Public Disclosure Authorized

Public Disclosure Authorized

OFFICIAL
DOCUMENTS

LOAN NUMBER 8679-7E

Loan Agreement

(Trans-Anatolian Natural Gas Pipeline Project)

between

SOUTHERN GAS CORRIDOR CLOSED JOINT STOCK COMPANY (SGC)

and

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

Dated January 16 **, 2017**

LOAN NUMBER 8679-7E

LOAN AGREEMENT

Agreement dated January 16, 2017, between SOUTHERN GAS CORRIDOR CLOSED JOINT STOCK COMPANY (SGC) ("Borrower") and INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT ("Bank").

WHEREAS, the Bank is committed to supporting the Borrower in the development of the Trans-Anatolian Natural Gas Pipeline, with the objective of diversifying Azerbaijan's gas export markets and improving the security of Turkey's and South Eastern Europe's energy supply as more fully described in this Agreement;

WHEREAS, the Borrower is a shareholder of the Trans-Anatolian Natural Gas Pipeline pursuant to its Shareholder Agreement, as defined in this Agreement;

WHEREAS, in furtherance of the development of the Trans-Anatolian Natural Gas Pipeline, the Borrower and TANAP Doğalgaz İletim Anonim Şirketi ("Project Implementing Entity") intends to enter into a Subsidiary Agreement, as defined in this Agreement, for the implementation of the Project described in this Agreement; and

WHEREAS, the Borrower has full authority to enter into and accept the commitments set forth in this Agreement, recognizing that in each instance where the Borrower is called to cause the Project to be implemented and/or to cause the Project Implementing Entity to act, each such instance is within the context of the legal powers of the Borrower to cause such implementation or action as provided by the Shareholders' Agreement and the Subsidiary Agreement.

NOW THEREFORE, the Borrower and the Bank hereby agree as follows:

ARTICLE I — GENERAL CONDITIONS; DEFINITIONS

1.01. The General Conditions (as defined in the Appendix to this Agreement) constitute an integral part of this Agreement.

1.02. Unless the context requires otherwise, the capitalized terms used in this Agreement have the meanings ascribed to them in the General Conditions or in the Appendix to this Agreement.

ARTICLE II — LOAN

2.01. The Bank agrees to lend to the Borrower, on the terms and conditions set forth or referred to in this Agreement, the amount of four hundred million (400,000,000) Dollars, as such amount may be converted from time to time through a Currency Conversion in accordance with the provisions of Section 2.08 of this Agreement ("Loan"), to assist in financing the project described in Schedule 1 to this Agreement ("Project").

2.02. The Borrower may withdraw the proceeds of the Loan in accordance with Section IV of Schedule 2 to this Agreement.

2.03. The Front-end Fee payable by the Borrower shall be equal to one quarter of one percent (0.25%) of the Loan amount.

2.04. The Commitment Charge payable by the Borrower shall be equal to one quarter of one percent (0.25%) per annum on the Unwithdrawn Loan Balance.

2.05. The interest payable by the Borrower for each Interest Period shall be at a rate equal to the Reference Rate for the Loan Currency plus the Fixed Spread; provided, that upon a Conversion of all or any portion of the principal amount of the Loan, the interest payable by the Borrower during the Conversion Period on such amount shall be determined in accordance with the relevant provisions of Article IV of the General Conditions. Notwithstanding the foregoing, if any amount of the Withdrawn Loan Balance remains unpaid when due and such non-payment continues for a period of thirty days, then the interest payable by the Borrower shall instead be calculated as provided in Section 3.02 (e) of the General Conditions.

2.06. The Payment Dates are June 1 and December 1 in each year.

2.07. The principal amount of the Loan shall be repaid in accordance with the amortization schedule set forth in Schedule 3 to this Agreement.

