



2nd Quarter 2014

FINANCIAL RESULTS PRESENTATION

15 August 2014

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KEY TAKE AWAYS

1.

- Total comprehensive income US\$ 1.0m in H1 2014

2.

- Value increase of the investment in TK Development of US\$ 5.9 million (48%) in H1

3.

- Property values decreased a US\$ 5.4 million to US\$ 97.7 million during H1

4.

- NAV per share of NOK 24.83 in Q2 2014 post dividend payment of NOK 1.60 per share

STORM CAPITAL MANAGEMENT

INCOME STATEMENT – IFRS

(US\$ '000)	Full Year	First 6 Months		2 nd Quarter	
	31/12/13	30/06/14 ⁽¹⁾	30/06/13 ⁽¹⁾	30/06/14 ⁽¹⁾	30/06/13 ⁽¹⁾
Total Income	\$12,901	\$6,767	\$6,348	\$3,522	\$3,225
Property Related Expenses	(2,832)	(1,533)	(1,385)	(816)	(590)
Personnel Expenses	(749)	(419)	(468)	(263)	(307)
Other Operating Expenses	(2,365)	(1,244)	(1,258)	(649)	(585)
Operating Profit (Loss) Before Fair Value Adjustments	\$6,955	\$3,572	\$3,237	\$1,794	\$1,743
Gain / Loss from Fair Value Adjustments on Investment Property	8,220	(2,083)	8,843	(7,497)	7,116
Total Operating Profit (Loss)	\$15,175	\$1,489	\$12,080	(\$5,704)	\$8,859
Net Financial Gains (Losses)	3,490	4,290	1,024	\$1,602	(1,167)
Earnings Before Tax (EBT)	\$18,665	\$5,779	\$13,105	(\$4,102)	\$7,692
Income Tax	(7,475)	(999)	(5,919)	536	(3,500)
Profit (Loss) for the Period	\$11,190	\$4,780	\$7,186	(\$3,566)	\$4,192
Other Comprehensive Income (Net of Tax) ⁽²⁾	(8,048)	(3,789)	(8,851)	3,707	(7,268)
Total Comprehensive Income (Net of Tax)⁽²⁾	\$3,142	\$991	(\$1,665)	\$141	(\$3,076)

(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

mill. USD

Total Comprehensive Income

H1 2014

H1 2013

1,0

-1,7

Summary of major items:

NOI from investment properties

5,2

5,0

Value change investment properties

-5,4

0,3

Value change shares in real estate companies

5,9

-1,7

Other operating costs

-1,7

-1,7

Funds and liquid investments

0,9

1,2

Borrowing costs

-1,5

-1,5

Contract- and interest derivatives

-0,7

3,0

Taxes

-1,0

-5,9

Total Comprehensive Income US\$ 1.0 million for H1 2014

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BALANCE SHEET

(US\$ '000)	31/12/13	30/06/14 ⁽¹⁾		31/12/13	30/06/14 ⁽¹⁾
Investment property	\$103,100	\$97,700	Bank loans	\$44,970	\$43,704
Investments property shares	\$12,176	\$18,809	Other liabilities	\$15,155	\$15,835
Total non-current assets	\$115,335	\$116,787	Total liabilities	\$60,125	\$59,539
Cash & liquid investments ⁽²⁾	\$22,586	\$16,205			
Total current assets	\$23,225	\$16,772	Shareholder's equity	\$78,437	\$74,023
Total assets	\$138,561	\$133,560	Total equity and liabilities	\$138,561	\$133,560

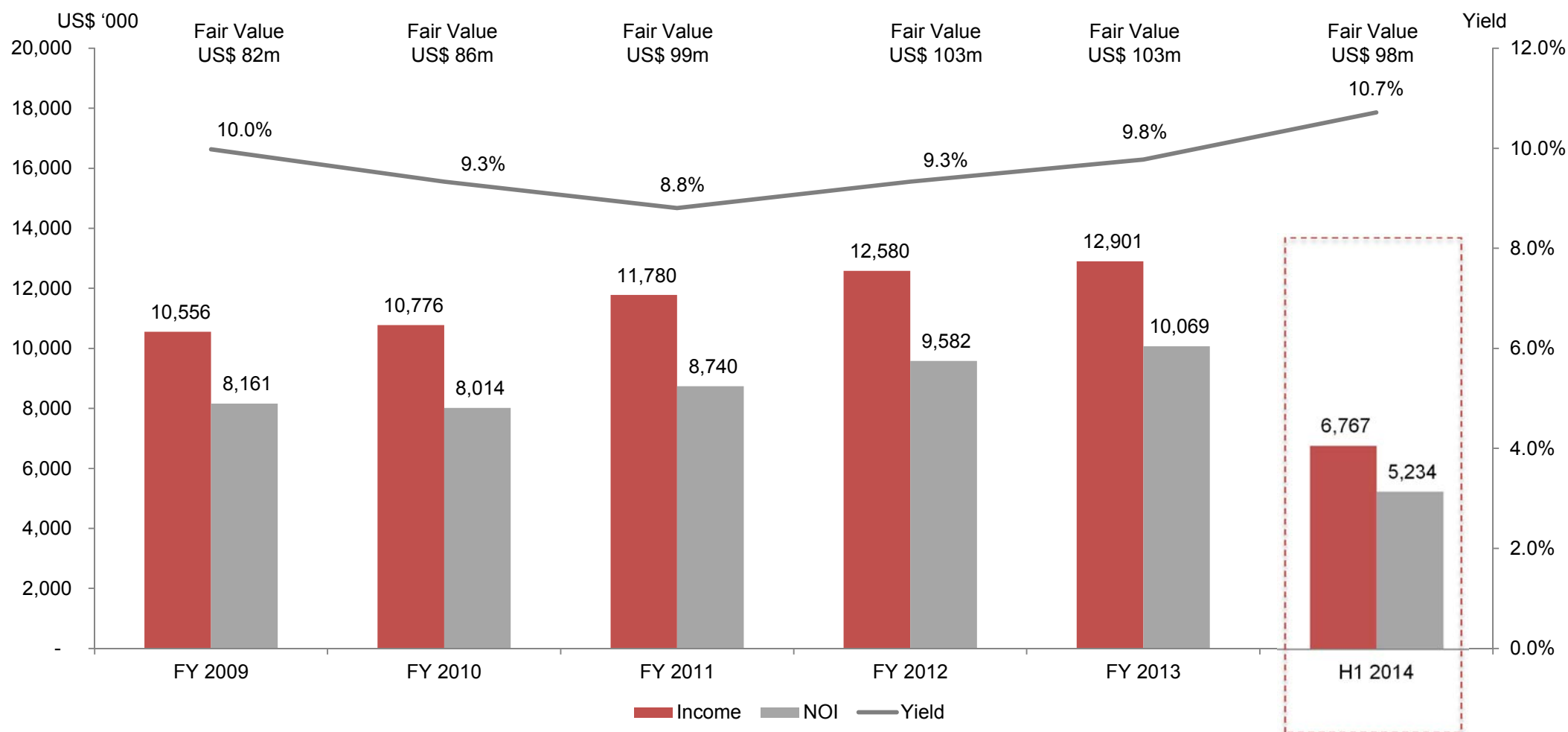
A Solid Balance Sheet

(1) Unaudited

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

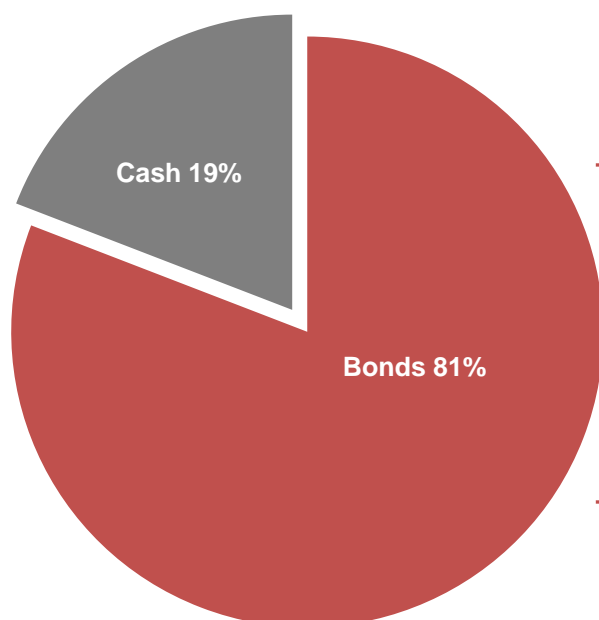
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DEVELOPMENT OF ASSET VALUE 2009 – H1 2014

