



KAZAKHSTAN
H O U S I N G
C O M P A N Y

Approved
with resolution of the Board of Directors
Kazakhstan Housing Company JSC
November 30, 2023
No.14

**Development strategy
of Kazakhstan Housing Company
Joint Stock Company
for 2024-2033**

Astana 2023

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Introduction

Kazakhstan Housing Company Joint Stock Company (hereinafter – the Company) (former name – "Mortgage Organization "Kazakhstan Mortgage Company") was established in 2000 in accordance with the resolution of the Board of the National Bank of the Republic of Kazakhstan in order to implement the Concept of long-term financing of Housing construction and the development of mortgage lending.

In 2020, on behalf of the Head of State, MO "Kazakhstan Mortgage Company" JSC was reorganized by joining Baiterek Development JSC and Housing Construction Guarantee Fund JSC.

Baiterek Development JSC (until 2014 – Stress Assets Fund JSC) performed the functions of the financial operator of the "Nurly Zher" Program in the direction of financing the construction of credit housing through the purchase of government securities of local executive bodies, as well as monitoring the progress of construction of credit housing. Other activities of the company were the implementation of investment projects in the construction industry, the completion of activities initiated as part of the anti-crisis measures of 2009-2010, and EXPO-2017 projects.

Housing Construction Guarantee Fund JSC was established in 2016 on the basis of the previously operating Kazakhstan Mortgage Loan Guarantee Fund JSC. The task of the fund was to create an effective mechanism to protect the rights and interests of shareholders by guaranteeing the completion of shared-equity construction projects.

The sole shareholder of the Company is joint-stock company National Managing Holding "Baiterek" Joint Stock Company (hereinafter - NMH "Baiterek" JSC). As a result of the reorganization, the activities were optimized, duplicate functions within NMH "Baiterek" JSC were eliminated and administrative costs were reduced.

After the reorganization in accordance with the Decree of the Government of the Republic of Kazakhstan dated September 8, 2020 No. 557 "On some issues of a Single Housing Construction Operator", the Company was defined as a Single Housing Construction Operator and in January 2021 changed its name to Kazakhstan Housing Company Joint Stock Company.

The Company's development strategy for 2024-2033 was developed in accordance with the Rules for the development, coordination, approval, monitoring and updating of development strategies of subsidiaries of NMH "Baiterek" JSC, approved by the decision of the Board of NMH "Baiterek" JSC dated September 25, 2018 (Minutes No. 38/18).

This document includes the main directions of the Company's activities and defines its mission, vision, strategic directions, goals and objectives for 2024-2033.

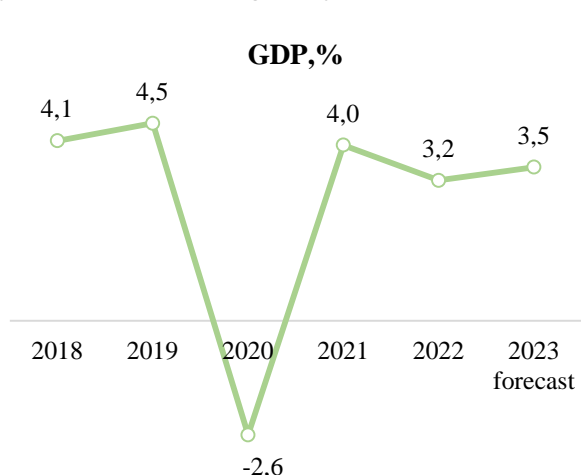
1. Analysis of the external environment

1.1. Macroeconomic overview

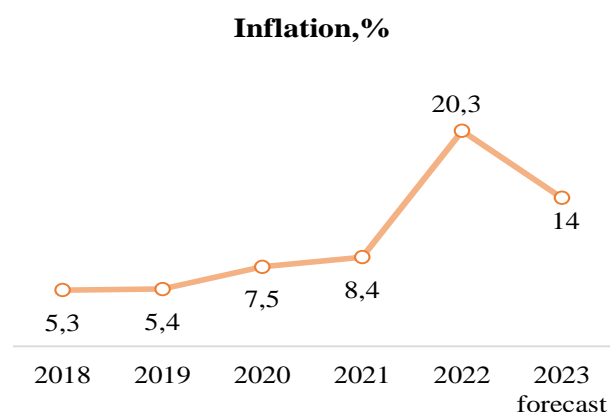
Despite external negative factors, the growth of Kazakhstan's economy by the end of 2022 amounted to 3.2%. Growth in the real sector was 3.2%, in the service sector – 2.5%.

The largest growth was shown by the industry: construction – 9.4%, agriculture, forestry and fisheries – 9.1%, wholesale and retail trade; repair of cars and motorcycles – 5%, transport and warehousing – 3.9% and manufacturing – 3.4%. However, in the mining industry, the growth rate decreased by 1%.

The growth rate of investments in fixed assets was 7.8%. Investment volumes increased in the main sectors of the economy: in real estate transactions – by 15.4%, in agriculture – by 6.9%, in transport and warehousing – by 5.5%, as well as in industry – by 5.6%, in mining – by 14.2%.



Source: BNS ASP&R of the RK, forecast of the MNE of the RK



Source: BNS ASP&R of the RK, forecast of the NB of the RK

Annual inflation in Kazakhstan by the end of 2022 amounted to 20.3%. Over the year, prices for food products increased by 25.3%, non–food products - by 19.4%, paid services – by 14.1%.

The IMF expects Kazakhstan's GDP to grow by 4.3% in 2023, the EDB – 4.2%, while the ADB – by 3.7%, the World Bank believes that Kazakhstan's economy will grow by 3.5% in 2023. The Ministry of National Economy of the Republic of Kazakhstan predicts three scenarios for the growth of the economy of the Republic of Kazakhstan: the base scenario is 4%, the optimistic scenario is 4.2% and the pessimistic scenario is 3.5%.

Forecasts of economic growth in 2023

Country	IMF	EDB	ADB	The World Bank	Ministry of National Economy of the Republic of Kazakhstan
World economy	2,9%	1,5%	4,5%	1,7%	-
Kazakhstan	4,3%	4,2%	3,7%	3,5%	3,5%

1.2. Overview of the housing and construction sector

According to the data of the BNS ASP&R of the RK, the population in Kazakhstan for the period from 2020 to 2022 increased by 3.7% and amounted to 19.6 million people.

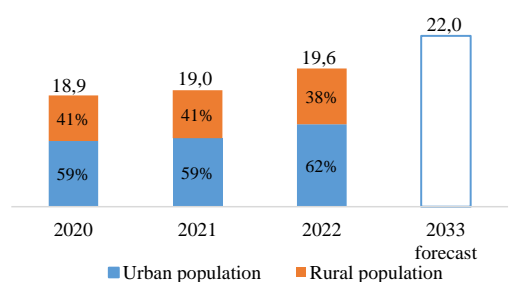
The total area of commissioned housing in 2022 amounted to 15.4 million sq.m, which is 8.9% lower than in 2021. For comparison, 7.9 million sq.m were commissioned in 1990, and 1.2 million sq.m in 2000 and in 2010 6.4 million sq.m.

In 2022, the country's housing stock amounted to 405 million sq.m, which is 4.4% more than in 2021. Private housing stock accounted for 98% of the total in 2020-2022.

In 2022, there was a high increase in prices for primary housing. Compared to 2021, prices have increased by 21%. A significant increase in prices for primary housing in 2022 was recorded in the following cities:

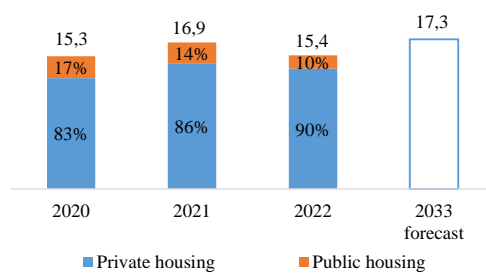
Semey – 38%;
 Aktobe – 29%;
 Aktau – 26%;
 Petropavlovsk – 23%;
 Shymkent – 21%.

Population dynamics in the RK, million people



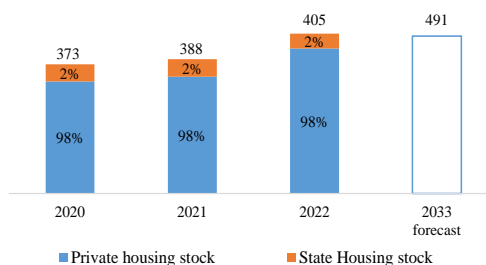
Source: BNS ASP&R of the RK, Company forecast*

The area of commissioned housing, million sq.m



Source: BNS ASP&R of the RK, Company forecast*

Housing stock, million sq.m .



Source: BNS ASP&R of the RK, Company forecast*

¹ *Linear regression based on annual historical data from 2001 to 2022

A similar trend is observed in the secondary housing market. In 2022, the price of 1 sq.m in the secondary market increased by 66% compared to 2021. By region, prices have increased significantly in cities such as:

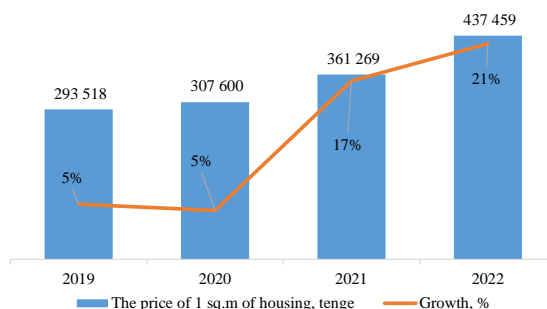
Aktobe – 42%;
 Semey – 42%;
 Kyzylorda – 40%;
 Aktau – 36%;
 Taldykorgan – 33%;
 Kostanay – 32%.

In 2022, the average monthly nominal salary was 309 thousand tenge, which is 24% higher than in 2021.

According to the website www.kezekte.kz as of July 31, 2023, the number of LEB waiting lists is 646,418 people, including: civil servants (217,088), citizens whose only home is recognized as an emergency (3,361), orphans (62,983), disabled people and participants of the Great Patriotic War (55), mothers with many children (106,486) and socio-vulnerable segments of the population (256,445). The annual increase in the waiting list of LEB is about 50 thousand waiting lists, while about 13 thousand apartments are put into operation annually within the framework of state LEB programs. To maintain the number of waiting lists for LEB at the current level, it is necessary to increase the volume of affordable housing to 70 thousand apartments per year. In order to provide affordable housing for all LEB waiting lists, it is necessary to increase the volume of affordable housing to 124 thousand apartments per year for 10 years.

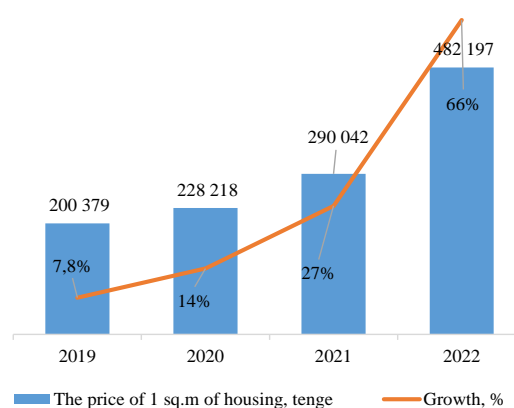
Thus, taking into account the dynamic growth of prices, both in the primary and secondary markets, there is a need to support and stimulate the housing and construction sector in affordable price segments, as well as additional measures to support demand.

The price of 1 sq.m of primary housing in the RK for 2019 - 2022



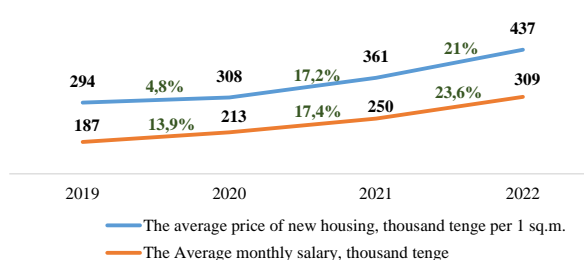
Source: BNS ASP&R of the RK

The price of 1 sq.m. of secondary housing in the RK for 2019-2022



Source: BNS ASP&R of the RK

The growth rate of population income and housing prices



Source: BNS ASP&R of the RK

1.3. Overview of housing affordability

The provision of housing for the population in 2022 amounted to 23.6 sq.m per 1 person, while the UN social standard is 30 sq.m per person. To provide 30 sq.m per person, it is necessary to increase the housing stock of the Republic of Kazakhstan by 110 million sq.m from 405 million sq.m to 515 million sq.m.

For example, the level of housing security in developed countries, such as the USA and Germany, is 70 sq.m and 50 sq.m per person, respectively.

