

IMPORTANT NOTICE

THIS OFFERING IS AVAILABLE ONLY TO INVESTORS WHO ARE EITHER (1) BOTH QUALIFIED INSTITUTIONAL BUYERS ("QIBs") WITHIN THE MEANING OF RULE 144A ("RULE 144A") UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), AND QUALIFIED PURCHASERS ("QPs") WITHIN THE MEANING OF THE U.S. INVESTMENT COMPANY ACT OF 1940, AS AMENDED (THE "INVESTMENT COMPANY ACT") OR (2) TO NON-U.S. PERSONS OUTSIDE THE UNITED STATES WITHIN THE MEANING OF REGULATION S ("REGULATION S") UNDER THE SECURITIES ACT. IN ADDITION, AS A CONDITION TO ACQUIRING THE NOTES, EACH PURCHASER WILL BE REQUIRED TO REPRESENT, OR DEEMED TO HAVE REPRESENTED, THAT IT IS A "QUALIFIED INVESTOR" AS DEFINED UNDER ARTICLE 100 OF LEGISLATIVE DECREE NO. 58 OF 24 FEBRUARY 1998, AS AMENDED (THE "ITALIAN SECURITIES ACT") OR AN ENTITY CONTROLLED BY SUCH A QUALIFIED INVESTOR PURSUANT TO ARTICLE 2359 OF THE ITALIAN CIVIL CODE AND TO HAVE AGREED THAT IT WILL ONLY SELL OR OTHERWISE TRANSFER THE NOTES TO A PERSON WHO IS A QUALIFIED INVESTOR AS DEFINED IN ARTICLE 100 OF THE ITALIAN SECURITIES ACT OR AN ENTITY CONTROLLED BY SUCH A QUALIFIED INVESTOR PURSUANT TO ARTICLE 2359 OF THE ITALIAN CIVIL CODE AND, FOR TRANSFEREES LOCATED OR RESIDENT IN THE UNITED STATES OR WHO ARE U.S. PERSONS AS DEFINED IN REGULATION S, ALSO A QIB/QP.

IMPORTANT: You must read the following before continuing. The following applies to the prospectus following this notice (the "Prospectus"), and you are therefore advised to read this carefully before reading, accessing or making any other use of the Prospectus. In accessing the Prospectus, you agree to be bound by the following terms and conditions, including any modifications to them any time you receive any information from us as a result of such access.

The Prospectus has been prepared in connection with the proposed offer and sale of the Notes described herein.

NOTHING IN THIS PROSPECTUS CONSTITUTES AN OFFER OF SECURITIES FOR SALE IN ANY JURISDICTION WHERE IT IS UNLAWFUL TO DO SO. THE NOTES HAVE NOT BEEN, AND WILL NOT BE, REGISTERED UNDER THE SECURITIES ACT OR THE SECURITIES LAWS OF ANY STATE OR OTHER JURISDICTION OF THE UNITED STATES, AND THE NOTES MAY NOT BE OFFERED OR SOLD WITHIN THE UNITED STATES EXCEPT PURSUANT TO AN EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND APPLICABLE STATE OR LOCAL SECURITIES LAWS.

THE FOLLOWING PROSPECTUS MAY NOT BE FORWARDED OR DISTRIBUTED TO ANY OTHER PERSON AND MAY NOT BE REPRODUCED IN ANY MANNER WHATSOEVER. ANY FORWARDING, DISTRIBUTION OR REPRODUCTION OF THIS DOCUMENT IN WHOLE OR IN PART IS UNAUTHORIZED. FAILURE TO COMPLY WITH THESE RESTRICTIONS MAY RESULT IN A VIOLATION OF THE SECURITIES ACT OR THE APPLICABLE LAWS OF OTHER JURISDICTIONS. IF YOU HAVE GAINED ACCESS TO THIS DOCUMENT IN CONTRAVENTION OF ANY OF THE FOREGOING RESTRICTIONS, YOU ARE NOT AUTHORIZED, AND WILL NOT BE ABLE, TO PURCHASE ANY OF THE NOTES DESCRIBED HEREIN.

Confirmation of your representation: In order to be eligible to view the Prospectus or make an investment decision with respect to the securities, you must be either (1) both a QIB and a QP (a "QIB/QP") or (2) a non-U.S. person purchasing the securities in offshore transactions outside the United States in reliance on Regulation S. The Prospectus is being sent at your request. By accepting the e-mail and accessing the Prospectus, you shall be deemed to have represented to us that:

- (1) you consent to delivery of such Prospectus by electronic transmission;
 - (2) you are a "qualified investor" as defined in Article 100 of the Italian Securities Act or an entity controlled by such a qualified investor pursuant to Article 2359 of the Italian Civil Code that is alternatively:
 - (a) entitled to receive payment of interest under the Notes gross of the substitute tax due under Decree No. 239/1996 (so called *lordista*), such as, for instance:
 - (i) a joint stock company (*società per azioni*), a limited partnership by shares (*società in accomandita per azioni*), a limited liability company (*società a responsabilità limitata*), a commercial entity (*ente commerciale*) established under Italian laws and resident in Italy, or the Italian permanent establishment of a foreign company or partnership to which the Notes are effectively connected;
 - (ii) an undertaking for collective investment (*organismo di investimento collettivo del risparmio* or OICR), a variable capital investment company (a *società di investimento a capitale variabile* or SICAV) or a fixed capital investment company (*società di investimento a capitale fisso* or SICAF) pursuant to the Italian Securities Act and its implementing regulations, established in Italy; or
 - (iii) a pension fund (*fondo pensione*) established in Italy pursuant to Legislative Decree No. 252 of December 5, 2005, provided that in the cases from (a)(i) to (a)(iii) above the Notes are directly or indirectly deposited from the date of transfer with a depositary; or
 - (b) a foreign investor resident for tax purposes in a country listed in the Italian White List, as defined in the section "Taxation", as amended from time to time, or
 - (c) a foreign institutional investor established in a White List country, provided that, in the cases (b) and (c) above, the transferee deposits the Notes directly or indirectly with a qualifying depositary and delivers to it the self-certification under the Decree of December 12, 2001 as available on the official website of the Italian tax authority:
<http://www.agenziaentrate.gov.it/wps/content/Nsilib/Nsi/Documentazione/Fiscalita+internazionale/White+list+e+Autocertificazione/Autocertificazione/>, or
 - (d) an international entity or an organization established under international agreements ratified by Italy, or a Central Bank or an entity that manages the official reserves of a foreign State,
- subject to, in each case, the enactment of applicable laws and regulations to the contrary, the operational procedures of the depositary and the relevant clearing system applicable from time to time and the covenant upon the transferee to update the above confirmation and documentation if any change in its status occurs; and
- (3) either:
 - (a) you and any customers you represent are QIB/QPs, or
 - (b) the e-mail address that you gave us and to which the e-mail has been delivered is not located in the United States, its territories and possessions (including American Samoa, Guam, the Northern Mariana Islands, Puerto Rico, the U.S. Virgin Islands, and Wake Island), any state of the United States or the District of Columbia.

Prospective purchasers are hereby notified that the seller of the securities may be relying on the exemption from the provisions of Section 5 of the Securities Act pursuant to Rule 144A.

RISK PROFILE: THE NOTES ARE FINANCIAL INSTRUMENTS ISSUED UNDER ARTICLE 185 OF ITALIAN LEGISLATIVE DECREE NO. 50/2016 OF 18 APRIL (THE "**NEW ITALIAN PUBLIC CONTRACTS CODE**"), WHICH REINSTATED ARTICLE 157 OF ITALIAN LEGISLATIVE DECREE NO. 163/2006 OF 12 APRIL (THE "**ITALIAN PUBLIC CONTRACTS CODE**") AND ARE CHARACTERIZED BY A HIGH LEVEL OF RISK. ANY INVESTORS INTENDING TO INVEST IN THE NOTES SHOULD CONSULT THEIR LEGAL, TAX AND FINANCIAL ADVISERS TO ENSURE THEY FULLY UNDERSTAND, AND HAVE ADEQUATELY EVALUATED, THE RISKS RELATED TO AN INVESTMENT IN THE NOTES.

You are reminded that the Prospectus has been delivered to you on the basis that you are a person into whose possession the Prospectus may be lawfully delivered in accordance with the laws of the jurisdiction in which you are located, and you may not, nor are you authorized to, deliver the Prospectus to any other person.

The materials relating to the offering do not constitute, and may not be used in connection with, an offer or solicitation in any place where offers or solicitations are not permitted by law. If a jurisdiction requires that the offering be made by a licensed broker or dealer and J.P. Morgan Securities plc, Banca IMI S.p.A., Banco Santander, S.A. and Banca Akros S.p.A. – Gruppo Banca BPM (together, the "**Joint Bookrunners**") or any affiliate of the Joint Bookrunners is a licensed broker or dealer in that jurisdiction, the offering shall be deemed to be made by the Joint Bookrunners or such affiliate on behalf of us in such jurisdiction.

Under no circumstances shall the Prospectus constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of these securities in any jurisdiction in which such offer, solicitation or sale would be unlawful.

The Prospectus has not been approved by an authorized person in the United Kingdom and is for distribution only to persons who: (i) have professional experience in matters relating to investments falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended (the "**Financial Promotion Order**"); (ii) are persons falling within Article 49(2)(a) to (d) (high net worth companies, unincorporated associations, etc.) of the Financial Promotion Order; (iii) are outside the United Kingdom; or (iv) are persons to whom an invitation or inducement to engage in investment activity within the meaning of section 21 of the Financial Services and Markets Act 2000 ("**FSMA**") in connection with the issue or sale of any securities may otherwise lawfully be communicated or caused to be communicated (all such persons together being referred to as "**Relevant Persons**") The Prospectus is directed only at Relevant Persons and must not be acted on or relied on by persons who are not Relevant Persons. Any investment or investment activity to which the Prospectus relates is available only to Relevant Persons and will be engaged in only with Relevant Persons. No person may communicate or cause to be communicated any invitation or inducement to engage in investment activity (within the meaning of section 21 of FSMA) received by it in connection with the issue or sale of the securities other than in circumstances in which Section 21(1) of FSMA does not apply.

The Prospectus has been sent to you in an electronic form. You are reminded that documents transmitted via this medium may be altered or changed during the process of electronic transmission, and consequently none of the Issuer or the Joint Bookrunners, or any person who controls the Issuer or any of the Joint Bookrunners, or any of their directors, officers, employees or agents accept any liability or responsibility whatsoever in respect of any difference between the Prospectus distributed to you in electronic format and the hard copy version available to you on request from the Joint Bookrunners.

NOT FOR GENERAL CIRCULATION IN THE UNITED STATES

SUPERSTRADA PEDEMONTANA VENETA S.P.A.

(incorporated as a società per azioni under the laws of the Italian Republic)

€1,221,000,000 Variable Rate Senior Secured Amortizing Notes due 2047
€350,000,000 8% Step-Up Subordinated Secured Notes due 2027

Superstrada Pedemontana Veneta S.p.A., incorporated as a joint-stock company (*società per azioni*) under Royal Decree No. 262 of 16 March 1942, as amended (the "**Italian Civil Code**"), (the "**Issuer**") is offering (the "**Offering**") €1,221,000,000 Variable Rate Senior Secured Amortizing Notes due 2047 (the "**Senior Notes**") and €350,000,000 8% Step-Up Subordinated Secured Notes due 2027 (the "**Junior Notes**") and, together with the Senior Notes, the "**Notes**") at an issue price of 100% of their principal amount. The Notes constitute *obbligazioni* pursuant to Articles 2410 et seq. of the Italian Civil Code and project bonds pursuant to Article 185 of Legislative Decree No. 50 of 18 April 2016 (the "**New Italian Public Contracts Code**").

The Senior Notes will bear interest from and including 29 November 2017 (the "**Issue Date**") payable in arrear on 30 June and 31 December in each year (each an "**Interest Payment Date**"), commencing on 31 December 2017, the interest rate on each Interest Payment Date being calculated in accordance with a formula, all as described in "*Terms and Conditions of the Notes—Interest—Senior Notes*". The Junior Notes will initially bear a rate of interest of 8%, subject in certain circumstances to a step-up in the interest rate, as described in "*Terms and Conditions of the Notes—Interest—Junior Notes*". Further, in certain circumstances as described in "*Terms and Conditions of the Notes—Interest—Option to Capitalise Interest on Junior Notes*", the Issuer will have an option to capitalise interest. Interest payments to certain Noteholders may be subject to Italian substitute tax (*imposta sostitutiva*), as described in "*Terms and Conditions of the Notes—Taxation*" and "*Taxation—Taxation in Italy*".

The Senior Notes will be redeemed in instalments on each Interest Payment Date from and including 31 December 2022. To the extent not previously redeemed, the Senior Notes will be redeemed at their principal amount outstanding on 30 June 2047 (the "**Final Maturity Date**"). Upon the date of Entry into Operation of the Toll Road, the holders of the Junior Notes will be entitled to elect, in respect of some or all of their Junior Notes, to request that the Issuer, to the extent that there is sufficient Available Junior Cash, redeems some or all of its Junior Notes on the Initial Markdown Date (as defined in the terms and conditions of the Notes (the "**Conditions**")) at a price equal to 100 per cent. of the Principal Amount Outstanding (as defined in the Conditions) of each Junior Note together with accrued interest to (but excluding) the Initial Markdown Date; if no Initial Put Election Notice is delivered during the Initial Election Period in respect of all Junior Notes held by it, a Junior Noteholder shall be deemed to have requested that, to the extent that there is sufficient Available Junior Cash, the Issuer redeems 34.29 per cent. of the Principal Amount Outstanding of its Junior Notes in respect of which no Initial Put Election Notice has been delivered on the Initial Redemption Date at a price equal to 100 per cent. of the Principal Amount Outstanding together with accrued interest to (but excluding) the Initial Redemption Date, subject to and all as more fully described in "*Terms and Conditions of the Notes—Redemption*". To the extent not previously redeemed on the Initial Markdown Date or Initial Redemption Date or on the subsequent Interest Payment Dates or Subsequent Redemption Dates pursuant to the Conditions, the outstanding Junior Notes will be redeemed in full on 30 June 2027 (the "**Junior Notes Maturity Date**") at a price equal to 102 per cent. of the Principal Amount Outstanding or, if the conditions described in "*Terms and Conditions of the Notes—Redemption—Final Redemption of Junior Notes*" are not satisfied or waived, the Junior Notes will be redeemed as soon as possible pursuant to a cash sweep mechanism at their Principal Amount Outstanding, provided that in any event the Junior Notes will be redeemed in full no later than the Final Maturity Date.

The Senior Notes and/or the Junior Notes may be redeemed, in whole but not in part, at 100% of their principal amount plus interest, if any, to the date fixed for redemption at the Issuer's option in the event of certain changes affecting taxation in the Italian Republic ("**Italy**") unless a Noteholder rejects such redemption. See "*Terms and Conditions of the Notes—Redemption—Redemption for taxation reasons*". The Issuer may redeem some or all of the Senior Notes and some or all of the Junior Notes at the Senior Make Whole Amount or the Junior Make Whole Amount (as defined in the Conditions), all as more fully described in "*Terms and Conditions of the Notes—Redemption—Redemption at the option of the Issuer*". Noteholders will be entitled, following the occurrence of a Change of Control or a Change of Material Shareholding (each as defined in the Conditions) to require the Issuer to redeem such Notes at 101% of their principal amount together with any accrued and unpaid interest (if any), all as more fully described in "*Terms and Conditions of the Notes—Redemption—Redemption at the option of the Noteholders*".

The Notes will be secured on a senior secured basis or subordinated secured basis (as applicable) by Security Interests created pursuant to the following Security Documents: (i) an Italian law pledge over shares in the Issuer held by Consorzio Stabile SIS S.C.p.A.; (ii) an Italian law "*privilegio generale*" over certain of the Issuer's movable present and future assets pursuant to article 186 of the New Italian Public Contracts Code, including receivables under the Concession; (iii) an Italian law assignment by way of security (*cessione dei crediti in garanzia*) in relation to certain of the Issuer's receivables under the Concession; (iv) English and Italian law pledges over the Issuer's bank accounts (including the Debt Service Reserve Account, the Maintenance Reserve Account, the Insurance and Compensation Account, the Proceeds Account and the Escrow Account, but excluding the Distribution Account, the VAT Accounts and the Toll Collection Account (*Conto Pedaggi*)); (v) an Italian law assignment by way of security of the receivables under certain Project Documents (other than, among others, the Concession Agreement); and (vi) an Italian law assignment of receivables under shareholder loans. In certain circumstances BNY Mellon Corporate Trustee Services Limited (the "**Trustee**") may exercise Step-in Rights and designate a company to substitute the Issuer under the Concession Agreement.

This prospectus (the "**Prospectus**") constitutes a prospectus for the purpose of Directive 2003/71/EC, as amended (including by Directive 2010/73/EU), (the "**Prospectus Directive**"). This Prospectus has been approved by the Central Bank of Ireland (the "**Central Bank**"), as competent authority under the Prospectus Directive. The Central Bank only approves this Prospectus as meeting the requirements imposed under Irish and European Union ("**EU**") law pursuant to the Prospectus Directive. Such approval relates only to the Notes which are to be admitted to trading on the regulated market of the Irish Stock Exchange or other regulated markets for the purposes of Directive 2004/39/EC. Application has been made to the Irish Stock Exchange for the Notes to be admitted to the Official List and trading on its regulated market. This Prospectus is available for viewing on the website of the Irish Stock Exchange.

Investing in the Notes involves a high degree of risk. For a discussion of these risks, see "Risk factors" beginning on page 13.

The Notes have not been, and will not be, registered under the U.S. Securities Act of 1933, as amended (the "**Securities Act**"), or the securities laws of any state or other jurisdiction of the United States. We have not registered, and do not intend to register, as an investment company under the U.S. Investment Company Act of 1940, as amended (the "**Investment Company Act**"). The Notes may not be offered or sold in 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**") ("**U.S. Persons**"), except pursuant to an exemption from, or in transactions not subject to, the registration requirements of the Securities Act and under circumstances that will not require registration of the Issuer under the Investment Company Act. Accordingly, (i) the Senior Notes are being offered and sold outside the United States to non-U.S. persons (as defined in Regulation S) in offshore transactions in accordance with Regulation S and in the United States only to qualified institutional buyers ("**QIBs**") as defined in Rule 144A under the Securities Act ("**Rule 144A**") that are also qualified purchasers ("**QPs**") as defined in Section 2(a)(51) of the Investment Company Act and (ii) the Junior Notes are being offered and sold outside the United States to non-U.S. Persons (as defined in Regulation S) in offshore transactions in accordance with Regulation S. Prospective investors in the Notes are hereby given notice that the seller of the Notes may be relying on the exemption from Section 5 of the Securities Act provided by Rule 144A. See "*Important information—Notice to investors*" and "*Transfer restrictions and representations by purchasers*".

The Joint Bookrunners (as defined below) propose to offer the Notes initially at the respective issue price indicated above. Purchasers who declared their intention to purchase Senior Notes prior to 21 August 2017 shall be offered a rebate of 0.25% of the issue price. After the initial offering of the Notes, to the extent that the Joint Bookrunners are not able to sell the entire principal amount of the Senior Notes, certain of the Joint Bookrunners have agreed that they intend to purchase in proportions agreed with us in the Notes Purchase Agreement, the unsold portion of the Senior Notes up to a maximum of €275 million principal amount of Senior Notes. In this respect, the Co-Global Co-ordinators would sell such Senior Notes at their sole discretion after the closing of the Offering at an offering price and other selling terms of the Senior Notes which may be separately negotiated and be changed by the Co-Global Co-ordinators from time to time without notice. Until 30 calendar days after the closing of the Offering, such selling efforts would be coordinated across the Co-Global Co-ordinators. These sales of Senior Notes, whether in a block or sold over time, or even the mere expectation that such sales will occur, could have a material adverse effect on the market price and liquidity of the Senior Notes.

The Issuer may be a "covered fund" as defined in Section 13 of the U.S. Bank Holding Company Act (the "**Volcker Rule**"). However, the Issuer does not believe that an investment in the Notes would constitute an acquisition of an "ownership interest" (as defined in the Volcker Rule regulation) in a covered fund. See "*Transfer restrictions and representations by purchasers—Covered fund*".

As a condition to acquiring the Notes, each purchaser will be deemed (i) to have represented that it is a Qualified Holder (as defined in "*Plan of Distribution – Italy*") that is alternatively:

- (a) entitled to receive payment of interest under the Notes gross of the substitute tax due under Decree No. 239/1996 (so called *lordista*), such as, for instance:
 - (i) a joint stock company (*società per azioni*), a limited partnership by shares (*società in accomandita per azioni*), a limited liability company (*società a responsabilità limitata*), a commercial entity (*ente commerciale*) established under Italian laws and resident in Italy, or the Italian permanent establishment of a foreign company or partnership to which the Notes are effectively connected;
 - (ii) an undertaking for collective investment (*organismo di investimento collettivo del risparmio* or "**OICR**"), a variable capital investment company (*a società di investimento a capitale variabile* or "**SICAV**") or a fixed capital investment company (*società di investimento a capitale fisso* or "**SICAF**") pursuant to the Italian Securities Act and its implementing regulations, established in Italy; or
 - (iii) a pension fund (*fondo pensione*) established in Italy pursuant to Legislative Decree No. 252 of December 5, 2005,provided that in the cases from (a)(i) to (a)(iii) above the Notes are directly or indirectly deposited from the date of transfer with a depository; or
- (b) a foreign investor resident for tax purposes in a country listed in the Italian White List, as defined in the section "Taxation", as amended from time to time, or
- (c) a foreign institutional investor established in a White List country,

provided that, in the cases (b) and (c) above, the transferee deposits the Notes directly or indirectly with a qualifying depository and delivers to it the self-certification under the Decree of December 12, 2001 as available on the official website of the Italian tax authority: <http://www.agenziaentrate.gov.it/wps/content/Nsilib/Nsi/Documentazione/Fiscality+internazionale/White+list+e+Autocertificazione/Autocertificazione/>, or

(d) an international entity or an organization established under international agreements ratified by Italy, or a Central Bank or an entity that manages the official reserves of a foreign State,

subject to, in each case, the enactment of applicable laws and regulations to the contrary, the operational procedures of the depository and the relevant clearing system applicable from time to time and the covenant upon the transferee to update the above confirmation and documentation if any change in its status occurs; and (ii) to have agreed that it will only sell or otherwise transfer the Notes to a person who is a Qualified Holder and, for transferees located or resident in the United States or who are U.S. Persons, also a QIB/QP. See "Important Information — Notice to Investors" and "Transfer restrictions and representations by purchasers".

RISK PROFILE: The Notes are financial instruments issued under Article 185 of the New Italian Public Contracts Code and are characterized by a high level of risk. Any investors intending to invest in the Notes should consult their legal, tax and financial advisers to ensure they fully understand, and have adequately evaluated, the risks related to an investment in the Notes. By investing in the Notes, each Investor shall be deemed to have represented that it is a Qualified Holder.

Senior Notes offered and sold outside the United States to non-U.S. Persons will be represented by beneficial interests in a global Note (the "Unrestricted Senior Global Note") in registered form, without interest coupons attached, which will be registered in the name of a nominee of a common depository, and shall be deposited on or about 29 November 2017 (the "Closing Date") with such common depository, for Euroclear Bank SA/NV ("Euroclear") and Clearstream Banking S.A. ("Clearstream, Luxembourg"). Senior Notes offered and sold in the United States to investors who are both QIBs and QPs ("QIB/QPs") will be represented by beneficial interests in a global Note (the "Restricted Senior Global Note") and, together with the Unrestricted Senior Global Note, the "Senior Global Notes") in registered form, without interest coupons attached, which will be registered in the name of a nominee of the common depository, and shall be deposited on or about the Closing Date with such common depository, for Euroclear and Clearstream, Luxembourg. The Senior Notes will be issued in denominations of €100,000 and multiples thereof and the Junior Notes will be issued in denominations of €100,000 and multiples of €0.01 in excess thereof. Interests in the Restricted Senior Global Notes will be subject to certain restrictions on transfer. See "Form of the Notes" and "Transfer restrictions and representations by purchasers". Junior Notes offered and sold outside the United States to non-U.S. Persons will be represented by beneficial interests in a global Note (the "Unrestricted Junior Global Note") and, together with the Unrestricted Senior Global Note and the Restricted Senior Global Note, the "Global Notes") in registered form, without interest coupons attached, which will be registered in the name of Monte Titoli S.p.A. ("Monte Titoli") and deposited on or about the Closing Date with Monte Titoli. Junior Notes may be held only via Monte Titoli and not via Euroclear or Clearstream, Luxembourg. Where applicable, beneficial interests in the Global Notes will be shown on, and transfers thereof will be effected only through, records maintained by Euroclear, Clearstream, Luxembourg, Monte Titoli and their participants. Except as described herein, certificates for Notes will not be issued in exchange for beneficial interests in the Global Notes.

Global Co-ordinator and Joint Bookrunner

J.P. Morgan

Co-Global Co-ordinators and Joint Bookrunners

Banca IMI

Santander

Banca Akros – Gruppo Banca
BPM

Joint Bookrunner

Kommunalkredit

The date of this Prospectus is 27 November 2017.

IMPORTANT INFORMATION

Except where the context otherwise requires or where otherwise indicated, all references in this Prospectus to "**we**", "**us**" or "**our**" are to the Issuer.

We accept responsibility for the information contained in this Prospectus and declare that, having taken all reasonable care to ensure that such is the case, the information contained in this Prospectus is, to the best of our knowledge and belief, in accordance with the facts and contains no omission likely to affect its import. The information contained in this Prospectus, including under the headings "*Overview of the Project and the Offering*", "*The Grantor*", "*Description of the Other Project Participants*", "*Description of the Project*", "*the Description of the Finance Documents*" and "*Appendix 4 – Traffic Consultant Report*", includes extracts from information and data, including economic, market, industry, governmental and regulatory data, obtained from publicly available and/or governmental sources in Europe and elsewhere. The third-party information included in this Prospectus has been accurately reproduced and, to the best of our knowledge, no facts have been omitted which would render the reproduced information inaccurate or misleading. While we accept responsibility for the accurate extraction and summarization of such information and data, we have not independently verified such information and data and do not make any representations as to the accuracy or completeness of such information and data.

J.P. Morgan Securities plc ("**J.P. Morgan**"), Banca IMI S.p.A. ("**Banca IMI**"), Banco Santander, S.A. ("**Santander**"), Banca Akros S.p.A. – Gruppo Banco BPM ("**Banca Akros**" and, together with J.P. Morgan, Banca IMI and Santander, the "**Co-Global Co-ordinators**"), Kommunalkredit Austria AG (together with the Co-Global Co-ordinators, the "**Joint Bookrunners**"), the Project Adviser, the Note Trustee (as defined below) and the Security Agent (as defined below) do not make any representation or warranty, express or implied, as to the accuracy or completeness of the information contained in this Prospectus and nothing contained in this Prospectus is or should be relied upon as a promise or representation by it as to the past, the present or the future.

The information set out in relation to sections of this Prospectus describing clearing and settlement arrangements, including the section entitled "*Form of the Notes*", is subject to change in or reinterpretation of the rules, regulations and procedures of Euroclear and/or Clearstream, Luxembourg and/or Monte Titoli (together, the "**Clearing Systems**") currently in effect. If prospective investors wish to use the facilities of any of the Clearing Systems, they should confirm the continued applicability of the rules, regulations and procedures of the relevant Clearing System. We will not be responsible or liable for any aspect of the records relating to, or payments made on account of, book-entry interests held through the facilities of any Clearing System or for maintaining, supervising or reviewing any records relating to such book-entry interests.

In addition, this Prospectus contains summaries believed to be accurate with respect to certain documents, but reference is made to the actual documents for complete information. All such summaries are qualified in their entirety by such reference. Copies of documents referred to herein will be made available to prospective investors by us or the Joint Bookrunners upon request. The information in this Prospectus is current only at the date on its cover, and may change after that date. For any date after the cover date of this Prospectus, we do not represent that our affairs are the same as described or that the information in this Prospectus is correct, nor do we imply those things by delivering the Prospectus or selling Notes to you. Neither the delivery of this Prospectus nor the offering, sale or delivery of any Note shall in any circumstances create any implication that there has been no adverse change, or any event reasonably likely to involve any adverse change, in our condition (financial or otherwise) since the date of this Prospectus. Any information available on any website referred to in this Prospectus shall not form part of this Prospectus.

We have not authorized the making or provision of any representation or information regarding us or the Notes other than as contained in this Prospectus or as approved for such purpose by us. Any such representation or information should not be relied upon as having been authorized by us, the Note Trustee, the Project Adviser, the Security Agent or the Joint Bookrunners.

None of us, the Note Trustee, the Project Adviser, the Security Agent or the Joint Bookrunners have authorized, nor do we or they authorize, the making of any offer of the Notes through any financial intermediary, other than offers made by the Joint Bookrunners which constitute the final placement of

the Notes contemplated in this Prospectus. In connection with your purchase of the Notes, you should not rely on any information other than the information contained in this Prospectus.

We reserve the right to withdraw the Offering at any time. The Joint Bookrunners and we reserve the right to reject all or a part of any offer to purchase the Notes, for any reason. The Joint Bookrunners and we also reserve the right to sell less than all of the Notes offered by this Prospectus or to sell to any purchaser less than the amount of the Notes it has offered to purchase.

In connection with your purchase of the Notes, you acknowledge that you have not relied on the Joint Bookrunners with respect to your investigation of the accuracy of this information or your decision whether to invest in the Notes. None of the Joint Bookrunners, the Note Trustee, the Project Adviser or the Security Agent makes any representation or warranty, expressed or implied, nor accepts any responsibility, with respect to the accuracy or completeness of any of the information in this Prospectus. This Prospectus is not intended to provide the basis of any credit or other evaluation and should not be considered as a recommendation by us, the Joint Bookrunners, the Note Trustee, the Project Adviser or the Security Agent that any recipient of this Prospectus should purchase the Notes. In making an investment decision, prospective investors must rely on their own examination of our business and the terms of the offering. Prospective investors should not consider any information contained in this Prospectus to be investment, legal, business or tax advice. Each prospective investor should consult its own counsel, business adviser, accountant, tax adviser and other advisers for legal, financial, business, tax and related advice regarding an investment in the Notes.

In connection with the Offering, the Joint Bookrunners are not acting for anyone other than us, and will not be responsible to anyone other than us for providing the protections afforded to clients nor for providing advice in relation to the Offering.

This Prospectus may only be used for the purposes for which it has been published and you may not use any information herein for any purpose other than considering an investment in the Notes. The distribution of this Prospectus and the offering, sale and delivery of the Notes in certain jurisdictions may be restricted by law. Persons into whose possession this Prospectus comes are required by us and the Joint Bookrunners to inform themselves about and to observe any such restrictions.

This Prospectus is not an offer to sell any Notes and it is not soliciting an offer to buy any Notes in any jurisdiction in which such offer or sale is not permitted.

The distribution of this Prospectus and the offer and sale of the Notes may, in certain jurisdictions, be restricted by law. Neither we nor the Joint Bookrunners represent that this Prospectus may be lawfully distributed, or that any Notes 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. Neither we nor the Joint Bookrunners shall have any responsibility for any of the foregoing legal requirements. In particular, neither we nor the Joint Bookrunners have taken, or will take, any action which would permit a public offering of any Notes or distribution of this Prospectus in any jurisdiction where action for that purpose is required. Accordingly, no Notes may be offered or sold, directly or indirectly, and neither this Prospectus nor any advertisement or other offering material may be distributed or published in any jurisdiction, except under circumstances that will result in compliance with all applicable laws and regulations.

Each purchaser of the Notes must comply with all applicable laws and regulations in force in each jurisdiction in which it purchases, offers or sells the Notes or possesses or distributes this Prospectus, and must obtain any consent, approval or permission required for the purchase, offer or sale by it of the Notes under the laws and regulations in force in any jurisdiction to which it is subject or in which it makes purchases, offers or sales. Persons into whose possession this Prospectus or any Notes may come must inform themselves about, and observe, any such restrictions on the distribution of the Prospectus and the offering and sale of Notes. In particular, there are restrictions on the offer and sale of the Notes, and the circulation of documents relating thereto, in certain jurisdictions including Italy, the United States and the United Kingdom. See "*— Notice to Investors*". We do not make any representation to you that the Notes are a legal investment for you.

If you are in any doubt about the contents of this Prospectus, you should consult your stockbroker, bank manager, solicitor, accountant or other financial adviser.

You should be aware that the price of securities and the income from them can go down as well as up.

Prospective investors should understand that they may have to bear the financial risks of their investment for an indefinite period of time.

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

PROHIBITION OF SALES TO EEA RETAIL INVESTORS – The Notes are not intended, from 1 January 2018, to be offered, sold or otherwise made available to and, with effect from such date, should not be offered, sold or otherwise made available to any retail investor in the European Economic Area ("EEA"). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU ("**MiFID II**"); or (ii) a customer within the meaning of Directive 2002/92/EC ("**IMD**"), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or (iii) not a qualified investor as defined in the Prospectus Directive. Consequently no key information document required by Regulation (EU) No 1286/2014 (the "**PRIIPs Regulation**") for offering or selling the Notes or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation.

Stabilization

In connection with the offering, J.P. Morgan Securities plc (or persons acting on behalf of J.P. Morgan Securities plc) (the "**Stabilizing Manager**") may over-allot Notes or effect transactions with a view to supporting the market price of the notes at a level higher than that which might otherwise prevail. However, stabilization may not necessarily occur. Any stabilization action may begin on or after the date on which adequate public disclosure of the terms of the offering is made and, if begun, may cease at any time, but it must end no later than 30 days after the issue date of the Notes and 60 days after the date of the allotment of the Notes, whichever is the earlier. Any stabilization action or over-allotment must be conducted by the Stabilizing Manager (or persons acting on behalf of the Stabilizing Manager) in accordance with all applicable laws and rules.

Regulation of investments in securitisations

Neither we, the Joint Bookrunners, the Note Trustee, the Project Adviser or the Security Agent or any other party named in this Prospectus accept responsibility to investors for the regulatory treatment of their investment in the Notes (including (but not limited to) whether the issuance of the Notes is or will be regarded as constituting a "securitisation" under the Capital Requirements Regulation (Regulation (EU) No. 575/2013, the "**CRR**") and therefore whether the requirements of Articles 404-410 of the CRR and corresponding requirements adopted pursuant to Article 17 of the EU Alternative Investment Fund Managers Directive (Directive 2011/61/EU) and Article 135(2) of the EU Solvency II Directive (Directive 2009/138/EC, as amended by Directive 2014/51/EU) will apply to the Notes). Investors in the Notes are responsible for analysing their own regulatory position and none of the Issuer, the Joint Bookrunners, the Note Trustee, the Project Adviser or the Security Agent or any of the parties to the transaction of which the Notes form part makes any representation to any prospective investor or purchaser of the Notes regarding the regulatory capital treatment of their investment in the Notes on the Closing Date or at any time in the future.

Notice to Investors

As a condition to acquiring the Notes, each purchaser will be deemed to have represented that it is a Qualified Holder and to have agreed that it will only sell or otherwise transfer the Notes to a person who is a Qualified Holder. For a description of certain restrictions on offers, sales and deliveries of the Notes and on distribution of this Prospectus and other offering material relating to the Notes, see "*Plan of distribution*" and "*Transfer restrictions and representations by purchasers*".

Notice to Certain European Investors

European Economic Area

This Prospectus has been prepared on the basis that this offering of the Notes in any member state of the European Economic Area is being made pursuant to an exemption under the Prospectus Directive from the requirement to publish a prospectus for offers of the Notes in that member state.

Italy

The Offering has not been cleared by the Italian Securities Exchange Commission (*Commissione Nazionale per le Società e la Borsa*, "**CONSOB**") pursuant to Italian securities legislation and, accordingly, no Notes may be offered, sold or delivered, directly or indirectly, nor may copies of this Prospectus or of any other document relating to the Notes be distributed in Italy, except to (i) qualified investors (*investitori qualificati*), as defined by article 26, paragraph 1(d) of CONSOB Regulation No. 16190 of 29 October 2007, as amended ("**CONSOB Regulation on Intermediaries**"), pursuant to article 100, paragraph 1(a), of Legislative Decree No. 58 of 24 February 1998, as amended (the "**Italian Securities Act**"), and article 34-ter, paragraph 1(b) of CONSOB Regulation No. 11971 of 14 May 1999, as amended, or (ii) entities controlled by such a qualified investor pursuant to article 2359 of the Italian Civil Code.

Any offer, sale, resale or delivery of the Notes or distribution of copies of this Prospectus or any other document relating to the Notes in Italy must be:

- (a) made by an investment firm, bank or financial intermediary permitted to conduct such activities in Italy in accordance with the Italian Securities Act, CONSOB Regulation on Intermediaries and Legislative Decree No. 385 of 1 September 1993, as amended (the "**Italian Banking Act**");
- (b) 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 Italy; and
- (c) in compliance with any other applicable laws and regulations or requirement imposed by CONSOB or other competent Italian authority.

United Kingdom

The Prospectus has not been approved by an authorized person in the United Kingdom and is for distribution only to persons who: (i) have professional experience in matters relating to investments falling within article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended (the "**Financial Promotion Order**"); (ii) are persons falling within article 49(2)(a) to (d) (high net worth companies, unincorporated associations, etc.) of the Financial Promotion Order; (iii) are outside the United Kingdom; or (iv) are persons to whom an invitation or inducement to engage in investment activity within the meaning of section 21 of the Financial Services and Markets Act 2000 (the "**FSMA**") in connection with the issue or sale of any securities may otherwise lawfully be communicated or caused to be communicated (all such persons together being referred to as "relevant persons"). The Prospectus is directed only at relevant persons and must not be acted on or relied on by persons who are not relevant persons. Any investment or investment activity to which the Prospectus relates is available only to relevant persons and will be engaged in only with relevant persons.

Notice in respect of the United States

The offering of Senior Notes is being made in the United States in reliance upon an exemption from registration under the Securities Act for an offer and sale of the Senior Notes which does not involve a public offering. The Junior Notes are not being offered or sold in the United States. In making your purchase, you will be deemed to have made certain acknowledgements, representations and agreements. See "*Transfer restrictions and representations by purchasers*".

In the United States, this Prospectus is only being made available on a confidential basis to a limited number of U.S. investors that we reasonably believe to be QIB/QPs for informational use solely in connection with the consideration of the purchase of the Senior Notes. The Senior Notes are subject to restrictions on transferability and resale. Purchasers of the Senior Notes may not transfer or resell the Senior Notes except as permitted under the Securities Act and applicable U.S. state securities law. See "*Transfer restrictions and representations by purchasers*".

In the United States, any purpose other than the aforementioned submission to certain investors is not authorized. This Prospectus may not be copied or reproduced, in whole or in part, nor may it be distributed in the United States or any of its contents disclosed to anyone in the United States or to any U.S. Persons other than the prospective investors to whom it is originally submitted.

The Notes have not been, and will not be, registered under the Securities Act, or the securities laws of any other state or other jurisdiction of the United States, nor have the SEC, any state securities commission in the United States or any such securities commission or authority passed upon the accuracy or adequacy of this Prospectus. Any representation to the contrary is a criminal offense in the United States. We have not registered, and do not intend to register, as an investment company under the Investment Company Act. The Senior Notes may not be offered or sold in the United States or to, or for the account or benefit of, U.S. Persons, except pursuant to an exemption from, or in transactions not subject to, the registration requirements of the Securities Act and under circumstances that will not require registration of the Issuer under the Investment Company Act. The Junior Notes may not be offered or sold in the United States or to, or for the account or benefit of, U.S. Persons. See "*Transfer restrictions and representations by purchasers*".

Notice to Certain Australian Investors

No prospectus or other disclosure document (as defined in the Australian Corporations Act) in relation to the Notes (including this Prospectus) has been or will be lodged with or registered by the Australian Securities and Investments Commission or the Australian Securities Exchange Limited. Each Joint Bookrunner has represented and agreed that it has not (unless a supplement to this Prospectus otherwise provides):

- (a) made or invited, and will not make or invite, an offer of any Notes for issue or sale in Australia (including an offer or invitation which is received by a person in Australia); and
- (b) distributed or published and will not distribute or publish any draft, preliminary or final form offering memorandum, advertisement or other offering material relating to the Notes in Australia,

unless:

- (i) the minimum aggregate consideration payable by each offeree is at least A\$500,000 (or its equivalent in an alternate currency) (disregarding money lent by the offeror or its associates) or the offer otherwise does not require disclosure to investors in accordance with Part 6D.2 or Chapter 7 of the Australian Corporations Act and does not constitute an offer to a "retail client" as defined for the purposes of section 761G of the Australian Corporations Act; and
- (ii) such action complies with all applicable laws, directives and regulations and does not require any document to be lodged with, or registered by, the Australian Securities and Investments Commission.

Forward-Looking Statements

Certain statements contained in this Prospectus may constitute "forward-looking statements". Such statements can be identified by the use of forward-looking terminology, such as "believes", "expects", "may", "are expected to", "intends", "will", "will continue", "should", "could", "would be", "seeks", "approximately", "estimates", "predicts", "projects", "aims" or "anticipates", or similar expressions or the negative thereof or other variations thereof or comparable terminology, or by discussions of strategy, plans or intentions or of other statements that do not relate strictly to historical or current matters.

Forward-looking statements appear in a number of places in this Prospectus and include, but are not limited to, statements regarding our intent, belief or current expectations. Forward-looking statements are based on our management's beliefs and assumptions and on information currently available to our management. Such statements are subject to risks and uncertainties, and actual results may differ materially from those expressed or implied in the forward-looking statements, including any projections included as part of, or derived from, the Summary Financial Model Information (as defined below) prepared by us and set out in Appendix 2. Although we believe that the projections contained in

this Prospectus are reasonable as of the date of this Prospectus, we cannot give any assurance that such projections will prove to have been correct.

Actual results or outcomes may be affected by various factors, including, but not limited to, those identified under the section entitled "*Risk factors*" in this Prospectus. These risks and uncertainties further include factors relating to:

- the overall performance of the Project (as defined herein);
- future traffic volumes and tariff collections for the Project;
- construction and operation estimates, including estimates with respect to the completion of works to be performed in connection with the Concession (as defined herein);
- requirements pursuant to the Concession Agreement (as defined herein) to perform additional or complementary works;
- future policies or decisions relating to the Project and the Concession by the Veneto Region;
- general political, social and economic conditions in Italy and the Veneto Region;
- changes in government regulation, particularly as to the toll road industry;
- accidents and natural disasters; and
- other factors that may affect our financial condition, liquidity and results of operations.

The projections contained in the Independent Consultant Reports and the Traffic Report (each as defined below) are for illustrative purposes only, and accordingly, prospective investors are cautioned not to place undue reliance on these reports. Under no circumstances should the inclusion of these projections in this Prospectus be regarded as a representation or warranty by us, the Joint Bookrunners, our or their respective affiliates or any other person with respect to the accuracy of the projections or the accuracy of their underlying assumptions or that the Project will experience the projected results. The Independent Consultant Reports and the Traffic Report speak only as of their respective dates, and we have no obligation to update them or any forecasts they contain. In addition, the Independent Consultant Reports and the Traffic Report are based on certain assumptions and the occurrence of unanticipated events or any other events since the date of the reports could render the projections inaccurate. Important factors that could cause actual results to differ from such projections are disclosed in this Prospectus, including those contained in the section entitled "*Risk factors*", and any such projection is qualified in its entirety accordingly.

Each investor in the Notes 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 contained in this Prospectus and to have acknowledged that we are under no obligation to update the information and do not intend to do so.

Save as expressly provided under the terms of the Transaction Documents, we do not undertake any obligation to release publicly any revision to such forward-looking statements after the date of this Prospectus 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 we may issue in the future.

We have obtained market and industry data and other statistical information used throughout this Prospectus from our own research, surveys or studies conducted by third parties, government, independent industry or general publications and other published independent sources. Where information has been sourced from a third party, such as government or industry publications and surveys that generally state that they have obtained information from sources believed to be reliable but do not guarantee the accuracy and completeness of such information, we confirm that such information has been accurately reproduced and, as far as we are aware and able to ascertain from such information, no facts have been omitted which would render the reproduced information inaccurate or misleading. While we believe that these government or industry publications and surveys are reliable, we have not

independently verified such data, and do not make any representations as to the accuracy of such information. Similarly, we believe that our internal research is reliable, but it has not been verified by any independent sources.

Presentation of Financial Information

We are required to maintain our books of account in Euro in accordance with Italian accounting and tax regulations. Unless otherwise indicated, the financial information included in this Prospectus has been derived from our audited statements of comprehensive income, financial position, cash flow and changes in equity as of and for the years ended 31 December 2014, 2015 and 2016 (the "**Audited Financial Statements**") and our unaudited interim statements of comprehensive income, financial position, cash flow and changes in equity as of and for the nine months ended 30 September 2016 and 2017 (the "**Interim Financial Statements**" and, together with the Audited Financial Statements, the "**Financial Statements**"). Our Financial Statements have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union ("**IFRS**").

The Audited Financial Statements have been audited by BDO Italia S.p.A., independent auditors ("**BDO**") in accordance with International Standards on Auditing. The Interim Financial Statements are unaudited, but have been reviewed by BDO in accordance with International Standards on Review Engagements.

Financial Model

The summary information derived from the results of the financial model in relation to the Project (the "**2017 Financial Model**") is set out in Appendix 2 of this Prospectus (the "**Summary Financial Model Information**"). A financial model is not a prediction or forecast, but simply illustrates hypothetical results that are mathematically derived from specified assumptions. In addition, the 2017 Financial Model shows hypothetical cash flows available for debt service and does not model our overall or specific financial performance under the assumptions set forth therein. Although the components of revenues, operating, maintenance and capital costs, interest rates and taxes included in the 2017 Financial Model have been included and modelled in alignment with our most accurate expectation of the Project's performance as of the date of this Prospectus, it can be expected that the actual figures realized for these will almost certainly differ from, and may bear no correlation to, those assumed for the purposes of the 2017 Financial Model. Accordingly, our actual performance and cash flows for any future period will almost certainly differ from, and may bear no correlation to, those shown by the results of the 2017 Financial Model.

The 2017 Financial Model was prepared in accordance with Italian Generally Accepted Accounting Principles (GAAP) and has been reviewed by KPMG Advisory S.p.A. in accordance with Italian GAAP. We have extracted the historical financial information used for purposes of the 2017 Financial Model from our historical financial statements, and the forward-looking items set out in the Summary Financial Model Information are presented in accordance with the Italian GAAP characterization of those items rather than the IFRS characterization where the two would differ as the accounting treatment of the concession agreement under Italian GAAP is more reflective of actual cash flows than the accounting treatment of the concession agreement under IFRS, IFRIC 12.

The inclusion of the Summary Financial Model Information herein should not be regarded as a representation by us or any other person that the results contained in the 2017 Financial Model will be achieved. In addition, the Summary Financial Model Information contained herein does not, and does not purport to, restate the 2017 Financial Model in its entirety. Prospective investors in the Notes are cautioned not to place undue reliance on the 2017 Financial Model, the Summary Financial Model Information or summary information derived therefrom and should make their own independent assessment of our future results of operations, cash flows and financial condition. The 2017 Financial Model speaks only as of its date and we have no obligation to update the 2017 Financial Model, the Summary Financial Model Information or any information derived therefrom. See "*Forward-looking statements*" for additional information regarding the risks and uncertainties surrounding the information included in the Summary Financial Model Information.

Statistics, Market Data and Other Information

We sourced information regarding the model review from the report dated 19 July 2017, prepared by KPMG Advisory S.p.A. (the "**Model Review Report**"), included in this Prospectus as part of Appendix 1. We sourced information regarding engineering for the SPV (as defined herein) from the report dated June 2017, prepared by Arcadis (as defined below) (the "**Independent Technical Adviser Report**") and together with the Model Review Report, the "**Independent Consultant Reports**"), included in this Prospectus as Appendix 3. The Independent Consultant Reports should be read in their entirety by prospective investors for the information contained therein with respect to the Project and other related matters. The Independent Consultant Reports have been prepared using, as applicable, accounting standards, market research, road characteristics, estimates and judgments, analyses, projections and estimates, including with respect to operating expenses, inflation, labor market conditions and other information and projections, available to KPMG Advisory S.p.A. ("**KPMG**") and to Arcadis Srl and Arcadis LLP (together, "**Arcadis**" or the "**Technical Adviser**" and Arcadis, together with KPMG, the "**Independent Consultants**") at the time of preparation of the applicable report, including certain related assumptions, analyses, projections and estimates. In our opinion, however, each of the Independent Consultant Reports was prepared on a reasonable basis, reflecting the best estimates and judgments available. The information that has not been provided by us and assumptions that form the basis for the Independent Consultant Reports have not been subject to any independent examination or verification by us, the Joint Bookrunners, our or their respective affiliates or any other person. You should understand that the information contained in the Independent Consultant Reports, including projections, estimates, judgments and forward-looking statements, is subject to material risks and uncertainties. In view of these uncertainties, investors are cautioned not to place undue reliance on these projections, estimates, judgments and forward-looking statements to make an investment decision and are encouraged to carefully analyze and conduct their own investigation of all the information included in this Prospectus, including that contained in the section entitled "*Risk factors*". Each of the Model Review Report and the Independent Technical Adviser Report were prepared on the terms and subject to the conditions, limitations and assumptions set out in such reports and in the agreements between us and KPMG and Arcadis, respectively. Such terms, limitations and assumptions apply equally to the recipients of this Prospectus as they do to us, including, without limitation, all exclusions of or limitations on KPMG's and Arcadis's respective liability.

The report dated 3 May 2017, commissioned by the Grantor and prepared by AREA Engineering Srl (the "**Traffic Consultant Report**") is included in this Prospectus as Appendix 4, as the conclusions of the Traffic Consultant Report set out the traffic forecasts that formed one of the bases used by the Grantor in the negotiation of the Amendment Deed (as defined herein) to the Concession Agreement with us. The Traffic Consultant Report was prepared by AREA Engineering Srl (the "**Grantor's Traffic Consultant**") at the request of, and pursuant to an agreement with, the Grantor, independently of us. We did not participate in the preparation of the Traffic Consultant Report and express no opinion as to its conclusions. The Traffic Consultant Report has been included in this Prospectus with the permission of the Grantor and the consent of the Grantor's Traffic Consultant. The Traffic Consultant Report has been included on the basis that neither the Grantor nor the Grantor's Traffic Consultant accepts any responsibility or liability to the recipients of this Prospectus with respect to the contents of the Traffic Consultant Report, and for information purposes only in order to provide investors with information that may have been relevant to the Grantor's analysis of traffic expectations in connection with its entry into the Amendment Deed. Accordingly, investors are cautioned not to place undue reliance on the contents of the Traffic Consultant Report to make an investment decision and are encouraged to carefully analyze and conduct their own investigation of all the information included in this Prospectus, including that contained in the section entitled "*Risk Factors*".

Each recipient of this Prospectus, to the extent it determines to be necessary or appropriate in order to obtain a full and complete understanding of the Independent Consultant Reports or the Traffic Consultant Report, should consult with its own advisers with respect to the matters covered by the Independent Consultant Reports or the Traffic Consultant Report. Each of the Independent Consultants and the Grantor's Traffic Consultant have not acted and are not acting as a consultant or fiduciary to the recipients of this Prospectus.

Presentation of Figures

Certain figures included in this Prospectus have been subject to rounding adjustments. Accordingly, figures shown as totals in certain tables may not be an exact arithmetic aggregation of the numbers that precede them. Percentage figures included in this Prospectus have not in all cases been calculated on the basis of such rounded figures but on the basis of such amounts prior to rounding. For this reason,

certain percentage amounts in this Prospectus may vary from those obtained by performing the same calculations using the figures in this Prospectus. Certain other amounts that appear in this Prospectus may not sum due to rounding.

Exchange Rate

The following table sets out, for the periods indicated, the high, low, average and period-end noon buying rates in New York City for cable transfers between the Euro and U.S. Dollar expressed as U.S. Dollars per €1.00.

	<u>High</u>	<u>Low</u>	<u>Period average⁽¹⁾</u>	<u>Period end</u>
			<i>(U.S. Dollars per €1.00)</i>	
2012.....	1.3463	1.2053	1.2859	1.3197
2013.....	1.3804	1.2772	1.3283	1.3789
2014.....	1.3925	1.2100	1.3283	1.2100
2015.....	1.2010	1.0492	1.1096	1.0866
2016.....	1.1527	1.0384	1.1068	1.0547
Month.....				
May 2017	1.1237	1.0867	1.1055	1.1237
June 2017	1.1430	1.1125	1.1236	1.1413
July 2017	1.1811	1.1338	1.1522	1.1811
August 2017	1.2016	1.1702	1.1815	1.1881
September 2017	1.2026	1.1752	1.1904	1.1803
October 2017	1.1846	1.1509	1.1754	1.1648
November 2017 (through 14 November 2017)...	1.1782	1.1583	1.1642	1.1782

Source: www.bloomberg.com.

Note:

(1) The average rate for a year means the average rate on the last business day of each month during that year. The average rate for each month presented is based on the average rate for each business day of such month.

We make no representation that the Euro or U.S. Dollar amounts referred to in this Prospectus have been, could have been or, could in the future be, converted into U.S. Dollars or Euro, as the case may be, at any particular rate, or at all.

Defined Terms

All capitalized terms used in this Prospectus and not otherwise defined in this Prospectus (including the Conditions) have the meanings assigned to them in the Glossary.

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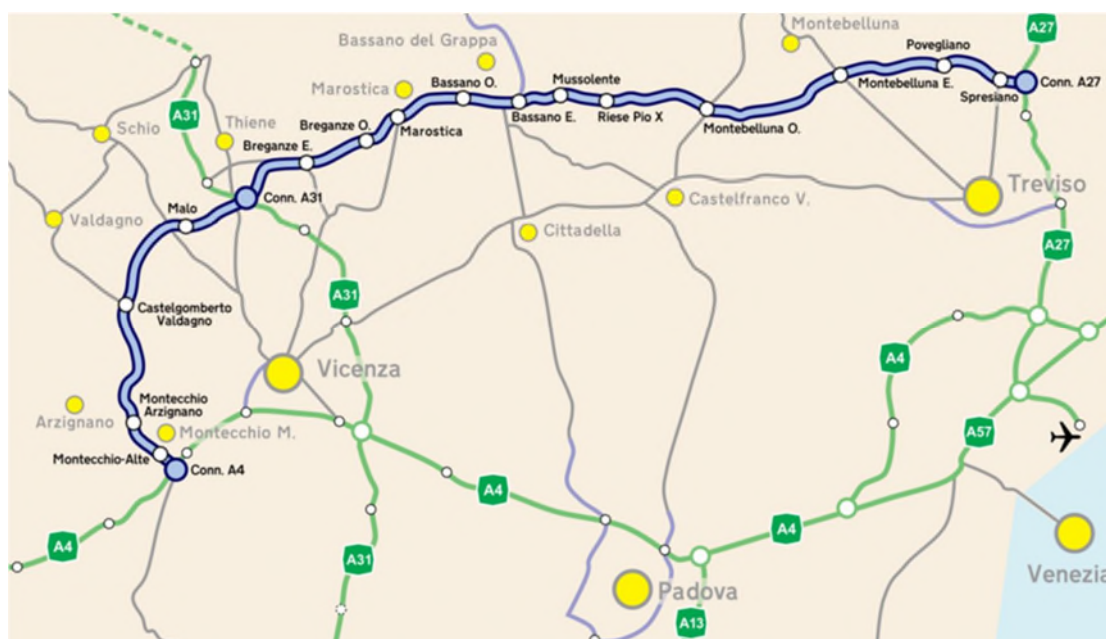
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OVERVIEW OF THE PROJECT AND THE OFFERING

This summary highlights selected information appearing elsewhere in this Prospectus. This overview does not contain all of the information that is important to you or that you should consider in making an investment decision in the Notes and 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 Prospectus. You should carefully consider the information set forth under "Risk factors", "Management's discussion and analysis of results of operations and financial condition", "Description of the Project", "Description of the Concession Agreement" and "Description of the other Project Documents", as well as our Financial Statements (including the notes thereto) included in this Prospectus. In addition, certain statements are forward-looking statements which involve risks and uncertainties (see "Forward-looking statements").

We are offering the Notes as a means to fund construction of the Superstrada Pedemontana Veneta toll road (the "**SPV**"), a 94.6km (main axis) greenfield toll road that is being constructed in the Veneto Region in the northeast of Italy (the "**Project**"). The Project is being carried out pursuant to a concession agreement (as subsequently amended, the "**Concession Agreement**") we have entered into with the Veneto Region (initially acting through a specially appointed commissioner and more recently replaced by the Veneto Region itself, the "**Grantor**"). In addition to the main axis of the SPV, the Project also includes the construction of 68.3km of secondary and access roads, including the entrance and exit ramps, for a total length of approximately 163km. The SPV is intended to improve connections and reduce congestion along the so-called *Asse Padano*, an area in the north of Italy which includes the Piedmont, Lombardy, Veneto and Friuli Regions. Its route runs from the A4 motorway at Montecchio Maggiore in the province of Vicenza, crosses the A31 (*Valdastico*) motorway and finally connects with the A27 motorway at *Spresiano* in the province of Treviso. It also connects 34 municipalities as well as the main industrial areas of Vicenza and Treviso provinces.

The following map shows the planned route of the SPV:



Source: AREA Engineering Srl Traffic Study

We believe the strengths of the Project are as follows:

- Strategic infrastructure with national and European relevance;
- Contractual structure including a number of risk mitigation features;
- Asset location in area with a congested local road network;
- Credit quality of the Grantor;

- Experienced and skilled sponsors; and
- Relatively low technical complexity.

As concessionaire under the Concession Agreement (in such role, the "**Concessionaire**"), we have the right and obligation to design, construct, finance, operate and maintain the SPV. In return, the Grantor has agreed to pay us the Construction Grants (as defined below) to help fund construction of the SPV. The Construction Grants total €914.9 million (plus VAT, if applicable) and are to be paid out in stages as construction advances. As of 30 September 2017, the amount of Construction Grants invoiced was €699.9 million. During the operation phase of the SPV, we will receive from the Grantor an Availability Fee (as defined below) equal to €153,946,814 plus VAT (on a full year basis for 2020) for each year of operation of the SPV throughout the whole duration of the Concession, to be annually updated, as remuneration for making the SPV available to the users according to quality parameters set out under the Concession Agreement. Toll revenues are the exclusive property of the Grantor and will be collected by us, acting as authorized representative (*mandatario con rappresentanza*) for the Grantor, through an irrevocable mandate to collect the tolls. The proceeds arising from the toll collection (either at tollbooths and/or payment by credit card and/or other collection system, such as Telepass), will be managed by us through the Toll Collection Account. We have a right of set-off over all amounts due to us as the Availability Fee against any amount credited to the Toll Collection Account. Moreover, we may also generate additional revenues from royalties as a result of contracting out certain services, such as operation of the service stations and advertising.

In March 2011, we entered into the Original EPC Contract with our controlling shareholder Consorzio Stabile SIS S.C.p.A. ("**SIS**"), pursuant to which SIS agreed to design and build the SPV for us (see "*Description of other Project Documents—The EPC Contract*"). We have also entered into an addendum to the Original EPC Contract in connection with the signing of the First Additional Deed. On 26 July 2017, we entered into a new EPC Contract with the EPC Contractor in order to introduce changes necessary for the implementation of the project bond financing structure, thereby replacing the Original EPC Contract. We will also enter into an O&M Contract on or around the Issue Date with a temporary association of undertakings (*i.e.* a contractual joint venture) between Consorzio Stabile VIS S.c.p.A. ("**Consorzio VIS**") (as leading company) and SIS, which will operate and maintain the SPV for us.

The Project is divided into three lots, each of which is subdivided into sub-lots, for a total of 15 sub-lots. Under the Concession Agreement, we are permitted, with the Grantor's approval, to open a sub-lot to operation before we have finished construction of the entire SPV provided we are able to negotiate with the Grantor the appropriate monetary compensation. This would allow us to begin generating revenue before finishing construction, without having an impact on the 39-year term of the Concession Agreement, as this will begin to run only when we have finished construction of the entire SPV. There is, however, no assurance that we will be able to open any sub-lots before the full completion of the construction of the SPV (see "*Risk Factors—Risks relating to the construction of the SPV*"). Following completion of the SPV, we are required under the Concession Agreement to operate and maintain the SPV for 39 years, after which we will be required to transfer the SPV and the related infrastructures in good condition to the Grantor or to a successor concessionaire designated by the Grantor.

In September 2011, the Grantor approved the Executive Design in respect of the first sub-lot and in November 2011, construction of the first sub-lot of the SPV commenced. Construction works on the second sub-lot were started in February 2013 and during 2014, works began in respect of a further seven sub-lots. We achieved access to all lands (*immissione in possesso*) required for construction of the SPV in early October 2015 and, following hand-over of works (*consegna dei lavori*) on 9 October 2015, construction is now on-going in all of the SPV's 15 sub-lots.

We currently expect that construction of the entire SPV will be completed on 11 September 2020. Once we have received final approval to operate all sub-lots of the SPV, the 39-year concession term will begin.

As of 30 September 2017 we had completed approximately 31.3% of the required construction work (calculated on the basis of capital expenditure incurred as a percentage of the approved investment amount for works). In addition, as of that date, we have certified a total amount of €726.1 million (approximately 32.2% of the approved investment amount for the Project) on the basis of the progress of construction, as evidenced by works certificates (*stati di avanzamento di lavori*) "**SALs**" that we

have issued and which have been certified by the Grantor's technical adviser (*Responsabile Unico del Procedimento*). The amount as of 30 September 2017 includes approximately €525.0 million of works, with the remainder related to design, land acquisition and diversion of services. As of that date, we have invoiced Construction Grants from the Veneto Region in an amount of €699.9 million.

The following summary contains basic information about the Offering. Certain terms and conditions described below are subject to important limitations and exceptions. This overview is not complete and does not contain all the information you should consider before investing in the Notes. For a more complete understanding of the terms and conditions of the Notes, including certain definitions of terms used in this summary, see "Terms and Conditions of the Notes", "Description of the Finance Documents—Common Terms Agreement" and "Description of the Finance Documents—Master Definitions Agreement".

Notes offered	<p>Senior Notes</p> <p>€1,221,000,000 Variable Rate Senior Secured Amortizing Notes due 2047</p> <p>Junior Notes</p> <p>€350,000,000 8% Step-Up Subordinated Secured Notes due 2027</p>
Issuer	Superstrada Pedemontana Veneta S.p.A.
Issue Date	29 November 2017
Maturity Date of the Senior Notes.....	30 June 2047
Maturity Date of the Junior Notes	30 June 2027, provided that if certain conditions described in “ <i>Terms and Conditions of the Notes—Redemption—Final Redemption of Junior Notes</i> ” are not satisfied or waived, the Junior Notes will be redeemed as soon as possible pursuant to the Junior Notes Cash Sweep and in any event no later than 30 June 2047
Status of Senior Notes	Senior secured notes issued under article 185 of the New Italian Public Contracts Code
Status of Junior Notes.....	Subordinated secured notes issued under article 185 of the New Italian Public Contracts Code
Interest Payment Dates	30 June and 31 December in each year, commencing on 31 December 2017
Denomination	<p>In respect of the Senior Notes, €100,000 and multiples thereof.</p> <p>In respect of the Junior Notes, €100,000 and multiples of €0.01 in excess thereof.</p>
Interest on the Senior Notes.....	<p>Phase 1</p> <p>In respect of any Interest Payment Date relating to an Interest Period that occurs prior to the first Drawing Date, the coupon on the Senior Notes will be determined by reference to EONIA plus the Margin, provided that the minimum amount of interest payable shall be the Floored Phase 1 Interest Amount.</p> <p>Phase 2</p> <p>In respect of the Interest Payment Date falling at the end of the Interest Period during which the first Drawing Date occurs and the Interest Payment Date falling at the end of each subsequent Interest Period</p>

up to and including the Interest Period during which the final Drawing Date occurs, the amount of interest payable per Note will be calculated in accordance with the formula set out in the Conditions and provided that the minimum amount of interest payable shall be the Floored Phase 2 Interest Amount.

Phase 3

For each complete Interest Period that occurs after the final Drawing Date, the interest rate payable in respect of the Senior Notes shall be NIR%.

Interest on the Junior Notes 8% fixed rate payable semi-annually in arrear, up to and including the Step Up Coupon Date.

For each Interest Period following the Initial Redemption Date, provided that, all Initial Put Option Notes and Subsequent Put Option Notes, if any, are redeemed in full in the circumstances described in the Conditions, 8% *per annum*.

See also “*Capitalisation of Interest on the Junior Notes*” below.

Step-up Coupon of Junior Notes Following the Step-Up Coupon Date, and until all the Initial Put Option Notes and Subsequent Put Option Notes, if any, have been redeemed in full, 9% per annum, which rate will increase by a further 1% per annum on each calendar anniversary of the Step Up Coupon Date until each Junior Note bears interest at a maximum rate of the Pre-2027 Maximum Junior Note Rate of Interest or the Post-2027 Maximum Junior Note Rate of Interest, as applicable.

In the event that Additional Junior Notes are issued, the Junior Note Rate of Interest in respect of each Interest Period commencing thereafter shall increase to 12% whether before or after the Step Up Coupon Date.

Maximum Coupon of the Junior Notes Prior to the Junior Notes Maturity Date: 12%

From and including the Junior Notes Maturity Date: 13%

Equity Shortfall Step Up of the Junior Notes . Subject to the Maximum Coupon of the Junior Notes, where an Equity Shortfall occurs, the Junior Note Rate of Interest shall in respect of each Junior Note be increased for the subsequent Interest Period by an amount calculated in accordance with the formula set out in the Conditions.

The Junior Note Rate of Interest shall continue to be increased by the Equity Shortfall Step-Up for each subsequent Interest Period, and shall be recalculated in respect of each Interest Period, unless and until (i) all of the Initial Put Option Notes and Subsequent Put Option Notes have been redeemed or (ii) the relevant Aggregate Equity Contribution Threshold has been satisfied and compliance with the Equity Ratio Covenant has been achieved and the Issuer has

provided evidence thereof, at which point the Junior Note Rate of Interest shall be reduced accordingly with effect from the next Interest Payment Date.

Capitalisation of Interest on the Junior Notes.	<p>The Issuer will have the option to capitalise (i) prior to the Entry into Operation of the Toll Road, all or part of the Relevant Interest Amount payable on any Interest Payment Date in the circumstances described in Condition 5.7(a); and (ii) following the Entry into Operation of the Toll Road and until the 18 Month Interest Payment Date, all or part of the Relevant Interest Amount payable on each Interest Payment Date falling in such period, as further described in Condition 5.7(b); and (iii) following the 18 Month Interest Payment Date, in respect of each Interest Period, all or part of the Relevant Interest Amount payable on the Interest Payment Date falling at the beginning of the next following Interest Period, in the circumstances described in Condition 5.7(c).</p> <p>The Issuer may exercise the option to capitalise interest pursuant to Condition 5.7 (<i>Option to Capitalise Interest on Junior Notes</i>) by delivering an irrevocable election notice within the specified time and the interest amount which the Issuer elects to so capitalise (the "PIK Interest Amount") shall not be paid by the Issuer on the relevant Interest Payment Date and, starting on and from the next following Interest Payment Date falling six months later, shall, to the extent not paid in cash on such next following Interest Payment Date, be added to the Principal Amount Outstanding under each Junior Note.</p>
Form of the Notes	Registered
Listing	Regulated market of the Irish Stock Exchange
Governing law	English law, other than in respect of the Italian Law Security Agreements.
Scheduled redemption of the Senior Notes	The Senior Notes will be redeemed in instalments on each Interest Payment Date from and including 31 December 2022, as set out in the Conditions. To the extent not previously redeemed, the Senior Notes will be redeemed at their principal amount outstanding on the Final Maturity Date.
Redemption of the Junior Notes	Upon written evidence of the Entry into Operation of the Toll Road being given to the Project Adviser and provided that no Default has occurred and is continuing, or would occur as a result of the proposed transfer from the Escrow Account to the Proceeds Account, any remaining cash standing to the credit of the Escrow Account will be transferred into the Proceeds Account for application as Available Junior Cash. Thereafter the Issuer shall notify all Noteholders of: (i) the Entry into Operation of the Toll Road; (ii) the outstanding aggregate principal amount of the Junior Notes as of such date; (iii) the amount of Available Junior Cash projected to be available for such purpose as at the Initial Markdown

Date; (iv) the principal amount of shareholder loans outstanding as of such date; and (v) the election procedure specified in Condition 7(b) (*Initial Redemption of the Junior Notes – Junior Noteholder Election*). If a Default has occurred and is continuing as at the date of Entry into Operation of the Toll Road, any remaining cash will remain standing to the credit of the Escrow Account and the Initial Election Period will not begin until such Default is cured or waived in accordance with the Finance Documents. If such Default is cured or waived the remaining cash will be immediately transferred to the Proceeds Account for application as Available Junior Cash.

The Junior Notes will thereafter be redeemed in accordance with the procedures described in Conditions 7(c) (*Initial Redemption of the Junior Notes – Application of Available Junior Cash on the Initial Markdown Date and the Initial Redemption Date*) and 7(e) (*Subsequent Redemption of the Junior Notes – Application of Available Junior Cash following the 18 Month Interest Payment Date*).

If the Junior Notes are not redeemed in full on or prior to the Junior Notes Maturity Date, after such date they will be redeemed in instalments on each Interest Payment Date falling after the Junior Notes Maturity Date, from the Available Junior Cash pursuant to the Junior Notes Cash Sweep, provided that in any event the Junior Notes will be redeemed in full no later than the Final Maturity Date.

Payments of interest and principal on the Junior Notes will at all times be subject to the Pre-enforcement Priority of Payments.

Payment of principal on the Junior Notes pursuant to the Junior Notes Cash Sweep and payments of interest will be made subject to the restrictions on payments under the Junior Notes.

If no Junior Notes Cash Sweep is permitted, any Available Junior Cash shall be applied by the Issuer in accordance with the Pre-enforcement Priority of Payments.

Optional Redemption by the Issuer

At any time following the Initial Redemption Date, the Issuer may redeem some or all of the Senior Notes and some or all of the Junior Notes at any time (the "**Optional Redemption Date**") at the Senior Make Whole Amount or the Junior Make Whole Amount, as the case may be (other than in respect of the Initial Put Option Notes and Subsequent Put Option Notes, if any, which shall be redeemed at their principal amount) plus, in each case, accrued interest. For the avoidance of doubt, the Issuer may not redeem any portion of the Senior Notes without at the same time redeeming a pro rata portion of the Junior Notes and may not redeem any portion of the Junior Notes without at the same time redeeming a pro rata portion of the Senior Notes.

Redemption for tax reasons	100% of the Principal Amount Outstanding, except if the holder of an affected Note rejects redemption of such Note.
Redemption for illegality	100% of the Principal Amount Outstanding.
Noteholder put event	Noteholders shall have the right to put their Notes at 101% of the Principal Amount of each Note if a Change of Control or Change of Material Shareholding occurs prior to the Final Term Date.
Change of Control	<p>A "Change of Control" shall be deemed to occur if any person other than a Reference Holder acquires control of the Issuer.</p> <p>For the purposes hereof, "control" means: (i) ownership of more than 50% of our share capital; (ii) the power to appoint and/or remove a majority of our Board of Directors; (iii) the power to exercise more than 50% of the voting rights of our voting shares; (iv) ownership of more than 50% of the economic rights to our voting shares; or (v) the ability to exercise a dominant influence contractually over us.</p>
Change of material shareholding	Where either of the Reference Holders (not including the Circuitus Entities, individually, ceases to own, directly or indirectly, at least 10% of our share capital.
Reference Holders	<ol style="list-style-type: none"> 1. Fininc S.p.A., or another company in the Fininc group in which Fininc S.p.A. has, directly or indirectly, (i) ownership of more than 50% of the share capital of such subsidiary, (ii) the power to appoint and/or remove a majority of the board of directors of such subsidiary, (iii) the power to exercise more than 50% of the voting rights of such subsidiary's voting shares and (iv) ownership of more than 50% of the economic rights of such subsidiary's voting shares; 2. Sacyr S.A., or another company in the Sacyr group in which Sacyr S.A. has, directly or indirectly, (i) ownership of more than 50% of the share capital of such subsidiary, (ii) the power to appoint and/or remove a majority of the board of directors of such subsidiary, (iii) the power to exercise more than 50% of the voting rights of such subsidiary's voting shares and (iv) ownership of more than 50% of the economic rights of such subsidiary's voting shares; and 3. any Circuitus Entity.
Escrow Account (Senior Notes only)	<p>The net proceeds of the issue of the Senior Notes will initially be deposited in the Escrow Account and then invested in the Liquidity Management Transaction.</p> <p>Amounts will be made available to the Issuer in instalments by the Counterparty in accordance with the terms of the Liquidity Management Transaction</p>

and corresponding amounts will then be made available to the Issuer from the Escrow Account in instalments (subject to the delivery of conditions precedent to each drawing specified in the Common Terms Agreement). Once the Issuer has received such portion of the proceeds into the Escrow Account, amounts corresponding to those received from the Counterparty will be made available to the Issuer, subject to the satisfaction of the Conditions Precedent to each Drawing from the Escrow Account.

The balance standing to the Escrow Account may also be invested from time to time in financial investments including money market instruments and transactions. Any income arising from such investments should be treated as revenue and transferred to the Proceeds Account and will not itself be subject to the escrow arrangements.

The Security Agent will have a security interest over the Escrow Account and all such financial investments for the benefit of the Noteholders.

Conditions precedent to each Drawing from the Escrow Account (Senior Notes only)

As set out in the Common Terms Agreement

Information covenants

Financial statements to be provided on an annual and semi-annual basis as soon as possible and in any event within 120 days (annual) or 90 days (semi-annual). Full-year financial statements to be audited and half-year financial statements to be unaudited (but subject to limited review) and in each case prepared in accordance with IFRS.

Additional information covenants as set out in the Common Terms Agreement.

Financial covenants

We will be required to ensure that (in respect of (i) and (ii) only) after the construction phase is completed and (in respect of (iii)) at all times, each of:

- (i) the Debt Service Coverage Ratio (Forwards);
- (ii) the Debt Service Coverage Ratio (Backwards); and
- (iii) the DLCR,

as determined on the most recent Calculation Date, shall be no lower than the Relevant Ratio Threshold.

Cure mechanisms

As set out in the Common Terms Agreement

Other covenants

As set out in the Common Terms Agreement

Security package

In respect of the Secured Liabilities, including the Junior Notes:

- (i) Italian law pledge over our shares (other than the shares in us owned by Itínere Infraestructuras S.A.);
- (ii) Italian law *privilegio generale* over certain of

our movable present and future assets pursuant to article 186 of the New Italian Public Contracts Code, including receivables under the Concession Agreement;

- (iii) Italian law assignment by way of security (*cessione dei crediti in garanzia*) in relation to certain of our receivables under the Concession Agreement;
- (iv) English and Italian law pledges over the Issuer's bank accounts (including the Debt Service Reserve Account, the Maintenance Reserve Account, the Insurance and Compensation Account, the Proceeds Account and the Escrow Account, but excluding the Distribution Account, the VAT Accounts and the Toll Collection Account (*Conto Pedaggi*));
- (v) assignment by way of security of our receivables under certain Project Documents other than the Concession Agreement;
- (vi) Italian law assignment of receivables under shareholder loans; and
- (vii) English law assignment of our present and future rights under the English Law Contracts in favour of the Security Agent for the benefit of the Secured Creditors.

The STID will provide for claims of the Senior Noteholders to take priority to the Junior Noteholders on a contractual basis.

Events of Default.....

As set out in the Common Terms Agreement

Security Trust and Intercreditor Deed ("STID") and Priority of Payment.....

The STID will govern the relationship between us and our creditors under the Senior Debt (including the swap arrangements, if any), the VAT Receivables Agreement and the Junior Notes, including in relation to voting arrangements. The Revolving Facilities providers, the Factoring Facilities providers and the Advanced Payment Facilities providers will not be party to the STID.

The ability of the holders of Junior Notes to accelerate upon an Event of Default, to make amendments and to vote on matters affecting holders of Junior Notes will be limited by the terms of the STID.

In particular, Junior Noteholders will only have the right to accelerate (i) if a Senior Acceleration Event has occurred in which case the Junior Noteholders may take the same Enforcement Action (but in respect of the Junior Liabilities) as constitutes that Senior Acceleration Event but only to the extent applicable to the Junior Noteholders; (ii) if Senior Noteholders fail to take enforcement action after a period of 12 months and only in relation to non-payment of amounts contractually due; or (iii) the other Secured Creditors

have given their prior written consent pursuant to the STID.

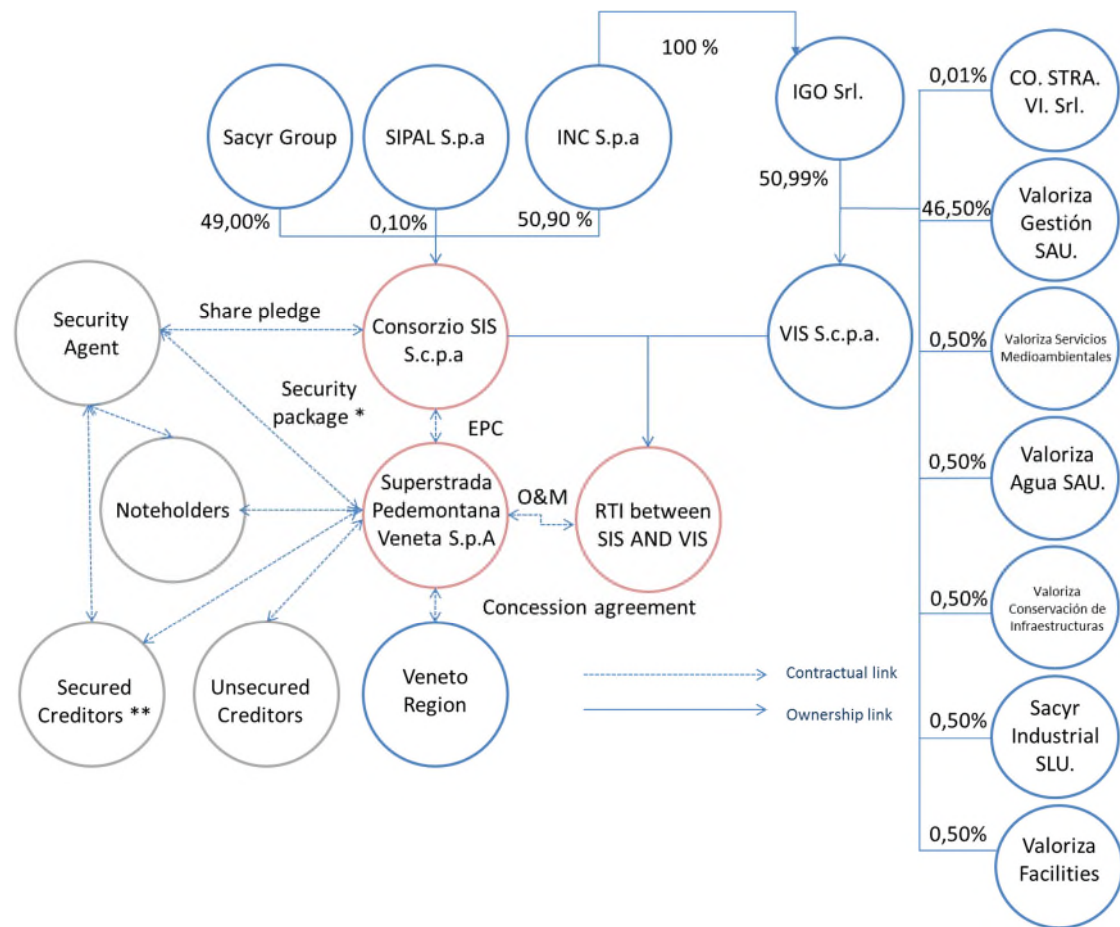
Otherwise, holders of Junior Notes will not have the right to accelerate the Junior Notes or enforce the security prior to the Maturity Date.

The Pre-enforcement Priority of Payments and Post-enforcement Priority of Payments are set out in the STID.

Other agreements.....

We have entered into other Project Documents and Finance Documents in connection with the Project and the Offering, including, amongst others, the EPC Contract, the O&M Contract, the Interface Agreement, the Performance Bonds and the Insurance contracts (see "*Description of the other Project Documents*") and the Common Terms Agreement, the Master Definitions Agreement, the Equity Contribution and Subordination Agreement, the Purchase Agreements, the STID, the Note Trust Deed, the Security Documents, the Account Bank Agreements, the Project Adviser Services Agreement, the Paying Agency Agreement, the Escrow Agreement, the VAT Receivables Agreements, the EPC Direct Agreement and the O&M Direct Agreement (see "*Description of the Finance Documents*"). In addition we have entered into the Liquidity Management Agreement.

The following structure chart shows the Project's contractual and ownership structure.



* Security comprises pledges over certain accounts, receivables under the Project Documents and a privilegio generale. For more information, see "Description of Finance Documents".

** Other Secured Creditors include the Note Trustee, the Agents and any Hedging Banks. The VAT Receivables Purchaser and Hedging Banks (if any) also share in the security package. For more information, see "Description of Finance Documents".

RISK FACTORS

Investment in project bonds involves a high degree of risk. We believe that the following factors may affect our ability to fulfil our obligations under the Notes. Most of these factors are contingencies that may or may not occur, and we are not in a position to express a view on the likelihood of any such contingency occurring. In addition, factors that are material for the purpose of assessing the market risks associated with the Notes are also described below.

We believe that the factors described below represent the principal risks inherent in investing in the Notes, but our inability to pay interest, principal or other amounts on or in connection with the Notes may occur for other reasons which may not be considered significant risks by us based on information currently available to us, or which we may not currently be able to anticipate.

In addition, the sequence in which the risk factors are presented below is not indicative of their likelihood of occurrence or the scope of the potential consequences on our business, financial condition or results of operations.

You should also read the detailed information set out elsewhere in this Prospectus and carefully assess whether an investment in the Notes is suitable for you in light of the information in this Prospectus and your personal circumstances, based upon your own judgment and upon advice from such financial, legal, tax or other advisers as you consider necessary.

Words and expressions defined in "Terms and Conditions of the Notes" or elsewhere in this Prospectus have the same meaning when used in this section. References to a "Condition" are to such numbered Condition in "Terms and Conditions of the Notes". You should read this Prospectus in its entirety.

Risks relating to us and the Project

We are and will be dependent on the Veneto Region (as Grantor) for substantially all of our revenues

We are a project company (*società di progetto*) within the meaning of article 156 of the Italian Public Contracts Code, incorporated for the purpose of acting as concessionaire with respect to the SPV, and in furtherance of that purpose we entered into the Concession Agreement with the Grantor.

Until the first lots of the SPV come into operation, which is currently expected to be by the spring of 2018, we will be primarily dependent on construction grants (the "**Construction Grants**") received from the Grantor, equity and subordinated loan contributions from our controlling shareholder and, to the extent available under the Conditions, the net proceeds of the Offering, to fund construction of the SPV and other costs, as well as any payment obligations under the Notes. Thereafter, and prior to the full operation of the SPV, we will only receive additional revenues if we are able to agree with the Grantor the early operation of available sub-lots and our compensation in exchange therefor. However, this would need to be negotiated on a case-by-case basis and there is no assurance that we would be able to reach a satisfactory agreement with the Grantor for the early operation of these sub-lots or that any compensation would be a meaningful additional source of funds.

Under the Concession Agreement, we will subsequently be entitled to receive an availability fee (the "**Availability Fee**") from the Grantor as consideration for our obligation to make the SPV available (for further details, see "*Description of the Project-Operation Phase-The Availability Fee*"). The Availability Fee will be our main source of revenues during the operation of the SPV and, as such, our ability to make payments on the Notes is dependent upon the prompt payment of the Availability Fee by the Grantor. Payments of the Availability Fee are not scheduled to commence until the SPV is fully operational. Full operation of the SPV will only commence upon completion of construction, which is expected to occur by 11 September 2020 under the current construction schedule. As the construction schedule is subject to uncertainty (see "*Risks relating to construction of the SPV*" below), we cannot give you any assurance that we will be able to complete construction by that date, or at all.

There are a number of factors, including many that are outside of our control, that may impact the willingness or the ability of the Grantor to pay the remaining Construction Grants or the Availability Fee in full, or at all. Such factors include potential future budgetary constraints or political change in the Veneto Region and the resulting change in government priorities and support during the period of the Concession Agreement. Competing interests within the Veneto Region may create pressures to shift

the Grantor's resources to other priorities, thus impacting our ability to receive the Availability Fee in full or at all and, as a result, to service our obligations under the Notes. Although the Grantor is obligated to pay the Availability Fee under the Concession Agreement and would be in default of its obligations thereunder should it fail to do so and the Grantor has no sovereign immunity from claims or actions as may be brought by us under the Concession Agreement, there can be no assurances that the Grantor would not seek to use its sovereign and other powers to seek to change law, regulation or the Concession Agreement to avoid this obligation.

According to a report attached to Resolution no. 708/2017 of the Grantor, the Availability Fee will be accounted for as a current expenditure of the Grantor (an operating and not a capital expense) and funded mainly by the Toll Revenues. Any shortage of Toll Revenues with respect to the Availability Fee during the first nine years of operation is expected to be funded by the Grantor through the use of an equivalent amount of financial indebtedness of the Grantor which had been budgeted for past investments and which, however, has not been borrowed by the Grantor. However, there can be no assurance that the Grantor will account for the Availability Fee in this manner. We understand from the director of the Grantor's department for the construction of the SPV (*Struttura di Progetto Superstrada Pedemontana Veneta*) that the Availability Fee will be taken into account in the Grantor's regional pluri-annual budget, commencing with the 3-year pluri-annual budget covering the 2018-2020 period, with an expense entry commencing in 2020, and that Toll Revenues will be accounted for as revenues commencing that same year. There can be no assurances that the Grantor will have sufficient current revenue or other available funding sources for payment of the Availability Fee. For further information on the Grantor, see "*The Grantor*".

In addition, there are circumstances under which the Availability Fee may be reduced in accordance with the terms of the Concession Agreement as a result of the application of penalties and/or sanctions. Although the maximum annual amount of penalties and/or sanctions (cumulatively considered) in any period may not exceed 15% of the corresponding annual amount of the Availability Fee and shall be deducted from the Availability Fee payable in the following year, and we believe that we should be able to meet our debt service obligations even in the event penalties are imposed, we cannot assure you that the imposition of such penalties and sanctions, particularly if combined with higher than anticipated expenses, would not impact our ability to service our debt.

Any of the foregoing could have a material adverse effect on the revenue we receive, and thus on our results of operations, financial condition and our ability to meet our payment obligations under the Notes.

Our right of set-off in respect of the Toll Revenues may not be sufficient to cover any non-payment of the Availability Fee. We do not have a security interest in the Toll Revenues

During the operation phase of the Project, we will collect the Toll Revenues in the name and on behalf of the Grantor. We will keep such revenues in a dedicated account held by us (as authorized representative (*mandatario con rappresentanza*)). We do not have a security interest over the Toll Collection Account (*conto pedaggi*) but we do have a right of set-off to collect the Availability Fee directly from such account in the event the Grantor fails to make any payment of the Availability Fee when due. However, if the Toll Revenues are lower than anticipated there may not be sufficient amounts to cover the shortfall. Moreover, there is no evidence of any further legal provisions regarding the financial resources committed by the Veneto Region for the payment of the Availability Fee.

Toll tariffs and possible exemptions are wholly within the control of and determined by the Grantor, falling within its regulatory authority. There can be no assurances that the Grantor will set the toll tariffs at the optimal level to maximize the Toll Revenues.

Furthermore, we do not have any security interest in the Toll Revenues or any other assets of the Grantor and, in the event the Grantor is in default of its obligations to third parties, there can be no assurances that such third parties will not assert claims on the Toll Revenues as assets of the Grantor.

Any of the foregoing could have a material adverse effect on the revenue we receive, and thus on our results of operations, financial condition and our ability to meet our payment obligations under the Notes.

Traffic levels and applicable tariffs are influenced by, among other things, competing toll and toll-free roads and may have an impact on the Toll Revenues

The ultimate level of Toll Revenues will depend on a combination of traffic levels on the SPV and the applicable tariffs.

Traffic volumes depend on a number of factors, including but not limited to the quality and convenience of, and travel time on, alternative toll-free roads, the quality and state of repair of the SPV, occasional or persistent significant traffic congestion on alternative toll-free roads, and/or the existence of alternative means of transportation. A worsening of the economic environment, any increase in petrol prices in Italy, an increase in tariffs, a strengthening of environmental legislation (including measures to restrict motor vehicle use in metropolitan areas in order to reduce air pollution) and persistent bad weather conditions may result in a decrease in road traffic. In addition, traffic is a function of the growth in the economy, population, employment and vehicle ownership.

Furthermore, certain toll free secondary roads run parallel to certain stretches of the SPV. In addition, other highway operators may obtain concessions and develop other stretches of highway or alternative networks along the same transportation routes covered by the SPV or may develop facilities along such alternative networks or routes for different modes of transport. Such competition may lead to decreased traffic volumes on the SPV. There can be no assurance that the number of vehicles traveling on the SPV will be as projected. Lower than expected traffic volumes or unexpected impacts from changes in tariffs could have an impact on funds available to the Grantor and ultimately have a material adverse effect on our business, results of operations, financial condition and our ability to meet our payment obligations under the Notes.

Low traffic volumes may impact the Grantor's ability to pay the Availability Fee

Our ability to make payments on the Notes is dependent upon receipt of the Availability Fee from the Grantor. While the Grantor has the obligation under the Concession Agreement to pay the Availability Fee in full on each date it falls due, the Toll Revenues are the exclusive property of the Grantor and the Grantor, in its planning, may be relying on a certain level of Toll Revenues to cover all or part of its obligation to pay the Availability Fee.

There can be no assurance that traffic volumes on the SPV, and thus Toll Revenues, will not be lower than expected by the Grantor, impacting the amount of revenues generated by the Grantor, which could have an impact on the Grantor's prompt payment of the Availability Fee if the Grantor does not have sufficient additional resources budgeted to cover any funding shortfall. Although we have the right to receive late payment interest in case of delayed payment of the Availability Fee and, should the delay exceed 90 days, the right to terminate the Concession Agreement, we cannot assure you that any late payment interest or termination payments would be received in such amount and at such time as to permit us to satisfy our debt service obligations on a timely basis or at all.

The traffic volumes and other projections and forecasts contained in the Traffic Consultant Report may prove to be wrong

The Traffic Consultant Report includes calculations that attempt to predict the traffic flow which would be captured by the SPV and so predict the economic value of the amounts which would be recovered through tolls. The Traffic Consultant Report was prepared using various analytical methodologies and assumptions. The information and forecasts contained therein are inherently subject to unpredictable factors, including, among others, the level of background traffic growth, the development (or lack of) local transport infrastructure, socio-economic issues, changes in fuel prices or local taxes, the impact of scheduled road works and the increase or stability of toll rates. Even if such assumptions and methodologies are accurate, the actual traffic volumes and patterns may differ materially from those expressed or implied therein. There can be no assurance that the calculations in the Traffic Consultant Report will prove to be accurate. If these, or any of the other projections, assumptions or estimates included in the Traffic Consultant Report prove to be inaccurate or incorrect, the toll revenues generated by the Grantor may be substantially lower than projected, which could have a material adverse effect on the ability of the Grantor to pay the Availability Fee, and thus our results of operations, financial condition and our ability to meet our payment obligations under the Notes.

We have a limited operating history and our historical financial statements are not indicative of our expected business going forward

We were incorporated in December 2009 to act as concessionaire under the Concession Agreement and, following the Grantor's approval of the Definitive Design for the SPV in September 2010, we formally stepped into the Concession Agreement as Concessionaire in February 2011. In August 2011, the Grantor approved the Executive Design in respect of the first sub-lot and in November 2011, construction of the first sub-lot of the SPV commenced. We have engaged only in limited operations and, as a result, are subject to many of the risks common to developing enterprises, including under-capitalization, cash shortages and limitations with respect to personnel, financial and other resources. There can be no assurance that we will have the financial, technical and other resources to ensure completion of the SPV.

In addition, you should be aware that our historical financial and operating results are not indicative of our future business and financial performance. There can be no assurance that we will generate sufficient revenues in future periods to ensure that we can meet the payment obligations under the Notes.

The Concession Agreement may be affected by challenges to the Resolution 708/2017 and 780/2017 as well as to the Amendment Deed which are currently in progress

The Concession Agreement was recently amended by the Amendment Deed, entered into in execution of the Resolution (see "*Description of the Project – Project history*" below).

Any potential interested party (e.g. any economic operator potentially interested in the awarding of a new concession) can challenge Resolution 708/2017, Resolution 780/2017 as well as the Amendment Deed in front of the competent Regional Administrative Court within 30 (thirty) days of the date of its publication in the Regional Official Gazette (which occurred on 19 May 2017), pursuant to Article 120.5 of the administrative procedural code the ("APC"), on the grounds that the Resolution introduced a material amendment (*modifica sostanziale*) to the Concession Agreement and, as a result, a new tender procedure should have been launched, pursuant to Article 175.8 of the New Italian Public Contracts Code. In addition, pursuant to Article 120.2 of the APC, within six months starting from the day following the signing of the Amendment Deed (which occurred on 29 May 2017) and to the extent that the information published in the Official Regional Gazette does not allow the full knowledge of all the elements potentially prejudicial to their interests, it is possible that any interested party may challenge Resolution 708/2017 or the Amendment Deed on the grounds that Resolution 708/2017 did not provide sufficient and adequate disclosure about the proposed amendments to the Concession Agreement. All such terms to challenge have expired, except from the term under Article 120.2 of the APC, which will expire on 29 November 2017.

On 6 June 2017 and 19 June 2017, two challenges to Resolution 744/2017 and Resolution 708/2017 and Resolution 780/2017 were started and then filed with the Regional Administrative Court Veneto ("**TAR Veneto**") by Salini Impregilo S.p.A., and on 20 June 2017 a further challenge to Resolution 744/2017 and Resolution 708/2017 was filed with the TAR Veneto by the *Confederazione Italiana Dirigenti ed Alte Professionalità*. On 30 June 2017, an "*ad adiuvandum*" initiative was submitted in support of Salini Impregilo's second challenge by Società Agricola Fogal s.s., Codacons - O.N.L.U.S. and six individuals. On 20 July 2017, Salini Impregilo submitted additional grounds (*motivi aggiunti*) in connection with this claim (see "*Description of the Project—Litigation*").

There are a number of potential outcomes of such challenges and as at the date of this Prospectus it is not possible to predict the outcome that will prevail. Accordingly, prospective investors need to be aware that the possible outcomes discussed below are not exhaustive.

The Court may find in favour of the defendants, or it may find in favour of the claimant and award damages against the Grantor. In either of these scenarios, the Grantor and the Concessionaire would be able to continue with the Project in accordance with the Concession Agreement, as amended by the Amendment Deed.

Alternatively, the Court could find in favour of the claimants and terminate the Concession Agreement in its entirety, triggering an event of default under the Notes. In such scenario, there are two potential outcomes:

- In the event that no responsibility is attributable to us, we would be entitled to receive from the Grantor a termination value under the Concession Agreement equal to: (a) in the event that the termination occurs after the technical testing (*collaudo tecnico amministrativo*) of the works, the value of the works based on the costs incurred by us (net of depreciation as well as of the Construction Grants received until that point) plus ancillary costs (*oneri accessori*) or, in the event that the termination occurs before the technical testing (*collaudo tecnico amministrativo*) of the works, the costs actually incurred by us (net of the Construction Grants) *plus* (b) liquidated damages or other costs incurred or to be incurred by us as a consequence of the early termination, including financing costs and other costs arising from the early termination of any transactions aimed at providing floating interest risk coverage related to the termination, *plus* (c) potentially an additional 10% indemnity of the value of the works still to be performed (or, following the technical testing, 10% of the current value of revenues resulting from PEF (as defined herein) for the remaining years) (the "**Concession Agreement Termination Value**").
- In the event, however, that some responsibility is attributed to us, the Grantor could dispute payment of the Concession Agreement Termination Value and, on the basis that the doctrine of unjust enrichment would apply, instead grant an indemnity to us equal to the construction costs incurred, including ancillary costs (net of the Construction Grants received until that point) (the "**Unjust Enrichment Indemnity**").

In addition, it is possible that the Court could find in favour of the claimants and set aside the Amendment Deed only, leaving the unamended Concession Agreement (the "**Unamended Concession Agreement**") in place, in which case there would be three potential outcomes:

- The Grantor could expressly revoke the Concession Agreement, in which case we would be entitled to receive from the Grantor the Concession Agreement Termination Value.
- The Grantor could proceed with an annulment of the Concession Agreement on the basis of self-protection grounds due to an illegal allocation of risks, in which case we would be entitled to receive from the Grantor, on the basis that the doctrine of unjust enrichment would apply, the Unjust Enrichment Indemnity.

The Grantor could take no action, in which case we may be able to withdraw from the Concession Agreement on the basis that we had requested a rebalancing of the PEF that had been rejected and, in such a case, we could be entitled to receive from the Grantor the termination value provided under the Unamended Concession Agreement, equal to: (i) the value of the works based on the costs incurred by us (net of depreciation as well as of the Construction Grants received until that point) *plus* (ii) ancillary expenses (*oneri accessori*), including financing costs (but excluding the costs arising from the termination of any transactions aimed at providing floating interest risk coverage) and other costs related to termination (the "**Unamended Concession Agreement Termination Value**"). The Unamended Concession Agreement Termination Value excludes, however, the potential to receive the additional 10% indemnity as would be the case under the Concession Agreement Termination Value.

Further, according to article 211 of the New Public Contracts Code as amended by Article 52-ter in Law Decree no. 50/2017 (which has been converted into law), ANAC, in the course of the pending investigation, may raise issues pertaining to the material nature of the amendments introduced with the Amendment Deed in order to invoke the applicability of the New Public Contracts Code on the assumption that the Amendment Deed is a "new contract" subject to the New Public Contracts Code. In such a scenario, under the New Public Contracts Code, ANAC had a 60-day period from the acknowledgement of the alleged violation to issue an opinion to be submitted to the Veneto Region, indicating (i) any possible violation detected (e.g., a violation of the national and European Union principles preventing the contracting authorities from introducing material amendments which would require an *ad hoc* tender procedure) and (ii) a period not greater than 60 days (from the submission of the opinion) to allow the Veneto Region to comply with the opinion and correct any detected violations. Should the Veneto Region fail to comply with such opinion, ANAC would be entitled to bring a judicial action before the Administrative Court within 30 days from the expiration of the period given to the Veneto Region to comply with the opinion. The 60-day period has elapsed without ANAC issuing any opinion. In this context, there can be no assurances that ANAC will not attempt to provide an opinion and would not ask the Court for the annulment of the Amendment Deed. In such an event, whilst a Court with whom any such procedures were filed should reject the claim, there can be no

assurances that the Court will do so, and should the claim be allowed to proceed, the potential outcomes of the judicial proceeding would be similar to those in the other proceedings described above. Further, ANAC retains the ability to make non-binding recommendations to the Grantor and any other relevant authorities.

Please note that the termination of the Concession Agreement is not an automatic effect of the upholding of the challenge as, in such a case, the Court may decide to maintain the validity and effectiveness of the Concession Agreement, as amended by the Amendment Deed, if it is determined to be a necessary requirement for the public interest (*esigenze imperative connesse ad un interesse generale*), pursuant to Article 121.2 of APC. In such a case, the Court could apply monetary sanctions and/or damages against the Veneto Region.

It is inherently difficult to predict the outcome of any of these challenges. An adverse result may invalidate the Concession Agreement and/or the Amendment Deed, which would have a material adverse effect on our business, financial condition and results of operations and our ability to meet our payment obligations on the Notes.

Risks relating to the construction of the SPV

We rely on the EPC Contractor, our controlling shareholder, to construct the SPV, and we are dependent on its due performance under the EPC Contract in order to meet our obligations under the Concession Agreement, generate revenues and service our payment obligations under the Notes

Under the Concession Agreement, our main obligation currently is completing construction of the SPV and ultimately making it available to users. If we breach our obligations under the Concession Agreement, the Grantor is entitled to declare forfeiture of the Concession Agreement (see "*Risks relating to the Concession Agreement—Our ability to operate our business, generate revenues and meet our debt service obligations under the Notes is dependent on the Concession Agreement*" below). Under the terms of a lump-sum turnkey engineering, procurement and construction contract (the "**EPC Contract**"), SIS, our controlling shareholder, is acting as EPC contractor (in such capacity, the "**EPC Contractor**") and has assumed our obligations for the construction of the SPV under the Concession Agreement. Construction of the SPV is subject to the risks inherent in any large construction project, including delay and cost overruns whether as a result of adverse weather conditions, floods, landslides and subsidence, earthquakes, fires or other natural disasters, the discovery of archaeological sites or unexploded ordnance, increased labor, material and equipment costs due to scarcity or higher than anticipated inflation during the construction period, or latent defects in designs, materials or existing or new structures. Although we have generally passed on these risks to the EPC Contractor where they are not retained by the Grantor, there can be no assurances that the EPC Contractor would continue to perform its role satisfactorily in the face of unanticipated challenges. In addition, the EPC Contractor has a limited amount of capital and might not have sufficient resources to address such unanticipated challenges. As of 31 December 2016, the EPC Contractor had total assets (attributable to working capital items and the subscribed share capital in its subsidiaries) of €963 million and total liabilities of €948 million (*Source: SIS statutory accounts filed with the Companies' Register (registro delle imprese) of Turin*). We have no control over decisions taken by the shareholders of the EPC Contractor, including any sale of shares of the EPC Contractor. In addition, in the event of an insolvency or event of default of the EPC Contractor under its borrowing arrangements, certain of its creditors would be permitted to take a share pledge over the issued share capital of the EPC Contractor, which could result in a change of control of the EPC Contractor to other entities with which we have no prior operating history or other relationship. See also "*Risks Relating to Project Documents and our operations generally—The interests of FININC, Sacyr, Circuitus, the O&M Contractor and the EPC Contractor may conflict with your interests*".

We may replace the EPC Contractor if it fails to perform its obligations under the EPC Contract; however, we cannot assure you that we will be able to find suitable replacement contractors in a timely manner or that we will be able to arrange for their services at similar terms as are contained in the EPC Contract. Moreover, due to the relevant applicable Italian public law provisions, the replacement of the EPC Contractor would also require obtaining the prior consent of the Grantor. The ability of the EPC Contractor to provide its services depends on a number of factors, many of which are not or not entirely under its or our control. These factors include engineering challenges, equipment failures, labor disputes, natural or other catastrophes and disasters, its ability to attract, develop and retain the employees required, to manage internal processes and delivery of services, to maintain its financial

condition, including adequate working capital, and to post the required advance payment or performance bonds, as applicable, as well as other factors inherent in the construction of a toll road. If for any reason the EPC Contractor fails to provide the agreed services to us, or if the EPC Contract terminates and we are not able to enter into a replacement arrangement or agreements with other appropriate service providers in a timely fashion and on favorable terms, then we may incur significantly higher construction costs and may not be able to perform our obligations under the Concession Agreement. Such higher costs could have an adverse effect on our business and therefore on our ability to meet our obligations under the Notes. If we fail to perform our obligations under the Concession Agreement, this could also lead to penalties, sanctions or termination of the Concession Agreement.

A portion of the work we are required to perform under the Concession Agreement will be performed by third-party contractors or subcontractors engaged by the EPC Contractor. Since we will not have any direct relationship with any of the third parties hired, we will need to rely on the EPC Contractor to manage the third parties and their obligations. If the EPC Contractor is unable to hire qualified contractors or subcontractors, this could lead to a breach of our obligations under the Concession Agreement, regardless of whether the matter was within our control. These risks are compounded during the current economic downturn as subcontractors may experience financial difficulties or find it difficult to obtain sufficient financing to fund their works and/or services and therefore may not be able to provide us with the contracted works and/or services. In addition, if a subcontractor fails to comply with applicable laws, rules or regulations, we may face penalties, sanctions or even the early termination of the Concession Agreement.

Under the Concession Agreement, we must bear any risks that are not specifically and expressly borne by the Grantor (or any successor thereto). These risks are generally passed on to the EPC Contractor under the EPC Contract. Although we have generally passed on these risks to the EPC Contractor, including delay and performance penalties regarding design and construction defects and the required performance guarantee, there can be no assurances that any sanctions or other consequences of non-performance will be severe enough to provide sufficient incentives to guarantee the EPC Contractor's performance. Furthermore, we have also arranged for insurance coverage for certain additional risks (see "*Risks relating to the Project Documents and our operations generally—The lack of appropriate insurance coverage could adversely affect our financial condition*" below). However, to the extent that the Grantor, the insurers or the EPC Contractor fail to meet their obligations in respect of risks that have been assumed by them, or our claims exceed the insured amounts or limits on liability, or we are unable to effectively pass on such risks, we will continue to bear these risks. These risks may have a material adverse effect on our business, financial condition and results of operations and our ability to meet our payment obligations under the Notes.

Construction of the SPV involves some challenging design features, which could lead to complications and delays

The Project is a new-build road with a relatively large number of associated civil structures. Although most of the construction is currently believed to be relatively straightforward in nature, there are some moderately complicated design/engineering characteristics with respect to a number of structures, in particular the two bored tunnels (one of which has already been completed).

Specific technical challenges that we have faced and will continue to face during design and construction of the SPV include the geology and hydrology of the ground through which the two tunnels pass, in particular with respect to the Malo tunnel, which in terms of the engineering requirements is the most significant structure of the SPV. For example, the tender design for the bored tunnels anticipated the use of a tunnel boring machine, which would have been beneficial with respect to the costs and time required for construction of the tunnels. However, after the complementary ground investigation we had to reassess the ground conditions and have reverted to more traditional excavation methods to allow more flexibility on-site. We have experienced incidents in the Malo tunnel construction work that could lead to complications and/or delays (see "*Incidents in the Malo tunnel, which is one of the key structures of the project, have led to disputes and investigations as well as the adoption of alternative recovery plans and the need of additional third party approvals, which may delay completion of construction of the SPV or may cause potential overrun costs*" below).

Moreover, during the construction phase we have dealt with and will continue to have to deal with a large quantity of excavated materials and will have to carefully consider the logistics of the construction site, which is in part constrained by existing buildings and irrigation channels.

Furthermore, the SPV includes five viaduct structures with a length of at least 90 metres. The longest two of these structures, the Astico viaduct with a length of approximately 180 metres and the Brenta viaduct with a length of approximately 420 metres, have already been completed. Finally, there are a significant number of cut-and-cover tunnels, overbridges, underpasses and aqueducts, which present the typical challenges of structures of these types.

We cannot assure you that no complications will arise, whether with respect to these structures or any other portion of the construction works, which could lead to delays above and beyond those contemplated above during construction of the SPV and could have a material adverse effect on our business, financial condition and results of operations and our ability to meet our payment obligations under the Notes.

Incidents in the Malo tunnel, which is one of the key structures of the project, have led to disputes and investigations as well as the adoption of alternative recovery plans and the need of additional third party approvals, which may delay completion of construction of the SPV or may cause potential overrun costs

The geology of the Malo tunnel site is varied which makes construction complex. The proposed tunnelling method is in common use but there are risks inherent in tunnelling by this method.

Despite the preparation and monitoring put into place by the EPC Contractor, a fatal accident occurred during the excavation of the Malo tunnel in April 2016 at the intersection of a short access gallery and the main tunnel close to the North portal (Treviso side). The safety investigation by the authorities is ongoing, and no conclusion has been reached as of the date of this Prospectus.

Completion of the Malo tunnel works is the most critical element in order to meet the construction schedule for the SPV. As a result of the accident, the access to the tunnel via the short access gallery was restricted in April 2016 in order to assess the measures necessary in order to ensure the safety of the area (*messa in sicurezza dell'area*) and whether the appropriate health and safety procedures had been followed, preventing the EPC Contractor from progressing the excavation from the northern end. A plan to secure the stretch affected by the accident was prepared by the EPC Contractor and approved by the consultant of the investigating authority. Upon the implementation of this plan, the above mentioned consultant proposed the adoption of technical solutions considered by the EPC Contractor unadvisable and not cost effective. The EPC Contractor has thus rejected the technical solutions and has entered into a dispute resolution procedure requesting the judicial authority, who is responsible for the release of the restricted area and the resumption of the works, to appoint an independent technical advisor in order to provide a definitive recommendation for technical solutions to be adopted and consent to the implementation of the safety plan. This dispute resolution procedure is still in progress as of the date of this Prospectus. Access restriction to the tunnel construction area should be lifted once the decision of the dispute resolution procedure is issued. An independent technical adviser has been appointed and had been initially scheduled to present its findings to the authorities by 17 August 2017, with a hearing for the examination of the findings initially scheduled for 12 September 2017, after which a request for resumption of works and release of access restrictions to the tunnel could be submitted to the judge in the dispute resolution procedure. The independent technical adviser requested an extension to present its findings, which was granted at the hearing on 12 September 2017 until 31 October 2017. A subsequent hearing was scheduled for 10 November 2017. However, the independent technical adviser was absent due to illness and requested a further extension to present his findings. The hearing has been rescheduled for 22 December 2017. The independent technical adviser did, however, present a partial report of its findings to the court on 14 November 2017 which dealt with (i) the current safety conditions in the area of the accident and (ii) the actions to implement for resuming the safety in the area in order to restart the excavation works. On the basis of this report, we intend to petition the court for the release of the access restrictions to the tunnel and the resumption of the works. There can be no assurances, however, that the court will agree to release the access restrictions and grant the resumption of the works promptly or at all. Furthermore, there can be no assurances that there will not be any further extension requests or that the date of the hearing will not also be delayed further. Even following the hearing, however, the date for the timing of a possible lifting of the access restrictions is currently not known, and the access restrictions could remain in place indefinitely. The

restriction of access to the northern end of the tunnel has meant that no work has been carried out in the rock strata at that end of the tunnel for a period of more than 12 months, although excavation at the portals has continued. The EPC Contractor has provided a recovery work schedule, with two options for compensating for the time lost and allowing excavation to finish in time for the contractual completion date. This recovery schedule is dependent on the satisfactory and prompt outcome of the procedure mentioned above and third party approvals in order to regain access to the rock excavation face at the intersection between the access gallery and the main tunnel close to the Treviso side portal. The recovery schedule also assumes an increase in production rates, with the EPC Contractor moving to a three shift pattern of excavation. See also *"Description of the Project—Implementation of the Project—Construction Phase—Lot 1 A4 motorway to Malo junction"*.

The hearing for examination of findings, based, among other things, on the outcome of the independent technical adviser's assessment (which had been expected to be reported to the authorities by 10 November 2017 prior to the independent technical adviser's request for a further extension) could have a significant impact on the general timeframe for completion of the Malo tunnel. If the examination of findings determines that the independent technical adviser's findings support the proposal made by the EPC Contractor, we would remain on schedule for completion of the Malo tunnel on time although this uses all time allotted for contingency planning so any further problems that may arise run a higher risk of impacting overall timing of completion. Alternatively, we could use a further service gallery (which, as of the date of this Prospectus, is under construction) to access the northern area of the Malo tunnel without going through the restricted area, which could allow for a completion of the tunnel in all but the restricted area. This would require a number of changes to the site installations and, potentially, new approvals by certain local authorities for the use of certain local roads required for evacuating and transporting excavation materials. While this option may lead to completion of the tunnel as per the schedule, there is a significant risk of delay, which is not possible to quantify, due to the challenging logistics required for the service gallery as well as the requirement for increased shift patterns to accelerate the tunnelling rate. A final option would be to perform all the tunnelling from the south side, which could help complete the tunnel in all but the restricted area. The completion of the restricted area would follow approvals from the Veneto Region and other authorities to remove the restriction of the affected area. In any case, there can be no assurances that any of these options would not present any additional issues that could cause further delays in the completion of the Malo tunnel.

While the EPC Contractor is confident that it will be able to achieve the contractual completion date for the Malo tunnel, the recovery schedule is dependent on third party approvals, the timing of which is uncertain. In addition, the proposed recovery schedule also poses additional risks, such as the need for an increased mean daily advance rate based on the same geological information, less margin for recovery of the schedule in case of unexpected events and unfavourable ground conditions, to achieving completion of the excavation at the targeted dates. Even though the proposed recovery schedule is achievable, a 6 to 15 month delay to the completion of Malo tunnel excavation is a possibility. While a rebalancing of the PEF could be triggered if the revised works and/or timetable were to be characterized as either variations requested by the Grantor or due to a force majeure event, there can be no assurances of this characterization and a delay in the completion of the Malo tunnel beyond the agreed completion date of 11 September 2020 may lead to penalties for us to pay and could require us to negotiate separately with the Grantor payments in respect of operations of the available sub-lots of the SPV, and there can be no assurance that any such payments would be a sufficient source of funds. Such a delay, if not cured, could ultimately lead to a default under the Concession Agreement, which would permit the Grantor to terminate the Concession Agreement. See also *"—We may have to pay penalties if we fail to complete construction of the SPV by the date specified in the Concession Agreement"* and *"—Risks relating to the Concession Agreement—if we breach our obligations under the Concession Agreement, the Grantor could declare forfeiture of the Concession Agreement, and we would no longer be able to generate revenues from the SPV"*. Delays in progress on the Malo tunnel could also prevent us from satisfying the conditions for drawing proceeds from the Escrow Account, which could result in an inability to fund project-related and financing costs. See also *"The proceeds from the offering of the Senior Notes will be made available to us only upon satisfaction of certain conditions precedent to drawdown, which, if not satisfied, will prevent the drawdown and may under certain circumstances result in an Event of Default"*.

Moreover, a criminal manslaughter investigation is pending against some employees of the EPC Contractor, including, amongst others, Matterino Dogliani (in his capacity as President of the Board of Directors of SIS S.c.p.A.), Claudio Dogliani (in his capacity as General Manager of SIS S.c.p.A.) and Adriano Turso (in his capacity as works director), while the EPC Contractor and its major shareholder,

INC S.p.A., are also being considered for potential liability in connection with the matter. If found liable, the potential penalties against the EPC Contractor and INC, S.p.A. could include (i) monetary sanctions, (ii) disqualification from the exercise of business or suspension or revocation of authorizations, licenses or concessions, prohibition on trading with public administrations, and exclusion from grants, loans, contributions or subsidies, (iii) confiscation of any profits made as a result of the act under investigation, and/or (iv) publication of the Court's decision in a newspaper. While these penalties can be mitigated or avoided if an entity implements certain policies and procedures, including the appointment of a supervisor to verify compliance with such policies and procedures, and the EPC Contractor has implemented such policies and procedures, there can be no assurances that any penalties potentially imposed would be mitigated or avoided or that such policies and procedures would be deemed sufficient to protect the EPC Contractor. If the EPC Contractor were to be subject to such penalties, it could become disincentivized from adequately or timely performing its obligations under the EPC Contract. Further, if the EPC Contractor were to be disqualified from the exercise of business, we may find it difficult to find a replacement to the EPC Contractor in a timely manner or at all, which could cause further delays in the construction schedule (*cronoprogramma*) or cost increases.

In addition, in September 2017, due to severe weather conditions and a high volume of rainfall, water infiltrated at the crossing of the Malo tunnel with the Poscola river (Vicenza side) and caused a landslide. Even though we consider these to be ordinary course events in the course of an excavation of a tunnel of this nature and we managed to resume normal working conditions overnight following the accident ready to resume excavation works normally, a judicial procedure was commenced to try to ascertain whether there is any responsibility in relation to the landslide. As a result, the judicial authorities imposed an explorative seizure ("*sequestro esplorativo*") of one of the tunnel tubes in the area until a resolution is issued. Whilst we can normally continue the excavation works through the other tube of the Vicenza side of the tunnel, we cannot assure you that further measures will not be imposed and, as of the date of this Prospectus, the date for the timing of a possible lifting of the explorative seizure is unknown, and the access restrictions could remain in place indefinitely.

Whilst we do not believe that any responsibility could be imputed on the EPC Contractor, if found liable, the potential consequences against the EPC Contractor could include civil or criminal liability, which could lead to delays or potential overrun costs during construction of the Malo tunnel and thus could have a material adverse effect on our business, financial condition and results of operations and our ability to meet our payment obligations under the Notes.

We cannot assure you that no further complications will arise which could lead to delays or potential overrun costs during construction of the Malo tunnel and thus could have a material adverse effect on our business, financial condition and results of operations and our ability to meet our payment obligations under the Notes.

During construction works we may encounter other unexpected issues that could delay construction of the SPV

In areas affected by significant geological and geotechnical issues (in particular with respect to tunnels as discussed above), we may be required to take additional mitigating measures during construction works due to unexpected technical engineering issues, including unexpected landslides and groundwater inundation. Because such issues were not foreseen, or foreseeable, in the planning phase, the costs for remediation may not have been included in the approved Executive Design and the economic and financial plan (*piano economico-finanziario* ("**PEF**")) that determined the economic and financial balance underlying the Concession Agreement. Measures to monitor any geological instability from excavations, changes to approved construction projects and reimbursement or indemnification with respect to damage caused to real property may result in additional costs. See "*Risks relating to the Concession Agreement—Any compensation we gain from a rebalancing of the PEF may be delayed or insufficient to cover the shortfalls to which we are exposed*" below. Furthermore, if any unexpected geological issues were deemed to have occurred as a result of violations of applicable laws and regulations, we could be held liable and our insurance coverage may be insufficient.

Residents and local communities have in the past opposed and may continue to oppose construction of the SPV, on the grounds that it may generate pollution or otherwise cause adverse effects on health and the environment. Such opposition may take the form of protests and/or public opposition to the

expropriation of the land needed for such developments (also known as "not-in-my-backyard" or "NIMBY" protests). The occurrence of any such NIMBY protests could lead to significant delays, increases in investment costs and potentially legal proceedings.

In addition, the relevant authorities may request that we interrupt or suspend construction works because of unexpected archaeological finds during those works. Depending on the decisions and measures taken by the authorities, we may not be able to complete one or more of the sections contemplated under the Concession Agreement as scheduled or may be required to modify the original designs in order to restrict interference with archaeological finds. To the extent that any requested variations require further environmental impact assessments to be carried out, we could also be required to re-obtain regulatory approvals. This may cause significant delay to the construction program.

Finally, construction of the SPV could also be disrupted by labor disputes affecting the EPC Contractor, by catastrophic events such as floods, earthquakes or other similar events, or by persistent adverse weather conditions, any of which could significantly delay construction of the SPV.

Any failure to complete construction of the SPV within the planned timeframe and/or budget due to such unexpected circumstances or the need, due to unexpected technical, geological, archaeological or engineering issues, to carry out additional mitigating measures where the associated costs are not included in the approved Executive Design and the PEF may have a material adverse effect on our financial condition and our ability to meet our obligations under the Notes. Furthermore, the delayed completion of the required associated infrastructures may result in the delayed opening of the SPV or sections thereof.

If any of the issues discussed above occur during construction, or if we are confronted with any further issues may delay completion of the construction of the SPV, this could have a material adverse effect on our business, financial condition and results of operations and our ability to meet our payment obligations under the Notes.

The actions of third parties, such as local authorities and other motorway operators, could expose us to additional costs and risks

To the west and the east, the SPV will connect directly with the already fully operational A4 and A27 motorways. Autostrada Brescia-Verona-Vicenza-Padova, the operator of the A4 motorway, is responsible for building the interconnection between the SPV and the A4 motorway, whereas we are responsible for building the interchange between the SPV and the A31 and A27 motorways (for which the relevant construction risks have been passed to the EPC Contractor). On 23 August 2017, we entered into the interconnection agreement for the A4 and we are currently in the process of negotiating the agreement governing construction of the A31 motorway interchange with Autostrada Brescia-Verona-Vicenza-Padova and the agreement governing the interchange with the A27 with Autostrade Per l'Italia, the operator of the A27 motorway, each of which we must submit to the Grantor for approval. We currently expect to sign these agreements during the course of 2017. In addition, we expect that the operational interfaces between us and the operators of the A31 and A 27 motorways will be regulated by the standard inter-concession conventions that are in use in Italy. No assurances can be given that any of the agreements under negotiation will be entered into on time or on the terms we expect, which could result in delays or cost overruns and could require us to negotiate separately with the Grantor payments in respect of operations of the available sub-lots of the SPV, and there can be no assurance that any such payments would be a sufficient source of funds. Since the A4 interchange is being built by an unconnected third party, we have no control over the construction process and therefore cannot ensure that there will not be delays in the construction of the interchange. As a result, no assurances can be given that, once we have completed building the SPV, it will be fully accessible from the A4 motorway, which could have a negative impact on the traffic volumes carried by the SPV and the Toll Revenues. Although our anticipated costs in connection with the interchange works for the A27 and A31 motorways are included within the amounts contained in the PEF, in the event our actual costs exceed our estimates this would not be a trigger event for the Concession Agreement's rebalancing mechanism.

In the immediate vicinity of the town of Montecchio, the routing of the SPV follows the existing Montecchio bypass, which was constructed by the Italian Highways Authority (ANAS). We will be required to take over and maintain seven existing bridges along the stretch of the SPV formed by the

Montecchio bypass. These bridges are approximately 15 years old and were previously the responsibility of Veneto Strade, which is owned by the Veneto Region. We believe that they were built, and their hand-over to Veneto Strade was accepted, in accordance with the normal public contract procedures. However, even though we expect to examine the maintenance manuals and design drawings and inspect the structures onsite, we cannot ensure that latent defects in the bridges of which we were unaware will cause any damage, or require enhanced maintenance services, in the future, which could have a material adverse effect on our business, financial condition and results of operations and our ability to meet our payment obligations under the Notes.

We may have to pay penalties if we fail to complete construction of the SPV by the date specified in the Concession Agreement

Pursuant to the Concession Agreement, we are required to complete construction of each functional section of the SPV by the date set out in the construction schedule (*cronoprogramma*). See "*Description of Project—Implementation of the Project—Construction phase—Construction schedule and budget*". In any case, the final term for the completion of the entire SPV is 11 September 2020. The time schedule may be extended if the Grantor has requested additional variations or, pursuant to Articles 158 and 159 of Presidential Decree no. 207/2010, if the delay is not imputable to us.

We have entered into a fixed-price, lump-sum, time-certain EPC Contract with the EPC Contractor for the construction of the SPV. Under the EPC Contract, the risks relating to the design and construction of the Road are passed through to the EPC Contractor. In particular, pursuant to the terms and conditions of the EPC Contract, the EPC Contractor has agreed to comply with such deadlines as they relate to the work it is required to undertake under the EPC Contract. See "*Description of the other Project Documents—The EPC Contract*" for a further description of the applicable construction deadlines, as well as for a description of the obligations of the EPC Contractor.

The EPC Contract requires the EPC Contractor to issue a progress report each month. Invoices sent by the EPC Contractor to us must be sent together with this progress report. In addition, in the event of an occurrence of a project delay, we are required by the Common Terms Agreement to prepare and submit to the Security Agent a remedial plan addressing such delay. Such a delay may restrict our ability to draw down funds from the Escrow Account (see "*The proceeds from the offering of the Senior Notes will be deposited in the Escrow Account and will be made available to us only upon satisfaction of certain conditions precedent, which, if not satisfied, may under certain circumstances result in an Event of Default*").

Delay in completion of the works beyond 11 September 2020 will not reduce the period during which the Availability Fee is payable by the Grantor in connection with the operation of the SPV, as the 39-year term will only commence once the SPV is fully operational. However, we will be required to pay a penalty of €25,000 per month to the Grantor if we do not complete construction of each milestone contemplated under the construction schedule (*cronoprogramma*) on the specified dates and if we do not complete construction of the SPV until after 11 September 2020, with the total amount of liquidated damages payable capped at 10% of the value of the works.

Under the EPC Contract, the EPC Contractor is required to reimburse us for any liquidated damages we pay to the Grantor; however, the EPC Contract does not mirror completely all the provisions regarding liquidated damages under the Concession Agreement, and in this respect, there is uncertainty as to whether we or the EPC Contractor would be liable for such liquidated damages. In addition, we can also offset the amounts for which the EPC Contractor will reimburse us against any amounts still due from us to the EPC Contractor under the EPC Contract. The damages to be reimbursed by the EPC Contractor would include all losses, financing costs and additional expenses incurred by us as a result of the provisional acceptance certificate being issued after 11 September 2020. Although we are entitled to receive compensation for any liquidated damages we have to pay from the EPC Contractor, the EPC Contractor could nonetheless fail to compensate us for the applicable liquidated damages pursuant to the EPC Contract (see "*We rely on the EPC Contractor, our controlling shareholder, to construct the SPV, and we are dependent on its due performance under the EPC Contract in order to meet our obligations under the Concession Agreement, generate revenue and service our payment obligations under the Notes*" above). In addition, the Concession Agreement provides that any liquidated damages paid as a delay penalty will not prejudice the Grantor's right to take further action against us for failure to complete the SPV by the date specified in the time schedule. In particular, the Grantor may claim for any additional damages it incurs because of the delay, and the Concession

Agreement does not contain a limit on our liability for any such damages, which could have a material adverse effect on our business, financial condition and results of operations and our ability to meet our payment obligations under the Notes.

In certain circumstances, the Grantor may require variations to agreed works or additional works

Under the Italian Public Contracts Code, the Grantor can require us to implement certain variations during the course of the works (*varianti in corso d'opera*) due to the following reasons:

- a change of law;
- unforeseen and unforeseeable events or if the possibility arises to use materials which did not exist at the time of the design and which may improve the works;
- events affecting the assets over which the works must be carried out or unforeseen and unforeseeable findings;
- unexpected geological findings; or
- in case of reclamation activities of contaminated sites.

If any variations are necessary, the Concession Agreement is to be amended in order to maintain the economic balance underlying the PEF. See "*Risks relating to the Concession Agreement—Any compensation we gain from a rebalancing of the PEF may be delayed or insufficient to cover the shortfalls to which we are exposed*" below. We cannot give you any assurance how quickly, if at all, we will be able to agree any necessary amendments of the Concession Agreement. Furthermore, if we are unable to agree an amendment reflecting the required variations, under the Concession Agreement our only remedy would be to withdraw from the Concession Agreement, which would result in an Event of Default under the Conditions. Under the EPC Contract, we have passed on the risk of any extra costs for variations or additional works to the EPC Contractor, whom we will only be required to pay such amounts as the Grantor has agreed to pay us for the specific variation or additional work requested.

Furthermore, pursuant to Article 7, paragraph 4 of Veneto Regional Law No. 15/2002 ("**RL 15/02**"), following the start of commercial operation of the SPV, if unforeseen and unexpected safety or operational needs occur after the SPV has become operational, the Grantor can require us to carry out additional works up to a maximum amount equal to one-fifth of the total value of the works provided under the Concession Agreement. In this case, we are also entitled to request a rebalancing of the PEF (unless the relevant costs are covered directly by the Grantor).

Any such shortfall in our compensation for additional works, withdrawal from the Concession Agreement or delay in rebalancing of the PEF could have a material adverse effect on our business, financial condition and results of operations and our ability to meet our payment obligations under the Notes.

Under the approved Executive Design for the SPV, we are only entitled to receive compensation or an extension of deadlines with respect to any additional costs or time required for the expropriation activities in very limited circumstances

We are responsible for carrying out all necessary expropriation activities, including all related costs. Costs and time required for such expropriation activities are included in the Executive Design for the SPV.

We currently have access to all lands (*immissione in possesso*) required for construction of the SPV. However, as of the date of the Prospectus, there are claims contesting the expropriation measures that are still pending, including a claim filed as recently as 3 July 2017 (see "*Description of the Project—Litigation—Other claims—Claims by P. and F. Fanna*"), even though the relevant courts have refused to impose the interim measures the claimants have requested against us. More recently, on 29 September 2017, a further claim was filed based on the same grounds (see "*Description of the Project—Litigation—Other claims—Claims by G. Piccolotto and others*"). In the event that the claims against us are upheld by the courts, we may require additional time or funds to complete the expropriation process. We cannot ensure that additional affected land owners will not initiate litigation

challenging the expropriation process that could, in turn, cause further delays or cost increases. See "*Risks relating to the Project Documents and our operations generally—Our business could suffer as a result of current or future litigation or investigations by state or regulatory authorities*" and "*Description of the Project—Litigation*" below.

In addition, if the expropriation processes require more time or resources than expected, we will be required to bear any additional costs, and will not be entitled to an extension of any agreed deadline, beyond those approved under the Executive Design, unless the additional costs or additional time requirements arise from *force majeure*, a change in law, or any unforeseeable events that are not attributable to us. In such cases only, we will also be entitled to request a rebalancing of the PEF to consider any additional costs required for expropriations. Under the EPC Contract, we have passed on any relevant liability relating to the expropriation activities to the EPC Contractor, which is entitled to compensation for additional costs or an extension of deadlines but only to the extent and in accordance with the conditions agreed upon by the Grantor pursuant to the Concession Agreement in accordance with the back-to-back principle (as explained under "*Description of the Other Project Documents—The EPC Contract—Back-to-back principle*").

We may experience unexpected environmental issues during construction and may face additional or unforeseen compliance costs if we breach environmental regulations and/or the applicable regulation is tightened or amended

Our activities are subject to a broad range of environmental laws and regulations, which, among other things, require compliance with the terms of licenses, permits and other approvals. Environmental risks inherent to our activities include those arising from the management of residues, effluents, emissions and land on our facilities and installations, as well as waste disposal, removal and purification of ground water and reduction of noise pollution. These risks are subject to strict national and international regulations and regular audits by government authorities and in case of a breach of the applicable provisions may give rise to claims for damages and/or sanctions or cause potential damage to our image and reputation.

During construction of the SPV, we may encounter unexpected environmental issues such as the discovery of contaminated soil not identified by the analysis of soil samples and investigations conducted during the planning phase. Although under applicable Italian environmental laws we would only be liable for environmental damages caused by us or our contractors, we could still be required to remediate any existing environmental issue. We believe that, under the Concession Agreement, the discovery of unexpected environmental issues, such as contaminated soil, requiring us to incur additional costs for remediation would mean that we would either have to agree further variations to the scope of the construction program with the Grantor, which would entitle us to further public contributions, or allow us to request a rebalancing of the PEF. However, no assurances can be given that the rebalancing mechanisms provided under the Concession Agreement will adequately compensate us for any additional costs we may have to incur (see "*Risks relating to the Concession Agreement—Any compensation we gain from a rebalancing of the PEF may be delayed or insufficient to cover the shortfalls to which we are exposed*" above) or that our view of the interpretation of the Concession Agreement would prevail.

While an environmental assessment was carried out prior to approval of the definitive project design, we cannot exclude the possibility that there may be habitats of protected animal or plant species along the projected route of the SPV. As a result, we may be required to commence new authorization procedures, which could delay completion of the construction phase. Failure to complete construction within the planned timeframe and/or budget may have a material adverse effect on our results of operations or financial condition and our ability to meet our payment obligations under the Notes.

In addition, these regulations may be subject to significant tightening or other modifications by national, European and international laws. We may not in all cases be able to pass on the cost of complying with these regulations to the EPC Contractor or the O&M Contractor, such as for example in the case of regulations requiring us to make certain filings ourselves. 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 our business, financial condition and results of operations and our ability to meet payment obligations under the Notes.

Following a Drawing Request, we will not be able to require the release of funds from the Escrow Account if we have not satisfied all the relevant conditions precedent in form and substance satisfactory to the Project Adviser

Under the Finance Documents, the Project Adviser is required to review certain documentary conditions precedent prior to us being able to release amounts from the Escrow Account following our Drawing Request. As such, the Project Adviser depends on our ability to provide the required documents and evidence (some of which will be provided by the Technical Adviser directly to the Project Adviser and so are outside our control) in a timely manner as required in accordance with the Common Terms Agreement. The failure to deliver such conditions precedent will mean that we are unable to require the release of funds from the Escrow Account following a Drawing Request, which may trigger a delay of the construction schedule (*cronoprogramma*) and cause us to incur extra costs, and which could have a material adverse effect on our business, financial condition and results of operations and our ability to meet payment obligations under the Notes. See also "*Risks relating to the Junior Notes—The proceeds from the offering of the Senior Notes will be made available to us only upon satisfaction of certain conditions precedent to drawdown, which, if not satisfied, will prevent the drawdown and may under certain circumstances result in an Event of Default*".

Risks relating to the operation of the SPV

We rely on the O&M Contractor, a related party, to operate and maintain the SPV, and we are dependent on its due performance of its obligations under the O&M Contract in order to meet our obligations under the Concession Agreement and, as a consequence thereof, obtain payment of the Availability Fee and service our payment obligations under the Notes

Under the terms of an operation and management contract (the "**O&M Contract**"), SIS and Consorzio VIS, which is under the majority control of our indirect parent companies FININC S.p.A. ("**FININC**") and Sacyr S.A. ("**Sacyr**"), which also share the ultimate control over SIS, will act as contractor through temporary association of companies ("**RTI**") formed under the Italian Public Contracts Code (the "**O&M Contractor**") and will be responsible for operation and ordinary/heavy/extraordinary maintenance activities over the whole duration of the operational period of the SPV, which is equal to 39 years from the date on which the SPV is opened to traffic under the Concession Agreement.

We may replace the O&M Contractor if it fails to perform its obligations under the O&M Contract; however, we cannot assure you that we will be able to find suitable replacement contractors in a timely manner or that we will be able to arrange for its services at similar terms as are contained in the O&M Contract. Moreover, due to the relevant applicable Italian public law provisions, the replacement of the EPC Contractor would also require obtaining the prior consent of the Grantor. As with the EPC Contractor, the ability of the O&M Contractor to provide its services depends on a number of factors, many of which are not or not entirely under its or our control, as described above in "*Risks relating to the construction of the SPV—We rely on the EPC Contractor, our controlling shareholder, to construct the SPV, and we are dependent on its due performance under the EPC Contract in order to meet our obligations under the Concession Agreement, generate revenues and service our payment obligations under the Notes*". If for any reason the O&M Contractor fails to provide the agreed services to us, or if the O&M Contract terminates and we are not able to enter into replacement arrangements or agreements with other appropriate service providers in a timely fashion and on favorable terms, then we may incur significantly higher operating costs and may not be able to perform our obligations under the Concession Agreement. Such higher costs could have an adverse effect on our business and therefore on our ability to meet our obligations under the Notes. If we fail to perform our obligations under the Concession Agreement, this could also lead to penalties, sanctions or termination of the Concession Agreement.

A portion of the work we are required to perform under the Concession Agreement will be performed by third-party contractors or subcontractors engaged by the O&M Contractor. Since we will not have any direct relationship with any of the third parties hired, we will need to rely on the O&M Contractor to manage the third parties and their obligations. If the O&M Contractor is unable to hire qualified contractors or subcontractors, this could lead to a breach of our obligations under the Concession Agreement, regardless of whether the matter was within our control. These risks are compounded during the current economic downturn as subcontractors may experience financial difficulties or find it difficult to obtain sufficient financing to fund their works and/or services and therefore may not be able to provide us with the contracted works and/or services. In addition, if a subcontractor fails to comply

with applicable laws, rules or regulations, we may face penalties, sanctions or even the early termination of the Concession Agreement.

Under the Concession Agreement, we must bear any risks that are not specifically and expressly borne by the Grantor (or any successor thereto). These risks are generally passed on to the O&M Contractor under the O&M Contract. Although we have generally passed on these risks to the O&M Contractor, including penalties and sanctions deducted by the Grantor from the Availability Fee payable to us, the O&M Contract limits the penalties and sanctions that may be applied by us to the O&M Contractor to 15% of the annual O&M Fee. This may be lower than 15% of the annual amount of the Availability Fee, which is the limit on the penalties and sanctions allowed to be deducted by the Grantor from the Availability Fee under the Concession Agreement, and we would thus remain liable for any shortfall. The O&M Contract does not mirror completely all the provisions regarding liquidated damages under the Concession Agreement, and in this respect, there is uncertainty as to whether we or the O&M Contractor would be liable for such liquidated damages. Furthermore, we have also arranged for insurance coverage for certain additional risks (see "*Risks relating to the Project Documents and our operations generally—The lack of appropriate insurance coverage could adversely affect our financial condition*" below). However, to the extent that the Grantor, the insurers or the O&M Contractor fail to meet their obligations in respect of risks that have been assumed by them, or our claims exceed the insured amounts or limits on liability, or we are unable to effectively pass on such risks, we will continue to bear these risks. These risks may have a material adverse effect on our business, financial condition and results of operations and our ability to meet our payment obligations under the Notes.

We may be required to incur significant maintenance costs

Under the Concession Agreement, we are required to undertake certain major maintenance work. See "*Description of the Project—Implementation of the Project—Operation phase—Maintenance*". The timing and cost of the expenditure for all such scheduled maintenance work will be accounted for by the O&M Contractor under the O&M Contract. There are a variety of factors which could lead to higher than projected maintenance costs, including heavier traffic volumes or a higher number of heavier vehicles than anticipated, adverse weather conditions, floods, landslides and subsidence, increased labor, material and equipment costs, latent defects in existing or new structures, and general design shortcomings, among others. For example, although our plan for the resurfacing of the SPV to achieve its 20-year design life through regular 5-yearly maintenance intervals has been verified through an assessment of an independent consultant, there is a risk that busier traffic sections may require more frequent maintenance intervals and/or earlier base layer renewal works to maintain surface condition in accordance with the requirements of the Concession Agreement. The Independent Technical Consultant has identified in the Technical Adviser Report concerns about the life expectancy of the surface structure, such that certain areas of the SPV could require more frequent maintenance interventions and/or earlier base layer renewal works to maintain pavement condition in line with requirements under the Concession Agreement. Our obligations under the Concession Agreement also currently include the operation and maintenance of 68 km of secondary roads. Although we have reached an agreement in principle with the Grantor that those provisions will be changed, so that the majority of the local roads are passed on to the relevant municipal and local authorities, we have not yet entered into a formal and binding agreement with the Grantor for this to occur and there can be no assurances that we will be able to do so. In the event that we are unable to enter into such an agreement, responsibility for the operations and maintenance of these secondary roads could reduce the efficiency of maintenance operations leading to increased costs. Under the O&M Contract, the O&M Contractor will bear the risk of increased maintenance costs together with any associated deductions from the Availability Fee. However, we cannot ensure that the O&M Contractor will not breach its obligations under the O&M Contract and if the O&M Contractor or we are not able to remedy any such breaches before this in turn causes us to breach our obligations under the Concession Agreement, this could entitle the Grantor to terminate the Concession Agreement. In addition, if maintenance costs have increased and the O&M Contractor has to be replaced for any reason, we may be unable to enter into a replacement contract on similar terms and may be required to pay higher than projected maintenance costs (and may not be adequately compensated for this in the event the O&M Contractor fails to comply with its obligations under the O&M Contract for whatever reason). This may have an adverse effect on our ability to meet our payment obligations under the Notes.

In the event that traffic volumes, or the ratio of heavy to light vehicles, on the SPV are higher than anticipated, the SPV would be subject to greater wear and tear than contemplated and we could incur higher maintenance costs as a result. Although the Concession Agreement contains provisions that help

protect us against this risk, such as an increase in the amount of the Availability Fee triggered by traffic volumes in terms of equivalent vehicles exceeding that anticipated, as well as the rebalancing mechanism under the PEF, and the back-to-back principle of the O&M Contract is also intended to shield us from this risk, there can be no assurances that such provisions will effectively compensate us for any additional expenses we may incur. See *"Existing Financing Arrangements—Rebalancing under the Concession Agreement"* and *"Description of the Other Project Documents—The EPC Contract—Back-to-back principle"*.

Under the financing arrangements, we will establish the Maintenance Reserve Account in order to provide reserve funds on a forward-looking basis for major maintenance expenditure. These funds will be available to fund major maintenance, subject to our obligation to replenish such funds subsequently. Accordingly, the risks associated with the potential costs of the major maintenance works will be mitigated by the existence of this Maintenance Reserve Account. However, there can be no assurance that the funds credited to the Maintenance Reserve Account will be adequate to meet such maintenance costs and, in the event that we become liable to meet higher than projected maintenance costs, this may have an adverse effect on our ability to meet our payment obligations under the Notes.

The interruption of service on the SPV could adversely affect the Availability Fee, and thus our results of operations and financial condition

The service provided on the SPV may be interrupted due to labor unrest, natural disasters, such as earthquakes, flooding, landslides or subsidence, collapse or destruction of sections of the SPV, and 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 our control such as accidents, breakdown of equipment and malfunctioning of control systems. The occurrence of any of the above could lead to a reduction of the Availability Fee (although the maximum annual amount of such reduction may not exceed 15% of the annual amount of the Availability Fee and shall be deducted from the Availability Fee payable in the following year) or a significant increase in expenditures for the operation, maintenance or repair of the SPV if we fail to prove that such events are due to force majeure events which would entitle us to ask for a rebalancing of the PEF (see *"—Any compensation we gain from a rebalancing of the PEF may be delayed or insufficient to cover the shortfalls to which we are exposed"* below). Further, extended periods of maintenance works could interrupt or reduce services on one or more sections of the SPV. In addition, service malfunctions or interruptions could expose us to legal proceedings and claims for damages. Interruption of services on the SPV could therefore have a material adverse effect on the Availability Fee and thus our results of operations and financial condition and our ability to meet our payment obligations under the Notes. For further information on reduction of the Availability Fee through the application of penalties and/or sanctions, see *"—The Grantor could fail to perform its obligations under the Concession Agreement, which could lead to its early termination and have a material adverse effect on our financial Condition and our ability to service our payment obligations under the Notes"*.

Inclement weather, flooding or prolonged outages in our water pumping and drainage systems could adversely affect our operations and increase maintenance costs

Weather conditions and extraordinary events such as heavy rain, snow, strong winds and sleet can result in precautionary measures being taken to limit traffic for safety reasons and such events could lead to a significant decline in the availability of the SPV or a significant increase in expenditure for its operation, maintenance or repair. In addition, in the event that the precautionary measures and rapid response procedures to weather crises and extraordinary events that we have put in place turn out to be inadequate, the Grantor may commence investigations, the Grantor or other authorities may impose liquidated damages, or individual users of the SPV may commence legal proceedings (see *"—Risks relating to the Project Documents and our operations generally—Our business could suffer as a result of current or future litigation or investigations by state or regulatory authorities"* below).

Approximately two-thirds of the SPV will be below ground level and thus vulnerable to the effects of rainwater run-off and a high water table. The SPV, once completed, will also include 8.6km of bored tunnels and 7.8km of cut-and-cover tunnels, for which groundwater inflow must be monitored, channelled and diverted. The SPV will include a series of tanks for the storage and treatment of water before being diverted to waterways, allowed to soak into the water table or else pumped out. The permanent pumping facilities of the SPV will be controlled centrally from an operations center. If the SPV should experience higher than expected rainfall, which leads to flooding, or if the pumping system

ceases to function for a prolonged period, whether due to a breakdown in the pumps or in the controls from the operations center, this could result in unexpected maintenance on the affected parts of the SPV, which could have a material adverse effect on the Availability Fee, and thus our results of operations and financial condition and our ability to meet our payment obligations under the Notes.

Risks relating to the Concession Agreement

Our ability to operate our business, generate revenues and meet our debt service obligations under the Notes is dependent on the Concession Agreement

We derive our revenues through activities carried out in accordance with the Concession Agreement. While the SPV is being constructed, our main source of funding (other than the net proceeds of the Offering) will be the Construction Grants to support construction received from the Veneto Region and the equity and subordinated loan contributions from our shareholders. Once the SPV has become fully operational, our main source of funding will be the Availability Fee, as well as, to the extent applicable, any additional funding available to us under the rebalancing mechanisms included in the Concession Agreement (see "*—Any compensation we gain from a rebalancing of the PEF may be delayed or insufficient to cover shortfalls to which we are exposed*" below). Although if functional sections of the SPV are opened prior to the completion of the entire SPV, we are permitted to agree with the Grantor on the remuneration to be paid in connection with the availability of any such single section, such amounts (if any) shall only be determined at such time and may not be material in light of our obligations. Therefore, our ability to meet our debt service obligations under the Notes is highly dependent on the Concession Agreement and our receipt of the agreed payments thereunder.

In addition, there are a number of events which may lead to early termination of the Concession Agreement, including: (1) forfeiture of the Concession Agreement if we fail to perform our obligations thereunder (see "*—If we breach our obligations under the Concession Agreement after the SPV has become operational, the Grantor could declare forfeiture of the Concession Agreement, and we would no longer be able to generate further revenues from the SPV*" below); (2) revocation of the Concession Agreement for public interest reasons (see "*—The Grantor may revoke the Concession Agreement for public policy reasons, which would lead to its early termination*" below); (3) early termination of the Concession Agreement if the Grantor fails to perform its obligations thereunder and under applicable laws (see "*—The Grantor could fail to perform its obligations under the Concession Agreement, which could lead to its early termination and have a material adverse effect on our financial condition and our ability to service our payment obligations under the Notes*" below) and (4) judicial annulment of the Concession Agreement as amended by the Amendment Deed. Furthermore, pursuant to the Italian Public Contracts Code, we have the right to withdraw from the Concession Agreement if, among other reasons, there is a change in the assumptions or conditions underlying the economic and financial viability of the Concession Agreement or a change in applicable regulations and we fail to reach an agreement with the Grantor for the rebalancing of the PEF (see "*—Any compensation we gain from a rebalancing of the PEF may be delayed or insufficient to cover the shortfalls to which we are exposed*" below).

If the Concession Agreement is forfeited, revoked for public interest reasons, annulled by means of a judicial decision or otherwise terminated early, we would only be entitled to continue operating the SPV until the hand-over to the replacing concessionaire has been completed and thereafter we would no longer be able to generate any further revenues, which would have a material adverse effect on our financial condition and our ability to service our payment obligations under the Notes.

If we breach our obligations under the Concession Agreement, the Grantor could declare forfeiture of the Concession Agreement, and we would no longer be able to generate revenues from the SPV

The Grantor is entitled to declare forfeiture of the Concession Agreement if we are in material and persistent breach of certain of our obligations thereunder, including failure to: complete the construction of the SPV in compliance with the terms set out under article 16 of the Concession Agreement and the construction schedule (*cronoprogramma*), provide maintenance and repair services for the SPV, collect the Toll Tariffs on behalf of the Grantor, maintain the level of services we provide with respect to the SPV, such as through the PuntoBlu customer care centers, at a level comparable to those provided by other operators of toll roads in Italy, and to deliver, upon request of the Grantor, information relating to activities within the scope of the Concession Agreement. In addition, the Grantor is also entitled to declare forfeiture of the Concession Agreement if we fail to operate the SPV

in compliance with certain quality indicators and service standards. See "*We may become liable for payment of penalties and sanctions if we breach certain of our obligations under the Concession Agreement*".

If the Grantor declares forfeiture of the Concession Agreement before completion, we shall only be reimbursed the costs of the works plus ancillary expenses (*oneri accessori*), net of the depreciation of any income arising from the Construction Grants as well as of the Construction Grants already paid, or, in the event that the SPV has not yet passed the testing phase after completion, the costs actually incurred by us. This is without prejudice, in any case, to the Grantor's right to ask for further damages, if any. The Concession Agreement does not contain a limit on our liability for any such further damages. In any case, (i) if necessary, we will be required to continue the ordinary management of the SPV until the actual transfer of operation to a replacing concessionaire occurs and (ii) the Grantor may deduct and retain from such amount any applicable penalties/damages, such increased costs incurred by the Grantor in re-tendering the concession or damages suffered as a result of the delay. There could be delays between the forfeiture date of the Concession Agreement and the date on which we receive payment of the full amount of the termination amount, in addition to uncertainty as to the amount of the termination amount we are due to receive (see "*We cannot be certain of the amount or the timing of receipt of any termination amount that we are entitled to receive under the Concession Agreement*" below). Once we have ceased operating the SPV and handed it back over to the Grantor, we will no longer be able to generate any revenues.

Furthermore, we may be required to repay, pro-rata, in the case of a default before the completion of the SPV, the Construction Grants, although these payments would be mitigated by the termination amount which we are entitled to receive from the Grantor under the Concession Agreement (see "*Existing Financing Arrangements—Repayment of the Construction Grants*").

Any forfeiture of the Concession Agreement and the resulting cessation of our ability to generate revenue, as well as uncertainty regarding the timing of receipt, or the net amount, of any termination amount, could have a material adverse effect on our business, financial condition and results of operations and our ability to service our payment obligations under the Notes.

The Grantor could fail to perform its obligations under the Concession Agreement, which could lead to its early termination and have a material adverse effect on our financial condition and our ability to service our payment obligations under the Notes

We are entitled to terminate the Concession Agreement if the Grantor fails to perform its obligations thereunder. Such obligations include providing the specified financial contributions in respect of the SPV, as described below.

Under Article 20 of the Concession Agreement, during the construction phase of the SPV the Grantor is required to pay us construction grants equal to €914.9 million (plus VAT, if applicable) (the "**Construction Grants**"), payable in accordance with the progress of the construction works. As of 30 September 2017 we had invoiced the Grantor for €699.9 million under the Construction Grants. Furthermore, under Article 21 of the Concession Agreement, during the operation phase of the Project, we are entitled to receive the Availability Fee payable by the Grantor equal to €153,946,814 plus VAT (on a full year basis for 2020) for each year of operation of the SPV throughout the whole duration of the Concession, to be adjusted on a yearly basis by reference to an indexed formula with an inflation-linked component (see "*Description of the Concession Agreement—Funding of the Project—Funding during the operation phase*"), as a remuneration for making the SPV available to the users according to quality parameters set out under the Concession Agreement, whilst the tolls paid by users of the SPV remain the exclusive property of the Grantor. In addition, we may also generate further revenues from royalties as a result of contracting out additional services, such as for service stations and advertising. In case of delayed payment of the Availability Fee, we will be entitled to receive late payment interest. Should the delay exceed 90 days, we shall have the right to terminate the Concession Agreement.

The Availability Fee may be reduced through the application of penalties and/or sanctions. In any case, the maximum annual amount of such penalties and sanctions may not exceed 15% of the annual amount of the Availability Fee and shall be deducted from the Availability Fee payable in the following year. Pursuant to the O&M Contract, we will transfer the liability for any such penalties and sanctions to the O&M Contractor in an amount of up to 15% of the O&M Fee (as defined below under "*Description of the Other Project Documents—The O&M Contract—Our obligations and the O&M*

Fee"). Further, the O&M Contract provides a cap to the penalties and sanctions that may be applied by us to the O&M Contractor, which is equal to 15% of the O&M Fee due to it for the corresponding year. Such amount may be lower than 15% of the annual amount of the Availability Fee, as the O&M Fee does not incorporate any capex but only relates to the operating costs and thus there is a risk that we may not be able to transfer the liability for all penalties and sanctions to the O&M Contractor. However, in such a case, we would be entitled to terminate the O&M Contract although this would not necessarily protect us from any such excess liabilities we may be required to bear and could also result in further costs and expenses (see "*Risks relating to the operation of the SPV—We rely on the O&M Contractor, a related party, to operate and maintain the SPV, and we are dependent on its due performance of its obligations under the O&M Contract in order to meet our obligations under the O&M Contract in order to meet our obligations under the Concession Agreement, in order to obtain payment of the Availability Fee and service our payment obligations under the Notes*").

If the annual traffic volume on the SPV in terms of equivalent vehicles (*i.e.* the sum of light vehicles (class A) and heavy vehicles (class B3, 4 and 5) multiplied by 2.5) is higher than the annual equivalent vehicles forecasted by and set out in the Concession Agreement, we will be entitled to receive, as compensation for the higher maintenance expenses, an increase in the Availability Fee.

Toll revenues are the exclusive property of the Grantor and will be collected by us, acting as authorized representative (*mandatario con rappresentanza*) for the Grantor. To this end, we have an irrevocable mandate to collect the tolls. We are entitled, however, to set off any amount due to us as the Availability Fee against any amount credited on the Toll Collection Account (see "*Description of the Concession Agreement—The Availability Fee*"). Should the toll revenues in any period be lower than the relevant Availability Fee, the Grantor shall be obliged to pay us the balance although we cannot ensure that the Grantor would do so.

We cannot ensure that the Grantor will pay any of the contributions due to us in the full amount or in a timely manner, which could have a material adverse effect on our financial condition and our ability to service our payment obligations under the Notes.

Under the Concession Agreement, should the Grantor fail to pay the Construction Grants or the Availability Fee within the time due, we will be entitled to receive interest on late payments at the rate set out under article 5 of Legislative Decree No. 231/2002. Moreover, should the delay exceed, respectively, 120 days for the Construction Grants or 90 days for the Availability Fee, we will be entitled to terminate the Concession Agreement because of the Grantor's default (see "*Termination due to Grantor's default and revocation for public interest reasons*" below).

There could be delays between the termination date of the Concession Agreement and the date on which we receive payment of the full amount of the applicable termination amount, in addition to uncertainty as to the amount of the termination amount we are due to receive (see "*We cannot be certain of the amount or the timing of receipt of any termination amount that we are entitled to receive under the Concession Agreement*" below). Once we have ceased operating the SPV and handed it back over to the Grantor, we would no longer be able to generate any revenues. Any early termination of the Concession Agreement and the resulting cessation of our ability to generate revenue, as well as uncertainty regarding the timing of receipt, or the net amount of, any termination amount, would have a material adverse effect on our business, financial condition and results of operations and our ability to service our payment obligations under the Notes.

Any compensation we gain from a rebalancing of the PEF may be delayed or insufficient to cover the shortfalls to which we are exposed

Under the Italian Public Contracts Code, the Concession Agreement must specify the assumptions and conditions which are the basis of the economic and financial balance of the PEF (both with respect to the costs and the revenues stated therein). The assumptions and basic conditions form an integral part of the Concession Agreement and relate, among other things, to the following issues:

- the term of our concession to construct and operate the SPV under the Concession Agreement;
- payment of the Construction Grants in accordance with the terms and conditions set out under the PEF;

- payment of the Availability Fee in accordance with the terms and conditions set out under the PEF; and
- any other fact or circumstance upon which the estimates and assessments of the PEF are based, including, for example, the circumstances listed under Article 11 of the Concession Agreement (see "*Description of the Concession Agreement—Rebalancing mechanism—Financial rebalancing*").

Both we and the Grantor are entitled to require the revision of the PEF if, among other things, there is a change in the above assumptions and conditions of the PEF caused by the Grantor and/or other public authorities, *force majeure*, a change in law, a change in the tax regime applicable to the Construction Grants and/or to the Availability Fee, cost overruns caused by the operators of works/infrastructures interfering with the SPV if recognised by the Grantor and/or a change to the time schedule requested by (or agreed with) the Grantor.

It should, however, be noted that the Concession Agreement does not expressly permit a revision of the PEF in the event of additional costs and/or delays for expropriation activities or interconnection activities, and such activities would be cause for revision of the PEF only if they could be qualified as any of the events mentioned above.

If the PEF requires rebalancing, the calculation must take into account any additional costs as well as any savings as compared to the PEF as then in effect. The following measures may be adopted to achieve the rebalancing:

- amendment of the Construction Grants and related payment terms;
- amendment of the Availability Fee and related payment terms;
- extension of the term of the Concession Agreement; and
- tax benefit measures provided for by Article 18 of Law No. 183/2011.

We cannot ensure that any of the proposed measures will be available at any of the times that we may seek to rebalance the PEF or, if available, that they would be adequate to result in an effective rebalancing. For example, the Grantor will in practice only be able to increase the payments we receive under the Construction Grants or the Availability Fee if it has access to the additional funds at that time. Furthermore, while the Italian Public Contracts Code and the Concession Agreement itself do not include any upper limits with respect to the duration of a Concession Agreement, under Veneto regional law there is a general requirement that limits the terms of concessions and any extensions of such terms. We may therefore only be able to extend the term of the Concession Agreement once to a maximum of 44 years. Extension of the term of the Concession Agreement alone may not ensure that we are able to make timely payments on the Notes or satisfy our financial covenants thereunder.

Modification of the Concession Agreement to ensure rebalancing of the PEF must occur within a certain timeframe (see "*Description of the Concession Agreement- Rebalancing mechanism*"). Negotiation of a revised PEF and agreement of any required amendments to the Concession Agreement may require a significant amount of time and management resources. Should the parties not reach an agreement about the rebalancing of the PEF, we are entitled to withdraw from the Concession Agreement and receive the termination amount specified under the Concession Agreement (see "*—We cannot be certain of the amount or the timing of receipt of any termination amount that we are entitled to receive under the Concession Agreement*" below). Any early termination or forfeiture of the Concession Agreement and the resulting cessation of our ability to generate revenue, as well as uncertainty regarding the timing of receipt, or the net amount of, any termination amount, could have a material adverse effect on our business, financial condition and results of operations and our ability to service our payment obligations under the Notes.

We may become liable for payment of penalties and sanctions if we breach certain of our obligations under the Concession Agreement

If we breach certain obligations under the Concession Agreement, the Grantor may impose penalties and/or sanctions, both during the construction and operation phases. See "*Description of the*

*Concession Agreement—Penalties and sanctions for failure to comply with our obligations under the Concession Agreement". Such penalties are capped at 10% of the value of the Project works, for penalties applicable during the construction phase, and at 15% of the Availability Fee due for the relevant year, for sanctions and/or penalties applicable during the operation phase. Under the EPC Contract and the O&M Contract, all penalties and sanctions we are liable for under the Concession Agreement are passed through to the EPC Contractor or to the O&M Contractor (within the limit described above – see "The Grantor could fail to perform its obligations under the Concession Agreement, which could lead to its early termination and have a material adverse effect on our financial condition and our ability to service our payment obligations under the Notes"), as the case may be, except for any obligation that only we can fulfil (such as, for example, our obligation to notify the Grantor if our by-laws are amended). See "—Risks relating to the construction of the SPV—We rely on the EPC Contractor, our controlling shareholder, to construct the SPV, and we are dependent on its due performance under the EPC Agreement in order to meet our obligations under the Concession Agreement, generate revenues and service our payment obligations under the Notes" and "—Risks relating to the operation of the SPV—We rely on the O&M Contractor, a related party, to operate and maintain the SPV, and we are dependent on its due performance of its obligations under the O&M Contract in order to meet our obligations under the O&M Contract in order to meet our obligations under the Concession Agreement, generate revenues and service our payment obligations under the Notes" above. However, the transfer of liability under the EPC Contract and the O&M Contract is only effective *inter partes*, which means that while the EPC Contractor or the O&M Contractor, as the case may be, is liable to us for an amount equal to any penalties and/or sanctions incurred by us under the Concession Agreement, we remain liable to the Grantor for that amount. To the extent that either the EPC Contractor or the O&M Contractor, as the case may be, fails to make payment in respect of such liabilities, and we ourselves become liable for payment of any penalties and/or sanctions under the Concession Agreement, this could have a material adverse effect on our business, financial condition and results of operations and our ability to meet our payment obligations under the Notes.*

The Grantor may revoke the Concession Agreement for public interest reasons, which would lead to its early termination, and the Concession Agreement may be terminated by us in case of the Grantor's default

Under the Italian Public Contracts Code and the Concession Agreement, the Grantor may revoke the Concession Agreement before its natural expiry for public interest reasons. In that event, we are required to continue operating and maintaining the SPV until we have been paid the applicable termination amount and have handed the SPV over to the Grantor. If the Concession Agreement is revoked for public interest reasons, we are entitled to a termination payment calculated as follows:

- the consideration for the works performed and services rendered; and
- the reimbursement of all costs and financial expenses incurred for the work performed until the revocation; and
- the reimbursement of the expenses to be incurred as a result of the termination of the Concession; and
- an adequate indemnity, as a compensation for loss of profit, equal to 10% of the value of the work still to be carried out, or the part of the service still to be operated, assessed on the basis of the PEF.

Any revocation of the Concession Agreement for public interest reasons will not become effective until the Grantor has paid us the applicable termination amount, save for the Grantor's right to set off such sums against any claim it may have against us.

In addition, if the Concession is terminated because of a breach by the Grantor, we are entitled to receive a termination amount equal to:

- the value of the works, plus the ancillary expenses less any relevant depreciation (if the Concession Agreement is terminated or revoked after completion of construction and issuance of the provisional acceptance certificate) or the costs actually incurred (if the Concession Agreement is terminated or revoked before that time); and

- penalties and other costs, including financial costs incurred or to be incurred as a consequence of the termination or revocation, such as costs, expenses, indemnities or penalties arising from the early termination of financing arrangements; and
- compensation for loss of profit in the amount of 10% of the value of the construction still to be performed or the value of the services still to be provided during the operation phase, in each case as calculated on the basis of the PEF.

In the event of termination due to the Grantor's default, we are entitled to continue with the operation of the SPV under the terms and conditions of the Concession Agreement until the date of actual payment of all the above sums due to us.

While the Concession Agreement sets out how any termination amount payable to us is to be calculated, there still may be uncertainties relating to its calculation that could result in negotiation or disputes, and we cannot ensure that we will not have to engage in potentially time-consuming and costly negotiations, or possibly even litigation, with the Grantor to determine the final amounts we will receive (see "*We cannot be certain of the amount or the timing of receipt of any termination amount that we are entitled to receive under the Concession Agreement*" below). In addition, after we have handed the SPV back over to the Grantor, we would no longer be able to generate any revenues, which could have a material adverse effect on our results of operations, financial condition and our ability to meet our payment obligations under the Notes.

We cannot be certain of the amount or the timing of receipt of any termination amount that we are entitled to receive under the Concession Agreement

The terms of the Concession Agreement provide that in case of all termination events under the Concession Agreement, we are entitled to receive payment of the applicable termination amount, the total amount of which, however, varies depending on whether the Concession Agreement is terminated: whether (i) due to forfeiture (*decadenza*) of the Concession Agreement if we fail to perform our obligations thereunder; (ii) for public interest reasons or due to the Grantor's failure to perform its obligations thereunder; or (iii) because we have exercised our withdrawal and termination rights in case an agreement for the rebalancing of the PEF is not reached. In addition, if the Concession Agreement is forfeited due to our failure to comply with our obligations thereunder, the Grantor will be entitled to set off any loss suffered or costs incurred by it as a consequence of the termination against the termination amount that it must pay. Because the language of the Concession Agreement concerning the calculation of the termination amount differs depending on the applicable grounds for termination, the provisions may be subject to different legal interpretations and accordingly may lead to disputes over the actual termination amount owed and possibly significant delay in the related payments. In this respect, it should be noted that, except in the case of a termination of the Concession Agreement due to the Grantor's failure to perform its obligations thereunder or we had requested a rebalancing of the PEF on which no agreement was reached, it can be interpreted that interest accrued on the Notes and the outstanding principal amount thereof at the time of a termination event is taken into account in the calculation of the termination amount, but interest accrued on the Notes subsequent to such a termination event is not, which could lead to a shortfall. Any termination amount received may not be sufficient to enable us to repay our obligations under the Notes.

If the Grantor requires additional works during the course of the Concession Agreement, the costs of which have not been amortized at the expiry of the Concession Agreement, we will be entitled to receive from the new concessionaire an amount equal to the value of such non-amortized costs. No assurances can be given that no dispute will arise as to amounts due from the new concessionaire.

As a result, there cannot be any certainty as to the actual amount of any termination amount we will receive under the Concession Agreement. In addition, there could be delays between the termination date of the Concession Agreement and the date on which we receive any payments due; in such a case, a judicial action could be filed by us against the Grantor, requesting the judge to fix a time limit for the payment of the termination amount pursuant to article 1183 of the Civil Code. In the event the Grantor does not pay the termination amount within the time period fixed by the judge, we would be entitled to enforce the payment before the Italian courts on the basis of the Grantor's breach of its obligation. In either case, this could have a material adverse effect on our financial condition and our ability to service our payment obligations under the Notes.

Under Italian law and the Concession Agreement, Noteholders may be unable to effectively exercise their step-in rights under the Concession Agreement and may therefore be unable to prevent termination of the Concession Agreement

The Grantor's right to terminate the Concession Agreement if we fail to perform our obligations thereunder is subject to a cure period not shorter than 90 days. If, at the end of the cure period, we have not cured the breach, the termination is subject to an additional time period of at least 90 days during which the Qualifying Secured Creditors (including the Noteholders) are entitled to identify a company able to step into the Concession Agreement and replace us. The Grantor must accept such company, provided that (i) the new company's economic and financial situation and its technical ability are equivalent to those set out in the bidding documents and the Concession Agreement, taking in any case into account the actual status of the Project at the time of the replacement and (ii) the breach of Concession Agreement is cured within the 90-day period or any longer period agreed between the Grantor and the Qualifying Secured Creditors. There can be no assurance that Qualifying Secured Creditors will be able to reach an agreement with a replacement company in the time required or that the Grantor will agree to an extension of the cure period requested by the Qualifying Secured Creditors. Even if the Qualifying Secured Creditors reach an agreement with a replacement company within the required time, no assurance can be given that the Grantor will agree that such replacement company is suitable, *i.e.*, that the replacement company meets the economic and financial condition and technical ability set out in the bidding document and the Concession Agreement, or that the Grantor will approve such replacement company in a timely manner, in particular because the Concession Agreement provides for no specific time limit for the Grantor to give its approval. This could have a material adverse effect on the Noteholders' ability to exercise their step-in rights under the Concession Agreement and prevent its termination by the Grantor.

We will be in breach of the Concession Agreement's PEF if our shareholders fail to fund their equity contribution commitments in full

Under the PEF attached to the Concession Agreement, we have committed to the Grantor that €430 million of equity contributions in total will be injected pro rata with the proceeds of the Senior Notes. However, the semi-annual Equity Profile we have agreed with our shareholders in the Equity Contribution and Subordination Agreement (see "*Description of the Finance Documents—Equity Contribution and Subordination Agreement*") is not consistent with this obligation under the PEF. We do not currently believe this to be a concern for the Grantor, as the PEF was agreed before our financing structure was finalised and we have put in place arrangements to secure what we believe will be adequate financing through the issue of the Senior Notes, the issue of the Junior Notes and our shareholders' equity contributions under the Equity Contribution and Subordination Agreement. In addition, our shareholders' equity contribution commitment to us will cease on the earlier of (i) the Completion Date; and (ii) the date on which their equity contribution commitment has been paid in full. This means that it is possible that our shareholders' obligation to fund further equity may cease on the Completion Date, before the full €430 million of equity contribution required under the Concession Agreement has been paid to us.

Although procuring equity contributions, in a form satisfactory to the Grantor in full in accordance with the PEF, is our specific obligation under the Concession Agreement, it is not expressly provided as a termination event under Article 24 thereof, and, therefore, our failure in this respect could be considered by the Grantor as a breach of the Concession Agreement only to the extent that it contributed to a financing shortfall that prevented us from complying with our obligation to complete the SPV in a timely manner. In such a case, if we were not able to cure the breach within the applicable cure period, the Grantor could terminate the Concession Agreement and we would be entitled to receive a termination amount equal to the cost of the works plus the ancillary expenses, net of any relevant depreciation of any income arising from the Construction Grants and any Construction Grants received until that point (if forfeiture is declared after completion of construction and issuance of the provisional acceptance certificate) or the costs actually incurred (if forfeiture is declared before that time). In the event that the termination amount we are entitled to receive is smaller than the amounts we are required to repay in respect of our obligations to Noteholders and other creditors, this could have a material adverse effect on our business, financial condition and results of operations and our ability to meet our payment obligations under the Notes (see "*Description of the Concession Agreement—Termination events—Forfeiture of the Concession due to our default under the Concession Agreement*").

If we breach our obligations under the Concession Agreement to construct the SPV, we may have to repay all the Construction Grants

Under the Concession Agreement, the Grantor has agreed to pay us a total of €914.9 million (plus VAT, as applicable) in Construction Grants to fund construction of the SPV. As of 30 September 2017 we invoiced the Grantor for €699.9 million under the Construction Grants. The Concession Agreement provides that we will not be required to repay any Construction Grants received in connection with the construction of the SPV once we have finished construction of the SPV and have received the provisional acceptance certificate. However, if we default on our obligations under the Concession Agreement before we have completed construction of the SPV, we are liable to the Grantor for all Construction Grants we have received from the Grantor to that date. However, to the extent that we are entitled to receive any termination amount, our repayment obligation would be off-set by that termination amount, provided that such termination amount is not itself off-set by any additional penalties or damages for which we are liable as a result of our breach (see "*Existing Financing Arrangements—Repayment of the Construction Grants*"). In the event that the termination amount we are entitled to receive is significantly smaller than the amounts we are required to repay, this could have a material adverse effect on our business, financial condition and results of operations and our ability to meet our payment obligations under the Notes (see "*Description of the Concession Agreement—Termination events—Forfeiture of the Concession due to our default under the Concession Agreement*").

Risks relating to Project Documents and our operations generally

We may be required to make indemnification payments to the Grantor if the amount of third-party liabilities payments exceeds our insurance coverage or the back-to-back compensation we have agreed with the EPC Contractor and the O&M Contractor

Under the Italian Public Contracts Code and generally applicable principles of Italian contract law, we are liable to hold the Grantor harmless and indemnify it in respect of third-party liabilities for certain damages suffered during the execution of the Concession Agreement. In particular, we are liable to indemnify the Grantor for any direct losses or lost profits that are an immediate and direct consequence of our default, or a default attributable to us (such as any default by the EPC Contractor, the O&M Contractor, or any sub-contractor or third party acting on our behalf). Furthermore, if the default causing the loss was the result of wilful misconduct, we could also be found liable for damages that were not foreseeable at the time when the contractual obligations under the Concession Agreement arose.

We have taken out insurance in relation to such third-party liabilities (see "*The lack of appropriate insurance coverage could adversely affect our financial condition*" below). In addition, under the provisions of the EPC Contract and the O&M Contract, we are entitled to receive compensation from the EPC Contractor and the O&M Contractor, respectively, if we are required to indemnify the Grantor for any such liabilities (see "*Risks relating to the construction of the SPV—We rely on the EPC Contractor, our controlling shareholder, to construct the SPV, and we are dependent on its due performance under the EPC Contract in order to meet our obligations under the Concession Agreement, generate revenues and service our payment obligations under the Notes*" and "*Risks relating to the operation of the SPV—We rely on the O&M Contractor, a related party, to operate and maintain the SPV, and we are dependent on its due performance of its obligations under the O&M Contract in order to meet our obligations under the O&M Contract in order to meet our obligations under the Concession Agreement, generate revenues and service our payment obligations under the Notes*" above).

However, to the extent that the indemnities payable exceed, or we are for any reason otherwise unable to collect under, the insurance coverage or the back-to-back compensation we have agreed with the EPC Contractor and the O&M Contractor, we will be required to bear the residual risk of such third-party indemnities, which could have a material adverse effect on our financial condition and our ability to meet our payment obligations under the Notes.

There could be the risk that the performance bond provided by the EPC Contractor is not sufficient to cover all potential liabilities which may arise after completion of the works

We have provided a guarantee (*cauzione definitiva*) by means of delivery to the Grantor of an insurance policy issued by Allianz S.p.A. for a maximum secured amount currently equal to €60.2 million as described in "*Description of the other Project Documents—The EPC Contract—Insurance and security package*" (the "**Concession Holder's Guarantee**"). The insurance policy issued in favour of the Grantor guarantees the correct performance by us of our obligations under the Concession Agreement in relation to the execution of the works and covers any liquidated damages arising from our non-compliance with the Concession Agreement during the construction of the SPV. The insurance policy ceases to have effect upon issuance of the Inspection Certificate in relation to the entire SPV or, in any case, within twelve months of the completion date of the works resulting from the Certificate of Completion of Works.

With reference to the above mentioned guarantee, the EPC Contractor, its shareholders and Fininc S.p.A. have executed an appropriate performance undertaking (*atto di co-obbligo*), by means of an Appendix to the Concession Holder's Guarantee (*cauzione definitiva*), so that in case of enforcement by the Grantor of the Concession Holder's Guarantee (*cauzione definitiva*), the guarantor of the same guarantee (*cauzione definitiva*) will be entitled to also recover any amount vis-à-vis the EPC Contractor (including its shareholders) and Fininc S.p.A. who are therefore jointly and severally liable with us for all the obligations arising from the Concession Holder's Guarantee, including those deriving from repayment obligations thereunder vis-à-vis the relevant guarantor.

Furthermore, with reference to the Concession Holder's Guarantee, we, Allianz S.p.A. (acting as guarantor according to the Concession Holder's Guarantee) and BNY Mellon Corporate Trustee Services Limited (acting as Note Trustee) and The Bank Of New York Mellon, London Branch (in its quality of Security Agent), will execute a subordination agreement (the "*Subordination Agreement*") according to which, in case of enforcement by the Grantor of the Concession Holder's Guarantee, the guarantor of the same guarantee will be entitled to recover any amount vis-à-vis us only subject to the prior satisfaction of the interest of the Finance Parties (as defined therein), in compliance with the provisions set out under the Subordination Agreement.

In addition, under the EPC Contract, the EPC Contractor has to provide two separate EPC Performance Bonds to guarantee all of its obligations to us under the EPC Contract, issued by Banco Santander and Banca Intesa, respectively, for a maximum secured amount equal to approximately €41 million (which corresponds to an amount slightly more than 3% of the remaining construction costs as at the Issue Date) which will cover, inter alia, any potential additional costs associated with replacing the EPC Contractor in the event of a performance failure by SIS.

The EPC Performance Bonds will cease to be effective on the date falling on the earlier to occur of (i) the date of the issuance of the Inspection Certificate for the entire SPV (*certificato di collaudo provvisorio*, as defined in the EPC Contract which, under the Public Contracts Code, has a final nature and is issued by the Grantor upon the carrying out of the relevant testing process); (ii) the date falling 12 (twelve) months after the issuance of the Certificate of Completion of Works for the entire SPV (*certificato di ultimazione lavori*, as defined in the EPC Contract which under the Public Contracts Code is issued by the director of the works, *direttore dei lavori*); and (iii) 31 March 2022.

Pursuant to Articles 141.9 and 141.10 of the Public Contracts Code and Article 229.3 of Presidential Decree No. 207/2010, however, the Inspection Certificate (*certificato di collaudo provvisorio*) becomes definitive after two years from its issuance without the need to issue any further certificate due to the lapse of time alone.

During this two year period, we are liable to the Grantor for any defects to the works including both latent and apparent defects, provided that, they are identified by the Grantor prior to the date on which the Inspection Certificate (*certificato di collaudo provvisorio*) becomes definitive (i.e. at the end of this two year period from its issuance).

As the EPC Performance Bonds are released prior to the date on which the Inspection Certificate for the entire SPV (*certificato di collaudo provvisorio*) becomes definitive there is a risk that if any defects arise during such two year period, we will not be able to use any undrawn amount under the EPC Performance Bonds to remedy such defects.

Even though (i) the EPC Contract already provides for a two year warranty period after the issue of the Inspection Certificate for the entire SPV (*certificato di collaudo provvisorio*), during which the EPC Contractor is obliged to remedy any defect; (ii) the construction all risks insurance policy required under the EPC Contract will become due not just upon the issue of the Inspection Certificate for the entire SPV (*certificato di collaudo provvisorio*), but will also cover a further two year extended maintenance period; (iii) pursuant to the EPC Contract, the EPC Contractor is required to provide a ten year post completion insurance policy (including Third Party Liability coverage with a limit of liability equal to €25 million and an appropriate cross-liability clause), covering the risks relating to major defects/risk of ruin; (iv) after the issue of the Inspection Certificate for the entire SPV (*certificato di collaudo provvisorio*) we will be fully entitled to operate the SPV and to be paid the Availability Fee; and (v) the lack of availability of the residual amount of the EPC Performance Bonds (equal to around €8 million) may be compensated by all or any of the above mitigants, you should be aware that if any defects arise during the two year period following the issuance of the Inspection Certificate for the entire SPV (*certificato di collaudo provvisorio*) or within twelve months of the completion date of the works resulting from the Certificate of Completion of Works, as the case may be, we will not have recourse to available amounts under the EPC Performance Bonds.

The lack of appropriate insurance coverage could adversely affect our financial condition

While construction of the SPV is ongoing, we have obtained a "Construction All Risks" insurance policy and, as of 31 July 2017, an "Advanced Loss of Profit" policy that covers interest payments required for debt service and our fixed costs in the event that we have to delay commercial operation of the SPV as a result of any loss, destruction or damage covered under the first policy. In addition, we intend to obtain a "Decennial Liability" policy upon completion and testing of the first sub-lots, which covers any damage to property or third parties because of a building defect or structural collapse occurring within ten years after issuance of the provisional certificate of acceptance.

In addition, once construction of the SPV is completed and we move into the operation phase of the Project, we intend to obtain further annual policies to cover the risks of material damages to the works arising in connection with the operation of the SPV, third-party liability and employer's liability. We also intend to obtain business interruption insurance so that we can continue making any payments required for debt service or fixed costs in the event that we are prevented from economically exploiting the SPV because of any material damage arising from operation of the Project. While we have agreed preliminary term sheets for these policies with insurers, there is no guarantee that we will be able to obtain the required policies when the SPV becomes operational and insurance coverage under the existing construction phase policies ceases or, if we do initially obtain such policies, that we will be able to renew them as needed on commercially acceptable terms or at all.

While we intend to obtain and continue to maintain insurance (to the extent available on commercially reasonable terms) to protect against loss or damage to our assets, such insurance is and is expected to continue to be subject to customary deductible and coverage limits. Accordingly, there can be no assurance that the proceeds of such insurance, together with any other available funds, will be sufficient to provide for the repair or replacement of the damaged or destroyed portion of the SPV, or that such insurance will continue to be available on commercially reasonable terms or at all. Further, no assurance can be given that the insurance policies we hold at any time will cover all of the liabilities to which we are exposed or that may arise from third-party claims, or from any required reconstruction, or maintenance and operating losses, including costs resulting from damage to the SPV.

To the extent that the insurance in place proves to be insufficient to cover some or all of the damage suffered, this could have a material adverse effect on our revenues, results of operations and financial condition and our ability to meet our payment obligations under the Notes.

Our business could suffer as a result of current or future litigation or investigations by state or regulatory authorities

As part of the ordinary course of business, we are subject to a number of administrative proceedings and civil actions. We are currently party to various litigation proceedings (see "*Description of Project—Litigation*"). Appeals have been filed against the judgments of the TAR Lazio dismissing various plaintiffs' cases asserting the invalidity of the emergency order and the decree approving the Definitive Design and Executive Design. If such appeals are successful, the various decrees could be annulled and we may be required to modify the current Definitive Design of the SPV through a new

authorization procedure, which may trigger a delay of the Project and cause us to incur extra costs. However, with the exclusion of possible claims filed against the Amendment Deed to the Concession Agreement (see "*Risks relating to the Concession Agreement*") and any action which may be taken by ANAC, as described below, the legitimacy of the awarding of the Concession and the Concession Agreement itself will not be affected by a potential upholding of these claims, as these points have been definitively confirmed by the Italian Council of State.

In the future, we may be subject to further legal proceedings, including claims relating to the Transaction Documents and claims relating to the on-going expropriation procedures or third-party liability claims for damages caused during construction works and operation of the SPV. Furthermore, we are currently aware of several investigations by state authorities, the potential outcome of which is uncertain (see "*Description of the Project—Litigation—Pending investigations by state or regulatory authorities*"). These include an investigation by the Italian National Anti-corruption Authority (*Autorità nazionale anticorruzione*, "ANAC") into certain public authorities acting with respect to the Project and an investigation by the Court of Auditors (*Corte dei Conti*) into, among other things, cost increases of the Project, which has now been resolved.

Given the prior investigations by the Court of Auditors and ANAC, the Grantor has been in communication with both the Court of Auditors and ANAC in connection with the Resolution and the Amendment Deed. It provided a copy before publication of the Resolution and signing of the Amendment Deed and intended to wait for approval before proceeding. However, because of timing considerations, the Grantor decided to proceed with the publication of the Resolution and signing of the Amendment Deed without waiting for the specific feedback of the Court of Auditors and ANAC.

The final report and the relevant feedback by the Court of Auditors on the Amendment Deed are expected to be issued following the general hearing of the central department of the Court of Auditors, which is normally held at the end of each year. The possible feedback of ANAC on the Amendment Deed, if issued, is expected later this year. Should any specific legal violations be raised by the Court of Auditors and/or ANAC, this would not have any direct and immediate effect on the validity of the Amendment Deed, although it could have an indirect effect as the Grantor could proceed with an annulment of the Concession Agreement on the basis of self-protection grounds. In such a case, we would be entitled to receive from the Grantor, on the basis that the doctrine of unjust enrichment would apply, the Unjust Enrichment Indemnity (see "*Description of the Project—Litigation—Pending investigations by state or regulatory authorities—Investigation by the Italian Court of Auditors*" and "*Description of the Project—Litigation—Pending investigations by state or regulatory authorities—Investigation by ANAC*").

It is inherently difficult to assess the outcome of litigation and investigation matters, and there can be no assurance that we will prevail in any litigation. The outcome of any investigation that is currently pending or that may be launched in the future is similarly uncertain, and there can be no assurance that we will not be subject to any civil, regulatory or even criminal sanctions as a result of such investigations. Any such litigation or investigation could result in substantial costs and diversion of our management's efforts, which by itself could have a material adverse effect on our financial condition and operating results. Further, adverse determinations in litigation or investigations could result in loss of our assets or subject us to significant liabilities to third parties, any of which could have a material adverse effect on our business, financial condition or results of operations and our ability to meet our payment obligations under the Notes.

An unpaid judgment creditor could also bring a petition for our bankruptcy, and if successful, a bankruptcy declaration could lead to termination of the Concession Agreement. Following termination of the Concession Agreement under these circumstances, we would no longer receive any further Construction Grants or the Availability Fee, which could have a material adverse effect on our business, financial condition and results of operations and our ability to meet our payment obligations on the Notes.

The nature of our activities and operations may expose us to liability to third parties

Our activities are subject to typical risks related to the sectors in which we operate. These risks include, among other things, damage to the environment, assets and other equipment and the possibility of accidents causing injuries to users of the SPV or third parties (which, in the most serious cases, may prove fatal). Such incidents could subject us and our key personnel to criminal or civil penalties by

users of the SPV, subcontractors, governments, public authorities or members of the public for damage to the environment, damage to property, assets and other equipment, including for personal injury or wrongful death, which could lead to the payment of extensive damages, criminal fines or imprisonment of key personnel. To the extent that we cannot effectively pass on these risks to the EPC Contractor or the O&M Contractor, as the case may be (see "*Risks relating to the construction of the SPV—We rely on the EPC Contractor, our controlling shareholder, to construct the SPV, and we are dependent on its due performance under the EPC Contract in order to meet our obligations under the Concession Agreement, generate revenues and service our payment obligations under the Notes*" and "*Risks relating to the operation of the SPV—We rely on the O&M Contractor, a related party, to operate and maintain the SPV, and we are dependent on its due performance of its obligations under the O&M Contract in order to meet our obligations under the O&M Contract in order to meet our obligations under the Concession Agreement, generate revenues and service our payment obligations under the Notes*" above) or we have not been able to put in place the appropriate insurance coverage (see "*The lack of appropriate insurance coverage could adversely affect our financial condition*" above), these events could have a material adverse effect on our business, financial condition and results of operations and our ability to meet our payment obligations under the Notes.

A majority interest in our share capital could be acquired by Circuitus, which in certain circumstances could lead to a divergence of interests between our shareholders and the EPC Contractor and the O&M Contractor

We currently anticipate that, during the construction phase of the Project, up to 80% of our shares may be transferred to a fund operated by, or other entities affiliated with, Circuitus. Circuitus is an independent fund manager in which each of Sacyr and FININC hold a minority interest, specializing, investing and managing infrastructure assets globally. The Conditions provide that, subject to satisfaction of the conditions of the Equity Contribution and Subordination Agreement, a transfer of our shares to a fund managed, advised or consulted by Circuitus, or other entities affiliated with it, will only constitute a Change of Material Shareholding (as defined therein) if either FININC or Sacyr ceases to own directly or indirectly at least 10% of our voting shares.

Circuitus was founded by its current shareholders, Mr. Carsten Kengeter, Mr. Niccolò Ragnini Kothny, Sacyr and FININC. Circuitus manages the resources of Circuitus Real Asset I SCSp (the "**Fund**"), a closed-end fund. The Fund is a limited partnership under Luxembourg law and is domiciled in Luxembourg. Investors participate directly in the Fund as limited partners. The general partner of the Fund is a limited liability company under Luxembourg law (*société à responsabilité limitée*) whose board of managers includes certain members of Circuitus. Circuitus is the alternative investment fund manager of the Fund. It has been reported in the media that Mr. Kengeter is being investigated for possible insider trading allegations relating to the purchase of company shares as part of his compensation package as CEO of Deutsche Boerse AG. The investigation is ongoing. On October 26 2017, Mr. Kengeter proposed to step down from the CEO role effective 31 December 2017, in order to avoid further distractions to the company. Mr. Kengeter had already voluntarily recused himself from any regulated activity at Circuitus until resolution of the investigation.

There can be no assurance that the control of Circuitus or the investors participating in the Fund, or any affiliated entities, will not change in the future for whatever reason (including the participation of Sacyr and FININC). Should such a change, over which we have no control, occur there can be no assurance that the new controlling shareholders of Circuitus or the investors participating in the Fund, or the relevant affiliated entities, will possess the skills, expertise, financial standing and resources that are required in order for us (and, in certain cases, our shareholders) to comply with the obligations under the Concession Agreement and the Finance Documents. In addition, to the extent that the EPC Contractor and the O&M Contractor (or their affiliates) cease, directly or indirectly, to exercise a controlling interest over us, or if they reduce their direct or indirect interest over us, then this could result in diminished incentives for the EPC Contractor and the O&M Contractor to perform (or indeed a change in their ability to perform) their duties under their respective agreements with us, any of which could have an impact on our business, financial condition and results of operations and our ability to meet our payment obligations on the Notes.

The interests of FININC, Sacyr, Circuitus, the O&M Contractor and the EPC Contractor may conflict with your interests

FININC and Sacyr currently collectively own through SIS, the EPC Contractor and our controlling shareholder, virtually all of our outstanding equity interests. As result, SIS, FININC and Sacyr have the power, among other things, to affect our legal and capital structure and our day-to-day operations, as well as the ability to elect and change our management and to approve any other changes to our operations. In addition, SIS also has an interest in the O&M Contractor. It is anticipated that up to 80% of our shares will be transferred to a fund operated by, or other entities affiliated with, Circuitus, of which FININC and Sacyr are currently minority shareholders.

The interest of FININC, Sacyr, the EPC Contractor, the O&M Contractor, Circuitus and their respective affiliates, in certain circumstances, may conflict with your interests as holders of the Notes, particularly if we encounter financial difficulties or are unable to pay our debts when they fall due or if there is a dispute in connection with the Project. Each of FININC, Sacyr, the EPC Contractor, the O&M Contractor and Circuitus may have multiple and divergent interests in the Project which may involve risks to you as holder of the Notes. For example, the interests of the EPC Contractor and O&M Contractor could diverge from our interests or your interests, particularly if risks assumed by those parties materialize. In such a case, FININC, Sacyr, the EPC Contractor and the O&M Contractor could place a greater priority on the interests of the EPC Contractor and the O&M Contractor than on our interests or your interests as holder of the Notes. This risk could be increased further if the equity interests held in us by SIS, FININC and Sacyr, directly or indirectly, are reduced. In addition, FININC, Sacyr, the EPC Contractor, the O&M Contractor, Circuitus or any of their respective affiliates may, in the future, own businesses or develop projects that directly compete with ours. Any such actions taken by them could adversely impact our ability to make payments on the Notes.

The EPC Direct Agreement and the O&M Direct Agreement contain limits on the period you will have to consider your rights to step-in and to implement a remedial plan

We have agreed in the EPC Direct Agreement and the O&M Direct Agreement, that if we breach any terms of the EPC Contract or the O&M Contract, then the EPC Contractor and/or the O&M Contractor (as applicable) will not have the right to terminate the EPC Contract and/or the O&M Contract or to take other enforcement action against us for a period of time (depending on the circumstances that have arisen, this period ranges from 60 days extendable to a maximum of 120 days), during which the Security Agent, on behalf of the Noteholders, can appoint a representative to identify possible solutions to remedy the circumstance that has arisen and, thereafter, to appoint a substitute to step-in to the relevant contract in order to, ultimately, prevent termination of the relevant contract. The periods we have agreed to enable you to make these decisions may not allow sufficient time for the Noteholders to make an informed decision before deciding whether to step-in to the EPC Contract and/or the O&M Contract, as the case may be, and there may not be sufficient time to implement your proposed remedial plan to resolve the circumstances that have given rise to the step-in right. See "*Description of Finance Documents—EPC Direct Agreement*" and "*Description of Finance Documents—O&M Direct Agreement*".

We are exposed to inflation risk

During construction of the SPV, we have passed on any exposure to inflation to the EPC Contractor by entering into a fixed-amount agreement (see "*Description of other Project Documents—The EPC Contract*"). However, once we begin operation of the SPV, we may be exposed to inflation since, although the Availability Fee will be adjusted on a yearly basis by reference to an indexed formula with an inflation-linked component (see "*Description of the Concession Agreement—Funding of the Project—Funding during the operation phase*"), such adjustment may not reflect the actual level of inflation generally or the level experienced by us more specifically which could have a material adverse effect on the revenue we receive, and thus on our results of operations, financial condition and our ability to meet our payment obligations under the Notes.

Risks relating to the economic, political and market environment in which we operate

We operate in a highly regulated environment, and our operating results and financial condition could be adversely affected by a change in law, governmental policy and/or other governmental actions

The Italian highway sector is governed by EU, Italian and local laws and regulation as well as by the terms of the concessions granted to each relevant concession holder. Changes in laws and regulations which affect the highway sector or certain aspects of the Concession Agreement (such as the tariff formula or activities required to be performed thereunder), or changes in the policies of the Italian government or Veneto Region with respect to concession agreements construction and related government grants, may adversely impact our economic or financial position and significantly affect our operations. There can be no assurance that our results of operations will not be adversely affected by future changes in regulations or that any rebalancing of the PEF will enable us to generate adequate revenues, any of which could have a material adverse effect on our ability to meet our payment obligations under the Notes.

Our business, financial condition and results of operations may be adversely affected by changes in laws, policies or regulations including, among others, laws governing environmental protections and tax policies. To the extent that we and/or any other parties that are part of the Project require expenditures of additional funds not budgeted for in order to be in compliance with any new or amended policies, regulations or laws, and assuming that no compensation or relief is provided pursuant to the terms and conditions of the Concession Agreement, such unanticipated expenditures could negatively impact our cash flow and thus our ability to meet our payment obligations under the Notes.

Furthermore, to the extent that we and/or any other party that is involved in the Project require additional time in order to be in compliance with any new or amended policies, regulations or laws, thereby resulting in delays in the construction of the SPV, we may suffer a delay in the commencement of the operation of the SPV and hence have less or less timely revenues arising from the Availability Fee for servicing our obligations, including under the Notes. Depending on the extent of the delay and assuming that no compensation is provided pursuant to the terms and conditions of the Concession Agreement, this delay may result in a breach of our obligations under the Concession Agreement, which could cause us to be liable for payment of liquidated damages and, potentially, entitle the Grantor to terminate the Concession Agreement. To the extent that any of the foregoing occurs, we may have a limited ability, or no ability, to continue making payments on the Notes.

Moreover, while the Finance Documents are based on English law, certain of the Transaction Documents are governed by the laws of other jurisdictions. For example, the Italian Law Security Agreements are governed by Italian law in effect at the date of this Prospectus. 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 Prospectus.

In addition, we and the other parties involved in the Project are subject to a wide range of European, national, regional and municipal regulation and supervision generally applicable to companies engaged in business in Italy, including laws and regulations pertaining to taxation, labor, social security, public health, consumer protection, the environment and competition. The government of Italy has a significant impact on the economy through various statutory and other governmental initiatives, including through enforcement of the labor code, the tax system and its regulation of public works and

concessions. Accordingly, the Italian government's actions in respect of the economy could have significant adverse effects on private sector enterprises such as us, the EPC Contractor and the O&M Contractor. There can be no assurance that existing or future legislation and regulation will not require us to make material expenditures or otherwise have a material adverse effect on our operations or that we will be able to mitigate such effects in a timely or effective manner through the PEF rebalancing. Legislative or regulatory changes that impose significant costs on the EPC Contractor while construction of the SPV is still on-going or the O&M Contractor during operation of the SPV could have a material adverse effect on their ability to perform their respective obligations under the EPC Contract and the O&M Contract (see "*Risks relating to the construction of the SPV—We rely on the EPC Contractor, our controlling shareholder, to construct the SPV, and we are dependent on its due performance under the EPC Contract in order to meet our obligations under the Concession Agreement, generate revenues and service our payment obligations under the Notes*" and "*Risks relating to the operation of the SPV—We rely on the O&M Contractor, a related party, to operate and maintain the SPV, and we are dependent on its due performance of its obligations under the O&M Contract in order to meet our obligations under the O&M Contract in order to meet our obligations under the Concession Agreement, generate revenues and service our payment obligations under the Notes*" above).

We are subject to Italian legislation providing for quasi-criminal liability of entities and any proceedings arising thereunder could materially affect our revenues or financial position

Italian Legislative Decree No. 231 of 8 June 2001, as amended ("**Decree 231**") provides for quasi-criminal liability of companies for crimes committed in their interest or to their advantage by individuals who have a functional relationship with such corporate entities, such as employees, directors and representatives. Crimes which could trigger a corporate entity's quasi-criminal liability pursuant to Decree 231 include, among others, those committed when dealing with public administrations (including bribery, misappropriation of public contributions and fraud to the detriment of the state), corporate crimes, environmental crimes and crimes of manslaughter or serious injury in violation of provisions on health and safety at the workplace, such as the fatal accident at the Malo tunnel excavation site in April 2016, in connection with which the EPC Contractor has received a notification ("*avviso di garanzia*") under Decree 231, as a required procedure ("*atto dovuto*"), and an investigation has been opened with the aim of ascertaining that the EPC Contractor has been compliant with Decree 231 (see "*Risks relating to the construction of the SPV—Incidents in the Malo tunnel, which is one of the key structures of the project, have led to disputes and investigations as well as the adoption of alternative recovery plans and the need of additional third party approvals, which may delay completion of construction of the SPV or may cause potential overrun costs*").

Decree 231 allows Italian corporate entities to implement compliance procedures to defend themselves against the administrative liability that may attach to them under Decree 231, through the adoption of an organizational, management and control model ("**OMC**") and the appointment of an independent officer or body, such as a supervisory body (*Organismo di Vigilanza*), to supervise such OMC. The adoption of an OMC model by a company does not in itself preclude the application of sanctions under Decree 231, and failure to update these OMC models increases the risk that quasi-criminal liability under Decree 231 may attach. If a crime subject to Decree 231 is committed, the court will examine the controls implemented by the relevant company and, where the controls are considered to be inadequate, implemented ineffectively or insufficiently monitored, the company could be subject to sanctions, which could include (i) confiscation of any profits from the crime, (ii) monetary fines with a minimum of at least €500 thousand and a maximum amount of up to €3 billion, (iii) prohibition of continuing the business affected by the criminal offence, (iv) suspension or revocation of current or future authorizations, licenses or concessions, (v) prohibition of contracting with public authorities, (vi) exclusion from subsidies or loan contributions and/or revocation of any subsidies or contributions already granted, and (vii) prohibition of publicizing goods or services. The duration of these disqualifications ranges from three months to two years. Whilst the EPC Contractor has adopted an OMC model that it believes to be in compliance with Decree 231 and that would, therefore, exempt the EPC Contractor from the application of the above sanctions in relation to the investigation for the fatal accident occurred during the construction of the Malo tunnel excavation, determination of the validity of the implementation is reserved to the courts and there is no assurance that a court would find the EPC Contractor's OMC model to be in compliance with Decree 231.

A quasi-criminal proceeding relating to alleged crimes subject to Decree 231, even if ultimately we are discharged in such proceeding, could be costly and could divert management's attention away from

other aspects of our business. Any such proceedings may also cause adverse publicity and reputational harm, which could have a material adverse effect on our business, financial condition and results of operations.

We could be liable for payment of VAT in respect of the Construction Grants

The Construction Grants due by the Grantor to us are expected to be in total €914,900,000, divided as follows:

- (i) €244,910,000 pursuant to Article 20 of the Concession Agreement and the first amendment (dated 18 December 2013) to the Concession Agreement;
- (ii) €370,000,000 pursuant to Article 18 paragraph 2 of Law Decree No. 69/2013, Ministerial Decree No. 268/2013 and the first amendment to the Concession Agreement; and
- (iii) €300,000,000 pursuant to the third amendment deed to the Concession Agreement, i.e. the Amendment Deed.

As of 30 September 2017, the amount of Construction Grants invoiced by us was €699.9 million deriving from the grants under (i) and (ii) above; while the grants under (iii) still have to be paid to us.

According to the opinion rendered by the Italian Tax Authority to the Ministry of Infrastructure and Transport on 16 December 2013 (the "**Opinion**"), the grants of €370,000,000 due under article 18, paragraph 2, of Law Decree No. 69/2013 are not subject to VAT. The Opinion is not a ruling binding upon the Italian Tax Authority and, in principle, the Tax Authority could change its view retrospectively within the applicable statute of limitation period. However, the Opinion constitutes a formal communication exchanged between public authorities and it expresses the point of view of the Tax Authority.

The Opinion does not explicitly refer to the grants of €244,910,000 (provided for in the original Concession Agreement and in its first amendment). In that respect, we charged VAT on the portion of those grants accrued until 16 December 2013 (i.e., €94,900,000 of grants). We did not charge any VAT on the portion of such grants accrued thereafter.

According to the opinion of *Nucleo Regionale di Valutazione e Verifica degli Investimenti Pubblici della Regione Veneto* (NUVV) dated 15 May 2017, the Veneto Region and the Tax Authority discussed the VAT regime of the grants on 10 May 2017 and the Veneto Region was due to submit to the Tax Authority a formal application for a ruling (*interpello*). We are not aware of the content of such application. Informally, the Grantor confirmed that in its view VAT should be applicable on the further grants of €300,000,000 provided for in the Amendment Deed.

The Amendment Deed provides under article 20 that in order to keep the PEF in balance, the Grantor undertakes to pay us a free construction grant (*contributo pubblico a fondo perduto in conto costruzione*) equal to €914,900,000 plus any VAT if due (*oltre IVA se dovuta*).

Although we understand that the Grantor has sought to clarify the position with the tax authorities, due to the current absence of formal and binding confirmation from the Italian Tax Authority with respect to the VAT regime of the Construction Grants, there can be no assurances that the Tax Authority would not reach a different conclusion in respect of a total amount of €487,700,000 (i.e. € 582,600,000 minus the €94,900,000 on which VAT was applied) of the Construction Grants and request us to pay an amount of omitted VAT, which could amount to up to €107,294,000 of potential VAT, along with any potentially applicable tax penalties and late payment interest, which could have a material adverse effect on our business, financial condition and results of operations, the market value of the Notes and our ability to meet our obligations under the Notes.

Our business may be adversely affected by developments in sovereign debt markets and by the exit from the EU or the Eurozone of one or more current member states

In recent years, sovereign debt crises in Greece, Ireland, Portugal, Spain and Cyprus have led to concerns about the ability of some EU members, including Italy, to service their sovereign debt obligations. These concerns impacted financial markets and resulted in high and volatile bond yields on the sovereign debt of many EU nations, indicating a reassessment of the associated risks. Despite

measures undertaken by the European Central Bank, concern remained among investors that some countries in the Eurozone might default on their obligations, which resulted in a general reduction in financing, greater volatility in the overall markets and acute difficulties in obtaining liquidity internationally. On more than one occasion, fear arose that the European Monetary Union might be dissolved, or that individual member states might leave the single Euro currency. These fears were rekindled during early 2015 when Greece defaulted on a debt to the International Monetary Fund.

Market and economic disruptions stemming from the crisis in Europe have affected, and may continue to affect, the inflow of capital; consumer confidence levels and spending; bankruptcy rates; levels of incurrence of and default on consumer debt; and house prices, among other factors. There can be no assurance that market disruptions in Europe, including the increased cost of funding for certain government institutions, will not spread, nor can there be any assurance that future assistance packages will be available or, even if provided, will be sufficient to stabilize the affected countries and markets in Europe or elsewhere. The upcoming exit from the EU of the United Kingdom and possible exit from the EU or the Eurozone of more members, particularly Italy, where we are headquartered and where all of our revenue is sourced and/or the replacement of the Euro by one or more successor currencies could cause significant market dislocations and lead to adverse economic and operational impacts that are inherently difficult to predict or evaluate. This could have a material adverse effect on our business, financial condition and results of operations, the market value of the Notes and our ability to meet our obligations under the Notes.

A continuation of Italy's economic stagnation may affect our business

The SPV and all of our operations are located in Italy. During times of economic recession or stagnation, traffic on toll roads is generally expected to decrease, as price sensitive drivers will be more likely to choose alternative toll-free routes in order to save costs. In addition, decreases in trade and economic activity during a recession are likely to cause a decrease, or slower growth, in heavy traffic, both generally on all roads in the affected economy and specifically on toll roads, as well as lower tax revenues and, potentially, increased government spending requirements, all of which would have a negative impact on the Grantor. Accordingly, our financial condition and results of operations, as well as our ability to meet our payment obligations under the Notes, are substantially dependent on economic conditions prevailing from time to time in Italy and, in particular, the Veneto Region.

Italy's real gross domestic product ("**GDP**") declined by approximately 7.0% between the start of the global financial crisis in 2008 and 2016. During this period, traffic volumes on toll roads in Italy operated by Autostrade per l'Italia declined by approximately 4.5%. Although Italy's GDP has returned to modest growth (0.8% in 2015, and 0.9% in 2016, with a forecast to grow by 0.8% in 2017 according to the IMF World Economic Outlook, April 2017), the current recovery is slower than that being experienced in certain other European nations, including Spain and Portugal, and there can be no assurance that the recovery in Italy will continue.

Slow growth, or a return to recession, of the Italian economy would adversely affect the expected growth rates for traffic flows on the SPV and the collection of tolls, thereby affecting the ability of the Grantor to satisfy in full, on time or at all the Availability Fee, impairing our ability to meet our payment obligations under the Notes.

We may be subject to State Aid rules under European Union law

Under European Union law, measures that (a) grant an economic advantage to an undertaking, (b) involve State resources and may be imputed to the State, (c) are selective in that they benefit specific undertakings or productions, and (d) distort or threaten to distort competition affecting trade between Member States, are incompatible with the internal market. If all of these criteria are met, a project would be considered to fall under the State aid rules and would have to be notified to the EU Commission, which will evaluate and ascertain whether any such project is compatible with the internal market. In addition, the EU Commission has sustained that the operation of a toll road constitutes in many instances an economic activity for which State aid rules may apply.

However, when the operation of a road infrastructure through a concession contract is awarded for a positive price by means of a competitive, transparent, non-discriminatory and unconditional tender in line with the principles of the Treaty on the Functioning of the European Union on public procurement, as in the case of the SPV, there will typically be no "economic advantage" granted to the

concessionaire since it will be paid a market price for its services in line with the so called Market Economy Operator (MEO) test (so that the condition required under (a) above would not be satisfied). As regards both the original award of the concession and the amendments made pursuant to the Amendment Agreement, we consider the procedures were complied with and we are therefore of the view that no State aid concerns should arise. We also believe that our theoretical rate of return is actually lower following the entry into force of the Amendment Agreement.

Some plaintiffs challenging the Amendment Agreement (see "*Risks relating to us and the Project—The Concession Agreement may be affected by challenges to the Resolution 708/2017 and 780/2017 as well as to the Amendment Deed which are currently in progress*") have based their claims in part on an allegation that the additional €300 million of Construction Grants due to us under the Amendment Agreement amount to State aid. While we believe that the Project would not fall under the State aid rules for the reasons set out above, there can be no assurances that a competent Court or EU authority would not rule differently.

Should the EU commence an investigation and conclude that the Project has benefitted from State aid that is incompatible with the internal market, the EU Commission could exercise its powers to order the recovery of any amounts unlawfully granted, plus interest payable from the date on which the State aid was at the disposal of the beneficiary until the date of actual recovery, and could thus require us to repay the Construction Grants. Any such resolution could severely impact our ability to complete the construction of the SPV (depending also on the amount of the compensation paid to us which is considered as State aid), entitling us to ask for a rebalance of the PEF, failing which would amount to grounds for termination of the Concession Agreement and accordingly trigger an Event of Default, any of which would have a material effect on our revenues, results of operations and financial condition and our ability to meet our payment obligations under the Notes.

Risks relating to the Notes

The Notes may not be a suitable investment for all investors

As a potential investor in the Notes, you must determine the suitability of that investment in light of your own circumstances. In particular, you should:

- have sufficient knowledge and experience to make a meaningful evaluation of the Notes, the merits and risks of investing in the Notes and the information contained in this Prospectus or any applicable supplement;
- have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of your particular financial situation, an investment in the Notes and the impact the Notes will have on your overall investment portfolio;
- have sufficient financial resources and liquidity to bear all of the risks of an investment in the Notes, including where the currency for principal or interest payments is different from your currency;
- understand thoroughly the terms of the Notes and be familiar with the behavior of any relevant financial markets; and
- be able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic, interest rate and other factors that may affect your investment and your 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. You should consult your legal advisers to determine whether and to what extent (1) Notes are legal investments for you, (2) Notes can be used as collateral for various types of borrowing and (3) other restrictions apply to your purchase or pledge of any Notes. Financial institutions should consult their legal advisers or the appropriate regulators to determine the appropriate treatment of Notes under any applicable risk-based capital or similar rules.

Risks relating to our financial condition and structure that could affect our ability to meet our obligations under the Notes

Our significant leverage may make it difficult for us to service our debt, including the Notes, and we may incur significantly more debt, including debt in the future which is necessary to finance the construction of the Project

The base case contained in the 2017 Financial Model in "Appendix 2—Summary Financial Model Information" contemplates net senior indebtedness of €1,174 million as of 31 December 2020, after anticipated completion of the Works and having fully used the proceeds of the Offering. Although the Common Terms Agreement contains restrictions on the incurrence of additional indebtedness, these restrictions are subject to a number of qualifications and exceptions and the additional indebtedness incurred in compliance with these exceptions could be material. If we incur additional indebtedness (including any Required Capital Expenditure to finance the Project), the risks related to our business associated with our increased level of indebtedness could be intensified.

We are a project company and our obligations are not guaranteed by any other person or entity

We are a project company (*società di progetto*) within the meaning of article 156 of the Italian Public Contracts Code. We have no material assets other than our rights under the Concession Agreement, no subsidiaries and no employees.

Upon completion of the Offering of the Notes, we will have a significant amount of indebtedness. See "—We may not generate sufficient cash flow to meet our debt service and other obligations, including our obligations under the Notes" below. We are solely responsible for paying amounts due on the Notes. The Notes are not obligations of any other party. Neither our shareholders nor any of their respective affiliates have any obligation to contribute or loan money to us other than as set out in the Equity Contribution and Subordination Agreement. Neither our shareholders nor any of their respective affiliates will guarantee our obligations under the Notes and you will have no claim against or recourse to the holders of our equity interests or any of our affiliates or any of their incorporators, equity holders, directors, officers or employees for the repayment of the Notes, except as set forth in the Project Documents to which certain of our affiliates are party.

We may not generate sufficient cash flow to meet our debt service and other obligations, including our obligations under the Notes

Servicing our debt under the Notes will require a significant amount of cash, and our ability to generate sufficient cash depends on many factors, some of which are beyond our control. In particular, our ability to make interest and principal payments under the Notes will depend on our ability to generate sufficient cash flow, including from payments we receive from the Grantor as Availability Fee. We cannot assure you that we will be able to generate sufficient cash flow to meet all of our expenses, including our debt service requirements and our obligations under the Notes. We have a limited operating history and until we begin operation with respect to the SPV, we will not generate any revenues. See "—Risks relating to us and the Project—We have a limited operating history and our historical financial statements are not indicative of our expected business going forward" above.

The interests of our controlling shareholder may conflict with your interests

Our controlling shareholder, SIS, currently owns 99.999995% of our outstanding share capital. As a result, our controlling shareholder has the power, among other things, to affect our legal and capital structure and our day-to-day operations, as well as the ability to elect and change our management and to approve any other changes to our operations. The interests of our controlling shareholder, in certain circumstances, may conflict with your interests as holders of the Notes. For example, the controlling shareholder could vote to cause us to incur additional indebtedness or to sell certain material assets, in each case, to the extent permitted under the Concession Agreement and under the Finance Documents. Incurring additional indebtedness would increase our debt service obligations and selling assets could reduce our ability to generate revenue, each of which could affect you as a holder of the Notes. Any of these actions could adversely impact our ability to make payments on the Notes. In addition, our controlling shareholder may have an interest in pursuing acquisitions, divestitures, financings or other transactions that, in its judgment, could enhance its equity investments, or may own businesses that directly compete with ours even though such transactions might involve risks to you as holder of the

Notes. Even if the controlling shareholder made divestitures such that they control less than a majority of our capital stock, it still may be able to effectively control or strongly influence our decisions.

Furthermore, our controlling shareholder is also our counterparty under the EPC Contract and our indirect shareholders, FININC and Sacyr, together also control the O&M Contractor. In addition, we have entered into a number of further agreements with our direct and indirect shareholders (see "*Related-party transactions*"). While it is our policy to negotiate all transactions with related parties on an arm's-length basis, there can be no assurance that the terms and scope of such agreements are as favorable to us as those that may have been obtained from unrelated third parties. Additionally, no assurance can be given that the conflicts of interest inherent in these agreements would not be materially disadvantageous to us during the terms of such agreements, particularly in circumstances in which our interests differ from the interests of our direct and indirect shareholders.

Our operations will be restricted by the terms of the Common Terms Agreement, the other Finance Documents and the VAT Receivables Agreement, which could limit our ability to plan for or react to market conditions or to meet operational or capital needs, which could impair our ability to service the Notes

The Common Terms Agreement and the other Finance Documents will have significant restrictive covenants.

These covenants restrict, among other things, our ability, unless expressly agreed otherwise in the Finance Documents or with the prior approval of Noteholders, to:

- incur or guarantee additional indebtedness;
- pay dividends or distributions on capital stock or repurchase capital stock;
- sell or transfer assets;
- enter into transactions with affiliates;
- create liens on assets to secure debt;
- make investments;
- incur additional capital expenditures;
- engage in a different business activity; and
- merge or consolidate with another company.

Covenants contained in the Common Terms Agreement will also restrict, among other things, our ability to amend the Concession Agreement or other Project Documents. In addition, some of the other Finance Documents and the VAT Receivables Agreement, may contain covenants that are even more restrictive than those in the Common Terms Agreement. These covenants could limit our ability to plan for or react to unforeseen events or to meet operational or capital needs or, more generally, withstand a future downturn in our business or the economy.

A breach of the covenants or restrictions under the Common Terms Agreement and the other Finance Documents could result in a default under the Notes and the VAT Receivables Agreement. A breach of the covenants or restrictions under other agreements and instruments to which we are party could also result in a default under the Notes and the VAT Receivables Agreement. In addition, a breach of the covenants or restrictions applicable to the Sponsors or to the EPC Contractor under other agreements to which they may respectively be a party (including the Equity Contribution and Subordination Agreement) could also result in a default under the Notes and the VAT Receivables Agreement. Such defaults may allow the creditors to accelerate the related debt and/or terminate related transactions early and may result in the acceleration of any other debt and/or termination of any other transactions to which a cross-acceleration or cross-default provision applies. If Noteholders accelerate the repayment of the Notes, we cannot assure you that we would have sufficient assets to repay such indebtedness or other amounts falling due in such circumstances.

Our ability to obtain future financing could be adversely affected because substantially all of our assets have been or will be secured as collateral for the benefit of the Noteholders and the VAT Receivables Purchaser. Moreover, our financial results and our substantial indebtedness could adversely affect the availability and terms of our financing.

We may be subject to restrictive covenants under any indebtedness to finance the Project which could impair our ability to run our business

Any other indebtedness which is permitted to be incurred under the Common Terms Agreement (together any "**Additional Indebtedness**"), may contain negative covenants (subject to exceptions we may agree with the providers of such Additional Indebtedness), restricting, among other things, our ability to:

- make certain capital expenditures;
- make certain investments;
- incur additional indebtedness or issue guarantees, including for the purpose of refinancing of existing indebtedness;
- create or incur security;
- sell, lease, transfer or dispose of assets;
- merge or consolidate with other companies;
- make a substantial change to the general nature of our business;
- pay dividends and make other distributions or restricted payments; and
- enter into transactions with affiliates.

The documentation for such Additional Indebtedness may also provide for certain restrictive financial covenants, the breach of which would lead to an event of default thereunder, as well as other terms (including representations, covenants, mandatory prepayments, trigger events and events of default) which may be more restrictive than the Common Terms Agreement.

The restrictions and limitations contained in the documentation for such Additional Indebtedness, as well as the restrictions contained in the Finance Documents, could affect our ability to operate our business. For example, such restrictions could adversely affect our ability to finance our operations, fund capital expenditure required for the timely compliance with the Concession Agreement and the implementation of our investment plans or finance our capital needs. Additionally, our ability to comply with these covenants and restrictions may be affected by events beyond our control, including, among other things, prevailing economic, financial and industry conditions. A breach of any of these covenants or restrictions could result in a default under the relevant documentation for such Additional Indebtedness.

If an event of default occurs under any relevant documentation for such Additional Indebtedness that is not cured or waived, the holders of the defaulted debt could terminate their commitments thereunder and cause all amounts outstanding with respect to such indebtedness to be due and payable immediately, which in turn could result in cross defaults under other indebtedness, including the Notes. Any such actions could force us into bankruptcy or liquidation, and we may not be able to repay the indebtedness under the Notes in such an event.

We may not have sufficient funds at the time of occurrence of a change of control event or a change of material shareholding event to redeem outstanding Notes

Upon the occurrence of certain events constituting a change of control or a change of material shareholding, holders of the Notes may require us to redeem the Notes at a price equal to 101% of the principal amount, plus accrued but unpaid interest and additional amounts, if any. See Condition 7(l) (*Redemption—Redemption at the option of the Noteholders*). We may not have enough funds or may be unable to arrange for additional financing to pay these amounts when they become due. Such failure to

repay holders tendering Notes upon the occurrence of a change of control event or a change of material shareholding event would result in an event of default under the Notes and could also result in the acceleration of our other outstanding indebtedness. In addition, there can be no assurance that it will be possible to reinvest the redemption proceeds at an effective interest rate as high as the interest rate on the Notes.

If a change of control event or a change of material shareholding event were to occur, we may also be required to prepay or offer to purchase our outstanding indebtedness. We cannot assure you that we would have enough funds to prepay or offer to purchase all or part of our outstanding indebtedness and we may need additional financing from third parties to fund any such purchases. We cannot assure you that we would be able to obtain financing on satisfactory terms or at all.

The change of control and change of material shareholding provisions contained in the Conditions may not necessarily afford you protection in the event of certain important corporate events, including reorganization, restructuring, merger or other similar transaction involving us that may adversely affect you, because such corporate events may not involve a shift in voting power or beneficial ownership or, even if they do, may not constitute a "Change of Control Event" as defined in the Conditions. Except as described under Condition 7(1) (*Redemption—Redemption at the option of the Noteholders*), the Conditions do not contain a provision that requires us to offer to repurchase or redeem the Notes in the event of a reorganization, restructuring, merger, recapitalization or similar transaction.

We may be exposed to claims from the VAT Receivables Purchaser, a secured creditor who has super-senior priority in the pre and post enforcement waterfalls

We have agreed to grant exclusive security over certain of our accounts into which our VAT receivables are paid in favour of the VAT Receivables Purchaser. The VAT Receivables Purchaser has super-senior priority in the pre-enforcement waterfall and the post-enforcement waterfall. We have obligations to the VAT Receivables Purchaser under the VAT Receivables Agreement including undertakings and indemnities, including with respect to the VAT receivables which are purchased by the VAT Receivables Purchaser. If we breach any of our obligations, the VAT Receivables Purchaser has the right to bring legal proceedings against us, and subject to a 6 month standstill, to enforce any judgement that it has been awarded against us. If we breach any of our obligations under the VAT Receivables Agreement, the VAT Receivables Purchaser may also unilaterally terminate the VAT Receivables Agreement, in addition, the VAT Receivables Purchaser could terminate the arrangement voluntarily. Each of these circumstances is likely to impact our cash flow, and particularly if a judgment for damages is awarded against us and we are unable to pay the required amount, the VAT Receivables Purchaser could the agreed standstill period take enforcement action against, or we may otherwise be unable to meet our payment obligations under the Notes.

Risks relating to the Senior Notes

For each Interest Period beginning after the final Drawing Date the Senior Notes will be fixed interest rate securities vulnerable to fluctuations in market interest rates

For each Interest Period beginning after the final Drawing Date, the Senior Notes will bear a fixed interest rate. A holder of a security with a fixed interest rate is exposed to a decrease in the value of such security if the interest rate on the capital markets ("**Market Interest Rate**") increases. 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 value of such security changes in the opposite direction. If the Market Interest Rate increases, the value 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 value of a security with a fixed interest rate typically increases, until the yield of such security is approximately equal to the Market Interest Rate. You should be aware that movements of the Market Interest Rate could adversely affect the market price of the Notes. Currently, Market Interest Rates have been at record low rates. Accordingly, an increase in Market Interest Rates from current levels could cause the value of a fixed-rate security to decrease significantly.

The Senior Noteholders will rank junior in right of payment to the VAT Receivables Purchaser in respect of the Transaction Security

Claims of the Senior Noteholders will rank junior in right of payment to the VAT Receivables Purchaser in respect of any amount due or overdue (including indemnity payments, if any) under the VAT Documents, and interest payments on the Senior Notes will be *pari passu* with the Hedging Banks (if any), in respect of scheduled amounts due and payable to the Hedging Banks (including any termination or close-out amounts payable (other than any Defaulted Hedging Termination Payment)).

As such, in the event of enforcement of the Transaction Security, subject to the above, the Senior Noteholders will not be entitled to receive payments in respect of the Transaction Security until the prior payment in full of the VAT Receivables Purchaser. See "*Description of the Finance Documents—Security Trust and Intercreditor Deed*".

Risks relating to the Junior Notes

The Junior Notes will be fixed-rate securities vulnerable to the fluctuations in market interest rates

For each Interest Period, the Junior Notes will bear a fixed interest rate, subject to step-up as specified in the Conditions. A holder of a security with a fixed interest rate is exposed to a decrease in the value of such security if the interest rate on the capital markets ("**Market Interest Rate**") increases. 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 value of such security changes in the opposite direction. If the Market Interest Rate increases, the value 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 value of a security with a fixed interest rate typically increases, until the yield of such security is approximately equal to the Market Interest Rate. You should be aware that movements of the Market Interest Rate could adversely affect the market price of the Notes. Currently, Market Interest Rates have been at record low rates. Accordingly, an increase in Market Interest Rates from current levels could cause the value of a fixed-rate security to decrease significantly.

The Junior Noteholders will rank junior in right of payment to the Senior Noteholders and the VAT Receivables Purchaser in respect of the Transaction Security

Under the terms of the STID, the Junior Notes will be our general subordinated obligation and will:

- be contractually subordinated in right of payment to any of our senior indebtedness, including obligations in respect of the VAT Receivables Agreement and the Senior Notes and other parties including the Escrow Agent and the Security Agent;
- share, on a subordinated basis, the Transaction Security with the Senior Noteholders; and
- rank *pari passu* in right of payment with any of our existing or future indebtedness (other than senior indebtedness) that is not subordinated in right of payment to the Junior Notes.

The STID will also restrict the rights of the Junior Noteholders to take enforcement action against us. These subordination and other provisions will provide:

- that the Junior Noteholders will not have the right to accelerate the Junior Notes or enforce the Transaction Security except (i) if a Senior Acceleration Event has occurred in which case the Junior Noteholders may take the same Enforcement Action (but in respect of the Junior Liabilities) as constitutes that Senior Acceleration Event but only to the extent applicable to the Junior Noteholders; (ii) in respect of our failure to pay any amounts due in respect of the Junior Liabilities at any time after the Senior Noteholders have failed to take Enforcement Action in accordance with the STID for a period of at least twelve (12) months from the date on which they would have been entitled to take such Enforcement Action; or (iii) the other Secured Creditors have given their prior written consent pursuant to the STID; and
- customary turnover provisions by the Junior Noteholders for the benefit of the Senior Noteholders and the VAT Receivables Purchaser.

See "*Description of the Finance Documents—Security Trust and Intercreditor Deed*".

The proceeds from the offering of the Senior Notes will be made available to us only upon satisfaction of certain conditions precedent to drawdown, which, if not satisfied, will prevent the drawdown and may under certain circumstances result in an Event of Default

The proceeds from the offering of the Senior Notes will initially be deposited in the Escrow Account and then invested in the Liquidity Management Transaction (see "*Description of the Liquidity Management Financing Agreement and Related Security*"). Amounts will be made available to us in instalments by the Counterparty in accordance with the terms of the Liquidity Management Transaction and corresponding amounts will then be made available to us from the Escrow Account in instalments (subject to the delivery of conditions precedent to each drawing specified in the Common Terms Agreement), which conditions precedent shall include certain certifications (in form and substance acceptable to the Project Adviser) to be provided by us and certain confirmations from the Technical Adviser in respect of the verification of construction costs we have incurred (see "*Description of the Finance Documents – Commons Terms Agreement – Drawdowns from the Escrow Account*"). If we fail to satisfy any of the conditions precedent by a Drawing Request Date, the Escrow Agent will not release any funds to us on the relevant Drawing Date until such conditions precedent have been satisfied, which may result in our inability to fund project-related and financing costs.

In addition, our failure to satisfy certain requirements related to information to be provided by us and the Technical Adviser by the Quarterly Review Date or the Semi-Annual Review Date, if not remedied within 60 business days, would result in an Event of Default. If such event arises, we would not be able to release funds from the Escrow Account.

In circumstances where we are unable to drawdown amounts from the Escrow Account, amounts will continue to be paid by our Counterparty to the Escrow Account pursuant to the Liquidity Management Transaction. However, in light of the nature of our payment obligations to our creditors and our contractors, it may not be possible for us to invest all or any part of the balance standing to the credit of the Escrow Account in Authorised Escrow Account Investments. We may therefore incur negative carry costs on such amounts, and this may be a material cost to us, particularly if we are unable to satisfy the conditions precedent to drawdown where there are delays during construction, or if we are otherwise unable to satisfy the relevant conditions precedent to drawdown.

If an Event of Default occurs and is continuing after the applicable cure period, and the Noteholders agree to take enforcement action, the funds invested in the Liquidity Management Transaction or standing to the credit of the Escrow Account will be used to repay the Noteholders according to the post-enforcement priority of payments. In contrast to the proceeds of the Senior Notes, proceeds from the sale of Junior Notes will be immediately made available to us to fund the construction costs, financing costs and other permitted expenses. As a result, the risk profile of the Junior Noteholders will be different from that of the Senior Noteholders.

If certain conditions are not satisfied or waived, the Junior Notes will not be redeemed on the Junior Notes Maturity Date but will then become redeemable pursuant to the Junior Notes Cash Sweep, with any remaining principal amount of Junior Notes being redeemed on the Final Maturity Date

The Junior Notes have a maturity date of 30 June 2027; however, where the requirements specified in Condition 7(g) (*Redemption—Final redemption of Junior Notes*) are not satisfied or waived by a resolution of the Qualifying Secured Creditors, the Junior Notes will be redeemed as soon as possible pursuant to the Junior Notes Cash Sweep in accordance with Condition 7(h) (*Redemption—Junior Notes Cash Sweep*) and in any event no later than the Final Maturity Date. See "*Terms and Conditions of the Notes—Redemption*".

Interest payable in respect of the Junior Notes may be capitalised

There are a number of circumstances under which we will not pay interest due on the Junior Notes in cash and will instead capitalise the interest in accordance with article 1283 of the Italian Civil Code and Condition 5.7 (*Option to Capitalise Interest on Junior Notes*). To the extent any interest in respect of the Junior Notes is capitalised, it will be added to the principal amount outstanding on the Junior Notes and will bear interest in accordance with Condition 5.2 (*Junior Notes*) and be payable in accordance with the Conditions.

In certain circumstances we have the option to request the issuance of additional Junior Notes

In circumstances where an Event of Default has been triggered as a result of a Funding Shortfall which has not been remedied, where our shareholders have the right to effect an equity cure in relation to a breach of the Financial Covenants under the Common Terms Agreement, but do not elect to do so, or where the Junior Noteholders elect to exercise the Junior Noteholder Rights Upon Acceleration, then we shall, in accordance with the provisions of Condition 14 (*Option to Request Issuance of Additional Junior Notes*), give notice to the Junior Noteholders to call a meeting to consider whether to request the issuance of an additional series of Junior Notes. If the Junior Noteholders so instruct us, then we shall use our best endeavours to issue such Additional Junior Notes. Each Junior Noteholder will decide whether it wants to participate or not, with final allocations being made pro rata to such Junior Noteholder's holding, unless agreed differently by it at that time. Such Additional Junior Notes will rank *pari passu* with the Junior Notes and will benefit from the same security package, which could reduce the total proceeds available to any particular Junior Noteholder in the event of an enforcement of Transaction Security.

Risks relating to the Transaction Security

The Notes will be secured only to the extent of the value of the Transaction Security that has been granted as security for the Notes

The Transaction Security securing the Notes will initially comprise the Share Pledge (although the Share Pledge does not cover the totality of our share capital, but only those shares held by SIS), the Assignment by Way of Security of Receivables under the Concession Agreement, the general privilege under the Italian Public Contracts Code (the "**General Privilege**"), the Assignment by Way of Security of Receivables under the Project Documents and the Pledges over Bank Accounts. No appraisal of the value of the Transaction Security has been made in connection with the issue of the Notes.

In addition, the amount to be received upon an enforcement of the Transaction Security would be dependent on numerous factors affecting the financial situation of the assets subject to the Transaction Security at the time of their enforcement.

Furthermore, if an Event of Default occurs and the Notes are accelerated, the Notes will rank equally with the other unsubordinated and unsecured indebtedness with respect to any assets excluded from the Transaction Security. To the extent the claims of the Noteholders exceed the value of the assets securing the Notes and other liabilities, claims related to any excluded assets will rank equally with the claims of the holders of any other unsecured indebtedness. As a result, if the value of the assets pledged as security for the Notes is less than the value of the claims of the Noteholders together with the claims of other secured creditors and any claims of the holders of any *pari passu* additional indebtedness, those claims may not be satisfied in full before the claims of our unsecured creditors are paid.

It may be difficult to realize the value of the Transaction Security

The Transaction Security may be subject to exceptions, defects, encumbrances, liens and other imperfections permitted under the Note Trust Deed and the STID, whether on or after the Issue Date. The existence of such exceptions, defects, encumbrances, liens and other imperfections could adversely affect the value of the Transaction Security, as well as the ability of the Security Agent to realize or foreclose on such Transaction Security. Furthermore, the first-priority ranking of security interests can be affected by a variety of factors, including the timely satisfaction of perfection requirements, statutory liens or re-characterization under local laws.

The Transaction Security may be subject to practical problems generally associated with the realization of security interests in the Transaction Security. The Security Agent may also need to obtain the consent of a third party to enforce a security interest. The Security Agent may not be able to obtain any such consent. In addition, the consent of any third parties may not be given when required to facilitate a foreclosure on such assets. Accordingly, the Security Agent may not have the ability to foreclose upon those assets, and the value of the Transaction Security may significantly decrease. As a result, in these circumstances, the amount recoverable by the Noteholders could be materially reduced or eliminated.

The base case contained in the 2017 Financial Model in "Appendix 2—Summary Financial Model Information" contemplates net senior indebtedness of €1,174 million as of 31 December 2020, after anticipated completion of the Works and having fully used the proceeds of the Offering.

The security interests in the Transaction Security will be granted to the Security Agent rather than directly to the Noteholders and the ability of the Security Agent to enforce certain of the Transaction Security may be restricted by Italian law

The Note Trust Deed and the STID will provide that, to the extent permitted by applicable law, only the Security Agent will have the right to enforce the Transaction Security on behalf of the Note Trustee and the Noteholders. As a consequence of such contractual provisions, you will not be entitled to take enforcement action in respect of the Transaction Security, except through the Security Agent, who will (subject to the provisions of the Note Trust Deed and the STID) provide instructions to the Note Trustee in respect of the Transaction Security and in accordance with the STID.

Furthermore, it is uncertain and untested in the Italian courts whether, under Italian law, security can be created and perfected (i) in favor of creditors (such as the Noteholders) which are neither directly parties to the relevant security documents nor are specifically identified therein or in the relevant share certificates and corporate documents or public registries and (ii) in favor of the Note Trustee, since there is no established concept of "trust" or "trustee" under Italian law and the precise nature, effect and enforceability of the duties, rights and powers of the Note Trustee as agent or trustee for holders of the Notes under security interests on Italian assets is debatable under Italian law.

Given the above and considering that the Noteholders may not directly be a party to the Security Documents governed by Italian law, there is a risk that an Italian court may determine that the Noteholders at the time of enforcement are not secured by the security under the Security Documents governed by Italian law and/or cannot enforce that security.

To address the above potential issue, the STID will provide for the creation of a "parallel debt". Pursuant to the parallel debt and subject to the terms of the STID and to applicable law, the Security Agent, in its individual capacity acting in its own name and not as agent or representative of the Noteholders, will become the holder of a claim equal to each amount payable by us under the Notes. The Transaction Security governed by Italian law will then also secure the parallel debt. To date, Italian courts have not considered the enforceability of certain rights of a trustee benefiting from a parallel debt, and, accordingly, there is no certainty that the parallel debt procedure will per se eliminate or mitigate the risk of unenforceability by the Noteholders of Italian law security interests granted for their benefit. In addition, to the extent that the security interests in the Transaction Security located in Italy created under the "parallel debt" structure are successfully challenged by other parties, there is the risk that you (in relation to which the relevant perfection formalities acknowledging its status of secured creditor are not perfected at the time of the enforcement) will not receive any proceeds from an enforcement of the security interest in the relevant Transaction Security.

In addition, the Transaction Security will be created and perfected, pursuant to article 185 of the New Italian Public Contracts Code in favor of the Security Agent acting in its capacity as representative (*rappresentante*) of the Noteholders. However, the enforceability of Italian law security granted in favor of a representative (*rappresentante*) of the Noteholders pursuant to article 185 of the New Italian Public Contracts Code has not been tested in Italian courts and, therefore, the risk of unenforceability by you of the security documents posed by Italian law cannot be eliminated or mitigated.

Moreover, under Italian law, claims of certain categories of creditors (referred to as *privilegiati*) are given statutory priority in relation to the proceeds of a debtor's property in respect to the claims of other creditors. Such claims are classified either as (i) general privileges or liens (*privilegi generali*) which apply only in respect of all personal property of the debtor, or (ii) special privileges or liens (*privilegi speciali*), which apply only in respect of particular (immovable or movable) property of the debtor. Some of these claims have statutory priority and would therefore be preferred to the claims of the holders of the Notes in case of insolvency proceeding. Such claims include, for example, courts costs, mandatory social security contributions and credits of the government for taxes.

Your rights in the Transaction Security may be adversely affected by the failure to perfect security interests in the Transaction Security

Under Italian law, a security interest in certain tangible and intangible assets can only be properly perfected, and thus retain its priority, if certain actions are undertaken by the secured party and/or the grantor of the security interest. The security interests in the Transaction Security may not be perfected with respect to the claims of the Notes if the Security Agent, we or SIS, as the provider of the Share Pledge, fail or are unable to take the actions required to perfect the security interest on or prior to the Issue Date. There can be no assurance that the Security Agent will monitor, or that we or SIS as the provider of the Share Pledge will inform the Security Agent of the future acquisition of property and rights that should constitute Transaction Security, and that the necessary action will be taken to properly create and perfect the security interest in such after-acquired property and rights. Such failure may result in the invalidity of the relevant security interest in the Transaction Security or adversely affect the priority of such security interest in favor of third parties, including a trustee in bankruptcy and other creditors who claim a security interest in the same Transaction Security.

Our share capital has not been fully paid-in, which could affect the value of the Issuer Share Pledge and Noteholders' ability to realize in full its value

As of the date of this Prospectus, our share capital has been fully subscribed, but not fully paid-in. The Italian Civil Code sets forth specific provisions pursuant to which we may request our shareholders to fully pay-in our share capital in order to, among others, protect the value of the shares which are subject to the Issuer Share Pledge. However, if we fail to take action or our shareholders fail to comply with their obligations, we may ultimately be required to cancel the shares which have not been fully paid-in, which could cause the loss of the pledge over such shares and affect the value of the Issuer Share Pledge and the Noteholders' ability to realize in full the value of the Issuer Share Pledge.

You may be restricted in your ability to enforce the Share Pledge and receive the full value of your security thereunder

Under the Italian Public Contracts Code and the Concession Agreement, we are permitted to carry out the activities under the Concession Agreement through our shareholders, provided that they meet the necessary requirements, or by means of third parties and subcontractors to be identified in compliance with the applicable laws. Furthermore, any of our shareholders through which we were able to meet the qualification requirements for the Concession (in our case, SIS and Itínere Infraestructuras S.A. ("Itínere")) must remain shareholders and guarantee the performance of the obligations under the Concession Agreement until receipt of the provisional acceptance certificate (*certificato di collaudo provvisorio*). The Concession Agreement further requires prior written approval of the Grantor for any transfer of shares to third parties. Upon receipt of any such approval request, the Grantor has 60 days to verify whether the transferee possesses the relevant requirements required for a company to be party to a concession under the Italian Public Contracts Code (including, among other things, the absence of bankruptcy events or convictions for material crimes, such as fraud, corruption or participation in criminal organizations, and the transferee's compliance with tax requirements) or reject such transfer, failing which consent is deemed to be granted. Even after expiry of this 60-day period, the Grantor is always entitled to verify whether any proposed transferee holds the legal requirements to enter into contracts with public entities. In the event that such requirements are not met, the transferred stake must be re-transferred to the original holders within the term indicated by the Grantor, failing which the Concession Agreement will be terminated. As a result of these provisions, you may be restricted in your ability to sell all the shares pledged if the Share Pledge Agreement is enforced during the construction phase of the SPV or otherwise take control over us and receive the full value of their security.

The granting of the security interests in the Transaction Security may create "claw-back" periods for such security interests in accordance with Italian law

The granting of new security interests in connection with the issuance of the Notes, including under the Share Pledge, the Assignment by Way of Security of Receivables under the Concession Agreement, the General Privilege, the Assignment by Way of Security of Receivables under the Project Documents and the Pledge over Bank Accounts, may be voidable by the grantor of such security interest or by an insolvency trustee, liquidator, receiver or administrator or by other creditors, or may be otherwise set aside by a court, or be unenforceable if certain events or circumstances exist or occur, including,

among others, if: (a) the grantor of such security interest is deemed to be insolvent at the time of the grant, (b) the grant permits the secured parties to receive a greater recovery than if the grant had not been given and (c) an insolvency proceeding in respect of the grantor of such security interest is commenced within a legally specified "claw-back" period following the granting or recreation of such security interest. To the extent that the granting or recreation of any security interest in the Transaction Security is voided, Noteholders would lose the benefit of the relevant security interest.

Risks relating to the rights of the Noteholders

Certain Italian law provisions affecting the Notes and the rights of the Noteholders are untested

The Notes are subject to certain provisions of Italian legislation and, in particular, the Italian Public Contracts Code and, with reference to tax provisions, Legislative Decree No. 83/2012, as amended. In particular, article 185 of the New Italian Public Contracts Code and Article 1 of Legislative Decree No. 83/2012, which sets forth specific legal and tax provisions applicable to notes ("*obbligazioni*") issued by us, including the Notes, have been recently amended and are therefore untested under Italian law, may be challenged and, if challenged, may not be upheld by an Italian court and/or any relevant Italian authorities. Any such circumstance may have an adverse impact on Noteholders' rights and on the market value of the Notes. See also "*Risks factors relating to the liquidity of the Notes—The Notes must be purchased, and held at all times, by Qualified Holders*", "*Noteholders may not control certain decisions regarding their rights, including the acceleration of the Notes and the enforcement of Transaction Security, which is also subject to the STID*", and "*Risks relating to taxation—Risks relating to the Italian tax regime applicable to project bonds*" below.

In particular, you would be eligible to benefit from, among other things, the General Privilege and the Step-in Rights under the Italian Public Contracts Code (together, the "**Ancillary Rights**"). The enforcement of the Ancillary Rights may be subject to the occurrence of certain conditions under applicable legislation which may not subsist. In addition, the application and interpretation of the Italian law provisions governing the Ancillary Rights is as yet untested by the courts and by the relevant authorities. As a result, there can be no assurance that any of the Ancillary Rights will be enforceable on the terms, and within the time-frames, envisaged by the Concession Agreement or the Italian Public Contracts Code, or at all.

The Conditions governing the meetings of Noteholders could be subject to Italian law

Article 185 of the New Italian Public Contracts Code exempts the Notes from the application of mandatory Italian law governing Noteholders' meetings and Noteholders' representative. As such, the Note Trust Deed will govern the meetings of Noteholders to the extent Italian law is not amended or modified to provide for the application of the mandatory Italian law governing such meetings. The applicability of Italian law to the provisions governing the meetings of Noteholders could result in the appointment of a Noteholders representative (*rappresentante comune*) pursuant to Article 2417 of the Italian Civil Code.

Noteholders may not control certain decisions regarding their rights, including the acceleration of the Notes and the enforcement of Transaction Security, which is also subject to the STID

The Note Trust Deed will contain provisions for calling meetings of Noteholders to consider matters affecting their interests generally, including, among other things, any proposal to modify the maturity of the Notes or the dates on which interest is payable on them, to reduce or cancel the principal amount of, or interest on, the Notes, or to change the currency of payment of the Notes. These provisions permit defined majorities to bind all Noteholders, including Noteholders who did not attend and vote at the relevant meeting and Noteholders who voted in a manner contrary to the majority. Certain matters affecting the interest of the Noteholders, such as extraordinary voting matters and acceleration enforcement actions require a defined majority of the Qualifying Secured Debt, which is defined as the outstanding principal amount of the Senior Notes. As such, third parties will be involved in certain decisions regarding material matters affecting the Noteholders. Therefore, it is possible that the interests of the Qualifying Secured Creditors will not be aligned with your interests and therefore there can be no assurance that any modification, consent or waiver or the enforcement action taken will be favorable to you.

In addition, under the STID, the ability of the Noteholders to give directions to the Security Agent or the Note Trustee in respect of any modifications, consents and waivers under the Note Trust Deed, the Conditions, the Paying Agency Agreement, the STID, the Transaction Security or other transaction documents to which the Security Agent or the Note Trustee is a party will be restricted. Such modifications, consents and waivers may also include, without limitation, the giving of instructions to enforce the rights of the Noteholders, including with respect to the Collateral. See "*Description of the Finance Documents—Security Trust and Intercreditor Deed*".

Insolvency laws applicable to us may not be as favorable to you as bankruptcy laws in other jurisdictions

We are incorporated in Italy. We will be subject to Italian insolvency laws, which may not be as favorable to Noteholders interests as creditors as the laws of other jurisdictions with which you may be familiar.

Under the Italian bankruptcy law, bankruptcy (*fallimento*) of an Italian company must be declared by a court, upon a petition filed by either the company itself, the public prosecutor and/or one or more creditors. The court will declare the company "bankrupt" if it finds that it is no longer able to regularly meet its obligations as they fall due. This must be a permanent, and not a temporary, status, in order for a court to hold that a company is insolvent.

In addition to the above, some pre-insolvency proceedings are currently available under Italian law for companies facing financial difficulties or temporary cash flow shortfall and, in general, financial distress. It should be noted that the terms of pre-insolvency arrangements may require creditors to waive part of their claims. Furthermore, given certain requirements, a court may also authorize the debtor to incur in new super-senior (so-called *pre-deducibile*) indebtedness, aimed at supporting urgent financial needs related to the company's business (see "*Service of process and enforcement of liabilities*").

After the commencement of a bankruptcy proceeding (and to a lesser extent also after the commencement of some of the pre-bankruptcy proceedings): (i) any transaction entered into by an Italian entity after a declaration of bankruptcy is ineffective with respect to the bankruptcy receiver and all creditors generally; (ii) new super-senior (so-called *pre-deducibile*) indebtedness, aimed at supporting urgent financial needs related to the company's business and the related acts, payments and security interests granted are exempted from the claw-back actions; (iii) subject to certain exceptions, all actions of creditors are stayed and, in order to pursue their claims, all creditors must file a petition with the bankruptcy receiver; (iv) in order to enforce a security interest, secured creditors need to be authorized by the bankruptcy receiver unless the security interest is capable of being created and is created in accordance with Law n. 170 of 2004; and (v) secured claims are paid out of the proceeds of the secured assets, together with interest and expenses.

The proceeds from the liquidation are distributed to the creditors whose claims have been filed and approved by the court in accordance with statutory priority. Italian bankruptcy law provides for priority to the payment of certain preferential creditors, including administrative costs associated with the bankruptcy proceeding and including the costs related to the receiver's running of the company, Italian tax and national social security contributions and employee arrears of wages or salaries. Unsecured creditors are therefore satisfied after payment of preferential and secured creditors, out of available funds and assets (if any).

Similarly to other jurisdictions, there are so-called "claw-back" provisions under Italian law that may give rise, among other things, to the avoidance of payments, security interests or other transactions made or entered into, as the case may be, by the debtor prior to the declaration of bankruptcy. The key claw-back provisions address transactions made below market value, preferential transactions and transactions entered into with a view to defraud creditors. In such cases, Italian bankruptcy law provides for a claw-back period of up to one year (up to two years for gratuitous transactions). Up to six months prior to the declaration of bankruptcy, all types of transactions (including those at arms' length) can be clawed back. Prepayments may be clawed back if made up to two years prior to the declaration of bankruptcy.

We may be entitled to redeem the Notes prior to maturity for tax reasons

In the event that we are required to gross up the amounts payable in respect of the Notes due to any change in or amendment to the laws or regulations of Italy or any of its political subdivisions or of any authority therein or thereof having the power to tax or in the interpretation or administration thereof, we may redeem all outstanding Notes in accordance with the Conditions. If this occurs, there can be no assurance that it will be possible to reinvest the redemption proceeds at an effective interest rate as high as the interest rate on the Notes.

Risks relating to the Liquidity Management Agreement

Capitalised terms used but not defined in this section "*Risk factors relating to the Liquidity Management Agreement*" will, unless otherwise indicated, have the meanings given to them in the section "*Description of the Liquidity Management Agreement and Related Security*" below.

Our ability to meet our obligations under the Notes may depend on receipt of amounts under the Liquidity Management Agreement and the performance of the Counterparty and/or the performance of BNYM

On or about the Issue Date, the Issuer will enter into the Liquidity Management Transaction with the Counterparty pursuant to the Liquidity Management Agreement. Pursuant to the terms of that transaction (including the satisfaction of certain conditions precedent contained therein), in return for the payment to the Counterparty of the net issue proceeds of the Senior Notes, the Issuer will receive certain security interests over the Collateral which will be held in the Secured Accounts, subject to the terms of the Triparty Account Control Agreement and the Security Agreement (as further described in "*Description of the Liquidity Management Agreement and Related Security*" below). The net issue proceeds of the Senior Notes will be repaid to the Issuer in instalments over the term of the Liquidity Management Transaction in return for the release of the security interests over a corresponding portion of the Collateral in accordance with the terms of the Liquidity Management Agreement.

Default by the Counterparty under the Liquidity Management Agreement (or any non-performance or resignation by BNYM) may result in the early termination of the Liquidity Management Transaction. In such circumstances (or any other circumstances that result in the early termination of the Liquidity Management Transaction), the amount due to the Issuer from the Counterparty upon such termination (to the extent not paid in accordance with the terms of the Liquidity Management Agreement) would need to be set-off against the proceeds obtained from enforcement of the security interests over the Collateral. The mark-to-market value of the Collateral (after applying applicable haircuts) is intended to represent at least the then outstanding Repayment Amount due to the Issuer under the Liquidity Management Transaction. However, depending on market conditions or the relevant circumstances of such early termination of the Liquidity Management Agreement, there may not exist a liquid market for the Collateral or the Issuer may be unable to realize an amount on any sale or disposition which is sufficient to recover the then outstanding Repayment Amount, resulting in a shortfall. Valuations in respect of a significant portion of the Collateral, used for maintaining the mark-to-market-value thereof, may, in certain circumstances, be obtained from a third party firm that has been selected by the Counterparty and with which the Issuer is not familiar. If those valuations do not accurately reflect the value of such Collateral, any shortfall may be thereby exacerbated. Any such shortfall represents an unsecured amount that may not be recoverable from the Counterparty, particularly in circumstances where the Counterparty is insolvent. Accordingly, no assurance can be given as to the amount of proceeds of any sale or disposition, or the amount received or recovered upon maturity, of such Collateral, or that the proceeds of any such sale or disposition together with any amounts recovered from the Counterparty would be sufficient to satisfy the Issuer's obligations under the Notes.

Noteholders should also consider that they will have no direct recourse to the Counterparty in the event that the Counterparty fails to pay the Issuer in full the then outstanding Repayment Amount. The rights of the Issuer to pursue the Counterparty (or any liquidator or administrator thereof) in respect of such amounts may only be exercised by the Security Agent on behalf of the Note Trustee and the Noteholders.

Early termination of the Liquidity Management Transaction and/or the Triparty Account Control Agreement and/or the Security Agreement could result in the Issuer becoming liable for additional

costs and/or a delay in Noteholders receiving the sums due to them upon an early redemption of the Notes

Where the Liquidity Management Transaction terminates in whole or in part prior to the Scheduled Termination Date where the Senior Notes are redeemed in whole in accordance with Condition 7(j) (*Redemption for taxation reasons*), Condition 7(k) (*Redemption for an Illegality Event*) and Condition 7(l) (*Redemption at the option of the Noteholders*) or where, following the occurrence of a Senior Note Event of Default, an Enforcement Resolution is passed in accordance with the STID (a "**Note Redemption Event**") or a where the Senior Notes are redeemed in part in accordance with Condition 7(l) (*Redemption at the option of the Noteholders*) (a "**Partial Note Redemption Event**"), the Counterparty will be entitled to deduct an amount equal to any loss or expense incurred, or reasonably expected to be incurred, by it for entering into a replacement transaction for the Liquidity Management Transaction (or applicable portion thereof) or any loss or expense incurred, or reasonably expected to be incurred, by it for replacing or unwinding any hedging transaction in respect of the Liquidity Management Transaction (or applicable portion thereof), in each case assuming the replacement transaction were to terminate on the Scheduled Termination Date (see further the sub-section entitled "*Key Terms of the Liquidity Management Transaction*" in the section "*Description of the Liquidity Management Agreement and Related Security*" below). In such circumstances the sums returned under the Liquidity Management Agreement are likely to be less than the principal amount outstanding of the Senior Notes (or, in the case of a redemption in part, less than the principal amount of the portion of the Senior Notes being redeemed) and, in each case, any accrued interest thereon.

In the event that the Senior Notes are redeemed in whole or in part (otherwise than in accordance with a Note Redemption Event or Partial Note Redemption Event), the Liquidity Management Transaction does not contain a contractual right for the Issuer to reduce the Repayment Amount by an amount corresponding to the portion of the Senior Notes that have been redeemed. It is therefore likely that, in such circumstances, the Issuer would be obliged to pay the Counterparty a break cost or fee to effect such reduction, the amount of which cannot be determined at the time of entry into the Liquidity Management Transaction and which may be material. It is also possible that the Issuer may be unable to effect such reduction and this may result in a shortfall in the amounts available in the Escrow Account to redeem the Senior Notes and such shortfall will be borne by the Noteholders.

In respect of any early redemption of the Senior Notes (whether in whole or in part and whether due to an acceleration or redemption in accordance with the Conditions or otherwise), there is also a risk that there will be a delay in the Issuer receiving funds from the Counterparty following termination of the Liquidity Management Transaction. Such delay is likely to mean that the Issuer will be unable to pay Noteholders the sums due to them on the date such sums fall due following an early redemption until it has received the same from the Counterparty.

In addition, Noteholders should also consider that if an '*Event of Default*' (as defined in the Liquidity Management Agreement) occurs where the Counterparty is the 'non-Defaulting Party' (as defined in the Liquidity Management Agreement), the Liquidity Management Agreement provides that the Issuer will be liable for any loss or expense the Counterparty incurs in entering into replacement transactions or in otherwise hedging its exposure in connection with the termination of the Liquidity Management Transaction (see further below "*Description of the Liquidity Management Agreement and Related Security*"). Such additional costs may result in the Issuer not receiving in full the Repayment Amount due to it and could correspondingly result in a shortfall in the sums available for distribution to Noteholders.

Furthermore, the Triparty Account Control Agreement provides that in all circumstances, including upon an early termination of such agreement, the Issuer will be liable (on a joint and several basis with the Counterparty) to indemnify BNYM and each of its affiliated companies and associates against any losses that any of them incurred in connection with the Triparty Account Control Agreement or which arise as a result of the action or inaction of the Issuer, the Counterparty, a third party or BNYM in connection with the Triparty Account Control Agreement (except in the case of any losses directly arising out of the negligence, fraud or wilful default of BNYM or its affiliated companies or associates). Such costs could be material and may need to be paid in their entirety by the Issuer where the Counterparty is unwilling or unable to make such payment.

Entry into the Liquidity Management Transaction may not achieve its intended benefits and/or negatively impact our cashflow

There are certain circumstances in which the intended benefits of the Liquidity Management Transaction may not be achieved or may only be achieved in part. On each date on which the Issuer receives a cash amount representing a portion of the Repayment Amount (each a Repayment Instalment Amount as due to the Issuer from time to time in accordance with the Payment Schedule) against the release of a corresponding portion of the Collateral, this amount will then in turn be available to be drawn from the Escrow Account (in accordance with the terms of the Escrow Agreement) in order to fund, among other things, the construction costs of the Project. However, Noteholders should be aware that payments under the Liquidity Management Transaction may not completely match payments required to be made by the Issuer in accordance with the construction budget, especially in the case where there is a shortfall in equity contributions coupled with an increase in construction costs. While the rate at which the Liquidity Management Transaction "amortises" over the construction period is not completely fixed (thereby providing the Issuer with a degree of flexibility in this regard), at any given time there is a limit to the minimum and maximum amount of cash that the Issuer may require the Counterparty to repay to the Issuer against the release of a corresponding portion of the Collateral. These limits are set out in the Liquidity Management Transaction in the form of the Lower Bound Amount and the Upper Bound Amount. If, however, the Issuer wishes to increase the amount it receives, it must give at least 95 calendar days' notice to the Counterparty and, once it has exercised such right in respect of one repayment, the following repayments will be reduced to compensate, meaning that, having exercised the right once, the Issuer will have to continue to exercise its right by giving 95 calendar days' notice to maintain the increase in cash-flow. Furthermore, while the Lower Bound Amount is intended to accommodate any shortfall in equity contribution, to the extent that any such shortfall is coupled with an increase in construction costs, it is likely that the cash available from the Liquidity Management Transaction may be insufficient to cover the Issuer's requirements.

Consequently, there is a risk that if the actual construction budget is significantly accelerated compared to the initial budget or there are cost overruns, the Issuer will not have the right to require the Counterparty, to repay an additional portion of the Repayment Amount corresponding to the additional Project costs incurred by it once the Lower Bound Amount is reached. The required notice period also limits the flexibility the Issuer has to adjust the cash-flow from the Liquidity Management Transaction as it must specify its requirements at least 95 calendar days in advance. These factors could have a negative impact on the Issuer's ability to meet the costs of the Project in such circumstances. If the Project is not proceeding as quickly as planned the Issuer will still be due to receive a payment from the Counterparty to reduce the Liquidity Management Transaction to the Upper Bound Amount (and be required to release the relevant portion of the Collateral to the Counterparty) even though the Issuer may not be able to immediately use the proceeds in meeting Project costs. If the Issuer has to maintain such amounts in cash, both the negative carry it suffers and the amount of negative interest (to the extent applicable) it will have to pay are likely to increase and it will have an unsecured exposure to the Escrow Agent while it holds such funds.

Noteholders should also be aware that the Counterparty, pursuant to the terms of the Liquidity Management Transaction, will pay the Issuer an interest amount that includes a floating rate calculated on the then outstanding unpaid Repayment Amount. While such interest amount is subject to a zero floor, it will fluctuate throughout the term of the Liquidity Management Transaction. As such, the amount of interest the Issuer will earn is not fixed and may be zero.

Noteholders should also consider in respect of each of the above limitations the fact that the Issuer does not have the right to reduce the rate of amortization such that the remaining balance of the Repayment Amount due under the Liquidity Management Transaction exceeds the Upper Bound Amount or increase the rate of amortization such that the remaining balance of the Repayment Amount due under the Liquidity Management Transaction falls below the Lower Bound Amount without the agreement of the Counterparty (and, in all likelihood, the payment of a break cost or fee). It may be possible for the Issuer to agree to enter into certain other arrangements to utilize such funds but the rate (which may be negative) at which the Issuer enters into such arrangements would need to be agreed with the relevant counterparty at the relevant time. This will be the case notwithstanding that the Issuer has amended the construction timeline or has otherwise made changes to its construction budget in accordance with the terms of the Transaction Documents which accelerate or delay its cash requirements. As such, any

mismatch between the Repayment Amount Instalment Dates and the actual Project costs may result in a negative impact on the Issuer's cash flow.

Furthermore, upon the occurrence of a Partial Note Redemption Event, the terms of the Liquidity Management Agreement provide that the Lower Bound Amounts and the Upper Bound Amounts shall be reduced accordingly. It is stated that such reduction will be made on the basis that each current and future Lower Bound Amount and/or Upper Bound Amount that exceeds the then outstanding Repayment Amount shall be reduced to the Repayment Amount that is outstanding following payment of the amount corresponding to that owed to Noteholders upon the occurrence of the Partial Note Redemption Event (and that any amounts equal to or lower than the then outstanding Repayment Amount shall remain unchanged). Such requirements are likely to reduce, potentially for a considerable part of the term of the Liquidity Management Transaction, the flexibility provided to the Issuer by the Lower Bound Amount and the Upper Bound Amount. This could create a greater risk of a mismatch between the Repayment Amount Instalment Dates and the actual Project costs which may result in a further negative impact on the Issuer's cash flow.

Holders are also exposed to the operational, legal and credit risks relating to the collateral arrangements and the structure of the Secured Accounts and the credit risk and non-performance of BNYM and/or any sub-custodian

Noteholders should consider that the Secured Accounts are not opened in the name of the Issuer but rather are opened by BNYM in the name of the Counterparty. Consequently, the Issuer is exposed to the risk that BNYM may not properly segregate the Collateral in its books and records or perform other obligations in connection with the Liquidity Management Agreement. This may lead to a termination of the Liquidity Management Agreement and/or a shortfall in the Collateral available to fund the then outstanding Repayment Amount. In such circumstances, that shortfall would represent an unsecured amount that may not be recoverable from BNYM.

Furthermore, BNYM may, to the extent permitted in accordance with the terms of the Triparty Account Control Agreement, hold certain cash and/or securities sub-accounts with other custodial entities ("**sub-custodians**"). Collateral which, pursuant to the terms of the Triparty Account Control Agreement, is to be held with BNYM in a Secured Account may therefore in practice be held by BNYM in sub-accounts with sub-custodians. Where the assets are held by a sub-custodian on behalf of BNYM, they will be held pursuant to separate agreements which may vary in relation to any particular sub-custodian and which may not be governed by English law or located in England and Wales. Security interests in respect of the assets also may be created pursuant to separate agreements which may not be governed by English law (see also further below "*Security – Clearing Systems*"). A sub-custodian, securities depositary or clearing system may have a lien or rights of set-off with respect to the assets held with them in relation to any of their fees and/or expenses. If such fees and/or expenses are not paid, such sub-custodian, securities depositary or clearing system may exercise such lien or rights of set-off and this may adversely affect the amount of Collateral available to the Issuer in the case of a default by the Counterparty.

BNYM is not liable for any losses arising from the action, inaction or insolvency of any sub-custodian in performing its duties (unless the losses are directly arising out of the negligence, fraud or wilful default of a sub-custodian which is an affiliated company of BNYM) except where such losses arise from the failure by BNYM to exercise reasonable care in monitoring the services and reports provided to it by such sub-custodian. Accordingly, the Issuer (and indirectly Noteholders) will be exposed to, amongst other things, the risk of any potential operational disruption or any other adverse impact related to BNYM and any sub-custodian (including disruption or adverse impact caused by any insolvency proceedings which may be commenced in respect of BNYM and/or any such sub-custodian).

Noteholders should also consider that the Triparty Account Control Agreement permits the Counterparty to serve a 'Control Event Notice' (as defined in the Triparty Account Control Agreement) to BNYM (with a copy to the Issuer) and thereby request that the security constituted by Security Agreement over the Collateral is released and the Collateral returned to it. Although the Counterparty covenants in the Triparty Account Control Agreement to only serve such notice when all of its obligations to the Issuer pursuant to the Liquidity Management Transaction have been discharged, there is a risk that the Counterparty may fail to comply with such covenant and, in such circumstances, BNYM is under no direct obligation in the Triparty Account Control Agreement to verify the

circumstances in which that notice is being served. There are various risks associated with this process, including (but not limited to) delays in the Issuer taking appropriate action upon receipt of such notice and/or that the Issuer only has a limited period in which to obtain a court order in the event that it disputes the giving of such notice (and there is no assurance that it will be able to obtain such order on a timely basis or at all). As a result, it is possible that the Collateral may be released from the security constituted by the Security Agreement and transferred to the Counterparty from the Secured Account before the Counterparty has discharged its obligations pursuant to the Liquidity Management Transaction, which could lead to the Issuer having an unsecured exposure to the Counterparty and a resulting adverse effect on the amounts that the Issuer is able to recover in respect of the Liquidity Management Transaction in the case of a default by the Counterparty.

Separately, the Triparty Account Control Agreement also provides for additional steps to be taken for the Issuer to serve a 'Notice of Exclusive Control' (as defined in the Triparty Account Control Agreement) to BNYM (with a copy to the Counterparty) and thereby request the Collateral is transferred to it where the security constituted by the Security Agreement has become enforceable. As with the service of a 'Control Event Notice' by the Counterparty (as described in the paragraph above) there are various risks associated with this process and there can be no assurance that the Issuer will receive the Collateral from BNYM on a timely basis. This could lead to the Issuer having an unsecured exposure to the Counterparty and a resulting adverse effect on the amounts that the Issuer is able to recover in respect of the Liquidity Management Transaction in the case of a default by the Counterparty.

Lastly, Noteholders should also consider that any Cash Collateral held by BNYM will represent a debt owed by BNYM to the Counterparty and/or the Issuer, as the case may be. In the case that insolvency proceedings are commenced in respect of both BNYM (and/or any sub-custodian) and the Counterparty, such Cash Collateral may not be returned to the Issuer in full thereby reducing the level of Collateral the Issuer can recover upon an enforcement of the security constituted by the Security Agreement.

