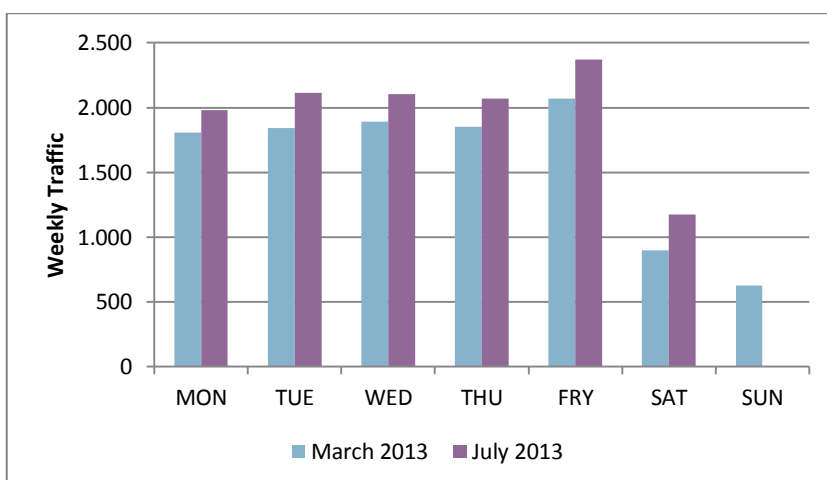
Source: SDG elaboration on Cav S.p.A data

Appendix Figure A.13: Weekly profile at Mestre toll barrier, LGVs



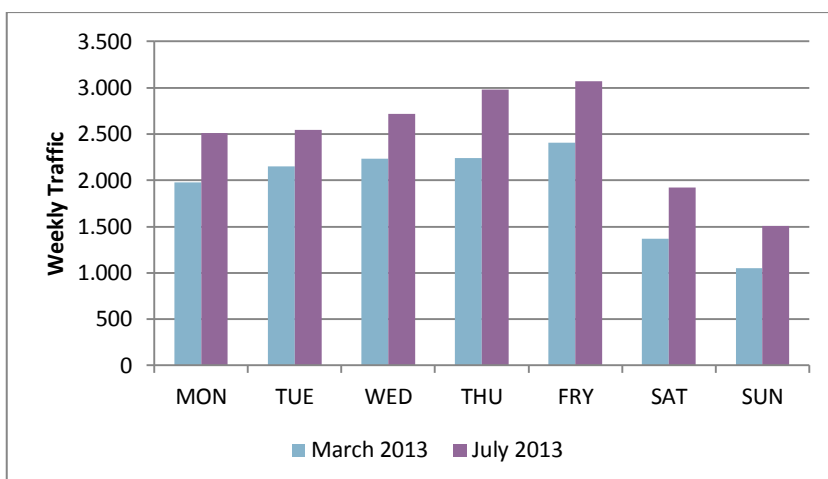
Source: SDG elaboration on Cav S.p.A data

Appendix Figure A.14: Weekly profile at Venezia Nord toll barrier, LGVs



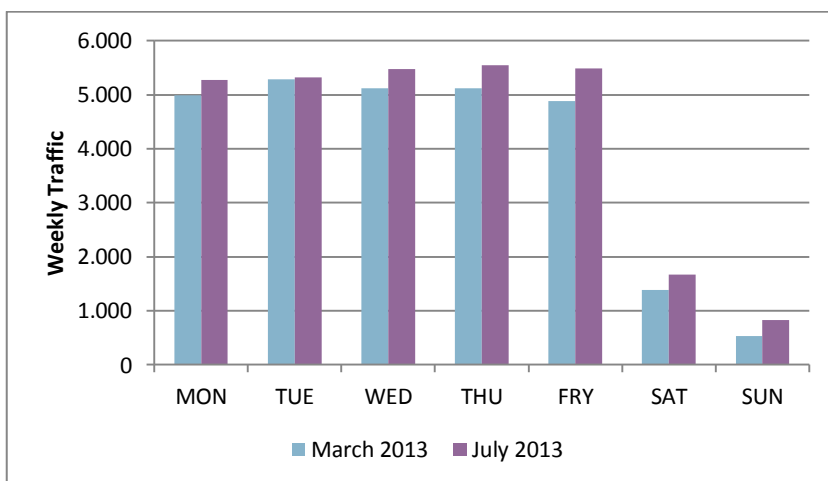
Source: SDG elaboration on Cav S.p.A data

Appendix Figure A.15: Weekly profile at Venezia Est toll barrier, LGVs



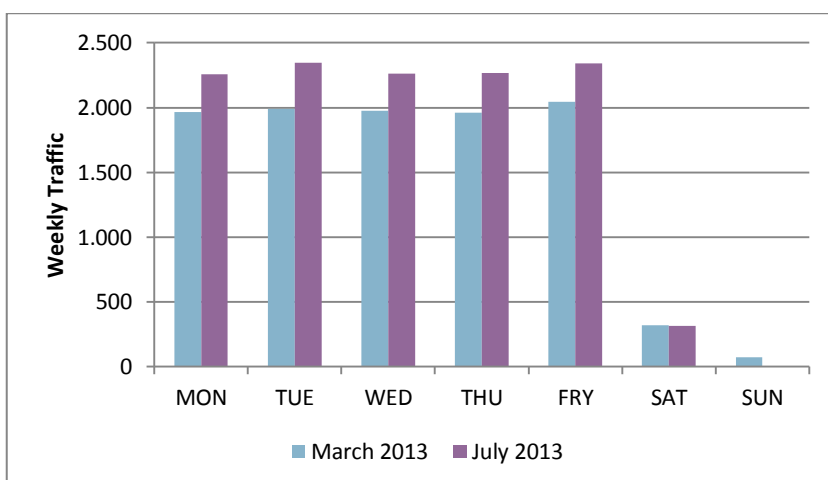
Source: SDG elaboration on Cav S.p.A data

Appendix Figure A.16: Weekly profile at Mestre toll barrier, HGVs



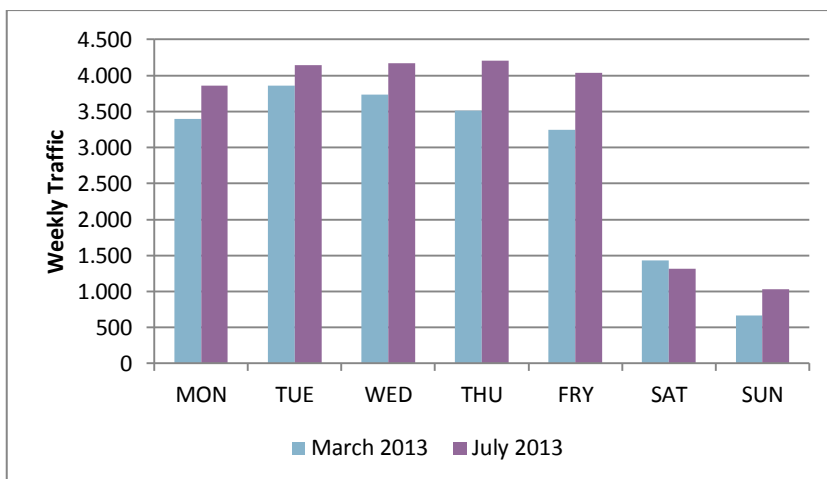
Source: SDG elaboration on Cav S.p.A data

Appendix Figure A.17: Weekly profile at Venezia Nord toll barrier, HGVs



Source: SDG elaboration on Cav S.p.A data

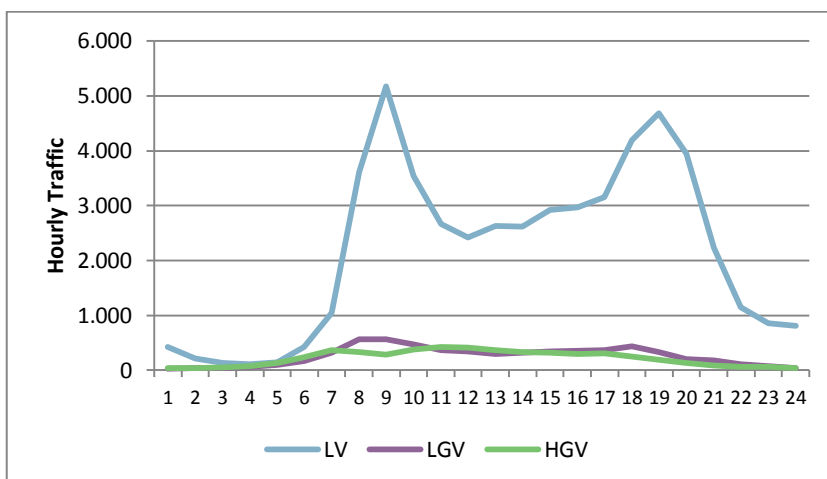
Appendix Figure A.18: Weekly profile at Venezia Est toll barrier, HGVs



Source: SDG elaboration on Cav S.p.A data

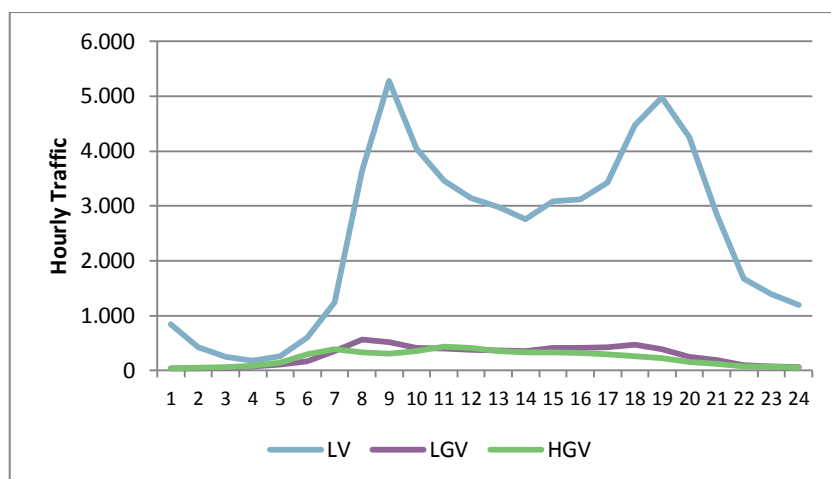
Hourly profile

Appendix Figure A.19: Hourly Profile of the average weekday at Mestre toll barrier, March 2013



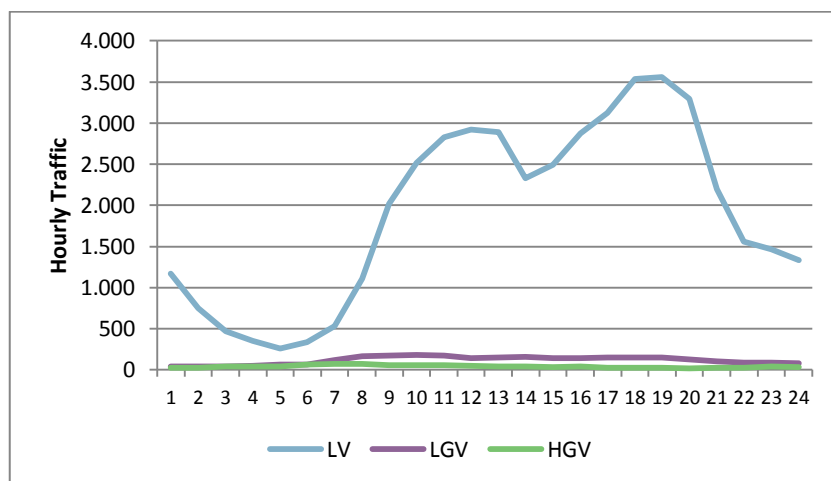
Source: SDG elaboration on Cav S.p.A data

Appendix Figure A.20: Hourly Profile of the average weekday at Mestre toll barrier, July 2013



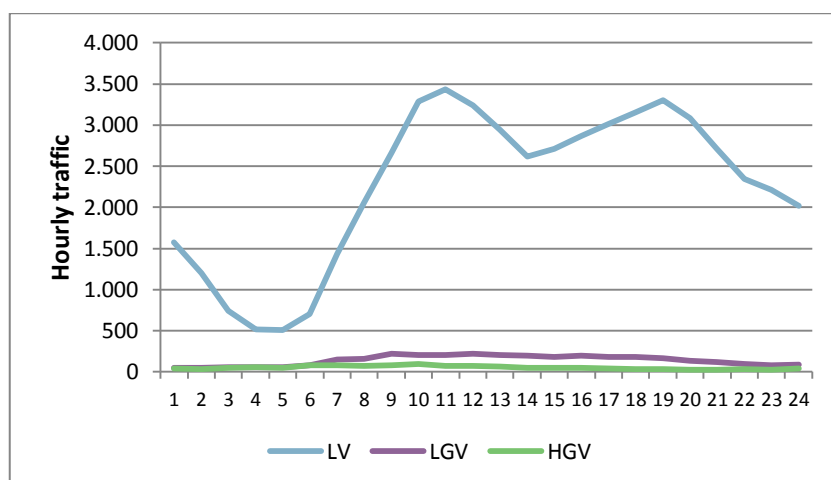
Source: SDG elaboration on Cav S.p.A data

Appendix Figure A.21: Hourly Profile of the average public holiday at Mestre toll barrier, March 2013



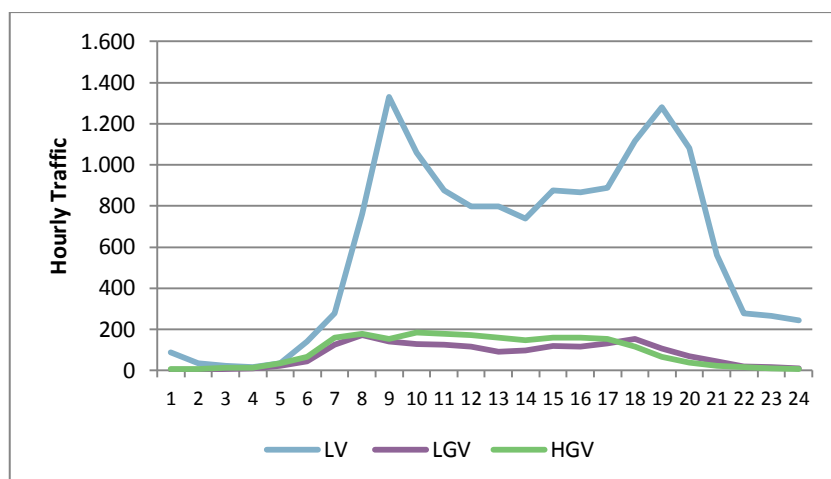
Source: SDG elaboration on Cav S.p.A data

Appendix Figure A.22: Hourly Profile of the average public holiday at Mestre toll barrier, July 2013



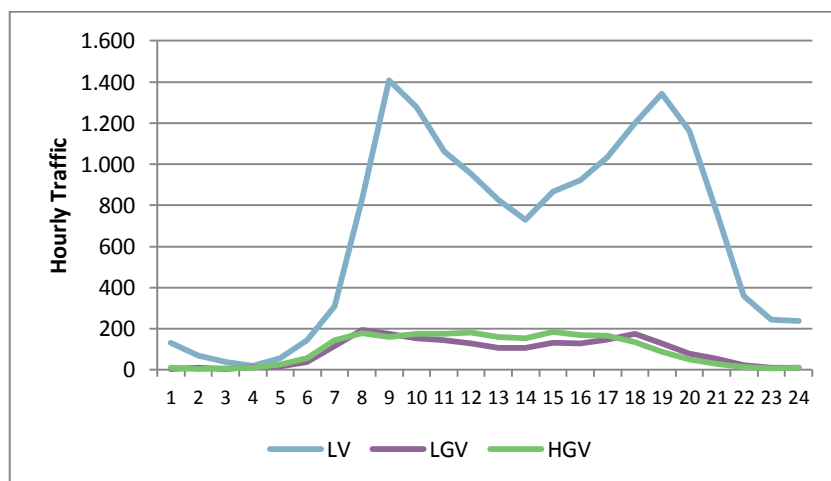
Source: SDG elaboration on Cav S.p.A data

Appendix Figure A.23: Hourly Profile of the average weekday at Venezia Nord toll barrier, March 2013



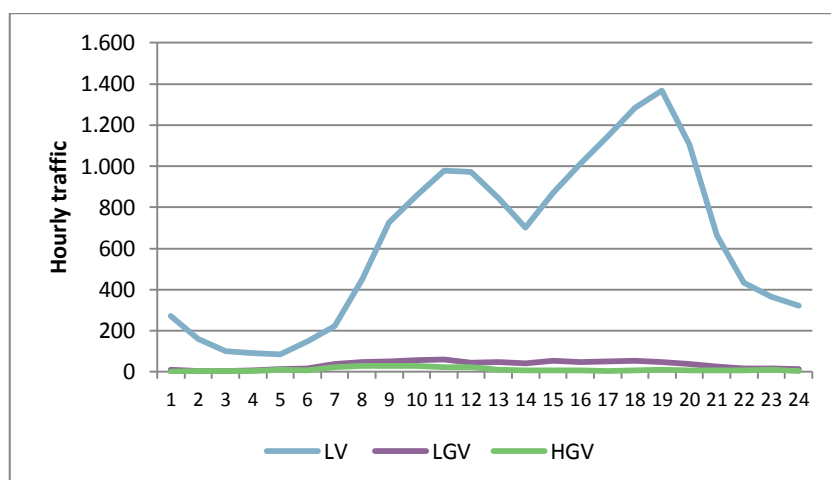
Source: SDG elaboration on Cav S.p.A data

Appendix Figure A.24: Hourly Profile of the average weekday at Venezia Nord toll barrier, July 2013



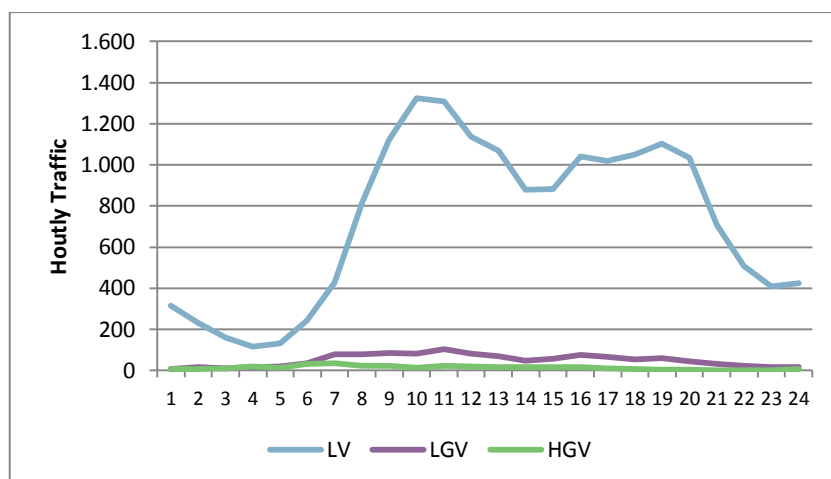
Source: SDG elaboration on Cav S.p.A data

Appendix Figure A.25: Hourly Profile of the average public holiday at Venezia Nord toll barrier, March 2013



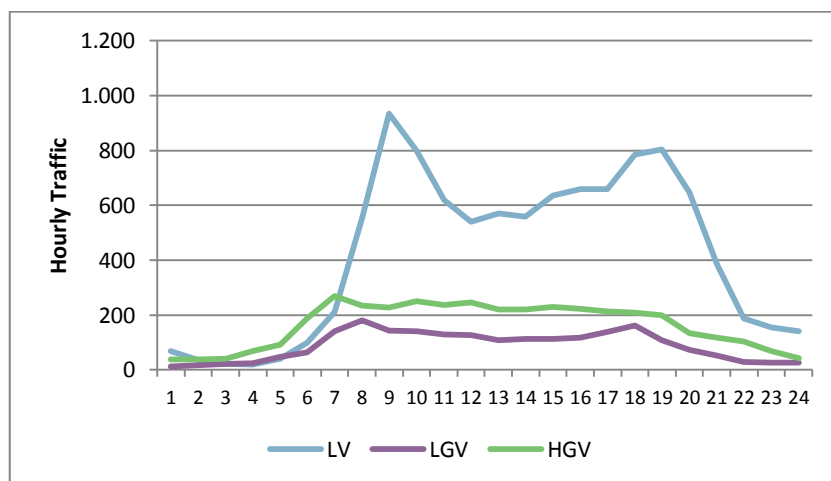
Source: SDG elaboration on Cav S.p.A data

Appendix Figure A.26: Hourly Profile of the average public holiday at Venezia Nord toll barrier, July 2013



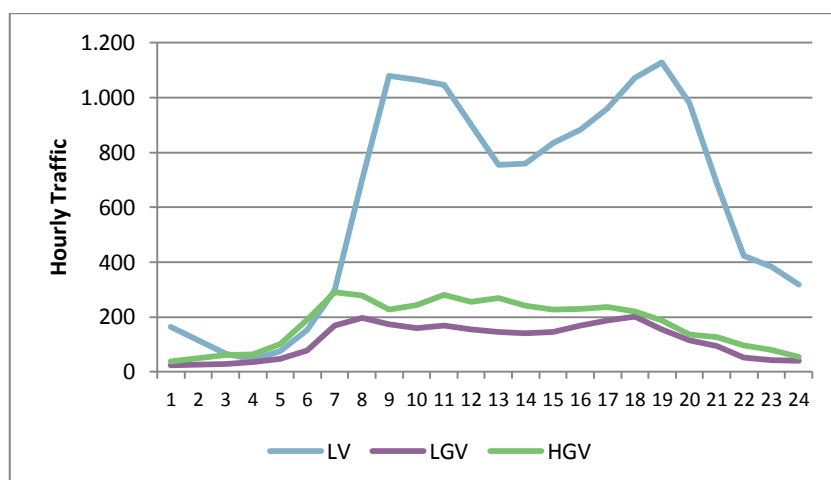
Source: SDG elaboration on Cav S.p.A data

Appendix Figure A.27: Hourly Profile of the average weekday at Venezia Est toll barrier, March 2013



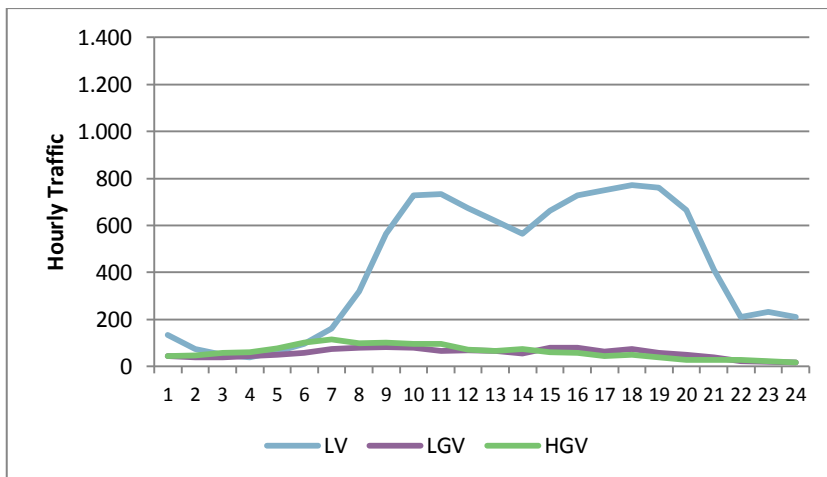
Source: SDG elaboration on Cav S.p.A data

Appendix Figure A.28: Hourly Profile of the average weekday at Venezia Est toll barrier, July 2013



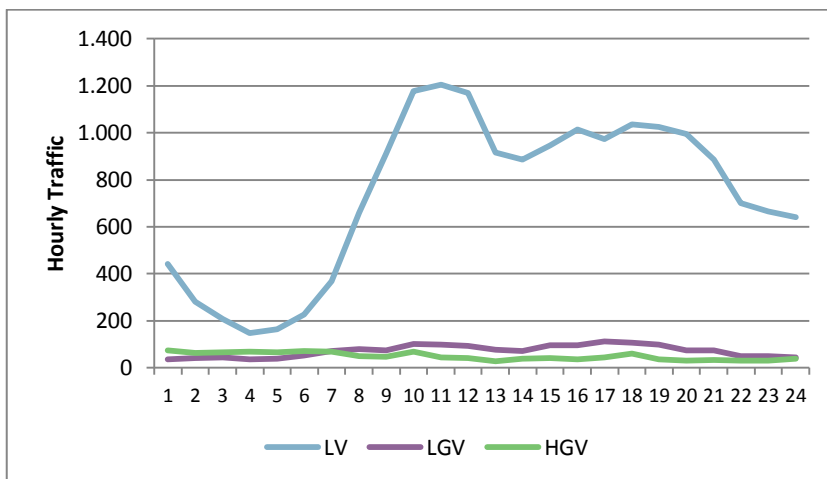
Source: SDG elaboration on Cav S.p.A data

Appendix Figure A.29: Hourly Profile of the average public holiday at Venezia Est toll barrier, March 2013



Source: SDG elaboration on Cav S.p.A data

Appendix Figure A.30: Hourly Profile of the average public holiday at Venezia Est toll barrier, July 2013



Source: SDG elaboration on Cav S.p.A data

APPENDIX 2

FINANCIAL MODEL OUTPUT

Model Output

April 2016

Key Base Case Inputs

Operating Inputs

- Traffic: Steer Davies Gleave P50 scenario
- Inflation: ramping-up to 1.34% in 2020, then flat (as proposed in June 2015 PFR)
- WACC: 7.01% flat (as proposed in June 2015 PFR)

Financial Inputs

- Bond size: EUR 830.0m
- Bond tenor: 14.7 years
- Bond average life: 7.65 years
- DSCR target 1.60x
- Tail: 2 years
- Subordinated debt size: EUR 136.5m

Sources & Uses

USES (EUR m)		
Repayment of ANAS Commercial Debt (Principal)	446.2	51.2%
Refinancing of CDP Term Loan	332.2	38.1%
Reserves Funding	72.9	8.4%
Transaction Costs	20.8	2.4%
Cash Funding	-	-
Total Principal Uses	872.1	
Repayment of ANAS Commercial Debt (VAT)	136.5	100.0%
Refinancing of CDP VAT Facility	-	-
Total VAT Uses	136.5	
Total Uses	1,008.6	

SOURCES (EUR m)		
Bond	830.0	95.2%
Subordinated Debt	-	-
Cash Balance Used	42.1	4.8%
Total Principal Sources	872.1	
Bond	-	-
Subordinated Debt	136.5	100.0%
VAT Facility	-	-
Cash Balance Used	-	-
Total VAT Sources	136.5	
Total Sources	1,008.6	

Base Case Income Statement

Base Case Income Statement

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032
[EUR k]																	
Revenues	148,136	152,660	155,255	157,268	161,593	164,831	168,090	171,415	174,758	178,097	181,069	184,064	187,048	190,081	193,164	196,299	199,487
By-Pass	67,278	69,512	70,085	70,133	72,029	73,629	75,241	76,890	78,549	80,208	81,709	83,227	84,742	86,285	87,858	89,462	91,097
Closed System	23,824	24,597	25,010	25,314	26,042	26,595	27,153	27,724	28,299	28,876	29,389	29,906	30,424	30,951	31,487	32,034	32,590
Barriers	36,409	37,609	39,039	40,557	41,942	42,693	43,448	44,215	44,984	45,749	46,402	47,053	47,700	48,353	49,013	49,681	50,356
Other Revenues	20,625	20,942	21,122	21,264	21,580	21,914	22,248	22,587	22,926	23,264	23,570	23,877	24,183	24,492	24,806	25,123	25,445
Operating Costs	(59,560)	(58,556)	(64,637)	(59,800)	(60,684)	(64,350)	(66,036)	(63,359)	(67,166)	(65,184)	(69,155)	(69,276)	(67,852)	(68,759)	(76,631)	(71,908)	(76,217)
Concession & Sub-Concession Fees	(3,142)	(3,244)	(3,302)	(3,348)	(3,446)	(3,517)	(3,588)	(3,661)	(3,734)	(3,807)	(3,872)	(3,938)	(4,004)	(4,070)	(4,138)	(4,207)	(4,277)
Service & Materials	(11,320)	(11,433)	(11,561)	(11,704)	(11,861)	(12,020)	(12,181)	(12,344)	(12,510)	(12,677)	(12,847)	(13,019)	(13,194)	(13,371)	(13,550)	(13,731)	(13,915)
Maintenance	(10,030)	(8,350)	(13,901)	(8,548)	(8,662)	(11,562)	(12,476)	(9,015)	(12,033)	(9,258)	(12,472)	(11,828)	(9,636)	(9,765)	(16,847)	(11,325)	(14,823)
Personnel	(20,264)	(20,466)	(20,696)	(20,952)	(21,233)	(21,518)	(21,806)	(22,098)	(22,394)	(22,694)	(22,998)	(23,307)	(23,619)	(23,935)	(24,256)	(24,581)	(24,910)
Other Costs	(14,805)	(15,064)	(15,178)	(15,247)	(15,482)	(15,734)	(15,985)	(16,240)	(16,495)	(16,746)	(16,965)	(17,184)	(17,400)	(17,618)	(17,839)	(18,064)	(18,291)
EBITDA	88,576	94,104	90,618	97,468	100,908	100,481	102,053	108,056	107,593	112,914	111,914	114,789	119,196	121,321	116,533	124,391	123,271
D&A	(49,328)	(42,764)	(40,967)	(41,142)	(53,635)	(46,129)	(52,638)	(51,547)	(52,611)	(50,069)	(50,582)	(50,638)	(51,428)	(48,286)	(47,721)	(46,013)	(51,509)
EBIT	45,812	53,138	49,476	43,834	54,779	47,843	50,506	55,445	57,524	62,332	61,276	63,361	70,910	73,601	70,520	72,883	90,994
Financial Expenses	(27,300)	(25,407)	(21,686)	(17,825)	(13,505)	(11,678)	(10,383)	(9,022)	(7,918)	(6,839)	(5,727)	(4,582)	(3,370)	(2,125)	(872)	-	-
Bond	(12,458)	(16,509)	(15,413)	(14,301)	(13,014)	(11,678)	(10,383)	(9,022)	(7,918)	(6,839)	(5,727)	(4,582)	(3,370)	(2,125)	(872)	-	-
CDP Term Loan	(2,398)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
CDP VAT Facility	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
ANAS Commercial Debt	(3,730)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
ANAS Subordinated Debt	(8,713)	(8,898)	(6,273)	(3,525)	(491)	-	-	-	-	-	-	-	-	-	-	-	-
Others	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Financial Income	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
EBT	18,512	27,731	27,790	26,008	41,274	36,165	40,123	46,423	49,606	55,493	55,549	58,779	67,540	71,476	69,649	72,883	90,994
Taxes	(6,594)	(8,842)	(8,619)	(7,950)	(12,044)	(10,697)	(11,986)	(14,130)	(15,073)	(16,905)	(16,849)	(17,815)	(20,361)	(21,451)	(20,809)	(22,302)	(30,127)
Net Income	11,918	18,888	19,171	18,058	29,230	25,468	28,137	32,293	34,532	38,588	38,700	40,965	47,179	50,025	48,840	50,581	60,867

Base Case Cash Flow Statement

Base Case Cash Flow Statement

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032
[EUR k]																	
EBITDA	88,576	94,104	90,618	97,468	100,908	100,481	102,053	108,056	107,593	112,914	111,914	114,789	119,196	121,321	116,533	124,391	123,271
Capex	(26,068)	(17,898)	(3,864)	(510)	(514)	(519)	(524)	(529)	(534)	(539)	(544)	(549)	(554)	(559)	(565)	(570)	(576)
Capex Reserve Account Use	12,797	19,203	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Maintenance Reserve Account Use	420	-	2,676	-	-	-	1,731	-	1,387	-	322	1,096	-	-	1,381	-	-
Δ Working Capital	(9,735)	2,919	2,444	3,502	4,765	5,047	143	(301)	358	(231)	374	(18)	(175)	61	769	(512)	406
Taxes	(3,589)	(7,761)	(11,091)	(8,395)	(7,281)	(16,139)	(9,350)	(13,274)	(16,274)	(16,017)	(18,736)	(16,794)	(18,780)	(22,907)	(22,541)	(20,167)	(31,620)
VAT Compensation Cash-in	18,263	21,322	23,694	25,996	26,814	26,782	27,191	9,208	-	-	-	-	-	-	-	-	-
Other	6	5	5	5	6	6	6	6	6	6	6	6	6	6	7	7	(500)
CFADS	80,669	111,894	104,482	118,067	124,698	115,659	121,251	103,167	92,536	96,133	93,337	98,530	99,693	97,922	95,584	103,149	90,981
Senior Debt Service	(50,181)	(69,695)	(65,080)	(73,563)	(77,738)	(72,086)	(75,621)	(64,325)	(57,718)	(59,959)	(58,258)	(61,503)	(62,242)	(61,171)	(57,469)	-	-
Bond Interests	(12,458)	(16,509)	(15,413)	(14,301)	(13,014)	(11,678)	(10,383)	(9,022)	(7,918)	(6,839)	(5,727)	(4,582)	(3,370)	(2,125)	(872)	-	-
CDP Debt Interests	(2,398)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other Senior Financial Charges	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Bond Scheduled Repayment	(35,325)	(53,186)	(49,667)	(59,262)	(64,723)	(60,407)	(65,238)	(55,303)	(49,800)	(53,120)	(52,531)	(56,921)	(58,872)	(59,046)	(56,598)	-	-
CDP TL Scheduled Repayments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
PBCE Drawings	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Prepayment Bond with PBCE	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
CF after Senior DS	30,488	42,199	39,401	44,504	46,960	43,573	45,629	38,842	34,818	36,174	35,079	37,027	37,451	36,751	38,115	103,149	90,981
Bond Drawdown	830,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Repayment CDP TL	(332,150)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Repayment CDP VAT Facility	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
SubDebt Drawdown	136,535	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
ANAS Debt Repayment (Princ.)	(446,242)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
ANAS Debt Repayment (VAT)	(136,535)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Upfront Fees	(20,791)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
DSRA	(36,329)	3,171	(5,312)	(2,581)	3,976	(1,859)	3,652	6,101	(1,361)	822	(2,083)	(66)	797	(448)	31,523	-	-
MRA Funding	(4,595)	(2,775)	-	(57)	(1,450)	(457)	-	(1,509)	-	(1,607)	-	-	(65)	(3,541)	7,043	-	-
CRA Funding	(32,000)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	513
CF to PBCE	(11,619)	42,594	34,089	41,865	49,486	41,257	49,281	43,433	33,457	35,389	32,996	36,961	38,183	32,762	76,681	103,149	91,494
PBCE Financial Charges	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
PBCE Repayment	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
CF to SubDebt & Equity	(11,619)	42,594	34,089	41,865	49,486	41,257	49,281	43,433	33,457	35,389	32,996	36,961	38,183	32,762	76,681	103,149	91,494
SubDebt Interests & Repayment	(34,117)	(42,594)	(34,089)	(41,865)	(11,769)	-	-	-	-	-	-	-	-	-	-	-	-
Dividends	-	(0)	-	-	-	(37,717)	(41,257)	(49,281)	(43,433)	(33,457)	(35,389)	(32,996)	(36,961)	(38,183)	(32,762)	(109,972)	(50,581)
Net CF	(45,736)	(0)	-	-	37,717	3,540	8,024	(5,848)	(9,977)	1,932	(2,393)	3,965	1,223	(5,421)	43,919	(6,823)	40,913

Base Case Balance Sheet

Base Case Balance Sheet

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032
[EUR k]																	
Fixed Assets	757,991	733,818	695,815	647,320	596,631	546,132	495,815	445,687	395,709	345,909	296,253	246,741	197,375	148,151	99,055	49,994	(0)
Current Assets	280,919	235,296	209,843	182,229	185,150	160,953	134,972	115,324	105,322	108,039	107,546	110,342	110,833	109,401	114,098	106,550	147,546
VAT Credit	161,008	139,686	115,992	89,996	63,182	36,400	9,208	-	-	-	-	-	-	-	-	-	-
Receivable from ANAS	23,513	18,810	14,108	9,405	4,703	-	-	-	-	-	-	-	-	-	-	-	-
Other Credits	31,692	31,692	31,999	32,445	31,692	33,123	31,692	31,692	31,692	31,692	31,831	31,692	31,692	31,692	32,418	31,692	31,776
Cash and Cash Reserves	64,707	45,109	47,744	50,383	85,574	91,430	94,072	83,633	73,630	76,347	75,715	78,651	79,141	77,709	81,681	74,858	115,771
TOTAL ASSETS	1,038,910	969,114	905,658	829,548	781,781	707,084	630,788	561,012	501,031	453,948	403,800	357,083	308,208	257,552	213,154	156,543	147,546
Net Worth	97,877	116,765	135,936	153,995	183,225	170,976	157,857	140,868	131,967	137,098	140,409	148,378	158,597	170,438	186,516	127,126	137,412
Share Capital	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000
Legal reserve	400	400	400	400	400	400	400	400	400	400	400	400	400	400	400	400	400
Retained Earnings	83,559	95,477	114,365	133,536	151,595	143,108	127,319	106,175	95,035	96,110	99,309	105,014	109,017	118,013	135,276	74,145	74,145
Net Income	11,918	18,888	19,171	18,058	29,230	25,468	28,137	32,293	34,532	38,588	38,700	40,965	47,179	50,025	48,840	50,581	60,867
Liabilities	941,033	852,349	769,722	675,554	598,556	536,108	472,931	420,143	369,064	316,850	263,390	208,705	149,611	87,113	26,637	29,418	10,135
Commercial Debt	9,291	7,507	5,249	4,049	4,111	4,455	4,598	4,297	4,655	4,424	4,798	4,780	4,604	4,666	5,434	4,922	5,328
Bond	794,675	741,489	691,822	632,560	567,836	507,429	442,191	386,888	337,088	283,968	231,437	174,516	115,644	56,598	-	-	-
Subordinated Bebt PBCE	111,131	77,435	49,619	11,278	-	-	-	-	-	-	-	-	-	-	-	-	-
Provisions	20,046	18,946	18,225	22,860	17,792	19,417	20,130	22,091	21,653	21,903	22,348	23,720	22,093	20,037	16,396	18,279	-
Other debt	5,890	6,972	4,807	4,807	8,818	4,807	6,012	6,867	5,667	6,555	4,807	5,689	7,269	5,813	4,807	6,216	4,807
TOTAL NW & LIABILITIES	1,038,910	969,114	905,658	829,548	781,781	707,084	630,788	561,012	501,031	453,948	403,800	357,083	308,208	257,552	213,154	156,543	147,546

Estimate of Termination Value over life of bond

Termination Value Profile

Year End	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
Estimated TV	743	721	685	638	589	540	491	441	392	343	294	245	196	148	99
Bond Outstanding Eop	795	741	692	633	568	507	442	387	337	284	231	175	116	57	0
Cash (Incl. Reserves)	65	45	48	50	86	91	94	84	74	76	76	79	79	78	82
PBCE Eop	159	148	138	127	114	101	88	77	67	57	46	35	23	11	0
Net Debt (Net of PBCE)	571	548	506	456	369	315	260	226	196	151	109	61	13	0	0
TVtND	1.30x	1.32x	1.35x	1.40x	1.60x	1.72x	1.89x	1.95x	2.00x	2.28x	2.69x	4.03x	14.69x	-	-
Minimum	1.30x														
Average	2.94x														
Average 2016-2020	1.39x														
Average 2021-2025	1.97x														
Average 2026-2030	7.14x														

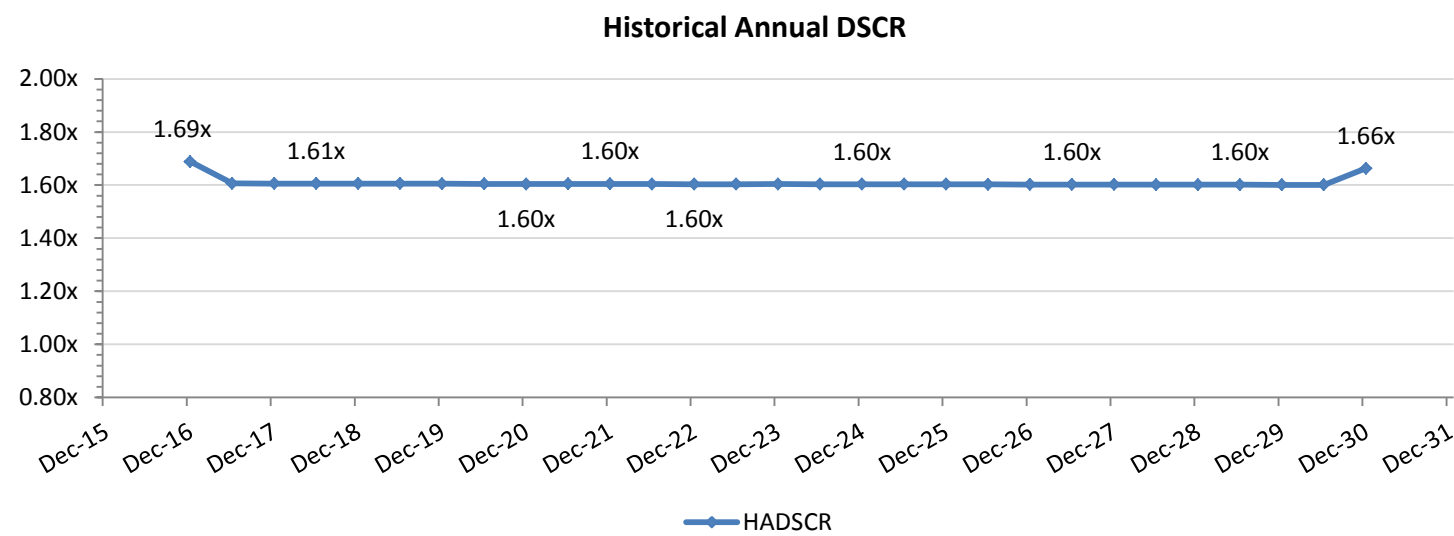
According to the Concession Agreement (as interpreted by the Interpretation Letter), the criteria for the calculation of the termination value vary depending on whether the Concession Agreement is terminated: (i) by reason of default by CAV; (ii) for reasons of public interest or other circumstances attributable to the Grantor; (iii) by reason of natural expiry of the Concession Agreement; or (iv) as a consequence of a withdrawal by CAV.

The calculation in this slide represents an hypothesis of the termination value profile in an event of termination for reasons attributable to the Grantor, assuming full reimbursement of existing indebtedness to ANAS. In the case of termination by reason of default by CAV, the Grantor would have the right to withhold from the amount to be paid to CAV any damages and other costs suffered by it as a consequence of the termination.

Since the literal application of the provisions of the Concession Agreement (as interpreted by the Interpretation Letter) leaves ground to uncertainties and/or different interpretations, the calculation in this slide is the result of the application of a reasonable and *bona fide* interpretation of the applicable clauses for the purposes of producing the present table to the investors and therefore is only indicative. Furthermore, the calculation above is subject to the risk factors that will be evidenced in the Offering Circular.

Base Case Ratios

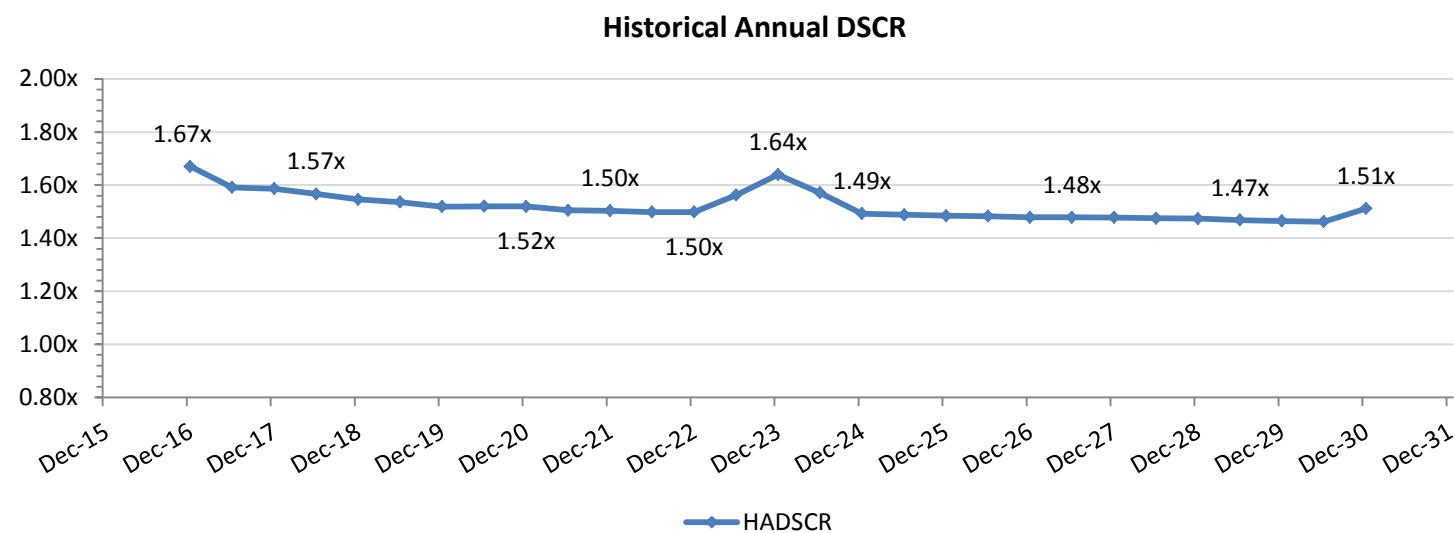
Base Case Ratios



Min DSCR	Avg DSCR *	Min BLCR
1.60x	1.60x	1.65x

Sensitivity 1 Ratios

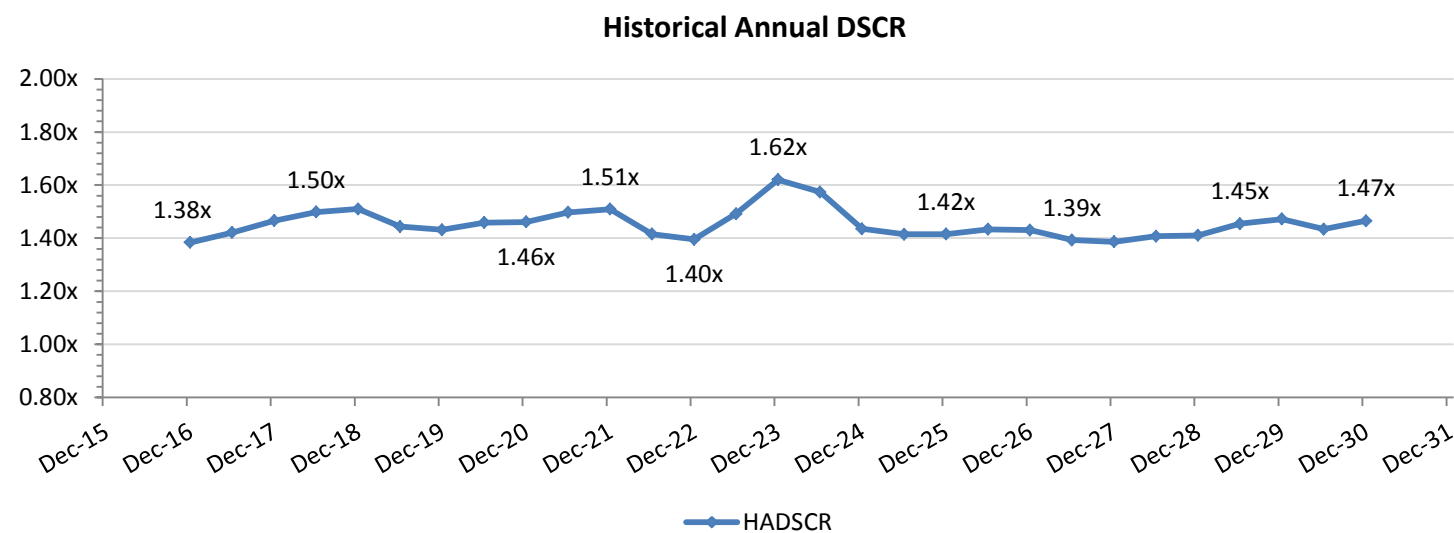
Sensitivity 1: Traffic downside scenario (SDG P80)



Min DSCR	Avg DSCR *	Min BLCR
1.46x	1.51x	1.56x

Sensitivity 2 Ratios

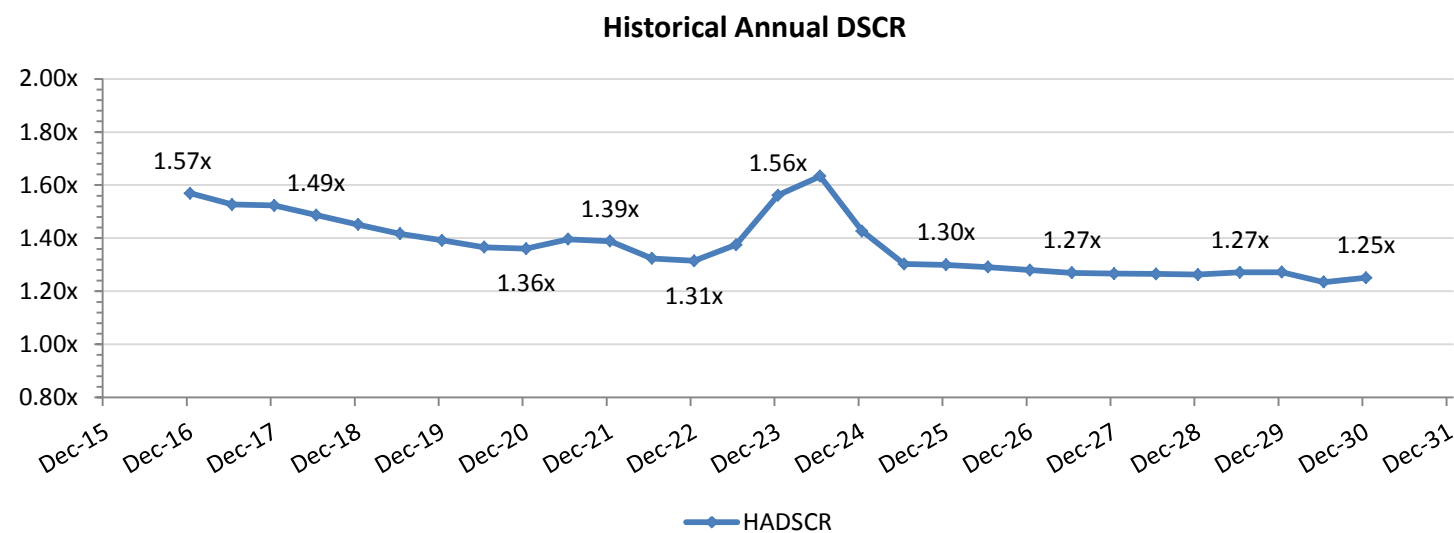
Sensitivity 2: Opex + 30%



Min DSCR	Avg DSCR *	Min BLCR
1.38x	1.45x	1.50x

Sensitivity 3 Ratios

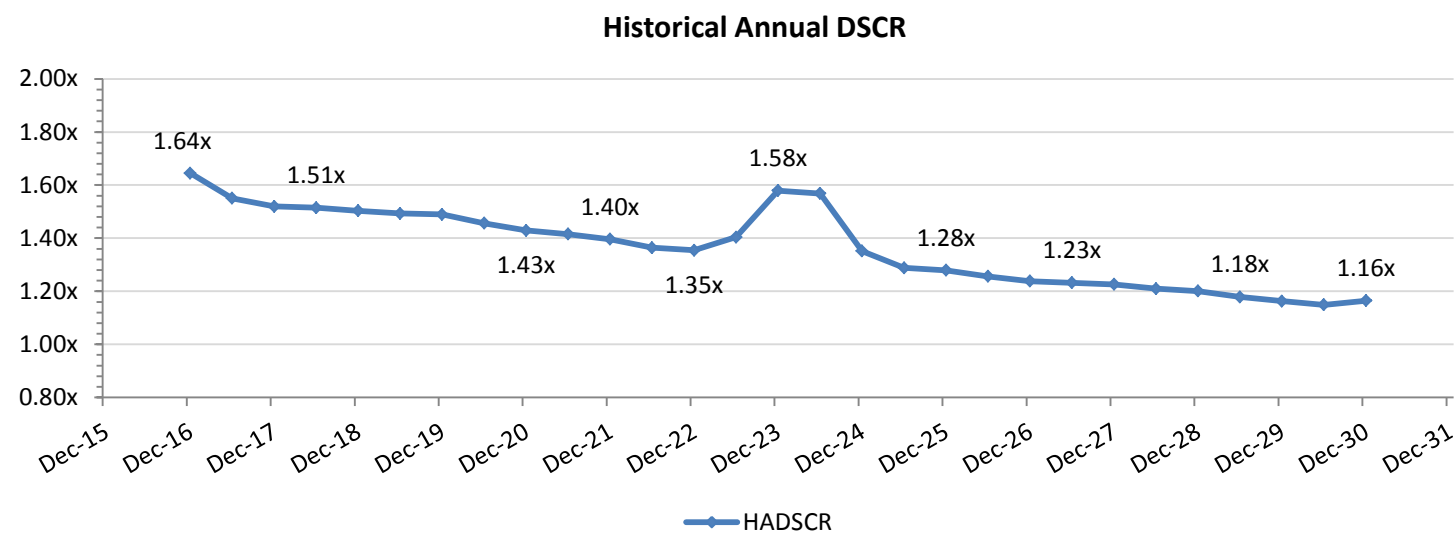
Sensitivity 3: Traffic Downside (P80), Opex +10%, Flat Tariff



Min DSCR	Avg DSCR *	Min BLCR
1.23x	1.37x	1.36x

Sensitivity 4 Ratios

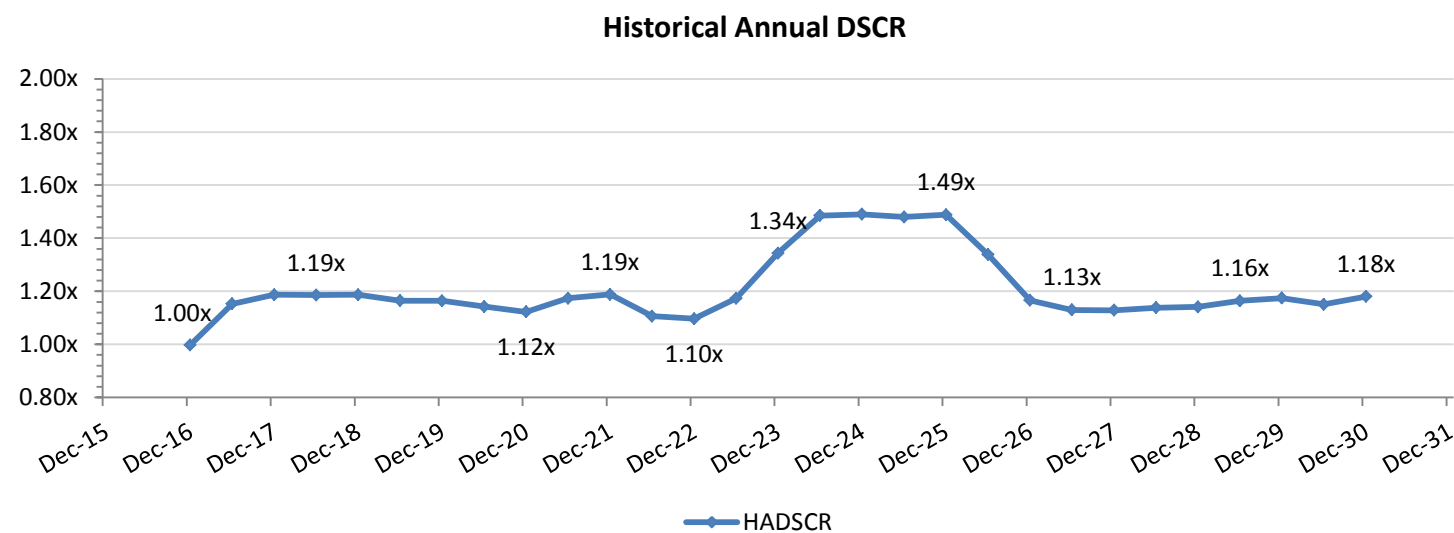
Sensitivity 4: Flat Tariff & Flat Traffic



Min DSCR	Avg DSCR *	Min BLCR
1.15x	1.36x	1.30x

Sensitivity 5 Ratios

Sensitivity 5: Flat Tariff, Traffic -21.5% (Break-even DSCR = 1.00x)



Min DSCR	Avg DSCR *	Min BLCR
1.00x	1.22x	1.25x

APPENDIX 3
INDEPENDENT TECHNICAL REPORT

CAV Motorway Network Technical Due Diligence

Report
30 November 2015

Concessioni Autostradali Venete - CAV S.p.A.
BANCA IMI S.p.A.
BNP PARIBAS
SOCIÉTÉ GÉNÉRALE
THE ROYAL BANK OF SCOTLAND PLC
UNICREDIT BANK AG - MILAN BRANCH
European Investment Bank
Deutsche Trustee Company Limited



CAV Motorway Network Technical Due Diligence

Report
30 November 2015

Concessioni Autostradali Venete - CAV S.p.A.
BANCA IMI S.p.A.
BNP PARIBAS
SOCIÉTÉ GÉNÉRALE
THE ROYAL BANK OF SCOTLAND PLC
UNICREDIT BANK AG - MILAN BRANCH
European Investment Bank
Deutsche Trustee Company Limited

Prepared by:

Steer Davies Gleave
Via Marsala, 36
40126 Bologna, Italy
+39 051 6569381
www.steerdaviesgleave.com

Prepared for:

Concessioni Autostradali Venete - CAV S.p.A.
BANCA IMI S.p.A.
BNP PARIBAS
SOCIÉTÉ GÉNÉRALE
THE ROYAL BANK OF SCOTLAND PLC
UNICREDIT BANK AG - MILAN BRANCH
European Investment Bank
Deutsche Trustee Company Limited

Steer Davies Gleave has prepared this work for Concessioni Autostradali Venete - CAV S.p.A., BANCA IMI S.p.A., BNP PARIBAS, SOCIÉTÉ GÉNÉRALE, THE ROYAL BANK OF SCOTLAND PLC, UNICREDIT BANK AG - MILAN BRANCH, European Investment Bank, Deutsche Trustee Company Limited (in its capacity as the Bond Trustee acting on behalf of the Bondholders). This work may only be used within the context and scope of work for which Steer Davies Gleave was commissioned and may not be relied upon in part or whole by any third party or be used for any other purpose. Any person choosing to use any part of this work without the express and written permission of Steer Davies Gleave shall be deemed to confirm their agreement to indemnify Steer Davies Gleave for all loss or damage resulting therefrom. Steer Davies Gleave has prepared this work using professional practices and procedures using information available to it at the time and as such any new information could alter the validity of the results and conclusions made.

Contents

Glossary	i
Executive Summary.....	ii
Overview	ii
CAV Motorway Network.....	ii
1 Introduction	1
Our Role	1
Steer Davies Gleave	1
Analysed Documentation	3
Report structure	7
2 CAV Motorway Network.....	8
A4 Mestre By-pass	9
A4 Padova - Venezia	11
A57 Mestre Ring Road and link to the Marco Polo airport	13
3 Concession Agreement between Anas and CAV	18
Introduction	18
Current Concession Agreement CAV-ANAS ("Convenzione Ricognitiva"): March 2010	19
Technical Obligations, Verifications and Completion of Works	22
New Investment plan included in the Regulatory Plan 2015-2019	23
4 Investments	24
PEF attached to the Concession Agreement	24
Cumulated Progress Balance at 31 st December 2014 and verification of the consistency with the PEF.....	27
Investment re-programming – Regulatory Period 2015-2019	29
5 Mestre By-pass and Ancillary Works	33
The Mestre By-pass	33
Variation Reports and Additional Acts	35
By-pass investment progress.....	42
Main axis - completion of Works and Partial Final Testing	45
Ancillary Works (H2)	47
Claims.....	49
Technical Consultant's Opinion	50
6 Other Interventions envisaged by the Concession Agreement and related to the remaining network	51
New functional investments (H1).....	51
Investments according to the Concession Agreement (H3)	63
New Investments – Intangible Assets (H2)	64
Investment progress at 30.09.2015	65
Technical Consultant's Opinion	65
7 Ordinary Maintenance.....	67

	Maintenance Plan included in the Concession Agreement.....	67
	Progress of works and correspondence with the PEF	73
	Revised maintenance plan vs Concession Agreement requirements	76
	The level of maintenance of the infrastructure.....	78
	Technical Consultant's Opinion	80
8	Verification of Compliance with Environmental Legislation.....	82
	Authorization Procedure for the Project's Environmental Component.....	82
	Features of the Environmental Impact Study (S.I.A.)	86
	Verification of the By-pass's construction Phase	89
	Post-work Environmental Monitoring	90
	Environmental Monitoring Plan of the Martellago toll plaza and the New Marcon Connection	94
	Active Noise Control	95
	Technical Consultant's opinion.....	95
9	Compliance with Seismic Legislation	97
	Technical Consultant Opinion.....	99
10	CAV and Main Constructors' capability.....	100
	Contract Framework.....	100
	Concessionaire.....	100
	The Building company	102
	Technical Consultant's Opinion	102
	Maintenance Service Companies	102
	Technical Consultant's Opinion	103
11	Risks Matrix	105

Figures

	Figure 1: CAV Motorway Network.....	iii
	Figure 2.1 CAV Motorway Network Managed.....	9
	Figure 2.2: A4 Mestre By-pass	10
	Figure 2.3: A4 Padova-Venezia	11
	Figure 2.4: Padova Est Station	12
	Figure 2.5: A57 Mestre Ring-road – section between the Western interconnection with motorway A4 and the Venezia Mestre Barrier.....	14
	Figure 2.6: A57 Mestre Ring-road – Mirano-Dolo Station.....	14
	Figure 2.7: A57 Mestre Ring-road - Mira-Oriago Station	15
	Figure 2.8: A57 Mestre Ring-road – Venezia Mestre Barrier	15
	Figure 2.9: Mestre Ring-road – section between the Venezia Mestre Barrier and the Terraglio Junction.....	16
	Figure 2.10: The link to the Marco Polo airport	17
	Figure 10.1: Contract Framework.....	100
	Figure 10.2: CAV Turnover.....	101
	Figure 10.3: CAV staff	101

Tables

Table 1: Investments required by the Concession Agreement (year 2010).....	iv
Table 2: New schedule of Investments (updated June 2015)	vii
Table 2.1: Stations of the Mestre By-pass: Detail of Tracks	11
Table 2.2: Padova Est Stations: detail of tracks.....	12
Table 2.3: Mestre Ring-Road Stations: detail of tracks	16
Table 3.1: Net toll per Kilometre of the Mestre By-pass in 2009 (€/km)	19
Table 4.1: Acquisition of the Mestre By-pass and Investments Foreseen in the PEF.....	25
Table 4.2: State Funding	25
Table 4.3: VAT on Works	26
Table 4.4: Financial Requirements for Investment.....	26
Table 4.5: Investments – Balances 2009-2014	28
Table 4.6: Investments- Amalgamated Progress at 31.12.2014 and Differences with Respect to PEF	28
Table 4.7: Investment Comparison between PEF and the Plan in the Regulatory Period 2015-2019	29
Table 4.8: Investment plan according to the Regulatory Period 2015-2019.....	31
Table 5.1: Final design costs	34
Table 5.2: Economic Framework of Variation Report N. 1	36
Table 5.3: Costs related to the Second Variation Report	37
Table 5.4: Costs included in Variation Report 3	39
Table 5.5: Costs included in Variation Report 4	40
Table 5.6: Costs included in Variation Report 5	41
Table 5.7: By-pass investment progress at 30. 09.2015	42
Table 5.8: Investment Progress on 30.09.2015 – cost items in detail.....	42
Table 5.9: NEW INVESTMENT - COMPLETION WORKS FOR THE MESTRE BYPASS – progress at 30.09.2015	48
Table 6.1: Functional Investments –progress at 30.09.2015.....	52
Table 6.2: Functional Investments – Contracts awarded	54
Table 6.3: Investments in the Concession Agreement Venezia/Padova –progress at 30.09.2015	64
Table 6.4: NEW INVESTMENTS – Project Progress at 30.09.2015 compared between the E.F.P. attached to the Concession Agreement of 2010 and that of the Regulatory Period 2015-2019.	65
Table 6.5: Investments progress at 30.09.2015, according to the new PEF compared to the original PEF.	65
Table 7.1: Maintenance Costs Budgeted in the Financial Plan Attached to the Concession Agreement	69
Table 7.2: Main Ordinary Annual Maintenance Contracts	70
Table 7.3: Main Periodic Ordinary Maintenance Contracts	71
Table 7.4: Maintenance - 2010 – 2014 Balance and 2015 Budget	73
Table 7.5: Comparison Balances/Budgets 2010-2015 and Financial Plan	75
Table 7.6: Accounts 2010-2015 – Ordinary Maintenance: Classified Based on Annex E to the Concession Agreement.....	75
Table 7.7: Maintenance Plan updated in June 2015 (2014 values).....	77
Table 7.8: Maintenance Plan updated in June 2015 (2009 values).....	77
Table 7.9: Differences between the Maintenance Plan updated in June 2015 and the Maintenance Plan attached to the Concession Agreement (2009 values)	77

Table 7.10: Differences between the Maintenance Plan updated in June 2015 and the Maintenance Plan attached to the Concession Agreement (2009 values) subdivided by activity	77
Table 7.11: The Q Index Value	78
Table 7.12: Measured Indicators from 2009 to 2015	78
Table 8.1: Authorization Procedure steps	83
Table 11.1: Risks Matrix.....	107

Glossary

	Description
ACTV	Azienda del Consorzio Trasporti Veneziano S.p.A.
AISCAT	Associazione Italiana Società Concessionarie Autostrade e Trafori
ANAS	National Agency of State Roads, Italy
ARPAV	Regional agency for the environmental prevention and protection of the Veneto region
ASPI	Autostrade per l'Italia S.p.A.
ATI	Temporary association of companies
AA.VV.	Autovie Venete S.p.A.
CAV	Concessioni Autostradali Venete S.p.A.
CDP	Cassa Depositi e Prestiti S.p.A.
CIPE	Inter-ministerial committee for the economic planning
D. Lgs.	Legislative decree
DI	Inter-ministerial Decree
DM	Ministerial Decree
DPCM	Council of Ministers Presidential Decree
DPR	Presidential decree
EIB	European Investment Bank
IVCA	Motorway Concession Inspectors (ANAS department)
MIT	Ministry of Infrastructure and Transport
OPCM	Council of Ministers Presidential Decree (in the Italian Law there are some minor differences between DPCM and OPCM)
PdM	Maintenance Plan
PEF	Economic-Financial Plan
PFR	Regulatory Financial Plan
PMA	Environmental Monitoring Plan
PMV	Variable Message Panel
RUP	Person in Charge of the Procedure (Responsabile Unico del Procedimento)
SAL	Work progress (account book)
SAVP	Società delle autostrade di Venezia e Padova S.p.A.
SDG	Steer Davies Gleave
SIA	Environmental Impact Study
SP	Strada Provinciale: provincial road
SR	Strada Regionale: regional road
SS	Strada Statale: national road
SVCA	Motorway Concession Inspectors (MIT department)
TAR	Administrative Regional Court
VAS	Strategic Environmental Assessment
VAT	Value-Added Tax
VIA	Environmental Impact Assessment

Executive Summary

Introduction

This document represents the update of the Technical Due Diligence Report issued in June 2014 and in February 2015, and is mainly focused on the progress of investments (chapters No. 4, 5 and 6) and maintenance activities (chapter No. 7) up to 30th June 2015, and on the review of the investment plan with reference to the original Financial Plan (PEF). The remaining part – concerning the description of the Motorway Network, the Concession Agreement, the compliance with the environmental and seismic legislations and the capability of CAV and Main Contractors – has not been updated in that no significant changes have occurred.

Overview

Concessioni Autostradali Venete – CAV S.p.A. (CAV), which is a joint venture of Italian road agency ANAS and Regione Veneto, appointed BANCA IMI S.p.A., BNP PARIBAS, SOCIÉTÉ GÉNÉRALE, THE ROYAL BANK OF SCOTLAND PLC and UNICREDIT BANK AG - MILAN BRANCH as *Joint Arrangers, Joint Lead Managers and Joint Bookrunners* (“Bookrunners”) in relation to the issuance of a project bond (“Bonds”), which will benefit from the credit enhancement product (PBCE) provided by the European Investment Bank (EIB).

Steer Davies Gleave has prepared this Report for CAV, Bookrunners, European Investment Bank, and Deutsche Trustee Company Limited (in its capacity as the Bond Trustee acting on behalf of the holders of the Bonds (“Bondholders”).

CAV Motorway Network

The network operated by CAV S.p.A. consists of the following motorway sections:

- **A4 Padova-Venezia:** a closed toll system is applied, with a toll per kilometre collected from the A4 Padova Est toll plaza to the Mestre by-pass intersection;
- **A4 Mestre Bypass:** a closed toll system is applied, with a toll per kilometre collected between the western and eastern junctions with the A57 motorway;
- **A57 Mestre Ring Road and link to the Marco Polo airport:** an open toll system is applied, with a fixed toll collected at the Mirano-Dolo, Mira-Oriago, Venezia Mestre, Venezia Est and Venezia Nord toll plazas. The fixed toll at each toll plaza is given by the product between a predetermined number of kilometres and toll barriers kilometric toll.

CAV has been managing the Mestre Bypass since its opening (8th February 2009). The management of other sections that are part of the same Concession, previously operated by Autostrade di Venezia e Padova S.p.A., started on 1st December 2009.

Figure 1: CAV Motorway Network

Note: sections in grey are not managed by CAV. Source: Steer Davies Gleave

Concession Agreement

The first Concession Agreement between CAV S.p.A. and ANAS S.p.A. was signed on 30th January 2009. It was subsequently replaced by the Concession Agreement on 25th March 2010 that currently remains in force. This Agreement requires CAV to operate the motorway system composed of the Mestre By-pass, Mestre Ring Road and Marco Polo motorway link, repay ANAS for the financing of the construction of the Mestre By-pass and raise money for further infrastructure investments in the Veneto region.

Altogether, the costs borne by ANAS to build the Mestre By-pass amount to €986.3 million, plus €20.8 million of financing costs. The costs to be covered by CAV are net of State contributions, equal to €283.7 million. All public funding due to the end of 2014 has been received, the 2015-2021 contribution – amounting to €32.92 million – is still outstanding.

The Concession Agreement requires CAV to make the following investments:

- New investments for functional requirements (Annex H, section H.1), required to guarantee the full operation of the motorway network during the concession. They cover works and services including the improvement of vertical road signs, the automation of the existing toll plazas, the installation of further variable message signs and the updating of the traffic monitoring software at the operations centre.
- New investments (Annex H, section H.2) focusing on the completion of infrastructure works needed to finalise the Mestre By-pass, including:

- Construction of the new “Martellago – Scorzé” and “Dolo – Pianiga – Riviera del Brenta” toll plazas and connecting roads;
 - New investments for further environmental mitigation measures (the so called “Green By-pass”);
 - Construction of two service areas (one per direction) along the Mestre By-pass;
 - Additional investments for the mitigation of noise pollution and post-works monitoring;
 - New infrastructure works to improve access to the motorway system.
- Investments included within the “Società delle Autostrade di Venezia e Padova S.p.A.” Concession (Annex H, section H.3): investments concerning the works still to be completed according to the Concession Agreement between ANAS S.p.A. and Società delle Autostrade di Venezia e Padova S.p.A., including:
 - Safety works on the S.P.81 between the A4 Mira-Oriago toll plaza and the S.S.309 roundabout at Malcontenta;
 - New alignment of the S.Giuliano viaduct and improvement of the existing junctions between S.R.14 and local roads (through the creation of split-level junctions);
 - Construction of two roundabouts to improve connections to the Marco Polo Airport, the first one between the airport motorway link and S.S.14 and the second one between S.S.14 and the access road to the airport.

The following table shows all the investments included within the Concession Agreement.

Table 1: Investments required by the Concession Agreement (year 2010).

Description & Reference to Financial Plan (€ thousands)		2009	2010	2011	2012	2013	2014	2015 - 2032	Total
	By-pass – Costs borne by ANAS	968,125	18,150						986,275
	By-pass – Capitalized Borrowing Costs	20,796							20,796
	Compensation for the Venezia Padova	75,430							75,430
H1	New Investments for Functional Needs (letters a-h)	1,500	1,350	1,440	1,850	1,200	200	200 (*)	11,140
H2	Completion & Ancillary Works for the By-pass (letters l-q)		84,600	64,500	38,000	35,000	18,000		240,100 (**)
H3	Investments in Concession Agreement commitments of Società delle Autostrade di Venezia e Padova (letters i-k)		9,600	5,620					15,220
H2	New Investments Intangible Assets (letter r)		350		200	6,175	6,175		12,900
	Total Investments (H1 + H2 + H3)	1,500	95,900	71,560	40,050	42,375	24,375	200 (*)	279,360
	Total	1,065,851	114,050	71,560	40,050	42,375	24,375	200 (*)	1,361,861

(*) annual projections from 2015 to 2032.

(**) including €9 million for ancillary works not awarded to the General Contractor

Mestre By-pass and ancillary works

The works pertaining to the Mestre Bypass were included in the First Program for Strategic Infrastructures, as defined by CIPE Decision 121 dated 21st December 2001, within the framework of Law No. 443.

On 25th February 2004 the General Contractor for the final and detailed design, work management and execution of the A4 Motorway – Mestre By-pass was selected following a negotiated procedure. The contract was awarded to the “ATI” (Temporary Association of Companies) composed of Impregilo, Grandi Lavori Fincosit and Consorzio Cooperative Costruzioni.

The total amount of work as set out in the Detailed Design, including design, safety, land acquisitions, interferences and general costs – initially equal to €750 million – has gradually increased over time to allow for design modifications, changes requested by Local Authorities and complementary works. The Additional Act No. 4, signed on 28th May 2012, defines a new contractual amount of €1,216 million, including €231 million for complementary works (item H.2 of the previous table).

The works pertaining the main axis and the ancillary ones have been completed on 1st December 2014. The Final SAL has been released on 10th July 2015 and the contractor subscribed the accounting documentation claiming for further compensations totalling around €2.3 million.

The Variation Report No. 5 approved by the Grantor on 9th December 2014 does not foresee any increase in the contract value, except for a €35.3 million provision relating to the increase in the cost of materials recognised through a Decree of the Ministry of Transport dated 30th September 2010 and financed through the fund identified in law DL 162/2008. It is important to note that in any case art. 3.2 of the Concession Agreement requires that CAV repays to ANAS the pre-financing provided for the construction of the Mestre By-pass, including all expenses and financing costs up to the maximum amount set out in the Financial Plan, as confirmed in the ANAS -Veneto Department letter (ref. 26849) sent to CAV on 7th August 2014.

Up to 30th September 2015, the investment progress is equal to 97.98% of the total amount provided in the Variation Report No. 5, being to be completed some undirect activities (land acquisitions, general expenses, etc.)

It is also important to note that the new investments (H2) (totalling €240.1 million) covering the completion works of the Mestre By-pass have been delayed when compared to the original schedule attached to the Concession Agreement (completion within 2014). However, these works, except the intervention at service areas, have been completed and up to 30th September 2015 almost all of the budgeted investments have been performed.

Verification of Compliance to the Environmental Legislation

The Mestre Bypass underwent an environmental compliance assessment by the Ministry of Environment, as per DPCM 337 of 10th August 1988 and DPCM of 27th December 1988 “Technical Norms for the Preparation of Environmental Impact Studies”.

From the analysis of the documents available we have not identified any critical issues in relation to environmental aspects, neither pertaining to authorization procedures nor to the execution of works.

We note that, in relation to the Plan aimed at minimising noise pollution through the installation of sound barriers, almost all of the sound barriers were installed by January 2013.

However that from the analysis of the Post-works Environmental Monitoring Plan some issues have emerged in relation to noise surpassing the allowed limits. We cannot exclude the risk of future requests by Competent Authorities to plan and carry out suitable mitigation works to ensure noise values return to within the limits established in law. We do not believe that any possible works targeted at noise mitigation would have a significant economic impact.

Finally the works included in the projects “Casello di Martellago – Scorzè and road connections” and of “New Junction of Marcon” have been completed to date. The Environmental Monitoring Plan has been finished by ARPAV, even if no final report has been released.

Verification of Compliance to Seismic Legislation

As at the end of December 2014 a total of 64 testing certificates have been assessed and verified and refer to four main types of works:

- Viaducts and bridges, where the motorway crosses rivers or roads;
- Tunnels, where the motorway enters through a trench (reinforced concrete walls and/or metallic sheet piles) constituting the support for the decks;
- Motorway underpasses, through small and medium sized reinforced concrete box structures;
- Steelwork canopies, realized at the toll plazas.

Given that all legislation currently in force has been complied with and as the testing was issued without reservations for all the equipment placed along the new Mestre By-pass, seismic risk appears to have been mitigated. As set out by the OPCM 3274 (Art. 2 – comma 5), no further verification of compliance to the standard shall be carried out on these works as they were designed based on seismic regulations in force after 1984.

The outcome of a design in accordance with the former seismic design code (D.M. 16/01/1996) cannot be directly compared to that carried out in accordance with the law currently in force (D.M. 14/01/2008), as the two codes are based on different assumptions, therefore updated design seismic actions may be different for some items according to the specific sites. Nonetheless, taking in consideration that the territory is not subject to high seismic risk in general, it is deemed that the risk of major changes/rehabilitations, due to normative compliance, should be low.

Other investments included in the Concession Agreement

The other investments required by the Concession Agreement – shown in Table 1 (H1, H3 and part of H2) – are aimed at guaranteeing the functionality of the motorway network and the obligations within the Concession.

From the progress assessment, as to the end of September 2015, it can be seen that there has been a saving on those investments that have been completed and that, in general, investments are running behind the original plan, and as explained in the following paragraph, the company set out to reschedule the plan of investment according to the new Regulatory Plan.

New scheduling of Investments

On 26th June 2015 with note ref. 9700, the Company has submitted the new investment plan to the Grantor, pertaining the Regulatory Period 2015-2019. It is worth noting that:

- the total amount in the Regulatory Period 2015-2019 is the same of that considered in the original PEF, that is € 279,360,000;
- the investments in Concession Agreement Engagements of Società delle Autostrade di Venezia e Padova (H3 – letters i-k) have been completed with a saving of €1.28 million, that CAV has planned to use, as partial cover, in New Investments for Functional Needs (H1);
- the investment for functional needs (H1 – letters a-h), directly managed by CAV, will have an higher cost of € 2.76 million due to some other activities to carry out;
- the investments regarding the By-pass completion works (H2 – letters l, m, o, p, q), managed by ANAS, have been grouped in a new item (H2 – letter s);
- further interventions, following the savings occurred, have been planned and are allocated under the letters (t-w);
- safety works on SP 81 (H2 – letter r), have been substituted with “Safety works along the connection A27 with A57 “(H2 – letter z).

Table 2: New schedule of Investments (updated June 2015)

Description and Reference to PEF (€ thousands)			2009-2014	2015	2016	2017	2018	2019	2020 - 2032	Total	Difference New Plan/PEF
H1	New Investments for Functional Needs (letters a-h)	PEF	7,540	200	200	200	200	200	2,600(*)	11,140	2,757
		Regulatory Period 2015-19	4,678	4,896	823	500	200	200	2,600(*)	13,897	
H3	Investments in Concession Agreement Engagements of Società delle Autostrade di Venezia e Padova (letters i-k)	PEF	15,220	0	0	0	0	0	0	15,220	-1,283
		Regulatory Period 2015-19	13,937	0	0	0	0	0	0	13,937	
H2	Completion & Ancillary Works for the By-pass (letters l-q)	PEF	240,100	0	0	0	0	0	0	240,100	-34,451
		Regulatory Period 2015-19	201,587		1,582	1,500	890	0	0	205,559	
H2	SP81 safety works between the Mira-Oriago and Spinea toll plazas (letter r)	PEF	12,900	0	0	0	0	0	0	12,900	-12,900
		Regulatory Period 2015-19	0	0	0	0	0	0	0	0	
		PEF	0	0	0	0	0	0	0	0	0
H2	Completion & Ancillary Works for the By-pass (letters s-w)	Regulatory Period 2015-19		32,938	2,500	3,400	1,495			40,333	40,333

Description and Reference to PEF (€ thousands)			2009-2014	2015	2016	2017	2018	2019	2020 - 2032	Total	Difference New Plan/PEF
H2	Safety works along the connection A27 with A57 (letter z)	PEF									
		Regulatory Period 2015-19		5,633							5,633
	Total	PEF	275,760	200	200	200	200	200	2,600(*)	279,360	0
		New Plan	220,202	43,468	4,905	5,400	2,584	200	2,600(*)	279,360	

(*) Based on an annual projection from 2015 to 2032 equal to € 200 thousands.

The investment progress at 30.09.2015 is equal to around € 220 million that is € 50,810 million lower than the value included in the PEF (€ 279,36 million).

Ordinary and periodic maintenance

The Concession Agreement for motorway management requires a commitment in relation to maintenance expenses. This consists in a program of works regarding all the elements of the motorway, aimed at maintaining the functionality of the entire motorway network through ongoing maintenance and timely renewal.

Every year the maintenance plan prepared by CAV is verified together with the ANAS Motorway Concession Inspectors. The program is updated by checking what works are actually needed over the long term considering the various options in terms of organisation and the scheduling of works based on how they will interfere with traffic.

We have analysed the maintenance obligations of CAV and the activities carried out in the 2010-2015 period, checking their compliance with the requirements of the Concession Agreement and the Financial Plan. The monitoring activities carried out by ANAS show that the quality of the road surface is high and that maintenance is sufficient.

In compliance with the obligations foreseen by the Concession Agreement (art. 3.2.p), CAV subcontracted these activities using a direct award in accordance with national laws.

In the 2014-2032 period CAV expects to reduce maintenance expenditure by €12.15 million (2009 prices) primarily in relation to road surface maintenance. Notwithstanding this reduction, CAV believes that it will continue to keep an adequate level of maintenance on the infrastructure including 2 full cycles of road surface maintenance on the entire network by 2032. As far as known by SDG, at the end of June 2015 this plan was yet to be approved by ANAS and therefore is subject to change.

Among the various Concession Agreement obligations, CAV must take care also of extraordinary maintenance, including all interventions that are not considered either annual or periodic ordinary maintenance. Based on art. 3.2.j of the Concession Agreement, CAV has the obligation to present to ANAS all extraordinary maintenance projects for the whole motorway connection for their approval. As at the end of June 2015 no intervention of that category appears to have been performed. We would like to highlight moreover that in the Financial Plan there is no specific entry referring explicitly to extraordinary maintenance works.

CAV and Main Constructors' capability

Steer Davies Gleave believe that the contracting parties have the operational capability to deliver the project in an acceptable manner, without any organizational or management risks expected for the Mestre By-pass works, new investments, ordinary and periodic maintenance or operations.

Risk matrix

The analysis, allocation and mitigation of the technical risks is discussed in Chapter 11.

1 Introduction

Our Role

- 1.1 Concessioni Autostradali Venete – CAV S.p.A. (CAV), which is a joint venture of Italian road agency ANAS and Regione Veneto, appointed BANCA IMI S.p.A., BNP PARIBAS, SOCIÉTÉ GÉNÉRALE, THE ROYAL BANK OF SCOTLAND PLC and UNICREDIT BANK AG - MILAN BRANCH as *Joint Arrangers, Joint Lead Managers and Joint Bookrunners* (“Bookrunners”) in relation to the issuance of a project bond (“Bonds”), which will benefit from the credit enhancement product (PBCE) provided by the European Investment Bank (EIB).
- 1.2 Steer Davies Gleave has prepared this Report for CAV, Bookrunners, European Investment Bank, and Deutsche Trustee Company Limited (in its capacity as the Bond Trustee acting on behalf of the holders of the Bonds (“Bondholders”).
- 1.3 The remainder of this section sets out Steer Davies Gleave credentials, lists the analysed documentation and the main contents described in the following sections of this report.

Steer Davies Gleave

- 1.4 Steer Davies Gleave is one of the world’s leading independent consultancies working across the transport industry. We are an employee-owned transportation consulting firm and our independence and lack of connection to downstream engineers and contractors guarantees impartiality and ensures our efforts are closely focused on meeting client needs.
- 1.5 Over the past 20 years Steer Davies Gleave has worked on the vast majority of all privately-funded infrastructure schemes around the world (over 600). During this time, we have been involved in all sides of the procurement process for bidders, existing concessionaires, lenders and governments.
- 1.6 We have advised either the equity providers or the lenders in their development of financing for major infrastructure projects. In many cases, we presented the findings to monoline insurers and the rating agencies, obtaining investment grade ratings in support of bond offerings.
- 1.7 Our efforts have been recognised by the wider industry. We were awarded the “Technical Consultant of the Year” award at the 2012 Infrastructure Journal Awards. We note, too, that

we were involved in two of the three transport projects, BreBreMi and Ohio Bridges, named by PFI Magazine as 2013 deals of the year.

1.8 Our project list includes a substantial proportion of the initial PPP and secondary financings of major projects in Europe and the Americas, as well as Technical Due Diligence services on road projects. Over the past years we have been instructed by many of the most significant trade sponsors, investors and infrastructure funds in the development of major road and tunnel projects.

1.9 A selection of these projects across the globe include:

- PR 22, San Juan, Puerto Rico: originally appointed to support the Abertis led team in their successful bid for the concession, we later supported the bond issue on the NY Stock Market. We are now advisors and auditors to the agent and the lenders.
- Conmex, Mexico: supported the owners (OHL and Goldman Sachs) in their issue of bonds for the refinancing of this important highway project serving Mexico City. Building on our extensive experience in the local market we produced traffic and revenue forecasts for inclusion in the bond offer documents.
- APRR (Autoroutes Paris-Rhine-Rhône): having supported the successful Eiffage/Macquarie bid for the 2000km APRR toll road network in eastern/ south eastern France as lenders' advisor, we have subsequently continued to work in this role – including through the recent re-financing exercise with the production of a traffic and revenue update.
- Midtown Tunnel: Traffic and Revenue Advisor to Elizabeth River Crossings, LLC, led by Skanska and Macquarie, in the development of a P3 with Virginia DOT. Our traffic and revenue forecasts served as part inputs into the agreement between VDOT and Elizabeth River Crossings, and supported the successful bond offer.
- Iberian toll roads: Steer Davies Gleave has been assisting lenders and investors in their ongoing review of the projects in the present difficult economic and operating conditions.
- A11, Brussels, Belgium: lenders technical advisor for the A11 road tunnel. Steer Davies Gleave provided lenders' technical advice for the A11 PPP project, consisting of some 13km road works, and 87 structures including a 1km viaduct, a double Bascule (moving bridge), and two tunnels.
- N25 New Ross By-pass: lenders' technical advisor for the N25 New Ross By-pass in Ireland. Steer Davies Gleave prepared the Technical Due Diligence of the project on behalf of BAM Capital LLC.
- Greek Motorways: supporting the Greek Ministry of Finance in discussions and negotiations with concession companies and other stakeholders leading to successful re-setting of the concessions – recently agreed by the Hellenic Government.
- Toll roads in Santiago: Santiago has been one of the first cities to implement a network of urban toll roads operated through free-flow Electronic Toll Collection (ETC) technology. Steer Davies Gleave helped its client through a complicated financing process enabled Santiago to become the first city to successfully implement free-flow ETC toll roads in Latin America.
- Bre.Be.Mi.: support and technical consultancy activities on behalf of the financial consultant for the review of the Bre.Be.Mi traffic studies and the forecast of the potential traffic on the new infrastructure.

1.10 In Italy, we acted as Lenders' Technical Advisor for a number of road and rail projects, supporting the Banks throughout the whole financing process. Below follows a short description of the most relevant LTA services provided during the past years:

- Strada dei Parchi: Technical Due Diligence on behalf of the MLA for the financing of the completion of the works included in the PF agreement with ANAS. Following the financial close, Steer Davies Gleave is acting as Technical Consultant of the Banks.
- NTV – Nuovo Trasporto Viaggiatori: Technical Due Diligence and Technical Advisor of the Banks during the construction and maintenance phases. The due diligence activity includes the rolling stock choice and the verification of the contracts for the building of the rolling stock depot in Nola.
- Tram of Florence: Technical Due Diligence and Technical Consultant of the Banks during the construction and management phases. The project consists of a 19 km long tram network which will be delivered through a Design, Build, Operate and Maintain contract.

Analysed Documentation

1.11 As at the date of release of the first revision of the report (June 2014), the following documentation has been analyzed:

1. DATA ROOM

- ANAS S.p.A. – CAV S.p.A. Concession Agreement dated 23.03.2010 (“Convenzione ricognitiva” in Italian) plus attachments;
- Anas note ref.130013 dated 29.09.2012, named Interpretation of some provisions of the Concession Agreement (“Interpretazione di alcune clausole della Convenzione” in Italian);
- CAV S.p.A. Annual Accounts 2009-2013;
- CAV S.p.A. tolling structure within the 2010-2014 period;
- CAV S.p.A. Investments Plan, updated according to the final balance as at 31.03.2014;
- 2009-2032 Renewals Fund (“Fondo per Rinnovi”)
- Various notices 1-7;
- Responses to the queries 1-7;

2. TECHNICAL DOCUMENTATION

- Entire CAV network;
 - 2014 budget;
 - Base Case technical inputs;
 - Ordinary maintenance:
 - Notices to the Grantor – final balance:
 - Maintenance as at 31.12.2010 (Note to Anas + attached tables);
 - Maintenance as at 31.12.2011 (Note to Anas + attached tables);
 - Maintenance as at 31.12.2012 (Note to Anas + attached tables);
 - Maintenance as at 31.12.2013 (Note to Anas + attached tables);
 - Maintenance as at 31.03.2014 (Note to Anas + attached tables);
 - Budget:
 - Maintenance Plan 2011 (Note to Anas + attachments);
 - Maintenance Plan 2012 (Note to Anas + attachments);
 - Maintenance Plan 2013 (Note to Anas + attachments);
 - Maintenance Plan 2014 (Note to Anas + attachments).
 - Additional documentation:
 - ANAS note ref. 66040, dated 10.05.2012, named Request of updates to the Maintenance Plan (“Richiesta integrazioni Programma Manutenzioni” in Italian);

- CAV's response note to the request of updates to the Maintenance Plan ref. 5786, dated 23.05.2012 + attachments;
 - Ministry of Infrastructures and Transports (MIT) ref. 4427, dated 13.05.2014, named request of clarifications regarding the investments plan's implementation ("Richiesta chiarimenti su attuazione del piano investimenti" in Italian);
 - CAV's response note to the request of clarifications regarding the investments plan's implementation ref. 7363, dated 23.05.2014
- Main annual and cyclical maintenance:
 - Continuing annual tenders (summary table concerning the main annual ordinary maintenance contracts) + contracts.
 - Cyclical tenders (summary table concerning the main periodical ordinary maintenance contracts) + contracts.
- Revision of the 2014-2032 Maintenance Plan (25.06.2014);
- **Mestre By-pass:**
 - Opening to traffic of the By-pass:
 - By-pass fit-for-use Report ("Verbale Agibilità del Passante" in Italian), dated 06.09.2009;
 - Attachments to the fit-for-use Report:
 - Overview;
 - Layout;
 - Typical cross sections;
 - Preganziol station layout;
 - Conformity statements (lighting, lifting plants, maintenance plans)
 - Corporate ordinances (order 001-A4 Mestre By-pass 08.02.2009 + attachments);
 - Signage - safety barriers (barriers– signage layout)
 - Safety barriers crash tests;
 - Safety barriers' installation reports (reports 6-9);
 - Static testing.
 - Delivery of the assets:
 - ANAS-CAV report concerning the motorway network delivery (06.02.2009);
 - Preganziol station delivery report (17.02.2009);
 - Spinea station report (09.07.2009);
 - ANAS-CAV report concerning the delivery of the motorway network, appurtenances and related assets (30.11.2009).
 - Deliberation by CIPE (inter-ministerial committee for the economic planning) and opinions by the Ministry of the Environment:
 - CIPE deliberation 06-2004
 - CIPE deliberation 80-2003- preliminary approval pf the Mestre By-pass design;
 - Cipe deliberation 24-2008;
 - Opinion by the commission for the Environmental Impact Assessment - 2005;
 - Opinion by the commission for the Environmental Impact Assessment - 2003;
 - Opinion by the Ministry of the Environment on the final design – 2005;
 - Opinion by the Ministry of the Environment on the final design – 2003;
 - Verification procedure – implementation of the notification – outcome of the preliminary investigation (N.004, Ministry of the Environment, 03.01.2012)
 - Documentation regarding the Mestre By-pass and the complementary works:

- Summary table of the work progress of the By-pass and its complementary works as at 30.04.2014;
- Testing:
 - Report and certificate concerning the partial testing of the By-pass section between the A4 and A27 motorways, ancillary works and complementary road infrastructures, dated 09.06.2008;
 - Report and certificate concerning the partial testing of the motorway and connected assets, dated 10.03.2010;
- Contract:
 - Mestre By-pass contract between the Commissioner Delegate and the ATI (temporary association of companies) + attachments, dated 30.04.2004;
 - Additional Acts to the contract N.1-4, dated 30.04.2004;
- Approval decrees regarding the design:
 - n. 12, approval of the Mestre By-pass final design, dated 20.09.2004;
 - n. 61, approval of the N.1 supplementary variation expert report, dated 20.11.2006;
 - n. 384, approval of the N.2 supplementary variation expert report, dated, dated 11.12.2008;
 - n. 519, approval of the N.3 supplementary variation expert report, dated 19.04.2010;
 - n. 17, approval of the final design of the Martellago-Scorzè toll plaza and connecting roads, dated 28.05.2012;
 - n. 19, approval of the N.4 supplementary variation expert report, dated, dated 28.05.2012;
 - Anas note ref. 2686, authorization for the detailed design of the Martellago toll plaza and Marcon link, dated 24.07.2012;
 - Anas note ref. 22591, verification of the implementation of art.185 Dlgs 163-VIA (environmental impact assessment), concerning the Martellago toll plaza and Marcon link, dated 19.06.2013.
- SAL (Work progress report):
 - SAL n.19 about works, as at 28.02.2014;
 - SAL n.20.01 about works, as at 31.03.2014;
 - SAL n.2 about laboratory tests, as at 31.10.2013;
 - SAL n.96 about land acquisition, as at 24.04.2014;
 - SAL n.5 about minor interferences, as at 30.11.2013;
 - SAL n.82 about major interferences, as at 24.04.2014.
- Environmental monitoring plan:
 - Environmental monitoring plan report by Anas, dated May 2013;
- ARPAV (regional agency for the environmental prevention and protection of the Veneto region) report:
 - Post-Opera Monitoring and Noise Matrix (2012);
 - Report about the completed activities (November 2010) and ARPAV monitoring (May 2012).
- SAVP noise limitation plan:
 - DM (Ministerial Decree) n.33 – noise limitation plan, dated 11.03.2011;
 - Comparison table between the barriers foreseen within the 2005 plan and those actually built.

1.12 As at the date of release of the first update of the report (February 2015), the following documentation has been analyzed:

- Investments:
 - CAV S.p.A. Investments Plan, updated according to the 2014 provisional balance as at 29th January 2015;
 - CAV note ref 15115, dated 30th October 2014, sent to MIT - quarterly updating of Investments progress;
 - CAV note ref 1716, dated 04th February 2015, sent to MIT - quarterly updating of Investments progress;
 - summary table concerning the contracts awarded in 2014;
- Mestre By Pass:
 - Summary table of the work progress of the By-pass and its complementary works as at 31st December 2014;
 - SAL No. 20.02 about works, as at 31st May 2014;
 - ANAS note ref. 26489 dated 07th August 2014;
 - ANAS note ref.14288 dated 15th October 2014;
 - ANAS note ref.34127 dated 15th October 2014;
 - ANAS approval of the Variation Report No. 5 (ref 160478 dated 09th December 2014);
- Maintenance:
 - Revision of the 2015-2032 Maintenance Plan and 2014 provisional balance;
 - Maintenance Plan 2015 (CAV Note ref 16678 dated 27th November 2014 sent to MIT + attachments).
 - CAV note ref 10122 dated 17th July 2014 sent to MIT – quality indicators 2014 + attachments;
 - summary table concerning the annual and periodical ordinary maintenance contracts awarded in 2014;
- Environmental:
 - Tender notice No. 16337 dated 24th November 2014 - Active Noise Control;
- Service Stations Claim:
 - Veneto TAR Sentence No. 1090 dated 27th July 2014;
 - Sub-concession Agreement ANAS- ENI dated 12.12.2014 (ref.17422).

