

Approved by decision of the Board of directors
“Real Estate Fund “Samruk-Kazyna” JSC
Minutes No. 92 dated 20 May 2015

**Q1 2015 PERFORMANCE REPORT
OF BOARD OF DIRECTORS AND
CORPORATE SECRETARY SERVICE
OF SAMRUK-KAZYNA REAL ESTATE FUND JSC**

Astana 2015

CONTENT

INTRODUCTION

1. ARRANGEMENT OF THE BOARD OF DIRECTORS ACTIVITY
 - 1.1 Board of Directors Content
 - 1.2 Criteria for Directors Selection
 - 1.3 Criteria for Independent Directors
 - 1.4 Remuneration of the Directors
 - 1.5 Board of Directors Performance Assessment
 - 1.6 Advanced Training of Members of Board of Directors
 - 1.7 Information on the ownership of shares in the Company, suppliers and competitors
 - 1.8 The procedure for bringing the issues to Sole Shareholder consideration
2. BOARD OF DIRECTORS PERFORMANCE FOR Q1 2015
 - 2.1 Number of meetings and meetings attendance by the Members of Board of Directors
 - 2.2 Procedure for submitting proposals for the agenda of meetings of the Board of Directors
 - 2.3 Main issues reviewed by Board of Directors in Q1 2015 014
 - 2.4 Corporate Governance Advancement
 - 2.5 Action by the Board of Directors to take into account the position of the Sole Shareholder
 - 2.6 Board of Directors Committees Activity
 - 2.6.1 Board of Directors Audit Committee Activity
 - 2.6.2 Board of Directors Remuneration and Appointment Committee Activity
 - 2.6.3 Board of Directors Strategy and Investments Issues Committee Activity
3. CORPORATE SECRETARY REPORT FOR Q1 2015
 - 3.1 Provision on Corporate Secretary
 - 3.2 Performance of Corporate Secretary Service in Q1 2015

CONCLUSION

INTRODUCTION

This Samruk-Kazyna Real Estate Fund JSC Board of Directors and Corporate Secretary Service Q1 2015 Performance Report has been prepared in light of recommendations and best world practice in corporate governance, as well as in accordance with Articles of Association, Provision on Board of Directors, and Corporate Governance Code of Samruk-Kazyna Real Estate Fund JSC (hereinafter – the Real Estate Fund)

The Report consists of three main sections.

In the First section Arrangement of Board of Directors Activity in Q1 2015 is presented the information on Board of Directors content, criteria of selection and independent directors, remuneration policy, advancement training and policy on Board of Directors Performance Assessment.

In the second section Board of Directors Performance in Q1 2015 was presented information on Board of Directors activity, number of meetings and meetings attendance by each Member of the Board of Directors, issues considered for the reporting period, information on Corporate Governance Advancement, as well as performance of Board of Directors Committees.

In the third section is presented the Report on Corporate Secretary Service activity in Q1 2015.

Generally, the content and structure of the Report are presented in the way, so as to provide concerned users with supreme authentic, full and clear information on Board of Directors and Corporate Secretary Service performance in Q1 2015.

1. ARRANGEMENT OF BOARD OF DIRECTORS ACTIVITY

1.1 Board of Directors Composition

Provision on Samruk-Kazyna Real Estate Fund Board of Directors was developed and approved in 2009 in order to implement the principle of Board of Directors efficient governance. Provision on Board of Directors defines the status, order of formation and activity, the Composition of Board of Directors and the cooperation order with other Company bodies, rights, duties and responsibilities of Members of Board of Directors, as well as the order of selection and early termination of their authorities.

Samruk-Kazyna Real Estate Fund JSC Board of Directors was formed in March 2009 in accordance with the RK Law On Joint Stock Companies.

In Q1 2015 the following amendments were made into the Real estate Fund Board of Directors Content:

- By decision of the Management Board of JSC "Samruk-Kazyna" on July 9, 2014, 30/14 members of the Board of Directors of JSC "Real Estate Fund "Samruk-Kazyna" were reelected for a new term. The term of office of the Board of Directors of JSC "Real Estate Fund "Samruk-Kazyna" was determined - 3 years;
Composition of the Board of Directors:

No s/c	Name	Position	First election to BoD:
1.	Zhumagaly Munzhasarov	Chairman of the Board of Directors, Chief Procurement Officer, Samruk- Kazyna NWF JSC	February 14, 2012
2.	Bolat Palymbetov	Member of Board of Directors, Chairman of Management Board ,Samruk-Kazyna Real Estate Fund JSC	May 23, 2011
3.	Zhanar Abdykarimova	Member of Board of Directors, Independent Director	October 30, 2012
4.	Adriaan Ian Houwink	Member of Board of Directors, Independent Director	February 21, 2014
5.	Mukhit Azirbayev	Member of Board of Directors, Independent Director	February 21, 2014

1.2 Criteria for Board of Directors selection

In accordance with the Charter and Provision on Real Estate Fund Board of Directors, Members of Board of Directors are elected by decision of Sole Shareholder.

Applicants for Board of Directors Membership and Members of Board of Directors are required to have relevant work experience, knowledge, qualification and positive achievements in a business and(or) industry-specific sphere, necessary for implementation of their duties and organization of the effective performance of the Board of Directors on behalf of Sole Shareholder and the Company.

