



First Quarter 2014

FINANCIAL RESULTS PRESENTATION

7 May, 2014

DISCLAIMER

This document is being furnished for informational purposes only and does not constitute an offer to sell or the solicitation of an offer to purchase any security, future or other financial instrument or product. It is not intended to form the basis of an investment decision and has not been verified. Storm Capital Management Ltd. ("Storm") makes no recommendation or representation as to, and accepts no responsibility or liability for, the accuracy or completeness of the information contained herein or any other information, whether written or oral, made available and any liability therefore is expressly disclaimed. Such information is presented as of the date and, if applicable, time indicated and Storm does not accept any responsibility for updating any such information.

Any simulations, projections, valuations and statistical analyses contained herein have been provided to assist the recipient in the evaluation of the matters described herein; such simulations, projections, valuations and analyses may be based on subjective assessments and assumptions and may utilise one among alternative methodologies that produce differing results; accordingly, such simulations, projections, valuations and statistical analyses are not to be viewed as facts and should not be relied upon as an accurate representation of future events. No representation or warranty is given as to any of the simulations or analyses, or as to the achievement or reasonableness of any future projections or estimates, contained in this document.

This document has been prepared by Storm Capital Management Ltd. and should not be considered impartial research under FCA Rules. The views expressed may not be supported by independent analysis. The author of this document may be remunerated as a result of transactions generated by this information.

Storm Capital Management Ltd. is authorised and regulated in the United Kingdom by the Financial Conduct Authority. Its registered office is at 100 New Bond Street, London W1S 1SP, United Kingdom.

KEY TAKE AWAYS Q1 2014

1.

- Total comprehensive income US\$ 0.9m

2.

- Property values decreased US\$ 1.9 million to US\$ 101.2 million

3.

- NAV marginally down to NOK 25.73 in the period (NOK 25.79 per 31.12.2013)

STORM CAPITAL MANAGEMENT

INCOME STATEMENT – IFRS

| (US\$ '000) | Full Year 31/12/13 | 1 st Quarter | |
|--|-----------------------|-------------------------|-------------------------|
| | | 31/03/14 ⁽¹⁾ | 31/03/13 ⁽¹⁾ |
| Total Income | \$12,901 | \$3,246 | \$3,123 |
| Property Related Expenses | (2,832) | (717) | (795) |
| Personnel Expenses | (749) | (155) | (167) |
| Other Operating Expenses | (2,365) | (595) | (667) |
| Operating Profit (Loss) Before Fair Value Adjustments | \$6,955 | \$1,778 | \$1,494 |
| Gain / Loss from Fair Value Adjustments on Investment Property | 8,220 | 5,414 | 1,727 |
| Total Operating Profit (Loss) | \$15,175 | \$7,192 | \$3,221 |
| Net Financial Gains (Losses) | 3,490 | \$2,688 | 2,191 |
| Earnings Before Tax (EBT) | \$18,665 | \$9,880 | \$5,412 |
| Income Tax Expense | (7,475) | (1,534) | (2,419) |
| Profit (Loss) for the Period | \$11,190 | \$8,346 | \$2,994 |
| Other Comprehensive Income (Net of Tax) ⁽²⁾ | (8,048) | (7,496) | (1,583) |
| Total Comprehensive Income (Net of Tax)⁽²⁾ | \$3,142 | \$850 | \$1,411 |

(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

| (US\$ million) | Q1 2014 ⁽¹⁾ | Q1 2013 ⁽¹⁾ |
|---|------------------------|------------------------|
| NOI from Russia properties | \$2.5 | \$2.3 |
| Value change Russia properties | -1.9 | 0.2 |
| Value change property shares | 3.2 | 1.6 |
| Other operating costs | -0.8 | -0.8 |
| Funds and liquid investments | 0.6 | 0.6 |
| Borrowing costs | -0.7 | -0.9 |
| Interest and contract derivatives | -0.3 | 0.9 |
| Taxes ex deferred tax related to USD/RUB movement | -1.1 | -2.4 |
| Non major items | -0.2 | -0.1 |
| Total Comprehensive Income ex deferred tax (primarily due to USD/RUB movement) | \$2.0 | \$1.7 |
| Movement in deferred tax (primarily due to USD/RUB movement) | -1.1 | -0.3 |
| Total Comprehensive Income | \$0.9 | \$1.4 |

Total Comprehensive Income US\$ 0.9 m in the Quarter

STORM CAPITAL MANAGEMENT

BALANCE SHEET

| (US\$ '000) | 31/03/14 ⁽¹⁾ | 31/12/13 | | 31/03/14 ⁽¹⁾ | 31/12/13 |
|--|-------------------------|------------------|-------------------------------------|-------------------------|------------------|
| Investment property | \$101,200 | \$103,100 | Bank loans | \$44,341 | \$44,970 |
| Investments property shares | \$15,408 | \$12,179 | Other liabilities | \$16,492 | \$15,156 |
| Total non-current assets | \$116,629 | \$115,335 | Total liabilities | \$60,833 | \$60,125 |
| Cash & liquid investments ⁽²⁾ | \$22,387 | \$22,586 | | | |
| Total current assets | \$23,055 | \$23,225 | Shareholder's equity | \$78,853 | \$78,437 |
| Total assets | \$139,685 | \$138,561 | Total equity and liabilities | \$139,685 | \$138,561 |

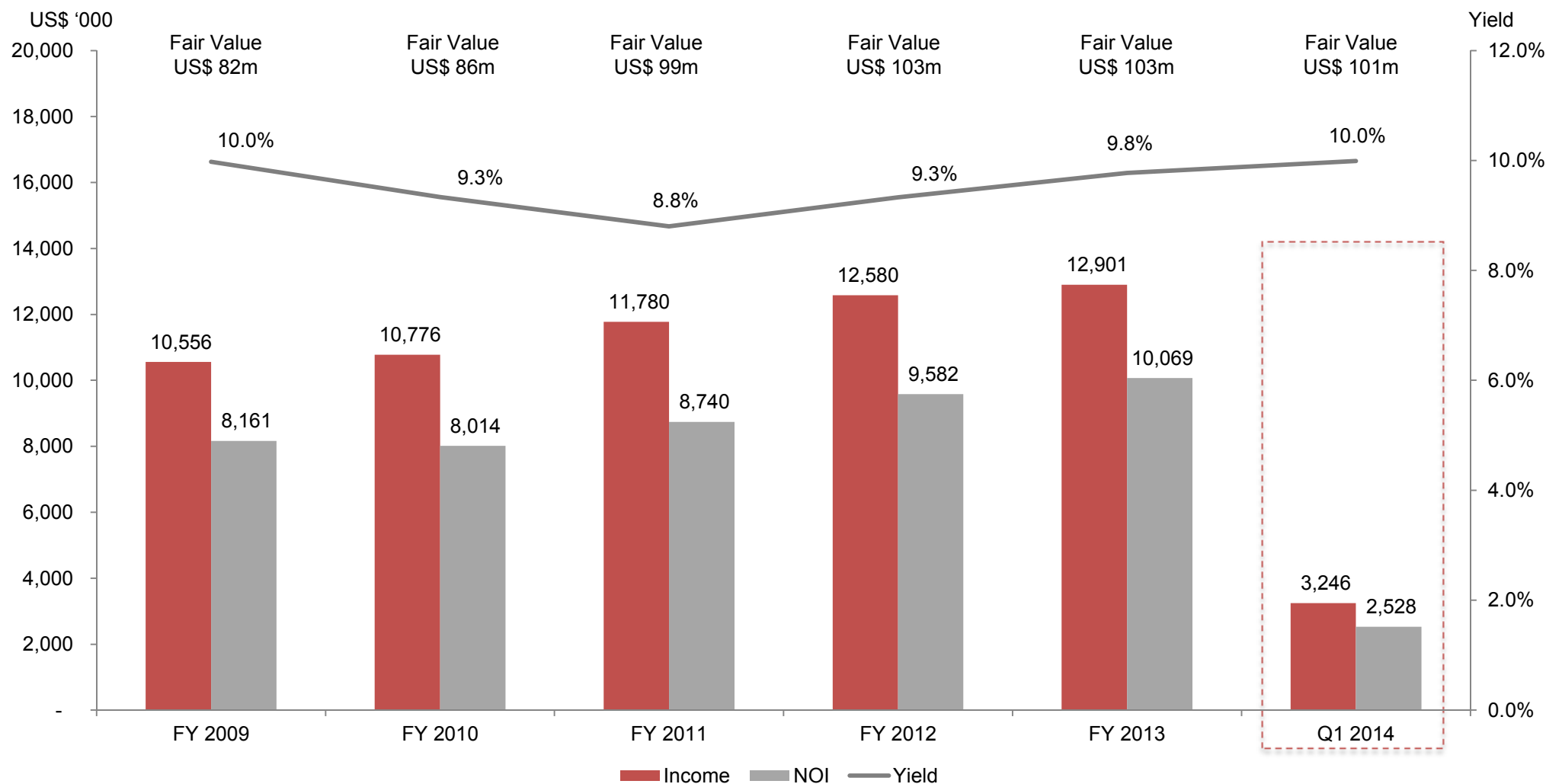
A Solid Balance Sheet

(1) Unaudited

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

STORM CAPITAL MANAGEMENT

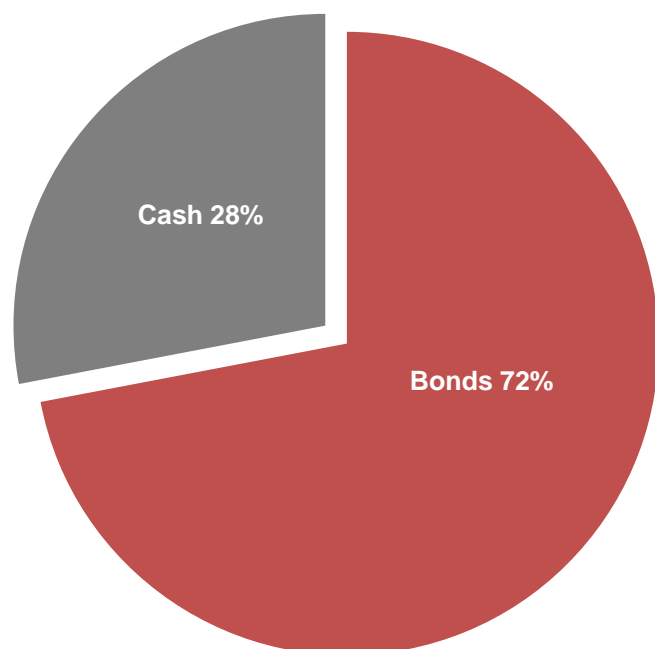
DEVELOPMENT OF ASSET VALUE 2009 – Q1 2014



