



**SAMRUK-KAZYNA
CONSTRUCTION**



Annual Report 2021



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ADDRESS OF THE CHAIRPERSON OF THE BOARD OF DIRECTORS

Dear colleagues, partners!

We are pleased to present to your attention the annual report on the activities of Samruk-Kazyna Construction JSC (hereinafter referred to as the Company) for 2021.

The Company continues its development and, over the past year, net income increased by 44% and reached its maximum value in recent years due to a stable pool of real estate sold for rent to own under the Nurly Zher Program in the direction of rental housing, and early repayment due to the use pension savings of the population. In connection with the completion of the investment phase of the implementation of the Nurly Zher Program in the direction of commercial housing, the Company carried out activities in the reporting period to recover the investment.

As part of the strategic task of trust management of the companies' interests at the design and construction stage in 2021, the efforts of the Company's team were also directed to one of the key projects of the group of Samruk-Kazyna JSC for the construction of infrastructure facilities on the territory of the special economic zone 'National Industrial Petrochemical Technopark' (hereinafter – SEZ 'NIPT'). The creation of an appropriate infrastructure for the petrochemical cluster of Atyrau Region is of paramount importance. Thus, the Company ensured the completion of all works on time and with the appropriate quality. In particular, with respect to the projects of Karabatan Utility Solutions LLP on the territory of SEZ 'NIPT', in 2021, the certificates of acceptance of facilities for operation were signed under the project of 'Construction of engineering facilities for GTPP. Engineering corridor. 1st stage, External water supply, 1st stage, Water treatment and wastewater treatment plant. 1st stage' (Water treatment).

To further increase the availability of comfortable housing and develop housing infrastructure, in 2021, the Company made corporate decisions to finance the construction of residential complexes in a number of regions of Kazakhstan. In 2021, the residential complex 'Bavaria' was put into operation in Aktobe City. In 2022–2024, the Company plans to put into operation a number of residential facilities, which are being constructed since 2020–2021.



In accordance with the approved Business Plan for 2022–2026, the Company plans to take part in the development of the construction sector in the republic, including through the development of import-substituting production of building materials in Kazakhstan.

Also, I would like to note that in October 2021, Fitch Ratings changed the outlook on the rating of Samruk-Kazyna Construction JSC from 'Stable' to 'Positive', with affirming the Company's Long-term Issuer Default Ratings (IDRs) in the foreign and national currency at the level 'BB'. The ACRA rating agency has affirmed the Company's credit rating on the international scale at BB+, with a Stable outlook.

The Company continues to successfully fulfil all the tasks assigned to it in key areas of activity as part of the implementation of the strategy until 2028. I am sure that the Company will take into account current trends and prospects for the development of the economy.

Summarizing the results of 2021, I express my thanks to the members of the Board of Directors, the Company's team, as well as our partners for their contribution to the Company's activities.

On behalf of the Board of Directors, I wish you all success and prosperity!

M. Tazhigaliyev

ADDRESS OF THE CHAIRPERSON OF THE MANAGEMENT BOARD

Dear partners, colleagues, readers!

The annual report of Samruk-Kazyna Construction JSC for 2021 is brought to your attention.

In accordance with the approved Strategy of Development until 2028, the work continues in 4 main areas of activity:

1. Completion of participation in the government programs;
2. Property management;
3. Construction management; and
4. Trust management of the companies' interests at the stage of design and construction.

In 2021, the Company continued work to complete the implementation of the Anti-Crisis Program in the cities of Nur-Sultan, Almaty and Almaty Region. As of 31 December 2021, 99% of the real estate pool was sold under the Anti-Crisis Program, or 578 thousand square meters (residential premises – 393.9 thousand square meters, commercial premises – 166.2 thousand square meters and 964 parking spaces).

Under the Nurly Zher Housing Construction Program in the direction of rental housing, as of 31 December 2021, out of 22 facilities, 20 facilities and a residential group of 1 facility were put into operation, 1 facility was implemented at the construction stage and commissioning is not monitored.

As part of the implementation of the Nurly Zher Housing Construction Program in the direction of commercial housing, the Company entered into the financing agreements for 11 facilities. As of 31 December 2021, the real estate pool, as part of this direction, totalled 323.52 thousand square meters. At the reporting date, 285.8 thousand square meters were put into operation at 10 facilities and residential groups of the residential complex 'Vostochka.kz' in Almaty City. The source of financing for this program was a credit facility provided by the Sole Shareholder using the funds of the National Fund of the Republic of Kazakhstan, under which the Company received 73.6 billion tenge.

The Company has invested in the construction of new facilities. A part of the mentioned new real estate will be sold by the Company on its own in the direct sale method.



These projects are financed by obtaining borrowed funds on the market terms and using own funds. As of 31 December 2021, the construction investment agreements were entered into for the following projects:

- Multi-family residential complex on the Millennium Alley (1 stage), Nur-Sultan City;
- Multi-family residential complex on the Millennium Alley (2 stage), Nur-Sultan City;
- Residential complex 'Bavaria' (2 stage), Aktobe City;
- Residential quarter in Akkent Microdistrict, Almaty City;
- Residential complex within the area of EXPO, Nur-Sultan City; and
- Multi-family residential complex 'French Quarter' in Atyrau City.

The successful experience and practice of implemented projects of the Company give confidence that in 2022 the strategic goals will be achieved, as well.

I am sure that we have all the necessary tools for the effective development and implementation of the strategic tasks assigned to us by the Government of the Republic of Kazakhstan and the Sole Shareholder.

I would like to thank the staff and the partners of the Company for their contribution to the success of satisfying the indicators and wish new achievements the next year!

M. Aimanbetov

ABOUT COMPANY

Samruk-Kazyna Construction JSC (hereinafter – the Company) was established in pursuance of Resolution of the Government of the Republic of Kazakhstan No.265 On certain measures to resolve the problems in the real estate market dated 6 March 2009. In accordance with the amendments and alterations to the Company's Articles of Association approved by the resolution of Sovereign Wealth Fund Samruk-Kazyna JSC (hereinafter referred to as Samruk-Kazyna JSC, the Sole Shareholder, the Fund), the main goal of the Company's activities is to promote the development of housing construction in the Republic of Kazakhstan.

The Fund is the Sole Shareholder of the Company. The Fund is a commercial structure – an investment holding whose mission is to increase the national welfare of the Republic of Kazakhstan and ensure long-term sustainability for future generations.



The mission of Samruk-Kazyna JSC is to improve the national welfare of the Republic of Kazakhstan and ensure long-term sustainability for future generations.

According to the Strategic Plan of Development of the Republic of Kazakhstan until 2025, the Fund intends to transform from the role of a performer of the government initiatives and programs to the role of an investment company. This goal implies the active management of the Fund's investment portfolio providing investment returns and developing a portfolio at the level of leading sovereign wealth funds.



ABOUT REPORT

The Company's annual report for 2021 is the thirteenth in a row and continues the practice of publishing the corporate reports annually. All of the reports are available on the Company's official website www.skcn.kz. This report is an integration of the Company's financial and non-financial statements for 2021 and reflects the relationship between the Company's corporate management systems and sustainable development. At the stage of developing the concept of the Report, the results of dialogues with stakeholders and the recommendations of the Board of Directors received in relation to the previous report in the field of sustainable development were monitored. The purpose of this report is to inform readers about all significant events that affect the Company's activities. The Company aims to help stakeholders to understand how we have formed our strategy, how we manage our assets, achieve the necessary financial performance, ensure sustainable operations in the long term and work on creating the value that we strive to generate for the shareholder and all of the parties interested in our activities. The target audience of the Annual Report is traditionally a wide range of the Company's stakeholders, including employees, the Sole Shareholder and the Board of Directors, residents of the regions of presence, government agencies, financial institutions, customers and partners of the Company. The Company has various channels to receive feedback. The comments and suggestions on the Annual Report are accepted by phone and e-mail specified in the Contact Information section. All received messages will be considered and taken into account in the process of working on the next Report. The consultations of the Company's employees will be provided on the issues of interest. In some cases, to avoid duplication of the information, the Annual Report refers to the other publicly available documents. While preparing and presenting data, the Company is guided by the application of GRI Standards, as well as the International Financial Reporting Standards in terms of financial performance and production indicators. Annex 1 to the Annual Report provides the information on the Company's related party transactions and major transactions, Annex 2 presents the GRI Standards content index, Annex 3 is the consolidated financial statements for the year ended 31 December 2021, including the Independent Auditor's Report. The report is published identically in the Kazakh, Russian and English languages. The document can be found on the Company's Internet resource.

The Company's Sustainability Report for 2021, which is included in the Annual Report, has been prepared in accordance with GRI standards: main version. The report is discussed by the Management Board of the Company, then at the meeting of the Board of Directors, and approved as part of the Annual Report. A questioning was conducted among the employees of the Company and representatives of external stakeholders to update the material topics. Based on the work performed, a matrix of material topics was compiled. Topics with the highest scores were considered significant. Significant topics are fully disclosed in the Report; a reference to their disclosure is given in the GRI content index. In comparison with the aspects disclosed in the Report for 2020, based on the results of stakeholders' questioning, the topics of 'employment', 'relationship between employees and management', and 'diversity and equal opportunities' have been identified as significant, and the topics of 'procurement practice', 'investment', and 'health and safety requirements' ceased to be significant for disclosure in the Report for 2021. The scope of information collection on significant topics is defined in such a way that the Report describes all the most significant impacts of the Company. Compared to the previous reporting period, the scope of information collection has not changed significantly. This report has not been externally validated.





AUTHORIZED CAPITAL STRUCTURE

As of 31 December 2021, the Company's authorized capital amounts to 19,990,162 thousand tenge.

100%

shares

the Company are owned by the Sole Shareholder

There are 16,247,541 authorized and allocated shares in total, including:

- 15,000,000 shares at par value of 1,000 tenge per a share;
- 1,247,540 shares at par value of 4,000 tenge per a share; and
- 1 share at par value of 2,490 tenge per a share.

All shares are ordinary.

The Company's register of securities holders is kept by Central Security Depository JSC.

VISION

We will become an organization with sufficient resources, a wide range of reliable partners, as well as competencies and experience for the effective management of projects, construction and real estate.

MISSION

We improve the living conditions of the population of the Republic of Kazakhstan by providing quality and affordable housing, as well as enhancing the efficiency of construction and project management of the Group of Companies of Samruk-Kazyna JSC.

DEVELOPMENT STRATEGY AND IMPLEMENTATION THEREOF

VALUES

Determination

- We are constantly developing and using best practices
- We set ourselves ambitious goals and achieve them
- We make decisions taking into account all risks

Responsibility

- We empower everyone but promote the best of us
- We act impartially and constructively
- We take responsibility

Self-discipline

- We achieve high efficiency by being demanding of ourselves and others
- We act in strict accordance with the rules and regulations of the Company
- We stand to our word and keep our promises

Partnership

- We put the interests of the team above personal interests and respect each other's opinions
- We find solutions that are mutually beneficial for all stakeholders
- We build long-term relationships on the principles of transparency

INFORMATION ABOUT DIVIDEND DISTRIBUTION FOR 2021

On 15 July 2021, Samruk-Kazyna Construction JSC distributed dividends in the amount of 1,019,776,510.95 tenge according to resolution of the Sole Shareholder No.20/21 dated 17 May 2021, in accordance with the Dividend Policy of Samruk-Kazyna JSC in relation to subsidiaries with an interest exceeding 50%. The dividend per an ordinary share in the Company amounts to 62.76498 tenge.

According to the Company's Development Strategy for 2018–2028 approved in 2018, the Company switched from the functions of the Operator of the government programs to providing the services in the field of construction and real estate management for the Group of Companies of Samruk-Kazyna JSC.

The main strategic directions of the Company are:

Termination of participation in the government programs:

- completion of projects implemented under the government programs;
- implementation of the projects through direct sale, finance or operating lease; and
- timely discharge of financial commitments to the Sole Shareholder, in terms of repayment of the principal debt and interest as per the schedule.

Property management:

- marketing;
- real estate lease or sale;
- financial management; and
- management of financial flows and risks.

Construction management:

- formation of a pool of projects;
- development of assignment for design and technical specification, selection of potential companies for design and construction of facilities; and
- construction management as a Consultant by monitoring pricing, supervising the construction progress, the quality of materials used, the timing of work performed, as well as the timely commissioning of the facilities.

Trust management of the companies' interests at the design and construction stage:

- implementation of a uniform and efficient construction project management system; and
- construction management by monitoring pricing, supervising the construction progress, the quality of materials used, the timing of work performed, as well as the timely commissioning of the facilities.

SIGNIFICANT EVENTS OF THE YEAR

2021

March

The Company issued the bonds on the Astana International Exchange (AIX) of the Astana International Financial Centre. The issue was arranged by the Eurasian Development Bank (EDB). The volume of the issue amounts to 2 billion Russian roubles, the bonds maturity is to 21 months, the coupon rate is 8.0% per annum. The bonds were listed on 15 March 2020. The entire volume of the issue was allocated on 16 March 2021 through an 'exempt offer'. The proceeds from the bonds allocation are used to finance the Company's investment projects.

On 31 March 2021, the Residential Complex 'Bavaria' was put into operation – stage 2 (property registration date: 22 May 2021).

April

On 29 April 2021, as part of the trust management of Karabatan Utility Solutions LLP, construction and installation works were completed for the External Water Supply project and the Certificate of Acceptance of the facility for operation was signed.

July

On 15 July 2021, the Company distributed dividends in the amount of 1,019,776,510.95 tenge as approved by resolution of the Sole Shareholder No. 20/21 dated 17 May 2021, in accordance with the Dividend Policy of Samruk-Kazyna JSC in relation to subsidiaries. The dividend per an ordinary share in the Company amounts to 62.76498 tenge.

September

Payment of coupon interest on bonds ISIN KZX000000633.

October

On 6 October 2021, Fitch Ratings changed the outlook on the Company's rating from Stable to Positive, with affirming the Company's Long-term Issuer Default Ratings in foreign and local currency at 'BB'.

November

ACRA affirmed the credit rating of the Company on the international scale at BB+ with Stable outlook and affirmed the credit rating of SKKN Finance (LLC) bonds (RU000A102KF8) at A-(RU).

Business Plan for 2022–2026 of Samruk-Kazyna Construction JSC was approved.

On 9 November 2021, as part of the trust management of Karabatan Utility Solutions LLP, construction and installation works were completed on the project 'Corridor of Utility Facilities' and the Certificate of Acceptance of the facility for operation was signed.

December

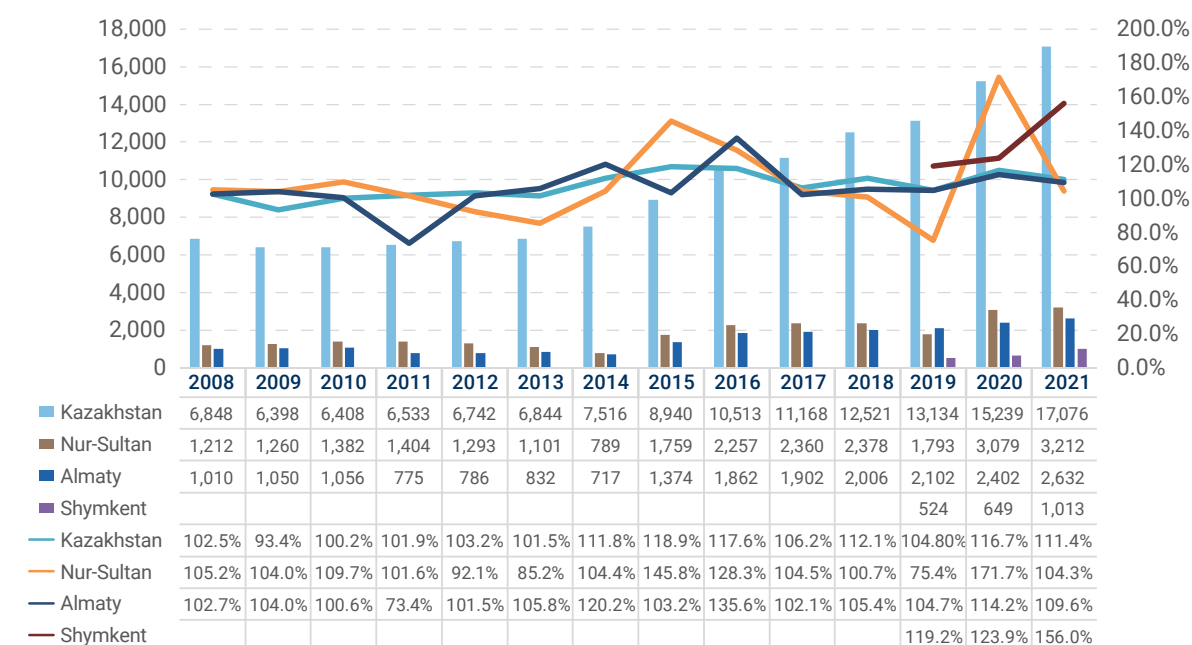
On 28 December 2021, as part of the trust management of Karabatan Utility Solutions LLP, construction and installation works were completed for the project 'Water Treatment' and the Certificate of Acceptance of the facility for operation was signed.

MARKET SUMMARY

The introduction of a program to use pension savings to purchase housing contributed to the speculative increase in demand for housing among the population, which in turn drove to the growth in housing construction.

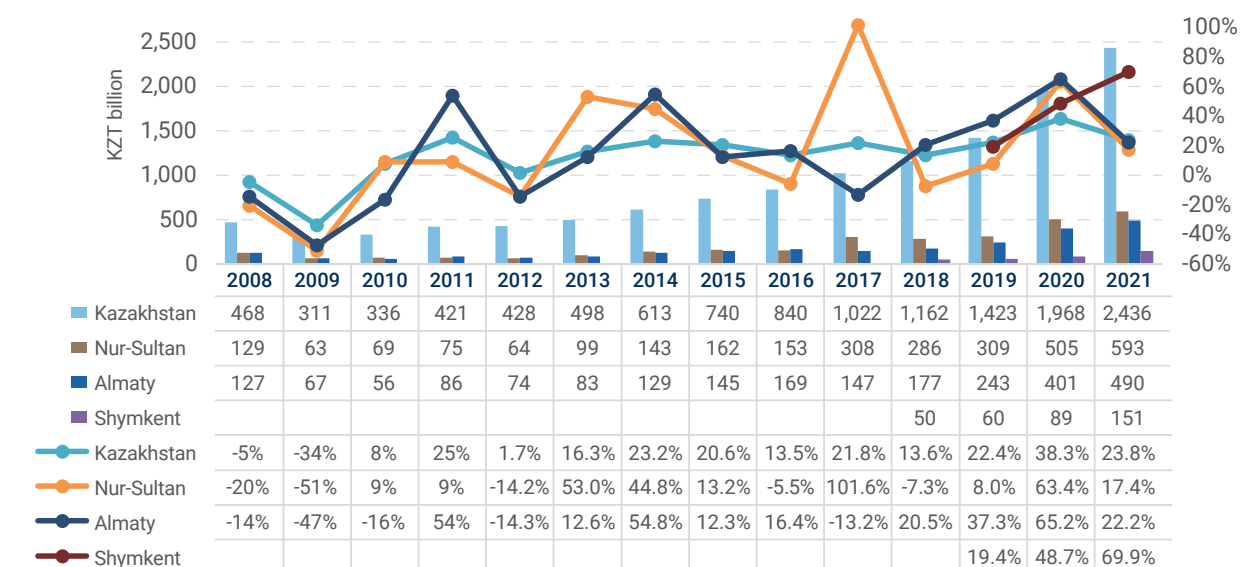
Versus the year 2020, in 2021, the total area of commissioned residential buildings increased by 11.4% and amounted to 17,076 thousand square meters.

Commissioning of the total area of residential buildings



The volume of investment in housing construction increased: in comparison with the indicator of 2020, the indicator in 2021 increased by 23.8% and amounted to 2,436.1 billion tenge.

Investments in housing construction



The dynamics of prices over the previous 10 years on average in Kazakhstan shows that the price for new housing has increased from 154 to 361 thousand tenge per a square meter, that is, more than 2.2 times.

An increase in average prices for new housing compared to December 2020 is observed in the cities of Petropavlovsk (84.6%), Ust-Kamenogorsk (34.3%), Taldykorgan (27.9%), Kostanay (23.8%), and Nur-Sultan (22%). The price for 1 square meter of new housing in the cities of Nur-Sultan, Almaty, and Shymkent has exceeded the average republican level and amounted to 479.2 thousand tenge, 415.1 thousand tenge and 379.8 thousand tenge, respectively.

It should be noted that due to price fluctuations in the foreign exchange markets, the inflationary expectations and, as a result, an increase in prices for both primary and secondary housing will be observed in 2022.

According to data of the National Bank of the Republic of Kazakhstan, the volume of mortgage lending has grown 3.7 times over the previous 10 years. Activity in the field of mortgage lending is largely due to the State support for the housing and construction industry.

In January-December 2021, the loans to individuals for the housing purchase and construction amounted to 1,746.3 billion tenge, which is about 2 times higher than the level of the same period in 2020.

In the reporting period, there is a noticeable growth in the housing purchase and sale market. The number of housing purchase and sale transactions in January-December 2021 increased by 96.8% compared to the corresponding period of the previous year and made up 606,056 transactions.

STRATEGIC DIRECTIONS OF ACTIVITY

COMPLETION OF THE PARTICIPATION IN THE GOVERNMENT PROGRAMS

In 2021, the Company continued to work on completion of the implementation of the Anti-Crisis Program in the cities of Nur-Sultan, Almaty and Almaty Region. As of 31 December 2021, 99% of the real estate pool was sold under the Anti-Crisis Program, or 578 thousand square meters (residential premises – 393.9 thousand square meters, commercial premises – 166.2 thousand square meters and 964 parking spaces).

In the reporting period, 52 parking spaces with the area of 932 square meters, including 39 parking spaces in the residential complex 'Akzhaiyk', 12 parking spaces in the residential complex 'Ishim' and 1 parking space in the residential complex 'Water-Green Boulevard', were rent to own.

The financing for the Anti-Crisis Program is sourced from the credit funds provided by the Fund using the funds of the National Fund of the Republic of Kazakhstan. In 2021, the liabilities under this program are fully settled.

According to the Nurly Zher Housing Construction Program in the direction of rental housing, as of 31 December 2021, out of 22 facilities, 20 facilities and a residential group of 1 facility

were put into operation, 1 facility was sold at the construction stage and its commissioning is not monitored. The total pool of real estate commissioned as part of rental housing is 596.6 thousand square meters. Within the framework of this program, 583.8 thousand square meters were sold to the population: 570.5 thousand square meters of living area, 4.8 thousand square meters of commercial real estate, and 8.5 thousand square meters of parking spaces, including 90 square meters sold through direct sale and 4,723 square meters rented to own in the reporting period.

As part of the implementation of the Nurly Zher Housing Construction Program in the direction of commercial housing, the Company entered into the financing agreements for 11 facilities. As of 31 December 2021, the pool of real estate within this direction amounted to 323.52 thousand square meters. At the reporting date, 285.8 thousand square meters were put into operation at 10 facilities and residential groups of one facility¹. The source of financing for this program was the credit facility provided by the Sole Shareholder using the funds of the National Fund of the Republic of Kazakhstan, within which the Company received 73.6 billion tenge.

¹ RC 'Vostochka.kz' in Almaty City

REAL ESTATE MANAGEMENT

The Company performed the functions of managing the following assets:

- For T4 Green Quarter Business Centre, the Company provided trust management services for a fee in the form of free use of premises inside the business centre. The income from lease of premises, expenses for the building maintenance and other expenses corresponding to the terms of the trust management agreement were accounted for in a separate balance sheet;
- Kazyna Tower Business Centre was leased out to third parties for operating lease. The other real estate objects

beneficially owned by the Company were also put into operating lease; and

- For the facilities transferred to trust management by the Sole Shareholder in 2015 for the further sale of real estate by the Company to be rented to own, payments were collected and control was carried out.

It should be noted that in the reporting period, due to the coronavirus pandemic and the state of emergency, the Company made decisions to extend the previously granted deferment for payments under rent-to-own agreements until the end of March 2021.

CONSTRUCTION MANAGEMENT

Currently, the Company does not manage the construction of the above projects due to the refusal of the Agency for the Protection of Competition to satisfy the application

to expand the Company's activities in the form of project management accreditation.

TRUST MANAGEMENT OF THE COMPANIES' INTERESTS AT THE DESIGN AND CONSTRUCTION STAGE

To manage the companies' interests at the design and construction stage, the Company manages the interests/shares of design companies that are at the stage of design and construction-and-installation works, until the facilities/projects are put into operation.

In December 2018, in accordance with the resolution of Samruk-Kazyna JSC, a subsidiary of Samruk-Kazyna JSC – United Chemical Company LLP – transferred to the trust management of the Company the interests in the authorized capital of the following of its companies – Khim-plus LLP and Karabatan Utility Solutions LLP. During the investment period these companies were at the design and construction stage. The terms of management of interests are set until the commissioning of construction projects. Within the framework of these agreements, the Company controls and supervises all production and economic activities of the companies transferred to trust management, takes measures and actions in order to properly control the progress of construction, monitor pricing, the quality of materials

used, as well as the timing of work performed. The Company receives a fixed quarterly fee for the management of these companies from the trustor for managing each company/construction in this company.

