



Year End and Fourth Quarter 2013  
FINANCIAL RESULTS PRESENTATION  
13 February 2014

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## KEY TAKE AWAYS Q4 2013

1.

- Total comprehensive income US\$ 2.4m

2.

- Property values + US\$ 0.1m in the quarter

3.

- NAV increased 4.5% to NOK 25.79 in the quarter

STORM CAPITAL MANAGEMENT

## INCOME STATEMENT – IFRS

(US\$ '000)	Full Year		4 <sup>th</sup> Quarter	
	31/12/13 <sup>(1)</sup>	31/12/12	31/12/13 <sup>(1)</sup>	31/12/12 <sup>(1)</sup>
<b>Total Income</b>	<b>\$12,901</b>	<b>\$12,580</b>	<b>\$3,285</b>	<b>\$3,094</b>
Property Related Expenses	(2,832)	(2,998)	(859)	(767)
Personnel Expenses	(749)	(707)	(153)	(160)
Other Operating Expenses	(2,365)	(2,866)	(553)	(1,024)
<b>Operating Profit (Loss) Before Fair Value Adjustments</b>	<b>\$6,955</b>	<b>\$6,009</b>	<b>\$1,719</b>	<b>\$1,143</b>
Gain / Loss from Fair Value Adjustments on Investment Property	8,220	(2,238)	1,432	(1,766)
<b>Total Operating Profit (Loss)</b>	<b>\$15,175</b>	<b>\$3,771</b>	<b>\$3,151</b>	<b>(\$623)</b>
Net Financial Gains (Losses)	3,490	(2,088)	\$1,877	(2,136)
<b>Earnings Before Tax (EBT)</b>	<b>\$18,665</b>	<b>\$1,683</b>	<b>\$5,029</b>	<b>(\$2,759)</b>
Income Tax Expense	(7,475)	(373)	1,341	84
<b>Profit (Loss) for the Period</b>	<b>\$11,190</b>	<b>\$1,310</b>	<b>\$3,688</b>	<b>(\$2,844)</b>
Other Comprehensive Income (Net of Tax) <sup>(2)</sup>	(8,048)	5,664	(1,256)	2,247
<b>Total Comprehensive Income (Net of Tax)<sup>(2)</sup></b>	<b>\$3,142</b>	<b>\$6,974</b>	<b>\$2,432</b>	<b>(\$596)</b>

(1) Unaudited

(2) Comprehensive income includes the currency effect of asset revaluations. Storm Real Estate ASA's buildings are revalued by an external valuer. The local functional currency is RUB, the effect of value change in RUB is presented over the income statement. The residual effect in USD is allocated to equity and presented over Other Comprehensive Income.

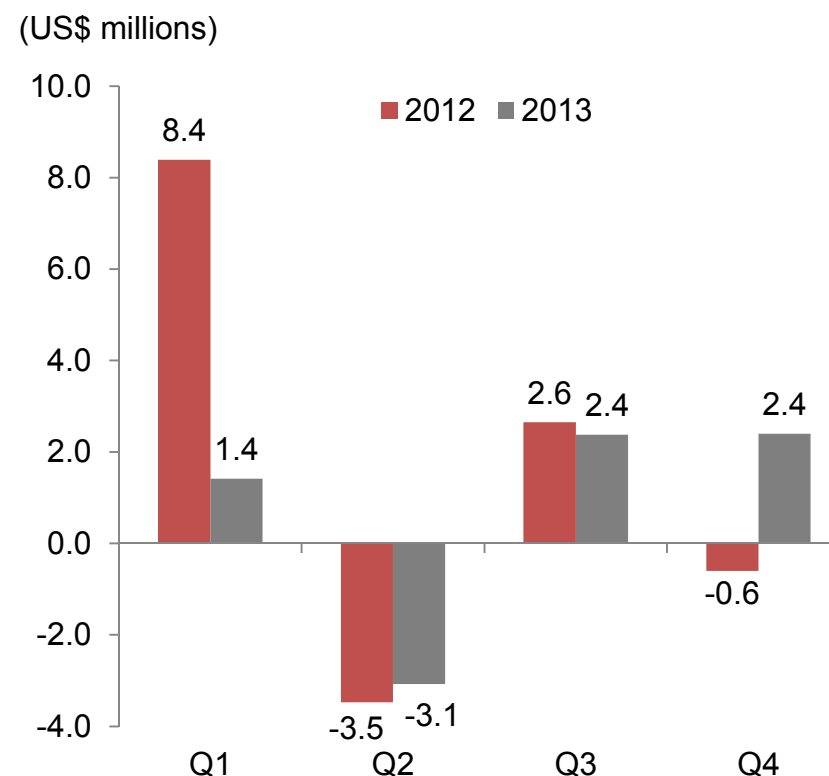
## STORM CAPITAL MANAGEMENT

# MAJOR ITEMS AND QUARTER BY QUARTER PERFORMANCE

### Total Comprehensive Income - Detail

(US\$)	Q4 2013 <sup>(1)</sup>
<b>Operating Profit</b>	<b>\$1.7m</b>
Gains in Funds and Shares:	\$0.8m
Gains on interest rate hedges	\$0.5m
Interest cost, inc. interest Swaps	(\$0.7m)
Reverse provision liability Gasfield	\$1.0m
Tax	(\$1.3m)
<b>Sum of major items</b>	<b>\$2.0m</b>
Non major items	\$0.4m
<b>Total Comprehensive Income</b>	<b>\$2.4m</b>

### Total Comprehensive Income – Q by Q Comparison<sup>(1)</sup>



*Total Comprehensive Income US\$ 2.4m in the Quarter*

(1) Unaudited

STORM CAPITAL MANAGEMENT

## BALANCE SHEET

(US\$ '000)	31/12/12	31/12/13 <sup>(1)</sup>		31/12/12	31/12/13 <sup>(1)</sup>
Investment property	\$102,700	\$103,100	Bank loans	\$47,560	\$44,970
<b>Total non-current assets</b>	<b>\$102,772</b>	<b>\$103,159</b>	Other liabilities	\$15,735	\$15,156
Cash & investments <sup>(2)</sup>	\$40,584	\$34,762	<b>Total liabilities</b>	<b>\$63,295</b>	<b>\$60,125</b>
<b>Total current assets</b>	<b>\$41,240</b>	<b>\$35,401</b>	Shareholder's equity	\$80,718	\$78,437
<b>Total assets</b>	<b>\$144,013</b>	<b>\$138,561</b>	<b>Total equity and liabilities</b>	<b>\$144,013</b>	<b>\$138,561</b>

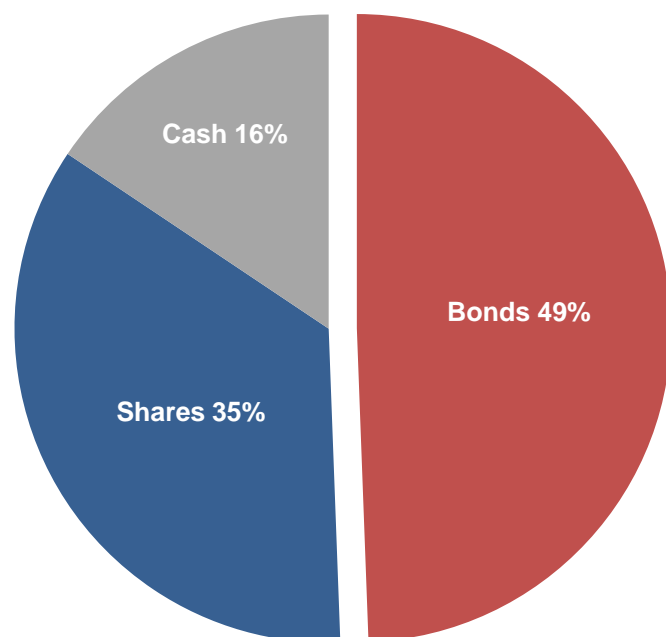
*A Solid Balance Sheet*

(1) Unaudited

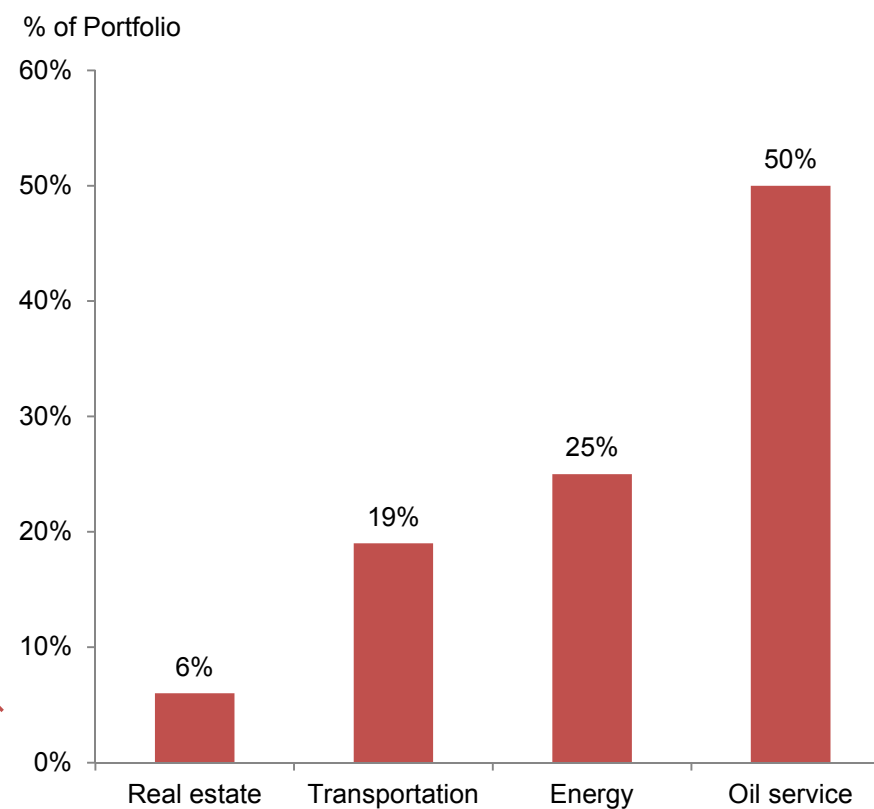
(2) Includes cash invested in liquid securities for cash management purposes