Members of Board of Directors are bound to meet the following requirements:

- 1) Work experience in executive positions of the State Structures, commercial or other related organizations or on the Management Board or on the Boards of Directors of Joint Stock Companies no less than 3 years;
- 2) Unblemished business reputation.

It is not permitted to elect as a Member of Board of Directors the person who:

- Does not have higher education;
- Have unexpired or un-removed criminal record in accordance with the procedure established by law;
- Formerly acted as a chairman of the director's board, chief executive (chairman of the management board), deputy director, chief accountant of other legal body, in the period, no more than one year prior to approval of resolution on forced liquidation or forced redemption of shares, or temporary closing of other legal body, adjudged as bankrupt, in the prescribed manner.

Accordant to world practice in corporate governance and the requirements of the Law on Joint Stock Companies (c. 5, art.54) number of Members of Board of Directors is required to consist of no less than three people, whereupon no less than 30% of the board of directors content should consist of independent directors.

Independent directors are elected in accordance with the Rules on Samruk-Kazyna JSC Independent Directors selection, wherein is determined the order of selection on a competitive basis applicants for independent directors in order to elect them in national development institutions boards of directors, national companies and other legal entities, more than 50% voting whose shares are possessed by Samruk-Kazyna JSC on the right of ownership or trust management.

1.3 Criteria for Independent Directors

In accordance with Subclause 20 Article 1 of the Law on Joint Stock Companies, by the Charter, Fund's Corporate Governance Code, Independent Director is determined as member of the board of directors, who:

- Is not affiliated Company's representative and was not in that position during three year period, preceded to his election to the Board of Directors (except for cases when he was at the position of Company's Independent Director);
- Is not affiliated person in relation to Company's affiliated persons;
- Subordinated to Company's Officials or organizations – affiliated persons of the Company and was not subordinated to these persons during the three years preceding to his election to Board of Directors
- Is not Company's auditor, and is not auditor for three years, preceding his election to Board of Directors
- Is not a government employee
- Is not the Representative of Sole Shareholder in the Company's entities meetings and was not presented in this position during three years preceding his election to Board of Directors.

Members of the Company's Board of Directors shall notify previously the Board of Directors about joining of work in other organizations with positions of Members of the Board of Directors.

Members of Company's Board of Directors are prohibited to enter the Content of Board of Directors and replace executive positions in organizations - Competitors of the Company.

Company's Independent Directors Zh. Abdikarimova, M.Azirbayev, and A.Houwink (Netherlands), as of the date of formation of this report fully complied criteria of independence, provided in the RK Law On Joint Stock Companies, in the Charter and Samruk-Kazyna Real Estate Fund JSC Corporate Governance Charter.

1.4 Remuneration of the Directors

In accordance with Art. 25 of the Provision on Samruk-Kazyna Real Estate Fund JSC Board of Directors, Independent Directors of Fund, in the order, prescribed by Legislation of the Republic of Kazakhstan, during the period of their performance, might be paid with the remuneration and(or) compensation, connected with their functions performance as Members of Board of Directors.

Issues on determination of the quantity, terms of powers of Board of Directors, its members selection and early termination of their powers, selection of Chairman of Board of Directors, as well as determination of size and conditions of remuneration repayment to Members of Board of Directors are related to Sole Shareholder's exclusive competence.

The manner of payment of remuneration and(or) compensation of costs to Independent Directors is regulated by Rules on remuneration and compensation repayment to Samruk-Kazyna Real Estate Fund JSC Independent Directors.

In accordance with the abovementioned Rules, Fund's Independent Directors are paid with:

- Fixed remuneration – for their performance as the Members of Board of Directors, remunerations are paid by Fund in monetary form once in a half-year, equally to the period of Director's performance in the relevant half of the calendar year.
- Extra compensation – for participation in the meetings of the Board of Director's Committees, which is paid by the Fund within a month, after the date when Board of Directors Committee in-person meeting was held.

Independent Director is also paid with reimburse costs, connected with his(her) departure to the Board of Directors Meetings (passage costs, accommodation, per diem), which are held away from the place of permanent residence of the Independent Director.

Size of remunerations for Independent Directors is established by Resolution of the Sole Shareholder, without establishing of maximum limits.

Remuneration of the Independent Directors in Q1 2015

	Name	Fixed remuneration	Extra remuneration	Total:
1	Zh. Abdykarimova	---	525 000 tenge	525 000 tenge
2	M. Azyrbayev	---	375 000 tenge	375 000 tenge
3	Adriaan Houwink	---	6 000 US dollars	6 000 US dollars

In the accounting period remunerations to the Independent Directors in form of shares were not paid, and other bonuses were not provided.

1.5 Board of Directors Performance Evaluation

By the Board of Directors Resolution No 67 the Policy on Performance Evaluation of Board of Directors, Board of Directors Committees, and members of Samruk-Kazyna Real Estate Fund JSC Board of Directors was approved on October 24, 2012.

In accordance with that policy, decision on evaluation the performance of Board of Directors, Board of Directors Committees, and each Member of the Board of Directors is being made by Board of Directors.

Board of Directors is able to provide the evaluation:

- By involvement of the consultants;
- By means of questionnaires, interviews and etc.;
- By using of mixed approach: on its own under coordination of process by the consultants;

Criteria for evaluation of Board of Directors performance cover the following factors:

- Content and structure of Board of Directors
- Roles and tasks of Board of Directors, Chairman of Board of Directors;
- The procedures of Board of Directors performance, informational support of its activities;
- Board of Directors Committees work;
- Cooperation of Board of Directors with the Management Board;
- Remuneration Policy for Members of Board of Directors.