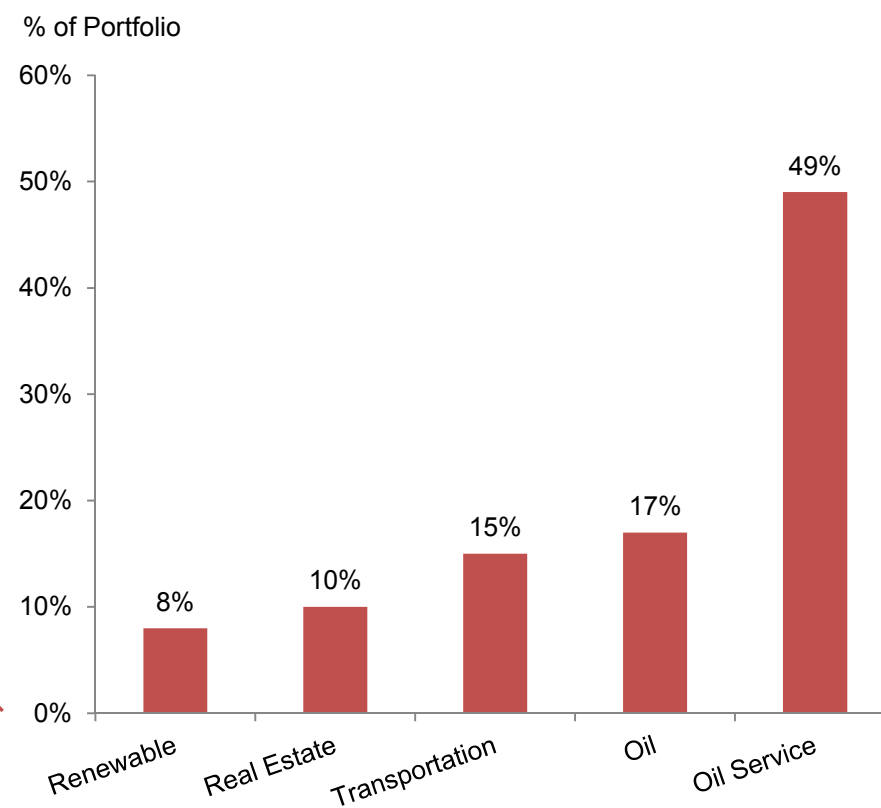


CASH & INVESTMENTS

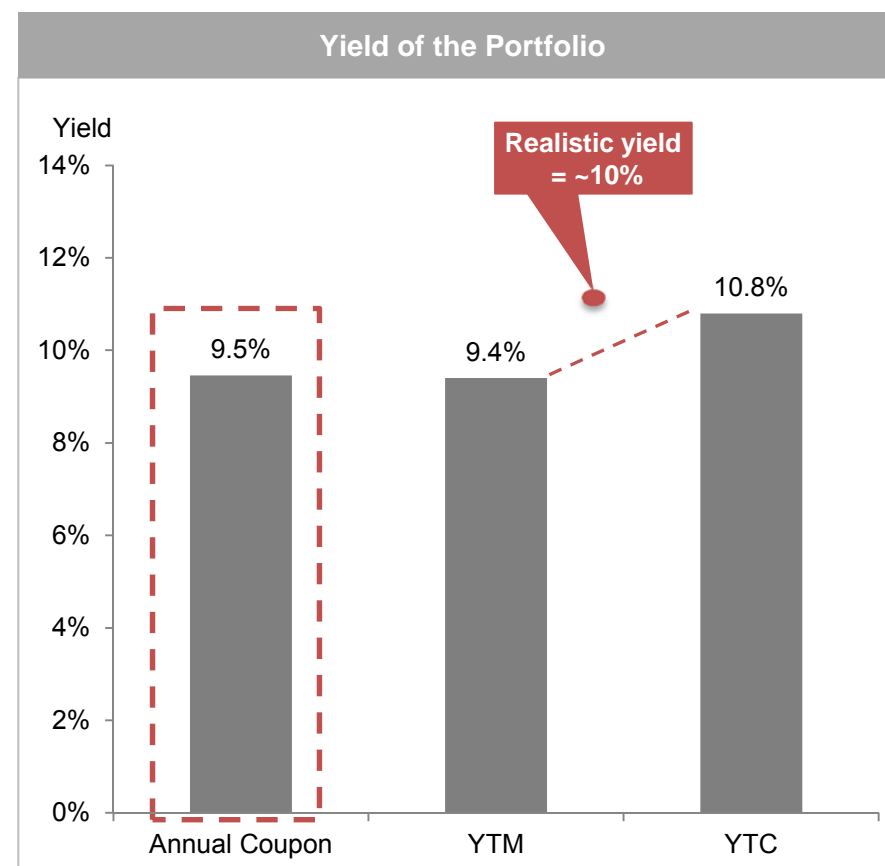
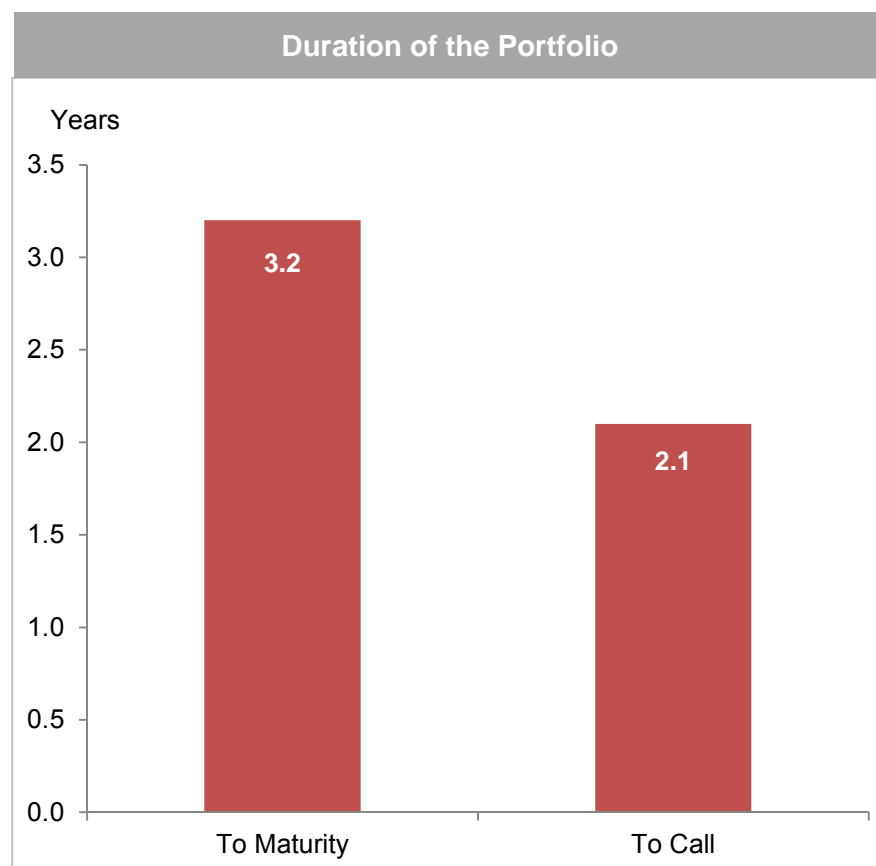
Break-Down of Cash & Liquid Investments



Break-Down by Sector of Bond Portfolio (1)



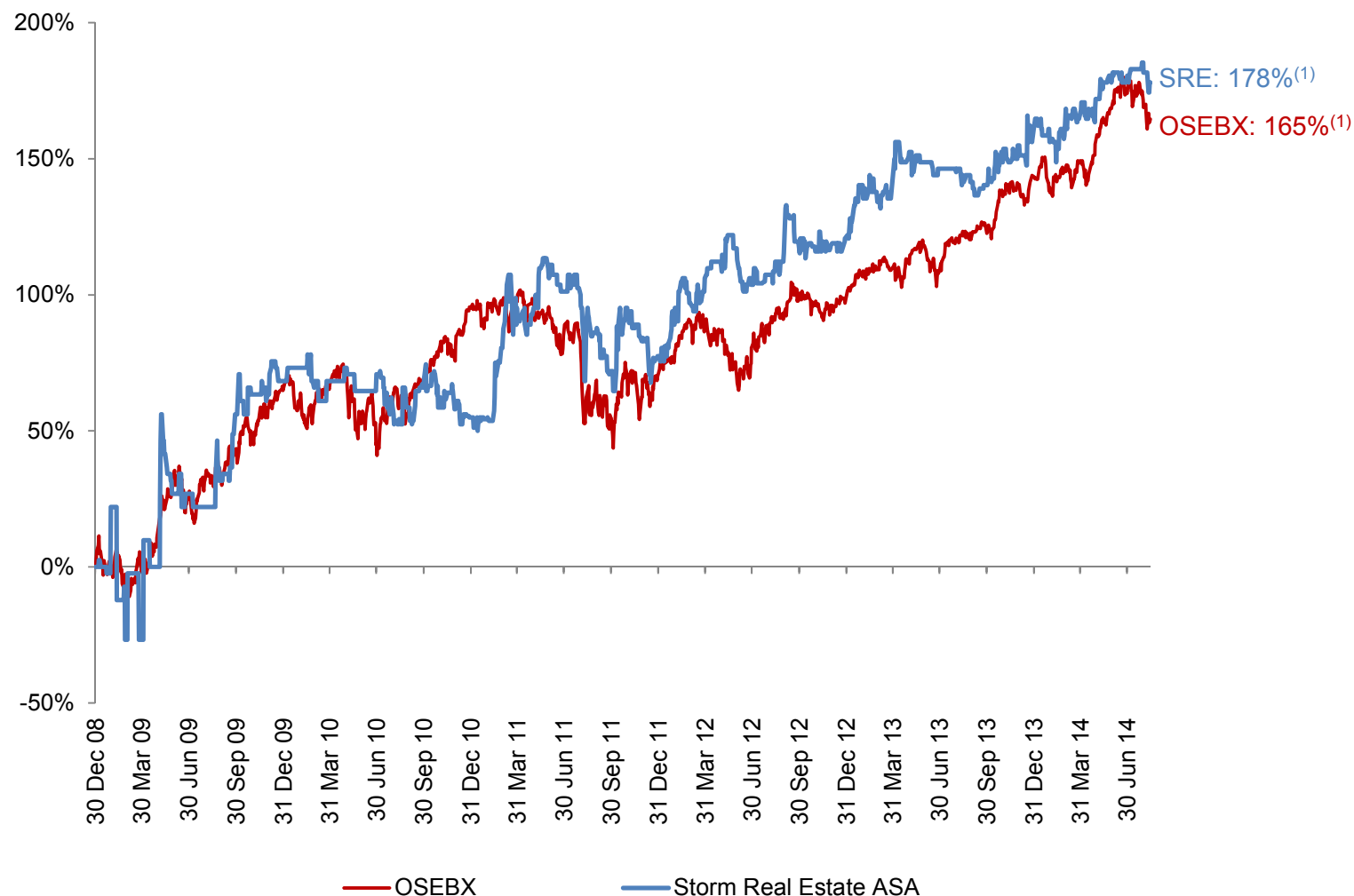
OVERVIEW OF STORM BOND FUND



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 17.20 per share (14 Aug 2014)*
- *Net Asset Value of 24.83 NOK per share (30 June 2014), a decrease of 3.5% in the quarter, post dividend payment of NOK 1.60 in May*