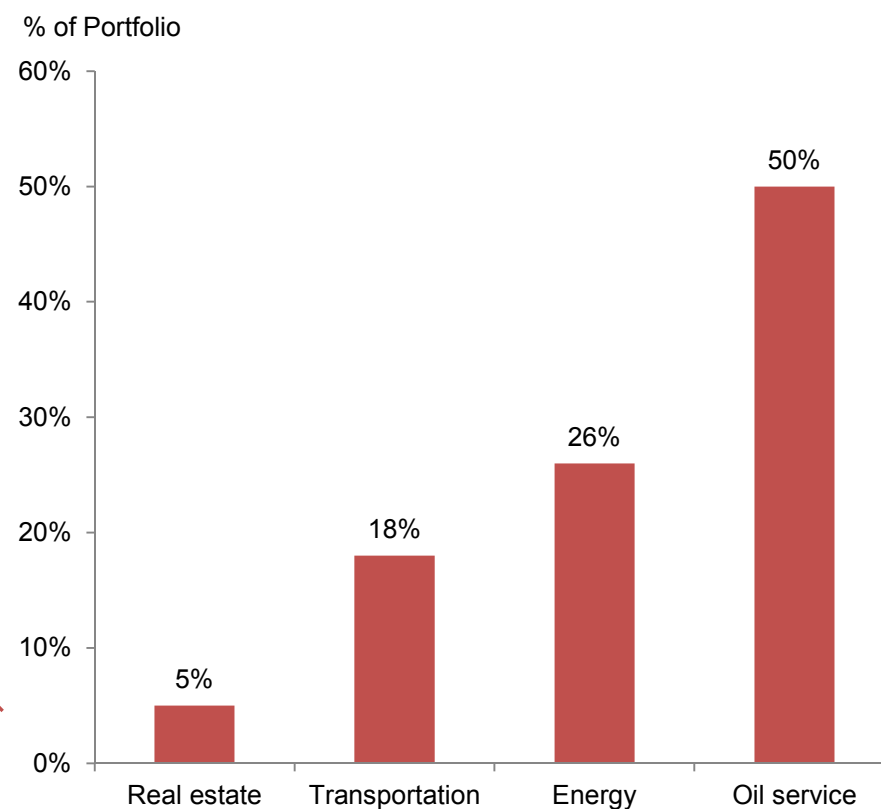
Source: Storm Capital Management Ltd.

CASH & INVESTMENTS

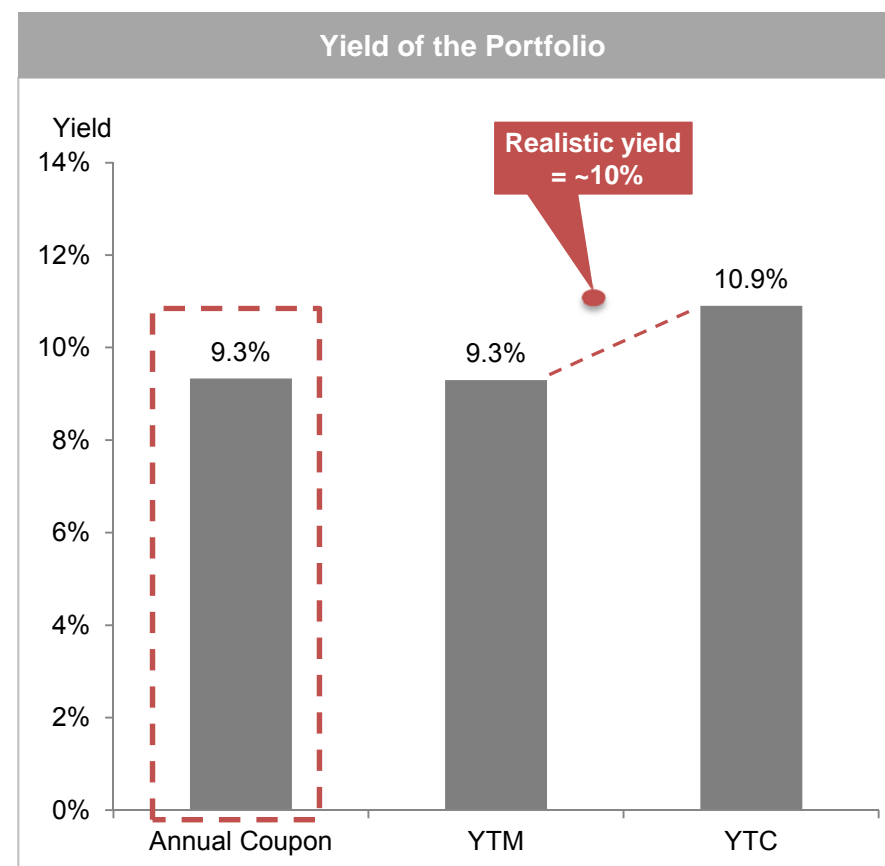
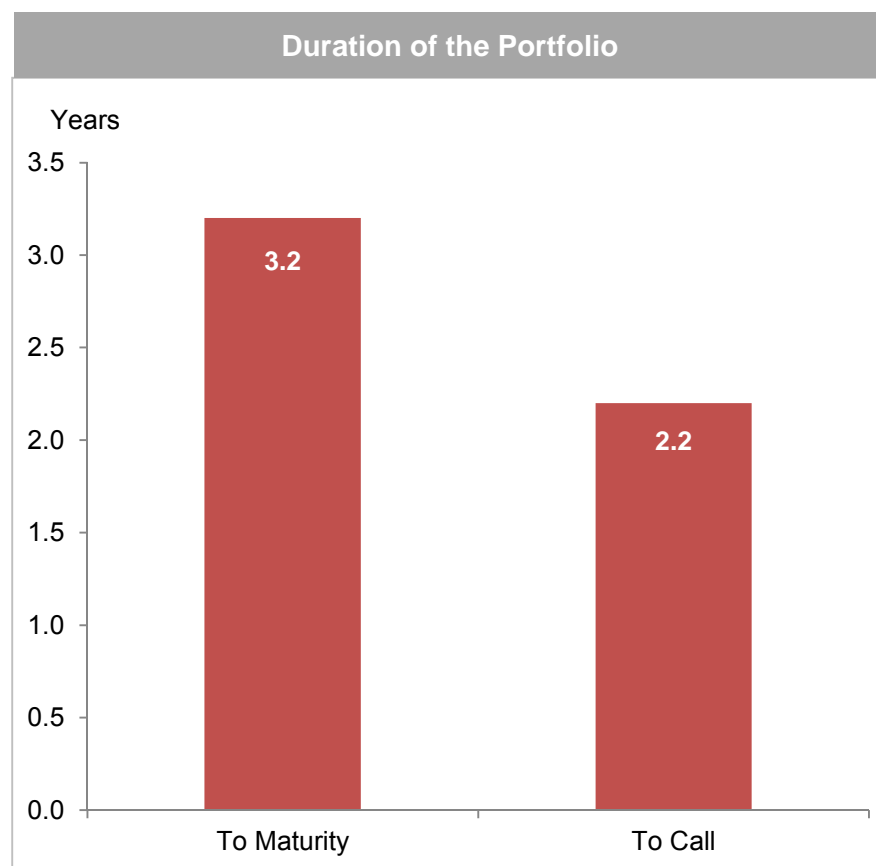
Break-Down of Cash & Liquid Investments



