



SAMRUK-KAZYNA
CONSTRUCTION

ANNUAL REPORT. 2022

Samruk-Kazyna Construction JSC

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Annual Reports of Samruk-Kazyna Construction JSC are available in electronic format on the official website in the State, Russian, and English languages

ADDRESS OF THE CHAIRMAN OF THE BOARD OF DIRECTORS.



**Mukhtar
TAZHIGALIYEV**

Chairman of the Board of Directors

In the framework of implementation of the national pilot project, Samruk-Kazyna Construction JSC was appointed as the Special Purpose Secondary Education Facilities Construction Management Office. The Company was also delegated functions of the client who is to monitor the compliance of construction works with specified deadlines and requirements, to ensure transparency and efficiency of the contractor selection process, and to bear responsibility for quality and timely commissioning of the projects.

Dear colleagues and partners,

We are pleased to present the Annual Report on the activities of Samruk-Kazyna Construction JSC (hereinafter – the Company) for the year 2022.

The Company continues its development as an operator of the Anti-crisis program, the Nurly Zher program for rental and commercial housing, as a customer for the construction of socially important facilities, and as a project management consultant.

On 15 September 2022, the Company approved the Development Strategy. Completion of participation in state programs, investment activities, renovation program, integrated urban development, construction of plants for import substitution, as well as implementation of social state programs – these and other goals are outlined in the Company's Development Strategy until

2031. In addition, the Strategy sets the task of following ESG principles, paying special attention to labor protection, occupational safety and environment, human resources development strategy, improving selection of projects with due regard to green construction with minimal environmental impact, combating corruption, and improving the corporate governance system.

In pursuit of the strategic approach that involves the trust management of the company's shares during the design and construction phases, the company were also focused on a key project of the Samruk-Kazyna JSC Group in 2022. The project provides for the construction of infrastructural assets within the National Industrial Petrochemical Technopark Special Economic Zone (hereinafter referred to as NIPT SEZ). The creation of adequate infrastructure

for the petrochemical cluster in Atyrau Region is of top priority.

The plant-wide infrastructure was built in 2022. Works related to the construction of various components are scheduled for 2023. These components include the external main power supply system, an additional unit of the combined steam and gas power plant (165 MW COSAG plant), phase 2 of the water and effluent treatment plant, phase 2 of the utilities corridor, phase 2 of the external water conduit, a gas pipeline with an automatic gas distribution station (AGDS), and an evaporation pond.

As to the development of the production of constructional materials with the view of import substitution, the Company implements the project for construction of the roofing and facing material plant in Astana. The project is to be completed in 2023. The valuation of the project is 2.6 billion tenge, including 2.1 billion tenge (80%) to be invested by the Company.

On September 22, 2022, following the decision of Samruk-Kazyna JSC, the construction of the combined steam and gas power plant with the cycling generation mode of the total capacity of up to 1,000 MW in Turkestan Region was entrusted entirely to Samruk-Kazyna Construction JSC. This large-scaled electric power plant construction project is being implemented in Turkestan Region in pursuance of the mandate of President Kassym-Jomart Tokayev. The construction of the combined steam and gas power plant up to 1,000 MW will enhance the country's energy security and will alleviate the deficit of generating capacities in the Southern Zone of the Integrated Power Grid and will provide it with cycling power capacities. Moreover, this power plant will create favorable conditions required for the integration of the renewable energy resources into the national power grid. To construct the power plant, two thousand new jobs are to be created.

During an ordinary meeting of the Supreme Council for Reforms held on September 28, 2022, President of the Republic of Kazakhstan Kassym-Jomart Tokayev welcomed the Government's proposal to appoint Samruk-Kazyna Construction JSC the single school construction projects owner.

Thus, in the framework of implementation of the national pilot project, Samruk-Kazyna Construction JSC was appointed as the Special Purpose Secondary Education Facilities Construction Management Office. Samruk-Kazyna Construction JSC was also delegated functions of the client who is to monitor the compliance of construction works with specified deadlines

and requirements, to ensure transparency and efficiency of the contractor selection process, and to bear responsibility for quality and timely commissioning of the projects.

The Comfortable School national project is aimed to provide a system solution of the problem related to the inadequate space in the existing education institutions, and to liquidate any troubled facilities and the triple-shift teaching process at the secondary education institutions. Between 2023–2025, 369 comfortable schools for 738 thousand students will be built in the cities and remote localities throughout the Republic of Kazakhstan.

It is also worth mentioning that in 2022, Fitch Ratings changed its rating outlook for Samruk-Kazyna Construction JSC from Positive to Stable, confirming thus the company's long-term issuer default ratings (the "IDR") in the foreign and national currencies at BB. Additionally, The ACRA rating agency affirmed the Company's credit rating under the international scale as BB+ with a stable outlook.

The company has been continuing to successfully fulfill all the objectives set with regards to its focus areas in pursuance of the strategy until 2031.

To summarize the 2022 results, I would like to express gratitude to the members of the Board of Directors and team of the company, as well as our partners for their contribution to the company's operations.

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

M. Tazhigaliyev

ADDRESS OF THE CHAIRMAN OF THE MANAGEMENT BOARD.



**Maulen
AIMANBETOV**

Chairman of the Management Board



150.7 thousand m² (103 % of the target figure) of the real estate were commissioned, 99.1 thousand m² (110 % of the target figure) of the real estates were sold, as well as the Company remaining financially stable and thus justifying international credit rating.

Dear partners, tenants, and colleagues,

Realizing its high responsibility in the context of its activities related to the construction project management and performed all over the country, Samruk-Kazyna Construction JSC (hereinafter referred to as the Company) is committed to achieving sustainable development while prioritizing the well-being of the people and the environment.

The Company has been consistently engaging with equity holders and tenants of the property units commissioned under the state housing programs, namely the Crisis Bailout Program, Affordable Housing 2020, and Nurdy Zher.

As the Company's facilities are based in different regions of the country, external on-site meetings were held with housing equity holders and tenants, ensuring steady

feedback. Following meetings focused on the projects located in the cities of Aktobe, Taraz, Shymkent, Astana, and Atyrau, some requests were addressed, such as to enhance outdoor spaces adjacent to the residential units, to arrange well parking lots, to repair and equip children's playgrounds, carparks, roofs of the entrances, and to fix defects in the facade.

Similar works were performed for the business centers, whether beneficially owned or managed by the Company.

As of 31.12.2022, the Company's real estate pool under the construction investment contracts was 362.98 thousand m², and the total value of the projects was 129.0 billion tenge, including the volume of the Company's investments amounted to 55.3 billion tenge. The Company's average share in the projects is 60 %.

In 2022, the world economy and financial markets generally faced challenges and shocks, which predetermined uncertainty and the high volatility of currencies. These factors contributed to the rise in prices, delays in supplies of constructional materials and equipment and reduction in the prospective buyers' capacity to pay. Additionally, the January events in Kazakhstan caused backlogs of scheduled building and assembling works at the Company's facilities. The backlogs affected the projects' commissioning timing and repayment of funds to the Company by developers.

As a result of the commanding leadership of the Company, despite the adverse impact of the external factors, they achieved the target operating performance in the reporting year: 150.7 thousand m² (103% of the target figure) of the real estate were commissioned, 99.1 thousand m² (110% of the target figure) of the real estates were sold, as well as the company remaining financially stable and thus justifying international credit rating.

As a part of the new direction outlined in development strategy, the Company started selecting and considering plant construction projects aimed to ensure import substitution of constructional materials. The Company signed a contract for investment in the construction of the roofing and facing materials plant in Astana. The implementation of this project will allow to cover about 20% of the home market capacity with the roofing and facade materials produced domestically, which earlier were imported from Russia, China and Finland in the near-net-shape. In August of the reporting year, a capsule laying ceremony took place at the construction site within the Astana – New City special economic zone, where the plant is set to be constructed.

The availability of impressive experience and special skills of the company's personnel required to maintain a unified and efficient construction project management system (pricing monitoring, supervision over construction progress, quality of the constructional materials being used, the construction schedules and timely commissioning of the project) was the reason for putting a number of production infrastructure projects into trust, as well as delegation of the single owner's functions to the company under the Comfortable School national pilot project.

As a part of the operation of Karabatan Utility Solutions LLP that was put into trust, the Company supervised the progress in construction of the plantwide infrastructure.

During the reporting year, CCGT Turkestan LLP was put into trust, preparation of the feasibility study "Construction of an electric power plant based on a CCGT unit 1,000 MW in Turkestan Region" was commenced, internal regulations were approved, measures were implemented to raise borrowed funds from the second-tier banks, Halyk Bank of Kazakhstan JSC was designated a potential creditor with regards to a part of the loan, and Halyk Bank of Kazakhstan JSC implemented its internal project preapproval procedures.

To implement the Comfortable School national project, the operating personnel was expanded, the mobilization of requisite materials was commenced, on-site meetings were held with the Akims of 3 metropolitan cities and 17 Regions to discuss the allocation of land plots, design and construction of the main incoming networks and utilities, to clarify the requirements for construction companies, as well as involvement of local manufacturers of materials and equipment.

The efforts to improve the Corporate Governance System and introduce the sustainable development principles will be still made in 2023 through the implementation of measures approved by the 2023–2025 ESG Introduction Plan.

In the context of operations management, substantial work was performed in 2022 to improve the in-house business processes, to automate and digitalize the procedures and processes. The automation of the rent management system commenced; to automate the HR record management, the SimBASE electronic platform was introduced.

The Company has the substantial potential and resources required to ensure the further growth and to facilitate the development of Kazakhstan's construction sector. I am confident that the consistent implementation of the chosen strategy will ensure the balance between financial standing and responsible achievement of the set objectives.

In conclusion, I would like to express gratitude to my team for their valuable efforts being made for the benefit of the Company's development and prosperity and wish them further success in the following anniversary year.

M. Aimanbetov

ABOUT REPORT.

The Company's 2022 Annual Report is the fourteenth in a row and follows the corporate annual reporting practice. All 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 2022 and reflects the interrelation between the corporate governance systems and sustainable development. When developing the annual report concept, the results of dialogues with stakeholders and recommendations of the Board of Directors regarding the previous sustainable development report were monitored.

The annual reports of the country's leading companies published in their corporate websites were benchmarked as well in order to improve the quality of the Company's Annual Report.

The goal of this report is to inform readers of any significant events affecting the Company's operations. The Company seeks to help stakeholders understand how we have developed our strategy, how we manage our assets, achieve the desired financial performance, ensure the steady operations for the long run and create value we are committed to generated for the shareholder and every party interested in our operations. The annual report intended readers are generally a wide circle of the company's stakeholders, including its employees, Sole Shareholder and Board of Directors, population of the regions of presence, government bodies, financial institutions, clients and partners of the Company. There are various feedback channels operating at our Company. Any critical comments and expectations pertaining to the Annual Report are received through phone calls and via email specified in the contact details section. In some instances, for the avoidance of duplication of the data, the Annual Report contains references to other publicly available documents.

To update the substantial topics, employees of the Company and representatives of the external stakeholders were surveyed. Based on the findings, the substantial topic matrix was prepared. Topics with the highest scores are deemed substantial in the matrix. If compared to the aspects disclosed in the 2021 annual report, according to the results of the survey of stakeholders, such topics as "Employment", "Labor/Management Relations", "Diversity and Equal

Opportunities" have been deemed substantial, whereas the "Procurement Practice", "Investments", "Occupational Health and Safety" have ceased to be substantial and hence are not covered by the 2022 annual report. The boundary lines for the collection of data on the substantial topics are determined so that the Annual Report describes the Company's increasingly significant impacts. The data collection boundaries did not undergo any substantial change versus the previous reporting period. There were no changes in the information disclosed in the previous Report.

This Report has not been certified.

During preparation and presentation of the data, the Company adheres to the GRI Standards, as well as to the International Financial Reporting Standards in terms of its financial and operating performance. Annex 1 to the Annual Report provides the information of the Company's interested-party transactions and major transactions; Annex 2 shows the GRI Content Index; Annex 3 – the financial statements for the year ended on December 31, 2022, including the independent auditor's report. The Report contains a link to the GRI Standards. The reporting period is from January 1, 2022, to December 31, 2022. The report is identically published in the Kazakh, Russian and English languages. The document is available on the Internet resource of the company.

The report is to be discussed by the Company's Management Board and then will be approved by a meeting of the Board of Directors.



ABOUT THE COMPANY

Samruk-Kazyna Construction JSC (hereinafter referred to as the Company) was established in pursuance of Decree #265 "On certain measures to settle problems in the real estate market" of the Government of the Republic of Kazakhstan dated March 6, 2009. Pursuant to the Company's Charter, as changed and amended by the resolution of Sovereign Wealth Fund Samruk-Kazyna JSC (hereinafter referred to as Samruk-Kazyna JSC, the Sole Shareholder, the Fund), the core activity of the Company is defined as facilitating the development of the housing construction in the Republic of Kazakhstan.

The Fund is the Sole Shareholder of the Company.

The Fund is a commercial entity; an investment holding. Its mission is to raise the sovereign wealth of the Republic of Kazakhstan and to ensure the long-term stability for the generations to come.

The type of ownership and form of incorporation: a privately owned legal entity incorporated as a joint stock company.



HISTORY OF DEVELOPMENT

2009

From 2009 – Activities under the Crisis Bailout Program aimed to assist in the stabilization of the real estate market, to settle problems faced by housing equity holders and to accomplish the toxic construction projects.

2012

From 2012 – Implementation of the Affordable Housing 2020 program, which was subsequently included in the Program for Development of Regions until 2020.

2016

From 2016 – The Company was designated one of the operators to implement the Nurly Zhol infrastructure development program.

2018

From 2018 – The Company oversaw the construction management for the Samruk-Kazyna JSC's Group. Furthermore, the Company acts as a project management consultant, including under the Samruk-Kazyna JSC share trust agreements.

2020

From 2020 – The Company expanded its investing activities through the implementation of the investment projects for construction of apartment complexes. As of March 31, 2023, there were 11 construction investment agreements signed, including in the context of the dilapidated housing renovation. Of the above project pool, 3 projects have been completed, including 2 ones accomplished in 2022.

2022

2022 – The new development strategy of the Company for 2022–2031 was approved; the strategy provided for new types of activities taking into consideration resources, a wide circle of reliable partners, competences and experience required to invest in the building and construction sector, as well as to manage the projects and real estate in an efficient manner. In addition, the implementation of the "Roofing and Facing Materials Plant in Astana" Project was commenced with the view of substitution of imported constructional materials. The Company was designated the Construction Management Office for the purpose of implementation of a large-scaled unparalleled in Kazakhstan pilot national project "Comfortable School".

BUSINESS MODEL



AUTHORIZED CAPITAL STRUCTURE

As of December 31, 2022, the Company's authorized capital was 19,990,162 thousand tenge.

100% of shares in the Company are held by the Sole Shareholder.

The total number of the authorized and outstanding shares is 16,247,541 pieces, including:

- 15,000,000 shares at par value of 1,000 tenge per share.

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

All the shares are ordinary.

The register of holders of the Company's securities is maintained by Central Securities Depository JSC.

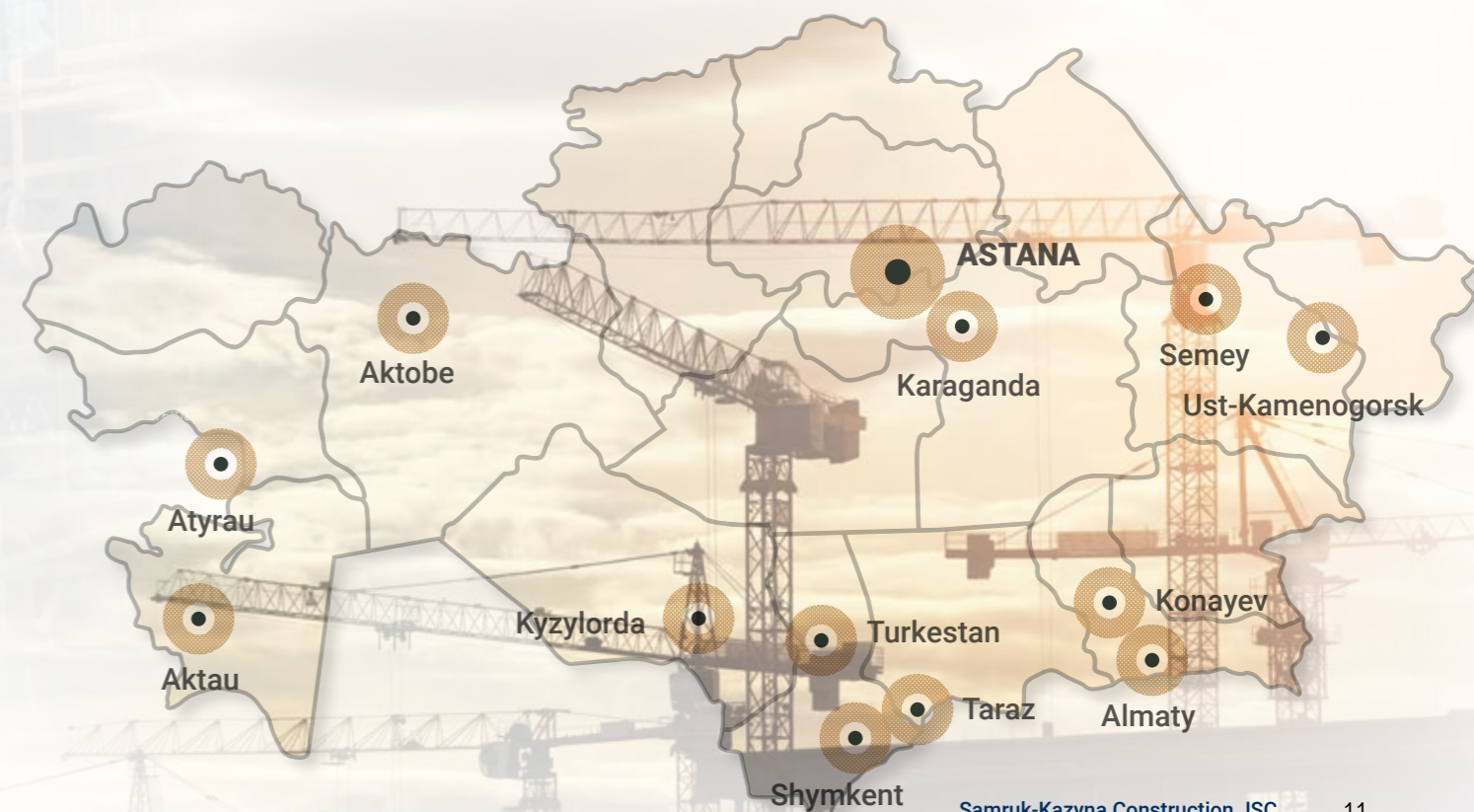
INFORMATION OF DIVIDENDS PAID FOR 2021

On July 25, 2022, Samruk-Kazyna Construction JSC paid dividends for 2,030,547,750 tenge approved by resolution #29/22 of the Sole Shareholder dated May 27, 2022, in compliance with the Dividend Policy of Samruk-

Kazyna JSC applicable to its branch organizations. The dividend amount was 124.97570 tenge per ordinary share in the Company.

GEOGRAPHIC REACH

During the reporting year, Samruk-Kazyna Construction JSC was operating in 3 cities of national status and 10 regions of the country.

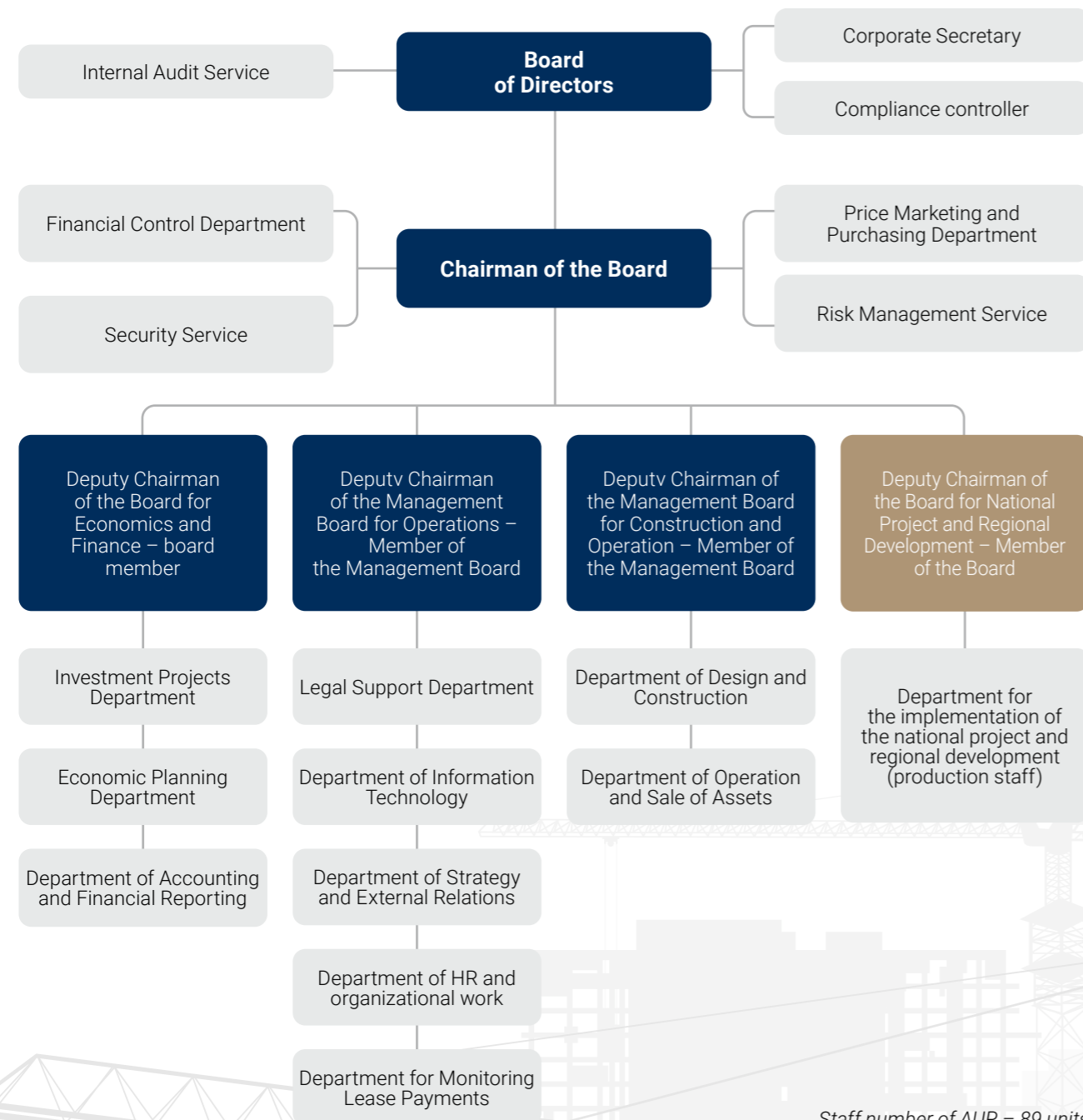


ORGANIZATIONAL STRUCTURE

The organizational structure of the Company is available on the website: <https://skcn.kz/ru/page/struktura>.