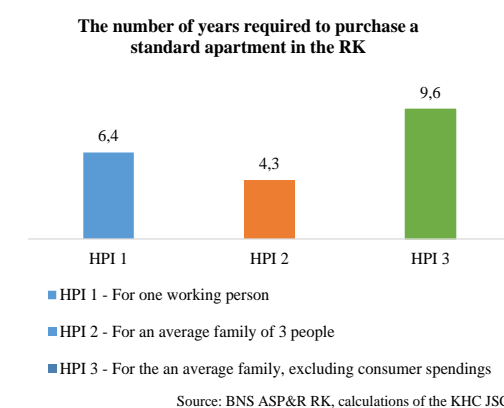
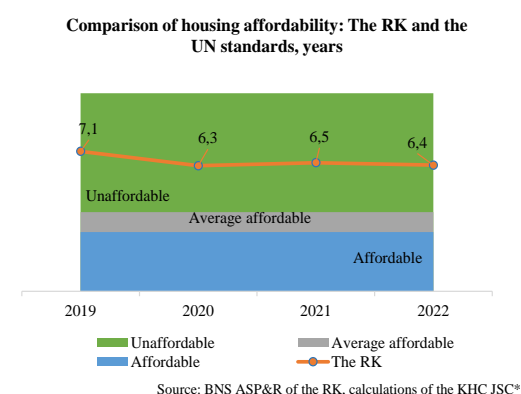
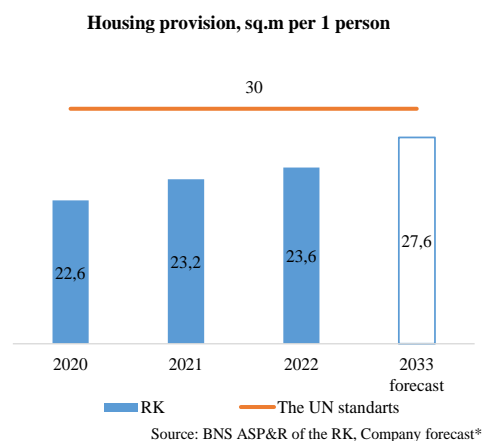
There are housing affordability indices that determine the amount of time needed to purchase standard housing – the **HPI** index (Housing price-to-income ratio) and the ability of the population to purchase standard housing with a mortgage **HAI** index (Housing Affordability Index)³.

According to UN standards, housing is considered affordable if it takes less than 3 years to purchase an apartment with an average area and cost, medium-affordable - from 3 to 4 years, inaccessible – more than 5 years.

According to the calculations of the HPI index, it will take **6.4 years (HPI1)** for one working citizen of Kazakhstan to buy a standard apartment with an area of 54 sq.m, provided that all income will be directed to the purchase of housing.

To buy the same apartment, an average Kazakh family (3 people) will need **4.2 years (HPI2)**, provided that all income will be directed to the purchase of housing. However, no average family can direct all income to purchase an apartment for several years. If we assume that a family can send no more than 1/3 of the total family monetary income per year, that is, minus consumer expenses, while maintaining normal living conditions, then the average family will need **9.6 years (HPI3)** to purchase a standard apartment.

There is also a Housing Affordability Index **HAI**, which determines the ability of a family to purchase standard housing with a mortgage.



² *Linear regression based on annual historical data from 2001 to 2022

³ The HAI index was developed by the National Association of Realtors of the USA

HAI = (The share of income that a household can direct to mortgage payments (30%)*Average per capita nominal monetary income*3*12)/(12* Monthly mortgage payment amount).

The higher the index value (it should be more than 100), the more affordable housing is for a family with its income level under existing mortgage conditions, that is, if the indicator is above 100, the mortgage is affordable, if the indicator is below 100, the mortgage is unavailable.

Index of availability of market mortgage products issued in 2022 by decile groups of the population of the Republic of Kazakhstan:

Deciles (1 is the poorest group of the population and 10 is the richest group of the population)	HAI indicator	
	Otbasy Bank (Svoy Dom)*	STB mortgage**
1	17	11
2	21	14
3	24	16
4	26	18
5	30	20
6	34	23
7	39	27
8	46	32
9	58	40
10	99	68

** Subject to the accumulation of 50% over 3 years with an estimated indicator of 16 (interest rate of 5%, initial payment of 50%, term of 6 years).*

*** The average interest rate of the STB is 16% as of 31.12.2022, the initial payment is 20%, the term is 15 years.*

Calculations of the HAI indicator showed that in the context of decile (10 percent) groups by income of the population, the conditions of the program "Otbasy Bank" ("Svoy Dom") and "STB Mortgage" are considered inaccessible.

At the same time, for social categories of citizens, there is a preferential mortgage "7-20-25", as well as the programs "Otbasy Bank" (2-10-19) and (5-20-25).

It is important to note that the solution of housing problems is connected not only with a decrease in the cost of housing, but also with an increase in the income of the population, respectively, a set of measures is needed to increase the income of the population.

1.4. Mortgage lending market overview

According to the National Bank of the Republic of Kazakhstan, as of December 31, 2022, the total mortgage portfolio of the Republic of Kazakhstan amounted to 4,775 billion tenge, including:

1. Otbasys Bank JSC – KZT 2,992 billion (63%);
2. STB (net of Otbasys Bank) – KZT 1,717 billion (36%);
3. Mortgage organizations – 66 billion tenge (1%).

Since the beginning of 2022, the total mortgage portfolio has increased by 41%. The growth of the mortgage portfolio of STB excluding Otbasys Bank JSC amounted to 44% mainly due to the "7-20-25" programs, while the portfolio of Otbasys Bank JSC increased by 53%.

The total mortgage portfolio of STB, including Otbasys Bank JSC, as of December 31, 2022 amounted to KZT 4,709 billion. The growth of the indicator since the beginning of 2021 (3,322 billion tenge) amounted to 42%, mainly due to the use of pension savings to improve housing conditions.

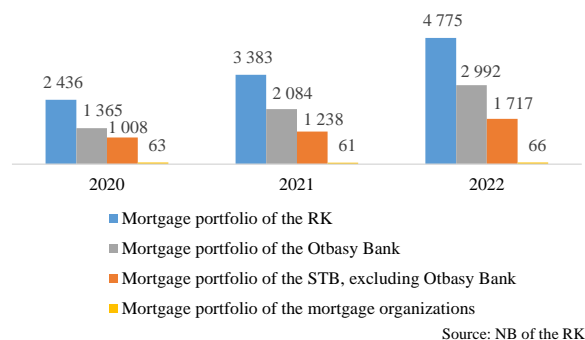
According to the National Bank of the RK, mortgage loans in the amount of 1,990 billion tenge were issued in 2022, of which:

- Otbasys Bank JSC issued loans in the amount of 1,381 billion tenge;
- loans in the amount of 427 billion tenge were issued under the "7-20-25" program;
- loans in the amount of 137 billion tenge were issued under the STB's own programs.

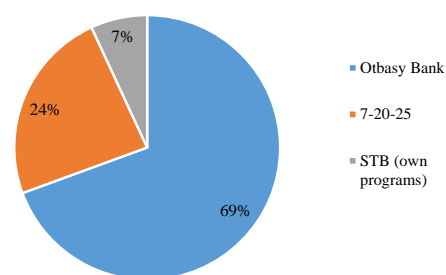
In 2022, the weighted average interest rate on loans issued to STB for the construction and purchase of housing for citizens amounted to 8.7%, which is 0.5% higher than in 2021.

The share of the mortgage portfolio of the RK in the country's GDP in 2022 amounted

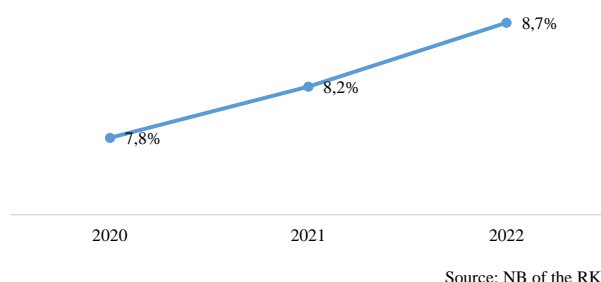
Mortgage portfolio of the RK, billion tenge



The structure of mortgage loans in 2022 in section of mortgage programs of the RK, %



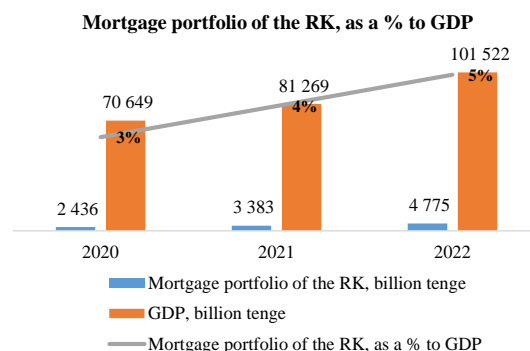
The weighted average interest rate on loans selected by banks for the construction and purchase of housing for citizens, %



to 5%, an increase of 1 percentage point compared to 2021. For comparison, the share of the mortgage portfolio in the GDP of Denmark is 78%, the UK is 12%, the USA is 11%, Russia is 9%, Germany is 7%, Uzbekistan is 5% and Kyrgyzstan is 3%.

Since January 2021, as of April 1, 2023, about 3.2 trillion tenge has been transferred from the UAPF to improve housing conditions. In this regard, the price

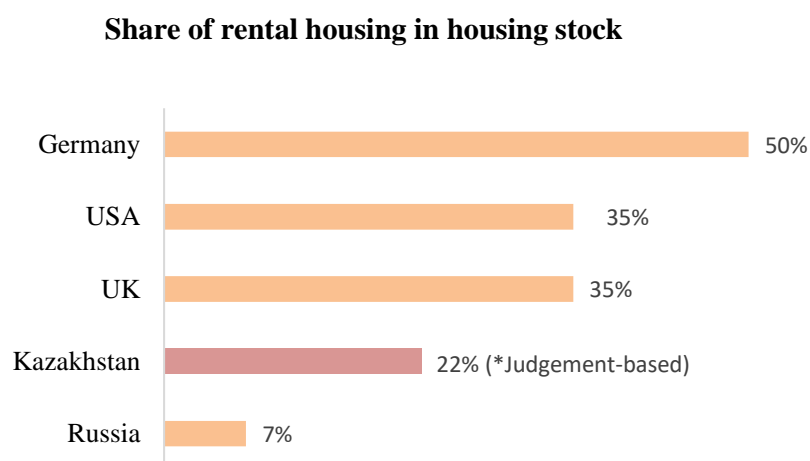
of 1 sq. m. in the primary and secondary markets in 2021 increased by 17.4% (361 thousand tenge /sq.m.) and 27% (290 thousand tenge/ sq.m.), respectively. In 2022, the price in the primary and secondary markets increased by 21% (437 thousand tenge/ sq.m.) and 66% (482 thousand tenge/ sq.m.), respectively. In 2021, a record 16.9 million square meters of housing were commissioned in the Republic of Kazakhstan.



1.5. Overview of the rental housing market

Rental housing is one of the important elements of the housing market and allows meeting the housing needs of different groups of the population at different stages of life. Rental housing provides an opportunity to improve living conditions at the moment, and also allows the population to remain mobile.

The rental housing market in Kazakhstan is insufficiently developed. According to some expert estimates, the share of rental housing in the housing stock of the Republic of Kazakhstan is about 22%, which is much less than in countries such as Germany (50%), the USA (35%) and the UK (35%).



**According to studies of Alvin Market*

There is no accurate accounting of the number of rented housing in Kazakhstan. The main reason for this is the fact that most of the rental housing is in the "shadow"

sector. Apartments are rented out without concluding a corresponding contract, and landlords do not always burden themselves with paying tax when receiving income from renting out housing.

In 2017, Akimat of the city of Astana conducted an analysis of the rental housing market, according to which 9.3 thousand out of 289 thousand apartments in the capital are legally rented, or less than 4%. However, according to experts, the share of rental housing, in fact, in the capital is 10%⁴. Thus, we can assume that 6% is the share of illegally rented housing. Using this assumption, if there were 416 thousand apartments in the capital according to the BNS ASP&R of the RK at the end of 2022, then perhaps about 25 thousand are rented illegally. For Almaty (588 thousand apartments), the number of illegally rented apartments can be 35 thousand, for Shymkent (116 thousand apartments) – 7 thousand apartments. In total, only in 3 cities of republican significance of Kazakhstan, the "shadow" rental housing market can number at least 67 thousand apartments.

The lack of clearly defined legal relationships leads to the fact that the lease terms do not protect the interests of either tenants or landlords.

In addition to the lack of an institutional rental market, the situation is aggravated by the rapid increase in rental housing prices. According to the data of the BNS ASP&R of the RK, the rent of 1 sq.m. of comfortable housing in the Republic of Kazakhstan by the end of 2022 amounted to 4,678 tenge, which is 142.6% higher than in 2021 (1,928 tenge). The most expensive rental housing is in Almaty, where a square meter is sold at 5,619 tenge, in Astana a square meter is sold at 4,614 tenge, in Shymkent at 2,726. The lowest price for rental housing was registered in Taraz – 1,853 tenge per 1 sq.m.

To date, the LEB has a rental housing fund in the amount of 39 thousand apartments (1.6 million sq.m.), which are leased to the waiting list of the LEB without redemption.

According to international experience, institutional conditions for the development of the rental housing market are created with the help of real estate investment funds (REITs), which provide a part of the real estate market with commercial rental housing.