Break-Down by Sector of Bond Portfolio ⁽¹⁾



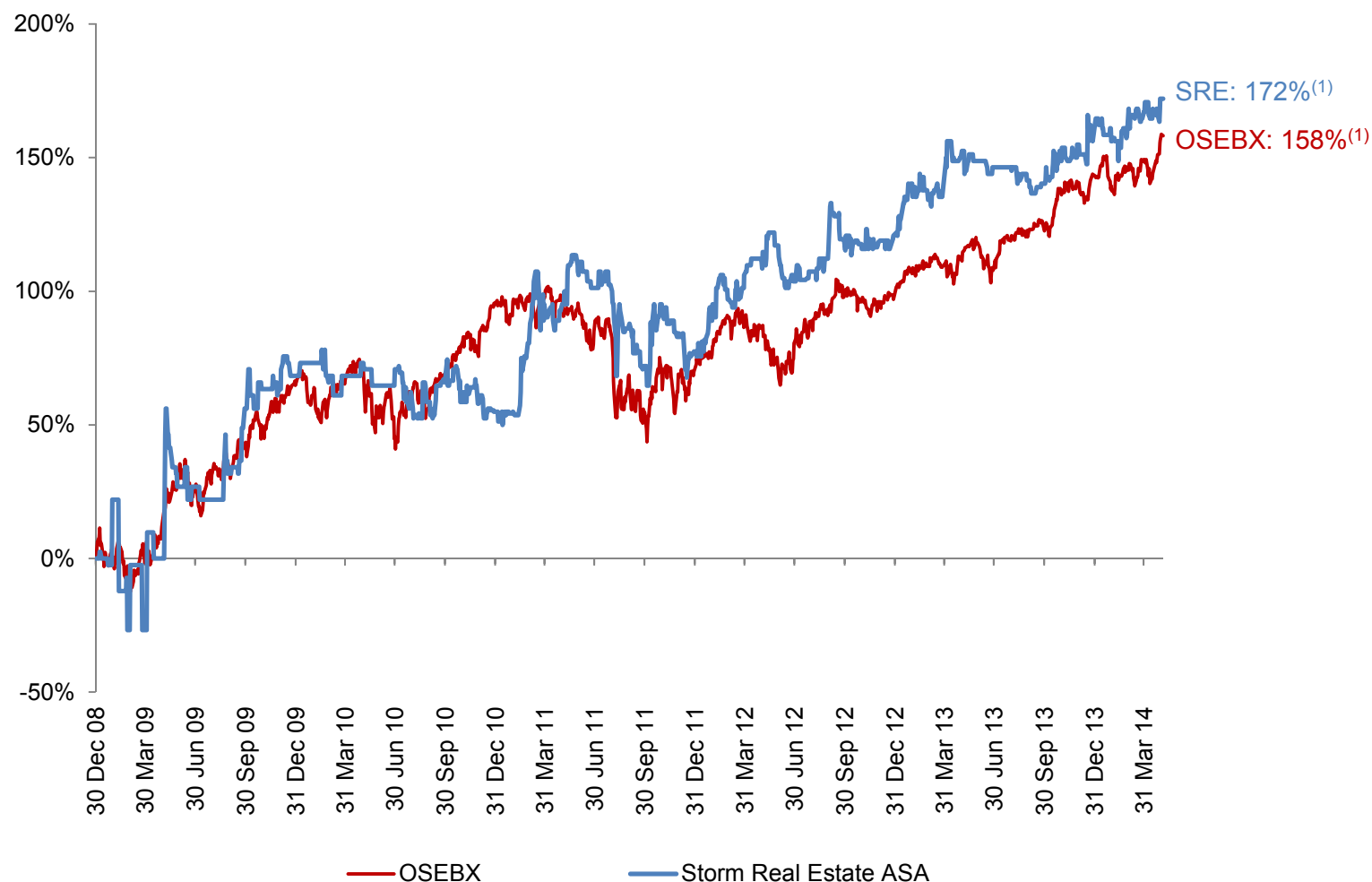
OVERVIEW OF STORM BOND FUND



Low Duration and High Yield

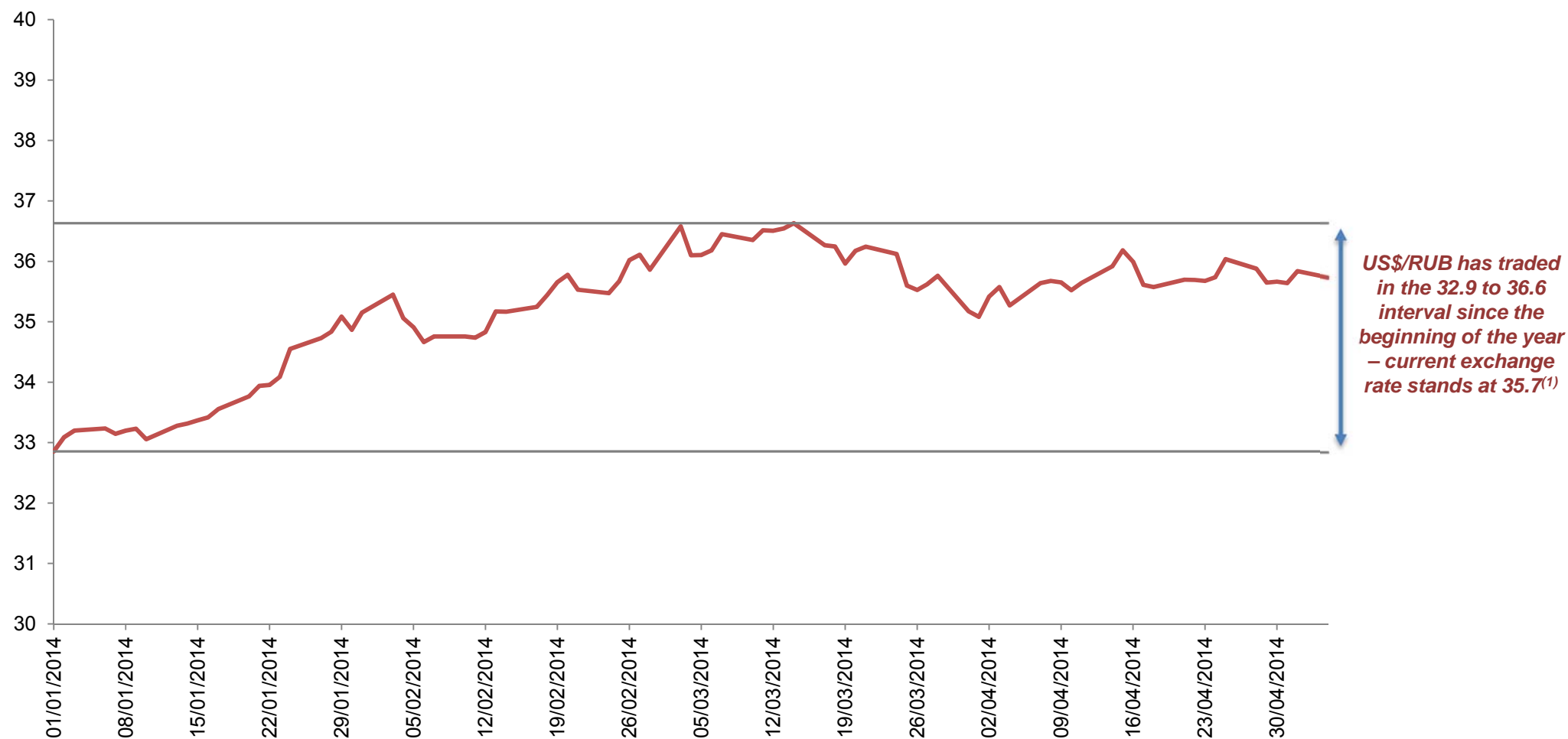
STORM REAL ESTATE SHARE PRICE PERFORMANCE

- *The Storm Real Estate ASA share is listed on Oslo main exchange since 6 July 2010*
- *Current share price of NOK 18.30 per share (5 May 2014)*
- *Net Asset Value of 25.73 NOK per share (31 March 2014), a decrease of 0.2% in the quarter*