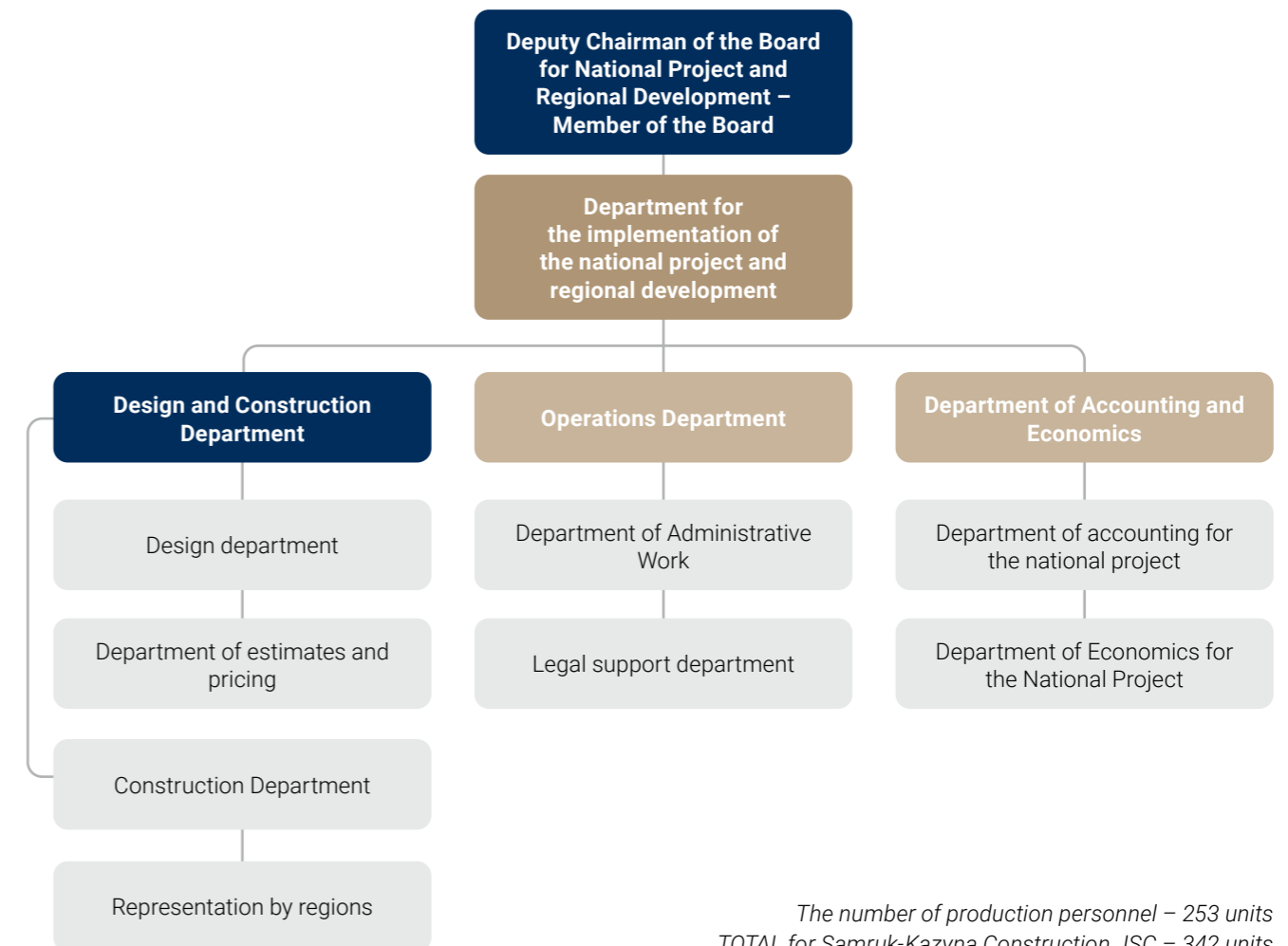
It should be noted that in 2023 the Company's headcount is to be increased up to 342 persons as the Company has been designated the sole owner with the view of implementation of the Comfortable School national pilot project

Administrative staff



Staff number of AUP – 89 units

Production personnel



The number of production personnel – 253 units
TOTAL for Samruk-Kazyna Construction JSC – 342 units

STRUCTURE OF THE GROUP (as of 31.12.2022)

Samruk-Kazyna Construction JSC holds the 49% participatory interest in Samruk-Kazyna Development LLP.

Samruk-Kazyna Development LLP was established on March 20, 2013, with the view of implementation of the housing projects using green and ecologically sound technologies with a high commercial component under the Law of the Republic of Kazakhstan "On energy conservation and improving energy efficiency" and preparation for the holding of the EXPO-2017 international exhibition.

Since 2019, Samruk-Kazyna Development LLP has been managing architectural, town planning and construction projects and providing engineering services related to technical supervision for technically and technologically complicated construction projects of the first level of responsibility.

DEVELOPMENT STRATEGY AND ITS IMPLEMENTATION.



MISSION

Improvement of living conditions and provision of quality housing to the population of the Republic of Kazakhstan, as well as development of the construction industry through investment activities, improvement of construction efficiency and project management of the Group of Companies of Samruk-Kazyna JSC.



VISION

An entity having sufficient resources, a wide circle of reliable partners, as well as competences and experience required to make investments in the construction and construction sector, as well as to manage the projects, construction and real estate in an efficient way.



VALUES

- Decisiveness
- Responsibility
- Self-discipline
- Partnership-partnership relationship

STRATEGIC GOALS



To end its engagement in the state programs

- Crisis Bailout Program
- Nurlı Zher rental housing program
- Nurlı Zher commercial housing program
- Green Block Project



Investing activities

- Implementation of the renovation program (wrecked and dilapidated housing)
- Comprehensive urban development (changing the town image, including construction of suspended projects)
- Expansion of commercial activities in the construction sector
- Participation in the program aimed at construction of plants to substitute constructional materials imported



Real estate management

- Business Center owned by the Company (Kazyna Tower)
- Nurlı Zher rental and commercial housing programs
- Facilities for which the Company acts as the operator monitoring repayment of the Fund's investments (Akkent and Edelweiss RCs)
- Green Quarter Project in Astana



SAMRUK-KAZYNA
CONSTRUCTION



Prolongation of the terms of contracts with KUS DU LLP

- Construction of the overhead line for Atyrau Oil Refinery LLP
- Extension of the COSAG plant
- Waste recycling facility with the water and effluent treatment plant
- Plantwide infrastructure
- Construction of a service water conduit
- Construction of the water and effluent treatment plant



Creation of the real estate fund based on the PPP principle

- Creation of the Real Estate Fund based on the PPP principle to promote development projects in a manner similar to the following funds:
- Damac (UAE)
 - MUBADALA Holding (UAE)
 - SIFEM (Switzerland)
 - Finnfund (Finland)
 - PROPARCO (France)
 - KFW (Germany)



Implementation of the state social programs

According to Decree #963 of the Government of the Republic of Kazakhstan dated November 30, 2022 "On approval of the Comfortable School National Pilot Education-Related Project" (the "National Project"), the Company was designated from 2023 the Special Purpose Secondary Education Facilities Construction Management Office. The goal of the National Project is to liquidate dilapidated schools, three-shift schooling and the deficit of places at the secondary education institutions.

CLIENTS



To provide owners of dilapidated houses with new apartments, to reduce social tension in the cities, as well as to improve the investment climate for the construction sector development purposes



To create a comfortable living environment for the population through the comprehensive development of housing estates



To develop the construction industry in the Republic of Kazakhstan and to improve living conditions of the Country's population



To make the housing and commercial housing construction more affordable by means of import substitution in the construction industry

FINANCES

To develop competences required to raise funds through an issue of bonds, attraction of project funding, financing by the international financial institutions and through the establishment of funds and REIT. The Strategy provides for the step-by-step development of competences required to raise funding as it becomes necessary to attract funds from appropriate sources

INTERNAL PROCESSES



Automation and digitalization of the business processes



- Improvement of operating performance
- Creation of the management and construction investment office
- Organization of the operations feedback aimed at a constructive dialog with lessees
- Automation of the business processes to prevent any direct contact, informative and corruption risks

ORGANIZATIONAL CAPABILITIES



Compliance with the ESG principles



- Health, occupational safety and environment
- Human resources development strategy
- Improvement of the recruitment process when selecting a project subject to the green construction concept and the minimum impact on the environment
- Anti-corruption
- Improvement of the Corporate Governance System

STRATEGIC KPI BY 2031



Net income – 31,783 million tenge.



ROACE – 9.28%



NAV – 147,618 million tenge



Output of non-resource-based goods and services – 24,061



Debt/equity – 0.14



Corporate governance rating – AA



Real estate commissioned annually – 366.62 thousand m²



Labor productivity – 252 million tenge



ROI – >CoE

DEVELOPMENT STRATEGY IMPLEMENTATION.

The Company's 2022–2031 Development Strategy was approved by the Board of Directors on September 15, 2022 (minutes #177).

According to Decree #963 of the Government of the Republic of Kazakhstan dated November 30, 2022: "On approval of the Comfortable School National Pilot Education-Related Project", from 2023 the Company was designated the Special Purpose Secondary Education Facilities Construction Management Office in the content of application of the first mechanism of the three

ones, when the Company is to manage the project in compliance with the Rules of Provision of Engineering Services in the Field of the Architectural, Town Planning and Construction Activities, and the Company is expected to perform the role of the owner.

The Company's strategy is to be updated in 2023 due to the amendments made to the Fund's strategy and the role of the owner delegated to the Company under the Comfortable School Project.

THE END OF ENGAGEMENT IN THE STATE PROGRAMS

In the framework of implementation of the Crisis Bailout Program, the Company continued to monitor repayment of the funds according to overdue rent-to-own repayment schedules signed with lessees. The Crisis Bailout Program was financed by borrowed funds in the amount of 98.4 billion tenge allocated by the Fund against assets of the National Fund of the Republic of Kazakhstan. The borrowed amount was repaid in full in 2020.

The source of funding for the Nurly Zher rent-to-own housing construction program was a credit facility allocated by the Fund. Out of 95.8 billion tenge of borrowed assets received by the Company under this program, the Company has repaid, whether according to or ahead of schedule, 51.0 billion tenge, including 4.7 billion tenge repaid during the reporting period. The outstanding loan amount was 44.9 billion tenge as of 31.12.2022.

As to the commercial housing component, 73.9 billion tenge was allocated. This program was financed by a credit facility allocated by the Fund against assets of the National Fund of the Republic of Kazakhstan. The Company received 73.6 billion tenge under the credit facility. As to the commercial housing component of the Nurly Zher program, funds invested in the Ust-Kamenogorsk project in the amount of 220 million tenge

have not been repaid yet; appropriate provisions have been created.

The Company will make every effort to discharge its liabilities related to the repayment of the borrowed assets to the Fund.

Realizing its responsibility to the housing equity holders and residential complex tenants, the Company systematically seeks to interact with them effectively, by responding to their claims and complaints in a timely manner, ensuring building defects are addressed during the warranty period, urban land improvement of the outdoor spaces adjacent to the dwelling houses, repairs and outfitting of the children's playgrounds, participates in the creation and operation of the associations of property owners, audits compliance with safety regulations applicable to assets being on the books of the Company.



RC name	Location	Compliant satisfied
Unis City RC	Aktobe	The adjacent space was repaired (urban land improvement of the yard) and the roof was repaired in entrance 7 (leakage fixed)
Batys Premium RC	Aktobe	The parking lot and pavement were beautified
RC at 42, Mayakovsky St.	Taraz	Roof was repaired in the two entrances (leakage fixed)
Ishim RC	Astana	Partial repair of the roof of the parking lot in service to fix the leakages and repair of the flooring within the parking lot
Zheruiyk RC	Atyrau	Roof was repaired in the entrances (leakage fixed)
Adiya RC	Shymkent	Defects in the RC's facade were partially remedied

REAL ESTATE MANAGEMENT

Considering the experience gained during implementation of the housing programs and its skilled personnel, the Company adeptly manages the real estates beneficially owned by it and providing such services to the Fund and the companies of the Samruk-Kazyna JSC Group.

To achieve the goal, the Company is to implement the following goals:

- Marketing.
- Leasing or sale of the property units.
- Financial management.
- Cash flow and risk management.

In pursuit of effective real estate management, the company manages assets that existed as of the date of the preparation of its business plan (Green Quarter Business Center (T4) owned by Samruk-Kazyna JSC and transferred in trust to the Company; Kazyna Tower Business Center and other property units beneficially owned by the Company; facilities transferred in trust by the Fund in 2015 (Akkent and Edelweiss RCs).

DISCRETIONARY MANAGEMENT OF THE COMPANIES' EQUITY SHARES DURING THE DESIGN AND CONSTRUCTION STAGES

The Company manages participatory interests/shares of the design companies, which are at the design, building and assembling stages until the construction objects/projects are commissioned. This focus area is defined strategically based on the possibility to allocate available resources within the holding and to use them efficiently, including taking into consideration the availability of experience and skills of the Company's personnel required to maintain the unified efficient construction project management system (pricing monitoring, control for the construction progress, quality of constructional materials used, construction deadlines and timely commissioning of the relevant facility).

In December 2018, according to the resolution of Samruk-Kazyna JSC and trust agreement for participatory interest

in Karabatan Utility Solutions LLP # 10-13/96 dated December 29, 2018, a subsidiary of Samruk-Kazyna JSC, United Chemical Company LLP (currently Samruk-Kazyna Ondeu LLP), transferred in trust its participatory interest in Karabatan Utility Solutions LLP to the Company. This company was at the following investment horizon: design and construction. The trust management term (until facilities under the "Construction of the infrastructural assets in the National Industrial Petrochemical Technopark Special Economic Zone in Atyrau Region" project) is to expire on or by June 30, 2023. Pursuant to the said agreement, the Company shall supervise and control all the production and economic activities of the company transferred in trust, take measures and actions to ensure proper control for the construction progress, monitoring of pricing, quality of materials used, as well as the work

schedules. The plant-wide infrastructure was built in 2022, whereas the works related to the construction of the external main power supply system, an additional unit of the combined steam and gas power plant (COSAG plant) 165 MW, the water and effluent treatment plant (phase 2) of the utilities corridor (phase 2), external water conduit (phase 2), gas pipeline with an automatic gas

distribution station (AGDS), and an evaporation pond, are to be designed in 2023.

On September 22, 2022, according to resolution of Samruk-Kazyna JSC, the construction of the combined steam and gas power plant with the cycling generation mode of the total capacity of up to 1,000 MW in Turkestan Region was entirely transferred in trust to the Company.

INVESTING ACTIVITIES

To make the residencies more affordable to the population and to support building companies, the Company has been investing in new construction projects. Some of the new real estates will be sold by the Company on its own, through direct sales. These projects are financed by raising borrowed funds on arm's length basis and against its own funds. As of December 31, 2022, housing investment agreements were signed for 11 facilities¹ in the following cities: Astana, Almaty, Atyrau, Aktobe, Konayev and Ust-Kamenogorsk. The Company's real estate pool thereunder was 362.98 thousand m², the total value of the projects was 129.0 billion tenge, including the volume of the Company's investments amounted to 55.3 billion tenge. The Company's share in the projects is 60% on average. Of them, 3 residential units were commissioned and 3 were commissioned partially in 2022, the company's total share in the commissioned real estates was 150.7 thousand m², and 99.1 thousand m² was sold. These projects were financed against own funds and by borrowing funds on arm's length basis.

As a part of its participation in the plant construction program which aimed to ensure import substitution in the construction industry in the reporting period, the Company signed the construction investment agreement under the "Roofing and Facing Materials Plant in Astana" Project.

The value of the project is 2.6 billion tenge, including 2.1 billion tenge (80%) to be invested by the Company; the Company's investment income is 1.0 billion tenge.

As of December 31, 2022, 732 million tenge had been invested under this Project.

¹ Bavaria RC Project in Aktobe was accomplished in 2021.



ACCOMPLISHED IN 2022:



Astana

Construction of a multiunit residential property in the Millennium Avenue (phase 1)

Developer: Bazis Astana LLP
Number of apartments: 1,183
Project commencement date: 31.12.2020
Commissioned according to the certificates of occupancy dated: 25.08.2022
Construction period: 18 months
Total floor area (m²): 83,433
Total project value: 29,476,000 thousand tenge
The Company's share: 70%

Construction of the French Quarter Residential Complex

Developer: Stream Energy Company
Number of apartments: 257
Project commencement date: 28.05.2021
Commissioned under the certificate of occupancy dated: 29.03.2022
Construction period: 11 months
Total floor area (m²): 33,546
Total project value: 11,595,384 thousand tenge
The Company's share: 51.16%



Atyrau

Construction of a residential complex in the EXPO district

Developer: Smart Story 2050 LLP and YEREN-Group LLP
Number of apartments: 226
Project commencement date: 21.12.2021
Commissioned under the certificate of occupancy dated: 30.12.2022
Construction period: 12 months
Total floor area (m²): 23,794.2
Total project value: 5,678,036 thousand tenge
The Company's share: 76.28%



Astana

CURRENT INVESTMENT PROJECTS

Construction of a residential block in Akkent microdistrict*

Developer: AYTHOUSING COMPLEX LLP
Number of apartments: 4,158
Project commencement date: 01.06.2021
To be commissioned on: 01.07.2024
Construction period: 37 months
Total floor area (m²): 189 483
Total project value: 44,579,057 thousand tenge
The Company's share: 80%
**5 houses of the area of 23,659 m² were commissioned on December 15, 2022.*



Astana

Construction of the Bavaria Residential Complex (phase 2)*

Developer: Bavaria Construction LLP
Number of apartments: 231
Project commencement date: 22.10.2021
To be commissioned on: 31.03.2023
Construction period: 13 months
Total floor area (m²): 16,977
Total project value: 3,040,999 thousand tenge
The Company's share: 80%
** A partial commissioning took place on December 27, 2022 – out of 3 footprints, footprint 2 was commissioned – house of the total area of 7 304.7 m² (the Company's area).*



Almaty

Construction of a multiunit residential property in the Millennium Avenue (phase 2)*

Developer: Argon Stroy LLP
Number of apartments: 1,040
Project commencement date: 19.05.2021
To be commissioned on: 30.05.2023
Construction period: 24 months
Total floor area (m²): 72,946
Total project value: 20,034,091 thousand tenge
The Company's share: 60%
**Footprints 3 and 4 of the area of 23,600 m² were commissioned on December 30, 2022.*



Aktobe



Almaty

Construction of the Qazyna Residential Complex

Developer: **QAZAQ INVEST QURYLVS LLP and ABBA Invest LLP**

Number of apartments: 280

Project commencement date: 01.03.2022

To be commissioned on: 01.03.2023

Construction period: 12 months

Total floor area (m²): 18,000

Total project value: 3,704,574 thousand tenge

The Company's share: 80%

Construction of a multiunit residential property based in Ust-Kamenogorsk

Developer: **UK Building LTD LLP**

Number of apartments: 279

Project commencement date: 15.12.2022

To be commissioned on: 15.03.2024

Construction period: 15 months

Total floor area (m²): 21,593

Total project value: 5,321,548 thousand tenge

The Company's share: 80%



Ust-Kamenogorsk

Construction of the Sun City Residential Complex

Developer: **KIK Qurylrys LLP and JK Sun City LLP**

Number of apartments: 360

Project commencement date: 10.10.2022

To be commissioned on: 11.10.2023

Construction period: 12 months

Total floor area (m²): 23,061

Total project value: 6,612,082 thousand tenge

The Company's share: 42.39%



Konayev



Astana

Construction of the Roofing and Facing Materials Plant

Developer: **MetalFormer LLP**

Monthly capacity: up to 25 thousand m² of the roofing materials and 600 T of facing ones

Project commencement date: 15.09.2022

To be commissioned on: 15.10.2023

Construction period: 13 months

Total floor area (m²): 6,246

Total project value: 2,596,928 thousand tenge

The Company's share: 80%

Renovation of the Gul-Ana Residential Complex (phase 3)

Developer: **KIK Qurylrys LLP and Gul-Ana LLP**

Number of apartments: 184

Project commencement date: 10.08.2022

To be commissioned on: September 15, 2023

Construction period: 12 months

Total floor area (m²): 9,756

Total project value: 4,365,449 thousand tenge

The Company's share: 37.95%



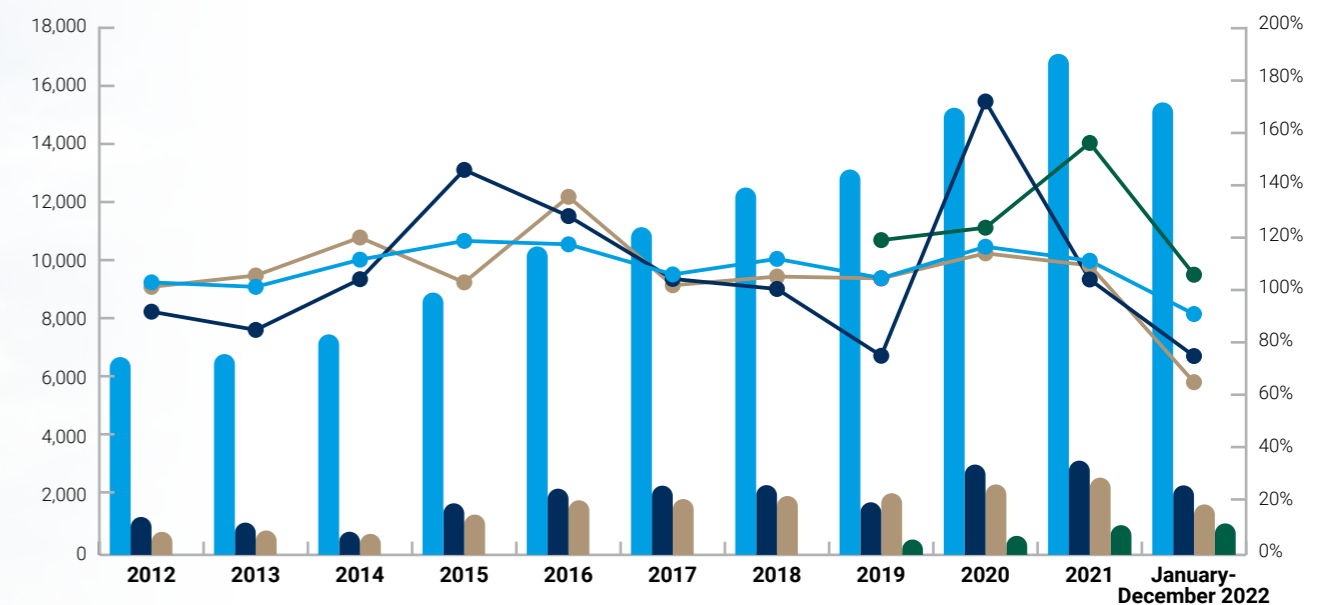
Almaty

MARKET AT A GLANCE

The deteriorating geopolitical situation that caused the disruption of global supply chains, volatility in the commodity markets and a high degree of uncertainty in the world also affected the internal economic processes. Weakening tenge, import restrictions imposed due to the geopolitical situation substantially contributed to the escalation of inflation in Kazakhstan, which resulted in a rise in construction costs.

So, for the first time within a decade, the total floor area of the commissioned dwelling buildings decreased. In January-December 2022, this value fell by 8.8% versus the same period of 2021. The metropolitan cities of Astana and Almaty contributed most to the negative dynamics. The shares exceeded one fourth of the floor area commissioned.

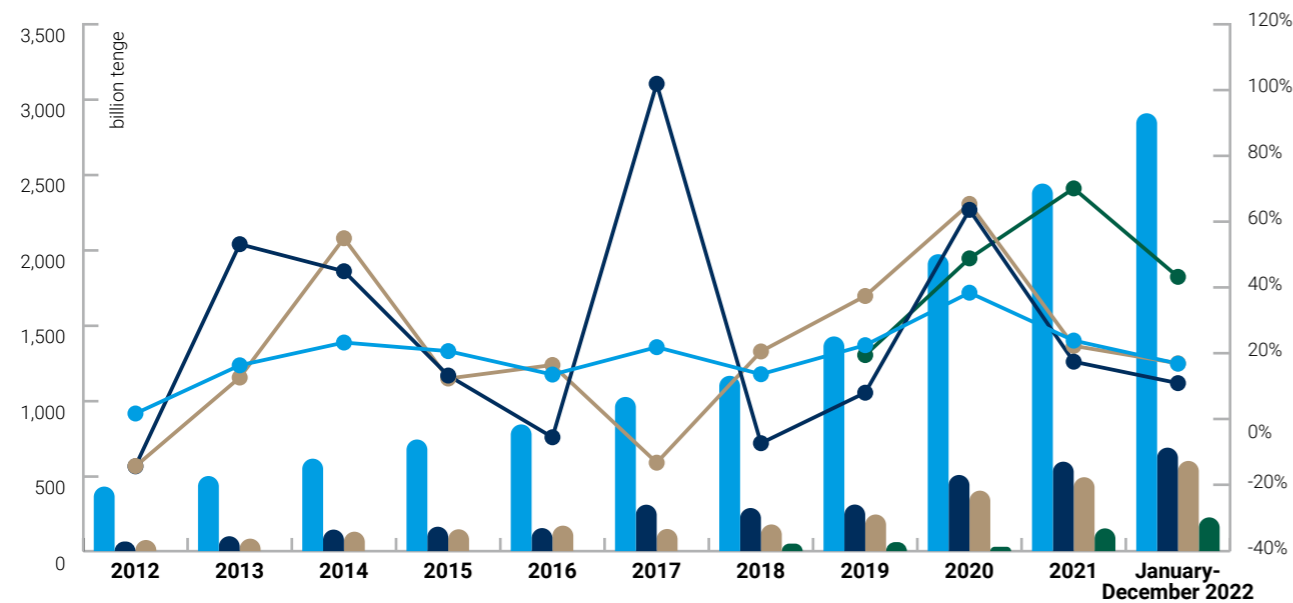
Gross floor areas of commissioned residential buildings



	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	Jan.-December 2022
Kazakhstan	6,742	6,844	7,516	8,940	10,513	11,168	12,521	13,134	15,239	17,076	15,422
Astana	1,293	1,101	789	1,759	2,257	2,360	2,378	1,793	3,079	3,212	2,369
Almaty	786	832	717	1,374	1,862	1,902	2,006	2,102	2,402	2,632	1,720
Shymkent								524	649	1,013	1,073
Kazakhstan	103.2%	101.5%	111.8%	118.9%	117.6%	106.2%	112.1%	104.8%	116.7%	111.4%	91.2%
Astana	92.1%	85.2%	104.4%	145.8%	128.3%	104.5%	100.7%	75.4%	171.7%	104.3%	75.3%
Almaty	101.5%	105.8%	120.2%	103.2%	135.6%	102.1%	105.4%	104.7%	114.2%	109.6%	65.4%
Shymkent								119.2%	123.9%	156%	106.1%

Investments in the housing grew – in January-December 2022, the investment volume grew by 16.8% versus the same period of 2021, up to 2,902 billion tenge.