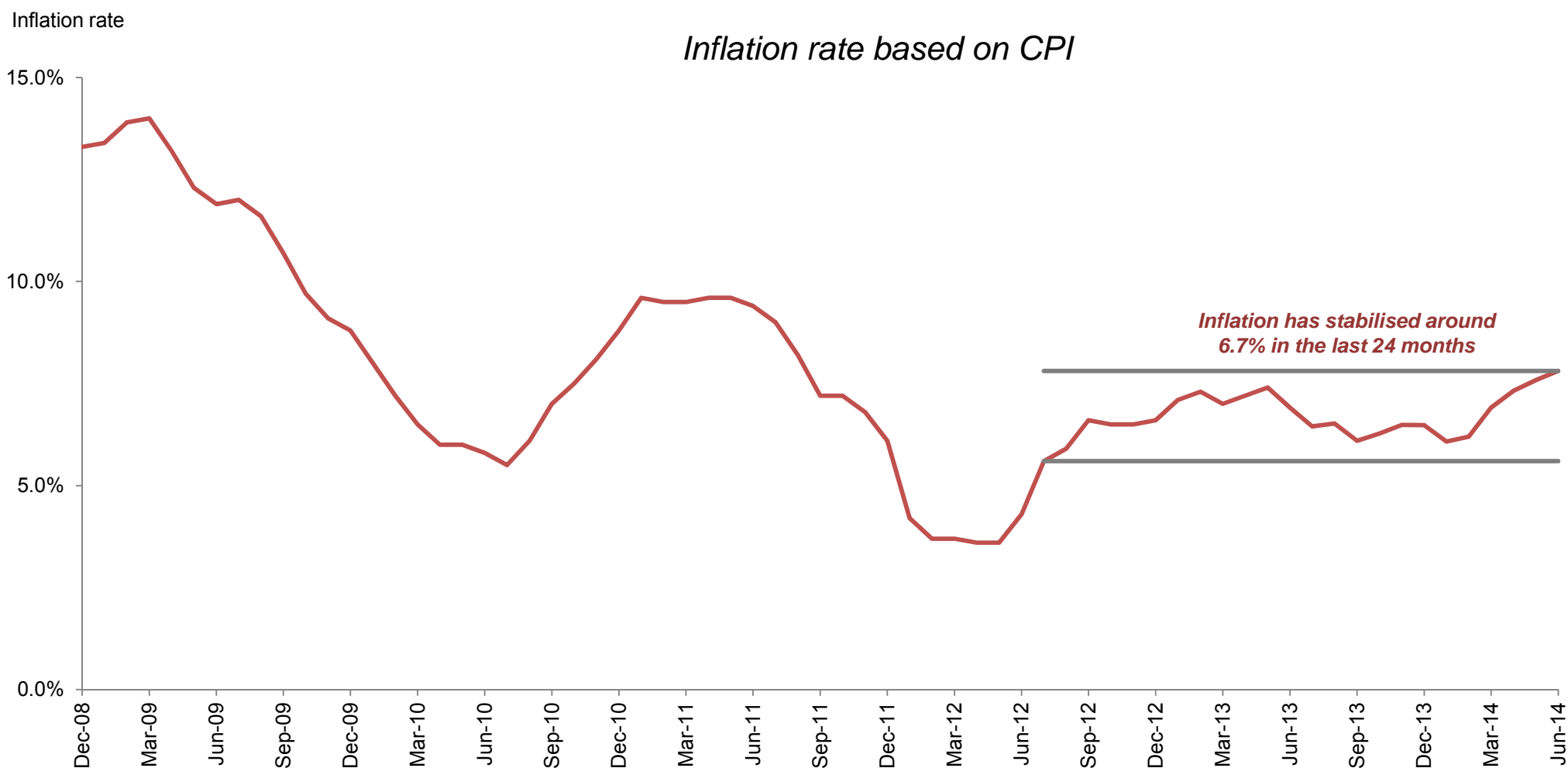


RUSSIA – US\$/RUB EXCHANGE RATE MOVEMENTS SINCE 1 JANUARY 2014

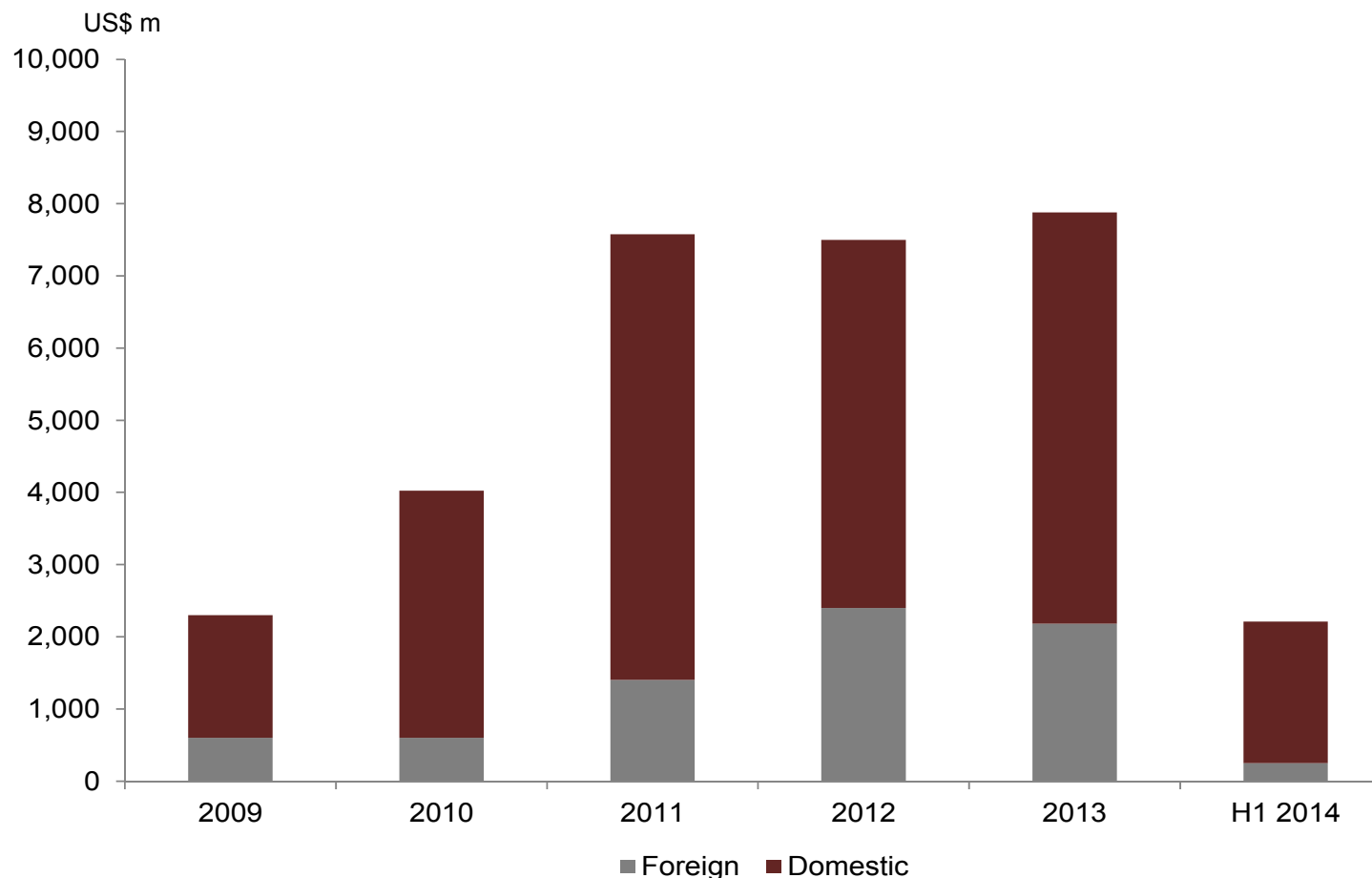
US\$/RUB Exchange Rate



RUSSIA – INFLATION HAS STABILISED AROUND 6.7%



RUSSIA – INVESTMENT VOLUME BY SOURCE OF CAPITAL

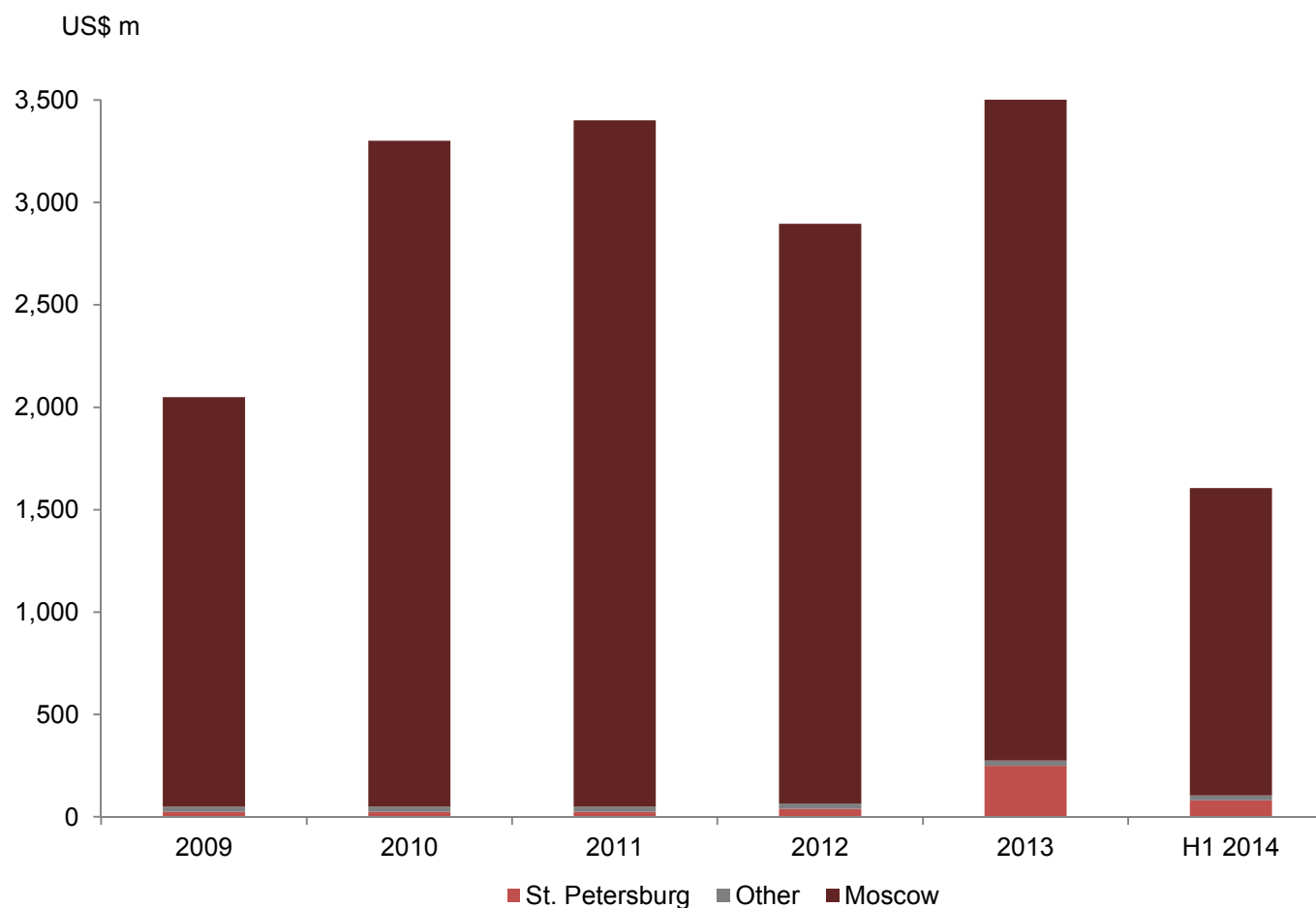


- *H1 2014 investment volume reached US\$ 2.4 billion*
- *As expected, due to the global macroeconomic situation and political unrest, foreign investments are less than 12% - US\$ 286 million in H1 2014*