⁴ It is calculated how many apartments in Astana are rented legally
<https://365info.kz/2017/02/podschitano-skolko-kvartir-v-astane-sdaetsya-v-arendu-legalno>

2. Analysis of the internal environment

During the period from 2001 to 2022, the Company carried out its activities in the following main areas:

2.1. Support for housing supply

2.1.1. Purchase of LEB bonds within the framework of the Concept

According to the Concept of Development of housing and communal infrastructure for 2023-2029, approved by the Decree of the Government of the Republic of Kazakhstan dated September 23, 2022 No. 736 (hereinafter - the Concept), the Company is a financial operator for financing the construction of credit housing through the mechanism of purchase of LEB bonds.

In 2016-2020, the Company was allocated funds totaling 457 billion tenge, of which:

- 277 billion tenge from the National Fund of the Republic of Kazakhstan;
- 180 billion tenge from the funds of the National Bank of Kazakhstan within the framework of the pilot project "Shanyrak".

Cumulatively for the period from 2016 to 2022, the Company purchased LEB bonds totaling 958.1 billion tenge, of which:

- 657.6 billion tenge at the expense of the National Fund of the Republic of Kazakhstan and the market borrowing attracted by the Company;
- 300.5 billion tenge at the expense of the National Bank of Kazakhstan within the framework of the pilot project "Shanyrak".

At the expense of LEB funds, 4,916 thousand sq.m (74,785 apartments) of credit housing were commissioned within the framework of the Concept.

Also, according to the decision of the Management Council of the National Fund of the Republic of Kazakhstan, the authorized organization of the Akimat of the city of Astana allocated 60.0 billion tenge (20.0 billion tenge in 2018, 20.0 billion tenge in 2019 and 20 billion tenge in 2022) to complete the financing of the construction of problematic facilities in Astana. In fulfillment of this task, the Company concluded a target loan agreement with Elorda kurylys kompaniyasy LLP (hereinafter – EKC) and the Akimat of the city of Astana. For 2019 - 2022. The EKC completed 118 problem houses and solved housing issues of 12 thousand shareholders. In 2023, it is planned to complete 32 houses with an area of 330.4 thousand sq.m (9,195 apartments).

According to the website www.kezekte.kz the number of citizens on the waiting list in the LEB on July 31, 2023, is 646,418 people with an annual increase of about 50 thousand waiting lists. In this regard, the Company, together with the authorized state bodies, will consider the possibility of increasing the volume of construction and financing to reduce the increase in waiting lists.

2.1.2. Purchase of LEB bonds as part of the Employment Roadmap for 2020-2021

In 2020-2021, the Company was allocated funds from the National Bank of the Republic of Kazakhstan in the amount of 751.7 billion tenge to finance infrastructure projects under the Employment Roadmap for 2020-2021.

In 2020-2021, the Company purchased LEB bonds totaling 751.7 billion tenge (100% execution).

At the expense of these funds, 6,495 infrastructure projects were completed in 2020, providing employment for about 240 thousand people, 248 projects were implemented in 2021, 10.6 thousand jobs were actually created.

2.1.3. Guaranteeing equity participation in housing construction

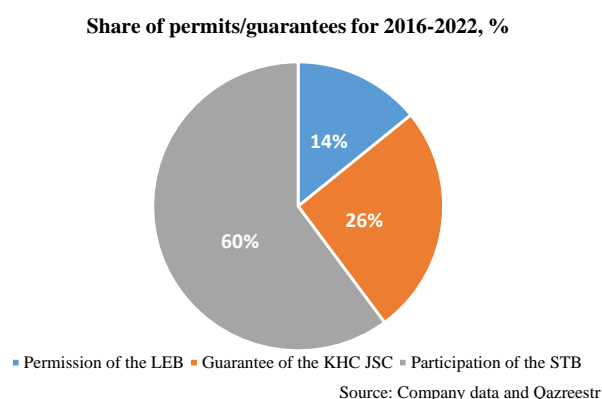
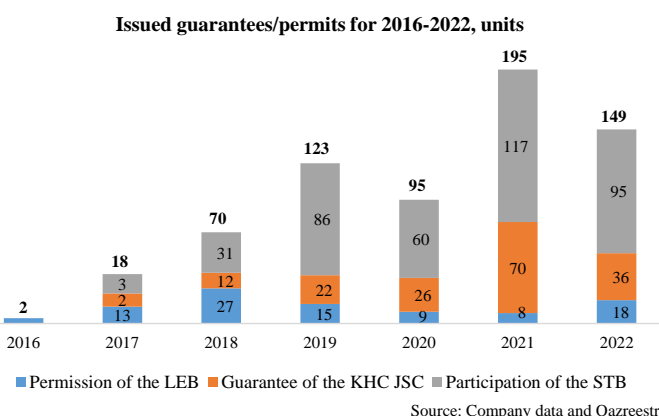
In order to protect the rights, legitimate interests and property of participants in shared-equity construction, the Company has been providing guarantees for the completion of residential buildings since 2017.

For the period from 2017 to 2022, the Company issued 176 guarantees for the completion of the construction of residential buildings totaling 856.3 billion tenge (4.7 million sq.m, 53 thousand apartments).

As of January 1, 2023, 3.1 million sq.m (36.8 thousand apartments) were commissioned due to the Company's guarantees.

In total, in 2022, according to Qazreestr, 149 permits/guarantees were issued in the Republic of Kazakhstan for the completion of shared construction of residential real estate objects, including 18 LEB permits, 36 Company guarantees and 95 with the participation of STB. The share of issued permits/guarantees of the Company in 2022 was 24%.

In total, 652 permits/guarantees were issued for 2016-2022 according to Qazreestr.



2.1.4. Subsidizing loans from private developers

In order to stimulate private developers, in 2017, within the framework of the Housing Construction Program "Nurly Zher", subsidizing of part of the interest rate on loans to private developers was launched.

Since July 1, 2021, the subsidy function has been carried out by the Company as part of the transfer of the subsidy instrument from EDF DAMU JSC.

For the period from 2017 to 2022, subsidy agreements were concluded with developers for the implementation of 158 housing construction projects for a total amount of loans of 148 billion tenge. The amount of subsidies paid for the entire period amounted to 10.9 billion tenge.

As of January 1, 2023, 1.8 million sq.m of housing, 23,375 apartments were commissioned due to this mechanism, of which 12,043 apartments were sold at fixed prices.

2.1.5. Financing of investment projects

In 2015-2018, the Company invested 13.8 billion tenge in the construction project of the "Baiterek" business center. In 2020, due to the sale of Block "C" of the "Baiterek" business center, a refund of 5.4 billion tenge was provided. The offices of the business center are leased to the group of companies of NMH "Baiterek" JSC. Consolidated savings of funds within the group of NMH "Baiterek" JSC for the rental of offices is about 1.6 billion tenge annually.

In 2018, the Company implemented a project to restructure the debt of "Mega Plaza" LLP by replacing funds from the Development Bank of Kazakhstan JSC with the Company's own funds. In August 2018, the Company made full early repayment of the loan to the Development Bank of Kazakhstan JSC for the construction of the "Mega Silk Way" shopping mall, while maintaining the obligations of "Mega Plaza" LLP in the amount of 7.0 billion tenge to the Company, which in 2019-2020 were fully returned to the Company ahead of schedule.

In June 2019, the Company approved the financing of a housing investment project (construction of at least 2.4 million sq.m, on a land plot with a total area of 202 hectares in Almaty) through the redemption of bonds of "Fincraft Group" LLP at the expense of borrowed funds in the amount of 65 billion tenge. In January 2021, "Fincraft Group" LLP made an early refund in the amount of 65 billion tenge.

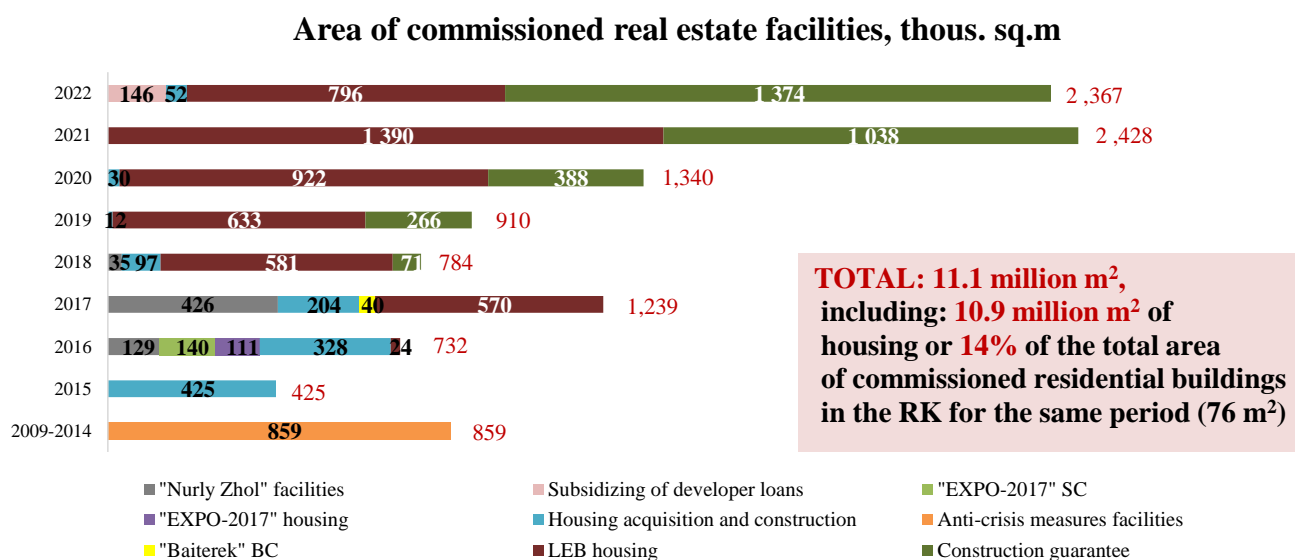
In 2021, the Company on behalf of the Deputy Prime Minister of the Republic of Kazakhstan Sklyar R.V. dated December 2, 2021 No. 11-04/05-2966 (7-t) to the resolution of the President of the Republic of Kazakhstan Tokayev K.K. dated December 4, 2021 No. 21-5221 (*according to the Decree of the Government of the Republic of Kazakhstan dated December 23, 2021 No. 918 "On the introduction of Amendments to the Decree of the Government of the Republic of Kazakhstan dated January 13, 2009 No. 6 "On approval of the Action Plan for the implementation of the Plan of Joint Actions of the Government of the Republic of Kazakhstan, the National Bank of the Republic of Kazakhstan and the Agency of the Republic of Kazakhstan for Regulation and Supervision of the Financial Market and Financial Organizations to stabilize the*

Economy and the Financial System for 2009-2010" (hereinafter – DGRK) financed urban development investment project "G4 City" in Almaty region (Gate City) in the amount of 31.1 billion tenge, with a loan repayment period until 2029. At the expense of the Company's funds, about 1 million sq. m. will be commissioned until 2033, the building area in Gate City, which is part of "G4 City", will amount to 108.57 hectares. In January 2023, 44 thousand sq.m (573 apartments) were commissioned.

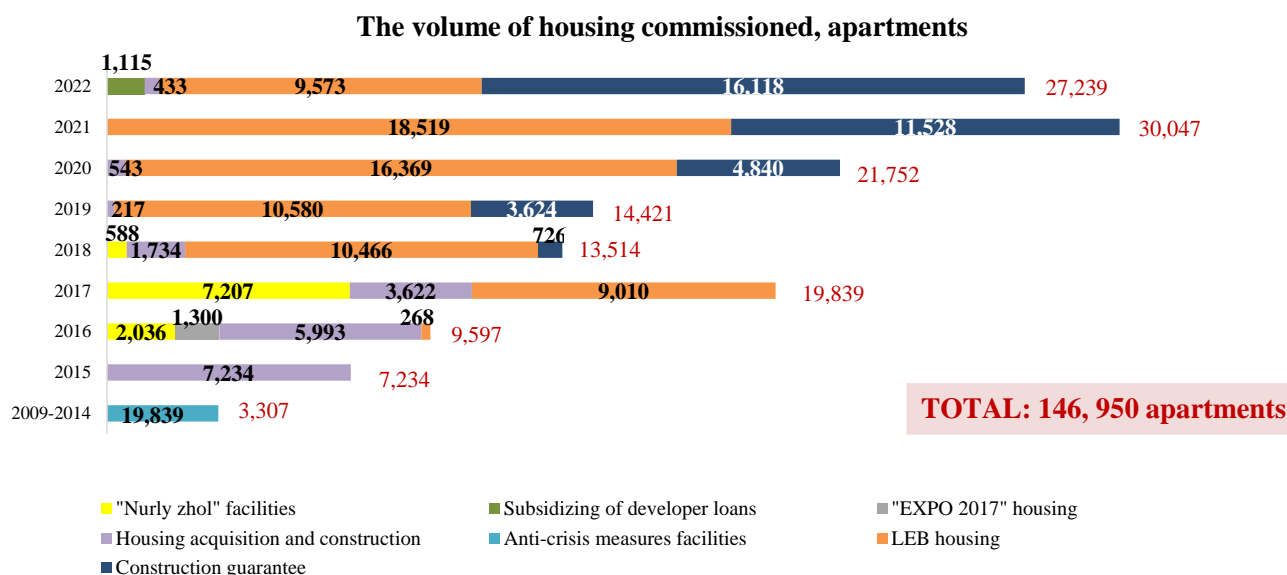
In 2022, the Company developed standards for integrated development of territories, taking into account international experience in financing urban development investment projects. The standards of integrated development of territories are aimed at setting the main priorities and design principles, the purpose of which is to improve the standard of living of future residents of the facilities financed by the Company.