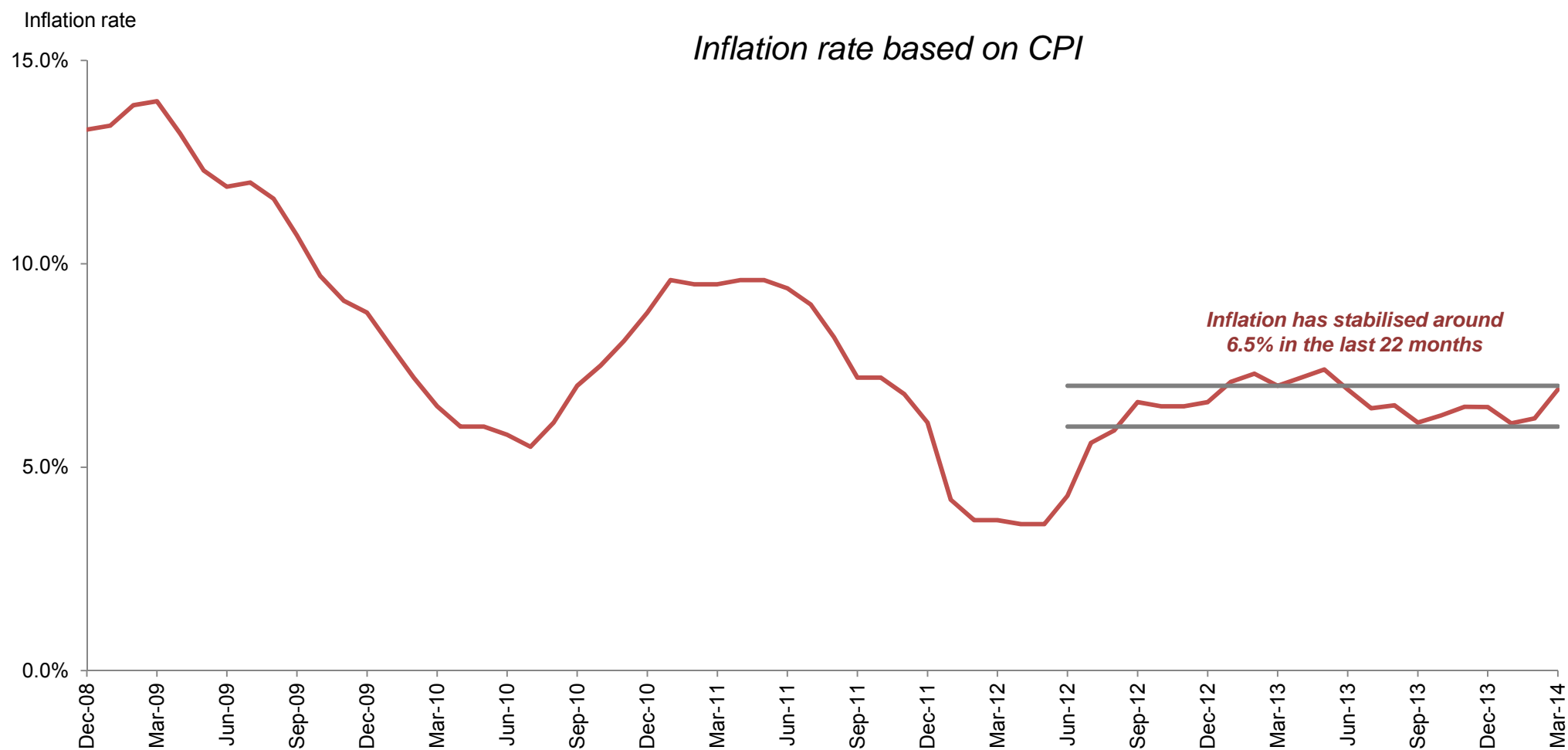


RUSSIA – US\$/RUB EXCHANGE RATE MOVEMENTS SINCE 1 JANUARY 2014

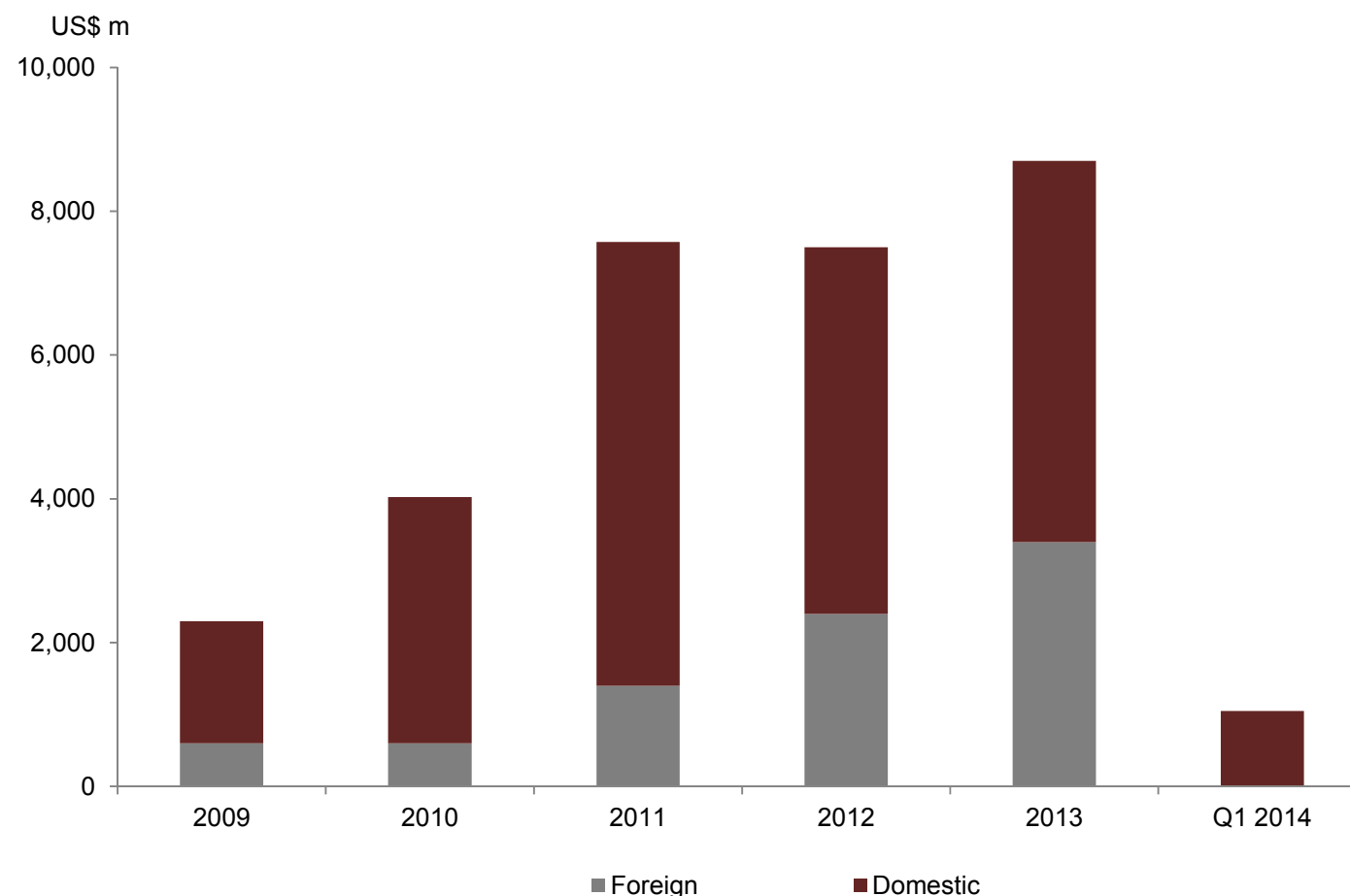
US\$/RUB Exchange Rate



RUSSIA – INFLATION HAS STABILISED AROUND 6.5%



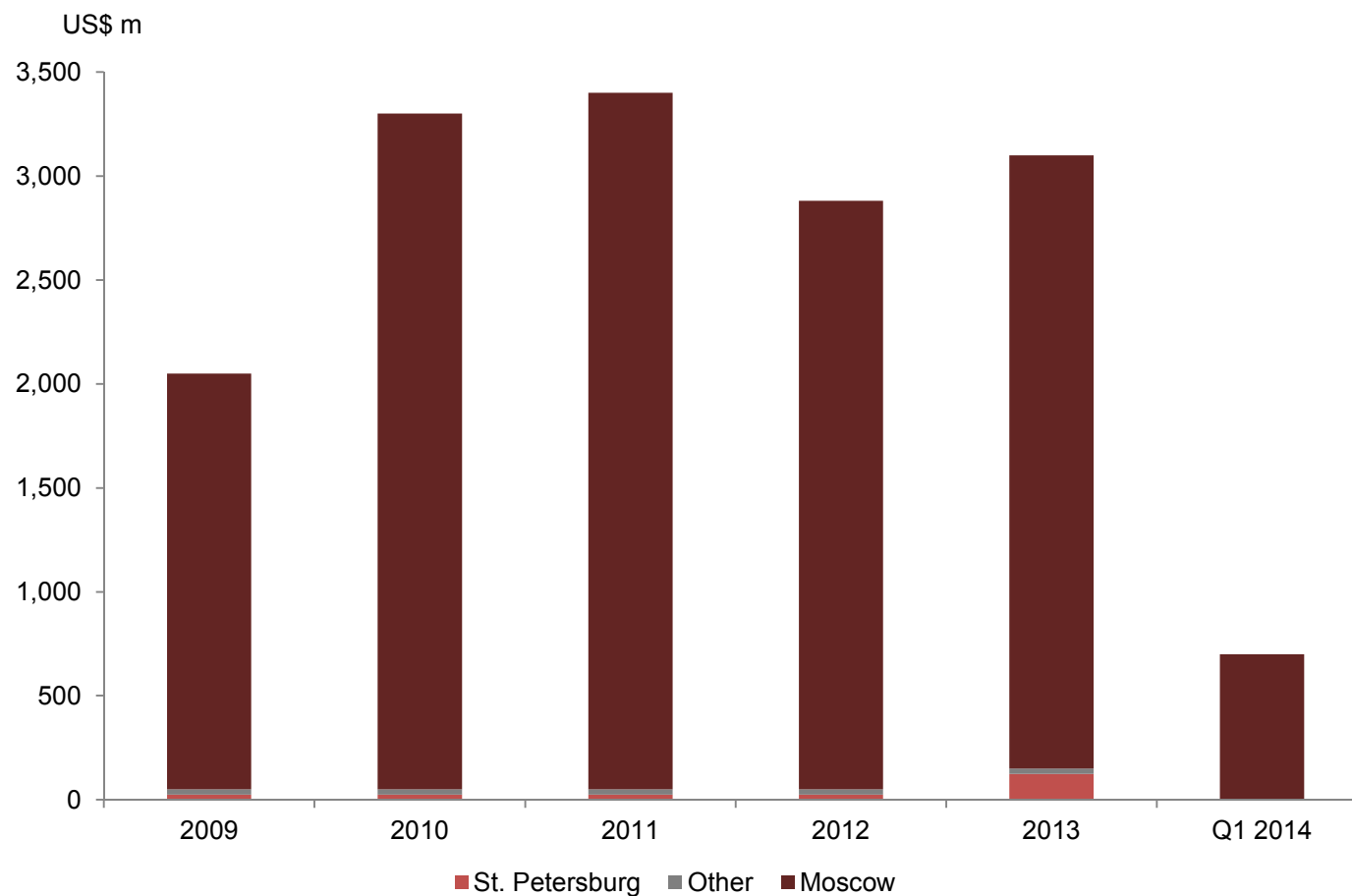
RUSSIA – INVESTMENT VOLUME⁽¹⁾ BY SOURCE OF CAPITAL



- 2013 saw a large influx of foreign investment into Russia
- Q1 2014 investment volume reached c. US\$ 1.05 billion, this is comparable to volumes seen in Q1 2010 when the market was recovering from the most recent downturn
- Analysts do not estimate a recovery in investment activity until H2 2014

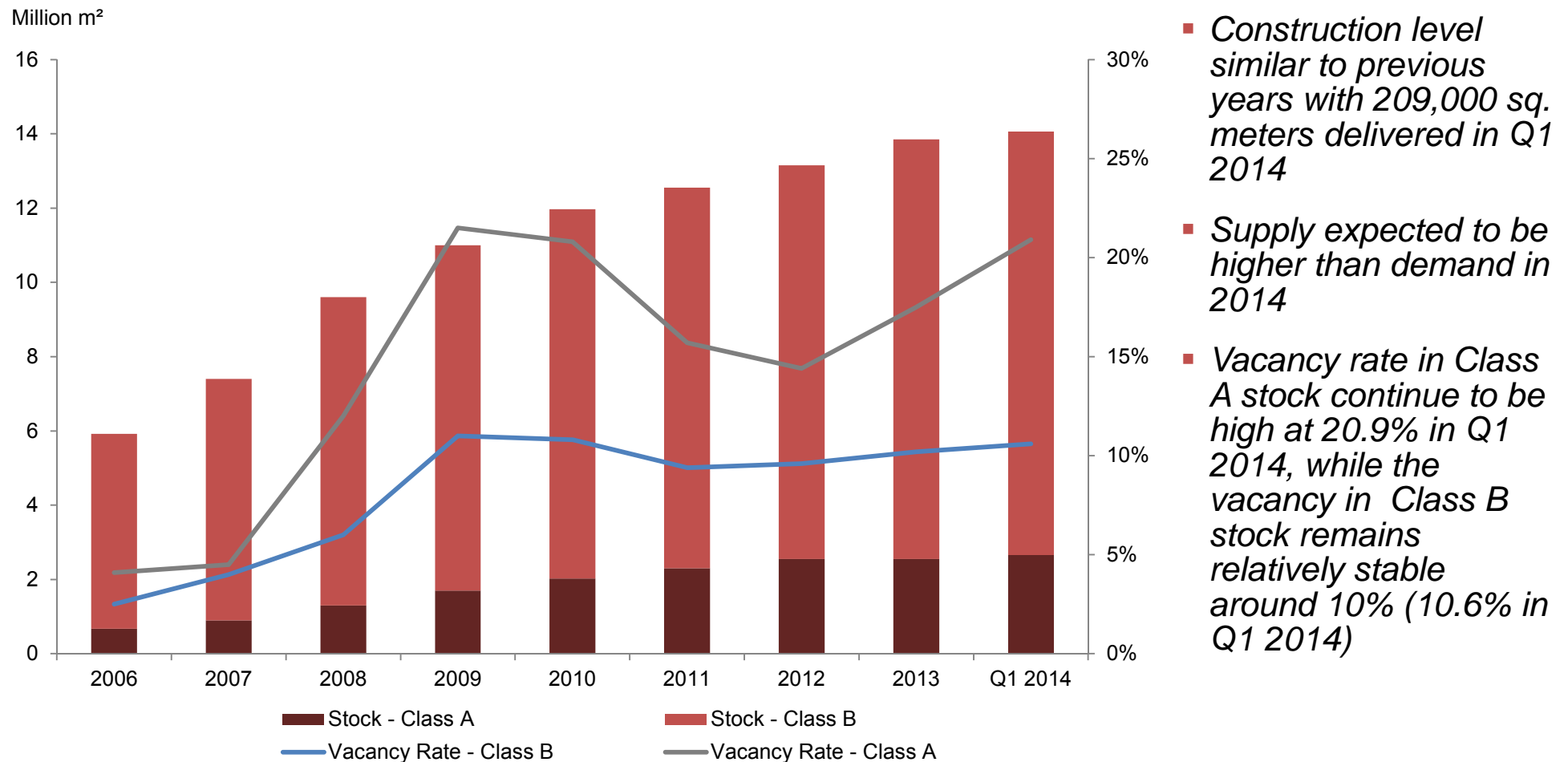
2014 is Expected to be a Hesitant Year for Foreign Investment

