

ANNEX 7.1 – Guide to Land Acquisition and Compensation (GLAC)

LAND ACQUISITION

Overview

Expropriation is a legal way to enable the government or a public legal entity to use immovable assets owned by natural persons or private law legal entities for public benefit, when required by public interest. In line with the necessity, expropriation may be in the form of ownership right, unrestricted and exclusive rights, easement or temporary easement right.

Land Acquisition and expropriation for TANAP Project will be carried out by BOTAŞ General Directorate, which is appointed as the Land Rights Entity with the decision of the Council of Ministers. For this purpose BOTAŞ established the TANAP Expropriation Directorate, and authorised local land acquisition offices were formed under this Directorate that are called “Expropriation Units”. In the scope of TANAP Project at the first stage Eskisehir, Ankara, Yozgat, Sivas, Erzincan, Erzurum and Kars Expropriation Branches will operate.

The pipeline route was identified taking into account the settlement areas, and special attention was paid at design stage for not damaging any residences during construction of the line. Relevant works will continue with the same understanding at the next stages of the project.

Expropriation and construction works will be performed in line with international standards and losses of individuals, who were directly or indirectly affected by the project and faced with economical loss, will be compensated as per determined criteria.

The construction of the pipeline on an expropriated parcel is planned to be completed as soon as possible and based on the principle of returning the land to its original state. Before the initiation of construction activities, a land entry protocol will be signed between the land owner/user and the construction company appointed by TANAP Doğal Gaz A.Ş., with village headman being a witness, and a land exit protocol will be signed after the construction is completed and land is returned to its original state. The purpose thereof is for the right owner to confirm that the land is restored to its original state. Thus, it is critical that all land owners, whose land has been expropriated, or their legal heirs participate in signing the abovementioned land entry – land exit protocols.

Expropriation Corridor

For the construction of TANAP Natural Gas Pipeline, expropriation will be carried out by obtaining unrestricted and exclusive rights for the 16 m corridor where the pipes will be buried as shown below, and by obtaining temporary easement rights for additional 20 m corridor to be used during construction. Aforementioned 16 m pipeline corridor will be registered in the land registry, however 20 m area for temporary use will not be registered. After completion of the

construction activities, re-use of the 16 m pipeline corridor will be permitted with limitations on building of structures and planting of trees.

Land compensation will be paid for the total 36 m right of way, and compensation for other damaged structures (wells, barns, etc.) and trees will be separately calculated and paid to the right owner. Repairable structures (wire fence, wall etc.) will not be compensated in cash, but repaired and returned to its original state, by having the owner's approval, after completion of the construction works.

HOW IS EXPROPRIATION GOING TO BE CARRIED OUT BY THE TANAP PROJECT?

Activities during Preparation for Expropriation

- After the route where the pipeline will be constructed and the places of the permanent installations are identified through engineering works, information regarding the parcels on the route is received from the relevant cadastre directorate. Area to be expropriated is separately calculated for each parcel by delineating the areas (above ground installations) ownership of which will be obtained through 16 m permanent and 20 m temporary expropriation corridor.
- 'Public Interest' decision obtained by BOTAŞ General Directorate, regarding expropriation being for public benefit, is approved by the Ministry of Energy and Natural Resources.
- Land Rights Entity, which will carry out the expropriation, prepares or procures the scaled plan that shows the boundaries, surface area and type of the immovable assets or resources which will be expropriated or easement right of which will be obtained through expropriation. The Land Rights Entity identifies the expropriated immovable assets' owners, or if there is no land registry their customary owners (*zilyet*), and their addresses through land registry records, tax records and birth registry records or through further external research based on documentation.
- Parcel owners' approved records and all other information regarding the parcels are obtained from the relevant land registration offices. If the parcel owner is deceased, address information of the property owners or heirs is received from the birth registration offices. Addresses of the property owners and heirs that are not registered in the Address Based Population Registration System are found through local research.
- Fixtures such as trees, buildings, wells, walls etc. that are within the pipeline's right of way and will be damaged due to construction are identified and recorded separately for each parcel.
- Expropriation dossiers are prepared including the abovementioned data and their approval is requested from the relevant cadastral offices.
- Expropriation decision is taken for each parcel in the scope of the approved expropriation dossiers and they are made ready for expropriation.

