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Re: **Periodic Investor Report**

Venice, 26th March 2020

Dear Sirs,

Common Terms Agreement dated 6 April 2016 between, among others, the Issuer, the Bond Trustee, The PBCE Provider and the Security Agent (the Common Terms Agreement)

We refer to the Common Terms Agreement.

Capitalised terms not defined here below have the meanings given to those terms in the Common Terms Agreement.

This is a Periodic Investor Report.

The Relevant Period to which this Periodic Investor Report relates is **01/7/2019 – 31/12/2019**. The following information are based, among others, on the information included in the Annual Financial Statements delivered on the date hereof.

Furthermore, this Periodic Investor Report includes: (i) information as to recent developments on the tariffs framework and the update process of the PEF/PFR; and (ii) preliminary information as to the impact on CAV of the recent outbreak in Italy of the COVID-19 pandemics.

General Overview for the Relevant Period

- a) During the Relevant Period, the performance of the Project has been positive. In particular, the profits (*utile*) during the Relevant Period are equal to Euro 14,277,947, which represent only a slight decrease (Euro 1,190,997) against the forecasts set out under the applicable Project Budget (Euro 15,468,944).
- b) Further information is available in the draft of Annual Financial Statements related to the fiscal year ended on 31 December 2019 attached herewith as Appendix A and in the comparison between the semi-annual Project budget and the abovementioned of Annual Financial Statements attached herewith as Appendix B.

Maintenance Liabilities

- a) The overall Maintenance Liabilities incurred during the Relevant Period are equal to Euro 10,087,974. For further information, please refer to page 9 of Appendix B.
- b) The overall Maintenance Liabilities forecasted for the Relevant Period under the Project Budget were equal to Euro 10,019,222. Therefore, there has been a slight increase (Euro 68,752, *i.e.* +0,7%) of expenditure compared to the forecasted Maintenance Liabilities. For further details, please refer to pages 8 to 10 of Appendix B.



Other Liabilities

- a) The Other Liabilities incurred during the Relevant Period are, in aggregate, equal to Euro 53,656,850. The details and amount of each of the line items of the Other Liabilities are set out in pages 4 and 5 of Appendix B.
- b) The Other Liabilities forecasted to be incurred during the Relevant Period were, in aggregate, equal to Euro 54,699,561. Therefore, there has been a spending decrease of Euro 1,042,711 compared to the forecasted Other Liabilities. For further details, please refer to pages 4 and 5 of Appendix B.

Tariffs

Please find below the Tariffs for the Relevant Period.

Vehicle Class	Mestre By-Pass/A4	Closed System/A4	Open System/A57
A	0,09703	0,04559	0,04729
B	0,09946	0,04673	0,04852
3	0,12131	0,05377	0,05579
4	0,19302	0,08883	0,09215
5	0,23129	0,10754	0,11155

Since 1st January 2019 the adopted tolls increased by +2.06% compared to 2018.

Recent Developments on Tariffs Framework and PEF/PFR Update Process

➤ ART Resolution

As already highlighted in our previous communications, including the Communication on Semi-Annual Financial Model and the Periodic Investor Report dated 27 September 2019, ART Resolution No. 69/2019 dated 19 June 2019 (the “**ART Resolution**”) sets out a new tariff regime for CAV.

In light of the potential negative effects that the tariff scheme set out under the ART Resolution might produce, CAV – as already notified to the Information Recipients – has challenged such resolution before the Administrative Regional Court of Veneto, requesting its annulment based on several arguments. Among others, CAV has claimed that the ART Resolution is unlawful since it provides for an unilateral change of the tariff framework applicable to CAV’s concession.

On 6 February 2020, CAV notified additional reasons of appeal, challenging more in detail the calculation methods used by ART for the definition of the new tariffs’ framework.

The hearing to discuss the merit of CAV’s claim is scheduled on 20 May 2020 (even though it is possible that the hearing be postponed in light of the current emergency deriving from the COVID-19 outbreak) and CAV will promptly inform the Information Recipients about its outcome.



