



4<sup>th</sup> Quarter, and Full Year 2014

FINANCIAL RESULTS PRESENTATION

12 February 2014

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## KEY TAKE AWAYS Q4 2014

1.

- Comprehensive income of USD -21.3m affected by write-downs

2.

- Unstable political situation, however, oil price more important than sanctions

3.

- Property values down, cash flow unaffected

4.

- NAV per share at NOK 15.71

STORM CAPITAL MANAGEMENT

## P&L – MAJOR ITEMS

mill. USD	Q4 2014	Q4 2013	12M 2014	12M 2013
<b>Total Comprehensive Income</b>	<b>-21.3</b>	<b>2.4</b>	<b>-34.2</b>	<b>3.1</b>
<u>Summary of major items:</u>				
NOI from investment properties	2.5	2.4	10.3	10.1
Value change investment properties	-17.9	0.1	-32.8	0.4
Value change shares in real estate companies	-0.7	0.4	3.2	-1.0
Other operating costs	-0.5	-0.7	-2.9	-3.1
Funds and liquid investments	-1.3	0.4	-0.6	2.5
Borrowing costs	-0.8	-0.7	-3.0	-3.0
Currency gains/ losses	-0.4	0.2	-2.4	0.3
Contract- and interest derivatives	-0.5	0.5	-0.9	3.4
Taxes	-1.6	-1.3	-4.7	-7.5

STORM CAPITAL MANAGEMENT

## BALANCE SHEET

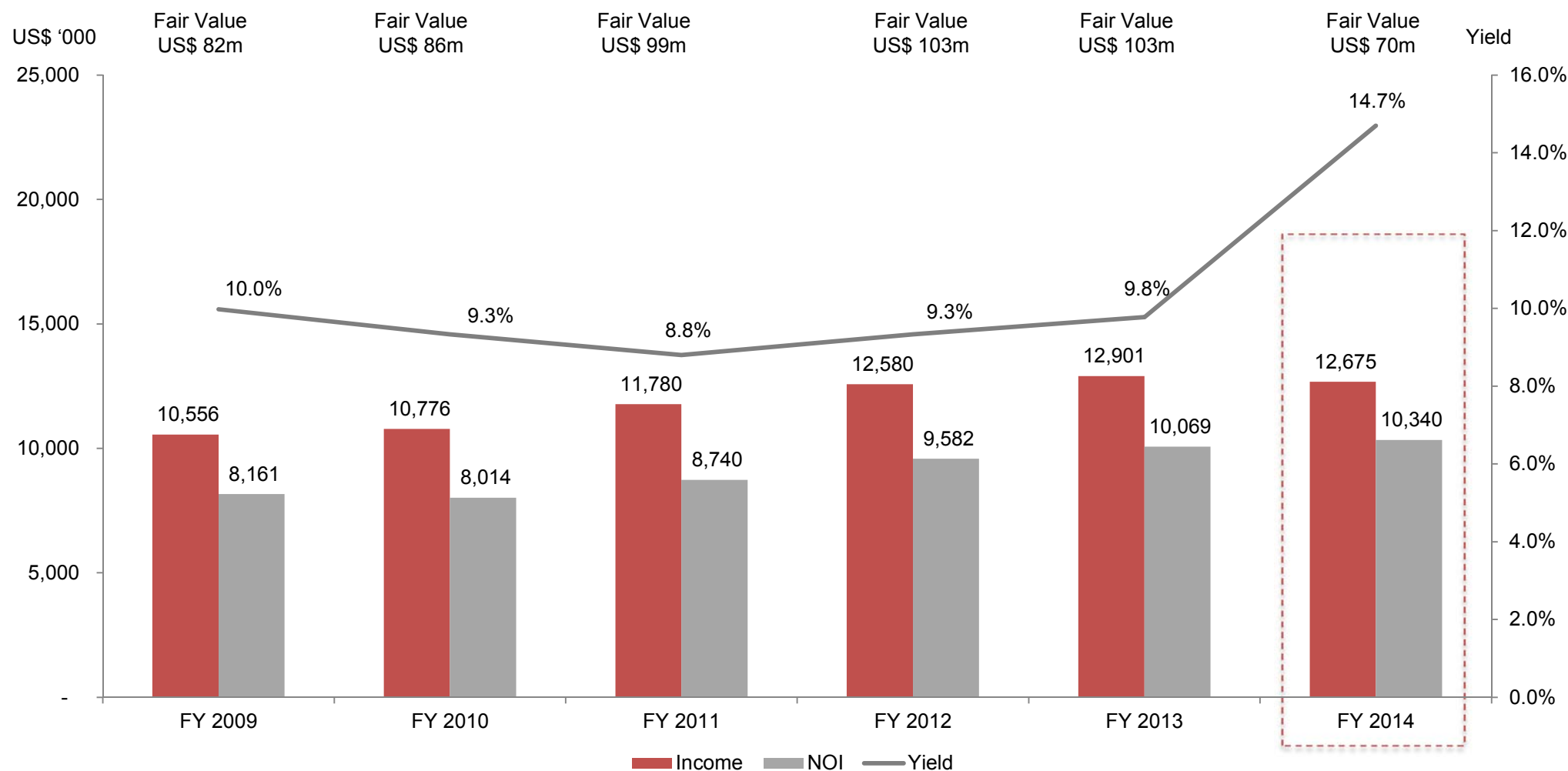
(US\$ '000)	31/12/13	31/12/14 <sup>(1)</sup>		31/12/13	31/12/14 <sup>(1)</sup>
Investment property	\$103,100	\$70,343	Bank loans	\$44,970	\$42,438
Investments property shares	\$12,176	\$14,192	Other liabilities	\$15,155	\$16,075
<b>Total non-current assets</b>	<b>\$115,335</b>	<b>\$84,568</b>	<b>Total liabilities</b>	<b>\$60,125</b>	<b>\$58,513</b>
Cash & liquid investments <sup>(2)</sup>	\$22,586	\$12,221			
<b>Total current assets</b>	<b>\$23,225</b>	<b>\$12,731</b>	<b>Equity</b>	<b>\$78,437</b>	<b>\$38,786</b>
<b>Total assets</b>	<b>\$138,561</b>	<b>\$97,299</b>	<b>Total equity and liabilities</b>	<b>\$138,561</b>	<b>\$97,299</b>
			<i>Equity ratio</i>	57%	40%

(1) Unaudited.