Investments in housing construction



	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	Jan.-December 2022
● Kazakhstan	428	498	613	740	840	1,022	1,162	1,423	1,968	2,436	2,902
● Astana	64	99	143	162	153	308	286	309	505	593	686
● Almaty	74	83	129	145	169	147	177	243	401	490	598
● Shymkent							50	60	29	151	224
● Kazakhstan	1.7%	16.3%	23.2%	20.6%	13.5%	21.8%	13.6%	22.4%	38.3%	23.8%	16.8%
● Astana	-14.2%	53.0%	44.8%	13.2%	-5.5%	101.6%	-7.3%	8.0%	63.4%	17.4%	10.9%
● Almaty	-14.3%	12.6%	54.8%	12.3%	16.4%	-13.2%	20.5%	37.3%	65.2%	22.2%	16.9%
● Shymkent								19.4%	48.7%	69.9%	43.1%

The dynamics of the prices for the last decade in Kazakhstan shows on average that the new builds rose in price from 154 thousand tenge to 437.4 thousand tenge per square meter, i.e., by over 2.8 times.

The average prices of the new builds grew versus December 2021 in the following cities: Astana (20.1%), Kokshetau (20%), Aktau (26.6%), Almaty (12%), Semey (22.3%), and Aktobe (29.3%). In Astana, Shymkent and Almaty, the prices of the new builds per square meter proved to be higher than the national price average and were 575.3 thousand tenge, 461 thousand tenge and 460.5 thousand tenge, respectively.

It should be noted that due to the fluctuations in the prices in the foreign currency markets in 2023, there will be inflation expectations and, hence, the growth in both the primary and secondary housing prices.

According to the information of the National Bank of the Republic of Kazakhstan, the mortgage lending volume increased by 9.3 times for the last 10 years. The mortgage lending boom is substantially attributable to the government support to the housing construction sector.

Loans issued in January-December 2022 to individuals for the housing purchase and construction amounted to 1,989 billion tenge or 12.4% more than in the same period of 2021.

During the reporting period, there was a decrease in the purchase and sale of residential houses in the market. In January to December 2022, the number of residential sale and purchase transactions dropped by 23% versus the same period of 2021, to 465,822 transactions.

KEY PERFORMANCE INDICATORS

No.	Strategic KPI	2021 actual	2022 plan	2022 actual	In % of the plan	In % of the actual 2021
PERFORMANCE INDICATORS						
1	Real estate commissioned, in thousand m ²	8.18	146.73	150.65	103%	1,842%
2	Real estate sold, in thousand m ²	29.07	90.237	99.079	110%	341%
3	Cash disbursed, in billion tenge	21.12	30.86	22.44	73%	106%
4	Ensuring the timely commissioning of the construction projects held in trust	completed	within up to 1 month after the deadline specified in the contract	completed		
KEY NATIONAL INDICATORS						
5	Labor productivity, in million tenge/person	170.62	263.91	255.08	97%	150%
6	Fixed capital expenditure, in billion tenge	21.17	30.88	22.49	73%	106%
FINANCIAL INDICATORS						
7	Net income, in million tenge	9,786.1	8,178.63	5,283.7	65%	54%
8	ROACE, in %	8.08%	7.28%	5.29%	73%	65%
9	Debt/equity, ratio	1.54	0.92	1.13	123%	73%
10	NAV, in million tenge	65,342.5	73,521.15	70,611.5	96%	108%

1. Real estate commissioned includes real estates commissioned under all the programs and projects of the Company. During the reporting period, 150,654 m² were commissioned versus 146,729 m² planned (103% of the plan), including three facilities were fully

commissioned: French Quarter RC in Atyrau, EXPO RC in Astana and Millennium Avenue RC (phase 1) in Astana; Akkent RC in Almaty, Bavaria-2 RC in Aktobe, and Millennium Avenue RC (phase 2) in Astana were partially commissioned.

thousand m²

No.	Name of the facility	2021 actual	2022 plan	actual	in % of the plan	of the actual 2021
Commissioned, including:		8.18	146.73	150.65	103%	1,842%
1.	Bavaria RC in Aktobe	8.18	–	–	–	–
2.	Millennium Avenue RC in Astana, phase 1	–	56.81	58.40	103%	–
3.	Akkent RC in Almaty	–	43.31	23.66	55%	–
4.	French Quarter RC in Atyrau	–	16.84	16.53	98%	–
5.	Millennium Avenue RC in Astana, phase 2	–	–	26.61	–	–
6.	EXPO RC in Astana	–	–	18.15	–	–
7.	Bavaria-2 RC in Aktobe	–	13.52	7.31	54%	–
8.	Apple Residence RC in Almaty	–	11.58	–	–	–
9.	Housing stock renovation project	–	4.68	–	–	–

2. Real estates sold. During the reporting period, 90,123 thousand m² of real estates were to be sold, however, 99,079 thousand m² were sold (or 110% of the plan).

m²

Name of the facility	Actual in 2021	Plan for 2022	Actual in 2022
Bavaria RC in Aktobe	8,180	–	–
Millennium Avenue RC in Astana, phase 1	–	22,722	58,403
Millennium Avenue RC in Astana, phase 2	–	–	6,416
Akkent RC in Almaty	–	32,483	18,536
Bavaria-2 RC in Aktobe	–	13,516	–
French Quarter RC in Atyrau	–	16,842	15,724
Upcoming housing stock renovation project		4,675	–
TOTAL	8,180	90,237	99,079

3. Cash disbursed. During the reporting period, 22,443,458 thousand tenge were disbursed versus 30,856,380 thousand tenge planned (73% of the plan).

4. Ensuring the timely commissioning of the construction projects held in trust. Pursuant to Trust Agreement # 10-13/96 dated December 29, 2018, signed with United Chemical Company LLP, the Company managed the participatory interest in Karabatan Utility Solutions LLP. As to Karabatan Utility Solutions LLP, the trust management term is until June 30, 2023. Under the “Plantwide Infrastructure” Project, the urban land improvement and perimeter fencing works, loop road construction works, construction of electric mains, water supply and sewage networks, security station with a shelter, railroad scale with an operator room, TP (transformer substation) 10/0.4, KNS (sewage pumping station) 1-4, as well as water and wastewater treatment facilities were accomplished. The works related to the tanks and fire piping pump station, customs inspection security station, and on-site communications networks are being completed. The total physical progress under the project is 99.4%.

Pursuant to Trust Agreement # 1533-dated September 22, 2022, signed with the Fund, the Company managed the participatory interest in CCGT Turkestan LLP. The trust management term is from the design and construction period to the commissioning to operations and reaching the projected capacity of the facilities under the “Construction of the combined steam and gas power plant with a cycling power generation mode and total capacity of up to 1,000 MW in Turkestan Region” Project, but not later than December 31, 2025. For the trust management period, the following measures have been implemented:

1. On September 30, 2022, contract # 752656/2002/1 for procurement of feasibility study works was signed with “KazNIPiEnergoprom Institute” JSC.
2. On November 8, 2022, the Fund replenished the authorized capital of CCGT Turkestan LLP in the amount of 11.8 billion tenge.
3. The funding terms sheets were obtained from the following institutions: the Eurasian Development Bank, Halyk Bank of Kazakhstan JSC, ForteBank JSC, First Heartland Jusan Bank JSC, and China Development.
4. Active efforts were also underway during the reporting period to attract loans from financial institutions and second-tier banks.

5. Labor productivity was 255.1 million tenge/person (97% of the plan) in 2022 versus 263.9 million tenge/person.



6. Fixed capital expenditures amounted to 22.6 billion tenge during the reporting period versus 30.9 billion tenge planned (73% of the plan), including investments in the construction were 22.4 billion tenge versus 30.9 billion tenge planned (73% of the plan), expenses towards maintenance of administrative assets in working order made up 3.0 million tenge versus 27,494 million tenge planned.

7. According to the 2021 results, the Company’s **net income** was 5,284 million tenge (65% of the plan). The high volatility of the Russian ruble had a negative effect on the Company’s financial performance, hence, the Company had to recognize a foreign exchange loss on the loans raised in rubles. However, the Company’s operating profit (NOPLAT) was 9,524 million tenge, or 7% higher than the planned value. The Company did much to collect debts, therefore, the earlier created impairment allowances were restored.

8. ROACE. During the reporting period, this indicator was 5.3% versus 7.3% planned (73% of the plan).

9. Debt/equity was 1.13 during the reporting period versus 0.92 planned (139% of the plan). The variance was attributable to the exchange rate of the borrowing currency (Russian ruble) that proved to be different from the expected one, and the prolongation of the bond loan maturity.

10. Net asset value was 70.6 billion tenge (96% of the plan) as of 31.12.2022 versus 73.5 billion tenge planned. The value was also affected by the foreign exchange loss recognized during the reporting period.

SIGNIFICANT EVENTS OF THE YEAR.

March

From March 2, 2022, according to the resolution of the Samruk-Kazyna JSC Management Board dated February 24, 2022 (minutes #13/22) Maulen Aimanbetov was appointed Chairman of the Management Board of Samruk-Kazyna Construction JSC.

The Company paid the semiannual coupon interests on bonds ISIN KZX000000633 traded on the Astana International Exchange (AIX) of the Astana International Financial Center.

April

On April 1, 2022, the French Quarter residential complex was commissioned in Atyrau.

July

On July 25, 2022, Samruk-Kazyna Construction JSC paid dividends for the amount of 2,030,547,750 tenge approved by resolution #29/22 of the Sole Shareholder dated May 27, 2022 in compliance with the Dividend Policy of Samruk-Kazyna JSC applicable to its branch organizations. The dividend amount was 124.97570 tenge per ordinary share in the Company.

October

Fitch Ratings changes the outlook from Positive to **Stable** for the Company's long-term issuer default ratings (hereinafter referred to as IDR) in the foreign and national currencies and affirmed the IDR at **BB**.

September

The coupon interests were paid on bonds ISIN KZX000000633.

The SKKN Finance (LTD) loan in the amount of 2.5 billion rubles was repaid for the purpose of subsequent redemption of the bonds on the Moscow Exchange (MOEX).

August

On August 19, 2022, a capsule laying ceremony was held in the place where the Astana roofing and facing materials plant would be constructed within the Astana – New City special economic zone.

On August 31, 2022, the Millennium Avenue residential complex (phase 1) was commissioned in Astana.

November

ACRA affirmed the Company's credit rating under the international scale at **BB+**, with **Stable** outlook and affirmed the credit rating of the SKKN Finance (LTD) bonds (RU000A102KF8) at A-(RU).

The Business Plan of Samruk-Kazyna Construction JSC for 2023–2027 was approved.

December

The maturity term of the Company's bonds ISIN KZX000000633 traded on the Astana International Exchange (AIX) for the total amount of 2 billion Russian rubles, was prolonged till September 29, 2023.

On December 15, 2022, 5 units (#1, 2, 3, 4, and 5) of the Akkent residential complex were commissioned in Akkent microdistrict in Almaty;

On December 27, 2022, footprint 2 of the Batys Premium residential complex, phase 2 was commissioned in Batys 2 microdistrict, Aktobe.

On December 30, 2022, the EXPO residential complex was commissioned in Astana.



INFORMATION OF THE MAJOR TRANSACTIONS

The information of the transactions concluded with interested parties in 2022, as well as of the major transactions is given in Annex 1.

GOALS AND PLANS FOR 2023

In 2023, the company intends to continue to implement its goals and objective as set forth in the Mission and Vision of the Company, including to continue its efforts aimed to collect the investments made under the Nurlı Zher Program, to manage premises leased and sold on a rent-to-own basis under the Crisis Bailout Program, manage financial flows related to the following assets: Kazyna Tower Business Center, Green Quarter Business Center (unit T4), Akkent RC and Edelweiss RC, and manage participatory interests in Karabatan Utility Solutions LLP and CCGT Turkestan LLP held in trust.

In pursuance of the renovation program (wrecked and dilapidated housing), it plans to complete the Gul-Ana Residential Complex renovation project in Almaty.

As a part of its investing activities, the company plans to accomplish the construction of the 4 residential complexes in the cities of: Astana, Almaty, Aktobe, and Konayev, as well as the Roofing and Facing Materials Plant in Astana.

In pursuit of the Comfortable School national pilot project, the company plans to proceed with ensuring the construction of schools in 20 regions of the country.

To achieve the goals set for 2023, the Company is going to improve the level of automation and digitalization of all its business processes through the improvement of operating performance, creation of the management

and construction investment office, organization of the operations feedback aimed at a constructive dialog with lessees, as well as automation of the business processes to prevent any direct contact, informative and corruption risks.

The efforts to improve the Corporate Governance System and introduce the sustainable development principles will be continued in 2023 through the implementation of measures approved by the 2023–2025 ESG Introduction Plan.



**SAMRUK-KAZYNA
CONSTRUCTION**



SUSTAINABLE DEVELOPMENT OF THE COMPANY.

SUSTAINABLE DEVELOPMENT MANAGEMENT APPROACH

The Company pledges full support for the 17 Sustainable Development Goals approved by the United Nations General Assembly in 2015, 8 of which have formed the basis of the Company's Sustainable Development Policy.



While recognizing the principles of the UN Global Compact, the Company declares its commitment to the following principles in its activities:

Human Rights	<ul style="list-style-type: none"> Supports and respects the protection of internationally proclaimed human rights; makes sure that the Company is not complicit in human rights abuses.
Labor	<ul style="list-style-type: none"> Upholds the freedom of association and recognizes the right to collective bargaining; promotes the elimination of all forms of forced and compulsory labor; promotes the effective abolition of child labor; promotes the elimination of discrimination in respect of employment and occupation.
Environment	<ul style="list-style-type: none"> Contributes to the prevention of any impact on the environment; undertakes initiatives and promotes greater environmental responsibility; encourages the development and diffusion of environmentally friendly technologies.
Anti-Corruption	<ul style="list-style-type: none"> Declares about its zero tolerance to corruption in all its forms and other unlawful practices, including extortion and bribery.

In accordance with the Corporate Governance Code of Samruk-Kazyna JSC and Sustainable Development Policy, the Company has set up its sustainable development system that involves:

- Commitment to the sustainable development principles at the level of its Board of Directors, executive body and employees.
- Analysis of the internal and external situation through the three components (economy, ecology, and social issues).
- Determination of the sustainable development risks in the social, economic and environmental fields.
- Creation of the stakeholder map.

- Determination of the sustainable development goals and KPI, elaboration of the action plan and designation of responsible persons.
- Integration of the sustainable development into the key processes, including risk management, planning, human resource management, investments, reporting, operating activities, etc., as well as in the development strategy and decision-making processes.
- Sustainable development qualification upgrade of the officers and employees.
- Regular monitoring and assessment of the sustainable development measures, assessment of achievement of the goals and KPI, taking corrective measures, and introduction of the ongoing improvement culture.

Seven relevant KPI have been determined. It should be noted that in 2022 the below KPI were approved by the Company's Board of Directors on December 23, 2022 (minutes #182) with the view of executive employees' performance measurement:

- Lost Time Injury Rate (LTIR).
- Return on investments and project margin.
- Degree of implementation of measures under the 2023 ESG Introduction Plan.
- Implementation of the action plan for the road map to provide the infrastructure for the "Production of butadiene and its derivatives in the Republic of Kazakhstan" Project, according to the 2023 plan.
- Completion of the preparation of the feasibility study (FS) for the "Construction of an electric power plant based on a CCGT unit 1,000 MW in Turkestan Region" Project.
- Commencement of the construction of the facilities/ commissioning of the facilities under the Comfortable School national pilot project.
- Compliance with the required local content share in the company's procurements.

The Board of Directors and Management Board ensure the establishment and implementation of a proper sustainable development system. All the employees and officers from top to bottom contribute to the sustainable development. A consultative and advisory body, Sustainable Development Committee, has been created under the Company's Management

Board. The Committee's main objective is to develop sustainable development policies and procedures, as well as to put its propositions before the Management Board regarding the implementation of the sustainable development system. Chairman of the Committee is the Deputy Chairman of the Management Board supervising sustainable development issues. We seek to disclose the information of our impact (both positive and adverse) on the environment, society and economy, in this report. Relevant measures that are being currently taken appear to have had the maximum positive effect in terms of the achievement of long-term sustainability, ensuring economic efficiency and social stability of the Company. By following its Sustainable Development Policy, the Company provides for the implementation of the sustainable development measures under its ESG Introduction Plan. Matters concerning the implementation of the sustainable development measures were addressed on a quarterly basis during meetings of the Board of Directors. On December 23, 2022, the 2023–2025 ESG Introduction Plan of Samruk-Kazyna Construction JSC was approved by the resolution of the Company's Board of Directors (minutes # 182).

While realizing the importance of compliance with the ESG principles in the context of establishment interrelations with investors and financial institutions, the Company seeks to improve its approaches to management of environmental, social and corporate governance aspects of its activities and to report to its stakeholders.



ENVIRONMENT

responsible attitude to
the environment



SOCIAL

high social responsibility



GOVERNANCE

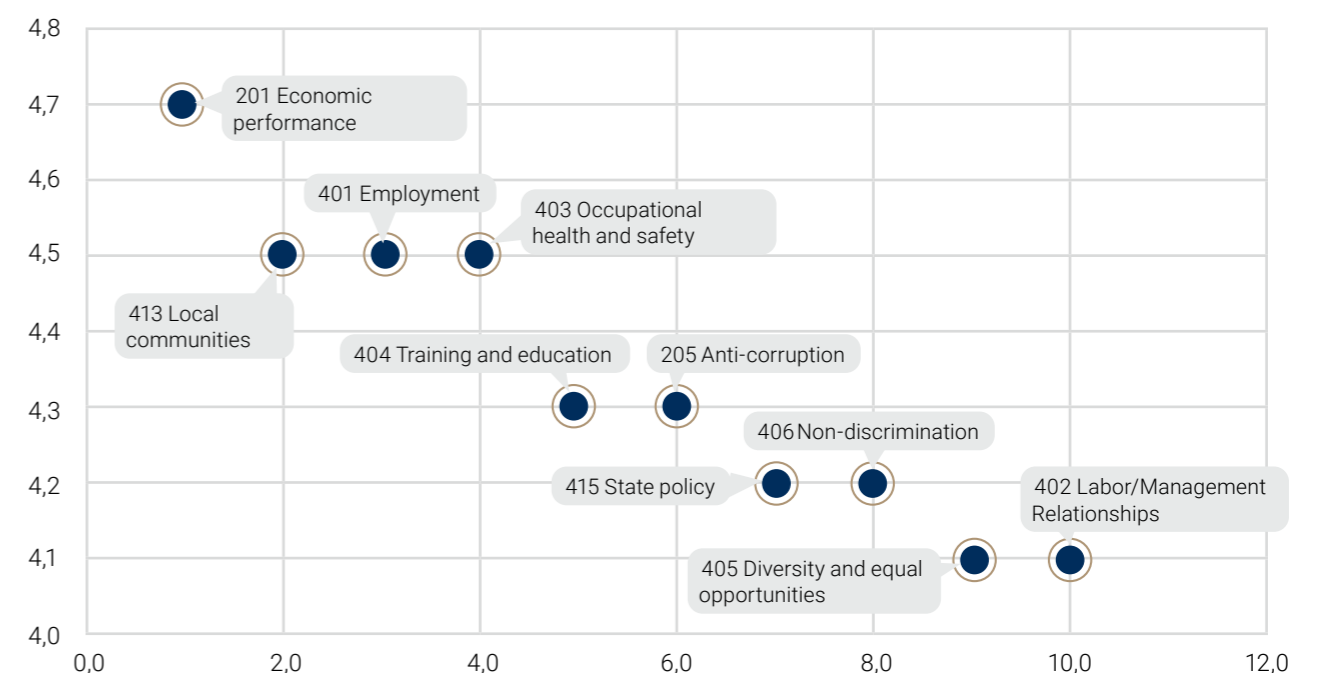
high quality of corporate
governance

DETERMINING THE SUBSTANTIAL TOPICS

To determine the content of the sustainable development report, stakeholders are annually surveyed regarding sustainable development. In 2022, the following stakeholders were polled using a questionnaire in compliance with the GRI Standards: the representative of the shareholder, members of the Board of Directors, members of the Management Board, employees, a branch organization, investors, clients, general contractors, companies held on trust, buyers, representatives of central government authorities and local executive bodies, media, vendors, social network users, and financial institutions. Based on the survey results, the Matrix of Revealed Aspects Substantiality was elaborated to depict the ratio

of aspects' substantiality for the Company and its stakeholders. Aspects are ranked along the Matrix's horizontal axis depending on the degree of their significance for the Company, and along the vertical axis – depending on the stakeholders' assessment. The substantial aspect ranking allows to arrange the interaction with the stakeholders in a constructive way, based on the precise understanding of their priorities.

Matrix of Revealed Aspects Substantiality



Based on the poll results, the following substantial topics with the highest scores varying between 4 and 4.7 were determined:

- 201 Economic Performance (4.7)
- 413 Local Communities (4.5)
- 401 Employment (4.5)
- 403 Occupational Health and Safety (4.5)
- 404 Training and Education (4.3)

- 205 Anti-corruption (4.3)
- 415 State Policy (4.2)
- 406 Non-discrimination (4.2)
- 402 Labor/Management Relations (4.1)
- 405 Diversity and Equal Opportunities (4.1)

EFFECTIVE INTERACTION WITH STAKEHOLDERS



The Company aims to establish an efficient system of interaction with the stakeholders, rooted in respect and cooperation.

The Company determines the exhaustive list of its stakeholders it interacts with during its activities, which includes description of the stakeholders’ contributions and interests. When assessing the stakeholders’ significance, the stakeholders are ranked by their significance to the company in terms of the two factors – the degree of the stakeholder’s influence on the company and the degree of the stakeholder’s interest in the company’s activities.

Among the Company’s stakeholders are buyers and tenants of the Company’s residential premises, employees of the company, its Sole Shareholder and the Board of Directors, branch organizations and affiliates, general contractors and developers, companies in trust, clients, local executive bodies and government bodies, financial institutions, mass media and social network users.

Principles, mechanisms and procedures of interaction with the stakeholders predetermine the Code of Conduct, Sustainable Development Policy and the Stakeholder Map:

Strategy of Interaction with Stakeholders	Methods and mechanisms of interaction
 SOLE SHAREHOLDER	<p>Ensuring the exercise of the Sole Shareholder’s rights in the context of the corporate governance principles aimed at an efficient adoption of key decisions.</p> <p>To communicate the information of the financial and operating performance in compliance with the applicable legislation of the Republic of Kazakhstan, Charter, internal regulations of the Company, additional information of the plans and achievements of the Company, reports, and presentations, the corporate web-site and social media of the Company may be used. Management reports. Financial statements. Annual Report. Meetings. Web-site. Correspondence and inquiries.</p>
 BOARD OF DIRECTORS	<p>Determination of the priority focus areas and Development Strategy of the Company.</p> <p>Publishing the general information in the Internet resources, in particular, in the Company’s corporate web-site, in compliance with the laws of the Republic of Kazakhstan and internal regulations of the Company (if applicable). Meetings of the Board of Directors. Management reports. Financial statements. Annual Report.</p>
 MANAGEMENT BOARD	<p>Administering the day-to-day operations of the Company.</p> <p>Publishing the general information in the Internet resources, in particular, in the Company’s corporate web-site, in compliance with the laws of the Republic of Kazakhstan and internal regulations of the Company (if applicable). Meetings of the Management Board. Management reports. Financial statements. Annual Report. Correspondence and inquiries.</p>

Strategy of Interaction with Stakeholders	Methods and mechanisms of interaction
 EMPLOYEES	<p>Following a straightforward and transparent HR Policy aimed to form a qualified and enthusiastic talent pool. Ensuring that all the employees have equal self-empowerment opportunities in the course of their work activities, to get an unbiased and fair performance assessment, that the employees are recruited and promoted solely depending on their professional abilities, competence and skills.</p> <p>To ensure awareness of the implementation of the Company’s HR Policy and to communicate the results of the employees competitive selection, Internet resources may be used, in particular, the corporate web-site. Management’s meetings with the employees. Trainings and workshops.</p> <p>Corporate events. Annual performance reviews. Polling and questionnaires. Corporate media.</p>
 CO-INVESTORS	<p>Attracting investments in the project implementation to gain profit.</p> <p>Development of awareness of the foreign and domestic experience in attracting the private sector in the construction, development of the public private partnership by the Company, participation in business events (business forums, conferences, business councils, exhibitions, etc.) through the Internet resources, in particular, the corporate web-site, social media platforms, and corporate media. Engineering matters. Contracts.</p>
 GENERAL CONTRACTORS	<p>Conclusion of contracts, monitoring of the implementation of contractual relations in pursuance of the state construction policy.</p> <p>Informing the core audience if the projects implemented by the Company, through the publication of press releases, news, articles, interviews and other materials in the corporate web-site, social networks and media. Engineering matters. Meetings with business partners and vendors. Attending conferences and events.</p>
 COMPANIES IN TRUST	<p>Execution of contracts, monitoring of the implementation of contractual relations.</p> <p>Informing the core audience if the projects implemented by the Company, through the publication of press releases, news, articles, interviews and other materials in the corporate web-site, social networks and media. Engineering matters. Contracts. Reports and correspondence.</p>
 CLIENTS	<p>Execution of contracts, monitoring of the implementation of contractual relations.</p> <p>Informing the core audience if the projects implemented by the Company, through the publication of press releases, news, articles, interviews and other materials in the corporate web-site, social networks and media. Contracts. Reports and correspondence.</p>

Strategy of Interaction with Stakeholders

Methods and mechanisms of interaction



VENDORS

Execution of contracts, monitoring of the implementation of contractual relations.

