

Medical Buildings Report

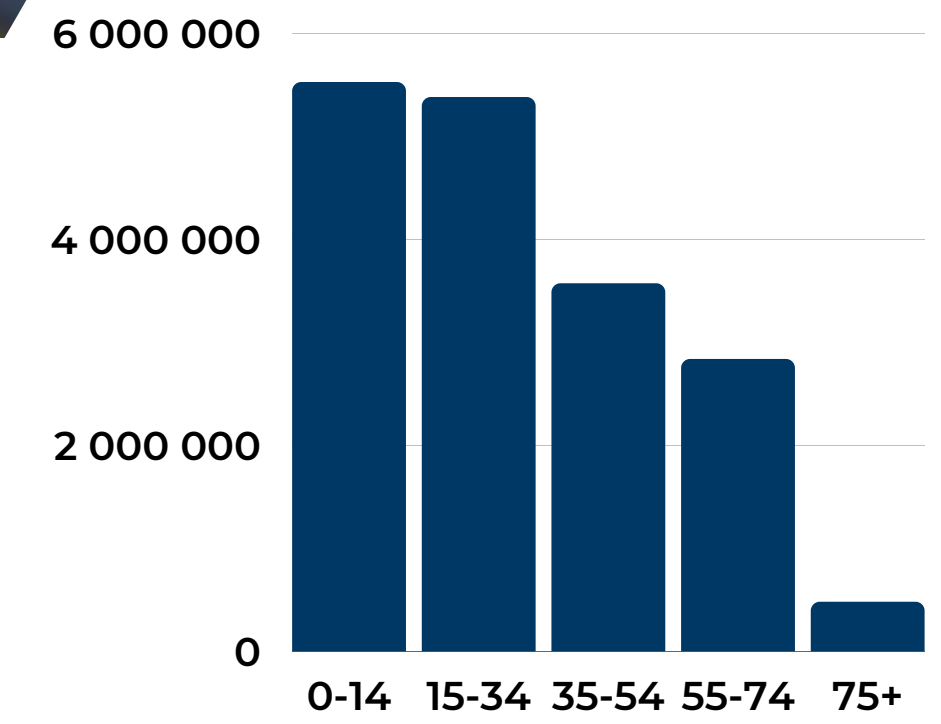
Almaty 2021



Number of MOBs: 3,000

Population: 2,001,304

Average wage: 241,938 KZT



Population by age group

Cushman & Wakefield Kazakhstan study of the Medical & Healthcare market

The medical industry has experienced significant growth following the COVID-19 pandemic. The demand for Medical Office Buildings has grown as the number of pharmacies, medical labs and private clinics has increased. Additionally, there has been a serious increase in interest in buildings that could serve as private clinics from local and international healthcare service providers. This report will provide an overview of the medical services sector, government initiatives, and industry trends.

Key Points:

- Average monthly wage in healthcare and public service is 241,938 KZT as of Q2 of 2021.
- 3,180,318,382 KZT the Kazakhstan Government is planning to spend on Healthcare.
- There is a total of 1,860 registered legal entities in the field of healthcare and social services in Almaty, 7,184 in Kazakhstan.
- 160 COVID -19 vaccination points in the city, located in medical organizations, schools, cultural facilities, sports, markets, and shopping centers.
- 93,810,621,000 KZT worth of medical services were provided in the city as of Q1 of 2021.
- Medical services are not subject to VAT, medical companies do not pay income tax. Bank financing for medical centers construction is subsidized up to an effective loan rate of 6%.