Security – clearing systems

Securities Collateral (or other assets forming part of the Securities Collateral which are in the form of securities (if any)) will be held by the Custodian (pursuant to the terms of the Triparty Account Control Agreement) on behalf of the Counterparty. Those assets held in clearing systems will not be held in special purpose accounts and will be fungible with other securities from the same issue held in the same accounts on behalf of the other customers of the Custodian or its sub-custodians, as the case may be. The Security Agreement (as created under English law) will, in relation to the Securities Collateral that are held through the Custodian, take effect only as a security interest over (i) the beneficial interest of the Counterparty in its share of the pool of securities fungible with the relevant Securities Collateral held in the accounts of the Custodian on trust for the Counterparty and (ii) the Counterparty's ancillary contractual rights against the Custodian in accordance with the terms of the Triparty Account Control Agreement which may expose the Issuer to the risk of loss in the case of a shortfall of such securities and other assets in the event of insolvency of the Custodian or its sub-custodians. The Issuer shall not obtain any additional security interest to the Security Agreement in respect of the Collateral and will be exposed to both the risks associated with holding assets in a chain of intermediaries as well as any ineffective security interests as a result of such holding and any failure to secure or perfect its interest in respect of the Securities Collateral in accordance with all applicable laws in the jurisdictions in or through which it is held. As discussed further below (see "*Concentration risk and other material risks associated with the Securities Collateral*"), given the Securities Collateral may be from (and ultimately be held in or through organisations based in) a number of emerging market jurisdictions, the potential likelihood of such ineffectiveness of the security constituted by the Security Agreement (particularly where the assets are held in a chain of intermediaries) is greater given that the legal systems in such jurisdictions may not be as sophisticated and/or developed as those in more established jurisdictions. Furthermore, to the extent that the asset or right subject to the Security Agreement is situated outside England and Wales or is governed by a foreign law, Noteholders bear the risk of any insufficiency in that security arrangement.

In addition, custody and clearance risks may be associated with Securities Collateral and Cash Collateral. There is a risk, for example, that such securities could be counterfeit, or subject to a defect in title or claims to ownership by other parties, including (as mentioned above) custody liens or rights

of set-off imposed by standard custody terms at various stages in the chain of intermediary ownership of such Securities Collateral.

Any risk of loss arising from any insufficiency or ineffectiveness of the security constituted by the Security Agreement or the custody and clearance risks which may be associated with assets comprising the Securities Collateral will be borne by the Issuer and, although it may manifest itself only upon an insolvency or other credit related event as relating to the Counterparty or BNYM, it may adversely affect the amounts that are available for distribution by the Issuer to Noteholders.

A court may characterise the security created under the Security Agreement as a floating charge rather than a fixed charge

Notwithstanding that the security over the Secured Accounts and related assets created by the Security Agreement is expressed to be a fixed charge, there is a risk that a court would characterise it as a "floating" charge. The distinction between a fixed charge and a floating charge depends on a number of factors, including the extent of the control exercised over the collateral by the collateral taker. It is a mixed question of fact and law. If a fixed charge is recharacterised as floating charge, the claims of certain statutorily defined preferential creditors of the Counterparty would have priority over the rights of the Issuer to the proceeds of enforcement of the Collateral. As a result, the amount recovered by the Issuer as a result of its enforcement of the security constituted by the Security Agreement over the Collateral may not be sufficient to repay the sum due to the Issuer from the Counterparty, resulting in a potential loss and, therefore, the inability of the Issuer to satisfy its obligations under the Notes.

The Security Agreement may not constitute a security financial collateral arrangement and associated risks

The security arrangements created by the Security Agreement will only constitute a 'financial collateral arrangement' as a matter of English law for the purposes of the Financial Collateral (No.2) Regulations 2003 (the "**Regulations**") if, among other requirements, the assets subject to the security constituted by the Security Agreement are themselves cash or financial instruments which constitute "financial collateral" and such assets are "delivered, transferred, held, registered or otherwise designated so as to be in the possession or under the control of the collateral-taker or a person acting on its behalf" (the "**Control Requirement**").

If any securities comprising the Securities Collateral were found not to satisfy the definition of 'financial collateral' in the Regulations, then this is likely to mean that no 'financial collateral arrangement' exists in respect of such securities.

There is also a risk that the security constituted by the Security Agreement may not satisfy the Control Requirement as a matter of English law due to, among other considerations, certain provisions contained in the Triparty Account Control Agreement.

In either case, this may result in such arrangements not constituting 'financial collateral arrangements' for the purposes of laws transposing Directive 22/47/EC of the European Parliament and of the Council on 6 June 2002 on financial collateral arrangements, as amended and supplemented as a matter of the laws applicable in other relevant EU Member States. Please see, in particular "*We may not be entitled to have control over the sale of the Collateral in case of the Counterparty's insolvency*" below.

Should the Security Agreement not constitute a 'financial collateral arrangement' for any of the foregoing reasons (or if the Security Agreement fails to meet any other requirement for a 'financial collateral arrangement'), this may result, among other things, in an unsecured exposure to the Counterparty in the event of its insolvency leading to a shortfall in the amounts available for distribution to Noteholders. Such risk has been mitigated by certain provisions in the Triparty Account Control Agreement but there is no guarantee these will be effective.

Likewise, Noteholders should consider that if, among other things, the Security Agreement does not constitute a 'financial collateral arrangement' and/or constitute a valid security interest in respect of the Collateral and/or the validity of the Liquidity Management Agreement is challenged, upon any bankruptcy, insolvency, resolution, liquidation, reorganization of (or the application of similar laws to) the Issuer or the Counterparty, unforeseen issues or delays could arise in recovering the amounts due to the Issuer under the Liquidity Management Agreement from the Counterparty.

The Security Agreement will not be a registered security interest

To the extent that the security created, or purported to be created, by the Security Agreement is registrable in accordance with section 859A of the Companies Act 2006 and does not constitute a "financial collateral arrangement" for the purposes of the Financial Collateral Regulations, relevant particulars of the Security Agreement (together with the Security Agreement itself) must be delivered to the Registrar of Companies in England and Wales for registration within 21 days beginning with the date after the day on which the relevant security is created, failing which the security created, or purported to be created, by the Security Agreement will be void against a liquidator, administrator and any creditor of the Counterparty. If, as described above, the Security Agreement is found to not constitute a 'financial collateral arrangement', the security interests under the Security Agreement are likely to be void for lack of registration and this, in turn, could result in an unsecured exposure to the Counterparty in the event of its insolvency leading to a shortfall in the amounts available for distribution to Noteholders.

We may not be entitled to have control over the sale of the Collateral in case of the Counterparty's insolvency

The application of insolvency law in respect of the Counterparty may adversely affect the enforcement of the Issuer's rights in respect of the Collateral and the rights against the Counterparty and any other party to the Liquidity Management Agreement under the Liquidity Management Agreement may be limited by bankruptcy, insolvency, liquidation, moratorium, reorganisation, restructuring, resolution and other laws of general application relating to or affecting the rights of creditors. The likelihood of any such application in relation to the Counterparty is dependent on, amongst other things, prevailing financial and economic factors, the liquidity and capital position of the Counterparty and other legal or regulatory risks, which may be generally applicable to institutions such as the Counterparty or particular to the Counterparty. The Issuer may also be exposed to the financial condition of other members of the Counterparty's consolidated group.

To the extent that English insolvency law is applicable, there are a number of potential restrictions and grounds for challenge that may apply to the Liquidity Management Agreement, and, in particular, the security interests created in favour of the Issuer pursuant to the Security Agreement. These are described below. Investors should note, however, that the courts or regulatory bodies of a jurisdiction other than England and Wales may seek to assert jurisdiction over any insolvency proceedings in respect of the Counterparty, whether on a consolidated basis or otherwise.

Effects of Administration

Under Section 8 and schedule B1 of the Insolvency Act 1986 (the "**Insolvency Act**") a company may enter into administration in certain circumstances, the effect of which would be that, during the period for which the company is in administration, the affairs, business and property of the company will be managed by an administrator, with such administrator being appointed for that purpose by the court, the holder of a qualifying floating charge, the company or directors of the company, as the case may be. Administration may restrict enforcement of the rights against the Counterparty or other relevant party under the Liquidity Management Agreement in the following circumstances.

If:

- (i) a company has entered administration under the Insolvency Act; or
- (ii) an administration application in respect of the company has been made and the application has not yet been granted or dismissed, or the application has been granted but the administration order has not yet taken effect; or
- (iii) a copy of a notice of intention to appoint an administrator under paragraph 14 of schedule B1 to the Insolvency Act is filed with the court, the appointment of the administrator has not yet taken effect and the period of five business days from the date of filing is yet to expire; or
- (iv) a copy of notice of intention to appoint an administrator is filed with the court under paragraph 27(1) of schedule B1 to the Insolvency Act, the appointment of the administrator has not yet taken effect and the period of ten business days from the date of filing is yet to expire,

then no steps may be taken by any creditor to recover any debt or to enforce any security over any of the property of the relevant company (unless that 'security' comprises a financial collateral arrangement under the Financial Collateral Regulations) except with the permission of the court or, after the company has entered administration, the administrator.

Further, under paragraphs 70 and 71 of schedule B1 of the Insolvency Act, an administrator (with the permission of the court in the case of property subject to fixed security) may dispose of property subject to any security (other than where such security comprises a financial collateral arrangement under the Financial Collateral Regulations), free of the security, provided that:

- (i) in the case of property which is the subject of any floating security, the holder of the security has the same priority in the acquired property directly or indirectly representing the property disposed of as it had in the property disposed of; and
- (ii) in the case of the fixed security, the net proceeds of the disposal (together with any amount which the courts determine is necessary to make good any deficiency in such proceeds from the net amount which would be realised on a sale of the property at market value) are applied towards discharging the sums secured by the security.

An administration order may only be made if the court is satisfied that the purpose of administration is reasonably likely to be satisfied. A company may only be placed into administration under paragraph 14 or 22 of schedule B1 of the Insolvency Act if a statement is filed at court by the proposed administrator that, in his opinion, the purpose of administration is reasonably likely to be achieved. The purpose of administration is:

- (i) rescuing the company as a going concern;
- (ii) achieving a better result for the company's creditors as a whole than would be likely if the company were wound up (without first being in administration); or
- (iii) realising property in order to make a distribution to one or more secured or preferential creditors.

The administrator must perform his functions with the objective in paragraph (i) above unless he thinks either that it is not reasonably practicable to achieve that objective or if the objective in paragraph (ii) above would achieve a better result for the company's creditors as a whole. The administrator may perform his functions with the objective specified in paragraph (iii) only if he thinks it is not reasonably practicable to achieve either of the objectives specified in paragraph (i) or (ii) and he does not unnecessarily harm the interests of the company's creditors as a whole.

The Insolvency Act 1986

The insolvency or liquidation of the Counterparty could affect the transaction contemplated by the Liquidity Management Agreement if sections 238, 239, 240, 244 or 245 or 423 to 425 of the Insolvency Act apply and certain conditions set out in those provisions are met. In addition, the liquidation of the Counterparty could affect the transaction contemplated by the Liquidity Management Agreement if sections 127, 178 or 186 of the Insolvency Act apply. These provisions are explained further below.

(i) Transactions at an Undervalue

Under sections 238 and 240 of the Insolvency Act, if a company enters into a transaction with any person at an undervalue, that is, if it:

- (A) makes a gift to or otherwise enters into a transaction with a person on terms that provide for the company to receive no consideration; or
- (B) enters into a transaction (such as a sale and purchase) with a person for a consideration the value of which, in money or money's worth, is significantly less than the value, in money or money's worth, of the consideration provided by the company,

then, in the event of the insolvency of the company, the company's administrator (including a bank administrator or special administrator) or liquidator may apply to an English court for an order to restore the company to the position it would have been in if the company had not entered into the transaction. The company's administrator or liquidator also has power to assign the claim to a third party. An application to the court for such an order may be made if (1) the transaction was entered into within two years ending with the onset of insolvency (as defined in section 240(3) of the Insolvency Act) or at a time between the making of an administration application in respect of the company under Schedule B1 of the Insolvency Act and the making of an administration order on that application or at a time between the filing with the court of a copy of notice of intention to appoint an administrator under paragraph 14 or 22 of schedule B1 to the Insolvency Act and the making of an appointment under the respective paragraph and (2) at the time of the transaction the company was unable to pay its debts within the meaning of section 123 of the Insolvency Act (or, in the case of an investment bank special administration, regulation 2 of the Investment Bank Special Administration Regulations 2011) or became unable to pay its debts within the meaning of that section in consequence of the transaction. There will however be a rebuttable presumption that the company is or has become unable to pay its debts in consequence of entering into the transaction if the transaction was with a connected party. The court, however, will not make an order in respect of a transaction at an undervalue if it is satisfied that the company entered into the transaction in good faith and for the purpose of carrying on its business and that, at the time it did so, there were reasonable grounds for believing that the transaction would benefit the company.

For the purpose of assessing value under section 238, the House of Lords in *Phillips v Brewin Dolphin Bell Laurie Ltd* [2001] 1 ALL ER 673 held that the issue was not to identify the "transaction", but to identify the consideration for which the company in liquidation had entered the transaction, which was a question of fact. If the company enters a transaction on terms that the third party will enter into some other agreement, then the consideration for the transaction will be the combination of the consideration in the two agreements together. While the identification of consideration is a question of fact, as the parties would not have entered into any one agreements that forms part of the Liquidity Management Agreement without the transaction as a whole being executed, it is likely that the court would view the transaction as a whole in determining the consideration, rather than looking at any of the individual Agreements only. However the possibility of the court having regard only to a particular Agreement within the transaction cannot be ruled out.

However, in the case of the Counterparty's obligations under the Liquidity Management Agreement, on the assumption that the Counterparty was not, at the time it entered into the Liquidity Management Agreement unable to pay its debts and did not become unable to pay its debts as a consequence of its entry into such obligations and that the Counterparty entered into such obligations in good faith and for the purpose of carrying on its business, the entry into the Liquidity Management Agreement by the Counterparty will not be a transaction at an undervalue within the meaning of sections 238 and 240 of the Insolvency Act.

(ii) *Preferences*

Under sections 239 and 240 of the Insolvency Act, if a company does anything or suffers anything to be done at a relevant time which (in either case) has the effect of putting a person who is one of the company's creditors or a surety or guarantor for any of the company's debts or liabilities into a position which, in the event of the company going into insolvent liquidation, will be better than the position that person would have been in if that thing had not been done, that company has given a preference to that person. If (A) the preference is given to a person who is not connected with the company within six months (and if so connected, within two years) ending with the onset of insolvency (as defined in section 240(3) of the Insolvency Act) or at a time between the making of an administration application in respect of the company and the making of an administration order on that application or at a time between the filing with the court of a copy of notice of intention to appoint an administrator under paragraph 14 or 22 of schedule B1 to the Insolvency Act and the making of an appointment under the respective paragraph, and (B) at the time of the transaction the company was unable to pay its debts within the meaning of section 123 of the Insolvency Act (or, in the case of an investment bank special administration, regulation 2 of the Investment

Bank Special Administration Regulations 2011) or became unable to pay its debts within the meaning of that section in consequence of the transaction, an administrator (including a bank administrator or special administrator) or liquidator of the company may apply to the court for an order (or may assign the claim to a third party to pursue) and the court may make such an order as it thinks fit for restoring the position to what it would have been if the company had not given the preference. However, a court is not permitted to make an order unless the company which gave the preference was influenced in deciding to give it by a desire to produce, in relation to the person to whom it was given, the effect mentioned above.

Assuming that the Counterparty was not, at the time it entered into the Liquidity Management Agreement, unable to pay its debts within the meaning of section 123 of the Insolvency Act or regulation 2 of the Investment Bank Special Administration Regulations 2011, and did not become unable to pay its debts in consequence thereof, entry into the Liquidity Management Agreement by the Counterparty will not constitute the granting of a preference within the meaning of sections 239 and 240 of the Insolvency Act.

(iii) *Transactions Defrauding Creditors*

Under sections 423 to 425 of the Insolvency Act if a company, amongst other things, enters into a transaction with a person for a consideration the value of which, in money or money's worth, is significantly less than the value, in money or money's worth, of the consideration provided by that company then an English court can, if satisfied either that the transaction was entered into by the company in order to put the assets beyond the reach of a person who is making or may make a claim against the company or that the transaction may prejudice the interests of such a person in relation to such a claim, make an order restoring the position to what it would have been if the transaction had not been entered into and protecting the interests of the person so prejudiced. The court will not make any order unless there was intent to defraud such persons.

(iv) *Avoidance of Certain Floating Charges*

Section 245 of the Insolvency Act may apply to any floating charge created by the Security Agreement and any of the other security interests expressed to be created thereby which are held to take effect as a floating charge (as to which see further "*A court may characterise the security created under the Security Agreement as a floating charge rather than a fixed charge*") other to the extent that any such security comprises a financial collateral arrangement under the Financial Collateral Regulations.

Under section 245 of the Insolvency Act, a floating charge is invalid if created in the period of 12 months (or two years if created in favour of a connected person as defined in section 249 of the Insolvency Act) ending with the onset of insolvency (as defined in section 245(5) of the Insolvency Act) or at a time between the making of an administration application in respect of the company and the making of an administration order on that application or at a time between the filing with the court of a copy of notice of intention to appoint an administrator under paragraph 14 or 22 of schedule B1 to the Insolvency Act and the making of an appointment under the respective paragraph, except to the extent of the aggregate of (amongst other consideration) the value of so much of the consideration for the creation of the charge as consists of money paid, or goods or services supplied, to the company at the same time as or after the creation of the charge and the amount of interest (if any) payable thereon. If the floating charge is granted to a person not connected with the company, it is necessary that the charging company shall have been unable to pay its debts within the meaning of section 123 of the Insolvency Act (or, in the case of an investment bank special administration, regulation 2 of the Investment Bank Special Administration Regulations 2011) at the time the charge was created, or as a result of entering into the transaction in which the charge was created, in order for the charge to be invalidated under section 245 of the Insolvency Act.

(v) *Extortionate Credit Transactions*

In a winding up or administration (including a bank administration or investment bank special administration) the court has wide powers under section 244 of the Insolvency Act to set aside obligations and vary the terms of transactions or security for or involving the provision of

credit to the company in question if any such transaction was entered into or security given during the three years ending on the day on which the company entered administration or went into liquidation and is held to be "extortionate" i.e. if, having regard to the risk accepted by the person providing the credit:

- (A) the terms of it are or were such as to require grossly exorbitant payments to be made (whether unconditionally or in certain contingencies) in respect of the provision of the credit; or
- (B) it otherwise grossly contravened ordinary principles of fair dealing.

Assuming that the relevant transaction entered into pursuant to the Liquidity Management Agreement is at market rates and prices, the transaction contemplated thereby should not be regarded as extortionate. However, this is a question of fact.

(vi) *Disposition After Presentation of Winding Up Petition*

Should a winding up of a company by the court commence then, retrospectively, any disposition of a company's property (which may include the grant of security) made after the presentation of a winding-up petition against the company will be void unless the court otherwise orders or unless that property or the security granted is subject to a disposition or is created or otherwise arises under a financial collateral arrangement under the Financial Collateral Regulations.

(vii) *Disclaimer of Onerous Contracts*

A liquidator of any company may (on the application of someone that has contracted with that company) pursuant to section 178 of the Insolvency Act disclaim any onerous property which includes any unprofitable contract and any other property of a company which is unsaleable or not readily saleable or is such that it may give rise to a liability to pay money or perform any other onerous act. A person sustaining loss or damage in consequence of the operation of such a disclaimer is deemed an unsecured creditor of the relevant company to the extent of such loss or damage. A liquidator may not, however, disclaim property comprising a financial collateral arrangement under the Financial Collateral Regulations.

(viii) *Rescission*

Any person who is entitled to the benefit or burden of a contract with any company which is in liquidation may apply pursuant to section 186 of the Insolvency Act to the court for an order rescinding such contract on such terms as to payment by or to either party of damages for non-performance of the contract, or otherwise as the court thinks just. Any damages payable to such a person may be proved by him as an unsecured debt in the winding-up of the insolvent company.

As noted in the foregoing, the application of such provisions to the Liquidity Management Agreement (including the security created pursuant to the Security Agreement), the Counterparty and any other parties to the Liquidity Management Agreement, is ultimately a question of fact at the relevant time. As such, it cannot be excluded that an English court may come to the conclusion that the provisions of the Insolvency Act set out above are applicable and that the Liquidity Management Agreement and the terms thereof (including, but not limited to the transfer of Collateral to the Secured Accounts and/or the granting of the security interest over the Collateral) might be subject to successful avoidance. Accordingly, a significant shortfall may arise in the amounts available for distribution to Noteholders.

Risks associated with the EU's Bank Recovery and Resolution Directive

Potential investors should further note that both the Counterparty and BNYM may be subject to recovery and resolution measures pursuant to national laws transposing and implementing Directive 2014/59/EU of the European Parliament and Council of 15 May 2014 establishing a framework for the recovery and resolution of credit institutions and investment firms ("**BRRD**"). These measures are intended to be used prior to the point at which any insolvency proceedings with respect to such entity could have been initiated. Recovery and resolution measures available to a resolution authority (being a relevant regulator of such entity) include the ability to modify contractual arrangements in certain

circumstances; powers to suspend enforcement or termination rights that might be invoked as a result of the exercise of the resolution powers; and powers for a resolution authority to disapply or modify laws (with possible retrospective effect). A resolution authority may also exercise the "bail-in tool" to enable it to recapitalise an institution in resolution by allocating losses to its shareholders and unsecured creditors (which could, in certain circumstances, include the Issuer) in a manner that is consistent with shareholders and creditors not receiving a less favourable treatment than they would have received in ordinary insolvency proceedings of the relevant entity (known as the "no creditor worse off" safeguard). The bail-in tool also includes the power to cancel a liability or modify the terms of contracts for the purposes of reducing or deferring the liabilities of the relevant entity under resolution and the power to convert a liability from one form or class to another. The assets secured pursuant to the Security Agreement will, subject to the risks outlined in the foregoing paragraphs (from "*The Security Agreement may not constitute a security financial collateral arrangement and associated risks*" to this paragraph), be unaffected by any recovery and resolution "bail-in" measures to the extent of the security.

The Issuer is not within scope of the BRRD because it is not a bank or investment firm or an affiliate of such. However, the exercise of any resolution power by a resolution authority vis-à-vis the Counterparty or BNYM, including exercise of the bail-in tool, or any suggestion of any such exercise, could:

- (i) materially adversely affect the rights of the Noteholders, the price or value of their investment in the Notes; and/or
- (ii) result in the cancellation or deferral of all, or a portion, of any amount owed to the Issuer by the Counterparty, following a termination of the Liquidity Management Transaction; and/or
- (iii) impair the ability of the Issuer to satisfy its obligations under the Notes; and/or
- (iv) lead to Noteholders losing some or all of the value of their investment in such Notes.

A resolution authority is not required to provide any advance notice to the Issuer or to holders of the Notes of its decision to exercise any resolution power in relation to the Counterparty. Therefore, holders of the Notes may not be able to anticipate a potential exercise of any such powers nor the potential effect of any exercise of such powers on the Counterparty and/or BNYM (and indirectly on the Issuer and the Notes). The Issuer, the Security Agent and the Noteholders may have only very limited rights to challenge and/or seek a suspension of any decision of a resolution authority to exercise its resolution powers or to have that decision reviewed by a judicial or administrative process or otherwise. Furthermore, even in circumstances where a claim for compensation is established under the "no creditor worse off" safeguard in accordance with a valuation performed after the resolution action has been taken, it is unlikely that such compensation would be equivalent to the full losses incurred by the Issuer (and indirectly by the Noteholders) in the resolution and there can be no assurance that the Issuer (and indirectly the Noteholders) would recover such compensation promptly.

The Banking Act 2009 and the Investment Bank Special Administration Regulations 2011

The Issuer's rights against the Counterparty and other relevant parties under the Liquidity Management Agreement are subject to any limitations arising from any measure taken under The Banking Act 2009 (the "**Banking Act**"), which is taken to address the situation where all or part of the business of a bank, investment firm or affiliate has encountered or is likely to encounter financial difficulties. In particular, the stabilisation powers available to the Bank of England under the Banking Act include a stay on acceleration, termination rights and enforcement of security, an ancillary power to cancel or modify the terms of a contract, and a provision that the exercise of stabilisation powers will not be an "event of default" for the purposes of any agreement where the substantive obligations under that agreement continue to be performed. In addition, and subject to certain safeguards, the Banking Act enables the Bank of England to make a share transfer or a property transfer instrument in respect of an in scope entity, providing for all or some of the property rights or liabilities of that entity to be transferred. The rights and obligations of an entity under a contract which is the subject of a property transfer instrument will be cancelled and the counterparties to that contract will acquire rights and obligations against the transferee of those rights and obligations in the place of those cancelled rights and obligations. The obligations of an entity subject to the stabilisation powers may also be written down or

converted into equity under the bail-in power (although liabilities that are secured or collateralised are excluded to the extent of the value of the relevant security or collateral).

Part 3 of the Banking Act provides for an alternative "bank administration" procedure for the administration of a failing bank (as that term is defined in the Banking Act) incorporated in England and Wales. The bank administration procedure is closely based on the administration procedure for companies described under "*Effects of Administration*" above, subject to certain modifications intended to further the purposes of the Banking Act and is intended for use where part of the business of the failing bank has been sold to a commercial purchaser or transferred to a resolution company.

In particular, the moratorium on creditors taking any steps to recover debts or to enforce security over any of the property of the failing bank without the permission of the court, or after the bank has entered into bank administration, the bank administrator, applies where:

- (i) the bank has entered into bank administration; or
- (ii) an administration application in respect of the bank has been made and the application has not yet been granted or dismissed.

Pursuant to section 145 of the Banking Act, a bank administrator also has powers equivalent to those granted to an administrator of a company under paragraphs 70 and 71 of schedule B1 of the Insolvency Act (as described under "*Effects of Administration*" above).

The Investment Bank Special Administration Regulations 2011 provide for a further administration procedure to which investment banks (as defined in section 232 of the Banking Act) may be subject. The investment bank special administration procedure is based on the administration procedure for companies described under "*Effects of Administration*" above, save for certain adaptations to reflect the fact it applies to investment banks.

Notably, the moratorium on taking steps to recover debts and enforcement of security provided for in paragraph 43 of Schedule B1 to the Insolvency Act and the powers granted to an administrator pursuant to paragraphs 70 and 71 of schedule B1 of the Insolvency Act are equally applicable in an investment bank special administration by virtue of regulation 15 of the Investment Bank Special Administration Regulations.

The commencement of any of the proceedings or the taking of any of the actions described above could adversely affect the rights of the Issuer against the Counterparty or other parties to the Liquidity Management Agreement and/or the price or value of the Collateral and, consequently the ability of the Issuer to satisfy its obligations to Noteholders.

Concentration risk and other material risks associated with the Collateral Securities

The TACA Securities Criteria include two concentration limits whereby (x) the mark-to-market value (after applying any applicable haircut) of Securities Collateral having a single security identification code (such as an ISIN) and a long term security rating of below BB- by S&P Global Inc. or any affiliate or successor thereto ("**S&P**") (or its equivalent by Moody's Investors Service Limited ("**Moody's**") or Fitch Ratings Limited ("**Fitch**") or, in each case any affiliate or successor thereto) may not exceed 25% of the then outstanding Repayment Amount at any time (and in applying such criteria, where the long term security rating ascribed by S&P, Moody's and Fitch are not equivalent to each other, reference will be made to the highest available rating) and (y) the mark-to-market value (after applying any applicable haircut) of securities that do not have a long term security rating from at least one major rating agency may not exceed 70% of the then outstanding Repayment Amount at any time. Noteholders should note that these concentration limits do not completely eliminate concentration risk. A concentration of obligors or obligations in certain industries, currencies, regions, sectors or countries may subject the Notes to increased concentration risk as a result of the increased potential for correlated defaults across similar obligors or obligations within a single industry, region, country or currency as a result of downturns relating generally to such industry, region or country. This may negatively impact the value of the Securities Collateral at the time the Issuer enforces its security interests against the Counterparty leading to a shortfall in the sums available to set-off against the then outstanding Repayment Amount.

Likewise, while the TACA Securities Criteria include certain predefined haircuts in respect of the Securities Collateral, there is no assurance that such haircuts will be sufficient to provide for market volatility associated with the Securities Collateral. In addition, certain of the Securities Collateral do not have publicly available prices published in respect thereof. In such circumstances, in order to calculate the mark-to-market value of such securities for the purposes of ascertaining whether their mark-to-market value is equal to the then outstanding Repayment Amount, BNYM may rely on a third party to obtain such a valuation. Such pricing may not be subject to independent review by another third party and/or the Issuer. In the circumstances of either insufficient haircuts being applied or the pricing obtained being higher than the price the Issuer can obtain on a sale of such securities following its enforcement of the security constituted by the Security Agreement, in the event of a default by the Counterparty, this may result in a shortfall that represents unsecured exposure to the Counterparty.

In addition to the risks outlined in respect of the custody, clearing and security arrangements above in "—Security—clearing systems" and "—A court may characterise the security created under the Security Agreement as a floating charge rather than a fixed charge", Noteholders should also consider that the TACA Securities Criteria permits the Counterparty to provide to the Issuer, as Securities Collateral, assets from (and which may ultimately be held in or through organisations based in) a number of emerging market jurisdictions where the legal systems may not be as sophisticated and/or developed as those in more established jurisdictions or may not recognize the security constituted by the Security Agreement and which in some cases may be unrated and/or which are rated by Moody's and/or Fitch and/or S&P at below investment grade. Consequently, this increases the risk of adverse outcomes for the Issuer given the mark-to-market value of such securities are at potentially greater risk of suffering a deterioration in value (particularly given the effect the insolvency of an institution such as the Counterparty would have on financial markets generally). In the event that the Counterparty is unable to meet its ongoing obligations to ensure the mark-to-market value of the Securities Collateral is at all times equal to the then outstanding Repayment Amount and/or to pay the Repayment Amount to the Issuer on termination of the Liquidity Management Transaction, the Issuer will only have a secured exposure equal to the sale proceeds obtained by it following enforcement of the security constituted by the Security Agreement. Any unsecured exposure to the Counterparty may not be recoverable in the event of its insolvency and may therefore result in a significant shortfall.

Noteholders should make their own independent assessment as to adequacy of the TACA Securities Criteria in providing sufficiently robust credit risk mitigation. Noteholders will not receive any information or specific details regarding the Collateral Securities nor will they have any direct rights in relation to the Collateral Securities. The Collateral Securities may be comprised of highly complex and sophisticated products for which there may be no secondary market. The prices that may be realized on a sale of the Collateral Securities may be significantly different from investor expectations and/or the valuations provided by BNYM or a third party from time to time. The Issuer makes no representation regarding the Collateral Securities or the sufficiency thereof.

Conflicts of interest involving J.P. Morgan Securities plc and its affiliates

On the Issue Date, the Issuer will enter into the Liquidity Management Transaction with J.P. Morgan Securities plc (as the Counterparty). In addition, J.P. Morgan Securities plc is acting as Global Co-ordinator and Joint Bookrunner in connection with the Notes (see "Plan of Distribution—Subscription and Sale"). As a result, the Issuer's interests may conflict with those of J.P. Morgan Securities plc as the Counterparty and Global Co-ordinator and Joint Bookrunner and the interests of J.P. Morgan Securities plc as the Counterparty may also conflict with those of J.P. Morgan Securities plc as the Global Co-ordinator and Joint Bookrunner.

In addition, in the ordinary course of its business, J.P. Morgan Securities plc and/or any of its affiliates may effect transactions for the account of its or their customers (and its or their own account) and hold long or short positions in the securities (or related derivatives) comprising the Collateral that will be held in the Secured Accounts pursuant to the terms of the Liquidity Management Agreement (see "Description of the Liquidity Management Agreement and Related Security" below).

In addition, in connection with the offering of the Notes, J.P. Morgan Securities plc and/or its affiliates may enter into one or more hedging transactions with respect to the Notes or related derivatives. In connection with such hedging or any market-making activities or with respect to proprietary activities by J.P. Morgan Securities plc and/or its affiliates, J.P. Morgan Securities plc and/or its affiliates may enter into transactions which may affect the market price, liquidity or value of the Collateral that will

be held in the Secured Accounts pursuant to the terms of the Liquidity Management Agreement and, consequently, the Notes and which could be deemed to be adverse to the interests of the Noteholders.

Neither the Issuer nor J.P. Morgan Securities plc or any other party assumes any responsibility whatsoever for such consequences and their impact on the Noteholders.

UK Referendum on Membership of the European Union

On 23 June 2016 the United Kingdom (the "**UK**") held an advisory referendum with respect to its continued membership of the EU (the "**Referendum**"). The result of the Referendum was a vote in favour of leaving the EU. Whilst the result of the Referendum itself is clear, the next steps of the UK executive and UK Parliament and the reaction of the other Member States to these steps is not. In particular, the format of the negotiation, negotiation positions of the participants and timeframe are uncertain, with any limited public statements subject to change.

Article 50 of the Treaty on European Union ("**Article 50**") provides that a Member State which decides to withdraw from the EU is required to notify the European Council of its intention to do so. If notice is given under Article 50 by a Member State, the EU will negotiate and conclude an agreement with such Member State, setting out the arrangements for its withdrawal. The UK government invoked Article 50 by notice to the European Council given on 29 March 2017.

Until the terms of the UK's exit from the EU are clearer, it is not possible to determine the impact that the Referendum, the UK's departure from the EU and/or any related matters may have on the business of the Counterparty or more of the other parties to the Transaction Documents (including the Liquidity Management Agreement), or on the regulatory position of any such entity or of the transactions contemplated by the Transaction Documents (including the Liquidity Management Agreement) under European Union regulation or more generally. As such, no assurance can be given that such matters would not adversely affect the ability of the Counterparty to satisfy its obligations to the Issuer or, by extension, the Issuer to satisfy its obligations under the Notes and/or the market value and/or the liquidity of the Notes in the secondary market.

There can also be no assurance that the terms of the UK's exit from the EU will include arrangements for the continuation of the existing passporting regime or mutual access rights to market infrastructure and recognition of insolvency, bank recovery and resolution regimes. Such uncertainty could adversely impact the Counterparty, the Issuer and any other parties to the Transaction Documents (including the Liquidity Management Agreement) and, in particular, the ability of third parties to provide services to the Issuer, and could be materially detrimental to holders of the Notes.

Risks relating to the other parties to the Finance Documents

Our direct and indirect shareholders may fail to fulfil their obligations under the Equity Contribution and Subordination Agreement to provide equity funding to us

Under the Equity Contribution and Subordination Agreement, our main shareholder SIS has undertaken to contribute equity funding to us, in the form of ordinary share capital or equity reserves and subordinated loans, in order for us to comply with the Debt to Equity Ratio and to fund costs in connection with the Project.

The obligations of SIS under the Equity Contribution and Subordination Agreement are guaranteed by INC S.p.A. ("**INC**"), a wholly-owned subsidiary of FININC, and Sacyr Construcción S.A.U. ("**Sacyr Construcción**"), a wholly-owned subsidiary of Sacyr, as first-step guarantors. In addition, the first-step guarantee obligations of INC are guaranteed by FININC and those of Sacyr Construcción are guaranteed by Sacyr Concesiones S.L. ("**Sacyr Concesiones**"), a further subsidiary of Sacyr, in each case as a second-step guarantor. The second-step guarantee obligations of FININC are guaranteed by Sacyr Concesiones and vice versa. FININC and Sacyr Concesiones may discharge their payment obligations as second-step guarantors through the acquisition of shares in us or by the issuance of our shares to either party. These guarantees are only several (and not joint) and in proportion of the respective direct and indirect participations of the relevant guarantor in the share capital of SIS.

No assurance can be given that any of SIS, INC, Sacyr Construcción, FININC or Sacyr Concesiones will comply with their respective obligations under the Equity Contribution and Subordination Agreement, including as a result of events beyond their control. As a result of such non-compliance, we

may not have sufficient resources available to fund the Project costs. In addition, while the Equity Contribution and Subordination Agreement provides that, pending fulfilment of the obligations to contribute equity funding, we are prohibited from making any payment to SIS under the EPC Contract, if we stop making such payments the EPC Contractor may not have resources available to perform its obligations under the EPC Contract. This could cause significant delays in completing the construction of the Project, and may ultimately lead to penalties or termination of the Concession Agreement.

If certain parties to the Finance Documents fail to perform their obligations thereunder, this may affect our ability to make payments to the Noteholders

We will depend upon each of the Project Adviser, the Security Agent, the Note Trustee, the Escrow Agent, the VAT Receivables Purchaser, the Account Banks, the Counterparty, the Custodian and BNYM to perform their respective obligations under the applicable Transaction Documents. If any of these entities becomes unable to perform its obligations under the applicable Transaction Documents (whether due to insolvency, regulatory change or otherwise) this may affect our ability to make payments to the Noteholders.

The EU Bank Resolution and Recovery Directive

BRRD equips national authorities in Member States (the "**Resolution Authorities**") with tools and powers for preparatory and preventive measures, early supervisory intervention and resolution of credit institutions and significant investment firms (collectively, "**Relevant Institutions**"). If a Relevant Institution enters into an arrangement with us and is deemed likely to fail in the circumstances identified in the BRRD, the relevant Resolution Authority may employ such tools and powers in order to intervene in the relevant institution's failure (including in the case of derivatives transactions, powers to close-out such transactions or suspend any rights to close-out such transactions). In particular, unsecured liabilities of Relevant Institutions arising out of the Transaction Documents not otherwise subject to an exception could be subject to the exercise of "bail-in" powers of the relevant Resolution Authorities. If the relevant Resolution Authority decides to "bail-in" the liabilities of a Relevant Institution, then subject to certain exceptions set out in the BRRD, the liabilities of such Relevant Institution could, among other things, be reduced, converted or extinguished in full. As a result, we and ultimately, the Noteholders may not be able to recover any liabilities owed by such an entity to us. In addition, a relevant Resolution Authority may exercise its discretions in a manner that produces different outcomes among institutions resolved in different Member States. It should also be noted that similar powers and provisions are being considered in the context of financial institutions of other jurisdictions.

The recommendations of the Project Adviser may bind the Secured Creditors

If we wish to propose any amendment, waiver, consent or determination in connection with any Transaction Documents or any Finance Documents, we may consult with the Project Adviser in regards to the details of the STID Proposal.

If the STID Proposal relates to a Project Adviser Determination Matter, the Project Adviser may (having regard to the Project Adviser Standard) make the determination required in respect of and/or give its consent or approval to such matter, and it shall give notice of its determination, consent and/or approval to us and all the Secured Creditors by posting a Project Adviser Determination Letter on the relevant Designated Website. Within ten Business Days of such Designated Posting any Qualifying Secured Creditor representing, in aggregate, at least 10% of the Qualifying Secured Debt may request the Project Adviser that the matter be resolved upon by way of an Ordinary Resolution (a "**Dissenting Notice**"). In such circumstances, the voting category of the STID Proposal shall be deemed to be an Ordinary Voting Matter and the provisions in regards to Ordinary Voting Matters shall apply. In the absence of any such Dissenting Notice, the STID Proposal in respect of such Project Adviser Determination Matter will be deemed to have been approved by Ordinary Resolution without need of any vote of the relevant Qualifying Secured Creditors, and the Project Adviser will accordingly notify the Security Agent, the Note Trustee and us of such deemed approval and any right or discretion exercised by the Project Adviser and/or any determination made by it, in each case, in relation to the relevant Project Adviser Determination Matter shall be binding on the Project Adviser, the Security Agent, the Note Trustee and any other applicable Secured Creditor and each of the Project Adviser, the Security Agent, the Note Trustee and any other applicable Secured Creditor shall be bound to give effect to it.

Unless sufficient Secured Creditors request that the matter be resolved upon by way of an Ordinary Resolution, the Project Adviser's determination will be binding on the Noteholders, ourselves, the Security Agent, the Note Trustee and any other applicable Secured Creditor (without the need for any other party's consent). See the section entitled "*Description of the Finance Documents—Security Trust and Intercreditor Deed*" for further details.

The Project Adviser is reliant on the provision of information to it and, in the absence of sufficient information, may decline to act or make conditional recommendations

The Project Adviser is reliant on the provision and accuracy of information from us and advisers in relation to the performance of its advisory and monitoring activities including the decision-making process referred to above. In the absence of sufficient information or advice, the Project Adviser may decline to act in relation to a STID Proposal or otherwise. See the sections entitled "*Description of the Finance Documents—Security Trust and Intercreditor Deed*" and "*Description of the Finance Documents—Project Adviser Services Agreement*" for further details.

Failure to replace the Project Adviser may have an adverse effect on the decision making processes in relation to the Notes and, accordingly, our business

If the appointment of the Project Adviser is terminated at any time and a replacement project adviser has not been appointed by the effective date of such termination, any STID Proposal which subsequently must be approved or rejected would be subject, prior to the appointment of a replacement Project Adviser, to voting by the Secured Creditors. There can be no assurance that in those circumstances that voting by the Secured Creditors would constitute an effective decision making process in relation to such matters and accordingly our business may be adversely affected. See the section entitled "*Description of the Finance Documents—Project Adviser Services Agreement*" for further details.

Risks relating to the liquidity of the Notes

Significant sell-downs of the Notes after the Offering could depress the market price and liquidity of the Notes

Under the terms of the Notes Purchase Agreement, the Joint Bookrunners have agreed to procure purchasers for the Senior Notes at the issue price indicated on the cover page of this Prospectus. There is a possibility that the Joint Bookrunners will not be able to sell the entire principal amount of the Senior Notes as part of the initial distribution process, in which case certain of the Joint Bookrunners have agreed that they intend to purchase, in proportions agreed with us in the Notes Purchase Agreement, the unsold portion of the Senior Notes up to a maximum of €275 million principal amount of Senior Notes. In this respect, such Joint Bookrunners would sell such Senior Notes at their sole discretion after the closing of the Offering at an offering price and other selling terms which may be separately negotiated and be changed by such Joint Bookrunners from time to time without notice. Until 30 calendar days after the closing of the Offering, such selling efforts would be coordinated across such Joint Bookrunners. These sales of Senior Notes, whether in a block or sold over time, or even the mere expectation that such sales will occur, could have a material adverse effect on the market price and liquidity of the Senior Notes.

The Notes will initially be held in book-entry form, and therefore you must rely on the procedures of the relevant clearing systems to exercise any rights and remedies

The Senior Notes will initially only be issued in global certificated form and registered in the name of a nominee for a common depositary of Euroclear and Clearstream, Luxembourg. The Junior Notes will initially be issued in global certificated form and registered in the name of Monte Titoli. Junior Notes may be held only via Monte Titoli and not via Euroclear or Clearstream, Luxembourg. Interests in the Global Notes will trade in book-entry form only, and Notes in definitive registered form (the "**Definitive Note Certificates**") will be issued in exchange for interests in the Notes (the "**Book-entry Interests**") only in very limited circumstances. The common depositary, or its nominee, for Euroclear and Clearstream, Luxembourg, or Monte Titoli (where applicable) is the sole registered holder of the Notes and will be entered as such in the register of holders of the Notes maintained by the Registrar. Payments of principal, interest and other amounts owing on or in respect of the Notes will be made to: (a) the common depositary, which then will make payments to Euroclear, Clearstream, Luxembourg; or

(b) Monte Titoli, as the case may be. Thereafter, these payments will be credited to participants' accounts that hold Book-entry Interests in the Notes and credited by such participants to indirect participants. After payment to: (a) the common depositary for Euroclear or Clearstream, Luxembourg; or (b) Monte Titoli, as the case may be, we will have no responsibility or liability for the payment of interest, principal or other amounts to the owners of Book-entry Interests. Accordingly, if you own a Book-entry Interest, you must rely on the procedures of Euroclear, Clearstream, Luxembourg or Monte Titoli, as the case may be, and if you are not a participant in Euroclear, Clearstream, Luxembourg or Monte Titoli, as the case may be, also on the procedures of the participant through which you own your interest, to exercise any rights and obligations of a holder of Notes under the Finance Documents.

Unlike the holders of the Notes themselves, owners of Book-entry Interests will not have the direct right to act upon any solicitations for consents, requests for waivers or other actions from holders of the Notes that we may make. Instead, if you own a Book-entry Interest, you will be permitted to act only to the extent you have received appropriate proxies to do so from Euroclear and Clearstream, Luxembourg, or Monte Titoli, as the case may be. The procedures implemented for the granting of such proxies may not be sufficient to enable you to vote on a timely basis.

Similarly, upon the occurrence of an event of default under the Finance Documents, unless and until Definitive Note Certificates are issued in respect of all Book-entry Interests, if you own a Book-entry Interest, you will be restricted to acting through Euroclear, Clearstream, Luxembourg or Monte Titoli, as the case may be. The procedures to be implemented through Euroclear, Clearstream, Luxembourg or Monte Titoli, as the case may be, may not be adequate to ensure the timely exercise of rights under the Notes. See *"Form of the Notes—Exchange of interests in Global Notes for Definitive Note Certificates"*.

You may be unable to sell your Notes if a trading market for the Notes does not develop

The Notes are new securities for which there is currently no established trading market. Accordingly, there can be no assurances as to the development or liquidity of any market for the Notes.

Application has been made for the Notes to be listed on the Official List of the Irish Stock Exchange and admitted to trading on the regulated market of the Irish Stock Exchange. However, there can be no assurance that the Notes will be accepted for listing or, if listed, will remain listed. The Notes 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 Notes, the ability of Noteholders to sell Notes or the price at which the Notes may be sold. The liquidity of any market for the Notes will depend on the number of Noteholders, prevailing interest rates, the market for similar securities and other factors, including general economic conditions, and our financial condition, performance and prospects. In an illiquid market, the Noteholders might not be able to sell their Notes at any time at fair market prices.

There can be no assurance that an active trading market for the Notes 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 Notes.

Transfers of the Notes may be restricted, which may adversely affect the secondary market liquidity and/or trading prices of the Notes

The ability to transfer the Notes may be restricted by securities laws or regulations of certain countries or regulatory bodies. The Notes have not been and will not be registered under the Securities Act or the securities laws of any state or other jurisdiction of the United States. You may not offer the Notes in the United States except pursuant to an exemption from, or a transaction not subject to, the registration requirements of the Securities Act and applicable state securities laws and in circumstances that will not require us to register as an investment company under the Investment Company Act. The Notes and the Note Trust Deed contain provisions that restrict the Notes from being offered, sold or otherwise transferred except pursuant to exemptions available under, or exclusions from the registration requirements of, the Securities Act. It is your obligation to ensure that your offers and resales of the Notes within the United States and other countries comply with applicable securities laws. See *"Important Information—Notice to investors"* and *"Transfer restrictions and representations by purchasers"*.

The Notes must be purchased, and held at all times, by Qualified Holders

The Notes are subject to certain provisions of Italian legislation and, in particular, the Italian Public Contracts Code. Pursuant to such provisions, the Notes may only be subscribed for, held by and circulate among certain qualified investors. In particular, article 185 of the New Italian Public Contracts Code provides that only Qualified Investors (*investitori qualificati*) and entities controlled by Qualified Investors pursuant to Article 2359 of the Italian Civil Code may subscribe for, purchase or hold the Notes. Potential investors should be aware that, by purchasing the Notes, they will be deemed to have represented and warranted that they are a Qualified Holder, to have agreed that they will only sell or otherwise transfer the Notes to a person who is a Qualified Holder and, for transferees located or resident in the United States or who are U.S. Persons, also a QIB/QP, and to have acknowledged that we are not and will not be at any time in a position to monitor the identity and qualification of any purchaser of, or holder of, the Notes as well as the compliance with Italian laws and regulations applicable to the entities that may purchase or hold the Notes. Although the New Italian Public Contracts Code does not precisely set out the consequences of non-compliance with the above limitations, it cannot be ruled out that Notes held by a person who is not a Qualified Holder would not be enforceable or that any subscription, holding and transfer of the Notes by a person who is not a Qualified Holder would not be valid or would be subject to a different tax regime. Each potential investor should consult its legal and tax advisers to determine if it qualifies as a Qualified Holder for the purposes of these provisions and to evaluate legal and tax consequences of the subscription, holding and transfer of the Notes.

We are not, nor will be, registered as an "investment company" under the Investment Company Act

We are not, nor will be, registered as an investment company in the United States under the Investment Company Act. We will rely on an exemption to such registration to the extent registration might otherwise be required. The Investment Company Act provides certain protections to investors and imposes certain restrictions on registered investment companies, none of which will be applicable to us or our investors. In order to qualify for an exemption under the Investment Company Act, additional restrictions on the transfer or resale apply to the Notes.

We rely on Section 3(c)(7) of the Investment Company Act for our exemption from registration thereunder and may be deemed to be a "covered fund" as defined in the Volcker Rule, which could negatively impact the liquidity and value of the Notes

Final rules implementing the Volcker Rule became effective on 21 July 2015, subject to two additional one-year extensions announced by the Federal Reserve which together would extend the period for covered banking entities to conform their ownership interests in and sponsorship of certain entities to the Volcker Rule until 21 July 2017. Starting from that date, the Volcker Rule would generally prohibit covered banking entities and other entities subject to the Volcker Rule from, among other things, acquiring or retaining an "ownership interest" in a "covered fund" (each as defined in the Volcker Rule).

Because we rely on Section 3(c)(7) of the Investment Company Act for our exemption from registration thereunder, unless we qualify for an exemption under the Volcker Rule, we may be deemed to be a covered fund. We do not intend to seek to qualify for any exclusion to the Volcker Rule and there is no assurance that, if we did seek to qualify in the future, we would be successful. If we are a "covered fund" subject to the Volcker Rule, then "banking entities" subject to the Volcker Rule would be restricted from acquiring and retaining Notes or any other interests in us that qualify as "ownership interests" under the Volcker Rule.

While we do not believe that an investment in the Notes would constitute acquiring or retaining an ownership interest in a covered fund, each investor in the Notes must make its own determination as to whether it is a "banking entity" or otherwise subject to the Volcker Rule, whether we are a "covered fund" under the Volcker Rule, whether its investment in the Notes would or could in the future be restricted or prohibited by any provisions of the Volcker Rule, whether the Notes are "ownership interests", and the potential impact of the Volcker Rule on its investment, any marketability or liquidity in connection therewith and on its portfolio generally. The Volcker Rule and interpretations thereunder are still uncertain, may restrict or discourage the acquisition of Notes by covered banking entities, and may adversely affect the marketability or liquidity of the Notes. Investors in the Notes are responsible for analyzing their own regulatory positions, and none of us, the Joint Bookrunners, the Note Trustee,

the Security Agent or any of our or their respective affiliates makes any representation to any prospective investor or purchaser of the Notes regarding the application of the Volcker Rule to us or to such investor's investment in the Notes on the Issue Date or at any time in the future.

Other risks relating to the Notes

Risk retention and due diligence requirements in Europe

Investors should be aware of the risk retention and due diligence requirements in Europe ("**EU Risk Retention and Due Diligence Requirements**") which currently apply, or are expected to apply in the future, in respect of various types of EU regulated investors including credit institutions, authorised alternative investment fund managers, investment firms, insurance and reinsurance undertakings and UCITS funds ("**Affected Investors**"). Amongst other things, such requirements restrict an Affected Investor from investing in securitisations unless: (i) the originator, sponsor or original lender in respect of the relevant securitisation has explicitly disclosed that it will retain, on an on-going basis, a net economic interest of not less than five per cent. in respect of certain specified credit risk tranches or securitised exposures; and (ii) is able to demonstrate that they have undertaken certain due diligence in respect of various matters including but not limited to its note position, the underlying assets and (in the case of certain types of Affected Investor) the relevant sponsor or originator. Failure to comply with one or more of the requirements may result in various penalties including, in the case of those Affected Investors subject to regulatory capital requirements, the imposition of a punitive capital charge on the Notes acquired by the relevant investor.

However, we believe the transactions described herein are such as not to fall within the EU Risk Retention and Due Diligence Requirements.

Each investor should consult with its own legal, accounting, regulatory and other advisers and/or its regulator to determine whether the EU Risk Retention and Due Diligence Requirements described above apply in respect of the Notes and if so, to what extent the information set out in this Prospectus and in any investor report provided in relation to the transaction is sufficient for the purpose of satisfying such requirements. Investors are required to independently assess and determine the sufficiency of such information. Neither we, the Joint Bookrunners, the Note Trustee or the Security Agent or any other person makes any representation as to whether the EU Risk Retention and Due Diligence Requirements apply to the Notes. As such, neither we, the Joint Bookrunners, the Note Trustee or the Security Agent shall have any liability to any prospectus investor or any other person with respect to any deficiency in information or any failure of the transactions contemplated hereby to comply with or otherwise satisfy those requirements.

If a regulator were to determine that the transaction is required to comply with the EU Risk Retention and Due Diligence Requirements or any other applicable legal, regulatory or other requirement, and fails to do so, then investors may be required by their regulator to hold additional capital or take other remedial measures in respect of their investment in the Notes. In addition the application of the EU Risk Retention and Due Diligence Requirements could have a negative impact on the price and liquidity of the Notes in the secondary market.

U.S. risk retention requirements

Section 941 of the Dodd-Frank Act amended the Exchange Act to add a new Section 15G, which requires the "securitizer" of asset-backed securities to retain at least 5% of the credit risk to the assets collateralizing the asset-backed securities. The rules promulgated under Section 15G of the Exchange Act (the "**US Risk Retention Rules**") became effective for securitization transactions backed by mortgage assets on December 24, 2016.

The relevant portion of the US Risk Retention Rules generally requires that the "sponsor" (which is defined as "a person who organizes and initiates a securitization transaction by selling or transferring assets") of a securitization transaction or its "majority-owned affiliate" (as defined in the US Risk Retention Rules) acquire and retain for a period described below an eligible vertical interest, a horizontal residual interest or a combination of the two that represents 5% of the credit risk associated with the securitization transaction. We have sought legal advice and believe that the Notes would not qualify as asset-backed securities for the purposes of the US Risk Retention Rules because, among

other reasons, the Concession Agreement is not a self-liquidating financial asset. However, no assurance can be given to that effect.

If a regulator were to determine that a Reference Holder, the Issuer or any other entity involved in the transactions contemplated hereby is required to comply with the US Risk Retention Rules, failure to comply could have adverse effects on us, which may in turn have adverse effects on the Notes. For example, if a regulator determines that the transaction is required to comply with the US Risk Retention Rules this may result in regulatory actions and other proceedings being brought against us, which could result in us being required, among other things, to pay damages, transfer interests or take other measures the nature of which we are unable to predict. This could affect the value of the Notes and the ability of the Noteholders to trade the Notes in the secondary market.

Neither the Joint Bookrunners, the Note Trustee nor the Security Agent makes any representation as to whether the US Risk Retention Rules apply to the transactions contemplated hereby. As such, neither the Joint Bookrunners, the Note Trustee nor the Security Agent shall have any liability to any prospective investor or any other person with respect to any deficiency in information or any non-compliance with the US Risk Retention Rules.

You may be unable to recover in civil proceedings for U.S. securities laws violations

We are organized under the laws of Italy and substantially all of our assets are located outside of the United States. None of our directors or senior managers is a resident of the United States and substantially all of their assets are located outside the United States. As a result, it may not be possible for investors to effect service of process within the United States upon us or our directors and senior managers, or to enforce against us or any of them judgments obtained in U.S. courts predicated upon civil liability provisions of the U.S. securities laws. See "*Service of process and enforcement of civil liabilities*".

The value of the Notes could be adversely affected by a change in law or administrative practice

The structure of the transaction and, among other things, the Conditions are based on law (including tax law) and administrative practice in effect as of the date of this Prospectus and having due regard to the expected tax treatment of all relevant entities under such law and administrative practice. No assurance can be given as to the impact of any possible judicial decision or change to such law, tax or administrative practice after the date of this Prospectus and any such change could materially adversely impact the value of any Notes affected by it.

EMIR

The European Market Infrastructure Regulation EU 648/2012 ("**EMIR**") and its various delegated regulations and technical standards impose certain obligations on parties to "over-the-counter" ("**OTC**") derivative contracts according to whether they are "financial counterparties" such as investment firms, alternative investment funds, credit institutions and insurance companies, or other entities which are "non financial counterparties".

Financial counterparties will be subject to a general obligation to clear through a duly authorised or recognised central counterparty (the "clearing obligation") all "eligible" OTC derivative contracts entered into with other counterparties subject to the clearing obligation. They must also report the details of all derivative contracts to a trade repository (the "reporting obligation") (in which respect we may appoint one or more reporting delegates) and undertake certain risk mitigation techniques in respect of OTC derivative contracts which are not cleared by a central counterparty such as timely confirmation of terms, portfolio reconciliation and compression and the implementation of dispute resolution procedures (the "risk mitigation obligations"). Non cleared OTC derivatives entered into by financial counterparties must also be marked to market and collateral must be exchanged (the "margin requirement"). To the extent that we become a financial counterparty, this may lead to a termination of the Hedging Documents.

Non financial counterparties (as defined in EMIR) are exempted from the clearing obligation and certain of the risk mitigation obligations (such as the margin requirement) provided the gross notional value of all derivative contracts entered into by the non financial counterparty and other non financial entities within its "group" (as defined in EMIR), excluding eligible hedging transactions, does not

exceed certain thresholds (per asset class of OTC derivatives). We are currently an NFC-, although a change in our position cannot be ruled out. In particular, if the aggregate notional value of OTC derivative contracts entered into by us and any non-financial entities within our "group" exceeds the applicable thresholds, we would be subject to the clearing obligation, or if the relevant contract is not a type required to be cleared, to the risk mitigation obligations, including the margin requirement. If we and/or the NFC-s on our "group" exceed the applicable thresholds and our OTC derivatives become subject to the clearing obligation or the margin requirement, this may also lead to a termination of the Hedging Documents.

Accordingly, the application of such changes in respect of any such transaction could have a material, adverse effect on our ability to hedge our inflation rate exposure. As a result of such increased costs and/or additional regulatory requirements, investors may receive significantly less or no interest or return, as the case may be. The changes may also have unforeseen legal consequences on us or have other material adverse effects on us or the Noteholders.

It should also be noted that further changes may be made to the EMIR framework in the context of the EMIR review process, including in respect of counterparty classification. In this regard, the European Commission has published legislative proposals providing for certain amendments to EMIR. If the proposals are adopted in their current form, the classification of certain counterparties under EMIR would change. It is not clear when, and in what form, the legislative proposals (and any corresponding technical standards) will be adopted and will become applicable. In addition, the compliance position under any adopted amended framework of swap transactions entered into prior to application is uncertain. No assurances can be given that any such changes would not (amongst other things) cause our status to change to an NFC+ or an FC, thereby leading to the potentially adverse consequences outlined above.

Investors should consult their own independent advisers and make their own assessment about the potential risks posed by EMIR in making any investment decision in respect of the Notes.

Risks relating to taxation

Risks relating to the Italian tax regime applicable to project bonds

We are included in the list of companies eligible to issue project bonds under article 185 of the New Italian Public Contracts Code. Accordingly, the Notes are subject to the legal and tax regime provided by article 185 of the New Italian Public Contracts Code and by Article 1 of Legislative Decree No. 83/2012, as amended. In particular, under Article 1 of Legislative Decree No. 83/2012, interest on notes that fall within the category of project bonds, which are issued by Italian resident companies referred to by article 185 of the New Italian Public Contracts Code (previously article 157 of the Public Contracts Code) and are subject to the conditions set forth by article 185 (among other requirements, that the Notes must be purchased by, held at all times by and circulate only among Qualified Holders, see "*Risks relating to the liquidity of the Notes—The Notes must be purchased, and held at all times, by Qualified Holders*" above), is subject to the same tax regime applicable to interest on bonds issued by the Italian Republic (*titoli del debito pubblico*). However, as clarified by the Italian tax authorities in Circular No. 4/E of 2013, the application of the tax regime provided for bonds issued by the Italian Republic (*titoli del debito pubblico*) is limited only to interest on such notes and does not cover other capital income (*redditi di capitale*) deriving from the notes, such as income deriving from repurchase agreements (*riporti or pronti contro termine*) or any capital gains deriving from the sale or redemption of the notes. See "*Taxation—Taxation in Italy—Tax treatment of the Notes*".

Moreover, a favorable 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 bond.

Any change of the above law provisions or regulations or a less favorable interpretation of the same laws and regulations which may determine a change of or a limitation on the deductibility of interest expense for us and/or the application of withholding or substitute taxes (or the increase of the applicable withholding rate) with respect to payments on the Notes and the eventual resulting

obligation to pay additional amounts to Noteholders and/or the applicable tax regime of the security package of the project bonds (as well as of 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 bond) could have a material adverse effect on our financial condition and results of operations. See "*Risks relating to the rights of Noteholders—Certain Italian-law provisions affecting the Notes and the rights of the Noteholders are untested*" above.

Payments in respect of the Notes may in certain circumstances be made subject to withholding or deduction of tax

All payments in respect of the Notes will be made free and clear of withholding or deduction of Italian taxation, unless the withholding or deduction is required by law. In that event, we will pay such additional amounts as will result in the Noteholders receiving such amounts as they would have received in respect of such Notes had no such withholding or deduction been required. Our obligation to gross up is, however, subject to a number of exceptions, including withholding or deduction of:

- Italian substitute tax (*imposta sostitutiva*), pursuant to Italian Legislative Decree No. 239 of 1 April 1996 ("**Decree No. 239/1996**"); and
- withholding tax or other similar measure in effect in certain Member States in accordance with international agreements entered into between the Member State and a non-EU country or territory (such as FATCA agreements).

See "*Terms and Conditions of the Notes—Taxation*".

Prospective purchasers of Notes should consult their tax advisers as to the overall tax consequences of acquiring, holding and disposing of Notes and receiving payments of interest, principal and/or other amounts under the Notes, including, in particular, the effect of any state, regional or local tax laws of any country or territory. See also "*Taxation*".

Italian Substitute Tax

Under Article 1 of Legislative Decree No. 83/2012 and Decree No. 239/1996, if the relevant conditions are met, Italian substitute tax (*imposta sostitutiva*) is applied to payments of interest to certain Italian resident Noteholders at a rate of 12.5%.

Based on one interpretation of Article 1 of Legislative Decree No. 83/2012 and Decree No. 239/1996 and in the absence of a specific guideline by the Italian tax authorities, no Italian substitute tax should be levied or applied in connection with any payment of principal or interest in respect of the Notes to Noteholders resident in a country allowing a satisfactory exchange of information with Italy as per the so-called "White List" set forth by the applicable Italian tax regulations and who have no permanent establishment in Italy to which the Notes are connected, provided that, if the Notes are deposited with an intermediary in Italy, the non-Italian resident investor declares itself to that intermediary to be a non-Italian resident according to Italian tax regulations, if requested. However, there can be no assurance that the Italian tax authorities or the Italian courts will not support a different interpretation of Italian fiscal law according to which such payments of interest in respect of the Notes held by certain non-Italian resident Noteholders could be subject to Italian substitute tax. The central securities depositories of the Notes (the "**ICSDs**"), acting as withholding tax agent, cannot be held responsible in case of different interpretation of the Italian tax authorities. See also "*Risks relating to the rights of the Noteholders—Certain Italian-law provisions affecting the Notes and the rights of the Noteholders are untested*" and "*Risks relating to Italian tax regime applicable to project bonds*" above and "*Taxation—Taxation in Italy—Non-Italian resident holders*".

Investors who are in any doubt as to their position and actual right to purchase the Notes according to the transfer restrictions (see "*Transfer restrictions and representations by purchasers*") should consult with their professional advisers.

EU Financial Transaction tax

On 14 February 2013, the European Commission issued a draft directive for a financial transaction tax ("**FTT Proposal**") to be adopted in certain participating Member States, including Belgium, Germany, Estonia, Greece, Spain, France, Italy, Austria, Portugal, Slovenia and Slovakia (the "**Participating Member States**"). Moreover, Estonia has since stated that it will not participate. The FTT Proposal has a very broad scope and could, if introduced, apply to certain dealings in the Notes (including secondary market transactions) in certain circumstances.

Under the FTT Proposal, the financial transaction tax ("**FTT**") could apply in certain circumstances to persons both within and outside of Participating Member States. Generally, it would apply to certain dealings in the Notes 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 by transacting with a person established in a Participating Member State or where the financial instrument which is subject to the dealings is issued in a Participating Member State.

The FTT Proposal remains subject to negotiation among the Participating Member States. It may therefore be altered prior to implementation, the timing of which remains unclear. Additional Member States may also decide to participate.

Investors should consult their professional advisers in relation to the impact of the proposed FTT on their specific situation.

Under the U.S. Foreign Account Tax Compliance Act we may be required to withhold on payments on the Notes

Sections 1471 through 1474 of U.S. Internal Revenue Code, any current or future regulations or official interpretations thereof, any agreement entered into pursuant to section 1471(b) of the U.S. Internal Revenue Code, any intergovernmental agreement entered into in connection with such sections of the U.S. Internal Revenue Code, any U.S. or non-U.S. fiscal or regulatory legislation, rules, guidance notes or practices adopted pursuant to any such intergovernmental agreement or any analogous provisions of non-U.S. law (collectively, "**FATCA**") impose a new reporting regime and, potentially, a 30% withholding tax with respect to payments (including, potentially, principal) on the Notes. We (or a relevant intermediary) may be required to withhold on payments in respect of Notes to the extent that such payments are "foreign passthru payments", made after 31 December 2018 to non-U.S. financial institutions (including intermediaries) that have not entered into agreements with the U.S. Internal Revenue Service (the "**IRS**") pursuant to FATCA or otherwise established an exemption from FATCA, and other Noteholders that fail to provide us or any relevant intermediary with sufficient identifying information. Under current guidance it is not clear whether and to what extent payments on the Notes will be considered foreign passthru payments subject to withholding under FATCA or how intergovernmental agreements will address foreign passthru payments (including whether withholding on foreign passthru payments will be required under such agreements). We will not be obligated to make any additional payments if we or an intermediary withholds on payments on the Notes in connection with FATCA. Noteholders should consult their tax advisers as to how these rules may apply to payments they receive on the Notes.

The characterization of the Senior Notes for U.S. federal income tax purposes is uncertain

The characterization of the Senior Notes for U.S. federal income tax purposes is not clear. It is possible that the Senior Notes will be treated as a single loan that bears interest-at the applicable stated rate of interest (i.e., Phase 1 Senior Note Rate of Interest, Phase 2 Senior Note Rate of Interest and Phase 3 Senior Note Rate of Interest) for each accrual period. It is also possible that the Senior Notes may be treated as contingent payment debt instruments ("**CPDIs**") for U.S. federal income tax purposes. Characterization of the Senior Notes as CPDIs may result in material adverse tax consequences to U.S. Holders, including the treatment of all or a portion of gain upon a disposition or redemption of a Senior Note as ordinary income. In addition, if the Senior Notes are treated as CPDIs, interest on the Senior Notes will accrue from the date of the Senior Notes on a constant yield to maturity basis based on the "comparable yield" of Senior Notes, which will generally be the rate at which we could issue a fixed rate debt instrument with no contingent payments but which provides for terms and conditions otherwise similar to the Senior Notes. A U.S. Holder would be required to include such amounts in

income as original issue discount possibly in advance of the amount of cash such holder receives on the Senior Notes. Additionally, a U.S. Holder will generally be required to recognize ordinary income, if any, realized upon the maturity or on a sale, exchange or redemption of the Senior Notes. In addition, other characterizations of the Senior Notes are possible and such other characterizations may require holders to accrue income as ordinary income prior to the cash payment related to such accrual amounts.

Prospective investors should note that no tax opinion is being delivered with respect to the proper classification of the Senior Notes for U.S. federal income tax purposes and no representation is made as to the proper or most likely classification of the Senior Notes for U.S. federal income tax purposes. Prospective investors in the Senior Notes should consult with their own tax advisers regarding potential classification of the Senior Notes. See "Taxation—U.S. taxation—Uncertain Characterization of the Senior Notes".

USE OF PROCEEDS

We expect the gross proceeds from the Offering to be approximately €1,571 million. Following deduction of costs and expenses, including the Joint Bookrunners' commission and our other estimated expenses of the Offering, we expect the net proceeds from the Offering to be approximately €1,511 million. Following receipt of the net proceeds, we will make a payment of approximately €3.00 million to our controlling shareholder SIS in respect of its accrued expenses in connection with the Offering.

We will use the proceeds from the sale of the Senior Notes (which will initially be invested in the Liquidity Management Transaction and will be due to be paid back by the Counterparty in instalments on each Repayment Amount Instalment Date, with corresponding amounts then made available to us from the Escrow Account, provided that the conditions precedent to each drawing from the Escrow Account are satisfied) to fund construction costs, financing costs, the first funding of the Debt Service Reserve Account, application as Available Junior Cash, anticipated costs, projected taxes, project costs during construction phase and any other costs and expenses in connection with the Offering. We will use the proceeds from the sale of the Junior Notes to fund construction costs, financing costs, anticipated costs, projected taxes, project costs during construction phase and any other costs and expenses in connection with the Offering. We anticipate that, upon written evidence of the Entry into Operation of the Toll Road being given to the Project Adviser and provided that no Default has occurred and is continuing, we will use any remaining proceeds standing to the credit of the Escrow Account as Available Junior Cash.

SUMMARY FINANCIAL MODEL INFORMATION

The 2017 Financial Model was prepared by us in the context of the Project in order to provide certain calculations related to the potential financial performance of the SPV under a base case scenario. In particular, the base case scenario presents the total amount of the Availability Fee, and construction costs and funding, that could be achieved and required in the years specified if the assumptions underlying the 2017 Financial Model were to be realized.

The 2017 Financial Model has been prepared for purposes of illustrating the anticipated sources and uses of funds and potential cash flows and key ratios of the Project using estimates and judgments, analyses and projections. The 2017 Financial Model has been prepared on the basis of a number of assumptions, projections, forecasts and estimates using the PEF, market research and technical analysis, and expectations and judgments relating to expected traffic volumes and type, road characteristics, capital and operating expenditures, and future trends in inflation, interest rates, transportation infrastructure and the transportation industry, taxes, GDP growth, labor market conditions, as well as other factors. The 2017 Financial Model has been prepared for illustrative purposes only, gives hypothetical results based on the various assumptions used and does not constitute a forecast. No assurance can be given that the hypothetical results and values obtained using the 2017 Financial Model will, or can, be achieved in the market. For a discussion of certain risk factors that may adversely affect our results of operations and financial condition, see "Risk factors".

The 2017 Financial Model is based on the assumed sources and uses of funds during the construction phase of the SPV as described further in "Appendix 1—Model Review Report" and "Appendix 2—Summary Financial Model Information" and, as well as the revenues and expenses described below that are assumed during the operations phase of the SPV. As the Summary Financial Model Information has been prepared for purposes of illustrating potential cash flows and key ratios of the Project, the amounts given for revenues, expenses and taxes used in the Summary Financial Model Information exclude any non-cash components of those line items that might be reflected in our income statement.

We have extracted the historical financial information used for purposes of the 2017 Financial Model from our historical financial statements, and the forward-looking items set out in the Summary Financial Model Information are presented in accordance with the Italian GAAP characterization of those items rather than the IFRS characterization where the two would differ as the accounting treatment of the concession agreement under Italian GAAP is more reflective of actual cash flows than the accounting treatment of the concession agreement under IFRS, IFRIC 12.

Sources and uses of funds during construction phase

The assumed sources and uses of funds during the construction phase are set out in the following table. The sources of funds during the construction phase assume completion of the Offering and entry into, and continuation in force of, all of the project documents and finance documents described elsewhere in this Prospectus. The assumed uses of funds during the construction phase include estimated construction costs, with the total construction cost in line with the PEF, and the construction schedule updated to reflect the works advancement and the latest Sponsor's projections, anticipated costs and expenses in connection with the Offering and other financing arrangements, and projected taxes.

Sources	
<i>(in euro millions)</i>	
Public grant	914.9
Senior debt ⁽¹⁾	871.0
Subordinated debt	350.0
Shareholder loan	230.0
Equity ⁽²⁾	200.0
Supplier payable	14.4
Historical earnings	7.4
Total ex VAT	2,587.8
VAT sale	330.5
VAT refund	5.8
Total	2,924.1

Uses⁽³⁾	
<i>(in euro millions)</i>	
Construction	2,258.0
Insurance, adviser and G&A	35.7
Tax	7.7
Interest and fees during construction	230.9
DSRA	30.5
Total ex VAT	2,562.8
VAT	361.3
Total	2,924.1

(1) Represents only the portion of the total senior debt under the Offering used for construction funding in the base case of the 2017 Financial Model.

(2) Includes €100 million of our share capital that has been issued and fully paid and €100 million which is expected to be contributed under the terms of the ECSA (see "Description of the Finance Documents—Equity Contribution and Subordination Agreement").

(3) Since the production of the 2017 Financial Model, there has been an increase in fees but a decrease in interest such that overall there has not been any significant change to the Uses.

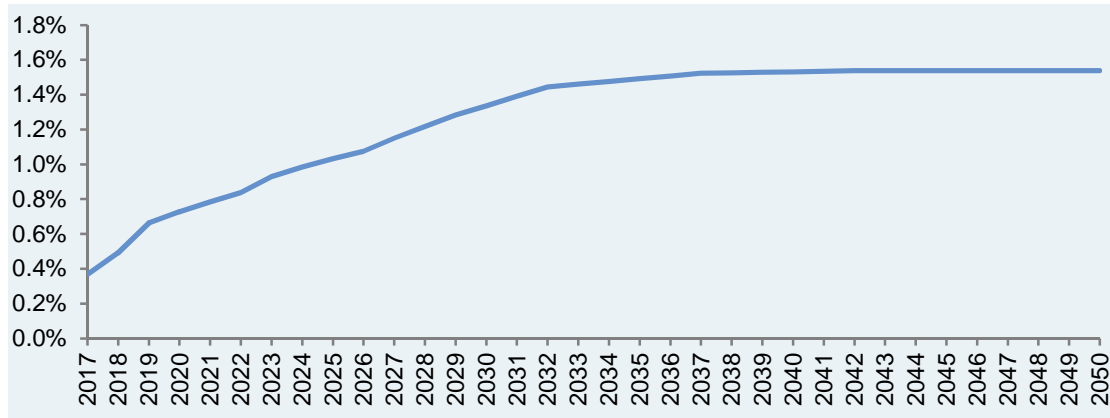
Revenues and expenses during the operations phase

In the Summary Financial Model Information, assumed revenues during the operations phase of the SPV, from 2020 to 2059, comprise the Availability Fee payments (adjusted on a yearly basis by reference to an indexed formula with an inflation-linked component (see "Description of the Concession Agreement – Funding of the Project – Funding during the operation phase")), based on the stated inflation assumption discussed further below, but exclude any non-cash components of revenues as well as any revenues which we might receive from indirectly related activities (such as for service stations and advertising). In the Summary Financial Model Information, assumed expenses during the operation phase include estimated management, operations, maintenance, utilities, personnel, general and administrative and various other expenses (all subject to an inflation factor), including those extracted from the budgeted amount of operating costs contained in the PEF as well as additional anticipated expenses, together with anticipated interest on and amortisation of indebtedness.

Inflation

In the 2017 Financial Model, figures indexed by reference to inflation, are revenues (base year 2020), expenses (base year 2018) and costs of various agents retained in connection with the Project (base year 2016). Revenues are only indexed to 50% of inflation while expenses are indexed to 100% of inflation. The Project's credit metrics are positively correlated to changes in inflation. The Project is resilient to inflation downside scenarios. Assuming no inflation for the life of the Concession in the 2017 Financial Model, rather than the annual inflation rates assumed in the scenarios presented in "Appendix 1 –Model Review Report" and "Appendix 2—Summary Financial Model Information", minimum and average DSCR would be 1.77x and 1.94x, respectively.

The following table shows the inflation assumptions for Italy's consumer price index used in the 2017 Financial Model:



Source: Bloomberg.

Further base case scenario assumptions

The base case scenario Summary Financial Model Information set out in "*Appendix 2—Summary Financial Model Information*", is based on a number of assumptions. In addition to those assumptions mentioned above, the assumptions for the base case scenario include, among other things, the following:

- we complete construction of the SPV as set out in the current construction schedule (*cronoprogramma*) and begin operation of the SPV in September 2020;
- all equity contributions by our controlling shareholder are made in accordance with the current requirements set out in the Equity Contribution and Subordination Agreement;
- the Junior Notes are redeemed in full on the Initial Markdown Date;
- equity contributions relate to the Equity Profile which applies following the Concession Litigation Settlement Date;
- we do not encounter any time delays or cost overruns in the construction of the SPV;
- the financial information included in the base case scenario Summary Financial Model Information is consistent with the revenues that would be generated by the Availability Fee under the inflation assumptions outlined in the chart above but excludes any non-cash components of revenues as well as any revenues which we might receive from indirectly related activities (such as for service stations and advertising);
- the EPC Contractor and the O&M Contractor perform their respective obligations under the EPC Contract and the O&M Contract on a timely basis, and there is no default of the parties under these contracts;
- the technical characteristics of, and traffic on, the SPV are in accordance with our expectations; and
- there is no change in the tax rates applicable to us.

For further information, see "*Appendix 1—Model Review Report*" and "*Appendix 2—Summary Financial Model Information*".

Alternative scenarios

A model is, by definition, a simplified version of reality. Therefore, it cannot include all factors and/or possible scenarios that could affect the model in the future.

We have, however, presented two underlying sensitivity scenarios which present the total amount of the Availability Fee and construction costs and funding that could be achieved and required in the years

specified if the assumptions set out for the base case scenario above were modified to reflect different economic, technical and contractual sensitivities when applied to the 2017 Financial Model's base case scenario.

These two sensitivity scenarios are:

1. A reduction of 15% in the Availability Fee. This assumes an underperformance of the project and an imposition of the maximum level of penalty contemplated under the Concession Agreement.
2. A 15-month construction delay and a construction cost overrun of 5% of the EPC Contract price. This assumes certain circumstances under which we may be required to pay up to 5% of additional costs that are not paid upfront by the Grantor and, under the EPC Contract, should be absorbed by us. In this scenario, we do not include the proceeds from the "Advanced Loss of Profit" insurance policy that we intend to obtain on or shortly after the date of this Prospectus. A 5% cost overrun against the budgeted costs for the construction phase as at the Issue Date would already constitute an Event of Default under the terms of the Finance Documents.

For further information, see "Appendix 1—Model Review Report" and "Appendix 2—Summary Financial Model Information".

Additional base case Summary Financial Model Information

The Concession Agreement may be terminated in certain events, including:

- a) the Concessionaire's default under the Concession Agreement, in which case the Concession Agreement provides for a termination amount equal to:
 - a. the value of the works, plus the ancillary expenses less any relevant depreciation (if forfeiture is declared after completion of construction and issuance of the provisional acceptance certificate); or
 - b. the costs actually incurred (if forfeiture is declared before that time) (see "*Description of the Concession Agreement—Termination events—Forfeiture of the Concession due to our default under the Concession Agreement*");
- b) the Grantor's default under the Concession Agreement, in which case the Concession Agreement provides for a termination amount equal to:
 - a. the value of the works, plus the ancillary expenses less any relevant depreciation (if the Concession Agreement is terminated or revoked after completion of construction and issuance of the provisional acceptance certificate) or the costs actually incurred (if the Concession Agreement is terminated or revoked before that time); and
 - b. penalties and other costs, including financial costs incurred or to be incurred as a consequence of the termination or revocation, such as costs, expenses, indemnities or penalties arising from the early termination of financing arrangements; and
 - c. compensation for loss of profit in the amount of 10% of the value of the construction still to be performed or the value of the services still to be provided during the operation phase, in each case as calculated on the basis of the PEF (see "*Description of the Concession Agreement—Termination events—Termination due to Grantor's default and revocation for public interest reasons*"); and
- c) revocation of the Concession Agreement due to public interest reasons, in which case the Concession Agreement provides for a termination amount equal to:
 - a. the consideration for the works performed and services rendered; and
 - b. the reimbursement of all costs and financial expenses incurred for the work performed until the revocation; and
 - c. the reimbursement of the expenses to be incurred even against third parties as a result of the termination of the Concession Agreement; and
 - d. an adequate indemnity, as a compensation for loss of profit, equal to 10% of the value of the work still to be carried out, or the part of the service still to be operated, assessed on the basis of the PEF (see "*Description of the Concession Agreement—Termination events—Termination due to Grantor's default and revocation for public interest reasons*").

The table below sets out as at the date specified the relevant amount of each of (a) our outstanding senior debt, (b) the value of the works executed plus other charges, deducting the Public Grants received, less any relevant depreciation, (c) 10% of the remaining works to be realized and (d) 10% of the remaining services to be performed, all taken from the 2017 Financial Model's base case scenario.

The information in the table below has been prepared for information only to provide hypothetical values for illustrative purposes only and does not constitute a forecast of the actual amount of any of the measures above. The provisions setting out the items to be included in the termination payment under the Concession Agreement are drafted in very broad terms and do not use consistent terminology. The actual calculation of the termination payment under the Concession Agreement will depend on how such terms are interpreted as well as the calculation methods used, which may give rise to differences of opinion between the Grantor and us, and thus may be disputed and could potentially only be resolved through litigation which, by definition, is unpredictable. The amounts set out in the table below, which have been taken from the 2017 Financial Model base case scenario, may include amounts that would not be considered eligible for purposes of calculating the termination payment under the Concession Agreement under one or more of the situations where a termination payment is called for. The actual amount of any of the measures relevant for the determination of the amount of any termination payment will almost certainly differ from, and may bear no correlation to, the values presented in the table below, and the amount of any termination payment could be impacted by other factors which have not been considered in preparing the table below or the 2017 Financial Model. The 2017 Financial Model was not prepared with a view towards calculating the value of any termination payment and the table below is not intended to indicate the likely amount of any termination payment. See *"Risk Factors—Risks relating to the Concession Agreement—We cannot be certain of the amount or timing of receipt of any termination amount that we are entitled to receive under the Concession Agreement"*. Inclusion of the table below should not be regarded as a representation by us or any other person that any termination payment amounts will, or can, be achieved. Prospective investors are cautioned not to place undue reliance on the table below or any information derived or calculated therefrom and should make their own independent assessment of potential termination values in light of the considerations described above and elsewhere in this Prospectus. For a discussion of certain risk factors that could adversely affect our ability to obtain termination payments, see *"Risk Factors"*.

	<i>Date</i>	<i>Outstanding Senior debt Base Case</i>	<i>Value of works realized (+ other charges) less public grants, net of depreciation</i>	<i>10% Compensation for remaining works to be realized</i>	<i>10% Compensation for remaining services to be performed</i>
<i>Construction phase</i>	30/09/2017	0	200	151	1,187
	31/12/2017	0	301	142	1,187
	31/03/2018	0	279	131	1,187
	30/06/2018	0	442	116	1,187
	30/09/2018	34	589	102	1,187
	31/12/2018	140	730	90	1,187
	31/03/2019	275	729	75	1,187
	30/06/2019	424	932	56	1,187
	30/09/2019	572	1,080	43	1,187
	31/12/2019	672	1,221	31	1,187
	31/03/2020	732	1,348	20	1,187
	30/06/2020	823	1,501	6	1,187
	30/09/2020	871	1,584	0	1,187
<i>Operation phase</i>	31/12/2020	1,221	1,624	0	1,183
	31/12/2022	1,219	1,541	0	1,149
	31/12/2024	1,206	1,461	0	1,113
	31/12/2026	1,183	1,381	0	1,073
	31/12/2028	1,149	1,306	0	1,029
	31/12/2030	1,097	1,237	0	981
	31/12/2032	1,032	1,168	0	931
	31/12/2034	951	1,099	0	877
	31/12/2036	855	1,030	0	821
	31/12/2038	742	962	0	762
	31/12/2040	607	895	0	700
	31/12/2042	451	826	0	636
	31/12/2044	271	749	0	569
	31/12/2046	60	669	0	500
	31/12/2048	0	591	0	429

SELECTED FINANCIAL INFORMATION

The following should be read in conjunction with "Management's discussion and analysis of results of operations and financial condition" and our Financial Statements, including the notes thereto, each of which is included in this Prospectus. This Prospectus contains forward-looking statements that involve risks and uncertainties (see "Forward-looking statements"). Our actual results may differ materially from those discussed in the forward-looking statements as a result of various factors, including those set forth in "Risk factors".

We were incorporated on 22 December 2009. Since the SPV is still under construction, the operations that we have carried out since our incorporation are substantially different from our expected future operations and our historical financial statements are not indicative of what our operating performance would have been if we had operated the Project as of an earlier date. We have included in this Prospectus our Financial Statements, which have been prepared in accordance with IFRS.

As a result of our entering into the Amendment Deed with the Grantor on 29 May 2017, we no longer account for part of our expected future revenue stream under the Concession Agreement as an intangible asset, as almost the entire amount of that future revenue stream will be in the form of the Availability Fee and thus since that date this future revenue stream has been recorded on our balance sheet entirely as a financial asset and this is reflected in our financial statements as of and for the nine months ended 30 September 2017. This impacts the comparability of our results of operations and financial position as of and for the nine months ended 30 September 2017 to those of prior periods.

The Project is still in the very early stages of its realization and as such, our historical operations and results are indicative of to those we hope to achieve in the future. Our future results of operation will be affected by many factors, some of which are beyond our control, as a result of which our historical results are not an indication of results that may be expected for any future period.

The following tables set forth our selected financial information in thousands of Euro for the financial years ended on and as of the dates indicated below. Our selected financial information as of and for each of the years ended 31 December 2014, 2015 and 2016 has been derived from our Audited Financial Statements. Our selected financial information as of and for the nine months ended 30 September 2016 and 2017 has been derived from our Interim Financial Statements, which have not been audited.

Statement of comprehensive income data:	Year ended 31 December			Nine months ended 30 September	
	2014	2015	2016	2016	2017
	(audited)			(unaudited)	
	(EUR in '000s)				
Revenue.....	0	0	0	0	0
Cost of sales	(0)	(0)	(0)	(0)	(0)
Gross profit	0	0	0	0	0
Administrative expenses.....	(372)	(608)	(2,307)	(319)	(1,541)
Operating profit/(loss).....	(372)	(608)	(2,307)	(319)	(1,541)
Finance costs	(1,162)	(1,568)	(3,375)	(2,324)	(7,888)
Finance income	2,192	2,654	7,983	2,979	31,023
Profit before tax.....	658	479	2,301	337	21,593
Tax expense.....	(210)	(372)	145	(486)	(5,338)
Profit for the year/period	448	107	2,447	149	16,255

Statement of financial position data:

	As of 31 December			As of 30 September
	2014	2015	2016	2017
		(audited)		(unaudited)
	(EUR in '000s)			
Assets				
Property plan and equipment	0	0	0	0
Intangible assets	186,015	345,303	510,598	0
Financial assets	53,543	108,548	132,245	858,578
Total non-current assets	239,558	453,851	642,843	858,578
Trade and other receivables	28,627	74,121	50,849	24,640
Cash and cash equivalents	4,373	4,063	6,075	26,941
Deferred tax asset	45	92	206	1,132
Total current assets	33,045	78,276	57,129	52,713
Total assets	272,604	532,127	699,972	911,291
Equity				
Share capital	50,008	85,008	85,008	100,000
Retained earnings	4,440	4,547	6,994	23,249
Total equity attributable to shareholders	54,448	89,555	92,002	123,249
Liabilities				
Trade and other payables	209,193	348,711	548,129	699,896
Deferred tax liabilities	529	912	777	6,901
Total non-current liabilities	209,721	349,622	548,905	706,797
Trade and other payables	8,337	65,849	49,666	51,745
Financial liabilities	98	27,101	9,400	29,500
Total current liabilities	8,435	92,950	59,066	81,245
Total liabilities	218,156	442,573	607,971	788,042
Total equity and liabilities	272,604	532,127	699,972	911,291

Cash flow statement data:	Year ended 31 December			Nine months ended 30 September	
	2014	2015	2016	2016	2017
		(audited)		(unaudited)	
			(EUR in '000s)		
Operating activities					
Profit before tax for the period	658	479	2,301	337	21,593
Depreciation of property, plant and equipment	—	—	—	—	—
Amortization of intangible asset	—	—	—	—	—
Net finance expense	—	—	—	—	—
Operating cash inflows before movements in working capital	658	479	2,301	337	21,593
Decrease/(increase) in trade and other receivables	6,975	(45,493)	23,272	23,061	26,209
(Decrease)/increase in trade and other payables	98,182	197,030	183,235	145,227	153,846
Tax paid	(210)	(372)	145	(486)	(5,338)
(Decrease)/increase in deferred tax asset/liabilities	177	337	(250)	462	5,198
Net cash inflow from operating activities	105,782	151,980	208,704	168,601	201,508
Cashflows from investing activities					
Financial assets	(7,308)	(55,005)	(23,697)	(120,321)	(726,333)
Intangible assets	(80,534)	(159,288)	(165,295)	(17,025)	510,598
Net cash outflow from investing activities	(87,842)	(214,293)	(188,992)	(137,346)	(215,734)
Cashflows from financing activities					
Change in borrowing	(14,300)	27,003	(17,701)	(27,101)	20,100
Interest paid	—	—	—	—	—
Interest income received	—	—	—	—	—
Capital increase	—	35,000	—	—	14,993
Net cash outflow from financing activities	(14,300)	62,003	(17,701)	(27,101)	35,093
Net increase in cash and cash equivalents	3,640	(310)	2,012	4,154	20,866
Cash and cash equivalents at beginning of year/period	733	4,373	4,063	4,063	6,075
Cash and cash equivalents at end of year/period	4,373	4,063	6,075	8,217	26,941

MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL CONDITION

The following management's discussion and analysis of our results of operations and financial condition should be read in conjunction with our Financial Statements, including the notes thereto, each of which is included in this Prospectus. This Prospectus contains forward-looking statements that involve risks and uncertainties (see "Forward-looking statements"). Our actual results may differ materially from those discussed in the forward-looking statements as a result of various factors, including those set forth in "Risk factors".

Overview

We are a project company (*società di progetto*) within the meaning of article 156 of the Italian Public Contracts Code formed for the purpose of constructing and operating the SPV under the Concession Agreement. A temporary consortium (*associazione temporanea di imprese*) established by our indirect shareholders ("**Consorzio Stabile SIS**" or "**SIS**") was awarded the Concession by the Veneto Region in June 2009. Following the Grantor's approval of the Definitive Design prepared by Consorzio Stabile SIS in September 2010, we formally stepped into the Concession Agreement as Concessionaire. As Concessionaire, we have the right and obligation to design, construct, finance, operate and maintain the SPV. In return, the Grantor has agreed to pay us the Construction Grants to help fund construction and operation of the SPV. The approved Construction Grants total €914.9 million (plus VAT, if applicable) and are to be paid out in stages as construction advances. During the operation phase of the SPV, we will receive funding in the form of the Availability Fee payable by the Grantor equal to €153,946,814 plus VAT (on a full year basis for 2020) for each year of operation of the SPV throughout the duration of the Concession, to be annually updated in accordance with an indexed formula with an inflation-linked component (see "*Description of the Concession Agreement – Funding of the Project – Funding during the operation phase*"), as a remuneration for making the SPV available to the users in accordance with quality parameters set out under the Concession Agreement, whilst the tolls paid by users of the SPV remain the exclusive property of the Grantor. In addition, we may also generate further revenues from royalties as a result of contracting out additional services, such as for service stations and advertising.

In March 2011, we entered into the Original EPC Contract with our controlling shareholder SIS, pursuant to which SIS agreed to design and build the SPV for us (see "*Description of other Project Documents—The EPC Contract*"). On 26 July 2017, we entered into a new EPC Contract with the EPC Contractor in order to introduce changes necessary for the implementation of the project bond financing structure, thereby replacing the Original EPC Contract. We will also enter into an O&M Contract on or around the date of Issue with a temporary association of undertakings (*i.e.* a contractual joint venture) between Consorzio Stabile VIS S.c.p.A. ("**Consorzio VIS**") (as leading company) and SIS, which will operate and maintain the SPV for us.

The Project is divided into three lots, each of which is subdivided into sub-lots, for a total of 15 sub-lots. Under the Concession Agreement, we are permitted, with the Grantor's approval, to open a sub-lot to operation before we have finished construction of the entire SPV provided we are able to negotiate with the Grantor the appropriate monetary compensation. This would allow us to begin generating revenue before finishing construction, without having an impact on the 39-year term of the Concession Agreement, as this will begin to run only when we have finished construction of the entire SPV. There is, however, no assurance that we will be able to open any sub-lots before the full completion of the construction of the SPV (see "*Risk Factors—Risks relating to the construction of the SPV*"). Following completion of the SPV, we are required under the Concession Agreement to operate and maintain the SPV for 39 years, after which we will be required to transfer the SPV and the related infrastructures in good condition to the Grantor or to a successor concessionaire designated by the Grantor.

In September 2011, the Grantor approved the Executive Design in respect of the first sub-lot and in November 2011, construction of the first sub-lot of the SPV commenced. Construction works on the second sub-lot were started in February 2013 and during 2014, works began in respect of a further seven sub-lots. We achieved access to all lands (*immissione in possesso*) required for construction of the SPV in early October 2015 and, following hand-over of works (*consegna dei lavori*) on 9 October 2015, construction is now on-going in all of the SPV's 15 sub-lots.

We currently expect that construction of the entire SPV will be completed on 11 September 2020. Once we have received final approval to operate all sub-lots of the SPV, the 39-year term will begin to run.

As of 30 September 2017, we had completed approximately 31.3% of the required construction work (calculated on the basis of capital expenditure incurred as a percentage of the approved investment amount for works). In addition, as of that date, we have certified a total amount of €726.1 million (approximately 32.2% of the approved investment amount for the Project) on the basis of the progress of construction, as evidenced by SALs that we have issued and which have been certified by the Grantor's technical adviser (*Responsabile Unico del Procedimento*). The amount as of 30 September 2017 includes approximately €525.0 million of works, with the remainder related to design, land acquisition and diversion of services. As of that date, we have invoiced Construction Grants from the Veneto Region in an amount of €699.9 million.

Trends and factors affecting our results of operations and financial condition

The Project is still in the early stages of its realization and as such, our historical operations and results are not comparable to those we expect to achieve in the future, in particular once the construction phase of the Project is completed and we commence operation of the SPV.

As we account for our investments in the SPV in accordance with IFRIC 12 (Service Concessions), our principal activities during the period under review, our investments in the SPV in terms of construction and expropriation activities, as well as interferences, safety measures, general technical expenses and other miscellaneous items, that are allocated either to our financial asset or, for periods ending prior to our entering into the Amendment Deed with the Grantor on 29 May 2017, intangible asset relating to the Concession and our principal means of financing that investment to date through receipt of a portion of the Construction Grants, are principally reflected in our statement of financial position and our statement of cash flows rather than in our statement of comprehensive income. See "*Accounting treatment of the Concession*" for a discussion as to how we account for our investments in the SPV in accordance with IFRIC 12 (Service Concessions).

During the construction phase of the Project, we anticipate our principal uses of funds will continue to be for construction and expropriation activities, as well as interferences, safety measures, general technical expenses and other miscellaneous items. Our sources of funds for these investments are expected to continue to include funds available under the Construction Grants, in respect of which we have entered into factoring arrangements to better manage our cash flows, as well as the proceeds from the sale of the Notes and equity contributions and loans from our shareholders.

As a result of our entering into the Amendment Deed, we no longer account for part of our expected future revenue stream under the Concession Agreement as an intangible asset, as almost the entire amount of that future revenue stream will be in the form of the Availability Fee and thus since that date this future revenue stream has been recorded on our balance sheet entirely as a financial asset and this is reflected in our financial statements as of and for the nine months ended 30 September 2017. This impacts the comparability of our results of operations and financial position as of and for the nine months ended 30 September 2017 to those of prior periods.

Following the construction phase, our results of operations, cash flows and financial position will be affected by a number of factors, many of which are and will be beyond our control. See "*Appendix 2—Summary Financial Model Information*" for a summary of information derived from the 2017 Financial Model, which has been prepared for purposes of illustrating the anticipated sources and uses of funds and potential cash flows and key ratios of the Project. The 2017 Financial Model has been prepared on the basis of a number of assumptions, projections, forecasts and estimates using the PEF, market research and technical analysis, and expectations and judgments relating to expected traffic volumes and type, road characteristics, capital and operating expenditures, and future trends in inflation, interest rates, transportation infrastructure and the transportation industry, taxes, GDP growth, labor market conditions, as well as other factors. The 2017 Financial Model has been prepared for illustrative purposes only and does not constitute a forecast. No assurance can be given that the hypothetical results, values and ratios presented in the 2017 Financial Model will be achieved or can be achieved. For a discussion of certain factors that may adversely affect our results of operations, cash flows and financial position, see "*Risk factors*".

Construction

Currently, one of our principal obligations under the Concession Agreement is the construction of the SPV, and in March 2011, we entered into an agreement with SIS pursuant to which SIS agreed to design and build the SPV for us.

As set out in the PEF, total capital expenditure for construction of the SPV is expected to be €2,258.0 million, of which the most significant component, €1,628.6 million has been budgeted for construction works. Our capital expenditure related to construction works in respect of the SPV amounted to €0.1 million in 2011, €17.5 million in 2012, €38.4 million in 2013, €64.6 million in 2014, €139.6 million in 2015, €143.0 million in 2016 and €91.7 million for the nine months ended 30 September 2017. As of 30 September 2017, our total capital expenditure related to construction works in respect of the SPV amounted to €495.0 million. We believe that, as of 30 September 2017, we had completed approximately 30.4% of the required construction work, which is in line with our construction schedule (*cronoprogramma*). We currently anticipate that we will complete the remaining required construction works by 11 September 2020 and that the remaining €1,133.6 million of the €1,628.6 million budgeted in the PEF for construction works will be sufficient for those purposes.

Our capital expenditures on these construction works are recorded in our cash flow statement and, together with our capital expenditures in respect of expropriation activities, interferences, safety measures, general technical expenses and other miscellaneous items, are apportioned as investments in our financial asset and, for periods ending prior to our entering into the Amendment Deed, intangible asset relating to the Concession and reflected accordingly in our statement of financial position valuation of those assets.

As a result of our entering into the Amendment Deed, we no longer account for part of our expected future revenue stream under the Concession Agreement as an intangible asset, as almost the entire amount of that future revenue stream will be in the form of the Availability Fee and thus since that date this future revenue stream has been recorded on our balance sheet entirely as a financial asset and this is reflected in our financial statements as of and for the nine months ended 30 September 2017.

Expropriation

Under the Concession Agreement, we are responsible for carrying out all expropriation activities and are required to bear all related costs. We are also liable for any additional costs and time required for expropriations, unless these have been caused by force majeure, a change of law, or an unforeseeable event not attributable to us. In such event, we are entitled to request rebalancing of the PEF.

Of the total capital expenditure for construction of the SPV of €2,258.0 million set out in the PEF, €311.7 million is set aside for expropriation indemnities. Under the EPC Contract, we have passed on any liability relating to the expropriation activities to the EPC Contractor, who is entitled to extra costs or time only within the limit of what the Grantor grants to us.

Our expenditure related to expropriation activities in respect of the SPV amounted to €5.5 million in 2011, €6.1 million in 2012, €3.0 million in 2013, €7.6 million in 2014, €16.0 million in 2015 and €13.2 in 2016. As of 30 September 2017, our total certified amounts related to expropriation activities in respect of the SPV amounted to €103.2 million, and expropriation procedures (*accordi bonari*) had been completed with respect to 67% of the total land required for the Project, representing a commitment to pay €189.9 million. While it is difficult to determine with any certainty when we will complete expropriation of the remaining land, we expect that the remaining €208.5 million of the €311.7 million budgeted in the PEF for expropriation will be sufficient for those purposes.

Our capital expenditures on these expropriation activities are recorded in our cash flow statement and, together with our capital expenditures in respect of construction works, interferences, safety measures, general technical expenses and other miscellaneous items, are apportioned as investments in our financial asset and, for periods ending prior to our entering into the Amendment Deed, intangible asset relating to the Concession and reflected accordingly in our statement of financial position valuation of those assets.

Construction Grants

To date, our main source of funds to finance our construction works on the SPV have been the Construction Grants we receive from the Grantor under the Concession Agreement. During the construction phase, we are entitled to receive the Construction Grants, equal to €914.9 million (plus VAT, if applicable), payable each month on the basis of the actual progress of works according to the timeframe below:

- up to the amount of € 614,910,000, payments shall be made within 90 days after the date when the relevant certificate is issued;
- the amounts exceeding the above threshold up to the amount of €754,910,000 or the amount related to works certified until 29 March 2018, whichever is the earliest, shall be paid by 29 March 2018;
- the amounts exceeding the above threshold (i) up to the amount of €914,910,000 or the amount related to works certified until 31 January 2019, whichever is the earliest, shall be paid by 31 January 2019 and (ii) up to the amount of €914,910,000 but related to works certified after 31 January 2019 shall be paid within 90 days of the date when the relevant certificate is issued.

Any amounts unused during the year to which they have been allocated may be used in subsequent years. See "*Existing financing arrangements—Construction Grants—Construction Grants*".

Pursuant to the Construction Grants, we invoiced €42.7 million in 2012, €52.2 million in 2013, €114.3 million in 2014, €139.5 million in 2015 and €199.4 million in 2016. As of 30 September 2017, we had invoiced a total of €699.9 million under the Construction Grants and were eligible to invoice an additional €215 million.

Since there is a delay between the time when we issue an invoice to the Grantor in respect of amounts to be paid under the Construction Grants and the time at which we receive payment of those amounts, we have entered into factoring arrangements with several finance providers to secure funding for our current construction activities in consideration of the assignment of receivables from the Veneto Region. In the past, we held factoring facilities with various factors. However, on 17 March 2016 we decided to group all our factoring under one entity, SACE FCT SpA Unipersonale. The cost of these arrangements and of supporting guarantees by our direct and indirect shareholders are reflected as finance costs in our statement of comprehensive income.

Basis of financial presentation

We present our financial statements in accordance with IFRS. Our financial year-end is 31 December, and our presentation currency is the Euro (EUR). Our financial statements for the years ended 31 December 2013, 2014 and 2015 have been audited by BDO in accordance with International Standards on Auditing. Our interim financial statements for the nine months ended 30 September 2016 and 2017 have not been audited, but have been reviewed by BDO in accordance with International Standards on Review Engagements.

As a result of our entering into the Amendment Deed, we no longer account for part of our expected future revenue stream under the Concession Agreement as an intangible asset, as almost the entire amount of that future revenue stream will be in the form of the Availability Fee and thus since that date this future revenue stream has been recorded on our balance sheet entirely as a financial asset and this is reflected in our financial statements as of and for the nine months ended 30 September 2017.

We have historically produced year-end financial statements under Italian GAAP that were reviewed by our internal board of statutory auditors in accordance with Italian law. Going forward, we intend to produce both year-end IFRS financial statements and year-end Italian GAAP financial statements that, in either case, will be audited by the external auditor appointed by our shareholders meeting.

Accounting treatment of the Concession

We are a project company incorporated for the purpose of constructing and operating the SPV under the Concession Agreement. However, since the Veneto Region will have title to the land on which the

SPV is to be built once the expropriation activities have been completed and we are further required to hand over control of the infrastructure to the Veneto Region after expiry of the Concession, we are not able to treat any portion of the constructed SPV as an asset or recognize any amounts in respect of it as property on our balance sheet.

Instead, we recognize as our most significant asset on our balance sheet the right, once we have completed construction of the SPV, to all the revenues generated from operation of the SPV. In accordance with the requirements of IFRIC 12 (Service Concessions), to the extent to which we have an unconditional right to receive cash irrespective of usage the SPV, such as the Availability Fee, we recognize the value of that future revenue stream as a financial asset on a balance sheet. To the extent we do not have an unconditional contractual right to receive a fixed value in respect of a revenue stream, which prior to our entry into the Amendment Deed would have been the case in respect of the Toll Revenues and other revenues related to the SPV's facilities (for example, service stations and advertising billboards), we recognize the value of that future revenue stream as an intangible asset on our balance sheet. Accordingly, we recognize the amounts to be received in respect of the Availability Fee as a financial asset and the amounts we had expected, for periods ended prior to our entry into the Amendment Deed, to be received as toll revenues as an intangible asset.

As a result of our entering into the Amendment Deed, we no longer account for part of our expected future revenue stream under the Concession Agreement as an intangible asset, as almost the entire amount of that future revenue stream will be in the form of the Availability Fee and thus since that date this future revenue stream has been recorded on our balance sheet entirely as a financial asset and this is reflected in our financial statements as of and for the nine months ended 30 September 2017.

In order to determine the value to recognize with respect to the intangible asset and the financial asset under IFRIC 12 for periods ended prior to our entry into the Amendment Deed, we have deemed their combined value, as of the time we complete construction of the SPV, to be equal to the total capital expenditure amount required for construction of the SPV, as determined by the PEF (for details of these capital expenditure amounts, see "*Description of the Project—Implementation of the Project—Construction phase—Construction schedule and budget*"). As construction progresses, the combined value of the financial asset and the intangible asset was and would have been built up over time until it reaches that value. In order to build up the value of the intangible asset and the financial asset during the course of the construction phase, we recognized finance income in the amount of the increase in value during the period. Consequently, we recognized the increase in value of the financial asset by recording interest income in respect of that asset on our income statement. The increase in the value of the intangible asset during the period was not recognized on our income statement, but was instead recorded in our statement of financial position by writing up its value (see "*Liquidity and capital resources—Key line items from our statement of financial position—Intangible assets*" below). Even though both revenue streams were to have originated under the same Concession Agreement, we had to account separately for the revenue received under the Availability Fee, the total amounts of which would have been fixed under the Concession Agreement, and any revenue generated from tolls and charges for other services, the total amount of which would have varied (had we not entered into the Amendment Deed) as a result of the actual use of the SPV. For a discussion of the assumptions and judgments we made when apportioning the value of the Concession between the financial asset and the intangible assets, see "*Accounting policies requiring management judgment and discretion*" below.

Once construction would have been completed and we had begun to receive revenue from the operation of the SPV, we would have been required to amortize the value of the intangible asset over its useful life, which in our case would have been the term of the Concession Agreement. Once we had begun to receive revenue from the operation of the SPV, the value of the financial asset would have decreased as revenues from the Availability Fee would have been recognized over the life of the Concession Agreement.

We entered into the Amendment Deed with the Grantor on 29 May 2017 and, as a result, since that date this future revenue stream has been recorded on our balance sheet entirely as a financial asset and this is reflected in our financial statements as of and for the nine months ended 30 September 2017. Under the Amendment Deed, we are entitled to receive the Availability Fee, the amount of which has increased, but are no longer entitled to retain the Toll Revenues for our own account. As a result, the value of the future revenue stream in respect of the Toll Revenues, previously reflected as an intangible asset on our balance sheet, is no longer reflected on our balance sheet. The future revenue stream attributable to the Availability Fee is now and will continue to be reflected on our balance sheet as a

financial asset, however, the value of this asset will be increased to reflect the fact that all of the future revenue streams expected under the Concession Agreement will be in the form of the Availability Fee. We recognize finance income in the amount of the increase in the value of the financial asset during the period. Once we begin to receive revenue from the operation of the SPV, the value of the financial asset will then decrease as we recognize revenues from the Availability Fee over the life of the Concession Agreement.

Accounting policies requiring management judgment and discretion

In preparing our IFRS financial statements, for certain line items we are required to make judgments or to use our discretion in determining the values to be recorded, as described in the notes to our Financial Statements included elsewhere in this Prospectus. The different judgments we may take in determining these amounts could have a material effect on the amounts recorded in our balance sheet or financial results.

The most material line items requiring management judgment and discretion are the following:

Valuation of the financial asset relating to the Concession

Under IFRIC 12, we recognize our right to receive the Availability Fee as a financial asset on our balance sheet (see "*Accounting treatment of the Concession*" above). This financial asset is accounted for at its fair value, which we have assumed is equal to the net present value, as of the day that construction of the SPV is completed, of all of the future payments of the Availability Fee to be made by the Grantor under the Concession Agreement. As a result of our entering into the Amendment Deed, we no longer account for part of our expected future revenue stream under the Concession Agreement as an intangible asset, as almost the entire amount of that future revenue stream will be in the form of the Availability Fee and thus since that date this future revenue stream has been recorded on our balance sheet entirely as a financial asset and this is reflected in our financial statements as of and for the nine months ended 30 September 2017.

Valuation of the intangible asset relating to the Concession

In accordance with IFRIC 12, we recognized the value of our right under the Concession Agreement (before entering into the Amendment Deed) to receive the future toll revenues generated by the SPV as an intangible asset on our balance sheet (see "*Accounting treatment of the Concession*" above). As with the financial asset relating to the Concession, we were required to account for the intangible asset at its fair value. However, unlike the Availability Fee, we could not calculate the net present value of future Toll Revenues, since we did not have an unconditional right to receive a specified amount of tolls. Actual Toll Revenues would have, and will, depend, among other things, on the amount of traffic on the SPV and on the tariff levels applicable to tolls payable by users. As a result, the fair value of the intangible asset relating to Concession needs to be calculated by an indirect method.

In order to determine the fair value of the intangible asset, we had assumed that, as of the day that construction of the SPV would have been completed, the sum of the financial asset and the intangible asset relating to the Concession would have been equal to the total capital expenditure required for the construction of the SPV. We therefore determined that the fair value of the intangible asset as of the day that construction of the SPV would have been completed would have been equal to the difference between the total capital expenditure amount required for construction of the SPV and the fair value of the financial asset representing the fixed future revenue streams under the Concession (as determined under "*Valuation of the financial asset relating to the Concession*" above). As a result of our entering into the Amendment Deed, we no longer account for part of our expected future revenue stream under the Concession Agreement as an intangible asset, as almost the entire amount of that future revenue stream will be in the form of the Availability Fee and thus since that date this future revenue stream has been recorded on our balance sheet entirely as a financial asset and this is reflected in our financial statements as of and for the nine months ended 30 September 2017.

Valuation of the interest income on the financial asset relating to the Concession

In accordance with IFRIC 12, during the course of the construction of the SPV, the value we recognize on our balance sheet in respect of the financial asset relating to the Concession must be built up so that, at the time that construction of the SPV is completed, the value recognized on the balance sheet in

respect of this financial asset is equal to the total fair value as of the time of completion of construction, as determined under "*Valuation of the financial asset in respect of the Concession*". This requires us to determine the interest income to be recognized in respect of a given period so that the increase in the value of the financial asset reflects the actual progress made in constructing the SPV during that period. For periods ended prior to our entry into the Amendment Deed, during the construction phase of the Project, the sum of the increase in the value of the intangible asset and the financial asset relating to the Concession was assumed to be equal to the value of the works achieved during a given period, as such value was certified in the SAL in respect of that period. In order to determine how to allocate the progress in construction between the financial asset and the intangible asset, we calculated the percentage share of each of these two assets in the overall value of the Concession as of the time that construction would have been completed, as described under "*Valuation of the intangible asset relating to the Concession*" above. We then used this ratio to calculate which part of the progress in construction during the relevant period was attributable to the financial asset, and then recorded this amount as interest income in the relevant period. As a result of our entering into the Amendment Deed, we no longer account for part of our expected future revenue stream under the Concession Agreement as an intangible asset, as almost the entire amount of that future revenue stream will be in the form of the Availability Fee and thus since that date this future revenue stream has been recorded on our balance sheet entirely as a financial asset and this is reflected in our financial statements as of and for the nine months ended 30 September 2017. Determining the increase in the value of the financial asset over a given period requires our management to exercise their judgment to ensure that the increase in value is proportional to the actual progress made in the construction over that period.

Key line items of our statement of comprehensive income

Revenue

We currently do not generate any revenue since we have not yet started operation of the SPV.

Once we begin operating the SPV, our revenues will consist principally of the Availability Fee. For further information on the Availability Fee, see "*Existing financing arrangements—Construction Grants—Availability Fee*". We will also record as revenue any extraordinary maintenance for which the Grantor pays us additional compensation (see "*Cost of sales*" below). In addition, we may also generate further revenues as a result of contracting out additional services, such as for service stations and advertising; however, as we have not yet entered into any such contracts, we are currently not able to predict the amount of revenues they will generate. Finally, we will also recognize deferred income in an amount corresponding to the write-down in value recorded with respect to the liability relating to the Construction Grants.

While construction of the SPV is on-going, the value of the non-current trade and other payables line item will increase until we have received the entire amount due under the Construction Grants (currently, €914.9 million). When we begin operating the SPV, we will off-set the value of this liability against the financial asset.

Cost of sales

Until we begin operation of the SPV, we will not incur any cost of sales.

Thereafter, we will recognize as cost of sales the costs of operating the SPV, in particular the costs of ordinary maintenance and services, extraordinary maintenance costs and staff costs as set out under the PEF. For further information on such costs, see "*Description of the Project—Implementation of the Project—Operation phase—Maintenance*". If we are required to perform any extraordinary maintenance for which we receive additional compensation from the Grantor, we will account for the additional compensation as revenue and record the expenditures as cost of sales. We have entered into the O&M Contract with the O&M Contractor, pursuant to which agreement the O&M Contractor will provide all services required for the operation of the SPV to us. Under the O&M Contract, the amounts we are required to pay the O&M Contractor for such services are limited to the amounts set out in the PEF.

Administrative expenses

Administrative expenses are the costs we incur to manage and control our business. During the periods under review, they principally consist of payments made to our Board of Directors and to our statutory auditors for their services, legal and notary fees and consulting and administrative expenses. In addition, we also make payments to our parent company in connection with a car we have leased for the use of the Chairman of our Board of Directors.

We expect to record certain costs we have incurred in relation to the Offering, and will in the future incur in relation to the Notes and the Finance Documents, as administrative expenses. In particular, this will include all costs and fees that we are not able, or otherwise choose not, to capitalize as financial costs of development and construction.

Finance costs

Finance costs are the expenses we incur to finance our operations and during the periods under review consisted primarily of the costs relating to our factoring agreements. In order to generate cash to fund the current construction of the SPV, we entered into factoring facilities with financing providers in respect of our receivables from the Veneto Region under the Construction Grants. We incur various types of expenses in connection with our factoring arrangements. In addition to the financial fees payable to the factor for the provision of the facilities, these include the interest payable on the advances, transaction-based financial factoring commissions as well as financial fees paid to our indirect parent company for the provision of security and guarantees with respect to the factoring facilities (for further details on our factoring arrangements, see "*Existing financing arrangements—Factoring and advance payment agreements*").

When we receive non-recourse advances under a factoring facility, the factor will apply a discount of usually 10% to the amount advanced to us as compared to the assigned receivable's face value as additional compensation for the risk that the Grantor fails to pay. If the factor receives full payment of the amounts under the receivables from the Grantor, the factor will credit the discount amount to us under the relevant factoring facility, as a result of which we sometimes have credit amounts under the factoring facility that we carry as a cash equivalent on our balance sheet. In the period between the assignment of the receivable to the factor and the factor's receipt of full payment, we recognize the amount of the discount as a finance lease payable on our balance sheet.

Following the Offering, we expect to recognize certain costs in respect of the Notes and the Finance Documents as financing costs. However, to the extent we decided to capitalize any such costs during construction of the SPV, we will record finance income with respect to any such capitalized interest and fees.

Finance income

As a result of the requirements of IFRIC 12, we recognize increases in the value of the financial asset resulting from the progress of construction as interest income on our income statement. See "*Accounting treatment of the Concession*" and "*Accounting policies requiring management judgment and discretion*" above.

In addition, as discussed above under "*Administrative expenses*" above, during construction of the SPV, we may also choose to capitalize certain costs in respect of the Notes, the Finance Documents and the Offering if we choose to recognize them as financial costs of construction and development. During construction of the SPV, capitalized interest and fees are recorded as finance income. In the periods under review, capitalized interest and fees mainly related to interest and fees arising in connection with our factoring facilities. While we expect that finance costs to be capitalized will in the future include interest payable under the Notes, the Finance Documents and our factoring facilities, up-front fees paid for the arrangement of financing and other fees payable to financial counterparties, we will make the decision of which costs to capitalize on a case-by-case basis and have not made any firm decisions in this respect as of the date of this Prospectus.

Finally, we had entered into a cash pooling agreement with our parent SIS under which SIS provided centralized treasury and cash management services to us (see "*Related-party transactions—Cash-pooling agreement*"). We recorded the agreed interest rate on any amounts in our credit under this

arrangement as cash pooling interest. Starting in 2014 we have limited our utilization of this agreement and we finally terminated the agreement in 2015.

Tax expense

As a corporate entity under Italian law, we are subject to corporate income tax ("**IRES**") and a regional production tax ("**IRAP**"). We pay IRES at a rate of 24% on our total net income as adjusted for specific tax rules. Our taxable base for purposes of IRAP is the value added through production, which is defined as the difference between operating revenues and costs (excluding labor costs and any interest income or expenses). The applicable rate in the Veneto Region is 3.9%.

Deferred taxes

We recognize differences between the carrying amounts of assets and liabilities on our balance sheet and the corresponding tax bases we use to compute taxable profit as deferred tax assets or deferred tax liabilities. Deferred tax liabilities are generally recognized for all taxable temporary differences, and deferred tax assets are generally recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized. In our case, deferred tax assets and liabilities arise in connection with IRES and IRAP, as we are required to pay these taxes in advance in June and November of each year. Since the required prepayments are estimated on the basis of the taxes due in the previous year, at the end of period there can be a mismatch between the amount of tax paid and the amount of tax due. We recognize any portion of estimated tax paid in excess of the actual amount due for that period as a deferred tax expense and record a corresponding deferred tax asset in the same amount on our balance sheet. Conversely, if the amount of tax due in a year exceeds the amounts prepaid, we recognize a deferred tax liability in the amount of tax still payable.

Results of operations

Nine months ended 30 September 2017 compared to the nine months ended 30 September 2016

The following table sets out certain income statement items for the nine months ended 30 September 2016 and 2017, respectively:

Statement of comprehensive income data:	Nine months ended 30 September	
	2016	2017
	<i>(unaudited)</i>	
	<i>(EUR in '000s)</i>	
Revenue	0	0
Cost of sales	(0)	(0)
Gross profit	0	0
Administrative expenses	(319)	(1,541)
Operating profit/(loss)	(319)	(1,541)
Finance costs	(2,324)	(7,888)
Finance income	2,979	31,023
Profit before tax	337	21,593
Tax expense	(486)	(5,338)
Profit for the period	149	16,255

We generated no revenue and incurred no cost of sales in the nine months ended 30 September 2016 and 2017, as the SPV is still under construction.

Our administrative expenses increased by €1,222 thousand, or 383.1%, from €319 thousand in the nine months ended 30 September 2016 to €1,541 thousand in the nine months ended 30 September 2017, mainly as the result of an increase in fees paid to advisers in connection with the Offering of the Notes, as well as an increase in other expenses from our parent company.

Our finance costs increased by €5,564 thousand, or 239.4%, from €2,324 thousand in the nine months ended 30 September 2016 to €7,888 thousand in the nine months ended 30 September 2017, mainly as

a result of the cancellation of the capitalisation of the financial income booked due to the new accounting treatment of the Concession, an increase of the factoring charges and of the fees paid to the VAT Receivables Purchaser.

Our finance income increased by € 28,044 thousand, or 941.4%, from €2,979 thousand in the nine months ended 30 September 2016 to €31,023 thousand in the nine months ended 30 September 2017, mainly as a result of the increased interest income on financial assets derived from the new accounting treatment of the Concession as well as increased capitalised interest and fees.

As a result of the developments described above, our profit before tax increased by €21,256 thousand, or 6307.4%, from €337 thousand in the nine months ended 30 September 2016 to €21,593 thousand in the nine months ended 30 September 2017.

We had tax expenses of €486 thousand and incurred tax expenses of €5,338 thousand in the nine months ended 30 September 2016 and 2017, respectively. Our tax expenses increased in the nine months ended 30 September 2017 mainly due to deferred taxes arising from the profit of the period.

Our profit for the period increased by €16,404 thousand, or 11,009.4%, from a loss of €149 thousand in the nine months ended 30 September 2016 to a gain of €16,255 thousand in the nine months ended 30 September 2017.

Financial year ended 31 December 2016 compared to the financial year ended 31 December 2015

The following table sets out certain income statement items for the financial years ended 31 December 2015 and 2016, respectively:

Statement of comprehensive income data:	Year ended 31 December	
	2015	2016
	<i>(audited)</i>	
	<i>(EUR in '000s)</i>	
Revenue	0	0
Cost of sales	(0)	(0)
Gross profit	0	0
Administrative expenses	(608)	(2,307)
Operating profit/(loss)	(608)	(2,307)
Finance costs	(1,568)	(3,375)
Finance income	2,654	7,983
Profit before tax	478	2,301
Tax expense	(372)	145
Profit for the period	107	2,447

We generated no revenue and incurred no cost of sales in 2015 and 2016, since the SPV is still under construction.

Our administrative expenses increased by €1,699 thousand, or 279.44%, from €608 thousand in 2015 to €2,307 thousand in 2016, mainly as a result of a significant increase in advisers' fees. This increase in advisers' fees resulted largely from work undertaken in preparation of the Offering.

Our finance costs increased by €1,807 thousand, or 115.24%, from €1,568 thousand in 2015 to €3,375 thousand in 2016, mainly due to higher interest expense on factoring arrangements as well as increased factoring commissions resulting from a greater use of factoring.

Our finance income increased by €5,329 thousand, or 200.79%, from €2,654 thousand in 2015 to €7,983 thousand in 2016, mainly as a result of increased interest income on financial assets under the application of IFRIC 12 and increased capitalized interest, as construction of the SPV continued to accelerate.

As a result of the developments described above, our profit before tax increased by €1,823 thousand, or 381.38%, from €478 thousand in 2015 to €2,301 thousand in 2016.

We incurred tax expenses of €372 thousand in 2015 and had a tax gain of €145 thousand 2016, respectively. Our tax expenses decreased in 2016 mainly as a result of a reduction of deferred tax liabilities due to a change in the Italian tax rate from 27.5% to 24%.

Our profit for the period increased by €2,340 thousand, or 218.69%, from €107 thousand in 2015 to €2,447 thousand in 2016.

Financial year ended 31 December 2015 compared to the financial year ended 31 December 2014

The following table sets out certain income statement items for the financial years ended 31 December 2014 and 2015, respectively:

Statement of comprehensive income data:	Year ended 31 December	
	2014	2015
	<i>(audited)</i>	
	<i>(EUR in '000s)</i>	
Revenue	0	0
Cost of sales	(0)	(0)
Gross profit	0	0
Administrative expenses	(372)	(608)
Operating profit/(loss)	(372)	(608)
Finance costs	(1,162)	(1,568)
Finance income	2,192	2,654
Profit before tax	658	478
Tax expense	(210)	(372)
Profit for the period	448	107

We generated no revenue and incurred no cost of sales in 2014 and 2015, since the SPV is still under construction.

Our administrative expenses increased by €236 thousand, or 63%, from €372 thousand in 2014 to €608 thousand in 2015, mainly as the result of an increase in advisory and auditing fees of €67 thousand and €58 thousand, respectively, in preparation of the Offering, in addition to an increase of €92 thousand in other fees, which consisted primarily of fees relating to banking, insurance, media costs as well as the recognition of an adjustment to the previous year's financial income under IFRIC 12.

Our finance costs increased by €406 thousand, or 35%, from €1,162 thousand in 2014 to €1,568 thousand in 2015, mainly due to the increased use of our factoring facilities in connection with the continuing increase in invoices for Construction Grants. In particular, in 2015 we incurred interest expense on factoring in the amount of €771 thousand and paid financial factoring commissions of €445 thousand, representing an increase of 4% and 52%, respectively, as compared to 2014. In addition, bank interest costs increased by €139 thousand as compared to 2014, when we had no bank interest costs, due to an IFRIC 12 adjustment relating to the capitalization of a portion of finance costs incurred between 2010 and 2014.

Our finance income increased by €462 thousand, or 21%, from €2,192 thousand in 2014 to €2,654 thousand in 2015, mainly as a result of increased interest income on financial assets under the application of IFRIC 12 and increased capitalized interest, as construction of the SPV continued to accelerate. These increases were in part off-set by the decreases in cash pooling interest due to our decision to determinate the cash pooling agreement.

As a result of the developments described above, our profit before tax decreased by €180 thousand, or 27%, from €658 thousand in 2014 to €478 thousand in 2015.

We incurred tax expenses of €210 thousand and €372 thousand in 2014 and 2015, respectively. Our tax expenses increased in 2015 mainly as a result of increased amounts of IRAP payable, as the relevant tax base we are required to use to calculate IRAP does not include our finance costs which thus cannot be used to offset taxable income, and which had increased compared to the previous period, and as a result of changes in the amounts of deferred tax positions.

Our profit for the period decreased by €341 thousand, or 76%, from €448 thousand in 2014 to €107 thousand in 2015.

Liquidity and capital resources

Our objective in managing our capital resources is to safeguard our ability to continue as a going-concern entity in order to successfully complete the construction of the SPV and manage the operation of the Concession, pay interest and repay principal on our indebtedness, maintain an optimal capital structure to reduce the cost of capital and provide a return to shareholders.

As of 30 September 2017, we had cash and cash equivalents of €26,941 thousand. In addition, €215,014 thousand was available for utilization under our factoring facilities as of that date (see *"Existing Financing Arrangements—Factoring and advanced payment facilities"*). Assuming we receive the net proceeds from the Junior Notes and the Senior Notes upon closing of the Offering, we believe that we will have adequate resources from our operating cash flows, cash reserves and ongoing credit facilities, including from the Construction Grants and borrowings expected to be available under the SACE Factoring Facility, the VAT Receivables Agreement and the Advance Payment Facilities to fund our working capital requirements for at least the next twelve months.

Following completion of the Offering, our ability to access certain of our resources may be subject to limitations or restrictions. The proceeds from the sale of the Senior Notes will initially be held in the Escrow Account and will only be released in accordance with the restrictions contained therein (see *"Description of the Finance Documents—Escrow Agreement"*). Furthermore, the net proceeds from the sale of the Senior Notes will be invested in the Liquidity Management Transaction (see *"Description of the Liquidity Management Agreement and Related Security"*). We are required to open and maintain the various Project Accounts. Other than the Distributions Account and the Toll Revenue Account, these accounts will be subject to first ranking security interests in favor of the Security Agent for the relevant secured creditors. See *"Description of Finance Documents—Security Trust and Intercreditor Deed"*.

The Common Terms Agreement contains financial covenants with which we must comply, in particular, maintenance covenants including DLCR, Historic DSCR, Projected DSCR and a Debt to Equity Ratio. For more information on these covenants, see *"Description of the Finance Documents—Common Terms Agreement—Financial Covenants and Equity Cure"*.

Expected cash requirements

Construction of the SPV

As set out in the PEF, total capital expenditure for construction of the SPV is expected to be €2,258.0 million. This sum includes €1,628.6 million for construction works, €311.7 million for expropriation indemnities, €146.0 million for interferences with existing infrastructure such as utilities, railways and irrigation canals, €56.8 million for safety measures in connection with the works, €48.9 million for general technical expenses and approximately €66.0 million for miscellaneous items, including design, geognostic surveys, clean-up of unexploded war devices, reimbursement of the 6, due diligence and contingencies. For further information on the construction budget, see *"Appendix 2—Summary Financial Model Information"* and *"Description of the Project—Implementation of the Project—Construction phase—Construction schedule and budget"*.

As of 30 September 2017, our total capital expenditure in respect of the SPV amounted to €729.1 million, of which amount €495.0 million related to construction works, €103.2 million to expropriation activities, €35.7 million to design costs, €31.8 million to safety measures, €37.9 million to interferences and €25.6 million to miscellaneous items, including general technical expenses and costs relating to geological analyses. We believe that our current level of progress with respect to construction of the SPV is in line with the construction schedule and budget.

Maintenance obligations of the SPV

Under the PEF, once construction of the SPV is complete, we expect to incur total annual maintenance costs for operation of the SPV of between approximately €21.0 million and €31.0 million. This includes estimated ordinary maintenance and services of approximately €14.2 million per year and staff costs of approximately €6.8 million per year. In addition, we have agreed to a program of pluriannual

maintenance works beginning from the fifth year of operation of the SPV to maintain the functionality and structural integrity of the SPV over the longer term. These maintenance works include rehabilitation works to the pavements, structures and equipment and, in certain cases, full replacement of structural elements. We have agreed a time schedule when we expect to engage in the various types of works. For example, we expect to resurface the right-hand lane every five years, the left-hand lane and the right-hand lane of tunnel pavement every ten years and the left-hand lane of tunnel pavement every 15 years. As a result, the estimated annual amounts required for extraordinary maintenance works starting from the fifth year of operation varies between approximately €1.4 million and €10.0 million. For further details of our maintenance budget, see "*Description of the Project—Implementation of the Project—Operation phase—Maintenance*".

Contractual obligations and commercial commitments

The following table summarizes our financial obligations and contractual commitments under contracts that we have entered into as of 30 June 2017:

Contractual Obligations	Payments due by period				Total
	<i>Less than 1 year</i>	<i>1 – 2 years</i>	<i>3 – 5 years</i>	<i>More than 5 years</i>	
	<i>(EUR in '000s)</i>				
Trade and other payables					
<i>Construction Grants</i> ⁽¹⁾	—	—	—	699,896	699,896
<i>Deferred tax liabilities</i>	—	—	—	6,901	6,901
<i>Payables to parent company</i> ⁽²⁾	46,988	—	—	—	46,988
<i>Other payables</i> ⁽³⁾	4,757	—	—	—	4,757
Total trade and other payables	51,745	—	—	706,797	758,542
Interest bearing liabilities ⁽⁴⁾	29,500	—	—	—	29,500
Total	81,245	—	—	706,797	788,042

Note:

- (1) See "*Existing financing arrangements—Construction Grants*" for further details on the terms and conditions of the Construction Grants.
- (2) See "*—Key line items from our statement of financial position—Trade and other payables*" for further details on our payables to parent company.
- (3) Other payables comprise payables for purchases of services, payables to our Board of Directors and deferred tax liabilities in connection with public administration tax (IRAP).
- (4) Interest-bearing liabilities consist of advances from our factors under our factoring arrangements. See "*Existing financing arrangements—Factoring agreements*" for further details on the terms and conditions of our factoring facilities.

Contingent and off-balance sheet obligations

As of 30 September 2017, we have provided guarantees in the amount of €7.7 million to tax authorities in respect of VAT receivables related to the 2014 – 2015 financial years. We have also provided a guarantee (*cauzione definitiva*) by means of delivery to the Grantor of an insurance policy issued by Allianz S.p.A. for a maximum secured amount currently equal to €60.2 million as described in "*Description of the other Project Documents—The EPC Contract—Insurance and security package*".

Expected sources of funds

Currently, our main source of funds are the Construction Grants we receive from the Grantor under the Concession Agreement (see "*Existing financing arrangements—Construction Grants*"). There is a delay between the time when we issue an invoice to the Grantor in respect of amounts to be paid under the Construction Grants and the time at which we receive payment of those amounts in accordance with the following:

- For amounts up to €614,910,000, payments shall be made within 90 days after the date when the relevant certificate is issued;

- For amounts exceeding €614,910,000 up to €754,910,000 or the amount related to works certified until 29 March 2018, whichever is earliest, payments shall be made by 29 March 2018;
- For amounts exceeding €754,910,000 (i) up to €914,910,000 or the amount related to works certified until 31 January 2019, whichever is earliest, payments shall be made by 31 January 2019 and (ii) up to the amount of €914,910,000 but related to works certified after 31 January 2019 shall be paid within 90 days of the date when the relevant certificate is issued.

We have entered into factoring arrangements with several finance providers to secure funding for our current construction activities in exchange for the assignment of receivables from the Veneto Region. For information on our factoring arrangements, see "*Existing financing arrangements—Factoring agreements*". In addition, we have €200 million of share capital out of which €100 million has been issued and fully paid and €100 million has been issued but not paid, and which is subject to call at any time by our Board of Directors. For a description of the schedule of equity contributions under the Equity Contribution and Subordination Agreement, see "*Description of Finance Documents—Equity Contribution and Subordination Agreement*".

For a description of our expected funding sources following the Offering until we have completed construction of the SPV, see "*Appendix 2—Summary Financial Model Information*".

After construction of the SPV is completed, we expect that our main source of funds will be our operating activities, in particular the Availability Fee (see "*Existing financing arrangements—Availability Fee*") and other revenues generated under the Concession, such as from service stations or advertising.

Key line items from our statement of financial position

Intangible assets

During the periods under review prior to the nine month period ended 30 September 2017, our most significant asset was our intangible asset relating to the Concession in respect of the non-fixed portion of the future revenue stream we had expected from operation of the SPV. Prior to the nine month period ended 30 September 2017, in accordance with IFRIC 12, during the course of the construction of the SPV, the value we recognized on our balance sheet in respect of the intangible asset relating to the Concession was built up so that, at the time that construction of the SPV would have been completed, the value recognized on the balance sheet in respect of this intangible asset would have been equal to the fair value of the intangible asset, as determined under "*Accounting policies requiring management judgment and discretion —Valuation of the intangible asset relating to the Concession*". During the construction phase of the Project, the sum of the increase in the value of the intangible asset and the financial asset relating to the Concession was assumed to be equal to the value of the works achieved during a given period, as such value was certified in the SAL in respect of that period. In order to determine the increase in value to be recognized with respect to the intangible asset during the period, the interest income recognized during that period with respect to the financial asset, as determined above, was deducted from the value of the works achieved, and the remaining amount was recognized on the balance sheet as the increase in the value of intangible asset during the relevant period. As a result of our entering into the Amendment Deed, we no longer account for part of our expected future revenue stream under the Concession Agreement as an intangible asset, as almost the entire amount of that future revenue stream will be in the form of the Availability Fee and thus since that date this future revenue stream has been recorded on our balance sheet entirely as a financial asset and this is reflected in our financial statements as of and for the nine months ended 30 September 2017.

Financial assets

Our financial assets consist of the long-term financial asset we recognize on our balance sheet account for our contractual rights to receive the Availability Fee under the Concession Agreement (see "*Accounting treatment of the Concession*" above) and of advance payments we have made to our parent company under the EPC Contract to fund start-up costs relating to the construction works for the SPV.

In the periods under review, we recognized prepayments made under the EPC Contract to our parent company, who is also the EPC Contractor with respect to the Project, as a financial asset. In 2013, 2015

and 2017 we made advance payments to our parent company to cover the start-up costs incurred by SIS in its role as EPC Contractor. Under the EPC Contract, we have agreed to advance an amount equalling up to 20% of the uncompleted construction works to allow the EPC Contractor to open the various building yards required along the proposed route of the SPV and the associated fabrication facilities. As construction of the SPV advances and we receive invoices from the EPC Contractor for the works completed on our behalf under the EPC Contract, we use these credit amounts derived from the advance payments to partially offset our payment obligations to SIS under the EPC Contract.

Trade and other receivables

Our trade and other receivables primarily consist of the receivables from the Veneto Region for Construction Grants in respect of works that have been certified by a SAL and invoiced, but are still unpaid. In general we issue invoices to the Grantor on a monthly basis for the construction works we have completed during the previous month and we receive payments from the Grantor approximately every 90 days.

Our other receivables relate to group company credit arising out of the transfer of tax credits, receivables in respect of public administration tax (IRAP), and miscellaneous advance payments. The miscellaneous advances mainly include pre-paid commissions on factoring arrangements in respect of receivables accrued in the current financial period and insurance premiums due on guarantees issued in favor of the tax authorities.

For VAT purposes, we are part of a consolidated group consisting of our parent company SIS and our sister company NDP. See "*Related-party transactions—VAT group arrangements*" for further details. We recognize a receivable in respect of any VAT credits we have transferred to our parent company, SIS, and we can use such credits to off-set any payables to SIS that we have (for example, in respect of payments due under the EPC Contract). The amount we recognize as a credit to SIS as of the balance sheet date corresponds to the amounts of VAT matured on invoices we have received from SIS as our EPC Contractor relating to the progress of construction as certified by the SALs received to that date. We have terminated this arrangement with effect from 31 December 2015 and will no longer be included in SIS's annual VAT declaration starting from the declaration to be submitted in 2017 relating to VAT credits that have matured during 2016.

If timing differences between the balance sheet date and date on which we are required to pay public administration taxes result in our having made tax payments that exceed the amount of tax accrued as of the date on which we make that payments, we record the surplus amount as an asset.

Trade and other payables

During the period under review, our non-current trade and other payables primarily consisted of the Construction Grants received from the Veneto Region (see "*Existing financing arrangements—Construction Grants*"). While construction is on-going, the value of this line item will increase until we have received the entire amount due thereunder (currently, €914.9 million). When we begin operating the SPV, we will off-set the value of this liability against the financial asset.

Our other non-current payables in the period under review related to deferred tax liabilities with respect to IRES and IRAP (see "*Key items of our income statement—Deferred Taxes*" above).

During the period under review, our current payables consisted mainly of parent company payables arising in connection with construction works executed by the EPC Contractor that we have not yet invoiced to the Grantor and with fees charged by FININC and SACYR for guarantees required under our own factoring facilities and with respect of any SIS facilities we have accessed under credit mandates. Finally, our other payables related to payables in respect of public administration tax, payables in respect of purchases of services from various suppliers, including technical, professional and legal advisers, as well as payables to our Board of Directors for annual emoluments that had already been approved, but were still unpaid, as of the relevant balance sheet date.

Historical cash flows

The following table sets out our net cash flows from operating activities, net cash flows from investing activities and net cash flows from financing activities for each of the financial years ended 31 December 2014, 2015 and 2016 and for the nine months ended 30 September 2016 and 2017,

respectively. During these years, net cash flows from operating activities were positive and generally reflected movements in working capital from receipt of the Construction Grants. Net cash flows from investing activities mainly reflect the increase in the value of our intangible asset and our financial asset as construction of the SPV continues, and net cash flows from financing activities reflected changes in borrowings under our factoring facilities in 2014 and an equity injection by our shareholders in 2015.

Cash flow statement data:

	Year ended 31 December			Nine months ended 30 September	
	2014	2015	2016	2016	2017
		(audited)		(unaudited)	
			(EUR in '000s)		
Operating activities					
Profit before tax for the year.....	658	479	2,301	337	21,593
Depreciation of property, plant and equipment.....	—	—	—	—	—
Amortization of intangible asset.....	—	—	—	—	—
Net finance expense.....	—	—	—	—	—
Operating cash inflows before movements in working capital	658	479	2,301	337	21,593
Decrease/(increase) in trade and other receivables.....	6,975	(45,493)	23,272	23,061	26,209
(Decrease)/increase in trade and other payables.....	98,182	197,030	183,235	145,227	153,846
Tax paid.....	(210)	(372)	145	(486)	(5,338)
(Decrease)/increase in deferred tax asset/ liabilities.....	177	337	(250)	462	5,198
Net cash inflow from operating activities	105,782	151,980	208,704	168,601	201,508
Cashflows from investing activities					
Financial assets.....	(7,308)	(55,005)	(23,697)	(120,321)	(726,333)
Intangible assets.....	(80,534)	(159,288)	(165,295)	(17,025)	510,598
Net cash outflow from investing activities	(87,842)	(214,293)	(188,992)	(137,346)	(215,734)
Cashflows from financing activities					
Change in borrowing.....	(14,300)	27,003	(17,701)	(27,101)	20,100
Interest paid.....	—	—	—	—	—
Interest income received.....	—	—	—	—	—
Capital increase.....	—	35,000	—	—	14,993
Net cash outflow from financing activities	(14,300)	62,003	(17,701)	(27,101)	35,093
Net (decrease)/increase in cash and cash equivalents.....	3,640	(310)	2,012	4,154	20,866
Cash and cash equivalents at beginning of year/period.....	733	4,373	4,063	4,063	6,075
Cash and cash equivalents at end of year/period	4,373	4,063	6,075	8,217	26,941

Nine months ended 30 September 2016 and 2017

Our net cash inflow from operating activities increased by €32,907 thousand, or 19.5%, from €168,601 thousand in the nine months ended 30 September 2016 to €201,508 thousand in the nine months ended 30 September 2017, mainly as the result of the increased profit before tax for the period as well as a greater increase in trade and other payables.

Profit before tax and operating cash inflows before movements in working capital were €337 thousand in the nine months ended 30 September 2016 and €21,593 thousand in the nine months ended 30 September 2017, with the increase in the nine months ended 30 September 2017 mainly resulting from increased finance income.

Our trade and other receivables decreased by €23,061 thousand in the nine months ended 30 September 2016 and by €26,209 thousand in the nine months ended 30 September 2017. The decrease in the nine

months ended 30 September 2016 was mainly due to a reduction in receivables from the Grantor in respect of some of the Construction Grants following their sale under our factoring facilities. The decrease in the nine months ended 30 September 2017 was due to our receipt of payment from SIS for most of our receivables in respect of transferred VAT credit.

Furthermore, our trade and other payables increased by €145,227 thousand in the nine months ended 30 September 2016 and by €153,846 thousand in the nine months ended 30 September 2017.

Our net cash outflow from investing activities was €137,346 thousand in the nine months ended 30 September 2016 and €215,734 thousand in the nine months ended 30 September 2017. Net cash flows from investing activities during these periods consisted principally of amounts used for the construction of the SPV.

In particular, the cash outflow for our intangible assets was € 17,025 thousand as of the nine months ended 30 September 2016 and the cash inflow for our intangible assets reallocated as a financial asset was €510,598 thousand in the nine months ended 30 September 2017 due to the new accounting treatment of the Concession.

The cash outflow for our financial assets was €120,321 thousand in the nine months ended 30 September 2016 and €726,333 thousand in the nine months ended 30 September 2017 reflecting the outflow due to the reallocation of our intangible assets as a financial asset as well as the acceleration of works on the SPV and capitalisation of costs.

Our net cash flows from financing activities consisted of an outflow of €27,101 thousand in the nine months ended 30 September 2016 and an inflow of €35,093 thousand in the nine months ended 30 September 2017. These cash flows are related to the variations in short term factoring facilities.

Financial years ended 31 December 2014, 2015 and 2016

Our net cash inflow from operating activities was €105,782 thousand in 2014, €151,980 thousand in 2015 and €208,704 thousand in 2016. During these years, net cash flow from operating activities mainly reflected the movement in working capital, since the SPV is still under construction and we therefore did not generate any revenue in this period.

Profit before tax and operating cash inflows before movements in working capital were €658 thousand in 2014, €479 thousand in 2015 and €2,301 thousand in 2016.

Our trade and other receivables decreased by €6,975 thousand in 2014, increased by €45,493 thousand in 2015 and decreased by €23,272 in 2016. The decrease in 2014 was mainly as a result of the decrease in our outstanding receivables from the Veneto Region, as our increasing reliance on our factoring facilities allowed us to accelerate realization of outstanding amounts. The increase in 2015 was primarily due to an increase of €36,284 in our Group company credit as a result of the transfer of our VAT credit to our parent company under the VAT group consolidation system. The decrease in 2016 was primarily due to the cash received from the Public Grants and the reduction of the outstanding VAT credit.

Furthermore, our trade and other payables increased by €98,182 thousand in 2014, by €197,030 thousand in 2015 and €183,235 in 2016, as we continued to receive payments of the Construction Grants, and had increased amounts payable to the EPC Contractor, while construction of the SPV advanced. As of 31 December 2014, the total Construction Grants received from the Veneto Region amounted to €209,193 thousand, increasing by €139,518 during 2015 to €348,711 thousand as of 31 December 2015 and by a further €199,418 during 2016 to €548,128 thousand as of 31 December 2016.

Current trade and other payables decreased by €16,110 thousand during 2014, mainly because we partly paid down the payable to our parent company (principally the amounts to be paid as advance payments), which decreased by €11,509 thousand in 2014 to €6,007 thousand as of 31 December 2014, and also further paid down the amounts payable for public administration tax, which decreased by €4,762 thousand in 2014 to €34 thousand as of 31 December 2014. In contrast, current trade and other payables increased during 2015 by €57,513 thousand to €65,849 thousand as of 31 December 2015, primarily due to the increase in the payable to our parent company, which increased by €56,668 thousand to €62,675 thousand, as construction activities for the SPV accelerated. Current trade and other payables decreased by €16,183 thousand to €49,666 thousand during 2016. This was primarily

due to a partial payment of an amount payable to our parent company (consisting mainly of amounts due for advance payments), which decreased by €17,052 thousand in 2016 to €45,623 thousand as of 31 December 2016, partially offset by an increase in the amounts payable for public administration tax, board of directors and payables for purchases of services.

Our net cash outflow from investing activities was €87,842 thousand in 2014, €214,293 thousand in 2015 and €188,992 thousand in 2016. Net cash flows from investing activities during these years consisted principally of the increase in the value of our financial assets and intangible assets as construction of the SPV continued to progress.

In particular, the value of our intangible assets was €186,015 thousand as of 31 December 2014 and increased by €159,288 thousand in 2014 to €345,303 thousand as of 31 December 2015 and by €165,295 thousand in 2015 to €510,598 thousand as of 31 December 2016. Similarly, the value of our long-term financial asset was €53,543 thousand as of 31 December 2014 and increased by €55,005 thousand during 2015 to €108,548 as of 31 December 2015 and by €23,697 thousand during 2016 to €132,245 thousand as of 31 December 2016. In addition, during 2014, we reduced the advance payment to our parent company for services to be provided under the EPC Contract in the amount of €5,924 thousand. The balance of the advance payment to our parent company increased by €38,073 thousand to €61,000 thousand as of 31 December 2015; this amount did not change during 2016.

Our net cash flows from financing activities consisted of an outflow of €14,300 thousand in 2014, an inflow of €62,003 thousand in 2015 and an outflow of €17,701 thousand in 2016. The 2014 outflow resulted from a reclassification of the previous year's inflows, which had been incorrectly classified as "pro-solvendo" (meaning that the seller holds the risk of insolvency) instead of "pro-soluto" (meaning the factor holder holds the risk of insolvency) factoring transactions. In addition, we completed a cash capital increase in the amount of €35 million in 2015. The 2016 outflow resulted from a reclassification of the previous year's inflows.

Exposure to financial and market risks

Interest Rates

In the periods under review, we were exposed to market risk principally in the form of risk of fluctuations in interest rates. Our interest rate risk derived from changes in the interest rate applicable to our interest-bearing assets and drawn loans, as well as on our interest earnings. Because we had very few liabilities that accrue interest at floating rates, we were not materially exposed to interest rate risk.

For each Interest Payment Date occurring on or after the first Drawing Date and within a complete Interest Period occurring before the final Drawing Date, the Senior Notes will bear a variable interest rate, calculated with reference to the amount standing from time to time in the Escrow Account (See Condition 5.2(a) (*Interest—Senior Notes—Interest Accrual*)).

Inflation

During construction of the SPV, we have passed on any exposure to inflation to the EPC Contractor by entering into a fixed-amount agreement (see "*Description of other Project Documents—The EPC Contract*"). However, once we begin operation of the SPV, we may be exposed to inflation since, although the Availability Fee will be adjusted on a yearly basis by reference to an indexed formula with an inflation-linked component (see "*Description of the Concession Agreement—Funding of the Project—Funding during the operation phase*"), such adjustment may not reflect the actual level of inflation generally or the level experienced by us more specifically. For a discussion of the sensitivity of our potential Availability Fee revenues on the basis of the 2017 Financial Model to changes in inflation rates, see "*Appendix 2—Summary Financial Model Information*".

Recent developments

Renegotiation of the Concession Agreement

On 31 December 2016, the state of emergency came to an end due to the expiration of its term and, consequently, the Commissioner was also removed, resulting in the hand-back to the Veneto Region (the "**Grantor**") of all competences pertaining to the construction of the SPV.

By Resolution No. 708 of 16 May 2017, published on the Regional Official Gazette No. 49 of 19 May 2017 (the "**Resolution**"), the Regional Board (*Giunta Regionale*) of the Veneto Region approved the Amendment Deed, which replaced the original Concession Agreement and the First Additional Deed and agreed on a further review of the PEF as well as on the conditions on which the economic and financial equilibrium of the concession is based. Further, by Resolution No. 780 of 29 May 2017, published on the Regional Official Gazette No. 54 of 1 June 2017, the Regional Board expressly authorized the execution of the Amendment Deed. In particular, the PEF was updated in order to provide the Project with a better bankability as well as to take into consideration the new traffic forecast. However, it was expressly excluded that the update of the PEF entailed any substantial modification to the original conditions of the Concession Agreement or that it altered the risk allocation between us and the Grantor.

Finally, on 29 May 2017, in execution of the above Resolutions, we and the Grantor entered into the Amendment Deed, by public deed passed by notary public Alberto Gasparotti, Rep. No. 31601 Rac. No. 17984.

The Malo tunnel incidents

The geology of the Malo tunnel site is varied and combines stronger basalt rock and softer alluvial soils, which makes construction complex. Despite the preparation and monitoring put into place by the EPC Contractor, a fatal accident occurred during the excavation of the Malo tunnel in April 2016 at the intersection of a short access gallery and the main tunnel close to the North portal (Treviso side). The safety investigation by the authorities is ongoing, and no conclusion has been reached as of the date of this Prospectus. An independent technical adviser has been appointed and had been initially scheduled to present its findings to the authorities by 17 August 2017, with a hearing for the examination of the findings initially scheduled for 12 September 2017, after which a request for resumption of works and release of access restrictions to the tunnel could be submitted to the judge in the dispute resolution procedure. The independent technical adviser requested an extension to present its findings, which was granted at the hearing on 12 September 2017 until 31 October 2017. A subsequent hearing was scheduled for 10 November 2017. However, the independent technical adviser was absent due to illness and requested a further extension to present his findings. The hearing has been rescheduled for 22 December 2017. The independent technical adviser did, however, present a partial report of its findings to the court on 14 November 2017 which dealt with (i) the current safety conditions in the area of the accident and (ii) the actions to implement for resuming the safety in the area in order to restart the excavation works. On the basis of this report, we intend to petition the court for the release of the access restrictions to the tunnel and the resumption of the works. There can be no assurances, however, that the court will agree to release the access restrictions and grant the resumption of the works promptly or at all. Furthermore, there can be no assurances that there will not be any further extension requests or that the date of the hearing will not also be delayed further. Even following the hearing, however, the date for the timing of a possible lifting of the access restrictions is currently not known, and the access restrictions could remain in place indefinitely.

The restriction of access to the northern end of the tunnel meant that no work was carried out in the rock strata at that end of the tunnel for a period of 12 months, although excavation at the portals continued.

The outcome of the independent technical adviser (which had been expected to be reported to the authorities by 10 November 2017 prior to the independent technical adviser's request for a further extension) could have a significant impact on the general timeframe for completion of the Malo tunnel. The EPC Contractor has provided a recovery work schedule and, while the EPC Contractor is confident that it will be able to achieve the contractual completion date for the Malo tunnel, the recovery schedule is dependent on third party approvals, the timing of which is uncertain.

In addition, in September 2017, due to severe weather conditions and a high volume of rainfall, water infiltrated at the crossing of the Malo tunnel with the Poscola river (Vicenza side) and caused a landslide. Even though we consider these to be ordinary course events in the course of an excavation of a tunnel of this nature and we managed to resume normal working conditions overnight following the accident ready to resume excavation works normally, a judicial procedure was commenced to try to ascertain whether there is any responsibility in relation to the landslide. As a result, the judicial

authorities imposed an explorative seizure ("*sequestro esplorativo*") of one of the tunnel tubes in the area until a resolution is issued. Whilst we can normally continue the excavation works through the other tube of the Vicenza side of the tunnel, we cannot assure you that further measures will not be imposed and, as of the date of this Prospectus, the date for the timing of a possible lifting of the explorative seizure is unknown, and the access restrictions could remain in place indefinitely.

For further information on the Malo tunnel incidents, see "*Risk Factors—Risks relating to the construction of the SPV—Incidents in the Malo tunnel, which is one of the key structures of the project, have led to disputes and investigations as well as the adoption of alternative recovery plans and the need of additional third party approvals, which may delay completion of construction of the SPV or may cause potential overrun costs*" and "*Description of the Project—Construction phase—Construction schedule and budget—Sub-lot 1C: Castelgomberto junction to Malo junction*".

Challenges to the Concession Agreement

The Concession Agreement was recently amended by the Amendment Deed, entered into in execution of the Resolution (see "*Description of the Project—Project history*" below).

Any potential interested party (e.g. any economic operator potentially interested in the awarding of a new concession) can challenge Resolution 708/2017, Resolution 780/2017 as well as the Amendment Deed in front of the competent Regional Administrative Court within 30 (thirty) days of the date of its publication in the Regional Official Gazette (which occurred on 19 May 2017), pursuant to Article 120.5 of the APC, on the grounds that the Resolution introduced a material amendment (*modifica sostanziale*) to the Concession Agreement and, as a result, a new tender procedure should have been launched, pursuant to Article 175.8 of the New Italian Public Contracts Code. Please note that the longer six month term pursuant to Article 120.2 of the APC, starting from its execution, to challenge the Amendment Deed (which occurred on 23 May 2017) should not apply in our case, as Resolution 708/2017 disclosed the publication of all of the elements potentially prejudicial to an interested party. All such terms to challenge have expired, except for the term under Article 120.2 of the APC, which will expire on 29 November 2017.

On 6 June 2017 and 19 June 2017, two challenges to Resolution 708/2017, Resolution 780/2017 and the Amendment Deed were filed with the TAR Veneto by Salini Impregilo S.p.A., and on 20 June 2017 a further challenge to Resolution 708/2017 and the Amendment Deed was filed with the TAR Veneto by the *Confederazione Italiana Dirigenti ed Alte Professionalità*. On 30 June 2017, an "*ad adiuvandum*" initiative was submitted in support of Salini Impregilo's second challenge by Società Agricola Fogal s.s., Codacons - O.N.L.U.S. and six individuals. On 20 July 2017, Salini Impregilo filed additional grounds (motivi aggiunti) in connection with this claim. See "*Description of the Project—Litigation*".

Advance Payment and Advance Payment Bond

We have entered into the EPC Contract with our controlling shareholder SIS. For further information on the EPC Contract, see "*Description of the other Project Documents—EPC Contract*" below. In 2014, 2015, 2016 and the first six months of 2017, we paid SIS €101,982 thousand, €188,066 thousand, €240,980 thousand and €117,819 thousand, respectively, under the EPC Contract (including VAT and expropriations), of which €22,927 thousand, €38,073 thousand for 2014 and 2015, respectively, related to the Advance Payment. In 2016 and for the first six months of 2017, we had a balance account of €61,000 thousand. As of September 2017, another advance payment of €12,500 thousand has been made resulting in a balance of €73,500 thousand, out of the €150,000 thousand amount of the Advance Payment which the EPC Contractor is intending to request and, in any case, within the maximum amount of the Advance Payment allowed under the EPC Contract corresponding to 20% of the Contract Price.

As required by the EPC Contract, the €73,500 thousand Advance Payment has been guaranteed by the Sacyr Advance Payment Bond (as defined below under "*Description of the Other Project Documents—The EPC Contract—Insurance and Security Package*").

Should the EPC Contractor request the payment of the remaining €76,500 thousand Advance Payment, corresponding to 51% of the overall amount of the Advance Payment which the EPC Contractor is intending to request (equal to €150,000 thousand) and reflecting the 51% participating interest of INC

S.p.A. in the EPC Contractor, such additional Advance Payment shall be secured by the INC Advance Payment Bond (as defined below under "*Description of the Other Project Documents—The EPC Contract—Insurance and Security Package*").

THE GRANTOR

Information in this section was sourced from publicly available information and from data provided to us by the Grantor. We confirm that such information has been accurately reproduced and, as far as we are aware and able to ascertain from such information, no facts have been omitted which would render the reproduced information inaccurate or misleading. While we accept responsibility for the accurate extraction and summarization of such information and data, we have not independently verified such information and data and do not make any representations as to the accuracy or completeness of such information and data.

The Veneto Region

The Veneto Region is the Grantor of the Project (having replaced the commissioner originally appointed by the Government).

The Veneto Region is located in the northeast of Italy and had 4.91 million inhabitants at the end of 2016 (Source: Istat), representing 8% of the Italian population. In recent years, the Veneto Regional Administration has played an active role in sustaining its economy during the crisis with a continued focus on infrastructure investments and some countercyclical initiatives, including initiatives aimed at supporting access to bank financing and welfare policies, which have had minimal financial impact on the regional budget (Source: Moody's).

The Veneto Region is one of the main contributors to Italian Gross Domestic Product ("GDP") (9%) and among the richest economies of the Italian ordinary-statute regions. The Veneto Region's industry is comprised of approximately 490,000 small and medium sized enterprises organized in districts and a number of listed companies in different sectors including eyewear (Safilo), fashion (Benetton, Geox, Diesel, Replay, Stefanel), mechanics and engineering (Carraro, Nice, Parmasteelisa), and finance and insurance (Banca Ifis, Cattolica Assicurazioni).

The Veneto Region's credit is strong compared to other Italian regions, with a Baa2 rating from Moody's (December 2016), and a BBB rating from Fitch (April 2017) (the region's rating is capped at the national level of BBB because it lacks substantive financial autonomy). According to Moody's, the Baa2 rating attributed to the Veneto Region reflects "its robust financial position, including a low debt burden, sound liquidity position, and wealthy and dynamic economic base. The Veneto Region's active budgetary management strategy and high operational efficiency support our expectations that the Veneto Region will maintain a solid financial profile going forward and that any potential increase in debt levels over the medium term will be managed prudently within the regional budget". Both Moody's and Fitch underline that the Veneto Region has an efficient management (*i.e.*, cost control) of the healthcare sector compared to other regions limiting the risk of financial pressure and that the Veneto Region's rating and outlook are constrained by Italy's sovereign rating, which represents a cap for the local public authorities. Further while the Veneto Region faces fiscal challenges due to government austerity measures, the regional administration has been able to compensate for shrinking state transfers through active fiscal management, while keeping operating expenditure growth under control.¹

While recognising the central government's promotion of greater accountability for Italian regions, joint responsibilities, such as the provision of healthcare, together with the Veneto Region's presence in the capital market, are incentives for the central government to consider supporting the Veneto Region in the event of need.²

The wealthy and dynamic economy has allowed the Veneto Region to navigate the economic crisis more successfully than other large and diversified regional economies as a result of: (i) debt and debt-service levels being lower than the median for Italian regions, (ii) adequate operating performance, and (iii) relatively low financial pressure related to healthcare spending.³

¹ Source: Moody's 14 Dec 2016 and Fitch 28 Apr 2017 reports.

² Source: Moody's 14 Dec 2016 and Fitch 28 Apr 2017 reports.

³ Source: Moody's 14 Dec 2016 and Fitch 28 Apr 2017 reports.

The Veneto Region is currently acting as grantor in respect of a number of infrastructure PPP projects, including, for example, the Mestre Hospital.

Regional Administration

The Veneto Region is governed by a Regional Council (*Consiglio Regionale*), a Regional Board (*Giunta Regionale*) and a President of the Regional Board (*Presidente della Giunta*), who is also president of the Veneto Region (*Presidente della Regione*).

Regional Council: Veneto's Regional Council is currently composed of 51 regional councillors (*Consiglieri Regionali*), although the number of regional councillors may vary slightly from one election to another depending on the resident population.

According to Regional Law No 5 of 16 January 2012 (as amended by Regional Law No. 1 of 27 January 2015), the electoral system provides that the majority of the regional councillors are to be elected from provincial lists in a certain proportion to the votes received by the political parties to which the candidates belong.

The other regional councillors, whose numbers may vary, are elected on a majority premium basis, from a list of candidates (i) put forward by the regional president elected at that time, and/or (ii) from a provincials list, while another seat is granted to the losing candidate to the Presidency who obtained the second highest of votes in the election.

Each list has to receive at least the 5% of the overall valid votes and each coalition of lists has to receive at least the 3% of the overall valid votes (so called "*clausola di sbarramento*").

Elections are held every five years. The Regional Council has responsibility for the Veneto Region's administrative and political direction, legislative power and regulation. In particular, the Regional Council is responsible for approving regional laws and regulations (to the extent permitted by its powers) and for the Veneto Region's account and budget and the Veneto Region's investment programmes. See "*financial information of the Veneto Region*".

Location and area

The Veneto Region borders the Autonomous Region of Trentino Alto Adige to the north-west, the Republic of Austria to the north, the Autonomous Region of Friuli Venezia Giulia and the Adriatic sea to the east, the Region of Emilia Romagna to the south and the Region of Lombardia to the west.

It has a territorial area of 18,264 square kilometres and it is divided into seven provinces (Venezia, Belluno, Padova, Rovigo, Treviso, Verona and Vicenza).

Relationship between Central Government and Local Entities

The Republic of Italy has been a democratic republic since 2 June 1946. Its government is organised territorially and administratively on national, regional and local levels. Legislative and executive powers are exercised in certain matters at local level by Italy's local authorities.

Of Italy's 20 regions, 15 operate under an ordinary degree of regional autonomy and are referred to as ordinary-statute regions. The Veneto Region is an ordinary-statute region and was established in 1970.

According to the Italian Constitution, the regions have a high degree of autonomy. In particular: (i) the regions are entitled to establish and collect their own taxes and other revenues and have autonomy in the expenditure of their resources (in compliance with constitutional provisions and standards established by the Central Government to co-ordinate Italy's public debt and tax system); (ii) the taxes and other revenues collected by the regions should be sufficient to finance all of their functions and activities; (iii) the regions are entitled to receive a portion of Central Government taxes collected within their territory; (iv) the redistribution of resources from richer areas to poorer areas should be made through an equalisation fund; and (v) the regions may incur indebtedness only to finance investment expenses and such indebtedness may not be guaranteed by the Central Government.

Major Activities

Regions are empowered to address general economic and social issues and are responsible for co-ordinating local administration throughout the provinces and municipalities and providing certain resources to finance provincial and municipal investment programmes.

The Veneto Region is responsible for planning, coordinating and monitoring the regional public transportation services.

Gross Domestic Product⁴

In 2015, the Region generated €135,931.82 million, or approximately 9% of Italy's GDP measured in basic prices. In 2015, the Veneto Region's GDP per capita was €27,665, 15% more than Italy's GDP per capita and 10% above the EU average.

	<i>GDP of the Veneto Region</i> <i>Year ended 31 December</i>			
	<i>2012</i>	<i>2013</i>	<i>2014</i> <i>(in euro millions)</i>	<i>2015</i>
GDP.....	131,738.98	132,317.82	134,345.55	135,931.82

Value added for Sectors⁵

In 2013, the agriculture, industry, construction and services sectors contributed 2.2%, 25.2%, 5.2% and 17.0%, respectively, to the value added of the Veneto Region.

In 2014, the agriculture, industry, construction and services sectors contributed 2.0%, 25.0%, 4.9% and 16.9%, respectively, to the value added of the Veneto Region.

The Veneto Region is split into industrial districts, which means that each area tends to specialise in a specific sector, for example:⁶

- The province of Venice has metallurgical and chemical plants in Marghera and Mestre, and specialises in glass handicraft.
- Belluno specialises in eyeglasses, being home to the global manufacturer, Luxottica.

Employment⁷

In 2015, the unemployment rate of the Veneto Region was 7.1%, which is lower than the national average of 11.9%.

Financial Information of the Veneto Region⁸

Financial reports

The Veneto Region prepares its financial reports in accordance with the accounting principles and standards established by Legislative Decree No. 118 of 23 June 2011 ("**Legislative Decree No. 118**") which, inter alia, introduced general accounting principles and uniform budget schemes with the primary objective of accounting harmonization over the different regional financial reports.

The Veneto Region's accounting system is also governed by Regional Law No. 39 of November 29, 2001 ("**Law No. 39**"), to the extent that it is consistent with Legislative Decree No. 118.

⁴ Source: Eurostat: Gross value added at basic prices by NUTS 3 regions (name_10r_3gva) last updated: 12.04.17

⁵ Source: Eurostat: Gross value added at basic prices by NUTS 3 regions (name_10r_3gva) last updated: 12.04.17

⁶ Source: Moody's 14 Dec 2016 and Fitch 28 Apr 2017 reports.

⁷ Source: Eurostat Unemployment rate of the regions of the EU.

⁸ Source: Unless otherwise specified, all financial data is extracted from the Veneto Region financial reports available at <http://www.regione.veneto.it/web/guest/bilanci>.

The Veneto Region's accounts are maintained on an accrual and cash basis and according to a calendar year.

Law No. 39 and Legislative Decree No. 118 require the Veneto Region to produce, inter alia, certain financial documents hereinafter described.

The Regional Programme Document. The regional economy and finance planning document (*Documento di Economia e Finanza Regionale or DEFR*) (the "**Regional Programme Document**") addresses the government's, the entities', the regional enterprises' and agencies' activity in the Veneto Region for the three-year period covered by the Pluri-Annual Budget (as defined below). It includes an analysis of the current economic situation, a valuation of the status of the expenditure plans and the relevant proposed changes. The Regional Programme Document must be submitted to the Regional Council by 30 June by the Regional Board and be updated within 30 days of the submission of the National DEF Update Note (20 September) for subsequent resolutions.

The Pluri-Annual Budget. The pluri-annual budget (*bilancio di previsione finanziario*) (the "**Pluri-Annual Budget**") is a forecast of regional revenues and expenditures for the next three years. It is prepared annually on both an accrual and cash basis with respect to the first year, and on an accrual basis with respect to the following years, in line with the Regional Programme Document. The approval of the Pluri-Annual Budget authorizes the management of the revenues and the expenditures forecasted therein.

The Veneto Region's Pluri-Annual Budget is drawn up by the Regional Budget Department and submitted by 31 October of the year preceding the relevant fiscal period by the President of the Regional Board to the Regional Council for approval by the following 31 December. Once approved by the Regional Council and enacted by the President of the Region, the Pluri-Annual Budget law is published in the Regional Law Bulletin.

The Regional Stability Law. The regional stability law (*legge di stabilità regionale*) (the "**Regional Stability Law**") is approved at the same time as the Pluri-Annual Budget, and sets out the financial framework for the new calendar year.

Temporary Provisional Budget. The approval of the Pluri-Annual Budget may be postponed until 31 December, by Regional Law approving a temporary provisional budget (*esercizio provvisorio di bilancio*) (the "**Temporary Provisional Budget**"). During the period covered by the Temporary Provisional Budget, which cannot exceed four months, the Veneto Region is authorised to manage revenues and expenditures on the basis of the bill of the first year's provisions of the Pluri-Annual Budget submitted to the Regional Council and may introduce restrictions to discretionary expenditures.

Provisional Budget Adjustment. The Regional Council, by 31 July of each year, approves a provisional budget adjustment (*assestamento del bilancio di previsione*) (the "**Provisional Budget Adjustment**") on the basis of accounting results of the previous year's financial report. The adjustment may also allow for new indebtedness.

Provisional Budget Variations. The Provisional Budget variations (*variazioni al bilancio*) are provided for by the regional law or, in certain cases, by the Regional Board.

The Actual Financial Report. The actual financial report (*bilancio consuntivo or rendiconto generale*) (the "**Actual Financial Report**") is comprised of three documents: the Balance Account (*Conto del Bilancio*), the Income Statement (*Conto Economico*) and the Balance Sheet (*Stato Patrimoniale*). The Balance Account shows, *inter alia*, the following data: (a) annual revenues assessed and collected; (b) annual expenses committed and paid; (c) accruals (*residui attivi e passivi*); and (d) surplus or deficit management. The Income Statement and the Balance Sheet Account show, *inter alia*, the following data: (a) financial assets and liabilities; (b) movables and real estates; and (c) any other assets or liabilities. The Actual Financial Report for the Veneto Region's last fiscal year (as of 31 December) is submitted by the Regional Board by 30 June of each year and must be approved by the Regional Council by the following 31 July.

The Consolidated Financial Report. The Veneto Region draws up the consolidated financial report with its own institutions and bodies, companies, subsidiaries and associates. The consolidated financial statements comprise the consolidated income statement, the consolidated balance sheet and the

following annexes: (a) the consolidated management report which includes the notes to the Consolidated Financial Report (*nota integrativa*); and (b) the report of the college of auditors. The Consolidated Financial Report for the Veneto Region's last fiscal year is approved by the Regional Council by the following 30 September.

Veneto Region budget and debt sustainability

As of 31 December 2015, the Veneto Region had financial indebtedness of €1.363 million, of which €290.3 million (21.3%) was assisted by Central Government contributions or to be repaid by the Central Government, and €1.073 million (78.7%) to be paid by the Veneto Region with its own resources.

As of 31 December 2014, the Veneto Region had financial indebtedness of €1.429 million, of which €307.2 million (21.5%) was supported by Central Government contributions or to be repaid by the Central Government, and €1.121 million (78.5%) was to be paid by the Veneto Region with its own resources.

As of 31 December 2015, the Veneto Region's debt consisted of 30% bonds and 70% of private and government loans, which were incurred through on-lending from the Ministry of Finance in 2013. As of 31 December 2015, the Veneto Region's direct debt stock grew to €2.6 billion. The satisfactory debt service coverage as well as control of healthcare sector costs have distinguished the Veneto Region's solvency as one of the most robust; the liquidity position has historically allowed the region to limit recourse to debt, while any past budgetary imbalances reflected strong focus on investments over the past few years.

Law No. 243 of 24 December 2012, as amended by Law No. 164 of 12 August 2016, established rules for the financial stability of local entities to comply with European Union regulations. The accounts of a Region are in-balance if the balance, computed on an accrual basis, between the final revenues and the final expenditures is not negative. If the Veneto Region records a negative balance in its final accounts, it shall take corrective measures to absorb such negative balance within the following three-year period, on a straight-line basis. The Veneto Region's indebtedness is permitted to the extent required to finance investments within the limits set out by the law and provided that the amortization plan of any such indebtedness does not exceed the useful life of the related investment. To this end, amortization plans are adopted by the Veneto Region at the same time as the relevant loan facilities are entered into, including the payment obligations and the sources to cover indebtedness costs on a year by year basis. The reallocation to local entities within the Veneto Region and to the Central Government of the funds and/or the debt servicing and repayment obligations is governed by specific regional agreements (*intese regionali*) and agreements with the National Government (*Patti di solidarietà nazionali*).

Finally, Legislative Decree No. 118 introduced important elements for the reliability and balance of the regional financial budgets. Inter alia: (i) pluri-annual (3 year) budgeting on accrual basis; and (ii) current expenditure forecast and loan amortization schedules which cannot exceed the forecasted current revenues.

According to a report attached to Resolution no. 708/2017 of the Grantor, the Availability Fee will be accounted for as a current expenditure of the Grantor (an operating and not a capital expense) and funded mainly by the Toll Revenues. Any shortage of Toll Revenues with respect to the Availability Fee during the first nine years of operation is expected to be funded by the Grantor through the use of an equivalent amount of financial indebtedness of the Grantor which had been budgeted for past investments and which, however, has not been borrowed by the Grantor. However, there can be no assurance that the Grantor will account for the Availability Fee in this manner. We understand from the director of the Grantor's department for the construction of the SPV (*Struttura di Progetto Superstrada Pedemontana Veneta*) that the Availability Fee will be taken into account in the Grantor's regional pluri-annual budget, commencing with the 3-year pluri-annual budget covering the 2018-2020 period, with an expense entry commencing in 2020, and that Toll Revenues will be accounted for as revenues commencing that same year. There can be no assurances that the Grantor will have sufficient current revenue or other available funding sources for payment of the Availability Fee.

On 19 May 2017, the Grantor entered into a loan agreement with Cassa Depositi e Prestiti S.p.a. ("CDP") for the purposes of financing the €300 million of Construction Grants due to us under the Amendment Deed funded with proceeds derived from postal savings.

Financial Federalism

In the context of a process of reform of regional finance, regions have been granted greater financial autonomy, as a consequence of which the transfers from the Central Government have been progressively reduced. In 2015, tax revenues represented approximately 84% of Region revenues (current and capital revenues). The transfers from Central Government and the EU were approximately 14% of total revenues (current and capital).

The financial autonomy of the regions has been progressively implemented by a series of laws passed by the Central Government, providing: (i) the regional percentage of the petrol tax (*accisa sulle benzine*); (ii) the entitlement of the regions to receive IRAP and *Addizionale IRPEF*; (iii) the cancellation of Central Government transfers (healthcare national fund included), except for certain specific exceptions; (iv) the regional percentage of VAT; and (v) the establishment of a national compensation fund (*fondo perequativo nazionale*) ("**National Compensation Fund**") to be financed through VAT tax receipts by the regions as described below. The percentage of certain of those taxes has been increased from time to time. Regions are not entitled to retain the whole amount of the VAT collected on their respective territories, but an amount is allocated to them on the basis of the population and adjusted on the basis of the contributive capacity, healthcare requirements and respective geographical dimensions. The difference between the proportion of VAT which should be granted on the basis of the regional distribution of consumption and the amount of the share, as calculated on the basis of the above, effectively granted to any single region constitutes the contribution, or the benefit deriving from the participation, to the National Compensation Fund.

Revenues and Expenditures

The following table sets forth for the periods indicated the current revenues and expenditures of the Veneto Region:

	Revenues and Expenditures ⁹ Year Ended 31 December,		
	2013	2014	2015
	(in euro millions)		
Current Revenues			
Tax Revenues ⁽¹⁾	9.261,9	9.388,1	9.733,4
Other transfers from the Central Government (also on behalf of EU)	1.305,2	1.338,0	939,9
Other Revenues	101,9	120,5	418,6
Total Current Revenues	10.675,0	10.846,6	11.091,9
Total Current Expenditures	10.126,4	10.292,7	10.615,5
Current Balance	548,6	553,9	476,3
Capital Revenues	965,0	1.408,7	339,8
Capital Expenditure	1.300,2	1.692,9	468,8
Capital Balance	-335,2	-284,2	-128,9
Balance before financing	213,5	269,7	347,4

(1) Formed mainly by IRAP, Addizionale IRPEF and VAT participation.

Current Revenues

In 2015, the total tax revenues constituted 87.8% of current revenues while, for the same year, Central Government transfers represented 8.5% of current revenues. In addition to tax revenues and current transfers, the Veneto Region benefits from other revenues, such as unearned income, the proceeds of administrative sanctions, recoveries and various reimbursements. In 2015, such revenues constituted approximately 3.7% of current revenues.

The following table sets out a breakdown of current revenues for the period indicated:

Current Revenues Year Ended 31 December,		
2013	2014	2015

⁹ Source: Deliberation no. 360/2016/PARI, Italian Courts of Auditors, pag. 12.

	(in euro millions)		
Local Taxes			
of which.....	4.430,2	4.165,5	4.112,9
IRAP.....	2.973,5	2.619,8	2.552,1
Addizionale IRPEF.....	775,4	803,9	797,7
Automobile Tax.....	583,4	636,3	688,0
Others	97,8	105,5	75,1
Taxes from the State			
of which.....	4.837,6	5.222,6	5.620,4
Petrol Tax Participation	0	0	0
VAT Participation	4.837,6	5.222,6	5.620,4
Transfers received from Central Government and EU	1.305,2	1.338,0	939,9
Other Revenues.....	101,9	120,5	418,6
Total Current Revenues.....	10.675,0	10.846,6	11.091,9

Taxes. The main regional tax is the regional tax on productive activities (*Imposta Regionale sulle Attività Produttive* or "**IRAP**"), in force from 1998. IRAP is based on the net production value of enterprises and professionals within the region. In the Veneto Region, the ordinary current rate of IRAP is 3.90%, and the regions are able to increase or decrease such tax rate with respect to certain categories of taxable persons.

Together with IRAP, since 1998, regions are entitled to impose a regional surtax on the Central Government's income tax on individuals (*Imposta sul Reddito delle Persone Fisiche* or "**IRPEF**") ("*Addizionale IRPEF*"). In the Veneto Region, the ordinary current rate of Addizionale IRPEF is 1.23%.

The Veneto Region is also entitled to receive automobile tax and, among minor taxes, regional surtax on natural gas consumption, regional tax for the right to university education, waste disposal tax and taxes upon regional authorisation.

The Veneto Region also receives a participation of revenue taxes, the most relevant of which is the VAT participation, that has been introduced pursuant to Legislative Decree No. 56 of 18 February 2000 ("**Legislative Decree 56**").

In recent years, the Veneto Region has adopted tax measures with regard to IRAP and Addizionale IRPEF, but in spite of such measures, preserves wide margins to increase its yield of taxes, as indicated in the following table:

	Residual tax¹⁰ flexibility forecast for 2017 (in euro millions)
IRAP	300
IRPEF.....	770
Automobile tax.....	56
Natural gas surtax.....	12
Regional tax on diesel fuel	21
Total	1.159

Current Expenditures and Capital Expenditure

Current Expenditures. Current Expenditures include personnel, goods and services, current transfers to local entities, healthcare entities, enterprises and families, interest expenses and other expenses.

Typical of Italian regions, healthcare represents the largest expenditure item for the Veneto Region, comprising on average more than 80% of annual expenses. The Veneto Region's financial pressure related to healthcare spending is lower than other regions, despite having maintained high-quality standards over the years. Operating expenses have been kept under control in order to finance investments in equipment and infrastructure upgrades (aided by the region's moderate debt burden).

¹⁰ Source: Veneto Region updated DEFR 2017-2019, pag. 42.

The Veneto Region has always been as one of the top-ranked payer regions at national level based on published statistics.¹¹

Capital Expenditures. Capital expenditures are made by the Veneto Region for the purchase of public assets for institutional uses, infrastructural interventions in the energy sector, housing interventions, hydro geological protection, regional rail transport, the road system, investments in the social and healthcare sector, and school housing among others. Capital expenditures are funded through Central Government and EU contributions, as well as through regional resources.

The following tables show a breakdown of the current and capital expenditure of the Veneto Region for financial year 2015:

Source of funding			(in euro millions)			
	Current Expenditure		Capital Expenditure		Total	
Central Government	735	7.5%	283	61.0%	1.019	9.9%
Regional	9.038	91.6%	133	28.7%	9.172	88.8%
Mixed	0	0.0%	23	4.9%	23	0.2%
European Union	21	0.2%	18	3.9%	40	0.4%
Others	71	0.7%	7	1.6%	78	0.8%
Total	9.866	100%	465	100%	10.331	100%

Recipients	Current Expenditure		(in euro millions)		Total	
			Capital Expenditure			
	(in euro millions)		(in euro millions)		(in euro millions)	
Central administration	4	0.0%	7	1.5%	10	0.1%
Municipalities (Comuni)	161	1.7%	47	10.2%	207	2.1%
Provinces	150	1.6%	3	0,7%	153	1.5%
Regional agencies and entities	189	2.0%	25	5.5%	214	2.1%
Other local entities (e.g. mountain communities)	9	0.1%	5	1.1%	15	0.1%
Healthcare entities	8.699	90.8%	35	7.7%	8.735	87.0%
Education and research public entities	36	0.4%	7	1.5%	43	0.4%
Enterprises	221	2.3%	113	24.7%	334	3.3%
Families	5	0.1%	1	0.3%	6	0.1%
Education and research private entities	112	1.2%	8	1.8%	120	1.2%
Infrastructural investments			206	45.0%	206	2.1%
Total	9.586	100%	458	100%	10.044	100%
Regional administration	280		6		286	

¹¹ Source: Moody's 14 Dec 2016 and Fitch 28 Apr 2017 reports.

DESCRIPTION OF THE OTHER PROJECT PARTICIPANTS

Overview of the Project participants

The Concession to construct and operate the SPV was awarded to Consorzio Stabile SIS, a temporary consortium led by SIS as the main participant and Itínere, in October 2009. Shortly thereafter, we were incorporated by SIS (and Itínere) as a project company within the meaning of article 156 of the Italian Public Contracts Code to act as Concessionaire (see "*Description of the Project—Project history*"). SIS is our controlling shareholder, and owns 99.999995% of our share capital, while Itínere has only a very minor holding (0.000005%) in our share capital. The rights of SIS and Itínere as our shareholders are contained in our articles of association. We will be managed in accordance with our articles of association and with the applicable provisions of Italian law.

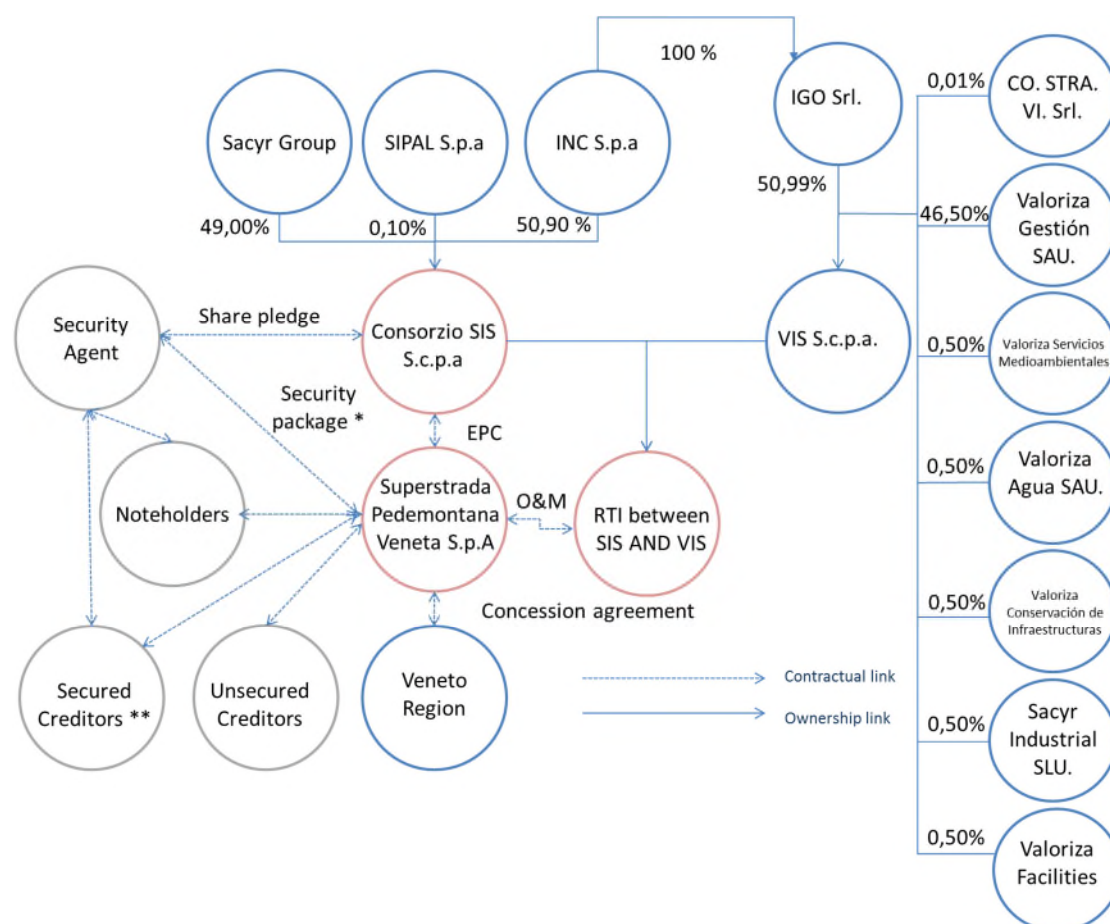
SIS is itself a consortium whose shares are indirectly owned by FININC, an Italian holding company controlled by the Dogliani family, and Sacyr, the holding company of a major Spanish construction group. FININC and Sacyr created SIS in June 2003, combining the experience and skills of the two groups in order to bid for major European infrastructure projects and to carry out the design, construction and operation of road and rail projects in particular. FININC owns 51% of the shares of SIS through its subsidiaries Sipal S.p.A. ("**Sipal**") and INC. Sacyr owns 49% of the shares of SIS through its subsidiary Sacyr Construcción.

SIS, together with FININC and certain subsidiaries of Sacyr and FININC, will provide equity support to the project in accordance with the provisions of the Equity Contribution and Subordination Agreement (see "*Description of the Finance Documents—Equity Contribution and Subordination Agreement*" for further details). In particular, SIS has undertaken to fund us through a combination of ordinary share capital and subordinated unsecured loans in accordance with a pre-agreed schedule, which obligations will be guaranteed by INC, FININC, Sacyr Construcción and Sacyr Concesiones.

SIS will also act as EPC Contractor under the EPC Contract (see "*Description of the other Project Documents—EPC Contract*" for further details). In particular, in its capacity as EPC Contractor, SIS will provide engineering, procurement and construction services throughout the construction phase of the Project. A temporary association of undertakings (*i.e.* contractual joint venture) between Consorzio VIS (as leading company) and SIS will provide operation and maintenance services during the operation phase of the Project. The majority of the shares of Consorzio VIS (99.99%) are indirectly owned by Sacyr and FININC. As a result, there is currently an alignment between our shareholders in their capacity as such and in their capacity as EPC Contractor and majority shareholders in the O&M Contractor.

However, we currently anticipate that, during the construction phase of the Project, up to 80% of our shares may be transferred to a fund operated by Circuitus. Circuitus is an independent fund manager which each of Sacyr and FININC hold an interest, specializing in private equity with a focus on infrastructure and real estate assets globally. The Conditions provide that a transfer of our shares to a fund managed by Circuitus will not constitute a Change of Control (as defined therein) and will only constitute a Change of Material Shareholding (as defined therein) if either FININC or Sacyr ceases to control at least 10% of our shares.

The following structure chart sets out the relationships between, and ownership of, the companies described above, not including Circuitus.



* Security comprises pledges over certain accounts, receivables under the Project Documents and a privilegio generale. For more information, see "Description of Finance Documents".

** Other Secured Creditors include the Note Trustee, the Agents and any Hedging Banks. The VAT Receivables Purchaser and Hedging Banks (if any) also share in the security package. For more information, see "Description of Finance Documents".

Superstrada Pedemontana Veneta S.p.A. – The Issuer and the Concessionaire

We were incorporated on 22 December 2009 as a limited liability company under Italian law (*società a responsabilità limitata*) with a limited term to act as concessionaire under the Concession Agreement. On 23 September 2015, we were converted into a joint-stock company (*società per azioni*) under the Italian Civil Code and the duration of our term was extended to 31 December 2070. We are registered in the Companies' Register (*registro delle imprese*) of Turin under number 102091260014. Our registered office is located at Via Inverio 24/A, 10146 Turin, Italy, our main telephone number is +39 011 7176 211 and our certified email address is segreteria.sede@pec.spveneta.it. We are subject to the direction and coordination (*direzione e coordinamento*) of our controlling shareholder SIS within the meaning of article 2497-bis of the Italian Civil Code. We are registered with the Companies' registry (*Registro dell Imprese*) of Torino under TO-1113642.

We are a project company (*società di progetto*) within the meaning of article 156 of the Italian Public Contracts Code formed for the purpose of constructing and operating the SPV under the Concession Agreement. Our corporate purpose is engineering, designing, constructing and operating the SPV and engaging in other related activities. Under our articles of association, we are permitted to perform these activities in Italy either directly or through subsidiaries, affiliates, consortia or joint ventures.

As of the date of this Prospectus, our authorized share capital comprised 200,000,000 ordinary shares of €1 each and €100,000,000 was paid in with respect to our issued share capital, with the remainder being subscribed by our controlling shareholder, SIS, and subject to call at our option. Our directors are

entitled to call for payment in respect of any subscribed shares that have not yet been paid as and when needed to meet our objectives. All our ordinary shares carry one vote per share.

The direct and indirect shareholders of the Issuer may enter into a shareholders' agreement pursuant to which, in the event that one of such shareholder in the Issuer is required to fund the Issuer on behalf of another shareholder in the Issuer, that shareholder will be compensated for providing such funding by way of transfer of existing shares in the Issuer to that shareholder. Such transfers would be subject to a limit such that there would be no material change to the shareholding in the Issuer, such that as a result, there could be no consequential event of default under any applicable Finance Documents.

SIS – The EPC Contractor

SIS is a consortium incorporated under Italian law (*società consortile per azioni*). FININC and Sacyr formed SIS as a joint venture in June 2003. SIS has issued bonds listed on the Vienna Stock Exchange. Through SIS, our indirect shareholders have worked together on the construction of several projects in Italy, including the Italferr (FS) project in Palermo with a total value of construction works (project value) of over €790 million, the extension of the Palermo city tramway network (project value approximately €140 million), the Claviere road tunnel near Turin (project value approximately €140 million) and a sub-lot of the Salerno – Reggio Calabria motorway (project value approximately €880 million). SIS has bid, and continues to bid, for a number of infrastructure projects, primarily in Italy and primarily in the road and rail sectors.

SIS was established as a stable consortium (*consorzio stabile*) pursuant to article 36 of Italian Public Contracts Code to participate in tenders for public works. As a stable consortium, SIS's members are jointly and severally liable to SIS's contract counterparty for SIS's obligations under that contract. Furthermore, SIS's profits and losses are attributed to, and reflected in the financial statements of, its shareholders (INC, Sipal and Sacyr). From an accounting standpoint, this is achieved by transferring all revenues and costs to SIS's shareholders on a pro-rata basis in accordance with the participations owned by its shareholders so that the net profit and loss for SIS itself for each period is zero. As of 31 December 2016, SIS had total assets (attributable to working capital items and the subscribed share capital in its subsidiaries) of €963 million, total liabilities of €948 million and net financial indebtedness of –€5 million (*Source: SIS statutory accounts filed with the Companies' Register (registro delle imprese) of Turin*).

Itínere

Itínere, a Spanish company active as motorway concessionaire, is controlled by Corsair Infrastructure Management, L.P., which currently holds (through *Arecibo Servicios y Gestiones, S.L.*) the majority of shares of Itínere's share capital, with Sacyr holding a further 15.5% and other minority shareholders the remaining 30.2%. Itínere was a subsidiary of Sacyr until 2009. It holds only a very minor participation (0.000005%) in our share capitals, which may be diluted further through FININC and Sacyr's equity support under the Equity Contribution and Subordination Agreement.

FININC, INC and SIPAL

FININC is a holding company owned by the Dogliani family, mainly active in engineering projects, concessions and infrastructure construction through INC and Sipal. In addition, FININC has interests in the wine sector (real estate assets and wine production) and in the tourism/hospitality sector (luxury hotel and aviation services).

INC (formerly Inc.Ge.Co. S.p.A.) is a joint-stock company (*società per azioni*) incorporated under Italian law and wholly-owned by FININC. INC is a construction firm operating in the industrial, civil and infrastructure sectors and owns a 50.9% stake in SIS. Through SIS, INC is currently working on other public contracts in Italy, such as sub-lot 2 of the Salerno – Reggio Calabria motorway and the Italferr (FS) Palermo railway hub project, in addition to the SPV. For the year ended 31 December 2016, INC generated revenues of €158 million and net profits of €9. As of 31 December 2016, INC had total assets of €241 million, total liabilities of €177 million and net financial indebtedness of €12 million (*Source: INC statutory accounts filed with the Companies' Register (registro delle imprese) of Turin*).

Sipal, which is a subsidiary of FININC (92.5% shares owned by FININC), owns a 0.1% interest in SIS. Sipal is an engineering company operating in the civil, infrastructure, automotive, aerospace and defense sectors. Sipal provided the designs for the Project, in part supported by third-party consultants to which parts of the designs had been outsourced. For the year ended 31 December 2016, it generated revenues of €24 million and net profits of €0.3 million. As of 31 December 2016, Sipal had total assets of €31 million, total liabilities of 21 million and net financial indebtedness of €12 million (*Source: Sipal statutory accounts filed with the Companies' Register (registro delle imprese) of Turin*).

See also "Risk Factors—Risks relating to Project Documents and our operations generally—The interests of FININC, Sacyr, Circuitus, the O&M Contractor and the EPC Contractor may conflict with your interests".

Sacyr, Sacyr Construcción and Sacyr Concesiones

Sacyr is a joint-stock company (*sociedad anónima*) incorporated under Spanish law and its ordinary shares are listed on the Madrid Stock Exchange. Sacyr has also issued bonds listed on the Irish Stock Exchange. The Sacyr group of companies ("**Sacyr Group**") is headquartered in Madrid and is active in the construction, concessions operation and industrial services businesses worldwide. Sacyr owns a 49.0% stake in SIS. Sacyr also holds a 15.5% stake in Itínere, our minority shareholder (*Source: Sacyr annual report for 2016*).

The Sacyr Group has been involved in a number of major infrastructure projects and has a substantial track record in the construction of roadways and operation of concessions. The Sacyr Group, acting through Sacyr Construcción, has been the general contractor for a number of complex projects, such as the Vallenar Caldera motorway in Chile (project size: €365 million), the Vasco da Gama bridge in Lisbon (project size €794 million), the longest bridge in Europe, the Madrid M30 city tunnel (project size: €221 million) and the Panama Canal expansion project (€3.3 billion). In addition, Sacyr is an experienced owner and operator of motorway infrastructure, acting through Sacyr Concesiones as operator of, among others, the Mar 1 and Rumichaca Pasto motorways in Colombia and the Americo Vespucio motorway in Chile and the Guadalmedina highway in Spain (*Source: Sacyr annual report for 2016*). For the year ended 31 December 2016, the Sacyr Group generated revenues of €2,860 million and net profits of €120 million. As of 31 December 2016, Sacyr had total assets of €10,689 million and net indebtedness of €3,726 million (*Source: Sacyr annual report and results presentation for 2016*).

Sacyr Construcción is the oldest division of the Sacyr group with a track record of almost 30 years, and has a significant presence in the construction industry worldwide. It focuses on civil works, high-speed roads, metro and light railway systems, railways, buildings, airports, ports and hydraulic works. From 2004 to 2017, construction activity developed substantially, and Sacyr Construcción is currently present in five continents and in more than 15 countries. In 2016, Sacyr Construcción generated revenues of €1.0 billion and net profits of €22.7 million. As of 31 December 2016, Sacyr Construcción had total assets of €2,068 million and net indebtedness of €107 million. Sacyr Construcción has construction contracts in, among other countries, Chile, Italy, Panama, Portugal, Angola, Colombia, Bolivia, Qatar, Peru, Brazil, Mexico, Mozambique, Angola, Togo, Cape Verde and India (*Source: Sacyr annual report and results presentation for 2016*).

Sacyr Concesiones has been operating for almost 20 years and, together with its subsidiaries, total investment under management exceeding €2.1 billion as of 31 December 2016. Sacyr Concesiones specializes in greenfield projects involving the design, operation and maintenance of assets. As of 31 December 2016, its business portfolio included 32 concessions in seven different countries, including 26 motorways with a total length of 2,294 kilometers in Europe and America, comprising eleven motorways in Spain, six in Chile, three in Colombia and one each in Portugal, Ireland, Uruguay, and Peru. In addition, further assets included three hospitals (two in Madrid and one in Chile) with a total of 1,046 beds, two public transport interchanges in Madrid and a tram line in Tenerife (Canary Islands) (*Source: Sacyr annual report and results presentation for 2016*).

See also "Risk Factors—Risks relating to Project Documents and our operations generally—The interests of FININC, Sacyr, Circuitus, the O&M Contractor and the EPC Contractor may conflict with your interests".

Circuitus

Circuitus was founded by Mr. Carsten Kengeter, Mr. Niccolò Ragnini Kothny, Sacyr and FININC in 2014. Circuitus is an independent alternative asset management firm headquartered in London and specialised in infrastructure equity investments mainly focused on Europe. Circuitus seeks to exploit investment opportunities in infrastructure related assets to provide investors with attractive risk-adjusted returns. Circuitus is fully authorized under the EU's Alternative Investment Fund Managers Directive ("AIFMD") and is authorized and regulated by the Financial Conduct Authority of the United Kingdom (*Source: Financial Services Register of the UK Financial Conduct Authority*).

Circuitus invests in both greenfield and more mature energy, utilities and transportation infrastructure assets in Europe and selected growth economies, via equity and equity-like securities with medium to long-term investment horizons. Circuitus generally intends to take controlling positions or significant stakes with influence over key strategic, commercial and financial decisions and will seek protection of its shareholding through governance structures.

Circuitus manages the resources of Circuitus Real Asset Fund I SCSp (the "**Fund**"), a closed-end fund with a term of ten years from the final closing date and a target overall gross internal rate of return of over 15%. The Fund is a limited partnership under Luxembourg law and is domiciled in Luxembourg. The Fund is an alternative investment fund (AIF) under the AIFMD. Investors participate directly in the Fund as limited partners. The general partner of the Fund is a limited liability company under Luxembourg law (*société à responsabilité limitée*) domiciled in Luxembourg whose board of managers includes certain members of Circuitus (*Source: Financial Services Register of the UK Financial Conduct Authority*). Circuitus is the alternative investment fund manager of the Fund.

See also "*Risk Factors—Risks relating to Project Documents and our operations generally—A majority interest in our share capital could be acquired by Circuitus, which in certain circumstances could lead to a divergence of interests between our shareholders and the EPC Contractor and the O&M Contractor*".

Temporary association of undertakings between Consorzio VIS and SIS – The O&M Contractor

The RTI VIS/SIS, a temporary association of Consorzio VIS with SIS, will be acting as the O&M Contractor with respect to the Project. Consorzio VIS is an incorporated consortium under Italian law (*società consortile per azioni*). Its members are Valoriza Gestion S.A.U., a single-member limited company under Spanish law (*sociedad anónima unipersonal*), Valoriza Servicios Medioambientales S.A., a limited company under Spanish law (*sociedad anónima*) which is wholly-owned by Sacyr, Valoriza Agua S.A.U., a single-member limited company under Spanish law (*sociedad anónima unipersonal*) which is wholly-owned by Sacyr, Valoriza Conservacion de Infraestructuras S.A.U., a single-member limited company under Spanish law (*sociedad anónima unipersonal*) which is wholly-owned by Sacyr, Sacyr Industrial S.A.U., a single-member limited company under Spanish law (*sociedad anónima unipersonal*) which is wholly-owned by Sacyr (we will named "**Valoriza**" to this group of companies wholly-owned by Sacyr), IGO S.r.l., a limited liability company under Italian law (*Società a Responsabilità Limitata*) which is wholly-owned by INC ("**IGO**") and CO.STRA VI S.r.l., a limited liability company under Italian law (*Società a Responsabilità Limitata*) which is wholly-owned by Mr. Giorgio Vivalda ("**CO.STRA VI**"). Valoriza, IGO and CO.STRA VI control 49,0%, 50,99% and 0,01%, respectively, of the shares in Consorzio VIS.

Bishopsfield Capital Partners Limited – The Project Adviser

Bishopsfield Capital Partners Limited is incorporated with limited liability in England and Wales pursuant to the Companies Act 2006 with registered number 7276948. The Project Adviser is authorised and regulated by the Financial Conduct Authority. The Project Adviser is an independent structured and corporate financial advisory firm providing advice to corporations, institutional investors and financial institutions. The Project Adviser provides transaction structuring and on-going monitoring services facilitating the involvement of institutional investors in infrastructure and other complex debt transactions.

DESCRIPTION OF THE PROJECT

Project overview

The Superstrada Pedemontana Veneta toll road is a 94.6km (main axis) greenfield toll road that is being constructed in the Veneto Region in the northeast of Italy. The Project also includes the construction of 68.3km of secondary and access roads including the entrance and exit ramps, for a total length of approximately 163km.

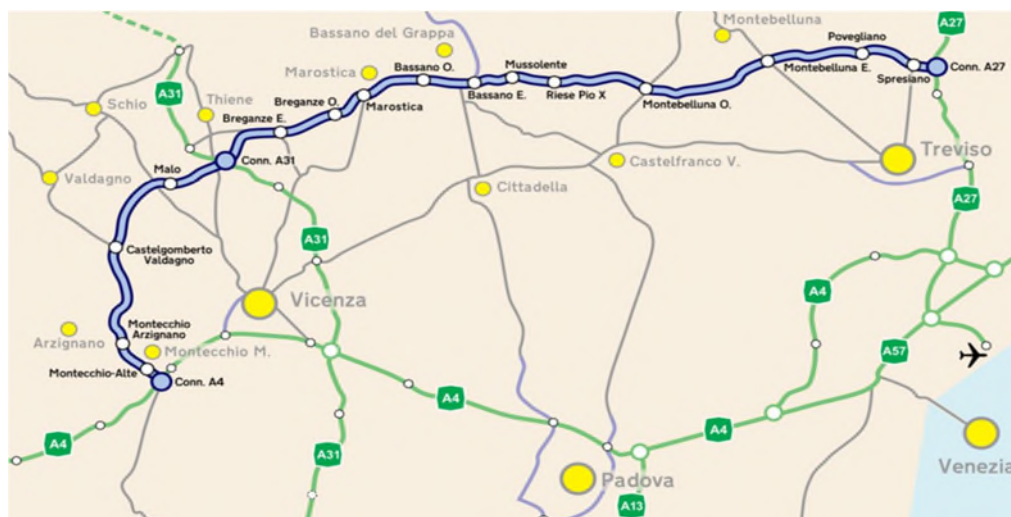
The SPV is intended to improve connections and reduce congestion along the so-called *Asse Padano*, an area in the north of Italy which includes the Piedmont, Lombardy, Veneto and Friuli Regions. Its route runs from the A4 motorway at Montecchio Maggiore in the province of Vicenza, crosses the A31 (Valdastico) motorway and finally connects with the A27 motorway at Spresiano in the province of Treviso. It also connects 34 municipalities as well as the main industrial areas of Vicenza and Treviso provinces.

The Project is a grade separated dual carriageway and is classified as a category B in the Italian design classification. It has limited access, acceleration and deceleration lanes and an emergency lane, as well as service and parking areas. The assigned speed limit is 110 km/h, although the design parameters meet the requirements for 130km/h speed.

From a strategic point of view, the SPV is expected to increase the accessibility to the municipalities in the area and to improve the traffic conditions on the local, national and regional roads and along the local motorway network, comprising the A4 (including the Passante di Mestre), the A31, A27 and A57. The need for this infrastructure is related to the limited capacity of the existing road network. The main alternatives in the corridor are local roads, such as SR53, SP72, SP248 and SP111, that are highly congested, with annual average daily traffic ranging from approximately 20,000 to approximately 40,000 vehicles for 2016, according to the Traffic Consultant Report. In addition, because of structure of the regional economy, which contains a large number of small and medium-sized manufacturing and industrial enterprises, traffic includes a high percentage of heavy traffic that is above 25% for some roads. The SPV could thus offer an alternative to the existing A4 motorway for medium to long-distance traffic, while providing an improvement in accessibility between the various centers located along its densely populated corridor.

The SPV has been designated as a strategic infrastructure of national relevance and included in the "road and motorway systems of the Pedemontana corridor" (*sistemi stradali e autostradali del corridoio pedemontano*) set out in by the first program of the strategic infrastructures of national importance (*1° programma delle infrastrutture strategiche*) governed by the provisions of Law No. 443/2001 (the so-called *Legge Obiettivo*). This designation helped expedite the bidding process and provided access to financial support for our investment requirements (in the form of the Construction Grants).

The following map shows the planned route of the SPV:



Source: AREA Engineering Srl Traffic Report

The SPV will run to the west and north of Vicenza across a ridge of mountains before emerging into the agricultural plain. It will include two bored tunnels (*gallerie naturali*) in the section around Vicenza – the 5.8km Malo tunnel and the 1.5km Sant' Urbano tunnel – and five viaduct structures, with the most significant being the Brenta viaduct with a total length of 422 meters. In order to reduce the environmental impact of the Project, the alignment of the SPV will be kept low in urban areas, as a result of which the SPV will generally run in cuttings and through approximately 7.8km of cut-and-cover tunnels (*gallerie artificiali*).

The SPV will have three motorway interchanges (A4, A31 and A27) and 14 other junctions and will be tolled using a closed toll system (with toll gates placed at every entrance and exit), which will require some users to take a ticket on entry to the SPV and to make payment when exiting it whilst other users will be able to use the Telepass technology. Upon completion of the SPV, the length of the junctions (68.3km) will also be tolled and added to the length of the SPV's main axis, which will increase the total tolled length of the SPV by 61%.

The SPV is classified as a Category B road under the Italian Road Code (*Codice della Strada*), which means that it is an inter-urban principal road. Category B roads generally have grade-separated dual carriageways with limited access, acceleration and deceleration lanes and an emergency lane. There are restrictions on the type of vehicles allowed to travel on Category B roads. These roads must be equipped with service areas that include parking. They are generally designed to support a speed of 120km per hour ("**kph**"), with the posted speed limit being 110kph. However, the SPV has been designed to also meet the requirements of a Category A road, which means that we have the possibility in the future to apply for the SPV to be upgraded to a motorway (*autostrada*) and for the speed limit to be increased to 130kph.

The SPV has been designed to encompass two main lanes with a width of 3.75m each, an emergency lane with a width of 3m and a hard shoulder with a width of 0.75m in each direction, as well as a central reserve of 3m between the two directions of travel. In addition to the emergency lane, there will be emergency lay-bys, which will generally be located every 600m along the SPV, with a maximum distance (outside of the bored tunnel) of less than 1km between lay-bys. The design also includes additional safety and operational measures, such as lighting for all junctions, emergency telephones (SOS posts), variable-message signs, video surveillance and porous asphalt (self-draining road surface) on the approach to tunnels. The design for the tunnels themselves includes a wide range of additional safety equipment to meet current standards.

In addition to constructing the main roadway forming the SPV, we will also be building 48.3km of secondary roads. These roads will either replace existing roads that need to be moved as a result of the routing of the SPV, or will provide access to the SPV and so relieve local roads of traffic that otherwise would cause congestion. In addition, certain existing roads, such as the Gasparona road, will be incorporated into the route of the SPV. Service areas are expected to be constructed in sub-lot 2B at Mason – Vicentino Nord on both sides of the SPV (connected with a pedestrian over-bridge), and in sub-lot 3B at Altivole. A control center for the SPV is expected to be constructed in sub-lot 3A at Mussolente – Loria, while maintenance depots will be located in sub-lots 2B and sub-lot 3B.

According to the Traffic Consultant Report, within a year of the opening of the SPV, the traffic flow could be approximately 27,000 vehicles per day, with more than 20 per cent. of that being heavy vehicles. The Traffic Consultant Report estimates that about 40 per cent. of current traffic would move from the current network to the SPV, with long-distance traffic of approximately 4,000 vehicles per day. The effect in terms of transfer would be wide spread, especially on the main parallel itineraries such as the SP 248 Gasparona Marosticana, the SP 111 between Thiene and Bassano, the SP 102 Postumia Romana and the SR 53, where the transfer rate may reach approximately 50 per cent.

Project strengths

We believe that the strengths of the Project are as follows:

- Strategic infrastructure with national and European relevance;
- Contractual structure including a number of risk mitigation features;
- Asset location in area with a congested local road network;
- Credit quality of the Grantor;
- Experienced and skilled sponsors; and
- Relatively low technical complexity.

Project history

On 30 December 2003, Pedemontana Veneta S.p.A (the "**Original Promoter**") submitted to the Veneto Region a project finance proposal for the design, construction and operation of the SPV. The principal shareholders of the Original Promoter originally included Autostrade s.p.a, Autostrada Brescia – Padova s.p.a., Autovie Venete s.p.a., Banca Antonina Popolare Veneta s.c.p.a.r.l., Cardine banca s.p.a. (now part of the SanPaolo Imi group) and CariVerona banca s.p.a. (now part of the UniCredit group) and were joined, in December 2005, by Impregilo S.p.A. (now Salini Impregilo S.p.A.), Società delle Autostrade di Venezia e Padova S.p.A. (now, Concessioni Autostradali Venete S.p.A.), Consorzio Cps, Finopi s.p.a. and Adria Infrastrutture s.p.a. On 15 May 2006, the Veneto Region required the Original Promoter to adjust its preliminary plan according to the technical prescriptions set forth by the Interministerial Committee for Economic Planning (*Comitato Interministeriale per la Programmazione Economica* ("**CIPE**")), a body of the Italian government.

On 17 October 2006, the Veneto Region issued a call for tender for the award, on a project financing basis, to which SIS, as authorized representative (*mandataria*) of Consorzio Stabile SIS, presented an offer and was declared provisional awardee of the Concession.

Shortly after the provisional award of the Concession in favor of the Consorzio Stabile SIS, the Original Promoter exercised its right of pre-emption provided by the rules of the tender procedure. Such right allowed the Original Promoter to match the offer by Consorzio Stabile SIS and to be awarded the concession. On 4 December 2007, the Veneto Region awarded the Concession to the Original Promoter.

Consorzio Stabile SIS contested the award of the Concession in favor of the Original Promoter and made a claim before the Veneto Regional Administrative Court. The Council of State (*Consiglio di Stato*), Italy's highest administrative court, definitively annulled the award of the Concession to the Original Promoter because, among other things, the Original Promoter had delayed exercising its pre-emption right. Consequently, in compliance with the ruling of the Council of State, in June 2009 the Concession was definitively awarded to Consorzio Stabile SIS.

Shortly thereafter, the President of the Council of Ministers (*Consiglio dei Ministri*) declared a state of emergency (*Stato di Emergenza sul Traffico*) in the area of the SPV due to "the extremely critical situation generated by car and heavy vehicles traffic congestion in the road system serving the municipalities of Treviso and Vicenza". As a consequence, in August 2009, the President of the Council of Ministers appointed the Commissioner to carry out the necessary activities for the realization of the SPV by issuing an order intended to resolve the state of emergency (the "**Emergency Order**"). The effectiveness of the Emergency Order was extended several times and expired on 31 December 2016.

On 21 October 2009, the Commissioner, acting as Grantor on behalf of the Veneto Region, and SIS, on behalf of Consorzio Stabile SIS, entered into the Concession Agreement (for further details, see "*Description of the Concession Agreement*"). On 22 December 2009, we were incorporated by the members of Consorzio Stabile SIS as a project company within the meaning of article 156 of the Italian Public Contracts Code to act as Concessionaire. On 8 January 2010, Consorzio Stabile SIS filed the definitive design (*Progetto Definitivo*, the "**Definitive Design**") of the SPV for approval. On 20

September 2010, the Commissioner approved the Definitive Design, subject to a list of requirements that we have included in our executive design (*Progetto Esecutivo*, the "**Executive Design**"). The Commissioner has granted full and definitive approval of the Executive Design through various decrees issued between 2011 and 2013. An approval was required for each of the various stretches of the SPV, with the final decree having been issued on 23 December 2013.

On 18 December 2013, we and the Commissioner, again acting as Grantor, signed the First Additional Deed to implement amendments to the original Concession Agreement and agree the new economic and financial equilibrium underlying the Concession on the basis of an updated PEF. The update to the PEF was necessary because the costs of the Project had increased due to additional variations and requirements requested by local authorities in the area affected by the SPV. In addition, the amendments also reflected changes in law that had come into force since the original Concession Agreement was signed as well as the condition of financial markets and the terms under which long-term financing is available.

On 31 December 2016, the state of emergency came to an end due to the expiration of its term and, consequently, the Commissioner was also removed, resulting in the hand-back to the Grantor of all competences pertaining to the construction of the SPV.

By decree n. 6 of 19 January 2017 the President of the Veneto Regional Board has appointed State Attorney Marco Corsini as extraordinary commissioner for the SPV pursuant to and with the powers set out under art. 20 of Legislative Decree 29 November 2008 n. 185, converted into law by Law dated 28 January 2009 n. 2.

Through the Resolution, the Regional Board (*Giunta Regionale*) of the Veneto Region approved the Amendment Deed, which replaced the original Concession Agreement and the First Additional Deed and agreed on a further review of the PEF as well as on the conditions on which the economic and financial equilibrium of the concession is based. Further, by Resolution No. 780 of 29 May 2017, published on the Regional Official Gazette No. 54 of 1 June 2017, the Regional Board expressly authorized the execution of the Amendment Deed. In particular, the PEF was updated in order to provide the Project with a better bankability as well as to take into consideration the new traffic forecast. However, it was expressly excluded that the update of the PEF entailed any substantial modification to the original conditions of the Concession Agreement or that it altered the risk allocation between us and the Grantor.

Finally, on 29 May 2017, in execution of the above Resolutions, we and the Grantor entered into the Amendment Deed.

Implementation of the Project

Design phase

In accordance with applicable law, the building and operation of strategic infrastructure in Italy requires three levels of the design phase: (i) preliminary design, (ii) definitive design and (iii) executive design.

The preliminary design is submitted by the bidders as part of the proposal to the authority. The law specifies the minimum requirements that a preliminary design must contain and the process for approval by the relevant authorities. The preliminary design relating to the Project was submitted by the Original Promoter.

In addition to the content of the preliminary design, the definitive design is required to include possible mitigation measures aimed at reducing the environmental, social and territorial impact of the project. The definitive design must also include the relevant mapping for expropriation. The definitive design must be authorized by all public authorities involved in the project as well as other entities in charge of issuing special authorizations, permits and opinions. The Definitive Design was approved by the Grantor in September 2010.

The executive design provides a more detailed description of the construction phase. It must contain all the information provided in the definitive design and provides an in-depth analysis of the features and costs involved in the construction of a project. In addition, the executive design is required to include a

specific maintenance plan for the project. The Executive Design in respect of each lot and sub-lot of the SPV has been approved by the Grantor through various decrees issued between 2011 and 2016.

Construction phase

Overview of construction works

The Project is divided into three lots (*lotti*), each of which is subdivided into several sub-lots (*tratte*), for a total of 15 sub-lots. All materials used for the construction of the SPV are intended to be of high quality and compliant with all applicable regulations.

The SPV is characterized in the west by the passage through a spur of the Alps, which requires two bored tunnels. To the east, the SPV passes through predominantly flat agricultural land. The junctions are relatively closely spaced at every 6 to 7km on average, which reflects the density of population supported not just by agriculture but also by industry. This characteristic of closely spaced villages and towns has led to an alignment that is designed to reduce visual and noise impact on the population. The alignment is therefore generally below ground level and frequently passes through cut-and-cover tunnels in the more built-up areas. Many of the side roads and water courses that are cut by the SPV can pass over the SPV at ground level, which further reduces the visual impact. The agricultural land is generally irrigated, which, combined with the sections passing through cuttings, has led to the inclusion of a large number of aqueducts (*ponte canale*) to carry drainage water or irrigation water over the SPV.

As of 30 September 2017 we had completed approximately 32.3% of the required construction work (calculated on the basis of capital expenditure incurred as a percentage of the approved investment amount for works). In addition, as of that date, we have certified a total amount of €726.1 million (approximately 32.2% of the approved investment amount for the Project) on the basis of the progress of construction, as evidenced by SALs that we have issued and which have been certified by the Grantor's technical adviser (*Responsabile Unico del Procedimento*). The amount as of 30 September 2017 includes approximately €525.0 million of works, with the remainder related to design, land acquisition and diversion of services. As of that date, we have invoiced Construction Grants from the Veneto Region in an amount of €699.9 million.

We expect to fund the completion of the construction of the SPV with the remaining €215 million (as at 30 September 2017) of the Construction Grants as well as the net proceeds from the €1,571 million Offering of the Senior and the Junior Notes. The proceeds of the Offering of the Senior Notes will initially be placed in the Escrow Account, with withdrawals subject to receipt of a letter from the Project Adviser confirming that the conditions precedent for release have been satisfied. In connection with delivering this letter, the Project Adviser will consult with the Technical Adviser to confirm that the progress of construction measured against the agreed detailed construction schedule (*cronoprogramma*) of the SPV is sufficient to allow various key milestones to be met by the latest possible date that would enable completion of the SPV by September 2020 and will have regard to the progress of the Project as evidenced by the SALs that we have issued and which have been certified by the Grantor's technical adviser (*Responsabile Unico del Procedimento*). The following table sets out such key milestones and relevant dates:

Key Milestone	Latest Possible Milestone Completion Date	Status
Lot 1 - Completion of the walls of the section crossing the industrial area of Castelfomberto	30 April 2020	On schedule
Lot 1 – completion of all works except Malo tunnel ⁽¹⁾	11 September 2020	On schedule
Lot 2 – Completion of section adjacent to Cassola landfill	21 November 2019	On schedule
Lot 2 – Completion of all works	11 September 2020	On schedule
Lot 3 – Completion of A27 Intersection	31 August 2020	On schedule

Lot 3 – Completion of all works	11 September 2020	On schedule
Malo Tunnel - Earthworks	6 April 2020	On schedule
Malo Tunnel - Equipment	8 September 2020	On schedule
Malo Tunnel - Commissioning	11 September 2020	On schedule
Tolling system - design complete and start of manufacturing	26 May 2017	Complete
Tolling system - start of installation	20 June 2018	On schedule
Tolling system - commissioning	6 September 2020	On schedule

(1) No work has been carried out in the Malo tunnel for a period of 12 months. For further information see "Risk Factors—Risks relating to construction of the SPV—Incidents in the Malo tunnel, which is one of the key structures of the project, have led to disputes and investigations as well as the adoption of alternative recovery plans and the need of additional third party approvals, which may delay completion of construction of the SPV or may cause potential overrun costs" and "Implementation of the Project—Construction phase—Sub-lot 1C Castelvetro junction to Malo junction".

Construction schedule and budget

The following table sets out a high-level overview of the construction schedule (*cronoprogramma*) for the SPV, showing, with respect to each sub-lot, the dates on which construction is scheduled to begin and be completed, the total amount of works as budgeted under the PEF and the total amount of works completed as of 30 September 2017 (based on construction-related capital expenditure ("**SIL**") recorded as of that date). The SIL represents all construction work which has been performed by the EPC Contractor and is a measure used for internal management purposes and for preparation of our financial statements. In contrast, the SAL represents construction work which has been performed by the EPC Contractor and approved by the Grantor. At any given date, the SIL generally exceeds the SAL, as certain construction works which have been performed cannot be reflected in the SAL until specific milestones agreed with the Grantor have been met.

As of 30 September 2017						
Sub-lot	Description (start and end point)	Construction start date	Actual or Expected construction end date	Total Works ⁽¹⁾	Completed Works ⁽²⁾ in € million	% Complete ⁽³⁾
1A	A4 to Via Molinetto (km -4+78 to km0+250)	April 2014	December 2018	45.1	9.0	20.0
1B	Via Molinetto to Castelvetro junction (km0+250 to km9+756) (includes Sant'Urbano tunnel)	April 2014	December 2018	143.5	58.7	40.9
1C	Castelvetro junction to Malo junction (km9+756 to km23+600) (includes Malo Tunnel)	April 2014	September 2020	511.3	103.6	20.3
1D	Emergency access road to Malo tunnel (km 15+100)	April 2014	December 2019	2.3	0.4	16.7
Total Lot 1		April 2014	September 2020	702.2	171.7	24.4
2A	A31 to Breganze Ovest junction (km 23+600 to km 29+300)	November 2011	December 2017	97.6	88.4	90.6
2B	Breganze Ovest junction to Breganze Est junction (km 29+300 to km 38+700)	April 2014	December 2019	138.2	47.9	34.7
2C	Marostica to Bassano	February 2013	December	116.3	54.8	47.1

				<i>As of 30 September 2017</i>		
<i>Sub-lot</i>	<i>Description (start and end point)</i>	<i>Construction start date</i>	<i>Actual or Expected construction end date</i>	<i>Total Works⁽¹⁾</i>	<i>Completed Works⁽²⁾ in € million</i>	<i>% Complete⁽³⁾</i>
	Padova railway (km 38+700 to km 47+083)		2019			
2D	Bassano Padova railway to Mussolente – Loria junction (km 47+083 to km 52+100)	April 2014	December 2019	110.7	38.6	34.9
<i>Total Lot 2</i>		<i>November 2011</i>	<i>December 2019</i>	<i>462.8</i>	<i>229.8</i>	<i>49.6</i>
3A	Mussolente – Loria junction (km 52+100 to km 53+900)	October 2014	December 2019	16.7	3.9	23.5
3B	Mussolente – Loria junction to Montebelluna Est junction (km 53+900 to km 74+075)	October 2014	December 2019	209.5	77.7	37.1
3C	Montebelluna Est junction (km 74+075 to km 75+625)	October 2015	December 2019	28.8	2.6	9.1
3D	Montebelluna Est junction (km 75+625 to km 87+700)	October 2015	December 2019	119.5	8.2	6.9
3E	Montebelluna Est junction to A27 (km 87+700 to km 90+200)	January 2018	December 2019	75.7	—	—
3F	Slip road to Riese junction (km 54+755 to km 55+494)	October 2014	December 2019	9.9	1.1	10.8
3G	Slip road to Mussolente – Loria junction	January 2018	December 2019	3.5	—	—
<i>Total Lot 3</i>		<i>October 2014</i>	<i>September 2020</i>	<i>463.6</i>	<i>93.6</i>	<i>20.2</i>
Total SPV		November 2011	September 2020	1,628.6	495.0	30.4

(1) Calculated as the total amount budgeted for the construction of the relevant sub-lot under the Executive Design.

(2) Calculated as the amount of construction-related capital expenditure we have incurred during the development of the sub-lot through the date indicated.

(3) Calculated as the capital expenditure incurred as a percentage of the approved investment amount for construction works.

For details in respect of the construction budget provided under the PEF, see "Appendix 2—Summary Financial Model Information".

Lot 1 A4 motorway to Malo junction



Source: FININC

Sub-lot 1A: A4 motorway to Via Molinetto

Sub-lot 1A includes a junction connecting the SPV to the A4 motorway south-west of the town of Montecchio Maggiore. We are responsible for the construction and maintenance of this junction. In addition, this sub-lot also contains the Montecchio junction.

The SPV will follow the route of the existing Montecchio by-pass (*tangenziale*). Certain sections of the existing bypass road will be re-routed and re-built in order to accommodate the construction and operation of the SPV. We will carry out traffic management works on the existing bypass road during this process. Furthermore, sub-lot 1A contains seven bridges, three of which are approximately 15 years old. These were built and approved under standard public procedures. We will be responsible for their maintenance, subject to a handover process whereby we will examine the maintenance manuals and the design drawings and conduct a site inspection to review the state of the structures. We are entitled to require the Grantor to perform any necessary maintenance before this transfer.

Work on this section commenced in April 2014 and is scheduled to be completed in December 2018. As of 30 September 2017, we had completed works in the total amount of €9.0 million out of the €45.1 million budgeted under the Executive Design.

Sub-lot 1B: Via Molinetto to Castelgomberto junction

Sub-lot 1B includes the Sant'Urbano tunnel, one of the two bored tunnels to be constructed on the SPV. The tunnel will be a 1,510m twin-tube bored tunnel cutting through a limestone formation. The tunnel will be accessed and exited through a section of small cut-and-cover tunnels. There are four additional cut-and-cover tunnels in sub-lot 1B, located at the Poscola stream, the SP 246, Roggia dei Molini and the Castelgomberto junction

Work on this section commenced in April 2014 and is scheduled to be completed in December 2018. As of 30 September 2017, we had completed works in the total amount of €58.7 million out of the €143.5 million budgeted under the Executive Design.

Sub-lot 1C: Castelgomberto junction to Malo junction

After the Castelgomberto junction, sub-lot 1C continues through two cut-and-cover tunnels before reaching the SPV's second twin-tube bored tunnel, the Malo tunnel. The finished tunnel will have a total length of 6,391m and will be cut through a mix of material, including basalt, limestone and clay. We also plan to construct a 330m emergency tunnel that will run alongside the main tunnel as well as two cut-and-cover tunnels that will provide access into and out of the main tunnel. The construction of the Malo tunnel is one of the critical design components of the SPV and the overall timeline of the Project will be largely determined by the time required for its completion.

The geology of the Malo tunnel site is varied and combines stronger basalt rock and softer alluvial soils, which makes construction complex. Despite the preparation and monitoring put into place by the EPC Contractor, a fatal accident occurred during the excavation of the Malo tunnel in April 2016 at the intersection of a short access gallery and the main tunnel close to the North portal (Treviso side). The safety investigation by the authorities is ongoing, and no conclusion has been reached as of the date of this Prospectus. An independent technical adviser has been appointed and is now expected to present its findings to the authorities on 22 December 2017. A hearing was scheduled for 10 November 2017. However, the independent technical adviser was absent due to illness and requested a further extension to present his findings. The hearing has been rescheduled for 22 December 2017. The independent technical adviser did, however, present a partial report of its findings to the court on 14 November 2017 which dealt with (i) the current safety conditions in the area of the accident and (ii) the actions to implement for resuming the safety in the area in order to restart the excavation works. On the basis of this report, we intend to petition the court for the release of the access restrictions to the tunnel and the resumption of the works. There can be no assurances, however, that the court will agree to release the access restrictions and grant the resumption of the works promptly or at all. Furthermore, there can be no assurances that there will not be any further extension requests or that the date of the hearing will not also be delayed further. Even following the hearing, however, the date for the timing of a possible lifting of the access restrictions is currently not known, and the restrictions could remain in place indefinitely. The restriction of access to the northern end of the tunnel meant that no work was carried out in the rock strata at that end of the tunnel for a period of 12 months, although excavation at the portals continued.

The outcome of the independent technical adviser (which had been expected to be reported to the authorities by 10 November 2017 prior to the independent technical adviser's request for a further extension) could have a significant impact on the general timeframe for completion of the Malo tunnel. The EPC Contractor has provided a recovery work schedule and, while the EPC Contractor is confident that it will be able to achieve the contractual completion date for the Malo tunnel, the recovery schedule is dependent on third party approvals, the timing of which is uncertain. The proposed recovery work schedule contemplates three scenarios, two of which could allow the EPC Contractor to reach the planned completion date on time:

- Scenario A: this assumes a favourable outcome of the independent technical adviser's findings and envisages excavation from both ends of the tunnel. It would require acceleration of works through an average daily advance rate improved by 50%, which is intended to be achieved by switching to a three day shift pattern, working seven days per week (instead of six days per week) and a reduction of off days. While this scenario would still allow for the completion date to be met, there would be less contingency time available to cope with any further delays. The expected completion date under Scenario A is 12 December 2019.
- Scenario B: this assumes that, as a result of the outcome of the independent technical adviser's findings, the access restrictions to the northern portal would remain in place beyond September 2017. This would involve the use of a further service gallery (which, as of the date of this Prospectus, is under construction) to access the northern area of the Malo tunnel without going through the restricted area while continuing the planned excavation from the South in both directions, which could allow for a completion of the tunnel in all but the restricted area. While this option may lead to completion of the tunnel as per the schedule, there is a significant risk of delay due to the challenging logistics required for the service gallery as well as the requirement for increased shift patterns to accelerate the tunnelling rate. This scenario would require new environmental impact approvals from the Grantor as well as from the Municipality of Malo (the documentation to obtain the new approvals was submitted at the end of July 2017, with approvals expected to be granted up to three months thereafter), as well as new approvals by certain local authorities to be determined by the Grantor for the use of certain local roads required for evacuating and transporting excavation materials, all of which are standard permits which we anticipate to obtain without facing any major issues. In the meantime, excavation works for the service gallery have started and it is envisaged that completion of the service gallery will take up to six months. The expected completion date under Scenario B is 18 August 2019.
- Scenario C: this assumes that neither of Scenario A or Scenario B are successful. In such case, the option would be to perform all the tunnelling from the south side, which could help complete the tunnel in all but the restricted area. The completion of the restricted area would

follow approvals from the Veneto Region and other authorities to remove the restriction of the affected area. Overall, this alternative would be expected to result in a delay of up to 15 months from the original schedule.

Scenario A and Scenario B as described above are not described in order of priority or preference of execution but by prioritization dictated by the timing of excavations in each of the alternatives based on the order of works. They can progress simultaneously and are independent from each other. The variant between the two alternative plans will be related to the various options of excavating the stretch from the accident area to the crossing with the service gallery. These could be: (a) from the cleared accident area, (b) from the crossing with the service gallery, or (c) a combination of the two.

As provided in the EPC Contract, any additional costs incurred as a result of the implementation of any of the scenarios described above should be absorbed by the EPC Contractor (although there is currently no expectation that any additional significant costs will be incurred, as there are no major departures from the original design). In addition, the boring technique used to excavate the tunnel has been already approved by the Grantor, and any new specifications or requirements from the Grantor could potentially lead to a rebalancing as envisaged under the Concession Agreement.

In addition, in September 2017, due to severe weather conditions and a high volume of rainfall, water infiltrated at the crossing of the Malo tunnel with the Poscola river (Vicenza side) and caused a landslide. Even though we consider these to be ordinary course events in the course of an excavation of a tunnel of this nature and we managed to resume normal working conditions overnight following the accident ready to resume excavation works normally, a judicial procedure was commenced to try to ascertain whether there is any responsibility in relation to the landslide. As a result, the judicial authorities imposed an explorative seizure ("*sequestro esplorativo*") of one of the tunnel tubes in the area until a resolution is issued. Whilst we can normally continue the excavation works through the other tube of the Vicenza side of the tunnel, we cannot assure you that further measures will not be imposed and, as of the date of this Prospectus, the date for the timing of a possible lifting of the explorative seizure is unknown, and the access restrictions could remain in place indefinitely.

For further information on the Malo tunnel incidents, see "*Risk Factors—Incidents in the Malo tunnel, which is one of the key structures of the project, have led to disputes and investigations as well as the adoption of alternative recovery plans and the need of additional third party approvals, which may delay completion of construction of the SPV or may cause potential overrun costs*".

After the Malo tunnel, the SPV continues over the Timonchio stream by way of a bridge and viaduct before passing below the Rostone roadway and A31 motorway by way of three cut-and-cover tunnels.

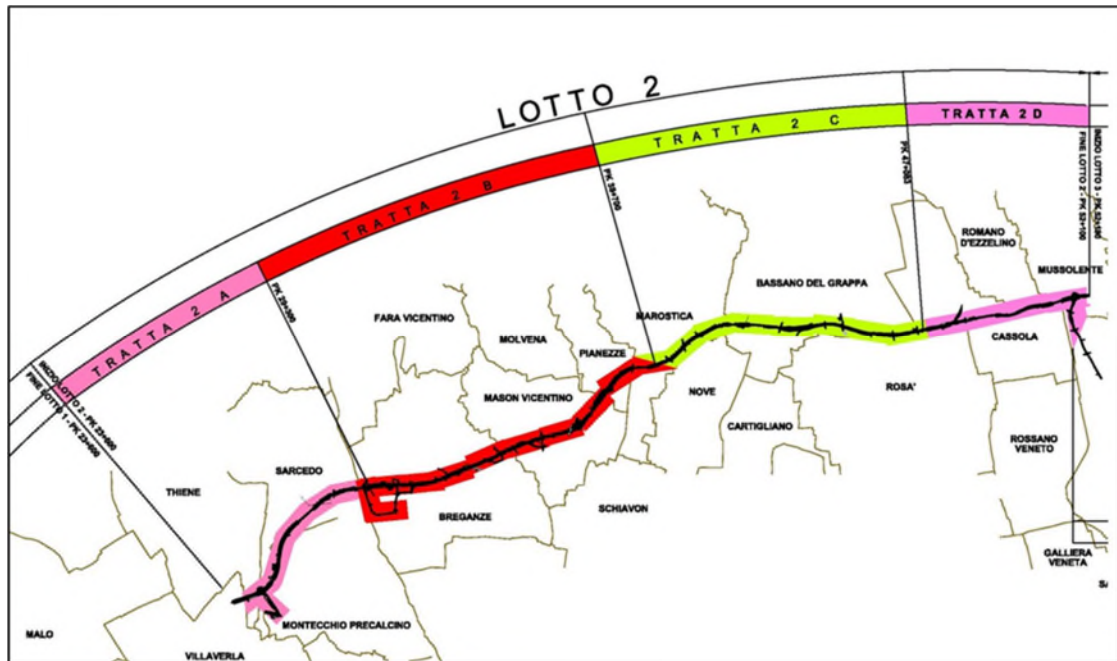
Work on this section commenced in April 2014 and is scheduled to be completed in September 2020. As of 30 September 2017, we had completed works in the total amount of €103.6 million out of the €511.3 million budgeted under the Executive Design.

Sub-lot 1D (Malo emergency access tunnel)

Sub-lot 1D consists of a 606m single-tube bored access tunnel between the east side of the Malo tunnel and the local road network. This will provide external access into and out of the Malo tunnel in the case of an emergency. The bore will be drilled to the same dimension as the main tunnel bores. Its location was chosen due to its location halfway through the Malo tunnel as well as due to its favorable drilling conditions. The local road connecting to the access tunnel will be expanded by over 3km to ensure a suitable link to the local road network.

Work on this section commenced in April 2014 and is scheduled to be completed in December 2019. As of 30 September 2017, we had completed works in the total amount of €0.4 million out of the €2.3 million budgeted under the Executive Design.

Lot 2: A31 motorway to Mussolente – Loria junction



Source: FININC

Sub-lot 2A: A31 to Breganze Ovest junction

Sub-lot 2A runs from the A31 motorway junction to include a cut-and-cover tunnel passing below the Vicenza – Schio rail line as well as a cut-and-cover tunnel, supported by a retaining wall, beneath the Igna stream. The SPV continues through a third cut-and-cover tunnel near the village of Madonnetta di Sarcido and a final cut-and-cover tunnel crossing under the Gasparone provincial road (*Strada Provinciale*, "SP 111"), a local road bisecting sub-lot 2A. This sub-lot also contains a 180m long viaduct crossing over the Astico river.

Work on this section commenced in November 2011 and is scheduled to be completed in December 2017. As of 30 September 2017, we had completed works in the total amount of €88.4 million out of the €97.6 million budgeted under the Executive Design. We currently expect this sub-lot to become operational by the beginning of 2018.

Sub-lot 2B: Breganze Ovest junction to Breganze Est junction

Sub-lot 2B contains a segment of the SP 111 that runs along the planned course of the SPV. This segment of the SP 111 will be closed, rebuilt and then rerouted to run parallel to the SPV, which we will construct over the closed SP 111. We will run the traffic management process to divert traffic from this segment of the SP 111 while these works are being carried out.

Sub-lot 2B also contains a cut-and-cover tunnel to the west of the municipality of Marostica and a further cut-and-cover tunnel under the Via Olmo and two junctions at Breganze and Marostica, as well as the Mason – Pianezze viaduct.

Work on this section commenced in April 2014 and is scheduled to be completed in December 2019. As of 30 September 2017, we had completed works in the total amount of €47.9 million out of the €138.2 million budgeted under the Executive Design. Negotiations are still ongoing between the Grantor and the municipality of Breganze regarding a design revision relating to sub-lot 2B.

Sub-lot 2C: Marostica to Bassano Padova railway

Sub-lot 2C contains a cut-and-cover tunnel to the east of Marostica. Certain segments of the SP 111 passing through sub-lot 2C will be rebuilt and rerouted from the planned SPV route. We will oversee the corresponding traffic management process. The sub-lot also includes three viaducts which cross

over the Silan and Longhella streams and the Brenta river. There is an additional cut-and-cover tunnel running under the SP 111 near Bassano, as well as a junction at Bassano Ovest.

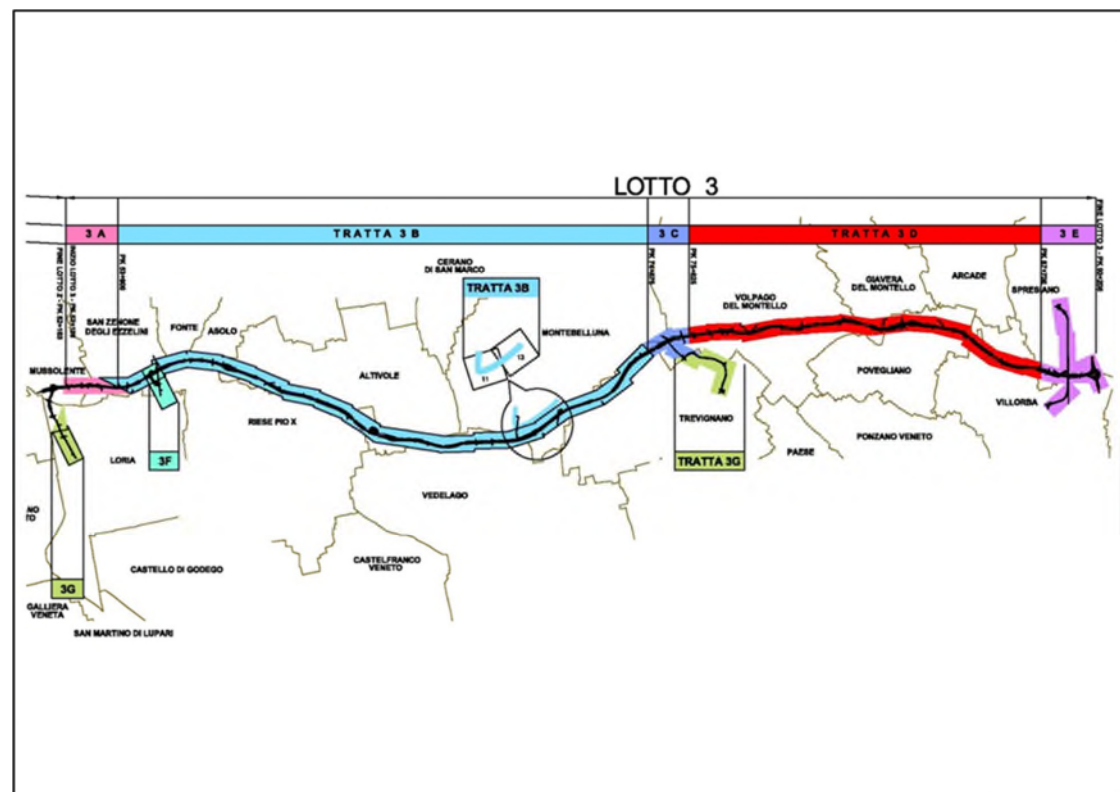
Work on this section commenced in February 2013 and is scheduled to be completed in December 2019. As of 30 September 2017, we had completed works in the total amount of €54.8 million out of the €116.3 million budgeted under the Executive Design.

Sub-lot 2D: Bassano Padova railway to Mussolente – Loria junction

Sub-lot 2D includes two cut-and-cover tunnels, one passing under the Trento – Venezia rail line and another near Mussolente. The SPV also passes under the Bassano – Padova railway by means of a jacked box tunnel. This section includes a number of relatively deeply cut roads which are supported by retaining walls on each side, as well as two junctions at Bassano Est and Mussolente Loria.

Work on this section commenced in April 2014 and is scheduled to be completed in December 2019. As of 30 September 2017, we had completed works in the total amount of €38.6 million out of the €110.7 million budgeted under the Executive Design.

Lot 3: Mussolente – Loria junction to A27 motorway



Source: FININC

Sub-lot 3A: Mussolente – Loria junction

Sub-lot 3A is a relatively small segment of just 1.9km, the only unique feature being a bridge over the Brentone stream. In addition, the control center for operations of the SPV will be located in the section.

Work on this section commenced in October 2014 and is scheduled to be completed in December 2019. As of 30 September 2017, we had completed works in the total amount of €3.9 million out of the €16.7 million budgeted under the Executive Design.

Sub-lot 3B: Mussolente – Loria junction to Montebelluna East junction

Sub-lot 3B begins with a cut-and-cover tunnel passing under the Viazza stream. The SPV then passes over the Lastego and Muson streams near Riese. Due to the risk of flooding, the design includes three

large diameter tubes that will divert flood water under the road embankment. There is an additional cut-and-cover tunnel at Ativole, which allows the SPV to pass under provincial road 6, as well as one leading to an aqueduct over the Fosso Brento storm drain. Two additional cut-and-cover tunnels lead to the Montebelluna Ovest toll plaza, which is followed by two cut-and-cover tunnels passing under a local rail line, leading to a series of overbridges and aqueducts and concluding with a jacked box tunnel under the Castelfranco – Montebelluna rail line. A final cut-and-cover tunnel is located at km 71+470. Much of SPV's path through sub-lot 3B is through a deeply cut course that requires aqueducts and overbridges allowing local roads to pass over it. In addition, sub-lot 3B contains the Altivole junction.

Work on this section commenced in October 2014 and is scheduled to be completed in December 2019. As of 30 September 2017, we had completed works in the total amount of €77.7 million out of the €209.5 million budgeted under the Executive Design.

Sub-lot 3C: Montebelluna Est junction

In sub-lot 3C, the SPV passes under the Treviso – Montebelluna rail line by means of a jacked box tunnel, before arriving at the Montebelluna Est junction. The SPV then continues under a local road, Strada Statale 348, through a cut-and-cover tunnel. This section also includes the Montebelluna Est junction.

Work on this section commenced in October 2015 and is scheduled to be completed in December 2019. As of 30 September 2017, we had completed works in the total amount of €2.6 million out of the €28.8 million budgeted under the Executive Design. We are currently in the process of preparing a last variation to the Executive Design in respect of sub-lot 3C to be approved by the Grantor.

Sub-lot 3D: Montebelluna Est junction

The SPV's route through sub-lot 3D begins by passing through an embankment which is crossed by five under-bridges before entering a cut-and-cover tunnel below the Via Luigi Pastro roadway. This is followed by a cut-and-cover tunnel passing under the Povegliano junction. This sub-lot also contains the Colombero tunnel, a cut-and-cover tunnel designed to preserve the integrity of land surrounding the Villa Agostini historic site. The SPV emerges from the Colombero tunnel and crosses a quarry before arriving at the Povegliano junction. This junction contains seven aqueducts designed to carry irrigation channels over the SPV. The SPV then passes through a cut-and-cover tunnel near Villa Fanna before emerging at the Via Montello quarry.

Work on this section commenced in October 2015 and is scheduled to be completed in December 2019. As of 30 September 2017, we had completed works in the total amount of €8.2 million out of the €119.5 million budgeted under the Executive Design.

Sub-lot 3E: Montebelluna Est junction to A27 motorway

Sub-lot 3E includes a cut-and-cover tunnel that passes under the Strada Statale 13 and the Piavesella canal. There is also a jacked box tunnel passing under the Venezia – Treviso – Udine rail line. Two additional jacked box tunnels are also used to pass under the A27 motorway. In addition to the junction with the A27 motorway, this section also includes the Spresiano junction.

Preparatory works on this section will commence in January 2018 and construction is scheduled to be completed in December 2019. Under the Executive Design, a total of €75.7 million is budgeted for this sub-lot. We are currently in the process of preparing a last variation to the Executive Design in respect of sub-lot 3E to be approved by the Grantor.

Sub-lots 3F and 3G

Sub-lot 3F and 3G are minor sub-lots and do not contain any unique design features. Sub-lot 3F consists of the Riese junction which is located within sub-lot 3B. Sub-lot 3G comprises the network of secondary roads between Mussolente and Loria.

Preparatory works on sub-lot 3F commenced in October 2014 and construction is scheduled to be completed in December 2019. As of 30 September 2017, we had completed works in the total amount of €1.1 million out of the €9.9 million budgeted under the Executive Design.

Preparatory works on sub-lot 3G will commence in January 2018 and construction is scheduled to be completed in December 2019. Under the Executive Design, a total of €3.5 million is budgeted for this sub-lot.

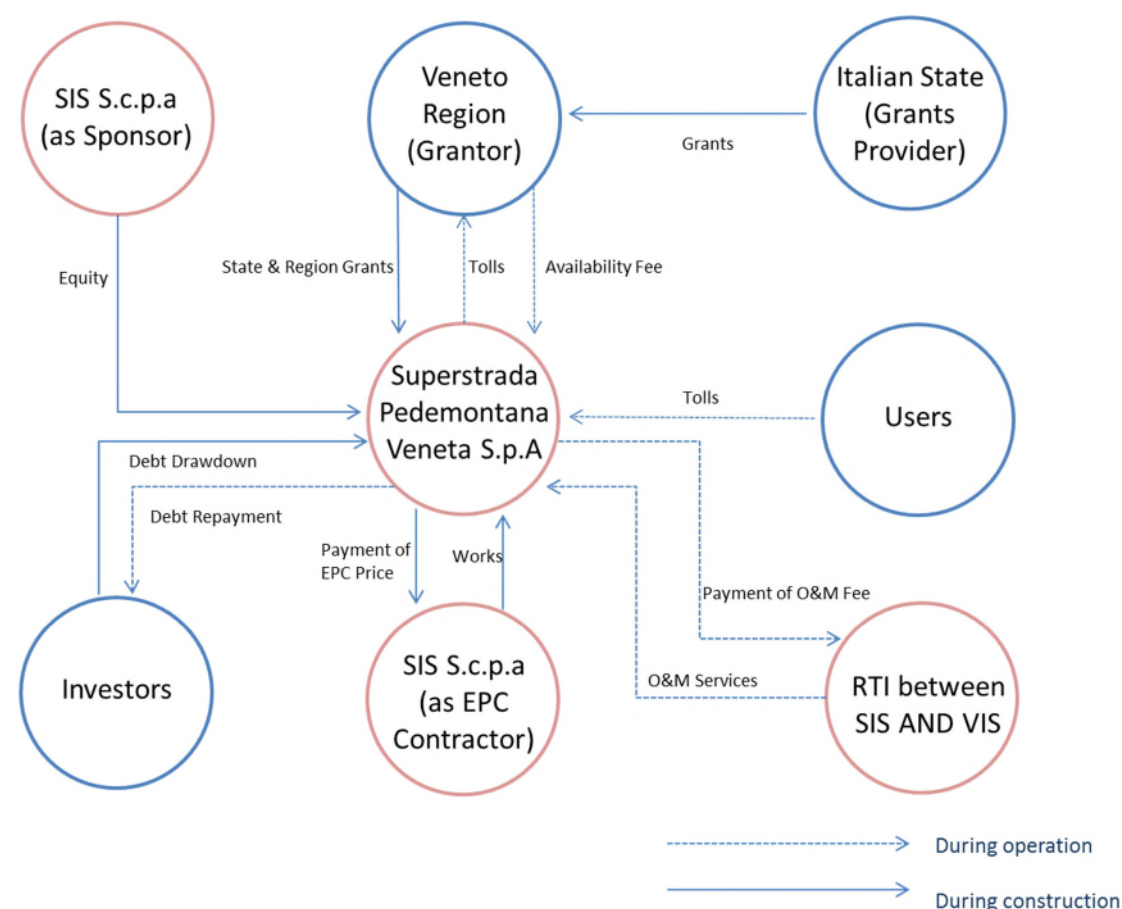
Current status of the expropriation procedure

As of the date of this Prospectus, we have not completed the expropriation procedure necessary for construction of the SPV. As described in further detail under "*Regulatory environment—Expropriation and property regime*", we will have completed expropriation when we have either entered into voluntary sale agreements (*accordi bonari*) or received a final expropriation decree with respect to all parcels of land required for construction and operation of the SPV and, in either case, paid all necessary expropriation indemnities to the affected landowner. We are currently not able to state with assurance by when we expect to have completed all necessary procedures. As of the date of the Prospectus, we estimate that expropriation procedures have been completed for 67% of all areas under possession, with the rest still under negotiation. However, on 9 October 2015, we obtained possession (*immissione in possesso*) of all areas necessary for construction of the SPV. Therefore, we do not expect that construction of the SPV will be subject to any delay on account of the pending expropriation procedure.

As of 30 September 2017, our total certified amounts related to expropriation activities in respect of the SPV amounted to €103.2 million. The budget under the PEF provides a total amount of €311.7 million for expropriation procedures. Based on the voluntary transfer agreements (*accordi bonari*) executed as of 30 June 2017, we have already negotiated 67% of the areas to be expropriated, which represents a commitment to pay €189.9 million.

Operation phase

The chart below shows the cash inflows and outflows in connection with the Project



The Availability Fee

We are entitled to receive the Availability Fee as consideration for our obligation to make the SPV available to road users.

The Availability Fee will be paid by the Grantor to us in monthly instalments, payable on the first day of the month following the relevant month from the entry into operation of the SPV until the expiry of the Concession. In case of the entry into operation of functional sections of the SPV prior to completion of the entire infrastructure, we and the Grantor will need to agree on the remuneration to be paid in connection with the availability of any such sections.

The Availability Fee is a fixed amount calculated on an annual basis and is equal to €153,946,814 plus VAT for the year 2020, which is the year foreseen for the entry into operation of the SPV. For the following years, the Availability Fee is automatically updated in accordance with an indexed formula with an inflation-linked component (see *"Description of the Concession Agreement – Funding of the Project – Funding during the operation phase"*). Should the SPV be made available for less than a full calendar year, the Availability Fee for such year will be adjusted proportionally.

The Availability Fee may be reduced due to the imposition of penalties and/or sanctions set out in the Concession Agreement. The maximum annual amount of penalties and/or sanctions may not exceed 15% of the amount of the Availability Fee for any year and if any penalties and/or sanctions were to be applied, they would be deducted from the Availability Fee payable in respect of the following year.

If the annual traffic volume on the SPV in terms of equivalent vehicles (*i.e.* sum of light vehicles (class A) and heavy vehicles (class B 3, 4, 5) multiplied by 2.5) is higher than the annual equivalent vehicles forecasted by and set out in the Concession Agreement, we will be entitled to receive, as compensation for the higher maintenance expenses, an increase of the Availability Fee calculated in accordance with a formula by reference to traffic volumes, to be paid within 90 days of the end of the relevant year.

In case of delayed payment of the Availability Fee, we will be entitled to receive late payment interest at the rate set out under article 5 of Legislative Decree No. 231/2002. Should the delay exceed 90 days, we shall have the right to terminate the Concession Agreement.

Tolling

It is intended that the SPV will use a "closed" system of tolling, whereby the user takes a ticket on entry to the SPV and pays upon exiting. A **"Telepass"** system of electronic, non-stop, automatic barrier ticketing will also be available. Tolls are to be applied per kilometre travelled on the SPV (including the main road and the access roads) and depending on the class of vehicle.

There will be 17 toll plazas (including the interchanges with the A4, A31 and A27 motorways) and 118 entry and exit lanes. Each toll station will be equipped with a Telepass barrier which will be interoperable with the rest of the Italian road network. In addition to the Telepass lanes, it is expected that there will be toll booths that accept bank cards, smart cards and cash. While we expect all toll plazas to be fully automated, at least one employee of the O&M Contractor will be assigned to each toll plaza to supervise and control the operation and assist with any problems that users may face.

Toll collection

Pursuant to the Concession Agreement, we are responsible for the availability of the SPV whilst the Grantor bears the risk of variation in toll revenues arising from higher or lower traffic levels during the life of the concession. As such, tariffs and possible exemptions are determined by the Grantor. The initial tariff rates shall be communicated to us at least 12 months before the entry into operation of the SPV, or any individual lot thereof. Further updates shall be communicated to us at least 90 days before their entry into force, in order to allow us to take appropriate measures for the collection service.

Toll revenues are the exclusive property of the Grantor and will be collected by us, acting as an agent for the Grantor, through an irrevocable mandate to collect tolls. The proceeds arising from toll collection (either at tollbooths and/or payment by credit card and/or other collection system, such as Telepass), will be managed by us through the Toll Collection Account. We have a right of set-off over all amounts due to us as the Availability Fee against any amount credited to the Toll Collection Account.

Accordingly, we are not liable for any failure to pay by the users (unless this is due to our fault in connection with the toll collection process). As a result, any enforcement action aimed at collecting unpaid amounts shall be carried out directly by the Grantor on the basis of the information provided by us and the Telepass system.

Main line toll stations

To the west the SPV will connect directly to the A4 which is also equipped with a closed tolling system. It is intended that the SPV will have a toll system that is interoperable with that of the A4 and, therefore, it will not be required to install a toll barrier on the mainline of the SPV in its connection with the A4. Vehicles continuing to the SPV from the A4 will pay for their entire journey upon exit from the SPV and we will implement a tariff sharing arrangement with the operator of the A4 to ensure that payment reaches the appropriate concessionaire. This type of arrangement is commonly used in Italy and elsewhere in Europe.

To the east the SPV will connect to the A27. This connection requires a mainline toll plaza on the SPV for traffic exiting to and entering from the A27 so that the traffic using the SPV or the A4 can be identified and payments correctly attributed. Nine entry lanes (for travel from the A27 motorway to the SPV) and eight exit lanes (for travel from the SPV onto the A27 motorway) are needed.

The SPV also interconnects with the A31 and a toll plaza will be required between the two roads for traffic transferring between them and to ensure that payment is made to the appropriate operator.

Slip road toll stations

All of the junctions with the SPV will require toll plazas. There are four typical layouts which are designed for different anticipated traffic flows. There are a minimum of two lanes at each entry which ensures that at least one lane remains open in case of breakdown of a ticket distribution machine. The number of exit lanes ranges between three and five, and they usually exceed the number of entry lanes by two since payment time upon exit is normally greater than the time required to take a ticket on entry. Each toll plaza will have at least one manual operator to ensure that tolls can be collected even upon temporary failure of the automated systems.

Quality Indicators for operation

Under the Concession Agreement, during each year of operation of the SPV, we will be subject to the Yearly Monitoring Programme (*Programma Annuale di Monitoraggio*) required to be carried out by the Grantor in order to verify compliance with the quality indicators (the "**Quality Indicators**") as well as other service standards. Non-compliance with the Quality Indicators may result in the application of penalties and/or sanctions, as described under "*The Availability Fee*" above.

Maintenance

We are responsible for routine and heavy maintenance of the SPV throughout the term of the Concession. Heavy maintenance is required for works that need to be performed in connection with the structural integrity of the SPV and are typically extensive in nature, and are required when routine maintenance is not sufficient or economically viable to keep the SPV at a safe level of operation. Maintenance of the SPV will be provided by the O&M Contractor under the terms of the O&M Contract. For further information on the O&M Contract, see "*Description of the other Project Documents—The O&M Contract*".

Maintenance of the SPV is intended to be provided from two maintenance centers. We have developed a maintenance program which we believe to be adequate for operation of the road at the standards required under the Concession Agreement for the duration of the Concession. The program is designed with a view to keep the road open to traffic and reduce the need for emergency repairs.

The table below shows the annual amounts budgeted under the PEF for ordinary and extraordinary maintenance activities during the specified years of operation.

Annual maintenance amounts

Year of operation

budgeted in PEF:

	1 - 3	4 - 8	9 - 13	14 - 18	19 - 23	24 - 28	29 - 33	34 - 40
Maintenance type	<i>(EUR in '000s)</i>							
Ordinary maintenance civil works	1,312	1,312	1,312	1,312	1,312	1,312	1,312	1,312
Ordinary maintenance special technological plants	1,774	1,774	1,774	1,774	1,774	1,774	1,774	1,774
Ordinary maintenance electromechanical technological plants	1,364	1,364	1,364	1,364	1,364	1,364	1,364	1,364
Grass maintenance	396	396	396	396	396	396	396	396
Winter operations	707	707	707	707	707	707	707	707
Service areas	17	17	17	17	17	17	17	17
Buildings	105	105	105	105	105	105	105	105
Utilities	6,366	6,366	6,366	6,366	6,366	6,366	6,366	6,366
Mechanograph, processing	119	119	119	119	119	119	119	119
Consultancy	1,017	1,017	1,017	1,017	1,017	1,017	1,017	1,017
Traffic police service	475	475	475	475	475	475	475	475
Operating materials	572	572	572	572	572	572	572	572
Total ordinary maintenance and services	14,223	14,223	14,223	14,223	14,223	14,223	14,223	14,223
Extraordinary maintenance civil works	0	1,394	3,722	1,676	3,722	1,394	4,004	1,394
Extraordinary maintenance special technological plants	0	0	3,217	3,217	3,217	3,217	3,217	3,217
Extraordinary maintenance electro-mechanical special technological plants	0	0	0	2,756	2,756	2,756	2,756	2,756
Total extraordinary maintenance	0	1,394	6,939	7,649	9,695	7,367	9,977	7,367
Staff	6,760	6,760	6,760	6,760	6,760	6,760	6,760	6,760
Total	20,983	22,377	27,922	28,633	30,678	28,350	30,960	28,350

Services

Additional services we are planning to provide during operation of the SPV include service areas, including refuelling stations, PuntoBlu service points, and shopping and catering facilities. PuntoBlu service and sale points are spread throughout the Italian highway network, with qualified personnel trained to provide customer service in connection with all matters related to Telepass (such as user activation, registration or top-up) as well as alternatives and solutions for payment of tolls. We expect to enter into arrangements with third parties under which we will subcontract the provision of such services in return for the payment of royalties or fees. Further services to be provided include break-down services and information services through electronic information boards.

Insurance

Under the Italian Public Contracts Code, a commercial counterparty to a public construction works contract is required to maintain certain guarantees and insurance policies. These include, under article 111 of the Italian Public Contracts Code, insurance coverage in respect of design activities to cover risks such as costs of new designs required as a result of defects or mistakes in the design provided and cost increases due to variations necessary to remedy design mistakes during the construction phase. Insurance coverage must be retained until the provisional testing certificate (*certificato di collaudo provvisorio*) has been issued. Furthermore, under article 129 of the Italian Public Contracts Code, public works contractors must also carry insurance to cover all risks arising from construction as well as risks under the decennial post-completion guarantee.

We have insurance under various policies for the construction phase of the Project, including an "All Risks Construction" policy covering property damage and third-party liability occurring during the construction works and, as of 31 July 2017, an "Advanced Loss of Profit" policy covering debt service and fixed costs payable arising from a delay in the commencement of the commercial operation of the SPV due to any damage to our property. In addition, we intend to obtain a "Decennial Liability Insurance" policy upon completion and testing of the first sub-lots covering property damage and third-party liability occurring after the issuance of the provisional acceptance certificate by the corresponding authority caused by a building defect or structural collapse to those parts designed for a long duration. Each of these policies is contracted with an insurance company that we believe to be reputable. In addition, under the EPC Contract, the EPC Contractor has undertaken to enter into and maintain insurance policies covering employer's liability, contractor equipment risks, motor insurance and any other insurance policies required by law. The EPC Contractor will also be required to provide

an advance payment bond to us to the extent we make any further advance payments to the EPC Contractor (see "*Description of other Project Documents—The EPC Contract—Insurance and security package*").

We intend to enter into and maintain adequate insurance for the operating phase of the SPV, commencing with the issuance of the provisional acceptance certificate, including an "All Risks Property" policy covering material damage to property and in association with this, we have, as of 31 July 2017, obtained "Advanced Loss of Profit" policy covering financial losses up to our debt service and fixed costs due to a delay in the completion of the works and the subsequent start of operation of the SPV caused by one of the insured events, and we would expect to obtain a "Business Interruption" guarantee, and third-party liability and employer's liability policies. However, we cannot guarantee that no losses will be incurred or that no claims will be filed against us that go beyond the type and scope of the planned and existing insurance coverage. In addition, the O&M Contractor has provided us with a performance guarantee to secure its obligations under the O&M Contract and has further undertaken to enter into and maintain insurance policies covering employer's liability, third-party liability, motor insurance and any other insurance policies required by law for the duration of the O&M Contract (see "*Description of other Project Documents—The O&M Contract—Performance bond and insurance package*").

The members of our Board and our senior management team are covered under a group directors' and officers' liability insurance policy held by FININC.

Employees

We do not have any employees. We have entered into an administration services agreement with our controlling shareholder SIS, pursuant to which SIS provides management, administration and accounting services to us (for further details, see "*Related-party transactions—Administration services agreement*"). However, during the construction phase we may decide to recruit employees if certain needs arise, for example with respect to investor relations. Once we begin operating the SPV, the majority of day-to-day operations and maintenance services will be provided by employees or contractors of the O&M Contractor. However, we plan to take responsibility for management, finance, administration, accounting and information technology functions ourselves and currently expect that we may therefore have approximately 20 employees during the operations phase of the SPV.

Suppliers

Currently, our main supplier is our EPC Contractor, whom we also expect to be our main supplier throughout the construction phase of the SPV. In addition, we source legal, financial, technical and publishing services from a number of different suppliers, none of which is individually or as a group significant. During the operation phase of the SPV, we expect our only significant supplier to be the O&M Contractor. We also obtain administrative and accounting services, as well as the use of office space, from our controlling shareholder, SIS (for further details, see "*Related-party transactions – administration services agreement*").