## CASH & INVESTMENTS

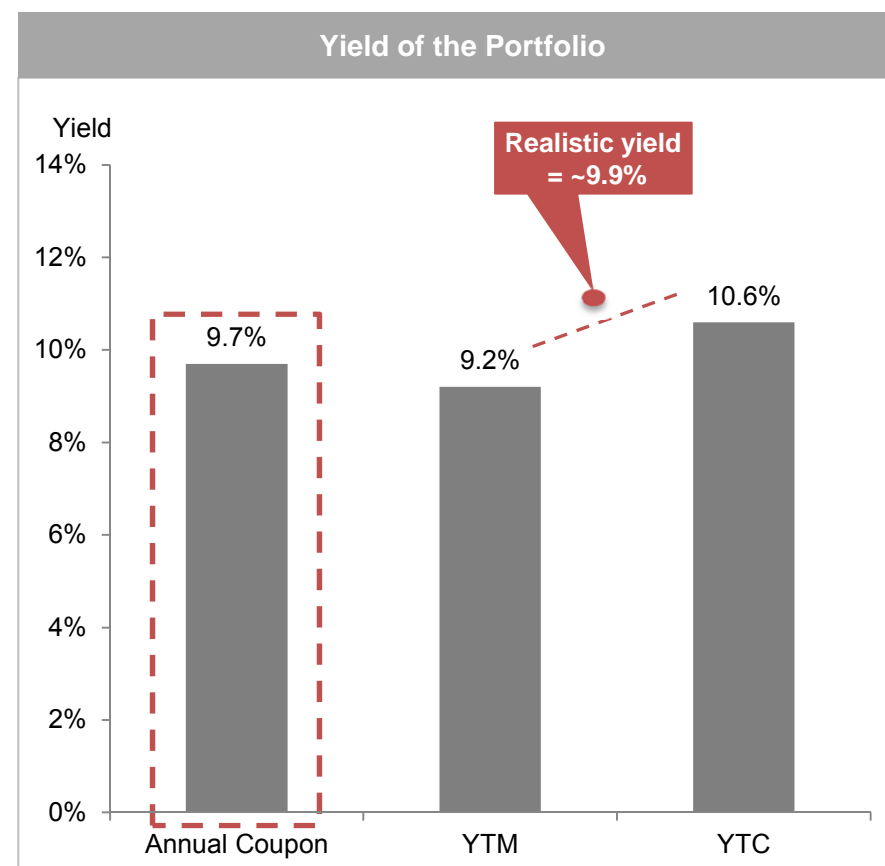
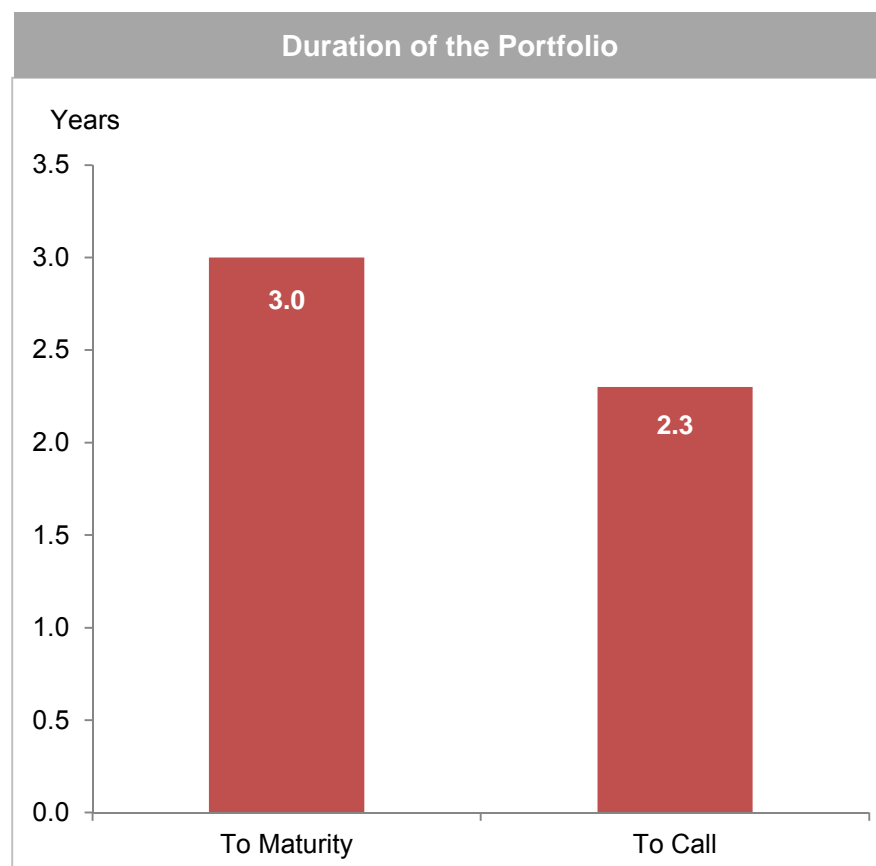
Break-Down of Cash & Liquid Investments



