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Re: Periodic Investor Report

Venice, 23 March 2022

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 **01/07/2021 – 31/12/2021**. 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 the performance of the Project has been positive and even above the forecasts set out under the relevant Project Budget.  
In particular, the profits (*utile*) during the Relevant Period are equal to Euro 12,980,429. This is a particularly positive result considering the spread of the COVID-19 pandemics and represent a considerable increase (Euro +4,089,984) against the forecasts set out under the applicable Project Budget (profits equal to Euro 8,890,445).
- b) Further information is available in the Annual Financial Statements related to the financial year ended on 31 December 2021 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 2021, attached herewith as Appendix B.

### Maintenance Liabilities

- a) The overall Maintenance Liabilities incurred during the Relevant Period are equal to Euro 9,405,876. For further information, please refer to page 8 of Appendix B.
- b) The overall Maintenance Liabilities forecasted for the Relevant Period under the Project Budget were equal to Euro 9,426,014. Therefore, there has been a decrease (Euro – 20,138) of expenditure compared to the forecasted Maintenance Liabilities. For further details, please refer to page 8 of Appendix B and to 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 57,601,834. The details and amount of each of the line items of the Other Liabilities are set out in pages 7 to 11 of Appendix B.
- b) The Other Liabilities forecasted to be incurred during the Relevant Period were, in aggregate, equal to Euro 57,090,867. Therefore, there has been an increase of Euro +510,967 compared to the forecasted Other Liabilities. For further details, please refer to pages 7 to 11 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 1<sup>st</sup> January 2022 are unchanged compared to those applied in 2021.

## Updates on Tariffs Framework, PEF/PFR Update Process and changes to the Establishing Legislation

### ➤ Challenge of ART Resolution

As already highlighted in our previous communications, including in the Periodic Investor Reports dated 27 September 2019, 26 March 2020, 28 September 2020, 1 April 2021 and 23 September 2021, 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 7 July 2021, 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 was held on 3 February 2022 and the decision is expected to be issued by the Council of State within May 2022. 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 29 July 2021 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 “**July 2021 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 “**July 2021 ART PEF/PFR**”) and, collectively with the July 2021 CIPE PEF/PFR, the “**July 2021 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 July 2021 PEFs/PFRs have been submitted to the Grantor in the form previously submitted by CAV to the Information Recipients on 7 July 2021<sup>1</sup>.

CAV would like to remind that – as already indicated in the communication delivered on 7 July 2021 – in light of the instructions provided by the Grantor with a formal communication dated 5 October 2020, the July 2021 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 July 2021 PEFs/PFRs<sup>2</sup>, CAV abided by them in the preparation of such documents but reserved (in the submission letter) any right in respect thereto.

In the last few months, CAV has had certain interim discussions with the Grantor on certain aspects of the July 2021 PEFs/PFRs, but the procedure for the approval of the July 2021 PEFs/PFRs is still ongoing.

In particular, with a notice dated 14 March 2022, the Grantor has requested CAV to deliver certain additional information and to confirm its approval of a draft deed of supplement to the Concession Agreement to reflect the update of the PEF, whose contents have been proposed by the Grantor with the same notice dated 14 March 2022.

Such draft deed of supplement to the Concession Agreement, among others: (a) includes certain

<sup>1</sup> following expiry of the 10-Business Day term for the consolidation of the silent approval by the EIB in respect of such documents.  
<sup>2</sup> since, in CAV's view, the approach indicated by the Grantor – and detailed in the communication delivered to the Information Recipients on 7 July 2021 – 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.

proposed amendments to the Concession Agreement to reflect the contents and mechanics set out in the ART Resolution; and (b) requires CAV to confirm its withdrawal of all pending litigations vis-à-vis the Grantor, including the one in relation to the ART Resolution.

In this regard, considering the upcoming issuance of the decision by the Council of State on CAV's appeal in the judgement against the ART Resolution, and that most of the changes to the Concession Agreement proposed in the draft deed of supplement relate to the implementation of the ART Resolution, CAV is willing to wait the issuance of such decision before reverting to the Grantor on the contents of the deed of supplement to the Concession Agreement.

CAV will in any case update the Information Recipients as soon as there will be any development in respect of the process for the approval of the July 2021 PEFs/PFRs.

## Traffic Figures

The Vehicles-km registered during the Relevant Period are 937,889,995 with a considerable increase compared to the forecasts set out under the Project Budget (although even lower than those registered in 2019).

This increase is due to the less restrictive measures imposed by the Italian Government during the second semester 2021 and their 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 and the related macro-economic environment on traffic volumes).

## Project Revenues

- a) The overall Project Revenues (*production value*) during the Relevant Period are equal to Euro 86,133,116.
- b) The overall Project Revenues (*production value*) forecasted under the Project Budget for the Relevant Period were equal to Euro 79,605,021. Therefore, there has been an increase (Euro +6,528,095, *i.e.* +8,20%) compared to the forecasts set out under the Project Budget. This is mainly due to the increase in tolls revenues, which in turn was determined exclusively by the increase in traffic since the tariffs remained unchanged. 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 2021, the Historical DSCR is 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 mainly due to the extraordinary macro-economic environment deriving from the outbreak of the COVID-19 pandemics and to extraordinary maintenance activities that CAV – consistently with the Project Budget already approved – has undertaken to enhance the quality and safety of the network it manages;
- 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;
- notwithstanding the foregoing, at the end of the 2021 financial year CAV report a net profit of Euro 16 Million (with a significant increase compared to the approximately 2 Million profits registered in 2020);
- as of 31 December 2021 – thus, after having paid Debt Service on 31 December 2021 – CAV had approximately Euro 187 Million of available financial resources, of which approximately Euro 121 Million in the Proceeds Account and approximately Euro 66 Million in the various Reserve Accounts. Such

aggregate financial resources, as at 16 March 2022, have increased to approximately Euro 193 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 2022, thus after having served the debt for both semesters of 2022, CAV is expected to still have approximately Euro 178 Million of available financial resources, of which approximately Euro 130 Million in the Proceeds Account and approximately Euro 48 Million in the other Reserve Accounts, and cash reserves are expected to further increase over the following years; 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 2021.

### 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 2021:

- a) Maintenance Reserve Account: Euro 7,640,698
- b) Debt Service Reserve Account: Euro 38,927,750
- c) Capex Reserve Account: Euro 19,349,370

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) Annual Financial Statements as of 31 December 2021 – Italian version  
Appendix B) Comparison between Semi-Annual Financial Statements and Project Budget

DAF/GB