2.1.6. The volume of housing commissioning at the expense of all the Company's tools

Due to the financing of the Company in 2009-2022, the commissioning of real estate objects with a total area of 11.1 million sq.m was provided, of which the total area of housing is 10.9 million sq.m (146,950 apartments). Taking into account the family coefficient of 3.8, about 558 thousand people live in these apartments.



Source: KHC JSC



2.2. Support for housing demand

2.2.1. Acquisition of mortgage rights of claims

In order to encourage the population to obtain mortgage loans, the Company has been acquiring mortgage loan claims from the STB since 2001.

During the period from 2001-2022, the Company acquired about 67.8 thousand mortgage loans in the amount of 248.5 billion tenge.

2.2.2. Direct mortgage lending

As a result of the reorganization carried out in 2010 (a subsidiary of MO KazIpoteka JSC was joined to Kazakhstan Mortgage Company JSC), the Company received the status of a mortgage organization and the right to direct mortgage lending to the population.

As part of direct lending, the Company provided 1,442 mortgage loans worth 17.8 billion tenge, including 257 mortgage loans totaling 1.3 billion tenge as part of the implementation of the Housing Construction Program in Almaty for 2011-2014 "Construction of urban mortgage housing".

2.2.3. Issuance of mortgage loans under the "Orda" program

In order to develop mortgage lending and increase its own mortgage portfolio, in October 2018, the Company launched the "Orda" mortgage program through agent banks.

The mortgage program "Orda" is aimed at improving the housing conditions of individuals with average and above average incomes who want to purchase housing (primary or secondary) of a higher comfort class (the cost of housing is above 25 million tenge), at a rate below the average market, having savings in the form of free cash, or the possibility of providing as an initial a deposit in the form of real estate.

Terms of the program: term – up to 20 years; amount – up to 65 million tenge; initial payment – 30%-50%; interest rate – 12% -14%.

In order to implement the mortgage program "Orda", cooperation agreements were concluded with Jusan bank JSC, Bank Center Credit JSC, Eurasian Bank JSC, Bank Kassa Nova JSC, BI Capital LLP and Express Finance JSC.

During the period of implementation of the program from 2018 to 2021, the Company issued 3,804 loans totaling 49.5 billion tenge. In 2021, the Company suspended the issuance of mortgage loans in connection with the development of the due to budget implementation.

2.2.4. Provision of rental housing with redemption within the framework of state programs

Since the beginning of 2014, the Company has been actively engaged in the construction, acquisition and sale of rental housing within the framework of the implementation of the State Program of Infrastructure Development "Nurly Zhol" in the direction of "Rental housing with redemption".

The sale of rental housing is a socially significant area of the Company's activity aimed at providing housing for waiting lists of local executive bodies by providing housing for rent for up to 20 years with subsequent redemption.

Financing in the amount of 189.3 billion tenge was provided for the implementation of this direction, including through obtaining preferential loans from the National Fund of the Republic of Kazakhstan (141 billion tenge) and the republican budget (19.1 billion tenge), as well as increasing the authorized capital of the Company by 29.2 billion tenge under the "Affordable Housing 2020 program".

In 2019, the Company entered into agreements with the Ministry of Health of the Republic of Kazakhstan, the Ministry of Education and Science of the Republic of Kazakhstan and the Ministry of Culture and Sports of the Republic of Kazakhstan, with the Akimats of the city of Mangystau, Kostanay, Karaganda regions on the provision of rental housing with redemption to employees of health and education, also signed an agreement with the Akimat of the city of Aktobe on the provision of rental housing with redemption to employees of the Akimat of the city of Aktobe and subordinate organizations.

For the period from 2014-2022, within the framework of the implementation of state programs, including the loan agreement with the LEB of Astana (dated 12/25/2020, No. 1), the Company provided about 22.8 thousand apartments worth 264 billion tenge for rent and purchase.

The program covers more than 20 cities of the country, including Astana, Almaty, Shymkent, Aktobe, Kyzylorda, Aktau, Uralsk, Kostanay, Petropavlovsk, Karaganda, Pavlodar, Semey, Ust-Kamenogorsk, Taraz and others.

2.2.5. Provision of rental housing with redemption within the framework of the Company's own program

The activity of selling rental housing within the framework of the Company's own program was launched in 2014 and was aimed at providing housing to the population that does not belong to the priority category of citizens under state programs, having sufficient income to pay rent payments, but unable to obtain a mortgage loan due to the lack of necessary savings for the initial payment.

Terms of the program: term – up to 20 years; interest rate – 13%, guarantee fee – 6-month rental payments, initial payment – 0%.

In this direction, the Company has sold 297 apartments for rent with redemption in the amount of 4 billion tenge.

2.2.6. Provision of rental housing with redemption under the program of the National Bank of the Republic of Kazakhstan

As part of the Refinancing Program for mortgage housing loans (Approved by Resolution No. 69 of the Board of the National Bank of the Republic of Kazakhstan dated April 24, 2015), the Company provided housing for rent with redemption.

Terms of the program: term – up to 20 years, interest rate – 3.1%, initial payment – 0%.

In this direction, the Company has sold 103 apartments in the amount of 1.5 billion tenge for rent with redemption.

2.2.7. Subsidizing part of the interest rate on mortgage housing loans issued to the population by STB

Within the framework of the Housing Construction Program "Nurly Zher", the Company was identified as a financial agent for subsidizing part of the interest rate on mortgage loans.

During the period of implementation of the direction (since the beginning of 2017), 3,673 applications totaling 38.4 billion tenge were received, of which 3,566 applications totaling 37.2 billion tenge were approved. The Company concluded 3,473 subsidy agreements totaling 36.2 billion tenge.

7 banks participated in the subsidy program: ATF Bank JSC, Bank Center Credit JSC, Otbasny bank JSC, Nurbank JSC, Jusan bank JSC, SB Sberbank JSC, and VTB Bank JSC.

In connection with the launch of the "7-20-25" ⁵program, the subsidy program was completed by the Company in June 2018. At the same time, the Company will pay subsidies for mortgage contracts issued by the STB in 2017-2018 at the expense of the republican budget.

2.2.8. The volume of demand support through all the Company's demand support tools

⁵ Resolution of the Board of the National Bank of the Republic of Kazakhstan dated May 31, 2018 No. 107 "On Approval of the Housing Mortgage Lending Program "7-20-25. New housing acquisition opportunities for every family."

In total, at the expense of all demand support tools for the period from 2001 to 2022, the Company supported about 99.7 thousand individuals in the amount of 622 billion tenge.

No.	Name of programs	Number of loans, units	Cost, billion tenge
1	Redemption of mortgage of claims	67, 824	248.5
2	Rent-to-buy within the framework of state/own programs	23, 152	269.5
3	"Orda" Mortgage	3, 804	49.5
4	Subsidizing the interest rate	3, 473	36.2
5	Direct mortgage lending	1, 442	17.8
	TOTAL	99, 695	621.5

2.3. Development of information technologies

2.3.1. "Nurly Zher" Situation center

In 2018, the Company, together with the Institute of Digital Engineering and Technology JSC (a subsidiary of Satbayev University), in order to monitor the progress of construction of real estate financed under the Housing and Communal Infrastructure Development Concept for 2023-2029 (previously under the "Nurly Zher" Program) and the Employment Roadmap for 2020-2021, developed The situation center "Nurly Zher" and the LEB Portal, as well as a mobile application (supervisor's ARM) for filling in data.

These solutions allow the Company, as a single financial operator for the redemption of LEB bonds, as well as the Housing and Communal Services of the Ministry of Industry and Construction of the Republic of Kazakhstan, to conduct:

- remote monitoring of all objects under construction using modern technical controls (cameras, drones, tablets, etc.);
- online monitoring of the development of funds and the sale of housing;
- forecast of the date of entry of objects with possible deviations;
- analysis of photo/video stream and information from LEB using artificial intelligence;
- development of appropriate measures based on data analysis.

Through their personal account on the Portal, LEB companies post up-to-date information on the progress of construction of residential real estate in the regions, the volume of financing and sale of ready-made housing. Information from the LEB is visualized in the interactive Situation Center in real time.

According to preliminary estimates, the development of the Situation Center has reduced the time for preparing a report for one employee of the LEB from 16 to 6 hours per week, as well as the time for checking and processing reports for one employee of the Company from 16 to 1 hour per week. The use of paper media for reports, the number of which was 68 per month, was also canceled.

As of the end of 2022, the Situation Center has entered data on 1,342 objects within the framework of the Housing and Communal Infrastructure Development Concept and 2,285 objects within the Employment Roadmap for 2020-2021.

As part of the development of "Nurly Zher" Situation Center, in 2022, work was carried out in terms of improving the functionality of the system to ensure the effective work of users.

2.3.2. Online platform for building materials

In order to support Kazakhstani manufacturers of building materials and increase the Kazakhstan content in housing construction, the Company created an online platform of building materials in 2021 (www.material.kz) within the framework of the Concept of development of housing and communal infrastructure until 2026 (previously - under the "Nurly Zher" Program).

Kazakhstan manufacturers of building materials can get acquainted with the needs of building materials within the framework of the Concept of Development of housing and Communal infrastructure and, if necessary, send electronic commercial proposals to construction companies after registration. Construction companies will receive notifications via SMS messages and e-mail about received commercial offers from manufacturers of materials.

The platform also allows Kazakhstan manufacturers of building materials to create their own showcase of building materials with prices for construction companies. In turn, construction companies have direct access to Kazakhstan building materials without the cost of finding manufacturers.

Goals of creating an online platform:

- to increase the transparency of the implementation of the "Nurly Zher" Program (The Concept of development of housing and communal infrastructure);
- to provide Kazakhstan manufacturers with information about the needs for building materials under the "Nurly Zher" Program (within the framework of the Concept of Housing and Communal Infrastructure Development) and the possibility of sending electronic commercial proposals;
- increase the share of Kazakhstan content in housing construction;
- to provide construction companies with the opportunity to receive favorable offers on building materials;
- reduce the cost of housing construction due to disintermediation between construction companies and manufacturers of building materials;
- switch to online systems of estimate planning and analysis with dynamic prices from Kazakhstan manufacturers.

On behalf of the Prime Minister of the Republic of Kazakhstan, the information system was put into commercial operation on March 1, 2022.

As of August 16, 2023, 183 manufacturers/suppliers of building materials were registered on the online platform, 514 products were published.

2.3.3. Qazreestr

Qazreestr is a unified information system of equity participation in housing construction, the main purpose of which is to register agreements on equity participation in housing construction, as well as the exclusion of "double" housing sales in the equity construction market.

According to the Agreement on the Transfer of state Property dated June 16, 2021 No. 2/26, the Qazreestr was transferred to the trust management of the Company. Within the framework of the Trust Management Agreement, the Qazreestr Development Program for 2021-2022 was approved.

The Company has implemented all the measures provided for in the Development Plan for 2021-2022, including:

- integration with state databases (egov.kz, IS "GDB "E-licensing") and external information systems (EPSD portal), which provides the collection of information on shared-equity construction projects;
- a module has been developed to enable authorized companies to conclude electronic agreements on equity participation in housing construction with shareholders online;
- a module has been developed for automatic verification and registration of an electronic agreement on equity participation in housing construction, eliminating the need for their manual verification by local executive bodies;
- a "Developer's Personal Account" has been developed, where all authorized developer companies are represented in a consolidated manner;
- dashboards have been developed for conducting analytics on the market of shared-equity construction.

2.3.4. Housing portal

In October 2022, the Company put into commercial operation the information system "Housing Portal" (homeportal.kz), intended for individuals and existing customers of the Company, providing information and online service in the following sections:

- shared-equity construction projects;
- after-sale service.

In the section "Shared-equity construction objects" of the Housing Portal, any user of the Republic of Kazakhstan can get information about all shared-equity construction objects that have the appropriate permission or guarantee of the Company to attract funds from shareholders. Information on shared-equity construction projects comes from the Qazreestr.

Moreover, the Housing Portal publishes information about developers who attract the funds of shareholders without the appropriate permission of the LEB or the guarantee of the Company (this information is provided by the LEB).

Thus, the Housing Portal allows you to protect citizens from unscrupulous developers who are illegally raising funds for shared housing construction.

In turn, the after-sale service of the Housing Portal includes:

- personal accounts of clients-individuals of the Company;
- receiving applications/requests from customers, as well as providing answers online;
- providing information on contracts and payment schedules of clients, including through a chatbot in the Telegram messenger;
- conducting various surveys and analytics.

As part of the development of the Housing Portal in 2022, a "Personal Account of shareholders" was developed, which will allow citizens to check the fact of registration of their contract in the Qazreestr. The launch of the Personal Account of shareholders is planned in 2023.