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

# STORM CAPITAL MANAGEMENT

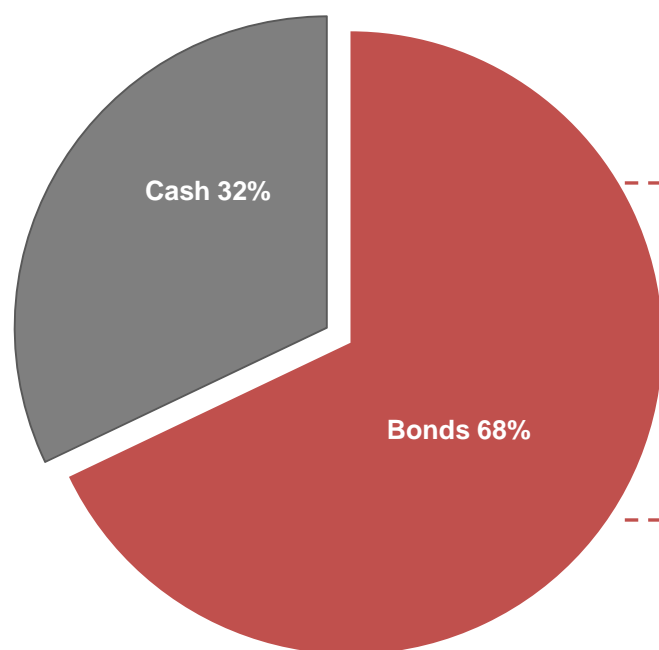
## DEVELOPMENT OF ASSET VALUE 2009 – 2014



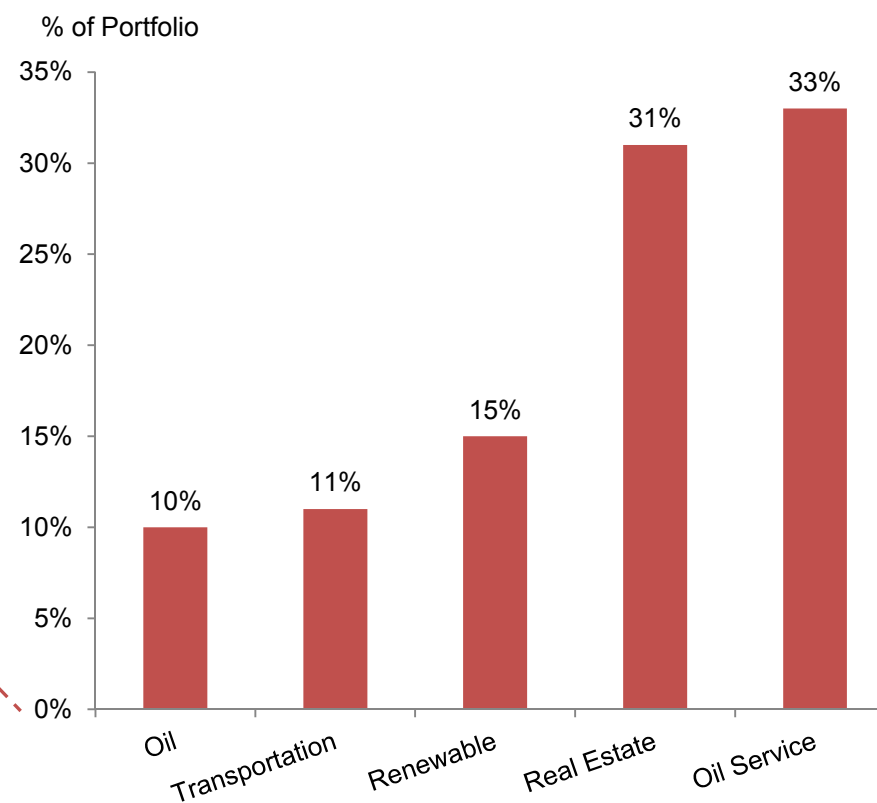
Source: Storm Capital Management Ltd.