Projects of KHIM-plus LLP in the territory of SEZ 'Chemical Park Taraz'. The Company carried out trust management of an interest in the authorized capital of Khim-plus LLP. The term of trust management expired on 31 March 2021 due to the commissioning of the facilities.

Projects of Karabatan Utility Solutions LLP – 'Construction of SEZ 'NIPT' infrastructure facilities'. Agreement for the trust management of an interest in the authorized capital of Karabatan Utility Solutions LLP No.10-13/96 dated 29 December 2018. The financing is sourced from the funds of the Republican budget and own funds of Karabatan Utility Solutions LLP. The term of trust management is until 30 June 2022.

INVESTING ACTIVITY

In addition to the foresaid, the Company has invested in the construction of new facilities. A part of the said new real estate will be sold by the Company independently in the direct sale method. These projects are financed by obtaining

borrowed funds on the market terms and using own funds. As of 31 December 2021, the construction investment agreements were entered into for the following projects.

Multi-family residential complex on the Millennium Alley (1 stage)

- The construction of the facility and the sale of real estate are planned during 2021–2022 (March 2021 – September 2022)
- **Construction period** – 18 months
- **Developer** – Bazis-Astana LLP
- The project involves the construction of a residential complex with a total area of residential premises of about 71,077 square meters (60% investment share of the Company)

Nur-Sultan City



Nur-Sultan City



Multi-family residential complex on the Millennium Alley (2 stage)

- The construction of the facility and the sale of real estate are planned during 2021–2022 (March 2021 – September 2022)
- **Construction period** – 18 months.
- **Developer** – Argon-Stroy LLP, authorized company – Bestbuilding LLP
- The project involves the construction of a residential complex with a total area of residential premises of about 71,077 square meters (60% investment share of the Company)

Aktobe City



Residential complex 'Bavaria' (2 stage)

- The project involves the construction of a residential complex with a total area of residential premises of 16,894.4 square meters in pre-final finishing (80% investment of the Company)
- **The construction period of the facility is** 11 months (November 2021 – May 2022)
- Construction shall be completed until September 2022
- Developer – Bavaria Construction LLP

Residential quarter in Akkent Microdistrict

- The project involves the construction of 42 residential blocks comprising 4,158 apartments with the total area of 189.5 thousand square meters
- **The project implementation period is** 36 months
- **The period of construction of 42 blocks** is from March 2021 to January 2024.
- The sale of real estate is planned to begin after the construction of the frame of the block through the mechanisms of shared construction

Nur-Sultan City



Almaty City



Residential complex within EXPO

- Residential premise area is 16,223.6 square meters (76.2% of the total area); commercial premise area is 4,948 square meters (76.2% of the total area) and parking for 176 cars (80% of the total number)
- **The period of construction of the facility is** 15 months
- The sale of real estate is planned until February 2023

Atyrau City



Multi-family residential complex 'French Quarter'

- Land plot – 2,996 ha
- 4-storey residential buildings with 257 apartments
- The total area of residential premises is not less than approximately 31,500 square meters
- **The period of construction of the facility is** not more than 11 months
- The term for putting the facility into operation is Quarter 2 of 2022

PERFORMANCE

KEY PERFORMANCE INDICATORS

No.	Strategic KPIs	2020		2021		%
		actual	planned	actual	of planned	
1	Real estate commissioning, thousand square meters	67.13	42.13	8.18	19%	12%
1.1	Nurly Zher leased housing	14.62	–	–	–	–
1.2	Other projects	52.51	42.13	8.18	19%	16%
2	Sold real estate, thousand square meters	120.94	58.96	29.07	49%	24%
2.1	Real estate sold under the Nurly Zher Program in the direction of leased housing	83.07	4.63	4.81	104%	6%
2.2	Real estate sold in the direction of commercial housing	1.43	–	–	–	–
2.3	Real estate sold under other projects	36.44	54.32	24.25	45%	67%
3	Funds disbursement, billion tenge	12.82	24.20	21.12	87%	165%
3.1	In the direction of leased housing	1.12	0.08	0.03	39%	3%
3.2	In the direction of commercial housing	0.11	–	–	–	–
3.3	Under other projects	11.59	24.11	21.08	87%	182%
4	Ensuring timely commissioning for the construction projects under management	within 1 month after the agreement expiration				
5	Corporate governance rating	–	BB	B	–	–
6	Working efficiency, thousand tenge/person	178,965	140,502	170,617	121%	95%
7	Investments in capital stock, billion tenge	12.83	24.30	21.17	87%	165%
8	Net income, million tenge	6,798.5	4,295.4	9,786.1	228%	144%
9	ROACE, %	5.55%	4.56%	8.08%	177%	146%
10	Debt/Equity Ratio	1.82	1.82	1.54	85%	85%
11	NAV, million tenge	55,523.5	58,127.7	65,342.5	112%	118%

1. The commissioning of real estate reflects the commissioning of real estate for all programs and projects of the Company. In March of this year, the Residential complex 'Bavaria' in Aktobe City was put into operation – 8,180 square meters.

thousand square meters

No.	Facilities	2020		2021		%
		actual	planned	actual	to planned	
Commissioning, including:		67,13	42,13	8,18	19%	12%
1	Rental housing under the Nurly Zher Program	14,62	–	–	–	0%
2	Other projects	52,51	42,13	8,18	19%	16%
2.1	RC 'Vostochka.kz' in Almaty City	52,51	–	–	–	0%
2.2	EXPO Project	–	16,00	–	0%	–
2.3	Akkent Project	–	18,05	–	0%	–
2.4	RC 'Bavaria' in Aktobe City	–	8,08	8,18	101%	–

2. Sold real estate. In 2021, the total area sold with a plan of 58,958 square meters was 29,067 square meters (49% of the plan).

Facility	method of sale	Planned in	
		2021	Actual in 2021
	sale	–	–
RC in 32-a Microdistrict in Aktau City	APV	728	727
RC near the intersection of Saryarka Ave. and Kenessary Street in Nur-Sultan City	sale	–	54
	APV	2 700	2 772
RC near the intersection of Hussein Ben Talal Street and Yenbekshyler Street in Nur-Sultan City	sale	–	36
	APV	1 206	1 224
	sale	–	90
SUB-TOTAL in the direction of the Rental housing under Nurly Zher Program	APV	4 634	4 723
	TOTAL	4 634	4 813
RC 'Vostochka.kz', Almaty City	sale	31 416	16 074
RC 'EXPO' in Nur-Sultan City	sale	4 000	–
RC 'Akkent' in Almaty City	sale	10 828	–
RC 'Bavaria' in Aktobe City	sale	8 080	8 180
SUB-TOTAL under other projects		54 324	24 254
TOTAL		58 958	29 067

3. Cash disbursement. In the reporting period, with a plan of 24.20 billion tenge, the amount of 21.12 billion tenge was disbursed (87% of the plan).

4. Ensuring timely commissioning of construction projects under management. The Company managed the interests in the authorized capital of KHIM-plus LLP and Karabatan Utility Solutions LLP under Trust Management Agreements entered into with United Chemical Company LLP.

5. Corporate Governance Rating (CGR). In 2021, the system of corporate governance was diagnosed for the group of Samruk-Kazyna JSC, including the Company, by the external auditor – PricewaterhouseCoopers LLP (PWC). Based on the results of the CGR diagnostics, the rating was retained at the 'B' level. At the same time, the CGR level was expected at the level of 'BB'. The Company plans to update its development strategy in 2022.

6. Labour productivity amounted in 2021 to 170,617 thousand tenge per person (121% of the plan), which is connected with an increase in operating income and a deviation of the average headcount from the planned one.

7. Investments in capital stock in the reporting period amounted to 21,170.5 million tenge, including investments in construction – 21,116.6 million tenge.

8. At the end of 2021, **the net income** of the Company amounted to 9,786.1 million tenge (228% of the plan), which is 44% higher than the same period last year, and reached its maximum value in recent years due to a stable pool of real estate sold for rent to own under the Nurly Zher Program in the direction of rental housing, and prepayment due to the use of pension savings of the population.

9. ROACE. In the reporting period, the indicator was 8.08% against the plan of 4.56% due to the growth of net income for the reporting period, +128% above the plan.

10. Debt/equity in the reporting period amounted to 1.54 against the plan of 1.82 (85% of the plan). The deviation of the indicator is due to the dynamics of obtaining and repaying loans (96% of the plan), which dynamics is different from the planned one, and capital growth (113% of the plan).

11. As of 31 December 2021, **the net asset value** amounted to 65.3 billion tenge (118% of the plan). The indicator was influenced by the deviation of net income for the reporting period and the deviation of actual net income for 2020.

INFORMATION ABOUT MATERIAL TRANSACTIONS

The information about related-party transactions concluded in 2021, as well as about major transactions, is given in Annex No.1.

GOALS AND PLANS FOR THE FUTURE PERIODS

In 2022, the Company plans to continue to achieve the goals and objectives set based on the Company's Mission and Vision, including the completion of participation in the government programs, which includes the management of premises sold for rent and rent to own as part of the anti-crisis program, as well as to continue the work on returning investments under the Nurlı Zher Program in the direction of rental housing and Nurlı Zher Program in the direction of commercial housing.

In 2022, the Company plans to start implementation of the renovation program (dilapidated and hazardous housing) in the cities of Shymkent, Almaty, North Kazakhstan and East Kazakhstan regions, etc. in order to provide the owners of dilapidated housing with new apartments, relieve social tension in the cities, as well as create an investment climate for the development of construction sector.

The Company will continue to carry out activities to invest in housing construction projects throughout the territory of the Republic of Kazakhstan. The main goal of this direction is the development of the construction industry, the completion

of the construction of suspended facilities, the creation of our own competitive production of construction materials and the creation of a comfortable living environment for the population.

To achieve its goals for 2022, the Company plans to increase the level of automation and digitalization of all business processes by enhancing operational efficiency, creating a management office and investing in construction, organizing prompt feedback aimed at a constructive dialogue with lessees, as well as automating business processes in order to exclude direct contact and prevent information and corruption risks.

In 2022, the practice of implementing the principles of sustainable development set out in the Corporate Governance Code of Samruk-Kazyna JSC will continue, the activities will be continued to improve the corporate governance system by performing the actions approved by the Plan for the improvement of corporate governance.

RISK MANAGEMENT AND INTERNAL CONTROL

Risk management in the Company is a constant and continuous process and it is designed to ensure the timely identification of potentially risky events and the performance of actions to minimize the risks that can adversely affect the activities of the Company and the achievement of goals. In cases where the occurrence of such events is inevitable, the Company takes all necessary actions to minimize negative consequences.

The Company has in place a corporate risk management system (CRMS) based on generally accepted conceptual models of risk management and recommendations developed by the Committee of Sponsoring Organizations of the Treadway Commission (COSO ERM Enterprise Risk Management Integrating with Strategy and Performance).

The main principles of the CRMS in the Company are defined in the Policy on risk management and internal control as approved by the resolution of the Board of Directors dated 04 November 2019 (minutes No. 145), which is publicly available on the Company's official website.

The structure of the risk management system in the Company is represented by risk management at several levels involving the following bodies and subdivisions of the Company: Board of Directors, Management Board, Risk Management Committee, Internal Audit Service, Compliance Controller, structural unit responsible for risk management.

The Company has in place an internal control system, which is a tool that allows the management making decisions aimed at promptly identifying and preventing risks, and providing reasonable confidence in the achievement of the Company's strategic goals.

The meetings of the Risk Management Committee are organized in the Company on an ongoing basis, reports are heard and actions to manage significant risks are discussed, and reports are submitted on the actions taken to improve the CRMS. The information about realized risks is timely brought to the attention of the Management Board and the Board of Directors of the Company.

Structure of risk management system



ACTIONS TO IMPROVE THE CRMS

The Company's CRMS is a set of interrelated elements combined into a single process in which the Board of Directors, management and employees participate in identifying potential events that may affect the activities of the Company, as well as in management of these events within an acceptable risk level.

The Company annually develops and performs a set of actions to improve the CRMS effectiveness. In 2021, the actions were taken as part of the CRMS improvement, including:

- The approved Plan for the improvement of corporate governance of the Company for 2021–2022 included the actions for the improvement and functioning of the risk management and internal control system in the Company;

- A part was taken in interviews with independent consultants on the functioning of the risk management and internal control system as part of the diagnosis of corporate governance of the Company;
- Materials were provided on the functioning of the risk management and internal control system as part of the diagnostics of corporate governance of the Company by independent consultants based on the results of which it was planned to update the Plan on the improvement of the risk management and internal control system of the Company in 2022;
- Work is performed to consult the employees of the structural units of the Company on the issues related to risk management; consultations with risk coordinators are provided on the issues related to realized risks in the reporting period;
- To improve the risk culture, introductory trainings on risks are conducted for newly hired employees;
- To assess the knowledge of employees of the principles of the risk management system, the tests and questionnaires are conducted on an ongoing basis;
- The Methodology of the internal control system of the Company has been updated;



- For the purposes of prompt provision of the information on realized risks, weekly reports on the risks of the Company are submitted to the Sole Shareholder (the order and form of information provided);
- The risks of completed projects are analysed and an info session is conducted;
- The documents of the Risk Management Committee for the period 2018–2019 were registered, the documents were transferred to the Company archive.

The work on improving the risk management and internal control system will continue in 2022.

SIGNIFICANT RISKS

In 2021, the Company included 22 risks in the register and map of significant risks of which the critical risk is the risk of default in payment of debt by Shar-Kurylys LLP.

At the end Quarter 1 of 2021, the significance of risk P-2 – Risk of default in payment of debt by Shar-Kurylys LLP – was reduced in the risk register due to the conclusion of a mediation agreement and partial fulfilment of obligations to the Company under approved conditions.

Thus, during Quarters 2-4 of 2021, the Company has no risks that are within the critical zone.

In 2021, the Company performed actions to minimize risk realization and consequences from their realization, including:

- ongoing monitoring of the sale of facilities, visits to the facilities, conclusion with developers of additional agreements to the contracts with updated parameters for the sale period and return of investment;
- implementation of a lease payment accounting system to reduce the risks of manual monitoring of payments under rent-to-own agreements;



- control and monitoring of the elimination of identified defects in real estate objects owned by the Company;
- consideration of proposals from counterparties on the fulfilment of obligations under mediation agreements;
- work on the return of troubled receivables;
- prevention of the spread of COVID-19 among the employees of the Company, ensuring the maximum vaccination coverage of employees, receipt of vaccination passports. Medically exempted employees undergo PCR testing on a weekly basis; and
- performing anti-epidemiological actions in the administrative buildings.

The actions of the plan to minimize the other risks are performed on an ongoing basis.

CORPORATE GOVERNANCE

STRUCTURE OF CORPORATE GOVERNANCE

In accordance with the Articles of Association, the Company's bodies include:

1. the Sole Shareholder being the supreme body;
2. the Board of Directors being the controlling body; and
3. the Management Board being the executive body.

The Company is taking actions to implement an effective corporate governance system that establishes relationships between the Board of Directors, the Management Board, the Sole Shareholder and other stakeholders. Through this system, the Company is continuously working to maximize the value while protecting the interests of the Sole Shareholder and other parties affected by its activities.

REPORT ON COMPLIANCE WITH THE PRINCIPLES OF THE CORPORATE GOVERNANCE CODE OF SAMRUK-KAZYNA JSC FOR 2021

The Company traditionally assigns a key role to the creation of an effective corporate governance system based on the best world practices. The Company considers the compliance with the basic principles of the Corporate Governance Code to be a necessary condition for the long-term successful development of the Company and increasing its investment attractiveness.

The principles formulated in the Corporate Governance Code are an essential source for the Company to develop its own internal documents and a guideline for the formation of the best practice of corporate governance. The Company strives to ensure that the structure of corporate governance complies with the legislation of the Republic of Kazakhstan and the Corporate Governance Code of Samruk-Kazyna JSC and clearly defines the division of responsibilities between controlling bodies. Following the principles of corporate

governance contributes to the creation of an effective approach for conducting an objective analysis of activities of the Company. Corporate governance is built on the basis of fairness, honesty, responsibility, openness, accountability, transparency, professionalism and competence.

An effective structure of corporate governance implies respect for the rights and interests of all stakeholders, contributes to the successful activities of the Company, including the growth of its value and increase in market value, maintaining financial stability and profitability. The Company is constantly taking measures to improve the system of corporate governance. The Report on adherence to the principles of the Corporate Governance Code of Samruk-Kazyna JSC can be found on the Company's website: <https://skcn.kz/ru/news/otchet-o-sledovanii-principam>.

BOARD OF DIRECTORS

The Board of Directors is in charge of the general management of the Company's activities. The functions of the Board of Directors are approving the Strategy of development of the Company and the Business Plan, ensuring the effective operation of the risk management system, exercising control over the financial and economic activities of the Company, etc. In 2021, the following changes occurred in the Board of Directors:

1) by resolution of the Management Board of the Sole Shareholder No.17/21 dated 26 April 2021:

- The powers of the current Board of Directors were early terminated: Chairperson of the Board of Directors of Samruk-Kazyna Construction JSC, representative of the interests of Samruk-Kazyna JSC Ye.B. Zhanadil, member of the Board of Directors of Samruk-Kazyna Construction JSC, representative of the interests of Samruk-Kazyna JSC, A.K. Muratbayev and independent director D.V. Larionov;
- The Board of Directors comprising three members was elected for a three-year term office: M.D. Aitenov – the Chairperson of the Board of Directors of Samruk-Kazyna Construction JSC, representative of the interests of Samruk-Kazyna JSC, Ye.K. Berdigulov – a member of the Board of Directors of Samruk-Kazyna Construction JSC, representative of the interests of Samruk-Kazyna JSC, and N.S. Turlybekov – an independent director.

2) by resolution of the Management Board of the Sole Shareholder No.36/21 dated 26 August 2021:

- The powers were early terminated: the Chairperson of the Board of Directors of Samruk-Kazyna Construction JSC, representative of the interests of Samruk-Kazyna JSC M.D. Aitenov and an independent director N.S. Turlybekov;
- A member of the Board of Directors, representative of the interests of Samruk-Kazyna JSC Ye.K. Berdigulov was elected to be the Chairperson of the Board of Directors of Samruk-Kazyna Construction JSC, the Chairperson of the Management Board of Samruk-Kazyna Construction JSC B.A. Sandykbayev was elected to be a member of the Board of Directors of Samruk-Kazyna Construction JSC, A.A. Amanzholov – an independent director until the expiration of the term office of the Board of Directors determined by resolution of the Management Board of the Sole Shareholder No. 17/21 dated 26 April 2021.

The Board of Directors of the Company comprises 3 members one of which is an independent director, the Chairperson of the Management Board and representative of the interests of the Sole Shareholder.

At the same time, on 18 February 2022, a meeting in presentia of the Management Board of Samruk-Kazyna JSC was held at which the following resolutions were adopted concerning the membership of the Board of Directors of Samruk-Kazyna Construction JSC (hereinafter referred to as the Company):

1) The powers of Yernat Kudaibergenovich Berdigulov, the Chairperson of the Board of Directors of Samruk-Kazyna Construction JSC, were early terminated.

2) The powers of Bolatkan Aitkozhanovich Sandykbayev, a member of the Board of Directors of Samruk-Kazyna Construction JSC, were early terminated.

3) The following persons were elected to the Board of Directors of the Company:

- Mukhtar Utepkaliyevich Tazhigaliyev was elected to be a member of the Board of Directors of Samruk-Kazyna Construction JSC, a representative of Samruk-Kazyna JSC until the expiration of the term office of the Board of Directors of Samruk-Kazyna Construction JSC in general as determined by the resolution of the Management Board of Samruk-Kazyna JSC dated 26 April 2021 (minutes No.17/21). Mukhtar Utepkaliyevich Tazhigaliyev – a member of the Board of Directors of Samruk-Kazyna Construction JSC, representative of Samruk-Kazyna JSC was elected to be the Chairperson of the Board of Directors of Samruk-Kazyna Construction JSC.
- Yelzhas Kairatovich Korabayev was elected to be a member of the Board of Directors of Samruk-Kazyna Construction JSC, a representative of Samruk-Kazyna JSC until the expiration of the term office of the Board of Directors of Samruk-Kazyna Construction JSC in general as determined by the resolution of the Management Board of Samruk-Kazyna JSC dated 26 April 2021 (minutes No.17/21).

The Report on adherence to the principles of the Code of Corporate Governance of Samruk-Kazyna JSC can be found on the Company's website: <https://skcn.kz/ru/news/otchet-o-sledovanii-principam>.



The information about all of the members of the Board of Directors of Samruk-Kazyna Construction JSC can be found on the Company's website: <https://skcn.kz/ru/news/sostav>.



MEMBERS OF THE BOARD OF DIRECTORS (AS OF 31 DECEMBER 2021)



YERNAT BERDIGULOV

Chairperson of the Board of Directors, representative of the Sole Shareholder

Date of birth: 03 September 1987

Nationality: Republic of Kazakhstan

Date of initial election to the Board of Directors:
26 April 2021

Date of election as the Chairperson of the Board of Directors: 26 August 2021

Education:

2015–2018, University of Warwick, Master of Business Administration;

2011–2012, CIMA Diploma: Operations Efficiency

Management and Business Efficiency Management;

2007–2010, University of Toronto, specialty – Public Policy and International Relations (direction – International Economy).

Place of employment and positions held in organizations over previous 10 years:

As from April 2021: Co-managing Director for strategy, sustainable development and digital transformation of Samruk-Kazyna JSC (from February 2022, he is the Managing Director for strategy, sustainable development and digital transformation of Samruk-Kazyna JSC);

May 2019 – April 2021: Project Manager in Whiteshield Partners, an international consulting company (during different years he was the senior analyst and consultant);

August 2018 – April 2019: Analyst in the Asset Management Direction of Samruk-Kazyna JSC;

January 2013 – May 2018: Adviser of the Chairperson of the Management Board of Samruk-Energo JSC (for financial and economic issues). Also, during different years he was the Director of the Analytical Support Department, the Director of the Strategic Development Department, and the Director of the Project Management Department;

April 2011 – December 2012: Project Manager, Project Office for implementation of the Management Accounting System (MAS) of Samruk-Kazyna JSC.

Work in part-time positions and membership in the BoD:

He is a member of the Boards of Directors of other subsidiaries of Samruk-Kazyna JSC.

He has no shares in the Company, suppliers and competitors of the Company.



BOLATKAN SANDYKBAYEV

Member of the Board of Directors, Chairperson of the Management Board

Date of birth: 06 May 1960

Nationality: Republic of Kazakhstan

Date of election to the Board of Directors: 26 August 2021

Education:

Almaty Architecture and Construction Institute, 'Industrial and Civil Construction', 1986.

Place of employment and positions held in organizations over previous 10 years:

As from November 2018: Chairperson of the Management Board of Samruk-Kazyna Construction JSC (by resolution of the Management Board of Samruk-Kazyna JSC No.06/22 dated 24 January 2022, his powers as the Chairperson of the Management Board of Samruk-Kazyna Construction JSC were early terminated);

March 2018 – November 2018: General Director of the Corporate Fund 'Facility Construction Company';

2016–2018: General Director of the Construction Direction of Astana EXPO-2017, Astana EXPO-2017 NC JSC;

2009–2016: President of Astana-Kurylys NCC JSC.

He is not a member of the Boards of Directors of other subsidiaries of Samruk-Kazyna JSC.

He has no shares in the Company, suppliers and competitors of the Company.



AKTAN AMANZHOLOV

Member of the Board of Directors, Independent Director

Date of birth: 30 August 1975

Nationality: Republic of Kazakhstan

Date of election to the Board of Directors: 26 August 2021

Education:

Eurasian National University named after L.N. Gumilyov, EME (economy and management at enterprise);

MBA, Master of Business Administration;

Certified Project Director, IPMA Level A.

Place of employment and positions held in organizations over previous 10 years:

1995–2019: BI-Group, including:

2007–2019: General Director of the ICC Industry Division;

2006–2019: General Director of ABK Kurylys 1 LLP;

Kurmet Order, Honourable Constructor of Kazakhstan.

He holds 100% interest in Smart Stom Digital Stomatology Centre LLP and 50% interest in Vavilon NV LLP (production of construction materials).

Shares held in Samruk-Kazyna Construction JSC: none.

DIRECTOR INDEPENDENCE CRITERIA

In accordance with paragraph 4) of clause 29 of the Articles of Association of Samruk-Kazyna Construction JSC, the issues of determining the quantity of members, the term office of the Board of Directors, the election of its members and the early termination of their powers, the election of the Chairperson of the Board of Directors, as well as determining the amount and the terms for paying remuneration to the members of the Board of Directors are referred to the exclusive competence of the Sole Shareholder.

In accordance with paragraph 20 of article 1 of the Law On Joint-Stock Companies, the Articles of Association and the Corporate Governance Code, an "independent director" is defined as a member of the Board of Directors who:

- is not an affiliate of the Company;
- has not been a member during three years preceding the election to the Board of Directors (except for the case of a tenure as an independent director of the Company);
- is not affiliated with affiliates of the Company; is not subordinated to officials of the Company or organizations being affiliates of the Company;
- has not been subordinated to these persons during three years preceding the election to the Board of Directors;
- is not an auditor of the Company and has not been one during three years preceding the election to the Board of Directors;

- does not participate in an audit of the Company as an auditor working as a member of an audit organization, and has not participated in such an audit during three years preceding the election to the Board of Directors;
- is not a public officer; and
- is not a representative of the Sole Shareholder at the meetings of the Company's bodies and has not been the same during three years preceding the election to the Board of Directors.