- *Analysts estimate that Q3 in the investment market will be rather slow, reflecting both negative sentiment and a summer slowdown in business activity*

2014 Forecast Remains Unchanged: US\$ 5.0 Billion by the End of the Year

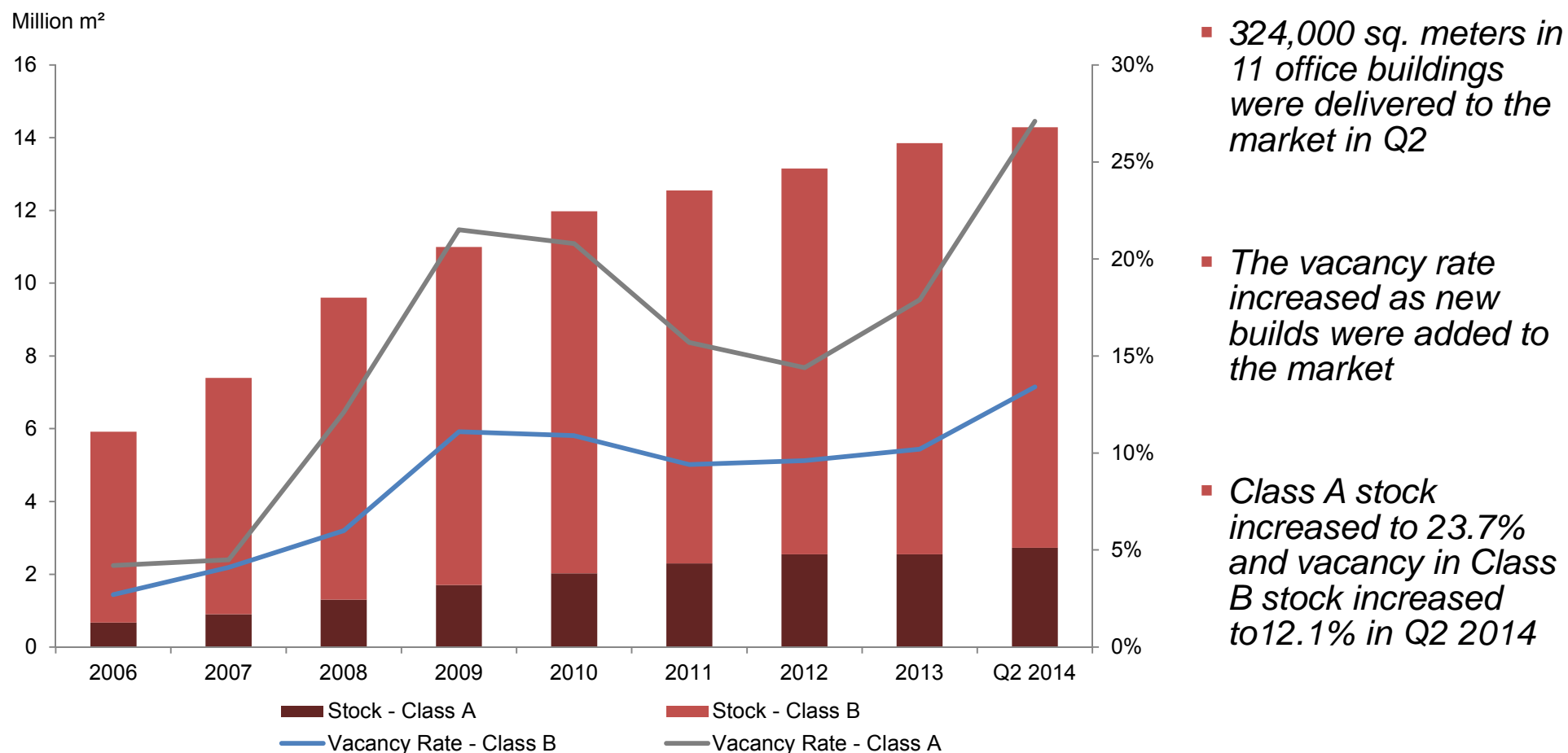
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RUSSIA – INVESTMENT VOLUME BREAKDOWN OFFICE SECTOR BY REGION



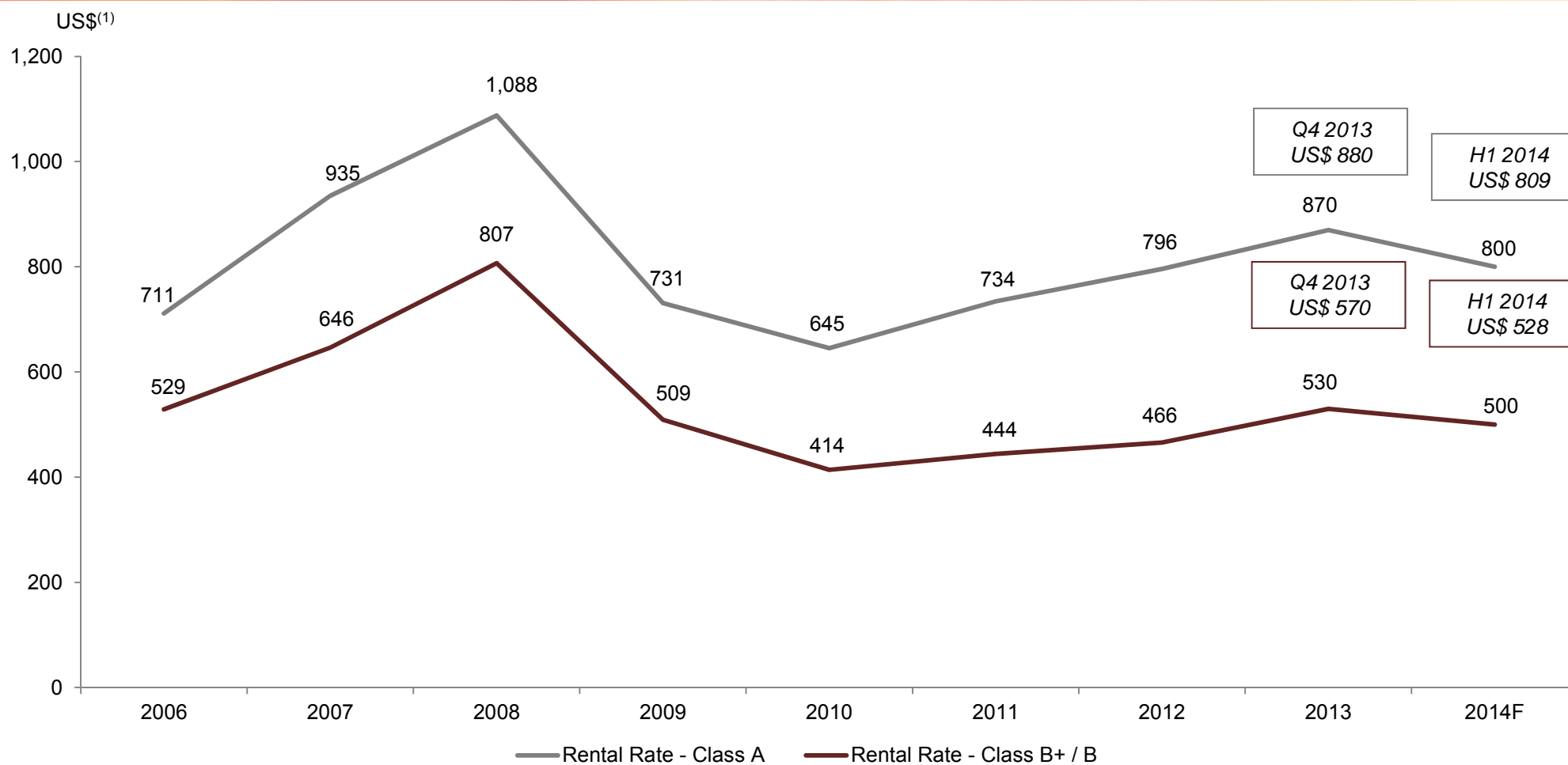
- *Investments are more than ever concentrated in Moscow*
- *We anticipate investment market recovery in 2015 back to US\$ 6.5-7.0 billion*