Litigation

We are involved in a number of legal proceedings and investigations, including those relating to the award and amendment of the Concession Agreement, as well as those relating to the approval of the executive design of the SPV and related expropriation orders that have arisen in the ordinary course of our business, including several challenges to our expropriation activities and/or the amounts awarded to affected landholders as a result thereof. Other than as discussed below, we are not currently subject to any pending or threatened legal proceedings that we expect could have a material adverse effect on our business or financial position. The outcome of legal proceedings, however, can be extremely difficult to predict with certainty, and there can be no assurances that the outcome of any of the legal proceedings or investigations described below will not have a material adverse effect on our business or financial position. We have not made any provisions in our financial statements for any of the pending legal proceedings described below. We expect any payments for expropriation to be covered under the PEF or, if in excess over the amount budgeted in the PEF, to be passed on to the EPC Contractor.

Claims by Salini Impregilo

The First Salini Impregilo Claim

On 6 June 2017, Salini Impregilo S.p.A. ("**Salini Impregilo**") commenced a judicial proceeding before the Veneto Regional Administrative Court (the "**TAR Veneto**") (the "**First Salini Impregilo Claim**") against the Veneto Region, SIS, the Supervising Commissioner and us aimed at obtaining the annulment of (i) resolution 44 of 29 March 2017 by means of which the Veneto Region approved a proposal for the amendment to the update note (*nota di aggiornamento*) of the Regional Economic and Financial Document which had the effect of increasing the regional personal income tax rate with the objective of supporting the Construction Grants due to us under the Amendment Deed ("**Resolution 44/2017**"), and (ii) any deeds connected, related and subsequent, including resolution 474 of 6 April 2017 by means of which the Veneto Region authorized a tender procedure aimed at selecting lenders for a loan to finance the Construction Grants.

The claim was made by Salini Impregilo both as competitor in the original tender procedure for the Concession Agreement and as an economic operator in the road and motorway sector holding the qualifications to be awarded with the concession as amended by the Grantor.

The claim is based on the violation of European Union law principles governing the modification of a concession during its term. Salini Impregilo argues that the amendments to the Concession Agreement introduced by the Resolution and the Amendment Deed materially change the initial terms and conditions of the tender procedure on the basis of which the Concession was originally granted to us and, therefore, they are unlawful amendments which should have been the subject of a new tender procedure.

In particular, Salini Impregilo argues the illegitimacy of (i) the increase of the Construction Grants, (ii) the allocation of the traffic risk to the Grantor rather than to us, (iii) the provision of an availability fee not linked with the traffic risk, and (iv) an alleged extension of the term of the Concession. According to Salini Impregilo, (i) these amendments are material and have been agreed by the Grantor in order to remedy an alleged mistake by us in connection with the traffic volumes we estimated when we submitted our bid in the original tender procedure, (ii) we undertook the traffic risk on the basis of those traffic volume estimates, and (iii) incorrect traffic estimates impacting the PEF attached to the original Concession Agreement should be considered as a default on our part and, therefore, the Grantor should terminate the Concession Agreement rather than amend it. Salini Impregilo has asked the TAR Veneto to declare the annulment of the challenged resolutions, to terminate the Concession Agreement and to launch a new tender procedure for the award of the concession as amended by the Grantor.

We have contested these claims and intend to vigorously defend against them.

No interim measures nor compensation for damages have been requested to the TAR Veneto and, as such, the challenged resolutions will be fully valid and effective until the merit of the appeals for revocation are decided. As of the date of this Prospectus, no hearings have been scheduled to discuss the merits of the First Salini Impregilo Claim. While it is not possible to predict with certainty the duration of judicial proceedings, they could take up to two years, including the possible appeal before the Council of State against the decision of the TAR Veneto. Taking into consideration the relevance of the Project, the duration of judicial proceedings could be reduced to approximately one year. These terms could be extended should a preliminary ruling (*questione pregiudiziale*) on the material nature of the amendments introduced by the Amendment Deed in light of European Union principles be submitted to the European Court of Justice, in which case proceedings in Italy would be suspended awaiting the decision of the preliminary ruling of the European Court of Justice.

There are a number of potential outcomes of such challenges and as at the date of this Prospectus it is not possible to predict the outcome that will prevail.

The Court may find in favour of the defendants, or it may find in favour of the claimant and award damages against the Grantor. In either of these scenarios, the Grantor and the Concessionaire would be able to continue with the Project in accordance with the Concession Agreement as amended by the Amendment Deed.

Alternatively, the Court could find in favour of the claimants and terminate the Concession Agreement in its entirety, triggering an event of default under the Notes. In such scenario, there are two potential outcomes:

- In the event that no responsibility is attributable to us, we would be entitled to receive from the Grantor a termination value under the Concession Agreement equal to: (a) in the event that the termination occurs after the technical testing (*collaudo tecnico amministrativo*) of the works, the value of the works based on the costs incurred by us (net of depreciation as well as of the Construction Grants received until that point) plus ancillary costs (*oneri accessori*) or, in the event that the termination occurs before the technical testing (*collaudo tecnico amministrativo*) of the works, the costs actually incurred by us (net of the Construction Grants) *plus* (b) liquidated damages or other costs incurred or to be incurred by us as a consequence of the early termination, including financing costs and other costs arising from the early termination of any transactions aimed at providing floating interest risk coverage related to the termination, *plus* (c) potentially an additional 10% indemnity of the value of the works still to be performed (or, following the technical testing, 10% of the current value of revenues resulting from PEF (as defined herein) for the remaining years) (the "**Concession Agreement Termination Value**").
- In the event, however, that some responsibility is attributed to us, the Grantor could dispute payment of the Concession Agreement Termination Value and, on the basis that the doctrine of unjust enrichment would apply, instead grant an indemnity to us equal to the construction costs incurred, including ancillary costs (net of the Construction Grants received until that point) (the "**Unjust Enrichment Indemnity**").

In addition, it is possible that the Court could find in favour of the claimants and set aside the Amendment Deed only, leaving the unamended Concession Agreement (the "**Unamended Concession Agreement**") in place, in which case there would be three potential outcomes:

- The Grantor could expressly revoke the Concession Agreement, in which case we would be entitled to receive from the Grantor the Concession Agreement Termination Value.
- The Grantor could proceed with an annulment of the Concession Agreement on the basis of self-protection grounds due to an illegal allocation of risks, in which case we would be entitled to receive from the Grantor, on the basis that the doctrine of unjust enrichment would apply, the Unjust Enrichment Indemnity.
- The Grantor could take no action, in which case we may be able to withdraw from the Concession Agreement on the basis that we had requested a rebalancing of the PEF that had been rejected and, in such a case, we could be entitled to receive from the Grantor the termination value provided under the Unamended Concession Agreement, equal to: (i) the value of the works based on the costs incurred by us (net of depreciation as well as of the Construction Grants received until that point) *plus* (ii) ancillary expenses (*oneri accessori*), including financing costs (but excluding the costs arising from the termination of any transactions aimed at providing floating interest risk coverage) and other costs related to termination (the "**Unamended Concession Agreement Termination Value**"). The Unamended Concession Agreement Termination Value excludes, however, the potential to receive the additional 10% indemnity as would be the case under the Concession Agreement Termination Value.

The Second Salini Impregilo Claim

On 19 June 2017, Salini Impregilo commenced the Second Salini Impregilo Claim against the Veneto Region, SIS, the Supervising Commissioner and us aimed at obtaining the annulment of (i) the Resolution 708/2017, (ii) the Resolution 780/2017, (iii) resolution 704 of 16 May 2017, which authorized the Grantor to sign a loan agreement with CDP for the purposes of financing the Construction Grants due to us under the Amendment Deed ("Resolution 704/2017") and the loan agreement executed on 19 May 2017 between the Grantor and CDP, and (iv) any deeds connected, related and subsequent to the challenged measures, including any opinions rendered by the internal body for the assessment of public investments of the Veneto Region (*Nucleo di Valutazione e Verifica Investimenti Pubblici*) in connection with the draft of the Amendment Deed. On 30 June 2017, an "*ad*

adiuvandum" initiative was submitted in support of the Second Salini Impregilo Claim by Società Agricola Fogal s.s., Codacons - O.N.L.U.S. and six individuals. This initiative is in support of the Second Salini Impregilo Claim and does not alter, add to or otherwise change the nature of the Second Salini Impregilo Claim. On 20 July 2017, Salini Impregilo filed additional grounds (*motivi aggiunti*) in connection with the Second Salini Impregilo Claim, challenging both the Amendment Deed and the First Additional Deed entered into in December 2013, seeking the annulment of both and declaration of the ineffectiveness of the amended Concession Agreement, or, in the alternative, damages from the Veneto Region in the event the amended Concession Agreement is declared effective.

The Second Salini Impregilo Claim was made by Salini Impregilo both as competitor in the original tender procedure for the Concession Agreement and as an economic operator in the road and motorway sector holding the qualifications to be awarded with the concession as amended by the Grantor.

The Second Salini Impregilo Claim essentially expands and develops the arguments set forth in the First Salini Impregilo Claim and is based on the violation of European Union law principles governing the modification of a concession during its term. Salini Impregilo argues that the amendments to the Concession Agreement introduced by the Resolution and the Amendment Deed materially change the initial terms and conditions of the tender procedure on the basis of which the Concession was originally granted to us and, therefore, they are unlawful amendments which should have been the subject of a new tender procedure.

In particular, Salini Impregilo argues the illegitimacy of (i) the allocation of the traffic risk to the Grantor rather than to us, (ii) the provision of an availability fee not linked with the traffic risk, (iii) an increase of the original Construction Grants (iv) an alleged extension of the term of the Concession, (v) an increase of the values of the investment compared to the original terms of the Concession Agreement, and (vi) an increase in the internal rate of return compared to the one provided by the original Concession Agreement.

In addition, Salini Impregilo questions the behavior of the Grantor, claiming a contradiction in the terms of the Resolution, which contemplated postponing the signing of the Amendment Deed in order to obtain the opinion of ANAC and the Court of Auditors with respect to the Amendment Deed, and Resolution 780/2017, which authorized the immediate signing of the Amendment Deed.

We have contested these claims and intend to vigorously defend against them.

No interim measures nor compensation for damages have been requested to the TAR Veneto and, as such, the challenged resolutions will be fully valid and effective until the merit of the appeals for revocation are decided. As of the date of this Prospectus, no hearings have been scheduled to discuss the merits of the Second Salini Impregilo Claim. While it is not possible to predict with certainty the duration of judicial proceedings, they could take up to two years, including the possible appeal before the Council of State against the decision of the TAR Veneto. Taking into consideration the relevance of the Project, the duration of judicial proceedings could be reduced to approximately one year. These terms could be extended should a preliminary ruling (*questione pregiudiziale*) on the material nature of the amendments introduced by the Amendment Deed in light of European Union principles be submitted to the European Court of Justice, in which case proceedings in Italy would be suspended awaiting the decision of the preliminary ruling of the European Court of Justice.

There are a number of potential outcomes of such challenges and as at the date of this Prospectus it is not possible to predict the outcome that will prevail.

The Court may find in favour of the defendants, or it may find in favour of the claimant and award damages against the Grantor. In either of these scenarios, the Grantor and the Concessionaire would be able to continue with the Project in accordance with the Concession Agreement as amended by the Amendment Deed.

Alternatively, the Court could find in favour of the claimants and terminate the Concession Agreement in its entirety, triggering an event of default under the Notes. In such scenario, there are two potential outcomes:

- In the event that no responsibility is attributable to us, we would be entitled to receive from the Grantor the Concession Agreement Termination Value.

- In the event, however, that some responsibility is attributed to us, the Grantor could dispute payment of the Concession Agreement Termination Value and, on the basis that the doctrine of unjust enrichment would apply, instead grant the Unjust Enrichment Indemnity to us.

In addition, it is possible that the Court could find in favour of the claimants and set aside the Amendment Deed only, leaving the Unamended Concession Agreement in place, in which case there would be three potential outcomes:

- The Grantor could expressly revoke the Concession Agreement, in which case we would be entitled to receive from the Grantor the Concession Agreement Termination Value.
- The Grantor could proceed with an annulment of the Concession Agreement on the basis of self-protection grounds due to an illegal allocation of risks, in which case we would be entitled to receive from the Grantor, on the basis that the doctrine of unjust enrichment would apply, the Unjust Enrichment Indemnity.
- The Grantor could take no action, in which case we may be able to withdraw from the Concession Agreement on the basis that we had requested a rebalancing of the PEF that had been rejected and, in such a case, we could be entitled to receive from the Grantor the Unamended Concession Agreement Termination Value.

Claim by CIDA

On 20 June 2017, the *Confederazione Italiana Dirigenti ed Alte Professionalità (CIDA – Veneto)*, the *Associazione Dirigenti Aziende Industriale di Venezia* and two other individuals (the "Plaintiffs") commenced a judicial proceeding before the TAR Veneto against the Veneto Region, SIS and us aimed at obtaining the annulment of (i) Resolution 44/2017, and (ii) (a) the Resolution 708/2017, and (b) Resolution 704/2017, as described above under "*Claims by Salini Impregilo*".

The challenged resolutions have been incorporated into, and have become, regional law. As such, the Plaintiffs raised an *a priori* question on the constitutional legitimacy of the contended resolutions on the grounds that they constitute a violation of the Italian constitution. Should the TAR Veneto consider such question relevant and not manifestly unfounded, the proceeding would be referred to the Italian Constitutional Court and the pending administrative proceeding before the TAR Veneto would be stayed until the question on the constitutional legitimacy of the challenged resolutions is determined by the Italian Constitutional Court.

The Plaintiffs argue that the challenged resolutions contravene (i) the principle of revision of the economic and financial plan and sound financial management required by the Public Contracts Code, (ii) the principle of state aid and the regional obligations to notify the European Commission of certain events as required by the Treaty on European Union, (iii) the principle of progressiveness in taxation contained in the Italian Constitution and secondary tax legislation, and (iv) the principle of coordination of the fiscal and tax policies contained in the Italian Constitution and secondary tax legislation.

We have contested these claims and intend to vigorously defend against them.

No interim measures nor compensation for damages have been requested to the TAR Veneto and, as such, the challenged resolutions will be fully valid and effective until the merit of the appeals for revocation are decided and at such appeals revocation is granted. As of the date of this Prospectus, no hearings have been scheduled to discuss the merits of the claim. There are a number of potential outcomes of such challenges and as at the date of this Prospectus it is not possible to predict the outcome that will prevail.

The Court may find in favour of the defendants, or it may find in favour of the claimant and award damages against the Grantor. In either of these scenarios, the Grantor and the Concessionaire would be able to continue with the Project in accordance with the Concession Agreement as amended by the Amendment Deed.

Alternatively, the Court could find in favour of the claimants and terminate the Concession Agreement in its entirety, triggering an event of default under the Notes. In such scenario, there are two potential outcomes:

- In the event that no responsibility is attributable to us, we would be entitled to receive from the Grantor the Concession Agreement Termination Value.
- In the event, however, that some responsibility is attributed to us, the Grantor could dispute payment of the Concession Agreement Termination Value and, on the basis that the doctrine of unjust enrichment would apply, instead grant the Unjust Enrichment Indemnity to us.

In addition, it is possible that the Court could find in favour of the claimants and set aside the Amendment Deed only, leaving the Unamended Concession Agreement in place, in which case there would be three potential outcomes:

- The Grantor could expressly revoke the Concession Agreement, in which case we would be entitled to receive from the Grantor the Concession Agreement Termination Value.
- The Grantor could proceed with an annulment of the Concession Agreement on the basis of self-protection grounds due to an illegal allocation of risks, in which case we would be entitled to receive from the Grantor, on the basis that the doctrine of unjust enrichment would apply, the Unjust Enrichment Indemnity.
- The Grantor could take no action, in which case we may be able to withdraw from the Concession Agreement on the basis that we had requested a rebalancing of the PEF that had been rejected and, in such a case, we could be entitled to receive from the Grantor the Unamended Concession Agreement Termination Value.

Pending investigations by state or regulatory authorities

Investigation by the Italian Court of Auditors

On 29 January 2015, the Italian Court of Auditors (*Corte dei Conti*), an institution of the Italian state charged, among other things, with monitoring public finances and auditing the state budget, commenced an investigation into the progressive and material cost increase of the SPV. In exercise of its powers, the Court of Auditors requested information from the various bodies of the public administration and ourselves in order to ascertain the causes that resulted in the cost increase. The investigation has a wide scope and has covered a variety of issues, including (i) the reasons for the cost increase from the Preliminary Design to the Executive Design, (ii) the allocation of risk between the Grantor and the Concessionaire pursuant to the Concession Agreement, (iii) the validity of the criteria used to allocate the expropriation fees after the decision of the Constitutional Court, (iv) consultancy costs and the potential existence of conflicts of interest in the contracting for those services, and (v) general clarifications relating to the construction of the SPV.

We received seven requests for information or clarification, with the last request being dated as of 14 October 2015. In each case, we replied to the requests by the requested deadline and provided all the support documentation requested by the Court of Auditors. Following publication of the preliminary report by the Court of Auditors on 9 December 2015, a public hearing was held on 21 December 2015 in Rome. At this hearing, which was public and was attended by our managing director, the concerns raised by the preliminary report were further discussed. Following the meeting, the Court of Auditors published its final report on 30 December 2015. The preliminary investigation resulted in the first Resolution No. 18/2015/G, dated 30 December 2015, approving the report issued at the outcome of a public hearing held on 21 December 2015, then integrated by Resolution No. 13/2016/G dated 9 November 2016, approving a more updated report issued following a subsequent public hearing.

Resolution No. 13/2016/G raised several critical issues in relation to the Concession Agreement (in its version preceding the Amendment Deed) and the status of the Project, with particular reference to (i) the financial sustainability of the Project, (ii) certain provisions of the Concession Agreement, deemed to be particularly favorable to the Concessionaire and, therefore, capable to alter the risk allocation between Grantor and us, (iii) delays in the financial closing, (iv) costs of suspended and connection works and (v) delays in the payment of the expropriation indemnities and criteria for the relevant determination.

The above Resolution No. 13/2016/G, along with the updated report, was sent by the Court of Auditors to the Presidents of the two houses of the Italian Parliament, the Prime Minister, the administrations

and entities involved in the proceedings, as provided for by Article 3, paragraph 6, of Law No. 20/1994. Within 6 months from the receipt of the updated report, pursuant to Article 3, paragraph 6, of Law No. 20/1994, the involved public administrations should have communicated to the Court of Auditors and the Parliament the measures adopted to comply with any irregularities detected by the Court of Auditors.

On 10 May 2017, the Court of Auditors addressed a notice to the various public bodies with involvement in the Project to the effect that not all had provided their response to the Court of Auditors' updated report detailing measures taken to address the concerns raised within the requested deadline mentioned above. This notice both reconfirmed the issues to be addressed as provided in the updated report and required the public bodies involved to give their response as to the measures adopted to comply with the issues raised by the Court of Auditors by 30 June 2017.

In particular, by the notice of 10 May 2017, in order to assess possible liabilities for public losses (*danno erariale*), the Court of Auditors requested that the public entities involved in the proceedings, including the Grantor, report to the Court no later than 30 June 2017 in relation to, *inter alia*: (i) methods of financing the Project (ii) delays of the financial closing of the Project, (iii) allocation of the amounts available to the Project and (iv) nature of the amendments introduced by the Amendment Deed.

To this end, as reported in the Resolution 780/2017, by note No. 198146 dated 19 May 2017, addressed to the Court of Auditors, the State Attorney Marco Corsini, in his capacity as extraordinary commissioner for the SPV, replied to the points raised in the Court of Auditors' notice of 10 May 2017 and transmitted the text of the Amendment Deed along with Resolution 708/2017.

Furthermore, in Resolution 780/2017, the Grantor resolved that the signature of the Amendment Deed was no longer deferrable due to reasons of public interest, and authorized the competent regional body to proceed with the execution of the Amendment Deed pending feedback by the Court of Auditors. The execution of the Amendment Deed without the prior approval of the Court of Auditors does not affect the validity and effectiveness of the Amendment Deed, since Resolution 708/2017 did not require feedback of the Court of Auditors to be provided prior to its execution.

The Court of Auditors is generally authorized to conduct investigations into public works in the course of their development. In case of material irregularities in the management or material deviations from the objectives, procedures or time schedules as provided under applicable law or governmental decree, the Court of Auditors has the power to confer with the relevant Ministry which, in turn, has the power to suspend the payment of the financial commitments on the part of the state to the relevant project. If mismanagement is ascertained, the Court of Auditors may issue directives which are binding on such public bodies. In the event the mismanagement leads to a public loss (*danno erariale*) which is attributable to the gross negligence or wilful misconduct of a public officer, that officer may be required to refund the public loss.

The final report and the relevant feedback by the Court of Auditors on the Amendment Deed are expected to be issued following the general hearing of the central department of the Court of Auditors, which is normally held at the end of each year.

Should any specific legal violations be raised by the Court of the Auditors, this would not have any direct and immediate effect on the validity of the Amendment Deed, although it could have an indirect effect as the Grantor could proceed with an annulment of the Concession Agreement on the basis of self-protection grounds. In such a case, we would be entitled to receive from the Grantor, on the basis that the doctrine of unjust enrichment would apply, the Unjust Enrichment Indemnity.

Investigation by ANAC

On 14 April 2015, by means of a letter addressed to the Ministry of Infrastructure and Transport and the Commissioner, following certain challenges (*esposti*) from members of the Italian Parliament, ANAC commenced an investigation into the Project. Further, the press reported that ANAC had sent a request for further information to an official at the Italian Infrastructure Ministry and to Mr. Vernizzi, the Commissioner who was, at that time, counterparty to our Concession Agreement. The investigation is aimed at verifying, *inter alia*: (i) the reasons for the increased cost of the Project, (ii) the risk allocation in the Concession Agreement, (iii) the private sources of finance for the Project, (iv) the

progress of the designs and works in relation to the Project and (v) the cost and methods of supervision in relation to the Project.

The Grantor has so far: (i) had a hearing before ANAC to discuss the amendments introduced by the Amendment Deed, (ii) acknowledged the sending of a draft of the Amendment Deed to ANAC on 21 March 2017 together with a report of the Supervising Commissioner in relation to its content, (iii) ordered the Supervising Commissioner to address ANAC in relation to the Amendment Deed and (iv) postponed the signature of the Amendment Deed in order to allow ANAC to assess the Amendment Deed and to give its final feedback on it by proposing possible amendments.

Recently, as reported in the Resolution 780/2017, by note No. 198145 dated 19 May 2017, addressed to ANAC, the State Attorney Marco Corsini, in his capacity as extraordinary commissioner for the SPV, transmitted the text of the Amendment Deed along with Resolution 708/2017.

Furthermore, in Resolution 780/2017, the Grantor resolved that the signature of the Amendment Deed was no longer deferrable due to reasons of public interest, and authorized the competent regional body to proceed with the execution of the Amendment Deed pending feedback by ANAC. The execution of the Amendment Deed without the prior approval of ANAC does not affect the validity and effectiveness of the Amendment Deed, since Resolution 708/2017 did not require feedback of ANAC to be provided prior to its execution.

ANAC was originally set up an independent regulatory body in 2009 to monitor public bodies for transparency and anti-corruption compliance. In 2014, ANAC's remit was further expanded to include supervision of public contracts and ANAC was granted investigatory, supervisory and sanctioning powers with respect to public contracts under the Italian Public Contracts Code. The 2014 ANAC regulation has since been replaced by the ANAC regulation dated 15 February 2017 relating to the supervisory activities of ANAC on public contracts. According to the 2017 regulation, whenever ANAC finds material violations of law in the awarding or performance of a concession (*e.g.*, issues on risk allocation or compliance with competition rules), the ANAC proceedings could result in a binding recommendation aimed at inviting the contracting authority to exercise self-protections powers. In such a case, a pecuniary sanction up to €25,000 could be applied to the contracting authority if it were to refuse to exercise self-protections powers.

The possible feedback of ANAC on the Amendment Deed, if issued, is expected later this year. Should any specific legal violations be raised by ANAC, this would not have any direct and immediate effect on the validity of the Amendment Deed, although it could have an indirect effect as the Grantor could proceed with an annulment of the Concession Agreement on the basis of self-protection grounds. In such a case, we would be entitled to receive from the Grantor, on the basis that the doctrine of unjust enrichment would apply, the Unjust Enrichment Indemnity.

ANAC does not have binding powers over other public officials and bodies. However, since ANAC is the main regulatory authority in the public contracts sector, its resolutions have a role of "moral persuasion" vis-à-vis other public officials and bodies. In the event the Grantor failed to comply with the opinion of ANAC and correct any detected violations, ANAC would be entitled to bring a judicial action before the Administrative Court within the 30 days from the expiration of the term given to the Grantor to comply with the opinion. In this context, it cannot be excluded that ANAC may ask the Court for the annulment of the Amendment Deed. In such a case, we would be entitled to receive from the Grantor, on the basis that the doctrine of unjust enrichment would apply, the Unjust Enrichment Indemnity.

Investigation by the Florentine public prosecutor

According to press reports, the public prosecutor in Florence, assisted by the Special Operations Group (*Raggruppamento Operativo Speciale*), a special investigative arm of the Italian military police force (*Carabinieri*) dealing with organized crime, has been investigating a case of alleged corruption involving officials in the public works department of the Italian Infrastructure and Transport Ministry. On 16 March 2015, four persons were arrested in connection with this investigation, including Mr. Stefano Perotti, whom we had appointed as our works director in December 2013. According to the public prosecutor, Mr. Ercole Incalza, a former senior civil servant at the ministry and until December 2014 head of the department's technical mission, is alleged to have used his strategic position to influence companies to direct engineering contracts to, among others, Mr. Perotti in return for

kickbacks from Mr. Perotti and his associates. We terminated Mr. Perotti's appointment immediately after being informed by the Commissioner of Mr. Perotti's arrest and appointed Mr. Adriano Turso as our new works director. Under the Italian Public Contracts Code, we are required to appoint a works director to coordinate, supervise and control from an administrative and accounting perspective the execution of the project in compliance with the regulatory framework and the Concession Agreement. Based on reports published in the Italian press, it appears that the investigation by the Florentine public prosecutor involves several dozen persons. We have not been directly involved in any proceedings relating to this investigation and we therefore have no information beyond what has been reported in the press to date.

The Malo tunnel incidents

The geology of the Malo tunnel site is varied and combines stronger basalt rock and softer alluvial soils, which makes construction complex. Despite the preparation and monitoring put into place by the EPC Contractor, a fatal accident occurred during the excavation of the Malo tunnel in April 2016 at the intersection of a short access gallery and the main tunnel close to the North portal (Treviso side).

As a result of the accident, the access to the tunnel via the short access gallery was restricted in April 2016 in order to assess the measures necessary in order to ensure the safety of the area (*messa in sicurezza dell'area*) and whether the appropriate health and safety procedures had been followed, preventing the EPC Contractor from progressing the excavation from the northern end. A plan to secure the stretch affected by the accident was prepared by the EPC Contractor and approved by the consultant of the investigating authority. Upon the implementation of this plan, the above mentioned consultant proposed the adoption of technical solutions considered by the EPC Contractor unadvisable and not cost effective. The EPC Contractor has thus rejected the technical solutions and has entered into a dispute resolution procedure requesting the judicial authority, who is responsible for the release of the restricted area and the resumption of the works, to appoint an independent technical advisor in order to provide a definitive recommendation for technical solutions to be adopted and consent to the implementation of the safety plan. This dispute resolution procedure is still in progress as of the date of this Prospectus.

Access restriction to the tunnel construction area should be lifted once the decision of the dispute resolution procedure is issued. An independent technical adviser has been appointed and had been initially scheduled to present its findings to the authorities by 17 August 2017, with a hearing for the examination of the findings initially scheduled for 12 September 2017, after which a request for resumption of works and release of access restrictions to the tunnel could be submitted to the judge in the dispute resolution procedure. The independent technical adviser requested an extension to present its findings, which was granted at the hearing on 12 September 2017 until 31 October 2017. A subsequent hearing was scheduled for 10 November 2017. However, the independent technical adviser was absent due to illness and requested a further extension to present his findings. The hearing has been rescheduled for 22 December 2017. The independent technical adviser did, however, present a partial report of its findings to the court on 14 November 2017 which dealt with (i) the current safety conditions in the area of the accident and (ii) the actions to implement for resuming the safety in the area in order to restart the excavation works. On the basis of this report, we intend to petition the court for the release of the access restrictions to the tunnel and the resumption of the works. There can be no assurances, however, that the court will agree to release the access restrictions and grant the resumption of the works promptly or at all. Furthermore, there can be no assurances that there will not be any further extension requests or that the date of the hearing will not also be delayed further. Even following the hearing, however, the date for the timing of a possible lifting of the access restrictions is currently not known, and the restrictions could remain in place indefinitely. The restriction of access to the northern end of the tunnel has meant that no work has been carried out in the rock strata at that end of the tunnel for a period of more than 12 months, although excavation at the portals has continued. The outcome of the independent technical adviser (which had been expected to be reported to the authorities by 10 November 2017 prior to the independent technical adviser's request for a further extension) could have a significant impact on the general timeframe for completion of the Malo tunnel. The EPC Contractor has provided a recovery work schedule and, while the EPC Contractor is confident that it will be able to achieve the contractual completion date for the Malo tunnel, the recovery schedule is dependent on third party approvals, the timing of which is uncertain.

Moreover, a criminal manslaughter investigation is pending against some employees of the EPC Contractor, including, amongst others, Matteredino Dogliani (in his capacity as President of the Board of

Directors of SIS S.c.p.A.), Claudio Dogliani (in his capacity as General Manager of SIS S.c.p.A.) and Adriano Turso (in his capacity as works director), while the EPC Contractor and its major shareholder, INC S.p.A., are also being considered for potential liability in connection with the matter. Pursuant to Legislative Decree No. 81/08 (Consolidated Act on Health and Safety Protection at worksites), legal representatives of construction companies may be considered liable, in their capacity of employers only to the extent that they have not adequately delegated health and safety responsibility to persons operating at the worksite, vested with adequate skills and spending powers. As far as the SPV worksite is concerned, the EPC Contractor has implemented a delegation mechanism that, we have been informed it believes is in compliance with the law, as reflected in its operating health and safety plan (*piano operativo di sicurezza – POS*). In addition, the EPC Contractor has adopted a compliance model pursuant to Decree 231 which, if proved validly implemented, would exempt the EPC Contractor from the application of the above sanctions in relation to the investigation for the fatal accident that occurred during the Malo tunnel excavation (see also – “*We are subject to Italian legislation providing for quasi-criminal liability of entities and any proceedings arising thereunder could materially affect our revenues or financial position*”).

If, however, the delegation mechanism and compliance models adopted by the EPC Contractor described above were to be determined to be inadequate, the potential penalties against the EPC Contractor and INC, S.p.A. could include (i) monetary sanctions, (ii) disqualification from the exercise of business or suspension or revocation of authorizations, licenses or concessions, prohibition on trading with public administrations, and exclusion from grants, loans, contributions or subsidies, (iii) confiscation of any profits made as a result of the act under investigation, and/or (iv) publication of the Court's decision in a newspaper. If the EPC Contractor were to be subject to such penalties, it could become disincentivized from adequately or timely performing its obligations under the EPC Contract. Further, if the EPC Contractor were to be disqualified from the exercise of business, we may find it difficult to find a replacement to the EPC Contractor in a timely manner or at all, which could cause further delays in the construction schedule (*cronoprogramma*) or cost increases.

In addition, in September 2017, due to severe weather conditions and a high volume of rainfall, water infiltrated at the crossing of the Malo tunnel with the Poscola river (Vicenza side) and caused a landslide. Even though we consider these to be ordinary course events in the course of an excavation of a tunnel of this nature and we managed to resume normal working conditions overnight following the accident ready to resume excavation works normally, a judicial procedure was commenced to try to ascertain whether there is any responsibility in relation to the landslide. As a result, the judicial authorities imposed an explorative seizure (“*sequestro esplorativo*”) of one of the tunnel tubes in the area until a resolution is issued. Whilst we can normally continue the excavation works through the other tube of the Vicenza side of the tunnel, we cannot assure you that further measures will not be imposed and, as of the date of this Prospectus, the date for the timing of a possible lifting of the explorative seizure is unknown.

For further information on the Malo tunnel incidents, see “*Risk Factors—Incidents in the Malo tunnel, which is one of the key structures of the project, have led to disputes and investigations as well as the adoption of alternative recovery plans and the need of additional third party approvals, which may delay completion of construction of the SPV or may cause potential overrun costs*”.

Other claims

Various administrative and civil claims against us have been filed by non-profit organizations, municipalities and individuals. These claims generally relate to the executive design of the SPV and related expropriation orders. Although we do not expect any of these claims, individually or in the aggregate, to have a material adverse effect on our business or financial position, there can be no assurances that we would not experience delays in the construction schedule of the SPV or increased costs in the event any or all of these claims are decided against us and, if so, that such delays would not have a material adverse effect on our business or financial position. The following proceedings are the only such proceedings which remain outstanding as of the date of this Prospectus, although there can be no assurance that these or other claimants will not bring further claims on similar or other grounds.

Claim by S. Tovo et al.

On 17 December 2010, S. Tovo and another 41 individuals commenced a judicial proceeding before the Lazio Regional Administrative Court (“**TAR Lazio**”) against the Commissioner, the Veneto

Region, the CIPE, the Presidency of the Council of Ministers, certain Ministries, SIS and us aimed at obtaining the annulment of (i) the decree declaring the state of emergency; (ii) the Emergency Order; and (iii) the decree approving the Definitive Design. The plaintiffs subsequently filed five additional claims (*Motivi aggiunti*) aimed at obtaining the annulment of (a) the further decrees adopted to extend the state of emergency, (b) the decrees approving the executive designs of sub-lot 2A and sub-lot 2C, (c) all additional decrees adopted by the Commissioner on 23 December 2013 and (d) the deeds of expropriation in relation to the properties of the plaintiffs.

The TAR Lazio rejected the claim on 18 August 2015, following the Italian Constitutional Court's decision No. 250 of 7 November 2014, holding the underlying statutory provisions challenged by the plaintiff to be in compliance with Italian constitutional requirements.

On 4 December 2015, M. Cortese and nine of the other plaintiffs in the case appealed the decision of TAR Lazio to the Council of State.

On 11 December 2015, G. Piccolotto and six other plaintiffs in the case appealed the decision of TAR Lazio to the Council of State.

The term during which the remaining plaintiffs were allowed to appeal the decision of the TAR Lazio to the Council of State expired on 29 February 2016.

Public hearings were held for both the Cortese group's and the Piccolotto group's appeals on 10 March 2016. The Council of State joined both the appeals, which were subsequently rejected by decision no. 2317 issued on 1 June 2016. We have taken possession of the land in dispute in order to commence construction of the SPV.

On 10 June 2016, the Council of State decision 2317/2016 was further challenged by means of two separate appeals for revocation before the Council of State, both by ten of the original forty-two plaintiffs (*i.e.*, the Cortese group) and an additional seven individuals of the original forty-two plaintiffs (*i.e.*, the Piccolotto group). No hearings have been scheduled yet.

The appeal for revocation is an extraordinary judicial remedy which may be filed before the same judge who issued the challenged decision only for the specific reasons listed under article 395 of the Code of Italian Civil Procedure ((i) if the decision was the consequence of the wilful misconduct of one of the parties to the proceedings to the detriment of the others, (ii) if the decision was based on evidence that was declared false after such decision was issued, or that the unsuccessful party did not know that they were declared false before such decision was issued, (iii) if, after the decision, one or more crucial documents have been found that a party could not produce as evidence in the proceeding due to force majeure or misconduct of the other parties, (iv) if the decision was the consequence of a factual error resulting from the documents or the file of the proceedings – there was factual error when the decision is based on the assumption of (a) a fact whose truth was incontrovertibly excluded, or (b) the non-existence of a fact whose truth was positively established, and in both cases if that fact did not constitute a controversial point on which the decision was issued, (v) if the decision was contrary to a previous decision which has the effect of *res judicata* to the same parties, provided that the decision has not ruled on the relative exception, and (vi) if the decision was the consequence of a wilful misconduct of the court issuing that decision, as declared by a decision which has become *res judicata*).

No interim measures have been requested to suspend the effects of the Council of State decision 2317/2016 which will be fully valid and effective until the merit of the appeals for revocation are decided.

We intend to contest all remaining claims and to vigorously defend against them. In the event that the Court were to find in favour of the claimants, we could experience delays in the construction schedule of the SPV in the event we are required to obtain new approvals or increased costs resulting from any delays, the requirement for further approvals or increased costs of expropriation.

Claim by V. Terasina et al.

On 12 November 2014, certain individuals (*i.e.*, V. Teresina plus others) filed an appeal before the TAR Lazio against the Commissioner, us and others for the annulment of the decree of the Commissioner no. 36 dated 4 July 2014 ordering the urgent occupation of the areas owned by the plaintiffs. In the context of the proceedings, the plaintiffs also requested the suspension of the effects of

the challenged decree. By order no. 6512 dated 18 December 2014, the TAR Lazio rejected the request for interim measures. No hearing for the discussion of the merits has been scheduled.

We intend to contest this claims and to vigorously defend against it. In the event that the Court were to find in favour of the claimants, we could experience delays in the construction schedule of the SPV in the event we are required to obtain new approvals or increased costs resulting from any delays, the requirement for further approvals or increased costs of expropriation.

Claims by P. and F. Fanna

Separately, on 9 June 2015, P. and F. Fanna filed an appeal before the TAR Lazio against the Commissioner, us and others for the annulment of the decrees of the Commissioner no. 50 and 52 dated 27 April 2015 ordering the urgent occupation of the areas owned by the plaintiffs. In the context of the proceedings, the plaintiffs also requested the suspension of the effects of the challenged decrees. By order no. 2788 dated 2 July 2015, the TAR Lazio rejected the request for interim measures.

On 22 October and 12 November 2015, the plaintiffs filed additional grounds (*motivi aggiunti*) in the pending claim R.N. 7200/2015. The TAR Lazio rejected the request for an interim measure of suspension of the effects of the challenged decrees filed in such claim. No hearing for the discussion of the merits of the claim has been scheduled.

On 3 July 2017, an additional claim was filed before the TAR Lazio by Mr. Fanna to obtain the annulment of the decree no. 151/2015 and to invalidate the declaration of public utility of the SPV (claim R.N. 6268/2017). Interim measures were requested and rejected by the TAR Lazio on 2 August 2017.

On 2 August 2017 the plaintiffs filed further additional grounds (*motivi aggiunti*) in the context of claim R.N. 6268/2017 pursuant to which the plaintiffs argue that there has been a violation of Article 21 *bis* of the Law no. 241/1990. Such grounds were already proposed in the original claim and so it is possible that these additional grounds will be found to be inadmissible when resolving the merits of the claim. No hearing for the discussion of the merits of the claim has been scheduled.

We intend to contest these claims and to vigorously defend against them. In the event that the Court were to find in favour of the claimants, we could experience delays in the construction schedule of the SPV in the event we are required to obtain new approvals or increased costs resulting from any delays, the requirement for further approvals or increased costs of expropriation.

Claims by G. Piccolotto and others

On 29 June 2015, Mr. G. Piccolotto and other individuals filed a claim before the TAR Veneto alleging that the term of validity of the declaration of public usefulness (*pubblica utilità*), starting from 20 September 2010 (i.e. the date of approval of the Definitive Design of the SPV), elapsed without the issue of the relevant expropriation decree. In light of the above, the plaintiffs asked for the restitution of the occupied lands as well as for any damages suffered. No interim measures have been requested.

We intend to contest these claims and to vigorously defend against them. In the event that the Court were to find in favour of the claimants, we could experience delays in the construction schedule of the SPV in the event we are required to obtain new approvals or increased costs resulting from any delays, the requirement for further approvals or increased costs of expropriation.

Claims by M. Eligio and Messrs. Liviero and Vazzoler et al.

A claim was made before the Civil Court of Vicenza by an individual, M. Eligio, for the ascertainment of the areas occupied by the Commissioner by means of the decree no. 21 of 17 March 2014. Separately, a claim was made before the Civil Court of Vicenza by certain individuals (Messrs. Liviero, Vazzoler and others) against the Commissioner, us and the Veneto Region. These claims concern the expropriation of the areas owned by the plaintiffs in the Municipality of Bassano del Grappa and, in particular, the modality defined by the Commissioner for the calculation of the provisional expropriation fees.

We intend to contest these claims and to vigorously defend against them. In the event that the Court were to find in favour of the claimants, we could experience increased costs of expropriation.

Claim by the Municipality of Villaverla

On 25 October 2010, the Municipality of Villaverla commenced a judicial proceeding before the TAR Lazio against the Commissioner, the Technical Committee, the Presidency of the Council of the Ministries, SIS and us in order to obtain the annulment of (1) the State of Emergency Decree; (2) the Emergency Order; (3) the subsequent Definitive Design Decree; (4) certain minutes of the Technical Committee.

The claim has been settled, although formal waiver of the claim by the Municipality of Villaverla is pending subject to compliance by all parties with the terms of the settlement agreement.

Claim by Latteria di Soligo

On 3 July 2014, Latteria di Soligo Società Agricola Cooperativa filed an extraordinary appeal before the President of Republic for the annulment, *inter alia*, (i) of the decree for the urgent occupation no. 12 issued by the Commissioner on 5 March 2014, (ii) the offer for the provisional expropriation fee and (iii) the decree no. 126/2013 approving the Executive Design of the infrastructure (within the limits of the aspects relating to the expropriation procedure).

The claim has been settled, although formal waiver of the claim by Latteria di Soligo Società Agricola Cooperativa is pending subject to compliance by all parties with the terms of the settlement agreement.

Competition

We face competition from a number of sources, including the road network currently operating in the Veneto Region, potential improvements to this network, future roads and highways that may be built in the region and alternative means of public transport, such as air and rail travel.

The Veneto Region's existing road network, including the A4 motorway which runs through the region from Verona to Padova, may offer an alternative route to the SPV. We believe that, although the existing road network will continue to be an attractive option for short distance trips to local destinations, the SPV will be able to capture much of the medium to long-distance traffic currently concentrated in the highly congested urban corridor that the A4 motorway services. Furthermore, while there are currently a number of improvements and expansions of the local road network planned, the majority of these projects are in early planning stages and, if completed, may not be operational for some time. In addition, several of these projects are designed to connect with the SPV, thereby potentially having a positive impact on traffic volume. Therefore, we believe that the competitive risk from these projects is relatively low.

We anticipate that most of the traffic on the SPV will be for trips with origins and destinations within the Veneto Region. Therefore, we do not anticipate that public transport such as rail and air travel, which generally provides competition primarily for longer distance travel, will have a significant impact on the traffic levels of the SPV. In addition, we are not aware of any current or planned projects aimed at significantly improving or expanding the public transport network in the area in which the SPV will operate.

Summary of Independent Technical Adviser Report

We have commissioned Arcadis, the Independent Technical Consultant, to prepare a report regarding certain technical and engineering aspects of the Project. Arcadis is a global built and natural asset design and consultancy firm, specializing in technical aspects of development and operation of transport infrastructure assets, including highway infrastructure. The report (the Independent Technical Adviser Report) is attached as Appendix 3 to this Prospectus and is summarized below.

The Independent Technical Adviser Report reviewed, from a technical perspective, the design, deliverability, construction, maintenance and contractual aspects of the Project with the objective of assessing the viability of the Project and identifying potential material risks. The Independent Technical Consultant is satisfied that the Project represents a standard road infrastructure development utilizing technologies that are neither new nor unproven, that the expropriation process is progressed and that the necessary investigations have been carried out and design and environmental approvals have been obtained. In relation to budgeting, the Independent Technical Consultant considered cost benchmarking to be adequate and that the budget for the Project was developed through a detailed and

thorough approach. In addition, the Independent Technical Consultant considers us and our main subcontractors to have the necessary experience and track record in delivering projects of a similar nature.

However, the Independent Technical Adviser Report has identified four key areas of uncertainty or potential risk:

- (1) contractual framework and a relatively low level of security provision in the EPC and O&M contracts;
- (2) concerns about the life expectancy of the pavement structure;
- (3) the Malo tunnel situation; and
- (4) the inclusion of a substantial length of secondary roads.

This summary of the Independent Technical Adviser Report is not complete and should be read in conjunction with, and is qualified in its entirety by, the Independent Technical Adviser Report attached as Appendix 3 to this Prospectus, and all the terms, qualifications and assumptions included therein. The Independent Technical Adviser Report references the review of the EPC Contract and the O&M Contract in draft forms. There have been no material changes from the drafts reviewed by the Independent Technical Consultant to the final versions executed by the relevant parties.

Summary of Traffic Consultant Report

The Grantor commissioned AREA Engineering Srl, the Grantor's Traffic Consultant, to prepare a report regarding certain traffic and revenue aspects of the Project. The Grantor's Traffic Consultant is an independent management consulting firm specializing in infrastructure projects. The report (the Traffic Consultant Report) is attached as Appendix 4 to this Prospectus and is summarized below.

The Traffic Consultant Report is aimed at detecting the traffic flow that will affect the SPV, providing a socio-economic overview of the focus area and offering considerations about demographic developments, differences in mobility, time incidence on every demand segment, the link between the daily average daily traffic growth and the annual value, the operating costs and the estimate movement demand according to pre-defined timeframes.

On the basis of these considerations and analyses, the Traffic Consultant Report provides the following outputs:

- the average daily traffic estimate about the SPV according to pre-defined timeframes (years 2020, 2030, 2040);
- the share of the local traffic and the share of the vehicles going through the SPV;
- the share of the traffic that the infrastructure will attract, that will come from short distances (local and provincial roads) and from long distances (highways and regional roads);
- the modification to the transport strategies generated when the new axis and the immediate road links were built in the central part of the Veneto Region.

The Traffic Consultant Report uses fine-tuned simulation models to study the current base case scenario as well as four different infrastructural scenarios:

- "do nothing" scenario (current network projected to year 2020);
- Scenario 1, year 2020 – current network with the SPV;
- Scenario 2, year 2030 – replicates scenario 1 but includes the addition of a third lane to the "Portoguraro-TS" and a fourth lane to the "corsia Padova-Passante di Mestre";
- Scenario 3, year 2030 – replicates scenario 2 but includes the "Valdastico Nord" highway.

This summary of the Traffic Consultant Report is not complete and should be read in conjunction with, and is qualified in its entirety by, the Traffic Consultant Report attached as Appendix 4 to this Prospectus, and all the terms, qualifications and assumptions included therein.

REGULATORY ENVIRONMENT

Overview of regulation of highway concessions

The Italian highway sector is governed by a series of national and regional laws, depending on the type of road, which have been issued and amended over time, as well as generally applicable laws and special legislation, such as the road traffic code. Highway concessionaires must operate pursuant to this regulatory framework, as well as pursuant to the concession agreements between them and the grantor of the relevant concession.

Regulation of toll roads by the Veneto Region

Pursuant to articles 98 and 99 of Legislative Decree No. 112-1998 (the so-called *Legge Bassanini*), the national regulatory framework only applies to toll road of national interest, while regional toll roads, such as the Superstrada Pedemontana Veneta, are subject to regulation by the competent region, which our case is the Veneto Region.

In this respect, RL 15/02 regulates both the procedures for the design, construction and operation of toll roads located within the territory of the Veneto Region that are included in the regional road network and the use of project financing schemes to carry out transport infrastructure projects. RL 15/02 integrates and supplements the Italian Public Contracts Code which, therefore, continues to apply to the extent not expressly amended by RL 15/02.

Pursuant to article 3 of RL 15/02, regional toll roads are awarded following a public tender procedure by the Veneto Region through concession contracts to design, construct and operate the toll roads. In the tender notice, the Region may provide, under article 4 of RL 15/02, that public funding will be available to finance the infrastructure if the envisaged tariffs and concession term are not sufficient to guarantee an adequate remuneration for the concessionaire. Article 5 of RL 15/02 provides that the term of a concession may not exceed 40 years starting from the commencement of operation. This term may be extended once, for a period of up to five years, only in case of a change in law or unforeseeable natural events interfering with the achievement of the concession's assumptions. Upon expiry of the concession term, the toll road and any related infrastructure must be handed back to the Grantor in good condition in accordance with the specific terms of the concession contract.

As far as economic and financial aspects are concerned, article 7 of RL 15/02, provides that the economic results of the concession must be verified every three years after operation commences. If the revenues from the tariffs actually collected exceed the revenues envisaged in the relevant economic and financial plan, the following sharing mechanisms apply:

- If the infrastructure has been funded through public funds, the concessionaire must repay 50% of the positive balance to the Region, until the point in time that the public funds have been completely reimbursed. After this point in time, the concessionaire must either continue to pay 50% of the positive balance to the Region, or, subject to a Regional resolution, correspondingly reduce the tariffs.
- If the infrastructure has not benefited from public funds, the concessionaire must pay 50% of the balance to the Region or, subject to a Regional resolution, correspondingly reduce the tariffs.

Furthermore, after a toll road has started operation, the Veneto Region may require the concessionaire to carry out additional works in an amount up to one-fifth of the concession value if any unforeseeable needs related to safety and/or functional requirements arise.

With respect to toll road tariffs, article 8 of RL 15/02 provides that the tariffs and the relevant adjustment mechanisms are to be determined by the Regional Board (*Giunta Regionale*) on the basis of following parameters:

- value of the works;
- expected users;
- duration of the concession;

- operating costs over the duration of the concession;
- quality of services to be ensured;
- any other costs (including environmental costs, traffic effects and level of accidents), which may be recognized in an amount not to exceed 5% of the tariff;
- revenues from any ancillary services; and
- other costs arising from the operation of the toll road.

Other regulatory aspects specifically applicable to the Project

The SPV is a strategic infrastructure where the regional interest is concurrent with the national one. The SPV is included in the "road and motorway systems of the foothills corridor" (*sistemi stradali e autostradali del corridoio pedemontano*) provided by the first program of the strategic infrastructures (*1° programma delle infrastrutture strategiche*) approved by CIPE resolution No. 121 of 21 December 2001. In order to coordinate the national and regional competences with respect to the SPV, the Italian Government and the Veneto Region entered into a general framework agreement (*Intesa Generale Quadro*) on 24 October 2003.

With specific reference to strategic infrastructure, the Italian Public Contracts Code sets out a specific framework for the purpose of facilitating and streamlining their planning, approval and execution. This regulation provides that a preliminary project plan for construction projects must be submitted to CIPE for approval. The plan must include the all the main features of the project, including a cost estimate. Agencies whose approval of the final plan was previously required, such as the Ministry of the Environment, are permitted to participate in the approval hearing but do not have decision-making powers.

Expropriation and property regime

Pursuant to Presidential Decree No. 327/01 ("PD 327/01"), an expropriation procedure commences by declaring the public benefit of the applicable construction works and ends upon issuance of an expropriation decree with respect to the affected parcels of land, unless the landowner agrees to a voluntary sale (*accordo bonario*). Approval by the competent authority of the definitive design of a public construction works automatically includes the declaration of public benefit with respect to any affected parcels of land.

Article 3 of PD 327/01 distinguishes between the expropriating authority (*Autorità Espropriante*), which is the public authority vested with expropriation powers or the private subject to which such powers have been delegated pursuant to a specific statutory provision, the beneficiary of expropriation (*Beneficiario dell'Espropriazione*), which is the public or private party for whose benefit the expropriation decree is issued.

Pursuant to PD 327/01, if so provided in the concession agreement, an expropriation procedure may be carried out by a concessionaire. In that case, depending on what has been agreed between the grantor and the concessionaire, the concessionaire may, or may not, be responsible for all associated costs of the expropriation. In this respect, Article 6.8 of PD 327/01 expressly provides that the public authority may vest the concessionaire, in whole or in part, with expropriation powers. The extent of the expropriation powers must be indicated in the concession agreement and must be referred to in any act of the expropriation procedure.

Pursuant to Article 42, third paragraph of the Italian Constitution, in case of expropriation the expropriated landowner must be indemnified. PD 327/01 sets out the criteria by which this indemnity is determined.

Under Article 12 of the Concession Agreement, we are responsible for all expropriation procedures necessary for construction of the SPV and for all related costs. Areas expropriated for construction of the SPV are transferred to the public domain (*Demanio*) of the Veneto Region.

Ordinary and urgent expropriation procedures

Articles 20 to 22 of PD 327/01 detail the steps of the "ordinary" expropriation process (the "**Ordinary Procedure**"). During the course of an Ordinary Procedure, a landowner may accept the expropriation indemnity proposed by the expropriating authority within 30 days of being notified of such amounts, failing which the proposal is deemed to be rejected. In such event, an expropriation decree is issued and proceedings to determine the expropriation indemnity pursuant to Article 20 of PD 327/01 are initiated. If there is an urgent need to begin the works, Article 22 of PD 327/01 provides that an expropriation decree may be issued at the same time as the proposal of the expropriation indemnity.

As an alternative to the Ordinary Procedure described above, in cases of particular urgency of the works when the Ordinary Procedure would not be sufficient, Article 22-*bis* of PD 327/01 sets out the procedure to obtain, as a matter of urgency, immediate access to any areas necessary to carry out the works, before the actual expropriation decree is issued (the "**Urgent Procedure**"). In that case, the decree granting the anticipated use of the area (the "**Anticipated Use Decree**") also includes a provisional determination of the indemnity to be paid to landowners. This provisional determination may be challenged by landowners within 30 days of occupation, leading to a re-determination of the provisional determination which may then be accepted or rejected in the same manner as the Ordinary Procedure.

We have used a combination of the Ordinary Procedure and the Urgent Procedure during the course of the expropriation process.

Final Expropriation Decree

Pursuant to Art 23 of PD 327/01, under both the Ordinary Procedure and the Urgent Procedure, expropriation becomes effective upon issue of the final expropriation decree (the "**Final Expropriation Decree**"). The Final Expropriation Decree constitutes the instrument pursuant to which title to the land is transferred. With respect to strategic infrastructures such as the SPV, the Final Expropriation Decree must be issued within seven years after the declaration of public benefit (with respect to the SPV, this declaration occurred upon approval of the Definitive Design). Under the Urgent Procedure, if the Final Expropriation Decree is not granted before that deadline, the Anticipated Use Decree ceases to be effective.

A Final Expropriation Decree may be challenged before the competent TAR within 60 days after it is published or notified. This period may be extended to 120 days in case of an extraordinary appeal to the President of the Republic (*Ricorso Straordinario al Presidente della Repubblica*). In addition, since a Final Expropriation Decree is published in the Official Gazette of the Republic/Regional Gazette, it may also be challenged by third parties within 30 days after its publication. As the time during which the declaration of the public benefit has now lapsed, challenges to the final expropriation decree will be limited to the amount of compensation awarded.

Traceability regime

We are also subject to specific obligations to ensure traceability of any financial flows relating to the activities necessary for the implementation of the Project.

In particular, in order to ensure full traceability of any financial flows and to prevent illegal payments, Article 3 of Law 136/10 provides that all contractors, sub-contractors and concessionaires in relation to public works, services or supplies must use dedicated bank accounts to receive and/or make any payments relating to the performance of the activities under the relevant public contract. Furthermore, all such sums must be moved by wire transfers (which are traced and registered on the bank account) and include the project code (*codice unico di progetto*) identified by the relevant awarding authority.

The awarding authority and the concessionaire must also ensure that any contracts and sub-contracts in connection with the relevant works, supplies or services include a provision requiring all sub-contractors, contractors and suppliers to comply with the obligations under Law 136/10. Any contracts entered into after the date that Law 136/10 came into effect that do not include such a provision will be deemed retroactively void.

Pursuant to article 6.2 of Legislative Decree 187/2010 (as amended by Law 217/2010), contracts concluded before 7 September 2010 must be updated to include traceability obligations before 16 June

2011. However, pursuant to article 1339 of the Italian Civil Code, any contracts that have not been updated accordingly will be deemed to automatically include such obligations.

On 7 October 2015, we executed the operating protocol for the financial monitoring of the Project (*Protocollo Operativo*), regulating in detail our traceability obligations. On 20 September 2017, we executed an updated operating protocol in materially the same terms.

Environmental regulation

We are subject to a broad range of environmental laws and regulations both in Italy and the European Union, including those governing the discharge of pollutants into the air or water, the uses, transport, storage, processing, discharge, management and disposal of hazardous substances and wastes and the responsibility to investigate and clean-up contaminated sites that are or were owned, leased, operated or used by us. Such laws and regulations impose increasingly stringent environmental obligations regarding, among other things, zoning, the protection of employees and health and safety. Our objective is to comply in all material respects, and we believe that our operations generally are in material compliance, with applicable environmental and health control laws and regulations, and all related permit requirements.

As part of the design and planning process for the SPV, an environmental impact evaluation (*Valutazione Impatto Ambientale* ("**VIA**")) was performed. The purpose of the VIA is to identify, describe and evaluate the environmental impact of a project whose design is subject to approval or authorization for the benefit of the relevant government authorities. The approval of the Definitive Design of the Project as a result encompasses all environmental permits we require to build and operate the SPV.

Responsibility for contamination

The main piece of EU legislation dealing with environmental liability in respect of damage to site conditions is Directive 2004/35/CE on environmental liability with regard to the prevention and remediation of environmental damage ("**Environmental Liability Directive**"), which establishes a framework based on the "polluter pays" principle to prevent and remedy environmental damage. The "polluter pays" principle is set out in the Article 191(2) of the Treaty on the Functioning of the European Union. As the Environmental Liability Directive deals with the "pure ecological damage", it is based on the powers and duties of public authorities ("administrative approach") as distinct from a civil liability system for "traditional damage" (damage to property, economic loss, personal injury).

The Environmental Liability Directive has been implemented in Italy by Legislative Decree No. 152/06 ("**LD 152/06**"), pursuant to which the polluter is legally responsible to prevent and remedy any environmental damage caused by its activities. As a result, any costs for remediation of a site must be borne by the polluter, while the landowner or any other person who is not responsible for the pollution cannot be required to carry out, or bear liability, for any clean-up activity.

Under LD 152/06, for liability purposes the actual polluter is the person responsible for the activity which caused the pollution, regardless of whether that person holds any interest in the land which has been polluted. Therefore, if an action by a third party caused pollution without the owner or user of the affected land being aware of that activity, or being able to prevent the activity, that owner or user cannot be held responsible (Article 245.1 of LD 152/06). Remediation may only be carried out by the competent public authority if the person responsible for contamination cannot be identified or is unable to perform the clean-up (for example, as a result of its corporate insolvency). The competent authority may not direct the current owner or user of the affected land to carry out any remediation work, if that owner or user is not responsible for the contamination; however, in certain circumstances the authority may nevertheless expropriate the land as compensation for its remediation costs. As an alternative, to avoid such scenario, a landowner may carry out any required remediation itself and subsequently seek reimbursement from the polluter under Italian civil laws.

With respect to any remediation required in the execution of public works, if the contamination has not been caused by the contractor but is pre-existing on the site, the contractor is entitled to request a variation, and, to the extent applicable, a rebalancing of the economic and financial plan underlying the relevant contract. On the other hand, to the extent that pollution has been caused by the activities of

that contractor, or is attributable to its sub-contractors, the contractor must bear the costs of remediation.

Health and safety

In compliance with Italian, regional and EU laws and regulations, we have implemented health and safety policies that are applicable to all our operations. However, under the EPC Contract and O&M Contract, we have passed on all relevant risks in relation to the activities thereunder to the EPC Contractor or the O&M Contractor, as applicable.

MANAGEMENT

Our board of directors

Our board of directors is entrusted with our management and is vested with broad ordinary and extraordinary powers, possessing the ability to take all decisions deemed appropriate to fulfil our corporate purpose except for those functions that are expressly reserved for a shareholders' meeting under applicable Italian law. Our board of directors has historically met at least twice per year and more frequently as required. Meetings may also be called upon the request of any member of our board of directors setting forth the reasons for the request. A majority vote is required to pass a resolution.

The current members of our board of directors (*Consiglio di Amministrazione*) are set out in the table below:

<i>Name</i>	<i>Function</i>	<i>Other functions within the FININC and/or Sacyr groups</i>	<i>Main outside activities</i>	<i>Age</i>
Domenico Dogliani	Chairman	—	Former consultant for Ferrero S.p.A.	80
Matterino Dogliani	Vice Chairman, Chief Executive Officer	Chairman of the boards of directors of SIS, INC and FININC	—	76
Jaime Domínguez Valdés -Hevia	Director	CEO at Somague Member of the board of Sacyr Construcción	—	50
Carlos Mijangos Gorozarri	Director	Chief financial officer of Sacyr	—	49
Miguel Ángel Rufo Acemel	Chief Executive Officer	Representative of Sacyr Construcción Italia, Chairman of the boards and CEO of SIS	—	45

For the purposes of their function as members of our board of directors, the business address of each of each member of our board of directors is Via Inverio 24/A, 10146 Turin, Italy.

Domenico Dogliani has been our chairman since 2010. From 2003 to 2012, he also worked as a consultant for Ferrero S.p.A. at the European and Italian Parliament, the Italian Government and several Italian institutions. Mr. Dogliani spent his entire working career until 2003 at Ferrero, serving, among other things, as head of the Commercial Division and head of external relations. He has been enrolled in the Register of Journalists since 1966 and has acted as editor-in-chief of several local magazines. He was awarded, among other things, the Grand Cross by the former President of Italy, Francesco Cossiga, in 1987, and was appointed Great Officer of State in 1982 and Commendatore of the Italian Republic in 1973.

Matterino Dogliani, our Vice Chairman and joint Chief Executive Officer, is currently also the chairman of the board of directors of SIS, INC and FININC. He has wide experience in the construction sector, having acted as technical assistant, site manager, technical director and director of several construction companies as well as founding INC. From 2001 until 2010, he served as chairman of the board of directors of Banca di Credito Cooperativo di Bene Vagienna S.c.r.l. and director of Banca per lo Sviluppo della Cooperazione di Credito S.p.A. From 1989 until 2001, Mr. Dogliani was also vice chairman of Banca di Credito Cooperativo di Bene Vagienna. He was appointed Commendatore of the Sovereign Order of Malta in 2010, Commendatore of the Italian Republic in 1989 and Officer of the Republic in 1987.

Jaime Domínguez Valdés-Hevia, SIS Director, is currently also the CEO of Somague and a representative (*apoderado*) of Sacyr Construcción. From January 2010 to 2015, he was CEO of SIS Consorzio Stabile. He has significant experience in the construction sector, having started his career at Ferrovial in 1994 after qualifying as an engineer. In 2000 he joined ACS and in 2003 became a general manager at Sacyr Construcción in 2003. In this position he oversaw the extension of the Madrid

subway network and the extension of the M30 motorway ring. In 2008 he became head of Sacyr Construcción's construction business in the central region of Spain (including Madrid). During his role as chief executive officer of SIS, he has overseen the construction of the Strait of Messina Bridge.

Carlos Mijangos Gorozarri joined our Board of Directors in 2010. He is currently also the chief financial officer of Sacyr. Carlos Mijangos graduated in Civil Engineering at Universidad Politécnica (Madrid) and has a postgraduate course in Business Administration at IESE (Madrid). He has more than 23 years' experience in construction and infrastructure sector and has worked in management, business development, project finance and M&A transactions related to infrastructure projects (roads, metros, hospitals, transportation hubs, airports, ports). His construction and infrastructure experience has been at Ferrovial, OHL and Sacyr Group. In his various positions, he has been member of the board of numerous assets in 8 countries, and has been involved in several M&A transactions with infrastructure funds, pension funds and family offices.

Miguel Ángel Rufo Acemel, is a civil engineer. He graduated at the University of Granada. He is the chief executive officer of SIS. Since 2006, he has worked for Sacyr Concesiones in the infrastructure concessions sector managing several motorways and highways in Spain. From 1999 to 2006 was technical director at Sacyr Construcción, managing the execution of several road and water infrastructure projects.

Our Supervisory Board

In order to implement the provisions of Legislative Decree No. 231 on 8 June 2001, the Issuer has established a Supervisory Board, which is currently chaired by Roberto Frascinelli and composed of Umberto Bocchino and Mauro Roveretto.

Our board of statutory auditors

Pursuant to Italian law, the Board of Statutory Auditors (*Collegio Sindacale*) must oversee the Issuer's compliance with applicable laws and bylaws, proper administration, the adequacy of internal controls and accounting reporting systems as well as the adequacy of provisions concerning the supply of information by subsidiaries. The Board of Statutory Auditors is required to report specific matters to shareholders and, if necessary, to the relevant court. The Issuer's directors are obliged to report to the Board of Statutory Auditors promptly, and at least quarterly, regarding material activities and transactions carried out by the Issuer. Any member of the Board of Statutory Auditors may request information directly from the Issuer and any two members of the Board of Statutory Auditors may convene meetings of the shareholders, the Board of Directors, seek information on management from the Directors, carry out inspections and verifications at the company and exchange information with the Issuer's external auditors. The members of the Board of Statutory Auditors are required to be present at meetings of the Board of Directors and shareholders' meetings. Members of the Board of Statutory Auditors are elected by the shareholders for a three year term and may be re-elected. Members of the Board of Statutory Auditors may be removed only for just cause and with the approval of an Italian court. The term of office of the present members of the Board of Statutory Auditors, who were appointed on 29 April 2016, is scheduled to expire at the shareholders' meeting called for the purpose of approving the Issuer's financial statements for the year ending 31 December 2018.

The current members of our board of statutory auditors are set out in the table below:

<i>Name</i>	<i>Function</i>	<i>Main outside activities</i>	<i>Age</i>
Roberto Frascinelli	Chairman	Director, Turin Certified Public Accountants Register Chairman of board of statutory auditors of SIS	69
Andrea Gabola	Auditor	Partner at GMR and Associates Member of board of statutory auditors of SIS	44
Riccardo Ranalli	Auditor	Partner, GMR and Associates	62
Umberto Bocchino	Substitute Auditor	Auditor	58
Luisella Graziano	Substitute Auditor	Auditor	50

For the purposes of their function as members of our board of statutory auditors, the business address of each member of our board of statutory auditors is Via Inverio 24/A, 10146 Turin, Italy.

Our board of statutory auditors is entrusted with the supervision and control of our board of directors.

Roberto Frascinelli is a director of the Certified Public Accountants Register in Turin. He has been a public accountant since 1980 and an auditor since 1995. Mr. Frascinelli has also been an independent consultant for the Court of Turin. He has a wide experience in the field of accounting, having acted as liquidator of Azienda Speciale Po-Sangone, auditor of API Torino, a trade association representing small and medium-sized enterprises, independent director of Società Azionaria per la Condotta di Acque Potabili S.p.A. and supervisory board president pursuant to Legislative Decree 231/2001 and as chairman of the board of statutory auditors for several Italian companies. He has lectured at the University of Turin on financial and accounting subjects and has been a speaker at several conventions. He also has published articles in specialized magazines. He was awarded a degree in economics and business administration from the University of Turin.

Andrea Gabola has been a partner at GMR and Associates since 2012. Between 2001 and 2005, he worked as temporary manager, controller and financial director at companies in crisis in Italy and in Spain. Mr. Gabola has been a public accountant since 2000 and an auditor since 2002. In addition, he acts as an independent consultant for the Court of Turin. He also publishes articles in specialized magazines and lectures on financial subjects at the University of Turin, and has been a speaker at several conventions. He was president of the arbitration committee of the Young Public Accountants Union between 2007 and 2010 and a counsellor of the Young Public Accountants Union between 2004 and 2007. He was awarded a degree in economics and business administration from the University of Turin in 1996.

Riccardo Ranalli is a founding partner of GMR and Associates. He has been a public accountant since 1982 and an auditor since 1995. Mr. Ranalli also acts as an independent consultant for the Court of Turin. He is and has been auditor of many Italian companies. He has a wide experience in accounting and corporate subjects, especially with respect to companies in crisis, and has acted as supervisory board member pursuant to Legislative Decree 231/2001 and independent expert in restructuring proceedings pursuant to the Italian Bankruptcy Act. He has been a speaker at several conventions and has authored several articles published in specialized magazines.

Umberto Bocchino is a public accountant and auditor of many Italian companies. He has been and is a member of the Supervisory Board of many companies pursuant to Legislative Decree 231/01. He also acts as independent consultant of the judiciary. In 2000, Mr. Bocchino became tenured professor at the University of Parma on economic subjects and he is a tenured professor at the School of Management and Economics at the University of Turin since 2001. Mr. Bocchino lectures on finance and insurance and financial communication of banks and insurance companies at the School of Management and Economics at the University of Turin having a wide experience in the insurance sector. Mr. Bocchino has been a speaker at several conventions and he has published articles in specialized magazines as well as several books. He was awarded a degree in economics and business administration from the University of Turin in 1982.

Luisella Graziano is a public accountant and auditor since 2008. She has lectured on economic, accounting and corporate organisation subjects at apprenticeship courses. Ms. Graziano has experience as auditor in small and medium-sized Italian companies. She was awarded a degree in economics and business administration from the University of Turin in 2002.

Our management

We do not have any employees. We have entered into an administration services agreement with our controlling shareholder SIS, pursuant to which SIS provides management, administration and accounting services to us (see "*Related-party transactions—Administration services agreement*").

Our general manager (*direttore generale*), Claudio Dogliani, was appointed general manager by our Board of Directors in 22 December 2009.

The table below sets out our current management team pursuant to our administration services agreement with SIS and their respective functions and employer companies:

<i>Name</i>	<i>Function</i>	<i>Company</i>	<i>Age</i>
Claudio Dogliani	General manager	-	44
		Chief executive officer of INC and FININC Chairman of board of directors of VIS General manager and member of board of directors of SIS	
Emanuele Manzone	Administration, finance	INC	59
Silvio Guarraci	Financial planning and control and administrative manager	FININC	55
Davide Rossi	Accounting	SIS	43
Marco Giacosa	Accounting	SIS	43
Massimo Schiraldi	Structured Finance	FININC	36
Roberto Mascarello	Structured finance	FININC	52
Antonio Pascual García	Administration, finance	SACYR	50
Jose Alberto Ruiz Pelayo	Controlling officer	SACYR	38

Claudio Dogliani has been our general manager since 2009. He also serves as managing director of Circuitus Capital. Mr. Dogliani has worked on a number of large scale infrastructure projects in the past, including the Italferr (FS) Palermo railway hub, extension of the Palermo city tramway network and sub-lot 2 of the Salerno – Reggio Calabria motorway. Mr. Dogliani graduated from the Polytechnic University of Turin in 1998 with a degree in civil engineering.

Emanuele Manzone is head of administration of FININC. He joined FININC in 1988 and he has worked as administrative since then. Mr. Manzone studied accountancy in Istituto Statale Mario Rapisardi Di Caltanissetta.

Silvio Guarraci is our financial planner and controller and our administrative manager. He joined FININC in 1991 and served in various roles before becoming part of the administrative team. Mr. Guarraci has been a chartered accountant for over 20 years for companies such as Studio Commercialista Dr. Dellavalle Fiorenzo. Mr. Guarraci graduated from the Institute Vittorio Valletta of Turin in 1982 with a degree in accountancy.

Davide Rossi is a member of the administrative team at FININC. He previously worked as Senior Auditor for Grant Thornton from 2003 to 2011. Mr. Rossi graduated in Political Science at Università di Torino in 2001.

Marco Giacosa is an accountant at FININC. He previously worked as an accountant for SIS from 2005 to 2007. Mr. Giacosa graduated in Economy studies at Università di Torino in 1999.

Massimo Schiraldi is a member of the structured finance team at FININC. He graduated in Italy at Bocconi University of Milan in 2004 with a degree in Business and Economics and has over 10 years' experience in Investment banking and financial services. He has worked as an analyst for companies such as ABN AMRO and Iccrea BancaImpresa.

Roberto Mascarello is the head of structured finance at FININC since March 2015. Mr. Mascarello was previously Head of Italian Research at Kepler Capital Markets between 2004 and 2012 and a Financial Analyst at Crédit Agricole Cheuvreux between 2000 and 2004. He was awarded a degree in economics from the University of Turin in 1995.

Antonio Pascual García is Head of Finance and Administration in Sacyr Italy, has a B.S. in Economic and Business Sciences at the University of Valladolid, a postgraduate Executive MBA at IE (Madrid), and possesses the Official Certificate of R.O.A.C. from the Spanish Audit Institute (CPA-ACCA).

qualification). He worked at PricewaterhouseCoopers for 10 years in Auditing and Transaction Services and also has more than 15 years in financial positions at different Companies.

Jose Alberto Ruiz Pelayo is controlling officer of Sacyr Italy. He has a Masters degree in Engineering from the University of Cantabria. He has more than 10 years experience in project finance, construction and the infrastructure sector.

Conflicts of interest

Save as disclosed in this section and under "*Related-Party Transactions*", no potential conflicts of interest exist between any duties to the Issuer of the Directors listed above and their private interests or other duties.

Compensation of directors and officers

In 2016, we incurred expenses of €170.3 thousand in respect of compensation payable to our Chairman for his services as director. In addition, the Chairman also has use of a corporate car that we have leased from SIS. Furthermore, we also incurred expenses of €111.9 thousand during 2016 in respect of compensation payable to our Board of Statutory Auditors.

Because the services of our management team are provided under an administration services agreement (see "*Our management*" above), we have not paid any compensation to our management team.

We have no standard arrangements under which our directors and executive officers receive salaries and other benefits. We have not established any salary, stock options, pension and retirement plans or any other benefits for our directors and executive officers.

RELATED-PARTY TRANSACTIONS

EPC Contract

We have entered into the EPC Contract with our controlling shareholder SIS. For further information on the EPC Contract, see *"Description of the other Project Documents—EPC Contract"* below. In 2014, 2015, 2016 and the first six months of 2017, we paid SIS €101,982 thousand, €186,066 thousand, €240,980 thousand and €117,819 thousand, respectively, under the EPC Contract (including VAT and expropriations), of which €22,927 thousand, €38,073 thousand for 2014 and 2015, respectively, related to the Advance Payment. In 2016 and for the first six months of 2017, we had a balance account of €61,000 thousand. As of September 2017, another advance payment of €12,500 thousand has been made resulting in a balance of €73,500 thousand, out of the €150,000 thousand amount of the Advance Payment which the EPC Contractor is intending to request and, in any case, within the maximum amount of the Advance Payment allowed under the EPC Contract corresponding to 20% of the Contract Price.

As required by the EPC Contract, the €73,500 thousand Advance Payment has been guaranteed by the Sacyr Advance Payment Bond (as defined below under *"Description of the Other Project Documents—The EPC Contract—Insurance and Security Package"*).

Should the EPC Contractor request the payment of the remaining €76,500 thousand Advance Payment, corresponding to 51% of the overall amount of the Advance Payment which the EPC Contractor is intending to request (equal to €150,000 thousand) and reflecting the 51% participating interest of INC S.p.A. in the EPC Contractor, such additional Advance Payment shall be secured by the INC Advance Payment Bond (as defined below under *"Description of the Other Project Documents—The EPC Contract—Insurance and Security Package"*).

In connection with the EPC Contract, SIS has also provided a performance guarantee of 3% of the value of the consideration for the EPC Contract for the benefit of the Grantor in respect of our obligations under the Concession Agreement. See also *"Risk Factors—Risks relating to the construction of the SPV—We rely on the EPC Contractor, our controlling shareholder, to construct the SPV, and we are dependent on its due performance under the EPC Contract in order to meet our obligations under the Concession Agreement, generate revenues and service our payment obligations under the Notes"*.

O&M Contract

For further information on the O&M Contract, see *"Description of the other Project Documents—O&M Contract"* below. As none of the sections of the SPV are currently in operation, we have not yet made any payments under the O&M Contract. See also *"Risk Factors—Risks relating to the operation of the SPV—We rely on the O&M Contractor, a related party, to operate and maintain the SPV, and we are dependent on its due performance of its obligations under the O&M Contract in order to meet our obligations under the Concession Agreement and, as a consequence thereof, obtain payment of the Availability Fee and service our payment obligations under the Notes"*.

Interface Agreement

We will enter into an Interface Agreement with the O&M Contractor and the EPC Contractor. For further information on the Interface Agreement, see *"Description of the other Project Documents—O&M Contract"* below.

Group VAT arrangements

Starting from the annual VAT declaration submitted in February 2011, we have been included in a VAT group arrangement with our parent company, SIS, and Nodo di Palermo scpa ("**NDP**"), a company in which SIS owns 99.8% of the equity that was established in connection with the Italferr (FS) Palermo railway hub project. This arrangement allowed us to be assessed as a consolidated group for VAT purposes, and in particular, allows us to transfer VAT tax credits that we cannot utilize on a stand-alone basis to SIS. We may accrue excess VAT credits if we do not incur sufficient VAT payables through our business activities in a given period to off-set all of the VAT credits we have accrued through purchases of goods and services in that period. SIS can off-set such credits at the group level against VAT payable by it and/or NDP. SIS, as the consolidating entity, is required to pay

any excess group VAT payable. We recognize a receivable in respect of any VAT credits we have transferred to our parent company, SIS, and we can use such credits to off-set any payables to SIS that we have (for example, in respect of payments due under the EPC Contract). As of 31 December 2014, 2015 and 2016 and as of 30 June 2017, we recorded a receivable arising under this agreement on our balance sheet in the amounts of €6,303 thousand, €42,586 thousand, €42,529 thousand and €42,742 thousand, respectively. We have terminated this agreement with effect from 31 December 2015 and will no longer be included in SIS's annual VAT declaration starting from the declaration to be submitted in 2017 relating to VAT credits that have matured during 2016.

Car rental agreements

On 23 December 2011, we entered into a car rental agreement with SIS, pursuant to which we lease a car from SIS for the use of the chairman of our board of directors. We pay SIS a monthly rental fee of €1,300 (net of VAT) and further reimburse SIS for the use of fuel. The agreement has a term of one year, which is automatically renewable on an annual basis if not otherwise terminated. In each of the years from 2014 to 2016, we paid SIS €15.6 thousand under this agreement, and in the first six months of 2017, we paid €2.1 thousand.

On 30 June 2017, we entered into the Car Rental Agreement with SIS (which, retroactively from 1 January 2017, replaces the previous agreement dated 23 December 2011), pursuant to which we lease a car from SIS for the use of the chairman of our board of directors. The agreement has a term of one year, which is automatically renewable on an annual basis if not otherwise terminated. The quarterly rent is equal to €1,050.00 plus VAT.

Administration services agreements

On 19 October 2010, we entered into an agreement with our controlling shareholder, SIS, pursuant to which SIS provides administrative and accounting services to us and has leased us our office in Turin. The administrative services under this contract include keeping the corporate books of our company and liaising with suppliers, clients and funders. In consideration of these services we pay SIS €500 per month (net of VAT), which amount is subject to review on a yearly basis. We will agree additional fees payable to SIS for any complementary, specific and/or extraordinary activities from time to time. The agreement has a term of one year and is automatically extended unless expressly terminated at least 90 days before its expiry. In each of the years from 2014 to 2016, we paid SIS €6 thousand under this agreement.

On 30 June 2017, we entered into an agreement with our controlling shareholder, SIS, pursuant to which SIS provides administrative and accounting services to us and has leased us our office in Turin (and which replaces the one dated 19 October 2010). The agreement has a term of one year and is automatically extended unless expressly terminated at least 90 days before its expiry. SIS makes itself available to share (but without any obligation to do so) the areas in use located in Torino, Via Inverio 24/a and undertakes to give its assistance for the activities related to (i) services in the administrative, accounting and financial areas, such as, *inter alia*, the keeping of the mandatory books of accounts, the management of our relationships with banks and other professional advisers and the control of the information necessary for our financial statements; and (ii) services regarding general secretarial activities, such as, *inter alia*, sorting and filing of our correspondence. The quarterly remuneration for the services provided by the Contractor shall be equal to €90,000.00 plus VAT. An additional remuneration shall be agreed from time to time for any ancillary, specific and/or extraordinary activities. The remuneration shall be updated at the beginning of each year and shall be paid within 30 days of the end of each quarter.

On 30 June 2017, we entered into an agreement with our controlling shareholder, SIS, pursuant to which SIS provides certain services for the participation in tenders, such agreement was amended on 6 November 2017. The duration of the agreement is until the issuance of the Notes. The services under this contract include operational and management assistance for the review and negotiation related to the contractual relationships with the Grantor and other parties for the purpose of the issuance of the Notes. Subject to the issuance of the Notes, the remuneration to SIS shall be equal to €3,000,000.00 plus VAT and shall be paid within 30 days of the issuance of the Notes. This agreement shall remain in full force and effect until the issuance of the Notes and in any case no later than 31 December 2017, save for extension for exceptional reasons.

On 5 June 2017 we entered into an agreement with our controlling shareholder, SIS in respect of certain legal and technical activities carried on by third parties and sustained for us by SIS in connection with the Project, as detailed in the attached documents thereto. The remuneration shall be equal to Euro 17,190,000.00 plus VAT and shall be paid within 90 days of the entering into of this agreement.

Credit mandates

In connection with factoring facilities provided by SACE and Ifitalia, SIS has issued credit mandates under which we are permitted to utilize SIS's facilities to receive advances on the assignment of receivables from the Veneto Region. For further information, see "*Existing financing arrangements—Factoring agreements—SACE credit mandate*" and "*Existing financing arrangements—Factoring agreements—Ifitalia credit mandate*". We have not paid any fees to SIS in respect of this agreement during any of the years from 2014 to 2016.

Contract for the provision of financial collateral

On 20 December 2013, we and FININC entered into an agreement whereby FININC, in its capacity as the entity exercising direction and coordination of activities over us, has declared itself available to provide financial collateral for the purpose of securing or otherwise covering the performance of our financial obligations to third parties. The provision of financial collateral by way of security is subject to the payment of a yearly fee that, unless otherwise agreed in writing by the parties, shall be equal to (i) 0.5% of the amounts secured by the provision of guarantees and letters of patronage; and 0.6% of the amounts secured by mortgages over assets owned by FININC. The contract has a term of one year, which is automatically renewable on an annual basis if not terminated by either party at least two months before it expires. In 2014, 2015, 2016 and the first six months of 2017, we paid FININC €132 thousand, €214 thousand, €323 thousand and €159 thousand, respectively, under this agreement.

On 30 June 2017, we and FININC entered into an agreement (which, retroactively as from 26 June 2017, replaces the previous one dated 20 December 2013), whereby FININC, in its capacity as the entity performing activity of direction and coordination, declares its availability to guarantee the undertakings of financial obligations assumed by us in favour of third parties. The duration of this agreement shall be until 31 December 2017 and thereafter agreed annually. Unless any of the parties terminates the agreement at least two months prior to the expiry, this agreement shall be deemed to be renewed each year. The consideration is fixed at 0.25% per annum up to the maximum guaranteed nominal amount regardless of the actual exposure for the undertakings related to guarantees (guarantees and patronage) and at 0.60% per annum up to the maximum guaranteed nominal amount regardless of the actual exposure for the collateral guarantees (mortgages on property assets). The sums will be charged quarterly in advance through invoices exempt from VAT and shall be paid within 30 days of the date of the invoice. The percentages of the remuneration may be amended due to the variations of the financial markets, pursuant to an agreement in writing by the parties.

On 30 June 2017, we and Sacyr Construcción S.A.U. entered into an agreement, whereby Sacyr Construcción S.A.U., in its capacity as the entity performing activity of direction and coordination, declares its availability to guarantee the undertakings of financial obligations assumed by us in favour of third parties. The duration of this agreement shall be until 31 December 2017 and thereafter agreed annually. Unless any of the parties terminates the agreement at least two months prior to the expiry, this agreement shall be deemed to be renewed each year. The consideration is fixed at 0.25% per annum up to the maximum guaranteed nominal amount regardless of the actual exposure for the undertakings related to guarantees (guarantees and patronage) and at 0.60% per annum up to the maximum guaranteed nominal amount regardless of the actual exposure for the collateral guarantees (mortgages on property assets). The sums will be charged quarterly in advance through invoice exempt from VAT and shall be paid within 30 days of the date of the invoice. The percentages of the remuneration may be amended due to the variations of the financial markets, pursuant to an agreement in writing by the parties. For the period prior to 26 June 2017 the consideration is fixed at 0.50% per annum up to the maximum guaranteed nominal amount regardless of the actual exposure for the undertakings related to guarantees (guarantees and patronage) and in the percentage of 0.60% per annum up to the maximum guaranteed nominal amount regardless of the actual exposure for the collateral guarantees (mortgages on property assets). As of 30 June 2017, the consideration paid under this agreement was €382 thousand.

Website services

We have entered into the Website Services Contract with Sipal for the development, maintenance and support of our website.

We intend to finalise this agreement on or about the Issue Date.

Payments in respect of Intra-group Agreements

We can make payments under the Intra-group Agreements without being subject to the Shareholder Restricted Payment Conditions.

DESCRIPTION OF THE CONCESSION AGREEMENT

The following is a summary of selected provisions of the Concession Agreement and is not to be considered a full statement of its terms. Accordingly, the summary is qualified in its entirety by, and should be read in conjunction with, the full text of the Concession Agreement, the original and controlling version of which is in Italian, and the more detailed information, including information in the appendices hereto, appearing elsewhere in this Prospectus. Prospective 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".

Purpose of the Concession Agreement

The purpose of the Concession Agreement is the design, construction, financing, operation and maintenance of the SPV.

Term

Pursuant to the Concession Agreement, we have been granted the concession to operate the SPV for a 39-year term, beginning on completion of the construction phase. We are entitled to begin operating any stretch of the SPV before completing construction of the entire SPV, provided that the Grantor has authorized its operation after we have received the positive test certificate with respect to that stretch.

Under Article 3 of the Concession Agreement, upon expiry of the term of the Concession Agreement, we are required to transfer the SPV and related appurtenances to the Grantor, but we are also required to continue managing the SPV until a new concessionaire takes over management of the SPV. In addition, we will be entitled to receive compensation from the new concessionaire for construction we performed that was not included under the Executive Design and the costs of which have not yet been amortized at expiry of the Concession Agreement.

Our obligations under the Concession Agreement

Under Article 4 of the Concession Agreement, we are required to fulfil a number of obligations relating to the design, construction, operation and maintenance of the SPV. Such obligations include:

- preparing the Definitive Design and Executive Design of the SPV, as well as constructing and operating the SPV in compliance with the PEF;
- ensuring the payment of equity under the terms provided in the PEF;
- ensuring the operation service in compliance with the Quality Indicators set out in the Concession Agreement;
- providing the ordinary and extraordinary maintenance of the SPV, according to the classification listed in in the Concession Agreement;
- improving services by implementing activities ancillary to the operation of the SPV;
- organizing, maintaining and implementing safety measures;
- filing the annual maintenance program with the Grantor;
- filing any extraordinary maintenance plan with the Grantor;
- carrying out statistical traffic surveys;
- delivering information on the activities falling within the scope of the Concession Agreement, their costs and profits, as well as on certain rights referred to in the Concession Agreement, such as the right to collect the toll tariffs and to exploit connected commercial activities, to the Grantor upon its request;

- delivering the guarantees and insurance policies required under articles 111 and 129 of the Italian Public Contracts Code (for further details on these guarantees and insurance policies, see "*Description of the Project—Insurance*");
- carrying out the works in accordance with the state of the art, in compliance with Executive Design approved by the Grantor as well as with any applicable regulation and within the timing set out in the construction schedule (*cronoprogramma*) attached to the Concession Agreement;
- executing the finance documents within eight months of the execution of the Concession Agreement, unless an extension is granted;
- filing the computerized road inventory (*catasto stradale informatizzato*), a document containing safety information with respect to public roads filed with governmental authorities for control purposes, with the Grantor no later than two years after we have begun to operate the SPV,
- drafting, updating on an annual basis and submitting the service protocol (*carta dei servizi*), which specifies the quality standards of the individual services, as envisaged under current legislation;
- fulfilling any obligation relating to safety rules as well prevention of criminal infiltration and anti-mafia regulations (as implemented by the relevant agreements executed in this respect with the competent authorities);
- submitting, within 30 days of the execution of the Concession Agreement, a payment schedule ending no later than 31 December 2017 reporting any sum due to the expropriated parties in relation to any agreement entered into with them at the date of execution of the Concession Agreement; such payment schedule being subject to approval by the Grantor;
- collecting the tolls on behalf of, and transferring them to, the Grantor; and
- handing back the SPV to the Grantor upon expiry of the Concession Agreement, in good condition according to the average diligence required for this type of works.

Funding of the Project

Funding during the construction phase

During the construction phase, we are entitled to receive Construction Grants equal to €914.9 million, payable each month on the basis of the actual progress of works according to the timeframe below:

- up to an amount of € 614,910,000, payments shall be made within 90 days after the date when the relevant certificate is issued;
- the amounts exceeding the above threshold up to the amount of €754,910,000 or the amount related to works certified until 29 March 2018, whichever is the earliest, shall be paid by 29 March 2018;
- the amounts exceeding the above threshold (i) up to the amount of €914,910,000 or the amount related to works certified until 31 January 2019, whichever is the earliest, shall be paid by 31 January 2019 and (ii) up to the amount of €914,910,000 but related to works certified after 31 January 2019 shall be paid within 90 days of the date when the relevant certificate is issued.

Such amounts are to be paid on the basis of the progress of works completed. Pursuant to the Construction Grants, we invoiced €42.7 million in 2012, €52.2 million in 2013, €114.3 million in 2014, €139.5 million in 2015 and €199.4 million in 2016. As of 30 September 2017, we had invoiced a total of €699.9 million under the Construction Grants and were eligible to invoice an additional €215 million. For further details on the Construction Grants, see "*Existing financing arrangements—Construction Grants*".

Should the Grantor fail to pay the Construction Grants within the time due, we will be entitled to receive interests on late payments at the rate set out under article 5 of Legislative Decree No. 231/2002. Moreover, should the delay exceed 120 days for the Construction Grants, we will be entitled to terminate the Concession Contract for Grantor's default (see "*Termination due to Grantor's default and revocation for public interest reasons*" below).

Funding during the operation phase

During the operation phase of the SPV, we are entitled to the Availability Fee as consideration for our obligation to make available the SPV.

The Availability Fee is paid by the Grantor to us in monthly instalments on the first day of the month following the relevant month from the Entry into Operation of the SPV until the expiry of the Concession Agreement. In case of entry into operation of functional sections of the SPV prior to completion of the entire infrastructure, we shall agree with the Grantor on the remuneration to be paid in connection with the availability of any single section.

The Availability Fee is a fixed amount calculated on an annual basis and is equal to €153,946,814 plus VAT for the year 2020, which is the year foreseen for the Entry into Operation of the SPV. For the following years, the Availability Fee is automatically updated in accordance with an indexed formula by reference to inflation and an index that is pre-determined for each year of the Concession. Should the SPV be made available for less than a year, the Availability Fee will be adjusted proportionally. For further details on the update mechanics of the Availability Fee, see "*Appendix 5 – Availability Fee*".

The Availability Fee may be reduced in case of application of penalties and/or sanctions. In any case, the maximum annual amount of penalties and sanctions (cumulatively considered) may not exceed 15% of the correspondent annual amount of the Availability Fee and shall be deducted from the Availability Fee payable in the following year.

If the annual traffic volume on the SPV in terms of equivalent vehicles (*i.e.* sum of light vehicles - class A - and heavy vehicles - class B 3, 4, 5 - multiplied by 2.5) is higher than the annual equivalent vehicles foreseen and indicated to the Concession Agreement, we will be entitled to receive, as a compensation for the higher maintenance expenses, an increase of the Availability Fee calculated in accordance with a formula set out in the Concession Agreement, to be paid within 90 days of the end of the relevant year.

Should the Grantor fail to pay the Availability Fee within the time due, we will be entitled to receive interests on late payments at the rate set out under article 5 of Legislative Decree No. 231/2002. Moreover, should the delay exceed 90 days for Availability Fee, we will be entitled to terminate the Concession Contract for Grantor's default (see "*Termination due to Grantor's default and revocation for public interest reasons*" below).

For further details on the Availability Fee, see "*Existing financing arrangements—Availability Fee*".

In addition, we are also entitled to generate additional revenues from activities such as advertising or sub-contracting the provision of additional services.

The Grantor's main obligations under the Concession Agreement

The Grantor shall act in good faith to allow us to fulfil our obligations under the Concession Agreement. In particular, the Grantor shall:

- pay the Construction Grants within the due dates, taking all appropriate accounting and budgetary measures to ensure the availability of the necessary public funds;
- approve the designs of the works as well as any variation thereto within the agreed timeframe;
- approve in a timely manner the maintenance works programs submitted by us;

- submit any documentation necessary to obtain the authorization to access areas required for surveys and research, calling a steering committee (*conferenza dei servizi*) if necessary;
- carry out the testing activities within the agreed timeframe;
- pay the Availability Fee within the due dates, taking all appropriate accounting and budgetary measures to ensure the availability of the necessary public funds.

The Grantor expressly accepts the transfer of, the pledge over or the creation of any other security interest on any receivables arising from the Concession Agreement (including, but not limited to, the Construction Grants and the Availability Fee, as well as any compensation due in case of revocation, termination, forfeiture or withdrawal from the Concession Agreement) in favour of the Finance Parties by us. To this end the Grantor undertakes, if so requested by us, to give an irrevocable mandate to its treasurer to make any payments due to us under the Concession Agreement directly in favour of the secured creditors.

Termination events

The Concession Agreement is subject to early termination if (i) the Grantor declares forfeiture as a result of our default under the Concession Agreement, (ii) the Grantor breaches its obligations under the Concession Agreement or revokes the Concession for public interest reasons and (iii) we or the Grantor withdraw from the Concession Agreement because we have failed to reach an agreement with the Grantor on rebalancing the PEF.

Forfeiture of the Concession due to our default under the Concession Agreement

Grounds for forfeiture

Pursuant to article 159 of the Italian Public Contracts Code and Article 24 of the Concession Agreement, the Grantor is entitled to declare forfeiture of the Concession, and hence terminate the Concession Agreement, if, despite formal notice by the Grantor, we remain in material breach of any of the following obligations under Article 3 of the Concession Agreement:

- preparing the Definitive Design and Executive Design of the SPV, as well as constructing and operating the SPV in compliance with the PEF;
- ensuring the operation service in compliance with the Quality Indicators set out in the Concession Agreement;
- providing the ordinary and extraordinary maintenance of the SPV, according to the classification listed the Concession Agreement;
- improving services by implementing activities ancillary to the operation of the SPV;
- delivering information on the activities falling within the scope of the Concession Agreement, their costs and profits, as well as on certain rights referred to in the Concession Agreement, such as the right to collect the toll tariffs and to exploit connected commercial activities, to the Grantor upon its request;
- carrying out the works in accordance with the state of the art, in compliance with Executive Design approved by the Grantor as well as with any applicable regulation and within the timing set out in the construction schedule (*cronoprogramma*) attached to Concession Agreement;
- fulfilling any obligation relating to safety rules as well prevention of criminal infiltration and anti-mafia regulations (as implemented by the relevant agreements executed in this respect with the competent authorities);
- reaching the 15% cap of the Availability Fee in case of the application of sanctions for two consecutive years;

- executing the finance documents within eight months of the execution of the Concession Agreement, unless an extension is granted; and
- collecting the tolls on behalf of the Grantor and transfer them to the latter in accordance with terms and conditions set out under the Concession Agreement.

The decision to declare the forfeiture of the Concession must be notified to the entities providing the private financing of the Project (the "**Finance Parties**") in order to allow them to exercise the step-in rights described below, and its effectiveness is suspended until the 90 day cure period has elapsed.

In case of forfeiture of the Concession Agreement, we are obliged to continue the ordinary operation of the SPV until it is transferred to a replacing entity.

In any case, the effectiveness of the forfeiture is subject to the actual payment by the Grantor of all the sums due to us under the Concession Agreement, save for the Grantor's right to set off such sums against any claim it may have.

Cure period and step-in rights

The Grantor's right to declare forfeiture of the Concession Agreement is subject to a cure period of 90 days. If we fail to cure the breach within that period, the Finance Parties, including the Qualifying Secured Creditors (which includes the Noteholders), are entitled to exercise their step-in rights. In order to exercise these step-in rights, the Qualifying Secured Creditors must designate a company, which must be approved by the Grantor to ascertain that the designated company meets the requirements set out under article 159 of the Previous Italian Public Contracts Code and Article 25, paragraph 1 of the Concession Agreement, *i.e.*, that it has the necessary technical and financial characteristics equivalent to those held by us for the carrying out of the obligations under the Concession Agreement.

Termination amount

If the Grantor declares forfeiture of the Concession Agreement, under Article 24 of the Concession Agreement we are entitled to receive a termination amount equal to the value of the works, plus the ancillary expenses less any relevant depreciation (if forfeiture is declared after completion of construction and issuance of the provisional acceptance certificate) or the costs actually incurred (if forfeiture is declared before that time).

Our right to receive the termination amount does not prejudice the Grantor's right to claim compensation for any further damages resulting from our breach of our obligations. In any case, the effectiveness of the forfeiture is subject to the actual payment by the Grantor of all the sums due to us under the Concession Agreement.

In addition, the Grantor may set off any amounts repayable by us or our shareholders in respect of any claim it may have. As a result, the termination amount we receive may be offset by any damages or penalties for which we are liable.

Termination due to Grantor's default and revocation for public interest reasons

Grounds for termination and revocation

Pursuant to article 158 of the Italian Public Contracts Code and Articles 26 and 27 of the Concession Agreement, we may terminate the Concession Agreement if the Grantor breaches its obligations under the Concession Agreement, for example if the Grantor fails to provide the requisite financial support and maintain the financial balance underlying the Concession Agreement. In addition, the Grantor may revoke the Concession Agreement for public interest reasons.

Termination amount

If the Concession Agreement is revoked for public interest reasons, we are entitled to receive a termination amount equal to:

- the consideration for the works performed and services rendered; and

- the reimbursement of all costs and financial expenses incurred for the work performed until the revocation; and
- the reimbursement of the expenses to be incurred even against third parties as a result of the termination of the Concession Agreement; and
- an adequate indemnity, as a compensation for loss of profit, equal to 10% of the value of the work still to be carried out, or the part of the service still to be operated, assessed on the basis of the PEF.

The effectiveness of the revocation of the Concession Agreement is subject to the payment by the Grantor of all the above sums due to us, save for the Grantor's right to set off such sums against any claim it may have.

On the other hand, if the Concession Agreement is terminated because of a breach by the Grantor, we are entitled to receive a termination amount equal to:

- the value of the works, plus the ancillary expenses less any relevant depreciation (if the Concession Agreement is terminated or revoked after completion of construction and issuance of the provisional acceptance certificate) or the costs actually incurred (if the Concession Agreement is terminated or revoked before that time); and
- penalties and other costs, including financial costs incurred or to be incurred as a consequence of the termination or revocation, such as costs, expenses, indemnities or penalties arising from the early termination of financing arrangements; and
- compensation for loss of profit in the amount of 10% of the value of the construction still to be performed or the value of the services still to be provided during the operation phase, in each case as calculated on the basis of the PEF.

In the event of termination due to Grantor's default, we are entitled to continue with the operation of the SPV under the terms and conditions of the Concession Agreement until the date of actual payment of all the above sums due to us.

Withdrawal from the Concession due to disagreement on rebalancing

Grounds for withdrawal

Under the Concession Agreement, we are entitled to request a rebalancing of the PEF in order to restore the economic and financial balance of the Project. See "*Rebalancing and profit-sharing mechanism*" below. If we fail to agree on the rebalancing mechanism with the Grantor, both we and the Grantor are entitled to withdraw from the Concession Agreement.

Termination amount

If we withdraw from the Concession Agreement as a result of failing to agree on the rebalancing of the PEF, we are entitled to receive a termination amount equal to:

- the value of the works, plus the ancillary expenses less any relevant depreciation (if withdrawal occurs after completion of construction) or the costs actually incurred (if withdrawal occurs before completion of construction); and
- penalties and other costs, including financial costs incurred or to be incurred as a consequence of withdrawal.

Rebalancing mechanism

Financial rebalancing

Purpose

The purpose of the financial rebalancing provisions is to ensure that, upon the occurrence of certain events, the economic and financial balance of the Project is restored to the levels set out in the PEF as then in effect.

Grounds for rebalancing

The rebalancing mechanism seeks to address any change in the assumptions which are the basis of the economic and financial balance of the PEF (with respect to both the costs and the revenues stated therein). These assumptions include (i) the term of the Concession, (ii) payment of the Construction Grants in accordance with the terms and conditions set out in the PEF, (iii) payment of the Availability Fee in accordance with the terms and conditions set out in the PEF and (iv) any other fact or circumstance upon which the estimates and assessments of the PEF are based.

Both the Grantor and we are entitled to request rebalancing if there is any such change in the underlying assumptions as a result of (i) a change in law, (ii) a *force majeure* event, (iii) variations and/or prescriptions required by the Grantor or any competent public authority, (iv) non-payment or delayed payment of the Construction Grants, (v) a change in the tax regime applicable to the Construction Grants or to the Availability Fee, (vi) extra costs due to works managed by third parties interfering with the SPV or (vii) modification to the construction schedule (*cronoprogramma*) requested or agreed with the Grantor.

Should an event altering the economic and financial balance of the PEF occur, we shall give a written notice to the Grantor containing (i) the conditions justifying the revision request, (ii) the unbalanced PEF, (iii) a new PEF containing the proposed revision together with an explanatory report and (iv) an amendment to the Concession Agreement reflecting the requested modifications.

Within 60 days of the receipt of the above documentation, the Grantor shall notify us if and under what terms it intends to revise the PEF. In the event that the documentation submitted is not sufficient and a supplement is requested by the Grantor, the 60 day term shall be suspended and shall restart after any supplemental documentation is received. The 60 day term is mandatory and, unless an extension is agreed, its expiry shall be deemed equivalent to a Grantor's negative decision.

In case of Grantor's positive decision on the revision request, a new PEF must be adopted and an addendum to the Concession Agreement must be entered into within the following 30 days.

If we and the Grantor fail to reach an agreement on the measures to be adopted for rebalancing the PEF, or if the request is not accepted by the Grantor, we may withdraw from the Concession Agreement. In such a case we will be entitled to receive the termination amount described above (see "*Withdrawal from the Concession due to disagreement on rebalancing*").

In any case, the Grantor may at any time verify the balance of the PEF and, in case of unbalance, request its immediate review.

Measures to restore economic and financial balance

If the PEF requires rebalancing, the calculation must take into account any additional costs as well as any savings (such as in terms of capital expenditures required, financial costs or operation costs) as compared to the PEF as then in effect. The rebalancing may be effected by (i) amending the Availability Fee and the related adjusting mechanisms, (ii) amending the amounts of the Construction Grants and the payment terms, (iii) extending the term of the Concession, or (iv) implementing tax measures envisaged under article 18 of Law 183/2011 (*defiscalizzazione*). A combination of the foregoing measures may also be used.

The parameters for the rebalancing are those mentioned under the PEF. In particular, the PEF expressly references a debt service coverage ratio ("DSCR") of 1.69x for 2024 with an average ratio of 2.21x and internal rate of return ("IRR") for the Project of 8.89% and an IRR for the equity of 12.95% over the term of the Concession for the Project. However, there can be no assurance that any rebalancing will achieve the intended effects to enable us to achieve a DSCR and IRR in line with the PEF. See "*Risk Factors—Risks relating to us and the Project—Risks relating to the Concession Agreement—Any compensation we gain from a rebalancing of the PEF may be delayed or insufficient to cover the shortfalls to which we are exposed*".

We are entitled to withdraw from the Concession and receive a termination amount if no agreement is reached on the rebalancing. See "*Termination events—Withdrawal from the Concession due to disagreement on rebalancing*" above.

Penalties and sanctions for failure to comply with our obligations under the Concession Agreement

If we breach our obligations under the Concession Agreement, we may be required to pay penalties and/or monetary administrative sanctions (*sanzioni pecuniarie amministrative*) to the Grantor.

Completion date and penalties during construction phase

Under the construction schedule (*cronoprogramma*) as set out in the Concession Agreement, the construction phase was expected to take approximately 1,800 days, with completion scheduled to occur by the end of December 2018. However, in the certificate for the partial handover of the works (*verbale di consegna parziale dei lavori*) dated 10 November 2011, we, the Grantor and the EPC Contractor acknowledged that the 1,800-day term for the completion of the works offered in the tender procedure would start on the date on which the Grantor had formally handed over the works (*consegna di lavori*) for all sub-lots. Following availability (*immissione in possesso*) of 100% of the land required for the works, handover of the works (*consegna dei lavori*) was completed on 9 October 2015, meaning that from that date we were authorized to begin construction on all sub-lots. As a result, the deadline currently set out in the construction schedule (*cronoprogramma*) has been updated, with completion now expected to occur by 11 September 2020.

The deadline for completion of construction may be extended if (i) the Grantor and we agree any variations to the works pursuant to Article 132 of the Italian Public Contracts Code (other than any variations necessary to rectify mistakes we have made in the Definitive or Executive Design) or (ii) any events occur that cause delays not attributable to us. Any such extension will not impact the 39-year term of the Concession Agreement, which runs from the day we begin operating the entire SPV.

In case of variations, we are obliged to submit the relevant varied designs to the Grantor for approval at least six months before the commencement of the varied works, as scheduled to the construction schedule (*cronoprogramma*). Under the Concession Agreement, we are required to meet the deadline specified in the construction schedule (*cronoprogramma*) for completion of construction, which is currently 11 September 2020. In case of delays in completion attributable to us, under Article 23 of the Concession Agreement the Grantor is entitled to apply penalties (*i.e.* liquidated damages) equal to €25,000 for each month of delay. Under the EPC Contract, we are entitled to pass on any liability for such penalties to the EPC Contractor.

Further liquidated damages relate to delays in the submission of designs for approval by the Grantor (for which a daily penalty of €1,000 shall apply) and delays in the payment of the expropriation monies (for which a daily penalty of €0.5 per thousand of the amount due to the owner shall apply). Furthermore, if we fail to submit, within 30 days of the execution of the Concession Agreement, a payment schedule ending no later than 31 December 2017 reporting any sum due to the expropriated parties in relation to any agreement entered into with them at the date of execution of the Concession Agreement, a daily penalty of €10,000 shall apply.

If the Grantor determines a breach of any of the obligations that may give rise to construction penalties, it must demand that we fulfil the obligations within a specified period to be no less than 20 days (without prejudice to urgent cases). Following the expiry of such period, if we have not fulfilled the obligation or provided reasons for not having done so (or such reasons have been rejected by the Grantor), the Grantor may apply the liquidated damages. In any case, the maximum amount of penalties may not exceed 10% of the value of the works relating to the SPV.

Penalties during the operation phase

Under the Concession Agreement, we are required to meet the Quality Indicators as well as other service standards specified in Annex E thereto during the operation phase, which, will start upon the opening of the first stretch of the SPV. At this stage, the obligations relating to operation and maintenance of the SPV will apply to the stretch of the road that has been opened. If we breach certain obligations during the operation phase, or if we fail to comply with Quality Indicators and service standards to be verified on the basis of the Yearly Monitoring Programme (*Programma Annuale di*

Monitoraggio) to be agreed each year with the Grantor, the Availability Fee shall be subject to the application of penalties (*i.e.* liquidated damages), as set out in Annex E to the Concession Agreement.

If the Grantor determines a breach of any of the obligations that may give rise to operation penalties, it must demand that we fulfil the obligations within a specified period to be no less than 20 days (without prejudice to urgent cases). Following the expiry of such period, if we have not fulfilled the obligation or provided reasons for not having done so (or such reasons have been rejected by the Grantor), the Grantor may apply the liquidated damages. In any case, the maximum annual amount of penalties may not exceed 15% of the correspondent annual amount of the Availability Fee and shall be deducted from the Availability Fee payable in the following year.

Under the O&M Contract, we will be entitled to pass on any liability for liquidated damages during the operation phase to the O&M Contractor up to 15% of the O&M Fee. Further, the O&M Contract provides a cap to the penalties that may be applied by us to O&M Contractor, which is equal to 15% of the O&M Fee (as defined below under "*Description of the Other Project Documents—The O&M Contract—Our obligations and the O&M Fee*") due to it for the corresponding year. Such amount may be lower than 15% of the annual amount of the Availability Fee, as the O&M Fee does not incorporate any capex but just relates to the operating costs. However, in such a case, we will be entitled to terminate the O&M Contract.

Sanctions

In addition to penalties, we may be required to pay monetary administrative sanctions (*sanzioni pecuniarie amministrative*) to the Grantor if we breach certain obligations, including requests for documents, information or data from the Grantor, provision of access to our databases in connection with the concession activities and access to the appropriate offices and/or places from which to obtain useful information in relation to the control of the concession activities. The circumstances that may give rise to a requirement to pay monetary administrative sanctions (and the amounts payable in each case) include, among other things:

- failure to perform the annual statistical reporting on traffic in accordance with the methods specified by the Grantor (€200,000);
- failure to present the Grantor with the extraordinary maintenance projects for approval (€100,000);
- failure to fulfil the obligation to send the Grantor, within two months of the date of approval, the financial statements approved by our shareholders meeting and, if applicable, any consolidated financial statements (€100,000);
- failure to inform the Grantor of changes in equity investments and/or our ownership structure within two months of the corresponding acquisition or disposal (€100,000);
- failure to prepare the service protocol (*carta dei servizi*) indicating the quality standards for the individual services (€500,000); and
- providing information or documents to the Grantor that are not truthful, without prejudice to material errors (up to €100,000 in connection with information of a financial nature).

We must pay any monetary administrative sanctions within 20 days of receipt of notice of their application by the Grantor. The amount of the penalties will be increased by (i) 10% in the event of any delay in excess of 20 days and (ii) 30% in the event of any delay in excess of six months. In addition to paying the penalty, we are also required to fulfil the obligation giving rise to the penalty within a specified period of no less than 30 days running from the date on which notice of the application of the penalty is received, failing which a further penalty will be applied. Without prejudice to the Grantor's right to claim further damages, the monetary administrative sanctions are capped at 15% of the correspondent annual amount of the Availability Fee. If the sanctions we incur reach that cap in two consecutive years, the Grantor is entitled to terminate the Concession.

Under the O&M Contract, we will be entitled to pass on any liability for penalties and sanctions during the operation phase to the O&M Contractor up to 15% of the O&M Fee (as defined below under

"Description of the Other Project Documents—The O&M Contract—Our obligations and the O&M Fee"). Further, the O&M Contract provides a cap to the penalties that may be applied by us to O&M Contractor, which is equal to 15% of the O&M Fee due to it for the corresponding year. Such amount may be lower than 15% of the annual amount of the Availability Fee, as the O&M Fee does not incorporate any capex but just relates to the operating costs. However, in such a case, we would be entitled to terminate the O&M Contract.

Pass-through of penalties and sanctions

Under the EPC Contract and the O&M Contract, all penalties and sanctions we are liable for under the Concession Agreement are passed through to the EPC Contractor or to the O&M Contractor, as the case may be, except for any obligation that only we can fulfil (such as, for example, our obligation to notify the Grantor if our by-laws are amended). However, the transfer of liability under the EPC Contract and the O&M Contract is only effective *inter partes*, which means that while the EPC Contractor or the O&M Contractor, as the case may be, is liable to us for an amount equal to any penalties and sanctions incurred by us under the Concession Agreement, we remain liable to the Grantor for that amount.

Variations and additional works

Article 132 of the Italian Public Contracts Code governs any variations to the works, pursuant to which variations during the course of the construction (*varianti in corso d'opera*) are allowed only as a result of (i) changes of law, (ii) unforeseen and unforeseeable events or where it becomes possible to use materials which did not exist at the time of the design and which may improve the works, (iii) events affecting the assets over which the works must be carried out or unforeseen and unforeseeable findings, (iv) unexpected geological findings, and (v) recovery of contaminated sites.

If any such variation is required, the Concession Agreement will be amended accordingly in order to maintain the economic and financial balance under the PEF.

Furthermore, pursuant to Article 7, paragraph 4, of Regional Law No. 15/2002, the Veneto Region may require us to carry out additional works for a maximum amount equal to one-fifth of the total works provided under the Concession, if any unforeseen and unexpected safety or operational needs arise during the operation phase. In such event, we are entitled to request rebalancing of the PEF, unless the relevant costs are covered directly by the Grantor. If we are unable to agree an amendment reflecting the required variations, under the Concession Agreement our only further remedy would be to withdraw from the Concession Agreement, which would result in an Event of Default under the Common Terms Agreement.

Under the EPC Contract, we are entitled to pass on any additional costs for variations or additional works to the EPC Contractor, who will be paid only within the limit of the costs the Grantor has authorized for such variation or additional works.

Expropriations

Under Article 15 of the Concession Agreement, we are responsible for carrying out all expropriation activities and are required to bear all related costs. We are also liable for any additional costs and time required for expropriations, unless these have been caused by *force majeure*, a change of law, or an unforeseeable event not attributable to us. In such event, we are entitled to request rebalancing of the PEF. Under the EPC Contract, we have passed on any liability relating to the expropriation activities to the EPC Contractor, who is entitled to extra costs or time only within the limit of what the Grantor grants to us.

Dispute resolution

Disputes arising between us and the Grantor concerning interpretation and application of the Concession Agreement are subject to the jurisdiction of the Court of Venice. Under the general principles of Italian law, the ordinary civil courts have jurisdiction for contractual matters after a concession has been awarded, while the administrative courts (Tribunale Amministrativo Regionale) have jurisdiction over claims relating to the procedure awarding a concession or which relate to the exercise of authoritative powers vested in a public body.

DESCRIPTION OF THE OTHER PROJECT DOCUMENTS

The EPC Contract

Introduction, history and scope of the EPC Contract

On 7 March 2011, we entered into a first lump-sum turnkey engineering, procurement and construction ("**EPC**") contract with SIS as EPC Contractor, transferring to it all obligations contained in the Concession Agreement and related annexes in relation to the drafting of the executive designs and construction of the SPV (the "**Original EPC Contract**"). The Original EPC Contract was subsequently integrated and supplemented on 19 December 2013 in order to take into account amendments introduced by the First Additional Deed.

On 26 July 2017, we entered into a new contract with the EPC Contractor in order to introduce changes necessary for the implementation of the project bond financing structure (the "**EPC Contract**"), thereby replacing the Original EPC Contract. Therefore, currently the only contract regulating the relationship between us and the EPC Contractor in relation to the construction of the SPV is the EPC Contract.

The EPC Contract contains a substantial back-to-back arrangement with our obligations under the Concession Agreement, including relevant penalties and liquidated damages. Among other things, the EPC Contract also requires the EPC Contractor to carry out all expropriation procedures and resolve all interferences on our behalf.

The purpose of the EPC Contract is to pass from us to the EPC Contractor all of the risks, liabilities and obligations contained in the Concession Agreement which relate to the design, execution and completion of the works that we must undertake and the ancillary services we must provide pursuant to that contract (the "Works") and the remedying of defects therein. The companies that make up the EPC Contractor (*i.e.*, the consortium members in SIS) and which will perform the Works are jointly and severally liable, along with the EPC Contractor, for the timely fulfilment by the latter of all obligations under the EPC Contract and its annexes.

The EPC Contractor therefore has formally assumed all of our obligations under the Concession Agreement in relation to the Works and ensures the fulfilment of the Works to the Grantor. Any amendment to the conditions of the EPC Contract (*i.e.*, the time and costs for execution of the Works) shall be recognized in favor of the EPC Contractor only to the extent permitted by and in accordance with the conditions recognized by the Grantor to us pursuant to the Concession Agreement.

The EPC Contract is a turnkey contract, which provides for a fixed, non-revisable price equal to €2,258,000,000 (the "**Contract Price**") and a fixed delivery period.

Term

The EPC Contract is effective as of the date of its execution *i.e.*, on 26 July 2017 and ends once the EPC Contractor has performed all the construction obligations set out under Art. 16 of the Concession Agreement as well as the relevant construction schedule (*cronoprogramma*) attached thereto and the Executive Design, in accordance with the back-to-back principle (see "*Description of the Concession Agreement—Completion date, liquidated damages and penalties—Liquidated damages during the operation phase*" above), without prejudice to the obligations as to defects (see "*—Defects Liability*"), unless terminated earlier in accordance with its terms.

Insurance and security package

The EPC Contract requires a standard insurance package (5% insurance policy) with the provision of all insurance policies required under the law for the Works.

The EPC Contractor has provided us two autonomous performance bonds to guarantee all of its obligations to us under the EPC Contract up to an amount equal to 3% of the residual works to be completed, since such amount may result as higher or lower as a consequence of any variations, updates or changes in the consideration under EPC Contract. In addition, with regards to our liability to the Grantor, the EPC Contractor is required by the EPC Contract to execute a performance undertaking (*atto di co-obbligo*), by means of an Appendix to the Concession Holder's Guarantee (*cauzione*

definitiva), so that in case of enforcement by the Grantor of the Concession Holder's Guarantee (*cauzione definitiva*), the guarantor of the same guarantee (*cauzione definitiva*) will be entitled to also recover any amount vis-à-vis the EPC Contractor (including its shareholders) and Fininc S.p.A. who are therefore jointly and severally liable with us for all the obligations arising from the Concession Holder's Guarantee, including those deriving from repayment obligations thereunder vis-à-vis the relevant guarantor.

Furthermore, with reference to the Concession Holder's Guarantee, we, Allianz S.p.A. (acting as guarantor according to the Concession Holder's Guarantee) and BNY Mellon Corporate Trustee Services Limited (acting as Note Trustee) and The Bank Of New York Mellon, London Branch (in its quality of Security Agent), will execute a subordination agreement (the "Subordination Agreement") according to which, in case of enforcement by the Grantor of the Concession Holder's Guarantee, the guarantor of the same guarantee will be entitled to recover any amount vis-à-vis us only subject to the prior satisfaction of the interest of the Secured Debt (as defined therein and including amongst the others the Senior Noteholders and the Junior Noteholders), in compliance with the provisions set out under the Subordination Agreement.

An advance payment bond shall be provided to us by the EPC Contractor (pursuant to the EPC Contract) in case an advance payment of the Contract Price is required.

In particular, as of September 2017, the EPC Contractor has requested an Advance Payment equal to €73,500 thousand, out of the €150,000 thousand amount of the Advance Payment which the EPC Contractor is intending to request and, in any case, within the maximum amount of the Advance Payment allowed under the EPC Contract corresponding to 20% of the Contract Price.

As required by the EPC Contract, the €73,500 thousand Advance Payment has been guaranteed by the Sacyr Advance Payment Bond of the same amount, securing the EPC Contractor's obligation to return the Advance Payment as a consequence of its failure to perform or properly perform the Works for which the Advance Payment has been made. The Sacyr Advance Payment Bond has been issued in the form of a first demand insurance guarantee, provided by Chubb European Group Limited (an insurance company having a AA rating from Standard & Poor's) on 30 September 2017 in our favour, which corresponds to 49% of the overall amount of the Advance Payment which the EPC Contractor is intending to request (equal to €150,000 thousand) and reflects the 49% participating interest of Sacyr Construcción S.A.U. in the EPC Contractor. In particular, under the terms of the Sacyr Advance Payment Bond, Chubb agreed to pay us within 5 days of receiving our request notifying the EPC Contractor's failure, without the need for us to file any additional documentation and without the possibility for Chubb to oppose any objection based on the EPC Contract, qualifying therefore the Sacyr Advance Payment Bond as a first demand autonomous guarantee. The Sacyr Advance Payment Bond shall be (i) progressively reduced proportionally to the amount of the Advance Payment which is correspondingly retained from any payment instalment made to the EPC Contractor, in accordance with the provisions of the EPC Contract (pursuant to which the Advance Payment may not exceed 20% of the overall Contract Price) and (ii) cease to be effective upon full recovery of the Advance Payment (through the above retainer mechanism) or, in any case, upon completion of the Works, as resulting from the Certificate of Completion of Works (*Certificato di Ultimazione Lavori*).

Should the EPC Contractor request the payment of the remaining €76,500 thousand Advance Payment, corresponding to 51% of the overall amount of the Advance Payment which the EPC Contractor is intending to request (equal to €150,000 thousand) and reflecting the 51% participating interest of INC S.p.A. in the EPC Contractor, such additional Advance Payment shall be secured by the INC Advance Payment Bond in the form of a first demand bank or insurance guarantee, to be issued by (a) a leading bank or insurance company with a rating not below "BBB-" S&P, or equivalent Fitch or Moody's or (b) by a bank or an insurance company mentioned in the White List attached to the EPC Contract or (c) by a bank or insurance company approved by us and by the Finance Parties in accordance with the relevant Finance Documents (as defined therein). Terms and conditions of the INC Advance Payment Bond must receive the prior approval of the Finance Parties in accordance with the relevant Finance Documents.

EPC Contractor's main obligations

The EPC Contractor is required to design, execute and complete the Works and remedy defects therein, in accordance with the EPC Contract and the relevant annexes.

The EPC Contract contemplates the execution of Works, and payment for such Works, in accordance with the progression of the works as certified by the SAL and with the construction schedule (*cronoprogramma*) attached to the EPC Contract.

Under the EPC Contract, the EPC Contractor will indemnify us and hold us harmless from any claims instituted or asserted by the Grantor and/or third parties for violations of the provisions of the EPC Contract and the Concession Agreement caused by the EPC Contractor and, in the event of termination due to EPC Contractors' default, shall be liable for any damage incurred by us (including loss of profits, additional costs for the completion of the Works, penalties, damages, indemnities, costs owed to third parties by us and costs connected with the substitution of the EPC Contractor) as well as any amount (both for principal and interest) due by us to the finance parties in accordance with the relevant finance documents as a consequence of a delayed delivery of the SPV.

Contract Price

In consideration of the performance by the EPC Contractor of its obligations under the EPC Contract, we will pay the EPC Contractor the Contract Price, which has been agreed between the parties as the full, non-revisable price for all activities to be carried out by the EPC Contractor under the EPC Contract.

The EPC Contractor will be entitled to additional sums exceeding the Contract Price only to the extent that such extra amount has been previously recognized to us by the Grantor.

The Contract Price will be payable in monthly instalments in accordance with the progression of the works as certified by the SAL based on the monthly invoices issued by the EPC Contractor.

The EPC Contractor may also request an advance payment up to 20% of the Contract Price (the "**Advance Payment**"), subject to the provision of a corresponding advance payment bond.

The credits of the EPC Contractor arising under the EPC Contract may be offset against any amounts due to us by the EPC Contractor under the EPC Contract.

Back-to-back principle

The underlying principle of the EPC Contract is that the EPC Contractor assumes all of the risks, liabilities and obligations we have under the Concession Agreement with respect to the design, execution and completion of the Works (including the risk of construction delays or cost overruns associated with expropriation procedures and interferences) and remediation of any defects, as well as all other obligations explicitly expressed to be assumed by the EPC Contractor under the EPC Contract, without a liability cap.

Under the EPC Contract, the EPC Contractor is only entitled to receive the same additional payment, indemnification, extension of time or other relief or benefit as we receive under the Concession Agreement, to the extent it relates to the Works or affects the rights and obligations of the EPC Contractor under the EPC Contract.

Defects liability

The EPC Contractor will be liable to us for structural defects in the SPV for a period of ten years following the Completion Date. This period of liability (Decennial Liability, *decennale postuma*) is a mandatory provision set out under Italian law and is not subject to any liability cap. The EPC Contractor has provided an insurance policy to cover this risk.

The EPC Contractor shall ensure that the Works will be free of design flaws and defects (any nonconformities or defects, hereinafter a "**Defect**"). Subject to the provisions in articles 1667 and 1669 of the Civil Code, the liability period for Defects to the SPV shall be two years from the Completion Date. The EPC Contractor shall, as promptly as possible, at its own expense, proceed with the elimination of any Defects, by carrying out repair works, replacements or modification.

The replacement or repair of Defects will cause the liability period for Defects to restart from the beginning, in relation to the part that has been replaced or repaired. It is understood that this liability

period for Defects in relation to repaired or replaced parts cannot end more than 48 months following the Completion Date of the Works.

Penalties and retention mechanism

The penalties for construction activities set out under the Concession Agreement shall also apply back-to-back to the EPC Contractor.

In addition to the penalties above, during the execution of the Works, both the EPC Contractor and our representatives shall check the works progression against the timeline and milestones set out under the project's designs. In case of unjustified delays by the EPC Contractor in the completion of the Works, a retention shall be applied equal to the value of the non-completed works within the expected period. During the following round of checks the parties shall verify if such delay has been remedied, should this be the case the funds retained shall be paid to the EPC Contractor.

If the completion of the Works occurs after the Scheduled Completion Date under the EPC Contract, the EPC Contractor shall be required to pay us, for each day of delay, an amount calculated as the sum of any form of sanction, penalty, damage, and indemnity, which we are required to pay to the Grantor pursuant to the Concession Agreement.

Termination of the EPC Contract

We may terminate the EPC Contract in the following cases:

- serious breach of one or more of the obligations relating to the Works;
- other specific events that may seriously jeopardize the completion of the SPV within the established time limit;
- the cumulative amount of penalties exceeds 10% of the Contract Price;
- termination and/or disqualification and/or revocation of the Concession Agreement due to the EPC Contractor's default;
- material breach with regard to our obligations under the Concession Agreement, due to the EPC Contractor's default;
- failure to comply with the provisions of the Italian Public Contracts Code;
- loss by the EPC Contractor of the requirements established by current legislation on Public Works, including laws on the prevention of criminal infiltration as well as the relevant Memorandum of Laws and the Memorandum of Operations executed in this respect with the competent authorities;
- gross negligence on the part of the EPC Contractor of its obligations;
- changes to economic, financial and/or organizational conditions of the EPC Contractor, so as to lessen the guarantees and technical and economic characteristics deemed essential to the execution of the activities under the EPC Contract;
- violation by the EPC Contractor of the obligations of financial traceability pursuant to Clause 3 of Law no. 136/2010 and subsequent amendments as well as the relevant memorandum executed in this respect with the competent authorities;
- non-delivery or failure to execute the bonds and insurance policies required under the EPC Contract, or in case such bonds/insurance become invalid, ineffective or otherwise unenforceable, or expire and are not renewed, or lose their established requirements under the EPC Contract and are not replaced, if the EPC Contractor fails to resolve such situation within five days from the event giving rise to its invalidity, ineffectiveness or unenforceability;
- severe violation of the health and safety and social security laws;

- severe violation of environmental regulations;
- termination of the Concession Agreement not caused by our default or default of the EPC Contractor; and
- force majeure event exceeding twelve months.

Withdrawal from the EPC Contract

We may withdraw from the EPC Contract if one of the following occurs:

- an event(s) that may result in or result(s) in the insolvency of any of the companies that make up the EPC Contractor and that may lead to the bankruptcy of the EPC Contractor or to the admission of the latter to other insolvency proceedings provided that, in any case, such events are capable of jeopardizing the timely execution of the activities provided under the EPC Contract;
- change in the EPC Contractor's economic, financial and/or organizational conditions such as to jeopardize the timely performance of the activities required under the EPC Contract; and
- existence of events that give rise to a state of insolvency of the EPC Contractor and result in its bankruptcy or admission to other insolvency proceedings, or which involve a declaration of bankruptcy or admission to other insolvency proceedings, except for pre-bankruptcy composition procedures with creditors with continuation of the business (*concordato preventivo in continuità aziendale*) under Clause 186-bis of Royal Decree No. 267 of 16 March 1942, as amended (the "**Italian Bankruptcy Law**").

Termination of the EPC Contract by the EPC Contractor

The EPC Contractor may terminate the EPC Contract in case of:

- late payments by us exceeding six months for sums amounting to no less than €10 million not resulting from the application of penalties, compensation or disputes;
- termination of the Concession Agreement not caused by our default or default of the EPC Contractor.

EPC Contractor's entitlement to suspend works

Under no circumstances may the EPC Contractor suspend the fulfilment of its obligations under the EPC Contract, on the basis of claims or exceptions by the EPC Contractor, on whatever grounds, (even in case of late payments by us).

A suspension of the Works may be triggered only after the prior approval of us and the Grantor.

Limitation of liability

No cap to liabilities of the EPC Contractor has been provided under the EPC Contract.

Traceability regime

The EPC Contract is subject to the traceability regime applicable to public works contracts under Italian law as implemented by the relevant memorandum executed in this respect with the competent authorities (see "*Regulatory environment—Traceability regime*" for further details).

Performance bond provided by SIS for the benefit of the Grantor

We have provided a guarantee (*cauzione definitiva*) by means of delivery to the Grantor of an insurance policy issued by Allianz S.p.A. for a maximum secured amount currently equal to €60.2 million as described in "*Description of the other Project Documents—The EPC Contract—Insurance and security package*" (the "**Concession Holder's Guarantee**"). The insurance policy guarantees the correct performance by us of our obligations arising from the Concession Agreement in relation to the

execution of the Works and covers any liquidated damages arising from non-compliance during the construction of the SPV. The insurance policy will cease to have effect upon issuance of the Inspection Certificate for the entire SPV or, in any case, within twelve months as of the completion date of the Works as resulting from the certificate of completion of works.

With reference to the above mentioned guarantee, the EPC Contractor, its shareholders and Fininc S.p.A. have executed an appropriate performance undertaking (*atto di co-obbligo*), by means of an Appendix to the Concession Holder's Guarantee (*cauzione definitiva*), so that in case of enforcement by the Grantor of the Concession Holder's Guarantee (*cauzione definitiva*), the guarantor of the same guarantee (*cauzione definitiva*) will be entitled to also recover any amount vis-à-vis the EPC Contractor (including its shareholders) and Fininc S.p.A. who are therefore jointly and severally liable with us for all the obligations arising from the Concession Holder's Guarantee, including those deriving from repayment obligations thereunder vis-à-vis the relevant guarantor.

Furthermore, with reference to the Concession Holder's Guarantee, we, Allianz S.p.A. (acting as guarantor according to the Concession Holder's Guarantee) and BNY Mellon Corporate Trustee Services Limited (acting as Note Trustee) and The Bank Of New York Mellon, London Branch (in its quality of Security Agent), will execute a subordination agreement (the "**Subordination Agreement**") according to which, in case of enforcement by the Grantor of the Concession Holder's Guarantee, the guarantor of the same guarantee will be entitled to recover any amount vis-à-vis us only subject to the prior satisfaction of the interest of the Finance Parties (as defined therein), in compliance with the provisions set out under the Subordination Agreement.

In addition, the EPC Contractor has provided two separate performance bonds to guarantee all of its obligations to us under the EPC Contract issued by Banco Santander and Banca Intesa, respectively, for a maximum secured amount equal to €41 million (3% of the remaining construction costs) to cover any potential additional costs associated with replacing the EPC Contractor.

The O&M Contract

Introduction and scope

The O&M Contract dated 16 November 2017 between us and a temporary association of undertakings between Consorzio VIS S.C.p.A. (as leading company) and Consorzio SIS S.C.p.A. as O&M Contractor provides that the O&M Contractor will be responsible for operation and ordinary/heavy/extraordinary maintenance activities through provision of the O&M Services over the whole duration of the operational period of the SPV, which is equal to 39 years from the date on which the SPV is opened to traffic (according to the procedure set out under the Concession Agreement).

The purpose of the O&M Contract is to pass from us to the O&M Contractor those risks, liabilities and obligations contained in the Concession Agreement which relate to the operation, repair, maintenance and hand-back of the SPV. Accordingly, the O&M Contract provides for a substantial back-to-back, pass through, arrangement with our obligations under the Concession Agreement and an indexed O&M fee as remuneration to the O&M Contractor.

Please note that, under the Concession Agreement, the penalties and sanctions applicable to us during the operation phase may not exceed 15% of the annual amount of the Availability Fee. Such amount may be higher than the cap to the application of penalties under the O&M Contract equal to 15% of the annual amount of the O&M Fee (as defined below under "*Our obligations and the O&M Fee*"), as the latter does not incorporate any capex but just relates to the operating costs. However, in such a case, we will be entitled to terminate the O&M Contract.

Term

The O&M Contract will remain in effect until the end of the operational period of the SPV - which is equal to 39 years from the date on which the SPV is opened to traffic (according to the procedure set out under the Concession Agreement) - unless terminated earlier in accordance with its terms.

Performance bond and insurance package

The performance obligations of the O&M Contractor to us under the O&M Contract are secured by a performance guarantee in the form of a first-demand bank or insurance guarantee (the "**O&M Performance Guarantee**").

The O&M Performance Guarantee shall be issued upon the entry into operation of the SPV (or any functional section thereof) for an amount not lower than 10% of the annual consideration for the O&M services and shall be renewed periodically so as to ensure that it remains in full force and effect throughout the validity period of the O&M Contract.

Beginning on the date of the start of the services and continuing for the entire duration of the O&M Contract, the O&M Contractor undertakes to enter into and maintain a full set of insurance policies required by the law and/or expressly required by the national collective labor agreements (CCNL) and standard for this type of contracts.

Obligations of the O&M Contractor

The O&M Contractor will be required to undertake ordinary and extraordinary maintenance and repair works in accordance with the O&M Contract, and is responsible for ensuring that during the operation phase the SPV meets the quality parameters set out under the Concession Agreement.

Back-to-back principle

The back-to-back principle described in relation to the EPC Contract is also expressly applies to the O&M Contract. Accordingly, the O&M Contract "transfers" (back-to-back) to the O&M Contractor all of our obligations to the Grantor for the O&M Services of the SPV under the Concession Agreement.

Any amendments to the conditions of the O&M Contract, with specific reference to extra-time and extra-costs, shall be acknowledged to the O&M Contractor only to the extent permitted by, and in accordance with, the conditions given to us by the Grantor pursuant to the Concession Agreement.

Our obligations and the O&M Fee

Our principal obligation under the O&M Contract is payment of the agreed sums representing the O&M Fee. In addition, we must offer reasonable co-operation to the O&M Contractor for the obtaining of permits, licenses and authorizations required of the latter and monitor the execution of the O&M Services.

The O&M Fee is an annual fee payable in consideration for the O&M Services carried out by the O&M Contractor under the O&M Contract (with the exception of the extraordinary maintenance services). The amount of the O&M Fee is fixed and not modifiable, except for the annual updates according to the inflation index. It is further agreed that the annual fees shall be subject to an increase in case of increase of the Availability Fee from the Grantor to us, as indemnity for higher maintenance costs, pursuant to Article 21.8 of the Concession Agreement, in an amount equal to the increase of the Availability Fee recognised by the Grantor to us. It is understood that such increase shall be recognised in favour of the O&M Contractor in an amount not exceeding the amount ascertained by the Grantor to us.

As far as the fees for the extraordinary maintenance services are concerned, since these cannot be predicted due to their nature, their amount will be determined on a case-by-case basis by applying the unit prices contained in the price list under the O&M Contract and based on the actual number of interventions carried out, within the limits verified by the financier's technical adviser. It is understood and agreed by the O&M Contractor that the fees for the extraordinary maintenance services shall be paid to the O&M Contractor, upon the positive evaluation of the financier's technical adviser, and only if the relevant amounts are correspondingly approved by the Grantor pursuant to the Concession Agreement.

Defects

The O&M Contractor shall, at its own expense, remedy any defects or malfunctions within the term set by us. Should the O&M Contractor fail to do so within the above time limit, we may seek to remedy the defects at the O&M Contractor's expense, without prejudice to the right to terminate the O&M Contract.

Penalties

We are entitled to transfer any liability for penalties and sanctions under the Concession Agreement to the O&M Contractor up to 15% of the O&M Fee. Please note that, under the Concession Agreement, the penalties and sanctions applicable to us during the operation phase may not exceed 15% of the annual amount of the Availability Fee. Such amount may be higher than the cap to the application of penalties under the O&M Contract equal to 15% of the annual amount of the O&M Fee, as the latter does not incorporate any capex but just relates to the operating costs. However, in such a case, we will be entitled to terminate the O&M Contract.

Termination of the O&M Contract

We may terminate the O&M Contract if, among other things, one of the following occurs:

- severe default of the O&M Contractor's obligations under the O&M Contract;
- after a formal notice, if the delay in the payment of the penalties imposed by us exceeds 30 days from the request for payment;
- if the amount of penalties exceeds 15% of the total O&M Fee;
- for ascertained violations of laws relating to the health and safety of workers, welfare payments and the anti-mafia regulations (as implemented by the relevant Memorandum of Laws and the Memorandum of Operations executed in this respect with the competent authorities);
- failure or delay in delivery and/or invalidity and/or ineffectiveness for any reason of the O&M Performance Guarantee or insurance policies;
- failure to reinstate the O&M Performance Guarantee;
- missing or incorrect collection, counting and payment to us of the proceeds collected from all toll booths (manual and automatic);
- unauthorized suspension and/or failure to complete one or more of the activities constituting the O&M Services;
- termination and/or disqualification and/or revocation of the Concession Agreement due to the O&M Contractor's default;
- breach of the Concession Agreement with respect to the obligations imposed on us due to the O&M Contractor's default;
- conviction for one of the offences referred to in Legislative Decree no. 231/2001 or application of any measure involving a ban on contracting with the public administration;
- failure by the O&M Contractor to comply with any provision of our Code of Ethics;
- loss of the O&M Contractor's requirements established by current legislation on public services, including laws on the prevention of crime infiltration;
- state of insolvency/liquidation of the O&M Contractor and/or application for bankruptcy proceedings, including any measures that could jeopardize the timely performance of the O&M Services;
- failure to fulfil the obligations on traceability of financial flows pursuant to Clause 3 of Law no. 136/2010 and subsequent amendments, as well as pursuant to the relevant memorandum executed in this respect with the competent authorities;
- breach of the obligations relating to subcontracting, assignment of contract and credits and amendments to the corporate composition of the O&M Contractor;

- *force majeure* event lasting more than twelve months.

Withdrawal from the O&M Contract

We may, at any time, withdraw from the O&M Contract, with notice to the O&M Contractor by registered letter with return receipt, to be sent at least 180 days before the date on which the withdrawal takes effect.

Termination of the O&M Contract by the O&M Contractor

The O&M Contractor may terminate the O&M Contract in case of severe breach by us of our obligations upon prior notice to the Finance Parties and after the cure period granted to the Finance Parties under the O&M Direct Agreement.

Moreover, the O&M Contractor may terminate the O&M Contract in case of delayed payment and/or non-payment of the O&M Fee due by us. Termination shall only occur after the O&M Contractor has sent to us a notice indicating a cure period not shorter than 15 days, in case of delay of payment exceeding 30 days from the date on which the request for payment was made by the O&M Contractor.

Entitlement of the O&M Contractor to suspend works

Under no circumstances may the O&M Contractor suspend the fulfilment of its obligations under the O&M Contract, on the basis of claims or exceptions by the O&M Contractor, on whatever grounds, (even in case of late payments by us). A suspension of the works is only permitted in the case of a *force majeure* event.

Limitation of liability

No cap to liabilities of the O&M Contractor has been provided under the O&M Contract.

Traceability regime

The O&M Contract is subject to the traceability regime applicable to public works contracts pursuant to Clause 3 of Law no. 136/2010 and subsequent amendments as well as pursuant to the relevant memorandum executed in this respect with the competent authorities (see "*Regulatory environment—Traceability regime*" for further details).

Interface between the EPC Contract and the O&M Contract

On 16 November 2017 we entered into an interface agreement with the EPC Contractor and the O&M Contractor in order to coordinate their undertakings and activities under the EPC Contract and the O&M Contract and regulating the aspects pertaining to the take-over by the O&M Contractor of the SPV, or of single sections of it that may be opened to traffic, while certain construction works are still being carried out.

In particular, it is agreed that:

- the O&M Contractor is guaranteed the ability to access the building yards during the construction period and to take part to the inspection of the SPV (or of single sections of it which may be opened to traffic);
- in order for the O&M Contractor to take-over the SPV (or of single sections of it which may be opened to traffic), the EPC Contractor shall provide to the personnel identified by the O&M Contractor the necessary training; and
- any possible claim or damage which, according to the O&M Contractor, is a consequence of a design or construction defect of the SPV, may only be raised by the O&M Contractor vis-à-vis the EPC Contractor.

Agreements regulating interferences of the SPV with other minor infrastructures

The SPV interferes with certain other infrastructures, such as railways, power lines, telecommunication cables and gas pipelines. Generally, in order to resolve such interferences, a specific steering committee (*Conferenze dei Servizi*) will be called and a concessionaire will enter into specific agreements with the competent authorities (*gestori delle interferenze*) to regulate the reciprocal rights and obligations with respect to such interferences. During the course of the approval of the Definitive Design, a high number of interferences were identified (over 1,700 excluding hydraulic interferences). Accordingly, we have entered into the following interference agreements:

- a framework agreement (*accordo quadro*) with Enel Distribuzione S.p.A., dated 25 May 2012;
- a framework agreement (*accordo quadro*) with SNAM Rete Gas S.p.A., dated 22 January 2012; and
- an agreement with Rete Ferroviaria Italiana S.p.A., dated 15 May 2013.

Under the EPC Contract, we have passed on any risks of construction delays or costs overruns resulting from interferences to the EPC Contractor.

Agreements regulating interconnections of the SPV with other motorways

To the west and the east, the SPV will connect directly with the already fully operational A4 and A27 motorways. Autostrada Brescia-Verona-Vicenza-Padova, the operator of the A4 motorway, is responsible for building the interconnection between the SPV and the A4 motorway, whereas we are responsible for building the interchange between the SPV and the A31 and A27 motorways. We are currently in the process of negotiating the agreement governing construction of the A31 motorway interchange with Autostrada Brescia-Verona-Vicenza-Padova and the agreement governing the interchange with the A27 with Autostrade Per l'Italia, the operator of the A27 motorway, each of which we must submit to the Grantor for approval. On 23 August 2017, we entered into with Autostrada BS-VR-VI-PD SpA the interconnection agreement for building the interconnection between the SPV and the A4 motorway. We currently expect to sign the remaining agreements during the course of 2017. Below is a summary of the main provisions of the draft interconnection agreements available as of the date of this Prospectus and the final provisions of the interconnection agreement relating to the A4 motorway.

Interconnection agreement relating to the A4 motorway

According to the executed version of the interconnection agreement relating to the A4 motorway (the "**A4 Interconnection Agreement**"), we and Autostrada Brescia-Verona-Vicenza-Padova S.p.A. (the "**Autostrada BS-PD**"), in its capacity as concessionaire of the A4 motorway, have entered into an interconnection agreement regulating (i) the interconnection works between the A4 motorway and the SPV through the construction of a new toll booth in the municipality of Montecchio Maggiore as well as other interconnection works to be carried out in the municipality of Brendola; (ii) the sharing of the relevant construction and expropriation activities; (iii) the sharing of the activities relating to clean-up of unexploded war devices and management of archeologic findings as well as to the resolution of interferences with service networks existing on the areas interested by the works; (iv) the management and maintenance of the interconnection works, once completed.

Under the A4 Interconnection Agreement we are required to pay Autostrada BS-PD: (i) an annual fee of €48,000.00 (updated annually in accordance with the Italian ISTAT index) for the use and maintenance of certain facilities built by Autostrada BS-PD; (ii) €1,962,305.32 for the geological surveys, the clean-up of unexploded war devices and management of archeologic findings as well as the resolution of interferences with service networks existing on the areas interested by the works which will be carried out by Autostrada BS-PD. Furthermore, we are required to provide a first demand guarantee, before the start of the works, of an amount equal to €461,200.00. The A4 Interconnection Agreement shall expire on 31 December 2026, unless early terminated by us with a six-month prior written notice. The A4 Interconnection Agreement may not be assigned to third parties.

Unlike the interchange between the SPV and the A31 and A27 motorways, where we are responsible for the relevant interconnection works, Autostrada BS-PD is solely responsible for building the interconnection between the SPV and the A4 motorway. Since the A4 interchange is being built by an unconnected third party, the relevant construction risks (including consequences of possible delays)

have not been passed to the EPC Contractor. However, as the completion of the interconnection with the A4 motorway would not affect the completion of the works nor the entry into operation of the SPV, there would be no consequences in this regard in the event of delays to the completion of such interconnection works.

Draft interconnection agreement relating to the A31 motorway

According to the current draft of the interconnection agreement relating to the A31 motorway (the "**Draft A31 Interconnection Agreement**"), we and Autostrada Brescia-Verona-Vicenza-Padova S.p.A. (the "**Autostrada BS-PD**"), in its capacity as concessionaire of the A31 motorway, will enter into an interconnection agreement regulating the performance of the interconnection works between the A31 motorway and the SPV. The commencement date will be agreed between the parties, subject to the decision of the competent authorities. Under the Draft A31 Interconnection Agreement we are required to pay Autostrada BS-PD: (i) an amount equal to the 0.1 per thousand of the total value of the works; (ii) €2,500.00 (plus VAT) upon execution of the Draft A31 Interconnection Agreement; and (iii) an annual fee equal to €77,000.00 (plus VAT and subject to adjustment in accordance with the variation of the Italian ISTAT index). Furthermore, we are required to provide a first demand guarantee of €335,463,51. The Draft A31 Interconnection Agreement will expire on 31 December 2026, unless early terminated by us with a six-month prior written notice. The Draft A31 Interconnection Agreement may not be assigned to third parties.

Under the EPC Contract, we have passed on any risks of construction delays or costs overruns resulting from the A31 Interconnection Agreement to the EPC Contractor.

See also "*Risk Factors—Risks relating to the construction of the Project—The actions of third parties, such as local authorities and other motorway operators, could expose us to additional costs and risks*".

EXISTING FINANCING ARRANGEMENTS

To date, we have funded our construction activities and other working capital requirements primarily through the Construction Grants we receive from the Grantor under the Concession Agreement (see "*Description of the Concession Agreement—Funding of the Project*"). During the construction phase, we are entitled to receive Construction Grants equal to approximately €914.9 million in aggregate, payable on the basis of the progress of works completed, as certified by the monthly SALs.

Due to the requirement to submit the SALs to the Grantor for certification prior to receiving payments under the Construction Grants, we have also entered into certain revolving factoring facilities to help manage our working capital requirements. These factoring facilities allow us to receive advances of approximately 80 to 90% of the amount invoiced in consideration of assigning the receivable under the invoice to the factor.

Construction Grants

During the construction phase, we are entitled to receive Construction Grants equal to €914.91 million, payable each month on the basis of the actual progress of works according to the timeframe below:

- up to the amount of €614,910,000, payments shall be made within 90 days after the date when the relevant certificate is issued;
- the amounts exceeding the above threshold up to the amount of €754,910,000 or the amount related to works certified until 29 March 2018, whichever is the earliest, shall be paid by 29 March 2018;
- the amounts exceeding the above threshold (i) up to the amount of €914,910,000 or the amount related to works certified until 31 January 2019, whichever is the earliest, shall be paid by 31 January 2019 and (ii) up to the amount of €914,910,000 but related to works certified after 31 January 2019 shall be paid within 90 days of the date when the relevant certificate is issued.

Such amounts are to be paid on the basis of the progress of works completed. Pursuant to the Construction Grants, we invoiced €42.7 million in 2012, €52.2 million in 2013, €114.3 million in 2014, €139.5 million in 2015 and €199.4 million in 2016. As of 30 September 2017, we had invoiced a total of €699.9 million under the Construction Grants and were eligible to invoice an additional €215 million.

Pursuant to the Concession Agreement, the Construction Grants are payable in accordance with the timeframe above and on the basis of progress of works, as certified by the monthly SALs. In order to receive the grants, we must submit the SALs in respect of work we have completed to the *Responsabile Unico del Procedimento* for certification on behalf of the Grantor. On 12 February 2014 we entered into a memorandum of undertaking with the Commissioner (now replaced by the Veneto Region as Grantor) regulating, in general terms and without prejudice of the application of the above timeframe, the modalities for payments of the Construction Grants, pursuant to which:

- the payment certificates are to be issued by the Grantor within 30 days from the issuance of the SALs, unless further clarifications are needed; and
- all amounts indicated in the payment certificates are to be paid within 90 days from the issuance of the relevant payment certificates.

Except for the delay agreed under the above timeframe for the year 2017, we receive payment in respect of outstanding invoices from the Grantor approximately every 90 days.

Availability Fee

During the operation phase of the SPV, we are entitled to receive the Availability Fee as consideration for our obligation to make available the SPV.

The Availability Fee is paid by the Grantor to us in monthly instalments on the first day of the month following the relevant month from the entry into operation of the entire SPV until the expiry of the

Concession. In case of entry into operation of functional sections of the SPV prior to completion of the entire infrastructure, the parties shall agree on the remuneration to be paid in connection with the availability of any single section.

The Availability Fee is a fixed amount calculated on an annual basis and is equal to €153,946,814 plus VAT for the year 2020, which is the year foreseen for the Entry into Operation of the SPV. For the following years, the Availability Fee is automatically updated in accordance with an indexed formula by reference to inflation and an index that is pre-determined for each year of the Concession. Should the SPV be made available for less than a year, the Availability Fee will be adjusted proportionally. For further details of the update mechanics of the Availability Fee, see "*Appendix 5 – Availability Fee*".

The Availability Fee may be reduced in case of application of penalties and/or sanctions. In any case, the maximum annual amount of penalties and sanctions (cumulatively considered) may not exceed 15% of the correspondent annual amount of the Availability Fee and shall be deducted from the Availability Fee payable in the following year.

If the annual traffic volume on the SPV in terms of equivalent vehicles (*i.e.* sum of light vehicles - class A - and heavy vehicles - class B 3, 4, 5 - multiplied by 2.5) is higher than the annual equivalent vehicles foreseen and indicated to the Concession Agreement, we will be entitled to receive, as a compensation for the higher maintenance expenses, an increase of the Availability Fee calculated in accordance with a formula set out in the Concession Agreement, to be paid within 90 days of the end of the relevant year. For further details of this increase, see "*Appendix 5—Availability Fee*".

In case of delayed payment of the Availability Fee, we will be entitled to receive late payment interests. Should the delay exceed 90 days, we shall have the right to terminate the Concession Agreement.

Rebalancing under the Concession Agreement

Under the Concession Agreement, we are entitled to request a rebalancing of the PEF if there is any change in the assumptions and conditions on which the economic and financial balance of the PEF is based, including non-payment or delayed payment of the Construction Grants and of the Availability Fee. The rebalancing may be effected by (i) amending the tariffs and the related adjusting mechanisms, (ii) amending the amounts of the Construction Grants and the payment terms, (iii) amending the amounts of the Availability Fee and the payment terms, (iv) extending the term of the Concession, or (v) implementing tax measures envisaged under Article 18 of Law 183/2011 (*defiscalizzazione*). A combination of the foregoing measures may also be used. In the case of non-payment or delayed payment of the Construction Grants or of the Availability Fee, if the Grantor does not cure the breach of its payment obligation, or we cannot agree a rebalancing of the PEF with the Grantor within three months of the occurrence of the relevant trigger event, we are entitled to terminate the Concession Agreement for breach of contract by the Grantor.

For further details, see "*Description of the Concession Agreement—Rebalancing mechanisms*".

Repayment of the Construction Grants

The Concession Agreement provides that we will not be required to repay any Construction Grants received in connection with the construction of the SPV once we have finished construction of the SPV and have received the provisional acceptance certificate. However, if we default on our obligations under the Concession Agreement before we have completed construction of the SPV, we are liable to the Grantor within the limits of all Construction Grants we have received from the Grantor to that date. However, this amount will be off-set by the termination amount we are entitled to receive, to the extent that such termination amount is not itself off-set by any additional damages for which we are liable (see "*Description of the Concession Agreement—Termination events—Forfeiture of the Concession due to our default under the Concession Agreement*").

Our shareholders are jointly and severally liable with us to the Grantor. Our shareholders may avoid this joint and several liability by providing bank or insurance guarantees to the Grantor for an amount equal to their liability from time to time. Pursuant to article 156(3) of the Italian Public Contracts Code, our shareholders' obligation to repay the Construction Grants will cease once we have completed construction of the SPV and have received the provisional acceptance certificate.

Payments upon occurrence of a termination event

See "*Description of the Concession Agreement—Termination events*" for details with respect to events which may give rise to early termination of the Concession Agreement and the payments to be made to us by the Grantor in such circumstances.

Factoring and advance payment agreements

Due to the requirement to submit SALs to the Grantor for certification purposes prior to receiving payments under the Construction Grants, we have also entered into certain revolving factoring facilities in order to secure funding for construction and help manage our working capital needs. We receive payments under the Construction Grants in instalments on the basis of the works that we have completed. At the end of each month, the Grantor's technical adviser certifies the works completed during the previous month in the relevant SAL, following which we invoice the Grantor for the amounts certified in that SAL.

Generally, we receive payment in respect of outstanding invoices from the Grantor approximately every 90 days. While the invoices are outstanding, the revolving factoring facilities into which we have historically entered allowed us to receive advances of approximately 80 to 90% of the amount invoiced in consideration of assigning the receivable under the invoice to the factor. If the transaction is on a *pro-solvendo* basis, when the Grantor pays us under the invoice, we use the proceeds to repay the advance together with the interest accrued. If the transaction is on *pro-soluto* basis, the Grantor pays the factor under the invoice assigned to the factor itself and the factor pays us the portion of invoice's amount not advanced net of interest accrued. In addition to the interest payable on each advance, we pay the factors fixed financial fees for making the facilities available, as well as transaction-based factoring commissions. Furthermore, we pay fees to our indirect parent companies FININC and Sacyr in consideration of FININC and Sacyr providing security and guarantees to the factors in respect of these agreements (see "*Related-party transactions—Contract for the provision of financial collateral*" for more details).

Advances under the facilities may be made on both a recourse and a non-recourse basis, depending on which party takes on the risk that the Grantor fails to pay the receivable and, although recourse tended to be our common practice in the past, the current factoring facility with SACE can be on a non-recourse basis for specific receivables previously approved by SACE. Under recourse advances we take the risk of non-payment, meaning that we would have to repay the funds advanced even if the Grantor does not pay the assigned invoice. For non-recourse advances, the factor accepts this risk, but will generally apply a higher discount to the amounts advanced as additional compensation for this risk.

In the past, we held factoring facilities with various factors. However, on 17 March 2016 we decided to group all our factoring under one entity, SACE FCT SpA Unipersonale ("**SACE**") (see "*—SACE agreements—Factoring facilities*"). As of 30 September 2017, the amount available under the SACE Factoring Facility amounted to €215 million, equal to the difference between the total amount of construction grants provided under the original Concession Agreement (€914.9 million) and the total amount of invoices issued by us to the Grantor (€699.9 million). As of 30 September 2017, the Grantor is due to pay SACE €151.8 million, of which we will receive 10% corresponding to the amount not advanced under the SACE Factoring Facility).

Additionally, we may be entitled, by signing extensions to the SACE Factoring Facility, to request an advance in relation to the payments received from the factor, with the obligation to reimburse such advance in fixed instalments upon receiving each subsequent advances related to SAL from the factor under the SACE Factoring Facility. The agreement provides an expiry date on which the amounts remained unpaid shall be fully reimbursed. As of 30 September 2017, the outstanding amount under the advance payment facility is equal to €29.5 million.

We intend to keep the SACE Factoring Facility in place until we have received all Construction Grants that are payable to us.

SACE agreements

SACE Factoring Facility

On 17 March 2016, we entered into a factoring agreement (the "**SACE Factoring Facility**") with SACE. We pay interest at a rate calculated on the basis of the 3-month EURIBOR plus 2.25% on advances under this facility, as well as a factoring fee of 0.2% of the amount of the receivable assigned. The facility is open-ended until terminated by either party, but terminates automatically if we make false representations with respect to the assigned receivables or fail to comply with certain undertakings made under the agreement, including information undertakings, undertakings with respect to our relations with the debtors of assigned receivables and undertakings to return sums advanced by SACE if the debtor of the assigned receivable fails to pay SACE. Advances are usually made on a recourse basis, though we may also receive non-recourse advances for specific receivables previously approved by SACE.

On 7 June 2017 we entered into an appendix to the SACE Factoring Facility, under which we have undertaken to offer SACE all the receivables vis-à-vis the Grantor and, in particular, those representing Construction Grants owed to us by the Grantor and evidenced in the invoices we have issued (or that we will issue) in accordance with the Concession Agreement, in return for which SACE will advance us 90% of the amount of the invoices. In case the Region does not pay SACE within 36 months and 2 weeks (1,095 days) after the expiry of the maturity date of the assigned invoices we will be entitled to receive the remaining 10%, with SACE assuming the risk for the Grantor's failure to pay subject to the receipt by SACE of the joint and several pro rata guarantees issued by Sacyr and FININC as security for the correct and timely fulfilment of all the obligations deriving from the advances and/or financings and/or advance payments for any amount and in any manner that SACE has granted or will grant to us (the "**Factoring Condition Precedent**").

On 7 June 2017 we assigned to SACE by means of and assignment of receivables the remaining future receivables representing Construction Grants owed to us by the Grantor and which as at 30 September 2017 was equal to €215 million.

In order to satisfy the Factoring Condition Precedent, Sacyr and FININC each issued, respectively on 18 May 2017 and on 26 May 2017, a joint and several guarantee up to the maximum amount of €168,805,000 and €175,695,000, respectively, as security for, *inter alia*, the correct and timely fulfilment of all the obligations deriving from the advances and/or financings and/or advance payments for any amount and in any manner that SACE has granted or will grant to us. The guarantee is independent from any other guarantee for the same debtor and from any other guarantee granted by anyone in favour of SACE in our interest. By way of derogation of article 1939 of the Italian civil code, the guarantees remain in full force and effect even in the event that the principal obligations become invalid. Sacyr and FININC waived their right of recourse and subrogation until the full satisfaction of SACE. Sacyr and FININC shall pay the relevant amount upon simple request of SACE and any objection may be raised only upon the full payment of the amount requested.

Advance payment facilities

On 6 October 2016, we signed an extension to the SACE Factoring Facility (the "**First Advance Payment Facility**") by which we received an advance of €14.0 million in relation to payments to be granted under the SACE Factoring Facility. The repayment schedule under the First Advance Payment Facility consisted of four monthly instalments of €2.3 million and one last instalment of € 2.5 million, expiring on 30 April 2017. We paid interest under the First Advance Payment Facility at a rate calculated on the basis of the EURIBOR 3-month (weekly average) plus 3.00%. We fully repaid the First Advance Payment Facility in April 2017.

On 27 June 2017, we signed an additional extension to the SACE Factoring Facility (the "**Second Advance Payment Facility**") by which we received an advance of €44.5 million in relation to payments to be granted under the SACE Factoring Facility. The repayment schedule under the Second Advance Payment Facility consists of eight monthly instalments of €5.0 million and one last instalment of €4.5 million, expiring on 31 March 2018. We pay interest under the Second Advance Payment Facility at a rate calculated on the basis of EURIBOR 3-month (weekly average) plus 3.00%.

The VAT Agreement

On 18 July 2017, we entered into an agreement whereby we assigned to Banca Popolare di Milano S.p.A. ("**BPM**"), as purchaser, our VAT receivables (including interest) related to the second quarter of financial year 2017 for a nominal amount of €6,944,417.83 and a purchase price of €6,722,196.46. In

addition, we granted a pledge over an account of the Company open with BPM as a security for the Company's obligation to transfer to BPM the purchase price of the quarterly BPM receivables assigned as soon as the payment is made by the tax authority.

On 17 October 2017, we entered into an agreement whereby we assigned to BPM, as purchaser, our VAT receivables (including interest) related to the third quarter of financial year 2017 for a nominal amount of €13,590,341,60 and a purchase price of €13,155,450.67. In addition, we granted a pledge over an account of the Company open with BPM as a security for the Company's obligation to transfer to BPM the purchase price of the quarterly BPM receivables assigned as soon as the payment is made by the tax authority.

The VAT Receivables Agreement

On or before the Issue Date, we will enter into a VAT receivables framework agreement with BPM to regulate the assignment and purchase of our VAT receivables (including interest) in order to advance the nominal amount of those receivables to us. Pursuant to this agreement, we must send a notice to BPM each quarter detailing the VAT receivables that have arisen in the previous quarter. Within 5 Business Days of receipt by the Company of BPM's acceptance of this notice, a Deed of Transfer is signed which transfers the VAT receivables to BPM. We undertake to perform the activities necessary for collection and recovery of the VAT receivables. As consideration, BPM will pay us a purchase price equal to the nominal amount of the VAT receivables multiplied by the percentage value corresponding to the relevant yield of the Italian two-year treasury bonds (*buoni del Tesoro poliennali* – *BTP*) in the following table:

<i>BTP Yield</i>		<i>Percentage of amount requested to be refunded</i>	
<i>Minimum</i>	<i>Maximum</i>	<i>Quarterly VAT Receivables</i>	<i>Annual VAT Receivables</i>
Up to 1.50%		97.50%	96.50%
1.51%	2.50%	95.00%	94.00%
2.51%	3.50%	94.00%	93.00%
3.51%	4.50%	91.50%	90.50%
4.51%	5.50%	89.00%	88.00%

Where we default on any payment, undertaking or obligation, BPM has the right to unilaterally terminate the agreement.

DESCRIPTION OF THE LIQUIDITY MANAGEMENT AGREEMENT AND RELATED SECURITY

This description consists of a summary of certain provisions of the Liquidity Management Agreement and related security arrangements. The following summary does not purport to be complete, and prospective investors must refer to the Liquidity Management Agreement and the other documents referred to herein for detailed information.

General

The Liquidity Management Agreement is comprised of a global master repurchase agreement in the form of the ICMA/SIFMA Global Master Repurchase Agreement (2011 version) ("**GMRA**") as amended by an Annex thereto containing certain elections and a confirmation documenting the terms of the transaction (the "**Liquidity Management Transaction**" and, together with the Security Agreement, the Custody Agreement and the Triparty Account Control Agreement (each as defined below), all documents together forming the "**Liquidity Management Agreement**"). Each document forming part of the Liquidity Management Agreement is governed by English law. The GMRA and the Liquidity Management Transaction have been entered into with J.P.Morgan Securities plc (the "**Counterparty**"). Further detail on the Triparty Account Control Agreement, the Custody Agreement and the Security Agreement is set out below. The Liquidity Management Transaction will commence on or about the Issue Date (the "**Contract Date**") and is scheduled to mature on or about 30 September 2020 (the "**Scheduled Termination Date**").

Noteholders should note that the Liquidity Management Transaction is not a "repo" or "repurchase agreement" since the Counterparty does not transfer full legal title to any securities collateral to the Issuer. Rather, it is a liquidity management transaction documented using the GMRA.

The purpose of entering into the Liquidity Management Transaction is to reduce the exposure of the Issuer to an institution that would otherwise be holding the cash proceeds of the issuance of the Senior Notes and to reduce the amount of erosion of capital through negative interest rates often currently applied to cash deposits and other products (or through changes in market prices inherent in longer-term products) and the negative carry that exists between the interest rate that an investor could earn on any such products and the amount of interest payable on the Senior Notes.

The Liquidity Management Agreement provides a contractual framework for the Issuer to manage its liquidity and credit exposure by providing a transaction in the nature of a secured loan to the Counterparty. The Issuer is granted a security interest over a pool of assets and related cash amounts with a value, determined in accordance with the Triparty Account Control Agreement, after the application of agreed haircuts, equal to the Repayment Amount due from the Counterparty. Such arrangement contrasts with the scenario where the Senior Notes net issuance proceeds are instead held in the Escrow Account (or any another transaction accounts secured in favour of the Noteholders) as Noteholders would in such circumstances have an unsecured exposure to the creditworthiness of the Escrow Agent (or other financial institution) holding such proceeds and/or suffer greater negative carry and/or see an erosion of such amounts by the payment of negative interest.

Key Terms of the Liquidity Management Transaction

The key terms of the Liquidity Management Transaction are as follows:

- (a) on the Contract Date (and subject to the satisfaction of certain conditions precedent contained in the Liquidity Management Agreement), the net proceeds of the issue of the Senior Notes (the "**Net Proceeds**") should be paid on the Issuer's behalf to the Counterparty and the Counterparty shall transfer securities collateral (the "**Securities Collateral**") into the Secured Accounts (as defined below) having a mark-to-market value on such date (after applying applicable haircuts) equal to at least 100% of the Net Proceeds. During the term of the Liquidity Management Transaction, the Counterparty must ensure that the value of the Securities Collateral (after applying applicable haircuts) and any related cash collateral (the "**Cash Collateral**" and together with the Securities Collateral, the "**Collateral**") is maintained at 100% of the Repayment Amount (as defined below) outstanding at the relevant time;

- (b) the "**Repayment Amount**" will initially be equal to the net proceeds of the issue of the Senior Notes, as reduced by the aggregate of the Repayment Amount Instalment Amounts (as defined below) paid on or prior to the date on which the Repayment Date (as defined below) occurs;
- (c) on specified dates throughout the term of the Liquidity Management Transaction, the Counterparty is obliged to pay to the Issuer a specified amount (each a "**Repayment Amount Instalment Date**", and together the "**Payment Schedule**", and each such amount a "**Repayment Amount Instalment Amount**". As described above, upon such payment, the Repayment Amount will reduce accordingly and a proportionate portion of the Collateral may be released from the security interests granted over them and withdrawn by the Counterparty from the Secured Accounts. The Payment Schedule is intended to meet the anticipated drawings from the Escrow Account in respect of the financing needs of the Project. If the Project proceeds at a slower pace than is anticipated, the Issuer will nevertheless receive the Repayment Amount Instalment Amounts in accordance with the Payment Schedule;
- (d) there is some flexibility as to the amounts the Issuer can receive on each Repayment Amount Instalment Date, however, such amount is subject to certain pre-agreed maximum and minimum amounts pursuant to the Liquidity Management Transaction. For example, if the Issuer were to require a greater amount of cash than was anticipated on a given Repayment Amount Instalment Date, the amount of cash the Issuer may request from the Counterparty would be limited to the excess over a certain amount (the "**Lower Bound Amount**") and any amount incremented above what would be otherwise received is required to be notified to the Counterparty at least 95 calendar days prior to the relevant Repayment Instalment Date. Conversely, even if the Issuer were to require a lesser amount than was anticipated on a given Repayment Instalment Date, it will nonetheless receive a Repayment Instalment Amount though that amount will be reduced from the amount that was originally anticipated for that date if the Issuer has previously utilised the facility to require an increased payment and may be zero, as long as the outstanding Repayment Amount (following such date) will be higher than a certain amount (the "**Upper Bound Amount**");
- (e) the Counterparty is obliged to pay interest which includes a floating rate calculated on the then outstanding unpaid Repayment Amount (the "**Interest Amount**"). The amount we earn will be based on the Euro Overnight Index Average (EONIA) which is calculated and reset daily, together with a spread of 35 basis points (with the resulting amount floored at zero). EONIA is a floating rate so there is no certainty as to the amount we will be entitled to receive;
- (f) the Liquidity Management Agreement contains provisions entitling each party to accelerate all transactions on the occurrence of certain events of default (including an additional event of default where the Issuer fails to deliver a notice confirming the then outstanding Repayment Amount, subject to a grace period as set out in therein) in relation to the other party, including bankruptcy, failure to make payments or deliveries thereunder or misrepresentation. In addition to the events of default contained in the Liquidity Management Agreement, the Liquidity Management Transaction may be terminated prior to the Scheduled Termination Date on the occurrence of certain additional termination events (the date on which such event of default occurred or the date of early termination, the "**Unscheduled Termination Date**" and, together with the Scheduled Termination Date, the "**Repayment Date**"), which include, without limitation:
 - (i) if by reason of any action taken by a tax authority or brought in a court of competent jurisdiction or a change in the fiscal or regulatory regime there is or will be a material adverse effect on the Issuer or the Counterparty (including, without limitation, as a result of any payment by the Counterparty or the Issuer becoming subject to deduction or withholding);
 - (ii) if the Notes are to be redeemed early in certain circumstances in whole or in part, other than in circumstances constituting an Event of Default under the Liquidity Management Agreement;
 - (iii) if the Issuer and the Counterparty receive a written notice from BNYM informing them that the Triparty Account Control Agreement will terminate on a specific date;

- (iv) if the Counterparty receives a notice from the Issuer stating that it reasonably considers the Security Agreement (or the security constituted thereby) or the Triparty Account Control Agreement have ceased to be in full force and effect in accordance with the terms of the Security Agreement or the TACA;
- (v) if the Issuer reasonably considers that (i) BNYM has ceased to accept collateral or perform triparty services relevant to the Liquidity Management Transaction in accordance with the Triparty Account Control Agreement, (ii) there has been a material failure by the Counterparty to comply with or perform any agreement or obligation to be complied with or performed by it under either the Security Agreement (iii) the Triparty Account Control Agreement or a representation made by Seller under either the Security Agreement or the Triparty Account Control Agreement proves to have been incorrect or misleading in any material respect when made, or (iv) the Counterparty disaffirms, disclaims, repudiates or rejects, in whole or in part, or challenges the validity of the Security Agreement or the Triparty Account Control Agreement and, in each case, notice thereof is delivered by the Issuer to the Counterparty; or
- (vi) if, following a period of at least 30 days during which the Issuer and the Counterparty have failed to agree any necessary modifications or amendments, the security arrangements in connection with the Liquidity Management Transaction or the triparty arrangement with BNYM have ceased to be in full force and effect;
- (g) if the Liquidity Management Transaction is terminated in whole or in part prior to the Scheduled Termination Date, an account will be taken of all sums due from one party to the other under the Liquidity Management Agreement. The "default market value" (as such term is used in the GMRA) of the Securities Collateral will be zero in this scenario as there is no title transfer of the Securities Collateral to the Issuer that may be valued as part of the standard close-out mechanic that would usually apply under the GMRA, however, the Counterparty will be obliged to pay the Issuer the full Repayment Amount as of the time of termination, provided that if the Liquidity Management Transaction terminates due to the Senior Notes being redeemed in whole in accordance with Condition 7(j) (*Redemption for Taxation Reasons*), Condition 7(k) (*Redemption for an Illegality Event*) and Condition 7(l) (*Redemption at the option of the Noteholders*) or where, following the occurrence of a Senior Note Event of Default, an Enforcement Resolution is passed in accordance with the STID (a "**Note Redemption Event**") or where the Senior Notes are redeemed in part in accordance with Condition 7(l) (*Redemption at the option of the Noteholders*) (a "**Partial Note Redemption Event**"), the Counterparty will be entitled to deduct an amount equal to any loss or expense incurred, or reasonably expected to be incurred by it for entering into a replacement transaction for the Liquidity Management Transaction or any loss or expense incurred, or reasonably expected to be incurred, by it for replacing or unwinding any hedging transaction in respect of the Liquidity Management Transaction (or relevant portion thereof), in each case assuming the replacement transaction were to terminate on the Scheduled Termination Date; and
- (h) if the Counterparty fails to pay the amount owed to the Issuer upon termination of the Liquidity Management Transaction, the Issuer may enforce the security interest granted under the Security Agreement. The proceeds of such enforcement will be applied in satisfaction of the secured obligations owed to the Issuer by the Counterparty.

Security and custody arrangements relating to the Liquidity Management Transaction

In order to secure its obligations to the Issuer under the Liquidity Management Transaction, the Counterparty will open segregated cash and securities accounts in its name at The Bank of New York Mellon, London Branch ("**BNYM**") (the "**Secured Accounts**") on or prior to the Contract Date.

Simultaneously, the Counterparty will grant a first ranking security interest over the Secured Accounts and related rights in favour of the Issuer pursuant to an English law governed security agreement (the "**Security Agreement**").

If the Counterparty defaults in its payment of the amount due following a termination of the Liquidity Management Transaction, the Issuer may enforce the security constituted by the Security Agreement

and appropriate or liquidate the Collateral in the Secured Accounts. The value of the Collateral in the Secured Accounts will be set off against amounts owed to the Issuer by the Counterparty.

Pursuant to the Custody Agreement, the Issuer has opened a securities account in its name at BNYM into which any Securities Collateral may be transferred in the event that the Issuer enforces the security constituted by the Security Agreement.

Triparty Account Control Agreement

Furthermore, the Secured Accounts will be operated in accordance with the provisions of an English law governed triparty account control agreement to be entered into between us, the Counterparty and BNYM (the "**Triparty Account Control Agreement**"). Pursuant to the terms of the Triparty Account Control Agreement and the custodial services agreement entered into between BNYM and the Counterparty, BNYM uses an automated process to substitute, withdraw and add Collateral from the Secured Accounts. However, the Triparty Account Control Agreement provides that following any such adjustment the overall value of the Collateral may not be below the balance of the Repayment Amount owed by the Counterparty and that predefined criteria (the "**TACA Securities Criteria**") must at all times be satisfied. The TACA Securities Criteria are as follows:

the issuer of the securities is incorporated in an eligible country. Eligible countries of incorporation are:

Australia	Dominican Republic	Jersey Island	Singapore
Austria	Egypt	Kazakhstan	Slovakia
Bahrain	Estonia	Latvia	Slovenia
Belgium	Finland	Lithuania	South Africa
Bermuda	France	Luxembourg	South Korea
Brazil	Germany	Malaysia	Spain
Bulgaria	Greece	Malta	Sweden
Canada	Hong Kong	Morocco	Switzerland
Cayman Islands	Hungary	Mexico	Taiwan
Chile	Iceland	New Zealand	Thailand
China	India	Norway	The Netherlands
Colombia	Indonesia	Peru	Turkey
Costa Rica	Ireland	Philippines	United Arab Emirates
Croatia	Israel	Poland	UK
Czech Republic	Italy	Portugal	US
Cyprus	Jamaica	Romania	Vietnam
Denmark	Japan	Russia	

- the securities are denominated in an eligible currency. Eligible currencies for securities with a long term security rating of BB- or above by S&P or its equivalent by other major rating agencies are AUD, BRL, CAD, CHF, CZK, DKK, EUR, GBP, HKD, IDR, INR, JPY, MXN, MYR, NOK, NZD, RUB, SEK, SGD, USD and ZAR. Eligible currencies for securities with a

long term security rating of B+ or below by S&P or its equivalent by other major rating agencies are AUD, CHF, EUR, GBP, JPY and USD;

- the eligible remaining time to maturity for securities with a long term security rating below B+ by S&P or its equivalent by other major rating agencies is up to 45 years. For securities with a long term security rating from above B+ from S&P or its equivalent by other major rating agencies, there is no tenor restriction;
- any mortgage backed securities and collateralized mortgage obligations are private only;
- a concentration limit whereby the mark-to-market value (after applying any applicable haircut) of securities having a single security identification code (such as an ISIN) and a long term security rating of below BB- or below by S&P or its equivalent by other major rating agencies may not exceed 25% of the outstanding Repayment Amount at any time;
- an additional concentration limit whereby the mark-to-market value (after applying any applicable haircut) of securities that do not have a long term security rating from at least one major rating agency may not exceed 70% of the outstanding Repayment Amount at any time; and
- the other major rating agencies shall be Moody's and Fitch (and where the long term security rating ascribed by each of S&P, Moody's and Fitch are not equivalent to each other, reference will be made to the highest available rating).

The margining percentages BNYM will apply to Securities Collateral are as follows:

- National Bonds and US Treasuries (stripped and un-stripped):

LT Security Rating	Margin
BBB-/Baa3/BBB- or above	102%
From BB-/Ba3/BB- to BB+/Ba1/BB+	105%
B+/B1/B+ and under (including unrated)	110%

- Supranational and Government Agency Bonds (stripped and un-stripped):

LT Security Rating	Margin
BBB-/Baa3/BBB- or above	102%
From BB-/Ba3/BB- to BB+/Ba1/BB+	105%
B+/B1/B+ and under (including unrated)	110%

- Securitisations

LT Security Rating	Margin
BBB-/Baa3/BBB- or above	103%
From BB-/Ba3/BB- to BB+/Ba1/BB+	106%
B+/B1/B+ and under (including unrated)	113%

- Corporate Bonds (including pfandbrief and jumbo pfandbrief):

LT Security Rating	Margin
BBB-/Baa3/BBB- or above	102%

From BB-/Ba3/BB- to BB+/Ba1/BB+	105%
B+/B1/B+ and under (including unrated)	110%

The Counterparty is entitled to give instructions to BNYM in relation to substitutions and the withdrawal of excess collateral from the Secured Accounts, and to receive distributions on Securities Collateral, until such time as the Issuer delivers an effective notice of exclusive control in accordance with the terms of the Triparty Account Control Agreement to BNYM. The Issuer may deliver such a notice once all of its rights of enforcement pursuant to the Security Agreement have fully accrued (following the expiration of any applicable notice requirement or grace period) and the Liquidity Management Transaction has been terminated. Upon irrevocable discharge and satisfaction in full of its obligations to the Issuer, the Counterparty is entitled to deliver, subject to a specified notice period, a notice to the BNYM requesting the return of all such Collateral.

DESCRIPTION OF THE FINANCE DOCUMENTS

The following is a summary of certain provisions of the Finance Documents and is qualified in its entirety by reference to the detailed provisions of the Finance Documents.

The Finance Documents include the following: the Common Terms Agreement, the Equity Contribution and Subordination Agreement, the Security Trust and Intercreditor Deed, the Master Definitions Agreement, the Escrow Agreement, the Custody Agreement, the EPC Direct Agreement, the O&M Direct Agreement, the Note Trust Deed, the Project Adviser Services Agreement, the Paying Agency Agreement, the Account Bank Agreements, the Italian Law Security Agreements and the English Law Security Document.

The Common Terms Agreement contains a series of provisions which are generally common to the Noteholders, including information undertakings provided by us, representations and warranties, positive and negative covenants for the benefit of the Noteholders, financial covenants, events of default and indemnities. The conditions we must satisfy to drawdown amounts from the Escrow Account are also set out in the Common Terms Agreement.

The Equity Contribution and Subordination Agreement sets out the basis on which our shareholders contribute equity to us, including provisions concerning the letters of credit that support certain of our shareholders' obligations.

The Security Trust and Intercreditor Deed contains provisions regarding the ranking and subordination of our creditors, the pre-enforcement and post-enforcement priority of payments, procedures for making amendments and waivers to the Finance Documents, the entrenched rights of our various classes of secured creditors and the procedures for taking enforcement action against us.

The Master Definitions Agreement contains a series of definitions which apply across the Finance Documents.

The Escrow Agreement describes the means by which the Escrow Agent holds the net proceeds of the issue of the Senior Notes and the terms upon which it discharges those proceeds to us over time.

The Custody Agreement describes the process by which certain accounts will be opened at the Custodian in our name, in order to hold securities transferred in the event that we enforce security against the Counterparty.

The EPC Direct Agreement contains certain undertakings given to the Security Agent directly by the EPC Contractor, including with respect to the possible substitution of the Issuer in certain circumstances where the Issuer defaults under the EPC Contract.

The O&M Direct Agreement contains certain undertakings given to the Security Agent directly by the O&M Contractor, including with respect to the possible substitution of the Issuer in certain circumstances where the Issuer defaults under the O&M Contract.

The Note Trust Deed constitutes the Notes and contains a covenant from us to pay all amounts due under the Notes, the benefit of which the Note Trustee will hold on trust for itself and the Noteholders in accordance with their respective interests.

The Project Adviser Services Agreement describes the appointment of the Project Adviser and the roles it will perform in the interests of the Senior Noteholders.

The Paying Agency Agreement sets out the arrangements regarding payment of principal, interest and other payments in respect of the Notes.

The Account Bank Agreements contain the terms under which we will open and operate certain accounts in Italy and the United Kingdom.

The Italian Law Security Agreements govern the security interests being granted under Italian law, including a pledge over our shares, certain of our accounts and certain receivables.

The English Law Security Document governs the security interests being granted under English law, relating to a charge over the Escrow Account.

Common Terms Agreement

General

On or before the Issue Date, we will enter into the Common Terms Agreement with, among others, the Project Adviser, the Security Agent, the Note Trustee, the Escrow Agent, the Custodian, the Principal Paying and Transfer Agent, the Calculation Agent, the Registrar and the Account Banks. The Common Terms Agreement will set out the representations, warranties and covenants that we will give to the Secured Creditors.

The Common Terms Agreement will also contain (i) provisions relating to the application of the proceeds of the Notes, (ii) the conditions precedent to the drawdown of proceeds of the the Senior Notes, (iii) representations and warranties, (iv) the provision of financial and other information (including in relation to construction and operations), and (v) the Events of Default.

Proceeds of the Senior Notes

If all of the relevant conditions precedent to the Common Terms Agreement are satisfied or waived, the proceeds of the Senior Notes will be transferred to the Escrow Account on the Issue Date and invested pursuant to the Liquidity Management Agreement.

Proceeds of the Junior Notes

If all of the relevant conditions precedent to the Common Terms Agreement are satisfied or waived, the net proceeds of the Junior Notes will be transferred to the Proceeds Account on the Issue Date.

Drawdowns from the Escrow Account

Conditions to Drawdown

Without prejudice to "*Drawdowns from the Escrow Account after the Operations Commencement Date*" below, we will be entitled to request the transfer of funds from the Escrow Account on any Drawing Date falling on or prior to the Operations Commencement Date, if by no later than 11 a.m. (London time) on the date five (5) Business Days prior to proposed Drawing Date set out in the relevant Drawing Request, we have provided the following documents and evidence to the Project Adviser (in form and substance acceptable to the Project Adviser):

- (i) in the case of any Drawdown, a certificate signed by one Authorised Signatory of the Issuer that as of the date of the certificate:
 - (A) we have no Financial Indebtedness outstanding other than Permitted Financial Indebtedness;
 - (B) no Default has occurred and is continuing;
 - (C) the Repeating Representations are true, accurate and correct;
 - (D) there are no Grants due under the Concession Agreement in relation to which the Grantor is in arrears by more than one hundred and twenty (120) days after the relevant due date contemplated in the Concession Agreement; and
 - (E) in the case of a Drawdown in respect of Financing Costs due on an Interest Payment Date, where the Issuer has requested in the relevant Drawing Request, that the Escrow Agent directly transfers amounts from the Escrow Account to the Principal Paying and Transfer Agent's account, the Issuer has (or will have) on the relevant Interest Payment Date, complied with the Pre-enforcement Priority of Payments to the extent that all of the payment obligations ranking in priority to the payment of such Financing Costs have been (or will be) discharged in full;

- (ii) in the case of a Drawdown in respect of any Construction Costs corresponding to the Works performed by the EPC Contractor under the EPC Contract, a certificate signed by the Technical Adviser confirming that the amount in the Drawdown corresponding to such Construction Costs is required in respect of such Construction Costs as evidenced by the Technical Adviser's independent verification of the relevant SAL;
- (iii) in the case of a Drawdown in respect of Construction Costs other than those referred to in the paragraph directly above, a certificate signed by the Technical Adviser independently verifying such Construction Costs (including, where applicable, associated invoices and supporting evidence);
- (iv) in the case of any Drawdown in respect of an advance payment to the EPC Contractor under and in accordance with the EPC Contract which is secured by the EPC Advance Payment Bond, the delivery of the duly executed EPC Advance Payment Bond in the agreed form; and
- (v) in the case of any Drawdown, a Drawing Request delivered to the Project Adviser and the Escrow Agent signed by one Authorised Signatory.

We may deliver one (1) Drawing Request in each calendar month and, in addition to that, one (1) Drawing Request at any time during each Interest Period.

Without prejudice to "*Drawdowns from the Escrow Account after the Operations Commencement Date*" below, we will only be entitled to request a transfer of funds from the Escrow Account to the Proceeds Account or the account of the Principal Paying and Transfer Agent on a Drawing Date, if all of the relevant conditions set out in this "*Conditions to Drawdown*" are satisfied by us in form and substance acceptable to the Project Adviser (or waived pursuant to the STID Decision Making Protocol) as confirmed in a CP Letter delivered by the Project Adviser to the Issuer the Escrow Agent and the Security Agent) by no later than two (2) Business Days prior to the proposed Drawing Date.

In the case of any Drawdown with respect to Construction Costs the Issuer shall deliver to the Technical Adviser (copied to the Project Adviser) relevant supporting evidence, including invoices and other documentation which may be required by the Technical Adviser (acting reasonably) in connection with the preparation and delivery of any certificate contemplated in paragraphs (i) and (iii) above, by no later than ten (10) Business Days prior to the proposed Drawing Date.

Failure to satisfy conditions to Drawdown

If we fail to satisfy any of the conditions set out in "*Conditions to Drawdown*" above which are relevant for the proposed Drawdown on or prior to the date two (2) Business Days prior to the relevant Drawing Date, then the Project Adviser will promptly inform us of such failure and we shall not be entitled to request any Drawdown on the applicable Drawing Date, and for the avoidance of doubt, the Escrow Agent shall not release any amounts to us from the Escrow Account on such Drawing Date.

Notwithstanding the preceding paragraph, if we fail to satisfy all or any of the relevant conditions set out in "*Conditions to Drawdown*" above which are relevant for the proposed Drawdown by the relevant Drawing Date in respect of a Drawdown, then such failure shall not prevent us from being entitled to a Drawdown on any subsequent Drawing Date, provided that, all of the conditions set out in "*Conditions to Drawdown*" above which are relevant for the proposed Drawdown are satisfied by us in form and substance acceptable to the Project Adviser (or waived pursuant to the STID Decision Making Protocol) by no later than two (2) Business Days prior to the relevant Drawing Date.

Drawdowns from the Escrow Account after the Operations Commencement Date

In accordance with Condition 7(b) (*Initial Redemption of the Junior Notes - Junior Noteholder Election*) upon receipt by the Project Adviser of (i) written evidence (in form and substance acceptable to it) of the Operations Commencement Date having occurred; and (ii) provided that no Default has occurred and is continuing or would occur as a result of the proposed transfer from the Escrow Account to the Proceeds Account (together the "**Drawdown Conditions**"), the Issuer shall procure that any remaining cash standing to the credit of the Escrow Account is distributed into the Proceeds Account for application as Available Junior Cash. On the Initial Markdown Date, subject to us certifying in writing to the Project Adviser that the relevant requirements applicable under the Drawdown Conditions have been satisfied we shall be entitled to fund payments in respect of interest and principal

(as applicable) on the Junior Notes in accordance with the Conditions. In addition, on the Initial Redemption Date we shall to the extent there is Available Junior Cash be entitled to transfer funds into the Distribution Account to fund payment in respect of interest and principal (as applicable) on the Shareholder Loans in accordance with the Pre-enforcement Priority of Payments.

If we fail to satisfy any of the Drawdown Conditions referred to in the paragraph above, then we shall not be entitled to request a transfer of such amounts from the Escrow Account to the Proceeds Account, until such time that all of the relevant conditions set out in the paragraph above are satisfied by us in form and substance acceptable to the Project Adviser and the Escrow Agent (or waived pursuant to the STID Decision Making Protocol).

Step Up Coupon in relation to the Junior Notes

If the relevant Junior Notes are not redeemed in full on or prior to the Step Up Coupon Date then the interest in respect of the Junior Notes will increase in accordance with Condition 5.2 (*Junior Notes*).

Information Undertakings and Review Procedure

Quarterly Review Procedure

From and including the first Quarterly Review Date falling in 2018, and thereafter on each Quarterly Review Date during the Construction Phase, we will (a) procure that the Technical Adviser delivers to the Project Adviser a Technical Adviser Certificate; and (b) post, or procure the Designated Posting of such updated Technical Adviser Certificate on the relevant Designated Website.

In order to enable the Technical Adviser to prepare and deliver the Technical Adviser Certificate on a timely basis we shall deliver to the Technical Adviser by no later than fifteen (15) Business Days prior to the relevant Quarterly Review Date:

- (i) an updated Construction Programme indicating progress of Works against the Original Construction Programme;
- (ii) an updated projection with respect to the Works to the end of the Construction Phase, including with respect to critical path items and each Key Milestone Date;
- (iii) information in connection with actual Construction Costs incurred by us against the amounts projected to be incurred in the relevant Construction Phase Budget; and
- (iv) any other information provided by us (acting reasonably) to support our ability to achieve the Completion Date by no later than the Longstop Date.

Semi-annual Review Procedure

On each Semi-annual Review Date, we will (a) procure that the Technical Adviser delivers an updated Technical Adviser Operations Progress Report to the Project Adviser and (b) post, or procure the Designated Posting of such updated Technical Adviser Operations Progress Report, on the relevant Designated Website.

Reporting and Financial Information

Periodic Reports and Technical Adviser Construction Progress Report

We are required to deliver (a) to the Project Adviser, an updated Technical Adviser Construction Progress Report prepared by the Technical Adviser and (b) to the Project Adviser and the Technical Adviser, a Periodic Report, and make the same available to the Secured Creditors on the relevant Designated Website: (a) prior to the Operations Commencement Date, quarterly, no later than forty-five (45) days after each Quarter Date in any Financial Year (each such date following a Quarter Date being a "**Quarterly Review Date**"); and (b) from and including the Operations Commencement Date, semi-annually, no later than sixty (60) days after the end of each Half Year in respect of the immediately preceding Half Year period (each such date following the end of each Half Year being a "**Semi-annual Review Date**").

Each Periodic Report delivered by us during the Construction Phase (provided that, commencing on the Interim Operations Date, any relevant information required to be reported on during the Operating Phase in respect of the operation of the SPV set out below shall also be included in each Periodic Report delivered on a Quarterly Review Date) is required to contain certain prescribed information, including: (i) a review of and commentary on the financial performance of the Project in respect of the relevant period and the Construction Costs and Financing Costs incurred in the relevant period in each case, as compared to the amounts projected in the then applicable Project Budget together with an explanation for any material difference; (ii) a summary comparison between the progress of construction of the SPV during the relevant period and the progress projected for the relevant period in the Construction Programme and the previous Periodic Report together with certain explanations; (iii) an explanation of any material divergence from the estimates for dates for each Key Milestone to be met as contained in the Original Construction Programme or in the previous Periodic Report, together with our proposal for addressing such divergence; (iv) confirmation of whether the Scheduled Completion Date will be achieved and, if not, a projection of the progress to be made from the end of the relevant period to the estimated Completion Date; (v) a cumulative list of the status and description of any claims or disputes made under the EPC Contract or Interface Agreement the value of which are in excess of two million euros (EUR 2,000,000) (save for where disclosure of such matters may in our opinion (acting reasonably) adversely impact our ability to recover in respect of such claim or dispute); (vi) the status and description of any claims made relating to the Insurances in excess of two million euros (EUR 2,000,000); (vii) a description of any variations of the scope of work effected under the Concession Agreement and/or the EPC Contract; (viii) a description of any changes to the Original Construction Programme under the EPC Contract which have been agreed pursuant to any Issuer Discretion Matter or as otherwise approved by the Project Adviser pursuant to the STID Decision Making Protocol; (ix) details of any new contracts entered into by us in accordance with the Common Terms Agreement; (x) any calls for payment made by us under the EPC Performance Bonds and/or EPC Advance Payment Bonds; (xi) any information to be published at such time (which has not already been published) under the Common Terms Agreement; (xii) details in respect of any notice provided to the O&M Contractor or Interface Agreement (as applicable) with respect to the commencement of operations on all or any functional section of the SPV; (xiii) details in connection with the circumstances giving rise to any actual or proposed application of the Rebalancing Mechanism and details of any measure proposed or adopted and any amount (if any) received pursuant to the Rebalancing Mechanism; (xiv) an update on any material issue described in any previous Periodic Report; and (xv) to the extent not already adequately covered, a description of any issue in connection with the Works with an impact on the Environment, or any significant risk that may affect the Project's operation and of any legal action concerning the Project that may be ongoing which, in each case, has or is reasonably likely to have a Material Adverse Effect.

Each Periodic Report delivered by us from and including the Operations Commencement Date and thereafter on each Semi-annual Review Date during the Operating Phase is required to contain certain prescribed information, including: (i) details of Operating Costs comprising of capital expenditure with a value in aggregate exceeding three million euros (€3,000,000) incurred in such period or projected to be incurred in the following two semi-annual periods in relation to the Project, (ii) details of the planned and contracted Operating Costs in relation to the Project for the following two semi-annual periods together with details of any Operating Costs which have been deferred or underspent from the preceding semi-annual period; (iii) details of any acceleration or postponement of Extraordinary Servicing measures, to the extent that related expenditure would be incurred twelve (12) months or more before or after such expenditure had been budgeted for in the Original Operating Financial Model, together with an explanation of the reasons for any such acceleration or postponement; (iv) a summary comparison between (A) the amount actually spent by us on Operating Costs during the relevant period; and (B) the amount forecast in the Operating Phase Budget to have been spent in the relevant period on Operating Costs, together with an explanation for any material difference; (v) details of any damage to or destruction of the SPV where the cost of repair or reinstatement is likely to exceed two million euros (EUR 2,000,000); (vi) the status and description of any material insurance claims made relating to the Insurances in excess of two million euros (EUR 2,000,000); (vii) a description of any variations of the scope of work effected under the Concession Agreement and/or the O&M Contract; (viii) details of any new contracts entered into by us in accordance with the Common Terms Agreement; (ix) a cumulative list of the status or description of any claims or disputes made under the O&M Contract or Interface Agreement which are in excess of two million euros (EUR 2,000,000) (save for where disclosure of such matters may in our opinion (acting reasonably) adversely impact on our ability to recover in respect of such claim or dispute); (x) a summary of any deductions passed

through to the O&M Contractor under the O&M Contract; (xi) information setting out the current level of Availability Fee payments under the Concession Agreement (including adjustments to the Availability Fee payments under the Concession Agreement (if applicable)); (xii) confirmation whether any adjustment to the Availability Fee (and/or any penalties or deductions) under the Concession Agreement have been passed through to the O&M Contractor (if applicable); (xiii) details in connection with the circumstances giving rise to any actual or proposed application of the Rebalancing Mechanism and details of any measure proposed or adopted and any amount (if any) received pursuant to the Rebalancing Mechanism; (xiv) any information to be published at such time (which has not already been published) required under the Common Terms Agreement; (xv) in so far as is applicable, reports on any road safety audit required in accordance with any Requirement of Law; and (xvi) an update on any material matter described in any previous Periodic Report.

Accuracy and Completeness

We are required to provide to the Technical Adviser and the Project Adviser all such further information as each requires in connection with the review of any Periodic Report provided pursuant to "*Periodic Reports*" within seven (7) Business Days following the relevant request (or such longer period as is agreed in writing with the Project Adviser).

Within fifteen (15) Business Days of receipt of each Periodic Report, the Technical Adviser is required to confirm to the Project Adviser whether in its view such Periodic Report is true, accurate and complete in all material respects. If the Technical Adviser comments on any Periodic Report where it believes that the Periodic Report is not true, accurate, or complete (in any material respect) by reference to the requirements of "*Periodic Reports*"; or if the Project Adviser comments on any Periodic Report where it believes that the Periodic Report is not (in any material respect) complete or prepared in the required format by reference to the requirements of "*Periodic Reports*", we must, unless it disagrees with the Technical Adviser or the Project Adviser, amend the relevant Periodic Report. If we disagree with the Technical Adviser or the Project Adviser, then we must within ten (10) Business Days of receipt of comments from the Technical Adviser or the Project Adviser, or such other period (not longer than twenty (20) Business Days) as agreed with the Project Adviser, refer the same to the determination of the Expert as further described in "*Expert*".

Delivery of Draft Calculation Date Documents

We are required to provide to the Project Adviser during the period of sixty (60) days before, but in any case by no later than forty-five (45) days before (such date being the "**Cut-off Date**") each Calculation Date drafts of: (i) an updated Financial Model (if applicable) (including notice of the proposed values for each of the Assumptions for the purpose of preparing the Financial Model in relation to that Calculation Date and a written explanation of the reasons for the proposed values) and a certificate of the Model Auditor setting out in reasonable detail the computation of all such proposed values and, where appropriate, sufficient commentary to explain the basis on which the value has been derived; (ii) a draft of the Compliance Certificate including the Agreed Model Outputs proposed to be delivered on the relevant Calculation Date confirming the matters set out therein; and (iii) in respect of the Calculation Date falling on 31 December each year after the Operations Commencement Date, the updated Operating Phase Budget ("**Draft Calculation Date Documents**").

If we propose any change to the Assumptions for a draft Financial Model from those used for the purposes of the previous Financial Model which in the sole opinion of the Project Adviser is material, or any change to the structure of the Financial Model, such changes shall be subject to the approval of the Project Adviser in accordance with the STID Decision Making Protocol.

No later than ten (10) Business Days after provision of the Draft Calculation Date Documents as described above, the Project Adviser and the Technical Adviser may raise queries or propose changes by written notice to us, the Project Adviser and the Technical Adviser (as applicable). We and the Project Adviser and the Technical Adviser will then consult, for a period not exceeding seven (7) Business Days, in good faith in order to address such queries and/or agree such proposed changes.

If the Project Adviser and/or the Technical Adviser does not raise any queries or, in the event it does raise queries, does not propose any further changes to a Draft Calculation Date Document by the later to occur of:

- (a) ten (10) Business Days after the Cut-off Date; and
- (b) ten (10) Business Days after the date on which the Project Adviser, the Technical Adviser and we have agreed a change to a Draft Calculation Date Document in accordance with the Common Terms Agreement,

then, in each case, the Issuer shall re-deliver each of the relevant Draft Calculation Date Documents (amended if necessary) in the final agreed form by no later than the relevant Calculation Date, and each such agreed form of Draft Calculation Date Document shall be applicable in respect of such Calculation Date until further revised in accordance with the Common Terms Agreement.

If the Project Adviser and the Issuer (and, in relation to any proposed changes to the Technical Assumptions, the Technical Adviser) are unable to agree:

- (a) any change to the Draft Calculation Date Documents within the consultation period specified above, or such other period being not longer than fifteen (15) Business Days as agreed by the Issuer, the Project Adviser and the Technical Adviser; or
- (b) if the proposed changes to the Draft Calculation Date Documents are connected to any material changes to the Assumptions, or they constitute a change to the structure of the Financial Model,

then, in each such case, the matter shall be referred to, and determined by, the Expert on an expedited basis.

We shall revise the Draft Calculation Date Documents in the manner and to the extent determined by the Expert and within five (5) Business Days of the date of the Expert's determination, the Issuer shall re-deliver the Draft Calculation Date Documents which shall remain the Draft Calculation Date Documents for the purposes of the Common Terms Agreement until such time as they may be further revised in accordance with the Common Terms Agreement.

The Issuer shall within two (2) Business Days of receipt of a written request to that effect provide the Project Adviser and/or the Technical Adviser with such information as the Project Adviser and/or the Technical Adviser may reasonably require in connection with any of the Draft Calculation Date Documents and the matters referred to therein.

Compliance Certificate

On each Calculation Date, the Issuer is required to provide to the Project Adviser a final Compliance Certificate (i) confirming, as at the relevant Calculation Date, the Historic DSCR, the Projected DSCR and the DLCR; (ii) confirming, as at the relevant Calculation Date, 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 and the Repeating Representations are true and accurate in all material respects.

Notification of Default

We are required to notify the Project Adviser, the Escrow Agent and the Security Agent of any Default (and the steps, if any, being or proposed to be taken to remedy it or mitigate its effects) within two (2) Business Days of becoming aware of its occurrence.

Within two (2) Business Days of a written request by the Project Adviser or the Security Agent (as well as on each Calculation Date), the Issuer shall supply to the Project Adviser or the Security Agent (as the case may be) a certificate certifying that no Default has occurred and is continuing (or, if a Default is continuing, specifying the Default and the steps, if any, being or proposed to be taken to remedy it or to mitigate its effects).

Financial and Other Information

Issuer Financial Statements

The Issuer is required to supply to the Project Adviser and shall post, or procure the Designated Posting of the same on the relevant Designated Website: (i) as soon as the same become available, but in any event within one hundred and twenty (120) days after the end of each of its Financial Years, its audited financial statements for its preceding Financial Year, together with related directors' and accountant's reports and the audit opinion; (ii) as soon as the same becomes available, but in any event within ninety (90) days after the end of each Half Year, its unaudited financial statements for the preceding Half Year; and (iii) as soon as reasonably practicable following receipt thereof, a copy of any material written formal communication from the Auditors with respect to the Issuer's operations or the adequacy of its accounting systems and management information system.

Major Project Party Financial Statements

The Issuer is required to supply to the Project Adviser and shall post, or procure the Designated Posting of the same on the relevant Designated Website: (i) in respect of each other Major Project Party, as soon as they are available, but in any event within one hundred and eighty (180) days of the end of each relevant Financial Year, and in each case only to the extent they are not already available in the public domain, the respective audited financial statements for the preceding Financial Year together with the related accountants report and audit opinion; (ii) in respect of each other Major Project Party, its semi-annual accounts (but only to the extent such Major Project Party already prepares such accounts in the regular course of business), to be provided within one hundred and twenty (120) days after the end of its applicable Half Year in respect of the preceding Half Year; and (iii) as soon as the same become available, annual reports and any other published financial statements in respect of the EPC Contractor and the O&M Contractor and such other annual financial information (audited or otherwise) in respect of the EPC Contractor and the O&M Contractor as may reasonably be requested by the Project Adviser.

Requirements as to Financial Statements

Each set of financial statements delivered by the Issuer as contemplated in: (i) "*Issuer Financial Statements*" is required to be audited by the Auditors or such other firm which is reasonably satisfactory to the Project Adviser; and (ii) "*Issuer Financial Statements*" and "*Major Project Party Financial Statements*" is required to, among other things, be prepared as described in the Accounting Principles (and in the case of the Issuer any requirements under the Concession Agreement), be certified by one Authorised Signatory of the Issuer as fairly representing the Issuer's financial condition and operations as at the end of and for the period in relation to which those financial statements were drawn up and, to the extent produced by the relevant Major Project Party in the regular course of business in relation to the accounts referred to above, consist of a balance sheet, a profit and loss account, a cash flow statement, a statement of changes in equity and the explanatory notes to the accounts.

The Issuer is required to within two (2) Business Days notify the Project Adviser of any material change in its Accounting Principles or reference periods in relation to its financial statements or the manner in which its financial statements are prepared and, it shall post, or procure the Designated Posting of such information on the Designated Website, and shall within three (3) Business Days supply to the Project Adviser a full description of any such change together with certain other information which may be reasonably required by the Project Adviser.

Proceedings

In addition to those, if any, disclosed herein, the Issuer shall supply to the Project Adviser (and it shall post, or procure the Designated Posting of such information on the relevant Designated Website) within seven (7) Business Days of becoming aware of them, the details of any litigation, arbitration or administrative proceedings which are current, threatened or pending against it in writing or (to the extent it is aware of them having made due and careful enquiries) any other Major Project Party provided that:

- (a) in the case of proceedings against the Issuer, such proceedings could, in each case if adversely determined and together with any other litigation, arbitration or administrative proceedings current, pending or threatened in writing, reasonably be expected to result in a payment obligation for the Issuer in excess of four million euros (EUR 4,000,000); and

- (b) in relation to any proceedings against a Major Project Party (other than the Issuer):
 - (i) in respect of any Major Project Party that is listed on a recognised stock exchange or is a subsidiary of a company that is listed on a recognised stock exchange, such proceedings are notified to such stock exchange; or
 - (ii) in respect of any Major Project Party not falling within paragraph (b)(i) above, such proceedings could, if adversely determined and together with any other litigation, arbitration or administrative proceedings current, pending or threatened in writing for that entity, reasonably be expected to result in a payment obligation for the Issuer in excess of ten million euros (EUR 10,000,000) in respect of such Major Project Party.

Environmental Claims

In addition to those, if any, disclosed herein and without prejudice to "*Proceedings*", the Issuer shall, within three (3) Business Days of becoming aware of it, notify the Project Adviser (and the Issuer shall post such notice on the relevant Designated Website at the same time) of:

- (a) any material claim, notice or other communication received by it in writing in respect of any actual or alleged breach of, or liability under, Environmental Law (including any actual or alleged liability under Environmental Law to undertake remedial work);
- (b) any occurrence, facts or circumstances which are reasonably likely to result in any material Environmental Claim being commenced or threatened in a written communication against it and which directly affects the Issuer or the Project;
- (c) any material inspections, investigations, studies, audits, tests, reviews and other analyses carried out by it or on its behalf in relation to any environmental matter (but excluding any routine inspection);
- (d) any material non-compliance by it with Environmental Law or any occurrence, fact or circumstance which has or could reasonably be expected to have a material adverse effect on the Issuer's compliance with Environmental Law; and
- (e) any material Environmental Contamination in relation to the Project.

Maintenance and Inspection of books and Records

The Issuer is required to: (i) keep and maintain up to date in accordance with good business practice, the Accounting Principles and all applicable Laws, statutory books (including the asset book), books of account, bank statements and other records which accurately reflect all material respects of all of its business affairs and transactions; and (ii) permit the Project Adviser and the Security Agent, together with their professional advisers, at reasonable times (during normal business hours) and intervals, and upon 5 Business Days prior written notice (such notice to also include the list of proposed attendees and an outline of the reason for the proposed visit), to visit any of its relevant offices in connection with the Project, to discuss its financial matters with its officers and Auditors.

If requested by the Project Adviser and/or the Security Agent as contemplated in the paragraph above, the Issuer is required to authorise and/or (as the case may be) engage its Auditors to discuss the Issuer's financial matters with any of the Secured Creditors (or their representatives) on terms and conditions acceptable to the Project Adviser and/or the Security Agent (as applicable) and the Issuer.

Co-operation, access and inspection

The Issuer shall ensure that, where required for the purposes of exercising their rights or performing their duties under the Finance Documents (but subject to any restriction under applicable Law) the Project Adviser, the Security Agent and/or each Secured Creditor Adviser, together with their professional advisers (or, in the case of each such person, any person nominated by it for such purpose): (i) is afforded reasonable access to, and permitted to inspect, any aspect of the Project or part of the SPV, or any of the Sites and any of the premises where the Project is, or is to be, conducted and to inspect all facilities, plant and equipment forming part of the Project and any information relating to the Issuer which is in the possession or control of or available to the Issuer, as such person (through the

Project Adviser) may reasonably require; (ii) is provided with copies of any such information reasonably required by such person (through the Project Adviser); and (iii) is able to meet with the Issuer and its management and, if requested by such person (through the Project Adviser), the EPC Contractor and/or the O&M Contractor and their relevant management on any matter relating to the Project which, in the opinion of the Project Adviser or the Security Agent or the relevant Secured Creditor Adviser is material to the interests of the relevant Secured Creditors; and in each case, such access shall be provided: (i) (except where a Default has occurred and is continuing) at all reasonable times with at least forty-eight (48) hours' prior written notice and using reasonable endeavours to co-ordinate access visits together; or (ii) 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 in writing (acting reasonably), and, in each case, at the cost of the Issuer.

The Issuer shall permit the Project Adviser, the Security Agent and each Secured Creditor Adviser such reasonable 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 Project Adviser, the Security Agent or such Secured Creditor Adviser seeks information, in each case: (i) (except where a Default has occurred and is continuing) at all reasonable times with at least forty-eight (48) hours' prior written notice; or (ii) 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 in writing (acting reasonably), and, in each case, at the cost of the Issuer.

The Issuer shall permit the Security Agent, the Project Adviser and each Secured Creditor Adviser to meet and discuss matters with the senior management of the Issuer, in each case: (i) (except where a Default has occurred and is continuing) at all reasonable times with at least forty-eight (48) hours' prior written notice; and (ii) 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 in writing (acting reasonably), and, in each case, at the cost of the Issuer.

The Security Agent and the Project Adviser shall, where practicable, use reasonable efforts to coordinate requests for access and minimise costs (including travel costs) to the Issuer with respect to providing such access.

The Technical Adviser (or any person nominated by it for the purpose) upon three (3) Business Days prior written notice may attend, observe and participate in: (i) all testing, acceptance and commissioning meetings pursuant to the EPC Contract and the Interface Agreement; and (ii) where the Project Adviser or the Technical Adviser have indicated that they are concerned about progress of the Project, all other material meetings relating to the Works.

The Issuer shall ensure that each of the Project Adviser and the Technical Adviser and their relevant nominee(s) is given: (i) such prior notice of each meeting (and the agenda for it), and each test (and the subject matter of it) referred to in the previous paragraph as is reasonable in the circumstances; and (ii) within two (2) Business Days (or such longer period as may be agreed in writing between the Issuer, the Project Adviser and the Technical Adviser), the minutes of each such meeting and results of each such test.

The rights described in this "*Co-operation, access and inspection*" are required to be exercised so as to minimise, so far as reasonably practicable, any disruption to the Project and/or any agreed scope of work and in compliance with any applicable Law (including Italian laws relating to privacy), safety and security requirements.

Project Documents

The Issuer is required, within three (3) Business Days: (i) of execution, unless already provided to the Project Adviser in accordance with the Common Terms Agreement, to provide to the Project Adviser (in electronic soft copy form) certified copies of all Transaction Documents (other than the Minor Contracts); (ii) (unless another period has been agreed with the Project Adviser) to supply to the Project Adviser such other information in relation to the Project Documents as the Project Adviser may from time to time reasonably require; and (iii) to notify the Project Adviser of any circumstances becoming known to it which have led or which are reasonably likely to lead to any Project Document not being in full force and effect, any material breach of any Project Document of which the Issuer becomes aware, any event occurring or circumstance arising which would entitle it to serve a notice of

termination (howsoever described) and/or to terminate any Project Document or any circumstance or event which is reasonably likely to lead to the exercise of a step-in right in favour of the Security Agent under the Concession Agreement and/or any of the Direct Agreements, and any circumstances becoming known to it (whether as a result of a Force Majeure Event or for any other reason) which have led or may lead to any obligation of any party under the Project Documents being suspended or incapable of fulfilment.

The Issuer is required within three (3) Business Days to: (i) provide to the Project Adviser and (if appropriate) the Technical Adviser a copy of any agreement or document which is proposed to be entered into to amend, vary, waive, modify, suspend or replace any of the terms of any of the Project Documents; (ii) upon any agreement or document amending, varying, waiving, modifying, suspending or replacing any of the terms of the Project Documents being entered into (whether or not consent of the Project Adviser was required), deliver to the Project Adviser electronic soft copies of such agreement or document; and (iii) upon receipt, deliver to the Project Adviser a copy of any termination notice, warning notice, notice of default or other material notice served under any Project Document.

Project Information

The Issuer shall in writing (forthwith, and, in any case, within three (3) Business Days of becoming aware of the same), notify the Project Adviser of the details of any: (i) Emergency; (ii) proposal or written threat to suspend or delay the construction, maintenance or operation of the SPV, or any part of the Project; (iii) event which adversely affects in a material respect the implementation of the Project in accordance with the Transaction Documents (other than the Minor Contracts); (iv) expenditure which would cause a breach of any Transaction Document (other than the Minor Contracts); (v) receipt of any Insurance Proceeds exceeding two million euros (EUR 2,000,000); (vi) material breach, material change, cancellation or proposed material change or cancellation of the policies relating to the Insurances; (vii) occurrence of a Force Majeure Event or any occurrence, fact or circumstance which has or is reasonably likely to have a Material Adverse Effect; (viii) event which is likely to significantly interrupt construction, operation or maintenance of the SPV; (ix) change in applicable law which is reasonably likely to adversely impact the Project; (x) loss or damage to the whole or part of the SPV which has or could have a Material Adverse Effect or any claim actually made in respect of the same; (xi) default or material delay in respect of any material obligations or the provision of works or services required pursuant to the Project Documents; (xii) default or termination notices under, or any imposition of conditions for not terminating, the Concession Agreement issued by the Grantor; (xiii) claims actually made by the Grantor or any Major Project Party (other than the Issuer) against the Issuer; (xiv) proposal for a Grantor Change under the Concession Agreement or any written communication issued by the Grantor with respect to a material modification of any provision of the Concession Agreement; (xv) communication with the Grantor and/or any other Governmental Authority in connection with the Project (including the Concession Agreement, the Legality Protocol, or the Memorandum of Operations) which is not in the ordinary course of business and/or relates to material events and/or circumstances affecting the Project (including the revoking, terminating, withdrawing, suspending, modifying or withholding of the Concession Agreement); (xvi) adoption of any judicial decision having the effect of revoking, terminating, withdrawing, suspending, modifying or withholding of the Concession Agreement; (xvii) event which is likely to lead to a material claim, or the occurrence of a material claim, under any Insurances exceeding two million five hundred thousand euros (EUR 2,500,000); and (xviii) event or circumstance which concerns the Rebalancing Mechanism (including the lack of an agreement with the Grantor with respect to the Rebalancing Mechanism), 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 (as applicable).

The Issuer shall supply to the Project Adviser: (i) at the same time as they are dispatched, copies of all material documents dispatched by the Issuer to its shareholders, or creditors generally (or any class of them) together with a summary of each of these documents which is suitable for Designated Posting and the Issuer shall publish a summary of such documents on the relevant Designated Website as soon as reasonably practicable following receipt of such documents; (ii) (and arrange for the Designated Posting of such information on the relevant Designated Website) within three (3) Business Days upon becoming aware of them, the status and description of any dispute, litigation, arbitration, expert determination or administrative proceedings which are current, threatened in writing or pending against it or against a counterparty to a Transaction Document in connection with the Project, which is reasonably likely to be adversely determined, and which, if adversely determined either individually or

taken as a whole, are reasonably likely to have a Material Adverse Effect; (iii) (and arrange for the Designated Posting of such information on the relevant Designated Website) within three (3) Business Days upon becoming aware of the same, details of any update in connection with any material dispute, litigation, arbitration, expert determination or administrative proceedings which are ongoing (including in respect of the Salini Impregilo Claims) against it or against a counterparty to a Transaction Document in connection with the Project; (iv) within three (3) Business Days of request, such information as the Project Adviser may reasonably require about the Transaction Security and compliance of the Issuer with the terms of the Security Documents, provided that the Issuer shall not publish such information on the relevant Designated Website unless instructed to do so by the Project Adviser in writing (following consultation between the Issuer and the Project Adviser or as otherwise directed by the Project Adviser); and (v) an up to date copy of its shareholders' register when the same is provided to the Security Agent in accordance with the relevant Security Documents.

Standard of information

Other than in respect of information provided in connection with this Prospectus (in respect of which the Notes Purchase Agreement applies), the Issuer is required to ensure that: (i) each report and any other written information to be prepared and provided by it (or any of its advisers) for the purposes of the Finance Documents or in connection with the Project will be true, complete and accurate in all material respects as at the date it is provided or as at the date (if any) at which it is stated; (ii) all opinions, projections and forecasts in such information and the assumptions on which they are based are, to the extent provided by or expressed to be those of the Issuer, expressed and made in good faith, arrived at after due and careful consideration and enquiry and genuinely represent its views as at the date they are given or made. To any other extent, it will ensure that they are, to the best of its knowledge and belief, fair and reasonable. No representation or warranty is, however, made that any forecast, projection or assumption will be achieved; and (iii) to the best of its knowledge and belief after making due and careful enquiry, no information required to be provided by it under the Finance Documents will have been given or withheld that may result in any information, opinions, projections, forecasts or assumptions referred to in this "*Standard of information*" being untrue or misleading in any material respect or which, if disclosed, might reasonably be expected to adversely affect the decision of a person considering whether to provide, or to continue providing, finance to the Issuer on the terms of the Finance Documents.

"Know your customer" checks

If (i) the introduction of or any change in (or in the interpretation, administration or application of) any law or regulation made after the date of the Common Terms Agreement; (ii) any change in the status of the Issuer after the date of the Common Terms Agreement; or (iii) a proposed assignment or transfer by a Secured Creditor (other than a Noteholder) of any of its rights and obligations under the Common Terms Agreement to a party that is not a Secured Creditor (other than a Noteholder) prior to such assignment or transfer, obliges the Security Agent, any such Secured Creditor (or, in the case of paragraph (iii) above, any such prospective new Secured Creditor), to comply with "know your customer" or similar identification procedures in circumstances where the necessary information is not already available to it, the Issuer shall within five (5) Business Days upon the written request of the Security Agent or such Secured Creditor or, in the case of paragraph (iii) above, any prospective new Secured Creditor, supply, or procure the supply of, such documentation and other evidence as is reasonably requested by the Security Agent or any such Secured Creditor (for itself or, in the case of the event described in paragraph (iii) above, on behalf of such prospective new Secured Creditor) in order for the Security Agent, such Secured Creditor or, in the case of the event described in paragraph (iii) above, such prospective new Secured Creditor to carry out and be satisfied it has complied with all necessary "know your customer" or other similar checks under all applicable laws and regulations pursuant to the transactions contemplated in the Finance Documents.

Upon the request of the Security Agent, each Secured Creditor shall promptly supply, or procure the supply of, such documentation and other evidence as is requested by the Security Agent (for itself) in order for the Security Agent to carry out and be satisfied it has complied with all necessary "know your customer" or other similar checks under all applicable laws and regulations pursuant to the transactions contemplated in the Finance Documents.

Information: Miscellaneous

The Issuer shall supply to the Project Adviser (and arrange for the Designated Posting of such information on the relevant Designated Website): (i) copies of documents sent to the Grantor under the terms of the Concession Agreement or other parties under the other relevant Project Documents which are relevant to the interests of the Secured Creditors, or that the Project Adviser (acting in consultation with the Technical Adviser) may reasonably request in writing; (ii) promptly upon receipt by the Issuer and in consultation with the Technical Adviser, confirmation by the Issuer that it has received any Authorisations required in connection with the Project as at such date, together with electronic soft copies of the same; (iii) within five (5) Business Days of request, such updated "know your customer" information as may be reasonably requested by a Secured Creditor (other than the Noteholders); (iv) to the extent applicable, copies of any documents required to be filed as referred to in the Common Terms Agreement; and (v) within five (5) Business Days of written request (or such longer period as agreed with the Project Adviser in writing) information that may be reasonably requested by the Project Adviser from time to time in connection with the Project.

The Issuer shall notify the Project Adviser in writing (and arrange for the Designated Posting of such information on the relevant Designated Website): (i) of any written threat of termination or termination notice or other material notice sent to it pursuant to any Equity Document; (ii) of any material notice from a regulatory or analogous body in connection with the Project; (iii) of any substitute performance by the Grantor (if applicable); (iv) of any occurrence, facts or circumstance which is reasonably likely to have a Material Adverse Effect on any Authorisation referred to in the Common Terms Agreement; (v) and of any emergency or unforeseen event or circumstance which requires the Issuer to exercise its rights pursuant to "*Project Budgets*" to incur liability in excess of the Project Budget, including details of costs involved and the manner in which such costs shall be financed (together with the impact on the Financial Ratios, if any), therewith, the effects of such an event or occurrence and any actions being taken in each case, the Issuer shall set out in such notice reasonable details associated with the action undertaken to mitigate or remedy such event or occurrence.

The Issuer shall supply to the Project Adviser and procure the Designated Posting of the same on the relevant Designated Website within three (3) Business Days of: (i) becoming aware of them, details of any change in any applicable Law which would materially and adversely affect the Issuer's ability to perform its obligations under the Transaction Documents (other than the Minor Contracts); and (ii) request (or such longer period as may be agreed between the Issuer and the Project Adviser in writing), such further information (not otherwise provided in connection with any Finance Document) within its possession or control or available to it regarding the Project or its financial condition, business or operations (or that of the EPC Contractor or the O&M Contractor) as the Project Adviser or the Security Agent may request following a request from, or to the extent relevant, to the interests of any Secured Creditor (acting reasonably) (including any requested clarification of any item in the financial statements, budgets or other material provided by the Issuer under the Common Terms Agreement).

Investor Meetings

The management of the Issuer shall convene and attend each Investor Meeting with the Secured Creditors at a time that the Issuer shall notify by publishing at least twenty (20) Business Days prior notice on the relevant Designated Website addressed to the Secured Creditors and delivered separately to the Security Agent and the Project Adviser.

Each Investor Meeting shall take place physically (either in Turin or London at the option of the Issuer and by a concurrent conference call (including video conference facility)). Each Secured Creditor may in its sole discretion decide whether to attend an Investor Meeting physically or by conference call in accordance with this paragraph, provided that, any Noteholder (or its appointed representative) who elects to attend the Investor Meeting physically shall bear all of its own costs in doing so.

At each Investor Meeting the management of the Issuer shall present an investor presentation (each an "**Investor Presentation**") which shall include information in relation to: (i) the progress of the Project; (ii) the financial performance of the Issuer and of the Project; (iii) any Positive Reserved Discretion or Reserved Discretion which the Issuer has exercised, or has requested to exercise; (iv) any STID Proposals submitted by the Issuer; (v) any Events of Default or Environmental Claims which have occurred; and (vi) any other information which the Issuer believes is relevant to the Secured Creditors, in each case in relation to the period from the Issue Date to the date of the first Investor Meeting (in relation to the first Investor Presentation) and in relation to the period from the date of the previous Investor Meeting to the date of the relevant Investor Meeting (for any following Investor Presentation).

The Investor Presentation shall be posted by the Issuer (or by Designated Posting procured by the Issuer) on the relevant Designated Website two (2) Business Days prior to the Investor Meeting Date. The Project Adviser and the Technical Adviser, or each of their representatives, shall be entitled to attend, and shall attend, any such Investor Meeting and shall provide their respective opinions as to the content of the relevant Investor Presentation.

The Project Adviser shall also be entitled to provide information as to: (i) any Positive Reserved Discretion or Reserved Discretion which the Issuer has exercised, or has requested to exercise; (ii) any Project Adviser Recommendations made by the Project Adviser and any categorisation of any STID Proposal as an Ordinary Voting Matter or an Extraordinary Voting Matter; (iii) the appropriateness of information provided to the Project Adviser in the course of performing the Project Adviser Services and any Project Adviser Non-Delivery Letter; or (iv) any other information which the Project Adviser believes is relevant to the Issuer or the Secured Creditors, in each case, relating to the time period covered by the relevant Investor Presentation and such additional information shall be posted with the relevant Investor Presentation by the Issuer by Designated Posting (or may be posted by the Project Adviser directly) on the Designated Website pursuant to the paragraph above.

Sharing of Information with the Security Agent

The Parties acknowledge and agree that the Project Adviser shall, upon the request of the Security Agent and further to its obligations under and in accordance with the Finance Documents, share relevant information with the Security Agent which it has received, or information in respect of which it has become aware, in its capacity as Project Adviser in connection with the Project.

Project Budgets

Construction Phase Budget

Any revision to the Construction Phase Budget can only be made pursuant to "*Project Budgets*". The Project Adviser or the Technical Adviser may, at any time, by written notice to the Issuer (copied to the Project Adviser when sent by the Technical Adviser and copied to the Technical Adviser when sent by the Project Adviser), request the Issuer to prepare a draft revision to the then current Construction Phase Budget if the Project Adviser or the Technical Adviser (as applicable) determines that a change in circumstances or cost has occurred and the Construction Phase Budget is no longer correct for the purposes of the Common Terms Agreement. Within twenty (20) Business Days of receipt of such notice, the Issuer is required to prepare and deliver to the Project Adviser and the Technical Adviser a draft revised construction budget. The Issuer may, at any time, prepare and deliver to the Project Adviser and the Technical Adviser a draft revised construction budget. Any draft revised construction budget so delivered by the Issuer is required to: (i) unless otherwise agreed by the Project Adviser or Technical Adviser, be in substantially the same form as the Original Construction Budget; (ii) be expressed in Euro; and (iii) with respect to information which is also contained or reflected in the most recent Financial Model, be consistent with that information.

The Project Adviser is required to, within ten (10) Business Days, following receipt of a draft revised construction budget (and after consultation with the Technical Adviser, notify the Issuer whether or not it determines that the draft revised construction budget correctly reflects the changed costs or circumstances (including giving reasonable details of the grounds for any disapproval), without prejudice to the right of the Issuer to request the approval of a draft revised construction budget in accordance with the STID Decision Making Protocol. If the Project Adviser, acting in consultation and with the assistance of the Technical Adviser, determines that the draft revised construction budget does not correctly reflect the changed costs or circumstances, the Project Adviser and the Issuer is required to negotiate for a period of ten (10) Business Days (or such other period not longer than twenty (20) Business Days as is agreed in writing by the Issuer and the Project Adviser) in good faith in order to agree the draft revised construction budget. If no agreement is reached, the dispute may (at the request of the Issuer or the Project Adviser) be referred to the Expert for determination.

Upon: (i) the Project Adviser notifying the Issuer that it has determined that the draft revised construction budget correctly reflects the changed costs or circumstances; (ii) the Project Adviser and the Issuer agreeing any revisions to a draft revised construction budget; or (iii) an Expert determining any dispute referred pursuant to the immediately preceding paragraph, the Issuer is required to, within ten (10) Business Days, deliver to the Project Adviser and the Technical Adviser the agreed draft

revised construction budget or the draft revised construction budget approved by the Expert (if applicable) and upon its receipt by the Project Adviser and the Technical Adviser, that draft revised construction budget is required to become the Construction Phase Budget for the purposes of the Common Terms Agreement.

Operating Phase Budget

The Issuer is required to prepare and deliver to the Project Adviser and the Technical Adviser a draft operating budget for the next Operating Period no later than: (i) thirty (30) Business Days prior to the Operations Commencement Date (as projected by the most recent Financial Model); (ii) forty-five (45) Business Days prior to the beginning of each Operating Period; and (iii) twenty (20) Business Days following notice from the Project Adviser or the Technical Adviser in circumstances where the Project Adviser or the Technical Adviser reasonably believes that a change in cost or circumstance has occurred and that the then current Operating Phase Budget is no longer correct and/or updated for the purposes of the Common Terms Agreement. Each draft operating budget is required to comprise a budget for the relevant Operating Period, setting out the projected Operating Costs and projected revenues for such Operating Period on a monthly basis in reasonable detail, together with all related technical and operational assumptions.

The Project Adviser is required to, within ten (10) Business Days of receipt of a draft operating budget (and after consultation with the Technical Adviser), notify the Issuer whether or not such draft operating budget is correct (including giving reasonable details of the grounds for any such determination). If the Project Adviser, acting in consultation and with the assistance of the Technical Adviser, determines that a draft operating budget is not correct, the Project Adviser and the Issuer is required to negotiate for a period of ten (10) Business Days (or such other period not longer than twenty (20) Business Days as is agreed in writing by the Issuer and the Project Adviser) in good faith in order to agree the draft operating budget. If no agreement is reached, the dispute may (at the request of the Issuer or the Project Adviser) be referred to the Expert.

Upon: (i) the Project Adviser notifying the Issuer that it has determined that the draft operating budget is not correct; (ii) the Project Adviser and the Issuer agreeing pursuant to the immediately preceding paragraph any revisions to a draft operating budget; or (iii) an Expert determining any dispute referred pursuant to the immediately preceding paragraph, the Issuer is required to, within ten (10) Business Days, deliver to the Project Adviser and the Technical Adviser the agreed draft operating budget or the draft revised operating budget approved by the Expert (if applicable) and upon its receipt by the Project Adviser and the Technical Adviser, that draft operating budget is required to become the Operating Phase Budget for the Operating Period to which it relates.

Any draft revised operating budget so delivered by the Issuer is required to: (i) unless otherwise agreed by the Project Adviser, be in substantially the same form as the Operating Phase Budget; (ii) be expressed in Euro; and (iii) with respect to information which is also contained or reflected in the most recent Financial Model, be consistent with that information.

If a draft operating budget is not approved prior to the first day of the Operating Period to which it relates then the current Operating Phase Budget is required to continue for the next Operating Period unless a revised draft operating budget is approved, in which case the approved operating budget is required to replace the existing Operating Phase Budget on the date of such approval or determination.

Original Operating Financial Model

By no later than sixty (60) Business Days prior to the projected Operations Commencement Date, the Issuer is required to have delivered to the Project Adviser and the Technical Adviser the proposed Original Operating Financial Model relating to the Operating Phase and audited and prepared by the Issuer in a manner consistent with the provisions described in "*Semi-annual Operating Financial Model*". At the same time, the Issuer shall publish such Original Operating Financial Model on the relevant Designated Website.

The Project Adviser (in consultation with the Technical Adviser in respect of the Technical Assumptions) may no later than twenty (20) Business Days after receipt of the Original Operating Financial Model, propose that any Assumption used by the Issuer be amended or any other change be made. The Issuer and the Project Adviser are required to consult, for a period of ten (10) Business Days

(or such other period as is agreed in writing by the Issuer and the Project Adviser in good faith to agree such proposed change). If the Project Adviser and the Issuer are unable to agree any such change, the Issuer is required to, subject to the conditions set out in "*Expert*", refer the same to the determination of the Expert.

Semi-annual Operating Financial Model

During the Operating Phase, the Issuer is required to deliver to the Project Adviser and the Technical Adviser an Operating Financial Model with each Periodic Report. The Economic Assumptions contained in the Operating Financial Model are required to be updated at least annually by the Issuer, or upon the request of the Project Adviser. The Issuer is required to consult with the Technical Adviser to comment on any amendments to the Technical Assumptions prior to delivery of the Operating Financial Model and each Compliance Certificate.

Each Operating Financial Model must: (i) be in respect of the period immediately following the next Calculation Date to the Final Maturity Date; (ii) set out the relevant amounts corresponding to the line items contained in the Original Operating Financial Model; (iii) if applicable, set out the Assumptions, projections and forecasts that differ from the previous Operating Financial Model (or, if none, the Original Operating Financial Model); and (iv) contain sufficient information to enable the Issuer to make the calculations required in order to determine the Financial Ratios.

The Issuer is required to ensure that each Operating 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 Concession Agreement (including following the application of any measure adopted pursuant to the Rebalancing Mechanism) and the other Transaction Documents (other than the Minor Contracts) 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 Operating Financial Model and accurately specifies its best estimate of all costs and expenses anticipated by it to be incurred to build and maintain the Project in the manner contemplated by the Concession Agreement and the Transaction Documents (other than the Minor Contracts); and (v) is consistent with the then current Operating Phase Budget.

At the time that it delivers a copy of the Operating Financial Model the Issuer is required to deliver to the Project Adviser a certificate addressed to the Project Adviser confirming that the Operating Financial Model has been prepared on the basis of (and the Assumptions, projections and forecasts referred to in the paragraph above are the same as): (i) the Assumptions (the "**Existing Assumptions**") that were the basis of the preceding Operating Financial Model (or, if none, the Original Operating Financial Model); (ii) the additions and amendments to the Existing Assumptions, projections and forecasts which the Issuer believes are necessary to correct any deficiency in the form and structure of the Operating Financial Model or 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 by virtue of its proposals with respect to the Assumptions; and (iii) a written explanation detailing any revision to the Existing Assumptions.

The Project Adviser (in consultation with the Technical Adviser in respect of the Technical Assumptions) may not later than twenty (20) Business Days after receipt of the Operating Financial Model, acting in good faith, propose that any Assumption used by the Issuer be changed and the Issuer and the Project Adviser as the case may be are required to consult, for a period of no more than ten (10) Business Days or such longer period as agreed between the Project Adviser and the Issuer in good faith to agree such proposed change. If the Project Adviser and the Issuer are unable to agree any such change, the Issuer is required to, subject to the conditions described in "*Expert*", refer the same to the determination of the Expert.

Expert

Identity of Expert

An Expert must be a person having appropriate expertise with respect to, but no interest in the outcome of, the matter referred to him and is required to be appointed (at the sole cost of the Issuer) by the Project Adviser in consultation with the Issuer and, with respect to any technical matter in consultation

with the Technical Adviser, and with respect to any insurance matter in consultation with the Insurance Adviser. The Issuer may propose to nominate one or more appropriate persons to serve as the Expert for consideration by the Project Adviser, the Technical Adviser and/or the Insurance Adviser (as applicable). If, after such consultation, the parties are unable to agree the identity of the Expert within five (5) Business Days (or such longer period as agreed in writing between the Issuer and the Project Adviser), any of them may request the President for the time being of the International Centre for Expertise (of the International Chamber of Commerce) or an equivalent independent and internationally recognised body (if the dispute concerns any economic or financial Assumptions or the Financial Model), to appoint (at the sole cost of the Issuer) an Expert, provided that such person has, prior to the date of such appointment, confirmed in writing to the Issuer and the Project Adviser (such confirmation to be in form and substance satisfactory to the Project Adviser) that it has no conflict in acting as an Expert, has no interest in the outcome of the matter referred to the Expert and that the Expert will remain neutral and impartial at all times when considering such referral.

Expert's Terms of Reference

Each Expert is required to be given terms of reference determined by the Project Adviser (acting reasonably and in consultation with the parties referred to in "*Identity of Expert*", stating the reason for which the relevant referral is being made to him and having regard to the terms of the Common Terms Agreement. The Issuer and the Project Adviser may each provide such Expert with whatever supporting evidence they think appropriate and are required to provide such Expert with such supporting evidence as is requested by such Expert.

Determination by Expert

No Expert is required to be bound to choose either the proposal made by the Issuer or that made by the Project Adviser but is required to be free to make his own reasonable determination of the point referred to him.

Expert not Arbitrator

Each Expert is required to act as a neutral and impartial expert in determining the matter referred to him and not as an arbitrator.

Expert's Determination

Each Expert will be required to give his determination as soon as practicable and, in any event, no later than ten (10) Business Days (or such longer period as agreed in writing between the Issuer and the Project Adviser) after the date of receipt of his terms of reference pursuant to "*Expert's Terms of Reference*". At all times during a dispute but prior to the determination of an Expert, or if, for any reason, such Expert's determination is not available on the relevant Calculation Date, if applicable, the Assumptions, calculations or other determinations made by the Issuer will prevail for the purposes of any calculations to be made under the Finance Documents, provided that no Shareholder Restricted Payment shall be permitted until after the date on which the Expert has given its determination and all Shareholder Restricted Payment Conditions have been met on the proposed date of the Shareholder Restricted Payment. The Expert's determination (when received) will apply retrospectively to the relevant Calculation Date to the extent that such determination was not available on that date. An Expert's determination will (save in the case of fraud or manifest error) be final and binding on all the Parties in respect of the subject matter referred to him and must be used in the relevant Designated Report.

Revised Designated Information

Once an Expert has reached a determination, the Party that was initially required to prepare or procure the preparation of the disputed information or item will prepare or procure the preparation of a revised version of such information or item incorporating the results of the Expert's determination.

Costs

Without prejudice to the other provisions of the Finance Documents, the documented and properly incurred costs of any reference to an Expert, and the documented costs incurred in giving effect to any agreed revisions to any Designated Information, will be borne by the Issuer.

Designated Posting

Designated Website

The Issuer shall maintain: (i) an open access website (which may be operated and managed by a third party) on which the Financial Statements, each Periodic Report, each STID Proposal, each notice notifying the Secured Creditors of the date of Investor Meetings and all information required to be published in accordance with its Inside Information obligations shall be published in accordance with the Finance Documents; and (ii) a password-protected secured website (which may be operated and managed by a third party) and provide the relevant password to Noteholders on request (subject to their proving their holding of Notes to the satisfaction of the Issuer), on which all other Designated Information is published in accordance with the Finance Documents.

The Issuer must ensure that each Designated Website is publicly available.

The Issuer (also acting through the Principal Paying and Transfer Agent) must promptly upon becoming aware of its occurrence, notify the relevant Secured Creditors if any Designated Website cannot be accessed for a period of five (5) Business Days or longer or any Designated Website or any information on any Designated Website is infected by any electronic virus or similar software for a period of five (5) Business Days or longer. If such circumstances occur, the Issuer shall supply all information required to be delivered under the Finance Documents to the Noteholders and to the Hedging Banks, the Security Agent and to the Project Adviser (for itself and on behalf of the other Secured Creditors) in paper form, in such numbers of copies as such persons may request.

Any Designated Information delivered to the Principal Paying and Transfer Agent or the Project Adviser (as applicable) shall not include any information which may cause the Principal Paying and Transfer Agent or the Project Adviser (as applicable) to breach any confidentiality or data protection laws of any applicable jurisdiction, and, where such Designated Information is to be posted on the open access Designated Website, any Confidential Information.

Designated Posting

The Issuer shall deliver all Designated Information to the Project Adviser and at the same time post (or procure that the Project Adviser or such other person as proposed by the Issuer and approved pursuant to the STID Decision Making Protocol, posts) such Designated Information on the relevant Designated Website (each a "**Designated Posting**") so that notification thereof on behalf of the Issuer is carried out or deemed to be carried out the Issuer, Principal Paying and Transfer Agent, Security Agent or Project Adviser (as the case may be) to the relevant Secured Creditors.

Responsibility of Project Adviser

The Project Adviser shall not assume or have any responsibility or liability for monitoring or ascertaining whether any person that has access to any Designated Posting falls within the category of persons permitted or required to receive the Designated Information under the Finance Documents or any related documents or by the competent regulatory body or authority. The Project Adviser shall be entitled to rely conclusively on any certifications provided by such persons and shall be entitled to assume that such persons are the persons for whom the Designated Posting is intended, and in the absence of negligence, fraud or wilful misconduct, shall not be liable to anyone whatsoever for so relying or assuming.

The Project Adviser shall not be responsible or liable for any obligations that the Issuer has or owes to the Noteholders or any Hedging Banks or any other Secured Creditor under the Finance Documents, any related documents or any other financing or to any regulators or regulatory or governmental authorities or agencies or any other person to make the Designated Information available to the Noteholders, the Security Agent, the Note Trustee, any securities analysts or market makers or any other person or in any other respect whatsoever.

Representations and warranties

On the Issue Date, we will make certain representations and warranties to each Secured Creditor (subject, in certain cases, to agreed exceptions and qualifications as to materiality and matters of law) including as to status, binding obligations, non-conflict with other obligations, power and authority,

authorisations, governing law and enforcement, no insolvency, no filing or stamp taxes, tax, no default, no misleading information, financial statements, security and financial indebtedness, ranking, no proceedings pending or threatened, property rights, no other interests, environmental laws, Project Documents, Insurances, Financial Model, Project Budgets, ownership of the Issuer, the EPC Contractor and the O&M Contractor, shares and related matters, no breach of laws, prohibited payments, status of Senior Notes, status of Junior Notes, no Immunity and Material Adverse Effect.

In addition, we will be required to repeat certain of the representations on each date on which a Compliance Certificate is delivered; however we will be entitled to make written disclosure against such repeating representations.

Undertakings

The Common Terms Agreement will contain certain undertakings from us in favour of the Secured Creditors. A summary of certain of the undertakings is set out below.

Project implementation

The Issuer is required to ensure that the Project is implemented in all material respects as described in the Transaction Documents, Good Industry Practice, and the specifications, warranty conditions and guidelines relating to any equipment forming part of the Works.

Project Documents

The Issuer is required to: (i) take all necessary steps to protect, maintain, exercise and enforce all its rights with respect to the Project Documents to procure the due performance by each other party to the Project Documents of such party's respective obligations under each of the Project Documents; (ii) exercise its discretions under the Project Documents as described in the Common Terms Agreement where applicable; and (iii) perform all of its material obligations and enforce its rights under, and comply in all material respects with the terms of each Project Document to which it is a party.

Authorisations

The Issuer is required promptly to obtain at the appropriate time for the Project to be implemented in accordance with the Transaction Documents and then comply with and do all that is necessary to maintain in full force and effect and supply certified copies (in electronic soft copy form) to the Project Adviser of any Authorisation required under any applicable Law or regulation: (i) to enable the Issuer to lawfully exercise its rights and perform its obligations under the Transaction Documents to which it is a party; (ii) to ensure the legality, validity, enforceability, or admissibility in evidence in its jurisdiction of incorporation of any Transaction Document; (iii) to enable the Issuer to create the Security Interests to be created by it pursuant to each Security Document to which it is a party and to ensure that such Security Interest has the priority and ranking it is expressed to have; and (iv) to enable the Project to be implemented in accordance with the Transaction Documents in all material respects.

Compliance with Laws

Without prejudice to "*Environmental matters*", the Issuer is required to comply in all respects with all laws and regulations to which it may be subject or which are otherwise applicable to the Project, if failure to comply has or is reasonably likely to have a Material Adverse Effect.

Pari Passu ranking

The Issuer is required to ensure that its claims under the Finance Documents rank at all times at least *pari passu* in right of priority and payment with the claims of all its other unsecured and unsubordinated creditors, except for claims mandatorily preferred by law applying to companies generally.

Security

The Issuer is required to: (i) preserve and maintain the Security Interests created by the Security Documents and the validity, enforceability and priority thereof; (ii) grant security over the receivables arising from any future contracts entered into by it which (a) individually in each Financial Year have a

value in excess of one million euros (EUR 1,000,000) or (b) in the aggregate to the extent entered into with the same counterparty in each Financial Year have a value in excess of one million euros (EUR 1,000,000) in favour of the Security Agent, in substantially the same form as the relevant existing Security Document, or such other form which is satisfactory to the Security Agent; and (iii) make all appropriate registrations of the Security Documents and any additional Security Interest, in each case, in accordance with the relevant Security Document and the Common Terms Agreement.

Further Assurance

The Issuer must so far as permitted by applicable Law and regulatory requirements, execute all such further documents and do all such further acts and things as the Security Agent or the Project Adviser may consider to be necessary at any time to give effect to the terms of the relevant Finance Documents.

Proceedings

The Issuer is required to take all steps necessary to defend any litigation, arbitration or administrative proceedings which are current, threatened in writing or pending against the Issuer unless the costs of doing so are reasonably likely (based on independent legal advice received by the Issuer) to be disproportionate to the prospects of such steps being successful, in which case the Issuer is required to use reasonable endeavours to minimise or mitigate the impact of any such litigation, arbitration or administrative proceedings.

Personnel

The Issuer is required to ensure or procure that sufficient properly qualified and trained personnel are at all times available to it as necessary to enable it to comply with its obligations under the Transaction Documents in accordance with Good Industry Practice.

Property rights

The Issuer is required to: (i) ensure that it has available, by the appropriate time for the Project to be implemented in accordance with the Transaction Documents, all assets and rights required from time to time for that purpose including access to the Site, rights with respect to Intellectual Property and all relevant rights of possession or occupation, wayleaves, easements, rights of way, rights of ingress and egress (or their equivalent) necessary for the construction, operation and maintenance of the Project and any other related rights; (ii) ensure that such assets and rights are not subject to any leases, restrictions, wayleaves or other rights which may prevent, hinder or delay the implementation of the Project as described in the Transaction Documents (other than Permitted Security Interests); and (iii) do all that is necessary to safeguard and maintain such assets and rights, including complying with all contractual provisions and making all registrations which are required for that purpose.

Tax

The Issuer is required to: (i) ensure that all Tax returns required to be filed by it or on its behalf under any applicable law are filed when due and contain the information required by applicable law to be contained in them; (ii) pay when due all Taxes payable by it under applicable law except to the extent that it is contesting payment in good faith and by appropriate means; and (iii) maintain its tax residence in Italy and ensure that it is not resident or liable to tax in any other jurisdiction.

Hedging Documents

The Issuer may only enter into any form of hedging arrangement in accordance with the terms of the Hedging Policy. At or before the time that the Issuer enters into any Hedging Document with a Hedging Bank, the Issuer is required to ensure that the counterparty accedes as a Hedging Bank to the Common Terms Agreement and the STID.

Insurance

The Issuer is required to comply with the terms of the Common Terms Agreement.

Environmental matters

The Issuer is required to: (i) ensure that it has at the appropriate time each Environmental Licence required to carry out the Project as described in the Project Documents and that it maintains, and in all material respects complies with the terms of, such Environmental Licences; (ii) exercise its rights under the relevant Project Document to ensure that the EPC Contractor and the O&M Contractor have, at the appropriate time, each Environmental Licence required to carry out the Project as described in the Project Documents and that the EPC Contractor and the O&M Contractor maintain, and in all material respects comply with the terms of, such Environmental Licences; (iii) comply with, and carry out the Project as described in the Concession Agreement and all applicable Environmental Laws, Environmental Licences and all other regulations, consents and health and safety requirements that constitute Good Industry Practice; (iv) provide full details to the Project Adviser and the Technical Adviser of all material environmental tests and studies carried out by or on behalf of the Issuer in relation to the Project and the Site after the Issue Date and, upon request of the Project Adviser or Technical Adviser, details of any other (immaterial) environmental tests and studies carried out by or on behalf of the Issuer; and (v) take all action necessary to prevent Environmental Contamination originating at or from the SPV or the Site and is required to take reasonable steps to prevent Environmental Contamination that does not originate at or from the SPV or the Site from affecting the SPV or the Site.

Reinstatement

In respect of any event or circumstance which results in material loss or material damage to the SPV and subject to the provisions of the Concession Agreement, the Issuer shall within five (5) Business Days (or such longer period as agreed in writing with the Project Adviser) provide to the Project Adviser a draft Reinstatement Plan together with copies of all information submitted to: the Grantor (if any) (to the extent that the Reinstatement Works are not included within the ordinary maintenance works as listed in the Concession Agreement) and the contractor performing the Reinstatement Works, in each case in connection with the Reinstatement Plan and Reinstatement Works.

The Project Adviser (acting in consultation with the Technical Adviser and on the instructions, if any, of the Insurance Adviser or otherwise on the basis of the recommendations of the Technical Adviser) may raise objections to the Reinstatement Plan within ten (10) Business Days of receipt (or such longer period agreed in writing pursuant to the paragraph below).

If the Project Adviser (acting in consultation with the Technical Adviser and on the instructions, if any, of the Insurance Adviser, or otherwise on the basis of the recommendations of the Technical Adviser) raises objections to the Reinstatement Plan, the Issuer and the Project Adviser shall consult in good faith for a period of ten (10) Business Days or such other period not longer than twenty (20) Business Days agreed in writing between the Project Adviser and the Issuer in order to agree the Reinstatement Plan. If the Issuer and the Project Adviser (in consultation with the Technical Adviser and on the instructions, if any, of the Insurance Adviser or otherwise on the basis of the recommendations of the Technical Adviser) are unable to agree the Reinstatement Plan, then the Issuer or the Project Adviser shall refer the matters to the Expert for determination in accordance with the Common Terms Agreement.

Once a Reinstatement Plan is approved, or determined to be appropriate by an Expert, the Issuer shall provide monthly updates to the Project Adviser of the progress made with the Reinstatement Works, invoices (to the extent available) for the Reinstatement Works certified by the Technical Adviser during such period, and details of the consequences (or possible future consequences) of the physical loss or damage on the Project.

If the Issuer is permitted under this "*Reinstatement*" to reinstate all or part of the Project, the Issuer shall comply in all material respects with the requirements of the relevant Reinstatement Plan and diligently undertake and perform (or procure the performance of) the Reinstatement Works.

Project Accounts

The Issuer is required to: (i) ensure that all the Project Accounts are opened on or before the Issue Date and maintained with the Account Banks; and (ii) comply with the Pre-enforcement Priority of Payments provisions of the STID and with all of its obligations under or in connection with the Liquidity Management Agreement.

Use of Proceeds

The Issuer is required to use all proceeds of the issue of the Notes only for the purposes permitted under the Common Terms Agreement and the other Transaction Documents.

Accounting

The Issuer is required to procure that there are installed and maintained accounting, management information, financial modelling and cost control systems which are of such a standard which can produce the information required within the time set out in the Finance Documents or Project Documents and procure that there are maintained books of account and other records adequate to reflect fairly and accurately its financial condition, the results of its operations and to provide the reports required to be delivered pursuant to the Finance Documents or Project Documents.

Construction

Without prejudice to its other obligations under the Transaction Documents, the Issuer shall procure the Project is carried out: (i) in all material respects in accordance with the EPC Contract, the Concession Agreement and all other relevant Project Documents; and (ii) in accordance with Good Industry Practice and the relevant Technical Specifications agreed pursuant to the Project Documents.

The Issuer shall not: (i) other than as permitted pursuant to the Transaction Documents, deviate in any material respect from the Original Construction Programme, technical specifications and designs for the Project, in each case, set out in the EPC Contract; or (ii) incur any liability for any work other than as included in the amounts payable from time to time under the EPC Contract, the Interface Agreement and the O&M Contract as at the Issue Date, save in each case as permitted pursuant to the exercise of any right or discretion which is an Issuer Discretion Matter, or otherwise in accordance with the Finance Documents.

The Issuer shall not terminate the appointment of, or replace, any EPC contractor unless a replacement EPC contractor has been identified by the Issuer whose identity and terms of appointment is acceptable to the relevant Secured Creditors in accordance with the STID Decision Making Protocol.

The Issuer shall ensure that any replacement EPC contractor appointed pursuant to the Transaction Documents shall provide a performance bond and an advance payment bond (if applicable) in support of its obligations under the EPC Contract on the same or better terms as the EPC Performance Bonds and EPC Advance Payment Bonds (if applicable) provided by the EPC Contractor (if applicable) being replaced.

Key Milestones and Delay

Subject to the following paragraph, each Key Milestone will be met on or before the applicable Key Milestone Date in accordance with the Key Milestone Schedule to enable the Completion Date to occur on or before the Longstop Date.

The Key Milestone Schedule is as follows:

Key Milestone	Description	Scheduled Completion Date	Key Milestone Date
1	Lot 1 – Completion of the walls of the section crossing the industrial area of Castelgomberto	16/01/2020	30/04/2020
2	Lot 1 – Completion of all works except in relation to the Malo tunnel	11/09/2020	11/09/2020
3	Lot 2 – Completion of the section adjacent to the Cassola landfill	20/03/2019	21/11/2019
4	Lot 2 – Completion of all works	10/09/2020	11/09/2020
5	Lot 3 – Completion of the intersection with the A27 road	15/07/2020	31/08/2020
6	Lot 3 – Completion of all works	11/09/2020	11/09/2020
7	Malo Tunnel – Earthworks	27/02/2020	06/04/2020

8	Malo Tunnel – Equipment	07/09/2020	08/09/2020
9	Malo Tunnel – Commissioning	11/09/2020	11/09/2020
10	Tolling system – Design completion and start of manufacturing	02/05/2017	26/05/2017
11	Tolling system – Start of installation	01/09/2017	20/06/2018
12	Tolling system – Commissioning	04/09/2020	06/09/2020

Following the occurrence of a delay, or a projected delay, of more than ten (10) days to achieving a Key Milestone by the relevant Key Milestone Date as set out in the Key Milestone Schedule (any projected delay determined by the Issuer acting after consultation with the Technical Adviser) the Issuer shall: (i) deliver a notice to the Project Adviser informing it of such delay, and promptly post (or procure the Designated Posting of such notice) on the relevant Designated Website; (ii) prepare and submit to the Project Adviser a remedial plan (and procure the Designated Posting of the same) for remedy of such delay (prepared in consultation with the Technical Adviser) by the earlier to occur of the expiry of (x) such ten (10) day period and (y) five (5) days of becoming aware of the delay or projected delay or such longer period as agreed in writing between the Issuer and the Project Adviser; and (iii) use all reasonable endeavours to comply with all terms of any agreed remedial plan (otherwise than as may be agreed with the Technical Adviser).

If each of the Technical Adviser and the Project Adviser do not cause any objections or queries in relation to the remedial plan within ten (10) Business Days of receipt of the plan it shall be deemed to be agreed. If the Technical Adviser or the Project Adviser does raise any objections or queries, the Issuer, and the Technical Adviser or the Project Adviser (as appropriate) shall consult in good faith for up to five (5) Business Days or such other period not longer than twenty (20) Business Days as agreed in writing between the Issuer and the Project Adviser. If the Issuer and the Project Adviser (in consultation with the Technical Adviser) are unable to agree following such consultation on the form of the remedial plan, the Project Adviser shall refer the same for determination by the Expert.

Final Completion

The Issuer must not agree that any Completion of Works has occurred if the Technical Adviser has objected to such Completion in accordance with the provisions of the relevant Project Documents.

Maintenance and Operations

Without prejudice to its other obligations under the Transaction Documents, the Issuer shall procure that the SPV is operated and maintained: (i) in all material respects in accordance with the terms of the O&M Contract, the Concession Agreement and all other relevant Project Documents; (ii) as contemplated in (and permitted under) the Transaction Documents; (iii) in compliance with "*Project Budgets*"; and (iv) in all respects in accordance with any requirements of the Insurances, and shall ensure that all maintenance is carried out so as to cause minimum disruption to the operation of the SPV, or otherwise consented to in writing by the Project Adviser (acting in consultation with, and on the basis of the recommendations of, the Technical Adviser).

The Issuer shall not terminate the appointment of, or replace, any O&M Contractor unless a replacement O&M Contractor has been appointed by the Issuer whose identity and terms of appointment is acceptable to the Secured Creditors pursuant to the STID Decision Making Protocol.

The Issuer shall ensure that any replacement O&M Contractor appointed pursuant to the Transaction Documents shall provide credit support (if applicable) in support of its obligations under the O&M Contract on the same or better than the credit support provided by the O&M Contractor being replaced.

Letter of Credit and performance security

The Issuer shall, should an issuer of a letter of credit, insurance guarantee, advance payment bond or performance bond issued in support of the obligations of the EPC Contractor under the EPC Contract, any Shareholder under the Equity Contribution and Subordination Agreement or the O&M Contractor under the O&M Contract, cease to be an Acceptable Entity, promptly notify the Project Adviser of such occurrence and procure that such letter of credit, insurance guarantee, advance payment bond or

performance bond is replaced with a letter of credit, insurance guarantee, advance payment bond or performance bond (as the case may be) issued by an Acceptable Entity or, in the case of a performance bond, call such performance bond, in each case, in accordance with the terms of the relevant Transaction Document.

The Issuer shall procure and ensure that each letter of credit, insurance guarantee, advance payment bond or performance bond referred to in the paragraph above is available to be drawn on written demand, and on its expiry, provided that the underlying obligations are still outstanding, replaced with a letter of credit, insurance guarantee, advance payment bond or performance bond (as the case may be) in accordance with the respective terms of the relevant Transaction Document and issued by a financial institution which is an Acceptable Entity and if not so replaced in accordance with the terms of the relevant Transaction Document, or otherwise on or before the date falling twenty (20) Business Days prior to its expiry date, is capable of being called.

Centre of Main Interests

The Issuer shall maintain its centre of main interests for the purpose of Regulation (EU) No. 2015/848 on insolvency proceedings (Recast Insolvency Regulation) in Italy and shall ensure that it does not have an establishment for the purposes of the above mentioned Regulation (EU) No. 2015/848 in any jurisdiction other than Italy.

Notices to Secured Creditors

The Issuer is required to deliver not less than three (3) Business Days before the time of publication to the Note Trustee, the Security Agent and the Project Adviser a copy of each notice which it proposes to give to the Noteholders pursuant to the Conditions. The Issuer is also required to deliver to the Note Trustee, the Security Agent and the Project Adviser, a copy of each such notice as soon as reasonably practicable, following publication if such notice is different from the previously mentioned notice.

Preservation of Assets

The Issuer is required to maintain in good working order and condition (ordinary wear and tear excepted) or procure that others maintain all of its assets necessary or desirable in order for it to perform its obligations under the Transaction Documents where any failure to do so would have a Material Adverse Effect.

Funding Shortfall Certificate

The Issuer shall, on each 30 June and 31 December prior to the Completion Date, prepare and deliver to the Project Adviser, a Funding Shortfall Certificate which shall certify whether, at the date of such certificate a Funding Shortfall exists and shall include sufficient information to enable the accuracy of the Funding Shortfall calculations to be verified.

If the Project Adviser does not raise any objections or queries relating to the Funding Shortfall Certificate within fifteen (15) Business Days of receipt of the same, it shall be deemed approved by the Secured Creditors.

The Issuer shall prepare the Funding Shortfall Certificate in consultation with the Technical Adviser with respect to the technical aspects of the certificate including the Construction Costs and shall provide the Project Adviser with a written certificate, signed by the Technical Adviser, of the accuracy of the calculation of the Construction Costs and of the Operating Costs.

If the Project Adviser raises any objections or queries relating to the Funding Shortfall Certificate they shall be discussed in good faith between the Project Adviser and the Issuer. If the Project Adviser requests changes to the Funding Shortfall Certificate and the Issuer agrees with those changes, the Issuer shall prepare a revised Funding Shortfall Certificate reflecting such requested changes which shall then become the Funding Shortfall Certificate. If the Issuer does not agree such changes within three (3) Business Days of receipt thereof or such other period not longer than twenty (20) Business Days as agreed in writing between the Issuer and the Project Adviser, the Issuer shall refer the same to the determination of the Expert.

If either the Issuer or the Project Adviser are of the opinion that, following a Default or an event having a Material Adverse Effect, or if there is reason to believe (acting reasonably) that any of the Assumptions used in the most recent Funding Shortfall Certificate are no longer valid, then an updated Funding Shortfall Certificate shall be promptly prepared by the Issuer and agreed.

Agents and Advisers

The Issuer is required to maintain a Technical Adviser, an Insurance Adviser, the Account Banks, a Project Adviser, a Custodian, a Principal Paying Agent, a Registrar, a Calculation Agent and other Paying and Transfer Agents as described in the Conditions and maintain such other agents as may be required by the Conditions or by any other stock exchange (not being the Stock Exchange) on which the Notes may be listed.

Notwithstanding the above paragraph, if at any time, the Junior Noteholders are the Qualifying Secured Creditors or the Senior Liabilities have been discharged in full, the Issuer shall maintain the appointment of a Project Adviser, and if the Issuer fails to maintain such appointment within 90 days of the Junior Noteholder's request, the Junior Noteholders may (in consultation with and at the cost of the Issuer) require the Issuer to appoint such agent or adviser as they may require to act as Project Adviser in connection with the Project and the Transaction Documents.

Waiver of Immunity

To the extent that the Issuer may in any jurisdiction claim for itself or its assets immunity from suit, execution, attachment (whether in aid of execution, before judgement or otherwise) or other legal process and to the extent that in any such jurisdiction there may be attributed to itself or its assets such immunity (whether or not claimed) the Issuer hereby irrevocably and unconditionally agrees not to claim and hereby irrevocably and unconditionally waives such immunity in respect of itself or its assets to the fullest extent permitted by the laws of such jurisdiction. The Issuer agrees to ensure that no such claim is made on its behalf and it consents generally to the giving of any relief or the issue of any process in connection with any such proceedings to the maximum extent permitted under applicable law.

Nomination of Account Bank

Following termination of the appointment of either Account Bank as a result of a failure to maintain the Required Rating as described in "*Replacement of the English Account Bank*" of the English Account Bank Agreement, in respect of the English Account Bank and "*Replacement of the Italian Account Bank*" of the Italian Account Bank Agreement in respect of the Italian Account Bank, the Issuer is required to appoint a respective successor Account Bank with the Required Rating. If a substitute Account Bank has not been appointed within thirty (30) days in accordance with the provisions of the relevant Account Bank Agreement, the Project Adviser is required to use its reasonable endeavours to appoint a substitute Account Bank with the Required Rating.

Condition Subsequent

The Issuer is required to deliver certain conditions subsequent with respect to the perfection of certain security interests, in compliance with the terms and conditions set out in the Common Terms Agreement and the relevant Security Document, by no later than the relevant expiry of the time periods specified in the Common Terms Agreement.

Negative Undertakings

Nature of business and amendments to Constitutional Documents

The Issuer must not: (i) change the nature of its business or otherwise engage in, carry on, or have any interest in, any business or activity (other than the Permitted Business); (ii) suspend or cease to carry on all or a material part of its business other than any suspension in respect of (and to the extent caused by) the occurrence of a Force Majeure Event; or (iii) amend its constitutional documents without the prior written approval of the Project Adviser or the Security Agent pursuant to the STID Decision Making Protocol, unless required by a Requirement of Law, to give effect to a change of its registration name or required to effect a capital increase or a transfer of its shares in accordance with the Finance Documents.

Amendments to Transaction Documents

The Issuer shall not amend, vary, waive or modify or agree to the amendment, variation, waiver or modification of any Project Document, unless such action is required by any applicable Law or regulation or is expressly permitted under the Finance Documents (including pursuant to the exercise of a relevant Issuer Discretion Matter).

The Issuer shall not (other than to the extent permitted under the STID) amend vary, waive or modify or agree to the amendment, variation, waiver or modification of any VAT Document or the Liquidity Management Agreement without the prior written consent of the Security Agent or the Project Adviser (as applicable) pursuant to the STID Decision Making Protocol.