1.13 As at the date of release of the second update of the report (November 2015), the following documentation has been analyzed:

- Investments:
 - CAV S.p.A. Investments Plan, updated at 30th June 2015;
 - CAV note ref 2924, dated 27th February 2015, sent to MIT - quarterly updating of Investments progress;
 - CAV note ref 7270, dated 15th May 2015, sent to MIT - quarterly updating of Investments progress;
 - CAV note ref 11584, dated 5th August 2015, sent to MIT - quarterly updating of Investments progress;
 - Summary table concerning the contracts awarded up to mid-2015;
 - Annual accounts 2014;
 - Investment progress at 30th September 2015

- Mestre By Pass:
 - FINAL SAL about works, issued on 10th July 2015;
 - Completion Certificate released on 1st December 2014;
 - Agreement for expropriations signed by President of Veneto Region and Representatives of Agriculturists on 6th October 2013.
- Maintenance:
 - Revision of the 2015-2032 Maintenance Plan updated at 04th June 2015;
 - Draft maintenance Plan 2015;
 - MIT-SCVA note ref. 0008394 dated 7th August 2015;
 - MIT-SCVA note ref. 0004040 dated 27th April 2015;
 - CAV Board Report on 8th May 2015;
 - CAV note ref 0008649 dated 10th June 2015;
 - CAV note ref 0005915 dated 8th May 2015;
 - Summary table concerning the annual and periodical ordinary maintenance contracts awarded in mid-2015;
- Service Stations:
 - MIT-SCVA note ref. 0008394 dated 7th August 2015;
 - CAV note ref 13625, dated 28th September 2015,.
- Intangible Assets
 - Cav note on “SP81 safety works between the Mira-Oriago and Spinea toll plazas”

Report structure

- 1.14 The present Technical Due Diligence report is organized according to the following chapters;
- Chapter 2 describes the motorway network managed by CAV;
 - Chapter 3 reports the main characteristics of the Concession Agreement signed with ANAS;
 - Chapter 4 shows the investments according to the Concession Agreement and the work progress status, as at 31st December 2014;
 - Chapter 5 describes the evolution of the works regarding the Mestre By-pass and its complementary assets;
 - Chapter 6 describes the other investments, in addition to the Mestre By-pass, which are scheduled on the rest of the CAV network;
 - Chapter 7 shows the ordinary and periodical maintenance obligations, as specified within the Concession Agreement, the final balances as at 31st December 2014, progress as at 30st June 2015 and the 2015-2032 budget;
 - Chapter 8 describes the authorization procedure of the environmental aspects of the Mestre By-pass design and the environmental monitoring in the post-opera phase;
 - Chapter 9 includes the outcome of the verification of seismic regulation compliance;
 - Chapter 10 shows the main design counterparts and their technical/operative skills;
 - Chapter 11 reports the Risk Matrix of the project.

2 CAV Motorway Network

- 2.1 This section presents the motorway network operated by CAV Concession as for the March 2010 Concession Agreement. Each element of infrastructure is described in terms of its physical characteristics, tolling system and traffic characteristics .
- 2.2 The network operated by CAV S.p.A. consists of the following motorway sections:
- **A4 Padova-Venezia:** a closed toll system is applied, with a toll per kilometre collected from the A4 Padova Est toll plaza to 1,725 km after the Mestre By-pass intersection;
 - **A4 Mestre Bypass:** a closed toll system is applied, with a toll per kilometre collected between the western and eastern junctions with the A57 motorway;
 - **A57 Mestre Ring Road and link to the Marco Polo airport:** an open toll system is applied, with a fixed toll collected at the Mirano-Dolo, Mira-Oriago, Venezia Mestre, Venezia Est and Venezia Nord toll plazas. The fixed toll at each toll plaza is given by the product between a predetermined number of kilometres and toll barriers kilometric toll.
- 2.3 The main features of the network managed by CAV S.p.A. are:
- 22.9 km of extension, made up of two lanes per direction and 51.2 km with three lanes per direction;
 - 6 toll plazas:
 - Padova Est on the A4 motorway Padova-Venezia;
 - Spinea and Preganziol along the Mestre By-pass;
 - Venezia Mestre, Mirano-Dolo and Mira Oriago on Mestre's Ring-road;
 Counting a total of 82 lanes, of which 32 "in lanes" (11 with telepass, 13 automatic and 8 both automatic and with telepass) and 50 "out lanes" (18 with telepass, 10 with cashiers, 5 manual, 3 automatic, 13 both with cashier and automatic and one both automatic and with telepass);
 - 71 bridges and viaducts, for a total length of 7.271 km;
 - 71.48% of the network paved with draining asphalt;
 - A traffic control centre, 9 ice detectors, 5 fog detectors, 75 SOS stations and 4 service areas;
 - Quality index on the state of road paving equal to 78.45 (measurement referred to 2013);

- Accident rate index along the motorway equal to 100 (number of accidents detected in the year 2013 equal to 270).

2.4 The following figure shows the network managed by CAV S.p.A., based on the classification above.

Figure 2.1 CAV Motorway Network Managed



Note: sections in grey are not managed by CAV Source: Steer Davies Gleave

2.5 CAV has been managing the Mestre By-pass since its opening (8th February 2009). The management of other sections that are part of the same Concession, previously operated by Autostrade di Venezia e Padova S.p.A., started on 1st December 2009.

A4 Mestre By-pass

2.6 The A4 Mestre By-pass is a 32.3 km-long dual carriageway three lane motorway segment connecting the Padova-Mestre section of the A4 motorway with the A27 Venezia-Belluno and the Trieste-Venezia section of the A4 motorway. It is a Category A road infrastructure, with 3 lanes per direction (3.75 m wide each), a 32.5 m wide cross section and a speed limit of 130 km/h along its entire length.

2.7 The Mestre By-pass – which was opened to traffic on February 8th 2009 – is part of the Lisbon-Kiev European Corridor V and allows middle and long distance traffic running along the A4 to bypass the congested Mestre Ring Road, thus reducing the travel time and improving the road safety of the Mestre crossing.

Figure 2.2: A4 Mestre By-pass



Source: Steer Davies Gleave

2.8 The By-pass, built between 2006 and 2008, has the following characteristics:

- 8 sections in trenches for a total of 2.035 km, including:
 - the FFSS Venezia-Padova (Vetrego di Mirano), 0.295 km;
 - Via Caltana (Marano-Scaltenigo), 0.175 km;
 - Roundabout Via Miranese (Mirano-Orgnano), 0.238 km;
 - Via XXV aprile (Robegano), 0.154 km;
 - Via Castellana (Martellago), 0.390 km;
 - Via Moglianese (Cappella), 0.278 km;
 - the FFSS Venezia-Treviso and SS Pontebbana, 0.445 km;
 - Interconnection with highway A27: 0.060 km;
- 4 viaducts totalling 1.515 km, at the Spinea and Preganziol toll plazas, on the Mestre-Castelfranco railway and at Salzano;
- 8 artificial tunnels;
- 15 river crossings with single-span bridges of between 25 and 35m;
- 13 flyovers and 19 underpasses of the motorway;
- 3 hydraulic culverts/syphon works;
- 3 intermediate toll plazas at Spinea, Preganziol and Martellago (whose completion is expected by the beginning of 2015).

2.9 A part of this project includes the development of a so called “Green By-pass” with the aim of minimizing the environmental impact of the motorway and to improve its integration with the surrounding area. This project involved the carrying out of a number of targeted actions including the creation of a public park with a total surface of 30 km.

2.10 At the moment no service areas are present along the Mestre By-pass, although the Financial Plan attached to the Concession Agreement foresees the creation of two service areas. Such investment is being re-programmed, as indicated in Chapter 5.

2.11 Along the Mestre By-pass there are 2 interchanges for the entrance/exit to and from the motorway system, each one composed by 2 toll plazas, namely 2 in Spinea and another 2 in Preganziol (one per carriageway). Each of these toll plazas is equipped with 3 entry lanes and 4

exit lanes. A third toll plaza in Martellago has been opened at the beginning of 2015 and includes two toll plazas with 7 tracks each.

Table 2.1: Stations of the Mestre By-pass: Detail of Tracks

Tracks	Typology	Spinea (N.)		Preganziol (N.)		Martellago (N.)	
		East	West	East	West	East	West
Entry	Telepass	1	1	1	1	1	1
	Telepass/ Automatic	1	1	1	1	1	1
	Automatic	1	1	1	1	1	1
Exit	Telepass	2	2	2	2	2	2
	Cashiers/ Manual	2	2	2	2	2	2
Totals		7	7	7	7	7	7

- 2.12 The Mestre By-pass operates under a closed toll system where the toll is calculated by the distance travelled on the By-pass.

A4 Padova - Venezia

- 2.13 On the western side of the By-pass, the approximately 13 km long Padova-Venezia motorway section is part of the A4 Torino-Trieste corridor. This segment goes from the Padova Est interchange (km 363.3 of the A4 motorway) to the west interchange between the A4 and the A57 (km 374.6 of the A4).
- 2.14 It is a Category A road (Motorway) with three lanes per direction and a speed limit of 130 km/h. The A4 Padova-Venezia motorway section does not include any intermediate toll plazas but is connected with the A13 Bologna-Padova at km 364.2 of the A4 motorway.

Figure 2.3: A4 Padova-Venezia



Source: Steer Davies Gleave

- 2.15 This section is fully interconnected with the rest of the motorway network and it is operated through a closed toll system. The infrastructure is entirely on an embankment and includes 9 viaducts. At km 364.2 the motorway links to the A13 Bologna-Padova motorway. At km 372.5 are the service areas Arino Est and Arino Ovest, both in sub-concession to Eni S.p.A. until December 31st 2025.
- 2.16 The A4 Padova-Venezia motorway was opened on 15th October 1933. On 11th November 1961 the section was doubled to two lanes per direction, while the third lane dates back to March 1991.
- 2.17 The only toll barrier along this section is the Padova Est one, the main characteristics are set out in the table below.

Table 2.2: Padova Est Stations: detail of tracks

Tracks	Typology	Padova Est (N.)
Entry	Telepass	2
	Telepass/ Automatic	2
	Automatic	2
Exit	Telepass	3
	Cashiers	3
	Cashiers/ Manual	2
	Manual	1
Total		15

Source: CAV S.p.A.

- 2.18 The following picture, taken during the site visit of the network managed by CAV, shows the entry lanes of the Padova Est station.

Figure 2.4: Padova Est Station



Source: Steer Davies Gleave

A57 Mestre Ring Road and link to the Marco Polo airport

- 2.19 The Mestre Ring-Road, officially classified as the A57 motorway on the 8th February 2009 (when the Mestre Ring-road was opened), links the urban area of Mestre to the Brenta shores (to the West) and the Municipalities of Quarto d'Altino and Marcon (to the East). At its Eastern and Western ends it connects to the A4 motorway, while in the central section motorway A27 and the branch to the Marco Polo Export start.
- 2.20 The infrastructure is managed by CAV (between km 0 and km 16.161) and by Autovie Venete (AA.VV.) (from km 16.161 to km 26.661). Until 30th November 2009, the section which is now managed by CAV, was managed by Società delle Autostrade di Venezia e Padova. The Mestre Ring-road, which before the construction of the By-pass served through traffic as well as local traffic, now mostly serves local traffic of the Municipality of Venezia or nearby areas.
- 2.21 The A57 motorway can be divided into three functional sections (two of which are managed by CAV S.p.A.). They were constructed in two different phases, as illustrated below:
- **From the Western interconnection with motorway A4 (km 0 of A57) to the Venezia Mestre Barrier (km 9+272):** this section, managed by CAV and subjected to toll payment only for the vehicles coming from and going to the A4, was made and widened together with the A4 Padova-Venezia and was opened on 15th October 1933, widened to two lanes per direction on November 1961 and to three lanes in March 1991;
 - **From the Barrier of Venezia Mestre to the interconnection and the Terraglio junction (km 16+200):** this section, also managed by CAV since December 2009 and free of charge for the traffic not crossing the barriers, was opened to traffic on the 24th August 1972 as an urban section /Ring-road) of the A4 Torino-Trieste motorway, as a motorway link road between the two motorway sections that previously were not connected (Padova-Venezia and Venezia-Trieste). On the 19th June 2003 the third dynamic lane was opened in order to address particularly heavy traffic conditions, which were causing several tailbacks and inconveniences;
 - **from the Terraglio junction to the Venezia Est Barrier (km 26+700),** section managed by Autovie Venete, since 1970 (just like motorway A4 Venezia-Trieste). This section is free of charge between the Terraglio western junction and the interconnection of Quarto d'Altino on the East, which is situated West of the Venezia Est Barrier.
- 2.22 The three sections, which became part of A4 Torino-Trieste motorway in 1972, were classified as motorway A57 when the Mestre By-pass was opened on February 8th 2009.
- From km 0 to km 9+272**
- 2.23 For the section managed by CAV, that is from the Western interconnection with the A4 motorway (km 0) to the Venezia Mestre barrier (km 9+272), the A57 Mestre Ring-road is composed of three lanes per direction, plus an emergency lane and the speed limit is 130 km/h, reduced to 110 km/h in correspondence of the Dolo and Mira toll plazas.

Figure 2.5: A57 Mestre Ring-road – section between the Western interconnection with motorway A4 and the Venezia Mestre Barrier



Source: Steer Davies Gleave

- 2.24 Two junctions link this section to local roads, i.e. Mirano Dolo (km 2+750) and Mira-Oriago (km 7+550), where tolls must be paid by vehicles coming from the A4 motorway (while internal movements between the two toll barriers and the Venezia Mestre barrier are free of charge).

Figure 2.6: A57 Mestre Ring-road – Mirano-Dolo Station



Source: Steer Davies Gleave

Figure 2.7: A57 Mestre Ring-road - Mira-Oriago Station



Source: Steer Davies Gleave

- 2.25 The third and last toll plaza of this section is the Venezia Mestre Barrier, also subject to toll payment when travelling to and from the A4 motorway.

Figure 2.8: A57 Mestre Ring-road – Venezia Mestre Barrier



Source: Steer Davies Gleave

- 2.26 The following table shows the features of the toll plazas located along the Mestre By-pass.

Table 2.3: Mestre Ring-Road Stations: detail of tracks

Tracks	Typology	Venezia Mestre	Mirano-Dolo	Mira-Oriago
Entry	Telepass	3	1	1
	Telepass/ Automatic	0	1	1
	Automatic	5	1	1
Exit	Telepass	3	2	2
	Telepass/ Automatic	1	0	0
	Automatic	3	0	0
	Cashiers	4	1	2
	Cashiers/ Manual	0	2	1
	Manual	4	0	0
Totals		23	8	8

From km 9+272 to km 16+200

- 2.27 From the Venezia Mestre Barrier (km 9+272) to the Terraglio junction (km 16+200), the Mestre Ring-road is made up of three dynamic lanes¹ (with a decreased width of 3.25 m) per direction, with luminous panels (showing variable messages) indicating whether a lane is open or closed, and speed limits or emergency parking areas every 600-700 m.

Figure 2.9: Mestre Ring-road – section between the Venezia Mestre Barrier and the Terraglio Junction

Source: Steer Davies Gleave

¹The third dynamic lane indicates that the rightmost lane of the carriageway of a motorway can either be used as a regular lane or as an emergency lane, based on needs or on traffic flows.

- 2.28 Along this section, which does not have any toll-payment stations and is characterized by a speed limit of 60 km/h for the driving lane and of 90 km/h for the two overtaking lanes, are the junctions of Marghera (km 10+800), Carbonifera (km 11+900), Miranese (km 12+550), Castellana (km 14+600) and Terraglio (km 16+200), as well as the Marghera Est service station (managed by Total Italia S.p.A.) and the Marghera Ovest (managed by Eni S.p.A.) located at km 10+700.
- 2.29 To compensate for the lack of an emergency lane, 22 emergency areas were built, with SOS stations and fire extinguishers every 600-700 m, as well as emergency passages (every 80-100 m) and external pedestrian paths, in order to guarantee a suitable way out in case of accidents of traffic blockages.
- 2.30 For safety reasons, the guard-rails and the ramps' profiles were modified, both at the entrance and exits of junctions, a fire-fighting system was constructed and parking areas for emergency vehicles were created. The T-3 system "dynamic lane" allowed also the construction of noise mitigation facilities, as well as environmental cleaning operations and the erection of noise barriers.
- 2.31 CAV operates also the 6.7 km **motorway link** from the interchange with the A57 and A27 motorways **to the Venezia Marco Polo Airport**.
- 2.32 This is a two-carriageway motorway spur with two lanes per direction plus emergency lanes and a speed limit of 130 km/h. Opened in March 1991, this link has been operated by CAV S.p.A. since December 2009 as a toll free link.

Figure 2.10: The link to the Marco Polo airport



Source: Steer Davies Gleave

- 2.33 The infrastructure presents a single intermediate junction (Dese), where no toll payment is foreseen (attributed to the Venezia North barrier, at the Mestre By-pass) and it is characterized by 11 viaducts. The speed limit is of 130 km/h.

3 Concession Agreement between Anas and CAV

Introduction

- 3.1 Concessioni Autostradali Venete is a limited company founded on the 1st March 2008 by ANAS S.p.A. and Regione Veneto with the purpose of repaying ANAS for the financing of the construction of the Mestre By-pass, raising money to make further investments in the Veneto region and operating the motorway system composed by the Mestre By-pass, the Mestre Ring-road and the Marco Polo Airport link.
- 3.2 The first Concession Agreement for the operation and maintenance of the Mestre By-pass and the motorway network operated by Società delle Autostrade di Venezia e Padova S.p.A. until the 30th November 2009 was signed by CAV S.p.A. and ANAS S.p.A. on the 30th January 2009, pursuant to Art. 2 comma 290 of Law n.244, dated 27/12/2007.
- 3.3 According to the Concession Agreement, CAV has the right to collect tolls for the use of the assets, which are part of the Concession. Tolls are collected according to the following mechanisms:
- closed system - tolls are collected at each exit of the motorway proportionally to the distance travelled on it – along the A4 motorway (including the Mestre By-pass);
 - open system for the A57 Ring-road and the Marco Polo Airport link– namely a fixed toll to be paid by the vehicles passing through the “Venezia Mestre” and “Venezia Est” A57 barriers and the “Venezia Nord” A27 barrier, regardless of the entry toll station. The fixed toll to be applied at each barrier is set by the Concession Agreement and is calculated as the product of a predetermined distance attributed to the toll barrier and the kilometric toll associated to the barrier.
- 3.4 The Concession Agreement requires the toll to be paid for crossing Mestre - from the Western to the Eastern interchanges between the A4 Mestre By-pass and the A57 Mestre Ring-road – to be the same independently of the route chosen by users.
- 3.5 This means that vehicles travelling along the whole Mestre By-pass pay the same toll as those using the Mestre Ring-road and crossing the “Venezia Mestre” and “Venezia Est” barriers.

3.6 The details about the tolls collected by CAV S.p.A. for the Mestre Ring-road, the Mestre By-pass and the motorway network operated by the Società delle Autostrade di Venezia e Padova S.p.A. until November 2009 are the following:

- A toll corresponding to a conventional length of 20.28 km is collected by CAV for running through the “Venezia Mestre”, “Venezia Nord” and “Venezia Est” toll stations. The toll to be paid at each station is given by the product between this conventional length and the toll per kilometre associated to the barrier.
- A toll per kilometre is associated to the Mestre By-pass. Road users pay a tariff which is given by the product between the actual distance run along the By-pass and the unit toll shown in the following table:

Table 3.1: Net toll per Kilometre of the Mestre By-pass in 2009 (€/km)

Toll/km	Class A	Class B	Class 3	Class 4	Class 5
Mestre By-pass	0.07983	0.08182	0.09980	0.15880	0.19030

- As for the motorway network previously operated by the Società delle Autostrade di Venezia e Padova S.p.A., starting in December 2009, CAV has the right to collect revenue from the “Venezia Mestre”, “Venezia Nord” and “Venezia Est” toll stations (6.2 km are attributed to each station) and from the A4 Padova-Venezia closed tolling system.

Current Concession Agreement CAV-ANAS (“Convenzione Ricognitiva”): March 2010

3.7 On the 25th March 2010, a new Concession Agreement was signed by Anas S.p.A. and CAV S.p.A., in substitution of the one dated 30th January 2009.

3.8 The new Concession Agreement requires a number of investments to be made by CAV S.p.A. in addition to the ordinary and extraordinary maintenance already included in the January 2009 Concession Agreement. The investment plan is divided into three sections, namely:

- New investments for functional requirements (Annex H, section H.1): investments required to guarantee the full operation of the motorway network during the concession. They cover works and services including the improvement of vertical road signs, the automation of the existing toll plazas, the installation of further variable message signs and the updating of the traffic control software at the operative centre.
- New investments (Annex H, section H.2): investments focusing on the completion of infrastructure works needed to finalise the Mestre By-pass infrastructure, including:
 - Construction of the new “Martellago – Scorzé” and “Dolo – Pianiga – Riviera del Brenta” toll stations and complementary infrastructure;
 - New investments for further environmental mitigation measures (the so called “Green By-pass”);
 - Construction of two service areas (one per direction) along the Mestre By-pass;
 - Additional investments for the mitigation of noise pollution and post-works monitoring;
 - New infrastructure works to improve access to the motorway system.
- Investments included within the “Società delle Autostrade di Venezia e Padova S.p.A.” Concession (Annex H, section H.3): investments concerning the works still to be completed according to the Concession Agreement between ANAS S.p.A. and Società delle Autostrade di Venezia e Padova S.p.A., including:

- Safety works on the S.P.81 between the A4 Mira-Oriago toll station and the S.S.309 roundabout at Malcontenta;
- New alignment of the S.Giuliano viaduct and improvement of the existing junctions between S.R.14 and local roads (through the creation of split-level junctions);
- Construction of two roundabouts to improve connections to the Marco Polo airport, the first one between the airport motorway link and S.S.14 and the second one between S.S.14 and the access road to the airport.

3.9 In addition to the investments to be made by CAV, the new Concession Agreement includes the following updates:

- tariffs for the CAV motorway network;
- parameters to determine the remuneration of the invested capital;
- deadlines for the sub-concessions of service areas;
- classification of ordinary maintenance works;
- updated traffic study for the CAV motorway network;
- programme of activities;
- performance indicators;
- financial fitness requirements;
- specifications for the application of fines and penalties.

3.10 The updated Concession Agreement maintains the principle of toll equality between the A4 Mestre By-pass and the A57 Mestre Ring-road as well as the combined use of open and close tolling system.

Financial Coverage

3.11 The Concession Agreement establishes that CAV shall recognize to ANAS all the costs borne for the construction of the Mestre By-pass, excluding those still in progress and those still being completed at the time when the Concession Agreement was stipulated (as per Annex H). The financial coverage of such costs is to be considered net of public contributions.

3.12 Altogether the costs borne by ANAS to realize the Mestre By-pass amount to €986.4 million, plus €20.8 million for financing costs, as detailed in Chapter 5 of the current document.

3.13 CAV shall cover this cost from the revenue that it receives from tolls and the sub-concession fee.

3.14 The Concession Agreement states that “during the tariff updating period pertaining to the Autovie Venete and ASPI (Autostrade per l’Italia) - i.e. Motorway Concessionaire Companies- , ANAS shall guarantee that the toll amount will be the same both for driving the entire Mestre By-pass and for using the motorway barriers of Venezia Mestre on the A4 (Padova-Venezia), Venezia Nord on the A27 and Venezia Est on the A4 (Venezia Trieste), by increasing the notional lengths”.

3.15 In case the collected revenue resulting from the increase of conventional kilometric length, is higher or lower than that foreseen in the Regulatory Financial Plan (PFR), the difference for each year shall be deduced or added to the credit of financial provisions as per PFR.

Funds

3.16 Among the financing resources to be provided by ANAS, the Economic Financial Plan – mentioned at art.11 of the Concession Agreement – includes a total public contribution of €283.9 million, made up as follows:

- €113.1 million, Deliberation by CIPE n.92 of 31.10.2002;
- €70.5 million, law n. 296/2006, art. 1, comma 1045;
- €100 million, law n. 266/2005, art. 1, comma 78, letters c) and i).

3.17 The Concession Agreement sets that in case such funds are not available to CAV, an updating of the Economic Financial Plan and of the Regulating Economic Plan is required.

Economic-Financial Plan and Regulating-Financial Plan

3.18 The Financial Plan attached to the Concession Agreement foresees a number of works and maintenance operations.

3.19 The works included in the financial plan can be divided into three groups:

- The reimbursement of the costs incurred by ANAS for the construction of the Mestre By-pass;
- The new investments, mostly addressed at improving the functionality of the Mestre By-pass;
- The indemnity provided to Autostrade di Venezia e Padova SpA amounting to the costs of the investment incurred and non-depreciated;

3.20 The financial plan foresees also a series of ordinary maintenance activities along the whole motorway network operated by CAV. They are classified as follows:

- Ordinary Annual Maintenance;
- Ordinary Periodic Maintenance.

3.21 The Economic-Financial Plan (PEF) and the Regulating Financial Plan (PFR) shall be binding for CAV until the Concession's expiry date (31th December 2032).

3.22 The Concession Agreement establishes that the PEF, the PFR and the tariff parameters shall be updated when all the works related to the Mestre By-pass are completed and at the end of any regulating period.

3.23 Whenever any amounts established by the PFR appear to be lower or higher than those indicated in the Plan itself, the Concession Agreement shall foresee a modification of credit amounts of financial provisions, as defined on the above mentioned Plan.

3.24 Such modifications will take place where:

- The investments actually made by CAV are lower than those indicated in the "Investment" line of the PEF of the PFR;
- The ordinary maintenance costs for the infrastructure are lower than what is set out in line c.6.1 of the PFR;
- The concession fee actually due by CAV is lower or higher than what is foreseen in line c.8.1 of the PFR.

Concession Fee and Collateral Activities Fee

3.25 CAV shall pay to ANAS an annual concession fee amounting to 2.4% of the net toll revenue.

3.26 Furthermore, CAV shall pay to ANAS an annual fee corresponding to 2.0% of the annual income for the performance of any collateral activities.

Technical Obligations, Verifications and Completion of Works

- 3.27 As far as the main technical obligations of the Concessionaire are concerned, CAV is obliged to manage both ordinary and extraordinary maintenance activities on the motorway sections of its competence.
- 3.28 Specifically, CAV is obliged to present to ANAS before the 30th November of each year, all the ordinary and extraordinary maintenance projects and plans, as well as those maintenance operations to be performed in compliance with art.14 of Law n.531 dated the 12th August 1982.
- 3.29 As far as the programming of ordinary maintenance works, the planned interventions shall pertain to the following macro-areas:
- Motorway:
 - Pavements;
 - Civil engineering infrastructures such as piers and supports, joints and supporting devices, anti-corrosion protections of concrete and reinforcements, etc.;
 - Tunnels;
 - Other elements of the motorway.
 - Safety (protection and signalling systems);
 - Plants:
 - Toll-collection systems;
 - Green and cleaning;
 - Winter operations (rental of snow plowing and salt spreading vehicles, purchase of salt etc..);
 - Buildings;
 - Supplies and various maintenance operations.
- 3.30 In the event of overspend due to modified and/or additional expenses in relation to those approved in the initial projects and caused by third parties' requests agreed with CAV, these should be borne by the third parties themselves.
- 3.31 In the same way, in the event that such requests come from ANAS and CAV requests ANAS to anticipate the main costs, the payment shall be made on the estimates attached to the projects, except for the final balance (either positive or negative), when the final accounting will be closed.
- 3.32 When the Mestre By-pass and the other works defined in the Concession Agreement of the Società delle Autostrade di Venezia e Padova are completed, they shall be verified by ANAS appointed officials (as specified in paragraph 5.15 and following).
- 3.33 Following verification and explicit authorization by ANAS, the motorway shall be provisionally opened either in full or in part.
- 3.34 For the awarding of works, supplies and services to third parties, CAV shall comply with the national and European regulations in force and appoint the necessary tender commissions – as requested by the Ministry of Infrastructures and Transports.

Verification Procedure for Non-Compliances

- 3.35 In the event of breach, non-compliance or omission of the obligations entered into by CAV, financial penalties shall be imposed as defined by Annex L of the Concession Agreement.

- 3.36 In case of serious non-compliance with the Concessionaire's obligations foreseen by the Concession Agreement, ANAS will have the right to revoke the contract (art. 9 of the Concession Agreement).

Dissolution of Agreement due to Non-compliance by ANAS and Revocation of Concession for Reasons of Public Interest

- 3.37 The Concession Agreement establishes the financial conditions which need to be met in the event of the revocation of the contract for public interest reasons. Specifically, the following shall be recognised:

- The value of the completed works, including accessory costs and excluding amortisations and depreciations;
- All penalties and other costs borne and to be borne due to the revocation/cancellation;
- A 10% indemnity for the works still to be executed.

- 3.38 We would like to underline that the Concession Agreement establishes that the above mentioned amounts shall be firstly destined to CAV's financiers.

- 3.39 On the other hand, in case of cancellation of the Concession Agreement due to reasons not attributed to CAV, determining the suspension of all the activities defined in art. 2.1 of the Concession Agreement, the following shall be reimbursed to CAV:

- The value of completed works and/or the financing reimbursed to ANAS, plus related tax burdens;
- The penalties and other costs incurred into and to be incurred into due to the dissolution.

New Investment plan included in the Regulatory Plan 2015-2019

- 3.40 On 26th June 2015 with note ref. 9700, the Company has submitted the new investment plan to the Grantor, pertaining the Regulatory Period 2015-2019.

- 3.41 Based on the information provided by CAV, the plan has not yet been approved by the Grantor due to minor amendments required regarding technical aspects of the new investments proposed. However, considering that the total amount is the same of the one included in the previous PEF and the new interventions arise from savings happened during the construction works, it is likely the new plan will be approved shortly by the Grantor, following the delivery of the requested documentation.

4 Investments

PEF attached to the Concession Agreement

4.1 The Financial Plan D attached to the Concession Agreement foresees the following investments, divided into three main categories:

- Reimbursements of the costs borne by ANAS for the realization of the Mestre By-pass (in compliance with CIPE Decision 24 of 27th March 2008). These costs overall amount to €1,007.2 million, 20.8 million of which consisting of capitalized borrowing costs covering amounts paid in advance by ANAS, while the remaining €986.4 million divided as follows:
 - €750 million related to the Preliminary Project;
 - €55.4 million related to the Variation Report No. 1 of Salzano/Martellago;
 - €47.9 million related to works removed following the Variation Report No. 1 of Salzano/Martellago, and introduced by the Variation Report No. 2;
 - €33.1 million related to works excluded by the second amendment of the economic framework (dated 29th November 2007), and introduced by the Variation Report No. 2;
 - €100 million related to works foreseen by the Additional Act No. 2;
- Compensation for Società delle Autostrade di Venezia e Padova SpA equal to the cost of investments made but not amortized, amounting to €75.4 million overall;
- New investments, mostly for works aimed at improving the functionality of the Mestre By-pass, amounting in total to €279.36 million and divided into:
 - Completion and ancillary works to the Mestre By-pass (as per paragraph H.2 of Annex H to the Concession Agreement) amounting to €240.10 million;
 - New investments to improve functionality (as per paragraph H.1 of annex H to the Concession Agreement) amounting to €11.14 million;
 - Investments related to the engagements of Società delle Autostrade di Venezia e Padova SpA deriving from the Concession Agreement (as per paragraph H.3 of Annex H of the Concession Agreement) amounting to €15.22 million;
 - New investments – intangible assets (as per paragraph H.2 of Annex H of the Concession Agreement) amounting to €12.9 million.

4.2 The following table reports the investments foreseen by the Concession Agreement.

Table 4.1: Acquisition of the Mestre By-pass and Investments Foreseen in the PEF

Description and Reference to PEF (€ thousands)		2009	2010	2011	2012	2013	2014	2015 - 2032	Total
	By-pass – Costs borne by ANAS	968,125	18,150						986,275
	By-pass – Capitalized Borrowing Costs	20,796							20,796
	Compensation for the Venezia Padova	75,430							75,430
H1	New Investments for Functional Needs (letters a-h)	1,500	1,350	1,440	1,850	1,200	200	3,600(*)	11,140
H3	Investments in Concession Agreement Engagements of Società delle Autostrade di Venezia e Padova (letters i-k)		9,600	5,620					15,220
H2	Completion & Ancillary Works for the By-pass (letters l-q)		84,600	64,500	38,000	35,000	18,000		240,100 (**)
H2	New Investments – Intangible Assets (letter r)		350		200	6,175	6,175		12,900
Total		1,065,851	114,050	71,560	40,050	42,375	24,375	3,600(*)	1,361,861

(*) Based on an annual projection from 2015 to 2032 equal to € 200 thousands.

(**) including €9 million for ancillary works not awarded to the General Contractor

4.3 State funding amounting to a total of €283.7 million has been provided and included within the Financial Plan in order to fund the Mestre By-pass. This funding came in the form of:

- CIPE Decision 92 of 31st October 2002: €113.4 million equivalent to the upper limit set within Law 443/2001 and aimed at financing the Mestre Motorway By-pass;
- On 17th December 2007 (based on the content of Law 296/2006, article 1, par. 1045) the Presidency of the Council of Ministers and the Veneto Region signed the Additional Act to the General Framework Agreement of 24th October 2003 allocating further resources to complete the Motorway By-pass and the Green By-pass. These two project received respectively €80 million and €20 million (Legislative Decree No. 4714 of 11th May 2009);
- Through the Legislative Decree No. 2428 of 5th March 2008, ANAS was authorized to use the fifteen-year funding amounting to €4.70 million (as per Law 266/2005, article 1, par. 78 c) and i)), amounting to €70.54 million, for the “Empowerment of the Mestre By-pass and connection to the surrounding county towns” and for the “Interaction of the Mestre By-pass, Martellago and Mirano Variation”.

4.4 The following table shows the state funding in detail.

Table 4.2: State Funding

State Funding (€ thousands)	2009	2010	2011-2021	Total
Deliberation CIPE n.92 of 31.10.2002	113,117			113,117
Law n. 296/2006, art. 1, comma 1045		100,000		100,000

State Funding (€ thousands)	2009	2010	2011-2021	Total
Law n. 266/2005, art. 1, comma 78, letters c) and i)		18,810	4.703 (*)	70,538
Total	113,117	118,810	4,703 (*)	283,655

(*) yearly amount foreseen from 2011 to 2021.

4.5 In order to complete the framework of the Financial Requirements, it is also necessary to include the 20% VAT rate (tax rate of 2010) whose amount is indicated in the Financial Plan and so composed:

- €155.1 million on a taxable amount of €775.7 million deriving from the works of the Mestre By-pass (€988.8 million including capitalized borrowing costs and excluding the Additional Kilometric Toll Fund), excluding the state funding used (€213.1 million);
- €15.1 million on a taxable amount of €75.4 million equal to the indemnity to be credited to Società delle Autostrade di Venezia e Padova;
- €55.1 million on a taxable amount of €275.4 million determined by the amount of new investments (€279.4 million) excluding the cost of land acquisition for the realization of service areas (€4 million).

Table 4.3: VAT on Works

€ thousands	Taxable Amount	VAT at 20%
Mestre Motorway By-pass	775,654	155,131
Indemnity to be credited to Società Autostrade Venezia Padova	75,430	15,086
Investments (excluding € 4 Million for Land Acquisitions)	275,360	55,072
Total		225,289

4.6 The table below summarises the financial requirements for the investments foreseen by the Financial Plan attached to the Concession Agreement of 23/03/2013.

Table 4.4: Financial Requirements for Investment

Description	€/thousands
Acquisition of Mestre By-pass	986,275
Capitalized Borrowing Costs for amounts anticipated by ANAS	20,796
Indemnity credited to Società delle autostrade di Venezia e Padova	75,430
New Investments	279,360
VAT (20%)	225,289
Total	1,587,150
State Funding	-283,655
Additional Kilometric Toll Fund (*)	-18,300
Total excluding State Funding	1,285,196

(*) income deriving from the toll payments already received by ANAS for additional kilometres applied to the barriers of the Mestre area before the opening of the By-pass.

Cumulated Progress Balance at 31st December 2014 and verification of the consistency with the PEF

- 4.7 This section sets out the financial engagements undertaken by CAV based on what is reported in the Annual Budgets (Bilanci) from 2010 to 2014, as provided by the Company.
- 4.8 As regards to the debit due to ANAS, to which the costs for the realization of the Mestre bypass must be reimbursed for a total of €986.4 million, the Concession Agreement set that these amounts were to be repaid by 31st December 2010. ANAS, in a communication of 17th December 2010, extended the deadline to 31st December 2011. On 30th April 2013, CAV paid ANAS €350 million following the receipt of funds from the EIB (European Investment Bank) with assistance from CDP (Cassa Depositi e Prestiti). The loan amounts to a total of €423.5 million of which €73.5 million for VAT.
- 4.9 CAV has paid €75.4 million (of which €74.7 million for Intangible assets and €736,000 for the acquisition of technical materials) in the form of a compensation to the outgoing company (Società delle Autostrade di Venezia e Padova) following its replacement, as foreseen by the Concession Agreement. These funds needed to be paid by 31st March 2010, as foreseen by the Concession Agreement, however CAV paid it on 25th March 2011 (following confirmation that the operation fell within the scope of the VAT application).
- 4.10 The third commitment covers new investments totalling €279.36 million, of which:
- €11.14 million of new investments for functional needs (H1), carried out directly by CAV, €4.68 million of which had already been done by the end of 2014. The others will be mainly spent in 2015 and in the following years.
 - €231.1 million managed by ANAS and to be allocated for the General Contractor which built the By-pass in relation to the infrastructural completion works (H2). These investments are still ongoing, the progress at 31st December 2014 was equal to €201.59 million. Moreover, it is worth noting that the works are practically completed, except some indirect activities (land acquisitions, removal of diversions, etc.) to be finished by the end of 2015.
 - € 4 million in charge of CAV for the construction of the “Service areas (one per direction) and parking areas for truck drivers (H2 –letter n)”. A new planning for this activity is currently on-going following the note of Ministry of Transport (No. 17262 dated 5th May 2014), inviting concessionaires to extend expired or expiring contracts for fuel distribution services within service areas. Therefore, the works have not yet started, being only performed a feasibility study;
 - € 5 million as contribution to third parties for the construction of the Mogliano Veneto bypass (H2 –part of letter q) and already given to the Province of Treviso;
 - €12.9 million for new investments on intangible assets, for which a contribution was foreseen to third parties, for the realization of safety operations on SP81 along the section included between the Mira-Oriago and the Spinea toll stations (H2 –letter r). The work has not started and, as explained below, it has been substituted by another intervention in the Regulatory Period 2015-2019.
 - €15.22 million for Concession Agreement commitments already approved by the Grantor with Società delle Autostrade di Venezia e Padova (H3). These commitments were taken on by CAV as a consequence of replacing Società delle Autostrade di Venezia e Padova S.p.A. All the works included under this item have been completed with a total amount of expense equal to €13.93 million, having a final saving of €1.28 million which CAV has planned to use in Regulating Period 2015-2019.

- 4.11 The following table summarizes the investment amounts reported in CAV's Annual Accounts from 2009 to 2014, excluding the costs borne by ANAS for the construction of the By-pass.

Table 4.5: Investments – Balances 2009-2014

Investments (€ thousands)		Balance 2009	Balance 2010	Balance 2011	Balance 2012	Balance 2013	Balance 2014	Progress at 31.12.2014
H1	Investments for functional needs (CAV)	1,293	835	425	985	608	533	4,678
H3	Investments due to Concession Agreement engagements VE-PD	0	11,990	1,215	-104	828	8	13,937
H2	By-pass Completion Works		49,387	59,592	22,222	6,758	63,628	201,587
H2	New investments – intangible assets	0	0	0	0	0	0	0
Total		1,293	62,212	61,232	23,103	8,194	64,169	220,203

- 4.12 The table below shows the differences between the amounts foreseen by the PEF and the cumulated values at the end of December 2014, amounting to a total value of €59.18 million. This amount has been partly re-allocated in the new investment plan of the 2015 -2019 Regulatory Period, according to the different needs of the Company.

Table 4.6: Investments- Amalgamated Progress at 31.12.2014 and Differences with Respect to PEF

Investments (€million)		PEF (all. D)	Progress at 31.12.2014	Balance / Progress at 31.12.2014 difference
H1	Investments for Functional Needs (CAV)	11,14	4,678	6,43
H3	Investments due to Concession Agreement engagements VE-PD	15,22	13,937	1,29
H2	By-pass Completion Works	240,10	201,587	38,55
H2	New Investments – Intangible Assets	12,90	0	12,90
Total		279,36	220,203	59,18

- 4.13 State funding allocated by different legislative measures and given to ANAS for the construction of the Mestre By-pass includes:
- The contribution of €113.1 million through CIPE Decision No. 92 of 31st October 2002, which has been provided to ANAS;
 - The contribution foreseen by Law No. 266/2005, article 1, par. 78, c) and i) of €37.62 million corresponding to the period 2010-2014. The €32.92 million for the period 2015-2021 are still outstanding;
 - The Contribution of €100 million, under Law 296/2006, was received in part directly (about €52 million) and in part through a loan with CDP (about €48 million) with direct reimbursement by the State.
- 4.14 All contributions received have been registered and they will reduce CAV's debit to ANAS.

Investment re-programming – Regulatory Period 2015-2019

- 4.15 CAV has decided to re-program the investments through the Regulatory Period 2015-2019. This updated plan of investment has been delivered to the Grantor on 26th June 2015 ref. 9700 and its approval is expected to come shortly.

Table 4.7: Investment Comparison between PEF and the Plan in the Regulatory Period 2015-2019

Description and Reference to PEF (€ thousands)			2009-2014	2015	2016	2017	2018	2019	2020 - 2032	Total	Difference New Plan/PEF
H1	New Investments for Functional Needs (letters a-h)	PEF	7,540	200	200	200	200	200	2,600(*)	11,140	2,757
		Regulatory Period 2015-2019	4,678	4,896	823	500	200	200	2,600(*)	13,897	
H3	Investments in Concession Agreement Engagements of Società delle Autostrade di Venezia e Padova (letters i-k)	PEF	15,220	0	0	0	0	0	0	15,220	-1,283
		Regulatory Period 2015-2019	13,937	0	0	0	0	0	0	13,937	
H2	Completion & Ancillary Works for the By-pass (letters l-q)	PEF	240,100	0	0	0	0	0	0	240,100	-34,451
		Regulatory Period 2015-2019	201,587		1,582	1,500	890	0	0	205,559	
H2	SP81 safety works between the Mira-Oriago and Spinea toll plazas (letter r)	PEF	12,900	0	0	0	0	0	0	12,900	-12,900
		Regulatory Period 2015-2019	0	0	0	0	0	0	0	0	
H2 (*)	Completion & Ancillary Works for the By-pass (letters s-w)	PEF	0	0	0	0	0	0	0	0	0
		Regulatory Period 2015-2019		32,938	2,500	3,400	1,495			40,333	40,333
H2 (*)	Safety works along the connection A27 with A57. (third party contribute) (letter z)	PEF									5,633
		Regulatory Period 2015-2019		5,633							
	Total	PEF	275,760	200	200	200	200	200	2,600	279,360	0
		New Plan	220,202	43,468	4,905	5,400	2,584	200	2,600	279,360	

(*) Based on an annual projection from 2020 to 2032 equal to € 200 thousands.

- 4.16 It is worth noting that:

- the total amount in the Regulatory Period 2015 -2019 is the same of that considered in the original PEF, that is € 279.36 million;
- the investments in Concession Agreement Engagements of Società delle Autostrade di Venezia e Padova (H3 – letters i-k) have been completed with a saving of €1.28 million, that CAV has planned to use in New Investments for Functional Needs (H1);

- the investment for functional needs (H1 – letters a-h), directly managed by CAV, will have an higher cost of € 2.76 million due to some other activities to carry out;
- the investments regarding the By-pass completion works (H2 – letters l, m, o, p, q), managed by ANAS, have been grouped in a new item (H2 letter s);
- further interventions, following the savings occurred, have been planned and are allocated under the letters (t-w);
- safety works on SP 81 (H2 -letter r), have been substituted with “Safety works along the connection A27 with A57 “(H2 -letter z).

4.17 However, for a detailed description of these interventions, please see the following chapters 5 and 6.

4.18 The table below shows in detail each investment.

Table 4.8: Investment plan according to the Regulatory Period 2015-2019

NEW INVESTMENTS (€)		Progress up to 31/12/2014		2015		2016		2017		2018		2019		2020-2032		Total	
		P.F.	accounted	P.F.	Forecast	P.F.	Forecast	P.F.	Forecast	P.F.	Forecast	P.F.	Forecast	P.F.	Forecast	P.F.	Forecast
H1	a.	New Road Signs	2,370,000	185,756	150,000											2,370,000	335,756
	b.	Supply and Installation of Gully Gratings on the By-pass	250,000	223,170												250,000	223,170
	c.	Chloride Stocking Plants	1,000,000	169,153		200,000										1,000,000	369,153
	d.	Automation of toll collection systems	1,950,000	1,943,731		1,803,304		200,000								1,950,000	3,947,035
	e.	Upgrade of telematics system for traffic managing	320,000	443,073	900,000			300,000								320,000	1,643,073
	f.	Remote access control for Preganziol and Spinea toll stations	50,000	39,491												50,000	39,491
	g.	Miscellaneous	1,100,000	1,373,995	200,000	2,042,390	200,000	423,244	200,000	200,000	200,000	200,000	200,000	2,600(*)	2,600(*)	4,900,000	7,039,628
	h.	Restoration of Highway Police Building	300,000	300,000												300,000	300,000
H3	i.	Various Road Connections: SP81 safety works on the SS309 – Mira-Oriago section	6,620,000	5,390,125												6,620,000	5,390,125
	j.	S. Giuliano - SR14 junction	7,800,000	7,746,853												7,800,000	7,746,853
	k.	Roundabout between the Marco Polo link and the - SS14	800,000	800,000												800,000	800,000
	l.	Pianiga and Martellago toll plazas and connecting roads	90,000,000	54,958,735												90,000,000	54,958,735
	m.	Green By-pass	20,000,000	20,323,647												20,000,000	20,323,647
H2	n.	Service areas (one per direction) and stopping areas for truck drivers	4,000,000	28,000				1,582,000		1,500,000		890,000				4,000,000	4,000,000
	o.	Environmental impact mitigation works	13,500,000	5,790,315												13,500,000	5,790,315
	p.	Road connection to the Mestre By-pass	82,900,000	87,300,536												82,900,000	87,300,536
	q.	Ancillary works and costs update	29,700,000	33,185,672												29,700,000	33,185,672
H2	r.	SP81 safety works between the Mira-Oriago and Spinea toll plazas	12,900,000	0												12,900,000	-
H2	s.	Ancillary works of Mestre By-pass			32,938,728												32,938,728

NEW INVESTMENTS (€)			Progress up to 31/12/2014		2015		2016		2017		2018		2019		2020-2032		Total	
H2	t.	Environmental works pertaining the territories affected by the Mestre Bypass and further interventions on environmental mitigation						1,700,000		2,000,000		894,665						4,594,665
H2	u.	New COA in “Venezia Ovest” and update of the IT systems						800,000										800,000
H2	v.	Building for directional offices/logistic/station in “Venezia Ovest”								600,000		600,000						1,200,000
H2	w.	New station building and platform roof in Mirano - Dolo								800,000								800,000
H2	z.	Works for the safety of the connection A27 with A57				5,633,418												5,633,418
TOTAL INVESTMENTS			275,760,000	220,202,252	200,000	43,467,840	200,000	4,905,244	200,000	5,400,000	200,000	2,584,665	200,000	200,000	2,600,000	2,600,000	279,360,000	279,360,000

(*) (*) Based on an annual projection from 2015 to 2032 equal to € 200 thousands.

5 Mestre By-pass and Ancillary Works

The Mestre By-pass

- 5.1 The works pertaining to the Mestre By-pass were included in the First Program for Strategic Infrastructures, as defined by the CIPE Decision 121 dated 21st December 2001, within the framework of Law No. 443 mentioned in previous chapters.
- 5.2 On 6th February 2003, the Board of Directors of ANAS S.p.A. approved the preliminary design of the Mestre Motorway By-pass prepared by the Veneto Region in 1998. Total planned costs amounted to €750 million, €573.71 million of which to be used for contracted works (including €14.11 million for environmental-impact mitigation works, €103.95 million for ancillary works and €176.29 million to cover contingencies).
- 5.3 After the Mestre area was declared to be in state of traffic emergency via the Prime Ministerial Decree (DPCM) of 28th February 2003, and following the subsequent extension of timescales (via the DPCM of 13th February 2004), the Prime Minister appointed a “Commissario Delegato” (Commissioner) for Traffic and Mobility, through the Order No. 3273 of 19th March 2003, to solve the aforesaid state of emergency.
- 5.4 On 16th August 2003 a tender was issued (as per article 80, par. 3, of the DPR 554/1999 then in force) seeking a General Contractor to supply the final and detailed design, to manage the works and carry out the construction of the A4 Motorway By-pass.
- 5.5 The preliminary design was approved by CIPE on 7th November 2003 and then modified to account for the additional requirements specified by the Special Commission for Environmental Impact Assessment of the Environmental and Territorial Heritage Ministry.
- 5.6 In that same Decision, CIPE identified ANAS as the Contracting Authority as per Legislative Decree No. 190/2002. Its functions were however temporarily transferred to the Commissioner for Traffic and Mobility until the end of the emergency. In addition, state funding amounting to €113.4 million was provided, while “the residual €636.6 million should be anticipated by ANAS S.p.A. by means of a loan to be stipulated with Infrastrutture S.p.A. and then paid back in full by the Concession-Holding Companies at the end of works”. It was thus specified that ANAS would not have borne “any financial burden as the additional acts to

be stipulated with the Concession-Holding Companies will require both the capital and the capitalized interests accumulated to that date to be refunded” to ANAS.

- 5.7 Following the cancellation of the restricted tendering procedure (through Decision 3 of 22nd January 2004 of the Commissioner), a negotiated procedure started on 23rd January 2004 (Decision No. 4) for the selection of the General Contractor. This led to the awarding of the contract to “ATI” (Temporary Association of Companies) composed of Impregilo, Grandi Lavori Fincosit and Consorzio Cooperative Costruzioni (Decision 7 of 25th February 2004 of the Commissioner).
- 5.8 During the tendering process, the bidding company stated that it would have covered 33% of the cost of pre-financing (totalling €175 million) and that it would have sub-contracted no less than 70% of the works to qualified companies, listing them precisely.
- 5.9 On 30th April 2004 a contract was signed between the Commissioner and ATI for the final and detailed design, work management and execution of the A4 Motorway By-pass.
- 5.10 The original contract amounted to €530 million, of which €486 million for construction works, €23 million for safety requirements and €20 million for the project design. It also foresaw a total construction period of 1,320 days for the completion of all contracted works, starting from the date of the formal approval of the final design.
- 5.11 Among the obligations entered into by the General Contractor, the contract envisaged the issue of a Work Progress Report every time 10% of the total value of the subcontract was achieved.
- 5.12 Works started on 3rd May 2004 (with a Declaration of Commencement of Works). The deadline for the completion of the works was set for the 2nd of May 2008.
- 5.13 On 17th June 2004, the General Contractor presented the final design to the Client, who approved it subject to some prescriptions, through Decree No. 12/2004 dated 20th September 2004 and Decree No. 2/2005 dated 2nd February 2005. The final costs were defined as in the table below.

Table 5.1: Final design costs

COST ITEMS	FINAL DESIGN AMOUNT
Works	€ 486,913,183.71
Safety	€ 22,900,000.00
Design	€ 20,287,800.00
Total Works	€ 530,100,983.71
Land Acquisitions	€ 145,000,000.00
Interferences	€ 41,206,126.29
General and Technical Costs	€ 33,692,890.00
Total	€ 750,000,000.00

- 5.14 The final design was then sent to MIT on 23rd September 2004.
- 5.15 On 30th June 2004, as per art. 9, par. 2 of D. Lgs. 190/2002, the General Contractor created a Special Purpose Vehicle (SPV) called “Passante di Mestre” (Mestre By-pass) which then substituted the Contracting Party in their relations with the Client.

- 5.16 On 4th November 2004 the SPV presented the detailed design for the first stage of works (as foreseen by art. 3 of the Contract of Commitment).
- 5.17 The Client then appointed the SPV to carry out further services through the following Appendixes to the Act of Commitment:
- Appendix No. 1 dated 19th November 2004 amounting to €2.5 million for Environmental Monitoring Service of Works;
 - Appendix No. 2 dated 24th February 2006 amounting to €2.7 million covering works related to public utilities - ENEL and ACM (Consortium Company of the Mira area);
 - Appendix No. 3 dated 24th February 2006 amounting to €0.7 million for archaeological assistance services during the removal of unexploded ordinances, during excavation activities and the construction and maintenance of the institutional site of the Mestre By-pass;
 - Appendix No. 4 dated 13th October 2006 amounting to €10.7 million for the Detailed Design of the Worksite Plan and environmental monitoring of the Salzano By-pass and for other interventions targeted at solving interference issues;
 - Appendix No. 5 dated 19th February 2008 amounting to €9.1 million for the development of the Detailed Design of further environmental monitoring activities as well as the design and construction of remedial works aimed at removing interferences with other public utilities;
 - Appendix No. 6 dated 14th March 2012 amounting to €1.4 million for the design and carrying out of works aimed at removing interferences with electrical equipment, including work management and plant safety activities until their final testing.
- 5.18 The Appendixes to the contract summarized above are part of the general economic framework. They are listed as “Public utility related works” and “General Technical Costs” and they also include accounting costs.

Variation Reports and Additional Acts

- 5.19 During the construction works five Variation Reports were required, as approved by the Commissioner within his powers.

Variation Report and Additional Act 1

- 5.20 During the verification of compliance of the works with the regulations of the VIA, dated 6th September 2005, the Special VIA Commission recognized that “the final design is not particularly different from the preliminary project, for which an environmental compatibility decree was issued”. They believed however that “some of the regulations indicated during the preliminary stage and adhered to within the final design, actually imposed additional developments in the construction phase”. They prescribed that, in the detailed design as regards the Variation “Ex Cave di Salzano”, the solution identified with letter “C” of the documentation integrating the final design (sent in July 2005) should be adopted and developed.
- 5.21 This Variation assumed that the road track, originally foreseen to have to pass through the Ex Quarry of Salzano, should be moved further East, so as to be closer to the centres of Mestre and Martellago. This way the works would comply with the requirement to minimize the overall impact on the territory in the Municipalities of Salzano and Martellago. The study of the new route also involved the design of a motorway junction and the redefinition of the land-acquisition plan.

- 5.22 With note 3540 dated 9th November 2006, the R.U.P. ordered the Director of Works to proceed to the preparation of a first Additional Variation Report in order to implement the regulations decreed by the Special VIA Commission.
- 5.23 Through Decision of the Commissioner 61 of 20th November 2006, the 1st Additional Variation Report was approved and the new economic framework, whose amount was covered by Budget Law No. 266/2005 (“Legge Finanziaria 2006”), was agreed. This was structured as set out in the following table.

Table 5.2: Economic Framework of Variation Report N. 1

COST ITEMS	AMOUNTS (€)		
	Final design	Additional Act n.1	Delta 1
Works	486,913,183.71	529,323,663.99	42,410,480.28
Safety	22,900,000.00	24,036,631.39	1,136,631.39
Design	20,287,800.00	28,736,242.55	8,448,442.55
Total Works	530,100,983.71	582,096,537.93	51,995,554.22
Land Acquisitions	145,000,000.00	141,756,595.04	-3,243,404.96
Interferences	41,206,126.29	53,560,529.52	12,354,403.23
General and Technical Costs	33,692,890.00	27,954,292.51	5,738,597.49
Total	750,000,000.00	805,367,955.00	55,367,955.00

- 5.24 The First Additional Act to the contract was signed on 22nd November 2006, which foresaw the division of works into two parts:
- All essential works related to the functionality of the main Motorway;
 - “Ancillary” works, which do not affect functionality.
- 5.25 The realization of the second part, amounting to €47,886,441.47 including safety and project costs, would be performed as soon as the necessary economic resources were made available.
- 5.26 Within the first Variation Report the working program was re-defined and a new faster working program was introduced, to be implemented following a request by the part of the Client, in order to achieve the intermediate objectives. The new deadline for the completion of works was set at 30th November 2009.
- 5.27 A new intermediate deadline of 1st July 2007 was also established in order to open the part of the By-pass between the Eastern branch of A4 Motorway and A27 Motorway, in compliance with Additional Act 1, art. 5. To foster the achievement of this objective, a bonus/malus framework was set up consisting of a bonus amounting to €1.5 million in the event of reaching the goal on time, or the enforcement of financial penalties otherwise.

Variation Report and Additional Act 2

- 5.28 On 17th December 2007 the Presidency of the Council of Ministers and the Veneto Region signed an Additional Act to the 2003 General Framework Agreement, with which additional funds were made available to the project – over and above those previously allocated pursuant to art. 1, par. 1045, of Budget Law No. 296/2006 (“Legge Finanziaria 2007”) – for the completion of the Motorway By-pass (€80 million) and for the construction of the so-called “Green By-pass” (€20 million) for a total amount equal to €100 million.

- 5.29 On 11th April 2008, through Decree 3637, the Ministry of Infrastructures and the Ministry of Economics and Finance approved the concession specification between ANAS S.p.A and the Ministry of Infrastructures, as well as the new Financial Plan. Through note CDG-0061169-P dated 29th April 2008, ANAS S.p.A. invited the Commissioner to prepare an Adjustment Report including the new economic parameters foreseen by this Inter-Ministerial Decree, amounting to about €986.4 million.
- 5.30 With the aim of comply with the new design solutions and their consequent adjustments to the amounts needed for expropriations and interferences with public utilities, the Head Project Manager (R.U.P., Responsabile Unico del Procedimento) ordered the Director of Works to prepare the second Additional Variation Report, through note 1046 dated 17th March 2008, then updated with note 1684 dated 7th May 2008.
- 5.31 The works pertaining to the second Variation Report covered a large part of the works included in the 2nd part of the first Variation Report, as well as some project variations, which became necessary during the realization of the following works:
- Adoption and implementation of the Program Agreements signed with the Local Authorities relating to the definition of the environmental impact mitigation works and compensation for the municipalities of Martellago and Mirano;
 - Acceptance of the comments received from the Motorway Concession Holders regarding the works to be realized at the motorway interconnections (Venezia Nord Barrier and Venezia Est Barrier), at the toll plazas of Spinea and of Preganziol , and those relating to the demolition of the existing barriers of Roncade and Mogliano Veneto;
 - Adoption of what is foreseen by Annex 1 to the “Additional Act to the General Framework Agreement dated 24th October 2003 between the Government and the Veneto Region” signed on 17th December 2007, in relation to the construction of the so-called “Green By-pass”.
- 5.32 The detailed definition of the works mentioned above led to an increase in total costs, as a result of the works relating to public utilities, land acquisition and general and technical costs. Through Decision 384 of the Commissioner dated 11th December 2008, the second Additional Variation Report was approved, with the costs set out in the table below.

Table 5.3: Costs related to the Second Variation Report

COST ITEMS	AMOUNTS (€)		
	Additional Act 1	Additional Act 2	Difference
Works	529,323,663.99	624,950,682.81	95,627,018.82
Safety	24,036,631.39	28,548,043.25	4,511,411.86
Design	28,736,242.55	32,439,706.35	3,703,463.80
Total Works	582,096,537.93	685,938,432.41	103,841,894.48
Land Acquisitions	141,756,595.04	197,484,603.61	55,728,008.57
Interferences	53,560,529.52	70,044,275.84	16,483,746.32
General and Technical Costs	27,954,292.51	32,967,780.65	5,013,488.14
Total	805,367,955.00	986,435,092.51	181,067,137.51

- 5.33 On 11th December 2008, Additional Act 2 to the contract dated 30th April 2004 was signed which included the construction of the works mentioned above.

- 5.34 Additional Act 2 also redefined the deadlines for the completion of works. Those were fixed respectively at 30th November 2009 as regards the completion of the Motorway axis and at 30th April 2010 as regards the completion of all contractual and additional works.
- 5.35 The new deadlines also allowed for the introduction of a bonus scheme under the following circumstances:
- 0.1% of the total amount of works, for every day in advance of the final deadline for the construction of the motorway axis, for the first 200 days;
 - 0.33% of the amount mentioned above, for every day of further advance after the first 200 days.
- 5.36 The total amount of the bonus should not exceed 6% of the contractual amount indicated above.
- 5.37 In the event of non-compliance with the contractual terms relating to the main axis, a daily penalty shall be paid amounting to 0.5% of the value of the works up to a maximum of 10%. In the event that the works are not delivered within the set deadline (30th April 2010) a daily penalty shall be paid amounting to 0.5%, calculated on the value of works still to be completed.

Variation Report and Additional Act 3

- 5.38 A further part of the works included in the 2nd part of Additional Act 1 continued to be outstanding also in the 2nd Variation Report, until full financial coverage was achieved and/or up to the complete fulfilment of authorization procedures. These were, in particular, the following complementary works:
- Variation of Robegano and its cycle lane in the SIC areas;
 - Demolition of the Roncade Barrier;
 - The Eastern By-pass of Campocroce (2nd Stage);
 - The New Connection S.P. 64 – Zermanesa – A27;
 - Martellago and Scorzè toll plazas.
- 5.39 Moreover, during the works it was agreed to no longer move the Venice – Mestre toll plaza (Venezia Ovest) to the Roncoduro area, given its proximity to the new A4-A57 interconnection and the likely congestion that this would cause on the A4 due to high traffic flows.
- 5.40 Finally the environmental impact mitigation project was revised, following a request from the local authorities and given the new territorial layout of the areas bordering with the Motorway By-pass.
- 5.41 Through note 3635 of 18th September 2009, addressed to the R.U.P., the Commissioner requested the preparation of the third Additional Variation Report.
- 5.42 In relation to financial coverage, C.A.V. communicated to the Commissioner (through note 2776 of 30th March 2010) that a new Concession Agreement was signed by ANAS S.p.A. and C.A.V. S.p.A. on 23rd March 2010, in which the updated Economic and Financial Plan of C.A.V. S.p.A. was agreed, following approval at the C.A.V. General Meeting on 22nd May 2009. This Plan included the carrying out of a set of works including:
- The toll plaza of “Dolo-Pianiga” and “Martellago-Scorzè and related junction”,
 - The “Green By-pass”,
 - The “Environmental Impact Mitigation works”,

- The feeder roads to Access the Motorway By-pass,
 - Ancillary Works.
- and cost updating.

- 5.43 With Decision 519 of 19th April 2010, the Commissioner approved the 3rd Additional Variation Report, which included the design and construction of the “Martellago and Scorzé” toll plazas, as well as the “Dolo-Pianiga” toll plaza and the completion of the feeder road network with the new motorway.
- 5.44 The Joint Decree 3637 of the Ministry of Infrastructures and the Ministry of Economics and Finances of 11th April 2008, along with the new Economic and Financial Plan attached to the Concession Agreement mentioned above between ANAS S.p.A. and C.A.V. S.p.A. dated 23rd March 2010 ensured financial coverage for the project.

Table 5.4: Costs included in Variation Report 3

COST ITEMS	AMOUNTS (€)		
	Additional Act. 2	Additional Act 3	Difference
Works	624,950,682.81	734,426,410.99	109,475,728.18
Safety	28,548,043.25	33,696,796.21	5,148,752.96
Design	32,439,706.35	36,931,997.13	4,492,290.78
Total Works	685,938,432.41	805,055,204.33	119,116,771.92
Land Acquisitions	197,484,603.61	224,604,603.61	27,120,000.00
Interferences	70,044,275.84	79,194,275.84	9,150,000.00
General and Technical Costs	32,967,780.65	77,141,008.73	44,173,228.08
Total	986,435,092.51	1,185,995,092.51	199,560,000.00

- 5.45 On 20th April 2010 Additional Act 3 was signed between the Commissioner and the General Contractor. It involved the reorganization of the Investment Program and an extension of the deadline (to 30th November 2012) for the completion of all works defined within the contract.
- 5.46 Given that the Concession Agreement was not approved by the Ministers, ANAS S.p.A. allowed S.C.A.V. S.p.A. to bring forward the financial resources to complete the Mestre By-pass. This way work continuity was guaranteed, as explicitly requested by the Commissioner with request 2173 of 2nd August 2010, within the limits of the Economic and Financial Plan, pending the approval of the Concession Agreement. On 9th December 2010 CAV S.p.A. and the Commissioner entered into a Memorandum of Understanding in order to regulate the arrangements as for the distribution of funds needed to continue the activities.
- 5.47 On 22nd November 2011, through Joint Decree 408 of the Ministry of Economics and Finance and of the Ministry of Infrastructure and Transport, registered at the Court of Accounts on 23rd February 2012, the Concession Agreement signed by ANAS S.p.A. and CAV S.p.A. of 23rd March 2010 was approved.

Variation Report and Additional Act 4

- 5.48 During the preliminary assessment of the project of ancillary works, some conditions were imposed by the Local Authorities leading to a review of the project. In relation to the area of the A4-A57 junction, located West of Mestre, some important infrastructural works were executed by other State and Regional authorities leading to a review of project design and in particular:

- the preliminary project of the “Nuova Romea”, where a new junction with the A4 and a connection to the Mestre By-pass were foreseen at the Dolo intersection, in the Roncoduro area;
- the preliminary project of the so-called “Nuova Camionabile” (New Truck Road) along the Padova-Venice inland waterway, situated South of SR 11 “Padana Superiore”, a project that was introduced into the Preliminary Project of the Grande Raccordo Autostradale di Padova (GRAP);
- the urban plan of the complex called “Veneto City” – with mostly office and commercial spaces – located in the municipalities of Dolo and Pianiga, near the A4;
- the need for urgent works aimed at improving road access to the motorway system of the Brenta shores to and from Mestre, given the above mentioned description of the condition of the infrastructure.

5.49 While waiting for this redefinition of the Brenta shore and the role of other state and regional organizations, the following was considered necessary:

- not to proceed with the approval of the preliminary design of the Dolo-Pianiga toll plaza;
- to integrate the A4/A57 junction with local traffic, through the construction of a partial junction, in the Roncoduro area, to and from Venice, in order to alleviate the Mirano-Dolo toll plaza at Vetrego, facilitating access to the motorway and reducing non-motorway traffic levels along the Brenta shore (SR 11 “Padana Superiore”).

5.50 The following projects were approved subject to some conditions:

- final design of the Martellago-Scorzé toll plazas on 28th May 2012 with Commissioner Decree 17;
- final design of the new connection of Marcon with Commissioner Decree 18 of 28th May 2012.

5.51 All these modifications were adopted in the 4th Variation Report, prepared by the Director of Works and included in Note 1696 of 28th May 2012. They were approved by Commissioner Decree 19 of 28th May 2012.

5.52 The Additional Variation Report, amounting to €1,215 million plus VAT and other taxes, is covered by the Economic and Financial Plan attached to the Concession Agreement signed between ANAS S.p.A. and CAV S.p.A. on 23rd March 2010, approved by Joint Decree 408 of the Ministry of Infrastructure and Transport and the Ministry of Economics and Finance on 22nd November 2011, registered at the Court of Accounts on 23rd February 2012.

Table 5.5: Costs included in Variation Report 4

COST ITEMS	AMOUNTS (€)		
	Additional Act 3	Additional Act 4	Difference
Works	734,426,410.99	741,061,738.50	6,635,327.51
Safety	33,696,796.21	34,011,076.53	314,280.32
Design	36,931,997.13	38,147,861.70	1,215,864.57
Total Works	805,055,204.33	813,220,676.73	8,165,472.40
Land Acquisitions	224,604,603.61	236,119,122.85	11,514,519.24
Interferences	79,194,275.84	89,193,137.47	9,998,861.63
General and Technical Costs	77,141,008.73	77,325,062.95	184,054.22
Total	1,185,995,092.51	1,215,858,000.00	29,862,907.49

- 5.53 On 28th May 2012 the Commissioner and the General Contractor signed the Additional Act 4 to the contract, dated 30th April 2004, which included the reorganization of the Work Program and a new delivery deadline of 20th November 2014.

Variation Report and Additional Act 5

- 5.54 During the execution of the works the Site Manager pointed out some problems that have been solved in the Variation Report No. 5, with the consent of ANAS' Traffic Department for the Veneto Region.
- 5.55 The Variation Report No. 5 approved by the Grantor on 9th December 2014 does not foresee any increase in the contract value, except for a provision amounting to € 35.3 million relating to an increase in the cost of materials recognised through a Decree of the Ministry of Transport dated 30th September 2010, and financed through the funds identified in law DL 162/2008.
- 5.56 The Variation Report No. 5 includes:
- a reduction in the size of works due to the exclusion of the junction of Roncoduro;
 - an increase in the amounts available due to the inclusion of activities required by the Grantor, third part Authorities (Enti Terzi) and the Court of Venice.
- 5.57 The savings deriving from the exclusion of the junction of Roncoduro compensated the cost increase relating to the major works and the Registration Taxes, then in the summary project costs a reduction of works is accompanied by an increase in the sums available, as detailed in the table below.

Table 5.6: Costs included in Variation Report 5

COST ITEMS	AMOUNTS (€)		
	Additional Act 4	Additional Act 5	Difference
Works	741,061,738.50	733,543,367.54	-7,518,370.96
Safety	34,011,076.53	33,657,480.03	-353,596.50
Design	38,147,861.70	38,078,407.63	-69,454.07
Total Works	813,220,676.73	805,279,255.20	-7,941,421.53
Land Acquisitions	236,119,122.85	252,849,734.88	16,730,612.03
Interferences	89,193,137.47	75,494,359.97	-13,698,777.50
General and Technical Costs	77,325,062.95	82,234,649.95	4,909,587.00
Total	1,215,858,000.00	1,215,858,000.00	0.00
Prices Review	35,297,479.92	35,297,479.92	0.00
Total	1,251,155,479.92	1,251,155,479.92	0.00

- 5.58 It is important to note that the Variation Report No. 5 does not foresee any increase in the contract value, except for the increase in the cost of materials, and that in any case art. 3.2 of the Concession Agreement requires that CAV repays to ANAS the pre-financing provided for the construction of the Mestre By-pass, including all expenses and financing costs up to the maximum amount set out in the Financial Plan, as confirmed in the ANAS -Veneto Department letter (ref. 26849) sent to CAV on 7th August 2014.

By-pass investment progress

- 5.59 Based on the analysis of the accounting documentation, the works pertaining to the By-pass have been completed (including ancillary works). Moreover, according to the information provided by CAV, the general project progress, including land acquisitions, the solution of interference issues with public utilities and general technical expenses is to around 98%, with reference to the amounts approved by Additional Act No. 5.
- 5.60 The table below sets out the bypass investment progress broken down into the different items, that is works, safety, design, etc.

Table 5.7: By-pass investment progress at 30. 09.2015

	ADDITIONAL ACT 5	Progress at 30.09.2015		Outstanding
	€	%	€	€
Works	733,543,367.54	100%	733,543,367.54	
Safety	33,657,480.03	100%	33,657,480.03	
Design	38,078,407.63	100%	38,078,407.63	
Total Works	805,279,255.20	100%	805,279,255.20	-
Land Acquisition	252,849,734.88	95.81%	242,265,288.05	10,584,445.92
Interferences	75,494,359.97	96.42%	72,792,475.08	2,701,884.38
General and Technical Costs	82,234,649.95	85.45%	70,272,437.72	11,962,212.23
Total	1,215,858,000.00	97.92%	1,190,609,456.96	25,248,543.04
Price review	35,297,479.92	100.00%	35,297,479.92	-
Total	1,251,155,479.92	97.98%	1,225,906,936.85	25,248,543.04

- 5.61 The table below shows in detail the latest accounting document released for each item included in the approved Economic Framework of Expenses (Quadro Economico di Spesa).

Table 5.8: Investment Progress on 30.09.2015 – cost items in detail

	Cost items	Additional ACT 5	SAL		
		Amount (€)	Amount (€)	Progress %	Reference to the latest SAL (Analysed)
A	Works	733,543,367.54			Final SAL on 10/07/2015
B	Safety	33,657,480.03			
C	Design	38,078,407.63			
D	Total Works (A+B+C)	805,279,255.20	805,279,255.20	100%	
E1	Land acquisitions (General Contractor)	244,236,017.71	235,328,213.34	96.35%	SAL 107 on 31/08/2015
E2	Legal expenses	1,250,000.00	0.00	0.00%	
E3	Land acquisitions (no General Contractor)	863,717.17	863,717.17	100.00%	
E4	Financial expenses tax office (Land acquisitions)	6,400,000.00	6,010,930.51	93.92%	SAL 107 on 31/08/2015 (single accounting with E1)

	Cost items	Additional ACT 5	SAL		
E5	Financial expenses tax office (Main Interferences)	100,000.00	62,427.94	62.43%	SAL 90 on 10/07/2015
E	Land acquisitions	252,849,734.88	242,265,288.96	95.81%	
F1	Main Interferences (F1.1+...+F1.6)	68,494,359.97	65,999,430.40	96.36%	
F1.1	Main Interferences – Other Organizations	49,257,580.99	46,765,538.35	94.94%	SAL 90 on 10/07/2015 (single accounting with E5)
F1.2	SNAM Interference Credit Note	-1,028,681.04	-1,028,681.04	100.00%	
F1.3	Appendix 2 – Solution of Interferences Enel –ACM	2,716,656.20	2,716,656.20	100.00%	SAL 14 on 31/03/2009
F1.4	Appendix 4 – Solution of Interferences CUA I - Enel - Ambiente - ACM - Telecom .SPZ – Public Lighting	7,803,165.03	7,803,165.03	100.00%	SAL 27 on 31/07/2011
F1.5	Appendix 5 .Final Design, solution of Interferences Veritas Aqueduct, RFI, MT and BT Lines - Enel, Environmental Monitoring	8,334,278.12	8,334,278.12	100.00%	SAL 17 on 30/04/2014
F1.6	Appendix 6	1,411,360.67	1,408,473.74	99.80%	SAL 6 on 30/11/2014
F2	Minor Interferences	7,000,000.00	6,793,044.90	97.04%	SAL 16 on 31/04/2014
F	Interferences (F1+F2)	75,494,359.97	72,792,475.30	96.42%	
G1	Appendix 1 – Environmental Monitoring	2,553,442.31	2,553,442.31	100.00%	SAL 11 on 30/11/2009
G2	Appendix 3 – Archaeology and Web Site	815,160.00	815,160.00	100.00%	SAL 21 on 31/12/2008
G3	Appendix 4 (excluding interferences)	3,357,855.20	3,357,855.41	100.00%	SAL 27 on 31/07/2011 (single accounting with F1.4)
G4	Appendix 5 (excluding interferences)	2,073,253.16	2,073,253.18	100.00%	SAL.17 on 30/04/2014 (single accounting with F1.5)

	Cost items	Additional ACT 5	SAL		
G5	Continuation of environmental monitoring and web site	0.00	Removed item with Additional Act n.4		
G6	A4-A27	1,500,000.00	1,500,000.00	100.00%	Payment Certificate n. 1 of 01/10/2007
G7	Areas recovery	0.00	Removed item with Additional Act n.4		
G8	Lab Testing	2,730,704.85	2,641,583.88	96.74%	SAL n. 5 on 31/05/2014
G9	Other General Technical Expenses	25,234,380.75	23,845,379.33	94.50%	
G10	Inventive payments for early opening of the By-pass	31,724,042.49	31,724,042.49	100.00%	Payment Certificate n. 1 of 09/08/2010
G11	Sums at available for Roncade Barriers	0.00	Removed item with Additional Act n.4		
G12	Unforeseen events for construction of toll plazas including safety costs	0.00	Removed item with Additional Act n.4		
G13	Sums available for the Martellago Link and its Roundabout	3,795,459.72	0.00	0.00%	
G14	Sums available for extension of Sound barriers	1,940,000.00	0.00	0.00%	
G15	Sums available for Technological toll collection systems - Martellago and Roncoduro toll plazas	1,700,000.00	1,503,420.87	88.44%	SAL n. 2 on 13/02/2015
G16	Price Review	974,101.47	0.00	0.00%	
G17	Archaeologist costs	290,000.00	258,300.00	89.07%	SAL n. 1 on 31/03/2015
G18	Agreement with RFI for Vetrego Junction	3,236,250.00	0.00	0.00%	
G19	Incentive Fund ex art 92	250,000.00	0.00	0.00%	
G20	Expenses publication	60,000.00	0.00	0.00%	
G	General Technical Expenses (G1+...+G19)	82,234,649.95	70,272,437.47	85.45%	
	Total (D+E+F+G)	1,215,858,000.00	1.190.609.456,93	97.92%	
	Price Review (Ministry Decree 30.09.2010)	35,297,479.92	35,297,479.92	100.00%	
	Total	1,251,155,479.92	1,225,906,936.85	97.98%	

- 5.62 Based on the analysis of the accounting documents, and summarized in the table above, we can infer that separate accounting was prepared for the cost items reported in table 5.7, as detailed below:
- Works: activities completed on 1st December 2014, except minor works pertaining the toll plaza at Martellago –Scorzè and new road connection at Marcon to be finished within 60 days. However, on 10th July 2015 the Final SAL, amounting to € 805,279,255.20, has been issued by ANAS.
 - Land Acquisitions: in progress, percentage complete equal to 95.81%. According to the information given by the Company, the determination of compensation for expropriations was conducted, pursuant to a specific agreement signed, *inter alia*, by the President of Veneto Region and representatives of the agriculturalists on 6th October 2003. Moreover, the criteria for estimation dictated by the rules for the expropriation for public utility; condemned by the Constitutional Court No. 181 of June 7, 2011, is not applicable to the present project. Therefore, the risk related to uncertainty on the evaluations for land acquisition can be considered low.
 - Main Interferences – Other Organizations: in progress, percentage of progress equal to 96.36%;
 - Minor Interferences: in progress, percentage complete equal to 97.04%;
 - Appendix 1: activity completed;
 - Appendix 2: activity completed;
 - Appendix 3: activity completed;
 - Appendix 4: activity completed;
 - Appendix 5: activity completed;
 - Appendix 6: activity completed;
 - Lab Testing: in progress, percentage complete equal to 96.74%;
- 5.63 Line item D “Works” also includes the accounting of the ancillary works foreseen in the investment plan of CAV.
- 5.64 The General Contractor, having complied with the schedule foreseen the Additional Acts. 1 and 3, obtained the following incentive payments:
- €1.5 million for further costs linked to the early completion of the works needed for the fit-for-use tests of the connection between the A4 and the A27 in the Quarto d’Altino area (VE), as foreseen in Additional Act 1.
 - €31.72 million for further costs linked to the early completion of the works needed for the fit-for-use testing of the motorway route of the Mestre By-pass, as foreseen in Additional Act 2.
- 5.65 In addition, a provision, amounting to €35.3 million and related to the increase in the cost of materials, was recognised to the General Contractor through a Decree of the Ministry of Transport dated 30th September 2010 and financed through the fund identified in law DL 162/2008. Moreover, the above mentioned sum is included in the Variation Request No.5.

Main axis - completion of Works and Partial Final Testing

- 5.66 On 9th June 2008, the Testing Commission issued the Partial Final Testing certificate for the connection between the A4 and A27 Motorways, only for the transit carriageway toward Trieste-Milan. Before that, on 7th August 2007, the infrastructure was opened to transit traffic and the Testing Commission issued the due verification Report ex art. 200 of D.P.R. 554/99 on

27th July 2007. With the partial certificate above, the Commission also verified that all the static tests regarding the main crossing works of both carriageways had been carried out.

- 5.67 The completion of works along the Main Axis of the By-pass was verified through a Verification Report by the Director of Works on 6th February 2009 and then modified, following a request from the Testing Commission, in relation to the regulations formulated during the verification procedure ex art. 200 of DPR 554/99, as well as to those formulated by ANAS, with Certificate of Verification by the Director of Works on 8th February 2009.
- 5.68 On the same day, the Mestre Motorway By-pass was opened to vehicle traffic, and its management was awarded to CAV S.p.A. – the concession-holding company for the management of the Mestre By-pass, 50% owned by ANAS S.p.A and by the Veneto Region – subject to the signing of the following:
- the Anticipated Delivery Report of works along the main axis, from the SPV to the Concession Authority, subsequently delivered to CAV S.p.A.;
 - the Report on Safety (Fit-for-use Report) signed by ANAS, by the Commissioner and CAV.
- 5.69 In 2009 the toll plazas of Preganziol, Spinea and the A4/A27 junction were opened, although part of the ancillary works were still to be completed. The details of the completed works and their verification reports confirming their completion are:
- Preganziol toll plazas – Report dated 16th February 2009;
 - Mogliano Veneto Barrier – Report dated 21st May 2009;
 - Spinea toll plaza and connection with SP 81 – Report dated 29th June 2009;
 - Plants – Report dated 7th October 2009 i.e.:
 - Electrical feeding equipment
 - Special equipment
 - Platform rainwater disposal equipment
 - Platform rainwater collection and treatment plants (de-oiling system)
 - Anti-fog equipment
 - Equipment for the monitoring of electromechanical plants and the control centre of Villabona
 - Telephone amplification system.
- 5.70 At the completion of each of the works mentioned above the following delivery reports were prepared and signed certifying the handover from the Grantor to the Concessionaire:
- 17th February 2009: Report on the early taking-over of the Preganziol toll plaza;
 - 9th July 2009: Report on the early taking-over of the Spinea toll plaza;
 - 20th November 2009: Report of delivery of the plants pertaining to the By-pass Main Axis.
- 5.71 On 1st December 2009 the Testing Commission made the final visit to the work site in order to issue the Partial Technical-Administrative Approval of the works described above. The Approval was signed on 10th March 2010, confirming the following points:
- the technical conformity of the works to the requirements: their correspondence to the project and contract, the adequacy of the interventions, the tests carried out, of the materials used and the compliance to the original specifications;
 - the registration of the declarations of conformity (as per L. 46/90) of all types of plants and user and maintenance manuals of all other equipment;
 - the conformity of the accounts;

- the regular payment of taxes and contributions by the companies signing the awarding contracts and by their subcontractors.

Ancillary Works (H2)

- 5.72 The investment plan attached to the Concession Agreement includes ancillary works to the Mestre By-pass, amounting to €240.1 million, which are subdivided as follows:
- €231 million directly managed by ANAS within the Contract for the construction of the Mestre By-pass. These correspond to the investments introduced by the Third Variation Report and subsequent Additional Act 3. In particular, they concern the completion of the works as per paragraphs l, m, o, p (partial), q of the Financial Plan attached to the Concession Agreement, included in the table below.
 - €5 million for the achievement of “Intervention n. 29 –Mogliano Veneto Northern By-pass” – included in paragraph p of the Economic Financial Plan and in the following table. The intervention was prescribed by the Memorandum of Understanding signed on the 12th December 2011 by the Province of Treviso, Veneto Region, Veneto Strade S.p.A. and CAV S.p.A., which required the Province of Treviso to proceed with the detailed design and subsequent construction of the Mestre By-pass complementary works identified as “Intervention n. 29 – Mogliano Veneto Northern By-pass”. CAV contributed to these work – to date completed – by providing €5 million of funding.
 - €4 million for the Service Areas (one per direction) and stopping areas for heavy vehicle (as indicated at paragraph “n” of the Economic Financial Plan and in the table below), managed directly by CAV. CAV decided to postpone the carrying out of these works given the recent economic downturn. Nevertheless, in 2013 CAV commissioned a feasibility study for the localisation of the two service areas. Following the completion of this study, the Ministry of Infrastructure and Transport – as per document ref. 0017262 dated 5th May 2014 – invited the concessionaires to suspend for 18 months the tenders for the construction of new service areas. Currently, a new schedule of this investment has been included in the new plan of the Regulatory Period 2015-2019.
- 5.73 The By-pass ancillary works have been completed on 1st December 2014 and the Final SAL has been released on 10th July 2015. These investments, financed by CAV, as foreseen by art 2 letter c of the Concession Agreement, were executed by the Commissioner Delegate for the Environmental-Social-Economical Emergency of the city of Mestre until 31st May 2012, after which ANAS’ Traffic Department took charge for the Veneto Region. CAV continues to pay for the works.
- 5.74 The following table shows in detail the interventions relating to the ancillary works to the By-pass, foreseen in the Investment Plan and their progress at 30th September 2015:

Table 5.9: NEW INVESTMENT - COMPLETION WORKS FOR THE MESTRE BYPASS – progress at 30.09.2015

NEW INVESTMENTS – COMPLETION WORKS FOR THE MESTRE BYPASS (*)		2009/2032			
IMMOBILIZATIONS IN TRANSFERABLE ASSETS (H2)		P.F. (€ thousands)	Executed up to 30/09/2015 (€ thousands)	Foreseen year of realization	Investment Status
I	Pianiga and Martellago toll plazas and connection roads	90,000	54,958	2010-2013	Since 1 st January 2015 the investment has been grouped in a new item letter s.
m	Green By-pass	20,000	20,323	2010-2013	Since 1 st January 2015 the investment has been grouped in a new item letter s.
n	Service areas (one per direction) and parking areas for truck drivers	4,000	28	2010-2011	In progress
o	Environmental impact mitigation measures	13,500	5,790	2010-2013	Since 1 st January 2015 the investment has been grouped in a new item letter s.
p	Road connection to the motorway By-pass	82,900	87,301	2010-2014	Since 1 st January 2015 the investment has been grouped in a new item letter s.
q	Ancillary works and costs update	29,700	33,186	2010	Since 1 st January 2015 the investment has been grouped in a new item letter s.
s	Ancillary works of Mestre By-pass	-	7,690	2015	in progress
Total		240,100	209,277		

5.75 From the table above, It is worth to highlight that all the investments should have been completed by now, for a total amount of €240.1 million, while up to now some investments must still be completed. However, excluding the “Service areas (one per direction) and parking areas for truck drivers (letter n)”, in charge of CAV, according to the Completion Certificate released by ANAS, all the works associated under H2 investment have been completed, remaining to sustain only the indirect costs (land acquisitions, removal of interferences, etc). Finally, CAV estimates that €32.938 million will be spent in 2015 to finalise the investments, as already indicated in the table 4.7.

5.76 Regarding the investment “Service areas (one per direction) and parking areas for truck drivers (letter n)”, MIT- SVCA issued a note on 7th August 2015 identifying a new distribution of the existing and future service areas in the motorway networks. According to this note, the

implementation of the above mentioned service areas has been cancelled. Although, on 23th September 2015 CAV has formally required the Grantor to come back on the decision taken, highlighting the strategic importance of these service areas in a long section of motorway (around 60 km).

- 5.77 In recent years the carrying out of ancillary works focused primarily on the large “Green By-pass” and on the connections to be made between the By-pass and the conventional road network, including, for example, the connection between SP 64 Zermanesa and the A27 in the municipality of Mogliano, Variation SP 65 to the town of Campocroce, the “Robegano motorway link road” between Martellago and Salzano, the motorway link road to the provincial road system in Campocroce, the motorway link road between the “Zermanesa” and the A27 and the Variant of Robegano.
- 5.78 In 2013 and 2014, works were concentrated primarily on the motorway plaza of Martellago-Scorzé and the Marcon connection.
- 5.79 The Marcon connection is a standard project intervention aimed at improving the flow of ordinary and local traffic through the construction of appropriate infrastructure to access the trunk roads. This project involves the construction of a large viaduct and three service roundabouts facilitating access to the A57, thereby relieving the traffic generated by the commercial centre in the Marcon territory.
- 5.80 The other important project of 2013 was the motorway toll plaza of Martellago-Scorzé aimed at opening the By-pass to the main traffic flows of a vast area around the provinces of Venice and Treviso. Works continued during the whole year in 2013 and 2014 notwithstanding difficult weather conditions and have been completed to date.

Claims

- 5.81 The Contractor has subscribed the Final SAL, claiming for further expenses (claims from 19 to 22 and a compensation request due to increase of raw materials) totalling around € 2.3 million, as below detailed:
- Claim No. 19 € 1,103,65.92
 - Claim No. 20 € 141,308.63
 - Claim No. 21 € 203,632.20
 - Claim No. 22 € 189,581.84
 - Compensation request - € 701,992.85
- 5.82 As known, the Contractor waived the claims from 1 to 16 which were not updated after the Variation Report No. 4 and the connected Additional Act, as per art. 190 and 191 of the Implementation Regulation of the Code of Public Contracts (DPR 207/2010).
- 5.83 The Variation Report No. 5 included:
- the waiver of the claims No. 17 and 18, submitted after the Variation Report No. 4, totalling €1.68 million;
 - the suspension of claim No. 19, amounting €0.74 million until the issue of the reimbursement certification of legal costs;
 - the waiver of the subscription of any possible claim connected to the activities of Variation Report No. 5.

Technical Consultant's Opinion

- 5.84 We would like to highlight that CAV, in its capacity as the financing party of the Mestre By-pass and of its ancillary works, does not have any decision making power in relation to the time frame and economic management of activities. It only gathers information based on the management undertaken by ANAS. Anyway, CAV monitors work progress and in compliance with standard obligations, informs MIT through quarterly communications about the progress of subcontracted works (last update on 30st June 2015 with Note 11584 on 8th August 2015 within the quarterly update).
- 5.85 The Concession Agreement states that CAV shall finance the following:
- €986 million paid by ANAS for the realization of the By-pass;
 - €231 million for ancillary works to the By-pass;
- Equalling a total of €1,216 million, that is the amount of the Variation Request No. 5, net the Price Review (Ministry Decree 30.09.2010).
- 5.86 The investments for ancillary works, except for the “Intervention n. 29 –Mogliano Veneto Northern By-pass” and the “Service Areas totalizing € 9 million., were managed by ANAS and they were included in the By-pass contract through Additional Acts 3, 4 and 5. The amount foreseen by the CAV Concession Agreement appears to be sufficient to cover the whole contractual amount for the construction of the Mestre By-pass and of its ancillary works, considering that the works have been already completed.
- 5.87 The Variation Report No. 5 approved by the Grantor the 9th December 2014 does not foresee any increase in the contract value, except for a provision amounting to €35.3 million, relating to the increase in the cost of materials recognised through a Decree of the Ministry of Transport dated 30th September 2010 and financed through the fund identified in law DL 162/2008. It is important to note that in any case art. 3.2 of the Concession Agreement requires that CAV repays to ANAS the pre-financing provided for the construction of the Mestre By-pass, including all expenses and financing costs up to the maximum amount set out in the Financial Plan, as confirmed in the ANAS -Veneto Department letter (ref. 26849) sent to CAV on 7th August 2014.
- 5.88 It is also important to note that the new investments (for a total of €240.1 million) covering the completion works of the Mestre By-pass have been delayed when compared to the original schedule attached to the Concession Agreement (completion within 2014). However, excluding the “Service areas (one per direction) and parking areas for truck drivers”, at 30st September 2015, almost all of the budgeted investments have been performed (amounting to €209.3million) and no significant extra costs are expected to come, being the works completed.
- 5.89 The Contractor has subscribed the Final SAL, released on 10th July 2015, claiming for further expenses (claims from 19 to 22 and a compensation request) totalling around € 2.3 million.

6 Other Interventions envisaged by the Concession Agreement and related to the remaining network

New functional investments (H1)

- 6.1 As set out in Chapter 4 a set of additional investments are necessary to guarantee the functionality of the motorway network in concession. They are divided into two categories:
- Transferrable Assets, including investments which will be given for free to the Grantor at the end of the Concession (items a, b, c, d e, f table 6.1)
 - Intangible assets including investments done for third parties (item h of table 6.1)
- 6.2 As part of the transferrable asset investments the company will install new vertical signs as well as carry out works aimed at protecting the road surface from the accumulation of rainwater.
- 6.3 Furthermore, some investments will be focused on the increased automation of the toll plazas with the conversion of manned lanes to automatic machines.
- 6.4 CAV also plans to improve the telematics system for the management of traffic, through the installation of additional Variable Message Panels and through the upgrading of software at the traffic control centre.
- 6.5 Finally the company plans to build two chloride stocking plants for the management of winter maintenance and for the preparation of remote control access to the automatic stations of Preganziol an Spinea.
- 6.6 Included in the intangible asset investments in the financial plan is also a contribution for the restoration of the old Highway Police Building of Mestre.
- 6.7 The table below shows the situation of investments described above as at the 30th September 2015.

Table 6.1: Functional Investments –progress at 30.09.2015

FUNCTIONAL INVESTMENTS (H1)		2009/2032				
IMMOBILIZATION OF TRANSFERRABLE ASSETS		P.F. (€ thousands)	Foreseen Year of Realization	Executed at 30/09/2015 (€ thousands)	Work foreseen	Note
a.	New Sign Plants	2,370	2010-2013	196	140	completed in 2010 - new activities in 2015
b.	Supply and Laying of Gully Gratings on the By-pass	250	2010	223	-	completed in 2012
c.	Chloride Stocking Plants	1,000	2011-2012	169	200	completed in 2012 - new activities in 2016
d.	Automation of toll payment systems	1,950	2009-2012	1,944	2,003	in progress
e.	Upgrade of telematics system for traffic monitoring	320	2010-2011	443	1,200	completed in 2012 - new activities in 2015
f.	Remote access control for Preganziol and Spinea toll plaza	50	2010	39	-	completed in 2010
g.	Other	4,900	2009-2032	2,022	5,018	in progress
	Total Immobilization of Transferrable Assets	10,840		5,036	8,561	
INTANGIBLE ASSETS (contributions to third parties)						
h.	Restoration of Highway Police Building	300	2010	300	-	completed in 2013
Total		11,140		13,897		

- 6.8 It is worth noting that, in some cases, there have been savings on those investments that have been completed even if, in general, the investments are delayed compared to the original plan. CAV, in a letter to MIT ref. 7363 of the 23rd May 2014, and in the following updating, provided the explanations for these delays in the comments included in the following paragraphs.
- 6.9 In the period between 2009-2011, still waiting for the approval of the Concession Agreement, the Company only made the investments which could not be postponed (included in the letters a, b, c, d, e, f, g of the Concession Agreement), i.e. the investments needed to grant the functionality and safety of traffic along the motorway network of their competence. This led to a delay in the program of investments.
- 6.10 The future activities for each investment are as follows:

- New Sign Plants (letter a) – During 2015 some safety barriers will be placed at the connections of the A57. The amount foreseen for the activity is € 0.150 million and completed to 30th September 2015 for an amount equal to € 0.01 million.
- Chloride Stocking Plants (letter c) - Some improvements are foreseen on the collecting systems of trickling materials coming from the depot areas of chloride. The sum allocated is € 0.2 million.
- Automation of toll payment systems (letter d) - The Company started programming the additional interventions included in the note 8418 dated 27th June 2013 sent to MIT:
 1. Supply and installation of the “automatic cashier” toll-payment equipment amounting to €0.22 million, approved by Decree M_INF-SVCA 697 of the 23rd January 2014;
 2. Supply and installation of the necessary equipment to comply with the requirements of the European Telematics Toll-Payment System amounting to €1.92 million, still awaiting approval.

During 2015, some variations pertaining the Telepass lanes (from SB 96 systems to CRONOS) and “European Remote Toll Service” are foreseen. The total amount estimated is € 0.829 million. Finally in 2016 further € 0.2 million have been allocated for a new automatic toll machine.

- Upgrade of telematics system for traffic monitoring (letter e) – Some safety measures will be implemented during 2015 along the section A4 - Mestre By-pass. In detail, CAV will put in place a Tutor system and a detector of dangerous materials as already in force in the other A4 stretches that fall under the competence of the concessionaire. The foreseen amounts are respectively € 0.7 million and € 0.2 million. Finally, in 2017 CAV will implement a new system of traffic management by means of software and webcam. The amount foreseen is € 0.2 million.
- Remote access control for Preganziol and Spinea toll plaza (letter f) - No further works are envisaged.
- Other (letter g) - During 2015, some interventions, for a total amount of € 2.042 million, are envisaged by the concessionaire. Starting from 2017 the amount provided is kept steadily for all the concession period and equal to € 0.2 million per year.

Contract awards

- 6.11 CAV awarded the works classified as “Immobilization of transferrable assets” according to the Italian Law (Legislative Decree 163/06) using the procedures “direct awarding”, “negotiation” or “open procedure” according as the amounts and the type of the activities. The works relating to “Automation of toll payment system” was awarded to “*Autostrade per l’Italia*”, according to art. 57 of Legislative Decree 163/06, due to their exclusive typology.
- 6.12 The following table lists the contracts awarded with reference to the competent points of the Concession Agreement, reported alongside.