MOSCOW OFFICE MARKET – MARKET INDICATORS, STOCK AND VACANCY RATE



Vacancy Rate in Class B Buildings Increased 1.5% in Q2 Due to New Supply

MOSCOW OFFICE MARKET - RENTAL RATES⁽¹⁾

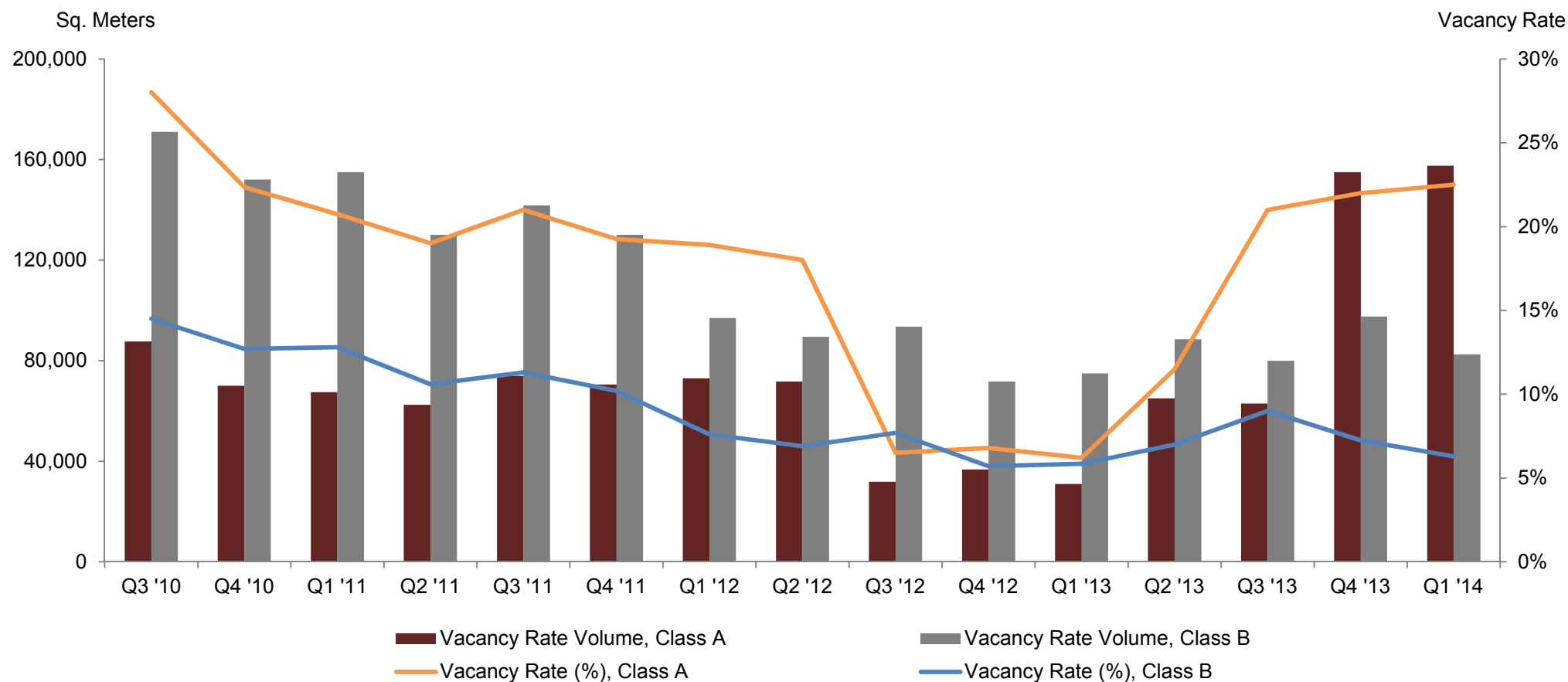


Class B Average Rental Rate At US\$528

Source: Cushman & Wakefield (July 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

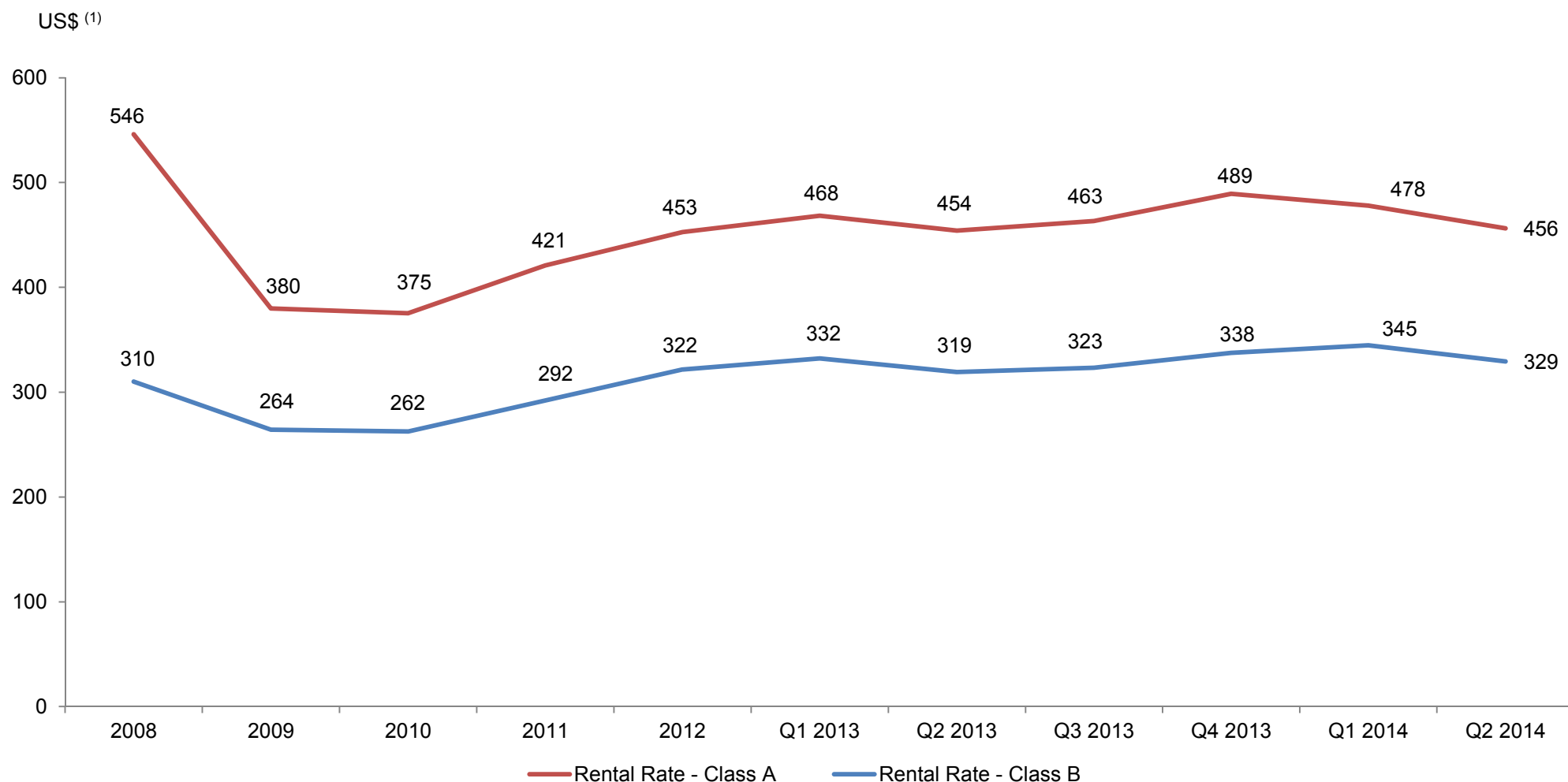
ST. PETERSBURG OFFICE MARKET – VACANCY DYNAMICS



Class B Vacancy Rate Continued to Fall in Q2 2014

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ST. PETERSBURG OFFICE MARKET – DYNAMICS OF AVERAGE WEIGHTED RENTAL RATES⁽¹⁾ IN BUSINESS-CENTRES