Also in the Housing Portal, the function of signing electronic appeals by the Company's customers was supplemented with the possibility of signing by means of a QR code through the Egov Mobile mobile application.

2.3.5. Information systems and infrastructure

As part of the development of the IT infrastructure, the Company has carried out a number of measures to modernize the network and server infrastructure since 2022:

- increasing the capacity and performance of the infrastructure;
- reducing the risks of service failures and financial losses;
- elimination of comments received as part of the audit of the Agency of the Republic of Kazakhstan for Regulation and Development of the Financial Market and KPMG Tax and Advisory LLP;
- creating a full-fledged test environment for all critical information systems.

At the same time, a modern microservice architecture platform was introduced, which provided:

- implementation of a single containerization infrastructure;
- a modern solution for fault tolerance and horizontal scaling;
- implementation of a centralized source code repository;
- the possibility of uninterrupted updating of the Company's services hosted on the platform.

According to the information systems of ABIS "CFT-Bank", IS "SimBase" and "1C Accounting", a significant reduction in the labor costs of the Company's employees has been achieved through the automation of daily procedures.

Additionally, in 2022, the Company commissioned three information systems in which the following functions were implemented:

1. IS "Electronic document storage":
 - providing centralized storage and access to digitized Company documents;
 - implementation of the single file storage function for Company information systems;
 - availability of API integration functions with any systems and services
 - creating independent directories for storing documents;
 - improved printing services, document viewing, added the function of editing documents in the system.

2. "1C Salary and Personnel Management":
 - switching to supported software;
 - reducing the processing time of personnel processes;
 - flexible configuration of reports and groupings;
 - direct integration with 1C "IS Accounting", IS "Simbase".
3. "1C Subsidizing":
 - switching to supported software;
 - migrating data from an outdated system;
 - integration with IC "1C:Accounting".

Based on the results of an external audit of the Company's information systems, the efficiency results are as follows:

- the consolidated assessment of the effectiveness of the Company's IT and information security system controls increased from 42% in 2021 to 67% at the end of the 3rd quarter of 2023;
- the consolidated assessment of compliance with the requirements of the Resolution of the National Bank of the Republic of Kazakhstan No. 48 increased from 44.7% in 2021 to 72% following the results of the 3rd quarter of 2023.

2.4. Socially oriented and anti-crisis programs

2.4.1. Financing of the construction of real estate objects on the territory of the international specialized exhibition "EXPO-2017"

In 2014-2016, the Company financed the construction of a multi – apartment residential complex (MRC) and a shopping mall for the international specialized exhibition "EXPO-2017" in Astana.

In total, 91.1 billion tenge was invested in the construction of facilities on the territory of "EXPO-2017", of which 76.1 billion tenge were funds from the National Fund of the Republic of Kazakhstan and 15 billion tenge was a loan from the Development Bank of Kazakhstan JSC for additional financing of the construction of the "Mega Silk Way" shopping center.

<i>billion tenge</i>				
No.	Name of the object	Name of the project company	Total cost of the project	Investment amount
1	Residential buildings	Lux Real Estate Group LLP	23.3	19.9
		BI Group Corporation LLP	23.6	19.9
2	"Mega Silk Way" Shopping Center	Mega Plaza LLP	64.7	51.2
TOTAL			111.6	91.1

In December 2016, 42 residential buildings with a total area of 110.7 thousand sq.m and the "Mega Silk Way" shopping center with a total area of 140.4 thousand sq.m were put into operation. 3.7 thousand people were involved in the construction of facilities on the territory of "EXPO-2017".

In February 2017, the commissioned apartments in the MRC located on the territory of "EXPO-2017" were leased to "NC Astana EXPO-2017" JSC for the accommodation of participants of foreign delegations for the duration of the exhibition. From February to November 2017, temporary accommodation was provided to 25,776 participants of the exhibition, of which 2,753 people were foreign guests.

In order to return the funds allocated for construction, since June 2019, the Company has been selling real estate in a residential complex consisting of 1,300 apartments, 1,300 parking spaces and 33 non-residential premises.

As of December 31, 2022, the Company sold, including by installments, 1,300 apartments, 1,036 parking spaces and 22 non-residential premises in the amount of 40.2 billion tenge.

As of December 31, 2022, according to the schedule of repurchase of shares in the shopping center, the Company made an early return of 11.2 billion tenge. In January 2023, Mega Plaza LLP carried out an early repurchase of the remaining stake in the amount of 24.3 billion tenge. Thus, all obligations are repaid ahead of schedule.

2.4.2. Refund of funds from Development Bank of Kazakhstan JSC and Halyk Bank of Kazakhstan JSC

The Company monitored the timely repayment of funds allocated in 2009-2010 to Development Bank of Kazakhstan JSC (20 billion tenge, maturing in 2024) and Halyk Bank of Kazakhstan JSC (18.2 billion tenge, maturing in 2029) as part of anti-crisis measures to support businesses in the manufacturing industry and solutions problems in the real estate market, respectively.

In December 2021, the funds allocated by Halyk Bank of Kazakhstan JSC were returned to the Company ahead of schedule for the amount of the remaining principal debt in the amount of KZT 13.2 billion. These funds were reinvested in the urban development investment project "G4 City" in Almaty region according to the DGRK.

At the end of 2022, the amount of repaid remuneration of Development Bank of Kazakhstan JSC is 2.1 billion tenge. The company will ensure further monitoring of timely refund of funds until 2024.

2.5. Financial indicators of the Company

As of December 31, 2022, the Company's assets amounted to KZT 1,449 billion, the amount of liabilities – KZT 1,206 billion, equity – KZT 243 billion.

In the structure of assets, the main share is accounted for: 58% – securities (including LEB bonds within the framework of the Housing and Communal Infrastructure Development Concept and the Employment Roadmap Program) and 22% - cash and funds in financial institutions.

The main share in the structure of liabilities is occupied by the Company's issued securities (65%) and loans received (20%).

Assets and liabilities of the Company by the end of 2023 are planned at the level of 1,511 and 1,285 billion tenge, respectively. Equity is projected at 226 billion tenge.

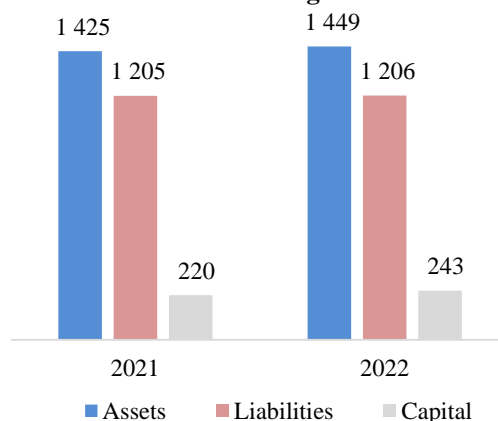
According to the results of 2022, the Company's revenues amounted to 175.2 billion tenge, expenses – 128.7 billion tenge and corporate income tax – 1.8 billion tenge.

Net profit for 2022 amounted to 44.7 billion tenge.

The main part of income is income within the framework of the Housing and Communal Infrastructure Development Concept and under the Employment Roadmap Program (64%) and income from the treasury portfolio (18%). Financing costs (85%) and provision recognition costs (6%) account for the largest share in the cost structure.

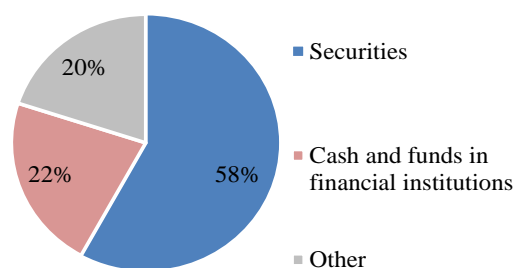
Administrative and personnel expenses account for 3% of the Company's total expenses.

Balance indicators as of 31.12.2022, billion tenge



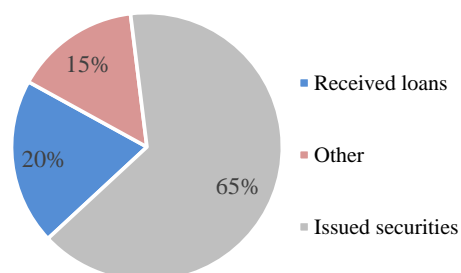
Source: KHC JSC

Assets structure as of 31.12.2022, %



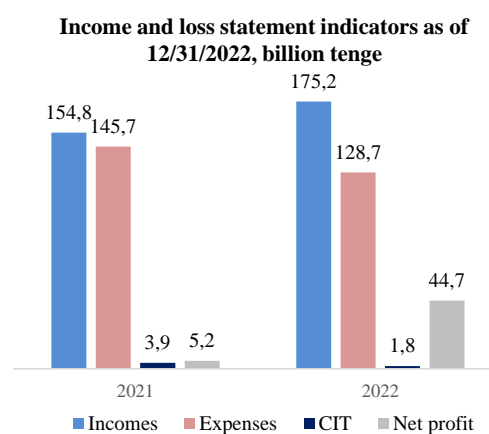
Source: KHC JSC

Structure of liabilities as of 31.12.2022, %



Source: KHC JSC

In accordance with the approved Development Plan of the Company, revenues for 2023 are planned at the level of 172.7 billion tenge and expenses at the level of 151.9 billion tenge. The Company's net profit in 2023 is expected to reach 22.6 billion tenge.



Source: KHC JSC

3. The main directions of the state economic policy

In its activities, the Company is guided by the main directions of state policy in the housing and construction sector, in particular, the Concept of Development of housing and communal infrastructure for 2023-2029.

The concept was developed in accordance with the State Planning System in the Republic of Kazakhstan and defines the vision of housing and communal development, as well as the basic principles and approaches to the implementation of the relevant policy.

Ensuring the development of integrated communal infrastructure and comfortable housing to improve the quality of life of the population and equal access to basic services is the main goal of the Concept.

The strategic development of housing and communal infrastructure provides for the following areas:

- 1) modernization and development of the municipal sector;
- 2) development of housing infrastructure.

The Company will continue to carry out its activities within the framework of the Concept through the implementation of the following tasks:

- 1) financing of construction, purchase and renovation of housing through the purchase of bonds of LEB;
- 2) guaranteeing equity participation in housing construction;
- 3) subsidizing loans from private developers;
- 4) financing of housing investment projects;
- 5) purchase and provision of rental housing with redemption;
- 6) subsidizing the interest rate on mortgage loans;
- 7) development of information systems.

4. Benchmarking

For the effective implementation of the Company's activities, analog companies were studied, as well as international experience in supporting supply and demand in the residential real estate market.

4.1. Analog companies in the affordable housing market

Housing and development board (HDB)

The Housing and Development Board (HDB) was founded in 1960. HDB is the state-owned operator of social housing in Singapore.

HDB is known worldwide for its contribution to Singapore's nation-building. Since its formation, HDB has built about 1.1 million apartments, in which 80% of Singapore's population lives. 95% of Singapore citizens own rental apartments for 99 years. HDB offers inexpensive and high-quality houses in bright and harmonious areas, which are complex neighborhoods, with all the necessary infrastructure for a comfortable stay of citizens. HDB applies an integrated approach to solving housing problems.

In addition to managing public housing, HDB is also an urban planner (master developer) and the main developer of microdistricts, providing preferential mortgage loans.

HDB not only provides new housing, but also implements a full range of real estate "rejuvenation" programs as part of its residential real estate renovation strategy. Thus, it ensures that the old residential complexes do not lag behind the new neighborhoods in their maintenance, functionality and dynamism.

Central Provident Fund (CPF)

The Singapore Central Savings Fund (CPF) was founded in 1955. CPF is a comprehensive social security system that allows working citizens and permanent residents to save for retirement.

The purpose of the fund is to cover the needs of the population for pension, housing and medical services with the help of pension savings and investment programs.

The mandatory monthly aggregate contribution of an employee and an employer in Singapore averages 37% of an employee's salary, of which 20% is deducted by the employee, 17% by the employer. Monthly contributions to the CPF are distributed to three individual employee accounts:

- the usual account of 20% – for the purchase of housing, mortgage payment, insurance – family protection, educational loan, investment;
- special account 8% – savings for future retirement, investments;
- medical account 9% – medical expenses, purchase of a medical insurance policy.

Citizens use their savings in CPF on a regular account to purchase housing from HDB.

In Singapore, HDB and CPF are an integral part of most people's daily lives.

TOKİ

TOKİ is the Housing Department under the Government of Turkey. TOKİ was founded in 1984. TOKİ's activities are aimed at finding and solving problems related to housing and urbanization throughout Turkey.

TOKİ develops mass housing projects for target groups with medium and low income.

TOKİ carries out activities to provide high-quality housing and the formation of a healthy urban environment through integrated development.

The main activities of TOKİ are:

- 1) construction of social housing for categories of people with medium and low income;
- 2) renovation of dilapidated housing;
- 3) complex development of microdistricts;
- 4) development of historical and local architecture.

TOKİ has built more than 600 thousand housing units, 86% of which are classified as social housing and are intended for low-income groups. Also, more than 10 thousand social facilities were built, such as schools, hospitals, gyms, cultural centers, shopping centers.