Table 6.2: Functional Investments – Contracts awarded

REF. (Letter)	CONTRACT SUBJECT	CONTRACTING PARTY	REF.	DATE	GROSS AMOUNT [€]	REDUCTION	NET AMOUNT [€]
a	Supply and installation of vertical signs for the transformation of 4 exit lanes, two at the plazas of Preganziol and two at the plazas of Spinea into four lanes with an automatic cashier.	Se.Rif.	2911	25/09/2009	€ 5,860		€ 5,860
	Supply and installation of vertical signs and deviation at the interconnections: A4 - A57 Eastern carriageway and A4 - A27 Western carriageway.	Verona	2519	19/03/2010	€ 39,965		€ 39,965
	Adjustment works of kilometre signs along the A4 in concession.	Verona	6439 (contract)	13/07/2010	€ 73,904	23.75%	€ 57,064
	Replacement of signs at the A4-A57 junction along the Eastern carriageway of the A4 Motorway - Km 249+650.	Se.Rif.	6432 (contract)	13/07/2010	€ 64,735	12.05%	€ 57,236
	Supply and installation of vertical signs for the deviation along the Eastern carriageway to the Mestre By-pass at the interconnection with the A27 Motorway.	Verona	5159	09/06/2010	€ 15,175		€ 15,175
	Supply and installation of vertical signs indicating kilometre distances at the parking areas along the Eastbound and Westbound carriageways of the A4	Verona	8198	06/09/2010	€ 14,384		€ 14,384
	Probing over the bituminous conglomerate along the Mestre Expressway	Geothema	2906	27/02/2015	409	-	409
b	A4 Mestre By-pass – supply and installation of the street gully gratings	Tecton srl	9387	10/08/2012	€ 249,998	11.13%	€ 214,207
c	Tanks to stock chloride solution in winter maintenance depots at the Dese, Preganziol e Spinea roundabouts. Construction and plant works	A.P. Costruzioni srl	8424	20/07/2012	€ 33,377	14.01%	€ 28,879
	WINTER MAINTENANCE POINTS AT THE ROUNDABOUTS OF SPINEA, PREGANZIOL E DESE; SUPPLY OF n3 TANKS FOR STOCKING CHLORIDE SOLUTION	Agristrade SpA	9124	06/08/2012	€ 198,685	24.74%	€ 149,944

REF. (Letter)	CONTRACT SUBJECT	CONTRACTING PARTY	REF.	DATE	GROSS AMOUNT [€]	REDUCTION	NET AMOUNT [€]
d	Transformation of two automatic exit lanes at the Preganziol plaza into two automatic cashier lanes	Mancino	781	24/03/2009	€ 4,000		€ 4,000
	Supply of 4 automatic cashiers for the plazas of Preganziol e Spinea	Autostrade per l'Italia	590	10/03/2009	€ 480,994		€ 480,994
	Installation of 4 automatic cashiers for the transformation of exit lanes at the plazas of Preganziol e Spinea	Mancino	2674	14/09/2009	€ 10,000		€ 10,000
	Supply of 4 automatic cashiers for the plazas of Preganziol e Spinea	Autostrade per l'Italia	2673	14/09/2009	€ 591,400		€ 591,400
	Works for the transformation of a “manual” exit lane into an “automatic cashier” exit at the motorway plaza of Venice-Mestre	Mancino	924	03/02/2010	€ 3,600		€ 3,600
	Modifications of toll-payment booths	SVI	1190	10/02/2010	€ 5,800		€ 5,800
	Transformation of a “manual” exit into an “automatic cashier” exit at the motorway plaza of Venice-Mestre	Autostrade Tech	650	25/01/2010	€ 150,918		€ 150,918
	Transformation of a “manual” exit (U34) into an “automatic” exit at the motorway plaza of Venice - Mestre	(A.T.I.) Adriastrade	3430	19/04/2010	€ 15,328	11.88%	€ 13,700
	Supply of materials for the transformation of the manual exit “U75” into an automatic exit with a type “X” manual and replacement of SB96 with CRONOS, at the motorway plaza of Padova East	Autostrade Tech SpA	12793	14/11/2011	€ 165,630		€ 165,630
	Transformation works for the automatic cashier track into automatic and manual cashier and from manual exit to automatic exit	Mancino	2071	22/02/2012	€ 4,150		€ 4,150
	Modification of 2 toll-payment booths at the Padova East plaza	SVI S.p.A.	2739	09/03/2012	€ 9,024		€ 9,024

REF. (Letter)	CONTRACT SUBJECT	CONTRACTING PARTY	REF.	DATE	GROSS AMOUNT [€]	REDUCTION	NET AMOUNT [€]
	Technological updating Hardware and Software for toll-payment lanes for the management Telepass /SET (European Tele-toll payment Service) OBUs	Autostrade Tech SpA	4886	03/05/2012	€ 211,000		€ 211,000
	Development, building and put into service of the “Central System” to detect and management transit data, functional to the implementation of the toll on the interconnected motorway network.	Aiscat Servizi S.r.l.	15406	20/11/2013	124,221		124,221
d	Supply and installation of materials for the transformation of a track manual SB96 (type U) on track with CRONOS Case Automatic Helios (type W) in toll station of Venice - Mestre	Autostrade Tech SpA	4085	20/03/2014	€172,919		€172,919
	Venezia – Mestre toll plaza Stazione autostradale di Venezia Mestre: conversion of the booth of U33 lane into W33 automatic cashier	Bortolato Lino Snc	4801	03/04/2014	€4,500		€4,500
	Supply and installation of materials for technological upgrading from SB96 to CRONOS of n.02 tracks Automatic Cash Helios type of X in the toll station Padova Est	Autostrade Tech SpA	7413	26/05/2014	€ 31,121	3%	€ 30,399
	Agreement to take part of the italian motorway to the REETS project.	Aiscat Servizi S.r.l.	90/14	17/07/2014	€578		€578
e	Supply and installation of a safety system called “single worker” to be installed at the motorway plaza of Preganziol East/West and of Spinea East and West	PTT Radio	3816	20/11/2009	€ 10,480		€ 10,480
	Addition of video-surveillance at the A4/A57 junction and at the Motorway plaza of Venice East	Gemmo S.p.A.	656	25/01/2010	€ 32,111	10.00%	€ 29,016
	Addition to the video surveillance equipment with cameras in the “Pontebbana” tunnel of the Mestre By-pass	Gemmo S.p.A.	657	25/01/2010	€ 15,338	10.00%	€ 13,860
	Installation of webcams along the Mestre By-pass	Gemmo S.p.A.	3103	09/04/2010	€ 42,549	10.00%	€ 38,448

REF. (Letter)	CONTRACT SUBJECT	CONTRACTING PARTY	REF.	DATE	GROSS AMOUNT [€]	REDUCTION	NET AMOUNT [€]
	Supply of webcams and monitoring station	Gemmo S.p.A.	3102	09/04/2010	€ 23,674	10.00%	€ 21,522
	Additions to the video-surveillance equipment at the A4/A57 junction at Dolo (VE)	Gemmo S.p.A.	3418	19/04/2010	€ 32,768	10.00%	€ 29,610
	Installation of a new video surveillance system for the A4 motorway at the Arino Est Service Area.	Gemmo S.p.A.	3419	19/04/2010	€ 44,768	15.00%	€ 38,282
	Production and renewal of conduit pipe for the connection of new video surveillance cameras along the A4	Edilsette	3817	28/04/2010	€ 24,654	10.00%	€ 22,278
	Extension and new installation of TV - CC equipment at the operating building of HQ	RG impianti	1976	03/03/2010	€ 19,979	25.00%	€ 15,060
	Supply of PMV on a movable truck	Aesys	3580	01/04/2011	€ 34,800		€ 34,800
	Extension of video surveillance systems in the operations room, at motorway plazas, at winter maintenance facilities and electrical works for gate automation	RG Impianti	2712 (contract)	10/03/2011	€ 157,240	40.86%	€ 94,277
	Supply and installation of hardware to update the video surveillance system: Genetec Omnicast Enterprise	Aldebra	6903 (contract)	22/06/2011	€ 59,900	48.45%	€ 30,878
	Supply and installation of the upgraded license of the video surveillance software: Genetec Omnicast Enterprise.	Infracom Italia	3380	28/03/2011	€ 19,880		€ 19,880
	Geognostic and penetrometric static surveys at 30 meters along the service way Padova East –A4/A57 intersection to install video surveillance towers	GEOTECNICA VENETA s.r.l.	5288	11/05/2012	€ 1,290		€ 1,290
	Installation of 8 cameras on the PMV and towers along the Mestre By-pass including supply and laying of electrical cabling and their configuration	Serenissima Mobilità	7381	28/06/2012	€ 12,839		€ 12,839
	Supply of 8 cameras on the PMV and towers along the Mestre By-pass	Axitea S.p.A.	7229	26/06/2012	€ 28,630	3%	€ 27,771

REF. (Letter)	CONTRACT SUBJECT	CONTRACTING PARTY	REF.	DATE	GROSS AMOUNT [€]	REDUCTION	NET AMOUNT [€]
f	Extension of the access control system at the motorway plazas of Mira/Oriago. Mirano/Dolo, Padova East, Spinea and Preganziol	RG impianti	7152	29/07/2010	€ 52,390	25.00%	€ 39,490
g	Technical Support Service for the design and production of the new fibre-optic sections for the completion of TLC network	DBA Progetti	3534	15/03/2013	€ 6,000		€ 6,000
g	Construction of a telecommunication fibre-optic network along the A4, from the A4/A57 intersection to the Padova East exit and upgrading of the video surveillance system	Sirti SpA	10853	09/08/2013	€ 310,109	31.20%	€ 215,053
	Supply of ancillary equipment for chloride solution stocking tanks	Agristrade SpA	2866	04/03/2013	€ 6,615		€ 6,615
	Spinea and Preganziol toll plazas. Electric power plants and lighting for the winter maintenance facilities	RG Impianti	3708	16/11/2009	€ 29,369	16.00%	€ 24,670
	Spinea toll plaza. Construction of a maintenance facility inside the roundabout	Salima	3226	13/10/2009	€ 38,898	10.00%	€ 35,008
	Preganziol toll plazas. Construction of a maintenance facility inside the roundabout	Clea	3225	13/10/2009	€ 40,638	10.00%	€ 36,737
	Spinea and Preganziol toll plazas. Supply and installation of prefabricated component for the winter maintenance facility	Tekno Blok	3175 3318	09/10/2009 20/10/2009	€ 19,100		€ 19,100
	Spinea and Preganziol toll plazas. Hydraulic and air-conditioning works for the winter maintenance facilities	Siram	3322	20/10/2009	€ 14,259	25.30%	€ 11,747
	Supply and installation of rubbish bins in the Mestre By-pass stopping areas	2F	1635	05/06/2009	€ 14,500		€ 14,500
	Spinea toll plaza. Supply of stainless steel boxes for invalid tickets and automatic devices for coin collection	Zara Metalmeccanica	1830	25/06/2009	€ 4,480		€ 4,480
	Preganziol and Spinea toll plazas. Supply and installation of metal fences	Zara Metalmeccanica	3075	02/10/2009	€ 18,889	10.00%	€ 17,000

REF. (Letter)	CONTRACT SUBJECT	CONTRACTING PARTY	REF.	DATE	GROSS AMOUNT [€]	REDUCTION	NET AMOUNT [€]
g	Thermal printers	Autostrade per l'Italia	1832	25/06/2009	€ 1,014		€ 1,014
	Spinea toll plaza. Supply and installation of cash collection safeboxes	Vuesse	1827	05/06/2009	€ 3,900		€ 3,900
	Construction works of a maintenance facility inside the Dese roundabout along the Marco Polo motorway link	Clea	5777	23/06/2010	€ 39,681	11.95%	€ 35,129
	Complementary and finishing building works for the construction of a maintenance facility inside the Dese roundabout along the Marco Polo motorway link	Edilia 2000	5771	23/06/2010	€ 15,522	11.50%	€ 13,809
	Supply and installation works of a prefabricated element for the Dese maintenance point	Tekno Blok	6173	07/07/2010	€ 10,200		€ 10,200
	Hydraulic and air-conditioning works for the box located in the new winter maintenance facility inside the Dese roundabout along the Marco Polo motorway link	Siram	6659	19/07/2010	€ 5,169		€ 5,169
	Realization of the electric supply and lighting plant of the winter maintenance facility inside the Dese roundabout along the Marco Polo motorway link	RG impianti	6927	22/07/2010	€ 17,961	16.00%	€ 15,136
	Building works for completing the new maintenance facility inside the Dese roundabout along the Marco Polo motorway link	Edilia 2000	9444	07/10/2010	€ 4,277	11.50%	€ 3,805
	Remote control system of the Mestre By-pass electrical generators	Gemmo S.p.A.	418	19/01/2010	€ 25,344	10.00%	€ 23,040
	Supply and installation of SOS equipment	Gemmo S.p.A.	2656	25/03/2010	€ 6,850		€ 6,850
	Supply of equipment for the Highway Police (Speed cameras and box)	Sodi Scientifica	4178	10/05/2010	€ 67,667		€ 67,667
	Construction works for the power line for the new speed cameras	RG impianti	6928	22/07/2010	€ 3,300		€ 3,300

REF. (Letter)	CONTRACT SUBJECT	CONTRACTING PARTY	REF.	DATE	GROSS AMOUNT [€]	REDUCTION	NET AMOUNT [€]
	Supply and installation works of a speed camera cabinet	Europa Azzaroni	8969	27/09/2010	€ 4,224		€ 4,224
	Preganziol toll plaza green works	Geoverde	8722	21/09/2010	€ 48,570	17.64%	€ 40,000
	Lighting installation works in the surrounding area of the power transformer cabinets for the Mestre By-pass electrical system	RTI Citelum	9400	06/10/2010	€ 15,553	15.00%	€ 13,260
	Construction of a power line linking the photovoltaic panels to the Enel electricity network of the Padova Est toll plaza	RG impianti	9941	20/10/2010	€ 14,249	15.00%	€ 12,155
	Extraordinary works for the Mestre By-pass plants	Gemmo S.p.A.	5815	24/06/2010	€ 7,835		€ 7,835
	Supply and installation of the cooling system for the Venezia-Mestre toll plaza technological room	Mirano Impianti	6051	01/06/2011	€ 7,100		€ 7,100
	Construction and installation of a steel roofing at the Spinea Est toll plaza.	Bortolato Lino	11742	25/10/2011	€ 19,144	15.00%	€ 16,321
	Construction and installation of barriers along the country roads located near the A4 Mestre By-pass	Zara Metalmeccanica	12709	15/11/2011	€ 75,500	11.75%	€ 66,805
	Supply and installation of 4 supporting stations for the installation of a radio telecommunications network for the Highway Police	Telecom Italia	6640	16/06/2011	€ 160,000	9.215%	€ 145,256
	Supply and installation of 1 master station for the installation of a radio telecommunications network for the Highway Police	Telecom Italia	6639	16/06/2011	€ 130,000	6.016%	€ 122,179
	Construction of a plinth for a 20 m high metallic tower at the Preganziol toll plaza	Edilsette	14033	15/12/2011	€ 5,895	14.50%	€ 5,040
	Realization of a pilot photovoltaic system at Campocroce, near the Mestre By-pass	ENERGYKA ELECTROSYSTEM	6006	29/05/2012	€ 38,428		€ 38,428
	Installation of 48 roofing systems (34 type A, 14 type B) above the electrical cabinets of the Mestre By-pass lifting plants.	BORTOLATO LINO snc	13327	12/11/2012	€ 22,222	10.00%	€ 20,000

REF. (Letter)	CONTRACT SUBJECT	CONTRACTING PARTY	REF.	DATE	GROSS AMOUNT [€]	REDUCTION	NET AMOUNT [€]
	Consultant service to support the design for the construction of the new fibre-optic links for the completion of the telecommunications network	DBA Progetti	3534	15/03/2013	€ 6,000		€ 6,000
	Construction of a fibre-optic telecommunications network between the A4/A57 interchange and the Padova Est toll plaza of the A4 motorway and improvement of the video surveillance system	Sirti SpA	10853	09/08/2013	€ 310,109	31.20%	€ 215,053
	Supply of ancillary equipment for the chloride solutions storing tanks	Agristrade SpA	2866	04/03/2013	€ 6,615		€ 6,615
	Supply and put in place of protective artefacts on motorway overpasses.	Edilsette	15410	21/11/2013	€ 102,326	28.18%	€ 73,695
	Venezia/Mestre toll plaza – Revamping of Center System and refurbishment of the plants in the managerial and operational buildings.	Arch. Armani Emanuele	8369	10/06/2014	€ 28.500		
	Adjustment of the radio system and isofrequential radio coverage in the tunnels of the By-Pass	Telecom	12554	16/09/2014	€ 434,893	17.81%	€ 358,863
	Photometric measurements services, measurements of the territory and processing to implement the obligations in accordance to the Decree of the Ministry of 29/11/2000 and Legislative Decree n. 194 of 19/08/ 2005.	VDP srl	15401	05/11/2014	€ 143,000	38.55%	€89,800
	Design and requalification of the hardware infrastructure of the Operations Centre in the station of Venice / Mestre and of the telephony plant in CAV domain with the conversion to VoIP technology.	IGM Engineering	12033	05/09/2014	€ 39,500		€39,500
	Motorway station of Venice/Mestre. Renovation of the Services Centre and requalification of plant of the directional and operational buildings	Coperativa Meolese	17681	17/12/2014	€ 462,687	18.88%	€ 380,382

REF. (Letter)	CONTRACT SUBJECT	CONTRACTING PARTY	REF.	DATE	GROSS AMOUNT [€]	REDUCTION	NET AMOUNT [€]
	Tests performed on concrete and steel	IUAV - Venezia	14354	16/10/2014	€ 150		€ 150
	IT infrastructure made of optical fibers along A4, from A4/A57 junction to the Padova East toll plaza and enhancement of the video-surveillance system. Structural testing.	Ing Gualandi	1929	06/02/2014	€ 1,000		€ 1,000
	Refurbishment and improvement of hardware infrastructure of Operational Center for the traffic management and control.	To be assigned	-	-	€ 978,634		--
	Professional assignment pertaining the development of a detailed design for the functional upgrade of the safety exits along the motorway A4- Mestre By-pass.	Ing. Andrea Pianca	6875	07/05/2015	€ 15,600		€ 15,600

Investments according to the Concession Agreement (H3)

- 6.13 All the investments included in the Concession Agreement subscribed by the Grantor and Autostrade di Venezia and Padova Company were taken over by CAV when it replaced the Company Autostrade di Venezia and Padova SpA in the agreement.
- 6.14 The Concession Agreement states that the investments not realized and/or not completed by the Società Autostrade di Venezia e Padova by the 30th November 2009 are to be performed by CAV within the limits of the amount indicated in the economic and financial plan.
- 6.15 Such investments pertain to the contributions to third parties that the Company shall pay, either for works already started or for works not yet started but expected by agreements already signed (items i., j., k., within table 6.3)
- 6.16 In particular, the following investments should be noted:
- Numerous Road Connections
 - Works around the S. Giuliano junctions and safety works for Mestre's S.R. 14
 - Access roundabout for the Marco Polo – S.S. 14 connection

Numerous Road Connections

- 6.17 These investments include safety works in the section between the new motorway toll plaza of Mira-Oriago, opened to traffic on 10th March 2008 and the roundabout on the S.S. 309, in the Malcontenta area. It includes work foreseen in the Agreement of the 14th February 2005, for the actions relating to the mitigation of environmental impact of the Mestre Ring Road. The works started on the 16th September 2009, and they were therefore still being performed at the time of the Concession Agreement (signed on the 23rd February 2010).

Works around the S. Giuliano junctions and safety of Mestre's S.R. 14

- 6.18 These interventions are part of the Program Agreement signed on the 10th March 2003 by the Veneto Region, the Province and Municipality of Venice, ANAS, Società Autostrade di e Padova, Veneto Strade, ACTV, to improve access to the urban area of Venezia/Mestre and to facilitate access to the Mestre Ring-road. This target will be achieved through the widening, safety, reorganization and modernization of a road system which, starting from the overpass of Mestre/Marghera, through SR1, the overpass of S. Giuliano, S.S. 14 and S.R. 14, connecting back to the Mestre Ring-road. The Concession Agreement foresees that the works are carried out by Veneto Strade and that CAV shall make payments following each request by Veneto Strade.

Access Roundabout to junction Marco Polo –S.S. 14

- 6.19 In co-operation with other relevant authorities seeking improvement to traffic conditions between the airport and the motorway, an Agreement was entered into with ANAS (Veneto Department) and SAVE (Marco Polo Airport Management Company) regarding access to the motorway connection with the Marco Polo airport and SS 14 of Venezia Giulia. The interventions foreseen by the Agreement include the construction of two roundabouts:
- One at the access to the connection between Marco Polo and SS 14;
 - The other at the intersection of the airport with the highway mentioned above.
- 6.20 The agreement includes works performed by ANAS and that CAV shall co-fund with a contribution of €800,000 in 2010 and 2011, €400,000 per year.

- 6.21 Total investment amounts to €15.2 million including payments to third parties for the construction of access road to the motorway network. All these activities were completed as highlighted in note 1716 of the 4th February 2015 sent by CAV to MIT as part of its monitoring activities during the 2010-2013 period. The situation at the 30st September 2015 is set out in the table below.

Table 6.3: Investments in the Concession Agreement Venezia/Padova –progress at 30.09.2015

INVESTMENTS DUE TO CONCESSION AGREEMENT ENGAGEMENTS VENEZIA/PADOVA (H3)		2009/2032			
INTANGIBLE ASSETS (contributions to third parties)		P.F. (€ thousands)	Already Used (€ thousands)	Planned years of construction	Investment Status
i	Numerous Road Connections: safety of SP81 along SS309 – station of Mira-Oriago	6,620	5,390	2010-2011	Completed in 2013
j	S. Giuliano SR 14 intersections	7,800	7,747	2010-2011	Completed in 2010
k	Roundabout access to Marco Polo Marco Polo - SS14 Connection	800	800	2010-2011	Completed in 2013
	Total	15,220	13,937		

- 6.22 In the note mentioned above (ref. 1716 of the 4th February 2015) CAV communicated to MIT that they expected to use the available resources, amounting to €1.29 million, within the new Regulatory Period 2015-2019. However, it is worth noting that during 2015 the Company spent further around € 0.008 million and therefore the final savings is equal to € 1.28 million.
- 6.23 The above mentioned savings will be used by the company to finance further interventions under the functional investments (H1).

New Investments – Intangible Assets (H2)

- 6.24 Payments to third parties are expected as part of the investments on Intangible Assets. In particular in relation to safety works on SP81 along the section included between the Motorway toll plaza of Mira- Oriago, on the A57, and the toll plaza of Spinea, on the A4 – Bypass of Mestre, in order to improve access to the motorway.
- 6.25 In relation to the new investments for intangible assets amounting to €12.9 million in payments to third parties, it is worth to note that in the Economic & Financial Plan for the Regulatory Period 2015-2019, presented to the Grantor on 26th June 2015, the amount envisaged for the item r “Safety of SP81 along the section between the stations of Mira-Oriago – Spinea”, equal to € 12.9 million, has been cancelled and substituted by the item z “Works necessary to the safety of the junction between A27 and A57”. The latter investment amounts to € 5.633 million and the sum must be given to the Veneto Region as reimburse of the costs sustained. However, this work has been already performed and the Veneto Region asked back the funds spent. Finally, the amount of € 5.633 million, due to Veneto Region by CAV, has been certified through the Decree Ref. 0001920 released on 2nd June 2015 by SVCA and it was already confirmed by the President of ANAS in the note issued on 13th February 2012 Ref. CDG-0019179-P.

Table 6.4: NEW INVESTMENTS – Project Progress at 30.09.2015 compared between the E.F.P. attached to the Concession Agreement of 2010 and that of the Regulatory Period 2015-2019.

NEW INVESTMENTS (H2)		Economic & Financial Plan –Concession Agreement (€ thousands)	Economic & Financial Plan -Regulatory Period 2015-2019 (€ thousands)		
INTANGIBLE ASSETS (contributions to third parties)			Executed at 30.09.2015	Foreseen	Difference (€ thousands)
r	Safety of SP81 along the section between the stations of Mira-Oriago - Spinea	12,900	-	-	12,900
z	“Works necessary to the safety of the junction between A27 and A57”	-	-	5,663	-5,663
Total		12,900	5,663		7,267

Investment progress at 30.09.2015

- 6.26 Here following, it is indicated the total investment progress at 30.09.2015, whose details are shown in the previous paragraphs. The total investment progress is around € 220 million lower than € 45,147 in respect to the progress included in the original PEF.

Table 6.5: Investments progress at 30.09.2015, according to the new PEF compared to the original PEF.

Investments (€million)		PEF (all. D)	Progress at 30.09.2015	Balance / Progress at 30.09.2015 difference
H1	Investments for Functional Needs (CAV)	11,140	5,336	5,804
H3	Investments due to Concession Agreement engagements VE-PD	15,220	13,937	1,283
H2	By-pass Completion Works	240,100	209,277	30,823
H2	New Investments – Intangible Assets	12,900	0	12,900
Total		279,36	228,580	50,810

Technical Consultant's Opinion

- 6.27 As far as the new functional investments (H1) are concerned, managed directly by CAV, we would like to highlight that by the end of 2014 the Company had completed investments amounting to €4.71 million and corresponding to 42% of the amount foreseen by the Concession Agreement, equal to €11.14 million. With a note ref. 1716 of 4th February 2015 CAV communicated to MIT that the residual amount of €2.9 million, deriving from savings on the completed interventions foreseen at letter a. (new signs), at letter b. (supply and laying of gully gratings on the By-pass), at letter c. (chloride stocking plants), at letter e. (upgrading telematics system for traffic management) and at letter f. (remote access control for Preganziol and Spinea toll plaza) of the PEF attached to the Concession Agreement shall be

used to compensate for any further requirements, in the meantime emerged, functional to the management of the motorway. Moreover, the company through the new plan included in the Regulatory Period 2015-2019 has developed the investment to come falling under this voice. These new investments mainly aim at improving the quality and the safety of the drivers during the journey. Finally, up to date the investment progress has reached € 5.3 million.

- 6.28 As far as the investments for Concession Agreement engagements of the Società Venezia/Padova are concerned, these activities have been completed and CAV has made the payments to third parties totalling €13.9 million, instead of €15.2 million as set out in the PEF attached to the Concession Agreement. With note ref. 1716 of 4th February 2015 CAV communicated to MIT that they expected to use the extra funds, amounting to €1.29 million, during the next regulatory period (2015-2019). Finally, the real saving is equal to € 1.28 million following the further low costs sustained during the current year.
- 6.29 In relation to the item r “Safety of SP81 along the section between the stations of Mira-Oriago – Spinea”, equal to € 12.9 million, it is worth noting that it has been cancelled and substituted by the item z “Works necessary to the safety of the junction between A27 and A57 amounting to € 5.633 million. The sum must be given to the Veneto Region as reimburse of the costs sustained.

7 Ordinary Maintenance

Maintenance Plan included in the Concession Agreement

- 7.1 In order to comply with the obligations within the Concession Agreement requiring that the motorway remain at the same condition throughout the concession (art. 3.2.f of the Concession Agreement), CAV's financial plan allocates costs directly to maintenance activities, i.e. a programme of works covering all structural and infrastructural elements of the motorway.
- 7.2 The allocation of adequate resources for maintenance ensures not only the correct forecast of maintenance activities by the management and ensures that appropriate reference is made within the accounts. It also ensures the Grantor that the Concession-holding Company will ensure an appropriate level of motorway service, based on the obligations in the Concession Agreement.
- 7.3 The maintenance program , as well as the Financial Plan, must be periodically updated, based on contingencies and on the emerging needs of the motorway system's management. Every year the Company works closely with Motorway Concession Inspectors SVCA to present both the investment projects and the final balance of maintenance.
- 7.4 Every year the maintenance plan prepared by CAV is verified together with the Motorway Concession Inspectors, in compliance with contractual obligations (as per art. 3.2.i. of the Concession Agreement) to present to ANAS within the month of November each year the program of ordinary maintenance works within the Motorway connection, which they wish to carry out in the following year.
- 7.5 The program is updated by checking what works are actually needed over the long term considering the various options in terms of organisation and the scheduling of works based on how they will interfere with traffic. The monitoring and updating of long-term forecasts can lead to annual adjustments to the works therefore leading to differences between the forecasts within the financial plan and the actual maintenance costs, which are also subject to market cost variations.
- 7.6 The Concession Agreement also requires CAV to send ANAS, upon request, all economic, financial, technical and management data, regarding activities connected to the Concession

(art. 3.2 of the Concession Agreement). At least twice a year, the Motorway Concession Inspectors will survey the structures to check their actual maintenance and efficiency levels.

Description of works

- 7.7 Maintenance costs are the costs pertaining to all the works, services and necessary supply for the maintenance of performance standards of each part and component, therefore granting the efficiency, safety and cleaning conditions of the infrastructure.
- 7.8 In order to ensure an efficient maintenance of the work in concession, CAV planned the program starting from the contents of the financial plan and planning works accordingly to defined frequencies that are common for single components of motorway infrastructure.
- 7.9 Maintenance interventions were grouped into two categories:
- Annual maintenance, including, for example: maintenance of green areas, including the “Green By-pass”, signs, street illumination, heating and conditioning plants, cleaning of asphalt, of toll-booth cabins, ice-prevention and snow ploughing, accident emergency service, etc.
 - Periodic interventions, i.e. all the activities requiring a multi-year cycle: pavement restoration, replacement of expansion joints on the supports, replacement of fences, protective coating of metallic structures, replacement of vertical signs, etc.
- 7.10 CAV also carries out minor or emergency maintenance works on the following:
- Roads and buildings
 - Toll-payment booths
 - Electrical plant at building and shelters, I.T. systems
 - Traffic monitoring and user information systems.

Maintenance Costs Foreseen by Concession Agreement (Annex D)

- 7.11 The following table sets out the amounts foreseen in the financial plan attached to the Concession Agreement, with a split between:
- Ordinary Annual Maintenance
 - Ordinary Periodic Maintenance

Table 7.1: Maintenance Costs Budgeted in the Financial Plan Attached to the Concession Agreement

(€ thousands)	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Ordinary Annual Maintenance		5,750	5,750	5,750	5,750	5,750	5,750	5,750	5,750	5,750	5,750	5,750
Ordinary Periodic Maintenance	0	2,250	2,650	3,520	3,500	4,780	4,370	5,500	3,270	3,950	4,635	5,925
Total Maintenance	0	8,000	8,400	9,270	9,250	10,530	10,120	11,250	9,020	9,700	10,385	11,675
Inflation	950	40	170	330	470	700	830	1,110	1,040	1,280	1,545	1,945
Total Costs for Maintenance and Renewals	950	8,040	8,570	9,600	9,720	11,230	10,950	12,360	10,060	10,980	11,930	13,620

(€ thousands)	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	Total
Ordinary Annual Maintenance	5,750	5,750	5,750	5,750	5,750	5,750	5,750	5,750	5,750	5,750	5,750	5,750	132,250
Ordinary Periodic Maintenance	5,050	6,000	5,500	2,500	2,250	3,200	6,920	4,100	4,000	4,600	250	0	88,720
Total Maintenance	10,800	11,750	11,250	8,250	8,000	8,950	12,670	9,850	9,750	10,350	6,000	5,750	220,970
Inflation	1,990	2,370	2,470	1,960	2,050	2,460	3,730	3,090	3,250	3,660	2,240	2,270	41,950
Total Costs for Maintenance and Renewals	12,790	14,120	13,720	10,210	10,050	11,410	16,400	12,940	13,000	14,010	8,240	8,020	262,920

Awarding Contracts

7.12 The table below summarises all the main situations in which contracts were awarded both for ordinary annual and periodic maintenance.

Table 7.2: Main Ordinary Annual Maintenance Contracts

N° Prog.	Type of Work	Starting Price of the auction	Safety Costs	Total Contracting Amount	Sub contractor	Reduction	Contractual Amount	Contract	
								Ref.	Date
	Ordinary maintenance of public lighting, water disposal and pumping plants and Mestre Ring Road fire system (exp. 31/08/2014)	2,398,832.50	95,953.30	2,494,785.80	ATI Citelum	49.851%	1,298,944.35	9393	24-aug-11
	Ordinary maintenance of the traffic control telematics systems (exp. 31/07/2014)	951,935.00	38,077.40	990,012.40	Infracom Italia S.p.A. (since 26/05/2012 Serenissima Mobilità)	43.32%	577,653.53	8776	29-jul-11
	Ordinary maintenance of the HVAC and toilet of the motorway stations (exp. 31/01/2016)	927,311.23	19,000.00	946,311.23	ATI RG Impianti	55.339%	433,146.47	1081	24- jan -13
	General ordinary maintenance of the motorway network(exp. 31/12/2015)	2,981,324.17	100,000.00	3,081,324.17	ATI Adriastrade srl	27.89%	2,249,832.86	13254	9-nov-12
	General cleaning services for offices, toll collection buildings, premises connected to the toll collection and others buildings (exp. 31/01/2016)	1,109,946.12	22,000.00	1,131,946.12	Euro & Promos	37.4294%	716,500.00	1320	29- jan -13
	Ordinary annual maintenance for motorway asphalt cleaning and waste management (exp. 31/12/2015)	3,618,897.76	145,000.00	3,763,897.76	De Zottis	32.68%	2,581,241.97	5	2- jan -13
	Ordinary maintenance of road signs (exp. 31/01/2016)	1,852,889.47	75,000.00	1,927,889.47	ATI Sioss	32.19%	1,331,444.34	1336	30-jan-13
	Cleaning of the Venice Highway Police Building located in Via Ca' Rossa, Mestre, Jul 2012-Dec 2015	133,650.14	2,673.00	136,323.14	Euro & Promos	41.040%	81,471.71	15563	21-dec-12
	Ordinary maintenance of green areas along the motorway in 2014-2015-2016	3,243,776.50	130,000.00	3,373,776.50	ATI Terranova	40.48%	2,060,695.77	17064	18-eic-13
2013	Ordinary maintenance for the restoration of road joints for 2013	179,839.71	4,314.39	184,154.10	FIP Industriale	16.80%	150,351.46	11260	29- aug -13
2013	Winter maintenance service, chloride distribution – snow cleaning for the 2013-14; 2014-15, 2015-16 winters	2,801,785.98	38,970.00	2,840,755.98	DZ Group Consorzio Stabile - Treviso	12.00%	2,504,541.66	17115	19-dec-13
2014	Ordinary maintenance of green areas along the motorway for the 2014÷2016 years. Additional services – Ordinary maintenance of the Green By-pass. Until 31.05.2015	789,622.58	19,750.00	809,372.58	ATI Terranova	40.48%	489,733.36	5709	17-apr-14
2014	Ordinary maintenance for the restoration of road pavements in 2014	469,971.54	10,032.26	480,003.80	Brussi Costruzioni	36.77%	307,195.26	5681	16-apr-14
2014	Ordinary maintenance of the greenery for the years 2014.- 2015.	789,622.58	19,750.00	809,372.58	ATI Terranova (Sicilville s.r.l. dal 06/2014)	40.48%	489,733.36	9799	10-jul-14
2014	Ordinary maintenance of road surfaces for the year 2014	469,971.54	10,032.26	480,003.80	Brussi Costruzioni	36.77%	307,195.26	12024	5-sep-14
2014	Ordinary maintenance of the road joints for the year 2014	169,487.21	5,496.31	174,983.52	Tecnologie Stradali s.r.l.	34.86%	115,905.37	10919	1-aug-14
2014	Ordinary maintenance of road surfaces	1,558,791.93	41,190.04	1,599,981.97	SIRAI Servizi Tecnologici Ambientali srl	39.14%	989,901.98	11086	5-aug-14
2015	Ordinary maintenance works for the road surface. Year 2015.	470,742.30	9,759.16	480,501.46	Gruppo Adige Bitume	32.41%	327,933.89	6228653F0B	-
2015	Ordinary maintenance works for refurbishments of the structural joints	169,039.75	5,915.46	174.955.21	FIP Industriale	36.28%	113,632.66	6224327D1E	-

Table 7.3: Main Periodic Ordinary Maintenance Contracts

N° Proj.	Type of Work	Tender Gross Price (€)	Safety Costs (€)	Total Contracting Amount (€)	Sub contractor	Discount	Contractual Amount (€)	Contract	
								Ref.	Date
CAV 02/2010	Maintenance works for the restoration of the road surface and of the damaged motorway sections	959,106.72	40,000.00	999,106.72	SACAIM Spa	23.644%	772,335.53	1347	7-feb-11
CAV 05/2010	Periodic maintenance works for the replacement of the motorway fence along the Western carriageway of A57 Motorway– Mestre Ring Road - and A4 Motorway	578,928.46	17,500.00	596,428.46	C.R.R. Srl	22.213%	467,831.08	7831	12-jul-11
2011	Extension of existing video-surveillance systems, completion of the entrance gates automation and modifications of the Mestre By-pass toll plazas’ electrical systems.	154,095.20	3,144.80	157,240.00	RG Impianti	40.860%	94,276.70	2712	10-mar-11
2011	Restoration of the road pavement of some urban sections of the A57 Mestre Ring Road and A4 motorway	479,849.71	20,000.00	499,849.71	Triveneta Asfalti srl	37.724%	318,831.21	10702	30-set-11
2011	A57- Mestre Ring Road, urban section. Maintenance of the joints of the viaducts in via Trieste and junction underpass. Restoration of the joint areas to maintain the road pavement efficiency.	77,025.20	3,250.00	80,275.20	Impreservice	5.500%	76,038.81	12148	3-nov-11
CAV 02/2012	Ordinary periodic maintenance works on road pavements – restoration of the road surface on the Marco Polo link and A57 Mestre Ring Road	1,486,471.20	43,847.38	1,530,318.58	Triveneta Asfalti srl	37.173%	977,752.64	10512	13-set-12
2012	Venezia Mestre toll plaza: reorganization of the depot	337,930.00	10,325.21	348,255.21	Vasti Luca	21.350%	284,227.93	4708	27-apr-12
2012	Maintenance works for the consolidation of steel object on the “Carbonifera” junction of Mestre Ring Road	16,038.85	1,000.00	17,038.85	Coletto	3.210%	16,524.00	9978	3-set-12
2012	Ordinary maintenance of green areas along the urban section of A57 Mestre Ring Road in 2012	67,046.62	2,800.00	69,846.62	Il Verde	43.000%	42,612.57	10048	4-set-12
2012	Replacement of the motorway fence on both the carriageways of the Marco Polo Airport link.	366,615.06	7,500.00	374,115.06	Trevimais s.n.c.	20.776%	299,369.58	10503	13-sept-12
2012	Replacement of sound-absorbing panels in the urban section of the A57 Mestre Ring Road after the restoration of metallic supporting structures.	684,823.82	89,072.30	773,896.12	Safital srl	34.649%	536,611.51	10610	17-sept-12
2012	Restoration of structural concrete elements of some viaducts of the A57 Mestre Ring Road	340,000.00	10,000.00	350,000.00	FIP Industriale	38.777%	218,158.20	12700	26- oct -12
2012	Upgrade and re-qualification of the air-conditioning system of the Venezia-Mestre toll plaza	291,217.96	15,979.28	307,197.24	FBF	31.110%	216,599.33	8879	31-lug-12
2012	Ordinary periodic maintenance of road joints –Marco Polo link and A57 Mestre Ring Road.	207,391.98	3,305.36	210,697.34	FIP Industriale	35.770%	149,091.17	14658	5-dec-12
2012	Replacement of the viaduct supporting structures on the Dese river along the motorway link to the Marco Polo Airport	236,020.06	10,000.00	246,020.06	FIP Industriale	24.770%	187,557.89	15176	14-dec-12
CAV 01/2013	Ordinary maintenance works for the restoration of the damaged sections of the road pavement of the motorway network in concession in 2013	1,955,885.92	54,201.58	2,010,087.50	Salima srl	42.221%	1,184,292.11	11321	30-aug-13
CAV 05/2013	Ordinary maintenance works for the public lighting upgrade along the urban section of A57 Mestre Ring Road	759,309.22	53,050.88	812,360.10	Elettroimpianti	28.136%	598,720.86	13800	21-oct-13
CAV 06/2013	Realization of the toll collection telecommunication network and two-year maintenance of it	742,449.57	3,800.00	746,249.57	Alpitel SpA	29.961%	532,938.36	14774	11-nov-13

N° Proj.	Type of Work	Tender Gross Price (€)	Safety Costs (€)	Total Contracting Amount (€)	Sub contractor	Discount	Contractual Amount (€)	Contract	
CAV 07/2013	Ordinary maintenance works for the road signs renewal along the urban section of the A57 Mestre Ring Road	346,278.11	8,700.00	354,978.11	Segnastrade Veneta	38.430%	221,903.43	2403	18-feb-14
2013	Ordinary maintenance works of the motorway bridge deck on the Brenta river	950,000.00	30,000.00	980,000.00	ATI Soc.Ma.S. srl	12.760%	858,780.00	12894	1- oct -13
2013	Ordinary periodic maintenance works of green areas. Reforestation along the Mestre By-pass for the 2013-2014 years	85,403.48	1,802.00	87,205.48	Il Verde	51.000%	43,649.71	6622	22-may-13
2013	Ordinary maintenance service of green areas along motorway – spring 2013	192,057.90	7,682.32	199,740.22	Arduino Martinuzzo Vivai srl	48.481%	127,877.50	13111	7-oct-13
2013	Ordinary maintenance works for the restoration of civil engineering structures along A57 Mestre Ring Road	484,744.21	12,000.00	496,744.21	Celegato srl	42.010%	293,103.17	13604	15- oct -13
2013	Maintenance and structural verification of lampposts with moving crown at the A57/A27-Connection Marco Polo junction and Padova Est toll plaza.	205,306.50	5,132.94	210,439.44	Ranzato Antonio srl	21.969%	165,335.66	14908	13-nov-13
2014	Maintenance work of the viaduct on the SP 40 and on the river Dese along the highway connection Marco Polo	785,189.55	30,000	815,189.55	Tecnologie Stradali s.r.l.	32.93%	556,610.93	11982	4-sep-14
2014	Integration CCTV system with video surveillance system and adjustment of the access control system	78,054.00	3,252.00	81,306.00	Alpitel SpA	51.62%	42,587.85	13852	8-oct-14
2014	Ordinary triennial maintenance works of telematic systems and technology for traffic management and the fiber-optic network. (From 12/01/2014 to 30/11/2017)	2,077,743.04	52,072.20	2,129,815.24	Gemmo SpA	35.58%	1,390,572.81	16603	27-nov-14
2014	Ordinary triennial maintenance works of the public lighting systems and treatment plants and water lifting and the sprinkler of the Mestre. (From 01/12/2014 to 30/11/2017)	3,203,011.77	89,945.75	3,292,957.52	RG Impianti	46.83%	1,792,858.99	16312	21-nov-14
2014	Supply of safety barriers	195,877.27	2,000	197,877.27	Adriatica srl	3%	193,940.95	2037	10-feb-14
2015	Ordinary maintenance works for the road surface. Year 2015.	2,075,396.91	61,633.40	2,137,030.31	ATI Adriastrade s.r.l.	23.598%	1,600,197.13	6053923F49	-
2015	Ordinary works on vertical signals	970,867.18	7,766.94	978,634.12			970,867.18		

Progress of works and correspondence with the PEF

- 7.13 The table below summarises the maintenance costs reported in CAV's Annual Accounts from 2010 to 2014 and in the 2015 Budget.

Table 7.4: Maintenance - 2010 – 2014 Balance and 2015 Budget

Maintenance (€)	2010 Balance	2011 Balance	2012 Balance	2013 Balance	2014 Balance	2015 Budget
Annual Maintenance	6,629,759	5,315,932	6,905,265	6,909,462	6,419,917	6,148,620
Periodic Maintenance	0	1,451,321	3,147,599	3,736,049	1,568,290	3,773,096
Purchase of Maintenance equipment	745,270	540,410	556,391	662,728	(*)	468,500
Total Maintenance	7,375,029	7,307,663	10,609,255	11,308,239	7,988,207	10,390,216

(*) included in Annual and Periodic Maintenance

- 7.14 Annual maintenance costs for 2010 were almost within budget provisions. No periodic ordinary maintenance interventions were performed.
- 7.15 Annual maintenance activities performed in 2011 were in line with what was included in the plan attached to the Concession Agreement. As far as periodic maintenance is concerned, road surfacing was priorities on those areas in the worst state of repair (source: 2011 Accounts).
- 7.16 With Note ref. 66040 dated the 10th May 2012, ANAS' Motorway Concession Inspectors, following their monitoring activities in 2010 and 2011, identified that less had been spent on ordinary maintenance than foreseen in the Economic and Financial Plan attached to the Concession Agreement. This amounted to €1.93 million. Given this, ANAS requested that the Company prepare a recovery plan for ordinary maintenance to account for these extra funds.
- 7.17 CAV included in the 2012 Budget a total of €10.5 million for ordinary maintenance, instead of the €9.6 million as indicated in the PEF. Since the budget had been approved by the Board and sent to ANAS, CAV decided to send note 5786 in 2012, to ANAS' Motorway Concession Inspectors setting out the recovery plan for ordinary maintenance works for 2012. These included:
- Maintenance of sound-absorbing barriers installed along A57;
 - Replacement of the fence along the motorway connection with Marco Polo Airport;
 - Maintenance of some concrete elements located on the Mestre Ring-road that were in a serious state of disrepair.
- 7.18 The total amount estimated for the three interventions amounted to €1.15 million, the amount of maintenance foreseen for 2012 was therefore increased from €10.5 million to €11.6 million.
- 7.19 These re-planned and additional maintenance activities have been carried out by the Company with the exception of some minor aspects due to *force majeure* reasons.
- 7.20 With regard to 2013, the difference between the amount included in the Financial Plan and the outturn amount was about €1.6 million (€11.3 million compared to €9.7 million). Looking however at the entire regulatory period (2009-2013), the difference falls to less than €0.7

million. In fact the total amount of maintenance budgeted for in the plan for this period amounts to €35.9 million while the outturn value was €36.6 million.

- 7.21 Of the works undertaken in 2013, two should be mentioned because of their complexity:
- Maintenance of the Brenta bridge (the most important infrastructure crossing the A57) which included the removal of degraded concrete and the structural rehabilitation of steel rebars through the use of protective coating and low shrinkage cement mortar, and eventually the treatment of concrete surfaces.
Renewal of street lighting along Mestre's Ring-road. Including the painting of 116 lamp posts between the two carriageways on the urban section of Mestre's Ring road and the replacement of 501 low-pressure sodium lamps with led lighting with a life of at least twice those of old lamps and more efficient. In fact their number was reduced from 501 to 346 with a saving of 155 lamps. The new lighting system is equipped with a remote-management system which allows for the modification of the power output from 10% to 100%. This will lead to a saving in maintenance costs and lead to up to a 50% reduction in energy. The system has also been approved by ARPAV (the regional agency for the environmental protection of the Veneto region) which measured the lighting and stated that the new equipment will improve night vision and increase safety while reducing light pollution in the Pianura Padana, one of Europe's most illuminated areas. In 2014 maintenance activities are expected to continue at a level just above 2013.
- 7.22 With reference to 2014, a decrease in the final amount compared the value included in the Financial Plan has been recorded (respectively €8.0 million and €11.2 million, that is a difference of about €3.2 million). However, looking at the entire period from 2009 to 2014, the difference is about €2.6 million lower than the value forecasted in PEF.
- 7.23 The reason of the decrease is related to:
- problems occurred in the Maintenance work on the viaduct on the SP 40 and on the river Dese along the Marco Polo highway connection and in the ordinary maintenance of road surfaces: part of these activities have been postponed to 2015;
 - the saving in the activities related to Maintenance of greenery and winter operations;
 - the review of the maintenance plan, as detailed in the following paragraph.
- 7.24 On 27th April 2015 the SVCA, with the Note Ref. 0004040, due to lower expenses for the maintenance works in respect of the PEF, required the concessionaire either to provide an additional plan of interventions or to allocate the sum of € 2.6 million as provision for this aspect. CAV, following the shareholder's board, has allocated the above mentioned sum for further maintenance works, if necessary. However, up to now, the level of maintenance is to be considered compliant to the requirement provided in Concession. In fact, during the site visit performed by the Grantor's inspectors, nonconformities have not been registered.
- 7.25 Regarding the current year, here following these are the main works performed / to be performed:
- Ordinary maintenance of road surfaces along(€ 1,745,255.60):
 1. the slow lane of the East carriageway between the A4 Padova Est toll station and the junction with the A57
 2. specific areas of the section A4- Mestre By-pass
 - Ordinary maintenance works necessary to guarantee the traffic flows in safety conditions following car accidents and/or unforeseeable damages; (€ 840,000)

- Maintenance works of telematics systems and technology for traffic management and the fibre-optic network (€ 463,000);
- Winter operations (€ 880,000);
- Ordinary maintenance of the greenery (850,000).

7.26 The following table summarises the differences between the amounts registered in the Annual Accounts 2010-2014 and in 2015 Budget and the values included in the Financial Plan.

Table 7.5: Comparison Balances/Budgets 2010-2015 and Financial Plan

Year	Amounts (€)				Notes
	PEF (all. D)	Balance/Budget	Difference Balance/Financial Plan	Cumulative Difference	
2010	8,040,000	7,375,029	-664,971	-664,971	Balance Data
2011	8,570,000	7,307,663	-1,262,337	-1,927,308	Balance Data
2012	9,600,000	10,609,254	1,009,254	-918,054	Balance Data
2013	9,720,000	11,308,239	1,588,239	670,185	Balance Data
2014	11,230,000	7,988,206	-3,241,794	-2,571,608	Balance Data
Total 2010-2014	47,160,000	44,588,392	-2,571,608	--2,571,608	
2015	10,950,000	10,390,216	-559,784	-3,131,392	Budget
Total 2010-2015	58,110,000	54,978,608	-3,131,392	-3,131,392	

7.27 The following table shows the Accounts for the 2010-2015 period based on the classification reported in Annex E of the Concession Agreement.

Table 7.6: Accounts 2010-2015 – Ordinary Maintenance: Classified Based on Annex E to the Concession Agreement

Works Description	Balance 2010 (€)	Balance 2011 (€)	Balance 2012 (€)	Balance 2013 (€)	Balance 2014 (€)	Budget 2015 (€)	Total 2010- 2015 (€)
1 – Road pavements	79,607	1,200,000	1,235,952	1,481,031	816,087	1,915,256	6,727,933
2 – Civil engineering infrastructures	72,190	130,000	508,296	1,500,021	228,003	490,000	2,928,510
4 – Other elements of the Motorway	900,000	736,000	616,927	1,025,693	867,814	870,000	5,016,434
5 – Safety	700,750	1,035,000	1,879,296	841,990	630,545	1,302,639	6,390,220
6 – Toll collection		310,759	405,543	517,533	626,701	738,000	2,598,536

Works Description	Balance 2010 (€)	Balance 2011 (€)	Balance 2012 (€)	Balance 2013 (€)	Balance 2014 (€)	Budget 2015 (€)	Total 2010-2015 (€)
7 – Green and cleaning	1,632,000	1,617,864	1,656,080	1,330,774	1,621,609	1,730,000	9,588,327
8 – Winter works	1,500,000	520,000	1,896,311	2,043,836	869,262	700,000	7,529,409
9 – Buildings	170,000	150,000	1,012,452	478,779	515,699	698,601	3,025,531
10 – Plants, supplies and various maintenance	2,320,482	1,608,040	1,398,397	2,088,581	1,812,447	1,945,720	11,173,667
Total	7,375,029	7,307,663	10,609,254	11,308,239	7,988,207	10,390,216	54,537,567

Revised maintenance plan vs Concession Agreement requirements

- 7.28 This section shows maintenance plan updated by CAV in June 2015 and compares it with the version attached to the Concession Agreement.
- 7.29 Four tables are reported below, including:
- The updated maintenance plan in 2014 values;
 - The updated maintenance plan in 2009 values, to compare the updated values with those included in the Financial Plan;
 - The annual differences between the updated maintenance plan and the maintenance plan attached to the Concession Agreement (2009 values);
 - The differences, for the period 2014-2032, (2009 values) between the updated maintenance plan and that attached to the Concession Agreement, split by activity.
- 7.30 The tables show that CAV foresees a €12.15 million reduction (2009 values) in the 2014-2032 period, mainly relating to the maintenance of road surfacing. Despite this reduction, CAV states that it will be able to maintain an adequate maintenance level of the infrastructure and undertake two full pavement maintenance cycles of the full network (resurfacing) within the Concession period.
- 7.31 This plan has to be discussed yet, and ANAS could ask for it to be modified.

Table 7.7: Maintenance Plan updated in June 2015 (2014 values)

(€ thousands)	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	Total
Annual Ordinary Maintenance (2014 values)	6,420	6,617	5,565	5,565	5,565	5,565	5,565	5,565	5,565	5,565	5,565	5,565	5,565	5,565	5,565	5,565	5,565	5,565	5,565	107,642
Periodic Ordinary Maintenance (2014 values)	1,568	4,273	2,635	2,635	7,935	2,635	2,635	5,235	5,935	2,635	5,235	2,635	5,335	4,635	2,635	2,635	8,395	3,695	6,395	79,716
Total Maintenance (2014 values)	7,988	10,890	8,200	8,200	13,500	8,200	8,200	10,800	11,500	8,200	10,800	8,200	10,900	10,200	8,200	8,200	13,960	9,260	11,960	187,358

Table 7.8: Maintenance Plan updated in June 2015 (2009 values)

(€ thousands)	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	Total
Annual Ordinary Maintenance (2009 values)	5,959	6,142	5,165	5,165	5,165	5,165	5,165	5,165	5,165	5,165	5,165	5,165	5,165	5,165	5,165	5,165	5,165	5,165	5,165	99,906
Periodic Ordinary Maintenance (2009 values)	1,456	3,967	2,446	2,446	7,366	2,446	2,446	4,859	5,509	2,446	4,859	2,446	4,952	4,302	2,446	2,446	7,793	3,430	5,936	73,997
Total Maintenance (2009 values)	7,415	10,109	7,611	7,611	12,531	7,611	7,611	10,024	10,674	7,611	10,024	7,611	10,117	9,467	7,611	7,611	12,958	8,595	11,101	173,903

Table 7.9: Differences between the Maintenance Plan updated in June 2015 and the Maintenance Plan attached to the Concession Agreement (2009 values)

(€ thousands)	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	Total
Annual Ordinary Maintenance (2009 values)	209	392	-585	-585	-585	-585	-585	-585	-585	-585	-585	-585	-585	-585	-585	-585	-585	-585	-585	-9,344
Periodic Ordinary Maintenance (2009 values)	-3,324	-403	-3,054	-824	3,416	-2,189	-3,479	-191	-491	-3,054	2,359	196	1,752	-2,618	-1,654	-1,554	3,193	3,180	5,936	-2,803
Total Maintenance (2009 values)	-3,115	-11	-3,639	-1,409	2,831	-2,774	-4,064	-775	-1,075	-3,639	1,775	-389	1,168	-3,202	-2,239	-2,139	2,608	2,595	5,352	-12,147

Table 7.10: Differences between the Maintenance Plan updated in June 2015 and the Maintenance Plan attached to the Concession Agreement (2009 values) subdivided by activity

(€ thousands)	F.P.	Forecast	Difference
Road pavements	60,900	48,670	-12,230
Civil engineering infrastructures	14,040	12,502	-1,538
Other elements of the Motorway	14,100	14,237	137
Safety	12,410	9,833	-2,577
Toll collection	5,700	6,238	538
Green and cleaning	32,300	28,360	-3,940
Winter works	13,300	12,503	-797
Buildings	7,600	10,825	3,225
Plants, supplies and various maintenance	25,700	30,742	5,042
Total maintenance (2009 values)	186,050	173,903	-12,147

The level of maintenance of the infrastructure

7.32 The most critical activities planned within the Concession Agreement are:

- Road surface maintenance;
- Maintenance of the water pumping equipment located along the trench sections of the Mestre By-pass.

7.33 The following paragraphs show the indicators of the road surface's level of quality - which provide the maintenance level of road surfaces - and the maintenance plan for the rainwaters disposal system.

Surface and Quality Indicators

7.34 The "Q" Quality indicator, defined in Annex j of the Concession Agreement, is an objective measure of the service level provided to motorway users, including safety aspects, comfort, travel time, the existence and quality of ancillary services and the environmental impact of the service offered.

7.35 This parameter is based on the measurement of objective performance indicators, which are easily controlled and measurable:

- **Indicator of the structural conditions of the road surface (Ipav)** which takes into account the roughness and uniformity of surface as it is the part of the motorway that is subject to most wear, as well as being the mostly linked to travel safety and comfort.
- **Indicator of accidents (Is):** based on the Global Accident Incidence (TIG) which acts as a proxy for the condition of the infrastructure and its effective management.

7.36 The Q index may vary between 0 and 100 based on the following scale:

Table 7.11: The Q Index Value

Q	Judgement
Less than 40	Poor
Between 40 and 50	Insufficient
Between 50 and 60	Sufficient
Between 60 and 70	Fair
Between 70 and 75	Good
Higher than 75	Excellent

7.37 The table below shows the values of indicators measured and sent to ANAS in the period July-September of each year from 2009 to 2015.

Table 7.12: Measured Indicators from 2009 to 2015

Indicators	2009	2010	2011	2012	2013	2014	2015
Ipav	61.73	72.39	69.96	68.71	78.45	68.33	60.60
Is	100	100	100	100	100	100	100
$Q=0,6 \times Ipav + 0,4 \times Is$	77.04	83.43	81.98	81.23	87.07	81.00	76.36

7.38 According to the data reported in the table above, the quality indicator values correspond to a level of quality between Good and Excellent. Therefore, we can assume the maintenance level of the road surface is adequate to guarantee a good level of service.

Water Pumping Equipment

- 7.39 The new “Mestre By-pass” has, along the new 32.5 km –long route a complex system for the disposal of rainwaters, equipped with 237 submersible pumps installed along the route (of which 24 at intersections and at toll plazas), with 51 pumping stations. Each station is composed of : a) an accumulation tank for rain water which is mixed with dust and oil coming from the carriageway. The water here is “decanted”; b) a retarding and balancing basin, which is filled with the water overflowing from the accumulation tank, within which the pumps are located (in redundant numbers and functioning even in a blackout); c) several other components such as: stirrer, automatic coupling support, columns and delivery pipes, sluices, valves, collectors and plug-ins, flanges, joints, control electrical plant,... d) 14 electrical cabinets are provided along the route. These cabinets will contain generators and fuel to ensure full functionality in emergency conditions.
- 7.40 The efficiency of the plant is guaranteed by constant maintenance aimed at tank cleaning, clearing of duct openings and keeping pumps efficient and ensuring that the fuel is sufficient.
- 7.41 The reference document is the Maintenance Plan (PdM) attached to the detailed design; in which the system is divided into several entries, defining the type and the frequency of intervention:

Pumping plant:

Pump check	every 6 months
Tightness check	every 6 months
Hydraulic head check	every 2 years
Plant cleaning	every 12 months
Pump revision	every 12 months

Remote monitoring unit:

Battery Check	every 6 months
---------------	----------------

Polyethylene piping:

Valve check	every 6 months
Tightness check	every 12 months
Cleaning	every 6 months

Steel piping:

Valve check	every 12 months
Tightness check	every 12 months
Cleaning	every 12 months

De-oiling tanks

Check, septicity and cleaning check	monthly
-------------------------------------	---------

Rainwater tanks

Check, septicity and cleaning check	monthly
-------------------------------------	---------

Mechanical parts	every 6 months
------------------	----------------

- 7.42 The topic is treated also in the Detailed Design, in the “Hydraulic Reports of Pumping Stations”, which better describes the system and the way it works. The “plant maintenance system” sets out the following:

“It is necessary therefore to program a minimum inspection and ordinary maintenance plan, which is fundamental for the kinds of plants in question. In detail this plan foresees the implementation, every 15 days, of the following works:

3. Visual check of the hydraulic integrity of pipes and components, both when they are down and working

4. Check of the correct operation of mechanical parts..., of electromechanical parts and of other devices.

5. Removal of possible dirt and grime on water-level control devices ...”

- 7.43 The previous indications, more specific than those contained in the PdM (Maintenance Plan), would seem to exclude the possibility of “remotely” controlling this equipment and requires , the presence of a team on site.

Technical Consultant’s Opinion

- 7.44 In relation to compliance with the financial plan, we conclude that the maintenance interventions carried out between 2010 to 2014 are compliant with what is foreseen by the convention and the monitoring activities carried out by ANAS show that the quality of the road surface is high and that maintenance is fair.
- 7.45 Furthermore, a decrease in maintenance costs has been registered in 2014 causing a cumulative reduction equal to € 2.56 million. On this point, following the note by SVCA, Cav has allocated that sum as provision for further maintenance, if necessary.
- 7.46 In compliance with the obligations foreseen by the Concession Agreement (art. 3.2.p) CAV subcontracted these activities, in accordance with applicable legislation.
- 7.47 In the 2014-2032 period CAV expects to reduce maintenance expenditure by €12.15 million (2009 prices) primarily in relation to road surface maintenance. Notwithstanding this reduction, CAV believes that it will continue to keep an adequate level of maintenance on the infrastructure including 2 full cycles of road surface maintenance on the entire network by 2032. This plan has yet to be approved by ANAS and therefore is subject to change.
- 7.48 Among the various Concession Agreement obligations, CAV must also carry out extraordinary maintenance, including all interventions that are not considered either annual or periodic ordinary maintenance. Based on art. 3.2.j of the Concession Agreement, CAV has the obligation to present to ANAS all extraordinary maintenance projects for the whole motorway for their approval. To date, no such intervention appears to have been performed. We would

like to highlight moreover that in the financial plan there is no specific entry referring explicitly to extraordinary maintenance works.

Water Pumping Plants

- 7.49 The motorway sits on an area belonging to the “basin flowing into the Venice lagoon”, a territory of about 180,000 hectares subject to the risk of flooding as reported for instance by the SIA prepared for the new Motorway By-pass: “... the whole area is safe from flooding only for critical rainfall with return periods lower than 10-20 years. For rainfall with higher return periods, extensive temporary floods can be expected. This situation has made it necessary to adopt specific solutions for the motorway, ...”. Moreover, below ground level, at about one meter of depth, is the water table level, which required the adoption of special bailing operations during construction works.
- 7.50 Focusing on the Mestre By-pass it is important to note that 9.5 km of the total 32.5 are in trenches, i.e. below sea level and below the water table. Such sections are therefore constantly exposed to the risk of water filtration (this issue has been solved by the use of waterproofed underground structures, built up with a U-shaped cross section structure) as well as to the risk of flooding, potentially caused by extreme atmospheric events and/or by the overflowing of the nearby rivers.
- 7.51 The project envisages a “closed system” as opposed to a “dispersion system”. If, on one hand, this has mitigated several environmental risks, such as for instance the containment of possible leakage of liquid pollutants along the carriageway, the improvement of rainwater quality returned to the environment and, the lack of negative effects on the existing water courses (streams and canals), on the other hand it has concentrated a good part of hydro-geological risks on the pumping stations.
- 7.52 Appropriate maintenance of the pumping stations is essential for the correct exercise of the motorway. This maintenance has been subcontracted to specialized companies.
- 7.53 If, on one hand, the flooding appears as a very real risk on the whole basin leading the lagoon (the return period of 10-20 years used as reference leads to very high overflowing probabilities), on the other hand the countermeasures adopted appear to be well designed. The size of ponds for events with $T_r = 50$ years, the redundancy of the number of pumps available for each station (3 pumps + 1 reserve), the functioning also during blackouts, all appear to be strong steps aimed at mitigating risk.
- 7.54 Another potential source of risk appears to be caused by water ingress of the aquifer into the trenches; the risk element is however considered marginal, as the design solution adopted and the good performance in the last 5 years have shown good reliability.
- 7.55 In conclusions, in relation to the pumping stations, notwithstanding the risk of flooding is real (high risk level) and compliance with the correct maintenance is challenging, the risk of delays on the motorway linked to carriageway flooding appears to be limited and its effects appear localized and temporary, and therefore proportional to the estimated costs/benefits approved during the project stage.
- 7.56 The sums set aside in the Accounts for the plant’s ordinary and periodic maintenance appear to be adequate and sufficient for this purpose.

8 Verification of Compliance with Environmental Legislation

- 8.1 In this chapter we will examine any possible environmental risks related to “Motorway A4 – Variation of Mestre – Motorway By-pass”. We have analysed the available documentation relative to the assessment of the impact of the infrastructure on the territory – with respect to the areas of air, water, ground and noise – as well as its compliance to current legislation. We have also examined all environmental impact mitigation activities – either completed or under development – and the related monitoring activities. All information has only been examined and assessed from a technical point of view.

Authorization Procedure for the Project’s Environmental Component

- 8.2 The Mestre By-pass is part of the “Strategic Framework: Road Axis along the Padano Corridor (Brescia – Bergamo and Mestre By-pass)”. This work being a motorway in suburban area, its project is subject to an environmental compliance assessment by the Ministry of Environment, pursuant to DPCM 27/12/1988 “Technical Norms for the Preparation of Environmental Impact Studies “ and subsequent amendments and supplements.
- 8.3 In case of major works, the Environmental Impact Assessment (“Valutazione di Impatto Ambientale”, VIA) is governed by D. Lgs. 190/2002 (article 3, par. 3 and articles from 17 to 20), as subsequently amended by D.Lgs 189/2005. According to this decree, and in compliance with the provisions of delegated Law 443/2001, more streamlined authorization procedures are required preceding the execution of a work.
- 8.4 D. Lgs 190/2002 defines new rules for the VIA procedures in the case of strategic works, in order to accelerate the process of completion while at the same time ensuring their inclusion in the environmental and territorial context, also through a broad consensus around the decisions regarding the following aspects:
- The VIA is set up based on the preliminary project only;
 - A Special Commission is appointed, currently replaced by a single Technical Consulting Commission, in charge of the technical appraisal of the Project, pursuant to D. Lgs 152/2006;

- The environmental compatibility assessment is issued by the Ministries of the Environment and of Cultural Heritage based on an opinion expressed by the Commission and communicated to the Ministry of Infrastructure. In case of rejection, the adoption of the environmental compatibility statement is entrusted to the Council of Ministers;
- Responsibility for the approval of the preliminary project and the VIA is entrusted to the CIPE.

- 8.5 The issuing of the VIA procedures and State-Region agreement relating to the location of works is therefore anticipated to the stage of preliminary design, instead of being carried out at the stage of final design.
- 8.6 Also the definition of an exact budgetary limit – possibly including all measures in favour of local communities to compensate for the territorial impact – is anticipated to the preliminary design stage.
- 8.7 In the event that the work was subject to a VIA, the preliminary design shall not only comply with the requirements of article 16, par. 3, of Framework Law 109/1994, but also be complemented with a clear definition of the work's main features and spending limits, including those due to any compensation work for environmental impact mitigation as well as those deriving from the Environmental Impact Study ("Studio di Impatto Ambientale", SIA).
- 8.8 The preliminary design of the Mestre By-pass was drafted by the Concessionaire companies, pursuant to D.Lgs 190/2002, as an update and integration of the original preliminary design prepared by the Veneto Region in 1998 and targeted at the construction of an infrastructure balancing the needs of a motorway route with the necessity to minimize the environment impact.
- 8.9 The main stages of the authorization process, as regards the environmental impact assessment, are summarized in the following table.

Table 8.1: Authorization Procedure steps

DATE	SUBJECT
21/12/2001	CIPE Deliberation No. 121 which includes the Mestre By-pass among the strategic infrastructures of national interest.
16/09/2003	Approval by CSVIA (Special Commission for Environmental Impact Assessment) of the preliminary project of Motorway A4 – Mestre Variation – Motorway By-pass, according to the requirements set out in the Environmental Compatibility Opinion.
07/11/2003	CIPE Deliberation Np. 80 approving the preliminary project, with prescriptions set out in the addendum to the deliberation.
03/02/2004	CIPE Deliberation No. 6 amending Deliberation No. 80/2003 (as regards points 2.2, 2.3 and 2.4).
20/09/2004	Approval by the Commissioner Delegate of the final design of Motorway A4 – Mestre Variation- Motorway By-pass, with technical construction prescriptions.
06/09/2005	Opinion by CSVIA on the verification of compliance of the final design to the prescriptions and recommendations of the environmental compatibility provision as per CIPE Deliberation No. 80/2003 as modified by Deliberation No. 6/2004.
18/01/2006	Commencement Notices by the Commissioner Delegate.

DATE	SUBJECT
13/03/2006	Transmission of Execution Projects to the Ministry of Environment for the verification of compliance with the final design and prescriptions.
08/06/2006 08/03/2010	Transmission of environmental monitoring results before and during works.
06/07/2006	Appointment of the Environmental Manager as part of the contractual relationship with the General Contractor.
29/03/2007	Transmission to the Ministry of Environment of the design documents comparing the final design and the detailed design.
24/07/2007	CSVIA transmits to the Proponent the results of the Realization Verification, with a request for clarification and specification of some aspects of the project, specifically on environmental monitoring.
14/01/2008	Commissioner Decree No. 3 approving the final design of the new Junction in Marcon, with relevant prescriptions to be complied with during the construction phase.
15/12/2008	Opinion No. 195 of the Technical Commission for the Assessment of Environmental Impact VIA – VAS. The outcome is positive with prescriptions.
20/07/2009	Transmission to the Ministry of Environment and Transportation of the new preliminary design and the SIA (Environmental Impact Study) of the new “Toll Barrier of Martellago – Scorzè and road connection”
05/04/2010	Transmission to CTVA of the documentation requested by the Ministry with note dated 04/02/2009, pertaining to the prescriptions expressed in the VIA opinion No. 195 of 15/12/2008.
30/07/2010	Site Visit Minutes and notice of the beginning of post-work monitoring activities, regarding the areas of atmosphere, underground and surface waters, ground, nature and noise for the period 01/06/2010, by CAV S.p.A. through ARPAV (Regional Organization for the Environmental Protection of Veneto).
11/03/2011	Decree by the Ministry of Environment and of Maritime and Territorial Care for the approval of the Plan for Noise Containment and Abatement.
28/10/2011	Opinion No. 786 of the Technical Commission for the Assessment of Environmental Impact VIA-VAS. The outcome is positive with recommendations.
20/12/2011	Positive outcome of the procedure for the Verification of Implementation of the detailed design, subject to the recommendations expressed via Opinion No. 786 of 28/10/2011.
27/04/2012	Service Conference for the examination of the preliminary project of the new motorway junction for the Brenta shores – Roncoduro area.
15/05/2012	Service Conference for the approval of the final designs of “Toll barrier of Martellago-Scorzè and road connection” and “Marcon new junction”.
28/05/2012	Commissioner Decree No. 17 for the approval of the final design of “Toll barrier of Martellago-Scorzè and road connection”, with prescriptions and recommendations.
28/05/2012	Commissioner Decree No. 18 for the approval of the final design “Marcon New Junction”, with prescriptions and recommendations.
28/05/2012	Commissioner Decree No. 19 for the approval of the IV Additional and Variation Report, which foresees also the detailed design of “Toll Barrier of Martellago-Scorzè and road connection”, of the Roncoduro junction and of “Marcon new Junction” with contractual deadline on 30/11/2014.
26/06/2012	ANAS carries out the functions of the contracting authority as regards the following works: “Toll barrier of Martellago-Scorzè and road connection” and of “Marcon New Junction”.

DATE	SUBJECT
19/06/2013	Notice of Work Commencement by ANAS as regards the execution of the following: "Toll barrier of Martellago-Scorzè" and "Marcon new Junction", for the purposes of verification of execution pursuant to article 185 of D. Lgs. 163/2006. Environmental monitoring activities (covering all work stages – prior, during and after the phase of actual carrying out of the work) are entrusted by ANAS to ARPAV.

8.10 The prescriptions regarding the project for the construction of the Mestre By-pass are contained in the following documents:

- CIPE Decision No. 80 of 7th November 2003 and annexes containing prescriptions and recommendations;
- CIPE Decision No. 6 of 3rd February 2004 for the modification of points 2.2, 2.3 and 2.4 of CIPE Decision No. 80/2003. This Decision does not modify the contents of the previous Decision No. 80/2003 on environmental issues. The modifications introduced by Decision No. 6/2004 refer to:
 - The awarding authority, identified in ANAS (point 2.2);
 - The need of the Ministry of Infrastructure and Transport to carry out further insights with regard to the funding arrangements of the residual cost of the Mestre By-pass, evaluating the timing for toll increases on the Mestre Ring-road and establishing that the applicability of tolls on further motorway infrastructures in the Mestre area shall be examined during the stage of final determination of realization of those same infrastructures (point 2.3);
 - Based on the results of these studies, the Ministry of Infrastructure shall promote the stipulation of further Acts to be added to the existing Concession Agreement between ANAS and the three concessionaires of the motorway interconnecting with the Mestre By-pass (point 2.4);
- Opinion on the verification of compliance of the final design issued by the Special Commission for the Assessment of the Environmental Impact, dated 6th September 2005. The document verifies the compliance of the final design to the CIPE Decision No. 80/2003 and No. 6/2004 and prescribes some provisions to be complied during the construction stage.

8.11 From the analysis of the previous Acts and measures, we can infer that the environmental authorization procedure for the design and execution of the new Mestre By-pass was concluded with the following measures:

- Opinion No. 786 of the Technical Commission for Environmental Assessment VIA – VAS, dated 28th October 2011. The outcome is positive with recommendations.
- Positive Outcome of the Verification Procedure for the completion of the detailed design (subject to compliance with the recommendations expressed by opinion No. 786 of 28th October 2011) dated 28th December 2011.

8.12 We highlight that, based on the documentation supplied by the Client concerning the progress of works, at the time of January 2013 almost all of the sound barriers had been installed, as set out in the Noise Containment and Abatement Plan, approved by the Decree of the Ministry of Environment No. 33 of 11th March 2011.

- 8.13 As regards the works included in the projects “Martellago - Scorzè toll barrier and connection road” and the “Marcon new Junction”, we highlight that the environmental authorization procedure was concluded with the following measures:
- Commissioner Decree No. 17 approving the final design of the “Martellago – Scorzè toll barrier and road connection”, with prescriptions and recommendations;
 - Commissioner Decree No. 18 approving the final design of the “Marcon new Junction”, with prescriptions and recommendations;
 - Commissioner Decree No. 19 approving the IV Additional and Variation Report which foresees, among other determinations, the detailed design of the “Martellago-Scorzè toll barrier and road connection” and the “Marcon New Junction” with contractual deadline set for 30/11/2014.
- 8.14 We would like to highlight that the works included in the projects “Casello di Martellago – Scorzè and road connections” and of “New Junction of Marcon” have been completed to date. The Environmental Monitoring Plan has been finished by ARPAV, even if no final report has been released.

Features of the Environmental Impact Study (S.I.A.)

- 8.15 The S.I.A. constitutes the main instrument of the Environmental Impact Assessment. It identifies the technical elements concerning the environmental impact of the work, enabling the assessment of its compatibility with the environmental context. In accordance to the S.I.A. legislation, it is structured into three frameworks: the Programmatic Reference Framework, the Design Reference Framework, the Environmental Reference Framework. The S.I.A. also contains a background section, a comparison of environmental impacts produced by different project alternatives, the description of the measures aimed at mitigating and monitoring environmental impacts. The content of the S.I.A. generally includes environmental indicators, thematic maps, maps showing the project and its ancillary works, drafts, pictures and images of the site before and after the works.
- 8.16 The Environmental Impact Study (S.I.A.) “Autostrada A4: Variation of Mestre – Motorway Bypass” was prepared in November 2002 during the drafting of the preliminary design, pursuant to D.Lgs 190/2002. It is articulated into the three reference frameworks described in the previous paragraph.
- 8.17 The **Programmatic Reference Framework** verifies how the project integrates with the surrounding territory as well as assesses its compatibility with territorial planning at different levels: from EU level programming to local planning (Provincial and Municipal plans).
- 8.18 The **Design Framework of Reference** sets out the analysis of traffic conditions and transport demand, the cost-benefit analysis, the criteria adopted for project choices, the technical and physical features of the project, measures and provisions for impact mitigation, the environmental impact of work site set-up works.
- 8.19 We highlight that within the project’s criteria (Project Framework of Reference) particular importance was given to the areas of safety in terms of water resources and treatment of rainwater, through the following:
- The adoption of a safety system for the motorway, made up of reinforced concrete basin structures where the motorway surface is below the level of +1.00m above ground level. This constructive system has been extended also to the parts in trenches and artificial tunnels;

- A general scheme of operation of the system for the disposal and control of rainfall affecting the new motorway, divided into:
 - A collection system for all liquids (rainwater or accidental leakages);
 - A system to separate sewage (through a series of modulation artefact evenly located along the route) from “white” wastewaters (to be drained into the drainage network, generally located along an axis parallel to the motorway);
 - A drainpipe collector, located along the road, to collect the volumes of liquids rained on the road platform, as well as those coming from secondary and tertiary disposal networks, and channel them toward the existing primary disposal network. The system covers the entire length of the By-pass with the exception of the trench and viaduct sections for which the disposal of surface water will take place through a collection system located inside the road pavement;
- Any adjustment intervention to the main disposal network.

8.20 The Project Framework of Reference analyses the interventions aimed at impact mitigation and environmental and landscape integration, implemented together with the infrastructure’s preliminary design. This process has an iterative nature in that every time an environmental concern is detected, the project is modified in order to introduce the necessary improvements.

8.21 The project planning intends to define the plano-altimetric layout with the aim of minimising the impacts on the territory, to limit the disturbance to residential settlements, respect environmental and architectural interest areas, reduce interruptions of agricultural areas and maintain the continuity of water bodies.

8.22 In order to adhere to these objectives two categories of interventions were pursued:

- **Mitigation measures**, during infrastructure operation (mitigation measures during the construction period are described in the analysis of the work-site set up activities) aimed at eliminating and/or minimising interferences identified within the environmental analysis;
- **Project optimization interventions** that aim to integrate the motorway into the territory, specifically with reference to green areas design.

These interventions are divided into two types:

- **Interventions to be carried out along the road network** and the green areas, planned in areas already targeted for mitigation interventions, as in the case of sound barriers or areas located in heritage architectonic areas requiring the creation of “green backgrounds”, to integrate the work into the surrounding landscape;
- **Mitigation interventions**, deriving from the interferences during the infrastructure operation phase included in the Environmental Framework of Reference. With reference to potential effects identified within the environmental analyses, mitigation measures are defined as regards the various components analysed, as described below.

Water environment

- Hydrographic network: the project seeks to minimise interferences with the primary surface water networks through the construction of viaducts and bridges without any intermediate piers, the span of which is sized to withstand flooding; in the same way the continuity of the secondary surface water network is guaranteed by the presence of small bridges and drains.
- Areas subject to flooding: in these areas, the sections on embankments were built in such a way as not to interfere with the surface water runoff. Moreover, a number of drains was installed in order to avoid hydraulic barrier effects. In addition, certain

works will be carried out so as to strengthen the secondary drainage system, to increase flood control, to channel part of the wastewater toward the Sile river, to increase the flow conditions of the Lusore river upstream of the syphon pipe thanks to a new syphon pipe and to other minor works.

- Hydrogeological vulnerability: this issue regards the whole area of the By-pass, since in that area all the surface runoff drains into the Venice lagoon. The main problem is related with the possible occurrence of pollution due to the ingress of road surface waters into the aquifers. This makes the territory highly vulnerable, therefore water dispersion on the land must be avoided and water must be separated by means of “closed systems”, after being pre-treated to eliminate floating and deposited components. These closed systems are planned to be realized also along the trenches and tunnel sections. The project also addressed the issue of collection contaminated waters from the road surface, the separation of liquids leaked onto the road surface, the separation of “white waters” from liquid sewages (“dark waters”) through the use of mechanical systems, the adoption of fito-depuration basins in all the interlocked areas for the treatment of waste waters before they are drained in the collecting tank. In the tunnel sections rainwater tanks have been built, to collect liquids and pump them to the treatment systems. The tanks’ dimensions were defined in order for them to be safe in case of flooding or in case of a blackout (max. one hour). In order to guarantee the circulation of water between the upper and the lower parts of the trenches and tunnels, a number of wells and artificial drainage systems – collected together below the road foundations – were built.

Surface and Underground

- Use of the surface: the construction of the motorway involves the modification of the layout and condition of use of some agricultural land. Continuity in the management of land is guaranteed, at least with respect to the movement of agricultural vehicles, by means of the construction of flyovers and underpasses to ensure continuity of farm roads.

Landscape

- Heritage: the proximity of historical monuments close to the road suggested the realization of mitigation measures, such as the installation of a green background along the road fence, the construction of some motorway sections in tunnel (covered trenches) in some sensitive areas (crossing of Vetrego residential area, the railway Milano-Venezia, Villa Combi and SS 245 Castellanza etc.), the construction of trenches with embankments at the residential areas of Sambughè – Campocroce, the construction of trenches and short tunnel sections at the road crossings of Marano, Spinea, Cappella and Mogliano.

Noise

- Some mitigation works were planned to minimize the sound impact of the motorway, mostly to protect residential areas and isolated buildings.
- Acoustic protection interventions can be divided into three categories:
 - i. Sound-absorbing barriers;
 - ii. Background made of trees and shrubs with filtering function with respect to sound pollution and also to facilitate the integration of the infrastructure into the landscape;
 - iii. Direct interventions through the use of acoustic insulating windows.

Environmentally Precious Sites

- The route crosses the SIC (Site of Community Importance) of the former Furnace of Martellago. In order to guarantee environmental continuity a viaduct of 120 m is planned to be built there.

- 8.23 The **Environmental Framework of Reference** describes the method used to find and define all theoretical impacts of the work on the environment (matrix of impacts identification). Such impacts are essentially related to the following categories of interventions and/or actions: road plan of various construction configurations, ancillary works, modification to the existing road system and environmental improvements.
- 8.24 For each category of intervention, the matrix reports all the activities planned in the project which – in various ways and with different degrees of incidence – may concur to the occurring of an impact. The works might affect natural, cultural or agricultural aspects of the area, as well as the inhabited areas or the existing road network, the normal flow of surface waste water, potential flooding areas or the wider landscape quality of the area.
- 8.25 Therefore, the theoretical impacts concern the water environment, the geology of the area, vegetation and fauna, the landscape and its historical elements, the settlement and productive organization of the territory, its atmosphere and noise.
- 8.26 Within the Environmental Framework of Reference, the ante-operam area is described in relation to each component, highlighting any possible criticality in relation to its various sub-components and mitigation operations.
- 8.27 The components analysed are those pertaining to the theoretical impacts set out above.
- 8.28 We underline that the majority of mitigation interventions foreseen by the S.I.A. constituted the so called “**Green By-pass**”: a project for the realization of about ten parks along the motorway infrastructure and urban re-qualification works, to integrate the motorway infrastructure with environmental impact containment interventions covering a total area of about 150 hectares. The Green By-pass involves the creation of a vast system of forest areas which improve the environment and increase the quality of residential areas. In addition they can be effective in minimising the effects of wind, dust and pollution as well as acting as a screen for infrastructure.

Verification of the By-pass’s construction Phase

- 8.29 The document issued by the Ministry for the Environment and Protection of the Land and Sea – General Directorate for Environmental Assessments, ref. DVA – 2011 – 0031743 of 20th December 2011 contains the result of the Assessment of Construction, in compliance with art. 185, par. 6 and 7, of D. Lgs.. 163/2006 pertaining to the detailed design of the “Motorway A4 – Variation of Mestre – Motorway By-pass”.
- 8.30 **The outcome of the Assessment of Construction to 20th December 2011 with respect to the construction phase of the Mestre’s By-pass – which represents the final phase of the Environmental Impact Assessment required for major works – is positive.**
- 8.31 The recommendations expressed by **Opinion No. 786 of 28th October 2011 of the Technical Commission for the Environmental Impact Verification VIA/VAS** are part of the Assessment of Construction, and they confirm the following:
- Conformity of the completed works to the project;

- Conformity of the monitoring activities to the Environmental Monitoring Plan, with appropriate corrections made in relation to the works, allowing for the appropriate mitigation instruments to be defined;
- Correct completion of the work set out in the “Green By-pass” Project.

8.32 In relation to the operating phase of the motorway, **Opinion No. 786 of 28th October 2011 of the Technical Commission for the Environmental Impact Verification VIA/VAS** recommended:

- The continuation of acoustic monitoring aimed at assessing the effectiveness of the noise mitigation interventions, when there are peaks in traffic;
- The co-ordination of the project monitoring activities with the Environmental Monitoring Plan provided for the subsequent interventions related to the new Martellago-Scorzè toll barrier;
- That the effectiveness and positive outcome of the interventions carried out within the Green By-pass is verified, especially regarding the outcomes and maintenance of green areas.

Post-work Environmental Monitoring

8.33 On 14th November 2010 a Concession Agreement was signed by which CAV entrusted to ARPAV (Regional Agency for the Environmental Protection of Veneto) all environmental monitoring activities of the Mestre By-pass with respect to the post-work stage.

8.34 Based on this Concession Agreement, all environmental activities following the end of works should last no longer than 18 months after the stipulation of the Concession Agreement, on 13th May 2012. We underline that ARPAV requested and obtained from CAV an extension up to 30th September 2012 in relation to the outcomes of the monitoring activities related to noise pollution, in that these measurement activities were delayed due to the completion of mitigation structures which continued throughout the whole year 2011.

8.35 We highlight that, upon appointment of the Commissioner for environmental-socio-economic emergency of Mestre road traffic, ARPAV carried out monitoring activities from 2005 to 2009, both before and during the works.

8.36 We include below a summary of the results of the environmental monitoring activities at the end of works (November 2010 – May 2012 and in September 2012 for the noise component) divided into the various environmental components.

Atmospheric Component

8.37 The activity foresaw the performance of 12 measurement campaigns of 45 days each, executed on 6 different monitoring sites, with the subsequent addition of two further measurement campaigns of 45 days.

8.38 For each of the selected sites two measurement campaigns were performed: one during the colder semester and one during the warmer semester of the year, in order to collect a significant data base.

8.39 The monitoring of air quality was undertaken through the use of mobile laboratories, instead of the traditional fixed stations, in order to assess air quality in all the areas crossed by the motorway by-pass both during both the construction and operation phases.

8.40 The monitoring sites are the following:

- Mirano – Vetrego Cemetery;
- Spinea – Via Rossini bis;
- Martellago – Via Zigaraga;
- Mogliano Veneto – Via Colombo;
- Martellago – Via Moglianese;
- Quarto d’Altino – via Pascoli;

8.41 Polluting agents were measured through the following chemical parameters: sulphur dioxide, carbon dioxide, carbon monoxide, ozone, benzene, PM 10, PM 2.5.

8.42 In order to assess air quality, data collected at the monitoring sites were compared to those collected at the reference fixed stations used by ARPAV on the territory as well as with the legal standards.

8.43 We provide below a summary of the air quality results for each monitoring site.

- **Mirano – Vetrego Cemetery**

Polluting agents appear to be within the limits imposed by law. The following criticalities were detected: the risk of exceeding the annual limit for PM 10 arose in 2011, and the daily limit was actually exceeded. During summer periods the level of ozone exceeds the threshold level for the protection of human health, however this excesses are considered to be consistent with the period and the type of site. There is the risk of exceeding the annual limit for the average concentration of nitrogen dioxide (NO₂).

- **Spinea – Via Rossini bis**

Polluting agents appear to be within the legal limits, notwithstanding the following criticalities: the risk of exceeding the target value for PM 2.5 was identified in 2010; the risk of exceeding both the annual and daily limits for PM 10 was highlighted in 2011; during summer periods happen that the level of ozone exceeds the long term target value for the protection of human health, these peaks however are considered to be consistent with the period and the type of site. There is the risk of exceeding the annual limit for average concentration of NO₂ and of benzo(a)pyrene.

- **Martellago – Via Zigaraga**

Polluting agents appear to be within the legal limits, notwithstanding the following criticalities: the risk of exceeding both the annual and daily threshold limits for PM 10 was highlighted in 2011; there was also the risk of exceeding the annual limit of benzo(a)pyrene.

- **Mogliano Veneto – Via Colombo**

Polluting agents are within the legal limits, notwithstanding the following criticalities: the risk of exceeding both the annual and daily threshold limit for PM 10 both in 2010 and in 2011; the risk of exceeding the annual limit for benzo(a)pyrene.

- **Martellago – Via Moglianese**

Polluting agents appear to be within the legal limits, with the following criticalities: the risk of exceeding the annual limit for PM 10 was highlighted in 2011, while the risk of exceeding the daily limit existed both in 2010 and in 2011; there is the risk of exceeding the annual limit for benzo(a)pyrene.

- **Quarto d’Altino – via Pascoli**

Polluting agents appear to be within the limits established by law with the following criticality: the risk of exceeding the daily limit for PM 10 was highlighted in 2011.

Surface Water Component

- 8.44 The environmental monitoring after the end of works had the following features:
- Four-monthly sampling rate;
 - Monitoring stations: 15 stations located downstream of the road layout.
- 8.45 The available monitoring data regard the sampling of February and June 2011. From the comparison of the results with the environmental quality standards pursuant to DM 260/2010 for surface water, there are no cases of excessive concentration of any substances contained in the priority list.

Underground Water Component

- 8.46 The environmental monitoring after works had the following features:
- Four-monthly sampling rate;
 - Monitored piezometers: 17 piezometers located downstream of the road layout.
- 8.47 The available monitoring data pertain to three samplings made in January, May and September 2011.
- 8.48 The results highlight high levels of ammonium ion, manganese and, in some cases arsenic and iron: the concentrations of such elements are compatible with the natural hydro-chemical quality of the waters contained in the first aquifer of the area. Such values do not seem to be due either to past not current pollution phenomena. The comparison with the data collected in the monitoring campaigns before and during works allows us to state that the excesses are related to the hydro-chemical nature of the aquifer water being sampled.
- 8.49 An excess of the limit provided by D.Lgs. 30/09 is detected with respect to nitrates, desetilterbutilazine and vinyl chloride. This excess is not attributable to a natural origin. The nitrate parameter had already exceeded the legal limits before and during works, therefore such contamination is not due to construction works.

Ground Component

- 8.50 The monitoring after works of the ground and underground components was made to guarantee that the project works tied to the construction of the new motorway bypass complied with the existing and documented soil conditions, known as a result of the monitoring before works in order to ensure that the same conditions could be maintained throughout the project.
- 8.51 The environmental monitoring during the post- work stage had the following features:
- Sampling in correspondence of 14 profiles (out of the 22 sampled before works);
 - Exploratory drilling, with pedological description of the soil profile of the ground, of these 14 sampling points;
 - For each sampling point, two samples were extracted: a ground level sample (10-40 cm of depth) and an underground sample (70-120 cm).
 - For each sample, the concentration of heavy metals and hydrocarbons C>12 was analysed in order to check whether an increase of polluting elements took place due to construction works.
- 8.52 From the results obtained we can conclude that none of the legal thresholds set by D.Lgs 152/06, column B, has been exceeded, while there is a general exceeding of the limits

indicated in column A as regards to the parameters of arsenic and tin. Such excesses appear to be consistent to the average values of heavy metals in the Brenta basin.

- 8.53 The high concentration of arsenic in the Brenta plain appears to be due to the presence of arsenopyrite veins in the upstream Valsugana.
- 8.54 With regard to the concentration values of tin exceeding the legal limits, the ARPAV's conclusion is that the legal limits are very low when compared to the average concentration of that element in the Veneto territory.

Flora and Fauna Components

- 8.55 The Concession Agreement signed by CAV spa and ARPAV, in November 2012, foresaw, in relation to nature aspects, the complete monitoring for flora and a limited monitoring for fauna, i.e. only for herpetofauna (reptilians and amphibians) to be performed in all the areas already monitored during works with the introduction of new monitoring points.
- 8.56 A total of 47 areas were monitored, 33 of which for the flora component and 14 for the fauna component.
- 8.57 The monitoring plan was formulated considering that, during operation, possible interferences will result primarily from the breaking effect of the infrastructure.
- 8.58 The results of monitoring substantially confirm the compositions of local flora and herpetofauna as highlighted in previous monitoring exercises.

Noise Component

- 8.59 The post-work Environmental Monitoring Plan as regards to noise seeks to assess noise emissions generated by the use of the infrastructure, in order to check their compatibility within legal limits.
- 8.60 Areas most at risk from noise pollution were identified according to the different legal limits.
- 8.61 The law distinguishes between different limits according to their location:
- Locations within the area of the infrastructure (250.00 m on both sides of the motorway) for which the noise emission generated by the infrastructure itself shall not exceed the weekly average limit of the Equivalent Sound Level assessed within the whole time of reference ($L_{Aeq,Tr}$), respectively the value of 65dB (A) during the day (6-22) and 55 dB (A) during the night (22-6);
 - Locations outside the area of pertinence (beyond 250.00 m from the motorway), for which the absolute emission levels foreseen by law must be complied with, as established by the sound classification of each Municipality. Such limits must be verified in terms of Equivalent Level on each time of reference either during the day or during the night and they must be complied with every single day.
- 8.62 Monitoring activities have highlighted that, for the majority of areas monitored, the sound levels resulted compliant with the limits imposed by law, except for some specific critical points:
- Some residential areas within the infrastructure for which the night limits pursuant to DPR 142/04 (55 dB (A)) were exceeded;
 - Some non-residential areas situated within the area of pertinence where the limits were exceeded both during the day and at night. Specifically in residential and working areas (via

Pacinotti in Spinea) and in recreational activity areas (Golf Club Ca' della Nave in Martellago);

- Some residential areas outside the area of pertinence in zones of class III, where night limits (50 dB(A)) were exceeded in some cases. Main criticalities are located in via Rio Serva in Preganziol, via Boschi in Martellago and via Canonici in Mirano;
- Some non-residential areas outside the area of pertinence, in areas of class I, where the limits are systematically exceeded at night and, in some cases, also during the day. It is the SIC area of the quarry of Salzano and the golf course area of the Golf Club Ca' della Nave of Martellago.

- 8.63 We highlight that the post-work Environmental Monitoring Report pertaining to noise emissions, does not report the presence of any mitigation measures for the resolution of the criticalities described above. **Therefore, we cannot exclude the risk that in the future the Competent Authorities could request the design and construction of suitable mitigation measures in order to bring sound emissions within legal limits.**

Environmental Monitoring Plan of the Martellago toll plaza and the New Marcon Connection

- 8.64 The project foresees the realization of the motorway toll plaza at Martellago-Scorzé which is laid on its North-Western side in the Municipality of Scorzé and on its South Eastern side in the Municipality of Martellago, orthogonally to the axis of the Mestre By-pass. The project foresees the development of a connecting road system to the ordinary road system which is linked to S.R. 245 upstream and downstream of the Martellago residential area, passing over the By-pass at the Dese bridge.
- 8.65 In May 2013 the Environmental Monitoring Plan was drafted and inserted within the detailed design for these works, in compliance with D.Lgs 163/2006 and to the “Guidelines for environmental monitoring project” drafted by the special VIA Commission (rev. dated 23/07/2007) based on the information contained in the Environmental Impact Study.
- 8.66 The Environmental Monitoring Plan mentioned above integrates the monitoring to be performed also on the junction of Marcon, which represents one piece of the additional road system of the Mestre By-pass. For this, no Environmental Impact Study is foreseen, however considering the proximity of Marcon Junction to the Martellago toll plaza, the considerations about the SIA of the toll plaza above apply also for Marcon Junction.
- 8.67 The Environmental Monitoring Plan of the Martellago-Scorzé toll plaza, therefore, also includes the definition of monitoring methodologies for the works of the Marcon Junction.
- 8.68 The Environmental Monitoring Plan (PMA) defines the general purposes and features of environmental monitoring in terms of objectives, monitoring requisites and methods, criteria and indicators for all the phases before, during and after works.
- 8.69 The PMA defines the environmental components on which monitoring activities shall be carried out: water-based environment (underground and surface waters), atmosphere (air quality), noise, vibrations, non-ionizing radiations, ground and underground, vegetation, flora, fauna and ecosystems, landscape.
- 8.70 The PMA presents an overview of the activities to be carried out during the different phases, as well as the economic framework, which include an evaluation of total costs for environmental activities divided by components to be monitored and by the 3 execution phases (before, during and after work).

8.71 The total amount is equal to €1,339,239.

8.72 No documents are available with reference to monitoring activities before or during works.

Active Noise Control

8.73 On 24th November 2014 CAV issued a tender notice in order to award a service of industrial research and experimental develop for the realization of a new device for the Active Noise Control (ANC) in order to bring down the traffic noise.

8.74 The ANC is a method for reducing unwanted sound by the addition of a second sound specifically designed to cancel the first. A noise-cancellation speaker emits a sound wave with the same amplitude but with inverted phase (the antiphase) to the original sound. The waves combine to form a new wave, in a process of interference, and effectively cancel each other out – an effect which is called phase cancellation.

8.75 This inverted signal (the antiphase) is then amplified and a transducer creates a sound wave directly proportional to the amplitude of the original waveform, creating destructive interference. This effectively reduces the volume of the perceivable noise.

8.76 The project will be developed in collaboration to the University and the budget for this activity is €190,000.

Technical Consultant's opinion

8.77 From the analysis of the previous Acts and measures we can conclude that the authorization procedure for the design and construction of the new Mestre By-pass, with respect to the environmental authorizations, has been concluded with reference to the following measures:

- Opinion No. 786 of 28th October 2011 of the Technical Commission for the Environmental Impact Verification VIA/VAS;
- Positive outcome of 28th December 2011 in relation to the Assessment of Construction of the detailed design, subject to compliance with the recommendations set in the above mentioned Opinion.

8.78 As far as the works included in the projects of “Casello di Martellago – Scorzè and road connection” and of “New Junction of Marcon”, we highlight that the authorization procedure, from the environmental point of view, ended with the following provisions:

- Commissioner Decree No. 17 approving the final design of “Casello di Martellago – Scorzè and road connection”, with prescriptions and recommendations;
- Commissioner Decree No. 18 approving the final design of “New Junction of Marcon”, with prescriptions and recommendations;
- Commissioner Decree No. 19 approving the IV Additional and Variation Report in which are planned, among others, the final design of “Casello di Martellago – Scorzè and road connections” and of “New Junction of Marcon” with contractual deadline set to 30th November 2014.

8.79 We highlight that in relation to the Plan aimed at minimising noise pollution, approved by Decree of the Ministry of the Environment No. 33 of 11th March 2011, based on the documentation received in relation to the installation of sound barriers, almost all of the sound barriers were installed by January 2013.

- 8.80 From the analysis of the documents available we have not noticed any critical issues in relation to environmental aspects, either pertaining to authorization procedures or to the realization of works.
- 8.81 We highlight however that from the analysis of the post-work Environmental Monitoring Plan, specific criticalities have emerged in relation to noise exceeding the allowed limits.
- 8.82 We cannot exclude the risk of future requests by Competent Authorities to plan and carry out suitable mitigation works to ensure that noise values return within legal limit. We do not believe that any possible work targeted at noise mitigation would have a significant economic impact.
- 8.83 Finally the works included in the projects “Casello di Martellago – Scorzè and road connections” and of “New Junction of Marcon” have been completed to date. The Environmental Monitoring Plan has been finished by ARPAV, even if no final report has been released.

9 Compliance with Seismic Legislation

- 9.1 The following analysis refers to the main structural works undertaken during the construction of the Mestre By-pass and they are based on the results of Final Testing Certificates, signed by Mr. Giulio Burchi, Engineer, who carried out the whole static testing of the infrastructure.
- 9.2 The examination included 64 certificates, referring to works belonging to 4 main types:
- Viaducts and bridges, where the motorway crosses rivers or roads;
 - Tunnels, where the motorway goes down into a trench (reinforced concrete walls and/or metallic sheet piles) constituting the support for the deck;
 - Motorway underpasses, through small and medium sized reinforced concrete box structures with intermediate supports where necessary;
 - Steelwork canopies, realized at the toll booths.
- 9.3 The design was developed by Mr. Massimo Raccosta, Engineer, using techniques and types that are common for all equipment; in general the bridges (with multiple spans of 30÷50 meters) were made with abutments, piers and deep foundations and cast in reinforced concrete shaped into platforms, whereas decks are generally made up of composite structures, i.e. concrete slabs with steel beams. The “tunnels” (although the term is not correct as they are all shorter than 400 m and they are all constructed with open trench) were generally built top-down, i.e. constructing the support walls first (reinforced concrete diaphragms and /or metallic sheet piles) and, once the groundwater was bailed, the reinforced concrete under-structure was cast in situ (generally the bottom slab was sized thick enough to counterbalance the underlying hydraulic pressure and to grant that the underground parts be waterproof). Afterwards the deck was realized, usually using pre-stressed reinforced concrete girders with cast in situ concrete slab. The underpasses were mostly built with reinforced concrete boxes (either cast in situ or partially prefabricated).
- 9.4 The reference legislation, considered the construction period, is that set out in the Prime Ministerial Decree No. 3274 “First elements regarding the general criteria for seismic classification of the national territory and technical legislation for constructions in seismic areas” dated 20th March 2003 and subsequent modifications. For the first time in the history of the Republic, the Decree defines the degree of seismic level of the whole national territory, making it compulsory to consider the seismic action also in the municipalities at low risk which

were previously not included in any list. The Decree foresaw a long transition period: the application of the new classification (which sees the municipalities interested by the intervention in question included between classes 3 and 4, i.e. low and very low), was discretionary for the first 18 months and the designer could decide whether to apply the previous legislation or the new one. At the end of the transition period (i.e. starting on the 20th November 2004, then extended to October 2005) the Decree made it compulsory to apply the seismic action, but the tests could be carried out in compliance with the previous law. The transition period ended 18 months after the enforcement of D.M. 14/01/2008 “Approval of the new technical legislation for buildings” (current seismic law) i.e. 30/06/2008; since then this is the only applicable law and the only testing possibility is represented by “ultimate limit states”.

