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Re: Periodic Investor Report

Venice, 1 April 2021

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 **01/07/2020 – 31/12/2020**. 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) 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, CAV has registered a profit (*utile*) equal to Euro 6,226,702. Even though this is a particularly positive result considering the spread of the COVID-19 pandemics, we note that this profit is lower (Euro - 6,463,911) than the forecasts – made before the spread of the COVID-19 pandemics – set out under the applicable Project Budget (profits equal to Euro 12,690,613).
- b) Further information is available in the Annual Financial Statements related to the financial year ended on 31 December 2020 attached herewith as Appendix A and in the comparison between the semi-annual Project budget and the Semi-Annual Financial Statements as of 31 December 2020, attached herewith as Appendix B.

Maintenance Liabilities

- a) The overall Maintenance Liabilities incurred during the Relevant Period are equal to Euro 7,996,553. For further information, please refer to pages 8 and 9 of Appendix B.
- b) The overall Maintenance Liabilities forecasted for the Relevant Period under the Project Budget were equal to Euro 6,387,914. Therefore, there has been an increase (Euro 1,608,639) of expenditure compared to the forecasted Maintenance Liabilities. For further details, please refer to pages 8 and 9 of Appendix B and to the Periodic Technical Report delivered on the date hereof.

In this regard, it is worth mentioning that following the collapse of the Genoa Bridge: (i) in the course of 2020, new technical regulations (which provide for additional monitoring and maintenance obligations on concessionaires) have been enacted, with the aim of improving safety standards for motorways; and (ii) in the

first quarter of 2021, the Grantor has launched a campaign of extraordinary maintenance surveys aimed at verifying the status of Italian motorways.

In this context, in the last few months surveys have been conducted also on the motorway stretches managed by CAV. Following such surveys, the inspector appointed by the Grantor has requested the performance of further checks in respect of six bridges, viaducts and tunnels within CAV's network, which CAV is currently performing.

CAV is having continuous interactions with the Grantor in this regard and the documents available in respect of such surveys have been made available to the Technical Advisor. Further details in this regard are available in the Periodic Technical Report delivered on the date hereof.

Other Liabilities

- a) The Other Liabilities incurred during the Relevant Period are, in aggregate, equal to Euro 49,483,136. The details and amount of each of the line items of the Other Liabilities are set out in pages 8 to 10 of Appendix B.
- b) The Other Liabilities forecasted to be incurred during the Relevant Period were, in aggregate, equal to Euro 54,581,610. Therefore, there has been a spending decrease of Euro - 5,098,474 compared to the forecasted Other Liabilities. For further details, please refer to pages 8 to 10 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

Tariffs applied from 1st January 2021 are unchanged compared to those applied in 2020.

Updates on Tariffs Framework and PEF/PFR Update Process

➤ Challenge of ART Resolution

As already highlighted in our previous communications, including in the Periodic Investor Reports dated 27 September 2019, 26 March 2020 and 28 September 2020, the 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 regime set out under the ART Resolution might produce, CAV – as already notified to the Information Recipients – had challenged such resolution before the Administrative Regional Court of Veneto, requesting its annulment based on several arguments.

As already indicated in our communication dated 4 December 2020, with a first-instance decision dated 25 November 2020, the Administrative Regional Court of Veneto has: (i) on one side, accepted (although partially) CAV's argument on the mechanics concerning the so called "efficiency factor" (Xt), confirming that ART did not take into due account whether CAV could actually be able (considering its existing obligations) to apply the requested significant reduction of its operating costs; and (ii) on the other side, rejected CAV's more general argument against the overall legitimacy of the ART Resolution.

Both CAV (with an appeal dated 23 February 2021) and ART (with an appeal dated 25 February 2021) have challenged before the Council of State, which acts as second-instance court, the first-instance decision issued by the Administrative Regional Court of Veneto (each claiming that it did not fully uphold the respective position).

The hearing to discuss the appeals is scheduled on 6 May 2021. CAV will promptly inform the Information Recipients about its outcome.