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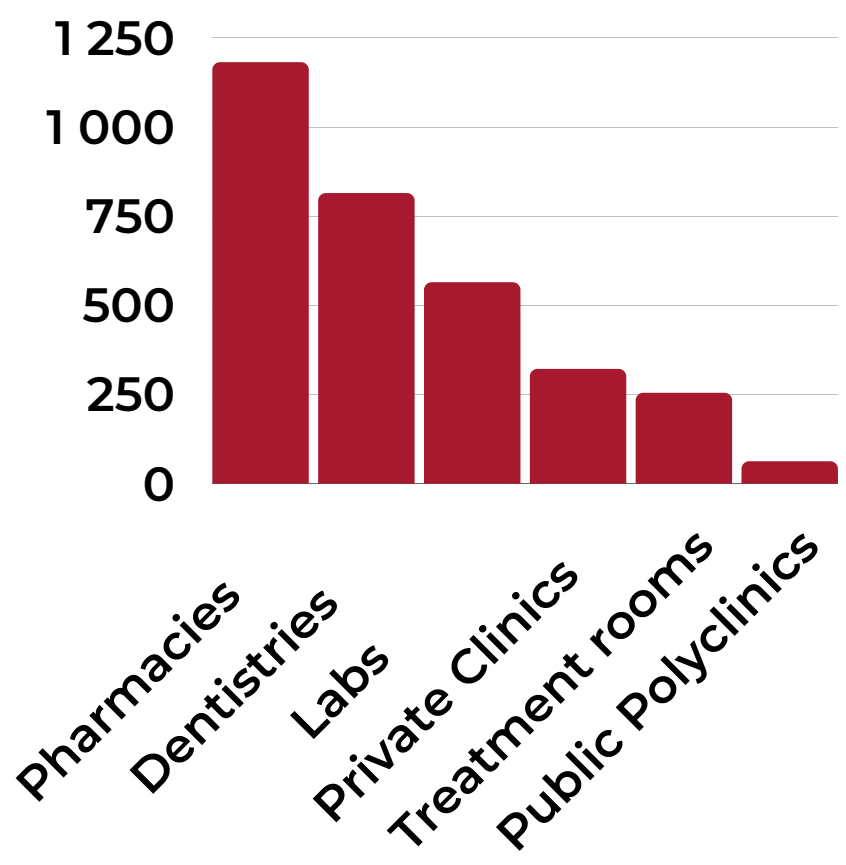
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There are a number of medical service providers that have been actively growing their presence in Almaty's medical services market. Medical labs and pharmacies have been one of the fastest-growing sectors of the industry.

Governmental support of the private healthcare system is observed in VAT exemption and subsidized bank loans, as well as through Public-private partnership (PPP) schemes.

Labs	Dentistries	Female Healthcare	Maternity Hospitals	General Clinics
Invivo - 75	Rakhat - 7	OnClinic - 3	Rakhat - 3	Sunkar - 7
KDL Olimp - 67	Dobro Dent - 4	Kazmed - 3	Private Clinic Almaty - 1	Emirmed - 3
Invitro - 38	Dentlux - 4	Relife - 1	Keruen Medicus - 1	Medical Park - 1

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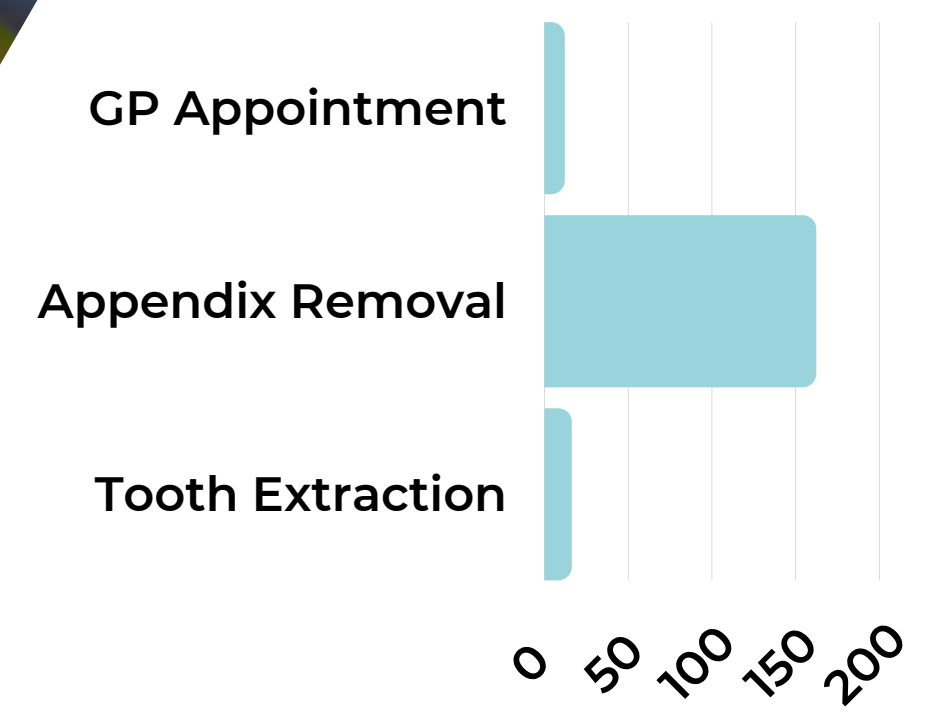
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Cost of Medical Services, USD

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The government has taken important steps in improving the overall quality of healthcare while also stimulating related private enterprises. Additionally, authorities have stated that one of the main objectives is improving the investment climate in the medical industry in order to enhance the quality of healthcare in the country.