RUSSIA – INVESTMENT VOLUME BREAKDOWN OFFICE SECTOR BY REGION



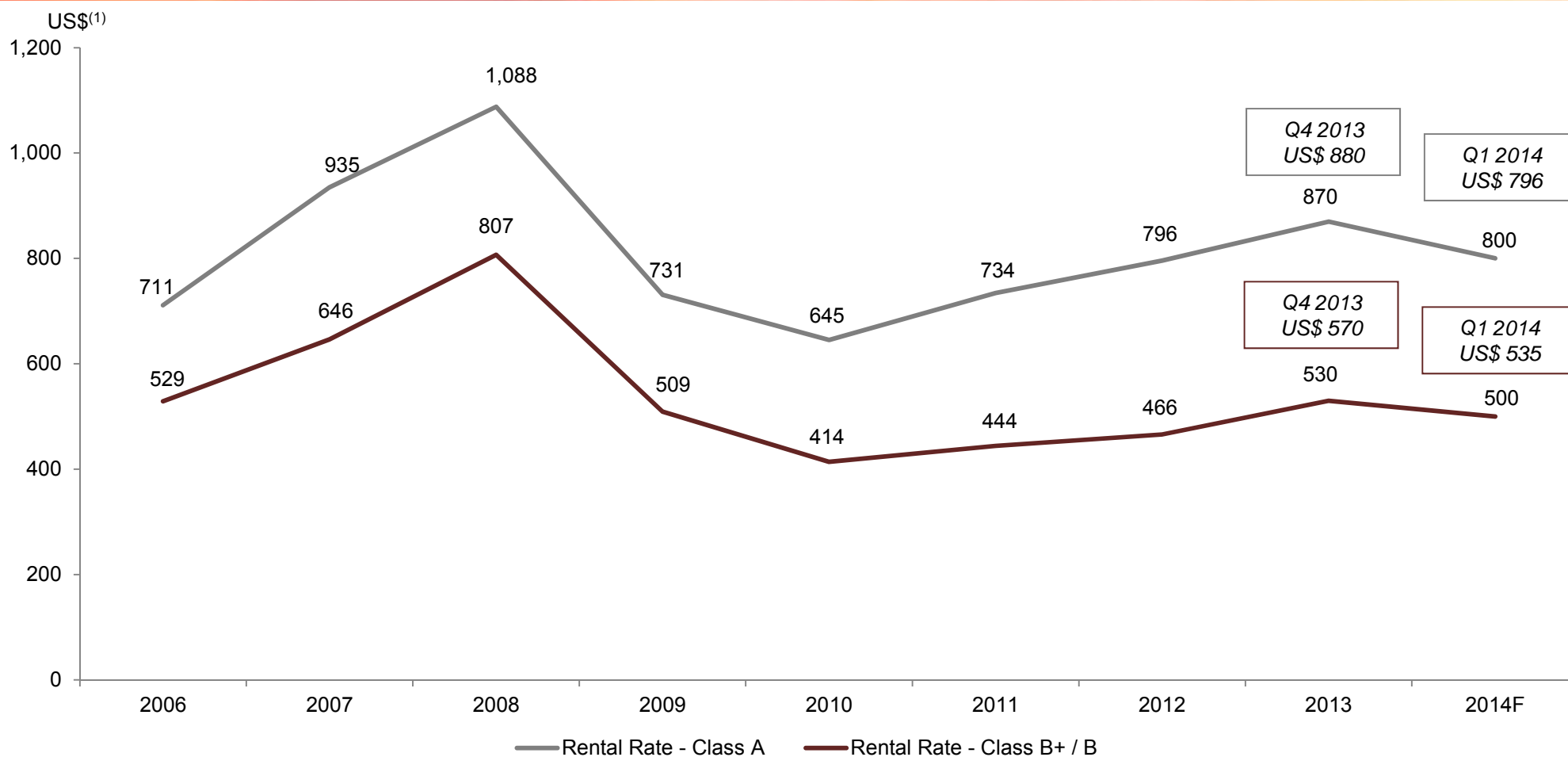
- *Moscow still the most important office market and expected to remain so*
- *We expect investment activity to be even more centred around Moscow during the short term*

MOSCOW OFFICE MARKET – MARKET INDICATORS, STOCK AND VACANCY RATE



Vacancy Rate in Class B Buildings Stable Around 10%

MOSCOW OFFICE MARKET - RENTAL RATES⁽¹⁾

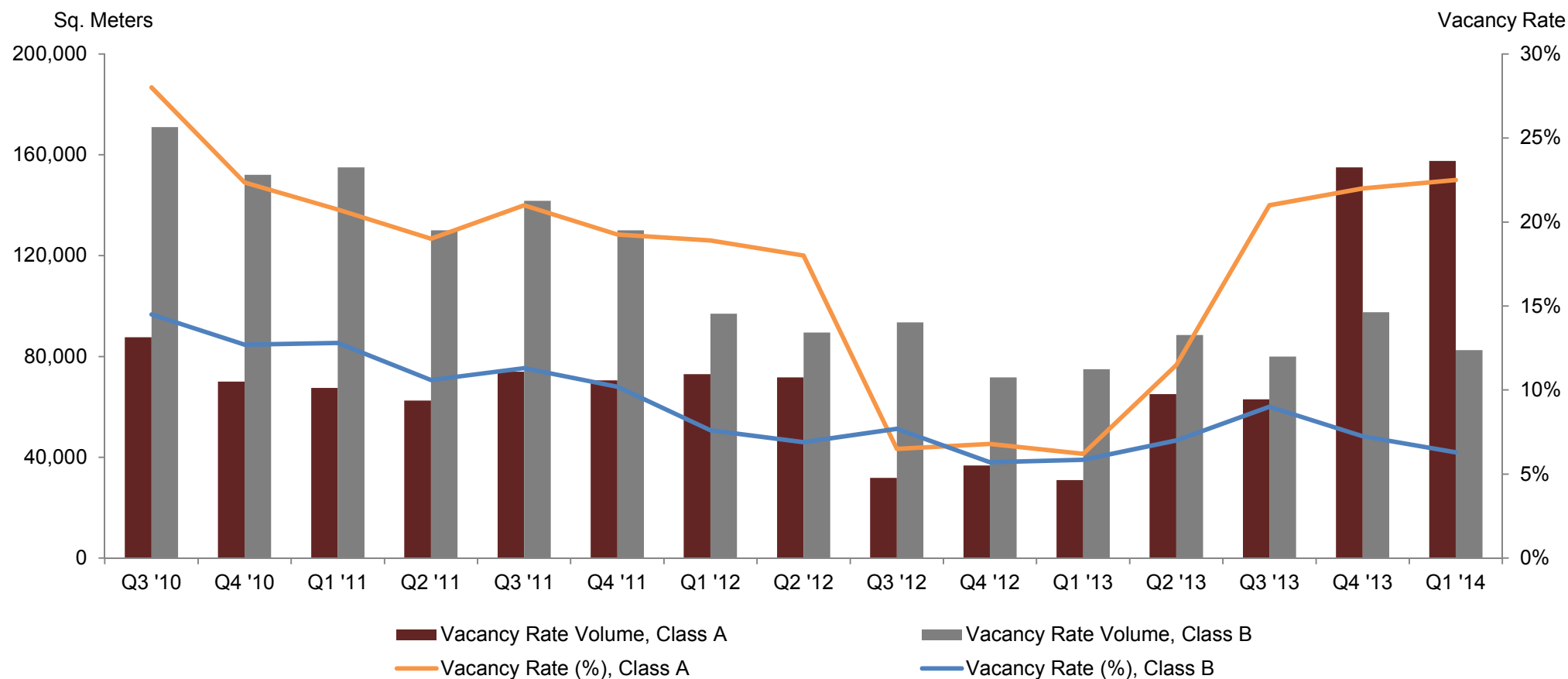


Delta Between A and B Likely to Decrease

Source: Cushman & Wakefield (March 2014)

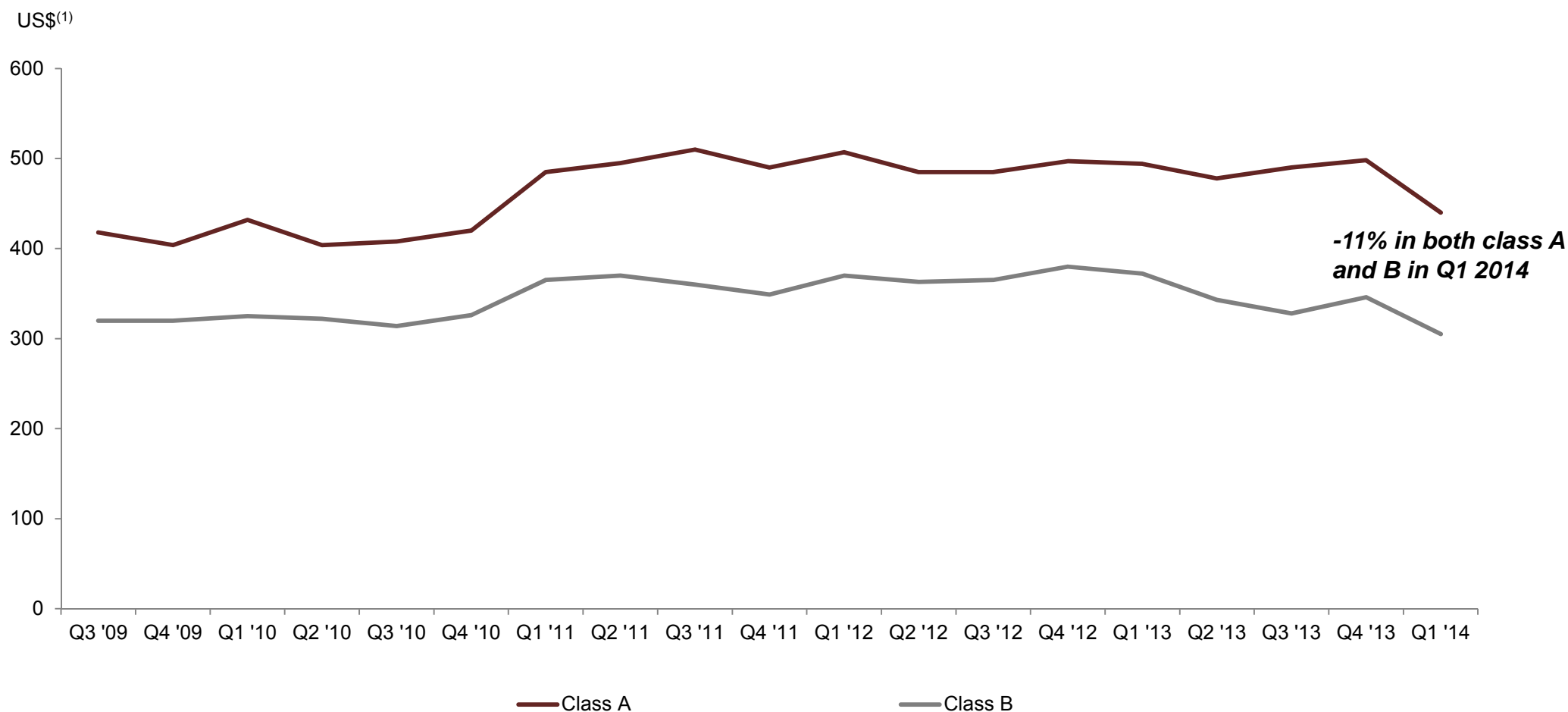
(1) Average rental rates is a weighted average rental rate of asking rents of deals closed within the period, US\$ / m²/ annum/ triple net