2.08. (a) The Borrower may at any time request any of the following Conversions of the terms of the Loan in order to facilitate prudent debt management: (i) a change of the Loan Currency of all or any portion of the principal amount of the Loan, withdrawn or unwithdrawn, to an Approved Currency; (ii) a change of the interest rate basis applicable to: (A) all or any portion of the principal amount of the Loan withdrawn and outstanding from a Variable Rate to a Fixed Rate, or vice versa; or (B) all or any portion of the principal amount of the Loan withdrawn and outstanding from a Variable Rate based on a Reference Rate and the Variable Spread to a Variable Rate based on a Fixed Reference Rate and the Variable Spread, or vice versa; or (C) all of the principal amount of the Loan withdrawn and outstanding from a Variable Rate based on a Variable

Spread to a Variable Rate based on a Fixed Spread; and (iii) the setting of limits on the Variable Rate or the Reference Rate applicable to all or any portion of the principal amount of the Loan withdrawn and outstanding by the establishment of an Interest Rate Cap or Interest Rate Collar on the Variable Rate or the Reference Rate.

(b) Any conversion requested pursuant to paragraph (a) of this Section that is accepted by the Bank shall be considered a "Conversion", as defined in the General Conditions, and shall be effected in accordance with the provisions of Article IV of the General Conditions and of the Conversion Guidelines.

(c) Promptly following the Execution Date for an Interest Rate Cap or Interest Rate Collar for which the Borrower has requested that the premium be paid out of the proceeds of the Loan, the Bank shall, on behalf of the Borrower, withdraw from the Loan Account and pay to itself the amounts required to pay any premium payable in accordance with Section 4.05 (c) of the General Conditions up to the amount allocated from time to time for the purpose in the table in Section IV of Schedule 2 to this Agreement.

ARTICLE III — PROJECT

3.01. The Borrower declares its commitment to the objective of the Project. To this end, the Borrower shall cause all parts of the Project to be carried out by the Project Implementing Entity in accordance with the provisions of Article V of the General Conditions and the Project Agreement (being for the purposes of the General Conditions, the Project Implementing Entity's "Respective Part").

3.02. Without limitation upon the provisions of Section 3.01 of this Agreement, and except as the Borrower and the Bank shall otherwise agree, the Borrower shall ensure that the Project is carried out in accordance with the provisions of Schedule 2 to this Agreement.

ARTICLE IV — REMEDIES OF THE BANK

4.01. The Additional Events of Suspension consist of the following:

(a) The Project Implementing Entity's Legislation, or any other law, governmental order, regulation, or agreement (including its Articles of Association, the Shareholders' Agreement, the Intergovernmental Agreement, the Host Government Agreement, and the Subsidiary Agreement) that establishes the Project Implementing Entity or that impacts its ability to carry out the Project has been amended, suspended, abrogated, repealed or waived so as to affect materially and adversely the ability of the Project Implementing Entity to perform any of its obligations under the Project Agreement.

(b) The Charter of Southern Gas Corridor Closed Joint-Stock Company, including any relevant legislation, governmental order, regulation or agreement, that establishes the Borrower or that impacts its ability to carry out its obligations under this Agreement is amended, suspended, abrogated, repealed or waived so as to affect materially and adversely the Borrower's ability to perform any of its obligations under the Project.

(c) Any material event concerning one or more of the Associated Projects or the Southern Gas Corridor Program generally arises that would be reasonably likely to have a material adverse effect on the ability of the Project to meet the objective set forth in Schedule 1 of this Agreement.

4.02. The Additional Event of Acceleration consists of the following:

Any event specified in paragraphs (a) or (b) of Section 4.01 of this Agreement occurs and is continuing for a period of sixty (60) days after notice of the event has been given by the Bank to the Borrower.

ARTICLE V — EFFECTIVENESS; TERMINATION

5.01. The Additional Condition of Effectiveness consists of the following: the Subsidiary Agreement has been executed on behalf of the Borrower and the Project Implementing Entity.

5.02. The Additional Legal Matter consists of the following: the Subsidiary Agreement has been duly authorized by the Borrower and the Project Implementing Entity and is legally binding upon the Borrower and the Project Implementing Entity in accordance with its terms.