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

As already notified to the Information Recipients, on 30 December 2020 CAV has submitted to the Grantor:

- (i) an updated 2020-2032 PEF and an updated 2020-2024 PFR developed on the basis of the CIPE Resolutions (the "**December 2020 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 developed on the basis of the ART Resolution (the "**December 2020 ART PEF/PFR**" and, collectively with the December 2020 CIPE PEF/PFR, the "**December 2020 PEFs/PFRs**"), merely to avoid that CAV may be deemed in breach of the provisions of ART Resolution (should the challenge described above have a negative outcome).

The December 2020 PEFs/PFRs have been submitted to the Grantor in the form previously submitted by CAV to the Information Recipients on 4 December 2020¹.

CAV would like to remind that – as already indicated in the communication delivered on 4 December 2020 – in light of the instructions provided by the Grantor with a formal communication dated 5 October 2020, the December 2020 PEFs/PFRs have been developed by using, among the assumptions, traffic forecasts that did not consider the negative effects deriving from the COVID-19 pandemics.

As already stated in the above mentioned communication, even though CAV was not in agreement with the indications provided by the Grantor for the development of the December 2020 PEFs/PFRs², CAV

¹ following expiry of the 10-Business Day term for the consolidation of the silent approval by the EIB in respect of such documents.
² since, in CAV's view, the approach indicated by the Grantor – and detailed in the communication delivered to the Information Recipients on 4 December 2020 – was not sufficient to ensure a full recovery of the negative effects deriving from the drop in traffic volumes caused by the spread of the COVID-19 pandemics.

abided by them in the preparation of such documents but reserved (in the submission letter) any right in respect thereto.

CAV has not received yet any feedback from the Grantor following delivery of the December 2020 PEFs/PFRs 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 782,241,008, with a decrease of approximately 17.77% 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.

For further details, please refer to the Periodic Traffic Report delivered on the date hereof, which includes also updated forecasts as to future traffic volumes (including updated estimates as to the impact of the COVID-19 pandemics on traffic volumes).

Project Revenues

- a) The overall Project Revenues (*production value*) during the Relevant Period are equal to Euro 72,918,495.
- b) The overall Project Revenues (*production value*) forecasted under the Project Budget for the Relevant Period were equal to Euro 86,239,405. Therefore, there has been a decrease (Euro 13,320,910, *i.e.* - 15.45%) 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 7 and 8 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.

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 that, as of the Calculation Date of 31 December 2020, both the Historical DSCR and the Projected DSCR are 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 extraordinary drop in toll revenues deriving from the outbreak of the COVID-19 pandemics;
- all other Financial Ratios are above the applicable Default Ratio and all the Financial Ratios (as indicated in the documents enclosed to the Communication on Semi-Annual Financial Model) are expected to rapidly recover above the Default Ratio, thus confirming the strength of CAV's project;
- notwithstanding the outbreak of the COVID-19 pandemics, at the end of the 2020 financial year CAV did not report losses, but rather a net profit (on the entire financial year) of more than Euro 2.6 Million;
- as of 31 December 2020 – thus, after having paid Debt Service on 31 December 2020 – CAV had approximately Euro 201 Million of available financial resources, of which approximately Euro 129 Million in the Proceeds Account and approximately Euro 72 Million in the various Reserve Accounts. Such aggregate financial resources, as at 25 March 2021, have increased to approximately Euro 218 Million. As a consequence, CAV has always had, and will continue to have, more than sufficient resources to regularly serve the debt 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. More in details, at 31 December 2021, thus after having served the debt for both semesters of 2021, CAV is expected to still have approximately Euro 186 Million of available financial resources, of which approximately Euro 123 Million in the Proceeds Account and approximately Euro 63 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 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 31 December 2020:

- a) Maintenance Reserve Account: Euro 7,640,698
- b) Debt Service Reserve Account: Euro 37,068,525
- c) Capex Reserve Account: Euro 27,079,815

Kind regards,

Dott. Giovanni Bordignon
Authorised Signatory
for and on behalf of

Concessioni Autostradali Venete S.p.A.

Ing. Ugo Dibennardo
Authorised Signatory
for and on behalf of

Concessioni Autostradali Venete S.p.A.

Appendix A) Annual Financial Statements as of 31 December 2020 – Italian version
Appendix B) Comparison between Semi-Annual Financial Statements and Project Budget

DAFSAD/GB/LP/lp