The members of the Board of Directors of the Company shall notify preliminarily the Board of Directors of the Company of the part-time work in other organizations and positions of the members of the Board of Directors.

The members of the Board of Directors of the Company may not be a member of the Board of Directors or hold executive positions in competitor organizations of the Company.

By resolution of the Management Board of the Sole Shareholder No. 36/21 dated 26 August 2021, A.A. Amanzholov was elected to be an independent director of the Company. The relationships between a member of the Board of Directors – an independent director – and the Company are regulated by an agreement entered into on behalf of the Company by the Chairperson of the Board of Directors of the Company dated 26 August 2021.

ASSESSMENT OF ACTIVITIES OF THE BOARD OF DIRECTORS

The Board of Directors is assessed in accordance with the Policy on assessment of activities of the Board of Directors and its committees, Chairperson, members of the Board of Directors and Corporate Secretary as approved by resolution of the Board of Directors of the Company No.130 dated 27 February 2017, subject to amendments and alterations No. 149 dated 08 November 2019.

In accordance with this Policy, the Board of Directors may make the assessment with the involvement of a consultant, through questionnaires and interviews, or using a mixed approach: by own efforts with the consultant coordinating the process. The Sole Shareholder can also make its own assessment on its own or with the involvement of a Consultant.

An independent assessment is made at least once every three years. At the same time, if the Company diagnoses the corporate governance in the reporting period with the involvement of independent consultants, to prevent the process duplication, there is no need to make a separate assessment for the same reporting period.

In 2021, the Sole Shareholder made an external diagnostic of corporate governance in the Company by efforts of the independent consultants – PricewaterhouseCoopers LLP – in order to provide recommendations for further improvement of corporate governance practices towards similar international organizations. As a result of the completion of the assessment by an external consultant, recommendations were made for further improvement.

CAREER DEVELOPMENT OF THE MEMBERS OF THE BOARD OF DIRECTORS

The Company has in place the Policy on career development of the members of the Board of Directors of Samruk-Kazyna Construction JSC and involvement of external experts by the Board of Directors of the Company, which Policy determines the rights and obligations of the members of the Board of Directors in terms of their career development and involvement of external experts.

In accordance with the Plan on career development of the members of the Board of Directors for 2021, as well as the Plan for the improvement of corporate governance of the Company for 2021–2022, in February 2021, all of the members of the Board of Directors of the Company took part in training seminar on the topic 'Construction Activities in Kazakhstan', and in December 2021, an independent director also took part in the seminar 'Management of Investment Projects in Construction'.

Activities of the Board of Directors are carried out on the basis of an approved annual work plan.

In 2021, the Company held 12 meetings in presentia of the Board of Directors (meetings No.156-167). A total of 111 issues were considered concerning the key aspects of activities of the Company.

From April 2020, the meetings in presentia of the Board of Directors were partially held via videoconference on the basis of the resolution of the Fund to reduce the practice of holding field meetings of the Board of Directors during 2020–2021 in order to optimize expenses due to the worsening of the global economic and financial situation caused by the COVID-19 pandemic. In accordance with the Regulations of the Board of Directors, in cases where one or more members of the Board of Directors are not able to personally attend the meeting of the Board of Directors, they may participate in the discussion of the issues under consideration using technical means of communication (i.e. a video conference session, telephone conference, etc.). It is planned to continue this practice during 2022.



Participation of the members of the Board of Directors in the meetings of the board of directors in 2021:

Member of the Board of Directors	Independent	Participation in meetings of the BoD
Ye.K. Berdigulov	no	11 out of 11***
B.A. Sandykbayev	no	5 out of 5***
A.A. Amanzholov	yes	5 out of 5***
M.D. Aitenov	no	6 out of 6**
N.S. Turlybekov	yes	6 out of 6**
Ye.B. Zhanadil	no	1 out of 1*
D.V. Larionov	yes	1 out of 1*
A.K. Muratbayev	no	1 out of 1*

* the powers were early terminated according to resolution of the Management Board of Samruk-Kazyna JSC No. 17/21 dated 26 April 2021.

** election to the Board of Directors of the Company according to resolution of the Management Board of Samruk-Kazyna JSC No. 17/21 dated 26 April 2021; the powers were early terminated according to resolution of the Management Board of Samruk-Kazyna JSC No. 36/21 dated 26 August 2021.

*** Election to the Board of Directors according to resolution of the Management Board of Samruk-Kazyna JSC No. 36/21 dated 26 August 2021.

MAIN ISSUES CONSIDERED BY THE BOARD OF DIRECTORS FOR 2021

In 2021, both strategic and current issues of activities within its competence were considered at the meetings of the Board of Directors.

By the resolution of the Board of Directors, the following key issues were considered and approved:

- Business Plan for 2022–2026;
- Financial strategy for 2021–2030;
- Audited annual financial statements of the Company – Samruk-Kazyna Construction (consolidated and separate) for 2020;
- approval of the list of non-strategic assets to be withdrawn by Samruk-Kazyna Construction JSC;
- construction of the residential quarter in Akkent Microdistrict in Almaty City, the residential complex ‘French Quarter’ in Atyrau City, the residential complex of the VIP-town ‘SARANDA’, and the office building ‘Yassy Tower’ in Turkestan City;
- approval of the issue of bonds of Samruk-Kazyna Construction JSC, determination of the conditions for their issue, redemption of bonds in case of early redemption and increase in liabilities of Samruk-Kazyna Construction JSC by an amount of ten or more percent of equity in order to attract debt financing, including for the development of a land plot under the Property Transfer Agreement made with Energoinform JSC;
- as part of the trust management of the companies’ interests at the design and construction stage, the Board of Directors of the Company decided to implement the significant investment project ‘Joint venture for waste recycling and production of utility and drinking water’ on the territory of the facility ‘Water treatment and sewage treatment plant, stage 1’ owned by Karabatan Utility Solutions LLP in order to make a profit, save the cost of waste disposal of the Water treatment plant and reduce the burden on the environment of the region;
- approval of the Plan for the improvement of corporate governance for 2021–2022;
- consideration of information on the progress of the implementation of the Personnel Policy of the Company for 2018–2028 and the implementation of the KPIs under the Personnel Policy for 2020;
- approval of the Annual Report of Samruk-Kazyna Construction JSC for 2020, including the sustainable development report developed in accordance with the GRI Guidelines;
- approval of the report on the Company’s compliance with the principles and provisions of the Corporate Governance Code for 2020;
- consideration of the report on the activities of the Board of Directors and Corporate Secretary of the Company for 2020, as well as regular monitoring of the instructions of the Board of Directors;
- hearing the report on the results of the assessment of the activities of the Board of Directors, Chairperson, members of the Board of Directors and Corporate Secretary of the Company for 2019–2020;
- approval of the charts of key performance indicators of executive employees of the Company with actual values for 2020, motivational charts of key performance indicators of executive employees (hereinafter referred to as KPIs) for the 2nd half of the year 2021. The charts of KPIs of executive and managerial employees for 2022 were approved before the beginning of the financial year in accordance with the Corporate Governance Code;
- approval of the goal maps of the Internal Audit Service, the Compliance Controller, the Corporate Secretary of the Company for the forecast period and assessment of their activities for the reporting period;
- during 2021, the organizational structure of the central office of the Company was revised;
- determination of the composition of the Management Board comprising 4 (four) members of the Management Board and, in connection with the expiration of the term office of the Management Board in general, by resolution of the Board of Directors No. 165 dated 26 November 2021, the term office of the Management Board of the Company (with the exception of the Chairperson of the Management Board) is determined to be 3 (three) years as from 27 November 2021; the Managing Director for procurement and facilities management, the Managing Director for operating activities and the Managing Director for Economy and Finance were elected to be the members of the Management Board of the Company as from 27 November 2021 with the determination of the term office before the expiration of the above period; the powers of the Managing Director for design and construction – a member of the Management Board of the Company – were also terminated due to the expiration of his term as from 29 November 2021; and
- approval as part of the grading of job descriptions and evaluations due to changes in the organizational structure, as well as the determination of the official salaries of executive employees and employees accountable to the Board of Directors.

RISK MANAGEMENT:

- consideration of quarterly Reports on risk management;
- setting limits on liabilities of counterparty banks of the Company;
- approval of the risk register, risk map of the Company and their modification;
- approval of risk appetite, tolerance levels and key risk indicators for the forecast year;
- approval of the action plan to ensure the compliance with the Law of the Republic of Kazakhstan On Combating Corruption in Samruk-Kazyna Construction JSC;
- approval of a new version of the Policy on combating fraud and corruption in Samruk-Kazyna Construction JSC; and
- in December 2021, the Compliance Controller conducted a review-training for the Board of Directors, the Management Board and the structures accountable to the Board of Directors on the application of and compliance with the Policy on combating fraud and corruption and the Code of Conduct (on corruption issues) in the Company.

EXTERNAL AND INTERNAL AUDIT:

- approval of the annual audit plan;
- approval of the budget of the Internal Audit Service of the Company;
- consideration of the reports of the Internal Audit Service;
- holding a closed meeting of the Board of Directors with the Internal Audit Service. These meetings are scheduled as part of the agenda of the Board of Directors. The issue of extending the powers of the senior auditor of the Internal Audit Service A.S. Iskakov for three years as from 29 October 2021 was also considered;
- meetings of the external auditor with the Board of Directors were held in 2021. Also, at meeting of the Board of Directors of the Company No. 166 dated 23 December 2021, the external auditor of the Company was heard on the audit planning report in the Company for the year ended 31 December 2021; and
- approval of a new version of the Policy of Samruk-Kazyna Construction JSC in the field of involving the services of auditing organizations.

COMMITTEES OF THE BOARD OF DIRECTORS

To support the activities of the Board of Directors, the following committees have been formed in the Company, whose duties include considering issues and developing recommendations on a particular issue as part of their functional duties:

- Audit Committee;
- Nomination and Remuneration Committee; and
- Committee for Strategic and Investment Issues.

In accordance with the Regulations on committees under the Board of Directors, each of the committees submits to the Board of Directors a report on work performed, on an annual basis. During 2021, the meetings of the Committees were not held due to a change in the number of members of the Board of Directors.

BASIC PROVISIONS ON REMUNERATION OF THE BOARD OF DIRECTORS AND MEMBERS OF THE MANAGEMENT BOARD

The members of the Board of Directors of the Company, with the exception of independent directors, carry out their activities on a gratuitous basis. The procedure for paying remuneration to independent directors is determined in accordance with the Rules for forming the composition of the Boards of

Directors of Samruk-Kazyna JSC. In 2021, remuneration paid to independent directors amounted to 5,564,383.56 tenge after taxes and other obligatory payments in accordance with the legislation of the Republic of Kazakhstan.

MANAGEMENT BOARD

A collegial body in the form of the Management Board headed by the Chairperson of the Management Board is in charge of the day-to-day activities of the Company. The Activities of the Management Board aims to respect to the extent possible the interests of the Sole Shareholder, as well as to fulfil the objectives of the Company and implement its strategy. The organization of work of the Management Board, the procedure for convening and holding its meetings, the procedure for adopting resolutions are determined by the Regulations of the Management Board of the Company. The main principles of activities of the Management Board are honesty, good faith, reasonableness, prudence, and regularity. The Management Board holds regular meetings in the form of in-person voting. There are 3 Committees under the Management Board: Activities Planning and Assessment Committee, Risk Management Committee, and Sustainable Development Committee.

At the same time, by resolution of the Management Board of Samruk-Kazyna JSC No. 06/22 dated 24 January 2022, the powers of the Chairperson of the Management Board of Samruk-Kazyna Construction JSC Boltakan Aitkozhanovich Sandykbayev, as well as the employment relations with him, were early terminated, and by resolution of the Management Board of Samruk-Kazyna JSC No. 13/22 dated 24 February 2022, the Chairperson of the Management Board of Samruk-Kazyna Construction JSC Maulen Zarlykovich Aimanbetov was agreed upon and appointed.

Also, by the resolution of the Board of Directors of the Company dated 24 Aimanbetov 2022, the powers of Darkhan Kalkabayevich Mussanov as the Managing Director for Procurement and Facilities Management – a member of the Management Board of Samruk-Kazyna Construction JSC – were early terminated; on 24 January 2022, the employment contract was terminated in accordance with the labour laws of the Republic of Kazakhstan.

MEMBERS OF THE MANAGEMENT BOARD (AS OF 31 DECEMBER 2021)



BOLATKAN SANDYKBAYEV

Chairperson of the Management Board

Date of birth: 06 May 1960

Nationality: Republic of Kazakhstan

Date of election to the Management Board: 27 November 2018

Education:

Almaty Architecture and Construction Institute, 'Industrial and Civil Construction', 1986

Experience:

As from 2018: Chairperson of the Management Board of Samruk-Kazyna Construction JSC (by resolution of the Management Board of Samruk-Kazyna JSC No.06/22 dated 24 January 2022, his powers as the Chairperson of the Management Board of Samruk-Kazyna Construction JSC were early terminated);

2018: General Director of the Corporate Fund 'Facility Construction Company';

2016–2018: General Director of the Construction Direction of Astana EXPO-2017, Astana EXPO-2017 NC JSC;

2009–2016: President of Astana-Kurylys NCC JSC.

He has no shares in the Company, suppliers and competitors of the Company.



MAKHABBAT UALI

Managing Director for Economy and Finance – a member of the Management Board

Date of birth: 19 December 1982

Nationality: Republic of Kazakhstan

Date of election to the Management Board: 04 May 2021

Education:

Kazakh National University named after al-Farabi (KazNU), Almaty City, Department of Economics and Law, 2006 – Bachelor and Master programs.

Experience:

From 2021 to the present day: Managing Director for Economy and Finance of Samruk-Kazyna Construction JSC – a member of the Management Board of Samruk-Kazyna Construction JSC;

2020–2021: Director of the Department for category management of procurement in Kazakhstan temir zholy NC JSC;

2015–2020: Vice-Chairperson of the Management Board, a member of the Management Board in Karabatan Utility Solutions LLP;

2014–2015: alternate General Director of Karabatan Utility Solutions LLP;

2014–2015: Chief of the Service of the Investment Project Development Direction in United Chemical Company LLP;

2010–2013: Senior Manager of the Department of interaction with public authorities, financial institutions and international investors in Kazakhstan Petrochemical Industries Inc. LLP;

2008–2010: Senior Specialist of the Project Management Department in Kazakhstan Electricity Grid Operating Company JSC (KEGOC);

2007: Leading Specialist of the SME Lending Division in Eurasian Bank JSC.

He has no shares in the Company, suppliers and competitors of the Company.

He is a member of the Supervisory Board of Karabatan Utility Solutions LLP.

He is a member of the Board of Directors of other subsidiaries of Samruk-Kazyna JSC.



DARKHAN MUSSANOV

Managing Director for Procurement and Facilities Management – a member of the Management Board

Date of birth: 28 January 1984

Nationality: Republic of Kazakhstan

Date of election to the Management Board: 25 August 2020

Education:

KazNPU named after Abay (Kazakh National Pedagogic University named after Abay), Legal department, 2006

Experience:

2020: Managing Director for Procurement and Facilities Management – a member of the Management Board of Samruk-Kazyna Construction JSC (by resolution of the Board of Directors of Samruk-Kazyna Construction JSC No.168 dated 24 January 2022, the powers of the Managing Director for Procurement and Facilities Management – a member of the Management Board of Samruk-Kazyna Construction JSC – were early terminated);

2019–2020: Director of the Procurement and Facilities Operation Department of Samruk-Kazyna Construction JSC;

2018–2019: Director of the Material and Technical Supply Department of the Corporate Fund 'Facilities Construction Company';

2016–2018: Director of the Material and Technical Supply Department of Branch 'Construction Direction of Astana EXPO-2017' of Astana EXPO-2017 NC JSC;

2011–2016: Chief of the Government Procurement Division of RSUE 'Direction of Salaried National Teams and Sporting Reserve' of the Committee for Sport and Physical Training of the Ministry of Culture and Sport of the Republic of Kazakhstan;

2009–2011: Senior Specialist of the Legal Division of the Legal and Personnel Direction of Locomotive kurastyru зауыты JSC;

2009: Corporate Secretary of the Board of Directors of Almaty car-repair plant JSC;

2007–2009: Senior Specialist, legal counsel of the Legal Division of Almaty car-repair plant JSC.

Social work: President of the Cycling Federation of Nur-Sultan City.

He has no shares in the Company, suppliers and competitors of the Company.

He is a member of the Boards of Directors of the other subsidiaries of Samruk-Kazyna JSC.



MARAT ILIYAS

Managing Director for Operating Activities – a member of the Management Board

Date of birth: 10 March 1985

Nationality: Republic of Kazakhstan

Date of election to the Management Board: 25 August 2020

Education:

Kazakh University for Humanities and Law, Legal Department – 2007, specialty – Jurisprudence;

'Bolashak' Karaganda University, academic degree – Master of Legal Sciences – 2012.

Experience:

From 2020 to the present day: Managing Director for Operating Activities – a member of the Management Board;

2018–2020: Director of the Administrative and Legal Department of Samruk-Kazyna Construction JSC;

2018: Director of the Administrative and Legal Department of the CF 'Facilities Construction Company';

2017–2018: Chief of the Legal Support and Labour Protection Service of the Branch of 'Construction Direction Astana EXPO-2017';

2016–2017: Senior Manager of the Administrative and Legal Department of the Branch of 'Construction Direction Astana EXPO-2017';

2015–2016: Manager of the Administrative and Legal Department of the Branch of 'Construction Direction Astana EXPO-2017';

2014–2015: assistant public prosecutor of Auezov District, Public Prosecutor's office of Almaty City;

2012–2014: senior inspector for major cases, senior inspector of the Direction for detection of crimes in the field of shadow economy, senior inspector of the 2nd Division of the Direction for detecting and preventing corruption cases of the Department for economic and corruption crime fighting on Almaty City (finance police);

2009–2012: expert (acting head) of the Personnel and Personal Security Direction of the Committee for Registration Service and Provision of Legal Assistance of the Ministry of Justice of the Republic of Kazakhstan;

2009: expert of the Direction of Public Control of the Use and Safeguard of Lands of the Agency of the Republic of Kazakhstan for land resources management;

2008–2009: deputy Director for legal issues of BET and Com LLP;

2007–2008: expert of the Organization and Personnel Direction, superintendent of the Legal Operations, Labour Protection and Occupational Safety Sector, consultant of the RSUE 'Direction of the Administrative Building of the Supreme Court of the Republic of Kazakhstan'.

He has no shares in the Company, suppliers and competitors of the Company.

He is a member of the Boards of Directors of the other subsidiaries of Samruk-Kazyna JSC.

REPORT ON ACTIVITIES OF THE MANAGEMENT BOARD FOR 2021

In 2021, 38 meetings of the Management Board were held in presentia at which the resolutions on 247 issues were adopted.

PARTICIPATION OF THE MEMBERS OF THE MANAGEMENT BOARD IN THE MEETINGS OF THE MANAGEMENT BOARD IN 2021

Member of the Management Board	Participation in the meetings of the Management Board
B.A. Sandykbayev	38 out of 38
M.Zh. Iliyaz	34 out of 34
M.Zh. Uali	26 out of 26*
A.A. Kussainov	33 out of 33**
D.K. Mussanov	36 out of 36
D.K. Doszhanov	12 out of 12***

* By resolution of the Board of Directors of the Company No.157 dated 30 April 2021, he is elected to be a member of the Management Board.
 ** The powers of the member of the Management Board were early terminated according to resolution of the Board of Directors of the Company No.165 dated 26 November 2021.
 *** The powers of the member of the Management Board were terminated according to resolution of the Board of Directors of the Company No.157 dated 30 April 2021.

BASIC RESOLUTIONS ADOPTED BY THE MANAGEMENT BOARD IN 2021:

- regarding reports on the implementation of the Company's Business Plan for 2020–2024, including the Report on the implementation of the Annual Budget for 2020, and a detailed analysis of the financial statements of Samruk-Kazyna Construction JSC;
- regarding the approval of the Business Plan of Samruk-Kazyna Construction JSC for 2022–2026;
- regarding the approval of the draft Business Plan and Annual Budget of SK Development LLP for 2022;
- regarding the approval of the Financial Strategy of Samruk-Kazyna Construction JSC for 2021–2030;
- regarding the approval of the Audited Annual Financial Statements of Samruk-Kazyna Construction (consolidated and separate) for 2020;
- regarding the implementation of construction projects;
- regarding issues arising in the process of implementation of investment projects;
- regarding the allocation of temporarily free funds;
- regarding the approval of a price and cost of renting commercial premises and apartments in the residential complexes;
- regarding the preliminary approval of the sale of a 49% interest in the authorized capital of SK Development LLP;
- regarding the implementation of investment projects "Construction of Multi-apartment Residential Complex on the Millennium Alley-2 in Nur-Sultan City", "Construction of the Residential Complex 'Bavaria-2' in Aktobe City", "Construction of the Residential Quarter in Akkent Microdistrict in Almaty City", "Construction of the Residential Complex 'French Quarter' in Atyrau City", "Construction of the Residential Complex of the VIP-town 'Saranda' " in Nur-Sultan City, and "Construction of the Residential Complex within the EXPO area in Nur-Sultan City";
- regarding the preliminary approval of the concept of the project "Construction of factories for the production of ceramic sanitary faience ware, glass wool and the production of gas blocks (Euroblocks) in Nur-Sultan City";
- regarding the preliminary approval of the implementation of the project "External power supply. Construction of 220 kV high voltage line and 220 kV substation, the second independent source of power supply from the combined steam and gas power plant to 220 kV outdoor switchgear of central distribution substation – 3 of Atyrau Oil Refinery LLP;
- regarding the preliminary consideration and approval of issues and internal regulatory documents subsequently submitted for consideration by the Board of Directors of the Company;
- regarding activities referred to the exclusive competence of the general meeting of members of the organizations the interests in the authorized capital and the shares of which are transferred to the trust management of Samruk-Kazyna Construction JSC;
- regarding the agreement and approval of internal documents regulating the activities of the Company and its subsidiaries, including: staffing and organizational structure;

- regarding change of the members of the Management Board of Samruk-Kazyna Construction JSC;
- regarding the approval of the Basic Treasury Portfolio Parameters of Samruk-Kazyna Construction JSC;
- Regulations of the structural units of the Company;
- Agreements on dispute (conflict) settlement;
- Labour regulations;
- Rules for the search and selection of administrative and managerial personnel;
- Policy of compliance risk management;
- Policy of remuneration for project management;
- Policy for selection and consideration of residential/non-residential (commercial) construction projects of Samruk-Kazyna Construction JSC;
- Policy for combating fraud and corruption in Samruk-Kazyna Construction JSC;
- Monitoring of key risk indicators on a monthly basis; and
- Approval of the Priority Procurement List for 2021, etc.



INTERNAL AUDIT

The Company has in place the generally recognized internal audit model in which the functions of internal audit are separated from the functions of internal control and risk management. Internal audit is in the mode of special functional-administrative subordination and reporting, which ensures objectivity and independence. The Internal Audit Service was formed to help to achieve the strategic goals and objectives by applying a systematic and consistent approach to assessing and enhancing the effectiveness of the internal control and risk management system during audits and consultations and reporting to the Board of Directors of the Company.

In accordance with the tasks assigned to it, the Internal Audit Service performs the following functions:

- assessment of the adequacy and effectiveness of the internal control system in the Company;

- assessment of the completeness of the application and effectiveness of the risk assessment methodology and risk management procedures in the Company; and
- assessment of the implementation of and compliance with the adopted principles of corporate governance, relevant ethical standards and values of the Company, etc.

The Board of Directors annually approves the risk-based Annual Audit Plan of the Internal Audit Service, as well as the key performance indicators of the Internal Audit Service and its Chief. The report of the Internal Audit Service is provided to the Board of Directors of the Company on a quarterly and annual basis. The Internal Audit Service takes into account in its activities the current International Standards for the Professional Practice of Internal Auditing and the Internal Auditors' Code of Ethics adopted by the International Institute of Internal Auditors and is guided by local regulations on internal audit approved in the Company. During 2021, the Internal Audit Service performed 12 scheduled engagements and 3 unscheduled audit engagements and consultations. Based on the results of the assessments and audits of the Internal Audit Service, it develops appropriate recommendations and gives comments on any issues within its competence. In accordance with the Annual Career Development Plan, the employees of the Internal Audit Service have completed seminars and trainings for the purpose of improvement of their qualifications and career development. Employees of the Internal Audit Service regularly take part in meetings of members of the Institute of Internal Auditors of the Republic of Kazakhstan.



SUSTAINABLE DEVELOPMENT OF THE COMPANY

SUSTAINABLE DEVELOPMENT MANAGEMENT

The objectives of the implementation of the Policy on sustainable development in the Company are:

- increasing the Company's contribution to the sustainable development of the Company in the economic, social and environmental spheres;
- developing interactions with stakeholders and enhancing their trust towards the Company;
- creating favourable conditions for enhancing the efficiency of labour and realizing the potential of employees of the Company; and
- developing the corporate governance system, increasing the transparency of business processes.