Information notices of the current procurements and their outcome are published in the Internet resources, in particular, in the Company's corporate web-site. Contracts. Procurement Rules and information of the current procurements. Consideration of the vendors' requests.



BUYERS/ LESSEES

Ensuring compliance with buyers/lessees' expectations in acquisition of the high-quality and affordable residential premises in accordance with SNiP (Construction Standards and Regulations) of the Republic of Kazakhstan, subject to the comfort, safety and cost-effectiveness requirements.

Awareness building among the core audience with regards to the Company's activities by publishing press releases, articles, reports, polls and other information notices in the corporate web-site, social networks, e-mail marketing, messengers, blog of the Chairman of the Management Board, as well as through consultations via the call center, special events, special offers, advertising campaigns, etc. Lease agreements / rent-to-own agreements/ sales contracts. Client satisfaction reviews. Determination of the level of lessees' satisfaction.



GOVERNMENT AUTHORITIES, LOCAL EXECUTIVE BODIES

Exercising interaction with regards to housing matters, housing and utilities management, monitoring of the construction projects, conducting the technical audits, state expert reviews, and completion inspections.

Execution of agreements for the sale of commissioned residential units to persons on the local executive bodies' affordable housing waiting lists.

To ensure awareness of the Company's activities related to the implementation of the state housing program (sessions, meetings, public hearings, reports, interviews, public speaking, working groups, forums, conferences, etc.), the Internet resources may be used, in particular, the corporate web-site and social media platforms. Correspondence and inquiries. Dealing with the government bodies with regards to legal and regulatory matters. Participation in the working groups, forums and conferences.



MASS MEDIA, USERS OF THE COMPANY'S SOCIAL NETWORKS

Formation of a favorable public opinion on the Company's activities.

Organization of the awareness building efforts through the implementation of PR programs, communication of the Company's strengths and opportunities to the core audience by disseminating press releases, publications, reports, interviews, photos and video materials, presentations in mass media, in the corporate web-site and social networks. Web-site. Press releases, press conferences and briefings. Annual Report. Conferences and summits.

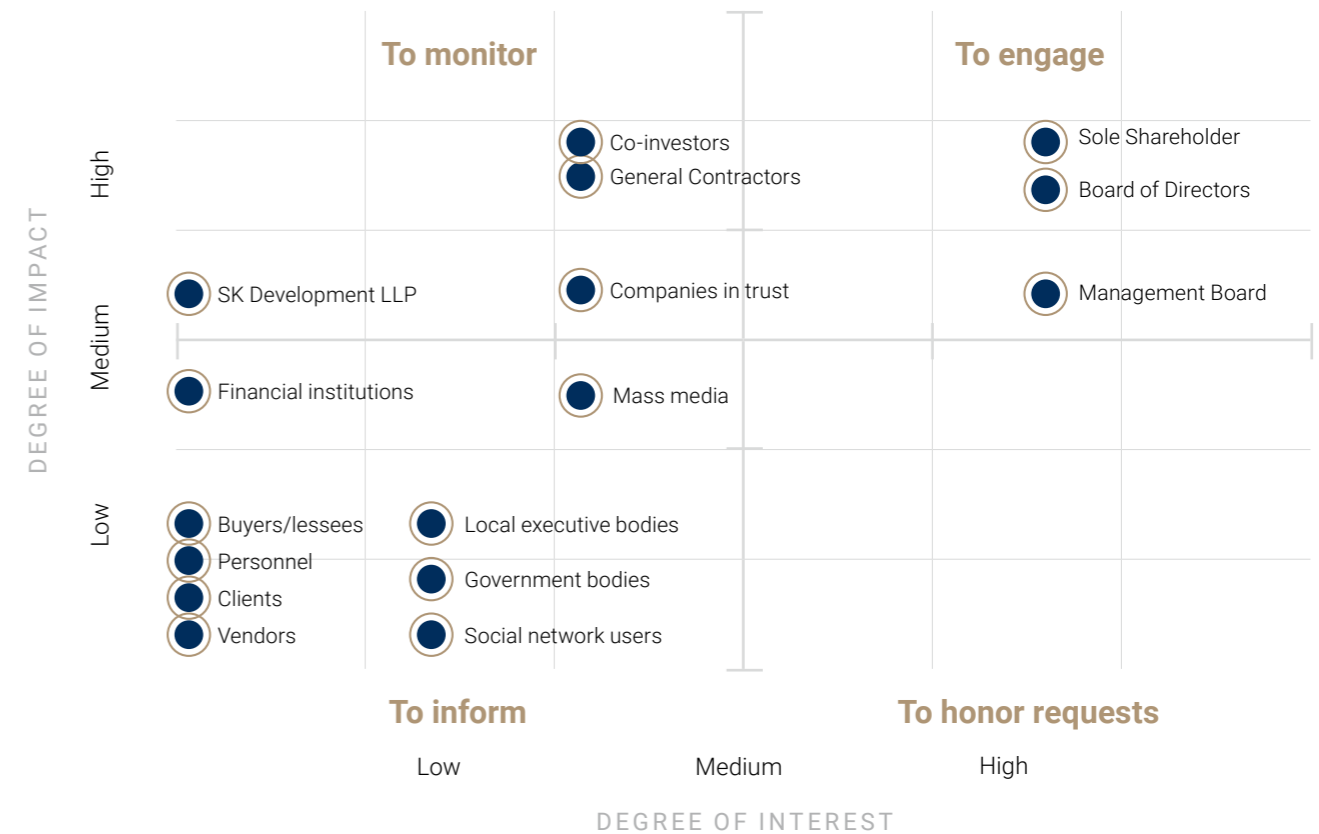


FINANCIAL INSTITUTIONS

Execution of contracts, monitoring of the implementation of contractual relations (transferring funds to deposit accounts, banking servicing, special account maintenance).

Publication of financial statements, information of the size of dividends approved and other information in compliance with the laws of the Republic of Kazakhstan and internal regulations of the Company in the Internet resources, in particular, in the Company's corporate web-site. Contracts. Placing funds with the financial institutions.

STAKEHOLDER MAP OF SAMRUK-KAZYNA CONSTRUCTION JSC



ANTI-CORRUPTION

In its operations, the Company strictly upholds human rights. The Company does not tolerate discrimination on the grounds of ethnicity, gender, origin, age or for other reasons, acknowledges the employees' right to create public associations and organizations to protect their rights and interests.

During the reporting period, no instances of discrimination on any grounds were recorded within the Company.

The Company's strategic goals and implementation of its activities are not consistent with any manifestations of corruption. The Company adheres to the bona fide

business practices, including fighting corruption and fraud, prevention of any corporate conflicts and conflicts of interests as factors required to ensure interaction with interested parties, to establish trusting intracorporate relations.

The Company has the Compliance Controller who is appointed by resolution of the Board of Directors.



Pursuant to the compliance laws of the Republic of Kazakhstan, the Reference Model on the compliance profile in the portfolio companies of Samruk-Kazyna JSC and internal regulations of the Company on the Compliance Controller, the latter shall consider and review the internal regulations for any corruption risks, identify and assess the company's business processes exposed to the compliance risks, and create the anti-corruption culture at the Company in order to minimize the corruption and reputation risks.

Efforts aimed to cultivate the Company's anti-corruption culture are consistently undertaken through compliance trainings, tests for the knowledge of the Law of the Republic of Kazakhstan "On combating corruption" and the Code of Conduct; in addition, the awareness-building work is continuously performed among the Company's employees as to the operation of the hot line and anti-corruption measures.

In accordance with the Law of the Republic of Kazakhstan "On combating corruption", corruption risks were analyzed in 2022 for the business process related to the sale and monitoring of assets, accounting and financial statements. Based on results of the risk analysis, recommendations were issued, and the risk register was prepared.

In addition, in pursuance of the anti-corruption monitoring and in-house corruption risk analysis, as well as to provide the information regarding compliance risk identification and assessment, the register of potential risks was prepared with regards to the business processes related to information security, information technologies, and corporate communications of the Company.

Compliance training sessions were held in matters relating to compliance with the Anti-Fraud and Anti-Corruption Policies and the Code of Conduct; a test for the knowledge of the Company's Anti-Fraud and Anti-Corruption Policies, and employees were tested for the knowledge of the Company's Policy for Settlement of Conflicts of Interests. The percentage of employees covered by the tests was 70%, and those covered by the training – 100%. A webinar was held on the universal income and property declaration.

To adhere with the anti-corruption restrictions and to prevent conflicts of interest, controls are established, persons are notified of the necessity to disclose the information, a list of affiliated persons is prepared according to the laws of the Republic of Kazakhstan, the timeliness of publication of the list of affiliated persons with the Financial Statement Depository is monitored, CEO-1 has been checked for affiliation and presence/absence of any conflict of interests, and consultations are continuously delivered to the Company's personnel with the view of preventing conflicts of interests.

The compliance with provisions of the Law of the Republic of Kazakhstan "On combating corruption" and approved compliance policies is monitored on an on-going basis. In 2022, the Compliance Service received 27 appeals:

- 24 appeals were received through the hot line.
- 2 collective appeals through eotinish.gov.kz (the Prime Minister's Office, the Agency of the Republic of Kazakhstan for Civil Service Affairs)
- 1 appeal regarding complaint against the administration of Karabatan Utility Solutions LLP was forwarded by the Fund.

Out of these appeals, 17 cases did not involve any violations, violations referred to in the 8 appeals proved to be partially true and appropriate recommendations were given; as to 1 appeal, the reported violation appeared to be true – the labor contract was terminated with an employee of "Karabatan Utility Solutions" LLP, that had been transferred to the Company for trust management, and 1 appeal was dismissed due to the lack of any corruption element.

SUPPORTING THE STATE POLICY

Throughout its operational history, the Company has repeatedly demonstrated its support for the state policy by actively participating in the implementation of the state programs.

For instance, in 2011, the Company conducted its activities under the Crisis Bailout Program aimed to assist in stabilization of the real estate market, to settle problems faced by housing equity holders and to accomplish the toxic construction projects. From 2012, the company implemented the Affordable Housing 2020 Program, which subsequently became a part of the Program for Development of Regions until 2020, approved by Decree #767 of the Government of the Republic of Kazakhstan dated November 16, 2018. From 2016, the Company was designated one of the operators to implement the Nurlı Zhol infrastructure development program. The implementation of the state housing programs allowed the Company to acquire and develop its competences in initiating, review and selection of investment projects, attracting partners to implement the investment projects and contractors at every phase

of the construction projects, when selling real estates to ultimate customers, and analyzing the real estate market. The Company developed expertise of dealing with market participants, including with local executive bodies and other government agencies.

According to Decree #963 of the Government of the Republic of Kazakhstan dated November 30, 2022 "On approval of the Comfortable School National Pilot Education-Related Project", from 2023 the Company was designated the Special Purpose Secondary Education Facilities Construction Management Office in the context of application of the first mechanism of the three ones, when the company is to manage the project in compliance with the Rules of Provision of Engineering Services in the Field of the Architectural, Town Planning and Construction Activities, and the Company is expected to perform the role of the owner.

The primary objective of the National Project is to liquidate dilapidated schools, three-shift schooling and the deficit of places at the secondary education institutions.

RESPONSIBLE SUPPLY CHAIN

The primary procurement goal of the Company is to meet the demand for resources in a timely, efficient and complete manner to ensure stable operations of all its subdivisions, subject to the optimal terms and conditions of the procurement. The Company has set up an efficient procurement system based on the principles of publicity, transparency, equality and development of the bona fide competition. The procurement processes are public, transparent, standardized and simple. The priority objectives of the Company's procurement operations are as follows: to purchase goods, works and services from associations of disabled persons included in the Register of Associations of Persons with Disabilities of the Samruk-Kazyna JSC Group; to purchase goods from manufacturers of the goods to be procured, which are included in the Register of Manufacturers of the Samruk-Kazyna JSC Group. The Company shall select a vendor using one of the following ways: through an open tender (including using reverse auctions);

by means of a request for quotations (including using reverse auctions); through single source, as well as through procurements according to a special procedure.





COMPONENT E. ENVIRONMENTAL ASPECT

ENVIRONMENTAL IMPACT MANAGEMENT

The Company regards its environmental activities as important components of its routine operations, as it understands the necessity to maintain the ecological balance and to take appropriate and reasonable care of the environment.

In pursuance of the implementation of the housing investment projects, the company's environmental activities are performed through the quality control of the construction works being carried out by the Developer/ Contractor. Furthermore, the Company together with the Developer monitors the indirect environmental emissions produced by its contractors' construction sites. The atmospheric environment is exposed to the critical adverse impact caused by the construction object. The situation is often aggravated by the fact that the construction sites are in the immediate vicinity of the apartment blocks, thus creating the epicenters of negative impact on the atmospheric air within the built-up areas and human health. Air pollution is caused during every phase of the construction project, from land development within the construction site to beautification and gardening. Within the construction sites, the sources of air pollution are building machines and equipment: tire cranes, excavators, graders, dumping trucks, drop-side trucks, concrete placer pumps and mixing batches, rollers, black top spreaders, binder distributors, diesel generator sets, welding machines, cutters, grinding machines and other construction objects of the company, causing various adverse impacts on the atmosphere. This

primarily depends on the scope of the current building and assembling works being performed. Emissions of harmful substances into the environment are subject to the Laws of the Republic of Kazakhstan. According to provisions of the Code of the Republic of Kazakhstan "On taxes and other obligatory payments to the budget" (the "Tax Code"), the emission charges are to be paid. The charges are assessed depending on the actual volume of environmental emissions, whether within and/or above the established environmental emission limits applicable to pollutant emissions; pollution discharges; production and consumer wastes disposed. The Company monitors the developers' compulsory integral assessment of pollutions during the construction and fulfillment of their respective commitments and compliance with the limits.

In addition, the Company ensures that during elaboration of the working design, the developers obtain the environmental impact statement, as well as during the building and assembling works they obtain environmental emission permits from the Region Natural Resources and Environmental Management Agencies.

For the purpose of management of its own impact on the environment, the Company takes measures to ensure lean consumption of paper, expendable supplies and energy resources, introduces and improves its electronic document management and reporting systems, seeks to reduce power consumption and improve energy efficiency.

Energy resource consumption in 2022	Electric power consumption, in thousand kW/h	Water consumption, in m ³	Heat supply, in Gcal
Green Quarter BC	36,796	20,836	4,512
Kazyna Tower BC	1,355	6,042	2,727



COMPONENT S. SOCIAL ASPECT

HUMAN RESOURCE DEVELOPMENT

The personnel are the Company's most valuable asset and its strategic partners in achieving sustainable development goals. According to the Corporate Human Resource Management Standard approved by the Company's Sole Shareholder, the portfolio companies update the key business processes related to human resource management in compliance with the reference model. Employees' engagement is assessed on an annual basis. In 2022, the engagement index was 76%. That means that it was within the stability zone and the management are required to be careful/monitor the situation, and that a minor interference may be required.

Regarding human resource management, the Company's priority focus areas are to meet the demand for specialists having adequate professional competences to implement the objectives set for the Company, to develop competences related to construction project management, to attract and implement investment projects, and to improve profitability of the company's operations. One of the critical directions of the Company's HR Policy is personnel development and granting employees opportunities for their professional and career growth, inspiring the employees to follow the corporate high-performance culture. Considering developing digital technologies, such teaching methods as online training courses, webinars and on-the-job trainings are actively used.

Key personnel-related indicators	2020	2021	2022
Average staff number as of the end of the year, in persons	99	99	76
Under labor contract	99	99	76
Under service agreement	11	12	42
Women	46	40	36
Men	53	59	40
Employee turnover, in %	21%	35%	15%
Number of employees on maternity leave and parental leave, in persons	6	4	3
Number of employees who returned to work upon expiration of their parental leaves and continued to work, in persons	3	2	2
Percentage of employees who returned to work upon expiration of their parental leaves and continued to work, in %	50	50	67
Payroll fund (including benefits and one-time bonuses included in the payroll fund, in thousand tenge)	1,165,340	939,846	1,036,600
Social tax (thousand tenge)	118,187	96,755	110,349

To recruit specialists having requisite skills and competences, the Company adheres to open competitive procedures for the personnel search and recruitment. All the vacancies are published in the corporate website Samruk-Kyzmet, QSamruk. 33 persons were employed in 2022 through the competitive procedures. All candidates are subject

to procedures for testing their professional expertise and assessment of the potential further development through the web-portal of Samruk Business Academy PI.

EMPLOYEES PERFORMANCE MEASUREMENT

Systematic performance reviews – 100% achieved. For the executive employees (members of the Management Board), the annual key performance indicators (KPI) are approved by the Board of Directors, and at the end of the year the KPI compliance is to be assessed. Performance of the employees accountable to the Board of Directors (4 employees) shall be measured by the Board of Directors against KPI approved at the start of the year.

The key performance indicators are communicated to the employees through the approval of the annual goal map by each employee. The efficacy of the performance

measurement is reviewed by means of the monitoring of fulfillment of the goal map for six months and the employee comprehensive performance measurement for the year.

Pursuant to the Employee Performance Measurement Procedure, the administrative and managerial personnel are subject to the comprehensive performance measurement on an annual basis, by December 31 of the reporting year. So, in 2022, the percentage of employees who regularly underwent performance and career development reviews amounted to 100% (100% in 2021).

PERSONNEL TRAINING

The requirements for the professional training are outlined in the Rules of the Company's Personnel Training and Development.

In order to ensure that the training covers each employee of the Company and that the demand for training and development is satisfied according to the Individual

Development Plans prepared by the employees, the employees are granted access to the Samruk-Kazyna Business Academy training portal, and they were also have been granted opportunities to complete online training courses offered by the leading training centers in the Republic of Kazakhstan.

Personnel training (hours)	2020	2021	2022
Average number of academic hours per employee per year	16.4	17.4	21.3
Women	16	18	25.6
Men	16.6	17	19.2
Executive and managerial personnel	16	12	12.8
Women	32	24	13
Men	12	18	12.7
Specialists	15.6	7.8	7.5
Women	16	8	7.2
Men	15.3	6.5	7.7

LABOR/MANAGEMENT RELATIONS

Regarding any significant projects implemented by the Company, an address by the Chairman of the Management Board to the employees has been compiled. So, in 2022, the address to the Company's employees was about the corporate culture development projects, as well as personnel engagement polls. At the same time, as a part of the Labor/Management Relations, the Company regularly holds:

- Weekly operational meetings with the participation of executive employees and heads of the structural subdivisions to discuss business operations.
- Semiannual meetings of the Chairman of the Management Board and all the employees of the structural subdivisions to discuss fulfillment of functional objectives and achievement of the approved goal maps for the reporting period.

- Quarterly meetings of the managers with the personnel in the "casual meeting" format to discuss in an informal setting matters, issues and employees' proposals. Reception hours have been established when the key personnel are available to consider employees' private matters on a weekly basis.

There are committees and working groups operating in the Company to discuss and adopt collegial decisions on the current matters related to the Company's operations.

INCENTIVE SYSTEM

The Company's labor remuneration system is subject to the Rules of Labor Remuneration and Bonus Payment to the company's employees. Their goal is to assist in the accomplishment of the Company's strategic goals through the establishment of the compensation practices, which would allow to incite the employees for their high performance during the reporting period and measure their performance while they are achieving goals set. In 2022, new posts were described, posts were graded, and the salary market was analyzed to assess the level of competitiveness of salaries of the Company's employees, the labor remuneration system was introduced subject to the grades established for the posts of the executive and administrative employees. Pursuant to the Rules of Rendering Social Support to the company's Employees, the following types of social support are available to employees of the Company: financial aid, compensation expenses, medical insurance

The Company maintains an Ombudsperson who receives employees and controls responses to their complaints and appeals of a social and labor nature. The Ombudsperson performs monthly awareness-building mailings. 10 appeals were received through the Nysana line, including 3 facts were affirmed and measures taken to remedy the violation; 6 ones appeared to be untrue, and one appeal is being considered.

of the employees and their family members, possibility to receive a compensation for sports club cards paid for by instalments through the money advancing by the Company. The Company provides for equal remunerations for men's and women's labor.

Based on their performance measurement results, employees are eligible for benefits in the form of bonuses to be paid to an extent of funds allocated for the payment of the variable part of the salaries.

On a professional holiday such Constructor's Day and Independence Day, the best employees of the Company are nominated for the awarding Certificates of Appreciation and award pins, including the proposals to issue them government awards are made.

OCCUPATIONAL HEALTH AND SAFETY

The Company places special emphasis on the health of its employees, working conditions and ensuring safety at work. To ensure the growth in the personal health potential of its employees and their family members, the Company:

- Provides access to medical insurance services (insurance against disease), including the round-the-clock consulting and dispatcher service (call center), medical ambulance services, hospital treatment, outpatient care, medical examination of employees, family physician and nurse's home services, dentist's services, flu vaccination, etc.
- Offers financial support in the form of a health improvement allowance payable to the annual leave.
- Supports assistance to the policies aimed at motivation and encouragement of the employees to lead a healthy lifestyle by granting them an opportunity to get discounts to visit sports institutions.

The Company has also been making organized efforts to ensure employees' safety at work:

- Organizes training for employees in production processes by means of the compulsory health and safety briefings and knowledge assessment. The fire safety and occupational safety briefing is also delivered primarily to the newly employed persons.
- Conducts scheduled maintenance of equipment and utility networks at the office premises of the administration building, computers and office appliances at the employees' workspaces.

The Company's employees work on floors 14-15 of the Green Quarter BC, Block T4 (hereinafter the "building"). Each workplace is equipped with office appliances, as appropriate to the functional role and in accordance with the occupational health and safety requirements. Emergency paths and exits from

the premises of the building are fitted with appropriate signs. Operability of the automatic fire fighting equipment in the building and fire safety of the personnel staying at their workplaces are ensured by the servicing company under a service contract. Inspections are carried out according to the technical regulation on a semi-annual basis.

The percentage of the employees' coverage with the occupational safety management system was 74%.

	2021	2022
Number of employees trained in occupational safety in compliance with the laws	197	241
Number of fire/combustion prevention drills held with assistance from the State Fire-Fighting Services	1	1
Number of employees having voluntary medical insurance from the employer	83	66
Number of on-the-job accidents recorded	0	0

In 2022, the fire safety service company, Zeus Energo LLP delivered the fire safety briefings to 15 employees of the Company.

Managers of levels CEO and CEO-1 completed the NEBOSH HSE training and were awarded the Certificate in Health and Safety Leadership Excellence.

The Company's authorized person in charge of occupational health and safety inspects

The practical development of the technical personnel's reacting skills in case of an accident and fires shall follow the approved On-Site Training Plan. The newly employed persons are delivered the fire safety introductory briefing. During working hours, temperature, illumination, as well as microclimate at the premises of the building where workplaces are located meet the sanitary and epidemiological requirements and are ensured by the routine recurring maintenance, scheduled preventive repairs and inspections of utility systems and services in the building.

the construction projects in accordance with the Regulation on Inspections of Construction Objects of Samruk-Kazyna Construction JSC for Compliance of Developers, Contractors/Subcontractors with the Health, Industrial and Fire Safety, and Environment Standards. In the result of the inspection carried out in 2022, a contractor's 96 industrial safety nonconformities were revealed, including 84 ones remedied.

as: ecological and educational projects, etc. In 2022, employees participated in the "Road to School" event, a self-development challenge among the Samruk-Kazyna young specialists, the first youth's forum of Samruk-Kazyna JSC, Samruk-Kazyna sports and athletic contest (chess, and folk table-top game togyzkumalak), the universe city marathon, and the IRONMAN race. In addition, a children's drawing contest was organized for children of the employees. The contest was held on the professional holiday, Constructor's Day.

CONTRIBUTION TO THE REGIONS' SOCIOECONOMIC DEVELOPMENT

As part of its project implementation, the Company has been contributing to the development of regions in which it operates, by ensuring that its contractors and partners pay taxes to the budget, creating new jobs, as well as by purchasing goods, works and services from local manufacturers. Over 1,500 jobs were created in 2022 through various construction projects.

The Company's socially oriented activities are evident through the improvement of affordability of apartments for the population due to new residential property commissioned; creation of favorable and comfortable living conditions for people through the implementation of the renovation program (wrecked and dilapidated housing); renewal of the architectural image of the city; improvement of the investment climate in the area of housing construction and regional development.

Additionally, the support provided to the construction sector in various regions contributes to the improvement of affordability of apartments for different groups of the population, and revival of the real estate market.