5.03. The Effectiveness Deadline is the date ninety (90) days after the date of this Agreement.

ARTICLE VI — REPRESENTATIVE; ADDRESSES

6.01. The Borrower's Representative is its General Director.

6.02. The Borrower's Address is:

Southern Gas Corridor CJSC
121 Heydar Aliyev Avenue
SOCAR Tower
4th floor
Baku, AZ1029
Republic of Azerbaijan

Facsimile:

994-12-521-1875

6.03. The Bank's Address is:

International Bank for Reconstruction and Development
1818 H Street, N.W.
Washington, D.C. 20433
United States of America

Telex:	Facsimile:
248423(MCI) or 64145(MCI)	1-202-477-6391

AGREED at Baku, Republic of Azerbaijan, as of the day and year first above written.

SOUTHERN GAS CORRIDOR CLOSED JOINT STOCK COMPANY (SGC)

By _____
Authorized Representative

Name: Afgan Isayev

Title: General Director

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

By _____
Authorized Representative

Name: Mercy Miyang Tembon

Title: Regional Director

SCHEDULE 1

Project Description

The objective of the Project is to diversify Azerbaijan's gas export markets and improve the security of Turkey's and South Eastern Europe's energy supply.

Provision of support to the Borrower in financing its share of the Project, which comprises the following:

1. An onshore and offshore main natural gas pipeline spanning from the Turkey-Georgia Border to the Turkey-Greece border;

2. Two compressor stations along said pipeline for the transmission of 16 billion cubic meters of gas per annum;

3. Gas off-take points at Eskişehir and Thrace;

4. Metering Stations: (a) a custody receiving border metering station at the entry point on the Georgian border, (b) a metering station at Eskişehir off-take point, (c) a metering station at Thrace off-take point, and (d) a custody delivery border metering station at the exit point at Edirne on the Greek border;

5. Pig launcher and receiver facilities: (a) at each compressor station, (b) at the custody receiving border metering station at the entry point, (c) at the custody receiving border metering station at the exit point, (d) at Eskişehir off-take point, (e) at each side of Dardanelle strait crossing, and (f) at three intermediate points along the pipeline route;

6. Forty-nine block valve stations along said pipeline;

7. Communication and control mechanisms: (a) a supervisory control and data acquisition system, and (b) a main control center in Ankara; and

8. Consulting services for Project related technical studies, design, engineering, procurement, construction management, supervision and monitoring.

SCHEDULE 2

Project Execution

Section I. Implementation Arrangements

A. Institutional Arrangements

1. The Borrower shall cause the Project Implementing Entity, through the Subsidiary Agreement, to maintain, at all times during the execution and until Project Completion, responsibilities, structure and functions satisfactory to the Bank and with qualified staff in adequate numbers, for the purposes of carrying out its responsibilities under the Project, including those related to procurement, Loan disbursements, Project financial management, and Project monitoring, evaluation and reporting.

2. The Borrower shall maintain, either itself or through an agent or affiliate acting on its behalf, at all times during the execution and until Project Completion, a dedicated technical team to oversee the implementation of the Project and to liaise with the Project Implementing Entity to facilitate Project implementation, including for the accounting and registering of payments.

3. (a) Recognizing the Borrower's intended sale of seven percent (7%) of its shares in the Project Implementing Entity to SOCAR Turkey Enerji A.Ş, in and of itself will not materially and adversely affect the ability of the Borrower or of the Project Implementing Entity to perform any of its obligations arising under or entered into pursuant to the Loan Agreement or the Project Agreement, or to achieve the objectives of the Project, the Borrower shall promptly, and in any event no later than seven (7) days after such occurrence, notify the Bank, and furnish to the Bank evidence reasonably requested by the Bank, of such sale.