Break-Down by Sector of Bond Portfolio <sup>(1)</sup>



## OVERVIEW OF STORM BOND FUND

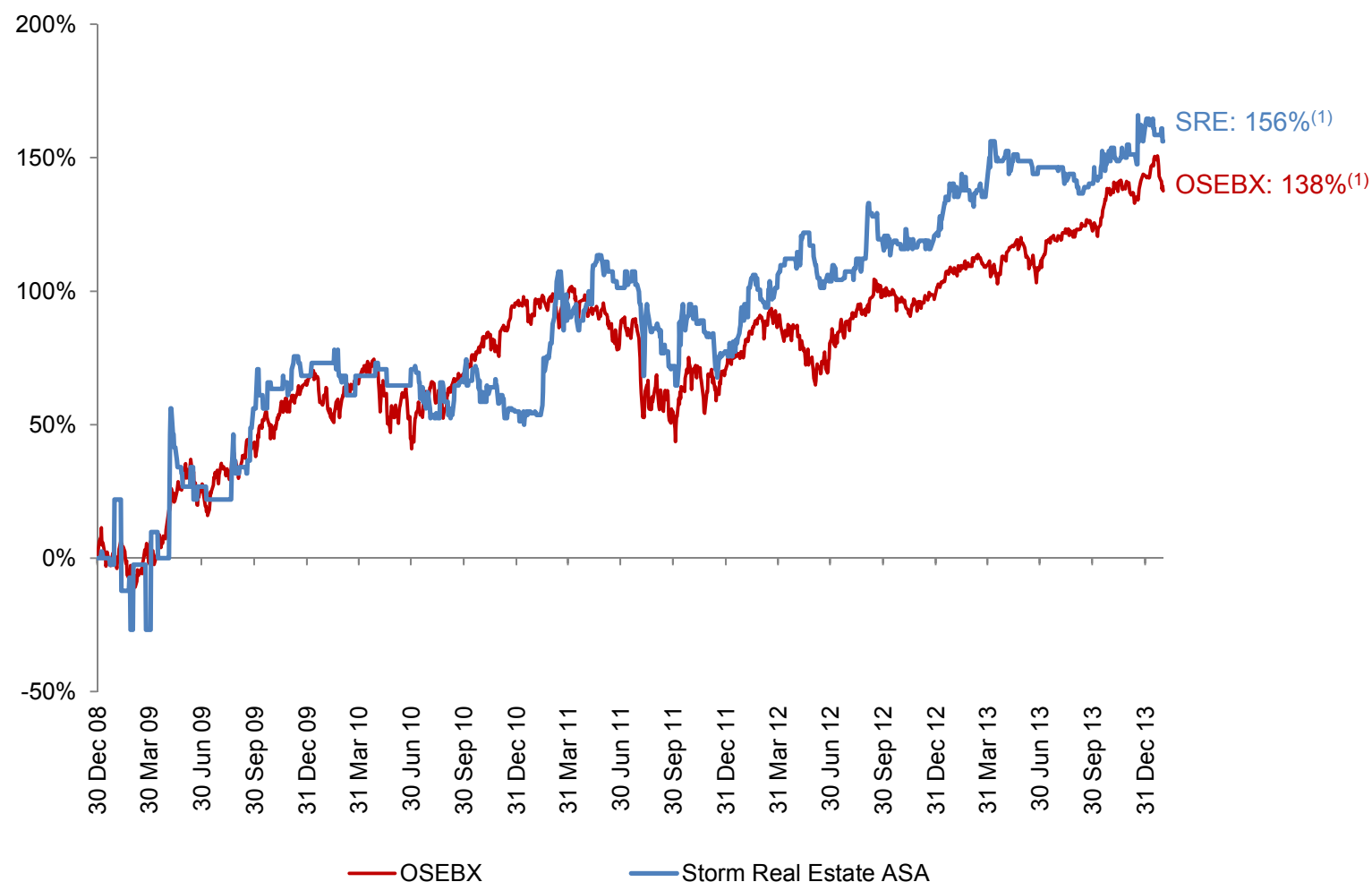


*Low Duration and High Yield*



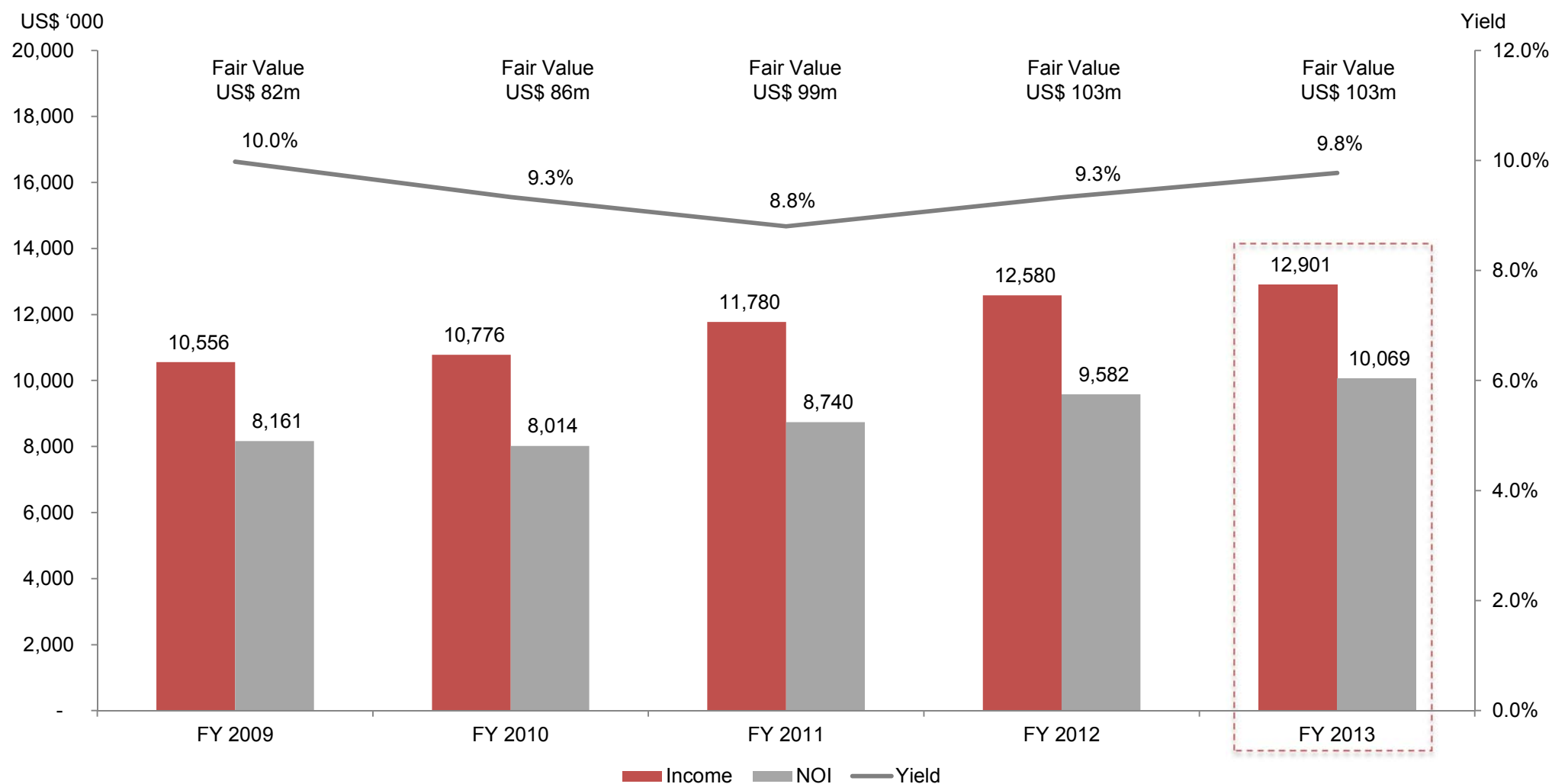
## STORM REAL ESTATE SHARE PRICE PERFORMANCE

- *The Storm Real Estate ASA share is listed on Oslo main exchange since 6 July 2010*
- *Current share price of NOK 17.00 per share (31 January 2014)*
- *Net Asset Value of 25.79 NOK per share (31 December 2013), an increase of 4.5% in the quarter*



# STORM CAPITAL MANAGEMENT

## DEVELOPMENT OF ASSET VALUE 2009 – 2013



Source: Storm Capital Management Ltd.

## GASFIELD BUILDING, MOSCOW & GRIFON HOUSE, ST. PETERSBURG

### Gasfield Building



**Class** B

**Gross Area** c. 15,200 m<sup>2</sup>

**Occupancy Rate** 100%

**Major Tenant** *Gazprom Tsentrremont*

### Grifon House



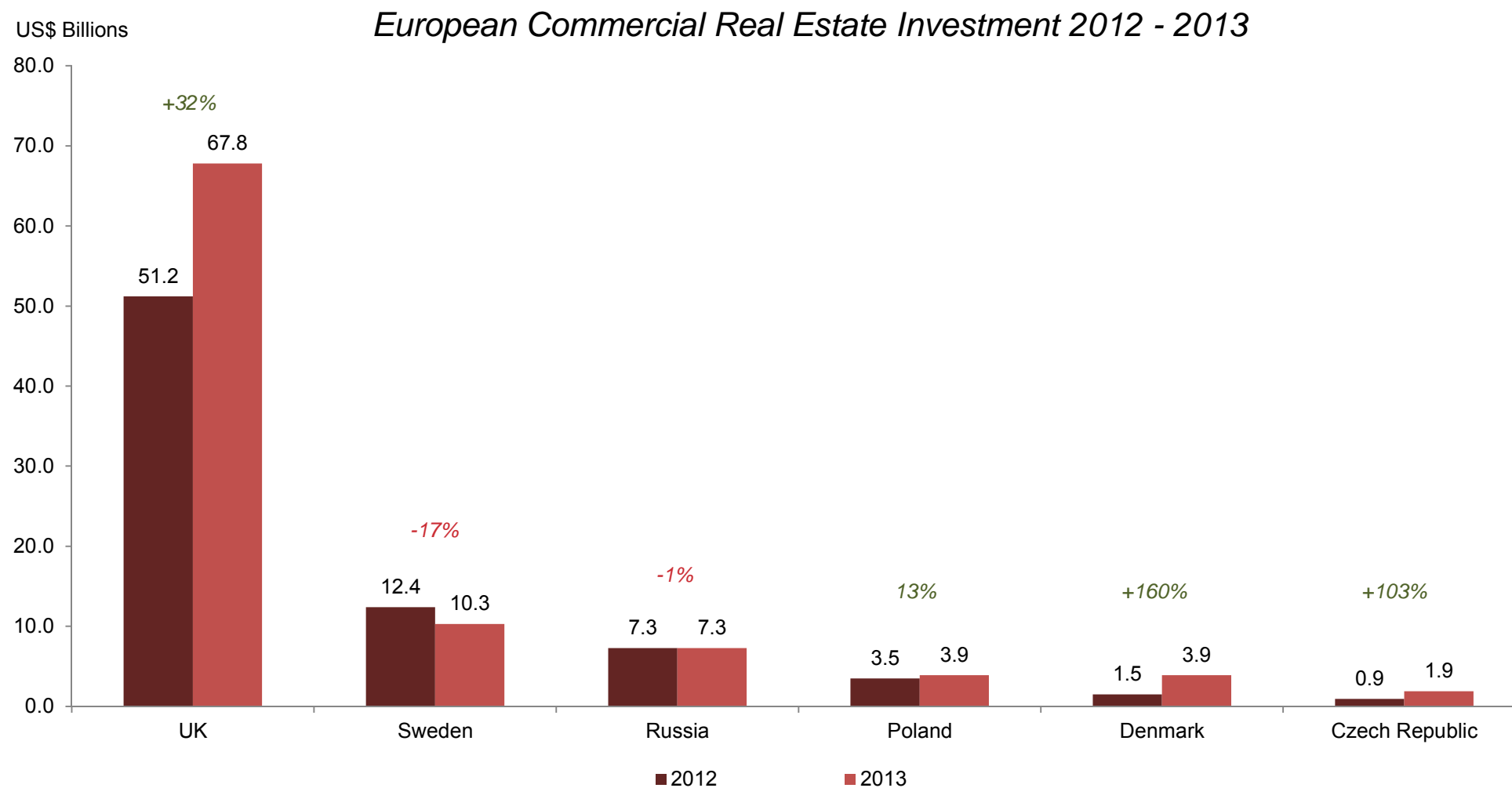
**Class** B

**Gross Area** c. 6,250 m<sup>2</sup>

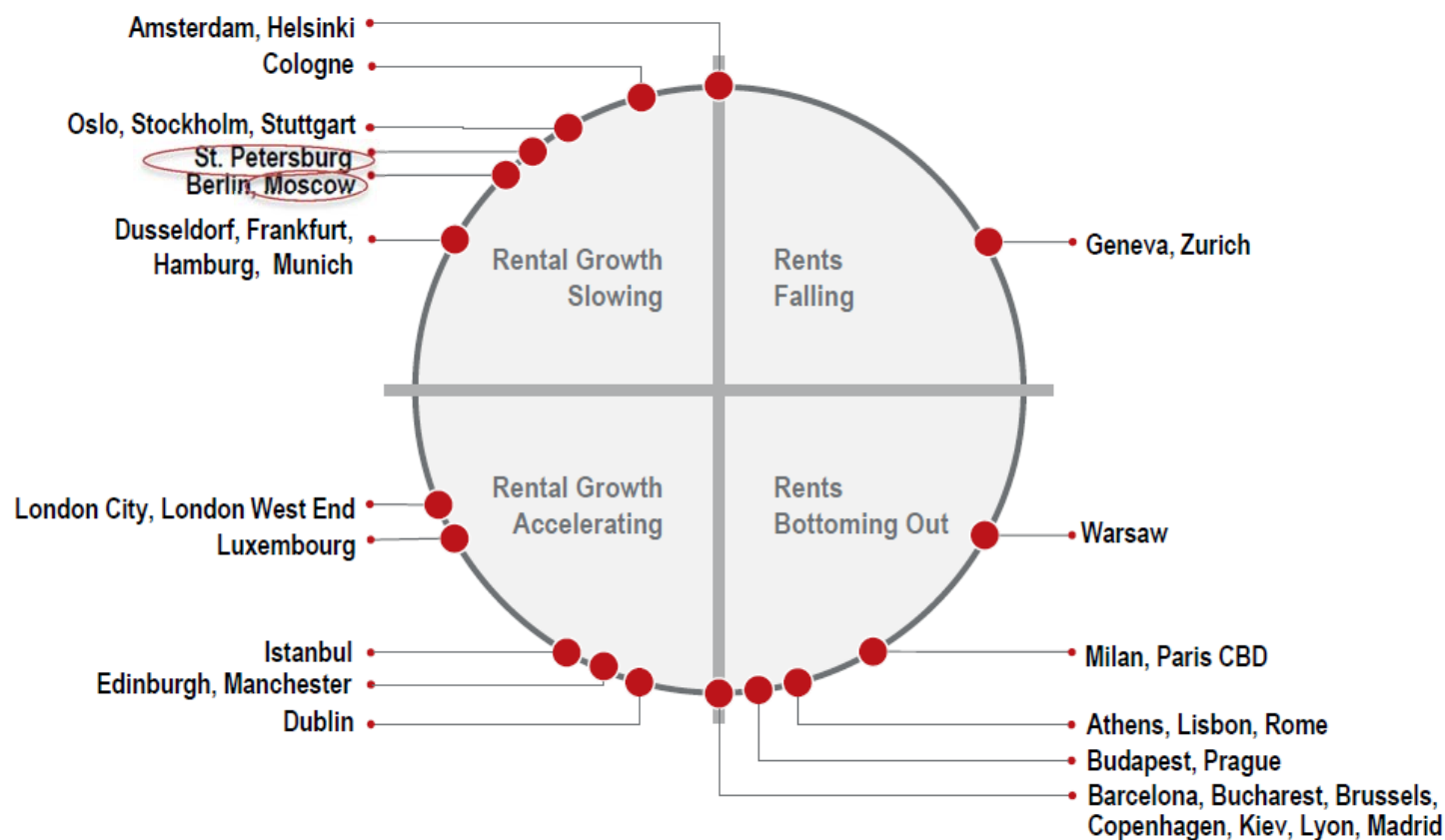
**Occupancy Rate** 100%

**Major Tenant** *LLC PSI,  
a Swiss PSI Cro AG company*

## STRONG DEVELOPMENT IN TK DEVELOPMENT'S MARKETS



## EUROPEAN OFFICE CLOCK Q4 2014



## OUR KEY MARKETS

### Sweden

- Demand for prime retail premises remains high in Stockholm and Gothenburg
- A number of new buildings and extensions to existing shopping centres are currently being built
  - TK Development currently building extension to its Barkaby asset