The Issuer is not permitted to: (i) assign any of its rights or transfer any of its obligations under any Transaction Document in whole or in part, except as permitted by the Finance Documents; or (ii) agree to any other party to any Transaction Document assigning any of its rights or transferring any of its obligations under any Project Document in whole or in part, except as permitted by the Transaction Documents or pursuant to a Requirement of Law.

Settlement of Claims

The Issuer must not (other than pursuant to the exercise of a relevant Issuer Discretion Matter) settle or compromise without the prior written consent of the Security Agent or the Project Adviser (as applicable) pursuant to the STID Decision Making Protocol: (a) any claim with respect to any Project Document (other than the Concession Agreement) where the value of such claim exceeds two million euros (EUR 2,000,000) (indexed) or where the aggregate value of all such claims is in excess of four million euros (EUR 4,000,000) (indexed); (b) any claim with respect to the Concession Agreement where the value of such claim exceeds two million euros (EUR 2,000,000) (indexed); nor (c) any litigation, arbitration or administrative proceedings which fall within "*Proceedings*", provided that this "*Settlement of Claims*" shall not apply to any claim made against the Issuer by a counterparty to a Project Document where the Issuer has also fully and finally settled an equivalent claim against a counterparty to another Project Document such that the Issuer is kept whole in respect of such settlement.

Negative pledge

The Issuer is not permitted to: (i) create or permit to subsist any Security Interests over any of its assets; (ii) 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; (iii) sell, transfer or otherwise dispose of any of its receivables on recourse terms, except for the discounting of bills and notes in the ordinary course of trading; (iv) 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; and (v) enter into any other preferential arrangement having a similar effect, in circumstances where the transaction is entered into primarily as a method of raising Financial Indebtedness. This restriction does not apply to any Security Interest or (as the case may be) Quasi-Security which is a Permitted Security Interest, a Permitted Transaction, a Permitted Disposal or a Permitted Financial Indebtedness.

Disposals

The Issuer is not permitted to enter into a single transaction or a series of transactions (whether related or not and whether voluntary or involuntary) to sell, lease, transfer or otherwise dispose of any asset other than a sale, licence, transfer or other disposal which is a Permitted Disposal.

Restriction on payments to the Distribution Account

The Issuer must not transfer any monies to the Distribution Account or otherwise make any Shareholder Restricted Payment unless it has previously duly certified to the Project Adviser, the Security Agent and the Note Trustee that the Shareholder Restricted Payment Conditions are satisfied and the Pre-enforcement Priority of Payments is complied with.

Expenditure

The Issuer is not permitted to incur or agree to incur any expenditure except: (i) in connection with the exercise of an Issuer Discretion Matter; (ii) as envisaged by a Project Document and not prohibited by a Finance Document; (iii) as envisaged in the relevant Budget and not exceeding (A) 102% of the budgeted amount in relation to each line item in the current Project Budget; or (B) 102% of the aggregate costs contained in the relevant current Project Budget; (iv) in accordance with Good Industry Practice, to avoid or mitigate the risk of injury or material damage in an Emergency; or (v) with the prior written consent of the Security Agent or the Project Adviser (as applicable) pursuant to the STID Decision Making Protocol.

No other interests or investments

The Issuer must not: (i) form, acquire or have any Subsidiary; or (ii) acquire (or agree to acquire) any share, stocks, loan capital, securities or interests in or of any company, business or undertaking, or of any other person, or any other investment, except for Authorised Investments, Authorised Escrow Account Investments or in connection with the Permitted Business and, in each case, in accordance with the Finance Documents at all times, other than, in each case, with the prior written consent of the Security Agent or the Project Adviser (as applicable) pursuant to the STID Decision Making Protocol.

Financial Indebtedness

The Issuer is not permitted to incur, agree to incur or have outstanding any Financial Indebtedness other than a Permitted Transaction or Permitted Financial Indebtedness.

Loans and guarantees

The Issuer must not: (i) make any loan, or provide any form of credit or financial accommodation, to any person; (ii) be a creditor in respect of any Financial Indebtedness; or (iii) give or issue any guarantee, indemnity, bond, letter of credit or other financial assistance to or for the benefit of, or in respect of liabilities or obligations of, any other person or voluntarily assume any liability (whether actual or contingent) of any other person. This restriction does not apply to: (i) any Permitted Transaction; or (ii) loans, guarantees, indemnities, bonds and letters of credit under or expressly permitted by the Transaction Documents or (iii) as otherwise approved by the Security Agent or the Project Adviser (as applicable) pursuant to the STID Decision Making Protocol.

New agreements

The Issuer shall not enter into any new agreement except for: (i) the Transaction Documents; (ii) subject to the following paragraph, an agreement entered into to give effect to an Issuer Discretion Matter, any agreements expressly permitted by the Finance Documents (including pursuant to "Expenditure") or expressly required under the Project Documents as disclosed herein, agreements where the value of the aggregate liability assumed by the Issuer under all such agreements in any one year does not exceed EUR 500,000, or with the prior written consent of the Security Agent or the Project Adviser (as applicable) pursuant to the STID Decision Making Protocol.

The Issuer shall not enter into any agreement, transaction or other arrangement with or for the benefit of any other person (including any of its Affiliates) other than in the ordinary course in connection with the Permitted Business, for full market value and on arm's length commercial terms.

Merger

The Issuer must not: (i) enter into any amalgamation, demerger, merger; (ii) corporate restructuring, other than in the circumstances permitted in the Finance Documents; and (iii) other than entering into the Transaction Documents, or in the circumstances permitted in the Transaction Documents or the Concession Agreement, 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, in each case without the prior consent of the Security Agent or the Project Adviser (as applicable) pursuant to the STID Decision Making Protocol.

Share capital

Except to the extent expressly permitted by the Finance Documents, a Requirement of Law or otherwise with the prior consent of the Security Agent or the Project Adviser (as applicable) pursuant

to the STID Decision Making Protocol, the Issuer must not (other than to give effect to a transfer of Shares by Itinere to a Reference Holder): (i) grant to any person any option, warrant or other right to call for the issue or allotment of, subscribe for, purchase or otherwise acquire any share or loan capital of the Issuer (including any right of pre-emption, conversion or exchange); (ii) alter any right attaching to any share or loan capital of the Issuer; or (iii) reduce, cancel, repay, purchase or redeem any of its share capital.

Taxation

The Issuer must not surrender or dispose of any Tax losses or allowances (other than in accordance with the VAT Receivables Agreement) to any other person without the prior written consent of the Security Agent or the Project Adviser (as applicable) pursuant to the STID Decision Making Protocol.

Auditors and Financial Year End

The Issuer is not permitted, without the prior written consent of the Security Agent or the Project Adviser (as applicable) pursuant to the STID Decision Making Protocol to change its Auditors or its Financial Year End.

Protection of Security

The Issuer must not do, or consent to the doing of, anything which could reasonably be expected to prejudice the validity, enforceability or priority of any of the Security Interests created pursuant to the Security Documents.

Corrupt Gifts

Neither the Issuer, nor any of its employees will give, offer, promise or authorise or agree to give, offer, promise or authorise (directly or indirectly) to any person employed by or on behalf of the Grantor or the relevant Governmental Authority, or any other public body, any improper, dishonest or unlawful gift, commission or consideration in respect of the Project; and neither the Issuer nor any of its employees shall pay or agree to pay any improper, dishonest or unlawful commission or consideration in connection with any Project Document.

No such breach shall arise where the act is committed by an employee of the Issuer acting independently of his/her principal or employer, provided that within fifteen (15) days of becoming aware of the act, the relevant principal or employer removes the relevant person from the Project and (if necessary) procures the performance of the relevant part of the Project by another person.

Bank Accounts

The Issuer is required not to open or maintain any bank account other than the Permitted Accounts, and a custody account opened with the Custodian after the Issue Date in connection with the Liquidity Management Transaction Custody Agreement, provided that on or before the date such account is opened the Issuer delivers to the Security Agent: (i) an executed copy of an account charge in respect of such custody account (on substantially the same terms as the English Account Charge Agreement) (the **“Custody Account Charge”**) (ii) a certified copy of all internal approvals and corporate resolutions necessary (if any) to authorise the Issuer to execute and perform its obligations under the Custody Account Charge and any related documents and transactions contemplated thereunder (iii) a legal opinion in form and substance acceptable to the Security Agent in relation to the enforceability of the Custody Account Charge; and (iv) a legal opinion in form and substance acceptable to the Security Agent in relation to the power and capacity of the Issuer to enter into the Custody Account Charge.

Financial Covenants and Equity Cure

Potential Noteholders are advised to read this section particularly carefully to understand the nature of an investment in the Notes.

Financial Ratio Calculations

The Issuer is required to calculate the DLCR as at each relevant Calculation Date and the Historic DSCR and the Projected DSCR as at each relevant Calculation Date.

The Historic DSCR will be prepared on a basis consistent with its then current Financial Statements.

The Projected DSCR will be calculated based on the projections used in the most recent Financial Model delivered in accordance with "Semi-annual Operating Financial Model".

The DLCR will be calculated based on the projections used in the most recent Financial Model delivered in accordance with "Semi-annual Operating Financial Model", provided that amounts standing to the credit of the Proceeds Account and the Debt Service Reserve Account will be deducted for the purposes of such calculation. The Issuer undertakes to provide promptly upon request such information as may be required by the Project Adviser with respect to evidencing the amount of cash standing to the credit of the Proceeds Account and the Debt Service Reserve Account for the purposes of the calculation of DLCR as contemplated in this paragraph.

Debt to Equity Ratio

The Issuer shall ensure that the Debt to Equity Ratio is no greater than 75:25 on each Drawing Request Date.

Financial Covenants

The Issuer undertakes to procure that the DLCR is not less than 1.20x in respect of the most recent Calculation Date.

The Issuer undertakes to procure that following the Operations Commencement Date: (i) the Historic DSCR is not less than 1.15x in respect of the most recent Calculation Date; and (ii) the Projected DSCR is not less than 1.15x in respect of the most recent Calculation Date.

Equity Cure

If at any time: (i) a Funding Shortfall Certificate delivered to the Project Adviser by the Issuer in accordance with the Common Terms Agreement shows that a Funding Shortfall has occurred and is continuing; or (ii) a Compliance Certificate is delivered to the Project Adviser on a Calculation Date in accordance with the Common Terms Agreement, in respect of any period, shows that a Financial Ratio Default has occurred and is continuing, then, in each case, the Shareholder(s) may in their sole discretion provide or procure the provision of Additional Equity in an amount at least sufficient for the amount that is necessary: (a) in the case of (i) above, to cure the relevant Funding Shortfall by applying that amount to cure the event or circumstance giving rise to such Funding Shortfall; or (b) in the case of (ii) above, to cure the relevant Financial Ratio Default by applying that amount (the "**Equity Cure Amount**") in prepayment of the Senior Notes in accordance with Condition 7 (*Redemption*).

The exercise of the Equity Cure Right in the case of (ii) above, shall be limited to no more than two times in any continuous period of five calendar years and may not be exercised in respect of any two consecutive Calculation Dates.

Any Equity Cure Amount may only be taken into account to remedy the relevant Financial Ratio Default if the Equity Cure Amount is applied in prepayment of the Senior Notes in accordance with Condition 7 (*Redemption*) on or prior to the date falling thirty (30) Business Days after the delivery of the relevant Compliance Certificate.

On application of an Equity Cure Amount in accordance with the previous three paragraphs to remedy any Financial Ratio Default: (i) in relation to the Historic DSCR, then such ratio will be re-calculated on a pro forma basis as if the Equity Cure Amount was deemed to have been applied towards increased

CFADS during the relevant Historic Period; (ii) in relation to the Projected DSCR, then such ratio will be re-calculated on a pro forma basis as if the Equity Cure Amount was deemed to have been applied towards CFADS during the relevant Calculation Period; and (iii) in relation to the DLCR, then such ratio will be re-calculated on a pro forma basis as if the Equity Cure Amount was deemed to have been applied towards a partial prepayment of Senior Debt on a pro rata basis and at par such that the new debt amortisation profile resulting from such partial prepayment was used in the calculation of Debt Service on the relevant Calculation Date.

Consequences of an Equity Cure

If, following the application of an Equity Cure Amount as described in "Equity Cure", the applicable Financial Ratio specified in "Financial Ratio Calculations" is re-calculated, the breach has been prevented or cured, that Financial Ratio will be deemed to have been satisfied on the date of the relevant Compliance Certificate as though no breach had ever occurred and any related Financial Ratio Event of Default will be deemed not to occur or have occurred, as applicable.

Additional Junior Notes Equity Cure

If an Additional Junior Notes Event has occurred and is continuing, and the Junior Noteholders have agreed pursuant to Condition 14 (*Option to Request Issuance of Additional Junior Notes*) to the issuance of the Additional Junior Notes, then the Issuer shall use its best endeavours to give effect to such resolution of the Junior Noteholders.

The proceeds of any Additional Junior Notes shall in accordance with the Conditions:

- (i) in the case of a Funding Shortfall, be applied to cure the event or circumstance giving rise to such Funding Shortfall to the satisfaction of the Technical Adviser; or
- (ii) in the case of a Financial Ratio Default, be applied in prepayment of the Senior Notes in accordance with Condition 7 (*Redemption*), and in such case:
 - (A) in relation to the Historic DSCR, such ratio will be re-calculated on a pro forma basis as if such proceeds were deemed to have been applied towards increased CFADS during the relevant Historic Period;
 - (B) in relation to the Projected DSCR, such ratio will be re-calculated on a pro forma basis as if such proceeds were deemed to have been applied towards CFADS during the relevant Calculation Period; and
 - (C) in relation to the DLCR, such ratio will be re-calculated on a pro forma basis as if such proceeds were deemed to have been applied towards a partial prepayment of Senior Debt on a pro rata basis and at par such that the new debt amortisation profile resulting from such partial prepayment was used in the calculation of Debt Service on the relevant Calculation Date,

in each case, once the relevant Financial Ratio is re-calculated, if the breach has been prevented or cured, that Financial Ratio shall be deemed to have been satisfied on the date of the relevant Compliance Certificate as though no breach had ever occurred and any related Financial Ratio Default shall be deemed not to occur or have occurred, as applicable.

Minor Contracts

The Issuer has prior to the Issue Date entered into certain Minor Contracts. Given that these contracts are not material in connection with the Project, certain obligations that the Issuer is otherwise obliged to comply with in respect of the Transaction Documents shall not apply to such Minor Contracts, including certain covenants, undertakings and Events of Default.

Events of Default

Potential Noteholders are advised to read this section particularly carefully to understand the nature of an investment in the Notes.

The Common Terms Agreement will contain the "Events of Default" with respect to us (which are summarized below). Each event is an independent Event of Default and can arise irrespective of the occurrence or non-occurrence of any other Event of Default.

Non-payment by the Issuer

The Issuer does not 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 unless: (i) its failure to pay is caused by administrative or technical error; and (ii) payment is made within 3 Business Days of its due date, provided that, any non-payment of interest in respect of the Junior Notes immediately before an Election Notice is delivered pursuant to Condition 5.7(d) shall not constitute an Event of Default.

Financial Ratios

As at any Calculation Date: (a) the DLCR is less than 1.20x; (b) the Historic DSCR is less than 1.15x; or (c) the Projected DSCR is less than 1.15x, unless the Shareholder(s) exercise any Equity Cure Right or the Junior Noteholders exercise any Additional Junior Notes Equity Cure, in each case, in accordance with the Common Terms Agreement.

Material Breach

The Issuer commits any breach of any of certain clauses of the Common Terms Agreement, provided that no Event of Default will occur if 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 the Security Agent giving notice to the Issuer of the failure to comply, or the Issuer becoming aware of its failure to comply.

Breach of Finance Document obligations

- (a) Subject to paragraph (d) below, and except as otherwise expressly provided for in "Events of Default":
 - (i) the Issuer (or any other Major Project Party) does not comply with any of its obligations under the Finance Documents to which it is a party;
 - (ii) any representation made by the Issuer (or any other Major Project Party) under or in connection with any Finance Document is or proves to have been incorrect or misleading in any material respect when made or deemed to have made; or
 - (iii) any rescission, repudiation, cancellation or termination in respect of a Finance Document or the application of any equivalent concept under Italian law resulting in any such document ceasing to have legal effect (including for public interest reasons).
- (b) Subject to paragraph (d) below, a Shareholder or Sponsor (as applicable) does not pay, or procure there is paid, within five (5) Business Days of the due date any amount payable by it under the Equity Contribution and Subordination Agreement in the manner required under that agreement unless the non-payment:
 - (i) is caused by a technical or administrative failure; and
 - (ii) is remedied within three (3) Business Days of the Security Agent giving notice to the Shareholder or the Sponsor of the failure to pay.
- (c) The Issuer, any Shareholder or any Sponsor does not perform its obligations (other than in relation to the making of payments) under the relevant Finance Documents on the due date for performance and if such non-compliance is capable of remedy it is not remedied to the satisfaction of the Security Agent within fifteen (15) Business Days of the earlier of:
 - (i) the Project Adviser or the Security Agent becoming aware of such non-compliance; or
 - (ii) the Project Adviser or the Security Agent giving notice of such non-compliance to the Issuer.
- (d) No Event of Default under this "Breach of Finance Document obligations" will occur:

- (i) subject to paragraph (ii) below, if any such failure is capable of remedy and is remedied to the satisfaction of the Security Agent within thirty (30) Business Days of the earlier of the Security Agent giving written notice to the Issuer of such failure, or the Issuer becoming aware of such failure; or
- (ii) in respect of a failure:
 - (A) of any Shareholder to comply with its obligations under “*Equity Contributions*” of the Equity Contribution and Subordination Agreement;
 - (B) of the Issuer to comply with the Debt to Equity Ratio provision of the Common Terms Agreement,

provided that, in each case, the aggregate ECSA Equity Contributions which have been paid to the Issuer in accordance with the Equity Contribution and Subordination Agreement is equal to or exceeds an amount equal to Euro 150,000,000 and the Equity Shortfall Step-Up under and in accordance with Condition 5.2 (*Junior Notes*) has been triggered, or such failure is otherwise remedied following receipt of the amount demanded under a relevant Equity LC in accordance with the Equity Contribution and Subordination Agreement.

Breach of the Project Documents (other than the Concession Agreement)

The rescission, repudiation, cancellation or termination of the Interface Agreement, the EPC Contract or the O&M Contract or the application of any equivalent concept under Italian law resulting in any such document ceasing to have legal effect (including for public interest reasons).

The Issuer fails to exercise any accrued right to terminate the Interface Agreement, the EPC Contract or the O&M Contract where required to do so by the Project Adviser pursuant to the Reserved Discretions, or where the circumstances giving rise to the occurrence of such right have, or could reasonably be expected to have, a Material Adverse Effect.

The Issuer fails to exercise any right or discretion to make a demand under any EPC Performance Bond, EPC Advance Payment Bond or O&M Performance Bond where required to do so by the Project Adviser pursuant to the Reserved Discretions provisions of the Common Terms Agreement, or where the circumstances giving rise to the occurrence of such right have, or could reasonably be expected to have, a Material Adverse Effect.

Any counterparty issues a termination notice in respect of the EPC Contract, the Interface Agreement or the O&M Contract to the extent such termination notice has not been revoked prior to the Security Agent commencing any action as described in "Consequences of Events of Default".

Except as otherwise provided in "Events of Default", any Major Project Party fails to comply with any covenant or undertaking applicable to it under any Transaction Document to which it is a party, provided that, no Event of Default will occur if the failure to comply is capable of remedy and is remedied to the satisfaction of the Security Agent within 30 Business Days of the earlier of the Security Agent giving written notice to the relevant Major Project Party of the failure to comply, or the relevant Major Project Party becoming aware of its failure to comply.

Unlawfulness and unenforceability of the Transaction Documents

It is or becomes unlawful for: (i) the Issuer to perform or comply with any of its obligations under any Finance Document; or (ii) any Major Project Party (other than the Issuer) or the Grantor to perform or comply with any of its obligations under any Transaction Document to which it is a party (unless the unlawfulness of the relevant obligation(s) would or could not reasonably be expected to have a Material Adverse Effect).

The obligations of: (i) the Issuer under any Finance Document are not or cease to be legal, valid, binding and enforceable; or (ii) any Major Project Party (other than the Issuer) or the Grantor under any Transaction Document to which it is a party are not or cease to be legal, valid, binding and enforceable against the relevant party (unless the Security Agent determines that such occurrence would or could not reasonably be expected to have a Material Adverse Effect).

Concession Events

Any of the following events with respect to the Concession Agreement occurs: (i) the Concession Agreement or the Second Additional Deed (*Atto Aggiuntivo*) is terminated or revoked, in whole or in part, or a party withdraws from the Concession Agreement or the Second Additional Deed (*Atto Aggiuntivo*), in each case, in accordance with its terms, including for public interest reasons and following the issuance of any termination notice provided for by Article 19 of the Concession Agreement or the Second Additional Deed (*Atto Aggiuntivo*); (ii) it becomes unlawful for the Issuer to perform any of the material terms of the Concession Agreement or the Second Additional Deed (*Atto Aggiuntivo*); (iii) the Concession Agreement or the Second Additional Deed (*Atto Aggiuntivo*), in whole or in part, is declared by any Competent Authority to cease to have legal effect, including circumstances where the Concession Agreement or the Second Additional Deed (*Atto Aggiuntivo*) is annulled or expires, in whole or in part by order of any Competent Authority; (iv) the Concession Agreement or the Second Additional Deed (*Atto Aggiuntivo*) ceases to be held by the Issuer or any successor thereof; (v) on any date on which a Grant or Availability Payment is due to be received by the Issuer under the Concession Agreement or the Second Additional Deed (*Atto Aggiuntivo*), the Grantor has failed to pay an aggregate amount equal to EUR 50,000,000 of the total amount of Grants payable by the Grantor as at the Issue Date, and any amount comprising such aggregate unpaid amount has not been paid to the Issuer within 210 days after first becoming due or failed to pay an aggregate amount equal to or more than 35% of the Availability Payments which due to be payable to the Issuer during the previous rolling six month period and any amount comprising such unpaid amount has not been paid to the Issuer within 90 days after becoming due; or (vi) either the Issuer or the Grantor fail to comply with any of their material obligations under the Concession Agreement or the Second Additional Deed (*Atto Aggiuntivo*); or (vii) the Concession Agreement or the Second Additional Deed (*Atto Aggiuntivo*) is amended other than in accordance with Finance Documents.

Delayed Completion of Works

The Completion Date has not occurred by the Longstop Date.

The Security Agent notifies the Issuer that it has been informed in writing by the Technical Adviser (copied to the Issuer) that, in the reasonable opinion of the Technical Adviser, there is no prospect of the Completion Date occurring by the Longstop Date.

Abandonment, Suspension or Destruction

The Issuer abandons all or any part of the Works.

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 other than any suspension in respect of (and to the extent caused by) the occurrence of a Force Majeure Event.

All or a material part of the SPV is damaged or destroyed and a Reinstatement Plan acceptable to the Security Agent (acting in consultation with the Technical Adviser and on the instructions of the Insurance Adviser) is not approved, deemed to be approved or determined following a decision of the Expert within twenty (20) Business Days.

Cross default

Any: (i) Financial Indebtedness of the Issuer is not paid when due nor within any originally applicable grace period; (ii) 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); (iii) any commitment for any Financial Indebtedness of the Issuer is cancelled or suspended by a creditor of that entity (as the case may be) as a result of an event of default (however described); and/or (iv) any creditor of the Issuer (other than the Secured Parties) becomes entitled to declare any Financial Indebtedness due and payable prior to its specified maturity as a result of an event of default (however described) subject to any applicable cure period; unless the aggregate amount of such Financial Indebtedness or commitment for such Financial Indebtedness is less than five million euros (EUR 5,000,000) (indexed).

Insolvency

Any of the following occurs in respect of the Issuer: (i) the Issuer is (or is deemed by any law or court to be) unable or admits inability to pay its debts as they fall due, stops or suspends (or announces an intention to stop or suspend) making payments on any of its debts or, 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 or makes a general assignment for the benefit of or a composition with its creditors; or (ii) a moratorium is agreed, declared or comes into force in respect of any indebtedness of the Issuer; or (iii) any of the circumstances contemplated under Article 2447 or 2482-ter of the Italian Civil Code occurs with respect to the Issuer and is not remedied in accordance with applicable law.

Any of the circumstances under the previous paragraph occurs in respect of a Major Project Party (other than the Issuer) to the extent it has a Material Adverse Effect.

Any step is taken or event occurs in any jurisdiction which would have an analogous or equivalent effect to those set out in the above paragraphs.

This "Insolvency" shall not apply to any Major Project Party that has fully discharged all its obligations and liabilities under the Transaction Documents to the satisfaction of the Security Agent.

Insolvency proceedings

Any formal corporate action, legal proceedings or other procedure or step is taken in relation to: (i) the bankruptcy, liquidation or final solvent dissolution of any Major Project Party; (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 any Major Project Party; (iii) a composition, compromise, assignment or arrangement with any creditor of any Major Project Party; (iv) the appointment of a liquidator, receiver, administrative receiver, administrator, compulsory manager or other similar officer in respect of any Major Project Party or any of its assets; or (v) enforcement of any Security Interests over any assets of any Major Project Party, or any procedure or step is taken in any jurisdiction which would have an analogous or equivalent effect.

The above paragraph above shall not apply to any proceedings which are frivolous or vexatious and which are discharged, stayed or dismissed within forty-five (45) days of commencement.

This "Insolvency proceedings" shall not apply to any Major Project Party that has fully discharged all its obligations and liabilities under the Transaction Documents to the satisfaction of the Security Agent.

Creditors' process

Any expropriation, attachment, sequestration, distress or execution or other analogous process affects any asset or assets of the Issuer, the value of which exceeds three million euros (EUR 3,000,000) and which process is not discharged within sixty (60) days of being commenced.

Any expropriation, attachment, sequestration, distress, execution or analogous event affects any assets of any Major Project Party (other than the Issuer) or other creditors' process against any such Major Project Party, which has a Material Adverse Effect.

The above paragraph shall not apply to the extent that any process referred to therein is frivolous or vexatious and the relevant process is discharged within forty five (45) days of being commenced.

This "Creditors' process" shall not apply to any Major Project Party that has fully discharged all its obligations and liabilities under the Transaction Documents to the satisfaction of the Security Agent.

Security

Subject to the Legal Reservations, any Security Document is not in full force and effect or does not create in favour of the Security Agent for the benefit of the Secured Creditors the Security Interests which it is expressed to create with the ranking and priority it is expressed to have.

Nationalisation

Any person with competent jurisdiction takes any step (without the prior written consent of the Security Agent) with a view to the seizure, compulsory acquisition by government, expropriation or nationalisation (whether or not for fair compensation) of all or a material part of the assets or shares of the Issuer.

Funding Shortfall

It is determined as described in "Funding Shortfall Certificate" that a Funding Shortfall exists, provided that no Event of Default will occur if the Funding Shortfall is capable of remedy and is remedied within thirty (30) Business Days of the date on which such Funding Shortfall is identified, unless such Funding Shortfall is cured by the exercise of any Equity Cure Right or an Additional Junior Notes Equity Cure, in each case, in accordance with the Finance Documents.

Change in Law

If any amendments to any applicable legislation occur which have or can reasonably be expected to have a Material Adverse Effect.

Litigation

Any litigation, arbitration or administrative proceedings of or before any court, arbitral body, agency or other Competent Authority other than as disclosed in the Prospectus is started, pending or threatened in writing to restrain (i) the entry into any Transaction Document by any Major Project Party; or (ii) the exercise by any Major Project Party of any of its rights, or performance or enforcement of or compliance with any of its obligations, under any Transaction Document to which it is a party, which could reasonably be expected to result in a payment obligation for the Issuer in excess of five million euros (EUR 5,000,000).

This "Litigation" shall not apply to any Major Project Party that has fully discharged all its obligations and liabilities under the Transaction Documents to which it is a party in accordance with the provisions of the relevant Transaction Documents.

Project events

The Issuer ceases to have access to the Site or any rights therein, thereover or thereto including, without limitation, easements, rights of way, and rights of ingress and egress at the relevant time to implement the Project in accordance with the Project Documents.

Change of Control in the O&M Contractor

Any transfer of shares in SIS S.c.p.A. and VIS S.C.p.A. which results in: (i) either the Sacyr Group or the FININC Group retaining directly or indirectly less than ten per cent. of the shares in SIS S.c.p.A. and VIS S.C.p.A.; or (ii) either the Sacyr Group or the FININC Group individually ceasing to own, directly or indirectly, control of SIS S.c.p.A. and VIS S.C.p.A., without the prior written consent of (A) the Security Agent in accordance with the paragraph below or (B) the Secured Creditors pursuant to the STID Decision Making Protocol.

The Security Agent (pursuant to the STID Decision Making Protocol) will give its consent in relation to a transfer of shares pursuant to: (i) item (i) above if, acting in consultation with and on the basis of the recommendations of the Technical Adviser, it determines, that the O&M Contractor is reasonably likely to be able to continue to perform its obligations pursuant to the O&M Contract to the same standard as prior to such transfer; and item (ii) above if the Security Agent determines in consultation with and acting on the basis of the recommendations of the Technical Adviser that: (A) the transferee has equivalent or better financial strength than the transferor, and equivalent or better technical knowhow in relation to the services to be provided by the O&M Contractor than the transferor; and (B) there are no other material grounds which prevent the Security Agent from giving its consent to the share transfer.

Amendment of Constitutional Documents

The Issuer amends any of its constitutional documents without the prior written approval of the Security Agent, unless required by a Requirement of Law or expressly permitted in accordance with the Finance Documents.

Auditor Refusal

An Auditor refuses to provide an auditors' statement in respect of the Issuer's financial statements.

Quarterly Review Procedure and Semi-annual Review Procedure

The Issuer fails to satisfy any of the conditions set out in "Quarterly Review Procedure" or "Semi-Annual Review Procedure" and if such non-compliance is capable of remedy it is not remedied to the satisfaction of the Security Agent within sixty (60) Business Days of the earlier of the Security Agent becoming aware of such non-compliance or the Security Agent giving notice of such non-compliance to the Issuer.

Breach of law

The Issuer fails to comply with all laws and regulations to which it may be subject or which are otherwise applicable to the Project which failure has or can reasonably be expected to have a Material Adverse Effect.

VAT Documents

There has been a default (howsoever described) under the VAT Documents and the same has or may reasonably be expected to have a Material Adverse Effect.

There has been a failure by the Issuer to pay any undisputed amount due under the VAT Documents at the place at and in the currency in which such amounts are payable unless its failure to pay is caused by an administrative or technical error and payment is made within three (3) Business Days of becoming aware of its failure to make such payment.

Liquidity Management Agreement

There has been a default (howsoever described) under the Liquidity Management Agreement and the same has or may reasonably be expected to have a Material Adverse Effect.

Capitalisation of Interest

For the benefit of the Senior Noteholders only, any event or circumstance arises giving the Issuer the option to capitalise interest on the Junior Notes in accordance with Condition 5.7 (*Option to Capitalise Interest on the Junior Notes*), and the Issuer fails (other than directly attributable to reasons outside of the Issuer's control) to elect to exercise such option to capitalise interest on the Junior Notes in accordance with the relevant Conditions.

Consequences of Events of Default

On and at any time after the occurrence of an Event of Default which is continuing, the Security Agent may by notice to the Issuer (with a copy to the Note Trustee, the Hedging Banks and the Project Adviser) and subject to and in accordance with the STID take any Enforcement Action.

Hedging Policy

Any hedging arrangements shall be entered into solely for the purposes of obtaining a hedge against the Issuer's exposure to inflation risk in the event that the prevailing rate of inflation is lower than the rate of inflation referenced in the Concession Agreement in respect of the Availability Fee payable to the Issuer.

Inflation Swaps Hedging

- (a) The Issuer may, subject to the conditions set out in this provision, enter into inflation swap hedging transactions for the purposes of obtaining protection against a reduction in the prevailing rate of inflation referenced in the Concession Agreement in respect of the

Availability Fee payable to the Issuer pursuant to, and as further described in, the Concession Agreement ("**Inflation Swap Hedging**").

- (b) The Issuer may enter into Inflation Swap Hedging at any time from the Operations Commencement Date to the date that is a hundred and eighty (180) days before the final Interest Payment Date, provided that the terms of such Inflation Swap Hedging include the term that no cash flows under those transactions shall occur on or prior to the Longstop Date ("**Inflation Swap Hedging Activation Date**").
- (c) Subject to the Inflation Swap Hedging being entered into in accordance with this provision, the Issuer may do so on the Inflation Swap Hedging Activation Date without the consent of any party (including, for the avoidance of doubt, the Project Adviser or the Security Agent).
- (d) The term of such Inflation Swap Hedging shall not exceed the scheduled remaining term of the Senior Notes and shall have a Notional Amount (as such term is defined in the relevant Hedge Agreement) of each leg of the relevant transaction at time which is no greater than fifty (50) per cent. or lower than ten (10) per cent. of the Availability Fee at that time (assuming an inflation rate of zero).
- (e) If, following entry into any Inflation Swap Hedging, the aggregate Notional Amount exceeds fifty (50) per cent. of the Availability Fee at that time, the Issuer shall be required, within twenty five (25) Business Days, to reduce (and may do so without the consent of any party including, for the avoidance of doubt, the Project Adviser or the Security Agent) the aggregate Notional Amount of all its outstanding Inflation Swap Hedging transactions, provided that:
 - (i) such reduction does not result in the aggregate Notional Amount of all its outstanding Inflation Swap Hedging transactions being less than ten (10) per cent. of the Availability Fee at that time; and
 - (ii) such reduction in the outstanding Inflation Swap Hedging transaction may also be realized by entry into an off-setting transaction (an "**Off-set Transaction**") with the relevant Hedging Bank, provided further that such Off-set Transaction otherwise complies with this provision and the relevant hedging provisions in the Common Terms Agreement and STID.

General Hedging Provisions

- (a) Inflation Swap Hedging may be effected by means of swaps, collars, caps or options or any other similar agreement as the Issuer and Hedging Bank may determine.
- (b) Any amendments, supplements or waivers in respect of this provision will be subject to the prior written consent of the Security Agent and the Project Adviser.
- (c) The Hedging Policy and the relevant hedging provisions in the Common Terms Agreement and STID shall be reviewed on an annual basis to ensure consistency with then current market practice and may be subject to amendment in accordance with the above paragraph 1(b) to reflect any changes to such market practice that it is necessary to reflect herein.

Extension of the Italian Law Security

Upon entering into any Hedging Document, the Issuer shall execute an agreement for the confirmation and extension of the Italian Law Security Agreement (other than the Italian General Privilege and the Italian Assignment of Concession Receivables) in order to ensure that the Security Interest created under the Italian Law Security Agreement (other than the Italian General Privilege and the Italian Assignment of Concession Receivables) will be valid and effective also with respect to the obligations of the Issuer arising under such Hedging Document. The Security Agent will also apply amounts received or recovered following any Enforcement Action pursuant to the terms of the STID in accordance with the Post-enforcement Priority of Payments.

Reserved Discretions

Definition and Exercise of Reserved Discretions

We have agreed that certain of our rights and discretions under the Project Documents will only be exercised with prior notification, and in certain circumstances, consent, of the Project Adviser. These reserved discretions include:

- (a) any right or discretion of the Issuer under a Project Document to exercise any termination right which has arisen and is continuing in respect of such Project Document;
- (b) any right or discretion of the Issuer under a Project Document to waive any material breach, or any material obligation, of any counterparty of the Issuer under such Project Document;
- (c) the assignment of any rights or the delegation of any obligations to any third party under any Project Document, other than pursuant to, and in accordance with, the Project Documents and the Finance Documents (as applicable);
- (d) the exercise of any contractual remedy by the Issuer in respect of a material default or a breach of any material obligation by any counterparty of the Issuer under any Project Document;
- (e) any right or discretion of the Issuer to make a demand under any EPC Performance Bond, EPC Advance Payment Bond or O&M Performance Bond;
- (f) any right or discretion of the Issuer to release any EPC Performance Bond, EPC Advance Payment Bond or O&M Performance Bond; and
- (g) any other right or discretion of the Issuer in respect of a material matter under a Project Document the exercise (or failure to exercise) of which might reasonably be expected to be materially prejudicial (where "materially prejudicial" means that such determination, assessment, consent, waiver, amendment or other exercise of discretion would have a material adverse effect on the ability of the Issuer to pay any amounts of principal and/or interest in respect of the Notes on the relevant due date for payment thereof in accordance with the Finance Documents),

in each case, that to the extent that the relevant right, discretion, decision or other matter, is not already covered by an Issuer Discretion Matter.

Upon circumstances arising which entitle us to exercise a Reserved Discretion:

- (i) we shall notify the Security Agent and the Project Adviser in writing of the Reserved Discretion and such notification shall include: (a) a description of the Reserved Discretion, (b) whether or not we intend to exercise the Reserved Discretion and, if so, the manner in which we intends to do so; (c) the event, contractual provision or circumstance giving rise to such Reserved Discretion; and (d) the Time Critical Reserved Discretion Deadline (if any); and
- (ii) we shall not take any action in relation to the exercise of a Reserved Discretion without the positive determination of the Project Adviser in accordance with "*Project Adviser Instructions*" below.

Project Adviser Instructions

- (a) If the Project Adviser determines that we may exercise a Positive Reserved Discretion or Reserved Discretion (as applicable), the Project Adviser shall give notice of its determination in a Project Adviser Reserved Discretion Letter to be posted on the Designated Website together with a reasonable decision period (taking into account the circumstances of the relevant Positive Reserved Discretion or Reserved Discretion (as applicable)) within which Qualifying Secured Creditors representing, in aggregate, at least twenty five per cent. (25%) of the Qualifying Secured Debt may request that the matter be resolved by way of a STID Proposal as an Ordinary Voting Matter, in which case we shall deliver a STID Proposal in accordance with the STID with respect to the exercise of such Positive Reserved Discretion or Reserved Discretion (as applicable). This is without prejudice to our right to consult with, and raise reasonable objection to, the Project Adviser with respect to the matters contemplated in the Common Terms Agreement. Any Qualifying Secured Creditors wishing to request that the matter be resolved by way of a STID Proposal as an Ordinary Voting Matter must contact the Security Agent and provide its evidence of its entitlement and the Security Agent, once it

receives such requests from Qualifying Secured Creditors representing, in aggregate, at least twenty five per cent. (25%) of the Qualifying Secured Debt, must promptly inform the Issuer and the Project Adviser.

- (b) In the event that Qualifying Secured Creditors representing, in aggregate, not less than twenty five per cent. (25%) of the Qualifying Secured Debt do not request that the matter be resolved upon by way of a STID Proposal as an Ordinary Resolution within five (5) Business Days of the Designated Posting of the Project Adviser Determination Letter, then the Project Adviser's determination in respect of the relevant Positive Reserved Discretion or Reserved Discretion (as applicable) will be deemed to have been approved by the Qualifying Secured Creditors, and the Project Adviser (upon confirmation from the Security Agent that no such requests have been received by the Security Agent from Qualifying Secured Creditors representing, in aggregate, not less than twenty five per cent. (25%) of the Qualifying Secured Debt) will promptly notify the Issuer and all the Secured Creditors by Designated Posting of such deemed approval.
- (c) Nothing in the preceding paragraphs shall prevent us from exercising (or otherwise taking action in relation to) a Reserved Discretion without: (a) the necessary positive determination from the Project Adviser; and (b) the lapse of the five (5) Business Day period from the Designated Posting of the Project Adviser Reserved Discretion Letter in circumstances where:
 - (i) the Project Adviser has failed to give its determination in relation to a Time Critical Reserved Discretion by the Time Critical Reserved Discretion Deadline; or
 - (ii) failure to do so would, in the sole opinion of the Issuer, cause or contribute to:
 - (A) a breach of the terms of any Transaction Document;
 - (B) a Default;
 - (C) a material loss, expense or cost to the Issuer;
 - (D) damage to the SPV; or
 - (E) a threat to health and safety.
- (d) Subject to the following paragraph, if the Project Adviser reasonably considers that it will not be possible to confirm its determination to us in relation to a Time Critical Reserved Discretion by the Time Critical Reserved Discretion Deadline, it shall inform us in writing as soon as possible thereof and we shall be entitled to act in accordance with the previous paragraph.
- (e) Subject to paragraph (c) above, if, for whatever reason, the Project Adviser in its sole discretion determines that the circumstances do not support the course of action we propose to take in relation to a Positive Reserved Discretion or Reserved Discretion (as applicable) (including a Time Critical Reserved Discretion) then the Project Adviser shall be entitled to require the Issuer to refer such matter to the STID Decision Making Protocol for the approval of the Qualifying Secured Creditors as a Project Adviser Determination Matter.
- (f) In the circumstances under the two preceding paragraphs, the Project Adviser shall not be liable towards us, any Noteholder or any other third party, except in the case of its own gross negligence or wilful default.

Conflicts with Reserved Discretions

In respect of any circumstances which give rise to more than one Reserved Discretion, the consent of the Project Adviser shall be required in relation to each of the discretions exercisable by us, in each case in accordance with the Reserved Discretions provision of the Common Terms Agreement.

Nothing in the Reserved Discretion provision of the Common Terms Agreement shall in any way limit our other obligations pursuant to the Common Terms Agreement including, without limitation, pursuant to the provisions relating to the positive undertakings, the negative undertakings and events of

default of the Common Terms Agreement and the STID, and nothing in the Reserved Discretion provision of the Common Terms Agreement shall in any way override or prevail over any our obligations pursuant to the STID.

Insurances

We are required to maintain certain minimum insurance requirements, namely Construction Phase Insurances and Operating Phase Insurances, in both cases consistent with the Prudent Insurance Standard. The amounts of the Construction Phase Insurances and Operating Phase Insurances shall be increased from time to time as the Project Adviser in consultation with the Insurance Adviser may require, taking into account: (a) market availability and practice in respect of risks, liabilities and amounts of Insurances; (b) the interests of the Issuer; (c) the interests of the Secured Creditors; and (d) the basis on which the Project is financed.

Construction Phase Insurances

The Construction Phase Insurances consist of: (i) construction all risks / third party liability insurance policy (amounting to EUR2 billion for property damages and EUR25,000,000 for third party liability); (ii) advanced loss of profit insurance policy (amounting to EUR50,000,000); (iii) biennial liability insurance policy (amounting to EUR1,500,000 for property damage and EUR25,000,000 for third party liability).

Operating Phase Insurances

The Operating Phase Insurances consist of: (i) all risks property insurance; (ii) business interruption; (ii) third party liability / employer's liability.

In addition to the Insurances covered by the Common Terms Agreement, we shall: (a) effect and maintain in full force and effect those Insurances which it is required to have by any law, regulation or official requirement; (b) effect and maintain in full force and effect those Insurances which it is required to have by the terms of any of the Project Documents or any other contract relating to the Project to which it is a party; and (c) effect and maintain in full force and effect those Insurances which may be considered useful to provide additional cover, in accordance with the opinion of the Insurance Adviser.

We shall undertake to, amongs other things, do the following: (a) ensure that each Required Insurance is placed and maintained through such brokers as may be approved from time to time in writing by the Project Adviser; (b) ensure that each Required Insurance is underwritten or otherwise provided by reinsurers who are as a minimum rated BBB+ by Standard & Poor's Rating Agency or an equivalent Rating Agency; (c) ensure that each Required Insurance is in such form and substance as the Insurance Adviser confirms to the Project Adviser consistent with the obligations of the Issuer and does not prejudice the interests of the Secured Creditors; (d) ensure that any proposed material amendments to the terms of each Required Insurance (including reduction in limits or coverage or increase in deductibles, exclusions or exceptions) are approved by the Project Adviser; and (e) ensure that a letter of undertaking from the Issuer's insurance broker in the is delivered to the Project Adviser who will act for the benefit of the Senior Noteholders.

Indemnities

The Common Terms Agreement will contain general indemnities to be given by us to the Secured Creditors against any cost, claim, loss, or liability (together with any VAT thereon), which they may sustain or incur as a consequence of (among other things): (i) any Event of Default or (ii) any default by the Issuer in the performance of any of its obligations under the Finance Documents.

Governing law

The Common Terms Agreement will be governed by English law.

Equity Contribution and Subordination Agreement

General

On or about the Issue Date, we will enter into the Equity Contribution and Subordination Agreement (the "ECSA") with SIS as Shareholder, INC and Sacyr Construcción as First Step Sponsors, FININC and Sacyr Concesiones as Second Step Sponsors and the Security Agent.

The ECSA will regulate, amongst other things, (i) the obligations of the Shareholders to pay the ECSA, Equity Contribution, (ii) the obligations of the First Step Sponsors to provide the First Step Support; (iii) the obligations of the Second Step Sponsors to provide the Second Step Support; and (iv) the drawdown triggers in respect of the portion of the equity commitment of our shareholder(s) that will be supported by one or more Equity LC.

ECSA Equity Contribution Undertaking

ECSA Equity Contributions and Purpose

Each Shareholder undertakes that:

- (i) on or before each relevant Equity Funding Date, it shall pay to the Proceeds Account one or more relevant ECSA Equity Contributions in an amount equal to its Liability Percentage so as to ensure that on each such Equity Funding Date an aggregate amount equal to the relevant Aggregate Equity Contribution Threshold has been paid into the Proceeds Account; and
- (ii) it shall pay into the Proceeds Account one or more relevant ECSA Equity Contributions in an amount equal to its Liability Percentage so as to ensure that on each Drawing Request Date the Debt to Equity Ratio does not exceed 75:25,

provided that, in each case:

- (i) at any time until the ordinary share capital of the Issuer subscribed as at the date of the ECSA has been fully paid, each such ECSA Equity Contribution shall be in the form of share capital contribution (*versamenti di decimi residui*) to the Issuer (as consideration for the subscription of the 2010 Share Capital Increase); and
- (ii) at any time after the ordinary share capital of the Issuer subscribed at the date of the ECSA has been fully paid, each such ECSA Equity Contribution shall be in the form of additional share capital contribution, equity reserves (*versamenti in conto di capitale e a fondo perduto*) and/or one or more Shareholder Loans to the Issuer.

The aggregate ECSA Equity Contributions required to be made to the Issuer under the ECSA shall not exceed the ECSA Equity Contribution Commitment.

We shall apply each ECSA Equity Contribution received by us in the Proceeds Account towards payment of Construction Costs, Financing Costs and initial funding of the Debt Service Reserve Account during the Construction Phase in accordance with the Finance Documents.

Equity LC enforcement and shortfall step up coupon of the Junior Notes

Without prejudice to any other rights of the Security Agent under the Finance Documents, until such date that the aggregate amount of ECSA Equity Contributions is equal to Euro 150,000,000, if:

- (i) a Shareholder fails to make a payment due under the relevant provisions of the ECSA within 2 Business Days after the date on which such payment has become due and payable in accordance with the ECSA (an "**Unpaid ECSA Amount**") and such breach is not cured by the First Step Sponsors and/or the Second Step Sponsors; or
- (ii) any Equity LC ceases to be issued by an Acceptable Entity, and the relevant Shareholder has failed to procure by no later than 7 Business Days of the earlier of (A) the Security Agent's written notice (at the request of the Project Adviser) notifying that

Shareholder of such Equity LC ceasing to be issued by an Acceptable Entity and (B) the relevant Shareholder becoming aware of such occurrence, the issue of a replacement letter of credit issued by an Acceptable Entity as required in accordance with the ECSA; or

- (iii) a Shareholder has failed to procure the extension of the term and validity of the relevant Equity LC as required in accordance with the ECSA,

then, in each case, the Security Agent shall serve by no later than 3 Business Days following receipt of a written request from the Issuer (which the Issuer shall deliver by no later than 2 Business Days of becoming aware of such occurrence together with written confirmation that the event or circumstance set out in the above paragraphs has occurred) an irrevocable on-demand notice (an “**Equity LC Demand**”) under the relevant Equity LC for an amount to be paid into the Proceeds Account (the “**Requested Amount**”) equal to: (A) in respect of any event or circumstance set out in paragraph (a)(i) above the lower of A and B, where: A is an amount equal to (x) Euro 150,000,000 minus (y) an amount equal to the aggregate amount of ECSA Equity Contributions paid into the Proceeds Account as at the date of the relevant Equity LC Demand (as certified by the Issuer to the Security Agent in its written request); and B is an amount equal to the relevant Unpaid ECSA Amount; and (B) in respect of any event or circumstance set out in paragraphs (a)(ii) or (a)(iii) above, in each case, the face value of the relevant Equity LC (as reduced from time to time in accordance with the ECSA) that should have been replaced, or extended, as the case may be.

If the Security Agent is notified in writing by the Project Adviser that any event or circumstance set out in paragraphs (i) to (iii) above has occurred and the we have failed to request the Security Agent to deliver an Equity LC Demand in accordance with the previous paragraph, the Security Agent shall following receipt of such notice from the Project Adviser, deliver an Equity LC Demand in respect of the relevant Equity LC requesting that the proceeds be paid into the Proceeds Account.

Upon the aggregate ECSA Equity Contributions exceeding an amount equal to Euro 150,000,000, if any Shareholder fails to make a payment due under the ECSA within 3 Business Days after the original date on which such payment is due and payable in accordance with the ECSA, then the provisions under Condition 5.2 with respect to the Equity Shortfall Step up Coupon shall apply.

Any payment made following a demand under an Equity LC in accordance with the ECSA shall be considered: (i) until the ordinary share capital of the Issuer subscribed for as at the date of the ECSA has been fully paid, as a payment made in the name and on behalf of the relevant Shareholder for the share capital contribution (*versamenti di decimi residui*) to the Issuer (as consideration for the subscription of the 2010 Share Capital Increase); and (ii) after the ordinary share capital of the Issuer subscribed as at the date of the ECSA has been fully paid, as additional share capital contribution equity reserves (*versamento in conto capitale a fondo perduto*) and/or Shareholder Loan(s) made, in each case, in the name and on behalf of the relevant Shareholder.

Acceleration of the full ECSA Equity Contribution Commitments

Upon the occurrence of an Equity Acceleration Event or a Concession Litigation Equity Acceleration Event, the obligation of each Shareholder in respect of its outstanding ECSA Equity Contribution Commitment shall be accelerated and an amount equal to its ECSA Equity Contribution Commitment less the sum (without double counting) of:

- (i) the aggregate amount of ECSA Equity Contributions made by the relevant Shareholder prior to the occurrence of such Equity Acceleration Event or Concession Litigation Equity Acceleration Event (as the case may be);
- (ii) any payments made by the First Step Sponsors and/or the Second Step Sponsors and/or SIS under certain provisions of the ECSA (see below); and
- (iii) any payment made following a demand under an Equity LC pursuant to the ECSA,

shall be paid to the Proceeds Account.

We shall also be required to deliver, by no later than 2 Business Days from and including the date any such Equity Acceleration Event occurs, an ECSA Acceleration Request to each Shareholder for its Liability Percentage of the amount due.

If we fail to deliver the ECSA Acceleration Request in accordance with the previous paragraph, then the Security Agent shall upon becoming aware of such failure deliver on our behalf and without prejudice to any other rights of the Security Agent under the Finance Documents, the relevant ECSA Acceleration Request to each Shareholder for its Liability Percentage of the amount due. Each Shareholder shall make the relevant payment to the Proceeds Account by no later than 2 Business Days after the date of any ECSA Acceleration Request.

Support for Shareholder's Obligations

First Step Sponsor Support

If a Shareholder does not pay any sum payable by it in accordance with the ECSA, each First Step Sponsor shall, unconditionally and irrevocably, on a several basis, pay, in the name and on behalf of the relevant Shareholder, its Relevant Percentage of that sum to us into the Proceeds Account within 2 Business Days of written demand. Such written demand may be made by:

- (i) us, by no later than 1 Business Day from the date on which the relevant Shareholder was required to make such payment in accordance with the ECSA; or
- (ii) the Security Agent, at any time after we fail to make such demand required in accordance with the preceding paragraph.

Subject to “*Liability of Shareholders and Sponsors*”, the respective obligations of the First Step Sponsors shall remain in full force and effect by way of continuing guarantee until all the relevant obligations of each Shareholder under the ECSA have been fully performed, satisfied or complied with and the obligations of each of the First Step Sponsors may be enforced without first having recourse to us, any Shareholder or any other person, or the relevant obligation.

Reduction of Value of First Step Support

Following receipt by us into the Proceeds Account of an ECSA Equity Contribution, each First Step Sponsor shall be entitled to reduce the economic value of its obligations under the First Step Support by an amount equal to its respective Relevant Percentage of such ECSA Equity Contribution, subject to the prior written consent of the Security Agent (acting following receipt of a written request from a First Step Sponsor in consultation with the Project Adviser) to such reduction (which consent shall not be unreasonably withheld or delayed).

As soon as practicable following the issue of the consent pursuant to the paragraph above, the Security Agent (acting in consultation with the Project Adviser) shall notify each First Step Sponsor of the economic value of its obligations under the First Step Support in respect of its Relevant Percentage of the ECSA Equity Contribution Commitment, as reduced in accordance with the paragraph above.

Release of First Step Support

Upon receipt by us into the Proceeds Account of an aggregate amount equal to or more than the ECSA Equity Contribution Commitment, we shall provide to the Security Agent a written confirmation thereof and the First Step Support will be released.

Support for First Step Sponsors' Obligations

Second Step Support

The Second Step Sponsors will guarantee and undertake as follows:

- (i) If for any reason (i) INC does not pay any sum payable by it pursuant to the ECSA or
- (ii) Sacyr Concesiones does not pay any sum payable by it pursuant to the ECSA, FININC shall pay, in the name and on behalf of the relevant Shareholder, that sum to us (x) within 2 Business Days of our written demand or (y) within 2 Business Days of

written demand by the Security Agent (such demand to be made by the Security Agent acting in consultation with the Project Adviser and following receipt by it of written notice in respect of such failure) if we fail to do so within 2 Business Days of the date on which INC or Sacyr Concesiones (as applicable) was required to make such payment.

- (ii) If for any reason (i) Sacyr Construcción does not pay any sum payable by it pursuant to the ECSA or (ii) FININC does not pay any sum payable by it pursuant to the ECSA, Sacyr Concesiones shall pay, in the name and on behalf of the relevant Shareholder, that sum to us (x) within 2 Business Days of our written demand or (y) within 2 Business Days of written demand by the Security Agent (such demand to be made by the Security Agent acting in consultation with the Project Adviser and following receipt by it of written notice in respect of such failure) if we fail to do so within 2 Business Days of the date on which Sacyr Construcción or FININC (as applicable) was required to make such payment.

Subject to "*Liability of Shareholders and Sponsors*", the obligations of each of the Second Step Sponsors under the Second Step Support are and shall remain in full force and effect by way of continuing guarantee until all the obligations of the First Step Sponsors and the other Second Step Sponsor under the ECSA have been fully performed, satisfied or complied with and the obligations of each of the Second Step Sponsors may be enforced without first having recourse to the First Step Sponsors, the other Second Step Sponsor or any other person, or the relevant obligation.

Reduction of Value of Second Step Support

Each Second Step Sponsor shall be entitled, following receipt by the Issuer into the Proceeds Account of an ECSA Equity Contribution to reduce the economic value of its obligations in respect of the Second Step Support by an amount equal to such ECSA Equity Contribution subject to the prior written consent of the Security Agent (acting following receipt of a written request from a Second Step Sponsor in consultation with the Project Adviser) to such reduction (which consent shall not be unreasonably withheld or delayed).

As soon as practicable following the issue of the above consent, the Security Agent (acting in consultation with the Project Adviser) shall notify each Second Step Sponsor of the economic value of its obligations under the Second Step Support, as reduced in accordance with the previous paragraph.

Release of Second Step Support

Upon receipt by us into the Proceeds Account of an aggregate amount equal to or more than the ECSA Equity Contribution Commitment, we shall provide to the Security Agent a written confirmation thereof and the Second Step Support will be released.

Equity LCs in support of Shareholder Obligations

Shareholder Obligations supported by Equity LCs

Each Shareholder shall in support of its payment and equity contribution obligations under the ECSA at all times until the aggregate ECSA Equity Contributions reach an amount equal to Euro 150,000,000, maintain one or more Equity LCs.

Requirements for an Equity LC

Each letter of credit shall be an Equity LC if and for so long as:

- (a) it is issued by an Acceptable Entity at all times;
- (b) it is in the agreed form attached to the ECSA;
- (c) it is issued for the benefit of the Security Agent;
- (d) it is issued in reliance on a counter-indemnity provided by a person other than the Issuer and with no recourse to the Issuer;

- (e) it is for a value, in aggregate with the value of each other Equity LC, equal to a maximum aggregate amount of Euro 50,000,000 (as reduced from time to time);
- (f) any Equity LC dated on or before the Issue Date has an expiry date not before 31 July 2018, provided that, if the expiry date provided in any Equity LC should fall before the date on which the aggregate ECSA Equity Contributions reach an amount equal to Euro 150,000,000, then notwithstanding the rights and remedies of the Secured Parties pursuant to the Finance Documents arising from any breach of Clause 2.1(a) (ECSA Equity Contribution) of the ECSA, each Shareholder undertakes to procure, by no later than 7 Business Days before the relevant expiry date, an extension of the validity of the relevant Equity LC such that the new expiry date falls 60 days after the date on which ECSA Equity Contributions are expected to reach an amount equal to Euro 150,000,000 in accordance with the then current Financial Model and the Issuer shall ensure that the relevant Equity LC shall comply in all other respects with this section; and
- (g) it is deposited with the Security Agent.

Demands on Equity LCs

The Security Agent may, at any time (acting in consultation with the Project Adviser), make one or more written demands under an Equity LC if the relevant Shareholder fails to make a payment due by it or otherwise comply with its obligations under the ECSA and the First Step Sponsors and the Second Step Sponsors fail to perform any of their respective payment obligations pursuant to the ECSA within 2 Business Days after the date on which each of them is first required to make such payments or perform such obligations in accordance with the ECSA.

Any demands under an Equity LC procured by the relevant Shareholder in support of its payment and equity contribution obligations under the ECSA shall be made in accordance with the ECSA, provided that, in the case of a demand pursuant to the ECSA, if a Shareholder has procured more than one Equity LC in support of its obligations under the ECSA then such demand shall be on a pro rata basis on each such Equity LC.

Reduction of Value of Equity LCs

The value of each Equity LC maintained by a Shareholder shall automatically reduce on a pro rata basis to the extent of the relevant Shareholder's ECSA Equity Contribution made to the Proceeds Account in accordance with the terms of the ECSA or the amount received by the Issuer following a demand under an Equity LC in accordance with the terms of the relevant Equity LC and the ECSA.

Without prejudice to the automatic reduction under the above paragraph, each Shareholder undertakes to notify each Acceptable Entity which has issued an Equity LC (with such notice copied to the Issuer, the Project Adviser and the Security Agent) of the details of any ECSA Equity Contribution (including details as to the amount and form of such equity contribution) by no later than 3 Business Days after the relevant ECSA Equity Contribution is made in accordance with the ECSA.

Release of Equity LCs

Upon the first to occur of: (a) receipt by us into the Proceeds Account of an aggregate amount of ECSA Equity Contributions equal to Euro 150,000,000, or (b) if each Equity LC is drawn in full, in each case, in accordance with the ECSA, then each Equity LC will be released in accordance with the terms of the relevant Equity LC.

Liability of Shareholders and Sponsors

Neither any Shareholder nor the Sponsors assume any direct obligations towards the Secured Creditors in relation to the payment obligations of the Issuer to the Secured Creditors under any of the Finance Documents and all such obligations shall remain the direct obligations of the Issuer.

The payment obligations of each Shareholder and Sponsors under this ECSA in relation to the ECSA Equity Contribution Commitment will terminate on the date falling six months after the earlier to occur of:

- (i) if the Completion Date has occurred, the date on which the last Equity Contribution was made to the Issuer; and
- (ii) the date on which each Shareholder's ECSA Equity Contribution Commitment is reduced to zero in accordance with the terms of this Agreement.

Voluntary Equity Contributions

Subject to the provisions of the ECSA and the other Finance Documents, a Shareholder may make equity contributions in the form of share capital contributions equity reserves and/or pursuant to a Shareholder Loan Agreement to us in addition to its ECSA Equity Contribution Commitment, and it is agreed that such equity contributions (although not relevant for the purposes of the ECSA Equity Contribution Commitment) shall be deemed to be an ECSA Equity Contribution for the purposes of the Finance Documents.

Mandatory Equity Funding

Mandatory Equity Funding Trigger

- (i) The Issuer shall provide evidence on each Equity Funding Date, in form and substance acceptable to the Project Adviser and the Security Agent, that both: (i) sufficient ECSA Equity Contributions have been contributed to the Issuer to meet the then applicable Aggregate Equity Contribution Threshold and (ii) it is in compliance with the Equity Ratio Covenant.
- (ii) If prior to the Concession Litigation Settlement Date an Equity Shortfall occurs (including a failure to maintain the Debt to Equity Ratio) on any Equity Funding Date falling on 30 June 2018 (taking into account any amounts drawn or to be drawn under the Equity LCs), or any Equity Funding Date thereafter, then the Issuer shall notify the Project Adviser and the Security Agent by no later than 2 Business Days following such event or occurrence, and the Parties agree that the relevant Mandatory Equity Percentage (as defined below) will be applied in accordance with the ECSA to all amounts invoiced to the Issuer under the EPC Contract (other than in respect of expropriation charges incurred by the EPC Contractor under the EPC Contract) and which are due and payable by the Issuer to SIS (in its capacity as EPC Contractor) during the 6-month period between the relevant Equity Funding Date and the next following Equity Funding Date (the “**Relevant Period**”).

Mandatory Equity Amount

The Mandatory Equity Percentage will be calculated by the Issuer by no later than 2 Business Days after each Equity Funding Date in respect of which the circumstances set out in paragraph (ii) above apply, and the Main Shareholder (in its capacity as EPC Contractor under the EPC Contract) agrees that such Mandatory Equity Percentage shall be applied by the Issuer in respect of each amount corresponding to an invoice properly issued by the EPC Contractor that is due and payable by the Issuer to the Main Shareholder (in its capacity as EPC Contractor under the EPC Contract) during the Relevant Period to calculate the amount that the Issuer is required to apply in accordance with the ECSA (the “**Mandatory Equity Amount**”).

For the purposes of the ECSA, the “**Mandatory Equity Percentage**” means:

- (iii) subject to paragraph (ii) below, at all times prior to the Concession Litigation Settlement Date, a percentage calculated as follows:

A/B multiplied by 100, where:

“**A**” or “**Total Mandatory Equity Amount**” is an amount equal to the relevant Unpaid ECSA Amount as at the date the Mandatory Equity Percentage is calculated, less (if applicable) an amount equal to the sum of (a) the aggregate of any Availability Fees received by the Issuer during the period up to and including the relevant Equity Funding Date (“**Relevant Revenues**”) less (b) the aggregate of any Operating Costs incurred by the Issuer during the period up to and including the relevant Equity Funding Date (“**Relevant Costs**”), in each case, to the extent such Relevant Revenues and/or Relevant Costs arise, following the Interim Operations Date, in

connection with the entry into operations of any of the functional sections of the Toll Road in accordance with the Concession Agreement; and

“B” is the aggregate amount during the applicable Relevant Period in respect of projected costs that will be incurred, or are expected to be incurred, in connection with the construction of the Works less expropriation charges, in each case, under the EPC Contract and as further specified in the relevant Construction Phase Budget; and

- (iv) if any Concession Litigation Equity Acceleration Event occurs at any time up to and including the date on which the aggregate amount of outstanding ECSA Equity Contributions required to be paid to the Issuer under the ECSA have been paid in full, then from and including 30 June 2018, a percentage equal to 100%.

The aggregate amount in respect of each Mandatory Equity Amount in any Relevant Period which the Issuer shall apply in accordance with the ECSA shall not exceed the relevant Total Mandatory Equity Amount during such Relevant Period.

Transfer of the Mandatory Equity Amount to the Issuer

If on any Equity Funding Date commencing on 30 June 2018, an Equity Funding Shortfall has occurred and is outstanding in accordance with the Finance Documents, then the Parties agree that all or any part of the payment during the Relevant Period to be made to the EPC Contractor by the Issuer will be applied towards the outstanding ECSA Equity Contributions due from SIS. Such amount will be determined by applying a percentage (the “**Mandatory Equity Percentage**”) to any amount invoiced to the Issuer under the EPC Contract (other than in respect of expropriation charges incurred by the EPC Contractor under the EPC Contract) (the “**Relevant Amount**”) and which is due and payable by the Issuer to SIS (in its capacity as EPC Contractor) during the 6 month period between the relevant Equity Funding Date and the next following Equity Funding Date (the “**Relevant Period**”). Such Relevant Amount will either: (a) be paid into an account (to be opened and maintained by the EPC Contractor with an account bank with the Required Rating that is acceptable to the Issuer and the Security Agent by no later than 30 April 2018) secured in favour of the Security Agent (on its own behalf and as representative of the Secured Creditors and of the Noteholders) subject to arrangements whereby such Relevant Amount is immediately transferred to the Proceeds Account; or (b) be deemed to be an ECSA Equity Contribution to the Issuer either pursuant to a direct set-off or conversion right, in each case, in accordance with applicable Law and the Transaction Documents.

Treatment of Mandatory Equity Amount

Any Mandatory Equity Amount will be deemed to be an ECSA Equity Contribution by the Main Shareholder for the purposes of the ECSA and the other Finance Documents from the date of the notice in respect of such Mandatory Equity Amount delivered to the Security Agent and the Project Adviser in accordance with the ECSA.

The Main Shareholder waives any set-off exceptions it may have against the Issuer under any Transaction Document in order to comply at all times with its obligations under the ECSA and expressly agrees to the set-off provisions under the ECSA.

SIS shall only be required to comply with the obligations in relation to the Mandatory Equity Funding as set out above until the earlier of: (i) the Concession Litigation Settlement Date; and (ii) the date on which all of the outstanding ECSA Equity Contributions outstanding under the ECSA have been paid in full in accordance with the ECSA.

Subordination of Shareholder Subordinated Liabilities

Restriction on Payments

At all times up to and including the Final Discharge Date (and including whether or not any event of default (howsoever defined) under any Shareholder Loan Agreement has occurred and/or is continuing) no Shareholder Subordinated Creditor shall:

- (a) demand or receive payment, prepayment, repayment or redemption of, or any distribution in respect of (or on account of) any Shareholder Subordinated Liabilities, other than in certain limited circumstances;
- (b) discharge any Shareholder Subordinated Liabilities by set-off;
- (c) permit to subsist or receive any Security Interest or any guarantee or other assurance against financial loss for, or in respect of, any Shareholder Subordinated Liabilities save as permitted pursuant to the Finance Documents;
- (d) accelerate any Shareholder Subordinated Liabilities, or otherwise declare any Shareholder Subordinated Liabilities to be prematurely due and payable or enforce any Shareholder Subordinated Liabilities by execution or otherwise;
- (e) petition for, initiate or support any steps taken with a view to any bankruptcy, composition, insolvency, reorganisation, dissolution or similar proceedings in respect of us; and/or
- (f) otherwise pursue any remedy for the recovery of any ECSA Equity Contribution or any other equity contribution or in respect of any rights arising in connection with the ESCA and/or any Shareholder Loan Agreement.

Amendments and Waivers

Prior to the Final Discharge Date, the Shareholder Subordinated Creditors may not amend, waive or agree the terms of any of the Subordinated Finance Documents pursuant to which the Shareholder Subordinated Liabilities are constituted unless:

- (a) prior to the Final Discharge Date, the prior written consent of the Security Agent (acting in accordance with the STID) is obtained; or
- (b) that amendment, waiver or agreement is of a minor and administrative nature and is not prejudicial to the interests of any of the Secured Creditors.

Restriction on Enforcement

No Shareholder Subordinated Creditor shall be entitled to accelerate or take any enforcement action (howsoever described) in respect of any of the Shareholder Subordinated Liabilities at any time prior to the Final Discharge Date.

Turnover

At any time until the Final Discharge Date, if, other than a Permitted Subordinated Payment:

- (a) we make any payment in cash or in kind on account of, or for the purchase or other acquisition of, all or any part of the Shareholder Subordinated Liabilities; or
- (b) any Shareholder Subordinated Creditor receives all or any amount in cash or in kind of the Shareholder Subordinated Liabilities (i) by way of payment, repayment, prepayment, set off or in any other manner or (ii) on account of the enforcement of any Security Interest or payment under any guarantee for any of the Shareholder Subordinated Liabilities,

(each such payment or distribution, a "**Turnover Recovery**"),

the Shareholder Subordinated Creditor concerned shall promptly notify the Security Agent and shall transfer such Turnover Recovery within 3 Business Days of receipt to the Proceeds Account.

Filing of Claims

Each Shareholder unconditionally acknowledges and agrees with the Security Agent that in the case of an Insolvency Proceeding involving the Issuer, its claims against the Issuer will be qualified to the fullest extent permitted under applicable Law as claims conditional upon the Secured Liabilities having been unconditionally paid in full subject to the provisions of Article 55, paragraphs 3 and 96(3) of the Italian Bankruptcy Law, to the extent applicable.

Without prejudice to the above obligations, each Shareholder expressly acknowledges and agrees that the repayment of any amounts to it under the relevant Shareholder Loan Agreement shall be subordinated pursuant to Article 2467 of the Italian Civil Code, to the fullest extent permitted under applicable Law.

Assignment of Shareholder Loan Receivables

The Issuer shall on or within 3 Business Days of the date it enters into any Shareholder Loan Agreement:

- (a) deliver to the Security Agent an executed copy of the Shareholder Loan Agreement executed by all the parties thereto and which is fully effective in accordance with its terms;
- (b) enter into an Italian Assignment of Shareholder Loan Receivables with, among others, the Shareholder to such Shareholder Loan Agreement and the Security Agent dated as of the date of the relevant Shareholder Loan Agreement;
- (c) a legal opinion in form and substance acceptable to the Security Agent in relation to the enforceability of the Italian Assignment of Shareholder Loan Receivables and dated as of the date of the relevant Italian Assignment of Shareholder Loan Receivables; and
- (d) a legal opinion in form and substance acceptable to the Security Agent in relation to the power and capacity of the Issuer and relevant Shareholder to enter into the Italian Assignment of Shareholder Loan Receivables and dated as of the date of the relevant Italian Assignment of Shareholder Loan Receivables.

Transfers

Share Transfer Undertakings

The Issuer shall not and each Shareholder agrees to procure that the Issuer shall not:

- (a) issue shares in the capital of the Issuer to any person other than a Shareholder; and
- (b) receive the proceeds of any loan or other facility made available to the Issuer other than in respect of ECSA Equity Contributions and save as permitted under the terms of the Finance Documents.

Restrictions on Share Transfer

- (a) Subject to paragraph (b) below, a Shareholder (the "**Transferor Shareholder**") may only transfer its Shares (or any part of them or any other interest in the Issuer) to any person (the "**New Shareholder**"), provided that:
 - (i) the New Shareholder is a Permitted Transferee;
 - (ii) the New Shareholder is not a Sanctioned Person;
 - (iii) the requirements of the Concession Agreement have been met;
 - (iv) each of the Sponsors has provided written confirmations (together with any relevant supporting documentation) in form and substance satisfactory to the Security Agent (acting in consultation with the Project Adviser) that their guarantees and undertakings and cover all the ECSA Equity Contributions obligations under the Equity Contribution and Subordination Agreement (to the extent applicable) remain in full force and effect and are not affected by such transfer;
 - (v) upon such transfer, all the Shares (other than, for the avoidance of doubt, the Shares (if any) held by Itinere) are pledged by way of first ranking share pledge(s) in favour of the Security Agent (on behalf of the Secured Creditors (in form and substance satisfactory to the Security Agent (acting in consultation with the Project Adviser))) or in case of transfer of the existing Shares (other than, for the avoidance of doubt, the Shares (if any) held by Itinere), such Shares continue to be pledged in favour of

the Security Agent and on the date of such transfer the New Shareholder executes a deed of confirmation of the existing share pledge (in form and substance satisfactory to the Security Agent (acting in consultation with the Project Adviser));

- (vi) no Change of Control Event occurs as a result of such transfer;
 - (vii) there is a simultaneous *pro rata* transfer of its Liability Percentage of the ECSA Equity Contribution obligations under the Equity Contribution and Subordination Agreement (to the extent applicable);
 - (viii) there is a simultaneous *pro rata* transfer of any Shareholder Loans made by it in connection with the Equity Contribution and Subordination Agreement (to the extent applicable);
 - (ix) the New Shareholder complies (or shall procure compliance in form and substance satisfactory to the Security Agent (acting in consultation with the Project Adviser)); and
 - (x) to the extent it is a transfer made by SIS and provided that the provisions summarised in respect of the "*Mandatory Equity Funding*" above apply, SIS has:
 - (A) provided written confirmation (together with any relevant supporting documentation including with respect to any amendments to the ECSA) in form and substance satisfactory to the Security Agent (acting in consultation with the Project Adviser) that it will remain liable as guarantor for the New Shareholder in the event of failure by such New Shareholder to comply with its outstanding ECSA Equity Contribution obligations to be assumed by the New Shareholder as a result of the relevant transfer in accordance with the ECSA; and
 - (B) entered or irrevocably agreed to enter, as applicable, into with the Security Agent a security confirmation agreement in respect of the Mandatory Equity Funding Account to cover any SIS' payment obligations under the guarantee provided pursuant to paragraph (x)(i) above in form and substance satisfactory to the Security Agent (acting in consultation with the Project Adviser);
- (b) A Shareholder is not permitted to transfer any of its respective Shares (or any part of them or any interest in the Issuer) to any person pursuant to paragraph (a) if:
- (i) an Event of Default has occurred and is continuing, or a Default would result from any such transfer; or
 - (ii) the Security Agent (acting in its personal capacity) has not received evidence reasonably satisfactory to it that all required criteria applied by it in assessing whether internal procedures and external Laws and regulations in relation to money laundering and/or "know your customer" checks have been complied with in respect of such transfer.

Procedure for Share Transfers

- (a) On the date of any transfer of any interest in (including the right to subscribe for or otherwise acquire) Shares, the Transferor Shareholder shall procure that the New Shareholder shall be bound as a Shareholder as if a party hereto, by entering into a Deed of Accession which must be duly executed and delivered by the New Shareholder together with copies (certified by a duly authorised officer of the New Shareholder) of:
 - (i) the New Shareholder's constitutional documents;
 - (ii) a board resolution (or other appropriate authorisation) authorising the New Shareholder's execution of the Deed of Accession; and

- (iii) a legal opinion (in form and substance and from a counsel satisfactory to the Security Agent (acting in consultation with the Project Adviser)) confirming as to the New Shareholder that:
 - (A) the New Shareholder has the capacity to enter into the Deed of Accession (and any other documentation required to be signed by the New Shareholder pursuant to any of the other Finance Documents in connection with such transfer);
 - (B) the New Shareholder's signatory (or signatories) have been duly authorised;
 - (C) that such documentation required to be entered into by the New Shareholder has been duly executed in accordance with the New Shareholder's constitutional documents and all applicable Laws; and
 - (D) the obligations of the New Shareholder created pursuant to the documentation entered into are legally valid and binding on, and enforceable against the New Shareholder.
- (b) Without prejudice to the relevant arrangements referred to in the paragraph (*Restrictions on Share Transfers*) above, if the conditions in paragraph (a) above have been satisfied, the Issuer and the Security Agent shall countersign a Deed of Accession for the purposes of releasing the Transferor Shareholder from its obligations under the Equity Contribution and Subordination Agreement to the extent such obligations are assumed by the New Shareholder.
- (c) Upon any transfer permitted by the preceding provisions, the Liability Percentage and the Initial Shareholdings shall be accordingly amended to reflect the new shareholding in the Issuer.

Governing law

The ECSA will be governed by English law.

Security Trust and Intercreditor Deed

General

On or before the Issue Date, we will enter into the Security Trust and Intercreditor Deed (the "**STID**") with the Project Adviser, the Note Trustee, the Security Agent, the Account Banks, the Custodian, the Escrow Agent, the Calculation Agent, the Principal Paying and Transfer Agent, the Registrar and the VAT Receivables Purchaser. Hedging Banks (if any) will be required to accede to the STID.

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 such consent or waiver or approve such modification.

Ranking and Subordination

Each of the parties to the STID will agree that (i) the Secured Liabilities owed by us to the Secured Creditors and (ii) the VAT Liabilities owed by us to the VAT Receivables Purchaser, shall rank in right and priority of payment in the order specified in the Pre-enforcement Priority of Payments. In particular, payments of sums out of the Proceeds Account shall be permitted at the following times or otherwise in accordance with the Debt Documents. If the funds in the Proceeds Account are insufficient to meet all payments falling due on such date, they shall be applied towards payments in the following order:

- (i) *first*: to pay all Construction Costs (plus, without double counting, any applicable VAT) falling due at any time;

- (ii) *second*: to pay all Operating Costs (plus, without double counting, any applicable VAT) falling due at any time;
- (iii) *third*: on a *pro rata* and *pari passu* basis to pay all costs, fees, expenses and indemnity payments under and in connection with the Finance Documents, of or due to, the Note Trustee, the Agents, the Account Banks and the Purchasers as and when they fall due;
- (iv) *fourth*: on the due date for payment as specified in the relevant VAT Documents, all fees, costs and indemnity payments (if any) and any other payment properly incurred (if any) under the VAT Documents, of or due to, the VAT Receivables Purchaser;
- (v) *fifth*: on each Interest Payment Date;
 - (A) on a *pro rata* basis (if applicable) in discharging scheduled payments under and in accordance with the Hedging Documents (other than Defaulted Hedging Termination Payments); and
 - (B) on a *pro rata* basis in payment of interest due on the Senior Notes,
 and on a *pro rata* basis between paragraphs (v)(A) and (v)(B);
- (vi) *sixth*: on a *pro rata* and *pari passu* basis, in payment of interest, fees, costs and indemnity payments (as applicable) on the relevant due date for payment (or during any applicable grace period) with respect to indebtedness incurred pursuant to paragraphs (c), (d) or (e) of the definition of Permitted Financial Indebtedness;
- (vii) *seventh*: on a *pro rata* basis on each Interest Payment Date, on a *pari passu* basis in respect of the repayment of principal amounts outstanding on the Senior Notes in accordance with the Conditions;
- (viii) *eighth*: on a *pro rata* and *pari passu* basis, in payment of principal repayments (as applicable) on the relevant due date for repayment (or during any applicable grace period) with respect to indebtedness incurred pursuant to paragraphs (c), (d) or (e) of the definition of Permitted Financial Indebtedness;
- (ix) *ninth*: on each date in accordance with paragraph 7.1 (*Maintenance Reserve Account*) of Schedule 6 of the STID, to transfer such amounts to the Maintenance Reserve Account that are required to maintain the MRA Required Balance;
- (x) *tenth*: on each date in accordance with paragraph 6.1 (*Debt Service Reserve Account*) of Schedule 6 of the STID, to transfer such amounts to the Debt Service Reserve Account that are required to maintain the DSRA Required Balance;
- (xi) *eleventh*: on each Interest Payment Date, subject to the exercise of the option to capitalise in accordance with Condition 5.7 (*Option to Capitalise Interest on Junior Notes*), and only to the extent that the Available Junior Cash is sufficient to fund such payments, on a *pari passu* and *pro rata* basis in payment of interest due on the Junior Notes (and, if applicable, any Additional Junior Notes);
- (xii) *twelfth*: on the Initial Markdown Date and, if applicable, any Interest Payment Date prior to the Junior Notes Maturity Date, subject to compliance with the Junior Notes Restricted Payment Conditions (excluding on the Initial Markdown Date paragraph (b) (such that Historic DSCR is not required to be satisfied on the Initial Markdown Date) and paragraph (e) of the Junior Notes Restricted Payment Conditions for the purpose thereof) and the relevant Conditions, and only to the extent that the Available Junior Cash is sufficient to fund such payments, on a *pari passu* and *pro rata* basis, in payment of the principal amount outstanding (and on the Initial Markdown Date together with accrued interest) in respect of the Initial Put Option Notes or Subsequent Put Option Notes, as the case may be (as each such term is defined in the Conditions);
- (xiii) *thirteenth*: on the Initial Redemption Date and, if applicable, the date falling 5 Business Days after any Interest Payment Date prior to the Junior Notes Maturity Date, subject to compliance

with the Junior Notes Restricted Payment Conditions (excluding on the Initial Redemption Date paragraph (b) (such that Historic DSCR is not required to be satisfied on the Initial Redemption Date) and paragraph (e) of the Junior Notes Restricted Payment Conditions for the purpose thereof) and the relevant Conditions, and only to the extent that the Available Junior Cash is sufficient to fund such payments, on a pari passu and pro rata basis, as follows:

- (A) on the Initial Redemption Date only, in payment of principal amounts outstanding (together with accrued interest) on the Initial Extend Notes (as such term is defined in the Conditions) at such date, until an amount equal to 34.29 *per cent.* of the principal amount outstanding on the Initial Extend Notes as the case may be at the Initial Redemption Date, has been repaid; and
 - (B) in payment of the principal amount outstanding of the Initial Extend Notes or Subsequent Extend Notes, as the case may be (as each such term is defined in the Conditions) until an amount equal to 34.29 *per cent.* of the principal amount outstanding (together with accrued interest) of the relevant Junior Notes as at such date has been repaid in accordance with Condition 7(e) (*Subsequent Redemption of Junior Notes – Application of Available Junior Cash Following the 18 Month Interest Payment Date*);
- (xiv) *fourteenth*: on the Initial Redemption Date, subject to compliance with the Shareholder Restricted Payment Conditions (excluding on the Initial Redemption Date paragraph (d) (such that the Historic DSCR is not required to be satisfied on the Initial Redemption Date) and paragraph (e) of the Shareholder Restricted Payment Conditions for the purpose hereof), and only to the extent that the Available Junior Cash is sufficient to fund such payment, to the Distribution Account within twenty (20) Business Days of the date of the relevant Compliance Certificate being agreed in accordance with the STID in the following order of priority:
 - (A) in respect of interest due and payable on any Shareholder Loans; and
 - (B) in respect of principal amounts outstanding on any Shareholder Loans;
- (xv) *fifteenth*: on the date falling 5 Business Days after any Interest Payment Date immediately following the date falling 18 months after the Operations Commencement Date up to and including the Junior Notes Maturity Date, subject to compliance with the Junior Notes Restricted Payment Conditions and the relevant Conditions, and only to the extent that the Available Junior Cash is sufficient to fund such payments, on a pari passu and pro rata basis in repayment (together with accrued interest) at an amount equal to 102% of the principal amount outstanding of the Junior Notes (and, if applicable any Additional Junior Notes);
- (xvi) *sixteenth*: on any Interest Payment Date from (but excluding) the Junior Notes Maturity Date, and subject to compliance on the Junior Notes Maturity Date with the relevant conditions set out in Condition 7g) (*Final Redemption of Junior Notes*), and on any other Interest Payment Date thereafter, in accordance with the Junior Notes Restricted Payment Conditions, on a *pro rata* and *pari passu* basis, in repayment of principal amounts outstanding in respect of the Junior Notes, (and, if applicable any Additional Junior Notes), whether payable pursuant to the Junior Notes Cash Sweep or otherwise;
- (xvii) *seventeenth*: on any Interest Payment Date or on any other date in accordance with the Conditions, a redemption pursuant to Conditions 7(j) (*Redemption for taxation reasons*), 7(k) (*Redemption for an Illegality Event*), 7(l) (*Redemption at the option of the Noteholders*), 7(m) (*Redemption at the option of the Issuer*) or 7(n) (*Equity Cure Redemption*) (as applicable) in payment pro rata, of principal due in respect of the redemption of all or part of the Notes in accordance with the relevant Condition, including any Senior Make Whole Amount or Junior Make Whole Amount (if applicable);
- (xviii) *eighteenth*: on the due date for payment as specified in the Hedging Documents, in payment of any Defaulted Hedging Termination Payments; and
- (xix) *nineteenth*: on any Interest Payment Date immediately following the date falling 18 months after the Operations Commencement Date, subject to compliance with the Shareholder

Restricted Payment Conditions, to the Distribution Account within twenty (20) Business Days of the date of the relevant Compliance Certificate being agreed in accordance with the STID.

Notwithstanding the occurrence of any Event of Default that is continuing and the relevant provisions of the STID and the Italian Account Bank Agreement, the Issuer may upon prior written notice to the Project Adviser and the Security Agent withdraw amounts in respect of payment obligations arising under mandatory applicable Law, from the Proceeds Account (in consultation with the Project Adviser and the Security Agent) strictly limited to the extent that the Issuer is required to pay such amounts in order to comply with its obligations under mandatory applicable Law.

Each Secured Creditor (other than the Security Agent) will be required to agree that it will not, among other things:

- (a) permit or require the Issuer to discharge any of the Secured Liabilities owed to it, except to the extent and in the manner permitted under the STID and as further specified in the other Debt Documents to the extent that the provisions of such Debt Documents are consistent with the relevant provisions of the STID;
- (b) without prejudice to the generality of paragraph (a) above, accelerate, or permit or require the Issuer to accelerate, cancel, pay, prepay, repay, redeem, purchase, terminate early or voluntarily terminate or otherwise acquire any of the Secured Liabilities except to the extent and in the manner permitted by the STID and as further specified in the other Debt Documents to the extent that the provisions of such Debt Documents are consistent with the relevant provisions of the STID;
- (c) take, accept or receive the benefit of any security, guarantee, indemnity, collateral (including cash collateral) or other assurance against financial loss from the Security Providers in respect of any of the Secured Liabilities owed to it except pursuant to the Transaction Security created under the Security Documents, in each case, in accordance with the STID;
- (d) take, receive or recover from the Issuer by set-off, any right of combination of accounts, proceedings of any kind or in any other manner whatsoever (save where permitted in paragraphs (a) to (c) (inclusive) above) the whole or any part of the Secured Liabilities owed to it, except:
 - (i) in accordance with the provisions of the STID and as further specified in the other Debt Documents to the extent that the provisions of such Debt Documents are consistent with the provisions of the STID; or
 - (ii) in respect of any of the Account Banks, to the extent permitted under the relevant Account Bank Agreement; and/or
- (e) take any Enforcement Action in respect of the Transaction Security except in accordance with the provisions of the STID and the other Security Documents.

Undertakings of the VAT Receivables Purchaser

The VAT Receivables Purchaser agrees that it will not:

- (a) permit or require the Issuer to discharge any of the VAT Liabilities owed to it, except as further specified in the VAT Documents;
- (b) without prejudice to the generality of paragraph (a) above, accelerate, or permit or require the Issuer to accelerate, cancel, pay, prepay, repay, redeem, purchase, terminate early or voluntarily terminate or otherwise acquire any of the VAT Liabilities except as further specified in the VAT Documents;
- (c) take, accept or receive the benefit of any security, guarantee, indemnity, collateral (including cash collateral) or other assurance against financial loss from the Security Providers in respect of any of the VAT Liabilities owed to it except pursuant to the Transaction Security created under the Security Documents or as further specified in the VAT Documents (including the VAT Security) or as otherwise permitted in accordance with clause 6.2 of the STID;

- (d) take, receive or recover from the Issuer by set off, any right of combination of accounts, proceedings of any kind or in any other manner whatsoever (save where permitted in accordance with paragraphs (a) to (c) (inclusive) above) the whole or any part of the VAT Liabilities owed to it, except in accordance with the provisions of the STID and as further specified in the VAT Documents; or
- (e) take any Enforcement Action in respect of the VAT Security except in accordance with the provisions of the STID and the VAT Documents.

Shareholder Subordinated Liabilities

Each of the parties to the STID agrees, and the Issuer shall procure at all times, that the Shareholder Subordinated Liabilities are postponed and subordinated to the Secured Liabilities and the VAT Liabilities owed by the Issuer to the relevant External Creditors and any Payment in respect of the Shareholder Subordinated Liabilities will be considered to be a Shareholder Restricted Payment subject to and in accordance with the Finance Documents.

Enforcement Action

Each Secured Creditor (other than the Security Agent) agrees with the other Secured Creditors (as applicable) that, at any time prior to the Final Discharge Date, and unless otherwise permitted by the express terms of the STID:

- (a) only the Security Agent is entitled to take Enforcement Action in respect of the Transaction Security against the Security Providers or to take proceedings or to exercise any rights, discretions or powers, or to grant any consents or releases in respect of the Transaction Security given under or pursuant to the Security Documents or otherwise have direct recourse to the Transaction Security;
- (b) no Secured Creditor (other than the Security Agent or, to the extent applicable, a Receiver appointed by the Security Agent) shall have the right to take or join any person in taking steps against any Security Provider for the purposes of obtaining payment of any amount due whatsoever from such Security Provider to such Secured Creditor, including the appointment of a Receiver (in accordance with applicable Law), provided that nothing shall prevent an Secured Creditor from proving for the full amount owed to it by a Security Provider in the liquidation of such Security Provider;
- (c) subject to paragraph (e)(i) of the definition of Enforcement Action, neither it nor any person acting on its behalf (other than the Security Agent or, to the extent applicable, any Receiver appointed by the Security Agent) shall initiate or join any person in initiating howsoever an Insolvency Event in relation to any Security Provider; and
- (d) it shall not be entitled to take any steps or proceedings which would result in the Pre-enforcement Priority of Payments and the Post-enforcement Priority of Payment not being observed.

Enforcement Action by the VAT Receivables Purchaser

The VAT Receivables Purchaser has agreed under the STID that it may only take Enforcement Action which would be available to it in respect of any of the VAT Liabilities if, at the same time as, or prior to, that action:

- (a) a Senior Acceleration Event has occurred in which case the VAT Receivables Purchaser may take the same Enforcement Action (but in respect of the VAT Liabilities) as constitutes that Senior Acceleration Event but only to the extent applicable to it; or
- (b) the VAT Receivables Purchaser has given notice (a "**VAT Enforcement Notice**") to the Security Agent specifying that a VAT Default has occurred and is continuing and that it has been awarded final judgement from a competent court in its favour requiring the Issuer to make a payment in respect of the VAT Liabilities (the "**Final Judgment**"); and a period (a "**VAT Standstill Period**") of not less than six (6) months from the date of the Final

Judgement has elapsed; and the relevant VAT Default is continuing at the end of the VAT Standstill Period; or

- (c) the Secured Creditors have given their prior written consent pursuant to the STID.

Post-Enforcement Priority of Payments

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 shall be held by the Security Agent on trust to be applied at any time to the extent permitted by applicable Law (and subject to the provisions of the STID) in the following order of priority (as calculated by the Security Agent (based on statements provided by the relevant Parties)):

- (a) in or towards payment of any operating costs in connection with the Project only to the extent required by mandatory applicable Law to be paid in priority to any other amount due and payable by the Issuer;
- (b) in or towards payment on a *pro rata* and *pari passu* basis according to the respective amounts thereof, of any sum owing to the Note Trustee, the Security Agent, any Receiver or any Delegate (including any fees or other remuneration and indemnity payments (if any) payable to the Security Agent, the Note Trustee, Receiver or any Delegate, as applicable under the Finance Documents and any costs, liabilities, charges and expenses incurred by it or on its behalf);
- (c) in or towards payment on a *pro rata* basis according to the respective amounts thereof, of all costs and expenses incurred by any Secured Creditor in connection with any realization or enforcement of the Transaction Security taken in accordance with the terms of the STID or any action taken at the request of the Security Agent under the STID;
- (d) in or towards payment on a *pro rata* and *pari passu* basis according to the respective amounts thereof, of any sum owing to the Agents (other than the Security Agent) or the Project Adviser (including any fees or other remuneration and indemnity payments (if any) payable to the Agents (other than the Security Agent) or the Project Adviser, as applicable under the Finance Documents, and in each case, any costs, liabilities, charges and expenses incurred by it or on its behalf);
- (e) in or towards payment of any amount due or overdue (including indemnity payments (if any)) under the VAT Documents;
- (f) in or towards payment of:
 - (i) scheduled amounts due and payable, on a *pro rata* basis (if applicable) to the Hedging Banks (if any) (including any termination or close-out amounts payable (other than any Defaulted Hedging Termination Payment)); and
 - (ii) interest on a *pro rata* basis due and payable on the Senior Notes,in each case, on a *pro rata* basis between (i) and (ii);
- (g) in or towards payment on a *pari passu* basis of principal due and payable on the Senior Notes;
- (h) in or towards payment on a *pari passu* basis of interest due and payable on the Junior Notes and the Additional Junior Notes (if applicable);
- (i) in or towards payment on a *pari passu* basis of principal due and payable on the Junior Notes and the Additional Junior Notes (if applicable);
- (j) in or towards payment of any Defaulted Hedging Termination Payment; and
- (k) the balance, if any, in payment or distribution to the Issuer.

Issuer Discretion Matters

We may, without the consent of the Project Adviser, the Security Agent or any Secured Creditor, exercise any right or discretion or make any determination under the Transaction Documents in relation to any Issuer Discretion Matter; provided that:

- (a) we deliver written notice to the Project Adviser of the proposed right or determination which we propose to exercise no fewer than ten (10) Business Days prior to the date on which we are proposing to exercise such right or discretion or to make such determination, and the Project Adviser shall post a copy of such notice as soon as reasonably practicable on the relevant Designated Website for consideration by the Secured Creditors;
- (b) we provide any further information to the Project Adviser as may be requested by it; and
- (c) neither the Project Adviser acting in its discretion nor the Qualifying Secured Creditors holding in aggregate at least twenty per cent. (20%) of the Qualifying Secured Debt raise any objection as to whether the right constitutes an Issuer Discretion Matter within ten (10) Business Days of receipt of the notice referred to in paragraph (a) above (in the case of the Project Adviser) and within five (5) Business Days of the posting of such notice on the relevant Designated Website (in the case of the Qualifying Secured Creditors) and no Secured Creditor notifies us, the Project Adviser and/or the Security Agent that an Entrenched Right applies to it within five (5) Business Days of such posting.

Amendments, Consents and Waivers – STID Proposals

The STID contains detailed provisions setting out the voting and instruction mechanics in respect of (a) Ordinary Voting Matters and (b) Extraordinary Voting Matters, as well as in respect of Entrenched Rights.

We may request the Security Agent to approve any amendment or waiver, the grant of consent, the making of any determination, or the exercise of any right or discretion under, any Debt Document, other than any matter which constitutes an Issuer Discretion Matter (see "*Issuer Discretion Matters*" above), a Project Adviser Determination Matter or a Reserved Discretion by delivering a STID Proposal to the Security Agent, the Project Adviser, the Note Trustee and the Hedging Banks in accordance with the provisions set out in the STID and arranging for notice of such STID Proposal to be given to Noteholders in accordance with the Conditions.

The STID Proposal will, among others, certify whether it is a Project Adviser Discretion Matter, a Project Adviser Determination Matter, an Ordinary Voting Matter or an Extraordinary Voting Matter, whether it would be considered to give rise to an Entrenched Right with respect to one or more External Creditors and state the total time period which will apply and the relevant Decision Period (as further described in "*Decision Periods*" below) and its implementation.

Voting categories and Entrenched Rights determinations certified in a STID Proposal may be challenged during the Consideration Period (a period of 10 Business Days after the date on which both the Security Agent and the Project Adviser have received the STID Proposal) by (i) in the case of a determination of voting category, Qualifying Secured Creditors representing at least 5% of the Qualifying Secured Debt instructing the Project Adviser to challenge such certification or (ii) in the case of any determination of whether the STID Proposal gives rise to an Entrenched Right, the parties who claim to be entitled to exercise their Entrenched Rights in each case representing at least 5% of the relevant External Creditor group to which the Entrenched Right relates directing the Project Adviser to challenge it.

Save in respect of the Project Adviser Discretion Matter, the Security Agent will not challenge the Issuer determination of voting categories or of whether the matter will give rise to an Entrenched Right unless it has received such instructions from (i) in the case of a determination of voting category, Qualifying Secured Creditors representing at least 5% of the Qualifying Secured Debt directing the Security Agent to challenge it and (ii) in the case of any determination of whether the STID Proposal gives rise to an Entrenched Right, the parties who claim to be entitled to exercise their Entrenched Rights in each case representing at least 5% of the relevant External Creditor group to which the Entrenched Right relates directing the Security Agent to challenge it.

The Project Adviser will also be entitled to challenge the voting categories and Entrenched Rights determination certified in a STID Proposal during the Consideration Period.

The Determination of the Voting Category in a STID Proposal pursuant to paragraph 1.2(b) (*Minimum requirements of a STID Proposal*) shall be binding on the External Creditors, unless either:

- (i) the Project Adviser:
 - (A) does not agree with the Determination of the Voting Category made by the Issuer in the STID Proposal and challenges such determination during the Consideration Period by written notice to the Issuer (the “**Project Adviser Categorisation (Dissenting) Notice**”), a copy of which shall be posted on the relevant Designated Website; or
 - (B) agrees with such determination but such determination is challenged by the Security Agent in accordance with paragraph (ii) below; or
- (ii) the Security Agent challenges the determination made by the Issuer in the STID Proposal by written notice to the Issuer, the Project Adviser and the other Secured Creditors during the Consideration Period in accordance with paragraphs (b) and (c) below, in which case the determination agreed between the Issuer and the Security Agent (as directed by the Determination Dissenting Creditors or the Entrenched Right Dissenting Creditors, as applicable) or confirmed by the Appointed Expert, as the case may be, shall prevail and, if the determination of the category or application of Entrenched Rights is challenged, the Decision Period shall commence on the date of the notification delivered by the Issuer or the Appointed Expert, as the case may be, to the Security Agent of the relevant voting category or Entrenched Right determination; or
- (iii) the Project Adviser, and/or any Agent and/or the Note Trustee and/or the Security Agent disagrees with the Issuer’s determination of whether such STID Proposal gives rise to an Entrenched Right and claims to be entitled to an Entrenched Right in respect thereof (the “**Other Creditor Entrenched Right Dissenting Notice**”), in which case the determination agreed between the Issuer and the relevant External Creditors or confirmed by the Appointed Expert, as the case may be, shall prevail and the Decision Period shall commence on the date of the notification delivered by the Issuer or the Appointed Expert to the Project Adviser of the Entrenched Right determination.

Upon receipt of such a challenge, the Issuer shall discuss in good faith with the Project Adviser and/or the Security Agent and/or the relevant External Creditor for five (5) Business Days (or such longer period agreed between the Issuer and the Project Adviser and/or the Security Agent and/or the relevant External Creditor) the relative strengths of the arguments as to the correct voting category or whether an Entrenched Right applies (as the case may be).

If the Issuer and the Project Adviser and/or the Security Agent (acting on the direction of the Determining Dissenting Creditors or the Entrenched Right Dissenting Creditors and/or such External Creditor) are not able to agree on the voting category of the relevant STID Proposal or whether such STID Proposal gives rise to an Entrenched Right within this timeframe, they shall instruct (at the cost of the Issuer) such experts as are considered necessary by the Project Adviser and/or the Security Agent and, only in the case of the experts instructed by the Project Adviser, agreed upon by the Issuer or, if no agreement can be reached by the Project Adviser and the Issuer, then experts chosen by the President for the time being of the Law Society of England and Wales. Such expert(s) (acting jointly, if comprising more than one individual) having regard to all the circumstances and facts that he/she considers relevant, shall determine the relevant voting category in respect of the relevant STID Proposal or whether such STID Proposal gives rise to an Entrenched Right and give confirmation of such determination in writing within twenty (20) Business Days of instruction. The decision of such expert(s) shall be final and binding on each of the parties.

If the Project Adviser or the Security Agent determines within ten (10) Business Days of the date of delivery of the STID Proposal that it or any relevant External Creditor does not have sufficient time, information or advice to determine whether the STID Proposal gives rise to an Entrenched Right or the relevant voting category of the STID Proposal, then the Project Adviser or the Security Agent will promptly so advise the Issuer in writing. If the Issuer wishes to continue with the proposed amendment, consent or waiver, then it shall be entitled to provide a revised STID Proposal or provide sufficient

information in order for the Project Adviser or the Security Agent and/or the relevant External Creditors to act before any of the relevant Decision Periods shall commence.

Further Assurances

Following a request from the Junior Noteholders to issue Additional Junior Notes in accordance with Condition 14 (*Option to Request Issuance of Additional Junior Notes*), the Issuer shall use its best endeavours to issue such Additional Junior Notes in accordance with the Conditions and, in connection therewith, each Party to the STID shall, acting in good faith, at the Issuer's expense, provide such reasonable assistance as the Issuer may require (including with respect to the Finance Documents) in order to give effect to the issuance of the Additional Junior Notes.

Project Adviser Determination Matters

Project Adviser Determination Matters are any matter requiring any determination, assessment, consent, waiver, amendment or other exercise of discretion to be made relating to the matters specified in the "**Project Adviser Determination Matter**" definition of the Glossary, in each case which is not already covered by an Issuer Discretion Matter or a Reserved Discretion.

If the Project Adviser agrees with the Issuer that the STID Proposal is in respect of a Project Adviser Determination Matter and: (i) it determines that it may make the determination required in respect of and/or give its consent or approval to such matter, the Project Adviser shall give notice of its determination, consent and/or approval to the Issuer and all the Secured Creditors by posting a Project Adviser Determination Letter on the relevant Designated Website, whereas: (ii) if it determines that it may not make the determination required in respect of, and/or give its consent or approval to, such matter, the Project Adviser shall give notice thereof to the Issuer (such notice being a "**Project Adviser Determination (Dissenting) Notice**"). If by the end of the Consideration Period the Project Adviser posts such a Project Adviser Determination Letter, within ten (10) Business Days of such Designated Posting any Qualifying Secured Creditor representing, in aggregate, at least ten per cent. (10%) of the Qualifying Secured Debt may request the Project Adviser that the matter be resolved upon by way of an Ordinary Resolution, in which case notice of such request shall be promptly given by the Issuer to all the Secured Creditors by Designated Posting and the Decision Period shall commence on the date of the notification of such request delivered by the Issuer or, failing which, by the Project Adviser.

Any Qualifying Secured Creditors wishing to request that a relevant matter pursuant to the Common Terms Agreement be resolved by way of a STID Proposal as an Ordinary Voting Matter must contact the Security Agent and provide its evidence of its entitlement and the Security Agent, once it receives such requests from Qualifying Secured Creditors representing, in aggregate, at least twenty five per cent. (25%) of the Qualifying Secured Debt, must promptly inform the Issuer and the Project Adviser. Any such request received by the Project Adviser from any such Qualifying Secured Creditor shall be supplied by the Project Adviser to the Issuer and the Note Trustee.

In the event that Qualifying Secured Creditors representing, in aggregate, not less than ten per cent (10%) of the Qualifying Secured Debt do not request that the STID Proposal be resolved upon by way of Ordinary Resolution within ten (10) Business Days of the relevant Designated Posting of the Project Adviser Determination Letter, then such STID Proposal in respect of such Project Adviser Determination Matter will be deemed to have been approved by Ordinary Resolution without need of any vote of the relevant Qualifying Secured Creditors, and the Project Adviser (upon confirmation from the Security Agent that no such requests have been received by the Security Agent from Qualifying Secured Creditors representing, in aggregate, not less than twenty five per cent. (25%) of the Qualifying Secured Debt) will accordingly notify the Issuer and all of the Secured Creditors by Designated Posting of such deemed approval and any right or discretion exercised by the Project Adviser and/or any determination made by it, in each case, in relation to the relevant Project Adviser Determination Matter shall be binding on the Project Adviser, the Security Agent, the Note Trustee and any other applicable Secured Creditor and each of the Project Adviser, the Security Agent, the Note Trustee and any other applicable Secured Creditor shall be bound to give effect to it.

Ordinary Voting Matters

An "**Ordinary Voting Matter**" is any matter which does not relate to Enforcement Action or a Post-Enforcement Resolution and is not an Extraordinary Voting Matter, Issuer Discretion Matter, Project Adviser Determination Matter or Project Adviser Discretion Matter.

Extraordinary Voting Matters

Extraordinary Voting Matters include any proposed modification, consent, waiver or determination in respect of any one or more of the following:

- (a) an amendment to any Debt Document (including any provisions relating to the Project Accounts) having the effect of changing the ranking in priority of any payment under the Debt Documents insofar as such change would adversely affect the Senior Notes;
- (b) an amendment to any Project Document which is materially prejudicial to the interests of any Senior Noteholders (where "materially prejudicial" means that such determination, assessment, consent, waiver, amendment or other exercise of discretion would have a material adverse effect on the ability of the Issuer to pay any amounts of principal and/or interest in respect of the Notes on the relevant due date for payment thereof);
- (c) a technical amendment affecting the Project, the EPC Contract and/or the O&M Contract which in each case is likely to have a Material Adverse Effect on the Senior Noteholders;
- (d) an amendment to or change of any event or circumstance specified as an Event of Default in the Common Terms Agreement (other than such amendment or change which gives rise to a Senior Noteholder Entrenched Right or Junior Noteholder Entrenched Right);
- (e) an amendment to or waiver of any conditions to drawdown from the Escrow Account which is likely to have a Material Adverse Effect on the Senior Noteholders;
- (f) notwithstanding paragraph (b) above, an amendment to or waiver of any breach or proposed breach of:
 - (i) any covenant or undertaking under the Debt Documents with a Material Adverse Effect qualification, which is likely to have a Material Adverse Effect on the Senior Noteholders; or
 - (ii) any other provision of any Transaction Document which is likely to have a Material Adverse Effect on the Senior Noteholders.

Project Adviser Discretion Matters

The Project Adviser may (subject to the Entrenched Rights and "*Limitations on General Discretion*" below), as requested by the Issuer by way of a STID Proposal, determine in its sole opinion whether a modification, consent or waiver is of a formal, minor or technical nature or to correct a manifest error and shall promptly notify the Issuer, the Note Trustee and the Security Agent if it makes such a determination (such notice being a "**Project Adviser Discretion Notice**") whereupon the Security Agent shall concur with the Issuer and any other relevant Party in making any such modification, or in waiving any such breach or proposed breach, to a Debt Document.

The Project Adviser shall be under no obligation to exercise its discretion in respect of any STID Proposal designated by the Issuer as a Project Adviser Discretion Matter and if it chooses not to do so, it shall notify the Issuer in writing (such notice being a "**Project Adviser Discretion (Dissenting) Notice**"), who may then issue a STID Proposal referring to another voting category in accordance with paragraph 1.1 (*Instigation of a STID Proposal*) and 1.2 (*Minimum Requirements of a STID Proposal*) of the STID.

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 or exercise any right or discretion in respect of any Debt Documents to which it is a party if such modification, consent, waiver, determination or exercise:

- (a) is an Issuer Discretion Matter, unless and until the provisions of Clause 20 (*Issuer Discretion Matters*) of the STID have been complied with;
- (b) is a Project Adviser Discretion Matter, unless and until the provisions of paragraph 1.8 (*Project Adviser Discretion Matters*) of the STID have been complied with;
- (c) is a Project unless and until the provisions of paragraph 2 (*Project Adviser Determination Matter, Adviser Determination Matters*) of the STID have been complied with;
- (d) is an Ordinary Voting Matter, unless and until the provisions of paragraph 3 (*Ordinary Voting Matters*) of the STID have been complied with;
- (e) is an Extraordinary Voting Matter, unless and until the provisions of paragraph 4 (*Extraordinary Voting Matters*) of the STID have been complied with; and
- (f) is an Entrenched Right, unless and until the consent of the relevant External Creditor entitled to exercise such Entrenched Right has been obtained in accordance with Clause 21.3 (*Approval of Entrenched Right Matters*) of the STID and paragraphs 5 (*Entrenched Right Resolutions*) to 11 (*Note Trustee and Security Agent Entrenched Right Resolution*).

Quorum Requirements

Ordinary Voting Matters

The quorum requirement in respect of an Ordinary Voting Matter shall initially be at least one or more Qualifying Secured Creditor(s) representing in aggregate at least 50% of the Qualifying Secured Debt; provided, however, that if the quorum requirement has not been met on or before the Business Day immediately preceding the last day of the Decision Period, the Decision Period shall be extended by five (5) Business Days from the expiry of the initial Decision Period and the quorum requirement shall be determined as having been met on the last day of the extended Decision Period and be reduced to one (1) or more Qualifying Secured Creditor(s), representing at least twenty per cent (20%) of the Qualifying Secured Debt.

Extraordinary Voting Matters

The quorum requirement in respect of an Extraordinary Voting Matter shall initially be one or more Qualifying Secured Creditor(s) representing, in aggregate, at least 66 2/3% of the Qualifying Secured Debt, provided, however, that if the quorum requirement has not been met on or before the Business Day immediately preceding the last day of the Decision Period, the quorum requirement shall be reduced to one or more Qualifying Secured Creditor(s) representing, in aggregate, at least 33 1/3 % of the Qualifying Secured Debt and the Decision Period shall be extended for a period of further five (5) Business Days from the expiry of the initial Decision Period.

Entrenched Right Matters

The Entrenched Rights for each category of Secured Creditors (Senior Noteholders, Junior Noteholders, VAT Receivables Purchaser, Hedging Banks, Agents, Note Trustee and Security Agent) are set out in the STID, covering key interests of each such class. No proposed modification to be made, consent to be given or waiver to be granted in respect of any Finance Documents which falls within the category of an Entrenched Right shall be effective unless and until an Entrenched Right Resolution of the relevant category of Secured Creditors in respect of such matter has been passed.

In respect of voting on a matter affecting a Senior Noteholder Entrenched Right and a Junior Noteholder Entrenched Right, the quorum requirement is one or more relevant Noteholders representing, in aggregate, at least 75% of the aggregate principal amount outstanding in respect of the relevant Notes, *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, the quorum requirement will be reduced to at least 25% of the principal amount outstanding in respect of the relevant Notes and the Decision Period shall be extended for a period of a further 5 Business Days from the expiry of the initial Decision Period.

As soon as the Security Agent is notified by the Principal Paying and Transfer Agent or Registrar that it has received votes:

- (a) in favour of a STID Proposal in respect of a Senior Noteholder Entrenched Right Resolution or Junior Noteholder Entrenched Right Resolution from the relevant Noteholders representing at least 75% (in the case of a Senior Noteholder Entrenched Right Resolution) and 90% (in the case of Junior Noteholder Entrenched Right Resolution) of the principal amount outstanding in respect of the relevant Notes; or
- (b) against a STID Proposal in respect of a Senior Noteholder Entrenched Right Resolution or Junior Noteholder Entrenched Right Resolution from relevant Noteholders representing more than 25% of the aggregate principal amount outstanding in respect of the relevant Notes,

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 relevant Noteholders.

Senior Noteholder Entrenched Rights

In respect of the Senior Noteholders, any modification to, consent, waiver, determination or exercise of rights or discretions set out as follows, shall give rise to an Entrenched Right, and may not be made, given, granted, exercised or required to be exercised if the proposed modification, consent, waiver, determination or exercise of rights or discretions has any one or more of the following effects or which relates to:

- (a) an adverse change to the payment priorities set out in the provisions relating to Project Accounts and Cash Management or Post-enforcement Priority of Payments of the STID (whether directly or indirectly and including for the avoidance of doubt in relation to items ranking lower than the Senior Notes to the extent such changes adversely affect the Senior Noteholders);
- (b) a change in the nature or the scope, or release, of any of the Transaction Security, unless equivalent replacement security (satisfactory to the Security Agent) is taken at the same time;
- (c) a change affecting the amounts payable (including principal and interest), payment dates, or methods or elements for calculating the payment amounts (including principal and interest) in respect of any payment obligation of the Issuer under the Notes in relation to scheduled payments, payments at maturity or on the termination date and voluntary and or mandatory repayments or redemption;
- (d) an exchange or a substitution of the Notes for, or their conversion into, shares, notes or other obligations or securities of the Issuer or any other person;
- (e) a change of the currency in which amounts due in respect of the Notes are payable;
- (f) a change:
 - (i) resulting in the Noteholders agreeing to receive payments under the Notes subject to any applicable withholding tax;
 - (ii) giving rise to a change of, or relating to, any existing obligations of the Issuer to gross up any payment in respect of the relevant Secured Creditor's debt in the event of the imposition of withholding taxes; or
 - (iii) otherwise relating to the tax status of the Issuer;
- (g) any change to or waiver of a Project Document which affects any termination compensation (including the calculation or amount thereof) under the relevant Project Document;
- (h) any change to the Equity Contribution and Subordination Agreement or any Equity LC to the extent such change or amendment prejudices or discriminates against the interests of the Senior Noteholders;
- (i) a change resulting in the provision of any extra security or guarantees to the Junior Noteholders (save to the extent shared with the Senior Noteholders);

- (j) any changes to the definition of Senior Noteholder Entrenched Right;
- (k) any change to the provisions relating to non-payment by the Issuer, cross-default, or insolvency of the Common Terms Agreement;
- (l) any changes to the definition of Material Adverse Effect;
- (m) any changes to the definition of DSRA Required Balance or MRA Required Balance;
- (n) any change to the definition of Permitted Business;
- (o) any change to the definition of Permitted Financial Indebtedness;
- (p) any change to the Shareholder Restricted Payment or the Shareholder Restricted Payments Conditions; or
- (q) any change affecting:
 - (i) the definitions of Issuer Discretion Matter, Project Adviser Discretion Matter, Ordinary Voting Matter, Extraordinary Voting Matter, Project Adviser Determination Matter, Qualifying Secured Debt, Qualifying Secured Creditors;
 - (ii) the quorum or majority required in respect of any Ordinary Voting Matter, Extraordinary Voting Matter, Senior Noteholder Entrenched Right Resolution or Enforcement Action; or
 - (iii) the voting procedure and the decision making process and how the Noteholders cast their votes under the STID or the Note Trust Deed.

Junior Noteholder Entrenched Rights

In respect of the Junior Noteholders, any modification to, consent, waiver, determination or exercise of rights or discretions set out as follows, shall give rise to an Entrenched Right, and may not be made, given, granted, exercised or required to be exercised if the proposed modification, consent, waiver, determination or exercise of rights or discretions has any one or more of the following effects or which relates to:

- (a) an adverse change to the payment priorities set out in Schedule 6 (*Project Accounts and Cash Management*) or Schedule 7 (*Post-enforcement Priority of Payments*) of the STID (whether directly or indirectly, and including the inclusion of any new items above or *pari passu* with the Junior Notes and the Additional Junior Notes (if applicable));
- (b) a change affecting the amounts payable (including principal and interest), payment dates, currency, or methods or elements for calculating the payment amounts (including principal and interest), in respect of any payment obligation of the Issuer in connection with the Senior Liabilities, any other Secured Liabilities or any VAT Liabilities ranking ahead of the Junior Notes in the Pre-Enforcement Priority of Payments and/or the Post-Enforcement Priority of Payments, or under the Notes in relation to scheduled payments, payments at maturity or on the termination date, and voluntary and or mandatory repayments or redemption, or any amendment or addition to any prepayment rights in connection with the Notes;
- (c) a change of the currency in which amounts due in respect of the Junior Notes and the Additional Junior Notes (if applicable) are payable;
- (d) any change to any of the definitions that comprise the definition of Entrenched Right to the extent the change is relevant to the interests of the Junior Noteholders;
- (e) any changes to the acceleration and enforcement provision set out in Condition 10 (*Acceleration and Enforcement*) as applicable to the Junior Noteholders;
- (f) an exchange or a substitution of the Notes for, or their conversion into, shares, notes or other obligations or securities of the Issuer or any other person;

- (g) a change in the nature or the scope, or release, of any Transaction Security, unless equivalent replacement security (satisfactory to the Security Agent) is taken at the same time;
- (h) any change to the provisions of clauses 16.1 (*Non-payment by the Issuer*), 16.10 (*Cross default*), or 16.11 (*Insolvency*) of the Common Terms Agreement;
- (i) any change to any of the provisions of clauses 13.11(c) (*Tax*), 14.1(c) (*Nature of business and amendments to Constitutional Documents*), 14.7 (*Expenditure*), 14.9 (*Financial Indebtedness*), 14.10 (*Loans and guarantees*), or 15.3 (*Financial Covenants*) of the Common Terms Agreement to the extent such changes or amendments prejudice or discriminate against the Junior Noteholders;
- (j) any change to clauses 6 (*Information Undertakings and Review Procedure*), 7.10 (*Compliance Certificate*) and 7.11 (*Notification of Default*) of the Common Terms Agreement;
- (k) any change to the Equity Contribution and Subordination Agreement or any Equity LC to the extent such change or amendment prejudices or discriminates against the interests of the Junior Noteholders;
- (l) any change to the Shareholder Restricted Payment or the Shareholder Restricted Payments Conditions;
- (m) any change to the provisions of Condition 7(l) (*Redemption at the option of the Noteholders*), or the definition of Change of Control Event, or the definition of Change of Material Shareholding;
- (n) any change affecting:
 - (i) the definitions of Issuer Discretion Matter, Project Adviser Discretion Matter, Ordinary Voting Matter, Extraordinary Voting Matter, Project Adviser Determination Matter, Qualifying Secured Debt, Qualifying Secured Creditors;
 - (ii) the quorum or majority required in respect of any Ordinary Voting Matter, Extraordinary Voting Matter or Enforcement Action; or
 - (iii) the voting procedure and the decision making process and how the Noteholders cast their votes under this Deed or the Note Trust Deed;
- (o) any change resulting in the provision of any extra security or guarantees to the Senior Noteholders (save to the extent shared with the Junior Noteholders);
- (p) any change to or waiver of a Project Document which affects any termination compensation (including the calculation or amount thereof) under the relevant Project Document;
- (q) any change to, or waiver, of any of the Project Documents (other than a change covered as an Issuer Discretion Matter) which:
 - (i) unless and until the ECSA Equity Contribution Commitment has been paid in full to the Proceeds Account in accordance with the Finance Documents, gives rise to an increase in the actual aggregate amount of the Construction Costs as set out in limb (a) of that definition (and any additional Financing Costs projected to be incurred as a result of such amendment) being exceeded by more than EUR70,000,000; or
 - (ii) gives rise to a material change to the Construction Programme such that it is reasonably likely that the Completion Date will not occur on or before the Longstop Date;
- (r) any change:
 - (i) resulting in the Junior Noteholders agreeing to receive payments under the Junior Notes and the Additional Junior Notes (if applicable) subject to any applicable withholding tax;

- (ii) giving rise to a change of, or relating to, any existing obligations of the Issuer to gross up any payment in respect of the relevant Secured Creditor's debt in the event of the imposition of withholding taxes; or
- (iii) otherwise in relation to the tax status of the Issuer;
- (s) any change 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 in accordance with Clause 21.2(b) (*Amendments and Waivers – STID Proposals*) of the STID;
- (t) any change resulting in any material amendment to the Debt Documents that prejudice or discriminate against the Junior Noteholders;
- (u) any change to any of the identity, status or corporate form of the Issuer;
- (v) any change affecting the conditions to drawdown from the Escrow Account set out in clause 5.1 (*Conditions to Drawdown*) of the Common Terms Agreement;
- (w) any changes to the definition of DSRA Required Balance or MRA Required Balance;
- (x) any changes to the definition of Material Adverse Effect;
- (y) any change to the definition of Permitted Financial Indebtedness;
- (z) any change to the definition of Permitted Business;
- (aa) any change to the definition of Concession Litigation;
- (bb) any change to the definition of Concession Litigation Equity Acceleration Event;
- (cc) any change to the definition of Concession Litigation Settlement Date; any change to the definition of Junior Noteholder Restricted Payment, or the definition of Junior Notes Restricted Payment Conditions, or any other condition with respect to the payment of interest and/or principal in relation to the Junior Notes and the Additional Junior Notes (if applicable);
- (dd) any consent in respect of a Payment in respect of the Shareholder Subordinated Liabilities pursuant to Clause 7.2(b) (*Permitted Payments: Shareholder Subordinated Liabilities*) of the STID; or
- (ee) any change to any of the step-in rights of the Noteholders in connection with the Project.

VAT Receivables Purchaser Entrenched Right

In respect of the VAT Receivables Purchaser, any modification to, consent, waiver, determination or exercise of rights or discretions under or in respect of any term of any Debt Document shall not be made, given, granted, exercised or be required to be exercised without the prior written consent of the VAT Receivables Purchaser if the proposed modification, consent, waiver, determination or exercise of rights or discretions has any one or more of the following effects or which relates to:

- (a) an adverse change to the payment priorities set out in the STID;
- (b) a change in the nature or the scope, or release, of any Transaction Security, unless equivalent replacement security (satisfactory to the Security Agent) is taken at the same time;
- (c) a change in the definition of VAT Receivables Purchaser Entrenched Right; or
- (d) an amendment to, or waiver of, the Events of Default provision relating to the VAT Documents of the Common Terms Agreements.

Hedging Bank Entrenched Right

In respect of any Hedging Bank, any modification to, consent, waiver, determination or exercise of rights or discretions under or in respect of any term of any Debt Document shall give rise to an Entrenched Right and may not be made, given, granted, exercised or required to be exercised without

the prior written consent of all the Hedging Banks if the proposed modification, consent, waiver, determination or exercise of rights or discretions has any one or more of the following effects or which relates to:

- (a) an adverse change to the payment priorities set out in Schedule 6 (*Project Accounts and Cash Management*) or Schedule 6 (*Post-enforcement Priority of Payments*) of the STID (whether directly or indirectly);
- (a) a change in the nature or the scope, or release, of any Transaction Security, unless equivalent replacement security (satisfactory to the Security Agent) is taken at the same time; or
- (b) imposing a new or more onerous obligation on a Hedging Bank, resulting in an increase in the payment obligations of a Hedging Bank or reducing any amounts due to a Hedging Bank under a Hedging Document, including, but not limited to, requiring the Hedging Bank to gross-up any tax or reimburse any party for a FATCA withholding;
- (c) a change in the payment amounts, payment dates, or methods or elements for calculating payment amounts, in respect of any payment obligation or right to receive a payment, of the Hedging Bank in relation to scheduled payments, payments at maturity or payments on termination, or any other payment terms under the Hedging Documents;
- (d) a change of the currency in which any amounts due in respect of the Hedging Transactions are payable;
- (e) adversely affecting, modifying, or varying, the rights and/or obligations of a Hedging Bank under any Finance Document, including a Hedging Document;
- (f) a change to the definition of Permitted Financial Indebtedness;
- (g) a change to the definition of Permitted Business; or
- (h) a change to the definition of Hedging Bank Entrenched Right.

Agent Entrenched Right

In respect of any of the Principal Paying and Transfer Agent, the Registrar, the Account Banks, the Custodian, the Escrow Agent and the Project Adviser (as applicable), any modification to, consent, waiver, determination or exercise of rights or discretions under or in respect of any term of any Debt Document shall give rise to an Entrenched Right and may not be made without the prior written consent of the Principal Paying and Transfer Agent, the Registrar, the Account Banks, the Custodian, the Escrow Agent and the Project Adviser (as applicable) if the proposed modification, consent, waiver, determination or exercise of rights or discretions has any one or more of the following effects or which relates to:

- (a) an adverse change to the position of each of the Principal Paying and Transfer Agent (and any other paying agent) and/or the Registrar and/or the Account Bank and/or the Custodian and/or the Calculation Agent and/or the Escrow Agent and/or the Project Adviser (as applicable) in the Pre-enforcement Priorities of Payment or the Post-enforcement Priorities of Payment (including for the avoidance of doubt in relation to items ranking lower than any of the Principal Paying and Transfer Agent (and any other paying agent) and/or the Registrar and/or the Account Bank and/or the Custodian and/or the Calculation Agent and/or the Escrow Agent and/or the Project Adviser (as applicable) to the extent such change adversely affects any of the Principal Paying and Transfer Agent (and any other paying agent) and/or the Registrar and/or the Account Bank and/or the Custodian and/or the Calculation Agent and/or the Escrow Agent and/or the Project Adviser (as applicable));
- (i) a change in any way to the nature and/or the scope of the tasks to be performed by each of the Principal Paying and Transfer Agent (and any other paying agent) and/or the Registrar and/or the Account Bank and/or the Custodian and/or the Calculation Agent and/or the Escrow Agent and/or the Project Adviser (as applicable) within any Transaction Document or otherwise;
- (j) a change in any way to the entitlement to any amounts due in relation to the fees payable to each of the Principal Paying and Transfer Agent (and any other paying agent) and/or the

Registrar and/or the Account Bank and/or the Custodian and/or the Calculation Agent and/or the Escrow Agent and/or the Project Adviser (as applicable) or method of their calculation, currency, time and/or method of payment;

- (k) excluding any of the Principal Paying and Transfer Agent (and any other paying agent) and/or the Registrar and/or the Account Bank and/or the Custodian and/or the Calculation Agent and/or the Escrow Agent and/or the Project Adviser (as applicable) from the definition of Secured Creditors;
- (l) a change in any way to the definition of the Agent Entrenched Right;
- (m) reducing the scope of the exculpation provisions set out in the relevant Finance Documents for the benefit of each of the Principal Paying and Transfer Agent (and any other paying agent) and/or the Registrar and/or the Account Bank and/or the Custodian and/or the Calculation Agent and/or the Escrow Agent and/or the Project Adviser (as applicable);
- (n) a change in any way to any provision relating to the entitlement to reimbursement of costs and expenses incurred or to be incurred by each of the Principal Paying and Transfer Agent (and any other paying agent) and/or the Registrar and/or the Account Bank and/or the Custodian and/or the Calculation Agent and/or the Escrow Agent and/or the Project Adviser (as applicable) or to the indemnification in favour of each of the Principal Paying and Transfer Agent (and any other paying agent) and/or the Registrar and/or the Account Bank and/or the Custodian and/or the Calculation Agent and/or the Escrow Agent and/or the Project Adviser (as applicable);
- (o) only in respect of the Project Adviser, adversely changing its right to have full access to the relevant Designated Website and its right to post information on such website; or
- (p) an adverse change to any other right and obligation of each of the Principal Paying and Transfer Agent (and any other paying agent) and/or the Registrar and/or the Account Bank and/or the Custodian and/or the Calculation Agent and/or the Escrow Agent and/or the Project Adviser (as applicable).

Note Trustee and Security Agent Entrenched Right

In respect of any of the Note Trustee and the Security Agent (as applicable), any modification to, consent or waiver, determination or exercise of rights or discretions under or in respect of any term of any Debt Document shall give rise to an Entrenched Right and may not be made, given, granted, exercised or required to be exercised without the prior written consent of the Note Trustee and/or the Security Agent (as applicable) if the proposed modification, consent, waiver, determination or exercise of rights or discretions has any one or more of the following effects or which relates to:

- (a) an adverse change to the rights and obligations of any of the Note Trustee and/or the Security Agent (as applicable) acting on its own personal capacity;
- (b) an adverse change to the position of any of the Note Trustee and/or the Security Agent (as applicable) in the Pre-enforcement Priorities of Payment or the Post-enforcement Priorities of Payment (including for the avoidance of doubt in relation to items ranking lower than any of the Note Trustee and/or the Security Agent (as applicable) to the extent such changes adversely affect any of the Note Trustee and/or the Security Agent (as applicable));
- (c) a change in any way to the nature and/or the scope of the tasks to be performed by any of the Note Trustee and/or the Security Agent (as applicable) within any Transaction Document or otherwise;
- (d) a change in any way to the entitlement to any amounts due in relation to the fees payable to any of the Note Trustee and/or the Security Agent (as applicable) or the method of their calculation, the currency, time and/or the method of payment;
- (e) the exclusion of any of the Note Trustee and/or the Security Agent (as applicable) from being Secured Creditors;

- (f) a change in any way to the definition of the Note Trustee and Security Agent Entrenched Right;
- (g) a reduction to the scope of the exculpation provisions set out in the relevant Finance Document for the benefit of any of the Note Trustee and/or the Security Agent (as applicable);
- (h) a change in any way to any provision relating to the entitlement to reimbursement of costs and expenses incurred or to be incurred by any of the Note Trustee and/or the Security Agent (as applicable) or any indemnification in favour of any of the Note Trustee and/or the Security Agent (as applicable); or
- (i) an adverse change to any of the rights and obligations of any of the Note Trustee and/or the Security Agent (as applicable).

Decision Periods

Following the end of the Consideration Period, the approval of the External Creditors will be sought for a period of 15 Business Days, which may be extended for 5 Business Days for an Ordinary Voting Matter or an Extraordinary Voting Matter if quorum requirements have not been reached. This period may be extended if a meeting of Noteholders is convened and such meeting has been adjourned in order to allow the adjourned meeting to take place in accordance with the Note Trust Deed.

Hedging Banks

Under the provisions of the STID, upon a failure to make a payment when due, the Hedging Banks are entitled, to the extent they are able to do so under the relevant Hedging Document, terminate or close-out in whole or in part any Hedging Transaction and, until such time as the Security Agent has given notice to such Hedging Bank that the Transaction Security is being enforced (or that formal steps are being taken to enforce the Transaction Security), the Hedging Bank shall be entitled to exercise any right it might otherwise have to sue for, commence or join legal or arbitration proceedings against the Issuer to recover any Hedging Liabilities due under that Hedging Document.

Enforcement Action

At any time when a Default has occurred and is continuing the Security Agent may and at any time when an Event of Default has occurred and is continuing upon a written request from any Qualifying Secured Creditor representing, in aggregate, at least ten per cent. (10%) of the Qualifying Secured Debt, the Security Agent shall, promptly request by Enforcement Instruction Notice from the Qualifying Secured Creditors as to whether the Security Agent should: (i) instruct the Note Trustee and/or the Hedging Banks (as applicable) to accelerate any amounts outstanding in respect of the Notes; and/or (ii) sanction any other kind of Enforcement Action, (each such matter being an "**Enforcement Matter**").

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

The Security Agent shall deliver the Enforcement Instruction Notice to the Note Trustee (who shall deliver it to the Noteholders in accordance with the Conditions), the Hedging Banks, the Issuer and the Project Adviser, and the Project Adviser shall post the Enforcement Instruction Notice on the relevant Designated Website.

No physical meeting of the Qualifying Secured Creditors shall be necessary for the purpose of considering and voting upon an Enforcement Resolution. The Security Agent shall, however, upon request by one or more Qualifying Secured Creditors representing, in aggregate, at least ten per cent. (10%) of the Qualifying Secured Debt, convene a physical meeting of all the Qualifying Secured Creditors or ask the Note Trustee to convene a meeting of the Senior Noteholders in accordance with the STID and the Note Trust Deed.

As soon as the Security Agent is notified by the Principal Paying and Transfer Agent (in respect of the Noteholders) that it has received, and the Security Agent has received from any Hedging Banks, votes

in favour of an Enforcement Resolution in respect of an Enforcement Matter from the Qualifying Secured Creditors:

- (i) up to and including the date thirty (30) calendar days after the occurrence of a Default or any Event of Default, representing at least sixty-six and two-thirds *per cent.* ($66\frac{2}{3}\%$) of the aggregate of the Qualifying Secured Debt; and
- (ii) from thirty (30) calendar days after the occurrence of a Default or any Event of Default representing more than fifty per cent. (50%) of the aggregate of the Qualifying Secured 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 Secured Creditors.

Post-enforcement Action

At any time after an Enforcement Resolution to sanction the acceleration of amounts outstanding in respect of the Notes has been passed, the Security Agent may, and upon a request by one or more Qualifying Secured Creditors representing, in aggregate, at least ten per cent. (10%) of the Qualifying Secured Debt, the Security Agent shall promptly request by a Post-enforcement Instruction Notice an instruction from the Qualifying Secured Creditors as to whether the Security Agent should instruct the Note Trustee and/or the Hedging Banks (as applicable) to sanction any further action (such action being a "**Post-enforcement Action**") in respect of enforcing the Transaction Security or exercising the rights of the Secured Creditors or the Security Agent pursuant to the Finance Documents (such matter being a "**Post-enforcement Matter**"). The time period within which the approval of the Qualifying Secured Creditors is sought (the "**Post-enforcement Decision Period**") shall commence on the date that the Qualifying Secured Creditors are provided with the Post-enforcement Instruction Notice and shall not be fewer than ten (10) Business Days from the start of the Post-enforcement Decision Period.

The Security Agent shall deliver the Post-enforcement Instruction Notice to the Note Trustee (who, if applicable, shall deliver it to the Noteholders in accordance with the Conditions), the Hedging Banks, the Issuer, the Project Adviser (who shall post the Post-enforcement Instruction Notice on the relevant Designated Website) and any other relevant party.

No physical meeting of the Qualifying Secured Creditors shall be necessary for the purpose of considering and voting upon a Post-enforcement Resolution. The Security Agent shall, however, upon request by one or more Qualifying Secured Creditors representing, in aggregate, at least ten per cent. (10%) of the Qualifying Secured Debt, convene a physical meeting of all the Qualifying Secured Creditors or ask the Note Trustee to convene a meeting of the Senior Noteholders in accordance with the STID and the Note Trust Deed.

A Post-enforcement Matter may be approved by way of a Post-enforcement Resolution.

As soon as the Security Agent is notified by the Principal Paying and Transfer Agent (in respect of the Noteholders) that it has received, and the Security Agent has received from any Hedging Banks, votes in favour of a Post-enforcement Resolution in respect of a Post-enforcement Matter from Qualifying Secured Creditors representing at least sixty-six and two-thirds *per cent.* ($66\frac{2}{3}\%$) of the aggregate of the Qualifying Secured 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 Secured Creditors.

Upon receipt of votes sufficient to pass or, as the case may be, reject the Post-enforcement Resolution, the Security Agent shall immediately notify the Issuer and each Secured Creditor in writing whether or not the Post-enforcement Resolution was passed. Otherwise, the Security Agent shall promptly notify the Issuer and each Secured Creditor in writing if the Post-enforcement Decision Period has expired and no Post-enforcement Resolution was passed

Binding force

Any modification agreed, waiver granted, consent or determination given or made or any right or discretion to be exercised in accordance with the STID will be binding on the Project Adviser, the Security Agent, the Note Trustee and all other applicable External Creditors. A resolution passed by the Senior Noteholders to exercise any rights granted pursuant to the Senior Notes will (subject to the

Entrenched Rights) be binding on the Senior Noteholders and the Junior Noteholders. A resolution passed by the Junior Noteholders will only be binding on the Senior Noteholders with the approval of the Senior Noteholders.

Project Accounts and Cash Management

General

The Project Accounts shall be held by the relevant Account Bank and operated on the terms set out in the relevant Account Bank Agreement and the relevant Security Documents (as applicable) and shall (other than the Distribution Account and the Toll Collection Account which shall not be the subject of any Security Interest) be subject to first ranking security in favour of the Security Agent for the benefit of the relevant Secured Creditors.

Subject to the terms of the relevant Account Bank Agreement, the Issuer will only be entitled to invest any balances in the Project Accounts (other than the Escrow Account) in Authorised Investments.

Subject to the terms of the relevant Account Bank Agreement, the Escrow Agreement and the Liquidity Management Agreement, the Issuer will only be entitled to invest any balances in the Escrow Account in an Authorised Escrow Account Investment.

The Project Accounts shall be held by the relevant Account Bank on the terms set out in the relevant Account Bank Agreement, the other Finance Documents, and in the case of the Escrow Account, the Escrow Agreement and the Liquidity Management Agreement.

The Issuer shall at all times comply with its obligations under each Account Bank Agreement, the Escrow Agreement, the Liquidity Management Agreement and the Security Documents.

Project Accounts

Subject to the terms of the STID and the relevant Account Bank Agreement, from the Issue Date until the Final Discharge Date (other than the Escrow Account which the Issuer is entitled to close, in accordance with the Finance Documents, from and including the Operations Commencement Date), the Issuer shall open and maintain in its name with the relevant Account Bank the following designated accounts denominated in euro:

- (i) Escrow Account;
- (ii) Proceeds Account;
- (iii) Insurance and Compensation Account;
- (iv) Debt Service Reserve Account;
- (v) Maintenance Reserve Account;
- (vi) Toll Collection Account; and
- (vii) Distribution Account.

Each Project Account shall be a separate account at the relevant Account Bank.

Each Project Account (other than the Toll Collection Account and Distribution Account) shall be secured in favour of the Secured Creditors.

The VAT Accounts shall be maintained with the VAT Account Bank and secured in favour of the VAT Receivables Purchaser.

Notwithstanding the preceding paragraphs, the Issuer shall not open or maintain any bank, deposit, savings, custody or other account, other than in accordance with the relevant Account Bank Agreement and the other relevant Finance Documents.

Neither the existence of the Project Accounts, nor the insufficiency of funds in any of them nor any inability to apply any funds in any of them towards the relevant payments, shall affect the obligation of the Issuer to make all payments required to be made to the Secured Creditors or any of them on the due date for such payments in accordance with the Finance Documents.

The Issuer shall ensure that no sum may be credited to or withdrawn from any Project Account except in accordance with the terms and conditions of the STID, the Escrow Agreement, the relevant Account Bank Agreement and (other than the Distribution Account and the Toll Collection Account which shall not be the subject of any Security Interest) the relevant Security Document.

Governing law

The STID will be governed by English law.

Master Definitions Agreement

On or before the Issue Date we will enter into the Master Definitions Agreement with, among others, the Project Adviser, the Note Trustee, the Security Agent, the relevant Account Banks, the Custodian, the Escrow Agent, the Principal Paying Agent, the Calculation Agent and the Registrar. The Master Definitions Agreement will set out a series of definitions which will apply across the Finance Documents.

Escrow Agreement

The following section contains a description of the key terms of the Escrow Agreement. Terms used but not defined in this section shall have the meaning given to them in the section "Description of the Liquidity Management Agreement and Related Security".

On or before the Issue Date, we will enter into an Escrow Agreement with the Escrow Agent, the Security Agent and the Project Adviser, subject to the standard terms and conditions of the Escrow Agent. Pursuant to the terms of the Escrow Agreement, we and the Security Agent will instruct the Escrow Agent to hold the amounts transferred to it (the "**Escrow Cash**") in an account in our name held with the English Account Bank (the "**Escrow Account**") and to only release such funds in accordance with the terms of the Escrow Agreement.

Initial transfer of Escrow Cash to Counterparty

The parties to the Escrow Agreement will agree and acknowledge that on the Issue Date of the Senior Notes the proceeds thereof will be deposited by us in the Escrow Account and on the Purchase Date (as defined in the Liquidity Management Transaction Confirmation) the Purchase Price (as defined in the Liquidity Management Transaction Confirmation) will be transferred by the Escrow Agent to the Counterparty in the circumstances set out below and in accordance with the English Account Bank Agreement.

Distribution of Escrow Cash

The Escrow Agent shall release amounts standing to the credit of the Escrow Account in the following circumstances:

- (a) in accordance with a Drawing Request received by the Escrow Agent, and subject to receipt by the Escrow Agent of a CP Letter confirming that any such amounts can be released to the Issuer. Such Drawing Request shall specify the amount to be paid and the relevant payment instructions. Each Drawing Request and CP Letter shall be received by the Escrow Agent at least two (2) Business Days prior to the relevant proposed Drawing Date; or
- (b) upon a request from the Issuer on or after the Operations Commencement Date and upon receipt by the Escrow Agent of: (i) written evidence, in form and substance acceptable to the Project Adviser, of the occurrence of the Operations Commencement Date; and (ii) a written certification from the Issuer that the requirements applicable under the Drawdown Conditions have been satisfied prior to the Initial Markdown Date; or

- (c) in accordance with any Instruction received by the Security Agent, following a Default Notice received by the Escrow Agent substantially in the form set out in Schedule 5 of the Escrow Agreement; or
- (d) in accordance with the terms of any instructions, order, judgment, decree or indemnity, in accordance with the terms set out in Condition 12(b) of the Terms and Conditions.

Promptly upon receipt of: (i) a Drawing Request and the relevant CP Letter, (ii) a request pursuant to paragraph (b) above, (iii) a Default Notice, or otherwise (iv) an order, judgment, decree or indemnity and opinion of counsel satisfactory to the Escrow Agent (and in no event later than five (5) Business Days following any such receipt), the Escrow Agent shall release the Escrow Cash or any portion thereof.

Escrow Agent to act for the Security Agent

The Escrow Agent shall, upon receipt of a Default Notice, and until notified in writing by the Security Agent to the contrary, so far as permitted by applicable law:

- (a) cease to act as the joint agent of ourselves and the Security Agent and act only as the agent of the Security Agent pursuant to the terms of the STID and on the terms of the Escrow Agreement and thereafter act on the Instructions of the Security Agent alone; or
- (b) deliver all documents and information held by it in respect of the Escrow Account to the Security Agent or as the Security Agent directs in such notice,

provided that such notice shall not be deemed to apply to any document or record which the Escrow Agent is obliged not to release by any law or regulation.

Liquidity Management Transaction Custody Agreement

On or before the Issue Date, we will enter into a Liquidity Management Transaction Custody Agreement with the Custodian pursuant to which, among other things, certain accounts will be opened at the Custodian in the name of the Issuer. The purpose of this account is to hold securities transferred in the event that the Issuer enforces the security granted under the Security Agreement against the Counterparty. We will provide security over this account in favour of the Security Agent.

EPC Direct Agreement

General

On or before the Issue Date, we will enter into the EPC Direct Agreement with Consorzio Stabile SIS Società Consortile per Azioni – SIS S.C.p.A, as EPC Contractor, and the Security Agent, which will include certain undertakings to the Security Agent, creditor step-in rights as well as novation rights.

Notification of enforcement by the Contractor

The Contractor shall not take any Contractor Enforcement Action (as defined in the EPC Direct Agreement) in the event of a default or breach by the Issuer in the performance of any of its obligations, without first giving a Contractor Enforcement Notice (as defined in the EPC Direct Agreement) to the Security Agent.

Notification by the Security Agent

The Security Agent shall promptly notify the Contractor after:

- (a) serving a Security Agent Enforcement Notice on the Issuer; and
- (b) receiving a Termination Notice from the Grantor.

Step-In

During the Step-In Decision Period (which is a period of: (i) 60 days commencing on the date of receipt by the Security Agent of a Contractor Enforcement Notice; (ii) 90 days commencing on the date

of receipt by the Contractor of a Security Agent Enforcement Notice; and (iii) 120 days commencing on the date of issue by the Grantor of a Termination Notice, whichever of the above dates is earlier), the Contractor shall not take any Contract Enforcement Action and the Security Agent and the Contractor shall consult to establish an acceptable solution to remedy the circumstance. The Contractor agrees that, following receipt of a Step-In Notice from the Security Agent that the Security Agent shall:

- (a) specify the identity of the Appointed Representative, which may include an administrative receiver, receiver, administrator, any insolvency practitioner or a person directly or indirectly owned or controlled by a Secured Creditor, who will give a Step-In Undertaking to the Contractor; and
- (b) use its reasonable endeavours to procure that the Appointed Representative gives that Step-In Undertaking to the Contractor on the Proposed Step-In Date.

The Step-In Period will be the date between the Step-In Date (when the Appointed Representative gives a Step-In Undertaking) and the Step-Out Date (which will be the earlier of: (i) the date of termination of a Step-In Undertaking; (ii) the Novation Date; (iii) the date that is 90 days after the Step-In Date; and (iv) the Final Discharge Date).

Step-Out

The Appointed Representative can, with a minimum of 10 Business Days' written notice, issue a Step-Out Notice to the Contractor of the termination of the Step-In Undertaking and from the Step-Out Date, the Appointed Representative shall be released from all obligations under the Step-In Undertaking that are attributable to the period prior to the Step-Out Date but remain undischarged.

Novation

The Security Agent may, if it has become entitled to do so under the Finance Documents, give a Novation Notice to the Contractor specifying that it wishes a Substitute, a person nominated by the Security Agent who has the legal capacity, technical competence and the financial resources to become a party to the Concession Agreement and the Contract and approved by the Grantor pursuant to Article 159 of the Italian Public Contracts Code and the relevant provisions of the Concession Agreement, to assume the rights and obligations of the Issuer under the EPC Direct Agreement. If the necessary conditions are met, during a Step-In Decision Period or a Step-In Period, the Security Agent can procure that the rights and obligations of the Issuer shall be novated to a Substitute by giving a Novation Notice to the Contractor. On the Proposed Novation Date, the Contractor and the Issuer shall each enter into a Novation Agreement with the Substitute and the Contractor shall recognise the Substitute and continue to perform its obligations in favour of the Substitute.

Subordination of Contractor Claims

Until the Final Discharge Date, the Contractor shall not in respect of any Contractor Claim apart from certain Permitted Contractor Payments, among others, demand or receive payment, discharge any Contractor Claim by set-off or accelerate any Contractor Claim and if it does receive any such payment or distribution, it shall pay such amount to the Proceeds Account.

Governing law and jurisdiction

The EPC Direct Agreement and any non-contractual obligations arising out of or in connection with it will be governed by English law. The courts of England will have exclusive jurisdiction to settle any dispute arising out of or in connection with the EPC Direct Agreement.

Successors or assignees

Save as provided in Clause 8 (*Substitution*) of the EPC Direct Agreement, neither the Contractor nor the Issuer may assign, transfer, novate or otherwise dispose of all or any of their respective rights, benefits or obligations under the EPC Direct Agreement without the prior consent of the Security Agent.

Duration

The EPC Direct Agreement shall terminate upon the earliest to occur of:

- (a) the Final Discharge Date; and
- (b) the termination of the EPC Contract in accordance with its terms and in accordance with the EPC Direct Agreement,

without prejudice to the accrued rights and obligations existing at the date of termination.

O&M Direct Agreement

General

On or before the Issue Date, we will enter into the O&M Direct Agreement with the temporary association of companies (*associazione temporanea di imprese*) between Consorzio Stabile VIS S.C.p.A. and Consorzio Stabile SIS Società Consortile per Azioni – SIS S.C.p.A, as Contractor, and the Security Agent, which will include certain undertakings to the Security Agent, creditor step-in rights as well as novation rights.

Notification of enforcement by the Contractor

The Contractor shall not take any Contractor Enforcement Action (as defined in the O&M Direct Agreement) in the event of a default or breach by the Issuer in the performance of any of its obligations, without first giving a Contractor Enforcement Notice (as defined in the O&M Direct Agreement) to the Security Agent.

Notification by the Security Agent

The Security Agent shall promptly notify the Contractor after:

- (a) serving a Security Agent Enforcement Notice on the Issuer; and
- (b) receiving a Termination Notice from the Grantor.

Step-In

During the Step-In Decision Period (which is a period of: (i) 60 days commencing on the date of receipt by the Security Agent of the Contractor Enforcement Notice; (ii) 90 days commencing on the date of receipt by the Contractor of Security Agent Enforcement Notice; and (iii) 120 days commencing on the date of issue by the Grantor of a Termination Notice, whichever of the above dates is earlier), the Contractor shall not take any Contract Enforcement Action and the Security Agent and the Contractor shall consult to establish an acceptable solution to remedy the circumstance. The Contractor agrees that, following receipt of a Step-In Notice from the Security Agent that the Security Agent shall:

- (a) specify the identity of the Appointed Representative, which may include the Security Agent itself, an administrative receiver, receiver, administrator, any insolvency practitioner or a person directly or indirectly owned or controlled by a Secured Creditor, who will give a Step-In Undertaking to the Contractor; and
- (b) use its reasonable endeavours to procure that the Appointed Representative gives that Step-In Undertaking to the Contractor on the Proposed Step-In Date.

The Step-In Period will be the date between the Step-In Date (when the Appointed Representative gives a Step-In Undertaking) and the Step-Out Date (which will be the earlier of: (i) the date of termination of a Step-In Undertaking; (ii) the Novation Date; (iii) the date that is 90 days after the Step-In Date; and (iv) the Final Discharge Date).

Step-Out

The Appointed Representative can, with a minimum of 10 Business Days' written notice, issue a Step-Out Notice to the Contractor of the termination of the Step-In Undertaking and from the Step-Out Date,

the Appointed Representative shall be released from all obligations under the Step-In Undertaking that are attributable to the period prior to the Step-Out Date but remain undischarged.

Novation

The Security Agent may, if it has become entitled to do so under the Finance Documents, give a Novation Notice to the Contractor specifying that it wishes a Substitute, a person nominated by the Security Agent who has the legal capacity, technical competence and the financial resources to become a party to the Concession Agreement and the Contract and approved by the Grantor pursuant to Article 159 of the Italian Public Contracts Code and the relevant provisions of the Concession Agreement, to assume the rights and obligations of the Issuer under the O&M Direct Agreement. If the necessary conditions are met, during a Step-In Decision Period or a Step-In Period, the Security Agent can procure that the rights and obligations of the Issuer shall be novated to a Substitute by giving a Novation Notice to the Contractor. On the Proposed Novation Date, the Contractor and the Issuer shall each enter into a Novation Agreement with the Substitute and the Contractor shall recognise the Substitute and continue to perform its obligations in favour of the Substitute.

Subordination of Contractor Claims

Until the Final Discharge Date, the Contractor shall not in respect of any Contractor Claim apart from certain Permitted Contractor Payments, among others, demand or receive payment, discharge any Contractor Claim by set-off or accelerate any Contractor Claim and if it does receive any such payment or distribution, it shall pay such amount to the Proceeds Account.

Governing law and jurisdiction

The O&M Direct Agreement and any non-contractual obligations arising out of or in connection with it will be governed by English law. The courts of England will have exclusive jurisdiction to settle any dispute arising out of or in connection with the O&M Direct Agreement.

Successors or assignees

Save as provided in Clause 8 (*Substitution*) of the O&M Direct Agreement, neither the Contractor nor the Issuer may assign, transfer, novate or otherwise dispose of all or any of their respective rights, benefits or obligations under the O&M Direct Agreement without the prior consent of the Security Agent.

Duration

The O&M Direct Agreement shall terminate upon the earliest to occur of:

- (a) the Final Discharge Date; and
- (b) the termination of the O&M Contract in accordance with its terms and in accordance with the O&M Direct Agreement,

without prejudice to the accrued rights and obligations existing at the date of termination.

Note Trust Deed

General

On or before the Issue Date, we will enter into the Note Trust Deed with, among others, the Note Trustee pursuant to which, among other things, the Notes will be constituted. The Note Trust Deed will contain a covenant from us to pay all amounts due under the Notes. The Note Trustee will hold the benefit of that covenant on trust for itself and the Noteholders in accordance with their respective interests.

Enforcement Action

The Security Agent shall be entitled to take Enforcement Action, and to instruct the Note Trustee accordingly, upon the occurrence of an Event of Default which is continuing pursuant to Condition 9

(*Events of Default*) of the Conditions and the Events of Default and Consequences of Events of Default provision of the Common Terms Agreement.

No Noteholder shall be entitled to (a) take any steps or action against the Issuer to enforce the performance of any of the provisions of the Note Trust Deed or the Notes or (b) take any other proceedings (including lodging an appeal in any proceedings) in respect of or concerning the Issuer, in each case unless the Note Trustee and/or the Security Agent, 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 (i) no Noteholder shall be entitled to take any steps or proceedings to procure the winding up, administration or liquidation of the Issuer and (ii) any action taken by the Trustee on behalf of the Noteholders shall be done subject to and in accordance with the STID.

The Note Trustee shall not be deemed to be responsible for the consequences of having acted in good faith upon any such instruction from the Security Agent.

Waiver of a Default

The Note Trustee may, without need of any additional consent or sanction of the Noteholders and without prejudice to its rights in respect of any subsequent breach, condition, event or act, from time to time and at any time, (A) waive or authorize, or (when appropriate) concur with the Security Agent in waiving or authorizing any breach or proposed breach by the Issuer of any of, or (B) give any consent or concur with the Security Agent in giving any consent required pursuant to the covenants or provisions contained in the Note Trust Deed, the Notes, the Common Terms Agreement, the STID or the Paying Agency Agreement subject to and acting in accordance with, and in each case on such terms and conditions (if any) pursuant to, Clause 21 (*Consents, Amendments and Override*) of the STID and the STID Decision Making Protocol, provided that the Note Trustee may give its consent or approval to the appointment or termination of a new Calculation Agent or of new or additional Agents under the Conditions or the Paying Agency Agreement if such appointment or termination is not materially prejudicial to the interests of the Noteholders without need of obtaining any consent or approval pursuant to the STID Decision Making protocol. Any such authorization, waiver or consent shall be binding on the Noteholders.

If the Note Trustee or the Security Agent makes any claim in respect of, or lodges any proof in a winding up in respect of the Issuer, or institutes any proceedings to enforce any obligation under the Note Trust Deed or in respect of the Notes, proof therein that, as regards any specified Note, default has been made in paying any amount in respect of principal or interest due to the relevant Noteholder shall (unless the contrary is proved) be sufficient evidence that default has been made as regards all other Notes in respect of which a corresponding payment is then due

Modification

The Note Trustee may from time to time and at any time without any consent or sanction of the Noteholders concur with the Issuer in making any modification to the Notes, the Note Trust Deed, the Paying Agency Agreement, the Common Terms Agreement or the STID acting at all times subject to and in accordance with Clause 21 (*Consents, Amendments and Override*) of the STID. Any such modification shall be binding on the Noteholders and the Issuer shall cause such modification to be notified to the Noteholders as soon as practicable thereafter in accordance with Condition 12 (*Notices*)

Issuer covenants

The covenants given by us in the Note Trust Deed (subject to detailed carve-outs, exceptions and qualifications set forth in the Note Trust Deed) will include the following:

- (a) Observe and comply with the covenants contained in the Conditions, in the Commonn Terms Agreement, the STID and the Paying Agency Agreement;
- (b) Notify the Note Trustee and the Security Agent in writing within two (2) Business Days of our becoming aware of the occurrence of any Event of Default or Default;
- (c) Send to the Note Trustee at least three Business Days in advance of the proposed publication date the form of each notice to be given to Noteholders in accordance with Condition 12 (*Notices*) and, once given, a copy of each such notice, such notice to be in a form approved by

the Note Trustee (such approval, unless so expressed, not to constitute approval of a communication within the meaning of Section 21 of the FSMA);

- (d) Send to the Note Trustee, within 14 days (or such longer period as the Note Trustee may determine) of the publication of our annual audited financial statements and our semi-annual unaudited financial statements, if any, (which are to be prepared in accordance with IFRS) being made available to our members, and also within 14 days (or such longer period as the Note Trustee may determine) of any request by the Note Trustee, a certificate substantially in the form set out in Schedule 5 of the Trust Deed signed by one of our Authorised Signatories and certifying that, having made all reasonable enquiries, to the best of our knowledge, information and belief as at a date not more than five days before the date of the certificate (the “**Certification Date**”) confirming that (i) no Event of Default or Default has occurred since the Certification Date of the last such certificate or (if none) the date on which the Note Trust Deed was first executed by us (or, if such an event has occurred, giving details thereof), (ii) we are otherwise in compliance with our obligations under the Note Trust Deed (or, if we are not in compliance, giving details thereof) and (iii) we are in compliance with the negative pledge provision of the Common Terms Agreement;
- (e) Forthwith upon request by the Note Trustee give notice to the Noteholders of any irrevocable payment to the Principal Paying and Transfer Agent or the Note Trustee of any sum due in respect of the Notes made after the due date for such payment;
- (f) Not less than the number of days specified in the relevant Condition prior to the redemption or repayment date in respect of any Note, give to the Note Trustee notice in writing of the amount of such redemption or repayment pursuant to the Conditions;
- (g) Use our best endeavours to maintain the listing of the Notes on the regulated market of the Irish Stock Exchange;
- (h) Deliver to the Note Trustee (with a copy to the Principal Paying and Transfer Agent) a list of our Authorised Signatories, together with certified specimen signatures of the same;
- (i) Maintain, obtain and renew from time to time when necessary all such authorisations, approvals, consents and licences and satisfy such (if any) other requirements as may be necessary under any applicable law or regulation (including, for the avoidance of doubt, by the Republic of Italy), to enable us to carry on our business and to perform our obligations under the Notes and the Note Trust Deed or for the continuing validity and enforceability of the Notes and the Note Trust Deed and we shall comply with all the terms of the same;
- (j) Give at least 14 days' prior notice to the Noteholders of any change by an Agent of its Specified Office or of any future appointment, resignation or removal of an Agent and not make any such appointment or removal without the Note Trustee's written approval.

Meeting of Noteholders

Convening a Meeting

Each of the Note Trustee and the Issuer at any time may, and the Note Trustee (subject to it being indemnified and/or secured and/or prefunded to its satisfaction against all costs and expenses thereby occasioned) upon a request in writing of Noteholders holding not less than one-tenth in principal amount of the Notes for the time being outstanding shall, promptly convene a meeting of the Noteholders. Whenever any such party is about to convene any such meeting it shall forthwith give notice in writing to each other party of the day, time and place of the meeting and of the nature of the business to be transacted at it. Every such meeting shall be held at such time and place as the Note Trustee may approve.

At least 21 days' notice (exclusive of the day on which the notice is given and of the day on which the meeting is held) specifying the day, time and place of the meeting shall be given to the Noteholders in the manner provided in the Conditions. A copy of the notice shall in all cases be given by the party convening the meeting to each of the other parties. Such notice shall also specify, unless in any particular case the Note Trustee otherwise agrees, the nature of the resolution(s) to be proposed and shall include a statement to the effect that the Noteholders may, not less than 48 hours before the time

fixed for the meeting, appoint proxies as set out in paragraph 2 (*Voting Certificate and Voting Instructions; Block Voting Instructions*) or in paragraph 3 (*Appointment of Proxy or Representative; Block Voting Instructions*) of the Note Trust Deed or may appoint representatives by resolution of their directors or other governing body.

A person (who may, but need not, be a Noteholder) nominated in writing by the Note Trustee may take the chair at every such meeting but if no such nomination is made or if at any meeting the person nominated shall not be present within 15 minutes after the time fixed for the meeting the Noteholders present shall choose one of their number to be chairman, failing which, the Issuer may appoint a chairman (who may, but need not, be a Noteholder). The chairman of an adjourned meeting need not be the same person as was chairman of the original meeting.

Notwithstanding the other provisions of this “*Convening a Meeting*” or “*Quorum and Adjournment*” below, any meeting called upon the request of Noteholders pursuant to paragraph 1.5(a) of Schedule 2 (*STID Decision Making Protocol*) of the STID may be called upon at least 10 days’ notice (provided that the date of such meeting will be no later than the last day of the Decision Period). Such meeting will have no quorum requirement and may not be adjourned.

Quorum and Adjournment

At any such meeting any one or more persons present in person holding Notes or being proxies or representatives and holding or representing in the aggregate not less than one-tenth in principal amount of the Notes for the time being outstanding shall (except for the purpose of passing a Note Trust Deed Extraordinary Resolution) form a quorum for the transaction of business and no business (other than the choosing of a chairman) shall be transacted at any meeting unless the requisite quorum be present at the commencement of business. The quorum at any such meeting for passing a Note Trust Deed Extraordinary Resolution shall (subject as provided below) be two or more persons present in person holding Notes or being proxies or representatives and holding or representing in the aggregate more than half of the aggregate principal amount of the Notes for the time being outstanding; provided that at any meeting the business of which includes any of the matters specified in the proviso to “*Powers of Meetings*” below the quorum shall be two or more persons present in person holding Notes or being proxies or representatives and holding or representing in the aggregate not less than three-quarters of the aggregate principal amount of the Notes for the time being outstanding.

If within half an hour from the time fixed for any such meeting a quorum is not present the meeting shall, if convened upon the requisition of Noteholders, be dissolved. In any other case it shall stand adjourned (unless the Issuer and the Note Trustee agree that it be dissolved) for such period, not being less than 14 days nor more than 42 days, as may be appointed by the chairman either at or after the meeting. Save as otherwise provided in “*Powers of Meetings*” below, at such adjourned meeting one or more persons present in person holding Notes or being proxies or representatives (whatever the principal amount of the Notes so held or represented) shall form a quorum and may pass any resolution and decide upon all matters which could properly have been dealt with at the meeting from which the adjournment took place had a quorum been present at such meeting; provided that at any adjourned meeting at which is to be proposed a Note Trust Deed Extraordinary Resolution for the purpose of effecting any of the matters specified in the proviso to “*Powers of Meetings*” below the quorum shall be two or more persons so present holding Notes or being proxies or representatives and holding or representing in the aggregate not less than one-quarter of the aggregate principal amount of the Notes for the time being outstanding.

The chairman may with the consent of (and shall if directed by) any meeting adjourn such meeting from time to time and from place to place but no business shall be transacted at any adjourned meeting except business which might lawfully have been transacted at the meeting from which the adjournment took place.

At least 10 days’ notice of any meeting adjourned through want of a quorum shall be given in the same manner as for an original meeting and such notice shall state the quorum required at such adjourned meeting. It shall not, however, otherwise be necessary to give any notice of an adjourned meeting.

Powers of Meetings

A meeting of Noteholders shall, subject to Clause 21 (*Consents, Amendments and Override*), Schedule 2 (*STID Decision Making Protocol*) and Schedule 3 (*Qualifying Secured Creditors Voting and Meeting Provisions*) of the STID, the Conditions and to Note Trust Deed, in addition to the powers given above, but without prejudice to any powers conferred on other persons by this Note Trust Deed, have power exercisable by Note Trust Deed Extraordinary Resolution:

- (a) to sanction any STID Proposal or any Senior Noteholder Entrenched Right Resolution or Junior Noteholder Entrenched Right Resolution or any proposal by the Issuer or the Note Trustee for any modification, alteration, abrogation, variation or compromise of, or arrangement in respect of, the rights of the Noteholders against the Issuer, or against any of its property whether such rights shall arise under the Note Trust Deed, the Notes or otherwise;
- (b) to sanction any scheme or proposal for the exchange, substitution or sale of the Notes for or the conversion of the Notes into or the cancellation of the Notes in consideration of shares, stock, notes, Notes, debentures, debenture stock and/or other obligations and/or securities of the Issuer or any other body corporate formed or to be formed, or for or into or in consideration of cash, or partly for or into or in consideration of such shares, stock, notes, Notes, debentures, debenture stock and/or other obligations and/or securities as aforesaid and partly for or into or in consideration of cash;
- (c) to assent to any modification of the Note Trust Deed, the STID, the Common Terms Agreement, the Conditions, or the Notes, which shall be proposed by the Issuer or the Note Trustee;
- (d) to approve a person proposed to be appointed as a new Note Trustee and power to remove any Note Trustee;
- (e) to approve a person proposed to be appointed as a new Project Adviser and power to direct the Issuer to terminate the appointment of the Project Adviser;
- (f) to authorise anyone to concur in and execute and do all such documents, acts and things as may be necessary to carry out and give effect to any Note Trust Deed Extraordinary Resolution;
- (g) to discharge or exonerate the Note Trustee, the Security Agent and/or the Project Adviser from any liability in respect of any act or omission for which any of them may become responsible under (as appropriate) the Note Trust Deed, the Notes, the Project Adviser Services Agreement or the STID;
- (h) to give any authority, discretion or sanction which under the provisions of the Note Trust Deed or the Notes is required to be given by Note Trust Deed Extraordinary Resolution;
- (i) to approve the substitution of any entity for the Issuer as principal debtor under Clause 12.2 (*Step-in Rights and Substitution*) of the Note Trust Deed in accordance with Condition 11(d) (*Step In Rights*); and
- (j) to appoint any persons (whether Noteholders or not) as a committee or committees to represent the interests of the Noteholders and to confer upon such committee or committees any powers or discretions which the Noteholders could themselves exercise by Note Trust Deed Extraordinary Resolution,

provided that the provisions of paragraph 4.2 (*Quorum and Adjournment*) of this Schedule for a reduced quorum at adjourned meetings shall not apply to any resolution:

- (i) relating to a Junior Noteholder Entrenched Right or a Senior Noteholder Entrenched Right,
- (ii) to remove the Note Trustee or to approve the appointment of a new Note Trustee,
- (iii) to direct the Issuer to terminate the appointment of the Project Adviser or to approve the appointment of a new Project Adviser,
- (iv) to request the issuance of Additional Junior Notes pursuant to Condition 14 (*Option to Request Issuance of Additional Junior Notes*), or
- (v) to amend this proviso.

The quorum for a resolution at an adjourned meeting considering any of the matters in the above proviso shall be two or more persons present in person holding Notes and/or being proxies or representatives and holding or representing in the aggregate not less than one-quarter or, in relation to paragraph (iii) only, three-quarters, in principal amount of the Notes for the time being outstanding.

Effect of Publication of a Note Trust Deed Extraordinary Resolution

Any resolution passed at a meeting of the Noteholders duly convened and held in accordance with the Note Trust Deed shall be binding upon all the Noteholders whether or not present at such meeting, and whether or not they vote in favour, and each of the Noteholders shall be bound to give effect to it accordingly, provided however that votes cast at a meeting convened pursuant to the fourth paragraph of “*Convening a meeting*” above and paragraph 1.5(a) of Schedule 2 (*STID Decision Making Protocol*) of the STID in relation to a STID Proposal will be separately aggregated with any other votes cast in respect of such STID Proposal and will not constitute a resolution binding on all the Noteholders. The passing of any such resolution shall be conclusive evidence that the circumstances of any resolution justify the passing of it. Notice of the result of the voting on any resolution duly considered by the Noteholders shall be given to the Noteholders by the Issuer in accordance with Condition 12 (*Notices*) within 14 days of such result being known, provided that, the failure to give such notice shall not invalidate such resolution.

Note Trust Deed Extraordinary Resolution

The expression “**Note Trust Deed Extraordinary Resolution**” when used in this Note Trust Deed means a resolution passed: (a) at a meeting of the Noteholders duly convened and held in accordance with the provisions contained herein by the affirmative vote of holders of Notes present in person or represented by proxy or representative owning in the aggregate not less than three-quarters in principal amount of the Notes owned by the Noteholders who are so present or represented at the meeting; (b) by a Written Resolution; or (c) by way of Electronic Consent.

Resolutions affecting other Class of Notes

If and for so long as any Notes of more than one Class are outstanding and only when pursuant to the STID or the relevant Finance Document a resolution is to be passed or a matter is to be resolved upon only by one Class of Notes, the foregoing provisions of Schedule 3 of the Note Trust Deed shall have effect subject to the following modifications, and subject to the provisions of the Note Trust Deed:

- (a) a resolution which in the opinion of the Note Trustee affects only one Class of Notes shall be deemed to have been duly passed if passed at a separate meeting of the holders of the Notes of that Class; and
- (b) a resolution which in the opinion of the Note Trustee affects more than one Class of Notes but does not give rise to a conflict of interest between the holder of Notes of one Class and the holders of Notes of the other Class shall be deemed to have been duly passed if passed at separate meetings of the holders of the Notes of each such series.

For the purposes of the Note Trust Deed, resolutions in respect of Junior Noteholder Entrenched Rights shall be considered as affecting the interests of Junior Noteholders only, and resolutions in respect of (i) Senior Noteholder Entrenched Rights and (ii) a vote, direction, consent, waiver or any other action as a Qualifying Secured Creditor (other than in the circumstances referred to in paragraph (b) of the definition thereof) shall be considered as affecting the interests of Senior Noteholders only.

Written Resolutions and Electronic Consent

- (a) A resolution in writing signed: (i) by or on behalf of the Noteholders who for the time being are entitled to receive notice of a meeting; or (ii) if such holders have been given at least 21 days’ notice of such resolution, by or on behalf of persons holding three-quarters of the aggregate principal amount of the outstanding Notes (a “**Written Resolution**”), shall for all purposes be as valid and effective as an Extraordinary Resolution passed at a meeting of the Noteholders duly convened and held. Such resolution in writing may be contained in one document or in several documents in like form each signed by or on behalf of one or more of the relevant Noteholders and the date of such resolution shall be the date of the latest such document.

- (b) For so long as the Notes are in the form of a Global Note registered in the name of: (a) any nominee for one or more of Euroclear or Clearstream, Luxembourg; (b) Monte Titoli; or (c) any other clearing system, then, in respect of any resolution proposed by the Issuer or the Note Trustee:
- (i) where the terms of the proposed resolution have been notified to the Noteholders through the relevant clearing system(s), each of the Issuer and the Note Trustee shall be entitled to rely upon approval of such resolution so proposed by the Issuer or the Note Trustee (as the case may be) given by way of electronic consents communicated through the electronic communication systems of the relevant clearing system(s) in accordance with their operating rules and procedures by or on behalf of the holders of not less than three-quarters in principal amount of the Notes outstanding (“**Electronic Consent**”). Neither the Issuer nor the Note Trustee shall be liable or responsible to anyone for such reliance; and
 - (ii) where Electronic Consent is not being sought, for the purpose of determining whether a Written Resolution has been validly passed, the Issuer and the Note Trustee shall be entitled to rely on the consent or the instructions given in writing directly to the Issuer and/or the Note Trustee, as the case may be, by accountholders in the clearing system with entitlements to such Global Note or, where the accountholders hold any such entitlement on behalf of another person, on written consent from or written instruction by the person for whom such entitlement is ultimately beneficially held, whether such beneficiary holds directly with the accountholder or via one or more intermediaries and provided that, in each case, the Issuer and the Note Trustee have obtained commercially reasonable evidence to ascertain the validity of such holding and have taken reasonable steps to ensure that such holding does not alter following the giving of such consent or instruction and prior to the effecting of such amendment. Any resolution passed in such manner shall be binding on all Noteholders, even if the relevant consent or instruction proves to be defective. As used in this paragraph, “commercially reasonable evidence” includes any certificate or other document issued by Euroclear, Clearstream, Luxembourg, Monte Titoli or any other relevant clearing system, or issued by an accountholder of them or an intermediary in a holding chain, in relation to the holding of interests in the Notes. Any such certificate or other document shall, in the absence of manifest error, be conclusive and binding for all purposes. Any such certificate or other document may comprise any form of statement or print out of electronic records provided by the relevant clearing system (including Euroclear’s EUCLID or Clearstream, Luxembourg’s CreationOnline system) in accordance with its usual procedures and in which the accountholder of a particular principal or nominal amount of the Notes is clearly identified together with the amount of such holding. Neither the Issuer nor the Note Trustee shall be liable to any person by reason of having accepted as valid or not having rejected any certificate or other document to such effect purporting to be issued by any such person and subsequently found to be forged or not authentic.
- (c) A Written Resolution and/or Electronic Consent shall take effect as an Extraordinary Resolution. A Written Resolution and/or Electronic Consent will be binding on all Noteholders, whether or not they participated in such Written Resolution and/or Electronic Consent.

Provisions for Voting in any circumstance in which any Class of Noteholders has the right to provide instructions pursuant to the STID in respect of Senior Noteholder Entrenched Rights, Junior Noteholder Entrenched Rights or as a Qualifying Secured Creditor

- (a) Notwithstanding any other provision of Schedule 3 of the Note Trust Deed, in any circumstance in which any Class of Noteholders has the right to vote on STID Proposals pursuant to the STID in respect of any Senior Noteholder Entrenched Right, Junior Noteholder Entrenched Right or as a Qualifying Secured Creditor (including instructing the Security Agent in respect of challenges to voting categories and/or Entrenched Right status of any STID Proposal), such votes will be cast (and relevant quorums, majority requirements, time periods and any other requirements will be determined) by reference to and in accordance with the relevant provisions of the STID. In the event of any inconsistency between the provisions for meetings of Noteholders and those of the STID, those of the STID shall prevail.

- (b) Any instructions referred to in paragraph (a) above (other than those to be given at physical meetings of (i) Qualifying Secured Creditors, to which paragraph (c) below applies or (ii) Noteholders to consider a STID Proposal pursuant to the STID Decision Making Protocol set out in the STID) shall be given by the Noteholders to the Principal Paying and Transfer Agent that will notify them to the Security Agent and the Note Trustee by way of Block Voting Instructions only and no physical meetings of the Noteholders will be held, provided that paragraph (c) of the definition of "Block Voting Instructions" does not apply to such instructions ("**Non-Meeting Block Voting Instructions**"). Non-Meeting Block Voting Instructions may not be rescinded later than 48 hours until the end of the Decision Period, Enforcement Decision Period, Post-Enforcement Decision Period or other voting or instruction period set out in the STID, as applicable. The Principal Paying and Transfer Agent shall update the Security Agent on a daily basis as to Non-Meeting Block Voting Instructions so received, and at the end of the Decision Period, Enforcement Decision Period, Post-Enforcement Decision Period or other voting or instruction period set out in the STID or upon reaching any voting threshold set out therein (as applicable), the Principal Paying and Transfer Agent shall inform the Security Agent of the final totals of such Non-Meeting Block Voting Instructions
- (c) In the case of physical meetings of Qualifying Secured Creditors, the provisions for meetings of Noteholders of the Note Trust Deed concerning proxies and Block Voting Instructions shall apply as if all references to meetings of Noteholders referred to meeting of Qualifying Secured Creditors
- (d) In respect of the matters referred to in the STID Voting and Instructions of Schedule 3 (*Provisions for Meetings of Noteholders*) of the Note Trust Deed, (including meetings of Noteholders pursuant to the STID Decision Making Protocol set out in the STID), in the event that a majority of Noteholders vote for or against a given instruction, the votes to the contrary will nonetheless be communicated by the Note Trustee to the Security Agent to be factored into its calculations under the STID, notwithstanding how large the majority of Noteholders which vote in a given direction on a given matter may be, and no quorum requirements shall apply except as set out in the STID.

Governing law

The Note Trust Deed will be governed by English law.

Project Adviser Services Agreement

The Issuer will appoint Bishopsfield Capital Partners Limited as Project Adviser to perform the Project Adviser Services in accordance with the Project Adviser Standard (as defined below) and the other terms of the Project Adviser Services Adviser Agreement. The Project Adviser shall use its professional skill and expertise to perform the Project Adviser Services acting at all times in the best interests of the Senior Noteholders. For the purposes of determining the best interests of the Senior Noteholders, the Project Adviser shall assume (irrespective of actual notice to the contrary) that maximising aggregate ultimate recoveries to Senior Noteholders is in the best interests of the Senior Noteholders but without prejudice to any obligation of the Project Adviser to act reasonably and/or in good faith.

Representations

The Project Adviser represents and warrants (in respect of itself only) on the date of the Project Adviser Services Agreement to each of the other Parties that:

- (a) it is duly incorporated and existing under the laws of its country of incorporation;
- (b) it has full power and authority for it to carry on its business as it is now being conducted, and to perform the Project Adviser Services contemplated in the Project Adviser Services Agreement;
- (c) the Project Adviser Services Agreement constitutes its legal, valid and binding obligations;

- (d) the signing and delivery of the Project Adviser Services Agreement does not contravene or constitute a default under, or cause to be exceeded any limitation on it or the powers of its directors imposed by or contained in:
 - (i) any law by which it is bound or affected in relation to the provision of the Project Adviser Services;
 - (ii) its constitutive documents; or
 - (iii) any agreement to which it is a party or by which it is bound,
 which would, in any such case, have a material adverse effect on the ability of the Project Adviser to perform the Project Adviser Services; and
- (e) it has duly obtained or made each authorisation, approval, consent, licence, exemption or registration required by it for or in connection with the execution and performance of the Project Adviser Services and such authorisations, approvals, consents, licenses, exemptions or registrations are in full force and effect.

Information

The Issuer shall:

- (a) copy the Project Adviser on all notifications from it to the Security Agent, the Note Trustee or the Senior Noteholders in accordance with the Finance Documents; and
- (b) provide in a timely manner and in an appropriate format any information relating to the Issuer or the Project as is necessary or reasonably required (in the opinion of the Project Adviser) to perform the Project Adviser Services and fulfil its obligations and duties in accordance with the Project Adviser Standard.

Indemnity

The Issuer shall hold harmless and fully indemnify the Project Adviser, any Affiliate, transferee, delegate or subcontractor of the Project Adviser and the directors, officers, agents, employees and controlling persons (if any), as the case may be, of the Project Adviser and each such Affiliate, transferee, delegate or subcontractor (each an "**Indemnified Party**") from and against all costs, charges (to the extent properly incurred and documented), expenses and liabilities which any such Indemnified Party may incur or may be made against it in consequence of, or in connection with the Project Adviser Services Agreement or the performance of the Project Adviser Services, save where such costs, charges, expenses and liabilities arise as a result of the gross negligence, wilful default or fraud by the Indemnified Party as found by the final decision of the competent court

Project Adviser Liability

In acting under the Project Adviser Services Agreement, the Project Adviser shall have no obligation towards or relationship of agency or trust with any Senior Noteholder or any other Secured Creditor in respect of the performance of the Project Adviser Services and it shall have no fiduciary duty to any person. The Project Adviser shall not be liable for any loss, liability, claim expense or damage suffered or incurred by any Senior Noteholder, any other Secured Creditor, the Issuer, the Security Agent, any other Finance Parties or any other party to any Transaction Document (together the "**Transaction Parties**" and each a "**Transaction Party**") with respect to the performance of its obligations under or in relation to this Agreement, the STID or under any other Transaction Document, save for loss suffered resulting from its fraud, gross negligence, or wilful default.

Termination

The Project Adviser's appointment under the Project Adviser Services Agreement may be terminated by the Issuer as follows:

- (a) upon any express direction by Extraordinary Resolution of the Senior Noteholders, provided that for these purposes the reduced quorum following an adjournment shall not apply in relation

to any proposal to terminate the engagement of Bishopsfield Capital Partners Limited as Project Adviser; or

- (b) in case of any material failure to perform the Project Adviser Services or any material other breach of this Agreement caused by the wilful default or the gross negligence of the Project Adviser, upon any express direction approved as an Extraordinary Voting Matter.

The Project Adviser's appointment under the Project Adviser Services Agreement may be immediately terminated upon the occurrence of a Project Adviser Insolvency Event if, at any time following the occurrence of a Project Adviser Insolvency Event which has not been cured, the Project Adviser ceases to perform any material obligation with respect to provision of the Project Adviser Services, provided that for these purposes the reduced quorum following an adjournment shall apply in relation to any proposal to terminate the engagement of Bishopsfield Capital Partners Limited as Project Adviser.

The Project Adviser's appointment under the Project Adviser Services Agreement shall be immediately and automatically terminated if all of the Senior Notes have been irrevocably redeemed in full and no amounts of principal or interest remain outstanding in respect thereof. If, upon such termination any Junior Notes remain outstanding, the Parties to the Project Adviser Services Agreement agree to use their best endeavours to negotiate a replacement project adviser services agreement which: (a) is mutatis mutandis in the form of the Project Adviser Services Agreement and with such amendments as may be required based on the state of advancement of the Project at such time; and (b) is acceptable to the Junior Noteholders, and which shall become effective immediately upon the redemption in full of the Senior Notes (the “**Replacement PASA**”). The Junior Noteholders shall have the benefit of Clause 11.2 of the Project Adviser Services Agreement pursuant to the Contracts (Rights of Third Parties) Act 1999.

For the avoidance of doubt, Bishopsfield Capital Partners Limited shall be fully entitled to be appointed under the Replacement PASA to act as the replacement project adviser having regard only to the interests of the Junior Noteholders and such appointment shall not give rise to any conflict of interest with the appointment pursuant to the Project Adviser Services Agreement and any action previously taken under the Project Adviser Services Agreement.

The Project Adviser may resign its appointment as Project Adviser by sending written notice to each of the Issuer and the Security Agent without giving any reason and without being responsible for any costs occasioned by such resignation.

Upon termination or resignation of the Project Adviser, the Issuer shall use all reasonable endeavours to procure the appointment of a replacement Project Adviser acceptable to the Senior Noteholders, provided that, if no such replacement Project Adviser has been appointed within three months, the Senior Noteholders shall be entitled to require the Issuer to appoint such person as the Senior Noteholders may direct.

Project Adviser Services

The Project Adviser Services Agreement will outline the extent of Project Adviser Services to be provided which shall include (but are not limited to):

- (a) reviewing certain information received from the Issuer and confirming that it is in the form required pursuant to the Finance Documents;
- (b) requesting that the Issuer update the Economic Assumptions contained in the Financial Model;
- (c) requesting that the Issuer supplies a certificate certifying that no Default is continuing;
- (d) raising objections to the content of certain reports delivered by the Issuer and discussing in good faith with the Issuer any modifications to such reports so that it is prepared in accordance with the terms of the Common Terms Agreement;
- (e) raising objections or queries related to any budget and discussing in good faith with the Issuer any modifications to the proposed budget so that it is prepared in accordance with the terms of the Common Terms Agreement;

- (f) at any time when a matter is referred to an Expert under the Common Terms Agreement, (after consultation with the Technical Adviser in respect of any Technical Assumptions), and with the consent of the Issuer, appointing an Expert in accordance with the Common Terms Agreement;
- (g) notifying the identity of any proposed Expert to be appointed no less than 5 Business Days prior to its appointment;
- (h) requesting that the Technical Adviser determine whether or not a Funding Shortfall exists;
- (i) requesting that the Account Bank confirm the amounts standing to the credit of each of the Project Accounts;
- (j) co-ordinating with the Technical Adviser to verify the certifications provided by the Issuer in relation to any withdrawals from the Escrow Account;
- (k) act on the directions of the Insurance Adviser to approve any amendment to the required insurance; and
- (l) in respect of any STID Proposal delivered by the Issuer notifying the Issuer in accordance with the STID if the matter has been incorrectly categorized.

Decision Making Process

The decision-making protocol is detailed in the Intercreditor Agreement as summarised in the section entitled "*Description of the Finance Documents—Security Trust and Intercreditor Deed*".

Paying Agency Agreement

On the Issue Date, we will enter into the Paying Agency Agreement with, among others, the Note Trustee, the Registrar and the Principal Paying and Transfer Agent, pursuant to which provision will be made for, among other things, payment of principal, interest and Senior Make Whole Amount or Junior Make Whole Amounts (if any) in respect of the Notes.

The Paying Agency Agreement will be governed by English law.

Account Bank Agreements

On or before the Issue Date, we will enter into (i) an account bank agreement governed by Italian law with the Italian Account Bank and the Security Agent (the "**Italian Account Bank Agreement**"), pursuant to which the Italian Account Bank will open certain of the Accounts and such Accounts will be operated and (ii) an account bank agreement governed by English law with the English Account Bank and the Security Agent (the "**English Account Bank Agreement**"), pursuant to which the English Account Bank will open the Escrow Account and such account will be operated.

If an Account Bank fails to maintain the Required Rating then the relevant Account Bank shall resign and we (with the approval of the Security Agent) will be required to appoint a successor account bank with the Required Rating and in accordance with the terms of the relevant Account Bank Agreement.

Italian Law Security Agreements

Overview

On the Issue Date, the following Security Documents, which will be governed by Italian law (the "**Italian Law Security Agreements**"), will be entered into and the relevant Transaction Security will be granted:

- ***Italian Share Pledge Agreement***: an agreement for the creation of a pledge over our shares (the "**Italian Share Pledge**") held by SIS entered into by and between, among others, SIS as pledgor and the Security Agent (the "**Italian Share Pledge Agreement**");
- ***Accounts Pledge Agreement***: an agreement for the creation of a pledge over certain of our accounts (the "**Italian Bank Accounts Pledge**") entered into by and among us as pledgor, the

Security Agent and Intesa Sanpaolo S.p.A. as Italian Account Bank (the "**Italian Bank Accounts Pledge Agreement**");

- **Project Documents Receivables Assignment by Way of Security Agreement:** an agreement for the assignment by way of security (*cessione dei crediti in garanzia*) of receivables (except for VAT receivables from the relevant public authority) arising under certain Project Documents to which we are a party (other than, among others, the Concession Agreement), entered into by and between, among others, us as assignor and the Security Agent (the "**Italian Assignment of Project Documents Receivables**");
- **Privilegio Generale:** an agreement for the creation of a "*privilegio generale*" over all of our movable present and future assets and receivables over which we have title (excluding the receivables arising under the Concession Agreement relating to public grants received during the construction phase of the SPV) pursuant to Article 186 of the Italian Public Contracts Code, entered into by and between, among others, us as grantor and the Security Agent (the "**Italian General Privilege**"); and
- **Concession Receivables Assignment by Way of Security Agreement:** an agreement for the assignment by way of security (*cessione dei crediti in garanzia*) of our receivables arising under the Concession Agreement (excluding the receivables arising under the Concession Agreement relating to public grants received during the construction phase of the SPV), entered into by and between, among others, us as assignor and the Security Agent (the "**Italian Assignment of Concession Receivables**").

In the future, the Shareholder and, among others, the Security Agent will also enter into an agreement for the assignment by way of security (*cessione dei crediti in garanzia*) of the receivables arising under the Shareholder Loan Agreement, to the extent that a Shareholder Loan Agreement is executed (the "**Italian Assignment of Shareholder Loan Receivables**").

Beneficiary

The Italian Share Pledge will be granted by SIS or the New Shareholder to the Security Agent, acting on its own behalf and as representative (*rappresentante*) on behalf of the Secured Creditors pursuant to the STID and as representative (*rappresentante*) of the Noteholders, also, to the extent applicable, for the purposes of Article 2414-bis, paragraph 3, of the Civil Code and Article 185, paragraph 3, of the Italian Public Contracts Code.

The Italian Bank Accounts Pledge, the Italian Assignment of Project Documents Receivables, the Italian General Privilege and the Italian Assignment of Concession Receivables will be granted by us to the Security Agent, acting on its own behalf and as representative (*rappresentante*) on behalf of the Secured Creditors pursuant to the STID and as representative (*rappresentante*) of the Noteholders, also, to the extent applicable, for the purposes of Article 2414-bis, paragraph 3, of the Civil Code and Article 185, paragraph 3, of the Italian Public Contracts Code.

The Italian Assignment of Shareholder Loan Receivables will be granted by SIS or the New Shareholder to the Security Agent, acting on its own behalf and as representative (*rappresentante*) on behalf of the Secured Creditors pursuant to the STID and as representative (*rappresentante*) of the Noteholders, also, to the extent applicable, for the purposes of Article 2414-bis, paragraph 3, of the Civil Code and Article 185, paragraph 3, of the Italian Public Contracts Code.

Secured Obligations

Each of the Security Documents will be entered into with the Security Agent to secure the Secured Obligations.

For the purpose of the Italian Share Pledge, Italian Bank Accounts Pledge, Italian Assignment of Project Documents Receivables and the Italian Assignment of Shareholder Loan Receivables, "**Secured Obligations**" will mean (i) all present, future and contingent amounts that are or shall be due to all or any of the Secured Creditors, arising for any reason under the Secured Contracts (including in respect of the Parallel Debt) *vis-à-vis* us, including, without limitations, all amounts due as payment of principal and interest, expenses and charges (including if incurred in connection with the recovery of

sums due under any of the Secured Contracts and the enforcement of the relevant security interest), fees, indemnities and damages, any amounts due as a result of any undue payment and/or unjust enrichment (*ripetizione dell'indebito and/or arricchimento senza causa*) pursuant to articles 2033 or 2041 of the Italian Civil Code, and (ii) any amounts due (including later of the settlement of the amounts referred to under paragraph (i) above) as a consequence of any claw back action (*azione revocatoria*) and/or voidance (*inefficacia*) of any payments made under the Secured Contracts.

For the purpose of the Italian General Privilege, "**Secured Obligations**" will mean (i) all present, future and contingent amounts that are or shall be due to all or any of the Secured Creditors, arising for any reason under the Secured Contracts vis-à-vis us, including, without limitations, all amounts due as payment of principal and interest, expenses and charges (including if incurred in connection with the recovery of sums due under any of the Secured Contracts and the enforcement of the Italian General Privilege), fees, indemnities and damages, any amounts due as a result of any undue payment and/or unjust enrichment (*ripetizione dell'indebito and/or arricchimento senza causa*) pursuant to articles 2033 or 2041 of the Italian Civil Code, and (ii) any amounts due (including later of the settlement of the amounts referred to under paragraph (i) above) as a consequence of any claw back action (*azione revocatoria*) and/or voidance (*inefficacia*) of any payments made under the Secured Contracts.

For the purpose of the Italian Assignment of Concession Receivables, "**Secured Obligations**" will mean (i) all present, future and contingent amounts that are or shall be due to all or any of the Secured Creditors, arising for any reason under the Notes as regulated under the Secured Contracts vis-à-vis us, including, without limitations, all amounts due as payment of principal and interest, expenses and charges (including if incurred in connection with the recovery of sums due under any of the Secured Contracts and the enforcement of the Italian Assignment of Concession Receivables), fees, indemnities and damages, any amounts due as a result of any undue payment and/or unjust enrichment (*ripetizione dell'indebito and/or arricchimento senza causa*) pursuant to articles 2033 or 2041 of the Italian Civil Code, and (ii) any amounts due (including later of the settlement of the amounts referred to under paragraph (i) above) as a consequence of any claw back action (*azione revocatoria*) and/or voidance (*inefficacia*) of any payments made under the Secured Contracts.

Assets subject to security and perfection formalities

Italian Share Pledge

The Italian Share Pledge will create a pledge over all of our shares held by SIS, which represent 99.999995% of our share capital, together with any new shares that may be issued from time to time by us and held by SIS, to which the Italian Share Pledge shall be extended in accordance with the Italian Share Pledge Agreement (the "**Shares**"), and all dividends and other monies payable in respect of the Shares and all rights to receive any economic benefit and proceeds in respect of, or derived from, the Shares (whether by way of transfer, redemption, bonus, preference, substitution, pre-emption, conversion, winding up, merger and/or de-merger or otherwise) (the "**Related Rights**" and, together with the Shares, the "**Collateral**").

The share certificates representing the Shares will be endorsed by way of security for the benefit of the Secured Creditors (acting through the Security Agent) and will be delivered to the Security Agent (acting in the name and on behalf of the Secured Creditors), in its capacity as custodian of the Collateral.

The Italian Share Pledge will be annotated in our shareholders' ledger and an abstract of the shareholders' ledger so annotated and certified by a notary as being a true copy of the original will be delivered to the Security Agent.

Italian Bank Accounts Pledge

The Italian Bank Accounts Pledge will create a pledge over (i) the Debt Service Reserve Account, the Maintenance Reserve Account, the Proceeds Account, and the Insurance and Compensation Proceeds Account, (collectively, the "**Italian Pledged Project Accounts**") and (ii) all sums credited to the Debt Service Reserve Account, the Maintenance Reserve Account, the Proceeds Account and the Insurance and Compensation Proceeds Account from time to time, including any payments made into the Debt Service Reserve Account, the Maintenance Reserve Account, the Proceeds Account and the Insurance

and Compensation Account in the future, and our right of receiving payment thereof (the "**Accounts Balance**").

The Italian Account Bank, by executing the Italian Bank Accounts Pledge, will further waive, for the benefit of the Secured Creditors, any present and future security interest existing over the Accounts and the Accounts Balance in its favour or any right of set off or right of retention against the Issuer and related to the cash and securities on the Accounts.

Italian Assignment of Project Documents Receivables

With the Italian Assignment of Project Documents Receivables, we will assign by way of security, among others, the following:

- any claim, right, receivable and indemnity claim owing to us by the Insurance Companies which has arisen or will arise pursuant to the Insurance Policies, including any claim, right, receivable and indemnity claim of a compensatory (*risarcitoria*) or restitutionary (*restitutoria*) nature arising from the Insurance Policies and excluding any claim, right, receivable and indemnity claim which confers a right to the indemnity that is exclusively for the benefit of third parties (the "**Insurance Receivables**");
- any claim, right, receivable, indemnity claim, bond and guarantee owing to us by any Counterparty which has arisen or will arise pursuant to the EPC Contract and/or the O&M Contract, and/or as a result of any breach thereof (the "**Project Contracts Receivables**");
- any claim, right, receivable, indemnity claim, bond and guarantee owing to us by any Counterparty which has arisen or will arise pursuant to the Interface Agreement, and/or as a result of any breach thereof (the "**Interface Receivables**");
- any claim, right, receivable, indemnity claim, bond and guarantee owing to us by any Counterparty which has arisen or will arise pursuant to the Service Agreements (as defined in the Italian Assignment of Project Documents Receivables), and/or as a result of any breach thereof (the "**Services Receivables**");
- any claim, right, receivable, indemnity claim, bond and guarantee owing to us by any Counterparty which has arisen or will arise pursuant to the Intragroup Agreements (as defined in the Italian Assignment of Project Documents Receivables), and/or as a result of any breach thereof (the "**Intragroup Receivables**");
- any claim, right, receivable, indemnity claim, bond and guarantee owing to us by any Counterparty which has arisen or will arise pursuant to the Sacyr Advance Payment Bond, and/or as a result of any breach thereof (the "**Sacyr Advance Payment Bond Receivables**"); and
- any claim, right, receivable, indemnity claim, bond and guarantee owing to us by any Counterparty which has arisen or will arise pursuant to the EPC Performance Bonds, and/or as a result of any breach thereof (the "**EPC Performance Bonds Receivables**" and, together with the Insurance Receivables, the Project Contracts Receivables, the Interface Receivables and the Services Receivables and the Sacyr Advance Payment Bond Receivables, the "**Project Receivables**").

Any Future Receivables will be assigned by way of security and will be subject to the provisions of the Project Agreements Receivables Assignment Agreement.

On the Issue Date, we will be required to provide the Security Agent a written statement of acceptance of the relevant security interest in relation to the Project Contracts Receivables, the Interface Receivables, the Services Receivables and the Intragroup Receivables from each relevant Counterparty, bearing certain date (*data certa*).

Within 5 (five) Business Days from the execution of the Project Agreements Receivables Assignment Agreement in relation to the Insurance Receivables, the EPC Performance Bond Receivables and the Chubb Sacyr Payment Bond Receivables and within 5 (five) Business Days from the execution of each

deed of assignment of future receivables, we will be required to serve notice of the creation of the Security Interest upon each Insurance Company in relation to the Insurance Receivables, upon the issuer of the EPC Performance Bonds and upon Chubb European Group Limited in relation to the Sacyr Advance Payment Bond. Such notice shall be served through a court bailiff (*Ufficiale Giudiziario*) or certified e-mail (*posta elettronica certificata*) and the relevant record of delivery (*relata di notifica*) or receipt of the certified e-mail shall be provided as soon as available to the Security Agent as evidence.

As an alternative to the serving of notice referred to above and within 8 (eight) Business Days from the execution of the Project Agreements Receivables Assignment Agreement and within 8 (eight) Business Days from the execution of each deed of assignment of future receivables, we may provide to the Security Agent a written statement of acceptance of the security interest from each Insurance Company, the issuer of the EPC Performance Bonds and Chubb European Group Limited, bearing certain date (*data certa*).

The Security Agent (acting in the name and on behalf of the Secured Creditors) will be authorized to serve any notice or obtain any statement provided for under Clause 4 of the Project Agreements Receivables Assignment Agreement on our behalf, if we fail to do so in accordance with such clause within 5 (five) Business Days of us being notified of such failure by the Security Agent.

Italian General Privilege

The Italian General Privilege will create a general privilege (*privilegio generale*) over all of our movable present and future assets and receivables over which we have title to (excluding the receivables arising under the Concession Agreement relating to public grants received during the construction phase of the SPV) pursuant to Article 186 of the Italian Public Contracts Code.

We will be required to (i) register the General Privilege Code in the register kept pursuant to Article 1254, paragraph 2, of the Italian Civil Code within 10 Business Days from the execution of the Privilegio Generale and (ii) promptly provide the Security Agent with evidence of the perfection of such formalities.

Italian Assignment of Concession Receivables

With the Italian Assignment of Concession Receivables, we will assign by way of security any receivable, indemnity and claim owing to us to which we may be entitled in connection with the Concession Agreement *vis-à-vis* the Grantor (excluding the receivables arising under the Concession Agreement relating to the public grants received during the construction phase of the SPV) (the "**Concession Receivables**").

Within 2 Business Days from the registration of the Italian Assignment of Concession Receivables, we will be required to notify an authentic copy thereof to the Grantor. Such notice will be served through a court bailiff (*Ufficiale Giudiziario*) or certified mail (*posta elettronica certificata*) and the relevant record of delivery or receipt of the certified e-mail will be provided as soon as available to the Security Agent as evidence.

We will also undertake to obtain from the Grantor a declaration of acceptance of the Italian Assignment of Concession Receivables. Such declaration shall be authenticated by a notary public, registered with the Italian tax authorities and delivered to the security agent promptly and in any event within 20 Business Days from the notification of the Italian Assignment of Concession Receivables to the Grantor.

Italian Assignment of Shareholder Loan Receivables

With the Italian Assignment of Shareholder Loan Receivables, SIS or the New Shareholder will assign by way of security any receivable, indemnity and claim owing to SIS or the New Shareholder to which SIS or the New Shareholder may be entitled in connection with the Shareholder Loan Agreement *vis-à-vis* us (the "**Shareholder Loan Receivables**").

The Italian Assignment of Shareholder Loan Receivables will be executed only upon – and to the extent that a Shareholder Loan Agreement will be executed.

By executing the Italian Assignment of Shareholder Loan Receivables, we will acknowledge and accept the security interest and represents that the receivables' agreement is free from restrictions or rights of third parties.

Rights Attached to the Shares

Voting Rights and Dividends

Until the occurrence of an Event of Default which is continuing:

- to the extent permitted under the Secured Contracts, payments of all dividends arising from the Shares will be made to SIS; and
- SIS will be entitled to exercise the voting rights as well as any other administrative rights referred to under article 2352, paragraph 6, of the Civil Code in relation to the Shares, provided that it will not exercise such voting rights in relation to the Shares to consent in any manner, or otherwise permit or agree, to:
 - any variation of the rights attaching to or conferred by all or any part of the Collateral; or
 - any increase in our issued share capital, which would prejudice the validity and/or the value of, or the ability of the Secured Creditors to realize the Italian Share Pledge; or
 - any resolution which would result in the occurrence of an Event of Default.

Upon the occurrence of an Event of Default which is continuing and until such Event of Default is not remedied or waived, the Security Agent (acting in the name and on behalf of the Secured Creditors) will be entitled (but not obliged) to:

- exercise the voting rights relating to the Shares, including at specific shareholders meetings (whether or not already convened) or on specific matters only (in each case as selected by the Security Agent), or cease to exercise the voting rights relating to the Shares, but in any event in the context of extraordinary shareholders' meetings only;
- convene our shareholders' meeting pursuant to article 2367 of the Civil Code; or
- receive payment of all dividends (including every dividend already approved by any shareholders' meeting but not yet distributed and excluding any dividends which will be paid with sum credited on the Distribution Accounts) arising from the Shares.

If the relevant Event of Default is remedied or waived and provided that no other Event of Default is continuing, the Secured Creditors, acting through the Security Agent, shall return to SIS all dividends received by the Security Agent, deducted any sums applied towards discharge of the Secured Obligations.

Share Capital Increase – Merger

In the event of an increase in our share capital:

- if the share capital increase is a bonus share capital increase (aumento gratuito) pursuant to article 2442 of the Civil Code:
 - the Italian Share Pledge shall be deemed automatically extended to the newly-issued shares pertaining to SIS, in accordance with article 2352, third paragraph of the Civil Code; and
 - if the share capital increase is carried out through an increase of the nominal value of the pledged shares, the Italian Share Pledge over the Collateral will be fully valid and effective in respect of such shares notwithstanding the increase in nominal value;
- if the share capital increase is for consideration (aumento a pagamento), SIS will:

- promptly grant a pledge on the newly-issued shares; and
- procure that, to the extent permitted under the Finance Documents, each third party subscriber of the newly issued shares grant a pledge on the newly-issued shares subscribed by it by executing a pledge agreement.

SIS will undertake to:

- pay for all mandatory calls (*richiamo dei decimi*) on its Collateral and to subscribe and pay for any such and share capital increases made for consideration (*aumenti a pagamento*) in compliance with the provisions of the Equity Contribution and Subordination Agreement; and
- subscribe and pay for all calls and share capital increases made for consideration (*aumenti a pagamento*) in relation to the Collateral attributable to it,

provided however that SIS will not be bound to subscribe and pay for any increase of capital which is resolved with the vote of the Security Agent and/or which is subscribed by a third party to the extent permitted under the Finance Documents.

If SIS fails to do so, the Security Agent (acting in the name and on behalf of the Secured Creditors), shall be deemed to be authorized (but not obliged) to subscribe to the share capital increase in the name and on behalf of the Pledgor and to make the relevant payment. Any sums so paid by the Security Agent (acting in the name and on behalf of the Secured Creditors), including, but not limited to, any costs and expenses reasonably incurred and documented, shall be reimbursed by SIS.

The Italian Share Pledge shall extend automatically to the equity of the surviving company in the event of a merger or de-merger, and therefore any new share assigned to SIS following such merger or de-merger, in addition to or in exchange for the Shares, will be deemed to be pledged in favor of the Secured Creditors.

SIS will further procure that we (or, in case of merger or de-merger, the surviving company):

- in issuing the new shares and the new share certificates, acknowledge the existence of the Italian Share Pledge;
- comply with the perfection formalities provided for under the Italian Share Pledge Agreement; and
- deliver the share certificates representing the newly-issued shares to the Security Agent as custodian of the Collateral together with an abstract of our (or any other surviving company's) shareholders' ledger showing the annotations, certified by a notary as being a true copy of the original.

Use of Pledged Accounts

Until the occurrence of an Event of Default which is continuing, we may use the Accounts Balance only:

- to discharge any Secured Obligations; and
- to make payments in compliance with the provisions of the STID and the Common Terms Agreement.

Our right to use the Accounts Balance will expire upon the occurrence of an Event of Default which is continuing and until such Event of Default is not remedied or waived. Immediately upon the occurrence of such Event of Default which is continuing, we shall not use in any manner the Accounts Balance, and the Account Bank shall refuse to perform any order received from us, and shall act solely in accordance with instructions received from the Security Agent (acting in the name and on behalf of the Secured Creditors), copy of which shall be provided to us.

Collection of Project Receivables, Concession Receivables and Shareholder Loan Receivables and enforcement

The Security Agent (acting in the name and on behalf of the Secured Creditors) will grant a mandate (*mandato all'incasso*) to us to receive on their behalf the proceeds of the Project Receivables and of the Concession Receivables on designated bank accounts held by us and opened with Intesa Sanpaolo S.p.A., which will be subject to the Accounts Pledge (any such account, a "**Designated Account**"). We will have the obligations and powers to receive all payments and amounts by or on behalf of our counterparties in accordance with the terms of the Project Agreements Receivables Assignment Agreement and of the Concession Receivables Assignment Agreement (as applicable), and to exercise, acting on behalf of the Secured Creditors, at our own expense but in their interest, all and each of the rights, powers and claims relating to the Project Receivables and/or the Concession Receivables (as applicable), including the right to act and/or resist in judicial or arbitration procedures for the preservation and satisfaction of the Project Receivables and/or the Concession Receivables (as applicable).

If, for any reason, any amount paid in discharge of the Project Receivables or the Concession Receivables (as applicable) is paid into any account other than a Designated Account, we will promptly transfer such amount to the Designated Account.

The Security Agent (acting in the name and on behalf of the Secured Creditors) will grant a mandate (*mandato all'incasso*) to SIS or the New Shareholder to receive on their behalf the proceeds of the Shareholder Loan Receivables. SIS or the New Shareholder will have the obligations and powers to receive all payments and amounts by or on behalf of us in accordance with the terms of the Italian Assignment of Shareholder Loan Receivables, and to exercise, acting on behalf of the Secured Creditors, at SIS or the New Shareholder's own expense but in their interest, all and each of the rights, powers and claims relating to the Shareholder Loan Receivables, including the right to act and/or resist in judicial or arbitration procedures for the preservation and satisfaction of the Shareholder Loan Receivables.

We may also use and dispose of the proceeds of the Project Receivables, the Concession Receivables and the Shareholder Loan Receivables in compliance with the provisions of the Security Trust and Intercreditor Agreement.

Upon the occurrence of an Event of Default which is continuing, the Security Agent may:

- revoke the mandate (*mandato all'incasso*) granted to us or SIS or the New Shareholder (as applicable) in relation to the Receivables (other than the EPC Performance Bond Receivables) by sending a written notice to us or SIS or the New Shareholder (as applicable) (the "**Revocation**"); and
- notify the Revocation to each relevant Counterparty and us (as applicable) and instruct the relevant Counterparty or us (as applicable) to pay all sums due at such time and as may accrue in the future in relation to the Project Receivables (other than the EPC Performance Bond Receivables) or the Concession Receivables (as applicable) to it directly into the account designated by the Security Agent (in the name and on behalf of the Secured Creditors) and opened on its name.

From the date of the Revocation, we or SIS or the New Shareholder (as applicable) will have no right to use and dispose of the proceeds of the Project Receivables (other than the EPC Performance Bond Receivables) and/or the Concession Receivables and/or Shareholder Loan Receivables (as applicable) and will promptly transfer any amount received in discharge of the Project Receivables (other than the EPC Performance Bond Receivables) and/or the Concession Receivables and/or the Shareholder Loan Receivables (as applicable) on the bank account designated by the Security Agent.

Upon expiry of 5 Business Days from the delivery to us or SIS or the New Shareholder (as applicable) of a notice sent by the Security Agent stating the occurrence of an Enforcement Event and provided that the Secured Obligations have not been fully discharged by then:

- (a) the mandate (*mandato all'incasso*) granted by the Secured Creditors will be deemed as automatically revoked with no further communications (other than in relation to the EPC Performance Bond Receivables) and the Secured Creditors (through the Security Agent) will have the right to:

- (i) instruct the Counterparty to pay all sums due at such time and as may accrue in the future in relation to the relevant Receivables to it directly into the account designated by the Security Agent;
- (ii) retain and dispose of the amount received in payment of the Receivables by applying then to the satisfaction of the Secured Obligations and until the full satisfaction of the same in accordance with the provisions of the STID, provided that any residual amount shall be transferred to us or SIS or the New Shareholder (as applicable); and
- (iii) exercise any other rights provided by law in relation to the assignment, including without limitation, the exercise of any right of transfer or assignment (*assegnazione*) of the relevant Receivables to third parties,

provided that the Security Agent (acting in the name and on behalf of the Secured Creditors) is entitled, after complying with any notice requirements provided for by law, to proceed in accordance with any form of enforcement of the Security Interest as provided for by law;

- (b) the Security Agent (in the name and on behalf of the Secured Creditors) will have the right to:
 - (i) revoke the mandate (*mandato all'incasso*) granted to us in relation to the EPC Performance Bond Receivables, by sending a written notice to us (the "**Revocation**"); and
 - (ii) notify the Revocation to each relevant Counterparty (copying us) and instruct the relevant Counterparty to pay all sums due at such time and as may accrue in the future in relation to the EPC Performance Bond Receivables to it directly into the account designated by the Security Agent (in the name and on behalf of the Secured Creditors) and opened on its name;
 - (iii) retain and dispose of the amount received in payment of the Receivables by applying then to the satisfaction of the Secured Obligations and until the full satisfaction of the same in accordance with the provisions of the STID, provided that any residual amount shall be transferred to us; and
 - (iv) exercise any other rights provided by law in relation to the assignment, including without limitation, the exercise of any right of transfer or assignment (*assegnazione*) of the EPC Performance Bond Receivables to third parties,

provided that the Security Agent (acting in the name and on behalf of the Secured Creditors) is entitled, after complying with any notice requirements provided for by law, to proceed in accordance with any form of enforcement of the Security Interest as provided for by law.

With respect to the Concession Receivables, upon expiry of 5 Business Days from the delivery to us of a notice sent by the Security Agent stating the occurrence of an Enforcement Event and provided that the Secured Obligations have not been fully discharged by then, the mandate (*mandato all'incasso*) granted by the Secured Creditors will be deemed as automatically revoked with no further communications and the Secured Creditors (through the Security Agent) will have the right to:

- (a) instruct the Counterparty to pay all sums due at such time and as may accrue in the future in relation to the Concession Receivables to it directly into the account designated by the Security Agent;
- (b) retain and dispose of the amount received in payment of the Concession Receivables by applying then to the satisfaction of the Secured Obligations and until the full satisfaction of the same in accordance with the provisions of the STID; and
- (c) exercise any other rights provided by law in relation to the assignment, including without limitation, the exercise of any right of transfer or assignment (*assegnazione*) of the relevant Receivables to third parties,

provided that the Security Agent (acting in the name and on behalf of the Secured Creditors) is entitled, after complying with any notice requirements provided for by law, to proceed in accordance with any form of enforcement of the Security Interest as provided for by law.

Payments made in discharge of the Project Receivables (other than the EPC Performance Bond Receivables) or the Concession Receivables by the Counterparty in accordance with instructions received following an Event of Default which is continuing or in discharge of the Project Receivables or the Concession Receivables by the Counterparty in accordance with instructions received following an Enforcement Event will fully release each Counterparty from its obligations vis-à-vis us.

Payments made in discharge of the Shareholder Loan Receivables by us in accordance with instructions received following an Event of Default which is continuing or an Enforcement Event will fully release us from our obligations vis-à-vis SIS or the New Shareholder.

Upon completion of the enforcement, the Security Agent shall promptly deliver, at our costs, to us a written statement setting out the mechanics of enforcement, the amount of the proceeds thereof, and the outcome of the set off of such proceeds against the Secured Obligations, and any excess enforcement proceeds shall be promptly returned to us by the Security Agent.

Ranking

The Italian Law Security Agreement will create a first ranking security interest.

Enforcement

Italian Share Pledge

Upon the expiry of 5 Business Days from the delivery to SIS and us of a notice sent by the Security Agent stating the occurrence of an Enforcement Event and provided that the Secured Obligations have not been fully discharged by then, the Italian Share Pledge may be enforced in accordance with the provisions of the STID and the applicable provisions of law. In particular, the Security Agent (acting in the name and on behalf of the Secured Creditors) will be entitled to, after complying with any notice requirements provided for by law and without prejudice to any other form of enforcement of the Italian Share Pledge as provided for by law:

- sell the Collateral in whole or in part and in one or more instalments;
- demand payment by way of assignment of the Collateral or part of it in accordance with article 2798 of the Civil Code;
- to the extent applicable, provided that all conditions for the enforcement pursuant to Legislative Decree No. 170 of 21 May 2004, as amended from time to time ("**Decree 170**") are met, enforce the Italian Share Pledge pursuant to Decree 170;
- proceed to any other form of enforcement of the Italian Share Pledge as provided for by law.

For the purposes of enforcing the Italian Share Pledge, any rights or authority of the shareholders in connection with the restrictions to the transfer of the Collateral provided for under our by-laws will be deemed waived by SIS and in any case not applicable in any way to the Italian Share Pledge.

Upon termination of the enforcement of the Italian Share Pledge and the Collateral, the Security Agent shall deliver to SIS, at SIS's expense, a written statement setting out the mechanics of enforcement, the amount of the proceeds thereof, and the outcome of the set-off of such proceeds against the Secured Obligations, and any excess enforcement proceeds will be returned to SIS.

Italian Bank Accounts Pledge

Upon the expiry of 5 Business Days from the delivery to us of a notice sent by the Security Agent stating the occurrence of an Enforcement Event and provided that the Secured Obligations have not been fully discharged by then, the Italian Bank Accounts Pledge may be enforced in accordance with the provisions of the STID and the applicable provisions of law. In particular, the Security Agent (acting in the name and on behalf of the Secured Creditors) will be entitled to, after complying with

any notice requirements provided for by law and without prejudice to any other form of enforcement of the Italian Bank Accounts Pledge as provided for by law:

- apply the Accounts Balance in satisfaction of the Secured Obligations pursuant to article 2803 of the Civil Code, including by instructing the Account Bank to transfer the Accounts Balance to the Security Agent (in the name and on behalf of the Secured Creditors);
- apply the Account Balances in satisfaction of the Secured Obligations as they fall due, including by instructing the Account Bank to transfer the Account Balances to the Security Agent (in the name and on behalf of the Secured Creditors), or transfer the Account Balances pursuant to article 4 of Decree 170 (if applicable); or
- proceed in accordance with the provisions of articles 2803 or 2804 of the Civil Code and with the provisions of the Code of Civil Procedure.

Upon termination of the enforcement of the Accounts Pledge and the Collateral, the Security Agent shall deliver to us and, to the extent the Italian Account Bank is a party of the agreement, to the Italian Account Bank, at our expense, a written statement setting out the mechanics of enforcement, the amount of the proceeds thereof, and the outcome of the set-off of such proceeds against the Secured Obligation, and any excess enforcement proceeds will be returned to us.

Italian General Privilege

Upon the expiry of 5 Business Days from the delivery to us of a notice sent by the Security Agent stating the occurrence of an Enforcement Event, in order to enforce the Italian General Privilege the Security Agent (acting in the name and on behalf of the Secured Creditors) will be entitled to, after complying with any notice requirements provided for by law and without prejudice to any other form of enforcement of the Italian General Privilege as provided for by law:

- sell the moveable assets in accordance with the Italian Code of Civil Procedure; and / or
- demand payment by way of assignment of the Collateral or part of it in accordance with the Italian Code of Civil Procedure;
- proceed to any other form of enforcement of the Italian General Privilege as provided for by law.

Upon completion of the enforcement, the Security Agent shall promptly deliver to us a written statement setting out the mechanics of enforcement, the amount of the proceeds thereof, and the outcome of the set off of such proceeds against the Secured Obligations, and any excess enforcement proceeds shall be promptly returned to us by the Security Agent.

Application of Proceeds

All proceeds received by the Secured Creditors from the enforcement of the Italian Share Pledge, the Italian Bank Accounts Pledge, the Italian Assignment of Project Documents Receivables, the Italian General Privilege, the Italian Assignment of Concession Receivables and the Italian Assignment of Shareholder Loan Receivables (if any) will be allocated in accordance with the STID.

English Law Security Document

Overview

On the Issue Date, the following Security Document governed by English law, will be entered into and the relevant Transaction Security will be granted:

- **Account Charge:** an agreement for the creation of a charge over the Escrow Account and entered into between us as chargor and the Security Agent.

In addition, the STID will provide for the English law assignment over all our present and future rights under the English Law Contracts.

Beneficiary

The English Law Security Document will be granted by us to the Security Agent, acting on its own behalf and as representative of the Secured Creditors pursuant to the STID and as representative of the Noteholders.

Secured Liabilities

The English Law Security Document will be entered into with the Security Agent to secure the Secured Liabilities (as defined in the Master Definitions Agreement).

Assets subject to security and perfection formalities

English Law Security Document

The English Law Security Document will create a charge over the balance from time to time standing to the credit of the Escrow Account, including all interest credited to the Escrow Account and all the Company's right, title and interest and benefit of the Escrow Account and the indebtedness represented by such credit balance. All sums credited to the Escrow Account from time to time, including any payments made into the Escrow Account in the future, and our right of receiving payment thereof (the "**Deposit**").

We will be required to serve notice of the charge created promptly to the Account Bank. We will also be required to use reasonable endeavours to ensure that the English Account Bank acknowledges the abovementioned notice.

Use of Escrow Account

Until the occurrence of an Event of Default which is continuing, we may use the Deposit only to make payments in compliance with the provisions of the Finance Documents and the Escrow Agreement.

Our right to use the Deposit will expire upon the occurrence of an Event of Default which is continuing and until such Event of Default is not remedied or waived. Immediately upon the occurrence of such Event of Default which is continuing, we shall not use in any manner the Deposit, and the Account Bank shall refuse to perform any order received from us, and shall act solely in accordance with instructions received from the Security Agent (acting in the name and on behalf of the Secured Creditors), a copy of which shall be provided to us.

Ranking

The English Law Security Document will constitute a first-ranking charge over the Escrow Account.

Enforcement

English Law Security Document

Upon the expiry of 5 Business Days from the delivery to us of a notice sent by the Security Agent stating the occurrence of an Enforcement Event and provided that the Secured Liabilities have not been fully discharged by then, the English Law Security Document may be enforced in accordance with the provisions of the STID and the applicable provisions of law.

Application of Proceeds

All proceeds received by the Secured Creditors from the enforcement of the English Law Security Document will be allocated in accordance with the STID.

TERMS AND CONDITIONS OF THE NOTES

The following is the text of the terms and conditions of the Notes which, subject to amendment and completion and except for the text in italics, will be endorsed on each Definitive Note Certificate (if issued).

Potential Noteholders should review these terms and conditions in conjunction with the descriptions of the Common Terms Agreement and the Security Trust and Intercreditor Deed, in particular, set out in this Prospectus to understand the full range of provisions applicable to an investment in the Notes. See "Description of the Finance Documents – Common Terms Agreement" and "Description of the Finance Documents – Security Trust and Intercreditor Deed" in the Prospectus for further details.

The issue of the €1,221,000,000 Variable Rate Senior Secured Amortising Notes due 2047 (the "**Senior Notes**") and the €350,000,000 8% Step-up Subordinated Secured Notes due 2027 (the "**Junior Notes**") (the Senior Notes and the Junior Notes each a "**Class of Notes**" and together the "**Notes**") was authorized by a resolution of the board of directors of Superstrada Pedemontana Veneta S.p.A. (the "**Issuer**") passed on 24 October 2017.

The Notes are (a) constituted by and subject to, and have the benefit of, a note trust deed dated 29 November 2017 (the "**Issue Date**") (as amended and/or supplemented from time to time, the "**Note Trust Deed**") between the Issuer and BNY Mellon Corporate Trustee Services Limited as note trustee (the "**Note Trustee**", which expression includes all persons for the time being appointed as trustee for the holders of the Notes ("**Noteholders**") under the Note Trust Deed) and (b) issued with the benefit of a paying agency agreement dated on or around the Issue Date (as amended and/or supplemented from time to time, the "**Paying Agency Agreement**") between the Issuer, the Note Trustee, The Bank of New York Mellon, London Branch as principal paying and transfer agent (the "**Principal Paying and Transfer Agent**", which expression includes any successor principal paying and transfer agent appointed from time to time in connection with the Notes), the other paying and transfer agents named therein (together with the Principal Paying and Transfer Agent, the "**Paying and Transfer Agents**", which expression includes any successor or additional paying and transfer agents appointed from time to time in connection with the Notes), The Bank of New York Mellon SA/NV, Luxembourg Branch, in its capacity as Registrar (the "**Registrar**", which expression includes any successor registrar appointed from time to time in connection with the Notes) and The Bank of New York Mellon, London Branch in its capacity as Calculation Agent (the "**Calculation Agent**", which expression includes any successor calculation agent appointed from time to time in connection with the Notes). The Notes have been issued pursuant to Article 185 of the Italian Public Contracts Code.

The Noteholders will have the benefit of certain security (together, the "**Transaction Security**") granted by the Issuer and in certain circumstances the Pledgor in favour of The Bank of New York Mellon, London Branch as security agent (the "**Security Agent**", which expression includes any successor security agent appointed from time to time under the STID, as defined below), including but not limited to security granted by the Issuer pursuant to the Security Documents over its rights in respect of receivables under certain Project Documents, its rights under the Project Accounts and certain other rights as set out in the Security Documents.

In accordance with the security trust and intercreditor deed (the "**STID**") entered into on the Issue Date by, among others, the Issuer, the Note Trustee and the Security Agent, the Transaction Security will be held by the Security Agent for itself and for and on behalf of the Secured Creditors (which includes, among others, the Note Trustee, the Security Agent and the other Agents, the Noteholders and any Hedging Bank).

In accordance with the common terms agreement (the "**Common Terms Agreement**") entered into on the Issue Date by, among others, the Issuer, the Note Trustee (for itself and as trustee for the Noteholders), the Security Agent and the Project Adviser, the Secured Creditors have the benefit of common representations and covenants given by the Issuer.

Certain provisions of these terms and conditions (the "**Conditions**") are summaries of the Note Trust Deed, the Common Terms Agreement, the STID, the Paying Agency Agreement and the Master Definitions Agreement and are subject to their detailed provisions. The Noteholders are entitled to the benefit of, are bound by, and are deemed to have notice of, all the provisions of such documents applicable to them. Copies of the Note Trust Deed, the Common Terms Agreement, the STID, the

Paying Agency Agreement, the Master Definitions Agreement and the other Finance Documents are available for inspection (in physical form) by the Noteholders or prospective purchasers of the Notes during normal business hours at the Specified Offices (as defined in the Paying Agency Agreement) of the Principal Paying and Transfer Agent and the other Paying and Transfer Agents. Copies are also available for inspection (in physical form) during normal business hours at the registered office for the time being of the Note Trustee, being at the Issue Date at One Canada Square, London E14 5AL.

See “Description of the Finance Documents” in the Prospectus for further details of the terms of the Finance Documents.

Capitalised terms used but not defined herein shall have the meanings ascribed to them in the master definitions agreement entered into on the Issue Date by, among others, the Issuer and the Note Trustee (the “**Master Definitions Agreement**”).

1. **Form, Qualified Holders, Denomination and Title**

- (a) **Form, Qualified Holders and Denomination.** The Notes of each Class are in registered form, serially numbered. The Senior Notes may be sold (i) in offshore transactions in reliance on Regulation S under the Securities Act and (ii) to qualified institutional buyers (as defined in Rule 144A (“**QIBs**”)) that are also qualified purchasers (as defined in Section 2(a)(51)(A) under the Investment Company Act (“**QPs**”)) in reliance on Rule 144A. The Junior Notes may be sold in offshore transactions in reliance on Regulation S under the Securities Act. The Senior Notes and the Junior Notes may only be subscribed, purchased, transferred to, or otherwise held by, Qualified Holders. The Senior Notes are issued in the denomination of €100,000 and multiples thereof and the Junior Notes are issued in denominations of €100,000 and multiples of €0.01 in excess thereof (such denomination and each multiple thereof, an “**Authorized Holding**”).
- (b) **Title.** Title to the Notes will pass by transfer and registration as described in Conditions 2 (*Registration*) and 3 (*Transfer of Notes*). The holder (as defined below) of any Note will (except as otherwise required by law or as ordered by a court of competent jurisdiction) be treated as its absolute owner for all purposes whether or not it is overdue and regardless of any notice of ownership, trust or any other interest in it, any writing thereon by any Person (as defined below) (other than a duly executed transfer thereof in the form endorsed thereon) or any notice of any previous theft or loss thereof; and no Person will be liable for so treating the holder.

In these Conditions, “**Person**” means any individual, company, corporation, firm, partnership, joint venture, association, unincorporated organization, trust or other judicial entity, including, without limitation, any state or agency of a state or other entity, whether or not having separate legal personality, “**Noteholder**” or “**holder**” means the Person in whose name a Note is for the time being registered in the Register (as defined below) (or, in the case of joint holders, the first named thereof) and “**holders**” shall be construed accordingly. A Definitive Note Certificate will be issued to each Noteholder in respect of its registered holding of Notes.

*Senior Notes sold to QIBs that are also QPs in the United States in reliance on Rule 144A under the Securities Act will be represented by a Restricted Senior Global Note. Senior Notes sold to investors outside the United States who are not U.S. persons in reliance on Regulation S under the Securities Act will be represented by an Unrestricted Senior Global Note. Both the Unrestricted Senior Global Note and the Restricted Senior Global Note will be deposited with a common depositary, and registered in the name of a nominee for, a common depositary for Euroclear Bank SA/NV (“**Euroclear**”) and Clearstream Banking S.A. (“**Clearstream, Luxembourg**”).*

*Junior Notes sold to investors outside the United States who are not U.S. persons in reliance on Regulation S under the Securities Act will be represented by an Unrestricted Junior Global Note which will be registered in the name of Monte Titoli S.p.A. (“**Monte Titoli**”).*

Ownership of beneficial interests in the Unrestricted Senior Global Note and the Restricted Senior Global Note will be limited to Persons that have accounts with Euroclear or Clearstream, Luxembourg or Persons that may hold interests through such participants. Ownership of beneficial interests in the Unrestricted Junior Global Note will be limited to Persons that have accounts with Monte Titoli or Persons that may hold interests through such participants. Beneficial interests in the Global Notes (where applicable) will be shown on, and transfers thereof will be effected through, records maintained in book entry form by Euroclear, Clearstream, Luxembourg, Monte Titoli and their participants. Global Notes will be exchangeable for Definitive Note Certificates only in certain limited circumstances specified in the relevant Global Note.

- (c) **Third party rights.** Subject to Condition 16 (*Provision of Information*), no Person shall have any right to enforce any term or condition of the Notes under the Contracts (Rights of Third Parties) Act 1999, but this does not affect any right or remedy of any Person which exists or is available apart from that Act.

2. **Registration**

The Issuer will maintain a register (the "**Register**") in respect of each Class of Notes in accordance with the provisions of the Paying Agency Agreement at the Specified Office of the Registrar in which will be entered the names and addresses of the holders of the Notes and the particulars of the Notes held by them and all transfers and redemptions of the Notes.

3. **Transfer of Notes**

In addition to the below, Noteholders will be subject to, and should familiarize themselves with, the restrictions set out in the section of the Prospectus entitled "Transfer Restrictions and Representations by the Purchaser."

- (a) **Transfer.** Each Note may, subject to the terms of the Paying Agency Agreement and to Conditions 3(b) (*Formalities free of charge*), 3(c) (*Closed periods*) and 3(d) (*Regulations concerning transfer and registration*), be transferred in whole or in part in an Authorized Holding by lodging the relevant Definitive Note Certificate (with the endorsed form of application for transfer in respect thereof duly executed and duly stamped where applicable) at the Specified Office of the Registrar or any Paying and Transfer Agent, together with such evidence as the Registrar or (as the case may be) such Paying and Transfer Agent may reasonably require to prove the title of the transferor and the authority of the persons who have executed the form of transfer. A Note may be registered only in the name of, and transferred only to, a named person or persons. No transfer of a Note will be valid unless and until entered on the Register.

The Registrar will within five business days (as defined below) of any duly made application for the transfer of a Note of either Class, register the transfer and deliver a new Definitive Note Certificate to the transferee (and, in the case of a transfer of part only of a Note of a specified Class, deliver a new Definitive Note Certificate in respect of the part transferred to the transferee and a further new Definitive Note Certificate for the untransferred balance to the transferor), at its Specified Office or (as the case may be) the Specified Office of any Paying and Transfer Agent or (at the risk and, if mailed at the request of the transferee or, as the case may be, the transferor otherwise than by ordinary mail, at the expense of the transferee or, as the case may be, the transferor) mail the Definitive Note Certificate by uninsured mail to such address as the transferee or, as the case may be, the transferor may request.

In the case of an exercise of the Issuer's option in respect of, or a partial redemption of, a holding of Notes of a particular Class represented by a single Definitive Note Certificate, a new Definitive Note Certificate shall be issued to the holder to reflect the exercise of such option or in respect of the balance of the holding not redeemed. New Definitive Note Certificates shall only be issued against surrender of the existing Definitive Note Certificates to the Registrar or any Paying and Transfer Agent.

For the purposes of this Condition, "**business day**" shall mean a day on which banks are open for business in the city in which the Specified Office of the Registrar or the Paying and Transfer Agent with whom a Definitive Note Certificate is lodged in connection with a transfer is located.

- (b) **Formalities free of charge.** Such transfers will be effected without charge subject to (i) the person making such application for transfer paying or procuring the payment of any taxes, duties and other governmental charges in connection therewith, (ii) the Registrar or the relevant Paying and Transfer Agent being satisfied with the documents of title and/or identity of the person making the application and (iii) such reasonable regulations as the Issuer may from time to time agree with the Registrar and the Note Trustee (as referred to in Condition 3(d) (*Regulations concerning transfer and registration*)).
- (c) **Closed periods.** Neither the Issuer nor the Registrar will be required to register the transfer of any Note of either Class (or part thereof) during the period of 15 days immediately prior to the due date for any payment of principal, premium (if any) or interest in respect of such Notes.
- (d) **Regulations concerning transfer and registration.** All transfers of Notes and entries on the Register will be made subject to the detailed regulations concerning transfer of Notes scheduled to the Paying Agency Agreement. The regulations may be changed by the Issuer to reflect changes in legal requirements or in any other manner which is not prejudicial to the interests of Noteholders with the prior approval of the Registrar (such approval not to be unreasonably withheld or delayed) and the Note Trustee. A copy of the current regulations will be made available by the Registrar (free of charge) to any Noteholder upon request.
- (e) **Authorized Holdings.** No Note of either Class may be transferred unless the principal amount of Notes of such Class transferred and (where not all of the Notes held by a holder are being transferred) the principal amount of the balance of the Notes of such Class not transferred are Authorized Holdings.

4. **Status, Security, Covenants and Intercreditor Arrangements**

- (a) **Status.**
 - (i) The Senior Notes constitute direct, general, unconditional, unsubordinated and secured obligations of the Issuer. The Senior Notes will at all times rank *pari passu* among themselves and at least *pari passu* in right of payment with all other present and future unsubordinated obligations of the Issuer but, in the event of insolvency, only to the extent permitted by applicable laws relating to creditors' rights.
 - (ii) The Junior Notes constitute direct, general, unconditional, subordinated and secured obligations of the Issuer. The Junior Notes will at all times rank *pari passu* among themselves and at least *pari passu* in right of payment with all other present and future subordinated obligations of the Issuer but, in the event of insolvency, only to the extent permitted by applicable laws relating to creditors' rights.
- (b) **Security.** Subject to the provisions of the STID, the payment obligations of the Issuer under the Notes and certain other payment obligations of the Issuer are secured pursuant to the Security Documents. The net proceeds of enforcement of the Transaction Security will be applied by the Security Agent in accordance with the Post-enforcement Priority of Payments.
- (c) **Representations and Covenants.** The Note Trustee (for itself and on behalf of the Noteholders) has the benefit of certain representations and covenants set out in the Common Terms Agreement.

See “Description of the Finance Documents – Common Terms Agreement – Financial Covenants and Equity Cure”, “- Information Undertakings and Review Procedure”, “- Positive Undertakings” and “- Negative Undertakings” in the Prospectus for details of the information reporting, financial and other covenants provided by the Issuer in favour of the Noteholders and the other Secured Creditors.

- (d) **Intercreditor Arrangements.** The Notes are subject to the STID, pursuant to which the exercise by the Note Trustee of rights under the Note Trust Deed and under the Notes may in certain circumstances be directed by other parties to the STID. Noteholders are bound by, and deemed to have notice of, all the provisions of the STID.

See “Description of the Finance Documents – Security Trust and Intercreditor Deed – Project Accounts and Cash Management” in the Prospectus for details of the intercreditor arrangements applicable to the Noteholders and the other Secured Creditors, including the Pre-enforcement Priority of Payments and the Post-enforcement Priority of Payments.

- (e) **Effect on Noteholders.** The Noteholders are deemed to have notice of and are bound by all the provisions of the Security Documents, the Common Terms Agreement, the Master Definitions Agreement, the Note Trust Deed, the Paying Agency Agreement and the other relevant Finance Documents.

5. Interest

5.1 Senior Notes

- (a) **Interest Accrual.** Each Senior Note bears interest on its Principal Amount Outstanding from (and including) 29 November 2017 (the “**Issue Date**”) at the rate and as calculated in accordance with this Condition 5 (*Interest*). Subject as provided in Condition 6 (*Payments*), interest will be payable semi-annually in arrear on 30 June and 31 December in each year (each, an “**Interest Payment Date**”), commencing on 31 December 2017, in accordance with the relevant Pre-enforcement Priority of Payments set out in Schedule 6 (*Project Accounts and Cash Management*) of the STID.

Each period beginning on (and including) the Issue Date or any Interest Payment Date and ending on (but excluding) the next Interest Payment Date is herein called an “**Interest Period**”. There will be a short first interest period in respect of the period from (and including) the Issue Date to (but excluding) the first Interest Payment Date (the “**Initial Interest Period**”).

For the avoidance of doubt, no adjustment will be made to the amount of interest accruing where the first or last day of an Interest Period is not a Business Day.

- (b) **Interest Rates and Interest Periods.**
 - (i) In respect of any Interest Payment Date relating to an Interest Period that occurs prior to the first Drawing Date (each a “**Phase 1 Senior Note Interest Period**”), interest on each Senior Note will be calculated in accordance with Condition 5.1(c) by reference to the Phase 1 Senior Note Rate of Interest in respect of each day of the relevant Phase 1 Senior Note Interest Period and provided that the minimum amount of interest payable shall be the Floored Phase 1 Interest Amount. The “**Phase 1 Senior Note Rate of Interest**” means the aggregate of EONIA plus the Margin as determined by the Calculation Agent, where “**EONIA**” means a reference rate equal to the Euro Overnight Index Average appearing on the Bloomberg Screen ALLX EBFS Page or any successor page, or such other source acceptable to the Calculation Agent.
 - (ii) In respect of the Interest Payment Date falling at the end of the Interest Period during which the first Drawing Date occurs and the Interest Payment Date falling at the end of each subsequent Interest Period up to and including the Interest Period during which the final Drawing Date occurs (each a “**Phase 2 Senior Note Interest Period**”), interest on each Senior Note will be calculated

in accordance with Condition 5.1(d) and "**Phase 2 Senior Note Rate of Interest**" shall be construed accordingly.

- (iii) For each complete Interest Period that occurs after the final Drawing Date (each a "**Phase 3 Senior Note Interest Period**"), interest on each Senior Note will be calculated by reference to the Phase 3 Senior Note Rate of Interest. The "**Phase 3 Senior Note Rate of Interest**" means the Non-escrow Interest Rate per annum.
- (c) **Phase 1 Senior Note Interest Period Calculations.** In relation to each Phase 1 Senior Note Interest Period, the amount of interest payable in respect of each Senior Note shall be calculated by the Calculation Agent on the date falling five Business Days prior to the relevant Interest Payment Date (each an "**Interest Calculation Date**") by (i) determining the interest which has accrued on each day during the Interest Period by applying the Phase 1 Senior Note Rate of Interest on such date to the Principal Amount Outstanding of such Senior Note on such date and dividing the result by 365 and (ii) aggregating the result in sub-paragraph (i) with the result for every other day in the relevant Phase 1 Senior Note Interest Period. For each calendar day of each Interest Period falling after the Interest Calculation Date for such Interest Period, the applicable rate for EONIA shall be the rate applicable on such Interest Calculation Date. For each other day on which EONIA is not published, the applicable rate for EONIA shall be the last EONIA published or the EONIA rate that applied for the previous day.

In the event that the first Drawing Date occurs on any calendar day falling after the Interest Calculation Date in respect of any Phase 1 Senior Note Interest Period, the Phase 2 Senior Note Rate of Interest shall apply with effect from the beginning of the next following Interest Period.

If the amount of interest payable in respect of each Senior Note, as determined on any Interest Calculation Date in the manner set out above, is less than the amount of interest which would have been payable on such Senior Note if there had been a constant Phase 1 Senior Note Rate of Interest during the relevant period equal to 0.65 per cent. (the "**Floored Phase 1 Interest Amount**"), the Floored Phase 1 Interest Amount will instead be payable on the relevant Interest Payment Date.

In these Conditions, "**Business Day**" means a day which is a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in both London and Milan and a TARGET2 Settlement Day. A "**TARGET Settlement Day**" means any day on which the Trans-European Automated Real-time Gross Settlement Express Transfer (TARGET2) System or any successor thereof is open.

- (d) **Phase 2 Senior Note Interest Period Calculations.** For the purpose of calculating the interest amount payable on each Senior Note in respect of any Phase 2 Senior Note Interest Period, the Calculation Agent shall on the relevant Interest Calculation Date:
 - (i) determine the amount of interest payable on each day in the relevant Phase 2 Senior Note Interest Period (the "**Daily Phase 2 Interest Amount**") by adding the result of:
 - (A) the aggregate of EONIA plus the Margin (the "**Phase 2 EONIA Rate**") applicable to the Escrow Portion on such date (divided by 365); and
 - (B) the Non-escrow Interest Rate applicable to the Non-escrow Portion on such date (divided by 365), and
 - (ii) aggregate the Daily Phase 2 Interest Amounts in respect of each day in the relevant Phase 2 Senior Note Interest Period and divide such sum by the amount derived by dividing the aggregate principal amount of the Senior Notes outstanding by the Principal Amount Outstanding on any Senior Note and

rounding the resultant figure to the nearest cent (half a cent being rounded upwards).

For each calendar day of each Interest Period falling after the Interest Calculation Date for such Interest Period, (i) the applicable rate for EONIA shall be the rate applicable on such Interest Calculation Date and (ii) the amount of the Escrow Portion and the amount of the Non-escrow Portion shall each be deemed to be those applicable on such Interest Calculation Date.

For each other day on which EONIA is not published, the applicable rate for EONIA shall be the last EONIA published or the EONIA rate that applied for the previous day.

In the event that the final Drawing Date occurs on any calendar day falling after the Interest Calculation Date in respect of any Phase 2 Senior Note Interest Period, the Phase 3 Senior Note Rate of Interest shall apply with effect from the beginning of the next following Interest Period.

If the amount of interest payable in respect of each Senior Note, as determined on any Interest Calculation Date in the manner set out above, is less than the amount of interest which would have been payable on such Senior Note if there had been a constant Phase 2 EONIA Rate during the relevant period equal to 0.65 per cent. (the **"Floored Phase 2 Interest Amount"**), the Floored Phase 2 Interest Amount will instead be payable on the relevant Interest Payment Date.

- (e) **Phase 3 Senior Note Interest Period Calculations.** In relation to any Phase 3 Senior Note Interest Period, the amount of interest payable in respect of each Senior Note shall be calculated by applying the Phase 3 Senior Note Rate of Interest to the Principal Amount Outstanding of such Senior Note, dividing the product by two and rounding the resulting figure to the nearest cent (half a cent being rounded upwards). The Issuer shall notify the Principal Paying Agent that the next Drawing Date is the Final Drawing Date five Business Days prior thereto.
- (f) **Cessation of Interest.** Each Senior Note will cease to bear interest from the due date for final redemption unless, upon due surrender of the relevant Senior Note, payment of principal or premium (if any) is improperly withheld or refused. In such case it will continue to bear interest at the relevant rate in accordance with Condition 5.1(a) (*Interest Accrual*) (after as well as before judgment) until whichever is the earlier of (i) the day on which all sums due in respect of such Senior Note up to that day are received by or on behalf of the relevant Noteholder and (ii) the day which is seven days after the Principal Paying and Transfer Agent or the Note Trustee has notified the Noteholders in accordance with Condition 12 (*Notices*) that it has received all sums due in respect of the Senior Notes up to such seventh day (except to the extent that there is any subsequent default in payment).

5.2 Junior Notes

- (a) **Interest accrual.**
 - (i) Each Junior Note bears interest on its Principal Amount Outstanding (which term when used in these Conditions in relation to a Junior Note or Notes shall include, unless the context indicates otherwise, any capitalised PIK Interest Amount pursuant to the provisions of Condition 5.7 (*Option to Capitalise Interest on Junior Notes*)) from (and including) the Issue Date at the interest rate specified below (the **"Junior Note Rate of Interest"**) payable (subject to Condition 5.7 (*Option to Capitalise Interest on Junior Notes*)) in cash semi-annually in arrear on each Interest Payment Date, commencing on 31 December 2017 up to and including the Junior Notes Maturity Date or, if Condition 7(g) (*Final redemption of Junior Notes*) applies and the Junior Notes are not redeemed earlier pursuant to the Junior Notes Cash Sweep, the Final Maturity Date. There will be a short first interest period in respect of the Initial Interest Period.

For the avoidance of doubt, no adjustment will be made to the amount of interest accruing where the first or last day of an Interest Period is not a Business Day.

- (ii) The Junior Note Rate of Interest means:
- (A) for each Interest Period falling in the period from (and including) the Issue Date to (but excluding) the earlier to occur of the Initial Redemption Date and the Longstop Date (the "**Step Up Coupon Date**"), 8% *per annum*;
 - (B) following the Step Up Coupon Date and until Condition 5.2(a)(ii)(C) applies, 9% *per annum*, which rate will increase by a further 1% *per annum* on each calendar anniversary of the Step Up Coupon Date until each Junior Note bears interest at a maximum rate of:
 - (I) prior to the Junior Notes Maturity Date, 12% *per annum* (the "**Pre-2027 Maximum Junior Note Rate of Interest**"); or
 - (II) from and including the Junior Notes Maturity Date in accordance with Condition 7(g) (*Final redemption of Junior Notes*), following the Junior Notes Maturity Date and prior to the Final Maturity Date, 13% *per annum* (the "**Post-2027 Maximum Junior Note Rate of Interest**");
 - (C) for each Interest Period following the Initial Redemption Date, and provided that all Initial Put Option Notes and Subsequent Put Option Notes, if any, (as defined below) are redeemed in full pursuant to Condition 7 (*Redemption*), 8% *per annum*; and
 - (D) if at any time Additional Junior Notes are issued pursuant to Condition 14 (*Option to Request Issuance of Additional Junior Notes*), the Junior Note Rate of Interest in respect of each Interest Period commencing thereafter shall increase to 12% *per annum*, subject to any further increases which may be applicable pursuant to Condition 5.2(a)(ii)(B) and/or Condition 5.2(a)(iii).
- (iii) In respect of any Interest Period prior to Condition 5.2(a)(ii)(C) being applicable, subject to the Pre-2027 Maximum Junior Note Rate of Interest or the Post-2027 Maximum Junior Note Rate of Interest, as the case may be, upon the occurrence of an Equity Shortfall, the Junior Note Rate of Interest shall be increased for the subsequent Interest Period (the amount of such increase, the "**Equity Shortfall Step-Up**") in accordance with the following formula:

$$A = B * 100 * (13\% - D) / C,$$

Where:

"A" is the increase in the prevailing Junior Note Rate of Interest for the Interest Period during which the Equity Shortfall occurs, expressed as a percentage;

"B" is the ECSA Equity Contribution Commitment minus the sum of all the ECSA Equity Contributions made prior to and including the date of such Equity Shortfall;

"C" is the outstanding nominal amount of the Junior Notes as at the date of occurrence of such Equity Shortfall (excluding, for the avoidance of doubt, any Additional Junior Notes issued pursuant to Condition 14 (*Option to Request Issuance of Additional Junior Notes*) and any PIK Interest Amount); and

"D" is the Junior Note Rate of Interest which would have been applicable during the relevant Interest Period, determined on the basis that no Equity Shortfall had ever occurred.

The Junior Note Rate of Interest shall continue to be increased by the Equity Shortfall Step-Up for each subsequent Interest Period, and shall be recalculated in respect of each Interest Period, unless and until (i) Condition 5.2(a)(ii)(C) applies or (ii) the relevant Aggregate Equity Contribution Threshold has been satisfied and compliance with the Equity Ratio Covenant has been achieved and the Issuer has provided evidence thereof, at which point the Junior Note Rate of Interest shall be reduced to the amount that would have been payable if the relevant Equity Shortfall had not occurred with effect from the next Interest Payment Date.

- (b) ***Cessation of Interest.*** Each Junior Note will cease to bear interest from the due date for final redemption unless, upon due surrender of the relevant Junior Note, payment of principal is improperly withheld or refused. In such case it will continue to bear interest at the relevant rate in accordance with Condition 5.2(a) (*Interest Accrual*) (after as well as before judgment) until whichever is the earlier of (i) the day on which all sums due in respect of such Junior Note up to that day are received by or on behalf of the relevant Noteholder and (ii) the day which is seven days after the Principal Paying and Transfer Agent or the Note Trustee has notified the Noteholders in accordance with Condition 12 (*Notices*) that it has received all sums due in respect of the Junior Notes up to such seventh day (except to the extent that there is any subsequent default in payment).
- (c) ***Calculation of Interest for an Interest Period other than the Initial Interest Period.*** The amount of interest payable in respect of each Junior Note for any Interest Period shall be calculated by applying the applicable Junior Note Rate of Interest to the Principal Amount Outstanding of such Junior Note, dividing the product by two and rounding the resulting figure to the nearest cent (half a cent being rounded upwards).

5.3 Calculation of Interest for the Initial Interest Period or any Period other than an Interest Period

In respect of the Junior Notes or (where the Phase 3 Senior Note Rate of Interest applies) the Senior Notes, for the Initial Interest Period, or any period other than an Interest Period, the day-count fraction applied to determine the amount of interest payable in respect of each Note will be calculated on the following basis:

- (i) if the Accrual Period is equal to or shorter than the Determination Period during which it ends, the day-count fraction will be the number of days in the Accrual Period divided by the product of (1) the number of days in such Determination Period and (2) the number of Determination Periods normally ending in any year; and
- (ii) if the Accrual Period is longer than one Determination Period, the day-count fraction will be the sum of:
 - (A) the number of days in such Accrual Period falling in the Determination Period in which the Accrual Period begins divided by the product of (1) the number of days in such Determination Period and (2) the number of Determination Periods normally ending in any year; and
 - (B) the number of days in such Accrual Period falling in the next Determination Period divided by the product of (1) the number of days in such Determination Period and (2) the number of Determination Periods normally ending in any year.

Where:

"Accrual Period" means the relevant period for which interest is to be calculated (from and including the first such day to but excluding the last); and

"Determination Period" means the period from and including 30 June or 31 December (as applicable) in any year to but excluding the next 30 June or 31 December (as applicable).

5.4 Calculation Agent

The Issuer shall procure that, so long as any Notes remain outstanding, a Calculation Agent shall be maintained for the purposes of determining each rate of interest as set out in this Condition 5 (*Interest*), any interest amounts payable on any Interest Payment Date in respect of each Class of Notes and any capitalised PIK Interest Amount (together, the "**Interest Rate Calculations**").

The determination of the amount of interest payable under this Condition 5 (*Interest*) by the Calculation Agent shall, in the absence of manifest and proven error, be binding on all parties.

If the Calculation Agent is unable or unwilling to continue to act as the calculation agent for the purposes of calculating the Interest Rate Calculations or fails to calculate the Interest Rate Calculations, the Issuer shall (with the prior consent of the Note Trustee to be given pursuant to the Note Trust Deed), appoint a leading bank to act as such in its place. The Calculation Agent may not resign its duties without a successor having been so appointed.

In addition, the Calculation Agent shall be responsible for determining Available Junior Cash when such a determination is required pursuant to Condition 7 (*Redemption*), provided that the Issuer has provided all account balances and other details to the Calculation Agent in order to enable it to do so.

5.5 Publication

- (a) The Calculation Agent shall communicate the Interest Rate Calculations together with details as to how such calculation has been made to the Issuer, and the Issuer shall cause the Interest Rate Calculations together with such details, including any capitalised PIK Interest Amount and the principal amount outstanding of each Class of Notes, in respect of each Interest Payment Date to be notified to the Registrar, the Principal Paying and Transfer Agent, the Note Trustee, the Junior Noteholders and, for so long as any of the Notes are listed on a Stock Exchange, the relevant Stock Exchange, as soon as possible after their determination but in no event later than 1 (one) Business Day thereafter.
- (b) Any amounts or rates published in accordance with paragraph (a) of this Condition 5.5 (*Publication*) may subsequently be amended (or appropriate alternative arrangements made with the consent of the Note Trustee by way of an adjustment) without notice. Any amendments to such published amounts shall be notified to each of the parties specified in paragraph (a) above in accordance with the requirements set out therein.

So long as the Junior Notes are represented by an Unrestricted Junior Global Note and the Unrestricted Junior Global Note is held on behalf of Monte Titoli, the Interest Rate Calculations shall also be notified to Junior Noteholders pursuant to the procedures of Monte Titoli.

5.6 Determination by Note Trustee

If at any time the Calculation Agent does not for any reason perform the Interest Rate Calculations or perform any other calculation or make any determination required to be made pursuant to this Condition 5 (*Interest*) in respect of any Interest Period, the Note Trustee (or any person appointed by it for such purpose) may perform such calculations and make such determinations, and such calculations and determinations shall be deemed to have been made by the Calculation Agent and shall be binding on Noteholders. In performing such calculations, the Note Trustee or any such person appointed by it shall apply the provisions set out in this Condition 5 (*Interest*) with any necessary consequential amendments, to the extent that, in its opinion, it can do so, and in all other respects it shall do so in a manner as it shall deem fair and reasonable in all the circumstances and in reliance on any persons as it has appointed for such purpose. The Note Trustee shall have no liability to any person in connection with any determination or calculation it may make pursuant to this Condition 5.6 (*Determination by Note Trustee*).

5.7 Option to Capitalise Interest on Junior Notes

- (a) Prior to the Entry into Operation of the Toll Road, in respect of each Interest Period, the Issuer will have an option to capitalise in accordance with Article 1283 of the Italian Civil Code all or part of the Relevant Interest Amount payable on any Interest Payment Date to the extent that at such time one or more of the following applies:
 - (i) a Default has occurred and is continuing or would occur (other than an Unresolved Event of Default which for the purposes of this Condition 5.7(a)(i) will be deemed to be waived) as a result of such interest payments; or
 - (ii) the Repeating Representations are not true and accurate in all material respects; or
 - (iii) other than in respect of the first Interest Payment Date, the Technical Adviser has been unable to deliver the Technical Adviser Certificate to the Project Adviser and the Issuer on the Quarterly Review Date immediately preceding the applicable Interest Payment Date as a result of failure to satisfy the conditions required therein to make such confirmations and the failure to deliver such Technical Adviser Certificate has not been cured or waived pursuant to the STID Decision Making Protocol prior to the relevant Interest Payment Date; or
 - (iv) there are insufficient proceeds available for such payment, once all available proceeds have been paid in accordance with the Pre-Enforcement Priority of Payments; or
 - (v) *(to the extent of the increase in the Junior Note Rate of Interest only, as compared with that which would have been applicable had no Additional Junior Notes been issued, as determined by the Calculation Agent)* where the Junior Note Rate of Interest is increased pursuant to Condition 5.2(a)(ii)(D); or
 - (vi) *(in respect of the Equity Shortfall Step-Up element only)* an Equity Shortfall Step-Up is applicable pursuant to Condition 5.2(a)(iii).
- (b) Following the Entry into Operation of the Toll Road and until the 18 Month Interest Payment Date, in respect of each Interest Period, the Issuer will have an option to capitalise in accordance with Article 1283 of the Italian Civil Code all or part of the Relevant Interest Amount payable on each Interest Payment Date falling in such period.
- (c) Following the 18 Month Interest Payment Date, in respect of each Interest Period, the Issuer will have an option to capitalise in accordance with Article 1283 of the Italian Civil Code all or part of the Relevant Interest Amount payable on any Interest Payment Date, to the extent that at such time one or more of the following applies:
 - (i) a Default has occurred and is continuing or would occur (other than an Unresolved Event of Default which for the purposes of this Condition 5.7(c)(i) will be deemed to be waived) as a result of such interest payments; or
 - (ii) the Repeating Representations are not true and accurate in all material respects; or
 - (iii) the balance on the Debt Service Reserve Account is less than the relevant DSRA Required Balance; or
 - (iv) the balance on the Maintenance Reserve Account is less than the relevant MRA Required Balance; or
 - (v) there has been a breach of the Relevant Ratio Thresholds on the applicable Interest Payment Date, as set out in the relevant Compliance Certificate; or
 - (vi) there are insufficient proceeds available for such payment, once all available proceeds have been paid in accordance with the Pre-Enforcement Priority of Payments.

- (d) With respect to any Interest Period, the Issuer may exercise the option to capitalise interest pursuant to this Condition 5.7 (*Option to Capitalise Interest on Junior Notes*) by delivering an irrevocable election notice (an "**Election Notice**") in the form set out in the Note Trust Deed to the Note Trustee, the Registrar and each of the Paying and Transfer Agents not earlier than 00.01 a.m. London time but prior to 3.00 p.m. London time on the first Business Day immediately after the Interest Payment Date when the accrued Relevant Interest Amount would otherwise be payable. The interest amount which the Issuer elects to capitalise pursuant to this Condition 5.7 (the "**PIK Interest Amount**") shall not be paid by the Issuer on such Interest Payment Date, such non payment shall not constitute a Default and, starting on and from the next following Interest Payment Date falling six months later, shall, to the extent not paid in cash on such next following Interest Payment Date, be added to the Principal Amount Outstanding under each Junior Note and from (and including) such next following Interest Payment Date, it shall, after being so capitalised:
- (i) be treated as principal outstanding under the Junior Notes (such that Condition 7(i) (*Conditions for payment of principal on the Junior Notes*) shall be applicable in relation thereto);
 - (ii) bear interest in accordance with Condition 5.2 (*Junior Notes*); and
 - (iii) be payable in accordance with Condition 7 (*Redemption*).

Promptly following the effective time at which the PIK Interest Amount shall be added to the Principal Amount Outstanding under each Junior Note as aforesaid, the Issuer shall instruct the Registrar to update the Register accordingly and for so long as the Junior Notes are listed or admitted to trading on a Stock Exchange, the Issuer shall give notice to the relevant Stock Exchange specifying that the relevant PIK Interest Amount has been capitalised in accordance with this Condition 5.7 and the increase in the Principal Amount Outstanding of the Junior Notes as a result of such capitalisation.

So long as any of the Junior Notes are represented by an Unrestricted Junior Global Note and the Unrestricted Junior Global Note is held on behalf of Monte Titoli, the Issuer will procure that any increase in the Principal Amount Outstanding in respect of the Junior Notes as a result of an exercise by the Issuer of the option to capitalise interest on the Junior Notes pursuant to Condition 5.7 (Option to Capitalise Interest on Junior Notes) will be reflected in the records of Monte Titoli.

For the avoidance of doubt, no interest shall accrue on a PIK Interest Amount during the Interest Period in which an Election Notice is given.

If, in relation to any Interest Period, the Issuer does not deliver an Election Notice between 00.01 a.m. London time and 3.00 p.m. London time on the Business Day immediately after the relevant Interest Payment Date in accordance with the above (including, for the avoidance of doubt, if the Issuer delivers an Election Notice earlier than 00.01 a.m. on the Business Day immediately after the relevant Interest Payment Date), (a) there would not be a valid exercise of the option to capitalise interest and the Note Trustee, the Registrar and each of the Paying and Transfer Agents shall be entitled to assume that the Issuer has, and the Issuer will be deemed as having, not exercised the option to capitalise the interest in respect of the relevant Interest Period and instead elected to pay the accrued interest on the relevant Interest Payment Date in cash and (b) any non-payment of interest accrued during such Interest Period shall (unless either of the exceptions described in Clause 16.1 (*Non-payment by the Issuer*) of the Common Terms Agreement applies) constitute an Event of Default.

The Junior Noteholders hereby irrevocably agree and accept, as at the Issue Date, that the delivery by the Issuer of an Election Notice to the Note Trustee, the Registrar and each of the Paying and Transfer Agents will perfect, at the time when delivered, an agreement on the capitalisation of due and payable interest pursuant to this Condition 5.7, provided that the Register is updated accordingly.

So long as any of the Junior Notes are represented by an Unrestricted Junior Global Note and the Unrestricted Junior Global Note is held on behalf of Monte Titoli, any such perfection will be deemed to be effected when the capitalisation has been reflected in the records of Monte Titoli.

- (e) For the purposes of this Condition 5.7 (*Option to Capitalise Interest on Junior Notes*):

"Junior Note Interest Amount" means the amount of interest payable in respect of each Junior Note; and

"Relevant Interest Amount" means any Junior Note Interest Amount, including for the avoidance of doubt:

- (i) the Junior Note Interest Amount represented by the Equity Shortfall Step-Up; and
- (ii) the Junior Note Interest Amount represented by any step up which may occur pursuant to Condition 5.2(a)(ii)(D) as a result of the issuance of Additional Junior Notes pursuant to Condition 14 (*Option to Request Issuance of Additional Junior Notes*).

5.8 Maximum Interest Rate

Notwithstanding any provision to the contrary in these Conditions, if at any time any remuneration in excess of the highest rate permitted by Italian Law No. 108 of 7 March 1996, as subsequently amended ("**Law No. 108**") (the "**Maximum Interest Rate**") is provided for in these Conditions and such remuneration breaches such Law No. 108, then in such event the remuneration payable by the Issuer due pursuant to these Conditions shall be capped, for the shortest possible period, at an amount equal to the Maximum Interest Rate.

6. Payments

- (a) ***Payments in respect of the Notes.*** Payment of principal, premium (if any) and interest will be made by transfer to the registered account of the Noteholder. Payments of principal and premium (if any) in respect of each Note and payments of interest due other than on an Interest Payment Date will be made against surrender (or, in the case of part payment only, endorsement) of the relevant Definitive Note Certificate at the Specified Office of the Registrar or of the Paying and Transfer Agents.

For the purposes of this Condition, a Noteholder's registered account means the Euro account maintained by or on behalf of it with a bank that processes payments in Euro, details of which appear in the Register at the close of business, in the case of principal and premium (if any) and interest due otherwise than on an Interest Payment Date, on the second Business Day (as defined in Condition 6(e) (*Payments on Business Days*) below) before the due date for payment and, in the case of interest due on an Interest Payment Date, on the relevant Record Date (as defined below), and a Noteholder's registered address means its address appearing in the Register at that time.

- (b) ***Record Date.*** Payments of interest due on an Interest Payment Date will be made to the persons shown in the Register at close of business on the date (the "**Record Date**") being the 15th day before the relevant Interest Payment Date.

*So long as the Notes are represented by Global Notes, payments of principal, premium and interest in respect of such Notes shall be made to the person(s) shown as the holder(s) of the relevant Note(s) in the Register at the close of business on the Clearing System Business Day before the due date for payment, where "**Clearing System Business Day**" means a day on which each clearing system for which the Global Notes are being held is open for business, and shall be made against presentation for endorsement and if no further payment falls to be made in respect of the Notes, surrender of the relevant Global Note.*

- (c) **Payments.** All payments of principal, premium (if any) and interest in respect of the Notes pursuant to Conditions 6(a) (*Payments in respect of the Notes*) and 6(b) (*Record Date*) and any additional amounts, as applicable will be made pursuant to and in accordance with the Pre-enforcement Priority of Payments and will also be subject to the terms of the Note Trust Deed, the Paying Agency Agreement and the Common Terms Agreement.
- (d) **Initial Paying and Transfer Agents.** The names of the initial Paying and Transfer Agents, the Calculation Agent and the Registrar and their Specified Offices are set out at the end of these Conditions. The Issuer reserves the right, subject to the prior written approval of the Note Trustee, at any time to vary or terminate the appointment of any Paying and Transfer Agent, the Calculation Agent or the Registrar and to appoint successor or additional Paying and Transfer Agents or another Calculation Agent or Registrar, *provided that*:
- (i) there will at all times be a Principal Paying and Transfer Agent; and
 - (ii) there will at all times be a Calculation Agent; and
 - (iii) there will at all times be a Registrar.

Notice of any such removal or appointment and of any change in the Specified Office of any Paying and Transfer Agent, the Calculation Agent or the Registrar will be given to Noteholders in accordance with Condition 12 (*Notices*) as soon as practicable.

- (e) **Payments on Business Days.** If the due date for payment of any amount in respect of any Note is not a Business Day, the holder thereof shall not be entitled to payment until the next following Business Day. Noteholders will not be entitled to any interest or other payment in respect of any delay in payment after the due date resulting from (i) the due date for payment not being a Business Day, or (ii) the Noteholder being late in surrendering its Definitive Note Certificate (if required to do so).
- (f) **Payments subject to fiscal laws.** All payments in respect of the Notes are subject in all cases to (i) any applicable fiscal or other laws and regulations in the place of payment, but without prejudice to the provisions of Condition 8 (*Taxation*) and (ii) any withholding or deduction required pursuant to FATCA. Neither the Issuer nor any Paying Agent nor any other person will be obliged to make any additional payments to the Noteholders in respect of any amounts withheld or deducted pursuant to FATCA.