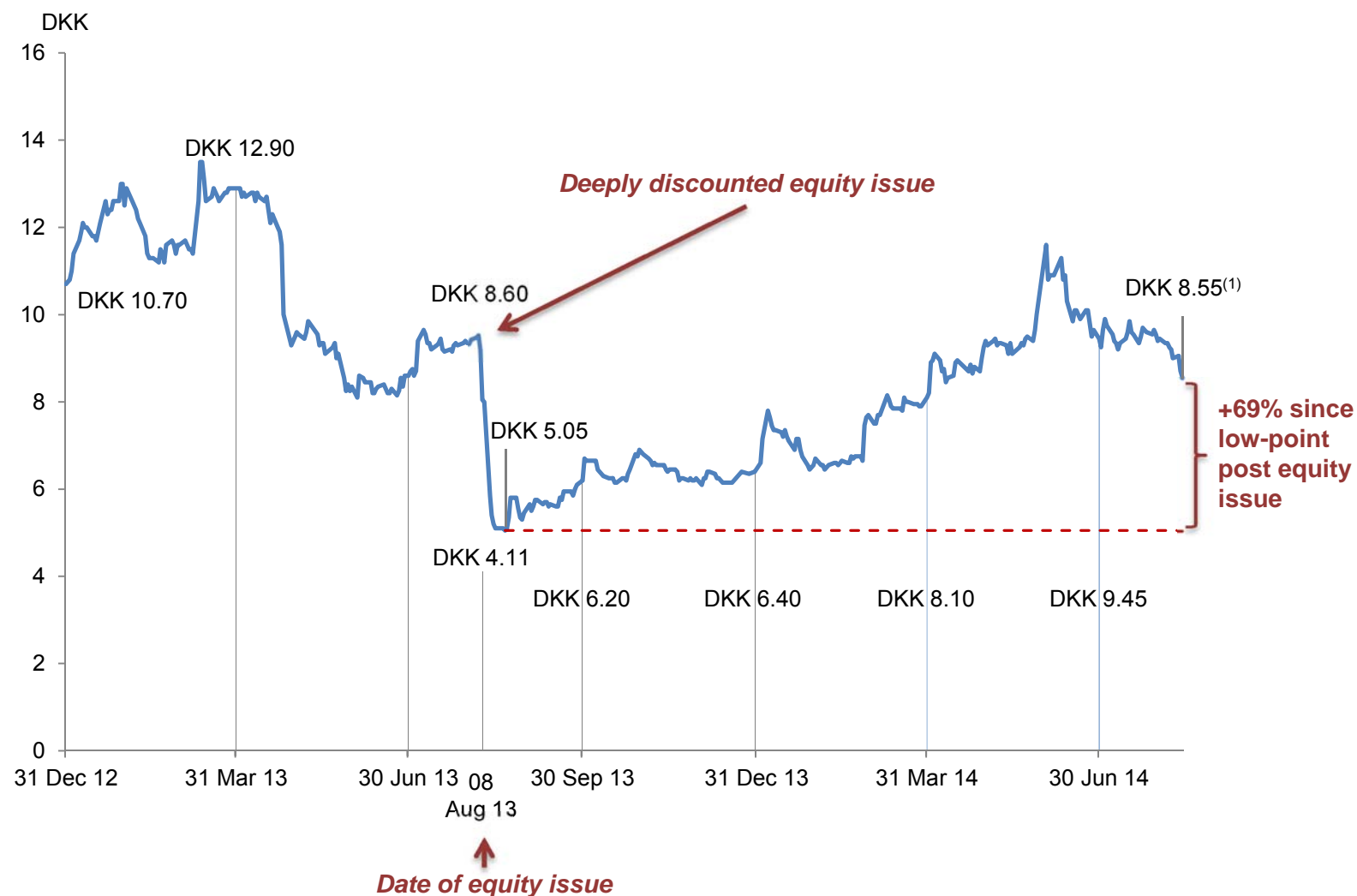


Source: Cushman & Wakefield, St. Petersburg Research, 2014.

(1) Including Utilities and OPEX. Net of VAT.

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

- Forecasts predict a GDP of 2.4% in 2014 and that the unemployment rate will remain low (7.5%)
- Investor interest is high, and access to finance is decent – However, decrease in foreign investments due to the strong krona and competition with domestic investors
- Core properties in good locations and properties in secondary locations with a higher risk profile will increase and continue to attract investors
- Elections in September 2014

Denmark

- Modest growth (1.5%) despite tax cuts, low inflation and higher consumer confidence
- Rising demand for residential properties in the large cities (11.5% YoY growth in June 2014 in Copenhagen)
- Banks are open for business
- Foreign investors and institutional investors active in the market – generally looking at large properties, portfolios and projects in large cities – retail properties in high streets are very popular amongst investors. Good demand for office properties in prime locations, however limited supply

Poland

- Positive macro economic outlook with falling unemployment (12%) and growing GDP (3.6% for 2014 and 4.2% for 2015)
- International investors continue to dominate the market
- Several large single-ticket and portfolio transactions highlight the ever-growing confidence and liquidity in the market – Poland accounted for 40% of the overall investment volume in the CEE region so far in 2014

Czech Republic

- GDP growth of 2.9 percent in the first quarter of 2014, consumer confidence is improving and retail sales have increased (6.4% YoY in July 2014)
- Continuing interest from institutional investors for high street retail in Prague, but availability is limited
- The country's reliance on external financing is the main long-term risk to growth, however the economy is recovering strongly as export orders gain momentum

Positive Signals from TK Developments Core 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