### Denmark

- Favourable demographic trends driving growth in Copenhagen residential real estate
- Depressed pricing creates opportunities
- Foreign investors are actively looking at retail opportunities in Denmark - so far activity has mainly been prime retail locations in Copenhagen
- Occupiers still show a subdued demand for vacant secondary retail units

### Poland

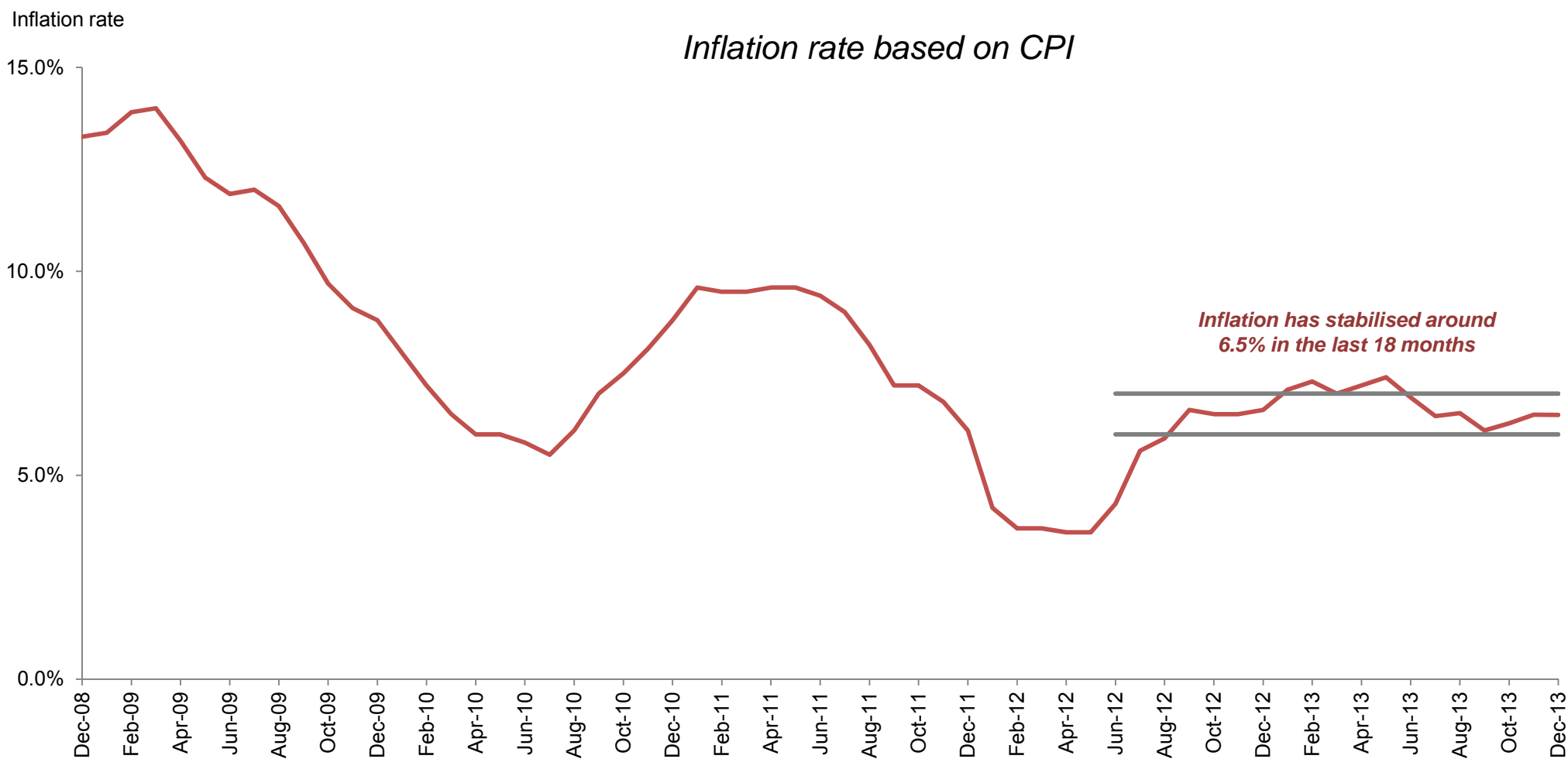
- The retail sector continues to be one of the most attractive sectors representing c. 43% of the transaction volume (EUR 3.2bn)
  - Warsaw continues to be the most popular investment destination, but a growing interest in non-central locations can be noted
- Residential real estate show good demand dynamics, with little high quality space built during the financial crisis

### Czech Republic

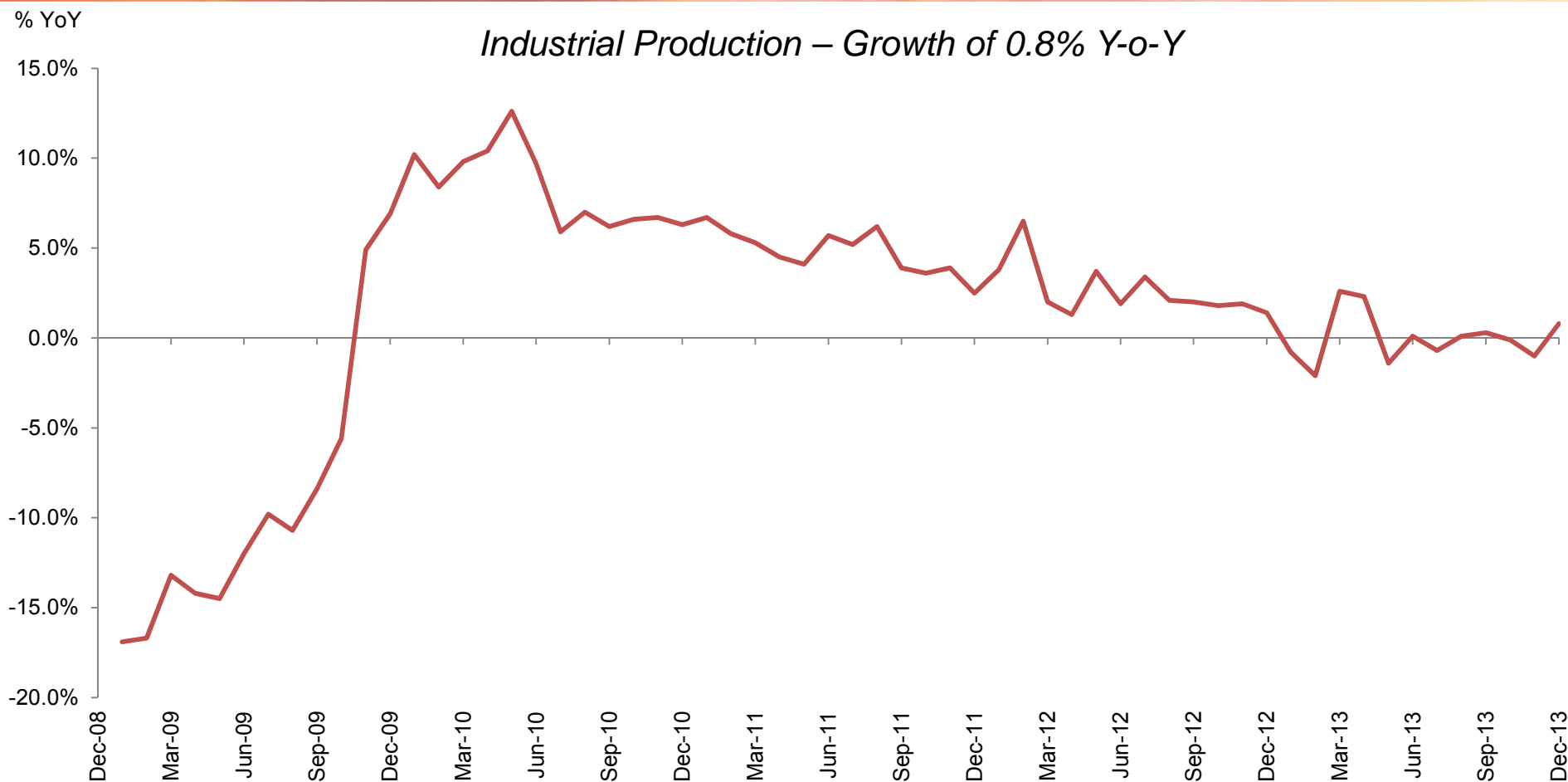
- Strong interest in the Czech Republic property market from foreign investors
- Shopping centre segment expected to have doubled during 2013 – from c. 3 million sq.m to c. 6 million sq.m
- Lion part of investment activity cantered to Prague