Recognizing the principles of the UN Global Compact, the Company declares its commitment in its activities to the following principles.

The Company declares the commitment in its activities to the following principles:

Protection of human rights	<ul style="list-style-type: none"> • It ensures and respects the protection of human rights proclaimed at the international level; • It ensures non-implication in human rights violations.
Employment relations	<ul style="list-style-type: none"> • It upholds freedom of assembly and recognizes the right to collective bargaining; • It contributes to the elimination of compulsory or forced labour; • It contributes to the elimination of child labour; • It contributes to the elimination of discrimination in the sphere of labour and employment.
Environment protection	<ul style="list-style-type: none"> • It contributes to the prevention of negative impacts on the environment; • It takes initiatives and promotes environmental responsibility; • It promotes the development and dissemination of environmentally friendly technologies.
Anti-corruption	<ul style="list-style-type: none"> • It declares zero tolerance for all forms of corruption and other illegal activities, including blackmail and bribery.

In accordance with the Corporate Governance Code of Samruk-Kazyna JSC, the Policy in the field of sustainable development, the Company has built a system of management in the field of sustainable development, which includes:

- commitment to the principles of sustainable development at the level of the Board of Directors, the executive body and employees;
- analysis of the internal and external situation in three components (economy, ecology, social issues);
- identification of risks in the field of sustainable development in the social, economic and environmental spheres;
- building a stakeholder map;
- definition of goals and KPIs in the field of sustainable development, development of an action plan and identification of responsible persons;
- integration of sustainable development into key processes, including risk management, planning, human resource management, investment, reporting, operating activities, etc., as well as into development strategy and decision-making processes;
- advanced training officials and employees in the field of sustainable development; and
- regular monitoring and evaluation of actions in the field of sustainable development, assessment of the achievement of goals and KPIs, performance of the corrective actions, the introduction of a culture of continuous improvement.

6 KPIs have been identified in this area; it should be noted that the following KPIs are approved by the Board of Directors in 2021 to assess activities of executive employees:

- Free cash flow;
- Sale of residential and commercial real estate;
- NAV;
- Reduced Lost Time Injury Frequency (LTIF);
- Return of investment and margin on the Projects;
- Degree of implementation of the Action Plan for the improvement of corporate governance for 2022.

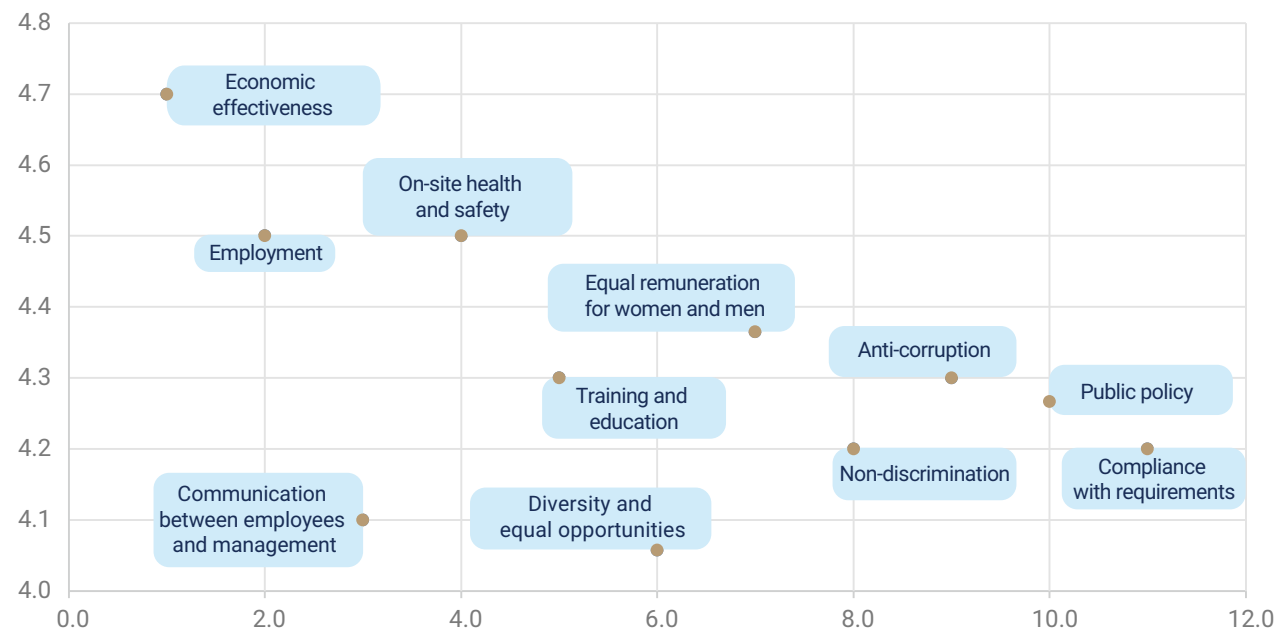
The Board of Directors and the Management Board ensure the formation of an appropriate system in the field of sustainable development and implementation thereof. All employees and officials at all levels contribute to sustainable development. A consultative and advisory body has been formed under the Company's Management Board – the Sustainable Development Committee – with the main task to develop policies and procedures in the field of sustainable development, as well as submitting proposals for consideration by the Management Board on the implementation of the sustainable development system. A Chairperson of the Committee is the Managing Director

in charge of sustainable development. In the report on sustainable development, we aim to disclose the information about our impact (both positive and negative) on the environment, the society and the economy. Actions taken in these areas have the greatest positive effect in terms of achieving long-term sustainability, ensuring the economic efficiency and social stability of the Company. Implementing the Policy on sustainable development, the Company provides, within the framework of the Plan for the improvement of corporate governance, for the performance of actions in the field of sustainable development.

The issues of performance of the actions in the field of sustainable development were discussed on a quarterly basis at the meetings of the Board of Directors. In 2022, it is planned to approve the Plan for the improvement of corporate governance for 2022–2023.

To determine the content of the report in the field of sustainable development, an annual survey of stakeholders in the field of sustainable development is conducted. In January 2022, a survey of stakeholders was conducted through questioning in accordance with GRI Standards in the person of: representative of the shareholder, members of the Board of Directors, members of the Management Board, employees, subsidiary, investors, customers, general contractors, enterprises in trust management, buyers, representatives of the central government agencies and local executive bodies, the mass media, suppliers, users of social media, and financial institutions. As a result of the survey, the Materiality Matrix of the identified aspects was developed, which illustrates the ratio of the importance of aspects for the Company and stakeholders. The aspects are ranked on the horizontal axis of the Matrix based on their degree of significance for the Company and on the vertical axis – based on the assessment of stakeholders. The ranking of significant aspects allows constructively forming interaction with stakeholders based on a clear understanding of their priorities.

MATRIX OF MATERIALITY OF IDENTIFIED ASPECTS



DETERMINATION OF MATERIAL TOPICS

According to the results of the survey, the following topics with the corresponding standards turned out to be the most important and significant.

Economic:

- Economic effectiveness;
- Anti-corruption.

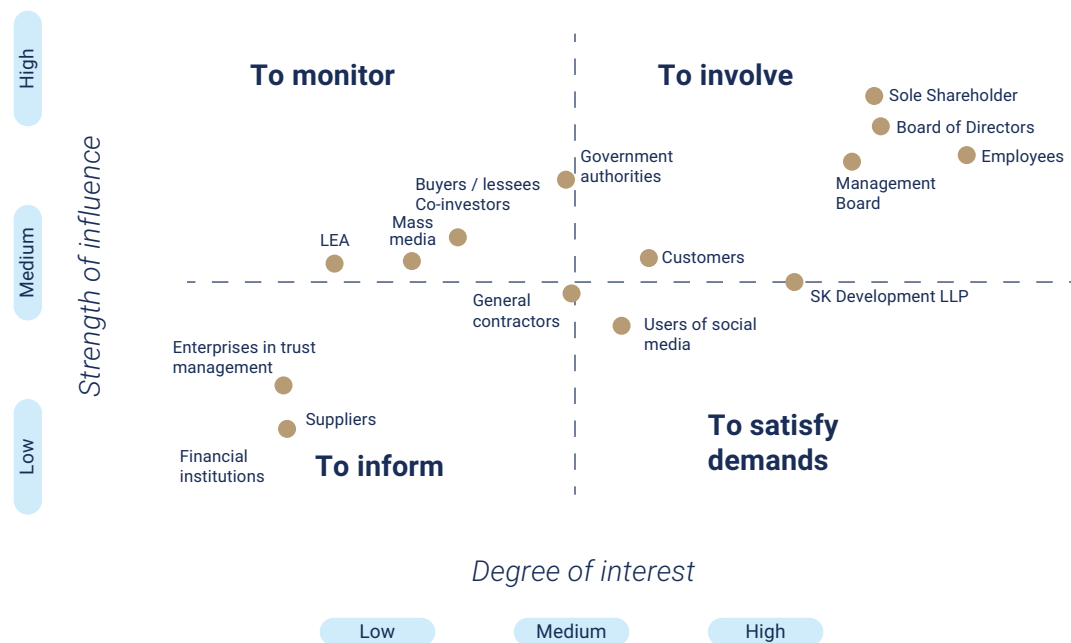
Environmental:

- Compliance with requirements.

Social:

- Employment;
- Communication between employees and management;
- On-site health and safety;
- Training and education;
- Equal remuneration for women and men;
- Non-discrimination;
- Public policy;
- Diversity and equal opportunities.

MAP OF STAKEHOLDERS OF SAMRUK-KAZYNA CONSTRUCTION JSC



EFFECTIVE STAKEHOLDER ENGAGEMENT

The Company strives to create an effective stakeholder engagement system, which is based on respect and mutually beneficial cooperation.

The Company defines a complete list of stakeholders with which it communicates in the course of its activities, with describing the contribution of stakeholders and their interests. When assessing the significance of stakeholders, the stakeholders are ranked in terms of their importance for the Company based on two factors: the strength of the stakeholder's influence on the Company and the degree of stakeholder's interest in the activities of the Company.

The parties concerned (stakeholders) of the Company are buyers and lessees of residential premises of the Company, employees of the Company, the Sole Shareholder and the Board of Directors, subsidiaries and dependent organizations, general contractors and developers, enterprises in trust management, customers, local executive agencies and government authorities, financial institutions, the mass media, and users of social media.

The principles, mechanisms and procedures for communication with stakeholders are formulated by the Code of Conduct, the Policy for Sustainable Development and the Map of Stakeholders:

No.	Strategy of stakeholder engagement	Methods and mechanisms of communication
1	Sole Shareholder Ensuring the exercising of the rights of the Sole Shareholder within the framework of the principles of corporate governance aimed at the effective adoption of key decisions.	The corporate website and social media of the Company may be used to post the information about the financial and economic performances in accordance with the requirements of the effective legislation of the Republic of Kazakhstan, the Articles of Association, internal regulatory documents of the Company, additional information about the plans, achievements of the Company, reports, and presentations. Management reports. Financial statements. Annual report. Meetings. Internet site. Correspondence and inquiries.
2	Board of Directors Identification of priority areas of activities, Strategy of development of the Company.	Posting general information on the Internet resources, specifically the corporate website of the Company, in accordance with the legislation of the Republic of Kazakhstan and internal regulatory documents of the Company (if required). Meetings of the Board of Directors. Management reports. Financial statements. Annual report.
3	Management Board Management of day-to-day activities of the Company	Posting general information on the Internet resources, specifically the corporate website of the Company in accordance with the legislation of the Republic of Kazakhstan and internal regulatory documents of the Company (if required). Meetings of the Management Board. Management reports. Financial statements. Annual report. Correspondence and inquiries.

No.	Strategy of stakeholder engagement	Methods and mechanisms of communication
4	Employees	
	Maintaining an open, transparent personnel policy aimed at the formation of qualified and motivated personnel. Providing all employees with equal opportunities to realize their potential in the course of labour activities, impartial and fair assessment of their performance, selection and career growth of employees exclusively on the basis of professional abilities, knowledge and skills.	The Internet resources, in particular the corporate website, may be used for the purposes of information support of the implementation of the personnel policy of the Company and coverage of the results of the competitive selection of employees. Management meetings with employees. Trainings and seminars. Corporate events. Annual performance reviews. Questionnaires and checklists. Corporate mass media.
5	Co-investors	
	Attracting investments in the implementation of projects in order to make a profit.	Dissemination of information about foreign and domestic experience of involving the private sector in the construction, development of public-private partnerships by the Company, participation in business events (business forums, conferences, business councils, exhibitions, etc.) through the Internet resources, in particular the corporate website, social media, corporate mass media. Design issues. Contracts.
6	General contractors	
	Conclusion of contracts, control over the execution of contractual relations within the framework of the implementation of the state policy in the field of construction	Informing the target audience about the implementation of the Company's projects by posting press releases, news, articles, interviews and other materials on the corporate website, social media, and mass media. Design issues. Meetings with business partners and suppliers. Attending conferences and events.
7	Enterprises in trust management	
	Conclusion of contracts, control over the execution of contractual relations	Informing the target audience about the implementation of the Company's projects by posting press releases, news, articles, interviews and other materials on the corporate website, social media, and mass media. Design issues. Contracts. Reports and correspondence.
8	Customers	
	Conclusion of contracts, control over the execution of contractual relations	Informing the target audience about the implementation of the Company's projects by posting press releases, news, articles, interviews and other materials on the corporate website, social media, and mass media. Contracts. Reports and correspondence.
9	Suppliers	
	Conclusion of contracts, control over the execution of contractual relations.	Information messages about ongoing procurements and their results are posted on the Internet resources, in particular on the corporate website of the Company. Contracts. Procurement rules and information about ongoing procurements. Consideration of requests from suppliers.

No.	Strategy of stakeholder engagement	Methods and mechanisms of communication
10	Buyers/ lessees	
	Ensuring compliance of the expectations of buyers/lessees in the acquisition of high-quality and affordable housing in accordance with the building regulations of the Republic of Kazakhstan with the requirements for comfort, safety and economic feasibility.	Public awareness efforts among the target audience concerning the Company's activities by publishing press releases, articles, reports, surveys and other information communications through the use of the corporate website, social media, email newsletters, messengers, the Blog of the Chairperson of the Management Board, as well as providing consultations through the call centre, holding special events, promotions, advertising campaigns, etc. Lease/rent-to-own/sale agreements. Customer satisfaction surveys. Determination of the level of satisfaction of the lessees of the premises.
11	Government authorities, local executive agencies	
	Communication concerning housing construction, management of housing and utility services, monitoring of the construction of facilities, technical inspections, state expertise, acceptance of facilities for operation. Conclusion of agreements on the sale of commissioned housing to those on the waiting list of local executive agencies.	The Internet resources, in particular the corporate website, social media may be used for the purposes of informational coverage of the Company's activities in the implementation of the government housing construction program (consultations, meetings, public hearings, reports, interviews, speeches, working groups, forums, conferences, etc.). Correspondence and inquiries. Working with government authorities on legislative and regulatory issues. Participation in working groups, forums, conferences.
12	Mass media, users of social media of the Company	
	Formation of a positive social opinion about activities of the Company.	Organization of informational activities through the implementation of the PR programs, communicating the strengths and capabilities of the Company to the target audience by distributing press releases, publications, reports, interviews, photo and video materials, presentations in mass media, on the corporate website and in social media. Website. Press releases, press conferences and briefings. Annual report. Conferences and summits.
13	Financial institutions	
	Conclusion of contracts, control over the execution of contractual relations (placement of funds on deposit accounts, banking services, maintenance of special accounts).	Publication of consolidated financial statements, information on the amount of approved dividends and other information in accordance with the legislation of the Republic of Kazakhstan and internal regulatory documents of the Company on the Internet resources, in particular the corporate website of the Company. Contracts. Placement of funds with financial institutions.

PREVENTING AND COMBATING CORRUPTION

On 17 May 2018, a Compliance Controller was appointed by the resolution of the Board of Directors of the Company.

Within the framework of the legislation of the Republic of Kazakhstan in the field of compliance, the Reference model for the compliance function in the portfolio companies of Samruk-Kazyna JSC and internal regulatory documents of the Company concerning the Compliance Controller, it reviews and analyses internal regulatory documents for the presence of corruption risks, identifies and evaluates the Company's business processes subject to compliance risks, forms an anti-corruption culture in the Company in order to minimize corruption and reputational risks.

The work continues every year on the formation of an anti-corruption culture of the Company by conducting compliance trainings, testing for knowledge of the Law of the Republic of Kazakhstan On Combating Corruption, the Code of Conduct, and explanatory work is also carried out on an ongoing basis among employees of the Company regarding operations of the Hot Line, actions related to combating corruption.

In accordance with the Law of the Republic of Kazakhstan On Combating Corruption, in 2021 an analysis of corruption risks was carried out on the procedure for determining the cost of collateral (pledge, interest), the HR management business process, the procurement management business process and other processes; the Action Plans were developed and approved, responsible performers were appointed

and the deadlines for the performance of the actions are determined with the planned period in 2022.

As part of compliance with the Financial Control Measures, explanatory actions were taken regarding the timely submission of declarations on assets and liabilities, income and property, by persons specified by the legislation of the Republic of Kazakhstan; control was provided on the submission of documents confirming the declarations filing.

To comply with anti-corruption restrictions and prevent conflicts of interest, control is provided, the need to disclose information is brought to the attention of persons, a list of affiliates is prepared in accordance with the legislation of the Republic of Kazakhstan, the timeliness of placing a list of affiliates on the Financial Reporting Depository is controlled, affiliation and presence/absence of a conflict of interest in relation to CEO-1 are checked, employees of the Company are consulted on an ongoing basis in order to avoid conflicts of interest.

In 2021, 100% consideration of appeals and complaints received through the Hot Line and other official channels was ensured in a timely manner, internal checks were carried out on appeals, answers were sent, information was brought to the attention of the relevant persons; when a violation was confirmed, the Company's management was sent information about the need to apply appropriate measures to persons committed a violation.

The compliance with the requirements of the Law of the Republic of Kazakhstan On Combating Corruption and approved compliance policies are monitored on an ongoing basis.

SUPPORT OF THE STATE POLICY

In accordance with the approved Development Strategy, the Company strives to become an organization with sufficient resources, a wide range of reliable partners, as well as competencies and experience for the effective management of projects, construction and real estate. In this regard, the Company supports the policy pursued by the State in the field of housing construction. The Company

complies with the principles of the Yellow Pages Rule, which proclaim the non-interference of the sector in those areas of the economy where the business is represented. As a quasi-public company, the Company carries out its activities in accordance with the list of activities approved by Resolution of the Government of the Republic of Kazakhstan No.1095 dated 28 December 2015.

RESPONSIBLE SUPPLY CHAIN

The main goal of the Company in the field of procurement activities is to timely, effectively and completely meet the need for resources for the stable operation of all subdivisions, with optimal conditions for their acquisition. The Company has built an effective procurement system based on the principles of informational openness, transparency, equality and development of fair competition. Procurement procedures are public, transparent, standardized and simple. The priorities of the procurement activities of the Company are: the acquisition of goods, works, services from organizations of the disabled persons included in the Register of organizations of the disabled persons of the Group of Companies of Samruk-Kazyna JSC; purchase of goods from producers of the goods purchased, which are included in the Register of

commodity producers of the Group of Companies of Samruk-Kazyna JSC; procurement from qualified potential suppliers. A supplier is selected in the Company in the following ways: holding an open tender (including reverse auctions); request for quotations (including reverse auctions); holding a tender through competitive negotiations; from single source. One of the activities of the Company is the operation of administrative buildings. The Company has in the trust management an administrative building of the Business Centre 'Green Quarter T4'. The total area of the building is 32,706.8 square meters. The Company owns the administrative building of the Business Centre 'Kazyna Tower' located at the address: 10, Mangilik Yel, with the total area of 15,121 square meters.

MANAGEMENT OF IMPACT ON ENVIRONMENT PROTECTION

The Company considers environmental protection activities as an important part of its ongoing work, with recognizing the need to maintain ecological balance and environmental friendliness. As part of the construction quality control, the Company monitors indirect environmental emissions generated at the construction sites of developers. A large negative impact from the construction project is experienced by the air. The situation is often aggravated by the fact that construction sites are located in close proximity to residential areas, with forming the centres of negative impact on the atmospheric air of built-up areas and the health of the population. Emissions of pollutants into the atmosphere are formed at all stages of the construction process, from the land development of the territory of the construction site to the provision of amenities and landscaping of the territory. The sources of atmospheric pollution at construction sites are construction machines and mechanisms – crane trucks, excavators, graders, dump trucks, high sided trucks, concrete pumps and concrete mixers, rollers, asphalt pavers, binder distributors, diesel generators, welding machines, cutting machines, grinding machines, etc. The Company's construction projects have a negative impact to varying degree on the atmosphere, and first of all, it depends on the volume of construction and installation work performed. The legislation of the Republic of Kazakhstan regulates emissions of hazardous substances into the environment. According to the provisions of the Code of the Republic of Kazakhstan On Taxes and Other Compulsory Payments in the Budget (Tax Code), a fee is charged for environmental emissions.

The tax unit is the actual volume of environmental emissions within and (or) in excess of the established standards for environmental emissions: emissions of pollutants; discharges of pollutants; placed production and consumption waste. The Company monitors the mandatory conduct by developers of a comprehensive assessment of pollution during the construction of a facility, the fulfilment of their assumed obligations and compliance with the standards. When reviewing work projects, the information on environmental impact assessments and environmental implication statements are analysed. In addition, it is checked whether developers have received permits from the regional directions of natural resources and environmental control for environmental emissions during the construction of facilities.

DEVELOPMENT OF PERSONNEL POTENTIAL

The personnel are a key asset of the Company, its strategic partner in achieving sustainable development goals. Based on the Corporate Human Resources Management Standard approved by Sole Shareholder of the Company, the main business processes in terms of human resources management are kept up to date in the portfolio companies in accordance with the reference model. Employee involvement is assessed on an annual basis. The involvement index in 2021 was 86% (2020: 63%). This indicator has improved by 23% and is in the positive zone. The priority areas of the Company in terms of human resources management are to meet the needs of the Company in specialists with the appropriate

professional competencies in order to implement the tasks facing the Company, to develop competencies in the field of project management in construction, to attract and implement investment projects, to increase the profitability of activities of the Company. One of the important directions of the personnel policy of the Company is the development of employees and provision of employees with opportunities for professional and career growth, increase of the motivation of employees to introduce a corporate culture of high labour productivity. Given the development of digital technologies, such training methods as remote study courses, webinars and on-the-job training are actively used.

Scale of organization

Indicator	As of 1 January 2021	As of 1 January 2022	% to 2020
Staff number, total (staffing positions)	95	95	100.0%
Actual number, total (staffing positions)	83	88	106.0%
Average staffing number, total (staffing positions)	109.5	83.9	76.6%

To attract the specialists with the necessary skills and competencies, the Company performs open competitive procedures to search for and select the personnel. All vacancies are posted on the corporate website of Samruk-Kyzmet – Qsamruk. During 2021, 32 employees were hired

through competitive procedures. All candidates go through the procedures for testing professional knowledge and assessing the potential for further development through the web-portal of the Corporate University ‘Samruk-Kazyna’.

ASSESSMENT OF EMPLOYEES’ PERFORMANCE

Regular reviews of performance – 100%. For executive employees (members of the Management Board), the key performance indicators (KPIs) for the year are approved by the Board of Directors, and KPI performance is also assessed at the end of the year. The employees’ activities accountable to the Board of Directors (4 employees) are assessed by the Board of Directors based on KPIs approved at the beginning of the year.

The key performance indicators are cascaded to employees through each employee’s approval of a goal map for the year. The effectiveness of the activities assessment is reviewed by monitoring the implementation of the goal map for six months and a comprehensive assessment of the activities of employees for the year.

PERSONNEL TRAINING

Requirements for the process of vocational training are regulated by the Rules for vocational training and development of employees of the Company.

training and meet the needs for training and development in accordance with the Individual development plans developed by the employees, the employees were provided with access to the training web-portal of the Corporate University ‘Samruk-Kazyna’, and they were also provided with the opportunity to take online courses offered by the leading training centres of the Republic of Kazakhstan.

In connection with the adoption of the quarantine measures in the Republic of Kazakhstan for non-spread and protection against CVI, in 2021, the training of employees was conducted online. To cover all the employees of the Company with

Information about training of employees for 2021 (hours)

302
Average annual number of hours of employees’ training

160
Women

142
Men

84
Executive and managerial staff

104
Middle managers

114
Chief managers and managers

RELATIONS BETWEEN EMPLOYEES AND MANAGEMENT

For all significant projects implemented in the Company, an address to employees is prepared by the Chairperson of the Management Board. So, in 2021, the address to the Company’s employees concerned the projects for the development of corporate culture, as well as a survey on employee involvement. At the same time, as part of the relationships between employees and management, the Company regularly conducts:

- weekly operational meetings with the participation of executive employees and heads of structural units concerning operating activities;
- semi-annual meetings of the Chairperson of the Management Board with all employees of structural

units concerning the implementation of functional tasks and the achievement of approved Goal Maps for the reporting period; and

- quarterly meetings of the management with the personnel in the format of the ‘Casual Meeting’ in order to informally discuss the issues, problems and suggestions of employees. The hours have been set for the management to receive the employees concerning personal matters on a weekly basis.