DOM.RF JSC

In 1997, in accordance with the Decree of the Government of the Russian Federation No. 1010 of August 26, 1996, Agency for Housing Mortgage Lending JSC (hereinafter – AHML) was established.

At the first stage of its activity, AHML was engaged in refinancing mortgage loans and worked in the mortgage securities market. AHML has developed and implemented a two-tier mortgage lending system. At the first level, the STB issued mortgage loans to citizens, then the AHML bought out the rights of claim on mortgage loans.

In 2015, due to changes in economic conditions, a program was launched to subsidize mortgage rates for the purchase of housing in the primary market. Due to the implementation of the program in 2016, the mortgage market overcame the recession.

On October 20, 2017, a subsidiary organization of AHML "Foundation for the Protection of the Rights of Citizens Participating in Shared-equity Construction" was established. The fund's activities are aimed at protecting the rights of buyers of housing under construction.

In December 2017, the Ministry of Construction of Russia and AHML developed a strategy for the development of the housing sector until 2025. The goal of the strategy is to achieve the level of housing construction of 120 million sq.m in 2025, the increase in mortgage availability, the growth of construction volumes by at least 1.5 times, the development of a civilized rental market with a market share of at least 50%, the development of a comfortable urban environment and infrastructure.

In March 2018, AHML was renamed DOM.RF JSC.

The main activities of DOM.RF JSC are:

- 1) development of the mortgage securities market;
- 2) development of the bond mechanism for infrastructure financing;
- 3) involvement, urban planning preparation and provision of land plots for housing construction purposes;
- 4) development of the rental housing market using the collective investment mechanism (REIT);
- 5) housing construction financing;
- 6) master planning and urban development;
- 7) development of the elevator industry;
- 8) development of a unified information system for housing construction.

Activities of DOM.RF JSC is aimed at creating mechanisms for the development of a comfortable urban environment, integrated urban development, taking into account the urban environment quality index

The company, taking into account the international experience of analog companies, will provide comprehensive support for supply and demand in the affordable housing market, taking as a basis the HDB model, which applies an integrated approach to solving the problem of providing housing to the population.

4.2. The world practice of supporting the demand for residential real estate

Support for demand in the residential real estate market is provided through the implementation of state mortgage programs, restrictions on rent for housing, protection of tenants from eviction, as well as by increasing the real incomes of citizens.

Germany

In Germany, support for housing demand through mortgage lending is presented in three variants of mortgage programs:

1. Standard mortgage loan with annuity payment and fixed interest rate (Annuitätendarlehen mit fester Zinsbindung).
2. A loan from Stroysbergkassa (Bausparkassen) is a standard mortgage product with the condition of accumulating part of the cost of housing on deposit. After fulfilling the conditions for accumulating funds on the deposit, a mortgage loan is issued. Due to the low interest rate on the deposit, it is possible to reduce the interest rate on a mortgage loan.
3. Interest-only mortgage - during the term of the loan, the borrower pays only interest on the loan, but not the principal debt. The amount of the principal debt must be paid in full at the end of the loan term.

Support for housing demand through rental housing mechanisms is represented by the following measures:

Rent limitation. In Germany, the rent restriction has been in effect since 1922. Until the end of the 1960s, rents were artificially restrained and changed only by

government regulations. Since the 1970s, rents have been linked to the average rent for a given area. Landlords could change the rent only when a new contract was concluded. Since 1982, the rate of rent growth should not exceed 30% for 3 years. Since 1993 – no more than 20% for 4 years, since 2013 no more than 15% for 4 years. In 2015, the so-called "rental brake" (Mietpreisbremse) was introduced, under which the practice of setting unlimited rent when concluding new contracts was stopped. In areas with a severe shortage of housing, a rent limit of 110% of the average rent for a given area was introduced.

Protection from eviction. In Germany, the protection of tenants from eviction has been practiced since the First World War. Initially, only military personnel and their family members were protected from eviction, but later protection from eviction extended to all segments of the population. The landlord can evict the tenant only if there are systematic delays in rent or if the property was required for the owner or his family members to live. In the early 1970s, even stricter rules were introduced that were favorable to the tenant. These norms are relevant at the present time.

France

In France, there are three key tools to support socially vulnerable segments of the population:

1. The Housing Assistance Allowance (Aide personnalisée au logement (APL)) – allows you to reduce the cost of rent and the amount of monthly mortgage payments. The benefit depends on income, employment status, family composition and location of housing.

2. Housing Family Allowance (APL) – financial assistance designed to reduce the number of monthly payments on rent or mortgage, is aimed at single people and young families.

3. Social Housing Benefit (APL) is provided to any French citizen with an income below the minimum amount.

In France, support for housing demand through mortgage lending is presented in three variants of mortgage programs:

1. Mortgage loan with a zero interest rate – the loan is issued at a zero interest rate for the purchase of the first home. The borrower must not own a home by right of ownership for the last 2 years.

2. Housing loan in Paris – a loan is issued to citizens who have lived in Paris for at least a year. The loan is issued for housing located within the city limits.

3. Accommodation loan – a loan is issued to citizens who rent social housing and who wish to purchase real estate in Paris. As of 2020, this type of loan is issued at a zero interest rate for the entire term of the loan.

The majority of social housing in France is built under the program "housing with moderate rents". According to the program, multi-apartment residential complexes and individual residential facilities are being built. About 60% of the country's population cannot participate in programs aimed at social housing, since their income level exceeds the threshold defined by these housing programs.

4.3. The world practice of supporting the supply for residential real estate

A variety of institutional models for managing the affordable housing segment are used in foreign countries.⁶ At the same time, some common features of these models can be identified:

- the main priority is to support the supply of affordable housing;
- the main support is aimed at offering affordable rental housing;
- tools of urban planning regulation are widely used to stimulate such a proposal;
- Various non-profit organizations play a significant role in providing the necessary supply of affordable housing.

In many foreign countries, tools of urban planning regulation are widely used to stimulate the supply of affordable housing.

Systems of urban planning regulation and their relationship with housing policy in the field of affordable housing in foreign countries⁷.

⁶ M. Haffner, J. Hoekstra, M. Oxley, Harry van der Heiden. Is it possible to bridge the gap between the social and market sectors of rental housing in six European countries?

⁷ <http://www.urbanecomomics.ru/research/analytics/zarubezhnyy-opyt-novye-napravleniya-v-gradostroitelnom-regulirovanii-v-celyah>

Characteristic	USA	Canada	Great Britain	Ireland	Netherlands	Australia	Russia
The role of the State in regulating the supply of land	Limited	Average	Average	Average	Strong direct influence	Limited	Strong direct influence
Responsibility for land use regulation/housing policy	State, local level	Province, local level	National, local level	National, local level	Local level	State – framework regulation, execution of powers - local level	Housing policy - national, regional levels Land use – regional and local levels
Spatial level of urban planning	Local	Local	Local	Local	Specific building area	Local, regional	Local/Regional
Subject of planning	Land use	Land use	Land use	Land use	Comprehensive	Land use	Land use
The process of obtaining a construction permit	The possibility of individual solutions is limited	The possibility of individual solutions is limited	Decision based on the results of negotiations	Decision based on the results of negotiations	Permission based on a detailed plan (master plan)	Varying degrees of possibility of individual solutions at the local level	The possibility of individual solutions is significantly limited
Tools for urban planning of affordable housing	Voluntary agreements with developers on the provision of affordable housing; incentives; protective mechanisms; mandatory requirements for the provision of affordable housing by developers; overcoming local regulatory barriers to affordable housing	Voluntary agreements with developers on the provision of affordable housing; incentives; protective mechanisms; mandatory requirements for the provision of affordable housing by developers	Voluntary agreements with developers on the provision of affordable housing; overcoming local regulatory barriers to affordable housing	Mandatory requirements for the provision of affordable housing by developers	Direct provision of territories for the construction of affordable housing; allocation of special zones for affordable housing (for future construction); incentives for affordable housing providers	Voluntary agreements with developers on the provision of affordable housing; incentives; protective mechanisms; mandatory requirements for the provision of affordable housing by developers	Direct provision of territories for development under development contracts and integrated development for the construction of standard housing; use of public lands for the construction of social housing
Public investments in support of affordable housing projects (capital investments)	Limited. They are sent to the local level through state programs and federal grants	Limited. They are provided only to certain provinces. They are sent through agreements between the federal Government and the provinces	Significant. Available for affordable housing construction projects	Significant. Are provided to housing associations for the purchase of housing for the purposes of its use as social housing	Significant before 1995	Limited. They are provided mainly for the construction of social housing	Significant
Taxes/subsidies and other financial instruments to	A program to provide tax credits for housing construction for low-income families	Limited	Limited	Limited	Limited	In 2008, a scheme was introduced to stimulate affordable rental housing	Limited

Characteristic	USA	Canada	Great Britain	Ireland	Netherlands	Australia	Russia
stimulate the supply of affordable housing							
Subsidies to citizens for affordable housing	Limited program for the provision of housing vouchers that can be used for rental housing (market or subsidized)	The provision of cash subsidies to private employers in some provinces varies from province to province	Substantial housing subsidies that can be used for market or social housing	Limited subsidy for the payment of hiring fees. Establishment of a fee for hiring social housing depending on the income of the employer	Substantial housing subsidies that can be used for rental housing (market or social)	Subsidy to low-income families to pay for hiring in the private sector and benefits for paying for rental housing depending on the income of the employer in the public sector depending on the income of the employer	Subsidizing preferential categories for the purchase/construction of housing. Subsidies for housing and utilities for low-income citizens (owners and social employers)
Bodies and organizations providing affordable housing	The essential role of commercial and non-profit organizations in providing the necessary supply of affordable housing	Non-profit organizations (2/3), provinces (1/3)	Social Housing Companies/Landlords (Registered Social Landlord)	Local authorities. The role of non-profit organizations is increasing	Large housing associations	Limited	State and local authorities

Measures to stimulate the supply of affordable housing in different countries can be applied simultaneously in different proportions, and can also be established in different areas.

Examples of regulatory instruments in relation to supporting the supply of affordable housing in foreign practice:

Tax regulation	Financial support for construction	Direct legislative requirements, direct budget financing
<ul style="list-style-type: none"> • <i>Income taxes:</i> <ul style="list-style-type: none"> –tax exemption (organizations providing social housing); –tax benefits (investments in the construction of affordable housing; –special tax regime (housing finance institutions, for housing provided by employers); –interest on mortgage securities when financing mortgages for low-income families; increase in the cost of rental housing for landlords); –depreciation accounting for rental housing stock; –tax deductions for landlords (interest on loans, transaction costs); –compensation of losses from rented housing at the expense of other activities; –reduction of the tax base on rental income by the amount of expenses for construction, reconstruction of rental housing. • <i>On property taxes:</i> <ul style="list-style-type: none"> –special tax regime (unused land plots to stimulate housing construction, unused residential real estate); –reduced rate for new, renovated houses. • <i>For VAT:</i> <ul style="list-style-type: none"> –reduced rate (for new housing construction, reconstruction of non-residential buildings for the purpose of conversion to housing, for social landlords). 	<ul style="list-style-type: none"> • Grants for the construction and renovation of affordable housing. • Subsidizing loans for organizations for the construction of affordable housing. • Provision of land for the construction of affordable housing for free or at a discounted price. • Grants for the involvement of unused residential real estate. • State guarantees (on loans to non-profit housing associations, on rent and mortgage payments for families with low incomes). 	<ul style="list-style-type: none"> • Financing the construction and provision of social housing for low-income families. • Requirements for developers on the mandatory share of affordable housing in housing projects. • Requirements for employers to provide housing.

4.4. World practice of rental housing market development

According to international experience, rental housing is one of the important elements of the housing market and allows meeting the housing needs of different groups of the population at different stages of life. Rental housing provides an opportunity to improve living conditions at the moment, and also allows the population to remain mobile. The share of rental housing in the housing stock in Germany is 50%, in the USA 35% and the UK 35%.

Special institutional conditions are being created for the development of the rental housing market in foreign countries. Real estate investment funds (REIF) are actively

developing in the USA, Japan, Great Britain, Canada and the countries of Southeast Asia, which provide part of the real estate market with commercial rental housing.

Russia also has its own analogue of the REIF in the person of the first "Mutual Real Estate Investment Fund", which was created in 2017 to form and develop the market of civilized rental housing.

In the UK, quasi-REIFs (Civitas, Triple Point Social Housing REIT, Fundamentum Social Housing REIT) have been created that invest in social housing for the poor. They work in partnership with housing associations (similar to Apartment Owners Cooperative) and local executive bodies to help them raise capital for further development and promote the construction of new social housing. At the same time, the state subsidizes 100% of the rental rate as part of its cooperation with quasi-REIF.

REIF is a company that builds or buys real estate through investments and manages it. REIF receives income both from the growth in the value of shares and from the rental of real estate in which it is invested. Most REIFs transfer up to 100% of taxable profits to shareholders, getting rid of the need to pay CIT.

