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Re: **Periodic Investor Report**

Venice, 28<sup>th</sup> September 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 meaning 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 **01/01/2020 – 30/06/2020**. The following information are based, among others, on the information included in the Semi-Annual Financial Statements delivered on the date hereof.

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

### **General Overview for the Relevant Period**

- a) During the Relevant Period, in light of the COVID-19 pandemics, CAV has registered a loss (*perdita*) equal to Euro 3,577,200, which represents a decrease (Euro -20,074,458) against the forecasts set out under the applicable Project Budget (profits equal to Euro 16,497,258).
- b) Further information is available in the Semi-Annual Financial Statements related to the semester ended on 30 June 2020 attached herewith as Appendix A and in the comparison between the semi-annual Project budget and the abovementioned of the Semi-Annual Financial Statements attached herewith as Appendix B.

### **Maintenance Liabilities**

- a) The overall Maintenance Liabilities incurred during the Relevant Period are equal to Euro 9,090,618. 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 8,013,895. Therefore, there has been an increase (Euro 1,076,723) of expenditure compared to the forecasted Maintenance Liabilities. For further details, please refer to pages 8 to 9 of Appendix B.

## Other Liabilities

- a) The Other Liabilities incurred during the Relevant Period are, in aggregate, equal to Euro 51,217,741. 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 55,235,271. Therefore, there has been a spending decrease of Euro 4,017,530 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	0,09819	0,04614	0,04786
B	0,10065	0,04729	0,04910
3	0,12277	0,05442	0,05646
4	0,19534	0,08990	0,09326
5	0,23407	0,10883	0,11289

Since 1<sup>st</sup> January 2020 the adopted tolls increased by +1.20% compared to 2019.

## Updates on Tariffs Framework and PEF/PFR Update Process

### ➤ Challenge of ART Resolution

As already highlighted in our previous communications, including the Communications on Semi-Annual Financial Model and the Periodic Investor Reports dated 27 September 2019 and 26 March 2020, 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.

The hearing to discuss the merit of CAV’s claim, formerly scheduled on 20 May 2020, has been postponed, in light of the current emergency deriving from the COVID-19 outbreak, to 7 October 2020. CAV will promptly inform the Information Recipients about its outcome.

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

As already notified to the Information Recipients with a notice on 9 April 2020, in the context of the process for the update of its PEF/PFR, CAV has developed and delivered to the Information Recipients (with the above mentioned notice):

- (i) an updated 2020-2032 PEF and an updated 2020-2024 PFR based on the CIPE Resolutions (the “**CIPE PEF/PFR**”) which, consistently with its legal challenge against the ART Resolution, CAV

considers 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).

The CIPE PEF/PFR and the ART PEF/PFR have been approved by CAV’s board of directors and CAV’s shareholders’ meeting in the form previously submitted to the Information Recipients and have then been submitted to the Grantor on 4 May 2020.

CAV has not received yet any feedback from the Grantor following delivery of the CIPE PEF/PFR and the ART PEF/PFR and will update the Information Recipients as soon as there will be any development in this regard.

### **Traffic Figures**

The Vehicles\_km registered during the Relevant Period are 560,286,598, with a decrease of approximately 35.99% compared to the same period of 2019.

This decrease is due, as expected, to the outbreak in Italy of the COVID-19 pandemics, and the consequent restrictive measures imposed by the Italian Government, that had a negative impact on traffic on all Italian motorways, including CAV’s network.

This being said, it is worth mentioning that – as shown in the Periodic Traffic Report delivered on the date hereof – following the easing of the restrictive measures imposed to face the spread of the COVID-19 pandemics, CAV has already registered a gradual recovery of the traffic on its network, with a trend which is more positive than the one forecasted in the Periodic Traffic Report delivered to the Information Recipients in March 2020.

For further details, please refer to the Periodic Traffic Report delivered on the date hereof.

### **Project Revenues**

- a) The overall Project Revenues (*production value*) during the Relevant Period are equal to Euro 55,976,270.
- b) The overall Project Revenues (*production value*) forecasted under the Project Budget for the Relevant Period were equal to Euro 86,539,122. Therefore, there has been a decrease (Euro 30,562,851, *i.e.* - 35.32%) compared to the forecasts set out under the Project Budget, mainly due to the decrease in the tolls revenues due to the COVID-19 pandemics. 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**

We hereby certify that no Default has occurred or is continuing.

This being said, by way of mere information (since this circumstance does not constitute a Default), CAV notes that the Semi-Annual Financial Model delivered on the date hereof evidences for the Calculation Date of 31 December 2020 a Historical DSCR lower than the applicable Default Ratio. In this regard, CAV would like to highlight that this circumstance is not a reason of concern since:

- this circumstance is due, only, to the drop in toll revenues during 2020 deriving from the outbreak of the COVID-19 pandemics;
- as anticipated, following the easing of the restrictive measures imposed to face the spread of the COVID-19 pandemics, CAV has already registered a gradual recovery of the traffic on its network, with a trend which is more positive than the one forecasted in the Periodic Traffic Report delivered to the Information Recipients in March 2020;
- all other Financial Ratios as of the Calculation Date of 31 December 2020 are expected to remain significantly above the applicable Default Ratio and all the Financial Ratios (as indicated in the document

- enclosed to the Communication on Semi-Annual Financial Model) are expected to rapidly recover above the Default Ratio already in 2021, thus confirming the strength of CAV's Project;
- as of 18<sup>th</sup> September 2020 – thus, after having paid Debt Service on 30 June – CAV had approximately Euro 203 Million of available financial resources, of which approximately Euro 127 Million in the Proceeds Account and approximately Euro 71.6 Million in the various Reserve Accounts. As a consequence, CAV will have more than sufficient resources to regularly serve the debt on 31 December 2020 without need of drawing from the Debt Service Reserve Account nor to activate the PBCE instrument and, therefore, does not expect this circumstance to have any negative impact on its ability to meet its payment obligations under the Finance Documents. Furthermore, at 31 December 2020, thus after having served the debt also for the second semester of 2020, CAV is expected to still have approximately Euro 180 Million of available financial resources, of which approximately Euro 108 Million in the Proceeds Account and approximately Euro 71.6 Million in the other Reserve Accounts; and
  - in light of the foregoing, no Event of Default under Clause 11.2 of the Common Terms Agreement is expected to be triggered by such circumstance as of the Calculation Date of 31 December 2020.

### 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 30 June 2020:

- a) Maintenance Reserve Account: Euro 4,331,126
- b) Debt Service Reserve Account: Euro 41,044,225
- c) Capex Reserve Account: Euro 27,079,766

Kind regards,

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Dott. Giovanni Bordignon  
Authorised Signatory  
for and on behalf of

**Concessioni Autostradali Venete S.p.A.**

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Ing. Ugo Dibennardo  
Authorised Signatory  
for and on behalf of

**Concessioni Autostradali Venete S.p.A.**

Appendix A) Semi-Annual Financial Statements as of 30 June 2020 – Italian version  
Appendix B) Comparison between Semi-Annual Financial Statements and Project Budget

DAFSAD/GB/LP/lp