7. Redemption

- (a) **Scheduled redemption of Senior Notes.** Unless previously redeemed as provided below, the Senior Notes will be redeemed in semi-annual instalments on each Interest Payment Date from and including the Interest Payment Date falling on 31 December 2022 in accordance with the following schedule, such that on the relevant Interest Payment Date the Principal Amount Outstanding of a Senior Note prior to such redemption shall be multiplied by the percentage in the second column below in order to calculate the Principal Amount Outstanding thereafter (and the third column indicates the outcome of applying the multiplier to a notional calculation amount of €1,000, subject to any adjustment resulting from an earlier partial redemption of the Senior Notes pursuant to the other provisions of this Condition 7 (*Redemption*)):

Interest Payment Date	Multiplier applied to Principal Amount Outstanding of each Note (%)	New Principal Amount per €1,000 Calculation Amount thereafter (euro)
31 December 2022	99.84%	998.4
30 June 2023	99.63%	996.3

31 December 2023	99.38%	993.8
30 June 2024	99.07%	990.7
31 December 2024	98.73%	987.3
30 June 2025	98.34%	983.4
31 December 2025	97.93%	979.3
30 June 2026	97.41%	974.1
31 December 2026	96.91%	969.1
30 June 2027	96.27%	962.7
31 December 2027	95.66%	956.6
30 June 2028	94.84%	948.4
31 December 2028	94.08%	940.8
30 June 2029	93.10%	931.0
31 December 2029	92.15%	921.5
30 June 2030	90.97%	909.7
31 December 2030	89.84%	898.4
30 June 2031	88.55%	885.5
31 December 2031	87.33%	873.3
30 June 2032	85.83%	858.3
31 December 2032	84.49%	844.9
30 June 2033	82.86%	828.6
31 December 2033	81.35%	813.5
30 June 2034	79.55%	795.5
31 December 2034	77.89%	778.9
30 June 2035	75.94%	759.4
31 December 2035	74.13%	741.3
30 June 2036	71.99%	719.9
31 December 2036	70.04%	700.4
30 June 2037	67.74%	677.4
31 December 2037	65.60%	656.0
30 June 2038	63.10%	631.0
31 December 2038	60.77%	607.7
30 June 2039	58.05%	580.5
31 December 2039	55.50%	555.0
30 June 2040	52.52%	525.2
31 December 2040	49.75%	497.5
30 June 2041	46.56%	465.6
31 December 2041	43.58%	435.8
30 June 2042	40.13%	401.3

31 December 2042	36.92%	369.2
30 June 2043	33.25%	332.5
31 December 2043	29.81%	298.1
30 June 2044	25.89%	258.9
31 December 2044	22.17%	221.7
30 June 2045	17.94%	179.4
31 December 2045	13.88%	138.8
30 June 2046	9.32%	93.2
31 December 2046	4.93%	49.3
30 June 2047	0.00%	0.0

To the extent not previously redeemed, each Senior Note will be redeemed in full at its Principal Amount Outstanding on the Final Maturity Date, subject as provided in Condition 6 (*Payments*).

- (b) ***Initial Redemption of the Junior Notes - Junior Noteholder Election.*** Upon written evidence of the Entry into Operation of the Toll Road being given to the Project Adviser (in form and substance acceptable to it) and provided that no Default has occurred and is continuing as at the date of Entry into Operation of the Toll Road, or would occur as a result of such transfer of funds to the Proceeds Account, any remaining cash standing to the credit of the Escrow Account will be transferred into the Proceeds Account for application as Available Junior Cash (and payments will subsequently be made in accordance with the provisions of the Paying Agency Agreement).

Thereafter, the Issuer shall within five Business Days of the Entry Into Operation of the Toll Road notify all Noteholders in accordance with Condition 12 (*Notices*) of: (i) the Entry Into Operation of the Toll Road; (ii) the outstanding aggregate principal amount of the Junior Notes as of such date; (iii) the amount of Available Junior Cash projected to be available for such purpose as at the Initial Markdown Date; (iv) the principal amount of shareholder loans outstanding as of such date; and (v) the election procedure described below (the “**Initial Election Period Notice**”).

Thereafter each Junior Noteholder shall be entitled, within 15 Business Days of receipt of the Initial Election Period Notice (the “**Initial Election Period**”), and upon delivery of an Initial Put Election Notice to the Issuer and the Principal Paying and Transfer Agent, to elect, in respect of some or all of its Junior Notes, that such Junior Notes be treated as Initial Put Option Notes in accordance with Condition 7(c).

Where a Junior Noteholder does not deliver an Initial Put Election Notice during the Initial Election Period in respect of all Junior Notes held by it, such Junior Noteholder shall be deemed to have requested that all of its Junior Notes in respect of which no Initial Put Election Notice has been delivered be treated as Initial Extend Notes in accordance with Condition 7(c) and 7(e).

On the Initial Markdown Date, for the purposes of determining whether the Issuer is in compliance with the Junior Notes Restricted Payment Conditions, the Issuer shall deliver a certificate to the Project Adviser certifying that based on its calculations (acting reasonably and in good faith in consultation with the Project Adviser, by reference to information contained in the most recent Financial Model, the ratio of Projected DSCR during a 12 month period commencing on the next Interest Payment Date falling due is not less than 1.2:1.

If a Default has occurred and is continuing as at the date of Entry into Operation of the Toll Road, any remaining cash will remain standing to the credit of the Escrow Account and the Initial Election Period shall not begin until such Default is cured or waived in accordance with the Finance Documents. If such Default is cured or waived, the remaining cash will be immediately transferred to the Proceeds Account for application as Available Junior Cash in accordance with the provisions described above and the Issuer shall notify Noteholders promptly of the beginning of the Initial Election Period which shall begin on the effective date of such notice.

“Initial Extend Notes” means any Junior Notes in respect of which no Initial Put Election Notice has been delivered.

“Initial Extend Redemption Amount” means in respect of each Initial Extend Note, the amount equal to 34.29 per cent. of the Principal Amount Outstanding of such Initial Extend Note as at the last day of the Initial Election Period.

“Initial Markdown Date” means the date falling seven Business Days after the end of the Initial Election Period.

“Initial Put Election Notice” means a notice in the form set out in the Paying Agency Agreement, sent to the Principal Paying and Transfer Agent via email at Milan_GCS@bnymellon.com and to the Issuer via email at juniornoteredemption@pec.spveneta.it and containing, inter alia, the email address of the relevant Junior Noteholder, setting out the Principal Amount Outstanding of the Junior Notes in respect of which such election is made and details of the account to which payments are to be made.

“Initial Put Option Notes” means any Junior Notes in respect of which an Initial Put Election Notice has been delivered.

“Initial Redemption Date” means the date falling 12 Business Days after the end of the Initial Election Period.

(c) ***Initial Redemption of the Junior Notes – Application of Available Junior Cash on the Initial Markdown Date and the Initial Redemption Date.*** Provided that the Junior Notes Restricted Payment Conditions have been satisfied (excluding paragraph (iii) for the purposes hereof, such that, for the avoidance of doubt, the Historic DSCR is not required to be satisfied on the Initial Markdown Date and the Initial Redemption Date, and excluding paragraph (vi) in respect of the Initial Markdown Date and the Initial Redemption Date only), the Available Junior Cash shall be applied as follows, in accordance with the priority of payments set out in Schedule 6 of the STID:

- (i) on the Initial Markdown Date, the Initial Put Option Notes will be redeemed on a *pro rata* basis to the extent of the Available Junior Cash until all Initial Put Option Notes have been redeemed at a price equal to 100 per cent. of their Principal Amount Outstanding, together with accrued interest up to and including such date, and the Issuer will provide notice to the Junior Noteholders of such redemption in accordance with Condition 12 (*Notices*); and
- (ii) on the Initial Redemption Date, each Initial Extend Note will be redeemed at a price equal to 100 per cent. of its Principal Amount Outstanding on a *pro rata* basis using Available Junior Cash until an amount equal to the aggregate Initial Extend Redemption Amount for each Initial Extend Note has been redeemed, together with accrued interest up to and including the Initial Redemption Date, and the Issuer will provide notice to the Junior Noteholders of such redemption in accordance with Condition 12 (*Notices*).

For the avoidance of doubt, no Initial Extend Notes shall be redeemed on the Initial Redemption Date unless all of the Initial Put Option Notes have been redeemed on the Initial Markdown Date.

Any notice sent pursuant to this Condition 7(c) shall set out (i) the date of redemption of the Junior Notes, (ii) the aggregate principal amount of Junior Notes to be redeemed, (iii) the aggregate principal amount of Junior Notes that will remain outstanding following such redemption and (iv) the serial numbers of the Junior Notes to be redeemed, which shall have been drawn in such place as the Issuer may approve and in such manner as it deems appropriate, subject to compliance with any applicable laws and stock exchange or other relevant authority requirements.

- (d) ***Subsequent Redemption of the Junior Notes - Junior Noteholder Election.*** In the event that there is insufficient Available Junior Cash on the Initial Markdown Date to redeem the Initial Put Option Notes in full, the Issuer shall deliver a Subsequent Election Period Notice no later than 17 Business Days prior to the 18 Month Interest Payment Date and each Interest Payment Date thereafter until the Interest Payment Date on which the Issuer redeems the Subsequent Put Option Notes in full.

Each Junior Noteholder shall be entitled during each Subsequent Election Period, and upon delivery of a Subsequent Put Election Notice to the Issuer and the Principal Paying and Transfer Agent, to elect, in respect of some or all of its Junior Notes, that such Junior Notes be treated as Subsequent Put Option Notes in accordance with Condition 7(e).

For the avoidance of doubt, if the Subsequent Put Option Notes are redeemed in full on any Interest Payment Date, no Subsequent Election Period Notices will be delivered by the Issuer on any Interest Payment Date thereafter and all Junior Notes will be treated as Subsequent Extend Notes in accordance with Condition 7(e).

Where a Junior Noteholder does not deliver a Subsequent Put Election Notice during any Subsequent Election Period in respect of all Junior Notes held by it, such Junior Noteholder shall be deemed to have requested that all of its Junior Notes in respect of which no Subsequent Put Election Notice has been delivered be treated as Subsequent Extend Notes in accordance with Condition 7(e).

“18 Month Interest Payment Date” means the Interest Payment Date immediately following the date falling 18 months after the Entry Into Operation of the Toll Road.

“Subsequent Election Period” means each period of ten Business Days following receipt of a Subsequent Election Period Notice.

“Subsequent Election Period Notice” means a notice from the Issuer notifying all Junior Noteholders, in accordance with Condition 12 (*Notices*) of: (1) the outstanding aggregate principal amount of Junior Notes as at such date; (2) the amount of Available Junior Cash projected to be available for such purpose as at the date falling five Business Days after the next following Interest Payment Date; (3) the principal amount of shareholder loans outstanding as of such date; and (4) the election procedure described in Condition 7(d).

“Subsequent Extend Notes” means any Junior Notes in respect of which no Subsequent Put Election Notice has been delivered.

“Subsequent Extend Redemption Amount” means in respect of each Subsequent Extend Note, the amount equal to 34.29 per cent. of the Principal Amount Outstanding of such Subsequent Extend Note as at the last day of the Initial Election Period.

“Subsequent Put Election Notice” means a notice in the form set out in the Paying Agency Agreement, sent to the Principal Paying and Transfer Agent via email at Milan_GCS@bnymellon.com and to the Issuer via email at juniornoteredemption@pec.spveneta.it and containing, inter alia, the email address of the relevant Junior Noteholder, setting out the Principal Amount Outstanding of the Junior Notes in respect of which such election is made and details of the account to which payments are to be made.

“**Subsequent Put Option Notes**” means any Junior Notes in respect of which a Subsequent Put Election Notice has been delivered.

“**Subsequent Redemption Date**” means each date falling five Business Days after the 18 Month Interest Payment Date and each Interest Payment Date thereafter.

- (e) ***Subsequent Redemption of the Junior Notes – Application of Available Junior Cash following the 18 Month Interest Payment Date.*** On the 18 Month Interest Payment Date and, if applicable, and as specified below, each Interest Payment Date and Subsequent Redemption Date thereafter, until the Subsequent Redemption Date immediately following the Interest Payment Date prior to the Junior Notes Maturity Date, provided that the Junior Notes Restricted Payment Conditions have been satisfied, the Available Junior Cash shall be applied as follows, in accordance with the priority of payments set out in Schedule 6 of the STID:
- (i) on the 18 Month Interest Payment Date and on any Interest Payment Date thereafter, any Subsequent Put Option Notes will be redeemed on a *pro rata* basis to the extent of the Available Junior Cash until all Subsequent Put Option Notes have been redeemed at a price per Junior Note equal to 100 per cent. of its Principal Amount Outstanding, together with accrued interest, and the Issuer will provide notice to the Junior Noteholders of such redemption in accordance with Condition 12 (*Notices*);
 - (ii) to the extent (1) there are no Subsequent Put Option Notes due to the fact that all the Initial Put Option Notes were redeemed pursuant to Condition 7(c) and (2) each Initial Extend Note has not been redeemed up to its Initial Extend Redemption Amount on the Initial Redemption Date, then on each Subsequent Redemption Date each Initial Extend Note will be redeemed at a price equal to 100 per cent. of its Principal Amount Outstanding on a *pro rata* basis using Available Junior Cash until an amount equal to its Initial Extend Redemption Amount has been redeemed, together with accrued interest, and the Issuer will provide notice to the Junior Noteholders of such redemption in accordance with Condition 12 (*Notices*);
 - (iii) to the extent there are no Subsequent Put Option Notes due to the fact that they have been redeemed pursuant to Condition 7(e)(i), then on each Subsequent Redemption Date, each Subsequent Extend Note will be redeemed at a price equal to 100 per cent. of its Principal Amount Outstanding on a *pro rata* basis using Available Junior Cash until an amount equal to the aggregate Subsequent Extend Redemption Amount for each Subsequent Extend Note has been redeemed, together with accrued interest, and the Issuer will provide notice to the Junior Noteholders of such redemption in accordance with Condition 12 (*Notices*); and
 - (iv) thereafter, the aggregate principal amount outstanding of the Subsequent Extend Notes shall be redeemed on each Subsequent Redemption Date using Available Junior Cash on a *pro rata* basis at a price per Junior Note equal to 102 per cent. of its Principal Amount Outstanding, together with accrued interest, and the Issuer will provide notice to the Junior Noteholders of such redemption in accordance with Condition 12 (*Notices*).

For the avoidance of doubt, no Initial Extend Notes or Subsequent Extend Notes shall be redeemed on any Subsequent Redemption Date unless any and all Initial Put Option Notes and any and all Subsequent Put Option Notes have been redeemed.

Any notice sent pursuant to Condition 7(e) paragraphs (i) – (iv) above shall set out (i) the date of redemption of the Junior Notes, (ii) the aggregate principal amount of Junior Notes to be redeemed, (iii) the aggregate principal amount of Junior Notes that will remain outstanding following such redemption and (iv) the serial numbers of the Junior Notes to be redeemed, which shall have been drawn in such place as the Issuer may

approve and in such manner as it deems appropriate, subject to compliance with any applicable laws and stock exchange or other relevant authority requirements.

(f) ***Procedure for Settlement of Initial Put Option Notes and Subsequent Put Option Notes.***

To exercise the put option pursuant to Conditions 7(c) and 7(e), a holder must deposit the Definitive Note Certificate representing the Note(s) to be redeemed with the Registrar or any Paying and Transfer Agent at its Specified Office, together with a duly completed Initial Put Election Notice or Subsequent Put Election Notice, as the case may be, within the applicable Initial Election Period or Subsequent Election Period. An Initial Put Election Notice or Subsequent Put Election Notice, as the case may be, once given, shall be irrevocable. The Issuer shall redeem the relevant Junior Notes on the Initial Markdown Date or Interest Payment Date, as applicable, subject to (5) below. In order to redeem the relevant Initial Put Option Notes on the Initial Markdown Date and the relevant Subsequent Put Option Notes on each Interest Payment Date, the Issuer and the Principal Paying and Transfer Agent shall adopt the following procedures provided that (3) to (5) below shall apply only to the extent the Junior Notes are represented by an Unrestricted Junior Global Note and the Unrestricted Junior Global Note is held on behalf of Monte Titoli, and to the extent the Junior Notes are in definitive form the redemption shall take place in accordance with the equivalent provisions that would apply to redemption of the Junior Notes in definitive form pursuant to this Condition 7:

- (1) *Six Business Days prior to the Initial Markdown Date or the relevant Interest Payment Date: the Issuer shall advise the Principal Paying and Transfer Agent of the Available Junior Cash which may be used to make payments on the Junior Notes and pre-advise the number of Junior Notes which are Initial Put Option Notes or Subsequent Put Option Notes, so as to enable the Principal Paying and Transfer Agent to determine whether there is sufficient Available Junior Cash to redeem all of the Initial Put Option Notes or Subsequent Put Option Notes, as the case may be;*
- (2) *Five Business Days prior to the Initial Markdown Date or the relevant Interest Payment Date: the Principal Paying and Transfer Agent shall calculate the aggregate principal amount of Initial Put Option Notes or Subsequent Put Option Notes to be marked down on a pro rata basis and shall advise the Issuer accordingly; the Issuer shall thereafter notify the Junior Noteholders in accordance with Condition 12 of the Available Junior Cash, the aggregate principal amount of Initial Put Option Notes or Subsequent Put Option Notes, as the case may be, and the aggregate principal amount of Junior Notes to be redeemed by it (which notification shall, where applicable, be published in accordance with the procedures of Monte Titoli);*
- (3) *Four Business Days prior to the Initial Markdown Date or the relevant Interest Payment Date: the Issuer shall send to the Principal Paying and Transfer Agent and to each of the Junior Noteholders that has delivered an Initial Put Election Notice or Subsequent Put Election Notice (using the email address(es) set out in the relevant Initial Put Election Notice or Subsequent Put Option Notice, as the case may be); (a) instructions setting out the cash amount to be paid to such Junior Noteholder and the related cash account details; (b) instructions setting out the principal amount of Junior Notes to be marked down for such Junior Noteholder and the relevant custody account details;*
- (4) *Two Business Days prior to the Initial Markdown Date or the relevant Interest Payment Date: Junior Noteholders who have delivered a valid Initial Put Election Notice or Subsequent Put Election Notice, as the case may be, shall be required to provide matching instructions to their*

custodians with an effective date of the Initial Markdown Date or the relevant Interest Payment Date, as the case may be; and

- (5) *Thereafter:* Where the relevant Junior Noteholder fails to provide matching instructions in accordance with paragraph (4) above or where such instructions are not matched prior to redemption on the Initial Markdown Date or the relevant Interest Payment Date, as the case may be, such Junior Notes shall be deemed to be Initial Extend Notes or Subsequent Extend Notes and shall thereafter be redeemed in accordance with Condition 7(c) or Condition 7(e), as the case may be, and such Junior Notes shall not be due to be redeemed on the Initial Markdown Date or the relevant Interest Payment Date, as the case may be.

So long as any of the Junior Notes are represented by an Unrestricted Junior Global Note and the Unrestricted Junior Global Note is held on behalf of Monte Titoli, the principal amount of the Initial Put Option Notes which are redeemed in full or in part pursuant to Condition 7(c) and the principal amount of the Subsequent Put Option Notes which are redeemed in full or in part pursuant to Condition 7(e) will be marked down in accordance with the procedures of Monte Titoli.

- (g) **Final redemption of Junior Notes.** If the Junior Notes have not previously been redeemed in full pursuant to the other paragraphs of this Condition 7 (*Redemption*), the outstanding Junior Notes will be redeemed at a price per Junior Note equal to 102 per cent. of their Principal Amount Outstanding on a *pro rata* basis on 30 June 2027 (the "**Junior Notes Maturity Date**"), subject to the satisfaction of the following conditions:

- (i) no Default has occurred and is continuing or would occur as a result of such payment;
- (ii) the Repeating Representations are true and accurate in all material respects;
- (iii) each of the Historic DSCR and the Projected DSCR is equal to or above 1.15x, and the DLCR is equal to or above 1.20x;
- (iv) the balance on the Debt Service Reserve Account is equal to or greater than the relevant DSRA Required Balance;
- (v) the balance on the Maintenance Reserve Account is equal to or greater than the relevant MRA Required Balance; and
- (vi) (A) *(in the event that the Historic DSCR and the Projected DSCR are equal to or greater than 1.15 but lower than 1.20)* the balance on the Proceeds Account after such redemption is equal to or higher than Euro 100 million, or (B) *(in the event that the Historic DSCR and the Projected DSCR are equal to or greater than 1.20)* the balance on the Proceeds Account after such redemption is equal to or higher than Euro 2 million.

If the conditions described above are not satisfied or waived by a resolution of the Qualifying Secured Creditors, then the Junior Notes shall be redeemed as soon as possible pursuant to the Junior Notes Cash Sweep in accordance with Condition 7(h) (*Junior Notes Cash Sweep*), provided that in any event the Junior Notes shall be redeemed at their Principal Amount Outstanding no later than the Final Maturity Date.

For the avoidance of doubt, if, in accordance with this Condition 7(g) (*Final Redemption of Junior Notes*), the Junior Notes are redeemed pursuant to the Junior Notes Cash Sweep, payment of interest and principal will continue to be made pursuant to the Junior Notes Cash Sweep, and if Condition 7(g)(vi) is the only condition not to have been met on the Junior Notes Maturity Date, then any amount in excess of (A) *(in the event that the Historic DSCR and the Projected DSCR are equal to or greater than 1.15 but lower than 1.20)* Euro 100 million or (B) *(in the event that the Historic DSCR and the Projected DSCR are equal to or greater than 1.20)* Euro 2 million, in each case

standing to the credit of the Proceeds Account, will be applied in payment of interest and principal on the Junior Notes Maturity Date.

- (h) **Junior Notes Cash Sweep.** To the extent the Junior Notes have not been redeemed in full on or prior to the Junior Notes Maturity Date, and *provided that* the Junior Notes Restricted Payment Conditions have been satisfied at such time, redemption of the Junior Notes will be made at their Principal Amount Outstanding on a *pro rata* basis in instalments on each Interest Payment Date falling after the Junior Notes Maturity Date, from the Available Junior Cash (subject to the Pre-enforcement Priority of Payments) (the "**Junior Notes Cash Sweep**"). For the avoidance of doubt, in the event that the Junior Notes Restricted Payment Conditions have not been satisfied on any relevant Interest Payment Date following the Junior Notes Maturity Date, any sums that would otherwise have been available for the payment of principal on the Junior Notes will be applied and utilized in accordance with the Pre-enforcement Priority of Payments.
- (i) **Conditions for payments of principal on the Junior Notes.** Subject to Conditions 7(g) (*Final Redemption of the Junior Notes*), 7(j) (*Redemption for taxation reasons*), 7(k) (*Redemption for an Illegality Event*), 7(l) (*Redemption at the option of the Noteholders*) and 7(m) (*Redemption at the option of the Issuer*), other than on the Final Maturity Date, payments of principal on the Junior Notes will only be permitted if the following conditions have been satisfied:
- (i) no Default has occurred and is continuing or would occur as a result of payment of such principal outstanding on the Junior Notes;
 - (ii) the Repeating Representations are true and accurate in all material respects;
 - (iii) each of the Historic DSCR, the Projected DSCR and the DLCR is equal to or above the applicable Financial Ratio Shareholder Restricted Payment Threshold;
 - (iv) the balance on the Debt Service Reserve Account is equal to or greater than the relevant DSRA Required Balance;
 - (v) to the extent applicable, the balance on the Maintenance Reserve Account is equal to or greater than the relevant MRA Required Balance; and
 - (vi) a period of at least 18 months after the Entry Into Operation of the Toll Road has passed.

Sub-paragraphs (i) to (vi) of this Condition 7(i) are referred to as the "**Junior Notes Restricted Payment Conditions**".

Where, for the purposes of (iii) above, additional equity contributions are made to the Issuer, each of the Historic DSCR, the Projected DSCR and the DLCR shall be recalculated to reflect the additional amount of CFADS in respect of the relevant period, provided that any payments of principal on the Junior Notes made following such recalculation shall not exceed the amount of additional equity contributions made to it.

- (j) **Redemption for taxation reasons.** If at any time as a result of a Change in Tax Law (as defined below) the Issuer is or becomes obliged to make any additional payments in relation to the Senior Notes and/or the Junior Notes, as the case may be, as provided or referred to in Condition 8 (*Taxation*), the Issuer may give the holders of the Senior Notes and/or the Junior Notes, as the case may be, irrevocable written notice (each, a "**Tax Redemption Notice**") of the redemption of such affected Notes on a specified redemption date (which shall be a Business Day not less than thirty (30) days nor more than sixty (60) days after the date of such notice) and the circumstances giving rise to the obligation of the Issuer to make any additional payments and the amount thereof and stating that all of the affected Notes shall be redeemed on the date of such redemption at 100% of their Principal Amount Outstanding together with interest accrued thereon to the date of such redemption, except in the case of an affected Note if

the holder of such Note shall, by written notice given to the Issuer no more than twenty (20) days after receipt of the Tax Redemption Notice, reject such redemption of such Note (each, a "**Rejection Notice**"). The form of Rejection Notice shall also accompany the Tax Redemption Notice and shall state with respect to each Note covered thereby that execution and delivery thereof by the holder of such Rejection Notice shall operate as a permanent waiver of such holder's right to receive the additional payments arising as a result of the circumstances described in the Tax Redemption Notice in respect of all future payments of interest on such Note (but not of such holder's right to receive any additional payments that arise out of circumstances not described in the Tax Redemption Notice or which exceed the amount of the additional payment described in the Tax Redemption Notice), which waiver shall be binding upon all subsequent transferees of such Note. Upon a Tax Redemption Notice having been given as aforesaid to each holder of the affected Notes, the Principal Amount Outstanding of such Notes together with interest accrued thereon to the date of such redemption shall become due and payable on such redemption date, except in the case of Notes the holders of which shall timely give a Rejection Notice as aforesaid.

No Tax Redemption Notice shall be given earlier than 90 days prior to the earliest date on which the Issuer would be obliged to pay such additional payments if a payment in respect of the relevant Class of Notes were then due.

Prior to the publication of any Tax Redemption Notice, the Issuer shall deliver to the Note Trustee a certificate signed by one Director of the Issuer stating that the obligation referred to above cannot be avoided by the Issuer taking reasonable measures available to it and the Note Trustee shall be entitled to accept such certificate as sufficient evidence of the requirement to make additional payments.

"**Change in Tax Law**" means any change in, or amendment to, the laws or regulations of Italy or any political subdivision or any authority thereof or therein having power to tax, or any change in the application or official interpretation of such laws or regulations, which change or amendment becomes effective on or after the Issue Date.

- (k) ***Redemption for an Illegality Event.*** The Notes may be redeemed at the option of the Issuer in whole, but not in part, at any time, on giving not less than 15 nor more than 30 days' notice to the Noteholders in accordance with Condition 12 (*Notices*) (which notice shall be irrevocable) at their Principal Amount Outstanding, together with interest accrued to (but excluding) the date fixed for redemption, if, immediately before giving such notice, the Issuer determines in good faith and in a commercially reasonable manner that the performance of its obligations under the Notes or the Transaction Documents entered into by it in connection with the Notes has or will become unenforceable, illegal or otherwise prohibited in whole or in part as a result of the Issuer's compliance with any applicable present or prospective law, rule, regulation, judgment, order or directive of or in Italy or any governmental administrative, legislative or judicial power or the interpretation thereof (an "**Illegality Event**").
- (l) ***Redemption at the option of the Noteholders.*** If a Change of Control Event occurs prior to the Final Term Date, the Issuer shall, at the option of the holder of any Note, upon the holder of such Note giving written notice to the Issuer as provided in this Condition 7(l) at any time during the Change of Control Redemption Period, redeem such Note on the Change of Control Redemption Date at 101% of its Principal Amount Outstanding together (if applicable) with interest accrued and unpaid to (but excluding) the Change of Control Redemption Date.

Within 3 Business Days of the Issuer becoming aware that a Change of Control Event has occurred, the Issuer shall give notice (a "**Change of Control Event Notice**") to the Noteholders in accordance with Condition 12 (*Notices*) specifying the nature of the Change of Control Event, the Change of Control Redemption Date and the procedure for exercising the put option contained in this Condition 7(l)).

To exercise the put option pursuant to this Condition 7(l), a holder must deposit the Definitive Note Certificate representing the Note(s) to be redeemed with the Registrar

or any Paying and Transfer Agent at its Specified Office, together with a duly completed option exercise notice ("**Exercise Notice**") in the form obtainable from any Paying and Transfer Agent or the Registrar within the Change of Control Redemption Period. An Exercise Notice, once given, shall be irrevocable. The Issuer shall redeem the relevant Notes on the Change of Control Redemption Date.

If 90% or more in principal amount of the Notes of each Class then outstanding has been redeemed pursuant to this Condition 7(l), the Issuer may, on not less than 30 or more than 60 days' notice to the Noteholders given within 30 days after the Change of Control Redemption Date, redeem, at its option, the remaining Notes as a whole at their Principal Amount Outstanding, together with interest accrued and unpaid to (but excluding) the date of such redemption. Such notice to the Noteholders shall specify the date fixed for redemption, the redemption price and the manner in which redemption will be effected.

For the purpose of this Condition 7(l):

- (i) "**Change of Control Redemption Date**" means the date which falls 14 days after the expiry of the Change of Control Redemption Period; and
 - (ii) "**Change of Control Redemption Period**" means the period from and including the date on which a Change of Control Event occurs (whether or not the Issuer has given a Change of Control Event Notice in respect of such event) to and including the date falling 60 days after the date on which such Change of Control Event Notice is given.
- (m) **Redemption at the option of the Issuer.** The Issuer may redeem some or all of the Senior Notes and some or all of the Junior Notes at any time following the Initial Redemption Date (the "**Optional Redemption Date**"), on giving not less than 15 nor more than 30 days' notice to the Noteholders in accordance with Condition 12 (*Notices*), at the Senior Make Whole Amount or the Junior Make Whole Amount, as the case may be (other than in respect of the Initial Put Option Notes and Subsequent Put Option Notes, which shall be redeemed at their principal amount outstanding) plus accrued interest to (but excluding) the Optional Redemption Date. For the avoidance of doubt, the Issuer may not redeem any portion of the Senior Notes without at the same time redeeming a pro rata portion of the Junior Notes and may not redeem any portion of the Junior Notes without at the same time redeeming a pro rata portion of the Senior Notes. If less than all of the Notes of each Class are to be redeemed at any time, selection of such Notes for redemption will be made in compliance with the rules, if any, of any Stock Exchange on which the Notes are listed or admitted to trading or, if such Notes are not then listed or admitted to trading or there are no such applicable rules, on a pro rata basis and in such manner as the Note Trustee may deem appropriate and fair, provided that no Notes shall be redeemed in part. Where some but not all of the Notes in respect of which a Definitive Note Certificate is issued are to be redeemed, the notice of redemption that relates to such Definitive Note Certificate shall state the portion of the principal amount of the Notes to be redeemed, and where applicable, a new Definitive Note Certificate shall be issued to the holder to reflect the balance of the holding not redeemed upon cancellation of the original Definitive Note Certificate.
- If the Issuer funds any redemption of some or all of the Junior Notes with the proceeds of any Permitted Financial Indebtedness, or any equity contribution pursuant to paragraph (iv) of the definition of ECSA Equity Contribution, in accordance with this Condition 7(m) or otherwise then any such redemption funded by such proceeds shall be at the Junior Make Whole Amount.
- (n) **Equity Cure Redemption.** If at any time the Issuer receives an Equity Cure Amount in accordance with clause 15.4 (*Equity Cure*) of the Common Terms Agreement or an Additional Junior Notes Equity Cure occurs in accordance with clause 15.6 (*Additional Junior Notes Equity Cure*) of the Common Terms Agreement, the Issuer shall, on giving not less than 15 nor more than 30 days' notice to the Noteholders in accordance with Condition 12 (*Notices*), redeem the Senior Notes in whole or in part (together with

interest accrued and unpaid up to the date specified for redemption) by applying such amount (or a portion of such amount, as specified in the Common Terms Agreement) in redemption on a *pro rata* basis of the Senior Notes in accordance with the Pre-enforcement Priority of Payments.

- (o) **Cancellation of Notes.** All Notes which are redeemed pursuant to this Condition 7 (*Redemption*) will be cancelled and may not be reissued or resold. For so long as the Notes are admitted to trading on a Stock Exchange and the rules of such Stock Exchange so require, the Issuer shall promptly inform the Stock Exchange of the cancellation of any Notes under this Condition 7(o) (*Cancellation of Notes*).
- (p) **Notices of redemption.** Notice of redemption given pursuant to this Condition 7 shall be irrevocable and the Issuer shall be bound to redeem the relevant Notes to which any such notice refers in accordance with these Conditions on the date specified in such notice.
- (q) **Compulsory sale.** If, at any time, the Issuer becomes aware that any beneficial owner of Notes, or any account for which such beneficial owner purchased Notes, (i) is not a Qualified Holder, and/or (ii) is required to be a QIB that is also a QP but is not a QIB that is also a QP, the Issuer may require such beneficial owner:
 - (i) to sell its interest in the Notes to a person who is (1) a Qualified Holder and, where applicable, (2) either (A) a QIB that is also a QP, and who is otherwise qualified to purchase such Notes in a transaction exempt from registration under the Securities Act; or (B) a non-US person purchasing the Notes in an offshore transaction pursuant to Regulation S; or
 - (ii) to sell its interest in such Notes to the Issuer or an affiliate of the Issuer or transfer its interest in such Notes to a person designated by or acceptable to the Issuer at a price per Note equal to the lesser of (x) 100% of the principal amount outstanding thereof together with any accrued interest thereon to the date of payment or (y) the fair market value thereof (as determined by an investment bank or financial institution of international standing selected by the Issuer); *provided that* the Issuer, such affiliate of the Issuer or such person designated by or acceptable to the Issuer, as the case may be, is at the relevant time a Qualified Holder.

Any disposal of the Notes pursuant to sub-paragraphs (i) or (ii) of this Condition 7(q) shall constitute a "**Compulsory Note Disposal**".

The Issuer has the right to refuse to permit a transfer of interests in any Notes subject to a Compulsory Note Disposal to a person who is not a Qualified Holder and, where applicable, to a person who is not both a QIB and a QP.

- (r) **No other Redemption.** Notes may not be redeemed or repurchased by the Issuer other than in accordance with this Condition 7 (*Redemption*).

8. **Taxation**

- (a) All payments of principal, premium (if any) and interest in respect of the Notes shall be made free and clear of, and without withholding or deduction for, any Taxes imposed, levied, collected, withheld or assessed by or within Italy or any political subdivision or any authority thereof or therein having power to tax, unless such withholding or deduction is required by law or otherwise pursuant to FATCA. In that event, the Issuer shall pay such additional amounts as will result in the receipt by the Noteholders of such amounts as would have been received by them if no such withholding or deduction had been required, except that no such additional amounts shall be payable in respect of any Note:
 - (i) *Other connection:* presented for payment by or on behalf of a holder who is liable to such Taxes in respect of such Note by reason of having some connection with Italy other than the mere holding of the Note;

- (ii) *Presentation more than 30 days after the Relevant Date*: presented for payment more than 30 days after the Relevant Date (as defined below) except to the extent that the holder would have been entitled to such additional amounts on presenting the same for payment on the last day of such period of 30 days assuming (whether or not such is in fact the case) that day to have been a Business Day;
 - (iii) *No institutional investor*: where the Notes are subscribed or purchased by a Noteholder which is not a qualified investor (*investitore qualificato*, "**Qualified Investor**"), as defined pursuant to Article 100 of the Legislative Decree No. 58 of 24 February 1998, or an entity controlled by a Qualified Investor pursuant to Article 2359 of the Italian Civil Code;
 - (iv) *No White List Noteholder*: where the non-Italian Noteholder is not resident, for tax purposes, nor established in a country which allows for a satisfactory exchange of information with the Italian authorities, as listed in the Italian Ministerial Decree dated 4 September 1996, as amended from time to time ("**White List**");
 - (v) *Compliance with Decree No. 239 procedures*: where the procedures to obtain an exemption from *imposta sostitutiva* or any alternative future system of deduction or withholding set forth in Legislative Decree No. 239 of 1 April 1996, as amended, have not been met or complied with, except where such procedures have not been met or complied with due to the actions or omissions of the Issuer or its agents;
 - (vi) *FATCA*: where any Tax is withheld, deducted or otherwise payable in relation to any payment of the principal, or premium, if any, or interest, if any, with respect to the Notes by reason of application of FATCA;
 - (vii) *Payment in Italy*: presented for payment in Italy; or
 - (viii) in the event of any combination of the items above.
- (b) **Taxing jurisdiction**. If the Issuer becomes subject at any time to any taxing jurisdiction other than Italy, references in this Condition 8 (*Taxation*) to Italy shall be construed as references to Italy and/or such other jurisdiction.

"**Relevant Date**" means whichever is the later of (i) the date on which such payment first becomes due and (ii) if the full amount payable has not been received by the Principal Paying and Transfer Agent or the Note Trustee on or prior to such due date, the date on which, the full amount plus any accrued interest having been so received, notice to that effect shall have been given to the Noteholders by the Issuer in accordance with Condition 12 (*Notices*).

Any reference in these Conditions to principal, premium, and/or interest shall be deemed to include any additional amounts which may be payable under this Condition 8 (*Taxation*) or any undertaking given in addition to or substitution for it under the Note Trust Deed.

9. Events of Default

See "Description of the Finance Documents – Common Terms Agreement – Events of Default" in the Prospectus for details of the Events of Default applicable to the Notes.

- (a) **Delivery of Enforcement Notice**. If any Event of Default occurs and is continuing, subject to Condition 9(c) (*Junior Noteholder Rights Upon Enforcement*), the Note Trustee shall, if so directed by the Security Agent acting as directed by an Enforcement Resolution passed in accordance with the STID (and subject to the Note Trustee being indemnified and/or prefunded and/or provided with security, to its satisfaction), give notice (an "**Enforcement Notice**") to the Issuer that all the Notes are to be immediately due and payable at 100% of their Principal Amount Outstanding (together with accrued

interest) save that, in respect of an Event of Default arising as a result of a Concession Event, the Notes shall become due and payable at 101% of their Principal Amount Outstanding (together, if applicable, with accrued interest).

- (b) ***Consequences of the delivery of an Enforcement Notice.*** Upon delivery of an Enforcement Notice in accordance with Condition 9(a) (*Delivery of Enforcement Notice*): (i) all Classes of the Notes then outstanding shall immediately become due and repayable at their respective Principal Amount Outstanding, and (ii) the Transaction Security shall become enforceable by the Security Agent in accordance with the STID.
- (c) ***Junior Noteholder Rights Upon Acceleration.*** Upon the occurrence of an Event of Default that has occurred and is continuing, and following receipt by the Junior Noteholders of an Enforcement Instruction Notice instructing the Security Agent to accelerate the Notes pursuant to Schedule 3, Part 1, Paragraph 1.1(b) of the STID, to the extent that at such time that the relevant Enforcement Instruction Notice is delivered the Issuer has insufficient funds to redeem all of the outstanding Senior Notes in full, then the Junior Noteholders may subject to the Post-enforcement Priorities of Payment and otherwise in accordance with the procedure described in Condition 14 (*Option to Request Issuance of Additional Junior Notes*) elect to request the Issuer to fund any shortfall in the repayment by the Issuer of the Senior Notes in full through the issuance of Additional Junior Notes; and the Issuer shall accordingly, subject to the provisions of Condition 14 (*Option to Request Issuance of Additional Junior Notes*) redeem the outstanding Senior Notes in cash (to the extent that funds are available in the Project Accounts for such purpose) and through the issue of Additional Junior Notes pursuant to the process described in Condition 14 (*Option to Request Issuance of Additional Junior Notes*) to fund the redemption of any other Senior Notes outstanding.

10. Acceleration and enforcement

- (a) ***Enforcement by the Security Agent.*** The Security Agent shall take Enforcement Action (including directing the Note Trustee to accelerate the Notes) if instructed to do so by an Enforcement Resolution in accordance with the STID, subject to the Security Agent being indemnified and/or prefunded and/or provided with security to its satisfaction, and shall make any payment required to be made in accordance with the Post-enforcement Priority of Payments.
- (b) ***Limitation on Note Trustee and Security Agent actions.*** Notwithstanding Condition 9(b) (*Consequences of the delivery of an Enforcement Notice*) and Condition 10(a) (*Enforcement by the Security Agent*), neither the Note Trustee nor the Security Agent shall be required to do anything:
 - (i) which may be illegal or contrary to applicable law or regulation or the requirements of any regulatory authority; or
 - (ii) 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 Note Trust Deed, the 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.
- (c) ***Enforcement by the Noteholders.*** No Noteholder shall be entitled to (a) take any steps or action against the Issuer to enforce the performance of any of the provisions of the Note Trust Deed or the Notes or (b) take any other proceedings (including lodging an appeal in any proceedings) in respect of or concerning the Issuer, in each case unless the Note Trustee and/or the Security Agent, 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* (i) no Noteholder shall be entitled to take any steps or proceedings to procure the winding-up, administration or liquidation of the Issuer and (ii) any action taken by a Noteholder shall be done subject to and in accordance with the STID.

- (d) **Enforcement; reliance.** The Note Trustee may at any time after the Senior Notes or, as the case may be, the Junior Notes become due and payable, at its discretion and without notice (but in any case subject to and in accordance with the STID), institute such proceedings as it thinks fit to enforce its rights under the Note Trust Deed and these Conditions in respect of such Class of Notes, but it shall not be bound to do so unless:
 - (i) it has been so directed by the Security Agent acting pursuant to an Enforcement Resolution or Post-enforcement Resolution passed in accordance with the STID; and
 - (ii) it has been indemnified and/or secured and/or prefunded to its satisfaction.

Until the Note Trustee has actual or express knowledge to the contrary, the Note Trustee may assume that no Default or Event of Default has occurred.

The Note Trustee is not liable for any failure to monitor compliance by the Issuer with the Conditions.

11. **Meetings of Noteholders, Written Resolution, Modification and Step-in Rights**

- (a) **Meetings of Noteholders.** Subject to Clause 21 (*Consents, Amendments and Override*), Schedule 2 (*STID Decision Making Protocol*) and Schedule 3 (*Qualifying Secured Creditors Voting and Meeting Provisions*) of the STID, the Note Trust Deed contains provisions for convening meetings of Senior Noteholders to consider any matters relating to the Senior Notes and for convening meetings of Junior Noteholders to consider any matters relating to the Junior Notes, including the modification of any provision of these Conditions or the Note Trust Deed which apply to such Class of Notes. Any such modification may be made if sanctioned pursuant to the STID. Such a meeting may be convened by the Note Trustee or the Issuer, or by the Note Trustee upon the request in writing of Noteholders holding not less than one-tenth of the aggregate principal amount of the outstanding Senior Notes or Junior Notes, as the case may be. The quorum at any meeting convened to vote on a Note Trust Deed Extraordinary Resolution will be two or more persons holding or representing a clear majority of the aggregate principal amount of the relevant Class of Notes for the time being outstanding, or, at any adjourned meeting, one or more persons being or representing Noteholders whatever the principal amount of the relevant Class of Notes for the time being outstanding so held or represented; provided, however, that any proposal: (i) relating to a Junior Noteholder Entrenched Right or a Senior Noteholder Entrenched Right; (ii) to remove the Note Trustee or to approve the appointment of a new Note Trustee; (iii) to direct the Issuer to terminate the appointment of the Project Adviser or to approve the appointment of a new Project Adviser; (iv) to request the issuance of Additional Junior Notes pursuant to Condition 14 (*Option to Request Issuance of Additional Junior Notes*); and (v) to amend this proviso may only be sanctioned by a Note Trust Deed Extraordinary Resolution passed at a meeting of Noteholders at which two or more persons holding or representing not less than three-quarters or, at any adjourned meeting, one-quarter or, in relation to (iii) only, three-quarters of the aggregate principal amount of the outstanding Notes of the relevant Class form a quorum. Any Note Trust Deed Extraordinary Resolution duly passed at any such meeting shall be binding on all the Noteholders of such Class of Notes, whether present at the meeting(s) or not. For the purposes of this Condition 11(a) (*Meetings of Noteholders*), "**Note Trust Deed Extraordinary Resolution**" has the meaning given to such term in the Note Trust Deed.
- (b) **Written resolution.** A resolution in writing signed (i) by or on behalf of the holders of all of the Notes of the relevant Class who for the time being are entitled to receive notice of a meeting or (ii) if such holders have been given at least 21 days' notice of such resolution, by or on behalf of persons holding three quarters of the aggregate principal amount of the outstanding Notes of such Class, shall for all purposes be as valid and effective as a Note Trust Deed Extraordinary Resolution passed at a meeting of the Noteholders of that class duly convened and held. Such resolution in writing may be contained in one document or in several documents in like form each signed by or

on behalf of one or more of the relevant Noteholders and the date of such resolution shall be the date of the latest such document. For the purposes of this Condition 11(b) (*Written resolution*), "**Note Trust Deed Extraordinary Resolution**" has the meaning given to such term in the Note Trust Deed.

- (c) **Modification without Noteholders' consent.** Pursuant to the Note Trust Deed, the Note Trustee may from time to time and at any time without any consent or sanction of the Noteholders: (i) waive or authorize, or (when appropriate) concur with the Security Agent in waiving or authorizing any breach or proposed breach by the Issuer; (ii) give any consent or concur with the Security Agent in giving any consent required pursuant to the covenants or provisions contained in the Note Trust Deed, the Notes, the Common Terms Agreement, the STID or the Paying Agency Agreement subject to and acting in accordance with, and in each case on such terms and conditions (if any) as it shall be directed to do pursuant to, Clause 21 (*Consents, Amendments and Override*) of the STID and the STID Decision Making Protocol; or (iii) concur with the Issuer in making any modification to the Notes, the Note Trust Deed, the Paying Agency Agreement, the Common Terms Agreement or the STID acting at all times subject to and in accordance with Clause 21 (*Consents, Amendments and Override*) of the STID, provided that it may give its consent or approval to the appointment or termination of a new Calculation Agent or of new or additional Agents under the Conditions or the Paying Agency Agreement if such appointment or termination is not materially prejudicial to the interests of the Noteholders without need of obtaining any consent or approval pursuant to the STID Decision Making Protocol. Any such modification shall be binding on the Noteholders and the Issuer shall cause such modification to be notified to the Noteholders as soon as practicable thereafter in accordance with Condition 12 (*Notices*).
- (d) **Step-in Rights.** Subject to Clause 11 (*Enforcement Action*) of the STID, the Security Agent may designate, in accordance with the terms of the STID and pursuant to Article 159 of the Previous Italian Public Contracts Code and Article 25 of the Concession Agreement (the "**Step-in Rights**"), a company or a corporation substituting the Issuer as concessionaire under the Concession Agreement (the "**Designated Step-in Successor**"). To the extent the Security Agent has exercised the Step-in Rights and the designated Step-in Successor has been accepted by the Grantor the Issuer shall:
- (i) procure that all or substantially all of the assets and liabilities of the Issuer are transferred to the Designated Step-in Successor to the extent permitted under applicable law; and
 - (ii) promptly do all such acts or execute all such documents in accordance with the STID (including assignments, transfers, mortgages, charges, notices and instructions) as the Security Agent may specify (and in such form as the Security Agent may require in favour of the Note Trustee, the Security Agent or its nominee(s)) which are necessary or desirable for the transfer of all the obligations of the Issuer under the Notes and the Note Trust Deed to such Designated Step-in Successor.

12. Notices

- (a) **Notices to Noteholders.** Notices to Noteholders will be valid if sent to them by first class mail (or its equivalent) or (if posted to an overseas address) by airmail at their respective addresses on the Register. The Issuer shall also ensure that notices are duly given or published in a manner which complies with the rules and regulations of the Stock Exchange or other relevant authority on which the Notes are for the time being listed. Any such notice shall be deemed to have been given on the fourth day after the date of mailing or on the date of such publication or, if published more than once or on different dates, on the first date on which publication is made.
- (b) **Notices from Noteholders.** Notices to be given by any Noteholder shall be in writing and given by lodging the same, together with the relative Definitive Note Certificate, with the Registrar or any Paying and Transfer Agent.

So long as any of the Notes are represented by a Global Note and the Global Note is held on behalf of a clearing system, notices to Noteholders required to be published in accordance with Condition 12 (Notices) may be given by delivery of the relevant notice to Euroclear and Clearstream, Luxembourg and/or Monte Titoli, as the case may be, for communication by them to the relevant accountholders rather than by publication as required by Condition 12 (Notices), provided that so long as the Notes are listed on the Irish Stock Exchange and admitted to trading on the Irish Stock Exchange and the rules of that Exchange so require, notices shall also be published on the website of the the Irish Stock Exchange (www.ise.ie).

13. **Note Trustee and Security Agent**

- (a) **Indemnification.** Under the Note Trust Deed, the Note Trustee is entitled to be indemnified and/or secured and/or prefunded and relieved from responsibility in certain circumstances and to be paid its costs and expenses in priority to the claims of the Noteholders. In addition, the Note Trustee is entitled to enter into business transactions with the Issuer and any entity relating to the Issuer without accounting for any profit and to act as trustee for the holders of any other securities issued or guaranteed by, or relating to, the Issuer.
- (b) **Exercise of power and discretion.** In the exercise of its powers and discretion under these Conditions, the Note Trust Deed and the STID:
 - (i) save as otherwise expressly provided and subject to the STID, in considering the interests of the Noteholders the Note Trustee will (i) have regard to the interests of the Noteholders as a class and will not be responsible for any consequences for individual holders of Notes, including as a result of such holders being connected in any way with a particular territory or taxing jurisdiction, and (ii) where in the sole opinion of the Note Trustee, there is a conflict between the interests of the Senior Noteholders and the interests of the Junior Noteholders, for so long as Senior Notes are outstanding, the Note Trustee shall consider and give priority to the interest of the Senior Noteholders, whose interest shall prevail and, when applicable, shall act in accordance with the directions of the Senior Noteholders and will not be responsible for any consequences for the Junior Noteholders of any such exercise. In the event that the Note Trustee receives conflicting or inconsistent requests from two or more groups of Senior Noteholders (for so long as Senior Notes are outstanding) or (when the Senior Notes are no longer outstanding) of Junior Noteholders, the Note Trustee shall give priority to the group which holds the greater amount of Senior Notes or respectively Junior Notes then outstanding. Save as otherwise expressly provided, the Note Trustee shall not have regard to the interests of any Secured Parties other than the relevant Noteholders;
 - (ii) save as otherwise expressly provided, the Security Agent will at all times act in accordance with the STID; and
 - (iii) in relation to exercising any of their respective Note Trustee and Security Agent Entrenched Rights, the Note Trustee and the Security Agent shall not have regard to the interests of the Noteholders or any other Secured Parties but shall act in their personal capacities having regard only to their personal interests.
- (c) **Confidentiality.** Unless ordered to do so by a court of competent jurisdiction or unless required by the rules of the Stock Exchange, the Note Trustee shall not be required to disclose to any Noteholder any confidential financial or other information made available to the Note Trustee by the Issuer.
- (d) **Representative of the Noteholders.** Each holder of Notes, by accepting such Notes, shall be deemed to have agreed to, and accepted, the appointment of the Security Agent as representative (rappresentante) of the Noteholders for the purposes of Article 185, fifth paragraph, of the Italian Public Contracts Code and Article 2414-bis, third paragraph of the Italian Civil Code.

14. **Option to Request Issuance of Additional Junior Notes**

If:

- (i) a Funding Shortfall is not remedied within the relevant grace period and therefore an Event of Default is triggered in respect thereof,
- (ii) the Shareholders have the right to effect an Equity Cure in relation to a breach of the Financial Covenants as provided under Clause 15.4 (*Equity Cure*) of the Common Terms Agreement, but do not elect to do so within the relevant time limits, or
- (iii) the Issuer notifies the Junior Noteholders that it has received an Enforcement Instruction as described in Condition 9(c) (*Junior Noteholder Rights Upon Acceleration*),

(each an "**Additional Junior Notes Event**"),

the Issuer shall, within 5 Business Days of becoming aware that such Additional Junior Notes Event has occurred, give a notice (an "**Additional Junior Notes Option Notice**") to the Junior Noteholders in accordance with Condition 12 (*Notices*) specifying that an Additional Junior Notes Event has occurred and calling a meeting of the Junior Noteholders to consider whether to request the issuance of an additional series of notes (the "**Additional Junior Notes**").

If so instructed, the Issuer shall use its best endeavours to issue such Additional Junior Notes within 90 days of the relevant resolution of the Junior Noteholders or such longer period as the Issuer and the Junior Noteholders shall agree. Any such Additional Junior Notes shall rank *pari passu* with the Junior Notes and shall have terms and conditions equivalent to the Junior Notes, *mutatis mutandis*, save for an interest rate to the extent permitted by applicable law of 15%, which interest may also be capitalised at the option of the Issuer in accordance with Article 1283 of the Italian Civil Code, and shall benefit from the Security Documents to the same extent as applies to the Junior Notes at the relevant time. Each of the Junior Noteholders will decide whether they want to participate or not with final allocations being made *pro rata* to their holdings unless agreed differently by them at that time.

Upon the issuance of such Additional Junior Notes in accordance with the foregoing provisions of this Condition 14 as a result of any of the circumstances described in sub-paragraphs (i) and (ii) of the definition of Additional Junior Notes Event above, the original Event of Default shall be deemed to have been cured.

15. **Non-petition**

None of the Noteholders of any Class, the Note Trustee, the Security Agent or the other Secured Creditors (nor any other person acting on behalf of any of them) shall be entitled at any time to institute against the Issuer, or join in any institution against the Issuer of, any bankruptcy, reorganization, arrangement, insolvency, winding up or liquidation proceedings or other proceedings under any applicable bankruptcy or similar law in connection with any obligations of the Issuer relating to the Notes of any Class, the Note Trust Deed, the STID or otherwise owed to the Secured Creditors, save for lodging a claim in the liquidation of the Issuer which is initiated by another non-affiliated party or taking proceedings to obtain a declaration as to the obligations of the Issuer and without limitation to the Security Agent's right to enforce and/or realize the Transaction Security (including by appointing a receiver or an administrative receiver) subject to and in accordance with the STID.

16. **Provision of Information**

The Issuer shall, during any period in which it is not subject to or in compliance with the reporting requirements of Section 13 or 15(d) of the United States Securities Exchange Act of 1934, as amended (the "**Exchange Act**") nor exempt from reporting pursuant to Rule 12g3-2(b) under the Exchange Act, duly provide to any holder or beneficial owner of a Note which is a "restricted security" within the meaning of Rule 144(a)(3) under the Securities Act or to any prospective purchaser of such securities designated by such holder or beneficial owner, upon the written request of such holder, beneficial owner or (as the case may be) prospective purchaser

addressed to the Issuer and delivered to the Issuer or to the Specified Office of the Registrar, the information specified in Rule 144A(d)(4) under the Securities Act.

17. **Prescription**

Claims in respect of principal, premium (if any) and interest will become void unless the relevant Definitive Note Certificate is surrendered for payment as required by Condition 6 (*Payments*) within a period of ten years in the case of principal and premium (if any) and five years in the case of interest from the appropriate Relevant Date.

18. **Replacement of Notes**

If any Definitive Note Certificate is lost, stolen, mutilated, defaced or destroyed it may be replaced at the Specified Office of the Registrar or any Paying and Transfer Agent subject to all applicable laws and Stock Exchange or other relevant authority requirements, upon payment by the claimant of the expenses incurred in connection with such replacement and on such terms as to evidence, security, indemnity and otherwise as the Issuer may require (*provided that* the requirement is reasonable in the light of prevailing market practice). Mutilated or defaced Definitive Note Certificates must be surrendered before replacements will be issued.

19. **Governing law and jurisdiction**

- (a) **Governing law.** These Conditions, including any non-contractual obligations arising out of or in connection with the Notes, are governed by, and shall be construed in accordance with, English law.
- (b) **Jurisdiction.** The Issuer agrees for the benefit of each of the Note Trustee and the Noteholders that the Courts of England shall have exclusive jurisdiction to hear and determine any suit, action or proceeding arising out of or in connection with these Conditions (including any non-contractual obligations arising out of or in connection with the Notes) ("**Proceedings**") and, for such purposes, irrevocably submits to the jurisdiction of such courts. Nothing in this paragraph shall (or shall be construed so as to) limit the right of the Note Trustee or the Noteholders to take Proceedings in any other court of competent jurisdiction, nor shall the taking of Proceedings in any one or more jurisdictions preclude the taking of Proceedings by the Note Trustee or the Noteholders in any other jurisdiction (whether concurrently or not) if and to the extent permitted by law.
- (c) **Appropriate forum.** For the purpose of Condition 19(b) (*Jurisdiction*), the Issuer irrevocably waives any objection which it might now or hereafter have to the courts of England being nominated as the forum to hear and determine any Proceedings and agrees not to claim that any such court is not a convenient or appropriate forum.
- (d) **Service of process.** The Issuer agrees that the process by which any Proceedings are commenced in England pursuant to Condition 19(b) (*Jurisdiction*) may be served on it by being delivered to the Process Agent. If such person is not or ceases to be effectively appointed to accept service of process on behalf of the Issuer, the Issuer shall, on the written demand of the Note Trustee, appoint a further person in England to accept service of process on its behalf and, failing such appointment within 14 days, the Note Trustee shall be entitled to appoint such a person by written notice to the Issuer. Nothing in this paragraph shall affect the right of the Note Trustee to serve process in any other manner permitted by law.

FORM OF THE NOTES

Form of the Notes

The Senior Notes will be represented on issue by (i) in the case of Senior Notes offered and sold in reliance on Regulation S, which will be sold to non-U.S. Persons outside the United States, a global note in registered form (an "**Unrestricted Senior Global Note**") and (ii) in the case of Senior Notes offered and sold in the United States or to U.S. Persons, a global note in registered form (a "**Restricted Senior Global Note**" and, together with the Unrestricted Senior Global Note, the "**Senior Global Notes**"), in each case deposited with a common depositary for, and registered in the name of a nominee of the common depositary of Euroclear and Clearstream, Luxembourg.

The Junior Notes will be represented on issue by a global note in registered form (an "**Unrestricted Junior Global Note**") deposited with, and registered in the name of, Monte Titoli. Junior Notes may be held only via Monte Titoli and not via Euroclear or Clearstream, Luxembourg.

Beneficial interests in an Unrestricted Senior Global Note and a Restricted Senior Global Note may be held only through Euroclear or Clearstream, Luxembourg at any time. Beneficial interests in an Unrestricted Junior Global Note may be held only through Monte Titoli at any time. See "*Exchange of interests in Global Notes for Definitive Note Certificates*" below. By acquisition of a beneficial interest in an Unrestricted Senior Global Note or Unrestricted Junior Global Note, the purchaser thereof will be deemed to represent, among other things, that it is not a U.S. Person, and that it will transfer such interest only to a person (a) whom the seller reasonably believes to be a non-U.S. Person in an offshore transaction in accordance with Rule 903 or Rule 904 of Regulation S or (b) who takes delivery in the form of an interest in a Unrestricted Senior Global Note and Unrestricted Junior Global Note. See "*Transfer restrictions and representations by purchasers*". By acquisition of a beneficial interest in a Restricted Senior Global Note, the purchaser thereof will be deemed to represent, among other things, that it is a QIB/QP and that, if in the future it determines to transfer its beneficial interest, it will transfer such interest in accordance with the procedures and restrictions applicable to it. See "*Transfer restrictions and representations by purchasers*".

Beneficial interests in each Global Note will be subject to certain restrictions on transfer set forth therein, and the Notes will bear the legends regarding these restrictions set forth under "*Transfer restrictions and representations by purchasers*". A beneficial interest in the Unrestricted Senior Global Note may be transferred to a person who takes delivery in the form of an interest in the Restricted Senior Global Note only upon receipt by the Registrar of a written certification (in the form provided in the Paying Agency Agreement) to the effect that the transferee is a QIB/ QP and that such transaction is in accordance with any applicable securities laws of any state or other jurisdiction of the United States. Beneficial interests in the Restricted Senior Global Note may be transferred to a person who takes delivery in the form of an interest in the Unrestricted Senior Global Note, only upon receipt by the Registrar of a written certification (in the form provided in the Paying Agency Agreement) from the transferor to the effect that the transfer is being made in accordance with Regulation S to a non-U.S. Person.

Any beneficial interest in the Unrestricted Senior Global Note that is transferred to a person who takes delivery in the form of an interest in the Restricted Senior Global Note, will, upon transfer, cease to be an interest in the Unrestricted Senior Global Note, and become an interest in the Restricted Senior Global Note, and, accordingly, will thereafter be subject to all transfer restrictions and other procedures applicable to beneficial interests in the Restricted Senior Global Note, for as long as it remains such an interest. Any beneficial interest in the Restricted Senior Global Note that is transferred to a person who takes delivery in the form of an interest in the Unrestricted Senior Global Note, will, upon transfer, cease to be an interest in the Restricted Senior Global Note, and become an interest in the Unrestricted Senior Global Note, and, accordingly, will thereafter be subject to all transfer restrictions and other procedures applicable to beneficial interests in the Unrestricted Senior Global Note, for so long as it remains such an interest. No service charge will be made for any registration of transfer or exchange of Notes, but the Registrar may require payment of a sum sufficient to cover any tax or other governmental charge payable in connection therewith.

Except in the limited circumstances described below, owners of beneficial interests in Global Notes will not be entitled to receive physical delivery of certificated Notes in definitive registered form ("**Definitive Note Certificates**"). The Notes are not issuable in bearer form.

Exchange of interests in Global Notes for Definitive Note Certificates

Exchange

Each Global Note will be exchangeable, free of charge to the holder, in whole but not in part, for Definitive Note Certificates if (i) Euroclear, Clearstream, Luxembourg or Monte Titoli, as applicable, is closed for business for a continuous period of 14 days (other than by reason of holidays, statutory or otherwise) or announces an intention permanently to cease business or does in fact do so and, in any such case, no successor Clearing System satisfactory to the Note Trustee is available, or (ii) principal in respect of any Notes is not paid when due and payable, in either case by the holder giving notice to the Registrar or any Transfer Agent.

The Registrar will not register the transfer of, or exchange of interests in, a Global Note for Definitive Note Certificates for a period of 15 calendar days ending on the date for any payment of principal or interest or on the date of optional redemption in respect of the Notes.

Delivery

In such circumstances, the relevant Global Note shall be exchanged in full for Definitive Note Certificates and we will, at our cost (but against such indemnity as the Registrar or relevant Transfer Agent may require in respect of any tax or other duty of whatever nature which may be levied or imposed in connection with such exchange), cause sufficient Definitive Note Certificates to be executed and delivered to the Registrar for completion, authentication and dispatch to the relevant Noteholders. A person having an interest in a Global Note must provide the Registrar with (a) a written order containing instructions and such other information as we and the Registrar may require to complete, execute and deliver such Notes, including a certification that the transfer is being made in accordance with the transfer restrictions set out under "*Transfer restrictions and representations by purchasers*". Definitive Note Certificates shall bear the applicable legends, as set out under "*Transfer restrictions and representations by purchasers*".

Legends

The holder of a Definitive Note Certificate may transfer the Notes evidenced thereby in whole or in part in the applicable minimum denomination by surrendering it at the specified office of the Registrar or any Transfer Agent, together with the completed form of transfer thereon. Upon the transfer, exchange or replacement of a Definitive Note Certificate bearing the applicable legend referred to under "*Transfer restrictions and representations by purchasers*", we will deliver Definitive Note Certificates that bear such legend.

Euroclear, Clearstream, Luxembourg and Monte Titoli

So long as: (a) Euroclear or Clearstream, Luxembourg or the nominee of their common depository and (b) Monte Titoli is the registered holder of a Global Note, Euroclear or Clearstream, Luxembourg or their nominee and Monte Titoli, as the case may be, will be considered the sole owner or holder of the Notes represented by such Global Note for all purposes under the Paying Agency Agreement, the Note Trust Deed and the Notes. Payments of principal, interest and additional amounts, if any, in respect of Global Notes will be made to (a) Euroclear, Clearstream, Luxembourg, or their nominee, in respect of the Senior Notes and (b) Monte Titoli in respect of the Junior Notes, as the case may be, as the registered holder thereof. None of us, the Note Trustee, the Security Agent, any Paying and Transfer Agent, the Joint Bookrunners, or any of our or their respective affiliates or any person by whom we or any of them is controlled for the purposes of the Securities Act will have any responsibility or liability for any aspect of the records relating to or payments made on account of beneficial ownership interests in the Global Notes or for maintaining, supervising or reviewing any records relating to such beneficial ownership interests.

Distributions of principal and interest with respect to book-entry interests in the Notes held through Euroclear, Clearstream, Luxembourg or Monte Titoli will be credited, to the extent received by Euroclear, Clearstream, Luxembourg or Monte Titoli from the Principal Paying and Transfer Agent, to the cash accounts of Euroclear, Clearstream, Luxembourg or Monte Titoli customers in accordance with the relevant system's rules and procedures.

Interest on the Notes (other than interest on redemption) will be paid to the person shown as the Noteholder in the Register at close of business on the Clearing System Business Day before the due date for payment (the "**Record Date**"), where "**Clearing System Business Day**" means a day on which each clearing system for which a Global Note is being held is open for business. Principal and interest with respect to Restricted Senior Global Notes and Unrestricted Senior Global Notes and Unrestricted Junior Global Notes on redemption will be paid to the holder shown on the Register on the Record Date upon delivery and surrender of the relevant Global Note. Trading between the Restricted Senior Global Note and the Unrestricted Senior Global Note will therefore be net of accrued interest from the relevant Record Date to the relevant Interest Payment Date.

The laws of some states of the United States require that certain persons take physical delivery of securities in definitive form. Consequently, the ability to transfer interests in a Global Note to such persons will be limited. Because Euroclear and Clearstream, Luxembourg can only act on behalf of participants, who in turn act on behalf of indirect participants, the ability of a person having an interest in a Global Note to pledge such interest to persons or entities which do not participate in the relevant clearing system, or otherwise take actions in respect of such interest, may be affected by the lack of a physical certificate in respect of such interest.

The holdings of book-entry interests in the Notes in Euroclear, Clearstream, Luxembourg and Monte Titoli will be reflected in the book-entry accounts of each such institution. As necessary, the Registrar will adjust the amounts of Notes on the Register for the accounts of the relevant nominee (where applicable) to reflect the amounts of Notes held through Euroclear, Clearstream, Luxembourg and Monte Titoli, as the case may be. Beneficial ownership in Notes will be held through financial institutions as direct and indirect participants in Euroclear, Clearstream, Luxembourg and Monte Titoli.

Interests in the Unrestricted Senior Global Note and the Unrestricted Junior Global Note and the Restricted Senior Global Note will be in uncertificated book-entry form.

Trading between Euroclear and/or Clearstream, Luxembourg account holders

Secondary market sales of book-entry interests in the Senior Notes held through Euroclear or Clearstream, Luxembourg to purchasers of book-entry interests in the Senior Notes through Euroclear or Clearstream, Luxembourg will be conducted in accordance with the normal rules and operating procedures of Euroclear and Clearstream, Luxembourg and will be settled using the procedures applicable to conventional Eurobonds.

Although the foregoing sets out the procedures of Euroclear and Clearstream, Luxembourg in order to facilitate the transfers of interests in the Senior Notes among participants of Clearstream, Luxembourg and Euroclear, neither Euroclear nor Clearstream, Luxembourg is under any obligation to perform or continue to perform such procedures, and such procedures may be discontinued at any time. None of us, the Note Trustee, the Security Agent, any Paying and Transfer Agent, the Joint Bookrunners, any of our or their respective affiliates, or any person by whom we or any of them is controlled for the purposes of the Securities Act, will have any responsibility for the performance by Euroclear and Clearstream, Luxembourg or their respective direct or indirect participants or accountholders of their respective obligations under the rules and procedures governing their operations or for the sufficiency for any purpose of the arrangements described above.

Amendments to Conditions

Each Global Note contains provisions that apply to the Notes that they represent, some of which modify the effect of the terms and conditions of the Notes as set above under "*Terms and Conditions of the Notes*".

Notices

So long as the Notes are represented by Global Notes and those Global Notes are held on behalf of a clearing system, notices to Noteholders required to be mailed to the Noteholders at their respective addresses on the Register may be given by delivery of the relevant notice to that clearing system for communication by it to entitled accountholders, except that so long as the Notes are listed on the Official List and admitted to trading on the Irish Stock Exchange and the rules of that Exchange so require, notices shall also be published on the website of the Irish Stock Exchange (www.ise.ie).

Prescription

Claims against us in respect of principal and interest on the Notes while the Notes are represented by a Global Note will become void unless that Global Note is presented for payment within a period of ten years (in the case of principal) and five years (in the case of interest) from the appropriate Relevant Date (as defined in Condition 8 (*Taxation*)).

Meetings

The holder of a Global Note will be treated as being two persons for the purposes of any quorum requirements of, or the right to demand a poll at, a meeting of Noteholders and, at any such meeting, as having one vote in respect of each €1 (one) in principal amount of Notes for which the Global Note may be exchanged.

Purchase and cancellation

Cancellation of any Note required by the Conditions to be cancelled following its purchase will be effected by a reduction of the principal amount of the Global Note.

Trustee's powers

In considering the interests of Noteholders while a Global Note is held on behalf of a clearing system, the Note Trustee may have regard to any information provided to it by such clearing system or its operator as to the identity (either individually or by category) of its accountholders with entitlements to the Global Note and may consider such interests as if such accountholders were the holder of the Global Note.

Call option

No drawing of Notes will be required under Condition 7(m) (*Redemption at the option of the Issuer*) in the event that we exercise our call option provided by such Condition while the Notes are represented by a Global Note in respect of less than the aggregate principal amount of Notes outstanding. In such event, the partial redemption will be effected in accordance with the rules and procedures of Euroclear and Clearstream, Luxembourg or Monte Titoli, as the case may be (to be reflected in the records of Euroclear and Clearstream, Luxembourg or Monte Titoli, as the case may be, as either a pool factor or a reduction in nominal amount, at their discretion).

Put option

The Noteholders' put option in Condition 7(l) (*Redemption at the option of the Noteholders*) may be exercised by the holder of the relevant Global Note giving notice to the Principal Paying and Transfer Agent of the principal amount of Notes in respect of which the option is exercised and presenting the Global Note for endorsement of exercise within the time limits specified in such Condition.

Capitalisation of Interest

In respect of the Junior Notes, in the event that the Issuer exercises its option under Condition 5.7 (*Option to Capitalise Interest on Junior Notes*) to capitalise the interest payable on the Junior Notes in respect of any Interest Period, the Registrar shall update the Register to indicate the applicable PIK Interest Amount resulting from any such capitalisation and the increase in the principal outstanding in respect of the Junior Notes whereupon the principal amount of the Unrestricted Junior Global Note shall, automatically and without the need for any new Unrestricted Junior Global Note certificate to be issued to replace the existing Unrestricted Junior Global Note certificate, increase by the amount of the relevant PIK Interest Amount. So long as the Unrestricted Junior Global Note is held on behalf of Monte Titoli, any increase in the principal outstanding in respect of the Junior Notes as a result of an exercise by the Issuer of the option to capitalise interest on the Junior Notes pursuant to Condition 5.7 (*Option to Capitalise Interest on Junior Notes*) will also be reflected in the records of Monte Titoli.

TRANSFER RESTRICTIONS AND REPRESENTATIONS BY PURCHASERS

Purchaser and transfer restrictions

The Notes are subject to certain provisions of the Italian legislation and may only be subscribed for, held by and circulate among certain Qualified Holders. Accordingly, any person subscribing for the Notes and/or purchasing an interest in the Notes will be deemed, as a condition of its subscription and/or purchase, to have represented, among other things, that it is a Qualified Holder (see "—Representations by purchasers—Deemed representations by all purchasers" below) that is alternatively:

(A) entitled to receive payment of interest under the Notes gross of the substitute tax due under Decree No. 239/1996 (so called *lordista*), such as, for instance:

(i) a joint stock company (*società per azioni*), a limited partnership by shares (*società in accomandita per azioni*), a limited liability company (*società a responsabilità limitata*), a commercial entity (*ente commerciale*) established under Italian laws and resident in Italy, or the Italian permanent establishment of a foreign company or partnership to which the Notes are effectively connected;

(ii) an undertaking for collective investment (*organismo di investimento collettivo del risparmio* or *OICR*), a variable capital investment company (*società di investimento a capitale variabile* or *SICAV*) or a fixed capital investment company (*società di investimento a capitale fisso* or *SICAF*) pursuant to the Italian Securities Act and its implementing regulations, established in Italy; or

(iii) a pension fund (*fondo pensione*) established in Italy pursuant to Legislative Decree No. 252 of December 5, 2005,

provided that in the cases from (A)(i) to (A)(iii) above the Notes are directly or indirectly deposited from the date of transfer with a depositary; or

(B) a foreign investor resident for tax purposes in a country listed in the Italian White List, as defined in the section "*Taxation*", as amended from time to time, or

(C) a foreign institutional investor established in a White List country,

provided that in the cases (B) and (C) above the transferee deposits the Notes directly or indirectly with a qualifying depositary and delivers to it the self-certification under the Decree of December 12, 2001 as available on the official website of the Italian tax authority: <http://www.agenziaentrate.gov.it/wps/content/Nsilib/Nsi/Documentazione/Fiscalita+internazionale/White+list+e+Autocertificazione/Autocertificazione/>, or

(D) an international entity or an organization established under international agreements ratified by Italy, or a Central Bank or an entity that manages the official reserves of a foreign State,

subject to, in each case, the enactment of applicable laws and regulations to the contrary, the operational procedures of the depositary and the relevant clearing system applicable from time to time and the covenant upon the transferee to update the above confirmation and documentation if any change in its status occurs.

See "*Representations by purchasers—Deemed representations by all purchasers*" below.

The Notes are financial instruments issued under article 185 of the New Italian Public Contracts Code and are characterized by a high level of risk. Any investors intending to invest in Notes should consult their legal, tax and financial advisers to ensure they fully understand, and have adequately evaluated, the risks related to an investment in the Notes.

Covered fund

We may be classified as a "covered fund" as defined in the Volcker Rule. The definition of "**covered fund**" in the Volcker Rule includes (generally) any entity that would be an investment company under the Investment Company Act, but for the exemption provided under Section 3(c)(1) or 3(c)(7)

thereunder. Because we will rely on Section 3(c)(7) of the Investment Company Act as exemption from registration under the Investment Company Act (which exemption limits sales of the Notes to QPs), we may be considered a covered fund, which may limit the ability of U.S. "banking entities" and non-U.S. affiliates of U.S. banking entities to hold an ownership interest in us or enter into financial transactions with us.

If we are deemed to be a "**covered fund**", the marketability and liquidity of the Notes could be significantly impaired. Some investors may choose not to purchase any securities of a covered fund, regardless of whether those securities constitute an ownership interest in a covered fund under the Volcker Rule. In addition, limited regulatory guidance is available to interpret the Volcker Rule, and implementation of the regulatory framework for the Volcker Rule is still evolving. Thus, the uncertainty caused by the breadth of Volcker Rule's prohibitions and the lack of interpretive guidance could further negatively impact the liquidity and value of the Notes. Any purchaser, and in particular any entity that is a "banking entity" as defined under the Volcker Rule, should consider the potential impact of the Volcker Rule in respect of its investment. Each purchaser must determine for itself whether it is a banking entity subject to regulation under the Volcker Rule.

Under the Volcker Rule, "**ownership interest**" is defined broadly to include any participation or other interest that entitles the holder of such interest to, among other things: (a) vote to remove management or otherwise other than as a creditor exercising remedies upon an event of default, (b) share in the income, gains, profits or excess spread of the covered fund or (c) receive underlying assets of the covered fund. We do not believe that an investment in the Notes issued would constitute acquiring or retaining an ownership interest in a covered fund.

Notwithstanding the foregoing, none of us, the Joint Bookrunners, the Note Trustee, the Security Agent, our or their respective affiliates or any other person makes any representation as to any investor's ability to acquire or hold the Notes now or at any time in the future.

In addition, none of the Joint Bookrunners or their affiliates or any person who controls any of them or any of their respective directors, officers, employees or agents accepts any liability or responsibility whatsoever in respect of the information set out herein.

Representations by purchasers of Notes

Deemed representations by all purchasers of Senior Notes and all purchasers of Junior Notes

As a condition to acquiring the Notes, each purchaser, and each subsequent purchaser of such Notes in resales will be deemed to have represented, agreed and acknowledged as follows:

- (a) it is a Qualified Holder that is alternatively:
 - (A) entitled to receive payment of interest under the Notes gross of the substitute tax due under Decree No. 239/1996 (so called *lordista*), such as, for instance:
 - (i) a joint stock company (*società per azioni*), a limited partnership by shares (*società in accomandita per azioni*), a limited liability company (*società a responsabilità limitata*), a commercial entity (*ente commerciale*) established under Italian laws and resident in Italy, or the Italian permanent establishment of a foreign company or partnership to which the Notes are effectively connected;
 - (ii) an undertaking for collective investment (*organismo di investimento collettivo del risparmio* or OICR), a variable capital investment company (*a società di investimento a capitale variabile* or SICAV) or a fixed capital investment company (*società di investimento a capitale fisso* or SICAF) pursuant to the Italian Securities Act and its implementing regulations, established in Italy; or
 - (iii) a pension fund (*fondo pensione*) established in Italy pursuant to Legislative Decree No. 252 of December 5, 2005,

provided that in the cases from (A)(i) to (A)(iii) above the Notes are directly or indirectly deposited from the date of transfer with a depositary; or

- (B) a foreign investor resident for tax purposes in a country listed in the Italian White List, as defined in the section "*Taxation*", as amended from time to time, or
- (C) a foreign institutional investor established in a White List country,

provided that in the cases (B) and (C) the transferee deposits the Notes directly or indirectly with a qualifying depositary and delivers to it the self-certification under the Decree of December 12, 2001 as available on the official website of the Italian tax authority: <http://www.agenziaentrate.gov.it/wps/content/Nsilib/Nsi/Documentazione/Fiscalita+internazionale/White+list+e+Autocertificazione/Autocertificazione/>, or

- (D) an international entity or an organization established under international agreements ratified by Italy, or a Central Bank or an entity that manages the official reserves of a foreign State,

subject to, in each case, the enactment of applicable laws and regulations to the contrary, the operational procedures of the depositary and the relevant clearing system applicable from time to time and the covenant upon the transferee to update the above confirmation and documentation if any change in its status occurs;

- (b) it will only sell or otherwise transfer the Notes to a person who is a Qualified Holder and, for transferees located or resident in the United States or who are U.S. persons as defined in Regulation S, also a QIB/QP;
- (c) it acknowledges that we are not and will not be at any time in a position to monitor the identity and qualification of any purchaser of, or holder of, the Notes as well as the compliance with Italian laws and regulations applicable to the entities that may purchase or hold the Notes; and
- (d) it acknowledges and understands that the Notes have not been and will not be registered under the Securities Act and that we have not, and do not intend to, register under the Investment Company Act and, accordingly, that the Notes may not be offered, sold or otherwise transferred except in accordance with the legend set out below;
- (e) it acknowledges and understands that the Global Note and any Definitive Note Certificates issued in exchange for an interest in the Global Note will bear a legend to the following effect, unless we determine otherwise in accordance with applicable law:

"THE NOTES ARE FINANCIAL INSTRUMENTS ISSUED UNDER ARTICLE 185 OF LEGISLATIVE DECREE NO. 50/2016 AND ARE CHARACTERIZED BY A HIGH LEVEL OF RISK. ANY INVESTORS INTENDING TO INVEST IN THE NOTES SHOULD CONSULT THEIR LEGAL, TAX AND FINANCIAL ADVISERS TO ENSURE THEY FULLY UNDERSTAND, AND HAVE ADEQUATELY EVALUATED, THE RISKS RELATED TO AN INVESTMENT IN THE NOTES.

- (f) the purchaser acknowledges that the Registrar will not be required to accept for registration of transfer any Notes acquired by it, except upon presentation of evidence satisfactory to us and the Registrar of compliance with the restrictions set forth herein;
- (g) either (i) it is not a Plan or governmental plan, church plan or non-U.S. plan subject to any Similar Law, and is not acting on behalf of or investing the assets of any such plan or (ii) its purchase, holding and disposition of the Notes will not constitute or result in a non-exempt prohibited transaction under Section 406 of ERISA or Section 4975 of the U.S. Internal Revenue Code (or, in the case of a governmental plan, church plan or non-U.S. plan subject to any Similar Law, a non-exempt violation of such Similar Law);
- (h) if the purchaser is acting on behalf of one or more accounts, it has the power and authority to act on behalf of each such account and to make, and does so make, the foregoing representations on behalf of each such account; and

- (i) it understands that we, the Registrar, the Joint Bookrunners, our and their respective affiliates and others will rely upon the truth and accuracy of the foregoing acknowledgements, representations and agreements.

Deemed representations by purchasers of Senior Notes in the United States or who are U.S. Persons

The Senior Notes are being offered and sold in the United States only to investors who are QIB/QPs in reliance on Rule 144A and Section 3(c)(7) under the Investment Company Act. Because of the following restrictions, purchasers of Senior Notes offered in the United States are advised to consult legal counsel prior to making any offer, resale, pledge or transfer of such Notes.

Each purchaser of Senior Notes in the United States or who is a U.S. Person will be deemed to have represented and agreed as follows (terms used herein that are defined in Rule 144A are used herein as defined therein):

- (a) the purchaser (i) is a QIB/QP purchasing Senior Notes for its own account or for the account of another person that is a QIB/QP and not with a view to distribution of the Senior Notes in the United States, (ii) is not a broker-dealer that owns and invests on a discretionary basis less than U.S.\$25 million in securities of unaffiliated issuers, (iii) is not a participant-directed employee plan, such as a 401(k) plan, (iv) was not formed for the purpose of investing in us (unless each beneficial owner of its securities is a QP), (v) will, and each account for which it is purchasing will, hold and transfer at least the minimum denomination of Senior Notes, (vi) understands that we may receive a list of participants holding positions in our securities from one or more book-entry depositaries, and (viii) is aware, and each beneficial owner of the Notes has been notified, that the Joint Bookrunners are selling the Notes to it in reliance on Rule 144A;
- (b) it acknowledges and understands that the Senior Notes are being offered only in a transaction not involving any public offering in the United States within the meaning of the Securities Act, that we have not, and do not intend to, register under the Investment Company Act, and that the Senior Notes offered hereby have not been and will not be registered under the Securities Act and may not be offered, sold, or otherwise transferred except in accordance with the legend set out below;
- (c) it acknowledges and understands that the Restricted Senior Global Notes and any Restricted Definitive Note Certificates issued in exchange for an interest in the Restricted Senior Global Notes will bear a legend to the following effect, unless we determine otherwise in accordance with applicable law:

"THIS NOTE HAS NOT BEEN, AND WILL NOT BE, REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), OR ANY OTHER APPLICABLE SECURITIES LAWS OF ANY STATE OR OTHER JURISDICTION OF THE UNITED STATES. THE ISSUER HAS NOT REGISTERED, AND DOES NOT INTEND TO REGISTER, UNDER THE U.S. INVESTMENT COMPANY ACT OF 1940, AS AMENDED (THE "INVESTMENT COMPANY ACT"). NEITHER THIS NOTE NOR ANY INTEREST OR PARTICIPATION HEREIN MAY BE OFFERED, SOLD, OR OTHERWISE TRANSFERRED EXCEPT PURSUANT TO AN EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS UNDER THE SECURITIES ACT AND UNDER CIRCUMSTANCES THAT WILL NOT REQUIRE REGISTRATION OF THE ISSUER UNDER THE INVESTMENT COMPANY ACT.

THE HOLDER OF THIS NOTE OR ANY INTEREST THEREIN BY ITS ACCEPTANCE HEREOF OF THEREOF REPRESENTS THAT (A) IT (I) IS BOTH A "QUALIFIED INSTITUTIONAL BUYER" (AS DEFINED IN RULE 144A UNDER THE SECURITIES ACT) AND A "QUALIFIED PURCHASER" (AS DEFINED UNDER SECTION 2(A)(51) OF THE INVESTMENT COMPANY ACT, (II) IS NOT A BROKER-DEALER THAT OWNS AND INVESTS ON A DISCRETIONARY BASIS LESS THAN U.S.\$25 MILLION IN SECURITIES OF UNAFFILIATED ISSUERS, (III) IS NOT A PARTICIPANT-DIRECTED EMPLOYEE PLAN, SUCH AS A 401(K) PLAN, (IV) IS ACQUIRING THIS NOTE FOR ITS OWN ACCOUNT OR FOR ONE OR MORE ACCOUNTS, EACH OF

WHICH IS BOTH A QUALIFIED INSTITUTIONAL BUYER THAT IS A QUALIFIED PURCHASER, IN A PRINCIPAL AMOUNT OF NOT LESS THAN THE MINIMUM DENOMINATION FOR THE NOTES FOR THE PURCHASER AND FOR EACH SUCH ACCOUNT, (VI) WAS NOT FORMED FOR THE PURPOSE OF INVESTING IN THE ISSUER (UNLESS EACH BENEFICIAL OWNER OF ITS SECURITIES IS A QUALIFIED PURCHASER), (VII) UNDERSTANDS THAT THE ISSUER MAY RECEIVE A LIST OF PARTICIPANTS HOLDING POSITIONS IN ITS SECURITIES FROM ONE OR MORE BOOK-ENTRY DEPOSITARIES, AND (VIII) WILL PROVIDE NOTICE OF THESE TRANSFER RESTRICTIONS TO ANY SUBSEQUENT TRANSFEREE, OR (B) IT IS NOT A U.S. PERSON AND IS ACQUIRING THIS NOTE IN AN "OFFSHORE TRANSACTION" PURSUANT TO RULE 904 OF REGULATION S UNDER THE SECURITIES ACT.

THE HOLDER OF THIS NOTE OR ANY INTEREST THEREIN BY ITS ACCEPTANCE HEREOF OF THEREOF AGREES ON ITS OWN BEHALF AND ON BEHALF OF ANY INVESTOR ACCOUNT FOR WHICH IT HAS PURCHASED SECURITIES, TO OFFER, SELL OR OTHERWISE TRANSFER SUCH SECURITY ONLY (A) TO THE ISSUER, (B) FOR SO LONG AS THE SECURITIES ARE ELIGIBLE FOR RESALE PURSUANT TO RULE 144A UNDER THE SECURITIES ACT, TO A PERSON THAT IS BOTH A QUALIFIED PURCHASER AND A QUALIFIED INSTITUTIONAL BUYER AS DEFINED IN RULE 144A UNDER THE SECURITIES ACT THAT PURCHASES FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF A PERSON THAT IS BOTH A QUALIFIED PURCHASER AND A QUALIFIED INSTITUTIONAL BUYER TO WHOM NOTICE IS GIVEN THAT THE TRANSFER IS BEING MADE IN RELIANCE ON RULE 144A AND SECTION 3(C)(7) OF THE INVESTMENT COMPANY ACT AND THAT IS NOT PURCHASING WITH A VIEW TO DISTRIBUTION IN THE UNITED STATES, OR (C) PURSUANT TO OFFERS AND SALES TO NON-U.S. PERSONS THAT OCCUR OUTSIDE THE UNITED STATES WITHIN THE MEANING OF REGULATION S UNDER THE SECURITIES ACT.

BY ACCEPTING THIS NOTE (OR AN INTEREST IN THE NOTES REPRESENTED HEREBY), EACH BENEFICIAL OWNER HEREOF IS DEEMED TO REPRESENT AND WARRANT IT WILL NOT SELL OR OTHERWISE TRANSFER THIS NOTE OR ANY INTEREST HEREIN OTHERWISE THAN TO AN ACQUIRER OR TRANSFEREE THAT IS DEEMED TO REPRESENT AND AGREE WITH RESPECT TO ITS ACQUISITION, HOLDING AND DISPOSITION OF THIS NOTE TO THE SAME EFFECT AS THE ACQUIRER'S REPRESENTATION AND AGREEMENT SET FORTH IN THIS LEGEND.

NOTWITHSTANDING ANY INSTRUCTIONS TO THE CONTRARY TO THE ISSUER, THE NOTE TRUSTEE OR ANY INTERMEDIARY, THE ISSUER HAS THE RIGHT UNDER THE CONDITIONS AND THE NOTES TO COMPEL ANY BENEFICIAL OWNER THAT IS NOT A QUALIFIED INSTITUTIONAL BUYER AND A QUALIFIED PURCHASER AND THAT HAS NOT ACQUIRED ITS INTEREST IN ACCORDANCE WITH THE TERMS OF THE AGENCY AGREEMENT, THE CONDITIONS AND THE NOTES TO SELL ITS INTEREST IN THE NOTES, OR MAY SELL SUCH INTEREST ON BEHALF OF SUCH OWNERS. THE ISSUER HAS THE RIGHT TO REFUSE TO HONOR A TRANSFER OF AN INTEREST IN THE NOTES TO A PERSON WHO IS NOT A QUALIFIED INSTITUTIONAL BUYER AND A QUALIFIED PURCHASER AND IS NOT A NON-U.S. PERSON (WITHIN THE MEANING OF REGULATION S) PROPOSING TO ACQUIRE AN INTEREST IN THE NOTES IN RELIANCE ON REGULATION S.";

- (d) the purchaser understands that we have the right under the Conditions and the Senior Notes to compel any beneficial owner that is not a QIB/QP and that has not acquired its interest in accordance with the terms of the Paying Agency Agreement, the Conditions and the Senior Notes to sell its interest in the Senior Notes, or may sell such interest on behalf of such beneficial owner. The purchaser understands and agrees that any purported transfer of the Senior Notes to a purchaser that does not comply with the requirements set forth in this section will be null and void ab initio. We have the right to refuse to honor a transfer of an interest in the Senior Notes to a person who is not a QIB/QP and is not a non-U.S. Person proposing to acquire an interest in the Senior Notes in reliance on Regulation S;

- (e) the purchaser acknowledges that the Registrar will not be required to accept for registration of transfer any Senior Notes acquired by it, except upon presentation of evidence satisfactory to us and the Registrar of compliance with the restrictions set forth herein;
- (f) if the purchaser is acting on behalf of one or more accounts, it has the power and authority to act on behalf of each such account and to make, and does so make, the foregoing representations on behalf of each such account; and
- (g) it understands that we, the Registrar, the Joint Bookrunners, our and their respective affiliates and others will rely upon the truth and accuracy of the foregoing acknowledgements, representations and agreements.

Deemed representations by purchasers of Notes outside the United States who are not U.S. Persons

Each purchaser of Notes outside the United States pursuant to Regulation S, and each subsequent purchaser of such Notes in resales, will be deemed to have represented, agreed and acknowledged as follows:

- (a) it is not a U.S. Person nor acting for the account of benefit of a U.S. Person and it is located outside the United States (within the meaning of Regulation S);
- (b) it acknowledges and understands that the Unrestricted Senior Global Notes and any Unrestricted Senior Definitive Note Certificates issued in exchange for an interest in the Senior Unrestricted Global Notes will bear a legend to the following effect, unless we determine otherwise in accordance with applicable law:

"THIS NOTE HAS NOT BEEN, AND WILL NOT BE, REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), OR ANY OTHER APPLICABLE SECURITIES LAWS OF ANY STATE OR OTHER JURISDICTION OF THE UNITED STATES. THE ISSUER HAS NOT REGISTERED, AND DOES NOT INTEND TO REGISTER, UNDER THE U.S. INVESTMENT COMPANY ACT OF 1940, AS AMENDED (THE "INVESTMENT COMPANY ACT"). NEITHER THIS NOTE NOR ANY INTEREST OR PARTICIPATION HEREIN MAY BE OFFERED, SOLD OR OTHERWISE TRANSFERRED EXCEPT PURSUANT TO AN EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS UNDER THE SECURITIES ACT AND UNDER CIRCUMSTANCES THAT WILL NOT REQUIRE REGISTRATION OF THE ISSUER UNDER THE INVESTMENT COMPANY ACT.

THE HOLDER OF THIS NOTE OR ANY INTEREST THEREIN BY ITS ACCEPTANCE HEREOF OF THEREOF AGREES ON ITS OWN BEHALF AND ON BEHALF OF ANY INVESTOR ACCOUNT FOR WHICH IT HAS PURCHASED SECURITIES, TO OFFER, SELL OR OTHERWISE TRANSFER SUCH SECURITY ONLY (A) TO THE ISSUER, (B) FOR SO LONG AS THE SECURITIES ARE ELIGIBLE FOR RESALE PURSUANT TO RULE 144A UNDER THE SECURITIES ACT, TO A PERSON THAT IS BOTH A QUALIFIED PURCHASER AND A QUALIFIED INSTITUTIONAL BUYER AS DEFINED IN RULE 144A UNDER THE SECURITIES ACT THAT PURCHASES FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF A PERSON THAT IS BOTH A QUALIFIED PURCHASER AND A QUALIFIED INSTITUTIONAL BUYER TO WHOM NOTICE IS GIVEN THAT THE TRANSFER IS BEING MADE IN RELIANCE ON RULE 144A AND SECTION 3(C)(7) OF THE INVESTMENT COMPANY ACT AND THAT IS NOT PURCHASING WITH A VIEW TO DISTRIBUTION IN THE UNITED STATES, OR (C) PURSUANT TO OFFERS AND SALES TO NON-U.S. PERSONS THAT OCCUR OUTSIDE THE UNITED STATES WITHIN THE MEANING OF REGULATION S UNDER THE SECURITIES ACT. THE ISSUER HAS NOT BEEN AND WILL NOT BE REGISTERED UNDER THE INVESTMENT COMPANY ACT.";

- (c) it acknowledges and understands that the Unrestricted Junior Global Notes and any Unrestricted Junior Definitive Note Certificates issued in exchange for an interest in the Unrestricted Junior Global Notes will bear a legend to the following effect, unless we determine otherwise in accordance with applicable law:

"THIS NOTE HAS NOT BEEN, AND WILL NOT BE, REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT") OR ANY OTHER APPLICABLE SECURITIES LAWS OF ANY STATE OR OTHER JURISDICTION OF THE UNITED STATES. THE ISSUER HAS NOT REGISTERED, AND DOES NOT INTEND TO REGISTER, UNDER THE U.S. INVESTMENT COMPANY ACT OF 1940, AS AMENDED (THE "INVESTMENT COMPANY ACT"). NEITHER THIS NOTE NOR ANY INTEREST OR PARTICIPATION HEREIN MAY BE OFFERED, SOLD OR OTHERWISE TRANSFERRED EXCEPT PURSUANT TO AN EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS UNDER THE SECURITIES ACT AND UNDER CIRCUMSTANCES THAT WILL NOT REQUIRE REGISTRATION OF THE ISSUER UNDER THE INVESTMENT COMPANY ACT.

EACH PERSON WHO PURCHASES OR OTHERWISE ACQUIRES THE NOTES REPRESENTED BY THIS CERTIFICATE (OR A BENEFICIAL INTEREST HEREIN) IS ALSO DEEMED TO REPRESENT AND AGREE THAT IT IS NOT A U.S. PERSON AND ACKNOWLEDGES THAT AN INTEREST IN AN UNRESTRICTED GLOBAL NOTE MAY NOT BE HELD BY A U.S. PERSON AT ANY TIME.";

- (d) the purchaser acknowledges that the Registrar will not be required to accept for registration of transfer any Notes acquired by it, except upon presentation of evidence satisfactory to us and the Registrar of compliance with the restrictions set forth herein;
- (e) if the purchaser is acting on behalf of one or more accounts, it has the power and authority to act on behalf of each such account and to make, and does so make, the foregoing representations on behalf of each such account; and
- (f) it understands that we, the Registrar, the Joint Bookrunners, our and their respective affiliates and others will rely upon the truth and accuracy of the foregoing acknowledgements, representations and agreements.

Operational Procedures applicable to the Junior Notes - Transfers

The following is a summary of the operational procedures set up by Monte Titoli in order to effect transfer of interest in the Junior Notes. Such procedures may be amended from time to time and each investor is directed to consult its custodian and its legal and other advisers in order to comply with such procedures.

In order to comply with the transfer restrictions and other requirements set out in "–Transfer Restrictions" above, Monte Titoli will block beneficial interests in the Junior Notes booked into Monte Titoli participants' accounts by blocking the relevant ISIN code.

Any transferee of Junior Notes shall provide its depositary/custodian with all information which is required by its custodian in order to effect the transfer.

Upon such provision, subject to, in any case, the custodian's internal procedures, the custodian will provide Monte Titoli (via MT web tool MT-X) a request to transfer the Junior Notes.

At the same time, the transferor's custodian will send to Monte Titoli (via MT web tool MT-X) a request to unblock the amount of Junior Notes which is transferred and to transfer the Junior Notes to the transferee's custodian.

In order to complete the procedures, the instructions sent to Monte Titoli shall include ISIN code, quantity/nominal amount/beneficiary account detail.

At the same time, the transferor's custodian shall input a settlement instruction (via X-TRM or T2s) which will be matched by the transferee's custodian. Such settlement instructions input and matched (T2S status "unsettled") will be settled only after Monte Titoli has unblocked the necessary quantity on the transferor's custodian account to be delivered on the transferee's custodian account.

Any request to unblock holdings in the Junior Notes received by Monte Titoli by 13:00 CET will be processed on the same settlement date. Following that cut off, the request to unblock will be processed on a best efforts basis.

TAXATION

Taxation in Italy

The statements herein regarding taxation are based on the laws and the interpretation thereof in force in Italy as of the date of this Prospectus and are subject to any changes in law or the interpretation thereof occurring after such date, which could be made on a retroactive basis. 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 Notes 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.

Prospective purchasers of the Notes are advised to consult their own tax advisers concerning the overall tax consequences of their ownership of the Notes.

Tax treatment of the Notes

Under Article 1 of Legislative Decree No. 83 of 22 June 2012, as amended, interest from notes falling within the category of project bonds issued by Italian resident companies referred to by article 185 of the New Italian Public Contracts Code and subject to the Conditions set forth by article 185 (previously article 157 of the Public Contracts Code) is subject to the same tax regime provided for bonds issued by the Italian Republic (*titoli del debito pubblico*).

Accordingly, as clarified by the Italian tax authorities (Agenzia delle Entrate) with Circular No. 4/E of 6 March 2013 and No. 19/E of 27 June 2014, such notes fall within the scope of Decree No. 239/1996, as subsequently amended, which therefore provides for the applicable regime with respect to the tax treatment of interest ("**Interest**") from notes falling within the category of bonds (*obbligazioni*) issued by Italian resident companies referred to by article 185 of the New Italian Public Contracts Code and falling within the scope of article 185. For this purpose, bonds are securities that incorporate an unconditional obligation to pay, at redemption, an amount not lower than their nominal value and which do not grant the holder any direct or indirect right of participation in (or of control of) our management. However, as clarified by the Italian tax authorities, the application of the tax regime provided for bonds issued by the Italian Republic (*titoli del debito pubblico*) is only limited to Interest from the said notes and is not extended to other capital income (redditi di capitale) deriving from the notes, such as income deriving from repurchase agreements (*riporti or pronti contro termine*) or to capital gains deriving from the sale or redemption of the notes.

The Notes are subject to certain provisions of the Italian legislation, in particular the Italian Public Contracts Code and, with reference to tax provisions, to Legislative Decree No. 83/2012. Pursuant to these provisions, the Notes may only be subscribed for, held by and circulate among Qualified Holders. Article 185 of the New Italian Public Contracts Code provides that only Qualified Investors (*investitori qualificati*) and entities controlled by such Qualified Investors pursuant to Article 2359 of the Italian Civil Code may subscribe for, purchase or hold the Notes. As a consequence, the following information on the Italian tax regime applicable to the Notes describes only the Italian tax regime applicable to Qualified Holders.

Italian resident holders

If an Italian resident holder is (i) an individual not engaged in an entrepreneurial activity to which the Notes are connected (unless the holder has opted for the application of the *risparmio gestito regime*, see "*Capital gains tax*" below), (ii) a non-commercial partnership, (iii) a non-commercial private or public institution or (iv) an investor exempt from Italian corporate income taxation, Interest accrued during the relevant holding period is subject to a substitute tax ("**imposta sostitutiva**") levied at the rate of 12.5%. If a Noteholder is an individual or a non-commercial private or public institution that, in either case, is engaged in an entrepreneurial activity to which the Notes are connected, the *imposta sostitutiva* applies as a provisional tax, Interest is fully subject to taxation in the hands of the recipient and the taxpayers are entitled to deduct the *imposta sostitutiva* from their income taxes.

Where an Italian resident holder of the Notes is a company or similar commercial entity or a permanent establishment in Italy of a foreign company to which the Notes are effectively connected and the Notes are deposited with an authorized intermediary, Interest from the Notes will not be subject to *imposta*

sostitutiva, but must be included in the relevant holder's income tax return and are therefore subject to general Italian Corporate taxation ("**IRES**", levied at the rate of 24%). In certain circumstances, depending on the "status" of the holder, Interest are also subject to IRAP, the regional tax on productive activities, generally levied at the rate of 3.9%, even though regional surcharges may apply.

Under the current regime provided by Legislative Decree No. 351 of 25 September 2001, converted into law with amendments by Law No. 410/2001, as clarified by the Italian tax authorities (*Agenzia delle Entrate*) through Circular No. 47/E of 8 August 2003 and Circular No. 11/E of 28 March 2012, payments of Interest in respect of the Notes made to Italian-resident real estate investment funds established pursuant to Article 37 of Legislative Decree No. 58 of 24 February 1998, as amended and supplemented, and Article 14-bis of Law No. 86 of 25 January 1994, are subject neither to substitute tax nor to any other income tax in the hands of a real estate investment fund. The same tax regime applies to payments of interest made to an Italian-resident SICAF mainly investing in real estate assets and governed by Legislative Decree No. 44 of 4 March 2014.

If the investor is resident in Italy and is a fund or a SICAV (an Italian investment company with variable capital) established in Italy and either the fund or SICAV or their manager is subject to the supervision of a regulatory authority (a "Fund") and the relevant Notes are held by an authorized intermediary, Interest accrued during the holding period on the Notes will not be subject to *imposta sostitutiva*, but must be included in the Fund's management results. The Fund will not be subject to taxation on such result; however in certain circumstances a withholding tax of 26% (the "**Collective Investment Fund Tax**") will apply to distributions made in favor of unitholders or shareholders, although a reduction of the tax base for calculation of the Collective Investment Fund Tax is envisaged in relation to the portion of the Fund invested in public bonds and similar bonds, such as the Notes. The same tax regime applies to payments of Interest made to an Italian-resident SICAF not mainly investing in real estate assets and governed by Legislative Decree No. 44 of 4 March 2014.

Where an Italian resident holder of a Note is a pension fund (that is subject to the regime provided for by Article 17 of the Legislative Decree No. 252 of 5 December 2005, as subsequently amended) and the Notes are deposited with an authorized intermediary, Interest relating to the Notes and accrued during the holding period will not be subject to the *imposta sostitutiva*, but 62.5% of the amount of such Interest must be included in the result of the relevant portfolio accrued at the end of the tax period (as clarified by the Italian tax authorities with Circular No. 2/E of 13 February 2015), and is subject to a 20% substitute tax, as increased by Law No. 190 of 23 December 2014.

Pursuant to Decree No. 239/1996, the *imposta sostitutiva* is applied by banks, so-called SIMs (*Società di Intermediazione Mobiliare*), fiduciary companies, so-called SGRs (*Società di Gestione del Risparmio*), stockbrokers and other entities identified by a decree of the Ministry of Economics and Finance (each an "**Intermediary**").

In order to be entitled to apply the *imposta sostitutiva*, an Intermediary must:

- be a resident of Italy; or
- be resident outside Italy, with a permanent establishment in Italy; or
- be an entity or a company not resident in Italy, acting through a system of centralized administration of securities and directly connected with the Department of Revenue of the Italian Ministry of Finance having appointed an Italian representative for the purposes of Decree No. 239/1996; and
- intervene, in any way, in the collection of interest or in the transfer of the Notes.

For the purpose of the application of the *imposta sostitutiva*, a transfer of the Notes includes any assignment or other act, either with or without consideration, which results in a change of the ownership of the relevant Notes or in a change of the Intermediary with which the Notes are deposited.

Where the Notes are not deposited with an Intermediary, the *imposta sostitutiva* is applied and withheld by any entity paying interest to a holder of a Note. If Interest on the Notes is not collected through an Intermediary or any entity paying Interest, the *imposta sostitutiva* is levied by the entity that issued the Notes.

Non-Italian resident holders

Based on an interpretation of Article 1 of Legislative Decree No. 83 of 22 June 2012 and Decree No. 239/1996 and in the absence of a specific guideline by the Italian tax authorities, no Italian *imposta sostitutiva* should be levied or applied in connection with any payment of principal or Interest in respect of the Notes to non-Italian resident Noteholders, provided that such beneficial owners are resident for tax purposes in a country listed in the Italian Ministerial Decree dated 4 September 1996, as amended from time to time, and have timely met or complied with all requirements and procedures set forth in Decree No. 239/1996 and the relevant implementation rules, as subsequently amended, in order to benefit from the exemption from the *imposta sostitutiva*.

Decree No. 239/1996 also provides for additional exemptions from the *imposta sostitutiva* for payments of Interest in respect of the Notes made to (i) international entities and organizations established in accordance with international agreements ratified in Italy; (ii) certain foreign institutional investors established in countries which allow for an adequate exchange of information with Italy; and (iii) Central Banks or entities which manage, among other things, the official reserves of a foreign state.

In order to ensure that payment of Interest is not subject to the *imposta sostitutiva*, non-Italian-resident Noteholders without a permanent establishment in Italy to which the Notes are effectively connected must be the beneficial owners of the payments of Interest and must:

- (a) deposit in due time, directly or indirectly, the Notes with an Italian-resident bank or SIM, a permanent Italian establishment of a non-Italian resident bank or SIM, or with a non-Italian-resident entity or company participating in a centralized securities management system which is in contact via computer with the Italian Ministry of Economy and Finance; and
- (b) file with the relevant depository, before or concurrently with the deposit of the Notes, a statement certifying, among other things, that the Noteholder is resident, for tax purposes, in one of the listed states. The self-certification is not required for non-Italian resident investors that are international entities and organizations established in accordance with international agreements ratified in Italy and Central Banks or entities which manage, among other things, the official reserves of a foreign state.

Failure of a non-resident Noteholders to comply in due time with the procedures set forth in Decree No. 239/1996 and in the relevant implementation rules will result in the application of the *imposta sostitutiva* on Interest payments. Non-resident holders of the Notes who are subject to substitute tax may, nonetheless, be eligible for total or partial relief under an applicable tax treaty between Italy and their country of residence.

However, there can be no assurance that the Italian tax authorities or the Italian courts will not support an alternative interpretation of Italian fiscal law, under which payments of Interest on the Notes held by certain non-Italian-resident Noteholders may be subject to the *imposta sostitutiva*. An ICSD that is acting as withholding tax agent cannot be held responsible if the Italian tax authorities apply a different interpretation of Italian fiscal law.

Capital gains tax

Any gain obtained from the sale or redemption of the Notes would be treated as part of the taxable income (and, in certain circumstances, depending on the "status" of the holder, also as part of the net value of production for IRAP purposes) if realized by: (i) an Italian company or a similar commercial entity (including the Italian permanent establishment of foreign entities to which the Notes are connected); (ii) an Italian resident commercial partnership; (iii) the Italian permanent establishment of foreign entities to which the Securities are effectively connected; or (iv) Italian resident individuals engaged in an entrepreneurial activity to which the Notes are connected.

Where an Italian resident holder of the Notes is an individual not holding the Notes in connection with an entrepreneurial activity and certain other persons, any capital gain realized by such holder of the Notes from the sale or redemption of the Notes would be subject to an *imposta sostitutiva*, levied at the current rate of 26%. Under certain conditions and limitations, holders of the Notes may set off these capital gains against capital losses.

In respect of the application of the *imposta sostitutiva*, taxpayers may opt for one of the three regimes described below.

Tax declaration regime

Under the "tax declaration" regime (*regime della dichiarazione*), which is the ordinary regime for taxation of capital gains realized by Italian-resident individuals not engaged in entrepreneurial activity to which the Notes 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, realized by the Italian-resident individual pursuant to all sales or redemptions of the Notes carried out during any given tax year. Such Italian-resident individuals must indicate the overall capital gains realized in any tax year, net of any relevant incurred capital loss, in the annual tax return and pay the *imposta sostitutiva* on such gains together with any balance of income tax due for such year. Capital losses in excess of capital gains may be carried forward against capital gains realized in any of the four succeeding tax years. Pursuant to Legislative Decree No. 66 of 24 April 2014, capital losses may be carried forward to be offset against capital gains of the same nature realized after 30 June 2014, for an overall amount of: (i) 48.08% of the relevant capital losses realized before 1 January 2012; and (ii) 76.92% of the capital losses realized from 1 January 2012 to 30 June 2014.

Risparmio amministrato regime

As an alternative to the tax declaration regime, Italian-resident individuals not holding the Notes in connection with an entrepreneurial activity may elect to pay the *imposta sostitutiva* separately on capital gains realized on each sale or redemption of the Notes (the *risparmio amministrato* regime provided for by Article 6 of the Legislative Decree 21 November 1997, No. 461 as subsequently amended, the "**Decree No. 461**"). Such separate taxation of capital gains is allowed subject to (i) the Notes being deposited with Italian banks, SIMs or certain authorized financial intermediaries; and (ii) a valid express election for the *risparmio amministrato* regime being punctually made in writing by the relevant holder of the Notes. The depository is responsible for accounting for *imposta sostitutiva* in respect of capital gains realized on each sale or redemption of the Notes (as well as in respect of capital gains realized 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 holder of the Notes or using funds provided by the holder of the Notes for this purpose. Under the *risparmio amministrato* regime, where a sale or redemption of the Notes results in a capital loss, such loss may be deducted from capital gains subsequently realized, 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 holder of the Notes is not required to declare the capital gains in its annual tax return. Pursuant to Legislative Decree No. 66 of 24 April 2014, capital losses may be carried forward to be offset against capital gains of the same nature realized after 30 June 2014, for an overall amount of: (i) 48.08% of the relevant capital losses realized before 1 January 2012; and (ii) 76.92% of the capital losses realized from 1 January 2012 to 30 June 2014.

Risparmio gestito regime

Any capital gains realized by Italian-resident individuals holding not the Notes in connection with an entrepreneurial activity who have entrusted the management of their financial assets, including the Notes, to an authorized 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 realized, at year-end, subject to a 26% substitute tax, to be paid by the managing authorized intermediary. Under the *risparmio gestito* regime, any depreciation of the managed assets accrued at year-end may be carried forward against any increase in value of the managed assets accrued in any of the four succeeding tax years. Under the *risparmio gestito* regime, the holder of the Notes is not required to declare the capital gains realized in its annual tax return. Pursuant to Legislative Decree No. 66 of 24 April 2014, depreciations may be carried forward to be offset against increases in value of the same nature realized after 30 June 2014, for an overall amount of: (i) 48.08% of the relevant depreciations realized before 1 January 2012; and (ii) 76.92% of the depreciations realized from 1 January 2012 to 30 June 2014.

Capital gains realized by a Fund will not be subject to *imposta sostitutiva*, but will be included in the result of the relevant portfolio. This result will not be taxed at the level of the Fund, but subsequent

distributions in favor of unitholders or shareholders may be subject to the Collective Investment Fund Tax. The same tax regime applies to capital gains realized by an Investor which is an Italian resident SICAF not mainly investing in real estate assets and governed by Legislative Decree No. 44 of 4 March 2014.

Capital gains realized by an Italian pension fund will be included in the result of the relevant portfolio accrued at the end of the tax period, and is subject to the 20% substitute tax, under the tax regime provided for by Article 17 of the Legislative Decree No. 252 of 5 December 2005, as amended by Law No. 190 of 23 December 2014.

Capital gains realized by an Italian real estate fund to which the provisions of Legislative Decree No. 351 of 25 September 2001, as amended, apply, will be subject neither to the *imposta sostitutiva* nor to any other income tax at the level of the real estate investment fund. The same tax regime applies to capital gains realized by an Italian resident SICAF mainly investing in real estate assets and governed by Legislative Decree No. 44 of 4 March 2014.

Capital gains from the sale or redemption of notes traded on regulated markets that are realized by non-Italian resident Noteholders without a permanent establishment in Italy to which the Notes are connected are subject neither to the *imposta sostitutiva* nor to any other Italian income tax.

Inheritance and gift taxes

Pursuant to Law No. 286/2006, as subsequently amended, the transfers of any valuable asset (including shares, bonds or other securities) as a result of death or donation are taxed as follows:

- transfers in favor of spouses and direct descendants or direct ancestors are subject to an inheritance and gift tax applied at a rate of 4% on the value of the inheritance or the gift exceeding, for each beneficiary, €1 million;
- transfers in favor of brothers/sisters are subject to the 6% inheritance and gift tax on the value of the inheritance or the gift exceeding, for each beneficiary, €100 thousand;
- transfers in favor 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% on the entire value of the inheritance or the gift; and
- any other transfer is, in principle, subject to an inheritance and gift tax applied at a rate of 8% on the entire value of the inheritance or the gift.

If the transfer is made in favor of persons with severe disabilities, the tax is levied at the rate mentioned above on the value exceeding, for each beneficiary, €1.5 million.

Moreover, an anti-avoidance rule is provided in the case of a gift of assets, such as the Notes, whose sale for consideration would give rise to capital gains to be subject to the *imposta sostitutiva* provided for by Decree No. 461, as subsequently amended. In particular, if the donee sells the Securities for consideration within five years from their receipt as a gift, the latter is required to pay the relevant *imposta sostitutiva* as if the gift had never taken place.

Transfer tax

Following the repeal of the Italian transfer tax, contracts relating to the transfer of securities are subject to the registration tax as follows: (i) public deeds and notarized deeds are subject to a fixed registration tax at a rate of €200; (ii) private deeds are subject to registration tax only in case of use, reference (*enunciazione*) in a subsequent registered deed or voluntary registration.

Stamp duty

Pursuant to Article 19(1) of Decree No. 201 of 6 December 2011 ("**Decree 201**"), a proportional stamp duty applies on an annual basis to any periodic reporting communications which may be sent by a financial intermediary to a Noteholder in respect of any Notes which may be deposited with such financial intermediary in Italy. As of 1 January 2014, the stamp duty applies at a rate of 0.2% and, for taxpayers different from individuals, cannot exceed €14 thousand. 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 Notes 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 20 June 2012) of an entity that exercises in any form a banking, financial or insurance activity within the Italian territory.

Wealth tax on Notes deposited abroad

Pursuant to the Decree 2011, No. 201, Italian resident individuals holding Notes outside the Italian territory are required to pay wealth tax ("**IVAFE**") at a rate of 0.2%.

This tax is calculated on the market value of the Notes 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 IVAFE due).

EU Savings Tax Directive and implementation of the automatic exchange of information in Italy

On 10 November 2015, the Council of the European Union approved the Council Directive 2015/2060/EU (published in the Official Journal of the EU on 18 November 2015) which has repealed the Council Directive 2003/48/EU (the "**EU Savings Tax Directive**") from 1 January 2016 in the case of all Member States other than Austria and from 1 January 2017 in the case of Austria. This was intended to prevent overlap between the EU Savings Tax Directive and the 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). The new regime under Council Directive 2011/16/EU (as amended) is in accordance with the Common Reporting Standard (CRS) released by the Organisation for Economic Cooperation and Development in July 2014. Council Directive 2011/16/EU (as amended) is generally broader in scope than the EU Saving Tax Directive, although it does not impose withholding taxes. Council Directive 2015/2060/EU has been implemented in the Italian legislation by Art. 28 of Law 7 July 2016, n. 122 with effect from 1 January 2016. With Law No. 114 of 9 July 2015, the Italian Parliament delegated the Government to implement Council Directive 2014/107/EU into domestic legislation (Council Directive 2011/16/EU has already been implemented in Italy through Legislative Decree No. 29 of 9 March 2014). The Minister of Economy and Finance issued the Decree of 28 December 2015 to implement Directive 2014/107/EU.

Italian financial transactions tax

Pursuant to Law No. 228 of 24 December 2012, Italian financial transaction tax ("**FTT**") applies to (a) transfer of ownership of shares and other participating securities issued by Italian resident companies or of financial instruments representing the said shares and/or participating securities (irrespective of whether issued by Italian resident issuers or not) (the Relevant Securities), (b) transactions on financial derivatives (i) the main underlying assets of which are the Relevant Securities, or (ii) whose value depends mainly on one or more Relevant Securities, as well as to (c) any transaction on certain securities (i) which allow to mainly purchase or sell one or more Relevant Securities or (ii) implying a cash payment determined with main reference to one or more Relevant Securities.

Securities could be included in the scope of application of the FTT if they meet the requirements set out above. On the other hand, securities falling within the category of bonds (*obbligazioni*), such as the Notes, are not included in the scope of the FTT.

The proposed European financial transactions tax

On 14 February 2013, the European Commission published the FTT Proposal for a common FTT in the Participating Member States, which at the time included Belgium, Germany, Estonia, Greece, Spain, France, Italy, Austria, Portugal, Slovenia and Slovakia. However, Estonia has since stated that it will not participate.

The FTT Proposal has a very broad scope and could, if introduced, apply to certain dealings in Notes (including secondary market transactions) in certain circumstances.

Under the FTT Proposal, the FTT could apply in certain circumstances to persons both within and outside of Participating Member States. Generally, it would apply to certain dealings in the Notes 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 by transacting with a person established in a Participating Member State or where the financial instrument which is subject to the dealings is issued in a Participating Member State.

The FTT Proposal remains subject to negotiation among the Participating Member States. It may therefore be altered prior to implementation. Additional Member States may also decide to participate.

Prospective holders of the Notes are strongly advised to seek their own professional advice in relation to the proposed FTT.

Italian tax monitoring obligations

Italian resident individuals (and certain other entities) are required to report in their yearly income tax return, according to Legislative Decree No. 167 of 28 June 1990, converted into law by Law No. 227/1990, for tax monitoring purposes, the amount of securities, including notes, held abroad (or beneficially owned abroad under Italian anti money laundering provisions). This also applies in the case that at the end of the tax year, securities are no longer held by the above Italian resident individuals and entities.

However, the above reporting obligation is not required with respect to securities deposited for management with qualified Italian financial intermediaries and with respect to contracts entered into through their intervention, provided that the same intermediaries apply a withholding tax or *imposta sostitutiva* on any income derived from the securities.

U.S. taxation

The following discussion is a summary of the principal U.S. federal income tax consequences of the purchase, ownership and disposition of the Senior Notes by a U.S. Holder (as defined below) or a non-U.S. Holder (as defined below), but does not purport to be a complete analysis of all potential tax effects. This summary is based upon the U.S. Internal Revenue Code (the "**Code**"), existing, temporary and proposed U.S. Treasury Regulations issued thereunder, and judicial and administrative interpretations thereof, each as available and in effect on the date hereof, and all of which are subject to change, possibly with retroactive effect or differing interpretations which could affect the tax consequences described herein. In particular, various provisions under recently proposed legislation to amend the Code, entitled "Tax Cuts and Jobs Act", could impact the discussions herein as applicable to a U.S. Holder in light of its own circumstances if the legislation is adopted in its current form. It is not possible to determine whether the legislation will be adopted, and if so, the final form of the legislation. The Issuer makes no representations as to the effect of the proposed legislation on the Senior Notes. Further, this discussion does not address all of the U.S. federal income tax consequences that may be relevant to a holder in light of such holder's particular circumstances or to holders that may be subject to special rules, such as certain financial institutions, certain former citizens or long-term residents of the United States, insurance companies, dealers or traders in securities or currencies, holders whose functional currency is not the U.S. Dollar, tax-exempt organizations, regulated investment companies, real estate investment trusts, grantor trusts, holders that will hold Senior Notes through partnerships or other pass through entities and persons holding the Senior Notes as part of a "straddle", "hedge", "conversion transaction" or other integrated transaction for U.S. federal income tax purposes. Moreover, this summary does not address the U.S. federal estate and gift tax, the 3.8% tax on net investment income or alternative minimum tax consequences of the acquisition, ownership, disposition or retirement of the Senior Notes. In addition, this discussion is limited to persons who purchase the Senior Notes for cash at original issue and at their "issue price" (the first price at which a substantial part of the Senior Notes are sold to the public for cash, excluding sales to bond houses, brokers or similar persons or organizations acting in the capacity of underwriters, placement agents or wholesalers) and who hold the Senior Notes as capital assets.

For purposes of this discussion, a "**U.S. Holder**" is a beneficial owner of a Senior Note that is: (i) an individual citizen or resident of the United States; (ii) a corporation or other entity taxable as a corporation for U.S. federal income tax purposes created or organized in or under the laws of the United States or any state or any political subdivision thereof; (iii) an estate the income of which is subject to U.S. federal income taxation regardless of its source; or (iv) a trust if a court within the United States is able to exercise primary supervision over the administration of the trust and one or more United States persons have the authority to control all substantial decisions of the trust, or if a valid election is in place under applicable U.S. Treasury Regulations to treat the trust as a U.S. person.

A "**non-U.S. Holder**" is a beneficial owner of the Senior Notes that is neither a U.S. Holder nor a partnership (or other entity that is treated as a partnership for U.S. federal income tax purposes).

If a partnership (or any other entity treated as a partnership for U.S. federal income tax purposes) holds the Senior Notes, the tax treatment of the partnership and a partner in such partnership will generally depend upon the status of the partner and the activities of the partnership. Such partner or partnership should consult its own tax adviser as to its consequences.

Characterization of the Senior Notes

The characterization of the Senior Notes for U.S. federal income tax purposes is not clear. It is possible that the Senior Notes will be treated as a single obligation that bears interest at the applicable stated rate of interest (i.e., Phase 1 Senior Note Rate of Interest, Phase 2 Senior Note Rate of Interest and Phase 3 Senior Note Rate of Interest) for each accrual period. However, because the interest rate on the Senior Notes changes as funds are drawn from the Escrow account, alternative characterizations are possible. In light of this feature, it is possible that interest on funds in the Escrow portion in respect of the Senior Notes may not be respected as debt that has been incurred for U.S. federal income tax purposes because such amounts are not available to us until certain conditions have been satisfied. In addition, each amount of principal released into the Non-escrow Portion may be treated, for U.S. federal income tax purposes, as a separate obligation to the extent of the drawing. Under this characterization, U.S. Holders may be treated as holding equity in a "passive foreign investment company" ("PFIC") for U.S. federal income tax purposes. Holders of equity in a PFIC are subject to material adverse tax consequences including subjecting gain from a sale, exchange or other taxable disposition of such equity interest to tax at ordinary income tax rates as well as an interest charge. It is also possible that the Senior Notes may be treated as contingent payment debt instruments ("**CPDIs**") for U.S. federal income tax purposes, as further discussed under "*Tax Treatment to U.S. Holders Assuming the Senior Notes are CPDIs*" below. Other characterizations of the Senior Notes are possible and any alternative characterization may result in material adverse tax consequences to U.S. Holders, including the treatment of all or a portion of gain upon a disposition or redemption of a Senior Note as ordinary income and requiring holders to accrue income as ordinary income prior to the cash payment related to such accrual amounts.

Prospective investors should note that no tax opinion is being delivered with respect to the proper classification of the Senior Notes for U.S. federal income tax purposes and no representation is made as to the proper or most likely classification of the Senior Notes for U.S. federal income tax purposes. Prospective investors in the Senior Notes should consult with their own tax advisers regarding potential classification of the Senior Notes.

Tax Treatment to U.S. Holders Assuming the Senior Note Rates of Interest are Qualified Stated Interest

This discussion assumes that each of the Phase 1 Senior Note Rate of Interest, Phase 2 Senior Note Rate of Interest and Phase 3 Senior Note Rate of Interest is treated as a "qualified stated interest." Subject to the discussion of original issue discount ("**OID**") below, U.S. Holders of the Senior Notes generally will include payments of stated interest that is treated as "qualified stated interest" in income in accordance with their normal method of tax accounting as ordinary interest income from sources outside the United States. "Qualified stated interest" is generally stated interest that is "unconditionally payable" at least annually at a single fixed rate or certain floating rates.

A U.S. Holder of Senior Notes issued with OID must include the OID in income on a constant yield-to-maturity basis regardless of the timing of the receipt of the cash attributable to such income. Thus, U.S. Holders of Senior Notes issued with OID may recognize taxable income prior to receiving any cash

associated with such taxable income. A Senior Note will have been issued with OID if its stated redemption price exceeds its issue price by an amount as great as 0.25% of its stated redemption price multiplied by its weighted average maturity (and in such case the amount of OID will be equal to its stated redemption price less its issue price). Unless the Senior Notes are treated as CPDIs, they are not expected to be treated as issued with OID. Holders would be entitled to claim a loss upon maturity or other disposition of a Senior Note with respect to OID accrued and included in gross income for which cash is not received. Such a loss generally would be a capital loss.

A U.S. Holder that uses the cash method of accounting for U.S. federal income tax purposes and receives a payment of interest on a Senior Note (other than OID) denominated in Euro will be required to include in gross income the U.S. Dollar value of the payment in Euro on the date such payment is received (based on the U.S. Dollar spot rate for the Euro on the date such payment is received) regardless of whether the payment is in fact converted to U.S. Dollars at that time. No exchange gain or loss will be recognized with respect to the receipt of such payment.

A U.S. Holder that uses the accrual method of accounting for U.S. federal income tax purposes, or that otherwise is required to accrue interest prior to receipt, will be required to include in gross income the U.S. Dollar value of the amount of interest income that has accrued and is otherwise required to be taken into account with respect to a Senior Note during an accrual period. The U.S. Dollar value of the accrued interest income will be determined by translating the interest income at the average U.S. Dollar exchange rate for Euro in effect during the accrual period or, with respect to an accrual period that spans two taxable years, the partial period within the taxable year. A U.S. Holder may elect, however, to translate such accrued interest income using the U.S. Dollar spot rate for the Euro on the last day of the accrual period or, with respect to an accrual period that spans two taxable years, on the last day of the taxable year. If the last day of an accrual period is within five Business Days of the date of receipt of the accrued interest, a U.S. Holder may translate such interest using the U.S. Dollar spot rate on the date of receipt. The above election must be applied consistently to all debt instruments from year to year and may not be changed without the consent of the IRS. Prior to making such an election, a U.S. Holder should consult its own tax adviser.

A U.S. Holder that uses the accrual method of accounting for U.S. federal income tax purposes, or that otherwise is required to accrue interest prior to receipt, may recognize exchange gain or loss with respect to accrued interest income on the date the payment is received. A U.S. Holder will recognize exchange gain or loss when accrued interest income is paid (including, upon the disposition of a Senior Note, the receipt of proceeds that include amounts attributable to accrued but unpaid interest previously included in income) to the extent of the difference, if any, between the U.S. Dollar value of the Euro payment received, determined based on the spot rate on the date such payment is received, and the U.S. Dollar value of the accrued interest payment, as determined in the manner described above. Exchange gain or loss generally will constitute ordinary income or loss and be treated, for foreign tax credit purposes, as U.S. source income or loss, and generally not as an adjustment to interest income or expense.

Interest income on a Senior Note generally will be treated as foreign source income for U.S. federal income tax purposes and generally will be considered "passive income" or, in the case of certain U.S. Holders, "general category income".

Sale, exchange or retirement of Senior Notes

Upon the sale, exchange or retirement of a Senior Note a U.S. Holder will recognize taxable gain or loss equal to the difference, if any, between the amount realized on the sale, exchange or retirement, other than accrued but unpaid interest which will be taxable as such, and the U.S. Holder's adjusted tax basis in the Senior Note.

A U.S. Holder's amount realized generally will be the U.S. Dollar value of the payment received determined on the date of sale, exchange or retirement. In the case of a Senior Note which is traded on an established securities market, a cash basis taxpayer (or, if it elects, an accrual basis taxpayer) will determine the U.S. Dollar value of the amount realized by translating the amount paid at the spot rate of exchange on the settlement date of sale.

A U.S. Holder's adjusted tax basis in a Senior Note generally will be the cost of such Senior Note to the U.S. Holder, increased by the amount of any OID accrued and reduced by any payments other than

payments of qualified stated interest on such Senior Note. The cost of a Senior Note to a U.S. Holder will be the U.S. Dollar value of the Euro purchase price determined on the date of purchase. In the case of a Senior Note which is traded on an established securities market, a cash basis taxpayer (or, if it elects, an accrual basis taxpayer) will determine the U.S. Dollar value of the cost of such Senior Note by translating the amount paid at the spot rate of exchange on the settlement date of the purchase. The conversion of U.S. Dollars to a foreign currency and the immediate use of that currency to purchase a Senior Note generally will not result in taxable gain or loss for a U.S. Holder. Except as set forth below with respect to foreign currency gain or loss, any gain or loss recognized on the sale, exchange or retirement of a Senior Note (other than amounts attributable to accrued but unpaid interest) will be capital gain or loss. If you are a non-corporate U.S. Holder, the maximum marginal U.S. federal income tax rate applicable to such capital gain will be lower than the maximum marginal U.S. federal income tax rate applicable to ordinary income (other than certain dividends) if your holding period for the Senior Notes exceeds one year (i.e., such gain is a long-term capital gain). Any gain or loss realized on the sale, exchange or retirement of a Senior Note generally will be treated as U.S. source gain or loss, as the case may be. The deductibility of capital losses is subject to limitations.

Gain or loss realized upon the sale, exchange, or retirement of a Senior Note that is attributable to fluctuations in currency exchange rates generally will be U.S. source ordinary income or loss and generally will not be treated as interest income or expense. Gain or loss attributable to fluctuations in currency exchange rates generally will equal the difference, if any, between the U.S. Dollar value of the U.S. Holder's purchase price for the Senior Note, determined at the spot rate of exchange on the date the U.S. Holder disposes of the Senior Note and the U.S. Dollar value of such purchase price, determined at the spot rate of exchange on the date the U.S. Holder purchased such Senior Note. In addition, upon the sale, exchange, or retirement of a Senior Note, a U.S. Holder may realize exchange gain or loss attributable to amounts received with respect to accrued and unpaid interest, which will be treated as discussed above. However, upon a sale, exchange, or retirement of a Senior Note, a U.S. Holder will realize any foreign currency exchange gain or loss (including with respect to accrued interest) only to the extent of total gain or loss realized by such U.S. Holder on such disposition.

Tax Treatment to U.S. Holders Assuming the Senior Notes are CPDIs

If the Senior Notes are treated as CPDIs, they will be subject to the "FC noncontingent bond method". Under the "FC noncontingent bond method", a U.S. Holder will be required to accrue interest income, which will be treated as OID on the Senior Notes in the amount described below, regardless of whether the U.S. Holder uses the cash or accrual method of tax accounting. Accordingly, a U.S. Holder will be required to include OID in taxable income in each year in excess of the Phase 1 Senior Note Rate of Interest, Phase 2 Senior Note Rate of Interest and Phase 3 Senior Note Rate of Interest, as applicable, and, possibly, in excess of any amounts received in that year.

A U.S. Holder will be required to determine the amount of OID for United States federal income tax purposes for each accrual period prior to and including the maturity date of the Senior Notes that equals:

- the product of (i) the adjusted issue price (as defined below) of the Senior Notes as of the beginning of the accrual period, and (ii) the comparable yield to maturity (as defined below) of the Senior Notes, adjusted for the length of the accrual period;
- divided by the number of days in the accrual period; and
- multiplied by the number of days during the accrual period that the U.S. Holder held the Senior Notes.

The adjusted issue price of a Senior Note is its issue price increased by any interest income previously accrued, determined without regard to any adjustments to interest accruals described below and decreased by the amounts of any noncontingent payment and the projected amount of any contingent payments previously made on the Senior Notes. Special rules under the Code may apply to a U.S. Holder who purchases the Senior Notes at a time other than the initial offering or at a price other than the issue price. Such a U.S. Holder should consult its tax advisor as to the possible applicability of these rules.

The comparable yield of the Senior Notes is based on the rate, as of the initial issue date, at which the Company would issue a fixed rate debt instrument with no contingent payments but with terms and conditions similar to the Senior Notes, including the level of subordination, term, timing of payments and general market conditions. The projected payment schedule would set forth all of the noncontingent and contingent payments on the Senior Notes. The projected payment schedule must produce the comparable yield. The Company, however, does not intend to determine the comparable yield of the Senior Notes or prepare and make available to U.S. Holders a projected payment schedule.

Generally, U.S. Holders should determine the U.S. dollar amount includible in income as OID for each accrual period by (a) calculating the amount of OID allocable to each accrual period in euros by applying the "FC noncontingent bond method" described above, with the comparable yield, projected payment schedule and comparable fixed rate debt instrument determined in euros, and (b) translating the amount of euros so derived at the average exchange rate in effect during that accrual period (or portion thereof within a U.S. Holder's taxable year) or, at the U.S. Holder's election (which must be applied consistently to all debt instruments from year to year and cannot be changed without the consent of the IRS, at the spot rate of exchange on the last day of the accrual period (or the last day of the taxable year within such accrual period if the accrual period spans more than one taxable year), or at the spot rate of exchange on the date of receipt, if such date is within five (5) business days of the last day of the accrual period. Because exchange rates may fluctuate, a U.S. Holder may recognize a different amount of OID income in each accrual period than would the holder of an otherwise similar note denominated in U.S. dollars.

Each U.S. Holder is urged to consult their tax advisor with respect to the application of the Treasury Regulations for foreign currency denominated CPDIs to its particular circumstance.

Adjustments to Interest Accruals on the Senior Notes

If the actual contingent payments made on the Senior Notes (including on maturity) differ from the projected contingent payments, adjustments will be required to be made to the taxable income of a U.S. Holder for the taxable year in which the contingent payment is made. If during any taxable year a U.S. Holder of a Senior Notes receives actual payments with respect to the Senior Notes for that taxable year that in the aggregate exceed the total amount of projected payments for the taxable year denominated in euro, such U.S. Holder will incur a net positive adjustment equal to the amount of such excess denominated in euro. Such net positive adjustment will be treated as additional OID in such taxable year denominated in euro. Such net positive adjustment will be translated into U.S. dollars at the spot rate on the last day of the taxable year in which such adjustment is taken into account, or if earlier, the date the Senior Note is disposed of or otherwise terminated.

If, however, a U.S. Holder of a Senior Note receives in a taxable year actual payments with respect to the Senior Notes for that taxable year that in the aggregate are less than the amount of projected payments for that taxable year determined in euro, such U.S. Holder will incur a net negative adjustment equal to the amount of such deficit determined in euro. Such an adjustment will be calculated as follows:

- (1) first, a negative adjustment will reduce the amount of OID required to be accrued (including any OID that was accrued and paid) in the current year determined in euro;
- (2) second, any negative adjustment that exceeds the amount of OID accrued in the current year denominated in euro will be treated as ordinary loss to the extent of your total prior OID inclusions with respect to the Senior Notes determined in euro, reduced to the extent such prior OID was offset by prior negative adjustments in prior taxable years determined in euro; and
- (3) third, any excess negative adjustments (i) will be treated as a regular negative adjustment (denominated in euro) in the succeeding taxable year (and such negative adjustment will be attributable to OID accrued and paid in prior taxable years), and (ii) if not used by the time the Senior Notes are disposed of, will reduce the amount realized on the disposition.

The net negative adjustments discussed above under (1) through (3) will be treated and, where necessary, translated from euro to U.S. dollars under the following rules:

- (i) The net negative amounts described under (1) above shall first reduce current year accrued but unpaid OID and then reduce any accrued and paid OID for the year; such amounts do not need to be translated into U.S. dollars.
- (ii) The negative adjustments described under (2) above first will be attributable to accrued but unpaid OID accrued in prior taxable years, and translated into a U.S. dollars at the same rate used to translate, in each of the respective prior taxable years, accrued OID.
- (iii) Any negative adjustments remaining after the application of (i) and (ii) above will be attributable to accrued OID paid in prior taxable years. Such net negative adjustment applied to such amounts will be translated into U.S. dollars using the spot rate on the date the Senior Notes were issued, or, if later, acquired.
- (iv) Any negative adjustments remaining after the application of (i), (ii) and (iii) above will be a negative carryforward, which shall be carried forward in euro and applied to reduce OID accruals in subsequent years. In the year in which the Senior Note is sold, any negative adjustment carryforward not applied to OID will reduce the U.S. Holder's amount realized on the sale (in euro).

Foreign Currency Gain or Loss Attributable to Stated Interest Payments

Foreign currency gain or loss will be recognized with respect to a Senior Note only when stated interest payments on the Senior Notes are made or received. Generally, no foreign currency gain or loss will be recognized with respect to a net positive or negative adjustment. The amount of foreign currency gain or loss recognized with respect to payments of OID previously accrued on the instrument is determined by translating the amount of stated interest paid or received into U.S. dollars at the spot rate on the date of payment and subtracting from such amount the amount determined by translating the stated interest paid or received into U.S. dollars at the rate at which such OID was accrued under the rules discussed earlier. For this purpose, the amount of any stated interest that is treated as accrued OID shall be reduced by the amount of any net negative adjustment treated as ordinary loss to the U.S. Holder as described above.

Sale, Exchange, Redemption, Retirement or other Taxable Disposition of Senior Notes

Upon the sale, exchange, retirement or other taxable disposition of an Senior Note, a U.S. Holder generally will recognize gain or loss equal to the difference between the amount realized upon the sale, exchange, retirement or other taxable disposition, translated into U.S. dollars as described below and the adjusted tax basis of the Senior Note determined and maintained in U.S. dollars as described below.

The amount realized on a sale of a Senior Note will be the amount received (denominated in the currency received). With respect to the scheduled retirement of the Senior Notes, the amount realized by a U.S. Holder will be the projected amount of any contingent payment due at maturity, reduced by any negative adjustment carryforwards determined in the taxable year of the retirement (each as determined in euro). With respect to an unscheduled retirement of the Senior Note, such payment is treated as a repurchase of the Senior Note by the Company for the amount paid (determined in euro).

The amount realized is translated into U.S. dollars under the following rules:

- (a) With respect to an instrument held to maturity, a U.S. Holder translates the amount realized by separating such amount in the denomination currency into the component parts of interest and principal that make up adjusted basis prior to translation of the adjusted basis pursuant to the discussion below, and translating each of those component parts of the amount realized at the same rate used to translate the respective component parts of basis pursuant to the discussion below. The amount realized first shall be translated by reference to the component parts of basis consisting of accrued interest during the taxpayer's holding period as determined pursuant to the discussion below and ordering such amounts on a last in first out

basis. Any remaining portion of the amount realized shall be translated by reference to the rate used to translate the component of basis consisting of principal as determined pursuant to the discussion below.

- (b) In the case of a sale, exchange, or unscheduled retirement of a Senior Note, the holder's amount realized first shall be translated by reference to the principal component of basis as determined pursuant to the discussion below, and then to the component of basis consisting of accrued interest as determined pursuant to the discussion below and ordering such amounts on a first in first out basis. Any gain recognized by the holder (i.e., any excess of the sale price over the holder's basis, both expressed in the denomination currency) is translated into functional currency at the spot rate on the payment date.

A U.S. Holder's adjusted tax basis will generally equal the issue price of the Senior Note, increased by any accrued OID previously included in income (translated into U.S. dollars pursuant to method described below) and decreased by the amount of any noncontingent payment and the projected amount of any contingent payment previously made on the Senior Notes (translated into U.S. dollars pursuant to method described below). Any gain from the disposition of a Senior Note will be treated as ordinary interest income. Loss from the disposition of a Senior Note generally will be treated as ordinary loss to the extent of your prior net OID inclusions with respect to the Senior Note. Any loss in excess of that amount will be treated as capital loss, which will be long term if the Senior Note was held for greater than one year. The deductibility of net capital losses by individuals and corporations is subject to certain limitations.

A U.S. Holder's adjusted basis in the Senior Notes will be translated into U.S. dollars as follows:

- (i) A U.S. Holder's initial tax basis in the Senior Note will equal the issue price of the Senior Note translated into U.S. dollars at the spot rate on the date of the exchange,
- (ii) Any increase in basis attributable to OID accrued on the Senior Note in euro will be translated into U.S. dollars at the average exchange rate in effect during that accrual period (or portion thereof within a U.S. Holder's taxable year) or, at the U.S. Holder's, at the spot rate of exchange on the last day of the accrual period (or the last day of the taxable year within such accrual period if the accrual period spans more than one taxable year), or at the spot rate of exchange on the date of receipt, if such date is within five (5) business days of the last day of the accrual period,
- (iii) Any noncontingent payment and the projected amount of any contingent payments determined in euro that decrease the U.S. Holder's basis in the Senior Notes will be first attributable to the most recently accrued OID to which prior amounts have not already been attributed, and translated into U.S. dollars at the rate at which the OID was accrued, and second, any remaining amounts will be attributable to principal, and translated into U.S. dollars using the spot rate on the date the Senior Note was issued, or if later, acquired.
- (iv) Any amounts of accrued OID income that is reduced as a result of a negative adjustment carryforward shall be treated as principal and translated at the spot rate on the date the Senior Note was issued or, if later, acquired.

Gain or loss realized by a U.S. Holder on the sale, exchange, retirement or other disposition of a Senior Note will generally be treated as U.S. source gain or loss.

Foreign Currency Gain or Loss upon the Sale, Exchange, Redemption, Retirement or other Taxable Disposition of Senior Notes

Gain or loss realized upon the sale, exchange, redemption, retirement or other taxable disposition of a Senior Note that is attributable to fluctuations in currency exchange rates generally will be U.S. source ordinary income or loss and generally will not be treated as interest income or expense. Gain or loss attributable to fluctuations in currency exchange rates generally will equal the difference, if any,

between the U.S. dollar value of the issue price of the Senior Note, determined at the spot rate of exchange on the date the U.S. Holder disposes of the Senior Note and the U.S. dollar value of the issue price for the Senior Note, determined at the spot rate of exchange on the date the U.S. Holder purchased the Senior Note. In addition, upon the sale, exchange, redemption, retirement or other taxable disposition of a Senior Note, a U.S. Holder may realize foreign currency exchange gain or loss attributable to amounts received with respect to accrued and unpaid stated interest and accrued OID, if any, which will be treated as discussed above. However, upon a sale, exchange, redemption, retirement or other taxable disposition of a Senior Note, a U.S. Holder will recognize any foreign currency exchange gain or loss (including with respect to accrued interest and OID) only to the extent of total gain or loss realized by such U.S. Holder on such disposition.

Non-U.S. Holders

Subject to the discussion below under "*Information reporting and backup withholding tax*" and "*Risk factors—Risks relating to taxation—U.S. Foreign Account Tax Compliance Act*", payments of interest on a Senior Note to a non-U.S. Holder generally will not be subject to U.S. federal income tax unless the income is effectively connected with the conduct by such non-U.S. Holder of a trade or business in the United States.

Subject to the discussion below under "*Information reporting and backup withholding tax*" and "*Risk factors—Risks relating to taxation—U.S. Foreign Account Tax Compliance Act*", any gain realized by a non-U.S. Holder upon the sale, exchange, redemption or other disposition of a Senior Note generally will not be subject to U.S. federal income tax, unless (i) the gain is effectively connected with the conduct by such non-U.S. Holder of a trade or business in the United States or (ii) in the case of any gain realized by an individual non-U.S. Holder, such non-U.S. Holder is present in the United States for 183 days or more in the taxable year of the sale, exchange, redemption or other disposition and certain other conditions are met.

Information reporting and backup withholding tax

A backup withholding tax and information reporting requirements apply to certain payments of principal of, and interest on, an obligation and to proceeds of the sale or redemption of an obligation, to certain non-corporate holders of Senior Notes that are U.S. persons. The payor will be required to withhold backup withholding tax on payments made within the United States, or by a U.S. payor or U.S. middleman, on a Senior Note to a holder of a Senior Note that is a U.S. person, other than an exempt recipient, such as a corporation, if the holder fails to furnish its correct taxpayer identification number or otherwise fails to comply with, or establish an exemption from, the backup withholding requirements. Payments within the United States, or by a U.S. payor or U.S. middleman, of principal and interest to a holder of a Senior Note that is not a U.S. person will not be subject to backup withholding tax and information reporting requirements if an appropriate certification is provided by the holder to the payor and the payor does not have actual knowledge or a reason to know that the certificate is incorrect.

Backup withholding is not an additional tax but, rather, is a method of tax collection. Any amounts withheld under the backup withholding rules will be allowed as a refund or credit against the holder's U.S. federal income tax liability provided the required information is furnished to the U.S. Internal Revenue Service in a timely manner.

Other reporting obligations

Certain U.S. Holders that hold certain foreign financial assets must file new IRS Form 8938 to report the ownership of such assets if the total value of those assets exceeds the applicable threshold amounts. In general, the form is not required to be filed with respect to the foreign financial assets that are held through certain U.S. payers. Taxpayers who fail to make the required disclosure with respect to any taxable year are subject to monetary penalties. Further, the failure to file IRS Form 8938 may extend the statute of limitations for a taxpayer's entire related income tax return until at least three years after the date on which the IRS Form 8938 is filed. All U.S. Holders are urged to consult with their own tax advisers with respect to whether a Senior Note is a foreign financial asset that (if the applicable threshold was met) would be subject to this rule.

Reportable Transactions

A U.S. Holder that participates in a "reportable transaction" will be required to disclose its participation to the IRS. The scope and application of these rules is not entirely clear. A U.S. Holder may be required to treat a foreign currency exchange loss arising from the disposition of Senior Notes as a reportable transaction if the loss exceeds \$50,000 in a single taxable year if the U.S. Holder is an individual or trust, or higher amounts for other U.S. Holders. In the event the disposition of foreign currency constitutes participation in a "reportable transaction" for purposes of these rules, a U.S. Holder will be required to disclose its investment to the IRS, currently on Form 8886. Prospective purchasers should consult their tax advisors regarding the application of these rules to the disposition of Senior Notes.

The above summary is not intended to constitute a complete analysis of all tax consequences relating to the ownership of Senior Notes. Prospective purchasers of the Senior Notes should consult their own tax advisers concerning the tax consequences of holding Senior Notes in light of their particular circumstances, including the application of the U.S. federal income tax considerations discussed above, as well as the application of state, local, foreign or other tax laws.

CERTAIN ERISA CONSIDERATIONS

The U.S. Employee Retirement Income Security Act of 1974, as amended ("**ERISA**"), imposes certain requirements on "employee benefit plans" (as defined in Section 3(3) of ERISA) subject to Part 4 of subtitle B of Title I of ERISA, including entities such as collective investment funds and separate accounts whose underlying assets include the assets of such plans (collectively, "**ERISA Plans**"), and on those persons who are fiduciaries with respect to ERISA Plans. Investments by ERISA Plans are subject to ERISA's general fiduciary requirements, including the requirement of investment prudence and diversification and the requirement that an ERISA Plan's investments be made in accordance with the documents governing the ERISA Plan. The prudence of a particular investment must be determined by the responsible fiduciary of an ERISA Plan by taking into account the ERISA Plan's particular circumstances and all of the facts and circumstances of the investment including, but not limited to, the matters discussed above under "*Risk Factors*" and the fact that in the future there may be no market in which such fiduciary will be able to sell or otherwise dispose of any Notes it may purchase.

Section 406 of ERISA and Section 4975 of the U.S. Internal Revenue Code prohibit certain transactions involving the assets of an ERISA Plan (as well as those plans that are not subject to ERISA but to which Section 4975 of the U.S. Internal Revenue Code applies, such as individual retirement accounts and Keogh plans, and entities whose underlying assets include the assets of such plans (together with ERISA Plans, "**Plans**")) and certain persons (referred to as "**parties in interest**" for purposes of ERISA or "**disqualified persons**" for purposes of Section 4975 of the U.S. Internal Revenue Code) having certain relationships to such Plans, unless a statutory or administrative exemption is applicable to the transaction. A "party in interest" or "disqualified person" who engages in a prohibited transaction may be subject to excise taxes and other penalties and liabilities under ERISA and/or the U.S. Internal Revenue Code. A fiduciary of a Plan that engages in a prohibited transaction may also be subject to penalties and liabilities under ERISA and/or the U.S. Internal Revenue Code.

U.S. Department of Labor regulation, 29 C.F.R. Section 2510.3-101 (as modified by Section 3(42) of ERISA, the "**Plan Asset Regulation**"), describes what constitutes the assets of a Plan with respect to the Plan's investment in an entity for purposes of certain provisions of ERISA, including the fiduciary responsibility provisions of Title I of ERISA, and Section 4975 of the U.S. Internal Revenue Code. Under the Plan Asset Regulation, if a Plan invests in an "equity interest" of an entity that is neither a "publicly-offered security" nor a security issued by an investment company registered under the U.S. Investment Company Act of 1940, as amended (the "**Investment Company Act**"), the Plan's assets include both the equity interest and an undivided interest in each of the entity's underlying assets, unless it is established that the entity is an "operating company" or that equity participation in the entity by Benefit Plan Investors is not "significant."

Under the Plan Asset Regulation, an "equity interest" means any interest in an entity other than an instrument that is treated as indebtedness under applicable local law and which has no substantial equity features. An "operating company" means an entity that is primarily engaged, directly or through a majority owned subsidiary or subsidiaries, in the production or sale of a product or service other than the investment of capital. A "Benefit Plan Investor" means (i) any "employee benefit plan" (as defined in Section 3(3) of ERISA), subject to Part 4 of subtitle B of Title I of ERISA, (ii) any "plan" described in Section 4975(e)(1) of the Internal Revenue Code to which Section 4975 of the Internal Revenue Code applies, or (iii) any entity whose underlying assets are deemed to include "plan assets" by reason of any such employee benefit plan's or any such plan's investment in the entity within the meaning of the Plan Asset Regulation or otherwise. Such an entity is considered to hold plan assets only to the extent of the percentage of its equity interests held by Benefit Plan Investors.

Under the Plan Asset Regulation, equity participation in an entity by Benefit Plan Investors is "significant" on any date if, immediately after the most recent acquisition of any equity interest in the entity, 25% or more of the value of any class of equity interests in the entity is held by Benefit Plan Investors. For purposes of this determination, the value of equity interests held by a person (other than a Benefit Plan Investor) that has discretionary authority or control with respect to the assets of the entity or that provides investment advice for a fee (direct or indirect) with respect to such assets (or any "affiliate" of such a person (as defined in the Plan Asset Regulation)) is disregarded (any such person with respect to the Issuer, a "**Controlling Person**").

The Notes may be characterized as "equity interests" in the Issuer for purposes of the Plan Asset Regulation and will not constitute "publicly-offered securities" or securities issued by a registered

investment company for purposes of the Plan Asset Regulation. In addition, we do not intend to monitor or restrict the level of investment in the Notes by Benefit Plan Investors. Although we expect to qualify as an operating company for purposes of the Plan Asset Regulation, Plan fiduciaries considering an investment in the Notes should consult with their counsel and make their own determination as to whether we would qualify as an operating company. If we failed to qualify as an operating company and equity participation in the Notes by Benefit Plan Investors were "significant" within the meaning of the Plan Asset Regulation, our assets could be deemed to constitute plan assets of any Plan that purchases the Notes. In such circumstances, (i) entities exercising discretionary authority or control with respect to our assets would be subject to certain fiduciary obligations under ERISA, (ii) certain transactions that we might enter into, or may have entered into, in the ordinary course of business might constitute or result in non-exempt prohibited transactions under ERISA and Section 4975 of the U.S. Internal Revenue Code and (iii) the fiduciary of an ERISA Plan that purchased the Notes could be found to have improperly delegated its investment management responsibilities.

We, the Joint Bookrunners, the Note Trustee, the Security Agent, the Paying and Transfer Agents, the Registrar, the Calculation Agent and their respective affiliates (each, a "**Transaction Party**") may be "parties in interest" and/or "disqualified persons" with respect to one or more Plans. Accordingly, without regard to whether our underlying assets are deemed to constitute plan assets of an investing Plan, prohibited transactions within the meaning of Section 406 of ERISA and/or Section 4975 of the U.S. Internal Revenue Code may arise if Notes are acquired or held by a Plan with respect to which a Transaction Party is a "party in interest" or a "disqualified person." Certain exemptions from the prohibited transaction provisions of Section 406 of ERISA and Section 4975 of the U.S. Internal Revenue Code may be applicable, however, depending in part on the type of Plan fiduciary making the decision to acquire a Note and the circumstances under which such decision is made. Included among these exemptions are Prohibited Transaction Class Exemption ("**PTCE**") 91-38 (relating to investments by bank collective investment funds), PTCE 84-14 (relating to transactions effected by a qualified professional asset manager), PTCE 95-60 (relating to transactions involving insurance company general accounts), PTCE 90-1 (relating to investments by insurance company pooled separate accounts), PTCE 96-23 (relating to transactions determined by in house asset managers) and Section 408(b)(17) of ERISA and Section 4975(d)(20) of the Internal Revenue Code (relating to transactions with certain persons who provide services to Plans). There can be no assurance that any of these exemptions or any other exemption will be available with respect to any particular transaction involving the Notes.

Governmental plans, certain church plans and non-U.S. plans, while not subject to the fiduciary responsibility provisions of ERISA or the provisions of Section 4975 of the U.S. Internal Revenue Code, may nevertheless be subject to local, state or other federal or non-U.S. laws that are similar to Section 406 of ERISA or Section 4975 of the Internal Revenue Code (any such law, a "**Similar Law**"). Fiduciaries of any such plans should consult with their counsel before purchasing any Notes and ensure that such plans' purchase and holding of such Notes will not result in a violation of any applicable laws, including any Similar Law.

By acquiring a Note (or a beneficial interest therein), each purchaser and transferee will be deemed to have represented and warranted, on each day from the date on which it acquires the Note (or beneficial interest therein) through and including the date it disposes of the Note (or beneficial interest therein) that either (i) it is not a Plan or governmental plan, church plan or non-U.S. plan subject to any Similar Law, and is not acting on behalf of or investing the assets of any such plan or (ii) its purchase, holding and disposition of the Note (or beneficial interest therein) will not constitute or result in a non-exempt prohibited transaction under Section 406 of ERISA or Section 4975 of the U.S. Internal Revenue Code (or, in the case of a governmental plan, church plan or non-U.S. plan subject to any Similar Law, a non-exempt violation of such Similar Law).

The U.S. Department of Labor has issued a final regulation, 29 C.F.R. § 2510.3-21 (the "**Investment Advice Regulation**"), that revises the rules for determining whether a person will be considered a fiduciary with respect to a Plan by reason of furnishing investment advice to the Plan, its participants or beneficiaries, or other fiduciaries of the Plan. The Investment Advice Regulation applies to investment advice furnished to Benefit Plan Investors on or after 9 June 2017.

Under the Investment Advice Regulation, the Transaction Parties could be deemed fiduciaries with respect to Plan investors as a result of recommending an investment in the Notes unless a regulatory

exception applies. Under one such exception (the "**Independent Fiduciary Exception**"), a person will not be considered a fiduciary under ERISA or the U.S. Internal Revenue Code as a result of providing advice to an independent fiduciary of a Plan with respect to an arm's length investment transaction, provided that the person providing the advice (i) knows or reasonably believes that the independent fiduciary (A) is a bank, insurance carrier, registered investment adviser or registered broker-dealer described in paragraph (c)(i) of the Investment Advice Regulation (or any successor provision), or holds or has under its management or control total assets of at least \$50 million, (B) is capable of evaluating investment risks independently, both in general and with regard to the particular investment transaction, (C) is a fiduciary under ERISA or the Internal Revenue Code, or both, with respect to the transaction and is responsible for exercising independent judgment in evaluating the transaction, (ii) fairly informs the independent fiduciary of the existence and nature of the person's financial interests in the transaction, and that the person is not undertaking to provide impartial investment advice or to give advice in a fiduciary capacity, and (iii) does not receive a fee or other compensation for the provision of investment advice directly from the Benefit Plan Investor, the independent fiduciary or any participant or beneficiary of the Benefit Plan Investor in connection with the transaction.

It is intended that any investment advice furnished by the Transaction Parties to a Plan in connection with its investment in the Notes will comply with the Independent Fiduciary Exception. Accordingly, for so long as the Investment Advice Regulation is applicable to such recommendations, each Plan investing in the Notes will be deemed to represent that (i) it is, and for so long as it holds any interest in the Fund will continue to be, represented with respect to such investment by a fiduciary (within the meaning of Section 3(21) of ERISA and/or Section 4975(e)(3) of the Internal Code), other than, in the case of an account or annuity described in Section 4975(e)(1)(B) through (F) of the Internal Revenue Code, the beneficial owner of such account or annuity or a relative thereof, that is independent of the Transaction Parties (the "**Independent Fiduciary**"), (ii) the Independent Fiduciary either (A) is a bank, insurance carrier, registered investment adviser or registered broker-dealer described in paragraph (c)(i) of the Investment Advice Regulation (or any successor provision) or (B) holds or has under its management or control total assets of at least \$50 million, (iii) the Independent Fiduciary is capable of evaluating investment risks independently, both in general and with regard to the Plan's investment in the Notes, and is responsible for exercising independent judgment in evaluating such investment, (iv) the Independent Fiduciary has been fairly informed of the existence and nature of the Transaction Parties' financial interests in the transaction, and that the Transaction Parties are not undertaking to provide the Plan or Independent Fiduciary with impartial investment advice or give advice in a fiduciary capacity, and (v) the Transaction Parties will not receive a fee or other compensation for the provision of investment advice directly from the Plan, the Independent Fiduciary or any participant or beneficiary of the Plan in connection with the Plan's investment in the Notes.

Each Plan fiduciary who is responsible for making the investment decisions whether to purchase or commit to purchase and to hold Notes should determine whether, under the general fiduciary standards of investment prudence and diversification and under the documents and instruments governing the Plan, an investment in the Notes is appropriate for the Plan, taking into account the overall investment policy of the Plan and the composition of the Plan's investment portfolio. Any Plan proposing to invest in Notes should consult with its counsel to confirm that such investment will not constitute or result in a non-exempt prohibited transaction and will satisfy the other requirements of ERISA and the U.S. Internal Revenue Code.

The sale of any Notes to any Plan is in no respect a representation by any Transaction Party that such an investment meets all relevant legal requirements with respect to investments by Plans generally or any particular Plan, or that such an investment is appropriate for Plans generally or any particular Plan.

PLAN OF DISTRIBUTION

Subscription and Sale

Subject to the terms and conditions set forth in the purchase agreement in respect of the Senior Notes and those Junior Notes which are not subscribed pursuant to the Junior Notes Purchase Agreement dated 8 November 2017 (the "**Notes Purchase Agreement**"), by and among us, INC, Sacyr Construcción and the Joint Bookrunners, the Joint Bookrunners have agreed to procure purchasers for the Senior Notes, and J.P. Morgan has agreed to procure purchasers for such Junior Notes.

Subject to the terms and conditions set forth in the purchase agreement in respect of €275 million in principal amount of the Junior Notes dated 8 November 2017 (the "**Junior Notes Purchase Agreement**"), by and among us and the purchasers of the Junior Notes, such purchasers have agreed to purchase such Junior Notes.

Under the terms of the Notes Purchase Agreement, certain of the Joint Bookrunners have agreed that they intend to purchase, in proportions agreed with us in the Notes Purchase Agreement, the unsold portion of the Senior Notes up to a maximum of €275 million principal amount of Senior Notes. In addition, J.P. Morgan has agreed to procure purchasers in respect of the Junior Notes which are not sold pursuant to the Junior Notes Purchase Agreement. Certain persons associated with us and our shareholders may purchase Junior Notes in the Offering. Such purchases would not exceed 7.5% of the aggregate principal amount of the Junior Notes.

The Notes Purchase Agreement provides that the Joint Bookrunners' obligation to pay for and accept delivery of the Senior Notes is subject to the terms and conditions of the Notes Purchase Agreement.

The Joint Bookrunners will receive from us out of the proceeds of the Notes an underwriting commission and selling concession representing a percentage of the principal amount of the Notes, the quantum of which will depend on the tranche of the Notes (whether Junior or Senior) and the relative commitments of the Joint Bookrunners.

The Joint Bookrunners propose to offer the Senior Notes initially at the issue price indicated on the cover page of this Prospectus. Purchasers who declared their intention to purchase Senior Notes prior to 21 August 2017 shall be offered a rebate of 0.25% of the issue price. As noted above, certain of the Joint Bookrunners have agreed that they intend to purchase, in proportions agreed with us in the Notes Purchase Agreement, the unsold portion of the Senior Notes up to a maximum of €275 million principal amount of Senior Notes. Therefore, after the initial offering of the Notes, to the extent that the Joint Bookrunners are not able to sell the entire principal amount of the Senior Notes, such Joint Bookrunners would retain such Senior Notes up to €275 million principal amount in proportions agreed with us in the Notes Purchase Agreement and sell them in quantities and at terms of their sole discretion. In this respect, such Joint Bookrunners would sell such Senior Notes at their sole discretion after the close of the Offering at an offering price and other selling terms which may be separately negotiated and be changed by such Joint Bookrunners from time to time without notice. Until 30 calendar days after the closing of the Offering, such selling efforts would be coordinated across such Joint Bookrunners. These sales of Senior Notes, whether in a block or sold over time, or even the mere expectation that such sales will occur, could have a material adverse effect on the market price and liquidity of the Senior Notes.

The Joint Bookrunners may offer and sell Senior Notes through certain of their respective affiliates, including in respect of sales into the United States. Each Initial Purchaser that is a non-U.S. bank or dealer not registered as a broker-dealer under Section 15 of the Exchange Act agrees that, while acting as an Initial Purchaser in respect of the Notes and in any event during the term of the Offering, it will not, directly or indirectly, make use of any U.S. mails or any means or instrumentality of interstate commerce to effect transactions in, or induce or attempt to induce the purchase or sale of, any Securities except for transactions in compliance with Rule 15a-6 under the Exchange Act or as otherwise permitted by Section 15 of the Exchange Act and the rules and regulations thereunder.

European Economic Area

This Prospectus has been prepared on the basis that any offer of the Notes in any member state of the European Economic Area will be made pursuant to an exemption under the Prospectus Directive from the requirement to publish a prospectus for offers of the Notes in that member state.

Italy

The Offering has not been cleared by the CONSOB pursuant to Italian securities legislation and, accordingly, no Notes may be offered, sold or delivered, directly or indirectly, nor may copies of this Prospectus or of any other document relating to the Notes be distributed in Italy, except to (i) qualified investors (*investitori qualificati*), as defined by article 26, paragraph 1(d) of the CONSOB Regulation on Intermediaries, pursuant to article 100, paragraph 1(a), of the Italian Securities Act, and article 34-ter, paragraph 1(b) of CONSOB Regulation No. 11971 of 14 May 1999, as amended ("**Qualified Investors**"), or (ii) entities controlled by such a qualified investor pursuant to article 2359 of the Italian Civil Code (collectively with Qualified Investors, "**Qualified Holders**").

Qualified Investors are defined under Article 100 of the Italian Securities Act and its implementing regulations as comprising the following:

1. persons authorised and regulated to operate in financial markets, both Italian and foreign, i.e.:
 - (a) banks;
 - (b) investment firms;
 - (c) other authorised and regulated financial institutions;
 - (d) insurance companies;
 - (e) collective investment undertakings and management companies for such undertakings;
 - (f) pension funds and management companies for such funds;
 - (g) dealers acting on their own account on commodities and commodity-based derivatives;
 - (h) 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;
 - (i) other institutional investors;
 - (j) stockbrokers;
2. large companies which at individual company level meet at least two of the following requirements:
 - balance sheet total: 20,000,000 euro;
 - net revenues: 40,000,000 euro;
 - own funds: 2,000,000 euro;
3. institutional investors whose main activity is investment in financial instruments, including companies dedicated to the securitisation of assets and other financial transactions.

Any offer, sale, resale or delivery of the Notes or distribution of copies of this Prospectus or any other document relating to the Notes in Italy must be:

- (a) made by an investment firm, bank or financial intermediary permitted to conduct such activities in Italy in accordance with the Italian Securities Act, CONSOB Regulation on Intermediaries and the Italian Banking Act;

- (b) 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 Italy; and
- (c) in compliance with any other applicable laws and regulations or requirement imposed by CONSOB or other competent Italian authority.

United Kingdom

The Prospectus has not been approved by an authorized person in the United Kingdom and is for distribution only to persons who: (i) have professional experience in matters relating to investments falling within article 19(5) of Financial Promotion Order; (ii) are persons falling within article 49(2)(a) to (d) (high net worth companies, unincorporated associations, etc.) of the Financial Promotion Order; (iii) are outside the United Kingdom; or (iv) are persons to whom an invitation or inducement to engage in investment activity within the meaning of section 21 of the FSMA in connection with the issue or sale of any securities may otherwise lawfully be communicated or caused to be communicated (all such persons together being referred to as "relevant persons"). The Prospectus is directed only at relevant persons and must not be acted on or relied on by persons who are not relevant persons. Any investment or investment activity to which the Prospectus relates is available only to relevant persons and will be engaged in only with relevant persons.

United States

The Notes have not been and will not be registered under the Securities Act or the securities laws of any other state or other jurisdiction of the United States. We have not registered, and do not intend to register, as an investment company under the Investment Company Act. The Notes may not be offered in the United States or to 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 in circumstances that will not require our registration under the Investment Company Act. Accordingly, each Joint Bookrunner has agreed that it will only offer or sell (a) the Senior Notes: (i) outside the United States to non-U.S. Persons (as defined in Regulation S) in offshore transactions in accordance with Regulation S; and (ii) in the United States to QIB/QPs in reliance on Rule 144A under the Securities Act and Section 3(c)(7) of the Investment Company Act and (b) the Junior Notes outside the United States to non-U.S. Persons (as defined in Regulation S) in offshore transactions in accordance with Regulation S. The terms used above have the meanings given to them by Regulation S and Rule 144A.

In addition, until 40 days after the commencement of the Offering, an offer or sale of the Notes within the United States by any dealer (whether or not participating in the Offering) may violate the registration requirements of the Securities Act if such offer or sale is made otherwise than in accordance with Rule 144A or pursuant to another exemption from, or in a transaction not subject to, registration under the Securities Act.

Neither Joint Bookrunner is registered with the SEC as a U.S. registered broker-dealer. Offers and sales within the United States will be effected to the extent permitted by applicable U.S. laws and regulations through the respective U.S. registered broker-dealer affiliates of the Joint Bookrunners.

Australia

No prospectus or other disclosure document (as defined in the Australian Corporations Act) in relation to the Notes (including this Prospectus) has been or will be lodged with or registered by the Australian Securities and Investments Commission or the Australian Securities Exchange Limited. Each Joint Bookrunner has represented and agreed that it has not (unless a supplement to this Prospectus otherwise provides):

- (a) made or invited, and will not make or invite, an offer of any Notes for issue or sale in Australia (including an offer or invitation which is received by a person in Australia); and
- (b) distributed or published and will not distribute or publish any draft, preliminary or final form offering memorandum, advertisement or other offering material relating to the Notes in Australia,

unless:

- (i) the minimum aggregate consideration payable by each offeree is at least A\$500,000 (or its equivalent in an alternate currency) (disregarding money lent by the offeror or its associates) or the offer otherwise does not require disclosure to investors in accordance with Part 6D.2 or Chapter 7 of the Australian Corporations Act and does not constitute an offer to a "retail client" as defined for the purposes of section 761G of the Australian Corporations Act; and
- (ii) such action complies with all applicable laws, directives and regulations and does not require any document to be lodged with, or registered by, the Australian Securities and Investments Commission.

No action has been taken in any jurisdiction, including Italy, the United Kingdom, the United States and Australia, by us or the Joint Bookrunners that would permit a public offering of the Notes or the possession, circulation or distribution of this Prospectus or any other material relating to us or the Notes in any jurisdiction where action for such purpose is required. Accordingly, the Notes may not be offered or sold, directly or indirectly, and neither this Prospectus nor any other offering material or advertisements in connection with the Notes may be distributed or published, in or from any country or jurisdiction, except in compliance with any applicable rules and regulations of any such country or jurisdiction. This Prospectus does not constitute an offer to sell or a solicitation of an offer to purchase in any jurisdiction where such offer or solicitation would be unlawful. Persons into whose possession this Prospectus comes are advised to inform them about and to observe any restrictions relating to the Offering, the distribution of this Prospectus and resales of the Notes. See "*Important Information—Notice to Investors*".

Persons who purchase Notes from the Joint Bookrunners may be required to pay stamp duty, taxes and other charges in accordance with the laws and practice of the country of purchase in addition to the Offering price set forth on the cover page of this Prospectus.

The Notes are a new issue of securities for which there currently is no market. We have applied, through our listing agent, for the Notes to be listed on the Official List of the Irish Stock Exchange and admitted to trading on the regulated market of the Irish Stock Exchange. We cannot assure you, however, that such application will be granted or, if granted, that such listing will be maintained.

The Joint Bookrunners have advised us that they each intend to make a market in the Notes as permitted by applicable law. However, the Joint Bookrunners are not obligated to make a market in the Notes, and any market making activity may be discontinued at any time at the sole discretion of the respective Joint Bookrunner without notice. In addition, any such market making activity will be subject to the limits imposed by the Securities Act and the Exchange Act. Accordingly, there is no assurance that any market for the Notes will develop, that it will be liquid if it does develop, or that you will be able to sell any Notes at a particular time or at a price which will be favorable to you.

We have agreed to indemnify the Joint Bookrunners against certain liabilities, including liabilities under the Securities Act. We will pay the Joint Bookrunners a commission and pay certain fees and expenses relating to the Offering.

It is expected that delivery of the Notes will be made against payment therefor on or about the date specified as the issue date in this Prospectus, which will be the 15th business day following the date of pricing of the Notes. This type of settlement cycle is usually referred to as "T+15". Under Rule 15c6-1 of the Exchange Act, trades in the secondary market generally are required to settle in three business days, unless the parties to any such trades expressly agree otherwise. Because the initial issue and sale of the Notes will settle on a T+15 settlement cycle, purchasers who wish to trade the Notes on the date of pricing or the following 14 business days will be required to specify an alternate settlement cycle at the time of that trade to prevent failed settlement. Purchasers of the Notes who wish to trade the Notes on the date of pricing or the following 14 business days should consult their own advisers.

In connection with the offering, the Stabilizing Manager may over-allot Notes or effect transactions with a view to supporting the market price of the notes at a level higher than that which might otherwise prevail. However, stabilization may not necessarily occur. Any stabilization action may begin on or after the date on which adequate public disclosure of the terms of the offering is made and, if begun, may cease at any time, but it must end no later than 30 days after the issue date of the Notes

and 60 days after the date of the allotment of the Notes, whichever is the earlier. Any stabilization action or over-allotment must be conducted by the Stabilizing Manager (or persons acting on behalf of the Stabilizing Manager) in accordance with all applicable laws and rules. The Stabilizing Manager is not required to engage in these activities, and may end these activities at any time. Accordingly, no assurance can be given as to the liquidity of, or trading markets for, the Notes. See "*Risk Factors—Risk factors with respect to the Notes—Risks relating to the liquidity of the Notes—You may be unable to sell your Notes if a trading market for the Notes does not develop*".

In the ordinary course of their business activities, the Joint Bookrunners and/or their respective affiliates have engaged, and may in the future engage, in investment banking, commercial banking transactions and/or other commercial dealings with, and may perform services to us and our affiliates. In addition, in the ordinary course of their business activities, the Joint Bookrunners and/or 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 respective customers. Such investments and securities activities may involve our securities and/or instruments or those of our affiliates.

The Joint Bookrunners and/or their respective affiliates that have a lending relationship with us or our affiliates, routinely hedge, and the Joint Bookrunners and/or its affiliates may in the future hedge, their credit exposure as is consistent with their customary risk management policies. Typically, the Joint Bookrunners and/or their respective affiliates would hedge such exposure by entering into transactions either to purchase credit default swaps or create short positions in securities, including potentially the Notes. Any such short positions could adversely affect future trading prices of the Notes. The Joint Bookrunners and/or 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. They have received, and expect to receive, customary fees and commissions for these transactions.

INDEPENDENT AUDITORS

Our Audited Financial Statements have been audited without qualification by BDO, as stated in their report included in this Prospectus (the "**Audit Report**"). Our Interim Financial Statements have not been audited, but have been reviewed by BDO in accordance with International Standards on Review Engagements. BDO is registered to carry out audit work under No. 167911 of the Single Register of Legal Auditors at the Ministry of the Economy and Finance (*Registro Unico dei Revisori Legali presso il Ministero dell'Economia e delle Finanze*). BDO has given and not withdrawn its written consent to the inclusion in this Prospectus of the Audit Report, in the form and context in which they each appear, and has declared that it is responsible for the Audit Report as part of the Prospectus and that it has taken all reasonable care to ensure that the information contained in the Audit Report is, to the best of its knowledge, in accordance with the facts and contains no omission likely to affect its import.

MODEL CONSULTANT

KPMG has prepared, at our request, the Model Review Report included as Appendix 1, in the form and context in which it is included and upon the authority of such firm as a financial consultant. The Model Review Report should be read in its entirety by prospective investors for the information contained therein with respect to the Project and other related matters. KPMG has given and not withdrawn its written consent to the inclusion in this Prospectus of the Model Review Report, in the form and context in which it appears, and has declared that it is responsible for the Model Review Report as part of the Prospectus and that it has taken all reasonable care to ensure that the information contained in the Model Review Report is, to the best of its knowledge, in accordance with the facts and contains no omission likely to affect its import. As of the date of this Prospectus, KPMG does not have any material interest in us or the Project.

INDEPENDENT TECHNICAL CONSULTANT

Arcadis has prepared, at our request, the Independent Technical Adviser Report included as Appendix 3, in the form and context in which it is included and upon the authority of such firm as an engineering consultant. The Independent Technical Adviser Report should be read in its entirety by prospective investors for the information contained therein with respect to the Project and other related matters. Arcadis has given and not withdrawn its written consent to the inclusion in this Prospectus of the Independent Technical Adviser Report, in the form and context in which it appears, and has declared that it is responsible for the Independent Technical Adviser Report as part of the Prospectus and that it has taken all reasonable care to ensure that the information contained in the Independent Technical Adviser Report is, to the best of its knowledge, in accordance with the facts and contains no omission likely to affect its import. As of the date of this Prospectus, Arcadis does not have any material interest in us. Arcadis has been appointed by the Issuer for the benefit of the Note Trustee to act as technical adviser to the Noteholders.

TRAFFIC CONSULTANT

The Traffic Consultant Report is included in this Prospectus as Appendix 4, as the conclusions of the Traffic Consultant Report set out the traffic forecasts that formed one of the bases used by the Grantor in the negotiation of the Amendment Deed with us. The Grantor's Traffic Consultant is an independent consulting firm specializing in the design, planning, development, management and implementation of projects with a particular focus on construction, engineering and transport. The Grantor's Traffic Consultant has held a DNV Business Assurance Management System Certificate since its inception in 2006 and its current certification is in respect of conformance to the ISO 9001:2008 management system standard for the planning, design, consultation, traffic simulation, decision support, co-ordination for safety and supervision of civil and infrastructural works. The Traffic Consultant Report was prepared by the Grantor's Traffic Consultant at the request of, and pursuant to an agreement with, the Grantor, independently of us. We did not participate in the preparation of the Traffic Consultant Report and express no opinion as to its conclusions. The Traffic Consultant Report has been included in this Prospectus with the permission of the Grantor and the consent of the Grantor's Traffic Consultant. The Traffic Consultant Report has been included on the basis that neither the Grantor nor the Grantor's Traffic Consultant accepts any responsibility or liability to the recipients of this Prospectus with respect to the contents of the Traffic Consultant Report, for information purposes only in order to provide investors with information that may have been relevant to the Grantor's analysis of traffic expectations in connection with its entry into the Amendment Deed. Accordingly, investors are cautioned not to place undue reliance on the contents of the Traffic Consultant Report to make an investment decision and are encouraged to carefully analyze and conduct their own investigation of all the information included in this Prospectus, including that contained in the section entitled "*Risk Factors*". As of the date of this Prospectus, the Grantor's Traffic Consultant does not have any material interest in us.

LEGAL MATTERS

Certain legal matters are being passed upon for us by Studio Legale associato ad Ashurst LLP with respect to matters of Italian law and by Ashurst LLP as to matters of U.S. federal and English law. The validity of the Notes and certain other legal matters will be passed upon for the Joint Bookrunners by White & Case LLP with respect to matters of U.S. federal, English and Italian law and by Chiomenti Studio Legale as to Italian tax law.

SERVICE OF PROCESS AND ENFORCEMENT OF CIVIL LIABILITIES

We are a *società per azioni* organized under the laws of Italy and two of our five directors, as well as a majority of our other principal officers are residents of Italy (our other three directors are residents of the European Union). All or a substantial portion of our assets and the assets of each of such persons are located in Italy. As a result, it may not be possible (a) to effect service of process upon us or any such person outside Italy, (b) to enforce against us or any of them, in courts of jurisdictions other than Italy, judgments obtained in such courts that are predicated upon the laws of such other jurisdictions or (c) to enforce against us or any of them, in Italy's courts, judgments obtained in jurisdictions other than Italy, including judgments obtained on the Note Trust Deed in the courts of England and judgments obtained in the United States predicated upon the civil liability provisions of the federal securities laws of the United States.

Enforcement in Italy of judgments rendered by the courts of a Member State

A judgment rendered against us in England by a court of competent jurisdiction relating to English law-governed documents (such as the Note Trust Deed, the Notes and the STID) and which is final, conclusive and enforceable in such jurisdiction will be given effect by Italian courts without review as to its merits in accordance with and subject to the exceptions and limitations set out under the provisions of the Regulation (EU) No. 1215/2012 of 12 December 2012, on jurisdiction and the recognition and enforcement of judgments in civil and commercial matters, as subsequently amended and supplemented (the "**Recast Regulation**"). Under the Recast Regulation, enforcement of foreign judgments is automatic and the burden in relation to enforcement rests on the debtor, such as us. Enforcement may be denied in limited circumstances, including where (i) recognition is manifestly contrary to public policy of the Member State where enforcement is sought; (ii) the judgment was given in default of appearance, if the defendant was not served with the document which instituted the proceedings or with an equivalent document in sufficient time and in such a way as to enable the defendant to arrange for his or her defense, unless the defendant failed to commence proceedings to challenge the judgment when it was possible to do so; (iii) the judgment is irreconcilable with a judgment given between the same parties in the Member State where enforcement is sought; and (iv) the judgment is irreconcilable with an earlier judgment given in another Member State or in a third state involving the same cause of action and between the same parties, provided that the earlier judgment fulfils the conditions necessary for its recognition in the Member State where enforcement is sought.

Enforcement in Italy of judgments rendered by U.S. courts

The recognition and enforcement of a conclusive judgment rendered by a U.S. federal or state court in Italy is governed by Article 64 of the Italian Law No. 218 of 31 May 1995 (the Private International Law Act, the "**PIL Act**") and by certain other provisions of the PIL Act. Pursuant to the PIL Act, any enforceable and conclusive judgment issued by a U.S. federal or state court, even if rendered by default, shall be automatically recognized in Italy as long as the following requirements are met:

- the U.S. federal or state court which rendered the judgment had appropriate jurisdiction to pass such judgment upon the relevant subject matter in accordance with the Italian law principles on jurisdiction;
- the relevant summons had been duly served on the defendant in accordance with the applicable U.S. law, and the defendant was not deprived of his fundamental right to a defense;
- the parties had appeared before the relevant U.S. federal or state court in accordance with the applicable U.S. procedural law or, in the event of default by one of the parties, the proceedings had been conducted in absentia (*in contumacia*) in accordance with such applicable U.S. procedural law;
- the judgment rendered by the U.S. federal or state court is final and binding (*passato in giudicato*) according to the applicable U.S. law;
- the judgment rendered by the U.S. federal or state court is not in conflict with any earlier final and binding judgment issued by an Italian court;

- there is no pending proceeding before any Italian court in relation to the same subject matter and between the same parties which started prior to the commencement of the proceedings before the relevant U.S. federal or state court; and
- the judgment rendered by the U.S. federal or state court is not contrary to Italian public policy.

In addition, according to Article 67 of the PIL Act, if a judgment rendered by a U.S. federal or state court is not complied with, its recognition is challenged or its compulsory enforcement becomes necessary, then a specific action shall be brought before the competent Court of Appeal in Italy to that end. However, the competent Court of Appeal will not consider the merits of the case, but will only ascertain the fulfillment of the requirements set out above.

Finally, when an action is originally brought before an Italian court, such court may refuse to apply some U.S. law provisions or to grant some of the remedies sought, such as punitive damages, if their application or enforcement is deemed to be inconsistent with Italian public policy or mandatory provisions of Italian law.

LIMITATIONS ON THE VALIDITY AND ENFORCEABILITY OF THE SECURITY INTERESTS AND CERTAIN INSOLVENCY LAW CONSIDERATIONS

The following section summarizes certain limitations on the validity and enforceability of security interests in respect of the Notes and certain insolvency law considerations in Italy. The description below is only a summary and does not purport to be complete or to discuss all of the limitations or considerations that may affect the validity and enforceability of the Notes or security interests in respect of the Notes. Prospective investors should consult their own legal advisers with respect to such limitations and considerations.

European Union

We have been incorporated and organized under the laws of Italy, a Member State of the European Union.

On 5 June 2015, Regulation (EU) 2015/848 of the European Parliament and of the Council of 20 May 20 on insolvency proceedings (the "**Recast EU Insolvency Regulation**") was published in the Official Journal.

The Recast EU Insolvency Regulation applies to insolvency proceedings opened in respect of a company whose center of main interests is located in a Member State (other than Denmark).

Main insolvency proceedings

Pursuant to Article 3(1) of the Recast EU Insolvency Regulation, the court with jurisdiction to open insolvency proceedings in relation to a company that has its "center of main interests" in an EU Member State (other than Denmark) is the court of the Member State (other than Denmark) in which the center of a debtor's main interests is situated. The "center of main interests" is defined as "the place where the debtor conducts the administration of its interests on a regular basis and which is ascertainable by third parties". Article 3(1), paragraph 2 provides a rebuttable presumption that a company's center of main interests is in the jurisdiction where its registered office is located. In order to prevent fraudulent or abusive forum shopping, this presumption only applies if the registered office has not been moved to another Member State within the three-month period before the request to open insolvency proceedings is made. In these circumstances, where the presumption is disapplied, the court with jurisdiction to open insolvency proceedings in relation to that company is the court of the Member State (other than Denmark) in which the company's registered office was previously located. If a company's "center of main interests" is and will remain located in the same Member State as its registered office, the main insolvency proceedings in respect of the company under the Recast EU Insolvency Regulation would be commenced in that jurisdiction and, accordingly, a court in that jurisdiction would be entitled to commence the types of insolvency proceedings referred to in Annex A to the Recast EU Insolvency Regulation. As noted in Preamble 10, Annex A has been extended to include insolvency proceedings that promote the rescue of economically viable but financially distressed businesses (such as, with respect to Italian insolvency proceedings, *accordi di ristrutturazione*, *procedure di composizione della crisi da sovraindebitamento del consumatore* and *liquidazione dei beni*).

Furthermore, pursuant to Article 6 of the Recast EU Insolvency Regulation, the courts of the Member State in which insolvency proceedings have been opened in accordance with Article 3 have jurisdiction for any action that derives directly from the insolvency proceedings and is closely linked to them, such as avoidance actions.

Secondary insolvency proceedings

Insolvency proceedings opened in one Member State under the Recast EU Insolvency Regulation must be recognized in any other Member States (except Denmark). Under Article 3(2) of the Recast EU Insolvency Regulation, if a debtor's "center of main interests" is in a given Member State (other than Denmark), the courts of all other Member States (except Denmark) have jurisdiction to open "secondary" or "territorial" insolvency proceedings only if the debtor has an "establishment" in that other Member State's territory. "Establishment" means any place of operations where a debtor carries out or, in the three-month period before the request to open main insolvency proceedings, has carried

out a non-transitory economic activity with human means and assets. The effects of those territorial proceedings are restricted to the debtor's assets situated in that Member State's territory.

However, under Article 36 of the Recast EU Insolvency Regulation, in order to avoid the opening of secondary insolvency proceedings in another Member State, the insolvency practitioner in the main insolvency proceedings may give a unilateral undertaking in respect of the assets located in the Member State in which secondary insolvency proceedings could be opened. For this purpose, the insolvency practitioner must undertake to comply with the distribution and priority rights under the relevant national law from which the local creditors would benefit if the secondary insolvency proceedings were opened in that Member State. Such undertaking must be made in writing and is subject to approval by a majority of local creditors, determined in accordance with applicable local laws. If approved, the undertaking is binding on the insolvent estate and if a court is requested to open secondary insolvency proceedings, it should refuse to open such proceeding if it is satisfied that the undertaking adequately protects the general interests of local creditors.

Pursuant to Article 4 of the Recast EU Insolvency Regulation, a court requested to open insolvency proceedings will be required to examine whether it has jurisdiction pursuant to Article 3, which decision may be challenged by the debtor or any creditor on grounds of international jurisdiction.

Insolvency proceedings involving members of a group of companies

The Recast EU Insolvency Regulation provides for a cooperation and communication mechanism in the event that insolvency proceedings concerning two or more members of a group of companies are opened in EU Member States. Insolvency practitioners appointed in proceedings concerning a member of the group shall cooperate with any insolvency practitioner appointed in proceedings concerning another member of the group to the extent that such cooperation is appropriate. Similarly, the court which has opened proceedings shall also cooperate with any other court before which a request is made to open proceedings concerning another member of the group to the extent that cooperation is appropriate to facilitate the effective administration of the proceedings, is not incompatible with the rules applicable to them and does not entail any conflict of interest. Further, an insolvency practitioner appointed in insolvency proceedings concerning a member of a group of companies shall cooperate and communicate with any court with jurisdiction over the insolvency proceedings of another group member.

The Recast EU Insolvency Regulation also contains provisions for the proposal and implementation of a group coordination plan and group coordination proceedings, which are designed and implemented by a group coordinator. Participation in the group coordination plan is not compulsory for group members, and there are safeguards to preserve the sovereignty of the applicable law and courts of each group members' insolvency proceedings.

In the event that we experience financial difficulty, it is not possible to predict with certainty in which jurisdiction or jurisdictions insolvency or similar proceedings would be commenced, or the outcome of such proceedings. Applicable insolvency laws may affect the enforceability of our obligations.

Italy

Certain Italian insolvency laws

We were incorporated in Italy and, in the event of an insolvency event affecting us, insolvency proceedings may be initiated in Italy. In Italy, the courts play a central role in the insolvency process and in-court procedures may be materially more complex and time-consuming than in equivalent situations in jurisdictions with which Noteholders may be familiar.

The following is a brief description of certain aspects of insolvency law in Italy. Certain provisions of Italian law have been amended or have entered into force only recently and, therefore, may be subject to further implementation and/or interpretations and have not been tested to date in the Italian courts.

Italian creditors' rights and insolvency laws are generally considered to be more favorable to debtors than the regimes of certain other jurisdictions. In Italy, the courts play a central role in the insolvency process; moreover, the enforcement of security interests by creditors in Italy can be time consuming. A recent reform of Italian insolvency laws provided for out-of-court reorganization proceedings.

The two primary aims of the Italian Bankruptcy Law are to liquidate the debtor's assets and protect the goodwill of the going concern (if any) for the satisfaction of creditors' claims as well as, in case of the "Prodi-bis" procedure or "Marzano" procedure, to maintain employment. These competing aims have often been balanced by selling businesses as going concerns and ensuring that employees are transferred along with the businesses being sold. However, the Italian Bankruptcy Law has been recently amended with a view to promoting rescue procedures rather than liquidation and focusing on the continuity and survival of financially distressed businesses and enhancing pre-bankruptcy restructuring options.

Under the Italian Bankruptcy Law, bankruptcy must be declared by a court, based on the insolvency (*insolvenza*) of a company upon a petition filed by the company itself, the public prosecutor and/or one or more creditors. Insolvency occurs when a debtor is no longer able to regularly meet its obligations as they become due. This must be a permanent, and not a temporary, status in order for a court to hold that a company is insolvent.

In cases where a company is facing financial difficulties or a temporary cash shortfall and, in general, financial distress, it may be possible for it to enter into out-of-court arrangements with its creditors outside the pre-insolvency proceedings provided for under Italian Bankruptcy Law and described below, which may safeguard the existence of the company but which, in the event of a subsequent insolvency, are susceptible to court review and possibly to challenge as voidable transactions.

In addition, the following forms of debt restructuring and bankruptcy are available under Italian law for companies in a state of crisis and for insolvent companies.

Restructuring Outside of a Judicial Process (*concordati stragiudiziali*)

Restructuring generally takes place through a formal judicial process because it is more favorable for the debtor and because informal arrangements put in place as a result of an out-of-court restructuring are vulnerable to being reviewed by a court in the event of a subsequent insolvency, and possibly challenged as voidable transactions. However, in cases where a company is solvent, but facing financial difficulties, it may be possible to enter into an out-of-court arrangement with its creditors, which may safeguard the existence of the company.

Out-of-court reorganization plans (*piani di risanamento*) pursuant to Article 67, paragraph 3(d) of the Italian Bankruptcy Law

Out-of-court debt restructuring agreements are based on restructuring plans (*piani di risanamento attestati*) prepared by companies in order to restructure their indebtedness and to ensure the recovery of their financial condition. An independent expert appointed by the debtor must verify the feasibility of the restructuring plan and the truthfulness of the business and accounting data provided by the company. The expert must possess certain specific professional requisites and qualifications and meet the requirements set forth by Article 2399 of the Italian Civil Code, and may be subject to liability for misrepresentation or false certification.

The terms and conditions of these plans are freely negotiable, provided that they are finalized at restructuring the debtor's indebtedness and rebalancing its capital structure. Unlike in-court pre-bankruptcy agreement proceedings and debt restructuring agreements, out-of-court reorganization plans pursuant to Article 67, paragraph 3(d) of the Italian Bankruptcy Law do not offer the debtor any protection against enforcement proceedings and/or precautionary actions of third-party creditors (automatic stay). Should these plans fail and the debtor subsequently be declared bankrupt, the Italian Bankruptcy Law provides that, subject to certain conditions, the payments and/or acts carried out to implement the reorganization plan are not subject to clawback action and are exempt from certain potentially applicable criminal sanctions. Neither ratification by a court nor publication in the companies' register is required (although publication in the companies' register is possible upon a debtor's request and would allow for certain tax benefits) and, therefore, the risk of bad publicity or unfavorable value judgments is lower than for an in-court pre-bankruptcy agreement or a debt restructuring agreement.

Debt restructuring agreements with creditors (accordi di ristrutturazione dei debiti) pursuant to Article 182-bis of the Italian Bankruptcy Law

Out-of-court agreements for the restructuring of indebtedness entered into with creditors representing at least 60% of the company's outstanding debts can be ratified by the court. An independent expert appointed by the debtor must assess the truthfulness of the business and accounting data provided by the company and declare that the agreement is feasible and, in particular, that it ensures that the debts of non-participating creditors can be fully satisfied within 120 days from: (i) the date the court ratifies the agreement, in the case of debts which are due and payable to non-participating creditors as of the date of the court sanctions the debt restructuring agreement (*omologazione*); and (ii) the date on which the relevant debts fall due, in case of receivables which are not yet due and payable to non-participating creditors as of the date the court sanctions the debt restructuring agreement (*omologazione*). Only a debtor who is in a state of crisis (*i.e.*, facing financial distress which does not yet amount to insolvency) or insolvent can initiate this process and request the court to sanction the debt restructuring agreement entered into with its creditors (*omologazione*).

The agreement is published in the companies' register and is effective as of the day of its publication.

For the period of 60 days after the date of publication, creditors cannot start or continue any interim relief or enforcement actions over assets of the debtor and cannot obtain any security interest (unless agreed) in relation to pre-existing debts. The moratorium can be requested, pursuant to Article 182-bis, paragraph 6 of the Italian Bankruptcy Law, by the debtor from the court pending negotiations with creditors (prior to the above-mentioned publication of the agreement), subject to the fulfilment of certain conditions. Such moratorium request 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 a hearing within 30 days of the filing of the petition and orders the company to supply the relevant documentation in relation to the moratorium to the creditors. At that hearing, the court assesses whether the conditions for granting the moratorium subsist and, if they do, orders that no interim relief or enforcement action may be started or continued nor security interests (unless agreed) be acquired over assets of the debtor, and sets a deadline (not exceeding 60 days) within which the restructuring agreement has to be filed. The court's order may be challenged within 15 days of publication. Within the same time frame, an application for the *concordato preventivo* (as described below) may be filed, without prejudice to the effect of the moratorium.

The Italian Bankruptcy Law does not include express provisions concerning the contents of a debt restructuring agreement. The plan can therefore provide, among other things, either that the debtor or a third party continue the business or that the business be sold to a third party, and may contain refinancing agreements, moratoria, write-offs and/or postponements of claims. The debt restructuring agreement may also contain a proposed tax settlement for partial or deferred payment of certain taxes. Creditors and other interested parties may oppose the agreement within 30 days from its publication in the companies' register. The court will, after having settled any oppositions, validate the agreement by issuing a decree, which may be appealed within 15 days of its publication.

Italian Legislative Decree 83/2015, as amended by Law 132/2015 modified the basis for calculating the threshold of 60% of the debtor's outstanding debt required for a court's sanctioning of debt restructuring agreements (*accordi di ristrutturazione dei debiti*), easing the requirements with respect to financial creditors.

Pursuant to the new Article 182-septies of the Italian Bankruptcy Law, introduced by Italian Legislative Decree 83/2015, as amended by Law 132/2015, debtors whose financial indebtedness is at least 50% of their total indebtedness are entitled to enter into debt restructuring agreements by obtaining approval of financial creditors representing at least 75% of the aggregate financial claims of the relevant category and can request the court to declare that agreement binding on dissenting financial creditors of the same category (a so-called "cram-down"), provided that certain conditions are met, including that dissenting creditors are not treated worse than under any other available alternative. If these conditions are met, the remaining 25% of non-participating financial creditors belonging to the same class of creditors are crammed down; however, crammed-down creditors can challenge the agreement and refuse to be forced into it on the basis that the classes of creditors are not homogeneous. Similarly, a standstill agreement (*convenzione di moratoria*) entered into between a debtor and financial creditors representing 75% of that debtor's aggregate financial indebtedness would also bind

non-participating financial creditors, provided that an independent expert certifies the homogeneity of the classes and that certain further conditions are met.

Such debt restructuring agreements and standstill agreements do not affect the rights of non-financial creditors, such as trade creditors, who cannot be crammed down and must be paid within 120 days if not participating in a scheme.

Pursuant to Article 182-*quarter* of the Italian Bankruptcy Law, financing granted to the debtor pursuant to an approved debt restructuring agreement (or a court-supervised pre-bankruptcy composition with creditors) enjoy priority status in a subsequent bankruptcy (such status also applies to financing granted by shareholders, but only up to 80% of such financing). Financing granted "in view of" (*i.e.*, before) presentation of a petition for a debt restructuring agreement or a court-supervised pre-bankruptcy composition with creditors may be granted such priority status provided that it is envisaged by the relevant plan or agreement and that such priority is expressly provided for by the court at the time it approves the plan or sanctions (*omologazione*) the agreement.

Pursuant to the new Article 182-*quinquies* of the Italian Bankruptcy Law, the court, pending the sanctioning (*omologazione*) of the agreement pursuant to Article 182-bis, paragraph 1, or after the filing of the petition pursuant to Article 182-bis, paragraph 6, or a petition for a *concordato preventivo*, also pursuant to Article 161, paragraph 6, may authorize the debtor to: (i) incur new super-senior (so-called pre-deducibile) indebtedness subject to authorization by the court and certification by an expert that such financing is functional to the overall restructuring process, (ii) secure such indebtedness via in rem securities (*garanzie reali*), provided that the expert appointed by the debtor, having verified the overall financial needs of the company until the sanctioning (*omologazione*), declares that the new financial indebtedness aims to achieve better satisfaction of the creditors; and (iii) pay debts deriving from the supply of services or goods already payable and due, provided that the expert declares that such payment is essential to maintain the company's activities and to ensure the best satisfaction for all creditors. In addition, according to the provisions of Italian Legislative Decree 83/2015, as amended by Law 132/2015, the aforementioned authorization may be given also before the filing of the additional documentation required pursuant to Article 161, paragraph 6 of the Italian Bankruptcy Law.

The provision of Article 182-*quinquies* of the Italian Bankruptcy Law applies to both debt restructuring agreements and to court-supervised pre-bankruptcy compositions with creditors (*concordato preventivo*) as outlined below.

Furthermore, according to the Article 1 of the Italian Legislative Decree 83/2015, as amended by Law 132/2015, pending the sanctioning (*omologazione*) of the debt restructuring agreement pursuant to Article 182-bis, paragraph 1 of the Italian Bankruptcy Law or after the filing of the moratorium application pursuant to Article 182-bis, paragraph 6 of the Italian Bankruptcy Law also in absence of the plan pursuant to Article 161, paragraph 2(e) of the Italian Bankruptcy Law, the court may also authorize the debtor to incur in new super-senior (so-called pre-deducibile) indebtedness, aimed at supporting urgent financial needs related to the company's business. The company, while filing such request of authorization, is required to specify (i) the purpose of the financing; (ii) that it is unable to otherwise obtain the required funds and (iii) that the absence of such financing will entail an imminent and irreparable prejudice to the company.

Court-supervised pre-bankruptcy composition with creditors (concordato preventivo)

A company which is insolvent or in a situation of crisis (*i.e.*, financial distress which does not yet amount to insolvency) has the option to make a composition proposal to its creditors, under court supervision, in order to compose its overall indebtedness and/or reorganize its business, thereby avoiding a declaration of insolvency and the initiation of bankruptcy proceedings. Such composition proposal can be made by a commercial enterprise which exceeds any of the following thresholds: (i) has had assets (*attivo patrimoniale*) in an aggregate amount exceeding €0.3 million for each of the three preceding financial years, (ii) gross revenue (*ricavi lordi*) in an aggregate amount exceeding €0.2 million for each of the three preceding financial years, and (iii) has total indebtedness in excess of €0.5 million. Only the debtor company can initially file a petition with the court for a *concordato preventivo* (together with, among other things, a restructuring plan and an independent expert report assessing the feasibility of the composition proposal and the truthfulness of the business and accounting data provided by the company). The petition for *concordato preventivo* is then published by the debtor in the company's register. From the date of such publication to the date on which the court sanctions the

concordato preventivo, all enforcement and interim relief actions by the creditors (whose debt became due before the sanctioning of the *concordato preventivo* by the court) are stayed. During this time, all enforcement, precautionary actions and interim measures sought by the creditors, whose title arose beforehand, are stayed. Pre-existing creditors cannot obtain security interests (unless authorized by the court) and mortgages registered within the 90 days preceding the date on which the petition for the *concordato preventivo* is published in the company's register are ineffective against such pre-existing creditors.

The composition proposal filed in connection with the petition may provide for: (i) the restructuring of debts and the satisfaction of creditors' claims (including through non-recurring transactions, such as the granting to creditors and to their subsidiaries or affiliated companies of shares, bonds (including bonds convertible into shares), or other financial instruments and debt securities); (ii) the transfer to a receiver (*assuntore*) of the operations of the debtor company making the composition proposal; (iii) the division of creditors into classes; and (iv) different treatment of creditors belonging to different classes.

The composition proposal may also contain a proposed tax settlement for the partial or deferred payment of certain taxes.

The filing of the petition for the *concordato preventivo* may be preceded by the filing of a preliminary petition for a *concordato preventivo* (so-called *concordato in bianco*, pursuant to Article 161, paragraph 6, of the Italian Bankruptcy Law, as amended by Legislative Decree No. 69/2013 as converted into Law No. 98/2013 ("**Legislative Decree 69/2013**"). The debtor company may file such petition along with: (i) its financial statements from the latest three financial years; and (ii) the list of creditors with the reference to the amount of their respective receivables, reserving the right to submit the underlying plan, the proposal and all relevant documentation within a period assigned by the court between 60 and 120 days from the date of the filing of the preliminary petition, subject to only one possible further extension of up to 60 days, where there are reasonable grounds for such extension. In advance of such deadline, the debtor may also file a petition for the approval of a debt restructuring agreement (pursuant to Article 182-*bis* of the Italian Bankruptcy Law). If the court accepts such preliminary petition, it may: (i) appoint a judicial commissioner (*commissario giudiziale*) to overview the company, who, in the event that the debtor has carried out one of the activities under Article 173 of the Italian Bankruptcy Law (for example, concealing some of assets, omitting to report one or more claims, declaring non-existent liabilities or committing other fraudulent acts), shall report it to the court, which, upon further verification, may reject the petition at court for a *concordato preventivo*; and (ii) set forth reporting and information duties of the company during the above-mentioned period.

The debtor company may not file such pre-application where it had already done so in the previous two years without the admission to the *concordato preventivo* or the final approval of the debt restructuring agreement pursuant to Article 182-*bis* of the Italian Bankruptcy Law having followed. The decree setting the term for the presentation of the documentation contains also the periodical information requirements (also relating to the financial management of the company and to the activities carried out for the purposes of the filing of the application and the restructuring plan) that the company has to fulfil, at least on a monthly basis, until the lapse of the term established by the court. The debtor company shall file, on a monthly basis, the company's financial position, which is published, the following day, in the company's register.

Non-compliance with these requirements results in the application for the composition with creditors being declared inadmissible and, upon request of the creditors or the public prosecutor and *provided that* the relevant requirements are verified, in the adjudication of the distressed company into bankruptcy. If the activities carried out by the debtor company appear to be clearly inappropriate to the preparation of the application and the restructuring plan, the court may, *ex officio*, after hearing the debtor and, if appointed, the judicial commissioner, reduce the time for the filing additional documents.

Following filing of the preliminary petition and until the decree of admission to the composition with creditors, the distressed company may: (i) carry out acts pertaining to its ordinary activity; and (ii) seek the court's authorization to carry out acts pertaining to non-recurring activities to the extent they are urgent. Claims arising from acts lawfully carried out by the distressed company and new super-senior indebtedness authorized by the court, pending the sanctioning (*omologazione*) of the debt restructuring agreement pursuant to Article 182-*bis*, paragraph 1 of the Italian Bankruptcy Law or after the filing of the moratorium application pursuant to Article 182-*bis*, paragraph 6 of the Italian Bankruptcy Law also in absence of the plan pursuant to Article 161, paragraph 2(e) of the Italian Bankruptcy Law, aimed at

supporting urgent financial needs related to the company's business as recently introduced by Article 1 of the Italian Legislative Decree 83/2015, as amended by Law 132/2015, are treated as super-senior (so-called *pre-deducibili*) pursuant to Article 111 of the Italian Bankruptcy Law and the related acts, payments and security interests granted are exempt from clawback pursuant to Article 67 of the Italian Bankruptcy Law. Law No. 9/2014 specified that the super-seniority of claims – which arise out of loans granted with a view to allowing the preliminary petition for the composition with creditors (*domanda di pre-concordato*) to be filed – is granted, pursuant to Article 111 of the Italian Bankruptcy Law, conditional upon the proposal, the plan and all other required documents being filed within the term set by the court and the company being admitted to the *concordato preventivo* within the same proceeding opened with the filing of the preliminary petition.

The composition proposal may propose that: (i) the debtor company's business continue to be run by the debtor company as a going concern; or (ii) the business be transferred to one or more companies and any assets which are no longer necessary to run the business be liquidated (*concordato con continuità aziendale*). In these cases, the petition for the *concordato preventivo* should fully describe the costs and revenue that are expected as a consequence continuing the business as a going concern, as well as the financial resources and support which will be necessary.

The independent experts must also certify that continuing the business is conducive to satisfying creditors' claims to a greater extent than if such composition proposal was not implemented.

Furthermore, the going concern-based arrangements with creditors can provide for, among other things, winding-up of those assets that are not functional to the business allowed. The composition agreement may also contain a proposed tax settlement for partial or deferred payment of certain taxes.

If the court determines that the composition proposal is admissible, it appoints a judge to supervise the procedure (*giudice delegato*) and one or more judicial officers (*commissari giudiziali*), and calls a creditors' meeting. While the proposal is implemented, the company generally continues to be managed by its board of directors, but is supervised by the appointed judicial officers and judge (who must authorize all transactions that are not in the ordinary course of business).

The *concordato preventivo* is voted on at a creditors' meeting and must be approved with the favorable vote of (a) the creditors representing the majority of the receivables admitted to vote and, also in the event that the plan provides for more classes of creditors, and (b) the majority of the classes. The Composition with Creditors is approved only if the required majorities of creditors expressly voted in favor of the proposal. Law 132/2015 abrogated the implied consent rule under which those creditors who, being entitled to vote, did not do so and those who did not express their dissent within 20 days of the closure of the minutes of the creditors' meeting are deemed as consenting to the composition with creditors. Under the current regime, creditors who did not exercise their voting rights in the creditors' meeting can do so (even via email) within 20 days of the closure of the minutes of the creditors' meeting and, after such term, creditors who have did not exercise their voting right will be deemed not to approve the *concordato preventivo* proposal. Secured creditors are not entitled to vote on the proposal of *concordato preventivo* unless and to the extent they waive their security or if the *concordato preventivo* provides that they will not receive full satisfaction of the fair market value of their secured assets (such value being assessed by an independent expert), in which case they can vote only in respect of the part of their debt affected by the proposal. The court may also approve the *concordato preventivo* (notwithstanding one or more classes' objection to it) if: (i) the majority of classes has approved it; and (ii) the court deems that the interests of dissenting creditors are adequately safeguarded compared to other solutions. If 20% of the creditors entitled to vote or, in case there are different classes of creditors, a creditor belonging to a dissenting class, file an objection to the implementation of the *concordato preventivo*, the court may nevertheless sanction the *concordato preventivo* if it deems that the relevant creditors' claims are likely to be satisfied to a greater extent as a result of the *concordato preventivo* than would otherwise be the case.

Italian Legislative Decree 83/2015, as amended by Law 132/2015, introduced the possibility for creditors (except for individuals or entities controlled, controlling or under common control of the debtor) holding at least 10% of the aggregate claims against a debtor to present an alternative plan in pre-bankruptcy agreement proceedings (*concordato preventivo*) subject to certain conditions being met, including, in particular, that the debtor's proposal does not ensure recovery of at least (i) 40% of the unsecured claims (*crediti chirografari*) in case of a pre-bankruptcy agreement proposal with liquidation purpose (*concordato liquidatorio*), or (ii) 30% of the unsecured claims (*crediti chirografari*) in case of

pre-bankruptcy agreement proposals based on the continuation of business (*concordato con continuità aziendale*).

In addition, in order to strengthen the position of unsecured creditors, Law 132/2015 provides that a pre-bankruptcy agreement proposal with liquidation purpose (*concordato liquidatorio*) (i.e., a pre-bankruptcy agreement proposal aiming to transfer all assets to the creditors and having such assets sold in their interest by the judicial commissioner) must ensure that the unsecured creditors are paid with respect to at least 20% of their claims. This provision does not apply to pre-bankruptcy agreement proposals based on the continuation of business (*concordato con continuità aziendale*).

To the extent the alternative plan is approved by creditors and ratified (*omologato*), the court may grant special powers to the judicial commissioner to implement the plan if the debtor does not cooperate, including by taking all corporate actions required.

In addition, Article 163-bis of the Italian Bankruptcy Law, introduced by Italian Legislative Decree 83/2015, as amended by Law 132/2015, provides that, if a plan in pre-bankruptcy composition with creditors (*concordato preventivo*), pursuant to Article 161, paragraph 2(e) of the Italian Bankruptcy Law, includes an offer to sell the debtor's assets or a going concern of the debtor to an identified third party, the judicial commissioner may request the court to open a competitive bidding process to the extent it is in the best interest of the creditors. After approval by the creditors' meeting, the court (having settled any objections raised by dissenting creditors) confirms the *concordato preventivo* proposal by issuing a confirmation order.

If the creditors' meeting does not approve the *concordato preventivo*, the court may, upon request of the public prosecutor or a creditor, and having decided that the appropriate conditions apply, declare the company bankrupt.

Bankruptcy (*fallimento*)

A request to declare a debtor company bankrupt and to commence bankruptcy proceedings (*fallimento*) and judicial liquidation of the debtor company's assets may be filed by the debtor company itself, any of its creditors or, in certain cases, the public prosecutor. Insolvency, as defined under the Italian Bankruptcy Law, occurs when a debtor is no longer able to regularly meet its obligations with ordinary means as they come due. The bankruptcy is declared by the competent bankruptcy court. The Italian Bankruptcy Law is applicable only to commercial enterprises (*imprenditori commerciali*) if one of the following thresholds is met: the company (i) had assets (*attivo patrimoniale*) in an aggregate amount exceeding €0.3 million during each of the three preceding financial years; (ii) had gross revenue (*ricavi lordi*) in an aggregate amount exceeding €0.2 million for each of the three preceding financial years; or (iii) has total indebtedness in excess of €0.5 million.

On the commencement of bankruptcy proceedings:

- subject to certain exceptions, all actions of creditors are stayed and creditors must file claims within a defined period. In particular, under certain circumstances, secured creditors may enforce against the secured property as soon as their claims are admitted 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's other unsecured debt. The secured creditor may sell the secured asset only after it has obtained authorization from the designated judge (*giudice delegato*). After hearing the bankruptcy receiver and the creditors' committee, the designated judge decides whether to authorize the sale and sets forth the timing in its decision;
- a bankruptcy receiver (*curatore fallimentare*) is appointed to administer the debtor company and manage its assets;
- any act of the debtor company done after a declaration of bankruptcy (including payments made) is ineffective against the creditors;
- continuation of business may be authorized by the court if an interruption would cause greater damage to the company, but only if continuation of the company's business does not cause damage to creditors; and

- the execution of certain contracts and/or transactions pending as of the date of the bankruptcy declaration is suspended until the receiver decides whether to take them over. Although the general rule is that the bankruptcy receiver is allowed to either continue or terminate contracts where some or all of the obligations have not been performed by both parties, certain contracts are subject to specific rules under the Italian Bankruptcy Law.

The bankruptcy proceedings are carried out and supervised by a court-appointed bankruptcy receiver, a deputy judge (*giudice delegato*) and a creditors' committee. The bankruptcy receiver is not a representative of any one of the creditors, but is responsible for the liquidation of the assets of the debtor for the satisfaction of the creditors as a whole. The proceeds from the liquidation are distributed in accordance with statutory priority rights. Liquidation of a debtor can take a considerable amount of time, particularly in cases where the debtor's assets include real estate. The Italian Bankruptcy Law provides for a priority of payment to certain preferential creditors, including administrative costs associated with the bankruptcy proceeding and costs related to the receiver's running of the company, Italian tax and national social security contributions and employee arrears of wages or salary. Such priority of payment is granted under mandatory provisions of Italian law (and, as a consequence, it is untested and it is unlikely that priority of payments such as those commonly provided in intercreditor contractual arrangements would be recognized by an Italian bankruptcy estate to the extent they are inconsistent with the priorities provided by applicable law).

Bankruptcy composition with creditors (concordato fallimentare)

A bankruptcy proceeding can terminate prior to liquidation through a bankruptcy composition proposal with creditors. The relevant proposal can be filed, by one or more creditors or third parties, from the declaration of bankruptcy. By contrast, the debtor or its subsidiaries are only permitted to file such proposal after one year from such declaration, but within two years following the decree giving effectiveness to the liabilities account (*stato passivo*). Secured creditors are not entitled to vote on the proposal of *concordato fallimentare*, unless and to the extent they waive their security or the *concordato fallimentare* provides that they will not receive full satisfaction of the fair market value of their secured assets (such value being assessed by an independent expert), in which case they can vote only in respect of the part of their debt affected by the proposal.

The proposal may provide for the division of creditors into classes (thereby proposing different treatment among the classes), the restructuring of debts and satisfaction of creditors' claims in any manner. An abstention is considered as a favourable vote. The *concordato fallimentare* proposal must be approved by the creditors' committee and the creditors holding the majority (by value) of claims (and, if classes are formed, also by a majority (by value) of the claims in a majority of the classes). Final court ratification is also required.

Statutory priorities

The statutory priority given to creditors under the Italian Bankruptcy Law may be different from that established in the United States, the United Kingdom and certain other EU jurisdictions. Neither the debtor nor the court can deviate from the rules of statutory priority by proposing their own priorities of claims or by subordinating one claim to another based on equitable subordination principles (as a consequence it must be noted that priority of payments such as those commonly provided in intercreditor contractual arrangements may not be enforceable against an Italian bankruptcy estate to the extent they are inconsistent with the priorities provided by law). The rules of statutory priority apply irrespective of whether the proceeds are derived from the sale of the entire bankrupt's estate or part thereof, or from a single asset.

Article 111 of the Italian Bankruptcy Law establishes that proceeds of liquidation shall be allocated according to the following order: (i) for payments of "pre-deductible" claims (*i.e.*, claims originated in the insolvency proceeding, such as costs related to the procedure); (ii) for payment of claims which are privileged, such as claims of secured creditors; and (iii) for the payment of unsecured creditors' claims.

Under Italian law, the highest priority claims (after the costs of the proceedings are paid) are the claims of preferential creditors including, among other things, a claim whose priority is legally acquired (*i.e.*, repayment of rescue or interim financing, mentioned above), the claims of the Italian tax authorities and social security administrators, and claims for employee wages. The remaining priority claims are those of privileged creditors (*creditori privilegiati*); a priority in payment in most circumstances, but

not exclusively, provided for by law), mortgagees (*creditori ipotecari*), pledgees (*creditori prignoratizi*) and unsecured creditors (*crediti chirografari*).

Avoidance powers in insolvency

Under Italian law, there are "clawback" or avoidance provisions that may lead to, among other things, the revocation of payments made or security interests granted by the debtor prior to the declaration of bankruptcy. The key avoidance provisions include, but are not limited to, transactions made below market value, preferential transactions and transactions made with a view to defrauding creditors.

Clawback 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, depending on the circumstances, the Italian Bankruptcy Law provides for a clawback period of up to either six months or one year in certain circumstances (which, in the context of extraordinary administration procedures in relation to certain transactions, can be extended to three and five years, respectively) and a two-year ineffectiveness period for certain other transactions.

The Italian Bankruptcy Law distinguishes between acts or transactions that are ineffective by operation of law and acts or transactions that are voidable at the request of the bankruptcy receiver/court commissioner.

Acts ineffective by operation of law

Under Article 64 of the Italian Bankruptcy Law, all transactions entered into for no consideration are ineffective vis-à-vis creditors if entered into by the debtor in the two-year period prior to the insolvency declaration. In addition, under Article 65 of the Italian Bankruptcy Law, payments of debts falling due on the day of the declaration of insolvency or thereafter are deemed ineffective vis-à-vis creditors if made by the debtor in the two-year period prior to the insolvency declaration.

Acts that could be declared ineffective at the request of the bankruptcy receiver/court commissioner

The following acts and transactions, if done or made during the period specified below, may be clawed back (*revocati*) vis-à-vis the bankruptcy as provided for by Article 67 of the Italian Bankruptcy Law and be declared ineffective unless the other party proves that it had no actual or constructive knowledge of the debtor's insolvency:

- the onerous transactions entered into in the year preceding the insolvency declaration, where the value of the debt or of the obligations undertaken by the debtor exceeds by 25% the value of the consideration received by and/or promised to the debtor;
- payments of debts, due and payable, made by the debtor, which were not paid in cash or by other customary means of payment in the year preceding the insolvency declaration;
- pledges and mortgages granted by the bankrupt entity in the year preceding the insolvency declaration in order to secure pre-existing debts which have not yet fallen due; and
- pledges and mortgages granted by the bankrupt entity in the six months preceding the insolvency declaration, in order to secure debts which had fallen due.

The following acts and transactions, if done or made during the period specified below, may be clawed back (*revocati*) and declared ineffective if the bankruptcy receiver proves that the other party knew that the bankrupt entity was insolvent at the time of the act or transaction:

- the payments of debts that are immediately due and payable and any onerous transactions entered into or made in the six months preceding the insolvency declaration; and
- the granting of security interests securing debts (even those of third parties) and made in the six months preceding the insolvency declaration.

The following transactions are exempt from clawback actions:

- a payment for goods or services made in the ordinary course of business and in accordance with market practice;
- a remittance on a bank account, *provided that* it does not reduce the bankrupt entity's debt towards the bank in a material and lasting manner;
- a sale, including an agreement for sale registered pursuant to Article 2645-bis of the Italian Civil Code, currently in force, made for a fair value and concerning a residential property that is intended as the main residence of the purchaser or the purchaser's family (within three degrees of kinship) or a non-residential property that is intended as the main seat of the enterprise of the purchaser, on the condition that, as of the date of the insolvency declaration, such activity is actually exercised or the investments for the start of such activity have been carried out;
- transactions entered into, payments made and security interests granted with respect to the bankrupt entity's goods, provided that they concern the implementation of a *piano di risanamento attestato* (see "*—Out-of-court reorganization plans (piani di risanamento) pursuant to Article 67, paragraph 3(d) of the Italian Bankruptcy Law*" above);
- a transaction entered into, payment made or security interest granted to implement a *concordato preventivo* (see "*—Court-supervised pre-bankruptcy composition with creditors (concordato preventivo)*" above) or an *accordo di ristrutturazione dei debiti* under Article 182-bis of the Italian Bankruptcy Law (see "*—Debt restructuring agreements with creditors (accordi di ristrutturazione dei debiti) pursuant to Article 182-bis of the Italian Bankruptcy Law*" above) and transactions entered into, payments made and security interests granted after the filing of the application for a *concordato preventivo* (see above);
- remuneration payments to the bankrupt entity's employees and consultants; and
- a payment of a debt that is immediately due, payable and made on the due date, with respect to services necessary for access to *concordato preventivo* procedures.

In addition, in certain cases, the bankruptcy receiver can request that certain transactions of the bankrupt entity be declared without effect vis-à-vis the acting creditors within the Italian Civil Code ordinary clawback period of five years (*revocatoria ordinaria*). Under Article 2901 of the Italian Civil Code, a creditor may demand that transactions through which the bankrupt entity disposed of its assets to the detriment of such creditor's rights be declared ineffective with respect to such creditor, provided that the bankrupt entity was aware of such detriment (or, if the transaction was entered into prior to the date on which the creditor's claim originated, that such transaction was fraudulently entered into by the debtor in order to cause detriment of such creditor's rights) and that, in the case of a transaction entered into for consideration with a third person, the third person was aware of such detriment (or, if the transaction was entered into prior to the date on which the creditor's claim originated, such third party participated in the fraudulent scheme). Burden of proof is entirely with the receiver.

Extraordinary administration for large insolvent companies (amministrazione straordinaria delle grandi imprese in stato di insolvenza)

An extraordinary administration procedure applies under Italian law for large industrial and commercial enterprises (the Prodi-bis procedure). The relevant company must be insolvent, but demonstrating serious recovery prospects. To qualify for this procedure, the company must have employed at least 200 employees in the previous year. In addition, it must have debts equal to at least two-thirds of its assets as shown in its financial statements and two-thirds of its income from sales and services during its last financial year. Any of the creditors, the debtor, a court or the public prosecutor may make a petition to commence an extraordinary administration procedure. The same rules set forth for bankruptcy proceedings with respect to existing contracts and creditors' claims largely apply to extraordinary administration proceedings.

There are two main phases: a "judicial phase" and an "administrative phase".

Judicial phase

In the judicial phase, the court determines whether the company meets the admission criteria and whether it is insolvent. It then issues a decision to that effect and appoints up to three judicial receivers (*commissario giudiziale*) to investigate whether the company has serious prospects for recovery via a business sale or reorganization. The judicial receiver files a report with the court within 30 days, and within ten days from such filing, the Italian Economic Development Minister (the "**Ministry**") may make an opinion on the admission of the company to the extraordinary administration procedure. The court then decides (within 30 days from the filing of the report) whether to admit the company to the procedure or to place it into bankruptcy.

Administrative phase

Assuming that the company is admitted to the extraordinary administration procedure, the administrative phase begins and an extraordinary commissioner (or commissioners) is appointed by the Ministry. The extraordinary commissioner(s) prepare(s) a plan which can provide for either the sale of the business as a going concern within one year (unless extended by the Ministry) (the "**Disposal Plan**") or a reorganization leading to the company's economic and financial recovery within two years (unless extended by the Ministry) (the "**Recovery Plan**"). The plan may also include an arrangement with creditors (*concordato*) such, for example, a debt-for-equity swap or an issue of shares in a new company to which the assets have been transferred. The plan must be approved by the Ministry within 30 days from submission by the extraordinary commissioner.

In addition, the extraordinary commissioner draws up a report every six months on the financial condition and interim management of the company and sends it to the Ministry.

The procedure ends upon successful completion of either a Disposal Plan or a Recovery Plan, failing which the company is declared bankrupt.

Industrial restructuring of large insolvent companies (ristrutturazione industriale di grandi imprese in stato di insolvenza)

Introduced in 2003, the industrial restructuring of large insolvent companies is also known as the Marzano procedure. It is complementary to the *Prodi-bis* procedure and, except as otherwise provided, the same provisions apply. The Marzano procedure is intended to be faster than the *Prodi-bis* procedure. For example, although a company must be insolvent, the application to the Ministry is made together with the filing to the court for the declaration of the insolvency of the debtor.

The Marzano procedure only applies to large insolvent companies that, on a consolidated basis, have at least 500 employees in the year before the procedure is commenced and at least €300 million of debt. The decision of whether to open a Marzano procedure is taken by the Ministry following the debtor's request (who must also file an application for the declaration of insolvency). The Ministry assesses whether the relevant requirements are met and then appoints the extraordinary commissioner(s) who will manage the company. The court also decides on the company's insolvency.

The extraordinary commissioner(s) has/have 180 days (or 270 days if the Ministry so agrees) to submit a Disposal Plan or Recovery Plan. The restructuring through the Disposal Plan or the Recovery Plan must be completed within, respectively, one year (extendable to two years) and two years. If no Disposal or Recovery Plan is approved by the Ministry, the court will declare the company bankrupt and open bankruptcy proceedings.

Compulsory administrative winding-up (liquidazione coatta amministrativa)

A compulsory administrative winding-up (*liquidazione coatta amministrativa*) is only available for certain companies, including public interest entities such as state-controlled companies, insurance companies, credit institutions and other financial institutions, none of which can be made subject to bankruptcy proceedings. It is irrelevant whether these companies belong to the public or the private sector. A compulsory administrative winding-up is a special sort of insolvency proceeding in which the entity is liquidated not by the bankruptcy court, but by the relevant administrative authority that oversees the industry in which the entity is active. The procedure may be triggered not only by the insolvency of the relevant entity, but also on other grounds expressly provided for by the relevant legal provisions (for example, in respect of Italian banks, serious irregularities concerning the management

of the bank or serious violations of the applicable legal, administrative or statutory provisions). The effect of this procedure is that the entity loses control over its assets and a liquidator (*commissario liquidatore*) is appointed to wind up the company. The liquidator's actions are monitored by a steering committee (*comitato di sorveglianza*). The powers assigned to the designated judge and the bankruptcy court under the other insolvency proceedings are assumed by the relevant administrative authority under this procedure. The effect on creditors of the forced administrative winding-up is largely the same as under bankruptcy proceedings and includes, for example, a ban on enforcement measures. The same rules set forth for bankruptcy proceedings with respect to existing contracts and creditors' claims largely apply to extraordinary administration proceedings.

Interim financing

Italian Legislative Decree 83/2015, as amended by Law 132/2015, introduced the possibility for debtors to also obtain urgent interim financing necessary for their business needs before a court's approval of a pre-bankruptcy composition with creditors (*concordato preventivo*) or the entry into a debt restructuring agreement (*accordo di ristrutturazione dei debiti*) with priority status (*prededucibilità*) in case of subsequent bankruptcy without the expert certification and through an accelerated review process by the relevant court, upon, among other things, the relevant debtor's declaration that interim finance is urgently needed and the debtor's inability to access such finance would cause imminent and irreparable damage. The court must decide on the request within ten days of the filing of the application after consultation with the judicial commissioner and, if deemed necessary, the principal creditors.

Before the entry into force of Italian Legislative Decree 83/2015, debtors could be granted financing with priority status (*prededucibilità*) before a court's approval of a pre-bankruptcy composition with creditors (*concordato preventivo*) or the entry into a debt restructuring agreement (*accordo di ristrutturazione dei debiti*) if: (i) an expert certified that such financing is functional to the overall restructuring process; or (ii) such financing is provided for by the plan or the agreement, provided in each case that the court approved such priority status.

Forthcoming reform of the Italian Bankruptcy Law

On 11 October 2017, the Italian Parliament finally approved a scheme of law drafted by the parliamentary commission for the "systematic reform of the legal framework concerning distressed companies and bankruptcy proceedings" (the "**Scheme**").

The Scheme aims to create a comprehensive consolidated act for insolvency and pre-insolvency procedures, with only the exception of extraordinary administration proceedings, which are treated under a separate scheme of law dated May 2016, and modernising the rules set forth in the Italian Bankruptcy Law.

The Scheme only provides for the main principles and guidance for the new rules, while the underlying legislation shall be drafted by Italian Government within 12 months of the approval of the Scheme.

Particularly, the Scheme aims to, inter alia: (i) foster the reorganisation of insolvent entities and continuation of the relevant business as opposed to their liquidation, (ii) introduce a definition of insolvency along with an insolvency test, (iii) simplify creditors' access to the insolvency proceedings, (iv) identify specialised courts to handle insolvency matters, (v) provide insolvency and restructuring proceedings for groups of companies, and (vi) introduce a safeguard procedure to ensure a prompt adoption of the restructuring tools offered by the Italian law for the benefit of all stakeholders.

Certain Italian law considerations in relation to security interests and certain other additional Italian legal considerations

Corporate benefit

Under Italian law, the entry into of a transaction (including the creation of a security interest or the granting of a guarantee) by a company must be permitted by the applicable laws and by its by-laws (*statuto sociale*) and is subject to compliance with the rules on corporate benefit, corporate authorization and certain other mandatory provisions.

An Italian company entering into a transaction (including granting a security interest or a guarantee) must receive a real and adequate benefit in exchange for it. The concept of "corporate benefit" is not specifically defined in the applicable legislation and is determined by a factual analysis on a case-by-case basis. As a general rule, corporate benefit is to be assessed at the level of the relevant company on a stand-alone basis, although upon certain circumstances and subject to specific rules the interest of the group to which such company belongs may also be taken into consideration.

An Italian company granting a guarantee or a security interest must receive a real and adequate benefit in exchange for the guarantee or the security interest being provided by such company.

As a general rule, absence of a real and adequate corporate benefit could render the transaction (including granting a security interest or a guarantee) ultra vires and potentially affected by conflict of interest and the related corporate resolutions adopted by the shareholders and directors may be the subject matter of challenges and annulment. Civil liabilities also may be imposed on the directors of the company if it is assessed that they did not act in the interest of it and that the acts they carried out do not fall within the corporate purpose of the company or were against mandatory provisions of Italian law. Furthermore, criminal sanctions may apply to the directors of the company under Article 2634 of the Italian Civil Code, if violation of paragraph 5 of Article 2358 of the Italian Civil Code on financial assistance is found to have occurred. The lack of corporate benefit could also lead to civil liabilities on those companies or persons ultimately exercising control over the Italian grantor or having knowingly received an advantage or profit from such improper control. Moreover, the transaction (including the security interest or guarantee granted by an Italian company) could be declared null and void if the lack of corporate benefit was known or presumed to be known by the third party and such third party acted intentionally against the interest of the company.

The above principles on corporate benefit apply equally to upstream/cross-stream/downstream security interest or guarantees granted by Italian companies.

In relation to security interests or guarantees, while corporate benefit for a downstream security or guarantee (*i.e.*, a security or a guarantee granted to secure financial obligations of direct or indirect subsidiaries of the relevant grantor) can usually be easily proved, the validity and effectiveness of an upstream or cross-stream security or guarantee (*i.e.*, a security interest or a guarantee granted to secure financial obligations of the direct or indirect parent or sister companies of the relevant grantor) granted by an entity organized under the laws of Italy depend on the existence of a real and adequate benefit in exchange for the granted security interest or guarantee and may be challenged unless it can be proved that the grantor may derive some benefits or advantages from the granting of such guarantee or security. The general rule is that the risk assumed by an Italian grantor of security or guarantee must not be disproportionate to the direct or indirect economic benefit to it. In particular, in case of upstream and cross-stream security interests or guarantees for the financial obligations of group companies, examples may include financial consideration in the form of access to cash flows through intercompany loans from other members of that group.

The concept of real and adequate benefit is not defined in the applicable legislation and is assessed and determined on a case-by-case basis, further its existence is purely a factual analysis made by the company's directors. As a general rule, corporate benefit is to be assessed at the level of the relevant company on a stand-alone basis, although in certain circumstances, and subject to specific strict rules, the interest of the group to which such company belongs may also be taken into consideration. In particular, in case of up-stream and cross-stream guarantees or security for the financial obligations of group companies, examples may include financial consideration in the form of access to cash flows through intercompany loans from other members of the group, while transactions featuring debt financings of distributions to shareholders are largely untested in Italian courts, and, therefore, limited guidance is provided as to whether and to what extent such transactions could be challenged for lack of corporate benefit and conflict of interest. Generally, the risk assumed by a grantor of security must not be disproportionate to the direct or indirect economic benefit to it.

Certain limitations on enforcement

Under Italian law, in the event that an entity becomes subject to insolvency proceedings, guarantees and security interests given by it or by way of a trust or parallel debt obligation could be subject to potential challenges by the appointed bankruptcy receiver or by other creditors under the rules of ineffectiveness or avoidance or clawback of Italian Bankruptcy Law and the relevant law on the non-

insolvency avoidance or clawback of transactions made by the debtor during a certain legally specified period (the "**suspect period**"). For a more detailed explanation of the terms, conditions and consequences of clawback actions in an insolvency scenario, see "*Certain Italian insolvency laws*" above.

If challenged successfully, the guarantee or the security interest may become unenforceable and any amounts received must be refunded to the insolvent estate. To the extent that the grant of any security interest or guarantee is voided, holders of the Notes could lose the benefit of the security interest or guarantee and may not be able to recover any amounts under the related security documents.

According to Italian law, the enforcement of any claims, obligations, security interest and rights in general may be subject to, among other things, the following limitations:

- the enforcement of obligations may be limited by the insolvency proceedings listed above relating to or affecting the rights of creditors;
- an Italian court will not necessarily grant any specific enforcement or precautionary measures, the availability of which is subject to the discretion of the Court;
- with respect to contracts providing for mutual obligations (*contratti a prestazioni corrispettive*), each party can refuse to perform its obligation if the other party does not perform or does not offer to perform its own obligation thereunder, in accordance with and subject to the provisions of Article 1460 of the Italian Civil Code;
- claims arising under Italian law governed documents may become barred under the provision of Italian law concerning prescriptions and limitations by the lapse of time (*prescrizioni and decadenze*) or may be or become subject to a claim of set-off (*compensazione*) or to counterclaim;
- pursuant to Article 1241 of the Italian Civil Code concerning set-off of reciprocal obligations (*compensazione*), persons who have reciprocal debt obligations may set-off such obligations for the correspondent amount when both such debt obligations have as an object a pecuniary obligation or fungible assets and are equally liquid and payable;
- where any party to any agreement or instrument is vested with discretion or may determine a matter in its opinion, Italian law may require that such discretion is exercised reasonably or that such opinion is based on reasonable grounds;
- the enforceability in Italy of obligations or contractual provisions governed by a foreign law may be limited by the fact that the relevant provisions of laws may be deemed contrary to Italian public policy principles;
- there is some possibility that an Italian court could hold that a judgment on a particular agreement or instrument, whether given in an Italian court or elsewhere, would supersede such agreement or instrument to all intents and purposes, so that any obligation thereunder which by its terms would survive such judgment might not be held to do so;
- enforcement of obligations may be invalidated by reason of fraud or abuse of the law (*abuso del diritto*);
- the enforceability of an obligation pursuant to the terms set forth in any agreement or instrument may be subject to the interpretation of an Italian court which may carry out such interpretation pursuant to the provisions of Articles 1362 and following of the Italian Civil Code;
- any question as to whether or not any provision of any agreement or instrument which is illegal, invalid, not binding, unenforceable or void may be severed from the other provisions thereof in order to save those other provisions would be determined by an Italian court on the basis of the interpretation of intention of the parties, taking also into account the conduct of the parties following the execution of such agreement or instrument (Article 1419 of the Italian Civil Code);

- an Italian company, either directly or indirectly, cannot grant loans or provide security interest for the purchase or subscription of its own shares unless the strict requirements provided for the Italian Civil Code are satisfied;
- an Italian company must have a specific corporate interest in guaranteeing or securing financial obligations of its parent company or any other companies, whether related or unrelated, such interest being determined by the relevant company on a case-by-case basis;
- in case of bankruptcy, a receiver in bankruptcy is appointed by the court to administer the proceeding under the supervision of the bankruptcy court and creditors cannot start or continue individual foreclosure actions (including the enforcement of security interests) against the debtor (automatic stay). Furthermore, the sale of the relevant pledged assets is carried out by such receiver unless the pledgee is expressly authorized by the bankruptcy court;
- the pre-emption rights (*prelazione*) granted by a pledge extend to interest accrued in the year in which the date of the relevant seizure/attachment or adjudication in bankruptcy falls (or, in the absence of seizure/attachment, at the date of the notification of the payment demand (*precetto*) and extend, moreover, to interest accrued and to accrue thereafter, but only to the extent of legal interest and until the date of the forced sale occurred in the context of the relevant foreclosure proceeding/bankruptcy proceedings;
- in order to oppose an assignment to any third party, it will be necessary to notify such assignment to the relevant debtor or make such debtor to accept it by an instrument bearing an undisputable date (*data certa*); the priority of such assignment will be determined accordingly. One way of ensuring that a document has an undisputable date is that of ensuring that the execution of the relevant document by one of the parties to it is witnessed by a notary who states the date of witnessing on the document, another way is to have each page of the document stamped by the post office;
- a security interest does not prevent creditors of the relevant debtor other than the pledge from continuing enforcement or enforcement proceedings on the assets secured by the relevant pledge; and
- in case of bankruptcy of the grantor of the pledge over quotas or shares, the assets secured by the pledge could be freely sold to any third party in the context of the relevant bankruptcy proceeding and, as a consequence, the proceeds would be set aside for the prior satisfaction of the pledgee but the pledge would be terminated and, therefore, the latter would lose entitlement to the voting rights on the pledged quotas/shares.

In addition, under Italian law, in certain circumstances also in the ordinary course of business, an action can be brought by any creditor of a debtor within five years from the date in which the latter enters into a guarantee, security, agreement or any other act by which it disposes of any of its assets, in order to seek a clawback action (*azione revocatoria ordinaria*) pursuant to article 2901 of the Italian Civil Code (which results in a declaration of ineffectiveness as to that creditor) with respect to the guarantee, security, agreement or other act that is purported to be prejudicial to the creditor's rights. An Italian court could revoke such a guarantee, security, agreement or other act only if it, in addition to ascertaining the prejudicial effect, it also finds that both:

- the debtor was aware of the prejudicial effect on the rights of that creditor, or, if such act occurred before the claim or credit came into existence, the act was fraudulently designed for the purpose of prejudicing satisfaction of the claim or credit; and
- in the case of non-gratuitous act, the third party involved was aware of the prejudicial effect and, if such act occurred before the claim or credit came into existence, that third party participated in the fraudulent design.

Furthermore, under fraudulent conveyance and other provisions of Italian law, a court could void or invalidate all or a part of the obligations of a grantor of security interest under the relevant security interest and, if payment had already been made under that security interest, require the recipients of

that payment to return the payment to the relevant grantor of security interest, if the court found that, among other things:

- the relevant grantor gave such security interest with actual intent to hinder, delay or defraud its current or future creditors or with a desire to prefer some creditors over others, or if the beneficiary of the security interest was aware that the relevant guarantor was insolvent when it gave the relevant security interest;
- the relevant grantor did not receive fair consideration or reasonably equivalent value for its security interest or the relevant grantor was insolvent at the time the security interest was given;
- the relevant security interest was held to exceed the corporate objects of the relevant grantor or not to be in the best interest or for the corporate benefit of the relevant grantor; or
- the grantor giving the security interest was aware, or should have been aware, that the transaction was to the detriment of creditors.

If a court decided either that a security interest was a fraudulent conveyance and voided such security interest, or held it unenforceable for any other reason, the beneficiary of the security interest may cease to have any claim with respect to the relevant grantor.

Certain considerations in relation to security interests

The Transaction Security governed by Italian law will be created and perfected in favor of the Security Agent acting in its capacity as representative (*rappresentante*) of the holders of the Notes pursuant to Article 2414-bis, paragraph 3 of the Italian Civil Code and article 185.5 of the New Italian Public Contracts Code. Under this provision (introduced by Law No. 164 of 11 November 2014), security interests and guarantees can be validly created in favor of a representative (*rappresentante*) of the holders of notes, who will then be entitled to exercise, in the name and on behalf of the holders, all their rights relating to the security interests and guarantees (including any rights arising out of any court and judicial proceedings). However, there is no guidance or available case law on how this provision would be applied to security created in accordance therewith in connection with a note issuance by an Italian entity.

Moreover, it is uncertain and untested in the Italian courts whether, under Italian law, a security interest can be created and perfected in favor of creditors (such as the Noteholders) which are neither direct parties to the relevant security documents nor specifically identified therein or in the relevant share certificates and corporate documents or public registries.

Additionally, the STID will also provide for the creation of a "parallel debt".

Pursuant to the parallel debt claim and subject to the terms of the STID and to applicable law, the Security Agent, in its individual capacity and acting in its own name and not as agent or representative of the Noteholders, shall become the holder of a claim equal to each amount payable by us. However, parallel debt structures, in which security interests are also granted to a security agent or trustee, as beneficiary of parallel debt obligations against and obligor, and which will be discharged to the extent the corresponding principal payment obligations of the obligor are discharged, have not been tested under Italian law in Italian courts and there can be no assurance that they will eliminate or mitigate the risk of unenforceability under Italian law.

Italian corporate law (Articles 2497-*quinquies* and 2467 of the Italian Civil Code) provides for rules and remedies to protect creditors against "undercapitalized companies". In this respect, a loan made to a company by (i) a person that, directly or indirectly, directs the company or exercises management and coordination powers over that company, (ii) any entity subject to the management and coordination powers of that person or (iii) a quotaholder (in the case of a company incorporated in Italy as a società a *responsabilità limitata*), will be subordinate to all other creditors of that borrower and will rank senior only to the equity in that borrower, if the loan was made when, taking into account the kind of business of the borrower, there was an excessive imbalance of the borrower's indebtedness compared to its net assets or the borrower was already in a financial situation requiring an injection of equity and not a loan ("**undercapitalization**"). Any payment made by the borrower with respect to any such loan

within one year before a bankruptcy declaration would have to be returned to the borrower. These rules apply to shareholders' loans "made in any form" and scholars generally conclude that such provisions should be interpreted broadly and apply to any form of financial support provided to a company by its shareholders, either directly or indirectly.

As of the date hereof, there are several court precedents interpreting the provisions summarized above. Some of these precedents have held that Article 2467 of the Italian Civil Code also applies to companies incorporated as *società per azioni*, hence potentially to the borrowers under the intercompany loans that are a *società per azioni*.

General

The procedures for enforcement of Italian law security and obtaining judicial decisions in Italy (including in relation to security enforcement) are complex and time-consuming, especially given that Italian courts maintain a significant role in the enforcement process, in comparison to other jurisdictions with which investors may be familiar.

LISTING AND GENERAL INFORMATION

Authorization

We have obtained all necessary consents, approvals and authorizations in connection with the issue and performance of our obligations under the Notes. The creation and issue of the Notes has been authorized by a resolution of our Board of Directors dated 24 October 2017.

Approval, admission to trading and listing

Application has been made for the Notes to be listed on the Official List of the Irish Stock Exchange and admitted to trading on the regulated market of the Irish Stock Exchange. Admission is expected to take effect on or about the Issue Date.

Arthur Cox Listing Services Limited is acting solely in its capacity as listing agent for us in connection with the Notes and is not itself seeking admission of the Notes to the Official List of the Irish Stock Exchange or to trading on the regulated market of the Irish Stock Exchange for the purposes of the Prospectus Directive.

Expenses related to admission to trading

The estimated total expenses related to admission to trading are €7,000.

Clearing systems

The Senior Notes have been accepted for clearance through Euroclear and Clearstream, Luxembourg. The Junior Notes have been accepted for clearance through Monte Titoli S.p.A. The ISINs and Common Codes in respect of the Notes are as set out in the table below.

	Senior Notes		Junior Notes
	Interests held through <i>Unrestricted Senior Global Note</i>	Interests held through <i>Restricted Senior Global Note</i>	Interests held through <i>Unrestricted Junior Global Note</i>
ISIN	XS1577951475	XS1577953505	IT0005278525
Common Code	157795147	157795350	—

The address of Euroclear is 1 Boulevard du Roi Albert II, B 1210 Brussels, Belgium and the address of Clearstream, Luxembourg is 42 Avenue J.F. Kennedy, L 1855 Luxembourg. The address of Monte Titoli is Piazza degli Affari 6, 20123 Milan, Italy.

No material adverse change and no significant change

There has been no material adverse change in our prospects since 31 December 2016 and no significant change in our financial or trading position since 30 September 2017.

Litigation

Other than as described under "*Description of the Project—Litigation*", we are not and have not been involved in any governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which we are aware) in the twelve months preceding the date of this Prospectus which may have or have in such period had a significant effect on our financial position or profitability.

Documents available for inspection

For so long as the Notes are listed, copies of the following documents will be available for inspection (in physical form) at our registered office and can be requested in electronic form from the Principal Paying Agent:

- our constitutional documents;
- our Audited Financial Statements, including the Audit Report;
- our Interim Financial Statements, including the Review Report;
- a copy of the Summary Financial Model Information, including the Model Review Report;
- a copy of the Independent Technical Adviser Report;
- a copy of the Traffic Consultant Report;
- copies of the following Transaction Documents:
 - the Common Terms Agreement;
 - the Master Definitions Agreement;
 - the STID;
 - the Equity Contribution and Subordination Agreement and Letter of Credit;
 - the Security Documents;
 - the Account Bank Agreements;
 - the Project Adviser Services Agreement;
 - the Note Trust Deed;
 - the Paying Agency Agreement;
 - the EPC Contract;
 - the EPC Direct Agreement;
 - the O&M Contract;
 - the O&M Direct Agreement; and
 - the VAT Receivables Agreement.

A copy of this Prospectus will also be available electronically for viewing on the website of the Irish Stock Exchange (www.ise.ie).

Post-issuance information

We will not provide any post-issuance information, unless required to do so by any applicable laws and regulations.

Additional Junior Notes

In the event that the Issuer is requested to issue Additional Junior Notes in accordance with Condition 14 (*Option to Request Issuance of Additional Junior Notes*) of the Terms and Conditions of the Notes, the Issuer will prepare a new prospectus for the purpose of the admission of such Additional Junior Notes to the Official List and to trading on the regulated market of the Irish Stock Exchange.

DEFINITIONS AND GLOSSARY

The following definitions will apply throughout this Prospectus unless the context otherwise requires.

2010 Share Capital Increase	means the resolution of the extraordinary shareholders' meeting held on 28 May 2010, whereby it was resolved by the shareholders of the Issuer to increase the share capital of the Issuer to €200,000,000;
2017 Financial Model	the 2017 financial model in relation to the Project showing cash flows available for debt service;
A4 Interconnection Agreement	the interconnection agreement relating to the A4 motorway dated 23 August 2017;
Acceptable Entity	<p>means:</p> <p>(a) in respect of an Equity LC: (i) a European bank or financial institution which has the Required Rating; or (ii) an Approved Bank; and</p> <p>(b) in respect of each EPC Advance Payment Bond, the EPC Performance Bonds and each O&M Performance Bond: (i) a European bank, financial institution or insurance company which has the Required Rating; (ii) an Approved Bank; or (iii) an Approved Insurer,</p> <p>which, in each case, is not a Sanctioned Person;</p>
Account Bank Agreement	means the Italian Account Bank Agreement and/or the English Account Bank Agreement, as applicable;
Account Bank Fee Letters	means each fee letter between the Issuer and each Account Bank dated on or before the date of the Master Definitions Agreement setting out the fees payable under each Account Bank Agreement;
Account Banks	means: (a) the English Account Bank; and (b) the Italian Account Bank;
Accounts	the (i) Escrow Account; (ii) Proceeds Account; (iii) Insurance and Compensation Account; (iv) Debt Service Reserve Account; (v) Maintenance Reserve Account; (vi) Toll Collections Account; and (vii) Distribution Account;
Accounts Balance	all sums credited to the Debt Service Reserve Account, the Maintenance Reserve Account, the Proceeds Account and the Insurance and Compensation Account from time to time, including any payments made into the Debt Service Reserve Account, the Maintenance Reserve Account, the Proceeds Account and the Insurance and Compensation Account in the future, and our right of receiving payment thereof;
Accounting Principles	means the accounting law and generally accepted accounting principles in Italy or Spain (as applicable in relation to the relevant entity), including IFRS;
Actual Financial Report	means the actual financial report is a report submitted by the Regional Board for the Veneto Region's last fiscal year by 30 June each year to be approved by the Regional Council, comprising three documents: the balance account, the income statement and

	the balance sheet;
Additional Equity	means: (i) any form of capital contribution in cash to the Issuer (which is not Financial Indebtedness and <i>provided that</i> repayment (if any) of such amounts are subject to the terms of the Equity Contribution and Subordination Agreement); or (ii) the incurrence of Shareholder Subordinated Debt by the Issuer under a Shareholder Loan Agreement, which in each case is in addition to such amounts subscribed, committed or incurred on or before the Issue Date and in connection with ECSA Equity Contribution Commitment, the terms of which shall be subject to the Equity Contribution and Subordination Agreement;
Additional Indebtedness	means any other indebtedness which is permitted to be incurred under the Common Terms Agreement;
Additional Junior Notes	means an additional series of Junior Notes issued in accordance with Condition 14 (<i>Option to Request Issuance of Additional Junior Notes</i>), which notes shall rank <i>pari passu</i> with the Junior Notes;
Additional Junior Notes Event	means the occurrence of either of the events or circumstances below: <ul style="list-style-type: none"> (a) the Shareholders have the right to effect an Equity Cure in relation to a Funding Shortfall as provided under clause 15.4 (<i>Equity Cure</i>) of the Common Terms Agreement, but elect not to do so and the Funding Shortfall is not remedied within the relevant grace period and as a result an Event of Default has occurred and is continuing in respect thereof; or (b) the Shareholders have the right to effect an Equity Cure in relation to a Financial Ratio Default as provided under clause 15.4 (<i>Equity Cure</i>) of the Common Terms Agreement, but elect not to do so in relation to the relevant Financial Ratio Default that has occurred during the relevant period; or (c) the Issuer notifies the Junior Noteholders that it has received an Enforcement Instruction as described in Condition 9(c) (<i>Junior Noteholder Rights Upon Acceleration</i>).
Additional Junior Notes Equity Cure	means means the right of the Junior Noteholders to remedy a Financial Ratio Default or a Funding Shortfall by the issuance of Additional Junior Notes as further described in clause 15.6 (<i>Additional Junior Notes Equity Cure</i>) of the Common Terms Agreement;
Addizionale IRPEF	the regional surtax which regions are entitled to impose on the Central Government's income tax on individuals;
Advance Payment	the advance payment of up to 20% of the Contract Price which the EPC Contractor can request;
Advance Payment Facilities	means unsecured Euro 44,500,000 advance payment facilities made available by SACE Fct S.p.A. (as lender) to the Issuer (as borrower) with respect to the Factoring Agreement;
Affected Investors	investors affected by the EU Risk Retention and Due Diligence Requirements, including credit institutions, authorised alternative investment fund managers, investment firms, insurance and reinsurance undertakings and UCITS funds;

Affiliate or Affiliates	means a Subsidiary or a Holding Company of a person or any other Subsidiary of that Holding Company;
Agent Entrenched Right	means any right of an Agent as set out in annex 5 (<i>Agent Entrenched Rights</i>) of schedule 2 (<i>STID Decision Making Protocol</i>) of the STID;
Agent Entrenched Right Resolution	means the resolution passed in respect of the Agent Entrenched Right in accordance with paragraph 10 (<i>Agent Entrenched Right Resolution</i>) of schedule 2 (<i>STID Decision Making Protocol</i>) of the STID;
Agent Liabilities	means the Liabilities owed by the Issuer to each of the Agents and the Note Trustee under or in connection with the Finance Documents;
Agents	means the Project Adviser, the Paying and Transfer Agents, the Security Agent, the Calculation Agent, the Account Banks, the Custodian and the Escrow Agent and Agent means any of them (as the context requires);
Aggregate Equity Contribution Threshold	means, in respect of any Shareholder, the commitment of each such Shareholder to provide equity contributions and/or Shareholder Loans in an aggregate maximum amount on each relevant Equity Funding Date as set out in the second column in the relevant table in part 1 or part 2 of schedule 6 (<i>Equity Profile</i>) of the Equity Contribution and Subordination Agreement, provided that, if the Technical Adviser delivers a certificate in writing to the Project Adviser with respect to an Equity Funding Date confirming that as of such Equity Funding Date there has been a Relevant Construction Cost Underspend, then the amount in the second column in the relevant table set out in part 1 or part 2 of schedule 6 (<i>Equity Profile</i>) of the Equity Contribution and Subordination Agreement corresponding only to such Equity Funding Date shall be reduced by an amount equal to 25% of the Relevant Construction Cost Underspend (as notified by the Technical Adviser to the Project Adviser);
Agreed Model Output	means the outputs from the Financial Model to be included in each Compliance Certificate being: (i) Financial Ratios, including on each Calculation Date: (a) which occurs after the Issue Date, the DLCR (from the Financial Model); (b) which occurs after the Operations Commencement Date, the Historic DSCR (based on an overview of actual cashflows); (c) which occurs after the Operations Commencement Date, the Projected DSCR (from the Financial Model); and (ii) the components of each Financial Ratio;
AIFMD	Directive 2011/61/EU of the European Parliament and of the Council of 8 June 2011 on Alternative Fund Managers;
All Risks Construction	an all risks construction insurance policy covering property damage and third-party liability occurring during the construction works;
All Risks Property	an all risks property insurance policy covering material damage to property;
Amendment Deed	the amendment deed " <i>Terzo Atto Convenzionale Superstrada Veneta</i> " with respect to the Concession Agreement executed on 29 May 2017 between the Grantor and the Issuer amending the Concession Agreement approved by the Regional Board of the

Veneto Region by Resolution No. 708 of 16 May 2017, published on the Regional Official Gazette No. 49 of 19 May 2017;

ANAC	the Italian National Anti-corruption Authority;
Ancillary Documents	means (i) the Legality Protocol; and (ii) the Memorandum of Operations;
Ancillary Rights	the General Privilege and the Step-in Rights under the Italian Public Contracts Code;
Anticipated Use Decree	the decree granting the anticipated use of the area;
APC	the administrative procedural code;
Appointed Expert	means an expert chosen by the President for the time being of the Law Society of England and Wales;
Appointee	appointed by the Security Agent under the Security Documents or by the Note Trustee under the Note Trust Deed or the Conditions;
Approved Bank	means any of the following banks or financial institutions for so long as such bank or financial institution maintains the rating set out below (or if such bank or financial institution is downgraded by the relevant Rating Agency below the rating set out below, only to the extent that the relevant bank or financial institution recovers the rating set out below):

Bank	Rating Agency	Rating
Banco Popolare (now BANCO BPM S.p.A.)	Moody's	Ba2
Banca Popolare di Milano S.p.A.	Moody's	Ba2
Banc Sabadell	S&P/Moody's	BB+/Ba1

Approved Insurer	means any of the following insurers for so long as it maintains the rating set out below (or if such insurer is downgraded by the relevant Rating Agency below the rating set out below, only to the extent that the relevant insurer recovers the rating set out below):
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Insurance Company	Rating Agency	Rating
UnipolSai	Fitch/Moody's	BB+/Ba1
Caser	Moody's	Ba2

Arcadis	Arcadis Srl and Arcadis LLP;
Assumption	means the Economic Assumptions and the Technical Assumptions;
Audit Report	the report prepared by BDO dated 5 May 2017;
Audited Financial Statements	the Issuer's audited statements of comprehensive income, financial position, cash flow and changes in equity as of and for the years ended 31 December 2014, 2015 and 2016;

Auditors	means any one of BDO, Deloitte, KPMG, PricewaterhouseCoopers or Ernst & Young, or such other firm appointed in accordance with the Finance Documents or approved in advance by the Project Adviser pursuant to the STID Decision Making Protocol;
Authorisation	means any authorisation, consent, approval, resolution, exemption, filing, notarisation, registration or licence required to be held for the implementation of the Project including any Project Permit;
Authorised Escrow Account Investment	means: (i) euro denominated certificates of deposit or time deposits maturing within six (6) months after the relevant date of calculation and issued by a bank or financial institution having a long term credit rating of either "A3" or higher by Moody's, or "A-" or higher by S&P or Fitch; (ii) any investment in euro denominated marketable debt obligations issued or guaranteed by the government of any member state of the European Economic Area or any Participating Member State or by an instrumentality or agency of any of them, in each case, having a long term credit rating of either "Baa3" or higher by Moody's, or "BBB-" or higher by S&P or Fitch, maturing within six (6) months after the relevant date of calculation; (iii) euro denominated commercial paper or other debt securities issued by an issuer which has a long term credit rating of either "A3" or higher by Moody's, or "A-" or higher by S&P or Fitch or equivalent, maturing within six (6) months after the relevant date of calculation and: (iv) for which a recognised trading market exists; and (a) is issued by an issuer incorporated in any member state of the European Economic Area or any Participating Member State (in a maximum aggregate amount of ten million euros (EUR 10,000,000) per issuer); (b) fixed term cash deposits with a bank or financial institution having a long term credit rating of either "A3" or higher by Moody's, or "A-" or higher by S&P or Fitch; (v) the Liquidity Management Transaction; and (vi) such other investments as the Project Adviser and the Issuer may agree (in accordance with the STID Decision Making Protocol), in each case provided that: (a) in the event that any bank, financial institution or issuer of debt securities as the case may be has a rating from more than two Rating Agencies, such entity shall be deemed to meet the rating requirements for any Authorised Investment for so long as its rating meets the rating requirement from any two Rating Agencies; and (b) such investments are not subject to any Security Interest (other than one arising under the Security Documents);
Authorised Investments	means: (i) euro denominated certificates of deposit or time deposits maturing within six (6) months after the relevant date of calculation and issued by a bank or financial institution having a long term credit rating of either "Baa1" or higher by Moody's, or "BBB+" or higher by S&P or Fitch; (ii) any investment in euro denominated marketable debt obligations issued or guaranteed by the government of any member state of the European Economic Area or any Participating Member State or by an instrumentality or agency of any of them, in each case, having a long term credit rating of either "Baa3" or higher by Moody's, or "BBB-" or higher by S&P or Fitch, maturing within six (6) months after the relevant date of calculation; (iii) euro denominated commercial paper or other debt securities issued by an issuer which has a long term credit rating of either "Baa1" or higher by Moody's, or "BBB+" or higher by S&P or Fitch or equivalent, maturing within six (6) months after the relevant date of calculation and: (i) for which a recognised trading market exists; and (ii) is issued by an issuer

incorporated in any member state of the European Economic Area or any Participating Member State (in a maximum aggregate amount of ten million euros (EUR 10,000,000) per issuer); (iv) fixed term cash deposits with a bank or financial institution having a long term credit rating of either "Baa1" or higher by Moody's, or "BBB+" or higher by S&P or Fitch; (v) such other investments as the Project Adviser and the Issuer may agree (in accordance with the STID Decision Making Protocol), in each case *provided that*: (i) in the event that any bank, financial institution or issuer of debt securities as the case may be has a rating from more than two Rating Agencies, such entity shall be deemed to meet the rating requirements for any Authorised Investment for so long as its rating meets the rating requirement from any two Rating Agencies; and (ii) such investments are not subject to any Security Interest (other than one arising under the Security Documents).