REIF has a number of advantages for both tenants and landlords-investors. Tenants receive a professional management company, the main purpose of which is to provide comfortable living conditions for their clients for an appropriate rent. Investors, instead of renting out housing on their own, can transfer their real estate to the management of the REIF, freeing themselves from all related problems, but at the same time receiving an appropriate income. For investors who do not want to purchase housing for rent, there is an option to purchase REIF shares secured by real estate and generating regular income in the form of dividends paid, including on a monthly basis. Thus, the liquidity of investors' funds is significantly increased, i.e., unlike buying real estate as an investment and selling it further if funds need to be withdrawn, REIF shares can be sold faster and without unnecessary losses (discount).

In addition to the creation of an REIF, standards for renting housing are being actively introduced in developed countries. In this direction, the experience of the DOM.RF is noteworthy. The Russian Federation, where the Principles of rental housing were developed.

These principles include a number of recommendations that help to more effectively operate rental housing, as well as its design and construction. Thus, the interests of both the landlord and the tenant are respected. The first gets the opportunity to increase income throughout the life cycle of housing, the second – comfortable living conditions⁸.

Important principles of rental of the DOM.RF is the Legal principles, Principles of service and management. The legal principles include recommendations regarding the execution of relevant documents when renting out housing and describe the conditions for booking rental housing, procedures for signing a lease agreement, lease

⁸ Principles of rental housing
<https://xn--d1aqf.xn--p1ai/lease/printsipy-arendnogo-zhilya/>

terms, rights and obligations of the parties. Also, standard forms of booking and rental agreements are provided here, taking into account the interests of all interested parties.

The principles of the service contain recommendations aimed at improving the quality of living in rental housing, attracting and increasing customer loyalty. According to these principles, rental housing should provide both basic services, such as concierge service, security and round-the-clock dispatching, and additional services, such as cleaning, minor repairs, grocery delivery and animal care.

The management principles contain recommendations regarding the effective operation of real estate, such as the rules of living in rental housing, the organization of the work of the management company, the maintenance of apartments and common areas.

5. SWOT analysis

Strengths (S)	Weaknesses (W)
<ol style="list-style-type: none"> 1. support from NMH "Baiterek" JSC and the Government of the Republic of Kazakhstan; 2. positive experience in the implementation of state programs; 3. positive experience of supporting housing supply: <ul style="list-style-type: none"> – repurchase of LEB bonds; – guaranteeing equity participation in housing construction; – conditional placement of funds in the STB; – competence in financing and underwriting housing construction projects through project financing; 4. positive experience in supporting housing demand: <ul style="list-style-type: none"> – acquisition of the rights of claims on mortgage loans of STB; – sale of housing for rent with redemption; – issuance of mortgage loans through the STB and directly; 5. availability of the necessary tools to ensure housing affordability; 6. digital monitoring of real estate objects; 7. experience in attracting financing on international and local capital markets; 8. high level of public confidence; 9. high credit rating with a stable outlook. 	<ol style="list-style-type: none"> 1. limited financial resources to meet all waiting lists of LEB with affordable housing; 2. high level of dependence on the activity of partner banks; 3. high level of dependence on the degree of development of the stock market (lack of institutional investors); 4. limited targeted use of financial resources for the Company's activities regulated by the Resolutions of the Government of the Republic of Kazakhstan and other state bodies; 5. the focus of the efficiency of state programs on targets reflecting the quantitative volumes of support; 6. insufficient flexibility in connection with the legislative regulation of the Company's activities, as well as the conditions of the support tools provided.
Features (O)	Threats (T)
<ol style="list-style-type: none"> 1. increasing the coverage of the multi-apartment residential buildings market by shared-equity construction mechanisms; 2. comprehensive support of housing supply and demand; 3. complex development of microdistricts taking into account the needs of the population, with kindergartens, schools, shopping malls, etc.; 4. develop "green" construction and "green" mortgage; 5. development of the rental housing market without foreclosure (REIF); 6. renovation of dilapidated housing; 7. development of predictive analytics on the construction sector and the real estate market; 	<ol style="list-style-type: none"> 1. an increase in the base rate of the National Bank of the Republic of Kazakhstan or its maintenance at a high level – an increase in the cost of market funding; 2. the weakening of the national currency, and a high share of imports in the construction materials market may lead to higher prices for construction materials and the cost of housing construction; 3. an unbalanced distribution of resources among the LEB under government programs can lead to a high debt burden for some LEBs; 4. underdevelopment of the stock market of Kazakhstan;

<ul style="list-style-type: none"> 8. intelligent monitoring of construction using computer vision; 9. development of offtake contracts for building materials and real estate; 10. attraction of external borrowed funds/investors, including IFO, in order to implement joint investment projects in the construction industry; 11. increasing housing affordability for the population, including by stimulating demand for mortgage products and rental housing; 12. to attract funds from non-governmental sources of financing; 13. digitalization in construction and mortgage; 14. improvement of all Company support tools and development of new tools; 15. development of new housing quality standards; 16. acquisition of skills and competencies in housing management; 17. conversion of LEB rental housing into rent-to-buy; 18. development of rental housing standards; 19. human resources potential – cooperation with universities. 	<ul style="list-style-type: none"> 5. decrease in the purchasing power of the population; 6. downgrade of the Company's credit rating and restriction of access to internal and external sources of financing; 7. the increase in the level of urbanization against the background of the deterioration of the housing stock in the regions; 8. uncontrolled growth of the housing queue; 9. shortage of drinking water in large cities; 10. the crisis in the real estate market; 11. rapid deterioration of the Company's rental housing, which requires constant repair; 12. deterioration and shortage of engineering and communication infrastructure;
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6. Mission and vision

Mission: Providing the population of Kazakhstan with affordable and high-quality housing.

Vision: A key development institution to provide the people of Kazakhstan with affordable housing.

In order to realize its mission and vision, the Company will work in the following key strategic areas:

Direction 1. Support for housing supply

Goal: to increase the volume of housing construction by stimulating the private sector and servicing developers

Tasks:

- 1) financing of construction, purchase and renovation of housing through the purchase of LEB bonds;
- 2) guaranteeing equity participation in housing construction;
- 3) subsidizing loans from private developers;
- 4) financing of urban development investment projects.

Direction 2. Support for housing demand

Goal: to increase housing affordability for citizens of Kazakhstan

Tasks:

- 1) provision of rental housing;
- 2) subsidizing mortgage loans.

7. Strategic directions:

7.1. Strategic direction 1: Support for housing supply

Objective: to increase the volume of housing construction by stimulating the private sector and servicing developers.

The strategic objectives of the Company in this direction are:

- 1) financing of construction, purchase and renovation of housing through the purchase of LEB bonds;
- 2) guaranteeing equity participation in housing construction;
- 3) subsidizing loans from private developers;
- 4) financing of urban development investment projects.

7.1.1. Financing of construction, acquisition and renovation of housing through the purchase of LEB bonds

In order to increase the supply of affordable housing, the Company will provide financing for the construction and purchase of credit housing for LEB waiting lists by repurchasing LEB bonds within the framework of the Concept. At the same time, in order to improve housing conditions, the Company will finance the renovation of dilapidated housing by providing bond loans to LEB.

The sources of financing will be the funds of the National Fund of the Republic of Kazakhstan in the amount of 277 billion tenge allocated in 2016-2019 and the funds of the National Bank of the Republic of Kazakhstan in the amount of 180 billion tenge allocated in 2020. Thus, the total amount of funds allocated to finance the construction, purchase and renovation of housing is 457 billion tenge.

The financing of the construction and purchase of LEB credit housing will be carried out on a revolving basis through the purchase of LEB bonds.

In order to ensure timely reinvestment of allocated funds and execution of indicators of state programs, the Company will form proposals for state bodies on the allocation of funds and will provide digital monitoring of the pace of construction and sale of real estate.

Also, the Company will consider the possibility of increasing the amount of construction financing and mixing the funds of the National Fund of the Republic of Kazakhstan and the National Bank of the Republic of Kazakhstan with market borrowings.

In order to monitor housing affordability, create comfortable living conditions for the population and determine the effectiveness of the measures taken, the Company will conduct analytical studies, including the real estate market and housing construction, as well as set technical requirements for the financed facilities taking into account the needs of the population.

7.1.2. Guaranteeing equity participation in housing construction

In order to ensure the protection of the rights and interests of equity participants, the Company will provide guarantees for the organization of the completion of the construction of a residential building upon the occurrence of a guarantee event and the transfer of shares in a residential building to shareholders under agreements on equity participation in housing construction.

The company will impose qualification requirements for participants in shared construction in terms of financial stability, experience and introduce mechanisms for control and monitoring of the targeted use of shareholders' money through engineering companies, apply best risk management practices, and will also consider the possibility of introducing project management of shared construction projects with the involvement of professional EPCM companies.

The mechanism for providing guarantees is determined according to the law on equity participation in housing construction of the Republic of Kazakhstan.

The company will build an ecosystem for the development of shared-equity construction in the Republic of Kazakhstan. To date, 68% of the market (shadow market) of multi-apartment housing illegally attract shareholders, about 104 thousand apartments are being built bypassing legislation by concluding booking/investment contracts, etc., without registering transactions.

To reduce the share of the shadow market, the Company will work with government agencies on the following measures:

- simplification of entrance qualification requirements (experience, own participation), while increasing the fine for illegal attraction of equity holders' funds;
- implementation of all types of transactions of purchase and sale of housing under construction only in cashless form;
- introduction of mandatory verification by notaries and STB of the presence of registration of contracts in the IS "Qazreestr" (prohibition of booking contracts, investment, etc.);
- inclusion in the "7-20-25" program and other STB programs purchase of housing under construction with a Company guarantee.

The Company will introduce new support tools, and will also consider the possibility of financing authorized companies in case of risks of late commissioning of shared-equity construction facilities and guaranteeing collateral for STB loans for authorized companies. The financing mechanism is determined according to the Company's internal regulatory documents.

7.1.3. Subsidizing loans from private developers

In order to support the development of the construction industry, the Company, within the framework of the Concept, will provide subsidization of part of the interest rate on loans from private developers issued by STB.

The source of subsidies will be the funds of the republican budget.

The company will monitor subsidized housing construction projects.

The procedure for granting subsidies is determined by the subsidy rules approved by the authorized body of the Republic of Kazakhstan.

7.1.4. Financing of urban development investment projects

As part of the implementation of investment projects, the Company will finance urban development investment projects in accordance with internal regulatory documents.

An urban development investment project is a complex development that provides for the construction of multifunctional residential areas with developed infrastructure and includes, but is not limited to:

- at least 50 thousand sq.m of housing;
- construction of social infrastructure facilities and park areas.

In addition, an urban investment project may include the construction of commercial (business centers, shopping malls, etc.) and other non-residential real estate.

Urban planning projects should provide for the concept of a master plan.

Financing of urban development investment projects will be carried out on the terms of compliance of the project with the standards of integrated development developed by the Company taking into account international experience, analysis of standard projects within the framework of the Concept and the needs of the population.

Such projects will include social infrastructure facilities (kindergartens, schools, etc.). At the same time, developers accept counter obligations to sell part of the housing at prices determined by the Concept.

Financing mechanisms:

Sources of funding	Financing mechanisms
Own funds and/or borrowed funds (from government and/or market sources)	Lending
	Bond financing

Financing is carried out by providing a loan and (or) a loan in accordance with the internal documents of the Company on the terms of payment, urgency, repayment and security of the allocated funds.

Financing can be provided using the mechanism of mixing funds from various sources.

Financing of urban development investment projects can be directed to the construction of an object, redemption, as well as termination of encumbrances of a land plot and/or an object of unfinished construction, repayment and/or refinancing of debt in second-tier banks, as well as to the fulfillment of state tasks.

7.2. Strategic direction 2: Supporting housing demand

Goal: to increase housing affordability for citizens of Kazakhstan

The strategic objectives of the Company in this direction are:

- 1) provision of rental housing;
- 2) subsidizing mortgage loans.

7.2.1. Provision of rental housing

To ensure housing affordability, the Company will provide rental housing with redemption within the framework of the Concept under the relevant memoranda (agreements) concluded with state and non-state legal entities, as well as within the framework of the Company's own programs.

To provide rental housing, the Company will purchase housing on the market at prices determined by the Concept.

Financing will be made by attracting loans in the financial market and reinvesting the Company's lease payments within the framework of the Concept.

Also, together with the interested state bodies and the LEB, the issue of transferring the LEB rental housing fund without redemption (39 thousand apartments) to the Company will be considered, with the provision of people that have confirmed their income, the right to subsequent purchase of housing. Incoming rental payments can be reinvested in the purchase of new rental housing for waiting lists, without additional allocation of funds from the budget.

The company will develop rental housing standards to improve the quality and safety of housing for tenants and ensure compliance with the legislation of the Republic of Kazakhstan.

7.2.2. Subsidizing mortgage loans

In order to increase the availability of mortgage housing loans to the population, the Company will provide subsidies for part of the interest rate on mortgage housing loans issued by the STB, subject to the allocation of funds from the republican budget.

The source of subsidies will be the funds of the republican budget.

The procedure for granting subsidies is determined by the Company's internal regulatory documents.