(b) The reduction of the Borrower's shares in the Project Implementing Entity resulting from the sale referred to in Section I.A.3(a) of this Schedule shall, from the effective date of such sale, result in an equivalent reduction in the percentage of the Project expenditures to be financed from the Loan proceeds, as set forth in Section IV.A.2 of Schedule 2 to this Agreement.

(c) The Borrower may withdraw the proceeds of the Loan in accordance with the reduced percentage referred to in Section I.A.3(b) of this Schedule as the Bank shall specify by notice to the Borrower.

B. Subsidiary Agreement

1. To facilitate the carrying out of the Project, the Borrower shall make part of the proceeds of the Loan available to the Project Implementing Entity in accordance

with a subsidiary agreement ("Subsidiary Agreement") between the Borrower and the Project Implementing Entity, under terms and conditions approved by the Bank, which shall include *inter alia:*

(a) the Project Implementing Entity's undertaking to comply with the safeguards, fiduciary and technical requirements applicable to the Project in accordance with the provisions of this Agreement and the Project Agreement;

(b) the Project Implementing Entity's undertaking to carry out the Project activities financed in whole or in part by the proceeds of the Loan in accordance with the provisions of the Anti-Corruption Guidelines, including ensuring that all contractors that will receive proceeds from the Loan have expressly agreed to comply with the provisions of the Anti-Corruption Guidelines, including the Bank's right to inspect all accounts, records and other documents relating to the Project that are required to be maintained pursuant to the Loan Agreement and to have them audited by, or on behalf of, the Bank; and

(c) the Borrower's undertaking to make the necessary proceeds of the Loan available to the Project Implementing Entity.

2. The Borrower shall exercise its rights and carry out its obligations under the Subsidiary Agreement in such manner as to protect the interests of the Borrower and the Bank and to accomplish the purposes of the Loan. Except as the Bank shall otherwise agree, the Borrower shall not assign, amend, abrogate or waive the Subsidiary Agreement or any of its provisions.

C. Anti-Corruption

The Borrower shall ensure, and cause the Project Implementing Entity to ensure, that the Project activities financed in whole or in part by the proceeds of the Loan are carried out in accordance with the provisions of the Anti-Corruption Guidelines.

D. Safeguards

1. Without limitation to the provisions of Section 5.01(b) of the General Conditions, the Borrower shall cause the Project Implementing Entity to carry out the Project in accordance with the provisions and recommendations of the Environmental and Social Impact Assessment ("ESIA") Package, including the Resettlement Action Plans ("RAPs").

2. The Borrower shall ensure, or cause the Project Implementing Entity to ensure, that any contractors carrying out the Project shall perform their work in accordance

with the technical and environmental practices applicable to the Project, as set forth in the ESIA Package, including the RAPs.

Section II. Project Monitoring Reporting and Evaluation

A. Project Reports

The Borrower shall cause the Project Implementing Entity to monitor and evaluate the progress of the Project and prepare Project Reports in accordance with the provisions of Section 5.08 of the General Conditions, and on the basis of indicators confirmed by the Borrower and the Project Implementing Entity and acceptable to the Bank. Each Project Report shall cover the period of one month, and shall be furnished to the Bank not later than one month after the end of the period covered by such report.

B. Financial Management, Financial Reports and Audits

1. The Borrower shall maintain, and cause the Project Implementing Entity to maintain, a financial management system in accordance with the provisions of Section 5.09 of the General Conditions.

2. Without limitation on the provisions of Part A of this Section, the Borrower shall prepare and furnish to the Bank not later than forty-five (45) days after the end of each calendar quarter, interim unaudited financial reports for the Project covering the quarter, in form and substance satisfactory to the Bank.