## CASH & INVESTMENTS

Break-Down of Cash & Liquid Investments <sup>(1)</sup>



Break-Down by Sector of Bond Portfolio <sup>(2)</sup>

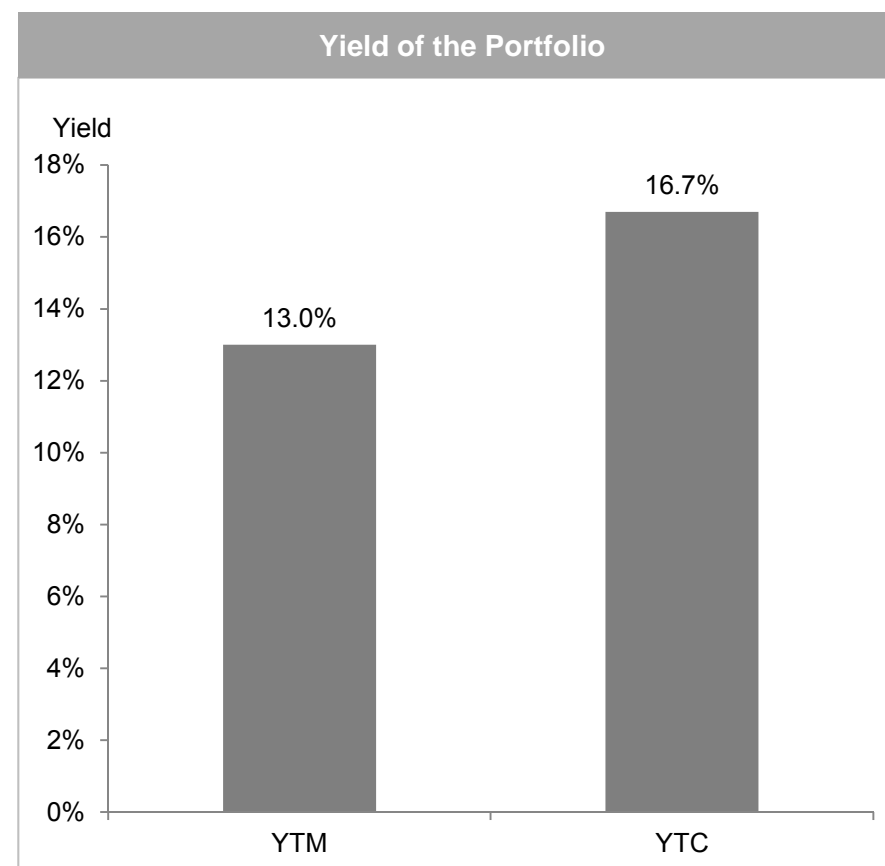
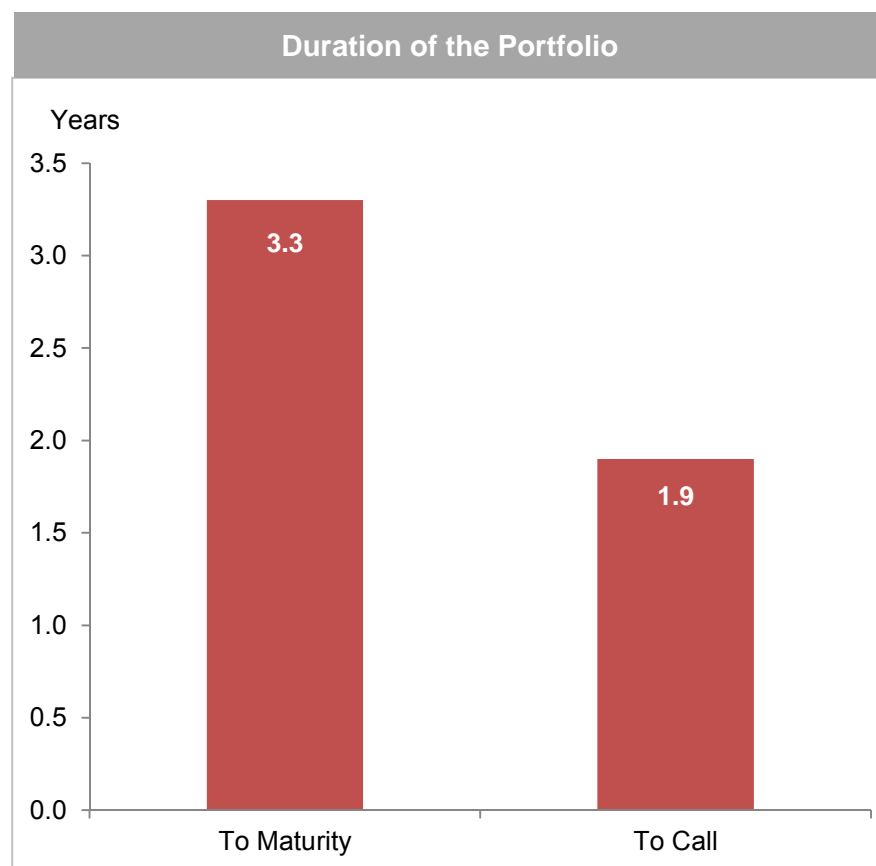


Source: Storm Capital Management Ltd.

(1) As per 31 December 2014. Includes investment in Storm Bond Fund and direct investments in bonds.

(2) Sector split as per 31 January 2015.