**Transaction Volume are Increasing on the Back of Better Financing Conditions**

## RUSSIA – INFLATION HAS STABILISED AROUND 6.5%



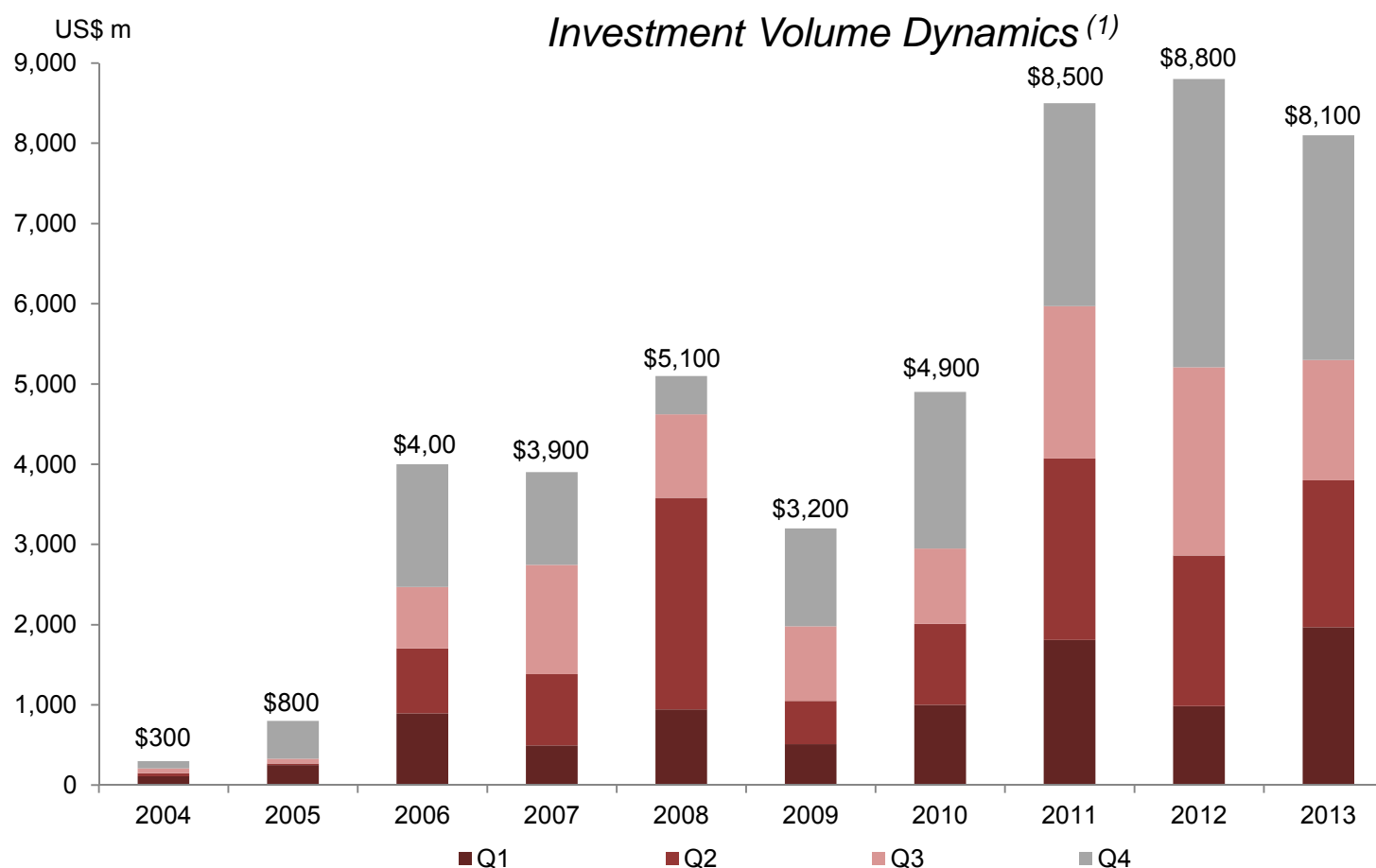
## RUSSIA – INDUSTRIAL PRODUCTION



*2<sup>nd</sup> Half of 2013 Saw a Slow Down in The Russian Economy*



## RUSSIA – REAL ESTATE INVESTMENT MARKET SHOWS STABLE DEVELOPEMENT



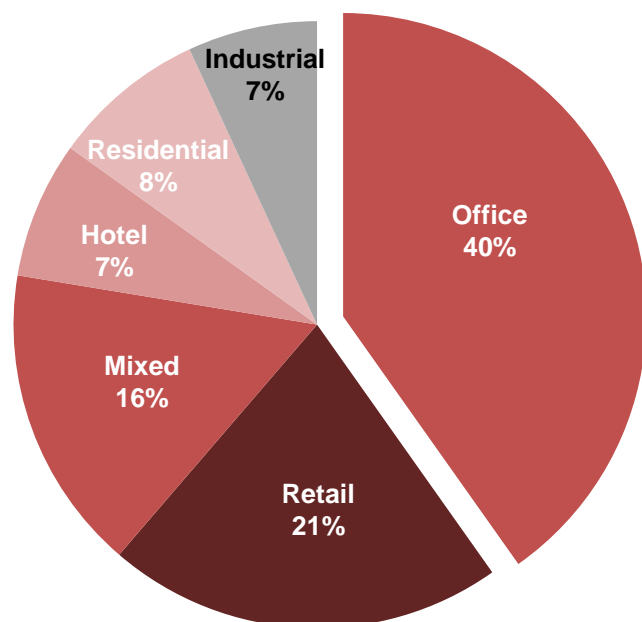
*The Real Estate Market in Russia Remains Cautiously Optimistic*

Source: Jones Lang Lasalle (2014)

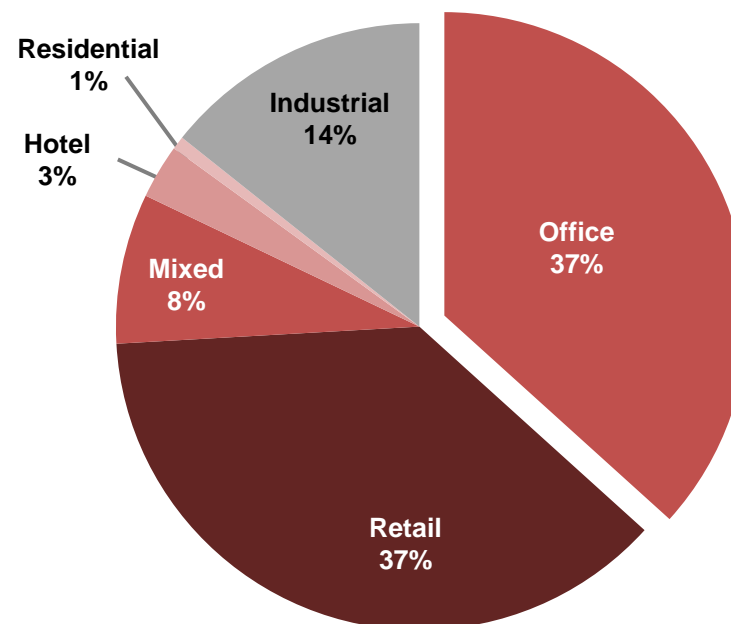
(1) Investment deals, excluding land acquisitions, JVs, and direct residential sales to end users

## RUSSIA – INVESTMENT VOLUME<sup>(1)</sup> BREAKDOWN BY SECTOR

2012



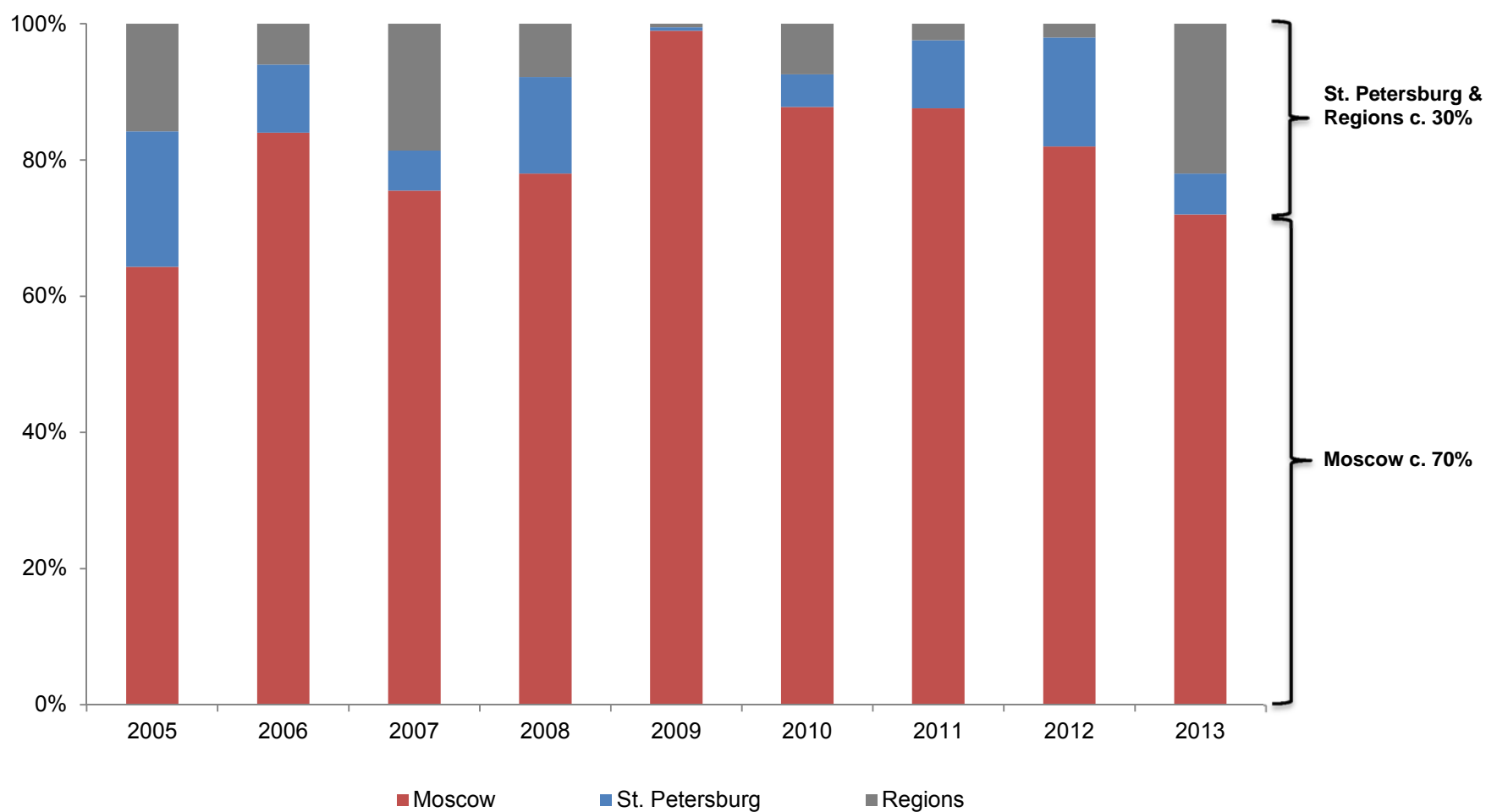
2013



*Office Sector and Retail Sector Contributed over 70% to the Investment Volume 2013*