- 9.5 Pending the seismic re-classification, the Designer decided, in accordance with the Client², to proceed by choosing in all cases the highest seismic level (3rd category S=6) and applying the well-experienced regulation provided in D.M. 16/01/1996 “Technical Norms for constructions in seismic areas”. Doing so, it was agreed to choose the most conservative option between those in the old calculation code (3rd category for all building artifacts).
- 9.6 Exception made for some cases, regarding completely underground minor works (for which the designer decided that it was not influential, considering the kind of structure – e.g. WBE 15.13, underpass via Pesare) the seismic action was taken into consideration considering a system of horizontal forces, parallel to the directions presumed in the occurrence of an earthquake, equal to:

$$F_h = C \cdot R \cdot I \cdot W$$

being:

$C = (S-2)/100=0,04$	the coefficient of seismic intensity;
$S = 6$	the degree of seismic risk;
$R = 1$	the response coefficient to the direction considered;
$I = 1,4$	the coefficient of seismic protection;
W	the total weight of masses.

In the same way, the vertical seismic action was considered on the platforms of bridges and flyovers through the following formula:

$$F_v = m \cdot C \cdot I \cdot W$$

being:

$m=2$	the coefficient for the vertical earthquake
-------	---

- 9.7 Coherently to the strategic importance of the infrastructure, a higher coefficient equal to $I=1.4$ was applied (seismic protection coefficient).
- 9.8 The checks were made following the admissible tension method, and in some cases, the ultimate limit states. Having deposited all seismic files by 30th June 2009 (the last to be

² See the Opinion on the preliminary project of the Ministry of the Environment 2003: “...the Commission, based on the new seismic law, noted that the municipalities involved in the new works, previously considered non seismic, were eventually classified in the new categories 3 and 4. The works designed had been pre-emptively pre-seized with seismic level S=6 (third category of the previous law). The Commission believes that such behaviour is compatible with the law in force, after the due modifications will be made in the final design.”)

deposited were those of the Venezia Est toll plaza, and the underpass at that same toll plaza, of the underpasses under via Vetrego and the railway line, and of the bridge/underpasses at the river Zero, all on 3rd February 2009), the designer benefitted from the transitional period, choosing time after time the verification method to use.

- 9.9 All works were diligently followed during their execution phase also by the Tester who, after proceeding to the due loading tests, regularly tested all structures, evaluating through explicit calculations whether they had been correctly dimensioned and judging that the overall works were satisfactory.

Technical Consultant Opinion

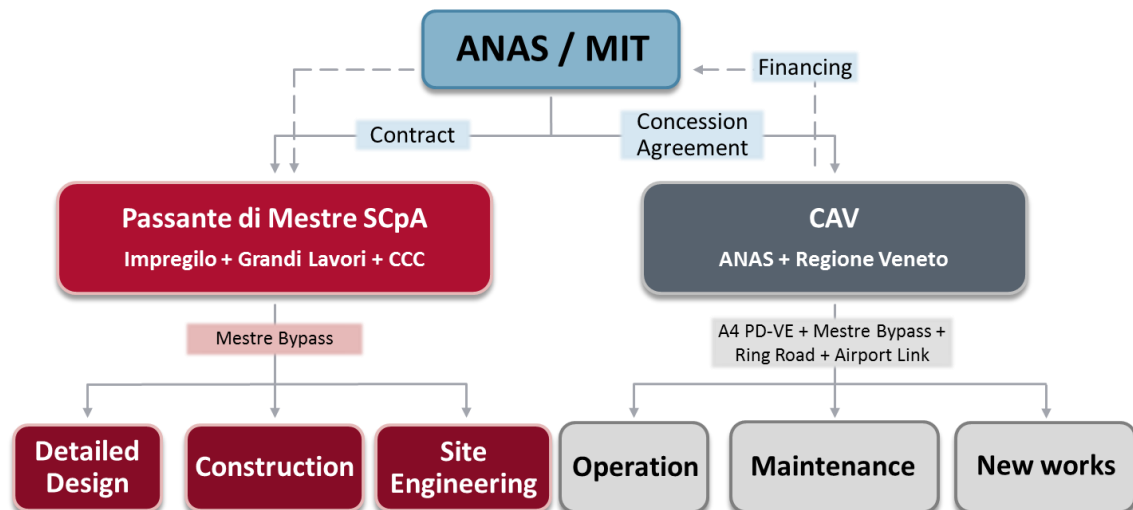
- 9.10 Not discussing the specific issues of the remaining works included in the infrastructure of competence of CAV S.p.A. (old motorway plan and completion works, not yet completed) of which the Technical Consultant does not have the whole technical documentation, it is possible to provide a positive view of the work of the technical and testing staff and to confirm that the project was executed well.
- 9.11 As the legislation in force was adhered to and as the testing was issued without reservations for all the equipment placed along the new Mestre By-pass, the seismic risk appears to have been fully limited; as foreseen by the mentioned OPCM 3274 (Art. 2 – comma 5)... no further verification of compliance to the law shall be carried out on the works under discussion, as they were designed based on the seismic norms in force after 1984.
- 9.12 In the event that structural works are needed on the tested structures, the organization proposing the modifications shall take charge of the task of adapting the works to current legislation. The outcome of a design in accordance with the former seismic design code (D.M. 16/01/1996) cannot be directly compared to that carried out in accordance with the law currently in force (D.M. 14/01/2008), as the two codes are based on different assumptions, therefore updated design seismic actions may be different for some items according to the specific sites. Nonetheless, taking in consideration that the territory is not subject to high seismic risk in general, it is deemed that the risk of major changes/rehabilitations, due to normative compliance, should be low.

10 CAV and Main Constructors' capability

Contract Framework

- 10.1 The following framework shows contract relations, roles and responsibilities among the companies involved in the construction of the Mestre By-pass and in the management of the network for which CAV has got a concession.

Figure 10.1: Contract Framework



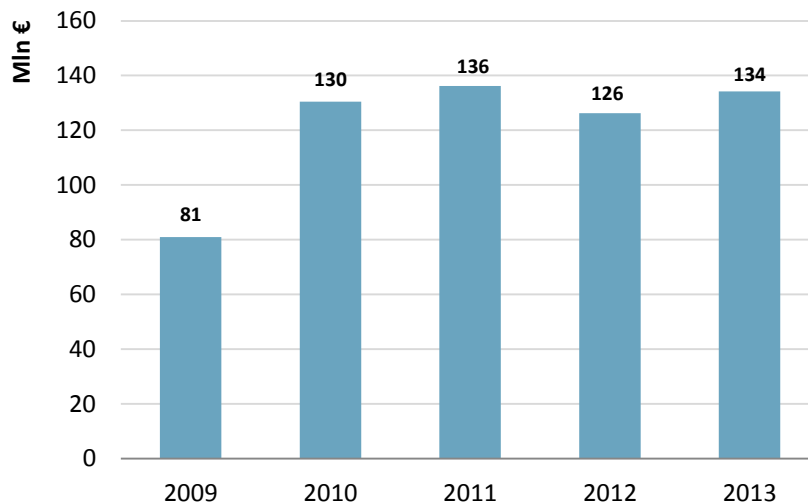
Concessionaire

- 10.2 The company in charge of managing the Mestre By-pass – Concessioni Autostradali Venete (CAV) – is a limited company set up by law on the 1st March 2008, with the task of reimbursing ANAS for the funds it provided for the construction of the Mestre By-pass, obtain resources for further infrastructure investments in the Veneto region and managing the complex system of crossing the Eastern part of the Veneto region composed of the By-pass and Mestre's Ring-road.

10.3 CAV S.p.A.'s capital stock amounts to € 2,000,000.00 and it is owned 50% by ANAS S.p.A. and 50% by the Veneto Region. CAV S.p.A. has been managing the By-pass since its opening (08/02/2009) and since the 1st December 2009 it has also been given the task of managing the motorway sections already given in concession to Società delle Autostrade di Venezia e Padova, i.e. the section of A4 between Padova and Mestre, the Connection to Marco Polo Airport and Mestre's Western Ring-road.

10.4 The following figure reports the turnover of CAV since the opening of the Mestre By-pass. In 2014 the turnover has been equal to €140 million.

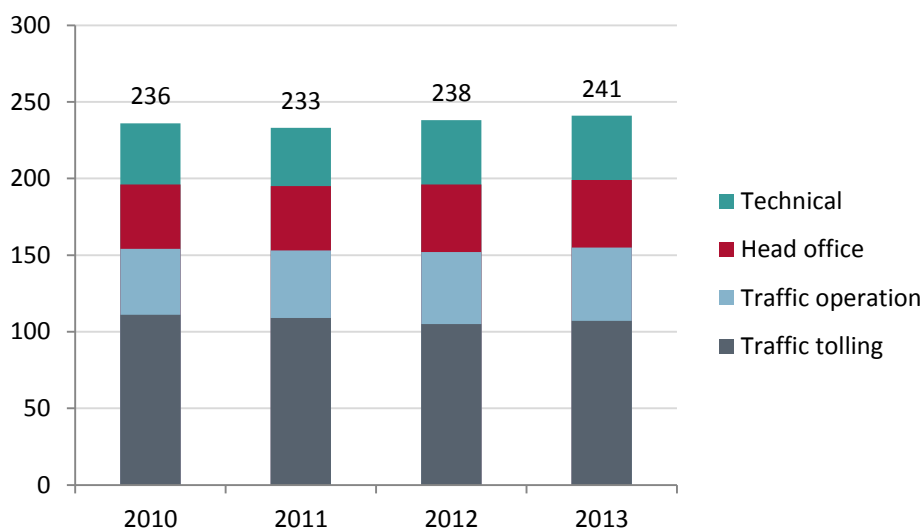
Figure 10.2: CAV Turnover



Staff

10.5 CAV started its activity by absorbing in 2009 the entire organizational and operational structure of the Società delle Autostrade di Venezia e Padova S.p.A.. This provided CAV with an expert team, capable of managing the complex activities associated to the management of a motorway.

Figure 10.3: CAV staff



- 10.6 Thanks to this structure, CAV has been able to manage a motorway network which is twice in length and plants as the previous one. During the following years, the average number of staff has been maintained at the initial levels but a number of rebalancing actions have been implemented in the various sectors of the company, strengthening some fields which are particularly important for the quality of the motorway service provided, such as the road infrastructure sector.

The Building company

- 10.7 The General Contractor – Passante di Mestre S.p.A. – is made up of the following companies:

- Salini Impregilo;
- Grandi Lavori Fincosit;
- Consorzio Cooperative Costruzioni.

- 10.8 The main works have been carried out on behalf of the Contracting party by the following companies:

- Consorzio Venice Link;
- Brussi Costruzioni Srl;
- Alissa Costruzioni Spa;
- Anese Gino Sas;
- Ati Cosmo Scavi – Cosmo Ambiente Srl;
- Impresa di Costruzioni Ing. E. Mantovani Spa;
- ATI: Gemmo Spa, Aristeia Service Coop. ARL, Tasca Aldo Srl, G.B.Nord Srl;
- Dolomiti Rocce Srl;
- Metalmeccanica Fracasso Spa;
- Mestrinaro Spa;
- SE.RIF. Sas.

Technical Consultant's Opinion

- 10.9 Based on the information available, we can confirm the satisfactory organizational qualities and the technical specialized skills of the companies part of the General Contractor. These companies are therefore considered adequate to the construction needs of the works under analysis in the present Due Diligence.
- 10.10 We would also like to highlight that the construction of the works under analysis is now completed. Such works moreover did not include any particular difficulties: the 32 kilometres of the motorway are on a flatland – in ordinary operational, climatic and orographic conditions – and are built using standard infrastructure elements for the construction of motorways.

Maintenance Service Companies

- 10.11 Both ordinary and periodic maintenance works have been awarded to the following companies (for a more precise description of maintenance interventions and their costs please read Chapter 7 of the present Due Diligence):
- Alpitel Spa;
 - Arduino Martinuzzo Vivai Srl;
 - ATI Adriastrade Srl;
 - ATI Citelum SA;
 - ATI RG Impianti Srl;

- ATI Sioss Srl;
- ATI Soc.Ma.S. Srl;
- ATI Terranova Giuseppe;
- Brussi Costruzioni Srl;
- C.R.R. Srl;
- Celegato Srl;
- Coletto Srl;
- De Zottis Spa;
- DZ Group Consorzio Stabile Soc. coop.;
- Elettroimpianti Srl;
- Euro & Promos Soc. coop. P.A;
- FBF Impianti Srl;
- FIP Industriale Spa;
- Il Verde Srl;
- Impreservice Srl;
- Infracom Italia Spa (dal 26/05/2012 Serenissima Mobilità Srl);
- Ranzato Antonio Srl;
- RG Impianti Srl;
- SACAIM Spa;
- Safital Srl;
- Salima Srl;
- Segnastrade Veneta Scrl;
- Trevimais Snc;
- Triveneta Asfalti Srl;
- Vasti Luca.

Technical Consultant's Opinion

- 10.12 We believe that the skills of the companies are guaranteed by the nature of the subcontracting contracts – which we have analysed – and which bind them to CAV with reference to the execution of the maintenance works under discussion. DPR 207/2010³ – the so-called “Subcontracting Regulation” – requires in fact that during the tender the competing companies give evidence of the necessary economic and financial as well as technical-organizational requirements (see: Part II, Title III, “Qualification system and requisites for the performance of works”).
- 10.13 Specifically they are obliged, in case the public works executed amount to a value higher than €150,000 (as defined from the data reported in Chapter 7 of the present Due Diligence - this is the case for the majority of subcontracts analysed here), to have a SOA certification of quality, issued by certifying bodies credited in compliance with European regulations UNI EN ISO 9000. Such qualifications are a necessary precondition to demonstrate the technical and financial skills needed to perform public works.
- 10.14 In case of public works amounting to €150,000 or less, is performed by companies that are not SOA certified, the law requires them to comply with a series of requisites for the participation to public work subcontracts, certifying the technical and financial suitability of such companies.

³ Performance and Implementation Regulation of the Dlgs dated 12 april 2006, n. 163 “Public Contract Code for Works, Services and Supplies in the Enforcement of Directives 2004/17/CE e 2004/18/CE»

- 10.15 DPR 207/2010 requires the presentation – as an integral and substantial part of subcontracts – of DUVRI (Interference Risk Assessment Document) as foreseen by the Consolidated Act on Safety at Work 81/2008, which guarantees that the necessary measures for interference risks are taken and that the workers in charge have the necessary technical skills.
- 10.16 The ordinary nature of the Maintenance Works being analysed and the presence on the market of companies with the technical and organizational skills needed for their performance, guarantee the absence of risks for the infrastructure under analysis also in the event that one or more of the companies in charge of maintenance should not manage to fulfil their contractual obligations.

11 Risks Matrix

11.1 The main risks associated to this kind of project, can be classified as follow:

- Risks associated to the works:
 - Risks associated to the design phase;
 - Administrative risks regarding the achievement of necessary authorizations;
 - Construction risks (unforeseen events, delays, extra-costs, non-compliance with the foreseen technical specifications, etc.).
- Risks associated to the management of the works:
 - Risks concerning ordinary and extraordinary maintenance activities;
 - Financing risks;
 - Risks regarding violations, non-compliance or omissions of the Concession Agreement requirements;
- Risks in common to both the phases:
 - Inflation risk;
 - Interest rate risk;
 - Administrative risk;
 - Political risks;
 - Legal risk;
 - Environmental risk.

11.2 The risks matrix is a useful tool for facilitating the identification and allocation of the project risks, as well as evaluating the proposed specifications and the available mitigation measures. It is a simple and flexible tool aimed at:

- Listing and describing all the project risks;
- Identifying the subject (or subjects) each risk is associated to;

11.3 This analysis allows the identification of the suitable risk mitigation tools. The risks matrix is shown in the table below.

11.4 As far as the risks associated to the “Renewal of the sub concessions for the Marghera Est and Ovest Service Areas”, highlighted in the flowing risk matrix, the expiration date of the sub

concessions stipulated by the former Concessionaire (Società Autostrade di Venezia e Padova) and the Marghera Est and Ovest sub concessionaires (respectively Total Italia S.p.A. and Eni S.p.A.) was the 30th November 2009 – when the motorway network managed by Società Autostrade di Venezia e Padova was transferred to CAV.

- 11.5 At the time of expiration of the above mentioned sub concessions contracts, CAV requested ANAS' approval for their renewal. However, as the service areas were located to the east and west of the Marghera roundabout – and therefore not being the access roads fully compliant with the requirements of the Italian Highway Code (“Nuovo Codice della Strada”) – the SVCA/ MIT (Surveillance Authority for Motorways Concessions/Ministry of Infrastructures and Transports) did not approve the contracts with the oil and hotel companies.
- 11.6 CAV appealed this decision to the Veneto TAR (literally Regional Administrative Court). These sub concessions would allow CAV to benefit from the royalties on the oil and non-oil products sold by sub concessionaires of the service area. In 2013, the royalties on the Marghera Est and Marghera Ovest service areas amounted to around €0.5 million. Also the sub concessionaires of the service areas appealed against the SVCA/ MIT decisions and the judge decided to gather the appeals promoted into two different proceedings, that is:
- Marghera Est service area (ref. No. 1800/2012), including the hotel sub concession, having as claimant CAV, as defendants ANAS, SVCA and MIT, and towards to Total Erg and BRE Alliance Hospitality Italy Srl;
 - Marghera Ovest service area (ref. No. 1095/2012) having as claimant CAV, defendants ANAS, SVCA and MIT and towards to ENI.
- 11.7 On 16th July 2014 the Veneto TAR passed the judgment No. 1090/2014 (ref. 1095/2012) and No. 1091/2014 (ref. No. 1800/2012) in favour to CAV, for the following reasons:
- the areas were authorized since 1969;
 - art. 60 of the Italian Highway Code (“Nuovo Codice della Strada”) is related to accesses located close to an intersection, not close to a roundabout;
 - the agreement between CAV and ANAS foresees an informative obligation with reference to the sub-concessions, that does not require any formal approval by the Grantor.
- 11.8 Moreover, the judgments were registered on 29th July 2014 and on 12th December 2014, the sub concession contract between CAV and ENI was signed, setting out the deadline at 31st December 2025. On 21st January 2015 with note No. 835/2015 the agreement was sent to the Grantor. Finally, the Grantor was already informed of the other subscribed subconcession agreements, pertaining, respectively, the service area of Marghera Est with Total Erg as counterpart (Ref. No. 4061 of 13rd April 2011) and the hotel with BRE Alliance Hospitality Italy Srl as counterpart (Ref. No. 5802 del 23rd May 2012).
- 11.9 Therefore, the risk connected to the renewal of the sub-concessions between CAV and the sub-concessionaires, including the related consequences, has been ridden out.

Table 11.1: Risks Matrix

Risk	Main Causes	Risk Allocation	Solutions/Mitigations	Comments
Contract resolution and Concession revocation	Serious and persistent violations of its (CAV's) obligations.	Concessionaire		
	Contract resolution due to public interest reasons or any other circumstances not depending on the Concessionaire	Grantor	Recovery of the costs incurred by CAV and compensation for foregone profit equal to 10% of the works which are still due	
	Delays in the achievement of the Mestre By-pass completing works	Concessionaire	Revising the investment schedule – update the Financial Plan	Being the financer of the works only, CAV does not have any decision-making power concerning the scheduling and economic management of the activities. CAV can only gain knowledge of the information regarding ANAS' management and inform the Ministry of Infrastructure and Transport about the situation of the contracted works by means of a quarterly note
	Savings following the completion of the new investments for functional requirement, managed directly by CAV	Concessionaire	Revising the investment schedule – update the Financial Plan	
Tariff modification				

Risk	Main Causes	Risk Allocation	Solutions/Mitigations	Comments
Tariff modification	Savings following the completion of the investments included in the Società della Autostrade di Venezia e Padova Concession Agreement duties	Concessionaire	Revising the investment schedule – update the Financial Plan	Being the financier of the works only, CAV does not have any decision-making power concerning the scheduling and economic management of the activities. CAV can only gain knowledge of the information regarding ANAS' management and inform the Ministry of Infrastructure and Transport about the situation of the contracted works by means of a quarterly note
	Non-receipt of financing for investments in assets due to the non-scheduling of the investment by the Competent Authorities	Concessionaire	Revising the investment schedule – update the Financial Plan	Being the financier of the works only, CAV does not have any decision-making power concerning the scheduling and economic management of the activities. CAV can only gain knowledge of the information regarding ANAS' management and inform the Ministry of Infrastructure and Transport about the situation of the contracted works by means of a quarterly note
Water ingress/flooding risk	Construction of some sections of the Mestre By-pass in trenches (namely below water level), equipped with a system for the disposal of rainwater composed of 237 pumps distributed along the motorway	Concessionaire	Compliance with the correct maintenance program of the lifting plant	

Risk	Main Causes	Risk Allocation	Solutions/Mitigations	Comments
Seismic risk	Earthquake	Concessionaire	The seismic risk appears fully mitigated since the regulation in force was respected and the testing issued without reservations for all the equipment placed along the Mestre By-pass	If structural interventions are to be carried out on the structures tested before the enforcement of the DM 14.01.2008, it will be necessary to upgrade these structure to the regulations in force. However, the territory affected by the Bypass has a low level of seismic risk.
Renewal of the sub concessions for the Marghera Est and Marghera Ovest service areas	Legal case regarding roundabout access to the Marghera Est and Marghera Ovest Service Areas	Concessionaire	Ridden out	
Environmental risk	Exceeding of the permitted limits for the acoustic levels	Concessionaire	Actions aimed at mitigating the elevated noise levels to bring the acoustic emissions back within the regulatory limits	We do not believe that contingent acoustic mitigation interventions should have a significant economic impact
Operational cost increases	Increase of the Concessionaire's staff costs	Concessionaire	Update the Financial Plan	
	Extraordinary maintenance works not foreseen in the Financial Plan	Concessionaire	Revise the investment schedule – update the Financial Plan (paragraph “g” miscellaneous)	The motorway has been open to traffic in 2009. Considering the life cycle of the civil works, not relevant interventions are expected on the structures in the years to come.
Consequences from macro-economic factors	Different inflation rates with respect to the values currently foreseen	Concessionaire	Update the Financial Plan	
	Interest rates increase	Concessionaire	Update the Financial Plan	

APPENDIX 4
FINANCIAL STATEMENTS OF THE ISSUER



**Concessioni Autostradali Venete
CAV S.p.A.**

**Interim Report
at 30 September 2015
and related reports**

Concessioni Autostradali Venete CAV S.p.A.

***Via Bottenigo, 64/A
30175 Marghera (Venice)***

Fully paid-up share capital € 2,000,000.00

***Register of Companies, Tax Code and VAT no. 03829590276
Economic Administrative Index no. VE 0341881***

Contents

<i>Company Officers</i>	<i>page 4</i>
<i>Share capital structure</i>	<i>page 5</i>
<i>INTRODUCTORY REPORT</i>	<i>page 6</i>
<i>INTERIM REPORT AT 30 SEPTEMBER 2015</i>	<i>page 15</i>
<i>Balance Sheet</i>	
Assets	<i>page 16</i>
Liabilities	<i>page 18</i>
<i>Income Statement</i>	<i>page 19</i>
<i>Explanatory notes</i>	<i>page 21</i>
Structure and content of the financial statements	<i>page 22</i>
Accounting policies - Measurement criteria	<i>page 23</i>
Information on the balance sheet: assets	<i>page 26</i>
Information on the balance sheet: liabilities	<i>page 35</i>
Information on the income statement	<i>page 42</i>
Cash flow statement	<i>page 49</i>
 <i>AUDITORS' REVIEW REPORT</i>	 <i>page 50</i>

Company Officers

BOARD OF DIRECTORS ⁽¹⁾

Chairman
SERATO Luisa

Chief Executive Officer
ADILETTA Michele ⁽²⁾

Directors
ADAMI Alessio
MAGGIONI Alessandro
RIBECHI Federica

BOARD OF STATUTORY AUDITORS ⁽³⁾

Chairman
BARBIERO Massimo

Standing Auditors
CORSO Francesco
DE MARTINO Giulia

Alternate Auditors ⁽⁴⁾
SOLIMENE Silvia

SENIOR MANAGERS

Administration Manager
BORDIGNON Giovanni

Operations Manager
MATASSI Angelo

Human Resources Manager
BRAGATO Paolo

Technical Manager
FUSCO Sabato

INDEPENDENT AUDITORS

RIA GRANT THORNTON S.p.A.

1. The Board of Directors was appointed by the Shareholders' Meeting on 21 October 2015
2. Director Michele Adiletta was appointed Chief Executive Officer by the Board of Directors on 27 October 2015.
3. The Board of Statutory Auditors was appointed by the Shareholders' Meeting on 29 January 2015.

On 28 July 2015 Francesco Mariano Bonifacio resigned from office as Alternate Auditor.

Share capital structure

SHAREHOLDER	NOMINAL VALUE OF ORDINARY SHARES	PERCENTAGE %
<i>ANAS S.p.A.</i>	1,000,000.00	50
<i>Veneto Regional Government</i>	1,000,000.00	50
Total	2,000,000.00	100

INTRODUCTORY REPORT

Dear Shareholders,

If in the first half of 2015, no particularly new information or events arose from CAV S.p.A., the second half of 2015 is instead proving more dynamic and with more positive news on several fronts, particularly as regards governance, motorway operations and in financial terms.

First and foremost, governance. After discussions, CAV Shareholders met on 21 October 2015 and appointed the new Board of Directors for the three-year period 2015-2017. This appointment concludes the company officers renewal process that began at the start of the year, when on 29 January 2015 when the CAV S.p.A. Shareholders' Meeting appointed a new Board of Statutory Auditors and, on 14 January 2015, the Board of Directors renewed members of the Supervisory Board pursuant to art. 6, Italian Legislative Decree 231/01.

The new Board of Directors has five members: Luisa Serato, Alessio Adami and Alessandro Maggioni nominated by the shareholder Veneto Regional Government; Michele Adiletta and Federica Ribechi nominated by ANAS S.p.A. Luisa Serato was appointed Chairman of the Board of Directors and Michele Adiletta was appointed Chief Executive Officer.

Membership of the Board of Statutory Auditors with term of office ending 2017 is as follows: Massimo Barbiero - Chairman; Francesco Corso and Giulia De Martino - Standing Auditors; Francesco Mariano Bonifacio - Alternate Auditor (resigned from office on 28 July 2015) and Silvia Solimene - Alternate Auditor.

The members of the Supervisory Board, with term of office ending 31 December 2017, are: Antonio Matera - Chairman; Fabio Milocchi and Giorgio Zavadini - members.

The stronger dynamic nature of CAV generated in the second half of 2015 was accompanied by a more decisive recovery of motorway operations. The overall increase in traffic, which at the close of the first half of 2015 was up 1.6%, in the last three months has risen by more than one percentage point to reach 2.7% at the end of September. This positive figure had an immediate impact on toll revenue, which is by far the most important item on the company's financial statements. This revenue also benefited from the 1.5% toll tariff adjustment which entered into force from 1 January 2015. The percentage involved is slightly lower than that requested by CAV which, calculated at currently agreed terms, was 2.8%. The reason for the difference is the application of the Ministry of Infrastructures and Transport Directive of 29

December 2014, which states that the primary objective in the public interest was the adoption of all suitable measures to overcome the current negative economic and financial situation. In view of this objective, among the measures to adopt was also that of limiting tariff adjustments for 2015 by setting a 1.5% cap on the increase. CAV adapted its plans to the Directive of 29 December 2014 and - like all the other motorway companies - signed a memorandum of understanding with the Ministry of Infrastructures and Transport which for 2015 established a provisional tariff increase of 1.5% and the recovery, at the time of updating the business and financial plan, of the different tariff increase.

The combined effect of the increase in traffic, tariffs and rounding resulted in revenue rising by 5.0%.

Production costs recorded an increase of approximately 13.0%, mostly the result of more consistent amortisation and depreciation and stronger allocation to the provision for renewals. Overall, in the first nine months of 2015 CAV S.p.A. completed maintenance for around EUR 6.9 million, higher than in the same period last year when maintenance costs totalled approximately EUR 5.0 million.

Profit for the first nine months of the year amounted to EUR 11.7 million which, especially due to higher amortisation and depreciation, was lower than the result of EUR 13.2 million recorded in the same period of the previous year.

The good performance indicated by the income statement continues to support the loan and the implementation of investments already planned in the financial plan attached to the Agreement of 23 March 2010. The Plan is gradually reaching completion and 26 February 2015 saw the Marcon ring road opened to traffic, then on 1 April 2015 the Martellago motorway service station was inaugurated. To construct the new station, a large viaduct of over 500 metres was built, and major hydraulic and environmental mitigation works were completed.

The Martellago station is the last of the major works included among the auxiliary and completion works in the investment plan defined in the concession agreement. The plan envisages a global investments total of EUR 279 million, of which: around EUR 11 million refer to motorway operations works and undertaken directly by CAV S.p.A. and spread throughout the entire duration of the concession; approximately EUR 4 million allocated to the construction of two service areas along the Passante; about EUR 15 million for works inherited

with the concession; roughly EUR 13 million to complete the SP81 and around EUR 236 million for auxiliary and completion works to be performed by ANAS.

Of all these investments, at 30 September 2015 CAV S.p.A. had completed and paid for works totalling EUR 228.6 million.

But the real news on the financial front for this year is that the recent appointment on 21 October 2015 of the Board of Directors acted as a new catalyst to implementing the most significant financial transaction that CAV has attempted in order to achieve the key objective of CAV's financial plan: the reimbursement to ANAS S.p.A of the cost of the Passante di Mestre. The cost established for the Passante in the agreement is EUR 986 million. In order to meet this debt, in 2014 CAV S.p.A. arranged a project bond issue involving dozens of parties, all of the highest level in their sectors, highly qualified and with specific and diversified skills.

The terms of the transaction can be summarised as follows: issue of fixed-rate covered bonds for a total nominal amount of EUR 830 million, maturing 31 December 2030. The bond loan targets professional Italian and/or international investors pursuant to art. 100, paragraph 1.a), Italian Legislative Decree no. 58 of 24 February 1998. The interest rate will be determined on closing of the transaction, based on market conditions and payable half-yearly on 30 June and 31 December each year. The bond loan, which has obtained a satisfactory provisional rating from specialist agencies, will be governed by British law and will be admitted to trading on the Luxembourg Multilateral Trading System.

The transaction should be complete once a subordinated loan is obtained to cover the VAT relating to reimbursement of the payable to ANAS and backed by a partial guarantee on the loan. The subordinated loan will be granted by ANAS, whilst a specific arrangement with the European Investment Bank will involve EIB's commitment to issuing a letter of credit in favour of bondholders for 20% of the total bond loan.

The financing transaction will require CAV S.p.A. to issue guarantees in favour of the bondholders and to the European Investment Bank. In particular, these are general and special privileges on securities, the pledge or guaranteed transfer of receivables and a pledge on current accounts.

The transaction is highly complex and is of strategic importance to CAV as it will allow CAV's permanent settlement of the obligation, undertaken by the Company at the time of incorporation, to reimburse ANAS S.p.A. for all costs incurred in the construction of the

Passante di Mestre. Therefore, the transaction was immediately relaunched by the new Board of Directors with the aim of obtaining the loan by 31 December 2015. It is with this intention that a new contractual agreement was reached with the financial and legal advisors for relaunch of the transaction that had been temporarily shelved pending reorganisation of the company officers. The new agreement ensures continuation of the support crucial to CAV and the updating of the two technical due diligence processes regarding traffic - insurance and legal.

With regard to disputes, on the other hand, the lengthy proceedings before the Appeal Court, which CAV S.p.A. had become party to after taking over the concession from Società delle Autostrade di Venezia e Padova S.p.A., have concluded. The Appeal Court decision upholds that of the first instance proceedings which had sentenced Venezia-Padova to pay approximately EUR 3,220,000. This sum had already been paid by Venezia-Padova and CAV is therefore now liable for part of the proceedings costs amounting to an estimated EUR 40,000.

The conclusion of these proceedings means that CAV disputes are reduced to a small number of minor disputes, with one exception. It relates to the instigation of proceedings to ascertain liability of parties involved to varying extents in a serious accident on the A4 on 29 July 2014, at the location 377+300 km westbound. The accident was caused by a heavy vehicle which, for reasons and circumstances still to be determined, crashed into vehicles and personnel working on a mobile site on the motorway. Two of the operators, employees of the contractor responsible on CAV S.p.A.'s behalf for managing the mobile worksite, died. On conclusion of the preliminary investigations into the accident, included among the alleged offenders were also the technical manager and a technical officer, the former CEO and CAV S.p.A. itself, alleged to be administratively liable pursuant to art. 25-septies, paragraph 2 of Italian Legislative Decree 231/01 of the offence referred to in art. 589, paragraphs 1, 2 and 4 of the Italian Criminal Code committed in the company's interest or in any event to its benefit. Otherwise, the Company considers that relations with the contractor were conducted correctly, also in terms of operations coordination and safety management. CAV has appointed defence counsel to assist in the proceedings.

On 15 October 2015, at the Preliminary Hearing at the Court of Venice, the judge ordered the indictment of CAV S.p.A. and set the date for opening discussions as 7 January 2016.

The extent of the liability that could potentially arise from the proceedings is strictly associated with the final court decision, and therefore there are no pending claims for compensation for damages. In fact, the primary party called upon to answer for the events of 29 July 2014 is successfully arranging compensation for all the injured parties. In any event, the most recent judicial decisions based on apparently consolidated case law consider that in proceedings instigated to ascertain corporate liability for an offence, bringing a civil claim to criminal proceedings is not permitted. In civil liability terms, therefore, claims for compensation against CAV S.p.A. are not expected.

The potential liabilities are instead associated with the possibility of a penalty under criminal law. In this specific case, art. 25-septies, paragraph 2 of Italian Legislative Decree 231/2001 envisages that, in the event of an unfavourable outcome, a financial penalty of not less than 250 units and not more than 500 units applies: the unit amounts range from a minimum EUR 258 to a maximum EUR 1,549. The court determines the value and number of the units depending on the seriousness of the offence, the financial situation of the offender, the degree of liability and the action taken to prevent repetition of the crime.

If the outcome should prove unfavourable, art. 25-septies, paragraph 2, envisages the application of bans pursuant to art. 9, paragraph 2, Italian Legislative Decree 231/2001, with a duration of not less than three months and not longer than one year. However, art. 13 of Italian Legislative Decree 231/2001 restricts the applicability of bans only to the more serious cases. In this respect, the Company's appointed lawyers consider that neither of the two conditions envisaged in art. 13, Italian Legislative Decree 231/2001, are satisfied due to the fact that there has been no repetition of the offences under Italian Legislative Decree 231/2001 and CAV achieved no significant gain. It follows that the potential infliction of bans upon CAV S.p.A. can be considered remote.

To complete the overview, a further two pieces of information of varying importance should be noted: the first relates to expiry of the Financial Plan and Regulatory Financial Plan, essential attachments to the agreement for motorway management operations; the second, of less importance, concerns the placing in liquidation of the investee Servizi Utenza Stradale S.C.p.A.

The 2010-2032 Economic and Financial Plan (PEF) and the Regulatory Financial Plan for the 5-year period 2010-2014 (PFR) are attachments to the current Recognition Agreement of 23

March 2010, approved by Interministerial Decree no. 408 of 22 November 2011. The Regulatory Financial Plan consequently expired at the end of 2014. The Company has arranged for both Financial Plans to be updated. The CAV Shareholders' Meeting of 26 June 2015 examined the Financial Plans and authorised the CAV Board of Directors to approve the Plans and submit them to the granting authority, the Ministry of Infrastructures and Transport. On the same date, 26 June 2015, the CAV Board of Directors met and approved the new Economic and Financial Plan (PEF) and Regulatory Financial Plan. That same day, by the deadline envisaged in the Concession Agreement, the updated Plans were submitted to the Ministry of Infrastructures and Transport.

Given the complexity and delicate nature of the transaction, in order to update the Plans, cooperation and support from an external company specialising in this field was requested.

The new Plans incorporate the contents of the Economic and Financial Model prepared by the pool of banks assigned to financial intermediary services as part of the project bond transaction, mentioned earlier in this introductory section.

The key elements of the Plans can be summarised as follows:

- duration: the financial plan begins from 2015 and ends in 2032, the final year of the concession;
- tariffs: tariff increases never exceeding 1.5% are envisaged, in compliance with instructions of the granting authority, the Ministry of Infrastructures and Transport;
- traffic: the traffic forecasts are based on a special study commissioned to an external company that is a leading expert in the specific sector;
- investments: the commitment of around EUR 279 million already envisaged in the current Regulatory Financial Plan has remained unchanged;
- financial structure: the Plan takes into account the decisions of the Shareholders' Meeting of 29 January 2015, which resolved to go ahead with the project bond issue. The estimated amount of the financing is EUR 830 million, assuming a 3.15% interest rate and transaction closing expected by 30 September 2015. Conclusion of the repayments is planned for 31 December 2030. A loan from ANAS is also envisaged for a total of EUR 195 million at an 8.75% interest rate. Repayment of the ANAS loan is expected by the end of 2021;
- dividends: the distribution of dividends is planned for a total of around EUR 544 million, from 2022 to the end of the licence.

The Plans are now being examined by the Ministry of Infrastructures and Transport, and CAV S.p.A. is available for any clarification or discussions necessary to obtain their approval in a reasonably short time.

The second piece of information concerns the company Servizi Utenza Stradale S.C.p.A., whose share capital is divided equally among four motorway companies: Autostrade Centro Padane S.p.A., Autostrada Brescia-Padova S.p.A., Autovie Venete S.p.A. and CAV S.p.A. The articles of association of Servizi Utenza Stradale state its corporate purpose as “the rationalisation, enhancement and development of services for road users through an organisation common to the consortium member companies”.

The shareholders of SUS S.C.p.A. decided to terminate the venture and to separately conduct the services until now managed by SUS. On 7 May 2015, the Shareholders' Meeting of SUS S.C.p.A. resolved upon the early winding-up of the company by placing it in liquidation and appointing a Liquidator. The liquidation process is already at an advanced stage and completion is expected in the reasonably near future.

INCOME ANALYSIS (THOUSANDS OF EUR)

	30/09/2014	% impact on revenue	30/09/2015	% impact on revenue
REVENUE				
Net toll revenue	91,311	94.82%	95,942	94.33%
Other revenue from sales and services	4,568	4.74%	4,990	4.91%
Other income and revenue	416	0.43%	779	0.77%
TOTAL REVENUE	96,295	100.00%	101,711	100.00%
Production overheads	-13,496	-14.02%	-16,075	-15.80%
Other costs and plus/minus balance	-2,730	-2.84%	-2,856	-2.81%
VALUE ADDED	80,069	83.15%	82,781	81.39%
Net labour costs	-13,014	-13.51%	-14,289	-14.05%
EBITDA	67,055	69.63%	68,492	67.34%
Accumulated amortisation/depreciation	-28,977	-30.09%	-32,276	-31.73%
Allocations to provisions for risks and charges	-771	-0.80%	-2,223	-2.19%
EBIT	37,307	38.74%	33,992	33.42%
Financial income and charges	-17,269	-17.93%	-16,384	-16.11%
Asset adjustments/sale of investments	1	0.00%	0	0.00%
RESULT BEFORE EXTRAORDINARY COMPONENTS AND TAXES	20,039	20.81%	17,608	17.31%
Extraordinary income and charges	0	0.00%	0	0.00%
INCOME BEFORE TAXES	20,039	20.81%	17,608	17.31%
Income taxes for the year	-6,792	-7.05%	-5,942	-5.84%
PROFIT FOR THE PERIOD	13,247	13.76%	11,665	11.47%

INTERIM REPORT AT 30 SEPTEMBER 2015

BALANCE SHEET AND INCOME STATEMENT

BALANCE SHEET**31/12/2014****30/09/2015****ASSETS****A) SUBSCRIBED CAPITAL UNPAID**

0

0

B) FIXED ASSETS*I. Intangible assets*

4) Concessions, licences, trademarks and similar rights

7,830

29,904

6) Intangible assets in progress and advances

110,591,220

6,353,609

7) Other intangible assets

679,206,623

759,775,722

789,805,673766,159,235*II. Tangible assets*

1) Land and buildings

22,644

20,038

2) Plant and machinery

165,005

116,245

3) Industrial and commercial equipment

35,557

30,870

4) Other tangible assets

336,010

280,636

559,216447,789*III. Financial assets**Investments in:*

b) associates

299,767

299,767

d) other companies

1,058

1,058

300,825300,825

Total fixed assets

790,665,714766,907,849**C) CURRENT ASSETS***I. Inventories*

1) Raw materials and consumables

1,077,125

1,028,875

II. Receivables

1) Trade receivables:

- due within 12 months

5,000,883

1,679,633

- due after 12 months

834,520

784,752

4 bis) Tax receivables

64,643,159

50,128,268

4 ter) Deferred tax assets

1,292,565

747,003

5) Other receivables:

- due within 12 months

177,011,475

192,570,299

- due after 12 months

28,221,885

23,533,409

277,004,487269,443,364

	31/12/2014	30/09/2015
<i>III. Financial assets not classified as fixed assets</i>	0	0
<i>IV. Cash and cash equivalents</i>		
1) Bank and postal deposits	67,024,702	100,415,197
3) Cash on hand	68,363	68,419
	<u>67,093,065</u>	<u>100,483,616</u>
Total current assets	<u>345,174,677</u>	<u>370,955,855</u>
 <i>D) ACCRUED INCOME AND PREPAID EXPENSE</i>	 5,258	 228,611
 <i>TOTAL ASSETS</i>	 <u>1,135,845,649</u>	 <u>1,138,092,315</u>

LIABILITIES	31/12/2014	30/09/2015
A) EQUITY		
I. Share capital	2,000,000	2,000,000
IV. Legal reserve	400,000	400,000
VII. Other reserves:		
- Extraordinary reserve	47,641,383	59,196,021
- Non-distributable reserve, art. 2426 Civil Code	25,826	25,826
- Restricted reserve for road infrastructures	9,776,227	9,776,227
- Restricted reserve for sanctions and penalties	175,000	175,000
- Restricted reserve for maintenance works		
differences	918,054	2,571,608
IX. Profit (loss) for the year	13,208,192	11,665,436
	<u>74,144,682</u>	<u>85,810,118</u>
B) PROVISIONS FOR RISKS AND CHARGES		
3) Other:		
a) for risks	150,000	150,000
c) for renewals	16,537,288	18,760,510
	<u>16,687,288</u>	<u>18,910,510</u>
C) POST-EMPLOYMENT BENEFITS	424,090	433,222
D) PAYABLES		
4) Payables to banks		
- due within 12 months	82,513,164	76,595,864
- due after 12 months	332,150,000	332,805,000
7) Trade payables	5,474,973	5,161,093
12) Tax payables	2,613,669	2,864,915
13) Social security payables	1,195,196	1,004,881
14) Other payables	620,227,378	621,302,847
	<u>1,044,174,380</u>	<u>1,029,734,600</u>
E) ACCRUED EXPENSE AND DEFERRED INCOME	415,209	3,203,865
TOTAL LIABILITIES	<u><u>1,135,845,649</u></u>	<u><u>1,138,092,315</u></u>

MEMORANDUM ACCOUNTS

Leased assets	68,450	59,450
TOTAL MEMORANDUM ACCOUNTS	<u>68,450</u>	<u>59,450</u>

INCOME STATEMENT

A) PRODUCTION VALUE

	30/09/2014	30/09/2015
1) Revenue from sales and services	105,701,270	111,002,123
5) Other revenue and income:	<u>416,440</u>	<u>779,075</u>
	106,117,710	111,781,198

B) PRODUCTION COSTS

6) Raw materials and consumables	682,361	742,380
7) Service costs	12,339,527	14,838,779
8) Lease and rental expense	470,720	445,299
9) Personnel costs:		
a) salaries and wages	9,138,688	10,085,625
b) social security contributions	2,893,174	3,165,216
c) post-employment benefits	668,391	693,808
e) other costs	<u>313,500</u>	<u>344,288</u>
	13,013,753	14,288,937
10) Amortisation, depreciation and write-downs:	28,791,464	32,135,052
a) amortisation of intangible assets	185,432	141,274
b) depreciation of tangible assets	<u>28,976,896</u>	<u>32,276,326</u>
11) Changes in inventories of raw materials and consumables	3,387	48,250
13) Other provisions	5,889,461	9,316,255
b) Allocation to provision for renewals	-5,118,160	-7,093,033
c) Utilisation of provision for renewals	<u>12,551,735</u>	<u>12,925,894</u>
14) Other operating costs	68,809,680	77,789,087

DIFFERENCE BETWEEN PRODUCTION VALUE AND COSTS

37,308,030 33,992,111

	30/09/2014	30/09/2015
<i>C) FINANCIAL INCOME AND CHARGES</i>		
16) Other financial income:	2,144,366	2,156,143
d) other income	<u>19,413,228</u>	<u>18,540,499</u>
17) Interest and other financial charges	-17,268,862	-16,384,356
 <i>D) VALUE ADJUSTMENTS TO FINANCIAL ASSETS</i>		
18) Revaluation:	1,035	0
a) of investments		
 <i>E) EXTRAORDINARY INCOME AND CHARGES</i>		
20) Income	<u>0</u>	<u>0</u>
21) Charges	0	0
	20,040,203	17,607,755
 <i>INCOME BEFORE TAXES</i>		
22) Income taxes for the year	6,425,289	5,396,756
a) current taxes	0	0
b) deferred tax liabilities	<u>366,297</u>	<u>545,563</u>
c) deferred tax assets	-6,791,586	-5,942,319
	13,248,617	11,665,436
23) Profit (loss) for the year		

EXPLANATORY NOTES

Structure and content of the financial statements

The interim report at 30 September 2015 was prepared in accordance with the provisions of art. 2423 et seq. of the Italian Civil Code, interpreted and integrated by Italian GAAP (particularly OIC 30 on interim reporting).

Note that the balance sheet and income statement formats comply with the regulations contained in articles 2423-ter, 2424, 2424-bis, 2425 and 2425-bis of the Italian Civil Code, which envisage restrictive formats.

The balance sheet compares the position at 30 September 2015 with that at 31 December 2014.

The income statement compares the position at 30 September 2015 with that at 30 September 2014.

The financial statements are expressed in Euro, without decimal points, as envisaged in art. 2423, paragraph 5 of the Italian Civil Code.

The explanatory notes, prepared in accordance with the provisions of articles 2427 and 2427-bis of the Italian Civil Code, contain indications on the most important measurement criteria, followed by comments on the individual accounting items, illustrating their breakdown and the reasons for any significant changes compared to the comparison period.

With the aim of providing more detailed information on the equity, financial and economic position of the Company and to complete the explanatory notes, it was considered appropriate to prepare a cash flow statement.

The contractually-agreed remuneration payable to the independent auditors for statutory audit of the financial statements totals EUR 19,802, without prejudice to ISTAT-defined increases, . The amount payable for limited review of the interim report at 30 September 2015 is EUR 10,000, plus EUR 1,000 as lump sum reimbursement of expenses. The total due for other services provided is EUR 2,700.

Accounting policies - Measurement criteria

As envisaged in art. 2427 of the Italian Civil Code, the criteria applied in the measurement of financial statement items are illustrated below. The criteria have remained unchanged since last year.

Multi-year charges

Multi-year charges are measured at cost, less direct amortisation systematically calculated on a straight-line basis over a period not exceeding five years.

Intangible assets

Intangible assets, i.e. the application software, are recognised at cost less direct amortisation systematically calculated on a straight-line basis over a period not exceeding two years.

Other intangible assets

Other intangible assets - referring to the construction costs for the Mestre motorway bypass (Passante di Mestre) to be reimbursed to ANAS, the compensation payable to Società delle Autostrade di Venezia e Padova S.p.A., other works completed on the stretch of motorway managed, auxiliary and completion works on the Mestre motorway bypass (Passante di Mestre), financial action implemented as a result of takeover of the management licence (safety guarantee works on the SP 81 and the San Giuliano interchange in Mestre), costs incurred for signing of the loan agreement with Cassa Depositi e Prestiti, renovation costs for the highway patrol station, costs for the junction roundabout on the Marco Polo – SS14 ring road and costs (feasibility study) relating to the service areas - are recognised at cost (plus capitalised financial charges but net of public grants and similar) less direct amortisation calculated on a straight-line basis throughout the entire duration of the management licence which terminates on 31 December 2032, i.e. over the period of validity of the loans for costs incurred to sign the loan agreement with Cassa Depositi e Prestiti.

Tangible assets

Tangible assets are made up of land and buildings, plant and machinery, industrial and commercial equipment and other assets (ordinary office furniture and equipment, electronic and electromechanical machines, computers and telephone systems, cars and other vehicles) and are recognised at cost, systematically depreciated each year according to their residual useful life.

Depreciation is calculated by applying the following annual rates, considered fair in relation to the residual useful life of the assets: plant and machinery 20%; industrial and commercial equipment 12%; ordinary office furniture and equipment 12%; electronic and electromechanical machines, computers and telephone systems 20%; cars 25%; other vehicles 20%.

Investments

Investments in associates are measured at equity, pursuant to art. 2426, paragraph 4 of the Italian Civil Code, attributing a value to each investment equal to the corresponding portion of equity of the investee as recorded in the latest available financial statements.

Investments in other companies are measured at cost. The original purchase cost increases following subscribed and paid up share capital increases and due to new purchases of shares or investment units by third parties. The value at cost is written down in the event of impairment.

For the recognition of investments among financial assets rather than current assets the criterion of long-term holding or otherwise applies.

Inventories

Inventories, made up of consumables and goods for use in maintenance works on the stretches of motorway, are measured at the lower between the purchase cost, assumed on the basis of the weighted average cost of purchases during the year, and the corresponding estimated realisable value according to period-end market prices.

Cash and cash equivalents

These include cash, bank deposits, post office current accounts and other cash equivalents. Cash and cash equivalents are recognised at the estimated realisable value, coinciding with the nominal value, and cash is measured at its face value.

Receivables and payables

Receivables and payables are recognised at their nominal value. Receivables are in any event recognised at a value that does not exceed their estimated recoverable amount.

Accruals and deferrals

Accruals and deferrals are calculated according to the accrual principle and include percentages of costs and income common to one or more periods, the extent of which varies over time.

Post-employment benefits

Post-employment benefits are calculated according to art. 2120 of the Italian Civil Code and in compliance with employment contracts and current laws.

Provision for renewals

The provision for renewals is topped up each period through allocation against renewal costs relating to the constituent assets of the stretch of motorway managed. Renewal costs refer to restoration or replacement costs and to maintenance, repairs, modernisation and transformation costs. The amount allocated is

estimated by the Company as sufficient to maintain the stretch of motorway managed in good, efficient condition. The provision is used to absorb the actual renewal costs incurred each period.

Provision for taxes

The provision for taxes includes probable tax payables for which the amount and/or contingency date is not yet known and deferred tax liabilities arising from temporary differences between the recognised result and the taxable income.

Provisions for risks

The provisions for risks allocated under liabilities in the Balance Sheet are to cover potential liabilities of the Company, based on realistic estimates of their becoming final. Provisions for risks are allocated solely to cover costs and charges of known type and of certain or probable existence, the amount and contingency date of which, however, were not known at period end. The risks for which it is likely that a liability will arise are described in the explanatory notes and allocations are made according to the principle of adequacy. Risks for which it is only possible that a liability will arise are described in the explanatory notes, without any allocation to the provisions for risks, in accordance with the accounting principles of reference.

Deferred tax assets and liabilities

Recognition of deferred tax assets and liabilities derives from temporary differences, to be reversed in future years, between the value assigned to an asset or liability according to statutory criteria and the value assigned to that asset or liability for tax purposes.

The rates used to calculate deferred tax assets and liabilities are 3.90% for IRAP and 27.50% for IRES.

Costs and revenue

Costs and revenue are recognised in the financial statements according to the principle of prudent accounting and the accrual principle.

Memorandum accounts

These include assets used by the Company on lease that are recognised at their current value.

Information on the balance sheet: assets

Intangible assets

A net decrease of EUR 23,646,438 was recorded. The changes during the period can be summarised as follows:

	Balance at 31.12.2014	Increase	Decrease	Fund transfer	Balance at 30.09.2015
Concessions, licences, trademarks and similar rights	7,830	44,615	22,541	0	29,904
Intangible assets in progress and advances	110,591,220	8,443,999	0	-112,681,610	6,353,609
Other intangible assets	679,206,623	0	32,112,511	112,681,610	759,775,722
Total	789,805,673	8,488,614	32,135,052	0	766,159,235

Concessions, licences, trademarks and similar rights refer to the residual value of costs incurred for purchase of the application software. Amortisation is applied on a straight-line basis over two years.

Intangible assets in progress and advances refer to: a) costs incurred for the auxiliary and completion works on the Mestre motorway bypass (Passante di Mestre); those becoming operative were re-recognised to other intangible assets; b) costs incurred for other works on the stretch of motorway managed that were not yet complete at the reporting date; c) costs related to issue of the project bonds and d) feasibility study costs referring to the service areas.

With reference to the auxiliary and completion works, note the re-recognition from *intangible assets in progress and advances* to *other intangible assets* of EUR 112,681,610 following the operational start-up of the Martellago-Scorzè toll gate (on 1 April 2015), the Marcon ring road (on 26 February 2015) and other slip road works. EUR 5,000,000 referring to the Mogliano Veneto north bypass remains classified among *intangible assets and advances*.

The changes in assets in progress during the period can be summarised as follows:

	Balance at 31.12.2014	Increase	Decrease	Fund transfer	Balance at 30.09.2015
Auxiliary and completion works on the Mestre motorway bypass (Passante di Mestre)	109,565,004	7,690,184	0	-112,255,188	5,000,000
Other works completed on the stretch of motorway managed	308,227	697,905	0	-426,422	579,710
	689,989	55,910	0	0	745,899

Costs relating to project bonds

Service areas	28,000	0	0	0	28,000
---------------	--------	---	---	---	--------

Total	110,591,220	8,443,999	0	-112,681,610	6,353,609
-------	-------------	-----------	---	--------------	-----------

Other intangible assets refer to the residual value of costs for the Mestre motorway bypass (Passante di Mestre), for the auxiliary and completion works on the Passante di Mestre, the compensation payable to Società delle Autostrade di Venezia e Padova S.p.A., other works completed on the stretch of motorway managed, safety guarantee works on the stretch of the SP 81 between the new Mira/Oriago motorway station and the roundabout in Malcontenta on the SS 309, works to remedy problems on the San Giuliano interchange in Mestre, renovation of the highway patrol station, the roundabout at Marco Polo ring road junction on the SS14 and costs associated with the loan agreement with CDP for EUR 423,500,000.

Amortisation is applied on a straight-line basis over the entire duration of the management licence.

The changes in other intangible assets during the period can be summarised as follows:

Other intangible assets	Balance at 31.12.2014	Historical cost		Balance at 30.09.2015	Balance at 31.12.2014	Accumulated amortisation		Balance at 30.09.2015	Net intangible assets Balance at 30.09.2015
		Increases from acquisitions / fund transfers	Decreases			Amortisation for the period	Decreases		
Mestre Motorway Bypass (Passante di Mestre)	705,199,639	0	0	705,199,639	188,134,837	21,485,341	0	209,620,178	495,579,461
Auxiliary and completion works	91,993,902	112,255,188	0	204,249,090	11,225,965	6,719,227	0	17,945,192	186,303,898
Compensation due to Soc. Ve/Pd	74,689,185	0	0	74,689,185	16,451,831	2,419,908	0	18,871,739	55,817,446
Other works completed on the stretch of motorway managed	4,070,132	426,422	0	4,496,554	673,556	154,361	0	827,917	3,668,637
SP81 safety guarantee works	5,390,125	0	0	5,390,125	885,394	187,183	0	1,072,577	4,317,548
San Giuliano	7,746,853	0	0	7,746,853	1,410,097	263,308	0	1,673,405	6,073,448

interchange, Mestre									
Renovation of highway patrol station	300,000	0	0	300,000	7,002	12,175	0	19,177	280,823
Roundabout at Marco Polo ring road junction - SS14	800,000	0	0	800,000	25,920	32,165	0	58,085	741,915
Costs relating to the loan agreement with CDP	9,705,726	0	0	9,705,726	1,874,337	838,843	0	2,713,180	6,992,546
Total	899,895,562	112,681,610	0	1,012,577,172	220,688,939	32,112,511	0	252,801,450	759,775,722

The construction costs of EUR 705,199,639 for the Mestre motorway bypass (Passante di Mestre), which the Company is obliged to reimburse to ANAS in compliance with art. 2, paragraph 290 of Italian Law 244/2007 and art. 6.2 of the concession agreement, include the actual costs incurred of EUR 986,400,000, financial charges capitalised as at the inauguration date of the Passante of EUR 20,828,985, less public grants (in accordance with CIPE Resolution no. 92 of 31 October 2002) of EUR 113,116,500 already collected by ANAS S.p.A., public grants (pursuant to art. 1, paragraph 78, sub-paragraphs c) and i) of Italian Law 266/2005) of EUR 70,537,502 recognised in 2011 as a direct deduction from the cost of the Passante di Mestre, public grants (pursuant to art. 1, paragraph 1045, Italian Law 296/2006) of EUR 100,000,000 recognised in 2013 and a direct deduction from the cost of the Passante di Mestre), as well as net revenue relating to the additional km travelled charged prior to the opening of the Passante, considered equivalent to public grants, of EUR 18,375,345. The construction costs for the Passante also include EUR 35,297,480 relating to the “high cost of steel” compensation and the related fund pursuant to art. 135, paragraph 4, Italian Legislative Decree 163/2006. This fund was already appropriated by ANAS as a ministerial grant, thereby resulting in the elimination of this item which therefore generates no economic or financial effect.

The auxiliary and completion works now operative include the following: “Passante Verde” landscaping, environmental mitigation works, feed lanes to the Passante (Campocroce bypass, A4-SP64 slip road in the Municipality of Mogliano Veneto, SP27 Via Dante in the Municipality of Mirano and the Marcon ring road), auxiliary works on the main barrier (Robegano bypass, removal of the Roncade motorway barrier in the Municipality of Mogliano Veneto) and the Martellago-Scorzè toll gate.

The takeover compensation, which the Company is required to pay pursuant to art. 6.3 of the concession agreement, refers to investment costs not yet amortised by Società delle Autostrade di Venezia e Padova S.p.A. at the date of transfer of operations of the stretches of motorway on 1 December 2009. The amount

of the compensation was determined by ANAS S.p.A. and officially notified the Company of the amount on 8 March 2010.

Other works completed on the stretch of motorway managed refer to new road signs for EUR 195,625; storm drain grids on the Passante for EUR 223,170; chloride storage plants for EUR 169,154; automation of toll collection systems for EUR 1,856,444; enhancement of traffic management systems for EUR 443,073; remotization of access to the Preganziol and Spinea stations for EUR 39,490 and other works for EUR 1,569,598.

The costs incurred for safety guarantee works on the stretch of the SP 81 between the new Mira-Oriago motorway station and the roundabout in Malcontenta on the SS 309 and those incurred for reorganisation of the San Giuliano interchange in Mestre form part of the contractual commitments of Società delle Autostrade di Venezia e Padova S.p.A. accepted by CAV on takeover of the management licence. Such financial action refers to the completion of works for which ownership and maintenance responsibility remains with third parties.

The costs associated with the loan agreement include fees payable to CDP for EUR 8,470,000 and to the EIB for EUR 1,050,000, legal advisory fees for EUR 120,432 and notary costs for EUR 65,294.

The stretch of motorway managed includes the network under licence which comprises: the Mestre motorway bypass (Passante di Mestre, on the A4 - closed system) with a conventional length of 32.326 km; the Padova-Venezia stretch of motorway (part A4 and part A57 - closed system) of 23.300 km; the open system stretch of motorway (A57) relating to the Tangenziale Ovest di Mestre (9.100 km) and the ring road for the "Marco Polo" Venezia/Tessera Airport (9.400 km). The total length is 74.126 km. Six stations are managed, i.e.: Venezia/Mestre, Mira/Oriago, Mirano/Dolo and Padova Est (on the old stretch); Spinea and Preganziol (on the Passante).

Tangible assets

Tangible assets are recognised in the financial statements net of accumulated depreciation.

	Balance at 31.12.2014	Increase	Decrease	Balance at 30.09.2015
Land and buildings	22,644	0	2,606	20,038
Plant and machinery	165,005	0	48,760	116,245
Industrial and commercial equipment	35,557	923	5,610	30,870
Other tangible assets	336,010	28,924	84,298	280,636
Total tangible assets	559,216	29,847	141,274	447,789

The changes during the period can be summarised as follows:

Tangible assets	Historical cost			Accumulated depreciation				Net tangible assets	
	Balance at 31.12.2014	Increases from acquisitions	Decreases from sales	Balance at 30.09.2015	Balance at 31.12.2014	Depreciation for the period	Decreases from sales	Balance at 30.09.2015	Balance at 30.09.2015
Land and buildings	34,838	0	0	34,838	12,194	2,606	0	14,800	20,038
Plant and machinery	683,730	0	0	683,730	518,725	48,760	0	567,485	116,245
Industrial and commercial equipment	62,110	923	0	63,033	26,553	5,610	0	32,163	30,870
Other tangible assets	986,537	28,924	56,457	959,004	650,527	84,298	56,457	678,368	280,636
Total	1,767,215	29,847	56,457	1,740,605	1,207,999	141,274	56,457	1,292,816	447,789

Land and buildings refer to light constructions.

Plant and machinery refer to snow clearance and gritting plants for EUR 632,866 and to other plant and machinery for EUR 50,864.

Industrial and commercial equipment refer to miscellaneous and minor equipment.

Other assets include ordinary office furniture and equipment, electronic machines, electromechanical machines, computers, telephone systems, cars and other vehicles.

The EUR 29,847 increase in tangible assets refers to EUR 28,924 in computers and EUR 923 in industrial equipment.

The decrease refers to depreciation for the year and to the sale of certain assets. The depreciation is calculated according to the rates indicated previously and which are considered to represent the estimated residual useful life of the assets.

Financial assets

The *financial assets* consist of investments. There were no changes during the period.

	Balance at 31.12.2014	Increase	Decrease	Balance at 30.09.2015
Associates:				
• Servizi Utenza Stradale S.C.p.A. (in liquidation)	299,767	0	0	299,767

Other companies:				
• Consorzio Autostrade Italiane Energia	1,058	0	0	1,058
Total	300,825	0	0	300,825

The investments are measured at equity on the basis of the financial statements at 31 December 2014. In compliance with the provisions of art. 19, paragraph 5, Italian Law 136/99, figures are provided in relation to transactions with the associate Servizi Utenza Stradale S.c.p.A. (in liquidation): a) revenue of EUR 40,500 deriving from the administrative service (EUR 33,000) and from advertising management (EUR 7,500); b) costs of EUR 151,205 deriving from the sharing of "Viaggiando ti informiamo" call centre costs. On 7 May 2015 the Shareholders' Meeting of Servizi Utenza Stradale S.C.p.A. resolved to wind up the company and placed it in liquidation (with effect from 14 May 2015, after filing and registration with the Register of Companies on 13 May 2015).

Summary data for the investees is provided below:

	Registered office	Share capital	Equity	Profit for the period	% owned
Associates:					
• Servizi Utenza Stradale S.C.p.A. (in liquidation) (*)	Cessalto (TV)	516,460	1,154,525	-44,544	25.00
Other companies:					
• Consorzio Autostrade Italiane Energia (*)	Rome	107,112	107,112	0	0.90

(*) The figures refer to the Financial Statements at 31 December 2014

Inventories

This item decreased by EUR 48,250 and breaks down as follows:

	31.12.2014	30.09.2015
Consumer goods	113,364	100,362
Maintenance-related goods	963,761	928,513
Total	1,077,125	1,028,875

Receivables

These totalled EUR 269,443,364 and recorded a decrease of EUR 7,561,123 compared to the previous period.

The receivables due beyond 5 years total EUR 4,702,500 and refer to receivables from ANAS for public grants.

This item breaks down as follows:

	31.12.2014	30.09.2015
Trade receivables:		
• due within 12 months	5,000,883	1,679,633
• due after 12 months	834,520	784,752
Tax receivables	64,643,159	50,128,268
Deferred tax assets	1,292,565	747,003
Receivables from others:		
• due within 12 months	177,011,475	192,570,299
• due after 12 months	28,221,885	23,533,409
Total	277,004,487	269,443,364

Trade receivables include EUR 784,752 relating to bridge fees receivable which are collectible after 12 months.

Trade receivables decreased by EUR 3,371,018 with breakdown as follows:

	31.12.2014	30.09.2015
From customers	201,144	42,907
From customers for invoices to be issued	5,634,259	2,421,478
Total	5,835,403	2,464,385

Receivables for invoices to be issued include EUR 828,342 in bridge fees, EUR 276,859 for contract work, EUR 1,223,452 in royalties relating to the service areas and EUR 92,825 other revenue.

Tax receivables decreased by EUR 14,514,891 compared to the previous period:

	31.12.2014	30.09.2015
VAT receivable	64,321,141	49,805,001
Tax receivable, art. 2, para. 1-quater, Law Decree 201/2011	321,219	321,219
Employee withholdings receivable, art. 11, Law Decree 47 and Law Decree 66/14	799	2,048
Total	64,643,159	50,128,268

The VAT receivable was calculated on invoices received from ANAS S.p.A. as chargeback of costs for the Passante di Mestre and for auxiliary and completion works. This amount reduced due to offsetting, pursuant to art. 19, Italian Presidential Decree 633/1972, against VAT payable as accrued during the period. As continuing operations generate an annual VAT payable of around EUR 20 million, it is envisaged that the entire VAT receivable will be zeroed out by the end of 2017.

The receivable pursuant to art. 2, paragraph 1-quater, Italian Law Decree 201/2011 refers to the claim for IRES tax reimbursement due to the non-deduction of IRAP on personnel costs and similar.

Deferred tax assets decreased by EUR 545,562 compared to the previous period and refer to:

	31.12.2014		30.09.2015	
	Total temporary differences	Tax effect	Total temporary differences	Tax effect
Directors remuneration	7,785	2,141	1,560	429
Maintenance on tangible assets	67,651	18,604	50,738	13,953
Allocation to provision for renewals	3,951,360	1,086,624	2,664,076	732,621
Personnel	665,109	182,905	0	0
Taxes	8,247	2,268	0	0
Default interest	84	23	0	0
Total	4,700,236	1,292,565	2,716,374	747,003

Other receivables increased by EUR 10,870,348 with breakdown as follows:

	31.12.2014	30.09.2015
Interconnected motorway companies	27,930,722	36,452,942
Receivables from ANAS		
• Receivable for public grant, art. 1, para. 1045, Italian Law 296/2006	100,000,000	100,000,000
• Receivable for public grant, art. 1, para. 78, Italian Law 266/2005:		
• due within 12 months	42,322,500	47,025,000
• due after 12 months	28,215,000	23,512,500
• Interest income receivable	5,070,611	7,215,767
• Receivable for collection costs	806,112	806,112

Miscellaneous		
• due within 12 months	881,530	1,070,477
• due after 12 months	6,885	20,910
Total	205,233,360	216,103,708

Receivables due from the interconnected motorway companies refer to the settlement of positions deriving from the interconnection.

The receivable from ANAS S.p.A. totalling EUR 178,559,379 comprises: a) the public grant of EUR 100,000,000 (pursuant to art. 1, paragraph 1045, Italian Law 296/2006) for which the conditions are confirmed for recognition in the financial statements); b) the public grant of EUR 70,537,500 (pursuant to art. 1, paragraph 78, sub-paragraphs c) and i), Italian Law 266/2005) to be collected by ANAS according to the methods and timing envisaged in Interministerial Decree no. 2428 of 5 March 2008, registered with the Court of Auditors on 7 May 2008, and which will be transferred to CAV pursuant to art. 7 of the concession agreement (receivables due within 12 months include the first ten instalments of EUR 4,702,500 each for the years 2007-2016; receivables due after 12 months include the annual amounts to be collected in the years 2017-2021); c) interest income of EUR 7,215,767 accrued on the aforementioned grants; and d) collection costs of EUR 806,112 relating to the additional km travelled for the period prior to opening of the Mestre motorway bypass (Passante di Mestre), charged to CAV but payable by ANAS.

Other receivables are recognised net of the allowance for doubtful payables and amount to EUR 180,653, which corresponds to 100% of the receivable due from a company declared bankrupt in 2013.

Cash and cash equivalents

This item increased by EUR 33,390,551 and breaks down as follows:

	31.12.2014	30.09.2015
Bank and postal deposits	67,024,702	100,415,197
Cash on hand	68,363	68,419
Total	67,093,065	100,483,616

Bank and postal deposits refer to: a) postal deposits for EUR 662,952; b) bank deposits for EUR 98,252,345; c) toll payments not yet credited to the current account for EUR 1,499,900.

Accrued income and prepaid expense

An increase of EUR 223,353 was recorded compared to the previous period.

	31.12.2014	30.09.2015
Prepaid expense	5,258	228,611

Prepaid expense comprises costs already invoiced for all of 2015, but due in the last quarter of the year.

Information on the balance sheet: liabilities

Equity

Equity increased by EUR 11,665,436 compared to the previous period and breaks down as follows:

	Balance at 31.12.2014	Increase	Decrease	Balance at 30.09.2015
I. Share capital	2,000,000	0	0	2,000,000
IV. Legal reserve	400,000	0	0	400,000
VII. Other reserves:				
- Extraordinary reserve	47,641,383	11,554,638	0	59,196,021
- Restricted reserve for road infrastructures	9,776,227	0	0	9,776,227
- Non-distributable reserve, art. 2426 Civil Code	25,826	0	0	25,826
- Restricted reserve for sanctions and penalties	175,000	0	0	175,000
- Restricted reserve for maintenance works differences	918,054	1,653,554	0	2,571,608
IX. Profit (loss) for the period	13,208,192	11,665,436	13,208,192	11,665,436
Total	74,144,682	24,873,628	13,208,192	85,810,118

The *share capital* consists of 2,000,000 ordinary shares with a nominal value of EUR 1.00 each.

On 8 May 2015 the Shareholders' Meeting approved the allocation of 2014 profit for the year of EUR 13,208,192 as follows: EUR 11,554,638 to the extraordinary reserve and EUR 1,653,554 to the restricted reserve for maintenance works differences.

The *restricted reserve for road infrastructures* was set up pursuant to art. 2.1 of the Articles of Association to cover additional investments in road infrastructures in compliance with the CIPE Resolution of 26 January 2007.

The *restricted reserve for sanctions and penalties* originates from two sanctions inflicted by the Ministry for Infrastructures and Transport – SVCA (of which EUR 150,000 notified on 9 April 2010 and EUR 25,000 notified on 5 March 2012) which did not demand payment of the penalty but ordered allocation of the corresponding amounts to a special restricted reserve.

The *restricted reserve for maintenance works differences* originates from a specific request by the Ministry for Infrastructures and Transport – SVCA which takes into account the difference between maintenance works completed in the period 2010-2014 and the amount envisaged in the financial plan. The following tables indicate the equity items, with specification for the last two years of the source, utilisation and distribution options and any utilisation actually made.

Nature/Description	Amount	Utilisation options	Distributable portion	Summary of utilisation in the last three years	
				To cover losses	Other reasons
Capital					
Share capital	2,000,000				
Profit reserves					
Legal reserve	400,000	B	0	-	-
Extraordinary reserve	59,196,021	A, B, C	59,196,021		
Non-distributable reserve, art. 2426	25,826	A, B	25,826		
Restricted reserve	9,776,227	B	0		
Restricted reserve	175,000	B	0		
Restricted reserve	2,571,608	B	0		
Total	74,144,682		59,221,847		
Non-distributable portion			25,826		
Residual distributable portion			59,196,021		

Key

A: for share capital increase

B: to cover losses

C: for distribution to shareholders

	Share capital	Legal reserve	Extraordinary reserve	Restricted reserve for road infrastructures	Restricted reserve - penalties	Restricted reserve - maintenance	Non-distributable reserve, art. 2426	Profit for the year	Total
Opening balance 2014	2,000,000	400,000	47,641,383	0	175,000	918,054	20,410	9,781,643	60,936,490
Extraordinary reserve									
Restricted reserve				9,776,227					9,776,227
Non-distributable reserve, art. 2426							5,416		5,416
Utilisation of 2013 profit for the year								-9,781,643	-9,781,643
2013 profit for the year								13,208,192	13,208,192
Closing balance 2014	2,000,000	400,000	47,641,383	9,776,227	175,000	918,054	25,826	13,208,192	74,144,682
Restricted reserve						1,653,554			1,653,554
Extraordinary reserve			11,554,638						11,554,638
Utilisation of 2014 profit for the year								-13,208,192	-13,208,192
Period profit at 30.09.2015								11,665,436	11,665,436
Balance at 30.09.2015	2,000,000	400,000	59,196,021	9,776,227	175,000	2,571,608	25,826	11,665,436	85,810,118

Provisions for risks and charges

A net increase of EUR 2,223,222 was recorded. The changes during the period were as follows:

	Balance at 31.12.2014	Increase	Decrease	Balance at 30.09.2015
Provision for risks	150,000	0	0	150,000
Provision for renewals	16,537,288	9,316,255	7,093,033	18,760,510
Total	16,687,288	9,316,255	7,093,033	18,910,510

The *provision for risks* refers to the sanction of EUR 150,000 notified by the Ministry for Infrastructures and Transport - SVCA. The Company filed an appeal with the State Council against this measure.

The change in the *provision for renewals* refers to allocations for the period. Reference should be made to the paragraph on measurement criteria for a description of the nature of this item.

Post-employment benefits

A net increase of EUR 9,132 was recorded. The changes during the period were as follows:

	Balance at 31.12.2014	Increase	Decrease	Balance at 30.09.2015
Post-employment benefits	424,090	693,808	684,676	433,222

The increase refers to allocations for the period. Amongst other things the decrease includes advances and termination settlements and sums transferred to INPS, the post-employment benefits guarantee fund (TFR), the Astri Fund and other forms of supplementary pensions.

Payables

These totalled EUR 1,029,734,600 and recorded a decrease of EUR 14,439,780. Payables due beyond 5 years totalled EUR 236,180,000 and refer to repayment of the Cassa Depositi e Prestiti loan (funds disbursed by the European Investment Bank) of EUR 350,000,000. There are no collateralised payables. This item breaks down as follows:

A) Payables to banks

This item breaks down as follows:

	31.12.2014	30.09.2015
EIB/CDP senior loan		
• due within 12 months	17,850,000	18,410,000
• due after 12 months	332,150,000	322,805,000
CDP loan - VAT	64,663,164	58,185,864
Total	414,663,164	399,400,864

The payables due to banks refer to the loan agreement signed by the Company with Cassa Depositi e Prestiti for a total of EUR 423,500,000. The loan was disbursed on 30 April 2013 and on the same day the amount was paid to ANAS as a EUR 350,000,000 part-reimbursement of the costs incurred for construction of the Mestre motorway bypass (Passante di Mestre) and EUR 73,500,000 VAT resulting from the invoicing of these costs. Cassa Depositi e Prestiti intermediated the funds made available by the European Investment Bank (EIB) for EUR 350,000,000 (senior loan) and disbursed EUR 73,500,000 from CDP's own funds (VAT loan). The duration of the senior loan is 15 years, expiring on 31 December 2027, whilst the VAT credit facility will expire on 31 December 2015. EUR 8,785,000 referring to the Senior facility and EUR 6,477,300 referring to the VAT facility were repaid in the first nine months of 2015.

B) Trade payables

This item decreased by EUR 313,880 compared to the previous period. This item breaks down as follows:

	31.12.2014	30.09.2015
Suppliers	984,001	854,417
Suppliers for invoices to be received	4,426,455	4,229,771
Contract guarantee deposits	64,517	76,905
Total	5,474,973	5,161,093

C) Tax payables

This item increased by EUR 251,246 and breaks down as follows:

	31.12.2014	30.09.2015
IRPEF tax payable on employee and freelance contracts	488,037	370,041
IRES tax payable	1,761,926	2,105,156
IRAP tax payable	363,706	389,718
Total	2,613,669	2,864,915

D) Social security payables

This item decreased by EUR 190,315 compared to the previous period.

	31.12.2014	30.09.2015
Social security payables	1,195,196	1,004,881

E) Other payables

This item increased by EUR 1,075,469 compared to the previous period and breaks down as follows:

	31.12.2014	30.09.2015
Interconnected motorway companies	6,693,821	11,099,079
Government revenue		
• Licence fee (MEF)	1,668,267	1,333,508
• Licence fee (ANAS)	1,208,055	965,644
• Licence integration fee, Law 102/2009 (ANAS)	119,231	301,502
• Sub-licence fee (MIT-DGVCA)	13,037	9,657
Personnel	1,087,357	1,269,399
ANAS payables		
• Construction costs reimbursement - Mestre Motorway Bypass (Passante di Mestre) - and related auxiliary and completion works	498,560,056	485,778,466
• Capitalised interest expense	20,828,985	20,828,985
• Accrued interest expense	83,865,388	93,600,171
• Additional km travelled	5,952,676	5,952,676
• Other payables	46,245	46,245
Miscellaneous	184,260	117,515
Total	620,227,378	621,302,847

The payables due to the interconnected motorway companies refer to the settlement of financial positions deriving from the interconnection.

The amount due to "Government revenue" totalling EUR 2,610,311 refers to the licence fee pursuant to art. 1, paragraph 1020, Italian Law 296/2006 payable to the State (58%) and to ANAS (42%), and to the sub-licence fee pursuant to art. 13 of the Agreement payable to the Ministry for Infrastructures and Transport - SVCA.

Payables due to personnel include amounts relating to the Christmas salary bonus and to leave not taken.

The amount payable to ANAS totalling EUR 606,206,543 includes: a) the reimbursement of construction costs for the Mestre motorway bypass (Passante di Mestre) and for the auxiliary and completion works already invoiced for EUR 10,692,504 and not yet invoiced for EUR 475,085,962; b) capitalised interest expense referring to interest accrued prior to the inauguration date of the Passante for EUR 20,828,985; c)

interest expense accrued since the Passante opened, on 8 February 2009, on amounts advanced by ANAS for EUR 93,600,171; d) the amount relating to additional km travelled for the period prior to opening of the Mestre motorway bypass for EUR 5,952,676; e) other payables for EUR 46,245.

Accrued expense and deferred income

An increase of EUR 2,788,656 was recorded compared to 31 December 2014.

This increase refers essentially to the interest expense accrued on the Cassa Depositi e Prestiti loan (EUR 2,803,779).

	31.12.2014	30.09.2015
Deferred income	415,209	3,203,865

Memorandum accounts

The memorandum accounts consist of:

	31.12.2014	30.09.2015
Leased assets	68,450	59,450

Leased assets refer to the Viacards sold at the Service Centre on behalf of Autostrade per l'Italia S.p.A.

Information on the income statement

Production value

This totalled EUR 111,781,198 and increased by EUR 5,663,488 (5.34%) compared to the first nine months of the previous year.

This item breaks down as follows:

A) Revenue from sales and services

Revenue from sales and services can be broken down as follows:

	30.09.2014	30.09.2015
Toll income:		
• toll income	91,310,694	95,941,826
• Licence fee integration, Law 102/09 and Law 122/2010	9,822,183	10,070,001
Other motorway income:		
• service areas	2,722,135	3,135,659
• sharing of collection costs with interconnected motorway companies	1,309,555	1,327,091
• recovery of costs for exceptional transits and non-payments	536,703	527,546
Total	105,701,270	111,002,123

Toll income refers to the proceeds from traffic on the various motorway stretches under Company management. More precisely: traffic on the Passante di Mestre (A4) and traffic on the Padova-Mirano/Dolo stretch (in the A4 closed system; traffic on the Mirano/Dolo-Venezia/Mestre stretch of the A57 is in the open system and toll-free), as well as traffic transiting the toll barriers of Venezia/Mestre, Mira/Oriago (on the A57 managed by CAV), Venezia (on the A27 managed by Autostrade per l'Italia) and Venezia Est (on the A4 managed by Autovie Venete), where a toll is applied for 6.200 km (relating to the Tangenziale di Mestre) and 17.600 km (18.330 km in 2014) as additional km travelled to finance the Passante.

Comparing the first nine months of 2014 with the same period in 2015, income from tolls (net of the ANAS fee integration) increased in absolute terms by EUR 4,631,132 (+5.07%). This figure is associated with the good performance for traffic recorded in the first nine months of 2015 and with the increase in toll tariffs from 1 January 2015.

The licence fee integration in favour of ANAS was calculated according to art. 15, paragraph 4, Italian Law Decree 78/2010, converted to Law 102/2010. In 2015 (as in 2014) for every kilometre travelled 6 thousandths was applied for classes A and B, and 18 thousandths for classes 3, 4 and 5. As a result of the changes in traffic and its class breakdown, the ANAS fee integration increased by EUR 247,818 (+2.52%).

Income from the service areas refers to royalties payable by the oil companies and by the hotels, food and beverage companies on sales and activities conducted in those service areas.

There are four service areas: two on the closed system, Arino Ovest and Arino Est (located near the junction of the Passante di Mestre) and two on the open system, Marghera Ovest and Marghera Est (located at the Marghera roundabout). At the Marghera Est service area there is also a hotel.

This income increased by EUR 413,524 in absolute terms.

Income from the sharing of collection costs with interconnected motorway companies increased by 1.34%. It has to be remembered that this revenue item originates from the provisions of art. 17 of the interconnection agreement among all the Italian motorway management companies and from a specific bilateral agreement with Società Brescia-Verona-Vicenza-Padova S.p.A. in relation to the Padova Est station.

B) Other revenue and income

	30.09.2014	30.09.2015
Other revenue and income	416,440	779,075

Other revenue and income includes income for sub-licences of EUR 85,038, compensation for damages caused to motorway equipment by users of EUR 141,486, contract work EUR 276,859, reimbursement of A57/A27 lighting costs of EUR 82,500, indemnities for failure to duly implement public works contracts of EUR 42,287, administrative service revenue of EUR 33,000, capital gains and contingent assets of EUR 50,690 and other revenue of EUR 67,215.

Production costs

These totalled EUR 77,789,087, recording an increase of EUR 8,979,407 (13.05%) compared to the same period last year.

This item breaks down as follows:

A) Costs for raw materials and consumables

This item recorded an increase of EUR 60,019 (8.80%) compared to the previous period and breaks down as follows:

	30.09.2014	30.09.2015
Purchase of maintenance-related goods	276,057	348,980
Purchase of other goods	406,304	393,400
Total	682,361	742,380

B) Service costs

This item comprises:

	30.09.2014	30.09.2015
Maintenance and renewals:		
• annual	4,275,827	4,370,598
• periodic	705,958	2,531,101
Contract work	2,000	276,859
Operating services:		
• sharing of collection costs	3,161,226	3,276,353
• processing of traffic and proceeds data	576,966	622,414
• electricity	1,296,800	1,404,080
• other	771,030	862,685
Administrative services:		
• professional administrative services	429,614	368,459
• professional technical services	122,743	135,685
• insurance	328,851	373,491
• telephone costs	68,951	36,600
• meal vouchers	154,570	161,775
• tender commissioners	67,314	73,177
• other	150,856	126,413
Directors remuneration	120,981	110,407
Statutory Auditors remuneration	62,420	67,201
Supervisory Board remuneration	43,420	41,481
Total	12,339,527	14,838,779

Service costs increased by EUR 2,499,252 (20.25%) compared to the same period last year.

Maintenance amounted to EUR 6,901,699 (EUR 4,981,785 in the previous period), recording an increase of EUR 1,919,914 (38.54%).

Directors remuneration includes fees (EUR 99,660) and social security payables (EUR 10,747).

The Board of Statutory Auditors remuneration includes fees (EUR 50,418), fees for attendance of corporate body meetings (EUR 3,099), social security payables (EUR 3,725) and reimbursement of expenses (EUR 9,959).

C) Lease and rental expenses

	30.09.2014	30.09.2015
Lease and rental expenses	470,720	445,299

Lease and rental expenses increased compared to the same period last year by EUR 25,421, and refer to car rental (EUR 436,046) and other rentals (EUR 9,253).

D) Personnel costs

This item breaks down as follows:

	30.09.2014	30.09.2015
Salaries and wages	9,138,688	10,085,625
Social security contributions	2,893,174	3,165,216
Post-employment benefits	668,391	693,808
Other costs	313,500	344,288
Total	13,013,753	14,288,937

Personnel costs increased by a total of EUR 1,275,184 compared to the previous period (9.80%). During the period the average workforce numbered 249.38 (239.95 in the same period last year).

Detailed below are the changes recorded during the year in the average workforce, with breakdown by category.

	30.09.2014	30.09.2015	Average workforce for the period
Senior Managers	4	4	4
Middle Managers	7	7	7
Admin. staff:	136	140	139.48
• full time	116	120	
• part time	19	20	
• short-term contract	1	0	
Toll collection staff:	82	95	90.90 (*)
• full time	62	55	
• part time	18	21	
• short-term contract	2	19	
Manual workers	8	8	8
Total	237	254	249.38

(*) The average number of collection agents was calculated by also taking into account short-term contract staff (34 in the period; 16 in the same period last year).

E) Amortisation, depreciation and write-downs

Amortisation, depreciation and write-downs increased by EUR 3,299,430 compared to the same period last year and break down as follows:

	30.09.2014	30.09.2015
Amortisation of intangible assets	28,791,464	32,135,052
Depreciation of tangible assets	185,432	141,274
Total	28,976,896	32,276,326

Amortisation of intangible assets refers to: a) software amortisation for EUR 22,541; b) amortisation of *other intangible assets* for EUR 32,112,511, the breakdown and changes for which are detailed in the explanatory notes section on *intangible assets*. A detailed breakdown of the *depreciation of tangible assets* is provided in the explanatory notes section on *tangible assets*.

F) Changes in inventories

	30.09.2014	30.09.2015
Changes in inventories	3,387	48,250

Changes in inventories represent the difference between the opening balance of inventories at 1 January 2015 of EUR 1,077,125 and the closing balance at 30 September 2015 of EUR 1,028,875.

G) Other provisions

	30.09.2014	30.09.2015
Allocation to provision for renewals	5,889,461	9,316,255
Utilisation of provision for renewals	-5,118,160	-7,093,033
Total	771,301	2,223,222

Allocations to the provision for renewals are performed by taking into account future schedules for periodic maintenance works and renewals.

H) Other operating costs

This item increased by EUR 374,159 compared to the same period last year (2.98%) and breaks down as follows:

	30.09.2014	30.09.2015
Taxes	184,400	180,097
Licence fee integration, art. 19, para. 9-bis, Italian Law 102/09	9,822,183	10,070,001
Licence fee, art. 10 Italian Law 537/93 and art. 1 para. 1020 Italian Law 296/2006	2,189,849	2,299,152
Sub-licence fee, art. 13 of the Agreement	59,096	64,363
Other costs	296,207	312,281
Total	12,551,735	12,925,894

The licence fee integration, as most recently established in art. 15, paragraph 4 of Italian Law 122/2010, is payable to ANAS. This integration, applied to each kilometre travelled, is 6 thousandths of a Euro for classes A and B, and 18 thousandths of a Euro for classes 3, 4 and 5.

The licence fee, pursuant to art. 1, paragraph 1020, Italian Law 296/2006, is also envisaged in art. 12 of the Agreement as 2.4% of net income from tolls: 42% of this is paid to ANAS and the remaining 58% to the State.

The sub-licence fee payable to the Ministry for Infrastructures and Transport-SVCA is envisaged in art. 13 of the Agreement as 2% of income deriving from add-on activities.

Financial income and charges

This item breaks down as follows:

	30.09.2014	30.09.2015
Financial income:		
• other income	2,144,366	2,156,143
Interest and other financial charges	19,413,228	18,540,499
Total	-17,268,862	-16,384,356

The *financial income* includes: EUR 5,812 interest income on bank and post office current accounts, EUR 2,145,156 interest on receivables from ANAS for public grants and EUR 5,175 other interest income.

Interest and other financial charges include: a) interest expense of EUR 9,734,783 accrued on amounts payable to ANAS; b) interest expense of EUR 8,805,151 accrued on the bank loan (of which EUR 7,083,465 on the senior loan and EUR 1,721,686 on the VAT loan; c) other interest expense of EUR 565.

Income taxes

This item breaks down as follows:

	30.09.2014	30.09.2015
Income taxes:		
• IRES	4,630,738	3,976,336
• IRAP	1,794,551	1,420,420
• deferred tax liabilities	0	0
• deferred tax assets	366,297	545,563
Total	6,791,586	5,942,319

Cash flow statement

30/09/2014 30/09/2015

A	Opening cash and cash equivalents	52,820,279	67,093,065
B	Cash flow generated by operating activities		
	<i>Operating activities</i>		
	Net profit for the year	13,248,617	11,665,436
	Amortisation of intangible assets	28,791,464	32,135,052
	Technical depreciation of tangible assets	185,432	141,274
	Provisions for post-employment benefits	668,391	693,808
	Allocations to provisions for risks and charges	5,889,461	9,316,255
	Use of provisions for risks and charges	-5,118,160	-7,093,033
	(Increase) Decrease in inventories	3,387	48,250
	(Increase) Decrease in receivables	8,076,926	7,561,123
	(Increase) Decrease in accrued income and prepaid expense	1,753	-223,353
	(Decrease) Increase in post-employment benefits, net of provisions	-791,046	-684,676
	(Decrease) Increase in trade payables	-1,086,853	-313,880
	(Decrease) Increase in tax payables	2,471,131	251,246
	(Decrease) Increase in social security payables	-297,816	-190,315
	(Decrease) Increase in other payables	6,242,541	1,075,469
	(Decrease) Increase in accrued expense and deferred income	3,290,912	2,788,656
	TOTAL	61,576,140	57,171,312
C	Cash flow generated by investing activities		
	<i>Investing activities</i>		
	Increase in intangible assets	-47,025,871	-8,488,614
	Increase in tangible assets	-56,448	-29,847
	Increase in financial assets	-1,035	0
	TOTAL	-47,083,354	-8,518,461
D	Cash flow generated from financing activities		
	<i>Financing activities</i>		
	New loans obtained	0	0
	Loans repaid	-4,134,997	-15,262,300
	Capital contributions	0	0
	TOTAL	-4,134,997	-15,262,300
E	Increase (decrease) in cash and cash equivalents	10,357,789	33,390,551
F	Closing cash and cash equivalents	63,178,068	100,483,616

**Auditors' review report on the interim financial statements
as of September 30, 2015**

(Translation from the original issued in Italian for the convenience
of the International Readers only)

Ria Grant Thornton S.p.A.
Galleria Europa, 4
35137 Padova
Italy

T 0039 (0) 49 – 87 56 227
F 0039 (0) 49 – 66 39 27
E info.padova@ria.it, gt.com
W www.ria-grantthornton.it

To the Directors of
Concessioni Autostradali Venete - CAV S.p.A.

Introduction

We have reviewed the interim financial statements, comprehensive of the balance sheet, the income statement and the related explanatory notes of Concessioni Autostradali Venete - CAV S.p.A. as of September 30, 2015. The Directors are responsible for the preparation of the interim financial information in accordance with the OIC 30. Our responsibility is to express a conclusion on this interim financial statements based on our review.

Scope of Review

We conducted our review in accordance with the *International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity."* A review of interim financial information consists of making inquiries, primarily with persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with the *International Standards on Auditing* and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion on the interim financial statements.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim financial statements of Concessioni Autostradali Venete - CAV S.p.A. as of September 30, 2015 are not prepared, in all material respects, in accordance with the OIC 30.



Società di revisione ed organizzazione contabile
Sede Legale: Corso Vercelli n.40 - 20145 Milano - Iscrizione al registro delle imprese di Milano Codice Fiscale e P.IVA n.02342440399 - R.E.A. 1965420
Registro dei revisori legali n.157902, già iscritta all'Albo Speciale delle società di revisione tenuto dalla CONSOB al n.49
Capitale Sociale: € 1.932.610,00 interamente versato
Uffici Ancona-Bari-Bergamo-Bologna-Firenze-Milano-Napoli-Novara-Padova-Palermo-Perugia-Pescara-Pordenone-Rimini-Roma-Torino-Trento-Verona-Vicenza

Grant Thornton refers to the brand under which the Grant Thornton member firms provide assurance, tax and advisory services to their clients and/or refers to one or more member firms, as the context requires.
Ria Grant Thornton spa is a member firm of Grant Thornton International Ltd (GTIL). GTIL and the member firms are not a worldwide partnership. GTIL and each member firm is a separate legal entity.
Services are delivered by the member firms. GTIL does not provide services to clients. GTIL and its member firms are not agents of, and do not obligate, one another and are not liable for one another's acts or omissions.

Other issues

We have not reviewed the figures of the interim financial statements as of September 30, 2014, presented for comparative purposes, therefore our conclusions reached in this report do not extend to such data.

Padua, November 23, 2015

Ria Grant Thornton S.p.A.

Signed by

Maurizio Finicelli

Partner



**Concessioni Autostradali Venete
CAV S.p.A.**

**Financial Statements
at 31 December 2014
and related reports**

Concessioni Autostradali Venete CAV S.p.A.

***Via Bottenigo, 64/A
30175 Marghera (Venice)***

Fully paid-up share capital € 2,000,000.00

***Register of Companies, Tax Code and VAT no. 03829590276
Economic Administrative Index no. VE 0341881***

Contents

<i>Notice of call to the Shareholders' Meeting</i>	<i>page 4</i>
<i>Company Officers</i>	<i>page 5</i>
<i>Share capital structure</i>	<i>page 6</i>
MANAGEMENT REPORT	<i>page 7</i>
<i>Introduction</i>	<i>page 8</i>
<i>Business and financial performance</i>	<i>page 19</i>
Business performance	<i>page 19</i>
Financial performance	<i>page 24</i>
<i>Motorway management</i>	<i>page 25</i>
Traffic	<i>page 25</i>
Proceeds from tolls	<i>page 29</i>
Tariff regulations	<i>page 30</i>
Other management information	<i>page 31</i>
<i>Relations with ANAS S.p.A.</i>	<i>page 36</i>
<i>Relations with the Veneto Regional Government</i>	<i>page 38</i>
<i>Investees</i>	<i>page 41</i>
FINANCIAL STATEMENTS AT 31.12.2014	
<i>Balance Sheet</i>	
Assets	<i>page 44</i>
Liabilities	<i>page 46</i>
<i>Income Statement</i>	<i>page 47</i>
<i>Explanatory notes</i>	<i>page 49</i>
Structure and content of the financial statements	<i>page 50</i>
Accounting policies - Measurement criteria	<i>page 51</i>
Information on the balance sheet: Assets	<i>page 54</i>
Information on the balance sheet: Liabilities	<i>page 64</i>
Information on the income statement	<i>page 71</i>
Cash flow statement	<i>page 79</i>
PROPOSALS TO THE SHAREHOLDERS' MEETING	<i>page 80</i>
ANNEXES	
<i>MIT Table: Investments status</i>	<i>page 82</i>
<i>Veneto Regional Government table</i>	<i>page 85</i>
AUDITORS' REVIEW REPORT	<i>page 93</i>

Notice of call to the Shareholders' Meeting

Company Officers

BOARD OF DIRECTORS (1)

Chairman
BEMBO Tiziano

Chief Executive Officer
BUONCRISTIANO Piero

Directors
CADEL Fabio
MUCILLI Eutimio

BOARD OF STATUTORY AUDITORS (2)

Chairman
BARBIERO Massimo

Standing Auditors
CORSO Francesco
DE MARTINO Giulia

Alternate Auditors
BONIFACIO Francesco Mariano
SOLIMENE Silvia

SENIOR MANAGERS

Administration Manager
BORDIGNON Giovanni

Operations Manager
MATASSI Angelo

Human Resources Manager
BRAGATO Paolo

Technical Manager
FUSCO Sabato

INDEPENDENT AUDITORS

RIA GRANT THORNTON S.p.A.

1. The Board of Directors for the three-year period 2011-2012-2013 was appointed by the Shareholders' Meeting of 15 December 2011. The fifth director, Giampietro Marchese, resigned on 10 April 2013 and has not been replaced. The Board currently operates with an extended term of office.
2. The Board of Statutory Auditors for 2014, 2015 and 2016 was appointed by the Shareholders' Meeting of 29 January 2015.

Share capital structure

SHAREHOLDER	NOMINAL VALUE OF SHARES	PERCENTAGE %
<i>ANAS S.p.A.</i>	1,000,000.00	50
<i>Veneto Regional Government</i>	1,000,000.00	50
Total	2,000,000.00	100

MANAGEMENT REPORT

Introduction

Dear Shareholders,

To begin the report, we consider it important to present the 2014 profit for the year. This amounted to around EUR 13.2 million, well over the already good result of 2013 of close to EUR 10 million. A satisfactory result which seems to confirm the appreciation expressed by various parties involved in assessing CAV based on the project bond issue transaction.