Activities during Expropriation

- Expropriation will be initiated by sending a negotiation invitation letter to the registered addresses of the property owners, or if the owner is deceased, of the heirs identified through birth registration offices as mentioned above. Negotiation invitation letter will include the place and date of the village meetings, and also the price and type of the expropriation on the parcel they own.
- The right holders who receive the invitation letter should be present at the meeting place on the date specified in the letter with their proper identification document and, if any, letter of attorney obtained from the right holders they represent, or should apply to the expropriation units specified in the letter within 15 days.
- During the negotiations, right holders will be informed on the extent of the expropriation on their immovable asset; number of fixtures that will be damaged such as trees, structures etc.; general information on the project; how the expropriation value was determined; how will the expropriation process continue, and general information on legal rights will be provided. Furthermore, they will be invited to agree on the proposed expropriation value, which is composed of the total price of land and fixtures identified during these negotiation meetings.
- Agreement protocol will be signed with the right holders who accept the proposed price and they will be invited to the relevant land registry offices on the agreed dates to carry out transfer and registration proceedings, and their compensations will be paid in advance.
- Disagreement protocol will be signed with the right holders who do not accept the proposed price.
- Absent right holders will be recorded.
- Since the proposed expropriation value cannot legally be increased, application will be made to the court for the valuation of parcels of the right holders who do not accept the price or who did not attend the negotiations. There will be two separate court processes - immediate expropriation case and registration case.

Court Process

Immediate Expropriation

Due to the possibility of a long court process for the acquisition of parcels with several owners, and in order to deliver the land to the construction contractors in time to ensure construction entirety and to ensure that the pipeline project is completed in time according to national and international agreements, as per the urgent confiscation article of the Expropriation Law immediate expropriation cases will be filed for the immovable assets belonging to the right holders who do not agree or who do not attend the negotiations, in other words with whom agreement cannot be reached.

Immediate expropriation is a type of case that allows land entry and initiation of construction activities in exchange for the land price identified by the court.

As a result of the immediate expropriation case, expropriation values identified by the court are received by the right holders according to their shares. This price is not the final price and the right holders may object to the price by attending the court sessions during the valuation and registration case process as explained below.

Valuation and Registration Case

After the “confiscation” decision is taken at the immediate expropriation case, the right holders will be once more invited to a negotiation meeting by BOTAŞ, TANAP Expropriation Directorate that carries out the expropriations. Agreement protocol will be signed with the right holders who accept the price in this meeting and transfer proceedings will be carried out for the title deed.

In case of disagreement, application will be made to the court for valuation and registration.

Right holders may attend the court sessions of valuation and registration cases personally or through their attorney and use their right to object to the price.

If the valuation and registration cases take more than 4 months, as per the Law the courts also add an interest to the expropriation value for the prolonged period.

All court and land registration costs will be covered by BOTAŞ, TANAP Expropriation Directorate.

Legal Rights of the Land Owners

- You can file a lawsuit for cancellation of the expropriation within the legal time period after you receive the invitation notice for expropriation negotiations.
- You can object to the expropriation value during the negotiation meetings or by attending the valuation and registration cases.
- Although the decision taken as a result of the valuation and registration case is final in terms of registration, you can appeal to the Court of Cassation for the price.

Important Information for the Landowners

If your land is registered in the name of a deceased property owner in the land registration, it is not legally possible to carry out title deed procedures even though there is agreement on the price during the negotiation meetings. Thus, in order to carry out title deed procedures, first the immovable asset should be transferred to your name in the land registration. Otherwise, the compensation can only be paid through the court since your share will not be specified.

Transfer costs for registration of the immovable asset in your name will be covered. If you are an heir, you can ask for assistance or information for the proceedings and transfer costs by applying to BOTAŞ, TANAP Expropriation Directorate with your document of inheritance, after you receive the invitation letter for the negotiation meetings.

If an agreement is reached during the negotiation meetings, domestic travel costs (only bus and train) of the right holders to the relevant title deed offices for the transfer procedures will be reimbursed by the LRE units based on documentation. If the immovable asset to be expropriated is subject to a court case in the land registration, negotiation meeting cannot be held since the right holder is not specified. These types of immovable assets are valued by the court and the price is deposited to the bank in three-month interest periods. Expropriation value for the parcels that are subject to a court case is paid to the right holder, who is identified as a result of the court case, in the amount again identified by the court.

It would be for your advantage to attend the negotiation meetings and the court proceedings, and it would accelerate the expropriation process.

For information requests you can contact the Expropriation Units, address and telephone information of which is provided in this brochure, or the grievance line, either orally or in writing.