3. The Borrower shall prepare its entity financial statements and the Project Financial Statements in accordance with accounting standards acceptable to the Bank. The Borrower shall have its entity financial statements, and shall cause the Project Implementing Entity to have the Project Financial Statements, audited in accordance with the provisions of Section 5.09(b)(i) of the General Conditions. Pursuant to Section 5.09(b)(ii) of the General Conditions, each audit of the Borrower's entity financial statements and of the Project Financial Statements shall cover the period of one fiscal year of the Borrower and the Project, respectively. The audited entity financial statements and audited Project Financial Statements for each such period shall be furnished to the Bank not later than seven (7) months after the end of such period, and pursuant to Section 5.09(b)(iii) of the General Conditions, the Project Financial Statements shall be made publicly available in an abridged form agreeable to the Borrower and the Bank.

Section III. Procurement

A. All goods, works, non-consulting services and consulting services required for the Project and to be financed out of the proceeds of the Loan shall be procured in accordance with the requirements set forth or referred to in the Procurement Regulations and the provisions of the Procurement Plan.

B. Contracts for goods, works, non-consulting services and consulting services: (a) that are included in the Procurement Plan, dated November 3, 2016 (as they have been determined by the Bank to be directly related to the Project, and procured by the Project Implementing Entity in accordance with Section V, paragraphs 5.1 and 5.2, *Advance Contracting and Retroactive Financing,* of the Procurement Regulations); and (b) whose related contractors, suppliers and consultants have agreed to comply with the Anti-Corruption Guidelines, as required under Section I.B of the Schedule to the Project Agreement, are eligible for Bank financing.

Section IV. Withdrawal of Loan Proceeds

A. General

1. The Borrower may withdraw the proceeds of the Loan in accordance with the provisions of Article II of the General Conditions, this Section, and such additional instructions as the Bank shall specify by notice to the Borrower (including the "World Bank Disbursement Guidelines for Projects" dated May 2006, as revised from time to time by the Bank and as made applicable to this Agreement pursuant to such instructions), to finance Eligible Expenditures as set forth in the table in paragraph 2 below.

2. The following table specifies the categories of Eligible Expenditures that may be financed out of the proceeds of the Loan ("Category"), the allocation of the amounts of the Loan to each Category, and the percentage of expenditures to be financed for Eligible Expenditures in each Category.

Category	Amount of the Loan Allocated (expressed in USD)	Percentage of Expenditures to be financed (inclusive of Taxes)
(1) Goods, works, non-consulting services, and consulting services for the Project	399,000,000	58% (subject to the Borrower's maintenance of its 58% share in the Project Implementing Entity) 51% (as of the date of the Borrower's sale of 7% of its shares in the Project Implementing Entity to SOCAR Turkey, pursuant to Section I.A.3(b) and 3(c) of this Schedule)
(2) Front-end Fee	1,000,000	Amount payable pursuant to Section 2.03 of this Agreement in accordance with Section 2.07 (b) of the General Conditions
(3) Interest Rate Cap or Interest Rate Collar premium		Amount due pursuant to Section 2.08(c) of this Agreement
TOTAL AMOUNT	**400,000,000**	

B. Withdrawal Conditions; Withdrawal Period

1. Notwithstanding the provisions of Part A of this Section, no withdrawal shall be made for payments made prior to the date of this Agreement, except that withdrawals up to an aggregate amount not to exceed $240,000,000 may be made for payments made prior to this date but on or after July 1, 2015, for Eligible Expenditures under Category (1).

2. The Closing Date is July 31, 2021.

SCHEDULE 3
Amortization Schedule

1. The following table sets forth the Principal Payment Dates of the Loan and the percentage of the total principal amount of the Loan payable on each Principal Payment Date ("Installment Share"). If the proceeds of the Loan have been fully withdrawn as of the first Principal Payment Date, the principal amount of the Loan repayable by the Borrower on each Principal Payment Date shall be determined by the Bank by multiplying: (a) Withdrawn Loan Balance as of the first Principal Payment Date; by (b) the Installment Share for each Principal Payment Date, such repayable amount to be adjusted, as necessary, to deduct any amounts referred to in paragraph 4 of this Schedule, to which a Currency Conversion applies.