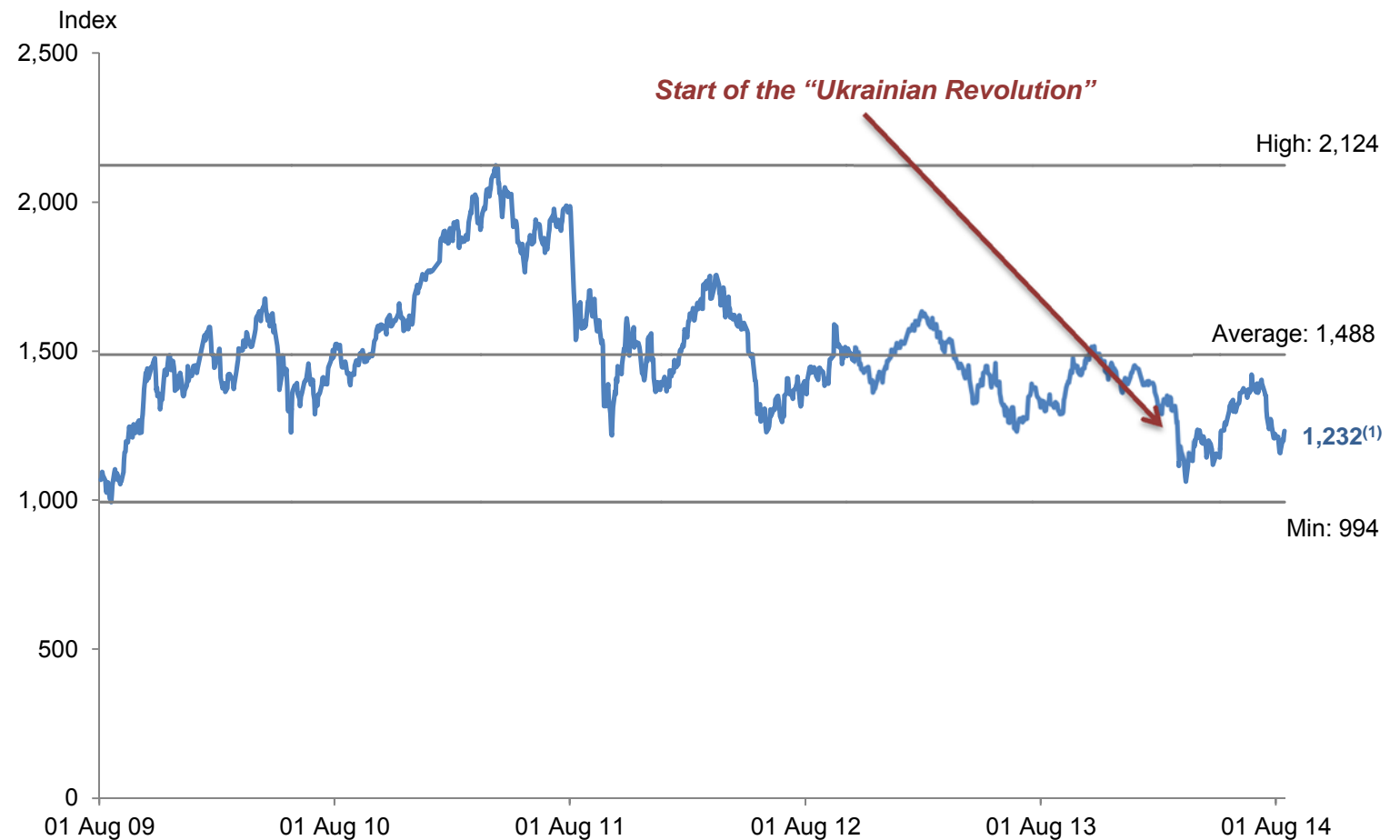
Gross Area c. 6,250 m²

Occupancy Rate 100%

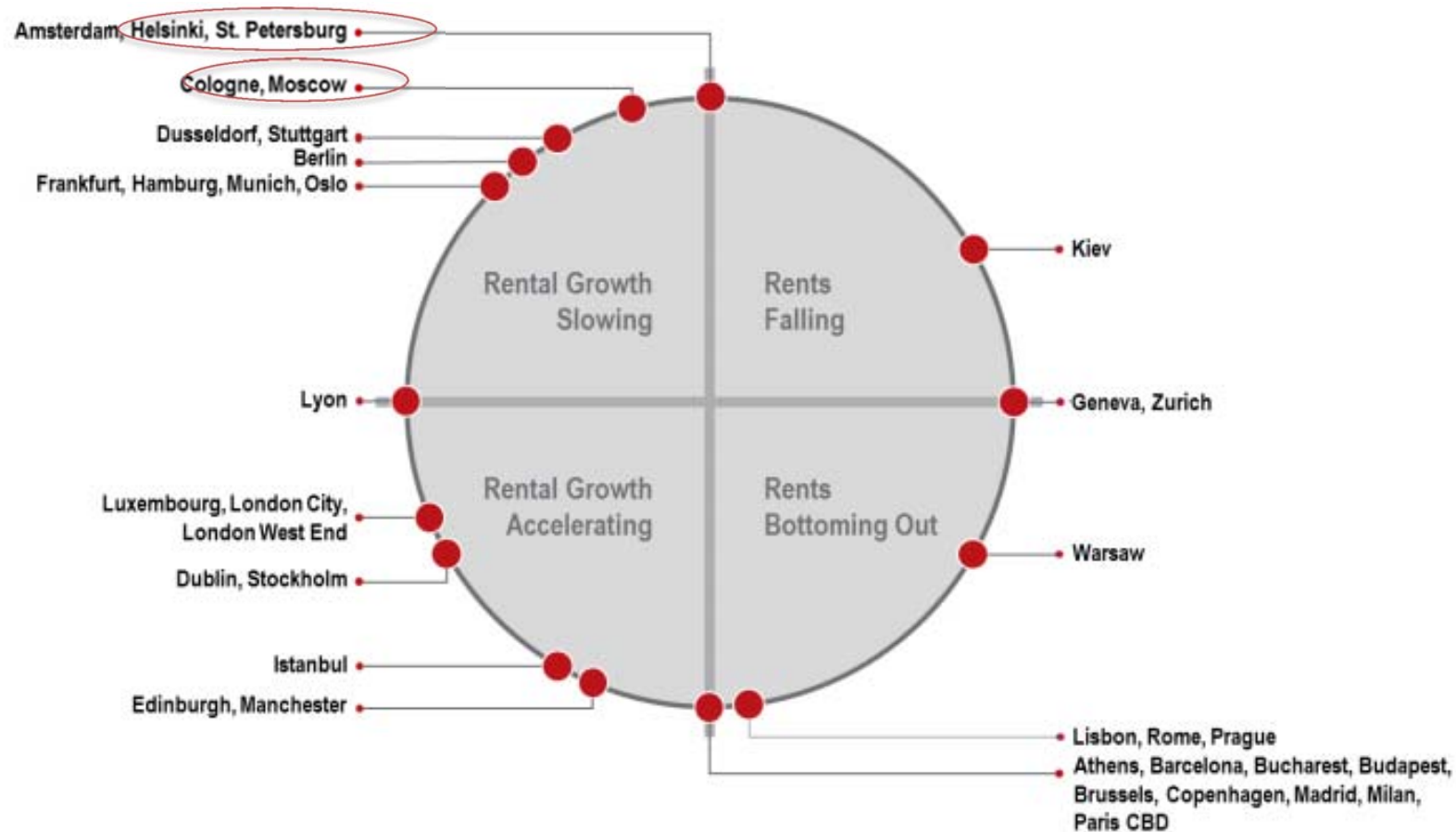
Major Tenant *LLC PSI,
a Swiss PSI Cro AG company*

PERFORMANCE OF THE RUSSIAN STOCK MARKET INDEX (RTS)

- *The Russian stock market took a dive in the wake of the Ukrainian crisis and is still c. 19% below the 5 year historical average*
- *As stated in Q1 2014 we still believe the stock market will stabilise back to pre-Ukraine crisis levels as the situation stabilises*

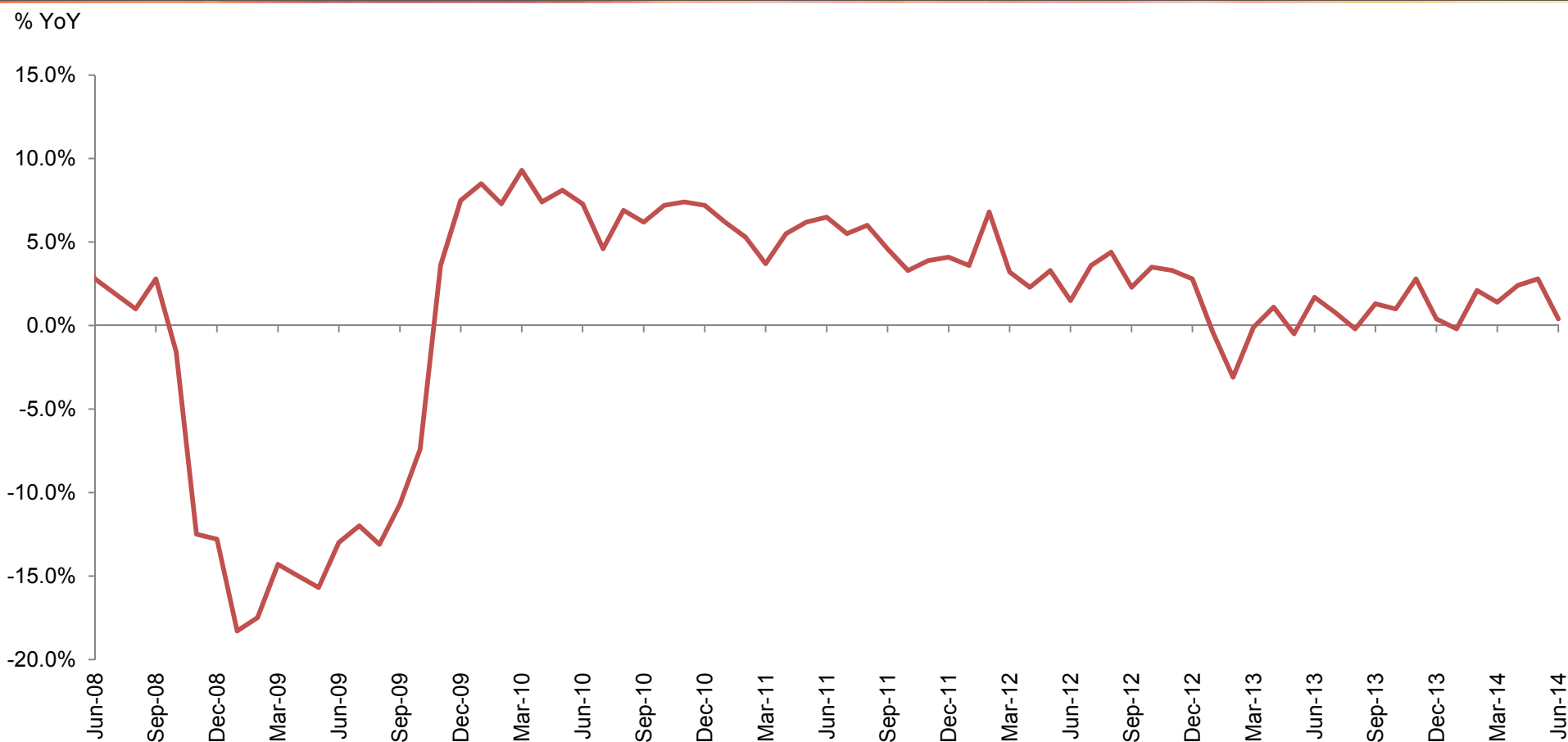


EUROPEAN OFFICE CLOCK Q2 2014



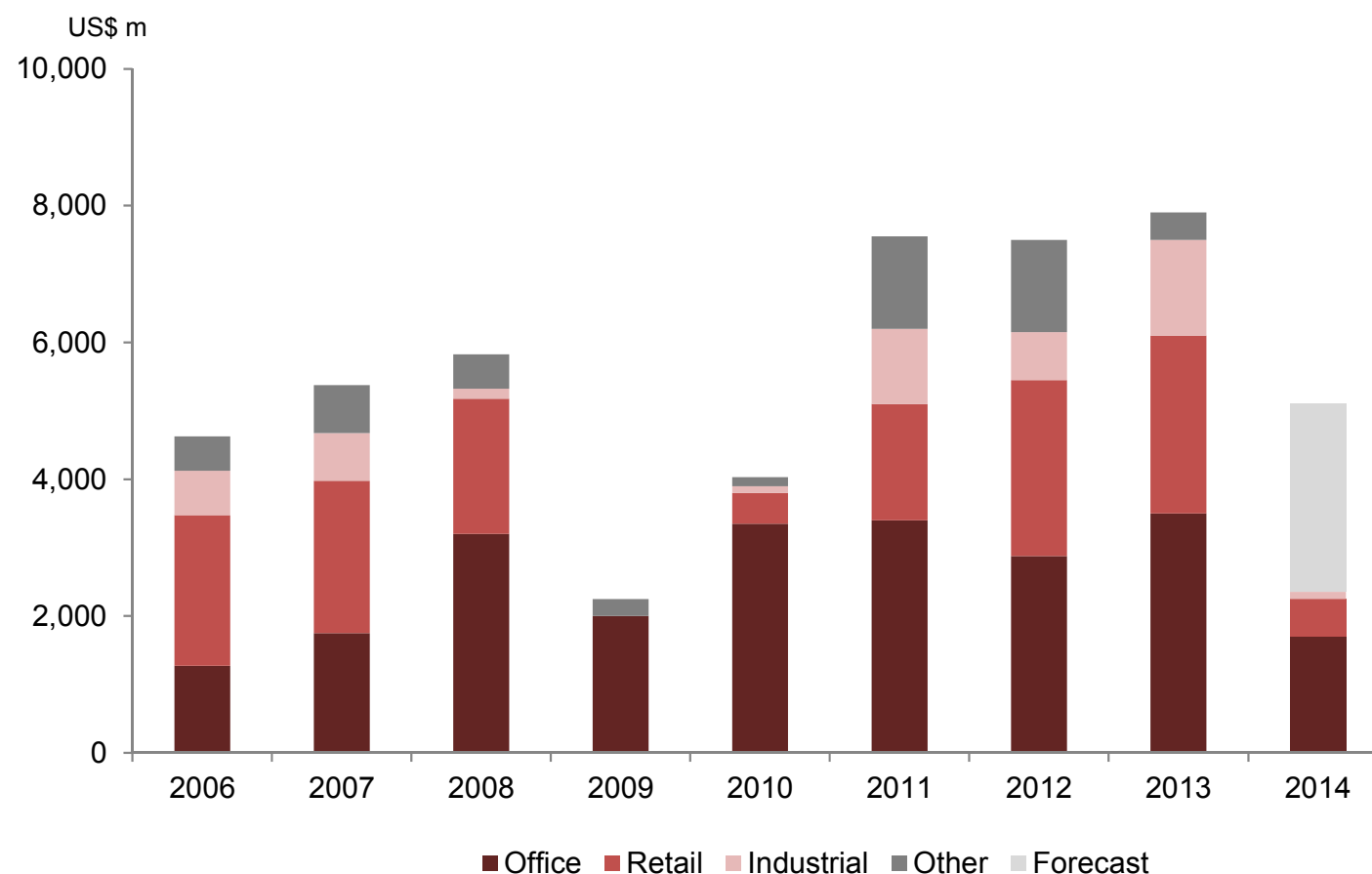
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RUSSIA – INDUSTRIAL PRODUCTION