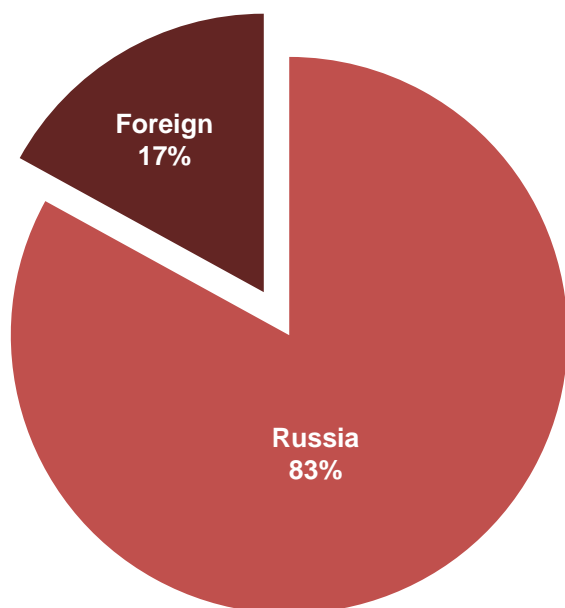
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## RUSSIA – INVESTMENT VOLUME BREAKDOWN BY REGION

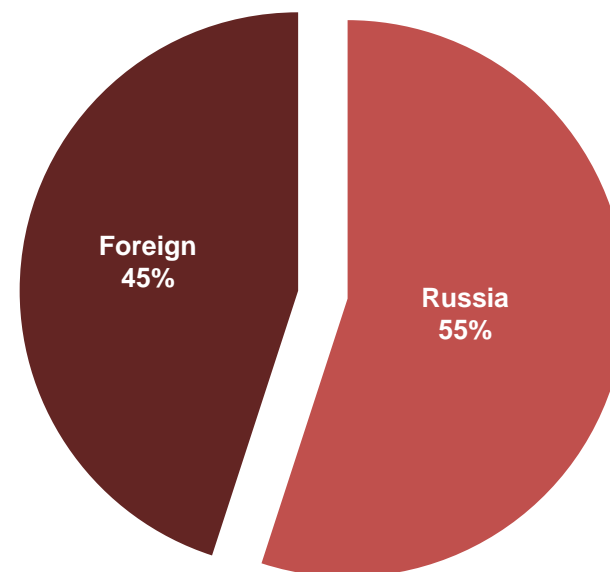


## RUSSIA – INVESTMENT VOLUME<sup>(1)</sup> BY SOURCE OF CAPITAL

2012

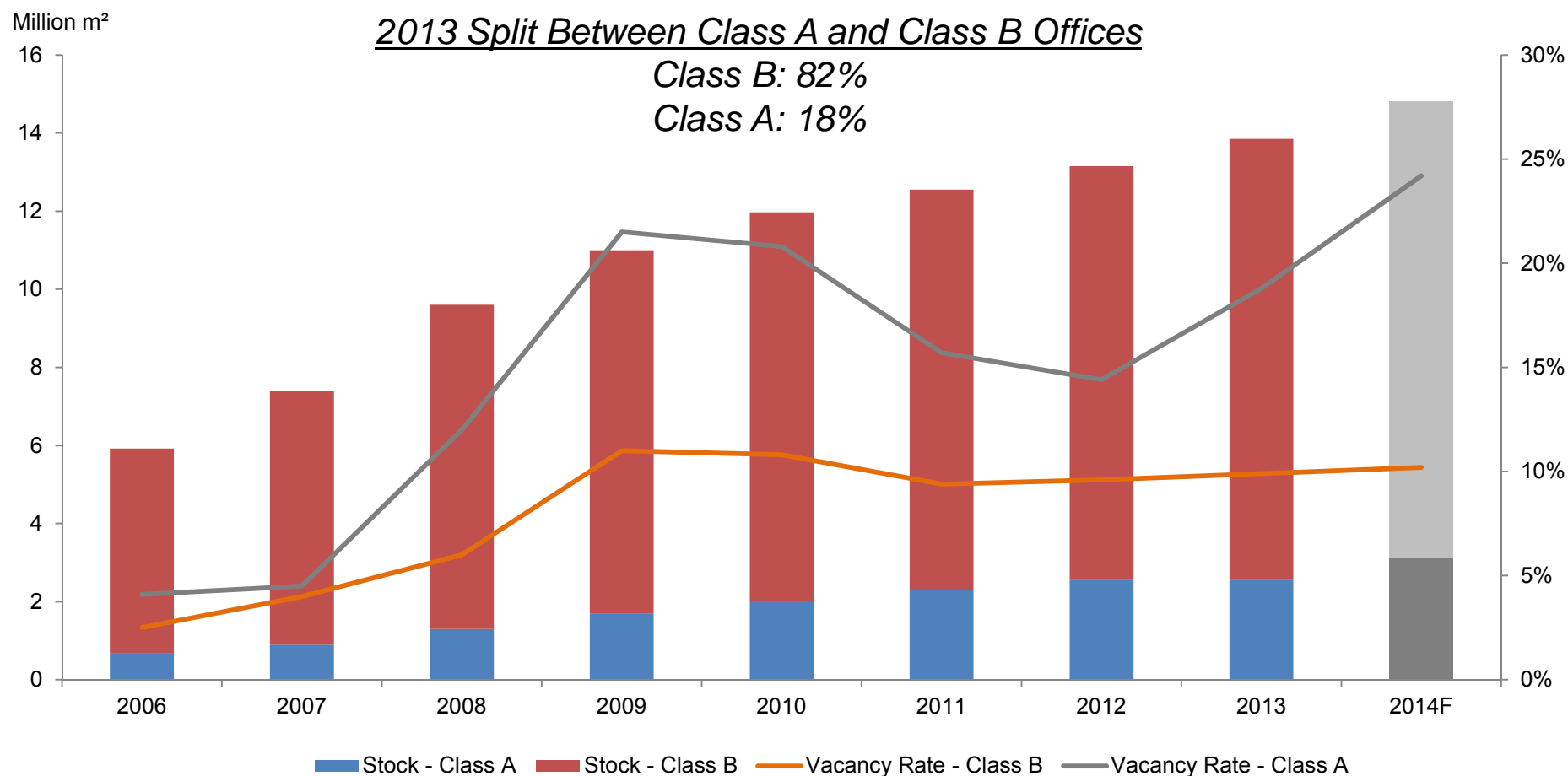


2013



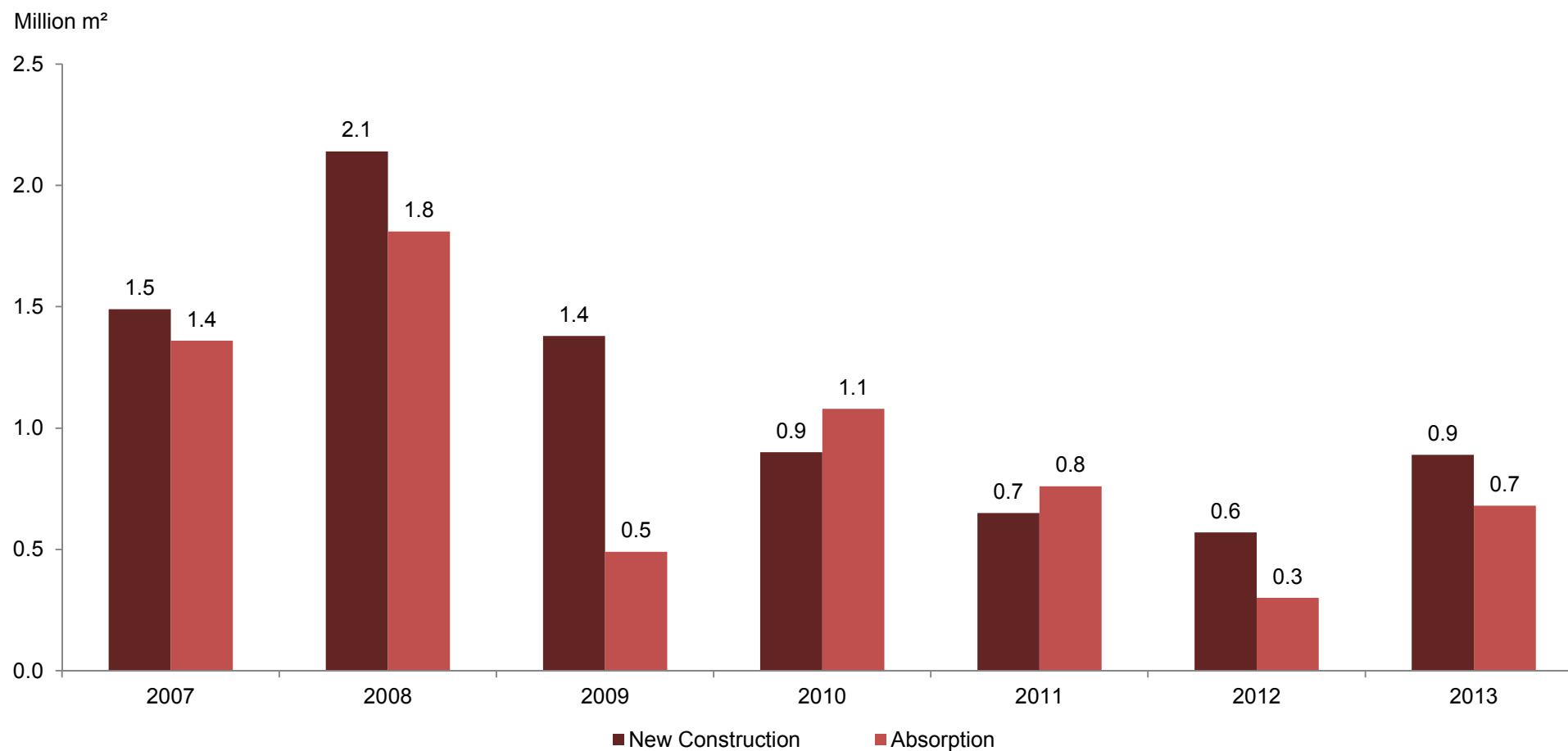
*Foreign Capital Re-Entered Russia in 2013*