Authorised Representatives	has the meaning given to such term in the provision relating to authorised signatories in each Account Bank Agreement;
Authorised Signatory	means any person who is duly authorised by the Issuer or any other Party and in respect of whom a certificate has been provided to the Project Adviser and the Security Agent (on behalf of the Secured Creditors) 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;
Autostrada BS-PD	means Autostrada Brescia-Verona-Vizenza-Padova S.p.A.;
Availability Fee	means the payments (<i>canone di disponibilità</i>) by the Grantor to the Issuer as defined in section 15 of the Concession Agreement;
Available Junior Cash	<p>means, at any date, the amount standing to the credit of the Proceeds Account after making all payments in priority to the Junior Notes in accordance with the Pre-Enforcement Priority of Payments, less:</p> <p>(a) any amounts which are due to have been paid on or before such date in accordance with the Pre-enforcement Priority of Payments;</p> <p>(b) as at the Initial Markdown and the Initial Redemption Date, any amount in respect of accrued but unpaid interest upto and including the Operations Commencement Date on the Senior Notes (if applicable);</p> <p>(c) as at the Initial Markdown and the Initial Redemption Date, any amount in respect of scheduled principal that will be due and payable in respect of the Senior Notes on a pro rata basis with respect to the period from the immediately preceeding Interest Payment Date to the Operations Commencement Date; and</p> <p>(d) an amount of €2,000,000;</p>
BaFin	means the Federal Financial Supervisory Authority, the financial regulatory authority for Germany;
Banca IMI	Banca IMI S.p.A., of Largo Mattioli 3, Milan 20121, Italy;
BDO	BDO Italia S.p.A, of Corso Re Umberto, 9/bis, 10121 Turin, Italy;
Benefit Plan Investor	means (i) any "employee benefit plan" (as defined in Section 3(3) of ERISA), subject to Part 4 of subtitle B of Title I of ERISA, (ii) any "plan" described in Section 4975(e)(1) of the Code to which

	Section 4975 of the Code applies, or (iii) any entity whose underlying assets are deemed to include "plan assets" by reason of any such employee benefit plan's or any such plan's investment in the entity within the meaning of the Plan Asset Regulation or otherwise;
BGH	the Federal Court of Justice of Germany (<i>Bundesgerichtshof</i>);
BNYM	the Bank of New York Mellon, London Branch, of One Canada Square, London E14 5AL, United Kingdom;
Board of Statutory Auditors	the Issuer's board of statutory auditors, required by Italian law to oversee the Issuer's compliance with applicable laws and bylaws, proper administration, the adequacy of internal controls and accounting reporting systems as well as the adequacy of provisions concerning the supply of information by subsidiaries;
Book-entry Interests	interests in the Notes to be exchanged for Notes in definitive registered form;
BPM	means Banca Popolare di Milano S.p.A.;
BRRD	the EU Bank Recovery and Resolution Directive, Directive 2014/59/EU;
Business Day	means: (i) in relation to any payments to be made in euros (including, without limitation, any cash transfer, any payment to be made under or in relation to the Escrow Agreement, or any payment to be settled on a clearing system), a day (other than a Saturday or Sunday) which is a TARGET Settlement Day and on which commercial banks are open for business in Milan and London; or (ii) for any other reason where the context so requires, a day (other than a Saturday or Sunday) on which commercial banks are open for business in Milan and London;
Calculation Agent	The Bank of New York Mellon, London Branch, with registered offices at One Canada Square, London, E14 5AL, United Kingdom, or any successor calculation agent appointed pursuant to the Paying Agency Agreement;
Calculation Agent Fee Letter	means the fee letter between the Issuer and the Calculation Agent dated on or before the Issue Date;
Calculation Date	means: (i) in respect of the Historic DSCR, in relation to the first Calculation Date, the first 30 June or 31 December to occur in the relevant calendar year commencing immediately after the date falling 18 months after the Operations Commencement Date, and thereafter, each subsequent 30 June and 31 December in each calendar year up to and including the Final Maturity Date; (ii) in respect of the Projected DSCR in relation to the first Calculation Date, the first 30 June or 31 December to occur commencing in the calendar year in which the Operations Commencement Date occurs, and thereafter, each subsequent 30 June and 31 December in each calendar year up to and including the Final Maturity Date; and (iii) in respect of the DLCR, 30 June and 31 December of each calendar year, from and including the Issue Date up to and including the Final Maturity Date;
Calculation Period	means each successive period of six (6) months' duration beginning on the day after a Calculation Date, and ending on the next Calculation Date (or, if earlier, the Final Maturity Date);

Car Rental Agreement	means the car rental agreement entered into on 30 June 2017 between the Issuer and SIS S.c.p.a. for a quarterly rental fee equal to €1,050 plus VAT;
Cashflow Available for Debt Service or CFADS	<p>means, subject to certain adjustments, (as agreed between the Issuer and the Project Adviser), for any period:</p> <p>(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 (including the Availability Fee and further proceeds arising from the operation of the Project (net of any deductions received under or by virtue of the Concession Agreement)); (ii) any Rebalancing Amount which the Issuer will receive on a date agreed in accordance with the Rebalancing Mechanism, and evidenced, if applicable, by a written notice from the Grantor addressed to the Issuer (a copy of which the Issuer shall deliver to the Project Adviser promptly upon receipt of the same); (iii) Insurance Proceeds received by the Issuer for loss of revenues or business interruption (except proceeds applied or to be applied to repair or reinstate damaged assets or cover third party liabilities; (iv) all other proceeds transferred from the Insurance and Compensation Proceeds Account to the Proceeds Account in accordance with the STID; (v) remuneration on Project Accounts and any Income, in each case received by the Issuer for its own account (net of Taxes); (vi) Tax rebates (less VAT); (vii) any withdrawals from the Maintenance Reserve Account, <i>provided that</i> the MRA Required Balance is maintained; (viii) any withdrawals from the Debt Service Reserve Account, <i>provided that</i> the DSRA Required Balance is maintained; (ix) amounts received pursuant to the disposal by the Issuer of any assets (after deduction of disposal costs and taxes) to the extent permitted under the Finance Documents; and (x) other amounts as approved by the Project Adviser,</p> <p>in each case received or, in the case of a forecast, projected to be received by the Issuer;</p> <p>(b) less (without double counting) the aggregate of: (i) Operating Costs; (ii) Construction Costs; (iii) any amounts required to be credited to the Maintenance Reserve Account in order to maintain the MRA Required Balance; (iv) any amounts required to be credited to the Debt Service Reserve Account in order to maintain the DSRA Required Balance; and (v) amounts used in replacement of assets sold or disposed of in accordance with the Finance Documents,</p> <p>in each case paid or, in the case of a forecast, projected to be paid by the Issuer, during that period, converted if necessary into euros at the actual rate of exchange achieved by the Issuer in respect of the receipt or payment at the Projected Spot Rate of Exchange on the date of projected receipt or payment;</p>
Certificate of Completion of Works	has the meaning given to the term Certificate of Completion of Works (<i>Certificato di Ultimazione Lavori</i>) in relation to the entire

	SPV in the EPC Contract;
Cauzione Definitiva Documents	means (a) the Subordination Agreement Cauzione Definitiva; and (b) the Intercreditor Cauzione Definitiva;
Change of Control	means an event where any person or persons other than a Reference Holder acquires control of the Issuer, where control means: (i) ownership of more than fifty per cent. (50%) of the share capital of the Issuer; (ii) the power to appoint or remove a majority of the board of directors of the Issuer; (iii) the power to exercise more than fifty per cent. (50%) of the voting rights of the Issuer's voting shares; (iv) ownership of more than fifty per cent. (50%) of the economic rights of the Issuer's voting shares; or (v) the ability to exercise a dominant influence contractually over the Issuer;
Change of Control Event	means: (i) a Change of Control; and/or (ii) a Change of Material Shareholding;
Change of Control Event Notice	means the notice given by the Issuer to the Noteholders in accordance with Condition 7(l) (<i>Redemption at the option of the Noteholders</i>) on becoming aware of the occurrence of a Change of Control Event;
Change of Control Redemption Date	has the meaning given to such term in Condition 7(l) (<i>Redemption at the option of the Noteholders</i>);
Change of Control Redemption Period	has the meaning given to it in Condition 7(l)(ii) (<i>Redemption at the option of the Noteholders</i>);
Change of Material Shareholding	means any transfer of Shares in the Issuer by either the Sacyr Group or the FININC Group which results in either the Sacyr Group or the FININC Group individually ceasing to own, directly or indirectly, at least ten per cent. (10%) of the voting rights (as the case may be) of the Issuer's voting shares;
Charged Property	means: (i) all obligations expressed to be undertaken by the Issuer to pay amounts in respect of the Secured Liabilities to the Security Agent as trustee and/or agent in the name and on behalf of the Noteholders pursuant to Article 185 of the Italian Public Contracts Code or of 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; (ii) the Security Agent's interest in any trust fund created pursuant to clause 9 (<i>Turnover of Receipts</i>) of the STID; (iii) 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 and/or as agent for the Secured Creditors, or in the name and on behalf of the Noteholders pursuant to Article 185 of the Italian Public Contracts Code; and (iv) any proceeds of clauses (i), (ii) or (iii) above.
CIPE	the Interministerial Committee for Economic Planning, a body of the Italian government;
Circuitus	Circuitus Capital LLP, a limited liability partnership incorporated under the laws of England and Wales with registration number OC393936 and having its registered office at 154 Brompton, London, England, SW3 1HX;

Circuitus Capital Infrastructure Limited	means a company incorporated under the laws of England and Wales with company number 9552953 and its registered office at 154 Brompton Road, London SW3 1HX;
Circuitus Entity	means: (i) Circuitus Real Asset I; (ii) Circuitus Capital Infrastructure Limited; (iii) any other entity or account managed, advised, or consulted, by Circuitus or its Affiliates; and (iv) any entity which is an Affiliate of Circuitus (which includes, but is not limited to, the general partner of Circuitus Real Asset I), or any other entity or account managed, advised or consulted by Circuitus or any Affiliate;
Circuitus Real Asset I	means Circuitus Real Asset I SCSp, a special limited partnership (<i>société en commandite spéciale</i>) registered in the Grand Duchy of Luxembourg together with any parallel or feeder vehicles which may be formed or incorporated for investors if considered desirable or necessary for legal, tax or regulatory reasons;
Class of Notes	means each of the Classes of Notes being the Senior Notes and the Junior Notes, and Class of Noteholders and Class should be construed accordingly;
Clearing System Business Day	means a day on which each Clearing System for which the Global Notes are being held is open for business;
Clearing Systems	means Clearstream, Luxembourg, Euroclear and Monte Titoli;
Clearstream, Luxembourg	Clearstream Banking S.A.;
Closing Date	29 November 2017;
Code	the US Internal Revenue Code of 1986;
Co-Global Co-ordinators	means J.P.Morgan Securities plc, Banca IMI S.p.A., Banco Santander, S.A. and Banca Akros S.p.A. – Gruppo Banco BPM;
Collateral Securities	the securities equal to at least 100% of the Purchase Price transferred by the Counterparty into the Secured Accounts as collateral against the net proceeds of the issue of the Senior Notes;
Collective Investment Fund Tax	a withholding tax of 26% which applies to distributions made in favour of unitholders or shareholders in certain circumstances;
Comfort Documents	means, collectively, the following documents (or the corresponding documents that may be issued by the Competent Authority of the country where the Relevant Persons, incorporated outside Italy, have their registered offices) each dated not earlier than 10 (ten) Business Days prior to the date of the discharge of the Secured Liabilities: (i) if the relevant Competent Authority issues it, an insolvency certificate (<i>certificato fallimentare</i>) issued by the competent Court, confirming that the Relevant Person is not subject to any insolvency proceedings (<i>procedura concorsuale</i>); (ii) a certificate (<i>visura protesti</i>) issued by the competent chamber of commerce showing that the Relevant Person has not been subject to any legal proceedings for non-payment of cheques, promissory notes or drafts (<i>protesti</i>) in the course of the 12 month period preceding the date of such certificate; (iii) if the relevant Competent Authority issues it, a certificate issued by the Offices for the Enforcement of Writs of Attachment (<i>Ufficio delle Esecuzioni Mobiliari</i> and – in case the Relevant Person owns real estate assets – by the <i>Ufficio delle Esecuzioni Immobiliari</i>) of the competent courts where the Relevant Person is registered or has its

administrative offices (if different to the address of its registered offices), showing that no writ of attachment has been enforced against the Relevant Person; and (iv) a declaration from the chairman of the board of directors (*presidente del consiglio di amministrazione*) or the sole director or the chairman of the management board (*consiglio di gestione*), as the case may be, of each Relevant Person, stating that the Relevant Person is not insolvent at the time such declaration is given and that to the best of his knowledge and belief he is not aware of any circumstances from which it would be reasonably possible to infer that it will become insolvent;

Commissioner	means the <i>Commissario Delegato</i> appointed by the order of the Presidency of the Council of the Ministries, No. 3802 dated 15 August 2009, and vested with extraordinary powers to face the emergency status and to carry out the necessary activities for the realization of the SPV, which is expired on 31 December 2016;
Common Terms Agreement	means the common terms agreement dated on or before the Issue Date and entered into by, among others, the Issuer, the Note Trustee, the Security Agent, the Account Banks, the Escrow Agent and the Project Adviser;
Competent Authority	means any agency, trust, department, inspectorate, minister, ministry, office or instrumentality, official or public or statutory person, court, judicial body or judicial authority (whether autonomous or not) having jurisdiction over the Project or any of the parties to or the subject matter of any of the Transaction Documents;
Completion Date	means the date on which the Certificate of Completion of Works in relation to the entire SPV is issued;
Completion of Works	has the meaning given to the term Completion of Works (Ultimazione Lavori) in the EPC Contract;
Compliance Certificate	means a certificate, substantially in the form set out in the Common Terms Agreement, signed by one (1) Authorised Signatory of the Issuer and delivered by it in accordance with the Common Terms Agreement;
Compulsory Note Disposal	means any disposal of the Notes pursuant to sub-paragraphs (i) or (ii) of Condition 7(q) (<i>Redemption - Compulsory sale</i>);
Concession Agreement	means the concession agreement executed on and dated 21 October 2009 between the Grantor and the Issuer together with the First Additional Deed and the Second Additional Deed (<i>Atto Aggiuntivo</i>);
Concession Agreement Termination Value	a termination value under the Concession Agreement equal to (i) the value of the works based on the costs incurred by the Issuer (net of depreciation as well as of the Construction Grants received until that point <i>plus</i> (ii) ancillary expenses, including financing costs and other costs related to termination, <i>plus</i> (iii) potentially an additional 10% indemnity;
Concession Event	means an Event of Default pursuant to the relevant provision in the Common Terms Agreement;
Concession Litigation	means any and all claims, litigation or proceedings disclosed in the Final Prospectus or any claims, litigation or proceedings which commence on or before 29 November 2017, in each case, which

	affect the validity, legality or enforceability of the Concession Agreement;
Concession Litigation Equity Acceleration Event	<p>means the following Concession Event:</p> <ul style="list-style-type: none"> (a) an adverse final ruling of the relevant Competent Authority in relation to any Concession Litigation which has an adverse effect on the legality, validity or enforceability of the Concession Agreement, or on any of the Issuer's interests in the Concession Agreement; or (b) any interim ruling of the relevant Competent Authority in relation to any Concession Litigation which has an adverse effect on the legality, validity or enforceability of the Concession Agreement, or on any of the Issuer's interests in the Concession Agreement, provided that it is not a Concession Litigation Equity Acceleration Event until one of the following events occurs: <ul style="list-style-type: none"> (i) the Issuer at all times is using its best endeavours to diligently pursue the Concession Litigation, fails to commence an appeal requesting a suspension in respect of such interim ruling within 15 days of such ruling; (ii) any appeal requesting a suspension in respect of such interim ruling is dismissed by the relevant Competent Authority; (iii) any termination payment in relation to any Concession Litigation is paid by the Grantor to the Issuer under the terms of the Concession Agreement; (iv) any Enforcement Action in relation to any Concession Litigation is taken by the Senior Noteholders; or <p>the applicable Competent Authority fails to suspend the effect of such interim ruling within 90 days of such ruling;</p>
Concession Litigation Settlement Date	means the date on which all Concession Litigation is fully and finally settled by the relevant Competent Authority in favour of the Issuer, or such final ruling does not adversely affect the legality, validity or enforceability of the Concession Agreement, or on any of the Issuer's interests in the Concession Agreement;
Concession Receivables	the Issuer's receivables under the Concession Agreement;
Concessionaire	the Issuer in its role under the Concession Agreement;
Conditions	means the terms and conditions of the Senior Notes and Junior Notes as set out in the Terms and Conditions of the Notes of the Note Trust Deed, as may from time to time be amended, modified, varied or supplemented in the manner permitted under the Note Trust Deed and the STID and, with respect to any Notes represented by a Global Note, as modified by the provisions of the relevant Global Note;
Consideration Period	a period of 10 Business Days after the date on which both the Security

	Agent and the Project Adviser have received the STID Proposal;
CONSOB	means <i>Commissione Nazionale per le Società e la Borsa</i> , the Italian supervisory independent authority for the protection of investors and the efficiency, transparency and development of the financial markets;
CONSOB Regulation on Intermediaries	CONSOB Regulation No. 16190 of 29 October 2007, as amended;
Consorzio VIS	Consorzio Stabile VIS S.c.p.A;
Construction Costs	means for any period, without double counting, the properly incurred and documented costs and expenses (as set out in the Financial Model and/or in the then current Construction Phase Budget) during such period, related to the realization of the SPV incurred by the Issuer including: (i) the costs incurred in connection with the construction of the Works pursuant to the EPC Contract; (ii) any premium payable in respect of the Insurances incurred during the Construction Phase; (iii) development costs including administrative, legal, notarial, accounting, management, and employee costs arising on or before the Issue Date; (iv) costs incurred under the Intragroup Agreements incurred during the Construction Phase; (v) Taxes (excluding recoverable VAT); and (vi) any other cost and expenditure not set out in the Financial Model and/or the then current Construction Phase Budget arising during the Construction Phase and agreed by the Project Adviser in accordance with the STID Decision Making Protocol or which arises in connection with the Issuer Discretion Matters;
Construction Cost Underspend	means the Expected Aggregate Construction Costs less the Actual Aggregate Construction Costs as determined by the Technical Adviser with respect to each relevant Equity Funding Date;
Construction Grants	the construction grants equal to €914.9 million which the Grantor is required to pay under the Concession Agreement to the Issuer during the construction phase of the SPV;
Construction Phase	means the period from and including 7 March 2011 up to and including the Operations Commencement Date.
Construction Phase Budget	means the Original Construction Budget as amended, from time to time, pursuant to the Construction Phase Budget provision of the Common Terms Agreement;
Construction Phase Insurances	means the insurance cover set out in the insurance requirements provision of the Common Terms Agreement;
Construction Programme	has the meaning given to the term "Detailed Works Execution Programme" (<i>Programma Esecutivo</i>) in the EPC Contract prepared in compliance with the time schedule (<i>Cronoprogramma</i>) attached to the EPC Contract;
Contract Price	a fixed, non-revisable price in the EPC Contract equal to €2,258,000,000;
Controlling Person	a person (other than a Benefit Plan Investor) that has discretionary authority or control with respect to the assets of the Issuer or that provides investment advice for a fee (direct or indirect) with respect to such assets;
Co.stra Vi	CO.STRA VI S.r.l., a limited liability company under Italian law;

Counterparty	means J.P.Morgan Securities plc, a company incorporated in England and Wales (registered number 02711006) acting through its office at 25 Bank Street, London E14 5JP;
CPDIs	contingent payment debt instruments;
CP Letter	means a letter delivered by the Project Adviser substantially in the form set out in the Project Adviser Services Agreement;
Custodian	The Bank of New York Mellon, London Branch, with registered offices at One Canada Square, London, E14 5AL, United Kingdom;
Custody Account Charge	means the account charge created with respect to the custody account opened with the Custodian after the Issue Date in connection with the Liquidity Management Transaction Custody Agreement and in accordance with the Common Terms Agreement;
Custody Agreement	means the Liquidity Management Transaction Custody Agreement;
Debt Documents	means the (i) the Finance Documents; (ii) the VAT Documents; and (iii) the Subordinated Finance Documents;
Debt Life Cover Ratio or DLCR	means, as at each Calculation Date, and in relation to any Calculation Period commencing on that Calculation Date, the ratio of: (i) the NPV of CFADS during the period commencing on that Calculation Date and ending on the Final Maturity Date; to (ii) the aggregate scheduled principal amount outstanding in respect of the Senior Debt less cash standing to the credit of the Proceeds Account and the Debt Service Reserve Account, <i>in each case</i> , calculated as of the last date in the calendar month prior to such Calculation Date;
Debt Service	<p>for any relevant period means the aggregate of: (i) amounts accruing and payable in relation to interest on the outstanding Senior Notes (whether the proceeds in respect of the Senior Notes comprised therein have been drawn from the Escrow Account or remain undrawn, but excluding any Senior Notes held by or on behalf of the Issuer at the relevant time); (ii) any scheduled payments (other than termination or close-out amounts due to a Hedging Bank) in accordance with the terms of any Hedging Document (if any); (iii) scheduled principal amounts payable on the outstanding Senior Notes; and (iv) amounts accrued and payable in relation to interest and principal on any outstanding Permitted Financial Indebtedness falling under paragraphs (c), (d) and (e) of the definition of Permitted Financial Indebtedness definition.</p> <p>In respect of any period ending on the Final Maturity Date, Debt Service shall also include any outstanding principal payable on the Junior Notes;</p>
Debt Service Reserve Account or DSRA	means the account established or to be established in accordance with the Italian Account Bank Agreement and schedule 6 (<i>Project Accounts and Cash Management</i>) of the STID;
Debt to Equity Ratio	means on each Drawing Request Date the ratio of: (i) the aggregate amount of (a) Senior Debt; and (b) any amounts to be drawn from the Escrow Account on the relevant Drawing Date; to (ii) the total aggregate amount of ECSA Equity Contributions made on or before the relevant Drawing Request Date;
Decennial Liability	a decennial liability insurance policy, which covers any damage to property or third parties because of a building defect or structural collapse occurring within ten years after issuance of the provisional

	certificate of acceptance;
Decision Period	has the meaning given to it in the STID Decision Making Protocol of the STID;
Decree 170	Legislative Decree No. 170 of 21 May 2004, as amended from time to time;
Decree 201	Legislative Decree No. 201 of 6 December 2011, as amended from time to time;
Decree 231	Legislative Decree No. 231 of 8 June 2001, as amended from time to time;
Deed of Accession	means a deed substantially in the form set out in the Equity Contribution and Subordination Agreement;
Default	means an Event of Default or any event or circumstance specified as such in the Common Terms Agreement which would (with the expiry of any grace period, the giving of notice, the making of any determination under the Finance Documents or any combination of any of the foregoing) be an Event of Default, except to the extent that: (i) such Default has been waived by the Security Agent; or (ii) such event or circumstance or the event or circumstance giving rise to service of any notice triggering such Default has been remedied by the Issuer (<i>provided that</i> such remedy occurs prior to the commencement of any action by the Security Agent in accordance with the Consequences of Events of Default as set out in the Common Terms Agreement);
Defaulted Hedging Termination Payment	means any amount payable by the Issuer to a Hedging Bank upon termination of any transaction entered into pursuant to a Hedging Document in respect of which the Hedging Bank was (i) the "Defaulting Party" (as defined in the applicable Hedging Document) or (ii) the sole "Affected Party" (as defined in the applicable Hedging Document) in respect of any termination event, howsoever described;
Default Notice	a notice received by the Escrow Agent at any time after an Event of Default has occurred and is continuing;
Defect	any nonconformities, design flaws or defects in the Works;
Definitive Design	the definitive design of the SPV filed by Consorzio Stabile SIS on 8 January 2010 and approved on 20 September 2010;
Definitive Note Certificates	means an Unrestricted Definitive Note Certificate and/or a Restricted Definitive Note Certificate, as applicable;
Delegate	means any delegate, agent, attorney or co trustee appointed by the Note Trustee or the Security Agent;
Designated Information	means (i) each Designated Report; (ii) all other information for posting on the relevant Designated Website by or on behalf of the Issuer pursuant to the Common Terms Agreement; (iii) any Reinstatement Plan delivered and posted to the relevant Designated Website pursuant to the Common Terms Agreement; (iv) any STID Proposal and any related notice or information required by the STID to be posted on the relevant Designated Website; (v) any Project Adviser Determination Letter; and (vi) any other information or document posted or to be posted by the Issuer or delivered to the Project Adviser or to such other person as proposed by the Issuer and approved pursuant to the STID Decision Making Protocol and which the Project Adviser or such other person posts on the relevant Designated Website, in each case, in

	accordance with the Finance Documents;
Designated Posting	means the posting of the Designated Information on the Designated Website;
Designated Posting Date	means the later of: (i) the date when a STID Proposal is published on the relevant Designated Website together with all of the required supporting documents and information pursuant to the STID Decision Making Protocol as set out in the STID; and (ii) the date when the notice of such STID Proposal is given to the Senior Noteholders in accordance with Condition 12 (<i>Notices</i>);
Designated Report	means each set of Financial Statements, each Drawing Request, each Compliance Certificate, each Periodic Report, each Project Budget and each Financial Model delivered by the Issuer pursuant to and in accordance with the Common Terms Agreement;
Designated Step-in Successor	means a company or corporation substituting the Issuer as concessionaire under the Concession Agreement, as designated by the Security Agent in accordance with the terms of the STID;
Designated Website	means: (i) in the case of the website maintained by the Issuer in accordance with the Common Terms Agreement; or (ii) in the case of the website maintained by the Issuer in accordance with the Common Terms Agreement; or, in each case, such other website chosen by the Issuer and the Project Adviser and notified by the Principal Paying and Transfer Agent in writing to Noteholders as the site of publication of any Designated Information required to be published pursuant to the Common Terms Agreement;
Determination of Voting Category	has the meaning given to it in the STID;
Direct Agreement	means: (i) the EPC Direct Agreement; and (ii) the O&M Direct Agreement;
Disposal Plan	the plan prepared by the extraordinary commissioner(s) which provides for the sale of the business as a going concern within one year (unless extended by the Ministry);
Distribution Account	means the account established or to be established in accordance with the Italian Account Bank Agreement and the STID;
Draft A31 Interconnection Agreement	a draft of the interconnection agreement relating to the A31 motorway;
Drawdown	means each drawdown of amounts from the Escrow Account by the Issuer and provided such amounts are transferred to the Proceeds Account or to the account of the Principal Paying and Transfer Agent, in each case, in accordance with the Finance Documents;
Drawing Date	means the date of each Drawdown from the Escrow Account or any Interest Payment Date;
Drawing Request	means each irrevocable request for a Drawdown delivered by the Issuer to the Project Adviser and the Escrow Agent pursuant to the Common Terms Agreement, in the form set out in the Common Terms Agreement;

Drawing Request Date	means the date on which the Issuer will be entitled to request a transfer of funds from the Escrow Account to the Proceeds Account on a Drawing Date, if all of the conditions set out in the relevant provision of the Common Terms Agreement are satisfied by the Issuer in form and substance acceptable to the Project Adviser (or waived pursuant to the STID Decision Making Protocol) by no later than five (5) Business Days prior to the proposed Drawing Date set out in the relevant Drawing Request;
DSCR	debt service coverage ratio;
DSRA Required Balance	means: (i) from (and including) the Issue Date to (but excluding) the Operations Commencement Date, zero; (ii) from (and including) the Operations Commencement Date to (but excluding) the first Calculation Date falling after the Operations Commencement Date, an amount equal to the aggregate of all amounts payable in respect of Debt Service in respect of the Calculation Period falling on the first Calculation Date to occur after the Operations Commencement Date; and (iii) on each Calculation Date thereafter, an amount equal to the aggregate of all amounts payable in respect of Debt Service during the Calculation Period commencing on that Calculation Date;
Economic Assumptions	means assumptions as to the following matters which are used in the preparation of the Financial Model and which, together with the Technical Assumptions, are used as inputs in the Financial Model: (i) inflation rates; (ii) corporation tax rate; (iii) VAT rate; (iv) deposit interest rates applicable on the Project Accounts; and (v) the Issuer's accounting policies;
ECSA Acceleration Request	means a notice given pursuant to the Equity Contribution and Subordination Agreement substantially in the form of Acceleration Request set out in the Equity Contribution and Subordination Agreement;
ECSA Equity Contribution	means, without double counting, the aggregate of: (i) the share capital contributions, equity reserves and/or Shareholder Loans contributed or advanced by a Shareholder to the Issuer pursuant to clauses 2.1 (<i>ECSA Equity Contributions</i>) and/or 2.4 (<i>Acceleration of the full ECSA Equity Contribution Commitment</i>) of the Equity Contribution and Subordination Agreement; (ii) any payments made by or on behalf of the Sponsors to the Issuer pursuant to clause 3 (<i>Support for the Shareholder's Obligations</i>) and/or clause 4 (<i>Support for First Step Sponsor' Obligations</i>) of the Equity Contribution and Subordination Agreement; (iii) any amount drawn under an Equity LC actually received by the Issuer in the Proceeds Account; (iv) any voluntary equity contribution made under and in accordance with clause 12 (<i>Voluntary Equity Contributions</i>) of the Equity Contribution and Subordination Agreement; and (v) any amounts transferred to the Proceeds Account or set-off against pursuant to clause 6.3 (<i>Transfer of the Mandatory Equity Amount to the Issuer</i>) of the Equity Contribution and Subordination Agreement.
ECSA Equity Contribution Commitment	means the maximum commitment of the Shareholders under and in accordance with the Equity Contribution and Subordination Agreement to provide to the Issuer by way of ECSA Equity Contributions in their respective Liability Percentage: (i) non-refundable share capital in an aggregate amount equal to two hundred million euros (€200,000,000); and (ii) additional non-refundable share capital contributions, equity reserves, or Shareholder Loans, in an aggregate amount equal to two hundred and thirty million euros (€230,000,000); <i>provided that</i> , under no circumstances will the provision of Additional Equity in accordance

	with the Common Terms Agreement be taken into account in the calculation of the ECSA Equity Contribution Commitment;
EEA	the European Economic Area;
Election Notice	has the meaning given to such term in Condition 5.7 (<i>Option to Capitalise Interest on Junior Notes</i>);
Electronic Consent	means an electronic consent communicated through the electronic communications systems of the relevant clearing system(s) in accordance with their operating rules and procedures;
Emergency	means a condition, circumstance or situation that arises or occurs which at the time of preparation of the most recent Project Budget was not foreseen or was not foreseeable by the Issuer and such condition, circumstance or situation presents, or is likely to present, a physical threat to persons or property or the security, integrity or reliability of the SPV which, in accordance with Good Industry Practice, requires the taking of immediate measures to prevent or mitigate such adverse effect or threat;
Emergency Order	an order issued by the President of the Council of Ministers in August 2009, which expired on 31 December 2016, intended to resolve the state of emergency;
EMIR	the European Market Infrastructure Regulation EU 648/2012;
EMIR Review	the proposal published by the European Commission on 4 May 2017 to amend EMIR;
End Date	means the date thirty nine (39) years from and including the Operations Commencement Date;
Enforcement Action	means: <ul style="list-style-type: none"> (a) in relation to any Liabilities any of the following steps: <ul style="list-style-type: none"> (i) instructing the Note Trustee or the Security Agent to accelerate the Senior Notes or the Junior Notes or the acceleration of any Liability or the making of any declaration that any Liability is due and payable (other than as a result of it becoming unlawful for any of the Secured Creditors or the VAT Receivables Purchaser to perform its obligations under the Finance Documents or the VAT Documents (as applicable), or of any voluntary or mandatory prepayment arising under the Finance Documents); (ii) the making of any declaration that any Liability is payable on demand; (iii) the making of a demand in relation to a Liability that is payable on demand; (iv) the termination or close out of any Hedging Transaction under any Hedging Document in accordance with the Finance Documents; (v) the exercise of any right of set off, account combination, close out or payment netting against the Issuer in respect of any Liability other than the exercise of any such right which is otherwise expressly permitted under the Finance Documents; and (vi) the suing for, commencing or joining of any legal or arbitration

proceedings against the Issuer to recover any Liability;

(b) the taking of any steps to enforce or require the enforcement of any Transaction Security (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;

(d) the exercise of rights under any of the Direct Agreements by the Security Agent; and/or

(e) 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;

(ii) the VAT Receivables Purchaser taking action to bring legal proceedings before any competent court against the Issuer which is necessary (but only to the extent necessary) to preserve and prove, or enforce, the validity and existence of any claim in respect of the VAT Liabilities with no claim for damages, provided that, the VAT Receivables Purchaser will only enforce a claim (including for damages) against the Issuer in accordance with the STID;

(iii) the exercise of any right of set-off, account combination, close-out or payment netting against the Issuer in respect of any VAT Liability which is expressly permitted under the VAT Documents;

and

(iv) the exercise of rights pursuant to the VAT Receivables Agreement by the VAT Receivables Purchaser in connection with the VAT Security.

Enforcement Decision Period

means the time period within which the approval of the Qualifying Secured Creditors is sought as set out in the STID;

Enforcement Instruction

means any instruction delivered by the Qualifying Secured Creditors to the Security Agent in accordance with the STID;

Enforcement Instruction Notice

means the written notice issued by the Security Agent (to gather instructions from the Qualified Secured Creditors) upon a written request from any Qualifying Secured Creditor representing, in aggregate, at least ten per cent. (10%) of the Qualifying Secured Debt when a Default or an Event of Default has occurred and is continuing, as set out in the STID;

Enforcement Resolution	means a resolution in respect of taking Enforcement Action passed by: (i) up to and including the date thirty (30) Business Days after the occurrence of an Event of Default, Qualifying Secured Creditors representing at least sixty six and two thirds <i>per cent.</i> (66⅔%) of the Qualifying Secured Debt; and (ii) from thirty (30) Business Days after the occurrence of an Event of Default, Qualifying Secured Creditors representing more than fifty <i>per cent.</i> (50%) of the Qualifying Secured Debt;
English Account Bank	means The Bank of New York Mellon, London Branch and any successor account bank appointed under the English Account Bank Agreement;
English Account Bank Agreement	means the agreement between the Issuer, the English Account Bank and the Security Agent dated on or before the Issue Date in relation to the Escrow Account;
English Account Charge Agreement	means the English law governed first ranking charge in respect of the Escrow Account entered into by the Issuer in favour of the Security Agent dated on or before the Issue Date;
English Law Contracts	means the contracts in respect of which the Issuer's rights are being assigned pursuant to the STID, being the Paying Agency Agreement, the Note Trust Deed, the STID, the Common Terms Agreement, the Project Adviser Services Agreement, the English Account Bank Agreement, the Liquidity Management Agreement, any Hedging Documents and any other agreement governed by English law entered into by the Issuer;
English Law Security Agreements	means: (i) the STID in so far as it provides for the English law assignment over all present and future rights of the Issuer under the English Law Contracts; (ii) the English Account Charge Agreement; and (iii) if applicable, the Custody Account Charge;
English Law Security Document	an agreement for the creation of a charge over the Escrow Account and entered into between the Issuer as charger and the Security Agent;
Entrenched Right	means any: (i) Senior Noteholder Entrenched Right; (ii) Junior Noteholder Entrenched Right; (iii) VAT Receivables Purchaser Entrenched Right; (iv) Hedging Bank Entrenched Right; (v) Agent Entrenched Right; or (vi) Note Trustee and Security Agent Entrenched Right;
Entrenched Right Resolution	means each of the Senior Noteholder Entrenched Right Resolution, the Junior Noteholder Entrenched Right Resolution, the Hedging Bank Entrenched Right Resolution, the Agent Entrenched Right Resolution and the Note Trustee and Security Agent Entrenched Right Resolution, and Entrenched Right Resolutions means any of them;
Entry into Operation of the Toll Road	means the date on which the Grantor, pursuant to section 3.1 (<i>Durata della Concessione</i>) of the Concession Agreement authorises the entry into operation of the entire SPV (meaning the entry into operation of the last functional section of the SPV);
Environment	means humans, animals, plants and all other living organisms including the ecological system of which they form part and the following media: (i) air (including air within natural or man made structures, whether above or below ground); (ii) water (including territorial, coastal and inland waters, water under or within land and water in drains and sewers); and (iii) land (including land under water);

Environmental Claim	means any claim, proceeding, formal notice or investigation by any person pursuant to any Environmental Law in connection with the Project (for the avoidance of doubt, excluding any routine inspections as required in accordance with any Environmental Laws);
Environmental Contamination	means each of the following and their consequences: (i) any release, emission, leakage or spillage of any Hazardous Substance at or from the SPV or the Site into any part of the Environment; (ii) the creation of noise, vibration or nuisance or other harm to the Environment and/or the health and safety of any human being originating at or from the SPV or the Site which in each case falls outside limits accepted in accordance with Good Industry Practice; (iii) any accident, fire, explosion or sudden event at the SPV or the Site which is directly or indirectly caused by or attributable to any Hazardous Substance; or (iv) any other pollution of the Environment attributable to the SPV or the Site, including soil pollution, regardless of when the pollution becomes apparent;
Environmental Law	means all laws and regulations of any relevant jurisdiction which: (i) have as a purpose or effect the protection of, and/or prevention of harm or damage to, the Environment; (ii) provide remedies or compensation for harm or damage to the Environment; or (iii) relate to Hazardous Substances or health and safety matters;
Environmental Liability Directive	Directive 2004/35/CE on environmental liability with regard to the prevention and remediation of environmental damage;
Environmental Licence	means any Authorisation and the filing of any notification, report or assessment required at any time under Environmental Law in respect of the SPV and/or for the carrying out of the Works;
EONIA	means a reference rate equal to the Euro Overnight Index Average appearing on the Bloomberg Screen ALLX EBFS Page or any successor page, or such other source acceptable to the Calculation Agent;
EPC	engineering, procurement and construction;
EPC Advance Payment Bond	<p>means each advance payment bond to be provided on behalf of the EPC Contractor in favour of the Issuer pursuant to the EPC Contract as listed below:</p> <p>(a) the Sacyr Advance Payment Bond;</p> <p>(b) the INC Advance Payment Bond;</p> <p>(c) any other advance payment bond to be provided, from time to time, on behalf of the EPC Contractor in favour of the Issuer pursuant to the EPC Contract.</p>
EPC Contract	means the engineering procurement and construction contract dated 26 July 2017 between the Issuer and the EPC Contractor;
EPC Contractor	means Consorzio Stabile SIS S.C.p.A., and any replacement or substitute as permitted in accordance with the Finance Documents;
EPC Direct Agreement	means the direct agreement dated on or before the Issue Date and entered into between the Security Agent, the Issuer, and the EPC Contractor;
EPC Performance Bonds	means each performance bond to be provided by an Acceptable Entity on behalf of the EPC Contractor in favour of the Issuer and entered into

pursuant to the EPC Contract;

EPC Performance Bonds Receivables

means any claim, right, receivable, indemnity claim, bond and guarantee owing to the Assignor by any Counterparty which has arisen or will arise pursuant to the EPC Performance Bond, and/or as a result of any breach thereof;

Equity Contribution and Subordination Agreement or "ECSA"

means the equity contribution and subordination agreement dated on or before the date Issue Date and entered into between, among the others, the Shareholder, the Issuer and the Security Agent;

Equity Cure Amount

means any of Additional Equity applied by the Shareholders in accordance with the Common Terms Agreement;

Equity Cure Right

means the right of the Shareholders to remedy a Financial Ratio Default or a Funding Shortfall as referred to in the Common Terms Agreement;

Equity Funding Date

means at any time: (a) on or before the Concession Litigation Settlement Date, each date set out in the first column of the table set out in part 1 of schedule 6 (*Equity Profile*) of the Equity Contribution and Subordination Agreement; and (b) from (but excluding) the Concession Litigation Settlement Date, each date set out in the first column of the table set out in part 2 of schedule 6 (*Equity Profile*) of the Equity Contribution and Subordination Agreement;

Equity LC

means any: (i) irrevocable on demand letter of credit in compliance with the requirements of the Equity Contribution and Subordination Agreement and substantially in the form set out in the Equity Contribution and Subordination Agreement, or such other form as may be approved by the Security Agent; or (ii) bank guarantee, indemnity or other instrument in form and substance satisfactory to the Security Agent and with the requirements, to the extent applicable, of clause 5.2 (Requirements for an Equity LC) of the Equity Contribution and Subordination Agreement, *in each case* issued by an Acceptable Entity;

Equity Profile

Means:

(a) on or before the Concession Litigation Settlement Date:

Equity Funding Date	Aggregate Equity Contribution Threshold	Expected Aggregate Construction Costs
Issue Date	EUR100,000,000	
30 June 2018	EUR 170,000,000	EUR 1,097,677,670
31 December 2018	EUR 220,000,000	EUR 1,360,408,120
30 June 2019	EUR 270,000,000	EUR 1,695,745,120
31 December 2019	EUR 330,000,000	EUR 1,950,005,590
30 June 2020	EUR 430,000,000	EUR 2,193,266,670

(b) from (but excluding) the Concession Litigation Settlement Date:

Equity Funding Date	Aggregate Equity Contribution Threshold	Expected Aggregate Construction Costs
Issue Date	EUR100,000,000	
30 June 2018	EUR 150,000,000	EUR 1,097,677,670
31 December 2018	EUR 195,000,000	EUR 1,360,408,120

30 June 2019	EUR 250,000,000	EUR 1,695,745,120
31 December 2019	EUR 330,000,000	EUR 1,950,005,590
30 June 2020	EUR 430,000,000	EUR 2,193,266,670

Equity Ratio Covenant	means the Debt to Equity Ratio to be maintained at a level no greater than 75:25 on each Drawing Request Date;
Equity Shortfall	means the failure by the Issuer to provide evidence pursuant to the Equity Contribution and Subordination Agreement, on the relevant Equity Funding Date, in form and substance acceptable to the Project Adviser, the Security Agent and the Note Trustee (on behalf of the Noteholders) that both: (i) sufficient ECSA Equity Contributions have been contributed to the Issuer to meet the then applicable Aggregate Equity Contribution Threshold; and (ii) it is in compliance with the Equity Ratio Covenant;
Equity Shortfall Step Up	has the meaning given in Condition 5.2(a)(iii) (<i>Interest Accrual</i>);
ERISA	the US Employee Retirement Income Security Act of 1974, as amended;
ERISA Plans	the certain requirements imposed by ERISA on "employee benefit plans" (as defined in Section 3(3) of ERISA) subject to Part 4 of subtitle B of Title I of ERISA, including entities such as collective investment funds and separate accounts whose underlying assets include the assets of such plans;
Escrow Account	means the Issuer's bank account held with the Escrow Agent in accordance with the English Account Bank Agreement and the Escrow Agreement;
Escrow Agent	The Bank of New York Mellon, London Branch, with registered offices at One Canada Square, London, E14 5AL, United Kingdom;
Escrow Agent Fee Letter	means the fee letter between the Issuer and the Escrow Agent dated on or before the Issue Date;
Escrow Agreement	means the agreement entered into between the Issuer and the Escrow Agent dated on or before the Issue Date;
Escrow Cash	the Purchase Price held by the Escrow Agent, transferred by the Custodian;
Escrow Portion or "EP"	means the aggregate amount of the net proceeds of the Senior Notes which are held in the Escrow Account (including any amounts invested in the Liquidity Management Transaction or any other Authorised Escrow Account Investment) on each day during the relevant Interest Period;
Establishment	any place of operations where a debtor carries out or, in the three-month period before the request to open main insolvency proceedings, has carried out a non-transitory economic activity with human means and asset;
EU	the European Union;
EUR, € or euro	means the lawful currency of the member states of the EU which adopt or have adopted it as their currency in accordance with the relevant provisions of the Treaty on European Union and the Treaty on the Functioning of the European Union or their succeeding treaties.
EU Risk Retention and	the risk retention and due diligence requirements in Europe which

Due Diligence Requirements	currently apply, or are expected to apply in the future, in respect of various types of EU regulated investors;
EU Savings Tax Directive	Directive 2003/48 EU
Euroclear	Euroclear Bank SA/NV;
Eurosystem	the monetary authority of the Eurozone;
Eurozone	the economic region formed by those member countries of the European Union that have adopted the euro;
Event of Default	means any event or circumstance specified as an Event of Default in clause 16 (<i>Events of Default</i>) of the Common Terms Agreement;
Exchange Act	means the United States Securities Exchange Act of 1934, as amended;
Executive Design	the Definitive Design approved by the Commissioner on 20 September 2010, subject to a list of requirements in the Issuer's executive design;
Exercise Notice	has the meaning given to it in Condition 7(l) (<i>Redemption at the option of the Noteholders</i>);
Existing Assumptions	mean the Assumptions that were the basis of the most recent Operating Financial Model delivered by the Issuer pursuant to the Common Terms Agreement;
Expected Aggregate Construction Costs	means the Construction Costs as set out in the Equity Contribution and Subordination Agreement;
Expert	means a person appointed by the Project Adviser pursuant to clause 10 (Expert) of the Common Terms Agreement and having appropriate expertise with respect to, but no interest in the outcome of, the matter referred to him;
External Creditor	means the Secured Creditors and the VAT Receivables Purchaser;
Extraordinary Resolution	means a resolution passed by a majority of at least sixty six and two thirds per cent. (66⅔%) of the Qualifying Secured Creditors;
Extraordinary Servicing	has the meaning given to the term " <i>Servizi di Manutenzione Straordinaria</i> " in the O&M Contract;
Extraordinary Voting Matters	means any proposed modification, consent, waiver or determination in respect of any one or more of the following: (i) an amendment to any Debt Document (including any provisions relating to the Project Accounts) having the effect of changing the ranking in priority of any payment under the Debt Documents insofar as such change would adversely affect the Senior Notes; (ii) an amendment to any Project Document which is materially prejudicial to the interests of any Senior Noteholders (where "materially prejudicial" means that such determination, assessment, consent, waiver, amendment or other exercise of discretion would have a material adverse effect on the ability of the Issuer to pay any amounts of principal and/or interest in respect of the Notes on the relevant due date for payment thereof); (iii) a technical amendment affecting the Project, the EPC Contract and/or the O&M Contract, which in each case, is likely to have a Material Adverse Effect on the Senior Noteholders; (iv) an amendment to or change of any event or circumstance specified as an Event of Default in the Common Terms Agreement (other than such amendment or change which gives rise to a Senior Noteholder Entrenched Right or Junior Noteholder Entrenched Right); (v) an amendment to or waiver of any

conditions to drawdown from the Escrow Account which is likely to have a Material Adverse Effect on the Senior Noteholders; (vi) a proposal by the Issuer to terminate the appointment of the Project Adviser as a result of any material failure to perform the Project Adviser Services or any material other breach of the Project Adviser Services Agreement caused by the wilful default or the gross negligence of the Project Adviser; or (vii) notwithstanding paragraph (ii) above, an amendment to or waiver of any breach or proposed breach of: (a) any covenant or undertaking under the Debt Documents, with a Material Adverse Effect qualification, which is likely to have a Material Adverse Effect on the Senior Noteholders; or (b) any other provision of any Transaction Document which is likely to have a Material Adverse Effect on the Senior Noteholders;

Factoring Agreement

means the factoring agreement entered into between SACE Fct S.p.A. and the Issuer on 17 March 2016, as amended on 7 June 2017 and on 27 June 2017, and as otherwise amended and/or restated, from time to time, in relation to the assignment of the Issuer's receivables from the Veneto Region in respect of the Grants during the Construction Phase;

Factoring Condition Precedent

the condition that the assumption by SACE of the risk for the Grantor's failure to pay and any advance payments of the relevant consideration of the assigned receivables shall be made by SACE subject to the receipt by SACE of the joint and several pro rata guarantees issued by Sacyr and FININC as security for the correct and timely fulfilment of all the obligations deriving from the advances and /or financings and/or advance payments for any amount and in any manner that SACE has granted or will grant to the Issuer;

FATCA

means: (i) sections 1471 to 1474 of the Code or any associated regulations; (ii) any treaty, law or regulation of any other jurisdiction, or relating to an intergovernmental agreement between the US and any other jurisdiction, which (in either case) facilitates the implementation of any law or regulation referred to in clause (i) above; or (iii) any agreement pursuant to the implementation of any treaty, law or regulation referred to in clauses (i) or (ii) above with the US Internal Revenue Service, the US government or any governmental or taxation authority in any other jurisdiction;

Fee Letters

means: (i) each Account Bank Fee Letter; (ii) the Project Adviser Fee Letter; and (iii) any other fee letter designated as a Finance Document entered in to on or before the Issue Date;

Final Discharge Date

means the date on which all of the Secured Liabilities have been fully, definitively and irrevocably satisfied in accordance with the Finance Documents, provided that, any Secured Liabilities which are satisfied by a Relevant Person shall be considered definitively and irrevocably satisfied upon the occurrence of the earlier of the following circumstances: (i) any claw-back period (*periodo di revocatoria*) provided for under Article 67 or ineffectiveness period (*periodo di inefficacia*) provided for under Article 65, in each case, of the Italian Bankruptcy Law (or provided under any other applicable bankruptcy law with respect to the Relevant Person) have elapsed; or (ii) the Comfort Documents have been delivered to the Security Agent, provided that no Event of Default relating to non-payment by the Issuer, Financial Ratios, cross default, and in respect of the Issuer only provisions relating to insolvency, insolvency proceedings and creditors' process of the Common Terms Agreement has, in each case, occurred and is continuing at the time that the last payment of any Secured Liability was made by the Relevant Person.

However, if a Relevant Person is made subject to any insolvency proceedings prior to the occurrence of the Final Discharge Date, irrespective of the Law applicable to such insolvency proceeding, such period shall automatically be extended until no claw-back action (*azione revocatoria*) of any payment or declaration of ineffectiveness (*dichiarazione di inefficacia*) can be exercised in relation to any payment made by such Relevant Person in satisfaction of the Secured Liabilities;

Final Expropriation Decree	the final expropriation decree under expropriation becomes effective;
Final Maturity Date	means 30 June 2047;
Final Prospectus	means this Prospectus;
Final Term Date	means the date which is the earlier of (i) the date on which the Inspection Certificate (<i>collaudo tecnico amministrativo</i>) in relation to the entire SPV is issued; and (ii) the date falling two (2) months after the Operations Commencement Date;
Finance Documents	means: (i) the Master Definitions Agreement; (ii) the Common Terms Agreement; (iii) each Note Document; (iv) each Security Document; (v) the Equity Contribution and Subordination Agreement; (vi) the Notes Purchase Agreement; (vii) the Junior Notes Purchase Agreement; (viii) the Escrow Agreement; (ix) each Direct Agreement; (x) each Account Bank Agreement; (xi) the Project Adviser Services Agreement; (xii) each Hedging Document (if any); (xiii) each Equity LC; (xiv) each Fee Letter; (xv) each other document executed from time to time pursuant to any of the foregoing to which the Issuer and any Secured Party is a party, and any present or future document confirming or evidencing any Security Interest or guarantee for, or in relation to, the Issuer's or any Shareholder's obligations under any Finance Document; and (xvi) any other agreement or document which the Project Adviser may from time to time designate as a Finance Document with the consent of the Issuer (such consent not to be unreasonably withheld or delayed);
Financial Adviser	means any: (i) independent internationally recognised investment bank; (ii) independent internationally recognised accountancy firm; or (iii) other independent internationally recognised professional services firm;
Financial Collateral Cost Coverage Privilege	in the event of the insolvency of the Counterparty, the Issuer and not the Counterparty's insolvency administrator would be entitled to carry out the sale based on an exception in accordance with § 166 para. 3 no. 3 InsO from the insolvency administrator's entitlement in the event of financial collateral;
Financial Indebtedness	means (without double counting) any indebtedness for or in respect of: (i) moneys borrowed or raised (whether or not for cash); (ii) any documentary or standby letter of credit facility; (iii) any acceptance credit; (iv) any bond, note, debenture, loan stock or other similar instrument; (v) any finance or capital lease or hire purchase contract which would, in accordance with Accounting Principles, be treated as such; (vi) any amount raised pursuant to any issue of shares which are capable of redemption; (vii) receivables sold or discounted (other than on a non recourse basis to the Issuer); (viii) the amount of any liability in respect of any advance or deferred purchase agreement if either one of the primary reasons for entering into such agreement is to raise finance or the relevant payment is advanced or deferred for a period in excess of ninety (90) days; (ix) any other transaction (including any forward sale or purchase agreement) which has the commercial effect of

a borrowing (other than any trade credit or indemnity granted in the ordinary course of the Issuer's trading and upon terms usual for such trade); (x) any counter indemnity obligation in respect of any guarantee, indemnity, bond, letter of credit or any other instrument issued by a bank or financial institution; (xi) any hedging or derivative transaction entered into in connection with protection against or benefit from fluctuations in any rate or price (and, when calculating the value of any derivative transaction, only the mark to market value shall be taken into account or, if any actual amount is due as a result of the termination or close out of the derivative transaction, that amount shall be taken into account); and (xii) any guarantee, indemnity or similar assurance against financial loss of any person in respect of any item referred to in clauses (i) to (xii) (inclusive) above;

Financial Model	means the financial model, at the Issue Date, in the agreed form and reviewed by the Model Auditor and thereafter as amended, varied or supplemented from time to time in accordance with the Common Terms Agreement;
Financial Ratio	means any of: (i) the Historic DSCR; (ii) the Projected DSCR; and (iii) the DLCR, as set out in clause 15 (<i>Financial Covenants and Equity Cure</i>) of the Common Terms Agreement.
Financial Ratio Default	means an Event of Default pursuant to the Financial Ratios provision in the Common Terms Agreement;
Financial Ratio Shareholder Restricted Payment Threshold	means: (i) in the case of the Historic DSCR, 1.2x; (ii) in the case of the Projected DSCR, 1.2x; and (iii) in the case of the DLCR, 1.25x;
Financial Promotion Order	the Financial Services and Markets Act 2000 (<i>Financial Promotion</i>) Order 2005, as amended;
Financial Statements	means, at any time, the financial statements of the Issuer, most recently delivered to the Project Adviser, in accordance with the Common Terms Agreement;
Financial Year	means, in respect of: (i) the Issuer, the annual accounting period ending 31 December in each calendar year; (ii) a Major Project Party (other than the Issuer and a Second Step Sponsor), 31 December; and (iii) a Second Step Sponsor, the annual accounting period of such Second Step Sponsor ending on or around 31 December in each year;
Financial Year End	means the financial year end of a company as stated in its most recent annual accounts;
Financing Costs	means, without double counting: (i) interest and other amounts (save for principal) payable in respect of the Senior Notes; (ii) all amounts payable pursuant to the Finance Documents to the Agents and the Note Trustee, including all costs, expenses and fees incurred by the Issuer under and in accordance with any Finance Document; (iii) interest and other amounts (save for principal) payable in respect of the Junior Notes; (iv) interest and other costs, expenses and fees payable in respect of the VAT Receivables Agreement; (v) interest and other amounts (save for principal) payable in respect of the Permitted Financial Indebtedness falling under paragraphs (c), (d) and (e) of the definition of Permitted Financial Indebtedness; (vi) any scheduled amounts and any other amounts due (other than termination or close-out amounts due to a Hedging Bank) in accordance with the terms of any Hedging Document (if any); and (vii) any unrecoverable value added tax or other

	Tax payable by the Issuer in respect of any of the above;
FININC	means FININC S.p.A., a company established under the laws of Italy and having its registered office at Via Inverio, 24/A, Turin, Italy and registered with the Companies' Registry of Turin under registration number TO-431931, with fiscal code number 00504030016;
FININC Group	means FININC and the relevant companies falling under paragraph (e) of the definition of Reference Holder;
First Additional Deed	means the " <i>Atto Aggiuntivo alla Convenzione per l'affidamento della progettazione definitiva ed esecutiva nonché della costruzione e della gestione della Superstrada a pedaggio Pedemontana Veneta</i> " with respect to the Concession Agreement executed on 18 December 2013 between the Commissioner and the Issuer;
First Advance Payment Facility	an extension to the SACE Factoring Facility signed on 6 October 2016;
First Salini Impregilo Claim	the judicial proceeding before the TAR Veneto commenced by Salini Impregilo on 19 June 2017 aimed at annulling resolution 44 of 29 March 2017;
First Step Sponsor	means: (i) INC; and (ii) Sacyr Construcción;
First Step Support	means where a Shareholder does not pay any sum payable by it in accordance with the ECSA, each First Step Sponsor shall, unconditionally and irrevocably, on a several basis, pay, in the name and on behalf of the relevant Shareholder, its Relevant Percentage of that sum to the Issuer into the Proceeds Account;
Fitch	means Fitch Ratings Ltd., or any successor to its rating business;
Force Majeure Event	means any unforeseeable event which cannot be avoided or whose effects cannot be limited by the Issuer under the Concession Agreement or by the EPC Contractor or O&M Contractor (as the case may be) and which prevents the performance of obligations and services under the Concession Agreement, the EPC Contract or the O&M Contract (as the case may be);
FSMA	the Financial Services and Markets Act 2000 as amended from time to time;
FTT	financial transactions tax;
FTT Proposal	the draft directive for a financial transaction tax issued by the European Commission on 14 February 2013;
Fund	Circuitus Capital Real Fund I;
Funding Shortfall	means at any time prior to the Completion Date, the aggregate (without double counting) of: <ul style="list-style-type: none"> (a) the amount which is then projected and estimated in the Construction Phase Budget to be the maximum liability of the Issuer to make payments (whether past due and unpaid, current and due or future) in respect of Construction Costs prior to or on the Completion Date to ensure that the Completion Date occurs on or before the Longstop Date; and (b) the amount of all other liabilities of the Issuer (including in respect of Operating Costs or sums due under the Finance

Documents) projected in the current Construction Phase Budget to become payable on or before the Longstop Date,

exceeds the aggregate (without double counting) of:

- (c) the sum of all amounts standing to the credit of the Project Accounts (including the Escrow Account) which are available for application towards costs incurred under paragraphs (a) and (b) above provided that such amounts are permitted to be withdrawn from the relevant account in accordance with the Finance Documents;
- (d) any amounts receivable by the Issuer pursuant to paragraph (a) of the definition of CFADS, during the period from the date of such calculation up to the projected Completion Date; and
- (e) it any undrawn or unpaid amount in respect of ECSA Equity Contributions, which shall be an amount resulting from A less B, where:

A is an amount equal to Euro 150,000,000; and

B is the aggregate amount of ECSA Equity Contributions paid to the Issuer as at the relevant date in accordance with the Finance Documents,

provided that, if such amount is less than zero, then such amount shall be deemed to be zero;

Funding Shortfall Certificate

means the certificate to be delivered by the Issuer to the Project Adviser in accordance with the Common Terms Agreement;

GAAP

Generally Accepted Accounting Principles;

GDP

Gross Domestic Product;

General Privilege

general privilege under the Italian Public Contracts Code;

Global Note

means an Unrestricted Global Note and/or a Restricted Global Note, as applicable;

GMRA

means the ICMA/SIFMA Global Master Repurchase Agreement (2011 version) including the Annex thereto, entered into between the Issuer and the Counterparty on or before the Issue Date;

Good Industry Practice

means the exercise of that degree of skill, diligence, prudence and foresight which would reasonably and ordinarily be expected from a skilled and experienced person acting in good faith and carrying out the same type of undertaking in the same sector under the same or equivalent circumstances and conditions and acting generally in accordance with applicable Law;

Governmental Authority

means any entity exercising executive, legislative, judicial, regulatory or administrative functions of or pertaining to government;

Grantor

means the public authority awarding the concession for the construction and the operation of the SPV, identified as at the Issue Date, in the Veneto Region;

Grantor Change

means any variation including pursuant to the Rebalancing Mechanism of the Project which the Grantor is entitled to request in accordance with the Concession Agreement;

Grantor's Traffic Consultant	AREA Engineering Srl;
Grants	means all amounts in respect of the grants paid or payable by the Veneto Region under section 20 (<i>Contributo in Conto Costruzione</i>) of the Concession Agreement;
Guarantee	means any guarantee or indemnity in respect of any Financial Indebtedness or any arrangement having a similar effect;
Half Year	means, in respect of any entity, each six (6) month period starting on the first day of its Financial Year;
Hazardous Substance	means any dangerous, polluting, waste, toxic or contaminated substances and any other substance qualified as a hazardous substance under an Environmental Law;
Hedging Banks	means any bank or financial institution with which the Issuer enters into any Hedging Document and which has acceded to this Agreement, the STID and the Common Terms Agreement as a Hedging Bank;
Hedging Bank Entrenched Right	means any entrenched right of a Hedging Bank as set out in the STID Decision Making Protocol of the STID;
Hedging Bank Entrenched Right Resolution	means a resolution passed by any Hedging Bank(s) with outstanding Hedging Transactions representing at least one hundred per cent. (100%) of the total outstanding Hedging Transactions;
Hedging Documents	means each master agreement, confirmation, schedule or other agreement entered into or to be entered into by the Issuer with a Hedging Bank for the purposes of hedging inflation rate risk in compliance with the Hedging Policy and the terms of the STID;
Hedging Force Majeure	means: (i) in relation to a Hedging Document which is based on the 2002 ISDA Master Agreement, an Illegality or Tax Event, Tax Event Upon Merger or a Force Majeure Event (each as defined in the 2002 ISDA Master Agreement); or (ii) in relation to a Hedging Document which is not based on an ISDA Master Agreement, any event similar in meaning and effect to an event described in (i) above;
Hedging Liabilities	means the Liabilities owed by the Issuer to the Hedging Banks under or in connection with the Hedging Documents;
Hedging Policy	means the hedging policy as set out in the Common Terms Agreement;
Hedging Transaction	means an inflation rate protection transaction entered into under a Hedging Document in accordance with the Hedging Policy;
Historic Debt Service Cover Ratio or "Historic DSCR"	means, as at any relevant Calculation Date, the ratio of: (i) CFADS; to (ii) Debt Service, in respect of the Historic Period ending on the last calendar day which falls six (6) months prior to such Calculation Date;
Historic Period	means a period of twelve (12) months;
Holding Company	of any other person, means a person in respect of which that other person is a Subsidiary;
ICSDs	the central securities depositories of the Notes;
Ifitalia	International Factors Italia SpA;
IFRS	International Financial Reporting Standards as adopted by the EU;

IGO	IGO S.r.l., a limited liability company under Italian law (<i>Società a Responsabilità Limitata</i>) which is wholly-owned by INC;
Illegality Event	has the meaning given to it in Condition 7(k) (<i>Redemption for Illegality Event</i>);
IMD	Directive 2002/92/EC
INC	means INC S.p.A., a company established under the laws of Italy and having its registered office at Via Inverio 24/A, Turin, Italy and registered with the commercial register at the local court of Turin under registration number TO – 797108, with fiscal code number. 02174820049 subject to the direction and coordination (<i>direzione e coordinamento</i>) of FININC S.p.A.;
INC Advance Payment Bond	means the EPC Advanced Payment Bond corresponding to 51% of the overall amount of the Advance Payment which the EPC Contractor is intending to request in the form of a first demand bank or insurance guarantee, which shall be issued by (a) a leading bank or insurance company with a rating not below "BBB-" from Standard & Poor's or equivalent Fitch or Moody's or (b) by a bank or an insurance company mentioned which is an Approved Bank or an Approved Insurer or (c) by a bank or insurance company approved by the us and by the Finance Parties in accordance with the relevant Finance Documents);
Income	means any interest, dividends or other income arising from an Authorised Investment or an Authorised Escrow Account Investment (as applicable);
Indemnified Party	each of the Project Adviser, any Affiliate, transferee, delegate or subcontractor of the Project Adviser and the directors, officers, agent, employees and controlling persons (if any) as the case may be, of the Project Adviser and each such Affiliate, transferee, delegate or subcontractor which the Issuer shall hold harmless and fully indemnify;
Independent Consultants	Arcadis together with KPMG;
Independent Consultant Reports	the Independent Technical Consultant Report together with the Model Review Report;
Independent Fiduciary	the beneficial owner of an account or annuity, or a relative thereof, described in Section 4975(e)(1)(B) through (F) of the Internal Revenue Code, that is independent of the Transaction Parties;
Independent Fiduciary Exception	the exception under which a person will not be considered a fiduciary under ERISA or the U.S. Internal Revenue Code as a result of providing advice to an independent fiduciary of a plan with respect to an arm's length investment transaction, provided certain conditions are met;
Independent Technical Adviser Report	the report dated June 2017, prepared by Arcadis;
Initial Equity Contribution	means the amount paid by a Shareholder for its Initial Shareholding;
Initial Interest Period	the period from (and including) the Issue Date to (but excluding) the first Interest Payment Date;
Initial Markdown Date	has the meaning given to such term in the Conditions;
Initial Operating Phase	means the form of operating budget delivered as a condition precedent

Budget	pursuant to the Common Terms Agreement on or before the Issue Date;
Initial Purchasers	means the initial purchasers of the Senior Notes, being J.P. Morgan Securities plc, Banca IMI S.p.A., Banca Akros S.p.A. Gruppo Banco BPM and Banco Santander, S.A.;
Initial Redemption Date	has the meaning given to such term in the Conditions;
Initial Shareholding	means, in respect of a Shareholder as at the Issue Date, the initial number of Shares set out opposite that Shareholder's name in the Equity Contribution and Subordination Agreement;
Inside Information	has the meaning given to it in the Market Abuse Regulation, and includes an equivalent term or similar concept in any applicable jurisdiction;
InsO	means the German Insolvency Code;
Insolvency Event	means any event referred to in the Events of Default provision relating to insolvency, insolvency proceedings and Creditors' process of the Common Terms Agreement;
Insolvency Proceedings	means any proceeding pertaining to a company concerning its liquidation, bankruptcy (<i>fallimento</i>), winding-up, dissolution, reorganisation, moratorium, or similar including: (i) arrangement with creditors (<i>concordato preventivo, concordato con continuità aziendale</i>); (ii) adjustment of creditors' claims (<i>concordato fallimentare</i>); (iii) forced administrative liquidation (<i>liquidazione coatta amministrativa</i>); (iv) extraordinary administration (<i>amministrazione straordinaria</i>) and extraordinary administration of large companies in difficulty or in insolvency (<i>amministrazione straordinaria delle grandi imprese in stato di insolvenza</i>); (v) debt restructuring agreements (<i>accordi di ristrutturazione dei debiti</i>) and restructuring plans (<i>piani di risanamento</i>) pursuant to respectively Article 182-bis and Article 182-septies, and Article 67 paragraph 3(d) of the Italian Bankruptcy Law; (vi) any filing in connection with the foregoing (including any request under Article 161, paragraph 6, of the Italian Bankruptcy Law); and (vii) any assignment of assets to creditors (<i>cessione dei beni ai creditori</i>) pursuant to Article 1977 of the Italian Civil Code, or any other similar proceedings;
Insolvency Official	means in connection with any insolvency proceedings in relation to a company, a liquidator, provisional liquidator, administrator, administrative receiver, receiver, manager, nominee, supervisor, trustee, conservator, guardian or other similar official in respect of such company or in respect of all (or substantially all) of the company's assets or in respect of any arrangement or composition with creditors;
Inspection	has the meaning given to the term <i>collaudo</i> in the EPC Contract;
Inspection Certificate	means the provisional inspection certificate (<i>certificato di collaudo provvisorio</i>) issued by the Inspection Commission appointed by the Grantor pursuant to section 17 (<i>Verifiche e Collaudi</i>) of the Concession Agreement, and Article 229 of Presidential Decree no. 207/2010;
Inspection Commission	means the entity or entities appointed by the Grantor, pursuant to section 17 (<i>Verifiche e Collaudi</i>) of the Concession Agreement, for the performance of the Inspection;
Instalment Amount	means the specified amount which the Counterparty is obliged to pay the Issuer on each Instalment Date;

Instalment Date	means each date on which the Counterparty is obliged to pay the Issuer an Instalment Amount;
Insurance Adviser	means Marsh or such other person as the Issuer may appoint at its own cost from time to time to perform this role, with the prior approval of the Project Adviser pursuant to the STID Decision Making Protocol;
Insurance and Compensation Account	means the account established or to be established in accordance with the Italian Account Bank Agreement and the STID;
Insurance Proceeds	means all proceeds of the Insurances payable to or received by or on behalf of the Issuer;
Insurance Receivables	any claim, right, receivable and indemnity claim owing to us by the Insurance Companies which has arisen or will arise pursuant to the Insurance Policies, including any claim, right, receivable and indemnity claim of a compensatory (<i>risarcitoria</i>) or restitutionary (<i>restitutoria</i>) nature arising from the Insurance Policies and excluding any claim, right, receivable and indemnity claim which confers a right to the indemnity that is exclusively for the benefit of third parties;
Insurance Report	means the insurance due diligence report of the Insurance Adviser with respect to the Project delivered in accordance with the Common Terms Agreement;
Insurances	means, as the context may require, any contract or policy of insurance taken out by the Issuer from time to time, as set out under the Common Terms Agreement 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;
Insured Party	means, in relation to any Insurances, the Issuer and all co insureds for their respective rights and interests and includes, if the relevant Insurance contains an extension to that effect, their respective officers and employees;
Intellectual Property	means: (i) 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 (ii) the benefit of all applications and rights to use such assets;
Interconnection Agreements	means each agreement to be entered into between the Issuer and certain other concessionaires of motorways interconnecting with the SPV pursuant to the Concession Agreement in form and substance acceptable to the Project Adviser (acting in consultation with the Technical Adviser);
Intercreditor Cauzione Definitiva	means the agreement to be entered into on or before the Issue Date between the Issuer, the insurers issuing the <i>cauzione definitiva</i> pursuant to section 4 (<i>Obblighi del Concessionario</i>) of the Concession Agreement and the issuers of each EPC Performance Bonds, regarding inter alia the exercise of the recourse rights by the relevant party thereto in case of enforcement of the <i>cauzione definitiva</i> and/or the EPC Performance Bonds.
Inter-Hedging Document Netting	means the exercise of any right of set off, account combination, close out netting or payment netting (whether arising out of a cross agreement netting agreement or otherwise) by a Hedging Bank against liabilities owed to the Issuer by that Hedging Bank under a Hedging Document in respect of Hedging Liabilities owed to that Hedging Bank by the Issuer

	under another Hedging Document;
Interest	interest, premium and similar income (including the difference between the redemption amount and the issue price);
Interest Amount	a fee which equates to an interest amount payable by the Counterparty on the then outstanding Repayment Amount;
Interest Payment Date	has the meaning ascribed to it in Condition 5.1 (<i>Senior Notes</i>);
Interest Period	has the meaning ascribed to it in Condition 5.1 (<i>Senior Notes</i>);
Interest Rate Calculations	has the meaning ascribed to it in Condition 5.4 (<i>Calculation Agent</i>);
Interface Agreement	means the interface agreement with respect to the EPC Contract and the O&M Contract dated on or before the Issue Date between the Issuer, the EPC Contractor and O&M Contractor;
Interface Receivables	means any claim, right, receivable, indemnity claim, bond and guarantee owing to the Assignor by any Counterparty which has arisen or will arise pursuant to the Interface Agreement, and/or as a result of any breach thereof;
Interim Financial Statements	the Issuer's unaudited interim statements of comprehensive income, financial position, cash flow and changes in equity as of and for the nine months ended 30 September 2016 and 2017;
Interim Operations Date	means the date of the entry into operations of any of the functional sections of the SPV in accordance with section 17.2 of the Concession Agreement;
Intermediary	banks, so-called SIMs (<i>Società di Intermediazione Mobiliare</i>), fiduciary companies, so-called SGRs (<i>Società di Gestione del Risparmio</i>), stockbrokers and other entities identified by a decree of the Ministry of Economics and Finance;
International Financial Reporting Standards or "IFRS"	has the meaning given to it in the Notes Purchase Agreement;
Intra-group Agreements	means (i) the Car Rental Agreement (or replacement thereof entered into by the Issuer in accordance with the Finance Documents); (ii) the agreement entered into between the Issuer and SIS S.c.p.a. on 30 June 2017 for the provision of operational and management assistance for the review and negotiation related to the contractual relationship with the Grantor and other parties for the purpose of the issuance of the Notes for an amount equal to €3,000,000 plus VAT; (iii) the administration services agreement entered into between the Issuer and SIS S.c.p.a. on 30 June 2017, in relation to the provision by SIS S.c.p.a. of administrative, accounting and reporting services to the Issuer and the leasing to the Issuer of its office in Turin for a quarterly remuneration equal to €90,000.00 plus VAT (or replacement thereof in accordance with the Finance Documents); (iii) the agreement entered into between the Issuer and FININC on 30 June 2017 for the provision of financial collateral (or replacement thereof in accordance with the Finance Documents); (v) the agreement entered into between the Issuer and Sacyr Construcción S.A.U. on 30 June 2017 for the provision of financial collateral (or replacement thereof in accordance with the Finance Documents); (vi) the Website Service Contract (or replacement thereof entered into by the Issuer in accordance with the Finance Documents); (vii) the agreement entered into on 5 June 2017 between the Issuer and SIS S.c.p.a. for the reimbursement of fees, costs and

	expenses in relation to legal, administrative and technical services regarding the Project sustained by SIS S.c.p.a. for an amount equal to €17,190,000 plus VAT;
Intra-group Receivables	means any claim, right, receivable, indemnity claim, bond and guarantee owing to us by any counterparty which has arisen or will arise pursuant to the relevant Intra-group Agreements, and/or as a result of any breach thereof;
Investment Advice Regulation	final regulation, 29 C.F.R. § 2510.3-21, issued by the U.S. Department of Labor;
Investment Company Act	the U.S. Investment Company Act of 1940, as amended, and regulations thereunder;
Investor Meeting	means: <p>(a) subject to paragraph (b) below, the annual meeting of the management of the Issuer and the Secured Creditors to be held within eight (8) weeks of the publication of the Issuer's audited financial statements for its preceding Financial Year and delivered pursuant to clause 8.1(a) (Issuer Financial Statements) of the Common Terms Agreement; and</p> <p>(b) to the extent the option in Condition 5.7 has been exercised, each quarterly meeting of the management of the Issuer and the Secured Creditors to be held by no later than 20 Business Days after each Quarterly Review Date following the relevant Interest Payment Date in respect of which such option is exercised,</p> <p>in each case, conducted in accordance with the requirements set out in the Common Terms Agreement;</p>
Investor Meeting Date	means the date of each Investor Meeting to be convened in accordance with the Common Terms Agreement
IRAP	an Italian regional production tax;
IRES	an Italian corporate income tax;
IRR	internal rate of return;
IRS	the US Internal Revenue Service;
ISDA	means the International Swaps and Derivatives Association, Inc;
ISDA Master Agreement	means the 2002 ISDA Master Agreement as published by the ISDA;
Issue Date	means 29 November 2017;
Issue Price	means 100 per cent.;
Issuer	Superstrada Pedemontana Veneta S.p.A., a company established under the laws of Italy subject to the direction and coordination (direzione e coordinamento) of SIS S.c.p.A, and having its registered office at Via Inverio 24/A, Turin, Italy and registered with the Companies' Registry of Turin under registration number, VAT code and fiscal code number of 10201260014, with a share capital equal to €200,000,000, and as of the Issue Date paid for share capital of €100,000,000;
Issuer Discretion Matters	means:

- (a) entry into any agreement with the Grantor pursuant to section 21 (*Canone di Disponibilità e Conto Pedaggo*) of the Concession Agreement in relation to the Issuer's remuneration in case of entry into operation of single functional sections of the SPV, provided that, the Technical Adviser has certified that as a result of the Issuer entering into such agreement:
 - (i) the proposed agreement is on reasonable terms and there will be no adverse effect on the Original Construction Programme; and
 - (ii) there will be no additional cost for the Issuer or such additional cost is funded in full by the Grantor in accordance with the Concession Agreement;
- (b) entry into any agreement or variations with the Grantor, EPC Contractor or O&M Contractor (as applicable) in relation to the Rebalancing Mechanism, provided that, the Technical Adviser has certified that:
 - (i) the Completion Date will as a result of all such amendments or variations taken as a whole occur on or before the Longstop Date;
 - (ii) all additional risks have been passed to the EPC Contractor or the O&M Contractor in accordance with the relevant Project Document (as applicable); and
 - (iii) the aggregate amount of all such amendments or variations giving rise to increased costs incurred by the Issuer (including the aggregate amount of all additional Financing Costs incurred as result of such amendment or variation in relation to the Rebalancing Mechanism):
 - (A) are compensated in full before any such increased costs are incurred, such that there is no increased risk of a Funding Shortfall occurring by a combination of:
 - (1) the relevant Rebalancing Amount received from the Grantor; and/or
 - (2) only to the extent that the ECSA Equity Contribution Commitment has been paid in full to the Issuer in accordance with the Equity Contribution and Subordination Agreement, additional equity contributions to the Proceeds Account in accordance with the Equity Contribution and Subordination Agreement; and
 - (B) in the case of the EPC Contract, do not exceed €70,000,000; or

	(C) in the case of the O&M Contract, do not exceed twenty five per cent (25%) of the annual fee payable under clause 11 of the O&M Contract; and
	(c) entry into by the Issuer of any other amendment or variation to the Project Documents provided that, in the Technical Adviser's reasonable opinion, the amendment is deemed to be low risk to the Issuer on the basis that the proposed amendment is on reasonable terms and will not have an adverse impact on the Project (including giving rise to additional cost for the Issuer or delay to the Original Construction Programme);
	(d) any amendment to the Intragroup Agreements which has the effect of increasing the cost to the Issuer under the Intragroup Agreements, provided that, the Technical Adviser has certified that: <ul style="list-style-type: none"> (i) there will be no overall increase in Construction Costs or Operating Costs (as applicable) as reflected in the relevant Project Budget; and (ii) there is no adverse effect on the ability of the respective parties to perform their obligations under the Project Documents as a result of such amendment; and
	(e) settlement of any claims or disputes arising under any of the Project Documents, provided that, the aggregate value of all such claims or disputes does not exceed €2,000,000;
Issuer Request	a request from the Issuer to the Escrow Agent specifying the amount to be paid and the relevant payment instructions;
Italian Account Bank	means Intesa Sanpaolo S.p.A and any successor account bank appointed under the Italian Account Bank Agreement;
Italian Account Bank Agreement	means the agreement entered into between the Issuer, the Italian Account Bank and the Security Agent in relation to the Italian Project Accounts dated on or before the Issue Date;
Italian Assignment of Concession Receivables	means the assignment by way of security of the receivables arising under the Concession Agreement (except for those relating to the Grants) to be executed by and between, among others, the Issuer and the Security Agent dated on the Issue Date;
Italian Assignment of Project Documents Receivables	means the assignment by way of security of the Issuer's receivables under the certain Project Documents (other than the Pedemontana Concession) to be executed by and between, among others, the Issuer and the Security Agent dated on the Issue Date;
Italian Assignment of Shareholder Loan Receivables	means any assignment by way of security of the receivables in connection with the Shareholder Loans to be executed by and between, among others, the relevant Shareholder and the Security Agent in the agreed form attached to the Equity Contribution and Subordination Agreement;
Italian Bank Accounts Pledge	means the pledge over balance of the Italian Pledged Project Accounts;
Italian Bank Accounts	means the agreement to be entered into between, among others, the

Pledge Agreement	Issuer as pledgor and the Security Agent dated on the Issue Date for the creation of the Italian Bank Accounts Pledge;
Italian Banking Act	Legislative Decree No. 385 of 1 September 1993, as amended;
Italian Bankruptcy Law	means the Italian bankruptcy law set out in Royal Decree No. 267 of 16 March 1942, as amended by Legislative Decree no. 5 dated 9 January 2006 and as further amended and/or integrated from time to time;
Italian Civil Code	means the Italian civil code set out in Royal Decree No. 262 of 16 March 1942 as amended and/or integrated from time to time;
Italian General Privilege	means the " <i>privilegio generale</i> " over all of the Issuer's movable present and future assets and receivables over which the Issuer has title (except for Grants and the other movable assets expressly excluded thereunder) of the SPV pursuant to Article 186 of the Italian Public Contracts Code, to be entered into by and between the Issuer as grantor and the Security Agent on the Issue Date;
Italian Law Security Agreements	means the: (i) Italian Share Pledge; (ii) Italian General Privilege; (iii) Italian Assignment of Concession Receivables; (iv) Italian Assignment of Project Documents Receivables; (v) Italian Bank Accounts Pledge Agreement; and (vi) Italian Assignment of Shareholder Loan Receivables;
Italian Pledged Project Accounts	means the: (i) Debt Service Reserve Account; (ii) Maintenance Reserve Account; (iii) Insurance and Compensation Proceeds Account; and (iv) Proceeds Account;
Italian Project Accounts	means the: (i) Proceeds Account; (ii) Debt Service Reserve Account; (iii) Maintenance Reserve Account; (iv) Toll Collection Account; (v) Insurance and Compensation Proceeds Account; and (vi) Distribution Account;
Italian Public Contracts Code	means the Italian Legislative Decree No. 50 of April 18, 2016;
Italian Share Pledge	means the pledge over shares of the Issuer (other than the shares owned by Itinere);
Italian Share Pledge Agreement	means the agreement to be entered into between, among others, the Shareholder as pledgor and the Security Agent dated on the Issue Date for the creation of the Italian Share Pledge;
Itinere	means Itinere Infraestructuras, S.A., incorporated, under the name of Europistas Concesionaria Española, S.A., by a deed dated 21 May 1968 to the notary of the Illustrious College of Madrid D. José Luis Díez Pastor, under number 1.117 in order of Protocol; registered in the commercial registry of Vizcaya in the Tome 4916, folio 21, sheet BI-51914, registration 2; and having its registered office in Bilbao, calle Capuchins Basurto No. 6, floor 4 with VAT number A28200392;
IVAFE	the 0.2% wealth tax payable by Italian resident individuals holding notes outside the Italian territory;
J.P.Morgan	J.P. Morgan Securities plc;
Joint Bookrunners	means J.P. Morgan Securities plc, Banca IMI S.p.A., Banco Santander, S.A., Banca Akros S.p.A – Gruppo Banco BPM and Kommunalkredit Austria AG;

Judgment Currency	has the meaning given to it in the Purchase Agreements;
Junior Liabilities	means the Liabilities owed by the Issuer to the Junior Noteholders under or in connection with the Finance Documents;
Junior Make Whole Amount	<p>means a redemption price applicable to each relevant Junior Note equal to the greater of:</p> <p>(a) (prior to the Junior Notes Maturity Date) one hundred and two <i>per cent.</i> (102%) or (thereafter) one hundred <i>per cent.</i> (100%) of the Principal Amount Outstanding of such Junior Note at the relevant Optional Redemption Date; and</p> <p>(b) as determined by the Reference Dealers, the sum of the then current values of the remaining payments of principal and interest due on such Junior Notes (as provided in paragraph (iii) below) discounted to the Optional Redemption Date on an annual basis (based on the actual number of days elapsed divided by three hundred and sixty five (365) or (in case of a leap year) three hundred and sixty six (366) at the Reference Dealer Rate plus the Redemption Margin,</p> <p>provided that, when determining the scheduled payments of interest on the Junior Notes for the purposes of paragraph (b) above:</p> <ul style="list-style-type: none"> (i) the then applicable interest rate on the Junior Notes, including if applicable any Equity Shortfall Step Up, shall be taken into account for the purposes of the interest calculations above; (ii) no capitalisation of interest subsequent to the relevant Optional Redemption Date shall be deemed to occur; and (iii) interest payments will be deemed to be payable from and including the first Interest Payment Date following such Optional Redemption Date (excluding any interest accrued on such Junior Note to, but excluding, the Optional Redemption Date) on every Interest Payment Date up to and including the 31 December 2024, <p>and provided further that, when determining the scheduled payments of principal on each Junior Note for the purposes of paragraph (b) above, such remaining payments shall be deemed to be due on 31 December 2024;</p>
Junior Note Rate of Interest	means the rate specified in Condition 5.2 (<i>Junior Notes</i>);
Junior Noteholder	means a holder of Junior Notes;
Junior Noteholder Entrenched Right	means any entrenched right of a Junior Noteholder as set out in the STID Decision Making Protocol of the STID;
Junior Noteholder Entrenched Right Resolution	means: (i) a resolution passed in accordance with the provisions of the STID and the Note Trust Deed by the affirmative vote of holders of Junior Notes present in person or represented by proxy or representative, holding at least ninety <i>per cent.</i> (90%) of the principal amount outstanding in respect of the Junior Notes owned by the Junior Noteholders who are so present or represented at the meeting; or (ii) a resolution passed by Electronic Consent;

Junior Notes	means the €350,000,000 8% Step-up Subordinated Secured Notes due 2027;
Junior Notes Cash Sweep	means where the Junior Notes are not redeemed in full at their Principal Amount Outstanding prior to the Junior Notes Maturity Date, and provided that the Junior Notes Restricted Payment Conditions have been satisfied at such time, redemption of the Junior Notes will be made on a pro rata basis in instalments on each Interest Payment Date falling after the Junior Notes Maturity Date, from the Available Junior Cash (subject to the Pre-enforcement Priority of Payments);
Junior Notes Maturity Date	30 June 2027;
Junior Notes Purchase Agreement	means the purchase agreement in respect of the Junior Notes entered into by the Issuer and certain of the purchasers of the Junior Notes dated 8 November 2017;
Junior Notes Restricted Payment	means any payment of principal on the Junior Notes other than payments of principal on the Final Maturity Date;
Junior Notes Restricted Payment Conditions	<p>means in respect of any Junior Notes Restricted Payment:</p> <p>(a) the Issuer has certified to the Project Adviser and the Note Trustee that: (i) no Default (including in relation to any Concession Event) has occurred and is continuing or would occur as a result of the proposed Junior Notes Restricted Payment; and (ii) the Repeating Representations are true and accurate in all material respects;</p> <p>(b) to the extent applicable, the balance standing to the credit of the Maintenance Reserve Account is equal to or greater than the MRA Required Balance;</p> <p>(c) the balance standing to the credit of the Debt Service Reserve Account is equal to or greater than the DSRA Required Balance;</p> <p>(d) at the time of such Junior Notes Restricted Payment, each of the Historic Debt Service Cover Ratio, the Projected Debt Service Cover Ratio and the Debt Life Cover Ratio is equal to or greater than the relevant Financial Ratio Shareholder Restricted Payment Threshold, in each case, calculated as at the most recent Calculation Date; and</p> <p>(e) at the time of such Junior Notes Restricted Payment, a period of 18 months after the Operations Commencement Date occurred;</p> <p>it being agreed that where for the purpose of complying with the condition under paragraph (d) above, Additional Equity is contributed to the Issuer in accordance with the Equity Contribution and Subordination Agreement, each of the Historic Debt Service Cover Ratio, the Projected Debt Service Cover Ratio and the Debt Life Cover Ratio shall be recalculated to reflect the additional amount of CFADS in respect of the relevant period, provided that, any such Junior Noteholder Restricted Payment made by the Issuer following such recalculation shall not exceed the amount of the Additional Equity contribution made to it;</p>
Key Milestone	means a milestone regarding the Works as stipulated in the Key Milestone Schedule;
Key Milestone Date	means the date referred to in the column headed "Key Milestone Date" as set out in the Key Milestone Schedule;

Key Milestone Schedule	means as of the Issue Date, the table of Key Milestones as set out in the Common Terms Agreement, as amended or updated from time to time with the prior written approval of the Technical Adviser following a written request from the Issuer (together with supporting documents and evidence to support such request). See section “ <i>Key Milestone and Delay</i> ” of the summary of the Common Terms Agreement above;
KPMG	KPMG Advisory S.p.A.;
Law	means in respect of any person, any applicable law, statute, constitution, decree, judgement, treaty, regulation, rule, by law, order, other legislative measure, directive, requirement or guideline (in each case whether or not having the force of law but if not having force of law, is generally complied with by the persons to whom it is addressed or applied or expected to be complied with by the issuer thereof) of any governmental, supranational, local government, court, statutory or regulatory or self regulatory or similar body or authority, in each case, applicable to or binding upon that person or to which that person is subject;
LD 152/06	Legislative Decree No. 152/06 implementing the Environmental Liability Directive in Italy;
Legal Act	Means, in the context of German insolvency law, a legal act (<i>Rechtshandlung</i>);
Legal Due Diligence Report	means the due diligence report prepared by Legance – Avvocati Associati dated on or before the Issue Date and delivered as a condition precedent pursuant to the Common Terms Agreement;
Legal Reservations	means: (i) 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; (ii) the time barring of claims under applicable limitation laws (including the Limitation Acts), 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; (iii) similar principles, rights and defences under the law of any Relevant Jurisdiction; and (iv) any other general principles which are set out as qualifications as to matters of law in any legal opinion provided pursuant to the Common Terms Agreement;
Legality Protocol	means the document of that named attached to the relevant Finance Documents, as amended, integrated and/or supplemented from time to time;
Legislative Decree 56	Legislative Decree No. 56 of 18 February 2000;
Legislative Decree 69/2013	Legislative Decree No. 69/2013 as converted into Law No. 98/2013;
Liabilities	means all present and future liabilities and obligations at any time of the Issuer to any Secured Creditor, the VAT Receivables Purchaser or any Shareholder Subordinated Creditor under the relevant Debt Documents, both actual and contingent and whether incurred solely or jointly or as principal or surety or in any other capacity together with any of the following matters relating to or arising in respect of those liabilities and obligations (as applicable): <ul style="list-style-type: none"> (a) any refinancing, novation, deferral or extension;

	<p>(b) any claim for breach of representation, warranty or undertaking or on an event of default or under any indemnity given under or in connection with any document or agreement evidencing or constituting any other liability or obligation falling within this definition;</p> <p>(c) any claim for damages or restitution;</p> <p>(d) any claim as a result of any recovery by a Security Provider of a Payment on the grounds of preference or otherwise; and</p> <p>(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,</p> <p>and any amounts which would be included in any of the above but for any discharge, non provability, unenforceability or non allowance of those amounts in any insolvency or other proceedings;</p>
Liability Percentage	means, in respect of: (i) a Shareholder as at the date of this Agreement, one hundred percent (100%); and (ii) thereafter, as such percentage may be amended pursuant to the Equity Contribution and Subordination Agreement;
Limitation Acts	means the Limitation Act 1980 and the Foreign Limitation Periods Act 1984;
Liquidity Management Agreement	means the GMRA, the Liquidity Management Transaction Confirmation, the Liquidity Management Transaction Custody Agreement, the Liquidity Management Transaction TACA and the Liquidity Management Transaction Security Agreement;
Liquidity Management Transaction Confirmation	means the confirmation evidencing the Liquidity Management Transaction dated on or about the Issue Date entered into under the GMRA;
Liquidity Management Transaction Custody Agreement	means the custodial services agreement relating to the Liquidity Management Transaction entered into on or about the Issue Date between the Issuer and The Bank of New York Mellon, London Branch as custodian;
Liquidity Management Transaction Security Agreement	means the security agreement relating to the Liquidity Management Transaction entered into on or about the Issue Date between the Issuer as secured party and the Counterparty as charger;
Liquidity Management Transaction Financing TACA	means the triparty account control agreement relating to the Liquidity Management Transaction entered into on or about the Issue Date between the Issuer as secured party, the Counterparty as chargor and The Bank of New York Mellon, London Branch as custodian;
Liquidity Management Transaction	means the liquidity management transaction entered into on or about the Issue Date under and in accordance with the terms of the Liquidity Management Agreement;
Longstop Date	means eighteen (18) months after the original Scheduled Completion Date;
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 any consequential loss and any loss of profit, and any VAT thereon;

Main Shareholder	means Consorzio Stabile SIS Società Consortile per Azioni – SIS S.C.p.A., a company established under the laws of Italy and having its registered office at Via Inverio 24/A, Turin, Italy and registered with the Companies Registry of Turin under registration number 08679430010, and VAT code and fiscal code number 08679430010, with its share capital fully paid in an amount equal to €15,000,000, subject to the direction and coordination (<i>direzione e coordinamento</i>) of FININC S.p.A.;
Main Shareholder Shares	means, as at the Issue Date, the 199,999,999 ordinary shares held by the Main Shareholder in the capital of the Issuer, with an aggregate nominal value of €199,999,990, together representing 99.999995% of the share capital of the Issuer.
Maintenance Reserve Account	means the account established or to be established in accordance with the Italian Account Bank Agreement and the STID;
Major Project Party	means: (i) any Shareholder; (ii) the Issuer; (iii) the O&M Contractor; (iv) the EPC Contractor; (v) the First Step Sponsors; and (vi) the Second Step Sponsors, in each case for so long as they have undischarged obligations to the Issuer under the Transaction Documents to which they are a party;
Margin	means one <i>per cent</i> (1%);
Margin Privilege	means the exception for financial collateral under § 130 para. 1 sentence 2 InsO (<i>Margensicherheit</i>);
Margin requirements	the requirement that non cleared OTC derivatives entered into by financial counterparties must also be marked to market and collateral must be exchanged;
Market	means the Main Securities Market of the Irish Stock Exchange;
Market Abuse Regulation	means the Regulation No. 596/2014 on market abuse;
Market Interest Rate	the interest rate on the capital markets;
Master Definitions Agreement	means the agreement dated on or before the Issue Date between, <i>inter alios</i> the Issuer, the Security Agent, the Note Trustee, the Principal Paying and Transfer Agent, the Account Banks and the Project Adviser;
Material Adverse Effect	<p>means any effect which is or is likely to be materially adverse to: (i) the ability of the Issuer or any other Major Project Party to perform and comply with its material obligations under the Transaction Documents as and when such obligations fall due; (ii) the validity, legality or enforceability of, or the effectiveness or ranking of a security interest granted or purporting to be granted pursuant to any Finance Document; (iii) the business, assets or financial condition of the Issuer; and/or (iv) the validity, legality or enforceability of: (a) the rights or remedies of the Issuer under the Project Documents, to the extent these materially affect the Issuer's ability to comply with its obligations under the Finance Documents; and/or (b) the rights or remedies of any Secured Party under the Finance Documents,</p> <p><i>provided that</i>, without prejudice to the generality of the foregoing, no Material Adverse Effect shall be deemed to have occurred for the purposes of clause 16.26 (<i>Liquidity Management Transaction Documents</i>) of the Common Terms Agreement if there is a default under the Liquidity Management Agreement, unless, the Liquidity Management Transaction having been terminated, the Issuer has not received, or may not reasonably be expected to receive, all amounts due</p>

	to it thereunder, including, where applicable, by enforcement of related security interest;
Member State	means any of the member states of the EU;
Memorandum of Operations	means the document of that name attached to the relevant Finance Documents, as amended, integrated and/or supplemented from time to time;
MiFID II	Directive 2014/65/EU
Minimum Denomination	means one hundred thousand euros (EUR 100,000);
Minor Contracts	means: <ul style="list-style-type: none"> (a) the Car Rental Agreement; (b) the Website Services Contract; and (c) any other agreement or document entered into by the Issuer before the Issue Date in connection with the Permitted Business, which the Issuer acting reasonably and in good faith believes is not necessary to be disclosed in the Final Prospectus, in order to enable Noteholders to make an informed assessment of the assets and liabilities, financial position, profit and losses, and prospects of the Issuer, but expressly excluding any agreement or document (i) entered into before the Issue Date with respect to all reasonable fees, commissions, costs and expenses (including, without limitation, due diligence expenses and adviser fees) and all stamp duty, registration and other similar expenses incurred by or on behalf of the Issuer in connection with the negotiation, preparation and execution of the Transaction Documents; and (ii) entered into before the Issue Date, which is delivered as a condition precedent pursuant to schedule 1 (Conditions Precedent) of the Common Terms Agreement, <p>provided that, the value of the aggregate liability which the Issuer assumes under all such agreements or documents in any one year does not exceed €500,000 and the aggregate liability assumed by the Issuer under any single such agreement or document does not exceed €500,000;</p>
Model Auditor	means KPMG or such other person as the Project Adviser may appoint from time to time to perform this role in consultation with the Issuer;
Model Auditor's Report	means the final report delivered by the Model Auditor as a condition precedent pursuant to the Common Terms Agreement;
Monte Titoli	means Monte Titoli S.p.A., a joint stock company (società per azioni) having its registered office at Piazza degli Affari 6, 20123 Milan, Italy;
Moody's	means Moody's Investors Services Limited, or any successor to its rating business;
MRA Required Balance	means, at any time, from and including the first Calculation Date following the Operations Commencement Date the amount shown in the most recent Operating Financial Model as the credit balance that should be maintained on the Maintenance Reserve Account, being the sum of: (i) one hundred <i>per cent.</i> (100%) of the planned extraordinary maintenance costs during the next twelve (12) months commencing on the Calculation Date in respect of which the Operating Financial Model was prepared; (ii) sixty six point six seven <i>per cent.</i> (66.67%) of the planned extraordinary maintenance costs during the period from the

	date that is twelve (12) months after the Calculation Date in respect of which the Operating Financial Model was prepared to (but excluding) the date that is twenty four (24) months after the Calculation Date in respect of which the Operating Financial Model was prepared; and (iii) thirty three point three three <i>per cent.</i> (33.33%) of the planned extraordinary maintenance costs during the period from the date that is twenty four (24) months after the Calculation Date in respect of which the Operating Financial Model was prepared to (but excluding) the date that is thirty six (36) months after the Calculation Date in respect of which the Operating Financial Model was prepared;
National Compensation Fund	the national compensation fund (<i>fondo perequativo nazionale</i>) financed through VAT tax receipts by the regions, established by the Central Government of Italy;
NDP	Nodo di Palermo scpa;
Net Proceeds	the net proceeds of the issue of the Senior Notes;
New Shareholder	means any transferee of any Shares in accordance with the Equity Contribution and Subordination Agreement;
New Italian Public Contracts Code	Legislative Decree No. 50/2016;
NIMBY	not-in-my-backyard;
NIR% or Non-escrow Interest Rate	means five <i>per cent.</i> (5%);
Non-cash Consideration	means consideration in a form other than cash;
Non-cash Recoveries	means any amount distributed to the Security Agent pursuant to the STID, which is in the form of Non cash Consideration;
NP or Non-escrow Portion	means the aggregate amount of the net proceeds of the Senior Notes which have been released from the Escrow Account to the Proceeds Account (for the avoidance of doubt, excluding any amounts invested in the Liquidity Management Transaction or any other Authorised Escrow Account Investment) in accordance with the Escrow Agreement and the Common Terms Agreement on each day during the relevant Interest Period;
Note Documents	means: (i) the Note Trust Deed; (ii) the Paying Agency Agreement; (iii) the Note Trustee Fee Letter; and (iv) the Paying Agency Fee Letter;
Note Trust Deed	means the trust deed dated on or before the Issue Date between the Issuer and the Note Trustee, under which the Senior Notes and the Junior Notes are constituted and any trust deed supplemental thereto;
Note Trustee	BNY Mellon Corporate Trustee Services Limited, acting as a trustee of the trusts created pursuant to the Note Trust Deed and includes any co-trustee and any successor note trustee appointed pursuant to the Note Trust Deed;
Note Trustee and Security Agent Entrenched Right	means any entrenched right of the Note Trustee and/or Security Agent as set out in the STID Decision Making Protocol of the STID;
Noteholder or holder	has the meaning given to it in the Conditions;
Notes	means each of the Senior Notes and the Junior Notes;

Notes Purchase Agreement	means the purchase agreement in respect of the Senior Notes entered into by, inter alia, the Issuer and the Initial Purchasers dated 8 November 2017;
NPV	means, as at a Calculation Date and in relation to any Calculation Period commencing on that Calculation Date, an amount equal to the value of the projected CFADS as at the relevant Calculation Date for the period commencing on that Calculation Date and ending on the Final Maturity Date assuming that the projected CFADS were generated at the end of the relevant Calculation Period and discounting the same at a rate equal to the relevant interest rate payable on the Senior Notes;
Number of Senior Notes Outstanding	means the number of Senior Notes outstanding, calculated on the basis that one Note has a denomination of €100,000 on the relevant Interest Payment Date;
O&M Contract	means the contract for the operation and maintenance of the SPV dated on or around the Issue Date between the Issuer and O&M Contractor;
O&M Contractor	means the <i>Associazione Temporanea di Imprese</i> between SIS S.c.p.A. and VIS S.C.p.A., and any replacement or substitute as permitted in accordance with the Finance Documents;
O&M Direct Agreement	means the direct agreement dated on or about the Issue Date between the Security Agent, the Issuer and the O&M Contractor;
O&M Fee	the agreed sums paid by the Issuer under the O&M Contract;
O&M Performance Bond	means the performance bond to be provided by an Acceptable Entity on behalf of the O&M Contractor in favour of the Issuer entered into pursuant to the O&M Contract;
O&M Services	the operation and ordinary/heavy/extraordinary maintenance activities which the O&M Contractor is responsible for under the O&M Contract;
OFAC	means the U.S. Department of Treasury's Office of Foreign Assets Control;
Offering	the offering by the Issuer of the Senior Notes and the Junior Notes;
OID	original issue discount;
OLAF	means the European Anti Fraud Office;
OMC	an organizational, management and control model;
Operating Costs	<p>means, for the relevant period, the costs, expenses and fees (without double counting) properly incurred by the Issuer during such period in connection with the operation and maintenance of the SPV in accordance with the Transaction Documents, including:</p> <ul style="list-style-type: none"> (a) sums properly payable by the Issuer during such period pursuant to the Concession Agreement, the O&M Contract and/or the Intragroup Agreements; (b) its Tax (excluding its recoverable VAT); (c) <i>premia</i> on its Operating Phase Insurances; (d) property and occupation charges and any amount payable under its consents or Authorisations;

	<p>(e) administrative, legal, technical, accounting, management and employee costs, including fees and costs of the professional advisers engaged in connection with the Project; and</p> <p>(f) any other costs and expenses agreed between the Issuer and the Project Adviser;</p> <p>each as contemplated in the Operating Financial Model and provided for in the then applicable Project Budget or otherwise as approved by the Project Adviser but excluding any Construction Costs and Financing Costs;</p>
Operating Financial Model	means the Original Operating Financial Model as updated in accordance with the Common Terms Agreement;
Operating Period	means: (i) with respect to the Initial Operating Phase Budget, the period commencing on the scheduled Operations Commencement Date as at the Issue Date to 31 December 2021; and (ii) with respect to each subsequent Operating Phase Budget, the Issuer's Financial Year, <i>provided that</i> the last such period commencing before the Final Maturity Date shall end at such Final Maturity Date;
Operating Phase	means, for the purposes of the Finance Documents, the period beginning on the Operations Commencement Date and ending on the earlier of the (i) the Final Discharge Date and (ii) the End Date;
Operating Phase Budget	means the Initial Operating Phase Budget relating to the budget for the Operating Phase, as amended or updated in accordance with the Common Terms Agreement;
Operating Phase Insurances	means the insurance cover set out in the Insurance Requirements provision of the Common Terms Agreement;
Operations Commencement Date	means the Entry Into Operation of the SPV;
Ordinary Procedure	means the ordinary expropriation process;
Ordinary Resolution	means, in relation to: (i) any STID Proposal, a resolution passed by Qualifying Secured Creditors representing more than fifty <i>per cent.</i> (50%) of the aggregate Qualifying Secured Debt voted on such STID Proposal; and (ii) any matter where the Issuer is not required to deliver a STID Proposal and which relates to a matter referred to in certain provisions for Meeting of Noteholders of the Note Trust Deed, a resolution passed by the Noteholders of a Class of Notes holding more than fifty <i>per cent.</i> (50%) of the Principal Amount Outstanding of the Notes represented at the meeting;
Ordinary Voting Matters	means any matter to be voted on by relevant Secured Creditors pursuant to the STID Decision Making Protocol of the STID which does not relate to Enforcement Action or a Post enforcement Resolution and is not an Extraordinary Voting Matter, an Issuer Discretion Matter, a Project Adviser Determination Matter or a Project Adviser Discretion Matter;
Original Construction Budget	means the construction budget delivered by the Issuer pursuant to of the Common Terms Agreement;
Original Construction Programme	has the meaning given to the term "Detailed Works Execution Programme" (<i>Programma Esecutivo</i>) in the EPC Contract prepared in compliance with the time schedule (<i>Cronoprogramma</i>) as delivered

	pursuant to the Common Terms Agreement;
Original EPC Contract	a first lump-sum turnkey engineering, procurement and construction contract entered into on 7 March 2011 by the Issuer and SIS, transferring to SIS all obligations contained in the Concession Agreement and related annexes in relation to the drafting of the executive designs and construction of the SPV;
Original Jurisdiction	means in relation to any entity the jurisdiction under whose law such entity is incorporated as at the date of this Agreement;
Original Operating Financial Model	means the operating financial model prepared by the Issuer and delivered to the Project Adviser and the Technical Adviser prior to the Operations Commencement Date pursuant to the Common Terms Agreement, prepared on the basis of the form of Financial Model delivered pursuant to the Common Terms Agreement;
Original Promoter	Pedemontana Veneta S.p.A;
OTC	over the counter;
Outstanding or outstanding	<p>means, in relation to Notes of any Class, all Notes of such Class issued except:</p> <ul style="list-style-type: none"> (a) those which have been redeemed in accordance with the Conditions and the Note Trust Deed; (b) those in respect of which the date for redemption in accordance with the Conditions has occurred and the redemption moneys (including premium (if any) and all interest accrued on such Notes to the date for such redemption and any interest payable under the Conditions and the Note Trust Deed after such date) have been duly paid to the Note Trustee or to the Principal Paying and Transfer Agent as provided in clause 2 (Amount of the Notes and Covenant to Pay) of the Note Trust Deed and remain available for payment in accordance with the Conditions; (c) those which have become void under Condition 17 (<i>Prescription</i>), (d) those which have been purchased and cancelled as provided in the Conditions; (e) those mutilated or defaced Notes which have been surrendered in exchange for replacement Notes; (f) (for the purpose only of determining the principal amount of the Notes outstanding and without prejudice to their status for any other purpose) those Notes alleged to have been lost, stolen or destroyed and in respect of which replacement Notes have been issued; and (g) any Global Note to the extent that it shall have been exchanged for another Global Note pursuant to its provisions and any Global Note to the extent that it shall have been exchanged for Definitive Note Certificates pursuant to its provisions,

provided that for the purposes of (1) ascertaining the right to attend and vote at any meeting of the Noteholders of any Class, (2) the determination of how many and which Notes of any Class are

outstanding for the purposes of Conditions 9 (*Events of Default*) and 11 (*Meetings of Noteholders, Written Resolution, Modification and Step-in Rights*), Schedule 3 (*Provisions for Meetings of Noteholders*) and Schedule 2 (*STID Decision-Making Protocol*) of the STID and (3) the exercise of any discretion, power or authority which the Note Trustee is required, expressly or impliedly, to exercise in or by reference to the interests of the Noteholders, those Notes (if any) of the relevant Class which are beneficially held by or on behalf of (i) the Issuer, any Shareholder, any of the First Step Sponsors, any of the Second Step Sponsors, or any Circuitus Entity, or (ii) any Affiliate of the Issuer, any Shareholder, any of the First Step Sponsors, any of the Second Step Sponsors, or any Circuitus Entity, or (iii) any person associated with an entity referred to in (i) or (ii) above, and not cancelled shall (unless no longer so held) be deemed not to remain outstanding;

Participating Member States	Belgium, Germany, Estonia, Greece, Spain, France, Italy, Austria, Portugal, Slovenia and Slovakia;
Party	each of the Issuer, the Project Adviser, the Note Trustee, the Security Agent, the English Account Bank, the Italian Account Bank, the Custodian, the Escrow Agent, the Principal Paying Agent, the Calculation Agent and the Registrar;
Paying Agency Agreement	means the paying agency agreement dated on or before the Issue Date between the Issuer, the Note Trustee, the Principal Paying and Transfer Agent, the Registrar, the Calculation Agent, and the other Paying and Transfer Agents;
Paying Agency Fee Letter	means the fee letter between the Issuer and the Principal Paying and Transfer Agent dated on or before the Issue Date setting out any of the fees referred to in clause 18 (<i>Commissions, Fees and Expenses</i>) of the Paying Agency Agreement;
Paying and Transfer Agents	means, in relation to the Senior Notes and Junior Notes, the Principal Paying and Transfer Agent and, if applicable, any additional paying and transfer agent appointed under the Paying Agency Agreement and any successor or substitute paying and transfer agents, in each case at their respective Specified Offices;
Payment	means, in respect of any of the Liabilities (or any other liabilities or obligations), a payment, prepayment, repayment, redemption, defeasance, cash collateralisation or discharge of those Liabilities (or other liabilities or obligations);
Payment Netting	means: (i) in respect of a Hedging Document based on an ISDA Master Agreement, netting under section 2(c) of the relevant ISDA Master Agreement; and (ii) in respect of a Hedging Document not based on an ISDA Master Agreement, netting pursuant to any provision of that Hedging Document which has a similar effect to the provision referenced in paragraph (a) above;
PD 327/01	Presidential Decree No. 327/01;
PEF	means the <i>piano economico finanziario</i> attached to the Concession Agreement as updated from time to time;
Periodic Report	means each report prepared by the Issuer and published on the relevant Designated Website pursuant to the Common Terms Agreement;
Permitted Accounts	means: (i) the Project Accounts; and (ii) the VAT Accounts;

Permitted Business

means: (i) the design, build, operations and maintenance of the SPV in accordance with the terms of the Transaction Documents; (ii) performing any additional activities necessary for or connected with the Project, to the extent required under any Requirement of Law or the Concession Agreement; (iii) otherwise acting as expressly permitted in accordance with the Transaction Documents; or (iv) any other business or activity approved pursuant to the STID Decision Making Protocol;

Permitted Disposal

means any sale, lease, licence, sub licence, transfer or other disposal: (i) permitted under the Transaction Documents; (ii) of Authorised Investments for cash or in exchange for other Authorised Investments in accordance with the Finance Documents; (iii) of Authorised Escrow Account Investments for cash or in exchange for other Authorised Escrow Account Investments in accordance with the Finance Documents; (iv) at arm's length and on normal commercial terms of surplus, obsolete, redundant or worn out assets not necessary for the implementation of the Project; (v) at arm's length and on normal commercial terms of assets in exchange for other assets comparable or superior as to type, value and quality in accordance with Good Industry Practice; (vi) made in the ordinary course of the Issuer's business at arm's length and on normal commercial terms where the aggregate value of the assets disposed of does not exceed five million five hundred thousand euros (EUR 5,500,000) in any Financial Year, *provided that* the Issuer does not dispose of assets in excess of thirty million euros (EUR 30,000,000) in aggregate over the life of the Project pursuant to this paragraph; or (vii) approved in advance pursuant to the STID Decision Making Protocol;

Permitted Financial Indebtedness

means Financial Indebtedness which is:

- (a) incurred under any Debt Document;
- (b) in respect of ordinary course performance bonds, workers' compensation claims, accrued and unpaid tax liabilities and overdrafts;
- (c) incurred pursuant to one or more Revolving Facilities, *provided that*, the aggregate principal amount outstanding in respect of such Revolving Facilities does not exceed fifteen million euros (EUR 15,000,000) (indexed) in aggregate at any time;
- (d) incurred, on or before 30 June 2017, pursuant to one or more Advance Payment Facilities, *provided that*, the aggregate principal amount outstanding in respect of such Advance Payment Facilities does not exceed forty four million five hundred thousand euros (EUR 44,500,000) (indexed) in aggregate at any time;
- (e) incurred, on or before 30 June 2017, pursuant to the Factoring Facilities, *provided that*, the aggregate principal amount outstanding in respect of such Factoring Facilities does not exceed three hundred million euros (EUR 300,000,000) (indexed) in aggregate at any time;
- (f) in respect of any VAT Guarantee issued in the ordinary course;
- (g) under finance leases and hire purchase arrangements entered into primarily as a method of raising financing or of financing the acquisition of the assets leased up to but not exceeding two million five hundred thousand euros (EUR 2,500,000)

(indexed) in aggregate at any one time;

- (h) any deferred purchase arrangement for assets or services acquired in the ordinary course of its business which is:
 - (i) on terms that require the indebtedness to be repaid within 180 days of delivery of the goods or performance of the services, as the case may be; and
 - (ii) not more than ten (10) days overdue,

provided that the capital value of the goods or value of services financed shall not exceed two million five hundred thousand euros (EUR 2,500,000) (indexed) in aggregate at any one time;

- (i) arises in respect of bonds or guarantees expressly required by any Project Document for the conduct of the Issuer's business in the ordinary course for so long as such bonds or guarantees are required by such Project Document;
- (j) not permitted by the preceding paragraphs and the outstanding principal amount of which does not exceed EUR2,000,000 (or its equivalent) in aggregate at any time; or
- (k) approved in advance pursuant to the STID Decision Making Protocol;

Permitted Hedge Close-Out

means, in relation to a Hedging Transaction under a Hedging Document, a termination or close out of that Hedging Transaction, which is permitted pursuant to the STID;

Permitted Payment

means in respect of any Payment in respect of: (i) Senior Liabilities, any Payment made in accordance with the Payment of Senior Liabilities provision of the STID; (ii) Hedging Liabilities, if any, any Payment made in accordance with the Permitted Payments: Hedging Liabilities provision of the STID; (iii) Junior Liabilities, any Payment made in accordance with the Restriction on Payment: Junior Liabilities provision of the STID; (iv) VAT Liabilities, any Payment made in accordance with the Restriction on Payment: VAT Liabilities provision of the STID; and (v) any Shareholder Subordinated Liabilities, any Payment made in accordance with the Permitted Payments: Shareholder Subordinated Liabilities provision of the STID;

Permitted Security Interest

means: (i) any Security Interest created pursuant to any Finance Document; (ii) any VAT Security; (iii) any lien arising by operation of Law and in the ordinary course of the Issuer's business (as carried on in accordance with the Transaction Documents) and not as a result of any default or omission by the Issuer; (iv) any netting or set off arrangement entered into in the ordinary course of its banking arrangements for the purposes of netting debit and credit balances; (v) any payment or close out netting or set off arrangement pursuant to any Finance Document; (vi) any Security Interest or Quasi Security arising under any retention of title, hire purchase or conditional sale arrangement or arrangements having similar effect in respect of goods supplied to the Issuer in the ordinary course of trading and on the supplier's standard or usual terms and not arising as a result of any default or omission by the Issuer; (vii) any Security Interest or Quasi Security arising as a consequence of any finance permitted pursuant to the definition of Permitted Financial Indebtedness; (viii) any Security Interest arising under the customary general business conditions for maintenance of bank accounts of any credit institution with whom the Issuer maintains a bank account in the

	ordinary course of its business over the credit balance standing to the credit of any account of the Issuer with that credit institution; and/or (ix) any other Security Interest created or subsisting with the consent of the Security Agent;
Permitted Transaction	means any disposal required, Financial Indebtedness incurred, guarantee, indemnity or Security Interest or Quasi Security given, or other transaction arising under or permitted pursuant: (i) to the Finance Documents; or (ii) approved in advance pursuant to the STID Decision Making Protocol;
Permitted Transferees	means: (i) any Circuitus Entity; (ii) any Affiliate of FININC; (iii) any Affiliate of Sacyr Construcción and/or Sacyr Concesiones; (iv) any financial institutions (including infrastructure funds, investment funds, pension funds, insurers and banks) with the Required Rating; and (v) any entity pursuant to an enforcement of the Italian Share Pledge;
Phase 1 Senior Note Rate of Interest	means the rate specified in Condition 5 (<i>Interest</i>);
Phase 2 Senior Note Rate of Interest	means the rate specified in Condition 5 (<i>Interest</i>);
Phase 3 Senior Note Rate of Interest	means the rate specified in Condition 5 (<i>Interest</i>);
PIL Act	the Private International Law Act, Italian Law No. 218 of 31 May 1995;
Plaintiffs	the <i>Confederazione Italiana Dirigenti ed Alte Professionalità</i> (CIDA – Veneto), the <i>Associazione Dirigenti Aziende Industriale di Venezia</i> and two other individuals who commenced a judicial proceeding before the TAR Veneto on 20 June 2017;
Plan Asset Regulation	U.S. Department of Labor regulation, 29 C.F.R. Section 2510.3-101 (as modified by Section 3(42) of ERISA);
Pledgor	means Consorzio Stabile SIS S.C.p.A.;
Post-enforcement Decision Period	means the time period within which the approval of the Qualifying Secured Creditors is sought in accordance with the STID;
Post-enforcement Instruction Notice	means a notice requested by the Security Agent, at any time after an Enforcement Resolution to sanction the acceleration of amounts outstanding in respect of the Senior Notes has been passed, upon a request by one or more Qualifying Secured Creditors representing, in aggregate, at least ten per cent. (10%) of the Qualifying Secured Debt as set out in the STID;
Post-enforcement Priority of Payments	means the priority of payments set out in the STID;
Post-enforcement Resolution	means a resolution in respect of taking Post enforcement Action passed by at least sixty six and two thirds per cent. (66⅔%) of the Qualifying Secured Debt;
Pre-enforcement Priority of Payments	means the priority of payments set out in the Project Accounts and Cash Management provision of the STID;
Previous Italian Public Contracts Code	means the Italian Legislative Decree No. 163 of 12 April 2006;

Pricing Date	means 8 November 2017;
PRIIPs Regulation	means Regulation (EU) No. 1286/2014
Principal Amount Outstanding	means either the principal amount outstanding on a Note or Class of Notes, as applicable.
Principal Paying and Transfer Agent	means The Bank of New York Mellon, London Branch or any successor principal paying and transfer agent appointed pursuant to the Paying Agency Agreement;
Proceedings	means any legal proceedings relating to a dispute;
Proceeds Account	means the proceeds account established or to be established in accordance with the Italian Account Bank Agreement the STID;
Process Agent	means Circuitus Capital LLP, 154 Brompton Road, London, SW3 1HX or such other process agent appointed in accordance with the Transaction Documents;
Prohibited Person	means: (i) any Sanctioned Person; and/or (ii) any Governmental Authority with which transactions are subject to Sanctions;
Project	means the design, construction and financing of the works associated with the SPV and the operation and maintenance of the SPV and activities ancillary or related to such purposes in accordance with the Project Documents and relevant provisions of Italian law;
Project Accounts	means the: (i) Escrow Account; (ii) Proceeds Account; (iii) Debt Service Reserve Account; (iv) Maintenance Reserve Account; (v) Insurance and Compensation Proceeds Account; (vi) Toll Collection Account; (vii) Distribution Account; and (viii) any other bank account of the Issuer opened from time to time in accordance with the Finance Documents;
Project Adviser	means Bishopsfield Capital Partners Limited, appointed as Project Adviser on behalf of the Noteholders under the Project Adviser Services Agreement;
Project Adviser Addendum	means a report prepared by the Project Adviser for the benefit of the Issuer which shall be attached by the Issuer to the related Investor Presentation; and shall include a summary of all the services delivered by the Project Adviser in accordance with the Project Adviser Services Agreement during the time period covered by such Investor Presentation;
Project Adviser Categorisation (Dissenting) Notice	means a notice delivered by the Project Adviser substantially in the form set out in the Project Adviser Services Agreement;
Project Adviser Determination Letter	means the letter delivered by the Project Adviser to the Issuer, substantially in the form attached to the Project Adviser Services Agreement, confirming its determination on any relevant Project Adviser Determination Matter and posted by the Project Adviser on the relevant Designated Website;
Project Adviser Determination Matter	means any matter requiring any determination, assessment, consent, waiver, amendment or other exercise of discretion to be made relating to: (i) any financial statements delivered pursuant to the Finance Documents and any change to the Issuer's Financial Year End; (ii) the Project Budgets and any amendments thereto; (iii) any changes to the

Assumptions in relation to an update of the Financial Model unless such revised Financial Model gives rise to increased overall Financing Costs, Construction Costs or Operating Costs (other than to the extent such increased costs arise due to the exercise of an Issuer Discretion Matter); (iv) any report issued by the Technical Adviser, the Insurance Adviser or any Expert in accordance with the Common Terms Agreement or the Project Documents; (v) the calculation of any Financial Ratio including any Assumptions or projections to be used for the calculation of any Financial Ratio required under the Common Terms Agreement; (vi) the appointment of a replacement Auditor and/or Model Auditor; (vii) the appointment of an Expert; (viii) the appointment of a replacement Technical Adviser, Insurance Adviser, Financial Adviser or other advisers in accordance with the Transaction Documents; (ix) any draft or final Compliance Certificate delivered in accordance with the Common Terms Agreement; (x) approval of equivalence of any Security Interest as required under the relevant Finance Documents; (xi) any matter (including a proposed amendment to the Project Documents) which, in the opinion of the Project Adviser, is not materially prejudicial to the interests of any Senior Noteholders (where "materially prejudicial" means that such determination, assessment, consent, waiver, amendment or other exercise of discretion would have a material adverse effect on the ability of the Issuer to pay any amounts of principal and/or interest in respect of the Notes on the relevant due date for payment thereof); (xii) making the determinations, giving the consents or the approvals or raising the objections as set out in, and pursuant to, the provisions relating to Maintenances and Operations, Settlement of Claims, Expenditure, New Agreements, Merger, Share Capital, and Taxation of the Common Terms Agreement; (xiii) approval of any replacement Intragroup Agreement (but only to the extent the relevant Intragroup Agreement may be replaced), or any amendment (which is not covered as an Issuer Discretion Matter) to an Intragroup Agreement; and (xiv) settlement of any claims or disputes arising under any of the Project Documents, provided that, the aggregate value of all such claims or disputes exceeds EUR 2,000,000 but does not exceed EUR 5,000,000;

Project Adviser Discretion Matter	means any matter in which the Project Adviser 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 the STID Decision Making Protocol of the STID;
Project Adviser Discretion Notice	means a notice delivered by the Project Adviser substantially in the form set out in the Project Adviser Services Agreement;
Project Adviser Discretion (Dissenting) Notice	means a notice delivered by the Project Adviser substantially in the form set out in the Project Adviser Services Agreement;
Project Adviser Fee Letter	means the fee letter entered into between the Issuer and the Project Adviser dated on or before the Issue Date in respect of the fees payable pursuant to the Project Adviser Services Agreement;
Project Adviser Non Delivery Letter	means a letter delivered by the Project Adviser to, among others, the Note Trustee and the Security Agent, substantially in the form set out in the Project Adviser Services Agreement;
Project Adviser Recommendation	(a) any Project Adviser Categorisation (Dissenting) Notice; (b) any Project Adviser Discretion Notice; (c) any Project Adviser Discretion (Dissenting) Notice;

	(d) any Project Adviser Determination Notice; and
	(e) any Project Adviser Determination (Dissenting) Notice;
Project Adviser Reserved Discretion Letter	means the letter delivered by the Project Adviser to the Issuer, substantially in the form attached to the Project Adviser Services Agreement, confirming its determination in respect of any matter arising in connection with schedule 8 (<i>Reserved Discretions</i>) of the Common Terms Agreement;
Project Adviser Services	the various monitoring services performed by Bishopsfield Capital Partners Limited in accordance with the Project Adviser Standard and the other terms of the project Adviser Services Agreement;
Project Adviser Services Agreement	means the Project Adviser services agreement dated on or before the Issue Date and entered into by the Issuer, the Security Agent, the Note Trustee and the Project Adviser;
Project Adviser Standard	the Project Adviser Standard comprises (i) that the Project Adviser shall use its professional skill and expertise to perform the Project Adviser Services acting at all times in the best interests of the Senior Noteholders and that (ii) for the purposes of determining the best interests of the Senior Noteholders, the Project Adviser shall assume that maximising aggregate ultimate recoveries to Senior Noteholders is in the best interests of the Senior Noteholders but without prejudice to any obligation of the Project Adviser to act reasonably and/or in good faith;
Project Budget	means the Construction Phase Budget and/or the Operating Phase Budget, as the case may be;
Project Contracts Receivables	any claim, right, receivable, indemnity claim, bond and guarantee owing to the Company by any Counterparty which has arisen or will arise pursuant to the EPC Contract and/or the O&M Contract, and/or as a result of any breach thereof;
Project Documents	means: (i) the Concession Agreement; (ii) the EPC Contract; (iii) each EPC Performance Bond; (iv) each EPC Advance Payment Bond; (v) the O&M Contract; (vi) each O&M Performance Bond; (vii) the Interface Agreement; (viii) the Insurances; (ix) the Intragroup Agreements; (x) the Interconnection Agreements; (xi) the Cauzione Definitiva Documents; (xii) the Ancillary Documents; and (xiii) all other documents designated as such, as agreed pursuant to the STID Decision Making Protocol;
Project Permits	means all permits as required under or in accordance with the Concession Agreement;
Projected Debt Service Cover Ratio or Projected DSCR	means, as at any Calculation Date commencing after the Operations Commencement Date, the ratio of: (i) projected CFADS; to (ii) projected Debt Service, <i>in respect of</i> the two (2) consecutive Calculation Periods commencing on that Calculation Date (save in the case of the last Calculation Date falling prior to the Final Maturity Date for which the ratio shall be calculated in respect of the period from such date to the Final Maturity Date);
Projected Spot Rate of Exchange	means the mid rate between the projected spot rate of exchange for the purchase of one currency with another and the projected spot rate of exchange for the sale of that currency with that other currency, in each case in the London foreign exchange market at or about 11:00 a.m. on a particular day for delivery two (2) Business Days later;

Project Receivables	the EPC Performance Bond Receivables, the Insurance Receivables, the Project Contracts Receivables, the Interface Receivables, the Services Receivables and the Sacyr Advance Payment Bond Receivables;
Property	means, in relation to the Issuer, any asset of the Issuer;
Prospectus	this prospectus dated 27 November 2017;
Prospectus Directive	has the meaning given to it in the Purchase Agreements;
Provisional Acceptance Certificate	means the certificate issued by the Issuer after the issuance of the Inspection Certificate by the Inspection Commission appointed by the Grantor pursuant to section 17.3 of the Concession Agreement;
Provisional Budget Adjustment	the provisional budget adjustment approved by the Regional Council by 31 July each year;
Purchase Agreements	means the Notes Purchase Agreement and the Junior Notes Purchase Agreement;
Purchasers	means the initial purchasers of the Junior Notes as defined in the Junior Notes Purchase Agreement;
PTCE	Prohibited Transaction Class Exemption;
Purchase Price	means the net proceeds of the issue of the Senior Notes that will be paid to the Counterparty on the Issuer's behalf pursuant to the terms of the Liquidity Management Transaction;
Qualified Holder	means a Qualified Investor or an entity controlled by a Qualified Investor pursuant to Article 2359 of the Italian Civil Code;
Qualified Institutional Buyer or QIB	a qualified institutional buyer within the meaning of Rule 144A under the Securities Act;
Qualified Investor	means a qualified investor as defined in accordance with Article 100 of the Italian Securities Acts and Article 185 of the Italian Public Contracts Code, as amended from time to time;
Qualified Purchaser or QP	a qualified purchaser within the meaning of section 2(a)(51) of the US Investment Company Act and the related rules thereunder;
Qualifying Secured Creditors	means: <ul style="list-style-type: none"> (a) the Senior Noteholders and the Hedging Banks (if any), <i>provided that</i>, at any time prior to the service of any Enforcement Instruction, the Hedging Banks shall have voting rights solely in relation to any proposal to serve an Enforcement Instruction based on the then mark to market value of the Hedging Liabilities; (b) if the Senior Noteholders and the Hedging Banks (if any) fail to take any Enforcement Action in accordance with the STID Decision Making Protocol of the STID for a period of at least twelve (12) months from the date on which they would have been entitled to take such Enforcement Action, the Junior Noteholders; (c) at any time after the service of any Enforcement Instruction: (i) the Senior Noteholders; (ii) the Hedging Banks will have full voting rights based on the then mark-to-market value of the Hedging Liabilities; and (iii) the Junior Noteholders;

Qualifying Secured Debt	<p>means at any time:</p> <ul style="list-style-type: none"> (a) for the purposes of an Ordinary Resolution or an Extraordinary Resolution, the outstanding principal amount of the Senior Notes then outstanding; and (b) for the purposes of an Enforcement Resolution to sanction the acceleration of the Secured Liabilities: <ul style="list-style-type: none"> (iv) the outstanding principal amount of the Senior Notes then outstanding; (v) the mark-to-market value of any Hedging Liabilities (if any); or (vi) if the Senior Noteholders fail to take any Enforcement Action in accordance with the STID for a period of at least twelve (12) months from the date on which they would have been entitled to take such Enforcement Action, the outstanding principal amount of the Junior Notes; and; (c) at any time after the Secured Liabilities have been declared due and payable: (i) the outstanding principal amount of the Senior Notes; (ii) the mark to market value of any outstanding Hedging Liabilities (if any); and (iii) the outstanding principal amount of the Junior Notes;
Quarterly Review Date	means, prior to the Operations Commencement Date, quarterly no later than forty-five (45) days after the end of each quarter ending on 31 March, 30 June, 30 September and 31 December in any Financial Year;
Quasi Security	means an arrangement or transaction under which the Issuer will: (i) 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; (ii) sell, transfer or otherwise dispose of any of its receivables on recourse terms; (iii) 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 (iv) 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 Agency	means any of Fitch, Moody's and S&P. If at any time Fitch, Moody's or S&P are 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;
Rebalancing Amount	means amounts received by the Issuer pursuant to the Rebalancing Mechanism;
Rebalancing Mechanism	means any measure relating to the rebalancing of the PEF (including, amendments to extend the term of the Concession Agreement and/or payments due to the Issuer thereunder) agreed by the Issuer following a request from the Grantor, or requested by the Issuer and agreed to by the Grantor, as the case may be, and implemented, in each case, pursuant to and in accordance with section 11 (<i>Revisione del Piano Economico Finanziario</i>) of the Concession Agreement;
Recast EU Insolvency	Regulation (EU) 2015 of the European Parliament and of the Council of

Regulation	20 May 2015;
Recast Regulation	Regulation (EU) No. 1215/2012 of 12 December 2012, on jurisdiction and the recognition and enforcement of judgments in civil and commercial matters, as subsequently amended and supplemented;
Receiver	means a receiver or receiver and manager or administrative receiver of the whole or any part of the Charged Property;
Record Date	has the meaning given to it in Condition 6(b) (<i>Record Date</i>);
Recoveries	all amounts from time to time received or recovered by the Security Agent pursuant to the terms of any Finance Document following any Enforcement Action;
Recovery Plan	the plan prepared by the extraordinary commissioner(s) which provides for a reorganization leading to the company's economic and financial recovery within two years;
Redemption	means the scheduled redemption of the Senior Notes and Junior Notes pursuant to the Conditions;
Redemption Margin	means 0.375%;
Reference Dealer Rate	means, with respect to the Reference Dealers and the Optional Redemption Date, the average of the mid market annual swap rate as determined by the Reference Dealers at 11:00 a.m. London time, on the third Business Day in London preceding such Optional Redemption Date quoted in writing to the Issuer by the Reference Dealers. For this purpose, the " mid market annual swap rate " means the arithmetic mean of the bid and offered rates for the annual fixed leg calculated on such Optional Redemption Date on a 30/360 day count basis on a fixed for floating euro interest rate swap transaction with a tenor equal to the weighted average life of the Principal Amount Outstanding of the relevant Note, rounded down to the nearest full number of years, as at the Optional Redemption Date;
Reference Dealers	means four (4) major investment banks in the swap, money, securities or other market most closely connected with the Reference Dealer Rate, as selected by J.P. Morgan Securities plc;
Reference Holders	means each of the following: (i) SIS S.c.p.A.; (ii) any Circuitus Entity; (iii) FININC; (iv) Sacyr; and (v) any other company in the FININC Group or Sacyr Group, as applicable, in which either FININC or Sacyr has, directly or indirectly: (a) ownership of more than fifty <i>per cent.</i> (50%) of the share capital of such subsidiary, (b) the power to appoint and/or remove a majority of the board of directors of such subsidiary; (c) the power to exercise more than fifty <i>per cent.</i> (50%) of the voting rights of such subsidiary's voting shares; and (d) ownership of more than fifty <i>per cent.</i> (50%) of the economic rights of such subsidiary's voting shares;
Regional Board	the regional board (<i>Giunta Regionale</i>) of the Veneto Region;
Regional Council	the regional council (<i>Consiglio Regionale</i>) of the Veneto Region;
Regional Programme Document	the regional economy and finance planning document (<i>Documento di Economica e Finanza Regionale</i>);
Regional Stability Law	the regional stability law (<i>legge di stabilità regionale</i>) which sets out the financial framework for the new calendar year and which is

	approved at the same time as the Pluri-Annual Budget;
Register	has the meaning ascribed to it in Condition 2 (<i>Registration</i>);
Registrar	means The Bank of New York Mellon SA/NV, Luxembourg Branch, or any successor registrar appointed from time to time in connection with the Notes;
Regulation S	Regulation S under the Securities Act;
Regulations	the Financial Collateral (No.2) Regulations 2003;
Regulatory Direction	means, in relation to any person, a direction or requirement of any Governmental Authority with whose direction or requirements such person is accustomed to comply;
Reinstatement Plan	means the plan agreed between the Issuer and the Technical Adviser to restore or repair the SPV in accordance with the Common Terms Agreement;
Reinstatement Works	means the works performed in accordance with the Reinstatement Plan;
Related Rights	all dividends and other monies payable in respect of the Shares and all rights to receive any economic benefit and proceeds in respect of, or derived from, the Shares (whether by way of transfer, redemption, bonus, preference, substitution, pre-emption, conversion, winding up, merger and/or de-merger or otherwise);
Relevant Construction Cost Underspend	means any Construction Cost Underspend greater than or equal to EUR 50,000,000 (fifty million euro);
Relevant Date	has the meaning ascribed to it in Condition 8 (<i>Taxation</i>);
Relevant Institutions	in the context of the BRRD, credit institutions and significant investment firms;
Relevant Jurisdiction	means, in relation to any entity: (i) its Original Jurisdiction; (ii) any jurisdiction where any asset subject to or intended to be subject to the Transaction Security to be created by it is situated; (iii) any jurisdiction where it conducts its business; and (iv) the jurisdiction whose laws govern the perfection of any of the Security Documents entered into by it;
Relevant Liabilities	means, in the case of a Secured Creditor or VAT Receivables Purchaser, as the context requires: (i) the Liabilities owed to such Secured Creditor or VAT Receivables Purchaser ranking (in accordance with the terms of the STID) pari passu with or in priority to that Secured Creditor or VAT Receivables Purchaser (as the case may be); and (ii) all present and future liabilities and obligations, actual and contingent, of the Issuer to the Security Agent only to the extent that they are held by the Security Agent for the benefit of such Secured Creditor or VAT Receivables Purchaser;
Relevant Percentage	means the percentage of the ECSA Equity Contribution Commitment that each of the First Step Sponsors is undertaking to pay pursuant to the Equity Contribution and Subordination Agreement and which at any time is equal to: <p>(a) in respect of INC, the aggregate of:</p>

- (i) the percentage of Main Shareholder Shares held by it at that time; and
- (ii) the percentage of Main Shareholder Shares held by SIPAL at that time; and
- (b) in respect of Sacyr Construcción, the percentage of Main Shareholder Shares held by it at that time,

and such percentages being, at the date of the Equity Contribution and Subordination Agreement as follows:

First Step Sponsor	Percentage
INC	51%
Sacyr Construcción	49%

Relevant Person	means the Issuer or any person, irrespective of its country of incorporation, that has made any payments in satisfaction of the Secured Liabilities;
Relevant Ratio Thresholds	means: (i) in the case of the Historic DSCR, 1.15x; (ii) in the case of the Projected DSCR, 1.15x; and (iii) in the case of the DLCR, 1.20x;
Relevant Securities	for the purposes of Italian FTT, shares and other participating securities issued by Italian resident companies or of financial instruments representing the said shares and/or participating securities (irrespective of whether issued by Italian resident issuers or not);
Repayment Amount	the amount payable by the Counterparty to the Issuer on the Repurchase Date, initially equal to the Purchase Price;
Repayment Amount Instalment Amount	means a specified amount that the Counterparty is obliged to pay to the Issuer on or about each Repayment Amount Instalment Date;
Repayment Amount Instalment Date	means the specified dates throughout the term of the Liquidity Management Transaction on which the Counterparty is obliged to pay to the Issuer the relevant Repayment Amount Instalment Amount;
Repayment Date	means the date on which the Counterparty is obliged to pay the Repayment Amount to the Issuer;
Repeating Representations	means each of the representations set out in clauses 12.1 (<i>Status</i>), 12.2 (<i>Binding obligations</i>), 12.3 (<i>Non conflict with other obligations</i>), 12.4 (<i>Power and authority</i>), 12.5 (<i>Authorisations</i>), 12.6 (<i>Governing law and enforcement</i>), 12.12 (<i>Financial Statements</i>) and 12.21 (<i>Financial Model</i>) of the Common Terms Agreement;
Repetition Date	means: (i) the date on which any Compliance Certificate is delivered; (ii) any Drawing Date; (iii) each Interest Payment Date, in each case in accordance with the Finance Documents;
Reporting obligation	the obligation to report details of all derivative contracts to a trade repository;
Reports	means each of the Technical Adviser Report, the Model Auditor Report, the Insurance Adviser Report and the Legal Due Diligence Report;
Required Balance	means either the DSRA Required Balance or the MRA Required Balance, as the case may be;

Required Capital Expenditure	means any additional capital expenditure in connection with the Project to be incurred by the Issuer following a request from the Grantor and which is not included in a relevant Project Budget, provided that, such additional capital expenditure is: (i) directly funded by the Grantor under the Concession Agreement; or (ii) funded by additional equity contributions in accordance with the Equity Contribution and Subordination Agreement provided that the full ECSA Equity Contribution Commitment has been paid in full to the Issuer prior to such additional capital expenditure being incurred;
Required Insurances	means the Insurances required to be maintained by the Issuer under the Insurance Requirements provision in the Common Terms Agreement;
Required Rating	means a credit rating for its long term unsecured and non credit enhanced debt obligations of at least "BBB-" (in the case of S&P or Fitch) or "Baa3" (in the case of Moody's). In the event that any particular entity has a rating from more than one Rating Agency, such entity shall be deemed not to have the "Required Rating" for so long as its long term unsecured rating from any one Rating Agency is below "BBB-" (in the case of S&P or Fitch) or "Baa3" (in the case of Moody's);
Requirement of Law	in respect of any person shall mean: (i) any Law, treaty, rule, requirement or regulation; (ii) a notice by or an order of any court having jurisdiction; (iii) a mandatory requirement of any regulatory authority having jurisdiction; or (iv) a determination of an arbitrator or Governmental Authority, in each case applicable to or binding upon that person or to which that person is subject or with which it is customary for it to comply;
Reserved Discretions	means the powers, rights and discretions of the Issuer under the Project Documents listed in the Common Terms Agreement;
Resolution 44/2017	Resolution 44 of 29 March 2017;
Resolution 704/2017	Resolution 704 of 16 May 2017;
Resolution 780/2017	Resolution 780 of 29 May 2017;
Resolution Authorities	in the context of the BRRD, national authorities in Member States;
Restricted Definitive Note Certificate	means a Restricted Senior Definitive Note Certificate
Restricted Global Note	means a Restricted Senior Global Note
Restricted Senior Definitive Note Certificate	means a Senior Note in definitive form sold to qualified institutional buyers (as defined in Rule 144A) in reliance on Rule 144A that are also qualified purchasers (as defined in Section 2(a)(51) under the Investment Company Act, in the form or substantially in the form set out in the Note Trust Deed and having the Conditions endorsed thereon or attached thereto
Restricted Senior Global Note	means the registered Global Note representing the Senior Notes, sold to qualified institutional buyers (as defined in Rule 144A) in reliance on Rule 144A that are also qualified purchasers (as defined in Section 2(a)(51) under the Investment Company Act, in the form or substantially in the form set out in schedule 2 (Forms of Global Note – Form of Restricted Global Note – Senior Notes) of the Note Trust Deed;

Revocation	the written notice sent by the Security Agent to the Issuer revoking the mandate granted;
Revolving Facilities	means an unsecured USD 15,000,000 revolving credit facility made available on arm's length commercial terms by a reputable financial institution routinely engaged in advancing such financing in respect of the general corporate and working capital requirements of businesses in Italy;
Risk mitigation obligations	the obligation to undertake certain risk mitigation techniques in respect of OTC derivative contracts which are not cleared by a central counterparty;
RL 15/02	Veneto Regional Law No. 15/2002;
RTI	temporary association of undertakings between Consorzio VIS S.C.p.A and Conroszio SIS S.C.p.A formed under the Italian Public Contracts Code to act as contractor under the O&M Contract;
RTS	the regulatory technical standards on risk mitigation techniques for OTC derivative contracts not cleared by a central clearing counterparty adopted by the EU Commission on 4 October 2016;
Rule 144A	Rule 144A under the Securities Act;
S&P	Standard & Poors Global Inc. or any affiliate or successor thereto;
SACE	SACE FCT SpA Unipersonale;
SACE Factoring Facility	the factoring agreement between the Issuer and SACE dated 17 March 2016;
Sacyr	means Sacyr S.A., a company incorporated under the laws of Spain with registration number Volume 1884, Folio 66, Page 3384 at Madrid Registry of Companies and its registered office at Paseo de la Castellana 83-85 – 28046 Madrid (Spain);
Sacyr Advance Payment Bond	means the EPC Advance Payment Bond issued in the form of a first demand insurance guarantee, provided by Chubb European Group Limited (an insurance company having a AA rating from Standard & Poor's) on 31 July 2017 in the Issuer's favour, which corresponds to 49% of the overall amount of the Advance Payment which the EPC Contractor is intending to request (equal to €150,000 thousand) and reflects the 49% participating interest of Sacyr Construcción S.A.U. in the EPC Contractor;
Sacyr Concesiones	means Sacyr Concesiones S.L., a company established under the laws of Spain and having its registered office at Paseo de la Castellana 8385, 28046 Madrid, Spain and registered with the commercial register of Madrid under registration number volume 26,132, paper 93, page number M 471022, with Spanish fiscal number (C.I.F.) B85557213, share capital fully paid equal to 406,666,620;
Sacyr Construcción	means Sacyr Construcción S.A.U., a company established under the laws of Spain and having its registered office at Paseo de la Castellana 8385, 28046 Madrid, Spain;
Sacyr Group	means Sacyr and the relevant companies falling under paragraph (e) of the definition of Reference Holder;
SAL	means a <i>stato di avanzamento dei lavori</i> delivered to the Issuer under

	the Concession Agreement;
Salini Impregilo	Salini Impregilo S.p.A.;
Salini Impregilo Claims	means the judicial proceedings related to the Second Additional Deed notified by Salini Impregilo S.p.A. on 6 June 2017 and on 19 June 2017, respectively, as integrated by means of an integrative claim for additional grounds (Ricorso per motivi aggiunti) dated 21 July 2017;
Sanctioned Person	means, at any time, any person then listed in any Sanctions related list of designated persons maintained by: (i) the United Nations Security Council; or (ii) the United States; or (iii) the EU;
Santander	Banco Santander, S.A.;
Scheduled Completion Date	means 11 September 2020, being on the Issue Date, the date on which the Certificate of Completion of Works in relation to the entire SPV is expected to be issued in accordance with the Time Schedule (<i>Cronoprogramma</i>);
Scheduled Termination Date	means 30 September 2020;
Second Additional Deed	means the Amendment Deed;
Second Advance Payment Facility	an extension to the SACE Factoring Facility signed on 27 June 2017;
Second Salini Impregilo Claim	the further judicial proceeding before the TAR Veneto commenced by Salini Impregilo on 19 June 2017 aimed at annulling resolution 780;
Second Step Sponsors	means: (i) FININC; and (ii) Sacyr Concesiones;
Second Step Support	the guarantees and undertakings of the Second Step Sponsors in the event that INC, Sacyr Construcción, Sacyr Concesiones or FININC (as applicable) do not pay the sums payable under ECSA;
Secured Accounts	the segregated cash and securities accounts of the Counterparty held with the Bank of New York Mellon, London Branch, of one Canada Square, London E14 5AL, United Kingdom;
Secured Creditor Adviser	means: (i) the Insurance Adviser; (ii) the Model Auditor; (iii) the Technical Adviser; and (iv) any other professional adviser appointed from time to time by the Issuer in connection with the Project, with the prior approval of the Project Adviser pursuant to the STID Decision Making Protocol;
Secured Creditors	means: (i) the Agents; (ii) the Note Trustee; (iii) the Hedging Banks (if any); (iv) the Senior Noteholders; and (v) the Junior Noteholders;
Secured Liabilities	means: (i) the Agent Liabilities; (ii) the Senior Liabilities; (iii) the Hedging Liabilities (if any); and (iv) the Junior Liabilities;
Secured Parties	means: (i) the Security Agent; (ii) any Receiver or Delegate; and (iii) each of the other Secured Creditors, from time to time, which is a party to or has acceded to the STID;
Securities Act	the US Securities Act of 1933, as amended;
Security Agent	means The Bank of New York Mellon, London Branch or any successor security agent appointed pursuant to the STID, for and on behalf of the Secured Creditors;

Security Agent Fee Letter	means the fee letter between the Issuer and the Security Agent dated on or before the Issue Date setting out the fees payable pursuant to the STID;
Security Agreement	an English law governed security agreement pursuant to which the Counterparty will grant first ranking security over the Secured Accounts and related rights in favour of the Issuer;
Security Documents	means the following documents entered into on or before the Issue Date: (i) the English Law Security Agreements; and (ii) the Italian Law Security Agreements;
Security Interest	means any mortgage, charge, pledge, lien or other security interest including anything analogous to any of the foregoing under the laws of any jurisdiction;
Security Provider	means the Issuer and any Shareholder;
Security Trust and Intercreditor Deed or STID	means the security trust and intercreditor deed entered into on or before the Issue Date by, among others, the Issuer, the Note Trustee and the Security Agent;
Semi-annual Review Date	means, from and including the Operations Commencement Date, semi annually no later than sixty (60) days after the end of each Half Year in respect of the immediately preceding Half Year period;
Senior Debt	means, at any time, the aggregate amount of the net proceeds of the principal amount outstanding of the Senior Notes that have been transferred from the Escrow Account to the Proceeds Account or transferred directly to the account of the Principal Paying and Transfer Agent in each case, in accordance with the Finance Documents;
Senior Global Notes	means the Unrestricted Senior Global Note and/or the Restricted Senior Global Note, as applicable;
Senior Liabilities	means the Liabilities owed by the Issuer to the Senior Noteholders under or in connection with the Finance Documents;
Senior Make Whole Amount	means a redemption price applicable to each relevant Senior Note equal to the greater of: (a) one hundred <i>per cent.</i> (100%) of the Principal Amount Outstanding of such Senior Note at the relevant Optional Redemption Date; or (b) as determined by the Reference Dealers, the sum of the then current values of the remaining scheduled payments of principal and interest on such Senior Note (not including any interest accrued on such Senior Note to, but excluding, the Optional Redemption Date) discounted to the Optional Redemption Date on an annual basis (based on the actual number of days elapsed divided by three hundred and sixty five (365) or (in case of a leap year) three hundred and sixty six (366)) at the Reference Dealer Rate plus the Redemption Margin;
Senior Noteholder	means a holder of Senior Notes;
Senior Noteholder Entrenched Right	means any entrenched right of a Senior Noteholder as set out in the STID Decision Making Protocol of the STID;
Senior Noteholder Entrenched Right Resolution	means (a) a resolution passed in accordance with the provisions of the Note Trust Deed by the affirmative vote of holders of Senior Notes, present in person or represented by proxy or representative, holding at least seventy five <i>per cent.</i> (75%) of the principal amount outstanding

	of the Senior Notes present or represented at the meeting or (b) a resolution passed by Electronic Consent;
Senior Notes	means the EUR 1,221,000,000 Variable Rate Senior Secured Amortising Notes due 2047;
Shareholder	means: (i) the Main Shareholder; and (ii) any New Shareholder(s).
Shareholder Lenders	means: (i) as at the Issue Date, the Main Shareholder; and (ii) each party which has any interest as lender under any Shareholder Loan Agreement and which accedes to the Equity Contribution and Subordination Agreement as a Shareholder;
Shareholder Loan Agreement	means (i) any shareholder loan agreement between any Shareholder Lender (as lender) and the Issuer (as borrower) entered into in the agreed form attached at schedule 5 (<i>Form of Shareholder Loan Agreement</i>) to the Equity Contribution and Subordination Agreement bearing a 9% interest rate starting from Operations Commencement Date and capitalized in accordance to the applicable Italian Civil Code provisions or (ii) any other form of shareholder loan agreement to be entered into between any Shareholder Lender (as lender) and the Issuer (as borrower), from time to time, that may be agreed between the Issuer and the relevant Shareholder Lender in form and substance acceptable to the relevant Secured Creditors in accordance with the Finance Documents.
Shareholder Loan Receivables	any receivable, indemnity and claim owing to SIS to which SIS may be entitled in connection with the Shareholder Loan Agreement;
Shareholder Loan(s)	means a subordinated shareholder loan provided or to be provided by a Shareholder Lender to the Issuer pursuant to any Shareholder Loan Agreement;
Shareholder Restricted Payment	means: (i) 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 Transaction Documents) or other distribution (in cash or in kind) to a Shareholder or an Affiliate of a Shareholder; or (ii) repayment of share premium reserve, or any other payment by way of return on capital of, or other investment in, the Issuer or participation in the income or profits of the Issuer; or (iii) repayment, redemption, repurchase or return of the capital (of any tier) of the Issuer or any other such payment in respect of any Shareholder Loan; provided that any payments required to be made by the Issuer under the EPC Contract, the O&M Contract, the Interface Agreement and the Intragroup Agreements will not be considered as a Shareholder Restricted Payment;
Shareholder Restricted Payment Conditions	means in respect of any Shareholder Restricted Payment: <ul style="list-style-type: none"> (a) the Issuer has certified to the Project Adviser and the Note Trustee that: (i) no Default (including in relation to any Concession Event) has occurred and is continuing or would occur as a result of the proposed Shareholder Restricted Payment; and (ii) the Repeating Representations are true and accurate in all material respects; (b) the balance standing to the credit of the Debt Service Reserve Account is equal to or greater than the DSRA Required Balance; (c) to the extent applicable the balance standing to the credit of the Maintenance Reserve Account is equal to or greater than the

MRA Required Balance;

- (d) at the time of such Shareholder Restricted Payment, each of the Historic Debt Service Cover Ratio, the Projected Debt Service Cover Ratio and the Debt Life Cover Ratio is equal to or greater than the relevant Financial Ratio Shareholder Restricted Payment Threshold, in each case, calculated as at the most recent Calculation Date; and
- (e) at the time of such Shareholder Restricted Payment, a period of 18 months after the Operations Commencement Date occurred has passed and all of the Initial Put Option Notes, Subsequent Put Option Notes, Initial Extend Notes and Subsequent Extend Notes (as the case may be) have been repaid in full;

it being agreed that where for the purpose of complying with the condition under paragraph (d) above, Additional Equity is contributed to the Issuer in accordance with the Equity Contribution and Subordination Agreement, each of the Historic Debt Service Cover Ratio, the Projected Debt Service Cover Ratio and the Debt Life Cover Ratio shall be recalculated to reflect the additional amount of CFADS in respect of the relevant period, provided that any such Shareholder Restricted Payment made by the Issuer following such recalculation shall not exceed the amount of the Additional Equity contribution made to it;

Shareholder Subordinated Creditor	means any Shareholder, any Shareholder Lender or any Affiliate of a Shareholder or Shareholder Lender which is a creditor of Shareholder Subordinated Debt (including, if applicable, any of the Sponsors) and is a party to, or has acceded, to the Equity Contribution and Subordination Agreement;
Shareholder Subordinated Debt	means all liabilities payable or owing by the Issuer to any of the Shareholder Subordinated Creditors under or in connection with any Subordinated Finance Document;
Shareholder Subordinated Liabilities	means the Liabilities owed by the Issuer to the Shareholder Subordinated Creditors under or in connection with the Subordinated Finance Documents;
Shares	means the ordinary shares of 1 euros (EUR 1) each in the capital of the Issuer;
SIL	construction-related capital expenditure recorded;
Similar Law	any federal, state, local or non-US law that is similar to the prohibition transaction provisions of section 406 of ERISA and/or section 4975 of the Code;
SIPAL	means SIPAL S.p.A., a company established under the laws of Italy, with registration number 02328350018 and having its registered office at Via Inverio 24/A – 10146 Torino (Italy), and with fiscal code number 02328350018;
SIS	means the Consorzio Stabile SIS Società Consortile per Azioni, a company established under the laws of Italy and having its registered office at Via Inverio 24/A, Turin, Italy and registered with the commercial register at the local court of Turin under registration number TO 992035, fiscal code no. 08679430010, subject to the direction and coordination (<i>direzione e coordinamento</i>) of FININC S.p.A.;

Site	means any area used temporarily or permanently by the Issuer or any other Major Project Party (or their respective subcontractors) for the execution of the Works for the SPV;
Spanish Insolvency Act	means Law 22/2003 of 9 July 2003 on Bankruptcy (<i>Ley 22/2003, de 9 de Julio, Concursal</i>) as amended and/or replaced from time to time;
SP 111	the Gasparone provincial road (<i>Strada Provinciale</i>) bisecting sub-lot 2A;
Specified Office	means as at the Issue Date the specified office of the initial Paying and Transfer Agents, the Calculation Agent and the Registrar, as the case may be, as set out in the Conditions;
Sponsors	means the First Step Sponsors and Second Step Sponsors;
SPV	means the Superstrada Pedemontana Veneta toll road (and ancillary) infrastructure, a 94.6km (main axis) greenfield toll road to be designed, constructed, operated and maintained in the Veneto Region in the northeast of Italy pursuant to the Concession Agreement;
Stabilizing Manager	means J.P. Morgan Securities plc.;
Step Up Coupon Date	has the meaning given in Condition 5.2 (<i>Junior Notes</i>);
STID	the Security Trust and Intercreditor Deed;
STID Decision Making Protocol	means the decision making process set out in the STID following the instigation of any STID Proposal as set out in the STID Decision Making Protocol of the STID;
STID Proposal	means the Issuer's request for the approval of any amendment or waiver, to grant any consent, to make any determination, or exercise any right or discretion under, any Debt Document (other than any matter which constitutes an Issuer Discretion Matter, a Project Adviser Determination Matter or a Reserved Discretion);
Stock Exchange or Exchange	means the Irish Stock Exchange and/or such other stock exchange or exchanges or markets upon which any of the Notes may be admitted to trading or listed from time to time;
Sub-custodians	the other custodial entities with whom BNYM may hold certain cash and/or securities sub-accounts, to the extent permitted by the Triparty Account Control Agreement;
Subordination Agreement Cauzione Definitiva	means the subordination agreement dated on or before the Issue Date and entered into between us, the Security Agent and the insurers issuing the cauzione definitiva pursuant to the Concession Agreement, regarding the subordination of the recourse rights of the above mentioned insurers vis-à-vis us in case of enforcement of such cauzione definitiva;
Subordinated Finance Documents	means any Shareholder Loan Agreement, including any amendment or supplement thereto;
Subsidiary	means in relation to: (i) an Italian entity, any <i>società controllata</i> within the meaning of Article 2359 of the Italian Civil Code; and (ii) any other entity a subsidiary within the meaning of section 1159 of the Companies Act 2006 and, unless the context otherwise requires, a subsidiary undertaking within the meaning of section 1162 of the Companies Act 2006;

Superstrada Pedemontana Veneta	Superstrada Pedemontana Veneta S.P.A., incorporated as a società per azioni under the laws of the Italian Republic
TACA Securities Criteria	the predefined criteria which must continue to be satisfied for the Counterparty to withdraw and/or replace Collateral Securities from the Collateral Accounts;
TAR Lazio	Tribunale Amministrativo Regionale del Lazio, a regional administrative court of Lazio;
TAR Veneto	Tribunale Amministrativo Regionale Per Il Veneto, a regional administrative court of Veneto;
TARGET Settlement Day	means any day on which the TARGET2 System is open;
TARGET2 System	means the Trans European Automated Real time Gross Settlement Express Transfer (TARGET2) System or any successor thereof;
Tax or Taxes	means any tax (including VAT), levy, impost, duty or other charge or withholding of a similar nature (including any related penalty or interest) and Taxes, taxation, taxable and comparable expressions will be construed accordingly;
Tax Authority	means any government, state, municipal, local, federal or other fiscal, revenue, customs or excise authority, body or official anywhere in the world exercising a fiscal, revenue, customs or excise function, including <i>Agenzia delle Entrate</i> ;
Technical Adviser	means Arcadis LLP or any other person as the Issuer may appoint at its own cost from time to time to perform this role, with the prior approval of the Project Adviser given pursuant to the STID Decision Making Protocol;
Technical Adviser Certificate	means a certificate provided by the Technical Adviser to the Issuer for onward distribution to the Noteholders and to the Project Adviser confirming that: (i) taking into account all funds available to the Issuer (including under the Equity Contribution and Subordination Agreement) and the progress of the Works against the Original Construction Programme, the Completion Date can be achieved on or before the Longstop Date; and (ii) the actual aggregate amount of the Construction Costs as set out in paragraph (a) of that definition will not exceed an amount which is greater than five <i>per cent.</i> (5%) of the overall Construction Costs set out in the Original Construction Budget, provided that, such confirmation will not be required in the case of any Required Capital Expenditure;
Technical Adviser Construction Progress Report	means a report of the Technical Adviser with respect to the progress of the implementation of the Project delivered in accordance with the Common Terms Agreement, and as updated from time to time;
Technical Adviser Report	means the report of the Technical Adviser dated on or before the Issue Date and delivered as a condition precedent pursuant to the Common Terms Agreement;
Technical Adviser Operations Progress Report	means a report of the Technical Adviser with respect to the progress of the operation of the Project delivered in accordance with the Common Terms Agreement, and as updated from time to time;
Technical Assumptions	means assumptions as to the following matters which are used in the preparation of the Financial Model and which, together with the Economic Assumptions, are used as inputs in the Financial Model: (i) CFADS; (ii) Operating Costs (including a breakdown between amounts

	payable under the Concession Agreement, the O&M Contract and other Operating Costs, if any); and (iii) Construction Costs;
Telepass	a system of electronic, non-stop, automatic barrier ticketing;
Temporary Provisional Budget	a temporary provisional budget (<i>esercizio provvisorio di bilancio</i>) approved by Regional Law, arising from the postponement of the approval of the Pluri-Annual Budget until 31 December;
Toll Collection Account	means a dedicated account of that name established or to be established in accordance with the Italian Account Bank Agreement and the STID through which the proceeds arising from the toll collection are managed by the Issuer;
Traffic Consultant Report	the report dated 3 May 2017, commissioned by the Grantor and prepared by AREA Engineering Srl;
Transaction Documents	means: (i) the Project Documents; (ii) the Debt Documents; (iii) the Liquidity Management Agreement; (iv) the Minor Contracts (except the Car Rental Agreement and the Website Service Contract);
Transaction Security	means the Security Interests created or intended to be created pursuant to the Security Documents;
Transfer Agent	The Bank of New York Mellon, London Branch, of One Canada Square, London E14 5AL, United Kingdom;
Triparty Account Control Agreement	triparty account control agreement to be entered into between the Issuer, the Counterparty and BNYM which governs operation of the Secured Accounts;
Turnover Recovery	each of (i) any payment in cash or in kind on account of, or for the purchase or other acquisition of, all or any part of the Shareholder Subordinated Liabilities; or (ii) any Shareholder Subordinated Creditor receives all or any amount in cash or in kind of the Shareholder Subordinated Liabilities (i) by way of payment, repayment, prepayment, set off or in any other manner or (ii) on account of the enforcement of any Security Interest or payment under any guarantee for any of the Shareholder Subordinated Liabilities, at any time until the Final Discharge Date, and if other than a Permitted Subordinated Payment;
UCITS	Undertakings for Collective Investment in Transferable Securities;
UK or United Kingdom	the United Kingdom of Great Britain and Northern Ireland;
Unamended Concession Agreement	in a situation where the Court sets aside the Amendment Deed, the unamended Concession Agreement;
Unamended Concession Agreement Termination Value	the termination value provided under the Unamended Concession Agreement, equal to (i) the value of the works based on the costs incurred by the Issuer (net of depreciation as well as of the Construction Grants received until that point) <i>plus</i> (ii) ancillary expenses, including financing costs and other costs related to termination;
Unjust Enrichment Indemnity	where payment of the Concession Agreement Termination Value is disputed, an indemnity granted by the Grantor to the Issuer equal to the construction costs incurred, including ancillary costs (net of the Construction Grants received until that point);

Unpaid ECSA Amount	a Shareholder fails to make a payment due under certain provisions of the ECSA within 2 Business Days after the date on which such payment has become due and payable in accordance with the ECSA
Unresolved Event of Default	means an Event of Default which is continuing that is neither cured by the Issuer nor in respect of which Enforcement Action has been taken by the Security Agent within twelve (12) months from the date the Security Agent becomes aware that such Event of Default has occurred and is continuing;
Unrestricted Definitive Note Certificate	means an Unrestricted Senior Definitive Note Certificate, and/or an Unrestricted Junior Definitive Note Certificate, as applicable
Unrestricted Global Note	means an Unrestricted Senior Global Note and/or an Unrestricted Junior Global Note, as applicable;
Unrestricted Junior Definitive Note Certificate	means a Junior Note in definitive form sold outside the United States to non-US Persons in reliance on Regulation S under the Securities Act, in the form or substantially in the form set out in the Note Trust Deed and having the Conditions endorsed thereon or attached thereto;
Unrestricted Junior Global Note	means the registered Global Note representing the Junior Notes, sold outside the United States to non US Persons in reliance on Regulation S under the Securities Act, in the form or substantially in the form set out in the Note Trust Deed;
Unrestricted Senior Definitive Note Certificate	means a Senior Note in definitive form sold outside the United States to non-US Persons in reliance on Regulation S under the Securities Act, in the form or substantially in the form set out in the Note Trust Deed and having the Conditions endorsed thereon or attached thereto;
Unrestricted Senior Global Note	means the registered Global Note representing the Senior Notes, sold outside the United States to non US Persons in reliance on Regulation S under the Securities Act, in the form or substantially in the form set out in the Note Trust Deed;
Urgent Procedure	the procedure set out in Article. 22- <i>bis</i> of PD 327/01 to obtain, as a matter of urgency, immediate access to any areas necessary to carry out the works, before the actual expropriation decree is issued;
US or USA or United States	the United States of America, its dependencies and territories, each state of the United States and the District of Columbia;
U.S. Holder	a beneficial owner of a Note that is: (i) an individual citizen or resident of the United States; (ii) a corporation or other entity taxable as a corporation for U.S. federal income tax purposes created or organized in or under the laws of the United States or any state or any political subdivision thereof; (iii) an estate the income of which is subject to U.S. federal income taxation regardless of its source; or (iv) a trust if a court within the United States is able to exercise primary supervision over the administration of the trust and one or more United States persons have the authority to control all substantial decisions of the trust, or if a valid election is in place under applicable U.S. Treasury Regulations to treat the trust as a U.S. person;
U.S. Person	has the meaning given in Regulation S under the Securities Act;
US Risk Retention Rules	means the rules promulgated under Section 15G of the Exchange Act;

Valoriza	Valoriza Gestion S.A.U., a single-member limited company under Spanish law (sociedad anónima unipersonal) which is wholly-owned by Sacyr;
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 Accounts	means the: <ul style="list-style-type: none"> (a) VAT Payment Account; and (b) VAT Pledged Account;
VAT Default	means any event or circumstance specified as such in the VAT Receivables Agreement;
VAT Document	<ul style="list-style-type: none"> (a) the VAT Receivables Agreement; (b) the VAT Guarantee; and (b) the VAT Security
VAT Element	has the meaning given to it in the Notes Purchase Agreement;
VAT Guarantee	means any guarantee procured by the Issuer in favour of the VAT tax authority required for the purposes of obtaining VAT refunds pursuant to Article 38-bis of the Italian Presidential Decree No. 633/72;
VAT Liabilities	mean the Liabilities owed by the Issuer to the VAT Receivables Purchasers under the VAT Receivables Agreement;
VAT Receivables Agreement	means each of the VAT receivables framework agreement dated on or before the Issue Date made between, amongst others, the Issuer and the VAT Receivables Purchaser, the VAT receivables assignment agreement entered into by the Issuer on 18 July 2017 and the VAT receivables assignment agreement entered into by the Issuer on 17 October 2017;
VAT Receivables Purchaser	Banca Popolare di Milano S.p.A.;
VAT Receivables Purchaser Entrenched Right	means any entrenched right of a VAT Receivables Purchaser as set out in the STID Decision Making Protocol;
VAT Security	Means each of the Security Interests created with respect to the VAT Pledged Account in accordance with the VAT Receivables Agreement;
Veneto Region	means Regione Veneto;
VIA	an environmental impact evaluation (Valutazione Impatto Ambientale);
VIS S.c.p.A.	means the Consorzio Stabile VIS Società Consortile per Azioni, a company established under the laws of Italy and having its registered office at Via Inverio 24/A – 10146 Torino (Italy), and registered with the commercial register at the local court of Torino under registration number 11143260013, with fiscal code number 11143260013;
Volcker Rule	Section 13 of the U.S. Bank Holding Company Act;
Website Service Contract	the website service contract entered into between the Issuer and Sipal on 7 July 2017 for (i) an annual fee equal to €5,000 (net of VAT) for the development of our website; and (ii) €500 per month (net of VAT)

Works

for the activities of maintenance and support;
means all work and services necessary to fulfil the obligations of the Issuer under the Concession Agreement including design, procurement, engineering, operations, maintenance and all ancillary work;

HISTORICAL FINANCIAL INFORMATION

Independent Auditors' Report

**To the Board of Directors of
Superstrada Pedemontana Veneta S.p.A.**

Report on the Financial Statements

We have audited the accompanying financial statements of Superstrada Pedemontana Veneta S.p.A. prepared in accordance with International Financial Reporting Standards (the "IFRS Financial Statements"), which comprise the statement of financial position as at December 31, 2015, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information. The IFRS Financial Statements were originally prepared in accordance with Italian Gaap for the statutory purposes, and were subsequently restated.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of the IFRS Financial Statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on the IFRS Financial Statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the IFRS Financial Statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Aosta, Bari, Bergamo, Bologna, Brescia, Cagliari, Firenze, Genova, Milano, Napoli, Novara, Padova, Palermo, Pescara, Potenza, Roma, Torino, Treviso, Trieste, Verona, Vicenza

BDO Italia S.p.A. - Sede Legale: Viale Abruzzi, 94 - 20131 Milano - Capitale Sociale Euro 1.000.000 i.v.

Codice Fiscale, Partita IVA e Registro Imprese di Milano n. 07722780967 - R.E.A. Milano 1977842

Iscritta al Registro dei revisori Legali al n. 167911 con D.M. del 15/03/2013 G.U. n. 26 del 02/04/2013

BDO Italia S.p.A., società per azioni italiana, è membro di BDO International Limited, società di diritto inglese (company limited by guarantee), e fa parte della rete internazionale BDO, network di società indipendenti.



Opinion

In our opinion, the IFRS Financial Statements present fairly, in all material respects, the financial position of Superstrada Pedemontana Veneta S.p.A. as at December 31, 2015, of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Turin, April 7, 2016

BDO Italia S.p.A.

A handwritten signature in blue ink, appearing to read 'Eugenio Vicari', written in a cursive style.

Eugenio Vicari
(Partner)

Superstrada Pedemontana Veneta S.p.A

Superstrada Pedemontana Veneta S.p.A.

Directors' report and
financial statements

Prepared in accordance with International Financial Reporting Standards (The
“IFRS Financial Statements”)

Year ended 31 december 2015

Registered number: TO - 1113642



Superstrada Pedemontana Veneta S.p.A

Directors' report and financial statements

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Superstrada Pedemontana Veneta S.p.A

Directors and other information

Directors	Domenico Dogliani (Italian) Matterino Dogliani (Italian) Jaime Dominguez Valdes Hevia (Spanish) Carlos Mijangos Gorozarri (Spanish) Joaquin Fernando Pardo Garcia (Spanish)
Registered office	Via Invorio 24/A 10146 Turin Italy
Registered number	TO - 1113642
Statutory Auditors	Roberto Frascinelli (Italian) President Andrea Gabola (Italian) Riccardo Ranalli (Italian) Francesco Isnardi (Italian) Umberto Bocchino (Italian)
Auditor	BDO Italia S.p.A. Società di Revisione Corso Re Umberto, 9/bis 10121 Turin (Italy)



Superstrada Pedemontana Veneta S.p.A

Statement of comprehensive income for the year ended 31 December 2015

		2015 €'000	2014 €'000
	<i>Note</i>		
Continuing operations			
Revenue	1	0	0
Cost of sales	2	0	0
		<hr/>	<hr/>
Gross profit		0	0
Administrative expenses	3	(608)	(372)
		<hr/>	<hr/>
Operating profit		(608)	(372)
Finance costs	4	(1,568)	(1,162)
Finance income	4	2,654	2,192
Profit before tax		479	658
Tax expense	5	(372)	(210)
Profit for the year		107	448

On behalf of the board

Domenico Dogliani
Director



Superstrada Pedemontana Veneta S.p.A

Statement of financial position as at 31 December 2015

	<i>Note</i>	2015 €'000	2014 €'000
Assets			
Property, plant and equipment	6	0	0
Intangible assets	6	345,303	186,015
Financial assets	7	108,548	53,543
Total non current assets		453,851	239,558
Trade and other receivables	8	74,121	28,627
Cash and cash equivalents	9	4,063	4,373
Deferred tax asset	10	92	45
Total current assets		78,276	33,045
Total assets		532,127	272,604
Equity			
Share capital	11	85,008	50,008
Retained earnings	11	4,547	4,440
Total equity attributable to shareholders		89,555	54,448
Liabilities			
Trade and other payables (non current)	12	348,711	209,193
Deferred tax liabilities	12	912	529
Total non current liabilities		349,622	209,721
Trade and other payables (current)	13	65,849	8,337
Financial liabilities		27,101	98
Total current liabilities		92,950	8,435
Total liabilities		442,573	218,156
Total equity and liabilities		532,127	272,604

On behalf of the board

Domenico Dogliani
Director



Superstrada Pedemontana Veneta S.p.A

Statement of changes in equity for the year ended 31 December 2015

	Share Capital €'000	Retained Earnings €'000	Total €'000
Balance as at 1 January 2014	50,008	3,993	54,000
<i>Total comprehensive income for year:</i>			
Profit for the year	-	448	448
<i>Transactions with shareholders recognized directly in equity:</i>			
Dividends to equity holders	-	-	-
Balance at 31 December 2014	50,008	4,440	54,448
<hr/>			
Balance as at 1 January 2015	50,008	4,440	54,448
<i>Total comprehensive income for period:</i>			
Profit for the period	-	107	107
Capital increase	35,000	-	35,000
<i>Transactions with shareholders recognized directly in equity:</i>			
Dividends to equity holders	-	-	-
Balance at 31 December 2015	85,008	4,547	89,555

On behalf of the board

Domenico Dogliani
Director



Superstrada Pedemontana Veneta S.p.A

Cash flow statement for the year ended 31 December 2015

	2015 €'000	2014 €'000
Operating activities		
Profit before tax for the year	479	658
Depreciation of property, plant and equipment	0	0
Amortization of intangible assets	0	0
Net finance expense	0	0
Operating cash inflows before movements in working capital	479	658
(Increase)/Decrease in trade and other receivables	(45,493)	6,975
Increase/(Decrease) in trade and other payables	197,030	98,182
Tax paid	(372)	(210)
Increase/(Decrease) in deferred tax asset/liabilities	337	177
Net cash inflow from operating activities	151,980	105,782
Cash flows from investing activities		
Financial assets	(55,005)	(7,308)
Intangible assets	(159,288)	(80,534)
Net cash outflow from investing activities	(214,293)	(87,842)
Cash flows from financing activities		
Change in borrowing	27,003	(14,300)
Interest paid		
Capital increase	35,000	
Interest income received		
Dividends paid		
Net cash outflow from financing activities	62,003	(14,300)
Net increase in cash and cash equivalents	(310)	3,640
Cash and cash equivalents at beginning of year	4,373	733
Cash and cash equivalents at end of year	4,063	4,373

On behalf of the board

Domenico Dogliani
Director



Superstrada Pedemontana Veneta S.p.A

Notes

(forming part of the financial statements)

Corporate information

Superstrada Pedemontana Veneta S.p.A. (the “Company”) is a company domiciled in Italy. The address of the Company’s registered office is Via Inverio n.24/A, Turin, IT.

The principal activities of the Company are to ensure the construction and operation of toll road called Superstrada Pedemontana Veneta.

Accounting policies

The financial statements of Superstrada Pedemontana Veneta S.p.A. have been prepared in accordance with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB), taking account of interpretations by the IFRS Interpretations Committee (IFRIC) as applicable in the European Union (EU) on what has been achieved by article 3, paragraph 1 of Legislative Decree 28.02.2005, no. 38.

The IFRS Financial Statements were originally prepared in accordance with Italian GAAP for statutory purposes, and were subsequently restated.

Below is a list of standards and interpretations that will be required to be adopted in the year ended 31 December 2015 and effective from 1 January 2014:

- Amendments to IAS 32 Financial Instruments: Presentation
- Amendments to IAS 36 Impairment of Assets
- Amendments to IAS 39 Financial Instruments: Recognition and Measurement
- IFRIC 21 Levies and IAS 37 Provisions, Contingent Liabilities and Contingent Assets
- IAS 27 Separate Financial Statements

Standards that are not yet required to be applied but can be early adopted are set out below.

Annual Improvements to IFRSs 2011 – 2013 Cycle

- IFRS 3 Business Combinations: accounting for contingent consideration in a business combination
- IFRS 13 Fair Value Measurement: short-term receivables and payables
- IAS 40 Investment Property: clarifying the interrelationship between IFRS 3 and IAS 40 when classifying property as investment property or owner-occupied property

Annual Improvements to IFRSs 2010 – 2012 Cycle

- IFRS 2 Share-based Payment: definition of a vesting condition
- IFRS 3 Business Combinations: accounting for contingent consideration in a business combination
- IFRS 8 Operating Segments: (i) aggregation of operating segments and (ii) reconciliation of the total of the reportable segments’ assets to the entity’s assets
- IFRS 13 Fair Value Measurement: short-term receivables and payables



Superstrada Pedemontana Veneta S.p.A

- IAS 16 Property, Plant and Equipment: revaluation method – proportionate restatement of accumulated depreciation
- IAS 24 Related Party Disclosures

Standards that are not yet required to be applied but can be early adopted are set out below.

- Amendments to IAS 16 Property, Plant and Equipment and to IAS 38 Intangible Assets
- New IFRS 15 Revenue from Contracts with Customers
- New IFRS 9 Financial Instruments (replacement of IAS 39)
- Amendments to IAS 27 Separate Financial Statements

Annual Improvements to IFRSs 2012 – 2014 Cycle

- IFRS 5 Non-current Assets Held for Sale and Discontinued Operations
- IFRS 7 Financial Instruments: Disclosures
- IAS 19 Employee Benefits (2011)
- Amendments to IAS 1 Presentation of Financial Statements

None of these standards have been applied in the current period. There would not have been a material impact on the financial statements if these standards had been applied in the current period. These standards will be applied as required on a prospective basis.

Basis of preparation

The financial statements have been prepared using the historical cost convention. The financial statements are presented in thousands of Euro, which is denoted by the symbol €'000, and all values are rounded to the nearest thousand (€'000) except where otherwise indicated.

After considering the overall long-term business plan the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. For this reason they continue to adopt the going concern basis in preparing the financial statements. The Company is confident that there will be a sufficient cash balance in the next 12 months to meet working capital needs of the Company.

Measurement of fair values

Certain of the Company's accounting policies or disclosures require the measurement of fair values. When measuring the fair value of an asset or liability the Company uses observable market data as far as possible. Fair values are categorized into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).



Superstrada Pedemontana Veneta S.p.A

Significant accounting judgements and estimates

The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which are the basis for making the judgement about the carrying value of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revision to accounting estimates are recognized in the period in which the estimates are revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Foreign currencies

The functional currency and presentational currency of the Company is the Euro. Transactions in other currencies are initially recorded in the functional currency by applying spot exchange rates prevailing on the dates of the transactions. At each balance sheet date, monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency rate of exchange prevailing on the balance sheet date.

Revenue recognition

Revenue is recognized to the extent that it is probable that economic benefits will flow to the Company and the revenue can be reliably measured regardless of when the payment is made.

Taxation

Current tax

Taxation is provided for at the current corporate tax rate. Tax losses are carried forward for use against future profits of the Company.

Deferred tax

Deferred tax is recognized on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and are accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognized for all taxable temporary differences, and deferred tax assets are generally recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized. Such assets and liabilities are not recognized if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the balance sheet date. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.



Superstrada Pedemontana Veneta S.p.A

Property, plant and equipment and intangible assets

Property, plant and equipment is stated at historical cost less accumulated depreciation.

Depreciation is calculated using the straight-line method to allocate their cost or revalued amounts over their estimated useful lives.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

During 2015 the company has pursued the activities for the realization of the infrastructure entrusting its realization to the CONSORZIO STABILE SIS S.c.p.A. All the realization activity of the Superstrada Pedemontana Veneta is contractually entrusted to this society, which has accepted the role of "Contraente Generale" on the basis of the EPC contract.

The costs incurred in this period for the progress of the realization of the Superstrada have been 176 M€, while the progressive value of the investment at the end of the financial cycle amounts to 393 M€.

Leased assets

Leases of property, plant and equipment where the Company assumes substantially all the risks and rewards of ownership are classified as finance leases. Upon initial recognition the leased asset is recognized at an amount equal to the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to the asset.

Each lease/hire purchase payment is allocated between the liability and finance charges so as to achieve a constant rate on the finance balance outstanding. The interest element of the finance cost is charged to the income statement over the lease/hire purchase period so as to produce a correct periodic rate of interest on the remaining balance of the liability for each period. The property, plant and equipment acquired under finance leases is depreciated over the shorter of the useful life of the asset or the lease term.

Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits and current account balances held with banks.

Financial assets and liabilities

All financial assets and liabilities are initially measured at cost. These financial assets and liabilities are subsequently valued at amortized cost. Financial assets and financial liabilities are recognized when the Company becomes a party to the contractual provision of the instrument. Financial assets are derecognized when the rights to the cash flows from the financial assets expire or when the Company transfers the financial assets and the transfer qualifies for derecognition. Financial liabilities are derecognized when the obligation specified in the contract is discharged.



Superstrada Pedemontana Veneta S.p.A

1 Revenue

2015 €'000	2014 €'000
0	0
<hr/>	<hr/>
—	—

2 Cost of sales

2015 €'000	2014 €'000
0	0
<hr/>	<hr/>
—	—

3 Administrative expenses

	2015 €'000	2014 €'000
Consulting and administrative expenses	16.17	9.78
Legal and notary fees	25.94	18.92
Auditing firm	57.75	0.00
Board of directors	171.14	172.57
Statutory auditors	63.09	54.08
Advisors	67.48	0.00
Other	184.63	93.12
Other from parent company	21.60	23.55
	<hr/>	<hr/>
	607.80	372.02

4 Finance income and finance costs

	2015 €'000	2014 €'000
<i>Finance cost</i>		
Interest expense on factoring	770.53	738.20
Financial factoring commissions	444.98	292.35
Bank interest (IFRIC 12 adjustment)	138.71	0.00
Financial fees	213.57	131.77
	<hr/>	<hr/>
	1,567.79	1,162.32



Superstrada Pedemontana Veneta S.p.A

	2015	2014
	€'000	€'000
<i>Finance income</i>		
Revenues and other income	0.54	0.63
Interest income on financial asset - IFRIC 12	1,396.88	811.55
Cash pooling interest	41.32	332.24
Extraordinary items	0.20	17.43
Capitalized interest and fees	1,215.50	1,030.56
	<hr/>	<hr/>
	2,654.44	2,192.41

5 Tax expense

	2015	2014
	€'000	€'000
Current tax expense	35.47	33.29
Deferred tax	336.65	177.18
	<hr/>	<hr/>
	372.12	210.47

6 Property, plant, equipment and intangible assets

The Company does not present any property, plant or equipment in the year ended 31 December 2015. Changes in the intangible assets are presented below:

	Service concession €'000
<i>Cost</i>	
Balance as at 1 January 2014	105,481.17
Additions during year	80,534.05
Balance as at 1 January 2015	186,015.22
Additions during year	159,288.02
Balance as at 31 December 2015	345,303.24
<i>Accumulated Amortisation</i>	
Balance as at 1 January 2014	0
Additions during year	0
Balance as at 1 January 2015	0
Additions during year	0



Superstrada Pedemontana Veneta S.p.A

Balance as at 31 December 2015 **0**

Net book value

At 31 December 2014 **186,015.22**

At 31 December 2015 **345,303.24**

7 Financial assets

	2015 €'000	2014 €'000
Long-term financial investments	47,548.22	30,615.70
Advance payment to parent company	61,000.00	22,927.40
	108,548.22	53,543.10

8 Trade and other receivables

	2015 €'000	2014 €'000
Group company credit	42,586.04	6,302.66
Receivables	31,332.09	22,006.64
Public administration tax	84.52	151.09
Advance payment	118.08	166.99
	74,120.73	28,627.38

9 Cash and cash equivalents

	2015 €'000	2014 €'000
Treasury		
<i>Banca Popolare di Novara</i>	177.11	62.52
<i>Unicredit Banca (c/c 102811498)</i>	53.65	492.06
<i>Banca Intesa Sanpaolo (c/c 2756)</i>	15.89	9.60
<i>Cash on hand</i>	0.57	0.43
SACE	3,813.34	3,808.23
Ifitalia	2.30	0.00
	4,062.86	4,372.85



Superstrada Pedemontana Veneta S.p.A

10 Deferred tax asset

	2015 €'000	2014 €'000
Deferred tax	91.97	45.24
	<u>91.97</u>	<u>45.24</u>

11 Called up share capital

	2015 €	2014 €
Authorized	85,007.50	50,007.50
	<u>85,007.50</u>	<u>50,007.50</u>

11 Retained earnings

	2015 €'000	2014 €'000
Legal reserve	159.26	159.26
Profit/loss carried forward	4,281.01	3,833.43
Profit/loss for the year	106.74	447.58
	<u>4,547.00</u>	<u>4,440.27</u>

12 Total non current liabilities

	2015 €'000	2014 €'000
Trade and other payables (non current)	348,710.50	209,192.79
Government grant – Veneto Region	348,710.50	209,192.79
Deferred tax liabilities	911.99	528.61
	<u>349,622.49</u>	<u>209,721.40</u>



Superstrada Pedemontana Veneta S.p.A

13 Total current liabilities

	2015 €'000	2014 €'000
Trade and other payables (current)		
Parent company	62,674.84	6,007.05
Payables for purchases of services	2,797.14	2,124.88
Public administration tax	37.17	34.47
Board of directors	340.16	170.16
	<hr/>	<hr/>
	65,849.31	8,336.56
 Financial liabilities		
Factors	27,100.72	98.06
	<hr/>	<hr/>
	27,100.72	98.06
 Total	 92,950.03	 8,434.62

14 Related party transactions

The Company is owned for 99,99% by CONSORZIO STABILE SIS S.c.p.A., a company incorporated and domiciled in Italy, and for < 0,005% by ITINERE INFRAESTRUTURAS S.A., a Spanish registered company domiciled and incorporated in Spain.

The following table discloses the total value of transactions (inclusive of VAT) which have been entered into with related parties

Related party	Country	Sales to related parties €'000	Purchases from related parties €'000	Amounts owed from related parties at 31 December 2015 €'000	Amounts owed to related parties at 31 December 2015 €'000
CONSORZIO STABILE SIS	Italy	41.32	21.60	103,586.04	62,674.84
FININC SPA	Italy		213.57		106.12
SIPAL SPA	Italy		0.07		
Total		41.32	235.24	103,586.04	62,780.96

The purchases from the related party Fininc are related to the financial guaranties issued by Fininc for a total amount € 149,245,968.



Superstrada Pedemontana Veneta S.p.A

Related party	Country	Sales to related parties	Purchases from related parties	Amounts owed from related parties at 31 December 2014	Amounts owed to related parties at 31 December 2014
				€'000	€'000
CONSORZIO STABILE SIS	Italy	332.24	23.55	29,230.06	6,007.05
FININC SPA	Italy		131.66		92.27
Total		332.24	154.21	29,230.06	6,099.32

An amount of € 41,323 (2014: € 332,244) was charged to CONSORZIO STABILE SIS S.c.p.A. in respect of the cash pooling agreement.

Amounts totalling € 21,600 (2014: € 23,549) were charged to the Company by CONSORZIO STABILE SIS S.c.p.A., in respect of services provided. There is an amount payable of € 62,674,839 (2014: € 6,007,054) outstanding as at 31 December 2015, related to the works executed by SIS and an amount payable of € 106,115 (2014: € 92,269) outstanding as at 31 December 2015, related to the works executed by FININC.

Lastly, there is an amount receivable totalling € 103,586,040 (2014: € 29,230,059) arising in part from advanced payments made by the Company to CONSORZIO STABILE SIS S.c.p.A. for € 61,000,000 and in part from other receivable for € 42,586,040.

15 Financial risk management policies and objectives

The board of directors reviews and agrees policies for managing each of the following risks:

Market risk

Market risk is the risk that the fair value or future values of a financial instrument will fluctuate because of changes in market prices and includes interest rate risk, foreign currency risk and other price risks.

Currency risk

The Company's reporting currency is the Euro. Exposures to other currencies which arise in the course of ordinary trading are immaterials, and do not expose the Company to currency risk.

Interest risk

Interest rate risk arises from the possibility that changes in interest rates will affect future cash flows or the fair value of financial instruments. The interest rates for all borrowings are floating and the Company has not entered into any hedging contracts.

Capital risk management

The company's objectives when managing capital projects is to safeguard the company's ability to continue as a going concern in order to provide returns for shareholders and to maintain an optimal capital structure to reduce the cost of capital.

Liabilities in accordance with their contractual maturities are presented below:



Superstrada Pedemontana Veneta S.p.A

	TOTAL K€	Less than 1 year	Betw 1 to 5 years	More than 5 years
Trade and other payables:				
Government grant	348,711.50			348,711.50
Deferred tax liabilities	912.00			912.00
Parent company	62,966.10	62,966.10		
Payables for purchases of services	2,505.03	2,505.03		
Public administration tax	37.18	37.18		
Board of directors	340.00	340.00		
Interest bearing liabilities				
Factors	27,100.72	27,100.72		
TOTAL	442,572.53	92,949.03		349,623.50

16 Post balance sheet events

No significant events have taken place since the year end that would result an adjustment to the financial statements or inclusion of a note thereto.

17 Contingencies

At 31 December 2015, the company has surety to tax Authority for €15.040.075. In addition, there is an obligation arising from project's performance bond amounting € 84.865.968, in which FININC is jointly and severally liable with the Company.

18 Approval of financial statements

The statutory financial statements were approved and authorised for issue by the board of directors on 31 March 2016.



SPV S.p.A.

Independent Auditors' Report

**To the Board of Directors of
Superstrada Pedemontana Veneta S.p.A.**

Report on the Financial Statements

We have audited the accompanying financial statements of Superstrada Pedemontana Veneta S.p.A. prepared in accordance with International Financial Reporting Standards (the "IFRS Financial Statements"), which comprise the statement of financial position as at December 31, 2016, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information. The IFRS Financial Statements were originally prepared in accordance with Italian Gaap for the statutory purposes, and were subsequently restated.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of the IFRS Financial Statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on the IFRS Financial Statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the IFRS Financial Statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.



Opinion

In our opinion, the IFRS Financial Statements present fairly, in all material respects, the financial position of Superstrada Pedemontana Veneta S.p.A. as at December 31, 2016, of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Turin, May 5th, 2017

BDO Italia S.p.A.

A handwritten signature in blue ink, appearing to read 'Eugenio Vicari', written in a cursive style.

Eugenio Vicari
(Partner)

Superstrada Pedemontana Veneta S.p.A

Superstrada Pedemontana Veneta S.p.A.

Directors' report and
financial statements

Prepared in accordance with International Financial Reporting Standards (The
“IFRS Financial Statements”)

Year ended 31 december 2016

Registered number: TO - 1113642

Superstrada Pedemontana Veneta S.p.A

Directors' report and financial statements

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Superstrada Pedemontana Veneta S.p.A

Directors and other information

Directors	Domenico Dogliani (Italian) Matterino Dogliani (Italian) Jaime Dominguez Valdes Hevia (Spanish) Carlos Mijangos Gorozarri (Spanish) Miguel Angel Rufo Acemel (Spanish)
Registered office	Via Invorio 24/A 10146 Turin Italy
Registered number	TO - 1113642
Statutory Auditors	Roberto Frascinelli (Italian) President Andrea Gabola (Italian) Riccardo Ranalli (Italian) Umberto Bocchino (Italian)
Auditor	BDO Italia S.p.A. Società di Revisione Corso Re Umberto, 9/bis 10121 Turin (Italy)

Superstrada Pedemontana Veneta S.p.A

Statement of comprehensive income for the year ended 31 December 2016

		2016 €'000	2015 €'000
	<i>Note</i>		
Continuing operations			
Revenue	1	0	0
Cost of sales	2	0	0
		<hr/>	<hr/>
Gross profit		0	0
Administrative expenses	3	(2,307)	(608)
		<hr/>	<hr/>
Operating profit		(2,307)	(608)
Finance costs	4	(3,375)	(1,568)
Finance income	4	7,983	2,654
Profit before tax		2,301	479
Tax expense	5	145	(372)
Profit for the year		2,447	107

On behalf of the board

Domenico Dogliani
Director



Superstrada Pedemontana Veneta S.p.A

Balance Sheet

as at 31 December 2016

	<i>Note</i>	2016 €'000	2015 €'000
Assets			
Property, plant and equipment	6	0	0
Intangible assets	6	510,598	345,303
Financial assets	7	132,245	108,548
Total non current assets		642,843	453,851
Trade and other receivables	8	50,849	74,121
Cash and cash equivalents	9	6,075	4,063
Deferred tax asset	10	206	92
Total current assets		57,129	78,276
Total assets		699,972	532,127
Equity			
Share capital	11	85,008	85,008
Retained earnings	11	6,994	4,547
Total equity attributable to shareholders		92,002	89,555
Liabilities			
Trade and other payables	12	548,129	348,711
Deferred tax liabilities	12	777	912
Total non current liabilities		548,905	349,622
Trade and other payables	13	49,666	65,849
Financial liabilities	13	9,400	27,101
Total current liabilities		59,066	92,950
Total liabilities		607,971	442,573
Total equity and liabilities		699,972	532,127

On behalf of the board

Domenico Dogliani
Director



Superstrada Pedemontana Veneta S.p.A

Statement of changes in equity for the year ended 31 December 2016

	Share Capital €'000	Retained Earnings €'000	Total €'000
Balance as at 1 January 2015	50,008	4,440	54,448
<i>Total comprehensive income for period:</i>			
Profit for the period	-	107	107
Capital increase	35,000	-	35,000
<i>Transactions with shareholders recognized directly in equity:</i>			
Dividends to equity holders	-	-	-
Balance at 31 December 2015	85,008	4,547	89,555
Balance as at 1 January 2016	85,008	4,547	89,555
<i>Total comprehensive income for period:</i>			
Profit for the period	-	2,447	2,447
Capital increase	-	-	-
<i>Transactions with shareholders recognized directly in equity:</i>			
Dividends to equity holders	-	-	-
Balance at 31 December 2016	85,008	6,994	92,002

On behalf of the board

Domenico Dogliani
Director



The logo consists of a blue diamond shape containing the letters 'SPV' in white. To the right of the diamond, the text 'SPV S.p.A.' is written in blue. A blue ink signature is written over the logo and text.

Superstrada Pedemontana Veneta S.p.A

Cash flow statement for the year ended 31 December 2016

	2016 €'000	2015 €'000
Operating activities		
Profit before tax for the year	2,301	479
Depreciation of property, plant and equipment	0	0
Amortization of intangible assets	0	0
Net finance expense	0	0
Operating cash inflows before movements in working capital	2,301	479
(Increase)/Decrease in trade and other receivables	23,272	(45,493)
Increase/(Decrease) in trade and other payables	183,235	197,030
tax paid	145	(372)
Increase/(Decrease) in deferred tax asset/liabilities	(250)	337
Net cash inflow from operating activities	208,704	151,980
Cash flows from investing activities		
Financial assets	(23,697)	(55,005)
Intangible assets	(165,295)	(159,288)
Net cash outflow from investing activities	(188,992)	(214,293)
Cash flows from financing activities		
Change in borrowing	(17,701)	27,003
Interest paid	0	0
Capital increase	0	35,000
Interest income received	0	0
Dividends paid	0	0
Net cash outflow from financing activities	(17,701)	62,003
Net increase in cash and cash equivalents	2,012	(310)
Cash and cash equivalents at beginning of year	4,063	4,373
Cash and cash equivalents at end of year	6,075	4,063

On behalf of the board

Domenico Dogliani
Director



Superstrada Pedemontana Veneta S.p.A

Notes

(forming part of the financial statements)

Corporate information

Superstrada Pedemontana Veneta S.p.A. (the “Company”) is a company domiciled in Italy. The address of the Company’s registered office is Via Inverio n.24/A, Turin, IT.

The principal activities of the Company are to ensure the construction and operation of toll road called Superstrada Pedemontana Veneta.

Accounting policies

The financial statements of Superstrada Pedemontana Veneta S.p.A. have been prepared in accordance with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB), taking account of interpretations by the IFRS Interpretations Committee (IFRIC) as applicable in the European Union (EU) on what has been achieved by article 3, paragraph 1 of Legislative Decree 28.02.2005, no. 38.

The IFRS Financial Statements were originally prepared in accordance with Italian GAAP for statutory purposes, and were subsequently restated.

Below is a list of standards and interpretations that will be required to be adopted effective from January 1, 2016:

- Amendments to IFRS 11 – Joint arrangements: Accounting for acquisitions of interests in joint operations
- Amendments to IAS 16 – Property, Plant and Equipment
- IAS 38 – Intangible Assets
- Amendments to IAS 1 – Presentation of Financial Statements

Annual Improvements to IFRSs 2012-2014 cycle, a series of amendments to IFRSs in response to issues raised mainly on IFRS 5 – Non-current assets held for sale and discontinued operations related to the changes of method of disposal of an asset (or disposal group), on IFRS 7 – Financial Instruments: Disclosures related to clarification when servicing contracts are deemed to constitute continuing involvement for disclosure purposes, on IAS 19 – Employee Benefits related to discount rate determination and on IAS 34 Interim Reporting related to paragraph 16A and the clarification of the meaning of disclosure of information “elsewhere in the interim financial report.”

Below is a list of standards, amendments and interpretations not yet effective but can be early adopted or effective from January 1, 2017, are set out below:

- IFRS 15 – Revenue from contracts with customers
- IFRS 9 – Financial Instruments
- IFRS 16 – Leases
- IAS 12- Income Taxes
- IAS 7 - Statement of Cash Flows
- IFRS 2 - Share-based Payment
- IFRIC Interpretation 22 - Foreign Currency Transactions and Advance Consideration

Superstrada Pedemontana Veneta S.p.A

Annual Improvements to IFRS Standards 2014–2016 Cycle which has amendments to three Standards: IFRS 12 - Disclosure of Interests in Other Entities (effective date of January 1, 2017), IFRS 1- First-time Adoption of International Financial Reporting Standards (effective date of January 1, 2018) and IAS 28 - Investments in Associates and Joint Ventures (effective date of January 1, 2018)

Basis of preparation

The financial statements have been prepared using the historical cost convention. The financial statements are presented in thousands of Euro, which is denoted by the symbol €'000, and all values are rounded to the nearest thousand (€'000) except where otherwise indicated.

After considering the overall long-term business plan the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. For this reason they continue to adopt the going concern basis in preparing the financial statements. The Company is confident that there will be a sufficient cash balance in the next 12 months to meet working capital needs of the Company.

Measurement of fair values

Certain of the Company's accounting policies or disclosures require the measurement of fair values. When measuring the fair value of an asset or liability the Company uses observable market data as far as possible. Fair values are categorized into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Significant accounting judgements and estimates

The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which are the basis for making the judgement about the carrying value of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revision to accounting estimates are recognized in the period in which the estimates are revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Foreign currencies

The functional currency and presentational currency of the Company is the Euro. Transactions in other currencies are initially recorded in the functional currency by applying spot exchange rates prevailing on the

Superstrada Pedemontana Veneta S.p.A

dates of the transactions. At each balance sheet date, monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency rate of exchange prevailing on the balance sheet date.

Revenue recognition

Revenue is recognized to the extent that it is probable that economic benefits will flow to the Company and the revenue can be reliably measured regardless of when the payment is made.

Taxation

Current tax

Taxation is provided for at the current corporate tax rate. Tax losses are carried forward for use against future profits of the Company.

Deferred tax

Deferred tax is recognized on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and are accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognized for all taxable temporary differences, and deferred tax assets are generally recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized. Such assets and liabilities are not recognized if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the balance sheet date. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Property, plant and equipment and intangible assets

Property, plant and equipment is stated at historical cost less accumulated depreciation.

Depreciation is calculated using the straight-line method to allocate their cost or revalued amounts over their estimated useful lives.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

During 2016 the company has pursued the activities for the realization of the infrastructure entrusting its realization to the CONSORZIO STABILE SIS S.c.p.A. All the realization activity of the Superstrada Pedemontana Veneta is contractually entrusted to this society, which has accepted the role of "Contraente Generale" on the basis of the EPC contract.

The costs incurred in this period for the progress of the realization of the Superstrada have been 189 M€, while the progressive value of the investment at the end of the financial cycle amounts to 582 M€.

Leased assets

Superstrada Pedemontana Veneta S.p.A

Leases of property, plant and equipment where the Company assumes substantially all the risks and rewards of ownership are classified as finance leases. Upon initial recognition the leased asset is recognized at an amount equal to the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to the asset.

Each lease/hire purchase payment is allocated between the liability and finance charges so as to achieve a constant rate on the finance balance outstanding. The interest element of the finance cost is charged to the income statement over the lease/hire purchase period so as to produce a correct periodic rate of interest on the remaining balance of the liability for each period. The property, plant and equipment acquired under finance leases is depreciated over the shorter of the useful life of the asset or the lease term.

Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits and current account balances held with banks.

Financial assets and liabilities

All financial assets and liabilities are initially measured at cost. These financial assets and liabilities are subsequently valued at amortized cost. Financial assets and financial liabilities are recognized when the Company becomes a party to the contractual provision of the instrument. Financial assets are derecognized when the rights to the cash flows from the financial assets expire or when the Company transfers the financial assets and the transfer qualifies for derecognition. Financial liabilities are derecognized when the obligation specified in the contract is discharged.

1 Revenue

2016	2015
€'000	€'000
0.00	0.00
<hr/>	<hr/>

2 Cost of sales

2016	2015
€'000	€'000
0.00	0.00
<hr/>	<hr/>

3 Administrative expenses

Superstrada Pedemontana Veneta S.p.A

	2016 €'000	2015 €'000
Consulting and administrative expenses	53.69	16.17
Legal and notary fees	29.68	25.94
Auditing firm	16.00	57.75
Board of directors	170.28	171.14
Statutory auditors	111.93	63.09
Advisors	1,781.29	67.48
Other	135.24	184.63
Other from parent company	23.66	21.60
Extraordinary items	(14.29)	0.00
	2,307.48	607.80

4 Finance costs and finance income

	2016 €'000	2015 €'000
<i>Finance cost</i>		
Interest expense on factoring	1,218.55	770.53
Financial factoring commissions	626.23	444.98
Bank interest (IFRIC 12 adjustment)	345.64	138.71
Financial fees (other)	0.00	213.57
Financial FININC commissions	322.64	0.00
Transfer tax credit commissions	861.48	0.00
Other	0.16	0.00
	3,374.70	1,567.79

	2016 €'000	2015 €'000
<i>Finance income</i>		
Revenues and other income	0.00	0.54
Interest income on financial asset - IFRIC 12	2,749.90	1,396.88
Cash pooling interest	423.20	41.32
Bank interest	0.13	0.00
Extraordinary items	0.00	0.20
Capitalized interest and financial commissions on factoring	4,810.20	1,215.50
	7,983.43	2,654.44

Superstrada Pedemontana Veneta S.p.A

5 Tax expense

	2016 €'000	2015 €'000
Current tax expense	104.21	35.47
Deferred tax	(249.62)	336.65
	(145.41)	372.12

6 Property, plant, equipment and intangible assets

The Company does not present any property, plant or equipment in the year ended 31 December 2016. Changes in the intangible assets are presented below:

	Service concession €'000
Cost	
Balance as at 1 January 2015	186,015.22
Additions during year	159,288.02
Balance as at 1 January 2016	345,303.24
Additions during year	165,295.16
Balance as at 31 December 2016	510,598.40
Accumulated Amortisation	
Balance as at 1 January 2015	0
Additions during year	0
Balance as at 1 January 2016	0
Additions during year	0
Balance as at 31 December 2016	0
Net book value	
At 31 December 2015	345,303.24
At 31 December 2016	510,598.40

Superstrada Pedemontana Veneta S.p.A

7 Financial assets

	2016 €'000	2015 €'000
Long-term financial investments	65,426.64	44,223.62
Long-term financial investments (interest)	5,818.19	3,324.60
Advance payment to parent company	61,000.00	61,000.00
	<hr/> 132,244.82	<hr/> 108,548.22

8 Trade and other receivables

	2016 €'000	2015 €'000
Group company credit	42,529.09	42,586.04
Receivables	15.24	31,332.09
Public administration tax	8,228.94	84.52
Advance payment	75.46	118.08
	<hr/> 50,848.73	<hr/> 74,120.73

9 Cash and cash equivalents

	2016 €'000	2015 €'000
Treasury		
<i>Banca Popolare di Novara</i>	4,384.02	177.11
<i>Unicredit Banca (c/c 102811498)</i>	6.59	53.65
<i>Banca Intesa Sanpaolo (c/c 2756)</i>	8.79	15.89
<i>Banca Nazionale del Lavoro c/c 03107</i>	0.53	0.00
<i>Banca Popolare di Milano c/c 25153</i>	75.21	0.00
<i>Banca Popolare di Milano c/c 25155</i>	0.90	0.00
<i>Banca Popolare di Milano c/transitorio</i>	0.00	0.00
<i>Cash on hand</i>	0.87	0.57
SACE	1,597.60	3,813.34
Ifitalia	0.00	2.30
	<hr/> 6,074.51	<hr/> 4,062.86

Superstrada Pedemontana Veneta S.p.A

10 Deferred tax asset

	2016 €'000	2015 €'000
Deferred tax	206.01	91.97
	<u>206.01</u>	<u>91.97</u>

11 Called up share capital

	2016 €	2015 €
Authorized	85,007,500	85,007,500
	<u>85,007,500</u>	<u>85,007,500</u>

11 Retained earnings

	2016 €'000	2015 €'000
Legal reserve	159.26	159.26
Profit/loss carried forward	4,387.66	4,281.01
Profit/loss for the year	2,446.64	106.74
	<u>6,993.56</u>	<u>4,547.00</u>

12 Total non current liabilities

	2016 €'000	2015 €'000
Trade and other payables		
Government grant – Veneto Region	548,128.51	348,710.50
Deferred tax liabilities	776.50	911.99
	<u>548,905.01</u>	<u>349,622.49</u>

Superstrada Pedemontana Veneta S.p.A

13 Total current liabilities

	2016 €'000	2015 €'000
Trade and other payables		
Parent company	45,623.15	62,674.84
Payables for purchases of services	3,453.84	2,797.14
Public administration tax	79.24	37.17
Board of directors	510.16	340.16
	49,666.39	65,849.31
Financial liabilities		
Factors	9,400.00	27,100.72
	9,400.00	27,100.72
Total	59,066.39	92,950.03

14 Related party transactions

The Company is owned for 99,99% by CONSORZIO STABILE SIS S.c.p.A., a company incorporated and domiciled in Italy, and for < 0,005% by ITINERE INFRAESTRUCTURAS S.A., a Spanish registered company domiciled and incorporated in Spain.

The following table discloses the total value of transactions (inclusive of VAT) which have been entered into with related parties

Related party	Country	Sales to related parties €'000	Purchases from related parties €'000	Amounts owed from related parties at 31 December 2016 €'000	Amounts owed to related parties at 31 December 2016 €'000
CONSORZIO STABILE SIS	Italy	437.49	23.65	103,529.09	45,623.15
FININC SPA	Italy	0.00	322.65	0.00	33.97
Total		437.49	345.30	103,529.09	45,657.12

Superstrada Pedemontana Veneta S.p.A

The purchases from the related party Fininc are related to the financial guaranties issued by Fininc.

				Amounts owed from related parties at 31 December 2015	Amounts owed to related parties at 31 December 2015
		Sales to related parties	Purchases from related parties		
Related party	Country	€'000	€'000	€'000	€'000
CONSORZIO STABILE SIS	Italy	41.32	21.60	103,586.04	62,674.84
FININC SPA	Italy	0.00	213.57	0.00	106.12
Total		41.32	235.17	103,586.04	62,780.96

An amount of € 437,487 (2015: € 41,323) was charged to CONSORZIO STABILE SIS S.c.p.A. in respect of the cash pooling agreement.

Amounts totalling € 23,659 (2015: € 21,600) were charged to the Company by CONSORZIO STABILE SIS S.c.p.A., in respect of services provided. There is an amount payable of € 45,657,123 (2015: € 62,966,954) outstanding as at 31 December 2016, related in part to the works executed by CONSORZIO STABILE SIS S.c.p.A. (€ 45,623,154) and in part to services provided by FININC (€ 33,969).

Lastly, there is an amount receivable totalling € 103,529,087 (2015: € 103,586,040) arising in part from advanced payments made by the Company to CONSORZIO STABILE SIS S.c.p.A. for € 61,000,000 and in part from other receivables for € 42,529,087.

15 Financial risk management policies and objectives

The board of directors reviews and agrees policies for managing each of the following risks:

Market risk

Market risk is the risk that the fair value or future values of a financial instrument will fluctuate because of changes in market prices and includes interest rate risk, foreign currency risk and other price risks.

Currency risk

The Company's reporting currency is the Euro. Exposures to other currencies which arise in the course of ordinary trading are immaterials, and do not expose the Company to currency risk.

Interest risk

Interest rate risk arises from the possibility that changes in interest rates will affect future cash flows or the fair value of financial instruments. The interest rates for all borrowings are floating and the Company has not entered into any hedging contracts.

Capital risk management

Superstrada Pedemontana Veneta S.p.A

The company's objectives when managing capital projects is to safeguard the company's ability to continue as a going concern in order to provide returns for shareholders and to maintain an optimal capital structure to reduce the cost of capital.

Liabilities in accordance with their contractual maturities are presented below:

	TOTAL K€	Less than 1 year	Betw 1 to 5 years	More than 5 years
Trade and other payables:				
Government grant	548,129	0	0	548,129
Deferred tax liabilities	777	0	0	777
Parent company	45,623	45,623	0	0
Payables for purchases of services	3,454	3,454	0	0
Public administration tax	79	79	0	0
Board of directors	510	510	0	0
Interest bearing liabilities				
Factors	9,400	9,400	0	0
TOTAL	607,972	59,066	0	548,906

16 Post balance sheet events

No significant events have taken place since the year end that would result an adjustment to the financial statements or inclusion of a note thereto.

17 Contingencies

At 31 December 2016, the company has surety to tax Authority for €13,827,154. In addition, there is an obligation arising from project's performance bond amounting € 84,865,968 in which FININC is jointly and severally liable with the Company.

Independent Review Report

**To the Board of Directors of
Superstrada Pedemontana Veneta S.p.A.**

We have reviewed the accompanying balance sheet of Superstrada Pedemontana Veneta S.p.A. at September 30, 2017 and the income statement, statement of changes in equity and cash flow statement for the period then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to issue a report on these financial statements based on our review.

We conducted our review in accordance with the International Standard on Review Engagements 2400. This Standard requires that we plan and perform the review to obtain moderate assurance as to whether the financial statements are free of material misstatement. A review is limited primarily to inquiries of company personnel and analytical procedures applied to financial data and thus provides less assurance than an audit. We have not performed an audit and, accordingly, we do not express an audit opinion.

Based on our review, nothing has come to our attention that causes us to believe that the accompanying financial statements are not presented fairly, in all material respects, in accordance with International Accounting Standards.

Turin, October 25, 2017

BDO Italia S.p.A.



**Eugenio Vicari
(Partner)**

Superstrada Pedemontana Veneta S.p.A

Superstrada Pedemontana Veneta S.p.A.

Directors' report and
financial statements

Prepared in accordance with International Financial Reporting Standards (The
“IFRS Financial Statements”)

Period ended 30 September 2017

Registered number: TO - 1113642

Superstrada Pedemontana Veneta S.p.A

Directors' report and financial statements

Summary

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Superstrada Pedemontana Veneta S.p.A

Directors and other information

Directors	Domenico Dogliani (Italian) Matterino Dogliani (Italian) Jaime Dominguez Valdes Hevia (Spanish) Carlos Mijangos Gorozarri (Spanish) Miguel Angel Rufo Acemel (Spanish)
Registered office	Via Invorio 24/A 10146 Turin Italy
Registered number	TO - 1113642
Statutory Auditors	Roberto Frascinelli (Italian) President Andrea Gabola (Italian) Riccardo Ranalli (Italian) Umberto Bocchino (Italian)
Auditor	BDO Italia S.p.A. Società di Revisione Corso Re Umberto, 9/bis 10121 Turin (Italy)

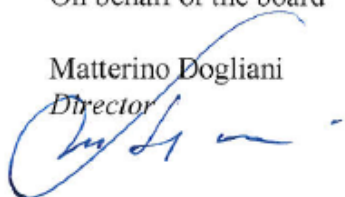
Superstrada Pedemontana Veneta S.p.A

Statement of comprehensive income for the period ended 30 September 2017

	<i>Note</i>	30 September 2017 €'000	30 September 2016 €'000
Continuing operations			
Revenue	<i>1</i>	0	0
Cost of sales	<i>2</i>	0	0
		<hr/>	<hr/>
Gross profit		0	0
Administrative expenses	<i>3</i>	(1,541)	(319)
		<hr/>	<hr/>
Operating profit		(1,541)	(319)
Finance costs	<i>4</i>	(7,888)	(2,324)
Finance income	<i>4</i>	31,023	2,979
Profit before tax		21,593	337
Tax expense	<i>5</i>	(5,338)	(486)
Profit for the period		16,255	(149)

On behalf of the board

Matterino Dogliani
Director



Superstrada Pedemontana Veneta S.p.A

Balance Sheet

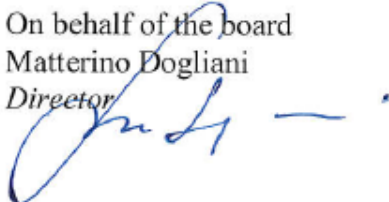
for the period ended 30 September 2017

		30 September 2017 €'000	31 December 2016 €'000
	<i>Note</i>		
Assets			
Property, plant and equipment	6	0	0
Intangible assets	6	0	510,598
Financial assets	7	858,578	132,245
Total non current assets		858,578	642,843
Trade and other receivables	8	24,640	50,849
Cash and cash equivalents	9	26,941	6,075
Deferred tax asset	10	1,132	206
Total current assets		52,713	57,129
Total assets		911,291	699,972
Equity			
Share capital	11	100,000	85,008
Retained earnings	11	23,249	6,994
Total equity attributable to shareholders		123,249	92,002
Liabilities			
Trade and other payables	12	699,896	548,129
Deferred tax liabilities	12	6,901	777
Total non current liabilities		706,797	548,905
Trade and other payables	13	51,745	49,666
Financial liabilities	13	29,500	9,400
Total current liabilities		81,245	59,066
Total liabilities		788,042	607,971
Total equity and liabilities		911,291	699,972

On behalf of the board

Matterino Dogliani

Director



Superstrada Pedemontana Veneta S.p.A

Statement of changes in equity for the period ended 30 September 2017

	Share Capital €'000	Retained Earnings €'000	Total €'000
Balance as at 1 January 2016	85,008	4,547	89,555
<i>Total comprehensive income for year:</i>			
Profit for the year	0	2,447	2,447
Capital increase			
<i>Transactions with shareholders recognized directly in equity:</i>			
Dividends to equity holders	0	0	0
Balance at 31 December 2016	85,008	6,994	92,002
 Balance as at 1 January 2017	 85,008	 6,994	 92,002
<i>Total comprehensive income for period:</i>			
Profit for the period	0	16,255	16,255
Capital increase	14,992	0	14,992
<i>Transactions with shareholders recognized directly in equity:</i>			
Dividends to equity holders	0	0	0
Balance at 30 September 2017	100,000	23,249	123,249

On behalf of the board

Matterino Dogliani

Director

Superstrada Pedemontana Veneta S.p.A

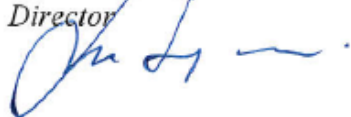
Cash flow statement

for the period ended 30 September 2017

	30 September 2017 €'000	30 September 2016 €'000
Operating activities		
Profit before tax for the period	21,593	337
Depreciation of property, plant and equipment		0
Amortization of intangible assets		0
Net finance expense		0
Operating cash inflows before movements in working Capital	21,593	337
(Increase)/Decrease in trade and other receivables	26,209	23,061
Increase/(Decrease) in trade and other payables	153,846	145,227
Tax paid	(5,338)	(486)
Increase/(Decrease) in deferred tax asset/liabilities	5,198	462
Net cash inflow from operating activities	201,508	168,601
Cash flows from investing activities		
Financial assets	(726,333)	(120,321)
Intangible assets	510,598	(17,025)
Net cash outflow from investing activities	(215,734)	(137,346)
Cash flows from financing activities		
Change in borrowing	20,100	(27,101)
Interest paid		
Capital increase	14,993	0,00
Interest income received		
Dividends paid		
Net cash outflow from financing activities	35,093	(27,101)
Net increase in cash and cash equivalents	20,866	4,154
Cash and cash equivalents at beginning of period	6,075	4,063
Cash and cash equivalents at end of period	26,941	8,217

On behalf of the board

Matterino Dogliani
Director



Superstrada Pedemontana Veneta S.p.A

Notes

(forming part of the financial statements)

Corporate information

Superstrada Pedemontana Veneta S.p.A. (the “Company”) is a company domiciled in Italy. The address of the Company’s registered office is Via Inverio n.24/A, Turin, IT.

The principal activities of the Company are to ensure the construction and operation of toll road called Superstrada Pedemontana Veneta.

Accounting policies

The financial statements of Superstrada Pedemontana Veneta S.p.A. have been prepared in accordance with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB), taking account of interpretations by the IFRS Interpretations Committee (IFRIC) as applicable in the European Union (EU) on what has been achieved by article 3, paragraph 1 of Legislative Decree 28.02.2005, no. 38.

The IFRS Financial Statements were originally prepared in accordance with Italian GAAP for statutory purposes, and were subsequently restated.

Below is a list of standards and interpretations that will be required to be adopted effective from January 1, 2016:

- Amendments to IFRS 11 – Joint arrangements: Accounting for acquisitions of interests in joint operations
- Amendments to IAS 16 – Property, Plant and Equipment
- IAS 38 – Intangible Assets
- Amendments to IAS 1 – Presentation of Financial Statements

Annual Improvements to IFRSs 2012-2014 cycle, a series of amendments to IFRSs in response to issues raised mainly on IFRS 5 – Non-current assets held for sale and discontinued operations related to the changes of method of disposal of an asset (or disposal group), on IFRS 7 – Financial Instruments: Disclosures related to clarification when servicing contracts are deemed to constitute continuing involvement for disclosure purposes, on IAS 19 – Employee Benefits related to discount rate determination and on IAS 34 Interim Reporting related to paragraph 16A and the clarification of the meaning of disclosure of information “elsewhere in the interim financial report.”

Below is a list of standards, amendments and interpretations not yet effective but can be early adopted or effective from January 1, 2017, are set out below:

- IFRS 15 – Revenue from contracts with customers
- IFRS 9 – Financial Instruments
- IFRS 16 – Leases
- IFRS 17 – Insurance Contracts
- IAS 12- Income Taxes
- IAS 7 - Statement of Cash Flows
- IFRS 2 - Share-based Payment

Superstrada Pedemontana Veneta S.p.A

- IFRIC Interpretation 22 - Foreign Currency Transactions and Advance Consideration
- Recognition of deferred tax assets (amendments to IAS 12)
- Disclosure initiative (amendments to IAS 7)
- Classification and measurement of share-based payment transaction (amendments to IFRS 2)
- Transfers of investment property (amendments to IAS 40)
- IFRIC 23 – Uncertainty over Income Tax Treatments
- IAS 10 and IAS 28 – Sales

Annual Improvements to IFRS Standards 2014–2016 Cycle which has amendments to three Standards: IFRS 12 - Disclosure of Interests in Other Entities (effective date of January 1, 2017), IFRS 1 - First-time Adoption of International Financial Reporting Standards (effective date of January 1, 2018) and IAS 28 - Investments in Associates and Joint Ventures (effective date of January 1, 2018).

Basis of preparation

The financial statements have been prepared using the historical cost convention. The financial statements are presented in thousands of Euro, (which is denoted by the symbol €'000,) and all values are rounded to the nearest thousand (€'000) except where otherwise indicated.

After considering the overall long-term business plan the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. For this reason they continue to adopt the going concern basis in preparing the financial statements. The Company is confident that there will be a sufficient cash balance in the next 12 months to meet working capital needs of the Company.

Measurement of fair values

Certain of the Company's accounting policies or disclosures require the measurement of fair values. When measuring the fair value of an asset or liability the Company uses observable market data as far as possible. Fair values are categorized into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Significant accounting judgements and estimates

The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which are the basis for making the judgement about the carrying value of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revision to accounting estimates are recognized in the period in which the estimates are revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Superstrada Pedemontana Veneta S.p.A

On May 29 2017, Veneto Region and Superstrada Pedemontana Veneta S.p.A. signed the “Terzo atto convenzionale Superstrada Pedemontana Veneta”, the third amendment to the original contract signed between the parties. This new contract implies a different allocation of the demand risk therefore, starting from June 1st 2017, the accounting model applied to the infrastructure has been changed to the financial asset model (IFRIC 12, 23-25). The change of accounting policy has been recognised prospectively according to IAS 8 (IAS 8, 32-38).

Foreign currencies

The functional currency and presentational currency of the Company is the Euro. Transactions in other currencies are initially recorded in the functional currency by applying spot exchange rates prevailing on the dates of the transactions. At each balance sheet date, monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency rate of exchange prevailing on the balance sheet date.

Revenue recognition

Revenue is recognized to the extent that it is probable that economic benefits will flow to the Company and the revenue can be reliably measured regardless of when the payment is made.

Taxation

Current tax

Taxation is provided for at the current corporate tax rate. Tax losses are carried forward for use against future profits of the Company.

Deferred tax

Deferred tax is recognized on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and are accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognized for all taxable temporary differences, and deferred tax assets are generally recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized. Such assets and liabilities are not recognized if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the balance sheet date. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Property, plant and equipment and intangible assets

Property, plant and equipment is stated at historical cost less accumulated depreciation.

Depreciation is calculated using the straight-line method to allocate their cost or revalued amounts over their estimated useful lives.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

Superstrada Pedemontana Veneta S.p.A

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

During the period ended at 30 September 2017 the company has pursued the activities for the realization of the infrastructure entrusting its realization to the CONSORZIO STABILE SIS S.c.p.A. All the realization activity of the Superstrada Pedemontana Veneta is contractually entrusted to this society, which has accepted the role of "Contraente Generale" on the basis of the EPC contract.

The costs incurred in this period for the progress of the realization of the Superstrada have been 203 M€, while the progressive value of the investment at the end of the financial cycle amounts to 785 M€.

Leased assets

Leases of property, plant and equipment where the Company assumes substantially all the risks and rewards of ownership are classified as finance leases. Upon initial recognition the leased asset is recognized at an amount equal to the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to the asset.

Each lease/hire purchase payment is allocated between the liability and finance charges so as to achieve a constant rate on the finance balance outstanding. The interest element of the finance cost is charged to the income statement over the lease/hire purchase period so as to produce a correct periodic rate of interest on the remaining balance of the liability for each period. The property, plant and equipment acquired under finance leases is depreciated over the shorter of the useful life of the asset or the lease term.

Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits and current account balances held with banks.

Financial assets and liabilities

All financial assets and liabilities are initially measured at cost. These financial assets and liabilities are subsequently valued at amortized cost. Financial assets and financial liabilities are recognized when the Company becomes a party to the contractual provision of the instrument. Financial assets are derecognized when the rights to the cash flows from the financial assets expire or when the Company transfers the financial assets and the transfer qualifies for derecognition. Financial liabilities are derecognized when the obligation specified in the contract is discharged.

1 Revenue

30 September 2017 €'000	30 September 2016 €'000
0.00	0.00

Superstrada Pedemontana Veneta S.p.A

2 Cost of sales

30 September 2017 €'000	30 September 2016 €'000
0.00	0.00

3 Administrative expenses

	30 September 2017 €'000	30 September 2016 €'000
Consulting and administrative expenses	0.81	41.54
Legal and notary fees	6.68	15.56
Auditing firm	12.00	10.00
Board of directors	127.59	127.66
Statutory auditors	83.95	47.32
Other	1,213.60	59.36
Other from parent company	96.57	17.23
	1,541.20	318.67

4 Finance income and finance costs

	30 September 2017 €'000	30 September 2016 €'000
<i>Finance cost</i>		
Interest expense on factoring	1,139.56	613.59
Financial factoring commissions	643.51	662.68
Bank interest (IFRIC 12 adjustment)	3,868.92	145.64
Financial FININC commissions	269.81	292.00
Transfer tax credit commissions	1,478.94	609.56
Financial SACYR commissions	487.76	0.00
Financial fees (other)	0.00	0.18
	7,888.40	2,323.65

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	30 September 2017 €'000	30 September 2016 €'000
<i>Finance income</i>		
Interest income on financial asset - IFRIC 12	25,528.30	1,669.52
Bank interest	0.00	33.56
Interest income on transfer tax credit	85.46	0.00
Capitalized interest and fees	5,111.88	1,276.28
Interest income from parent company	297.04	0.00
	<hr/> 31,022.68	<hr/> 2,979.36

5 Tax expense

	30 September 2017 €'000	30 September 2016 €'000
Current tax expense	139.83	27.00
Deferred tax	5,198.39	459.26
	<hr/> 5,338.22	<hr/> 486.26

6 Property, plant, equipment and intangible assets

The Company does not present any property, plant or equipment in the period ended 30 September 2017. Changes in the intangible assets are presented below:

	Service concession €'000
<i>Cost</i>	
Balance as at 1 January 2016	345,303.24
Additions during period	165,295.16
Balance as at 1 January 2017	510,598.40
Additions during period	(510,598.40)
Balance as at 30 September 2017	0.00
<i>Accumulated Amortisation</i>	
Balance as at 1 January 2016	0.00
Additions during period	0.00

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Balance as at 1 January 2017	0.00
Additions during period	0.00

Balance as at 30 September 2017	0.00
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<i>Net book value</i>	
At 31 December 2016	510,598.40

At 30 September 2017	0.00
-----------------------------	-------------

7 Financial assets

	30 September 2017 €'000	31 Dec 2016 €'000
Long-term financial investments	754,076.74	65,426.64
Long-term financial investments (interest)	31,000.84	5,818.19
Advance payment to parent company	73,500.00	61,000.00
	858,577.58	132,244.82

8 Trade and other receivables

	30 September 2017 €'000	31 Dec 2016 €'000
Group company credit	10,172.18	42,529.09
Receivables	0.00	15.24
Public administration tax	14,236.43	8,228.94
Advance payment	231.50	75.46
	24,640.11	50,848.73

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9 Cash and cash equivalents

	30 September 2017 €'000	31 Dec 2016 €'000
Treasury		
<i>Banca Popolare di Novara</i>	11,409.84	4,384.02
<i>Unicredit Banca (c/c 102811498)</i>	6.00	6.59
<i>Banca Intesa Sanpaolo (c/c 2756)</i>	8.59	8.79
<i>Banca Nazionale del Lavoro (c/c 03107)</i>	0.59	0.53
<i>Banca Popolare di Milano c/c 25153</i>	337.66	75.21
<i>Banca Popolare di Milano c/c 25155</i>	0.77	0.90
<i>Cash on hand</i>	0.87	0.87
SACE	15,176.72	1,597.60
	26,941.04	6,074.51

10 Deferred tax asset

	30 September 2017 €'000	31 Dec 2016 €'000
Deferred tax	1,132.18	206.01
	1,132.18	206.01

11 Called up share capital

	30 September 2017 €	31 Dec 2016 €
Authorized	100,000.00	85,007,500
	100,000.00	85,007,500

Superstrada Pedemontana Veneta S.p.A

11 Retained earnings

	30 September 2017 €'000	31 Dec 2016 €'000
Legal reserve	159.26	159.26
Profit (loss) carried forward	6,834.36	4,387.66
Profit (loss) for the period	16,254.78	2,446.64
	<hr/>	<hr/>
	23,248.40	6,993.56

12 Total non current liabilities

	30 September 2017 €'000	31 Dec 2016 €'000
Trade and other payables		
Government grant – Veneto Region	699,895.71	548,128.51
Deferred tax liabilities	6,901.00	776.50
	<hr/>	<hr/>
	706,796.71	548,905.01

13 Total current liabilities

	30 September 2017 €'000	31 Dec 2016 €'000
Trade and other payables		
Parent company	46,988.41	45,623.15
Payables for purchases of services	4,139.17	3,453.84
Public administration tax	185.69	79.24
Board of directors	432.00	510.16
	<hr/>	<hr/>
	51,745.27	49,666.39
Financial liabilities		
Factors	29,500.00	9,400.00
	<hr/>	<hr/>
	29,500.00	9,400.00
Total	<hr/>	<hr/>
	81,245.27	59,066.39

Superstrada Pedemontana Veneta S.p.A

14 Related party transactions

The Company is owned for 99,99% by CONSORZIO STABILE SIS S.c.p.A., a company incorporated and domiciled in Italy, and for < 0,005% by ITINERE INFRAESTRUCTURAS S.A., a Spanish registered company domiciled and incorporated in Spain.

The following table discloses the total value of transactions (inclusive of VAT) which have been entered into with related parties

Related party	Country	Sales to related parties €'000	Purchases from related parties €'000	Amounts owed from related parties at 30 September 2017 €'000	Amounts owed to related parties at 30 September 2017 €'000
CONSORZIO STABILE SIS	Italy	297.03	96.57	83,672.18	46,842.53
FININC SPA	Italy	0.00	269.81	0.00	110.71
Sacyr Construccion S.A.	Spain		487.76		35.17
Total		297.03	854.14	83,672.18	46,988.41

The purchases from the related party Fininc are related to the financial guaranties issued by Fininc.

The purchases from the related party Sacyr Construccion are related to the financial guaranties issued by Sacyr Construccion.

Related party	Country	Sales to related parties €'000	Purchases from related parties €'000	Amounts owed from related parties at 30 September 2016 €'000	Amounts owed to related parties at 30 September 2016 €'000
CONSORZIO STABILE SIS	Italy	0.00	17.23	103,391.60	66,315.78
FININC SPA	Italy		292.00		104.45
		0.00	309.23	103,391.60	66,420.23

An amount of € 297,037 (30 September 2016: € 0) was charged to CONSORZIO STABILE SIS S.c.p.A. in respect of the agreement for VAT receivables.

There is an amount of purchases of 854,138 (30 September 2016: € 309,230) outstanding as at 30 September 2017, in respect of services provided by CONSORZIO STABILE SIS S.c.p.A. (€ 96,565), in part to services provided by FININC (€ 269,813) and in part to services provided by Sacyr Construccion S.A. (€ 487,760).

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There is an amount payable of € 46,988,410 (30 September 2016: € 66,420,222) outstanding as at 30 September 2017, related in part to the works executed by CONSORZIO STABILE SIS S.c.p.A. (€ 46,842,530), in part to services provided by FININC (€ 110,712) and in part to services provided by Sacyr (€ 35,168).

Lastly, there is an amount receivable totalling € 83,672,184 (30 September 2016: € 103,391,600) arising in part from advanced payments made by the Company to CONSORZIO STABILE SIS S.c.p.A. for € 73,500,000 and in part from other receivables for € 10,172,184.

15 Financial risk management policies and objectives

The board of directors reviews and agrees policies for managing each of the following risks:

Market risk

Market risk is the risk that the fair value or future values of a financial instrument will fluctuate because of changes in market prices and includes interest rate risk, foreign currency risk and other price risks.

Currency risk

The Company's reporting currency is the Euro. Exposures to other currencies which arise in the course of ordinary trading are immaterials, and do not expose the Company to currency risk.

Interest risk

Interest rate risk arises from the possibility that changes in interest rates will affect future cash flows or the fair value of financial instruments. The interest rates for all borrowings are floating and the Company has not entered into any hedging contracts.

Capital risk management

The company's objectives when managing capital projects is to safeguard the company's ability to continue as a going concern in order to provide returns for shareholders and to maintain an optimal capital structure to reduce the cost of capital.

Liabilities in accordance with their contractual maturities are presented below:

	TOTAL K€	Less than 1 year	Betw 1 to 5 years	More than 5 years
Trade and other payables:				
Government grant	699,895.71	0.00		699,895.71
Deferred tax liabilities	6,901.00	0.00		6,901.00
Parent company	46,988.41	46,988.41		0.00
Payables for purchases of services	4,139.17	4,139.17		0.00
Public administration tax	185.69	185.69		0.00
Board of directors	432.00	432.00		0.00
Interest bearing liabilities				
Factors	29,500.00	29,500.00		0.00
TOTAL	788,041.98	81,245.27		706,796.71

Superstrada Pedemontana Veneta S.p.A

16 Post balance sheet events

No significant events have taken place since the end of the period that would result in an adjustment to the financial statements or inclusion of a note thereto.

17 Contingencies

At 30 September 2017, the company has surety to tax Authority for € 7,658,816 (2014: € 2,939,487 and 2015: € 4,719,329). In addition, there is an obligation arising from project's performance bond amounting € 60,190,481 in which FININC S.p.A., INC S.p.A., CONSORZIO STABILE SIS S.c.p.A., SACYR CONSTRUCCION S.A. are jointly and severally liable with the Company.

APPENDIX 1 – MODEL REVIEW REPORT

Superstrada Pedemontana Veneta S.p.A.

APPENDIX 1

*Summary Financial Model Information
And
Model Review Report*



At your request, and pursuant to the terms and conditions of our proposal letter dated June 14, 2017 (“**Proposal Letter**”), we have completed the scope of work described in Chapter 2 of this report. Our review consisted of validating the adequacy, accuracy and internal integrity of the financial model (“**Model**”) prepared by Superstrada Pedemontana Veneta S.p.A. (the “**Company**”) in respect of the project related to the “Superstrada Pedemontana Veneta” toll road (the “**Project**”) and in the context of the Company’s offering of senior secured notes and subordinated secured notes (together, the “**Notes**”) to institutional investors outside the United States of America in reliance upon Regulation S of the US Securities Act of 1933, as amended (the “**Act**”) and re-sale private placement within the United States to qualified institutional buyers as defined in, and in reliance on, Rule 144A under the Act (the “**Offering**”).

The Model is developed in an “Excel” document (“170704 - SPV - Banking Model_clean.xlsm”) received on July 4, 2017, that contains all calculations related to the financial performance of the Project under the base case scenario. The Model’s main hypotheses are described in Appendix 2 of this report. The preparation of the Model is the sole responsibility of the Company and is based on the Company’s historical information and financial projections for the period from 2011 to 2059. Furthermore, we understand that all financial information included in the Model is consistent with the cash flows expected to be generated by the Project and does not include elements or cash flows which the Company might receive from indirectly related activities.

The Model’s structure replicates the Project’s financial operation as described in Appendix 1 of this report. It is important to consider that a model is by definition a simplified version of reality and, for this reason, it cannot include all possible scenarios that could affect such model in the future. Our advice and analysis include the application of the procedure described in Chapter 2 of this report, which consists mainly of a review of the internal accuracy of the Model within the scope detailed in such Chapter and our Proposal Letter.

Chapter 3 of this report describes all Project documentation we received from the Company in relation to the activities. As stated in our scope, we have not examined the reasonableness of the hypotheses and data used in the preparation of projected financial statements. Nevertheless, we have reviewed the consistency of the hypotheses’ application for the preparation of the Model. It is not our responsibility to express an opinion on information without documented support. Our work includes the review of accounting principles applied in the preparation of financial statements and their consistency with international accounting standards.

On the basis of the work performed within the scope described in this document, there are no financial issues relating to the internal consistency of the Model which need to be reported.

Chapter 4 of this report details issues detected in the Model.

This report is only valid in the context of the attached Model, assuming the hypotheses and inputs used in the preparation of the Model are reasonable. The conclusions presented in this report are not valid for other versions of the Model or for future modifications that could be made to it.

The only objective of this report is to apply the procedures set out in Chapter 2. Our work has been developed according to generally accepted professional standards. The adequacy and sufficiency of these procedures are the responsibility of the Company. We do not assume any responsibility or express an opinion in this regard.

This report is to be analysed as a whole and therefore no individual section should be separated from the rest of the document. We shall not be responsible for updating this report as a consequence of circumstances arising after its final version.



This report is addressed only and exclusively to and may be relied upon by J.P. Morgan Securities plc, Banco Santander S.A. and Banca IMI S.p.A. (the “**Joint Lead Managers**”) and the Company, in the context described in our Proposal Letter. A copy of this report and the outputs resulting from the Model to reflect certain scenarios and assumptions may be included in the preliminary offering memorandum and the offering memorandum prepared in connection with the Offering.

Our organization takes no responsibility for any damage that may occur to a third party as a result of the circulation, publication, reproduction or use of the report for a purpose contrary to its primary purpose.

Sincerely,

KPMG Advisory S.p.A.

A handwritten signature in dark ink, appearing to read "Marco Serifio". The signature is fluid and cursive, with a large initial 'M' and a long, sweeping tail.

Marco Serifio
Partner



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Chapter

1. Background
2. Objective and Scope
3. Documentation
4. Findings

Appendix

1. Model summary
2. Main Hypotheses
3. Model Output



Chapter 1: Background

Superstrada Pedemontana Veneta S.p.A. (the "Company") owns the concession for the construction and operation of the Superstrada Pedemontana Veneta toll road (the "SPV"), a 94.6km (main axis) greenfield toll road that is being constructed in the Veneto Region in the northeast of Italy (the "Project"). The Project is being carried out pursuant to a concession agreement (the "Concession Agreement") it has entered into with the Veneto Region (initially acting through a specially appointed commissioner and more recently replaced by the Veneto Region itself, the "Grantor"). In addition to the main axis of the SPV, the Project also includes the construction of 68.3km of secondary and access roads (57.6km of which will be tolled), including the entrance and exit ramps, for a total length of approximately 162km. The SPV is intended to improve connections and reduce congestion along the so-called Asse Padano, an area in the north of Italy, which includes the Piedmont, Lombardy, Veneto and Friuli Regions.

In such framework, the Company has developed an updated version of the Project Business Plan ("Model") and has requested KPMG to review the Model in accordance with the agreed scope of work.

Chapter 2: Objective and Scope

It is the Company's responsibility to prepare and provide the Model for our review. Based on your request, and according to our experience in similar tasks, our advice and analysis includes, but is not necessarily limited to, the following steps:

1. Review and comment on whether the Model has been constructed appropriately so as to meet the objectives it was designed to achieve, namely assessing the Project's ability to meet its debt service obligations under a range of different possible outcomes. In particular, to advise as to whether the various financial ratios generated by the Model are calculated as described in the indicative terms and conditions agreed by all the parties.
2. Review the logical integrity, consistency and accuracy of the formulae, algorithms, calculations and macros contained within the Model.
3. Confirm whether the Model is compliant with Italian Generally Accepted Accounting Principles (GAAP).
4. Confirm whether the Model is compliant with Italian taxation legislation.
5. Confirm whether the Model is compliant with the Project documentation referred to Chapter 3, items 2-5, in the list of key assumptions and sources set out in the Model:
 - Assess whether the formulae and assumptions used in the Model are consistent with and reflect the requirements and the terms of the agreements from a financial and accounting perspective.
 - Confirm whether the assumptions included in the Project documentation as mentioned above have been properly reflected in the Model.
6. Review the ability of the Model to produce agreed sensitivities:
 - Verify whether the Model has been designed to run the agreed sensitivities and the input variables that require change to run the sensitivity.
 - Review sensitivity runs; verify of the robustness of the Model's structure and the calculation routines to generate output consistent with the changes in assumptions and input variables made.

The adequacy and sufficiency of these procedures are the responsibility of the Company. KPMG does not assume any responsibility or express an opinion in this regard.



Our work does not include assessing whether the hypotheses and assumptions were validly used in the preparation of the Model, especially those related to macroeconomic variables, operating costs, overhead costs, etc and we express no opinion in this regard.

In addition, we have not made any decisions, performed any management functions or participated in the Company's decision making process. We will provide comments on any issues detected during the course of our work. These comments do not imply an opinion of "assurance" and therefore KPMG does not assume any responsibility for the final financial projections that may result from these comments.

The preparation and results of the Model, the determination of the hypotheses, criteria and assumptions on which they are based, and their representativeness and detail of the relevant information that may affect the implementation thereof, are the responsibility of the Company.

The assumptions and estimates on which any financial projections are based, although considered reasonable by the Company on the date of preparation of the Model, are uncertain and may be subject to significant change as a result of macroeconomic, financial, legal and business risks as well as uncertainty that may cause actual results to differ materially from those projected. Due to this, we cannot assume any responsibility on the need to update projections as a result of events and circumstances occurring after completion of this work.

The working papers prepared during the course of our work are owned by KPMG, constituting confidential information, and maintained in our possession in accordance with current regulations.

KPMG has prepared this report according to the procedures detailed in this section and our Proposal Letter. The sufficiency of our scope of work is the Company's responsibility. KPMG does not assume any responsibility or express any opinion on this matter.

Chapter 3: Documentation

According to our Proposal Letter, analysis mainly been based on the data represented in the Model, as for the information supplied by the Company:

1. Excel© file named "170629.3 - SPV - Banking Model_clean.xlsm". Changes have been made to the Model incorporated in the last version of the document "170704 - SPV - Banking Model_clean.xlsm" ("Model"), received on July 4, 2017.

We have reviewed the changes made to the latest Model version related to the original version and a basic revaluation of the logical structure, internal consistency and arithmetic accuracy of the formulas, algorithms and calculations.

2. "2 July Pedemontana - Master Term Sheet for Senior and Junior Notes.docx"
3. "Pedemontana Veneta - EPC (italiano) - execution version 3_7_2017 (14519....doc" - (the EPC Contract)
4. "Pedemontana Veneta - O&M (Italiano) execution version 3_7_17 (14519018_1....docx" - (the O&M Contract)
5. "TAC SPV 15_05_17 + Annexes_ITA_Signed 29May17.pdf" – (the Concession Agreement)

Chapter 4: Findings

1. Financial

In accordance with the procedures set out in Chapter 2, we have detected no major issues in terms of accuracy and internal integrity of the Model.

Model Review activities concerned the logical integrity, internal consistency and arithmetic accuracy of the formulae, algorithms and calculations contained in the Model, in order to assess the following:

- the rules within the Model are in accordance with generally adopted accounting, taxation and financial modelling conventions
- the results are arithmetically accurate given the data inputs
- the tax assumptions are substantially in accordance with Italian laws
- the accounting principles are consistent with Italian GAAP and mandatory provisions of laws
- the Model can manage, inter alia, the key sensitivity cases and has been designed to run the agreed sensitivities and the input variables that require change to run the sensitivity
- the robustness of the Model's structure and the calculation routines to generate output are consistent with the changes in assumptions and input variables made
- the functionality of Macros mechanism in order to calculate data are in accordance with requirements to represent coherent results, producing no breaches

On the basis of such assessment, we can confirm that the model works properly and reflects input data detailed in the Project documentation referred to Chapter 3, items 2-5.

Nevertheless, it is important to mention that assumptions and inputs represented in the indicated documentation, have not been independently verified, and we express no opinion thereon, with particular reference to technical aspects about, but not limited to, (i) Investment (ii) Expenses (iii) maintenance (iv) financial debt interest rates and fees assumptions.

2. Fiscal

Having applied the procedures set out in Chapter 2, we have detected no major issues.

Appendix 1: Model summary

The Model is composed of the following tabs:

<u>Tab Name</u>	<u>Tab Contents</u>
"Cover":	legend related to the source of data implemented in the Model, with colour definition
"Disclaimer":	terms and conditions governing use and review of the Model
"Ctrl":	control tab related to main financial and operational aspects of the Model, with detailed tables about Macro, detailed Sources and Uses and Key outputs
"Sensi":	details related to sensitivities, with control and output tables
"In":	summary and instructions related to main inputs and assumptions flowing through the Model (i.e. Timing, Construction, Concession, Financing, Public Grant, Equity...)
"In_Lin":	development on monthly and semi-annual basis of main inputs and assumptions flowing through the Model
"Cstr":	details of nature and calculation for each item included in the sources and uses table during the construction period, on monthly basis
"Op":	details of nature and calculation of operating items on semi-annual basis for the entire period of the project
"Tax":	details of nature and calculation of fiscal items on semi-annual basis for the entire period of the project
"Fin":	details of calculation related to financing aspects, including debt repayment and related ratios
"FR":	Income Statement, Balance Sheet, Cash Flow on semi-annual basis and key outputs
"CF":	Cash Flow reclassified on annual basis and related ratios
"Chrts"	graphic representation of cash flow during operation, senior debt profile and construction funding

Appendix 2: Main Hypotheses

Financial Hypotheses

1. Uses

Total Uses related to the construction period have been categorised as follows:

Uses	
<i>€mm</i>	
Construction	2.258,0
Insurance, advisor and G&A	35,7
Tax	7,7
Interests and Fees during construction	230,9
DSRA	30,5
Total ex VAT	2.562,8
VAT	361,3
Total	2.924,1

Major investment costs defined in the Model are the works to perform for about 90% of total uses (ex VAT). Other costs are mainly related to insurance, advisors, G&A, tax and financial.

2. Sources

The Model during the construction phase considers following Sources:

Sources	
<i>€mm</i>	
Public grant	914,91
Senior debt	871,0
Subordinated debt	350,0
Shareholder loan	230,0
Equity	200,0
Supplier payable	14,4
Historical earnings	7,4
Total ex VAT	2.587,8
VAT sale	330,5
VAT refund	5,8
Total	2.924,1

Funding is provided in the form of:

- Public Grant: 914 €mm on the basis of the works schedule
- Private Equity for 200 €mm and Shareholder Loan for 230 €mm, for total amount of 430 €mm
- Senior Debt for total 1,221 €mm, of which 871 €mm as Senior debt used for construction funding in the base case and 350 €mm as overfunding - delayed draw with escrow account, the remaining excess funding repays the Subordinated Debt on COD, the Senior Debt is fully amortized over 25 years
- Subordinated debt for 350 €mm - any remaining outstanding beyond COD is swept through 100% cash sweep, with step up after COD. Additional interest is paid in case of breach of the equity contribution schedule, with the interest being capitalized during the construction period

3. Construction Costs:

Total Project construction costs amount to € 2.258.000.000.

Construction period is between June 2011 and June 2020, foreseeing Capital Expenditures as follow:

Capex										
€mm	Dec-11	Dec-12	Dec-13	Dec-14	Dec-15	Dec-16	Dec-17	Dec-18	Dec-19	Dec-20
Capex	30.561	63.663	52.584	112.853	171.626	197.983	271.578	520.558	574.347	262.244
Capex cumulative	30.561	94.224	146.809	259.662	431.289	629.272	900.850	1.421.408	1.995.756	2.258.000
YoY	1,35%	2,82%	2,33%	5,00%	7,60%	8,77%	12,03%	23,05%	25,44%	11,61%
YoY cumulative	1,35%	4,17%	6,50%	11,50%	19,10%	27,87%	39,90%	62,95%	88,39%	100,00%

The depreciation considers the entire Project's operation period: 2020 - 2059 (concession period 39 years).

4. Income:

Income refers to the Availability Fee payment during the operation period, from 2020 to 2059. The amount in 2020 is € 153.946.814, adjusted for 50% of the annual inflation rate and for a pre-agreed growth rate from 2021 onward.

5. Expenses:

Expenses include mainly management, operation, maintenance, utilities, personnel expenses, green areas, winter operation services, G&A and others. All expenses are subject to an inflation factor.

6. Macroeconomic Hypotheses

Inflation projection from Bloomberg, ticker ILSWI Curncy:

- Inflation Swap quoted as the Zero Coupon fixed rate leg necessary to build a par swap against a leg on Zero Coupon CPI appreciation on ITCPI Index. Quoted from various contributors with standard defaults of lag (3 months).
- The ITCPI Index is Italy CPI FOI Ex Tobacco

7. Sensitivities

A dedicated tab represents assumptions for the calculation of different scenarios, on the basis of the following:

- Construction delay
- VAT rate sensitivity
- Equity contribution selected: Base Case, No threshold but gearing, Customized
- Construction costs
- Availability Fee payment - operation performance
- Availability Fee payment - Veneto Region payment
- Opex
- Maintenance capex
- Inflation

In addition, to assess the mechanism and the correct elaboration of each scenario, we reviewed the following sensitivities:

1. -15% Availability Fee payment and -15% O&M cost
2. +20% O&M
3. +50% maintenance capex
4. -1% inflation
5. Stress VAT case
6. Combo 1:
 - 15 month delay
 - +5% construction cost
7. Combo 2:
 - 15 month delay
 - +6% construction cost
 - €50mm missing equity

Tax Hypotheses

1. Income Tax (IT)

a. Tax rate

The Model considers 24% IRES and 3.9% IRAP as IT rate.

b. Construction Financial Expenditures

In respect of the construction financial expenditures the Model applies the following accounting treatment:

- For period up to 2020 (“construction period”): the financial expenses are recorded in the relevant balance sheet as part of the intangible assets.
- For period 2020 onwards (“exploitation period”): the financial expenses are recorded as such (expenses) in the profit and loss statement, under the accrual method.

For tax purposes, the total of the above mentioned financial expenses (related to periods “i” and “ii”) are treated as deductible expenses for IT purposes for both periods under the accrual method.

c. Tax loss carry forward

Residents may offset a tax loss incurred in a fiscal year against future net income by offsetting the net loss against 80% of the net income generated in each of the following years.

The Model has followed such System, even if the formula actually do not apply as no tax losses are generated during the entire period.

d. IT Pre-payments

Under article 84 of the IT Law legal entities must make payments in advance of the relevant annual IT.

Such payments must be made through two semi-annual instalments while the balance payment is due in the following year.

2. Value Added Tax (VAT)

The Model considers 22% as tax rate. However, a sensitivity scenario has been introduced in order to consider possible increase of the VAT rate effective from 2018.

APPENDIX 2 – SUMMARY FINANCIAL MODEL INFORMATION

The 2017 Financial Model was prepared by us in the context of the Project in order to provide certain calculations related to the potential financial performance of the SPV under a base case scenario. In particular, the base case scenario presents the total amount of the Availability Fee, and construction costs and funding, that could be achieved and required in the years specified if the assumptions underlying the 2017 Financial Model were to be realized.

The 2017 Financial Model has been prepared for purposes of illustrating the anticipated sources and uses of funds and potential cash flows and key ratios of the Project using estimates and judgments, analyses and projections. The 2017 Financial Model has been prepared on the basis of a number of assumptions, projections, forecasts and estimates using the PEF, market research and technical analysis, and expectations and judgments relating to expected traffic volumes and type, road characteristics, capital and operating expenditures, and future trends in inflation, interest rates, transportation infrastructure and the transportation industry, taxes, GDP growth, labor market conditions, as well as other factors. The 2017 Financial Model has been prepared for illustrative purposes only, gives hypothetical results based on the various assumptions used and does not constitute a forecast. No assurance can be given that the hypothetical results and values obtained using the 2017 Financial Model will, or can, be achieved in the market. For a discussion of certain risk factors that may adversely affect our results of operations and financial condition, see "Risk factors".

As the 2017 Summary Financial Model Information has been prepared for purposes of illustrating potential cash flows and key ratios of the Project, the amounts given for revenues, expenses and taxes used in the Summary Financial Model Information exclude any non-cash components of those line items that might be reflected in our income statement.

We have extracted the historical financial information used for purposes of the 2017 Financial Model from our historical financial statements, and the forward-looking items set out in the Summary Financial Model Information are presented in accordance with the Italian GAAP characterization of those items rather than the IFRS characterization where the two would differ as the accounting treatment of the concession agreement under Italian GAAP is more reflective of actual cash flows than the accounting treatment of the concession agreement under IFRS, IFRIC 12.12

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BASE CASE

€mm	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031
Revenue ¹	-	-	-	39	165	172	179	187	195	204	213	223	233	244	250
Operating costs ²	-	-	-	(6)	(24)	(24)	(25)	(25)	(25)	(25)	(26)	(26)	(26)	(27)	(27)
Gross cash margin	-	-	-	33	140	147	155	162	170	179	188	197	207	218	223
Delta Net Working Capital	17	5	6	(27)	(0)	0	0	0	0	0	0	0	0	0	0
Tax ²	-	(5)	(1)	(3)	(14)	(12)	(15)	(19)	(22)	(24)	(26)	(29)	(32)	(35)	(38)
Maintenance capex	-	-	-	-	-	-	(1)	(1)	(1)	(1)	(2)	(8)	(8)	(8)	(8)
Delta Debt Service Reserve Account ("DSRA")	-	-	-	-	-	(3)	(1)	(1)	(1)	(1)	(2)	(2)	(2)	(1)	(2)
Delta Maintenance Reserve Account ("MRA")	-	-	-	-	(1)	(1)	(0)	(0)	(2)	(4)	(6)	(0)	(0)	(1)	(1)
Cash flow available for debt service	17	0	5	3	125	131	137	141	144	148	152	159	166	174	175
Capex	(270)	(521)	(590)	(308)	-	-	-	-	-	-	-	-	-	-	-
Other	(40)	(2)	13	44	-	-	-	-	-	-	-	-	-	-	-
Interest and fees – construction	(63)	(45)	(58)	(53)	-	-	-	-	-	-	-	-	-	-	-
DSRA (initial drawdown)	-	-	-	(31)	-	-	-	-	-	-	-	-	-	-	-
Cash flow after construction costs	(356)	(568)	(629)	(345)	125	131	137	141	144	148	152	159	166	174	175
VAT Credit on Investments	(49)	(86)	(116)	(68)	-	-	-	-	-	-	-	-	-	-	-
VAT facility sell down proceeds	35	78	106	92	-	-	-	-	-	-	-	-	-	-	-
VAT refund	-	5	0	0	0	-	-	-	-	-	-	-	-	-	-
Cash flow after VAT	(370)	(571)	(639)	(321)	125	131	137	141	144	148	152	159	166	174	175
Public grant drawdown	67	140	160	-	-	-	-	-	-	-	-	-	-	-	-
Other facilities	125	19	(144)	-	-	-	-	-	-	-	-	-	-	-	-
Senior debt movement	1,221	-	-	-	-	(2)	(6)	(8)	(10)	(12)	(15)	(19)	(24)	(28)	(31)
Interest - Senior debt	-	-	-	(15)	(61)	(61)	(61)	(61)	(60)	(60)	(59)	(58)	(57)	(56)	(54)
Escrow movement	(1,221)	140	532	549	-	-	-	-	-	-	-	-	-	-	-
Subordinated debt movement	350	-	-	(350)	-	-	-	-	-	-	-	-	-	-	-
Other net financing costs	-	-	-	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)
Cash flow after financing	171	(271)	(92)	(137)	64	68	70	72	74	76	78	81	85	89	89
Equity injection	15	95	5	-	-	-	-	-	-	-	-	-	-	-	-
Shareholders' loan movement	-	-	130	100	-	(137)	(66)	(39)	-	-	-	-	-	-	-
Interest - Shareholders' loan	-	-	-	-	-	(9)	(4)	(1)	-	-	-	-	-	-	-
Dividends	-	-	-	-	-	-	-	(33)	(74)	(53)	(50)	(57)	(64)	(71)	(80)
Cash movement	186	(176)	43	(37)	64	(78)	0	0	-	22	27	24	21	18	10
Cash end of period - including escrow	186	10	53	16	80	2	2	2	2	24	52	76	96	114	124
Senior balance - end of period	-	140	672	1,221	1,221	1,219	1,213	1,206	1,196	1,183	1,168	1,149	1,125	1,097	1,066
Escrow balance - end of period	1,221	1,081	549	-	-	-	-	-	-	-	-	-	-	-	-
DSRA+MRA balance - end of period	-	-	-	31	32	36	37	38	41	47	55	56	58	59	62
Net senior debt - end of period	(1,407)	(950)	69	1,174	1,109	1,181	1,174	1,166	1,153	1,112	1,062	1,017	971	923	881
Junior balance - end of period	350	350	350	-	-	-	-	-	-	-	-	-	-	-	-
12-month backward Debt Service Coverage Ratio	N/A	N/A	N/A	N/A	2.0x	2.1x	2.1x	2.1x	2.1x	2.1x	2.0x	2.0x	2.0x	2.1x	2.0x
12-month forward Debt Service Coverage Ratio	N/A	N/A	N/A	2.0x	2.1x	2.1x	2.1x	2.1x	2.1x	2.0x	2.0x	2.0x	2.1x	2.0x	2.1x
Debt Life Coverage Ratio	N/A	17.1x	3.7x	2.2x	2.2x	2.2x	2.2x	2.2x	2.2x	2.2x	2.2x	2.2x	2.2x	2.2x	2.2x

¹ Consists of cash amounts received from payment of the Availability Fee

² Includes cash components only

€mm	2032	2033	2034	2035	2036	2037	2038	2039	2040	2041	2042	2043	2044	2045	2046	2047
Revenue ¹	257	263	270	277	284	291	299	307	315	320	325	331	336	342	348	354
Operating costs ²	(27)	(28)	(28)	(28)	(29)	(29)	(30)	(30)	(31)	(31)	(32)	(32)	(33)	(33)	(33)	(34)
Gross cash margin	229	236	242	248	255	262	269	276	284	289	294	299	304	309	315	320
Delta Net Working Capital	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Tax ²	(39)	(41)	(43)	(45)	(48)	(50)	(53)	(55)	(58)	(61)	(62)	(64)	(67)	(69)	(72)	(74)
Maintenance capex	(8)	(9)	(9)	(9)	(9)	(10)	(12)	(12)	(13)	(13)	(13)	(10)	(10)	(10)	(11)	(11)
Delta Debt Service Reserve Account ("DSRA")	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(2)	(1)	(1)	(1)	(1)	(1)	(2)	(2)	62
Delta Maintenance Reserve Account ("MRA")	(1)	(0)	(0)	(1)	(2)	(3)	(0)	(0)	1	2	3	(0)	1	5	9	5
Cash flow available for debt service	180	184	188	191	195	198	203	207	213	216	221	223	227	233	240	302
Capex	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Interest and fees – construction	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
DSRA (initial drawdown)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Cash flow after construction costs	180	184	188	191	195	198	203	207	213	216	221	223	227	233	240	302
VAT Credit on Investments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VAT facility sell down proceeds	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VAT refund	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Cash flow after VAT	180	184	188	191	195	198	203	207	213	216	221	223	227	233	240	302
Public grant drawdown	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other facilities	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Senior debt movement	(35)	(38)	(42)	(46)	(50)	(54)	(59)	(64)	(70)	(75)	(81)	(87)	(93)	(101)	(109)	(60)
Interest - Senior debt	(53)	(51)	(49)	(47)	(45)	(42)	(39)	(36)	(33)	(29)	(26)	(21)	(17)	(12)	(7)	(2)
Escrow movement	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Subordinated debt movement	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other net financing costs	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	0
Cash flow after financing	93	95	97	98	100	102	104	106	110	111	114	115	117	120	123	241
Equity injection	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Shareholders' loan movement	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Interest - Shareholders' loan	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Dividends	(84)	(89)	(100)	(106)	(112)	(118)	(125)	(132)	(139)	(132)	(114)	(115)	(117)	(120)	(123)	(241)
Cash movement	8	5	(3)	(7)	(11)	(16)	(21)	(26)	(29)	(22)	-	0	-	-	-	-
Cash end of period - including escrow	132	137	134	127	115	99	78	53	24	2	2	2	2	2	2	2
Senior balance - end of period	1,032	993	951	905	855	801	742	678	607	532	451	364	271	170	60	0
Escrow balance - end of period	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
DSRA+MRA balance - end of period	64	65	66	69	71	75	77	79	79	79	76	78	78	74	67	-
Net senior debt - end of period	836	791	751	710	668	627	587	546	505	452	372	284	191	93	(9)	(2)
Junior balance - end of period	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
12-month backward Debt Service Coverage Ratio	2.1x	2.1x	2.1x	2.1x	2.1x	2.1x	2.1x	2.1x	2.1x	2.1x	2.1x	2.1x	2.1x	2.1x	2.1x	N/A
12-month forward Debt Service Coverage Ratio	2.1x	2.1x	2.1x	2.1x	2.1x	2.1x	2.1x	2.1x	2.1x	2.1x	2.1x	2.1x	2.1x	2.1x	4.9x	N/A
Debt Life Coverage Ratio	2.2x	2.3x	2.3x	2.3x	2.3x	2.3x	2.3x	2.4x	2.4x	2.5x	2.5x	2.7x	3.0x	3.8x	N/A	N/A

¹ Consists of cash amounts received from payment of the Availability Fee

² Includes cash components only

**15% REDUCTION OF
AVAILABILITY FEE**

€mm	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031
Revenue ¹	-	-	-	39	159	147	153	160	167	175	183	191	200	209	214
Operating costs ²	-	-	-	(6)	(24)	(24)	(25)	(25)	(25)	(25)	(26)	(26)	(26)	(27)	(27)
Gross cash margin	-	-	-	33	135	123	129	135	142	149	157	165	174	183	187
Delta Net Working Capital	17	5	6	(27)	(0)	0	0	0	0	0	0	0	0	0	0
Tax ²	-	(5)	(1)	(3)	(14)	(9)	(3)	(11)	(13)	(16)	(18)	(20)	(23)	(25)	(28)
Maintenance capex	-	-	-	-	-	-	(1)	(1)	(1)	(1)	(2)	(8)	(8)	(8)	(8)
Delta Debt Service Reserve Account ("DSRA")	-	-	-	-	-	(3)	(1)	(1)	(1)	(1)	(2)	(2)	(2)	(1)	(2)
Delta Maintenance Reserve Account ("MRA")	-	-	-	-	(1)	(1)	(0)	(0)	(2)	(4)	(6)	(0)	(0)	(1)	(1)
Cash flow available for debt service	17	0	5	3	119	110	124	122	124	127	130	136	141	148	148
Capex	(270)	(521)	(590)	(308)	-	-	-	-	-	-	-	-	-	-	-
Other	(40)	(2)	13	44	-	-	-	-	-	-	-	-	-	-	-
Interest and fees – construction	(63)	(45)	(58)	(53)	-	-	-	-	-	-	-	-	-	-	-
DSRA (initial drawdown)	-	-	-	(31)	-	-	-	-	-	-	-	-	-	-	-
Cash flow after construction costs	(356)	(568)	(629)	(345)	119	110	124	122	124	127	130	136	141	148	148
VAT Credit on Investments	(49)	(86)	(116)	(68)	-	-	-	-	-	-	-	-	-	-	-
VAT facility sell down proceeds	35	78	106	92	-	-	-	-	-	-	-	-	-	-	-
VAT refund	-	5	0	0	0	-	-	-	-	-	-	-	-	-	-
Cash flow after VAT	(370)	(571)	(639)	(321)	119	110	124	122	124	127	130	136	141	148	148
Public grant drawdown	67	140	160	-	-	-	-	-	-	-	-	-	-	-	-
Other facilities	125	19	(144)	-	-	-	-	-	-	-	-	-	-	-	-
Senior debt movement	1,221	-	-	-	-	(2)	(6)	(8)	(10)	(12)	(15)	(19)	(24)	(28)	(31)
Interest - Senior debt	-	-	-	(15)	(61)	(61)	(61)	(61)	(60)	(60)	(59)	(58)	(57)	(56)	(54)
Escrow movement	(1,221)	140	532	549	-	-	-	-	-	-	-	-	-	-	-
Subordinated debt movement	350	-	-	(350)	-	-	-	-	-	-	-	-	-	-	-
Other net financing costs	-	-	-	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)
Cash flow after financing	171	(271)	(92)	(137)	58	46	57	53	54	55	55	58	60	64	63
Equity injection	15	95	5	-	-	-	-	-	-	-	-	-	-	-	-
Shareholders' loan movement	-	-	130	100	-	(110)	(51)	(50)	(31)	-	-	-	-	-	-
Interest - Shareholders' loan	-	-	-	-	-	(9)	(5)	(3)	(1)	-	-	-	-	-	-
Dividends	-	-	-	-	-	-	-	-	(22)	(55)	(34)	(36)	(42)	(49)	(56)
Cash movement	186	(176)	43	(37)	58	(72)	0	0	(0)	-	21	22	18	16	7
Cash end of period - including escrow	186	10	53	16	74	2	2	2	2	2	23	45	63	78	86
Senior balance - end of period	-	140	672	1,221	1,221	1,219	1,213	1,206	1,196	1,183	1,168	1,149	1,125	1,097	1,066
Escrow balance - end of period	1,221	1,081	549	-	-	-	-	-	-	-	-	-	-	-	-
DSRA+MRA balance - end of period	-	-	-	31	32	36	37	38	41	47	55	56	58	59	62
Net senior debt - end of period	(1,407)	(950)	69	1,174	1,115	1,181	1,174	1,166	1,153	1,135	1,091	1,048	1,004	959	919
Junior balance - end of period	350	350	350	-	-	-	-	-	-	-	-	-	-	-	-
12-month backward Debt Service Coverage Ratio	N/A	N/A	N/A	N/A	1.9x	1.7x	1.9x	1.8x	1.8x	1.8x	1.7x	1.7x	1.7x	1.8x	1.7x
12-month forward Debt Service Coverage Ratio	N/A	N/A	N/A	1.9x	1.7x	1.9x	1.8x	1.8x	1.8x	1.7x	1.7x	1.7x	1.8x	1.7x	1.8x
Debt Life Coverage Ratio	N/A	14.7x	3.2x	1.9x	1.9x	1.9x	1.9x	1.9x	1.9x	1.9x	1.9x	1.9x	1.9x	1.9x	1.9x

¹ Consists of cash amounts received from payment of the Availability Fee

² Includes cash components only

€mm	2032	2033	2034	2035	2036	2037	2038	2039	2040	2041	2042	2043	2044	2045	2046	2047
Revenue ¹	219	225	230	236	242	249	255	262	269	273	277	282	287	292	297	302
Operating costs ²	(27)	(28)	(28)	(28)	(29)	(29)	(30)	(30)	(31)	(31)	(32)	(32)	(33)	(33)	(33)	(34)
Gross cash margin	192	197	202	208	214	219	225	232	238	242	246	250	254	259	263	268
Delta Net Working Capital	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Tax ²	(28)	(30)	(32)	(34)	(36)	(38)	(41)	(43)	(45)	(48)	(49)	(51)	(53)	(55)	(57)	(60)
Maintenance capex	(8)	(9)	(9)	(9)	(9)	(10)	(12)	(12)	(13)	(13)	(13)	(10)	(10)	(10)	(11)	(11)
Delta Debt Service Reserve Account ("DSRA")	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(2)	(1)	(1)	(1)	(1)	(1)	(2)	(2)	62
Delta Maintenance Reserve Account ("MRA")	(1)	(0)	(0)	(1)	(2)	(3)	(0)	(0)	1	2	3	(0)	1	5	9	5
Cash flow available for debt service	154	156	160	162	165	167	171	174	180	181	186	188	191	197	203	264
Capex	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Interest and fees – construction	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
DSRA (initial drawdown)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Cash flow after construction costs	154	156	160	162	165	167	171	174	180	181	186	188	191	197	203	264
VAT Credit on Investments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VAT facility sell down proceeds	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VAT refund	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Cash flow after VAT	154	156	160	162	165	167	171	174	180	181	186	188	191	197	203	264
Public grant drawdown	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other facilities	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Senior debt movement	(35)	(38)	(42)	(46)	(50)	(54)	(59)	(64)	(70)	(75)	(81)	(87)	(93)	(101)	(109)	(60)
Interest - Senior debt	(53)	(51)	(49)	(47)	(45)	(42)	(39)	(36)	(33)	(29)	(26)	(21)	(17)	(12)	(7)	(2)
Escrow movement	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Subordinated debt movement	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other net financing costs	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	0
Cash flow after financing	66	67	68	69	70	71	72	73	77	77	79	79	81	83	86	203
Equity injection	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Shareholders' loan movement	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Interest - Shareholders' loan	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Dividends	(59)	(64)	(68)	(73)	(78)	(87)	(94)	(100)	(94)	(77)	(79)	(79)	(81)	(83)	(86)	(203)
Cash movement	7	3	0	(4)	(8)	(16)	(22)	(27)	(18)	0	-	-	-	-	-	-
Cash end of period - including escrow	92	95	95	91	84	68	47	20	2	2	2	2	2	2	2	2
Senior balance - end of period	1,032	993	951	905	855	801	742	678	607	532	451	364	271	170	60	0
Escrow balance - end of period	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
DSRA+MRA balance - end of period	64	65	66	69	71	75	77	79	79	79	76	78	78	74	67	-
Net senior debt - end of period	876	833	789	745	700	658	619	579	526	452	372	284	191	93	(9)	(2)
Junior balance - end of period	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
12-month backward Debt Service Coverage Ratio	1.8x	1.7x	1.7x	1.7x	1.7x	1.7x	1.7x	1.7x	1.7x	1.7x	1.7x	1.7x	1.7x	1.7x	1.7x	N/A
12-month forward Debt Service Coverage Ratio	1.7x	1.7x	1.7x	1.7x	1.7x	1.7x	1.7x	1.7x	1.7x	1.7x	1.7x	1.7x	1.7x	1.7x	4.3x	N/A
Debt Life Coverage Ratio	1.9x	1.9x	1.9x	1.9x	1.9x	2.0x	2.0x	2.0x	2.0x	2.1x	2.2x	2.3x	2.5x	3.3x	N/A	N/A

¹ Consists of cash amounts received from payment of the Availability Fee

² Includes cash components only

15 MONTH CONSTRUCTION DELAY

+

5% INCREASE OF EPC COST

€mm	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031
Revenue ¹	-	-	-	-	-	172	179	187	195	204	213	223	233	244	250
Operating costs ²	-	-	-	-	-	(24)	(25)	(25)	(25)	(25)	(26)	(26)	(26)	(27)	(27)
Gross cash margin	-	-	-	-	-	147	155	162	170	179	188	197	207	218	223
Delta Net Working Capital	18	5	(7)	(1)	0	(14)	0	0	0	0	0	0	0	0	0
Tax ²	-	(5)	(1)	(3)	(3)	(3)	(26)	1	(17)	(20)	(23)	(27)	(31)	(34)	(37)
Maintenance capex	-	-	-	-	-	-	-	(1)	(1)	(1)	(2)	(2)	(5)	(8)	(8)
Delta Debt Service Reserve Account ("DSRA")	-	-	-	-	-	(3)	(1)	(1)	(1)	(1)	(2)	(2)	(2)	(1)	(2)
Delta Maintenance Reserve Account ("MRA")	-	-	-	-	-	(1)	(1)	(1)	(0)	(1)	(3)	(5)	(3)	(0)	(0)
Cash flow available for debt service	18	0	(8)	(4)	(3)	126	127	161	150	155	158	162	167	175	176
Capex	(281)	(546)	(482)	(246)	(249)	-	-	-	-	-	-	-	-	-	-
Other	(37)	(2)	(2)	28	28	-	-	-	-	-	-	-	-	-	-
Interest and fees – construction	(63)	(46)	(58)	(67)	(77)	-	-	-	-	-	-	-	-	-	-
DSRA (initial drawdown)	-	-	-	-	(31)	-	-	-	-	-	-	-	-	-	-
Cash flow after construction costs	(363)	(594)	(551)	(289)	(331)	126	127	161	150	155	158	162	167	175	176
VAT Credit on Investments	(52)	(92)	(87)	(54)	(55)	-	-	-	-	-	-	-	-	-	-
VAT facility sell down proceeds	36	83	91	54	53	13	-	-	-	-	-	-	-	-	-
VAT refund	-	5	0	0	0	0	-	-	-	-	-	-	-	-	-
Cash flow after VAT	(378)	(597)	(547)	(289)	(333)	140	127	161	150	155	158	162	167	175	176
Public grant drawdown	67	140	160	-	-	-	-	-	-	-	-	-	-	-	-
Other facilities	131	13	(144)	-	-	-	-	-	-	-	-	-	-	-	-
Senior debt movement	1,221	-	-	-	-	(2)	(6)	(8)	(10)	(12)	(15)	(19)	(24)	(28)	(31)
Interest - Senior debt	-	-	-	-	-	(61)	(61)	(61)	(60)	(60)	(59)	(58)	(57)	(56)	(54)
Escrow movement	(1,221)	169	458	123	470	-	-	-	-	-	-	-	-	-	-
Subordinated debt movement	350	-	-	-	(137)	-	(123)	(81)	(40)	-	-	-	-	-	-
Other net financing costs	-	-	-	-	-	(0)	(12)	(11)	(3)	(0)	(0)	(0)	(0)	(0)	(0)
Cash flow after financing	169	(274)	(72)	(167)	0	77	(76)	0	38	82	83	84	86	90	91
Equity injection	15	95	5	-	-	-	-	-	-	-	-	-	-	-	-
Shareholders' loan movement	-	-	130	100	-	-	-	-	(31)	(72)	(77)	(81)	(8)	-	-
Interest - Shareholders' loan	-	-	-	-	-	-	-	-	(6)	(10)	(7)	(3)	(0)	-	-
Dividends	-	-	-	-	-	-	-	-	-	-	-	-	(78)	(90)	(91)
Cash movement	184	(179)	63	(67)	0	77	(76)	0	0	(0)	0	0	-	-	-
Cash end of period - including escrow	184	5	67	1	1	78	2	2	2	2	2	2	2	2	2
Senior balance - end of period	-	169	628	751	1,221	1,219	1,213	1,206	1,196	1,183	1,168	1,149	1,125	1,097	1,066
Escrow balance - end of period	1,221	1,052	593	470	-	-	-	-	-	-	-	-	-	-	-
DSRA+MRA balance - end of period	-	-	-	-	31	34	36	38	39	41	46	53	58	59	61
Net senior debt - end of period	(1,405)	(887)	(33)	280	1,190	1,107	1,175	1,166	1,155	1,140	1,120	1,093	1,065	1,036	1,003
Junior balance - end of period	350	350	350	350	213	232	121	40	-	-	-	-	-	-	-
12-month backward Debt Service Coverage Ratio	N/A	N/A	N/A	N/A	N/A	N/A	1.9x	2.3x	2.1x	2.1x	2.1x	2.1x	2.1x	2.1x	2.1x
12-month forward Debt Service Coverage Ratio	N/A	N/A	N/A	N/A	N/A	1.9x	2.3x	2.1x	2.1x	2.1x	2.1x	2.1x	2.1x	2.1x	2.1x
Debt Life Coverage Ratio	N/A	13.5x	3.8x	3.4x	2.2x	2.2x	2.2x	2.2x	2.2x	2.2x	2.2x	2.2x	2.2x	2.2x	2.3x

¹ Consists of cash amounts received from payment of the Availability Fee

² Includes cash components only

€mm	2032	2033	2034	2035	2036	2037	2038	2039	2040	2041	2042	2043	2044	2045	2046	2047
Revenue ¹	257	263	270	277	284	291	299	307	315	320	325	331	336	342	348	354
Operating costs ²	(27)	(28)	(28)	(28)	(29)	(29)	(30)	(30)	(31)	(31)	(32)	(32)	(33)	(33)	(33)	(34)
Gross cash margin	229	236	242	248	255	262	269	276	284	289	294	299	304	309	315	320
Delta Net Working Capital	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Tax ²	(38)	(40)	(42)	(44)	(46)	(49)	(51)	(54)	(57)	(60)	(61)	(63)	(65)	(68)	(70)	(73)
Maintenance capex	(8)	(8)	(9)	(9)	(9)	(10)	(10)	(11)	(13)	(13)	(13)	(13)	(12)	(10)	(11)	(11)
Delta Debt Service Reserve Account ("DSRA")	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(2)	(1)	(1)	(1)	(1)	(1)	(2)	(2)	62
Delta Maintenance Reserve Account ("MRA")	(1)	(1)	(1)	(0)	(1)	(2)	(3)	(2)	(0)	0	1	2	3	5	9	5
Cash flow available for debt service	182	186	190	194	198	201	204	208	214	215	220	224	228	235	241	303
Capex	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Interest and fees – construction	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
DSRA (initial drawdown)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Cash flow after construction costs	182	186	190	194	198	201	204	208	214	215	220	224	228	235	241	303
VAT Credit on Investments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VAT facility sell down proceeds	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VAT refund	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Cash flow after VAT	182	186	190	194	198	201	204	208	214	215	220	224	228	235	241	303
Public grant drawdown	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other facilities	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Senior debt movement	(35)	(38)	(42)	(46)	(50)	(54)	(59)	(64)	(70)	(75)	(81)	(87)	(93)	(101)	(109)	(60)
Interest - Senior debt	(53)	(51)	(49)	(47)	(45)	(42)	(39)	(36)	(33)	(29)	(26)	(21)	(17)	(12)	(7)	(2)
Escrow movement	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Subordinated debt movement	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other net financing costs	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	0
Cash flow after financing	94	96	98	100	103	104	106	107	110	110	113	115	118	121	124	242
Equity injection	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Shareholders' loan movement	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Interest - Shareholders' loan	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Dividends	(94)	(96)	(98)	(100)	(103)	(104)	(106)	(107)	(110)	(110)	(113)	(115)	(118)	(121)	(124)	(242)
Cash movement	-	-	-	-	-	-	-	-	-	-	-	0	-	-	-	-
Cash end of period - including escrow	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2
Senior balance - end of period	1,032	993	951	905	855	801	742	678	607	532	451	364	271	170	60	0
Escrow balance - end of period	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
DSRA+MRA balance - end of period	63	65	66	68	69	72	76	79	80	81	81	79	78	74	67	-
Net senior debt - end of period	967	927	883	835	784	727	664	597	525	449	368	283	191	93	(9)	(2)
Junior balance - end of period	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
12-month backward Debt Service Coverage Ratio	2.1x	2.1x	2.1x	2.1x	2.1x	2.1x	2.1x	2.1x	2.1x	2.1x	2.1x	2.1x	2.1x	2.1x	2.1x	N/A
12-month forward Debt Service Coverage Ratio	2.1x	2.1x	2.1x	2.1x	2.1x	2.1x	2.1x	2.1x	2.1x	2.1x	2.1x	2.1x	2.1x	2.1x	4.9x	N/A
Debt Life Coverage Ratio	2.3x	2.3x	2.3x	2.3x	2.3x	2.3x	2.3x	2.4x	2.4x	2.5x	2.6x	2.7x	3.0x	3.8x	N/A	N/A

¹ Consists of cash amounts received from payment of the Availability Fee

² Includes cash components only

APPENDIX 3 – ARCADIS INDEPENDENT TECHNICAL ADVISER REPORT

JUNE 2017

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VERSION CONTROL

Issue	Revision No.	Date Issued	Description of Revision: Comment	Reviewed by:
1	V.1.0	17/12/15	Draft for fact verification and comment by SPV	N Rouse
2	V2.0	08/01/15	Revised draft following commercial negotiations between the Project Company and the Agent	N Rouse
3	V3.0	22/01/16	Revised following comments from SPV	N Rouse
4	V4.0	27/01/16	Revised following further analysis of termination scenarios	N Rouse
5	V5.0	28/01/16	Revised following final comments from the SPV	N Rouse
6	V6.0	03/01/16	Revised following comments from SPV's legal advisor	N Rouse
7	V7.0	16/02/16	Revised following review of integrated schedule	N Rouse
8	V8.0	18/04/16	Revised following review of latest contractual documents	N Rouse
9	V9.0	10/06/16	Revised following review of milestones schedule and pavement maintenance programme	N Rouse
10	V10.0	20/06/16	Reviewed following final comments from SPV	N Rouse
11	V11.0	24/05/17	Updated to reflect the re-negotiated contracts	N Rouse

12	V12.0	06/06/17	Incorporated SPV's comments	N Rouse
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APPENDICES

APPENDIX A

TA’s Scope of Work

APPENDIX B

List of Documents Reviewed by the TA

APPENDIX C

Glossary

Limitations & Exclusions

This report is not intended to be a complete summary of the technical issues related to the Superstrada Pedemontana Veneta toll road. It is intended to highlight certain material issues identified by Arcadis within the limitations of time and information which were made available to us.

