June 15, 2017

His Excellency
Zdravko Marić
Minister of Finance
Ministry of Finance
Zagreb
Republic of Croatia

Marino Juretic Acting Executive Director
Port of Rijeka Authority
51000 Rijeka
Republic of Croatia

Re: Republic of Croatia: Second Rijeka Gateway Project (Loan 7638-HR)
Amendment No. 3 to the Loan Agreement

Dear Minister Marić and Acting Director Juretic:

We refer to the Loan Agreement ("Loan Agreement") between the International Bank for Reconstruction and Development ("Bank") and the Port of Rijeka Authority ("Borrower"), dated April 17, 2009 and amended on January 30, 2014 and July 11, 2016, and to the Guarantee Agreement ("Guarantee Agreement") between the Republic of Croatia ("Guarantor") and the Bank also dated April 17, 2009, for the above-referenced project ("Project"). Reference is also made to the letter dated February 23, 2017, from the Minister of Finance to the World Bank, requesting a restructuring of the Project to extend the Closing Date, set forth an action plan ("Action Plan") which comprises a series of steps to be carried out by the extended Closing Date, and modify the Project's development objective ("PDO") and description.

Therefore, in order to modify the PDO and Project description, extend the Closing Date and reflect the proposed Action Plan, we suggest to amend the Loan and Guarantee Agreements as follows:

LOAN AGREEMENT

A. Schedule I

The PDO is amended to read:

"The objective of the Project is to develop the capacity, financial performance, and quality of services in the port of Rijeka to meet growing traffic demand, through public-private partnerships."

B. Schedule I, Part 1 is amended to read as follows:

"Provision of civil works to extend the existing Brajdica Container terminal by about three hundred thirty (330) meters in length and to build a Zagreb Container Terminal of about four hundred (400) meters in length."
C. **Schedule 2, Section IV. B.2:**

   The Closing Date is extended and therefore modified to read as follows:

   "The Closing date is December 31, 2018."

D. **Schedule 2, Section V:**

   The following covenant is inserted to read as follows:

   "(c) The Borrower shall, to the satisfaction of the Bank:

   (i) launch the Zagreb Container Terminal (ZCT) concession tender by no later than December 31, 2017; (ii) sign the contract for technical assistance on Port Community System (PCS) under the Connecting Europe Facility (CEF) by no later than January 15, 2018, subject to approval of the PCS by CEF by no later than August 31, 2017; and (iii) carry out the ZCT Intermodal Yard works in accordance with the Borrower’s safeguards plan for such works, dated July 2014.

E. **APPENDIX**

   The following definitions are inserted in alphabetical order and the existing definitions are re-numbered as needed, namely:

   "CEF” means the Connecting Europe Facility, a funding instrument of the European Union to promote growth, jobs and competitiveness through targeted infrastructure investment at European level.

   “D403 Road” means the road link between the Škulinje interchange of motorway A7 and the Zagreb Container Terminal (ZCT) west of Rijeka port.

   “PCS” means port community system, an electronic platform that enables secure exchange of information between public and private stakeholders in a port facility.

   “ZCT” means Zagreb Container Terminal, located in the north section of the Rijeka port facility.

   “ZCT Intermodal Yard” means the section adjacent to the ZCT with rail tracks providing rail transport of containers in and out of the port facility.

**GUARANTEE AGREEMENT**

A new Article III –Other Undertakings Section 3.01 is added, to read as follows:

"The Guarantor through its ministry in charge of transport shall ensure, or cause, to the satisfaction of the Bank:

   (i) the launching of the civil works procurement for the ZCT Intermodal Yard by no later than July 31, 2017; (ii) confirmation of the committed financing
source for the construction of the entire D403 Road by no later than September 30, 2017; (iii) completion of the main design and environmental study for the entire D403 Road by no later than December 31, 2017; (iv) completion of the bidding documents for the civil works procurement for the entire D403 Road by no later than May 31, 2018; (v) commencement of the civil works procurement for the entire D403 Road by no later than July 31, 2018; and (vi) carrying out of such D403 Road civil works and any land acquisition and/or resettlement required therefor in a manner compliant with environmental and social impact mitigation processes and documentation (including the preparation of a Resettlement Policy Framework by not later than September 30, 2017), duly disclosed and consulted, all satisfactory to the Bank.

The subsequent Article III and Sections thereunder are renumbered accordingly.

All the other terms and conditions of the Loan or Guarantee Agreements that have not been amended shall remain unchanged and in full force and effect.

Please confirm your agreement to the foregoing amendments by signing and dating three originals of this amendment letter and returning one fully signed original to us. The provisions of this amendment letter shall become effective as of the date of your last countersignature, upon receipt by the World Bank of one fully countersigned original thereof.

Sincerely,

[Signature]

Country Director

ECCEU

CONFIRMED AND AGREED:

PORT OF RIJEKA AUTHORITY
Borrower

By: [Signature]

Name: [Name]

Title: [Title]

Date: [Date]

REPUBLIC OF CROATIA
Guarantor

By: [Signature]

Name: [Name]

Title: [Title]
Date: June 15, 2017