## MOSCOW OFFICE MARKET – MARKET INDICATORS, STOCK AND VACANCY RATE



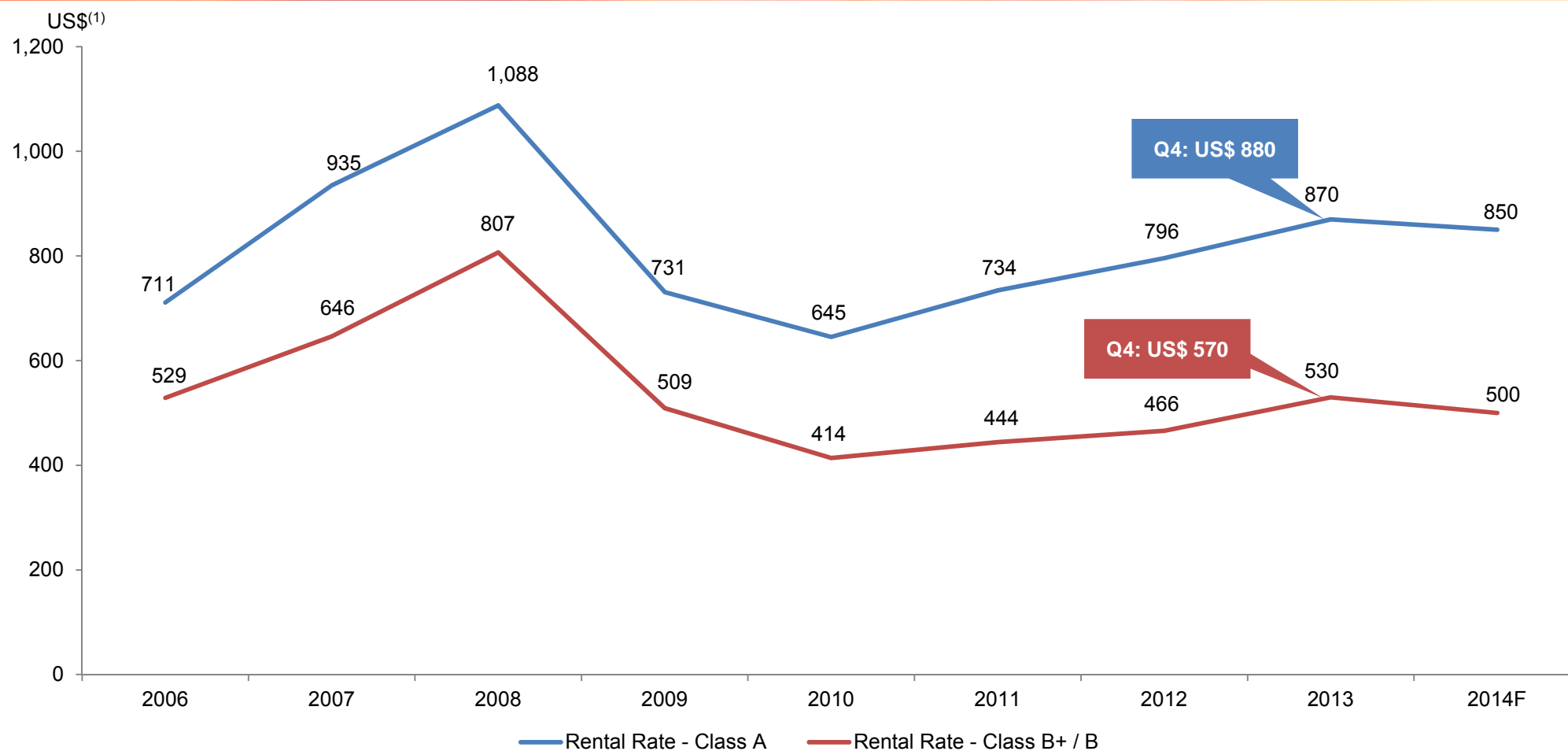
*Vacancy Rate in Class B Buildings Stable Around 10%*

## MOSCOW OFFICE MARKET – NEW CONSTRUCTION AND ABSORPTION



*New Construction Still Higher Than Absorption*

## MOSCOW OFFICE MARKET - RENTAL RATES<sup>(1)</sup>

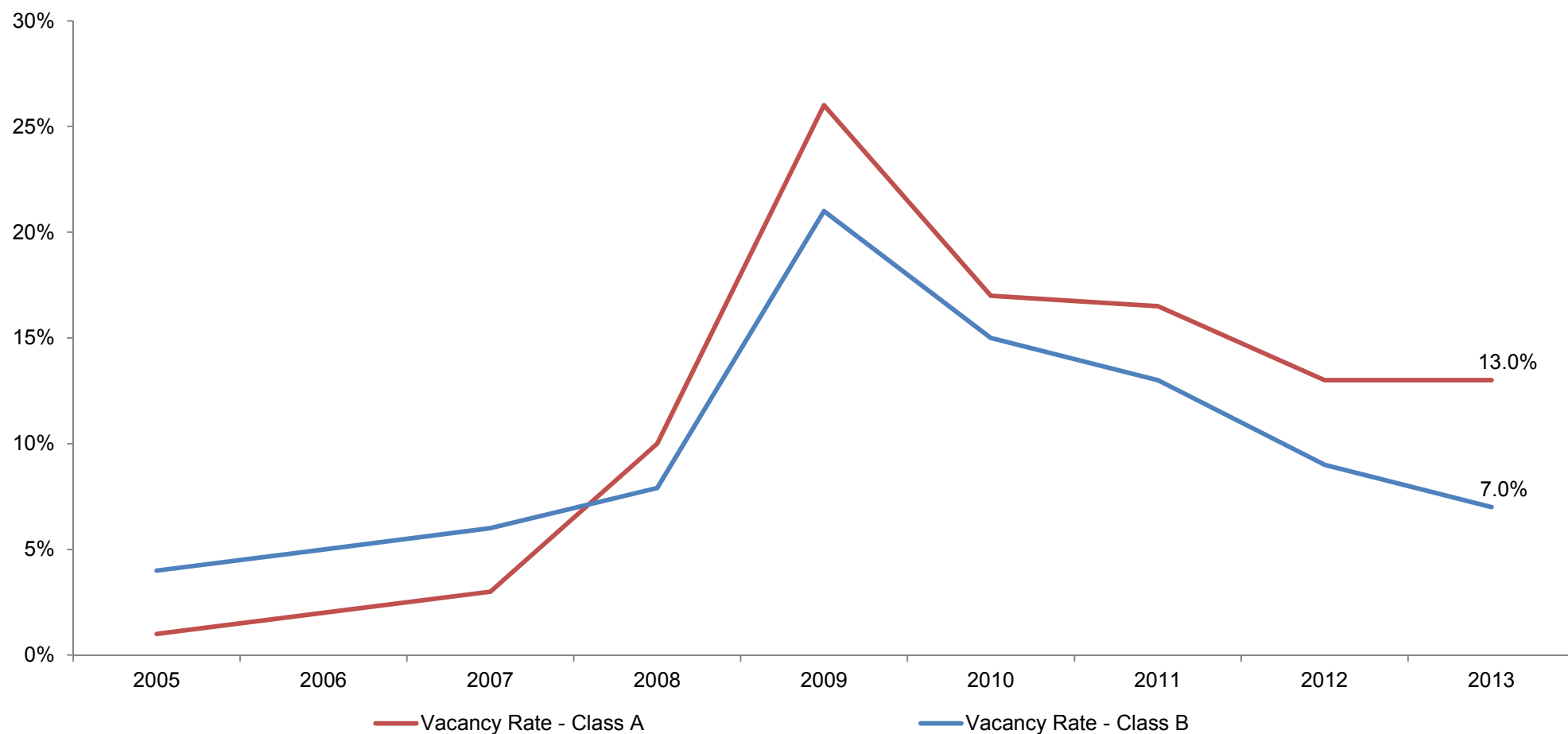


*Delta Between A and B Likely to Decrease*

Source: Cushman & Wakefield (2014)

(1) Average rental rates is a weighted average rental rate of asking rents of deals closed within the period, US\$ / m<sup>2</sup> / annum / triple net

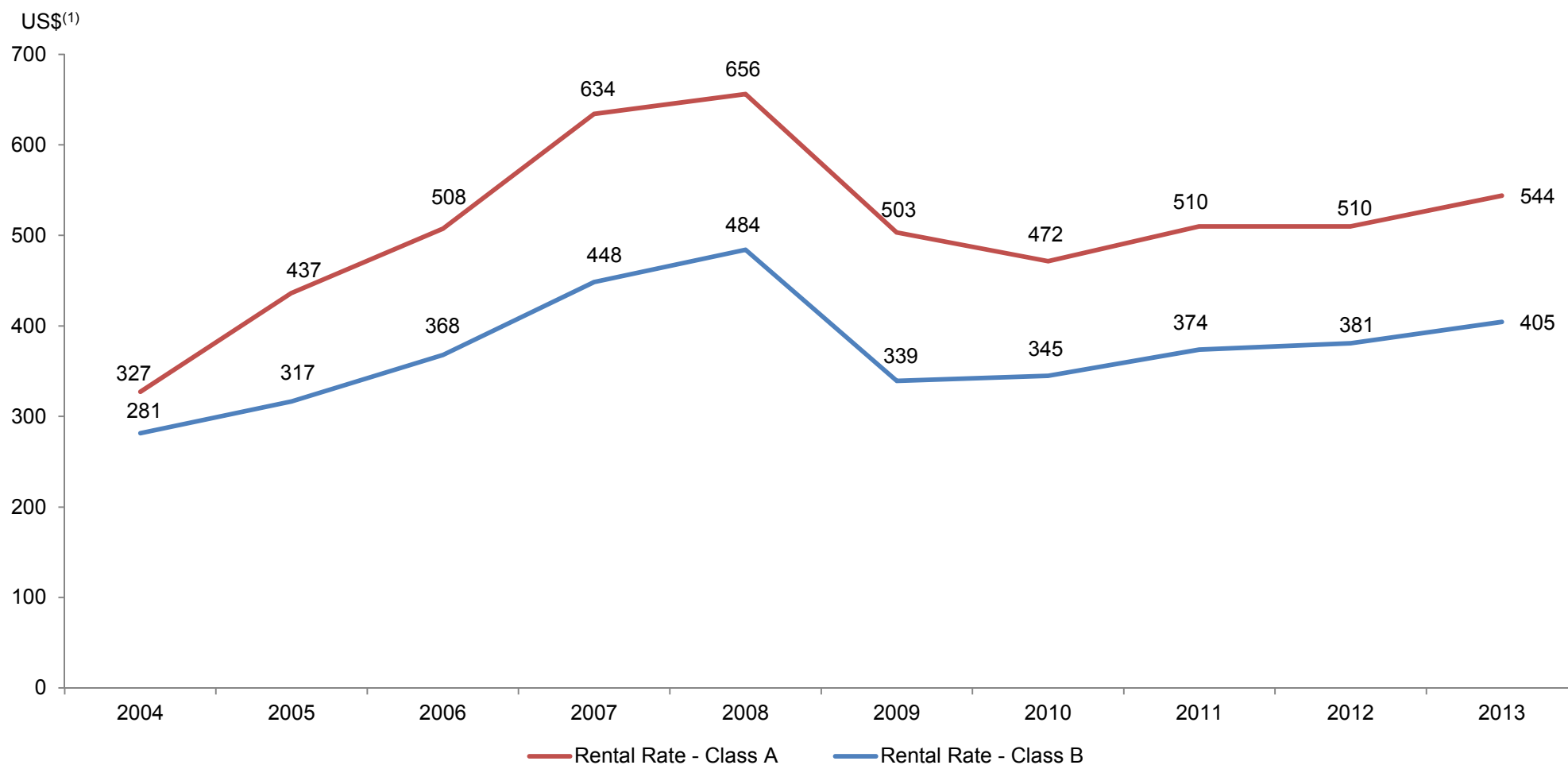
## ST. PETERSBURG OFFICE MARKET – VACANCY DYNAMICS