Corporate purpose

The positive result for the year helps achieve the corporate purposes of CAV S.p.A. which can be summarised as follows: reimbursement to ANAS of the advances for construction of the Passante; financing of additional investments specifically defined in the current concession agreement, almost all of which relating to auxiliary and completion works on the Passante di Mestre; and management of the motorway stretches covered by the concession agreement.

Added to these purposes is that relating to the commitment of funds to be made available once the Company has achieved the other objectives: “to implement and manage additional investments in road infrastructures as indicated by the Veneto Regional Government in concert with the Ministry for Infrastructures”.

In the sequence indicated here, this report will take into consideration the implementation path adopted for the statutory objectives, at the end discussing the real possibility of generating resources to be dedicated to local infrastructures.

Passante di Mestre: reimbursement and loan

CAV's commitments in the past year have aimed to achieve all the purpose of the Articles of Association, but for overlapping circumstances and the intentions of the Directors, the Company has focused mainly on the search for sufficient funding to meet its financial obligation to ANAS as envisaged in the concession agreement, which states that CAV must reimburse ANAS for all sums advanced for construction of the Passante di Mestre.

The report to the 2013 financial statements summarised the development path adopted in previous years to obtain the funding required to reimburse ANAS and pointed out that CAV was only fully able to face the problem from February 2012, after registration with the Court of Auditors of the interministerial decree that approved the concession agreement signed on 23 March 2010 with the contracting authority at that time, ANAS S.p.A. Initial research activity made use of a loan from the European Investment Bank (EIB) for EUR 350 million brokered by Cassa Depositi e Prestiti (CDP), which made a direct disbursement of a further EUR 73.5 million to cover the VAT that CAV S.p.A. paid on the amount due to ANAS. The duration of the EUR 350 million loan is for 15 years and required significant CAV guarantees and commitments, but fully in line with those normally required for project financing transactions.

After the initial partial results, CAV sought other sources of funding by attempting to procure funds on the financial market by inviting a number of major Italian and European banks to discuss a potential loan to CAV. The only offer envisaged the disbursement of a credit facility of EUR 250 million, with an added second facility for VAT of EUR 55 million to reach the minimum investment required. Moreover, the economic terms were costly, not in line with the Company's expectations and much higher than budgeted for in the financial plan.

CAV therefore undertook a transaction new to the financial market: an infrastructural project bond issue. The initiative benefited from changes to the Code on Public Works Contracts, which allowed project financing companies to issue bonds. The project followed European Commission recommendations on introduction of the new financial instrument on the equity markets by stimulating international investor interest.

This transaction, without precedent in Italy and only three examples in Europe, is still in progress and has involved dozens of parties, all of the highest level in their sectors, highly qualified and with specific and diversified skills: a pool of five banks; three leading Italian foreign and international law offices specialising in Italian and British law; two rating agencies; a certification company for accounting and interim audit controls; four organisations specialised in performing due diligence and related due diligence validation relating to traffic, technical, legal and insurance aspects; the European Investment Bank as guarantor of 20% of the issues.

The terms of the transaction can be summarised as follows: issue of bonds for a total nominal amount of EUR 830 million, guaranteed and at a fixed rate. The bond maturity is established as 31 December 2030. The bond loan targets professional Italian and/or international investors pursuant to art. 100, paragraph 1.a), Italian Legislative Decree no. 58 of 24 February 1998. The interest rate will be determined on closing of the transaction, based on market conditions and payable half-yearly on 30 June and 31 December each year. The bond loan, which has obtained a satisfactory provisional rating from specialist agencies, will be governed by British law and will be admitted to trading on the Luxembourg Multilateral Trading System.

The transaction will be finalised once a subordinated loan is obtained to cover the VAT relating to reimbursement of the payable to ANAS and backed by a partial guarantee on the loan. The subordinated loan will be granted by ANAS, whilst a specific arrangement with the EIB will involve EIB's commitment to issuing a letter of credit in favour of bondholders for 20% of the total bond loan.

The financing transaction will require CAV to issue guarantees in favour of the bondholders and to the EIB in particular: general and special privileges on securities, the pledge or guaranteed transfer of receivables and a pledge on current accounts.

The transaction as a whole is of strategic importance to CAV as it will allow permanent settlement of the obligation, undertaken by the Company at the time of incorporation, to reimburse ANAS S.p.A. for all costs incurred in the construction of the Passante di Mestre. Specifically, on implementation of the transaction, the Company would be able to fully repay the loan brokered by Cassa Depositi e Prestiti S.p.A. and make full reimbursement of the residual debt owed to ANAS for costs incurred in constructing the Passante.

ANAS payable

The transaction would therefore have an immediate effect on the amount payable to ANAS.

At the beginning of 2013 the total debt to ANAS was over EUR 1.022 million. The debt included the cost of the Passante as established in the Agreement of EUR 986 million plus other payables in the form of accrued interest expense and other minor items. Vice versa, at the beginning of 2013 CAV had receivables due from ANAS amounting to around EUR 70 million, almost all of which referring to government grants deductible from the cost of the Passante. The net debt to ANAS at the start of the year was therefore more than EUR 950 million.

A year later, at the beginning of 2014, CAV's net debt to ANAS - as a result of the partial reimbursements made by CAV from the loan obtained through Cassa Depositi e Prestiti and the accrual of part of the grants envisaged for construction of the Passante - decreased by approximately EUR 414 million.

At the end of 2014 the net debt to ANAS was EUR 432 million. The increase was mainly due to interest expense on the previous amount payable.

The project bond issue transaction will, during 2015, eliminate the portion of the debt relating to Passante construction costs. It will not allow the elimination, however, of the total debt to ANAS since ANAS will be granting CAV a loan to cover the VAT on the reimbursement transaction.

It should be emphasised that the reduced debt to ANAS, achieved through the project bond financing, is counteracted by the increase of CAV's debt to the bondholders that provided the financial resources.

CAV financial plan

The reimbursement of costs of the Passante is the greater between contractual charges undertaken by CAV on signing the Concession Agreement of 23 March 2010 (still in force). This amount was quantified as EUR 986 million which, under the terms of the Agreement, was to be repaid by 31 December 2010. In addition to reimbursement, the concession agreement envisages that CAV pays compensation of EUR 75 million to Società delle Autostrade di Venezia e Padova S.p.A. for takeover of the concession.

Lastly, the Agreement envisages a further EUR 279 million in investments, most of which for improvement works on the Passante infrastructures.

Overall, the Agreement envisages a global financial commitment of around EUR 1,340 million.

Details have already been provided as to how CAV plans to reimburse the Passante costs.

It should be remembered that the compensation due to Società delle Autostrade di Venezia e Padova was paid in full by CAV on 25 March 2011 from available cash flow.

It remains now to illustrate the action taken by CAV to arrange funding of the additional investments for approximately EUR 279 million. This included: approximately EUR 15 million for works commenced by Società delle Autostrade di Venezia e Padova S.p.A. but not completed and later taken over by CAV; the more consistent sum of EUR 253 million for auxiliary and completion works on the Passante di Mestre; and lastly a residual sum of EUR 11 million for operating investments. Except for the latter action, strictly associated with operations, CAV does not make the planned investments directly but acts only as lender.

The works accepted by CAV on takeover from Società delle Autostrade di Venezia e Padova S.p.A. have been completed and paid in full. The auxiliary and completion works costs on the Passante and works necessary to satisfy motorway structural requirements are instead still in progress.

Auxiliary and completion works

It is important to remember that, since its inauguration in 2009, the Passante di Mestre has undertaken and fully performed the main tasks for which it was built. In fact, it rapidly absorbed the traffic that previously travelled on the Tangenziale di Mestre to non-local destinations and is firmly established as a permanent continuation of the Turin-Trieste motorway. But the Passante project had a much broader ambition, that of enhancing the local area in terms of environmental protection and a close link to the local road network. These were primary rather than secondary purposes which, translated into works, became interchanges, motorway stations or parkland of benefit to the local communities.

In recent years the auxiliary and completion works were implemented alongside or as ongoing with respect to construction of the Passante. These initially concentrated on the major Passante landscaping, then on the many links to be created to the high-traffic local roads in the Veneto region, such as: the ring road between SP 64 Zermanesa and the A27 in the municipality of Mogliano, the SP 65 bypass around the residential area of Campocroce, the Robegano slip road between Martellago and Salzano, the slip road to provincial routes again in Campocroce, the link road between Zermanesa and the A27 and the Robegano bypass.

Since 2013, construction works have focused on the final two major works: the Marcon ring road and the Martellago-Scorzè motorway station.

The Marcon ring road requires typical works to rationalise ordinary and local traffic flows by constructing suitable junction infrastructures on the primary network. The works involve the construction of a large viaduct and three service roundabouts to facilitate access to the A57 and ease the traffic congestion generated by the business park located in Marcon. The works were completed at the end of 2014 and the ring road opened to the public on 26 February 2015.

The other works accelerated strongly in 2014 were for the Martellago-Scorzè motorway station. The new motorway station, due to open during March 2015, has a “reverse diamond” format, with half-barriers at the collection points located one to the east and one to the west of the Passante. The most visible work among the station’s components is without doubt the viaduct over the Passante with a total length of 535 metres.

The motorway station is linked to the SR 245 via dedicated slip roads to be used by vehicles joining and exiting the motorway without crossing through the residential area of Martellago, with obvious benefits in terms of safety, traffic flow and reduction of pollution factors.

Construction of the Martellago-Scorzè Station represents a major step towards fully achieving the aim of the financing of auxiliary and completion works on the Passante which, as mentioned previously, call for a total expenditure commitment of EUR 253 million.

At the end of 2014, auxiliary and completion works for over EUR 201 million had been performed, and the remainder are due for completion by the end of 2015.

Operational works

The final series of works envisaged in the Agreement involves around EUR 11 million for works spread over its entire duration. These are single works performed directly by CAV since they are closely associated with the functional needs of the structure, such as enhancement of vertical road signs, improvement works for rainwater collection and drainage, the construction of chloride storage plants and upgrading of toll collection systems.

These are works scheduled from year to year. The main investments made in 2014 involved upgrading of the old automatic collection points and the transformation of a manual lane to an automatic lane. Major upgrading works have also begun on the iso-frequency radio system with coverage also inside the tunnels of the Passante.

At 31 December 2014 around EUR 4.3 million in these works had been completed, amounting to 35% of the total envisaged.

Management - Maintenance

The third important purpose of CAV S.p.A. is the management of stretches of motorway granted under licence. Motorway management can be divided into: works maintenance and motorway operations.

The aphorism that, far too often, prefers “inauguration” to “maintenance” is well known. In other words, maintenance doesn’t make the headlines. Nevertheless, it can never be considered secondary as it remains indispensable to the safety, efficiency, comfort, environmental protection and economic convenience of the enterprise. In addition, in complex structures such as motorways, maintenance costs represent a major economic commitment. They are so important to the economic and financial balance of the motorway operators and for customer satisfaction, that the SVCA pays special attention to maintenance scheduling and its execution. Every year, therefore, the Company submits its maintenance schedule to the SVCA which then accurately verifies the level of maintenance and efficiency of the structures licensed.

During the year, a study was conducted into the specific scheduling of maintenance for the numerous motorway elements distributed along the stretches under management: bridges, viaducts and overpasses that form an equal number of critical points in the infrastructure managed.

The aim of the project is to build a database containing identification and technical data for every element, details of their condition, inspections conducted and maintenance works performed. The data input will be objective and standardised to allow its processing with a view to defining sophisticated preventive maintenance scheduling that reduces the need for more costly maintenance works to remedy breakdowns and optimises the use of dedicated resources.

In 2014, the commitment to rationalising maintenance works was accompanied by the return of a traditional approach to the motorway constructions managed which, due to the variety and complexity of the situations that can arise, are often an area for research and the testing of new technologies and operating methods.

The project relates to a sector which, over time, has acquired growing importance: protection against noise pollution. The noise problem has grown exponentially as traffic has increased, becoming even more critical by the extent that urban development has seen phenomena spread unchecked, to the point that a residential area ends up “swallowing” these motorway structures and their related problems. A passive strategy is adopted against noise on the motorways: noise barriers and the use of soundproofing road surfaces. The initiatives have involved the study and implementation of a wide variety of blocking mechanisms: embankments, in wood, combination materials in metal with soundproofing, etc. The shapes of the barriers are particularly diverse, designed to match the different situations and location they are expected to protect. Materials, compounds and laying methods have also been tested on the road surfaces, reducing pollution but not producing satisfactory results.

The effectiveness of the protective mechanisms adopted is different each time, and occasionally brings unexpected phenomena such as noise accumulation at particular points of the structure. Even the physical appearance and environmental impact of the measures adopted are not always perfect, and in any event have proved expensive at installation stage and costly at maintenance and replacement stage. CAV is experiencing this problem as the manager of stretches of motorway which - due to their location - were among the first to adopt soundproofing mechanisms that are now subject to maintenance and replacement.

The noise-related studies, however, are offering the chance to change the noise reduction strategy from essentially passive works to active monitoring. In other words, by beating noise at its own game. The new method aims to reduce unwanted noise by superimpose it with a second noise, specifically designed to cancel the first. So the concept exploits the very nature of noise, presented as sound waves oscillating between compression and release. To cancel out this wave, a second wave with the same frequency is created, but with the opposite compression/release oscillation. When they meet, the two waves cancel each other out. This method has already been tested and certain applications are already in place, but technologies able to operate in vast areas have not yet been developed.

Taking into consideration the stage reached in the experiments and the technologies developed thus far, CAV decided to launch an industrial research and functional testing development tender to design an active noise control (ANC) device for the selective abatement of sound pressure generated by traffic noise, through active control using opposing-frequency noise generated simultaneously with the noise it has to dampen. Given the particular type of service required, a special form of tender was adopted - a pre-sales tender as a means of promoting innovation to guarantee sustainable, high quality public services. A pre-sales tender, in fact, is a means of awarding research and development contracts that presuppose the sharing of risks and benefits between the contracting authority and the contractor.

The tender procedure was launched and, in view of the high level of specialisation involved, as expected, it generated little attention but from qualified bidders from among which the winner will now be selected.

The study to improve scheduling and for the testing of methods to reduce maintenance costs, has progressed in parallel with implementation of the maintenance schedule defined for 2014. The schedule was prepared by taking into account original forecasts made at financial plan preparation stage, comparing the real need for works compared to the long-term forecasts, verifying organisational options as the works become due and their convenience as regards possible disruption to traffic. Each year, the verification and updating of long-term forecasts involve postponement or bringing forward of works with respect to the plans, with resulting differences between the financial plan estimates and the actual costs for maintenance which, in addition, are also subject to changes in market costs. Specifically, the difference between the total maintenance costs envisaged in the plan at 31 December 2014 and those actually incurred proved to be lower than 6%.

The most expensive maintenance works performed in 2014 concerned, as often happens, road resurfacing on certain stretches under particular stress and the replacements of joints and supporting structures of the Marco Polo ring road viaduct that crosses over the SP40.

Overall, in 2014 CAV completed maintenance for EUR 7.5 million, lower than last year's figure of EUR 10.6 million. The differences in totals from one year to the next is normally due to the maintenance needs trend which often have cycles and planning that do not coincide with an annual frequency.

As for previous years, the provision for renewals was used to cover the maintenance costs. The provision is topped up each year by an amount adjusted for the estimated maintenance works and in a sufficient sum to maintain the stretch of motorway managed in good, efficient condition.

In 2015 there are plans to perform maintenance works with a total expense just a little over the costs incurred in this last year.

Management - operations

Operations are the other side of the coin in motorway management, and normally that with most impact on the customer.

In 2014, no particular problem situations arose and traffic flow remained steady even in periods when traffic was heaviest. The regular flow was also aided by the solution adopted at the end of 2013 to the “turnstile”. This term was used to define the improper use by many motorway users of the Mirano-Dolo station. As already explained in last year’s reports, the “turnstile” was the result of a change to the initial plans for the Passante. In fact, the Passante project originally envisaged demolition of the Venezia-Mestre barrier and physically moving it back to Dolo, consequently removing tolls on the Dolo-Mestre stretch. The initial project was changed and the Venezia-Mestre barrier was retained. Instead the stretch from the Mirano-Dolo station to Venezia-Mestre became toll-free. From the outset, the toll removal measure helped local users travelling from the Mirano-Dolo station to Mestre and vice versa. In addition, many other motorway users travelling on the A4 towards Trieste preferred exiting at the Mirano-Dolo toll gate, later rejoining it to travel without paying on the free stretch between Mirano-Dolo and the Mestre barrier. For this reason, the small toll gate of Mirano-Dolo had to handle an inordinate traffic flow with considerable consequences on the traffic flow within and outside the motorway system.

The “turnstile” solution consisted in virtually shifting the Venezia-Mestre barrier back to the Mirano-Dolo station. This move did not involve any physical change in the motorway structure, but rather a different calculation of the tolls and contractual km involved. As a result of these changes, the toll paid at the Mirano-Dolo station became the same as that paid at the Venezia Mestre toll barrier.

The change in contractual kilometres forming the basis of the new toll calculation made it difficult to compare 2013 and 2014 traffic flows.

In 2013 the total vehicles per km was 1.713 million. In 2014 the total was 1.672 million vehicles per km. Comparison of the figures shows a drop in the number of km travelled on the motorway. In effect, the decrease depends solely on the different calculation basis used in 2013 before the virtual relocation of the Venezia-Mestre barrier from that used in 2014 after the virtual relocation.

In order to allow a suitable comparison of the statistics, CAV asked a specialist company to recalculate the number of vehicles per km to “clean” them of the change caused by the virtual relocation of the Venezia-Mestre toll barrier. The recalculation shows that in 2014 the total traffic on the stretches of motorway under management increased slightly compared to 2013: around 1.4% more.

The overall growth in the traffic figure becomes more significant if broken down by class: light vehicles increased by 1.4% whilst heavy vehicles, the trend for which is generally associated with the economy, shows a more significant increase of 3.3%. The return to growth in traffic volumes seems to indirectly confirm the first signs of a

recovery in Italy's economy in general. It is obviously hoped that these positive trends for the economy and for traffic are both reconfirmed this year.

Tariff adjustment

The higher traffic volume has had a direct impact on the Company's toll revenue, benefiting also from the tariff increase. From 1 January 2014, CAV was granted a tariff increase of 6.26%. This consistent increase was calculated according to contractually established criteria and approved as required by a ministerial decree. The adjustment played a key role in the growth in revenue. In 2014, in fact, toll revenue (net of VAT and integration of the ANAS licence fee) came to EUR 119.8 million, recording an increase of 5% on the EUR 114.1 million recorded in 2013.

This result would have been stronger had it not been moderated by the decrease, envisaged in the agreement and the financial plan, in the additional km travelled charged at the toll barriers. The result was also downsized by the reduction in the contractual number of kilometres caused by the virtual relocation of the Venezia-Mestre barrier to the Mirano-Dolo station.

In October 2014 CAV submitted its application for the 2015 adjustment of tariffs in the terms envisaged in the current concession agreement. The adjustment requested involved a tariff increase of 2.8% for all stretches managed with effect from 1 January 2015. In the meantime, however, on 29 December 2014 a Ministry of Infrastructures and Transport Directive was issued, indicating that the primary objective in the public interest was the adoption of all suitable measures to overcome the current negative economic and financial situation. In view of this objective, among the measures to adopt was also that of limiting tariff adjustments for 2015 by setting a 1.5% cap on the increase.

The Minister's measure was addressed to all motorway management companies and was accepted by all of them via the signing of memoranda of understanding, between individual companies and the Ministry, regarding tariff adjustments to be applied for 2015. CAV also signed a memorandum which, as for the other companies, for 2015 envisages a provisional tariff increase of 1.5% and the recovery, at the time of updating the business and financial plan, of the different tariff increase.

Disputes

When a business conduct complex activities and deals with a wide range of parties, it is statistically likely that it will also be involved in disputes. CAV serves a very high number of customers, manages a potentially polluting structure that covers and affects a wide geographic area. CAV is also the contracting authority for works, services and supplies and organises a considerably large workforce. It is therefore probable that CAV will need to face a number of disputes. In effect, there are disputes in progress that involve CAV, but their number and value are absolutely marginal compared to CAV's business volume. Also in 2014, the number of disputes decreased after the conclusion of two CAV appeals before the Veneto Regional Administrative Court against the decision of the former contracting authority ANAS/IVCA and now MIT/SVCA, which took over the role of contracting party, to deny updates to the agreements on access to the service areas to the east and west of the Marghera roundabout and operative since the Tangenziale was constructed. The dispute was settled and CAV will be able to continue

to claim royalties on oil and non-oil products sold by the Marghera Est and Marghera Ovest service area operators - income which in 2014 brought in around EUR 0.5 million.

However, against the positive outcome mentioned above, which reduced the already modest volume of disputes still further, we have to report the commencement of other proceedings to ascertain liability of the various parties involved in a serious accident on the A4 on 29 July 2014, at the location 377+300 km westbound. The accident was caused by a heavy vehicle which, for reasons and circumstances still to be determined, crashed into vehicles and personnel working at a mobile site on the motorway. Two of the operators, employees of the contractor responsible on CAV's behalf for managing the mobile worksite, died. On conclusion of the preliminary investigations into the accident, included among the alleged offenders were also the technical manager and a technical officer of the Company, the former CEO and CAV S.p.A. itself, alleged to be administratively liable pursuant to art. 25-*septies*, paragraph 2 of Italian Legislative Decree 231/01 of the offence referred to in art. 589, paragraphs 1, 2 and 4 of the Italian Criminal Code committed in the company's interest or in any event to its benefit. The proceedings to ascertain liability is in the initial stages, and therefore it is not yet possible to give any indication of potential developments of the case. In any event, the Company considers that the relations with the contractor were conducted correctly, also in terms of operations coordination and safety management, and has appointed defence counsel to assist in the proceedings.

CAV prospects

Art. 11.2 of the current Recognition Agreement signed on 23 March 2010 envisages that, at the end of every 5-year regulatory period, the financial plan and regulatory business plan are updated. The validity of the last regulatory plan expired on 31 December 2014.

The deadline for updating the plan was established in CIPE Resolution no. 27 of 21 March 2013 as: "30 June in the first year of the new regulatory period", i.e. 30 June 2015. The Company will therefore need to arrange a review of its own financial plan, taking into account the situations that have arisen in the last five-year period and the business outlook.

30 June 2015 also coincides with the deadline for submission to the Ministry of Infrastructures and Transport of documentation on an opportunity offered to motorway operators by a recent legal measure. In fact, art. 5 of Italian Law Decree 133/2014 (the "Sblocca Italia" Decree), converted to Law 164/2014, without prejudice to compliance with the principles of the European Union, offers the option to motorway operators of proposing amendments to its own concession arrangements. The amendments have to be justified by the need to ensure the necessary investments for enhancement works, for the structural, technological and environmental upgrading of motorway structures and to guarantee that services provided are based on the most favourable tariffs and access terms for users.

CAV will assess the opportunities offered by the Sblocca Italia Decree with the aim of reinforcing its statutory objective of making and managing investments in the area.

Significant events after year end

From 1 January 2015 the tariffs on the stretches of motorway licensed to CAV were adjusted. The agreed tariff adjustment of 1.5% is slightly lower than the adjustment requested. In fact, CAV had requested an increase of 2.8%, as calculated under the terms of the agreement. In the meantime, however, on 29 December 2014 a Ministry of Infrastructures and Transport Directive was issued, indicating that the primary objective in the public interest was the adoption of all suitable measures to overcome the current negative economic and financial situation. In view of this objective, among the measures to adopt was also that of limiting tariff adjustments for 2015 by setting a 1.5% cap on the increase. Adapting its plans to the Directive, CAV - like all the other motorway companies - signed a memorandum of understanding with the Ministry which for 2015 establishes a provisional tariff increase of 1.5% and the recovery, at the time of updating the business and financial plan, of the different tariff increase.

On 14 January 2015 the Board of Directors organised the renewal of the Supervisory Board pursuant to art. 6, Italian Legislative Decree 231/01. The Board of Directors reconfirmed all previous members of the Supervisory Board, who are therefore: Antonio Matera - Chairman; Fabio Milocchi and Giorgio Zavadini - members. The term of office of the new Supervisory Board will end on 31 December 2017.

The Board of Statutory Auditors for 2014, 2015 and 2016 was appointed by the CAV S.p.A. Shareholders' Meeting of 29 January 2015. The members of the new Board of Statutory Auditors are: Massimo Barbiero - Chairman, nominated by the Ministry of the Economy and Finance; Francesco Corso - standing auditor, nominated by the Ministry of Infrastructures and Transport; Giulia De Martino - standing auditor; Francesco Mariano Bonifacio and Silvia Solimene - alternate auditors.

Business and financial performance

Business performance

2014 closed with a positive result, better than that of the previous year: net profit, in fact, was around EUR 13.2 million (EUR 9.8 million in 2013).

Production value stood at EUR 140.2 million (EUR 134.2 million in 2013), up EUR 6.0 million (+4.4%).

With regard to production value, toll revenue (net of VAT and integration of the ANAS licence fee) came to EUR 119.8 million, recording a considerable increase compared to the previous year (EUR 114.1 million in 2013; +5.0%). This figure is the result of three factors with different signs, i.e. one positive relating to the tariff increases and two negative relating to the decline in traffic and the reduction in additional km travelled applied at the related stations.

The integration reduced the ANAS licence fee from EUR 13.2 million to EUR 12.9 million (EUR 0.3 million less; -2.3%) as a result of the decrease in traffic.

As regards other motorway income, its total was EUR 6.3 million, (EUR 5.7 million in 2013), with breakdown as follows: EUR 3.9 million in royalties on service area business; EUR 1.7 million from other motorway companies' share of collection costs; EUR 0.7 million in recovered costs.

Production costs totalled EUR 96.4 million, up EUR 0.9 million (EUR 95.5 million in 2013; +0.9%) as broken down below.

Service costs amounted to EUR 17.7 million (EUR 20.9 million in 2013; -15.3%).

The most significant items were: CAV sharing of collection costs incurred by the associated motorway companies, as envisaged in the motorway interconnection agreement, for EUR 4.2 million (same as 2013); maintenance costs of EUR 7.5 million (EUR 10.6 million in 2013; -29.2%).

Personnel costs stood at EUR 17.9 million (EUR 17.1 million in 2013; +4.7%).

Amortisation and depreciation in 2014 totalled EUR 38.7 million (EUR 38.2 million in 2013; +1.3%). Most of this relates to amortisation of the costs of the Passante, which alone totalled EUR 28.7 million. Note that this amortisation is calculated on a straight-line basis.

As regards the provision for renewals, the related allocation made to meet periodic maintenance costs was EUR 11.8 million (as in 2013). Related utilisation of the provision in 2014 totalled 7.7 million (EUR 11.1 million in 2013; -30.6%).

Another important item is that relating to other operating costs, amounting to EUR 16.4 million (EUR 16.6 million in 2013; -1.2%).

Other operating costs include the licence fee pursuant to art. 1, paragraph 1020 of Italian Law 296/2006 for EUR 2.9 million (EUR 2.7 million in 2013), corresponding to 2.4% of net toll revenue. Of this fee, 42% (EUR 1.2 million) is paid directly to ANAS and 58% (EUR 1.7 million) to the State.

Also included is the integration to the ANAS licence fee which decreased from EUR 13.2 million in 2013 to EUR 12.9 million in 2014 (-2.3%). This amount is a balancing entry to that recorded under revenue in that it is simply an amount collected on behalf of a third party, i.e. ANAS.

In brief, note that the increase in production costs (of EUR 0.9 million) was caused by a series of factors, of which some have an increasing effect and others a decreasing effect. The more significant differences were as follows.

The main items recording an increase refer to amortisation (around EUR 0.5 million higher), personnel costs (around EUR 0.8 million more) and costs relating to allocation and utilisation of the provision for renewals (increasing by approximately EUR 3.4 million).

The main items recording a decrease were service costs, more precisely maintenance costs (around EUR 3.2 million less).

The difference between production value and cost was EUR 43.8 million (EUR 38.8 million in 2013). The EUR 5.0 million change (+12.9%) is due on the one hand to the increase in revenue (by approx. EUR 6.0 million) and on the other to the increase in costs (by around EUR 0.9 million).

Financial charges totalled EUR 25.9 million, higher than the previous year (EUR 24.1 million in 2013; +7.5%) and refer to: EUR 12.8 million in interest expense associated with the debt to ANAS for reimbursement of the construction costs for the Passante and EUR 13.1 million in interest expense on the loan from CDP.

Interest income (around EUR 2.8 million) refers mainly to interest on the portion of public grants collected by ANAS and not yet paid to CAV.

Based on the economic situation described above, income before taxes amounted to EUR 20.8 million (EUR 15.8 million in 2013; +31.6%), recording an increase of EUR 5.0 million, whilst income taxes (IRES and IRAP) totalled EUR 7.3 million (EUR 5.0 million in 2013). As mentioned previously, the profit for the year was EUR 13.2 million.

		2013		2014	
ROE	NET INCOME	9,782	16.05%	13,208	17.81%
	EQUITY	60,936		74,145	
ROI	EBIT	38,790	3.91%	43,808	4.47%
	AVERAGE FIXED ASSET PORTION OF CAPITAL INVESTED	992,944		980,083	
ROS	EBIT	38,790	32.04%	43,808	34.42%
	NET SALES REVENUE	121,054		127,292	
ROA	EBIT + INTEREST INCOME	39,935	3.61%	46,672	4.11%
	TOTAL ASSETS	1,105,576		1,135,846	
FIXED ASSETS/TOTAL ASSETS RATIO	FIXED ASSET PORTION OF INVESTED CAPITAL	947,715	85.72%	1,012,570	89.15%
	INVESTED CAPITAL	1,105,576		1,135,846	
LEVERAGE RATIO	PAYABLES	1,031,139	1692.15%	1,044,174	1408.29%
	EQUITY	60,936		74,145	
DEBT/EQUITY RATIO	LIABILITIES - EQUITY	1,044,640	1714.31%	1,061,701	1431.93%
	EQUITY	60,936		74,145	
ASSET/EQUITY RATIO	EQUITY	60,936	6.14%	74,145	7.57%
	AVERAGE FIXED ASSET PORTION OF CAPITAL INVESTED	992,944		980,083	
CURRENT RATIO	CURRENT ASSETS	308,262	29.52%	316,128	29.79%
	CURRENT LIABILITIES	1,044,082		1,061,277	

INCOME ANALYSIS (THOUSANDS OF EUR)

	31/12/2013	% impact on revenue	31/12/2014	% impact on revenue
REVENUE				
Net toll revenue	114,072	94.23%	119,847	94.15%
Other revenue from sales and services	5,710	4.72%	6,347	4.99%
Other income and revenue	1,272	1.05%	1,098	0.86%
TOTAL REVENUE	121,054	100.00%	127,292	100.00%
Production overheads	-22,663	-18.72%	-19,261	-15.13%
Other costs and plus/minus balance	-3,360	-2.78%	-3,523	-2.77%
VALUE ADDED	95,030	78.50%	104,507	82.10%
Net labour costs	-17,149	-14.17%	-17,925	-14.08%
EBITDA	77,881	64.34%	86,582	68.02%
Accumulated amortisation/depreciation	-38,379	-31.70%	-38,686	-30.39%
Allocations to provisions for risks and charges	-711	-0.59%	-4,087	-3.21%
EBIT	38,790	32.04%	43,808	34.42%
Financial income and charges	-22,981	-18.98%	-23,034	-18.10%
Asset adjustments/sale of investments	5	0.00%	0	0.00%
RESULT BEFORE EXTRAORDINARY COMPONENTS AND TAXES	15,815	13.06%	20,774	16.32%
Extraordinary income and charges	0	0.00%	0	0.00%
INCOME BEFORE TAXES	15,815	13.06%	20,774	16.32%
Income taxes for the year	-6,033	-4.98%	-7,565	-5.94%
PROFIT FOR THE PERIOD	9,782	8.08%	13,208	10.38%

A number of summary forecasts for next year

As regards toll revenue, a variety of factors will affect the determination of their value.

First and foremost, traffic: the latest forecasts for 2015 indicate a slight recovery. Secondly, a further decrease (-730 metres) in the additional km travelled. Thirdly, the tariffs: in 2015 the increases (+1.50%) authorised by the Ministry for Infrastructures and Transport and applied from 1 January, will have a positive effect.

With a general outlook characterised by the contingent recession, taking into account the above elements we can in any event prudentially forecast a slight increase in revenue in 2015.

Production costs are expected to consolidate figures very similar to those recorded in 2014.

Lastly, with regard to interest expense, an increase may be recorded if the financing transaction by means of the project bond issue is concluded during the year.

We believe, however, that we can again predict a positive outcome for the 2015 financial statements.

Financial performance

At 31 December 2014 cash and cash equivalents totalled around EUR 67.0 million (EUR 52.8 million in 2013), up EUR 14.2 million.

During the year, as a result of use of pre-existing cash and the cash flows generated, the Company was able to meet important financial commitments. In particular it was able to continue making payments on account to the company responsible for the auxiliary and completion works on the Passante.

A brief indication of 2015 financial aspects.

The financial requirements are extremely important: on the one hand - as contractually envisaged - ANAS has to be reimbursed all the amounts it has advanced for construction of the Passante, including costs and financial charges to the extent of amounts indicated in the business and financial plan; on the other hand CAV will need to continue payments for the auxiliary and completion works on the Passante that are still in progress.

The funding required to meet CAV's needs and commitments will be obtained as detailed below.

The first funding source was the abundant existing cash flow, and the second was the cash flow generated from ordinary motorway operations and from typical motorway revenue (tolls).

These two sources of funding should allow payment for the auxiliary and completion works on the Passante that are still in progress.

The third source of funding involves a loan transaction through the issue of project bonds, partly guaranteed by the EIB, the acquisition of which will allow closing of the loan transaction agreed in 2013 with Cassa Depositi e Prestiti and the repayment of another portion of the debt to ANAS.

Motorway management

The main motorway management figures are provided below, accompanied (in the final section of the reporting package) by additional statistical information with related tables and charts.

Traffic

To begin with, a number of simple definitions.

The “actual vehicle count” refers to the actual number of vehicles that joined the motorway, regardless of the number of kilometres travelled; “vehicles per km” refers to the total kilometres travelled; “virtual vehicle count” refers to the number of vehicles that have virtually travelled the entire stretch of the motorway subject to tolls.

In 2014 there were no changes to the infrastructural organisation.

However, tolls were fully removed from the Mirano/Dolo-Venezia/Mestre stretch, details of which are provided later in this report.

For certain aspects, this fact means that the 2014 figures and those of the previous year are not perfectly comparable. Nevertheless, a suitable and meaningful assessment of traffic performance is still possible.

Also for easier reading of subsequent paragraphs, we again mention the names of the motorway stretches under the Company’s management: the old stretch from Padova Est as far as the interconnection with the Passante and the Passante itself are part of the A4; the stretch from the interconnection with the Passante as far as the Venezia/Mestre toll barrier (closed system), together with the Tangenziale di Mestre, is the A57. The entire stretch of the A57 (part closed and part open) is known as the Tangenziale di Mestre.

Then there is the “Marco Polo” Venezia/Tessera Airport ring road on the open system.

Lastly, note that in the summary report below all figures are shown - as usual - in reference to traffic classified as “paying”. This is also for a more even comparison with the accounting data referring to toll revenue.

Traffic relating to the toll-free stretch and therefore “free of charge” is commented where a distinction is necessary.

Total traffic figures

An initial overall figure. The vehicles per km (open + closed systems) in 2014 totalled 1,671,753,585 (1,713,095,338 in 2013), recording a decrease of -2.41%. In addition to the general economic trend, this was obviously also affected by the full removal of tolls on the Mirano/Dolo-Venezia/Mestre stretch on which traffic is no longer subject to tolls and is therefore not considered in the statistics covered in this note.

Closed system

In 2014, in the entire closed system (part on the A4 and part on the A57) the actual vehicle count was 37,872,183 (37,994,213 in 2013, with a decrease of 122,030 vehicles and -0.32% in percentage terms). The related vehicles per km totalled 971,068,331 (1,077,030,216 in 2013; -9.84%), corresponding to a virtual vehicle count of 21,052,516 (19,361,993 in 2013; +8.73%).

It is again important to emphasise that this last figure was particularly affected by the “toll removals” and “virtual barrier” at the Mirano/Dolo station, travel beyond which is no longer considered for the purpose of these statistics.

These numbers when translated to daily figures show the following results: 103,759 daily average actual vehicle count (VEMG) versus 104,094 in 2013 (-0.32%); 2,660,461 daily average vehicles per km (VKmMG) versus 2,950,768 in 2013 (-9.84%); 57,678 daily average virtual vehicle count (VTMG) versus 53,046 in 2013 (+8.73%).

To complete the information, note that the traffic trend at national level also saw a slight increase, estimated at around +0.90% (preliminary; source: AISCAT).

Open system

As in 2013, open system traffic refers to that recorded on entry and exist to the Venezia/Mestre station (in Marghera) and the Mira/Oriago station on the A57 managed by CAV, Venezia Nord station (in Mogliano) on the A27 managed by Autostrade per l'Italia and Venezia Est (in Quarto d'Altino) on the A4 managed by Autovie Venete.

From 2014, in addition to the four stations mentioned above are the Mirano/Dolo station (on the A57 managed by CAV), following the removal of tolls and of the virtual barrier at that station.

Transit at one of the aforementioned stations represents movement from the open system to the closed system or vice versa.

In 2014, 28,564,421 transits were recorded (25,544,784 in 2013, an increase of +11.82%) which generated a total of 700,685,254 vehicles per km (636,065,122 in 2013; +10.16%) broken down into 523,585,844 vehicles per km relating to additional km travelled (in 2014 equal to 18,330 km) applied at each transit through the stations named above (vehicles per km 477,687,461 in 2013, with an increase of +9.61% caused not only by the higher number of transits recorded at the five stations (four stations in 2013) but also by the 370 metres decrease in additional km travelled, which in the previous year had been 18,700 km); 177,099,410 vehicles per km (158,377,661 in 2013; +11.82%) relating to the flat mileage rate (6 km +200) on the Tangenziale di Mestre, recorded and applied in 2014 also by the Mirano/Dolo station.

We repeat - as already mentioned - that the number of transits indicated above does not include entry and exit transactions at the Venezia/Mestre and Mira/Oriago stations with journeys starting/ending between them, and from/to the Mirano/Dolo station, or for transactions relating to toll-free internal traffic as already mentioned and to be discussed in the next paragraph.

Lastly, we should point out that the above figures do not take into account city traffic orbiting on the Tangenziale di Mestre via the various local junctions (Miranese, Castellana and Terraglio) and on the airport

ring road, but which do not then access the closed motorway system (A57, A4, A27) through one of the stations mentioned above.

Toll removal for traffic between the Venezia/Mestre, Mira/Oriago and Mirano/Dolo stations and same-time application of a subscription system on the Padova Est-Mirano/Dolo route.

Last year's report fully illustrated the issues and problems regarding complete toll removal for traffic between the Venezia/Mestre, Mira/Oriago and Mirano/Dolo stations which - as is known - was finally completed in 2014.

In fact, on 30 December 2013 the Ministry for Infrastructures and Transport/SVCA accepted and approved CAV's request for the virtual moving back of the Venezia/Mestre toll barrier to the Mirano/Dolo station (the "virtual barrier") and for the application at the same time (as a pilot project for 2014 and 2015) of a subscription system on the Mirano/Dolo-Padova Est route.

The main effects of toll removal and the "virtual barrier" can be summarised as follows:

- The complete removal of tolls on the Mirano/Dolo-Venezia/Mestre stretch, and therefore not only for internal traffic between the stations of Mirano/Dolo, Mira/Oriago and Venezia/Mestre (already in effect since 8 February 2009, the inaugural date of the Passante) but also for all other traffic originating from any other station on the Italian interconnected motorway network (e.g., A4/Padova-Milano, A4/Passante, A13/Bologna).
- A lower toll corresponding for eastbound traffic exiting at the Mira/Oriago and Venezia/Mestre stations, corresponding to the Mirano/Dolo-Venezia/Mestre and Mirano/Dolo-Mira/Oriago stretch which is no longer subject to tolls following their complete removal, resulting in motorway cost savings for the user.
- A higher toll for eastbound traffic exiting at Mirano/Dolo that also corresponds to the application of additional km travelled at this station (which in any event have always been charged at the Venezia/Mestre and Mira/Oriago stations).
- In relation to the above, traffic exiting at Mirano/Dolo, Venezia/Mestre and Mira/Oriago pay an equal toll, regardless of which of the three stations is used: there is no difference, in fact, between entering or exiting at Venezia/Mestre, Mirano/Dolo or Mira/Oriago in terms of tolls (without prejudice - as already mentioned - to the fact that traffic within the area of the three stations is toll-free).
- The traffic situation at the Mirano/Dolo station has improved greatly now that there are no longer tailbacks and the "turnstile" phenomenon, i.e. deliberately interrupting transit, exiting at that station, then immediately rejoining the motorway to exploit the exemption of tolls on the Mirano/Dolo-Venezia/Mestre stretch which in previous years and until 2013 caused congestion at the station and on the slip roads, especially during rush hours.
- With regard to the toll increase for the Padova Est-Mirano/Dolo stretch, action was taken - again as authorised by the SVCA - to implement a subscriptions system (under certain conditions, e.g. for commuters, residence, Telepass use, Class A vehicles) to provide local users with toll discounts (40%) to overcome the toll increase on that stretch.

In 2014 the number of commuters resident in the municipalities of Mirano, Dolo, Mira, Spinea and Pianiga (all in the province of Venice) submitting subscription applications was 227, resulting in lower toll revenues for CAV of approximately EUR 41,000 (gross of VAT).

Traffic classification and payment types

Traffic classification (divided into five classes) is identified according to the axle-shape approach, i.e.: class A (motorcycles and twin axle vehicles with front axle height of up to 1.30 metres), conventionally referred to as light vehicles; class B (twin axle vehicles with front axle height of more than 1.30 metres); classes 3, 4 and 5 (three-, four- and five-axled). Classes B to 5 cover the heavy vehicles.

The traffic composition remained essentially the same. The conventionally classified light vehicles generated 75.43% of the total vehicles per km (paying traffic on both closed and open systems) whilst heavy vehicles accounted for 24.57%.

With reference to the various toll payment systems, all stations managed by the Company offer users the most advanced automatic collection services and maximum possible lanes equipped for this purpose made available, on the basis of the physical configuration of the stations in question.

Specifically, the Spinea and Preganziol stations - and likewise the new Martellago/Scorzè station due to be opened - on the Passante, as well as Padova Est, Mira/Oriago, Mirano/Dolo and the Venezia/Mestre toll barriers were constructed and gradually enhanced with a view to a high degree of automation or with unmanned collection lanes. Any user assistance needed is guaranteed through central monitoring and by just one operator in charge of all the station's needs.

In addition, and in compliance with Directive 2004/52/EC, the Company - together with all the other Italian motorway management operators - is implementing the project to adapt its electronic toll management systems to become fully functional and operational (gradually and according to predefined timing) with the EETS (the European Electronic Toll Service) which will allow transit and toll payment to all European toll system operators which - as service providers for their customers - will request access to the motorway network.

For operators that have submitted or plan to submit requests for access to the Italian system, preliminary investigations to verify that acceptance requirements are met are performed by AISCAT Servizi Srl (the company appointed by all Italian motorway management operators).

Together with certain motorway operators, AISCAT also participates in the European REETS project (Regional European Electronic Tolling Service), for the implementation of electronic tolling interoperability in the European region among the seven countries (Italy, France, Germany, Spain, Austria, Denmark, Poland and Switzerland) involved in this project co-financed by the European Union.

At the same time - given the standardisation of the systems - action is also in progress to make the ETS service for heavy goods vehicles (ETS-HGV) operative at national level.

Every CAV motorway station today already has at least one entry lane and one exit lane that accepts the two new systems referred to above.

Below is a series of figures on usage of the various toll payment systems.

Transit with tolls paid in cash represent 24.16% and breaks down as follows: 10.47% manually in cash and 13.69% in cash via the automatic cash points.

The total for the various automatic payment systems represents 75.84% of paying transits, with breakdown as follows: users of a standard Viacard with deferred payments 1.39%; users of a Telepass device combined with a deferred payment Viacard code 36.64%; users of a Telepass Family device combined with a banking code 30.06%; users of prepaid Viacards 0.86%; Europass users of a credit card combined with Telepass 0.13%; users of a Bancomat/FastPay card 3.16%; users paying by credit card 3.60%.

Despite considerable changes with respect to the previous year, 2014 again confirmed the constant decline in the cash payment system as compared with the gradual consolidation, year after year, of automated and/or deferred payment systems, particularly the dynamic “drive through without stopping” transit systems. These last systems (Telepass) alone represented 66.83% in 2014, compared with 66.46% in 2013.

Proceeds from tolls

In 2014 proceeds from tolls (net of VAT and the ANAS licence fee integration) totalled EUR 119.8 million, compared to EUR 114.1 million in 2013.

The end result - recording an increase of around EUR 5.8 million; +5.06% - was determined by various factors, some negative (contingent economic scenario, reduced additional km travelled, effects of full removal of tolls from the Mirano/Dolo-Venezia/Mestre stretch) and one positive. In fact, there were the tariff increases applied from 1 January 2014, which will be discussed in greater detail in the next paragraph.

Moreover, it is important to specify that: the percentage increases authorised still represent a nominal increase in unit tariffs per km, whilst the final toll actually charged to the user includes VAT and the rates per km relating to the ANAS integration fee pursuant to art. 19, paragraph 9-bis of Italian Law Decree 78/2009, converted to Law 102/2009, and art. 15, paragraph 4 of Italian Law Decree 78/2010, converted to Law 122/2010 (the latter not increased), and is affected by final rounding, up or down, established as 0.10 Eurocents by Italian Interministerial Decree 10440/28/133 of 12 November 2001.

The rounding effect in 2014 - sometimes positive, sometimes negative - was positive overall.

The above revenue figure is made up of toll-related proceeds paid by traffic transiting the various stretches of motorway. Specifically: traffic on the Passante (A4) and traffic on the Padova-Venezia/Mestre stretch (part A4 and part A57) in the closed system, as well as open system traffic (at the stations of Venezia/Mestre, Mira/Oriago on the A57 managed by CAV; Venezia Nord on the A27 managed by Autostrade per l'Italia and Venezia Est on the A4 managed by Autovie Venete), where a toll is applied for 6.200 km (relating to the Tangenziale) and 18.330 km (in 2014) as additional km travelled to finance the Passante.

In statistical terms it can be estimated that the breakdown of toll revenue is as follows: 49.43% of revenue from the Passante itself; 19.01% of revenue from the closed stretch Padova-Venezia; 23.58% of revenue from station transits for 18.330 km; 7.98% of revenue from station transits for 6.200 km.

The licence fee integration in favour of ANAS totalled EUR 12,924,327.75 (EUR 13,193,767.56 in 2013; - 2.04%). This decrease is mostly associated with the traffic trend (negative in 2014) and to traffic distribution across the five tariff classes.

In fact, it should be remembered that for every kilometre travelled by classes A and B, 6 thousandths of a Euro is applied (from 1/01/2011), whilst for classes 3, 4 and 5 it is 18 thousands of a Euro. The related monthly amounts (payments on account plus balances) have been duly paid to ANAS.

Lastly, with regard to the contents of art. 18, Italian Law 41/1986, note that since 2013 no further toll subsidies are granted.

Also note that at the time of the 2014 tariff increases, in consideration of the particular economic situation, the Government asked motorway management companies to identify solutions to help motorway users to reach their workplaces. The Company therefore decided to launch a pilot project, starting 1 February 2014 and ending 31 December 2015, for a tariff regulating system for the aforementioned user categories with a 20% discount on the toll if certain conditions are met (use of Telepass, class A, commuters, predefined stretch) that cannot be aggregated with any other subsidy systems in place. For CAV, from February to December 2014, this resulted in lower toll revenue of around EUR 138,000 (gross of VAT) with an average of approximately 2,500 users making use of these subsidies each month.

Tariff regulations

The toll for each journey is determined by the number of kilometres assigned to a given stretch multiplied by the number of stretches then multiplied by the related unit tariff, on a class by class basis. Added to this amount are any legal surcharges (ANAS licence fee integration) and taxes (VAT increased to 22% from 1 October 2013) as envisaged by current regulations.

As regards the additional km travelled charged at the stations of Venezia/Mestre, Mirano/Dolo, Mira/Oriago, Venezia Nord and Venezia Est, calculated to finance the cost of the Passante, in 2014 these were defined as 18.330 km. These additional km have reduced compared to 2013 (370 metres less) due to application of the criteria established in the current agreement and its attached regulatory financial plan. The virtual additional km reduced further in 2015 as explained in a later paragraph.

In 2014 CAV proposed an increase to the Ministry for Infrastructures and Transport of +6.26% for all tariffs (on the Passante, the Padova-Venezia stretch and the Tangenziale di Mestre).

The request was based on the updating formula parameters included in the Recognition Agreement of 23 March 2010.

In detail, the formula factors are: real inflation (at 70%), the "X" factor (as determined by CIPE Resolution 39/2007 as indicated in the regulatory financial plan) and the "K" factor (as indicated in the regulatory financial plan after the inclusion of all updated figures relating to investments, operating costs, financial amortisation of revertible assets, etc.).

By Decree no. 482 of 31/12/2013, in concert with the Minister of Economy and Finance, the Minister for Infrastructures and Transport confirmed the tariff update values as requested by the Company and approved their application from 1 January 2014.

In parallel, the additional km travelled for which CAV is responsible, as applied at the stations mentioned above were - on the orders of MIT/SVCA - further reduced by 370 metres from 18.700 km to 18.330 km as also envisaged in the regulatory financial plan.

A brief note on tariff aspects for 2015

On 15 October 2014, based on the provisions of articles 15, 16 and 17 of the Recognition Agreement and of legal provisions, the Company submitted a proposal to the Ministry for an update of tariffs according to the formula parameters stated in the Agreement. The resulting percentage change was +2.80% across the board for all the Company's unit tariffs per km.

On 30 December 2014 a Memorandum of Understanding was received from the Ministry of Infrastructures and Transport which - amongst other things - agreed to limit tariff adjustments for 2015 to a maximum of 1.50%, as a measure necessary to achieve the priority objective of overcoming the current negative economic situation. The memorandum also envisages the option of recovering (with financial effects remaining unchanged) the different tariff increase (the difference between that due and that agreed) at the time of updating of the business and financial plan for the five-year regulatory period 2015-2019, in compliance with CIPE Resolutions 39/2007 and 27/2013, thereby guaranteeing the continuation of investments for 2015.

The Company agreed to adopt the MIT proposal and signed the aforementioned Memorandum of Understanding.

On 31 December 2014 the competent ministries (Infrastructures and Transport, Economy and Finance) then issued the Interministerial Decree authorising application of the new tariffs - increased by 1.5% - with effect from 1 January 2015.

On the same date, the additional km travelled as applied at the toll barriers were - on the orders of MIT/SVCA - further reduced by 730 metres from 18.330 km to 17.600 km.

Other management information

Accidents and Roadside Assistance Service

In 2014, accidents on the closed system stretches of motorway totalled 132 (163 in 2013; -19.02%), of which 77 involving light vehicles (87 in 2013; -11.49%) and 55 involving heavy vehicles (76 in 2013; -27.63%).

For a correct assessment and placing in context of the accident trend, the numeric value has to be considered in relation to real traffic volumes and expressed as an accident rate. "Accident rate" is the ratio between the number of accidents and the journeys performed by vehicles involved (i.e. vehicles per km) in the reporting period. It is conventionally expressed as 100/million km travelled.

A comparison between 2013 and 2014 shows that the accident rate (per 100 million kilometres travelled) of light vehicles decreased from 10.99 to 10.90 (-0.87%), whereas for heavy vehicles the rate decreased from 26.64 to 20.81 (-21.89%) and the overall rate decreased from 15.14 to 13.59 (-10.19%).

The above figures show the absolute number of accidents. However it should be specified that in national ISTAT statistics (and defined as "accidents") only those resulting in any degree of severity of trauma to individuals (injuries and/or deaths) are recorded.

In compliance with the ISTAT's statistical criterion described above, we provide certain additional figures regarding the motorway under our responsibility (closed system).

Between 2013 and 2014 the accidents resulting in trauma to individuals reduced from 55 to 40 (-27.27%). The rate per 100/million km travelled fell from 5.11 to 4.12 (-19.37%). At national level - preliminary AISCAT data - the rate was 8.09.

The number of individuals injured dropped from 80 to 70 (-12.50%), with the rate falling from 7.43 to 7.21 (-2.96%). At national level - preliminary AISCAT data - the rate was 13.59%.

The number of deaths was 3, as in the previous year. The rate changed from 0.28 to 0.31 (+10.71%). The national rate - preliminary AISCAT data - was 0.27.

A brief mention of accidents recorded on the open system: there were 54 accidents on the Tangenziale di Mestre (with 33 individuals injured and 1 death) and 15 on the airport ring road (with 17 injured).

We should specify that these numbers cannot be translated into an accident rate as the open system does not record a volume of vehicles per km.

We should remember that for accidents and callouts on the Tangenziale, given the specific maximum safety requirements associated with the third lane, a protocol for the "management of accidents along the Tangenziale di Mestre" is applied.

It should also be remembered that, if serious disturbance to traffic circulation should occur, the motorway management companies operating in the area (Autostrade per l'Italia, Autovie Venete, Autostrada BS/PD and CAV), in agreement and in partnership with the Veneto Department of the Polizia Stradale, will adopt procedures to optimise the traffic regulation action envisaged in a Plan of Action signed by all Magistrates Courts and the entities involved in managing traffic emergencies on stretches of the A4, A57 and A27 in the provinces of Padua, Treviso and Venice.

The procedures regulated by the Plan, which include the option of using alternative interconnected stretches of motorway, have already been applied for some time by the motorway operators involved and have already been tested successfully.

As the accident rate is an important indicator in assessing service quality parameters and also emphasising that in recording the accidents the Company has abided by consolidated criteria provided by the Contracting Authority, we believe that in 2014 the balance of safe travel on the motorways under our management can be seen as positive - given the figures described above - both in absolute terms and in statistical terms.

It should be emphasised that the aforementioned accident rates are lower than the national accident rates recorded for the motorway management sector.

We consider that these results, however, do not allow us to draw conclusions of an absolute or general nature.

In fact we must prudentially consider that in certain contexts the findings and resulting statistical effects can change significantly, either positively or negatively, in relation to the reduced extent of absolute values in question. Even slight changes, in effect, can have a remarkable impact on the accident rates referred to, with many variables that, even by chance, could affect the accident trend.

We should also confirm that the Company constantly pursued quality standard improvement objectives, the most important of which are: information for users (multi-content message boards, dedicated phone numbers, web sites with special information pages and live-camera traffic displays, constant traffic updates via local and national radio); service centres and operating centre activities; constant monitoring of critical

points by the Company; maintenance works completed with a particular focus on problems associated with work sites and safety (works scheduling, night-time working, etc.); careful management of the dynamic use of the three lanes of the Tangenziale, etc.

The highway patrol work performed by the Polizia Stradale was also important, as a deterrent and in terms of surveillance. The work of the Polizia Stradale, whose purpose is to control and oversee traffic, was developed on the basis of real and mutual cooperation with the Company's services. We should mention that the highway patrol service on the stretches of motorway under our Company's management is governed by a special agreement signed on 21 June 2010.

In the context described above we repeat once again CAV's commitment to ensuring users the highest possible level of safety along all the stretches of motorway under the Company's management, both open and closed systems.

As regards the Roadside Assistance Service, this was performed by four organisations - all national level - that operate in the motorways environment on the basis of contractually predefined callout procedures.

In 2014 the closed system stretches recorded a total of 3,954 callouts (4,049 in 2013; -2.35%).

The callout rate expressed per 1/million km travelled was 4.07 (3.76 in 2013; +8.29%).

Service areas and hotels

In 2014 the service areas located along the motorway (Arino Est and Arino Ovest on the A4, on the closed system close to the junction with the Passante di Mestre) and the Tangenziale di Mestre (Marghera Est and Marghera Ovest on the A57 near the roundabout - open system) distributed 4,614,000 litres of petrol (-7.94%), 21,810,000 litres of diesel (-3.69%), 1,242,000 litres of LPG (+68.98%); 5,031 kg of lubricants (+7.52%). The add-on businesses (automotive accessory stores) located at these service areas produced EUR 148,000 (+1.37%).

The bars and restaurants recorded total revenue, net of VAT, of EUR 6,058,000 (+18.60%). The add-on businesses (markets) at these bars and restaurants generated EUR 2,895,000 (+34.90%) and the complementary business activities EUR 4,509,000 (+3.51%).

The hotel at Marghera recorded total revenue for restaurant services, sundry services, board and lodge of EUR 3,433,000 (-1.69%).

On the above activities and various sales the oil companies, restaurant service providers and the hotel companies paid rental fees confirmed in the related agreements which in 2014 resulted in net revenue of EUR 3,864,000 (+9.87%).

Note that 2014 saw the successful conclusion of the agreement with the oil company that manages the Marghera Est service area, with signing of the related new Agreement.

Service Centre

Our Service Centres represent a direct point of contact with the Company for users, where they can obtain answers and information on all their needs.

There are two Service Centres in operation: one at the Venezia/Mestre station and one at the Padova Est station, both also accessible from local roads.

Various user support activities are performed at the Service Centres, and a vast range of services are provided, including: marketing and distribution of Telepass devices and Viacards, after-sales support (billing, registration plate changes, lost items, etc.), the definition of missed toll payments, information on motorway tolls, the issue of subscriptions on the Mirano/Dolo-Padova Est stretch, other forms of customer discounts, etc.

All transactions are facilitated by the presence of and the personal and direct contact with our qualified, expert operators.

Overall, in 2014, activities in favour of customers were confirmed by around 40,000 transactions at the Padova Est Service Centre and a further 73,000 transactions at the Venezia-Mestre Service Centre.

In particular, note the positive results achieved in collections on non-payment positions (+4%) and the sale of prepaid cards (almost 30% more than in the previous year).

Lastly, significant benefits are achieved on dematerialisation of the contractual documents, which allowed their online consultation and a considerable saving in paper consumption and related inventories.

Operations Centre

The Operations Centre, active 24/7, is in constant contact with the traffic wardens in service along the motorway, the Tangenziale and the airport ring road, and makes use of cameras and systems to monitor and record data to control the various stretches managed by CAV.

According to the situations, Centre operators use established procedures to activate the various managers of internal and external services to manage any emergencies or other problems found.

The Operations Centre coordinates the Roadside Assistance Service. It provides the "CCISS - VIAGGIARE INFORMATI" and "VIAGGIANDO" information centres with traffic and road system details to be made available to users via local and national radio channels, and ensures that road system information on the corporate web site is kept up to date.

Traffic wardens

The support service for users in difficulty on the network under management is based on action taken by the traffic wardens, specially-trained employees of the Company who perform surveillance duties on the stretches managed, user support, and the reporting of accidents, traffic jams and all other forms of traffic disturbance.

The wardens also intervene in terms of accident reporting where there is no injury (if any individual is injured the police authorities must intervene) and also take action to ensure traffic safety and smooth traffic flow.

The current company organisation envisages that, along the stretches of motorway managed (around 74 km), there is a constant presence of at least 4 wardens (night and day), each with his own fully-equipped van. On days when heavy traffic flows are expected the warden service is enhanced by additional staff and vehicles.

The wardens are in constant contact with the company Operations Centre which acts as coordinator to optimise their action.

Relations with ANAS

With reference to Italian Legislative Decree 173/2008, implementing Directive 2006/46/EC, and the resulting statutory effects, details are provided below of transactions with related parties (art. 2427, paragraph 22-bis, Italian Civil Code).

For the purpose of this report the related party is ANAS S.p.A., with which significant transactions have been performed.

The administrative and accounting position between CAV and ANAS

The administrative and accounting position with ANAS as a result of obligations arising from the Recognition Agreement are specified below.

As the Passante di Mestre was constructed by ANAS, CAV is obliged to guarantee financial coverage of the costs of the Passante and - as already mentioned - to reimburse ANAS for this exposure to the extent of amounts indicated in the financial plan. These costs must be considered net of public grants.

Naturally, the Agreement also envisages the sources of funding needed by CAV to meet the above commitments: proceeds from tolls relating to the Passante; proceeds from tolls relating to stretches previously managed by Società delle Autostrade di Venezia e Padova S.p.A. and acquired under concession from 1 December 2009; proceeds from tolls relating to additional km travelled as applied at the boundary-setting stations between the closed and open motorway systems around the Mestre area; proceeds deriving from sub-licensing of the service areas.

Illustrated below are the debit/credit positions with ANAS and the value of each item, first and foremost showing that the sum of debit and credit positions shows that CAV has a net debt to ANAS of EUR 432,839,127.

Amounts receivable by CAV total EUR 176,414,223 with breakdown as follows: EUR 70,537,502 (for the public grant referred to in art. 1, paragraph 78, sub-paragraphs c) and i), Italian Law 266/2005), EUR 100,000,000 (for the public grant pursuant to art. 1, paragraph 1045, Italian Law 296/2006), EUR 806,112 (for costs incurred by CAV for collection charges on the interconnected motorway network in relation to the additional km travelled for the period prior to opening of the Passante) and EUR 5,070,611 (total interest income accrued on the portion of public grants collected by ANAS but not yet paid to CAV).

Amounts payable by CAV totalled EUR 609,253,350 with breakdown as follows: EUR 488,341,862 (as reimbursement of costs incurred by ANAS for construction of the Passante and for auxiliary and completion works not yet invoiced); EUR 20,828,985 (financial charges capitalised up to the date of inauguration of the Passante); EUR 10,218,194 (as reimbursement to ANAS of the costs it incurred for auxiliary and completion works on the Passante, already invoiced); EUR 83,865,388 (interest accrued after opening of the Passante and calculated up to 31/12/2014 on the financial advances disbursed by ANAS to cover the construction costs of the Passante); EUR 5,952,676 (toll revenue referring to the additional km travelled pertaining to ANAS but collected by CAV for the period prior to opening of the Passante); EUR 46,244 other payables.

In addition to the situation reported above it should be mentioned that there is an amount payable to ANAS relating to the licence fee (pursuant to art. 10, Italian Law 537/1993 and art. 1, paragraph 1020, Italian Law 296/2006) for EUR 1,208,055 in 2014, and the amount due as licence fee integration (pursuant to art. 19, paragraph 9-bis, Italian Law 102/2009 and to art. 15, paragraph 4, Italian Law 122/2010) which in 2014 totalled EUR 119,231.

Relations with the Veneto Regional Government

The Veneto Regional Government is an investor in Concessioni Autostradali Venete S.p.A., with 50% of the share capital.

In addition to takeover of the motorway management and the costs of the Passante, the CAV financial plan envisages EUR 253 million in investments to complete the Passante. These investments refer to works targeting integration of the new motorway structure into the local road system and into the environmental context. CAV is not directly responsible for the investments as this task was assigned to ANAS. It does, however, cover the indispensable role of lender for the works. In past years and also in 2014, CAV has made resources available from its own cash flows which have allowed actual implementation of the investment plan for completion of the Passante and for enhancement of the Veneto region.

The aforementioned completion works were almost all concluded in 2014.

The role as lender for the road infrastructure works will come to the fore when CAV learns, through sound management, how to generate profit to be made available to the Veneto Regional Government for improvements to the regional road system, in compliance with the Articles of Association.

In 2014 the Veneto Regional Government paid EUR 1,244,336.82 as the balance of a debt relating to safety guarantee works on the SP 81. These works were agreed by the Veneto Regional Government, the Provincial Government of Venice, the Municipal Authority of Venice and Società delle Autostrade di Venezia e Padova S.p.A. CAV accepted this works completion commitment on takeover of the management licence from Società delle Autostrade di Venezia e Padova S.p.A. The works were completed on 8 March 2011.

Following the conclusion of this financial commitment, there are currently no other economic relations or cooperation agreements in place with the Veneto Regional Government.

Application and compliance with directives pursuant to Veneto Regional Government Resolutions 3966/2007, 1075/2011, 2790/2012 and 2101/2014

The Management Report and explanatory notes already report on activities conducted by CAV and therefore meet the requirements of Veneto Regional Government Resolution 2101/2014, as amended, on “Amendments and additions addressed to the subsidiary companies with DGR n. 258/2013”. Information is, however, provided below that is supplementary to or refers to the notes already provided in other parts of the financial reporting package.

In particular, note that on 4 April 2012 the Organisational, Management and Control Model pursuant to Italian Legislative Decree 231/2001 was adopted and, for the first time, a Supervisory Board was appointed. The Board was renewed on 14 January 2015. The Supervisory Board has verified the actual implementation of the organisational model and its updating, and reported to the Board of Directors.

It should also be remembered that:

A) Directives on the assignment of works, supplies and services

CAV S.p.A. is a motorway management operator. In accordance with the Articles of Association and its contractual commitments, with regard to the procurement of works, supplies and services CAV applies the provisions of Italian Legislative Decree 163/2006, as amended.

At its meeting of 13 September 2012, the CAV Board of Directors adopted a regulation governing the off-contract procurement of goods and services.

B) Directives on companies instrumental to public services

CAV S.p.A. is not a company incorporated by or invested in by the Veneto Regional Government for the production of goods or services instrumental to its business activities.

C) Directives relating to employees

By Board of Directors resolution of 16 July 2010, CAV S.p.A. adopted guidelines that identify the criteria and methods for recruiting employees.

In a letter dated 16 February 2011 the Veneto Regional Government was informed that, due to its nature, activities and the fact that it is not included in the list of companies entered in the consolidated income statement of the Public Administration, the regulations containing restrictions on the hiring and use of flexible staffing do not apply to CAV S.p.A.

D) Directives on reporting to the Regional Government

Before the 31 March deadline, CAV submits an update report on membership of the corporate bodies of directly and indirectly controlled companies with related remuneration, the report on the achievement of objectives indicated in the business plans for the previous year, the current year's budget, the preliminary figures for the previous year, the final approved figures with those for 2009, the final versions of shareholders' meeting minutes, disclosures envisaged in Italian Legislative Decree 33/2013 required from the Veneto Regional Government to comply with transparency regulations, a report on activities performed in the second half of the previous year and a report stating the general outline of activities planned for the first half of the current year. By the 30 September deadline, CAV S.p.A. submitted a report on activities conducted in the first half of this year, and a report outlining activities to be undertaken in the second half.

However, there are no conventions or service agreements with the Veneto Regional Government on which to report.

E) Directives on limiting miscellaneous expenditure

As CAV S.p.A. is not on the list of companies included in the consolidated income statement of the Public Administration, as identified by ISTAT pursuant to art. 1, paragraph 3, Italian Law no. 96 of 31/12/2009, it is not subject to application of the regulations contained in article 6, paragraphs 7, 8, 9, 11 and 20 of Italian Law Decree 78/2010, even though it is responsible for the prudential management of financial resources in relation to commitments undertaken in the financial plan attached to the agreement signed with the contracting authority, ANAS S.p.A.

F) Directives on membership and remuneration of corporate bodies

The resolutions relating to remuneration payable to members of the Board of Directors and the supervisory bodies were carried in compliance with legal regulations.

G) Directives on indirect subsidiaries

CAV S.p.A. has no subsidiaries.

L) Directives on requirements for the appointment of administrative bodies of companies with direct and indirect regional government investment

Persons appointed as members of the administrative body in CAV S.p.A. investee companies meet the requirements of proven professional skills, experience and independence in relation to their duties, in addition to meeting the requirements envisaged by law and their respective Articles of Association.

M) Directives on limiting and rationalising regional public spending

CAV S.p.A. does not qualify as one of the addressees of the “C” guidelines envisaged in Regional Government Resolutions 2101/2014.

In addition, all CAV S.p.A. vehicles are used for motorway service purposes as contractually required to perform the control, monitoring, surveillance, assistance, etc. as needed to guarantee user safety and to conduct normal official duties.

Lastly, CAV S.p.A. publishes a summary table of company cars in service and the costs incurred as reimbursement of expenses, with separate indication of members of the corporate bodies and employees, on its web site.

N) Directives on transparency, advertising and updating of models pursuant to art. 6, Italian Legislative Decree 231/2001

CAV S.p.A. publishes all disclosures pursuant to art. 11, paragraph 1, Regional Law 39/2013 on its web site.

In addition, it is currently updating its Organisation, Management and Control Model required under Italian Legislative Decree 231/2001, in accordance with regulatory amendments introduced by Italian Law 190/2012.

Investees

CAV S.p.A. is an investor in one public consortium (società consortile) and one consortium (consorzio). The public consortium rationalises and develops services for motorway users. The consortium coordinates consortium members in the development of efficiency improvement activities in the electrical energy and heating sector. In both cases, these are activities instrumental and auxiliary to motorway services which both the public consortium and the consortium develop solely for motorway management companies.

According to instructions in Veneto Regional Government Resolution no. 1931 of 28 October 2013, CAV S.p.A. monitors the economic and financial position of the two investees to ensure that the financial statements of CAV are not compromised.

Servizi Utenza Stradale S.C.p.A.

CAV S.p.A. has been an investor in Servizi Utenza Stradale S.C.p.A. since 2010.

Servizi Utenza Stradale is a public consortium (Società Consortile per Azioni) with the purpose of “the rationalisation, enhancement and development of services for road users through an organisation common to the consortium member companies”.

SUS share capital totals EUR 516,460.00 divided equally among four motorway management companies: Autostrade Centro Padane, Autostrada Brescia-Padova, Autovie Venete and CAV S.p.A. The consortium members hold motorway management licences with different expiry dates. SUS shareholders have envisaged in the Articles of Association the following scenario in the event of expiry of the licences, establishing that: “If as a result of the natural expiry of the road and/or motorway management licence the title of road/motorway operator of one of the consortium members should lapse, that member’s interest can be taken over by the new incoming operator”.

SUS mainly performs two types of activity: information for motorway users and management of the advertising systems located along the stretches managed by the consortium members.

In 2014 the information service to customers of the motorway operator members also continued as normal through multiple channels: phone, radio and the web site, offering maximum networked coverage and constant updates.

With regard to advertising activities, SUS has launched a tender for the management of advertising systems along all stretches managed by the motorway operators. It was not possible to complete the tender due to lack of participants, and suitable measures are now under consideration for the most convenient method of managing the advertising systems.

CAV S.p.A. provides direct support to SUS S.C.p.A. by performing an administrative service in accordance with a special agreement governing provision of the services and related remuneration.

SUS S.C.p.A. closed 2013 with over EUR 21 thousand in profit which, in accordance with the Articles of Association, will be allocated to reserves.

Consorzio Autostrade Italiane Energia

Consorzio Autostrade Italiane Energia was incorporated on 29/02/2000 by 11 motorway companies, with investment percentages proportionate to the energy needs of each consortium member. CAV has been an investor in Consorzio Autostrade Italiane Energia since 22 December 2010. The consortium's funds amount to EUR 107,112.35 and Concessioni Autostradali Venete - CAV S.p.A. has a 0.9% interest for a total of EUR 1,058.00.

Almost all the Italian motorway management companies, ANAS and Autogrill are members of the consortium. The consortium is non-profit, cannot distribute profits to its member companies, its stated business activities are conducted in accordance with Italian Legislative Decree no. 79 of 16 March 1999 (deregulation of the electrical energy market) and the coordination of consortium member activities with a view to limiting energy consumption, efficiency improvement and rationalisation of the energy sector (electrical energy and heat).

The consortium conducts private or public tenders for its consortium members, particularly public tenders, for which the consortium becomes the central contracting authority, signing framework agreements with the contractor awarded the tender ready for finalisation by each consortium member through the signing of a member-specific contract.

The consortium's activities have guaranteed - procuring a total of around 600 GWh per year - savings totalling approximately EUR 4.5 million per year, with an average discount of around 10% on the price of energy found on the open market.

CAV S.p.A. participates in the consortium with an average consumption of around 10,600 MWh, corresponding to an average annual cost of approximately EUR 2,100,000.00.

The duration of the Consortium expires on 31 December 2015.

FINANCIAL STATEMENTS AT 31.12.2014

BALANCE SHEET AND INCOME STATEMENT

BALANCE SHEET**31/12/2013****31/12/2014****ASSETS****A) SUBSCRIBED CAPITAL UNPAID**

0

0

B. FIXED ASSETS*I. Intangible assets*

3) Industrial patent and intellectual property rights

37,897

7,830

6) Intangible assets in progress and advances

47,171,228

110,591,220

7) Other intangible assets

716,153,794

679,206,623

763,362,919

789,805,673

II. Tangible assets

1) Land and buildings

26,128

22,644

2) Plant and machinery

219,739

165,005

3) Industrial and commercial equipment

43,010

35,557

4) Other tangible assets

424,603

336,010

713,480

559,216

*III. Financial assets**Investments in:*

b) associates

299,767

299,767

d) other companies

1,058

1,058

300,825

300,825

Total fixed assets

764,377,224

790,665,714

C) CURRENT ASSETS*I. Inventories*

1) Raw materials and consumables

1,056,770

1,077,125

II. Receivables

1) Trade receivables

- due within 12 months

4,883,978

5,000,883

- due after 12 months

0

834,520

4 bis) Tax receivables

79,169,515

64,643,159

4 ter) Deferred tax assets

1,593,793

1,292,565

5) Other receivables:

- due within 12 months

168,734,481

177,011,475

- due after 12 months

32,936,367

28,221,885

287,318,134

277,004,487

	31/12/2013	31/12/2014
<i>III. Financial assets not classified as fixed assets</i>	0	0
<i>IV. Cash and cash equivalents</i>		
1) Bank and postal deposits	52,752,932	67,024,702
3) Cash on hand	67,347	68,363
	<u>52,820,279</u>	<u>67,093,065</u>
Total current assets	<u>341,195,183</u>	<u>345,174,677</u>
 <i>D) ACCRUED INCOME AND PREPAID EXPENSE</i>	 3,645	 5,258
 <i>TOTAL ASSETS</i>	 <u>1,105,576,052</u>	 <u>1,135,845,649</u>

LIABILITIES	31/12/2013	31/12/2014
A) EQUITY		
I. Share capital	2,000,000	2,000,000
IV. Legal reserve	400,000	400,000
VII. Other reserves:		
- Extraordinary reserve	47,641,383	47,641,383
- Non-distributable reserve, art. 2426 Civil Code	20,410	25,826
- Restricted reserve for road infrastructures	0	9,776,227
- Restricted reserve for sanctions and penalties	175,000	175,000
- Restricted reserve for maintenance works		
differences	918,054	918,054
IX. Profit (loss) for the year	9,781,643	13,208,192
	<u>60,936,490</u>	<u>74,144,682</u>
B) PROVISIONS FOR RISKS AND CHARGES		
3) Other:		
a) for risks	150,000	150,000
c) for renewals	12,450,309	16,537,288
	<u>12,600,309</u>	<u>16,687,288</u>
C) POST-EMPLOYMENT BENEFITS	557,067	424,090
D) PAYABLES		
4) Payables to banks	423,500,000	414,663,164
7) Trade payables	6,300,094	5,474,973
12) Tax payables	736,891	2,613,669
13) Social security payables	1,118,140	1,195,196
14) Other payables	599,483,689	620,227,378
	<u>1,031,138,814</u>	<u>1,044,174,380</u>
E) ACCRUED EXPENSE AND DEFERRED INCOME	343,372	415,209
TOTAL LIABILITIES	<u><u>1,105,576,052</u></u>	<u><u>1,135,845,649</u></u>

MEMORANDUM ACCOUNTS

Leased assets	<u>100,350</u>	<u>68,450</u>
---------------	----------------	---------------

TOTAL MEMORANDUM ACCOUNTS	<u>100,350</u>	<u>68,450</u>
---------------------------	----------------	---------------

INCOME STATEMENT

A) PRODUCTION VALUE

	31/12/2013	31/12/2014
1) Revenue from sales and services	132,976,422	139,117,637
5) Other revenue and income:	<u>1,271,576</u>	<u>1,098,432</u>
	134,247,998	140,216,069

B) PRODUCTION COSTS

6) Raw materials and consumables	1,224,575	969,249
7) Service costs	20,889,250	17,730,785
8) Lease and rental expense	642,289	581,664
9) Personnel costs		
a) salaries and wages	12,037,171	12,595,648
b) social security contributions	3,824,309	4,000,745
c) post-employment benefits	859,523	911,567
e) other costs	<u>428,353</u>	<u>417,483</u>
	17,149,356	17,925,443
10) Amortisation, depreciation and write-downs:		
a) amortisation of intangible assets	37,921,480	38,432,369
b) depreciation of tangible assets	277,220	254,053
d) write-down of receivables included in current assets and cash and cash equivalents	180,653	0
	<u>38,379,353</u>	<u>38,686,422</u>
11) Changes in inventories of raw materials and consumables	-92,822	-20,355
13) Other provisions		
b) Allocation to provision for renewals	11,776,505	11,779,822
c) Utilisation of provision for renewals	-11,065,047	-7,692,843
14) Other operating costs	<u>16,554,246</u>	<u>16,447,716</u>
	95,457,705	96,407,903

DIFFERENCE BETWEEN PRODUCTION VALUE AND COSTS

38,790,293	43,808,166
------------	------------

	31/12/2013	31/12/2014
<i>C) FINANCIAL INCOME AND CHARGES</i>		
16) Other financial income:		
d) other income	1,144,671	2,863,824
17) Interest and other financial charges	-24,125,860	-25,898,313
	<u>-22,981,189</u>	<u>-23,034,489</u>
<i>D) VALUE ADJUSTMENTS TO FINANCIAL ASSETS</i>		
18) Revaluation:		
a) of investments	5,416	0
<i>E) EXTRAORDINARY INCOME AND CHARGES</i>		
20) Income	0	0
21) Charges	<u>0</u>	<u>0</u>
	0	0
<i>INCOME BEFORE TAXES</i>	15,814,520	20,773,677
22) Income taxes for the year		
a) current taxes	5,054,788	7,264,257
b) deferred tax liabilities	0	0
c) deferred tax assets	<u>978,089</u>	<u>301,228</u>
	- 6,032,877	- 7,565,485
23) Profit (loss) for the year	9,781,643	13,208,192

EXPLANATORY NOTES

Structure and content of the financial statements

The financial statements were prepared in accordance with provisions of art. 2423 et seq. of the Italian Civil Code, interpreted and integrated by Italian GAAP.

Note that the balance sheet and income statement formats comply with the regulations contained in articles 2423-ter, 2424, 2424-bis, 2425 and 2425-bis of the Italian Civil Code, which envisage restrictive formats.

The financial statements are expressed in Euro, without decimal points, as envisaged in art. 2423, paragraph 5 of the Italian Civil Code.

The explanatory notes, prepared in accordance with the provisions of articles 2427 and 2427-bis of the Italian Civil Code, contain indications on the more important measurement criteria, followed by comments on the individual accounting items, illustrating their breakdown and the reasons for any significant changes compared to the previous year.

With the aim of providing more detailed information on the equity, financial and economic position of the Company and to complete the explanatory notes, it was considered appropriate to prepare a cash flow statement.

The contractually-agreed remuneration payable to the independent auditors for statutory audit of the financial statements totals EUR 22,000, without prejudice to ISTAT-defined increases, added to which is the reimbursement of expenses up to a maximum EUR 1,800. The total due for other services provided was EUR 2,700.

Accounting policies - Measurement criteria

As envisaged in art. 2427 of the Italian Civil Code, the criteria applied in the measurement of financial statement items are illustrated below. The criteria have remained unchanged since last year.

Multi-year charges

Multi-year charges are measured at cost, less direct amortisation calculated on a straight-line basis over a period not exceeding five years.

Intangible assets

Intangible assets, i.e. the application software, are recognised at cost less direct amortisation calculated on a straight-line basis over a period not exceeding two years.

Other intangible assets

Other intangible assets - referring to the construction costs for the Mestre motorway bypass (Passante di Mestre) to be reimbursed to ANAS, the compensation payable to Società delle Autostrade di Venezia e Padova S.p.A., other works completed on the stretch of motorway managed, auxiliary and completion works on the Mestre motorway bypass (Passante di Mestre), financial action implemented as a result of takeover of the management licence (safety guarantee works on the SP 81 and the San Giuliano interchange in Mestre) and costs incurred for signing of the loan agreement with Cassa Depositi e Prestiti, renovation costs for the highway patrol station, costs for the junction roundabout on the Marco Polo – SS14 ring road and costs (feasibility study) relating to the service areas - are recognised at cost (plus capitalised financial charges but net of public grants and similar) less direct amortisation calculated on a straight-line basis throughout the entire duration of the management licence which terminates on 31 December 2032, i.e. over the period of validity of the loans for costs incurred to sign the loan agreement with Cassa Depositi e Prestiti.

Tangible assets

Tangible assets are made up of land and buildings, plant and machinery, industrial and commercial equipment and other assets (ordinary office furniture and equipment, electronic and electromechanical machines, computers and telephone systems, cars and other vehicles) and are recognised at cost, systematically depreciated each year according to their residual useful life.

Depreciation is calculated by applying the following rates, considered fair in relation to the residual useful life of the assets: plant and machinery 20%; industrial and commercial equipment 12%; ordinary office furniture and equipment 12%; electronic and electromechanical machines, computers and telephone systems 20%; cars 25%; other vehicles 20%.

Investments

Investments in associates are measured at equity, pursuant to art. 2426, paragraph 4 of the Italian Civil Code, attributing a value to each investment equal to the corresponding portion of equity of the investee as recorded in the latest available financial statements.

Investments in other companies are measured at cost. The original purchase cost increases following subscribed and paid up share capital increases and due to new purchases of shares or investment units by third parties. The value at cost is written down in the event of impairment.

For the recognition of investments among financial assets rather than current assets the criterion of long-term holding or otherwise applies.

Inventories

Inventories, made up of consumables and goods for use in maintenance works on the stretches of motorway, are measured at the lower between the purchase cost, assumed on the basis of the weighted average cost of purchases during the year, and the corresponding estimated realisable value according to year-end market prices.

Cash and cash equivalents

These include cash, bank deposits, post office current accounts and other cash equivalents. Cash and cash equivalents are recognised at the estimated realisable value, coinciding with the nominal value, and cash is measured at its face value.

Receivables and payables

Receivables and payables are recognised at their nominal value. Receivables are in any event recognised at a value that does not exceed their estimated recoverable amount.

Accruals and deferrals

Accruals and deferrals are calculated according to the accrual principle and include percentages of costs and income common to one or more financial years, the extent of which varies over time.

Post-employment benefits

Post-employment benefits are calculated according to art. 2120 of the Italian Civil Code and in compliance with employment contracts and current laws.

Provision for renewals

The provision for renewals is topped up each year through allocation against renewal costs relating to the constituent assets of the stretch of motorway managed. Renewal costs refer to restoration or replacement costs and to maintenance, repairs, modernisation and transformation costs. The amount allocated is estimated by the Company as sufficient to maintain the stretch of motorway managed in good, efficient condition. The provision is used to absorb the actual renewal costs incurred each year.

Provision for taxes

The provision for taxes includes probable tax payables for which the amount and/or contingency date is not yet known and deferred tax liabilities arising from temporary differences between the recognised result and the taxable income.

Provisions for risks

The provisions for risks allocated under liabilities in the Balance Sheet are allocated to cover potential liabilities of the Company, based on realistic estimates of their becoming final. Provisions for risks are allocated solely to cover costs and charges of known type and of certain or probable existence, the amount and contingency date of which, however, was not known at year end. The risks for which it is likely that a liability will arise are described in the explanatory notes and allocations are made according to the principle of adequacy. Risks for which it is only possible that a liability will arise are described in the explanatory notes, without any allocation to the provisions for risks, in accordance with the accounting principles of reference.

Deferred tax assets and liabilities

Recognition of deferred tax assets and liabilities derives from temporary differences, to be reversed in future years, between the value assigned to an asset or liability according to statutory criteria and the value assigned to that asset or liability for tax purposes.

The rates used to calculate deferred tax assets and liabilities are 3.90% for IRAP and 27.50% for IRES.

Costs and revenue

Costs and revenue are recognised in the financial statements according to the principle of prudent accounting and the accrual principle.

Memorandum accounts

These include assets used by the Company on lease that are recognised at their current value.

Information on the balance sheet: Assets

Intangible assets

A net decrease of EUR 26,442,754 was recorded. The changes during the year can be summarised as follows:

	Balance at 31.12.2013	Increase	Decrease	Fund transfer	Balance at 31.12.2014
Industrial patent and intellectual property rights	37,897	15,660	45,727	0	7,830
Assets in progress and advances	47,171,228	64,852,489	0	-1,432,497	110,591,220
Other intangible assets	716,153,794	7,744	38,387,412	1,432,497	679,206,623
Total	763,362,919	64,875,893	38,433,139	0	789,805,673

Industrial patent and intellectual property rights refer to the residual value of costs incurred for the purchase of application software. Amortisation is applied on a straight-line basis over two years.

Assets in progress and advances refer to: a) costs incurred for the auxiliary and completion works on the Mestre motorway bypass (Passante di Mestre); those becoming operative were re-recognised to other intangible assets; b) costs incurred for other works on the stretch of motorway managed that were not yet complete at the reporting date; c) feasibility study costs relating to the service areas; d) costs (legal, rating agency, etc.) related to issue of the project bonds.

The changes in fixed assets during the year can be summarised as follows:

	Balance at 31.12.2013	Increase	Decrease	Fund transfer	Balance at 31.12.2014
Auxiliary and completion works on the Mestre motorway bypass (Passante di Mestre)	45,975,430	63,629,208	0	-39,634	109,565,004
Other works completed on the stretch of motorway managed	67,798	533,292	0	-292,863	308,227
Renovation of highway patrol station	300,000	0	0	-300,000	0
Roundabout at Marco Polo ring road junction - SS14	800,000	0	0	-800,000	0

Service areas	28,000	0	0	0	28,000
Costs relating to the issue of project bonds	0	689,989	0	0	689,989
<hr/>					
Total	47,171,228	64,852,489	0	-1,432,497	110,591,220
<hr/>					

Other intangible assets refer to the residual value of costs for the Mestre motorway bypass (Passante di Mestre), for the auxiliary and completion works on the Passante di Mestre, the compensation payable to Società delle Autostrade di Venezia e Padova S.p.A., other works completed on the stretch of motorway managed, safety guarantee works on the stretch of the SP 81 between the new Mira/Oriago motorway station and the roundabout in Malcontenta on the SS 309, works to remedy problems on the San Giuliano interchange in Mestre, renovation of the highway patrol station, the roundabout at Marco Polo ring road junction on the SS14 and costs associated with the loan agreement with CDP for EUR 423,500,000.

Amortisation is applied on a straight-line basis over the entire duration of the management licence.

The changes in other intangible assets during the year can be summarised as follows:

Other intangible assets	Historical cost				Accumulated amortisation				Net intangible assets
	Balance at 31.12.2013	Increases from acquisitions	Decreases	Balance at 31.12.2014	Balance at 31.12.2013	Depreciation for the year	Decreases	Balance at 31.12.2014	Balance at 31.12.2014
Mestre Motorway Bypass (Passante di Mestre)	705,199,639	0	0	705,199,639	159,409,014	28,725,823	0	188,134,837	517,064,802
Auxiliary and completion works	91,954,268	39,634	0	91,993,902	6,740,835	4,485,130	0	11,225,965	80,767,937
Compensation due to Soc. Ve/Pd	74,689,185	0	0	74,689,185	13,216,424	3,235,407	0	16,451,831	58,237,354
Other works completed on the stretch of motorway managed	3,778,039	292,863	770	4,070,132	490,031	183,525	0	673,556	3,396,576
SP81 safety guarantee works	5,382,381	7,744	0	5,390,125	635,131	250,263	0	885,394	4,504,731
San Giuliano interchange, Mestre	7,746,853	0	0	7,746,853	1,058,055	352,042	0	1,410,097	6,336,756

Renovation of highway patrol station	0	300,000	0	300,000	0	7,002	0	7,002	292,998
Roundabout at Marco Polo ring road junction - SS14	0	800,000	0	800,000	0	25,920	0	25,920	774,080
Costs relating to the loan agreement with CDP	9,705,726	0	0	9,705,726	752,807	1,121,530	0	1,874,337	7,831,389
Total	898,456,091	1,440,241	770	899,895,562	182,302,297	38,386,642	0	220,688,939	679,206,623

The construction costs of EUR 705,199,639 for the Mestre motorway bypass (Passante di Mestre), which the Company is obliged to reimburse to ANAS in compliance with art. 2, paragraph 290 of Italian Law 244/2007 and art. 6.2 of the concession agreement, include the actual costs incurred of EUR 986,400,000, financial charges capitalised as at the inauguration date of the Passante of EUR 20,828,985, less public grants (in accordance with CIPE Resolution no. 92 of 31 October 2002) of EUR 113,116,500 already collected by ANAS S.p.A., public grants (pursuant to art. 1, paragraph 78, sub-paragraphs c) and i) of Italian Law 266/2005) of EUR 70,537,501 as a direct deduction from the cost of the Passante di Mestre, public grants (pursuant to art. 1, paragraph 1045, Italian Law 296/2006) of EUR 100,000,000 and a direct deduction from the cost of the Passante di Mestre), as well as net revenue relating to the additional km travelled charged prior to the opening of the Passante, considered equivalent to public grants, of EUR 18,375,345. The construction costs for the Passante also include EUR 35,297,480 relating to the “high cost of steel” compensation and the related fund pursuant to art. 135, paragraph 4, Italian Legislative Decree 163/2006. This fund was already appropriated by ANAS as a ministerial grant, thereby resulting in the elimination of this item which therefore generates no economic or financial effect.

The auxiliary and completion works now operative include the following: “Passante Verde” landscaping, environmental mitigation works, feed lanes to the Passante (Campocroce bypass, A4-SP64 slip road in the Municipality of Mogliano Veneto, SP27 Via Dante in the Municipality of Mirano) and auxiliary works on the main barrier (Robegano bypass, removal of the Roncade motorway barrier in the Municipality of Mogliano Veneto).

The takeover compensation, which the Company is required to pay pursuant to art. 6.3 of the concession agreement, refers to investment costs not yet amortised by Società delle Autostrade di Venezia e Padova S.p.A. at the date of transfer of operations of the stretches of motorway on 1 December 2009. The amount of the compensation was determined by ANAS S.p.A. and officially notified the Company of the amount on 8 March 2010.

Other works completed on the stretch of motorway managed refer to new road signs for EUR 185,755; storm drain grids on the Passante for EUR 223,170; chloride storage plants for EUR 169,154; automation of toll collection systems for EUR 1,856,444; enhancement of traffic management systems for EUR 443,073; remotization of access to the Preganziol and Spinea stations for EUR 39,490 and other works for EUR 1,153,046.

The costs incurred for safety guarantee works on the stretch of the SP 81 between the new Mira-Oriago motorway station and the roundabout in Malcontenta on the SS 309, those incurred for reorganisation of the San Giuliano interchange in Mestre and for the roundabout at the Marco Polo ring road junction on the SS14 form part of the contractual commitments of Società delle Autostrade di Venezia e Padova S.p.A. accepted by CAV on takeover of the management licence. Such financial action refers to the completion of works for which ownership and maintenance responsibility lies with third parties. The cost incurred to renovate the highway patrol station also qualifies as financial action for the completion of works for which ownership and maintenance responsibility lies with third parties.

The costs associated with the loan agreement include fees payable to CDP for EUR 8,470,000 and to the EIB for EUR 1,050,000, legal advisory fees for EUR 120,432 and notary costs for EUR 65,294.

The stretch of motorway managed includes the network under licence which comprises: the Mestre motorway bypass (Passante di Mestre, on the A4 - closed system) with a conventional length of 32.326 km; the Padova-Venezia stretch of motorway (part A4 and part A57 - closed system) of 23.300 km; the open system stretch of motorway (A57) relating to the Tangenziale Ovest di Mestre (9.100 km) and the ring road for the "Marco Polo" Venezia/Tessera Airport (9.400 km). The total length is 74.126 km. Six stations are managed, i.e.: Venezia/Mestre, Mira/Oriago, Mirano/Dolo and Padova Est (on the old stretch); Spinea and Preganziol (on the Passante).

Tangible assets

Tangible assets are recognised in the financial statements net of accumulated depreciation.

	Balance at 31.12.2013	Increase	Decrease	Balance at 31.12.2014
Land and buildings	26,128	0	3,484	22,644
Plant and machinery	219,739	53,103	107,837	165,005
Industrial and commercial equipment	43,010	0	7,453	35,557
Other tangible assets	424,603	46,686	135,279	336,010
Total tangible assets	713,480	99,789	254,053	559,216

Land and buildings refer to light constructions.

Plant and machinery refer to snow clearance and gritting plants for EUR 632,866 and to other plant and machinery for EUR 50,864.

Industrial and commercial equipment refer to miscellaneous and minor equipment.

Other assets include ordinary office furniture and equipment, electronic machines, electromechanical machines, computers, telephone systems, cars and other vehicles.

Of the EUR 99,789 increase in tangible assets, EUR 53,103 refers to snow clearance plants.

The decrease refers to depreciation for the year and to the sale of certain assets. The depreciation is calculated according to the rates indicated previously and which are considered to represent the estimated residual useful life of the assets.

The changes during the year can be summarised as follows:

Tangible assets	Historical cost			Accumulated amortisation				Net tangible assets	
	Balance at 31.12.2013	Increases from acquisitions	Decreases from sales	Balance at 31.12.2014	Balance at 31.12.2013	Depreciation for the year	Decreases from sales	Balance at 31.12.2014	Balance at 31.12.2013
Land and buildings	34,838	0,00	0	34,838	8,710	3,484	0	12,194	22,644
Plant and machinery	630,627	53,103	0	683,730	410,888	107,837	0	518,725	165,005
Industrial and commercial equipment	62,110	0	0	62,110	19,100	7,453	0	26,553	35,557
Other tangible assets	939,851	46,686	0	986,537	515,248	135,279	0	650,527	336,010
Total	1,667,426	99,789	0	1,767,215	953,946	254,053	0	1,207,999	559,216

Financial assets

The *financial assets* consist of investments. The changes during the year can be summarised as follows:

	Balance at 31.12.2013	Increase	Decrease	Balance at 31.12.2014
Associates:				
• Servizi Utenza Stradale S.C.p.A.	299,767	0	0	299,767
Other companies:				
• Consorzio Autostrade Italiane Energia	1,058	0	0	1,058
Total	300,825	0	0	300,825

The investments are measured at equity on the basis of the latest available financial statements, i.e. the 2014 draft financial statements prepared by the Board of Directors.

In compliance with the provisions of art. 19, paragraph 5, Italian Law 136/99, figures are provided in relation to transactions with the associate Servizi Utenza Stradale S.c.p.A.: a) revenue of EUR 50,747 deriving from the administrative service (EUR 38,000) and from advertising management (EUR 12,747); b) costs of EUR 202,160 deriving from the sharing of “Viaggiando ti informiamo” call centre costs.

Summary data for the investees is provided below:

	Registered office	Share capital	Equity	Profit for the year	% owned
Associates:					
• Servizi Utenza Stradale S.C.p.A. (*)	Cessalto (TV)	516,460	1,199,069	21,665	25.00
Other companies:					
• Consorzio Autostrade Italiane Energia (**)	Rome	107,112	107,112	0	0.90

(*) The figures refer to the Financial Statements at 31 December 2013.

(**) The figures refer to the draft Financial Statements at 31 December 2014.

For further information, reference should be made to the paragraph “Investees” in the Management Report.

Inventories

This item increased by EUR 20,355 and breaks down as follows:

	2013	2014
Consumer goods	110,544	113,364
Maintenance-related goods	946,226	963,761
Total	1,056,770	1,077,125

Receivables

These totalled EUR 277,004,487 and recorded a decrease of EUR 10,313,647 compared to the previous year.

The receivables due beyond 5 years total EUR 9,405,000 and refer to receivables from ANAS for public grants.

This item breaks down as follows:

	2013	2014
Trade receivables:		
• due within 12 months	4,883,978	5,000,883
• due after 12 months	0	834,520
Tax receivables	79,169,515	64,643,159
Deferred tax assets	1,593,793	1,292,565
Receivables from others:		
• due within 12 months	168,734,481	177,011,475
• due after 12 months	32,936,367	28,221,885
Total	287,318,134	277,004,487

Trade receivables increased by EUR 951,425 with breakdown as follows:

	2013	2014
From customers	128,354	201,144
From customers for invoices to be issued	4,755,624	5,634,259
Total	4,883,978	5,835,403

Receivables from invoices to be issued include EUR 4,549,133 in royalties relating to the service areas, of which EUR 2,218,174 relating to a service area for years prior to 2014 collected in February 2015.

Trade receivables due after 12 months refer to bridge fees on which collection is expected to begin in 2016, with recoverability deemed certain on the basis of negotiations in progress.

Tax receivables decreased by EUR 14,526,356 compared to the previous year:

	2013	2014
IRES tax receivable	2,562,463	0
VAT receivable	76,284,083	64,321,141
Tax receivable, art. 2, para. 1-quater, Law Decree 201/2011	321,219	321,219
Employee withholdings receivable, art. 11, Law Decree 47	1,750	0
Tax receivable, Law Decree 66/2014	0	799
Total	79,169,515	64,643,159

The VAT receivable was calculated on invoices received from ANAS S.p.A. as chargeback of costs for the Passante di Mestre and for auxiliary and completion works.

The receivable pursuant to art. 2, paragraph 1-quater, Italian Law Decree 201/2011 refers to the claim for IRES tax reimbursement due to the non-deduction of IRAP on personnel costs and similar.