Principal Payment Date	**Installment Share (Expressed as a Percentage)**
On each June 1 and December 1 Beginning June 1, 2022 through December 1, 2046	2%

2. If the proceeds of the Loan have not been fully withdrawn as of the first Principal Payment Date, the principal amount of the Loan repayable by the Borrower on each Principal Payment Date shall be determined as follows:

   (a) To the extent that any proceeds of the Loan have been withdrawn as of the first Principal Payment Date, the Borrower shall repay the Withdrawn Loan Balance as of such date in accordance with paragraph 1 of this Schedule.

   (b) Any amount withdrawn after the first Principal Payment Date shall be repaid on each Principal Payment Date falling after the date of such withdrawal in amounts determined by the Bank by multiplying the amount of each such withdrawal by a fraction, the numerator of which is the original Installment Share specified in the table in paragraph 1 of this Schedule for said Principal Payment Date ("Original Installment Share") and the denominator of which is the sum of all remaining Original Installment Shares for Principal Payment Dates falling on or after such date, such amounts repayable to be adjusted, as necessary, to deduct any amounts referred to in paragraph 4 of this Schedule, to which a Currency Conversion applies.

3. (a) Amounts of the Loan withdrawn within two calendar months prior to any Principal Payment Date shall, for the purposes solely of calculating the principal amounts payable on any Principal Payment Date, be treated as

withdrawn and outstanding on the second Principal Payment Date following the date of withdrawal and shall be repayable on each Principal Payment Date commencing with the second Principal Payment Date following the date of withdrawal.

(b) Notwithstanding the provisions of sub-paragraph (a) of this paragraph, if at any time the Bank adopts a due date billing system under which invoices are issued on or after the respective Principal Payment Date, the provisions of such sub-paragraph shall no longer apply to any withdrawals made after the adoption of such billing system.

4. Notwithstanding the provisions of paragraphs 1 and 2 of this Schedule, upon a Currency Conversion of all or any portion of the Withdrawn Loan Balance to an Approved Currency, the amount so converted in the Approved Currency that is repayable on any Principal Payment Date occurring during the Conversion Period, shall be determined by the Bank by multiplying such amount in its currency of denomination immediately prior to the Conversion by either: (i) the exchange rate that reflects the amounts of principal in the Approved Currency payable by the Bank under the Currency Hedge Transaction relating to the Conversion; or (ii) if the Bank so determines in accordance with the Conversion Guidelines, the exchange rate component of the Screen Rate.

5. If the Withdrawn Loan Balance is denominated in more than one Loan Currency, the provisions of this Schedule shall apply separately to the amount denominated in each Loan Currency, so as to produce a separate amortization schedule for each such amount.

APPENDIX

Section I. Definitions

1. "Anti-Corruption Guidelines" means the "Guidelines on Preventing and Combating Fraud and Corruption in Projects Financed by IBRD Loans and IDA Credits and Grants", dated October 15, 2006 and revised in January 2011 and as of July 1, 2016.

2. "Associated Projects" means the three infrastructure projects associated with the Project, namely (a) the Shah Deniz 2 gas field in Azerbaijan, (b) the South Caucasus Pipeline Expansion to run through Azerbaijan and Georgia to Turkey's eastern border, and (c) the Trans-Adriatic Pipeline to run from Turkey's western border through Greece and Albania to Italy, all of which, together with the Trans-Anatolian Natural Gas Pipeline, collectively form the Southern Gas Corridor Program.

3. "Biodiversity Action Plan" or "BAP" means the Project Implementing Entity's Biodiversity Action Plan for the Project.

4. "Category" means a category set forth in the table in Section IV of Schedule 2 to this Agreement.

5. "Charter of Southern Gas Corridor Closed Joint-Stock Company" means the document dated March 2014, which was registered on March 31, 2014, with Ministry of Taxes of the Republic of Azerbaijan, State Registrar's Office of Commercial Legal Entities under Baku City, Registration Number 1701605251, and which sets forth the legal framework of the Borrower, as may be amended from time to time.