Evaluation of the Samruk-Kazyna Real Estate Fund JSC Board of Directors and its members performance was implemented in 2014, by questionnaire of all the members of the Board of Directors, in coordination by Corporate Secretary.

According to the results, the overall evaluation of the Board of Directors amounted to 4.4 points (out of 5). On the basis of the acquired results the report on evaluation of Board of Directors performance, Board of Directors Committees and Real Estate Fund Board of Directors Members was formed by Corporate Secretary, which has been considered on the meeting of Board of Directors.

According to results of evaluation, the measures were developed and included into 2015 Board of Directors Development Plan, which are directed to Board of Directors Performance improvement, as well as committees and Members of Board of Directors.

1.6 Advance training for Members of Board of Directors

According to Resolution of Board of Directors No 65 dated August 29, 2012 has been approved the Policy on Advancement Training of Samruk-Kazyna Real Estate Fund JSC Board of Directors Members and involvement of the external experts by Samruk-Kazyna Real Estate Fund JSC Board of Directors.

This given Policy defines rights and duties of Board of Directors Members in terms of their qualification improvement and involvement of the external experts, regulates the order of planning and decision making on improvement of qualification and involvement of external experts by Directors Board Members.

It is also consolidated the commitment of Independent Directors no less than once in a three years, to participate in the events on qualification improvement on issues of Board of Directors

competence and neighboring issues, to participate in external and internal educational programs, seminars (trainings), conferences, roundtable discussions, forums, to use other forms of advance trainings.

The introduction of mechanisms of improvement of skills and qualifications of Directors Board Members will encourage the rise of the Real Estate Fund Board of Directors performance efficiency. Moreover, it is provided for Directors Board Members the possibility for realization of their rights, in particular, by involvement of external experts in cases, when issues considered by the Board of Directors require external professional and independent expertise.

The information on participation of the Real Estate Fund Board of Directors in measures of qualification improvement according to the last three years:

- On September 6, 2013 the Independent Directors N.Stapleton and Zh.Abdykarimova participated in the Program of the Long-Term Motivation workshop (Astana).
- In the period from November 24 to 30, 2013 the Independent Director Zh. Abdykarimova participated in the educational tour in Singapore (Republic of Singapore) on the issue International Practice of the Corporate Management. The experience of Singapore.
- On November 12, 2014 all members of the Board of Directors participated in a seminar on risk management for members of the Board of Directors held by «KPMG».

1.7 Information on the ownership of shares in the Company, of the suppliers and competitors

Members of the Board of Directors of Real estate fund do not hold shares of the suppliers and competitors.

1.8 Procedure for bringing the matter before the Sole Shareholder

The Sole Shareholder of the Real Estate Fund is the “Sovereign Wealth Fund “Samruk-Kazyna” JSC. The procedure for presentation the issue for consideration of the Sole Shareholder governed by the Regulations on management of subsidiaries and dependent companies of “Samruk-Kazyna” (hereinafter - Regulations), approved by resolution of the Management Board of “Samruk-Kazyna” JSC No. 56/13 as of October 3, 2013.

The list of issues related to the competence of the Sole Shareholder, the resolutions are taken by the Management Board or by the Chairman of the Board of “Samruk-Kazyna” JSC, are provided in the related documents approved by the Management Board of “Samruk-Kazyna” JSC.

When presentation issue for consideration of the Sole Shareholder the materials upon the competence of the Sole Shareholder shall include:

- 1) draft of appropriate resolution of the Management Board of “Samruk-Kazyba” JSC or the Order of the Chairman of the Board of “Samruk-Kazyna” JSC;
- 2) explanatory note;
- 3) annex to the draft resolution or the Order;
- 4) reference materials;
- 5) materials, confirming the approval of issue;
- 6) protocol of disagreements (if any unsettled disagreements);
- 7) related protocols of the Board of Directors of the Real Estate Fund, Committee of the Board of Directors of the Real Estate Fund, Committee of the Management Board of “Samruk-Kazyna” JSC;

- 8) materials required by the internal documents of “Samruk-Kazyna” JSC, including the Regulations on the Management Board of “Samruk-Kazyna” JSC;
- 9) other materials.

Materials on the activities of the Real Estate Fund, directed to the Sole Shareholder for consideration shall contain the information to the extent necessary to make informed decisions on these issues.

Structural subdivision of “Samruk-Kazyna” JSC shall bear responsibility for the execution of the established procedures for the presentation materials for consideration to the Board of “Samruk-Kazyna” JSC or the Chairman of the Board of “Samruk-Kazyna” JSC in accordance with the internal distribution supervising the Real Estate Fund (hereinafter - Board).

Coordination of materials with structural subdivisions of “Samruk-Kazyna” JSC, presentation the issues for consideration to the Management Board or the Chairman of the Board of “Samruk-Kazyna” JSC shall be executed by the Board.

The deadline for consideration of materials on issues is not more than 30 calendar days, including the resolutions of the Management Board of “Samruk-Kazyna” JSC.

Board within 2 (two) days upon receipt the extract of the minutes/order shall provide the Real Estate Fund and Corporate Secretary of the Real Estate Fund with the related extract of the minutes of the Management Board of “Samruk-Kazyna” JSC/ order of the Chairman of the Board of “Samruk-Kazyna” JSC, which is the resolution of the Sole Shareholder.