Deferred tax assets decreased by EUR 301,228 compared to the previous year and refer to:

	2013		2014	
	Total temporary differences	Tax effect	Total temporary differences	Tax effect
Directors remuneration	4,680	1,287	7,785	2,141
Maintenance on tangible assets	90,200	24,805	67,651	18,604
Provision for renewals	5,667,738	1,558,628	3,951,360	1,086,624
Personnel	0	0	665,109	182,905
Taxes	32,993	9,073	8,247	2,268
Default interest	0	0	84	23
Total	5,795,611	1,593,793	4,700,236	1,292,565

Other receivables increased by EUR 3,562,512 with breakdown as follows:

	2013	2014
Interconnected motorway companies	26,247,156	27,930,722
Receivables from ANAS		
• Receivable for public grant, art. 1, para. 1045, Italian Law 296/2006	100,000,000	100,000,000
• Receivable for public grant, art. 1, para. 78, Italian Law 266/2005:		
• due within 12 months	37,620,002	42,322,500
• due after 12 months	32,917,500	28,215,000
• Interest income receivable	2,273,913	5,070,611
• Receivable for collection costs	806,112	806,112
Miscellaneous		
• due within 12 months	1,787,298	881,530
• due after 12 months	18,867	6,885
Total	201,670,848	205,233,360

Receivables due from the interconnected motorway companies refer to the settlement of positions deriving from the interconnection.

The receivable from ANAS S.p.A. totalling EUR 176,414,223 comprises: a) the public grant of EUR 100,000,000 (pursuant to art. 1, paragraph 1045, Italian Law 296/2006); b) the public grant of EUR 70,537,500 (pursuant to art. 1, paragraph 78, sub-paragraphs c) and i), Italian Law 266/2005) to be collected by ANAS according to the methods and timing envisaged in Interministerial Decree no. 2428 of 5 March 2008, registered with the Court of Auditors on 7 May 2008, and which will be transferred to CAV pursuant to art. 7 of the concession agreement (receivables due within 12 months include the first nine instalments of EUR 4,702,500 each for the years 2007-2015; receivables due after 12 months include the annual amounts to be collected in the years 2016-2021); c) interest income of EUR 5,070,611 accrued on the aforementioned grants; and d) collection costs of EUR 806,112 relating to the additional km travelled for the period prior to opening of the Mestre motorway bypass (Passante di Mestre), charged to CAV but payable by ANAS.

Miscellaneous receivables due within 12 months decreased by EUR 905,768 (essentially due to the collection of a receivable due from the Veneto Regional Government for EUR 1,244,337) and include: a) amounts held on deposit by the company appointed to perform cash accounting, for EUR 792,130; b) other receivables for EUR 90,200. Miscellaneous receivables due after 12 months totalling EUR 6,885 refer to guarantee deposits.

Other receivables are recognised net of the allowance for doubtful payables and amount to EUR 180,653, which corresponds to 100% of the receivable due from a company declared bankrupt in 2013.

Cash and cash equivalents

This item increased by EUR 14,272,786 and breaks down as follows:

	2013	2014
Bank and postal deposits	52,752,932	67,024,702
Cash on hand	67,347	68,363
Total	52,820,279	67,093,065

Bank and postal deposits refer to: a) postal deposits for EUR 260,604; b) bank deposits for EUR 65,094,467; c) toll payments not yet credited to the current account for EUR 1,669,631.

Accrued income and prepaid expense

An increase of EUR 1,613 was recorded compared to the previous year.

	2013	2014
Prepaid expense	3,645	5,258

Information on the balance sheet: Liabilities

Equity

Equity increased by EUR 13,208,192 compared to the previous year and breaks down as follows:

	Balance at 31.12.2013	Increase	Decrease	Balance at 31.12.2014
I. Share capital	2,000,000	0	0	2,000,000
IV. Legal reserve	400,000	0	0	400,000
VII. Other reserves:				
- Extraordinary reserve	47,641,383	0	0	47,641,383
- Restricted reserve for road infrastructures	0	9,776,227	0	9,776,227
- Non-distributable reserve, art. 2426 Civil Code	20,410	5,416	0	25,826
- Restricted reserve for sanctions and penalties	175,000	0	0	175,000
- Restricted reserve for maintenance works differences	918,054	0	0	918,054
IX. Profit (loss) for the year	9,781,643	13,208,192	9,781,643	13,208,192
Total	60,936,490	22,989,835	9,781,643	74,144,682

The *share capital* consists of 2,000,000 shares with a nominal value of EUR 1.00 each.

On 23 May 2014 the Shareholders' Meeting approved the allocation of 2013 profit for the year amounting to EUR 9,781,643 as follows: EUR 9,776,227 to the restricted road infrastructures reserve and EUR 5,416 to the non-distributable reserve, pursuant to art. 2426 of the Italian Civil Code.

The *restricted reserve for sanctions and penalties* originates from two sanctions inflicted by the Ministry for Infrastructures and Transport – SVCA (of which EUR 150,000 notified on 9 April 2010 and EUR 25,000 notified on 5 March 2012) which did not demand payment of the penalty but ordered allocation of the corresponding amounts to a special restricted reserve.

The restricted reserve for maintenance works differences originates from a specific request by the Ministry for Infrastructures and Transport – SVCA which takes into account the difference between maintenance works completed in the period 2010-2012 and the amount envisaged in the financial plan.

The following tables indicate the equity items, with specification for the last three years of the source, utilisation and distribution options and any utilisation actually made.

Nature/Description	Amount	Utilisation options	Distributable portion	Summary of utilisation in the last three years	
				To cover losses	Other reasons
Capital					
Share capital	2,000,000				
Profit reserves					
Legal reserve	400,000	B	0	-	-
Extraordinary reserve	47,641,383	A, B, C	47,641,383		
Non-distributable reserve, art. 2426	25,826	A, B	25,826		
Restricted reserve	9,776,227	B	0		
Restricted reserve	175,000	B	0		
Restricted reserve	918,054	B	0		
Total	60,936,490		47,667,209		
Non-distributable portion			25,826		
Residual distributable portion			47,641,383		

Key

A: for share capital increase

B: to cover losses

C: for distribution to shareholders

	Share capital	Legal reserve	Extraordinary reserve	Restricted reserve for road infrastructures	Restricted reserve - penalties	Restricted reserve - maintenance	Non-distributable reserve, art. 2426	Profit for the year	Total
Opening balance 2013	2,000,000	400,000	44,265,173	0	175,000	0	3,068	4,311,606	51,154,847
Extraordinary reserve			3,376,210						3,376,210
Restricted reserve						918,054			918,054
Non-distributable reserve, art. 2426							17,342		17,342
Utilisation of 2012 profit for the year								-4,311,606	-4,311,606
2013 profit for the year								9,781,643	9,781,643
Closing balance 2013	2,000,000	400,000	47,641,383	0	175,000	918,054	20,410	9,781,643	60,936,490
Restricted reserve				9,776,227					9,776,227
Non-distributable reserve, art. 2426							5,416		5,416
Utilisation of 2013 profit for the year								-9,781,643	-9,781,643
2014 profit for the year								13,208,192	13,208,192
Balance at 31.12.2014	2,000,000	400,000	47,641,383	9,776,227	175,000	918,054	25,826	13,208,192	74,144,682

Provisions for risks and charges

A net increase of EUR 4,086,979 was recorded. The changes during the year were as follows:

	Balance at 31.12.2013	Increase	Decrease	Balance at 31.12.2014
Provision for risks	150,000	0	0	150,000

Provision for renewals	12,450,309	11,779,822	7,692,843	16,537,288
Total	12,600,309	11,779,822	7,692,843	16,687,288

The *provision for risks* refers to the sanction of EUR 150,000 notified by the Ministry for Infrastructures and Transport - SVCA. The Company filed an appeal with the State Council against this measure.

The change in the *provision for renewals* refers to allocations and utilisation for the year. Reference should be made to the paragraph on measurement criteria for a description of the nature of this item.

Post-employment benefits

A net decrease of EUR 132,977 was recorded. The changes during the year were as follows:

	Balance at 31.12.2013	Increase	Decrease	Balance at 31.12.2014
Post-employment benefits	557,067	911,567	1,044,544	424,090

Amongst other things the decrease includes EUR 293,251 for advances and termination settlements and EUR 741,833 for transfer of sums to INPS, the post-employment benefits guarantee fund (TFR), the Astri fund and other forms of supplementary pensions.

Payables

These totalled EUR 1,044,174,380 and recorded an increase of EUR 13,035,566. Payables due beyond 5 years total EUR 259,945,000 and refer to repayment of the EIB/CDP loan of EUR 350,000,000. There are no collateralised payables. This item breaks down as follows:

A) Payables to banks

This item decreased by EUR 8,836,836 compared to the previous year. This item breaks down as follows:

	2013	2014
EIB/CDP senior loan	350,000,000	350,000,000
CDP loan - VAT	73,500,000	64,663,164
Total	423,500,000	414,663,164

The payables due to banks totalling EUR 414,663,164 refer to the loan agreement with Cassa Depositi e Prestiti. The loan was disbursed on 30 April 2013 and on the same day the amount was transferred to ANAS as a EUR 350,000,000 part-reimbursement of the costs incurred for construction of the Mestre

motorway bypass (Passante di Mestre) and EUR 73,500,000 VAT resulting from the invoicing of these costs. Cassa Depositi e Prestiti intermediated the funds made available by the European Investment Bank (EIB) for EUR 350,000,000 (senior loan) and disbursed EUR 73,500,000 from CDP's own funds (VAT loan). The duration of the senior loan is 15 years, expiring on 31 December 2027, whilst the VAT credit facility will expire on 31 December 2015. EUR 8,836,836 of the VAT facility was repaid in 2014.

B) Trade payables

This item decreased by EUR 825,121 compared to the previous year. This item breaks down as follows:

	2013	2014
Suppliers	1,628,398	984,001
Suppliers for invoices to be received	4,623,689	4,426,455
Contract guarantee deposits	48,007	64,517
Total	6,300,094	5,474,973

C) Tax payables

This item increased by EUR 1,876,778 and breaks down as follows:

	2013	2014
IRPEF tax payable on employee and freelance contracts	450,477	488,037
IRES tax payable	0	1,761,926
IRAP tax payable	286,414	363,706
Total	736,891	2,613,669

D) Social security payables

This item increased by EUR 77,056 compared to the previous year.

	2013	2014
Social security payables	1,118,140	1,195,196

E) Other payables

This item increased by EUR 20,743,689 compared to the previous year and breaks down as follows:

	2013	2014
Interconnected motorway companies	7,544,322	6,693,821
Government revenue		
• Licence fee (MEF)	1,587,887	1,668,267
• Licence fee (ANAS)	1,149,849	1,208,055
• Licence integration fee, Law 102/2009 (ANAS)	0	119,231
• Sub-licence fee (MIT-SVCA)	3,428	13,037
Personnel	983,522	1,087,357
ANAS payables		
• Construction costs reimbursement - Mestre Motorway Bypass (Passante di Mestre) and related auxiliary and completion works (invoices to be received)	490,114,222	498,560,056
• Capitalised interest expense	20,828,985	20,828,985
• Accrued interest expense	71,074,982	83,865,388
• Additional km travelled	5,952,676	5,952,676
• Other payables	46,245	46,245
Miscellaneous	197,571	184,260
Total	599,483,689	620,227,378

The payables due to the interconnected motorway companies refer to the settlement of financial positions deriving from the interconnection.

The amount due to "Government revenue" totalling EUR 3,008,590 refers to: the licence fee pursuant to art. 1, paragraph 1020, Italian Law 296/2006 payable to the State (58%) and to ANAS (42%); the integration fee pursuant to Italian Law 102/2009 due for the ANAS loan; the sub-licence fee pursuant to art. 13 of the Agreement payable to the Ministry for Infrastructures and Transport - SVCA.

Payables due to personnel include amounts relating to the Christmas salary bonus and to leave not taken.

The amount payable to ANAS totalling EUR 609,253,350 includes: a) the reimbursement of construction costs for the Mestre motorway bypass (Passante di Mestre) and for the auxiliary and completion works already invoiced for EUR 10,218,194 and not yet invoiced for EUR 488,341,862; b) capitalised interest expense referring to interest accrued prior to the inauguration date of the Passante for EUR 20,828,985; c) interest expense accrued since the Passante opened, on 8 February 2009, on amounts advanced by ANAS for EUR 83,865,388; d) the amount relating to additional km travelled for the period prior to opening of the Mestre motorway bypass for EUR 5,952,676; e) other payables for EUR 46,245. For a general

overview of receivables and payables between ANAS and CAV, reference should be made to the paragraph “The administrative and accounting position between CAV and ANAS” under “Relations with ANAS S.p.A.”.

Accrued expense and deferred income

An increase of EUR 71,837 was recorded compared to the previous year.

	2013	2014
Deferred income	343,372	415,209

Memorandum accounts

The memorandum accounts consist of:

	2013	2014
Leased assets	100,350	68,450

Leased assets refer to the Viacards sold at the Service Centre on behalf of Autostrade per l'Italia S.p.A.

Information on the income statement

Production value

This totalled EUR 140,216,069 and increased by EUR 5,968,071 (4.45%) compared to the previous year.

This item breaks down as follows:

A) Revenue from sales and services

Revenue from sales and services can be broken down as follows:

	2013	2014
Toll income:		
• toll income	114,072,362	119,846,772
• Licence fee integration, Law 102/09 and Law 122/2010	13,193,768	12,924,328
Other motorway income:		
• service areas	3,516,883	3,863,806
• sharing of collection costs with interconnected motorway companies	1,456,124	1,738,679
• recovery of costs for exceptional transits and non-payments	737,285	744,052
Total	132,976,422	139,117,637

Toll income refers to the proceeds from traffic on the various motorways stretches under Company management. More precisely: traffic on the Passante di Mestre (A4) and traffic on the Padova-Mirano/Dolo stretch (A4) in the closed system, as well as toll-free/open system traffic transiting the stations of Venezia/Mestre, Mira/Oriago and Mirano/Dolo (on the A57 managed by CAV), Venezia Nord (on the A27 managed by Autostrade per l'Italia) and Venezia Est (on the A4 managed by Autovie Venete), where a toll is applied for 6.200 km (relating to the Tangenziale di Mestre) and 18.330 km (as additional km travelled to finance the Passante).

In 2014 income from tolls (net of the ANAS fee integration) increased in absolute terms by EUR 5,774,410 (+5.06%). This position is determined by various factors: some negative (relating to the contingent economic scenario and to traffic) and one positive (relating to tariffs).

As regards traffic, we recorded an overall decline of -2.41% in paying vehicles per kilometre, contributing to which - in addition to the general negative trend in the national economy - was the decrease (370 metres) in additional km travelled charged at the above stations (from 18.700 km to 18.330 km).

With regard to tariffs, note that these increased (+6.26% from 1/1/2014 on all stretches managed). For these topics, reference should be made to the specific section of the report.

The licence fee integration in favour of ANAS was calculated according to art. 15, paragraph 4, Italian Law Decree 78/2010, converted to Law 102/2010. In 2014 (as in previous years) for every kilometre travelled 6 thousandths was applied for classes A and B, and 18 thousandths for classes 3, 4 and 5. As a result of the decrease in traffic the ANAS fee integration reduced by EUR 269,440 (-2.04%).

Income from the service areas refers to royalties payable by the oil companies and by the hotels, food and beverage companies on sales and activities conducted in those service areas. There are four service areas: two on the closed system, Arino Ovest and Arino Est (located near the junction of the Passante di Mestre) and two on the open system, Marghera Ovest and Marghera Est (located at the Marghera roundabout). At the Marghera Est service area there is also a hotel.

This income increased in absolute terms by EUR 346,923 (+9.86%), affected negatively on the one hand by the general and contingent decline in sales revenue and consumption, and positively on the other hand in relation to the overcoming of previous operating and management difficulties associated with modernisation works at the Arino Est and Ovest service areas on opening of the new fuel distribution and restaurant areas.

Income from the sharing of collection costs with interconnected motorway companies also increased (+19.40%). It has to be remembered that this revenue item originates from the provisions of art. 17 of the interconnection agreement among all the Italian motorway management companies and from a specific bilateral agreement with Società Brescia-Verona-Vicenza-Padova S.p.A. in relation to the Padova Est station.

For further information on traffic and tariffs, reference should be made to the paragraph "Motorway Management" in the Management Report.

B) Other revenue and income

	2013	2014
Other revenue and income	1,271,576	1,098,432

Other revenue and income includes income for sub-licences of EUR 115,202, compensation for damages caused to motorway equipment by users of EUR 210,156, administrative service EUR 38,000, contract work EUR 183,903, reimbursement of A57/A27 lighting costs of EUR 105,325, contingent assets of EUR 270,282 and other revenue of EUR 175,564.

Production costs

These totalled EUR 96,407,903 and increased by EUR 950,198 (+1.00%) compared to the previous year. This item breaks down as follows:

A) Costs for raw materials and consumables

This item recorded a decrease of EUR 255,326 (-20.85%) compared to the previous year and breaks down as follows:

	2013	2014
Purchase of maintenance-related goods	662,728	443,974
Purchase of other goods	561,847	525,275
Total	1,224,575	969,249

B) Service costs

This item comprises:

	2013	2014
Maintenance and renewals:		
• annual	6,909,462	5,975,943
• periodic	3,736,049	1,568,290
Contract work		
	21,086	183,903
Operating services:		
• sharing of collection costs	4,209,029	4,188,272
• processing of traffic and proceeds data	811,044	785,291
• electricity	2,086,542	1,930,000
• other	948,917	1,068,893
Administrative services:		
• professional administrative services	608,751	533,844
• professional technical services	256,816	169,511
• insurance	388,343	463,554
• telephone costs	56,048	64,974
• meal vouchers	206,203	

		222,074
• tender commissioners	215,567	75,360
• other	152,604	194,994
Directors remuneration	159,789	161,197
Statutory Auditors remuneration	64,864	87,641
Supervisory Board remuneration	58,136	57,044
Total	20,889,250	17,730,785

Service costs decreased by EUR 3,158,465 (-15.12%) compared to the previous year.

Maintenance amounted to EUR 7,544,233 (EUR 10,645,511 in the previous year), recording a decrease of EUR 3,101,278 (29.13%).

For further information on maintenance works, reference should be made to the paragraph "Maintenance" in the Management Report.

Directors remuneration includes fees (EUR 144,000) and social security payables (EUR 17,197).

The Board of Statutory Auditors remuneration includes fees (EUR 57,398), fees for attendance of corporate body meetings (EUR 18,906), social security payables (EUR 6,344) and reimbursement of expenses (EUR 4,993).

C) Lease and rental expenses

	2013	2014
Lease and rental expenses	642,289	581,664

Lease and rental expenses increased compared to the previous year by EUR 60,625, and refer to car rental (EUR 566,155) and other rentals (EUR 15,509).

D) Personnel costs

This item breaks down as follows:

	2013	2014
Salaries and wages	12,037,171	12,595,648

Social security contributions	3,824,309	4,000,745
Post-employment benefits	859,523	911,567
Other costs	428,353	417,483
Total	17,149,356	17,925,443

Personnel costs increased by a total of EUR 776,087 (4.53%) compared to the previous year.

During the year the average workforce numbered 240.79 (238.61 in the previous year), and therefore the average cost per member of staff was EUR 74,444 (EUR 71,872 the previous year).

Detailed below are the changes recorded during the year in the average workforce, with breakdown by category.

	31.12.2013	31.12.2014	Average workforce 2014
Senior managers	4	4	4
Middle Managers	8	7	7.25
Admin. staff:	133	136	135.38
• full time	114	116	
• part time	18	19	
• short-term contract	1	1	
Toll collection staff:	88	83	86.12 (*)
• full time	65	61	
• part time	19	18	
• short-term contract	4	4	
Manual workers	8	9	8.04
Total	241	239	240.79

(*) The average number of collection agents was calculated by also taking into account short-term contract staff (24 in 2014).

E) Amortisation, depreciation and write-downs

Amortisation, depreciation and write-downs increased by EUR 307,069 compared to the previous year and breaks down as follows:

	2013	2014
Amortisation of intangible assets	37,921,480	38,432,369
Depreciation of tangible assets	277,220	254,053
Write-down of receivables classified as current assets	180,653	0
Total	38,379,353	38,686,422

Amortisation of intangible assets refers to: a) software amortisation for EUR 45,727; b) amortisation of *other intangible assets* for EUR 38,386,642, the breakdown and changes for which are detailed in the explanatory notes section on *intangible assets*. A detailed breakdown of the *depreciation of tangible assets* is provided in the explanatory notes section on *tangible assets*.

F) Changes in inventories

	2013	2014
Changes in inventories	-92,822	-20,355

Changes in inventories represent the difference between the opening balance of inventories of EUR 1,056,770 and the closing balance of EUR 1,077,125.

G) Other provisions

	2013	2014
Allocation to provision for renewals	11,776,505	11,779,822
Utilisation of provision for renewals	-11,065,047	-7,692,843
Total	711,458	4,086,979

Allocations to the provision for renewals are performed by taking into account future schedules for periodic maintenance works and renewals. Utilisation refers to: a) purchases for maintenance, EUR 443,974; b) change in inventories of maintenance materials, EUR -17,535; c) maintenance performed on revertible assets, EUR 7,266,404.

H) Other operating costs

This item decreased by EUR 106,530 compared to the previous year (-0.64%) and breaks down as follows:

	2013	2014
Taxes	226,135	246,537

Licence fee integration, art. 19, para. 9-bis, Italian Law 102/09	13,193,768	12,924,328
Licence fee, art. 10 Italian Law 537/93 and art. 1 para. 1020 Italian Law 296/2006	2,737,737	2,876,323
Sub-licence fee, art. 13 of the Agreement	76,647	79,580
Other costs	319,959	320,948
Total	16,554,246	16,447,716

The licence fee integration, as most recently established in art. 15, paragraph 4 of Italian Law 122/2010, is payable to ANAS. This integration, applied to each kilometre travelled, is 6 thousandths of a Euro for classes A and B, and 18 thousandths of a Euro for classes 3, 4 and 5.

The licence fee, pursuant to art. 1, paragraph 1020, Italian Law 296/2006, is also envisaged in art. 12 of the Agreement as 2.4% of net income from tolls: 42% of this is paid to ANAS and the remaining 58% to the State.

The sub-licence fee payable to the Ministry for Infrastructures and Transport-SVCA is envisaged in art. 13 of the Agreement as 2% of income deriving from add-on activities.

Financial income and charges

This item breaks down as follows:

	2013	2014
Financial income:		
• other income	1,144,671	2,863,824
Interest and other financial charges	24,125,860	25,898,313
Total	-22,981,189	-23,034,489

The *financial income* includes: EUR 63,999 interest income on bank and post office current accounts, EUR 2,796,704 interest on receivables from ANAS for public grants and EUR 3,121 other interest income.

Interest and other financial charges include: a) interest expense of EUR 12,790,412 accrued on amounts payable to ANAS; b) interest expense of EUR 13,107,118 accrued on the bank loan (of which EUR 10,319,867 on the senior loan and EUR 2,787,251 on the VAT loan); c) other interest expense of EUR 783.

Value adjustments to financial assets

This item breaks down as follows:

	2013	2014
--	------	------

Revaluation		
• of investments	5,416	0
Write-down		
• of investments	0	0
Total	5,416	0

Income taxes

This item breaks down as follows:

	2013	2014
Income taxes		
• IRES	2,874,445	4,687,503
• IRAP	2,180,343	2,576,754
• deferred tax liabilities	0	0
• deferred tax assets	978,089	301,228
Total	6,032,877	7,565,485

Cash flow statement

	31/12/2013	31/12/2014	
A	Opening cash and cash equivalents	8,780,758	52,820,279
B	Cash flow generated by operating activities		
<i>Operating activities</i>			
	Net profit for the year	9,781,643	13,208,192
	Amortisation of intangible assets	37,921,480	38,432,369
	Technical depreciation of tangible assets	277,220	254,053
	Provisions for post-employment benefits	859,523	911,567
	Allocations to provisions for risks and charges	11,776,505	11,779,822
	Use of provisions for risks and charges	-11,065,047	-7,692,843
	(Increase) Decrease in inventories	-92,822	-20,355
	(Increase) Decrease in receivables	-85,124,197	10,313,647
	(Increase) Decrease in accrued income and prepaid expense	-2,174	-1,613
	(Decrease) Increase in post-employment benefits, net of provisions	-833,759	-1,044,544
	(Decrease) Increase in trade payables	-1,002,867	-825,121
	(Decrease) Increase in payables to associates	-8,709	0
	(Decrease) Increase in tax payables	269,626	1,876,778
	(Decrease) Increase in social security payables	71,043	77,056
		-	
	(Decrease) Increase in other payables	432,828,030	20,743,689
	(Decrease) Increase in accrued expense and deferred income	83,516	71,837
	TOTAL	469,917,049	88,084,534
C	Cash flow generated by investing activities		
<i>Investing activities</i>			
			-
	Increase in intangible assets	90,632,340	64,875,123
	Increase in tangible assets	-170,354	-99,789
	Increase in financial assets	-5,416	0
	TOTAL	90,456,570	64,974,912
D	Cash flow generated from financing activities		
<i>Financing activities</i>			
	Loans obtained	423,500,000	0
	Loans repaid	0	-8,836,836
	TOTAL	423,500,000	-8,836,836
E	Increase (decrease) in cash and cash equivalents	44,039,521	14,272,786

F	Closing cash and cash equivalents	52,820,279	67,093,065
---	-----------------------------------	------------	------------

Proposals to the Shareholders' Meeting

Dear Shareholders,

We have illustrated the main difficulties faced by the Board of Directors in 2014 and the significant events occurring during the year and after year end in the first few months of 2015.

We would like to thank the Shareholders for their trust and support of the Company, and at the same time express heartfelt appreciation for the Management and every member of staff who, working with professionalism and commitment, have helped us to achieve the objectives illustrated to you.

The Financial Statements as presented, and illustrated to you in terms of individual items, were prepared in compliance with current legal regulations.

The Board of Directors therefore invites you to:

- discuss and approve the Management Report and the Financial Statements at 31 December 2014, which comprise the balance sheet, income statement and the explanatory notes;
- allocate the 2014 profit for the year of EUR 13,208,192 as follows:
 - EUR 1,653,554 to the restricted reserve for maintenance works differences;
 - EUR 11,554,638 to the extraordinary reserve.

Venice, 27 February 2015

For the Board of Directors

CHAIRMAN

Tiziano Bembo

ANNEXES

– MIT Table: Investments status

TABELLA RIEPILOGATIVA INVESTIMENTI BENI REVERSIBILI (Tabella 1)

Importi in migliaia di €

Riferimento Art. 2 Convenzione	Riferimento allegato H	Riferimento allegato D		Dati progettuali e contrattuali		Dati progettuali contratti		Spesa progressiva al 31/12/2013				Spesa dell'anno 2014				Complessivo al 31/12/2014				Note
				Importo complessivo lordo approvato	Importo complessivo netto da contratto	Importo progressivo lordo approvato	Importo progressivo netto da contratto	Lavori	Somme a Disposizi one	Oneri Finanzia ri	Totale	Lavori	Somme a Disposizi one	Oneri Finanzia ri	Totale	Lavori	Somme a Disposizi one	Oneri Finanzia ri	Totale	
2.1.a	-	-	Passante Autostradale di Mestre								968.025								968.025	1)
2.1.a	-	-	Contributi pubblici								-283.654								-283.654	1)
2.1.a	-	-	Oneri finanziari capitalizzati								20.829								20.829	1)
2.1.b	-	-	Indennizzo per subentro								74.689								74.689	2)
2.1.c	H.1	a.	Nuovi impianti di segnaletica					186			186					186			186	3)
2.1.c	H.1	b.	Fornitura e posa griglie per caditoie Passante					223			223					223			223	3)
2.1.c	H.1	c.	Impianti stoccaggio cloruri					169			169					169			169	3)
2.1.c	H.1	d.	Automatizzazione impianti di esazione pedaggio					1.717			1.717	140			140	1.857			1.857	3)
2.1.c	H.1	e.	Potenziamento sistemi telematici di gestione del traffico					443			443					443			443	3)
2.1.c	H.1	f.	Remotizzazione accessi staz. Preganziol e Spinea					39			39					39			39	3)
2.1.c	H.1	g.	Varie					1.069			1.069	393			393	1.462			1.462	3)
2.1.c	H.3	h.	Ristrutturazione caserma Polizia Stradale di Mestre								300								300	4)
2.1.c	H.3	i.	Connessioni varie: Messa in sicurezza SP81 nel tratto SS309- Stazione di Mira-Oriago								5.382				8				5.390	4)
2.1.c	H.3	j.	Nodo S.Giuliano SR14								7.747								7.747	4)
2.1.c	H.3	k.	Rotatoria innesto raccordo Marco Polo su SS14								800								800	4)
2.1.c	H.2	l.	Caselli di Pianiga e di Martellago e viabilità di raccordo					3.657	2.555		6.212	35.928	12.819		48.747	39.585	15.374		54.959	5)
2.1.c	H.2	m.	Passante verde					12.401	7.883		20.284		40		40	12.401	7.923		20.324	5)
2.1.c	H.2	n.	Aree di servizio								28								28	
2.1.c	H.2	o.	Interventi di mitigazione ambientale					3.291	22		3.313	2.476	1		2.477	5.767	23		5.790	5)
2.1.c	H.2	p.	Connessione viaria di adduzione al Passante autostradale				82	35.791	38.155		76.746	6.837	1.517		10.554	42.628	39.672		87.300	5), 6)
2.1.c	H.2	q.	Opere complementari asta principale ed aggiornamento costi					11.722	19.654		31.376		1.810		1.810	11.722	21.464		33.186	5)
				0	0			70.708	68.269	0	935.922	45.774	16.187	0	64.170	116.482	84.456	0	1.000.092	

N.B: The above table summarises the investments in revertible assets. In its capacity as sole management Licensee, in effect CAV has not made (nor will it make) any direct investments, but in compliance with conventional arrangements operates either by reimbursing costs incurred by the actual builder or as the disburser of grants to third parties. The table is presented in any event.

Notes: 1) = The algebraic sum of these amounts constitutes the cost of the Passante di Mestre that CAV is expected to reimburse to ANAS. As these costs qualify as **reimbursement** of investments made by ANAS, no breakdown of works, available funds and financial charges is provided, except for the amount relating to capitalised financial charges.

2) = This refers to the compensation payable to the previous operator for the stretch of road indicated. For this reason no breakdown of works, available funds and financial charges is provided.

3) = These investments are covered in full in the Explanatory Notes under "Other works on the stretch managed", partly in "Intangible assets under development" and partly in "Other intangible assets".

4) = This refers to conventional commitments qualifying as grants to third parties. For this reason no breakdown of works, available funds and financial charges is provided.

5) = These investments are covered in full in the Explanatory Notes under "Auxiliary and completion works on the Passante", partly in "Intangible assets under development" and partly in "Other intangible assets".

6) = The "Total" differs from the algebraic sum of "Works" + "Available funds" due to inclusion of the construction grant for the Mogliano Veneto north bypass for € 5,000k which does not qualify as either works or as available funds.

– Veneto Regional Government table

COMPANY:		Concessioni Autostradali Venete - CAV S.p.A.		
A - I	In 2014 did the company procure works, supplies and services from outside the company?	In 2014 did the company apply the regulations stated in Italian Legislative Decree 163/2006, as envisaged in the directive?	Notes	
	YES	YES	CAV S.p.A. is a motorway management operator. In accordance with the Articles of Association and its contractual commitments, with regard to the procurement of works, supplies and services CAV applies the provisions of Italian Legislative Decree 163/2006, as amended.	
A - II	Did the company procure off-contract works, services and supplies in 2014?	Did the company adopt the regulation for off-contract works, services and supplies as envisaged in the directive?	Regulation approval date	Notes
	YES	YES	13/09/2012	///
B - I	(For companies instrumental to public services) Did the Company comply with Directive B-I in 2014?	Notes		
		CAV S.p.A. is a company set up in compliance with art. 2, paragraph 290 of Italian Law 244/2007 which states: "Management activities, including routine and non-routine maintenance works auxiliary to, the motorway ring road linking the A4 motorway with the Venezia-Trieste spur, as well as the Venezia-Padova stretch of motorway, are transferred, after completion of the construction works, following expiry of the licence granted to Società delle Autostrade di Venezia e Padova S.p.A. to a public limited company established under the joint and equal ownership of ANAS S.p.A. and the Veneto Regional Government or one of its 100% subsidiaries". CAV S.p.A. provides a service placed on the market without backing from any public grant.		
C - I	In 2014 did the company comply with the limits envisaged in the directive for permanent personnel?	Did the company obtain authorisation from the Regional Government granting different limits to those envisaged for the recruitment of permanent personnel?	Indicate any Regional Government measures that authorised the exception and the number of personnel recruited as a result of that exception.	

	CAV S.p.A. does not qualify as one of the addressees of the “C” guidelines envisaged in Regional Government Resolutions 2101/2014.		-----		-----
C - I	No. permanent employees at 1 January 2013	No. permanent employees at 1 January 2014	No. permanent employees at 31 December 2014	Notes	
	235	236	234	CAV S.p.A. does not qualify as one of the addressees of the “C” guidelines envisaged in Regional Government Resolutions 2101/2014.	
C - I	Permanent personnel costs 2013	Permanent personnel costs - contracts terminated in 2013	Permanent personnel costs 2014	Permanent personnel costs - 2014 recruits	Notes
	17,032,087.43	117,095.27	17,668,514.21	78,744.67	CAV S.p.A. does not qualify as one of the addressees of the “C” guidelines envisaged in Regional Government Resolutions 2101/2014.
C - I	In 2014 did the company comply with the limits envisaged in the directive for short-term, temporary and project-based personnel?		Did the company obtain authorisation from the Regional Government granting different limits to those envisaged for the recruitment of short-term, temporary and project-based personnel?		Indicate any Regional Government measures that authorised the exception and the number of personnel recruited as a result of that exception.
	CAV S.p.A. does not qualify as one of the addressees of the “C” guidelines envisaged in Regional Government Resolutions 2101/2014.		-----		-----
C - I	Short-term, temporary and project-based personnel costs 2009		Short-term, temporary and project-based personnel costs 2014	Notes	

	329,078.00	398,607.37	CAV S.p.A. does not qualify as one of the addressees of the "C" guidelines envisaged in Regional Government Resolutions 2101/2014.		
C - II	Has the Company adopted a regulation for staff recruitment that complies with the principles established in art. 35, paragraph 3, Italian Legislative Decree 165/2001?	Regulation approval date	Has the Company adopted a regulation for the granting of assignments with the characteristics envisaged in the directive?	Regulation approval date	Notes
	YES	16/07/2010	NO		On 16 July 2010 CAV S.p.A. adopted its own guidelines that identify the criteria and methods for staff recruitment. With regard to the granting of assignments, at present there is no need to adopt a specific measure, though we can confirm that such a measure will be adopted if necessary.
D	In 2014 did the company comply with the deadlines for the submission of reports on the remuneration payable to offices indicated in paragraph D-I of the directive?	Date and reference number of the submission notification	Notes		
	YES	27/03/2014 Prot. No. 4412			

D	In 2014 did the company comply with the deadlines for the submission of reports on the corporate bodies of investees pursuant to paragraph D-II of the directive?	Date and reference number of the submission notification	Notes
	YES	13/03/2014 Prot. No. 3754	
D	In 2014 did the company comply with the deadlines for the submission of reports on objectives pursuant to paragraph D-III of the directive?	Date and reference number of the submission notification	Notes
	YES	28/03/2014 Prot. no. 4631	
D	In 2014 did the company comply with the deadlines for the submission of reports on the monitoring of activities pursuant to paragraph D-IV of the directive?	Date and reference number of the submission notification	Notes
			No reports were produced as no conventions or service agreements have been signed with the Veneto Regional Government
D	In 2014 did the company comply with the deadlines for the submission of reports on the budget pursuant to paragraph D-V of the directive?	Date and reference number of the submission notification	Notes

	YES	28/03/2014 Prot. no. 4631	
D	In 2014 did the company comply with the deadlines for submission of Shareholders' Meeting minutes pursuant to paragraph D-VI of the directive?	Date and reference number of the submission notifications	Notes
	YES	05/06/2014 Prot. no. 7919, 09/12/2014 Prot. no. 17201, 23/12/2014 Prot. no. 18039	
D	In 2014 did the company comply with the deadlines for the submission of reports on investee system mapping pursuant to paragraph D-VII of the directive?	Date and reference number of the submission notification	Notes
	YES	13/03/2014 Prot. no. 3754	
E - I	In 2014 did the company comply with the limits envisaged in the directive for costs associated with advisory studies and assignments?	In 2014 did the company comply with the limits envisaged in the directive for costs associated with public relations, conferences, exhibitions, advertising and entertainment?	Notes
	YES	NO	

E - I	Cost for advisory studies and assignments in 2009	Cost for advisory studies and assignments in 2014	Costs for public relations, conferences, exhibitions, advertising and entertainment in 2009	Costs for public relations, conferences, exhibitions, advertising and entertainment in 2014	Notes
	166,677.00	0.00	118,013.00	53,471.00	CAV is not subject to the application of rules contained in art. 6, paragraphs 7, 8, 9, 11 and 20 of Italian Law Decree 78/2010.
E - I	Were costs incurred for sponsorships in 2014?	Total of any costs incurred for sponsorships in 2014	Notes		
	NO	0.00	CAV is not subject to the application of rules contained in art. 6, paragraphs 7, 8, 9, 11 and 20 of Italian Law Decree 78/2010.		
E - III	Did the company distribute dividends in accordance with the directive?		Notes		
	NO		As stated in the CAV S.p.A. Articles of Association: "Net profit as emerging from the approved financial statements shall be used, unless otherwise envisaged by law, in compliance with the provisions of the CIPE Resolution of 26 January 2007".		
F - I	Are the limits of Directive F - I complied with for the company's management body?		Notes		
	YES				
F - II	Have the reductions referred to in Directive F - II been applied to the management body?	Date of the Shareholders' Meeting that approved the reduction	Remuneration established for the management body prior to the reduction	Remuneration established for the management body after the reduction	Notes
	YES	15/12/2011	180,000.00	162,000.00	

F - II	Have the reductions referred to in Directive F - II been applied to the control body?	Date of the Shareholders' Meeting that approved the reduction	Remuneration established for the control body prior to the reduction	Remuneration established for the control body after the reduction	Notes
	YES	15/12/2011	84,782.00	76,603.00	
G - I	Were the directives sent to the company's subsidiaries?	Has the company implemented a system of controls on compliance with the directives by its subsidiaries?	Any reports of non-compliance with directives by subsidiaries	Notes	
				CAV has no subsidiaries	
L	Indicate the companies for which powers of appointment were exercised in 2014	Was Directive L-III relating to dual office complied with for appointments made in 2014?	Was Directive L-IV relating to requirements complied with for appointments made in 2014?	Notes	
	Servizi Utenza Stradale SCpA				
M - I	Was the limit imposed by Directive M-I on staff pay complied with in 2014?	Any appointment and related amount exceeding the limit	Notes		
	YES		CAV does not qualify as one of the addressees of the "C" guidelines envisaged in Regional Government Resolutions 2101/2014.		

M - IV	Did the company comply with the spending limits for the purchase, maintenance, rental and operation of motor vehicles and for the purchase of taxi vouchers?	Indicate any exceptions covered by existing multi-year agreements	Notes
	YES		All CAV S.p.A. vehicles are used for motorway service purposes as contractually required to perform the control, monitoring, surveillance, assistance, etc. as needed to guarantee user safety and to conduct normal official duties.
M - IV	Total costs for the purchase, maintenance, rental and operation of motor vehicles and for the purchase of taxi vouchers in 2014.	Total costs for the purchase, maintenance, rental and operation of motor vehicles and for the purchase of taxi vouchers in 2011.	Notes
	634,669.00	357,998.27	
	Name of company legal representative or appointed delegate	Signature	Place and date

**Auditors' Report in accordance with article 14 of the
Legislative Decree nr. 39 dated January 27, 2010**

(Translated from original in Italian)

**To the Shareholders of
Concessioni Autostradali Venete C.A.V. S.p.A.**

Ria Grant Thornton S.p.A.
Galleria Europa, 4
35137 Padova
Italy

T 0039 (0) 49 – 87 56 227
F 0039 (0) 49 – 66 39 27
E info.padova@ria.it.gt.com
W www.ria-granthornton.it

1. We have audited the financial statements of Concessioni Autostradali Venete C.A.V. S.p.A. as of December 31, 2014. The preparation of these financial statements, in accordance with the applicable laws, is the responsibility of the Company Concessioni Autostradali Venete C.A.V. S.p.A.'s Directors. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with the auditing standards issued by the Italian Accounting Profession (CNDCEC) and recommended by Consob (the Italian Stock Exchange Regulatory Agency). Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by Directors, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

For the opinion on the financial statements of the prior year, which are presented for comparative purposes as required by law, reference should be made to our auditors' report issued on April 11, 2014.
3. In our opinion, the Financial Statements of Concessioni Autostradali Venete C.A.V. S.p.A. at December 31, 2014 have been prepared in accordance with applicable law and generally accepted accounting principles in Italy; accordingly, they present clearly and give a true and fair view of the financial position and the results of operations of the Company.



Società di revisione ed organizzazione contabile
Sede Legale: Corso Vercelli n.40 - 20145 Milano - Iscrizione al registro delle imprese di Milano Codice Fiscale e P.IVA n.02342440399 - R.E.A. 1965420
Registro dei revisori legali n.157302, già iscritta all'Albo Speciale delle società di revisione tenuto dalla CONSOB al n.49
Capitale Sociale: € 1.832.610,00 interamente versato
Uffici: Ancona-Bari-Bologna-Firenze-Milano-Napoli-Padova-Palermo-Perugia-Pesera-Pordenone-Rimini-Roma-Torino-Trento

Grant Thornton refers to the brand under which the Grant Thornton member firms provide assurance, tax and advisory services to their clients and/or refers to one or more member firms, as the context requires.
Ria Grant Thornton spa is a member firm of Grant Thornton International Ltd (GTIL). GTIL and the member firms are not a worldwide partnership. GTIL and each member firm is a separate legal entity.
Services are delivered by the member firms. GTIL does not provide services to clients. GTIL and its member firms are not agents of, and do not obligate, one another and are not liable for one another's acts or omissions.

4. The directors of Concessioni Autostradali Venete C.A.V. S.p.A are responsible for the preparation of the Report on Operations in accordance with the applicable laws. Our responsibility is to express an opinion on the consistency of the Report on Operations with the financial statements, as required by law. For this purpose, we have performed the procedures required under Auditing Standard n. 001 issued by the Italian Accounting Profession (CNDCEC) and recommended by Consob. In our opinion the Report on Operations is consistent with the financial statements of Concessioni Autostradali Venete C.A.V. S.p.A. as of December 31, 2014.

Padua, March 6, 2015

Ria Grant Thornton S.p.A.

signed by

Maurizio Finicelli

(Partner)

*This report has been translated into the English language solely for the convenience of international readers.
We have not examined the translation of the financial statements referred to this report*



**Concessioni Autostradali Venete
CAV S.p.A.**

**Financial Statements
at 31 December 2013
and related reports**

Concessioni Autostradali Venete CAV S.p.A.

***Via Bottenigo, 64/A
30175 Marghera (Venice)***

Fully paid-up share capital € 2,000,000.00

***Register of Companies, Tax Code and VAT no. 03829590276
Economic Administrative Index no. VE 0341881***

Contents

<i>Notice of call to the Shareholders' Meeting</i>	<i>page 4</i>
<i>Company Officers</i>	<i>page 5</i>
<i>Share capital structure</i>	<i>page 6</i>
REPORT ON OPERATIONS	<i>page 7</i>
<i>Introduction</i>	<i>page 8</i>
<i>Business and financial performance</i>	<i>page 21</i>
<i>Business performance</i>	<i>page 21</i>
<i>Financial performance</i>	<i>page 25</i>
<i>Motorway management</i>	<i>page 26</i>
Traffic	<i>page 26</i>
Proceeds from tolls	<i>page 30</i>
Tariff regulations	<i>page 31</i>
Other management information	<i>page 33</i>
<i>Relations with ANAS S.p.A.</i>	<i>page 37</i>
<i>Relations with the Veneto Regional Government</i>	<i>page 39</i>
<i>Investees</i>	<i>page 41</i>
FINANCIAL STATEMENTS AT 31.12.2013	
<i>Balance Sheet</i>	
Assets	<i>page 44</i>
Liabilities	<i>page 46</i>
<i>Income Statement</i>	<i>page 47</i>
<i>Explanatory notes</i>	<i>page 49</i>
Structure and content of the financial statements	<i>page 50</i>
Accounting policies - Measurement criteria	<i>page 51</i>
Information on the balance sheet: assets	<i>page 54</i>
Information on the balance sheet: liabilities	<i>page 64</i>
Information on the income statement	<i>page 71</i>
Cash flow statement	<i>page 79</i>
PROPOSALS TO THE SHAREHOLDERS' MEETING	<i>page 80</i>
ANNEXES	
<i>MIT Table: investments status</i>	<i>page 82</i>
<i>Veneto Regional Government table</i>	<i>page 85</i>
BOARD OF STATUTORY AUDITORS' REPORT	<i>page 92</i>
INDEPENDENT AUDITORS' REPORT	<i>page 95</i>
SHAREHOLDERS' MEETING RESOLUTIONS	<i>page 98</i>

Notice of call to the Shareholders' Meeting

Pursuant to articles 2364 and 2365 of the Italian Civil Code, the shareholders of Concessioni Autostradali Venete - CAV S.p.A. are hereby called to the Extraordinary and Ordinary Shareholders' Meeting to be held at the registered office, Via Bottenigo, 64/A, Venezia-Marghera on 30 April 2014 at 11:30 on first call and, if necessary, on 23 May 2014 at 11:30 on second call, to discuss and resolve upon the following

AGENDA

Extraordinary Session

- Proposal to amend articles 11, 15, 21 and 23 of the current Articles of Association.

Ordinary Session

- 1) Approval of the financial statements at 31.12.2013 and the Report on Operations, Board of Statutory Auditors' Report and Independent Auditors' Report: contingent resolutions;
- 2) Appointment of the Board of Directors for the three-year period 2014/2016 pursuant to art. 15 of the Articles of Association;
- 3) Determination of Directors remuneration for the three-year period 2014/2016;
- 4) Appointment of the Board of Statutory Auditors for the three-year period 2014/2016 and determination of remuneration pursuant to art. 21 of the Articles of Association;
- 5) Investee Servizi Utenza Stradale S.c.p.a.: approval of the representative nomination to the Board of Directors.

Pursuant to art. 12 of the Articles of Association, shareholders are entitled to attend the Shareholders' Meeting if duly entered in the Shareholders' Register, or have applied for registration, at least three days prior to the date of the Shareholders' Meeting on first call.

Pursuant to art. 2372 of the Italian Civil Code and art. 12 of the Articles of Association, shareholders can be represented at the Shareholders' Meeting if written proxy is submitted in advance.

Attendance at the Shareholders' Meeting pursuant to art. 11 of the Articles of Association can also be via audio or audio-video link.

Yours faithfully,

CHAIRMAN
(Tiziano BEMBO)

Venice, 1 April 2014

Company Officers

BOARD OF DIRECTORS ⁽¹⁾

Chairman
BEMBO Tiziano

Chief Executive Officer
BUONCRISTIANO Piero ⁽²⁾

Directors
CADEL Fabio
MUCILLI Eutimio ⁽³⁾

BOARD OF STATUTORY AUDITORS

Chairman
SALSONE Antonia

Standing Auditors
CELICO Gaetana
VENUTI Paolo

Alternate Auditors
ARDUINI Gianluca
SCIUTO Romana

SENIOR MANAGERS

Administration Manager
BORDIGNON Giovanni

Operations Manager
MATASSI Angelo⁽⁴⁾

Human Resources Manager
BRAGATO Paolo ⁽⁵⁾

Technical Manager
FUSCO Sabato ⁽⁶⁾

INDEPENDENT AUDITORS

RIA GRANT THORNTON S.p.A.

(1) The Shareholders' Meeting of 15 December 2011 appointed the Board of Directors with a membership of 5 directors. The director Giampietro Marchese resigned on 10 April 2013. The Shareholders' Meeting has not yet approved his replacement.

(2) At its meeting of 20 November 2013 the Board of Directors appointed director Piero Buoncristiano as Chief Executive Officer of CAV S.p.A.;

(3) On 20 November 2013 Eutimio Mucilli resigned from the office of Chief Executive Officer, retaining office as director;

(4) Angelo Matassi, former Technical and Operations Manager became the Operations Manager from 16 December 2013;

(5) Paolo Bragato, former Executive Manager of Human Resources, became the Human Resources Manager from 16 December 2013;

(6) Sabato Fusco became the Technical Manager from 16 December 2013.

Share capital structure

SHAREHOLDER	NOMINAL VALUE OF SHARES	PERCENTAGE %
<i>ANAS S.p.A.</i>	1,000,000.00	50
<i>Veneto Regional Government</i>	1,000,000.00	50
Total	2,000,000.00	100

REPORT ON OPERATIONS

Introduction

Dear Shareholders,

For CAV, 2013 can be summarised in three points: the motorway traffic trend still negative but moving towards positive; an interesting but still at discussions stage in the search for funding; profit for the year, despite the economic scenario, is reconfirmed as positive.

Traffic

For three years Italy, and not only Italy, has suffered a period of economic and financial crisis known to all. Like a thermometer, the motorway traffic trend reflects the trend of the general crisis, in 2012 seeing an all-time negative record in the history of evolution of motorway traffic with a decrease of 7.6%. Also negative were the figures both for light vehicles (-7.4%) and heavy vehicles (-8.3%). An overall crisis, therefore, with a negative result that finds no comparison in the few historic precedents of declines in traffic on the motorway between Mestre and Padua. In 2013 the economic scenario remained difficult and the motorway traffic trend stayed in the negative zone. But the traffic situation seems to be developing and tends towards a zone that, if not yet positive, is at least neutral. This is confirmed by the gradual slowing in the rate of decline of traffic.

In the first three months of 2013 the drop in traffic compared to the same period in 2012 was -5.0%: a highly discouraging result, especially as it had already touched -7.6 in 2012. But then in the second quarter of 2013 traffic recorded a less problematic trend of -2.7%, and the decrease in the negative sign was even more evident in the third quarter with -0.9%, going on to reach -1.2% in the fourth quarter. Therefore the result is still negative but with these developments that invite a moderate, though cautious, optimism.

Finance and the debt position

The second point characterising 2013 concerns the efforts to find sufficient funding to reimburse ANAS S.p.A. the costs incurred to construct the Passante. This is CAV's priority and the weightiest commitment it assumed on signing the agreement for the motorway management operations.

CAV was only fully able to face the problem from February 2012, after registration with the Court of Auditors of the interministerial decree that approved the concession agreement signed on 23 March 2010 with the contracting authority at that time, ANAS S.p.A.

The first transaction implemented by CAV S.p.A. after entry into force of the concession agreement was to make use of a loan of EUR 350 million granted by the European Investment Bank (EIB) to CAV S.p.A. for the purpose of paying for the Passante di Mestre. The loan was brokered by Cassa Depositi e Prestiti (CDP), which was willing to make a direct disbursement of a further EUR 73.5 million to cover the VAT that CAV S.p.A. had to pay on the amount due to ANAS. In fact, the reimbursement of ANAS expense is a transaction subject to invoicing and VAT.

Definition of the loan called for a very lengthy procedure which, with far-sightedness, began long before approval of the Agreement. The actual disbursement of the loan by CDP took place on 30 April 2013. On that same date

the amount was transferred to ANAS, which in the meantime had issued the invoice for the corresponding amount.

The duration of the loan obtained is 15 years, and consequently the EUR 350 million credit facility expires on 31 December 2027, whilst the credit facility granted to cover the VAT will expire on 31 December 2015.

To obtain the loan, CAV provided guarantees and commitments.

The guarantees with most impact include: a pledge on current accounts used to collect Company cash flows, a transfer pledge as guarantee of receivables due to the Company in relation to the operator licence and, lastly, a direct arrangement to subordinate the debt to ANAS to amounts receivable by CAV from CDP for a total amount equal to the main credit facility of EUR 350 million.

The commitments required of the Company were no less restrictive. First and foremost that of not accepting any additional borrowings without prior consent from Cassa Depositi e Prestiti. Secondly, restricting cash flow management as, in particular, CAV has to set up and maintain a debt servicing reserve for an amount equal to the half-yearly repayment falling due. Lastly, CAV is committed to not distributing dividends to shareholders without prior consent from the lender.

The commitments and guarantees required are significant, but fully in line with those normally required for project financing transactions.

The payment made by CAV in April drastically reduced its debt to ANAS but is still a long way from fully satisfying the contractual commitment, and therefore CAV has sought other sources of funding by attempting to procure funds on the financial market through a number of banks.

By its nature, CAV is a public body and as such is subject to compliance with the Code on Public Works Contracts. Therefore for the award of the loan agreement it was decided it opted for an informal competitive comparison in compliance with the principles of economic convenience, effectiveness, impartiality, equal treatment, transparency and proportionality. CAV invited more than ten Italian and European banks to discuss the loan.

On reaching the deadline for submitting proposals only one offer had been received from a pool of banks. The offer envisaged the disbursement of a credit facility of EUR 250 million, with an added second facility for VAT of EUR 55 million. The due date of the loan was established as 31.12.2029 and that of the VAT cover facility as 31.12.2018.

It was seen that the proposal only satisfied the minimum expectations of the Company, which in the invitation letter had established a loan amount of between EUR 250 million and EUR 600 million. The offer also envisaged extremely stringent contractual obligations for CAV and, more importantly, the economic terms were costly, not in line with the Company's expectations and much higher than budgeted for in the financial plan. To conclude, the offer did not appear to be consistent with the underlying public interest of the activities performed by CAV.

The Board of Directors noted that the funding attempt had given an unsatisfactory result and decided not to go ahead with obtaining that loan.

In the search for an alternative solution, more convenient and - especially - in line with financial plan budgets it was decided to launch a project bond issue. This related to exploiting the provisions of art. 157, Italian Legislative

Decree 163/2006, as amended, which allows project financing companies to issue bonds. The process could have been facilitated by European Project Bond Initiatives that aid the introduction of the new financial instrument on the equity markets by stimulating international investor interest. In particular, the idea was also to have the EIB participate in the funding project through the issue of a partial guarantee on the amount of the issue. In fact, the guarantee would allow the achievement of an investment grade rating aligned to investor expectations. This is a very delicate step that implies the identification of a rating agency to assess CAV's soundness and solvency as an issuer of securities on the financial market. In fact, investors rely upon the opinions issued by rating agencies to decide what securities to buy and how many.

After identification of the path to take, action was taken immediately to verify possible intervention by the EIB and the Bank confirmed it was willing to issue a guarantee for a maximum 20% of the amount of the issue.

On learning of EIB's availability, all action was quickly taken for the assignment of financial services to obtain the funding required to meet CAV's needs and advice was obtained from the leading banks regarding the structuring and placement on the market of a bond loan to meet CAV's funding needs.

In compliance with procedures permitted by Italian Legislative Decree 163/2006 (the Code on Public Works Contracts), a selection procedure was launched to find a financial intermediary to provide suitable assistance, acting as Arranger/Bookrunner, for the structuring and placement with professional investors of a bond loan for a maximum EUR 900 million and a minimum of EUR 700 million, in the technical format of project bonds to be listed on a regulated market. The proceeds from the bond issue will be used for the early repayment of the loan provided by CDP for a total of EUR 423.5 million and part-repayment of the advances paid by ANAS S.p.A. to construct the Passante.

The financial intermediary to be selected must also perform the important task of providing assistance to CAV in obtaining the rating from one or more qualified rating agencies.

The procurement operation is therefore in full swing and CAV has imposed a strong acceleration, requesting that those invited as financial intermediary candidates achieve issue of the bond loan by 31 July 2014.

Any project bond issue by CAV will be the first issue in Europe, as part of the Project Bond Initiative, for the financing of road infrastructure. The success of the operation will allow CAV to achieve the most important of its statutory objectives: reimbursement of the costs incurred by ANAS for construction of the Passante.

At the beginning of 2013 the total debt to ANAS was over EUR 1022 million. The debt included the cost of the Passante as established in the Agreement of EUR 986.4 million plus other payables in the form of accrued interest expense and other minor items. Also at the beginning of 2013 CAV had receivables due from ANAS amounting to around EUR 70 million, almost all of which referring to government grants deductible from the cost of the Passante. The net debt to ANAS at the start of the year was therefore more than EUR 950 million. During the year the debt reduced considerably following CAV's receipt of the loan from Cassa Depositi e Prestiti for EUR 350 million, plus a further EUR 73 million for VAT, giving a total of EUR 423 million. Furthermore, ANAS received additional sums from the State by way of grants for construction of the Passante that were credited to CAV, thereby reducing its commitment to the costs of the Passante. At the end of 2013, taking into account the cost of the Passante, payments made and amounts received from CDP and the EIB, interest income and expense accrued in the meantime and minor payables and receivables, CAV's net debt to ANAS reduced by around EUR 414 million, for a total decrease of over EUR 535 million.

This strong decrease in the debt to ANAS is obviously counteracted by the increase of CAV's debt to the lending banks providing the loans that allowed part-payment of the debt to ANAS. However, albeit minimally, among the positive effects of the grant it will show that CAV has indirectly contributed to the Italy's overall economy. ANAS, in fact, is an entity whose debt forms part of the national public debt. Therefore paying the amount due to ANAS, exposed by the extent of the loan to construct the Passante, means helping to reduce public debt.

Profit

The third point characterising 2013 was the positive year-end result.

As already mentioned, the overall economic scenario that had an effect on the motorway traffic trend certainly did not guarantee a positive economic result. At the start of the year, however, the toll tariffs were adjusted. The increase was particularly consistent because it closed the tariff gap (that had lasted two years) caused by the delay in approving the concession agreement. As you are aware, in fact, the motorway tariffs are adjusted each year through the application of conventionally established parameters linked to traffic trends, planned investment performance and quality standards.

In March 2010 CAV had signed an initial recognition agreement. The recognition agreement included new CAV commitments to fund motorway-related works and also envisaged tariff adjustment parameters commensurate to the new financial commitments.

The approval procedure for the agreement was delayed but did not postpone the execution of new completion works on the Passante envisaged in that same recognition agreement. Nor did it block the payments since CAV, with the consent of the contracting authority at that time, accepted the financial charges for the works performed. The delay in approving the agreement, however, did affect the tariff adjustments, continuing to apply the criteria and parameters of the original agreement without taking into account that CAV had in effect accepted the obligations envisaged in the new agreement. Both in 2011 and 2012 the tariffs applied by CAV were even decreased because of the old base parameters used for updating. In 2011 the tariff was reduced by 1.18% on the Passante and by 1% on the Tangenziale di Mestre; in 2012 the tariff reduction was repeated by the same percentages.

In 2013 CAV was finally able to apply the new tariffs and recover the previously missing adjustments. The combined effect of the transactions led to a significant percentage increase in the tariffs: 13.55% more on the Passante and 13.19% more on the Tangenziale di Mestre.

The tariff increase in 2013 recovered the previous situations and led to increased proceeds from tolls, at least partially offsetting the decrease caused by the drop in traffic.

The positive performance of the proceeds is reflected in the financial statements, which closed with a positive result for almost EUR 10 million: more than double that achieved in 2012. The most satisfactory profit was, as usual, related to achieving the statutory objectives, first and foremost the repayment of the enormous debt that CAV owes to ANAS.

It is important to emphasise that the profit for the year cannot be considered an accurate, stand-alone result compared to the development over time of the company's overall economic situation. In fact, the profit as with all other items of the financial statements gradually aim to maintain the economic and financial balance of the company, as envisaged in the plan associated with the motorway management agreement. In turn, the economic

and financial balance is the element indispensable in allowing CAV to achieve the statutory objectives not of a speculative nature but, as established by the shareholders, refer totally to serving the major road network and the reference area of operations.

“Turnstile” problem solved

A motorway user, expected to pay the tolls, tends to judge tariff-related affairs as separate from the context of investments, operating costs, financial needs and firm objectives. Vice versa, the motorway companies have to be particularly careful about these elements that are decisive for the company's equilibrium. However, there is the possibility of finding a fair balance of interests and, on this level, in 2013 CAV worked to solve an age-old problem, the “turnstile” effect caused by anomalous use of the Dolo motorway station.

Originally, the Passante project envisaged demolition of the Venezia-Mestre barrier and physically moving it back to Dolo, consequently removing tolls on the Dolo-Mestre stretch. The initial project was changed and the Venezia-Mestre barrier was retained. Instead the stretch from the Mirano-Dolo station to Venezia-Mestre became toll-free. Not only did residents in the Mirano-Dolo area benefit from this measure, but also all motorway users travelling on the A4 towards Trieste that exited at the Mirano-Dolo toll gate to use the free stretch between Mirano-Dolo and the Mestre barrier. For this reason, the small toll gate of Mirano-Dolo handled an inordinate traffic flow with considerable consequences on the traffic flow within and outside the motorway system.

To solve the problem, in agreement with the local authorities (the Regional and Municipal authorities affected), CAV presented a proposal to the Ministerial contracting authority suggesting two steps: virtually moving the toll barrier from Venezia-Mestre to Dolo and the application of a discount in favour of local users. The proposal was accepted and the virtual moving of the barrier from Venezia-Mestre to Dolo resulted in tolls paid at Mirano-Dolo, the interim station of Mira-Oriago and at the physical Venezia-Mestre barrier being of equal amounts. Therefore all users have automatic right to a reduction in the toll previously applied only to those exiting at Mirano-Dolo and rejoining the motorway to travel on the toll-free stretch between Dolo and Mestre. In fact, every one of these many users have seen the motorway toll drop by no less than 50 Eurocents.

The second effect on tolls was as a result of the virtual moving of the toll barrier from Mestre to Dolo, and particularly affected those using the Mirano-Dolo station most often. The virtual moving of the barrier, exactly as it would have happened through a physical shift, means that the Mirano-Dolo station applies the tolls of a normal toll barrier located at the end of an open stretch of motorway. CAV had envisaged not only the economic effect but also the psychological effect on local drivers not yet used to using boundary-setting barriers at the end of open motorway stretches. To mitigate the impact, CAV proposed and obtained the right to offer a special discount to users commuting between Padua and Dolo resident in the Municipalities of Mirano, Dolo, Mira, Spinea and Pianiga. The discount is solely for users transiting at least 20 times per month that have subscribed to a Telepass Family contract. In March 2014 the users applying for this commuter subsidy on the Padova-Dolo stretch numbered around 200, well below the provisional estimates.

Plans, tariffs and discounts

The solution to the “turnstile” was put forward by CAV to the Ministry for Infrastructures and Transport together with the request to update tariffs for 2014. The application was submitted by the 15 October 2013 deadline

established by Italian Law Decree 69/2013. The increase in tariffs required in application of provisions of the Agreement and related regulations was by 6.26%, whilst the additional km travelled as applied at the toll barriers was further reduced by 370 metres from 18.700 km to 18.330 km. The proposed tariff adjustment submitted by CAV was accepted in full by the Ministry, without changes.

As already mentioned, the request for adjustments was submitted to the Ministry for Infrastructures and Transport but, in effect, it should be remembered that for such matters in future the Company will also need to consult a new authority established pursuant to art. 37 of Law Decree no. 201 of 6 December 2011: the transport regulatory authority whose main duty is to “guarantee, in accordance with methods that encourage competition, the productive efficiency of operations and cost containment for users, businesses and consumers, fair and non-discriminatory conditions for access to rail, port and motorway network infrastructures, except for matters for which the road and motorways infrastructures agency is responsible”. In addition, “with particular reference to the motorway sector, for new concessions, (to arrange) the setup of toll tariff systems based on the price cap method, with determination of the productivity factor “X” every five years for each concession; to define optimal management areas of motorway stretches, aimed at promoting multi-management for the various stretches and enhancing competition”. The first Board of the authority was appointed by Italian Presidential Decree of 9 August 2013, and the authority took up residence at Palazzo Lingotto, Turin, only from 17 September 2013. The authority is still taking its first steps and is not yet fully responsible for the motorway sector but, as normally happens, in the near future it will play an active role in determining tariffs and financial plans.

Like every year, the motorway tariffs adjustment has caused a reaction from users. Adjustments are a delicate issue with very important implications for the economic and financial balance of companies and for their effects on the general economy.

In CAV's case, the adjustments applied from 1 January 2014 were the subject of close attention, especially since they were combined with the effects of solving the “turnstile” problem that, albeit to a limited extent, seemed to penalise a number of users. The complaints about CAV's tariff adjustment were no exception, because in effect they affect all motorways and all measures adopted. Obviously the economic scenario has made users particularly sensitive to tariff increases and has left public authorities particularly worried about their effects on the country's overall economy.

At the request of the Ministry for Transport, AISCAT, the trade association of motorway management operators, assessed the option of granting discounts to certain categories of users particularly affected.

After discussions, the motorway companies - CAV included - confirmed their willingness to grant a discount to commuters that travel on motorways of a maximum 50 kilometres in class “A” vehicles and have a Telepass subscription. The discount, of varying percentages, applies from the twenty-first monthly transit to the fortieth.

The agreement between the Ministry and the motorway companies was prepared very quickly and under extreme pressure from the media. The motorway companies then confirmed their willingness not only to verify the effects of the discounts but also, for a maximum four-month period, to bear the onus of loss of proceeds. During this period the motorway companies and the Ministry worked to find a fair and final definition to the initiative and to identify the methods for recovering reduced toll revenue. Also in this case it is important to remember that

motorway companies are obliged to comply with a financial plan that is a forecasting tool and also a guide to maintaining a balance that has to ensure fulfilment of commitments such as investments and maintenance works. To date a total of around 1,650 subscription applications have been received.

Works

The CAV financial plan also envisages construction and maintenance works.

The works covered in the financial plan can be divided into three groups: the compensation payable to Società delle Autostrade di Venezia e Padova S.p.A. for EUR 75 million; the Passante di Mestre that indicates a total of EUR 986.4 million; lastly, a further EUR 279 million in investments, most of which for efficiency improvement works on the Passante. Overall, the Agreement envisages a global financial commitment of around EUR 1,340 million.

The commitment to Società delle Autostrade di Venezia e Padova is the compensation due on takeover of the motorway management licence and, using available cash flow, on 25 March 2011 CAV arranged full payment of the takeover compensation.

With regard to the Passante: the reimbursement due from CAV to ANAS for construction costs is established in indicated in the concession agreement: EUR 986.4 million. ANAS S.p.A., in fact, was the entity that constructed the Passante di Mestre then handed it over to CAV S.p.A. to be managed. The Passante opened to traffic on 8 February 2009 and forms an integral part of the A4, the motorway that runs from Turin to Trieste. CAV S.p.A. made a partial repayment of the debt to ANAS on 30 April 2013 in the sum of EUR 350 million obtained through EIB intervention with intermediation by CDP - Cassa Depositi e Prestiti.

The final series of investments envisaged in the agreement totals EUR 279 million. This includes approximately EUR 15 million for works as part of CAV's contractual commitments accepted on takeover from Società delle Autostrade di Venezia e Padova S.p.A.; the more consistent sum of EUR 253 million for auxiliary and completion works on the Passante di Mestre, and a residual sum of EUR 11 million for operating investments.

Except for the latter action, strictly associated with operations, CAV does not make the planned investments directly but acts only as lender.

The works accepted by CAV on takeover of the management licence concern commitments that Società delle Autostrade di Venezia e Padova S.p.A. had undertaken but were not yet completed at the time of takeover. The works were executed and paid in particular in 2010 and 2011. The remainder was disbursed in 2013 at the time of the final action envisaged: organisation of the junction between the Marco Polo Ring Road and traffic access to Venice Airport. Therefore at the end of 2013 CAV had satisfied all its takeover commitments, having paid around EUR 15 million from its own funds as envisaged in the agreement for works execution purposes.

The auxiliary and completion works costs on the Passante are instead still in progress. These are works of various natures such as environmental impact mitigation, but especially related to changes, integration and upgrading of the ordinary road system to facilitate the motorway junction.

In recent years the auxiliary and completion works focused on the major Passante landscaping and on the many links to be created between the Passante and local roads, such as: the ring road between SP 64 Zermanesa and the A27 in the municipality of Mogliano, the SP 65 bypass around the residential area of Campocroce, the Robegano slip road between Martellago and Salzano, the slip road to provincial routes again in Campocroce, the link road between Zermanesa and the A27 and the Robegano bypass.

In 2013, on the other hand, activity focused on two works in particular: the Martellago-Scorzè motorway station and the Marcon ring road.

The Marcon ring road requires typical works to rationalise ordinary and local traffic flows by constructing suitable junction infrastructures on the major network. Essentially, the works involve the construction of a large viaduct and three service roundabouts to facilitate access to the A57 that will ease the traffic congestion generated by the business park located in Marcon.

The other works calling for strong commitment in 2013 were on the Martellago-Scorzè motorway station: major works that will open the Passante to traffic flows from a vast area between the provinces of Venice and Treviso. The works continued throughout 2013 despite the difficulties created by the rather heavy rains in spring and autumn. The infrastructure for the station is now complete. The pylons, abutments, bridge support columns and, particularly in the area of the toll gate, between Martellago and Scorzè crossing the River Dese, the main infrastructure is ready, with an abutment and seven massive pylons in reinforced concrete on the eastern side of the Passante and an equal number to the west which, with between them foundations for two metal pylons which will support the 535-metre steel viaduct that will cross the motorway.

In 2014 the various steel bridges will be inaugurated, particularly the main viaduct for the station which will be assembled in stages and will require closure of the Passante for at least one night. The entire works are expected to be inaugurated by the end of 2014.

The cost of the works executed has been paid in full by CAV, again solely from its own available funds.

It is estimated that in 2014 around EUR 75 million's worth of auxiliary and complementary works will be completed, so bringing most of these works to an end and with the remainder due for completion in 2015.

As already mentioned, the auxiliary and complementary works are performed externally to the motorways managed and the works execution does not interfere, other than in exceptional circumstances, with the Passante infrastructure and even less so with traffic. However, it is expected that their completion will facilitate access to the Passante and result in greater use of the structure by traffic flows to and from the area.

The final series of works envisaged in the Agreement involves around EUR 11 million for works spread over its entire duration. These are single works performed directly by CAV since they are closely associated with the functional needs of the structure, such as enhancement of vertical road signs, improvement works for rainwater collection and drainage, the construction of chloride storage plants and upgrading of toll collection systems. They are works scheduled from year to year and at 31 December 2013 around EUR 4 million in these works had been completed, amounting to 33% of the total envisaged.

To summarise: as already mentioned, the global amount of works and commitments envisaged in the Agreement of 23 March 2010 totals around EUR 1,340 million. Of all these works, at the end of 2013 approximately EUR 100

million remained necessary to finish the completion works or works relating to operations. Of the latter: EUR 75 million will be completed in 2014 and the remainder, with particular reference to functional works, will be performed in later years.

Maintenance

In addition to the financial commitments to complete the works, CAV's financial plan - approved at the time of signing of the motorway management agreement - calls for a conspicuous expense for maintenance. This commitment is justified by the works schedule involving all the structural and infrastructural elements that make up the stretch of motorway managed. The planning of adequate resources to be dedicated to maintenance ensures not only correct budgeting with a view to maintaining the economic and financial balance of the management company but also reassures the contracting authority that, based on the maintenance schedules, it confirms the operator's ability to offer a motorway service that is satisfactory to the customer. The contracting authority's attention is not limited to analysing the original financial plan but continues through prompt monitoring and verification. Every year, in fact, the maintenance schedule prepared by CAV is verified together with the SVCA, and at least twice a year the SVCA performs field audits to verify the level of maintenance and efficiency of the structures.

Taking into account the budgets originally estimated at the time of preparation of the financial plan, CAV also prepared a maintenance schedule of works to be implemented during 2013. The schedule was prepared by verifying the real need for works compared to the long-term forecasts, verifying organisational options as the works become due and their convenience as regards possible disruption to traffic. Each year, the necessary verification and updating of long-term forecasts involve postponement or bringing forward of works with respect to the plans, with resulting differences between the financial plan estimates and the actual costs for maintenance which, in addition, are also subject to changes in market costs. Specifically, in 2013 this difference amounted to approximately EUR 1.6 million. In fact, the amount budgeted in the Plan for 2013 was EUR 9.7 million whereas the actual cost was EUR 11.3 million. If, however, we expand our view to the entire regulatory period of the CAV Plan for the period 2009 to 2013, we will see that the difference reduces to less than EUR 0.7 million. In fact, the overall cost of maintenance works budgeted in the plan for this period amounts to EUR 35.9 million, against actual costs incurred for maintenance of EUR 36.6 million. This difference appears to be physiological and equal to a percentage of less than 2% of the total costs incurred.

As for previous years, the provision for renewals was used to cover the maintenance costs. The provision is topped up each year by an amount adjusted for the estimated maintenance works and in a sufficient sum to maintain the stretch of motorway managed in good, efficient condition.

The works completed, among the many planned, there are two worthy of mention for their importance and complexity.

The first refers to the bridge over the River Brenta, the most important bridge infrastructure on the A57. The bridge structure has expanded over time with the central sections dating back to the 1960s and the end sections to the 1990s. The maintenance works involved the demolition of parts in deteriorated concrete, repairs to bare metal parts, renovation with rheoplastic mortar and protective treatment of surfaces in concrete. The major worry in executing these works concerned the management of traffic disruptions. In fact, the bridge is only a short

distance from the Padova Est station and the junction to the A13 Padova-Bologna, at a point particularly subject to congestion. A works plan was studied, therefore, that allowed most of the works to be carried out on the lower section of the bridge, limiting traffic problems as much as possible.

The second works to mention concerned replacement of lamps on the long, winding series of yellow lights that have characterised night vision on the Tangenziale di Mestre since 1973. The works involved painting the 116 support columns between the two carriageways on the urban stretch of the Tangenziale di Mestre and replacing the 501 low-pressure sodium lamps with LED lighting devices that have an average life at least double that of the old lamps and more efficient to the extent that it was possible to reduce the number of lights from 501 to 346, a saving 155 lamps. The new lighting system is remote controlled with intensity adjustable in the range of 10% to 100%, which will reduce the need for maintenance and will consume 50% less energy. The system also received a positive opinion from ARPAV (the Veneto regional environmental protection agency), which took lighting measurements and confirmed that the new system helps to optimise the night lighting systems necessary to safety yet limiting energy consumption as much as possible and reducing the light pollution that makes the Po Valley plains one of the locations with the highest vertical light emissions in Europe.

In 2014 there are plans to perform maintenance works with a total expense just a little over the costs incurred in this last year. At the end of 2013 the provision for renewals was essentially proportionate to the estimated outlay for completion of the planned renovation, replacement, maintenance, repairs, modernisation and transformation works.

Disputes

2013 saw the favourable outcome for CAV S.p.A. of all the disputes instigated and carried forward by AISCAT, the trade association for motorway operators, and by one motorway operator: SIAS. These proceedings were concluded with sentences from the three different judicial authorities approached by the appellants: the EU General Court, the Lazio Regional Administrative Court and the Civil Court of Rome.

On 15 January 2013 the EU General Court pronounced in favour of CAV, rejecting AISCAT's appeal against the European Commission's ruling that had confirmed the absence of state aid and of any violation of EU regulations in relation to the motorway toll tariffs applied by CAV.

On 15 May 2013 the Lazio Regional Administrative Court decision rejected the appeal filed by AISCAT and SIAS against the CIPE, the Cabinet Office, the Veneto Regional Government, ANAS and CAV, requesting cancellation of CIPE Resolution no. 24 of 27 March 2008 which assigned management of the Passante to CAV.

Lastly, on 24 June 2013 the Civil Court of Rome issued its sentence, also rejecting the appeal by AISCAT and SIAS against the CIPE, the Italian State Government and CAV for alleged violation of rights under EU and Italian laws on competition.

After the sentences, all in favour of CAV, AISCAT and SIAS decided not to appeal and consequently a delicate dispute situation has closed with a happy ending. Having been instigated against CAV S.p.A. and its assigned activities, the conclusion of this dispute even strengthened the company's image.

Despite the dispute, CAV had maintained cooperation with AISCAT and with the individual motorway operators. That good relations had been maintained became clear as soon as the dispute ended, as on 23 October 2013 the Executive Council of the trade association decided to allow CAV to become a full member of AISCAT.

The successful outcomes to the above cases has downsized the disputes brought against CAV, reducing them to a “physiological” volume if considered in relation to the Company's activities. There are just a few, modest proceedings associated mostly with contract tenders for works, services or supplies brought by participants that were made more sensitive as a result of the particular economic scenario.

CAV, on the other hand, is involved in proceedings as the appellant in the case before the Veneto Regional Administrative Court against the decision of the former contracting authority ANAS/IVCA and now MIT/SVCA, which took over the role of contracting party, to deny updates to the agreements on access to the service areas to the east and west of the Marghera roundabout and operative since the Tangenziale was constructed. The agreements allow CAV to continue to claim royalties on oil and non-oil products sold by the service area operators. In 2013 the royalties on the Marghera Est and Marghera Ovest service areas totalled approximately EUR 0.5 million. Two sub-licensees of the service areas also appealed against the MIT/SVCA decisions, and the judge decided to combine all the appeals on the same issue of access to the service areas and discuss them jointly in a public hearing on 16/04/2014. Regardless of the Regional Administrative Court decisions, CAV will ask the service area sub-licensees to pay royalties accrued on business activities actually conducted thus far. It is hoped, however that the dispute will have a favourable outcome, and likewise a conclusion is hoped for to two other proceedings instigated by CAV S.p.A. against two different penalties inflicted upon CAV by ANAS S.p.A. and by the Italian Antitrust Authority as a result of the traffic disruption on the Passante di Mestre on 1 August 2009. The CAV appeals have thus far achieved different effects: the Lazio Regional Administrative Court pronouncement accepted the appeal against the Antitrust Authority, whilst it reject the appeal against the ANAS ruling. Appeals were filed against both decisions and proceedings are currently pending.

The organisation and management systems

On 16 December 2013 the Chief Executive Officer issued an internal communication to staff regarding the adoption of a new company organisation. The communication came at the end of a long study, comparison and preparation process that in various ways involved senior management, external consultants, staff and staff representatives.

The new organisation envisages four departments: Administration, Technical, Human Resources and a department dedicated to motorway Operations. Previously there were two departments: Administration and Technical & Operations. The Human Resources Department had instead been assigned an Executive Director on the Chief Executive Officer's staff.

The new organisation chart rationalises the commitment of resources, involving a rebalancing among the various segments to take into account changing operational needs and company business prospects. In particular, the technical and operating departments were enhanced, dedicating a specific manager to each. In addition, the Technical Department's services were toned up with the injection of qualified staff, whilst the Operations

Department was made more efficient with reinforcement of the infrastructures responsible for customer service and emergency vehicle management.

The review of the company organisation developed alongside the research and implementation of management systems to govern certain specific processes.

In 2011 and 2012 the personal data processing system and the organisation, management and control model pursuant to Italian Legislative Decree 231 were implemented to manage corporate administrative liability.

In 2013 the quality management system was implemented to UNI EN ISO 9001:2008 standard. This was a fundamental step in the growth of the organisation, which adopted criteria to systematically verify its performances, posing improvement objectives that will become more and more ambitious.

The start-up of the Quality System affected all CAV's operating segments and the analysis, verification and re-processing of the procedures and processes involved all staff, who responded satisfactorily to company guidelines that had been summarised into quality policy objectives: motorway customer satisfaction, staff motivation and community focus.

Certification of the Quality Management System was assigned to Milan-based SGS Italia S.p.A., which was awarded the tender procedure negotiated among the leading certification agencies. The aim of the certification was defined as: "The provision of motorway services for the motorways under management. Planning, works management, ordinary and extraordinary maintenance of road infrastructures".

The system verification was divided into two steps conducted on 9, 23, 24, 25 and 28 October 2013, during which the auditor met with staff, and visited offices, structures and plants, verifying the established procedures and their application.

The results of the audit were satisfactory and on 30 October 2013 SGS Italia S.p.A. issued the certificate of compliance with UNI EN ISO 9001:2008 standard of CAV's Quality Management System.

After implementing the quality management system, CAV immediately set a new target for the management systems by planning the adoption of an occupational health and safety management system in accordance with requirements defined in the international standard BS OHSAS 18001:2001. This is a particularly important objective concerning a matter calling for a strong degree of responsibility for each link in the chain of the company's organisation. Its importance was emphasised by the inclusion in Italian Legislative Decree 231/2001 of crimes relating to occupational health and safety. And the Supervisory Board did not fail in reminding CAV of the need to adopt a management system that not only governs the performance of necessary and appropriate activities envisaged in the safety regulations, but also that documents and monitors the actual application of the measures adopted.

Significant events after year end

From 1 January 2014 the tariffs on the stretches of motorway licensed to CAV were adjusted. Measurement of the agreed tariff changes is identical to that proposed by CAV S.p.A. The adjustment led to a tariff increase on the A4 (the Passante) and on the A57 of +6.26%. On the same date, the additional km travelled as applied at the toll barriers were further reduced by 370 metres from 18.700 km to 18.330 km.

From 1 January 2014 the implementation of the “virtual barrier” positioned at the Dolo station was authorised. Establishment of this toll barrier standardised the tolls at the Mirano-Dolo, Mira-Oriago and Venezia-Mestre stations.

Also authorised from 1 January 2014 was the issue of subscriptions which if certain conditions are met (on the route Mirano/Dolo-Padova Est and vice versa, residence in the Municipality of Mirano, Dolo, Mira, Spinea or Pianiga; commuter travel with at least 20 transits per month; use of the Telepass Family device) envisages a discount on the toll equal to 40% over all transits in a given month.

On 6 February 2014 the AISCAT Executive Council approved a draft memorandum of understanding with the Ministry for Infrastructures and Transport that grants discounts reserved to special categories of users if certain conditions are met. Based on the memorandum, the discount will be reserved for class “A” vehicles owned by individuals and equipped with Telepass devices, for journeys of a maximum 50 kilometres with a fixed starting point and destination. The discounts were implemented, by the deadlines set at national level, also on stretches managed by CAV S.p.A. The companies agreed on a period of four months to correctly define the initiative and verify the methods for recovering the reduced toll revenue.

On 7 March 2014 the Board of Directors of CAV decided not to award the tender for the procurement of funds to finance the Passante di Mestre, in which just one pool of banks had submitted a bid. On the same date, the Board decided to begin action for the assignment of financial services (pursuant to art. 19 (*Excluded service agreements*) and art. 27 (*Principles relating to excluded contracts*) of Italian Legislative Decree 163/2006) to obtain the resources necessary to cover CAV financial needs, obtaining advice from the leading banks regarding the structuring and placement on the market of a bond loan to meet CAV’s funding needs, which envisage the involvement of the EIB and indicate the remuneration due for rating advisor activities.

Business and financial performance

Business performance

2013 closed with a positive result, more than double that of the previous year: net profit for the year, in fact, was around EUR 9.8 million (EUR 4.3 million in 2012).

Production value stood at EUR 134.2 million (EUR 126.2 million in 2012), up EUR 8.0 million (+6.3%).

With regard to production value, toll revenue (net of VAT and integration of the ANAS licence fee) came to EUR 114.1 million, recording a considerable increase (EUR 105.3 million in 2012; +8.4%). This figure is the result of three factors with different signs, i.e. one positive relating to the tariff increases and two negative relating to the decline in traffic and the reduction in additional km travelled applied at the toll barriers.

The integration reduced the ANAS licence fee from EUR 13.5 million to EUR 13.2 million (EUR 0.3 million less; -2.2%) as a result of the decrease in traffic.

As regards other motorway income, its total was EUR 5.7 million, equal to the 2012 figure, with breakdown as follows: EUR 3.5 million in royalties on service area business; EUR 1.5 million from other motorway companies' share of collection costs; EUR 0.7 million in recovered costs.

Production costs totalled EUR 95.5 million, down EUR 4.1 million (EUR 99.6 million in 2012; -4.1%) as broken down below.

Service costs amounted to EUR 20.9 million (EUR 20.3 million in 2012; +3.0%).

The most significant items were: CAV sharing of collection costs incurred by the associated motorway companies, as envisaged in the motorway interconnection agreement, for EUR 4.2 million (same as 2012); maintenance costs of EUR 10.6 million (EUR 10.0 million in 2012; +6.0%).

Personnel costs stood at EUR 17.1 million (EUR 16.3 million in 2012; +4.9%).

Amortisation and depreciation in 2013 totalled EUR 38.2 million (EUR 40.3 million in 2012; -5.2%). Most of this relates to amortisation of the costs of the Passante, which alone totalled EUR 28.7 million (EUR 33.7 million in 2012). Note that this amortisation is calculated on a straight-line basis.

As regards the provision for renewals, the related allocation made to meet periodic maintenance costs was EUR 11.8 million (EUR 11.7 million in 2012). Utilisation of the provision in 2013 was EUR 11.1 million (EUR 7.2 million in 2012; +54.2%).

Another important item is that relating to other operating costs, amounting to EUR 16.6 million (EUR 16.4 million in 2012; +1.2%).

Other operating costs include the licence fee pursuant to art. 1, paragraph 1020 of Italian Law 296/2006 for EUR 2.7 million (EUR 2.5 million in 2012), corresponding to 2.4% of net toll revenue. Of this fee, 42% (EUR 1.1 million) is paid directly to ANAS and 58% (EUR 1.6 million) to the State.

Also included is the integration to the ANAS licence fee which decreased from EUR 13.5 million in 2012 to EUR 13.2 million in 2013 (-2.2%). This amount is a balancing entry to that recorded under revenue in that it is simply an amount collected on behalf of a third party, i.e. ANAS.

In brief, note that the decrease in production costs (of EUR 4.1 million) was caused by a series of factors, of which some have an increasing effect and others a decreasing effect. The more significant differences were as follows.

The main items recording an increase refer to service costs, more specifically maintenance costs (around EUR 0.6 million higher), personnel costs (around EUR 0.8 million more) and other operating costs (increasing by approximately EUR 0.1 million).

The main items recording a decrease were amortisation and depreciation (around EUR 2.1 million less) and the costs associated with allocation to and utilisation of the provision for renewals (around EUR 3.8 million less).

The difference between production value and cost was EUR 38.8 million (EUR 26.6 million in 2012). The EUR 12.2 million change (+45.9%) is due on the one hand to the increase in revenue (by approx. EUR 8.0 million) and on the other to the decrease in costs (by around EUR 4.1 million).

Financial charges totalled EUR 24.1 million, considerably higher than the previous year (EUR 19.6 million in 2012; +23.0%) and refer to: EUR 15.3 million in interest expense associated with the debt to ANAS for reimbursement of the construction costs for the Passante and EUR 8.7 million in interest expense on the EUR 423.5 million loan from CDP.

Interest income (around EUR 1.1 million) refers mainly to interest on the portion of public grants collected by ANAS and not yet paid to CAV.

Based on the economic situation described above, income before taxes amounted to EUR 15.8 million (EUR 8.0 million in 2012; +97.5%), recording an increase of EUR 7.8 million, whilst income taxes (IRES and IRAP) totalled EUR 5.0 million (EUR 4.3 million in 2012). As mentioned previously, the profit for the year was EUR 9.8 million.

		2012		2013	
ROE	NET INCOME EQUITY	4,312 51,155	8.43%	9,782 60,936	16.05%
ROI	EBIT AVERAGE FIXED ASSET PORTION OF CAPITAL	26,645 1,022,214	2.61%	38,790 992,944	3.91%
ROS	EBIT NET SALES REVENUE	26,645 112,761	23.63%	38,790 121,054	32.04%
ROA	EBIT + INTEREST INCOME TOTAL ASSETS	27,227 1,104,973	2.46%	39,935 1,105,576	3.61%
FIXED ASSETS/TOTAL ASSETS RATIO	FIXED ASSET PORTION OF INVESTED CAPITAL INVESTED CAPITAL	1,038,173 1,104,973	93.95%	947,715 1,105,576	85.72%
LEVERAGE RATIO	PAYABLES EQUITY	1,041,138 51,155	2035.27%	1,031,139 60,936	1692.15%
DEBT/EQUITY RATIO	LIABILITIES - EQUITY EQUITY	1,053,818 51,155	2060.05%	1,044,640 60,936	1714.31%
ASSET/EQUITY RATIO	EQUITY AVERAGE FIXED ASSET PORTION OF CAPITAL	51,155 1,022,214	5.00%	60,936 992,944	6.14%
CURRENT RATIO	CURRENT ASSETS CURRENT LIABILITIES	174,307 1,053,286	16.55%	308,262 1,044,082	29.52%

INCOME ANALYSIS (THOUSANDS OF EUR)

	2011	% impact on revenue	2012	% impact on revenue	2013	% impact on revenue
REVENUE						
Net toll revenue	113,450	93.33%	105,269	93.36%	114,072	94.23%
Other revenue from sales and services	6,752	5.55%	5,708	5.06%	5,710	4.72%
Other income and revenue	1,361	1.12%	1,784	1.58%	1,272	1.05%
TOTAL REVENUE	121,564	100.00%	112,761	100.00%	121,054	100.00%
Production overheads	-19,593	-16.12%	-22,012	-19.52%	-22,663	-18.72%
Other costs and plus/minus balance	-3,279	-2.70%	-2,956	-2.62%	-3,360	-2.78%
VALUE ADDED	98,691	81.18%	87,792	77.86%	95,030	78.50%
Net labour costs	-15,566	-12.81%	-16,319	-14.47%	-17,149	-14.17%
EBITDA	83,125	68.38%	71,473	63.38%	77,881	64.34%
Amortisation, depreciation and write-downs	-37,787	-31.08%	-40,275	-35.72%	-38,379	-31.70%
Allocations to provisions for risks and charges	-4,937	-4.06%	-4,552	-4.04%	-711	-0.59%
EBIT	40,401	33.23%	26,645	23.63%	38,790	32.04%
Financial income and charges	-19,100	-15.71%	-19,013	-16.86%	-22,981	-18.98%
Asset adjustments/sale of investments	3	0.00%	17	0.02%	5	0.00%
RESULT BEFORE EXTRAORDINARY COMPONENTS AND TAXES	21,305	17.53%	7,649	6.78%	15,815	13.06%
Extraordinary income and charges	5,596	4.60%	321	0.28%	0	0.00%
INCOME BEFORE TAXES	26,901	22.13%	7,971	7.07%	15,815	13.06%
Income taxes for the year	-9,851	-8.10%	-3,659	-3.24%	-6,033	-4.98%
PROFIT FOR THE PERIOD	17,050	14.03%	4,312	3.82%	9,782	8.08%

A number of summary forecasts for next year

As regards toll revenue, a variety of factors will affect the determination of their value.

First and foremost, traffic: the latest forecasts predict that 2014 will see a slight recovery.

Account also has to be taken of the further decrease (-400 metres) of the additional km travelled, the effects of the full removal of tolls on the Mirano/Dolo-Venezia/Mestre stretch and the effects of the toll discounting initiatives for commuters adopted at local level (Mirano/Dolo-Padova Est stretch) and at national level.

Then the tariffs: in 2014 the tariff increases (+6.26%) authorised by the Ministry for Infrastructures and Transport and applied from 1 January, will have a positive effect.

With a general outlook characterised by the contingent recession, taking into account the above elements we can in any event prudentially forecast a slight increase in revenue in 2014.

Production costs are expected to consolidate figures very similar to those recorded in 2013.

Lastly, with regard to interest expense, a consistent increase will certainly be recorded due to the effect of the loan transaction with the European Investment Bank (EIB).

We believe, however, that we can again predict a positive outcome for the 2014 financial statements.

Financial performance

At 31 December 2013 cash and cash equivalents totalled around EUR 52.8 million (EUR 8.8 million in 2012), up EUR 44.0 million.

During the year, as a result of use of pre-existing cash and the cash flows generated, the Company was able to meet important financial commitments. In particular it was able to continue making payments on account to the company responsible for the auxiliary and completion works on the Passante.

On 30 April 2013 a loan was obtained for EUR 423.5 million. This includes EUR 350 million in funds from the European Investment Bank (EIB) as intermediated by Cassa Depositi e Prestiti (CDP) and a further EUR 73.5 million (to cover the VAT on the loan) from CDP funds.

This loan allowed a first major payment on account to ANAS as part-reimbursement of the construction costs for the Passante di Mestre.

A brief indication of 2014 financial aspects.

The financial requirements are extremely important: on the one hand - as contractually envisaged - ANAS has to be reimbursed all the amounts it has advanced for construction of the Passante, including costs and financial charges to the extent of amounts indicated in the business and financial plan; on the other hand CAV will need to continue payments for the auxiliary and completion works on the Passante that are still in progress.

The funding required to meet CAV's needs and commitments will be obtained as detailed below.

The first funding source was the abundant existing cash flow, and the second was the cash flow generated from ordinary motorway operations and from typical motorway revenue (tolls).

These two sources of funding should allow payment for the auxiliary and completion works on the Passante that are still in progress.

The third source of funding involves a loan transaction - initiated in March 2014 - through the issue of Project Bonds, partly guaranteed by the EIB, the acquisition of which will allow closing of the loan transaction for EUR 423.5 million mentioned above and the repayment of another portion of the debt to ANAS.

Motorway management

The main motorway management figures are provided below, accompanied (in the final section of the reporting package) by additional statistical information with related tables and charts.

Traffic

To begin with, a number of simple definitions.

The “actual vehicle count” refers to the actual number of vehicles that joined the motorway, regardless of the number of kilometres travelled; “vehicles per km” refers to the total kilometres travelled; “virtual vehicle count” refers to the number of vehicles that have virtually travelled the entire stretch of the motorway.

In 2013 there were no changes to the infrastructural organisation. The comparison with the previous year is therefore on a like-for-like basis and the related figures offer a suitable and significant assessment of the traffic trend.

A mention should also be made of the names of the motorway stretches operated under licence by the Company: the old stretch from Padova Est as far as the interconnection with the Passante and the Passante itself are part of the A4; the stretch from the interconnection with the Passante as far as the Venezia/Mestre toll barrier (old section under the closed system) is part of the A57; the Tangenziale di Mestre. The entire A57 stretch (part open system, part closed system) is known as the Tangenziale di Mestre.

Then there is the “Marco Polo” Venezia/Tessera Airport ring road on the open system.

It is worth remembering that the previous year was a leap year and all related figures for 2012 are stated with the annual total. A comparison between 2012 and 2013 is obviously affected by this fact, whose negative statistical effect can be assessed at a quarter of a percentage point (0.25%).

Lastly, note that in the summary report below all figures are shown - as usual - in reference to traffic classified as “paying”. This is also for a more even comparison with the accounting data referring to toll revenue.

Total traffic figures

An initial overall figure. The vehicles per km (open + closed systems) in 2013 totalled 1,713,095,338 (in 2012: 1,754,598,306), recording a decrease of 2.37%.

Closed system

In 2013, in the entire closed system (part on the A4 and part on the A57) the actual vehicle count was 37,994,213 (38,593,182 in 2012, with a decrease of 598,969 vehicles and -1.55% in percentage terms). The related vehicles per km figure was 1,077,030,216, which corresponds to a virtual vehicle count of 19,361,993

(the comparison figures for 2012 were 1,093,575,619 vehicles per km and a virtual vehicle count of 19,659,433, with a decrease in percentage terms of -1.51%).

These numbers when translated to daily figures show the following results: 104,094 daily average actual vehicle count (VEMG) versus 105,454 in 2012 (-1.29%); 2,950,768 daily average vehicles per km (VKmMG) versus 2,987,912 in 2012; 53,047 daily average virtual vehicle count (VTMG) versus 53,714 in 2012. The decrease in percentage terms of these last figures was -1.24%.

The traffic trend at national level also saw a decrease, estimated at around -1.70% (preliminary; source: AISCAT).

Open system

Open system traffic refers only to that recorded on entry and exit to the Venezia/Mestre station (in Marghera) and the Mira/Oriago station on the A57 managed by CAV, Venezia station (in Mogliano) on the A27 managed by Autostrade per l'Italia and Venezia Est (in Quarto d'Altino) on the A4 managed by Autovie Venete. These stations represent the four boundary-setting toll barriers between the open and closed systems.

In 2013, 25,544,784 transits were recorded (26,127,380 in 2012, a decrease of -2.23%) which generated a total of 636,065,122 vehicles per km (661,022,688 in 2012; -3.78%) broken down into 477,687,461 vehicles per km relating to additional km travelled (in 2013 equal to 18 km + 700) applied at each transit through the four barriers named above (vehicles per km 499,032,939 in 2012, with a decrease of -4.28% caused not only by the traffic trend but also by the 400 metres decrease in additional km travelled, which in the previous year had been 19 km + 100); 158,377,661 vehicles per km (161,989,749 in 2012; -2.23%) relating to the flat mileage rate (6 km +200) on the Tangenziale di Mestre.

We repeat - as already mentioned - that the number of transits indicated above does not include entry and exit transactions at the Venezia/Mestre and Mira/Oriago stations with journeys starting/ending between them, and from/to the Mirano/Dolo station, or for transactions relating to toll-free internal traffic to be discussed in the next paragraph.

We should also point out that the above figures do not take into account city traffic orbiting on the Tangenziale di Mestre via the various local junctions but which do not then access the closed motorway system (A57, A4, A27) through one of the toll barriers mentioned above.

Toll removal for traffic between the Venezia/Mestre, Mira/Oriago and Mirano/Dolo stations and same-time application of a subscription system on the Padova Est-Mirano/Dolo route.

Past years' reports fully illustrated the issues and problems regarding complete toll removal for traffic between the Venezia/Mestre, Mira/Oriago and Mirano/Dolo stations.

This issue was firmly re-proposed also in 2013 and then was finally solved - in the terms specified below - with effect from 1 January 2014.

In March 2013 the Company again submitted a formal request for authorisation successfully approved by the Ministry for Infrastructures and Transport/SVCA which, in agreeing with the proposal, postponed its implementation to the tariff update at the beginning of the year.

On 15 October 2013, together with the standard request for a tariff update (to be discussed later in a specific paragraph), CAV again requested authorisation for the virtual moving back of the Venezia/Mestre toll barrier to the Mirano/Dolo station (the “virtual barrier”) and for the application at the same time - as specified at the end of this chapter - of a subscription system on the Mirano/Dolo-Padova Est route.