Pursuant to the "Construction of the infrastructural assets within the National Industrial Petrochemical Technopark Special Economic Zone in Atyrau Region", the company contributes to the development of the petrochemical

cluster, manufacturing of export-oriented products with a high value added, diversification of the industry and, hence, socioeconomic growth of the region through the timely commissioning of facilities built by it. During the operation and construction, it is planned to create 1,283 jobs and to pay taxes for about 1 billion tenge.

The construction of a combined steam and gas power plant with a capacity of up to 1,000 MW in Turkestan will improve the country's energy security will allow to compensate the deficient power generating capacities, to negate emergency voltage variations caused by the Central Asian (Uzbekistan, Kyrgyzstan) energy system and uninterruptedly supply electric power to the socially oriented critical infrastructure. Moreover, this power plant will create favorable conditions required for the integration of the renewable energy resources into the national power grid. To construct the power plant, 2 thousand new jobs are to be created.

SPONSORSHIP AND CHARITY

According to the Charity Policy and Charitable Program of Samruk-Kazyna JSC, the sponsorship and charitable activities are performed through the single operator of the Samruk-Kazyna JSC Group, the Samruk-Kazyna Trust Social Projects Development Foundation. The 2022 budget of the Company provided for no funds for these activities. As a part of the development of the volunteer movement within the Samruk-Kazyna JSC Group, the Company's employees take an active part in the volunteer movement, events and measures aimed at provision of social aid, such



COMPONENT G. GOVERNANCE ASPECT

CORPORATE GOVERNANCE STRUCTURE

In the modern economy, corporate governance is one of the critical factors that does not only predetermine the level of a company's development, but also the degree of its investment attractiveness.

The corporate governance system involves the work of the Sole Shareholder, the Board of Directors, Management Board, Corporate Secretary, Internal Audit Service and Compliance Controller. Such system is viewed as internal supporting tools and predetermines the goal setting mechanisms and means required to achieve and monitor the same.

The corporate governance optimizes the risk management, management control, and transparency improvement processes, as well as allows to ensure compliance with the procedure for consideration of matters and making decisions.

There is a clear division of powers and responsibilities between the Board of Directors, Management Board, officers and employees. Competences, powers, and responsibilities of the bodies shall follow the Charter and Provisions on the Board of Directors and the Management Board.

2022 REPORT ON ADHERENCE TO THE PRINCIPLES OF THE CORPORATE GOVERNANCE CODE OF SAMRUK-KAZYNA JSC

The Company consistently regards the establishment of an efficient corporate governance system based on best global practices as a top priority. The Company believes that adhering to the key principles of the Corporate Governance Code is a necessary condition for its long-term successful development and enhancement of its investment attractiveness.

The principles outlined in the Corporate Governance Code serve as a significant foundation for the Company's formulation of its own internal regulations and as a benchmark for achieving the best corporate governance practices. The Company aims to ensure that its corporate governance structure aligns with the laws of the Republic of Kazakhstan and the Corporate Governance Code of Samruk-Kazyna JSC, explicitly defining the allocation of responsibilities among its governance bodies. Adhering to corporate governance principles facilitates

the development of an effective approach essential for objectively analyzing the Company's activities. Corporate governance is based on the principles of fairness, integrity, responsibility, openness, accountability, transparency, professionalism, and competency.

An efficient corporate governance structure entails respecting the rights and interests of all stakeholders, contributing to the Company's successful operations, including an increase in its value and market price, as well as maintaining financial stability and profitability. The Company continuously takes measures to enhance its corporate governance system. The Report on Samruk-Kazyna JSC's adherence to the principles of the Corporate Governance Code is accessible on the Company's website: <https://skcn.kz/ru/news/otchet-o-sledovanii-principam>.

BOARD OF DIRECTORS

The Board of Directors is responsible for overseeing the day-to-day operations of the Company, except for matters falling under the exclusive authority of the Sole Shareholder. The following matters fall within the exclusive competence of the Board of Directors:

determining priority focus areas, approving the Company's Development Strategy, Business Plan, ensuring efficient operation of the risk management system, monitoring the Company's financial and economic activities, etc.

The practice of the Board of Directors is guided by principles such as reasonableness, efficacy, activity, good faith, integrity, responsibility, accuracy, professionalism, prudence, impartiality, and regularity.

The Chairman of the Board of Directors is accountable for overseeing and ensuring the efficient performance of duties by members of the Board of Directors, establishing proper communications and interactions, resolving any emerging corporate conflicts to minimize their adverse effects, and creating an environment that upholds proper balance of powers, accountability,

and independence in decision-making. The Chairman ensures the implementation of decisions adopted by the Board of Directors, possesses successful managerial experience, and commands respect and trust among both the members of the Board of Directors and other stakeholders.

In order to gradually achieve a more diverse composition of the Board of Directors and Management Board, the Company intends to ensure that the percentage of women in these bodies is at least 20%.

COMPOSITION OF THE BOARD OF DIRECTORS AND ATTENDANCE THE MEETINGS

Composition of the Board of Directors of the Company as of 31.12.2022:

Sr. No.	Name	Position	Elected to the Board of Directors as of
1.	Mukhtar Tazhigaliyev	Chairman of the Board of Directors, a representative of the Sole Shareholder	February 18, 2022
2.	Yelzhas Korabayev	Member of the Board of Directors, a representative of the Sole Shareholder	February 18, 2022
3.	Aktan Amanzholov	Independent Director	August 26, 2021

In 2022, the composition of the Board of Directors underwent the following changes:

- 1) By Resolution # 12/22 of the Management Board of Samruk-Kazyna JSC dated February 18, 2022:
 - The then current members of the Board of Directors were removed prior to expiry of their terms: Chairman of the Board of Directors of Samruk-Kazyna Construction JSC, representative of Samruk-Kazyna JSC Ye. Berdigulov and a member of the Board of Directors of Samruk-Kazyna Construction JSC, B. Sandykbayev.
 - Mukhtar Tazhigaliyev was elected Chairman of the Board of Directors of Samruk-Kazyna Construction JSC, representative of Samruk-Kazyna JSC – for the term until expiration of powers of the Board of Directors of Samruk-Kazyna Construction JSC overall, as specified by the Resolution of the Management Board of Samruk-Kazyna JSC dated April 26, 2021 (minutes #17/21).
 - Yelzhas Korabayev was elected a member of the Board of Directors of Samruk-Kazyna Construction JSC, a representative of Samruk-Kazyna JSC – for the term until expiration of powers of the Board of Directors

of Samruk-Kazyna Construction JSC overall, as specified by the Resolution of the Management Board of Samruk-Kazyna JSC dated April 26, 2021 (minutes #17/21).

2) Independent Director A.Amanzholov submitted request for an early resignation from July 18, 2022. According to the procedure set forth by paragraph 4 of Article 55 of the Law of the Republic of Kazakhstan "On joint stock companies", powers of A. Amanzholov were terminated upon his request. For the time being, the Company is waiting for the decision of the Management Board of Samruk-Kazyna JSC.

The Company's Board of Directors consists of 3 members, including one Independent Director and two representatives of the Sole Shareholder.

The information of the full composition of the Board of Directors of Samruk-Kazyna Construction JSC is available in the Company's website: <https://skcn.kz/ru/news/sostav>.

MEMBERS OF THE BOARD OF DIRECTORS (as of December 31, 2022)



MUKHTAR TAZHIGALIYEV

Chairman of the Board of Directors, a representative of the Sole Shareholder

Date of birth: August 11, 1971

Nationality: Republic of Kazakhstan

Date of election to the Board of Directors: February 18, 2022

Education:

- **1988–1993** – Kazakh Polytechnic Institute maned after V.I. Lenin, Mining Engineer.
- **1994–1996** – Kazakhstan Institute of Management, Economic and Strategic Research, Master of Public Administration.

Names of employers and offices held for the last 10 years:

- **From January 2022 till date** – Director of the Department of Oil and Gas, Mining and Energy Assets, Samruk-Kazyna JSC.
- **July 2021 – January 2022** – Co-Managing Director – Assets Management, Samruk-Kazyna JSC.
- **April 2021 – July 2021** – Managing Director – Corporate Governance and Social Labor Relationships, Samruk-Kazyna JSC.
- **April 2019 – April 2021** – Head of the Neftergas Directorate, Samruk-Kazyna JSC;
- **November 2017 – April 2019** – Director of the Department of Non-Operating Upstream Assets, KazMunaiGas NC JSC.
- **April 2017 – November 2017** – Performance and Change Management Manager, KMG Kashagan B.V. PLLC in the Republic of Kazakhstan.

- **2003–2005** – Shell Open University, Netherlands, Master of Petroleum Engineering.
- **2013–2014** – Nazarbayev University, Executive MBA.

- **August 2014 – November 2017** – Head of the Planning and Technology Subdivision, KMG Kashagan B.V. PLLC in the Republic of Kazakhstan.
- **April 2017 – November 2017** – Performance and Change Management Manager, KMG Kashagan B.V. PLLC in the Republic of Kazakhstan.
- **August 2014 – November 2017** – Head of the Planning and Technology Subdivision, KMG Kashagan B.V. PLLC in the Republic of Kazakhstan.

Combining jobs and membership at the Boards of Directors / Supervisory Boards of the company:

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

Holds no shares in the Company, its vendors or competitors.



YELZHAS KORABAYEV

Member of the Board of Directors, a representative of the Sole Shareholder

Date of birth: July 10, 1990

Nationality: Republic of Kazakhstan

Date of election to the Board of Directors: February 18, 2022

Education:

- **2009–2012** – The University of Manchester, Bachelor of Mathematics and Finances.
- **2011** – Oxbridge Learning Academy.
- **2012–2013** – Imperial College London, Master of Finances.
- **2017** – CFA level 2, a candidate to CFA level 3.

Names of employers and offices held for the last 10 years:

- **From February 2022 till date** – Director of the Department of Corporate Finances and Treasury, Samruk-Kazyna JSC.
- **April 2020 – January 2022** – Director of the Corporate Finance Department, Samruk-Kazyna JSC.
- **July 2018 – April 2020** – Director of the Treasury Department, Samruk-Kazyna JSC.
- **May 2017 – July 2018** – a Banking Expert in infrastructural and transport projects, European Bank for Reconstruction and Development.
- **March 2015 – May 2017** – Consultant on Transaction Assessment, Modeling and Structuring, Ernst & Young.
- **May 2014 – March 2015** – Financial Analyst, Department for Monetary Operations and Asset Management of the NF, National Bank of the Republic of Kazakhstan.
- **September 2012 – May 2014** – Financial Analyst, NIA Drilling Ltd.



AKTAN AMANZHOLOV

Member of the Board of Directors, Independent Director

Date of birth: August 30, 1975

Nationality: Republic of Kazakhstan

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

Education:

- Eurasian National University named after L.N. Gumilyov, ECM (Economics and Company Management);
- MBA, Master of Business Administration.
- Certified Project Director, IPMA Level A.

Names of employers and offices held for the last 10 years:

- **1995–2019** – BI-Group, including:
- **2007–2019** – General Director, Civil Division, Industry.
- **2006–2019** – General Director, ABK Kurylys 1 LLP.

Awards:

Kurmet Order, an Honorable Builder of Kazakhstan.

Holds the 100% participatory interest in Smart Stom Digital Stomatology Center LLP and the 50% participatory interest in Babylon HB LLP (production of constructional materials).

Shareholding in Samruk-Kazyna Construction JSC: holds no shares.

CRITERIA OF DIRECTORS' INDEPENDENCE

Pursuant to subparagraph 4), paragraph 29 of the Charter of Samruk-Kazyna Construction JSC, matters related to:

- Determining the quantitative composition and term of powers of the Board of Directors
- Election of its members and early termination of their powers
- Election of the Chairman of the Board of Directors
- Establishment of the amount and terms of payment of emoluments to the members of the Board of Directors
- Shall be within the exclusive competence of the Sole Shareholder.

According to subparagraph 20 of Article 1 of the Law "On joint stock companies", an "Independent Director" is defined as a member of the Board of Directors who:

- Is not affiliated with the Company.
- Has not been a member for three years prior to his/her election to the Board of Directors (unless he/she was an Independent Director of the Company).
- Is not affiliated with the Company's affiliates; is not related to the Company's officers or officers of any entities being affiliates of the Company through any subordination.
- Was not related to such persons through any subordination for three years prior to his/her election to the Board of Directors.
- Is/was not an auditor of the Company for three years prior to his/her election to the Board of Directors.

- Is not involved in an audit of the Company as an auditor working for an auditing firm, did not participate in such audit for the three years prior to his/her election to the Board of Directors.
- Is not a government employee.
- Does/did not act as a representative of the Sole Shareholder during meetings of the Company's bodies for three years prior to his/her election to the Board of Directors.

Members of the Board of Directors of the company shall notify the Board of the Company's Directors in advance of any combined positions, if they work for any other entities or combine posts.

Members of the Board of Directors may not be a part of the Board of Directors or combine jobs at other entities that are competitors of the company.

According to Resolution # 36/21 of the Management Board of the Sole Shareholder dated August 26, 2021, A. Amanzholov was elected as an Independent Director of the Company. The interrelations between the member of the Board of Directors, Independent Director, and the Company are subject to the agreement signed for the Company by the Chairman of the Board of Directors on August 26, 2021.

BOARD OF DIRECTORS' PERFORMANCE MEASUREMENT

Performance of the Board of Directors shall be measured in accordance with the Policy on Measuring the Performance of the Board of Directors and Its Committees, Chairman, Members of the Board of Directors, and Corporate Secretary. This policy was approved by the Resolution of the Company's Board of Directors on February 27, 2017 (minutes #130) and has been subsequently modified and amended as of November 8, 2019 (minutes #149).

According to this Policy, the Board of Directors may measure performance by engaging a consultant and by conducting interviews or questionnaires, or by using a combined approach: using their own resources when the process is coordinated by a consultant. The Sole Shareholder may also independently measure performance or engage a consultant for this purpose.

Independent performance measurement is required to be carried out at least once every three years. However, if the Company conducted corporate governance diagnostics during the reporting period by engaging independent consultants to avoid duplicative processes, a separate performance measurement for the same period is not required.

In 2021, the Sole Shareholder conducted external corporate governance diagnostics for the Company by engaging independent consultants from PricewaterhouseCoopers LLP. The goal was to provide recommendations for further improving corporate governance practices in line with international entities. The outcome of the performance measurement led to valuable recommendations for further enhancement.

In 2022, the Company's Board of Directors initially planned to conduct self-measurement for the period from January 1 to December 31, 2022. However, on November 23, 2022, during deliberations on "Conducting the Performance Measurement of the Board of Directors, Chairman of the Board of Directors, and Corporate Secretary of Samruk-

Kazyna Construction JSC", the Board of Directors, upon recommendations from the ESG Department of Samruk-Kazyna JSC, decided that conducting self-measurement for 2021–2022 would be inexpedient due to the absence of any Independent Director in the Board of Directors of Samruk-Kazyna Construction JSC.

QUALIFICATION UPGRADE OF MEMBERS OF THE BOARD OF DIRECTORS

The Company has established its Policy for the Qualification Enhancement of Members of the Board of Directors of Samruk-Kazyna Construction JSC and the Engagement of External Experts by the Company's Board of Directors. This policy outlines the rights and obligations of the Board of Directors members in terms of qualification enhancement and the involvement of third-party experts.

According to paragraph 9 of the Action Plan, in response to the orders of the President of the Republic of Kazakhstan regarding reforms of Samruk-Kazyna JSC, the Company was tasked with achieving a suitable reduction in general and administrative expenses. In alignment with this directive and to optimize costs, the expenses related to the qualification enhancement of the Board of Directors were reduced through adjustments to the Company's Business Plan for the period 2022–2026. Consequently, no training or qualification enhancement activities were undertaken for any Board of Directors members in 2022.

The activities of the Board of Directors are conducted according to the annually approved work schedule. In the year 2022, the Company's Board of Directors convened for 15 in-person meetings (sessions No. 168–182). A total of 109 matters, encompassing the fundamental aspects of the Company's operations, were deliberated upon.

As per the Provision on the Board of Directors, if one or more members are unable to attend a meeting in person, they may partake in discussions on the agenda

items using technical communication means (such as video sessions or telephone conference calls).

Throughout 2022, all meetings of the Board of Directors were held in-person, except for two sessions which were conducted in the form of video conferences.

In December 2022, a special on-site session took place involving members of the Board of Directors and representatives from the Investment Activities Support Sector of the Investment Department of Samruk-Kazyna JSC.

Moreover, efforts were undertaken to enhance the performance of the Board of Directors. Notably, changes were made to the agenda structure, prioritization of matters for consideration during meetings, and the updates of requirements for the Board of Directors' files.



Attendance of meetings of the Board of Directors by its members in 2022:

Member of the Board of Directors	Independent	Attendance of meetings of the BoD
Y. Berdigulov	no	3 of 3*
B. Sandykbayev	no	1 of 3*
A. Amanzholov	yes	8 of 8**
M. Tazhigaliyev	no	12 of 12***
Ye. Korabayev	no	12 of 12***

*Powers were terminated ahead of schedule according to Resolution # 12/22 of the Management Board of Samruk-Kazyna JSC dated February 18, 2022.

**Elected to the Board of Directors according to Resolution #36/21 of Samruk-Kazyna JSC dated August 26, 2021.

*** Elected to the Company's Board of Directors according to Resolution # 12/22 of Samruk-Kazyna JSC dated February 18, 2022.

KEY MATTERS CONSIDERED BY THE BOARD OF DIRECTORS IN 2022

During its meetings in 2022, the Board of Directors considered both strategic and current matters related to the operations, subject to its competence.

According to the Resolution of the Board of Directors, the following matters were considered and approved, with breakdown by the categories:

REPORTS

- On consideration of the Report on Activities Related to Commercial/ Non-Residential Property Management of Samruk-Kazyna Construction JSC for 2021;
- Consideration of the quarterly reports on fulfillment of the Business Plan of Samruk-Kazyna Construction JSC for 2021–2025 and semi-annual reports on in-depth analysis of financial statements;
- On consideration of the information about fulfillment of the roadmap for the implementation of the Samruk-Kazyna Construction JSC Development Strategy for 2018–2028, based on the 2021 results;
- Reports on the Company's financial and operating performance.

STRATEGIC MATTERS

- On the change to Resolution #156 of the Board of Directors dated March 4, 2021 regarding the Roadmap to withdraw SK Development LLP from the structure of the Samruk-Kazyna JSC Group (the second phase – the sale of Samruk-Kazyna Construction JSC's 49% participatory interest in SK Development LLP);
- On approval of the Development Strategy of Samruk-Kazyna Construction JSC for 2022–2031.

CORPORATE GOVERNANCE MATTERS

- Approval of the 2021 Annual Report of Samruk-Kazyna Construction JSC, including its sustainable development report prepared in compliance with the GRI Guidelines; approval of the report of the Company's compliance with the principles and provisions of the Corporate Governance Code for 2021;
- Determining the quantitative composition of the executive body of Samruk-Kazyna Construction JSC;
- On approval of the quantitative composition of the executive body of Samruk-Kazyna Construction JSC and the organizational structure of Samruk-Kazyna Construction JSC;
- Consideration of the report on proceedings of the Board of Directors and Corporate Secretary of the Company for 2021, as well as systematic monitoring of orders issued by the Board of Directors;
- Resolution to approve the recommendation to be given to the Company's Sole Shareholder to approve the audited annual financial statements of the Company for 2021 and the procedure for allocation of the Company's net profit for 2021;
- Quarterly reports on the implementation of the Plan for Improvement of the Samruk-Kazyna Construction JSC Corporate Governance.

MATTERS CONCERNING INVESTING ACTIVITIES

- On approval of the shift of the significant investment project "External Power Supply. Construction of the Overhead Line 220 kV and Substation 220 kV, the second independent source of power supply from COSAG plant to SWYD 220 kV of the Central Power Distribution Stations 3, 4 of Atyrau Refinery LLP" to the Implementation phase;
- On approval of the concept of the significant investment project "Construction of the Aerated Concrete Production Plant in Astana";
- On approval of the concept of the investment project "Construction of the Plant for Production of Wooden Building Materials Based on the CLT Technology in Karagandy" and the shift from the "Identification and Assessment" to the "Selection and Definition" phase;
- On approval of the concept of the implementation of the significant investment project "Construction of the infrastructural assets of the National Industrial Petrochemical Technopark Special Economic Zone in Atyrau Region (Karabatan prospects). Additional generating unit of the COSAG plant 165 MW" and shift from the "Identification and Assessment" to the "Selection" phase.

APPROVAL OF THE INTERNAL REGULATIONS

- On approval of the adjustments to the 2022–2026 Business Plan of Samruk-Kazyna Construction JSC.
- On approval of the 2023–2027 Business Plan of Samruk-Kazyna Construction JSC.

APPOINTMENTS AND EMOLUMENTS

- Consideration of the information about progress in the implementation of the Company's HR Policy for 2021 and achievement of the KPI under the 2021 HR Policy;
- Approval of the Succession Plan of the Board of Directors Kazyna Construction JSC for 2022–2024;
- Approval of the key performance indicator maps of the Company's executive employees that included actual values for the second half of 2021;
- On consideration of the key performance indicator maps of the executive employees of Samruk-Kazyna Construction JSC with actual values for 2021;
- On approval of the key performance indicator maps of the executive and managerial personnel of Samruk-Kazyna Construction JSC for 2022.

RISK MATTERS

- On approval of the limit for liabilities of Halyk Bank of Kazakhstan JSC to Samruk-Kazyna Construction JSC;
- On approval of the quarterly Risk Management Reports of Samruk-Kazyna Construction JSC;
- On approval of the limit for liabilities of First Heartland Jusan Bank JSC to Samruk-Kazyna Construction JSC;
- On approval of the risk register and matrix of Samruk-Kazyna Construction JSC for 2023;
- On approval of the overall risk appetite, levels of tolerance and key risk indicators of Samruk-Kazyna Construction JSC for 2023.

MATTERS CONCERNING DIVISIONS OF THE BOD

- On consideration of the 2021 Annual Report of the Internal Audit Service of Samruk-Kazyna Construction JSC;
- On approval of the 2022–2024 Strategic Plan of the Internal Audit Service of Samruk-Kazyna Construction JSC for 2022–2024;
- On approval of changes to the 2022 Annual Audit Plan of the Internal Audit Service of Samruk-Kazyna Construction JSC (repeatedly throughout the year);
- On consideration of the quarterly reports of the Internal Audit Service of Samruk-Kazyna Construction JSC;
- On assessment of activities of the Internal Audit Service' employees, Corporate Secretary, and Compliance Controller of Samruk-Kazyna Construction JSC.

COMMITTEES OF THE BOARD OF DIRECTORS

To back up operations of the Board of Directors, the Company created the following committees, which oversee consideration of matters and preparation of recommendations on the matters subject to their functional responsibilities:

- Auditing Committee;
- Committee for Appointments and Emoluments;
- Strategic and Investment Committee.

MANAGEMENT BOARD

The collegial body, i.e., the Management Board shall administer the day-to-day operations of the Company. The Management Board is headed by the Chairman of the Management Board. The activities of the Management Board are aimed to ensure the maximum respect for the interests of the Sole Shareholder, as well as fulfillment of the Company's objectives and implementation of its strategy. The organization of the Management Board's proceedings, the procedure for convocation and holding of its meetings, as well as the decision-making procedure shall follow the Provision on the Company's Management Board. The main principles of the Management Board's activities are as follows: integrity, good faith, reasonableness, prudence, and regularity. The Management Board systematically holds its meetings by personal attendance. There are 3 Committees operating under the Management Board: The Performance Planning and Management Committee, Risk Management Committee, and the Sustainable Development Committee.

Furthermore, according to the resolution of the Management Board of Samruk-Kazyna JSC dated January 24, 2022 (minutes # 06/22) powers of the Chairman of the Management Board of Samruk-Kazyna Construction JSC, Bolatkan Sandykbayev, as well as labor relations with him were terminated prior to the relevant expiration dates; according to the resolution of the Management Board of Samruk-Kazyna JSC dated February 24, 2022 (minutes #13/22), Maulen Aimanbetov was approved and appointed Chairman of the Management Board of Samruk-Kazyna Construction JSC from March 2, 2022.

Pursuant to the Provisions on the Committees under the Board of Directors, each Committee shall annually submit its status report to the Board of Directors. No meetings of the Committees were held in 2022 due to the change in the number of members of the Board of Directors.

In addition, according to the resolutions of the Company's Board of Directors dated January 24, 2022, powers of Darkhan Musanov as the Managing Director for Procurements and Asset Management – a member of the Management Board of Samruk-Kazyna Construction JSC and labor relations with him were terminated ahead of schedule, dated April 29, 2022 powers of Marat Iliyas as the Managing Director for Operations – a member of the Management Board of Samruk-Kazyna Construction JSC and labor relations with him were terminated ahead of schedule, dated December 23, 2022, powers of Makhabbat Uali as Deputy Chairman of the Management Board – Economic and Finances – a member of the Management Board of Samruk-Kazyna Construction JSC and labor relations with him were terminated prior to the relevant expiration dates, dated December 23, 2022, powers of Alimzhan Abdraimov as Deputy Chairman of the Management Board – Operations and a member of the Management Board of Samruk-Kazyna Construction JSC as well as labor relations with him were terminated ahead of schedule.