8. Key functional tasks and goals within the framework of strategic activities

8.1. Development of digital technologies and analytics

8.1.1. IT infrastructure development

The Company will actively support and improve the IT infrastructure, as well as information systems, the purpose of which is to digitalize business processes and ensure the efficient operation of all IT services provided by the Company.

To ensure more efficient processing of applications and internal business processes, as well as to improve the quality of online services, the Company will integrate with government databases and services of government agencies.

Regular IT audits with the participation of independent companies will be aimed at evaluating the effectiveness of the Company's information systems and ensuring compliance with all information security requirements stipulated by law.

In order to improve the quality of systems and processes, the Company will look for opportunities to implement advanced IT solutions and technologies that will improve productivity and optimize processes for both customers and employees.

8.1.2. Application of the data-driven approach in the activity

The company will focus on the active use of the data-driven approach in all aspects of its activities. The Company will strive to ensure that all decisions are based on data analysis, which will allow it to outpace customer expectations, optimize business processes and make the Company more efficient.

Historical data will be used to make decisions. In this regard, the Company will pay special attention to the development of the data warehouse, which is a key foundation for data collection, storage and analysis. This will be an important step towards improving operational efficiency, making informed decisions and achieving strategic goals.

The company will actively analyze the data in order to identify insights and understand trends in customer behavior, market dynamics and other factors affecting the activity. One of the key areas of development will be the creation of predictive analytics that allows you to predict future events and trends based on historical data.

Integration with tools such as Power BI will allow you to create interactive analytical reports for employees and Company management.

8.1.3. "Nurly Zher" Situation center

The company will continue to develop "Nurly Zher" Situation Center in the following directions:

- intelligent monitoring of construction using computer vision;
- formation of a data warehouse of the Company's production indicators;
- predictive data analysis using machine learning algorithms;
- integration with government databases.

To implement this task, the Company will develop competence in predictive analytics and big data processing (data science, big data), project management, as well as in housing market research and analysis.

8.1.4. Online Building materials platform

In order to reduce the cost of housing construction and support Kazakhstani manufacturers of building materials on the basis of the "Nurly Zher" Situation Center in March 2022, on behalf of the Prime Minister of the Republic of Kazakhstan (dated December 28, 2021), an online platform of building materials was put into commercial operation (www.material.kz) within the framework of the Concept.

On the online platform, Kazakhstan manufacturers/suppliers of building materials can get acquainted with the needs of building materials within the framework of the Concept and, if necessary, send electronic commercial offers to construction companies using EDS after registration. The platform also allows Kazakhstan manufacturers of building materials to create their own showcase of building materials with prices for construction companies.

The company will continue to develop and promote this online platform, including the development of a wiki-directory of building materials in order to provide information about various building materials, their characteristics, properties and applications. They will serve as a useful tool for builders, architects, designers and everyone connected with construction and repair.

Also, if necessary, after determining the status of the platform and the procedure for purchasing materials through it, it will consider the possibility of developing a function for concluding online contracts between suppliers and developers. To determine the status of the platform, it will be necessary to make appropriate changes to the legislation of the Republic of Kazakhstan in the field of procurement.

8.1.5. Housing portal

In 2023, a personal account of legal entities will be developed, as well as the functionality for applying for a guarantee for the completion of construction, subsidizing the interest rate on loans for housing construction purposes and obtaining rental housing with/without the right of redemption will be implemented.

The company will continue to develop a Housing portal to provide comprehensive services for citizens of Kazakhstan, in part:

- integration with government databases for the prompt receipt of reliable information about customers;
- automation of the processes of receiving services by clients through the personal accounts of the Housing portal;
- transfer the conclusion of all contracts within the framework of the services provided to the online mode;
- creation of a contact center for equity participants in order to cover the market with legal mechanisms of equity construction;
- introducing new functionality to improve customer user experience;

- development of a universal Application Programming Interface (API) on the principle of "open data" – positioning as an online expert-analytical portal.

8.1.6. Qazreestr

The company will continue to develop Qazreestr in the following areas:

- issuance of permits of local executive bodies to attract money from shareholders through the Qazreestr;
- registration of participation agreements in a housing and construction cooperative in Qazreestr;
- signing of electronic agreements on equity participation in housing construction using the QR code of the eGov Mobile and eGov Business mobile applications;
- introduction of Single Sign-on (SSO) technology between the e-government Portal (eGov.kz) and Qazreestr;
- integration of Qazreestr with state databases;
- conducting tests of the Qazreestr for compliance with information security requirements;
- development of real estate market analytics based on data from the Qazreestr.

8.2. Financial stability

To improve the efficiency of financial resources management and ensure financial stability, the Company will work to optimize the Company's operating expenses, improve liquidity and financial risk management systems, as well as increase investment attractiveness, including improving/maintaining the Company's credit rating, searching for optimal funding sources and the possibility of using available resources to implement the Company's strategic directions.

8.3. Risk management

The Company will implement the best practices in the field of corporate risk management system and preventive measures to minimize the Company's risks, as well as ensure a systematic and consistent approach in the implementation of the risk management process.

Activities will be carried out to inform, train and motivate employees to identify and assess the risks inherent in the Company.

8.4. HR policy and corporate development

The company will form a professional team and will develop competence in the field of urban planning, architecture and engineering, project management, as well as in the field of predictive analytics and big data processing (data science, big data) in accordance with the Unified Personnel Policy of the Holding.

Modern approaches to working with staff and external applicants, cooperation with leading universities to find young talents (practice, hackathons/contests, seminars

and dual training) will be introduced, as well as a favorable environment and an effective corporate culture will be created to unlock the potential of employees and implement their ideas. The company will strive to become the best employer in its industry and comply with ESG (Environmental, Social, Governance) principles — the principles of the company's activities based on environmental protection, creation of favorable social conditions, conscientious attitude with employees and proper corporate governance.

As part of corporate development, social security of employees will be provided, the level of wages will be increased to the average market, and organizational transformations and reengineering of business processes will be carried out to ensure flexibility and the implementation of strategic directions, as well as the decomposition of key strategic goals in the efficiency of employees.

8.5. Public relations

The Company's tasks in the field of communications will be to achieve maximum efficiency in transmitting key decisions and messages to the public, as well as developing a proactive PR strategy to establish trusting relationships in business, government, media and public circles.

The company will be based on accurate data, conduct qualitative research, thorough analysis and regular monitoring of mentions of itself in the media space.

The growing use of the Internet and the increase in technological demand are leading to changes in the digital market. Stakeholders' expectations are getting higher and higher. In this regard, public relations officers (PROs) Companies will continue to use a variety of digital channels to expand PR opportunities. This includes the use of immersive technologies, podcasts and video content. Experts from relevant industries will be involved to create high-quality content for the media. Ensuring transparency and eliminating information asymmetry is one of the PR priorities.

The Company will adhere to its principles based on the dissemination of only reliable information obtained from primary sources. Authenticity is an important indicator of a Company's success.

8.6. Financing green housing to reduce CO2 emissions

The Company will strive for the harmonious management of the economic, environmental and social aspects (ESG) of its activities to ensure sustainable development.

The company integrates the principles of sustainable development into key processes and implements initiatives to achieve the UN Sustainable Development Goals, such as: "Reducing inequalities", "Sustainable Cities and communities" and "Industrialization, Innovation and Infrastructure".

The company will seek to finance housing projects that adhere to the principles of environmental sustainability, contributing to the reduction of carbon emissions into the environment. This may include the use of energy-efficient technologies, the

introduction of renewable energy sources, improving the energy efficiency of buildings and the use of environmentally friendly building materials.

In order to finance green housing, the Company will actively interact with international financial organizations and strives to use green financial instruments, such as green bonds and green loans.

9. Key performance indicators of the Company until 2033 and methodology for calculating indicators

In order to assess the effectiveness of its activities, the Company will continuously monitor and analyze the achievement of its goals by using the following key performance indicators:

S/N	Key performance indicator	UoM	Justification	Calculation methodology	Promoting sustainable development goals	Target value for 2033	Data source
Strategic direction 1: Support for housing supply Goal: to increase the volume of housing construction by stimulating the private sector and servicing developers							
Task 1. Financing of construction, acquisition and renovation of housing through the purchase of LEB bonds							
1.	Financing of construction, acquisition and renovation of housing through the purchase of LEB bonds	billion tenge	In the implementation of the Concept	The amount of repurchase of LEB bonds with accumulation from 2024	"No.9. Industrialization, innovation and infrastructure"; "No.11.Sustainable cities and communities".	839 ⁹	Broker Reports
Task 2 and 3. Guaranteeing equity participation in housing construction and subsidizing loans from private developers							
2.	The volume of guarantees and subsidies issued	billion tenge	In the implementation of the Concept	The volume of guarantees issued for shared-equity construction and the amount of loans to developers receiving subsidies at face value with accumulation from 2024	"No.11.Sustainable cities and communities".	1 887	Concluded guarantee and subsidy agreements
Task 4. Financing of urban development investment projects							
3.	The volume of housing commissioning within the framework of financing urban development investment projects	thousand sq.m.	In the implementation of the Concept	The volume of housing commissioned according to the acts of commissioning with accumulation from 2024	"No.11.Sustainable cities and communities".	At least 1,000	Acts of commissioning of facilities
4.	Increasing the share of the multi-apartment residential buildings market by	%	-	$X/Y \cdot 100\%$ X - The volume of housing commissioning according to three legal ways of organizing equity participation in housing construction (guarantee of KHC JSC (acts	"No.11.Sustainable cities and communities".	82%	- Qazreestr (participation in the STB project, and the resolution of the LEB);

⁹ In the event of a change in the LEB's demand for the issuance of GS, the volumes may be revised.

S/N	Key performance indicator	UoM	Justification	Calculation methodology	Promoting sustainable development goals	Target value for 2033	Data source
	shared-equity construction mechanisms			of commissioning), participation in the STB project (data from Qazreestr), and LEB permit (data from Qazreestr) and commissioned housing due to the instruments of KHC JSC (purchase of LEB bonds, subsidizing loans from developers, purchase of ready-made housing, financing of urban development investment projects) for the reporting year. Y is the volume of housing commissioning (multi-apartment residential buildings) total for the Republic of Kazakhstan for the reporting year.			- acts of commissioning of housing at the expense of the instruments of KHC JSC; - LEB data; - BNS ASP&R of the RK.
Strategic direction 2: Support for housing demand Goal: to increase housing affordability for citizens of Kazakhstan							
Task 1. Provision of rental housing							
5.	Sale of apartments for rent with redemption	Units	In the implementation of the Concept	The number of waiting lists of LEB and other categories of citizens within the framework of the Concept provided with rental housing with redemption with accumulation from 2024	"No. 10. Reducing inequalities"; "No.11.Sustainable cities and communities".	2 903	IS "CFT" and LEB distribution lists
Other key performance indicators within the Company's strategic directions							
6.	The share of the loan and investment portfolio of total assets	%	In order to work assets for the development of the country's economy, and not for placement in the treasury portfolio	$(X+Y)/Z * 100$ X = Loan portfolio Y = Investment Portfolio Z = Total assets at the end of the reporting period	-	77%	Development plan and accounting system (IC enterprise) for the reporting year.
7.	The degree of performance of key performance indicators in terms of digitalization	%	Implementation of the Company's Digitalization Strategy	$Z=((Y1/X1)+(Y2/X2)+...+(YI/XI))*100)/N$ Z = effectiveness in achieving the efficiency targets provided for the reporting year in the efficiency map of the Digitalization Strategy. XI = target value of efficiency for the reporting year. YI = actual efficiency value for the reporting year. I = the serial number of the efficiency. N = the amount of efficiency for the reporting year.	-	100%	Annual reports on the implementation of the Digitalization Strategy with information on achieving efficiency targets

List of abbreviations

NMH "Baiterek" JSC	National Managing Holding "Baiterek" Joint Stock Company
KHC JSC	Kazakhstan Housing Company Joint Stock Company
RWSP	rent with subsequent purchase
DBK	Development Bank of Kazakhstan Joint Stock Company
BNS ASP&R of the RK	Bureau of National Statistics of the Agency for Strategic Planning and Reforms of the Republic of Kazakhstan
STB	second-tier bank
GDP	gross domestic product
UNIVERSITY	higher education institution
GDB	Government databases
GS LEB	government securities of local executive bodies
REIF	Real Estate Investment Fund
CCHCS of the MIC of the RK	Committee for Construction and Housing and Communal Services of the Ministry of Industry and Construction of the Republic of Kazakhstan
KPI	key performance indicator
IT	Information technology
LEB	Local executive body
IFO	International financial organizations, including development banks, reconstruction and development banks, investment banks, foreign exchange funds, development funds and private financial organizations
Concept	Concepts of housing and communal infrastructure development for 2023-2029
NB RK	National Bank of the Republic of Kazakhstan
NF RK	National Fund of the Republic of Kazakhstan
UN	United Nations
Otbasy Bank	Otbasy Bank Joint Stock Company
DGRK	Decree of the Government of the Republic of Kazakhstan
RK	Republic of Kazakhstan
Entertaining Shopping center	shopping and entertainment center
API	Application Programming Interface
ROA	return on assets
REIT	Real Estate Investment Trust
ROE	return on equity
HDB	Housing and Development Board of Singapore