Corporate Secretary shall bring to the notice the extract to the executive body of the Real Estate Fund. Corporate Secretary shall control the implementation of the resolutions of the Sole Shareholder.

2. BOARD OF DIRECTORS ACTIVITY IN Q1 2015

2.1 The number of meetings and attendance of meetings by Members of Board of Directors

In Q1 2015 JSC “Real Estate Fund “Samruk-Kazyna” had 2 in-person meeting of the Board of Directors (No.90-91). In total 36 items concerning key activities of the Real Estate Fund were discussed, which had 63 decisions and 10 assignments.

As for reporting date out of 10 assignment, 7 assignments were completed, 3 assignments are being worked on.

Participation in the Samruk-Kazyna Real Estate Fund JSC Board of Directors meetings in Q1 2015:

No	Name	Participation in the Board of Directors meetings	%

1.	Zh. Munzhasarov	2 of 2	100%
2.	B.Palymbetov	2 of 2	100%
3.	Zh. Abdykarimova	2 of 2	90%
4.	A. Houwink	2 of 2	80%
5.	M. Azirbayev	2 of 2	100%

2.2 Procedure for submitting proposals for the agenda of meetings of the Board of Directors

In accordance with the Regulations of the Board of Directors of JSC "Real Estate Fund "Samruk-Kazyna", meeting of the Board of Directors may be convened by the Chairman of the Board of Directors or the Management Board, or at the request of any member of the Board of Directors, the Internal Audit Service, audit organization performing the audit of the Company, the sole shareholder.

The requirement to convene a meeting of the Board of Directors shall be submitted to the Chairman of the Board of Directors by sending a written message with the draft of the proposed agenda of the meeting and must be signed by the initiator of the meeting.

The final draft agenda for the meeting is being developed by the Corporate Secretary of the Company and agreed (in the case of absentee voting - adopted) by the Chairman of the Board of Directors of the Company.

At a meeting of the Board of Directors decisions are made on the issues included in the agenda of this meeting.

Initiator of submitted issue on the agenda may, at any time prior to the final decision to exclude the item from the agenda, which necessarily recorded in the minutes.

In the course of any meeting of the Board of Directors, on which there are 2/3 (two thirds) of the total members of the Board of Directors are present, in the agenda may be included and considered an additional items, subject that all present members of the Board Directors will give a vote in favour on its inclusion in the agenda.

2.3 Main issues considered by Board of Directors in Q1 2015

As of the reporting period in the meetings of Board of Directors were considered strategic and ordinary issues related to the performance, which are included into the competence. List of the issues and decisions made upon them are reflected in the relevant minutes and resolutions of the Board of Directors meetings. Board of Directors in-person meetings were held in the regular basis in accordance with approved Working Plan for 2015.

In accordance with the Regulation on governance of Samruk-Kazyna JSC subsidiary and accounted companies, the Board of Directors approved the Measures Plan on implementation of the Samruk-Kazyna Real Estate Fund JSC Sole Shareholder expectations in 2014.

The Development Strategy

By Resolution of the Board of Directors dated March 20, 2014 Minutes No 80 was approved 2014-2023 Samruk-Kazyna Real Estate Fund JSC Long Term Development Strategy.

This Strategy is targeted to rise of the long-term value of the Real Estate Fund and defines mission, vision, strategic directions of the development and aims for the ten year period.

Mission of the Real Estate Fund is defined as Contribution to development of the construction sphere and Republic of Kazakhstan real estate market by the anchor development of megaprojects, investment into construction by using of green technologies, as well as introduction of innovations into construction sphere.

The Vision of the Real Estate Fund within the New Strategy – the leading company in anchor development of the megaprojects, and introduction of innovations into a sphere of Republic of Kazakhstan construction.

The following main Real Estate Fund strategic directions have been defined:

1. Increase of the long-term added cost of the Real Estate Fund;
2. Introduction of innovations into construction sphere

In Q1 2015 the information on implementation of the Action Plan for 2014 for the implementation of the Development Strategy of JSC "Real Estate Fund" Samruk-Kazyna "for 2014-2023 years was reviewed.

Affordable Housing 2020 Program

Implementation of this program is one of the main directions of the Real Estate Fund. Within the program of Affordable Housing 2020 the two ways of realization of housing were provided by the Real Estate Fund: direct sale and rent with purchase.

In the reporting period Board of Directors approved the report on implementation of housing construction projects by Samruk-Kazyna Real Estate Fund JSC within Affordable Housing – 2020 program.