MEMBERS OF THE MANAGEMENT BOARD (AS OF DECEMBER 31, 2022)



MAULEN AIMANBETOV

Chairman of the Management Board

Date of birth: January 28, 1966

Place of birth: Kazakh SSR, Alma-Ata

Nationality: Republic of Kazakhstan

Elected Chairman of the Management Board on: March 2, 2022

Education:

- **1983–1990** – Ust-Kamenogorsk Road Construction Institute, Almaty General Technical Department, Motorway Construction Engineer.
- **2000–2002** – Kazakh National Agrarian University, Agricultural Scientist.
- **2000–2002** – Kazakh Economic University named after T. Ryskulov, Economist.
- **2011–2013** – International Academy of Business NSEE (modular education), Management, Master of Business Administration.

Names of employers and offices held for the last 10 years:

- **From March 2, 2022, till date** – Chairman of the Management Board of Samruk-Kazyna Construction JSC.
- **September 2020 – March 2022** – Deputy Akim of Shymkent City, oversight of the offices of construction, energy and infrastructure development, architecture, town planning and land relations, development of the comfortable urban environment and emergency department.
- **June 2014 – September 2020** – head of the Capital Projects Department of the Presidential Affairs Office of the Republic of Kazakhstan. Design and construction of the Presidential Affairs Office's facilities and transfer thereof from one account to another.

- **February 2014 – May 2020** – deputy head of the Capital Projects Department of the Presidential Affairs Office of the Republic of Kazakhstan. Construction projects of the Presidential Affairs Office of the Republic of Kazakhstan.
- **March 2013 – August 2013** – deputy Director of the Akmola Region Highway Department of the Automobile Road Committee.
- **May 2008 – March 2013** – deputy Akim of Almaty District, Astana. Oversight of the beautification, planting, lighting and sanitary maintenance of the streets and block spaces.

Awards:

Was presented with the Kurmet Order (2017) and commemorative medals: "The 20th Anniversary of Independence of the Republic of Kazakhstan" (2011), "The 30th Anniversary of Independence of the Republic of Kazakhstan" (2021).

Jobs combined:

from August 22, 2022, till date – Chairman of the Board of Guardians of the "Project Construction Company" Corporate Foundation.

Holds no shares in the Company, its vendors or competitors.



GABIT MALGAZDAROV

Deputy Chairman of the Management Board – Construction and Operation – a member of the Management Board of Samruk-Kazyna Construction JSC

Date of birth: May 26, 1975

Nationality: Republic of Kazakhstan

Elected to the Management Board on: December 01, 2022

Education:

- **1992–1997** – Eurasian University named after L.N. Gumilyov, weight-handling, road-building equipment and machinery, Machine Engineer.

Names of employers and offices held for the last 10 years:

- **From November 2022 till date** – Deputy Chairman of the Management Board – Construction and Operation – a member of the Management Board of Samruk-Kazyna Construction JSC.
- **October 2022 – November 2022** – Deputy Chairman of the Management Board – Construction and Operation, Samruk-Kazyna Construction JSC.
- **July 2022 – October 2022** – Integra Construction KZ LLP Project Manager.
- **January 2018 – April 2022** – head of the Department for Management of Subordinate Organizations, Presidential Affairs Office of the Republic of Kazakhstan.
- **2003–2005** – Kazakh Humanitarian Juridical University, International Law, bachelor's in international law.
- **May 2015 – January 2018** – deputy head of the Capital Projects Department of the Presidential Affairs Office of the Republic of Kazakhstan.
- **March 2015 – May 2015** – acting deputy head of the Capital Projects Department of the Presidential Affairs Office of the Republic of Kazakhstan.
- **August 2013 – February 2015** – Engineer, Keremet Invest LLP.
- **December 2010 – July 2013** – head of the Capital Projects Department of the Presidential Affairs Office of the Republic of Kazakhstan.

Holds no shares in the Company, its vendors or competitors.



DAULETBEK SEITBEKOV

Director of the Department for Assets Operation and Sales – member of the Management Board

Date of birth: June 18, 1965

Nationality: Republic of Kazakhstan

Elected to the Management Board on: December 23, 2022

Education:

- **1986–1989** – Voronezh Special Secondary School of the Ministry of Internal Affairs of the USSR, Electrical Communication Technician.
- **2003–2006** – Kazakh National University named after K. Satbayev, Engineer of Multichannel Telecommunication System.
- **2013–2015** – Kazakh National Technical University named after K. Satbayev, Oil and Gas Engineering.

Names of employers and offices held for the last 10 years:

- **From December 2022 till date** – acting Deputy Chairman of the Management Board – Operations, Samruk-Kazyna Construction JSC.
- **June 2022 till date** – Director of the Department for Assets Operation and Sales – member of the Management Board – member of the Management Board, Samruk-Kazyna Construction JSC.
- **January 2022 – June 2022** – advisor to the President of the Association of Bona Fide

Holds no shares in the Company, its vendors or competitors.

Manufacturers, Importers and Sellers of Alcoholic and Tobacco Products of Kazakhstan.

- **October 2017 – December 2022** – Deputy Director of Technical Service subsidiary of Kazpost JSC.
- **March 2017 – May 2017** – Chief Specialist of the Coordination Department Region Center of Information Technologies.
- **May 2012 – March 2017** – Head of the Logistics and Capital Construction Division of the Administrative Department, Kazsatnet NC JSC.
- **June 2008 – May 2012** – Head of the Department, Head of the Administration “Centralized Republican Headquarters of Militarized Professional Emergency Rescue Services” Republican State Budget-Supported Enterprise of the Emergency Ministry of the Republic of Kazakhstan.

REPORT ON ACTIVITIES OF THE MANAGEMENT BOARD IN 2022

In 2022, the management board held 47 meetings in presentia, where resolutions on 240 matters were approved.

Attendance of the meetings of the Management Board by members of the Management Board in 2022:

Member of the Management Board	Attended meetings of the Management Board
M. Aimanbetov	37 of 47
B. Sandykbayev	3 of 47
D. Musanov	3 of 47
M. Ilias	14 of 47
M. Uali	45 of 47
A. Abdraimov	13 of 47
G. Malgazdarov	4 of 47
D. Seitbekov	1 of 47

Key resolutions approved by the Management Board in 2022:

REPORTS
<ul style="list-style-type: none"> Reports on fulfillment of the Company's 2021–2025 Business Plan, including Report on the 2021 Annual Budget implementation and in-depth analysis of the Samruk-Kazyna Construction JSC financial statements; Reports on the investment projects implementation; Monthly monitoring of the key risk indicators.
SUSTAINABLE DEVELOPMENT
<ul style="list-style-type: none"> Approval of the 2023 Annual Budget of Samruk-Kazyna Construction JSC; Preliminary approval of the 2023–2025 ESG Introduction Plan of Samruk-Kazyna Construction JSC.
PREAPPROVAL OF MATTERS TO BE APPROVED BY THE BOD
<ul style="list-style-type: none"> Approval of the 2023–2027 Business Plan of Samruk-Kazyna Construction JSC; Approval of the 2021 Audited Annual Financial Statements of Samruk-Kazyna Construction JSC (consolidated and individual ones).
APPROVAL OF THE INTERNAL REGULATIONS
<ul style="list-style-type: none"> Approval of the key parameters of the Company's treasury portfolio; Provision on the Company's Structural Subdivisions; Dispute/Conflict Settlement Agreement; Internal Labor Regulations; Investment Project Selection and Consideration Procedure; Procedure for Effecting Payments in the Course of the Investment Project Implementation; Investment Project Selection and Consideration Procedure in the "constructional materials manufacturing" field; Instruction on Samruk-Kazyna Construction JSC's Procurements of Integrated Works Related to Construction and Design of Secondary Schools in Pursuance of the Comfortable School National Project Through a Special Procedure.

CORE ACTIVITIES

- Approval of the price and rental cost of commercial premises and apartments in the residential complexes.
- Approval and acceptance of the internal regulations regulating activities of the Company and its subsidiaries, including staff number and organizational structure.
- A change in the membership of the Management Board of Samruk-Kazyna Construction JSC.
- On matters related to activities being within exclusive competence of the general meeting of members of companies, participatory interests and shares in which have been transferred in trust of Samruk-Kazyna Construction JSC.

REPORT ON EMOLUMENTS OF THE BOARD OF DIRECTORS

Members of the Company's Board of Directors, other than its Independent Directors, shall provide their services on a free-of-charge basis. The procedure for payment of remunerations to the Independent Directors shall be in compliance with the Rules of Formation of the Board of Directors of the Samruk-Kazyna JSC Group. In 2022, the remunerations paid to the Independent Directors amounted to 5,317,808 tenge after taxes and other obligatory deductions as required by the laws of the Republic of Kazakhstan.

The amount of the remunerations paid to the members of the Management Board in 2022 is disclosed in Annex 3 to the Annual Report (see Note 29 to the audited annual financial statements of Samruk-Kazyna Construction JSC for 2022).

Performance of the Company's executive employees/ members of the Management Board shall be measured by their fulfillment of the key performance indicators, which describe the Company's financial and economic performance and the degree of functional performance achieved by a member of the Management Board. The process of elaboration, approval and monitoring of the key performance indicator maps, as well as the procedure for calculation of the emolument amounts are set forth by the Rules of Performance Measurement and Remuneration of the Company's Executive Employees approved by the resolution of the Board of Directors of the Company.

RISK MANAGEMENT AND INTERNAL CONTROLS

Risk management plays an important role in strategic planning and corporate governance processes, as well as in maintaining the financial stability of the Company. The Company's approach to risk management has been developed subject to the external and internal contexts and meets the principles set forth by the international risk management standards.

The Company has its risk management system (RMS) in place, which is aimed at ensuring confidence in achievement of the current strategic and operating goals and limiting the risks' impact on the Company's operations. The RMS is the key component of the Corporate Governance System aimed at the timely identification, assessment and monitoring of every material risk, as well as taking timely and adequate measures to reduce the level of the risks.

The Company's risk management includes the following governance elements:

- Risk monitoring by the Board of Directors and creation of the risk culture.

- An ongoing analysis of the operations and determination of the risk appetite.
- Risk identification and the implementation of the risk response measures.
- assessment of changes in the activities, risk monitoring and implementation of measures.
- Risks, culture and performance reporting.

The organization of the risk management process at the Company ensures the interaction on the risk management matters across the management levels.

The information transferred vertically downwards promotes communicating the strategic goals, the level of the risk appetite and risk management approaches to the risk owners. The escalated flow of the information allows notify the Company's management on a timely and accurate basis of the status of any identified risks the Company is exposed to, changes in the assessment of probability and effect of their implementation, as well as the status of the implementation of the risk management measures.

STRUCTURE OF THE RISK MANAGEMENT SYSTEM

The Board of Directors of the Company play a pivotal role in terms of organization of and supervision for the efficient operation of the RMS. The Management Board of the Company shall bear responsibility for the elaboration and application of the internal controls and risk management policies and procedures. The key role in the setup and tracking of the risk management process' efficacy is played by the Risk Management Committee that is subordinate to the Management Board.

The Risk Management Service shall be in charge of coordination and continuous methodological support for the risk management process. The Risk Management Service provides continuous consulting and methodological support with regards

to the identification, analysis and assessment of the risks encountered by the Company.

Risk owners have been designated for each risk at the level of the members of the Company's Management Board and heads of the structural subdivisions responsible for aspects of management of the certain risk, in particular, reduction of the probability of the risk implementation and/or potential impact of the risk implementation on the Company.

There is a risk coordinator appointed at each structural subdivision of the Company. It is a specialist responsible for the organization and coordination of the structural subdivision's risk management efforts and interactions with the Risk Management Service.



RISK REGISTER AND MATRIX

The risks are identified and assessed according to the Risk Management and Internal Controls Policy of Samruk-Kazyna Construction JSC approved by the resolution of the Board of Directors of the Company (minutes #145 dated November 4, 2019).

The risks are assessed using the qualitative and quantitative tools to consider the probability of occurrence and impact of the risk. To ensure that the level of the residual risks is acceptable, risk management measures are being developed. The risk management proposals are made by the risk owners and included in the risk management action plan.

As of the end of the period, the risk register and matrix reflected the following material risks being critical to the Company:

- "Delayed commissioning of the constructed facilities";
- "Risk of the developer's failure to meet the liability repayment deadlines under the construction investment agreement";

- "Currency risk";
- "Delayed collection/ failure to collect rental payments".

To reduce the probability of the risk events implementation, in 2022 the structural subdivisions took the following measures:

- Visiting the construction projects, monitoring of compliance with the work schedules (weekly/ monthly), monitoring of return on investments;
- introduction of the rental payment accounting system to mitigate the risks associated with the manual monitoring of payments under the rent-to-own contracts;
- control for and monitoring of the remedy of any defects revealed in the property units owned by the Company;
- monitoring of the exchange rates with the view of purchasing the rubles at the most favorable exchange rate.

The Board of Directors shall, on annual basis, approve the risk-oriented Annual Audit Plan of the Internal Audit Service, as well as the key performance indicators of the Internal Audit Service and its Head. The Internal Audit Service's report is submitted to the Company's Board of Directors on a quarterly and annual basis. In its operations, the Internal Audit Service shall take into consideration the current International Standards for the Professional Practice of Internal Auditing and the Code of Professional Ethics of Internal Auditors adopted by the International Institute of Internal Auditors, and adhere to the local regulatory internal audit acts approved by the Company. In 2022, the Internal Audit Service fulfilled 12 scheduled assurance engagements and 1 off-schedule assurance engagement. Based on the results of the conducted assessments and audits, the Internal Audit Service shall prepare its relevant recommendations and comments on any matters being within its competence.

According to the Annual Qualification Upgrade Plan, the Internal Audit Service personnel held workshops and trainings to improve refresher trainings and skill enhancement. The Internal Audit Service employees systematically attend meetings of the members of the Institute of Internal Auditors of the Republic of Kazakhstan.

INTERNAL AUDIT

There is a generally recognized internal audit model at the Company. The internal audit functions are segregated from the internal controls and risk management functions. The internal audit is in the special functional and administrative subordination and accountability mode, which is supposed to ensure impartiality and independence. The Internal Audit Service is created to assist in achievement of the strategic goals and objectives through the application of a systematized and consistent approach to the assessment and improvement of efficacy of the internal controls and risk management system in the course of audits and consultations. The Internal Audit Service is accountable to the Board of Directors of the Company.

In compliance with its objectives, the Internal Audit Service shall perform the following functions:

- Assesses adequacy and efficacy of the Company's internal controls system.
- Assesses completeness of the application and efficacy of the Company's risk assessment methodology and risk management procedures.
- Assesses the introduction and compliance with the adopted corporate governance principles, relevant ethical standards and values of the Company, etc.

EXTERNAL AUDIT.

The Company engages an auditing firm through an open tender to verify reliability of its annual financial statements.

The 2022 financial statements were audited by one of the Big Four firms, Ernst and Young LLP. The fees paid to Ernst and Young for the audit of the 2022 financial

statements amounted to 32,032,000 tenge, including VAT. The external auditor did not provide any non-auditing services to the Company.

CONTACT DETAILS

Samruk-Kazyna Construction JSC.

010000, Astana, Yessil District, Syganak St., 17/10,

Tel.: +7 7172 570210 (reception),

Tel.: +7 7172 570199 (Strategy and External Relations Department),

E-mail: info@fnsk.kz.



**SAMRUK-KAZYNA
CONSTRUCTION**



ANNEXES.

Annex 1

to the 2022 Annual Report of Samruk-Kazyna Construction JSC

INFORMATION OF THE MAJOR TRANSACTIONS

In 2022, the Company concluded the following transactions.

Transactions with interested-parties:

- Contract # 662596/2022/1 dated 18.01.2022 for office premise lease services signed with United Chemical Company LLP;
- Contract # 652097/2022/1 dated 24.01.2022 for the purchase of office appliances lease services signed with KT CLOUD LAB LLP;
- Contract #671641/2022/1 dated 28.01.2022 for the purchase of the services related to the use of the e-procurement information system with Samruk-Kazyna Contract LLP;
- Contract # 671281/2022/1 dated 31.01.2022 for office premise lease services signed with SK Water Solutions LLP;
- Contract # 666966/2022/1 dated 01.01.2022 for the purchase of personnel transportation services signed with Samruk-Kazyna Business Service LLP;
- Contract # 7 dated 08.02.2022 for office premise lease services signed with QazCloud LLP;
- Contract # 11 dated 21.02.2022 for office premise lease services signed with Samruk-Kazyna Business Service LLP;
- Contract # 22 dated 29.04.2022 for office premise lease services signed with CCGT Turkestan LLP;
- Contract # 718309/2022/1 dated 08.06.2022 for the purchase of directory services signed with KT Cloud Lab LLP;
- Contract # 747963/2022/1 dated 01.08.2022 for the purchase of business process outsourcing services signed with Samruk-Kazyna Business Service LLP.

No major transactions were concluded during the reporting period.



**SAMRUK-KAZYNA
CONSTRUCTION**

Annex 2

to the 2022 Annual Report of Samruk-Kazyna Construction JSC

GRI CONTENT INDEX

Statement on Application	Samruk-Kazyna Construction JSC disclosed the information specified in this GRI Content Index, for the period from January 1 to December 31, 2022, with reference to the GRI Standards
GRI 1	GRI 1: 2021 Summary

GRI Standards	Disclosure	Name of the section
GRI 2: General Information Disclosure 2021	2-1 Information about the Company	About the Company
		Development strategy implementation
		Contact details
		Geographic Reach
	2-2 Enterprises covered by the Company's sustainable development reports	About the Report
	2-3 Reporting period, frequency and contacts	About the Report Contact details
	2-4 Restatements of information	About the Report
	2-5 External certification	About the Report
	2-6 Activities, value chain, and other business relationships	About the Company
	2-7 Personnel	Human resource development
	2-8 Workers who are not employees	
	2-9 Governance structure and composition	Corporate governance
	2-10 Nomination and selection of the highest governance body	Corporate governance
	2-11 Chair of the highest governance body	Corporate governance
	2-12 Role of the highest governance body in overseeing the management of impacts	Corporate governance
	2-13 Delegation of responsibility for managing impacts	Corporate governance
	2-14 Role of the highest governance body in sustainability reporting	Sustainable development
	2-15 Conflicts of interests	Anti-corruption
	2-16 Communication of critical concerns	
	2-17 Collective knowledge of the highest governance body	Corporate governance
	2-18 Evaluation of the performance of the highest governance body	Corporate governance
	2-19 Remuneration policies	Corporate governance
	2-20 Process to determine remuneration	Corporate governance
	2-21 Annual total compensation ratio	Corporate governance
	2-22 Statement on sustainable development strategy	Sustainable development

	2-25 Processes to remediate negative impacts	Anti-corruption
	2-26 Mechanisms for seeking advice and raising concerns	Labor/Management Relations
	2-27 Compliance with laws and regulations	In 2022, the Company paid penalties for violations of the laws of the Republic of Kazakhstan for the amount of 303,150 tenge (failure to meet the fire safety regulations and lack of lessees' consent with the collection and processing of their personal data).
	2-28 Membership associations	Membership of the Atameken National Chamber of Entrepreneurs of the Republic of Kazakhstan
	2-29 Approach to stakeholder engagement	Determining the substantial topics
	2-30 Collective bargaining agreements	The Company has been elaborating the collective bargaining agreements.
GRI 3: Substantial topics 2021	3-1 Determining the substantial topics	Sustainable development
	3-2 List of substantial topics	
	3-3 Management of materials	
GRI 201: Economic indicators 2016	201-1 Direct economic value generated and distributed	Annex 3. Financial statements
	201-2 Financial implications and other risks and opportunities due to climate	
	201-3 Liabilities under defined benefit plans and other retirement benefit plans	
	201-4 Financial assistance received from government	
GRI 203: Indirect economic effects 2016	203-1 Infrastructure investments and services supported	Social responsibility
	203-2 Significant indirect economic impacts	
GRI 204: Procurement practice 2016	204-1 Proportion of spending towards local vendors	Social responsibility
GRI 205: Anti-Corruption 2016	205-1 Operations assessed for risks related to corruption	Anti-corruption
	205-2 Communication and training about anti-corruption policies and procedures	
	205-3 Confirmed incidents of corruption and action	
GRI 308: Supplier Environmental Assessment 2016	308-1 New suppliers that were screened using environmental criteria	Pursuant to the ESG Introduction Plan, it is planned to develop proposals regarding application of the ESG criteria in the procurement activities.
	308-2 Negative environmental impacts in the supply chain and actions taken	
GRI 401: Employment 2016	401-1 New employee hires and employee turnover	Human resource development
	401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	Occupational health and safety
	401-3 Parental leave	Human resource development
GRI 402: Labor/Management Relations 2016	402-1 Minimum notice periods regarding operational changes	The minimum notice periods regarding operational changes are in compliance with the Labor Code of the Republic of Kazakhstan.
GRI 403: Health and safety 2018	403-1 Occupational health and safety management system	Occupational health and safety
	403-2 Hazard identification, risk assessment, and incident investigation	Occupational health and safety

	403-3 Occupational health services	Occupational health and safety
	403-4 Worker participation, consultation, and communication on occupational health and safety	
	403-5 Worker training on occupational health and safety	
	403-6 Promotion of worker health	
	403-7 Prevention and mitigation of occupational health and safety impacts directly related to the business relations of the Company	
	403-8 Workers covered by an occupational health and safety management system	
	403-9 Work-related injuries	
	403-10 Work-related illness	This standard is not applicable to the Company.
GRI 404: Personnel training and education 2016	404-1 Average hours of training per year per employee	Human resource development
	404-2 Programs for upgrading employee skills and transition assistance programs	
	404-3 Percentage of employees receiving regular performance and career development reviews	
GRI 405: Diversity and equal opportunities 2016	405-1 Diversity of governance bodies and employees	
	405-2 Ratio of basic salary and remuneration of women to men	The salaries and remunerations are established depending on the office held in compliance with the in compliance with.
GRI 406: Non-discrimination 2016	406-1 Incidents of discrimination and corrective actions taken	Anti-corruption
GRI 415: Local communities 2016	413-1 Operations with local community engagement, impact assessments, and development programs	Sustainable development
GRI 415: State Policy 2016	415-1 Political contributions	The Company makes no political contributions.

Annex 3

to the 2022 Annual Report of Samruk-Kazyna Construction JSC

Samruk-Kazyna Construction JSC

Financial statements

For the year ended 31 December 2022
with independent auditor's report

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Statement of cash flow87

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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 financial statements of «Samruk-Kazyna Construction» JSC (the Company), which comprise the statement of financial position as at 31 December 2022, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at 31 December 2022 and its financial performance and its 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 financial statements* section of our report. We are independent of the Company 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 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 our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide an 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 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 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 financial statements.

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Key audit matter

Impairment of financial assets

As at 31 December 2022, the Company has significant loans receivable, finance lease receivables, cash and cash equivalents and amounts due from credit institutions. The Company 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 matter 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 9, 10, 14 and 16 to the 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 Company. We compared information used by the Company in its provision matrix with historical information on the Company'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 Company in respect of loans receivable, finance lease receivables, cash and cash equivalents and amounts due from credit institutions and the effect of IFRS 9.

Other information included in The Company's 2022 Annual Report

Other information consists of the information included in The Company's 2022 Annual Report, other than the financial statements and our auditor's report thereon. Management is responsible for the other information. The Company's 2022 Annual Report is expected to be made available to us after the date of this auditor's report.

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

In connection with our audit of the 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 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» JSC for the financial statements

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

30 years in
Kazakhstan

A member firm of Ernst & Young Global Limited



In preparing the financial statements, management is responsible for assessing the Company'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 Company or to cease operations, or has no realistic alternative but to do so.

Board of Directors are responsible for overseeing the Company's financial reporting process.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the 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 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 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 Company'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 Company'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 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 Company to cease to continue as a going concern.
- ▶ Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Board of Directors of «Samruk-Kazyna Construction» JSC 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 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, actions taken to eliminate threats or safeguards applied.