ST. PETERSBURG OFFICE MARKET – VACANCY DYNAMICS



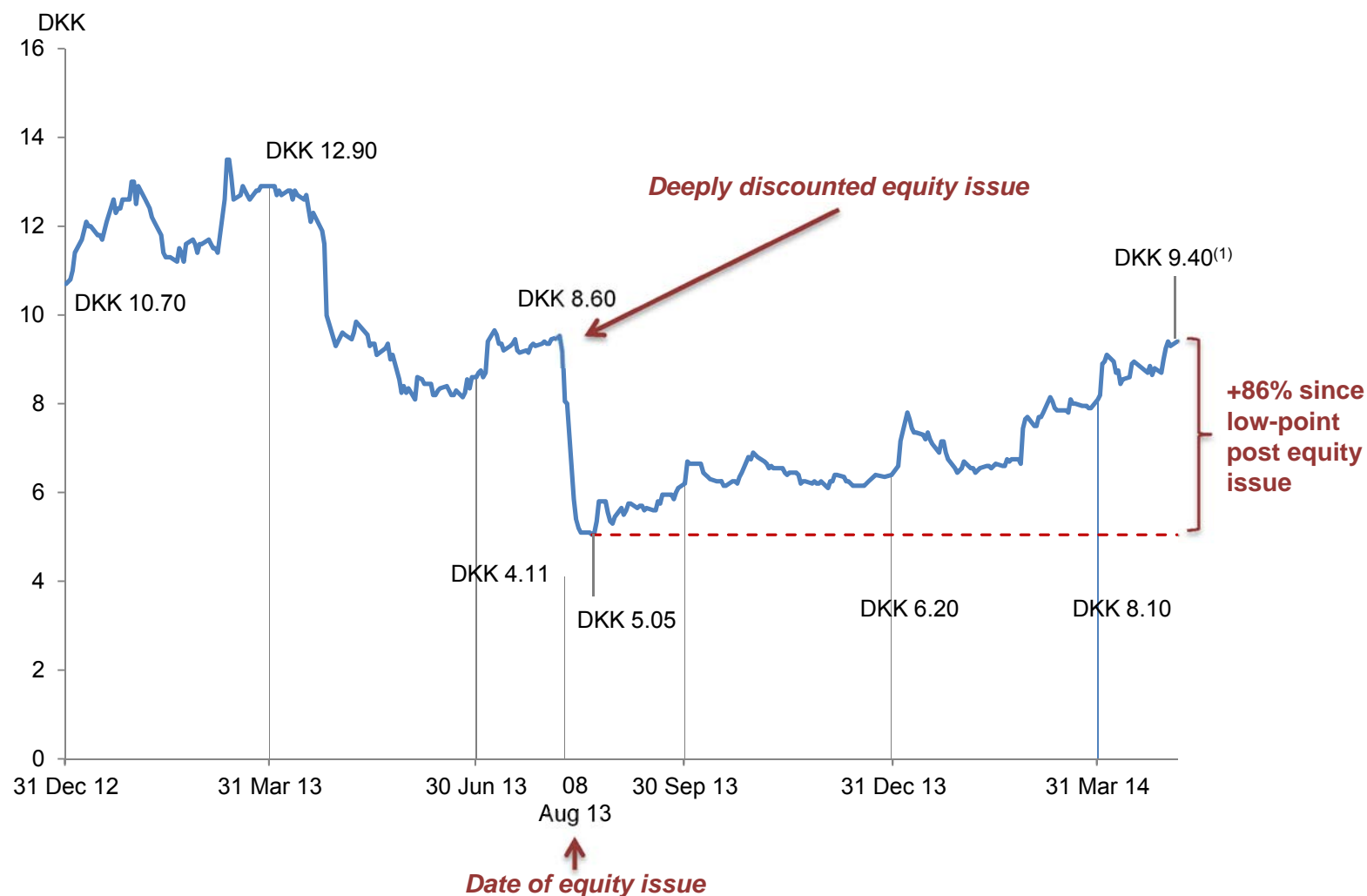
Class B Vacancy Rate Continued to Fall in Q1 2014

ST. PETERSBURG OFFICE MARKET – RENTAL RATES⁽¹⁾ DEVELOPMENT



TK DEVELOPMENT A/S – SHARE PRICE PERFORMANCE

- *Storm Real Estate ASA holds 11.1% of the voting rights in TK Development*
- *Our average purchase price is DKK 8.00 per share*



TK DEVELOPMENT'S KEY MARKETS

Sweden

- Continued strong Swedish economy and high purchasing power
- Retail chains interested in attractive rental premises – however tenants decision making processes also protracted in the Swedish market
- International investors are showing growing interest, especially in prime locations, and as an effect selling prices are on the rise

Denmark

- Denmark has turned the corner, albeit recovery is slow – GDP, private consumption and unemployment all show a favourable trend
- Trend of demand for good assets in central locations continued in Q1 2014, while demand for secondary locations are subdued and selling prices are under pressure
- Professional and institutional investors need alternatives for placing their money at an reasonable yield, paving the way for new potential project partnerships

Poland

- Positive macro economic out look with falling unemployment (below 14%), rising retail sales (7% YOY in Feb 2014) and growing GDP (3.6% for 2014 and 4.2% for 2015)
- International investors continue to dominate the market
- The residential segment shows good traction – total volume of property sales currently exceeds the supply of new housing

Czech Republic

- 2013 was marked by slow down in GDP (1.6% in 2013 vs. 1.9% in 2012), and falling growth in private consumption (0.8% in 2013 vs. 1.2% in 2012)
- The retail segment is expected to see growth, especially in the outlet segment
- Investors are showing interest in the market – international funds focus on major projects, while local investors / funds show appetite for smaller projects