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➤ **The update process of the PEF / PFR**

Pending the outcome of the challenge in court, CAV needs to abide by the contents of the ART Resolution (and the relevant implementing laws and regulations) which include, among others, an obligation for CAV to submit to the Grantor new PEF/PFR based on the ART Resolution.

Such new PEF/PFR were originally to be delivered by 30 March 2020, but such term has been subsequently postponed by the Grantor following the COVID-19 outbreak in Italy and in light of the contents of Law Decree No. 18 of 17 March 2020. The new term has not been formally communicated by the Grantor yet.

On the other side, under the Concession Agreement CAV is required to deliver, by no later than 30 June 2020, an update of the PEF/PFR, developed on the basis of the previous tariffs' framework and, in particular, of CIPE Resolutions No. 39 of 15 June 2007, No. 27 dated 21 March 2013 and No. 68 dated 7 August 2017 (the "**CIPE Resolutions**"). Delivery of such PEF/PFR is required also by the ART Resolution (since it is relevant to determine certain parameters under the ART Resolution mechanism).

In light of the foregoing, CAV will be required to submit to the Grantor:

- (i) an updated 2020-2032 PEF and an updated 2020-2024 PFR based on the CIPE Resolutions (the "**CIPE PEF/PFR**"). Consistently with its legal challenge against the ART Resolution, CAV considers the CIPE PEF/PFR as the base case PEF/PFR to be approved by the Grantor in accordance with the Concession Agreement; and
- (ii) an updated 2020-2032 PEF and an updated 2020-2024 PFR based on the ART Resolution (the "**ART PEF/PFR**"), merely to avoid that CAV may be deemed in breach of the provisions of ART Resolution (should the described challenge above have a negative outcome).

CAV, therefore, will specify to the Grantor that the delivery of the PEF/PFR based on the ART Resolution is without prejudice to, and therefore does not constitute any waiver under, the challenge currently ongoing against the ART Resolution.

In order to provide the Information Recipients with comprehensive information as to this process, the currently available drafts of the CIPE PEF/PFR and the ART PEF/PFR are enclosed herewith as, respectively, Appendix C and Appendix D.

This being said, CAV would like to specify that the drafts CIPE PEF/PFR and ART PEF/PFR enclosed herewith are delivered for information purposes only and may not be the final ones that will be submitted to the Grantor.

In fact, on one side these documents are based on traffic assumptions that already factor-in the preliminary data and information available, thus far, on to the impact of the COVID-19 outbreak; on the other side, however, as specified in further details in the Communication on Traffic Report delivered on the date hereof, such estimates and assumptions do not have the same degree of reliability, particularly on a mid-long term horizon, as the traffic assumptions developed in normal circumstances.



Therefore, CAV may need to further update the PEFs/PFRs before delivering them to the Grantor, to take into account any more reliable assumption as to traffic that may become available in the next few weeks/months.

In any case, as soon as the final versions of the CIPE PEF/PFR and the ART PEF/PFR will be ready, CAV will deliver them to the Information Recipients in accordance with the provisions set out in the Finance Documents.

Traffic Figures

The Vehicles_km registered during the Relevant Period are 951,257,902, with an increase of approximately 0.6% compared to the same period of 2018.

This being said, it is worth anticipating that the recent outbreak in Italy of COVID-19 pandemics, and the consequent restrictive measures imposed by the Italian Government, are having a negative impact on traffic on all Italian motorways, including CAV's network.

For this reason, CAV has requested the Traffic Advisor to include in the Periodic Traffic Report preliminary estimates as to the impact of such circumstance on the traffic on CAV's network.

Such preliminary estimates are included in the Periodic Traffic Report and therefore the Information Recipients are invited to read that document for further details on this aspect.