During the reporting period, the Board of Directors, in accordance with the Work Plan of the Board of Directors of the Fund for 2015, considered a number of major issues regulating the internal activities of the Real Estate Fund. The Board of Directors *approved:*

- Risk management reports of «Real Estate Fund «Samruk-Kazyna» JSC for 2014, for the 4th quarter 2014;
- report on local content in goods, works and services purchased by the developers during the construction of objects of the "Real Estate Fund" Samruk-Kazyna" JSC for 2014;
- Internal Audit service reports for 2014, for the 4th quarter 2014;
- strategy for the personnel of the Internal Audit service of «Real Estate Fund «Samruk-Kazyna» JSC;
- KPIs of the Internal Audit service and its Head for 2015;
- strategic development plan for the Internal Audit Service of «Real Estate Fund «Samruk-Kazyna» JSC for 2015-2017;

- annual audit plan of the Internal Audit Service of «Real Estate Fund «Samruk-Kazyna» JSC for 2015;
- KPI card of the Corporate Secretary and employee objective cards of the Corporate Secretary service of the «Real Estate Fund «Samruk-Kazyna» JSC for 2015;
- quarterly reports on major transactions and transactions concluded by «Real Estate Fund «Samruk-Kazyna» JSC presenting an interest to the Fund;
- report on the implementation of the 2014-2018 Development Plan of «Real Estate Fund «Samruk-Kazyna» JSC for 2014;
- adjustment of the Development Plan of «Real Estate Fund «Samruk-Kazyna» JSC for 2014 - 2018;
- KPI cards of the executives of «Real Estate Fund «Samruk-Kazyna» JSC with the actual values for 2014;
- KPI cards of the executives of «Real Estate Fund «Samruk-Kazyna» JSC for 2015;
- reports on the activities of the Committees of the Board of Directors of «Real Estate Fund «Samruk-Kazyna» JSC for 2014.

preliminary approved:

- report on the activities of the Board of Directors and the Corporate Secretary for 2014;
- annual report of the «Real Estate Fund «Samruk-Kazyna» JSC for 2014;
- annual financial statements of «Real Estate Fund «Samruk-Kazyna» JSC, order of distribution of the consolidated net income and a detailed analysis of financial statements of «Real Estate Fund «Samruk-Kazyna» JSC for 2014;

introduced amendments to the following internal documents:

- the Rules for selection and reviewing housing projects of «Real Estate Fund «Samruk-Kazyna» JSC;
- the Rules for realization of residential and commercial (non-residential) premises of «Real Estate Fund «Samruk-Kazyna» JSC under "Affordable Housing-2020" program;
- the Regulations on the Internal Audit Service of «Real Estate Fund «Samruk-Kazyna» JSC in the new edition were approved.

considered:

information on implementation of the Action Plan for fulfilling the expectations of the Sole Shareholder of «Real Estate Fund «Samruk-Kazyna» JSC for 2014;

2.4 Corporate Governance Improvement

One of the priority directions of the Board of Directors activity in Q1 2015 was the control over the Fund Corporate Governance and improvement of work of the Board of Directors.

During the reporting period Board of Directors reviewed results of Samruk-Kazyna Real Estate Fund Corporate Governance System diagnosis based on results of 2014, as well as information on implementation of Plan on improvement of Samruk-Kazyna Real Estate Fund JSC Corporate Governance System in 2014.

External consultant "PricewaterhouseCoopers" LLP carried out the diagnostics on the corporate management rating of "Real Estate Fund" Samruk-Kazyna" JSC for 2015. The diagnostics showed that the corporate management rating of Real Estate Fund was 71.21%, which was 3.3 percentage points higher than in 2013 (67.9%). According to the Development plan for 2014 this figure was planned to be at the level of 70%.

In this connection, by the Resolution of Board of Directors minutes No 90, the Plan on 2015 Corporate Governance System Improvement of the Real Estate Fund was approved, which defines the concrete measures, responsible executives and terms of implementation. As the responsible executives act structural subsidiaries, accounted to Management Board, as well as to the Board of Directors (Corporate Secretary Service and Internal Audit Service). At the reporting date all 69 actions were fulfilled.

In February 2015 the issue on composition of the Board of Directors and Committees of the Board of Directors of JSC "Real Estate Fund" Samruk-Kazyna" and the required competencies in the respective areas for more effective work of the Board of Directors was considered.

2.5 The measures taken by the Board of Directors to incorporate the opinion of the Sole Shareholder

In accordance with the Regulation, "Samruk-Kazyna" JSC appoints its representatives to the Board of Directors of the Real Estate Fund (hereinafter - Rep) to represent its interests at the meetings of the Board of Directors.

The Sole Shareholder representative on the Board of Directors of the Real Estate Fund is Munzhasarov Zh. A.

In accordance with the procedure, given in the Regulation, the Representative of the Sole Shareholder delivers an opinion on the agenda of the Board of Directors and states the position of the Sole Shareholder at the meeting of the Board of Directors. This fact shall be reflected in the minutes of the meeting of the Board of Directors and recognized by other members of the Board of Directors during the vote on the agenda.

The Sole Shareholder, through its representative to the Board of Directors, shall have the right to place for consideration of the Board of Directors of the Real Estate Fund issues affecting "Samruk-Kazyna" JSC.

2.6 Board of Directors Committees Activity

In order to improve the efficiency of performance of Board of Directors and improvement of corporate governance structure, by Resolution of Board of Directors No 56 dated December 2, 2011 were formed the Committee on Audit and Nomination and Remuneration Committee. By Resolution No 57 of the Fund Board of Directors dated December 2, 2011 were approved Provisions on Audit Committee and Nomination and Remuneration Committee.