## OVERVIEW OF STORM BOND FUND

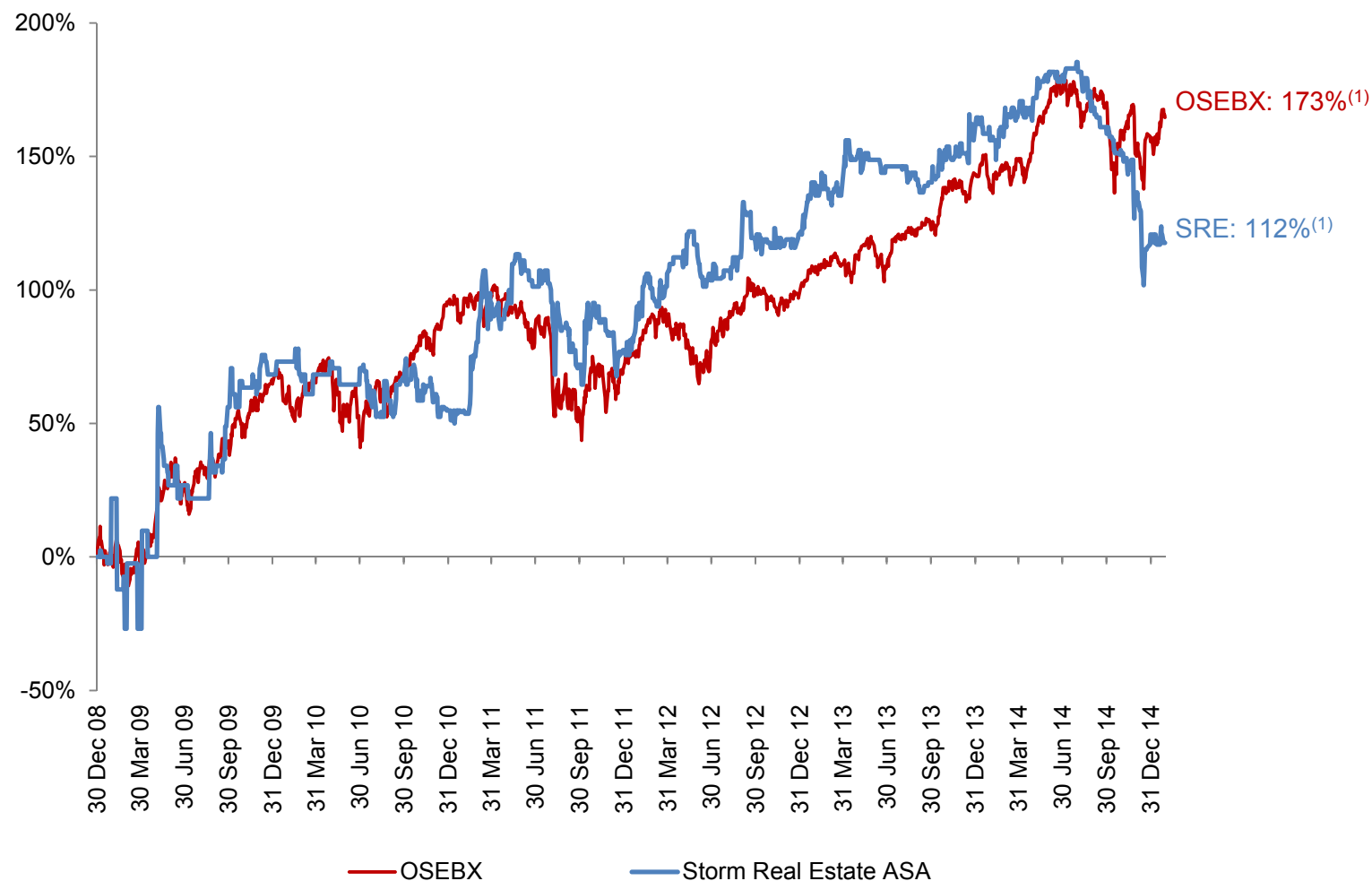


*Low Duration and High Yield*

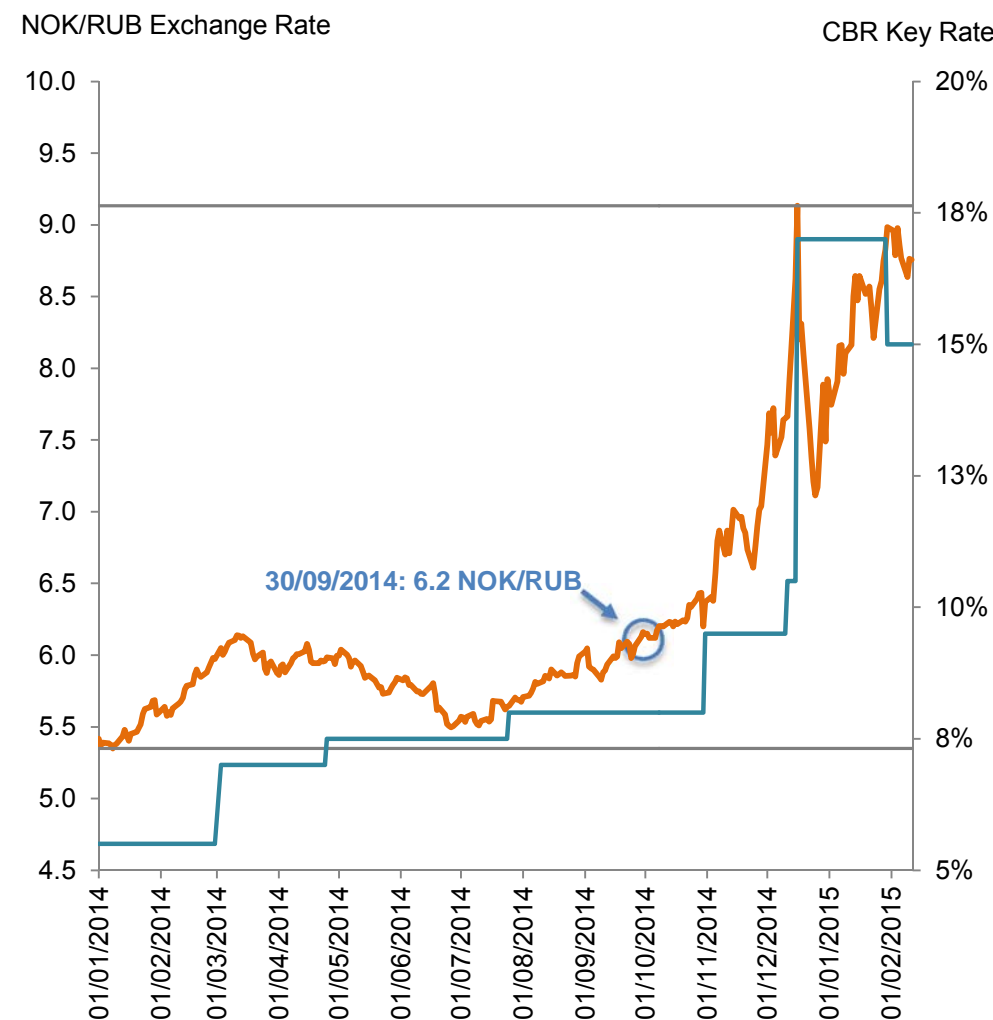
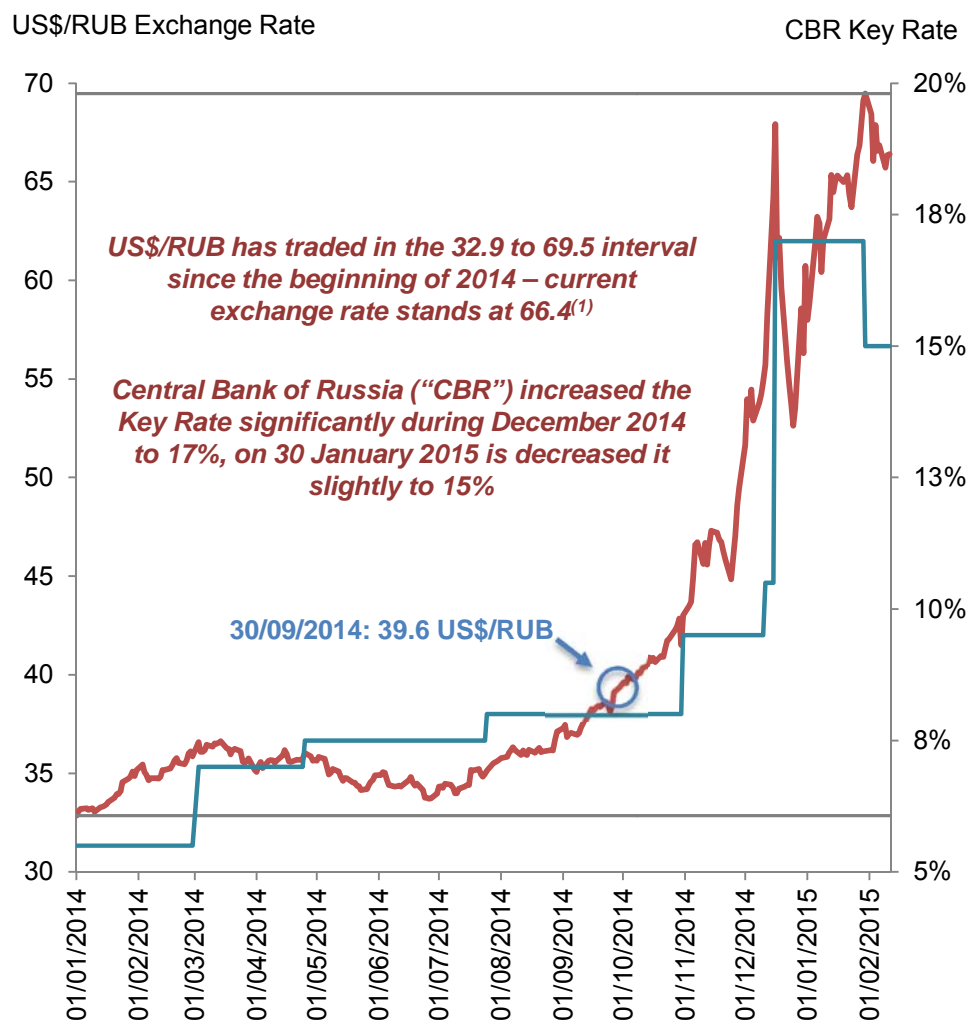