Good sentiment across TK's key markets

SITUATION UPDATE - UKRAINE

- *An update on the situation in Ukraine with our view .*

APPENDIX

GASFIELD BUILDING, MOSCOW & GRIFON HOUSE, ST. PETERSBURG

Gasfield Building



Class B

Gross Area c. 15,200 m²

Occupancy Rate 100%

Major Tenant *Gazprom Tsentrremont*

Grifon House



Class B

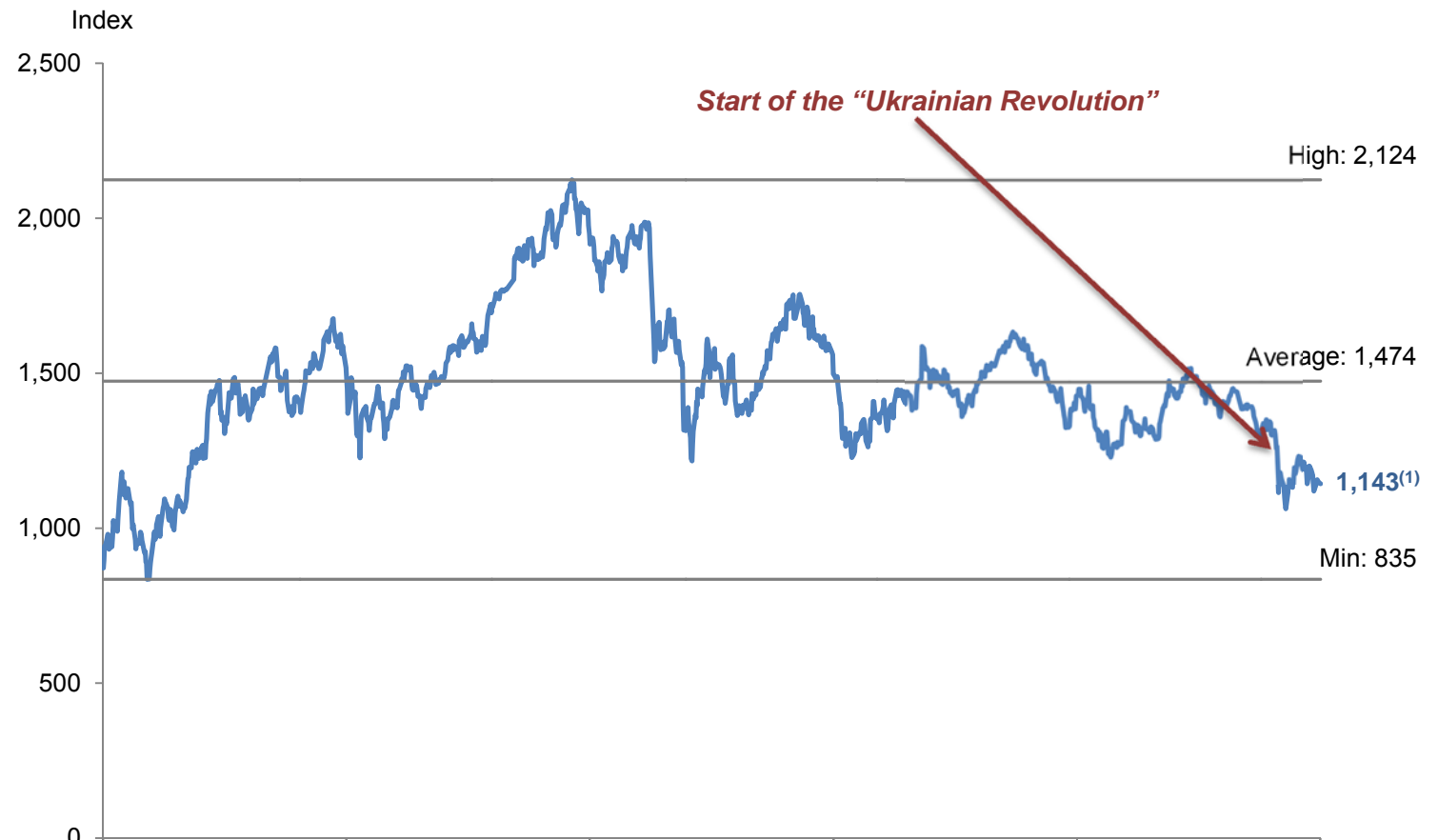
Gross Area c. 6,250 m²

Occupancy Rate 100%

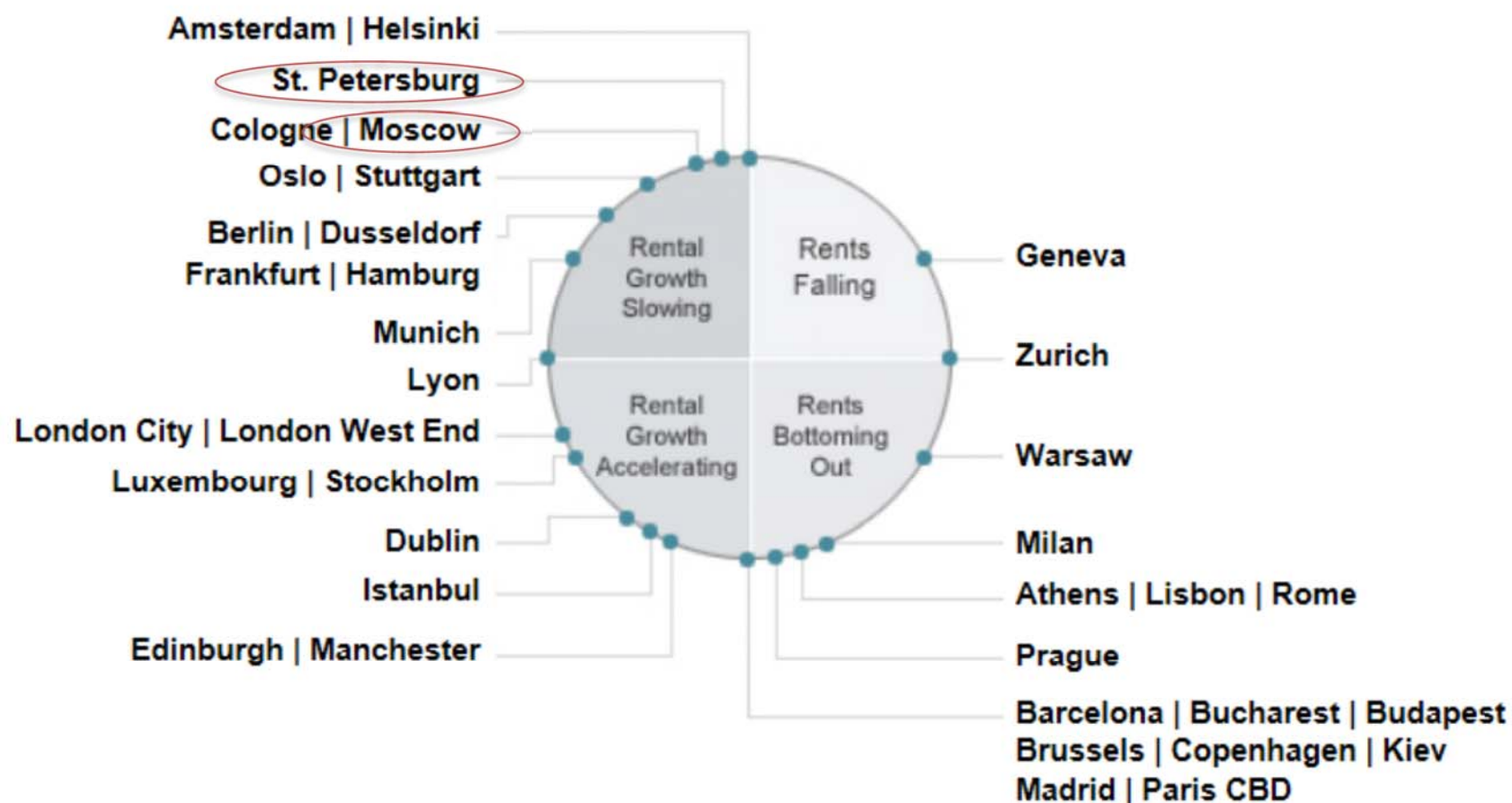
Major Tenant *LLC PSI,
a Swiss PSI Cro AG company*

PERFORMANCE OF THE RUSSIAN STOCK MARKET INDEX (RTS)

- *The Russian stock market has taken a slight hit from the crisis, however we believe the stock market will stabilise back to pre-Ukraine crisis levels as the situation stabilises*