By Resolution No 90 of the Real Estate Fund Board of Directors dated February 26, 2015:

- Strategic and Investment Issues Committee of the "Real Estate Fund "Samruk-Kazyna" JSC of the Board of Directors of the "Real Estate Fund "Samruk-Kazyna" JSC was established;

The members of the Committee on strategic and investment issues of the Board of Directors of the “Real Estate Fund “Samruk-Kazyna” JSC were elected as follows:
Azirbayev Mukhit Bakytovich, Independent Director of the “Real Estate Fund “Samruk-Kazyna” JSC – Chairman of the Committee;

Abdykarimova Zhanar Muratovna, Independent Director of the “Real Estate Fund “Samruk-Kazyna” JSC;

Houwink Adriaan Jan, Independent Director of the “Real Estate Fund “Samruk-Kazyna” JSC;

- the number of members of the Audit Committee of the Board of Directors of the “Real Estate Fund “Samruk-Kazyna” JSC was determined – 3 persons
- Azirbayev Mukhit Bakytovich was elected as member of the Audit Committee
- the number of members of the Appointment and Remuneration Committee the Board of Directors of the “Real Estate Fund “Samruk-Kazyna” JSC was determined – 3 persons.
- Houwink Adriaan Jan was elected as the member of Appointment and Remuneration Committee.

According to the best world practice, chairman of the Board of Directors Committees are independent directors.

During the reporting period in the meetings of the Board of Directors Committees were considered issues of the performance, included in their competence in accordance with approved 2015 Working Plans.

2.6.1. Audit Committee

Members of the Audit Committee(*as of 01.04.2015*):

Full name	Position	Member of the Committee from
Adriaan Jan Houwink	Chairman of the Committee, an Independent Director of “Real Estate Fund “Samruk – Kazyna” JSC	March 20, 2014
Abdykarimova Zhanar Muratovna	Member of the Committee, an Independent Director of “Real Estate Fund “Samruk – Kazyna” JSC	December 28, 2013
Azirbayev Mukhit Bakytovich	Member of the Committee, an Independent Director of “Real Estate Fund “Samruk – Kazyna” JSC	February 26, 2015
Zhanadil Yernar Beisenuly	Expert (without vote), Head of Internal Audit Service of “Samruk – Kazyna” JSC	July 10, 2013

In the Q1 2015, Samruk-Kazyna Real Estate Fund JSC held 2 in-person meeting of the Audit Committee (No 21-22). In total were reviewed 19 issues according to key Committee Competencies, and 35 decisions were made upon them and appropriate recommendations to the Real Estate Fund Board of Directors were issued.

2015 Working Plan of the Audit Committee has been assigned and Report on Audit Committee Performance in 2014 has been approved.

For the reporting period, issues of the activity within its competence in accordance with the approved Working Plan for 2015 were considered on the meetings of the Audit Committee.

On the financial statement matters:

- the annual financial statements of «Real Estate Fund «Samruk-Kazyna» JSC for 2013 were preliminarily approved;
- the report of the external auditor, "Ernst and Young" LLC, on the results of the audit of «Real Estate Fund «Samruk-Kazyna» JSC for the year ended on December 31, 2014.

On the issues of internal control and risk management:

preliminary approved:

- Risk management report for 2014, the 4th quarter of 2014;
- report on the effectiveness of the internal control system of «Real Estate Fund «Samruk-Kazyna» JSC;
- limits on balance sheet and off-balance sheet liabilities for counterparty banks «Real Estate Fund «Samruk-Kazyna» JSC.

An analysis of the factors influencing the operation of «Real Estate Fund «Samruk-Kazyna» JSC in 2015 in case of devaluation of tenge and lower oil prices was considered.

On the external audit matters:

- report on the evaluation of risk management efficiency in «Real Estate Fund «Samruk-Kazyna» JSC was preliminarily approved;
- meeting with the external auditor on the audit issues of the Real Estate Fund «Samruk-Kazyna» JSC with the participation of the Management was held;

On the internal audit matters:

preliminary approved:

- annual report of the Internal Audit service for 2014, for the 4th quarter of 2014;
- bonuses award coefficients and bonuses of the Head of Internal Audit Service of «Real Estate Fund «Samruk-Kazyna» JSC on the results for the 4th quarter 2014;
- Strategy for personnel of the Internal Audit service of «Real Estate Fund «Samruk-Kazyna» JSC;
- Regulation on the Internal Audit Service of «Real Estate Fund «Samruk-Kazyna» JSC in the new edition;
- amendments in the annual audit plan of the Internal Audit Service of «Real Estate Fund «Samruk-Kazyna» JSC for 2015.
- The information on the existence and status of penalties on the investment projects of «Real Estate Fund «Samruk-Kazyna» JSC for the 4th quarter 2015.

Participation of the Members of the Audit Committee in the meetings in Q1 2015:

No.	Full name	Participation in the meetings of the Committee	%
1.	Adriaan Jan Houwink, Chairman of the Committee	2 out of 2	100%
2.	Abdykarimova Zh.M., Member of the Committee	2 out of 2	100%
3.	Azirbayev M.B.	1 out of 1	100%
4.	Zhanadil Ye.B., Expert of the Committee	1 out of 2	50%

2.6.2 Remuneration and Nomination Committee

Members of Remuneration and Nominating Committee (*as of 01.04.2015*):

Full name	Position	Member of the Committee from:
Abdykarimova Zhanar Muratovna	Chairman of the Committee, an Independent Director of “Real Estate Fund “Samruk – Kazyna” JSC	November 22, 2012
Azirbayev Mukhit Bakytovich	Member of the Committee, an Independent Director of “Real Estate Fund “Samruk – Kazyna” JSC	March 20, 2014
Adriaan Jan Houwink	Member of the Committee, an Independent Director of “Real Estate Fund “Samruk – Kazyna” JSC	February 26, 2015
Raisova Gulmira Bolatovna	Expert (without vote), Deputy Chief Director of Human Resource Management of “Samruk – Kazyna” JSC	February 20, 2012

In Q1 2015 2 in-person meetings of the Remuneration and Nominating Committee (*from the meeting No. 25 to 26*) was held in “Real Estate Fund “Samruk – Kazyna” JSC. Totally 10 issues on the key competencies of the Committee were considered, on which 24 decisions were made and the corresponding recommendations to the Board of Directors of the Real Estate Fund were given.