## STORM REAL ESTATE SHARE PRICE PERFORMANCE

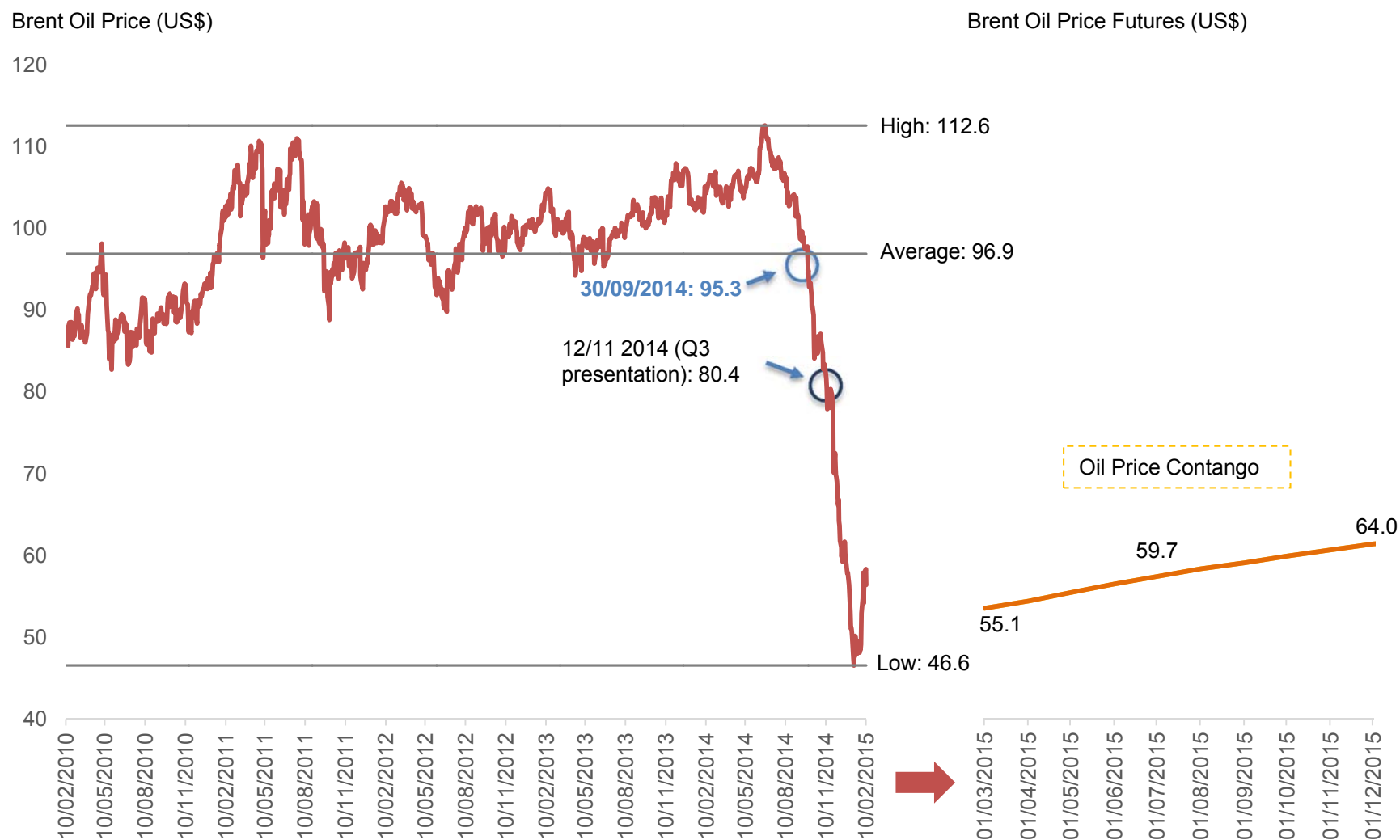
- *The Storm Real Estate ASA share is listed on Oslo main exchange since 6 July 2010*
- *Current share price of NOK 12.25 per share (10 February 2015)*
- *Net Asset Value of 15.71 NOK per share (31 December 2014)*