Project Revenues

- a) The overall Project Revenues (*production value*) during the Relevant Period are equal to Euro 85,191,902.
- b) The overall Project Revenues (*production value*) forecasted under the Project Budget for the Relevant Period were equal to Euro 86,753,914. Therefore, there has been a slight decrease (Euro 1,562,012, *i.e.* - 1.8%) compared to the forecasts set out under the Project Budget, mainly due to the decrease in the tolls revenues and to the collection costs sharing mechanism. For further details, please refer to pages 4, 5 and 7 of Appendix B.

Insurance

The Insurances currently in place are the following:

- 1) ALL RISK POLICY
- 2) THIRD PARTY LIABILITY – I RISK
- 3) THIRD PARTY LIABILITY – II RISK
- 4) THEFT
- 5) WORK ACCIDENTS
- 6) FIRE/THEFT/KASKO VEHICLES
- 7) LEGAL COSTS INSURANCE
- 8) DIRECTORS & OFFICERS – I RISK
- 9) DIRECTORS & OFFICERS – II RISK
- 10) LIFE INSURANCE FOR DIRECTORS



- 11) PUBLIC OFFERING INSURANCE (P.O.S.I.)
- 12) ENVIRONMENTAL LIABILITY INSURANCE
- 13) CIVIL LIABILITY INSURANCE – SIMPLE NEGLIGENCE
- 14) CYBER RISK
- 15) RC AUTO (FULL INSURANCE)
- 16) ACCIDENTS TO THE DRIVER

No material insurance claim has been made during the Relevant Period.

Disputes

No new disputes having a value higher than Euro 1,000,000 have been commenced during the Relevant Period.

Acquisitions and/or Disposals

No Permitted Acquisitions have been made during the Relevant Period.

No Permitted Disposal having a value greater than Euro 500,000 has been made during the Relevant Period.

Restricted Payments

No Restricted Payment was made during the Relevant Period.

No Default or Trigger Event

As indicated in the Compliance Certificate delivered on the date hereof, on the Calculation Date falling on 31 December 2019 the Projected DSCR is lower than the applicable Default Ratio.

However, as explained in further details in the Compliance Certificate, CAV believes that this circumstance is not a reason of concern since:

- this circumstance is due, only, to the currently expected drop in toll revenues for 2020 deriving from the outbreak of the COVID-19 pandemics;
- all other Financial Ratios are above the applicable Default Ratio and all the Financial Ratios are expected to rapidly recover above the Default Ratio, thus confirming the strength of CAV's Project;
- CAV has significant financial resources available (as of today, approximately Euro 218 Million) which will allow CAV to regularly comply with all its payment obligations under the Finance Documents, without need of activating the PBCE instrument; and
- in light of the foregoing, no Event of Default under Clause 11.2 of the Common Terms Agreement is triggered by this circumstance.

Reserve Accounts

Below are the amounts standing to the credit of the Maintenance Reserve Account, Debt Service Reserve Account and Capex Reserve Account as of 31 December 2019:



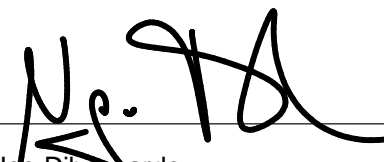
- a) Maintenance Reserve Account: Euro 4,331,175
- b) Debt Service Reserve Account: Euro 41,047,975
- c) Capex Reserve Account: Euro 27,079,815

For completeness of information, please find attached herewith the Annual Financial Statements related to the fiscal year ended on 31 December 2019, both in the Italian and English version (Appendix E).

Kind regards,

Dott. Giovanni Bordignon
Authorised Signatory
for and on behalf of

Concessioni Autostradali Venete S.p.A.



Ing. Ugo Dibemardo
Authorised Signatory
for and on behalf of

Concessioni Autostradali Venete S.p.A.

Appendix A) Annual Financial Statements as of 31 December 2019 – Italian version
Appendix B) Comparison between Semi-Annual Financial Statements and Project Budget
Appendix C): CIPE PEF/PFR
Appendix D): ART PEF/PFR

Appendix E) Annual Financial Statements as of 31 December 2019 – English version
AFSAD/GB/CR/cr