The Company has committees and working groups to discuss and make collective decisions on current issues of activities of the Company.

MOTIVATION SYSTEM

The Company’s remuneration system is governed by the Company’s Employee Remuneration and Bonuses Rules the purpose of which is to assist in achieving the Company’s strategic goals by establishing a remuneration system that allows rewarding the employees for the results of activities in the reporting period and assess the effectiveness of employees when they achieve their goals. In 2021, positions were graded and the salary market was analysed to assess the level of competitiveness of the salaries of employees of the Company; a remuneration system was introduced taking into account the established grades for positions of managerial and administrative employees. The Rules for providing social support to employees of the Company have been updated, which define the types and conditions of social support for employees.



The Company's employees receive the following types of social support:

- financial assistance;
- compensation expenses;
- health insurance for employees and their family members;
- the possibility of paying for the purchase of club cards for fitness classes in instalments through advance payments made by the Company.

The Company provides for equal remuneration for the work of men and women.

Based on the results of the assessment of employees' activities, a remuneration is provided in the form of bonuses within the planned funds for the payment of the variable part of the salary.

On the occasion of the professional holiday – the Builder's Day – and the Independence Day, the best employees of the Company are granted certificates of honour and award pins and awarded the state awards.

ON-SITE HEALTH AND SAFETY

The Company pays special attention to the health of employees, working conditions and safety in the workplace. To increase the personal health potential of employees and members of their families, the Company:

- provides access to medical insurance services (health insurance) including a 24-hour consulting and dispatching service (call centre), ambulance services, inpatient treatment, outpatient care, medical preventive examination for an employee, services of a family doctor and home nursing, dental services, flu vaccinations, etc.;

- provides financial support in the form of grants for health improvement in addition to leave; and

- promotes the policy pursued to strengthen and encourage employees to maintain a healthy lifestyle by providing rooms with sports equipment in the administrative building and the possibility of purchasing discounts for visiting sports facilities.

The Company also performs organized work to ensure the on-site safety of employees:

- training of employees on production processes is carried out by giving mandatory instructions and testing knowledge on occupational health and safety of employees, instructions are given on fire safety and labour protection, first of all, for newly hired employees; and
- regulated preventive maintenance of equipment and engineering networks in the office premises of

the administrative building, computers and office equipment at employees' workplaces is carried out.

The Company's employees are located on floors 14-15 of the Business Centre 'Green Quarter' in block T4 (hereinafter referred to as the Building). Each workplace is equipped with office equipment that meets their functional purpose and requirements for occupational health and safety. Emergency routes and exits from the premises of the Building are marked with signs. The operability of the automatic firefighting equipment of the Building and the fire safety of employees while staying at their workplaces are provided by a specialized service organization under a service agreement. The inspection is carried out in accordance with the technical regulations once every six months. The training of technical personnel response skills in case of accidents, fires is carried out in accordance with the approved Training Plan (in connection with the introduced quarantine measures, the training exercises are conducted without the evacuation of employees from the Building). Newly hired employees attend a fire safety induction meeting. During working hours, the temperature, lighting, as well as the microclimate in the premises of the Building, where the workplaces are located, comply with sanitary and epidemiological requirements and are ensured through regulated periodic maintenance and scheduled preventive repairs and inspections of the engineering systems and equipment of the Building. In accordance with the introduced quarantine measures in the Buildings, the following is carried out: telemetric temperature checks at the entrance to the building of employees, visitors and staff; daily sanitization of premises with the use of disinfectants, face-mask requirements are met and distance in public areas and workplaces are observed.

SPONSORSHIP AND CHARITY

In accordance with the Charity Policy and the Beneficent Program of Samruk-Kazyna JSC, sponsorship and charitable activities are carried out through a single operator of the group of companies of Samruk-Kazyna JSC – the Social Project Development Fund of Samruk-Kazyna Trust JSC. Funds for activities in this direction were not provided for in the budget of the Company for 2021. As part of the development of the volunteer movement in the group of companies Samruk-Kazyna, employees of the Company actively participate in the volunteer movement, promotions and actions aimed at providing social assistance, such as: implementation of eco-projects; educational projects; Donor Day; volunteer clean-ups and cleaning garbage and snow, seedlings planting; improvement of the territories around the office and house territories in Esil District. Also, social support and assistance was provided to war veterans, children undergoing treatment in an oncological hospital, large families and the disabled persons; employees of the Company are actively involved in charity events and promotions.

CONTACT INFORMATION

Samruk-Kazyna Construction JSC. Building 17/10, Syganak St., Esil District, Nur-Sultan City, 010000, Tel.: +7 7172 570210 (reception), info@fnsk.kz



ANNEX NO.1

to the Annual Report of Samruk-Kazyna Construction JSC for 2021

INFORMATION ABOUT MATERIAL TRANSACTIONS

In 2021, the Company concluded the following transactions.

Related-party transaction:

- Agreement of sale and purchase of bonds of Samruk-Kazyna Construction JSC in the amount of 2 billion Russian roubles made with Samruk Kazyna JSC, No.1277-и dated 15 March 2021.

Major transaction:

- Agreement No. 1-04 for investment in construction made with Shar-Kurylys LLP and Bestbuilding LLP, dated 09 April 2021, for the project of the 'Construction of multi-family residential complex on the Millennium Alley in Nur-Sultan City (stage 2)'.

ANNEX NO.2

to the Annual Report of Samruk-Kazyna Construction JSC for 2021

GRI CONTENT INDEX

A report on the sustainable development for 2021 is prepared in accordance with GRI standards: main version.

Universal standards

GRI standards	Information disclosed	Comment, links, exclusions
101	Foundation	
102	General disclosures	
1	Organizational profile	
102-1	Name of the organization	About Company
102-2	Activities, brands, products, and services	About Company
102-3	Location of headquarters	Contact information
102-4	Location of operations	About Company
102-5	Ownership and legal form	About Company
102-6	Markets served (including geographic breakdown, industries served, as well as categories of consumers and beneficiaries)	Strategy of development and implementation thereof

GRI standards	Information disclosed	Comment, links, exclusions
102-7	Scale of the organization: <ul style="list-style-type: none"> • total number of employees; • total number of operations; • net revenues; • total capitalization broken down in terms of debt and equity; • quantity of products or services provided. 	Sustainable development Basic indicators in the field of sustainable development
102-8	Information on employees and other workers. Total number of employees by employment contract (permanent and temporary), by gender. Total number of employees by employment contract (permanent and temporary), by region.	Sustainable development Development of personnel potential
102-9	Supply chain	Sustainable development Responsible supply chain
102-10	Significant changes to the organization and its supply chain	During the reporting period it was supplemented with a procurement method – tender by competitive negotiations
102-11	Precautionary principle or approach	Risk management
102-12	External initiatives A list of externally-developed economic, environmental and social charters, principles, or other initiatives to which the organization subscribes, or which it endorses.	The Company has not formally joined any of these initiatives at this time. At the same time, the Company is guided by the principles set forth in the international standard ISO 26000 (Guidelines for social responsibility) and in the Corporate Governance Code, as well as publishes reports on sustainable development using GRI standards.
102-13	Membership of associations: A list of the main memberships of industry or other associations, and national or international advocacy organizations.	The Company is not currently a formal member in associations.
2	Strategy	
102-14	Statement from senior decision-maker	Address of the Chairperson of the Board of Directors Address of the Chairperson of the Management Board
102-15	Key impacts, risks and opportunities	Risk management
3	Ethics and integrity	Sustainable development: Preventing and combating corruption
102-16	Values, principles, standards, and norms of behaviour	Sustainable development Regarding report on sustainable development Sustainable development management
102-17	Mechanisms for advise and concerns about ethics	Sustainable development Preventing and combating corruption
4	Governance	
102-18	Governance structure	Corporate governance
102-19	Delegating authority	Sustainable development of the Company
102-20	Executive-level responsibility for economic, environmental, and social topics	Sustainable development of the Company
102-21	Consulting stakeholders on economic, environmental, and social topics	About Report Sustainable development management Contact information

GRI standards	Information disclosed	Comment, links, exclusions
102-22	Composition of the highest governance body and its committees	Board of Directors
102-23	Chair of the highest governance body	Chair of the highest governance body is not an executive official in the organization.
102-24	Nominating and selecting the highest governance body	Board of Directors
102-25	Conflicts of interest	The settlement of conflicts of interest is provided for by a number of internal regulatory documents: the Articles of Association of the Company, the Regulations of the Board of Directors, the Code of Conduct.
102-26	Role of highest governance body in setting purpose, values, and strategy	In accordance with the Articles of Association of the Company, the issues of determination of priority areas of activities of the Company; approval of the Company's development strategy and monitoring of its implementation are referred to the exclusive competence of the Board of Directors
102-27	Collective knowledge of highest governance body	Career development of the members of the Board of Directors
102-28	Evaluating the highest governance body's performance	Assessment of activities of the Board of Directors
102-29	Identifying and managing economic, environmental, and social impacts	Sustainable development of the Company
102-30	Effectiveness of risk management processes	Risk management and internal control
102-31	Review of economic, environmental, and social topics	Sustainable development of the Company
102-32	Highest governance body's role in sustainability reporting	Regarding report on sustainable development Sustainable development management
102-33	Communicating critical concerns	Risk management and internal control Determination of significant topics
102-34	Nature and total number of critical concerns	Risk management and internal control Determination of significant topics
102-35	Remuneration policies	Basic provisions on remuneration of the Board of Directors and members of the Management Board
102-36	Process for determining remuneration	Basic provisions on remuneration of the Board of Directors and members of the Management Board
5	Stakeholder engagement	
102-40	List of stakeholder groups	Sustainable development of the Company Effective stakeholder engagement
102-41	Collective bargaining agreements	Sustainable development of the Company Effective stakeholder engagement
102-42	Identifying and selecting stakeholders	Sustainable development of the Company Effective stakeholder engagement. Detailed information is set forth in the Company's Report on sustainable development for 2021: www.skcn.kz
102-43	Approach to stakeholder engagement	Sustainable development of the Company Effective stakeholder engagement
102-44	Key topics and concerns raised	Determination of significant topics

GRI standards	Information disclosed	Comment, links, exclusions
6	Reporting practice	
102-45	Entities included in the consolidated financial statements	Group structure: Samruk-Kazyna Construction JSC SK Development LLP
102-46	Defining report content and topic Boundaries	Sustainable development of the Company: Regarding report on sustainable development
102-47	List of material topics	Sustainable development of the Company Determination of significant topics
102-48	Restatements of information	Sustainable development of the Company Regarding report on sustainable development
102-49	Changes in reporting	Sustainable development of the Company Regarding report on sustainable development
102-50	Reporting period	The Annual Report reflects the main economic, social and environmental activities of the Company in the context of sustainable development during the period from 01.01.2021 to 31.12.2021.
102-51	Date of most recent report	The Annual Report for 2020 is published in April 2021
102-52	Reporting cycle	Once a year
102-53	Contact point for questions regarding the report	Sustainable development of the Company: Contact information: Samruk-Kazyna Construction JSC Building 17/10, Syganak St., Esil District, Nur-Sultan City, 010000 Tel.: +7 7172 570210 (reception), fax +7 7172 575522, info@fnsk.kz .
102-54	Claims of reporting in accordance with the GRI Standards	Sustainable development of the Company: The Report on sustainable development for 2021 is prepared in accordance with GRI standards: main version
102-55	GRI content index	Page 48
102-56	External assurance	Regarding report on sustainable development

TOPICAL STANDARDS

GRI standards	Disclosures	Comments, links, exclusions
GRI 200 Economic Topics		
GRI 103 – Management approach	GRI 103–1 Explanation of the material topic and its Boundary	Sustainable development of the Company About Report Determination of significant topics
	GRI 103–2 The management approach and its components	Address of the Chairperson of the Management Board Our activities Sustainable development management Preventing and combating corruption
	GRI 103–3 Evaluation of the management approach	Internal audit
GRI 201 – Economic performance	GRI 201–1 Direct economic value generated and distributed	Sustainable development of the Company Basic indicators in the field of sustainable development
	GRI 201–4 Financial assistance received from government	Sustainable development of the Company Basic indicators in the field of sustainable development
GRI 203 – Indirect economic impacts	203–2 Significant indirect economic impacts	Sustainable development of the Company Responsible supply chain Economic impact in the regions of presence
GRI 205 – Anti-corruption	GRI 205–1 Operations assessed for risks related to corruption	Sustainable development of the Company Provision of information on anti-corruption policies and methods and instruction on the same
GRI 300 Environmental Disclosures		
GRI 103 – Management approach	GRI 103–1 Explanation of the material topic and its Boundary	Sustainable development of the Company Determination of significant topics
	GRI 103–2 The management approach and its components	Sustainable development of the Company Preventing and combating corruption
	GRI 103–3 Evaluation of the management approach	Sustainable development of the Company
GRI 305 – Emissions	GRI 103–1 Explanation of the material topic and its Boundary	Sustainable development of the Company Determination of significant topics
	GRI 103–2 The management approach and its components	Sustainable development of the Company Management of impact on environment protection Sustainable development management Preventing and combating corruption
	GRI 103–3 Evaluation of the management approach	Sustainable development of the Company Management of impact on environment protection
GRI 307 – Environmental compliance	GRI 307–1 Non-compliance with environmental laws and regulations	Sustainable development of the Company Sustainable development management During the reporting period, no such events occurred in the Company.

GRI standards	Disclosures	Comments, links, exclusions
GRI 400 Social Disclosures		
Training and Education		
GRI 103 – Management approach	GRI 103–1 Explanation of the material topic and its Boundary	Sustainable development of the Company Determination of significant topics Development of personnel potential
	GRI 103–2 The management approach and its components	Sustainable development of the Company Development of personnel potential Sustainable development management Preventing and combating corruption
Training and Education		
GRI 404 – Training and education	GRI 404–1 Average hours of training per year per employee, by gender and employee category	Sustainable development of the Company Development of personnel potential
	GRI 404–3 Percentage of employees receiving regular performance and career development reviews	Sustainable development of the Company Development of personnel potential
Public policy		
GRI 415 – Public policy	GRI 103–1 Explanation of the material topic and its Boundary	Sustainable development of the Company Determination of significant topics
	GRI 103–2 The management approach and its components	Sustainable development of the Company Support of the public policy Preventing and combating corruption
	GRI 103–3 Evaluation of the management approach	Sustainable development of the Company Support of the public policy
Public policy		
GRI 415 – Public policy	GRI 415–1 Total monetary value of political contributions made by country and recipient/beneficiary	The Company does not make political contributions by country and recipient/beneficiary

ANNEX NO.3

to the Annual Report of Samruk-Kazyna Construction JSC for 2021

Samruk-Kazyna Construction JSC

Consolidated financial statements

*For the year ended 31 December 2021
with independent auditor's report*

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Independent auditor's report

To the Shareholder and Board of Directors of «Samruk-Kazyna Construction» JSC

Opinion

We have audited the consolidated financial statements of «Samruk-Kazyna Construction» JSC (the Group) and its subsidiary, which comprise the consolidated statement of financial position as at 31 December 2021, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects the consolidated financial position of the Group as at 31 December 2021 and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the consolidated financial statements section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' (IESBA) International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code) together with the ethical requirements that are relevant to our audit of the consolidated financial statements in the Republic of Kazakhstan, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in the audit of the consolidated financial statements of the current period. These matters were addressed in the context of the audit of the consolidated financial statements as a whole, and in forming the auditor's opinion thereon, and we do not provide a separate opinion on these matters. For the matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report, including in relation to this matter. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matter below, provide the basis for our audit opinion on the accompanying consolidated financial statements.



Building a better working world

Key audit matter

Impairment of financial assets

As at 31 December 2021, the Group has significant loans receivable, finance lease receivables, cash and cash equivalents and amounts due from credit institutions. The Group assesses the allowance for expected credit losses in respect of its financial assets under IFRS 9. The assessment of allowance for expected credit losses of loans receivable, finance lease receivables, cash and cash equivalents and amounts due from credit institutions is complex, judgmental and based on assumptions, in particular, on forecasted ability of the debtor to pay. Therefore, it was the matters of most significance in our audit.

Information on loans receivable, finance lease receivables, cash and cash equivalents and amounts due from credit institutions are disclosed in Notes 10, 11, 16 and 18 to the consolidated financial statements.

How our audit addressed the key audit matter

We obtained understanding of the process of calculation of allowance for expected credit losses in respect of loans receivable, finance lease receivables, cash and cash equivalents and amounts due from credit institutions and assessed respective accounting policy of the Group. We compared information used by the Group in its provision matrix with historical information on the Group's loans receivable, finance lease receivables, cash and cash equivalents and amounts due from credit institutions settlements and with publicly available economic forecasts. We also considered information on loans receivable, finance lease receivables, aging structure and settlements before and after the reporting date. We considered current status of negotiations and correspondence with third parties.

We analyzed disclosures made by the Group in respect of loans receivable, finance lease receivables, cash and cash equivalents and amounts due from credit institutions and the effect of IFRS 9.



Building a better working world

Other information included in the Group's 2021 Annual Report

Other information consists of the information included in the Group's 2021 Annual Report, other than the consolidated financial statements and our auditor's report thereon. Management is responsible for the other information. The Group's 2021 Annual Report is expected to be made available to us after the date of this auditor's report.

Our opinion on the consolidated financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

Responsibilities of management and the board of directors of «Samruk-Kazyna Construction» for the consolidated financial statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRSs, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The Board of Directors is responsible for overseeing the Group's financial reporting process.

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.



As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- ▶ Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- ▶ Obtain an understanding of internal control relevant to the audit 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 Group's internal control.
- ▶ Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- ▶ Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- ▶ Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- ▶ Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Board of Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.



From the matters communicated with the Board of Directors of «Samruk-Kazyna Construction» JSC, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The partner in charge of the audit resulting in this independent auditor's report is Rustamzhan Sattarov.

Ernst & Young LLP


 Rustamzhan Sattarov
 Auditor / General Director
 Ernst & Young LLP



Auditor Qualification Certificate
 №МФ-0000060 dated 6 January 2012

State Audit License for audit activities on the territory of the Republic of Kazakhstan: series МФЮ-2 No. 0000003 issued by the Ministry of Finance of the Republic of Kazakhstan on July 15, 2005

050060, Republic of Kazakhstan, Almaty
 Al-Farabi ave, 77/7, Esentai Tower

28 February 2022

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2021

<i>In thousands of tenge</i>	Notes	2021	2020*
Assets			
Non-current assets			
Property, plant and equipment	6	212,060	202,838
Investment property	7	3,793,230	3,898,890
Investment in an associate	13	15,544	13,434
Advances paid to construction companies	9	8,471,414	-
Intangible assets		41,194	44,135
Non-current financial assets	10	46,343,025	55,552,116
Non-current loans issued	16	17,602,955	3,999,960
Amounts due from credit institutions	11	31,386,386	35,913,990
Other non-current assets	14	6,376,111	834,347
		114,241,919	100,459,710
Current assets			
Inventories		6,836	6,832
Real estate for sale	8	53,092	72,630
Trade accounts receivable	15	2,593	275,445
Loans issued	16	440,145	7,882,384
Prepaid income tax		537,257	216,828
Current financial assets	17	9,193,162	10,882,398
Amounts due from credit institutions	11	104,802	5,052,698
Other current assets	12	386,042	428,808
Cash and cash equivalents	18	40,785,783	25,805,120
		51,509,712	50,623,143
Assets held for sale	19	-	1,000,000
Total assets		165,751,631	152,082,853

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (continued)

<i>In thousands of tenge</i>	Notes	2021	2020*
Equity and liabilities			
Equity			
Share capital	20	19,990,162	19,990,162
Additional paid-in capital	20	3,437,245	3,437,245
Revaluation reserve for fair value of financial assets at fair value through OCI	17	227,317	194,441
Retained earnings		37,092,232	28,325,877
Total equity		60,746,956	51,947,725
Non-current liabilities			
Loans received, long-term	21	-	14,125,000
Other non-current liabilities	23	2,161,832	2,544,648
Deferred income		107,145	122,452
Accounts payable, long-term	24	2,086,004	-
Deferred tax liabilities	30	1,083,958	350,910
		5,438,939	17,143,010
Current liabilities			
Loans, short-term	21	81,880,635	80,456,167
Bonds	22	11,801,600	-
Accounts payable	24	3,880,636	85,668
Other current liabilities	25	2,002,865	2,450,283
Total current liabilities		99,565,736	82,992,118
Total liabilities		105,004,675	100,135,128
Total equity and liabilities		165,751,631	152,082,853

* Certain amounts shown in this column are not consistent with the 2020 consolidated financial statements as they reflect reclassifications made for presentation purposes, details of which are provided in Note 5.

Managing Director on Economy and Finance – Member of the Management Board

Uali M. Zh.

Chief accountant



Sipuldina B.K.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2021

<i>In thousands of tenge</i>	Notes	2021	2020
Revenue	26	14,314,798	19,596,629
Cost of sales	27	(1,304,390)	(8,018,221)
Gross profit		13,010,408	11,578,408
General and administrative expenses	28	(1,541,310)	(1,778,496)
Reversal/(charge) of allowance for expected credit losses on financial assets		588,913	(2,115,354)
(Accrual)/recovery of impairment losses on non-financial assets		(167,119)	1,073,610
Operating income		11,890,892	8,758,168
Finance income	29	3,565,526	2,028,284
Finance costs	29	(2,971,425)	(2,114,873)
Share in profit of associate	13	2,110	-
Loss from disposal of subsidiaries	13	-	(126,634)
Foreign exchange loss		(329,440)	(949)
Other income		200,630	411,831
Other expense		(28,022)	(52,147)
Profit before tax		12,330,271	8,903,680
Income tax expenses	30	(2,544,139)	(2,105,170)
Profit for the year		9,786,132	6,798,510
Earnings per share			
Basic profit for the year attributable to ordinary shareholders, tenge	20	609.23	418.43
Profit for the year		9,786,132	6,798,510
Other comprehensive income to be reclassified to profit or loss in the subsequent periods:			
Net income from financial assets measured at fair value through other comprehensive income	17	32,876	90,486
Other comprehensive income for the year, net of tax		32,876	90,486
Total comprehensive income for the year, net of tax		9,819,008	6,888,996

Managing Director on Economy and Finance – Member of the Management Board

Uali M.Zh.

Chief accountant

Sipuldina B.K.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2021

<i>In thousands of tenge</i>	Share capital	Additional paid-in capital	Revaluation reserve for fair value of financial assets at fair value through OCI	Retained earnings	Total
At 31 December 2019	19,990,162	3,437,245	103,955	21,527,367	45,058,729
Profit for the year	-	-	-	6,798,510	6,798,510
Other comprehensive income	-	-	90,486	-	90,486
Total comprehensive income	-	-	90,486	6,798,510	6,888,996
At 31 December 2020	19,990,162	3,437,245	194,441	28,325,877	51,947,725
Profit for the year	-	-	-	9,786,132	9,786,132
Other comprehensive income	-	-	32,876	-	32,876
Total comprehensive income	-	-	32,876	9,786,132	9,819,008
Dividends (Note 20)	-	-	-	(1,019,777)	(1,019,777)
At 31 December 2021	19,990,162	3,437,245	227,317	37,092,232	60,746,956

Managing Director on Economy and Finance – Member of the Management Board

Uali M.Zh.

Chief accountant

Sipuldina B.K.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2021

<i>In thousands of tenge</i>	Notes	2021	2020
Cash flows from operating activities			
Sale of products and goods		589,449	10,047,521
Interest received		4,660,834	5,073,106
Rental proceeds		19,123,629	10,842,279
Other proceeds		9,775,225	10,365,681
Payments to suppliers for goods and services		(2,241,975)	(754,819)
Advances paid		(69,531)	(84,717)
Salary payments		(954,551)	(1,219,650)
Payment of interest on loans received and bonds	33	(3,021,953)	(4,362,757)
Corporate income tax		(2,131,520)	(1,742,377)
Other payments to the budget		(436,876)	(540,566)
Other payments		(2,422,672)	(2,338,397)
Net cash flows from operating activities		22,870,059	25,285,304
Cash flows from investing activities			
Real estate acquisition prepaid		(8,468,163)	(1,109,063)
Purchase of property, plant and equipment and intangible assets		(22,187)	(1,323)
Placement of bank deposits		-	(4,970,000)
Withdrawal of bank deposits		11,320,901	1,835,524
Loans to third parties		(11,333,041)	(11,702,998)
Return of borrowings from third parties		2,697,448	4,089,466
Proceeds from the sale of an interest in an associate		13,982	-
Proceeds from sale of other equity instruments		8	-
Loss of control over subsidiary		-	(53,940)
Proceeds on debt securities		500,000	1,690,000
Other (payments)/proceeds		(63,967)	4,994,684
Net cash flows from investing activities		(5,355,019)	(5,227,650)
Cash flows from financing activities			
Proceeds from loans received	33	-	21,825,145
Proceeds from bonds issued	33	11,500,000	-
Payment of the principal on loans received	33	(12,995,033)	(34,371,093)
Repayments of bonds issued	33	-	(5,203,442)
Dividends paid	20	(1,019,777)	-
Net cash flows from financing activities		(2,514,810)	(17,749,390)
Net change in cash and cash equivalents		15,000,230	2,308,264
Change in allowance for expected credit losses	18	(8,982)	101
Effect of exchange rate changes on cash and cash equivalents		(10,585)	149,649
Cash and cash equivalents as at 1 January		25,805,120	23,347,106
Cash and cash equivalents as at 31 December	18	40,785,783	25,805,120

Managing Director on Economy and Finance – Member of the Management Board

Uali M.Zh.