The Supervisory Authority accepted the CAV project which was then implemented from 1 January 2014 at the same time as the tariff change.

The main effects of toll removal and the “virtual barrier” can be summarised as follows:

- the first effect leads to the full, complete removal of tolls on the Mirano/Dolo-Venezia/Mestre stretch of motorway. In effect, already since 8/02/2009 (the date of inauguration of the Passante) the only traffic with journeys starting/ending between the three motorway stations on the A57-Tangenziale di Mestre (i.e., entering or exiting at Mirano/Dolo, Mira/Oriago and Venezia/Mestre) used the motorway free of charge, with no payment of tolls. This (partial) removal of tolls was obviously reconfirmed. Now we are looking at the further removal of tolls for all other traffic originating from any other station on the Italian interconnected motorway network (e.g., A4/Padova-Milano, A4/Passante, A13/Bologna). The same also applies in the opposite direction;
- a second effect (directly associated with full removal of tolls on the Mirano/Dolo-Venezia/Mestre stretch) concerns the toll payable on exiting at the Mira/Oriago and Venezia/Mestre stations for traffic coming from the west. In fact, the user has to pay a lower toll corresponding to the aforementioned stretch Mirano/Dolo-Venezia/Mestre and Mirano/Dolo-Mira/Oriago which, despite actually being travelled, is no longer subject to tolls as these tolls have now been fully removed, resulting in motorway cost savings for the user;
- a third effect concerns the Mirano/Dolo station where the situation is more complex. After confirming (as already mentioned) the removal of tolls from/to Venezia/Mestre and Mira/Oriago, a user exiting at Mirano/Dolo (from the west) finds he has to pay a higher toll that also corresponds to the application of additional km travelled at this station (which in any event have always been charged at the Venezia/Mestre and Mira/Oriago stations). In relation to the situation described above it should be emphasised that for all three stations the toll (the part relating to the closed system) is therefore calculated only as far as Mirano/Dolo (and not beyond), added to which (for all three stations) is part of the toll relating to additional km travelled. Now, traffic exiting at Mirano/Dolo, Venezia/Mestre and Mira/Oriago all pay an equal toll, regardless of which of the three stations is used: there is no difference between entering or exiting at Venezia/Mestre, Mirano/Dolo or Mira/Oriago (without prejudice - as already mentioned - to the fact that traffic within the area of the three stations is toll-free);
- a fourth effect concerns the traffic situation at the Mirano/Dolo station, which has improved greatly now that there are no longer tailbacks and the “turnstile” phenomenon, i.e. deliberately interrupting transit, exiting at that station, then immediate rejoining the motorway to exploit the exemption of tolls on the

Mirano/Dolo-Venezia/Mestre stretch which caused congestion at the station and on the slip roads, especially during rush hours;

- a fifth effect concerns the increase in tolls for the Padova Est-Mirano/Dolo stretch. In this respect, action was taken - as authorised by the SVCA - to implement a subscriptions system (under certain conditions) to help local users overcome the toll increase on that stretch.

The criteria applied were:

- 1) Motorway stretch affected: only Mirano/Dolo-Padova Est and vice versa.
- 2) Users affected:
 - a) Residence criterion: the subscription is only available to users resident in the following 5 municipalities (all in the province of Venice): Mirano, Dolo, Mira, Spinea and Pianiga;
 - b) Commuter criterion: the subscription is only available to commuters. The commuters are users making at least 20 (twenty) transits from/to Mirano/Dolo-Padova Est in a calendar month (1st to 31st of each month).
- 3) Type of vehicles affected: only light vehicles in class A (with max front axle height of 1.30 metres) and motorcycles.
- 4) Type of payment: only dynamic payment types are involved, i.e. those using a Telepass Family device and excluding all other devices or payment systems.
- 5) Discount calculation: on reaching the minimum number of transits (20 per month) a discount of 40% is envisaged for all transits (from the first) in that month. If the minimum number of transits is not reached, no discount will be applied. No option is envisaged for the recovery or accumulation of transits over more than one month.

The economic valuation of the discount received will be indicated in the invoice, normally issued on a quarterly basis.

To date the number of users that have submitted a subscription application is just over 200.

To conclude, a few figures: in 2013 the transits relating to toll-free traffic as described above totalled 10,894,040 (10,732,694 in 2012; +1.50%), of which 5,018,049 exiting at Venezia/Mestre (4,951,793 in 2012; +1.34%); 3,411,670 exiting at Mirano/Dolo (3,319,537 in 2012; +2.78%) and 2,464,321 exiting at Mira/Oriago (2,464,321 in 2012; +0.12%).

The daily average for this type of toll-free usage was 29,847. The vehicles per km generated correspond to 74,154,098 in the closed system and 271,261,596 in the open system for a total of 345,415,694.

Traffic classification and payment types

Traffic classification (divided into five classes) is identified according to the axle-shape approach, i.e.: class A (motorcycles and twin axle vehicles with front axle height of up to 1.30 metres), conventionally referred to as light vehicles; class B (twin axle vehicles with front axle height of more than 1.30 metres); classes 3, 4 and 5 (three-, four- and five-axled). Classes B to 5 cover the heavy vehicles.

As regards traffic composition, the conventionally classified light vehicles generated 75.51% of the total vehicles per km (paying traffic on both closed and open systems) whilst heavy vehicles accounted for 24.49%.

With reference to the various toll payment systems, all stations managed by the Company offer users the most advanced automatic collection services and maximum possible lanes equipped for this purpose made available, on the basis of the physical configuration of the stations in question.

Specifically, the new Spinea and Preganziol stations on the Passante, as well as Padova Est, Mira/Oriago, Mirano/Dolo and the Venezia/Mestre toll barrier were constructed and gradually enhanced with a view to a high degree of automation or with unmanned collection lanes. Any user assistance needed is guaranteed through central monitoring and by just one operator in charge of all the station's needs.

In addition, and in compliance with Directive 2004/52/EC, the Company - together with all the other Italian motorway management operators - is implementing the project to adapt its electronic toll management systems to become fully functional and operational (gradually and according to predefined timing) with the EETS (the European Electronic Toll Service) which will allow transit and toll payment to all European toll system operators requesting access to the motorway network as service providers for their customers.

At present there are two operators (one French, one German) that have submitted a request for access to the Italian system and preliminary investigations are in progress by AISCAT Servizi Srl (the company appointed by all the Italian motorway operators) to verify that requirements are met by both in order to accept the applications.

At the same time - given the standardisation of the systems - action is also in progress to make the ETS service for heavy goods vehicles (ETS-HGV) operative at national level.

Every CAV motorway station today already has at least one entry lane and one exit lane that accepts the two new systems referred to above.

Below is a series of figures on usage of the various toll payment systems.

Transit with tolls paid in cash represent 25.90% and breaks down as follows: 11.25% manually in cash and 14.65% in cash via the automatic cash points.

The total for the various automatic payment systems represents 74.10% of paying transits, with breakdown as follows: users of a standard Viacard with deferred payments 0.89%; users of a Telepass device combined with a deferred payment Viacard code 36.42%; users of a Telepass Family device combined with a banking code 29.91%; users of prepaid Viacards 0.86%; Europass users of a credit card combined with Telepass 0.13%; users of a Bancomat/FastPay card 2.77%; users paying by credit card 3.12%.

Despite considerable changes with respect to the previous year, 2013 again confirmed the constant decline in the cash payment system as compared with the gradual consolidation, year after year, of automated and/or deferred payment systems, particularly the dynamic transit systems (Telepass). In 2013 Telepass alone accounted for 66.46% compared to 66.37% in 2012.

Proceeds from tolls

In 2013 proceeds from tolls (net of VAT and the ANAS licence fee integration) totalled EUR 114.1 million, compared to EUR 105.3 million in 2012.

The end result - recording an increase of around EUR 8.8 million; +8.36% - was determined by three factors (two negative and one positive). On the one hand, in fact, there was the decline in traffic illustrated in previous paragraphs and the decrease in additional km travelled at the toll barriers, whilst on the other hand there was the tariff increase applied from 1 January 2013, which will be discussed in greater detail in the next paragraph.

One more point should be emphasised: the percentage increases authorised still represent a nominal increase in unit tariffs per km, whilst the final toll actually charged to the user includes VAT and the rates per km relating to the integration (not increased), and is affected by final rounding, up or down, established in 0.10 Eurocents.

The rounding effect in 2013 - sometimes positive, sometimes negative - was negative overall.

The above revenue figure is made up of toll-related proceeds paid by traffic transiting the various stretches of motorway. Specifically: traffic on the Passante (A4) and traffic on the Padova-Venezia/Mestre stretch (part A4 and part A57) in the closed system, as well as open system traffic at the toll barriers of Venezia/Mestre, Mira/Oriago (on the A57 managed by CAV), Venezia (on the A27 managed by Autostrade per l'Italia) and Venezia Est (on the A4 managed by Autovie Venete), where a toll is applied for 6.200 km (relating to the Tangenziale) and 18.700 km (as additional km travelled to finance the Passante).

In statistical terms it can be estimated that the breakdown of toll revenue is as follows: 47.82% of revenue from the Passante itself; 23.86% of revenue from the closed stretch Padova-Venezia; 21.27% of revenue from toll barrier transits for 18.700 km; 7.05% of revenue from toll barrier transits for 6.200 km.

The licence fee integration in favour of ANAS totalled EUR 13,193,767.56 (EUR 13,476,530.95 in 2012; -2.10%). This decrease is associated with the traffic trend and to its distribution across the five tariff classes.

In fact, it should be remembered that for every kilometre travelled by classes A and B, 6 thousandths of a Euro is applied (from 1/01/2011), whilst for classes 3, 4 and 5 it is 18 thousands of a Euro. The related monthly amounts (payments on account plus balances) have been duly paid to ANAS.

Lastly, with regard to the contents of art. 18, Italian Law 41/1986, note that all subsidies granted for various reasons in the past were cancelled in 2013.

Tariff regulations

The toll for each journey is determined by the number of kilometres assigned to a given stretch multiplied by the number of stretches then multiplied by the related unit tariff, on a class by class basis. Added to this amount are any legal surcharges (ANAS licence fee integration) and taxes (VAT increased to 22% from 1 October 2013) as envisaged by current regulations.

For a journey transiting the entire Passante di Mestre the tariff kilometres considered for toll purposes total 32.326.

The same criterion is obviously used for every other possible journey involving entry or exit at the two existing stations on the Passante (Spinea and Preganziol).

On the old stretches, acquired on takeover of the management licence from 1 December 2009, the conventional kilometres travelled considered for toll purposes have remained those in force and already recognised and approved by the Contracting Authority (at that time ANAS) to the outgoing operator both on the closed system (Venezia/Padova - A4 and A57) and the open system (Tangenziale di Mestre - A57).

As regards the additional km travelled charged at the toll barriers, calculated to finance the cost of the Passante, in 2013 these were defined as 18.700 km. This virtual extension has reduced compared to 2012 (400 metres less) due to application of the criteria established in the current agreement and its attached regulatory financial plan. The figure reduced further in 2014 as explained in a later paragraph.

In 2013 CAV proposed an increase to the Ministry for Infrastructures and Transport of 13.55% for Passante tariffs and 13.19% for other tariffs.

The request was based on the updating formula parameters included in the Agreement.

In detail, the formula factors are: real inflation (at 70%), the "X" factor (as determined by CIPE Resolution 39/2007 as indicated in the regulatory financial plan) and the "K" factor (as indicated in the regulatory financial plan after the inclusion of all updated figures relating to investments, operating costs, financial amortisation of revertible assets, etc.).

CAV also took into account the tariff recovery on the downward adjustments applied in 2011 and 2012 caused by the impossibility in those years of applying the new formula (pending issue of the Interministerial Decree approving the Recognition Agreement of 23/03/2010, which entered into force only from 23/02/2012 after registration with the Court of Auditors of the aforementioned Decree no. 408 of 22/11/2011) as briefly illustrated above for updating of the tariffs. In particular, the value of the "K" factor was determined for 2013 on the basis of investments actually made in the previous three-year period 2010-2011-2012.

By decree issued on 31/12/2012, in concert with the Minister of Economy and Finance, the Minister for Infrastructures and Transport confirmed these tariff update values to be applied from 1 January 2013.

In parallel, the additional km travelled for which CAV is responsible, as applied at the toll barriers were - on the orders of MIT/SVCA - further reduced by 400 metres from 19.100 km to 18.700 km as also envisaged in the regulatory financial plan.

At the same time, in accepting a request from CAV - this, too, already envisaged in the regulatory financial plan - MIT/SVCA established that the tariffs applicable on the aforementioned additional km travelled under CAV's responsibility should only be those of CAV (referring to the open system) and no longer those of other motorway operators that manage the toll barriers of Venezia Nord (ASPI) and Venezia Est (Autovie Venete) as was the case until 31/12/2012.

A brief note on tariff aspects for 2014

On 15 October 2013, based on the provisions of articles 15, 16 and 17 of the Recognition Agreement, the Company submitted a proposal to the Ministry for an update of tariffs according to the formula parameters stated in the Agreement. The resulting percentage change was +6.26% across the board for all the Company's unit tariffs per km.

The interministerial decree approving the increase was issued on 31 December 2013, with the tariff increase applicable from 1 January 2014.

On the same date, the additional km travelled as applied at the toll barriers were - on the orders of MIT/SVCA - further reduced by 370 metres from 18.700 km to 18.330 km.

As regards full removal of the tolls on the Mirano/Dolo-Venezia/Mestre stretch and the subscriptions system on the Mirano/Dolo-Padova Est stretch, reference should be made to the previous paragraph.

Other management information

Accidents and Roadside Assistance Service

In 2013, accidents on the closed system stretches of motorway totalled 163 (190 in 2012; -14.21%), of which 87 involving light vehicles (95 in 2012; -8.42%) and 76 involving heavy vehicles (95 in 2012; -20.00%).

For a correct assessment and placing in context of the accident trend, the numeric value has to be considered in relation to real traffic volumes and expressed as an accident rate. "Accident rate" is the ratio between the number of accidents and the journeys performed by vehicles involved (i.e. vehicles per km) in the reporting period. The accident rate is conventionally expressed per 100/million vehicles per km).

A comparison between 2012 and 2013 shows that the accident rate (per 100 million vehicles per km) of light vehicles decreased from 11.82 to 10.99 (-7.02%), whereas for heavy vehicles the rate decreased from 32.78 to 26.64 (-18.73%) and the overall rate decreased from 17.37 to 15.13 (-12.90%).

The above figures show the absolute number of accidents. However it should be specified that in national ISTAT statistics (and defined as "accidents") only accidents resulting in any degree of severity of trauma to individuals (injuries and/or deaths) are recorded.

In compliance with the ISTAT's statistical criterion described above, we provide certain additional figures regarding the motorway under our responsibility (closed system).

Between 2012 and 2013 the accidents resulting in trauma to individuals reduced from 65 to 55 (-15.38%). The rate per 100/million km travelled fell from 5.94 to 5.11 (-13.97%). At national level - preliminary AISCAT data - the rate was 8.35.

The number of individuals injured dropped from 105 to 80 (-23.81%), with the rate falling from 9.60 to 7.43 (-22.60%). At national level - preliminary AISCAT data - the rate was 14.07%.

The number of deaths was 3, as in the previous year. The rate changed from 0.27 to 0.28 (3.70%). The national rate - preliminary AISCAT data - was 0.30.

A brief mention of accidents recorded on the open system: there were 52 accidents on the Tangenziale di Mestre (with 25 individuals injured) and 18 on the airport ring road (with 18 injured). No deaths were recorded on these stretches.

We should specify that these numbers cannot be translated into an accident rate as the open system does not record a volume of vehicles per km.

We should remember that for accidents and callouts on the Tangenziale, given the specific maximum safety requirements associated with the third lane, a protocol for the "management of accidents along the Tangenziale di Mestre" is applied.

As the accident rate is an important indicator in assessing service quality parameters and also emphasising that in recording the accidents the Company has abided by consolidated criteria provided by the Contracting

Authority, we believe that in 2013 the balance of safe travel on the motorways under our management can be seen as positive - given the figures described above - both in absolute terms and in statistical terms.

It should not be overlooked that the aforementioned accident rates are lower than the national accident rates recorded for the motorway management sector.

We consider that these results, however, do not allow us to draw conclusions of an absolute or general nature.

In fact we must prudentially consider that in certain contexts the findings and resulting statistical effects can change significantly, either positively or negatively, in relation to the reduced extent of absolute values in question. Even slight changes, in effect, can have a remarkable impact on the accident rates referred to, with many variables that, even by chance, could affect the accident trend.

We also consider it important to confirm that the Company is constantly pursuing improvement objectives, the more important of which include: information for users (multi-content message boards, dedicated phone numbers, web sites with special information pages and live-camera traffic displays, traffic reports via local and national radio); service centres and operating centre activities; constant monitoring of critical points by the Company; maintenance works completed with a particular focus on problems associated with work sites and safety (works scheduling, night-time working, etc.); careful management of the third lane of the Tangenziale, etc.

The highway patrol work performed by the Polizia Stradale was also important, as a deterrent and in terms of surveillance. The work of the Polizia Stradale, whose purpose is to control and oversee traffic, was developed on the basis of real and mutual cooperation with the Company's services. We should mention that the highway patrol service on the stretches of motorway under our Company's management is governed by a special agreement signed on 21 June 2010.

In the context described above we repeat once again CAV's commitment to ensuring users the highest possible level of safety along all the stretches of motorway under the Company's management, whether open or closed system.

As regards the Roadside Assistance Service, this was performed by three organisations - all national level - that operate in the motorways environment on the basis of contractually predefined callout procedures.

In 2013 the closed system stretches recorded a total of 4,049 callouts (3,758 in 2012; +7.74%).

The callout rate expressed per 1/million km travelled was 3.76 (3.44 in 2012; +9.30%).

Service areas and hotels

In 2013 the service areas located along the motorway (Arino Est and Arino Ovest on the A4, on the closed system close to the junction with the Passante di Mestre) and the Tangenziale di Mestre (Marghera Est and Marghera Ovest on the A57 near the roundabout - open system) distributed 5,012,000 litres of petrol (-12.01%), 22,645,000 litres of diesel (-14.02%), 735,000 litres of LPG (in 2012 these pumps were closed as a result of construction works for the two new service areas) and 5,726 kg of lubricants (-19.77%). The add-on businesses (automotive accessory stores) located at these service areas produced EUR 146,000 (+274.36%).

The bars and restaurants recorded total revenue, net of VAT, of EUR 5,108,000 (+11.58%). The add-on businesses (markets) at these bars and restaurants generated EUR 2,146,000 (+29.82%) and the complementary business activities EUR 4,356,000 (-9.57%).

The hotel at Marghera (Holiday Inn) recorded total revenue for restaurant services, sundry services, board and lodge of EUR 3,492,000 (-5.11%).

On the above activities and various sales the oil companies, restaurant service providers and the hotel companies paid rental fees confirmed in the related agreements which in 2013 resulted in net revenue of EUR 3,517,000 (+0.98%).

Service Centre

Our Service Centres represent a direct point of contact with the Company for users, where they can obtain answers and information on all their needs.

There are two Service Centres in operation: one at the Venezia/Mestre station (in Marghera) and one at the Padova Est station, both also accessible from local roads.

Various user support activities are performed at the Service Centres, and a vast range of services are provided, including: marketing and distribution of Telepass devices and Viacards, after-sales support (billing, registration plate changes, lost items, etc.), the definition of missed toll payments, information on motorway tolls, the issue of subscriptions on the Mirano/Dolo-Padova Est stretch, etc., all transactions for which are facilitated by the presence of and personal direct contact with skilled, qualified operators.

Operations Centre

The Operations Centre, active 24/7, is in constant contact with the traffic wardens in service along the motorway, the Tangenziale and the airport ring road, and makes use of cameras and systems to monitor and record data to provide constant traffic status updates for the stretches managed by CAV.

According to the situations, Centre operators use established procedures to activate the various managers of internal and external services to manage any emergencies or other problems found.

The Operations Centre coordinates the Roadside Assistance Service and emergency healthcare services, and provides the "CCISS - VIAGGIARE INFORMATI" and "VIAGGIANDO" information centres with traffic and road system details to be made available to users via radio.

Traffic wardens

The support service for users in difficulty on the network under management is based on action taken by the traffic wardens, specially-trained employees of the Company who perform surveillance duties on the stretches managed, user support, and the reporting of accidents, traffic jams and all other forms of traffic disturbance.

The wardens also intervene in terms of accident reporting where there is no injury (if any individual is injured the police authorities must intervene) and also take action to ensure traffic safety and smooth traffic flow.

The current company organisation envisages that, along the stretches of motorway managed (around 74 km), there is a constant daytime presence of at least 4 wardens (6 am to 10 pm) and 3 wardens at night (10

pm to 6 am), each with his own fully-equipped van. On days when heavy traffic flows are expected the warden service is enhanced by additional staff and vehicles.

The wardens are in constant contact with the company Operations Centre which coordinates their action.

Relations with ANAS

With reference to Italian Legislative Decree 173/2008, implementing Directive 2006/46/EC, and the resulting statutory effects, details are provided below of transactions with related parties (art. 2427, paragraph 22-bis, Italian Civil Code).

For the purpose of this report the related party is ANAS S.p.A., with which significant transactions have been performed.

The administrative and accounting position between CAV and ANAS

The administrative and accounting position with ANAS as a result of obligations arising from the Recognition Agreement are specified below.

As the Passante di Mestre was constructed by ANAS, CAV is obliged to guarantee financial coverage of the costs of the Passante and - as already mentioned - to reimburse ANAS for this exposure to the extent of amounts indicated in the financial plan. These costs must be considered net of public grants.

Naturally, the Agreement also envisages the sources of funding needed by CAV to meet the above commitments: proceeds from tolls relating to the Passante; proceeds from tolls relating to stretches acquired from 1 December 2009 on management takeover from the outgoing operator; proceeds from tolls relating to additional km travelled as applied at the boundary-setting toll barriers between the closed and open motorway systems around the Mestre area; proceeds deriving from sub-licensing of the service areas.

Illustrated below are the debit/credit positions with ANAS and the value of each item, first and foremost showing that the sum of debit and credit positions shows that CAV has a net debt to ANAS of EUR 414,399,582.

Amounts receivable by CAV total EUR 173,617,527 with breakdown as follows: EUR 70,537,502 (for the public grant referred to in art. 1, paragraph 78, sub-paragraphs c) and i), Italian Law 266/2005), EUR 100,000,000 (for the public grant pursuant to art. 1, paragraph 1045, Italian Law 296/2006), EUR 806,112 (for costs incurred by CAV for collection charges on the interconnected motorway network in relation to the additional km travelled for the period prior to opening of the Passante) and EUR 2,273,913 (total interest income accrued on the portion of public grants collected by ANAS but not yet paid to CAV).

Amounts payable by CAV totalled EUR 588,017,110 with breakdown as follows: EUR 482,910,942 (as reimbursement of costs incurred by ANAS for construction of the Passante and for auxiliary and completion works not yet invoiced); EUR 20,828,985 (financial charges capitalised up to the date of inauguration of the Passante); EUR 7,203,280 (as reimbursement to ANAS of the costs it incurred for auxiliary and completion works on the Passante, already invoiced); EUR 71,074,982 (interest accrued after opening of the Passante and calculated up to 31/12/2013 on the financial advances disbursed by ANAS to cover the construction costs of the Passante); EUR 5,952,676 (toll revenue referring to the additional km travelled pertaining to ANAS but collected by CAV for the period prior to opening of the Passante); EUR 46,244 other payables.

In addition to the situation reported above it should be mentioned that there is an amount payable to ANAS relating to the licence fee (pursuant to art. 10, Italian Law 537/1993 and art. 1, paragraph 1020, Italian Law 296/2006), which in 2013 totalled EUR 1,149,849.

Relations with the Veneto Regional Government

The Veneto Regional Government is an investor in Concessioni Autostradali Venete S.p.A., with 50% of the share capital.

In addition to takeover of the motorway management and the costs of the Passante, the CAV financial plan envisages EUR 253 million in investments to complete the Passante. These investments refer to works targeting integration of the new motorway structure into the local road system and into the environmental context. CAV is not directly responsible for the investments as this task was assigned to ANAS. It does, however, cover the indispensable role of lender for the works. In past years, despite the objective difficulties associated with the postponed approval of the motorway management Agreement and with obtaining loans, CAV has made available resources from its own cash flows which have allowed actual implementation of the investment plan for completion of the Passante and for enhancement of the Veneto region.

The role as lender for the road infrastructure works will come to the fore when CAV learns, through sound management, how to generate profit to be made available - in compliance with its Articles of Association - to the Veneto Regional Government for improvements to the regional road system.

At present, business relations with the Veneto Regional Government are still limited and at 31 December 2013 concern a receivable of EUR 1,244,336.82, which remains outstanding from the Veneto Regional Government as its share of the financing of safety guarantee works on the SP 81. These works were agreed by the Veneto Regional Government, the Provincial Government of Venice, the Municipal Authority of Venice and Società delle Autostrade di Venezia e Padova S.p.A. CAV accepted this works completion commitment on takeover of the management licence from Società delle Autostrade di Venezia e Padova S.p.A. The works were completed on 8 March 2011.

Application and compliance with directives pursuant to Veneto Regional Government Resolutions 3966/2007 and 2951/2010, 1075/2011, 2790/2012 and 258/2013

The Report on Operations and explanatory notes already report on activities conducted by CAV and therefore meet the requirements of Veneto Regional Government Resolution 2951/2010, as amended, on "Directives for investees of the Veneto Regional Government for the rationalisation of resources and operating costs containment, and for the adjustment of ownership structures". Information is, however, provided below that is supplementary to or refers to the notes already provided in other parts of the financial reporting package.

In particular, note that on 4 April 2012 the Supervisory Board was appointed, as required in the already adopted Organisational, Management and Control Model pursuant to Italian Legislative Decree 231/2001. The Supervisory Board has verified the actual implementation of the organisational model and its updating, and has submitted a report to the Board of Directors.

It should also be remembered that:

A) Directives on the assignment of works, supplies and services

CAV S.p.A. is a motorway management operator. In accordance with the Articles of Association and its contractual commitments, with regard to the procurement of works, supplies and services CAV applies the provisions of Italian Legislative Decree 163/2006, as amended.

At its meeting of 13 September 2012, the CAV Board of Directors adopted a regulation governing the off-contract procurement of goods and services.

B) Directives on companies instrumental to public services

CAV S.p.A. has not incorporated any company to perform activities instrumental to its own.

C) Directives relating to employees

By Board of Directors resolution of 10 July 2010, CAV S.p.A. adopted guidelines that identify the criteria and methods for recruiting employees.

In a letter dated 16 February 2011 the Veneto Regional Government was informed that, due to its nature, activities and the fact that it is not included in the list of companies entered in the consolidated income statement of the Public Administration, the regulations containing restrictions on the hiring and use of flexible staffing do not apply to CAV S.p.A.

D) Directives on reporting to the Regional Government

Before the 31 March deadline, CAV submits an update report on membership of the corporate bodies of directly and indirectly controlled companies with related remuneration, and on the achievement of objectives indicated in the business plans for the previous year.

However, there are no conventions or service agreements with the Veneto Regional Government on which to report.

E) Directives on limiting public spending

As CAV S.p.A. is not on the list of companies included in the consolidated income statement of the Public Administration, as identified by ISTAT pursuant to art. 1, paragraph 3, Italian Law no. 96 of 31/12/2009, it is not subject to application of the regulations contained in article 6, paragraphs 7, 8, 9, 11 and 20 of Italian Law Decree 78/2010, even though it is responsible for the prudential management of financial resources in relation to commitments undertaken in the financial plan attached to the agreement signed with the contracting authority, ANAS S.p.A.

F) Directives on company officer remuneration

The resolutions relating to remuneration payable to members of the Board of Directors and the supervisory bodies were carried in compliance with legal regulations.

G) Directives on indirect subsidiaries

CAV S.p.A. has no subsidiaries.

Investees

CAV S.p.A. is an investor in one public consortium (*società consortile*) and one consortium (*consorzio*). The public consortium rationalises and develops services for motorway users. The consortium coordinates consortium members in the development of efficiency improvement activities in the electrical energy and heating sector. In both cases, these are activities instrumental and auxiliary to motorway services which both the public consortium and the consortium develop solely for motorway management companies.

According to instructions in Veneto Regional Government Resolution no. 1931 of 28 October 2013, CAV S.p.A. monitors the economic and financial position of the two investees to ensure that the financial statements of CAV are not compromised.

Servizi Utenza Stradale S.C.p.A.

CAV S.p.A. has been an investor in Servizi Utenza Stradale S.C.p.A. since 2010.

Servizi Utenza Stradale is a public consortium (*Società Consortile per Azioni*) with the purpose of “the rationalisation, enhancement and development of services for road users through an organisation common to the consortium member companies”.

SUS share capital totals EUR 516,460.00 divided equally among four motorway management companies: Autostrade Centro Padane, Autostrada Brescia-Padova, Autovie Venete and CAV S.p.A. The consortium members hold motorway management licences with different expiries, and Centro Padane is the operator whose licence is closest to expiry or extension. SUS shareholders have envisaged in the Articles of Association the following scenario in the event of expiry of the licences, establishing that: “If as a result of the natural expiry of the road and/or motorway management licence the title of road/motorway operator of one of the consortium members should lapse, that member’s interest can be taken over by the new incoming operator”.

In 2011 SUS managed the public tender for the award of the large signs. Then in 2012 it established and agreed with consortium members on the procedures and standards for managing the small signs. In 2013 cooperation continued for management of the large advertising systems and a study began into the possibility of using certain large systems excluded to date because they did not comply with instructions in the Code. Any recovery could benefit the members and SUS alike. Rationalisation and verification of the small advertising systems also continued.

The information service to customers of the motorway operator members also continued as normal through multiple channels: phone, radio and the web site, offering maximum networked coverage and constant updates.

CAV S.p.A. provides direct support to SUS S.C.p.A. by performing an administrative service in accordance with a special agreement governing provision of the services and related remuneration.

SUS S.C.p.A. closed 2013 with over EUR 21 thousand in profit which, in accordance with the Articles of Association, will be allocated to reserves.

Consorzio Autostrade Italiane Energia

Consorzio Autostrade Italiane Energia was incorporated on 29/02/2000 by 11 motorway companies, with investment percentages proportionate to the energy needs of each consortium member. CAV has been an investor in Consorzio Autostrade Italiane Energia since 22 December 2010. The consortium's funds amount to EUR 107,112.35 and Concessioni Autostradali Venete - CAV S.p.A. has a 0.9% interest for a total of EUR 1,058.00.

Almost all the Italian motorway management companies, ANAS and Autogrill are members of the consortium.

The consortium is non-profit, cannot distribute profits to its member companies, its stated business activities are conducted in accordance with Italian Legislative Decree no. 79 of 16/3/1999 (deregulation of the electrical energy market) and the coordination of consortium member activities with a view to limiting energy consumption, efficiency improvement and rationalisation of the energy sector (electrical energy and heat).

The consortium conducts private or public tenders for its consortium members, particularly public tenders, for which the consortium becomes the central contracting authority, signing framework agreements with the contractor awarded the tender ready for finalisation by each consortium member through the signing of a member-specific contract.

The consortium's activities have guaranteed - procuring a total of around 600 GWh per year - savings totalling approximately EUR 4.5 million per year, with an average discount of around 10% on the price of energy found on the open market.

CAV S.p.A. participates in the consortium with an average consumption of around 10,600 MWh, corresponding to an average annual cost of approximately EUR 2,100,000.00.

The duration of the Consortium expires on 31 December 2015.

FINANCIAL STATEMENTS AT 31.12.2013

BALANCE SHEET AND INCOME STATEMENT

BALANCE SHEET**31/12/2012****31/12/2013****ASSETS****A) SUBSCRIBED CAPITAL UNPAID**

0

0

B) FIXED ASSETS*I. Intangible assets*

4) Concessions, licences, trademarks and similar rights

4,841

37,897

6) Intangible assets in progress and advances

60,546,815

47,171,228

7) Other intangible assets

831,365,083

716,153,794

891,916,739

763,362,919

II. Tangible assets

1) Land and buildings

29,612

26,128

2) Plant and machinery

216,059

219,739

3) Industrial and commercial equipment

34,991

43,010

4) Other tangible assets

539,684

424,603

820,346

713,480

*III. Financial assets**Investments in:*

b) associates

294,351

299,767

d) other companies

1,058

1,058

295,409

300,825

Total fixed assets

893,032,494

764,377,224

C) CURRENT ASSETS*I. Inventories*

1) Raw materials and consumables

963,948

1,056,770

II. Receivables

1) Trade receivables

5,964,997

4,883,978

4 bis) Tax receivables

95,684,623

79,169,515

4 ter) Deferred tax assets

2,571,882

1,593,793

5) Other receivables:

- due within 12 months

60,339,668

168,734,481

- due after 12 months

37,632,767

32,936,367

202,193,937

287,318,134

	31/12/2012	31/12/2013
<i>III. Financial assets not classified as fixed assets</i>	0	0
<i>IV. Cash and cash equivalents</i>		
1) Bank and postal deposits	8,156,643	52,752,932
3) Cash on hand	<u>624,115</u>	<u>67,347</u>
	8,780,758	52,820,279
Total current assets	<u><u>211,938,643</u></u>	<u><u>341,195,183</u></u>
 <i>D) ACCRUED INCOME AND PREPAID EXPENSE</i>	 1,471	 3,645
 <i>TOTAL ASSETS</i>	 <u><u>1,104,972,608</u></u>	 <u><u>1,105,576,052</u></u>

LIABILITIES	31/12/2012	31/12/2013
<i>A) EQUITY</i>		
I. Share capital	2,000,000	2,000,000
IV. Legal reserve	400,000	400,000
VII. Other reserves:		
- Extraordinary reserve	44,265,173	47,641,383
- Non-distributable reserve, art. 2426 Civil Code	3,068	20,410
- Restricted reserve for sanctions and penalties	175,000	175,000
- Restricted reserve for maintenance works differences	0	918,054
IX. Profit (loss) for the year	4,311,606	9,781,643
	<u>51,154,847</u>	<u>60,936,490</u>
<i>B) PROVISIONS FOR RISKS AND CHARGES</i>		
3) Other:		
a) for risks	150,000	150,000
c) for renewals	11,738,851	12,450,309
	<u>11,888,851</u>	<u>12,600,309</u>
<i>C) POST-EMPLOYMENT BENEFITS</i>	531,303	557,067
<i>D) PAYABLES</i>		
4) Payables to banks	0	423,500,000
7) Trade payables	7,302,961	6,300,094
10) Payables to associates	8,709	0
12) Tax payables	467,265	736,891
13) Social security payables	1,047,097	1,118,140
14) Other payables	1,032,311,719	599,483,689
	<u>1,041,137,751</u>	<u>1,031,138,814</u>
<i>E) ACCRUED EXPENSE AND DEFERRED INCOME</i>	259,856	343,372
<i>TOTAL LIABILITIES</i>	<u><u>1,104,972,608</u></u>	<u><u>1,105,576,052</u></u>

MEMORANDUM ACCOUNTS

Leased assets	<u>105,375</u>	<u>100,350</u>
TOTAL MEMORANDUM ACCOUNTS	<u><u>105,375</u></u>	<u><u>100,350</u></u>

INCOME STATEMENT

31/12/2012

31/12/2013

A) PRODUCTION VALUE

1) Revenue from sales and services	124,453,659	132,976,422
5) Other revenue and income:	1,783,867	1,271,576
	<hr/>	<hr/>
	126,237,526	134,247,998

B) PRODUCTION COSTS

6) Raw materials and consumables	1,132,055	1,224,575
7) Service costs	20,265,700	20,889,250
8) Lease and rental expense	604,442	642,289
9) Personnel costs		
a) salaries and wages	11,444,652	12,037,171
b) social security contributions	3,645,104	3,824,309
c) post-employment benefits	826,831	859,523
e) other costs	402,885	428,353
	<hr/>	<hr/>
	16,319,472	17,149,356

10) Amortisation, depreciation and write-downs:

a) amortisation of intangible assets	40,033,621	37,921,480
b) depreciation of tangible assets	241,759	277,220
d) write-down of receivables included in current assets and cash and cash equivalents	0	180,653

	<hr/>	<hr/>
	40,275,380	38,379,353

11) Changes in inventories of raw materials and consumables

	10,005	- 92,822
--	--------	----------

13) Other provisions

b) Allocation to provision for renewals	11,738,851	11,776,505
c) Utilisation of provision for renewals	-7,186,624	- 11,065,047

14) Other operating costs

	<hr/>	<hr/>
	16,432,936	16,554,246
	<hr/>	<hr/>
	99,592,217	95,457,705

DIFFERENCE BETWEEN PRODUCTION VALUE AND COSTS

	26,645,309	38,790,293
--	------------	------------

	31/12/2012	31/12/2013
C) FINANCIAL INCOME AND CHARGES		
16) Other financial income:		
d) other income	581,343	1,144,671
17) Interest and other financial charges	19,594,565	24,125,860
	<u>-19,013,222</u>	<u>- 22,981,189</u>
 D) VALUE ADJUSTMENTS TO FINANCIAL ASSETS		
18) Revaluation:		
a) of investments	17,343	5,416
 E) EXTRAORDINARY INCOME AND CHARGES		
20) Income	321,219	0
21) Charges	0	0
	<u>321,219</u>	<u>0</u>
 INCOME BEFORE TAXES	 7,970,649	 15,814,520
 22) Income taxes for the year		
a) current taxes	4,276,506	5,054,788
b) deferred tax liabilities	0	0
c) deferred tax assets	-617,463	978,089
	<u>-3,659,043</u>	<u>-6,032,877</u>
 23) Profit (loss) for the year	 4,311,606	 9,781,643

EXPLANATORY NOTES

Structure and content of the financial statements

The financial statements were prepared in accordance with provisions of art. 2423 et seq. of the Italian Civil Code, interpreted and integrated by Italian GAAP.

Note that the balance sheet and income statement formats comply with the regulations contained in articles 2423-ter, 2424, 2424-bis, 2425 and 2425-bis of the Italian Civil Code, which envisage restrictive formats.

The financial statements are expressed in Euro, without decimal points, as envisaged in art. 2423, paragraph 5 of the Italian Civil Code.

The explanatory notes, prepared in accordance with the provisions of articles 2427 and 2427-bis of the Italian Civil Code, contain indications on the more important measurement criteria, followed by comments on the individual accounting items, illustrating their breakdown and the reasons for any significant changes compared to the previous year.

With the aim of providing more detailed information on the equity, financial and economic position of the Company and to complete the explanatory notes, it was considered appropriate to prepare a cash flow statement.

The contractually-agreed remuneration payable to the independent auditors for statutory audit of the financial statements totals EUR 22,000, without prejudice to ISTAT-defined increases, added to which is the reimbursement of expenses up to a maximum EUR 1,800. The total due for other services provided was EUR 2,700.

Accounting policies - Measurement criteria

As envisaged in art. 2427 of the Italian Civil Code, the criteria applied in the measurement of financial statement items are illustrated below. The criteria have remained unchanged since last year.

Multi-year charges

Multi-year charges are measured at cost, less direct amortisation calculated on a straight-line basis over a period not exceeding five years.

Intangible assets

Intangible assets, i.e. the application software, are recognised at cost less direct amortisation calculated on a straight-line basis over a period not exceeding two years.

Other intangible assets

Other intangible assets - referring to the construction costs for the Mestre motorway bypass (Passante di Mestre) to be reimbursed to ANAS, the compensation payable to Società delle Autostrade di Venezia e Padova S.p.A., other works completed on the stretch of motorway managed, auxiliary and completion works on the Mestre motorway bypass, financial action implemented as a result of takeover of the management licence (safety guarantee works on the SP 81 and the San Giuliano interchange in Mestre) and costs incurred for signing of the loan agreement with Cassa Depositi e Prestiti, renovation costs for the highway patrol station, costs for the junction roundabout on the Marco Polo-SS14 ring road and costs (feasibility study) relating to the service areas - are recognised at cost (plus capitalised financial charges but net of public grants and similar) less direct amortisation calculated on a straight-line basis throughout the entire duration of the management licence which terminates on 31 December 2032, i.e. over the period of validity of the loans for costs incurred to sign the loan agreement with Cassa Depositi e Prestiti.

Tangible assets

Tangible assets are made up of land and buildings, plant and machinery, industrial and commercial equipment and other assets (ordinary office furniture and equipment, electronic and electromechanical machines, computers and telephone systems, cars and other vehicles) and are recognised at cost, systematically depreciated each year according to their residual useful life.

Depreciation is calculated by applying the following rates, considered fair in relation to the residual useful life of the assets: plant and machinery 20%; industrial and commercial equipment 12%; ordinary office furniture and equipment 12%; electronic and electromechanical machines, computers and telephone systems 20%; cars 25%; other vehicles 20%.

Investments

Investments in associates are measured at equity, pursuant to art. 2426, paragraph 4 of the Italian Civil Code, attributing a value to each investment equal to the corresponding portion of equity of the investee as recorded in the latest available financial statements.

Investments in other companies are measured at cost. The original purchase cost increases following subscribed and paid up share capital increases and due to new purchases of shares or investment units by third parties. The value at cost is written down in the event of impairment.

For the recognition of investments among financial assets rather than current assets the criterion of long-term holding or otherwise applies.

Inventories

Inventories, made up of consumables and goods for use in maintenance works on the stretches of motorway, are measured at the lower between the purchase cost, assumed on the basis of the weighted average cost of purchases during the year, and the corresponding estimated realisable value according to year-end market prices.

Cash and cash equivalents

These include cash, bank deposits, post office current accounts and other cash equivalents. Cash and cash equivalents are recognised at the estimated realisable value, coinciding with the nominal value, and cash is measured at its face value.

Receivables and payables

Receivables and payables are recognised at their nominal value. Receivables are in any event recognised at a value that does not exceed their estimated recoverable amount.

Accruals and deferrals

Accruals and deferrals are calculated according to the accrual principle and include percentages of costs and income common to one or more financial years, the extent of which varies over time.

Post-employment benefits

Post-employment benefits are calculated according to art. 2120 of the Italian Civil Code and in compliance with employment contracts and current laws.

Provision for renewals

The provision for renewals is topped up each year through allocation against renewal costs relating to the constituent assets of the stretch of motorway managed. Renewal costs refer to restoration or replacement costs and to maintenance, repairs, modernisation and transformation costs. The amount allocated is estimated by the Company as sufficient to maintain the stretch of motorway managed in good, efficient condition. The provision is used to absorb the actual renewal costs incurred each year.

Provision for taxes

The provision for taxes includes probable tax payables for which the amount and/or contingency date is not yet known and deferred tax liabilities arising from temporary differences between the recognised result and the taxable income.

Provisions for risks

The provisions for risks allocated under liabilities in the Balance Sheet are allocated to cover potential liabilities of the Company, based on realistic estimates of their becoming final. Provisions for risks are allocated solely to cover costs and charges of known type and of certain or probable existence, the amount and contingency date of which, however, was not known at year end. The risks for which it is likely that a liability will arise are described in the explanatory notes and allocations are made according to the principle of adequacy. Risks for which it is only possible that a liability will arise are described in the explanatory notes, without any allocation to the provisions for risks, in accordance with the accounting principles of reference.

Deferred tax assets and liabilities

Recognition of deferred tax assets and liabilities derives from temporary differences, to be reversed in future years, between the value assigned to an asset or liability according to statutory criteria and the value assigned to that asset or liability for tax purposes.

The rates used to calculate deferred tax assets and liabilities are 3.90% for IRAP and 27.50% for IRES.

Costs and revenue

Costs and revenue are recognised in the financial statements according to the principle of prudent accounting and the accrual principle.

Memorandum accounts

These include assets used by the Company on lease that are recognised at their current value.

Information on the balance sheet: assets

Intangible assets

A net decrease of EUR 128,553,820 was recorded. The changes during the year can be summarised as follows:

	Balance at 31.12.2012	Increase	Decrease	Fund transfer	Balance at 31.12.2013
Concessions, licences, trademarks and similar rights	4,841	75,794	42,738	0	37,897
Intangible assets in progress and advances	60,546,815	9,264,303	0	-22,639,890	47,171,228
Other intangible assets	831,365,083	27,563	137,878,742	22,639,890	716,153,794
Total	891,916,739	9,367,660	137,921,480	0	763,362,919

Concessions, licences, trademarks and similar rights refer to the residual value of costs incurred for purchase of the application software. Amortisation is applied on a straight-line basis over two years.

Intangible assets in progress and advances refer to: a) costs incurred for the auxiliary and completion works on the Passante di Mestre; those becoming operative were rerecognised to other intangible assets; b) costs incurred for other works on the stretch of motorway managed that were not yet complete at the reporting date; c) renovation costs for the highway patrol station; d) costs to build the junction roundabout on the Marco Polo-SS14 ring road; e) feasibility study costs relating to the service areas.

The changes in fixed assets during the year can be summarised as follows:

	Balance at 31.12.2012	Increase	Decrease	Fund transfer	Balance at 31.12.2013
Auxiliary and completion works on the Mestre motorway bypass (Passante di Mestre)	51,499,110	6,729,197	0	-12,252,877	45,975,430
Other works completed on the stretch of motorway managed	441,379	307,706	0	-681,287	67,798
Costs relating to the loan agreement with CDP	8,606,326	1,099,400	0	-9,705,726	0
Renovation of highway patrol station	0	300,000	0	0	300,000

Roundabout at Marco Polo ring road junction - SS14	0	800,000	0	0	800,000
Service areas	0	28,000	0	0	28,000
<hr/>					
Total	60,546,815	9,264,303	0	-22,639,890	47,171,228
<hr/>					

Other intangible assets refer to the residual value of costs for the Mestre motorway bypass (Passante di Mestre), for the auxiliary and completion works on the Passante di Mestre, the compensation payable to Società delle Autostrade di Venezia e Padova S.p.A., other works completed on the stretch of motorway managed, safety guarantee works on the stretch of the SP 81 between the new Mira/Oriago motorway station and the roundabout in Malcontenta on the SS 309, works to remedy problems on the San Giuliano interchange in Mestre and costs associated with the loan agreement with CDP for EUR 423,500,000.

Amortisation is applied on a straight-line basis over the entire duration of the management licence.

The changes in other intangible assets during the year can be summarised as follows:

Other intangible assets	Historical cost			Accumulated amortisation				Net intangible assets	
	Balance at 31.12.2012	Increases from acquisitions	Decreases	Balance at 31.12.2013	Balance at 31.12.2012	Amortisation for the year	Decreases	Balance at 31.12.2013	Balance at 31.12.2013
Mestre motorway bypass (Passante di Mestre)	805,199,639	0	100,000,000	705,199,639	130,683,192	28,725,822	0	159,409,014	545,790,625
Auxiliary and completion works	79,701,391	12,252,877	0	91,954,268	2,335,625	4,405,210	0	6,740,835	85,213,433
Compensation due to Soc. Ve/Pd	74,689,185	0	0	74,689,185	9,981,015	3,235,409	0	13,216,424	61,472,761
Other works completed on the stretch of motorway managed	3,096,752	681,287	0	3,778,039	332,434	157,597	0	490,031	3,288,008
SP81 safety guarantee works	5,354,818	27,563	0	5,382,381	385,276	249,855	0	635,131	4,747,250

San Giuliano interchange, Mestre	7,746,853	0	0	7,746,853	706,013	352,042	0	1,058,055	6,688,798
Costs relating to the loan agreement with CDP	0	9,705,726	0	9,705,726	0	752,807	0	752,807	8,952,919
Total	975,788,638	22,667,453	100,000,000	898,456,091	144,423,555	37,878,742	0	182,302,297	716,153,794

The construction costs of EUR 805,199,639 for the Mestre motorway bypass (Passante di Mestre), which the Company is obliged to reimburse to ANAS in compliance with art. 2, paragraph 290 of Italian Law 244/2007 and art. 6.2 of the concession agreement, include the actual costs incurred of EUR 986,400,000, financial charges capitalised as at the inauguration date of the Passante of EUR 20,828,985, less public grants (in accordance with CIPE Resolution no. 92 of 31 October 2002) of EUR 113,116,500 already collected by ANAS S.p.A., public grants (pursuant to art. 1, paragraph 78, sub-paragraphs c) and i) of Italian Law 266/2005) of EUR 70,537,502 recognised in 2011 as a direct deduction from the cost of the Passante di Mestre, as well as net revenue relating to the additional km travelled charged prior to the opening of the Passante, considered equivalent to public grants, of EUR 18,375,345. The construction costs for the Passante also include EUR 35,297,480 relating to the “high cost of steel” compensation and the related fund pursuant to art. 135, paragraph 4, Italian Legislative Decree 163/2006. This fund was already appropriated by ANAS as a ministerial grant, thereby resulting in the elimination of this item which therefore generates no economic or financial effect.

The auxiliary and completion works now operative include the following: “Passante Verde” landscaping, environmental mitigation works, feed lanes to the Passante (Campocroce bypass, A4-SP64 slip road in the Municipality of Mogliano Veneto, SP27 Via Dante in the Municipality of Mirano) and auxiliary works on the main barrier (Robegano bypass, removal of the Roncade motorway barrier in the Municipality of Mogliano Veneto).

The takeover compensation, which the Company is required to pay pursuant to art. 6.3 of the concession agreement, refers to investment costs not yet amortised by Società delle Autostrade di Venezia e Padova S.p.A. at the date of transfer of operations of the stretches of motorway on 1 December 2009. The amount of the compensation was determined by ANAS S.p.A. and officially notified the Company of the amount on 8 March 2010.

Other works completed on the stretch of motorway managed refer to new road signs for EUR 185,756; works on the chloride storage system for EUR 175,769; automation of the toll collection systems for EUR 1,437,625; enhancement of the electronic traffic management systems for EUR 443,073; remotization of access to the Preganziol and Spinea stations for EUR 39,491; storm drain grids on the Passante for EUR

223,170; optical fibre infrastructures for EUR 215,053; the Cronos collection system for EUR 211,000 and other works for EUR 847,102.

The costs incurred for safety guarantee works on the stretch of the SP 81 between the new Mira-Oriago motorway station and the roundabout in Malcontenta on the SS 309 and those incurred for reorganisation of the San Giuliano interchange in Mestre form part of the contractual commitments of Società delle Autostrade di Venezia e Padova S.p.A. accepted by CAV on takeover of the management licence. Such financial action refers to the completion of works for which ownership and maintenance responsibility remains with third parties.

The costs associated with the loan agreement include fees payable to CDP for EUR 8,470,000 and to the EIB for EUR 1,050,000, legal advisory fees for EUR 120,432 and notary costs for EUR 65,294.

The stretch of motorway managed includes the network under licence which comprises: the Passante di Mestre (on the A4 - closed system) with a conventional length of 32.326 km; the Padova-Venezia stretch of motorway (part A4 and part A57 - closed system) of 23.300 km; the open system stretch of motorway (A57) relating to the Tangenziale Ovest di Mestre (9.100 km) and the ring road for the "Marco Polo" Venezia/Tessera Airport (9.400 km). The total length is 74.126 km. Six stations are managed, i.e.: Venezia/Mestre, Mira/Oriago, Mirano/Dolo and Padova Est (on the old stretch); Spinea and Preganziol (on the Passante).

Tangible assets

Tangible assets are recognised in the financial statements net of accumulated depreciation.

	Balance at 31.12.2012	Increase	Decrease	Balance at 31.12.2013
Land and buildings	29,612	0	3,484	26,128
Plant and machinery	216,059	118,005	114,325	219,739
Industrial and commercial equipment	34,991	14,597	6,578	43,010
Other tangible assets	539,684	39,070	154,151	424,603
Total tangible assets	820,346	171,672	278,538	713,480

Land and buildings refer to light constructions.

Plant and machinery refer to snow clearance and gritting plants for EUR 579,763 and to other plant and machinery for EUR 50,864.

Industrial and commercial equipment refer to miscellaneous and minor equipment.

Other assets include ordinary office furniture and equipment, electronic machines, electromechanical machines, computers, telephone systems, cars and other vehicles.

Of the EUR 171,672 increase in tangible assets, EUR 118,005 refers to snow clearance plants.

The decrease refers to depreciation for the year and to the sale of certain assets. The depreciation is calculated according to the rates indicated previously and which are considered to represent the estimated residual useful life of the assets.

The changes during the year can be summarised as follows:

Tangible assets	Historical cost			Accumulated depreciation			Net tangible assets		
	Balance at 31.12.2012	Increases from acquisitions	Decreases from sales	Balance at 31.12.2013	Balance at 31.12.2012	Depreciation for the year	Decreases from sales	Balance at 31.12.2013	Balance at 31.12.2013
Land and buildings	34,838	0	0	34,838	5,226	3,484	0	8,710	26,128
Plant and machinery	512,622	118,005	0	630,627	296,563	114,325	0	410,888	219,739
Industrial and commercial equipment	47,513	14,597	0	62,110	12,522	6,578	0	19,100	43,010
Other tangible assets	903,278	39,070	2,497	939,851	363,594	152,833	1,179	515,248	424,603
Total	1,498,251	171,672	2,497	1,667,426	677,605	277,220	1,179	953,946	713,480

Financial assets

The financial assets consist of investments. The changes during the year can be summarised as follows:

	Balance at 31.12.2012	Increase	Decrease	Balance at 31.12.2013
Associates:				
• Servizi Utenza Stradale S.C.p.A.	294,351	5,416	0	299,767
Other companies:				
• Consorzio Autostrade Italiane Energia	1,058	0	0	1,058
Total	295,409	5,416	0	300,825

The increase relates to revaluation of the investment measured at equity on the basis of the 2013 draft financial statements prepared by the Board of Directors.

In compliance with the provisions of art. 19, paragraph 5, Italian Law 136/99, figures are provided in relation to transactions with the associate Servizi Utenza Stradale S.C.p.A.: a) revenue of EUR 52,989

deriving from the administrative service (EUR 42,820) and from advertising management (EUR 10,169); b) costs of EUR 206,768 deriving from the sharing of “Viaggiando ti informiamo” call center costs.

Summary data for the investees is provided below:

	Registered office	Share capital	Equity	Profit for the year	% owned
Associates:					
• Servizi Utanza Stradale S.C.p.A. (*)	Cessalto (TV)	516,460	1,199,069	21,665	25.00
Other companies:					
• Consorzio Autostrade Italiane Energia (**)	Rome	107,112	107,112	0	0.90

(*) The figures refer to the draft Financial Statements at 31 December 2013

(**) The figures refer to the Financial Statements at 31 December 2013

For further information, reference should be made to the paragraph “Investees” in the Report on Operations.

Inventories

This item increased by EUR 92,822 and breaks down as follows:

	2012	2013
Consumer goods	120,431	110,544
Maintenance-related goods	843,517	946,226
Total	963,948	1,056,770

Receivables

These totalled EUR 287,318,134 and recorded an increase of EUR 85,124,197 compared to the previous year.

The receivables due beyond 5 years total EUR 14,107,500 and refer to receivables from ANAS for grants to be collected.

This item breaks down as follows:

	2012	2013
Trade receivables	5,964,997	4,883,978
Tax receivables	95,684,623	79,169,515
Deferred tax assets	2,571,882	1,593,793
Receivables from others:		
• due within 12 months	60,339,668	168,734,481
• due after 12 months	37,632,767	32,936,367
Total	202,193,937	287,318,134

Trade receivables decreased by EUR 1,081,019 with breakdown as follows:

	2012	2013
From customers	2,263,463	128,354
From customers for invoices to be issued	3,701,534	4,755,624
Total	5,964,997	4,883,978

Receivables for invoices to be issued include EUR 3,800,935 in royalties relating to the service areas.

Tax receivables decreased by EUR 16,515,108 compared to the previous year:

	2012	2013
IRES tax receivable	5,780,590	2,562,463
IRAP tax receivable	713,041	0
VAT receivable	88,869,773	76,284,083
Tax receivable, art. 2, para. 1-quater, Law Decree 201/2011	321,219	321,219
Employee withholdings receivable, art. 11, Law Decree 47	0	1,750
Total	95,684,623	79,169,515

The VAT receivable was calculated on invoices received from ANAS S.p.A. as chargeback of costs for the Passante di Mestre and for auxiliary and completion works.

The receivable pursuant to art. 2, paragraph 1-quater, Italian Law Decree 201/2011 refers to the claim for IRES tax reimbursement due to the non-deduction of IRAP on personnel costs and similar.

Deferred tax assets decreased by EUR 978,089 compared to the previous year and refer to:

	2012		2013	
	Total temporary differences	Tax effect	Total temporary differences	Tax effect
Directors remuneration	4,680	1,287	4,680	1,287
Maintenance on tangible assets	112,751	31,006	90,200	24,805

Allocation to provision for renewals	7,384,112	2,030,631	5,667,738	1,558,628
Taxes	0	0	32,993	9,073
Interest expense	1,854,507	508,958	0	0
Total	9,356,050	2,571,882	5,795,611	1,593,793

Other receivables increased by EUR 103,698,413 with breakdown as follows:

	2012	2013
Interconnected motorway companies	24,379,107	26,247,156
Receivables from ANAS		
• Receivable for public grant, art. 1, para. 1045, Italian Law 296/2006	0	100,000,000
• Receivable for public grant, art. 1, para. 78, Italian Law 266/2005:		
• due within 12 months	32,917,502	37,620,002
• due after 12 months	37,620,000	32,917,500
• Interest income receivable	1,165,189	2,273,913
• Receivable for collection costs	806,112	806,112
Miscellaneous		
• due within 12 months	1,071,758	1,787,298
• due after 12 months	12,767	18,867
Total	97,972,435	201,670,848

Receivables due from the interconnected motorway companies refer to the settlement of positions deriving from the interconnection.

The receivable from ANAS S.p.A. totalling EUR 173,617,527 comprises: a) the public grant of EUR 100,000,000 (pursuant to art. 1, paragraph 1045, Italian Law 296/2006) for which the conditions are confirmed for recognition in the financial statements); b) the public grant of EUR 70,537,500 (pursuant to art. 1, paragraph 78, sub-paragraphs c) and i), Italian Law 266/2005) to be collected by ANAS according to the methods and timing envisaged in Interministerial Decree no. 2428 of 5 March 2008, registered with the Court of Auditors on 7 May 2008, and which will be transferred to CAV pursuant to art. 7 of the concession

agreement (receivables due within 12 months include the first eight instalments of EUR 4,702,500 each for the years 2007-2014; receivables due after 12 months include the annual amounts to be collected in the years 2015-2021); c) interest income of EUR 2,273,913 accrued on the aforementioned grants; and d) collection costs relating to the additional km travelled for the period prior to opening of the Mestre motorway bypass (Passante di Mestre), charged to CAV but payable by ANAS.

Miscellaneous receivables due within 12 months include: a) amounts due from the Veneto Regional Government (EUR 1,244,337) for the portion of the funding associated with safety guarantee works on the SP 81; b) other receivables for EUR 542,961. Miscellaneous receivables due after 12 months totalling EUR 18,867 refer to guarantee deposits.

Other receivables are recognised net of the allowance for doubtful debts and amount to EUR 180,653, which corresponds to 100% of the receivable due from a company declared bankrupt in 2013.

Cash and cash equivalents

This item increased by EUR 44,039,521 and breaks down as follows:

	2012	2013
Bank and postal deposits	8,156,643	52,752,932
Cash on hand	624,115	67,347
Total	8,780,758	52,820,279

Bank and postal deposits refer to: a) postal deposits for EUR 263,828; b) bank deposits for EUR 51,409,452; c) toll payments not yet credited to the current account for EUR 1,079,652.

Accrued income and prepaid expense

An increase of EUR 2,174 was recorded compared to the previous year.

	2012	2013
Prepaid expense	1,471	3,645

Information on the balance sheet: liabilities

Equity

Equity increased by EUR 9,781,643 compared to the previous year and breaks down as follows:

	Balance at 31.12.2012	Increase	Decrease	Balance at 31.12.2013
I. Share capital	2,000,000	0	0	2,000,000
IV. Legal reserve	400,000	0	0	400,000
VII. Other reserves:				
- Extraordinary reserve	44,265,173	3,376,210	0	47,641,383
- Non-distributable reserve, art. 2426 Civil Code	3,068	17,342	0	20,410
- Restricted reserve for sanctions and penalties	175,000	0	0	175,000
- Restricted reserve for maintenance works differences	0	918,054	0	918,054
IX. Profit (loss) for the year	4,311,606	9,781,643	4,311,606	9,781,643
Total	51,154,847	14,093,249	4,311,606	60,936,490

The *share capital* consists of 2,000,000 shares with a nominal value of EUR 1.00 each.

On 22 April 2013 the Shareholders' Meeting approved the allocation of 2012 profit for the year of EUR 4,311,606 as follows: EUR 3,376,210 to the extraordinary reserve; EUR 17,342 to the non-distributable reserve pursuant to art. 2426 of the Italian Civil Code; and EUR 918,054 to the restricted reserve for maintenance works differences.

The *restricted reserve for sanctions and penalties* originates from two sanctions inflicted by the Ministry for Infrastructures and Transport - SVCA (of which EUR 150,000 notified on 9 April 2010 and EUR 25,000 notified on 5 March 2012) which did not demand payment of the penalty but ordered allocation of the corresponding amounts to a special restricted reserve.

The restricted reserve for maintenance works differences originates from a specific request by the Ministry for Infrastructures and Transport - SVCA which takes into account the difference between maintenance works completed in the period 2010-2012 and the amount envisaged in the financial plan.

The following tables indicate the equity items, with specification for the last three years of the source, utilisation and distribution options and any utilisation actually made.

Nature/Description	Amount	Utilisation options	Distributable portion	Summary of utilisation in the last three years	
				To cover losses	Other reasons
Capital					
Share capital	2,000,000				
Profit reserves					
Legal reserve	400,000	B	0	-	-
Extraordinary reserve	47,641,383	A, B, C	47,641,383		
Non-distributable reserve, art. 2426	20,410	A, B	20,410		
Restricted reserve	175,000	B	0		
Restricted reserve	918,054	B	0		
Total	51,154,847		47,661,793		
Non-distributable portion			20,410		
Residual distributable portion			47,641,383		

Key

A: for share capital increase

B: to cover losses

C: for distribution to shareholders

	Share capital	Legal reserve	Extraordinary reserve	Restricted reserve - penalties	Restricted reserve - maintenance	Non-distributable reserve, art. 2426	Profit for the year	Total
Opening balance 2012	2,000,000	400,000	27,243,118	150,000	0	251	17,049,872	46,843,241
Extraordinary reserve			17,022,055					17,022,055
Restricted reserve				25,000				25,000
Non-distributable reserve, art. 2426						2,817		2,817
Utilisation of 2011 profit for the year							-17,049,872	-17,049,872
2012 profit for the year							4,311,606	4,311,606
Closing balance 2012	2,000,000	400,000	44,265,173	175,000	0	3,068	4,311,606	51,154,847
Extraordinary reserve			3,376,210					3,376,210
Restricted reserve					918,054			918,054
Non-distributable reserve, art. 2426						17,342		17,342
Utilisation of 2012 profit for the year							-4,311,606	-4,311,606
2013 profit for the year							9,781,643	9,781,643
Closing balance current year	2,000,000	400,000	47,641,383	175,000	918,054	20,410	9,781,643	60,936,490

Provisions for risks and charges

A net increase of EUR 711,458 was recorded. The changes during the year were as follows:

	Balance at 31.12.2012	Increase	Decrease	Balance at 31.12.2013
Provision for risks	150,000	0	0	150,000
Provision for renewals	11,738,851	11,776,505	11,065,047	12,450,309
Total	11,888,851	11,776,505	11,065,047	12,600,309

The *provision for risks* refers to the sanction of EUR 150,000 notified by the Ministry for Infrastructures and Transport - SVCA. The Company filed an appeal with the State Council against this measure.

The change in the *provision for renewals* refers to allocations for the year. Reference should be made to the paragraph on measurement criteria for a description of the nature of this item.

Post-employment benefits

A net increase of EUR 25,764 was recorded. The changes during the year were as follows:

	Balance at 31.12.2012	Increase	Decrease	Balance at 31.12.2013
Post-employment benefits	531,303	859,523	833,759	557,067

The increase refers to the allocation for the year. Amongst other things the decrease includes EUR 49,589 for advances and termination settlements and EUR 760,179 for transfer of sums to INPS, the post-employment benefits guarantee fund (TFR), the Astri fund and other forms of supplementary pensions.

Payables

These totalled EUR 1,031,138,814 and recorded a decrease of EUR 9,998,937. Payables due beyond 5 years total EUR 271,285,000 and refer to repayment of the EIB/CDP loan of EUR 350,000,000. There are no collateralised debts. This item breaks down as follows:

A) Bank debt

This item increased by EUR 423,500,000 compared to the previous year. This item breaks down as follows:

	2012	2013
EIB/CDP senior loan	0	350,000,000
CDP loan - VAT	0	73,500,000
Total	0	423,500,000

The bank debt refers to the loan agreement signed by the Company with Cassa Depositi e Prestiti for a total of EUR 423,500,000. The loan was disbursed on 30 April 2013 and on the same day the amount was transferred to ANAS as a EUR 350,000,000 part-reimbursement of the costs incurred for construction of the Mestre motorway bypass (Passante di Mestre) and EUR 73,500,000 VAT resulting from the invoicing of these costs. Cassa Depositi e Prestiti intermediated the funds made available by the European Investment Bank (EIB) for EUR 350,000,000 (senior loan) and disbursed EUR 73,500,000 from CDP's own funds (VAT

loan). The duration of the senior loan is 15 years, expiring on 31 December 2027, whilst the VAT credit facility will expire on 31 December 2015.

B) Trade payables

This item decreased by EUR 1,002,867 compared to the previous year. It breaks down as follows:

	2012	2013
Suppliers	1,719,668	1,628,398
Suppliers for invoices to be received	5,507,413	4,623,689
Contract guarantee deposits	75,880	48,007
Total	7,302,961	6,300,094

C) Payables to associates

This item decreased by EUR 8,709 compared to the previous year.

	2012	2013
Payables to associates	8,709	0

D) Tax payables

This item increased by EUR 269,626 and breaks down as follows:

	2012	2013
IRPEF tax payable on employee and freelance contracts	467,265	450,477
IRAP tax payable	0	286,414
Total	467,265	736,891

E) Social security payables

This item increased by EUR 71,043 compared to the previous year.

	2012	2013
Social security payables	1,047,097	1,118,140

F) Other payables

This item increased by EUR 432,828,030 compared to the previous year and breaks down as follows:

	2012	2013
Interconnected motorway companies	6,124,878	7,544,322
Government revenue		
• Licence fee (MEF)	1,465,351	1,587,887
• Licence fee (ANAS)	1,061,117	1,149,849
• Sub-licence fee (ANAS)	59,843	0
• Sub-licence fee (MIT-SVCA)	15,956	3,428
Personnel	881,989	983,522
ANAS payables		
• Construction costs reimbursement - Mestre Motorway Bypass (Passante di Mestre) and related auxiliary and completion works (invoices to be received)	937,836,724	490,114,222
• Capitalised interest expense	20,828,985	20,828,985
• Accrued interest expense	57,912,811	71,074,982
• Additional km travelled	5,952,676	5,952,676
• Other payables	0	46,245
Miscellaneous	171,389	197,571
Total	1,032,311,719	599,483,689

The payables due to the interconnected motorway companies refer to the settlement of financial positions deriving from the interconnection.

The amount due to "Government revenue" totalling EUR 2,741,164 refers to the licence fee pursuant to art. 1, paragraph 1020, Italian Law 296/2006 payable to the State (58%) and to ANAS (42%), and to the sub-licence fee pursuant to art. 13 of the Agreement payable to the Ministry for Infrastructures and Transport - SVCA.

Payables due to personnel include amounts relating to the Christmas salary bonus and to leave not taken. The amount payable to ANAS totalling EUR 588,017,110 includes: a) the reimbursement of construction costs for the Mestre motorway bypass (Passante di Mestre) and for the auxiliary and completion works already invoiced for EUR 7,203,280 and not yet invoiced for EUR 482,910,942; b) capitalised interest expense referring to interest accrued prior to the inauguration date of the Passante for EUR 20,828,985; c) interest expense accrued since the Passante opened, on 8 February 2009, on amounts advanced by ANAS for EUR 71,074,982; d) the amount relating to additional km travelled for the period prior to opening

of the Mestre motorway bypass (Passante di Mestre) for EUR 5,952,676; e) other payables for EUR 46,245. For a general overview of receivables and payables between ANAS and CAV, reference should be made to the paragraph “The administrative and accounting position between CAV and ANAS” under “Relations with ANAS S.p.A.”.

Accrued expense and deferred income

An increase of EUR 83,516 was recorded compared to the previous year.

	2012	2013
Deferred income	259,856	343,372

Memorandum accounts

The memorandum accounts consist of:

	2012	2013
Leased assets	105,375	100,350

Leased assets refer to the Viacards sold at the Service Centre on behalf of Autostrade per l'Italia S.p.A.

Information on the income statement

Production value

This totalled EUR 134,247,998 and increased by EUR 8,010,472 (6.35%) compared to the previous year.

This item breaks down as follows:

A) Revenue from sales and services

Revenue from sales and services can be broken down as follows:

	2012	2013
Toll income:		
• toll income	105,269,496	114,072,362
• Licence fee integration (Law 102/09 and Law 122/2010)	13,476,531	13,193,768
Other motorway income:		
• service areas	3,483,134	3,516,883
• sharing of collection costs with interconnected motorway companies	1,449,401	1,456,124
• recovery of costs for exceptional transits and non-payments	775,097	737,285
Total	124,453,659	132,976,422

Toll revenue refers to the proceeds from travel on the various stretches of motorway operated by the Company. Specifically: traffic on the Passante di Mestre (A4) and traffic on the Padova-Venezia/Mestre stretch (part A4 and part A57) in the closed system, as well as open system traffic transiting the toll barriers of Venezia/Mestre, Mira/Oriago (on the A57 managed by CAV), Venezia (on the A27 managed by Autostrade per l'Italia) and Venezia Est (on the A4 managed by Autovie Venete), where a toll is applied for 6.200 km (relating to the Tangenziale di Mestre) and 18.700 km (as additional km travelled to finance the Passante).

In 2013 income from tolls (net of the ANAS fee integration) increased in absolute terms by EUR 8,802,866 (+8.36%). This situation arose due to three factors: two negative (relating to traffic) and one positive (relating to tariffs).

As regards traffic, we recorded an overall decline of 2.37% in paying vehicles per kilometre, contributing to which - in addition to the general negative trend - was the decrease (400 metres) in additional km travelled charged at the toll barriers (from 19.100 km to 18.700 km).

With regard to tariffs, note that these increases (13.55% on the Passante and 13.19% on all other stretches managed). On these issues reference should be made to the specific chapter in the report.

The licence fee integration in favour of ANAS was calculated according to art. 15, paragraph 4, Italian Law Decree 78/2010, converted to Law 102/2010. In 2013 (as in 2012) for every kilometre travelled 6 thousandths was applied for classes A and B, and 18 thousandths for classes 3, 4 and 5. As a result of the decrease in traffic the ANAS fee integration reduced by EUR 282,763 (-2.10%).

Income from the service areas refers to royalties payable by the oil companies and by the hotels, food and beverage companies on sales and activities conducted in those service areas. There are four service areas: two on the closed system, Arino Ovest and Arino Est (located near the junction of the Passante di Mestre) and two on the open system, Marghera Ovest and Marghera Est (located at the Marghera roundabout). At the Marghera Est service area there is also a hotel.

This income increased in absolute terms by EUR 33,749 (+0.97%) in affected negatively on the one hand by the general and contingent decline in sales revenue and consumption, and positively on the other hand in relation to the overcoming of previous operating and management difficulties associated with modernisation works at the Arino Est and Ovest service areas on opening of the new fuel distribution and restaurant areas.

Income from the sharing of collection costs with interconnected motorway companies also increased slightly by 0.46%. It has to be remembered that this revenue item originates from the provisions of art. 17 of the interconnection agreement among all the Italian motorway management companies and from a specific bilateral agreement with Società Brescia-Verona-Vicenza-Padova S.p.A. in relation to the Padova Est station.

For further information on traffic and tariffs, reference should be made to the paragraph "Motorway Management" in the Report on Operations.

B) Other revenue and income

	2012	2013
Other revenue and income	1,783,867	1,271,576

Other revenue and income includes income for sub-licences of EUR 315,481, compensation for damages caused to motorway equipment by users of EUR 261,835, administrative service EUR 42,820, contract work EUR 21,086, reimbursement of A57/A27 lighting costs of EUR 113,425, contingent assets of EUR 393,477 and other revenue of EUR 123,452.

Production costs

These totalled EUR 95,457,705 and decreased by EUR 4,134,512 (4.15%) compared to the previous year.

This item breaks down as follows:

A) Costs for raw materials and consumables

This item recorded an increase of EUR 92,520 (8.17%) compared to the previous year and breaks down as follows:

	2012	2013
Purchase of maintenance-related goods	556,391	662,728
Purchase of other goods	575,664	561,847
Total	1,132,055	1,224,575

B) Service costs

This item comprises:

	2012	2013
Maintenance and renewals:		
• annual	6,905,265	6,909,462
• periodic	3,147,599	3,736,049
Contract work	39,472	21,086
Operating services:		
• sharing of collection costs	4,228,755	4,209,029
• processing of traffic and proceeds data	914,379	811,044
• electricity	2,241,641	2,086,542
• other	904,361	948,917
Administrative services:		
• professional administrative services	471,954	608,751
• professional technical services	140,679	256,816
• insurance	394,893	388,343
• telephone costs	52,595	56,048
• meal vouchers	214,900	206,203
• tender commissioners	125,028	215,567
• other	159,988	152,604
Directors remuneration	173,673	159,789
Statutory Auditors remuneration	106,875	64,864
Supervisory Board remuneration	43,643	58,136
Total	20,265,700	20,889,250

Service costs increased by EUR 623,550 (3.08%) compared to the previous year.

Maintenance amounted to EUR 10,645,511 (EUR 10,052,864 in the previous year), recording an increase of EUR 592,647 (5.90%).

For further information on maintenance works, reference should be made to the paragraph "Maintenance" in the Report on Operations.

Directors remuneration includes fees (EUR 148,932) and social security payables (EUR 10,857).

The Board of Statutory Auditors remuneration includes fees (EUR 37,962), fees for attendance of corporate body meetings (EUR 16,128), social security payables (EUR 4,288) and reimbursement of expenses (EUR 6,486).

C) Lease and rental expenses

	2012	2013
Lease and rental expenses	604,442	642,289

Lease and rental expenses increased compared to the previous year by EUR 37,847, and refer to car rental (EUR 624,861) and other rentals (EUR 17,428).

D) Personnel costs

This item breaks down as follows:

	2012	2013
Salaries and wages	11,444,652	12,037,171
Social security contributions	3,645,104	3,824,309
Post-employment benefits	826,831	859,523
Other costs	402,885	428,353
Total	16,319,472	17,149,356

Personnel costs increased by a total of EUR 829,884 (4.09%) compared to the previous year.

During the year the average workforce numbered 238.61 (236.36 in the previous year), and therefore the average cost per member of staff was EUR 71,872 (EUR 69,045 the previous year).

Detailed below are the changes recorded during the year in the average workforce, with breakdown by category.

	31.12.2012	31.12.2013	Average workforce 2013
Senior managers	3	4	3.06
Middle Managers	8	8	8
Admin. staff:	133	133	131.68
• full time	112	114	
• part time	19	18	
• short-term contract	2	1	
Toll collection staff:	87	88	87.84 (*)
• full time	66	65	
• part time	21	19	
• short-term contract	0	4	
Manual workers	7	8	8.03
Total	238	241	238.61

(*) The average number of collection agents was calculated by also taking into account short-term contract staff (13 in 2013).

E) Amortisation, depreciation and write-downs

Amortisation, depreciation and write-downs decreased by EUR 1,896,027 compared to the previous year and breaks down as follows:

	2012	2013
Amortisation of intangible assets	40,033,621	37,921,480
Depreciation of tangible assets	241,759	277,220
Write-down of receivables classified as current assets	0	180,653
Total	40,275,380	38,379,353

Amortisation of intangible assets refers to: a) software amortisation for EUR 42,738; b) amortisation of *other intangible assets* for EUR 37,878,742, the breakdown and changes for which are detailed in the explanatory notes section on *intangible assets*. A detailed breakdown of the *depreciation of tangible assets* is provided in the explanatory notes section on changes in *tangible assets*.

The *write-down of receivables classified as current assets* refers to 100% of the receivable due from a company declared bankrupt in 2013.

F) Changes in inventories

	2012	2013
Changes in inventories	10,005	-92,822

Changes in inventories represent the difference between the opening balance of inventories of EUR 963,948 and the closing balance of EUR 1,056,770.

G) Other provisions

	2012	2013
Allocation to provision for renewals	11,738,851	11,776,505
Utilisation of provision for renewals	-7,186,624	-11,065,047
Total	4,552,227	711,458

Allocations to the provision for renewals are performed by taking into account future schedules for periodic maintenance works and renewals.

H) Other operating costs

This item increased by EUR 121,310 compared to the previous year (0.74%) and breaks down as follows:

	2012	2013
Taxes	226,909	226,135
Licence fee integration, art. 19, para. 9-bis, Italian Law 102/09	13,476,531	13,193,768
Licence fee, art. 10 Italian Law 537/93 and art. 1 para. 1020 Italian Law 296/2006	2,526,468	2,737,737
Sub-licence fee, art. 13 of the Agreement	75,799	76,647
Other costs	127,229	319,959
Total	16,432,936	16,554,246

The licence fee integration, as most recently established in art. 15, paragraph 4 of Italian Law 122/2010 is payable to ANAS. This integration, applied to each kilometre travelled, is 6 thousandths of a Euro for classes A and B, and 18 thousandths of a Euro for classes 3, 4 and 5.

The licence fee, pursuant to art. 1, paragraph 1020, Italian Law 296/2006, is also envisaged in art. 12 of the Agreement as 2.4% of net income from tolls. 42% of this is paid to ANAS and the remaining 58% to the State.

The sub-licence fee payable to the Ministry for Infrastructures and Transport - SVCA is envisaged in art. 13 of the Agreement as 2% of income deriving from add-on activities.

Financial income and charges

This item breaks down as follows:

	2012	2013
Financial income:		
• other income	581,343	1,144,671
Interest and other financial charges	19,594,565	24,125,860
Total	- 19,013,222	-22,981,189

The *financial income* includes: EUR 26,182 interest income on bank and post office current accounts, EUR 1,108,724 interest on receivables from ANAS for public grants and EUR 9,765 other interest income.

Interest and other financial charges include: a) interest expense of EUR 15,315,905 accrued on amounts payable to ANAS; b) interest expense of EUR 8,697,801 accrued on the bank loan (of which EUR 6,799,674 on the senior loan and EUR 1,898,127 on the VAT loan; c) other interest expense of EUR 112,154.

Value adjustments to financial assets

This item breaks down as follows:

	2012	2013
Revaluation		
• of investments	17,343	5,416
Write-down		
• of investments	0	0
Total	17,343	5,416

Revaluation of investments refers to the increased value of the investee Servizi Utenza Stradale S.C.p.A., measured at equity.

Extraordinary income and charges

This item breaks down as follows:

	2012	2013
Extraordinary income	321,219	0
Extraordinary charges	0	0
Total	321,219	0

Income taxes

This item breaks down as follows:

	2012	2013
Income taxes		
• IRES	2,428,770	2,874,445
• IRAP	1,847,736	2,180,343
• deferred tax liabilities	0	0
• deferred tax assets	- 617,463	978,089
Total	3,659,043	6,032,877

Cash flow statement

	31/12/2012	31/12/2013	
A	Opening cash and cash equivalents	4,937,760	8,780,758
B	Cash flow generated by operating activities		
	Operating activities		
	Net profit for the year	4,311,606	9,781,643
	Amortisation of intangible assets	40,033,621	37,921,480
	Technical depreciation of tangible assets	241,752	277,220
	Provisions for post-employment benefits	826,831	859,523
	Allocations to provisions for risks and charges	11,738,851	11,776,505
	Use of provisions for risks and charges	-7,186,624	-11,065,047
	(Increase) Decrease in inventories	10,005	-92,822
	(Increase) Decrease in receivables	-91,067,807	-85,124,197
	(Increase) Decrease in accrued income and prepaid expense	1,876	-2,174
	(Decrease) Increase in post-employment benefits, net of provisions	-793,510	-833,759
	(Decrease) Increase in trade payables	1,615,970	-1,002,867
	(Decrease) Increase in payables to associates	-18,139	-8,709
	(Decrease) Increase in tax payables	-503,646	269,626
	(Decrease) Increase in social security payables	114,237	71,043
	(Decrease) Increase in other payables	76,258,256	-432,828,030
	(Decrease) Increase in accrued expense and deferred income	190,308	83,516
	TOTAL	35,773,587	-469,917,049
C	Cash flow generated by investing activities		
	Investing activities		
	Increase in intangible assets (net of grants and adjustments to depreciation reserve)	-31,718,114	90,632,340
	Increase in tangible assets	-195,132	-170,354
	Increase in financial assets	-17,343	-5,416
	TOTAL	-31,930,589	90,456,570
D	Cash flow generated from financing activities		
	Financing activities		
	Loans obtained	0	423,500,000
	Capital contributions	0	0
	TOTAL	0	423,500,000
E	Increase (decrease) in cash and cash equivalents	3,842,998	44,039,521
F	Closing cash and cash equivalents	8,780,758	52,820,279

Proposals to the Shareholders' Meeting

Dear Shareholders,

We have illustrated the main difficulties faced by the Board of Directors in 2013 and the significant events occurring during the year and after year end in the first six months of 2014.

We would like to thank the Shareholders for their trust and support of the Company, and at the same time express heartfelt appreciation for the Management and every member of staff who, working with professionalism and commitment, have helped us to achieve the objectives illustrated to you.

The Financial Statements as presented, and illustrated to you in terms of individual items, were prepared in compliance with current legal regulations.

The Board of Directors therefore invites you to:

- discuss and approve the Report on Operations and the Financial Statements at 31 December 2013, which comprise the balance sheet, income statement and the explanatory notes;
- allocate the 2013 profit for the year of EUR 9,781,643 as follows:
 - EUR 5,416 to the non-distributable reserve, pursuant to art. 2426 of the Italian Civil Code;
 - EUR 9,776,227 to the extraordinary reserve.

Venice, 31 March 2014

For the Board of Directors

CHAIRMAN

Tiziano Bembo

ANNEXES

– MIT Table: investments status

SUMMARY OF REVERTIBLE ASSET INVESTMENTS (Table 1)

Amounts in thousands of EUR

Reference Art. 2 of Agreement	Reference Annex H	Reference Annex D		Total planning and contractual figures		Accrued expense at 31/12/2012				Total at 31/12/2013				Notes
				Total gross amount approved	Total contractual net amount	Works	Available funds	Financial charges	Total	Works	Available funds	Financial charges	Total	
2.1.a	-	-	Mestre motorway bypass (Passante di Mestre)						968,025				968,025	1)
2.1.a	-	-	Public grants						-183,654				-283,654	1)
2.1.a	-	-	Capitalised financial charges					20,829	20,829				20,829	1)
2.1.b	-	-	Takeover indemnity						74,689				74,689	2)
2.1.c	H.1	a.	New road sign systems			186			186	186			186	3)
2.1.c	H.1	b.	Supply and laying of grids for Passante storm drains			223			223	223			223	3)
2.1.c	H.1	c.	Chloride storage plants			169			169	169			169	3)
2.1.c	H.1	d.	Automation of toll collection systems			1,637			1,637	1,717			1,717	3)
2.1.c	H.1	e.	Enhancement of electronic traffic management systems			443			443	443			443	3)
2.1.c	H.1	f.	Remotization of access to Preganziol and Spinea stations			39			39	39			39	3)
2.1.c	H.1	g.	Miscellaneous			841			841	1,069			1,069	3)
2.1.c	H.3	h.	Renovation of Mestre highway patrol station										300	4)
2.1.c	H.3	i.	Misc. road links: SP81 safety guarantee works on the SS309-Mira-Oriago station stretch						5,355				5,382	4)
2.1.c	H.3	j.	S. Giuliano SR14 interchange						7,747				7,747	4)
2.1.c	H.3	k.	Roundabout at Marco Polo ring road junction on SS14										800	4)
2.1.c	H.2	l.	Pianiga and Martellago toll gates and ring road serviceability			3,657	2,555	0	6,212	3,657	2,555		6,212	5)
2.1.c	H.2	m.	Bypass landscaping (Passante Verde)			10,894	7,836	0	18,730	12,401	7,883		20,284	5)
2.1.c	H.2	n.	Service areas										28	
2.1.c	H.2	o.	Environmental mitigation measures			3,291	22	0	3,313	3,291	22		3,313	5)
2.1.c	H.2	p.	Feed lane to motorway bypass			34,502	36,153	0	73,455	35,791	38,155		76,746	5), 6)
2.1.c	H.2	q.	Works auxiliary to main tender and updating of costs			11,690	17,801	0	29,491	11,722	19,654		31,376	5)
				0	0	67,571	64,367	20,829	1,027,730	70,708	68,269	0	935,922	

N.B: The above table summarises the investments in revertible assets. In its capacity as sole management Licensee, in effect CAV has not made (nor will it make) any direct investments, but in compliance with conventional arrangements operates either by reimbursing costs incurred by the actual builder or as the disburser of grants to third parties. The table is presented in any event.

Notes:

- 1) = The algebraic sum of these amounts constitutes the cost of the Passante di Mestre that CAV is expected to reimburse to ANAS. As these costs qualify as **reimbursement** of investments made by ANAS, no breakdown of works, available funds and financial charges is provided, except for the amount relating to capitalised financial charges.
- 2) = This refers to the compensation payable to the previous operator for the stretch of road indicated. For this reason no breakdown of works, available funds and financial charges is provided.
- 3) = These investments are covered in full in the Explanatory Notes under "Other works on the stretch managed", partly in "Intangible assets in progress" and partly in "Other intangible assets".
- 4) = This refers to conventional commitments qualifying as grants to third parties. For this reason no breakdown of works, available funds and financial charges is provided.
- 5) = These investments are covered in full in the Explanatory Notes under "Auxiliary and completion works on the Passante", partly in "Intangible assets in progress" and partly in "Other intangible assets".
- 6) = The "Total" differs from the algebraic sum of "Works" + "Available funds" due to inclusion of the construction grant for the Mogliano Veneto north bypass for € 2,800k which does not qualify as either works or as available funds.

– **Veneto Regional Government table**

COMPANY:		Concessioni Autostradali Venete - CAV S.p.A.			
A - I	In 2013 did the Company procure works, supplies and services from outside the company?	In 2013 did the Company apply the regulations stated in Italian Legislative Decree 163/2006, as envisaged in the directive?		Notes	
	YES	YES		CAV S.p.A. is a motorway management operator. In accordance with the Articles of Association and its contractual commitments, with regard to the procurement of works, supplies and services CAV applies the provisions of Italian Legislative Decree 163/2006, as amended.	
A - II	Did the company procure off-contract works, services and supplies in 2013?	Did the Company adopt the regulation for off-contract works, services and supplies as envisaged in the directive?		Regulation approval date	Notes
	YES	YES		13/09/2012	
B - I	(For companies instrumental to public services) Did the Company comply with Directive B-I in 2013?	Notes			
		CAV S.p.A. is a company established pursuant to art. 2, paragraph 290 of Italian Law 244/2007 which envisages: "Management activities, including routine and non-routine maintenance works auxiliary to, the motorway ring road linking the A4 motorway with the Venezia-Trieste spur, as well as the Venezia-Padova stretch of motorway, are transferred, after completion of the construction works, following expiry of the licence granted to Società delle Autostrade di Venezia e Padova S.p.A. to a public limited company established under the joint and equal ownership of ANAS S.p.A. and the Veneto Regional Government or one of its 100% subsidiaries". CAV S.p.A. provides a service placed on the market without backing from any public grant.			
C - I	In 2013 did the company comply with the limits envisaged in the directive for permanent personnel?	Did the company obtain authorisation from the Regional Government granting different limits to those envisaged for the recruitment of permanent personnel?		Indicate any Regional Government measures that authorised the exception and the number of personnel recruited as a result of that exception.	
	CAV S.p.A. does not qualify as one of the addressees of the "C" guidelines envisaged in Regional Government Resolutions 2951/2010 and 258/2013.	-----		-----	
C - I	No. permanent employees at 1 January 2012	No. permanent employees at 1 January 2013	No. permanent employees at 31 December 2013	Notes	
	232	236	236	CAV S.p.A. does not qualify as one of the addressees of the "C" guidelines envisaged in Regional Government Resolutions 2951/2010 and 25/2013.	
C - I	Permanent personnel costs 2012	Permanent personnel costs - contracts terminated in 2012	Permanent personnel costs 2013	Permanent personnel costs - 2013 recruits	Notes

	16,254,721.84	99,924.28	17,032,087.43	8,995.59	CAV S.p.A. does not qualify as one of the addressees of the “C” guidelines envisaged in Regional Government Resolutions 2951/2010 and 25/2013.
C - I	In 2013 did the company comply with the limits envisaged in the directive for short-term, temporary and project-based personnel?	Did the company obtain authorisation from the Regional Government granting different limits to those envisaged for the recruitment of short-term, temporary and project-based personnel?		Indicate any Regional Government measures that authorised the exception and the number of personnel recruited as a result of that exception.	
	CAV S.p.A. does not qualify as one of the addressees of the “C” guidelines envisaged in Regional Government Resolutions 2951/2010 and 258/2013.	-----		-----	
C - I	Short-term, temporary and project-based personnel costs 2009		Short-term, temporary and project-based personnel costs 2013	Notes	
	329,078.00		117,269.12	CAV S.p.A. does not qualify as one of the addressees of the “C” guidelines envisaged in Regional Government Resolutions 2951/2010 and 25/2013.	
C - II	Has the Company adopted a regulation for staff recruitment that complies with the principles established in art. 35, paragraph 3, Italian Legislative Decree 165/2001?	Regulation approval date	Has the Company adopted a regulation for the granting of assignments with the characteristics envisaged in the directive?	Regulation approval date	Notes
	YES	16/07/2010	NO		On 16 July 2010 CAV S.p.A. adopted its own guidelines that identify the criteria and methods for staff recruitment. With regard to the granting of assignments, at present there is no need to adopt a specific measure, though we can confirm that such a measure will be adopted if necessary.
D	In 2013 did the Company comply with the deadlines for the submission of reports on the remuneration payable to offices indicated in paragraph D-I of the directive?	Date and reference number of the submission notification	Notes		
	YES	15/01/2013 Prot. 643			

D	In 2013 did the Company comply with the deadlines for the submission of reports on the corporate bodies of investees pursuant to paragraph D-II of the directive?	Date and reference number of the submission notification	Notes
	YES	28/01/2013 Prot. 1256	
D	In 2013 did the Company comply with the deadlines for the submission of reports on objectives pursuant to paragraph D-III of the directive?	Date and reference number of the submission notification	Notes
	YES	28/03/2013 Prot. 4210	
D	In 2013 did the Company comply with the deadlines for the submission of reports on the monitoring of activities pursuant to paragraph D-IV of the directive?	Date and reference number of the submission notification	Notes
			No reports were produced as no conventions or service agreements have been signed with the Veneto Regional Government
D	In 2013 did the Company comply with the deadlines for the submission of reports on the budget pursuant to paragraph D-V of the directive?	Date and reference number of the submission notification	Notes
	YES	28/03/2013 Prot. 4210	

D	In 2013 did the Company comply with the deadlines for submission of Shareholders' Meeting minutes pursuant to paragraph D-VI of the directive?	Date and reference number of the submission notifications	Notes		
	YES	23/04/2013 Prot. 5359			
D	In 2013 did the Company comply with the deadlines for the submission of reports on investee system mapping pursuant to paragraph D-VII of the directive?	Date and reference number of the submission notification	Notes		
	YES	20/12/2013 Prot. 175			
E - I	In 2013 did the Company comply with the limits envisaged in the directive for costs associated with advisory studies and assignments?		In 2013 did the Company comply with the limits envisaged in the directive for costs associated with public relations, conferences, exhibitions, advertising and entertainment?		Notes
	YES		YES		
E - I	Cost for advisory studies and assignments in 2009	Cost for advisory studies and assignments in 2013	Costs for public relations, conferences, exhibitions, advertising and entertainment in 2009	Costs for public relations, conferences, exhibitions, advertising and entertainment in 2013	Notes
	166,677.00	0.00	118,013.00	0.00	CAV is not subject to the application of rules contained in art. 6, paragraphs 7, 8, 9, 11 and 20 of Italian Law Decree 78/2010.
E - I	Were costs incurred for sponsorships in 2013?	Total of any costs incurred for sponsorships in 2013	Notes		
	NO	0.00	CAV is not subject to the application of rules contained in art. 6, paragraphs 7, 8, 9, 11 and 20 of Italian Law Decree 78/2010.		
E - III	Did the Company distribute dividends in accordance with the directive?		Notes		

	NO	As stated in the CAV S.p.A. Articles of Association: "Net profit as emerging from the approved financial statements shall be used, unless otherwise envisaged by law, in compliance with the provisions of the CIPE Resolution of 26 January 2007".			
F - I	Are the limits of Directive F - I complied with for the company's management body?	Notes			
	YES				
F - II	Have the reductions referred to in Directive F - II been applied to the management body?	Date of the Shareholders' Meeting that approved the reduction	Remuneration established for the management body prior to the reduction	Remuneration established for the management body after the reduction	Notes
	YES	15/12/2011	180,000.00	162,000.00	
F - II	Have the reductions referred to in Directive F - II been applied to the control body?	Date of the Shareholders' Meeting that approved the reduction	Remuneration established for the control body prior to the reduction	Remuneration established for the control body after the reduction	Notes
	YES	15/12/2011	84,782.00	76,603.00	
G - I	Were the directives sent to the company's subsidiaries?	Has the company implemented a system of controls on compliance with the directives by its subsidiaries?	Any reports of non-compliance with directives by subsidiaries	Notes	
				CAV has no subsidiaries	
L	Indicate the companies for which powers of appointment were exercised in 2013	Was Directive L-III relating to dual office complied with for appointments made in 2013?	Was Directive L-IV relating to requirements complied with for appointments made in 2013?	Notes	
	Servizi Utenza Stradale S.C.p.A.	YES	YES		

M - I	Was the limit imposed by Directive M-I on staff pay complied with in 2013?	Any appointment and related amount exceeding the limit	Notes	
	YES		CAV does not qualify as one of the addressees of the "C" guidelines envisaged in Regional Government Resolutions 2951/2010 and 258/2013.	
M - IV	Did the Company comply with the spending limits for the purchase, maintenance, rental and operation of motor vehicles and for the purchase of taxi vouchers?	Indicate any exceptions covered by existing multi-year agreements	Notes	
	YES		All CAV S.p.A. vehicles are used for motorway service purposes as contractually required to perform the control, monitoring, surveillance, assistance, etc. as needed to guarantee user safety and to conduct normal official duties.	
M - IV	Total costs for the purchase, maintenance, rental and operation of motor vehicles and for the purchase of taxi vouchers in 2013.	Total costs for the purchase, maintenance, rental and operation of motor vehicles and for the purchase of taxi vouchers in 2011.	Notes	
	280,548.34	357,998.27		
	Name of company legal representative or appointed delegate	Signature	Place and date	
	Piero BUONCRISTIANO			

BOARD OF STATUTORY AUDITORS' REPORT

FINANCIAL STATEMENTS AT 31 DECEMBER 2013
BOARD OF STATUTORY AUDITORS' REPORT
PURSUANT TO ART. 2429, ITALIAN CIVIL CODE

Dear Shareholders,

In the year ending 31 December 2013 we performed the supervisory duties envisaged by law, adopting inter alia the Code of Conduct recommended by the Italian accounting profession.

In particular, we report the following:

- we monitored compliance with the law, sector regulations, the Articles of Association and the principles of sound administration;
- we attended Board of Directors' meetings and Shareholders' Meetings held in 2013, conducted in accordance with statutory, legal and regulatory provisions governing their operations and consequently we can reasonably confirm that the resolutions carried complied with the aforementioned provisions and the action taken was not evidently imprudent and/or in potential conflict of interest such as to compromise the integrity of the share capital;
- we obtained information from the Chief Executive Officer and the Board of Directors on general operating performance, on business outlook and on significant transactions performed by the Company.
- we obtained information on and supervised the adequacy of the organisational, administrative and accounting structure of the company by gathering information from the department managers and through meetings with the independent auditors, with a view to mutual exchange of data and significant information, and in this respect we have nothing to report;
- we verified that no reports were submitted pursuant to art. 2408 of the Italian Civil Code, and that no complaints of any kind had been received.

We also report that:

- the accounts were audited as envisaged in legal regulations by the independent auditors Ria Grant Thornton S.p.A. The periodic meetings held with this company produced no adverse findings;
- with regard to the debt position with ANAS, in relation to the construction costs for the Passante di Mestre, reference should be made to the Report on Operations prepared by the Board of Directors;
- the Board of Statutory Auditors did not issue any opinions during the year;
- no atypical or unusual transactions were implemented during the year;
- the Board of Statutory Auditors met with the Supervisory Board for the usual exchange of information and for presentation of its draft annual report.

Lastly, we have examined the financial statements at 31 December 2013, in reference to which we report that:

- ☐ as we are not required to analytically audit the content of the financial statements, we supervised the general format and overall compliance with legal provisions on their format and structure, and in this respect we have nothing to report.
- ☐ we verified compliance with the law in relation to preparation of the Report on Operations, and in this respect we have nothing to report.

