

## **Land Acquisition negotiations: Questions and Answers (24 December 2014)**

### **1. How the valuation of land was conducted?**

The Company has engaged an independent appraiser to conduct the valuation of the land plots and the crops in accordance with the standards required by the current shareholders and the lending institutions. Land valuation was carried out by an experienced Armenian valuer familiar with both Armenian law and international requirements, under oversight from an international land acquisition specialist. In contrast with usual Armenian practice, land is valued separately from crops and trees, in line with usual international requirements. Valuation of land is based on the comparative method. So-called “analogue” transactions were identified and calculations were made to arrive at a reasonable replacement value for each of the main three categories of land, i.e. (1) arable, (2) gardens and orchards, and (3) pasture and hay land.

### **2. How the valuation of crops was conducted?**

Trees are valued based on the income loss method: compensation is meant to offset the loss of income experienced by the tree owner before the sale of the land plot. Several factors, such as the age of trees, productivity and the expenses incurred to plant and grow the trees (fertilizing, treatment, pruning etc.) were taken into account during the valuation.

### **3. What kind of comparable land plots and/or transactions have been analyzed to conduct the valuation? Where are these land plots located?**

For our valuation purposes we have taken into account the transactions that have taken place recently (during the last 2-3 years?) in Syunik and Vayots Dzor regions. We have also compared and upgraded the results taking account of transactions and compensation prices in similar projects in Armenia and more broadly in the region.

### **4. Does every body get the same compensation amount or can I bargain?**

The Company, in line with international requirements, wants a transparent and fair compensation process. There is no favoritism. For the same asset two different landowners will get the same compensation.

## **5. When can I get the money for my land plot?**

The total compensation for the land plot will be paid in two installments: the first installment (10% of the compensation amount) will be paid after signing the agreement. The second installment (90% of the compensation amount) will be paid in May 2015. To clarify, the title will be transferred to the buyer, Geoteam, after signing the Agreement, subject to the full payment made by the buyer within the agreed timeframe.

## **6. Who will be paying for the transaction cost/registration/notary services?**

The Company will organize the registration and other transactions activities before the signing of the sales and purchase agreement and will pay all the related costs.

## **7. Will I be compensated for the trees planted after I had signed the sign-off sheets?**

No, you will not be compensated for the trees planted after the cut-off date. The cut-off is the date when the sign-off sheets were signed by the landowner. The acquisition process is planned to be completed by late May 2015.

## **8. How I will be compensated and in which currency?**

In conformance with Armenian law, the valuation of crops has been done in Armenian Drams and will be paid in Armenian Drams. All payments will be made to your bank account in a local bank. If you don't have a bank account, the Company will help you to open one in Jermuk, Vayk or Yerevan.

## **9. When and where the construction is planned to start?**

The construction process is planned to start in summer 2015.

## **10. What if I decide not to sell after I receive the first installment?**

As per the agreement between the Company and the landowner, the title of the land will be transferred to the Company after the first installment is paid. As per the same agreement, the seller has the right to abandon his/her right to sell the land plot only in case the buyer refuses to pay for the acquisition or delays the payment.

## **11. What are the guarantees that I will be paid the final amount?**

As part of the land acquisition process, the Company and the seller shall sign a binding agreement that will state the rights and responsibilities of each party. The details of the terms and timing of the first and the second installments will be stated in the agreement. As per the agreement, the title shall be transferred back to the seller, and the first installment will not be refunded, if the Company fails to pay the second installment within the agreed timeframe.

## **12. What if I decide not to sell my land plot?**

The Armenian law allows resolving the disputes through expropriation. However, the Company will continue the negotiations to find mutually beneficial solutions and alternatives for the Company and the land owner. As for the compensation amount bargaining, for the same asset, two different landowners will get the same compensation and the compensation valuations will not be changed as a result of the negotiations.

## **13. What if I want another land plot for my land? What is the process of the land-for-land exchange?**

Each landowner will have an option to get a land plot close to the village. We are currently assessing the opportunities to provide each land owner an option for an exchange. If you prefer this solution, you will be compensated for the crops and be offered a land plot. This land will be close to Gndevaz and will be irrigated through works done by the Company.

## **14. Whom can I contact for additional queries?**

The landowners can contact Aram Parunakyan, CJSC Geoteam Community Relations Officer, should they have additional queries:

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