Public medical insurance has now expanded to private clinics - the insured citizens are registered at private clinics of their choice. This provides significant support for the private health industry.

To increase the availability of primary health care, in addition to increasing the number of general practitioners in the industry, the disaggregation of health care entities is being carried out. This strategy includes involving private investors to ensure that small Primary health care (PHC) practices are located within walking distance. Overall, the hospital sector will be transformed from single-use to multidisciplinary.

To develop the market for clinical trials, the issue of introducing mechanisms will be considered, requiring pharmaceutical companies to invest up to 10% of profits from sales of pharmaceutical products into clinical trials in Kazakhstan.

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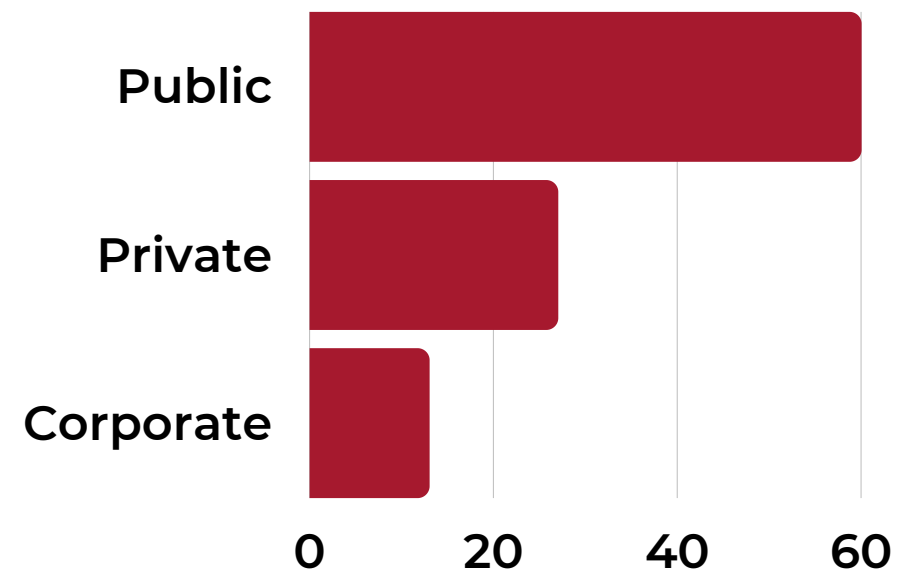
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Costs of Health care services provided by group

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Moreover, conditions will be created for the opening of private individual and group family medical practices (family medical outpatient clinics), close to the places of residence of citizens. Using a combination of funds from the local executive bodies and private investors, it is planned to open at least 500 primary health care facilities.

A number of outdated small and narrow-profile hospital facilities will be replaced by large multidisciplinary medical centers, the creation of which will be carried out by attracting potential private partners, including within the framework of PPP, concessions with reimbursement of investment costs.

A large part of the governmental support for the private enterprise is coming from Public-private partnerships (PPPs), which is an arrangement between the public and private sectors the purpose of which is to solve socially significant problems on mutually beneficial terms.

The main elements of a PPP are:

- Interaction of the parties is of equal nature
- The resources and contributions of the parties are consolidated for the development
- Financial risks, costs, and successes are distributed between the parties in predetermined proportions.