For the reporting period, the issues on the activity within its competence in accordance with the approved Working Plan for 2015 were considered on the meetings of the RN Committee, based on the results of which the corresponding recommendations on the following main issues were given to the Board of Directors of the Real Estate Fund.

On the personnel matters:

– on the composition of the Board of Directors and Committees of the Board of Directors of «Real Estate Fund «Samruk-Kazyna» JSC and the required competencies in the respective areas for more efficient work of the Board of Directors.

On the remuneration matters:

– on evaluation of the effectiveness of the remuneration policy for executive and management employees of «Real Estate Fund «Samruk-Kazyna» JSC;

– on the bonus awarding coefficients the Corporate Secretary and Corporate Secretary Service employees based on the results for the 4th quarter 2014;

– on the KPI cards of executive and management employees of «Real Estate Fund «Samruk-Kazyna» JSC with the actual values for 2014 and the decision to pay compensation to executive and management employees of «Real Estate Fund «Samruk-Kazyna» JSC at year end 2014;

– on the KPI card of the Corporate Secretary and objectives cards of the employees of the Corporate Secretary service of the «Real Estate Fund «Samruk-Kazyna» JSC for 2015;

– on the KPI cards of the executives of «Real Estate Fund «Samruk-Kazyna» JSC for 2015.

In accordance with the Rules for assessment and rewarding executive and management employees, the Head of Internal Audit and Corporate Secretary of «Real Estate Fund «Samruk-Kazyna» JSC, by the decision of the Nominating and Remuneration Committee dated February 25, 2015, Minutes 25, a working group was created, which developed the KPI cards of the executive employees of «Real Estate Fund «Samruk-Kazyna» JSC for 2015.

The working group had in total three meetings, during which the draft KPI cards were developed. During the work, the KPI cards were discussed and agreed with the members of the Management Board and by the decision of the Nominating and Remuneration Committee dated March 30, 2015 (Minutes 26) were recommended for approval by the Board of Directors of «Real Estate Fund «Samruk-Kazyna» JSC.

Participation of the Members in the meetings of Remuneration and Nominating Committee in Q1 2015:

No.	Full name	Participation in the meeting of Committee	%
1.	Abdykarimova Zh.M., Chairman	2 out of 2	100%
2.	Azirbayev M.B., Member of the Committee	2 out of 2	100%
3.	Adriaan Houwink, Member of the Committee	2 out of 2	100%
4.	Raisova G.B., Expert of the Committee	1 out of 2	50%

2.6.2 Committee on strategic and investment issues

Members of Committee on strategic and investment issues (*as of 01.04.2015*):

Full name	Position	Member of the Committee from:
Azirbayev Mukhit Bakytovich	Chairman of the Committee, an Independent Director of "Real Estate Fund "Samruk – Kazyna" JSC	February 26, 2015
Abdykarimova Zhanar Muratovna	Member of the Committee, an Independent Director of "Real Estate Fund "Samruk – Kazyna" JSC	February 26, 2015
Adriaan Jan Houwink	Member of the Committee, an Independent Director of "Real Estate Fund "Samruk – Kazyna" JSC	February 26, 2015

In Q1 2015 1 in-person meeting of the Committee on strategic and investment issues (*the meeting No. 1*) was held in "Real Estate Fund "Samruk – Kazyna" JSC. Totally 10 issues on the key competencies of the Committee were considered, on which 11 decisions were made and the corresponding recommendations to the Board of Directors of the Real Estate Fund were given. For the reporting period, the issues on the activity within its competence were considered on the meetings of the Committee on strategic and investment issues, based on the results of which the corresponding recommendations on the following main issues were given to the Board of Directors of the Real Estate Fund.

On strategic issues have been preliminary approved:

- the report on the implementation of the 2014-2018 Development Plan of «Real Estate Fund «Samruk-Kazyna» JSC for 2014;
- the adjustment of the Development plan of «Real Estate Fund «Samruk-Kazyna» JSC for 2015 - 2019;
- the annual report of the «Real Estate Fund «Samruk-Kazyna» JSC for 2014 .;

The information on implementation of the Action Plan for realization of the expectations of the Sole Shareholder REFSK for 2014, as well as the information on implementation of the Action Plan for 2014 for the implementation of the REFSK Development Strategy for 2014-2023 was considered.

On the investment matters:

- on preliminary approval of amendments to the Rules for realization of residential and commercial (non-residential) premises of «Real Estate Fund «Samruk-Kazyna» JSC under "Affordable Housing 2020" program;
- on preliminary approval of the transaction on implementation of the project "Construction of residential buildings in micro-district 32 "A" of the city of Aktau."