*Gazprom Likely to Fuel Demand in 2014*

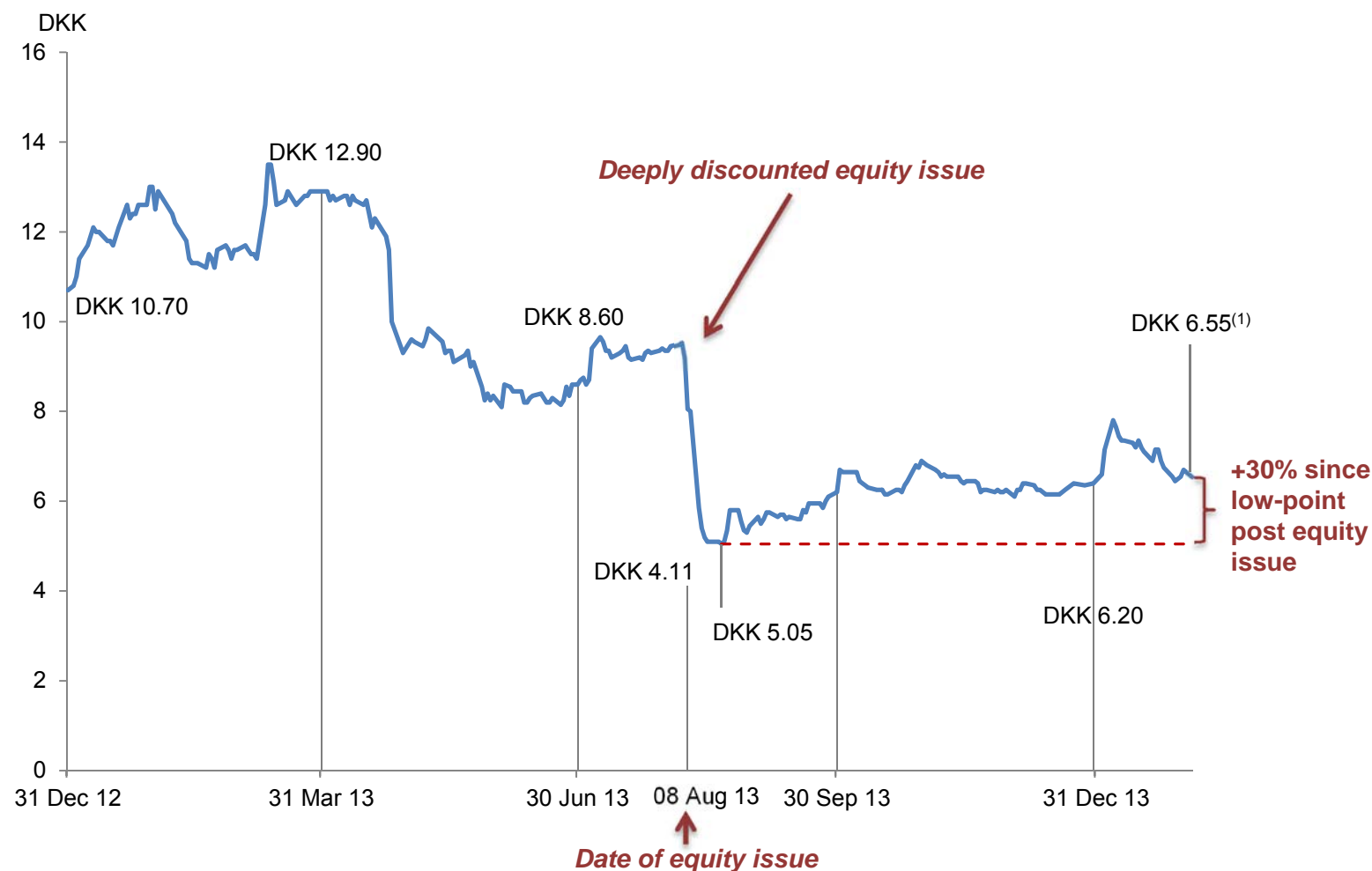


## ST. PETERSBURG OFFICE MARKET – RENTAL RATES<sup>(1)</sup> STAYS RELATIVELY STABLE



## TK DEVELOPMENT A/S – SHARE PRICE PERFORMANCE

- *Storm Real Estate ASA holds 10.5% of the voting rights in TK Development*
- *Our average purchase price is DKK 7.96 per share*



## TK DEVELOPMENT – INVESTMENT UPDATE

1.

- Realising true value in the portfolio takes time as expected

2.

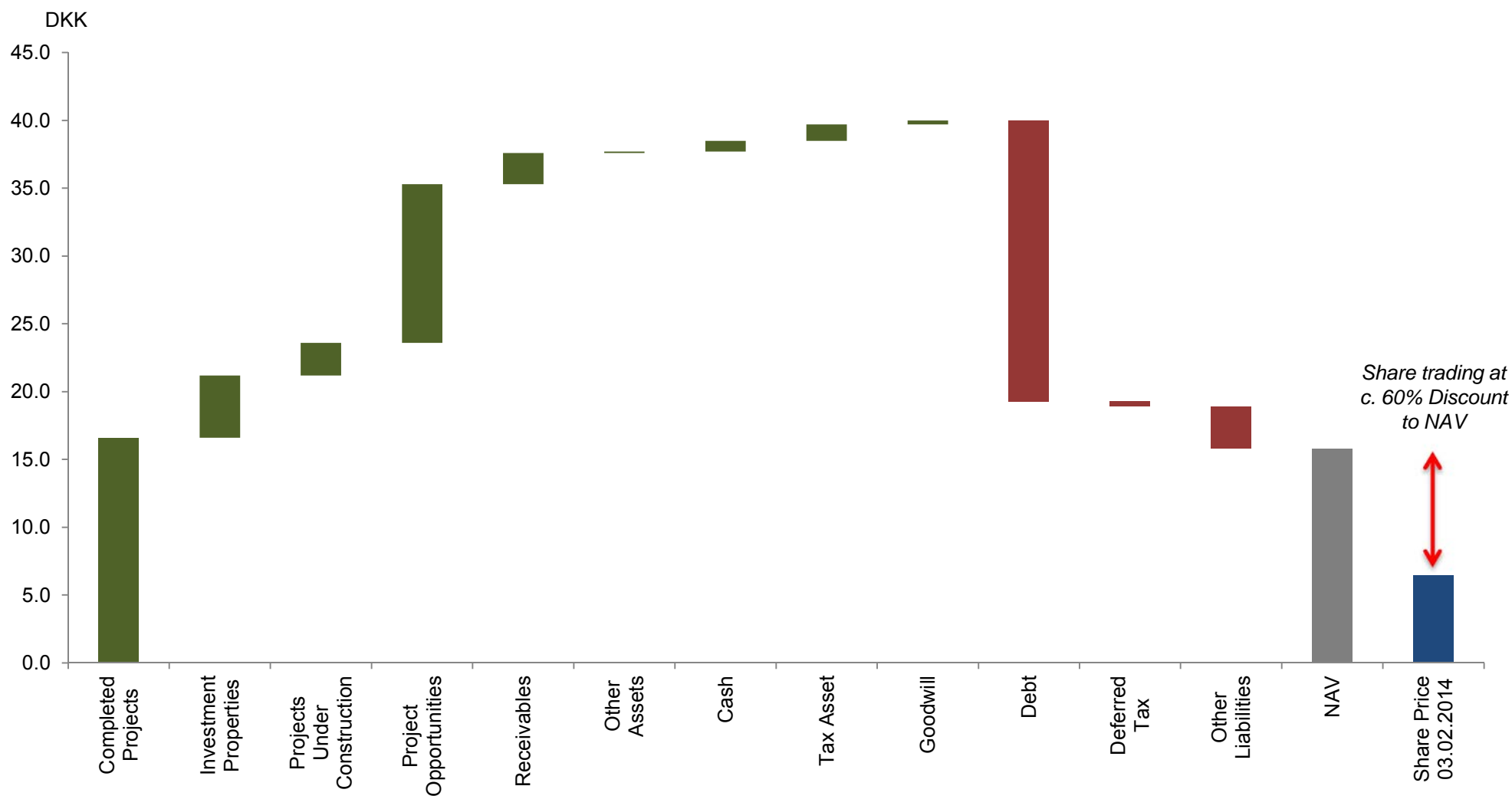
- Danish equity brokers expected a sale before end January 2014 that has not happened.

3.

- We still believe TK offers an attractive risk reward

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# TK DEVELOPMENT A/S – NET ASSET VALUE PER SHARE - Q3 2013/14



Source: Company data. Copenhagen Stock Exchange.

## TK DEVELOPMENT A/S – EXPECTED TIMING OF ASSET SALES<sup>(1)</sup>

<u>Expected Timing of Sales<sup>(1)</sup></u>					
<i>(In DKK Millions)</i>					
<b>Assets</b>	<b>Country</b>	<b>2013/14E</b>	<b>2014/15E</b>	<b>2015/16E</b>	<b>2016/17E</b>
<b><u>Investment properties</u></b>					
Futurum Hradec Kralove	Czech Republic		225		
Galeria Tarnovia	Poland				90
<b><u>Other completed projects</u></b>					
Sillebroen, Frederikssund	Denmark			700	
Fashion Arena Outlet, Prague	Czech Republic		375		
Galeria Sandecja	Poland			329	
Premier outlet centre, Ringsted	Denmark				
Most, retail park phase I	Czech Republic			48	
Retail park, Aabenraa	Denmark		57		
Brønderslev	Denmark		32		
<b>Total</b>			<b>689</b>	<b>1,077</b>	<b>90</b>

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