From the matters communicated with Board of Directors, we determine those matters that were of most significance in the audit of the 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
No, 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 15 July 2005

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

27 February 2023

Samruk-Kazyna Construction JSC

Financial statements

STATEMENT OF FINANCIAL POSITION

At 31 December 2022

<i>In thousands of tenge</i>	Notes	2022	2021
Assets			
Non-current assets			
Property, plant and equipment	5	187,681	212,060
Investment property	6	3,687,570	3,793,230
Investment in an associate		35,453	15,544
Advances paid to construction companies	8	—	8,471,414
Intangible assets		59,557	41,194
Non-current financial assets	9	42,451,822	46,343,025
Non-current loans issued	14	6,739,119	17,602,955
Amounts due from credit institutions	10	24,776,775	31,386,386
Other non-current assets	12	6,957,177	6,376,111
		84,895,154	114,241,919
Current assets			
Inventories		6,171	6,836
Real estate for sale	7	290,314	53,092
Advances paid to construction companies	8	3,739,091	—
Trade accounts receivable	13	320,370	2,593
Loans issued	14	17,399,086	440,145
Prepaid income tax		1,519,747	537,257
Current financial assets	15	5,317,120	9,193,162
Amounts due from credit institutions	10	75,813	104,802
Other current assets	11	2,260,297	386,042
Cash and cash equivalents	16	27,546,661	40,785,783
		58,474,670	51,509,712
Total assets		143,369,824	165,751,631

Samruk-Kazyna Construction JSC

Financial statements

STATEMENT OF FINANCIAL POSITION (continued)

<i>In thousands of tenge</i>	Notes	2022	2021
Equity and liabilities			
Equity			
Share capital	17	19,990,162	19,990,162
Additional paid-in capital	17	3,437,245	3,437,245
Revaluation reserve for fair value of financial assets at fair value through OCI		212,574	227,317
Retained earnings		40,345,386	37,092,232
Total equity		63,985,367	60,746,956
Non-current liabilities			
Other non-current liabilities	20	1,965,062	2,161,832
Deferred income		91,839	107,145
Accounts payable, long-term	21	—	2,086,004
Deferred tax liabilities	28	1,469,001	1,083,958
		3,525,902	5,438,939
Current liabilities			
Loans, short-term	18	59,082,123	81,880,635
Bonds	19	13,174,356	11,801,600
Accounts payable	21	2,158,781	3,880,636
Other current liabilities	22	1,443,295	2,002,865
Total current liabilities		75,858,555	99,565,736
Total liabilities		79,384,457	105,004,675
Total equity and liabilities		143,369,824	165,751,631

Deputy Chairman of the Management Board for Economy and Finance –
Member of the Management Board

Mukushev B.A.

Chief accountant

Sipuldina B.K.

The accounting policies and explanatory notes on pages 87 to 118 are an integral part of these financial statements.

The accounting policies and explanatory notes on pages 87 to 118 are an integral part of these financial statements.

Samruk-Kazyna Construction JSC

Financial statements

STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2022

<i>In thousands of tenge</i>	Notes	2022	2021
Revenue	23	19,641,119	14,314,798
Cost of sales	24	(6,751,854)	(1,304,390)
Gross profit		12,889,265	13,010,408
General and administrative expenses	25	(1,675,694)	(1,541,310)
Reversal of allowance for expected credit losses on financial assets 10,11,14,16		1,146,253	588,913
Accrual of impairment losses on non-financial assets		(454,761)	(167,119)
Operating income		11,905,063	11,890,892
Finance income	26	4,230,814	3,565,526
Finance costs	26	(3,134,351)	(2,971,425)
Share in profit of an associate		22,019	2,110
Foreign exchange loss, net	27	(6,566,852)	(329,440)
Other income		203,402	200,630
Other expenses		(159,572)	(28,022)
Profit before tax		6,500,523	12,330,271
Income tax expenses	28	(1,216,821)	(2,544,139)
Profit for the year		5,283,702	9,786,132
Other comprehensive (loss)/income to be reclassified to profit or loss in the subsequent periods:			
Net (loss)/income from financial assets measured at fair value through other comprehensive income		(14,743)	32,876
Other comprehensive (loss)/income for the year, net of tax		(14,743)	32,876
Total comprehensive income for the year, net of tax		5,268,959	9,819,008

Deputy Chairman of the Management Board for Economy and Finance –
Member of the Management Board

Mukushev B.A.

Chief accountant

Sipuldina B.K.

Samruk-Kazyna Construction JSC

Financial statements

STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2022

<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 2020	19,990,162	3,437,245	194,441	28,325,877	51,947,725
Profit for the period	–	–	–	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 17)	–	–	–	(1,019,777)	(1,019,777)
At 31 December 2021	19,990,162	3,437,245	227,317	37,092,232	60,746,956
Profit for the period	–	–	–	5,283,702	5,283,702
Other comprehensive loss	–	–	(14,743)	–	(14,743)
Total comprehensive income	–	–	(14,743)	5,283,702	5,268,959
Dividends (Note 17)	–	–	–	(2,030,548)	(2,030,548)
At 31 December 2022	19,990,162	3,437,245	212,574	(40,345,386)	63,985,367

Deputy Chairman of the Management Board for Economy and Finance –
Member of the Management Board

Mukushev B.A.

Chief accountant

Sipuldina B.K.

The accounting policies and explanatory notes on pages 87 to 118 are an integral part of these financial statements.

The accounting policies and explanatory notes on pages 87 to 118 are an integral part of these financial statements.

Samruk-Kazyna Construction JSC

Financial statements

STATEMENT OF CASH FLOWS

For the year ended 31 December 2022

<i>In thousands of tenge</i>	Notes	2022	2021
Cash flows from operating activities			
Sale of products and goods		7,151,896	589,449
Interest received		5,269,421	4,660,834
Rental proceeds		13,110,470	19,123,629
Other proceeds		2,429,388	9,775,225
Payments to suppliers for goods and services		(5,538,923)	(2,241,975)
Advances paid		(37,929)	(69,531)
Salary payments		(1,263,890)	(954,551)
Payment of interest on loans received and bonds	31	(3,356,611)	(3,021,953)
Corporate income tax		(1,814,268)	(2,131,520)
Other payments to the budget		(381,415)	(436,876)
Other payments		(4,028,134)	(2,422,672)
Net cash flows from operating activities		11,540,005	22,870,059
Cash flows from investing activities			
Real estate acquisition prepaid		—	(8,468,163)
Purchase of property, plant and equipment and intangible assets		(41,819)	(22,187)
Purchase of non-current assets		(3,899,923)	—
Loans to third parties		(13,117,804)	(11,333,041)
Return of bank deposits		6,758,025	11,320,901
Return of borrowings issued to third parties		15,528,129	2,697,448
Proceeds from the sale of an interest in an associate		—	13,982
Proceeds from sale of other equity instruments		—	8
Proceeds on debt securities		—	500,000
Other (payments)		(69,593)	(63,967)
Net cash flows from investing activities		5,157,015	(5,355,019)
Cash flows from financing activities			
Issue of bonds	31	—	11,500,000
Payment of the principal on loans received	31	(28,029,326)	(12,995,033)
Dividends paid	17	(2,030,548)	(1,019,777)
Net cash flows from financing activities		(30,059,874)	(2,514,810)
Net change in cash and cash equivalents		(13,362,854)	15,000,230
Change in allowance for expected credit losses	16	7,124	(8,982)
Effect of exchange rate changes on cash and cash equivalents		116,608	(10,585)
Cash and cash equivalents as at 1 January		40,785,783	25,805,120
Cash and cash equivalents as at 31 December	16	27,546,661	40,785,783

Deputy Chairman of the Management Board for Economy and Finance –
Member of the Management Board

Mukushev B.A.

Chief accountant

Sipuldina B.K.

The accounting policies and explanatory notes on pages 87 to 118 are an integral part of these financial statements.

Samruk-Kazyna Construction JSC

Financial statements

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2022

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, Astana, 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.
- Implementation of state social programs.

According to the Development Strategy for 2022-2031, which was approved by the decision of the Board of Directors on 15 September 2022, one of the Company's strategic goals is the implementation of state social programs. Within the framework of this strategic goal and in accordance with the Decree of the Government of the Republic of Kazakhstan dated 30 November 2022 No. 963 “On approval of the pilot national project in the field of education “Comfortable School”, since 2023 the Company has been determined as the Directorate for the targeted construction of objects of secondary education organizations as part of the framework of the first of three mechanisms, where the Company manages the project in accordance with the Rules for the provision of engineering services in the field of architecture, urban planning and construction activities, while the Company is endowed with the function of the contracting authority.

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.

Associates

As at 31 December 2022 and 31 December 2021, the Company had an interest ownership in the following organizations:

Name	Place of registration	Principal activities	Ownership	
			2022	2021
SK Development LLP	Kazakhstan	Development, financing and further management/sale of real estate properties, engineering supervision	49%	49%

These financial statements represent the Company's financial results for the year ended 31 December 2022 and its financial position as at that date.

Financial results of the Company 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 Company is observed upon commissioning of real estate properties.

In addition, the financial results of the Company 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 31).

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.

Samruk-Kazyna Construction JSC

Financial statements

NOTES TO THE FINANCIAL STATEMENTS (continued)**1. CORPORATE INFORMATION (continued)****Associates (continued)**

The financial statements of the Company for the year ended 31 December 2022 were approved for issue by the management of the Company on 27 February 2023.

2. BASIS OF PREPARATION

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

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

3. SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS

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

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 Company 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 Company 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 Company 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 Company's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future.

Samruk-Kazyna Construction JSC

Financial statements

NOTES TO THE FINANCIAL STATEMENTS (continued)**3. SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS (continued)****Expected credit losses (continued)**

The Company has significant balances of finance lease receivables within non-current and current financial assets as at 31 December 2022. Finance lease receivables consist of individually insignificant balances due from more than 8,000 individual lessees under the Nurlı Zher state program. The Company's management did not accrue allowance for expected credit losses on finance lease receivables as at 31 December 2022. The Company'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 – Company as lessor

The Company has entered into commercial property leases on its investment property portfolio. The Company 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 Company 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 Company 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 Company 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 6*.

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 Company assuming relevant recent market transactions.

Trust management agreements

During 2022, the Company had trust management agreements with "Samruk-Kazyna Ondeu" LLP (hereinafter referred to as "SKO") - formerly United Chemical Company LLP, a related party, to manage SKO shares in Karabatan Utility Solutions 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". The Company analysed the trust management agreements for existence of control over SKO subsidiaries in connection with the transfer to the trust management and concluded that control over the interests in SKO subsidiaries did not transfer to the Company as at 31 December 2022.

On 24 January 2019, the Company and the Parent company entered into a trust management agreement for the office building. The Company 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 Company as at 31 December 2022. The Company provides administrative building management services by leasing premises to other entities, mainly related parties.

On 15 September 2022, the Company and the Parent company entered into a trust management agreement, which is the sole shareholder of the "PGU "Turkestan" LLP. The trust management agreements are valid within the period of design, construction, pre-commissioning and reaching the full capacity of facilities of "Construction of power plant based on the combined – cycle plant in a maneuverable generation mode with a capacity up to 1000 mw in Turkestan region" project. The Company analysed the trust management agreements for existence of control over "PGU "Turkestan" LLP in connection with the transfer to the trust management and concluded that control over the interests in "PGU "Turkestan" LLP did not transfer to the Company as at 31 December 2022.

Samruk-Kazyna Construction JSC

Financial statements

NOTES TO THE FINANCIAL STATEMENTS (continued)**4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES****New standards, interpretations and amendments thereof**

The Company applied for the first time certain standards and amendments, which are effective for annual reporting periods beginning on or after 1 January 2022. The Company 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:

Onerous Contracts – Costs of Fulfilling a Contract – Amendments to IAS 37

An onerous contract is a contract under which the unavoidable cost of meeting the obligations under the contract exceeds the economic benefits expected to be received under it.

The amendments specify that when assessing whether a contract is onerous or loss-making, an entity needs to include costs that relate directly to a contract to provide goods or services including both incremental costs (e.g., the costs of direct labour and materials) and an allocation of costs directly related to contract activities (e.g., depreciation of equipment used to fulfil the contract and costs of contract management and supervision). General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract.

These amendments had no impact on the financial statements of the Company. The Company intends to apply practical simplifications in the future periods, if any.

Reference to the Conceptual Framework – Amendments to IFRS 3

The amendments replace a reference to a previous version of the IASB's *Conceptual Framework* with a reference to the current version issued in March 2018 without significantly changing its requirements.

The amendments add an exception to the recognition principle of IFRS 3 *Business Combinations* to avoid the issue of potential 'day 2' gains or losses arising for liabilities and contingent liabilities that would be within the scope of IAS 37 *Provisions, Contingent Liabilities and Contingent Assets* or IFRIC 21 *Leases*, if incurred separately. The exception requires entities to apply the criteria in IAS 37 or IFRIC 21, respectively, instead of the *Conceptual Framework*, to determine whether a present obligation exists at the acquisition date.

The amendments also add a new paragraph to IFRS 3 to clarify that contingent assets do not qualify for recognition at the acquisition date.

In accordance with the transitional provisions, the Company applies the amendments prospectively, i.e., to business combinations occurring after the beginning of the annual reporting period in which it first applies the amendments (the date of initial application).

These amendments had no impact on the financial statements of the Company as there were no contingent assets, liabilities or contingent liabilities within the scope of these amendments that arose during the period.

Property, Plant and Equipment: Proceeds before Intended Use – Amendments to IAS 16 Leases

The amendment prohibits entities from deducting from the cost of an item of property, plant and equipment, any proceeds of the sale of items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling such items, and the costs of producing those items, in profit or loss.

In accordance with the transitional provisions, the Company applies the amendments retrospectively only to items of PP&E made available for use on or after the beginning of the earliest period presented when the entity first applies the amendment (the date of initial application).

These amendments had no impact on the financial statements of the Company as there were no sales of such items produced by property, plant and equipment made available for use on or after the beginning of the earliest period presented.

Samruk-Kazyna Construction JSC

Financial statements

NOTES TO THE FINANCIAL STATEMENTS (continued)**4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)****New standards, interpretations and amendments thereof (continued)***IFRS 1 First-time Adoption of International Financial Reporting Standards – Subsidiary as a first-time adopter*

The amendment permits a subsidiary that elects to apply paragraph D16(a) of IFRS 1 to measure cumulative translation differences using the amounts reported in the parent's consolidated financial statements, based on the parent's date of transition to IFRS, if no adjustments were made for consolidation procedures and for the effects of the business combination in which the parent acquired the subsidiary. This amendment is also applied to an associate or joint venture that elects to apply paragraph D16(a) of IFRS 1.

These amendments had no impact on the financial statements of the Company as it is not a first-time adopter.

IFRS 9 Financial Instruments – Fees in the '10 per cent' test for derecognition of financial liabilities

The amendment clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf. There is no similar amendment proposed for IAS 39 *Financial Instruments: Recognition and Measurement*.

In accordance with the transitional provisions, the Company applies the amendment to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment (the date of initial application). These amendments had no impact on the financial statements of the Company as there were no modifications of the Company's financial instruments during the period.

The amendment removes the requirement in paragraph 22 of IAS 41 that entities exclude cash flows for taxation when measuring the fair value of assets within the scope of IAS 41.

These amendments had no impact on the consolidated financial statements of the Group as it did not have assets in scope of IAS 41 as at the reporting date.

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 Company's financial statements are disclosed below. The Company 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 Company.

- IFRS 17 *Insurance Contracts*;
- Amendments to IAS 1 – *Classification of Liabilities as Current or Non-current*;
- 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*;
- Amendments to IAS 12 – *Deferred taxation of assets and liabilities arising from one operation*.

Foreign currency translation

The Company's financial statements are presented in tenge, which is also the Company's functional currency and the presentation currency of these financial statements. The Tenge is the currency of the primary economic environment in which the Company operates.

Foreign currency transactions are initially recognized by the Company in the functional currency, translated at the relevant exchange rates on the date the transaction first qualifies for recognition.

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 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).

Samruk-Kazyna Construction JSC

Financial statements

NOTES TO THE FINANCIAL STATEMENTS (continued)**4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)****Foreign currency translation (continued)**

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 Company 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 Company 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.

Foreign exchange rates, in which the Company has conducted significant transactions are presented as follows:

<i>End period exchange rates (to tenge)</i>	31 December 2022	31 December 2021
1 US dollar	462.55	431.80
1 RUB	6.43	5.76
<i>Average exchange rate (to tenge)</i>	2022	2021
1 US dollar	467.74	426.03
1 RUB	7.16	5.79

Investments to associates

An associate is an entity over which the Company 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 Company'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 Company'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 statement of comprehensive income reflects the Company's share of the financial performance of the associate. Where there has been a change recognised directly in the equity of the associate, the Company recognises its share of any changes and discloses this, when applicable, in the statement of changes in equity.

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

The Company's share of profit of an associate is shown on the face of the 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 Company. When necessary, adjustments are made to bring the accounting policies in line with those of the Company.

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

The Company 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 Company 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 Company 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.

Samruk-Kazyna Construction JSC

Financial statements

NOTES TO THE FINANCIAL STATEMENTS (continued)**4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)****Current versus non-current classification**

The Company presents assets and liabilities in the 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 Company classifies all other liabilities as non-current.

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

Fair value measurement

The Company 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 31* 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 Company.

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 Company 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 31*.

Revenue recognition for contracts with customers

The Company'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 Company expects to be entitled in exchange for those goods or services. The Company 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 Company 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.

Samruk-Kazyna Construction JSC

Financial statements

NOTES TO THE FINANCIAL STATEMENTS (continued)**4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)**Revenue recognition for contracts with customers** (continued)*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 statement of comprehensive income in the period to which they relate on the accrual basis.

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 Company 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 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.

Samruk-Kazyna Construction JSC

Financial statements

NOTES TO THE FINANCIAL STATEMENTS (continued)**4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)**Income tax** (continued)*Deferred tax* (continued)

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.

Employee benefits*Social tax*

The Company 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 Company withholds 10% from the salary of its employees as contribution to pension fund. Under the legislation, the Company is responsible for the retirement benefits and the Company 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 Company's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Company has applied the practical expedient, the Company 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 Company has applied the practical expedient are measured at the transaction price determined under IFRS 15.

Samruk-Kazyna Construction JSC

Financial statements

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

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 Company’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 Company commits to purchase or sell the asset. Financial assets of the Company 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 Company. The Company 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.

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 Company’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 Company 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 profit or loss 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 Company’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 2022 and 2021, the Company has government bonds – financial assets at fair value through other comprehensive income.

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Financial statements

NOTES TO THE FINANCIAL STATEMENTS (continued)**4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)****Financial assets (continued)***Subsequent measurement (continued)**Financial assets designated at fair value through OCI (equity instruments)*

Upon initial recognition, the Company 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 profit or loss when the right of payment has been established, except when the Company 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 2022 and 2021, the Company 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 profit or loss. This category includes derivative instruments and listed equity investments which the Company 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 profit or loss when the right of payment has been established.

Derivatives embedded in host contracts are accounted for as 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.

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 Company 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 Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company 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 Company continues to recognise the transferred asset to the extent of its continuing involvement. In that case, the Company 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 Company 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 Company could be required to repay.

Samruk-Kazyna Construction JSC

Financial statements

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

The Company 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 Company 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 Company applies a simplified approach in calculating ECLs. Therefore, the Company does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Company 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 Company applies a simplification about low credit risk. At each reporting date, the Company 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 Company reviews the internal credit rating of the debt instrument. Besides, the Company believes that there has been a significant increase in credit risk if contractual payments are over 30 days past due.

As at 31 December 2022 and 31 December 2021, the Company had debt securities measured through OCI and represented by quoted government bonds.

Cash and cash equivalents

Cash and cash equivalents in the 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 statement of comprehensive income. The losses arising from impairment are recognised in the statement of comprehensive income within finance costs in case of loans and within other operating expenses in case of accounts receivable.

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 Company'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).

Samruk-Kazyna Construction JSC

Financial statements

NOTES TO THE FINANCIAL STATEMENTS (continued)**4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)****Financial liabilities (continued)***Subsequent measurement (continued)**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 Company that are not designated as hedging instruments in hedge relationships as defined by IFRS 9. d 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 profit or loss.

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 Company 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 Company. 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 profit or loss.

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 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 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.

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 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 Company.

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.

NOTES TO THE FINANCIAL STATEMENTS (continued)

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Investment property (continued)

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 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 Company 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 Company, 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 by 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 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 statement of comprehensive income in the category of expenses, which corresponds to the function of the intangible asset.

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 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.

NOTES TO THE FINANCIAL STATEMENTS (continued)

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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 Company 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 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 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 Company 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 Company 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 Company bases its impairment calculation on detailed budgets and forecast calculations, which are prepared by for each of the Company'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 statement of comprehensive income in expense categories consistent with the purpose of the impaired asset.

The Company 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 Company 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 statement of comprehensive income.

Samruk-Kazyna Construction JSC

Financial statements

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

Company as a lessor

Finance leases, which transfer to the Company 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 statement of comprehensive income.

Leases in which the Company 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 statement of comprehensive income on a straight line basis over the lease term.

Company as lessee

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

Provisions

Provisions are recognised when the Company 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 Company expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the statement of comprehensive income net of any reimbursement.

Samruk-Kazyna Construction JSC

Financial statements

NOTES TO THE FINANCIAL STATEMENTS (continued)**5. PROPERTY, PLANT AND EQUIPMENT**

Movement of property, plant and equipment in 2022 and 2021 is presented as follows:

<i>In thousands of tenge</i>	Land	Buildings	Office equipment	Total
Cost				
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
Additions	–	–	15,438	15,438
Disposals	–	–	(5,671)	(5,671)
At 31 December 2022	26,101	31,913	462,122	520,136
Accumulated depreciation				
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)
Depreciation charge for the year	–	(638)	(38,220)	(38,858)
Depreciation on disposal	–	–	4,712	4,712
At 31 December 2022	–	(5,797)	(326,658)	(332,455)
Net book value				
At 31 December 2021	26,101	26,754	159,205	212,060
At 31 December 2022	26,101	26,116	135,464	187,681

6. INVESTMENT PROPERTY

Movement of investment property for 2022 and 2021 is presented as follows:

<i>In thousands of tenge</i>	Building	Commercial premises	Total
Cost			
At 31 December 2020	4,850,854	10,345	4,861,199
At 31 December 2021	4,850,854	10,345	4,861,199
At 31 December 2022	4,850,854	10,345	4,861,199
Accumulated depreciation and impairment			
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)
Depreciation charge for the year	(105,247)	(413)	(105,660)
At 31 December 2022	(1,171,145)	(2,484)	(1,173,629)
Net book value			
At 31 December 2021	3,784,956	8,274	3,793,230
At 31 December 2022	3,679,709	7,861	3,687,570

In 2022, as a result of regular analysis of the fair value of investment properties, management of the Company came to a conclusion that the carrying amount of its commercial and residential premises did not exceed fair value of the properties.

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Financial statements

NOTES TO THE FINANCIAL STATEMENTS (continued)

6. INVESTMENT PROPERTY (continued)

As at 31 December 2022, the fair value of the Company's real estate properties amounts to 5,781,137 thousand tenge (2021: 5,825,228 thousand tenge).

7. REAL ESTATE FOR SALE

<i>In thousands of tenge</i>	Apartments	Parking lots	Other	Total
At 31 December 2020	19,538	–	53,092	72,630
Transferred from other non-current assets (Note 12)	7,916	–	–	7,916
Realised property (Note 24)	(27,454)	–	–	(27,454)
At 31 December 2021	–	–	53,092	53,092
Transferred from other non-current assets (Note 12)	1,167	1,388	–	2,555
Realised property (Note 24)	(5,683,424)	(1,388)	–	(5,684,812)
Additions (Note 8)	5,931,904	–	–	5,931,904
Other	–	–	(12,425)	(12,425)
At 31 December 2022	249,647	–	40,667	290,314

8. ADVANCES PAID TO CONSTRUCTION COMPANIES

The Company 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 Company 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 Company 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 Company 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 Company's advance payment.

The Real estate developer has a right to turn to the Company in writing form with a proposal to sell premises of the Company to third parties in accordance with the Company's share, and in case of receiving its written consent - to conclude an additional agreement to the Agreement with the right to sell these premises. Based on changes in the conditions of the construction agreement, the Company will classify advances issued into loans issued.

Movement of advances issued to construction companies for 2022 and 2021 is presented as follows:

<i>In thousands of tenge</i>	2022	2021
At the beginning of the year	8,471,414	–
Advances paid for the year	9,043,856	8,471,414
Real estate properties received (Note 7)	(5,931,904)	–
Impairment allowance	(527,840)	–
Transfer to loans issued (Note 14)	(5,960,461)	–
Guarantee payments	177,957	–
Transfer to other current assets (Note 11)	(1,533,931)	–
Advances for projects under construction	3,739,091	8,471,414
Less: current portion	(3,739,091)	–
Long - term portion	–	8,471,414

On 24 January 2022, the Company entered into an investment agreement with "Evergreen adv." LLP for construction of multifunctional residential complex with underground parking "Apple Residence" in Almaty city. According to the additional agreement dated 9 September 2022, real estate developer has to return the advance received in the amount of 1,683,931 thousands tenge and lost profits of the Company at the rate of 15.13% of the used advance in the amount of 254,779 thousands tenge. During 2022, the real estate developer made a return in the amount of 150,000 thousands tenge. According to the investment agreement, the Company has a collateral for the total amount of 3,622,708 thousands tenge. The remaining refund amount has been transferred to other current assets.