Economic Activity as Measured by Industrial Production is Struggling to Gain Pace in Current Situation

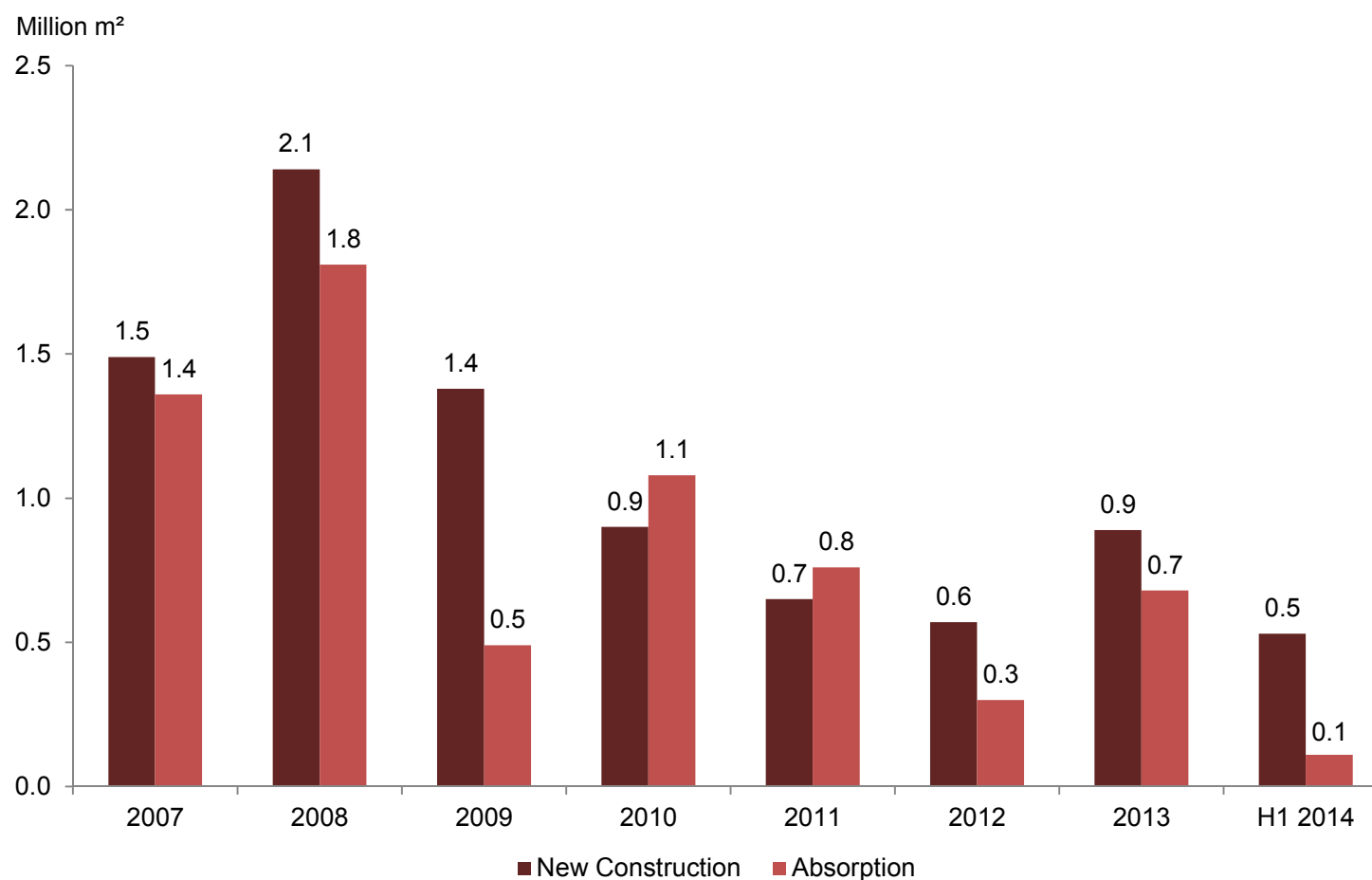
RUSSIA – INVESTMENT VOLUME BREAKDOWN BY SECTOR



- Total commercial real estate investment volumes reached US\$ 2.4 billion in H1 2014
- In Q2, the total investment volume was a very modest US\$ 273 million
- If political unrest escalate, the forecast may be downgraded in Q3

Office Sector is Increasing in importance as Seen During Previous Crisis's

MOSCOW OFFICE MARKET – NEW CONSTRUCTION AND ABSORPTION



New Construction Still Higher Than Absorption – Limited Absorption so Far in 2014

TK DEVELOPMENT – INVESTMENT UPDATE

The Story Remains:

1.

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

2.

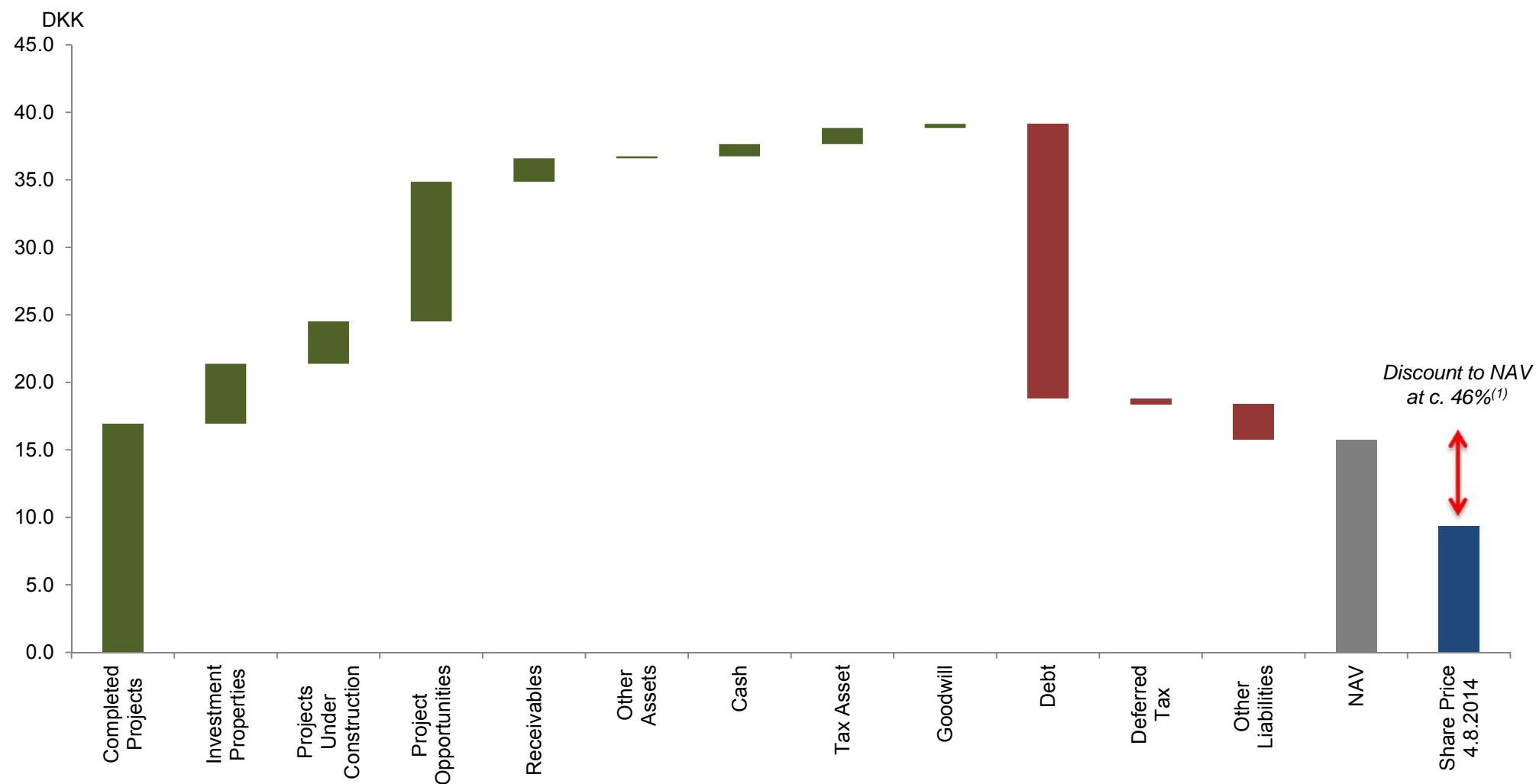
- Danish equity brokers revised its rating from Hold to Buy in beginning of April

3.

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

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



Source: Company data. Copenhagen Stock Exchange.

(1) As per 13 August 2014.

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