- ❑ we confirmed compliance with the preparation principles pursuant to art. 2423-*bis* of the Italian Civil Code and with the measurement criteria indicated in art. 2426 of the Italian Civil Code;
- ❑ the explanatory notes contain the information required by art. 2427 of the Italian Civil Code with regard to related party transactions.
- ❑ as far as we are aware, in preparing the financial statements the Directors did not deviate from regulations pursuant to Art. 2423, paragraph 4 of the Italian Civil Code.
- ❑ we verified that the financial statements correspond with the facts and information of which we became aware through the performance of our duties and in this respect have nothing to report;
- ❑ during the course of the supervisory activities performed and on the basis of information obtained from the Independent Auditors, no omissions, censurable facts or irregularities or in any event significant events were found that would need to be reported to the supervisory authorities or in this report;
- ❑ the supervisory activities described above were performed in 7 meetings of the Board of Statutory Auditors and attendance at 6 meetings of the Board of Directors.

Given all of the above, and also considering the results of activities performed by the Independent Auditors, the results of which are contained in the special report issued on 11 April 2014, we propose that the Shareholders' Meeting approves the financial statements at 31 December 2013 as prepared by the Board of Directors, together with the related proposal for allocation of profit for the year.

Venice, 11 April 2014

The Board of Statutory Auditors

Antonia Salsone - Chairman ----- signed Antonia Salsone

Gaetana Celico - Standing Auditor ----- signed Gaetana Celico

Paolo Venuti - Standing Auditor ----- signed Paolo Venuti

INDEPENDENT AUDITORS' REPORT

**Auditors' Report in accordance with article 14 of the
Legislative Decree nr. 39 dated January 27, 2010**

(Translated from original in Italian)

**To the shareholders of
Concessioni Autostradali Venete C.A.V. S.p.A.**

1. We have audited the financial statements of Concessioni Autostradali Venete C.A.V. S.p.A. as of December 31, 2013. The preparation of these financial statements, in accordance with the applicable laws, is the responsibility of the Company Concessioni Autostradali Venete C.A.V. S.p.A' Directors. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with the auditing standards issued by the Italian Accounting Profession (CNDCEC) and recommended by Consob (the Italian Stock Exchange Regulatory Agency). Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by Directors, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

For the opinion on the financial statements of the prior year, which are presented for comparative purposes as required by law, reference should be made to our auditors' report issued on April 5, 2013.

3. In our opinion, the Financial Statements of Concessioni Autostradali Venete C.A.V. S.p.A. at December 31, 2013 have been prepared in accordance with applicable law and generally accepted accounting principles in Italy; accordingly, they present clearly and give a true and fair view of the financial position and the results of operations of the Company.

4. The directors of Concessioni Autostradali Venete C.A.V. S.p.A are responsible for the preparation of the Report on Operations in accordance with the applicable laws. Our responsibility is to express an opinion on the consistency of the Report on Operations with the financial statements, as required by law. For this purpose, we have performed the procedures required under Auditing Standard n. 001 issued by the Italian Accounting Profession (CNDCEC) and recommended by Consob. In our opinion the Report on Operations is consistent with the financial statements of Concessioni Autostradali Venete C.A.V. S.p.A. as of December 31, 2013.

Padua, April 11, 2014

Ria Grant Thornton S.p.A.

Signed by

Maurizio Finicelli
(Partner)

*This report has been translated into the English language solely for the convenience of international readers.
We have not examined the translation of the financial statements referred to this report*

SHAREHOLDERS' MEETING RESOLUTIONS

On 23 May 2014 the Shareholders of Concessioni Autostradali Venete - CAV S.p.A. held the ordinary Shareholders' Meeting, on second call, at the registered office in Marghera, Venice.

The Shareholders' Meeting was chaired by the Chairman of the Board of Directors, Tiziano Bembo.

The representatives of both the Shareholders that together hold the entire share capital of CAV S.p.A. were present: Vincenzo Acquafredda for ANAS S.p.A. and Renato Chisso for the Veneto Regional Government.

In addition to the Chairman, the Chief Executive Officer Piero Buoncristiano and the director Fabio Cadel were also present.

The standing auditor Gaetana Celico attended on behalf of the Board of Statutory Auditors.

*

The Chairman illustrated the financial statements at 31 December 2013, comprising the balance sheet, income statement and the explanatory notes, as prepared by the Board of Directors.

The Chairman emphasised the positive result in the financial statements, which recorded net profit of EUR 9.8 million: more than double that of 2012. The result was mainly due to the increase in toll revenue determined not so much by the traffic but by the tariff adjustment applied from 1 December 2013, after the previous two years had actually seen the tariffs decrease as a result of the bureaucratic delays in approving the Agreement signed in 2010 with ANAS, the contracting authority at that time.

After explaining the overall reduction in production costs, the Chairman pointed out that financial charges had increased considerably in relation to the financial transactions undertaken. In this respect, the Chairman reminded the meeting that in 2013 CAV obtained loans for a total of EUR 423.5 million, which allowed the transfer to ANAS of an initial consistent payment on account for reimbursement of the construction costs for the Passante di Mestre. CAV continued its search for other funding required to cover the debt to ANAS and in the first few months of 2014 had launched a funding transaction through the issue of Project Bonds, partly backed by the EIB, the acquisition of which will allow settlement of the aforementioned loan of EUR 423.5 million and the payment of a further amount against the debt to ANAS.

The Chairman then reported on certain issues that are extensively illustrated in the Report on Operations and in the explanatory notes. In particular, he emphasised that the "turnstile" problem had been solved with the virtual moving back of the Venezia-Mestre toll barrier to Mirano-Dolo, and that CAV had taken action to request and obtain the exceptional application of a tariff discount to certain local users that had suffered from the virtual move of the toll barrier.

The Chairman concluded by presenting the Board of Directors' proposals for approval of the financial statements at 31 December 2013 and to allocate the profit to the non-distributable reserve pursuant to art. 2426 of the Italian Civil Code and to the extraordinary reserve.

After discussions were opened, the Veneto Regional Government representative, Renato Chisso, invited the Board of Directors to request a fair extension of the Agreement from the contracting authority, so as to make it easier for the Company to meet the investment costs.

The ANAS S.p.A. representative, Vincenzo Acquafredda, agreed with the Regional Government's representative.

The Chairman, Tiziano Bembo, responded by assuring the Shareholders that the matter was already under discussion by the Board of Directors which, in the near future, will arrange a formal request for extension.

Moving on to the vote, the Shareholders unanimously approved the Report on Operations and the financial statements at 31 December 2013, as prepared and approved by the Board of Directors. In addition, partly changing the recommendations of the Board of Directors regarding the allocation of profit, the Shareholders unanimously resolved to allocate the 2013 profit for the year of EUR 9,781,643 as follows:

- EUR 5,416 to the non-distributable reserve pursuant to art. 2426 of the Italian Civil Code;

- EUR 9,776,227 to the special restricted reserve pursuant to art. 2.1 of the Articles of Association to cover additional investments in road infrastructures in compliance with the CIPE Resolution of 26 January 2007, to be indicated in a specific separate accounting item.

*

The Shareholders' Meeting then moved on to discuss points 2, 3 and 4 of the agenda regarding the appointment of the Board of Directors for the three-year period 2014/2016 pursuant to art. 15 of the Articles of Association; determination of directors remuneration for the three-year period 2014/2016 and, lastly, appointment of the Board of Directors for the three-year period 2014/2016 and related remuneration. The Shareholders agreed to postpone discussion of all these items to a later meeting, and consequently unanimously resolved to call another Shareholders' Meeting for Friday, 25 July 2014, with items on the agenda being the appointment of the Board of Directors and the Board of Statutory Auditors for the three-year period 2014/2016 and their related remuneration.

*

Lastly, in compliance with current regulations and taking into account the guidance given in Veneto Regional Government Resolution 258/2013, the Shareholders' Meeting resolved to authorise the Board of Directors of CAV S.p.A. to nominate a representative of CAV S.p.A. on the Board of Directors of Servizi Utenza Stradale S.c.p.A. to replace Eutimio Mucilli following his resignation.

GLOSSARY

Acceleration means the acceleration of any Secured Liability or the making of any declaration that any Secured Liability is prematurely immediately due and payable (other than as a result of it becoming unlawful for any Secured Creditor to perform its obligations under, or of any voluntary or mandatory prepayment or redemption arising under, the Finance Documents).

Account Banks means the Operational Account Bank, the Project Account Bank, each Postal Tolls Account Bank and the Distribution Account Bank.

Accounting Reference Date means 31 December.

Accounting Principles means generally accepted accounting principles in Italy from time to time.

Account Mandate means the mandate instructions in relation to the opening and/or operation of any Project Account, including the Operational Account Bank Mandate and the Project Account Bank Mandate.

Accounts means each of the Debt Service Reserve Account and the Electronic Payments Account.

Affiliate means, in relation to any person, a direct or indirect Subsidiary or a direct or indirect Holding Entity of that person or any other Subsidiary of that Holding Entity. Notwithstanding the foregoing, in relation to The Royal Bank of Scotland plc, the term Affiliate shall not include (a) the UK government or any member or instrumentality thereof, including Her Majesty's Treasury and UK Financial Services Investments Limited (or any directors, officers, employees or entities thereof) or (b) any persons or entities controlled by or under common control with the UK government or instrumentality thereof (including Her Majesty's Treasury and UK Financial Services Investments Limited) and which are not part of The Royal Bank of Scotland Group plc and its subsidiaries or subsidiary undertakings.

ANAS Agreement means the agreement dated on or about the Signing Date between the Issuer, ANAS, the Bond Trustee, the PBCE Provider and the Security Agent, acting for itself and in the interest and for the benefit of the Bondholders in accordance with Article 1411 of the Italian Civil Code, pursuant to which the ANAS Shareholder undertakes, among other things:

- (a) to exercise its voting rights in relation to the Issuer's shares without causing a Default and/or an Event of Default and, in any case, without prejudicing the rights of the Bondholders and/or the PBCE Provider;
- (b) not to constitute and not to consent to the constitution of Security Interests or Quasi-Security in favour of third parties over its shares in the Issuer;
- (c) to take any necessary action, within the scope of its powers, to prevent and/or dismiss any enforcement proceedings and/or precautionary measures regarding its shares in the Issuer;
- (d) to pay any public grants payable by ANAS to the Issuer pursuant to the terms of the Concession Agreement promptly upon receipt by ANAS from the MIT and in any event within 45 days of receipt from the MIT;
- (e) promptly to communicate any claim or action commenced or, to the best of its knowledge having made due and careful enquiry, threatened in relation to its shares in the Issuer; and
- (f) to subordinate its rights in respect of the Subordinated Shareholder Liabilities (if any) to the rights of the Secured Creditors under the Finance Documents.

ANAS Security means any ANAS Shareholder Receivables Pledge, the VAT Receivables Pledge, and any other document evidencing or creating security over any asset of the ANAS Shareholder or the VAT Subordinated Facility Provider to secure any obligation of the Issuer to a Secured Creditor in respect of the Secured Liabilities.

ANAS Shareholder means ANAS S.p.A.

ANAS Shareholder Receivables Pledge means any pledge agreement entered into pursuant to clause 6.7 (Security Interest over the Subordinated Shareholder Liabilities) of the STID between, among others, the ANAS Shareholder and the Security Agent pursuant to which the ANAS Shareholder grants a pledge in favour of the Bondholders, the Security Agent, the Bond Trustee and the PBCE Provider over its rights in respect of any Subordinated Shareholder Liabilities.

Ancillary Project Documents means:

- (a) the Commitment Protocol; and
- (b) the Undertaking Letter.

Applicable Law in respect of any person shall mean:

- (i) any law, treaty, rule, requirement or regulation; or
- (ii) a mandatory requirement of any regulatory authority or Governmental Authority having jurisdiction,

in each case applicable to or binding upon that person or to which that person is subject.

Agreed Comfort Documents means:

- (a) a certificate signed by a director (*legale rappresentante*) of the Issuer certifying that as at the date of the certificate:
 - (i) such director is not aware of any fact or circumstance concerning the Issuer which could represent a case of insolvency (*insolvenza*) of the Issuer;
 - (ii) the Issuer is not in a situation set out in Articles 2446 or 2447 of the Italian Civil Code;
 - (iii) the reimbursement of any outstanding amount under the Finance Documents will not result in the insolvency (*insolvenza*) of the Issuer; and
 - (iv) no Default has occurred and is continuing;
- (b) a *certificato di vigenza* issued by the competent *Registro delle Imprese* attesting that no Insolvency Proceedings are pending against the Issuer;
- (c) to the extent available, an insolvency certificate issued by the *Sezione Fallimentare* of the competent court evidencing that the Issuer is not subject to any Insolvency Proceedings;
- (d) a *visura protesti* evidencing that the Issuer is not subject to any *protesto*;
- (e) a certificate of the *Ufficio delle Esecuzioni Mobiliari* issued by the *Cancelleria del Tribunale* having jurisdiction over the registered office of the Issuer, certifying that no enforcement proceedings (*esecuzioni mobiliari*) are pending against the Issuer;

- (f) a certificate of the *Ufficio delle Esecuzioni Immobiliari* issued by the *Cancelleria del Tribunale* having jurisdiction over the registered office of the Issuer, certifying that no enforcement proceedings (*esecuzioni immobiliari*) are pending against the Issuer; and
- (g) a copy of the last two approved balance sheets of the Issuer evidencing that the quota capital of the Issuer has not been reduced (*integrità del capitale sociale*) and that no losses have occurred during the financial years to which those balance sheets relate,

provided that:

- (i) the documents listed in paragraphs (a), (b), (d) and (g) above shall be dated not more than 7 days prior to the date of the relevant Refinancing or repayment; and
- (ii) the documents listed in paragraphs (c), (e) and (f) above shall be dated not more than 10 Business Days prior to the date of the relevant Refinancing or repayment.

Auditors means Ria Grant Thornton S.p.A., or any other firm of independent auditors of recognised international standing having the relevant capabilities, appointed by the Issuer to act as its auditors.

Authorisation means any authorisation, consent, approval, permit, resolution, licence, exemption, filing, notarisation or registration required by any court, governmental department or other regulatory body or pursuant to applicable law.

Authorised Signatory means any person who is duly authorised by the Issuer or any Party and in respect of whom a certificate has been provided signed by a director of the Issuer or such Party setting out the name and signature of that person and confirming such person's authority to act.

Base Case Model means the audited base case model delivered pursuant to the CP Agreement.

BLCR means, on any Payment Date, the ratio of:

- (a) the NPV for that Payment Date plus the balance standing to the credit of the Debt Service Reserve Account; to
- (b) the Principal Amount Outstanding of the Bonds,

at close of business on that Payment Date.

Block Voting Instruction has the meaning given to that term in schedule 4 (Provisions for Meetings of Bondholders), schedule 5 (Provisions for Voting in respect of STID Proposals) and schedule 6 (Provisions for Voting in respect of QC Voting Matters) of the Bond Trust Deed (as applicable).

Bond Creditors means the Bond Trustee, the Bondholders and the Principal Paying Agent.

Bond Discharge Date means the first date on which all Bond Liabilities have been fully and finally discharged in accordance with the Conditions to the satisfaction of the Security Agent, whether or not as the result of an enforcement and either:

- (i) the relevant payments are no longer subject to claw-back and declarations of ineffectiveness pursuant to Applicable Law due to the expiry of the relevant period within which such claw-back action or declaration of ineffectiveness may be exercised in accordance with Applicable Law; or
- (ii) only in case of:
 - (A) redemption at term; or

(B) voluntary redemption through a Refinancing,

- (b) the Issuer has delivered the Agreed Comfort Documents to the Bond Trustee and the Security Agent in form and substance satisfactory to the Bond Trustee and the Security Agent.

Bond Liabilities means the Secured Liabilities owed by the Issuer to the Bond Creditors and to the Bond Trustee for its own account under or in respect of the Finance Documents.

Business Day means:

- (i) in relation to any sum payable in Euro, a TARGET Settlement Day;
- (ii) in relation to the PBCE Agreement, a Notice of Demand, and/or any amount drawn under the PBCE Letter of Credit, a day, other than a Saturday or a Sunday, on which commercial banks and the PBCE Provider are open for general business in Luxembourg; and
- (iii) for any other reason where the context so requires, a day (other than Saturday or Sunday) on which commercial banks are open generally in Milan, London and Luxembourg.

Capex Reserve Account means the capex reserve account established or to be established in accordance with the Operational Account Bank Agreement and schedule 5 (Project Accounts) to the Common Terms Agreement.

Cash Equivalent Investment means, at any time:

- (a) certificates of deposit maturing within one year after the relevant date of calculation and issued by a bank or financial institution having the applicable Required Ratings;
- (b) any investment in marketable debt obligations issued or guaranteed by the government of any member state of the European Economic Area or by an instrumentality or agency of any of them, in each case having a long-term credit rating of not less than A- (or equivalent) by S&P, Fitch or Moody's, maturing within one year after the relevant date of calculation and not convertible or exchangeable to any other security;
- (c) commercial paper not convertible or exchangeable to any other security:
 - (i) for which a recognised trading market exists;
 - (ii) issued by an issuer incorporated in any member state of the European Economic Area;
 - (iii) which matures within six months after the relevant date of calculation; and
 - (iv) which has a credit rating of either A- or higher by S&P or A- or higher by Fitch or A3 or higher by Moody's, or, if no rating is available in respect of the commercial paper, the issuer of which has, in respect of its long-term unsecured and non-credit enhanced debt obligations, an equivalent rating;
- (d) any investment in money market funds which (i) have a credit rating of either A- or higher by S&P or A- or higher by Fitch or A3 or higher by Moody's, (ii) which invest substantially all of their assets in securities of the types described in paragraphs (b) and (c) above and (iii) can be turned into cash on not more than 30 days' notice; or
- (e) any other debt security approved by the Security Agent,

in each case, denominated in EUR and to which the Issuer is alone beneficially entitled at that time and which is not issued or guaranteed by the Issuer or subject to any Security Interest or Quasi-Security (other than Security Interests arising under the Security Documents).

CDP means Cassa Depositi e Prestiti S.p.A.

Central Bank means an entity which manages, inter alia, the official reserves of a State.

Charged Property means:

- (a) the whole of the property, rights, assets and undertakings of the Issuer and the rights attaching to the receivables owed by the Issuer to the VAT Subordinated Facility Provider and the ANAS Shareholder (if any) that are the subject of the Security Interests expressed to be granted in favour of:
 - (i) the Security Agent in the name and on behalf of the Bondholders pursuant to Article 157 of the Public Contract Code; and/or
 - (ii) any other Secured Creditor,pursuant to the Security Documents and all proceeds of those Security Interests;
- (b) all obligations expressed to be undertaken by the Issuer to pay amounts in respect of the Secured Liabilities to the Security Agent in the name and on behalf of the Bondholders pursuant to Article 157 of the Public Contract Code or to any other Secured Creditor and in each case secured by the Transaction Security, together with all representations and warranties expressed to be given by the Security Providers in favour of the Security Agent as trustee for the Secured Creditors or in favour of any other Secured Creditor;
- (c) the Security Agent's interest in any trust fund created pursuant to clause 8 (Turnover of Receipts) of the STID; and
- (d) any other amounts or property, whether rights, entitlements, choses in action or otherwise, actual or contingent, which the Security Agent is required by the terms of the Finance Documents to hold, as the case may be, as trustee on trust for the Secured Creditors, or in the name and on behalf of the Bondholders pursuant to Article 157 of the Public Contract Code.

Commitment Protocol means the commitment protocol (protocollo d'intesa) dated 28 October 2011 between ANAS, in its capacity as grantor under the Concession Agreement, and the Issuer.

Common Documents means:

- (a) the Common Terms Agreement;
- (b) the Master Definitions Agreement;
- (c) the STID;
- (d) the Security Documents;
- (e) the ANAS Agreement;
- (f) the VAT Subordination Agreement;
- (g) the Region Agreement;

- (h) the Account Bank Agreements; and
- (i) any other document designated in writing as a Common Document by the Issuer and the Security Agent.

Compliance Certificate means a certificate, substantially in the form set out in schedule 2 (Form of Compliance Certificate) to the Common Terms Agreement in which the Issuer periodically provides certain financial information and statements as required by the Common Terms Agreement.

Concession Agreement means the concession agreement dated 23 March 2010 between the Issuer and ANAS (as replaced by MIT starting from 1 October 2012), as interpreted by the Interpretation Letter and confirmed in the MIT Acknowledgement (and any reference in the Finance Documents to the Concession Agreement shall, for the avoidance of doubt, include the Interpretation Letter and the MIT Acknowledgement).

Concession Agreement DSCR Default means the receipt by the Issuer of a notice or other communication (*comunicazione*) from the Grantor under Annex K (*Requisiti di solidità patrimoniale*) to the Concession Agreement notifying the Issuer of the failure of the Issuer to comply with the financial covenant set out in Annex K (*Requisiti di solidità patrimoniale*) of the Concession Agreement.

CONSOB means *Commissione Nazionale per le Società e la Borsa*, the Italian supervisory independent authority for the protection of the investors and the efficiency, transparency and development of the financial markets.

CP Agreement means the conditions precedent agreement setting out the conditions precedent to the issue of the Bonds and the PBCE Letter of Credit as agreed between, among others, the Issuer, the PBCE Provider and the Security Agent.

Creditor means a Secured Creditor and ANAS in its capacity as (in respect of the Subordinated Shareholder Liabilities) the ANAS Shareholder and (in respect of the VAT Subordinated Facility Liabilities) the VAT Subordinated Facility Provider (or any assignee thereof in accordance with the VAT Subordinated Facility Agreement).

Creditor Liabilities means all Secured Liabilities, Subordinated Shareholder Liabilities and VAT Subordinated Facility Liabilities of the Issuer under the Transaction Documents.

Criminal Offence means any of the following as applicable: fraud, corruption, coercion, collusion, obstruction, money laundering and the financing of terrorism.

Debt Service means, in relation to any period, an amount equal to the aggregate of:

- (a) amounts accruing and payable in relation to interest on the outstanding Bonds; and
- (b) scheduled principal amounts payable on the Bonds,

in accordance with the terms of the Bond Trust Deed in that period.

Debt Service Reserve Account means the debt service reserve account established or to be established in accordance with the Project Account Bank Agreement and schedule 5 (Project Accounts) to the Common Terms Agreement.

Debt Service Shortfall has the meaning given to that term in Part 1 (PBCE Drawing Mechanics for Debt Service Shortfalls) of schedule 7 (PBCE Drawing Mechanics) to the Common Terms Agreement.

December Compliance Certificate means each Compliance Certificate to be delivered within 60 Business Days of the Payment Date falling on 31 December in each year.

Default means:

- (a) an Event of Default; or
- (b) an event which would be (with the expiry of a grace period, the lapse of time, the giving of notice and/or the making of any determination, in each case where the lapse of time and/or giving of notice and/or determination is provided for in the terms of such Event of Default) an Event of Default.

Default Ratio means:

- (a) in respect of the BLCR, 1.15:1;
- (b) in respect of the Historic DSCR, 1.05:1; or
- (c) in respect of the Projected DSCR, 1.05:1.

Delegate means any delegate, agent, attorney or co-trustee appointed by the Bond Trustee or the Security Agent.

Designated Information means:

- (a) each Designated Report;
- (b) any Reinstatement Plan delivered by the Issuer pursuant to clause 9.28 (Reinstatement) of the Common Terms Agreement;
- (c) all information delivered by the Issuer pursuant to clause 5.11 (Information: Miscellaneous) of the Common Terms Agreement; and
- (d) any other information delivered by the Issuer in accordance with the Finance Documents and which the Issuer is required to publish on the Designated Website.

Designated Report means each set of Financial Statements, each Compliance Certificate, each Periodic Investor Report, each Project Budget and each Semi-Annual Financial Model delivered by the Issuer pursuant to the Common Terms Agreement.

Designated Website means:

- (a) in the case of the website maintained by the Issuer in accordance with paragraph (i) of Clause 7(a) (Designated Website) of the Common Terms Agreement, http://www.cavspa.it/index.php?option=com_pbond&task=logout; and
- (b) in the case of the website maintained by the Issuer in accordance with paragraph (ii) of Clause 7(a) (Designated Website) of the Common Terms Agreement, http://www.cavspa.it/index.php/?option=com_extusers ,

or in each case such other website chosen by the Issuer and the Bond Trustee and notified in writing by the Issuer to Bondholders as the site of publication of any Designated Information required to be published pursuant to the Common Terms Agreement.

Disclosed Litigation means, upon the Signing Date, the Proceedings which the Issuer is party to as disclosed in the Common Terms Agreement.

Discretion Matter means any matter in respect of which the Security Agent may exercise its discretion to approve any request made in a STID Proposal without any requirement to seek the approval of any other Secured Creditor pursuant to paragraph 1.7 (Discretion Matters) of schedule 2 (STID Decision Making Protocol) to the STID.

Distributions Account means the distributions account established in accordance with the CTA wherein certain amounts are transferred from the Proceeds Account to facilitate Shareholder Restricted Payments.

Distributions Account Bank means Banca Nazionale del Lavoro S.p.A. or any other bank or financial institution appointed by the Issuer in accordance with the terms of the Finance Documents.

DSCR means, in relation to any period, the ratio of:

- (a) Net Cashflow; to
- (b) Debt Service,

for that period.

Electronic Instruction has the meaning given to it in paragraph 1.2 of schedule 5 (Provisions for Voting in respect of STID Proposals) of the Bond Trust Deed.

Electronic Payments Account means the electronic payments account established or to be established in accordance with schedule 5 (Projects Accounts) to the Common Terms Agreement.

Electronic Payments Amounts means the amount of any payments made by the users of the Motorway by means of credit cards.

Eligible Persons has the meaning given to it in schedule 4 of the Bond Trust Deed.

EMIR means the European Market Infrastructures Regulation (EU) 648/2012.

End Date means 31 December 2032.

Enforcement Action means:

- (a) in relation to any Creditor Liability:
 - (i) Acceleration;
 - (ii) the making of any declaration that any Secured Liability is payable on demand;
 - (iii) the making of a demand in relation to a Secured Liability that is payable on demand;
 - (iv) the exercise of any right of set-off, account combination or payment netting against the Issuer in respect of any Secured Liability other than the exercise of any such right which is otherwise expressly permitted under the Finance Documents; or
 - (v) the suing for, commencing or joining of any legal or arbitration proceedings against the Issuer to recover any Secured Liability;
- (b) the taking of any steps to enforce or require the enforcement of any Security Interest (including the revocation of any authorisation provided in, and the crystallisation of any floating charge forming part of, the Transaction Security);
- (c) the entering into of any composition, compromise, assignment or arrangement with the Issuer; or

- (d) the petitioning, applying or voting for, or the taking of any steps (including the appointment of any liquidator, receiver, administrator or similar officer) in relation to, the winding up, dissolution, administration or reorganisation of the Issuer or any of the Issuer's assets or any suspension of payments or moratorium of any indebtedness of the Issuer, or any analogous procedure or step in any jurisdiction,

except that the following shall not constitute Enforcement Action:

- (i) the taking of any action which is necessary (but only to the extent necessary) to preserve the validity, existence or priority of claims in respect of Secured Liabilities, including the registration of such claims before any court or Governmental Authority and the bringing, supporting or joining of proceedings to prevent any loss of the right to bring, support or join proceedings by reason of applicable limitation periods; or
- (ii) the PBCE Provider bringing legal proceedings against any person solely for the purpose of:
 - (A) obtaining injunctive relief (or any analogous remedy outside England and Wales) to restrain any actual or putative breach of any PBCE Specific Covenant;
 - (B) obtaining specific performance (other than specific performance of an obligation to make a payment) of any PBCE Specific Covenant;
 - (C) requesting judicial interpretation of any provision of any Finance Document to which it is party with no claim for damages; or
 - (D) claiming for damages in an amount not exceeding EUR1,000,000 (such amount to be indexed on an accumulated annual basis by reference to the official general cost of living index in Italy and payable to the PBCE Provider on a subordinated basis on any Payment Date in accordance with the Pre-Enforcement Priority of Payments or Post-Enforcement Priority of Payments (as applicable)).

Enforcement Instruction means any instruction delivered by the Qualifying Creditors to the Security Agent in accordance with clause 10.1 (Enforcement Instructions) of the STID.

Enforcement Matter means any instruction to the Bond Trustee to accelerate the Bonds and/or decision to sanction any other form of Enforcement Action (including enforcement of the Transaction Security) by the Security Agent.

Environmental Approval means any permit, licence, consent, approval or other Authorisation and the filing of any notification, report or assessment required under or in respect of any Environmental Law.

Environmental Claim means any claim, Proceedings, formal notice or investigation by any person in respect of any Environmental Law.

Environmental Permits means any permit and other Authorisation required under any Environmental Law for the operation of the business of the Issuer conducted on or from the properties owned or used by the Issuer.

Equity Documents means:

- (a) each Subordinated Shareholder Liabilities Instrument;
- (b) the VAT Subordinated Facility Agreement;
- (c) the VAT Subordination Agreement;

- (d) the ANAS Agreement; and
- (e) the Region Agreement.

Equity Trigger Event means any event or circumstance specified as an Equity Trigger Event in clause 10.2 (Equity Trigger Events) of the Common Terms Agreement.

Equity Trigger Event Period means the period from and including the date on which any Equity Trigger Event occurs to and including the Payment Date after the earlier of:

- (a) the date on which the relevant Equity Trigger Event has been waived by the Security Agent; and
- (b) the date on which the relevant Equity Trigger Event has been remedied in accordance with the Trigger Event Remedy Plan prepared in respect of that Equity Trigger Event in accordance with paragraph c of clause 10.4 (Consequences of a Trigger Event) of the Common Terms Agreement,

and provided that no Equity Trigger Event is then subsisting.

Establishing Legislation means Article 2, paragraph 290 of Law No. 244 of 24 December 2007.

Eurozone means the region comprised of member states of the European Union that adopted the single currency in accordance with the Treaty establishing the European Community (signed in Rome on 25 March 1957) as subsequently amended.

Euro, € and EUR denote the single currency of the Participating Member States.

Event of Default means any event or circumstance specified as an Event of Default in clause 11 (Events of Default) of the Common Terms Agreement.

Existing ANAS Indebtedness means the Financial Indebtedness incurred by the Issuer to ANAS under article 6 of the Concession Agreement.

Existing CDP Facilities Agreement means the EUR 423,500,000 interest bearing facilities agreement dated 29 September 2012 as amended on 8 April 2013 between CDP as lender and the Issuer as borrower under which CDP has provided the Existing CDP Senior Facility and the Existing CDP VAT Facility to the Issuer.

Existing CDP Senior Facility means the EUR 350,000,000 interest bearing senior term facility (the “*Linea Base*”) provided by CDP to the Issuer under the Existing CDP Facilities Agreement.

Existing CDP Senior Facility Indebtedness means the Financial Indebtedness incurred by the Issuer under the Existing CDP Facilities Agreement in relation to the Existing CDP Senior Facility.

Existing CDP VAT Facility means the EUR 73,500,000 interest bearing VAT facility (the “*Linea IVA*”) provided by CDP to the Issuer under the Existing CDP Facilities Agreement.

Expert means a person appointed in accordance with the terms of the Finance Documents and having appropriate expertise with respect to, and no interest in the outcome of, the matter referred to him/her.

External Adviser means the Technical Adviser, the Traffic Adviser and any other professional appointed from time to time by the Secured Creditors in connection with the Project.

Extraordinary Event means any extraordinary event or circumstance which:

- (a) has not been procured by or approved by the Issuer;

- (b) could not reasonably have been foreseen as at the date on which the most recent Project Budget was prepared;
- (c) causes or would be reasonably likely to cause a material disruption to the proper and continuous operation and maintenance of the Project; and
- (d) in the reasonable opinion of the Issuer, acting in good faith, requires extraordinary maintenance works to be commissioned to prevent or mitigate the disruption specified in paragraph (c) above within a period of less than 15 Business Days.

Extraordinary Event Conditions means:

- (a) the liabilities, restoration, reinstatement and/or repair works (as applicable) in respect of which the relevant withdrawals are effected in connection with an Extraordinary Event; and
- (b) the incurrence of such liabilities or the effecting of such restoration, reinstatement and/or repair works (as applicable) which is necessary in order to:
 - (i) ensure the Issuer's compliance with its obligations under articles 3.1, 3.2(b) and 3.2(f) (*Obblighi della CAV*) of the Concession Agreement;
 - (ii) avoid and/or prevent a breach of the Issuer's obligations under article 18 (*Indicatori di qualità*) or Appendix J (*Indicatori di qualità*) of the Concession Agreement;
 - (iii) avoid and/or prevent the application of sanctions or penalties pursuant to article 22 (*Procedura di accertamento degli inadempimenti e sanzioni*) or Appendix L (*Disciplinare per l'applicazione di sanzioni e penali*) of the Concession Agreement; or
 - (iv) enable the Issuer to comply with the provisions of any law, regulation, direction and/or instructions received from any competent authority, in each case where such law, regulation, direction and/or instruction is binding on the Issuer and relates to the standards and requirements to be complied with in the maintenance and/or operation of the Project.

Extraordinary Resolution has the meaning given to it in paragraph 3.3 (Requisite majority in respect of an Extraordinary Voting Matter) of schedule 2 (STID Decision-Making Protocol) to the STID.

Extraordinary Voting Matter means any matter which:

- (a) would affect the payment amounts, payment dates, methods for or elements for calculating the payment amounts, in respect of any payment obligation of the Issuer under the Bonds or the PBCE Agreement in relation to scheduled payments, payments at maturity or on the termination date and voluntary and or mandatory repayments or redemption;
- (b) would affect the exchange, conversion or substitution of the Bonds for, or their conversion into shares, bonds or other obligations or securities of the Issuer or any other person or body corporate formed or to be formed;
- (c) would change the currency in which amounts due in respect of the Bonds are payable;
- (d) would result in the Bondholders accepting payments under the Bonds being made subject to any applicable withholding tax, save as required under Condition 7 (*Taxation*);
- (e) would have the effect of adversely changing any priority of payment under the Finance Documents or application thereof (whether directly or indirectly), insofar as such alteration would affect the Bonds;

- (f) would affect:
 - (i) the Security Interests created by any Security Provider pursuant to the Security Documents, other than with respect to the replacement of Security Interests by equivalent Security Interests;
 - (ii) paragraphs (ii), (iii) and (v) of article 2 (*Obblighi della Regione*) of the Region Agreement;
 - (iii) article 3 (Subordination), paragraph (i), (ii), (iii), (vi), (vii), (ix), (x), (xi) or (xii) of article 4.1 (ANAS' obligations in its capacity as shareholder), article 4.2 (ANAS' obligations in its capacity as shareholder) and article 8.2 (Representations and Warranties) of the ANAS Agreement;
 - (iv) article 2 (Subordination) or article 4 (ANAS' Obligations) of the VAT Subordination Agreement;

or in each case, would have a similar effect;
- (g) would affect:
 - (i) the definitions of Ordinary Voting Matter, Extraordinary Voting Matter, PBCE Provider Entrenched Rights, Enforcement Matter or Discretion Matter;
 - (ii) the quorum or majority required in respect of any Ordinary Voting Matter, Extraordinary Voting Matter or Enforcement Matter; or
 - (iii) the voting procedure and the decision-making process and how the Bondholders cast their votes under the STID;
- (h) would affect the definition of PBCE Rebalancing Event;
- (i) is in respect of clause 11.2 (Financial Ratios) of the Common Terms Agreement;
- (j) would affect the definition of Qualifying Creditors and Qualifying Debt;
- (k) would constitute cancellation, abrogation, change in amount or maturity or other material amendment or modification of the terms of the PBCE Letter of Credit;
- (l) would constitute an amendment to any term of any Project Document which is not expressly permitted under the terms of the Finance Documents, where such amendment would have or would be reasonably likely to have a Material Adverse Effect;
- (m) would constitute an amendment to, or waiver of, a Restricted Payment Condition;
- (n) would constitute an amendment to, or waiver of, a Default other than, subject to paragraph (o) below, a Default under clause 11.3 (Other obligations) of the Common Terms Agreement;
- (o) would constitute a waiver of a Default under clause 11.3 (Other obligations) of the Common Terms Agreement unless such waiver is in respect of:
 - (i) a failure to deliver any document or information to any Information Recipient and/or any Rating Agency then rating the Bonds, a failure to hold any Investor Meeting or a failure to publish any information on a Designated Website, in each case within a period of not more than 20 Business Days from the date on which such document or information is required to be delivered, such Investor Meeting is required to be held or such information is required to be published, in each case pursuant to the terms of any Finance Document; or

- (ii) without prejudice to clause 9.4 (Compliance with laws: general) of the Common Terms Agreement), clause 9.7 (Environmental compliance) or clause 9.9 (Specific Compliance) of the Common Terms Agreement and, in each case, the event or circumstance in respect of which such Default has occurred does not have, and is not reasonably likely to have a Material Adverse Effect; or
- (p) would result in the termination of the PBCE Letter of Credit and of all rights and liabilities of the PBCE Provider pursuant to the Transaction Documents, provided the conditions set out in clause 23 (Termination of PBCE Letter of Credit) of the STID are satisfied.

FATCA Withholding means any withholding or deduction required pursuant to an agreement described in Section 1471(b) of the Code or otherwise imposed pursuant to Sections 1471 through 1474 of the Code (or any regulations thereunder or official interpretations thereof) or an intergovernmental agreement between the U.S. and another jurisdiction facilitating the implementation thereof (or any law implementing such an intergovernmental agreement).

Final Discharge Date means the later to occur of the Senior Discharge Date and the PBCE Discharge Date.

Final Maturity Date means 31 December 2030.

Finance Documents means:

- (a) the Common Documents;
- (b) the Bond Trust Deed;
- (c) the Bonds;
- (d) the Paying Agency Agreement;
- (e) the PBCE Letter of Credit;
- (f) the CP Agreement;
- (g) the PBCE Agreement;
- (h) any fee letter, commitment letter or request entered into in connection with the Bond Trust Deed, the STID or the PBCE Agreement, or in each case, the transactions contemplated in such documents;
- (i) any other document that has been entered into in connection with the Bond Trust Deed, the STID or the PBCE Agreement or the transactions contemplated thereby that has been designated as a Finance Document by the parties thereto (including the Issuer); and
- (j) any amendment and/or restatement agreement relating to any of the above documents.

Finance Lease means any lease or hire purchase contract which would, in accordance with the Accounting Principles, be treated as a finance or capital lease.

Financial and Economic Plan means the financial and economic plan and the financial-regulatory plan, both included in Schedule D (*Financial and Economic Plan and financial-regulatory plan*) to the Concession Agreement, as updated from time to time.

Financial Half Year means each financial half year of the Issuer ending on 30 June in each year.

Financial Indebtedness means any indebtedness for or in respect of:

- (a) moneys borrowed and debit balances at banks or other financial institutions;
- (b) any documentary or standby letter of credit;
- (c) any acceptance under any acceptance credit or bill discounting facility (or dematerialised equivalent);
- (d) any note purchase facility or the issue of bonds, notes, debentures, loan stock or any similar instrument;
- (e) the amount of any liability in respect of Finance Leases;
- (f) receivables sold or discounted (other than any receivables to the extent they are sold on a non-recourse basis to the Issuer);
- (g) any Treasury Transaction (and, when calculating the value of that Treasury Transaction, only the marked to market value (or, if any actual amount is due as a result of the termination or close-out of that Treasury Transaction, that amount) shall be taken into account);
- (h) any counter-indemnity obligation in respect of any guarantee, indemnity, bond, standby or documentary letter of credit or other instrument issued by a bank or financial institution;
- (i) any amount raised by the issue of shares which are redeemable (other than at the option of the Issuer) or are otherwise classified as borrowings under the Accounting Principles;
- (j) any amount of any liability under an advance or deferred purchase agreement if (i) one of the primary reasons behind entering into the agreement is to raise finance or to finance the acquisition or construction of the asset or service in question; or (ii) the agreement is in respect of the supply of assets or services and payment is due more than 90 days after the date of supply; or
- (k) any amount raised under any other transaction (including any forward sale or purchase, sale and sale back or sale and leaseback agreement) having the commercial effect of a borrowing or otherwise classified as borrowings under the Accounting Principles (other than any trade credit or indemnity granted in the ordinary course of the Issuer's business and upon terms common for such business); and
- (l) the amount of any liability in respect of any guarantee for any of the items referred to in paragraphs (a) to (k) above,

but in each case without double counting.

Financial Model Output means the Financial Model output set out in Appendix 2.

Financial Ratios means the BLCR, the Historic DSCR and the Projected DSCR.

Financial Year means each financial year of the Issuer ending on 31 December in each year.

Fitch means Fitch Ratings Ltd., or any successor to its rating business.

FSMA means the Financial Services and Markets Act 2000.

Good Industry Practice means effecting and maintaining such insurance coverage in respect of such risks and liabilities as would reasonably and ordinarily be expected from skilled and experienced operators of facilities comparable to the Project which are being financed on a non-recourse basis and which do not self-insure (except by means of deductibles required by insurers generally) and taking into account any requirements of Applicable Law, including the Public Contract Code.

Governmental Authority means any entity exercising executive, legislative, judicial, regulatory or administrative functions of or pertaining to government or any other national or supranational statutory body exercising similar powers.

Grantor means the MIT or any successor in its capacity as grantor under the Concession Agreement.

Historic DSCR means, for any Payment Date, the DSCR for the Relevant Period ending on that Payment Date.

Holding Entity means, in relation to a person, any other person in respect of which it is a Subsidiary.

Income means any interest, dividends or other income arising from or in respect of a Cash Equivalent Investment.

Information Recipients means the Bond Trustee, the Security Agent, the PBCE Provider and the Class A1 Bond Representative.

Initial Project Budget means the project budget delivered pursuant to the CP Agreement.

Inside Information has the meaning given to it in the Market Abuse Directive, and includes any equivalent term or similar concept in any applicable jurisdiction.

Insolvency Event means:

- (a) in relation to any Security Provider, any event or circumstance referred to in clauses 11.6 (Insolvency) to 11.8 (Creditors' process) (inclusive) of the Common Terms Agreement; and
- (b) in relation to any Account Bank, the taking of any action for its winding-up, dissolution, examination or reorganisation (other than a solvent reorganisation).

Insolvency Proceeding means any proceeding pertaining to a company concerning its liquidation, bankruptcy (*fallimento*), winding-up, dissolution, reorganisation, moratorium, or similar including:

- (a) arrangement with creditors (*concordato preventivo, concordato con continuità aziendale*);
- (b) adjustment of creditors' claims (*concordato fallimentare*);
- (c) forced administrative liquidation (*liquidazione coatta amministrativa*);
- (d) extraordinary administration (*amministrazione straordinaria*) and extraordinary administration of large companies in difficulty or in insolvency (*amministrazione straordinaria delle grandi imprese in stato di insolvenza*);
- (e) debt restructuring agreements (*accordi di ristrutturazione dei debiti*) and restructuring plans (*piani di risanamento*) pursuant to respectively Article 182-bis and Article 182-septies, and Article 67 paragraph 3(d) of the Italian Bankruptcy Law; and
- (f) any filing in connection with the foregoing (including any request under Article 161, paragraph 6, of the Italian Bankruptcy Law).

Insurance means, as the context may require, any contract or policy of insurance taken out by the Issuer from time to time, including in each case any future renewal or replacement of any such insurance whether with the same or different insurers and whether on the same or different terms.

Insurance Adviser means Aon S.p.A. or any other person appointed by the Issuer with the Security Agent's consent.

Insurance Proceeds means all proceeds and amounts payable or paid in respect of any claim relating to the Project under any Insurance (net of costs and expenses associated with such claim).

Insurance Proceeds Account means the insurance proceeds account established or to be established in accordance with the Operational Account Bank Agreement and schedule 5 (Project Accounts) to the Common Terms Agreement.

Insurance Report means the insurance due diligence report dated 18 November 2015 entitled “Insurance Due Diligence Report” in relation to the Issuer prepared by Aon M & A Solutions Italy and Aon Project Financing Unit and addressed to and/or capable of being relied upon by the Issuer.

Intellectual Property means:

- (a) any patents, trademarks, service marks, designs, business names, copyrights, database rights, design rights, domain names, moral rights, inventions, confidential information, knowhow and other intellectual property rights and interests (which may now or in the future subsist) whether registered or unregistered; and
- (b) the benefit of all applications and rights to use such assets of the Issuer (which may now or in the future subsist).

Investment Grade Rating means a Rating of at least BBB- by Fitch, Baa3 by Moody’s and/or BBB- by S&P.

Investment Proceeds means any (a) net proceeds received upon disposal or realisation; or (b) sum received upon maturity, of a Cash Equivalent Investment, but excluding all Income.

Investor Meeting means the annual meeting of the management of the Issuer and the Secured Creditors to be held pursuant to clause 5.10 (Investor Meetings) of the Common Terms Agreement.

Issue Date means 12 April 2016, or such other date as the Issuer and the Joint Bookrunners may agree pursuant to the Subscription Agreement.

Issuer Security means the Security Interests granted by the Issuer under the relevant Security Documents.

Italian Banking Act means the Italian Legislative Decree No. 385 of 1 September 1993, as amended and supplemented from time to time.

Italian Bankruptcy Law means the Royal Decree No. 267 of 16 March 1942, as amended and supplemented from time to time.

Italian Civil Code means the Italian Royal Decree No. 262 of 16 March 1942, as amended and supplemented from time to time.

Italian Financial Act means the Legislative Decree No. 58 of 24 February 1998, as amended and supplemented from time to time.

Italian Official Gazette means the Italian official gazette (“*Gazzetta Ufficiale*”).

June Compliance Certificate means each Compliance Certificate to be delivered within 60 Business Days of the Payment Date falling on 30 June in each year.

KYC means all necessary “know your customer” or other similar checks required by the Bond Trustee or any Bondholder under all applicable laws and regulations.

Legal Due Diligence Report means the legal due diligence report dated 6 April 2016 entitled “Passante Mestre Project Due Diligence Report” prepared by Bonelli Errede Pappalardo and addressed to and/or capable of being relied upon by the Reliance Parties.

Legal Opinion means any legal opinion delivered

- (a) pursuant to the CP Agreement; or
- (b) in connection with the entry into of any Security Document after the Issue Date.

Legal Reservations means:

- (a) the principle that equitable remedies are remedies which may be granted or refused at the discretion of the court, the limitation of enforcement by laws relating to bankruptcy, insolvency, liquidation, reorganisation, court schemes, moratoria, administration and other laws generally affecting the rights of creditors;
- (b) the time barring of claims under applicable limitation laws, the possibility that an undertaking to assume liability for or to indemnify a person against non-payment of stamp duty may be void, defences of set off or counterclaim; and
- (c) any other general principles which are set out as qualifications or reservations as to matters of law in the legal opinions delivered to the Bond Trustee and the PBCE Provider under the CP Agreement.

Liability means any present or future liability (actual or contingent), together with:

- (d) any permitted novation, deferral or extension of that liability;
- (e) any further advance which may be made under any agreement expressed to be supplemental to any document in respect of that liability, together with all related interest, fees and costs;
- (f) any claim for damages or restitution in the event of rescission of that liability or otherwise;
- (g) any claim flowing from any recovery by a payment or discharge in respect of that liability on grounds of preference or otherwise; and
- (h) any amount (such as post-insolvency interest) which would be included in any of the above but for its discharge, non-provability, unenforceability or non-allowability in any insolvency or other proceedings.

Loss means any liability, damages, cost (including, if applicable, cost of funds, loss (whether in contract or tort or otherwise)) or expense (including legal fees) and, including:

- (a) save for the purposes of clause 13.1 (Indemnity) of the Common Terms Agreement and clause 17.1 (Indemnity to the Security Agent) of the STID, any consequential loss and any loss of profit; and
- (b) any VAT thereon.

Luxembourg Stock Exchange means the Luxembourg Stock Exchange or such other body to which its functions have been transferred.

Maintenance Contract means each agreement entered into by the Issuer with any Maintenance Contractor in respect of the maintenance of all or any part of the Project.

Maintenance Contractor means each person party to a Maintenance Contract under which such person agrees to undertake the maintenance of all or any part of the Project.

Maintenance Liabilities means, in respect of any Project Budget or any Semi-Annual Financial Model (as applicable), the aggregate of all amounts set out as a maintenance line item in such Project Budget or Semi-Annual Financial Model (as applicable).

Maintenance Reserve Account means the maintenance reserve account established or to be established in accordance with the Operational Account Bank Agreement and schedule 5 (Project Accounts) to the Common Terms Agreement.

Material Adverse Effect means any event or circumstance which is materially adverse to:

- (a) the ability of the Issuer to meet its payment obligations under the Transaction Documents to which it is a party;
- (b) the business, operations, property, financial condition of the Issuer;
- (c) subject to the Legal Reservations, the validity, legality or enforceability of, or the rights or remedies of any Secured Creditor under the Transaction Documents; or
- (d) subject to the Legal Reservations, the validity, legality or enforceability of, or the perfection, effectiveness or ranking of, or the value of any Security Interest granted or purported to be granted pursuant to any of the Security Documents.

Material Insurance means (a) the following insurance policies: (i) "*All Risk Patrimonio*"; (ii) "*Rct/o I rischio*"; and (iii) "*Rct/o II rischio*";; and (b) following the Issue Date, any other material insurance which would in accordance with Good Industry Practice after the Issue Date, be generally taken out by companies in the Italian market engaged in activities similar to those of the Issuer.

Material Maintenance Contracts means each Maintenance Contract having a term equal to or longer than two years and under which the total consideration payable by the Issuer is equal to or exceeds EUR 1,500,000.

MEF means the Italian Ministry of Economy and Finance.

MIT Acknowledgement means the letter dated 7 November 2012 from the MIT to ANAS and the Issuer regarding, among other things, the MIT's acknowledgement of its stepping into certain obligations of ANAS as previous grantor under the Concession Agreement.

Model Audit Letter means the model audit letter dated 6 April 2016 prepared by PricewaterhouseCoopers LLP and addressed to and/or capable of being relied upon by the Reliance Parties.

Money Laundering Laws has the meaning given to that term in the PBCE Agreement.

Monitoring Accountants means PricewaterhouseCoopers, Ernst & Young, KPMG or Deloitte & Touche or such other firm approved in advance by the Bond Trustee and the PBCE Provider or any other firm approved in advance by the Security Agent and whose appointment has been effected in accordance with Applicable Law.

Motorway means the following motorway stretches in Italy:

- (a) A4 Padua-Venice (10.926 km);
- (b) A57 Mestre Ring Road (Tangenziale di Mestre) (16.161 km);
- (c) A4 Mestre By-pass (Passante di Mestre) (32.326 km); and
- (d) Airport link (Raccordo Marco Polo) (6.520 km).

Net Cashflow means, in relation to any period:

- (a) the aggregate of (without double counting):
 - (i) all amounts received by the Issuer for its own account pursuant to and in accordance with the provisions of the Project Documents or otherwise deriving from the Permitted Business;
 - (ii) insurance proceeds received by the Issuer (except proceeds applied or to be applied to repair or reinstate damaged assets or cover third party liabilities);
 - (iii) remuneration on Project Accounts and any income from authorised investments, in each case received by the Issuer for its own account (net of Taxes);
 - (iv) Tax rebates and VAT received from operations;
 - (v) amounts received by the Issuer as liquidated damages or compensation under any Project Document in respect of loss of revenue;
 - (vi) any withdrawals from the Maintenance Reserve Account and the Capex Reserve Account, provided in each case that the required balance is maintained; and
 - (vii) as Income received in respect of Cash Equivalent Investments;
- (b) less:
 - (i) operating costs;
 - (ii) Taxes;
 - (iii) capital expenditure incurred;
 - (iv) fees payable to any Account Bank, the Principal Paying Agent, any Paying Agent, the Bond Trustee and the Security Agent; and
 - (v) amounts used in replacement of assets sold or disposed of,

in each case during such period.

New Works means the works set out under Appendix H (*Elenco e descrizione opere*) to the Concession Agreement in relation to the service areas and environmental mitigation works in relation to the complementary works.

Non-Cash Consideration means consideration in a form other than cash.

Notice of Demand has the meaning given to it in the PBCE Letter of Credit.

NPV means, in respect of any Payment Date applicable to the BLCR or the PBCE PLCR, an amount calculated as:

$$\sum_{n=1}^N \frac{Net\ Cash\ Flow_n}{(1+i)^n}$$

or

the summation of *Net Cash Flow_n* divided by $(1+i)^n$

where:

- (a) *n* is each semester of the Relevant Period applicable to the BLCR or the PBCE PLCR;
- (b) *N* is the number of semesters in the applicable Relevant Period;
- (c) *Net Cash Flow_n*: is the Net Cash Flow of the *n*-th semester of the Relevant Period applicable to the BLCR or the PBCE PLCR;
- (d) *i* means the annual Bonds interest rate divided by 2 (i. e. the semi-annual Bond interest rate).

Operational Account Mandate means the mandate instructions in relation to the opening and/or operation of the Operational Accounts by the Operational Account Bank.

Ordinary Resolution has the meaning given to it in paragraph 2.3 (Requisite majority) of schedule 2 (STID Decision-Making Protocol) to the STID and paragraph 2 (Definitions) of schedule 4 (Provisions for meetings of Bondholders) of the Bond Trust Deed (as applicable).

Ordinary Voting Matter means, without prejudice to any PBCE Provider Entrenched Right, any modification to, consent or waiver under or in respect of, any term of any Finance Document which is not an Enforcement Matter, an Extraordinary Voting Matter, a Discretion Matter or a PBCE Provider Discretion Matter.

Original Financial Statements means the audited financial statements of the Issuer for the Financial Year ended 31 December 2014.

Other Liabilities means, in respect of any Project Budget, the aggregate of all amounts set out in such Project Budget, other than any Maintenance Liabilities.

Other Liabilities Threshold means in respect of any period to which a Project Budget relates, such liabilities which (A) in respect of Maintenance Liabilities, do not exceed the applicable Project Budget Maintenance Threshold; and (B) in respect of Other Liabilities, do not exceed the aggregate of the applicable Project Budget Other Liabilities Threshold and any costs and expenses of any Secured Creditor incurred in accordance with the terms of the Finance Documents.

outstanding means, in relation to the Bonds, all the Bonds other than:

- (i) those which have been redeemed in full in accordance with the Conditions;
- (ii) those in respect of which the date for redemption in accordance with the Conditions has occurred and for which the redemption moneys (including all interest and other amounts (if any) accrued thereon to such date for redemption) have been duly paid to the Principal Paying Agent or the Bond Trustee in accordance with the Paying Agency Agreement (and, where appropriate, notice to that effect has been given to the Bondholders in accordance with Condition 10 (Notices)) and remain available for payment in accordance with the Conditions; and
- (iii) those which have become void under Condition 7 (*Taxation*) of the Bonds,

provided that for each of the following purposes:

- (A) the right to attend and vote at any meeting of the Bondholders for the purpose of any Ordinary Voting Matter, Extraordinary Voting Matter or any vote in respect of the taking of Enforcement Action;

- (B) the determination of how many and which Bonds are for the time being outstanding for the purposes of clauses 20 (Waiver, Authorisation and Determination), 21 (Modification and Substitution) and 22 (Consent) of the Bond Trust Deed, Conditions 9 (Events of Default), 10 (Enforcement), 13 (Meetings of Bondholders, Modification, Waiver, Authorisation and Determination) and schedule 4 of the Bond Trust Deed (Provisions for Meetings of Bondholders); and
- (C) the exercise by the Bond Trustee of any trusts, powers, authorities, duties, discretions and obligations, whether contained in the Bond Trust Deed or provided by law in, or by reference to, the interests of the Bondholders,

those Bonds (if any) which are for the time being held by or for the benefit of any Security Provider or any Affiliate of any Security Provider shall be deemed not to remain outstanding.

Party means a party to any Finance Document.

Paying Agency Agreement means the agreement dated on or about the date of this Agreement between the Issuer, the Principal Paying Agent and the Bond Trustee pursuant to which the Issuer appoints the Principal Paying Agent and the other Paying Agents in relation to the Bonds.

Paying Agents means, in relation to the Bonds, each institution (including where the context permits the Principal Paying Agent) at its specified offices initially appointed as paying agent in relation to such Bonds by the Issuer pursuant to the Paying Agency Agreement and/or, if applicable, any successor paying agent at its specified offices in relation to the Bonds.

Payment means, in respect of any of the Secured Liabilities (or any other liabilities or obligations), a payment, prepayment, repayment, redemption, defeasance, cash collateralisation or discharge of those Secured Liabilities (or other liabilities or obligations).

Payment Services Fees means, in respect of any Account Bank, the charges payable to or charged by that Account Bank under its standard agreements on accounts operation and payment services and which are charged at the standard rates for corporate customers as from time to time in force but which, for the avoidance of doubt, do not include any legal, administrative or other third party expenses or fees as may be agreed from time to time between the relevant Account Bank and the Issuer in consideration for the relevant Account Bank's entry into and performance of its obligations under the Finance Documents.

PBCE Available Amount has the meaning given to it in the PBCE Agreement.

PBCE Discharge Date means the first date on which:

- (a) all PBCE Liabilities have been fully, finally and unconditionally discharged to the satisfaction of the PBCE Provider, whether or not as the result of an enforcement and either:
 - (i) the relevant payments are no longer subject to claw-back and declarations of ineffectiveness pursuant to Applicable Law due to the expiry of the relevant period within which such claw-back action or declaration of ineffectiveness may be exercised in accordance with Applicable Law; or
 - (ii) the Issuer has delivered the Agreed Comfort Documents to the PBCE Provider in form and substance satisfactory to the PBCE Provider; and
- (b) the PBCE Provider is under no further obligation to provide financial accommodation to the Issuer or the Bond Trustee under the Finance Documents (including making any payments under the PBCE Letter of Credit) and the PBCE Letter of Credit has been returned to the PBCE Provider.

PBCE Document means:

- (a) the PBCE Agreement;
- (b) the PBCE Letter of Credit;
- (c) the Common Documents; and
- (d) any other document designated as such by the PBCE Provider, the Security Agent and the Issuer.

PBCE Liabilities mean the Secured Liabilities owed by the Issuer to the PBCE Provider under or in connection with the PBCE Documents.

PBCE Outstanding Balance has the meaning given to it in schedule 7 of the Common Terms Agreement.

PBCE PLCR means, on any Payment Date, the ratio of:

- (a) the NPV for that Payment Date; to
- (b) the Principal Amount Outstanding of the Bonds, less:
 - (i) the amount equal to the PBCE Available Amount; and
 - (ii) the amount equal to the amount standing to the credit of the Debt Service Reserve Account,

in each case at close of business on that Payment Date.

PBCE Provider Discretion Matter means any amendment to, or waiver of which, would constitute any amendment to, or waiver of the provisions of any of the covenants set out in clause 9.9 (Specific Compliance) of the Common Terms Agreement.

PBCE Rebalancing means the drawing on a PBCE Rebalancing Date of an amount equal to the PBCE Available Amount (less, if any, the amount to be drawn under the PBCE Letter of Credit to pay Debt Service on such Payment Date) in order to fund (excluding, for the avoidance of doubt, any make-whole amounts, costs or indemnities associated therewith) the mandatory partial redemption of the Bonds, pursuant to Condition 6.2 (Mandatory Redemptions for a PBCE Rebalancing Event and in respect of Insurance Proceeds) as a result of the occurrence of a PBCE Rebalancing Event.

PBCE Rebalancing Historic DSCR means the Historic DSCR adjusted so that the amounts standing to the credit of the Debt Service Reserve Account on the relevant Payment Date are deducted from Debt Service.

PBCE Specific Covenant means any undertaking given by the Issuer in favour of the PBCE Provider under the PBCE Agreement.

Perfection Requirements means any and all registration, filings, notarisations, notices, acceptances and other actions and steps required to be made in the relevant jurisdiction in order to perfect security created by the Transaction Security Documents and specified in any Legal Opinion and/or any Security Document (but without prejudice to the obligations of any Security Provider to comply with any applicable time periods required by law or by the Finance Documents for such registration, filings, notarisations, notices, acceptances or other actions and steps).

Periodic Investor Report means each periodic investor report prepared and delivered by the Issuer pursuant to clause 5.6 (*Periodic Investor Reports*) of the Common Terms Agreement.

Periodic Technical Report means each periodic technical report prepared and delivered by the Issuer pursuant to clause 5.8 (Periodic Technical Report) of the Common Terms Agreement, substantially in the form set out in schedule 9 (Form of Periodic Technical Report) to the Common Terms Agreement.

Periodic Traffic Report means each periodic traffic report prepared and delivered by the Issuer pursuant to clause 5.9 (Periodic Traffic Report) of the Common Terms Agreement, substantially in the form set out in schedule 10 (Form of Periodic Traffic Report) to the Common Terms Agreement.

Permitted Acquisition means:

- (a) an acquisition of securities which are Cash Equivalent Investments so long as those Cash Equivalent Investments become subject to the Transaction Security as soon as is reasonably practicable thereafter;
- (b) an acquisition of shares or equity securities issued by Servizi Utenza Stradale S.C.p.A. or Consorzio Autostrade Italiane Energia as a consequence of an increase in the corporate capital of such entities in order not to reduce the Issuer's percentage participation in such entities; and
- (c) any other acquisition or investment approved or consented to by the Security Agent pursuant to the STID.

Permitted Business means:

- (a) operating and maintaining the Project in accordance with the terms of the Transaction Documents, the Establishing Legislation and its constitutional documents;
- (b) performing any additional activities necessary for and/or directly connected with the Project, to the extent permitted under the Establishing Legislation and the Concession Agreement;
- (c) performing its obligations under the Finance Documents and, to and including the Issue Date, the Existing CDP Facilities Agreement; and
- (d) any other business or activity approved or consented to by the Security Agent pursuant to the STID.

Permitted Disposal means any sale, lease, licence, transfer or other disposal which is on arm's length terms:

- (a) of trading stock or cash made by the Issuer in the ordinary course of its business;
- (b) of assets in exchange for other assets for use in the ordinary course of business of the Issuer;
- (c) of obsolete or redundant vehicles, plant, equipment, parts or similar items for cash;
- (d) of Cash Equivalent Investments for cash or in exchange for other Cash Equivalent Investments;
- (e) arising as a result of any Permitted Security Interest;
- (f) the application or disposal of cash not otherwise prohibited by the Finance Documents; and
- (g) any other payment or disposal approved or consented to by the Security Agent pursuant to the STID.

Permitted Financial Indebtedness means any Financial Indebtedness:

- (a) which is incurred under any Finance Document, Subordinated Shareholder Liabilities Instrument (if any) or the VAT Subordinated Facility Agreement;

- (b) arising in respect of bond or guarantees required by any Project Document for the conduct of the Issuer's business arising in the ordinary course for so long as such bond or guarantee is required for the conduct of the Issuer's business arising in the ordinary course;
- (c) to and including the Issue Date, incurred under the Existing CDP Facilities Agreement and in respect of the Existing ANAS Indebtedness;
- (d) arising under any Permitted Guarantee;
- (e) under finance or capital leases or contracts of rental in respect of vehicles, plant, buildings, equipment, computers or other assets necessary in the ordinary course of the Permitted Business, provided that the aggregate amount of such Financial Indebtedness does not exceed EUR 5,000,000 at any time;
- (f) arising under any unsecured bank overdraft facility (each an **Overdraft Facility**) , provided that the aggregate principal amount outstanding under all such facilities does not, at any time, exceed EUR 5,000,000; and
- (g) any other Financial Indebtedness approved or consented to by the Security Agent pursuant to the STID.

Permitted Guarantee means:

- (a) the endorsement of negotiable instruments in the ordinary course of trade;
- (b) any performance or similar bond, guarantee or indemnity or undertaking guaranteeing performance by the Issuer under any contract entered into in the ordinary course of the Permitted Business;
- (c) any guarantee granted under the Finance Documents;
- (d) any guarantee issued, or to be issued, to the Italian tax authorities required for the purposes of obtaining a VAT refund pursuant to Article 38-bis of the Presidential Decree No. 633 of 26 October 1972; and
- (e) any other guarantee approved or consented to by the Security Agent pursuant to the STID.

Permitted Loan means:

- (a) any trade credit extended by the Issuer to its customers, tenants or licensees, on normal commercial terms and in the ordinary course of trade; and
- (b) any other loans or grant of credit approved or consented to by the Security Agent pursuant to the STID.

Permitted Overdraft Account means the account so designated that may be opened by the Issuer (in addition to the Project Accounts) with any of the Project Account Bank, the Operational Account Bank or the Distribution Account Bank in connection with any Overdraft Facility.

Permitted Payment means:

- (a) in respect of any Payment in respect of Senior Liabilities, any payment made in accordance with clause 3.1 (Payment of Senior Liabilities) of the STID;
- (b) in respect of any Payment in respect of PBCE Liabilities, any payment made in accordance with clause 4.1 (Payment of PBCE Liabilities) of the STID;

- (c) in respect of any Payment in respect of VAT Subordinated Facility Liabilities, any payment made in accordance with clause 5.2 (Permitted Payments: VAT Subordinated Facility Liabilities) of the STID; and
- (d) in respect of any Payment in respect of Subordinated Shareholder Liabilities, any payment made in accordance with clause 6.2 (Permitted Payments: Subordinated Shareholder Liabilities) of the STID.

Permitted Security Interest means:

- (a) any Security Interest created pursuant to any Security Document;
- (b) any lien arising by operation of law and in the ordinary course of the relevant Security Provider's trading (as carried on in accordance with the relevant Transaction Documents);
- (c) any set-off or similar rights accruing under the Finance Documents;
- (d) any Security Interest arising out of retention of title provisions, hire purchase or conditional sale arrangements having similar effect in each case in a supplier's standard conditions for the supply of goods acquired by the Issuer in the ordinary course of its business;
- (e) until and including the Issue Date, the Existing Security Interests; and
- (f) any other Security Interest approved or consented to by the Security Agent pursuant to the STID.

Permitted Transaction means:

- (a) any disposal required, acquisition made, Financial Indebtedness incurred, guarantee, indemnity, Security Interest or Quasi-Security given, or other transaction arising, in each case under the Finance Documents;
- (b) any transaction entered into in the ordinary course of business of the Issuer, or arm's length terms and in accordance with the relevant Project Budget; and
- (c) any other transaction approved or consented to by the Security Agent pursuant to the STID.

Physical Damage means any physical damage or loss to all or any part of the Project.

Physical Damage Event means any event which occurs resulting in Physical Damage.

Post-Enforcement Priority of Payments means the priority of payments set out in clause 11.2 (Order of Application) of the STID.

Postal Tolls Accounts means the postal accounts held with the Postal Tolls Account Bank or any other postal account opened by the Issuer with the Postal Tolls Account Bank for the purpose of collecting Postal Tolls Amounts.

Postal Tolls Amounts means:

- (a) amounts paid by Motorway users after failure to pay at the toll booths prior to or following the issuance of a demand; and
- (b) amounts paid by Motorway users classified as extraordinary transits.

Pre-Enforcement Priority of Payments means the priority of payments set out in schedule 6 (Pre-Enforcement Priority of Payments) to the Common Terms Agreement.

Principal Amount Outstanding means, in relation to a Bond, the original face value thereof less any repayment of principal made to the holder(s) thereof in respect of such Bond.

Principal Tolls Account means each principal tolls account established or to be established in accordance with the Operational Account Bank Agreement and schedule 5 (Project Accounts) to the Common Terms Agreement.

Principal Tolls Amounts means any amount received by the Issuer in respect of any toll or sub-concession fee and any other activity performed by any person in connection with the Project, excluding any Postal Tolls Amounts and any Electronic Payments Amounts.

Privilegio Generale means the agreement dated on or about the Signing Date between, among others, the Issuer and the Security Agent evidencing the "*Privilegio Generale*" granted by the Issuer over movable present and future assets of the Issuer pursuant to Article 160 of the Public Contract Code.

Privilegio Speciale means the agreement dated on or about the Signing Date between, among others, the Issuer and the Security Agent evidencing the "*Privilegio Speciale*" granted by the Issuer over movable present and future assets of the Issuer pursuant to Article 46, paragraph 1-bis of the Italian Banking Act.

Proceeds Account means the proceeds account established or to be established in accordance with the Operational Account Bank Agreement and schedule 5 (Project Accounts) to the Common Terms Agreement.

Project Accounts means the Proceeds Account, the Debt Service Reserve Account, the Capex Reserve Account, the Insurance Proceeds Account, the Maintenance Reserve Account, each Principal Tolls Account, each Postal Tolls Account, the Electronic Payments Account and the Distributions Account and any other bank account of the Issuer opened from time to time in accordance with the provisions of the Finance Documents.

Project Account Bank means together the DSRA Account Bank and the Electronic Payments Account Bank.

Project Account Bank Agreement means the account bank agreement to be entered into between the Issuer, the DSRA Account Bank, Electronic Payments Account Bank and the Security Agent.

Project Accounts Pledge means any agreement between, among others, the Issuer and the Security Agent evidencing a pledge over any Project Account and any other account of the Issuer (other than the Distributions Account and the Postal Tolls Accounts).

Project Budget means each budget in respect of the Project delivered by the Issuer pursuant to clause 5.7 (Project Budget) of the Common Terms Agreement.

Project Budget Maintenance Threshold means, in respect of any Project Budget, an amount equal to 110% of the Maintenance Liabilities set out in that Project Budget.

Project Budget Other Liabilities Threshold means, in respect of any Project Budget, an amount equal to 105% of the Other Liabilities set out in that Project Budget.

Project Documents means the Concession Agreement the Ancillary Project Documents and any other documents designated as such by the Issuer and the Security Agent.

Project Revenues means in respect of any period, the aggregate of all actual (or, as the case may be, forecast) sums of a revenue or income nature received (or, as the case may be, to be received) by or on behalf of the Issuer during that period, including any Principal Tolls Amounts, any Electronic Payments Amounts and any Postal Tolls Amounts.

Projected DSCR means the projection of the DSCR for the Relevant Period commencing on that Payment Date.

Public Grants Receivables means the receivables of the Issuer arising under the public grants owed to it by ANAS pursuant to the terms of the Concession Agreement.

QC Decision Period Termination Date has the meaning given to it in paragraph 1.1 of schedule 6 (Provisions for Voting in respect of QC Voting Matters) of the Bond Trust Deed.

QC Electronic Instruction has the meaning given to it in paragraph 1.2 of schedule 6 (Provisions for Voting in respect of QC Voting Matters) of the Bond Trust Deed.

QC Resolution has the meaning given to it in paragraph 1.4 (Requisite majority in respect of a QC Voting Matter) of schedule 3 (Votes of Qualifying Creditors) to the STID.

QC Vote has the meaning given to it in paragraph 1.1 of schedule 6 (Provisions for Voting in respect of QC Voting Matters) of the Bond Trust Deed.

QC Voting Matter has the meaning given to it in paragraph 1.1(a) (QC Voting Matter) of schedule 3 (Votes of Qualifying Creditors) to the STID.

Qualified Investor means a qualified investor as defined in accordance with Article 100 of the Legislative Decree 24 February 1998 No. 58 (and relevant implementing regulations) and Article 157 of the Public Contract Code, as amended from time to time. For the avoidance of doubts, as of the Issue Date, “Qualified Investor” means:

- (a) persons that must be authorised and regulated to operate in financial markets, whether they be Italian or foreign, such as:
 - (i) banks;
 - (ii) investment firms;
 - (iii) other authorised and regulated financial institutions;
 - (iv) insurance companies;
 - (v) collective investment undertakings and management companies for such undertakings;
 - (vi) pension funds and management companies for such funds;
 - (vii) dealers acting on their own account on commodities and commodity-based derivatives;
 - (viii) persons dealing exclusively on their own account on financial instruments markets with indirect membership of clearing and settlement services and the local compensatory and guarantee system;
 - (ix) other institutional investors;
 - (x) stockbrokers;
- (b) large companies which at individual company level meet at least two of the following requirements:
 - total balance sheet: €20,000,000;
 - net revenues: €40,000,000;

- own funds: €2,000,000;
- (c) institutional investors whose main activity is the investment in financial instruments, including companies dedicated to the securitisation of assets and other financial transactions;
- (d) investors who request to be treated as qualified investors provided that:
 - (i) at least two of the following requirements are met:
 - they have executed significant transactions on the relevant market, averaging 10 transactions per quarter in the previous four quarters;
 - the value of their financial instrument portfolio, including cash deposits, exceeds €500,000;
 - they work or have worked in the financial sector for at least one year in a professional capacity which presumes awareness of the transactions and services envisaged;

and

- (ii) the following procedure is followed:
 - they request in writing to be treated as a qualified investor (generally or with regard to the Bonds);
 - they receive a warning stating, clearly and in writing, the protection and compensatory rights they may lose by requesting to be treated as a qualified investor;
 - they declare in writing to be aware of the consequences deriving from the loss of such protection;
- (e) government of the Republic of Italy;
- (f) the Bank of Italy;
- (g) local authorities (i.e. regions, autonomous provinces of Trento and Bolzano, municipalities, provinces, metropolitan areas, mountain communities, island communities, unions of municipalities) who request to be treated as a qualified investor provided that:
 - (i) they meet the following requirements:
 - their tax revenues, as ascertained in the last management report approved, are higher than €40,000,000;
 - they have executed financial transactions on the relevant market, for a nominal or notional aggregate amount higher than €100,000,000 in the previous three years;
 - availability of a workforce staff involved in the financial management with specific competences and experience in investment services;

and

- (ii) follow the following procedure:

- they deliver a written notice declaring to meet the abovementioned criteria and requesting to be treated as professional investors (generally or with regard to the Bonds) and attach thereto a declaration from the person responsible of the financial management (responsabile della gestione finanziaria) stating that he/she has an adequate professional qualification in financial matters and indicating his/her experience in such sector;
 - they receive a warning stating, clearly and in writing, the protection and compensatory rights they may lose by requesting to be treated as a qualified investor;
 - they declare in writing to be aware of the consequences deriving from the loss of such protection;
- (h) Companies and other legal entities controlled pursuant to article 2359 of the Italian Civil Code by any of the qualified investors listed in (a) to (g) above.

Qualifying Creditors means the Bondholders and the PBCE Provider.

Qualifying Debt means the aggregate of:

- (a) the Principal Amount Outstanding of the Bonds; and
- (b) the drawn and outstanding amounts under the PBCE Letter of Credit.

Quasi-Security means any arrangement or transaction under which the Issuer will:

- (a) sell, transfer or otherwise dispose of any of its assets on terms whereby they are or may be leased to or re-acquired by the Issuer;
- (b) sell, transfer or otherwise dispose of its receivables on recourse terms;
- (c) enter into any arrangement under which money or the benefit of a bank or other account may be applied, set-off or made subject to a combination of accounts; or
- (d) enter into any other preferential arrangement having a similar effect,

in circumstances where the arrangement or transaction is entered into primarily as a method of raising Financial Indebtedness or of financing the acquisition of an asset.

Rating means, in respect of any person, the long-term credit rating of that person by Moody's, S&P and/or Fitch (as applicable).

Rating Agency means any of Fitch, Moody's and S&P. If at any time Fitch, Moody's or S&P is replaced as a Rating Agency, then references to its rating categories shall be deemed instead to be references to the equivalent rating categories of the entity which replaces it as a Rating Agency.

Receiver means a receiver or receiver and manager or administrative receiver of the whole or any part of the Charged Property.

Refinancing means the full, final and unconditional discharge of the Senior Liabilities and/or the PBCE Liabilities (as applicable) through:

- (a) the proceeds of a new loan granted to the Issuer by one or more banks or financial institutions; and/or

(b) the proceeds received by the Issuer through the issuance of bonds,

provided that such new loan and/or new bond issuance does not provide for recourse to and/or the granting of any guarantee by any person other than the Issuer, save where such recourse and/or guarantee (as applicable) is substantially consistent with that provided pursuant to the Finance Documents.

Region Agreement means the agreement dated the Signing Date between the Veneto Region, the Issuer, the Bond Trustee, the PBCE Provider and the Security Agent, acting for itself and in the interest and for the benefit of the Bondholders, pursuant to which, among other things, the Veneto Region gives certain undertakings in favour of the Secured Creditors in respect of the shares held by the Veneto Region in the Issuer.

Regulatory Period means each five year period during the life of the Concession Agreement, at the end of which the PEF and the PFR are updated in accordance with CIPE Resolution No. 39 of 15 June 2007, as from time to time amended and/or supplemented.

Relevant Period means, for the purpose of:

- (a) calculating the NPV for the purposes of the BLCR in respect of any Payment Date, the period commencing on that Payment Date and ending on the Final Maturity Date;
- (b) calculating the Historic DSCR in respect of any Payment Date, the period of 12 months ending on that Payment Date;
- (c) calculating the Projected DSCR in respect of any Payment Date:
 - (i) at any time at which no amount is outstanding under the PBCE Letter of Credit, the period of 12 months commencing on that Payment Date; and
 - (ii) at any time at which any amount is outstanding under the PBCE Letter of Credit, the period of 36 months commencing on that Payment Date;
- (d) calculating the PBCE Rebalancing Historic DSCR in respect of any Payment Date, the period of 12 months ending on that Payment Date;
- (e) calculating the NPV for the purposes of the PBCE PLCR in respect of any Payment Date, the period commencing on that Payment Date and ending on the End Date;
- (f) calculating any Required Balance in respect of any Payment Date, the period of six months commencing on that Payment Date;
- (g) each confirmation given or to be given in any Compliance Certificate as set out in sub-paragraphs (a)(i)(F) and (a)(iii) of clause 5.4 (Compliance Certificate) of the Common Terms Agreement, the period of six months ending on that Payment Date; and
- (h) determining the period to which any Periodic Investor Report relates, the period of six months ending on the Payment Date to which the Compliance Certificate delivered with that Periodic Investor Report relates.

Reliance Parties means the PBCE Provider, the Joint Arrangers, the Joint Bookrunners and the Joint Lead Managers.

Report means each of the Traffic Report, the Technical Report, the Legal Due Diligence Report, the Insurance Report and the Model Audit Letter.

Requesting Bondholder means, in respect of any challenge made, or objections raised in respect of, any Designated Report in accordance with the Common Terms Agreement, any Bondholder which has notified the Bond Trustee in accordance with the Bond Trust Deed that it wishes to make such challenge, raise such objections and/or discuss any modifications to the relevant Designated Report with the Issuer.

Required Balance means, in respect of:

- (a) the Capex Reserve Account:
 - (i) on and including the Issue Date, EUR 32,000,000; and
 - (ii) from but excluding the Issue Date, EUR 32,000,000 less the aggregate of amounts withdrawn from the Capex Reserve Account in accordance with the terms of the Finance Documents;
- (b) the Debt Service Reserve Account:
 - (i) on any date from and including the Issue Date to but excluding the first Payment Date, EUR 36,329,100; and
 - (ii) on any date from and including the first Payment Date, an amount equal to the greater of:
 - (A) the aggregate of amounts payable in respect of Debt Service during the Relevant Period commencing on the most recent Payment Date; and
 - (B) the aggregate of amounts payable in respect of Debt Service during the Relevant Period immediately following the Relevant Period referred to in sub-paragraph (A) above; and
- (c) the Maintenance Reserve Account:
 - (i) on any date from and including the Issue Date to but excluding the first Payment Date, EUR 4,594,845; and
 - (ii) on any date from and including the first Payment Date, an amount equal to:
 - (A) the aggregate of all Maintenance Liabilities set out in the then applicable Semi-Annual Financial Model for (x) the Relevant Period commencing on the most recent Payment Date; and (y) the immediately succeeding Payment Date; *divided by*
 - (B) two.

Required Bondholders means Bondholders representing at least 20% by Principal Amount Outstanding of the Bonds, provided that Bondholders representing an equal or greater percentage of the Bonds by Principal Amount Outstanding have not given an opposite direction to the Bond Trustee.

Required Ratings means:

- (a) in respect of the Project Account Bank, a Rating of at least A3 by Moody's, A- by S&P or A- by Fitch;
- (b) in respect of the Operational Account Bank:
 - (i) if the Operational Account Bank is Intesa Sanpaolo S.p.A., the then current Rating of Intesa Sanpaolo S.p.A. by each Rating Agency unless such Rating has been downgraded or

revoked since the Issue Date by at least two Rating Agencies and at least one of (A), (B) and (C) below applies:

- (A) the PBCE Provider notifies the Issuer, the Bond Trustee and the Security Agent within 30 days of any such downgrade or revocation that it requires a replacement Operational Account Bank with a Rating which is at least that set out in paragraph (ii) below to be appointed;
- (B) immediately following such downgrade or revocation, Intesa Sanpaolo S.p.A. does not have an Investment Grade Rating from at least two Rating Agencies; or
- (C) within 20 Business Days of such downgrade, either:
 - I. the Issuer has not obtained a confirmation from each Rating Agency then rating the Bonds that such downgrade will not result in the Rating then ascribed by that Rating Agency to the Bonds being reduced below the lower of (xx) the Rating of the Bonds as at the Issue Date; and (yy) the Rating then ascribed by that Rating Agency to the Bonds; or
 - II. in the event that any one or more of such Rating Agencies is or are unable to provide such confirmation for any reason other than related to the rating itself, the Issuer does not certify (having made all reasonable enquiries) to the Bond Trustee, the Security Agent and the PBCE Provider, and provide evidence to support such certification, that such downgrade will not result in the Rating then ascribed by that Rating Agency to the Bonds being reduced below the lower of (xx) the Rating of the Bonds as at the Issue Date; and (yy) the Rating then ascribed by that Rating Agency to the Bonds;
- (ii) if the Operational Account Bank is not Intesa Sanpaolo S.p.A., a Rating of at least Baa1 by Moody's, BBB+ by S&P and/or BBB+ by Fitch from at least two Rating Agencies;
- (c) in respect of any bank or financial institution with which Cash Equivalent Investments are held, a Rating of at least A3 by Moody's, A- by S&P and/or A- by Fitch from at least two Rating Agencies; or
- (d) in respect of any financial institution referred to in clause 11.3 (Prospective Liabilities) of the STID, a Rating of at least Baa1 by Moody's, BBB+ by S&P and/or BBB+ by Fitch from at least two Rating Agencies.

Reserve Account means each of the Capex Reserve Account, the Debt Service Reserve Account and the Maintenance Reserve Account.

Restricted Payment means:

- (a) any dividend, charge, remuneration, fee (including payment of fees to a Shareholder or an Affiliate of a Shareholder other than as expressly permitted under the Finance Documents) or other distribution (in cash or in kind) to a Shareholder, in its capacity as shareholder, in accordance with the Finance Documents;
- (b) repayment of share premium reserve, or any other payment by way of a return of capital of, or other investment in, the Issuer or participation in the income or profits of the Issuer;
- (c) repayment, redemption, repurchase or return of the capital (of any tier) of the Issuer or any other such investment or any other such payment in respect of any debt (in cash or in kind) including

payments or repayments in respect of any Subordinated Shareholder Liabilities or the VAT Subordinated Facility.

provided that any payment made to ANAS by the Issuer in accordance with the Concession Agreement or where the Issuer is required to make such payment in accordance with Applicable Law shall not constitute a Restricted Payment.

Restricted Payment Condition means:

- (a) in respect of:
 - (i) any VAT Subordinated Facility Restricted Payment in accordance with the terms of the Finance Documents, the Issuer has delivered a Compliance Certificate in respect of the immediately preceding Payment Date which demonstrates that no VAT Subordinated Facility Trigger Event is continuing or would result from making any proposed Restricted Payment; and
 - (ii) any Shareholder Restricted Payment in accordance with the terms of the Finance Documents, the Issuer has delivered a Compliance Certificate in respect of the immediately preceding Payment Date which demonstrates that no Equity Trigger Event is continuing or would result from making any proposed Restricted Payment;
- (b) in respect of any Restricted Payment:
 - (i) no Default or Event of Default is continuing or would result from making any proposed Restricted Payment;
 - (ii) the Maintenance Reserve Account is funded to the Required Balance;
 - (iii) the Debt Service Reserve Account is funded to the Required Balance;
 - (iv) the Capex Reserve Account is funded to the Required Balance;
 - (v) the first scheduled repayment of principal under the Bonds has been made;
 - (vi) no amounts have been drawn and not repaid under the PBCE Letter of Credit or the PBCE Agreement (including in respect of principal and interest); and
 - (vii) no dispute is continuing in relation to any assumptions, projections, forecasts or other information included in any Project report which could impact the calculation of any Financial Ratio or whether the Restricted Payment Condition is satisfied and which has not been finally determined by an Expert in accordance with the provisions of the Common Terms Agreement;
 - (viii) payment is made before the Payment Date immediately succeeding the Payment Date in respect of which the relevant Compliance Certificate was delivered;
 - (ix) only one Restricted Payment may be made in respect of each Relevant Period;
 - (x) the amount of the Restricted Payment is less than the amount which was available for payment on the immediately preceding Payment Date after all prior ranking payments had been made under the Pre-Enforcement Priority of Payments;
 - (xi) save for the repayment of the Existing ANAS Indebtedness on the Issue Date, no Restricted Payment may be made until the Issuer has received the MIT Acceptance in accordance with Schedule 1 (Conditions Subsequent) of the Common Terms Agreement;

- (xii) no amounts have been drawn and not repaid under any Overdraft Facility constituting Permitted Financial Indebtedness (including in respect of principal and interest); and
- (c) the amount of the Restricted Payment does not exceed the amount standing to the credit of the Proceeds Account *less* EUR 5,000,000 and available:
 - (i) in the case of any proposed VAT Subordinated Facility Restricted Payment, for the payment of VAT Subordinated Facility Liabilities in accordance with the terms of the Common Terms Agreement; and
 - (ii) in the case of any proposed Shareholder Restricted Payment, for transfer to the Distributions Account in accordance with the terms of the Common Terms Agreement.

S&P means Standard & Poor's Rating Services, a division of The McGraw Hill Companies, Inc. or any successor to its rating business.

Sanctions means economic or financial sanctions or trade embargoes or other comprehensive prohibitions against transaction activity pursuant to anti-terrorism laws or export control laws imposed, administered or enforced from time to time by any Sanctions Authority.

Sanctions Authority means:

- (a) the United States government;
- (b) the United Nations Security Council;
- (c) the European Union;
- (d) the United Kingdom; or
- (e) the respective governmental institutions of any of the foregoing including, without limitation, Her Majesty's Treasury, the Office of Foreign Assets Control of the U.S. Department of the Treasury, the U.S. Department of Commerce, the U.S. Department of State and any other agency of the U.S. government.

Secured Creditors means the Bond Trustee, the Bondholders, the PBCE Provider, the Project Account Bank, the Operational Account Bank, the Security Agent, the Principal Paying Agent, each Paying Agent and any other entity (other than the ANAS Shareholder and the VAT Subordinated Facility Provider) which provides funding to the Issuer in accordance with the terms of the Finance Documents and accedes to this Agreement, the STID and the Common Terms Agreement from time to time

Secured Liabilities means all Liabilities (whether actual or contingent and whether owed jointly or severally or in any other capacity whatsoever) of the Issuer to the Secured Creditors and to the Security Agent under the Finance Documents.

Security Document means:

- (a) the STID and each deed of accession thereto, together with any deed supplemental to the STID and referred to in the STID as a "Supplemental Deed";
- (b) the Privilegio Speciale;
- (c) the Privilegio Generale;
- (d) the General Receivables Assignment;

- (e) each Project Accounts Pledge;
- (f) the Concession Agreement Receivables Assignment;
- (g) the Public Grants Receivable Assignment;
- (h) any ANAS Shareholder Receivables Pledge;
- (i) the VAT Receivables Pledge; and
- (j) any other document evidencing or creating security over any asset of the Issuer, the ANAS Shareholder or the VAT Subordinated Facility Provider to secure any obligation of the Issuer to a Secured Creditor in respect of the Secured Liabilities.

Security Interest means a mortgage, charge, pledge, lien or other security interest securing any obligation of any person or any other agreement or arrangement having a similar effect.

Security Provider means:

- (a) the Issuer;
- (b) the ANAS Shareholder; and
- (c) (x) ANAS in its capacity as VAT Subordinated Facility Provider only: (i) to the extent that it still is the VAT Subordinated Facility Provider; and (ii) in proportion to its actual participation in the VAT Subordinated Facility Agreement from time to time and (y) any successor to ANAS in its capacity as VAT Subordinated Facility Provider and any other person assuming from time to time the capacity of VAT Subordinated Facility Provider.

Semi-Annual Financial Model has the meaning given to that term in paragraph (a) of clause 5.5 (Semi-Annual Financial Model) of the Common Terms Agreement.

Senior Creditors means the Secured Creditors, other than the PBCE Provider (except for any amount owed to the PBCE Provider pursuant to clause 4.2 (Charges, fees, costs and expenses) of the PBCE Agreement which constitute Senior Liabilities and for which the PBCE Provider shall be a Senior Creditor).

Senior Discharge Date means the first date on which all Senior Liabilities have been fully, finally and unconditionally discharged to the satisfaction of the Security Agent, whether or not as the result of an enforcement and either:

- (a) the relevant payments are no longer subject to claw-back and declarations of ineffectiveness pursuant to Applicable Law due to the expiry of the relevant period within which such claw-back action or declaration of ineffectiveness may be exercised in accordance with Applicable Law; or
- (b) only in case of:
 - (i) redemption at term; or
 - (ii) voluntary redemption through a Refinancing,

the Issuer has delivered the Agreed Comfort Documents to the Bond Trustee and the Security Agent in form and substance satisfactory to the Bond Trustee and the Security Agent.

Senior Liabilities means the Secured Liabilities owed by the Issuer to:

- (a) the Senior Creditors;

- (b) the PBCE Provider in respect of fees, costs and expenses of the PBCE Provider that are payable by the PBCE Provider to third parties under clause 4.2 (Charges, Fees, Costs and Expenses) of the PBCE Agreement; and
- (c) the Security Agent for its own account under or in respect of the Finance Documents.

SGRs means *società di gestione del risparmio* as defined in art. 1, par. 1, let. o) of the Italian Financial Act.

Shareholder Restricted Payment means any Restricted Payment (including any payment in respect of Subordinated Shareholder Liabilities) which is not a VAT Subordinated Facility Restricted Payment.

SICAV means *società di investimento a capitale variabile* as defined in art. 1, par. 1, let. i) of the Italian Financial Act.

Signing Date means 6 April 2016.

SIM means *società di intermediazione mobiliare* as defined in art. 1, par. 1, let. e) of the Italian Financial Act.

STID Proposal has the meaning given to it in clause 21.2 (Amendments and Waivers) of the STID.

Subordinated Shareholder Liabilities means all present and future liabilities at any time of the Issuer to the ANAS Shareholder (but not ANAS in any other capacity) in respect of any Financial Indebtedness (other than, for the avoidance of any doubt, the VAT Subordinated Facility Liabilities).

Subordinated Shareholder Liabilities Instrument means any agreement (whether or not in writing), contract, document or account record setting out or evidencing the terms of any Subordinated Shareholder Liabilities.

Subsidiary means a subsidiary within the meaning of Article 2359 of the Italian Civil Code or Article 23 of the Italian Banking Act, as applicable;

Tariffs means the tariffs applied by the Issuer to the users of the Motorway.

Technical Adviser means Steer Davies and Gleave or any other person appointed by the Issuer with the Security Agent's consent.

Technical Report means the technical report dated 30 November 2015 entitled "*Technical Due Diligence*" prepared by the Technical Adviser and addressed to the Issuer and capable of being relied upon by, the Issuer and the Bond Trustee and disclosed to the Reliance Parties.

Third Deed of Amendment means the third deed of amendment and supplement to the Original General Contract entered into on 20 April 2010 between the Delegated Commissioner and the General Contractor for, inter alia, the final project design and realisation of the "Casello di Martellago-Scorzè" and "Dolo-Pianiga" and other works whose realisation had been postponed.

Traffic Adviser means Steer Davies and Gleave or any other person appointed by the Issuer with the Security Agent's consent.

Traffic Report means the traffic report dated 27 November 2015 entitled "*CAV Motorway Network Traffic and Revenue Study*" prepared by the Traffic Adviser and addressed to the Issuer and capable of being relied upon by, the issuer and the Bond Trustee and disclosed to the Reliance Parties.

Transaction Documents means the Finance Documents, the Project Documents and the Equity Documents.

Transaction Security means the Security Interests created or intended to be created pursuant to the Security Documents.

Treasury Transaction means any derivative transaction entered into in connection with protection against or benefit from fluctuation in any rate or price.

Trigger Event Compliance Certificate means an Equity Trigger Event Compliance Certificate or a VAT Subordinated Facility Trigger Event Compliance Certificate.

Trigger Event Period means an Equity Trigger Event Period or a VAT Subordinated Facility Trigger Event Period.

U.S. and United States means the United States of America.

VAT means value added tax as provided for in Directive 2006/112/EC and imposed by, in relation to Italy, Presidential Decree No. 633 of 26 October 1972 and Legislative Decree No. 331 of 30 August 1993 and legislation and regulations supplemental thereto and includes any other tax of a similar fiscal nature imposed (instead of, or in addition to, value added tax) elsewhere from time to time.

VAT Receivables Pledge means the pledge agreement dated the Signing Date between, among others, the VAT Subordinated Facility Provider and the Security Agent pursuant to which the VAT Subordinated Facility Provider grants a pledge in favour of the Bondholders, the Security Agent, the Bond Trustee and the PBCE Provider over its rights in respect of the VAT Subordinated Facility Liabilities.

VAT Subordinated Facility means the EUR 136,534,955.20 interest bearing facility provided to the Issuer by the VAT Subordinated Facility Provider.

VAT Subordinated Facility Agreement means the agreement under which the VAT Subordinated Facility is documented.

VAT Subordinated Facility Liabilities means all present and future liabilities at any time of the Issuer to the VAT Subordinated Facility Provider.

VAT Subordinated Facility Provider means any person which is or has become a party to the STID as VAT Subordinated Facility Provider in accordance with the provisions of the STID being, as at the Signing Date, ANAS.

VAT Subordinated Facility Restricted Payment means a Restricted Payment in respect of VAT Subordinated Facility Liabilities.

VAT Subordinated Facility Trigger Event means any event or circumstance specified as a VAT Subordinated Facility Trigger Event in clause 10.3 (VAT Subordinated Facility Trigger Events) of the Common Terms Agreement.

VAT Subordinated Facility Trigger Event Period means the period from and including the date on which any VAT Subordinated Facility Trigger Event occurs to and including the Payment Date after the earlier of:

- (a) the date on which the relevant VAT Subordinated Facility Trigger Event has been waived by the Security Agent; and
- (b) the date on which the relevant VAT Subordinated Facility Trigger Event has been remedied in accordance with the Trigger Event Remedy Plan prepared in respect of that VAT Subordinated Facility Trigger Event in accordance with paragraph (c) of clause 10.4 (Consequences of a Trigger Event) of the Common Terms Agreement,

and provided that no VAT Subordinated Facility Trigger Event is then subsisting.

VAT Subordination Agreement means the subordination agreement dated the Signing Date between, among others, the VAT Subordinated Facility Provider, the Issuer, the Bond Trustee, the PBCE Provider and the Security Agent, acting for itself and in the interest and for the benefit of the Bondholders in accordance with Article 1411 of the Italian Civil Code, pursuant to which the VAT Subordinated Facility Provider agrees, among other things, to subordinate its rights in respect of the VAT Subordinated Facility Liabilities to the rights of the Secured Creditors under the Finance Documents.

Voted Bond Debt has the meaning given it in clause 2.3 (Requisite Majority) of schedule 2 (STID Decision-Making Protocol) of the STID.

Voting Date has the meaning given to it in paragraph 1.1 of schedule 5 (Provisions for Voting in respect of STID Proposals) of the Bond Trust Deed.

Voted QC Debt has the meaning given to it in paragraph 1.4(b) (Requisite majority in respect of a QC Voting Matter) of schedule 3 (Votes of Qualifying Creditors) to the STID.

THE ISSUER

Concessioni Autostradali Venete – CAV S.p.A.
via Bottenigo 64/A
30175 Marghera (VE)
Italy

ANAS S.p.A.

Via Monzambano, 10
00185, Roma
Italy

PBCE PROVIDER

European Investment Bank
98-100, boulevard Konrad Adenauer
L-2950 Luxembourg
Luxembourg

BOND TRUSTEE

Deutsche Trustee Company Limited
Winchester House
1 Great Winchester Street
London EC2N 2DB

SECURITY AGENT

Deutsche Bank AG, London Branch
Winchester House
1 Great Winchester Street
London EC2N 2DB

PRINCIPAL PAYING AGENT

Deutsche Bank AG, London Branch

Winchester House
1 Great Winchester Street
London EC2N 2DB

LISTING AGENT

BNP Paribas Securities Services, Luxembourg Branch
33, rue de Gasperich
L-5826 Hesperange
Luxembourg

JOINT BOOKRUNNERS

Banca IMI S.p.A

Largo Mattioli 3
20121 Milan
Italy

BNP Paribas

10 Harewood Avenue
London NW1 6AA
United Kingdom

Société Générale

Tours Société Générale
17 Cours Valmy 92987
Paris La Défense Cedex, France

The Royal Bank of Scotland plc

135 Bishopsgate
London EC2M 3UR
United Kingdom

Unicredit Bank AG - Milan Branch

Piazza Gae Aulenti, 4
Tower C, 20154 Milan
Italy

LEGAL ADVISERS

*To the Joint Arrangers, Joint Lead Managers and
Joint Bookrunners as to Italian law*

Bonelli Erede Pappalardo
Via Salaria, 259
00199 Roma
Italy

*To the Joint Arrangers, Joint Lead Managers and
Joint Bookrunners as to English law*

Allen & Overy LLP
One Bishops Square
London, E1 6AD
United Kingdom

*To the Bond Trustee and the Security Agent as to
Italian law*

Bonelli Erede Pappalardo

Via Salaria, 259

00199 Roma

Italy

*To the Bond Trustee and the Security Agent as to
English law*

Allen & Overy LLP

One Bishops Square

London, E1 6AD

United Kingdom

To the Issuer as to Italian and English law
Gianni, Origoni, Grippo, Cappelli & Partners

Piazza Belgioioso, 2

20121 Milan

Italy

To ANAS S.p.A. as to Italian law

Chiomenti Studio Legale

Via XXIV Maggio, 43

00187, Roma

Italy

To the European Investment Bank as to English law

Clifford Chance LLP

10 Upper Bank Street

London, E14 5JJ

United Kingdom

AUDITORS

Ria Grant Thornton S.p.A.

Corso Vercelli 40

20145 Milan

Italy