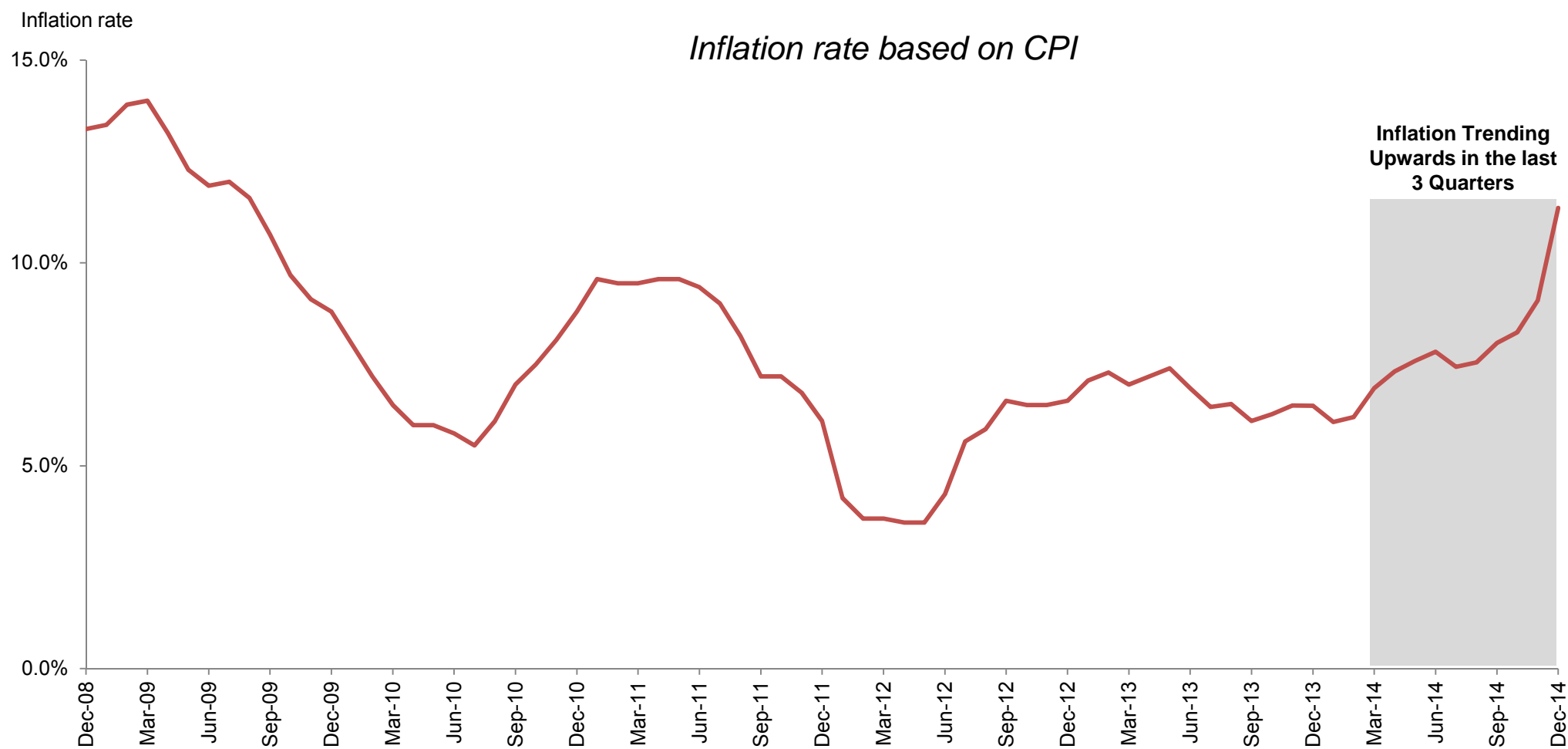
## RUSSIA – US\$/RUB AND NOK/RUB EXCHANGE RATE MOVEMENTS AND CBR KEY RATE



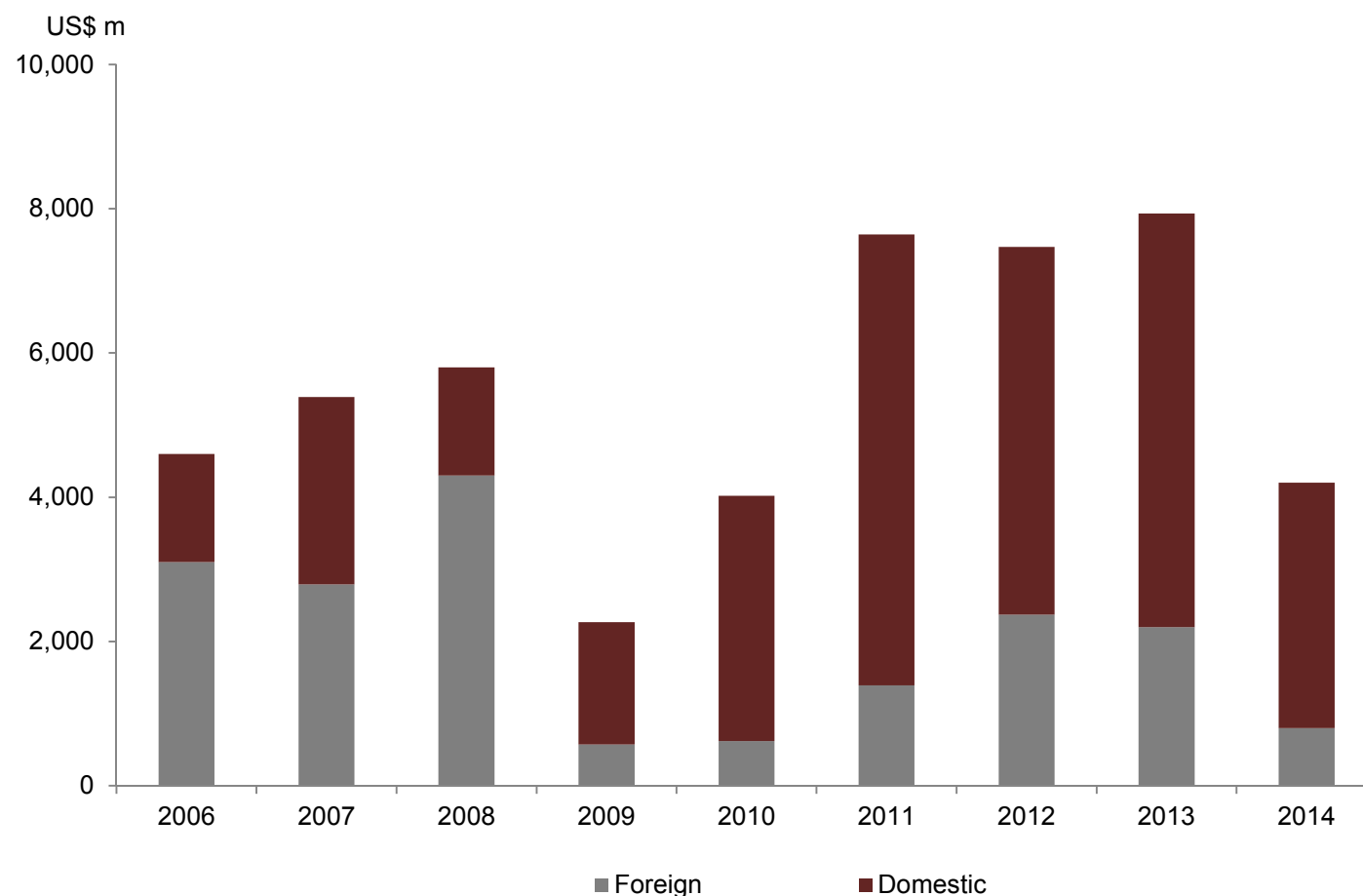
## BRENT OIL PRICE AND OIL PRICE FUTURES