Chief accountant

Sipuldina B.K.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2021

1. CORPORATE INFORMATION

Samruk-Kazyna Construction JSC (the "Company") was established in accordance with the Decree of the Government of the Republic of Kazakhstan No. 265 dated 6 March 2009.

The Company's office is located at the following address: 17/10, Syganak Str., Yessil district, Nur-Sultan, Republic of Kazakhstan.

The Company is controlled by the Government through Sovereign Wealth Fund "Samruk-Kazyna" (the "Parent company" or "Samruk-Kazyna"), which is the sole shareholder of the Company.

The Company's mission is to improve the living conditions of the population of the Republic of Kazakhstan through the provision of high-quality and affordable housing as well as improving the efficiency of construction and project management of a group of companies Samruk-Kazyna.

The Company's core activities include the following:

- Completion of participation in government programs;
- Property management;
- Investment activities;
- Trust management of company shares at the design and construction stages.

The mission and vision of the Company are designed by taking into account the development strategy and vision of the Parent company. The mission reflects the strategic priorities of the company and its role in the social and economic development of Kazakhstan.

Subsidiaries and associates

As at 31 December 2021 and 31 December 2020, the Company had interest ownership in the following companies:

Name	Place of registration	Principal activities	Ownership	
			2021	2020
SK Development LLP	Kazakhstan	Development, financing and further management / sale of real estate properties, engineering supervision	49%	49%

During 2020, the Company had a 100% interest in SK Development LLP, the main activity of which was the financing and subsequent management / sale of real estate and technical supervision.

The Company and its subsidiary, 51% interest of which was realised on 31 December 2020, are collectively referred to as the Group.

These consolidated financial statements represent, on a consolidated basis, the financial results of the Group for the year ended 31 December 2021 and its financial position as at the indicated date.

Financial results of the Group depend on the specifics of the construction industry for which long production cycle is typical, construction of properties is performed on average within a period from 1.5 to 3 years. During the period of construction and investment in construction, reduction in income from sales of real estate properties and increase in capitalisation of costs related to real estate properties / in advances issued to construction companies are observed. Correspondingly, increase in income from core activities of the Group is observed upon commissioning of real estate properties.

In addition, the financial results of the Group are affected by the recognition and subsequent measurement of financial instruments arising from cash management, including interest income and expenses from funding issued and received for the execution of government programs and interest income from placing temporarily free cash on deposits with the second tier banks of the Republic of Kazakhstan (Note 33).

In general, such fluctuations in revenue from core activities from year to year is common to many local and foreign companies operating in construction industry.

The consolidated financial statements of the Group for the year ended 31 December 2021 were approved for issue by the management of the Group on 28 February 2022.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**2. BASIS OF PREPARATION**

The consolidated financial statements of the Group have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

These consolidated financial statements have been prepared on a historical cost basis, except as described in the accounting policies and the notes to these consolidated financial statements. These consolidated financial statements are presented in Kazakh tenge (“tenge”) and all monetary amounts are rounded to the nearest thousand, except when otherwise indicated.

Basis of consolidation

The consolidated financial statements comprise the financial statements of the Parent and its subsidiary as at 31 December 2021. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if, and only if, the Group has:

- Power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee);
- Exposure, or rights, to variable returns from its involvement with the investee;
- The ability to use its power over the investee to affect its returns.

Generally, there is a presumption that a majority of voting rights result in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee;
- Rights arising from other contractual arrangements;
- Voting rights or potential voting rights belonging to the Group.

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Subsidiary is consolidated from the date on which control is transferred to the Group and is no longer consolidated from the date that control ceases. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income are attributed to the owners of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a change of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it derecognises the assets (including goodwill), related liabilities, non-controlling interest and other components of equity while any resultant gain or loss is recognised in profit or loss. Any investment retained is recognised at fair value.

3. SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the Group's consolidated financial statements requires the management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the disclosure of these items and contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of assets or liabilities affected in the future.

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

Assumptions and estimates are based on the Group's initial data, which it had at the time of preparation of the consolidated financial statements. However, current circumstances and assumptions about the future may vary due to market changes or circumstances beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**3. SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS (continued)****Impairment of non-financial assets**

An impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs to sell and its value in use. The fair value less costs to sell calculation is based on available data from binding sales transactions in an arm's length transaction of similar assets or observable market prices less incremental costs for disposing of the asset. The value in use calculation is based on a discounted cash flow model. The cash flows are derived from the budget for the next five years and do not include restructuring activities that the Group is not yet committed to or significant future investments that will enhance the asset's performance of the cash generating unit being tested. The recoverable amount is most sensitive to the discount rate used for the discounted cash flow model as well as the expected future cash inflows and the growth rate used for extrapolation purposes.

Expected credit losses

The Group uses an allowance matrix to calculate ECLs for loans issued, amounts due from credit institutions and cash and cash equivalents. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns (i.e., by geography, product type, customer type and rating, and coverage by letters of credit and other forms of credit insurance).

The provision matrix is initially based on the historical observed default rates. The Group will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. For example, if forecast economic conditions (such as GDP) are expected to deteriorate over the next year, which may result in an increase in defaults in the production sector, the historical default rate is adjusted. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future.

The Group has significant balances of finance lease receivables within non-current and current financial assets as at 31 December 2021. Finance lease receivables consist of individually insignificant balances due from more than 8,000 individual lessees under the Nurly Zher state program. The Group's management did not accrue allowance for expected credit losses on finance lease receivables as at 31 December 2021. The Group's management believes that 100% of the balance sheet is recoverable as the finance lease receivables are secured by lease assets, real estate, the fair value of which significantly exceeds the carrying amount of the finance lease receivables.

Operating lease commitments – Group as lessor

The Group has entered into commercial property leases on its investment property portfolio. The Group has determined, based on an evaluation of the terms and conditions of the arrangements, such as the lease term not constituting a major part of the economic life of the commercial property and the present value of the minimum lease payments not amounting to substantially all of the fair value of the commercial property, that it retains all the significant risks and rewards of ownership of these properties and accounts for the contracts as operating leases.

Classification of investment property and real estate properties for sale

The Group determines whether real estate property is a property for sale or investment property as follows:

- Investment property includes apartments, parking areas and commercial premises, which are neither used in activities of the Group nor for sale in operating activities but are held, in the first place, in order to derive rental income and income from appreciation of capital;
- Real estate property for sale includes property held for sale in operating activities. These are mainly apartments, parking areas and commercial premises, which the Group intends to sell after completion of construction.

Cost of investment property and real estate properties for sale

Investment property is recognised in the accounting at cost less accumulated depreciation and impairment losses. Fair value is determined based on recent transactions with property with similar characteristics and location. The fair value of investment property items is disclosed in *Note 7*.

Real estate property for sale is stated at the lower of cost and net realisable value. Net realisable value for real estate for sale is measured taking into account market conditions and prices existing as at the reporting date, and is determined by the Group assuming relevant recent market transactions.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**3. SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS (continued)****Trust management agreements**

During 2021, the Group had trust management agreements with United Chemical Company LLP (hereinafter referred to as "UCC"), a related party, to manage UCC shares in the following subsidiaries: Karabatan Utility Solutions LLP, Chem-plus LLP. The trust management agreements are valid until the completion of the construction of projects: "Construction of infrastructure facilities of the special economic zone "National Industrial Petrochemical Park", "Production of glyphosate, phosphorus trichloride, caustic soda and chlorine", respectively. The Group analysed the trust management agreements for existence of control over UCC subsidiaries in connection with the transfer to the trust management and concluded that control over the interests in UCC subsidiaries did not transfer to the Group as at 31 December 2021.

On 24 January 2019, the Group and the Parent company entered into a trust management agreement for the office building. The Group analysed this agreement for existence of control in connection with the transfer to the trust management and concluded that control over the building was not transferred to the Group as at 31 December 2021. The Group provides administrative building management services by leasing premises to other entities, mainly related parties.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**New standards, interpretations and amendments thereof**

The Group applied for the first time certain standards and amendments, which are effective for annual reporting periods beginning on or after 1 January 2021. The Group has not early adopted any standards, interpretations or amendments that have been issued but are not yet effective.

The nature and impact of each amendment are described below:

Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 Base Interest Rate Reform – Stage 2

The amendments provide temporary exemptions that are applied to address the financial reporting implications when the Interbank Offered Rate (IBOR) is replaced by an alternative substantially risk-free interest rate.

The amendments provide for the following:

- A practical simplification that changes to the contract or changes in cash flows directly required by the reform should be treated as changes in the floating interest rate equivalent to a change in the market interest rate;
- It is possible to make changes required by the IBOR reform to the definition of hedging relationships and hedging documentation without discontinuing the hedging relationship;
- Entities are granted a temporary exemption from the need to comply with the separately identifiable components requirement when an instrument with a risk-free rate is designated as a risky component in the hedging relationship.

These amendments did not have any impact on the Group's consolidated financial statements. The Group intends to apply the practical expedients in future periods, if necessary.

Amendments to IFRS 16 Covid-19 Lease Concessions Effective After 30 June 2021

On 28 May 2020, the IASB issued an amendment to IFRS 16 *Leases – Lease Concessions Associated with the Covid-19 Pandemic*. The amendment provides an exemption for lessees from applying the requirements of IFRS 16 to account for lease modifications in the event of lease concessions that arise as a direct consequence of the Covid-19 pandemic. As a practical expedient, a tenant may choose not to analyze whether a lease concession made by a landlord due to the Covid-19 pandemic is a lease modification. A lessee that makes this decision must account for any change in lease payments resulting from a lease assignment related to the Covid-19 pandemic in the same way that the change would be accounted for under IFRS 16 if it were not a contract modification rent.

The amendment was intended to apply until 30 June 2021, but due to the continued impact of the Covid-19 pandemic, on 31 March 2021 the IASB decided to extend the application of the practical expedients until 30 June 2022.

The new amendment applies to annual reporting periods beginning on or after 1 April 2021.

The Group does not have any Covid-19 related lease concessions granted, but plans to apply practical expedients, if necessary, within a reasonable period.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)****Standards issued but not yet effective**

The new and amended standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Group's financial statements are disclosed below. The Group intends to adopt these new and amended standards and interpretations, if applicable, when they become effective. These amendments are not expected to have significant impact on the Group.

- IFRS 17 *Insurance Contracts*;
- Amendments to IAS 1 *Classification of Liabilities as Current or Non-current*;
- *Reference to the Conceptual Framework – Amendments to IFRS 3*;
- *Property, Plant and Equipment: Proceeds before Intended Use – Amendments to IAS 16*;
- *Onerous Contracts – Costs of Fulfilling a Contract – Amendments to IAS 37*;
- Amendment to IFRS 1 *First-time Adoption of International Financial Reporting Standards – subsidiary as a first-time adopter*;
- IFRS 9 *Financial Instruments – fees in the '10 per cent' test for derecognition of financial liabilities*;
- Amendment to IAS 41 *Agriculture – taxation in fair value measurements*;
- Amendments to IAS 8 *Determination of Accounting Estimates*;
- Amendments to IAS 1 and Practice Guideline No. 2 on the Application of IFRS – *Accounting Policies Disclosures*.

Foreign currency translation

The consolidated financial statements of the Group are presented in tenge, which is the functional currency of the Company and its subsidiary and the currency of presentation of these consolidated financial statements.

Tenge is the currency of the primary economic environment in which the Company and its subsidiary operate. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency.

Transactions in foreign currencies are initially recorded by the Group entities at their respective functional currency spot rates prevailing at the date when the transaction meets recognition criteria.

Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency spot rate of exchange ruling at the reporting date. All differences are recognised in the consolidated statement of comprehensive income.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated at rates ruling at the dates of the original transactions. Non-monetary items that are measured at fair value in a foreign currency are translated at rates ruling at the date the fair value was determined. Gains or losses arising on the translation of non-monetary items measured at fair value are accounted for in accordance with the principles for recognizing gains or losses on changes in the fair value of the item (i.e. foreign exchange differences on itemized currency translation, gains and losses on remeasurement at fair value recognized in OCI or profit or loss are also recognized in either OCI or profit or loss, respectively).

The transaction date, for the purposes of determining the current exchange rate to be used on initial recognition of a related asset, expense or income (or a portion thereof) on derecognition of a non-monetary asset or non-monetary liability arising from making or receiving a prepayment, is the date on which the Group initially recognizes a non-monetary asset or non-monetary liability arising from making or receiving a prepayment. In the case of multiple transactions for making or receiving prepayments, the Group determines the transaction date for each payment or receipt of prepayments.

Weighted average currency exchange rates established by the Kazakhstan Stock Exchange ("KASE") are used as official currency exchange rates in the Republic of Kazakhstan.

The exchange rate of the US dollar established at KASE as at 31 December 2021 was 431.8 tenge to 1 US dollar (2020: 420.91 tenge to 1 US dollar).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)****Investments to associates**

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

The considerations made in determining significant influence or joint control are similar to those necessary to determine control over subsidiaries.

The Group's investment in its associate is accounted for using the equity method.

Under the equity method, the investment in an associate is initially recognised at cost. The carrying amount of the investment is subsequently increased or decreased due to recognition of the Group's share in changes in net assets of the associate since the acquisition date. Goodwill relating to the associate is included in the carrying amount of the investment and is neither amortised nor individually tested for impairment.

The consolidated statement of comprehensive income reflects the Group's share of the financial performance of the associate. Where there has been a change recognised directly in the equity of the associate, the Group recognises its share of any changes and discloses this, when applicable, in the consolidated statement of changes in equity.

Unrealised gains and losses resulting from transactions between the Group and the associate are eliminated to the extent of the interest in the associate.

The Group's share of profit of an associate is shown on the face of the consolidated statement of comprehensive income. This is the profit attributable to equity holders of the associate and therefore is profit after tax and non-controlling interests in the subsidiaries of the associate.

The financial statements of the associate are prepared for the same reporting period as the Group. When necessary, adjustments are made to bring the accounting policies in line with those of the Group.

After application of the equity method, the Group determines whether it is necessary to recognise an additional impairment loss on the Group's investment in its associate.

The Group determines at each reporting date whether there is any objective evidence that the investment in the associate is impaired. If this is the case the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognises the amount in the "share of profit of an associate" in the income statement.

Upon loss of significant influence over the associate, the Group measures and recognises any retaining investment at its fair value. Any difference between the carrying amount of the associate upon loss of significant influence and the fair value of the retaining investment and proceeds from disposal is recognised in profit or loss.

Current versus non-current classification

The Group presents assets and liabilities in the consolidated statement of financial position based on current/non-current classification. An asset is current when it is:

- Expected to be realised or intended to be sold or consumed in the normal operating cycle;
- Held primarily for the purpose of trading;
- Expected to be realised within twelve months after the reporting period; or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 (twelve) months after the reporting period.

All other assets are classified as non-current. A liability is current when:

- It is expected to be settled within normal operating cycle;
- It is held primarily for the purpose of trading;
- It is due to be settled within twelve months after the reporting period; or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The Group classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)****Fair value measurement**

The Group measures such financial instruments as derivatives at fair value at each date of the statement of financial position. Information on fair value of financial instruments measured at amortised cost and non-financial assets fair value of which shall be disclosed in the financial statements, is disclosed in *Note 33* and *Note 7*, respectively.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability; or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described in *Note 33*.

Revenue recognition for contracts with customers

The Group's activities are associated with management of real estate and construction. Revenue from contracts with customers is recognised when control of the goods is transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services. The Group has generally concluded that it is the principal in its revenue arrangements because it typically controls the goods before transferring them to the customer.

The Group has concluded that it is the principal in all of its revenue arrangements taking into account payment terms defined in an agreement and net of taxes or duties.

Sale of real estate properties

Revenue from the sale of real estate properties is usually recognised when the significant risks and rewards of ownership of the real estate properties have passed to the buyer. Revenue from assignment of rights for objects under construction is recognised when the significant risks and rewards related to ownership rights have passed to the buyer.

Rental income

Income from investment property provided under operating leases is accounted for on a straight line basis over the lease term and is included in revenues due to its operating nature.

Interest income

For all financial instruments measured at amortised cost and interest bearing financial assets classified as available-for-sale, interest income is recorded using the effective interest rate (EIR), which is the rate that exactly discounts the estimated future cash payments or receipts through the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset or liability.

Interest income is included in revenue from core activities as related to financing of construction companies and in finance income as related to other interest income.

Expense recognition

Expenses are recognised as incurred and reported in the consolidated statement of comprehensive income in the period to which they relate on the accrual basis.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)****Borrowing costs**

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the respective assets. All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that the Group incurs in connection with the borrowing of funds.

Income tax*Current income tax*

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the reporting date.

Current income tax relating to items recognised directly in equity is recognised in equity and not in the consolidated statement of comprehensive income. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss;
- In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised, except:

- When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss;
- In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax assets to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax assets to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in the statement of comprehensive income or directly in equity.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)****Employee benefits***Social tax*

The Group pays social tax according to the current statutory requirements of the Republic of Kazakhstan. Social tax expenses are charged to expenses as incurred.

Defined contribution scheme

The Group withholds 10% from the salary of its employees as contribution to pension fund. Under the legislation, the Group is responsible for the retirement benefits and the Group has no present or future obligation to further benefit its employees upon their retirement.

Financial assets*Initial recognition and measurement*

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income (OCI), and fair value through profit or loss. The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient, the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under IFRS 15.

In order for a financial asset to be classified and measured at amortized cost or at fair value through other comprehensive income, the contractual terms of the asset must give rise to cash flows that are "solely payments of principal and interest" on the principal the principal amount of the debt. This assessment is called the cash flow test (SPPI test) and is carried out at the level of each instrument. Financial assets that do not meet the 'cash flows' criterion are classified as at fair value through profit or loss, regardless of business model.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the marketplace (regular way trades) are recognised on the trade date, i.e., the date that the Group commits to purchase or sell the asset.

Financial assets of the Group include cash and cash equivalents, finance lease receivables, loans issued, government bonds, trade and other accounts receivable.

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in four categories:

- Financial assets at amortised cost (debt instruments);
- Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments);
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments);
- Financial assets at fair value through profit or loss.

Financial assets at amortised cost (debt instruments)

This is the category most relevant to the Group. The Group measures financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)****Financial assets (continued)***Subsequent measurement (continued)**Financial assets at amortised cost (debt instruments) (continued)*

Financial assets at amortised cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired. The Group's financial assets at amortised cost includes loans issued, trade and other receivables, and finance lease receivables.

Financial assets at fair value through OCI (debt instruments)

The Group measures debt instruments at fair value through OCI if both of the following conditions are met:

- The financial asset is held within a business model with the objective of both holding to collect contractual cash flows and selling; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

For debt instruments at fair value through OCI, interest income, foreign exchange revaluation and impairment losses or reversals are recognised in the statement of comprehensive income and computed in the same manner as for financial assets measured at amortised cost. The remaining fair value changes are recognised in OCI. Upon derecognition, the cumulative fair value change recognised in OCI is recycled to profit or loss. The Group's debt instruments at fair value through OCI includes investments in quoted debt instruments included under other non-current financial assets. As at 31 December 2021 and 2020, the Group has government bonds – financial assets at fair value through other comprehensive income.

Financial assets designated at fair value through OCI (equity instruments)

Upon initial recognition, the Group can elect to classify irrevocably its equity investments as equity instruments designated at fair value through OCI when they meet the definition of equity under IAS 32 *Financial Instruments: Presentation* and are not held for trading. The classification is determined on an instrument-by-instrument basis. Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognised as other income in the statement of comprehensive income when the right of payment has been established, except when the Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at fair value through OCI are not subject to impairment assessment. As at 31 December 2021 and 2020, the Group has not designated any equity instruments upon initial recognition as at fair value through other comprehensive income.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at fair value through profit or loss, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortised cost or at fair value through OCI, as described above, debt instruments may be designated at fair value through profit or loss on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch. Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in the statement of comprehensive income.

This category includes derivative instruments and listed equity investments which the Group had not irrevocably elected to classify at fair value through OCI. Dividends on listed equity investments are recognised as other income in the statement of comprehensive income when the right of payment has been established.

Derivatives embedded in host contracts are accounted for as separate derivatives and recorded at fair value if their economic characteristics and risks are not closely related to those of the host contracts and the host contracts are not held for trading or designated at fair value through profit or loss. These embedded derivatives are measured at fair value with changes in fair value recognised in the finance income or finance costs. Reassessment occurs if there is either a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required or a reclassification of a financial asset out of the fair value through profit or loss category.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)****Financial assets (continued)***Derecognition*

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognised from the statement of financial position when:

- The rights to receive cash flows from the asset have expired;
- The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of its continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original current amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Impairment of financial assets

The Group recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For trade receivables and contract assets, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

For debt instruments that are measured at fair value through the OCI, the Group applies a simplification about low credit risk. At each reporting date, the Group assesses whether a debt instrument is a low credit risk instrument using all reasonable and corroborated information that is available without undue cost or effort. When conducting such an assessment, the Group reviews the internal credit rating of the debt instrument. Besides, the Group believes that there has been a significant increase in credit risk if contractual payments are over 30 days past due. As at 31 December 2021 and 31 December 2020, the Group had debt securities measured through OCI and represented by quoted government bonds.

Cash and cash equivalents

Cash and cash equivalents in the consolidated statement of financial position comprise cash at banks and on hand, and short-term deposits with a maturity of three months or less.

Loans and receivables

Loans and receivables including long-term deposits are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate method (EIR), less impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and fee or costs that are an integral part of the EIR.

The EIR amortisation is included in finance income in the consolidated statement of comprehensive income. The losses arising from impairment are recognised in the consolidated statement of comprehensive income within finance costs in case of loans and within other operating expenses in case of accounts receivable.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)****Financial liabilities****Initial recognition and measurement**

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables.

All financial liabilities are recognised initially at fair value and in the case of loans, borrowings and payables, plus directly attributable transaction costs.

The Group's financial liabilities include accounts payable, loans and coupon bonds.

Subsequent measurement

For purposes of subsequent measurement, financial liabilities are classified in two categories:

- Financial liabilities at fair value through profit or loss;
- Financial liabilities at amortised cost (loans and borrowings).

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by IFRS 9. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Gains or losses on liabilities held for trading are recognised in the statement of comprehensive income.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in IFRS 9 are satisfied. The Group has not designated any financial liability as at fair value through profit or loss.

Financial liabilities at amortised cost (loans and borrowings)

This is the category most relevant to the Group. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of comprehensive income.

This category generally applies to interest-bearing loans, borrowings and coupon bonds.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

When an existing financial liability to the Parent is replaced by another from the Parent on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in the consolidated statement of changes in equity.

Offsetting of financial instruments

Financial assets and financial liabilities are only offset and reported at the net amount in the consolidated statement of financial position when there is a legally enforceable right to offset the recognised amounts and the Company intends to either settle on a net basis, to realise the asset and settle the liability simultaneously.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)****Advances paid to construction companies**

Advances paid to construction companies represent advances paid for the construction of real estate property to be recognised at a later date in the consolidated statement of financial position as investment property or property for sale. Advances paid to construction companies are measured at cost (the consideration actually paid) as at the date of partnership agreements less impairment loss, if any. Advances paid to construction companies are settled upon transfer of title to the property from the construction company to the Group.

Investment property

Investment property includes property held for receiving lease payments or income from accretion to capital, or both.

Property owned on the lease terms is classified as investment property when it corresponds to the definition of investment property. Lease liabilities are recognised in accordance with IFRS 16 at fair value of fee of leased property.

Investment properties are measured initially at cost, including transaction costs. The carrying amount includes the cost of replacing part of an existing investment property at the time that cost is incurred if the recognition criteria are met and excludes the costs of day-to-day servicing of an investment property. Following initial recognition, investment property is carried at initial cost less any accumulated amortisation and any accumulated impairment losses. Depreciation is calculated on a straight-line basis over the estimated useful life, which is 50 years.

Investment properties are derecognised when either they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognised in the consolidated statement of comprehensive income in the period of derecognition.

Transfers are made to or from investment property only when there is a change in use. For a transfer from investment property to owner-occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. If owner occupied property becomes an investment property, the Group accounts for such property in accordance with the policy stated under property, plant and equipment up to the date of change in use.

Investment property is transferred to non-current assets held for sale when the carrying amount is expected to be refunded by way of sale but not continuous using. This condition is regarded as met only when the sale is highly probable and the property is available for immediate sale in its present condition on the terms general for sale of similar property.

Other non-current assets

Other non-current assets comprise properties for future leasing out under a finance lease agreement or for which the Group, as at the reporting date, has no certain plans related to recovery of its carrying amount. Other non-current assets are measured at cost, including transaction costs. Upon initial recognition, other non-current assets are carried at cost less accumulated impairment. Other non-current assets are not amortised. Transfers are made to (or from) other non-current assets only when there is a change in use.

Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The initial cost of intangible assets acquired in a business combination is the fair value as at the date of acquisition. Subsequent to initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses. Intangible assets generated internally, except for the capitalised costs for development of products, are not capitalised and the related expense is recognised in the consolidated statement of comprehensive income for the year in which it originated.

Intangible assets have finite useful lives.

Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The period and accrual method of amortisation for an intangible asset with finite useful life are reviewed at least at the end of each reporting period.

Change in the estimated useful life or alleged structure of consumption of future economic benefits embodied in the asset is recorded in the financial statements as a change in the period or accrual method of amortisation depending on the situation and accounted for as a change in accounting estimates. Expenses on amortisation of intangible assets with finite useful life are recognised in the consolidated statement of comprehensive income in the category of expenses, which corresponds to the function of the intangible asset.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)****Investment property**

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the consolidated statement of comprehensive income when the asset is derecognised.

Intangible assets are mainly represented by the software and licenses. Intangible assets are amortised on a straight-line basis over their estimated useful lives, generally from 5 to 10 years.

Property, plant and equipment

Property, plant and equipment is stated at cost, net of accumulated depreciation and/or accumulated impairment losses, if any. Such cost includes the cost of replacing part of the plant and equipment and borrowing costs for long-term construction projects if the capitalisation criteria are met. When significant parts of property and equipment are required to be replaced at intervals, the Group recognises such parts as individual assets with specific useful lives and depreciates them accordingly. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of property and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in the consolidated statement of comprehensive income as incurred.

Depreciation is calculated on a straight-line basis over the estimated useful life of the asset as follows:

	Years
Buildings and constructions	8-100
Machinery and equipment	3-50
Motor vehicles	3-15
Other	2-20

Previous recognised items of property, plant and equipment are derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the consolidated statement of comprehensive income in the year when the asset is derecognised.

The assets' residual values, useful lives and methods of depreciation are reviewed at each financial year end, and adjusted prospectively, if appropriate.

Property, plant and equipment consists primarily of administrative building, land and office equipment.

Impairment of non-financial assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs of disposal or its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets.

When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

The Group bases its impairment calculation on detailed budgets and forecast calculations, which are prepared separately for each of the Group's CGUs to which the individual assets are allocated. These budgets and forecast calculations are generally covering a period of five (5) years. Long-term growth rates are calculated and applied to the projected future cash flows after the fifth year.

Impairment losses on continuing operations are recognized in the consolidated statement of comprehensive income in expense categories consistent with the purpose of the impaired asset.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)****Impairment of non-financial assets (continued)**

The Group assesses at each reporting date whether there is any indication that a previously recognized impairment loss for an asset may no longer exist or may have decreased. If such indication exists, the Group estimates the asset's or cash-generating unit's recoverable amount. A previously recognized impairment loss is only reversed if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised.

Recovery is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor can it exceed the carrying amount, less depreciation, at which the asset would have been recognized if no impairment loss had been recognized in prior years. This recovery is recognized in the consolidated statement of comprehensive income.

Inventories

Inventories are recorded at the lower of cost and net realisable value. Costs comprise charges incurred in bringing inventory to its present location and condition. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and estimated costs necessary to make the sale. All inventories are determined based on weighted average cost method.

Real estate for sale

Property acquired for sale in the ordinary course of business, rather than to be held for rental or capital appreciation, is held as inventory and is measured at the lower of cost and net realisable value. Cost includes:

- Freehold and leasehold rights for land;
- Amounts paid to contractors for construction;
- Borrowing costs, planning and design costs, costs of site preparation, professional fees for legal services, property transfer taxes, construction overheads and other related costs.

Net realisable value is the estimated selling price in the ordinary course of the business, based on market prices at the reporting date and discounted for the time value of money if material, less costs to completion and the estimated costs of sale.

The cost of inventory recognised in profit or loss on disposal is determined with reference to the specific costs incurred on the property sold and an allocation of any non-specific costs based on the relative size of the property sold.

Guarantee payments from lessees

Guarantee payments from lessees represent amounts paid by lessees as security of fulfilment of liabilities under finance lease agreements. At the end of lease term, the amount of guarantee payments are used by lessees to settle the last lease payment.

Rent

The determination of whether an arrangement is (or contains) a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease if fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement.

Group as a lessee

Finance leases, which transfer to the Group substantially all the risks and benefits incidental to ownership of the leased item, are capitalised at the commencement of the lease at the fair value of the leased property or, if lower, at the present value of the minimum lease payments.

Lease payments are apportioned between the finance income and increase of the finance lease asset so as to achieve a constant rate of interest on the unrecoverable amount of the asset. Finance income is reflected directly in the consolidated statement of comprehensive income.

Leases in which the Group does not transfer substantially all the risks and benefits of ownership of the asset are classified as operating leases. Operating lease payments are recognised as income in the consolidated statement of comprehensive income on a straight line basis over the lease term.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)****Rent (continued)***Group as a lessee (continued)*

Leases which do not transfer substantially all the risks and benefits of ownership of the asset to the Group are classified as operating leases. Operating lease payments are recognised as an expense in the consolidated statement of comprehensive income on a straight line basis over the lease term.

Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the Group expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the consolidated statement of comprehensive income net of any reimbursement.

Non-current assets held for sale and discontinued operations

The Group classifies non-current assets and disposal groups as held for sale if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use. Non-current assets and disposal groups classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell. Costs to sell are the incremental costs directly attributable to the disposal of an asset (disposal group), excluding finance costs and income tax expense.

The criteria for held for sale classification is regarded as met only when the sale is highly probable and the asset or disposal group is available for immediate sale in its present condition. Actions required to complete the sale should indicate that it is unlikely that significant changes to the sale will be made or that the decision to sell will be withdrawn. The management should assume responsibility for the implementation of the plan to sell the asset, and there should be an expectation that the sale will be completed within one year from the date of classification.

Property, plant and equipment and intangible assets are not depreciated or amortised once classified as held for sale.

Assets and liabilities classified as held for sale are presented separately as non-current/current items in the consolidated statement of financial position.

A disposal group qualifies as discontinued operation if it is a component of an entity that either has been disposed of, or is classified as held for sale, and:

- Represents a separate major line of business or geographical area of operations;
- Is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations; or
- Is a subsidiary acquired exclusively with a view to resale.

Discontinued operations are excluded from the results of continuing operations and are presented as a single amount as profit or loss after tax from discontinued operations in the consolidated statement of comprehensive income.

5. RECLASSIFICATION FOR PRESENTATION PURPOSES

Comparative information for 2020 in the consolidated statement of financial position as at 31 December 2021 includes classification adjustments to achieve comparability with the presentation of financial position as at 31 December 2021. The reclassifications had no impact on the financial position of the Group

<i>In thousands of tenge</i>	Initial presentation	Reclassification amounts	Presentation with amendments
Consolidated statement of financial position as at 31 December 2020			
Non-current financial assets	59,552,076	(3,999,960)	55,552,116
Non-current loans issued	–	3,999,960	3,999,960

Reclassification is a separate presentation of long-term loans issued.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**6. PROPERTY, PLANT AND EQUIPMENT**

Movement of property, plant and equipment in 2021 and 2020 is presented as follows:

<i>In thousands of tenge</i>	Land	Buildings	Office equipment	Total
Cost				
At 31 December 2019	26,101	31,913	451,173	509,187
Additions	–	–	640	640
Disposals	–	–	(19,099)	(19,099)
Loss of control over subsidiary	–	–	(12,980)	(12,980)
At 31 December 2020	26,101	31,913	419,734	477,748
Additions	–	–	43,802	43,802
Disposals	–	–	(11,181)	(11,181)
At 31 December 2021	26,101	31,913	452,355	510,369
Accumulated depreciation				
At 31 December 2019	–	(3,883)	(261,152)	(265,035)
Depreciation charge for the year	–	(638)	(35,108)	(35,746)
Depreciation on disposal	–	–	17,430	17,430
Loss of control over subsidiary	–	–	8,441	8,441
At 31 December 2020	–	(4,521)	(270,389)	(274,910)
Depreciation charge for the year	–	(638)	(33,919)	(34,557)
Depreciation on disposal	–	–	11,158	11,158
At 31 December 2021	–	(5,159)	(293,150)	(298,309)
Net book value				
At 31 December 2020	26,101	27,392	149,345	202,838
At 31 December 2021	26,101	26,754	159,205	212,060

7. INVESTMENT PROPERTY

Movement of investment property for 2021 and 2020 is presented as follows:

<i>In thousands of tenge</i>	Building	Commercial premises	Total
Cost			
At 31 December 2019	4,850,854	10,345	4,861,199
At 31 December 2020	4,850,854	10,345	4,861,199
At 31 December 2021	4,850,854	10,345	4,861,199
Accumulated depreciation and impairment			
At 31 December 2019	(854,785)	(1,864)	(856,649)
Depreciation charge for the year	(105,453)	(207)	(105,660)
At 31 December 2020	(960,238)	(2,071)	(962,309)
Depreciation charge for the year	(105,660)	–	(105,660)
At 31 December 2021	(1,065,898)	(2,071)	(1,067,969)
Net book value			
At 31 December 2020	3,890,616	8,274	3,898,890
At 31 December 2021	3,784,956	8,274	3,793,230

In 2021, as a result of regular analysis of the fair value of investment properties, management of the Group came to a conclusion that the carrying amount of its commercial and residential premises did not exceed fair value of the properties.

As at 31 December 2021, the fair value of the Group's real estate properties amounts to 5,825,228 thousand tenge (2020: 5,865,212 thousand tenge).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

8. REAL ESTATE FOR SALE

<i>In thousands of tenge</i>	Apartments	Parking lots	Other	Total
At 31 December 2019	7,151,461	–	–	7,151,461
Transferred to other non-current assets (Note 14)	(149,693)	–	–	(149,693)
Transferred from other non-current assets (Note 14)	11,200	10,323	121,666	143,189
Realised property (Note 27)	(6,993,430)	(10,323)	–	(7,003,753)
Impairment	–	–	(68,574)	(68,574)
At 31 December 2020	19,538	–	53,092	72,630
Transferred from other non-current assets (Note 14)	7,916	–	–	7,916
Realised property (Note 27)	(27,454)	–	–	(27,454)
At 31 December 2021	–	–	53,092	53,092

9. ADVANCES PAID TO CONSTRUCTION COMPANIES

The Group enters into agreements with construction companies (hereinafter, "Real estate developers") for acquirement of apartments, commercial premises and parking lots. In accordance with provisions of the agreements, the Group is obliged to make advance payments to the Real estate developers and the Real estate developers undertook to complete construction by the established dates. The Group becomes an owner of respective objects after completion of construction by the Real estate developers and their appropriate registration in state registration agencies.

The agreements of the Group with Real estate developers contain a guarantee provision according to which Real estate developers provide collateral in the form of land lots, construction-in-progress and insurance contracts to cover the risk of loss of the Group's advance payment.

Movement of advances issued to construction companies for 2021 and 2020 is presented as follows:

<i>In thousands of tenge</i>	2021	2020
At the beginning of the year	–	4,439,252
Advances paid for the year	8,471,414	614,522
Real estate properties received	–	(2,744,102)
Guarantee payments	–	82,323
Return of funds	–	(2,268,164)
Other	–	(123,831)
Advances for projects under construction	8,471,414	–

The real estate properties obtained were recognised in the consolidated statement of financial position as follows:

<i>In thousands of tenge</i>	2021	2020
Other non-current assets (Note 14)	–	2,744,102
	–	2,744,102

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

10. NON-CURRENT FINANCIAL ASSETS

Long-term financial assets are represented by finance lease debt, which includes the amount of minimum lease payments under existing finance lease agreements. The minimum lease payments receivable in future periods under finance leases, as well as the present value of the net minimum lease payments, are summarized in the table:

<i>In thousands of tenge</i>	2021		2020	
	Minimum payments	Present value of payments	Minimum payments	Present value of payments
Within one year	9,177,372	8,722,907	10,414,152	9,898,453
More than one year, but less than five years	35,426,031	26,747,642	40,373,942	30,506,993
Over five years	41,210,930	19,595,383	54,632,611	25,045,123
Total minimum lease payments	85,814,333	55,065,932	105,420,705	65,450,569
Less financial income	(30,748,401)	–	(39,970,136)	–
Present value of minimum lease payments	55,065,932	55,065,932	65,450,569	65,450,569
Less: amounts due for settlement within 12 months (Note 17)	–	(8,722,907)	–	(9,898,453)
Amounts due for settlement after 12 months	–	46,343,025	–	55,552,116

11. AMOUNTS DUE FROM CREDIT INSTITUTIONS

<i>In thousands of tenge</i>	2021	2020
Deposits with Kazakh banks	32,017,469	43,350,969
Allowance for expected credit losses	(526,281)	(2,384,281)
	31,491,188	40,966,688
Less: current portion	(104,802)	(5,052,698)
Non-current portion	31,386,386	35,913,990

Long-term deposits comprise special deposits in tenge under the project "Zelenyi kvartal" with second tier banks with an interest rate of 3.5% per annum.

<i>In thousands of tenge</i>	2021	2020
At the beginning of the year	2,384,281	2,469,709
Recovery	(1,858,000)	(162,620)
Charge	–	77,192
At the end of the year	526,281	2,384,281

12. OTHER CURRENT ASSETS

<i>In thousands of tenge</i>	2021	2020
Cash with Delta Bank JSC	5,067,902	5,067,902
Cash with KazInvestBank JSC	1,365,576	1,384,903
Cash with SB Alfa Bank JSC	4,690	142,908
Restricted cash in Halyk Bank of Kazakhstan JSC	33,577	130,089
Other current assets	356,910	303,164
Allowance for expected credit losses	(6,442,613)	(6,600,158)
	386,042	428,808

As at 31 December 2020, other current assets are claims in arrears, amounts due on amounts placed with KazInvestBank JSC of 1,365,576 thousand tenge and with Delta Bank JSC in the amount of 5,067,902 thousand tenge, for which the Group created a 100% allowance for expected credit losses due to the deprivation of banks of a license to conduct banking and other operations.

On 19 May 2017, SB Alpha-Bank JSC and the temporary administration of KazInvestBank JSC signed an agreement on the simultaneous transfer of assets and liabilities of KazInvestBank JSC. In June 2017, SB Alpha-Bank JSC acting as pledger for the pool of loans transferred from KazInvestBank JSC and the Group signed agreements on the pledge of cash in the amount of 247,273 thousand tenge.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

12. OTHER CURRENT ASSETS (continued)

As at 31 December 2021, the Group recovered the allowance for the pledge in the amount of 71,549 thousand tenge. The movement of allowance for expected credit losses on other assets is as follows:

<i>In thousands of tenge</i>	2021	2020
At the beginning of the year	6,600,158	6,768,342
Recovery	(71,549)	(39,404)
Loss of control over subsidiary	-	(9,094)
Written off from reserves	(85,996)	-
Reclassification	-	(119,686)
At the end of the year	6,442,613	6,600,158

13. INVESTMENT IN AN ASSOCIATE

On 31 December 2020, the Group sold 51% equity interest in SK Development LLP ("SK Development"). The principal place of operations of SK Development LLP and the country of its registration is the Republic of Kazakhstan. The main activity of SK Development is rendering of services for technical supervision, project management, development. As at 31 December 2021, the Group owns a 49% interest in SK Development. The Group's interest is accounted for using the equity method in the consolidated financial statements.

The table below summarised the movement in investments for 2021 and 2020:

<i>In thousands of tenge</i>	2021	2020
Balance at 1 January	13,434	-
Share in profit, net	2,110	-
Proceed due to loss of control over subsidiary	-	13,434
Balance at 31 December	15,544	13,434

Below is summarised financial information about the associate based on its financial statements.

<i>In thousands of tenge</i>	31 December 2021	31 December 2020
Non-current assets	8,306	5,412
Current assets	301,194	183,815
Non-current liabilities	(165)	(286)
Current liabilities	(150,978)	(34,891)
Net assets	158,357	154,050
Less: loss on disposal	(126,634)	(126,634)
Ownership share	49%	49%
Current value of investments as at 31 December	15,554	13,434

<i>In thousands of tenge</i>	2021	2020
Revenue	268,185	-
Profit for the year from continuing operations	4,306	-
Share of the Group in profit	2,110	-

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

14. OTHER NON-CURRENT ASSETS

<i>In thousands of tenge</i>	Finished real estate properties	Right of use of land	Other	Total
At 31 December 2019	5,402,830	-	1,351,929	6,754,759
Transfer of real estate properties from advances paid (Note 9)	2,744,102	-	-	2,744,102
Transferred to real estate for sale (Note 8)	(143,189)	-	-	(143,189)
Leased out	(7,545,348)	-	-	(7,545,348)
Termination of finance lease agreements	324,370	-	-	324,370
Transferred from property for sale (Note 8)	149,693	-	-	149,693
Reimbursed in cash	-	-	(2,689,409)	(2,689,409)
Additions	-	1,000,000	-	1,000,000
Transfer to assets held for sale	-	(1,000,000)	-	(1,000,000)
Other	10,423	-	(4,674)	5,749
(Charge)/reversal of allowance for impairment	(111,084)	-	1,344,704	1,233,620
At 31 December 2020	831,797	-	2,550	834,347
Transferred to real estate for sale (Note 8)	(7,916)	-	-	(7,916)
Leased out	(462,352)	-	-	(462,352)
Termination of finance lease agreements	63,549	-	-	63,549
Transferred to intangible assets	-	-	(10,000)	(10,000)
Realized	833	-	-	833
Additions	-	7,335,694	10,683	7,346,377
Transferred from property for sale	-	1,000,000	-	1,000,000
Invested to construction	-	(2,221,608)	-	(2,221,608)
Charge of allowance for impairment	(167,119)	-	-	(167,119)
At 31 December 2021	258,792	6,114,086	3,233	6,376,111

Other non-current assets include completed and non-completed real estate properties, for which the Group has no specific plans for use.

For the year ended 31 December 2021, reversal of allowance for impairment in the amount of 167,119 thousand tenge is recorded in the reversal of allowance for impairment of non-financial assets in the consolidated statement of comprehensive income (2020: 1,233,620 thousand tenge).

15. TRADE ACCOUNTS RECEIVABLE

Trade accounts receivable of the Group represent receivables from operating lease and direct sale of commercial and residential premises.

At 31 December 2021 and 2020, accounts receivable were denominated in tenge. As at 31 December 2021 and 2020 trade accounts receivable were not overdue and impaired.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**16. LOANS ISSUED**

<i>In thousands of tenge</i>	2021	2020
Loan to Bazis-Astana LLP	12,465,483	3,999,960
Loan to Ayt Housing Complex LLP	4,610,457	–
Loan to Argon Story LLP	3,941,545	–
Loans issued to construction companies under Nurly Zher program	1,056,637	3,813,941
Loans to other companies	1,136,572	7,903,884
Less: allowance for expected credit losses	(5,167,594)	(3,835,441)
	18,043,100	11,882,344
Less: amounts to be repaid within 12 months	(440,145)	(7,882,384)
	17,602,955	3,999,960

Loan to Bazis Astana LLP

According to the investment agreement with Bazis-Astana LLP in the construction of the 1st stage of a multi-apartment residential complex on the Millennium Avenue in Nur-Sultan dated 25 December 2020, the Group provides construction financing with the accrual of investment income in the amount of 3,633,031 thousand tenge. In accordance with the terms of the investment agreement, the amounts provided for financing and investment income must be reimbursed to the Group by 31 January 2023. The amount of financing tranches issued by the Group at the end of 2021 amounted to 10,586,276 thousand tenge, including a land plot with a carrying value of 1,000,000 thousand tenge.

During 2021, the Group recognized income from the sale of a land plot in accordance with IFRS 15 in the amount of 376,984 thousand tenge and interest income in the amount of 1,502,223 thousand tenge.

Loan to Ayt Housing Complex LLP

According to the investment agreement with Ayt Housing Complex LLP in the construction of 42 multi-apartment residential buildings dated 16 April 2021, the Group provides construction financing with an accrual of investment income in the amount of 3,232,425 thousand tenge. In accordance with the terms of the investment agreement, the amounts of the provided financing amounts and investment income must be reimbursed to the Group by 30 May 2024. The amount of financing tranches issued by the Group at the end of 2021 amounted to 2,948,815 thousand tenge, including a land plot with a carrying value of 1,221,608 thousand tenge.

During 2021 the Group recognized income from the sale of a land plot in accordance with IFRS 15 in the amount of 1,113,894 thousand tenge and interest income in the amount of 547,747 thousand tenge.

Loan to Argon Story LLP

On 9 April 2021, the Group entered into an investment agreement with Shar-Kyrylys LLP in the construction

2nd stage of a multi-apartment residential complex on the Millennium Alley in the city of Nur-Sultan. According to the additional agreement dated December 2021, the loan obligations were transferred to Argon Story LLP. In accordance with the terms of the agreement, the Group provides construction financing with the accrual of investment income in the amount of 3,876,871 thousand tenge. In accordance with the terms of the investment agreement, the provided financing amounts and investment income must be reimbursed to the Group by 30 May 2023. The amount of financing tranches issued by the Group for 2021 amounted to 3,436,822 thousand tenge.

During 2021, the Group recognized interest income in the amount of 504,723 thousand tenge.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**16. LOANS ISSUED (continued)****Loans issued to construction companies under Nurly Zher program**

In 2016, the Group became a participant of the Nurly Zher state program, a commercial direction, in terms of supporting private developers of commercial housing. According to this program, the Group provides loans to construction companies for a period of up to 24 months with an interest rate of 7.5% for the entire financing period. The Group expects to repay the loans by the end of 2022 in accordance with the revised contractual terms.

Loans to other companies

As at 31 December 2021, loans to other companies included debt mainly from construction companies.

Loans issued as at 31 December 2021 and 2020 were denominated in tenge.

Movements in allowance for expected credit losses on loans issued were as follows:

<i>In thousands of tenge</i>	2021	2020
At the beginning of the year	3,835,441	1,611,179
Recovery	(2,025,517)	(197,628)
Written off against the provision	–	(16,016)
Charge	3,357,670	2,437,906
At the end of the year	5,167,594	3,835,441

17. CURRENT FINANCIAL ASSETS

<i>In thousands of tenge</i>	2021	2020
Financial assets carried at amortised cost		
Finance lease payable (Note 10)	8,722,907	9,898,453
Other	30,117	78,642
	8,753,024	9,977,095
Financial assets at fair value through OCI		
Government bonds of the Republic of Kazakhstan	440,138	905,303
	440,138	905,303
Total current financial assets	9,193,162	10,882,398

Government bonds are coupon bonds of the Ministry of Finance of the Republic of Kazakhstan with an interest rate of up to 5.0% per annum. In 2021, unrealised gains on government bonds amounted to 32,876 thousand tenge (2020: gain of 90,486 thousand tenge). Current financial assets as at 31 December 2021 and 2020 were denominated in tenge.

18. CASH AND CASH EQUIVALENTS

<i>In thousands of tenge</i>	2021	2020
Short-term deposits	21,841,092	5,745,943
Reverse autoREPO agreements with initial maturity of less than 3 months	18,797,245	5,763,855
Accounts with banks	159,050	14,297,944
Allowance for expected credit losses	(11,604)	(2,622)
	40,785,783	25,805,120

As at 31 December 2021, cash and cash equivalents comprised current bank accounts in tenge. Interest is accrued on balance of cash in current bank accounts at various rates from 5.0% (2020: 5.0%).

Short-term deposits comprise deposits in tenge with maturity not more than 3 months placed with second-tier banks with an interest rate of 7.75-9.25%.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**18. CASH AND CASH EQUIVALENTS (continued)**

The movements in the provision for expected credit losses for cash and cash equivalents are as follows:

<i>In thousands of tenge</i>	2021	2020
At the beginning of the year	2,622	2,723
Charge	(1,418)	380
Recovery	10,400	(472)
Loss of control over subsidiary	-	(9)
At the end of the year	11,604	2,622

19. ASSETS HELD FOR SALE

Assets held for disposal at 31 December 2020 represented the right to use a land plot that the Group planned to invest in construction by transferring to construction companies. During 2021, the right to use the land plot was invested in construction (Note 14).

20. SHARE CAPITAL

The charter capital of the Group is fully paid and comprises of 16,247,541 ordinary shares: 15,000,000 shares with par value 1,000 tenge, 1,247,540 shares with par value 4,000 tenge and one share with par value 2,490 tenge.

Additional paid-in capital

Additional paid-in capital is the difference between the amount of loans received in previous years from the Parent Company and their fair value at the date of receipt.

Dividends

In 2021, the Group declared and paid dividends on its ordinary shares in the amount of 1,019,777 thousand tenge (2020: nil tenge).

Earnings per share

Basic earnings per share are calculated by dividing net income for the period by the weighted average number of ordinary shares. The Group had a weighted average number of ordinary shares of 16,247,541 shares during the year ended 31 December 2021 (for the year ended 31 December 2020: 16,247,541 shares). For the year ended 31 December 2021 and 2020, basic earnings per share were 609.23 tenge and 418.43 tenge, respectively.