6. "Environmental and Social Impact Assessment" or "ESIA" means the report, prepared and endorsed by the Project Implementing Entity, setting forth the guidelines and procedures to assess and address the environmental impacts (including impacts on physical cultural resources) of Project activities (including works to be performed).

7. "Environmental and Social Management Plans" or "ESMPs" means the plans, adopted by the Project Implementing Entity for the Project, including its environmental and social action plan, environmental and social monitoring plan, and cultural heritage management plan, construction contractors' environmental sub-management plans, pursuant to the Project's Environmental and Social Impact Assessment, in respect of activities to be carried out by the Project Implementing Entity under the Project; such plans define the detailed measures to manage potential environmental and social risks and mitigate, reduce and/or offset adverse environmental and social impacts associated with the implementation of said activities under the Project, together with adequate institutional, monitoring and

reporting arrangements capable of ensuring proper implementation of, and regular feedback on compliance with, its terms, as the same may be amended and supplemented from time to time.

8. "ESIA Package" means the package of social and environmental safeguard documents for the Project that was disclosed on the Project Implementing Entity's website on July 22, 2016, and disclosed through the Bank's external website on July 29, 2016, and that consists of: (a) the ESIA (updated and disclosed on the Project Implementing Entity's website on October 12, 2016, and on the Bank's external website on October 24, 2016); (b) the BAP (updated and disclosed on the Project Implementing Entity's website on October 12, 2016, and on the Bank's external website on October 24, 2016); (c) the RAPs (updated and disclosed on the Project Implementing Entity's website on October 26, 2016 (in English) and on November 4, 2016 (in Turkish), and on the Bank's external website on October 31, 2016 (in English); and (d) the ESMPs, all such documents as defined in this Annex and found acceptable to the Bank, and as such documents may be amended from time to time.

9. "General Conditions" means the "International Bank for Reconstruction and Development General Conditions for Loans", dated March 12, 2012, with the modifications set forth in Section II of this Appendix.

10. "Host Government Agreement" means the "Host Government Agreement between the Government of the Republic of Turkey and The Trans Anatolian Gas Pipeline Company B.V. Concerning Trans-Anatolian Natural Gas Pipeline System" (as defined under the term "Project Implementing Entity's Legislation" herein), as may be novated and/or amended from time to time.

11. "Intergovernmental Agreement" means the Intergovernmental Agreement between the Government of the Republic of Turkey and the Government of the Republic of Azerbaijan Concerning the Trans-Anatolian Natural Gas Pipeline System (as defined under the term "Project Implementing Entity's Legislation" herein), as may be amended from time to time.

12. "Procurement Plan" means the Project Implementing Entity's procurement plan for the Project, dated November 3, 2016, and provided for under Section IV of the Procurement Regulations, as the same may be updated from time to time in agreement with the Bank.

13. "Procurement Regulations" means the "World Bank Procurement Regulations for Borrowers under Investment Project Financing", dated July 1, 2016.

14. "Project Completion" means the start of commercial operations of the Project.

15. "Project Implementing Entity" means TANAP Doğalgaz İletim Anonim Şirketi (or TANAP Natural Gas Transmission Company), duly incorporated in Turkey

and registered in Ankara Trade Registry, No. 322965, whose Articles of Association were initially published in the Turkey Trade Registry Gazette, dated December 24, 2012, as may be amended from time to time.

16. "Project Implementing Entity's Legislation" means the Project Implementing Entity's Articles of Association referred to in paragraph 15 of this Annex, the "Intergovernmental Agreement Between the Government of the Republic of Turkey and the Government of the Republic of Azerbaijan Concerning The Trans-Anatolian Natural Gas Pipeline System" and its attachment "Host Government Agreement between the Government of the Republic of Turkey and Trans Anatolian Gas Pipeline Company B.V. Concerning The Trans Anatolian Natural Gas Pipeline System," both signed on June 26, 2012, and approved by the Republic of Turkey pursuant to its Law No. 6375, dated January 2, 2013 (Law No. 6375 was published in the Republic of Turkey's Official Gazette on January 17, 2013, and the Agreements were published in said Official Gazette on March 19, 2013), in each case as may be novated and/or amended from time to time.