## RUSSIA – INFLATION



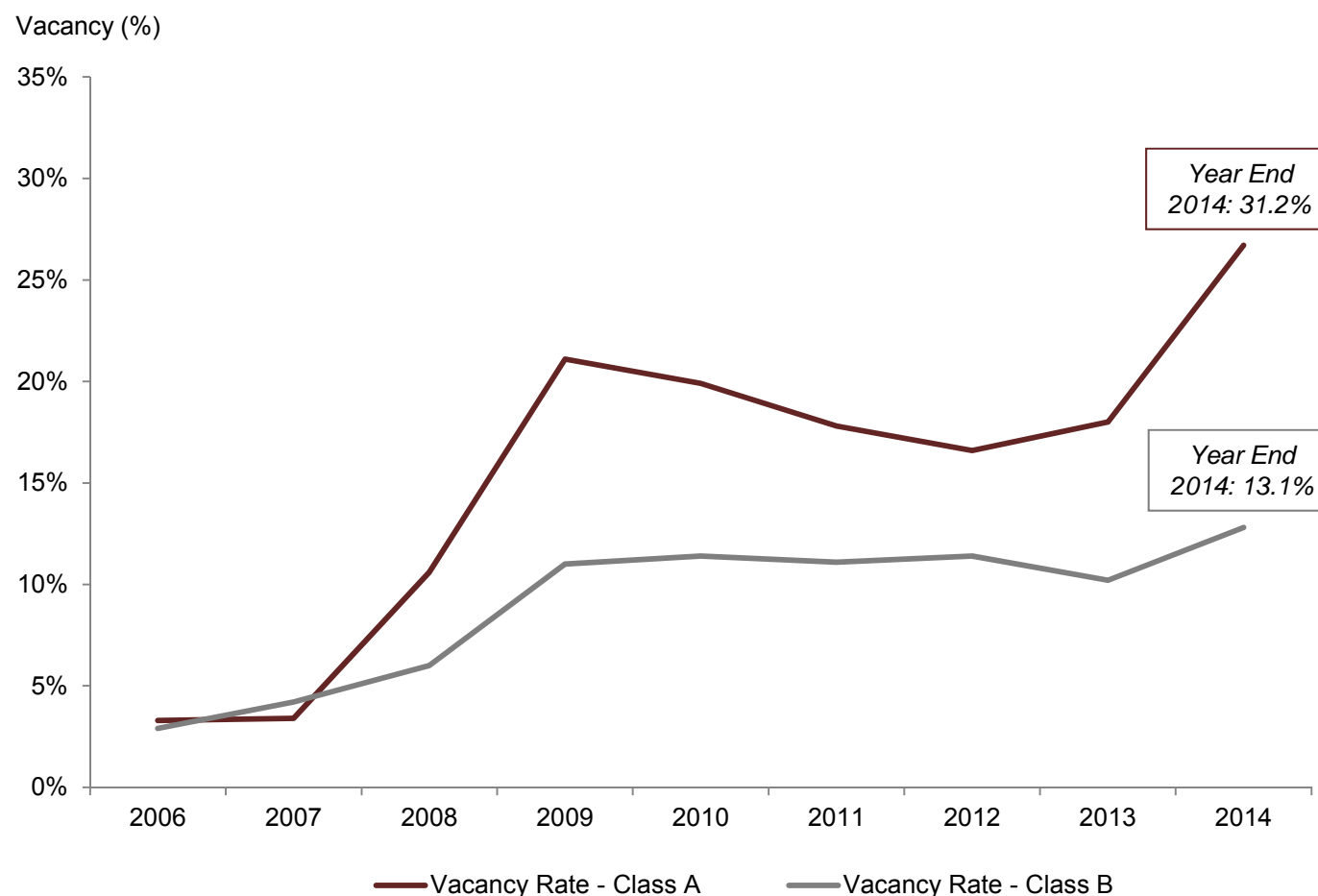
## RUSSIA – INVESTMENT VOLUME BY SOURCE OF CAPITAL



- Investment volume reached c. US\$ 500 million in Q4 2014, a c. 62% drop compared to Q3 2014
- Total investment volume in 2014 was c. US\$ 4.2 billion, compared to c. US\$ 8.0 billion in 2013
- Investment market has stalled, in expectation of distress opportunities entering the market
- Domestic capital continue constitute c. 81% of total investment volume

*2014 Investment Volume Came in at c. US\$ 4.2 Billion, c. US\$ 800 Million Below Forecast Presented in October 2014*