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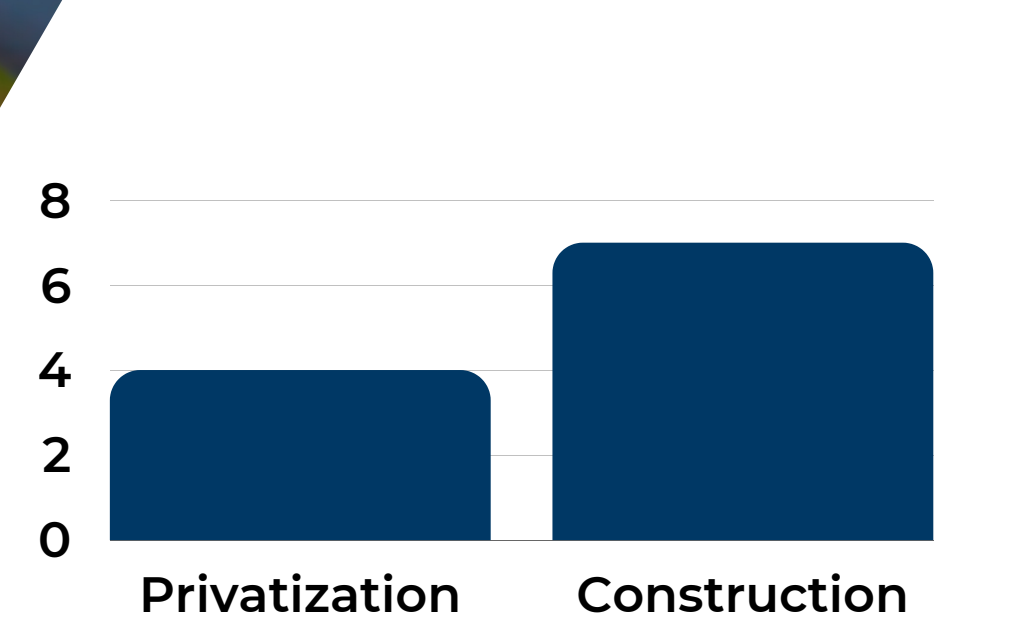
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Current PPP ventures by category in Almaty

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Main objectives of PPPs:

- Reduce the budget burden
- Invite investments
- Inviting private management of state-owned assets
- Broadening the public-private interaction framework

Agreements made through the PPP framework are of two types: contractual and joint venture. Contractual agreements include leasing (lease with subsequent purchase), life cycle (design, financing, and construction), concession (transfer of the right to operate to a business entity), service (service and modernization of medical equipment), trust management, rent of state property. Joint ventures are based on the pooling of resources.

The government provides compensation for investment costs, transfer of exclusive rights, natural grants, co-financing, consumption guarantee. Payments made include subsidies, compensation for operating costs, management remuneration, availability fees.

There are currently 11 projects that are in various stages of realization in Almaty, that act as examples of PPPs. Several government medical facilities are planned to be privatized or constructed (rebuilt).

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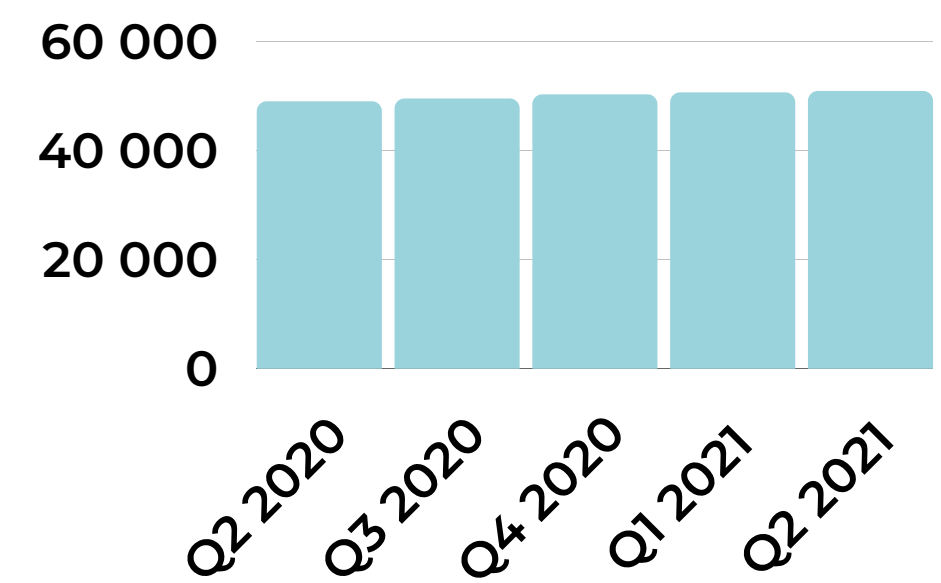
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Medical & Public Service Personnel Number

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In the medium, to long term, we expect that the trend toward telehealth is going to accelerate, as the non-critical visits to the hospital, clinics, and physicians' offices move online to reduce the exposure of medical staff by limiting in-person visits while also providing more flexibility for the patients.

More specialists are going to be entering the medical workforce in the near future. There has been a 3.87% increase in healthcare and public service personnel over the course of the year (from Q2 of 2020 to Q2 of 2021). This is shown in the table to the left.

In the short to medium term, as the epidemiological situation in the city stabilizes, medical care facilities will be able to carry out procedures that were postponed during the pandemic.

In the long term, it is expected that there will be a consolidation of subsectors of the medical services market. Currently, the market is actively growing therefore limited consolidation efforts are taking place.

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