IDENTIFICATION AND COMPENSATION OF THE EXPROPRIATION VALUE

The expropriation is identified in line with international standards, using methods specified in the Law used also by court appointed experts and by using production statistics received from provincial directorates of agriculture and through local research data. Furthermore, it is also checked and approved by Yıldız Technical University and BOTAŞ, TANAP Expropriation Directorate. Thus, if agreement cannot be reached during negotiation meetings on the proposed expropriation value, the court-identified value is not expected to differ.

Compensation for the damaged trees and structures will also be added to the expropriation value.

Crops that have not been harvested before construction will also be compensated to the crop owner based on the unit prices received from the provincial/district directorates of agriculture and based on the state of the crops at the time.

Owners of crops and fixtures on lands registered in other people's name can be compensated for these crops and fixtures to be damaged, by demonstrating their rent contract (if any) or their adequate payment to the Treasury, and if not, the village headman's statement.

USERS

'Users' are individuals who are directly or indirectly affected by Tanap Project's expropriation and construction activities and who experience economical loss but cannot be compensated for their losses due to our national legislation since they are not legal right holders.

Since Tanap Natural Gas Pipeline Project commits to applying international standards, economical losses of the individuals, who are within the abovementioned classification and who do not have legal rights, will be compensated from the Resettlement Fund that was created by TANAP Dođal Gaz İletim A.Ş.

Identification of Users

The users will be identified by BOTAŞ, TANAP Expropriation Directorate that carries out expropriation. The relevant Expropriation Unit teams will provide information on the subject during the negotiation meetings.

The losses of the identified and approved users will be calculated and compensated.

Individuals who experience losses and who are not legal right holders can apply to the Expropriation Units, address and telephone information of which is written on this brochure, or to TANAP Dođal Gaz İletim A.Ş. through the toll-free phone line, and request the identification and assessment of their losses.

Losses of Common Land

Cost of yield loss in the pasturelands, which are on the pipeline construction route and used commonly by the villages, due to the effects of construction in the 36 m right of way, will also be calculated and deposited to the bank account of the Village Legal Entity to be used for village interest.

FREQUENTLY ASKED QUESTIONS

Apart from the explanations above regarding expropriation, questions that may be raised by the right holders affected by expropriation and their answers are listed below. For other questions and information requests please contact the Expropriation Units, contact information of which is provided in the communication section of the guide.

1. When will expropriation start?

Expropriation activities are planned to start during the second half of 2014.

2. What are the rights to be obtained in expropriation?

For the pipeline route, unrestricted and exclusive Rights of a 16 m wide corridor will be obtained, and temporary easement rights for a 20 m wide corridor will be obtained to be used during construction, and ownership expropriation will be carried out for permanent installations.

3. How is expropriation going to be carried out?

Expropriation will be carried out as per the Expropriation Law numbered 2942, amended by the Law numbered 4650. The principle of expropriation is transfer of rights in the title deed by obtaining the willing agreement of the property owners.

4. How is the expropriation amount going to be determined and how will the payment be made?

The compensation amount, which will be identified through land valuation on parcel basis in line with the criteria specified in the Law and international standards, will be paid to the property owners, and if there is agreement, the amount will be paid in advance and the title deed will be transferred.

5. What if I do not accept the expropriation value?

The property owners have the right not to accept the expropriation value. In this case, BOTAŞ General Directorate TANAP Expropriation Directorate will apply to the Civil Court of First Instance with a request of valuation and registration, for the expropriation value to be determined by the court. The court will appoint experts, who will visit the site, and determine the expropriation value.

6. How do I receive the expropriation value?

If agreement is reached, together with the transfer of rights in the land registration office the expropriation value will be paid in advance through bank. In case of disagreement, at the end of the court process the value determined by the court and blocked at the local bank branch will be paid to the right holders specified in the court decision.

7. The land is shared on the title deed between me and my siblings, but we have actual division among us. Can I receive the entire compensation for the pipeline that goes through my land?

If the land is actually divided, it will be taken into account during expropriation. In this case, expropriation and crop value will be paid to the individual whose land the pipeline traverses.

8. Will standing crops be compensated?

Cost of the standing crops to be damaged due to construction activities will be paid to their owner right before construction works start on the land, based on the current status of the crops and the product value to be obtained from the directorates of agriculture.

9. If the land is registered in my name but the trees planted on the land belongs to someone else, who receives the compensation for trees?

Trees to be damaged within the right of way and their property owners will be identified through field research and recorded. In the abovementioned case, statements and the village headman's approval will be taken as a basis and the cost will be paid to the right holder specified in the statement records.