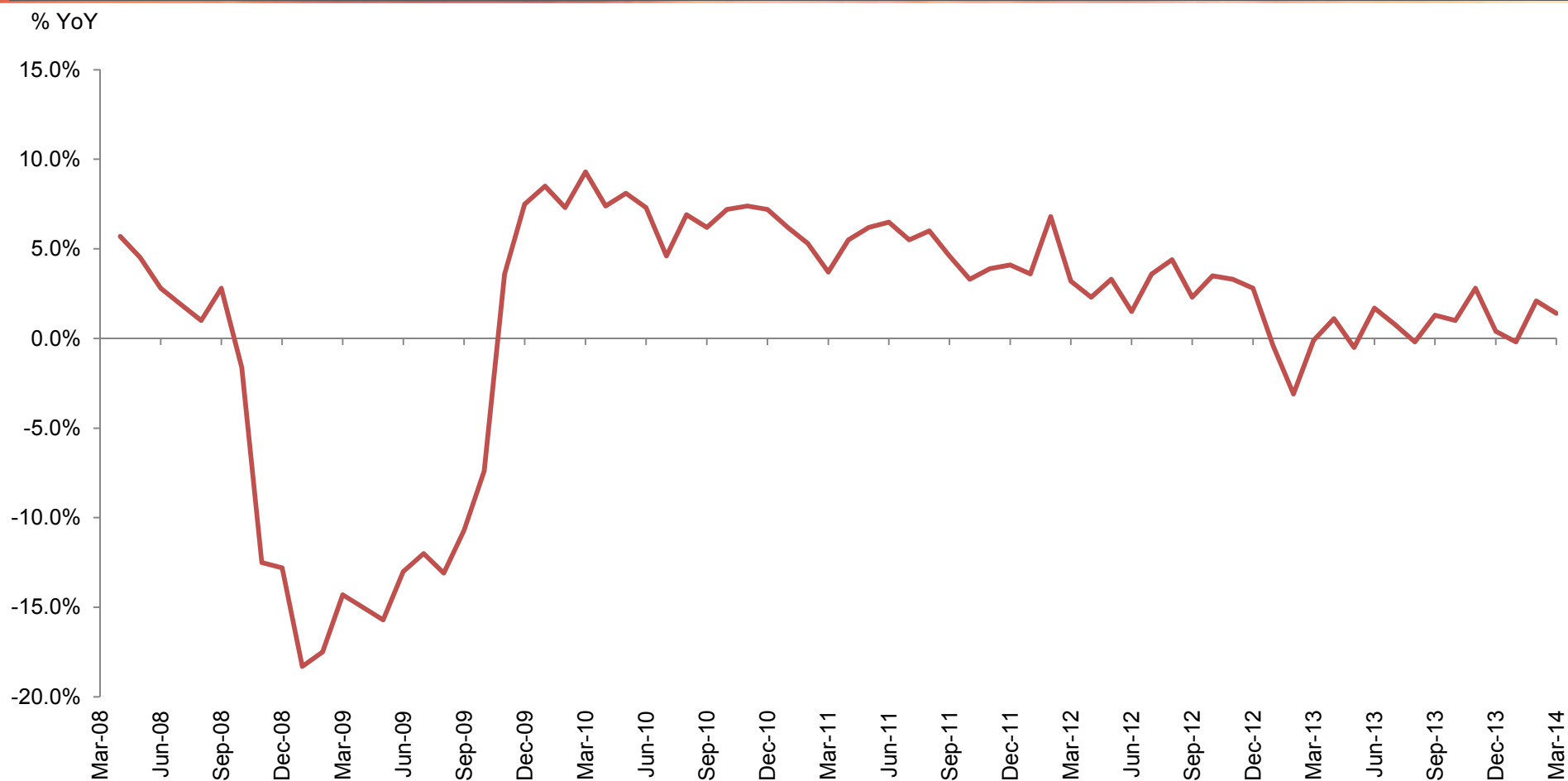


EUROPEAN OFFICE CLOCK Q1 2014



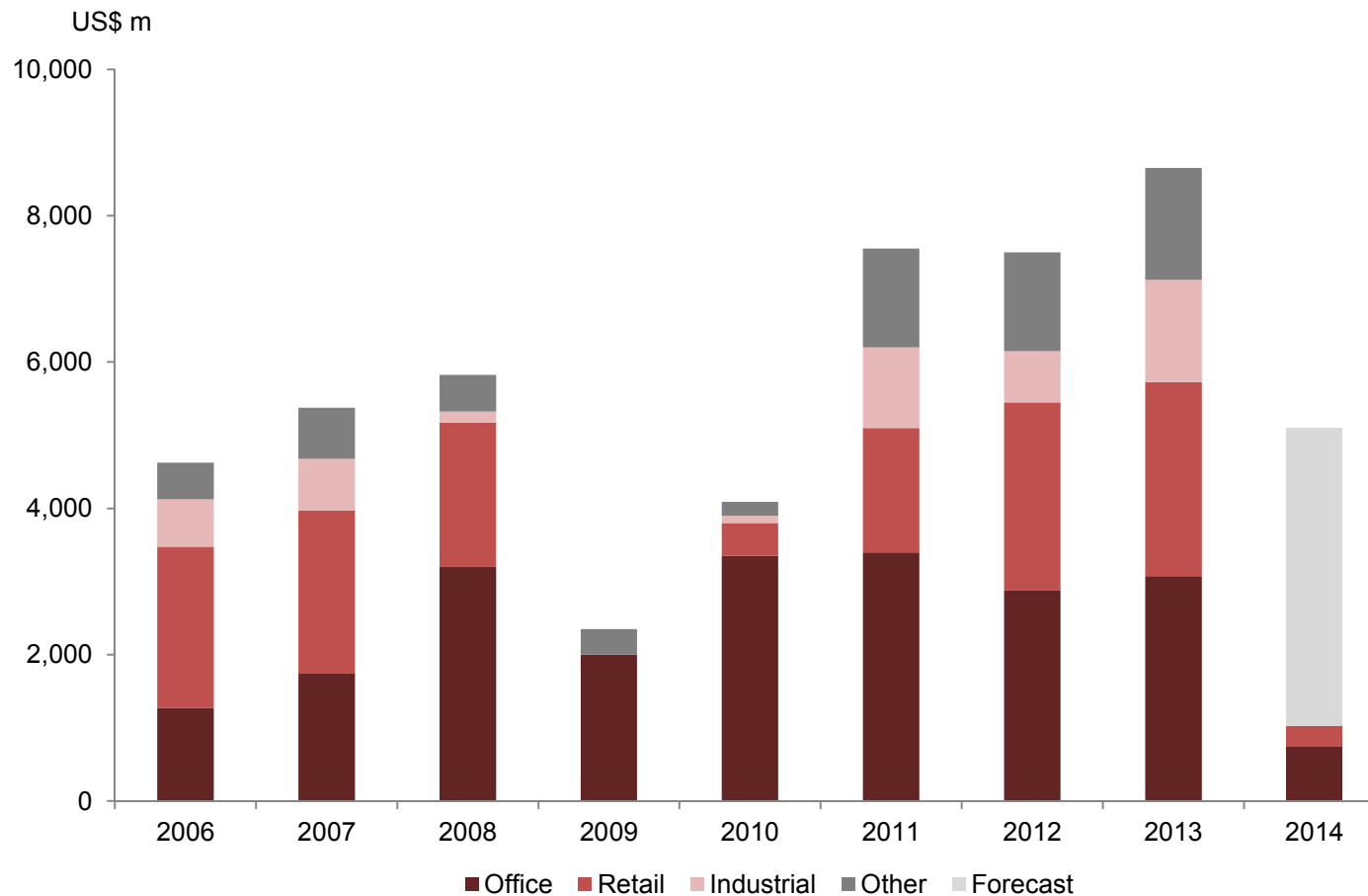
STORM CAPITAL MANAGEMENT

RUSSIA – INDUSTRIAL PRODUCTION



The last year we have seen a slow down in the Russian economy

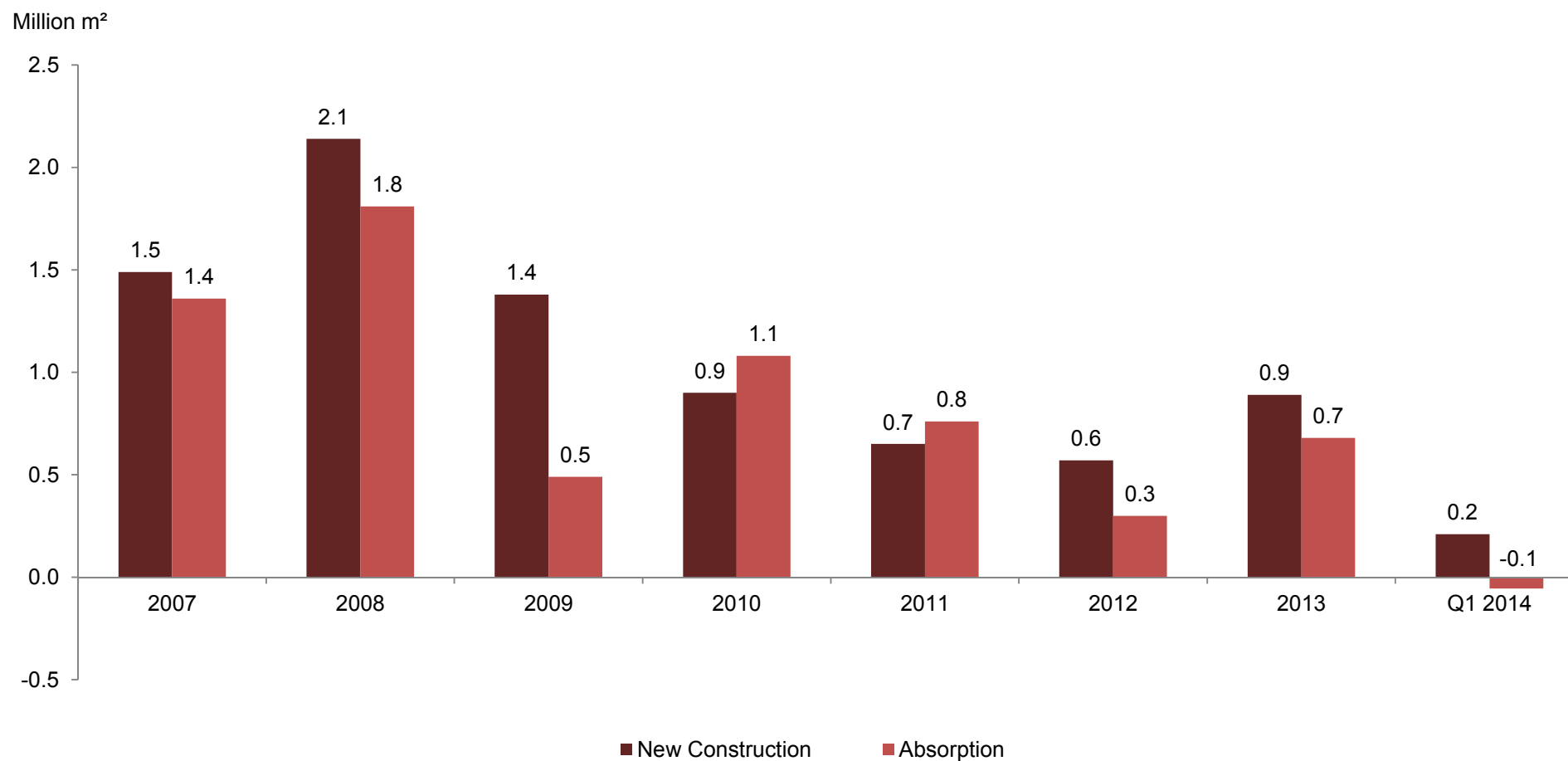
RUSSIA – INVESTMENT VOLUME BREAKDOWN BY SECTOR



- Investment volumes estimated to fall considerable in 2014
- H2 expected to catch-up some of lost ground but not fully
- Too early to make judgments on sector split

Potential that the office sector will increase in importance as seen during the previous crisis

MOSCOW OFFICE MARKET – NEW CONSTRUCTION AND ABSORPTION



New construction still higher than absorption – negative absorption in the quarter

TK DEVELOPMENT – INVESTMENT UPDATE

1.

- Realising true value in the portfolio takes time as expected, we have now passed our break-even purchase price

2.

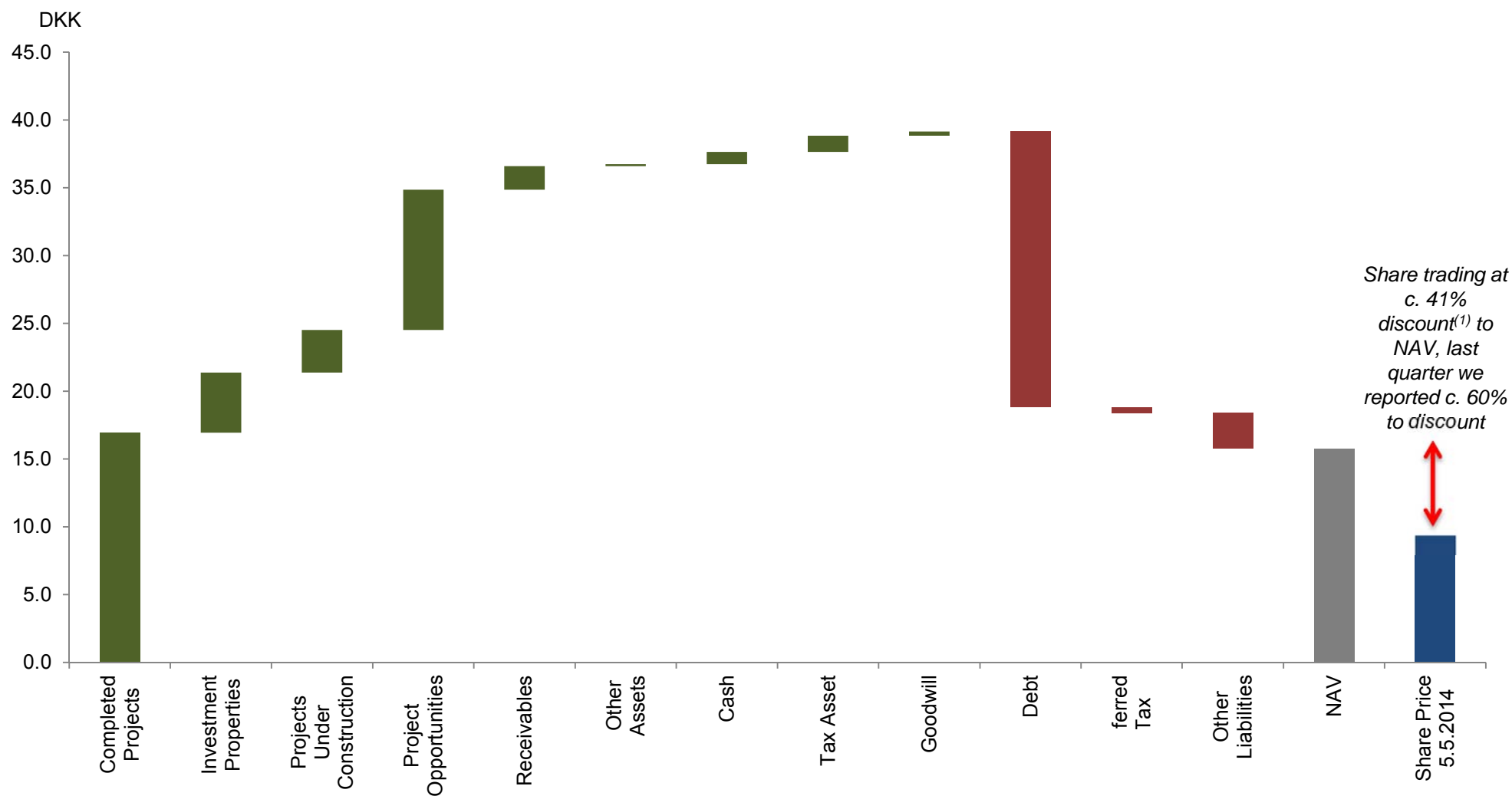
- Danish equity brokers revised its rating from Hold to Buy in beginning of April

3.

- We reiterate that we still believe TK offers an attractive risk reward

STORM CAPITAL MANAGEMENT

TK DEVELOPMENT A/S – NET ASSET VALUE PER SHARE – Q4 2013/14



Source: Company data. Copenhagen Stock Exchange.

(1) As per 5 May 2014.

TK DEVELOPMENT A/S – EXPECTED TIMING OF ASSET SALES⁽¹⁾

- TK Development announced the conditional sale of Fashion Arena Outlet Prague in Q1 2014
- The sale price came in at DKK 400 million, DKK 25 million above Nordea's estimates, and slightly above TK Development's book value
- Nordea has slightly revised its valuation of investment properties and completed projects downward by DKK 33 million (-2.3%) from last quarter

| <u>Expected Timing of Sales⁽¹⁾</u> | | | | | |
|---|----------------|----------|------------|--------------|-----------|
| <i>(In DKK Millions)</i> | | | | | |
| Assets | Country | 2013/14E | 2014/15E | 2015/16E | 2016/17E |
| <u>Investment properties</u> | | | | | |
| Futurum Hradec Kralove | Czech Republic | | 225 | | |
| Galeria Tarnovia | Poland | | | | 90 |
| <u>Other completed projects</u> | | | | | |
| Sillebroen, Frederikssund | Denmark | | | 675 | |
| Fashion Arena Outlet, Prague ⁽²⁾ | Czech Republic | | 400 | | |
| Galeria Sandecja | Poland | | | 320 | |
| Premier outlet centre, Ringsted | Denmark | | | | |
| Most, retail park phase I | Czech Republic | | | 51 | |
| Retail park, Aabenraa | Denmark | | 56 | | |
| Brønderslev | Denmark | | 31 | | |
| Total | | | 712 | 1,046 | 90 |

Source: Nordea Markets.

(1) Nordea Research Report dated 3 April 2014.

(2) Transaction conditional on buyer obtaining financing for transaction.

CONTACT

100 New Bond Street
London, W1S 1SP
United Kingdom

E-mail: info@stormcapital.co.uk

Tel: +44 (0)207 409 3378

Fax: +44 (0)207 491 3464

Web: www.stormcapital.co.uk