Book value per share

<i>In thousands of tenge</i>	31 December 2021	31 December 2020
Calculation of book value of one share		
Total assets	165,751,631	152,082,853
Less: intangible assets	(41,194)	(44,135)
Less: total liabilities	(105,004,675)	(100,135,128)
Net assets	60,705,762	51,903,590
Number of common shares	16,247,541	16,247,541
Book value per share, tenge	3,736.30	3,194.55

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**21. LOANS**

<i>In thousands of tenge</i>	% rate	Repayment	2021	2020
Credit facility No. 1	0.02-2%	2024		
Balance at the beginning of the period			-	8,992,366
Interest accrued			-	38,461
Payments			-	(9,030,827)
Balance at the end of the period			-	-
Credit facility No. 3	2.0%	2032		
Balance at the beginning of the period			56,657,835	73,604,190
Loans obtained			-	1,043,382
Interest accrued			1,065,031	1,313,954
Payments			(8,145,018)	(19,303,691)
Balance at the end of the period			49,577,848	56,657,835
Credit facility No. 4	2.0%	2034		
Balance at the beginning of the period			23,263,567	26,060,924
Interest accrued			419,948	481,358
Payments			(5,824,915)	(3,278,715)
Balance at the end of the period			17,858,600	23,263,567
Credit line with ForteBank JSC	11.0%	2021		
Balance at the beginning of the period			510,686	-
Loans obtained			-	4,676,773
Interest accrued			4,987	133,249
Payments			(515,673)	(4,299,336)
Balance at the end of the period			-	510,686
Loan agreement with SKCN Finance LLC	7.0%	2022		
Balance at the beginning of the period			14,149,079	-
Loans obtained			-	13,975,000
Interest accrued			1,122,483	24,079
Foreign exchange difference			300,450	150,000
Payments			(1,127,825)	-
Balance at the end of the period			14,444,187	14,149,079
Current portion of loans			81,880,635	80,456,167
Non-current portion of loans			-	14,125,000

Credit facilities No. 1, 3, and 4 were opened under contracts with the Parent company. All obtained funds were not secured by guaranties or collateral.

Credit facility No. 3

This credit facility was opened in 2012 in the total amount of 99,053,000 thousand tenge to finance housing construction projects within the "Nurly Zher" Program, direction – rental housing with a purchase option, (previously – "Program for the Development of Regions – 2020"), approved by the Decree of the Government of Kazakhstan No. 922 dated 31 December 2016. According to the terms of agreement, the Parent has the right to demand early repayment of withdrawn amounts. Interest is paid on a semi-annual basis. The remainder of unused amounts under this credit facility amounted to 3,240,724 thousand tenge as at 31 December 2021 (2020: 3,240,724 thousand tenge).

During 2021, the Group repaid principal in the amount of 7,079,987 thousand tenge and interest in the amount of 1,065,031 thousand tenge (2020: 17,989,737 thousand tenge and 1,313,954 thousand tenge, respectively).

Credit facility No. 4

In 2016, the Group entered into a loan agreement for a total of 29,000,000 thousand tenge to finance a project for the construction of the administrative and residential complex "Zelenyi Kvartal" for a period of 18 years with a interest rate of 2% per annum. According to the terms of agreement, the Parent has the right to demand early repayment of withdrawn amounts. During 2016, the Group received the entire amount of the loan.

During 2021, the Group repaid principal in the amount of 5,404,967 thousand tenge and interest in the amount of 419,948 thousand tenge (2020: 2,797,357 thousand tenge and 481,358 thousand tenge, respectively).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**21. LOANS (continued)****Credit line with ForteBank JSC**

In May 2020, the Group entered into a loan agreement with ForteBank JSC for a total of 4,970,000 thousand tenge to finance a project for the construction of the administrative and residential complex "Vostochka" for a period of 12 months with an interest rate of 11% per annum. During 2021, the Group repaid principal in the amount of 510,079 thousand tenge and interest in the amount of 5,594 thousand tenge.

Loan agreement with SKCN Finance LLC

In December 2020, the Group entered into a loan agreement with SKCN Finance LLC for the total amount of 2,500,000 thousand Russian rubles for the purposes of implementation of the project for construction of a residential complex for a period of 21 months with the interest rate of 7% per annum. All funds were received on a non-collateral basis. During 2021 the Group repaid interest in the amount of 1,127,826 thousand tenge.

22. BONDS

On 15 March 2021, the Group placed 2,000,000 bonds with a nominal value of 1,000 Russian rubles each with an interest rate of 8% per annum. The coupon is paid semi-annually until 10 December 2022.

As at 31 December 2021, the carrying amount of debt securities in issue is Tenge 11,520,000 thousand. The amount of interest payable on debt securities issued at the end of the period is 281,600 thousand tenge. During 2021, the Group repaid interest in the amount of 451,889 thousand tenge.

23. OTHER NON-CURRENT LIABILITIES

Other non-current liabilities represent guarantee payments contributed by lessees to secure performance of obligations of the Group under finance lease agreements. The Group uses guarantee payments to settle the obligations of lessees under the finance lease agreements at the end of the rent period.

24. ACCOUNTS PAYABLE

<i>In thousands of tenge</i>	2021	2020
Accounts payable on land plots	5,891,187	-
Other	75,453	85,668
	5,966,640	85,668
Minus: amounts due within 12 months	(3,880,636)	(85,668)
Amounts due in more than 12 months	2,086,004	-

Accounts payable on land plots as of 31 December 2021 mainly include the acquisition of land plots, the purpose of which is investment in construction. As of 31 December 2021 and 2020, accounts payable were denominated in tenge and were interest-free.

25. OTHER CURRENT LIABILITIES

<i>In thousands of tenge</i>	2021	2020
Advances received	908,859	1,118,749
Salary payable	409,018	335,627
Due under TMA with respect to Edelweis RC and Akkent RC	310,446	449,906
Liabilities to payments under guarantee	140,444	145,103
Taxes payable other than income tax	83,308	130,043
Due on TMA for the office building	33,577	130,089
Deferred income	15,306	15,306
Payments for operator services of Ayt Housing Complex LLP	-	53,324
Other current liabilities	101,907	72,136
	2,002,865	2,450,283

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**26. REVENUE**

<i>In thousands of tenge</i>	2021	2020
Finance lease income	7,338,380	6,634,849
Interest income on interest bearing financing of construction companies	5,029,882	810,071
Interest on special deposits under the Zelenyi Kvartal program	1,218,559	1,371,343
Operating lease income	310,033	341,407
Property management fee	271,229	295,971
Income from sale of residential and commercial premises	33,192	8,691,511
Revenue for construction management and technical supervision	-	1,225,360
Amortisation of discount	-	96,785
Other revenue	113,523	129,332
	14,314,798	19,596,629

Timing of revenue recognition from the sale of goods and services is as follows:

<i>In thousands of tenge</i>	2021	2020
Timing of revenue recognition		
The services are provided over a period in time	14,281,606	10,905,118
The goods are transferred at a certain point in time	33,192	8,691,511
	14,314,798	19,596,629

During 2021 and 2020, goods and services were sold in the Republic of Kazakhstan.

27. COST OF SALES

<i>In thousands of tenge</i>	2021	2020
Interest expense	419,948	519,819
Maintenance of real estate properties	309,241	226,132
Payment indexation	276,809	-
Operating taxes	162,209	159,133
Depreciation and amortisation	105,660	105,660
Cost of residential and commercial premises sold (Note 8)	27,454	7,003,753
Other	3,069	3,724
	1,304,390	8,018,221

28. GENERAL AND ADMINISTRATIVE EXPENSES

<i>In thousands of tenge</i>	2021	2020
Payroll, other employee benefits and related taxes	1,099,934	1,349,281
Professional services	138,505	160,334
VAT expenses	61,393	43,533
Repair and maintenance	54,998	21,380
Depreciation and amortisation	46,253	48,457
Rent	10,800	34,562
State duty	26,293	24,056
Business trip expenses	17,849	16,121
Board of Directors expenses	7,781	7,550
Communication	5,670	7,968
Materials	3,153	5,532
Bank charges	2,182	2,331
Maintenance of building	625	768
Other	65,874	56,623
	1,541,310	1,778,496

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**29. FINANCE INCOME / FINANCE COSTS**

<i>In thousands of tenge</i>	2021	2020
Finance income		
Interest income on bank deposits and current bank accounts	1,964,975	1,212,623
Income from reverse autoREPO agreements	1,419,132	709,363
Discount recognition	127,958	-
Income on government bonds	53,461	106,298
	3,565,526	2,028,284
Finance costs		
Interest expense on loans	(2,194,909)	(1,605,590)
Interest expenses for bonds issued	(738,156)	(273,181)
Expenses associated with raising of funds	(38,360)	(236,102)
	(2,971,425)	(2,114,873)

30. INCOME TAX EXPENSES

Income tax expenses comprised the following for the years ended 2021 and 2020:

<i>In thousands of tenge</i>	2021	2020
Current income tax expenses	1,639,426	1,777,261
Adjustment of prior periods income tax	171,665	-
Deferred tax expense as a result of origination and reversal of temporary differences	733,048	327,909
	2,544,139	2,105,170

Reconciliation of income tax expense applicable to accounting profit before income tax at the statutory income tax rate to income tax expense at 31 December 2021 and 2020 is as follows:

<i>In thousands of tenge</i>	2021	2020
Profit before tax	12,330,271	8,903,680
Statutory tax rate	20%	20%
Income tax at statutory income tax rate	2,466,054	1,780,736
Income on coupon interest of government securities	(10,692)	(163,132)
Write-off of deferred tax asset on provisions	-	218,203
Adjustment of prior periods income tax	171,665	-
(Reversal)/accrual of allowances for doubtful debts	(79,030)	198,246
Discount recognition	(25,592)	-
Amortisation of discount on financial instruments	-	(19,357)
Other permanent expenses	21,734	90,474
	2,544,139	2,105,170

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**30. INCOME TAX EXPENSES (continued)**

As at 31 December, components of deferred tax assets and liabilities are as follows:

<i>In thousands of tenge</i>	Consolidated statement of financial position		Consolidated statement of comprehensive income	
	2021	2020	2021	2020
Deferred tax assets				
Provisions for loans issued, current financial assets and accounts receivable	42,807	42,807	-	(218,203)
Taxes	1,639	2,955	(1,316)	317
Capitalised interest	-	-	-	(8,291)
Deferred income	24,490	27,552	(3,062)	(3,061)
Other	87,684	72,643	15,041	834
	156,620	145,957	10,663	(228,404)
Deferred tax liabilities				
Property, plant and equipment	(431,464)	(416,770)	(14,694)	(19,121)
Income from the sale of land	(298,175)	-	(298,175)	-
Expected interest on loans issued	(510,939)	(80,384)	(430,555)	(80,384)
Other	-	287	(287)	-
	(1,240,578)	(496,867)	(743,711)	(99,505)
Deferred tax liabilities	(1,083,958)	(350,910)		
Net deferred tax expense			(733,048)	(327,909)

As at 31 December 2021 and 2020, the Group had no unrecognised deferred tax assets.

31. RELATED PARTY DISCLOSURES

Related parties include key management personnel of the Group, enterprises in which a substantial interest in the participation interest is owned, directly or indirectly, by the Group's key management personnel, and other entities controlled by the Participant. Related party transactions were made on terms agreed to between the parties that may not necessarily be at market rates, except for certain regulated services, which are provided based on the tariffs available to related and third parties.

The category 'parent-controlled entities' comprises entities controlled by the Parent.

Related party transactions were made on terms agreed to between the parties. Purchases and sales transactions are made on market terms. Outstanding balances at the year-end are unsecured, short-term and settlement occurs in cash, except as discussed below.

As at 31 December 2021 and 2020, the Group has not recorded any impairment of accounts receivables relating to amounts owned by related parties. This assessment is undertaken each financial year through examining the financial position of the related party and the market in which the related party operates.

Major transactions with related parties for 2021 and 2020 are as follows:

<i>In thousands of tenge</i>	2021	2020
Entities under the Parent's control		
Sales to related parties	271,492	538,343
Purchases from related parties	52,103	46,815
Revenue from operating lease	13,077	14,958
	336,672	600,116

As a result of the above transactions, the Group had the following amounts due from related parties (due to related parties) as at 31 December 2021 and 2020:

<i>In thousands of tenge</i>	2021	2020
Entities under the Parent's control		
Trade accounts receivable	-	27,087
Accounts payable	(5,895,948)	(5,954)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**31. RELATED PARTY DISCLOSURES (continued)****Loans payable to the Parent company**

Details of loans from the Parent are disclosed in *Note 21*.

Compensation to the key management personnel

In 2021, key management personnel consisted of seven persons (2020: seven persons). Total compensation to the key management personnel included in payroll expenses amounted to 158,268 thousand tenge for the reporting period (2020: 146,572 thousand tenge). Compensation to the key management personnel mainly consists of contractual salary and year-end bonus.

The Group performed additional procedures to determine related parties with respect to the key management personnel. As a result of these procedures no related parties were identified.

32. FINANCIAL COMMITMENTS AND CONTINGENCIES**Contractual commitments**

As at 31 December 2021, the Group had contractual obligations in the amount of 18,065,145 thousand tenge (2020: 11,277,439 thousand tenge) under agreements with construction companies.

On 24 January 2019, the Group entered into a trust management agreement for the administrative building with the Parent company. The Group manages commercial space by leasing it to related parties and third parties. According to the terms of the agreement, the Group is obliged to ensure the safety, proper functioning and operation of the property.

Finance lease contractual commitments – Group as lessor

The Group entered into a number of finance lease agreements for real estate property consisting of certain residential and non-residential areas. These lease agreements are concluded for periods ranging from 10 to 20 years.

Taxation

Kazakhstan's tax legislation and regulations are subject to ongoing changes and varying interpretations. Instances of inconsistent opinions between local, regional and national tax authorities are not unusual, including opinions on approaches to revenue, expenses and other items of the financial statements. The current regime of penalties and interest related to unreported and discovered violations of Kazakhstan law are severe. Penalties are generally from 50% to 80% of the taxes additionally assessed and interest is assessed at the refinancing rate established by the National Bank of Kazakhstan multiplied by 1.25. As a result, penalties and interest can amount to multiples of any assessed taxes. Fiscal periods remain open to review by tax authorities for five calendar years preceding the year of review. Under certain circumstances, reviews may cover longer periods. Because of the uncertainties associated with Kazakhstan's tax system, the ultimate amount of taxes, penalties and interest, if any, may be in excess of the amount expensed to date and accrued at 31 December 2021. The management believes that as at 31 December 2021 its interpretation of the relevant legislation is appropriate and that the Group's tax positions will be sustained, except as provided for or otherwise disclosed in these consolidated financial statements.

33. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The main financial liabilities of the Group comprise loans from the Parent company, payables, other current financial liabilities and other current liabilities. The main purpose of these financial liabilities is to finance operating activities of the Group. The Group also has various financial assets such as cash and cash equivalents, finance lease debt, trade receivables, bank deposits and government bonds.

The main risks arising from these financial instruments are currency risk, liquidity risk and credit risk.

Currency risk

Foreign exchange risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in foreign exchange rates. The Group's exposure to the risk of changes in foreign exchange rates is primarily due to the financial activities of the Group. Also, the Group's exposure to foreign exchange risk is related to operating activities (when income and expenses are denominated in a currency other than the Group's functional currency).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**33. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)****Currency risk (continued)**

The following tables provide a sensitivity analysis to possible changes in the exchange rate of the Russian ruble, assuming all other parameters remain unchanged. The Group's exposure to the risk of changes in foreign exchange rates is insignificant.

<i>In thousands of tenge</i>	Increase/(decrease) in the exchange rate in absolute terms (tenge)	Increase/(decrease) in the exchange rate	Impact on profit before tax
As of 31 December 2021			
Russian ruble	0.75/(0.75)	13%/(13%)	(3,411,952)/3,411,952
As of 31 December 2020			
Russian ruble	0.85/(0.85)	15%/(15%)	14,291/(14,291)

Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in raising funds to meet commitments associated with its financial liabilities. Liquidity risk may result from an inability to sell a financial asset quickly at close to its fair value.

Liquidity requirements are monitored on a regular basis and management ensures that sufficient funds are available to meet any commitments as they arise. As at 31 December 2021, the Group's current liabilities exceeded its current assets by 48,056,024 thousand tenge (2020: 32,368,975 thousand tenge). This excess has developed, mainly due to the classification of the Parent loans in the amount of 67,436,448 thousand tenge as current due to the Parent's right to demand early repayment of these loans. However, the Parent company confirmed its readiness to provide further financial support and not to demand early repayment of loans. Management covers liquidity requirements by expanding its operating activities, as well as through funding from the Parent.

The table below summarises the maturity profile of the Group's financial liabilities at 31 December 2021 and 31 December 2020, based on contractual undiscounted payments.

<i>In thousands of tenge</i>	On demand	Less than 3 months	3-12 months	1-5 years	More than 5 years	Total
At 31 December 2021						
Loans	67,436,448	–	16,465,034	4,352,275	4,159,305	92,413,062
Bonds	–	460,800	12,211,200	–	–	12,672,000
Accounts payable	–	1,091,019	3,483,412	2,125,951	–	6,700,382
	67,436,448	1,551,819	32,159,646	6,478,226	4,159,305	111,785,444
At 31 December 2020						
Loans	79,921,402	–	1,499,264	14,700,986	–	96,121,652
Accounts payable	–	85,668	–	–	–	85,668
	79,921,402	85,668	1,499,264	14,700,986	–	96,207,320

Credit risk

Financial instruments that potentially expose the Group to credit risk consist of cash on deposits and current bank accounts, accounts receivable, issued loan and finance lease receivables. The maximum exposure to credit risk is represented by the balance sheet value of each financial asset.

The Group is exposed to credit risk from its operating activities and certain investing activities. In the course of investing activity, the Group mainly places its deposits with Kazakh banks.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**33. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)****Credit risk (continued)**

The table below shows the balances of cash, bank deposits with banks as at the reporting date using Standard & Poor's, Fitch and Moody's credit rating symbols less provisions made:

In thousands of tenge	Location	Rating		31 December	31 December
		2021	2020	2021	2020
First Heartland Jysan Invest Reverse autoREPO with a basket of government securities	Kazakhstan	B1/stable	B/negative	31,424,644	-
Forté Bank JSC	Kazakhstan	No rating	No rating	18,797,244	5,763,855
Halyk Bank of Kazakhstan JSC	Kazakhstan	B+/positive/B+	B+/stable/B	13,469,554	7,192,595
Center Credit Bank JSC	Kazakhstan	BBB-/stable/BB+	BB/stable/BB+	6,530,456	17,786,033
ATF Bank JSC	Kazakhstan	B/stable	B/stable	1,997,150	-
SB Alfa Bank JSC	Kazakhstan	No rating	B-/stable/B-	-	36,029,312
		BB-/stable/BB	BB-/stable/BB-	-	13
				72,219,048	66,771,808

Fair value of financial instruments

As at 31 December 2021, financial assets at fair value through OCI comprised public debt securities. These financial assets are categorised within Level 1 of fair value hierarchy based on the lowest level input that is significant to the fair value measurement.

Management has determined that the fair value of cash and short-term deposits, trade receivables and payables, bank overdrafts and other current liabilities approximately equal to their carrying amount, mainly due to the short-term nature of these instruments.

The fair value of the financial assets and liabilities included in the financial statements represent an amount for which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The following methods and assumptions were used to estimate the fair values:

- Fixed-rate receivables, finance lease receivables and borrowings are evaluated by the Group based on parameters such as interest rates, specific country risk factors, individual creditworthiness of the customer and the risk characteristics incidental to the financed project. Based on this evaluation, allowances are taken to account for the expected losses of these receivables. As at 31 December 2021, the carrying amounts of such receivables, net of allowances, are not materially different from their fair values.
- Fair value of quoted notes and bonds is based on price quotations at the reporting date. The fair value of unquoted instruments, loans from banks and other financial liabilities, obligations under finance leases, as well as other non-current financial liabilities is estimated by discounting future cash flows using rates currently available for debt on similar terms, credit risk and remaining maturities, and is categorised within Level 3 of fair value hierarchy.
- Fair value of financial assets at fair value through profit or loss is determined based on the price quotations in active markets.

Fair value measurement hierarchy

The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation techniques:

- Level 1 – prices in active markets for identical assets or liabilities (without any adjustments).
- Level 2 – techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly.
- Level 3 – techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**33. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)****Fair value measurement hierarchy (continued)**

The table below discloses the measurement hierarchy for assets and liabilities of the Group at the fair value.

Measurement hierarchy for assets at fair value as at 31 December 2021:

In thousands of tenge	Carrying amount	Fair value	Fair value measurement using		
			Quoted prices in an active market (Level 1)	Significant observable inputs (Level 2)	Significant non-observable inputs (Level 3)
Assets measured at fair value					
Government bonds of the Republic of Kazakhstan (Note 17)	440,138	440,138	440,138	-	-
Assets with disclosed fair value					
Loans issued (Note 16)	18,043,100	18,043,100	-	-	18,043,100
Finance lease receivable (Note 10)	55,065,932	37,133,794	-	-	37,133,794
Trade accounts receivable (Note 15)	2,593	2,593	-	-	2,593

Measurement hierarchy for liabilities at fair value as at 31 December 2021:

In thousands of tenge	Carrying amount	Fair value	Fair value measurement using		
			Quoted prices in an active market (Level 1)	Significant observable inputs (Level 2)	Significant non-observable inputs (Level 3)
Liabilities for which fair values are disclosed					
Loans (Note 21)	81,880,635	81,880,635	-	-	81,880,635
Bonds (Note 22)	11,801,600	11,695,616	-	-	11,695,616
Accounts payable (Note 24)	5,966,640	5,966,640	-	-	5,966,640
Other current liabilities (Note 25)	2,002,865	2,002,865	-	-	2,002,865

Measurement hierarchy for assets at fair value as at 31 December 2020:

In thousands of tenge	Carrying amount	Fair value	Fair value measurement using		
			Quoted prices in an active market (Level 1)	Significant observable inputs (Level 2)	Significant non-observable inputs (Level 3)
Assets measured at fair value					
Government bonds of the Republic of Kazakhstan (Note 17)	905,303	905,303	905,303	-	-
Assets for which fair values are disclosed					
Loans issued (Note 16)	11,882,344	11,882,344	-	-	11,882,344
Finance lease receivable (Note 10)	65,450,569	63,735,926	-	-	63,735,926
Trade accounts receivable (Note 15)	275,445	275,445	-	-	275,445

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**33. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)****Fair value measurement hierarchy (continued)**

Measurement hierarchy for liabilities at fair value as at 31 December 2020:

In thousands of tenge	Carrying amount	Fair value	Fair value measurement using		
			Quoted prices in an active market (Level 1)	Significant observable inputs (Level 2)	Significant non-observable inputs (Level 3)
Liabilities for which fair values are disclosed					
Loans payable to the Parent company (Note 21)	94,581,167	94,581,167	-	-	94,581,167
Accounts payable (Note 24)	85,668	85,668	-	-	85,668
Other current liabilities (Note 25)	2,450,283	2,450,283	-	-	2,450,283

Changes in liabilities arising from financing activities

In thousands of tenge	1 January 2021	Cash inflow	Cash outflow	Change in exchange rates	Interest paid	Other*	31 December 2021
Loans	94,581,167	-	(12,995,033)	300,450	(2,570,064)	2,564,115	81,880,635
Bonds	-	11,500,000	-	15,333	(451,889)	738,156	11,801,600
Total liabilities from financing activities	94,581,167	11,500,000	(12,995,033)	315,783	(3,021,953)	3,302,271	93,682,235

In thousands of tenge	1 January 2020	Cash inflow	Cash outflow	Change in exchange rates	Interest paid	Other*	31 December 2020
Loans	108,657,480	21,825,145	(34,371,093)	150,000	(3,805,772)	2,125,407	94,581,167
Other current financial liabilities	5,487,246	-	(5,203,442)	-	(556,985)	273,181	-
Total liabilities from financing activities	114,144,726	21,825,145	(39,574,535)	150,000	(4,362,757)	2,398,588	94,581,167

* The column "Other" mainly presents the amount of accrued interest on loans. The Group classifies interest paid as cash flows from operating activities.

Capital management

The primary objective of the Group's capital management is to ensure that it maintains healthy capital ratios in order to support its business and maximise shareholder value.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. No changes were introduced in objectives, policies or processes from the date of formation through 31 December 2021.

The Group monitors capital using a gearing ratio, which is net debt divided by total capital. The Group includes loans from the Parent, government bonds and accounts payable within net debt.

The gearing ratio at 31 December 2021 and 2020 is presented in the following table:

In thousands of tenge	2021	2020
Loans	81,880,635	94,581,167
Bonds	11,801,600	-
Accounts payable	5,966,640	85,668
Net debt	99,648,875	94,666,835
Equity	60,746,956	51,947,725
Debt-equity ratio	1.64	1.82

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**34. SUBSEQUENT EVENTS**

On 2 January 2022, protests began in the Mangistau region of Kazakhstan related to a significant increase in the retail price of liquefied natural gas. These protests spread to other cities and led to riots, property damage and loss of life. On 5 January 2022, the Government declared a state of emergency.

As a result of the above protests and the imposition of a state of emergency, the President of Kazakhstan made a number of public statements on possible measures, including changes to tax laws, the introduction of measures to support financial stability, control and stabilization of inflation and the tenge exchange rate.

On 19 January 2022, the state of emergency was lifted. The Company is not currently in a position to quantify what impact, if any, any new measures that the Government might take on its financial position could have, or what effect the above protests and the imposition of a state of emergency would have on the economy of Kazakhstan.

Exchange rates

As at the date of issue of these consolidated financial statements, the exchange rate of the Kazakhstani tenge against the US dollar was characterized by significant volatility. The official exchange rate of the KASE on 28 February 2022 was 495 tenge per 1 dollar.



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