The reliance on this report is limited to parties identified in our Letter of Engagement and associated Terms and Conditions. No other party can rely on the information contained in this report without our express written consent.

This is a technical report dealing with the relevant aspects of this transaction. Whilst comments are made throughout the report, these are by their nature selective and should not be taken as identifying the only areas where potential investors have risk.

Our report and opinions presented herewith are subject to the following conditions and limitations:

- In our review and analysis, and in arriving at our conclusions, we have assumed and relied upon the accuracy and completeness of all of the information provided to us (both written and oral) by the Concessionaire and its advisors and on the information which is publicly available. We have neither attempted independently to verify, nor assumed responsibility for verifying, such information.
- All estimates and projections in our report are based on our experience and judgment and upon a review of information provided to us, interview(s) with relevant personnel and a review of other publicly available reports and information. Our estimates and projections are not necessarily indicative of actual values or predictive of future results, which may ultimately be more or less favourable than those suggested by our report and are therefore subject to variations depending on the approach and implementation.
- This report is necessarily based upon information made available to us as of the date of our report. It should be understood that subsequent developments may affect the estimates or projections expressed in the report and cannot be predicted with certainty. We specifically do not guarantee or warrant any estimate or projections contained in our report.
- Certain statements made in the report that are not historical facts may constitute estimates, projections or other forward-looking statements and even though we believe that such forward-looking statements are reasonable and are based on reasonable assumptions as of the date in the report, such forward-looking statements by their nature involve risks and uncertainties that could cause actual results to differ materially from the results predicted.
- Where appropriate, we have used our best endeavours to assess the material impact of condition, gaps and deficiencies in the information provided, and incomplete responses to issues raised.
- We disclaim any undertaking or obligation to advise any person of any change in any matter affecting this report, which may come or be brought to our attention after the date of this report.

1 Executive Summary

1.1 Introduction

Arcadis was appointed as the Technical Advisor (the TA) by Superstrada Pedemontana Veneta S.p.A. (SPV or the Concessionaire) in November 2015 to carry out technical due diligence of the Superstrada Pedemontana Veneta toll road (the Project) on behalf of future funders.

The Superstrada Pedemontana Veneta Project entails design, construction and subsequent operation of a new grade separated dual carriageway connecting provincial centres of Vicenza and Treviso in the Veneto region of Italy.

The total Project budget is €2,258m. It includes construction costs of €1,640m, €57m provision for safety measures and an expropriation allowance of €312m. The payment mechanism is availability-based, with the Grantor taking the risk of the traffic volumes.

The final designs for the Project were completed and approved in 2013 (the Final Designs), together with the necessary environmental permits. The Project is currently under construction and the remaining construction period is just over 3 years. This will be followed by a 39-year period of operations.

1.2 Scope, Limitations and Exclusions to TA's Review

The purpose of this report is to review, from a technical perspective, the design, deliverability, construction, maintenance and contractual aspects of the Project in accordance with the TA's scope of works, which is presented in Appendix A to this report. The TA's primary role is to assess the viability of the Project and, in doing so, identify potential material risks to future Funders.

The TA has reviewed the Concession Agreement, its Amendment and Annexes, as well as draft versions of the Engineering, Procurement and Construction (EPC) and Operation and Maintenance (O&M) Contracts. The Concessionaire's detailed cost estimates, a high level Project schedule and documents forming part of the Final Design were also subject of TA's review.

1.3 Project Overview and Structure

The Project comprises the following main elements:

- 94.6km of a new built grade separated carriageway
- 68.3km of regional and secondary roads
- Two bored tunnels
- 5 viaducts
- 32 cut and cover tunnels
- 3 motorway interchanges
- 14 junctions
- Numerous overbridges and underpasses

The Concession Agreement was signed in 2009 and amended in 2013 and in 2017. The Concessionaire, EPC and O&M contractors are formed from companies owned by Sacyr S.A. and FININC S.p.A – two major, experienced PPP construction companies with a successful track record of working together on highway schemes of similar scope and complexity. Figure 1 shows a simplified contractual structure of the Project.

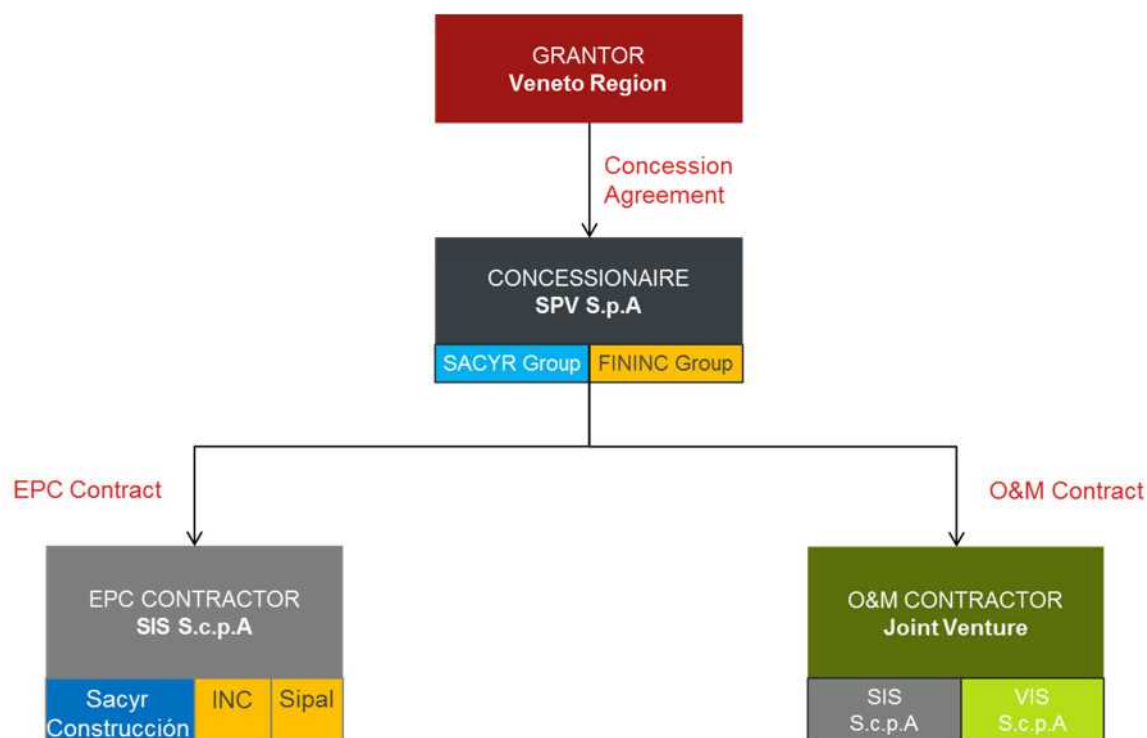


Figure 1 Simplified Contractual Structure

1.4 Key Project Risks

1.4.1 Overview

As a result of the technical due diligence review conducted by the TA, the TA is satisfied that the Project represents a fairly standard road infrastructure development. There are no new or unproven technologies proposed. With exception of a few issues noted further in this section, the Consortium's approach to design and construction follows well established standards and parameters. Land Acquisition is well progressed and is not expected to present significant difficulties. The necessary investigations have been carried out, design and environmental approvals have been obtained. Construction commenced in 2011 and over 27.3% of the work has been completed so far.

The TA has carried out independent cost benchmarking for key project elements and concluded that the level of construction costs is well considered. The Project budget was developed following a detailed and thorough approach.

Overall, the TA is confident that the Consortium has addressed all aspects of project development in a diligent and competent manner. The Consortium and its main subcontractors consist of major European construction companies who have PPP experience and a track record in delivering projects of a similar nature.

The TA's review of the Project's contractual structure shows that, in general, the transfer of risks between the Project parties is appropriate.

The TA has identified four key areas of uncertainty or potential risk:

- Contractual framework and a relatively low level of securities provision in the EPC and O&M contracts
- The Consortium's whole-life pavement design approach
- Malo tunnel
- Secondary roads

The nature of these risks and the TA's opinion on their potential impact are summarised below.

1.4.2 Contractual Framework

The Concession Agreement contains a number of provisions which are favourable to the Concessionaire, including:

- a low performance guarantee of 5%
- extremely low delay penalties of €25,000 per month
- relatively low performance penalties, capped at 15%
- absence of prescriptive contract management requirements
- absence of long stop dates and termination for delay provisions
- revenue protection provisions.

Such a benign¹ contractual framework is relatively unusual, when compared with other major European public-private partnership transport infrastructure schemes. The favourable nature of the Concession Agreement is somewhat offset by absence of a cap on the liability of the Concessionaire.

The EPC Contract explicitly provides for a full back-to-back transfer of all liabilities of the Concessionaire arising under the Concession Agreement to the EPC Contractor. However, the benign nature of the Concession Agreement results in transfer of the securities and penalties regime which is relatively lightweight to the EPC Contract. In the opinion of the TA, the EPC securities provisions are below those typically seen on projects of similar type and size in Europe and may not offer sufficient incentives for the EPC Contractor's performance. It should be noted, however, that the EPC Contractor is a major shareholder in the Concessionaire company and, therefore, has a direct interest in the commercial success of the Project. The EPC Contractor had proposed additional securities in an effort to address this issue. A summary of the securities provisions is presented in Table 1.

Security	Concession Agreement	EPC
Performance guarantee	5% of construction costs	5% of construction costs (back to back with the Concession Agreement) An additional 3% on demand performance bond.
Termination liability cap	None	None
Advance payment guarantee	-	Advance payment bond sized to the same value of the advance payment
Warranty Period		2 years after start of services
Delay Penalties	€25,000 per month	€25,000 per month
Latent defects		10-year insurance (Decennial liability insurance). Insurance taken out by the Concessionaire but paid by the EPC Contractor
Insurance		Construction all risks. Insurance taken out by the Concessionaire but paid by the EPC Contractor

¹ The maximum amount of penalties to be charged to the Concessionaire is 10% of the construction costs during the construction phase and 15% of the annual availability fee during operation phase; in case the maximum amount is charged for two consecutive years, the Grantor has a right to terminate the Concession Agreement. Given the low level of penalties, such a scenario is extremely unlikely.

Table 1 EPC Securities Provisions.

The TA has developed independent calculations of base case scenarios involving termination and replacement of the EPC Contractor during the construction period. The calculations give a range of additional costs amounting to 3-6% of the value of the construction works. The TA therefore considers the current guarantee proposed by the EPC Contractor to be acceptable.

The Concession Agreement sets out a performance regime, payment mechanism and penalties. The performance regime is focussed on maintaining the condition of the asset and sets out clear reporting requirements through a set of quality indicators. Overall, the performance regime is benign and is within a capability of a competent operator. The performance penalties are capped at 15% of the annual availability fee.

The draft O&M Contract transfers all O&M duties to the O&M Contractor for a fixed price. The unit prices for renewal works are agreed, but are not included in the fixed price. The O&M contract explicitly transfers the responsibility for achieving the set performance indicators to the O&M contractor. The O&M Contractor's penalties are capped at 15% of its annual fee, which is significantly lower than the annual availability fee. This creates potential for Concessionaire's exposure to performance penalties arising due to the fault of the O&M contractor.

1.4.3 Pavement Design Approach

The pavement solution chosen by the EPC Contractor is typical for this type of road and the materials are widely used. However, the TA raised concerns about the thickness of the bituminous layers and the consequential life expectancy of the pavement structure in the course of the due diligence review.

The Consortium's capital maintenance philosophy, which has been verified by through an assessment of an independent consultant, assumes that the pavement will reach the 20 year design life provided that 5-yearly maintenance interventions take place. Renewal work and increase to the base layer thickness is scheduled in year 20 to manage the deterioration of the pavement for the remainder of the Concession. In the TA's opinion, in the higher traffic sections the pavement is somewhat "under-designed" and may require more frequent maintenance interventions and/or earlier base layer renewals works to maintain pavement condition in line with the Concession Contract requirements. This risk is passed through to the O&M Contractor.

The TA understands that the current O&M budget does not contain a contingency for the unscheduled works on base or top layers, as the Concessionaire is confident that its maintenance approach will guarantee the specified pavement condition. The TA recommends that introduction of such a contingency, estimated at €5-8m, is considered to ensure that the risk of higher capital maintenance costs is mitigated.

The Concessionaire stated that the traffic volumes which formed the basis for calculations of the pavement design are significantly higher than the volumes set out in the current Concession Agreement. The Concession Agreement also contains provisions for increase in availability fee, should the set traffic volumes be exceeded. Both of these factors should also serve as a mitigation to the potential risk of increased pavement maintenance costs.

1.4.4 Malo Tunnel

The Project includes the design and construction of two bored tunnels, both in Lot 1: Sant' Urbano (km4+511-km6+018 on Lot 1B) and Malo (km11+190-km-km17+000 on Lot 1C). The construction of the Sant' Urbano tunnel is nearly finished, with tunnelling works complete and finishing works (coating, pavement, lighting) nearing completion. It presented no issues. The work on the 5.8km Malo tunnel has commenced and presents a higher level of uncertainty.

The geology of the Malo tunnel site is varied and combines stronger basalt rock and softer alluvial soils. This makes construction more complex but still well within the competence of an experienced contractor. The EPC Contractor has carried out all appropriate investigations and prepared detailed methodology that is suitable for the variety of ground conditions expected in the tunnel.

The main tunnelling method is conventional face excavation and sprayed concrete lining to provide primary support. Excavation is by both mechanical means and blasting and the EPC Contractor estimates that 931m of basalt bedrock is to be mined using explosives. A variety of different primary support methods are proposed, depending on the ground conditions.

The proposed tunnelling method is in common use and is usually safe for use by a competent contractor with appropriate experience. There are risks inherent in tunnelling by this method, and these can be usually be mitigated by the provision of good geological control on site with probing ahead of the tunnel face, geological mapping and a flexible approach to the support system, together with a contingency plan should the conditions rapidly deteriorate due to faulting or igneous inclusions. The Concessionaire confirmed that the risk of unexpected ground conditions should fall under the provisions of the provisions of art. 132b of the Italian Public Contracts Code and should be taken by the Grantor.

Despite the competent preparation and monitoring put into place by the EPC contractor, a fatal accident has occurred during the excavation of Malo tunnel in April 2016 at the intersection of a short access gallery and the main tunnel approx. 0.5 km from the North portal (Treviso side). This access gallery allows direct access to the rock tunnel section and is supposed to be the main excavation site for the Malo tunnel. The safety investigation by the authorities is ongoing, and no conclusion has been reached at the time of writing of this report. The access to the tunnel via the short access gallery had been restricted after the accident in April 2016, preventing the EPC contractor from progressing the excavation from the northern end.

Authorization to proceed with excavation was given by the Authorities in Spring 2017, provided that the EPC contractor uses a specific type of support recommended by the Authorities' advisor. The EPC contractor rejected the advisor's recommendation and chose to enter a dispute procedure, questioning the competence of the Authorities' advisor and requesting that an independent consultant is appointed to develop an unbiased recommendation for a technical solution. The dispute procedure is still in progress at the time of writing this report. Access restriction to the tunnel construction area should be lifted once the final verdict of the court procedure is made. An independent technical advisor has been appointed and will present its findings to the Authorities in July 2017. A date for the possible lifting of the access restrictions is currently not known, although the EPC Contractor expects access to be re-established in July-August this year.

The construction schedule demonstrates that the Malo tunnel works are the most critical element of the Project and dictate overall construction duration. The construction works on the whole route, except the Malo tunnel section, are scheduled for completion by the end of December 2019. The Malo tunnel section is shown as being completed on 11 September 2020, i.e. the contractual completion date.

The restriction of access to the northern end of the tunnel meant that no work has been carried out in the rock strata at that end of the tunnel over the last 12 months, although excavation at the portals continued. The EPC contractor has provided a recovery work schedule, with two options for compensating for the time lost and allowing to finish excavation in time for the contractual completion date. This recovery schedule is dependent on the outcome of the juridical procedure mentioned above and third party approvals in order to regain access to the rock excavation face at the intersection between the access gallery and the main tunnel close to the Treviso side portal. The recovery schedule also assumes an increase in production rates, with the EPC contractor moving to a three shift pattern of excavation.

The EPC Contractor is confident that it will be able to achieve the contractual completion date for the Malo tunnel. The TA notes that the recovery schedule is dependent on third party approvals, the timing of which is uncertain. The TA also has concerns that the proposed recovery schedule further risks (increased mean daily advance rate based on the same geological information, less margin for recovery of the schedule in case of unexpected events and unfavourable ground conditions) for completion of the excavation at indicated dates. The TA is of the view that although the proposed recovery schedule is achievable, the delay of 6 to 12 month to the completion of Malo tunnel excavation is a realistic possibility.

1.4.5 Secondary Roads

The scope of the Concession Agreement currently includes design, construction, operations and maintenance of 68km of secondary roads. The inclusion of such a substantial length of secondary roads in the scope of O&M services is of concern, as this is likely to reduce efficiency of maintenance operations and

increase O&M costs. Although construction of access roads and secondary roads is frequently included in the scope of road PPPs, this local infrastructure, once built, is usually handed over to the local and municipal authorities for operations and maintenance. The Consortium stated that it has reached an agreement in principle with the Grantor that the relevant Concession Agreement provisions will be changed and the majority of local roads will be passed on to the municipal and local authorities in the future. The Consortium intends to formalise this agreement at the end of the construction period.

If secondary access roads remain in the scope and if their condition is to have an effect on the on-going maintenance requirements, it is recommended that a condition survey is carried out (if one has not already been undertaken) to establish a baseline for handover and any financial agreements.

2 Introduction

2.1 Overview

Arcadis was appointed as the Technical Advisor (the TA) by Superstrada Pedemontana Veneta S.p.A. (SPV or the Concessionaire) in November 2015 to carry out technical due diligence review of the Superstrada Pedemontana Veneta toll road project (the Project) on behalf of future funders.

The Project is situated in the Veneto Region and will relieve considerable traffic congestion problems by providing a total of 94.6 km of new tolled dual carriageway and 68km of secondary regional roads.

In 2009 the Concessionaire was awarded the contract to design, finance, build, operate and maintain the Project. The design and construction period is nine years and four months and the concession period is 39 years from the date of commissioning of the last tranche of road. The Project design was completed in stages and Final Design approved in 2013. Construction started in 2011 and over 27.3% of the works have been completed so far, financed through a combination of the Public Subsidy and the Concessionaire's equity. The remaining construction period is just over three years.

In October 2015 the Concessionaire gained access to all the necessary parcels of land, thus triggering the contractual construction start date. It is now in the position to accelerate the works and is therefore looking to finalise the financing of the Project.

2.2 Our Approach

The TA's approach to this role has been to focus on risks, in particular those risks that could be material to the Funders' interests, and to propose how such risks may be further mitigated.

The TA has principally focused on the processes and methodologies employed by SPV and its contractors. Where necessary, the TA has examined specific issues in more detail to achieve a more comprehensive understanding of the key risks and Concessionaire's responses to these risks.

In order to provide the potential Funders with a thorough understanding of the technical aspects of the Project, the TA has highlighted potential issues and concerns. Where appropriate, the TA has carried out independent benchmarking and comparison of key aspects of the Project with other European schemes of similar size and complexity.

The TA has updated the report in May 2017 to reflect changes in the contractual structure and progress made on site since the initial due diligence was carried out.

2.3 Scope of the Review

The TA review has concentrated on the Final Design, which has been developed by the SPV and approved by the Grantor and relevant authorities in 2013, and the review of:

- The Concession Agreement, version provided to LTA on the 22nd May 2017 (English translation)
- Addendum to the Concession Agreement, 18 December 2013 (English translation)
- Draft EPC Contract, 24th May 2017 (English translation)
- Draft O&M Contract, 24th May 2017(English translation)

- Interface Agreement, 11th April 2017 (English translation)
- Capex cost breakdown and O&M cost schedule
- Integrated Project schedule, 9th May 2017.

A full list of all information reviewed in the course of the TA's due diligence is presented in Appendix B. A one-day kick-off meeting with the Consortium has been held on 11 November 2015. Information provided at this meeting and subsequent exchange of information via an issues log were also considered during this review.

A discussion of the EPC commercial package provisions took place between JP Morgan and the SPV on December 29, 2015. The outcomes of this discussion are reflected in this report.

An update meeting with the SPV took place on 27th April 2017, to discuss progress on site and amendments to the Malo Tunnel schedule. Information received during this meeting and subsequently formed the basis for the update of this report in May 2017.

The TA's best professional judgement was used to develop opinions provided in this report. It should be noted that any subsequent information or action that may arise after the issue of this report might impact on the conclusions contained therein.

2.4 Key Project Information

The route of the Pedemontana Veneta project passes to the north of Venice and connects two provincial centres of Vicenza and Treviso. The road passes through 36 municipalities. When completed, the Project will serve the industrial hinterland of Veneto region and will connect to the existing motorway network (A4 and A31 at the western end and A27 in the east). Figure 2 shows the Project route.

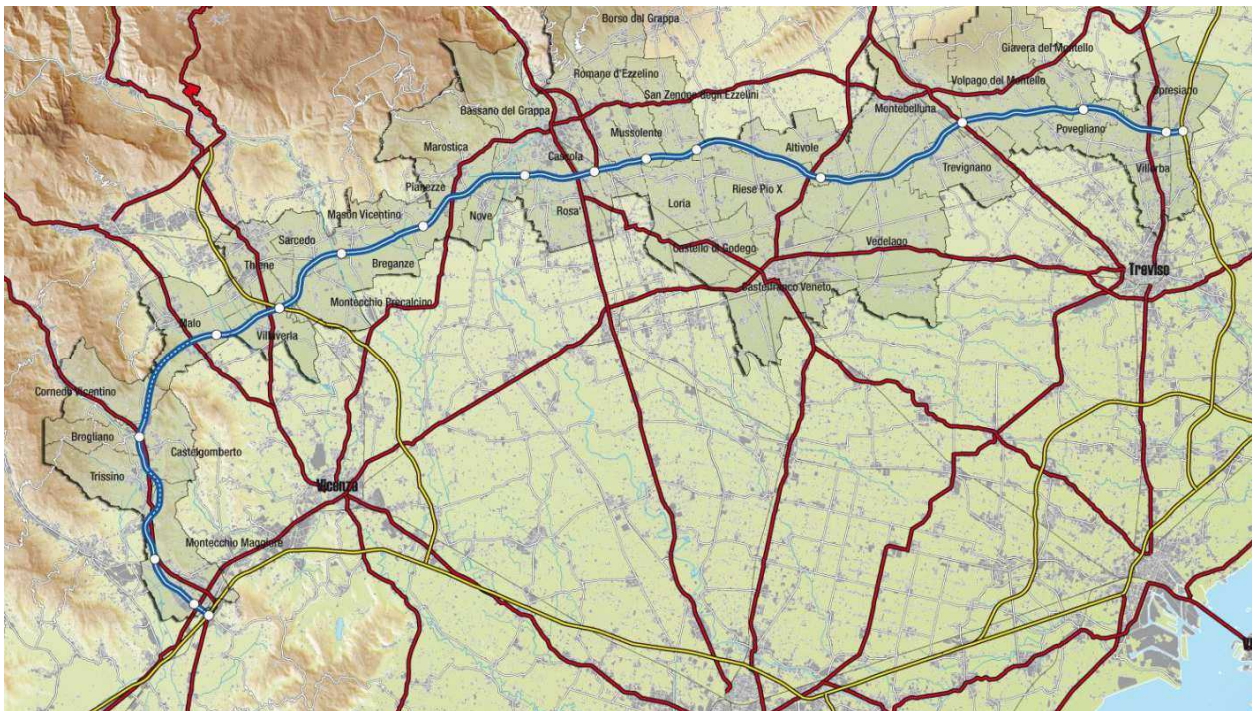


Figure 2 Project Route.

The need for the Project has arisen due to insufficient road capacity in this part of Veneto region, which resulted in severe traffic congestion. The situation has caused the Italian Government to announce a state of emergency and to appoint a Special Commissioner (the Commissioner) in order to facilitate and optimise the approval processes needed to develop and commence the Project. The Special Commissioner was replaced by a Regional Commissioner in January 2017.

The Project is a grade separated dual carriageway and is classified as a category B in the Italian design classification. It has limited access, acceleration and deceleration lanes and an emergency lane, as well as service and parking areas. The assigned speed limit is 110 km/h, although the design parameters meet the requirements for 130km/h speed.

The alignment passes mostly through an agricultural plane with the exception of a section at the western end which crosses some foothills of the Alps. This is the section that includes two most significant structures of the Project, the Sant' Urbano and Malo tunnels. The majority of the alignment is in cuttings due to the requirements to reduce the noise and visual impact of the road in a densely populated area. Therefore the Project involves a significant amount of earthworks, retaining walls and diaphragm walls and 32 cut and cover tunnels. There are three motorway interchanges at the A4, A27 and A31 and 14 other junctions. With the exception of the bored Sant' Urbano and Malo tunnels and the 422m long Brenta viaduct, the Project's structures are of standard design and construction.

In addition to the construction of the main alignment, the design includes improvements of local roads in the proximity to the motorway and construction of 68km of secondary roads as part of the infrastructure development. These roads will either replace existing roads that are to be removed for the motorway alignment or will provide access to it.

The motorway will be tolled using a closed toll system with the usual Italian technologies (telepass, manual payment and automatic payment), which will require users to take a ticket on entry to the motorway and to make payment when leaving it. Toll discounts will be provided for light vehicles owned by private users having place of residence inside 71 specific municipalities.

A detailed description of the engineering characteristics of the Project is provided in Section 4.

2.5 Project Structure

The relationship between project participants is presented in Figure 3. The Concessionaire SPV S.p.A. is a partnership of SIS S.c.p.A. and Itínere Infraestructuras S.A, companies owned by Sacyr S.A. and FININC S.p.A.

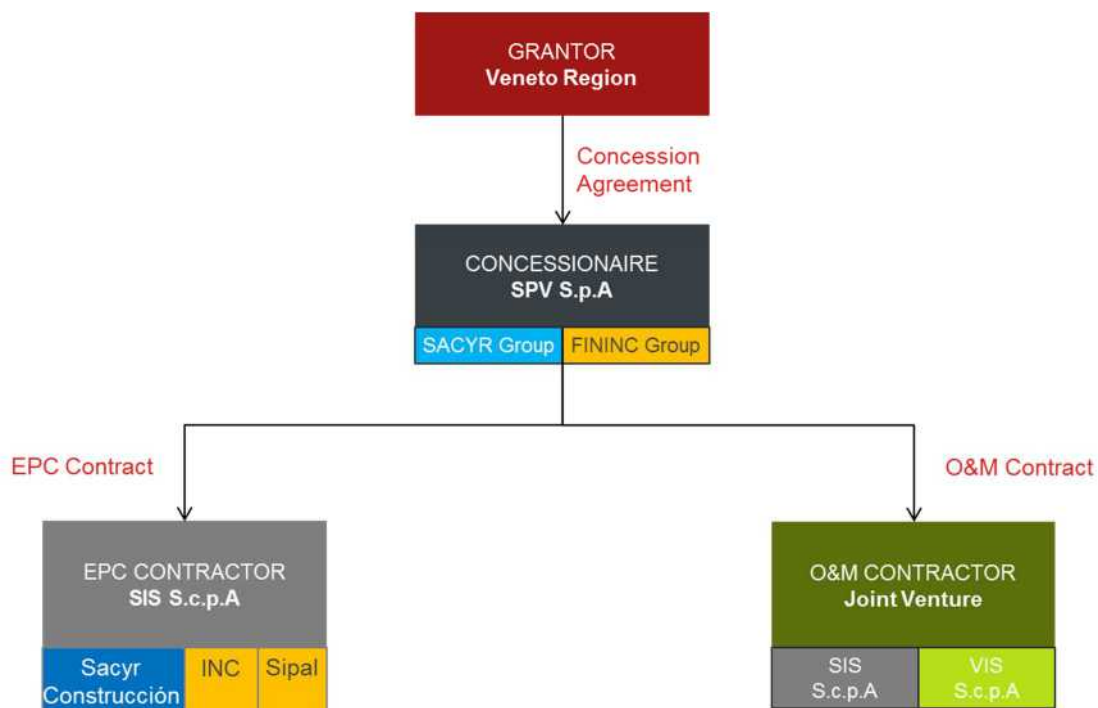


Figure 3 Contractual Structure.

3 Contractual Review

3.1 Introduction

This section focusses on provisions of the Concession Agreement, EPC and O&M Agreements (Project Agreements) which give rise to comments of technical nature.

The following versions of the contractual documents have been reviewed by the TA:

- The Concession Agreement, version provided to LTA on the 22nd May 2017 (English translation)
- Addendum to the Concession Agreement, 18 December 2013 (English translation)
- Draft EPC Contract, 24th May 2017 (English translation)
- Draft O&M Contract, 24th May 2017 (English translation)
- Interface Agreement, 11th April 2017 (English translation)

This section will concentrate on the key issues arising from our review of technical aspects of the project agreements and appropriateness of the risk transfer between Project parties.

3.2 Concession Agreement

3.2.1 Overview

The original Concession Agreement was signed on 21 October 2009, and defined obligations of the Concessionaire and the Grantor regarding development, financing, construction and operation of the Project. The Concession Agreement was further expanded by an Addendum signed on 18 December 2013, which captures specific provisions arising as a result of changes in the regulatory requirements and the development of Project design. These included:

- Revised (increased) subsidy values, including payment details for the subsidy
- Revised scope of the Concession (increased length of regional roads included in the scope)
- Outcomes of regional committees' decisions regarding the Project
- Legislative changes
- Revised toll charges including local resident toll charge exemptions
- Detailed annual revenue share arrangement
- Construction delay penalty (€25k per month)
- Revised budgets (Capex and OPEX) and expenditure profile.

The Concession Agreement was subsequently re-negotiated in 2016/17, with a new Agreement signed on 29 May 2017 to reflect, *inter alia*, the following material changes:

- The change of the payment mechanism from traffic –based tolls to availability fee, with the Concessionaire retaining the responsibility for toll collection on behalf of the Grantor
- Introduction of an annual availability payment, which is indexed and payable in monthly instalments by the Grantor to the Concessionaire
- Addition of a Government grant of €300,000,000 for the construction phase.

The Concession Agreement defines the construction period as approximately 5 years (1,800 calendar days) from the date when all necessary land parcels become available to the Concessionaire. The operations period is 39 years from the date of commissioning of the final road section. The contract provides the boundary limits of the concession which includes 94.6 km of the motorway and 68 km of secondary roads.

The Concession Agreement does not contain a detailed specification for the management of the concession which is usually seen on other European PPP. Instead, it provides a high level functional requirement for the Project and relies on provisions of the Italian law to govern technical compliance.

Examples of this “broad” approach include absence of specific monthly reporting requirements from the Concessionaire to the Grantor during the construction² and operations period and the absence of any meeting schedule that the Concessionaire should adhere to. Both of these provisions are frequently included in the concession agreements of European infrastructure PPPs and are usually aimed at giving Grantor control and visibility of the progress.

3.2.2 Performance Regime

Under the Concession Agreement, the Grantor takes the toll revenue risk and has the responsibility for setting up the toll levels. The Concessionaire is responsible for providing the infrastructure and operating and maintaining it in line with two “quality indicators”, listed in Attachment E to the Concession Agreement. The indicators are monitored on an annual basis and designed to measure safety and the condition of the pavement surface. There are no specific indicators directly defining the levels of the availability of the road, although a penalty is applicable if the accidents are not cleared in a timely manner (see Table 2). The Agreement contains detailed matrices which set out the target levels and measurement methods for each of the indicators.

The combination of quality indicator measurements, assessed annually, results in an indicator for the “level of satisfaction” with the operational performance, which, in turn, determines what, if any, penalties will be deducted from the annual availability payment, which is set at 153,946,814.27 (excluding VAT) in 2020.

3.2.3 Penalties

The Agreement includes administrative, construction phase and operations phase penalties, which are set out in Article 23 and Attachment E. The administrative penalties range from €25,000 to €500,000 and aim to ensure compliance with reporting and information management requirements.

The penalties for non-performance during the construction phase are:

- €1,000 for each day of delay in the submission of each design to the Grantor for approval
- of 0.5 per thousand of the amount due to the owner for each day of delay in the payment of the advance payment and the balance of the compensation for the expropriation or the sale of areas and assets
- €25,000 for each month of delay in completing the work to meet the deadlines set by the Time schedule.
- €20,000 for each breach of the protocol of legality stipulated with the Prefects of Treviso and Vicenza in accordance with the provisions of current anti-Mafia legislation
- €10,000 for each day of delay in the presentation to the Granting Authority of the schedule of payments of amounts due to those who have been expropriated, by way of indemnity and compensation in connection with the amicable agreements.

The maximum penalty applicable in the construction period is capped at 10% of the value of the construction works.

The penalties in the operations phase include a combination of administrative and technical parameters. The most material of the penalties are listed in **Error! Reference source not found.** .

Non-conformance	Penalty, €
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² the SAL, (*Stato Avanzamento Lavori*) is a monthly reporting mechanism, consisting of justification of costs to be approved by the Grantor during the construction phase. No other monthly progress reporting or review of actual progress against baseline schedule has been requested by the Grantor

<i>Failure to start and maintain the breakdown service</i>	<i>1,000,000</i>
<i>Failure to keep records of events of significant disruption to traffic that occurred on the highway network for a period of twelve months</i>	<i>500,000</i>
<i>Failure to provide information relating to the Concessionaire activities at the request of the Authority</i>	<i>25,000</i>
<i>Failure to update and make available to the Authority the Computerized Road Inventory</i>	<i>50,000</i>
<i>Failure to comply with the obligation to give immediate notice to the Authority, in particular, if a new work has been realised within the highway buffer zone</i>	<i>25,000</i>
<i>Breach of duty to convey to the Authority, within two months from the date of its approval, the financial statements approved by the Board</i>	<i>100,000</i>
<i>Failure to restore, unless supported by objective operational difficulties, parts of the highway structure damaged with loss of functionality as a result of road accidents, the latest within three days from the occurrence of the accident</i>	<i>100,000 per violation per day</i>
<i>Five year average value of quality indicator is less than 40</i>	<i>2,000,000</i>
<i>Five year average value of quality indicator is between 40 and 50</i>	<i>1,000,000</i>
<i>Five year average value of quality indicator is between 50 and 70</i>	<i>500,000</i>

Table 2. Selected Operational Period Penalties

The maximum performance deduction for any given year of operations is set at 15%.

3.2.4 Termination Provisions

The Concession Agreement allows termination if the Grantor declares forfeiture as a result of the Concessionaire's default under the Concession Agreement, including, but not limited to:

- Delivery of the maintenance of the Project and timely repairs
- Delivery of any required service improvement
- Delivery of information on the Concession to the Grantor
- Having the required guarantees and insurance in place

The Agreement may also be terminated if:

- the Grantor breaches its obligations under the Concession Agreement or revokes the Concession for public interest reasons; or
- the Issuer or the Grantor withdraws from the Concession Agreement because they have failed to reach an agreement on rebalancing the PEF

The Concession Agreement does not foresee termination for delay, but provides for unlimited liability of the Concessionaire in the event of any damages resulting from the Concessionaire's breach of its obligations. [It also provides for allowable compensation events (i.e. events which can lead to re-balancing) which are defined on the basis of the Italian law and cover elements such as:

- Weather events which are beyond recorded average monthly values

- Changes in law.

The Concession Agreement requires that the Concessionaire provides a performance guarantee to the value of 5% of the contract price. No liability cap for termination is specified.

3.2.5 TA Opinion

The Concession Agreement is a very high level contract which is not very prescriptive in terms of contract management and relies on a general functionality specification. The penalty regime is extremely benign towards the Concessionaire compared to other European PPP contracts and includes a low performance guarantee requirement of 5% and an extremely low delay penalties provision of €25,000 per month of delay (rounded down). Given this low level of monthly delay penalties, the possibility of the Concessionaire reaching the maximum construction penalty cap of 10% is extremely unlikely. This relatively light penalty regime is partially offset by the absence of a cap on liability of the Concessionaire.

The performance regime is set out clearly and in sufficient detail. The performance targets are well within the capability of a competent operator to achieve. The performance penalties framework is very moderate, and a relatively low annual cap of 15% protects the Concessionaire further.

3.3 EPC contract

3.3.1 Overview

In 2009, following the signature of the Concession Agreement, the Concessionaire entered into an EPC Contract which served to transfer the design and build responsibilities of the Concessionaire to the EPC Contractor.

The EPC Contract explicitly transfers all of the Project design and construction liabilities of the Concessionaire under the Concession Agreement to EPC Contractor on a full back to back basis. It provides for the same low level of delay penalties however, there is an additional 3% performance guarantee above the 5% requested of the Concession Agreement. There is no cap on the liability of the EPC Contractor. The EPC Contract makes reference to an interface agreement between the EPC Contractor and the O&M contractor, however does not provide for the phased commissioning approach (partial opening of some sections of the route before the contractual completion) currently planned by the Concessionaire. The Interface Agreement, referenced in the EPC Contract, provides the description of the phased commissioning.

The EPC Contractor will provide the Decennial Insurance for the post-completion period to ensure that any risk of defects or failure of components are covered under this insurance policy.

3.3.2 Payment Regime

The EPC Contract provides for an advance payment of up to 20% of the contract works price which is secured by a bank/insurance guarantee and is repaid through deductions from monthly payments during the construction period.

The monthly payments are based on monthly invoices for completed works. EPC Contractor is required to prepare and submit monthly progress reports with an assessment of the value of work completed in the month. These reports are subject to the approval by the Concessionaire, the Grantor and the Technical Advisor.

The EPC Contract foresees a review of work carried out vs work planned on a quarterly basis. Any work that was not undertaken but was scheduled for the review period will result in a retention (Interim Penalty) of the payment equal to the value of work in question. The retention will be claimed by the EPC Contractor once the works in question are completed.

The EPC Contract provides for a bonus payment to the EPC Contractor in the event of early completion. The value of this bonus payment is yet to be defined.

3.3.3 Securities Packages

The EPC Contract explicitly provides for a full back to back transfer of all liabilities of the Concessionaire arising under the Concession Agreement to the EPC Contractor. However, the benign nature of the Concession Agreement results in the securities and penalties regime in the EPC Contract which is relatively lightweight. In our opinion, the current EPC securities provisions are below those typically seen on projects of similar type and size in Europe and may not provide sufficient incentives for the EPC Contractor's performance. It is noted, however, that the EPC Contractor has a direct commercial interest in successful delivery of the Project as it is one of the major shareholders in the Concessionaire company. The EPC Contractor has proposed additional provisions to address this issue. Table 3 summarises the current proposals.

Security	Concession Agreement	EPC
Performance guarantee	5% of construction costs	-5% of construction costs (back to back with the Concession Agreement) An additional 3% on demand performance bond.
Termination liability cap	None	None
Advance payment guarantee	-	Advance payment bond sized to the same value of the advance payment
Warranty Period		2 years after start of services
Delay Penalties	€25,000 per month	€25,000 per month
Latent defects		10-year insurance (Decennial liability insurance). Insurance taken out by the Concessionaire but paid by the EPC Contractor
Insurance		Construction all risks. Insurance taken out by the Concessionaire but paid by the EPC Contractor

Table 3 Summary of Proposed EPC Securities Provisions.

Early stages of the project, which involve design development and statutory approvals are usually associated with the greatest risk of delays and can have a knock-on effect on the subsequent construction progress. The design and regulatory approval processes for the Project have been completed and construction has already started. This, coupled with benign provisions of the Concession Agreement for delay penalties, reduces potential risk exposure of the future Funders in the event of delay, termination and subsequent replacement of the EPC Contractor.

Table 4 sets out the TA's independent assessment of the base case scenarios involving a 12-month delay and replacement of the EPC Contractor.

12 months delay with EPC substitution at midway through construction, but no termination of the Concession Contract.

A forecasted delay of 12 months to completion is assumed. The EPC contractor's appointment is terminated and EPC contractor is replaced.

Reasons for delay could include delay to tunnelling and earthworks.

Value of works to be completed at the point of EPC contractor replacement, €m	873.00
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Scenario 1

ID	Sub-category	Impact assessment	Contribution €m	% of EPC Contract	Notes
1	Delay Penalties from Partnership Contract	Penalties for late delivery assume max 12 @ €25k per month	0.30	0.02%	
3	Additional cost incurred by SPV	Additional retendering costs, legal fees, additional monitoring	5.00	0.3%	
4		Rework of completed works 1-2 months	8.73	0.5%	Based on the assumption that SAL system ensures good control of value of work done
5		Additional cost for remaining road works due to new contractor increased rates and risk premium (10%)	87.30	5.0%	
6		Additional financial cost incurred by the SPV/ Bond Holders for delay of 12 months	-	0.0%	Assumed to be covered by the insurance
7		SPV additional overheads for 12 month delay	0.50	0.03%	Estimate provided by SPV
8		Claims/ payment disputes by third parties suppliers, sub-contractors to EPC	5.00	0.3%	
Total Scenario 1:			106.83	6.1%	

Scenario 2

ID	Sub-category	Impact assessment	Contribution €m	% of EPC Contract	Notes
1	Delay Penalties from Partnership Contract	Penalties for late delivery assume max 12 @ €25k per month	0.30	0.02%	
3	Additional cost incurred bySPV	Additional retendering costs, legal fees, additional monitoring	5.00	0.3%	
4		Rework of completed works	-	0.0%	Considered to be negligible, based on the assumption that SAL system ensures good

					control of value of work done
5		Additional cost for remaining road works due to new contractor increased rates and risk premium (5%)	43.65	2.5%	
6		Additional financial cost incurred by the SPV/ Bond Holders for delay of 12 months	-	0.0%	Assumed to be covered by the insurance
7		SPV additional overheads for 12 month delay	0.50	0.03%	Estimate provided by SPV
8		Claims/ payment disputes by third parties suppliers, sub-contractors to EPC	5.00	0.3%	
Total Scenario 2:			54.45	3.1%	

Table 4 TA's Calculation of the EPC Termination and Replacement Scenario Costs

3.3.4 TA Opinion

The draft EPC Contract explicitly sets out a back-to-back basis provision with the Concession Agreement, which is in line with common practice on other PPP projects. The additional guarantee of 3% proposed by the EPC Contractor serves to strengthen the securities package and is within the range of the base case scenario calculations developed by the TA.

3.4 O&M Contract

3.4.1 Overview

The O&M Contract covers the following services:

- Toll collection
- Co-ordinate and interface with any parties either public or private which is involved with the motorway
- Traffic data processing
- Supervision and management of the traffic, collection and circulation of information
- Provide a 24-hour, 365-day operations centre
- Provide motorway breakdown service
- Repair and maintenance of the motorway
- Undertake renewals works.

The duration of the O&M Contract is for 39 years, i.e. the full length of the Concession. In the year prior to the start of service the O&M Contractor will interface with the EPC Contractor and start to get familiar with the motorway asset.

The O&M Contract transfers the obligations under the Concession Agreement with respect to the O&M functions to the O&M Contractor. This explicitly includes the requirements to meet the performance indicator targets set out in the Concession Agreement. The O&M Contractor will hold the Concessionaire harmless against any and all claims raised by the Grantor due to any infringements of the Concession Agreement.

3.4.2 Payments

The O&M Contractor is paid a predetermined lump sum annual fee for its services except the major maintenance/ renewals elements of the works³. The Contract allows for partial opening of the motorway with the annual fee being proportional to the length of the route opened.

The renewals work will be based on predetermined unit prices and will be paid upon successful completion of the tasks which will be verified by the Technical Advisor. The payments for the operations and maintenance activities will be in monthly instalments, at the value equal to one twelfth of the annual fee.

3.4.3 Performance Regime

The O&M Contract sets out the methods by which the Concessionaire can monitor, inspect and influence the performance of the O&M Contractor.

The O&M Contractor is subject to penalties as set out in the Concession Agreement's performance regime. The annual penalty is calculated by multiplying the total amount of the annual penalties and sanctions applied by the Grantor to the Concessionaire in a given year, minus the penalties and sanctions which cannot be attributable to the O&M Contractor, by the ratio between the Annual Fee and the Availability Fee, applicable in the same year. The annual penalty is capped at 15% of the O&M Contractor's annual fee.

The O&M Contractor is to provide a performance guarantee equal to the 10% of the annual fee. Should the Concessionaire wish to replace the O&M Contractor for non-performance, the O&M Contractor will be liable for all costs associated with its termination and replacement. Our calculation of such potential costs is presented in Table 5.

TA Scenario: Replacement of the O&M contractor 15 years into the contract

Annual fee €20.98m

			€m	% of annual cost
1	Penalties from Concession Agreement	Penalty cap 10% of annual fee.	3.147	15%
2	Additional cost incurred by SPV	Increase in prices for the O&M from new service provider on decreasing scale of 10% for 5 years and 5% for the next 5-year period	15.74	75%
3		Legal costs, retendering costs	0.1	0.5%
		Total	18.987	91%

³ Referred to as "Extraordinary Services" in the O&M contract.

Note:

Additional cost incurred by SPV

It is assumed that any new O&M contractor will not be as competitive as the original contractor; however there are numerous other contractors available which can deliver this type of O&M function. It is further assumed that the new contractor will be aware that the current contractor has not performed and has been terminated, which will also add an additional cost to the price.

Assumption that for first five years of new contract a 10% price increase will apply, then, as a result of better understanding of contract and work, only a 5% increase will apply for next 5 years.

Table 5 TA's Calculation of the O&M Termination and Replacement Scenario

Termination of the O&M Contractor's engagement can happen if the total penalties exceed 15% of the annual fee.

3.4.4 TA Opinion

The O&M Contract transfers all of the Concessionaire's O&M duties to the O&M Contractor for a fixed price on a back-to-back basis. The unit prices for renewal works (Extraordinary services) are agreed, but are not included in the fixed price. It should be noted that the performance penalty cap under the O&M contract is set at 15% of the annual O&M fee, whereas the corresponding cap in the Concession Agreement applies to the annual availability fee, which is significantly higher. This creates a situation where the Concessionaire will be potentially penalised for non-performance of the O&M Contractor..

3.5 Interface Agreement

3.5.1 Overview

The Interface Agreement defines the framework for cooperation between the EPC and O&M Contractors, with a focus on commissioning process, information requirements and inspections. The Agreement is general in nature but includes some detail on distribution of risks between the two Contractors.

3.5.2 TA Opinion

The Interface Agreement provides an adequate basis for regulating the relationship between EPC and O&M contractors.

3.6 3rd Party Interface Agreements

No Interface Agreements are available for review at this stage. The Project involves two major interfaces:

- RFI. The project alignment crosses a number of rail lines and the related construction of underpasses is regulated by an agreement with the rail authority RFI. The TA understands that this agreement is signed by the Concessionaire, the rail authority and the Commissioner. Before starting the construction of each underpass, the Consortium will submit a detailed design of the structure and prepare, together with RFI, the construction schedule arranging any line possessions that could be necessary.
- A4 interconnection. The Concessionaire is required to draw up an agreement with Autostrada Brescia-Verona-Vicenza-Padova SpA., which is responsible for the interconnection project. This agreement must regulate all legal aspects of the link to the junction and must be submitted to the Grantor for approval. The TA has been informed that, as of the date of this report, this agreement has been drafted, the final draft has been approved by the Commissioner, and the parties are ready to sign it.

3.7 Sub-Consultancy Agreements

The TA understands that the EPC Contractor has not foreseen engagement of any major sub-contractors, but will source a proportion of the necessary pre-cast elements from a local supplier.

3.8 Contract Risks

3.8.1 Summary of Transferred Risks

We have reviewed the allocation of key technical risks between the Project parties and have summarised our findings in Table 6.

Risk	Grantor	SPV	EPC Contractor	O&M contractor
Traffic levels	x			
Toll evasion	x			
Delay in Statutory Process	x			
Construction of interconnection with A4	x			
Additional expropriation costs	x			
Delays due to expropriation			x	
Unforeseen ground conditions	x			
Exceptional natural events	x			
Changes in law	x			
Changes in traffic volume	x			
O&M costs greater than expected				x
Pavement renewals earlier or more expensive than expected		x		
Latent defects of existing structures and new structures	x	x	x (1 st ten years of operation)	
Unforeseen archaeological works	x			
Additional works to existing structures as condition worse than expected	x			
Increase in construction costs			x	
Inflation during construction greater than expected			x	
Construction delay			x	
Renewal costs		x		x
Operational performance penalties		x		x
Replacement costs of EPC contractor due to default			x	

Replacement costs of O&M contractor due to default				x
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Table 6 Transfer of Risks between Contract Parties

3.8.2 TA Opinion

In general, the allocation of risks between the Project parties is considered appropriate. Attention of the Funders is drawn to the potential exposure of the Concessionaire to the additional costs of road renewal, which may arise as a result of the “lean” pavement design strategy adopted by the EPC Contractor (see Section 4.4.3). Attention is also drawn to the potential exposure of the Concessionaire to the operational performance penalties.

4 Technical Review

4.1 Introduction

The Grantor originally invited offers for the Concession based on a Preliminary Design (*Progetto Preliminare*) that had been prepared by the Grantor. In order to develop the Concessionaire’s offer, the EPC Contractor prepared the Definitive Design (*Progetto Definitivo*), which formed the basis of the offer. This was approved by the Grantor with certain comments and observations, which, during negotiations, formed the basis of the contract. These included the following:

<u>JUNCTIONS:</u>	Rearrangements of the junctions in the Lot 2 and lot 3
<u>TRAFFIC MANAGEMENT:</u>	Construction method change for some Cut and Cover Tunnels to avoid significant traffic reorganization
<u>«MALO» TUNNEL :</u>	Improvement of dewatering and Water Proofing system. Extension of Cut and Cover Tunnel on side of Vicenza. Reduction of Emergency parking areas. Construction of an access Tunnel.
<u>EARTHWORKS BALANCE:</u>	Earthworks balance update due to the increasing of excavations.
<u>HYDRAULICS:</u>	Rain water treatment improvement aiming to mitigate pollution risk for the vulnerable aquifer as required by A.A.T.O. authorities.
<u>CUT AND COVER TUNNELS</u>	Tunnel lenght increase in order to reduce the environmental impact.
<u>NATURA 2000:</u>	The Environmental Assessment did not prescribe further project modifications.

Taking account of these requirements, the EPC Contractor then prepared a revised design known as Final Design (*Progetto Esecutivo*), which is the basis on which the road is being constructed.

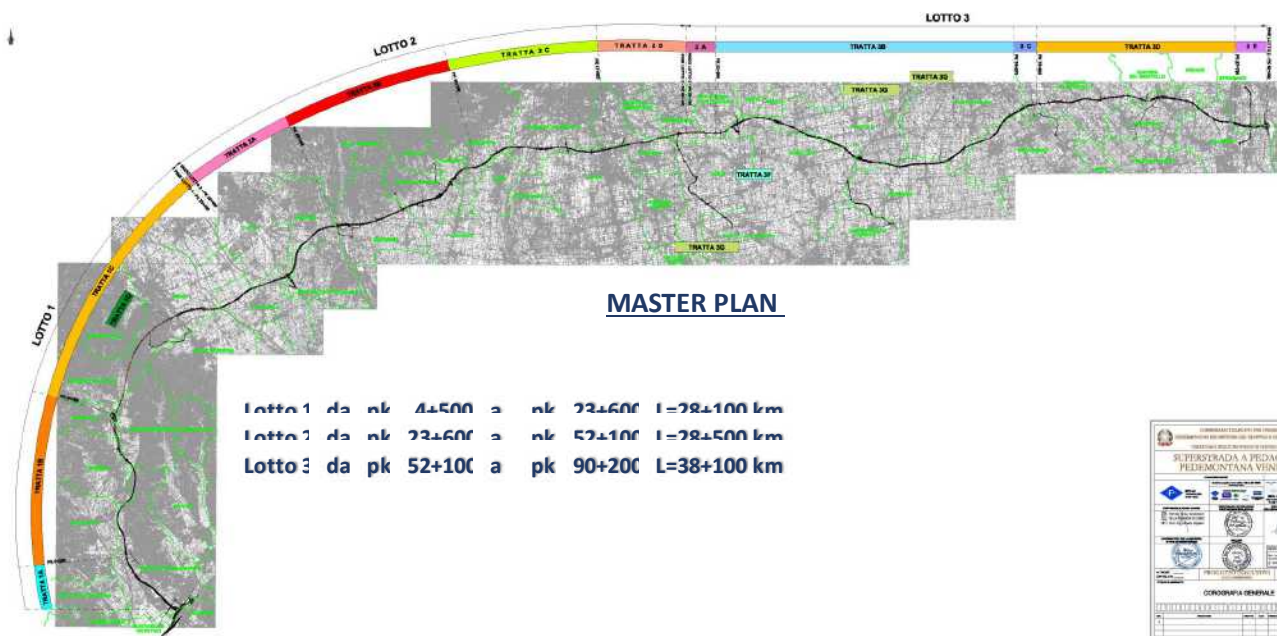


Figure 4: Project road alignment and division into Lots. Source: SPV

Following design approval, works on Lot 2A commenced on 10 November 2011. Currently, construction is taking place on all lots and overall progress stands at 20.6%⁴.

4.2 Design and Whole-life Strategy

4.2.1 Overview

The design team employed by the EPC Contractor is Sipal S.p.a. and this firm is also providing the site supervision staff.

Sipal has carried out the design in accordance with the following ministerial decrees and other documents:

- Highway design: Decreto Ministeriale 5 Novembre 2001 “*Norme funzionali e Geometriche per la costruzione delle strade*” (Functional and geometric standards for highways)
- Structural design: Decreto Ministeriale 14 Gennaio 2008 “*Norme tecniche per le costruzioni*” (Construction standards)
- Tunnel safety: Decreto Legislativo 264 del 5 Ottobre 2006 “*Attuazione della direttiva 2004/54/CE in materia di sicurezza per le gallerie della rete stradale transeuropea*” (Implementation of Directive 2004/54/CE: European road tunnel safety)
- Tunnels are also designed to respect the World Road Association's “Road Tunnels Manual”

Approval for the first batch of the Final Design (for Lot 2A) was obtained on 10 August 2011 and for the final batch on 23 December 2013. Thus, all designs have now been approved by the Commissioner, which enables the Concessionaire to start the works on all sections of the alignment, provided that it has gained access to all necessary land parcels and obtained a certificate to confirm that there is not unexploded ordnance (UXO) on the site. The Concessionaire has obtained the certificate that there is not UXO on the whole site, except with respect to the sub-lots 3D, 3E, 3G. The designs, plans and investigations at these sub-lots have been authorized and should be completed by the end of summer 2017.

⁴ As at the end of May 2016

4.2.2 Design and Construction Management

For design and construction purposes, the EPC Contractor has divided the project into 15 Lots, or sections, as shown in Figure 4. The lengths and details of these Lots are as follows:

- Lot 1A Km -4+578 – Km 0+250
- Lot 1B Km 0+250 – KM 9+756
- Lot 1C Km 9+756 - Km 23+600
- Lot 1D Malo tunnel emergency tunnel access road
- Lot 2A Km 23+600 – Km 29+300
- Lot 2B Km 29+300 – Km 38+700
- Lot 2C Km 38+700 – Km 47+083
- Lot 2D Km 47+083 – 52+100
- Lot 3A Km 52+100 – Km 53+900
- Lot 3B Km 53+900 – Km 74+075 (excluding 3F Riese interchange)
- Lot 3C Km 74+075 – Km 75+625
- Lot 3D Km 75+625 – Km 87+700
- Lot 3E Km 87+700 – Km 90+200
- Lot 3F Riese interchange, toll plaza and link roads at Km 54+755 – Km 55+495
- Lot 3G Secondary roads and link roads to interchanges at Mussolente and Montebelluna West

4.2.3 Design Characteristics

The contract specified the design requirements for to Italian standard type B Principal Dual Carriageway (*strade extraurbane principali*), with a permitted speed limit of 110km/h, however the design parameters used by the Consortium meet the 130km/h requirements. The Concessionaire has received an official confirmation from the Grantor that speeds up to 130 km/h will be permitted on the main alignment if the geometrical and functional characteristics of the road are compliant with the conditions set by the Roads Code.

Basic design characteristics are as follows:

- Carriageway widths:
 - 3m hard shoulder in each direction
 - Two 3.75m traffic lanes in each direction
 - 0.75m fast lane margin in each direction
 - 3m central reserve
- Length of main carriageway: 94.6km
- On embankment: 24.9km
- In cutting: 51.8km
- Cut and cover tunnels: 8.6km
- Bored tunnels: 7.8km
- Bridges and viaducts: 1.5km
- Secondary roads: 68km

The significant construction aspects of this project are the two bored tunnels, the 32 cut and cover tunnels, the extensive lengths of retaining walls, the two viaducts and the drainage. Earthworks are also significant in that there is a substantial amount of excess suitable material, which is to be sold to third parties as construction materials. These aspects are considered in greater detail in the following sections.

4.2.4 TA Opinion

The design parameters used by the Consortium meet the 130km/h requirements. The Grantor has confirmed that speeds up to 130 km/h will be permitted on the main alignment if the geometrical and functional characteristics of the road are compliant with the conditions set by the Roads Code.

The EPC Contractor has adopted a logical division of responsibilities, with the Project divided into three Lots and 15 sub-Lots, twelve of which are on the main alignment whilst three relate to secondary roads and link roads.

The engineering design company (Sipal), which is providing the design team, is also providing the supervision team, which the TA considers is appropriate and advantageous since any design snags can be quickly resolved. Sipal has relevant experience of designing a similar, but more complex, highway in Italy and appears to be competent. The main experience of the company is on industrial and military projects. During the due diligence process, Sipal staff appeared to be well-informed on project details and are following the required processes in order to deliver a practical design solution.

The Consortium has a strong background in construction and, through Valoriza⁵, in Operations and Management of roads. The Consortium has confirmed that a significant O&M input took place during the design stage and will continue throughout the construction periods, in order to utilise O&M team's practical experience and to optimise design for the long-term whole life aspects of the highway.

4.3 Geology & Earthworks

4.3.1 Geology

At its western end, the road crosses the lower slopes of the Southern Alps, which are largely composed of Mesozoic sedimentary rocks, most of which are limestone. The Southern Alps are tectonically characterised by large scale thrusting and folding to the south, the dominant direction of fold symmetry being southward.

Proceeding east, the road leaves the hills and valleys of the foothills of the Southern Alps and descends to the Padan Plain, a major geographical feature of Italy. Linked to the Po Valley, the Plain includes the whole of the area north and east of Venice, which drains into the Adriatic. The Plain is made up of alluvial material overlying buried ancient canyons resulting from the tectonic collision of an offshore land mass with the mainland.

Two-thirds of the road crosses the alluvial materials of the Padan Plain, comprising alluvial fans of gravels and sands, a region where there is intense extraction activity for these sought-after construction materials. Riverbeds are shallow, in the order of 2-3m in this region and are frequently protected by artificial levees. Only the rivers Brenta and Piave, because of their high flows, have reasonably straight alignments with gravel beds; whereas the minor rivers are sinuous and have beds of sandy silts as a result of their limited capacity to transport solids.

Prior to the Concession Contract award, the Grantor carried out a geological investigation for the Preliminary Design. Following the award of the concession, the Concessionaire carried out further investigations. These further investigations showed poorer ground conditions than anticipated in the areas around the bored tunnels: some fracturing of the rocks was observed and it was also revealed that karst existed in the vicinity. The presence of karst, quite common in limestone rocks, can lead to underground water erosion and to the development of voids below ground level. It can be somewhat unpredictable unless identified prior to construction and unless precautions are taken to anticipate possible voids.

The Final Design proposes tunnel excavation using excavators and dump trucks instead of tunnel boring machines (TBMs) as originally proposed by the Grantor (see tunnelling section 4.6). This change of approach was adopted in order to take account of additional information from the further investigations and, in particular, to address this potential problem of karst. Nearly all of the length of the Sant' Urbano tunnel

⁵ a sister company of Sacyr Construcción, focused on Multiservices with significant experience in Italy. Valoriza currently operates and maintains some 2,500km of motorways in Spain, including several tunnels, and 1,750km of other roads.

has already been excavated and only minor cavities have so far been encountered. Where cavities have been found, the EPC Contractor has carried out further drilling in order to verify their extent and to carry out protection works. It is intended to continue with these precautionary work methods for the remainder of this tunnel and also on the considerably longer Malo Tunnel.

4.3.2 Earthworks

4.3.2.1 Earthworks balance

The road has been designed to be below ground level for much of its length, in order to limit its impact on adjacent properties, since much of the route is fairly densely inhabited. This has an impact on the earthworks balance⁶ and earthworks transport. Designers usually try to balance cuttings and embankments in order to reduce haul lengths and import or export of materials. This low profile of the road has resulted in some 13 m3 of excess materials being produced during the course of the works, primarily in lots 2 and 3.

The EPC Contractor carries full responsibility for the disposal of this excess material, which is mainly gravels and sands, and has a market value in the construction industry. Under art. 25 of the EPC Contract, the EPC Contractor carries all risks and costs of storage, double-handling, sorting and market value. The EPC Contractor plans to stockpile this material and sell it on over an 8-year period thus producing a revenue stream for this period.

Table 7 shows the quantities of material from cuttings that will be re-used in embankments and the quantities that will be excess to requirements or unsuitable for re-use.

	Design Quantity, m3	Excavated Quantity, m3
Excavated material	35,013,829	13,038,514
Volumes necessary for construction	18,016,025	4,775,301
Unusable material transferred to the permanent disposal site	2,877,916	4,327,511
Material to be disposed	37,855	45,250
Excess usable material for sale/sold	14,082,033	3,588,294
Material in temporary storage		302,159

Table 7: Earthworks quantities by Lot. Source: SPV

As can be seen in Table 7 above, there is an excess of material on most lots except for Lots 1D, 2B, 3A and for the rehabilitation of work sites. In these areas, the EPC Contractor will either transport cut material from adjacent lots or will acquire imported materials from adjacent borrow pits. The Consortium has indicated to the TA that it is confident that materials can be obtained from within the works and, if necessary, transferred between Lots. No imported materials will be required.

4.3.2.2 Embankments and cuttings

The highway will be on embankment for approximately 25km of the route and in cutting for some 52km. It will be on structure for 1.5km (bridges or viaducts), the remainder being at or near to ground level.

⁶ "Earthworks balance" refers to the difference between cut volumes and fill volumes. Ideally, designers try to achieve equal amounts of each category for linear infrastructure projects, in order to avoid either excessive volumes of imported materials or excessive volumes of spoil. Either of these would normally imply identification of borrow pits and spoil areas (tips), together with the associated need for land acquisition and reinstatement.

Cuttings are divided into two types: with and without retaining walls. Where land is sufficient the latter is used but, in many cases, land take is small and so the designers have resorted to the use of retaining walls and, occasionally, cut-and-cover tunnels in order to protect housing from noise and to return a maximum amount of land to other uses, be they agricultural, industrial or domestic.

Cut and embankment slopes vary but, on the whole, the designers have opted for 1:2 (vertical: horizontal), which is normal for this type of highway and enables grass cutting to be carried out safely, as well as providing the necessary stability against slips.

At Andolfatto (Lot 2), the contract documents identify that the road passes close to, but does not cross, a privately-owned waste tip. No contaminated material falls within the works site and therefore no excavation of this material will be needed, but arrangements will be made to prevent run-off water entering the tip and thereby the danger of polluting the aquifer.

4.3.2.3 Seismic effects

The Contractor has followed the most recent Italian Seismic codes and has designed the road to withstand a 1 in 500 years event. This design was reviewed and approved by the authorities at the Final Design stage.

The Project mainly passes through a zone of low seismicity with a risk of moderate earthquakes. However, a 20km section runs along the edge of a zone of medium seismicity with the possibility of quite strong earthquakes.

Site seismicity has been defined according to the recent regulations (Opcm no. 3519). This norm, elaborated by INGV (National Institute of Geophysics and Volcanology), introduces intervals of acceleration, with a probability of exceeding the threshold equal to 10% in 50 years, to be assigned to the four seismic zones from previous seismic hazard classification. Local seismic characterisation of soil has been performed by Multi-channel Analysis of Surface Waves MASW seismic investigations. Structures have been designed according to life safety SLV Limit State. Seismic isolation and dissipation devices have been specified for all bridges.

According to the laws in force, the peak ground acceleration is in between the range 0.236g and 0.372g. The categories of subsoil vary between A and C, while the parameter of topography is assumed equal to T1. The nominal life of the works is 100 years, the coefficient of use is 2 and the return period is 200 years. All the structures are dimensioned in order to support SLV (Life Safety) limit state, while elastomeric isolator can support SLC (Collapse) limit state. The damping is assumed 5% for the structures and 10-15% for the isolator.

The designer has applied the Italian standards to cope with these seismic risks.

4.3.3 TA Opinion

The quality of the excavated materials is, on the whole, suitable for re-use within the works and, by facilitating the transfer of material between Lots, the Concessionaire is confident that there will be no need to import material from outside the works.

Design to the Italian seismicity standards, if carried out correctly, should ensure that the structures should withstand the required 1 in 500 years event and, should a more severe event occur, then the Concessionaire would have recourse to the Force Majeure provisions of its Concession Agreement.

The TA understands that geological experts are present in the tunnel during excavation and that their advice guides the construction teams, but has concerns about the geological conditions in the tunnels, especially given the accident in April 2016. The TA recognises that the EPC contractor has taken and continues to take all steps necessary to carry out the works in line with safety regulations and continues to ensure that rapid action can be taken during construction to respond to changes in geological profiles.

4.4 Pavement & Alignment

4.4.1 Introduction

The road mainly lies approximately 50m-100m above sea level, apart from Lot 1C, where the land rises to 400m at its maximum, in the vicinity of the tunnels of Sant' Urbano and Malo. From here the road descends to the hills of Vicenza and Treviso and then crosses the coastal flood plains, sloping towards the south and south-east.

There are a total of 17 junctions on the project, fairly evenly distributed along its length. These are listed in Table 8 (from west to east):

Junction	Km	Type
A4 Motorway	-4+560	Full junction, to be constructed by others
Montecchio	-3+900	Half junction south facing, to be constructed by others
Montecchio - Arzignano	0+800	Half junction north facing
Castelgomberto – Cornedo	9+400	Full junction
Malo	18+900	Full junction
A31 Valdastico Motorway	24+500	Trumpet junction
Breganze	29+800	Full junction
Mason Pianezzi – Marostica	37+000	Full junction
Bassano West	43+500	Full junction
Bassano East	48+000	Full junction
Loria - Mussolente	51+600	Full junction
Riese – San Zenone Degli Ezzellini	55+100	Full junction
Montebelluna West – Altivole	64+000	Full junction
Montebelluna East – Volpago	74+800	Full junction
Povegliano	83+100	Full junction
Spresiano – Villorba	88+900	Full junction
A27 Motorway	90+000	Full junction

Table 8 Junctions on the Pedemontana highway. Source: SPV

At some of these, notably at Riese and at Mussolente and Montebelluna West, significant lengths of link roads and secondary roads will be constructed as part of the Project. The A4 junction, at the extreme west end of the project, is to be constructed by the existing operator of the A4 motorway, Autostrada Brescia-Verona-Vicenza-Padova SpA. The Concessionaire is required to sign a convention with this company covering all legal aspects of the link to the junction and the convention is subject to the approval of to the Grantor. The Concessionaire has informed the TA that this document is ready to be signed by the parties. This is an important interface for the project and it is vital that the junction is ready on time and that responsibilities are clear prior to opening of the Project.

4.4.2 Alignment

Alignment design is for a type B Principal Dual Carriageway (*strade extraurbane principali*), in accordance with the Italian highways design code "*Norme funzionali e Geometriche per la costruzione delle strade*" (Functional and Geometric Standards for highways). The design parameters used by the Consortium meet the 130km/h requirements. The Grantor has confirmed that speeds up to 130 km/h will be permitted on the main alignment if the geometrical and functional characteristics of the road are compliant with the conditions set by the Roads Code.

4.4.3 Pavement Design

Highway pavement design is heavily dependent on the type and quantity of traffic using the road. Heavy Goods Vehicles (HGVs) cause the majority of the damage to the road pavement through wear and tear (damage is proportional to the fourth power of the axle load). For this reason, it is important that an accurate estimate is made of the type and quantity of traffic that will use the highway.

4.4.3.1 Main Carriageway

The designers have assumed the worst traffic conditions for the calculation of the road pavement, by using the predicted traffic levels of the most-trafficked sections for the design of the road pavement for the whole route. The design was independently reviewed and additional maintenance interventions were recommended to extend the pavement life to the required 20 years. Regarding the subsoil properties an average resilient modulus (M_r) has been used in order to be conservative. The AASHTO "Interim Guide for Pavement Design" method is used for the calculation of pavement. The EPC Contractor believes that this is a conservative design, on the basis that subsoil properties along the track, compared with the average M_r value assumed in the project, should be good because most part of the alignment is in deep cuttings.

As discussed in Section 10, the Concessionaire plans to renew wearing and binder courses on the slow lane, which carries most of the HGVs, every five years and on the fast lane every ten years.

The EPC Contractor proposes the following pavement structure for the main carriageway:

- 5cm porous asphalt bitumen bound wearing course
- 6cm bitumen bound binder course
- 10cm bitumen bound base course
- 20cm granular sub base ((in some sections increased to 35cm).

The total pavement thickness is therefore 41cm.

4.4.3.2 Pavement in Tunnels

The EPC Contractor proposes the following pavement structure for the main carriageway in tunnels, apart from the first 50m-100m (varies according to tunnel), which remain as for the main carriageway:

- 3cm bitumen bound wearing course
- 8cm bitumen bound binder course
- 10cm bitumen bound base course
- 20cm granular sub base (in some sections increased to 35cm).

The total pavement thickness in tunnels is therefore 41cm. Porous asphalt is not proposed for the tunnels.

4.4.3.3 Secondary roads

The Project also includes the design and construction of some 68km of secondary roads. The Concessionaire expects that these will be handed over to the local highway authorities on completion, who will then be responsible for their maintenance.

A lower pavement thickness is proposed for the secondary roads, reflecting the lighter traffic that is anticipated:

- 3cm bitumen bound wearing course
- 4cm bitumen bound binder course
- 8cm bitumen bound base course
- 20cm granular sub base.

The total pavement thickness on secondary roads is 35cm.

4.4.4 TA Opinion

The pavement solution chosen by the EPC Contractor is typical for this type of road and the materials are widely used. The choice of a porous wearing course reduces spray and risk of aquaplaning; it also reduces generated noise from tyres and follows current highway practice elsewhere. It does, however, require higher maintenance than denser surfacing materials, a fact that is reflected in the Consortium's pavement renewals programme.

In tunnels a dense wearing course is proposed, which is sensible since noise and rainwater are not a concern, and renewals will also be less frequent due to the better wearing qualities of the denser material.

Although the TA would have expected to see a greater thickness of pavement for the given traffic levels, the Consortium's maintenance proposals reflect the fact that a thinner initial pavement thickness requires more frequent maintenance and renewals; the Concessionaire plans to start a five-year rolling programme to remove and replace the top two layers of the slow lane five years after opening to traffic.

The TA also notes that the bearing capacity of the ground is generally good; however, there appears to be no variation in pavement thickness between Lots, which is somewhat surprising given the variation in geology and will require careful control of earthworks quality at formation level in order to ensure a uniform foundation.

The pavement thickness does not vary with predicted traffic volumes on different sections of the route, which would normally be the case. This will result in certain sections wearing more quickly than others, and the Concessionaire will need to be aware of this when the time comes to plan its detailed pavement renewal interventions.

Following concerns raised by the TA, the Concessionaire has commissioned independent reviews of the pavement design and pavement maintenance regime, which were carried out by iTUBs (technology and innovation department of University of Braunschweig) and PMS Consult respectively. The review showed that, given the good bearing capacity of the ground and provided that the proposed maintenance and renewals regime is followed, pavement on majority of road sections should meet the requirement for 20 year life. Additional renewal works and increase of the thickness of base layer of the pavement is recommended by PMS as part of the maintenance plan at year 20. This recommendation is supported by the TA and has been accepted by the Concessionaire

For high traffic sections the pavement is considered "under-designed" and, in the opinion of the TA, may be prone to faster deterioration. Should such deterioration occur, additional capital maintenance/renewal work may be required. The TA recommends that a contingency of €5-8m is included in Concessionaire's O&M budget to mitigate the risk of unexpected increase in the capital maintenance costs. This risk is passed through to the O&M Contractor.

The Addendum to the Concession Agreement (Art 7.1) states that condition inspections will be carried out twice yearly with the Grantor and that any planned extraordinary maintenance works shall be submitted for its prior approval. This is practical and should ensure that the Concessionaire is able to react to pavement condition in adequate time to avoid penalties for poor road pavement condition.

4.5 Bridges & Viaducts

4.5.1 Overview

Table 9 summarises the number and length of the bridges and viaducts over which the highway will pass.

Lot No	Under-bridges (No)	Under-bridges (length)	Viaducts (No)	Viaducts (length)
1	1	53.00m	1	90.00m
2	6	202.76m	4	882.00m
3	4	114.00m	0	0.00m

Table 9 Numbers and lengths of bridges and viaducts. Source: SPV

In addition, there are 51 steel and 20 concrete overbridges, carrying secondary and minor access roads as well as irrigation canals across the highway. There are also 54km of retaining walls and similar structures, some of which are to be founded on piles and some on spread footings.

Depending on spans, the overbridges are either of prefabricated prestressed beams with concrete cast-insitu decks (up to 35m span), or of two or more steel beams with cast-insitu concrete decks (up to 50m span). Viaducts are of lattice steel beam construction with concrete decks. For all bridges and viaducts, the decks are isolated for seismic loadings by mounting on elastomeric bearings.

The Project also crosses more than 200 irrigation canals, which will require a variety of treatments depending on their size, location and whether they are over or below the project highway. These include the following:

- 48 box culverts
- 18 pipe culverts
- 8 channel modifications above cut and cover tunnels for important watercourses
- 77 diversions of various minor water channels over tunnels
- 13 overbridges with pipes
- 48 canal bridges with channels
- 15 canal bridges with pipes
- 6 siphons.

To date, considering retaining walls, bridges, culverts, tunnels, cut and cover tunnels, the EPC Contractor is working on over 445 structures, 202 of which are already finished. All the structures that are finished and tested (this applies only to bridge and tunnels) need no further approval. All the project documents have been preliminarily approved by the Municipalities that received the drawings from the EPC Contractor.

4.5.2 Design and Construction

The design of bridges, whether over or under the new highway, are of two types: pre-fabricated, pre-stressed concrete beam structures for spans up to 30m and steel beam, concrete deck composite structures for spans of up to 50m.

Viaducts for the Project are all to be constructed from steel trusses, using weathering⁷ steel in order to reduce maintenance costs. The EPC Contractor will use weathering steel for all its steel structures. Careful design of drainage details is necessary in order to reduce the danger of rainwater collecting and increasing the corrosion in those locations.

The structures have been designed according to the seismic risk classification required by Italian law and the parameters fixed by the norms (pka, return period, etc.). The Concessionaire has stated that it has mitigated the risk by strictly following the indication given by the norm and by the use of expert members of the Grantor's Scientific Committee, which approved the Final Design.

All canals and watercourse that will be crossed by the alignment of the highway have been identified and solutions have been developed for each one. These have been approved by the appropriate owner and / or regulatory authority.

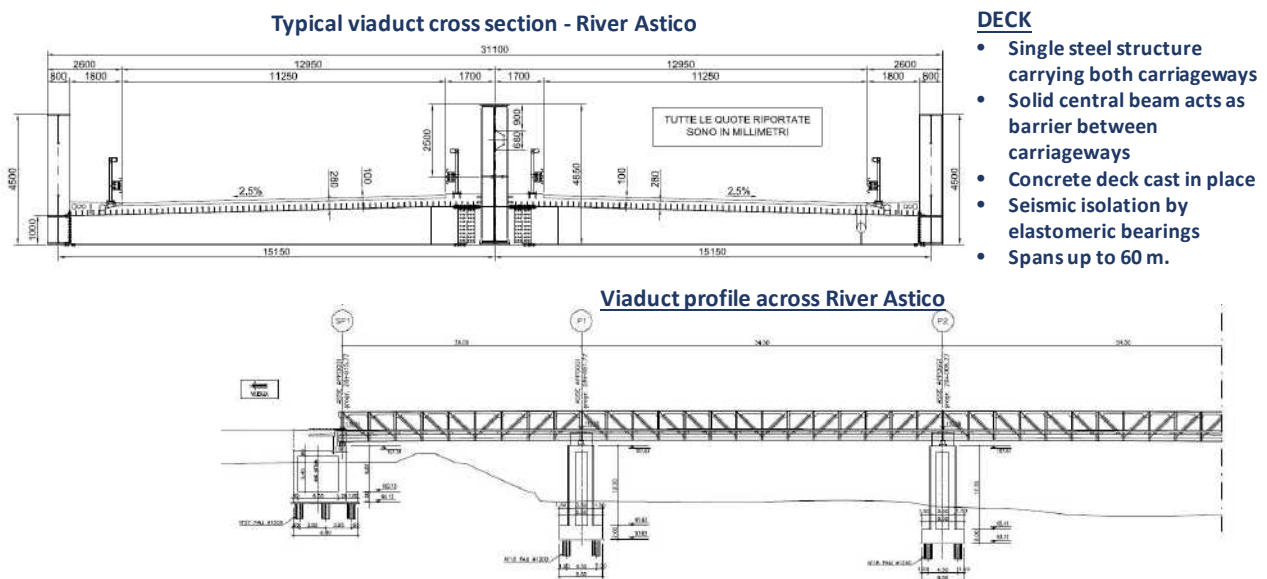


Figure 5: Viaduct details Source: SPV

4.5.3 Foundations

Proposed foundations vary according to conditions on site and include both spread and piled foundations. The design team will carry out local investigations in order to determine which type will be used.

4.5.4 TA Opinion

The types of bridges and viaducts proposed are of standard construction and should pose no unusual problems for an experienced highways and structures contractor. The choice of weathering steel is unusual but has been proven successful elsewhere, provided that careful attention is paid to drainage details in order to avoid excessive corrosion at points where water is allowed to collect.

⁷ "Weathering" refers to the chemical composition of these steels, allowing them to exhibit increased resistance to atmospheric corrosion compared to other steels. This is because the steel forms a protective layer on its surface under the influence of the weather.

4.6 Tunnels

4.6.1 Overview

The Project includes the design and construction of 8.6km of cut-and-cover tunnel and 7.8km of bored tunnels. There are two bored tunnels, both in Lot 1: Sant' Urbano (km4+511-km6+018 on Lot 1B) and Malo (km11+190-km-km17+000 on Lot 1C), which are discussed in further detail in Section 4.6.2. 32 Cut and cover tunnels will be built, of which four are located at each end of the bored tunnels.

The tunnels have been designed to take account of the European tunnel directive 2004/54/EC which came into force in April 2004 for all tunnels longer than 500m and the 2008 Italian Design Code (geotechnical and structural design).

The EPC Contractor is using conventional excavation techniques, including drilling and blasting where necessary, for the Sant' Urbano tunnel, the excavation of which is complete and for the Malo tunnel, which has started in late 2015. Vibration monitoring is performed on sensitive buildings close to the Vicenza portal.

At the site of the Malo tunnel, the EPC Contractor is carrying out extensive jet-grouting treatments from the surface at both portals. Excavation has commenced for the access tunnels, which will enable four excavation faces along both main tubes.

Seismic loads have been applied on section types in shallow conditions ($H < \text{radius of the tunnel}$).

Two types of cross-passage are to be provided within tunnels over 500m in length: one type for vehicles and pedestrian (Type 1) and another type only for pedestrian (Type 2). The spacing of cross-passages is every 300m. The succession is two of type (2) and one of type (1), so the distance between two vehicle passages will be 900 m.

4.6.2 Bored Tunnels

4.6.2.1 Overview

The two bored tunnels, Sant' Urbano tunnel and Malo tunnel, are both in Lot 1. The longer of the two tunnels is Malo tunnel (5.8km long) and this also has a 1km emergency access tunnel. Figure 6 shows typical cross-sections of one of the main carriageway tunnels (these are the same for both Malo and Sant' Urbano tunnels) and the Malo emergency access tunnel.

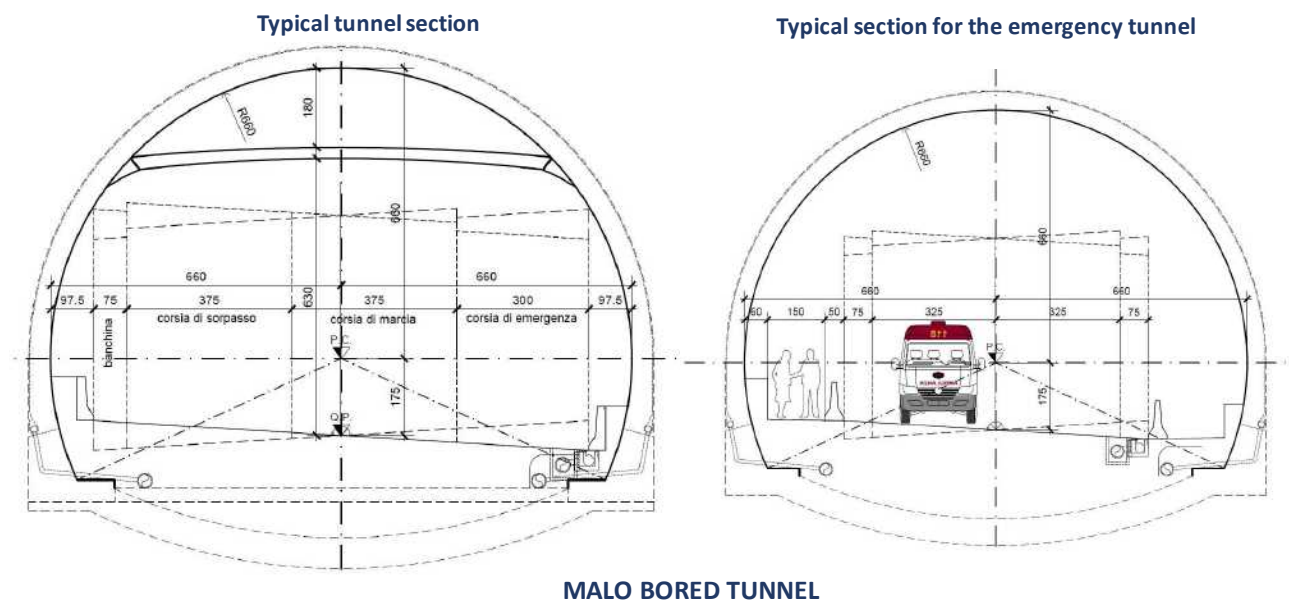


Figure 6 Cross-sections through Malo tunnel and emergency tunnel. Source: SPV

The Sant' Urbano tunnel falls gently and uniformly from north to south, so the drainage is southwards. The tunnel curves to the left in its northern half.

In the Malo tunnel the alignment falls from south to north, so the drainage of the tunnel ends up at the northern portal. At the northern portal the vertical alignment has a low point before exiting the tunnel. The tunnel curves to the right throughout its length. An emergency tunnel is provided in the middle of the Malo tunnel, providing an alternative access, in the case of an emergency, to both bores of the tunnel.

4.6.3 Ground Conditions

Whilst the ground conditions at the two tunnels differ, they are generally to be bored within competent rock. Each has fault zones and, along the Malo tunnel, igneous intrusions. These dislocations, where they are encountered, will make tunnelling conditions more difficult with the added risk of significant water inflows.

The Sant' Urbano tunnel is principally bored in the Castalgomberto Limestone and the Marne Limestone, both of which are relatively competent rocks except where fractured. Experience so far in the construction of the Sant'Urbano tunnel (100% complete) would indicate generally good ground conditions that are typically similar to those predicted.



Figure 7 Northern entrance to the Sant'Urbano tunnel. Source: SPV

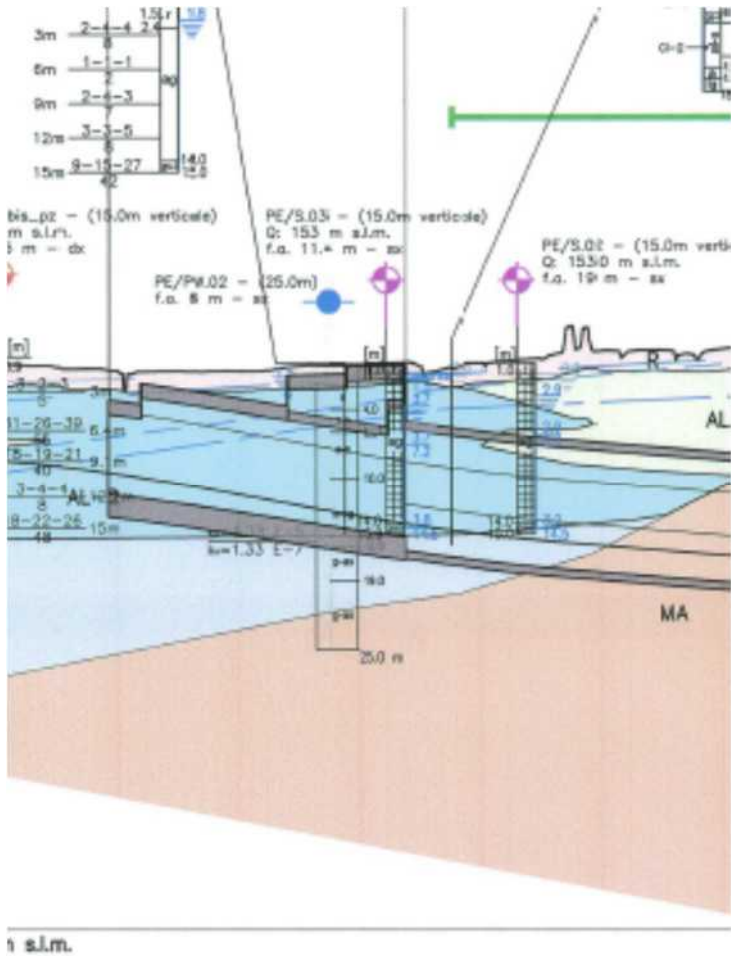


Figure 8 Long section at southern Portal of the Malo tunnel. Source: SPV

The initial section of the bored Malo tunnel from the western cut and cover portal is through alluvium that is to be jet grouted (see Figure 9).

The groundwater level is high, so this portion of the bored tunnel will be a more difficult section to construct as this form of stabilisation is not necessarily a common method for alluvial deposits, which can be of variable composition, grading and strength. If successfully stabilised, the tunnelling operations would be relatively straightforward but the proposals are for partial grouting as depicted in the figure below and thus rely on a good knowledge of the geology and ground water conditions.

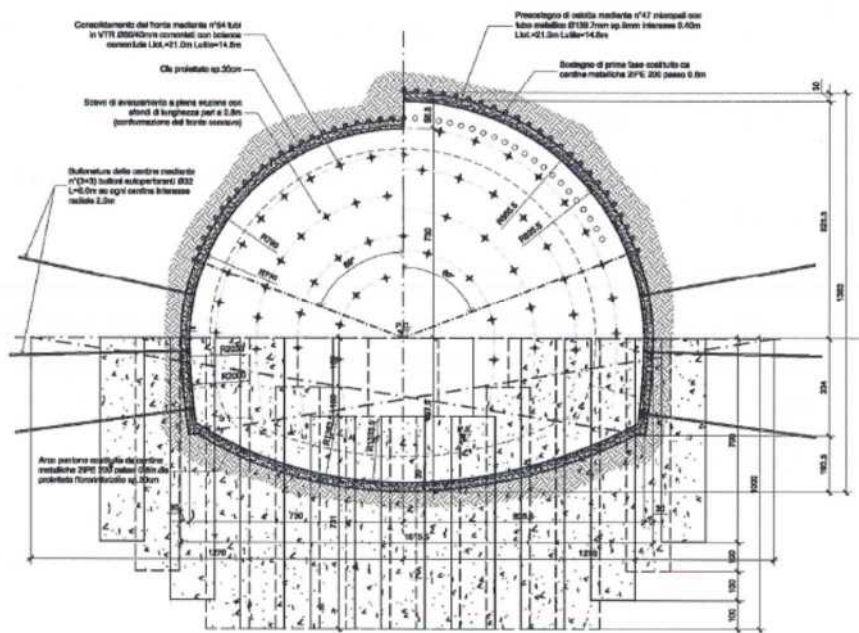


Figure 9 Proposed grouting for tunnelling at southern portal. Source: SPV

The bored section of the Malo tunnel was initially expected to be through the Marne Limestone, but subsequent deep boreholes proved this not to be the case and it is now known that a significant portion of the tunnel will be excavated through basalt. It is thought that this basalt could be the basal rock, but the area has been subject to tectonic inclusion occurring during the Triassic period and the interpreted geological long sections show chimneys of basalt extending through the overlying rocks to the ground surface. This will lead to complex geological conditions as the basalt is reportedly highly fractured and subject to weathering. The pyroclastic intrusion would also alter the basal rocks and fine grained stronger rocks could be present along with weathering of the rocks to soils.

At its northern end, the Malo tunnel emerges from the Marne Limestone into glacial and alluvial gravels (see Figure 10 below).

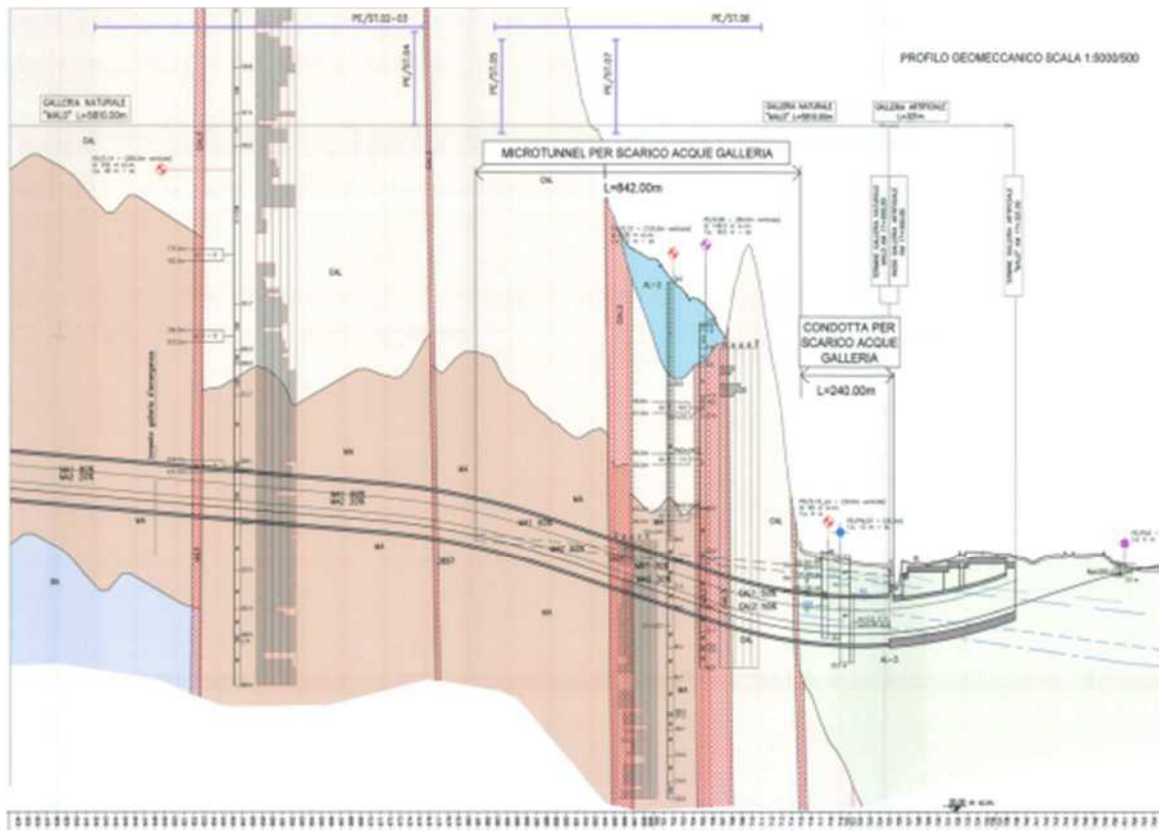


Figure 10 Long section at northern portal of Malo tunnel. Source: SPV

4.6.3.1 Tunnelling Methodologies

The main tunnelling method proposed is conventional face excavation and sprayed concrete lining to provide primary support. Excavation is by both mechanical means and blasting. The EPC Contractor estimates that 931m of basalt bedrock is to be mined using explosives. A variety of different primary support methods are proposed, depending on the ground conditions, and the drawings identify where each form of support is expected to be used:

Type	Type of ground	Excavation method and lining details
A	Locally unstable ground, where there is a risk of rocks detaching and falling from the soffit	<ul style="list-style-type: none"> Initial inspection borehole Full face excavation (up to a maximum of 4m) Placing the first layer (a regulating layer) of sprayed concrete lining (SCL): a fibre reinforced cement spray (average 5cm thick) Drilling of anchors (<i>bullonatura</i>) 24mm diameter Placing the second lining of fibre reinforced SCL, 10cm thick Construction of non-reinforced SCL for the base wall Fixing an impermeable layer (PVC)
B	Used particularly in Marne limestone, where it is anticipated that the front face will be stable in the short term but the crown excavation is expected to be	<p>Similar to type A, but in addition:</p> <ul style="list-style-type: none"> include steel “ribs” instead of anchors, to better support the unstable ground, and

C1, C2, C2* and C3	unstable	<ul style="list-style-type: none"> • may require a curved base and spiles⁸. <p>Type B support class will require thicker final linings ranging from 60mm non-reinforced to 70mm reinforced concrete for the crown and 40 to 70mm thick reinforced concrete in the invert</p>
	In faulted areas, which are likely to be unstable at the face and will require a more onerous form of support in the temporary phase and final construction. The four sub-types are designed to cope with specific sub-groups of ground: faults and weak rock in both tunnels and also the alluvial deposits at each end of the Malo tunnel	<ul style="list-style-type: none"> • Consolidation at the face using grouting and stabilisation of soffit with tube spiles • Excavation of a maximum of 80cm • Placing of steel ribs • Installation of radial anchors • Placement of SCL • Excavation of the curved invert • Construction of the reinforced concrete base walls • Placement of the impermeable layer • Placement of the 60cm-150cm thick reinforced concrete lining for the crown and 80cm thick reinforced concrete lining for the invert

With the exception of section type A, which is only to be applied in very good rock mass, a reinforced concrete lining is foreseen for all section types both for crown and invert, with thicknesses between 60 and 150 cm.

Groundwater inflows have been estimated and typically it is expected that the tunnel excavation will be wet, with estimated inflows of less than 125l/min/10m length of tunnel. Only where there are faults is there expected to be higher flow rates.



Figure 11 Typical tunnelling. Source: SPV

Final lining of bored tunnels has been dimensioned according to the 2008 Italian Design Code (geotechnical and structural design), the thickness of lining being dependent on ground conditions and overburden on the

⁸ Spiles provide a protective canopy, to enable the heading of a tunnel to be advanced without the risk of falling debris. Often used with NATM - New Austrian Tunnelling Method - construction spiles enable drilled installation, reducing localised disruption and providing a conduit for grouting. Subsequent grouting assists in the consolidation of the surrounding ground, enabling safer excavation to take place.

crown of the tunnel. For the Malo tunnel, where the length of the tunnel and the wide variability in ground conditions defines several combinations, 13 types of support and lining sections have been identified.

The drawings indicate 1,700m of basalt rock excavation, of which 931m is to be blasted and of which 870m has Type A support. A further 600m is through fault zones within the basalt requiring Type B, C1 and C2 support (assumed) and the remaining 1,080m of this support class is through weak Marne and faults zones in the Marne, all of which can be excavated using mechanical means. The inherent uncertainties with blasting and the paucity of site investigation are seen as a risk to the construction programme.

4.6.3.2 Typical Issues Associated with the Proposed Tunnelling Method

The form of tunnel construction proposed by the EPC Contractor is common and appropriate given the ground conditions. It does, however, require careful management of the construction process as it is typically associated with a number of issues described below.

- Tunnelling conditions – the tunnel is formed partly in igneous rocks, which would be expected to give rise to hard conditions, and here the EPC Contractor proposes to use blasting techniques. The borehole records appear to show that this material is of a lower quality than the overlying clayey limestone (Marne), which is unexpected and does not support the need for blasting. However, if the igneous rock is harder than expected it will slow the progress of the tunnelling and may require adjustments to blasting patterns to remove it. Blasting can also lead to large over-break and loosening of the tunnel walls requiring scaling and / or rock bolts to contain dislodged rock blocks.
- Groundwater inundation – water table has been detected only in the first section of both portals. None of the deep boreholes has shown significant water level inside the rock mass. Nevertheless, systematic drainage is foreseen for all section types, to be drilled in advance of excavation. Where a fault zone is to be crossed, a specific section type, with face and crown consolidation works, is foreseen in order to mitigate face loss and instability. Rock bursts – due to the depth of overburden and potentially fractured state of the rock, bursts from the tunnels walls and advancing face may present a health and safety hazard.
- Unexpected ground conditions – much of the tunnelling is close to the interface between the igneous rock and overlying clayey limestone and there are numerous recorded faults. This will lead to highly variable support systems being required and significant attention to the geological conditions as work proceeds. The level of detail shown on the drawings seems to indicate that a very detailed site investigation has been undertaken to define the ground conditions. In particular, the Malo tunnel alignment has been investigated with several deep boreholes, seismic survey and detailed surface geological and geomechanical survey.
- Karstic voids that have been encountered to date have been small and where probed do not pose significant construction risk (based upon the excavation at the Sant' Urbano tunnel). The Malo tunnel is expected to intercept only short sections of Karst and the EPC contractor proposes to probe ahead of excavation, using a similar procedure as that which has been successfully used on the Sant' Urbano tunnel.

4.6.3.3 Fatal Accident in April 2016

A fatal accident took place on the site of Malo tunnel in April 2016 at the excavation face of the western tunnel close to the intersection with the intermediate access gallery approx.. 0.5 km from the northern tunnel portal (Treviso side). An operator of the excavator was clearing the rock following a blast, when a very large piece of rock has separated from the tunnel's ceiling, fallen down and rolled onto the excavator, crushing the machine and the operator. Operations for clearing rock are systematically realized in rock tunnelling during excavation of the tunnel face, to obtain a regular profile of the excavated section before installing the temporary support. The accident is being investigated by the Authorities, and no official conclusion has been reached at the time of writing of this report.

Following the accident, the Authorities have authorised restart of the excavation in Spring 2017 on condition that the EPC Contractor uses a specific type of support in the rest of the tunnel. The EPC Contractor

considers this proposed support to be an unsuitable technical solution and has commenced an adjudication procedure to lift the imposed measure and gain again access to the work site to resume tunnel construction. An independent expert has been appointed to resolve this issue and his report is due in July 2017. For the time being the access to the site where the accident happened remains closed and work cannot continue at this location. The effects of this restriction on the project schedule are discussed in section 55.

4.6.3.4 Tunnel Drainage

The Sant' Urbano tunnel falls gently and uniformly from north to south, so the drainage is southwards. In the Malo tunnel the alignment falls from south to north, so the drainage of the tunnel ends up at the northern portal. At the northern portal the vertical alignment has a low point before exiting the tunnel (See Figure 8).

Separate drainage systems are provided in the designs each tunnel for water entering through the walls and for liquids from the road surface; the latter are likely to be polluted and will be appropriately treated or disposed of safely, in order to avoid damage to the aquifer.

4.6.3.5 TA Opinion

Based upon the information reviewed by the TA, the use of conventional excavation methods with sprayed concrete lining for the construction of the tunnels and an observational approach to the assessment of the appropriate tunnel support and primary lining system are considered appropriate. This is a flexible method for mixed and variable geological conditions, varying from very hard rock to weak rock and soil. Drill and blast has been foreseen to excavate both basalt and marl of better geomechanical characteristics.

Pending the conclusions of accident investigations, the TA has reached no view as to the cause of the accident and is unable to reach a view on whether any major adjustment to the construction methodology and safety systems are necessary. The TA has reviewed the EPC Contractor's safety record for tunneling in similar conditions and found it to be very good.

The geology of the tunnel site is complex and combines stronger basalt rock and softer alluvial soils. This makes construction more complex but still well within the competence of an experienced contractor. In order to be more certain of ground conditions, the TA would have preferred borehole spacing to be less than 200m, rather than the actual spacing of 500m. However, the SPV has informed the TA that, due to access constraints on the surface above the tunnel, the spacing adopted was the closest achievable at the time.

During construction, groundwater inflow is seen as a key risk to the project. However, by the provision of suitable pumping capacity, there is no reason to believe that this should not be overcome by a competent tunnelling contractor.

The tunnelling method being used is in common use and is safe for use by a competent contractor with appropriate experience. The risks inherent in tunnelling by this method can be mitigated by the provision of good geological control on site with probing ahead of the tunnel face, geological mapping and a flexible approach to the support system, together with a contingency plan should the conditions rapidly deteriorate due to faulting or igneous inclusions. Guidelines in the documentation seen by the TA (Lot 1B section 2.15.0) illustrate the detailed preparations and mitigation measures to be used by the EPC Contractor.

The EPC Contractor has considered the risk issues and recognises them and is planning to carry out face mapping as the tunnel advances and to probe ahead of the tunnel face. These activities should generally be sufficient to predict the ground conditions as the tunnel face advances and should enable the EPC Contractor to amend the support system based upon the ground conditions encountered.

The Concessionaire has informed the TA that the Concession Agreement refers to art. 132b of the Italian Public Contracts Code). This item of the law stated that it is possible to claim a modification to the project in case of unpredictable conditions or events that occur in the construction phase. According to this, the EPC Contract provides the possibility to amend it through variations, when not attributable to design errors or deficiencies, and to the extent that the designs and proposed methodologies have been previously approved by the Grantor.

Although the tunnel lining is designed to include an impermeable membrane, there is likely to be some seepage into the tunnel. This is due to the potential head of water from imperfections in the lining

construction, albeit very small. A sump is provided at the low point in order to evacuate any water entering in this way. Due to the calcareous nature of the natural rock, the TA anticipates that it is likely that the pumps will calcify relatively quickly, leading to greater on-going maintenance and replacement than would normally be expected. The Concessionaire has confirmed that it has taken this into account of in its future maintenance plans.

4.6.4 Cut and Cover Tunnels

There are to be a total of 32 cut and cover tunnels on the project, distributed as follows:

- Lot 1: nine, including those at the ends of the bored tunnels
- Lot 2: nine
- Lot 3: 14

The designer has designed three types of cut and cover tunnel. The EPC Contractor will select the type each cut and cover tunnel depending on the quality of the cutting materials, the area of land available for construction and the level of the water table.

The type A tunnels are based on a traditional and simple approach that makes use of the land available to create an open cut in which the tunnel can be constructed from the bottom up, starting with the base slab, then the walls and finally the roof. This is illustrated in Figure 12 below.

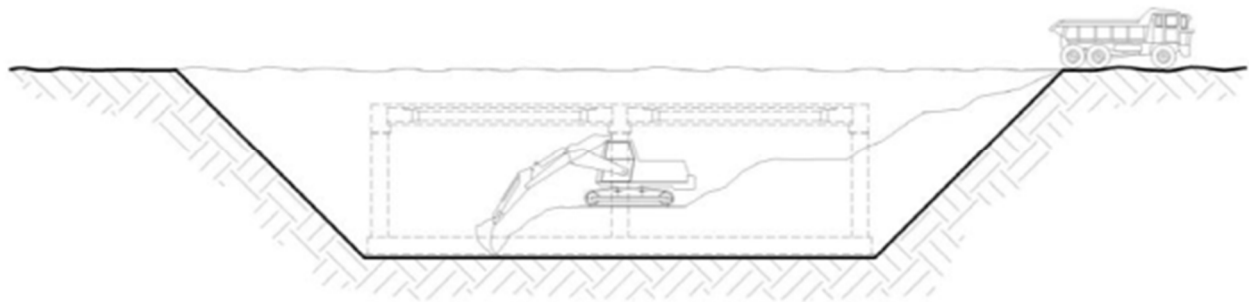


Figure 12 Construction of Type A cut and cover tunnel. Source: SPV

Type B tunnels are to be used where there is less space available on the surface for an open cut, in which case the construction method is to create the tunnel walls using diaphragm walls. The diaphragm walls are likely to be subcontracted out and there are several competent sub-contractors in Italy who could carry out this work. The central pier can be piled, with the roof cast to support the walls before excavation (top down) or cast on the floor of the tunnel if the walls are designed to retain the earth. The methodology is illustrated in Figure 13.

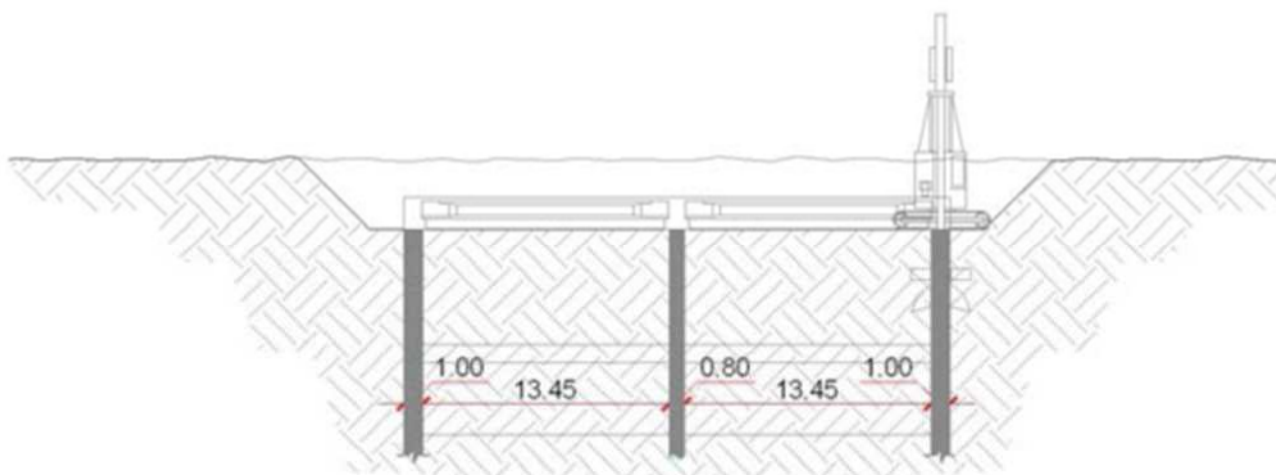


Figure 13 Construction of type B cut and cover tunnel. Source: SPV

Type C tunnels are to be installed where there is a high ground water level at the tunnel location. The chosen methodology is to use diaphragm walls with a “waterstop” between the concrete panels to reduce or eliminate the inflow of ground water. To avoid water seeping up into the tunnel from beneath, the ground between the diaphragm walls is to be grouted from the surface to form a plug. The central pier is to be constructed using piles, so that the tunnel roof can be cast and excavation continue beneath (top down method). The tunnel floor is then cast on top of the grouted plug. This methodology, although more complex than the two previous methods, is well known and the construction of such structures in the presence of ground water should not present any undue difficulty for a competent contractor. This is illustrated in Figure 13.

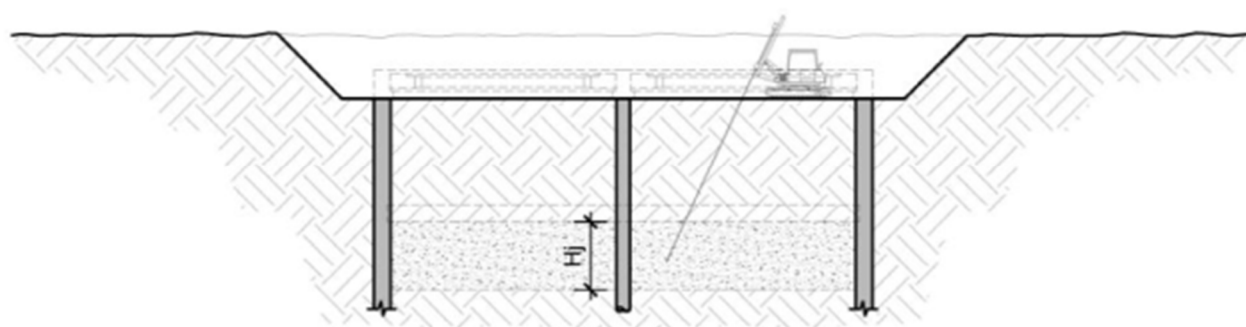


Figure 14 Construction of type C cut and cover tunnel. Source: SPV

4.6.5 Jacked Tunnels

Where the new highway crosses railway lines and motorways, the relevant authorities have requested that the EPC Contractor should limit any interruption to their operation. The EPC Contractor proposes to use the jacked concrete box approach to construct tunnels under the rail lines and the motorways, which are crossed at nine locations. The total length of jacked boxes to be installed is 322m.

The technique involves the construction of the whole tunnel structure off line at the required level, following which the whole structure is pushed by powerful jacks beneath the railway or motorway on greased guides. This technique has been undertaken on many sites around the world and is particularly appropriate where

the rail lines or motorway are on embankment as the made ground can be easily displaced by the box. Three Jacked tunnels have been completed successfully, so far. The first one in lot 2A, the second one in Lot 2D (MS2D004) and the last one in the lot 3B (MS3B010). All of them have been completed on time without affecting the rail service, which was appreciated by the rail authorities.

4.6.6 TA opinion

The types of structure and construction techniques do not involve new or untested technologies, nor are they difficult to construct in themselves. The EPC Contractor has experience of building such structures on other projects and has reported no difficulty on the current project to date.

Construction of tunnels is always a risk to a construction contract and this is no exception. Particular risks are associated with bored tunnels in view of the difficulty in assessing ground conditions at depth and the TA has drawn attention to a number of these in section 4.6.3.2.

The EPC Contractor has experience of building jacked boxes and the TA would therefore expect it to be able to build the structures currently proposed for the project without undue difficulty.

4.7 Drainage

4.7.1 Drainage Strategy

The EPC Contractor has informed the TA that its general strategy foresees the solution of collection, treatment and discharge of the rain water - type separated, that means the separation between the first storm water and second storm water along the highway (as extracted from the Environmental Impact Evaluation – VIA Report issued by the Ministry on 13/02/2006 and integrated in the Executive Design).

The general information with all technical details (descriptions, calculations, illustrative details and sections) and prescriptions/monitoring activities are described in the Hydrology and Hydraulic Executive Project Report.

The return period for rainfall calculation is 100 years, with river crossings designed for a 1 in 200 years event.

The general strategy can be summarized as follows:

- Separation between the first storm water and second storm water along the road system
- Treatment for the sedimentation to reduce the metals and solids during the discharge
- Treatment for the oil separation in the first storm water
- Lamination basin (with various dimensions to be installed approx. every 1km) to collect all treated rain water and second rain waters. At exit there will be installed a sampling pit to execute the periodical verification in accordance with the procedures foreseen for the monitoring of underground and ground levels waters
- The monitoring procedure (as extracted from the Environmental Monitoring Report of Executive design) foresees the following activities:
 - Period before start of works: three investigations and tests per year, to be executed downstream of the toll road alignment (N=64).
 - Period during the construction: four investigations and tests per year, to be executed both upstream and downstream of the toll road alignment (N=128).

For the less permeable areas and where groundwater is located in a high level or to protect the potable water wells or for the areas where total protection is required, the discharge of the storm water should be stored in the lamination basins or in the tanks in order to guarantee the “hydraulic invariance” of the territory, or rather aim to keep unchanged the existing discharge flow from land levels. Occasional accidental overflow from basins will be stored in other tanks with 40cu.m capacity that, after analysis could be disposed of safely off site.

4.7.2 Typical Details

The Final Design considers different configurations: on embankment, in cutting between wall, in cutting without wall, tunnels, service areas and toll booth areas. The different configurations for the main highway as shown in the diagrams below.

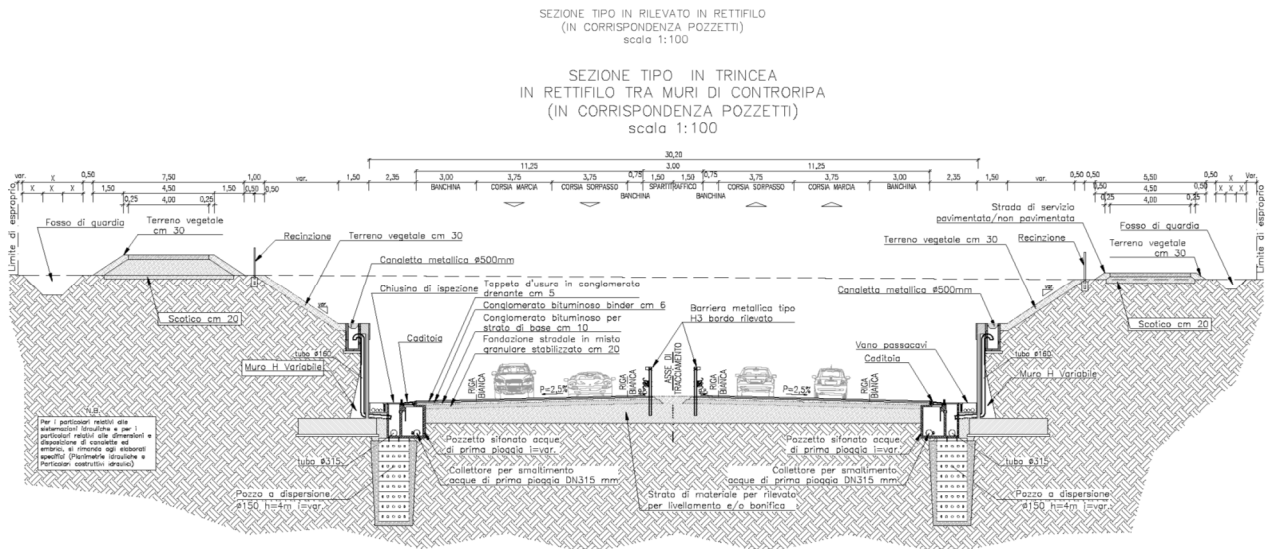


Figure 15 Drainage on Embankment and in a Walled Cutting. Source:SPV

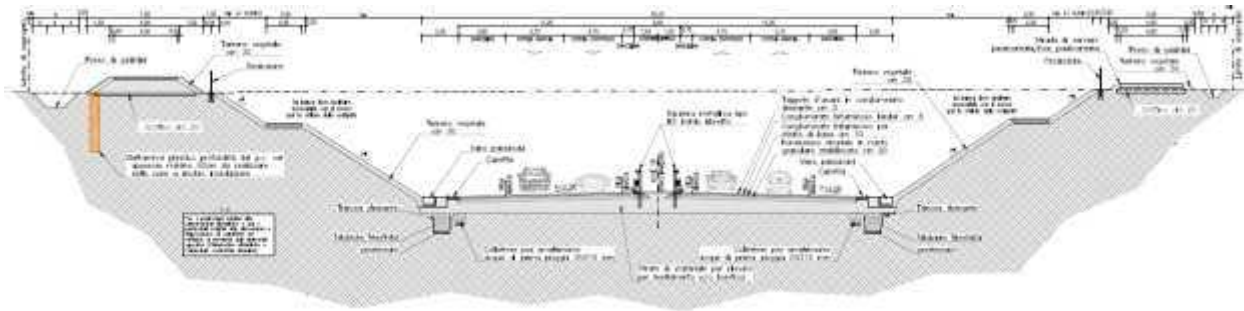


Figure 16 Drainage in Open Cuttings. Source: SPV

4.7.3 Hydrological Studies

The EPC Contractor carried out hydrological studies prior to the preparation of the Definitive Design and modified the Final Design accordingly.

Following its comments on the Definitive Design, the Grantor requested improvements to water treatment systems, in order to protect the aquifer. This has led to four treatment options, as shown on the plan in Figure 17:

- Total run off treatment where all run off from the road is to pass by oil separators and filters before being released into water courses
- Partial run off treatment where the first 5mm of rain is treated and released into water courses. The remainder is allowed to soak away into the ground water
- Standard run-off treatment whereby the first 5mm of rain is treated and then allowed to soak away with the rest of the run off
- Tunnel water treatment where all accidental pollution is collected by the tunnel drainage and stored in tanks and then pumped away later.

In order to protect the groundwater aquifers, the EPC Contractor has developed a specific treatment model for all runoff from the new highway. As stated earlier, the road is below ground level for a substantial part of its length and permanent pumping facilities will be provided, controlled centrally from the Operations Centre (see Section 4.8).

Water protection was considered in the Environmental Statement which was approved in 2006 during the approval process of the Preliminary Design. At the Definitive Design Stage, comments were made on the design, which the Concessionaire answered in the Executive Design and which is now approved. The approved Final Design therefore covers the water protection approvals.

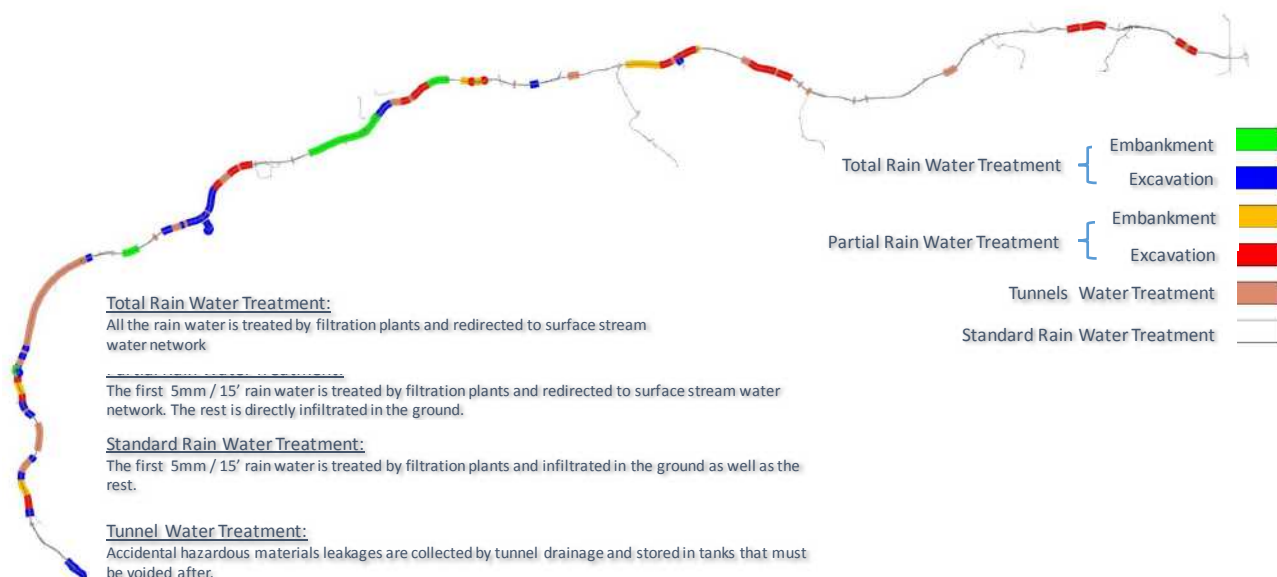


Figure 17 Treatment of surface water and accidental spillage. Source: SPV

The EPC Contractor has now included a large number of treatment tanks that consist of buried concrete structures with a number of chambers, through which the run off flows and is cleansed through separators and active filters. This has increased the capital cost of the scheme but has been treated as a client change such that the construction price is increased. There will be an on-going maintenance cost to ensure that the filters are cleaned but the Concessionaire has ensured that a simple proprietary system is built which allows rapid replacement of filters from the surface.

4.7.4 Irrigation Canals

The alignment of the new highway crosses multiple irrigation canals and frequently these are above the level of the new road. This has necessitated aqueducts (*ponte canale*) to carry the channels (and drains) over the road. These are generally open concrete channels or pipes carried on reinforced bridge structures, which allows the maintenance of the channels with affecting the supporting structure.

4.7.5 Tunnel Drainage

Generally, tunnel drainage is managed by arranging for all water to drain to the low end of the tunnel and thence into pollution traps before discharging into the roadside drainage systems. One exception to this is the Malo tunnel where, for topological reasons, the lower (northern) end of the tunnel dips under an existing drainage channel. In this tunnel, drainage is effected in two ways: firstly, the main tunnel drains into a micro-tunnel, which takes water from all but the last kilometre of the tunnel and discharges it into the drainage channel. Secondly, the last kilometre of tunnel is drained by a pumping station at the lowest point. In both cases, water ingress during the operations period in the tunnel should be minimal if the tunnel casing is sound and water-tight. Potential pollution from accidental discharge will need to be stored and treated prior to discharging clean water into the drainage channel and the pollutant will be collected for safe disposal elsewhere.

4.7.6 TA Opinion

Since two-thirds of the new highway is below ground level, the road is particularly vulnerable to the effects of rainwater run-off and a high water table. The designers have gone to considerable lengths to protect the new highway from these effects, by installing drainage at the tops of cuttings as well as adjacent to the road itself (see Typical Details above), which feed into pumping stations that are positioned at strategic locations along the alignment and controlled from the main operations centre.

The design of the drainage system should protect the new highway from the impact of water from overland flow, underground flow and run-off rainwater falling on the infrastructure itself. The design return periods, of 100 years for normal drainage and 200 years for river crossings, is appropriate and should lead to safe drainage design. The TA is satisfied that appropriate design solutions have been developed for this road.

The solution chosen for irrigation canals and drains crossing the new highway is appropriate, making use of proven construction techniques and allowing for easy access for maintenance.

4.8 Control Centre: Signalling and Telecommunications

The Operational Control Centre will be linked to all the systems in the tunnels and along the SPV. This will allow video surveillance and monitoring of the operation using a Supervisory Control And Data Acquisition system (SCADA), which will receive data from remote sensing equipment covering such diverse information as rainfall, drainage, wind, traffic, CCTV cameras and will enable the O&M contractor to take action to remedy many situations remotely. For instance, it will be possible to operate drainage pumps, post information for drivers on overhead signs and obtain information on tunnel air quality.

Whilst there will be automation in the operation of the systems in the tunnels, this can be manually overridden in the case of an emergency.

The tunnel systems will also be relayed to the tunnel control building which is sited closer to the Malo and Sant' Urbano tunnels. The tunnel control building can be used to manage an incident in a tunnel whilst the control centre reverts to managing the rest of the road in an emergency situation. It can also act as a back-up to the main control building.

The proposed systems and links are what the TA would expect on a modern toll road in Western Europe and the TA has every reason to believe that the operational aspects will be controlled in the most efficient and appropriate way.

4.9 Lighting

Lighting will be provided only at junctions. The Concessionaire proposes to use standard sodium lighting in widespread use. Every effort will be made to reduce light pollution and to reduce energy consumption. Lighting will be centrally controlled from the Control Centre.

4.10 Tolling & Traffic Assessment

The Consortium will install a toll system that requires the user to take a ticket on entering a section of highway and pay at the exit, depending on class of vehicle and distance travelled. This is similar to the system currently in use on the A4 motorway at the western end of the highway and the two systems will be linked; a tariff-sharing arrangement will be included in the covenant currently being negotiated between the operators. All entry/exit lanes at all junctions on the highway will be equipped with toll plazas.

Residents of the communes that the highways crosses will have a reduced tariff, authorised by the use of a "telepass".

The Consortium anticipates that 50% of users will pay through electronic tolling systems, but one lane will be configured for manual operation.

Toll plazas vary depending upon the expected traffic flow, but all have the same four components, viz:

- Toll barriers and pay stations
- Underpass
- Shelter over the pay station
- Cabin

Several types of stations are proposed, in order to deliver entry tickets and to collect payment. All machines will operate at two levels in order to facilitate payment by large and small vehicles. Machines will also take cash, credit/debit cards, contactless payment and telepass. Numbers of lanes vary according to predicted traffic flow at the plaza.

A pedestrian underpass from the edge of the plaza enables access to all pay stations and barriers by maintenance and operations staff.

The roofing over the pay stations will be made of corrugated steel, coated in a mid-brown long-lasting surface. A small cabin will be located adjacent to the toll plaza, with direct access to the underpass, which will house an office the toll booth operations staff for manned pay stations and will also house the electro-mechanical equipment for the plaza. Buildings are simple and rectilinear and easy to maintain.

4.10.1 TA Opinion

The level of detail contained in the Final Design is appropriate for the construction stage of the works and for ordering tolling equipment. The TA considers that sufficient attention has been paid to the traffic requirements, which has enabled the sizing of the plazas for each locality.

The Concessionaire has assured the TA that its team has appropriate knowledge of electronic toll collection systems and is in the process of identifying the best supplier taking account of quality and innovation, presence in the market, interoperability capability, lanes installed, warehouses and management centres provided. It is intended to use existing technology that has been tried and tested elsewhere on operational toll plazas. The provision of one manual lane at each location is considered to be prudent in case of mechanical or communications breakdown.

4.11 Railway Line Crossings

The alignment crosses several railway lines, and the TA understands that all of these are to be constructed using jacked boxes (see 4.6.5). This should preclude the need for closures or for temporary track possessions, but it may in any case be necessary to obtain these for railway safety reasons during pushing of the boxes. Two jacked tunnels have been completed on lots 2D and 3B with no issues for the railway service. For both of them the pushing phase has been planned in coordination with the rail authorities and has been carried out without problem and on schedule.

The TA considers that the use of jacked box construction is achievable by a competent contractor and understands that at least one has already been installed successfully on this project (Lot 2A).

4.12 Construction Risks

The TA understands that the EPC Contractor reviewed the risks at Definitive Design stage and has endeavoured to ensure that they are covered through:

- Further geotechnical and detailed topographic survey
- Final Design and construction methodology
- Grantor compensation
- Additional margin in the rates

These are discussed briefly in the following sections.

4.12.1 Further surveys

The EPC Contractor has carried out additional topographic survey to ensure the accuracy of the ground model. This has enabled it to have confidence that the quantities calculated by the design model are accurate and can be relied upon. It has also collected all the information on the utilities and the irrigation channels, which has further enhanced the accuracy and suitability of the Final Design.

The EPC Contractor also carried out an additional geotechnical survey, particularly using deep boreholes in the vicinity of the tunnels. Following the receipt of this additional information, it has varied the construction methodology in response to this and maintains that some risks will be carried by the Grantor.

4.12.2 Final Design

The Final Design is now complete and has been reviewed and approved by the competent authorities. This adds a further level of confidence, over and above the internal checking processes that are normally undertaken by a design team. The Final Design now includes all the scope changes agreed since tender and where appropriate the Grantor has agreed to increase the subvention.

Following the completion and approval of the Final design, the EPC Contractor has developed a robust construction methodology for each of the construction tasks.

4.12.3 Risks Carried by the Grantor

The TA understands that, although not explicitly set out in the Concession Agreement, certain risks are to be carried by the Grantor. The most important of these is unforeseen ground conditions in the tunnel. The Concessionaire plans to identify these as a Force Majeure event in the Concession Agreement

4.12.4 TA Opinion

As mentioned earlier in this report, the Concessionaire has confirmed that the risk of unexpected ground conditions must be borne by the Grantor to the extent that it causes a variation on the execution of the works.

5 Construction Schedule & Phasing of Works

5.1 Overview

The Contractual Date for the start of works is the trigger for the construction period of 1,800 days as defined in the Concession Agreement. The December 2013 Addendum to the Concession Agreement states that the concession period starts from this date and allows nine years and four months for design and construction (112 months). The Concessionaire has confirmed to the TA that the official start date for the 1,800-day construction period is 9 October 2015. Start-up of operations on the new highway is forecast in the Concession Agreement to be September 2020. The summary schedule provided to the TA for review shows a construction completion date of 11 September 2020, which is within the 1,800-day contractual construction period.

The summary of the high level schedule for the construction period is shown in Figure 18.

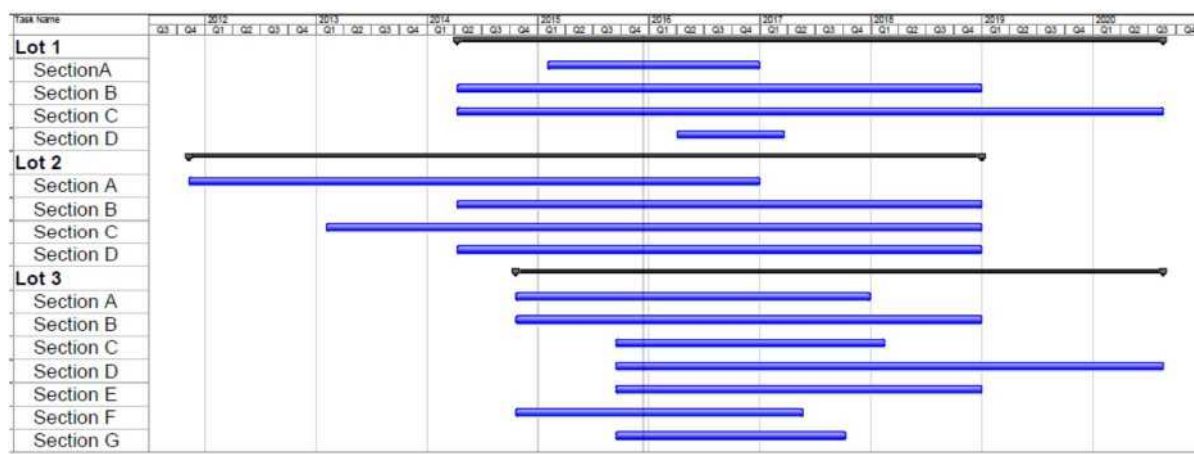


Figure 18 High Level Schedule Summary. Source: SPV

The EPC Contractor has carried out site clearance and site mobilisation works which started in November 2011. Construction works in Lots 1 and 2 have been carried out and some sections of the works, such as Sant' Urbano tunnel, have progressed substantially. Table 10 below summarises information on the construction progress to date.

Lot No	Date of start of works		Percentage progress at 31 May 2017
1		11 April 2014	20.50 %
2	2A:	10 November 2011	46.40 %
	2C:	4 February 2013	
	2B, 2D:	11 April 2014	
3	3A, 3B, 3F:	21 October 2014	15.97 %
	3C, 3D, 3E, 3G:	9 October 2015	
Overall	Contractual Date for start of works	9 October 2015	27.27 %

Table 10 Construction progress at 31 May 2016. Source: SPV

One major item of the works will be undertaken by others: the A4 intersection, which is to be built by the Autostrada Brescia-Verona-Vicenza-Padova SpA. The Concessionaire has informed the TA that, if these works are late, it will be protected by provisions in the Concession Agreement such that the Grantor takes the risk.

Art 18 of Concession Agreement states that the concession has a duration of 39 years (468 months) from the start date of operations, which is defined as the date when the last functional lot is brought into operation.

5.2 Integrated Baseline Schedule

The TA has been provided with detailed schedules showing the works across the whole of the Project. The level of detail gives sufficient information in order to understand the construction activities and the schedule provides logic links between various activities, thus allowing to monitor impact of delays on the key project delivery dates.

The schedule demonstrates that the Malo tunnel works are the most critical element of the Project and dictate overall construction duration. The construction works on the whole route, except the Malo tunnel section, are scheduled for completion by the end of December 2019. The Malo tunnel section is shown as being completed on 11 September 2020, i.e the contractual completion date.

Following the fatal accident in Malo tunnel in April 2016, access to site from the location of the accident has been closed. The EPC Contractor awaits the decision of the independent expert on the methods of securing the accident site and expects to re-start the works at this location shortly after July 2017. Should this be achieved, the EPC contractor is still able to achieve the contractual completion date, but will require acceleration of works through an average daily advance rate improved by 50% considering identical geological conditions compared to the initial estimations, a more condensed shift pattern working 7/7 and a reduction of off days. The TA acknowledges that the EPC contractor is capable to improve the average daily advance rate, but it should be considered that the margin for recovery of any unforeseen events and diverging geological conditions is substantially reduced with higher risk of not meeting the project schedule.

The EPC contractor has considered an alternative approach, should the access restrictions from the North portal remain in place beyond July. This involved use of the service gallery (to be constructed) as the main

means of access to the northern end of the tunnel (the Treviso side), while continuing the planned excavation from the South. This solution will require change of the location of the main site installations and change in the permitting regime for the traffic management, as it would involve transport of large quantities of material and greater vehicle movements to and from the service gallery portal than foreseen in the original construction plan. This change will require approval by local public authorities. The TA also considers construction site logistics through the service gallery for the construction of two tunnels in two directions at the same time as highly challenging. Improvement to the average daily advance rates will also be necessary to achieve contractual completion date. . In this scenario the contractual completion may be achieved, but there is a significant risk of delay.

In the event that no access to the northern end of the tunnel is possible in the near future, the EPC contractor's only option is to continue to excavate the tunnel from the South. This scenario, in the worst case, will lead to a significant delay (of circa 15 months) .

The schedules reviewed by the TA do not explicitly show any schedule contingency attached to activities. The Consortium stated that it originally assumed conservative productivity rates for tunnel excavation and used a 6 -day working week as the basis for the tunnelling activities and a 5 day working week for the non-tunnelling activities. Both of these approaches generated a level of schedule contingency as they allow some acceleration of the works. Given the situation with Malo tunnel, this schedule contingency will now be used, leaving little room for any further adjustment.

5.3 Malo Tunnel

The construction strategy for Malo tunnel was to excavate four faces simultaneously, two faces from the South portal through the reinforced alluvial sediments, and two faces from the intersection of a short access gallery at 0.5 km from the North portal with the main tunnel (. Excavation of the North portal section situated in reinforced alluvial sediments is performed separately thanks to the intermediate access gallery ("discenderia") allowing direct access to the rock tunnel excavation and shall not be on the critical path for completing excavation. The schedule was based on a 6-day, 16-hour working plan, and therefore provided some opportunity for acceleration through an increase in working days. The TA has reviewed the predicted productivity rates for all sections of the tunnel in order to ensure that the productivity assumptions are achievable. The productivity rates assumed by the Consortium are summarised in Table 11.

Ground condition type	Support solutions	Forecast productivity rate
A	Sprayed concrete with rock anchors	6 m/day
B0	Sprayed concrete with steel ribs	4.5 m/day
B1	Sprayed concrete, curved base and closely spaced steel ribs	4.5 m/day
B2	Reinforced sprayed concrete for side walls and soffit	
C1	"umbrella" support, face reinforcement and steel ribs	1 m/day
C2	Enhanced "umbrella" support and thicker lining	1 – 2 m/day
C3	Grouting of face and perimeter of excavation	2m/day
Long average across all bores		1.96 m/day

Table 11. TA's Analysis of Malo Tunnel Productivity Rates

The TA's benchmarks based on other non-TBM motorway tunnels give a range of productivity rates of between 9 meters and 3 meters a day. The lower end of this range would be appropriate for comparison with Malo tunnel due to the complexity of variable soil conditions and the complex support structures required. The assumed long average of 1.96 m/day indicates that the Consortium has been conservative in its original productivity assumptions.

Following the Malo tunnel accident, the EPC Contractor plans to use a more condensed shift pattern and 7-day working and to improve the average daily advancement rate to 6m . Achieving this objective would result in higher productivity rates and would bring the long average much closer to the TA's benchmarks. As can be seen from the table above, average daily advance rates considered for the recovery schedule correspond to rates assumed for the most favourable ground conditions, leaving only a small margin for recovery in case of unforeseen events and geological conditions diverging from the predictions. The assumption for the average daily advance rate bears a higher risk of not meeting the contractual construction schedule.

5.4 Other Schedule Assumptions

Utility diversions typically represent one of the areas of risk to construction progress. Usually utilities (water, power, gas, telecom and sewerage networks) tend to be more numerous in the densely populated areas. The TA understands that utility diversions have been carried out or are on the way in some of the project sections. The Consortium stated that sufficient time is available in the schedule to complete all necessary works without impact on the construction progress.

Current schedule assumes that the earthworks will be carried out throughout the year. The schedule takes into account reduced productivity during the winter months compared to summer working.

The schedule is not cost loaded nor is there a matrix of costs linked to schedule activities. This means that no direct connection between the time taken to undertake the work and the value of work delivered within this time exists.

5.5 TA Opinion

The summary schedule shows that the Malo tunnel works are critical for the timely completion of the Project. The restriction of access to the accident area (intersection between the main tunnel and the "discenderia") of the tunnel meant that no work has been carried out at that location over the last 13 months. Given the fact that the EPC contractor is dependent on the outcome of the juridical procedure to regain access to the main tunnel excavation site close to the North portal, and that the timing of such access is still uncertain, the TA is of the view that a delay of 6 to 12 month to Malo tunnel completion is a realistic possibility. The TA notes that EPC Contractor is confident in getting a positive outcome of the adjudication and that the timely completion of the tunnel is still achievable.

5.6 Traffic Management

The Concession Agreement expressly requires the Concessionaire to make maximum use of the alignment of existing roads in order to minimise land acquisition. As a result, in several locations cut and cover tunnels are to be constructed directly on the alignment of existing secondary roads. The EPC Contractor has developed a detailed construction sequence including detailed traffic management.

5.6.1 TA opinion

The TA is satisfied that the EPC Contractor is taking sufficient precautions to minimise the adverse impact of the works on existing traffic.

5.7 Health & Safety during Works

Italian Law has adopted the European standards on health and safety and the EPC Contractor is obliged to work to the most recent standards for employee health and safety.

The Concessionaire has provided the TA with copies of the Additions to the Operational Safety Plans (*Piano Operativo di Sicurezza, POS*), which detail the risk analysis, evaluation and measures for risks associated with construction works on mitigation of specific works for several Lots, including 1C (containing the Sant' Urbano and Malo tunnels). The documents take each construction task, name supervisors for these tasks, evaluate the risks and instruct avoidance or mitigation measures.

The TA is satisfied with the level of detail of these documents and that, if followed carefully, risks of personal injury should be minimised.

6 Environment

6.1 Regulatory Framework

The Project falls under the National Regulation No. 443 dated 21 December 2001 (*Legge Obiettivo*) as it is considered a strategic project for Italy. For this reason it was subject to a fast-track screening and approval procedure, which involved the following steps.

- The Preliminary Design was submitted to the Environmental Impact Assessment Procedure according to the Law Decree 190/2002; the environmental assessment started in August 2005 and was concluded in March 2006 with Positive Advice issued by the Ministry of the Environment with notice No. GAB/2006/2305/B05 dated March 14, 2006, referring to the Environmental Compatibility Advice issued by the EIA Special Commission (*Commissione Speciale di Valutazione di Impatto Ambientale, CSVIA*) on 13 February 2006, and to the environmental compatibility positive advice issued by Veneto Region with Deliberation (*Delibera di Giunta*) No. 3205 dated 2 November 2005. The notice included a list of technical and environmental prescriptions to be implemented in the subsequent design phases.
- Considering the interferences of the Project with few Natura 2000 Sites⁹, a specific Impact Study for these areas was developed jointly to the Environmental Impact Study (EIS).
- The Ministry of the Environment (*Ministero dell'Ambiente e della Tutela del Territorio e del Mare, MATT*) positive advice was taken into account by CIPE (*Comitato Interministeriale per la Programmazione Economica* – Interministerial Committee for Economic Programming) for issuing Deliberation No. 96 dated 29 March 2006 (Preliminary Design approval with prescriptions).
- After the issuing of the EIA and CIPE Deliberation, the following environmental documents were prepared and submitted to the competent authorities:
 - Report on the Plan relating to the Insertion into the Landscape (*"Relazione del Piano di Inserimento Paesaggistico"*, SPV S.p.A., 2010);
 - Landscape and Environmental Interventions (*"Interventi di Inserimento Paesaggistico e Ambientale"*, SPV S.p.A., 2010);
 - Archaeological study (*"Studio Archeologico"*, SPV S.p.A., 2010);
 - Integrations to the Modelling of the Impacts on Air Quality (*"Integrazioni allo Studio Modellistico di Impatto Atmosferico"*, SPV S.p.A., 2010);
 - Report on the expropriation indemnities (*"Espropri, Relazione Giustificativa delle Indennità di Esproprio"*, SPV S.p.A., 2010), developed in compliance with the Agreement for Expropriation Procedures signed on 10 March 2010 by SPV (i.e., the Concessionaire), the Region of Veneto, the national delegated commissioner of the project, and several local agricultural associations;
 - Preliminary guidelines on the work site environmental management plan (*"Manuale di Gestione Ambientale del Cantiere, Indicazioni Preliminari"* (SPV S.p.A., 2010);

⁹ Special protected areas identified according to a communitarian agreement of 1992

- Prescriptions on the executive project plan issued by the national delegated commissioner of the project with Decree No. 116 of November 22, 2013; and
- Environmental Monitoring Plan (“*Monitoraggio Ambientale, Relazione del P.M.A.*” (SPV S.p.A., November 27, 2013).

The following documents were reviewed by the TA in the course of this due diligence:

- The CIPE Deliberation of March 2006;
- The Environmental Monitoring Plan of November 2013 based on the authorizing resolutions;
- The Non-Technical Synthesis of the Environmental Impact Study of July 2005;
- The Social Impact assessment Report of September 2011;
- The Environmental Impact assessment of the Natura 2000 protected areas affected by the project, dated July 2005;
- The Executive Design of the roadworks (last updates are dated 2014), related to Geological and Hydrogeological aspects, Landscape and Environmental setting of the Project, Acoustic Mitigations, Ecological and Faunistic mitigations; and
- The Lenders' Technical Advisor Report prepared by Mott MacDonald, (MDD report), of August 2015

6.2 Environmental Components

6.2.1 Soils

The “Soils and Subsoils” environmental components were analyzed in depth in the EIS (developed by SPV S.p.A. in 2005) and covered geology, hydrogeology and seismicity.

The Project construction and operations phases will interfere with the agricultural soils and, partially, with the uncultivated land. Monitoring activities will be started before the commencing of works in order to take a picture of the actual soil conditions according to the analytical set already approved by the authorities during the EIA.

Periodic sampling and site inspections will be performed during the constructions works and after the completion of the Project to ensure that the quality of soils is not impacted.

The quality and quantity of the soils to be excavated will be screened before the commencement of works. The detail of the analytical screening will vary according to the different zones already identified by the previous environmental assessments. Six zone typologies have been identified, varying from zones where a contamination is already known to uncontaminated agricultural lands. Therefore during the works the excavated soils will be screened according to the analytical protocol and according to their provenance and then stored to be reused or disposed of depending on the relevant test results. Traceability of the excavated soils will be maintained through a dedicated procedure.

After the conclusion of the works, a general report will describe how and where the excavated soils have been reused or disposed of. All the transport manifests and related documents, as well as the analytical certificates pertaining to the soils characterization, will be attached to that report.

6.2.2 Groundwater and Surface Water

The Project approval Decree No. 10 of September 2010 issued by the Delegated Commissioner, prescribed adoption of suitable construction techniques to ensure protection of the groundwater.

The construction methodologies to be applied at the crossing points with canals and other surface water bodies have been discussed with the central and local authorities, as stated in the Concessionaire’s Final Design.

An indication of already existing (*Ante Operam*) groundwater pollution is given in the Geological Report of the Executive Design and local environmental data directly related with the Project Corridor are given in the Environmental Monitoring Plan reports.

Groundwater and surface water quality of the areas of interest will be screened by means of dedicated analytical programs, surface water features will be sampled along various transects, while a set of piezometers and already existing wells will be used to verify the groundwater quality before the commencement of the works.

The analytical monitoring will continue during the constructions works, when the flows, temperatures and electrical conductivity of the local natural springs will be continuously monitored.

The water quality checks will be performed during the construction and the operational phases after the completion of the roadworks. In the event of an accident with a vehicle involving spillage of potential pollutants, a weekly monitoring of the water monitoring wells located in the accident area is foreseen.

In the Hydraulic Assessment report, the rainfall intensity–duration–frequency curves (IDF) were estimated based on available series of historical rainfall data (e.g. 15-40 years).

The Hydrological report gives the dimensioning of the water discharge system and the drainage systems of the Project in the Final Design.

In order to protect the Veneto region's aquifers, the stormwater will be separated between the runoff from the roads and the runoff coming from the other less impacted areas. The first flush of the runoff from the roads will be treated before discharge. The basins to collect first flush stormwater are dimensioned in order to capture possible spills of chemicals in case of road accidents. According to the Final Design:

- Stormwater will be treated by filtration plants and redirected into surface stream water network
- The first flush of stormwater (5mm during the first 15 minutes for each rain) will be treated by filtration plants and redirected to surface stream water network. The rest will be directly infiltrated in the ground.

In the tunnels accidental hazardous materials spills will be collected by the tunnels drainage systems and stored in tanks for proper characterizations and subsequent disposal.

6.2.3 Noise and Vibration

The Presidential Decree of March 30, 2004, No. 142, imposes noise limits for newly built highways for all receptors within a distance of 250 m from each side of the road. In particular, it requires compliance with a noise limit of 50 dB(A) (daytime) and 40 dB(A) (nighttime) for sensitive receptors (e.g., schools, hospitals, and retirement homes) and a limit of 65 dB(A) (daytime) and 55 dB(A) (nighttime) for all the other residential receptors.

The noise impacts were thoroughly investigated by the Concessionaire during the EIS by means of three-dimensional models and noise surveys. The critical areas were identified and proper mitigation action (e.g., installation of soundproof panels and artificial soil bunds) was considered to protect the potential critical affected areas. The noise levels will be monitored during the construction and operations phases, in order to verify if the expected limits will be achieved and to apply any additional mitigating or corrective actions.

In line with the requirements of the relevant authorities, the noise studies were performed for a corridor extending to 250 m from each side of the road. Detailed calculation of noise impacts and the related noise barrier mitigations has been implemented and included in the Final Design.

With reference to the parts of the Project that have been designed above ground level, experience from other projects of this type shows that sensitive noise receptors may be located as far as 500-1000 meters from the sources of noise, and the potential noise generated from unmitigated part of the road could affect also this receptors

According to the environmental monitoring plan, vibration will also be monitored before, during and after the roadworks to ensure that the relevant limits are not exceeded, but expected vibration impacts were not detailed in the available synthesis of the EIS.

6.2.4 Air Quality

The air quality was screened during the EIS by means of a Gaussian model and sampling. Concentrations of benzene, NOx, CO and particulates were analysed and the achieved data showed that the impacts due to the Project will decrease to negligible levels within a few hundred meters from the road axis.

Detailed air quality provisional scenarios were developed, especially in the areas where the contributions to the air pollution were identified as probable during the EIS. Direct monitoring will be continued after the roadworks completions, during operational phases.

Based on the information received, the dispersion model used was CALPUFF, an advanced, integrated Lagrangian puff modelling system for the simulation of atmospheric pollution dispersion. The assessment of the impact of the fumes from the Malo tunnel, has been carried out in a study in order to assess, under several meteorological conditions, how the concentration of pollutants vary in the surrounding areas of both entrances of the tunnel. The TA has been informed that this document was included in the Definitive Design which was approved by the competent authorities and superseded by the Final Design approved by the authorities in 2013.

The monitoring plan for the air quality will be executed before, during and after the road construction. It contains a detailed description and assessment of all the parameters, the potential critical and sensitive areas and the schedule to be applied.

6.2.5 Landscape

During the EIS, impacts on landscape have been assessed and mitigation measures approved by the competent authorities. In the subsequent Executive Design (e.g. *"interventi di inserimento paesaggistico e ambientale"*), the Landscape component was assessed in detail and effective mitigation measures have been foreseen. Additionally, a big part of the road will run under the sight level or in tunnel, limitation the potential visual and landscape impact.

Before commencement of the roadworks, further specific details will be gathered in order to detail the mitigation/compensation measures. During the roadworks, periodic inspections will be performed in order to ensure that there are no unanticipated impacts. Should these occur, appropriate mitigations/corrective actions will be applied.

During the 12 months after the work completion, a general survey and photolog will be performed in order to provide documented evidence of the gained results.

6.2.6 Archaeological Heritage

According to the EIS and the approval documents, an archaeological survey was performed as part of the EIS. During the landscape survey, the archaeological heritage was also considered, based on the specific studies available on the impacted area and on the Municipal Plans. The binding requirements of the project authorization impose the need for the local archaeological authorities to be involved before the excavation works. In the Final Design the archaeological component was assessed (e.g. *"studio archeologico"*).

The surveys performed identified few finds and historical discoveries along the Project area that show a continuous historical presence since the Roman Empire. This condition, together with the territorial modification and potential ancient floods, cannot exclude the presence of potential archaeological heritage along the Project corridor.

6.2.7 Ecology (flora, fauna, and particular protected areas)

The terrestrial and aquatic fauna and flora were thoroughly considered in the EIS and the Project design documents. The EIS and Monitoring Plan identified possible disruptions and impacts. Specific mitigation measures (such as the maintenance of the continuity of the local habitats crossed by the road) have been further considered in the Final Design (*"Interventi di inserimento paesaggistico e ambientale"*) and identified specific mitigation measures for each section of the Project (e.g. fauna crossing corridors, restoration of flora characteristic of the area).

Specific surveys and impact assessments including the identification of mitigation measures were performed at the natural protected areas located in the proximity of or impacted by the Project (Environmental Impact assessment of the Natura 2000 Protected areas).

The TA has been informed that environmental monitoring started in 2011 has been carried out for fauna and flora and agronomic features.

Local fauna and flora will be monitored during the works and after their completion in order to ensure that the expected impacts were as anticipated and the related mitigations were effective.

6.2.8 Social and Community Impacts Management

The stakeholders' interests were scrutinized before and during the authorization process, through interviews of selected population samples. According to the current regulations, the Project was advertised and objections discussed in public and written form.

During the design phase stakeholders have been involved in several public conferences and meetings in order to present the Project and show the main variations from the original Project approved by the EIA in 2005-2006. Specific meetings were carried out by the Commissioner in order to satisfy requests submitted by owners, committees and other stakeholders. This social involving activity is in progress also during the construction phase in order to inform the people about the work schedule and any disruptions to traffic and socioeconomic activities in the area.

According to the environmental monitoring plan, a proper number of focus group will be organized during the roadworks and during the operational phase. A second set of phone interviews will be conducted after the roadworks completion. The Consortium reported that the Social and Stakeholders monitoring is in place and all the information collected is submitted with a monthly report to the Commissioner. A more detailed report is prepared every three months and an annual report is foreseen to be submitted every year with a summary of the main occurrences happened during the year that gives an idea of the social atmosphere.

6.2.9 TA Opinion

The Project has met all regulatory requirements related to environmental and social impacts. Soil, groundwater, ecology, vibration and landscape impacts were carefully investigated during the Project preparation stages. Appropriate and robust monitoring systems are in place to measure and mitigate impacts on these environmental components during the construction and operations phases of the Project.

The TA notes that, in case of the noise impacts the approach adopted by the Consortium is compliant with the regulatory requirements. Based on the TA experience, however, complaints and claims from sensitive noise receptors (schools, hospitals etc.) situated beyond the regulatory impact assessment area (500-1000m) are a possibility. Should these occur, additional noise protection measures such as installation of extra noise barriers may be required in order to avoid negative publicity and potential legal proceedings.

The Consortium has carried out all necessary archaeological surveys in the Project corridor. The results of the surveys identified few finds and no major historical discoveries. It is noted that, as is usual for the projects of this type, the risk of delays to construction progress due to unexpected archaeological finds remains. We note that this risk is allocated to the Grantor under the provisions of the Concession Agreement.

An appropriate process for identifying, monitoring, managing and mitigating potential social impacts has been put in place by the Consortium. The procedures and the approval process are in compliance with the existing regulations. The TA notes that some organised local opposition to the Project exists (e.g. Coordinamento Veneto Pedemontana Alternativa: <http://www.covepa.blogspot.it/>). This situation could lead to potential adverse social perception of the Project with the risks of oppositions and other stakeholder's adverse actions.

This potential for adverse publicity is countered by the fact that, according to the information received by the TA, the Project benefits from full support from the local and regional authorities. The Commissioner led the agreement process in coordination with all major stakeholders. In addition, the Consortium's approach to land expropriation is to budget three times the marked value for the cost of the land. This means that affected landowners are less likely to view the Project in the negative light and participate in coordinated action against it.

7 Permits and Authorisations

7.1 Land Acquisition

7.1.1 Progress to Date

According to the article 12 of the Concession Agreement, expropriation and occupation of plots of lands strictly necessary to the development of the Toll Road are carried out at the expense of the Concessionaire. For this purpose, the Concessionaire is entitled to carry out all relevant activities, including the purchase of the land and properties.

The subsequent addendum specifies that the Commissioner and Concessionaire agree that the areas subject to definitive expropriation are assigned to Veneto Region – *Demanio Stradale* whilst those relating to streams are assigned to Veneto Region – *Demanio Idrico*.

The Consortium has confirmed that, as of October 2015, it has full availability and access to all areas necessary for construction. The land expropriation process is ongoing in all areas and to date 63.6% of the necessary land has been acquired, with 2,664 (out of the total of 3,042 agreements relating to the purchase of cadastral units signed).

The total land acquisition budget of the Concessionaire is €334,611,000. This is estimated by the Consortium to be approximately three times the market value of the land to be acquired. The TA understands that, with the support of the Commissioner, the Consortium has so far managed the expropriation process smoothly and is currently circa 10% below the original expropriation budget.

Moreover, an Expropriation Agreement named “*Accordo sulle Procedure e Metodologie da Adottare per la Determinazione delle Indennità di Espropriazione per la Realizzazione della Superstrada a Pedaggio Pedemontana Veneta*” was signed between the Veneto Region, the Commissioner, the Concessionaire and certain category associations of owners involved in the expropriation on 10 March 2010 in order to manage the procedure.

7.1.2 TA Opinion

Land acquisition for major infrastructure projects is often a long and laborious process, frequently associated with risk of delays. Generous budget allocation, close management of the acquisition process and support from the Grantor and the authorities on the Project are encouraging and reassuring. The Consortium has made good progress to date by acquiring 63.6% of the land without any notable problems.

The risks of delays to the Project for reasons of land availability are severely diminished due to the fact that access to the last few parcels of land has been granted to the Consortium in October 2015. The Contractor can now carry out all preparatory and construction works without any restrictions on access.

7.2 Planning & Permitting

7.2.1 Permits and Approvals

In order to build Pedemontana Veneta motorway, the Italian law requires that the relevant designs are approved by the competent authorities following at three design stages:

- a) Preliminary Design approved on 29/03/2006;
- b) Definitive Design approved on 20/09/2010;
- c) Final Design approved on 23/12/2013.

The last permitting phase was the Final design stage. It was finalised and approved on 23.12.2013 with a Decree of the Commissioner for each Section and Lot, reporting indications and prescriptions to be followed during the execution of the works. Table 12 summarises main aspects of the approvals relevant to each section and lot.

Section and Lot	Decree	Budget (<i>Quadro Economico</i>)	Notes and/or List of prescriptions and approval steps
1A	No. 121 dated 23/12/2013	Euro 45.799.806,95 (excl. VAT)	<p>Before the start of the works, submit a design to manage materials deriving from the building of the works in compliance with article 186 of L.D. 152/2006 and the procedures set forth by resolutions of the Regional Committee n.rs. 2424 of 8 august 2008 and 1186 of 18 September 2009;</p> <p>Submit a plan with the itinerary of the excavated materials to the RUP for approval;</p> <p>Ensure the efficiency of the natural irrigation system;</p> <p>Comply with the prescriptions set forth by Acque del Chiampo S.p.A. by opinion no. 06763 dated 12 April 2013.</p> <p>Enter into an agreement with Autostrade BS-PD S.p.A. (i.e. the A4 concessionaire), subject to the approval of the Commissioner, which is aimed at the regulating the parties' rights and duties with respect to the Montecchio junction;</p> <p>During the construction work and after completion, a test on the water pump system is required;</p> <p>Before the start of the works, obtain the positive opinion of the competent military authority for the clearance of unexploded ordinance;</p> <p>Arrangement of Landscape and greeneries.</p> <p>Coordinate and manage with the authorities providing underlying utilities (<i>sottoservizi</i>).</p> <p>Verification of acoustic impact during construction works.</p> <p>Structural Design and calculation according to SLV and SLO prescriptions.</p>
1B	No. 122 dated 23/12/2013	Euro 179.171.729,17 (excl. VAT)	<p>Comply with the same prescriptions as these listed above under points (A), (B), (C), (F), (G), (H), (I), (J) and (K) of the Decree No. 121 of 23 December 2013;</p> <p>D. comply with the prescriptions rendered by the competent hydraulic authorities.</p> <p>Obtain the relevant positive opinion by the "Tunnel Commission" for the operation of the Sant' Urbano tunnel, in compliance with the prescriptions set forth by Legislative Decree No. 264/2006 and technical board active at the Prefecture of Vicenza with respect to the management of the emergencies;</p> <p>Comply with the prescriptions provided for by record of Technical Committee no. 13 of 16 September 2013 in relation to the removal of the stop lay-by in the Sant' Urbano tunnel and submit to the relevant design to the person responsible for the procedure ("RUP");</p> <p>Build the secondary road linking the Toll Road and the Valle of the Agno in compliance with the prescriptions agreed in the memorandum of understanding entered into with the Municipalities of Castelgomberto; Brogliano and Cornedo Vicentino, Recoaro Terme, Trissino and Valdagno and the Commissioner, the Veneto Region and the Vicenza Province on 20 February 2012;</p>

			<p>H K and L comply with a number of technical prescriptions regarding noise impacts, emissions, excavated material, air extraction system etc. for the execution of the Sant' Urbano Tunnel;</p> <p>M. The areas in proximity of the junction of "Valle dell'Agno" should be designed in accordance with the Municipalities of Brogliano and Cornedo Vicentino and should ensure the resolution of the interferences such as the existing methane pipeline SNAM.</p> <p>Q. for the ordinary secondary roads cat. C1 is recommended to evaluate the possibility to foresee a double lane in correspondence of the roundabouts.</p>
1C	No. 123 dated 23/12/2013	Euro 521.436.136,69 (excl. VAT)	<p>Comply with the same prescriptions as these listed above under points (A), (B), (C), (F), (G), (H), (I), (J) and (K) of the Decree No. 121 of 23 December 2013;</p> <p>Comply with the same prescriptions of the decree no. 122 listed for the Sant' Urbano Tunnel with respect to the Malo Tunnel.</p> <p>C. Comply with the prescriptions rendered by the competent hydraulic authorities.</p> <p>K. Comply with a number of technical prescriptions with regard to the Vallugana emergency tunnel.</p> <p>P. For the ordinary secondary roads cat. C1 is recommended to evaluate the possibility to foresee a double lane in correspondence of the roundabouts.</p>
1D	No. 124 dated 23/12/2013 No. 108 dated 12/11/2013	Euro 2.366.051,25 (excl. VAT)	<p>Comply with the same prescriptions as these listed above under points (A), (B), (C), (G), (H), (I), (J) and (K) of the Decree No. 121 of 23 December 2013;</p> <p>D. Comply with the prescriptions rendered by the competent hydraulic authorities.</p> <p>F. Comply with the prescriptions set forth by the opinion issued by the competent offices of the Ministry of National Heritage and Culture (<i>Soprintendenza Beni Architettonici del Veneto</i>) in the context of the Conferenza di Servizi held on 11 September 2013;</p> <p>G. Submit to the RUP for the approval the design solution relating to the injunction with SP46 proposed by the Concessionaire by letter dated 11 December 2013.</p> <p>H. The construction of the bridge crossing the Giara stream in order to allow the passage of construction site vehicles should be foreseen in advance in the construction time schedule;</p> <p>I. Optimisation of the foundation piles of the Giara bridge;</p> <p>J. Storage of excavation materials.</p>
2A	No. 2 dated 10/08/2011	Euro 104.521.003,64 (excl. VAT)	<p>Before the start of the works, obtain a positive opinion by technical advisors appointed by the Concessionaire with respect to the crossing of the Igna water flow;</p>

	<p>No. 110 dated 15/11/2013</p> <p>No. 125 dated 23/12/2013</p>		<p>Implement certain technical prescriptions set forth by the Definitive Design Decree;</p> <p>In addition, in relation to the entire section Sarcedo - Rosà, the Concessionaire is recommended to define, in the context of a framework agreement with the Province and Vi. Abilità S.p.A., any interference of the site with the S.P. "Nuova Gasparona".</p>
2B	<p>No. 126 dated 23/12/2013</p>	<p>Euro</p> <p>142.917.797,73 (excl. VAT)</p>	<p>Comply with the same prescriptions as these listed above under points (A), (B), (C), (F), (G), (H), (I), (J) and (K) of the Decree No. 121 of 23 December 2013;</p> <p>Comply with the prescriptions set forth by the competent hydraulic authorities;</p> <p>Before the start of works, submit to the RUP for approval an adjustment of the executive design related to certain works crossing the stream named Laverda;</p> <p>From H. to R. This decree mentions some works related to the Municipality of Breganze, according to the Legal DD this negotiations are still in progress. Moreover, from a reply letter mentioned in the Legal DD of the Commissioner to the Court of Auditors (prot. 966 dated 9 April 2015), the design solution currently proposed by the municipality of Breganze would (i) include works other than those provided under the Original Concession Agreement and the First Additional Deed; (ii) result in a traffic reduction and in a revenue loss for the Concessionaire.</p> <p>From S. to U. Comply with a set of technical prescriptions relating to noise, emission, environmental impacts of the works.</p>
2C	<p>No. 21 dated 07/03/2012</p> <p>No. 109 dated 15/11/2013</p> <p>No. 127 dated 23/12/2013</p>	<p>Euro</p> <p>124.984.914,63 (excl. VAT)</p>	<p>The Concessionaire shall, inter alia develop certain design solutions in relation to specific works and comply with a set of environmental prescriptions.</p> <p>Please also note that the realization of certain works provided therein named "Centro Operativo e di Manutenzione" has been excluded in this phase.</p> <p><i>Please note that the Decree no .21/2012 is not available in Data Room and the above mentioned prescriptions are those listed in the Legal DD.</i></p>
2D	<p>No. 128 dated 23/12/2013</p>	<p>Euro</p> <p>102.296.764,15 (excl. VAT)</p>	<p>Comply with the same prescriptions as these listed above under points (A), (B), (C), (F), (G), (H), (I), (J) and (K) of the Decree No. 121 of 23 December 2013;</p> <p>Comply with the prescriptions set forth by the competent hydraulic authorities;</p> <p>Pay specific environmental attention to the Cassola garbage dump;</p> <p>During the execution of the works, ensure an adequate transit through a road section of the S.S. 47 "Valsugana" and agree each phase of the execution with the competent ANAS department.</p>
3A	<p>No. 129 dated 23/12/2013</p>	<p>Euro</p> <p>16.834.089,74 (excl. VAT)</p>	<p>Comply with the same prescriptions as these listed above under points (A), (B), (C), (G), (H), (I), (J) and (K) of the Decree No. 121 of 23 December 2013;</p> <p>D. Comply with the prescriptions set forth by the competent hydraulic authorities;</p>

			H. With reference to the favourable opinion of the Genio Civile dated 11/04/2013 is recommended to evaluate the position of the detention basin.
3B	No. 130 dated 23/12/2013	Euro 218.933.952,15 (excl. VAT)	<p>Comply with the same prescriptions as these listed above under points (A), (B), (C), (F), (G), (H), (I), (J) and (K) of the Decree No. 121 of 23 December 2013;</p> <p>D. Comply with the prescriptions set forth by the competent hydraulic authorities;</p> <p>H. before the commencement of the works, submit to the RUP for approval an adjustment of the executive design related to certain works concerning the portion of the Toll Road between the stream Lastego and the stream Muson,</p> <p>L. For the ordinary viability cat. C1 is recommended to evaluate the possibility to foresee a double lane in correspondence of the roundabouts.</p>
3C	No. 131 dated 23/12/2013	Euro 27.095.467,96 (excl. VAT)	<p>Comply with the same prescriptions as these listed above under points (A), (B), (C), (F), (G), (H), (I), (J) and (K) of the Decree No. 121 of 23 December 2013;</p> <p>D. Comply with the prescriptions set forth by the competent hydraulic authorities.</p>
3D	No. 132 dated 23/12/2013	Euro 120.968.282,24 (excl. VAT)	<p>Comply with the same prescriptions as these listed above under points (A), (B), (C), (F), (G), (H), (I), (J) and (K) of the Decree No. 121 of 23 December 2013;</p> <p>D. Comply with the prescriptions set forth by the competent hydraulic authorities;</p> <p>J. The decree also stated that the definition of the complementary roads located within the quarry of Giavera del Montello is subject to the completion of the expropriation procedure vis-à-vis the private impacted by the relevant crossing.</p> <p>K. Please also note that with respect to the roundabout rising above the Tunnel "Lavio", the decree provides that the approval of the relevant arm towards the southwest direction, connecting the future complementary road network of the Povigliano Municipality, is subject to the negotiation of specific agreements with the Municipality and subsequent approval of the complementary works.</p> <p>L. before the commencement of the works, submit to the RUP for approval an adjustment of the executive design in relation to the certain works located at the hydraulic crossing close to the Povigliano Junction.</p>
3E	No. 133 dated 23/12/2013	Euro 76.233.677,31 (excl. VAT)	<p>Comply with the same prescriptions as these listed above under points (A), (B), (C), (F), (G), (H), (I), (J) and (K) of the Decree No. 121 of 23 December 2013;</p> <p>D. Comply with the prescriptions set forth by the competent hydraulic authorities;</p> <p>E. Enter into an agreement with Società Autostrade per l'Italia S.p.A., aiming at regulating the parties' rights and duties with respect to the interconnection between this section of the Toll Road and the A27</p>

			<p>motorway and submit such agreement to the Commissioner for approval;</p> <p>F. During the execution of the works, ensure an adequate transit through a road section of the S.S. 13 "Pontebbana" and agree each phase of the execution with the competent ANAS compartment.</p> <p>G. ARPAV will manage the disposal of excavation materials;</p>
3F	No. 134 dated 23/12/2013	Euro 10.210.793,55 (excl. VAT)	<p>Comply with the same prescriptions as these listed above under points (A), (B), (C), (G), (I), (J) and (K) of the Decree No. 121 of 23 December 2013;</p> <p>D. Comply with the prescriptions set forth by the competent hydraulic authorities;</p> <p>E, F, G, H, I comply with a set of prescriptions concerning noise, emissions, environmental, archaeological aspects.</p> <p>J. As to the archaeological aspects, please note that the junction and the other works provided by the executive decree fall within an area of archaeological interest and are subject to archaeological investigations during the execution of the works. On the basis of the results of the archaeological investigations, the Ministry of National Heritage and Culture could adopt protection measures pursuant to Legislative Decree 42/2004.</p>
3G	No. 135 dated 23/12/2013	Euro 3.548.716,48 (excl. VAT)	<p>Comply with the same prescriptions as these listed under points (i), (ii) and (vii) 144 of the Decree No. 124 of 23 December 2013 above;</p> <p>Before the commencement of the works, submit to the RUP for approval an adjustment of the executive design in relation to the junction between Via Ca' Trevignana e Via Feltrina Sud. From the updates provided by the Concessionaire, the adjustment of the executive design has been drafted by the Company and approved by the RUP.</p>

Table 12 Comments and Conditions of Approvals per Lot.

Every Decree of Approval contains recommendations, prescriptions and constraints to be followed before and during the construction works.

7.2.2 TA Opinion

Having reviewed selected relevant documentation the TA is satisfied that the Project has all the necessary regulatory and statutory approvals to enable the EPC Contractor to proceed with the works.

8 Operations and Maintenance

8.1 O&M Performance Obligations

Under the Concession Agreement the Concessionaire must provide the maintenance of the infrastructure by ensuring its timely maintenance and repair. It is also obliged to provide a roadside assistance service, statistical reporting, and meet other obligations pursuant to art. 3 of the Concession Agreement.

The Agreement defines two elements of maintenance compliance: (1) a five-yearly Quality Index, and (2) bi-annual inspections based on objective measurements of defined parameters.

The Concessionaire is required to record and inform the Grantor of Safety indicators related to Incident Rates along the carriageway and Ground Condition Indicators related to the surface roughness (skid

resistance) and regularity (travel comfort). These are collectively classified as Quality Indicators and are defined by formulae. Measurements are taken annually and the Quality Index (Q) is calculated by averages every five years pursuant to Attachment 3 to the Concession Agreement Addendum dated December 2013.

Calculation of the Q factor excludes those areas where extraordinary maintenance works are in progress.

Financial penalties ranging from €500,000 to €2,000,000 are applied annually if the average Q value for the five-year period falls below prescribed levels pursuant to Attachment E.

Financial penalties also relate to potential deficits in efficiency of certain elements as defined within Attachment 6 to the Concession Agreement Addendum dated December 2013. These parameters include lighting, signage, retro-reflectors, safety barriers, condition of the road bed (potholes), maintenance of green areas and fencing. The failure to rectify within 10 days is then aggregated into an annual penalty by a formula.

Penalties are also applicable for the blockage of the dual carriageway due to snowfall and flooding, again determined by a formula.

Compliance with the service levels by the Concessionaire is verified by Grantor on the basis of the Annual Monitoring and Control Programme. This Programme, which is updated once a year, must include two annual inspections of each segment concerned. The results of the inspections are recorded and compared against the contractual performance measures.

The Concession Agreement states that 68km of secondary roads are included within the Concession scope. The Concessionaire has advised that the operation and maintenance of these roads have not been provided for in the cost allocations as, according to the Concessionaire, *'the Grantor acknowledges that these roads should be maintained by the communities themselves, but it's not likely to do these agreements right now.'*

8.2 Routine and Extraordinary Maintenance

The Concession Agreement contains definitions of Routine and Extraordinary maintenance. Routine ground maintenance works are classified as minor works that do not significantly alter the structural characteristics of the ground and which relate to the restoration or redoing of various layers of it (i.e. safeguard and preserve but do not significantly modify the structural system or characteristics). Routine maintenance includes restoration of the 'wear layer', restoration of ruts and dips, minor localised repairs.

For structures and tunnels routine maintenance includes operations aimed at safeguarding and preserving so as not to alter the static system and dimensional characteristics and includes repair and replacement of joints, protection from corrosion and repairs and redoing of cladding.

Routine Maintenance is split into:

- motorway infrastructure (road surface, tunnels, bridges, overpasses and buildings etc.)
- technology infrastructure (control supervision and information systems), and
- electrical supply and plants and winter maintenance.

Extraordinary maintenance includes all interventions not coming under the scope of the ordinary maintenance works as defined within Attachment D. If any extraordinary maintenance projects are required these are to be presented to the Grantor for approval.

8.3 Management of O&M

Management of the Operations and Maintenance requirements come under the responsibility of the Financial Director and the Technical Director.

The Financial Director is responsible for cash management, budgets, general services, administration and human resources. The Technical Director is responsible for the Operational Control Centre, road and equipment maintenance and the Toll Collection Department.

SCADA will collect information from the user information systems, traffic monitoring systems, Safety and Surveillance Systems, Toll Collection System and Electrical Plants to facilitate routine management, incident management, and routine maintenance. The system is stated to provide a complete picture via graphics for the operators of the Pedemontana Veneta motorway to identify and handle emergency situations as well as enabling them to overcome equipment malfunctions.

The system includes 780 video cameras and roadside monitoring and control locations that are streamed into the Operational Control Centre. The Technology Network provides connectivity to the Variable Message Signs (VMS) to facilitate real time information to the traveller from the Traffic Monitoring System (TMS) sensors installed on the VMS gantries which automatically detect levels of traffic density and relay this information to the Operational Control Centre.

Weather stations are provided to give up to date information to the Control Centre.

An SOS Emergency Call system is also provided in emergency platforms every 2,000m (150m in tunnels), service areas are also provided and managed by the Concessionaire.

The Tolling system is automated with entry/exit lanes equipped with readers and ticket dispensers and coin/card machines.

The Concessionaire has identified maintenance as the key activity for keeping the motorway infrastructure in an efficient operating condition. It is split into two parts:

- monitoring and control of the functional and structural characteristics of the roadway, and
- and maintenance work (preventative and corrective) to restore the roadway structures and surface.

This is to be achieved via two maintenance centres and the processes and operational requirements are set out in the Maintenance Plan.

8.4 Hand-Back Requirements

Article 4 of the amended Concession Agreement requires the Concessionaire to return the Pedemontana Veneta Dual Carriageway assigned by the concession, together with all pertinences that are necessary to the operation of the Dual Carriageway, in good condition and with the standard diligence required for this type of work.

The Concessionaire has confirmed that he is obliged *'to deliver the work, at the end of the Concession, in perfect maintenance condition and functionality at no cost to the Grantor'*. It has stated to comply with this requirement the *'Superstrada will be delivered, at the end of the Concession, with all maintenance operations (civil works, pavements, electrical and special plants) carried out completely.'*

In addition to the be ongoing routine maintenance, major maintenance will be carried out on the pavements, structures and tunnels in rolling five-year blocks. The last of these five-year blocks is scheduled to end in year 34. Following this logic, further maintenance would be required in year 40.

8.5 TA Opinion

The TA notes that some items of maintenance which would normally be classified as Routine maintenance are classified as Extraordinary maintenance under the O&M Contract. Examples include replacement of binder and wearing course and replacement of bridge joints. This classification means that these works fall outside the calculation of the Q factor will not be subject to any penalties.

The inclusion of a substantial length of secondary road in the scope of O&M services is of concern, as this is likely to reduce efficiency of maintenance operations and increase O&M costs. If the condition of the secondary roads is to have an effect on the ongoing maintenance requirements, it is recommended that a condition survey is carried out (if one has not already been undertaken) to establish a baseline for handover and any financial agreements. The Concessionaire has informed the TA that it has reached an "agreement in principle" with the Grantor which will transfer the O&M responsibility for the secondary roads to the relevant local authorities, however this agreement can not be formalised until a later stage.

The Maintenance Programme indicates that renewals will be required within a year of the Handback. This is contrary to the Concession Agreement requirements. A reasonable interpretation of the definition '*in perfect maintenance condition and functionality at no cost to the Grantor*' could be that no maintenance or renewals are required for 5 years. Clearly this provision of the Concession Agreement is open to interpretation and should be clarified at the first opportunity.

9 Costs

9.1 Construction Costs

9.1.1 Construction Price

The revised Project budget of €2,258m is set in the Addendum to the Concession Agreement. It includes construction costs of €1,697m and expropriation allowance of €312m.

Table 13 shows a high level breakdown of construction costs.

Item	% of construction costs
Tunnels	35%
Earthworks	13%
Structures	18%
Drainage	6%
Pavement	4%
Landscaping	1%
Signage, barriers	6%
Environmental mitigation works	3%
Mechanical & electrical	9%
O&M centre	1%
Site supervision	1%
Site security	3%
Others	1%

Table 13 High Level Breakdown of Construction Costs

Table 14 shows construction costs per Lot, with Lot 1 costs being the highest due to the tunnelling works.

Lot	% of construction cost
Lot 1	45%

Lot 2	28%
Lot 3	28%

Table 14 Construction Costs per Lot

The Project expenditure profile is shown in Figure 19.

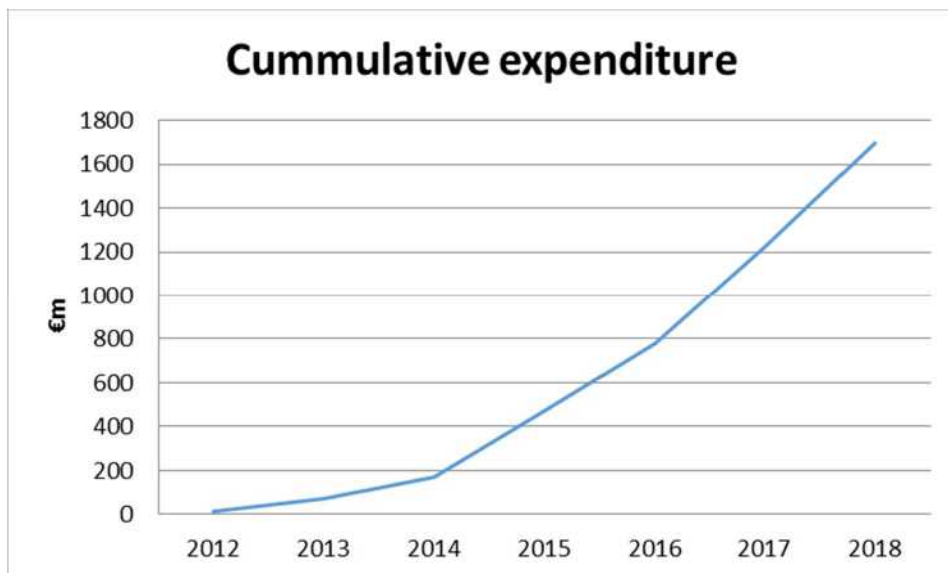


Figure 19 Expenditure Profile

9.1.2 Cost Methodology

The EPC Contractor has developed its costs using a “bottom up” approach. The costs were calculated on the basis of the quantities of works and materials defined in the design and the unit rates from similar projects. During the evaluation of the tenders the Grantor carried out assessment of the construction costs by comparing the Consortium’s unit rates with those from other regional public sector projects.

The TA was provided with the detailed elemental cost estimation documents which were developed by the Consortium in 2013. The documents show the elemental price build-up of every activity; then a quantity value is added, and finally overhead and profit values are applied to the base price.

9.1.3 Cost Benchmarking

The TA has carried out benchmarking of some of the key unit rates used by the Consortium and found that these fall comfortably within the range of benchmarks obtained from other European projects of similar type, as well as similar projects in Italy.

The analysis of tunnelling costs carried out by the TA gives a unit rate of €50m per kilometre. This value falls within the average range for tunnelling costs. Tunnelling costs can vary significantly depending on the geology and geotechnical conditions, which dictate the construction methodology and, to an extent, the productivity rates that can be achieved. The Consortium’s proposed solution for tunnelling in the fractured rock areas is to grout the tunnel sites from above ahead of excavation. This will make the excavation and installation of tunnel wall supports more cost efficient.

The overhead and profit rate used by the Consortium are notably higher than those experienced by the TA on other projects of this kind. The TA assumes that these serve as a way of including the risk allowance into the Project's elemental costs.

9.1.4 TA opinion

The Consortium has used a very thorough and detailed methodology in the development of its construction cost estimates. It is based on actual experience from other, similar projects and follows best practice for cost development. The independent benchmarking carried out by the TA methodology shows that the unit rate costs used by the Consortium compare favourably with the benchmark ranges.

The TA was not able to identify any explicit price contingency in the Project cost breakdown. However the higher than usual overheads and profit element of the costs gives the TA confidence that the Consortium has a way of dealing with an unexpected cost increase, should it occur.

The TA is therefore satisfied that the Consortium has adequately priced the Project.

9.2 Operations and Maintenance Costs

9.2.1 Maintenance Opex

The Operational Maintenance Expenditure Plan is contained within Concession Agreement Addendum of 2013 and is split into Ordinary Maintenance, Extraordinary Maintenance and Staff.

The Ordinary maintenance cost is a constant annual expenditure of €14,223,185. It is assumed that the cost of the ongoing routine maintenance is largely driven by the annual monitoring and control programme. It includes:

- Civil Works,
- Special Technological and Electromechanical Plants,
- Winter Operations,
- Buildings,
- Utilities, and
- Traffic Police Service.

The largest element is Utilities at €6,365,570 per annum.

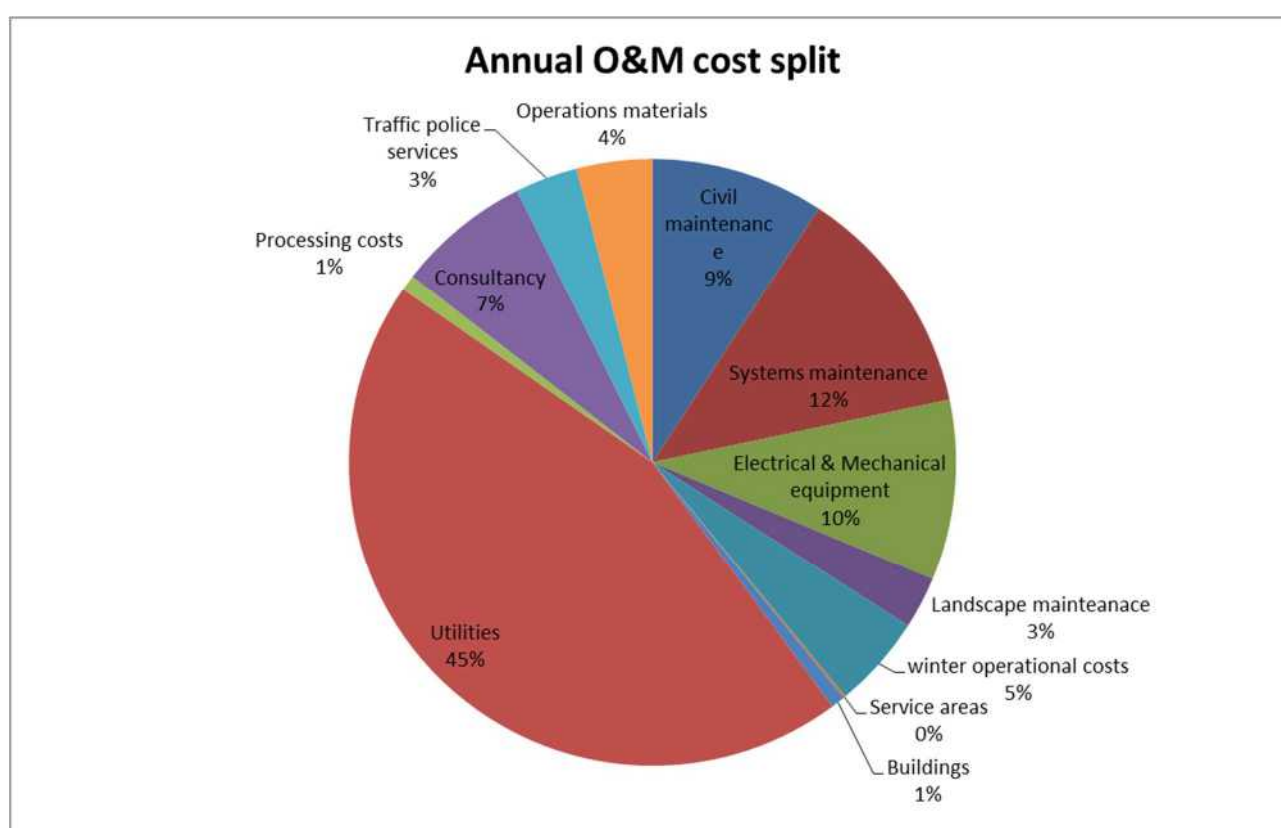
9.2.2 Operational Expenditure

The O&M costs per annum are presented in Table 15.

O&M Activity	per annum costs (€)
Civil maintenance	1,311,962
Systems maintenance	1,774,321
Electrical & Mechanical equipment	1,363,953
Landscape maintenance	396,229
Winter operational costs	707,210
Service areas	17,100

Buildings	104,500
Utilities	6,365,570
Processing costs	118,750
Consultancy	1,016,500
Traffic police services	475,000
Operations materials	572,090
Total	14,223,185

Table 15. Annual O&M Costs.



The TA notes that the utilities costs are high, due to the need for pumping in the areas of high water table within the Project tunnels in section 1A.

The TA has not been provided with a split of O&M costs between the motorway sections (96.6 km) and the local roads (68 km), which the Consortium will also have to maintain¹⁰. Therefore the benchmarking of the O&M cost per km could not be carried out reliably. The TA notes that, compared to a benchmark of 130,000€/km observed on other European road PPPs, the total O&M costs, proportioned to the motorway element only, deliver a value of 147,238 €/km, which compares favourably with the benchmark.

¹⁰ As stated earlier in this report, The Concessionaire has informed the TA that it has reached an "agreement in principle" with the Grantor which will transfer the O&M responsibility for the secondary roads to the relevant local authorities, however this agreement can not be formalised until a later stage.

10 Capital Maintenance and Renewals

10.1 Consortium's Approach

The Consortium plans to start the Capital Maintenance programme in year 5 of Operations. Following recommendations of PMS Consult, who carried out an independent review of the Consortium's pavement maintenance strategy, the pavement maintenance approach will consist of the following activities:

- after 5 years (beginning on the sections with the highest traffic load)
 - Replacement of the wearing course on the right lane (milling approx. 5mm into the binder to improve the bonding between the old binder and the new porous asphalt)
 - Local replacement of the wearing course in small parts (patching) on the left lane, where a loss of aggregates can be seen.
- after 10 years
 - Replacement of the wearing course and binder on the right lane
 - Replacement of the wearing course only on the left lane (milling approx. 5mm into the binder on the left lane to improve the bonding between the old binder and the new porous asphalt).
- after 15 years
 - Replacement of the wearing course on the right lane (milling approx. 5mm into the binder to improve the bonding between the old binder and the new porous asphalt)
 - Local replacement of the wearing course in small parts (patching) on the left lane, where a loss of aggregates can be seen.
- after 20 years
 - Reinforcement of bituminous base course (replacement of a part of the bit. base course based on bearing capacity measurement and a separate mechanistic design); an increase of the thickness of the bituminous base course of approx. 2 to 3cm should be taken into consideration
 - New binder and porous asphalt over the whole cross section (both lanes and paved shoulder)
- after 25 years
 - Replacement of the wearing course on the right lane (milling approx. 5mm into the binder to improve the bonding between the old binder and the new porous asphalt)
 - Local replacement of the wearing course in small parts (patching) on the left lane, where a loss of aggregates can be seen.
- after 30 years
 - Replacement of the wearing course and binder on the right lane
 - Replacement of the wearing course only on the left lane (milling approx. 5mm into the binder on the left lane to improve the bonding between the old binder and the new porous asphalt)
- after 35 years
 - Replacement of the wearing course on the right lane (milling approx. 5mm into the binder to improve the bonding between the old binder and the new porous asphalt)
 - Local replacement of the wearing course in small parts (patching) on the left lane, where a loss of aggregates can be seen.
- after 38 years (handback)
 - Local replacement/repair of the wearing course in small parts (patching, local repairs), where distresses can be seen.

No local renewals to the base course on the high traffic sections is currently foreseen by the Consortium before year 20/ Figure 20 graphically present the Consortium's approach to pavement maintenance.

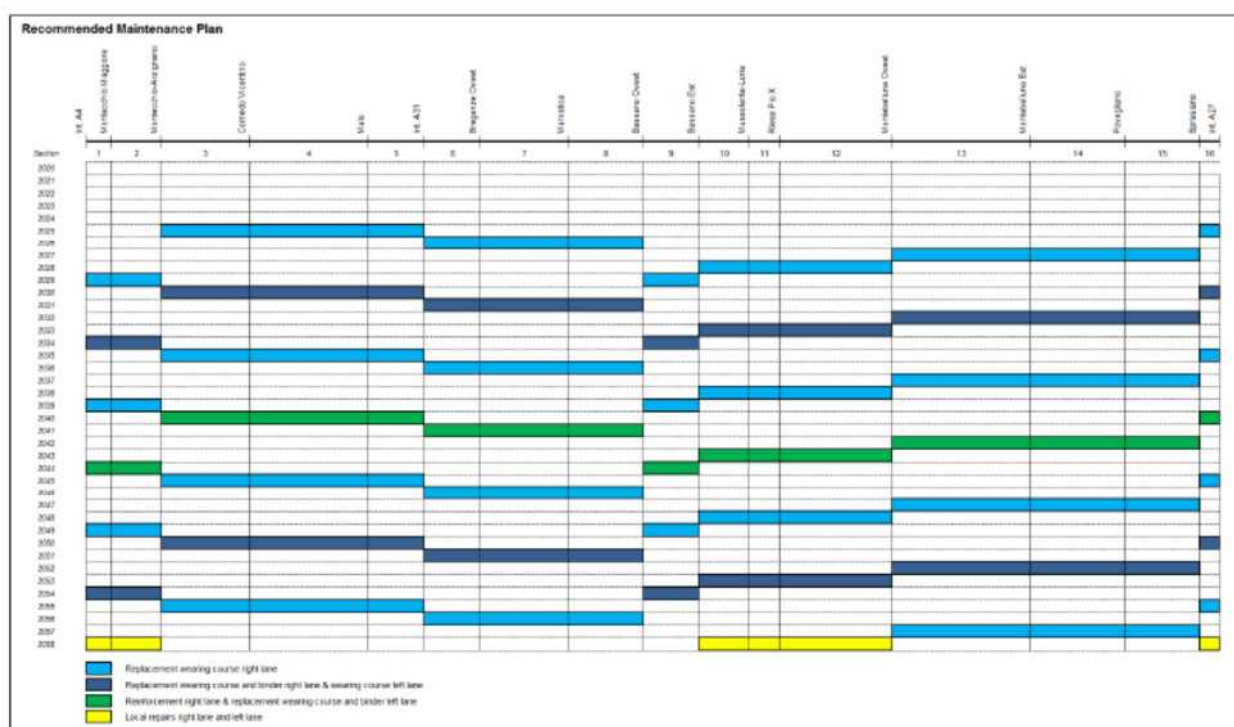


Figure 20 Capital Maintenance Programme. Source: SPV

By way of explanation: traffic loads, along with environment, damage pavement over time. The simplest pavement structural models assert that each load inflicts a certain amount of unrecoverable damage. This damage is cumulative over the life of the pavement and when it reaches some maximum value, the pavement is considered to have reached its maximum life. Rehabilitation/renewals work is undertaken to significantly increase the functional life of the pavement as opposed to periodic or preventative maintenance which is intended to preserve the existing pavement so that it may achieve its applied loading(20 years). The rehabilitation of the pavement can be achieved by overlay or reconstruction or a combination of the two.

Typically, the assessment of the pavement life and evaluation of the negative effect of the traffic loads vs. positive effects of the maintenance interventions is carried out in the whole-life pavement model. In the absence of such a model, the Concessionaire relied on the engineering judgement of its experienced design team and its independent consultants in order to develop its maintenance and renewals strategy.

10.2 Maintenance and Renewal Costs

The annual expenditure on of capital maintenance and renewals, is summarised in Table 16.

Annual, Years 1 to 4	Annual, Years 5 to 9	Annual, Years 10 to 14	Annual, Years 15 to 19	Annual, Years 20 to 24	Annual, Years 25 to 29	Annual, Years 30 to 34	Annual, Years 35 to 39
Nil	€1,393,560	€3,217,504	€1,675,800	€3,721,504	€393,560	€4,003,744	€1,393,560

Table 16 Capital Maintenance Expenditure

In line with the capital maintenance strategy described above, the expenditure on the road pavement in the HGV lane (right lane) is identified as being continuous from year 5 to year 39 with expenditure on road pavement in the fast lane (left lane) being in 5-year blocks from years 10 to 14, years 20 to 24, years 30 to 34. The expenditure on civil structures (joints, support equipment and corrosion protection), street furniture

(signals, signs, road markings and damaged barriers) and tunnel civil maintenance (tunnel coatings etc.) follow a similar 5-year block approach.

The annual expenditure on extraordinary maintenance of special technological plant commences at year 10 and runs at €3,217,374 per annum until the end of the Concession.

The annual expenditure on extraordinary maintenance electromechanical technological plant commences at year 15 and runs at €2,756,129 per annum until the end of the Concession.

10.3 TA Opinion

The Consortium's capital maintenance philosophy, which has been verified by through an assessment of an independent consultant, assumes that the pavement will reach the 20 year design life provided that 5-yearly maintenance interventions take place. Renewal work and increase to the base layer thickness is scheduled in year 20 to manage the deterioration of the pavement for the remainder of the Concession. In the TA's opinion, higher traffic sections may require more frequent maintenance interventions and/or earlier base layer renewals works to maintain pavement condition in line with the Concession Contract requirements.. Moreover, capital maintenance interventions, currently scheduled to take place on a 5-year cycle , would have to be increased to cater for the growth in traffic, since the total number of Heavy Vehicles per day (HV/day) at the end of the first five years of operation will increase by 50% from 7,624 (year 5) to 11,575 (year 20) in the final 20 years of its design life.

The TA understands that the current O&M budget does not contain a contingency for the unscheduled works on base or top layers, as the Concessionaire is confident that its maintenance approach will guarantee the specified pavement condition. The TA recommends that introduction of such a contingency (estimated at €5-8m) is considered to ensure that the risk of higher capital maintenance costs is mitigated.

APPENDIX A

TA's Scope of Work

No.	Scope	Comments
1.1	Reviewing the output specification proposal and supporting information and relevant sections of the project documents as issued by the and feedback to a list of issues likely to present problems of “financeability”, as well as potential solutions to resolve them.	We will focus on carrying out a high level review of the available information to identify key “red flag” issues which may present risks for the funders.
1.2	Evaluating the Contractor’s technical proposals and advice on the extent of the risks to the SPV associated within the proposals.	The review of the technical proposals will focus primarily on identifying risks to the funders, however any apparent risks to the Consortium will be highlighted. Where appropriate, we may suggest different approaches or solutions for the consideration of the Consortium.
1.3	Review and comment on the reasonableness of the Consortium’s projected capital and maintenance costs and schedule, including an analysis of the probability and quantum of potential cost overruns/delays and cost to complete in the event that the contractor is replaced at critical points in the construction programme. The review will specifically address:	The review will focus on the overall assessment of the reasonableness of the Consortium’s projected capital and maintenance costs and schedule.
1.4	<p><i>Construction Stage proposals:</i></p> <p>Review construction schedule and comment on appropriateness of milestones, potential for delays, resiliency to slippage, etc.</p> <p>Review of Project documents and technical specifications and Project Requirements.</p> <p>Details of the design-build joint venture members’ experience and proposed resourcing to do the Project work.</p> <p>Review the design process including procedures, site investigation and geotechnical reports, and life cycle considerations.</p> <p>Review the allocated right-of-way fits within the context of the design.</p> <p>The proposed construction cost expenditure on an element by element basis based on a preliminary Cost Plan provided by the Contractor including a comparison with market rates (benchmarking) and including commentary on its adequacy in meeting the output specifications based on information provided by the contractor. Review the level of funding contingencies and detailed cost review based on the contractual obligations of the SPV (including contractual</p>	The depth of the review and analysis will be dependent on the level of detail in the available information and the expediency of the information sharing by the Project Company and other Project Parties.

limits of liability) and its programme of expenditure in the light of the LTA's judgement of the technical risks to which the Project is exposed.

Review of the Lane Occupation Charges approach proposed by the Consortium

Comment on the design-build drawdown payment schedule.

Additional construction payment commentary regarding size (e.g. does something seem too expensive) and distribution of expenditures (e.g. could an item be completed later in the construction schedule).

Review of Contractor's proposals for treatment of any site contamination problems, which may result in future liabilities (including review of any reports distributed by the relevant government agencies

Analysis of replacing the contractor including estimates of time and cost implications for the SPV, including the maximum probable loss and the performance security package (including parent company guarantee, bonding, letter of credit, and general liquidity) recommended as a result of this analysis.

The ability of the contractor and any major subcontractors to manage the risks assumed by them design-build contract including a review risk transfer, guarantees and assignment provisions of the design build contractor with its major subcontractors.

Review and comment on the process for commissioning, approving payments, achieving milestones, issuing completion certificates, handover arrangements, handover schedule, and related risks.

Review of material technical aspects of Project contracts, including the review of the roles and capabilities of the contractor and operator and any major subcontractor(s) there to, which will be limited to:

Comment on the contractual structure and transfer of technical risks from the Project Co to the contractor and as the case may be the operator.

Identification, analysis, and mitigation strategies arising from various technical schedules to the PPP Contract and key project risks contained therein.

Review of and commentary on the design-build head of terms including payment terms, design liability, longstop date, liquidated damages, performance and financial security, parent guarantees, warranty periods, latent defect period, deductions and change order process.

Review of and commentary on the operations and maintenance agreement including payment terms, indexation, deductions, liability limits, performance and financial security, parent guarantees, dispute resolution, change order process and control, and performance monitoring.

1.5

1.6	<p>Review of material technical aspects of Project contracts, including the review of the roles and capabilities of the contractor and operator and any major subcontractor(s) there to, which will be limited to:</p> <p>Comment on the contractual structure and transfer of technical risks from the Project Co to the contractor and as the case may be the operator.</p> <p>Identification, analysis, and mitigation strategies arising from various technical schedules to the PPP Contract and key project risks contained therein.</p> <p>Review of and commentary on the design-build head of terms including payment terms, design liability, longstop date, liquidated damages, performance and financial security, parent guarantees, warranty periods, latent defect period, deductions and change order process.</p> <p>Review of and commentary on the operations and maintenance agreement including payment terms, indexation, deductions, liability limits, performance and financial security, parent guarantees, dispute resolution, change order process and control, and performance monitoring.</p>	
1.7	<p>Review of <i>Operations and Maintenance Proposals</i>:</p> <p>Comment on the scope of services and performance standards.</p> <p>. Review and comment on the proposed O&M cost assumptions or as the case may be the services costs in case of an O&M contract including the adequacy of costs, a comparison with market rates and an analysis of the potential for costs overruns.</p> <p>iii. Comment on the adequacy of the life cycle maintenance expenditures and program.</p> <p>The achievability of the output specification based on the proposed service methodologies</p> <p>If applicable, in the event of the service provider being replaced, an estimate of the time and cost implications for the Project as well as a detailed analysis of the appropriate performance security package (including parent company guarantee, bonding, letter of credit, and general liquidity) recommended as a result of this analysis.</p> <p>If applicable, in the event of the service provider being replaced, an estimate of the time and cost implications for the Project as well as a detailed analysis of the appropriate performance security package (including parent company guarantee, bonding, letter of credit, and general liquidity) recommended as a result of this analysis.</p>	

1.7	Provision of a Report on the main issues of relevance for a rating agency , including preliminary comments on the construction costs and technical risks contained in the Contractor's proposal and identification of technical risks that are potentially unacceptable to both Sponsors and senior funders within the economic context of the project.	
1.8	Provision of assistance in clarification of technical issues arising sufficient to permit a rating agency to finalise a preliminary rating (if applies).	

APPENDIX B

List of Documents Reviewed by the TA

Document	Description
Concession Agreement (Contract Information)	SPV Concession Agreement –Oct 2009 Version ITA/ENG
	SPV Concession Agreement Addendum- Dec 2013 Version ITA/ENG
	EPC contract English translation dated 09 Nov 2015,
	EPC contract English translation dated 18 March 2016,
	EPC contract English translation dated 27 May 2016
	EPC contract addendum English translation dated Dec 2013
	O&M Contract- English Translation- 09 Nov 2015 Draft
	O&M Contract- English Translation- 25 March 2016 Draft
	O&M Contract- English Translation- 27 May 2016
	Performance Bond O&M Draft -26-Oct-15
	Interface Agreement, 1 April 2016 (English translation)
	Interface Agreement, 27 May 2016 (English translation)
	The Concession Agreement, version provided to LTA on the 22 nd May 2017 (English translation)
	Addendum to the Concession Agreement, 18 December 2013 (English translation)
	Draft EPC Contract, 24 th May 2017 (English translation)
	Draft O&M Contract, 24 th May 2017(English translation)
	Interface Agreement, 11 th April 2017 (English translation)
Company information	FININC
	INC
	SIS
	Sacyr Concesiones
	Portfolio of concessions
	Valoriza

Project Information	Definitive Design submission
	Approved Executive Design
	Decrees of Approval of the executive design – Dec 2013
	Construction cost information
	Maintenance and operation costs
	Construction programmes
	Summary construction programme
	Revised construction programme
	Design data/drawings- various reports
	Piano Operativo di Sicurezza – operational safety plans
	Expropriation costs table – Nov 2015
	SPV-Work-Schedule Rev_03 - Nov 2015
	Integrated Work Schedule 4 April 2016
	Capex cost breakdown and O&M cost schedule
	Integrated Project schedule, 9 th May 2017.
Due Diligence reports	Legal review of project by Legance
	Marsh Insurance Due Diligence report- August2015
	LeighFisher Traffic Due Diligence- August2015
	LTA report Pedemontana Veneta- Mott McDonald- August 2015

APPENDIX C

GLOSSARY/GENERAL DEFINITIONS

Term	Description
AASHTO	American Association of State Highway and Transportation Officials
Borrower	means Società Superstrada Pedemontana Veneta S.p.A or the Project Company or the Concessionaire
BS-PD S.p.A	The concessionaire that is currently operating the A4 motorway
CCTV	Closed circuit television
Commissioner	means the commissario delegato (Ing. Silvano Vernizzi) appointed by the Emergency Order.
Concession	means the concession awarded to the ATI SIS in June 2009
Concession Agreement	means the concession agreement executed on 21 st October 2009 between the Commissioner and the Concessionaire
Concessionaire	means Società Superstrada Pedemontana Veneta S.p.A.
Construction Public Grant	means the contribution from the Grantor provided during the construction phase
Convenzione	means the Concession Agreement between the ATI composed by Consorzio Stabile SIS Società Consortile per Azioni – SIS S.c.p.A. and Itinere Infraestructuras S.A. (the “Concessionaire”, now Società Superstrada Pedemontana Veneta S.r.l.) and the Commissario – Delegato executed on the 21 st of October 2009, as implemented by the Atto Aggiuntivo.
Declaration of Public Use	means the Declaration of public use of the infrastructure (Dichiarazione di pubblica utilità)
Definitive Design	means the Progetto Definitivo dated June 2010 with September 2010 updates.
Earthquake-proof Legislation	means the technical prescriptions provided by Ministerial Decree dated 14 January 2008 concerning “Technical rules for constructions” and the relevant explanatory circular dated 2 February 2009.

Term	Description
EIA	means the environmental impact assessment (Valutazione di impatto ambientale).
EIA procedure	means the environmental impact assessment procedure, pursuant to Legislative Decree no. 152/2006.
EIS	means the environmental impact analysis (Studio di impatto ambientale).
Emergency Order	means the Order of the Presidency of the Council of the Ministries no. 3802 dated August 15, 2009.
EPC Contract	means the “Engineering Procurement Construction” Contract executed by the Concessionaire and the EPC Contractor on the 07 th of March 2011.
EPC Contractor	means Consorzio Stabile SIS Società Consortile per Azioni – SIS S.c.p.A
Executive Design	means the Progetto Esecutivo, approved in October 2014. This is the Approved Final Design, to which the highway will be constructed under the Concession Agreement
Expropriating Authority	means the authority entitled to carry out the operating activities connected with the Expropriation Procedure (the Grantor or the Concessionaire)
Expropriation Agreement	means the expropriation agreement executed on March 10 th , 2010 between the Veneto Region, the Commissioner, the Concessionaire and certain category associations of owners involved in the expropriation procedure of the Project.
Expropriation Order	means the decree – provided for by Article 23 of the Expropriation Act – issued for the purposes of the completion of the Expropriation Procedure (Decreto di esproprio)
Final Design	Means the Executive Design (see above)
Grantor	means Commissario – Delegato Concedente (that will be replaced by the Veneto Region).
HGV	Heavy Goods Vehicle
LTA	Lenders’ Technical Adviser Arcadis
O&M	Operations and Maintenance
POS	Operational Safety Plans (<i>Piano Operativo di Sicurezza</i>)
Project:	means the awarding through the Convenzione to Superstrada Pedemontana Veneta for design, construction and operation of the

Term	Description
	“Superstrada a pedaggio Pedemontana Veneta” toll road in the Veneto Region
Project Company	means Società Superstrada Pedemontana Veneta S.p.A. or the Project Company or the Borrower or the Concessionaire
PVC	Polyvinyl chloride, used in the tunnels as a waterproofing layer
Ministry	means the Ministry of Infrastructures
Public Authorities	means the public authorities involved in the Project
SCADA	Supervisory control and data acquisition
SIPAL	EPC contractor's design consultants
SIS	means the Consorzio Stabile SIS Società Consortile per Azioni
SLC	Collapse-safety limit state design for engineering structures
SLV	Life-safety limit state design for engineering structures
SPV	means the special purpose vehicle pursuant to Article 156, paragraph 1 of the Public Contracts Code

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APPENDIX 4 – AREA ENGINEERING SRL TRAFFIC CONSULTANT REPORT



REGIONE DEL VENETO

Direzione della Struttura di Progetto
"Superstrada Pedemontana Veneta"



Superstrada Pedemontana Veneta

TRAFFIC STUDY

February 2017
Updating 3 May 2017

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INTRODUCTION

This study, done in behalf of Regione Veneto, is aimed at detecting the traffic flow, which will affect the “Superstrada Pedemontana Veneta” (SPV), that is under construction, in order to enable an economic valuation of the recovery from fare.

This project provides a socio-economic overview of the focus area and offers considerations about demographic developments, differences in mobility, time incidence on every demand segment, the link between the Average Daily Traffic growth (ADT) and the annual value, the operating costs and the estimate of the movement demand according to the grant’s pre-defined timeframes. On the basis of these considerations and analysis, the study indicates the following output elements, using the PTV Vision Ag’s VISUM software (a transport planning software already used also by Veneto Region):

- The Average Daily Traffic estimate about the planed infrastructure according to pre-defined timeframes (years 2020-2030-2040);
- The share of the local traffic and the one of the vehicles going through the SPV;
- The share of the traffic that the infrastructure will “catch”, that will come from short distances (local and provincial roads) and from long distances (highways and regional roads);
- The modification to the transport strategies generated when the new axis and the immediate road links were built in the central part of the Veneto region. It should be kept in consideration than that many other infrastructures were planed, like the Portogruaro-Trieste 3rd lane, the Padova-Passante di Mestre 4th lane and the Valdastico Nord highway.

The overview about the current situation of the mobility in this area depends on different information:

- the available data found at the Regione Veneto regarding the traffic surveys done throughout the year 2016 in the area surrounding the infrastructure, over more than 50 survey sections (by Redas Engineering);
- the recent search done within the CARICA European project (Sept-Oct 2016) about the mobility of goods: the study by the Engeneering Area consists in a survey on over 40 road and highway sections, in both directions, and an update of the regional goods-matrix;
- the available and recent results of the traffic surveys obtained within different searches about other roadworks in Veneto like the “Grande Raccordo delle Aree Padovane”, the “Sistema del le tangenziali Venete”, the new “SR10 Padana inferiore”, and so on.

Using the fine tuned simulation model the current base year scenario and 4 different infrastructural scenarios have been studied. Two of them are about the year 2020, when the opening to the vehicle traffic is scheduled, and two more are about the year 2030. Here is a summary:

1. Current base year scenario (current network year 2016)
2. DO NOTHING scenario (current network year 2020)
3. Scenario n.1: year 2020: Current network with “Superstrada Pedemotana Veneta”;
4. Scenario n.2: year 2030: like Scenario n.1 with the “Portogruaro-TS” 3rd lane and “corsia Padova-Passante di Mestre” 4th lane;
5. Scenario n.3: year 2030: like scenario n.2 with the “Valdastico Nord” highway.

In the Appendix the results obtained are compared to those about the previous traffic-flow studies developed by Leigh Fisher e Righetti-Monti companies and to the assessments found in the “Nota riservata sullo Studio Righetti – Monti” written by the Ministry of Infrastructure and Transport.

All together the present scenarios allow to precisely understand the effects on the planed motorway’s network, and the transport links that this one will create to other existing and scheduled by the Veneto Region infrastructures.

ANALYSIS AND RESULTS

1. THE SUPERSTRADA PEDEMONTANA VENETA

1.1 The Project

The "Superstrada Pedemontana Veneta" (SPV), is a toll motorway currently classified in "categoria B-Strada extraurbana principale", it is in total 94,558 km long all within the regional territory across the areas of Treviso and Vicenza. In addition some complementary and/or connecting works are expected. They will be "indirect toll charge", which means the toll will be paid only by those driving on the SPV, for 57,6 km more.

The track is located in the territory of the European Corridor n.5, connecting A4 highway close to Montecchio Maggiore (VI) to the A27 highway near Spresiano (TV), and it's marked by three highway junctions to A4-A31-A27, and by 14 tollbooths.

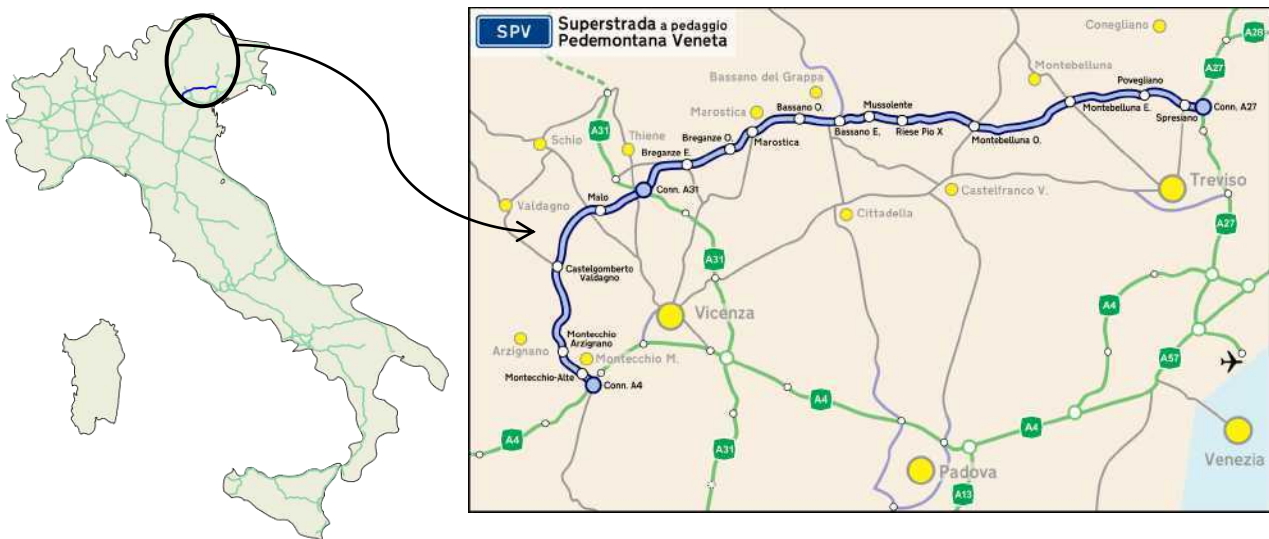


Figure 1: The SPV track

In order to find the description and the overview of the planned work please go to Appendix D and E.

2. THE SOCIO-ECONOMIC CONTEXT

Veneto Region and the foothill area of Treviso and Vicenza provinces, where is the SPV, has seen a small population decline during the last three years of about 0,2% per year. Especially the catchment area that includes the municipalities affected by the infrastructure is composed by 446.000 residents, equal to the 9% of the population living in the region (Istat data 2016); it's noted then that the area has a high population density, equal to 487 residents/km², that is definitely above both the regional value (82% more than the average value in Veneto, that is 267 residents/km²) and provincial values in Treviso and Vicenza.

About the private transport it is noted that the mechanization rate in Veneto is constantly around 800 vehicles/1.000 residents, meaning it's slightly below the national rate; also some analysis on ACI data regarding the number of the circulating vehicles and cars show a slow and constant growth trend throughout the region territory in the last 15 years.

Commuting is also a phenomenon that should be considered. It has seen a constant increasing trend during the last 20 years, even within the municipal area because of study/work reasons (according to the Istat 1991,2001 e 2011 census).

The socio-economic parameters indicate the way the Veneto region, after the last 10 years recession, since 2013 is showing signs of a slow economic upturn; also the number of companies working in this area is increasing in the last few years.

In order to find a more detailed analysis of the socio-economic factors please go to Appendix A.

3. AVAILABLE TRAFFIC FLOW DATA

The traffic flow data used to calibrate the model and included in the Appendix B are provided by the following sources:

- The data available at Regione Veneto regarding the traffic flow survey during the year 2016 on the area surrounding the infrastructure in question, consisting in 50 survey sections, counting in total 765.000 vehicles per day on the ordinary network considered;
- the recent search done within the CARICA European project (Sept-Oct 2016) about the mobility of goods in order to update the regional goods-matrix (31 survey road sections in both directions on the “cordone regionale”, counting in total 189.000vehicles/day, plus data provided by the highway concession-holders about 6 road sections in both directions);
- traffic flow surveys found in previous studies regarding, for instance, the “Grande Raccordo delle Aree Padovane”, the “Sistema delle Tangenziali Venete”, and the “Nuova SR 10 Padana Inferiore”.

The vehicle traffic sections available offer a good overview of the mobility dynamics marking the Pedemontana area and, looking at a wider range, the regional territory. These data therefore outline the situation of the current base year mobility in a very detailed and updated way. On the ordinary network the vehicle flows studied show high values especially on the SR53, with peaks of over 30.000 vehicles/day in the busiest section that is East of Vicenza.

On the basis of . AISCAT 2001-2016 data It's also possible to reconstruct the evolution of the highway network traffic: it is noted a +0,3% annual average growth rate (calculated on the kilometers) on the Veneto Region highways. During the last two years in particular there has been a constant +2,7% annual average growth of the ADT (calculated on the network).

4. PARAMETERS USED TO DEVELOP THE MODEL

The main parameters have been chosen to implement the model platform. Below is a brief analysis of reasons and assumptions.

4.1. Zoning

Dividing the area of study into zones shows in detail the connections between origins and destinations typical of this territory. Due to the infrastructure's size and also to the variety of forms of OD interviews which could be affected by the SPV, it was considered that the zoning detail more functional to the correct

model of the demand dynamics, should be at least at a municipal scale all around the area below the motorway and in the upper and lower fascia.

For this reason the right zoning is the one that considers a division at a municipal scale of the whole Veneto Region territory (572), except for the councils that are also provincial capitals, divided in sub-council zones (40). On the areas outside the region we used a zoning at a provincial scale; the areas belonging to Regione Trentino Alto Adige closer to the Veneto Region boundary are instead divided at a sub-provincial or municipal scale, due to the important OD interviews between the Bassanese-Vicentino area and Trento area (60).

4.2. Mobility demand

Below are the most recent data of “demand” intended to be the definition of the origin/destination movements at a municipal scale by private light or heavy transport:

- LIGHT VEHICLES: ISTAT data 2011 – census of the habitual journeys at a municipal scale between 6:30am-9:30 am, which represents about 80% of the overall flow of the light vehicles within the reference time.
- HEAVY VEHICLES: Veneto Region origin/destination matrix over 24 hours – CARICA European project – municipal level of aggregation. Data collected in 2016.

Aforementioned matrices are considered an input to the matrix adjustment project developed for the model calibration within the “current base year” scenario in the year 2016.

4.3. Demand growth rates

On the basis of the analysis done about the “European Energy and Transport 2020 Trends To 2030” and its updated version in 2013, the growth rates taken as a reference are +1,50% for the light vehicles (LV) and +1,80% for the heavy vehicles (HV).

It seems important to include the values defined in “Proposta delle stime di traffico contrattuali” presented in September 2006 by the Promoter during the time –to-grant (2020-2059), and shown below:

- from 2021 to 2025: +3,0% LV; +3,0% HV
- from 2025 to 2030: +2,4% LV; +2,5% HV
- from 2031 to 2035: +1,4% LV; +1,7% HV
- from 2036 to 2040: +0,9% LV; +1,3% HV
- from 2046 to 2059: +0,4% LV; +0,5% HV

The growth rates above consider an average growth of +2,67% and +2,78% based on ten years, for the Light Vehicles and the Heavy Vehicles values, respectively, between 2021 and 2030. These values are slightly higher than those found in the official EU reports, but they are realistic if compared to the “local” Veneto context, because the EU data can be seen as an approximate evaluation on a continental scale.

In order to provide the valuation most coherent to the socio-economic context where the infrastructure will be built, also keeping in consideration a renewed upturn after the long and recent recession, this study used the following smaller growth rates on what concerns the foothill area:

Time frame	Light Vehicles	Heavy Vehicles
2020-2024	2,10%	2,30%
2025-2029	2,10%	2,30%
2030-2034	1,40%	1,80%
2035-2039	1,40%	1,80%
2040-2044	0,90%	1,30%
2045-2049	0,90%	1,30%
2050-2054	0,90%	1,30%
2055-2059	0,90%	1,30%
Average 2020-2059	+1,3%	+1,7%

Table 1: Mobility demand growth in the foothill area

The overall mobility general growth rates in the Veneto Region are however lower than the growth rates of the actual traffic expected on the SPV, because building the motorway will produce a reorganisation of the trade and manufacture business all over the territory. During the first ten years this rearrangement will generate new moving needs on the SPV. In particular during the first part of the grant, the traffic growth rates looked like these data here below:

Time frame	Light Vehicles	Heavy Vehicles
2020-2024	4,20%	5,64%
2025-2029	4,15%	5,52%
2030-2034	2,00%	2,50%
2035-2039	1,20%	2,50%
2040-2044	1,20%	2,15%
2045-2049	1,20%	1,50%
2050-2054	1,20%	1,50%
2055-2059	1,20%	1,50%
Average 2020-2059	+2,17%	+2,80%

Table 2: Traffic growth rates on the SPV

In order to understand the traffic volume trend on the SPV It seems very useful to compare the overall growth values during the last 40 years (1977 - 2017) about the A4 highway, along the section included between Padua and Venice.

The following data provides a summary of the socio-economic dynamics developed in this territory as a consequence of the A4 construction, and show the effects of the recession periods, cyclically happened, on the traffic volumes.

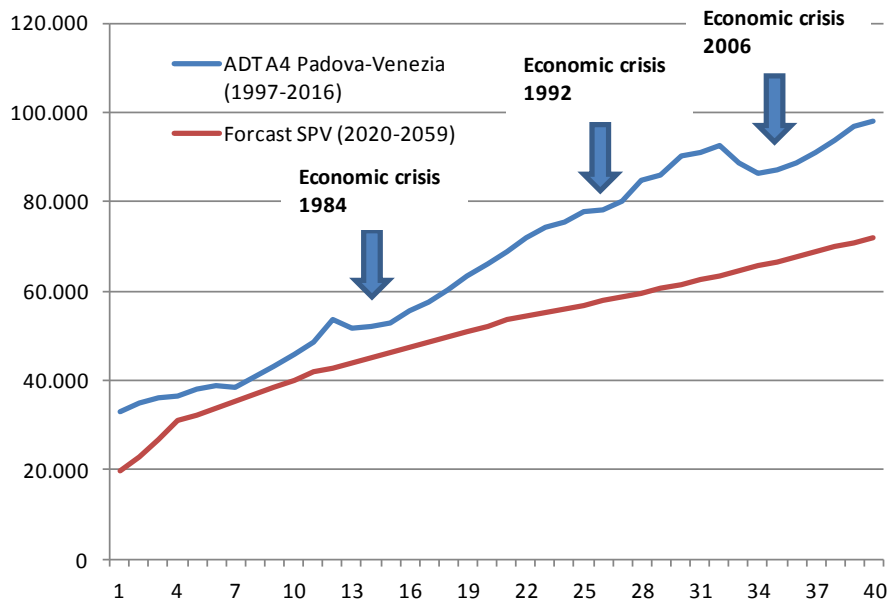


Figure 2: Demand time trend A4 PD-VE –1977-2016; SPV– forecast 2020-2059 (Area Engineering)

In order to find the whole list of the growth rates on the SPV please go to Appendix C.

4.4. ANNUALIZATION FACTOR

The Day -> Year processing coefficients have been determined taking into account the touristic propensity of the foothill territory, that, on some weekends, sees a higher traffic flow than on weekdays (for instance all along the SP 248 or the SP 111). So the values below should be considered:

- 365 annualization factors for the Light Vehicles;
- 300 annualization factors for the Heavy Vehicles, without the days when these vehicles can't circulate.

4.5. Fare optimisation

The SPV concerns a territory that isn't crossed by big flows and/or by transnational hallways, it is instead characterised by habitual mobility flows (home/work) and by flows connecting small and medium-sized companies located all along the foothill fascia. So the SPV possibly attracts users who usually spend less, and consequently the traffic values growth correspond with lower toll values.

Moreover, on the basis of analysis about itineraries (Appendix F) "alternative" to the new motorway, and particularly to the A4, it has been noted an increasing competitiveness that would concern the SPV if a 130 km/h speed limit could be approved (replacing the current limit of 110 km/h), and if an administrative process would be found in order to balance the SPV fares and the A4 fares, making them equal to the user's general expense for the long distance movements from East to West

The toll used in the general cost functions of the transportation used as a basis for the process to assign the demand is a streamlining result of the fare income. The real toll value paid by the user, according to the Grant, in 2020 was 0,2178884 €/km for the light vehicles and 0,357474 €/km for the heavy vehicles.

These values are at the highest limits of the current charging system. They have been compared here below.

HIGHWAY TOLL COMPARED								
HIGHWAY	YEAR	TOLL (€/KM)		YEAR	TOLL (€/KM)		TOLLS: diff % with SPV optimized	
		LV	HV		LV	HV	LV	HV
A 27 VE-BL	2015	0,0703	0,1597	2020	0,0757	0,1720	-55%	-43%
A 4 BS-PD e A13	2015	0,0656	0,1493	2020	0,0707	0,1608	-58%	-47%
A 4 PD-VE	2015	0,0536	0,1204	2020	0,0577	0,1297	-66%	-57%
A 4 PASSANTE DI MESTRE	2015	0,1140	0,2558	2020	0,1228	0,2756	-27%	-9%
A 28 PORTOGRUARO-CONEGLIANO	2015	0,0683	0,1550	2020	0,0736	0,1670	-56%	-45%
A 22 MODENA-BRENNERO	2015	0,0520	0,1180	2020	0,0560	0,1271	-67%	-58%
A 35 BS-BG-MI	2015	0,1602	0,2847	2020	0,1726	0,3067	3%	2%
A58 TANGENZIALE ESTERNA DI MILANO	2015	0,1912	0,3250	2020	0,2060	0,3501	22%	16%
A 60 PEDEMONTANA LOMBARDA	2015	0,2062	0,3260	2020	0,2221	0,3512	32%	17%
PEDEMONTANA VENETA				2020	0,2178	0,357	22,8%	15,7%
PEDEMONTANA VENETA OPTIMIZED				2020	0,1683	0,3014		

Table 3: Highway toll in 2015 compared to the updated toll in 2020 (annual 1,5% update rate)

Maximising the incomes allowed to find the spot where there is an advantageous and optimal balance between the traffic flows and the fares, charging lower fares of **0,1683 €/km to the light vehicles and 0,3014 €/km (year 2020) to the heavy vehicles**: there is a reduction of **22,8% e del 15,7%, compares to the Grant values**.

The numbers below are the real user's expense for each of the 94,5 km corresponding to the whole length of the SPV, and they then keep in consideration both taxes and the additional toll for the accessory viability consisting in 57,6 km.

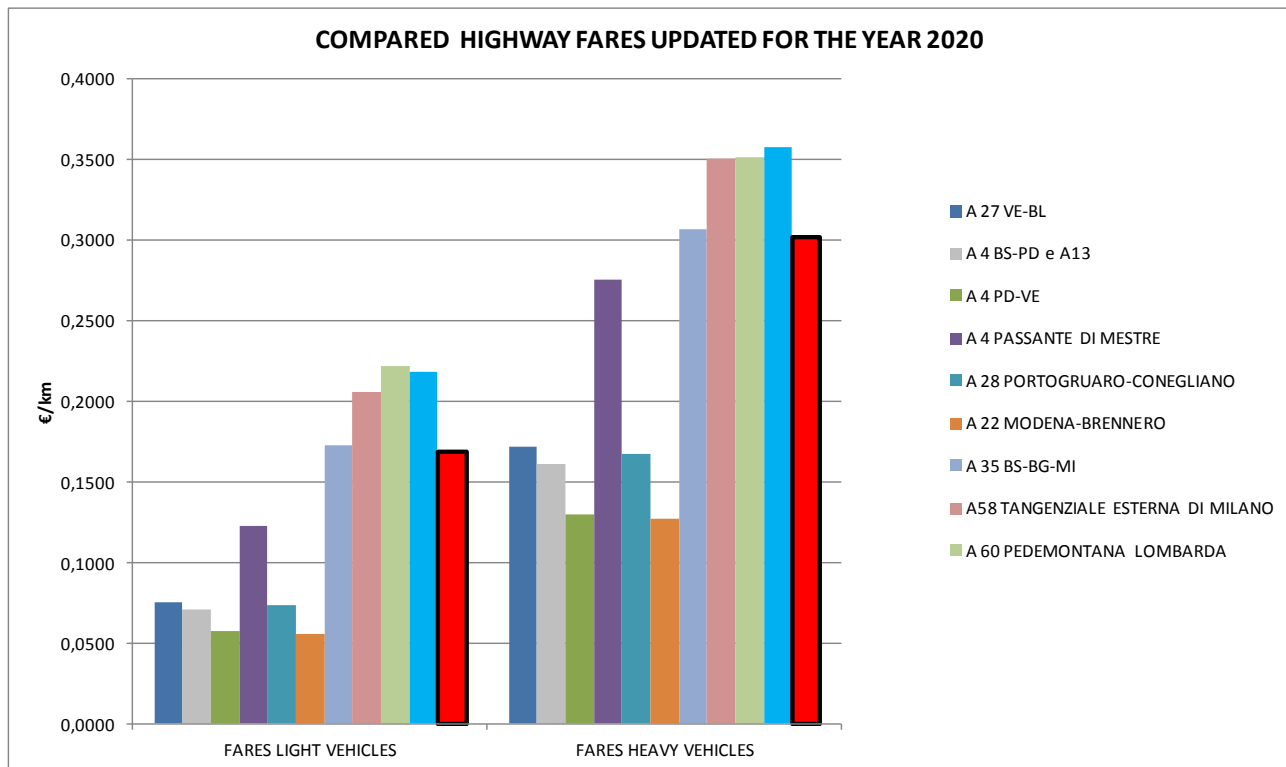


Figure 1: Highway fares updated for the year 2020 compared to the streamlined coloured red SPV fare (annual +1,5% streamlining rate)

4.6. SPV Speed

Although the infrastructure has characteristics of a motorway (B1 category– DM.5.XI.2001), and there is therefore a 110km/h speed limit, the simulations used a 130 km/h speed, because of the possible and desirable reclassification as an A category of the examined pipe, and in order to more realistically simulate the users' drive habits.

4.7. The time value

Recent data published by Eurostat Statistics Explained in 2016 highlight in Italy an average labour cost within 20 and 28 Euro/h.

Because the traffic estimates have been developed on a daily basis, to get more reliable expectations, extending to the 24h only the data collected during the morning rush hour, it is necessary to calibrate the time value crediting it to all the mobility components potentially attracted by the new infrastructure.

For what concerns the mobility component that will affect the SPV, meaning the journey home-place of work-home, only during the 6.00-9.00 am and 4.00-7.00 pm time slots, the time value used is 12 Euro/h

For the movements concerning working activities, the transportation of small size goods (little companies) and other activities linked to the working transport, the time cost is higher and generally estimated to range between 15 and 25 Euro/h.

On a daily basis as a precaution the component of non-habitual movements has been estimated as a 30% of the total movements.

Keeping in consideration all the different kinds of users that will run on the SPV, the average time cost of every light vehicle user was estimated at around 17 euro/h, relating this value to a 1,2 average use for each vehicle: this means that presumably there is a passenger in one in 5 cars. So **the average time cost for every vehicle**, included into the general cost function at the base of the simulations, **is 20 Euro/h**.

For what concerns **the heavy vehicles**, the time cost used is **27 Euro/h**, considering that in Italy the truck driver's cost is about 25-30 euro/h. This value is therefore in accordance with the real industry costs.

4.8. Traffic calming

The **DGRV n. 2103** used during the meeting of the Giunta Regionale on the 13/12/2016 establishes the Regione Veneto's intention to set up a political and technical meeting between the Regione and the two Provinces of Vicenza and Treviso, where even the representatives of the Councils involved and the Companies administrating the highway networks will be invited. This meeting has the purpose to find a shared approach with the managing authorities in charge of the ordinary road network in order to keep the heavy traffic far from residential areas, adopting specific measures. These measures are infact necessary to pursue one of the "main targets underlying of the motorway project, and always highlighted since the Piano Regionale dei Trasporti was written in 1990". The goal is **"to remove the heavy traffic from the residential foothill areas within the Provinces of Treviso e Vicenza**, to facilitate the transport of goods crossing this area (with origin or destination included in it), and especially to improve environmental and safety conditions of the circulation in the residential zones, that are these days crossed by inappropriate traffic flows added to the local urban traffic, causing frequent dangerous situations and blocks.

In the modelling there are thus speed limits along the crossing paths in the residential areas below the motorway.

5. THE SIMULATION MODEL

The transport valuations about the “Superstrada Pedemontana Veneta” have been done taking advantage of the calculation and data processing potential offered by a simulation model of the traffic flows (sw. PTV VISUM). This tool allows to plan a redistribution of the mobility flows in the present set-up and also in developmental scenarios of transportation demand and supply, simulating the itinerary choices of the vehicles on the basis of the user’s general cost functions.

6. SCENARIOS AND RESULTS

Below are the four different infrastructural scenarios analysed that refer to the “Current Base Year- 2016” until 2020 (when the road is scheduled to be open to the vehicular traffic) and 2030:

1. **Current base year** scenario (current network year 2016);
2. **DO NOTHING** scenario– current network year 2020;
3. **Scenario n.1:** year 2020: Current network with “Superstrada Pedemotana Veneta”;
4. **Scenario n.2:** year 2030: like Scenario n.1 with the “Portogruaro-TS” 3rd lane and “Padova-Passante di Mestre” 4th lane;
5. **Scenario n.3:** year 2030: like scenario n.2 with the “Valdastico Nord” highway, that is the complete highway link between Vicenza and the Brennero highway North of Trento.

Below are the description of the infrastructural simulated scenarios and the network reaction, from the mobility point of view, as a consequence of new planned interventions.

6.1. Current base year scenario (current network year 2016)

A first overview of the present mobility set-up in the wide territory affected by the SPV is provided by some screen-lines obtained thanks to several available traffic surveys dividing the area on North-South axes. Analysing these stream-lines it seems evident that in the territory where the infrastructure will be built there are, on the overall ordinary viability, traffic volumes (meaning total flow of the day) are ranged between 48.000 and 65.000 vehicles/24h. If we consider also the flows affecting the A4 TO-TS highway, the overall value change into a range between 110.000 and 150.000 vehicles/24h.

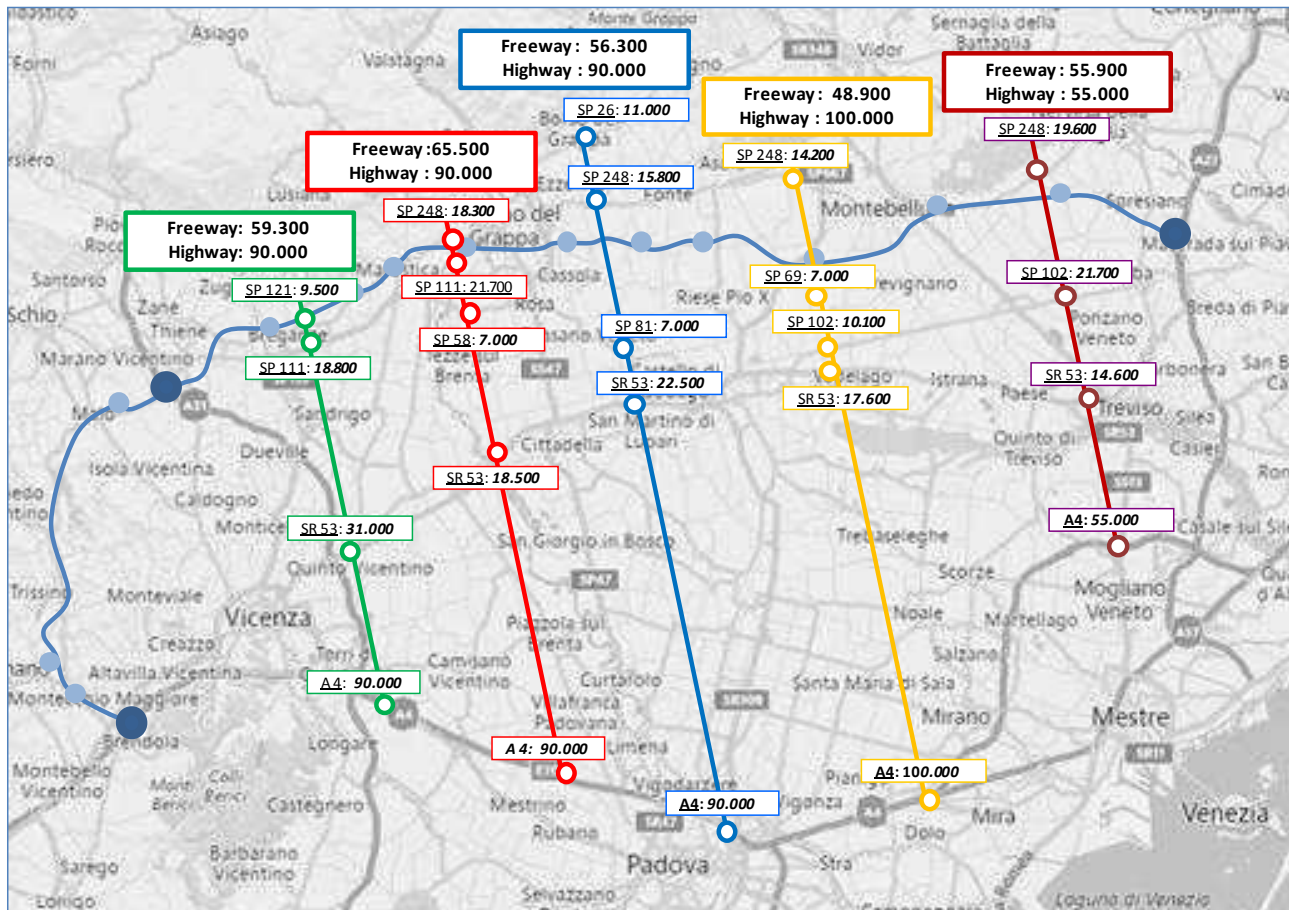


Figure 2: screen-line

6.2. Do nothing scenario – current network year 2020

Relating the present road network to the 2020 time frame, updating the highway fares and adopting the estimated demand scenarios, the potential catchment area within the foothill sees a 7-8% growth compares to 2016.

There is some stickiness especially along the highways, in the busier stretches like those of the A4 between PD East and the junction to the A57, and the Vicenza-Verona segment

This phenomenon affects even the SR 53 close to Vicenza, that is congested by over 31.000 vehicles/day.

6.3. Scenario n.1 – current network with the Superstrada Pedemontana Veneta

The results of the transport simulations having the Superstrada Pedemontana Veneta in the 2020 timeline (2030 and 2040), show the following data:

TIME REFERENCE	Light Vehicles	Heavy Vehicles	TOTAL Vehicles
2020	21.734	5.305 (24%)	27.039
2030	32.714	9.131 (22%)	41.845
2040	39.878	11.689 (23%)	51.567

Table 1: vehicle flows – Scenario n.1

Traffic values simulated for the opening of the motorway in 2020 and shown in Table 6 are of about 27.000 vehicles/24h with more than 20% of heavy traffic, without considering the Ramp-up effect.

As a result about 40% of the current traffic would move from the ordinary network to the SPV and the same would do a long-distance traffic of more than 4.000 vehicles/day.

The effects on the ordinary viability are widespread (find attached document L, difference-network scenario n.1–“do nothing” scenario in 2020), especially along the main “parallel” itineraries as the SP 248 Gasparona Marosticana, the SP 111 between Thiene and Bassano, the SP 102 Postumia Romana and the SR 53, showing transfer peaks of about the 50%.

6.4. Scenario n.1 - current network with Superstrada Pedemontana Veneta and considering a Ramp-Up

To keep in consideration that the transfer traffic to the SPV will happen with time, there will be a transitional period before the new infrastructure will be up to speed (Ramp-up), and it will take two years, 2020 and 2021, with the following percentages of distribution:

TIME REFERENCE	Ramp-UP
2020	85 %
2021	95 %
2022	100 %

Table 5: Ramp-Up values – Scenario n.1

With this mechanism to bring the traffic up to speed the flows expected during the first three years will be:

TIME REFERENCE	Light Vehicles	Heavy Vehicles	TOTAL Vehicles
2020	18.474	4.509 (20%)	22.983
2021	21.518	5.326 (20%)	26.844
2022	23.610	5.925 (21%)	29.535

Table 6: vehicular flows – Scenario n.1 with Ramp-Up

6.5. Scenario n. 2 – year 2030 - scenario n.1 with the Portogruaro - TS 3rd lane and Padova - Passante di Mestre 4th lane

The analysis of the scenario on stake shows that producing the examined works, as completing the A4 Portogruaro-TS 3rd lane and a 4th lane on the A4 only between PD-East and the connection to the A57, causes a secondary -3% flow decrease along the SPV.

A higher incidence is especially due to the 4th lane, built on the A4 between Padua and DOLO, where there are already frequent stickiness phenomena, even if they only happen during rush hours.

TIME REFERENCE	Light Vehicles	Heavy Vehicles	TOTAL Vehicles
2030	31.969	8.620	40.589

Table 7: vehicular flows – Scenario n.2

6.6. Scenario n.3 – year 2030 - scenario n.2 with Valdastico North

In this scenario the valuation is about what will be the potential contribution of the new segment of the A31 highway, between the existing Piovene Rocchette junction and the connection to the Brennero highway North of Trento.

The simulations, estimated even in this scenario considering the 2030 timeline, indicate a growth of the vehicular flow of +8% of the overall daily flow along the SPV.

Finishing the A31 North segment seems clearly synergetic, and allows infact to create an alternative itinerary within the North-East journeys towards the Brennero passage, that is one of the main mobility outlets to the North of Europe.

TIME REFERENCE	Light Vehicles	Heavy Vehicles	TOTAL Vehicles
2030	34.615	9.740	44.355

Table 8: vehicular flows – Scenario n.3

6.7. Traffic table on an annual basis

To complete the provided analysis the table below summarises the vehicular traffic estimates for every grant year of the infrastructure (2020-2059) and the value of vehicles*km-Year:

Light vehicles * km YEAR = Light vehicles * 94,58(toll lenght SPV) * 365 annualization factors

Heavy vehicles * km YEAR = Heavy vehicles * 94,58(toll lenght SPV) * 300 annualization factors

Vehicles * km YEAR = Light vehiles * km YEAR + Heavy vehicles * km YEAR

Time reference	Light Vehicles	Light Vehicles*km YEAR	Heavy Vehicles	Heavy Vehicles*km YEAR	AVARAGE total vehicles	Vehicles *km YEAR	Ramp-UP
2020	18.474	159.437.608	4.509	31.986.365	22.983	191.423.973	85%
2021	21.518	742.853.475	5.326	151.111.412	26.844	893.964.887	95%
2022	23.610	815.068.026	5.925	168.107.755	29.535	983.175.780	
2023	24.611	849.598.329	6.264	177.736.915	30.875	1.027.335.244	
2024	25.632	884.856.659	6.612	187.619.088	32.244	1.072.475.747	
2025	26.696	921.578.211	6.980	198.050.709	33.676	1.119.628.920	
2026	27.803	959.823.706	7.365	208.983.108	35.169	1.168.806.815	
2027	28.957	999.656.390	7.772	220.518.976	36.729	1.220.175.366	
2028	30.159	1.041.142.130	8.201	232.691.623	38.360	1.273.833.754	
2029	31.411	1.084.349.529	8.654	245.536.201	40.064	1.329.885.730	
2030	32.714	1.129.350.034	9.131	259.089.799	41.845	1.388.439.833	
2031	33.368	1.151.937.035	9.360	265.567.044	42.728	1.417.504.079	
2032	34.036	1.174.975.775	9.594	272.206.220	43.629	1.447.181.996	
2033	34.717	1.198.475.291	9.833	279.011.376	44.550	1.477.486.667	
2034	35.411	1.222.444.797	10.079	285.986.660	45.490	1.508.431.457	
2035	36.119	1.246.893.693	10.331	293.136.327	46.450	1.540.030.019	
2036	36.842	1.271.831.567	10.589	300.464.735	47.431	1.572.296.301	
2037	37.578	1.297.268.198	10.854	307.976.353	48.433	1.605.244.551	
2038	38.330	1.323.213.562	11.126	315.675.762	49.455	1.638.889.324	
2039	39.097	1.349.677.833	11.404	323.567.656	50.500	1.673.245.489	
2040	39.878	1.376.671.390	11.689	331.656.848	51.567	1.708.328.237	
2041	40.357	1.393.191.446	11.864	336.631.700	52.221	1.729.823.147	
2042	40.841	1.409.909.744	12.042	341.681.176	52.883	1.751.590.920	
2043	41.331	1.426.828.661	12.223	346.806.393	53.554	1.773.635.054	
2044	41.827	1.443.950.605	12.406	352.008.489	54.233	1.795.959.094	
2045	42.329	1.461.278.012	12.592	357.288.617	54.921	1.818.566.629	
2046	42.837	1.478.813.348	12.781	362.647.946	55.618	1.841.461.294	
2047	43.351	1.496.559.108	12.973	368.087.665	56.324	1.864.646.773	
2048	43.871	1.514.517.818	13.167	373.608.980	57.039	1.888.126.798	
2049	44.398	1.532.692.031	13.365	379.213.115	57.763	1.911.905.146	
2050	44.931	1.551.084.336	13.565	384.901.311	58.496	1.935.985.647	
2051	45.470	1.569.697.348	13.769	390.674.831	59.239	1.960.372.179	
2052	46.016	1.588.533.716	13.975	396.534.954	59.991	1.985.068.670	
2053	46.568	1.607.596.121	14.185	402.482.978	60.753	2.010.079.098	
2054	47.127	1.626.887.274	14.398	408.520.223	61.524	2.035.407.497	
2055	47.692	1.646.409.921	14.614	414.648.026	62.306	2.061.057.947	
2056	48.264	1.666.166.840	14.833	420.867.746	63.097	2.087.034.587	
2057	48.844	1.686.160.842	15.055	427.180.762	63.899	2.113.341.605	
2058	49.430	1.706.394.773	15.281	433.588.474	64.711	2.139.983.246	
2059	50.023	1.295.153.632	15.510	330.069.226	65.533	1.625.222.858	

Note*: In the first year of activity it was considered in the calculation of vehic*km-Year that the infrastructure will open in September;

Note**: In the last year it was considered in the calculation of vehic*km-Year that the agreement's deadline will be in September 2059.

Table 9: calculation vehic*km on an annual basis

7. SUMMARY

The simulation model used in this study, in order to estimate the size of the Daily Average Traffic that will affect the Superstrada Pedemontana Veneta, uses the following parameters and assumptions:

PARAMETERS USED TO DEVELOP THE SIMULATION MODEL– SUMMARY	
ZONING	Veneto: at a municipal scale First belt Provinces (672 traffic zones)
MOBILITY DEMAND	Two different matrices: 1. LV: Habitual mobility of light vehicles during morning rush hours from Istat Matrix 2011 (that represents 70% of the overall light vehicles flow) as a base of the matrix adjustment 2. HV: heavy vehicles matrix in Veneto. European Project CARICA
DEMAND GROWTH RATES	2,1 % LV and 2,3 % LV within the first 10 years of activity
AVERAGE DAY/YEAR Coefficient	LV: 365 annualization factors; HV: 300 annualization factors
TOLL	Taking off fare exemptions and reductions of the -22,8% (LV) and -15,7% (HV) compared to the Grant fares. Toll applied: 0,1683 €/km LV - 0,3014 €/km HV (VAT included)
SPV SPEED LIMITS	130 km/h
TIME VALUE	Light= 20 €/h per vehicle (considered a filling rate of the vehicles equal to 1,2 people/car; Heavy=27€/h
TRAFFIC CALMING	Specific measures adopted for the local viability, arranged at a technical meeting by the local authorities, according to what is in the DGR n. 2103 used in the Giunta Regionale meeting 13/12/2016

Table 10 model assumptions

Applying the simulation model along with the PTV Vision Ag VISUM software, already used by Veneto Region, the results are the daily average vehicular traffic values on the SPV in different timelines, shown here below:

DAILY AVERAGE VEHICULAR TRAFFIC ON THE SPV	
YEAR 2020 (without Ramp-up)	27.039 veh/day (HV 24%)
YEAR 2020 (with Ramp-up 85%)	22.983 veh/day (HV 20%)
YEAR 2030	41.845 veh/day (HV 22%)

Table 11: daily average vehicular traffic on the SPV

These vehicular traffic values can be compared to those found in previous studies, developed by Leigh Fisher e Righetti-Monti Companies, and to the valuations provided by the “Nota sullo Studio Righetti – Monti” written by the Ministry of Infrastructures and Transport (See Appendix I):

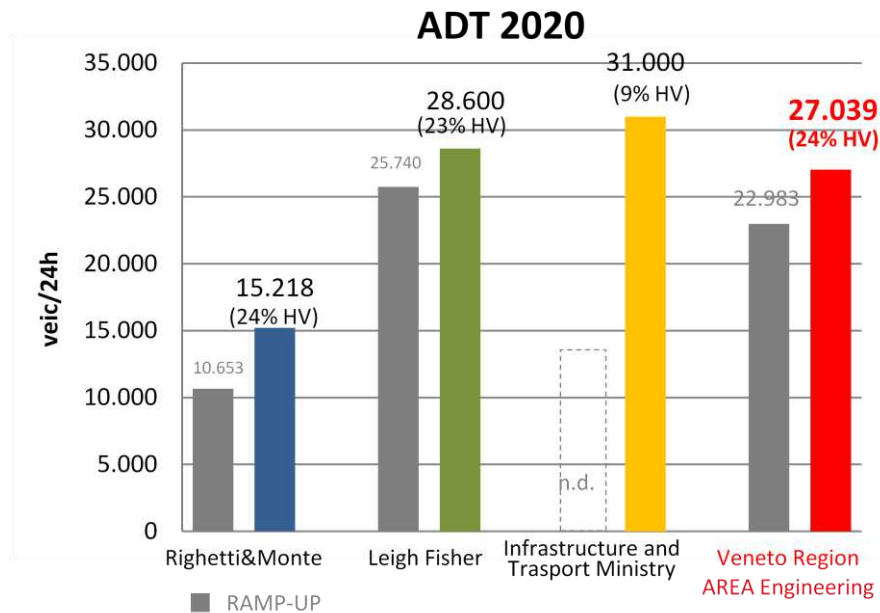


Figure 3: Comparison to the previous traffic studies (ADT 2020)

Traffic valuations here done on the Regione Veneto's behalf:

- In the light of the D.G.R. 2103 written in 13/12/2016, **traffic calming** measures were introduced, speed reduction systems in the main entries to the urban centres and limited permits to the trucks. These measures can transfer **+12/+15%** of the traffic from the ordinary network to the SPV;
- An **optimized fare** was applied: **LV € 0,1683** (22,8% less than the fare offered by the authority); **VP € 0,3014** (15,7% less than the fare offered by the authority). Like the other variables, the new fare causes a traffic increase on the SPV of **25%**;
- It is desirable a **harmonisation of the fares** between A4 and SPV, that would transfer **+3-7%** of the traffic from A4-A27 to the SPV, that is the shortest way (-10 km) within the West-North East itinerary;
- A **demand growth rate** was assumed keeping in consideration the traffic moved because of the settlement transformation of the territory, after the SPV will be built.