17. "Resettlement Action Plans" or "RAPs" means the documents, adopted by the Project Implementing Entity for the Project's route and for the Project's above-ground installations, as mandated by the ESIA and/or the Project Agreement, including any addendums, containing, *inter alia*, a program of actions, measures and policies for compensation and resettlement of persons, including compensation and resettlement arrangements, budget and cost estimates, and sources of funding, together with adequate institutional, monitoring and reporting arrangements capable of ensuring proper implementation of, and regular feedback on compliance with its terms for each site.

18. "Shareholders' Agreement" means the Shareholder's Agreement Relating To The Trans-Anatolian Gas Pipeline Project, dated March 13, 2015, as may be amended from time to time.

19. "Southern Gas Corridor Program" means the program consisting of the Project and the Associated Projects.

20. "SOCAR Turkey Enerji A.Ş" or "SOCAR Turkey" means the company duly incorporated in Turkey, and registered in the Istanbul Trade Registry, No. 609880, whose Articles of Association were initially published in the Turkey Trade Registry Gazette, dated December 28, 2006, as may be amended from time to time.

21. "Subsidiary Agreement" means the agreement referred to in Section I.B of Schedule 2 to this Agreement.

Section II. Modifications to the General Conditions

The General Conditions are hereby modified as follows:

1. In the **Table of Contents**, the references to Sections, Section names and Section numbers are modified to reflect the modifications set forth in the paragraphs below.

2. Section 3.01. (*Front-end Fee*) is modified to read as follows:

> "Section 3.01. *Front-end Fee; Commitment Charge*
>
> (a) The Borrower shall pay the Bank a front-end fee on the Loan amount at the rate specified in the Loan Agreement (the "Front-end Fee").
>
> (b) The Borrower shall pay the Bank a commitment charge on the Unwithdrawn Loan Balance at the rate specified in the Loan Agreement (the "Commitment Charge"). The Commitment Charge shall accrue from a date sixty days after the date of the Loan Agreement to the respective dates on which amounts are withdrawn by the Borrower from the Loan Account or cancelled. The Commitment Charge shall be payable semi-annually in arrears on each Payment Date."

3. In the Appendix, **Definitions**, all relevant references to Section numbers and paragraphs are modified, as necessary, to reflect the modification set forth in paragraph 2 above.

4. The Appendix is modified by inserting a new paragraph 19 with the following definition of "Commitment Charge", and renumbering the subsequent paragraphs accordingly:

> "19. "Commitment Charge" means the commitment charge specified in the Loan Agreement for the purpose of Section 3.01(b)."

5. In the renumbered paragraph 49 (originally paragraph 48) of the Appendix, the definition of "Front-end Fee" is modified by replacing the reference to Section 3.01 with Section 3.01 (a).

6. In the renumbered paragraph 68 (originally paragraph 67) of the Appendix, the definition of the term "Loan Payment" is modified to read as follows:

> "68. "Loan Payment" means any amount payable by the Loan Parties to the Bank pursuant to the Legal Agreements or these General Conditions, including (but not limited to) any amount of the Withdrawn Loan Balance, interest, the Front-end Fee, the Commitment Charge, interest at the Default Interest Rate (if any), any prepayment premium, any transaction fee for a Conversion or early termination of a Conversion, the Variable Spread

Fixing Charge (if any), any premium payable upon the establishment of an Interest Rate Cap or Interest Rate Collar, and any Unwinding Amount payable by the Borrower."

7. In the renumbered paragraph 73 (originally paragraph 72) of the Appendix, the definition of "Payment Date" is modified by deleting the word "is" and inserting the words "and Commitment Charge are" after the word "interest".