Participation of the Members in the meetings of Remuneration and Nominating Committee in Q1 2015:

No.	Full name	Participation in the meeting of Committee	%
1.	Azirbayev M.B., Chairman of the Committee	1 out of 1	100%
2.	Abdykarimova Zh.M., Member of the Committee	1 out of 1	100%
3.	Adriaan Houwink, Member of the Committee	1 out of 1	100%

3. CORPORATE SECRETARY SERVICE REPORT FOR Q1 2015

3.1 Provision on Corporate Secretary

Provision on Corporate Secretary was approved by Resolution No 10 of Board of Directors dated September 23, 2009. In accordance with the Provision, Corporate Secretary is the Company's employee, who is neither the Member of the Board of Directors nor Management Board of the Company, who is assigned by Company's Board of Directors and accounted to Company's Board of Directors.

Activity of the Corporate Secretary on behalf of the Board of Directors is supervised by Company's Board of Directors Chairman.

The key tasks of the Corporate Secretary include:

- 1) Monitoring of the compliance by Board of Directors, Management Board and Company's officials of the Legislation of the republic of Kazakhstan in the sphere of corporate governance and other internal documents of the Company, which are reglamenting corporate governance, improvement of policy and practice in the area of corporate governance;
- 2) Assurance of implementation of measures on preparation of the Sole Shareholder's Resolutions in accordance with the requirements of the Legislation of the Republic of Kazakhstan and internal documents of the Company;
- 3) Provision of the efficient performance Of the Board of Directors and its Committees (in case of formation of latest)
- 4) Provision of keeping, reveal and submission of information concerning the Company;
- 5) Provision of clear and effective cooperation between bodies of the Company.

3.2 Performance of the Corporate secretary Service in Q1 2015

In Q1 2015 JSC "Real Estate Fund "Samruk-Kazyna" had 2 in-person meeting of the Board of Directors (No.90-91). In total 36 items concerning key activities of the Fund were discussed, which had 63 decisions.

Corporate Secretary Service has provided analysis of the materials submitted for consideration of Board of Directors by structural subsidiaries of the Fund with respect to accordance to the

Legislation of the Republic of Kazakhstan in the sphere of corporate management and internal documents of the Company, prescribed the corporate governance.

During the reporting period, in order to provide effective performance of the Board of Directors, the Corporate secretary has provided:

- Formation and distribution of the materials, necessary for organizing and holding of the meetings of Board of Directors, Committees (announcement about holding of meeting, decision drafts on the issues of the meeting's agenda, drafts of the documents for prior acquaintance and etc.);
- Timely document drafting, submitted for consideration to the Board of Directors, Committees, in the prescribed manner; preparation of requests and responds to the letters on behalf of the Board of Directors, distribution of documents, assigned by the Board of Directors;
- With a glance to holding the distant forms of meetings, the relevant bulletins were developed, and submission (disposal) of bulletins for members of Board of Directors voting has been provided, acceptance of the fulfilled bulletins, written forms of Directors' opinions, and their submission to the Chairman of the Board of Directors.

In order to improve the efficiency of the Board of Directors:

- the report on the activities of the Board of Directors and Corporate Secretary for 2014 was approved;
- the work to arrange the meetings of the Audit Committee and the Nominating and Remuneration Committee was carried out;
- organizational work and the first meeting of the Committee for strategic and investment issues were carried out;
- Together with the business units of the Real Estate Fund the plan on improving the corporate governance in the Real Estate Fund in 2015 was developed;
- Analysis of the current compliance with requirements of the new Code of Corporate Governance of "Samruk-Kazyna" JSC was implemented.

In the 1st quarter of 2015 the Corporate Secretary Service brought the matter "On the composition of the Board of Directors and Committees of the Board of Directors of «Real Estate Fund «Samruk-Kazyna» JSC and the required competencies in the respective areas for more efficient work of the Board of Directors" for the consideration of the Board of Directors.

Generally, during the reporting period Corporate Secretary and Service employees provided accomplishment of the wide sector of tasks and functions prescribed by the Fund's internal documents, including the tasks on provision of the efficient performance of the Board of Directors, and also clear and effective cooperation between Board of Directors, Sole Shareholder and Management Board of the Fund.

CONCLUSION

For Q1 2015 by the Board of Directors were fully performed the aims, tasks and functional responsibilities, established by Company's Corporate Governance Code, Provision on Company's Board of Directors, as well as 2015 Board of Directors Working Plan. In Q1 2015 JSC "Real Estate Fund "Samruk-Kazyna" had 2 in-person meeting of the Board of Directors (No.90-91). In total 36 items concerning key activities of the Fund were discussed, which had 63 decisions. It should be noted that work is carried out to minimize the meetings of the Board of Directors held in absentia.

During the reporting period the work of the Board of Directors was also aimed at improving the efficiency of the Board of Directors, improving corporate governance and compliance with corporate governance requirements of international best practice.

It should be noted that according to the results of corporate managements system diagnostics carried out by "PricewaterhouseCoopers", the corporate management rating of the Real Estate Fund is 71.21%. In 2015, the Real Estate Fund plans to increase the rating up to at least 75%.

Overall, during the reporting period, the Board of Directors actively interacted with the Sole Shareholder and the Executive body, as well as with all stakeholders of corporate relations to achieve the objectives set in front of the Real Estate Fund.

The Board of Directors of Real Estate Fund have important tasks in 2015, including the further implementation of the Real Estate Fund Strategy, consideration of a number of issues regarding "SK Development" LLP, as well as the execution of the shareholders' expectations for 2015.