Samruk-Kazyna Construction JSC

Financial statements

NOTES TO THE FINANCIAL STATEMENTS (continued)

9. 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:

	2022		2021	
<i>In thousands of tenge</i>	Minimum payments	Present value of payments	Minimum payments	Present value of payments
Within one year	8,184,463	4,857,685	9,177,372	8,722,907
More than one year, but less than five years	31,435,829	17,833,438	35,426,031	26,747,642
Over five years	30,786,267	24,618,384	41,210,930	19,595,383
Total minimum lease payments	70,406,559	47,309,507	85,814,333	55,065,932
Less financial income	(23,097,052)	–	(30,748,401)	–
Present value of minimum lease payments	47,309,507	47,309,507	55,065,932	55,065,932
Less: amounts due for settlement within 12 months (Note 15)	–	(4,857,685)	–	(8,722,907)
Amounts due for settlement after 12 months	–	42,451,822	–	46,343,025

10. AMOUNTS DUE FROM CREDIT INSTITUTIONS

<i>In thousands of tenge</i>	2022	2021
Deposits with Kazakh banks	25,230,455	32,017,469
Allowance for expected credit losses	(377,867)	(526,281)
	24,852,588	31,491,188
Less: current portion	(75,813)	(104,802)
Non-current portion	24,776,775	31,386,386

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>	2022	2021
At the beginning of the year	526,281	2,384,281
Recovery	(148,414)	(1,858,000)
At the end of the year	377,867	526,281

11. OTHER CURRENT ASSETS

<i>In thousands of tenge</i>	2022	2021
Cash with Delta Bank JSC	5,067,301	5,067,902
Advances paid to «Evergreen adv.» LLP (Note 8)	1,533,931	–
Cash with KazInvestBank JSC	1,365,576	1,365,576
Restricted cash in Halyk Bank of Kazakhstan JSC	125,490	33,577
Cash with SB Alfa Bank JSC	4,690	4,690
Other current assets	604,923	356,910
Allowance for expected credit losses	(6,441,614)	(6,442,613)
	2,260,297	386,042

As at 31 December 2022, other current assets consist of debts on claims, funds placed with KazInvestBank JSC of 1,365,576 thousand tenge and with Delta Bank JSC in the amount of 5,067,301 thousand tenge, for which the Company created a 100% allowance for expected credit losses due to the deprivation of banks of a license to conduct banking and other operations.

Samruk-Kazyna Construction JSC

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NOTES TO THE FINANCIAL STATEMENTS (continued)

11. OTHER CURRENT ASSETS (continued)

The movement of allowance for expected credit losses on other assets is as follows:

<i>In thousands of tenge</i>	2022	2021
At the beginning of the year	6,442,613	6,600,158
Recovery	(999)	(71,549)
Written off from reserves	—	(85,996)
At the end of the year	6,441,614	6,442,613

12. OTHER NON-CURRENT ASSETS

<i>In thousands of tenge</i>	Finished real estate properties	Right of use of land	Other	Total
At 31 December 2020	831,797	—	2,550	834,347
Transferred to real estate for sale (Note 7)	(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
Transfer to assets held for sale	—	1,000,000	—	1,000,000
Other	—	(2,221,608)	—	(2,221,608)
Impairment	(167,119)	—	—	(167,119)
At 31 December 2021	258,792	6,114,086	3,233	6,376,111
Transferred to real estate for sale (Note 7)	(2,555)	—	—	(2,555)
Leased out	(19,970)	—	—	(19,970)
Termination of finance lease agreements	18,992	—	—	18,992
Transferred to intangible assets	—	(3,000)	—	(3,000)
Additions	—	505,678	—	505,678
Reversal of impairment	85,973	—	—	85,973
Disposals	(4,052)	—	—	(4,052)
At 31 December 2022	337,180	6,616,764	3,233	6,957,177

Other non-current assets include completed and non-completed real estate properties, for which the Company has no specific plans for use. For the year ended 31 December 2022, reversal of allowance for impairment in the amount of 10,409 thousand tenge is recorded in the reversal of allowance for impairment of non-financial assets in the statement of comprehensive income (2021: allowance for impairment in the amount of 167,119 thousand tenge).

13. TRADE ACCOUNTS RECEIVABLE

Trade accounts receivable of the Company represent receivables from operating lease and direct sale of commercial and residential premises. At 31 December 2022 and 2021, accounts receivable were denominated in tenge. As at 31 December 2022 and 2021 trade accounts receivable were not overdue and impaired.

Samruk-Kazyna Construction JSC

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NOTES TO THE FINANCIAL STATEMENTS (continued)

14. LOANS ISSUED

<i>In thousands of tenge</i>	2022	2021
Loan to Argon Stroy LLP	9,701,519	3,941,545
Loan to Ayt Housing Complex LLP	5,478,011	4,610,457
Loan to Smart Stroy 2050 LLP	4,780,560	—
Loan to Bavaria Construction LLP	2,532,885	—
Loan to KIK-Qurylys LLP	2,287,830	—
Loan to UK Buiding LLP	2,150,234	—
Loans issued to construction companies under Nurly Zher program	116,492	1,056,637
Loans to other companies	1,268,552	1,136,572
Loan to Bazis-Astana LLP	—	12,465,483
Less: allowance for expected credit losses	(4,177,878)	(5,167,594)
	24,138,205	18,043,100
Less: amounts to be repaid within 12 months	(17,399,086)	(440,145)
	6,739,119	17,602,955

Loan to Argon Stroy LLP

On 9 April 2021, the Company 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 Astana. According to the additional agreement signed in December 2021, the loan obligations were transferred to Argon Stroy LLP. In accordance with the terms of the agreement, the Company 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 Company by 30 May 2023. The amount of financing tranches issued by the Company for the end of 2022 amounted to 4,689,965 thousand tenge (2021: 3,006,211 thousand tenge).

For the year ended 31 December 2022, the Company recognized interest income in the amount of 2,005,343 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 Company 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 Company by 30 May 2024. The amount of financing tranches issued by the Company at the end of 2022 amounted to 3,549,584 thousand tenge, including a land plot with a carrying value of 1,221,608 thousand tenge.

For the year ended 31 December 2022, the Company recognized interest income in the amount of 2,205,236 thousand tenge.

Loan to Smart Stroy 2050

On 11 October 2022, the Company entered into an investment agreement in the construction of multi-apartment residential buildings located in Astana city. The Company provides construction financing with an accrual of investment income in the amount of 1,192,070 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 Company by 26 June 2023. The amount of financing tranches issued by the Company at the end of 2022 amounted to 4,080,258 thousand tenge.

Loan to KIK – Qurylys LLP

On 14 September 2022, the Company entered into an investment agreement in the construction of multi-apartment residential building “Sun city” located in Konayev city. The Company provides construction financing with an accrual of investment income in the amount of 374,246 thousand tenge. The amount of financing tranches issued by the Company at the end of 2022 amounted to 1,401,430 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 Company by 10 October 2023.

Samruk-Kazyna Construction JSC

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NOTES TO THE FINANCIAL STATEMENTS (continued)**14. LOANS ISSUED (continued)****Loan to KIK – Qurylys LLP (continued)**

In addition to that, the Company entered into an investment agreement with real estate developer in the construction of residential building dated 15 July 2022. The amount of financing tranches issued by the Company at the end of 2022 amounted to 753,648 thousand tenge. The expected investment income is 155,550 thousand tenge. The amount of provided financing and an investment income must be reimbursed by the Company until 10 November 2023.

Loan to UK Building

On 6 December 2022, the Company entered into an investment agreement in the construction of residential building with built-in and attached public facilities and multifunctional residential building located in Ust-Kamenogorsk city. The expected investment income amounted to 1,149,454 thousand tenge. The amount of financing tranches issued by the Company at the end of 2022 amounted to 2,128,619 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 Company by 15 June 2025.

As at 31 December 2022, loans to other companies included debt mainly from construction companies.

Loans issued as at 31 December 2022 and 2021 were denominated in tenge.

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

<i>In thousands of tenge</i>	2022	2021
At the beginning of the year	5,167,594	3,835,441
Recovery	(2,487,677)	(2,025,517)
Charge	1,497,961	3,357,670
At the end of the year	4,177,878	5,167,594

15. CURRENT FINANCIAL ASSETS

<i>In thousands of tenge</i>	2022	2021
Financial assets carried at amortised cost		
Finance lease payable (Note 9)	4,857,685	8,722,907
Other	32,629	30,117
	4,890,314	8,753,024
Financial assets at fair value through OCI		
Government bonds of the Republic of Kazakhstan	426,806	440,138
	426,806	440,138
Total current financial assets	5,317,120	9,193,162

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.

16. CASH AND CASH EQUIVALENTS

<i>In thousands of tenge</i>	2022	2021
Short-term deposits	22,611,050	21,841,092
Reverse autoREPO agreements with initial maturity of less than 3 months	4,768,058	18,797,245
Accounts with banks	172,033	159,050
Allowance for expected credit losses	(4,480)	(11,604)
	27,546,661	40,785,783

As at 31 December 2022, 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% (2021: 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 14.75-15.25%.

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NOTES TO THE FINANCIAL STATEMENTS (continued)**16. 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>	2022	2021
At the beginning of the year	11,604	2,622
Charge	(8,860)	(1,418)
Recovery	1,736	10,400
At the end of the year	4,480	11,604

17. SHARE CAPITAL

The charter capital of the Company 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 2022, the Company declared and paid dividends on its ordinary shares in the amount of 2,030,548 thousand tenge (2021: 1,019,777 thousand tenge).

18. LOANS

<i>In thousands of tenge</i>	% rate	Repayment	2022	2021
Credit facility No. 3	2.0%	2032		
Balance at the beginning of the period			49,577,848	56,657,835
Interest accrued			967,555	1,065,031
Payments			(5,689,255)	(8,145,018)
Balance at the end of the period			44,856,148	49,577,848
Credit facility No. 4	2.0%	2034		
Balance at the beginning of the period			17,858,600	23,263,567
Interest accrued			316,434	419,948
Payments			(3,949,059)	(5,824,915)
Balance at the end of the period			14,225,975	17,858,600
Loan agreement with SKCN Finance LLC	7.0%	2022		
Balance at the beginning of the period			14,444,187	14,149,079
Interest accrued			901,604	1,122,483
Foreign exchange difference			5,439,433	300,450
Payments			(20,785,224)	(1,127,825)
Balance at the end of the period			—	14,444,187
Current portion of loans			59,082,123	81,880,635
Non-current portion of loans			—	—

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

Samruk-Kazyna Construction JSC

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NOTES TO THE FINANCIAL STATEMENTS (continued)

18. LOANS (continued)

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.

During 2022, the Company repaid principal in the amount of 4,721,700 thousand tenge and interest in the amount of 967,555 thousand tenge (2021: 7,079,987 thousand tenge and 1,065,031 thousand tenge, respectively).

Credit facility No. 4

In 2016, the Company 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 an 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 Company received the entire amount of the loan.

During 2022, the Company repaid principal in the amount of 3,632,626 thousand tenge and interest in the amount of 316,433 thousand tenge (2021: 5,404,967 thousand tenge and 419,948 thousand tenge, respectively).

Loan agreement with SKCN Finance LLC

In December 2020, the Company entered into a loan agreement with SKCN Finance LLC for the total amount of 2,500,000 thousand Russian roubles 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 2022, the Company fully repaid the loan amount.

19. BONDS

On 15 March 2021, the Company placed 2,000,000 bonds with a nominal value of 1,000 Russian roubles each with an interest rate of 8% per annum. The coupon is paid semi-annually until 9 September 2023.

As at 31 December 2022, the carrying amount of debt securities in issue is Tenge 12,860,000 thousand (31 December 2021: 11,520,000 thousand tenge). The amount of interest payable on debt securities issued at the end of the period is 314,356 thousand tenge (31 December 2021: 218,600 thousand tenge). During 2022, the Company repaid interest in the amount of 962,400 thousand tenge (31 December 2021: 451,889 thousand tenge).

20. OTHER NON-CURRENT LIABILITIES

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

21. ACCOUNTS PAYABLE

<i>In thousands of tenge</i>	2022	2021
Accounts payable on land plots	2,086,004	5,891,187
Other	72,777	75,453
	2,158,781	5,966,640
Minus: amounts due within 12 months	(2,158,781)	(3,880,636)
Amounts due in more than 12 months	–	2,086,004

Accounts payable on land plots as of 31 December 2022 mainly include the acquisition of land plots, the purpose of which is investment in construction. As of 31 December 2022 and 2021, accounts payable were denominated in tenge and were interest-free.

Samruk-Kazyna Construction JSC

Financial statements

NOTES TO THE FINANCIAL STATEMENTS (continued)

22. OTHER CURRENT LIABILITIES

<i>In thousands of tenge</i>	2022	2021
Due under TMA with respect to Edelweiss RC and Akkent RC	480,725	310,446
Advances received	355,219	908,859
Salary payable	216,154	409,018
Taxes payable other than income tax	168,627	83,308
Due on TMA for the office building	125,490	33,577
Liabilities to payments under guarantee	29,958	140,444
Deferred income	15,306	15,306
Other current liabilities	51,816	101,907
	1,443,295	2,002,865

23. REVENUE

<i>In thousands of tenge</i>	2022	2021
Income from sale of residential and commercial premises	6,812,464	33,192
Interest income on interest bearing financing of construction companies	5,902,711	5,029,882
Financing lease income	5,302,715	7,338,380
Interest on special deposits under the Zelenyi Kvartal program	1,007,103	1,218,559
Operating lease income	351,625	310,033
Property management fee	203,952	271,229
Other revenue	60,549	113,523
	19,641,119	14,314,798

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

<i>In thousands of tenge</i>	2022	2021
Timing of revenue recognition		
The services are provided over a period in time	12,828,655	14,281,606
The goods are transferred at a certain point in time	6,812,464	33,192
	19,641,119	14,314,798

During 2022 and 2021, goods and services were sold in the Republic of Kazakhstan.

24. COST OF SALES

<i>In thousands of tenge</i>	2022	2021
Cost of residential and commercial premises sold (Note 7)	5,684,812	27,454
Interest expense	316,433	419,948
Payment indexation	289,028	276,809
Maintenance of real estate properties	225,298	309,241
Operating taxes	125,405	162,209
Depreciation and amortisation	105,660	105,660
Other	5,218	3,069
	6,751,854	1,304,390

Samruk-Kazyna Construction JSC

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NOTES TO THE FINANCIAL STATEMENTS (continued)

25. GENERAL AND ADMINISTRATIVE EXPENSES

<i>In thousands of tenge</i>	2022	2021
Payroll, other employee benefits and related taxes	1,125,184	1,099,934
Professional services	245,174	138,505
VAT expenses	87,503	61,393
Repair and maintenance	54,392	54,998
Depreciation and amortisation	49,996	46,253
Business trip expenses	40,966	17,849
Board of Directors expenses	6,520	7,781
Rent	6,212	10,800
Materials	5,569	3,153
Communication	5,332	5,670
Bank charges	2,693	2,182
Maintenance of building	511	625
Other	45,642	92,167
	1,675,694	1,541,310

26. FINANCE INCOME / FINANCE COSTS

<i>In thousands of tenge</i>	2022	2021
Finance income		
Interest income on bank deposits and current bank accounts	2,746,136	1,964,975
Income from reverse autoREPO agreements	1,458,266	1,419,132
Discount recognition	—	127,958
Income on government bonds	26,412	53,461
	4,230,814	3,565,526
Finance costs		
Interest expense on loans	(1,869,159)	(2,194,909)
Interest expenses for bonds issued	(1,111,244)	(738,156)
Discount amortization	(127,958)	—
Expenses associated with raising of funds	(25,990)	(38,360)
	(3,134,351)	(2,971,425)

27. FOREIGN EXCHANGE LOSS

As at 31 December 2022, the Company recognized a negative exchange rate difference in the amount of 6,566,852 thousand tenge (31 December 2021: negative exchange rate in the amount of 329,440 thousand tenge). The net negative exchange rate difference is caused mainly due to the significant change in exchange rate of Tenge to the Russian rouble.

28. INCOME TAX EXPENSES

Income tax expenses comprised the following for the years ended 2022 and 2021:

<i>In thousands of tenge</i>	2022	2021
Current income tax expenses	829,352	1,639,426
Adjustment of prior periods income tax	2,426	171,665
Deferred tax expense as a result of origination and reversal of temporary differences	385,043	733,048
	1,216,821	2,544,139

Samruk-Kazyna Construction JSC

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NOTES TO THE FINANCIAL STATEMENTS (continued)

28. INCOME TAX EXPENSES (continued)

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 2022 and 2021 is as follows:

<i>In thousands of tenge</i>	2022	2021
Profit before tax	6,500,523	12,330,271
Statutory tax rate	20%	20%
Income tax at statutory income tax rate	1,300,105	2,466,054
Income on coupon interest of government securities	(5,282)	(10,692)
Accrual of allowances for doubtful debts	(135,272)	(79,030)
Adjustment of prior periods income tax	2,426	171,665
Discount recognition	25,592	(25,592)
Other permanent expenses	29,252	21,734
	1,216,821	2,544,139

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

	Statement of financial position		Statement of comprehensive income	
<i>In thousands of tenge</i>	2022	2021	2022	2021
Deferred tax assets				
Provisions for loans issued, current financial assets and accounts receivable	42,807	42,807	—	—
Taxes	4,978	1,639	3,339	(1,316)
Deferred income	21,430	24,490	(3,060)	(3,062)
Other	49,300	87,684	(38,384)	15,041
	118,515	156,620	(38,105)	10,663
Deferred tax liabilities				
Property, plant and equipment	(443,618)	(431,464)	(12,154)	(14,981)
Income from the sale of land	—	(298,175)	298,175	(298,175)
Expected interest on loans issued	(1,143,898)	(510,939)	(632,960)	(430,555)
	(1,587,516)	(1,240,578)	(346,939)	(743,711)
Deferred tax liabilities	(1,469,001)	(1,083,958)		
Net deferred tax expense			(385,044)	(733,048)

As at 31 December 2022 and 2021, the Company had no unrecognised deferred tax assets.

29. RELATED PARTY DISCLOSURES

Related parties include key management personnel of the Company, enterprises in which a substantial interest in the participation interest is owned, directly or indirectly, by the Company'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 2022 and 2021, the Company 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.

Samruk-Kazyna Construction JSC

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NOTES TO THE FINANCIAL STATEMENTS (continued)**29. RELATED PARTY DISCLOSURES (continued)**

Major transactions with related parties for 2022 and 2021 are as follows:

<i>In thousands of tenge</i>	2022	2021
Entities under the Parent's control		
Sales to related parties	204,499	271,492
Purchases from related parties	361,806	52,103
Gain from operating lease	11,496	13,077

As a result of the above transactions, the Company had the following amounts due from related parties (due to related parties) as at 31 December 2022 and 2021:

<i>In thousands of tenge</i>	2022	2021
Entities under the Parent's control		
Accounts payable	(2,093,406)	(5,895,948)
Trade accounts receivable	1,255	—

Loans payable to the Parent companyDetails of loans from the Parent are disclosed in *Note 18*.**Compensation to the key management personnel**

In 2022, key management personnel consisted of four persons (2021: seven persons). Total compensation to the key management personnel included in payroll expenses amounted to 133,175 thousand tenge for the reporting period (2021: 158,268 thousand tenge). Compensation to the key management personnel mainly consists of contractual salary and year-end bonus.

The Company 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.

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

As at 31 December 2022, the Company had contractual obligations in the amount of 17,129,729 thousand tenge (2021: 18,065,145 thousand tenge) under agreements with construction companies.

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

Finance lease contractual commitments – Company as lessor

The Company 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 2022.

Samruk-Kazyna Construction JSC

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NOTES TO THE FINANCIAL STATEMENTS (continued)**30. FINANCIAL COMMITMENTS AND CONTINGENCIES (continued)****Taxation (continued)**

The management believes that as at 31 December 2022 its interpretation of the relevant legislation is appropriate and that the Company's tax positions will be sustained, except as provided for or otherwise disclosed in these financial statements.

31. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The main financial liabilities of the Company 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 Company. The Company 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 Company's exposure to the risk of changes in foreign exchange rates is primarily due to the financial activities of the Company. Also, the Company's exposure to foreign exchange risk is related to operating activities (when income and expenses are denominated in a currency other than the Company's functional currency).

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 Company'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 2022			
Russian ruble	1.4/(1.4)	22.05%/(22.05%)	(2,905,069)/2,905,069
As of 31 December 2021			
Russian ruble	0.75/(0.75)	13.00%/(13.00%)	(3,411,952)/3,411,952

Liquidity risk

Liquidity risk is the risk that the Company 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 2022, the Company's current liabilities exceeded its current assets by 22,319,972 thousand tenge (2021: 48,056,024 thousand tenge). This excess has developed, mainly due to the classification of the Parent loans in the amount of 59,082,123 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 Company's financial liabilities at 31 December 2022 and 31 December 2021, 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 2022						
Loans	59,082,123	2,460,739	3,974,725	3,306,486	—	68,824,073
Bonds	—	1,543,200	13,428,698	—	—	14,971,898
Accounts payable	—	2,158,781	—	—	—	2,158,781
	59,082,123	6,162,720	17,403,423	3,306,486	—	85,954,752

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NOTES TO THE FINANCIAL STATEMENTS (continued)

31. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Liquidity risk (continued)

<i>In thousands of tenge</i>	On demand	Less than 3 months	3-12 months	1-5 years	More than 5 years	Total
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

Credit risk

Financial instruments that potentially expose the Company 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 Company is exposed to credit risk from its operating activities and certain investing activities. In the course of investing activity, the Company mainly places its deposits with Kazakh banks.

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:

<i>In thousands of tenge</i>	Location	Rating		31 December	31 December
		2022	2021	2022	2021
First Heartland Jysan Invest	Kazakhstan	B1/stable	B/stable	24,852,590	31,424,644
Reverse autoREPO with a basket of government securities	Kazakhstan	No rating	No rating	4,768,058	18,797,244
Forte Bank JSC	Kazakhstan	BB-/stable	B+/positive/B+	1,488,827	13,470,794
Halyk Bank of Kazakhstan JSC	Kazakhstan	BBB-/stable	BBB-/stable/BB+	19,062,516	6,546,295
Center Credit Bank JSC	Kazakhstan	B+/stable	B/ stable	2,227,258	1,999,933
				52,399,249	72,238,910

Fair value of financial instruments

As at 31 December 2022, 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 Company 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 2022, 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.

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Financial statements

NOTES TO THE FINANCIAL STATEMENTS (continued)

31. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Fair value measurement hierarchy

The Company 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.

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

Measurement hierarchy for assets at fair value as at 31 December 2022:

<i>In thousands of tenge</i>	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 15)	426,806	426,806	426,806	—	—
Assets with disclosed fair value					
Loans issued (Note 14)	24,138,205	24,138,205	—	—	24,138,205
Finance lease receivable (Note 9)	47,309,507	47,309,507	—	—	47,309,507
Trade accounts receivable (Note 13)	320,370	320,370	—	—	320,370

Measurement hierarchy for liabilities at fair value as at 31 December 2022:

<i>In thousands of tenge</i>	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 18)	59,082,123	59,082,123	—	—	59,082,123
Bonds (Note 19)	13,174,356	13,174,356	—	—	13,174,356
Accounts payable (Note 21)	2,158,781	2,158,781	—	—	2,158,781
Other current liabilities (Note 22)	1,443,295	1,443,295	—	—	1,443,295

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

<i>In thousands of tenge</i>	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 15)	440,138	440,138	440,138	—	—
Assets for which fair values are disclosed					
Loans issued (Note 14)	18,043,100	18,043,100	—	—	18,043,100
Finance lease receivable (Note 9)	55,065,932	55,065,932	—	—	55,065,932
Trade accounts receivable (Note 13)	2,593	2,593	—	—	2,593

Samruk-Kazyna Construction JSC

Financial statements

NOTES TO THE FINANCIAL STATEMENTS (continued)

31. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Fair value measurement hierarchy (continued)

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

	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)
<i>In thousands of tenge</i>					
Liabilities for which fair values are disclosed					
Loans (Note 18)	81,880,635	81,880,635	–	–	81,880,635
Bonds (Note 19)	11,801,600	11,695,616	–	–	11,695,616
Accounts payable (Note 21)	5,966,640	5,966,640	–	–	5,966,640
Other current liabilities (Note 22)	2,002,865	2,002,865	–	–	2,002,865

Changes in liabilities arising from financing activities

The table below discloses the changes in short term financing liabilities for 2022 and 2021.

	1 January 2022	Cash inflow	Cash outflow	Change in exchange rates	Interest paid	Other*	31 December 2022
<i>In thousands of tenge</i>							
Loans (Note 18)	81,880,635	–	(28,029,326)	5,439,433	(2,394,211)	2,185,592	59,082,123
Bonds (Note 19)	11,801,600	–	–	1,223,911	(962,400)	1,111,245	13,174,356
Total liabilities from financing activities	93,682,235	–	(28,029,326)	6,663,344	(3,356,611)	3,296,837	72,256,479

	1 January 2021	Cash inflow	Cash outflow	Change in exchange rates	Interest paid	Other*	31 December 2021
<i>In thousands of tenge</i>							
Loans	94,581,167	–	(12,995,033)	300,450	(2,570,064)	2,564,115	81,880,635
Other current financial liabilities	–	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

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

Capital management

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

The Company 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 2022.

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

The gearing ratio at 31 December 2022 and 2021 is presented in the following table:

	2022	2021
<i>In thousands of tenge</i>		
Loans	59,082,123	81,880,635
Bonds	13,174,356	11,801,600
Accounts payable	2,158,781	5,966,640
Net debt	74,415,260	99,648,875
Equity	63,985,367	60,746,956
Debt-equity ratio	1.16	1.64



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