10. The land is mine, but I rented it, so standing crops belong to someone else, who receives the compensation for the crops?

Crops to be damaged within the right of way and their property owners will be identified through field research and recorded. In the abovementioned case statements and the village headman's approval, if any, will be taken as a basis and the cost will be paid to the right holder specified in the statement records.

11. Will I be able to re-cultivate over the pipeline after construction?

After construction, the land over the pipeline may be reused for agricultural activities with certain limitations (not constructing buildings or planting trees).

12. I am using Treasury land without permission, can I receive compensation for land or crops?

You can receive crop compensation by demonstrating the 'adequate payment' document during field research or by obtaining signatures from the village headman and the members recording the situation. Compensation for the land will be paid to the Treasury.

13. I am using pasture land, can I receive crop compensation?

You can receive crop compensation if it is recorded with the village headman's statement during field research. Compensation for the land will be paid to the Treasury.

14. I am using someone else's land without permission, can I receive compensation for land or crops?

You can receive crop compensation if it is recorded with the village headman's statement during field research. Compensation for the land will be paid to the right holder on the title deed.

15. How will the properties owned by the Village Legal Entity be expropriated?

The Village Legal Entity's decision on transfer of land will be recorded in the decision book, and transfer procedures are carried out for the title deed. The cost will be deposited to the Village Legal Entity's account.

16. I do not want the pipeline to go through my land, what should I do?

You can file a lawsuit for cancellation of the expropriation decision within the legal time period after you receive the expropriation notice.

17. Who will pay the court costs for the valuation and registration case?

All kinds of litigation costs during the court process will be covered by BOTAŞ, TANAP Expropriation Directorate.

18. The land is registered in my grandfather's name, I am the heir, what should I do?

You should apply to the land registry office with your grandfather's document of inheritance and request that the land is transferred to your name and other heirs' name. Without this procedure, land registry rights cannot be transferred for expropriation and payment cannot be made. Only one heir's application would be sufficient for transfer by inheritance.

19. How will expropriation continue if my brother, who is the shareholder, does not reside here?

If one or more of the shareholders reside abroad or in another province, procedures can be carried out through power of attorney. Power of attorney should clearly indicate the immovable asset's section and parcel number, and the type of authorised title deed transactions. If power of attorney is not provided, all shareholders must be present for the title deed procedures. The process takes quite long for the individuals residing abroad, since notification is made through the embassies.

20. The land is mortgaged, who will receive the compensation?

During the title deed procedures, the land registry offices look for the mortgage beneficiary's assent. If assent is not given, compensation will be paid to the mortgage beneficiary and it will be deducted from your existing debt.

21. What will happen if construction activities exceed the temporary easement area?

All construction activities of TANAP project will be performed within the expropriated area. If there is absolute necessity that this area is exceeded, land owners/users will be contacted and additional damage will be covered with their consent.

STAKEHOLDER ENGAGEMENT AND PUBLIC RELATIONS

TANAP Dođal Gaz İletim A.Ş adopted a strategic and structured approach for stakeholder relations with the aim of establishing and maintaining constructive relations with all stakeholders. A Stakeholder Engagement Plan was developed which explains in detail the interaction between TANAP and stakeholders.

In this scope, TANAP Dođal Gaz İletim A.Ş consulted the relevant public institutions on the project route, organized public engagement meetings on district basis, and held consultation and dissemination meetings with national and international NGOs primarily in Ankara and in İstanbul, in order to inform the individuals and other stakeholders that may be affected by the project and to ensure their engagement in the project. In addition, when preparing the Environmental and Social Impact Assessment Report and the Resettlement Action Plan, in order to identify the existing socio-economic situation, questionnaires were applied to the

individuals and organizations on the route that may be affected by the project activities, and focus group meetings and interviews were held to identify vulnerable groups, and their results were assessed in the abovementioned reports.

In order to establish effective and transparent relations with the project affected people and other stakeholders, TANAP Project created a Complaint Management Procedure through which communities and individuals affected by the project can formally communicate their concerns, complaints and grievances and facilitate resolutions that are mutually acceptable by the parties. Basic steps for complaint management are as follows:

- Complaints are received and registered within 2 business days,
- Registered complaints are assessed and investigated by experts within 10 business days,
- Complaints are resolved and the complainant is responded within 30 business days,
- Complaint is closed by signing complaint registration forms.

As part of the procedure, a toll free number (800 314 11 22) was set up and a Complaint Register Form is prepared for the complaints log.