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APPENDIX A – THE SOCIO-ECONOMIC CONTEXT

A.1 POPULATION

The new Superstrada Pedemontana Veneta goes through Vicenza and Treviso Provinces, where the 36% of the whole population of the Veneto Region lives (ISTAT data 2016). The tables and figures below represent the resident population distribution and the housing density in the Veneto Region on a provincial scale; Treviso in particular is the third province in Veneto because of resident population, second only to Padua for number of inhabitants per km² (357 residents/km²).

	Administration	Total Area (Km ²)	Population at 2016	Housing density (residents/Km ²)	% on tot Veneto
Verona	98	3.096,39	922.383	297,89	19%
Vicenza	121	2.722,53	867.314	318,57	18%
Belluno	64	3.672,26	206.856	56,33	4%
Treviso	95	2.479,83	885.447	357,06	18%
Venezia	44	2.472,91	855.696	346,03	17%
Padova	104	2.144,15	936.887	436,95	19%
Rovigo	50	1.819,35	240.540	132,21	5%
VENETO	576	18.407,42	4.915.123	267,02	100%
ITALIA		302.072,84	60.665.551	200,83	

Table 12: areas – population – housing density (ISTAT Data -year 2016)

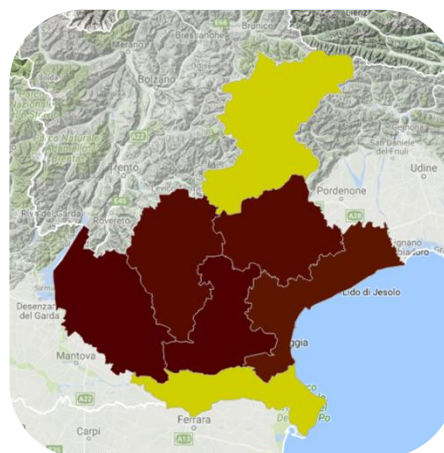
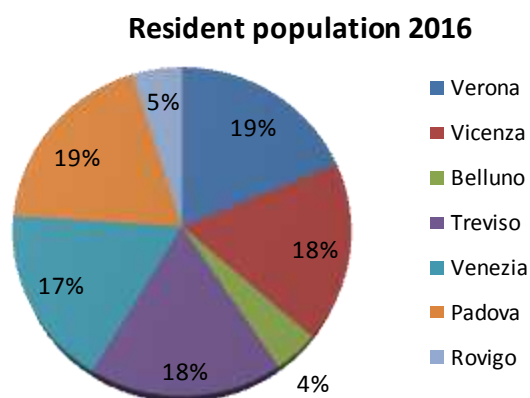


Figure 4: Resident population distribution in Veneto on a provincial scale
(Fonts: ISTAT Data - year 2016; URBISTAT data processing of ISTAT 2016 data)

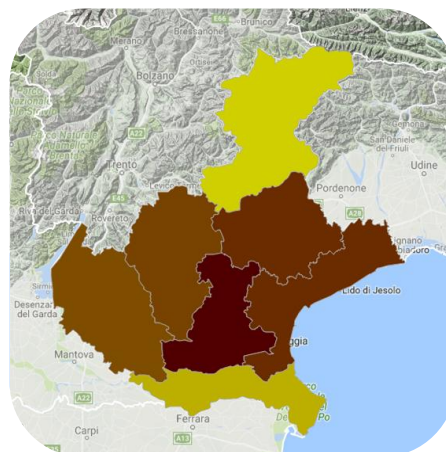
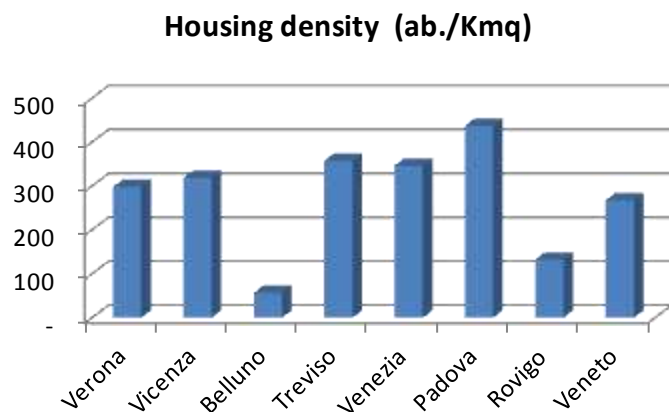


Figure 5: Housing density on a provincial scale
(Fonts: ISTAT Data – year 2016; URBISTAT data processing of ISTAT 2016 data)

The demographic development of the regional territory between 2001 and 2016 is described by the table and the chart here below, calculated using ISTAT data.

The development shows an almost constant growth across the Veneto Region until 2010, after which the population fell.

During the last few years (2011-2016) the resident number had continual ups and downs and it fell by the number recorded in 2010.

Figure 7 shows the “resident population growth rate”, meaning the value obtained adding up the birth rate and the immigration rate, deducting the death rate. This parameter, that is negative across the whole region (average regional value -2,5‰), is of: -1,4‰ and -1,5‰ in Padua and Verona Provinces, -2,1‰ in Treviso, -2,8‰ e -2,9‰ in Vicenza and Venice, but it’s lower in Belluno and Rovigo, -5‰ and -8,3‰ respectively.

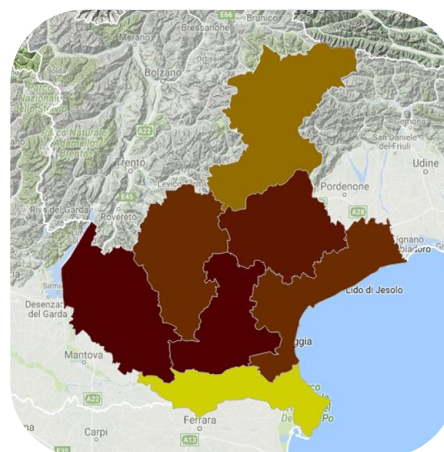
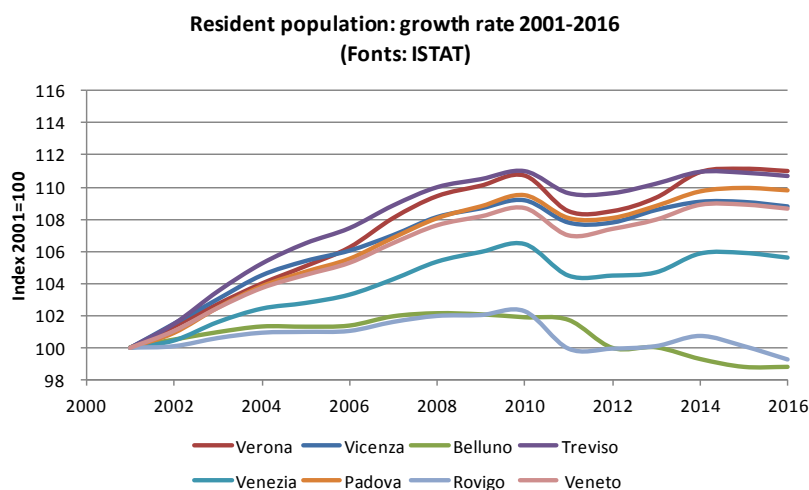


Figure 6: Resident population in 2011-2016 and growth rate (=birth rate-death rate+immigration rate) (URBISTAT data processing of ISTAT 2016)

RESIDENT POPULATION YEARS 2001-2016 (FONTS: ISTAT)

YEAR	2001	2002	2003	2004	2005	2006	2007	2008
Verona	827.328	838.221	849.999	860.796	870.122	880.230	896.316	908.492
Vicenza	795.123	807.046	819.297	831.356	838.737	844.111	852.242	861.768
Belluno	209.492	210.503	211.493	212.244	212.216	212.365	213.612	214.026
Treviso	796.171	808.076	824.500	838.732	849.355	857.359	869.534	879.408
Venezia	809.613	813.294	822.591	829.418	832.326	836.596	844.606	853.787
Padova	849.711	857.660	871.190	882.779	890.805	897.999	909.775	920.903
Rovigo	242.385	242.608	243.829	244.625	244.752	244.894	246.255	247.164
VENETO	4.509.631	4.557.121	4.622.628	4.679.645	4.718.105	4.753.503	4.812.192	4.865.411
ITALIA	56.694.830	57.018.198	57.581.111	58.151.159	58.437.388	58.814.498	59.297.576	59.719.783
YEAR	2009	2010	2011	2012	2013	2014	2015	2016
Verona	914.382	920.158	899.817	899.817	907.352	921.717	923.664	922.383
Vicenza	866.398	870.740	858.732	858.732	865.421	869.813	869.718	867.314
Belluno	213.876	213.474	213.125	209.364	209.430	207.894	206.856	206.856
Treviso	883.840	888.249	876.051	876.051	881.245	887.722	887.293	885.447
Venezia	858.915	863.133	846.275	846.275	847.983	857.841	858.198	855.696
Padova	927.730	934.216	920.895	920.895	927.848	936.233	938.296	936.887
Rovigo	247.297	247.884	242.167	242.167	242.543	244.062	242.533	240.540
VENETO	4.892.386	4.917.897	4.834.150	4.853.657	4.881.756	4.926.818	4.927.596	4.915.123
ITALIA	60.012.575	60.297.102	59.068.260	59.357.784	60.453.025	60.712.502	60.665.551	60.665.551

Table 13: resident population (ISTAT Data- year 2016)

PERCENTAGE INCREASE OF THE RESIDENT POPULATION YEARS 2001-2016 (FONTS: ISTAT)

Anno	'01-'02	'02-'03	'03-'04	'04-'05	'05-'06	'06-'07	'07-'08	'08-'09
Verona	1,32%	1,41%	1,27%	1,08%	1,16%	1,83%	1,36%	0,65%
Vicenza	1,50%	1,52%	1,47%	0,89%	0,64%	0,96%	1,12%	0,54%
Belluno	0,48%	0,47%	0,36%	-0,01%	0,07%	0,59%	0,19%	-0,07%
Treviso	1,50%	2,03%	1,73%	1,27%	0,94%	1,42%	1,14%	0,50%
Venezia	0,45%	1,14%	0,83%	0,35%	0,51%	0,96%	1,09%	0,60%
Padova	0,94%	1,58%	1,33%	0,91%	0,81%	1,31%	1,22%	0,74%
Rovigo	0,09%	0,50%	0,33%	0,05%	0,06%	0,56%	0,37%	0,05%
VENETO	1,05%	1,44%	1,23%	0,82%	0,75%	1,23%	1,11%	0,55%
ITALIA	0,57%	0,99%	0,99%	0,49%	0,65%	0,82%	0,71%	0,49%

Anno	'09-'10	'10-'11	'11-'12	'12-'13	'13-'14	'14-'15	'15-'16
Verona	0,63%	-2,21%	0,00%	0,84%	1,58%	0,21%	-0,14%
Vicenza	0,50%	-1,38%	0,00%	0,78%	0,51%	-0,01%	-0,28%
Belluno	-0,19%	-0,16%	-1,76%	0,03%	-0,73%	-0,50%	0,00%
Treviso	0,50%	-1,37%	0,00%	0,59%	0,73%	-0,05%	-0,21%
Venezia	0,49%	-1,95%	0,00%	0,20%	1,16%	0,04%	-0,29%
Padova	0,70%	-1,43%	0,00%	0,76%	0,90%	0,22%	-0,15%
Rovigo	0,24%	-2,31%	0,00%	0,16%	0,63%	-0,63%	-0,82%
VENETO	0,52%	-1,70%	0,40%	0,58%	0,92%	0,02%	-0,25%
ITALIA	0,47%	-2,04%	0,49%	1,85%	0,43%	-0,08%	0,00%

Table 2: percentage increase of the resident population between 2001-2016 (ISTAT data)

In order to better identify the territorial dynamics in the foothill area, the table on the next page shows the values of area, housing density and resident population in 2016 (ISTAT data) of the Councils affected by SPV. This area is in total 807 km², and it shows a housing density higher than the average regional value (509,8 residents/km² compared to 267 average regional value).

This area is densely populated. The main residential areas crossed by the new infrastructure are Bassano del Grappa (43.200 residents), Arzignano, Montecchio Maggiore and Thiene (Vicenza), Montebelluna (31.200 residents), Villorba and Veduggio (Treviso).

The housing population of the Councils and Provinces affected by the SPV, meaning Vicenza and Treviso, is represented also in the figures here below, as a result of ISTAT 2016 processed data.

Administration	Province	Area (Km ²)	Resident Population at census 2016	
Bassano del Grappa	VI	47,06	43.243	<div></div>
Breganze	VI	21,76	8.674	<div></div>
Brendola	VI	25,57	6.634	<div></div>
Brogliano	VI	12,16	3.982	<div></div>
Cassola	VI	12,74	14.656	<div></div>
Castelgomberto	VI	17,44	6.130	<div></div>
Cornedo Vicentino	VI	23,56	12.049	<div></div>
Fara Vicentino	VI	15,18	3.847	<div></div>
Isola Vicentina	VI	26,48	10.209	<div></div>
Malo	VI	30,53	14.943	<div></div>
Marostica	VI	36,53	13.988	<div></div>
Mason Vicentino	VI	11,96	3.490	<div></div>
Molvena	VI	7,44	2.581	<div></div>
Montecchio Maggiore	VI	30,54	23.564	<div></div>
Montecchio Precalcino	VI	14,42	5.045	<div></div>
Mussolente	VI	15,43	7.633	<div></div>
Nove	VI	8,15	5.030	<div></div>
Pianezze	VI	5,02	2.151	<div></div>
Romano d'Ezzelino	VI	21,35	14.440	<div></div>
Rosà	VI	24,32	14.446	<div></div>
Sarcedo	VI	13,85	5.278	<div></div>
Thiene	VI	19,70	24.297	<div></div>
Trissino	VI	21,96	8.790	<div></div>
Villaverla	VI	15,79	6.145	<div></div>
PROVINCE OF VICENZA - SPV AREA		478,93	261.245	
Altivole	TV	21,95	6.897	<div></div>
Castelfranco Veneto	TV	51,61	33.204	<div></div>
Castello di Godego	TV	18,13	7.080	<div></div>
Giavera del Montello	TV	20,19	5.148	<div></div>
Loria	TV	23,25	9.338	<div></div>
Montebelluna	TV	49,01	31.246	<div></div>
Povegliano	TV	12,91	5.234	<div></div>
Riese Pio X	TV	30,64	11.010	<div></div>
San Zenone degli Ezzelin	TV	19,97	7.454	<div></div>
Spresiano	TV	25,73	12.181	<div></div>
Trevignano	TV	26,50	10.819	<div></div>
Vedelago	TV	61,85	16.900	<div></div>
Villorba	TV	30,53	17.984	<div></div>
Volpago del Montello	TV	44,82	10.170	<div></div>
PROVINCE OF TREVISO - SPV AREA		437,09	184.665	
TOTAL SPV AREA		916,01	445.910	

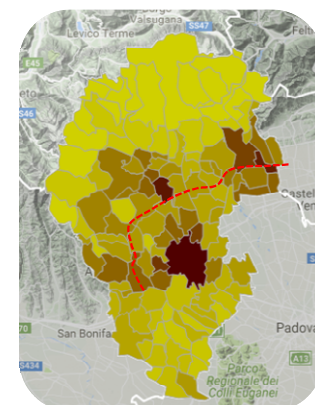


Figure 8: Housing population on an annual basis–Vicenza province and SPV track
(Fonts: URBISTAT data processing of ISTAT 2016 data)

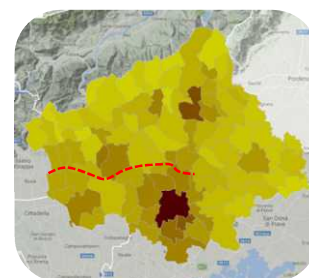


Figure 7: Housing population on an annual basis–Treviso province and SPV track
(Fonts: URBISTAT data processing of ISTAT 2016 data)

Table 3: Area, resident population and housing density of the Councils affected by the SPV (Data processing of ISTAT 2016 data)

A.2 MECHANIZATION RATE

In order to estimate the whole socio-economic change of the focus area, that corresponds to the whole country and also to the region, particularly to Vicenza and Treviso Provinces, we have to consider the mechanization rate, that corresponds to the number of vehicles-number of residents ratio, times 1.000 (to make it easier to read).

Between 2001 and 2015 the mechanization rate, the number of vehicles and cars in each province, in the whole region and then in the Country, changed. These changes are shown in the table below and in the chart.

According to the collected data (ACI), in the last two available years, there is a growing trend of the number of cars and vehicles, that corresponds to +0,9% between 2014 and 2015 in Veneto.

Even the mechanization rate, that recorded negative changes between 2018 and 2019 and between 2012 and 2014, increased again between 2014 and 2015 in all the provinces of the Veneto Region and now it's more or less steady in the whole country.

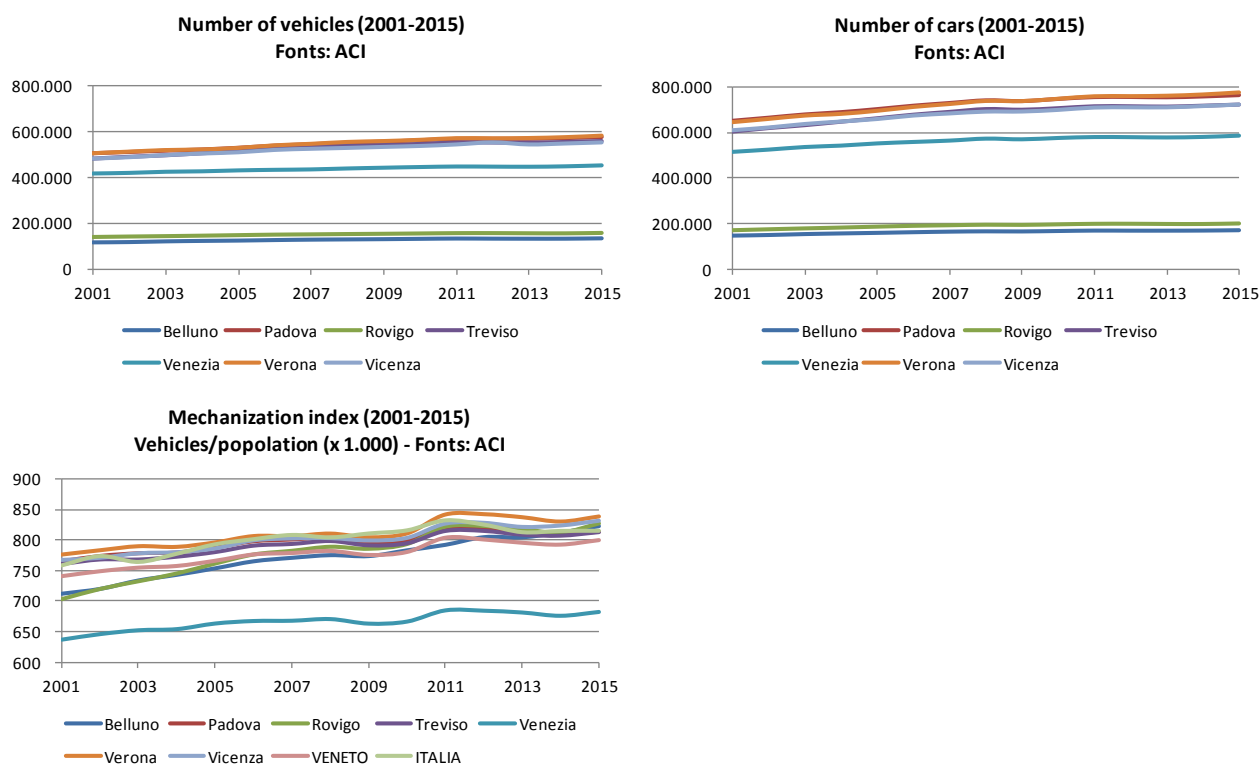


Figure 9: development of the number of vehicles, number of cars, and mechanization index 2001-2015 – data processing ACI

DEVELOPMENT OF THE NUMBER OF VEHICLES - YEARS 2001-2015 (font: ACI)

YEAR	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Belluno	149.121	151.520	155.186	157.726	159.991	162.565	164.761	166.014	165.575	167.303	168.969	168.639	168.653	169.033	170.398
Padova	649.247	663.068	677.466	687.649	701.382	716.534	728.623	740.471	737.196	746.816	755.057	755.593	754.223	757.938	763.912
Rovigo	170.332	174.539	178.493	182.199	186.289	190.029	192.579	194.931	194.222	196.621	198.979	199.239	198.301	198.156	200.551
Treviso	605.179	620.320	632.849	647.724	662.445	677.849	689.924	702.018	699.256	705.794	714.073	714.081	712.722	716.568	721.442
Venezia	515.947	525.486	536.560	542.532	551.875	558.052	563.769	572.151	569.351	574.982	578.894	578.449	577.180	579.395	584.902
Verona	642.726	657.046	671.811	679.430	693.104	710.190	723.082	736.657	735.934	746.416	757.497	757.978	759.848	765.378	774.602
Vicenza	610.853	622.838	638.205	649.044	660.071	675.274	684.454	692.545	692.899	700.066	710.294	711.329	711.144	716.752	723.359
VENETO	3.343.405	3.414.817	3.490.570	3.546.304	3.615.157	3.690.493	3.747.192	3.804.787	3.794.433	3.837.998	3.883.763	3.885.308	3.882.071	3.903.220	3.939.514
ITALIA	42.950.326	44.078.935	43.950.907	45.185.101	46.329.144	47.131.346	47.936.938	48.035.078	48.662.401	49.209.701	49.193.242	49.013.140	49.150.466	49.488.493	49.465.294

DEVELOPMENT OF THE NUMBER OF VEHICLES – PERCENTAGE VALUES - YEARS 2001-2015 (font:ACI)

YEAR	'01-'02	'02-'03	'03-'04	'04-'05	'05-'06	'06-'07	'07-'08	'08-'09	'09-'10	'10-'11	'11-'12	'12-'13	'13-'14	'14-'15
Belluno	1,61%	2,42%	1,64%	1,44%	1,61%	1,35%	0,76%	-0,26%	1,04%	1,00%	-0,20%	0,01%	0,23%	0,81%
Padova	2,13%	2,17%	1,50%	2,00%	2,16%	1,69%	1,63%	-0,44%	1,30%	1,10%	0,07%	-0,18%	0,49%	0,79%
Rovigo	2,47%	2,27%	2,08%	2,24%	2,01%	1,34%	1,22%	-0,36%	1,24%	1,20%	0,13%	-0,47%	-0,07%	1,21%
Treviso	2,50%	2,02%	2,35%	2,27%	2,33%	1,78%	1,75%	-0,39%	0,93%	1,17%	0,00%	-0,19%	0,54%	0,68%
Venezia	1,85%	2,11%	1,11%	1,72%	1,12%	1,02%	1,49%	-0,49%	0,99%	0,68%	-0,08%	-0,22%	0,38%	0,95%
Verona	2,23%	2,25%	1,13%	2,01%	2,47%	1,82%	1,88%	-0,10%	1,42%	1,48%	0,06%	0,25%	0,73%	1,21%
Vicenza	1,96%	2,47%	1,70%	1,70%	2,30%	1,36%	1,18%	0,05%	1,03%	1,46%	0,15%	-0,03%	0,79%	0,92%
VENETO	2,14%	2,22%	1,60%	1,94%	2,08%	1,54%	1,54%	-0,27%	1,15%	1,19%	0,04%	-0,08%	0,54%	0,93%
ITALIA	2,63%	-0,29%	2,81%	2,53%	1,73%	1,71%	0,20%	1,31%	1,12%	-0,03%	-0,37%	0,28%	0,69%	-0,05%

DEVELOPMENT MECHANIZATION INDEX (vehicles/population*1.000) YEARS 2001-2015 (font:ACI)

YEAR	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Belluno	711,8	719,8	733,8	743,1	753,9	765,5	771,3	775,7	774,2	783,7	792,8	805,5	805,3	813,1	823,8
Padova	764,1	773,1	777,6	779,0	787,4	797,9	800,9	804,1	794,6	799,4	819,9	820,5	812,9	809,6	814,1
Rovigo	702,7	719,4	732,0	744,8	761,1	776,0	782,0	788,7	785,4	793,2	821,7	822,7	817,6	811,9	826,9
Treviso	760,1	767,7	767,6	772,3	779,9	790,6	793,4	798,3	791,2	794,6	815,1	815,1	808,8	807,2	813,1
Venezia	637,3	646,1	652,3	654,1	663,1	667,1	667,5	670,1	662,9	666,2	684,0	683,5	680,7	675,4	681,5
Verona	776,9	783,9	790,4	789,3	796,6	806,8	806,7	810,9	804,8	811,2	841,8	842,4	837,4	830,4	838,6
Vicenza	768,2	771,8	779,0	780,7	787,0	800,0	803,1	803,6	799,7	804,0	827,1	828,3	821,7	824,0	831,7
VENETO	741,4	749,3	755,1	757,8	766,2	776,4	778,7	782,0	775,6	780,4	803,4	800,5	795,2	792,2	799,5
ITALIA	757,6	773,1	763,3	777,0	792,8	801,4	808,4	804,3	810,9	816,1	832,8	825,7	813,0	815,1	815,4

Table 4: development of the number of vehicles and mechanization index (data processing ACI 2016)

A.3 HABITUAL JOURNAYS

Most of the cars moving during weekdays rush hours belong to commuters, that means the resident population moves on a daily basis because of work or study.

Thanks to the following data processing, based on ISTAT data and on the “Rapporto Statistico - il Veneto si racconta, il Veneto si confronta” (2016), we can tell how the resident population moves (from home to the place of work and/or study).

In 2011 2.603.830 people every day in Veneto moved to go to their place of work or study, rising up to about 300.000 since 2001 (equal to +11,5%).70% of the commuters travel because of work reasons , 30% because of study.

Slightly more than half of the journeys happen within the same council, about 40% goes to a different council but within the same province.

HABITUAL JOURNEYS BECAUSE OF WORK/STUDY IN 2001/2011

(Fonts: Veneto Region – “Sezione Sistema Statistico Regionale” of ISTAT data)

	JOURNEYS STUDY		JOURNEYS WORK		TOTAL	
	2011	var.% 2011/01	2011	var.% 2011/01	2011	var.% 2011/01
Verona	149.627	8,5	342.935	15,3	492.562	13,2
Vicenza	148.268	10,3	325.806	8,9	474.074	9,3
Belluno	28.463	-1,8	76.164	4,7	104.627	2,9
Treviso	149.451	14,6	326.510	12,6	475.961	13,2
Venezia	128.939	6,4	306.836	10,2	435.775	9,1
Padova	156.349	9,9	344.977	14,7	501.326	13,1
Rovigo	32.455	-6,9	87.050	3,7	119.505	0,6
VENETO	793.552	+10,2	1.810.278	+13,2	2.603.830	+12,3

Table 5: Habitual journeys because of work/study in 2001-2011 (Source: Regione Veneto data processing-“ Sezione Sistema Statistico Regionale “of ISTAT data)

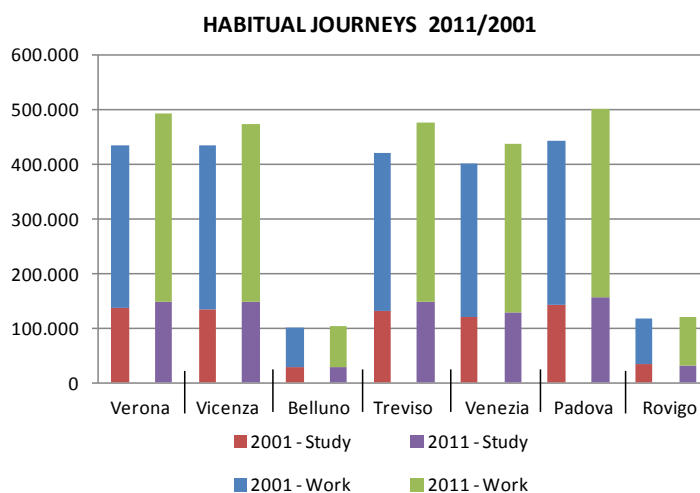


Figure 10: Commuters journeys in every province in 2001.2011 because of work/study(Source: -“ Sezione Sistema Statistico Regionale “of ISTAT data)

There are also other parameters contributing to characterise the commuting phenomenon as the “mobility rate between councils” and the importance of the “private mobility” chosen as an alternative to public

transports. These factors have been described and analyzed on the basis of the ISTAT most recent censuses (1991, 2001, 2011).

- The **mobility rate between councils**, that is the resident population (driving every day for work or study reasons out of their councils)-resident population older than 64 years ratio, gives an idea of the daily commuting flows out of the councils.

In Veneto the rate grew from 61,8% in 1991 up to 67,5% in 2011.

The mobility of working residents living in the Councils within Vicenza Province is characterised by journeys towards destinations in the same province or to councils closer to Padua Province. The most important cities for workers are Vicenza, Schio, Thiene and Bassano del Grappa.

The Councils of the Treviso Province show a massive flow towards other councils within the same province and to Venice. The Council of Treviso sees a reciprocity connection with the bordering Council of Villorba (1.707 from Treviso and 1.642 to Treviso), and with Venice (1.182 from Treviso and 760 to Treviso). Journeys from the councils of Treviso Province to Padua Province are just a few and most of them originate in Castelfranco Veneto.

- The **private mobility** describes the resident population percentage moving every day for work or study reasons by motor-powered private transports (car or motorbike) compared to the resident population moving every day for work or study.

This value grew in the last twenty years: if in 1991 less than 60% of the commuters used a private vehicle (except for some isolated areas surrounding Padua, Vicenza, Bassano del Grappa and Conegliano, where the value was higher), in 2001 instead the private mobility represented the transport choice of 60%/70% of the commuters and in 2011 it's noted a growing use of the private vehicles (in almost all the councils the value is higher than 60% and the area where more than 70% of the habitual journeys happen by private vehicles sensibly gets wider).

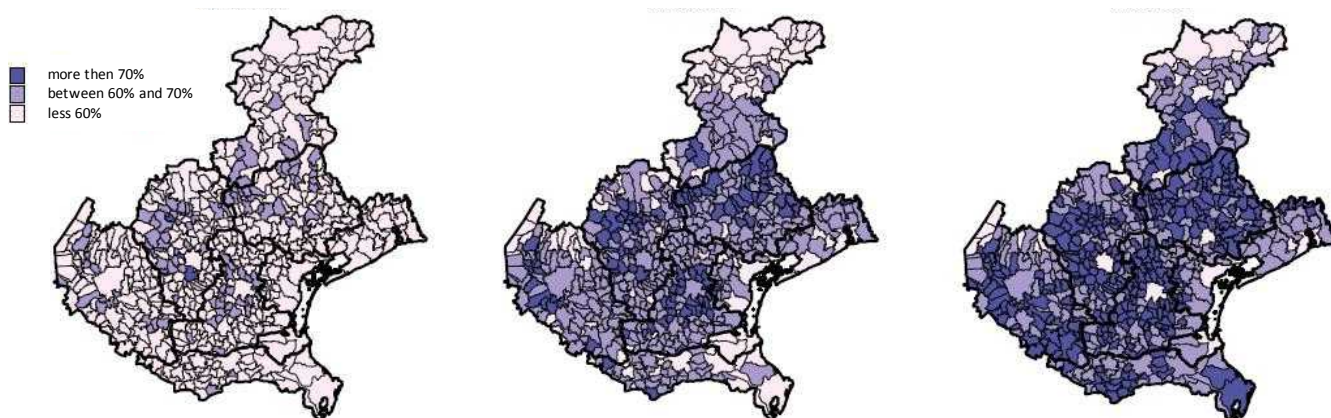


Figure 11: Private mobility in every council of the Veneto Region-the resident population percentage moving every day for work or study reasons by motor-powered private transports (car or motorbike) - the resident population moving every day for work or study reasons percentage ratio.1991-2001-2011. Source: Regione Venetodata processing - Sezione Sistema Statistico Regionale of Istat data.

A.4 ECONOMIC FACTORS

The socio-economic overview of the focus area is completed with an analysis of the main economic indicators in Italy, in Veneto and in some areas on a provincial or council scale.

The first chart here below (left) shows the Italian GDP in the last six years analysing the changes in percentage of an economic growth scenario from the first three months in 2015; the following chart (right) shows instead the GDP per capita in Italy and Veneto through a longer period (1980-2016) and offers a forecast of an even better economic recovery in 2017.

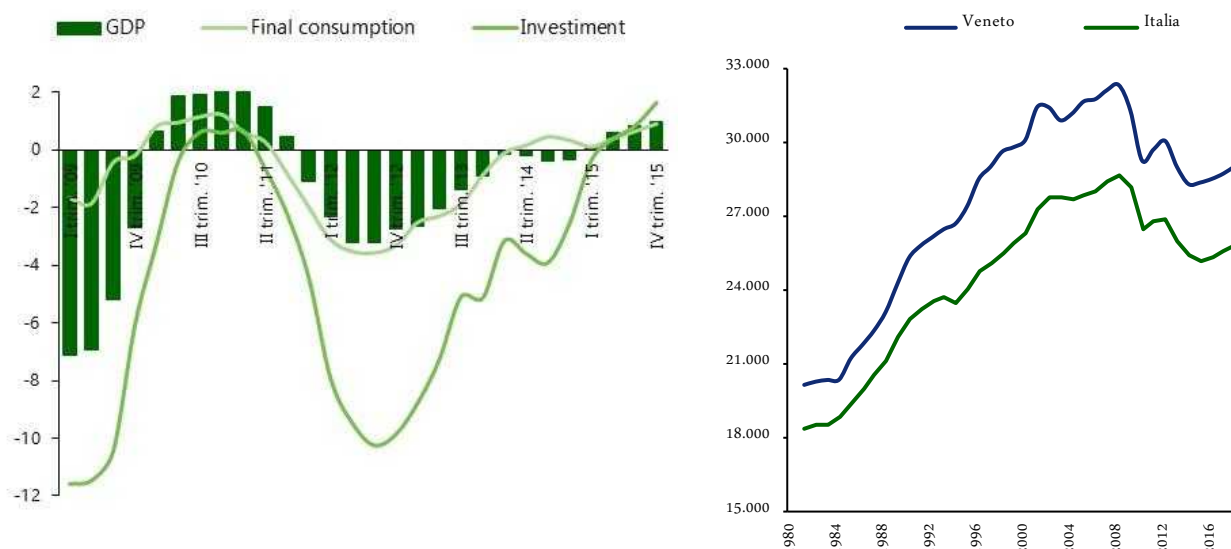


Figure 12: GDP percentage changes, final consumption and investments in the same period during the previous year. Italy- 1st trimester 2009-1st trimester 2015-Source: Regione Veneto data processing - Sezione Sistema Statistico Regionale of Istat data

Figure 13: GDP per capita (Euro year 2010) Veneto and Italy- 1980-2017 (forecasts for 2017). Source: Regione Veneto data processing - Sezione Sistema Statistico Regionale of Prometeia forecasts and data

ISTAT data (December 2016) provide the GDP changes on a national and regional basis between 2011 and 2015. Especially in 2015 GDP in volume at a national level rises up to 0,7% compared to the previous year, but compared to 2011 it decreases to an average annual rate equal to -0,9%. In 2015 all the geographic subdivisions see a GDP growth in volume but they decrease, if compared to 2011. In Veneto the average annual drop is -0,8%, but in 2014 and 2015 there is a growth of +0,6%.

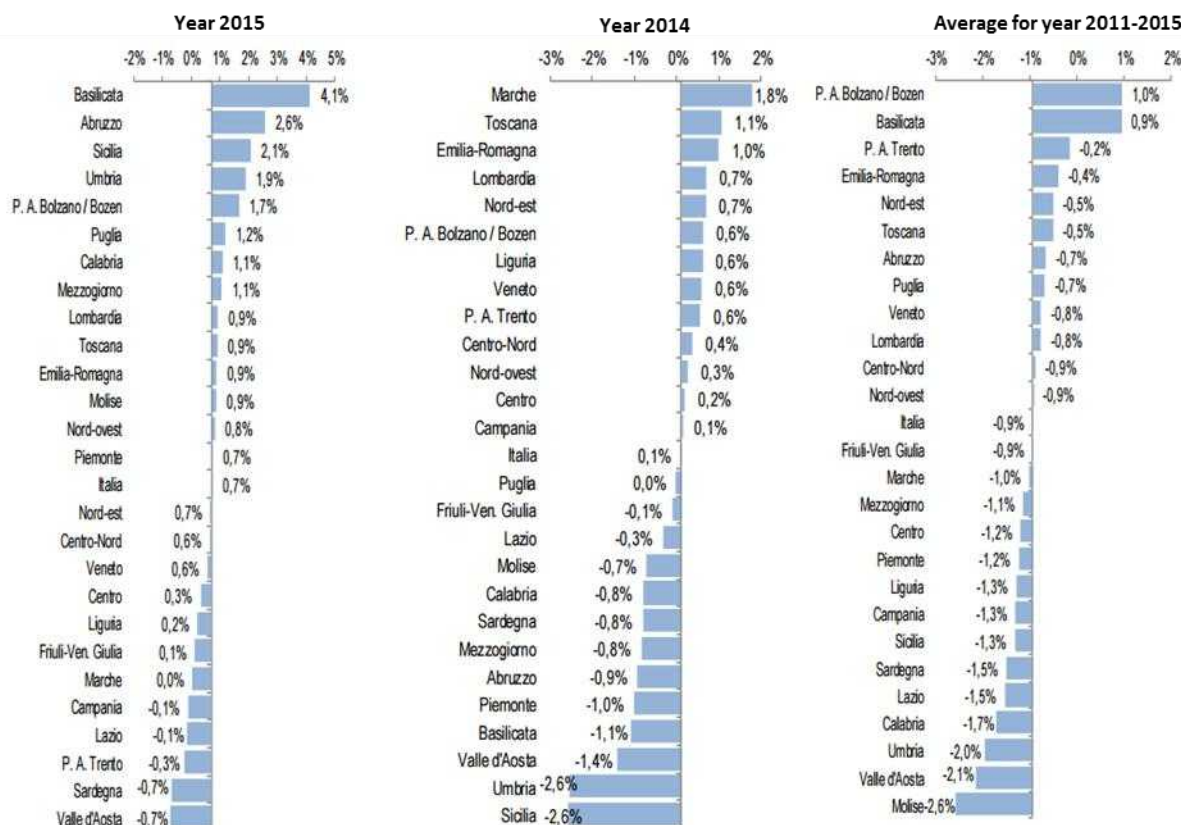


Figure 14: GDP changes in volume in 2011-2015: percentages - Istat data

Another parameter observed through 2005-2015 is represented by operative companies. In Veneto in 2015 they were 437.130, they represented 8,5% of the companies in Italy, but they saw a drop of -0,3% less than in 2014, without the agricultural sector, and of -0,5% with it. Veneto still is the fourth region in Italy for number of operating companies, behind Lombardia, Lazio and Campania. Venezia, Vicenza e Padova altogether provide more than a half of the operating companies of the region, and they are the best provinces at withstanding incidental adversities, ending 2015 in balance with the former year values, as shown by the "Rapporto Statistico regionale 2016" and by Istat data (table 16).

OPERATIVE COMPANIES IN VENETO FOR PROVINCE - Years 2005:2013

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014*	2015*
Verona	73.627	74.326	76.205	76.285	75.679	75.529	75.936	75.468	73.855	86.890	86.115
Vicenza	69.767	70.543	71.509	71.515	70.785	70.926	71.435	71.058	70.089	74.023	73.875
Belluno	15.165	15.034	15.265	15.143	15.095	15.116	14.985	14.895	14.539	14.627	14.425
Treviso	71.097	71.743	72.893	72.946	72.141	72.122	72.248	71.430	70.286	80.715	79.995
Venezia	65.062	65.720	66.790	67.087	66.190	66.105	65.804	65.255	64.501	67.823	67.755
Padova	82.063	82.982	84.486	84.888	84.365	84.400	84.454	84.001	82.814	89.353	89.175
Rovigo	18.435	18.468	18.804	18.936	18.582	18.338	18.114	18.009	17.648	25.506	25.354
VENETO	395.216	398.816	405.952	406.800	402.837	402.536	402.976	400.116	393.732	439.316	437.130

*"Rapporto statistico Regione Veneto 2016" data

Table 6: operating companies 2005-2015 (ISTAT data)

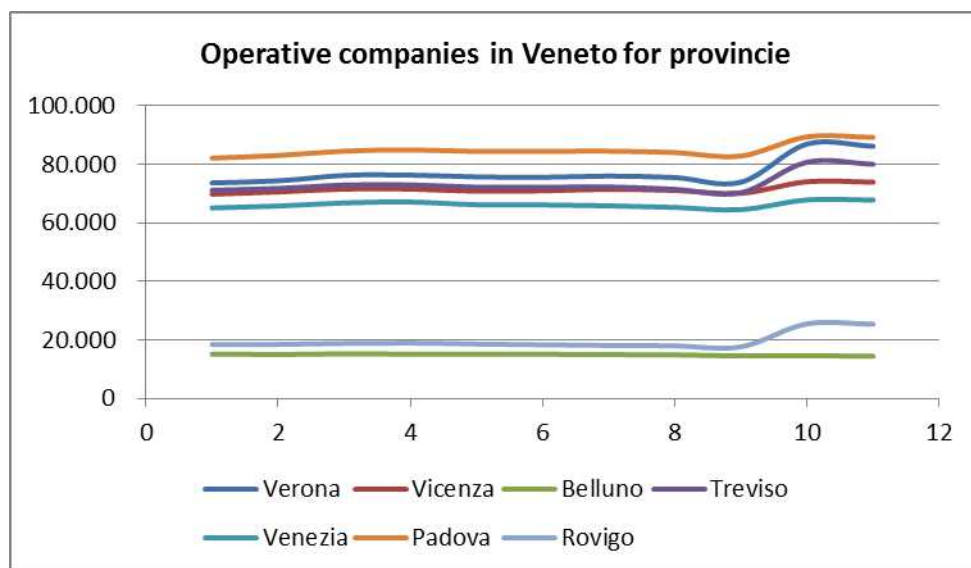


Figure 15: Operating companies in Veneto 2005-2015 Source: ISTAT and "Rapporto statistico Regione Veneto 2016" data

The following figures and data show the current (or recent-2013) distribution of Local Units over the regional territory, at a provincial and council scale, especially focusing on the areas affected by the SPV, using 2016 ISTAT data Regione Veneto data processing of the "Imprese ASIA" archive.

It is noted then that Treviso and Vicenza are second to Padua and Verona because of the number of local units and of the number of operators on a provincial base, and altogether they represent 35% of the total number of the regional Local Units and 37% of the operators.

LOCAL UNITS AND OPERATORS – Data processing "IMPRESE ASIA" 2013

PROVINCIE	Local Units	
VR	80.656	
VI	76.180	
BL	16.181	
TV	77.254	
VE	72.215	
PD	90.543	
RO	19.476	
VENETO	432.505	

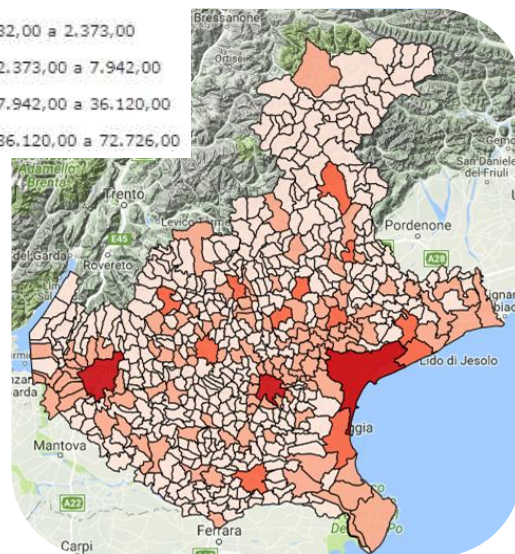
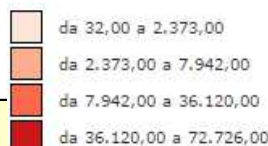


Figure 16: Local Units on a council base- Source: open.it Regione Veneto 2016 data

In the focus area the councils counting the highest number of Local Units, that are potentially the most attractive centres, are: Bassano del Grappa, Thiene, Montebelluna, Montebelluna, Villorba, Castelfranco Veneto and Veduggio (Treviso).

In the councils listed below are the 9% of the regional Local Units.

LOCAL UNITS AND OPERATORS IN ADMINISTRATION SPV AREA - Data processing "IMPRESE ASIA" 2013







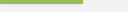



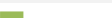


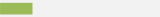





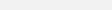

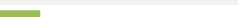
















Administration	PROV	Local Units	
Bassano del Grappa	VI	4.945	
Breganze	VI	622	
Brendola	VI	748	
Brogliano	VI	220	
Cassola	VI	1.397	
Castelgomberto	VI	476	
Cornedo Vicentino	VI	980	
Fara Vicentino	VI	302	
Isola Vicentina	VI	683	
Malo	VI	1.151	
Marostica	VI	1.347	
Mason Vicentino	VI	276	
Molvenana	VI	209	
Montecchio Maggiore	VI	1.980	
Montecchio Precalcino	VI	384	
Mussolente	VI	648	
Nove	VI	490	
Pianezze	VI	172	
Romano d'Ezzelino	VI	1.179	
Rosà	VI	1.341	
Sarcedo	VI	474	
Thiene	VI	2.825	
Trissino	VI	847	
Villaverla	VI	474	
PROVINCE OF VICENZA - SPV AREA		24.170	
Altivole	TV	651	
Castelfranco Veneto	TV	3.632	
Castello di Godego	TV	575	
Giavera del Montello	TV	395	
Loria	TV	672	
Montebelluna	TV	3.362	
Povegliano	TV	381	
Riese Pio X	TV	820	
San Zenone degli Ezzelini	TV	543	
Spresiano	TV	982	
Trevignano	TV	706	
Vedelago	TV	1.151	
Villorba	TV	2.139	
Volpago del Montello	TV	751	
PROVINCE OF TREVISO - SPV AREA		16.760	
TOTAL - SPV AREA		40.930	

Table 7: Local Units ad operators (Fonts: Regione Veneto 2013 data)

APPENDIX B – THE CURRENT TRAFIC PATTERNS

B.1 HIGHWAY TRAFFIC

In order to provide an overview of the traffic on the highway network in Veneto over the last sixteen years, we analyzed traffic flows data reported every six months by AISCAT (Associazione Italiana Società Concessionarie Autostrade e Trafori, <http://www.aiscat.it>) about the following highway stretches:

- **A 4 Brescia – Padova** (146,1 km);
- **A4 Padova – Venezia** (from Padova East toll booth to Venezia –Mestre turnpike before the “Passante di Mestre” will open: 23,3 km; from Padova Est toll booth to the East junction to A57 and A57 from the West junction to A4 at the Venezia-Mestre turnpike, after the “Passante di Mestre” will open: 55,6 km);
- **A 13 Bologna – Padova** (127,3 km);
- **A 22 Brennero – Verona** (224,0 km);
- **A 22 Verona – Modena** (90,0 km);
- **A 31 Rovigo – Piovene Rocchette** (“Valdastico”)
- **A27 Mestre (VE) – Belluno** (82,4 km).

Analysing the traffic flows it's important to consider the *theoretical vehicles*, defined by AISCAT as “*the vehicular units that theoretically, running on the whole highway, make an overall journey equal to the real journey*”. The total number of daily average theoretical vehicles is obtained with a mathematical ratio between vehicles -km sum and highway segment's length sum, and the number of days of the time considered (three months).

To be able to compare the traffic data to those reported for 2016, as the latter are incomplete (because they are only about the first trimester), for every year of the time interval the data used come from AISCAT, and they focus on the January-June period. The vehicular traffic percentage changes were calculated on an annual basis, for the average daily traffic values (*theoretical vehicles*) and distinguishing the light traffic from the heavy traffic between 2001 and 2016.

Analysing the collected at, it is noted a similar trend in the different highway stretches managed by AISCAT: the trend in general grows between 2001 and 2007, when we can see a decrease of the light traffic and especially of the heavy traffic. A real recovery of the traffic volumes can be seen since 2014, and especially in 2016, when we see an increase on all the segments. Throughout the whole focus time period, the annual growth average rates are positive.

ANNUAL GROWTH AVERAGE RATES (2001-2016)			
	LV	HV	THEORETICAL VEHICLES
A 13 Bologna – Padova (2001-2016)	0,91%	0,52%	0,79%
A 22 Brennero – Verona (2001-2016)	0,91%	1,36%	0,60%
A 22 Verona – Modena (2001-2016)	0,77%	0,14%	0,56%
A 4 Brescia – Padova (2001-2016)	0,89%	0,47%	0,76%
A 4 Padova – Venezia (2001-2008)*	1,95%	-1,39%	-0,57%
A 4 Padova – Venezia (2010-2016)*	3,20%	3,06%	3,17%
A 431 Valdadastico (2001-2016)	-1,78%	-2,56%	-1,97%
A 27 Mestre (VE) – Belluno (2001-2016)	1,60%	1,18%	1,51%
AVERAGE	+1,06%	+0,35%	+0,61%

Table 8: Annual growth average rates per highway segment – 2001/2016 (data processing of AISCAT data)

The tables below show the data collected in every highway stretch analysed and every year considered:

- LV: “light theoretical vehicles”;
- HP: “heavy theoretical vehicles”;
- TV.: LV+HV “TOTAL THEORETICAL VEHICLES”;
- %ht: percentage incidence of heavy traffic ;
- Δ: percentage difference between the following years, regarding LV, HV and “TOTAL THEORETICAL VEHICLES”;

The vehicular traffic trend can be found also in the charts (the x-axis for the years, the ordinate for the vehicular traffic volume).

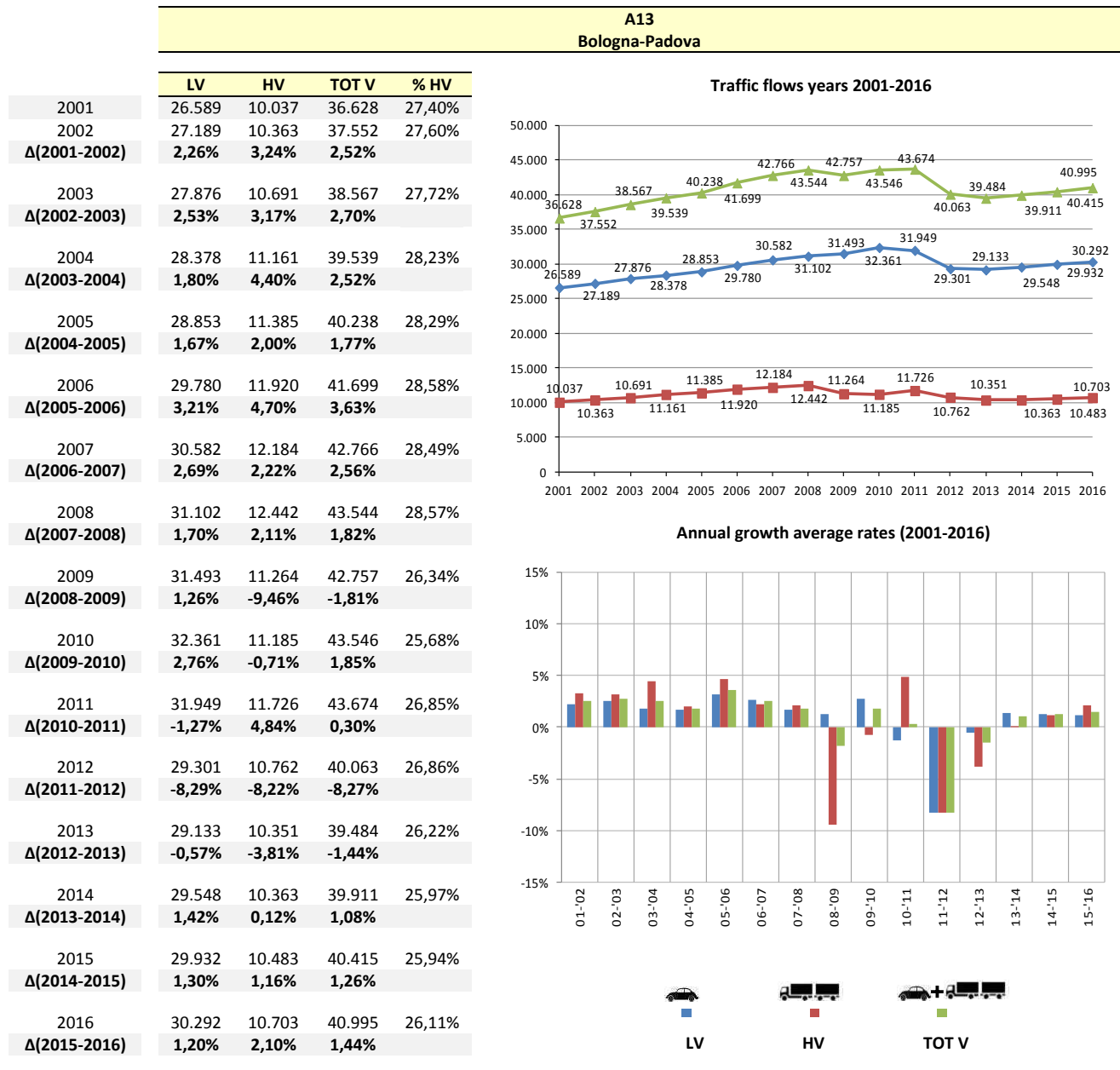


Table 9: vehicular flow values as theoretical vehicles (LV: light vehicles HV: heavy vehicles; TV: total vehicles) – 2001/2016 (Data processing of AISCAT data) –A13 highway

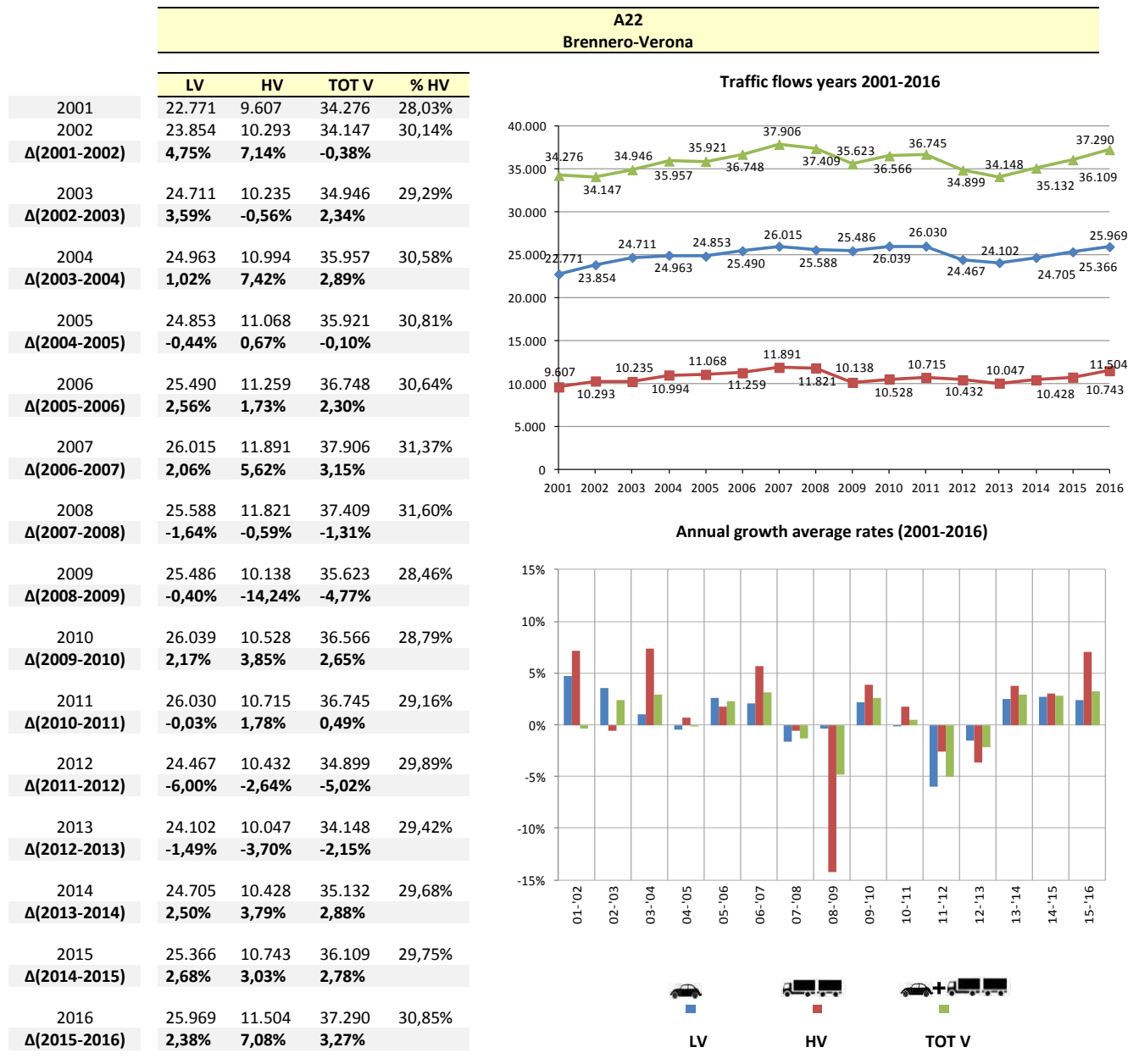


Table 10: vehicular flow values as theoretical vehicles (LV: light vehicles HV: heavy vehicles; TV: total vehicles) – 2001/2016 (Data processing of AISCAT data) –Brennero-Verona segment

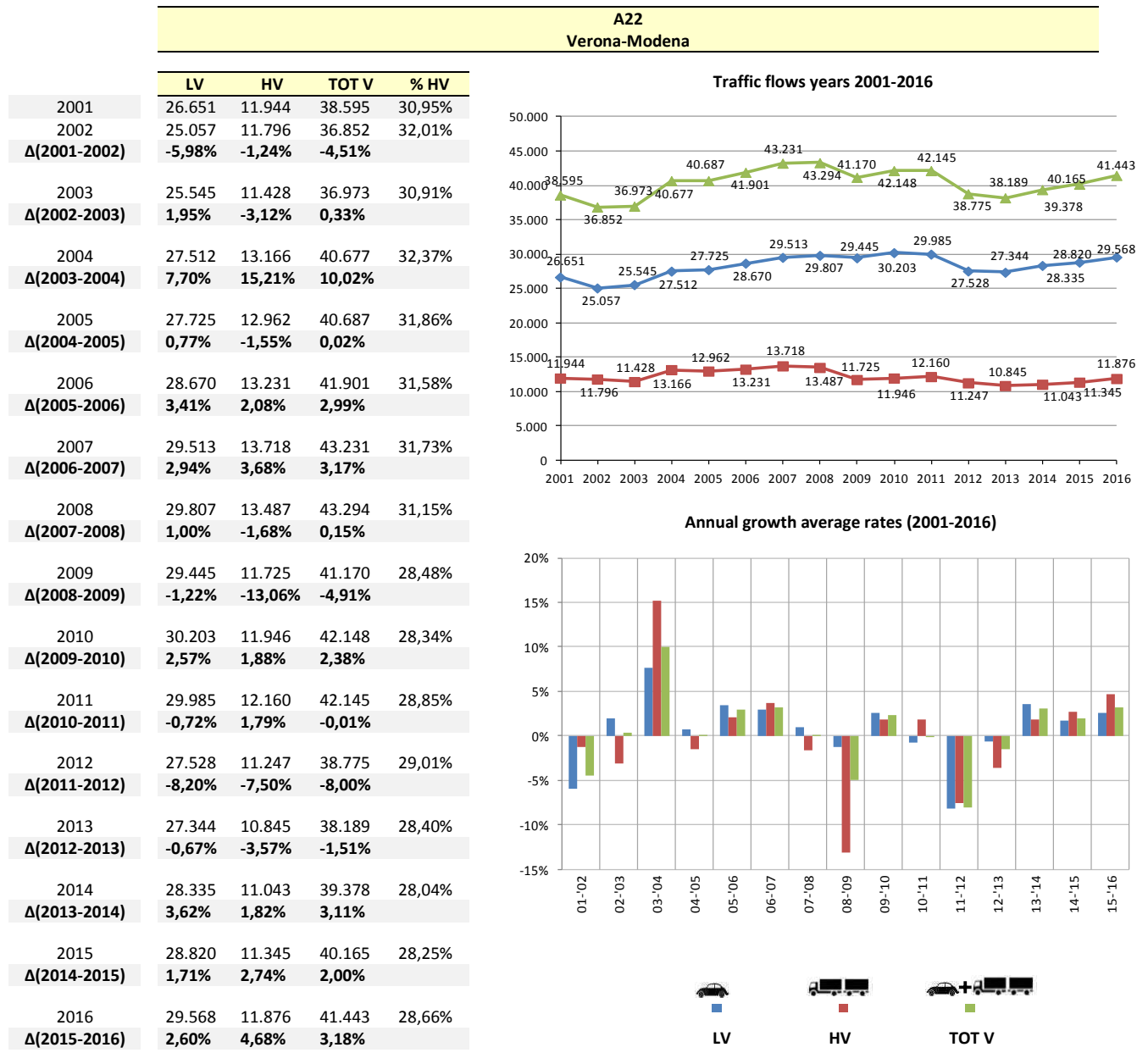


Table 11: vehicular flow values as theoretical vehicles (LV: light vehicles HV: heavy vehicles; TV: total vehicles) – 2001/2016 (Data processing of AISCAT data) –A22highway Verona-Modena segment

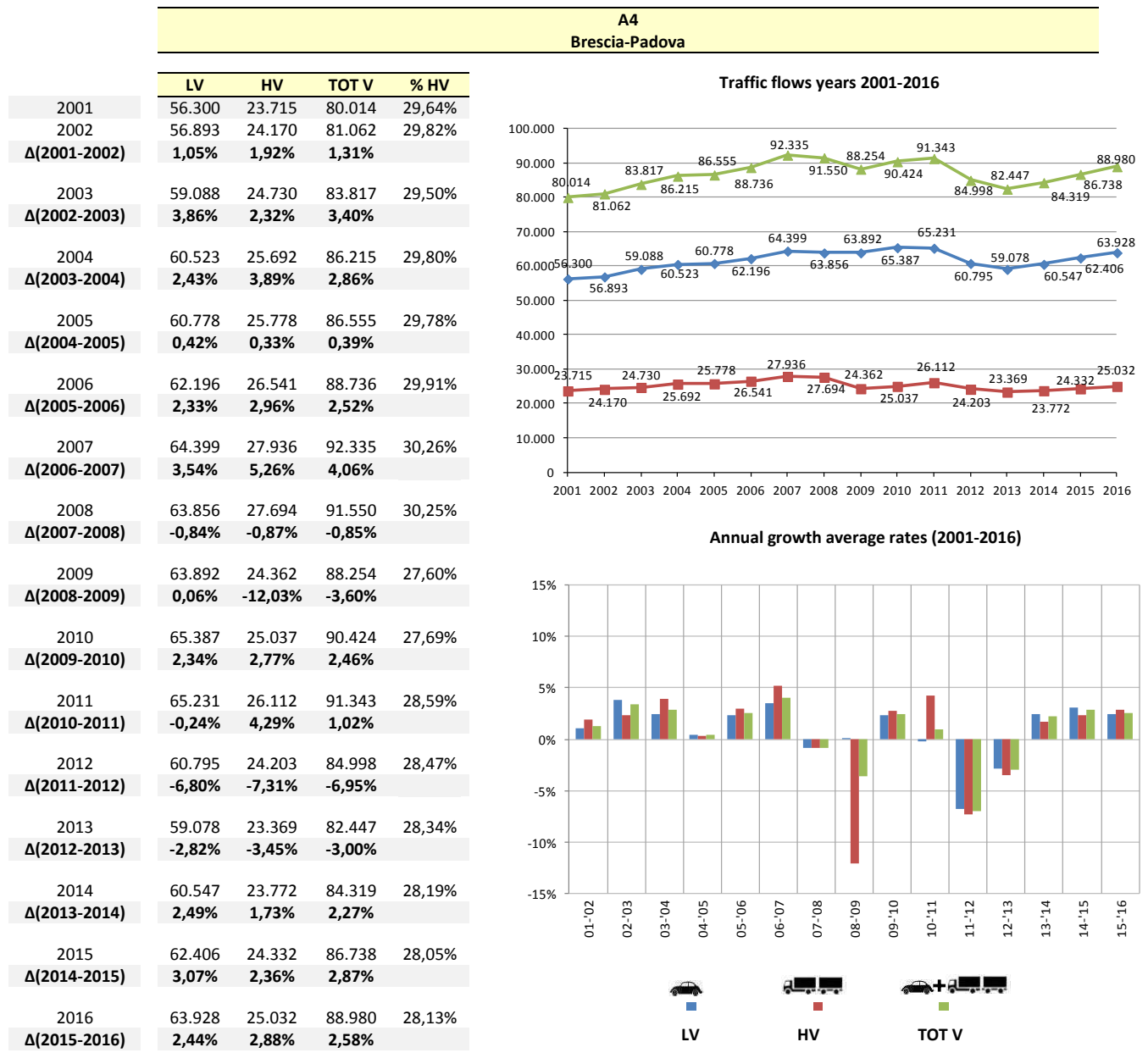


Table 12: vehicular flow values as theoretical vehicles (LV: light vehicles HV: heavy vehicles; TV: total vehicles) – 2001/2016 (Data processing of AISCAT data) – A4 highway Brescia-Padova segment

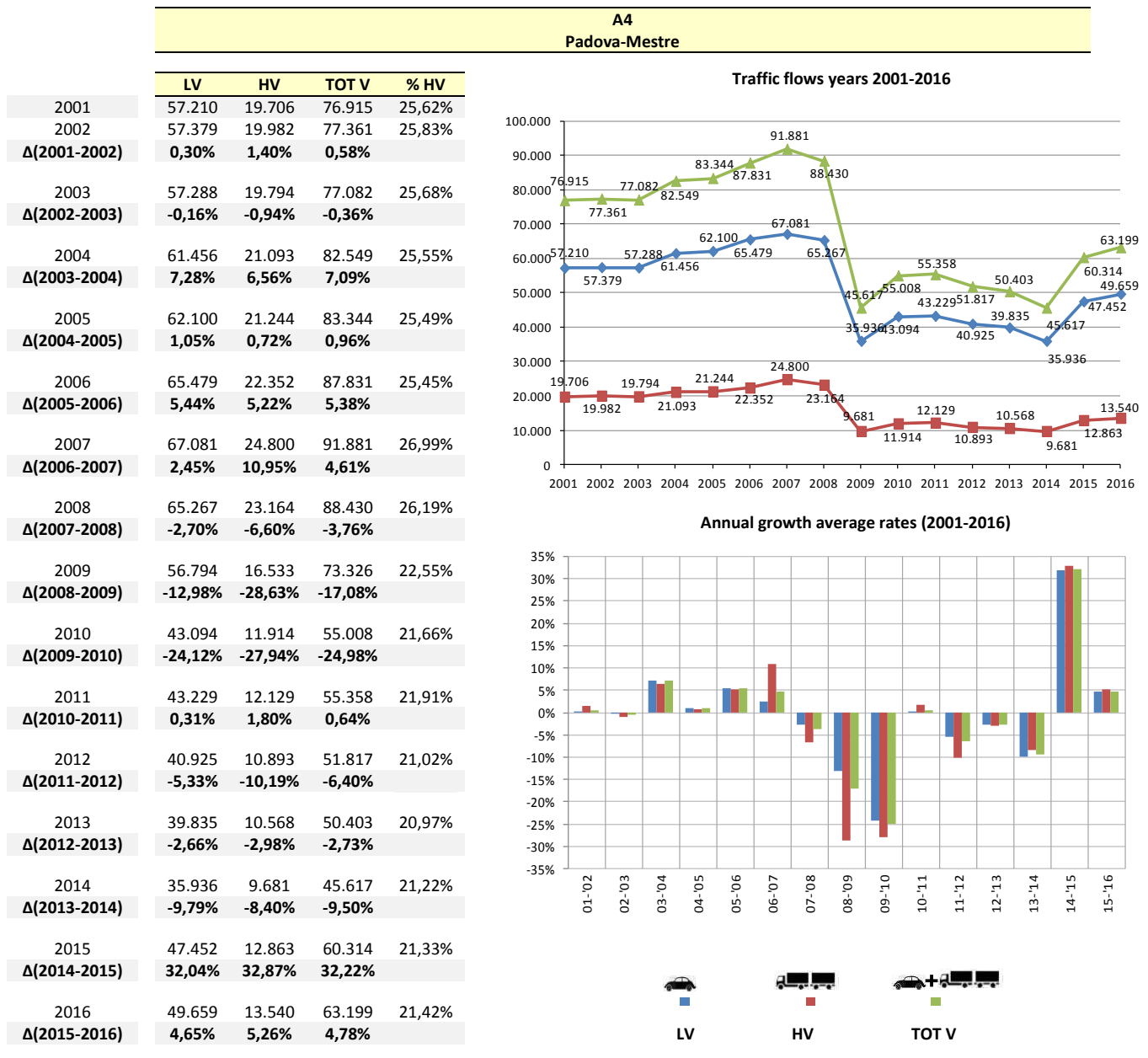


Table 13: vehicular flow values as theoretical vehicles (LV: light vehicles HV: heavy vehicles; TV: total vehicles) – 2001/2016 (Data processing of AISCAT data) —A4 highway Padova-Mestre segment

It must be pointed out that the Padua-Venice segment has seen a change in km in 2009 because the “passante di Mestre” was open, so the data collected before and after 2009 will not be considered. Then in 2014 the same segment has seen another change in km, so the values for 2013-2014 and 2014-2015 can’t be used.

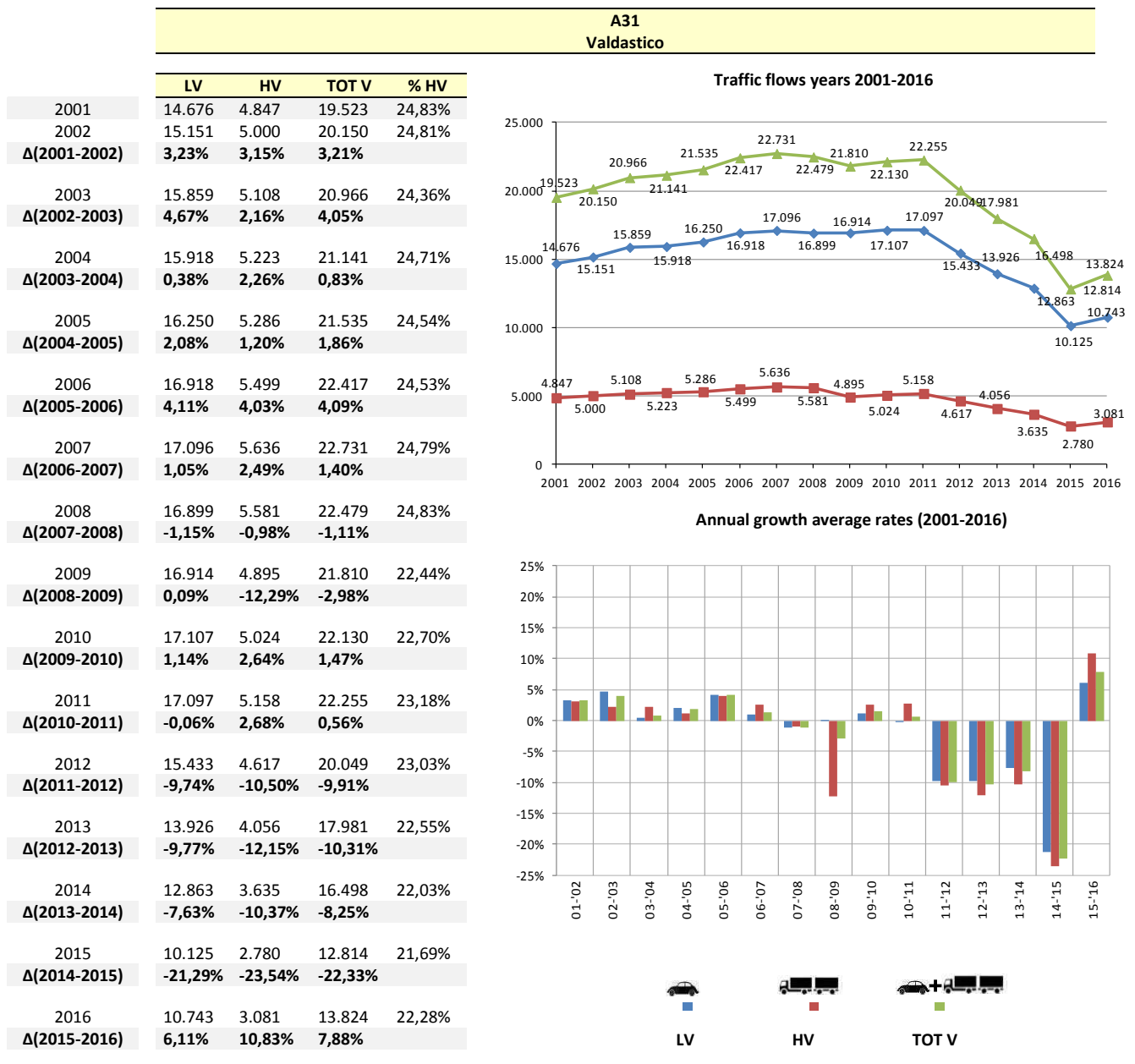


Table 14: vehicular flow values as theoretical vehicles (LV: light vehicles HV: heavy vehicles; TV: total vehicles) – 2001/2016 (Data processing of AISCAT data) – A31 highway

Regarding the A31 “Valdastico” highway, to the original segment connecting Piovene Rocchette (VI) to Vicenza (36,4 km long) were gradually added, since 2012, more segments southbound, to reach the present 89,5 km, connecting Piovene Rocchette (VI) to the link to SS 434 Transpolesana, in Badia Polesine (RO).

The analysis of the historic data is possible only focusing only on the periods before 2012. Between 2001 and 2012 there is a ADT annual average growth of 0,44%, with a positive 0,67% change of the light vehicles and a negative 0,33% change of the heavy vehicles (if we consider years before the recession between 2001 and 2017, we would see a 2,37%, annual average growth, with +2,35% of light vehicles and +2,41% of heavy vehicles; considering instead only the recession years between 2008 and 2012, we would see an annual 1,91% change, with -1,29% of light vehicles and -3,98% of heavy vehicles). It's not possible to make estimates about the time between 2012 and 2016 because of the constant changes in km.

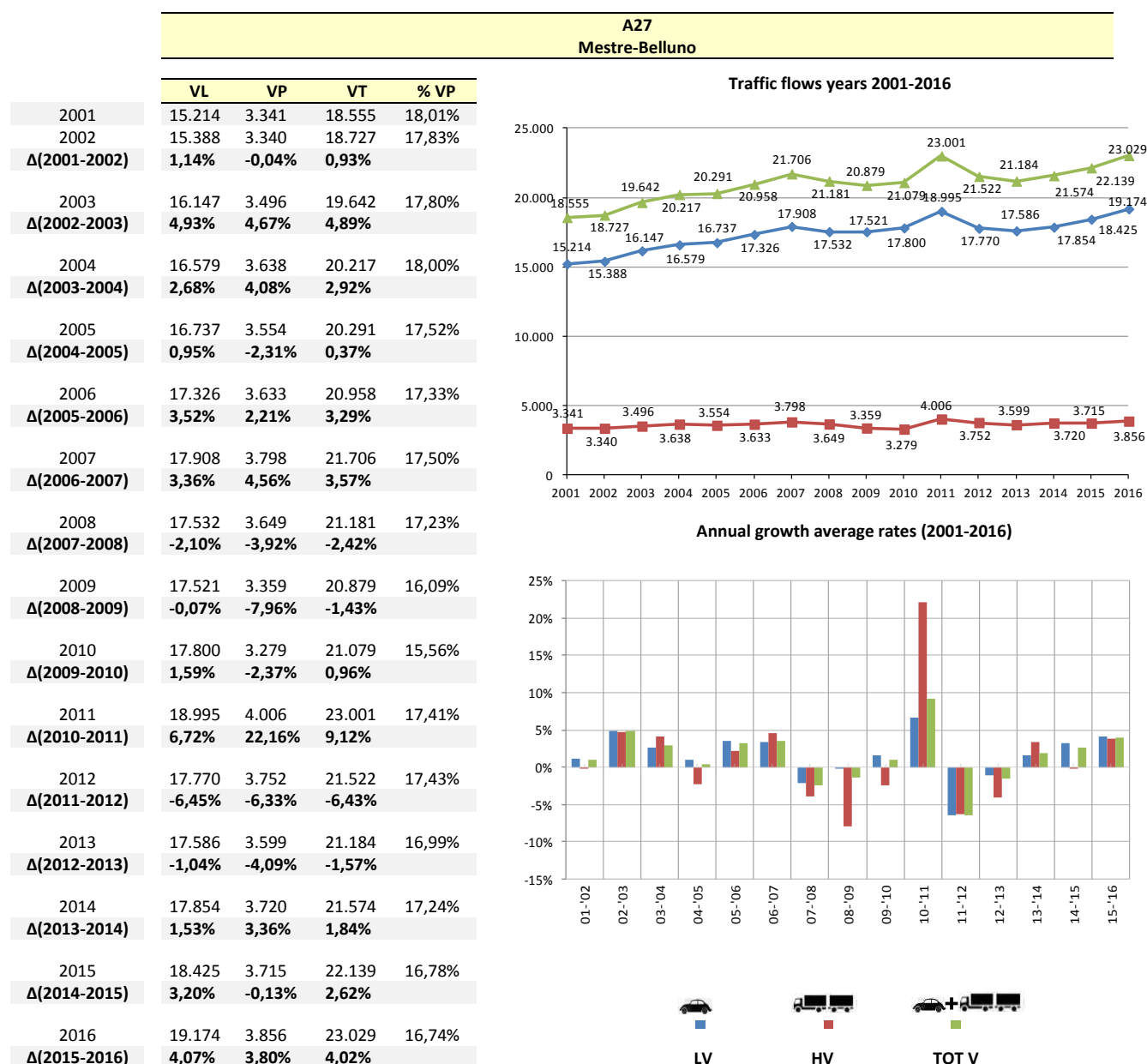


Table 15: : vehicular flow values as theoretical vehicles (LV: light vehicles HV: heavy vehicles; TV: total vehicles) – 2001/2016 (Data processing of AISCAT data) —A27 highway

It was considered thus the overall traffic development on the whole network “weighing” the traffic data along every segment’s km. The result is a trend very similar to the one on every single segment, with a growth of the light vehicles and a drop, even if very small, of the heavy vehicles.

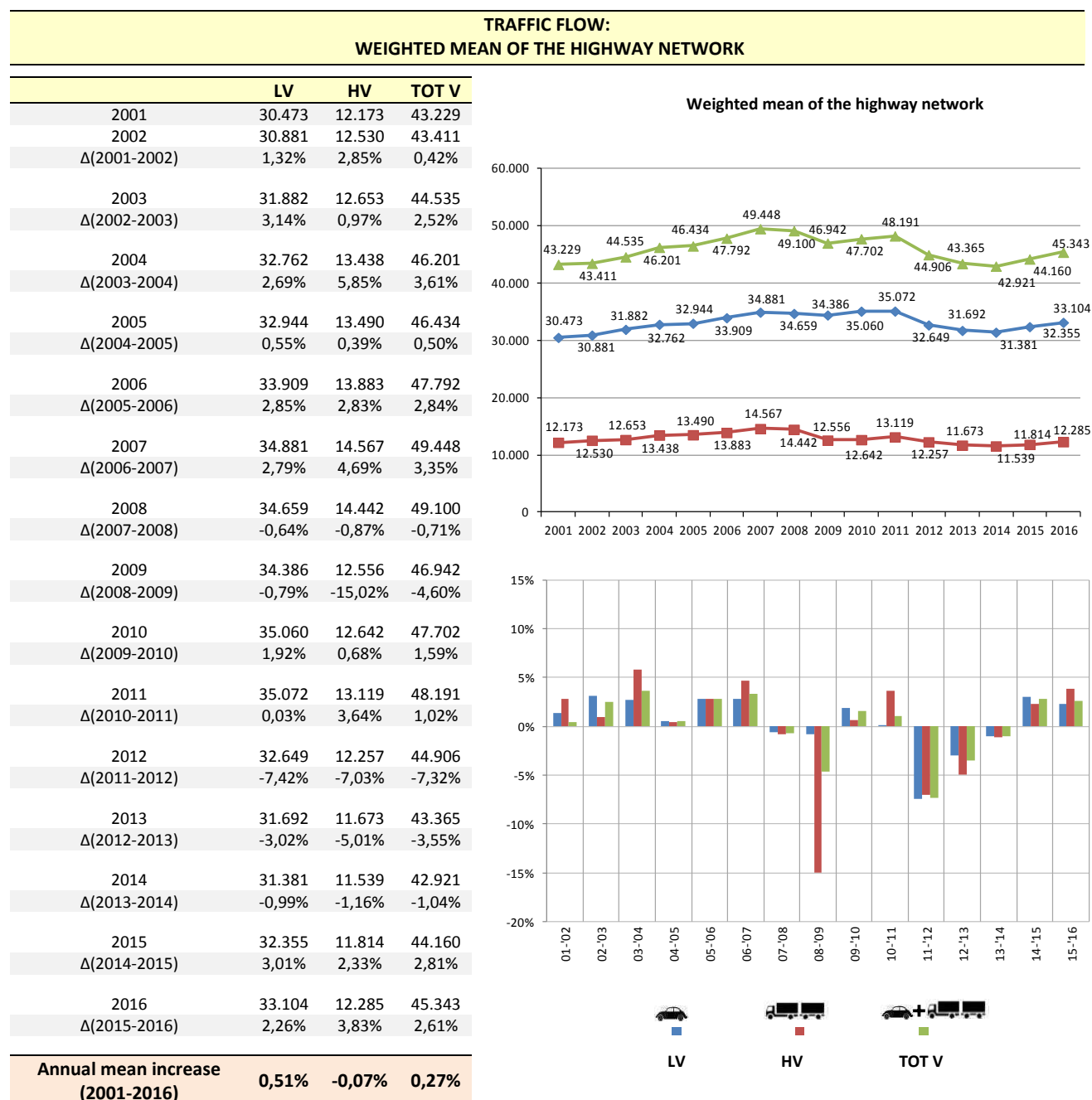


Table 16: : vehicular flow values as theoretical vehicles (LV: light vehicles HV: heavy vehicles; TV: total vehicles) – 2001/2016 (Data processing of AISCAT data) —weighted mean of the highway network km

At last, as a conclusion of the historic analysis on the basis of the AISCAT data and of the recent data provided by the concessionaires of the highways, it's reported the trend of the vehicular traffic change on an annual basis in the last years (2011-2016), that highlights a growing trend since 2014 on all the examined segments (A13, A4 BS-PD and A22 on the two stretches of Brennero-VR and VR-MO).

GROWTH AVERAGE OF THE TRAFFIC FLOWS (THEORETICAL VEHICLES)

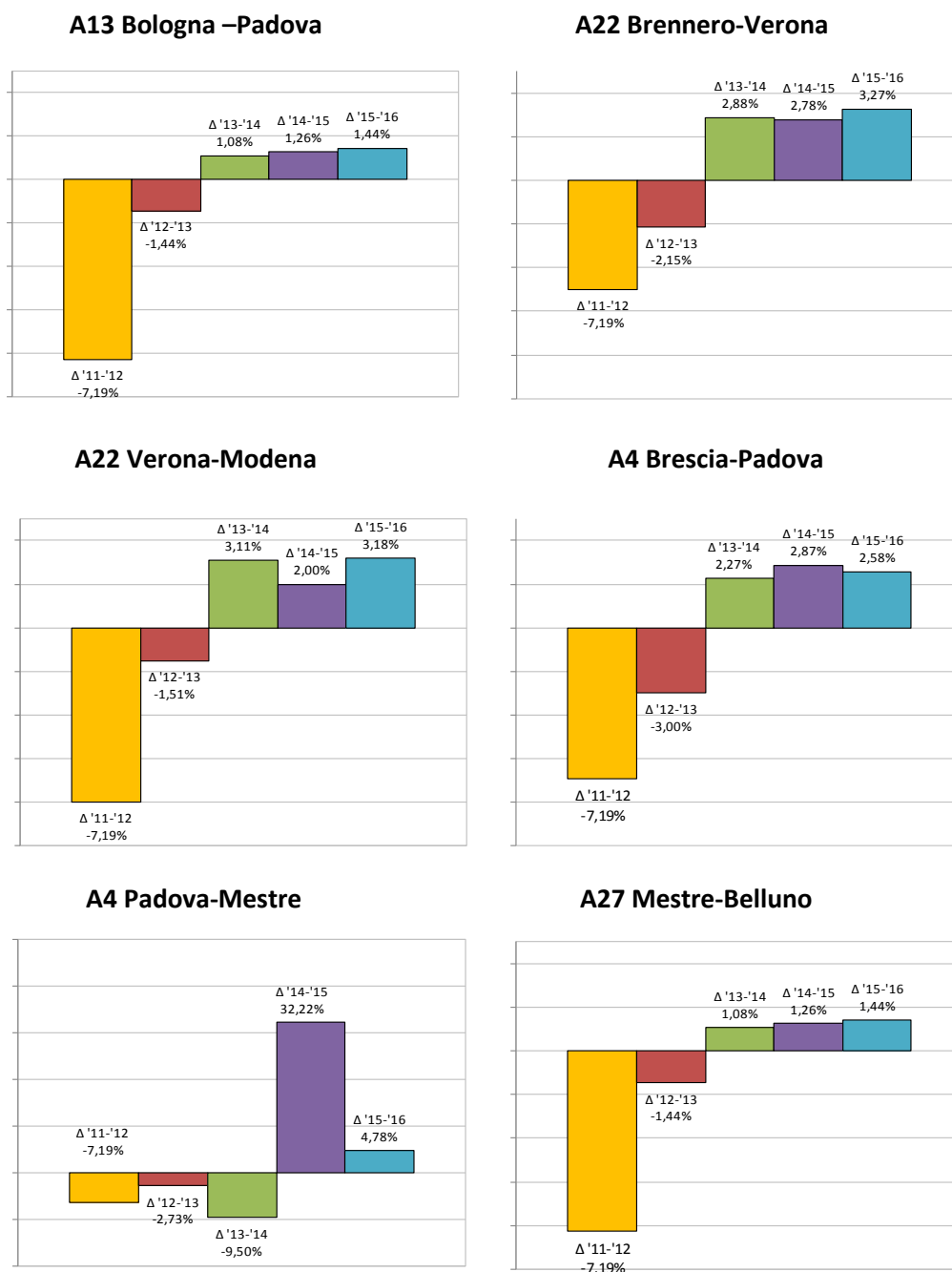


Figure 17:percentage changes of seven highway segments on an annual basis 2011-2016

In the end we can say that the traffic values on the highway segments examined in 2016 are more or less equal to those reached during the years before the recession, meaning in 2007. The last years trend (2014-2016) shows a significant growth of an **average annual +2,7%**.

Here are the daily average traffic values provided by the highway holders (Autostrada del Brennero, Autostrade per l'Italia, Autovie Venete, Autostrada Brescia-Padova) between September and October 2016, for the project CARICA commissioned by Veneto Region. These values allow to recreate the current set-up of the vehicular traffic on the highway network (the AISCAT data analysed so far concern on the first trimester of 2016).

Section	On-going in Veneto Region				Out-going from Veneto Region				TOTAL			
	LV	HV	Tot V	% HV	LV	HV	Tot V	% HV	LV	HV	Tot V	% HV
A13-FE NORD-OCCHIOBELLO	16.156	8.393	24.549	34%	15.691	8.525	24.216	35%	31.847	16.918	48.765	35%
A22- MANTOVA NORD	16.772	7.997	24.768	32%	15.730	7.666	23.396	33%	32.502	15.663	48.165	33%
A4 - SIRMIONE-PESCHIERA	35.788	18.465	54.253	34%	35.856	19.181	55.037	35%	71.644	37.647	109.290	34%
A22 - AFFI-ALA	15.013	7.916	22.929	35%	15.147	8.257	23.404	35%	30.160	16.173	46.333	35%
A27 - BARRIERA BL	4.868	1.140	6.008	19%	5.021	1.172	6.193	19%	9.890	2.311	12.201	19%
A4 ALLACC A28-LATISANA	17.754	7.468	25.222	30%	17.587	7.060	24.647	29%	35.341	14.528	49.869	29%
A28 - CORDIGNANO	7.478	3.083	10.561	29%	7.820	3.058	10.878	28%	15.298	6.141	21.438	29%
A28 - PORTOGRUARO	6.569	2.764	9.332	30%	6.430	2.837	9.267	31%	12.999	5.600	18.599	30%
TOT. HIGHWAY	120.397	57.225	177.622	32%	119.282	57.756	177.038	33%	239.679	114.981	354.660	32%

Table 17:highway traffic flow values (data by highway holders sept-oct 2016)

The collected data have been used to recreate the base scenario in this study (2016)

DAY AVERAGE HIGHWAY TRAFFIC FLOW DATA BY HIGHWAY HOLDERS (SEPT-OCT 2016)

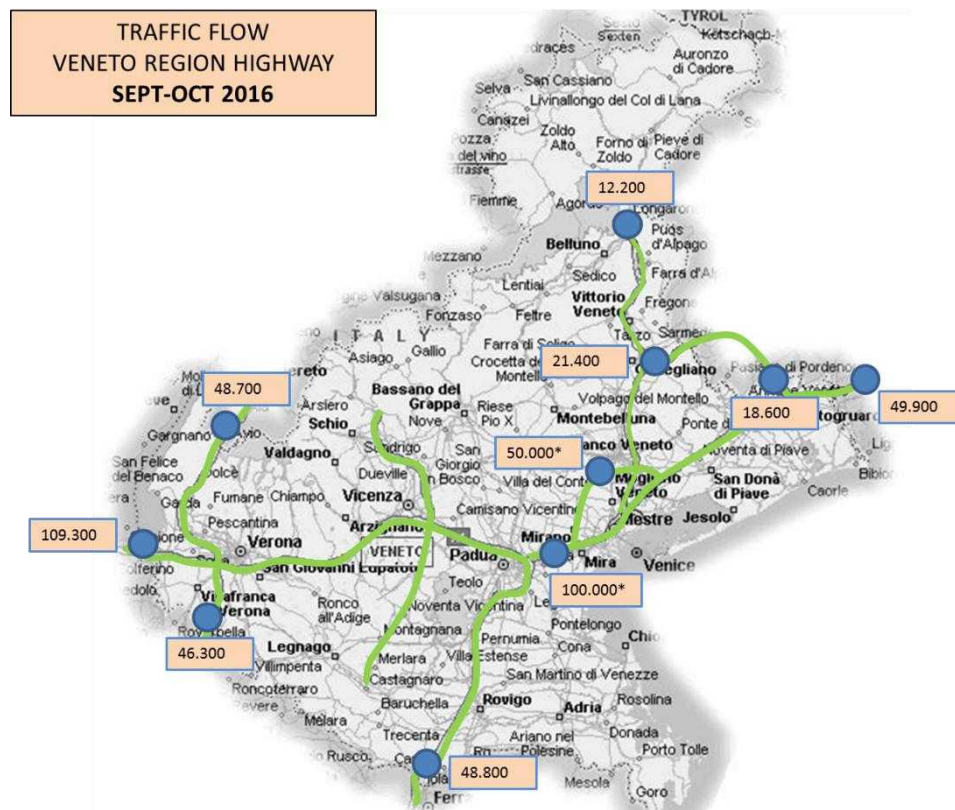


Figure 18: vehicular traffic –highway network-2016

B.2 LOCAL TRAFFIC

In order to establish the present traffic values on the road network of the area and on the regional network, the following sources have been used:

- Survey using categorised traffic tallies done in September and October 2016 by Regione Veneto within the project CARICA works, considering in total 32 segments in both directions located on the regional hallway, on ordinary, regional and provincial roads (executor: AREA Engineering).
- Data provided by Regione Veneto , regarding 51 segments in both directions located in the planned new infrastructure area, on ordinary, regional and provincial roads (executor: Redas Engineering).

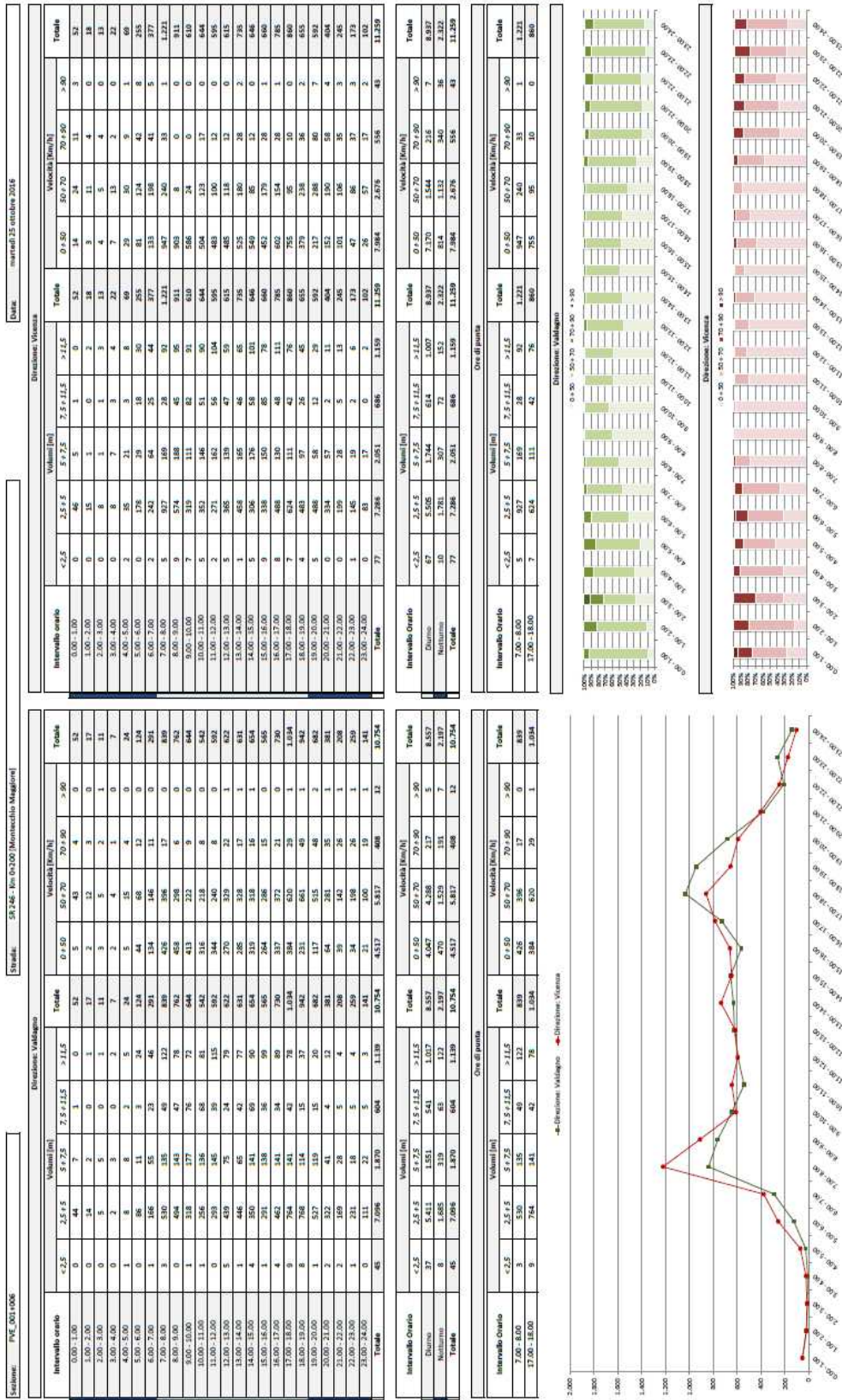
B.2.1 TRAFFIC SURVEY DONE BY REDAS ENGINEERING (2016)

The vehicular traffic data provided by Regione Veneto belong to a wider study done in October 2016 about road infrastructures (covered by provinces, regions, and country) located close to the track of the Superstrada Pedemontana Veneta, as shown by the figure below.

Surveys on 51 tally sections in both directions and done over 7 consecutive days, report the light vehicles and heavy vehicles values for each section. The tables below show:

- The tally sections locationing (road, council, province, km or locationing)
- ADT values, the heavy vehicle incidence (absolute value and percentage)

Superstrada Pedemontana Veneta
Monitoraggio del traffico



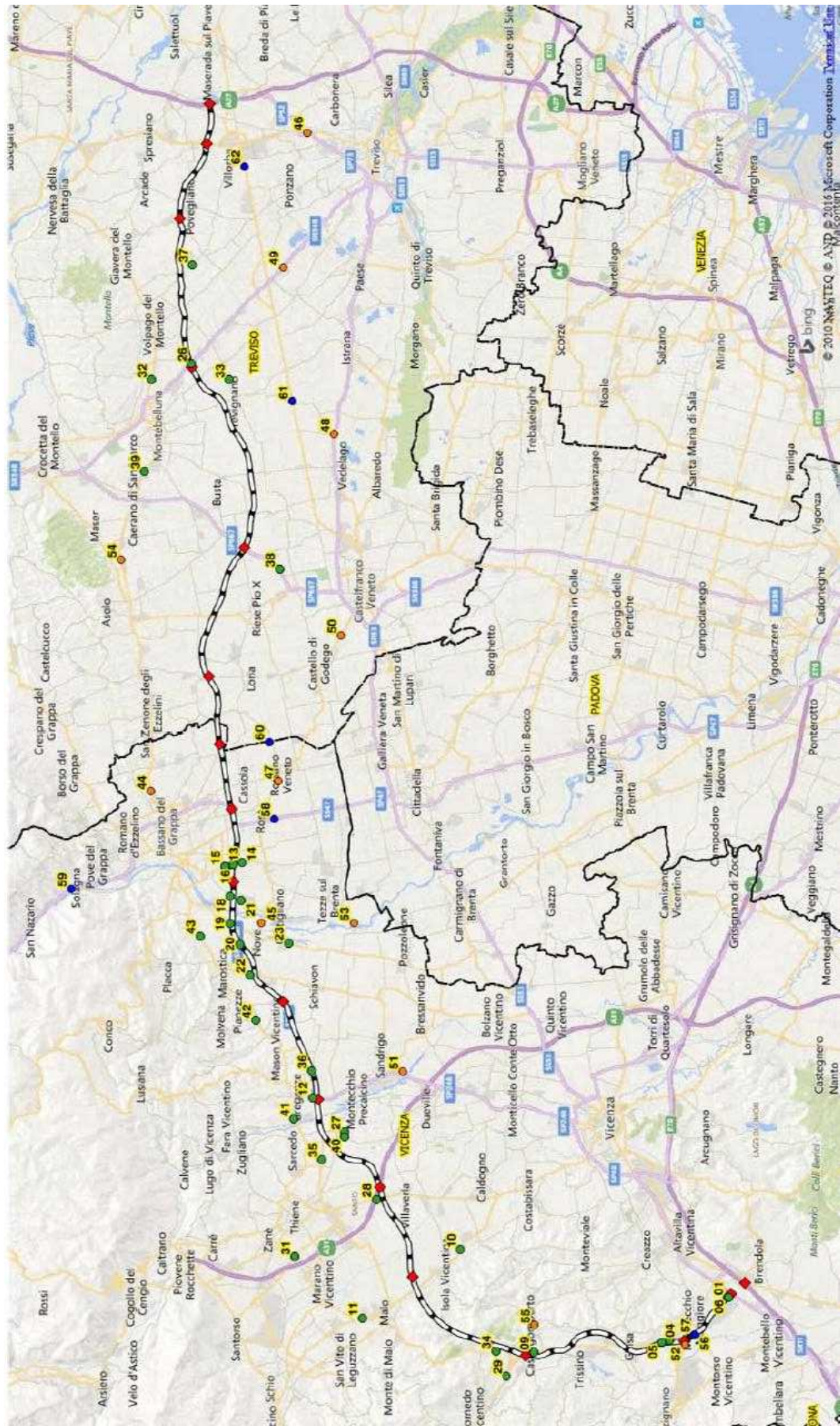


Figure 20:Locationing of the vehicle traffic surevys, foothill area (REDAS Engineering-2016)

SECTION	LOCALIZATION	DIRECTION	TOT/24h	HV/24h	%HV	
PVE_01+06	SR 246 - Km 0+200 [Montecchio Maggiore]	0+200	Valdagno	10.758	1.572	15%
			Vicenza	11.223	1.753	16%
PVE_04	Via Bivio S. Vitale [Montecchio Maggiore]	Alt. Via San Marco	Valdagno	4.461	211	5%
			Vicenza	4.157	281	7%
PVE_05	SP 246 - Viale Vittoria [Montecchio Maggiore]	5+100	Valdagno	9.513	1.472	15%
			Vicenza	8.376	1.152	14%
PVE_09	SP 246 [Cornedo Vicentino]	Alt. Via Palazzetto	Valdagno	12.557	1.497	12%
			Vicenza	12.703	1.396	11%
PVE_10	SP 46 [Isola Vicentina]	12+000	Schio	7.677	499	7%
			Vicenza	7.914	525	7%
PVE_11	SP 46 Malo	19+400	Schio	8.883	672	8%
			Vicenza	8.620	565	7%
PVE_12	SP 119 [Breganze]	Fra rotonda con SP 111 e rotonda con Via Olmo	Breganze	5.519	310	6%
			Sandrigio	6.478	536	8%
PVE_13	SP 111 [Bassano del Grappa]	21+200	Bassano del Grappa / Rosà	11.788	1.737	15%
			Vicenza	11.303	2.055	18%
PVE_14	SP 97 [Rosà]	Alt. rotonda con Via Carlo Cattaneo	Bassano del Grappa	7.602	861	11%
			Cittadella	8.242	692	8%
PVE_15+16	SP 97 [Bassano del Grappa]	Alt. Centro Commerciale Emisfero - Bassano	Bassano del Grappa	12.224	1.407	12%
			Cittadella	12.389	1.053	8%
PVE_18	Strada Cartigliana [Bassano del Grappa]	Alt. intersezione con SP 111	Bassano del Grappa	4.393	377	9%
			Cartigliano	4.159	281	7%
PVE_19	SP 52 [Bassano del Grappa]	Alt. Via Rivarotta	Bassano del Grappa	4.387	208	5%
			Nove	4.324	206	5%
PVE_20	SP 111 [Marostica]	16+500 (Ex S.S. 248 Km 26+850)	Bassano del Grappa	10.803	1.696	16%
			Vicenza	10.248	1.980	19%
PVE_21	Strada Quartiere Prè [Bassano del Grappa]	Alt. intersezione con SP 111	Bassano del Grappa	4.447	338	8%
			Cartigliano	4.172	320	8%
PVE_22	SP 248 [Marostica]	25+000	Marostica	4.538	350	8%
			Sandrigio	2.560	322	13%
PVE_23	SP 52 [Nove]	Alt. AdS Costantin	Bassano del Grappa	5.736	605	11%
			San Pietro in Gu	5.831	512	9%
PVE_26	SR 348 / Via Feltrina Sud [Montebelluna]	14+500	Montebelluna	8.567	1.002	12%
			Treviso	8.659	1.023	12%
PVE_27	SP 63 [Montecchio Prealcino]	Alt. rotonda con Via Vegre	Thiene	3.832	252	7%
			Vicenza	3.857	253	7%
PVE_28	SP 349 [Thiene]	101+800	Thiene	8.861	504	6%
			Vicenza	9.086	708	8%
PVE_29	SP 246 [Cornedo Vicentino]	14+400	Valdagno	11.491	978	9%
			Vicenza	11.594	1.090	9%
PVE_31	NSA 384 [Zanè]	3+000	Schio	8.226	1.175	14%
			Thiene	6.776	939	14%
PVE_32	SP 248 [Montebelluna]	63+600	Castelfranco Veneto	9.671	630	7%
			Montebelluna	9.433	604	6%
PVE_33	SP 69 [Falzè]	Alt. Ristorante Le Gourmet	Falzè	2.765	417	15%
			Trevignano	2.673	180	7%
PVE_34	SP 124 [Cornedo	1+600	Malo	6.035	612	10%

	Vicentino]		Vicenza	5.945	550	9%
PVE_35	SP 111 [Sarcedo]	3+000	Marostica	9.150	1.120	12%
			Thiene	8.591	1.150	13%
PVE_36	SP 111 [Breganze]	7+800	Marostica	9.089	1.122	12%
			Thiene	8.619	1.144	13%
PVE_37	SP 55 [Povegliano]	3+700	Camalò	3.572	198	6%
			Volpago	3.637	201	6%
PVE_38	SS 667 [Riese Pio X]	4+300	Castelfranco Veneto	6.905	1.117	16%
			Montebelluna	7.099	1.223	17%
PVE_39	SP 248 [Caerano San Marco]	58+000	Caerano San Marco	7.947	589	7%
			Montebelluna	8.225	526	6%
PVE_40	Via Vegre [Montecchio Precalcino]	Alt. rotonda con SP 63	Nord / Breganze	2.357	92	4%
			Sud / Dueville	2.464	49	2%
PVE_41	SP 121 [Breganze]	Alt. Intersezione via dell'Artigianato	Marostica	4.430	570	13%
			Thiene	5.041	440	9%
PVE_42	SP 8 [Villa di Molvena]	Alt. intersezione con Via Villa	Marostica	4.077	449	11%
			Mason Vicentino	3.594	301	8%
PVE_43	SP 248 [Marostica]	29+000	Bassano del Grappa	8.642	528	6%
			Marostica	9.131	537	6%
PVE_44	SP 248 [Romano d'Ezzelino]	39+200	Asolo	7.948	671	8%
			Bassano del Grappa	7.866	651	8%
PVE_45	SP 58 [Nove]	Alt. ponte sul Fiume Brenta	Nove	7.114	546	8%
			Rosà	7.465	641	9%
PVE_46	SS 13 [Treviso]	26+000	Conegliano	10.227	782	8%
			Treviso	9.818	661	7%
PVE_47	SR 245 [Rossano Veneto]	47+500	Castelfranco Veneto	6.343	638	10%
			Rosà	6.693	606	9%
PVE_48	SS 53 [Vedelago]	43+700	Castelfranco Veneto	7.045	820	12%
			Treviso	7.036	1.143	16%
PVE_49	SR 348 [Postioma di Paese]	6+900	Montebelluna	7.410	420	6%
			Treviso	7.350	359	5%
PVE_50	SR 245 [Castello di Godego]	37+100	Castelfranco Veneto	9.085	1.226	13%
			Castello di Godego	8.698	1.095	13%
PVE_51	SP 248 [Sandrigo]	Alt. ponte sul Fiume Astico	Povolario	13.558	2.546	19%
			Sandrigo	17.231	2.477	14%
PVE_52	SP 1 / Via Molinetto [Montecchio Maggiore]	Lato Arzignano, alt. Via Gecchele	Arzignano	8.578	656	8%
			Vicenza	8.334	722	9%
PVE_53	SP 54 [Tezze sul Brenta]	Alt. ponte sul Fiume Brenta	Ancignano	4.988	523	10%
			Tezze sul Brenta	5.276	595	11%
PVE_54	SP 248 [Maser]	52+600	Asolo	6.757	627	9%
			Caerano San Marco	7.073	578	8%
PVE_55	SP 35 [Castelgomberto]	Alt. AdS ENI / Via degli Alpini	Sovizzo	4.696	188	4%
			SP 246	4.101	195	5%
PVE_56+57	SR 246 - Km 3+100 [Montecchio Maggiore]	Fra svincolo 3 e svincolo 4, Km 3+100	Valdagno	11.805	1.729	15%
			Vicenza	12.375	1.939	16%
PVE_58	SS 47 [Rosà]	37+000	Bassano del Grappa	8.846	1.356	15%
			Cittadella	8.965	1.227	14%
PVE_59	SS 47 [Solagna]	49+700	Bassano del Grappa	8.481	1.356	16%

			Cittadella	7.815	1.327	17%
PVE_60	SP 81 / Via Bodi [Bodi]	Altezza del PL	Cassola	1.635	80	5%
			Rossano Veneto	1.608	78	5%
PVE_61	SP 102 - Via Postumia Romana Ovest [Vedelago]	21+900	Treviso	7.874	1.315	17%
			Vicenza	7.989	1.334	17%
PVE_62	SP 102 - Via Postumia [Villorba]	7+800	Treviso	9.274	1.461	16%
			Vicenza	9.549	1.494	16%
TOTAL				764.935	83.773	11%

Table 18: Vehicle traffic surevys, foothill area (REDAS Engineering)

B.2.2 STUDY OF THE REGIONAL HALLWAYS (SEPTEMBRE-OCTOBRE 2016)

The data were collected for a specific study of the hallway in September and October 2016 on 32 tally sections in total in both directions along ordinary, regional and provincial roads, spread along the regional border, on the spots shown by the figure below.

The tallies, spread along the external hallway of the Veneto Region, were done for 3 consecutive days 24h, only on weekdays Monday to Friday, using automatic devices as radars.

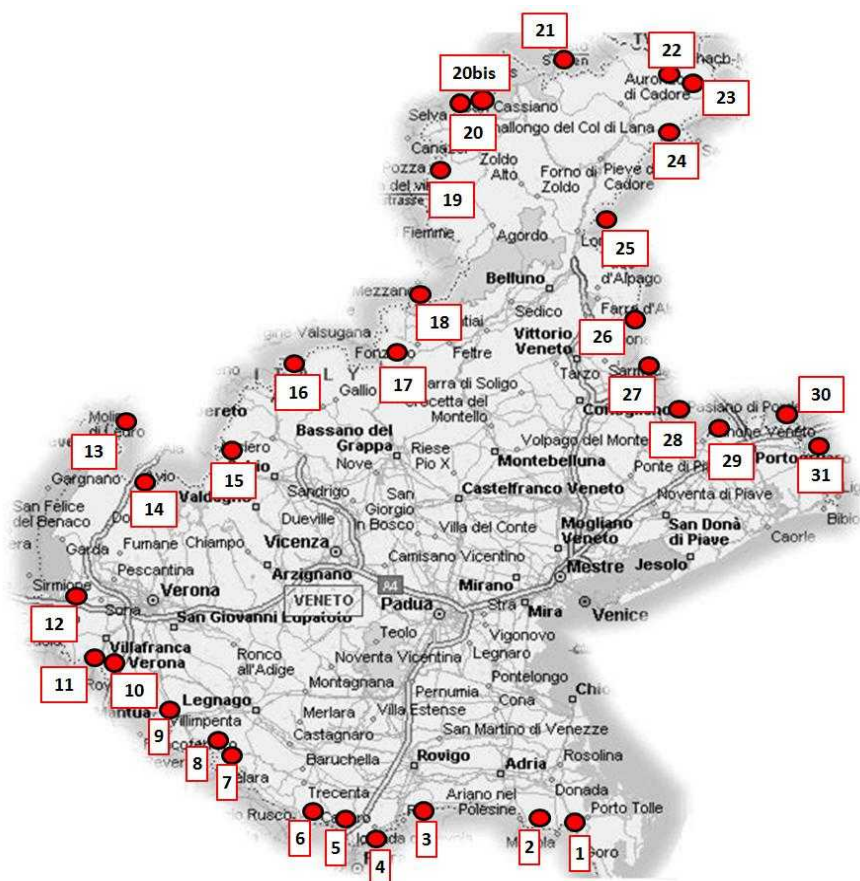


Figure 21: Locationing of the vehicle traffic surevys, regional hallway

Below is the list of the road segments examined and a summary of the data.

Section	Street	Localization	ON-GOING			OUT-GOING			TOTALE		
			Tot Veh	HV	% hv	Tot Veh	HV	% hv	Tot Veh	HV	% hv
1	SS 309	Km 56+600	5.644	1.718	30%	5.921	1.908	32%	11.566	3.626	31%
2	SR 495	Km 56+600	1.433	203	14%	1.461	196	13%	2.894	399	14%
3	SP 40	km 1+000	3.989	379	10%	4.264	360	8%	8.252	739	9%
4	SS 16	km 69+500	7.892	1.006	13%	7.278	1.006	14%	15.170	2.012	13%
5	SP 86	km 3+000	2.342	203	9%	2.264	219	10%	4.606	422	9%
6	SP 43	km 1+000	4.719	692	15%	4.549	591	13%	9.267	1.283	14%
7	SR 482	Km 35+500	2.337	471	20%	2.197	463	21%	4.534	934	21%
8	SS 12	Km246+500	3.070	447	15%	3.263	446	14%	6.333	893	14%
9	SR 10	km 306+800	4.173	292	7%	4.033	265	7%	8.206	557	7%
10	SR 62	Km 199+000	5.659	433	8%	5.611	382	7%	11.270	814	7%
11	SR 249	km 21+000	2.283	104	5%	2.404	93	4%	4.687	198	4%
12	var SR 11	km 1+500	6.158	455	7%	6.480	504	8%	12.639	959	8%
13	SR 249	km 88+000	4.040	114	3%	4.119	83	2%	8.159	198	2%
14	SS 12	km 352+000	1.281	127	10%	1.280	128	10%	2.561	255	10%
15	SP (exSS) 46	km 44+000	494	16	3%	487	17	3%	982	33	3%
16	SP (ex ss) 350	km 31+000	580	36	6%	612	38	6%	1.192	74	6%
17	SS 47	km 72+000	5.179	1.403	27%	5.304	1.397	26%	10.483	2.800	27%
18	SR 50	km 60+000	2.097	89	4%	2.002	64	3%	4.099	152	4%
19	SS 346	km 13+000	395	7	2%	375	9	2%	770	16	2%
20	SS 244	km 36+000	359	1	0%	386	7	2%	745	9	1%
20 BIS	SR 48	km 83+000	188	1	1%	157	10	7%	345	12	3%
21	SS 51	km 116+000	625	126	20%	642	124	19%	1.267	251	20%
22	SS 52	km 105+000	524	55	11%	715	80	11%	1.238	135	11%
23	SR 355	km 32+000	397	32	8%	371	30	8%	767	62	8%
24	SS 52	km 64+000	168	14	8%	174	13	7%	342	26	8%
25	SP 251	km 98+000	486	12	2%	474	18	4%	960	30	3%
26	SP 61	km 15+000	66	2	3%	65	1	1%	131	2	2%
27	SS 13	km 62+000	8.926	767	9%	8.777	813	9%	17.703	1.579	9%
28	SP 50	km 9+000	6.827	654	10%	6.697	569	8%	13.524	1.222	9%
29	SP 251	km 9+500	2.131	89	4%	2.092	57	3%	4.223	146	3%
30	SP 463	km 58+000	1.664	167	10%	1.543	146	9%	3.207	313	10%
31	SS14	km 6+000	8.956	592	7%	7.959	422	5%	16.915	1.014	6%
TOTAL FREEWAY NETWORK			95.081	10.708	11%	93.955	10.457	11%	189.037	21.165	11%

Table 19: Vehicle traffic surevys, regional hallway (AREA Engineering)

B.2.3 SCREEN LINE OF THE FOOTHILL AREA

In order to estimate the traffic volumes concerning the foothill area and that will load the SPV, using vehicular traffic surveys available, the study shows 5 sections (screen line) on the segment between Thiene and Spresiano, and of each section it calculated the traffic on the highway network, in vehicles/day (sources: highway concessionaries –sept/oct 2016) and on the ordinary road network (source: Redas Engineering).

Looking at the screen-line it is possible to get a first overview of the current planned mobility set-up in the wide area affected by the SPV.

Examining the available data it appears that on average, in the area where the scheduled infrastructure will be built, there are traffic volumes (total flows/day) on the ordinary viability, and they are between 48.000 and 65.000 vehicles/24h.

If we consider also the flows affecting A4 TO-TS highway, the overall value changes between 110.000 and 150.000 vehicles/24h.

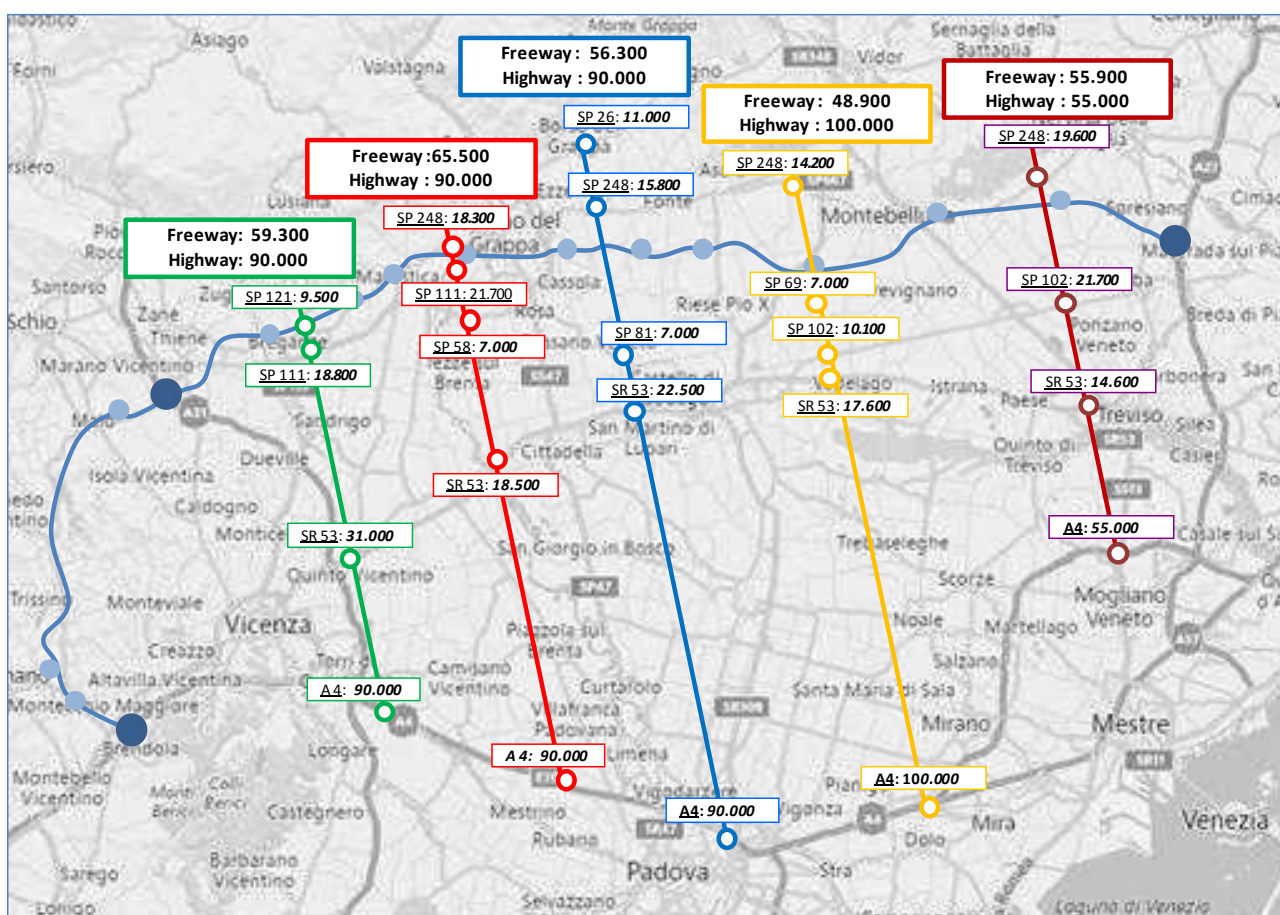


Figure 22: Screen-line 2016

SCREEN LINE	COUNT SECTION 2016	
Thiene-Marostica	A4	90.000
	SR 53	31.000
	SP 111	18.800
	SP 121	9.500
	Freeway network	59.300
	TOTALE	149.300
Marostica-Bassano	A4	90.000
	SR 53	18.500
	SP 58	7.000
	SP 111	21.700
	SP 248	18.300
	Freeway network	65.500
	TOTAL	155.500
Bassano-Asolo	A4	90.000
	SR 53	22.500
	SP 81	7.000
	SP 248	15.800
	SP 26	11.000
	Freeway network	56.300
	TOTAL	146.300
Asolo-Montebelluna	A4	100.000
	SR 53	17.600
	SP 102	10.100
	SP 69	7.000
	SP 248	14.200
	Freeway network	48.900
	TOTAL	148.900
Montebelluna-Spresiano	A4	55.000
	SR 53	14.600
	SP 102	21.700
	SP 248	19.600
	Freeway network	55.900
	TOTAL	110.900

Table 20: Vehicle traffic survey (2016)

APPENDIX C – THE MOBILITY DEMAND, THE EQUIVALENCE COEFFICIENTS AND THE GROWTH RATES

The mobility demand occupying the road network of Regione Veneto on an average adjusted weekday has been analytically determined calculating the sum of two origin/destination matrices of the journeys, as you see here below:

- **LIGHT VEHICLES:** source- Istat data 2011, habitual journeys census at a council scale, between 6:30 am-9:30 am, that represents 80% of the overall light vehicles flow;
- **HEAVY VEHICLES:** Origin/destination matrix Regione Veneto–European CARICA project – council aggregation level. 2016 data.

The demand estimate with different timelines (2020 and 2030) was made applying the AVERAGE ADJUSTED DA/YEAR coefficients and the demand growth rates, described in the following sections.

C.1 ANNUALIZATION FACTOR

It was noted that especially in the area where the SPV will be built there is a touristic flow which, on weekends sometimes over the year, tends to create a ADT higher than the flow in rush hours on weekdays (for instance along the SP 248 and the SP 211). So we will assume the Day ->Year processing coefficient values:

- 360 annualization factors for light vehicles;
- 300 for heavy vehicles, taking off the days when this kind of vehicles can't circulate

C.2 DEMAND GROWTH RATES

In order to provide useful elements to describe settled guidelines used to determine the growth rates, we analysed the “*European Energy and Transport 2020 Trends To 2030*” document, where you can find the following chart regarding the transport volume of people and goods (estimate since 2010):

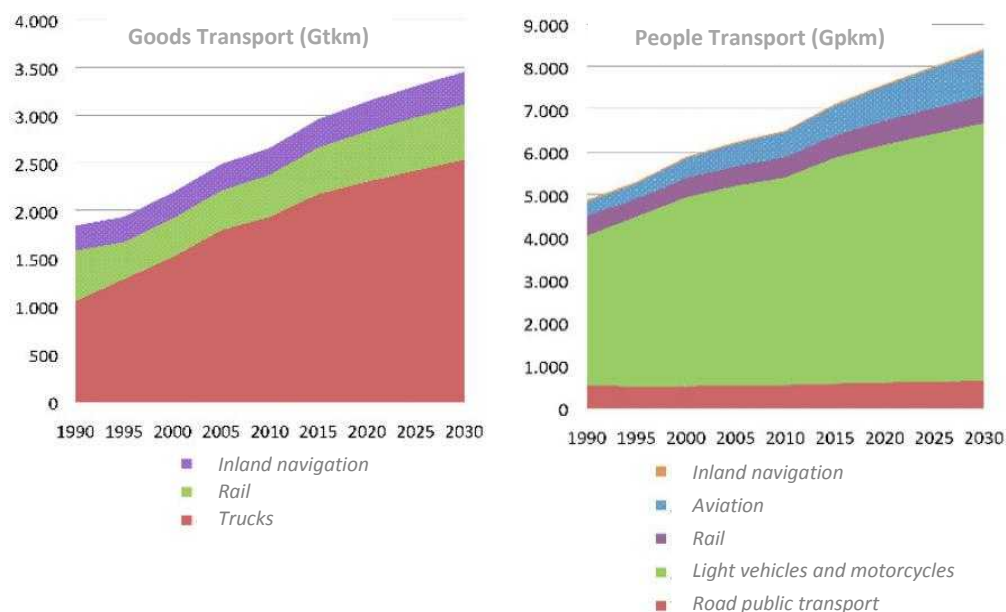


Figure 23: Goods (left) and people (right) transport development in Europe 1990-2030 – historic data and forecast (since 2010) - European Energy and Transport 2020 Trends To 2030

A later version of the European analysis document (2013 update) downward reviews the annual average growth rates of transport, as you see in the Table below:

ANNUAL AVERAGE GROWTH RATES TRAFFIC FLOW DEMAND IN EUROPE	European Energy and Transport 2020 Trends To 2030 Update 2009	EU Energy, Transport And Ghg Emissions: Trends To 2050, Reference scenario 2013
Times rate	2005-2030	2010-2050
Light Vehicles	+1,4%	+0,6%
Heavy Vehicles	+1,7%	+1,1% (+1,4% *)

*=country EU12

Table 21: Annual average growth rates in Europe

2013 estimates downward 2009 estimates both for the goods transport and the light vehicles, supposing to see an increase of +1,1% (+1,4% in EU12 countries) and +0,6% respectively.

The European studies expect also a higher growth trend until 2030, beyond which year they suppose there will be a demographic stagnation and a car market saturation. In addition, because of a fuel's price increase, there will probably be a smaller demand growth.

Anyway road transport will prevail considering people transport, even if in 2050 7% of it will possibly use a different transport system. The *modal-shift* looks instead smaller if related to goods: between 2010 and 2050 a 1% *modal-shift* of road transport system to different transport systems is expected.

In the light of the trends provided by documents, and the socio-economic overview on the focus area we established the annual average values of the traffic volume growth, for both the light and the heavy traffic, between 2016 and 2020, meaning until the opening of the SPV (scheduled in 2020):

ANNUAL AVERAGE RATES OF TRANSPORD DEMAND USED IN TRAFFIC PERSPECTIVE			
YEAR	Growth rate		
	LV		HV
2016-2020	1,50%		1,80%

Compared to the annual average trend of traffic increase, the values assumed are close to those offered by the *European Commission* in 2009.

A first set of growth rate values of the Grant (2020-2059) is instead provided by the “Proposta delle stime di traffico contrattuali” written in September 2006, as you can see here below:

ANNUAL AVERAGE RATES OF TRANSPORT DEMAND GROWTH USED IN TRAFFIC
“Proposta di revisione delle stime di traffico contrattuali” (September 2016)

Time frame	Light Vehicles	Heavy Vehicles
2021	3,2%	3,4%
2022	3,1%	3,2%
2023	2,9%	3,0%
2024	2,8%	2,9%
2025	2,7%	2,8%
2026	2,6%	2,7%
2027	2,5%	2,6%
2028	2,4%	2,5%
2029	2,3%	2,4%
2030	2,2%	2,3%
2031	2,2%	2,3%
2032	2,1%	2,1%
2033	1,0%	1,3%
2034	1,0%	1,3%
2035	0,9%	1,3%
2036	0,9%	1,3%
2037	0,9%	1,3%
2038	0,9%	1,3%
2039	0,9%	1,3%
2040	0,9%	1,3%
2041	0,9%	1,3%
2042	0,9%	1,2%
2043	0,9%	1,2%
2044	0,9%	1,2%
2045	0,4%	0,5%
2046	0,4%	0,5%
2047	0,4%	0,5%
2048	0,4%	0,5%
2049	0,4%	0,5%
2050	0,4%	0,5%
2051	0,4%	0,5%
2052	0,4%	0,5%
2053	0,4%	0,5%
2054	0,4%	0,5%
2055	0,4%	0,5%
2056	0,4%	0,5%
2057	0,4%	0,5%

2058	0,4%	0,5%
2059	0,4%	0,5%
Annual Average	1,23%	1,41%

Table 22: annual average rates of transport demand growth used in traffic perspectives 2016-2020

The growth rates shown predict an average growth on a ten-years basis of +2,67% e +2,78%, for light and heavy vehicles respectively, between 2021 and 2030. These values are slightly higher compared to those found in the EU official documents, however they are realistic if we consider the “local” context of Veneto, because the EU data represent an approximate estimate on a continental scale.

In this study, to provide the most coherent estimate to complex economic context, where the infrastructure is planned to be, keeping in consideration the expected economic recovery following the recent long stagnation, we assume these small growth rates for the mobility within the foothill area:

Time frame	Light Vehicles	Heavy Vehicles
2020-2024	4,20%	5,64%
2025-2029	4,15%	5,52%
2030-2034	2,00%	2,50%
2035-2039	1,20%	2,50%
2040-2044	1,20%	2,15%
2045-2049	1,20%	1,50%
2050-2054	1,20%	1,50%
2055-2059	1,20%	1,50%
Average 2020-2059	+2,17%	+2,80%

Table 23: growth rates of the mobility demand in the foothill area

The general growth rates of the overall mobility in Veneto are however lower than the real traffic increase expected on the SPV, because it's exactly the SPV that will rearrange trade and production of the territory, and, especially over the first 10 years, it will shift and change some of the traffic onto the SPV.

Especially in the first part of the concession time, the growth rates of the SPV traffic had the following development:

Time frame	Light Vehicles	Heavy Vehicles
2020-2024	4,15%	5,57%
2025-2029	4,15%	5,53%
2030-2034	2,70%	3,44%
2035-2039	2,34%	2,92%
2040-2044	1,65%	2,15%
2045-2049	1,47%	1,96%
2050-2054	1,47%	1,96%
2055-2059	1,48%	1,97%
Average 2020-2059	+2,4%	+3,2%

Table 24: Growth rates of the SPV traffic

It is useful to understand the traffic volume trend on the SPV comparing these data to the A4 highway's “overall” growth trades in the last 40 years (1977-2017), on the stretch Padua-Venice.

The data reported below summarize the socio-economic dynamics developed in the area after A4 highway was built, and it well shows the effects of the recession moments regularly happening on the traffic volumes.

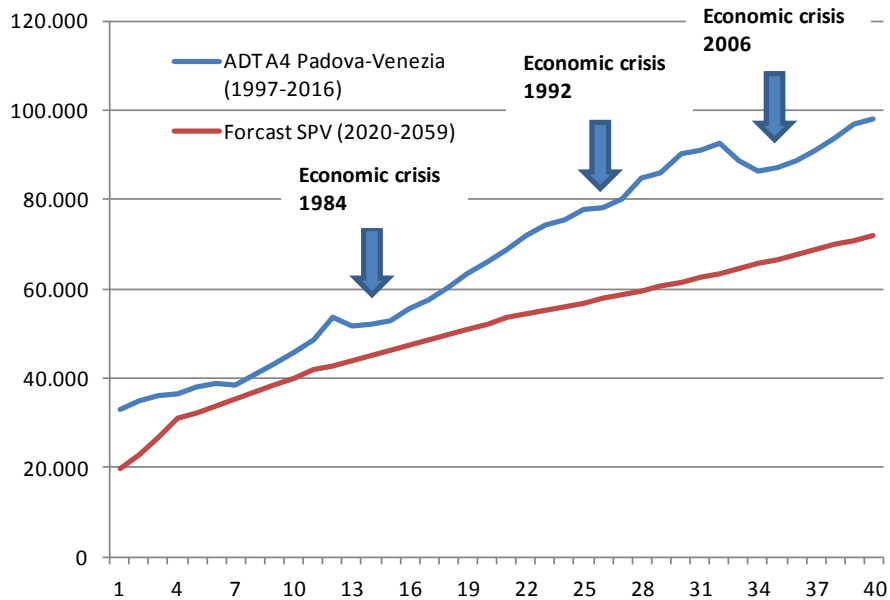


Figure 24: demand time course: A4 PD-VE – years 1977-2016 and SPV – forecast years 2020-2059 (AREA Engineering)

APPENDIX D –THE INFRASTRUCTURAL CONTEXT

The whole planned work is within the borders of the Veneto Region, it's part of the North-East highway network built on the main East-West axis, the A4 Venice-Milan, which intersects four North-South axes: A22 "del Brennero", A31 "Valdastico" South, A13 Bologna-Padua and A27 Venice-Belluno.

The 94km long track scheduled ties in with the A4 in Montecchio Maggiore (VI) , and with the A27 in Spresiano (TV), and it's interconnected to A31 in Thiene.

Anyway, because of the track's characteristics, the short distance between the toll booths (average km) and the territory where the work will be, which is marked by widespread industrial districts, the SPV will have a traffic with transfer and crossing characteristics typical of highways, but also the local traffic that so far runs on the ordinary road network.

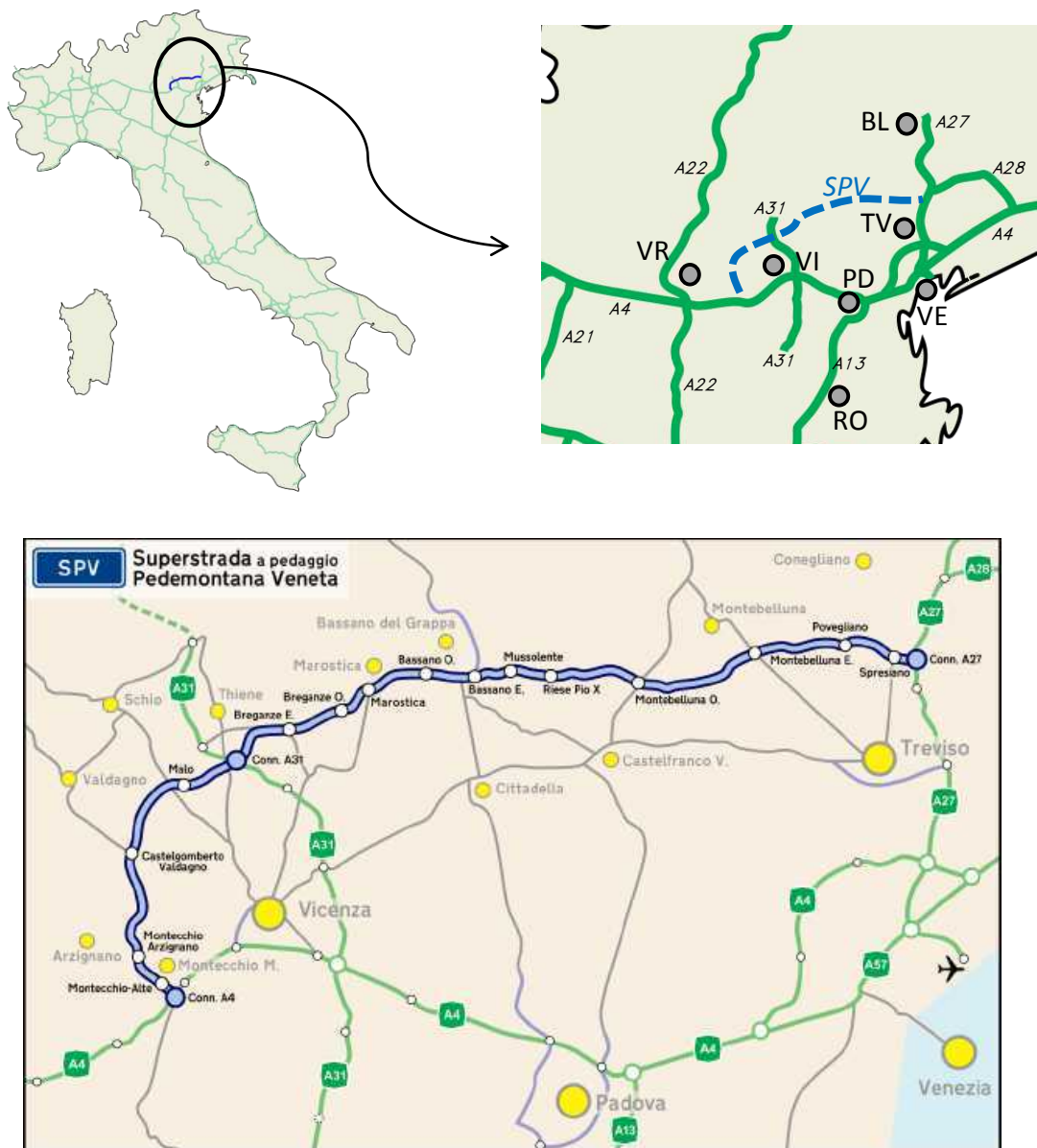


Figure 25: the planned work in the highway context

D.1 HIGHWAY VIABILITY

The Veneto Region is today crossed by the following highway infrastructures, and some of them will be directly linked to the new SPV:

- **A4 Torino-Trieste:**

A4 highway (also called Serenissima) starts in Torino and ends in Trieste. It crossed West-East Piemonte, Lombardia, Veneto and Friuli Venezia Giulia.

The highway is part of the main European hallways connecting the Iberian Peninsula to the Balkans, and for this reason it can't be considered as a hot-spot of the Italian road network. But it's one of the busiest highways in Italy. The Veneto segment starts in Peschiera del Garda (VR) and ends close to Teglio Veneto (VE): its track of about 200km crosses 4 provinces in total: Verona, Vicenza, Padua and Venice. Nearby Verona the A4 intersects the A22 "del Brennero", East of Vicenza the A31 Vicenza - Piovene Rocchette, in Padua the A13 Padua – Bologna, nearby Mestre the track crosses the "passante di Mestre", a 32,3km long highway segment that allows to spare the ex-urban segment of the A4 (now called A57 - tangenziale di Mestre) and that intersects the A27.

The last way-out in Veneto, Portogruaro, corresponds to the initial part of the A28 highway. The infrastructure has a ADT along the stretch oscillating between 60.000 veich/24h (East of the Mestre road node) and 100.000 veih/24h (Padua-A57 segment).

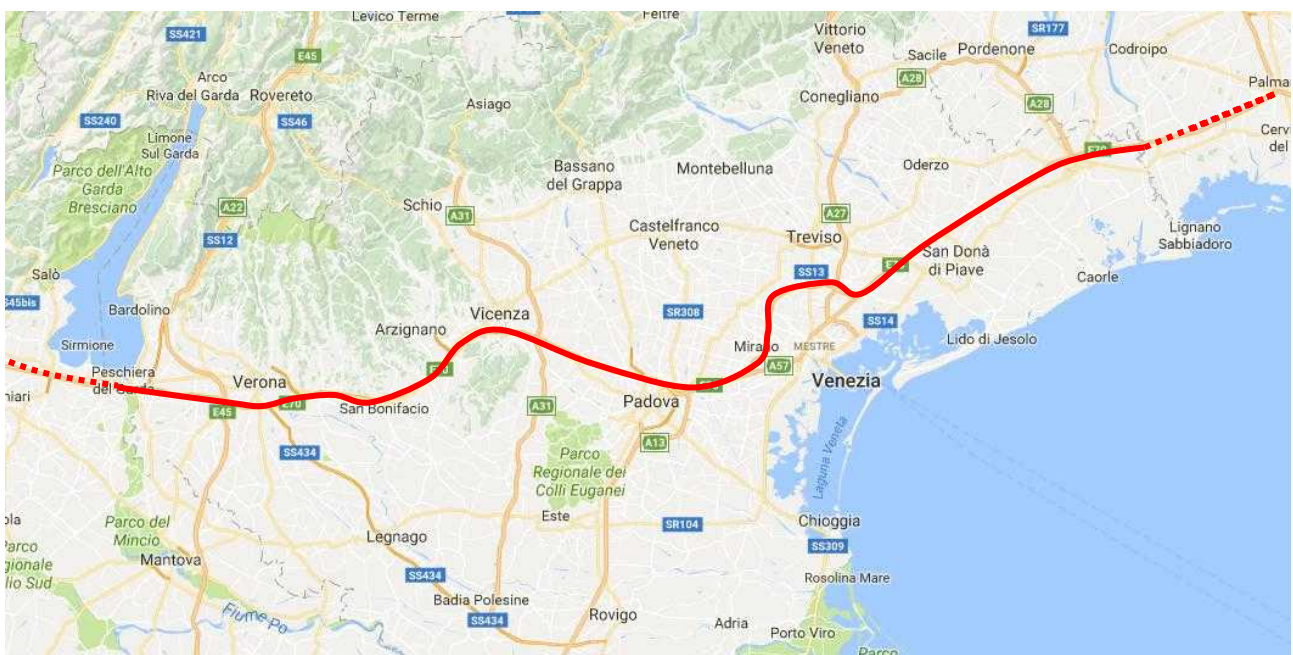


Figure 26: A4 highway –Veneto stretch (dotted line outside the Region)

- **A31 Piovene Rocchette-Rovigo:** “Valdastico”: North-South road axis with two lanes in both directions, lying entirely within the regional territory, the “Valdastico” intersects the A4 and connects Piovene Rocchette (VI) to Badia Polesine (RO).

The infrastructure is directly affected by the SPV project, to which it will be interconnected between the toll booths of Thiene-Schio and Dueville (VI). The A31 has a ADT varying between 20.000 veich/24h along the segment North of A4, and 12.000 veich/24h along the new segment South.

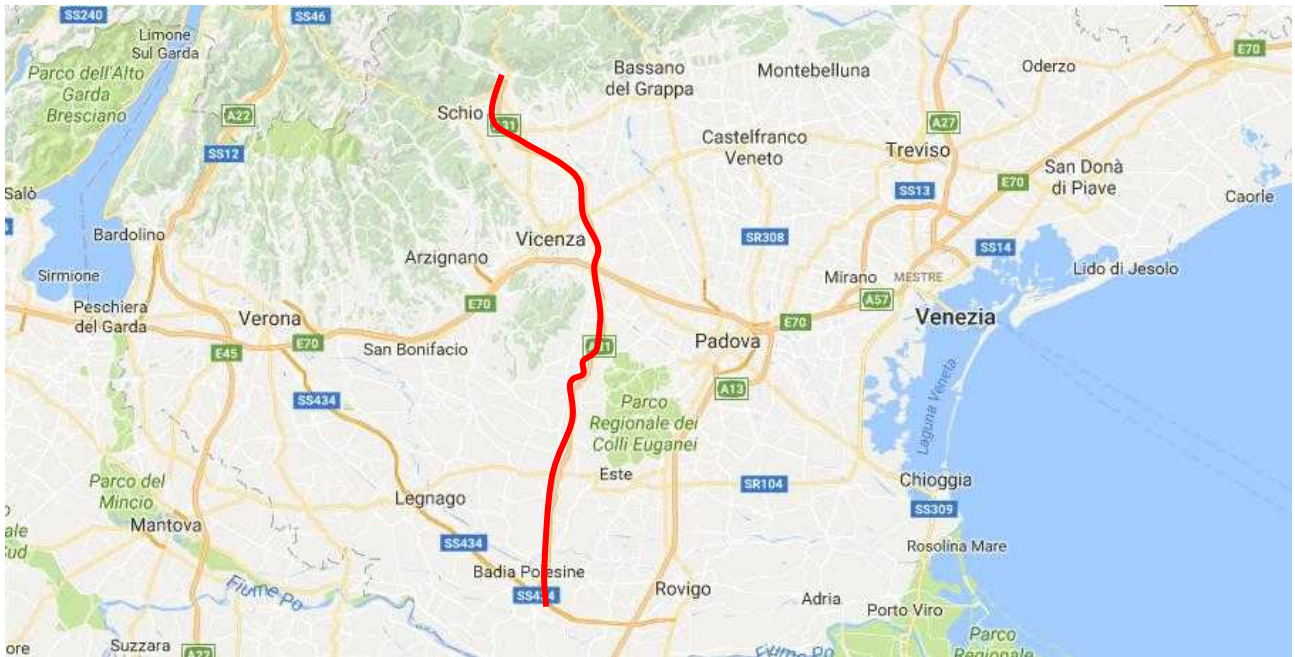


Figure 27 A31 highway

- **A27 Mestre-Belluno:**

The A27 highway “d’Alemagna” starts from the “tangenziale di Mestre” and it’s 82,4km long lying entirely within the territory of three provinces; Venezia, Treviso, Belluno.

Nearby Mogliano Veneto the A27 meets the A4 highway and continues to Belluno, where it connects to the SS 51 “d’Alemagna”. The stretch ends after the turnpike in Belluno located precisely in Pian di Vedoia, municipality of Ponte nelle Alpi. The highway crosses the main cities of the Marca Trevigiana, it is an important link to the A4, and a accessible alternative to the SS51 for the people who want to go to the Dolomites. The final part toward Mestre, leading to Marco Polo airport has been classified as” A57 Diramazione aeroporto”, after the “passante di Mestre” was open in February 2009. The highway Mestre-Belluno, on the segment North of the road node in Conegliano (link to the A28) shows ADT flows of about 12.000 veich/24h, while on the segment South, up to the junction to the “passante di Mestre”, shows a ADT between 25.000 and 30.000 veich/24h.

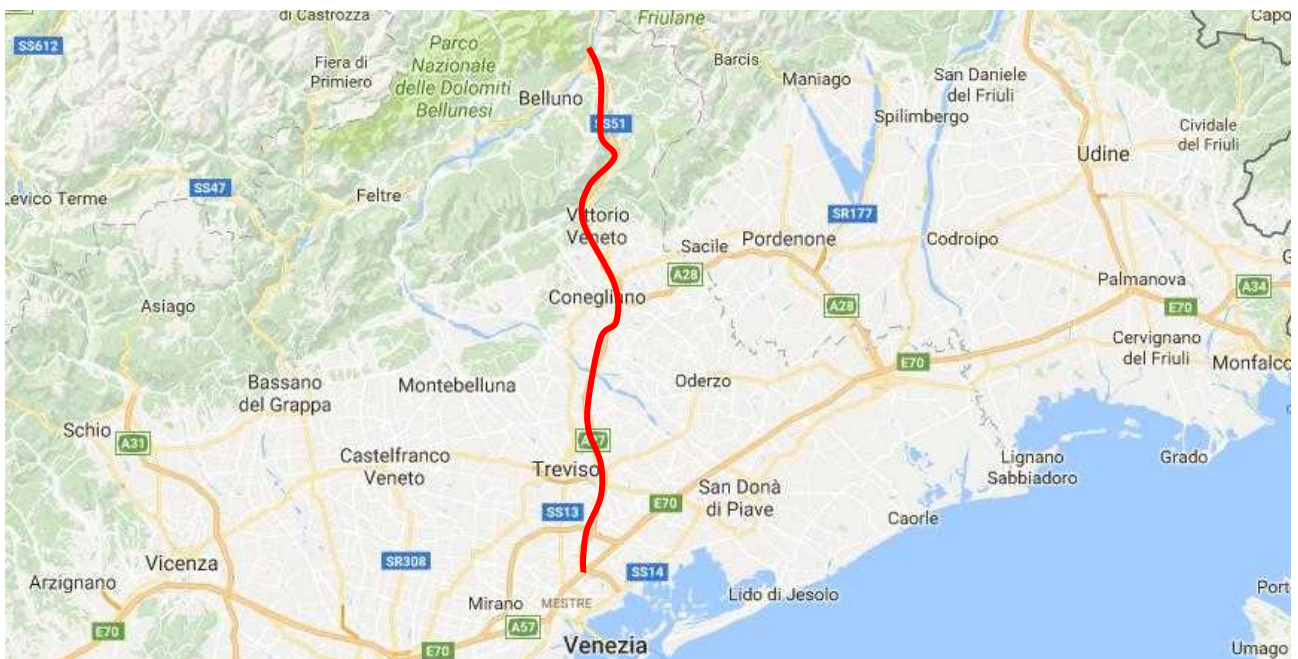


Figure 28: A27 highway

- **A13 Bologna-Padua:**

The A13 highway connects Padua to Bologna, and goes through the Po valley via Ferrara and Rovigno, and it's 116,7 km long.

The 67,6 km long stretch in Veneto starts in Occhiobello (Ro) and it ends in Padua, at the junction on the A4 Torino-Trieste. The A13 has a ADT varying between 50.000 veich/24 and more on the Rovigo-Padua South segment and about 20.000 on the Padua-A4 junction segment.

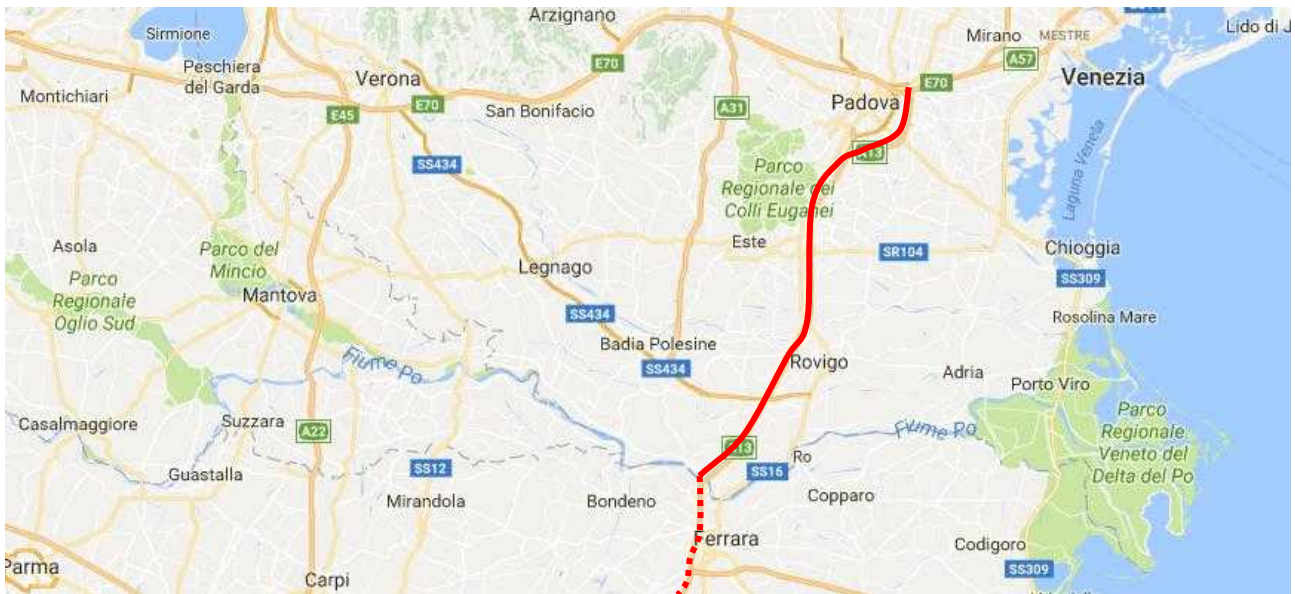


Figure 29: A13 highway –Veneto Stretch (dotted line outside the Region)

- **A22 Modena-Brennero:**

The A22 “del Brennero” highway is in the North East of Italy the main axis connecting Austria and Germany to Italy.. the Veneto stretch is 56 km long, it starts close to Nogarole Rocca (VR) and ends at the border with Trentino. The last council within the Veneto is Brentino Belluno (VR).

The A22, which is part of the European road network, is entirely part of the ridge E45 North-South, that connects Karesuando to Gela. Its main intersection with the West-East ridges is with the E70 (and on this spot it is represented by the A4) in Verona.

The Brennero highway, on both of the segments North and South of the junction in Verona to the A4 has a ADT varying between 35.000-40.000 on the North segment, and a little higher than 40.000 on the South segment.

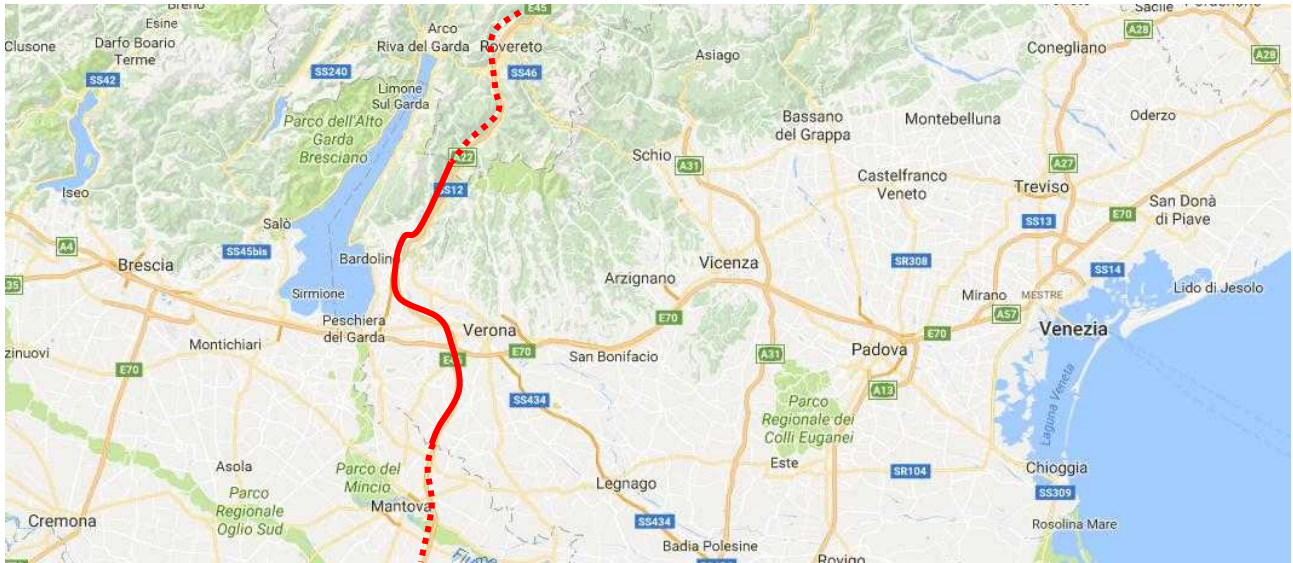


Figure 30: A22 highway – Veneto segment (dotted line outside the Region)

- **A28:**

The A28 highway originates in Portogruaro coming from the A4 Torino-Trieste, it's 48 km long, and it ends up in Conegliano (TV), where it ties in the A27 (VE) Mestre - Belluno. In Veneto the track is 17 km long and it's split into two segments. The first one starts in Portogruaro, it's 4 km long and it ends up in Gruaro, beyond which it enters Friuli Region, where it goes through Pordenone Province. It then goes back to Veneto in Sacile (PN) and continues up to Conegliano for 13 km more.

The A28 highway, between Conegliano and Portogruaro, has a ADT varying between 15.000 and 22.000 veich/24h, according to the segment observed.



Figure 31 A28 highway –Veneto segment (dotted line outside the Region)

D.2 ORDINARY VIABILITY

Here below are the main arterial roads in the focus area:

- **SR53 “Postumia” Treviso – Vicenza:**

The SR 53 Postumia connects Vicenza to Portogruaro (VE), crossing Padua and Treviso Provinces. The track is 116,6 km long, and has only one carriageway with one lane in both directions, except where it turns into a orbital road to keep off the town of Treviso.

The vehicular pressure along the SR53 is very different according to the segment. The busiest stretches are near the A4 and Vicenza, and they show peaks of ADT of about 31.000 veich/24h, while the least busy segments are between Oderzo and Portogruaro, with ADT values of about 15.000 veich/24h.

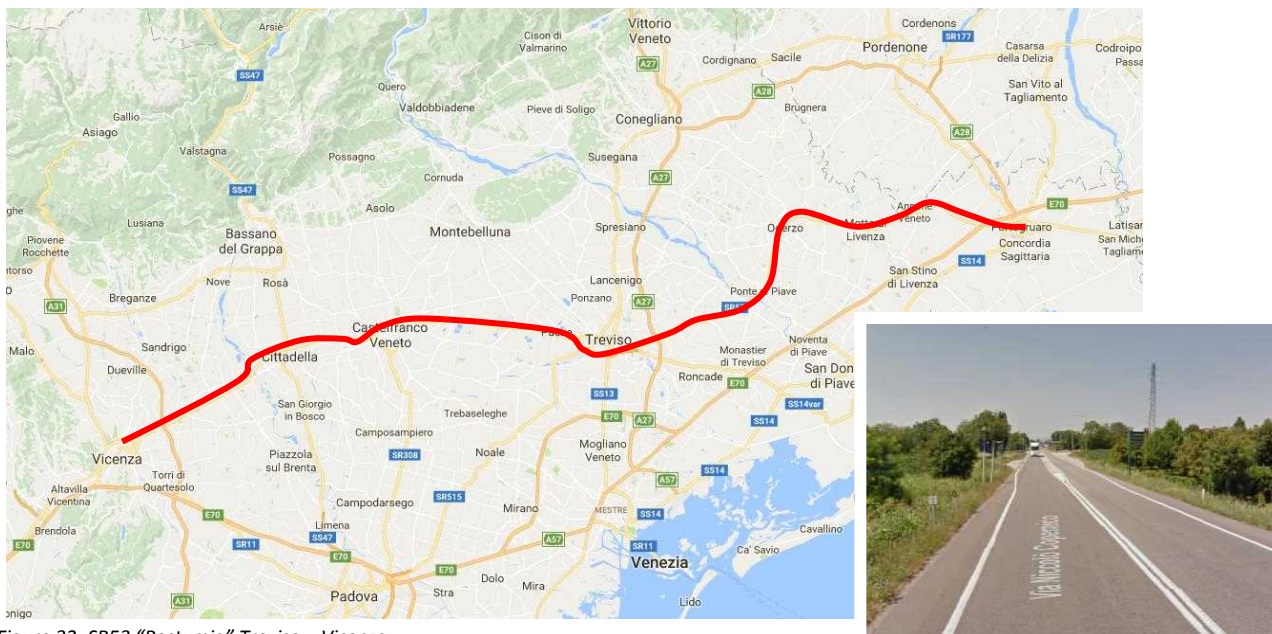


Figure 32: SR53 “Postumia” Treviso – Vicenza

- **SP 111 “Nuova Gasparona” Bassano del Grappa – Thiene**

The SP 111 is an important local road, it connects Thiene to Bassano del Grappa from the Thiene – Schio toll booth on the “Valdastico” A31 highway to the SS47 “Valsugana” where it ties in. On the segment between Marostica and Bassano del Grappa it serves as an orbital road of Bassano. The track is 24 km long.

The SP111 has a ADT steady enough, varying between 18.000 and 21.000 veich/24h. The busiest segment is the one going through Bassano del Grappa and Marostica, on the interconnection to the SS47.

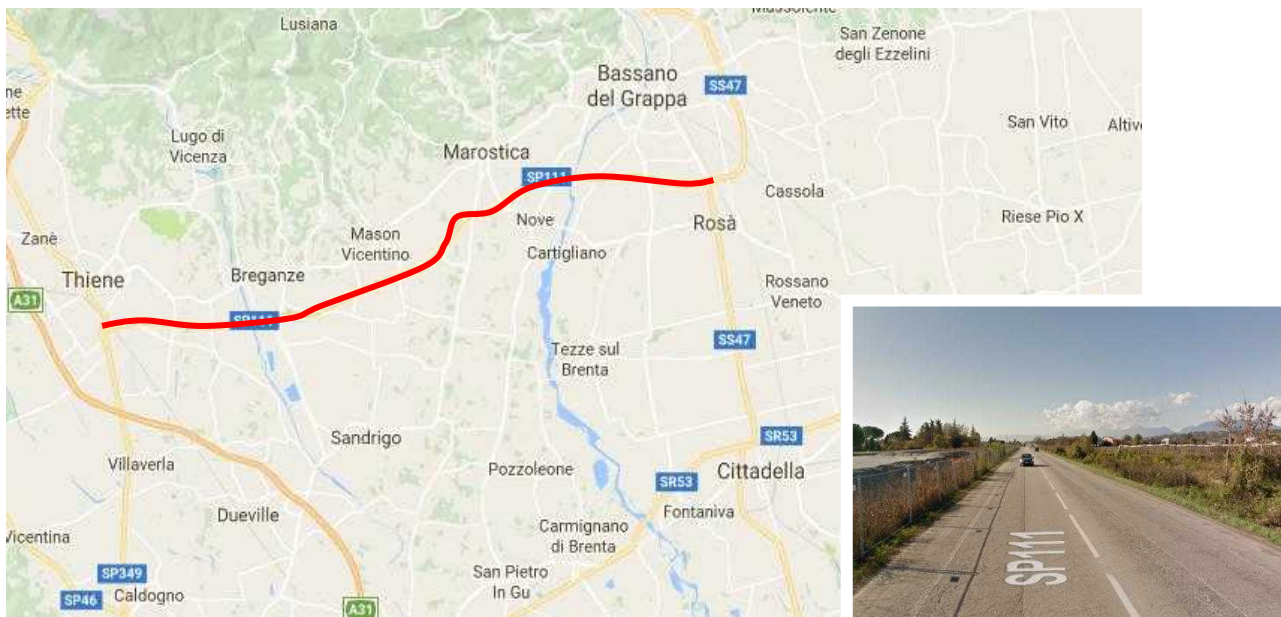


Figure 33: SP 111 “Nuova Gasparona” Bassano del Grappa – Thiene

- **SP 248 Marostica – Vicenza “Schiavonesca-Marosticana”**

The SP 248 connects Vicenza to Nervesa della Battaglia, going through the foothill area between Vicenza and Montello. The whole track is 79,950 km long.

The provincial road has a ADT of about 11.000 veich/24h on the south segment, and it shows peaks of over 20.000 veich/24h near Vicenza metro area.

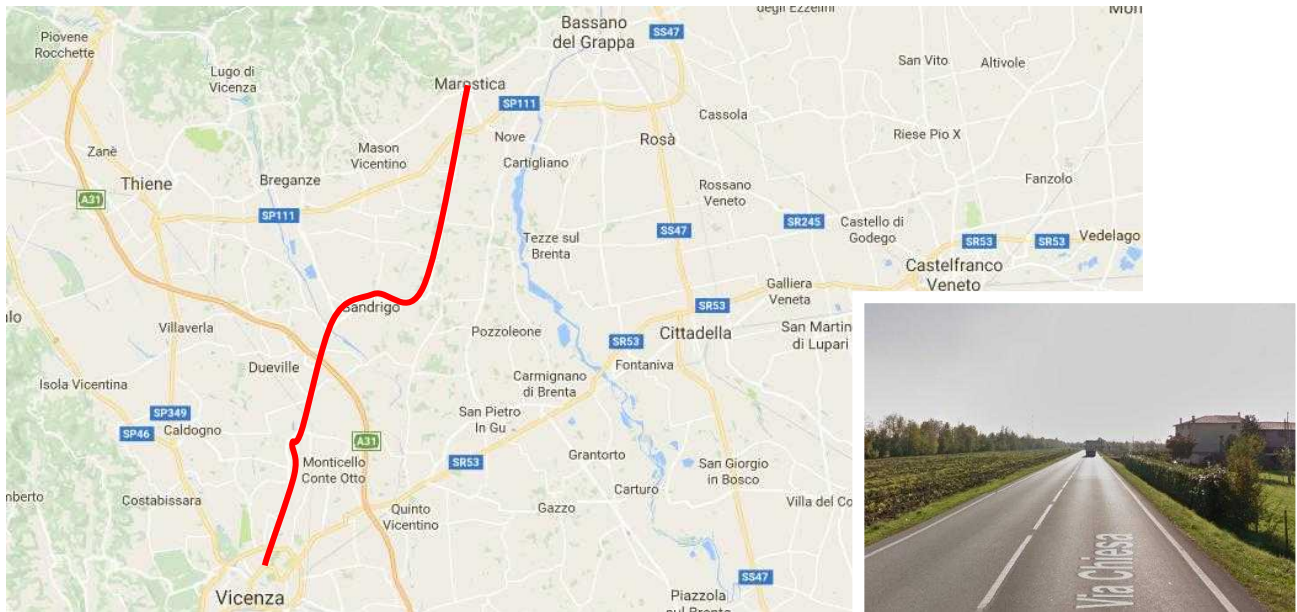


Figure 34: SP 248 Marostica – Vicenza “Schiavonesca-Marosticana”

- **SP 248 Bassano del Grappa – Montebelluna:**

The SP248 connects Bassano to Montebelluna and has one lane in both directions. The track is 18,8 km long.

On the segment between Bassano del Grappa and Montebelluna, it has very steady ADT values set between 16.000 veich/24h near Montebelluna and about 15.000 veich/24h near Bassano del Grappa.

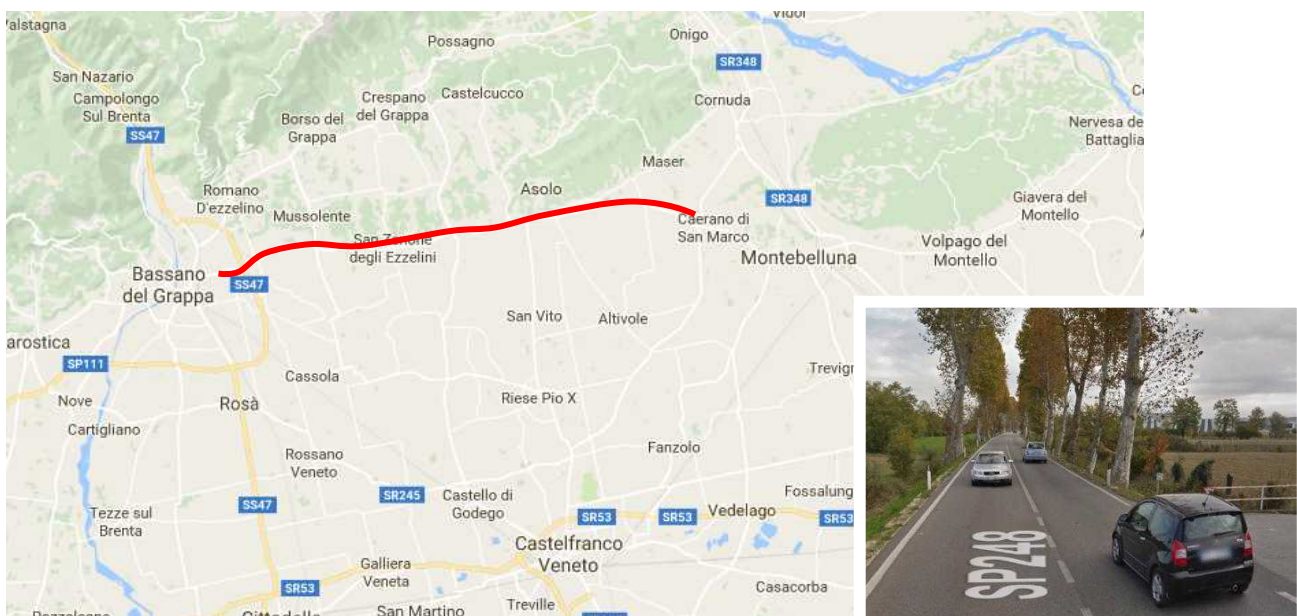


Figure 35: SP 248 Bassano del Grappa – Montebelluna

- **SR 245 Rosà - Castelfranco Veneto:**

The infrastructure connects Rosà to Castelfranco Veneto and continues towards Mestre heading South-East, crossing Vicenza, Treviso and Venice Provinces. The track is 50,100 km long.

On the segment closer to the future SPV, shows ADT values between 17.000 veich/24h North of Castelfranco Veneto, and about 13.000 veich/24h close to the intersection with the SS 47.



Figure 36: SR 245 Rosà - Castelfranco Veneto

APPENDIX E – THE SPV PROJECT

The "Superstrada a pedaggio Pedemontana Veneta" (SPV) is a toll motorway currently under construction, lying entirely within the regional territory, and crossing Treviso and Vicenza Provinces, affecting 36 councils, 22 of which are within Vicenza Province and 14 within Treviso.

The 94,558 km long track connects A4 highway in Montecchio Maggiore (VI) to A27 in Spresiano (TV) and has three highway interconnections, to A4, A31 and A27, and 14 toll booths.

The road work is part of the "Corridoio europeo n. 5" and it closes an ideal ring containing the whole central area of Veneto, especially the Agno Valley, between Montecchio Maggiore and Castelgomberto, and the foothill area between Malo and Bassano del Grappa (VI) and between S. Zenone degli Ezzelini, Montebelluna and Spresiano (TV).

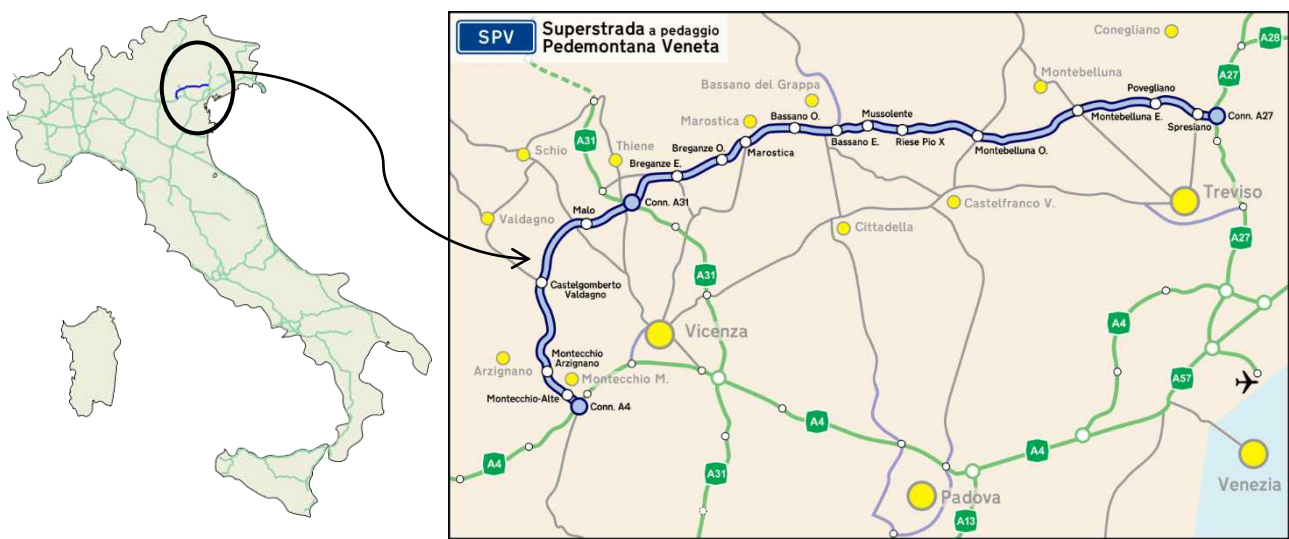


Figure 37: the SPV- track and works in progress

E.1 PROJECT DESCRIPTION

This road work, according to the D.M. 6792 del 05/11/2001 “Norme funzionali e geometriche per la costruzione delle strade”, is classified as “categoria B- Strada extraurbana principale”, so the speed limit will be 110 km/h.

The SPV is 94,58 km long, dual carriageway, two 3,75 m wide lanes in both directions and a 2,50 m wide verge.

50% of the whole road will be built in trenches, 18% in tunnels:

- 7,390 Km of natural tunnels;
- 9,287 Km of artificial tunnels;
- main works 1,312 Km.

The track crosses the following councils:

Administration		PROV	Administration		PROV
1	Bassano del Grappa	VI	21	Sarcedo	VI
2	Breganze	VI	22	Thiene	VI
3	Brendola	VI	23	Trissino	VI
4	Brogliano	VI	24	Villaverla	VI
5	Cassola	VI	TOT	PROVINCIE OF VICENZA – SPV AREA	24
6	Castelgomberto	VI	1	Altivole	TV
7	Cornedo Vicentino	VI	2	Castelfranco Veneto	TV
8	Fara Vicentino	VI	3	Castello di Godego	TV
9	Isola Vicentina	VI	4	Giavera del Montello	TV
10	Malo	VI	5	Loria	TV
11	Marostica	VI	6	Montebelluna	TV
12	Mason Vicentino	VI	7	Povegliano	TV
13	Molvenana	VI	8	Riese Pio X	TV
14	Montecchio Maggiore	VI	9	San Zenone degli Ezzelini	TV
15	Montecchio Precalcino	VI	10	Spresiano	TV
16	Mussolente	VI	11	Trevignano	TV
17	Nove	VI	12	Vedelago	TV
18	Pianezze	VI	13	Villorba	TV
19	Romano d'Ezzelino	VI	14	Volpago del Montello	TV
20	Rosà	VI	TOT	PROVINCIE OF TREVISO - SPV AREA	14
TOTAL ADMINISTRATION – SPV AREA					38

Table 25: Councils crossed by SPV

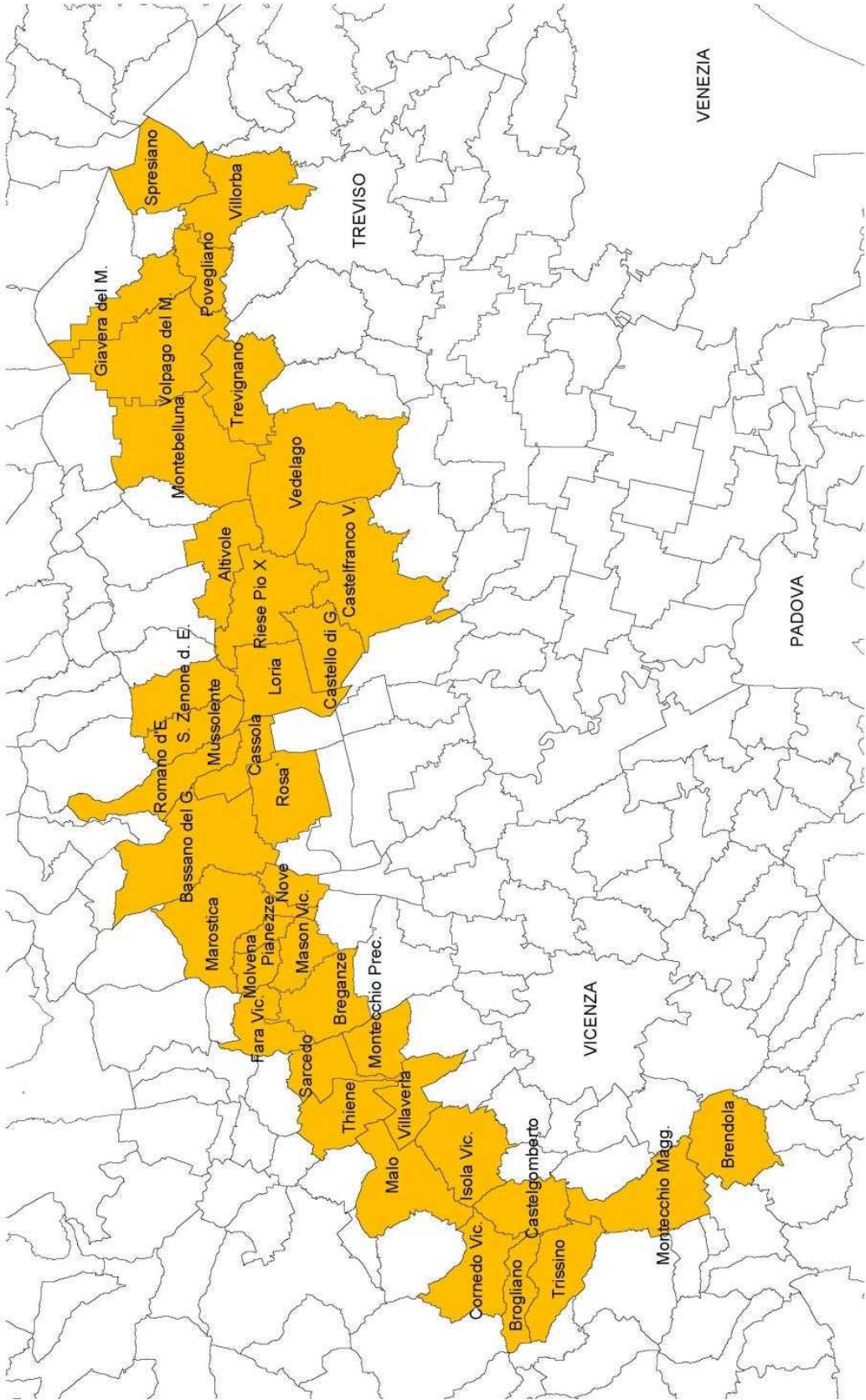


Figure 38: Councils affected by the SPV track

The territory the SPV goes through is marked by several factories, so probably most of the traffic, that so far runs on the ordinary road network, will move to the SPV. This characteristic is the reason of number, distribution and distance between the highway junctions that are 5,9 km far from each other (tolls and interconnections to A4, A31 and A27).

TOLL BOOTH/INTERCONNECTION	INTER-DISTANCE (km)	PROGRESSIVE DISTANCE (km)
A4	-	-
MONTECCHIO MAGGIORE	1,20	1,20
MONTECCHIO/ARZIGNANO	4,18	5,38
VALLE DELL'AGNO	8,56	13,94
MALO	9,50	23,44
INTERCONNESSIONE A31	5,58	29,02
BREGANZE	5,41	34,43
MASON/PIANEZZE/MAROSTICA	7,23	41,66
BASSANO OVEST	6,32	47,98
BASSANO EST	4,68	52,66
LORIA/MUSSOLENTE	3,52	56,18
RIESE/SAN ZENONE DEGLI EZZELINI	3,57	59,75
ALTIVOLE	8,98	68,73
MONTEBELLUNA EST/VOLPAGO	10,76	79,49
POVEGLIANO	8,23	87,72
SPRESIANO/VILLORBA	5,78	93,50
BARRIERA A27	1,08	94,58
TOTAL	94,58	94,58

Table 26: segments and distances

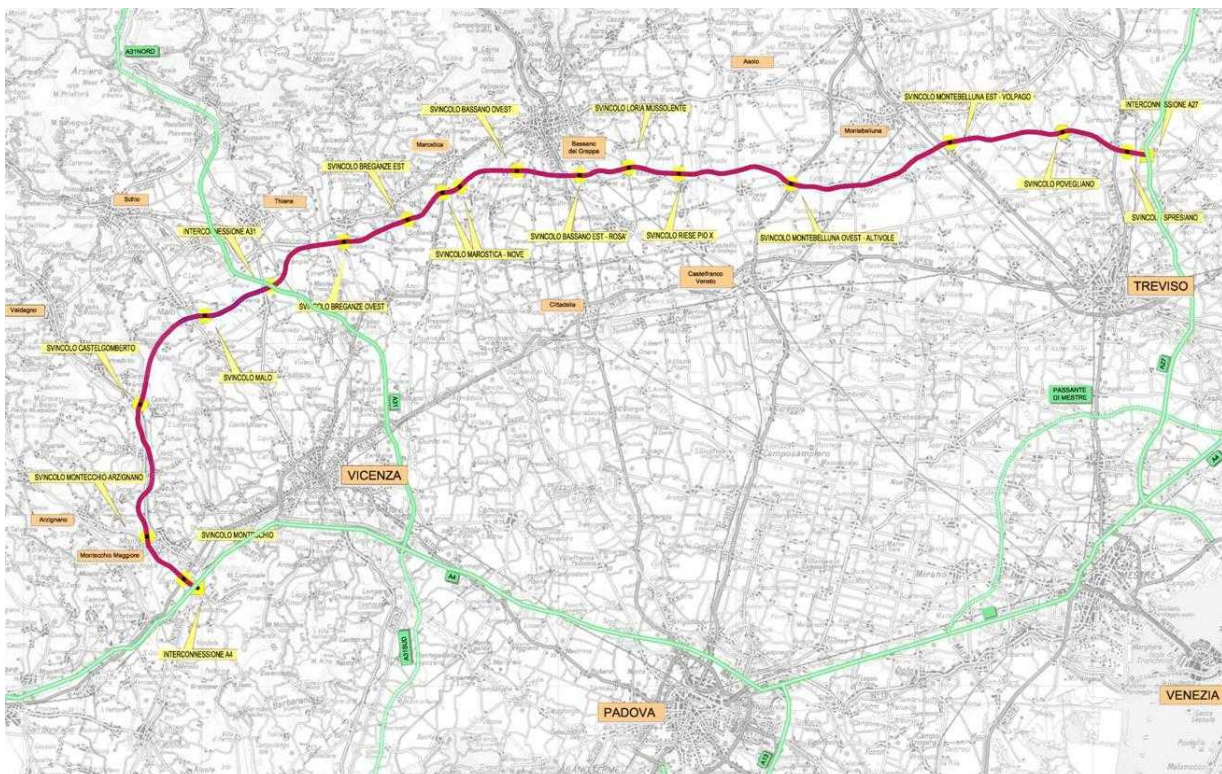


Figure 39: SPV track

The project includes the main axis and more complementary road works leading to the tolls, building in total more than 67 km of network, distributed along the whole motorway.

APPENDIX F – LONG DISTANCE OPTIONS

In the project the valuation of potential attractiveness of the new infrastructure, for what concerns the long distance journeys, can be obtained analyzing the cost effectiveness of the present distance options. As an example we offer three Origin-Destination itineraries:

1. Montecchio Maggiore – Conegliano;
2. Montecchio Maggiore – Palmanova;
3. Montecchio Maggiore – Udine;

For each one of them we compared the present distance and the one that will be used by the SPV. this analysis compares time taken , tolls, costs, and can be observed in the following tables.

We also assumed these factors:

- Time taken on the SPV are calculated using an average real speed of 115 km/h for the light vehicles, and 90 km/h for the heavy vehicles;
- Monetizing of the time taken considers a time cost of 20€/h for the light vehicles and of 27€/h for the heavy vehicles;
- All the tolls are updated according to 2020 forecast
- The *total cost* is the result of *toll+monetizing of time taken*

Only in “itinerary n. 1” Montecchio-Conegliano the SPV represents the fastest way, even if it’s 7-9 min longer than the highway option using A4 and A27. However the itineraries on A4 and A27 are cheaper (because of the cheaper tolls), especially for the heavy vehicles (-16,03€).

Analyzing “itinerary n.2” Montecchio-Palmanova shows instead that the time taken on the SPV is the same of the one taken on the A28. So the two options are competitive, however we can make valuations similar to those about “itinerary.1”, regarding the tolls: SPV tolls will be 30-40% higher.

“Itinerary n.3” Montecchio-Udine shows that SS13-SPV and A4 are not competitive: the time taken and tolls are definitely higher on the A4, 12-17% more for the time taken and 13-30% more for the costs, for light and heavy vehicles respectively.

Details are here below.

ITINERARY 1 - MONTECCHIO M.-CONEGLIANO



ITINERARY OPTION A - SPV		
	LV	HV
Distance (km)	105,6	
Time taken (min)	55	70
Time taken (€)	18,33	31,50
Toll (€)	17,46	30,6
TOT (€)	35,79	62,10



ITINERARY OPTION B - A27+SR53		
	LV	HV
Distance (km)	97,9	
Time taken (min)	111	146
Time taken (€)	37,00	65,70
Toll (€)	1,55	2,1
TOT (€)	38,55	67,80

Compared to SPV		Compared to SPV (%)	
LV	HV	LV	HV
-7,7		-7%	
56	76	102%	109%
18,67	34,20	102%	109%
-15,91	-28,5	-91%	-93%
NOT COMPETITIVE VS SPV		VL +2,76€ (+8%) VP +5,70€ (+9%)	



ITINERARY OPTION C - A4		
	LV	HV
Distance (km)	116	
Time taken (min)	62	79
Time taken (€)	20,67	35,55
Toll (€)	10,6	14,57
TOT (€)	31,27	50,12

Compared to SPV		Compared to SPV (%)	
LV	HV	LV	HV
10,4		10%	
7	9	13%	13%
2,33	4,05	13%	13%
-6,86	-16,03	-39%	-52%
COMPETITIVE VS SPV		VL -4,53€ (-13%) VP -11,98€ (-19%)	

Table 27: Itinerary 1

ITINERARY 2 - MONTECCHIO M.-PALMANOVA



ITINERARY OPTION	A - SPV	
	LV	HV
Distance (km)	196	
Time taken (min)	112	135
Time taken (€)	37,33	60,75
Toll (€)	23,75	37,12
TOT (€)	61,08	97,87



ITINERARY OPTION	B - A28	
	LV	HV
Distance (km)	204	
Time taken (min)	111	139
Time taken (€)	37,00	62,55
Toll (€)	16,89	23,18
TOT (€)	53,89	85,73

Compared to SPV		Compared to SPV (%)	
LV	HV	LV	HV
8		4%	
-1	4	-1%	3%
-0,33	1,80	-1%	3%
-6,86	-13,94	-41%	-60%

COMPETITIVE VS SPV	VL -7,19€ (-12%) VP -12,14€ (-12%)
--------------------	---------------------------------------



ITINERARY OPTION	C - A4	
	LV	HV
Distance (km)	174	
Time taken (min)	91	118
Time taken (€)	30,33	53,10
Toll (€)	15,65	21,3
TOT (€)	45,98	74,40

Compared to SPV		Compared to SPV (%)	
LV	HV	LV	HV
-22		-11%	
-21	-17	-19%	-13%
-7,00	-7,65	-19%	-13%
-8,1	-15,82	-48%	-68%

COMPETITIVE VS SPV	VL -15,10€ (-25%) VP -23,47€ (-24%)
--------------------	--

Table 28: Itinerary 2

ITINERARY 3 - MONTECCHIO M.-UDINE



ITINERARY OPTION	A - SPV	
	LV	HV
Distance (km)	184	
Time taken (min)	120	157
Time taken (€)	40,00	70,65
Toll (€)	19,45	33,25
TOT (€)	59,45	103,90



ITINERARY OPTION	B - A4	
	LV	HV
Distance (km)	190	
Time taken (min)	106	130
Time taken (€)	35,33	58,50
Toll (€)	17	23,18
TOT (€)	52,33	81,68

Compared to SPV		Compared to SPV (%)	
LV	HV	LV	HV
6		3%	
-14	-27	-12%	-17%
-4,67	-12,15	-12%	-17%
-2,45	-10,07	-13%	-30%
COMPETITIVE VS SPV		VL-7,12€(-12%) VP-22,22€(-21%)	

Table 29: Itinerary 3

APPENDIX G – SCHEDULED ROAD WORKS

G.1 PORTOGRUARO-TRIESTE 3RD LANE

For the 2030 timeframe, “scenario n.2”, we considered as operating the A4 enlargement with the Portogruaro - Trieste 3rd lane and the Padua - Passante di Mestre 4th lane. These works will guarantee better conditions of circulation and will make the itineraries on the A4 more attractive.

This forecast is coherent to the way and time expected when the Venice-Trieste highway will be enlarged.

The Representative Commissionaire for the “emergency regarding mobility on the A4 (VE-TS) and the Villesse-Gorizia junction” expects a time line between the end of 2021 and the beginning of 2022 when the Portogruaro – Palmanova 3rd lane is scheduled to open. This segment has been often considered the most critic and the busiest of the whole infrastructure, because, in case of accidents, it’s impossible to redirect the flows to alternative highways.

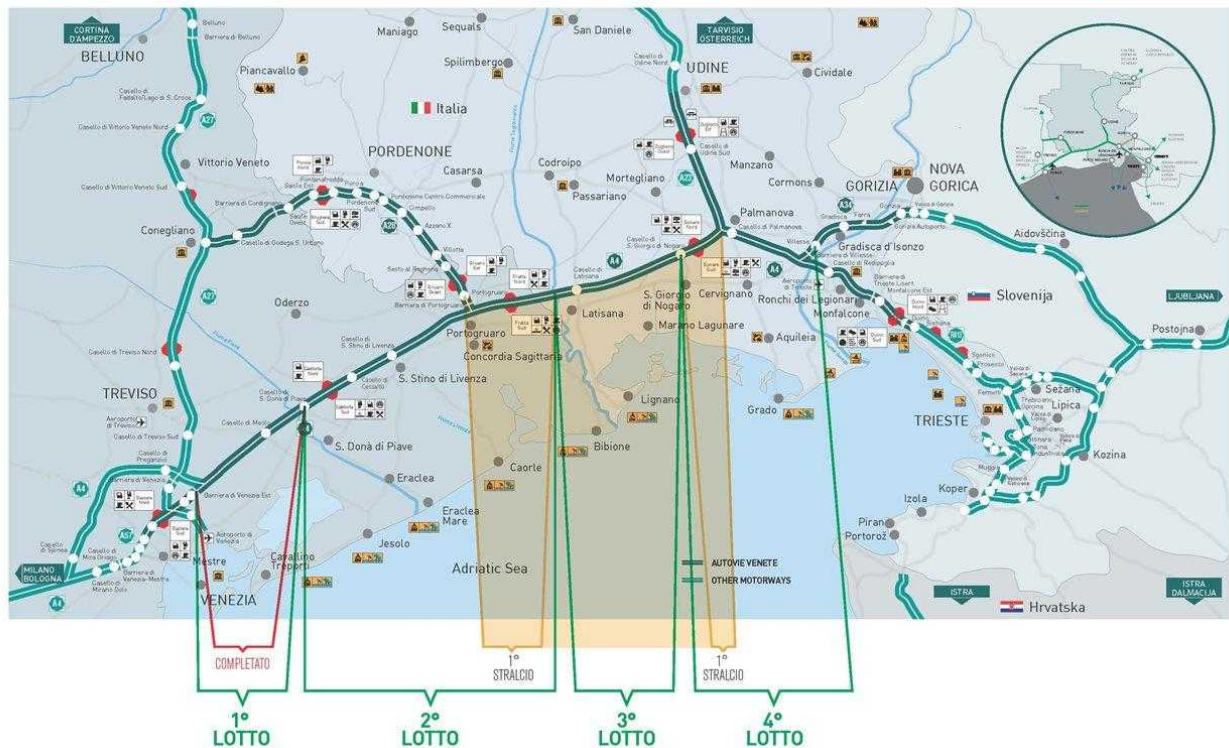


Figure 40 : A4 enlargement with the Portogruaro – Villesse 3rd lane

G.2 THE PADOVA-PASSANTE DI MESTRE 4TH LANE

The big volumes of vehicular traffic concerning the A4 segment between Padua-East and Venice (about 100.000 veich/day) make realistic and appropriate the hypothesis of building, between 2020 and 2030, the 4th lane on the Padua East/Mestre segment (so far still three lanes in both directions).

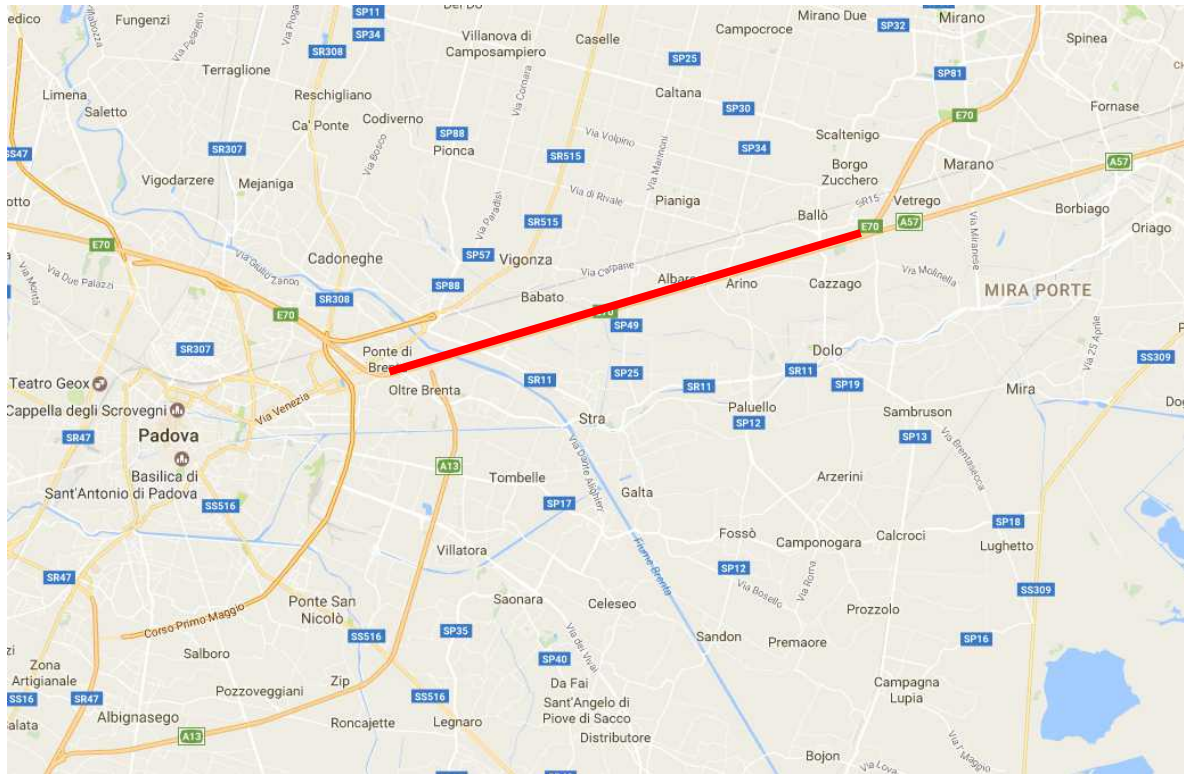


Figure 41: the A4 segment concerned by the 4th lane project

G.3 THE VALDASTICO NORD HIGHWAY

Part of “Scenario n. 3” and with a 2030 time line, the Valdastico Nord represents the extension of the present A31 highway track from Piovène Rocchette (VI) to the junction on the A22 South of Trento. The road platform of the scheduled infrastructure will probably be two lanes in both directions and an emergency lane, and it will be 42 km long. This road work would guarantee a better connection between Veneto and Trentino and would sensibly reduce the time taken to travel of the users running the A4 Westbound towards A2: the way Vicenza-Trento via Verona A4-A22 takes today 80 min, using the new A31 that will be 30% shorter.



Figure 42: the Valdastico North track

In August 2015 the Cipe recorded the agreement between Regione Veneto and Provincia autonoma di Trento about the extension North of the Valdastico highway and it authorized the Equal Committee of Coutry , Regione Veneto and Provincia autonoma that will have to analyze the project hypothesis and verify all the conditions to build the road work.

This will be the most important infrastructure for the traffic development on the SPV, contributing until 2030 with 6-8% more traffic.

APPENDIX H – THE SIMULATION MODEL

To develop this analysis we used PTV Vision Ag's VISUM software, a transport planning software already use by Regione Veneto.

H.1 THE DEMAND MODEL

The transport demand is represented by matrices origin/destination according to the adopted zoning system. The model consists in defining and treat many demand segments at the same time both for the individual transport (light and heavy vehicles, allowed and not allowed to cover network sections, ...) and for the shared transport (students, workers, subscribers and not –subscribers, ...).

O/D matrices implemented for this study concern the following demand segments:

1. OD Light vehicles;
2. OD Heavy vehicles.

The data base generating the light vehicles matrix is the one concerning the ISTAT 2011 census, updated thanks to analysis instruments of matrix processing adjusted to the vehicular flows values of the current network. The matrix instead concerning heavy vehicles is the partial result of the European project CARICA, done in 2016-2017 by Veneto Region– Logistic Section, in order to characterize the goods O/D matrix on an annual basis.

The matrix relates to the present time line (2017), and projects to the time scenarios (2020-2030) described using appropriate multiplying coefficients, which are coherent with the annual growth values of the examined demand.

H.2 THE NETWORK MODEL

The network is composed by nodes and links.

Nodes are marked by number, name, type, coordinates, and they might have a code.

Every links is defined by:

- link identification number;
- link type;
- authorized transport systems;
- length;
- capacity or increased speed for the private transport;
- time taken for public transports.

For every link we can establish the turn-penalty and the turn-capacity. Observing link types (functional rank) and intersection orders the model can automatically determine:

- Precedence between roads meeting at the intersection node;
- The kind of turning manoeuvre: right, straight, left, U-turn
- Time wasted because of traffic lights, level crossings, etc.

In details the implemented network model has been conceived on a network composed by 6.600 nodes and more than 19.000 links, a 19.000 km road network, representing in total Regione Veneto, part of Regioni Lombardia, Emilia-Romagna, Friuli Venezia Giulia and Trentino Alto Adige.

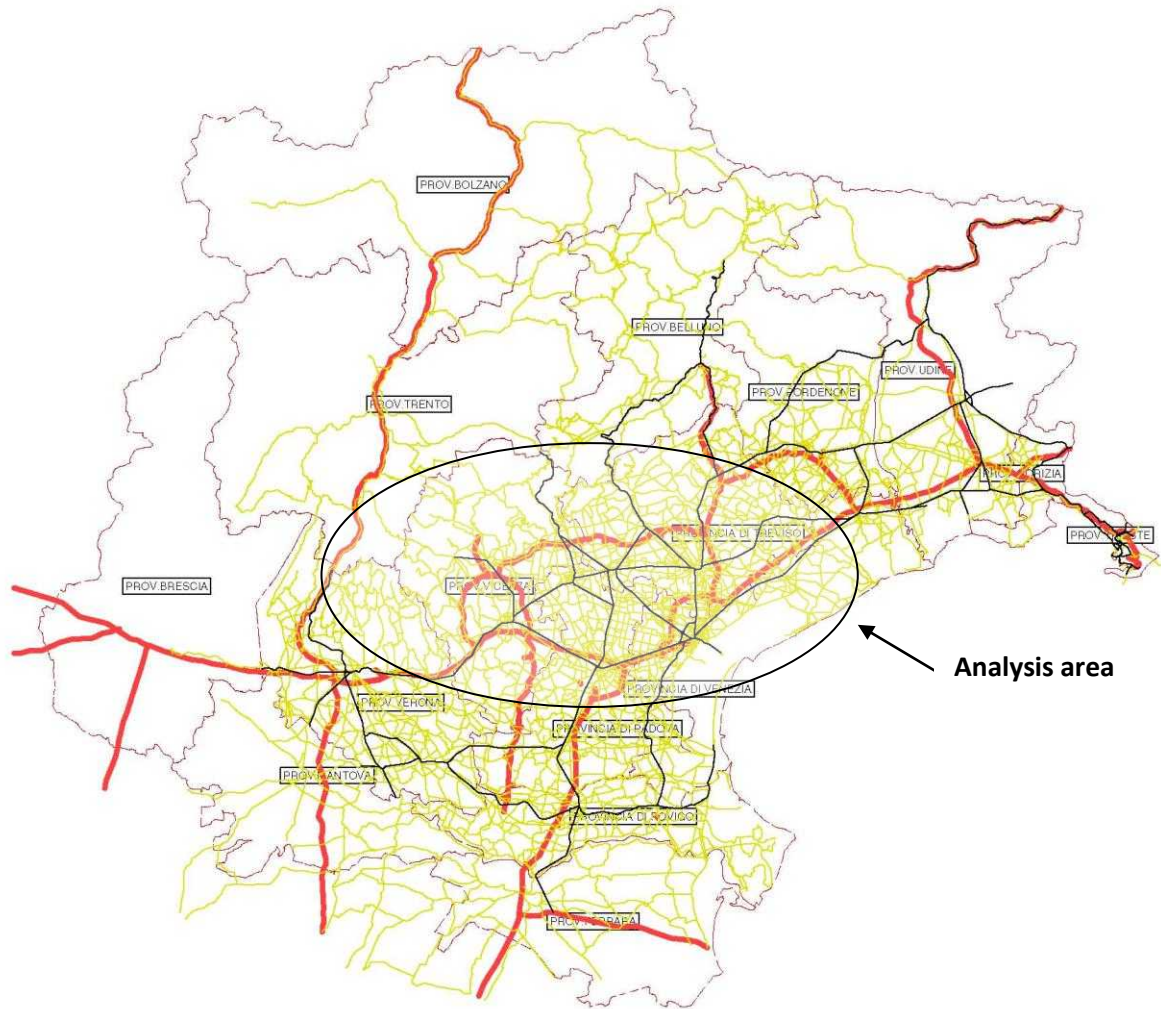


Figure 43: Road network implemented in the simulation model

H.3 GENERAL COST FUNCTIONS

Cost functions are mathematic relations expressing the average value of the general cost or of some of its components, on the basis of physical and functional characteristics of a road- link and of the running flows. The transit general cost can be calculated adding many homogenized components:

- Operating costs proportional to the distance covered;
- Costs for the time taken to cover the itinerary: users give time a certain financial value that allows them to compare, for example, shorter and cheaper but slower itineraries, to longer and more expensive itineraries, but taking less time;
- Possible toll applied to the road segments covered.

In mathematical language all this can be expressed by the following equation:

$$C_{\text{gen}} = \alpha T_{\text{corsa}} + \alpha T_{\text{attesa}} + C_{\text{corsa}} + C_{\text{pedaggio}}$$

where:

- α is time;

- T_{corsa} is the time taken to cover the links of the itinerary (speed, and time taken, depend on the traffic volume);
- T_{attesa} is the node's waiting time, at the junctions or at highway turnpikes;
- C_{corsa} is the operating cost paid by users, proportional to the journey (fuel, lubricant);
- $C_{pedaggio}$ is the possible toll applied (kilometric and/or virtual)

The general cost therefore represents the sum of the different cost entries paid by users making the journey. It reflects the users' gross expense of covering the link.

The time value (α) has been calculated on the basis of estimates originating in many analysis we did and in references to an either national and international bibliography (i.e. PNL – Piano Nazionale della Logistica 2011-2020).

In this study we used the following economic parameters:

- time cost: 20 Euro/h for light vehicles; 27 Euro/h for heavy vehicles;
- operating cost: 0.35 Euro/Km for light vehicles; 0.8 Euro/Km for heavy vehicles.

Eventually we can speak of a virtual toll if we have more tolls applied at specific toll booths or at highway turnpikes that are indirectly linked to the highway journeys done by users (i.e. Venice-West turnpike)

The time taken ("tempo di corsa"), and the waiting time are calculated by the model platform on the basis of the CR (capacity restrains function) of the BPR type, which can be summarized by the expression below:

$$t = t_0 \cdot \left[1 + a \cdot \left(\frac{q}{q_{\max} \cdot c} \right)^b \right]$$

Where:

t : time taken;

t_0 : time taken within an empty network;

q : flow;

q_{\max} : capacity.

The parameters a , b and c imply a set of factors of an link (geometrical characteristics, usage conditions, grade, tortuosity).

c : represents the lanes number in both directions; in the model we always assume $c = 1$, because we consider a priori q_{\max} as the sum of all the lanes' capacity in one direction.

a : represents the incidence of delay caused by the flow compared to the time taken in an empty network. When the flow reaches the capacity of $q = c \cdot q_{\max}$ we get a time taken equal to $t = (1 + a) \cdot t_0$.

b : is the indicator of time flexibility compared to the flow and it's tightly connected to the road's geometrical characteristics. If b grows the curve representing the flow function tends to flatten the first

part and then grow rapidly when $\frac{q}{c \cdot q_{\max}}$ tends towards 1.

H.4 THE FUNCTIONAL ZONING SYSTEM

Zoning is a subdivision of the focus territory into traffic zones and it's used to concentrate in a limited number of spots (zone centroids) all the journeys with origins and destinations spread all over the area of study.

The zoning process has been developed, according to the supply model of the system we had to simulate, following some criteria of territorial, physical, transport and topological homogeneity.

The model includes all the territory of Regione Veneto and part of Regioni Friuli-Venezia Giulia, Trentino-Alto Adige, Emilia-Romagna and Lombardia.

We determined **672 zones** with the following characteristics:

- **572 ZONES** that represent each council in Padua, Treviso, Venice, Rovigo and Vicenza provinces; Belluno is instead a separate zone;
- **40 ZONES** composed by sub-zones representing part of some state capitals (like Padova, Treviso, Venezia and Vicenza), divided in many zones, because of their size and of the residents' distribution over the territory;
- **49 ZONES** represent council/province groups of the neighbouring regions like Emilia-Romagna, Lombardia, Friuli Venezia Giulia and Trentino Alto Adige;
- **11 ZONES** are areas outside the Veneto Region, linked to the long distance itineraries like Brennero, A4 – Italia West, etc..

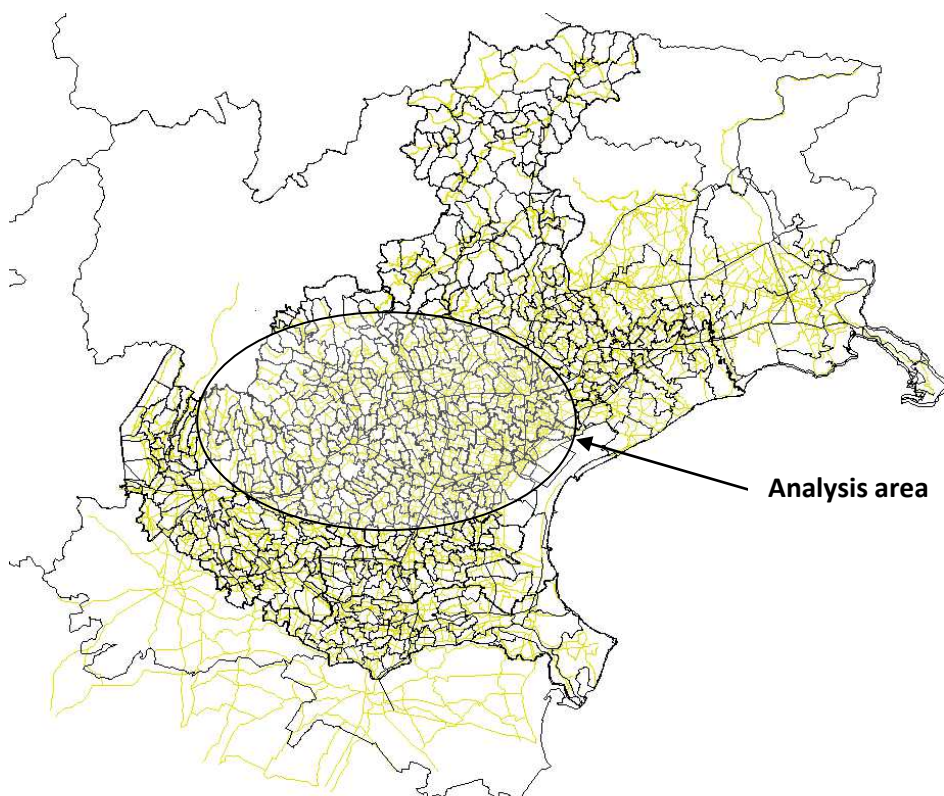


Figure 44: functional zoning of the model structure and of the O/D matrices

H.5 THE CALIBRATION

Every mathematic model intended to estimate future scenarios must be very well calibrated and it has to correspond to the recreation of the current situation.

To calibrate the model we need reliable flow measures on different road links: they allow to change first the network structure and the outflow curves, and then the demand matrix, in order to obtain a correspondence between calculated and measured flows.

First of all, the calibration concerns the transport supply structure: controlling the network, changing the framework of the main nodes, and verifying the turn-penalties. Then we work on the outflow curves: making *running* and *waiting* time calibration on the links, check the assigned capacity, check of time taken crossing the nodes, etc. And at last we have to consider all the possible limit of the demand matrix: the ISTAT matrix is incomplete, all the parts about the occasional usage are missing, and it doesn't consider the main transport options.

We can intervene in all these factors using an iterative process called "of the fastest tangent", that consists in updating the model platform (demand, supply, transport options, etc.) with appropriate "interventions", and at each iteration the biggest difference between observed and calculated flows should be checked.

At the end of the calibration process we obtain an absolutely reliable instrument for projections on planned scenarios.

The results achieved on the model platform implemented for the analysis of the project about the SPV itinerary, show a correlation value R^2 **equal to 0,9183**, which estimates the deviation between real values measured on the existing road network and those estimated by the simulation model. This value indicates that the average deviation between measured and estimated flows is lower than 5%-8% compared to the average flows surveyed in 24h.

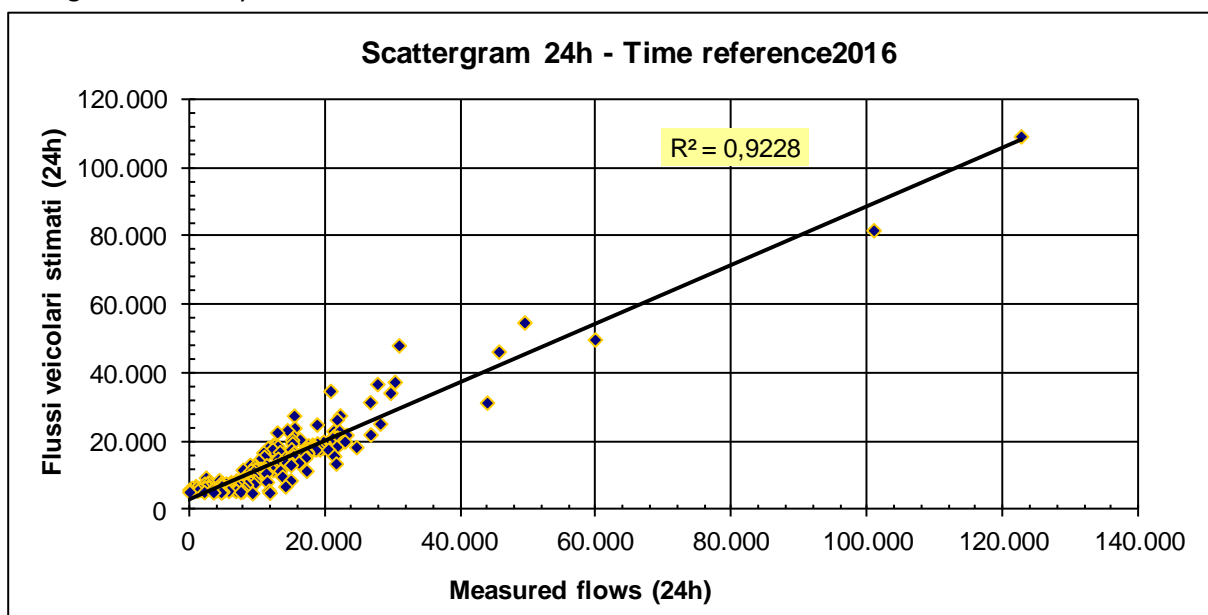


Figure 45: Scattergram: deviation measure between measured and simulated data

APPENDIX I – A COMPARISON WITH PREVIOUS TRAFFIC STUDIES

On the basis of new analysis, surveys and assumptions, this work offers an update of the previous vehicular traffic studies:

- Study by Righetti&Monte (June 2016) on behalf of Cassa Depositi e Prestiti and European Investment Bank;
- Study by Leigh Fisher (July 2016) on behalf of potential investors;
- Note by the Ministry of infrastructure and transport about the study by Righetti&Monte (October 2016).

It's also useful, before comparing the different results, to examine contents and methods of the previous studies.

Study by Righetti & Monte (June 2016):

- Database:

The reference database used to build the model platform is composed by three types of research (2016 data): vehicular traffic surveys on 240 segments in one direction and 120 in both directions on ordinary and highway networks (source: Vicenza and Treviso provinces, 2016 surveys); more than 1.800 interviews to recreate origins-destinations of light vehicles on 4 segments in both directions, within the foothill area; 500 interviews of users' preferences.

- Supply model:

The network is composed by 180.000 links, 79.000 nodes, 1.228 zones and 100 external centroids. We didn't consider any new road work other than the SPV.

- Demand model:

The assigned matrices are three: light vehicles, light commercial vehicles and heavy commercial vehicles. The demand growth rates assumed are reported only for LV and HV matrices, they are equal to 1,70% - 1,74% respectively between 2016 and 2020; 1,28% - 1,32% between 2021 and 2025; ,79% - 0,82% between 2026 and 2035.

- Simulation interval and time lines:

The simulation is run on a hourly basis, at rush hours in the morning (8.00 am-9.00 am) with timelines of 2020-2025-2035.

- Assumptions:

This study analyses a time cost value equal to **9,5€ /h for the light vehicles, 15€/h for the heavy vehicles**; the correlation coefficient between rush hour and average weekday is equal to **12,8 for light vehicles and 13,8 e 16,1 for light and heavy commercial vehicles respectively. 378 and 285** are the annualization factors for light and heavy vehicles respectively in the annual vehicular traffic construction. The study considers also the **ramp-up**, and that traffic will get up to speed in 2025. The work is simulated considering a free flow speed equal to 110km/h, a toll for users equal to **0,217884€/km for light vehicles and to 0,357474€/km for heavy vehicles in 2020**, including exemptions only for the first 21 operating years.

- **Results:**

ADT in 2020 is estimated as equal to **15.218 vehicles/day** (no ramp-up), 24% of which is heavy traffic, and the average transfer from A4 is equal to 6.700 vehicles/day. In 2020 exemption's incidence is equal to 25%, specifically 21,5% of the users get 50% discount, 3,5% have a 100% exemption. With no fare, Righetti & Monte estimates an average traffic of 32.847 vehicles/day in 2020.

Study by Leigh-Fisher (July 2016):

This study is not complete, but it offers some useful guidelines to define the model parameters.

- **Database:**

The reference database to build the model platform is composed by two types of research: vehicular traffic surveys on 16 segments (2010 surveys); more than 1.600 interviews to recreate the light vehicles origin-destination on 3 segments in both directions within the foothill area.

- **Supply model:**

The network is composed by 118 zones and 63 external centroids. In addition to the SPV, in 2030 there are also the Portogruaro – TS 3rd lane on the A4, the Padua-Passante di Mestre 4th lane and the Valdastico North.

- **Demand model:**

The assigned matrices are three: light vehicles, light and heavy commercial vehicles. The demand growth rates assumed are only about the LV and HV matrices, and they are respectively equal to: 2009-2013 -5,9% and 3,0%; 2013-2014 2,30% and 1,10%; 2014-2019 1,70% and 1,80%; 2019-2025 1,60% and 1,40%; 2025-2035 1,10% and 1,20%.

- **Simulation interval and timelines:**

The simulation is run on an hourly basis, at rush hours in the morning (8.00 am-9.00 am) with timelines of 2020-2025-2035.

- **Assumptions:**

This study uses a time cost value equal to **14€ /h for the light vehicles, 17-21€/h for light and heavy commercial vehicles**, divided into sub-categories and making more valuations about operative costs and journey costs; the correlation coefficient between rush hour and average day is equal to 16 for all the vehicular categories, and **365 are the annualization factors both for light and heavy vehicles** within the construction of the annual vehicular traffic. This study considers a **ramp-up**, and that traffic will get up to speed in 2022. The work is simulated considering a free flow speed equal to 130km/h, a toll for users equal to **0,217884€/km for light vehicles and to 0,357474€/km for heavy vehicles in 2020**, including exemptions only for the first 20 operating years.

- **Results:**

ADT estimated is equal to **28.600 vehicles/day** (no ramp-up), 23% of which is heavy traffic, and the average transfer from A4 is equal to 5.200 vehicles/day. The traffic portion generated by SPV is 5%. In 2020 exemption's incidence is equal to 15,6. With no fare, Leigh Fisher estimates an average traffic of 53.500 vehicles/day in 2020.

Note by the Ministry of infrastructure and transport to the study by Righetti (October 2016):

- *Database:*

Information not available.

- *Supply model:*

The representation detail of the network used by Righetti is described as excessive, links have overblown characteristics. The Ministry criticizes the choice of ignoring the Valdastico North, the Veneto and specifically the Vlasugana orbital road system, not considered for the ministerial simulation.

- *Demand model:*

The study used the SIMPT 2015 matrix, that observes only the journey outside the province.

- *Simulation interval and timelines:*

The simulation is run on a daily basis in 2020.

- *Assumptions:*

This study proposes a time cost value equal to **38€ /h for heavy vehicles**, there aren't considerations about the correlation coefficients rush hour-weekday-year. In this note the ramp-up used by Righetti is described as excessive , the average annual demand growth rates instead have been considered as cautious. The work is simulated considering a free flow speed not explicit, with a toll for users equal to **0,102€/km for light vehicles and to 0,136 €/km and 0,1800,33€/km for light and heavy commercial vehicles and for heavy vehicles in 2020.**

- *Results:*

ADT in 2020 is estimated equal to **29.000-32.000 vehicles/day** (25.000 without the journeys between provinces) with a 10% traffic and an average transfer from A4 of more than 10.000 vehicles/day.

The table below shows a synoptic comparison between the main assumptions and the results of the previous studies according to what was used in this report. This comparative analysis is also graphically shown, so it's easier to understand.

COMPARISON TRAFFIC STUDY – METHODOLOGICAL PROSPECT AND ESTIMATES - SUPERSTRADA PEDEMONTANA VENETA

Available and examined documents	RIGHETTI & MONTE (June 2016)	NOTE OF THE MINISTRY OF INFRASTRUCTURE AND TRANSPORT (October 2016)	LEIGH FISCHER (July 2016)	REGIONE VENETO (February 2017)
Reference year	2016	2015	2009 (updated in 2015)	2016
Years of grant	2020-2059		2020-2059	2020-2059
Time interval of simulation	8.00-9.00	0.00-24.00	8.00-9.00	0.00-24.00
Origin/Destination demand matrices	3 matrices LV, LGV, HGV	SIMPT 2015- only journeys out of the province	3 matrices LV, LGV, HGV	2 matrices: LV, HGV
Time cost	LV 9,5€ /h - HV 15€/h	For goods. Ref: De Jong (2015) 38€/h	LV 14€/h - LGV 17 €/h - HGV 21€/h (with specification for subcategories) Operative costs LV --€/h - LGV 0,1 €/h - HGV 0,2€/h Bonus LV 0,028€/h - LGV 0,014 €/h - HV 0,014€/h Another cost assessment about transit: LV 17€/h - LGV 21,60€/h - HGV 26,70€/h Operative costs LV --€/h - LGV 0,1 €/h - HGV 0,2€/h Scaling factor LV 0,25 - HV 0,15	LV 20€/h HGV 27€/h Operative costs 0,35 €/km LV, 0,8 €/km HGV <i>the time cost value for LV refers to the vehicle, assuming an average load factor equal to 1,2 passengers per vehicle.</i>
Simulated network	Only SPV (no other infrastructure in examine)	It observes - Valdastico North ignored as well as the orbital roads in Veneto and in Valsugana, but the Ministry doesn't consider them in the simulation	In 2020: SPV and A4 3 rd lane lot n. 3-4.1; In 2025: Valdastico North, Valsugana, GRAP, Nogara mare, A4 3 rd lane lot n. 2.1; In 2035: SITAVE, A4 3 rd lane lot n. 2.2-2.3	In 2020 - SPV In 2030 - Portogruaro-TS 3 rd lane and Padova-Passante di Mestre 4 th lane In 2030 - Portogruaro-TS 3 rd lane and Padova-Passante di Mestre 4 th lane, Valdastico North
Definition of the model platform and of the supply component	180,000 links 79,000 nodes 1,228 zones 100 external centroids		Number of links and nodes not available 118 zones 63 external centroids	19.000 links 6.600 nodes 672 zones, with 11 external centroids
Simulation time frames	2020-2025-2035	2020	2020-2025-2035	2020-2030-2040
24h/year relationship	378 LV - 285 LGV and HV	-	365	365 LV and 300 HGV
Ramp up	2020: 70% 2021: 80% 2022: 85% 2023: 90% 2024: 95% 2025: 100%	Percentages described as excessive	2020: 90% 2021: 95% 2022: 100%	2020: 85% 2021: 95% 2022: 100%
Transfer from A4	6,700 veich/day	More than 10.000 light vehich/day	5.200 veich/day	4.320 veich/day
Exemptions	Yes		Yes (71 councils, max 21km,	No exemption

	(71 councils, max 21km, students and over 65 people, LV +HV 0-6,00) - 1°-15° per year: -50% residents; -100% students and over 65 people; - 16°-21° per year: - 25% residents		students and over 65 people, LV + HV 0-6,00) - 1°-14° per year: -50% residents; -100% students and over 65 people; - 15°-20° per year: -25% residents																																											
% toll exempts in 2020	21,5% exempt with 50%discount, and 3,5% with100%exemption		15,6%	-																																										
Demand annual average growth rate	<table><tr><td>Years</td><td>LV</td><td>HV</td></tr><tr><td>2016-2020</td><td>1,70%</td><td>1,74%</td></tr><tr><td>2021-2025</td><td>1,28%</td><td>1,32%</td></tr><tr><td>2026-2035</td><td>0,79%</td><td>0,82%</td></tr></table>	Years	LV	HV	2016-2020	1,70%	1,74%	2021-2025	1,28%	1,32%	2026-2035	0,79%	0,82%	Rates described as cautious: uncertain attribution of the two values LV and HV to LV, LGV, HGV	<table><tr><td>Years</td><td>LV</td><td>HV</td></tr><tr><td>2009-2013</td><td>-5,9%</td><td>-3,0%</td></tr><tr><td>2013-2014</td><td>2,30%</td><td>1,10%</td></tr><tr><td>2014-2019</td><td>1,70%</td><td>1,80%</td></tr><tr><td>2019-2025</td><td>1,60%</td><td>1,40%</td></tr><tr><td>2025-2035</td><td>1,10%</td><td>1,20%</td></tr></table>	Years	LV	HV	2009-2013	-5,9%	-3,0%	2013-2014	2,30%	1,10%	2014-2019	1,70%	1,80%	2019-2025	1,60%	1,40%	2025-2035	1,10%	1,20%	<table><tr><td>Year</td><td>LV</td><td>HV</td></tr><tr><td>2020-2029</td><td>2,10%</td><td>2,30%</td></tr><tr><td>2030-2039</td><td>1,40%</td><td>1,80%</td></tr><tr><td>2040-2059</td><td>0,90%</td><td>1,30%</td></tr></table>	Year	LV	HV	2020-2029	2,10%	2,30%	2030-2039	1,40%	1,80%	2040-2059	0,90%	1,30%
Years	LV	HV																																												
2016-2020	1,70%	1,74%																																												
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Year	LV	HV																																												
2020-2029	2,10%	2,30%																																												
2030-2039	1,40%	1,80%																																												
2040-2059	0,90%	1,30%																																												
Surveys	<p>Vehicular traffic surveys in 2016:</p> <p>- 240 segments in one direction</p> <p>- 120 segments in both directions (92 highway – 2015 data - and 28 local = 13 TV, 12 VI, 3 PD)</p> <p>Some of them are within the focus area of the road work:</p> <p>- 37 highway</p> <p>- 28 local, 7 of which have been surveyed in March 2016, 21 deducted from VI and TV data</p>		<p>Vehicular traffic surveys in 2010:</p> <p>- 13 counting sections (5 VI, 7 TV, 1 PD)</p> <p>- counting in 3 interview sections</p>	<p>Vehicular traffic surveys in September-October 2016 on behalf of Regione Veneto:</p> <p>- Redas Engineering data: 51 segments in both directions on an ordinary viability in the foothill area (October 2016)</p> <p>- AREA Engineering – CARICA project data: 32 segments on both directions to the regional hallway; 8 highway segments to the regional hallway</p>																																										
Other researches	<p>1,818 O/D interviews light vehicles on 4 segments in both directions</p> <p>- SP 246 Castelvomberto,</p> <p>- SP 111 Mason,</p> <p>- SR 53 Castelfranco,</p> <p>- SR 53 Istrana</p> <p>500 interviews about light vehicles users' preferences</p> <p>- SR 53 a Cittadella</p>		<p>1.629 O/D interviews on 3 road segments:</p> <p>- SP 246 Montecchio</p> <p>- SP 111 Mason</p> <p>- SR 53 Castelfranco V.</p>	-																																										
VFF SPV	110 km/h		130 km/h	130 km/h																																										

Toll €/km	0,0711€/km LV; 0,11668€/km HV (in 2002, net of Vat and of 57,6 km of additional viability) 0,217884€/km LV 0,357474€/km HV (updated to 2020, with a 2,5% rate in 2020, and with VAT and additional road works) THE FARE CONSIDERS SOME EXEMPTIONS	Objections: - counting on 152 km (and not on 94); - no counting on the real journey - 2,5% annual inflation rate Applies: 0,102 €/km LV 0,136 €/km LGV 0,180 Euro/km HGMV 0,33 €/km HGV	0,0711€/km VL; 0,11668€/km VP (in 2002, net of VAT and of 57,6 km of additional viability) 0,217884€/km VL 0,357474€/km HV (updated to 2020, with a 2,5% rate in 2020, and with VAT and additional road works) THE FARE CONSIDERS SOME EXEMPTIONS	0,1683 €/km LV (-22,8%) 0,3014 €/km HV (-15,7%) (updated to 2020, with a 2,5% rate in 2020, and with VAT and additional road works) THE FARE CONSIDERS SOME EXEMPTIONS
ADT estimate in 2020	15.218 veich/day (no ramp up)	29.000-32.000 (25.000 net of the transfers between provinces)	28.600 veich/day (no ramp up)	27.039 veich/day (no ramp up)
% HV	24% in total =15%HGV+ 9%LGV	about 10%	23%	24%
No toll scenario 2020	+53% 32.847veich/day		+46% 53.500veich/day	+45% 49.000 veich/day
Generated traffic	-		+ 5 %	-

Table 30: comparison of traffic studies

SUPERSTRADA PEDEMONTANA VENETA
SYNOPTIC COMPARISON WITH PREVIOUS TRAFFIC STUDIES

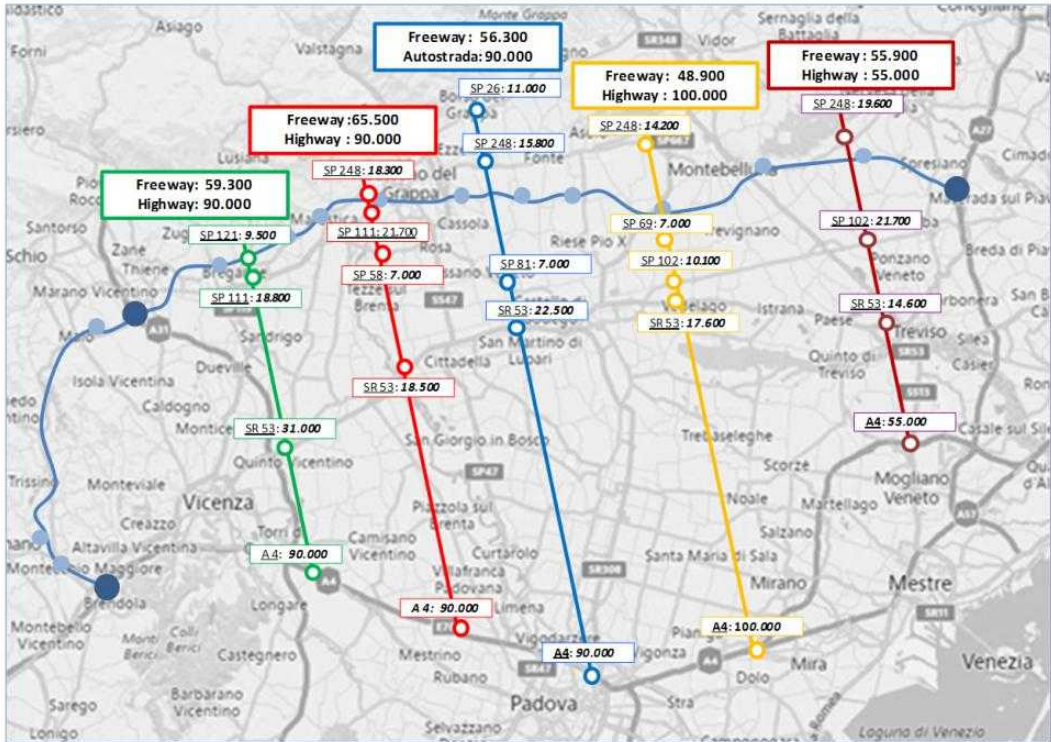
STUDY	ON BEHALF OF	YEAR
Righetti & Monte	Cassa Depositi e Prestiti and European Investment Bank	June-2016
Leigh Fisher	Potential investors	July-2016
Ministry of infrastructure and transport	-	Oct-2016

NEW ANALYSIS, SURVEYS AND ASSUMPTIONS

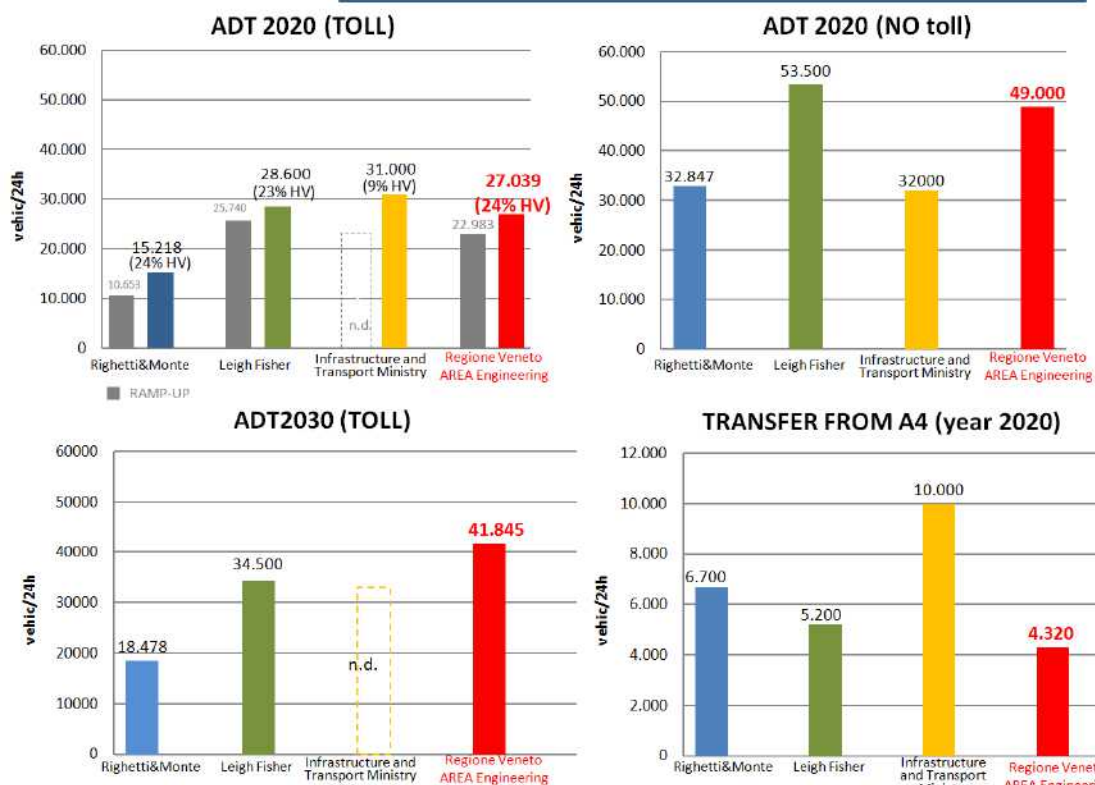
Area Engineering	Regione Veneto	Feb-2017
-------------------------	----------------	----------

CARICA European Project	-> Regional goods matrix at a municipal scale -> 32 new segments on an ordinary viability -> 8 new segments on highway viability
Regione Veneto data (REDAS Engineering)	-> 51 new segments on an ordinary viability in the foothill area
DGR n. 2103 13/12/2016	-> Measures of TRAFFIC CALMING introduced

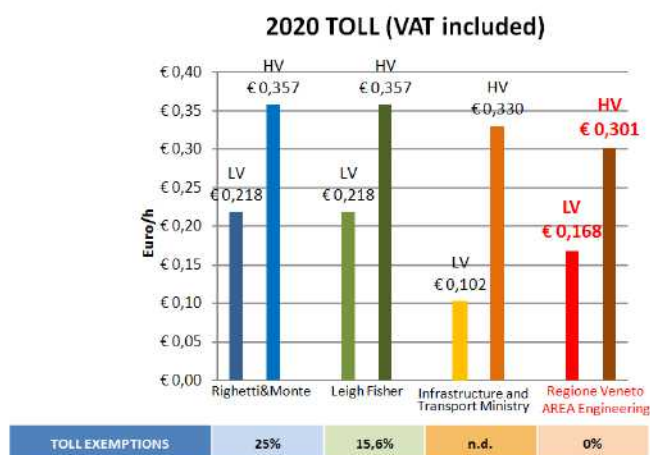
DAILY FLOW 2016 DATA



TRAFFIC FORECAST ON SPV



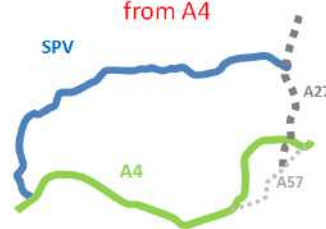
SIMULATION PARAMETERS



Harmonisation of the fares
between A4 and SPV

Interaction SPV-A4

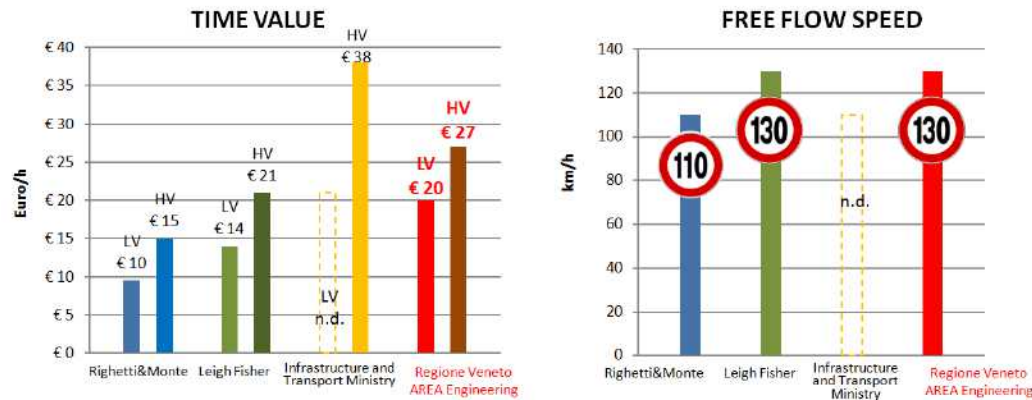
Transfer
from A4



ITINERARY CONEGLIANO-MONTECCHIO M. COMPARISON

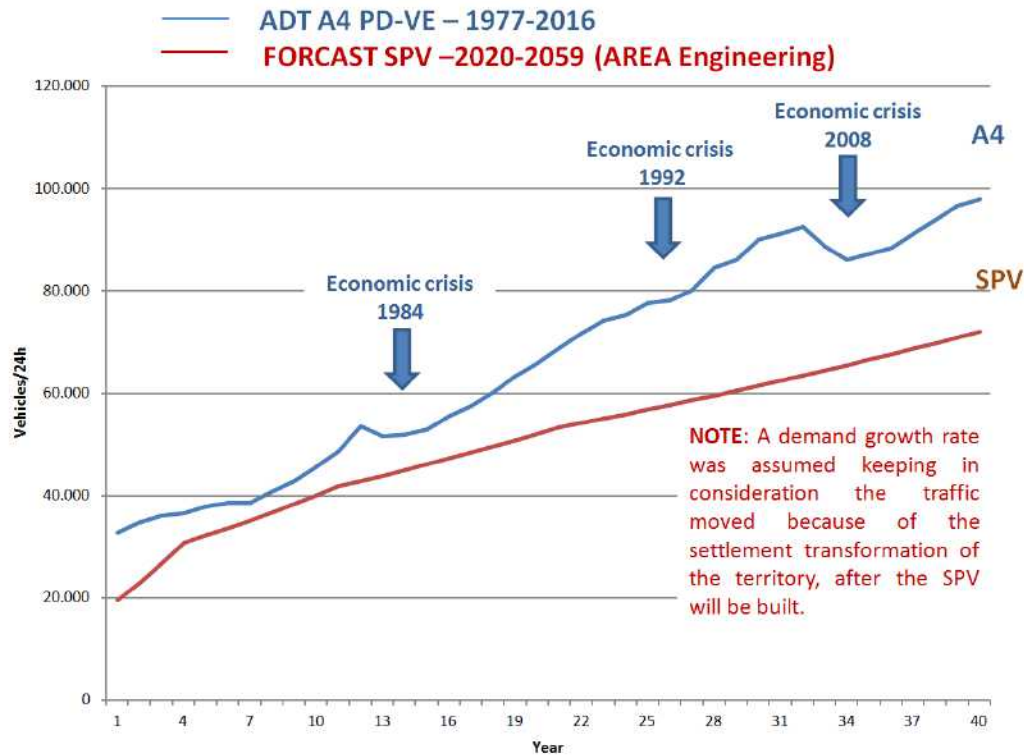
	Light vehicles			Heavy Vehicles		
	A4	SPV	Diff.	A4	SPV	Diff.
Distance (km)	116	105,6	-10,4	116	105,6	-10,40
Toll(€)	10,60	17,43	6,84	14,57	30,57	16,00
Time taken(min)	54	49	-5	77	70	-6,93
Time taken(€)	18	16,3	-1,67	34,80	31,68	-3,12
Additional cost SPV			+5,17 €			+12,88€

SIMULATION PARAMETERS



	RIGHETTI		LEIGH FISHER		MINISTRY		AREA	
	vl	vp	vl	vp	vl	vp	vl	vp
2020-2024	1,28%	1,32%	1,60%	1,40%			2,10%	2,30%
2025-2029	0,89%	0,92%	1,20%	1,24%			2,10%	2,30%
2030-2034	0,79%	0,82%	1,10%	1,20%			1,40%	1,80%
2035-2039	0,79%	0,82%	1,10%	1,20%			1,40%	1,80%
2040-2044					n.d.		0,90%	1,30%
2045-2049							0,90%	1,30%
AVERAGE	0,9%	1,0%	1,3%	1,3%	-	-	1,3%	1,7%

DEMAND TIME COURSE



APPENDIX L – FLOW DIAGRAMS OF THE VEHICLE TRAFFIC

Below are the flow diagrams as a result of the model simulations provided by the PTV Vision Ag’s VISUM software:

- 1. TABLE 1: **Current base year scenario** (current network year 2016);
- 2. TABLE 2: **Scenario n. 1** – year 2020 – current network with the Superstrada Pedemontana Veneta (without a ramp-up);
- 3. TABLE 3: **Difference-network** between **Scenario n.1** and **DO NOTHING** Scenario.

The flow diagrams are an excerpt from the whole simulated road network, considering only the foothill area directly concerned by the scheduled infrastructure construction.
The main road axes are graphically represented using a line thickness that’s directly proportional to the vehicle traffic at stake; the ordinary transit is coloured green, the highway transit is coloured red.

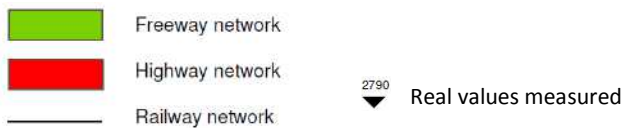
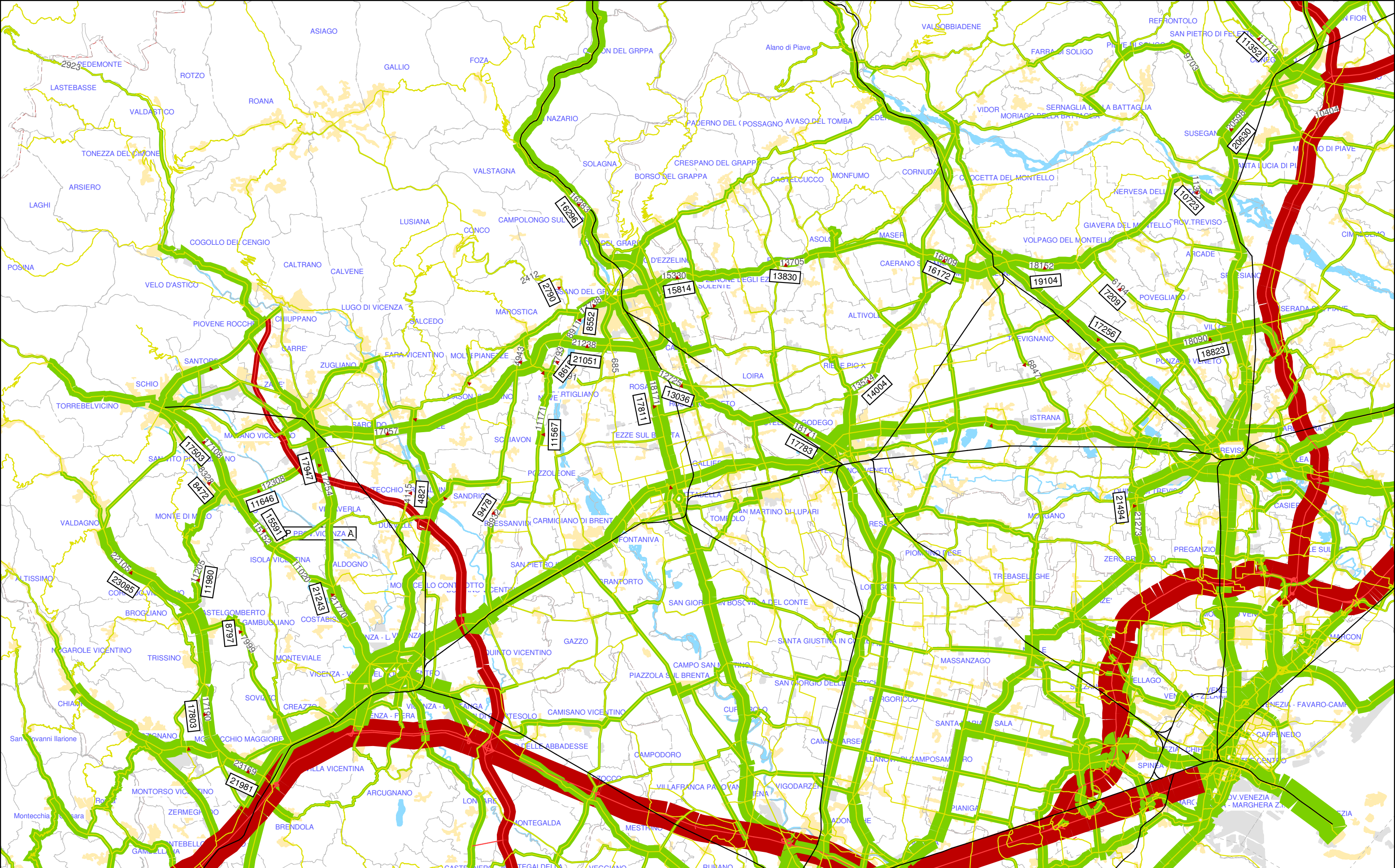


Figure 48: flow diagrams key (TABLE 1 and 2)



Figure 46: Difference-network key (TABLE 3)



Trafficflow diagrams 24h

Hourly interval 00:00 - 24:00

Year 2016

Graphic scale1:250.000

Freeway network

Highway network

Railway network

Urban area

Industrial area

Water way

Traffic flow scale

0	veic/24h
50.000	veic/24h
100.000	veic/24h
150.000	veic/24h
200.000	veic/24h

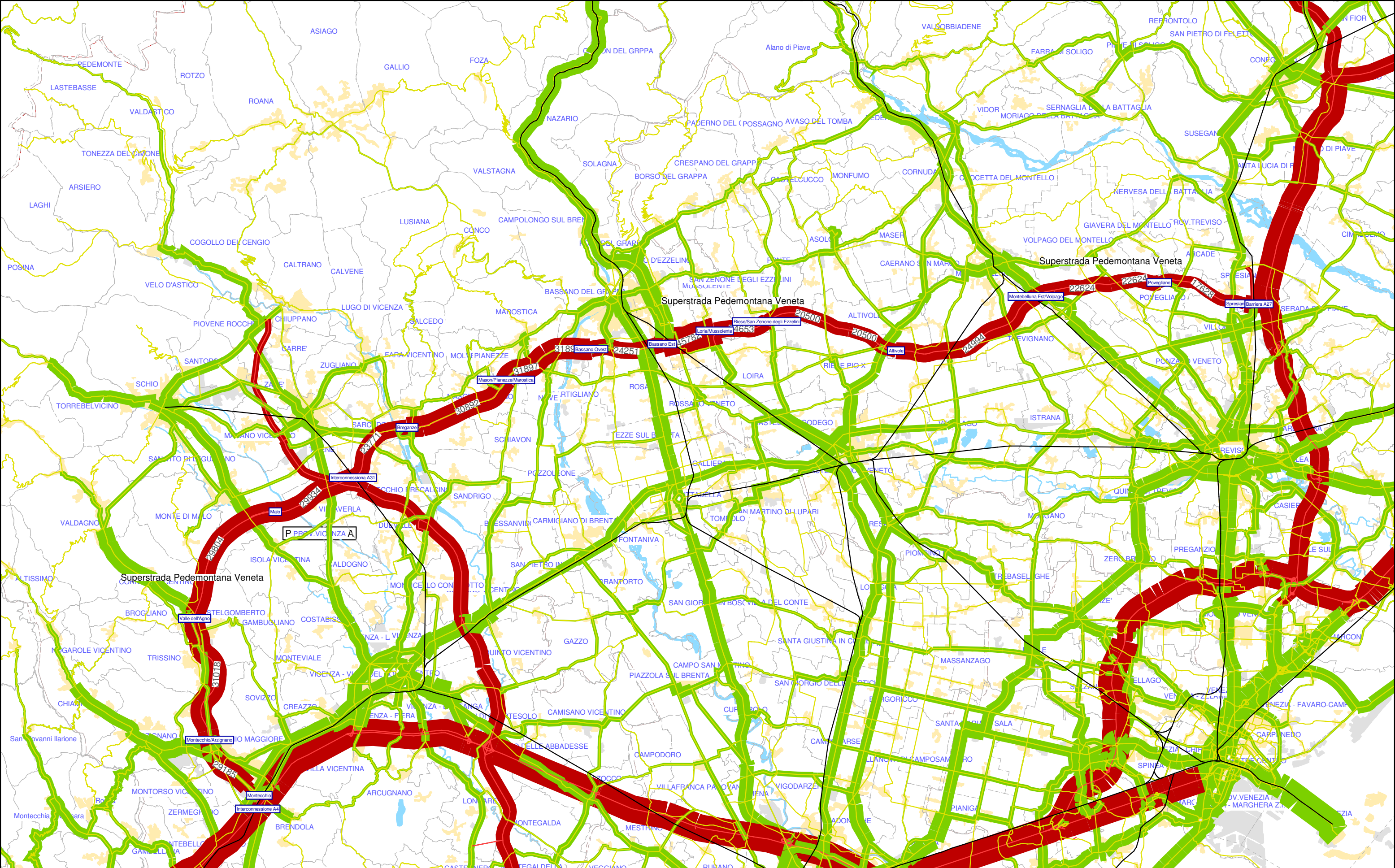
2790

Monitoring points
of traffic flow

TABLE n° 1

CURRENT BASE YEAR SCENARIO

Road Network year 2016



Trafficflow diagrams 24h

Hourly interval 00:00 - 24:00

Year 2020

Graphic scale1:250.000

Freeway network

Highway network

Railway network

Urban area

Industrial area

Water way

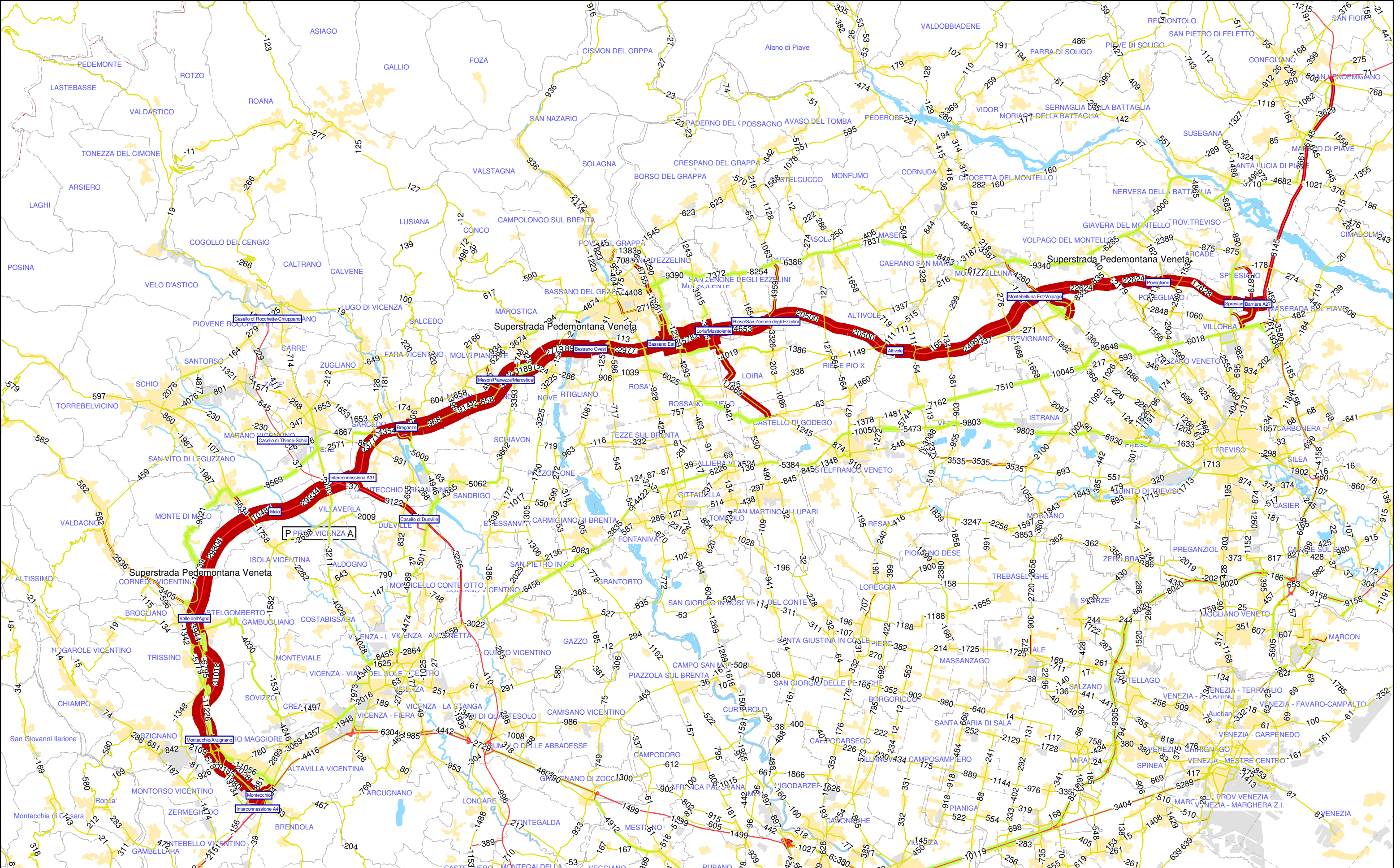
Traffic flow scale

0	veic/24h
50.000	veic/24h
100.000	veic/24h
150.000	veic/24h
200.000	veic/24h

TABLE n° 2

SCENARIO 1 - YEAR 2020

Superstrada Pedemontana Veneta



Different flow network 24h

Hourly interval 00:00 - 24:00

Year 2020

Graphic scale 1:250.000

Increase traffic flow

Decrease traffic flow

Railway network

Urban area

Industrial area

Water way

TABLE n° 3

DIFFERENT FLOW NETWORK- YEAR 2020

SCENARIO 1 - SCENARIO 0 DO NOTHING

APPENDIX 5 – AVAILABILITY FEE

Determination of the Availability Fee for years beyond 2020 pursuant to the Concession Agreement

1. In accordance with art. 21 paragraph 3 of the Concession Agreement the amount of the Availability Fee shall be determined, on an annual basis, for the year of entry into operation of the SPV scheduled for 2020 as € 153,946,814.27 plus VAT.

2. For subsequent years the Availability Fee is calculated according to the following formula:

$$CD_i = CDBASE_i * ci_i$$

Where:

i = year

CD_i = Availability Fee due for year i;

ci_i = inflation-adjustment coefficient calculated according to the following formula:

$$ci_i = \prod_{n=1}^k (1 + 0,5 * P_{i-n})$$

Where

P_i = actual inflation rate ("national consumer price index for families of workers and employees less consumption of tobacco") actually obtained on 30 September of year i

k = number of years elapsed between year 2020 and year i (example, if i = 2030, k = 2030 - 2020 = 10)

CDBASE_i is given by the following formula:

$$CDBASE_i = CDBASE_{i-1} * (1 + t_i)$$

Where:

i = year

CDBASE_i = Availability Fee in 2020 currency value for year i

CDBASE_{i-1} = Availability Fee in 2020 currency value for year i-1

t_i = rate of growth per year as shown in the following table:

Year	Growth rate
2021	6.444%
2022	3.867%
2023	3.884%
2024	3.898%
2025	3.909%
2026	3.923%
2027	3.939%
2028	3.949%
2029	3.963%
2030	3.958%
2031	1.788%
2032	1.792%

2033	1.793%
2034	1.798%
2035	1.800%
2036	1.806%
2037	1.805%
2038	1.814%
2039	1.814%
2040	1.819%
2041	0.921%
2042	0.922%
2043	0.926%
2044	0.928%
2045	0.930%
2046	0.933%
2047	0.936%
2048	0.940%
2049	0.940%
2050	0.945%
2051	0.945%
2052	0.950%
2053	0.952%
2054	0.955%
2055	0.957%
2056	0.959%
2057	0.964%
2058	0.966%
2059	0.967%

In accordance with art. 21 paragraph 8 of the Concession Agreement, if the annual traffic volume on the SPV in terms of equivalent vehicles (i.e. sum of light vehicles - class A - and heavy vehicles - class B 3, 4, 5 - multiplied by 2.5) is higher than the annual equivalent vehicles foreseen and indicated in Attachment G, the Concession-Holder is entitled to receive, as a compensation for the higher maintenance expenses, an increase of the Availability Fee for the relevant year.

The increase of the Availability Fee is calculated as follows:

If the equivalent vehicles in year i (VET_i) exceed a threshold of 5% compared to theoretical equivalent vehicles in year i (VET_i), the Concession-Holder is entitled to receive an increase of the Fee to be calculated according to the following formula:

$$Se \left(\frac{VER_i}{VET_i} - 1 \right) > 0,05$$

Where:

VER_i = Equivalent vehicles detected during year i, calculated as follows:

$$VER_i = VLR_i + 2.5 * VPR_i$$

VLR_i = Detected light vehicles * km travelled on the axis during year i

VPR_i = Detected heavy vehicles * km travelled on the axis during year i

VET_i = Theoretical equivalent vehicles during year i, calculated as follows:

$$VET_i = VLT_i + 2.5 * VPT_i$$

VLT_i = Theoretical light vehicles * km travelled on the axis during year i

VPT_i = Theoretical heavy vehicles * km travelled on the axis during year i

i = year under review

The increase of the Availability Fee (ICD_i) due for year i is therefore given by the following formula:

$$ICD_i = CD_i * 0,3 * \left[\left(\frac{VER_i}{VET_i} - 1 \right) - 0,05 \right]$$

WHERE

CD_i = Availability Fee due for year i calculated as in the above article 1 of this attachment.

Traffic thresholds established by the Grantor for Availability Fee updating purposes

Pedemontana Veneta Highway – *STUDY ON THE TRAFFIC*

Timeframe	Light vehicles	Heavy vehicles	Total AVERAGE flows	Light vehicles*km YEAR	Heavy vehicles*km YEAR	Vehicles*km YEAR	Ramp-UP
2020*	18,474	4,509	22,983	135,521,967	27,188,410	162,710,377	85%
2021	21,519	5,325	26,844	705,725,030	143,550,094	849,275,124	95%
2022	23,610	5,925	29,535	815,068,026	168,107,755	983,175,780	
2023	24,611	6,264	30,875	849,598,329	177,736,915	1,027,335,244	
2024	25,632	6,612	32,244	884,856,659	187,619,088	1,072,475,747	
2025	26,696	6,980	33,676	921,578,211	198,050,709	1,119,628,920	
2026	27,803	7,365	35,169	959,823,706	208,983,108	1,168,806,815	
2027	28,957	7,772	36,729	999,656,390	220,518,976	1,220,175,366	
2028	30,159	8,201	38,360	1,041,142,130	232,691,623	1,273,833,754	
2029	31,411	8,654	40,064	1,084,349,529	245,536,201	1,329,885,730	
2030	32,714	9,131	41,845	1,129,350,034	259,089,799	1,388,439,833	
2031	33,479	9,397	42,876	1,155,735,947	266,635,488	1,422,371,435	
2032	34,262	9,671	43,933	1,182,781,507	274,403,110	1,457,184,616	
2033	35,064	9,953	45,016	1,210,453,732	282,392,663	1,492,846,395	
2034	35,884	10,243	46,127	1,238,758,606	290,635,853	1,529,421,459	
2035	36,752	10,541	47,266	1,267,810,110	299,100,975	1,566,911,084	
2036	37,586	10,850	48,436	1,297,527,243	307,851,438	1,605,378,681	
2037	38,467	11,166	49,633	1,327,937,007	316,823,833	1,644,760,841	
2038	39,370	11,493	50,863	1,359,105,367	326,113,274	1,685,218,640	
2039	40,293	11,830	52,123	1,390,999,338	335,656,351	1,726,655,690	
2040	41,240	12,176	53,416	1,423,684,887	345,484,770	1,769,169,657	
2041	41,846	12,414	54,260	1,444,595,723	352,237,845	1,796,833,568	
2042	42,460	12,657	55,117	1,465,803,400	359,117,738	1,824,921,138	
2043	43,084	12,905	55,989	1,487,340,901	366,156,154	1,853,497,055	
2044	43,718	13,157	56,875	1,509,208,226	373,321,388	1,882,529,614	
2045	44,361	13,414	57,775	1,531,405,375	380,613,441	1,912,018,816	
2046	45,013	13,677	58,690	1,553,932,347	388,064,016	1,941,996,364	
2047	45,675	13,945	59,620	1,576,789,144	395,673,115	1,972,462,259	
2048	46,348	14,219	60,567	1,600,008,747	403,440,736	2,003,449,483	
2049	47,030	14,497	61,527	1,623,558,174	411,335,176	2,034,893,349	
2050	47,723	14,782	62,505	1,647,470,407	419,419,843	2,066,890,250	
2051	48,426	15,071	63,497	1,671,745,446	427,631,328	2,099,376,774	
2052	49,140	15,367	64,507	1,696,383,292	436,033,041	2,132,416,333	
2053	49,864	15,669	65,533	1,721,383,944	444,593,276	2,165,977,220	
2054	50,599	15,977	66,576	1,746,747,402	453,343,739	2,200,091,142	
2055	51,345	16,291	67,636	1,772,506,649	462,252,725	2,234,759,375	
2056	52,102	16,611	68,713	1,798,661,685	471,320,234	2,269,981,919	
2057	52,870	16,938	69,809	1,825,179,527	480,609,675	2,305,789,202	
2058	53,651	17,271	70,922	1,852,126,140	490,057,639	2,342,183,779	
2059**	54,442	17,611	72,053	1,409,576,670	374,771,873	1,784,348,542	

Note:* during the first year of operation the calculation of the veick* km-Year took into account the fact that the infrastructure will get into operation in September;

*Note**:* in the last year the calculation of the veick* km-Year took into account the fact that the Convention will expire in September 2059.

Table 9: calculation of vehicles km on an annual basis.*

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