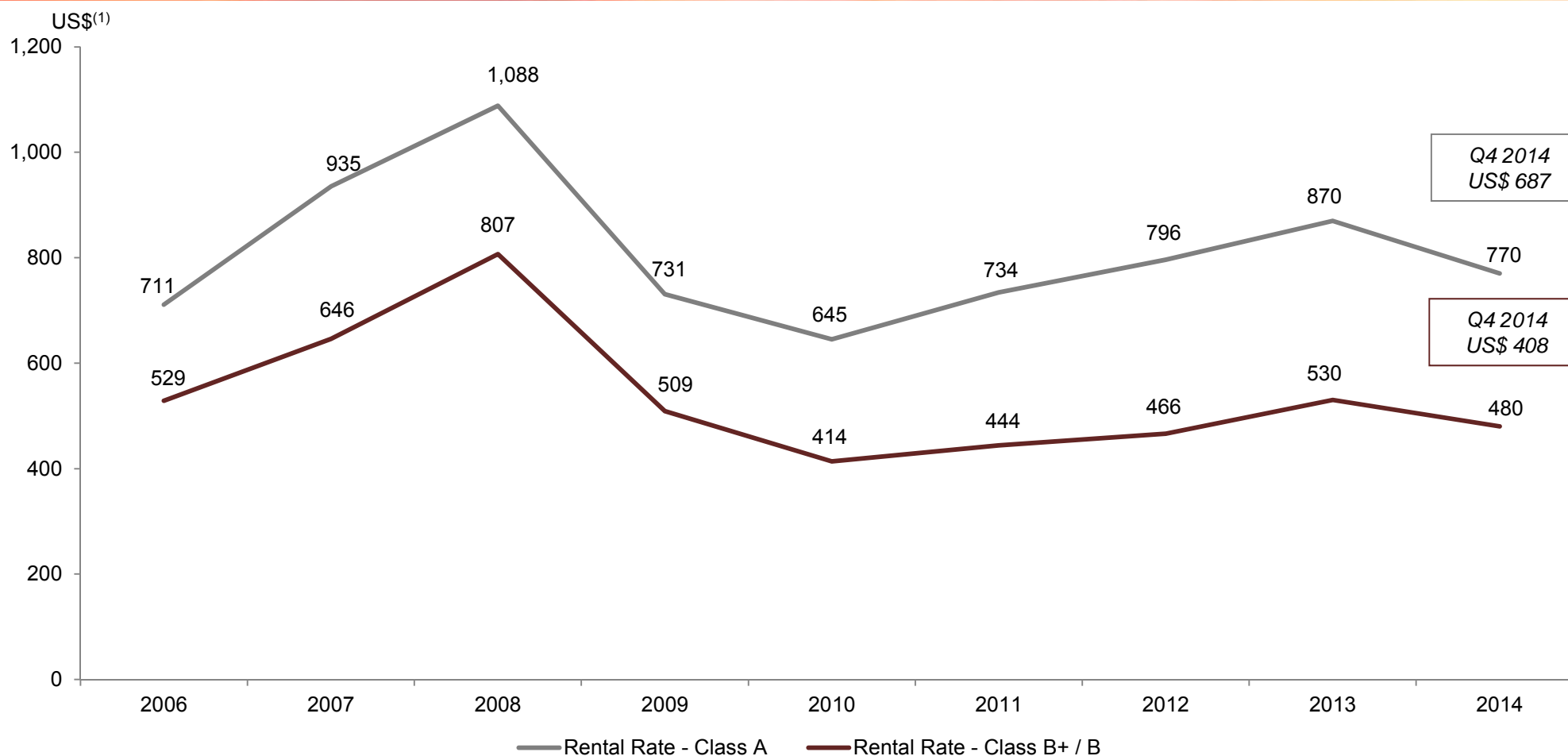
## MOSCOW OFFICE MARKET – VACANCY RATE



- Significant increase in vacancy rates in new class A business centres – in some (Moscow –City) even up to 40%
- Class B continues to show less volatility in vacancy rates than Class A
- Absorption in 2014 only c. 25% of the volume delivered

*Vacancy Rate in Class B Buildings Stable at c. 13% Q3 to Q4*

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

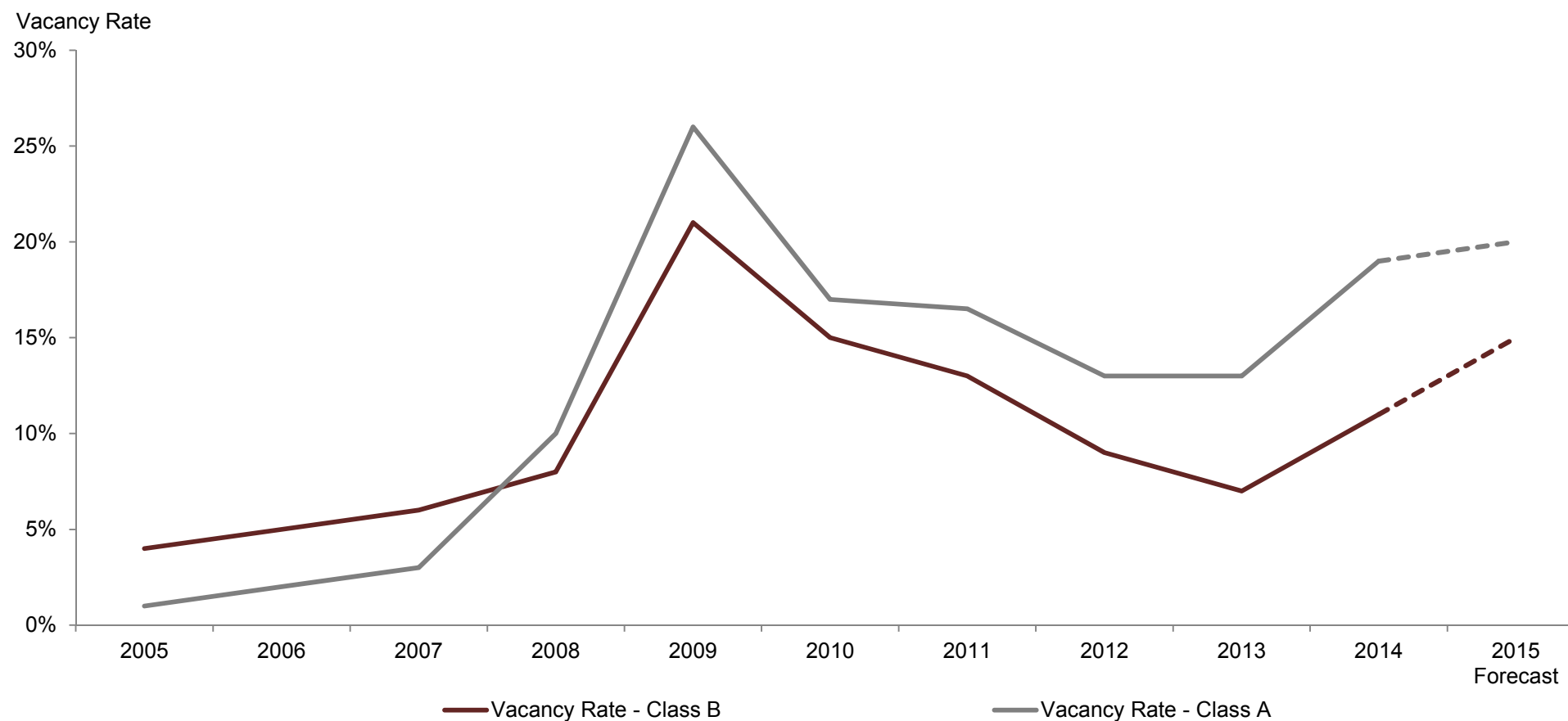


*Class B Average Rental Rate At US\$408 in Q4 2014, a decrease of 21% since Q3 2014*

Source: Cushman & Wakefield (January 2015)

(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

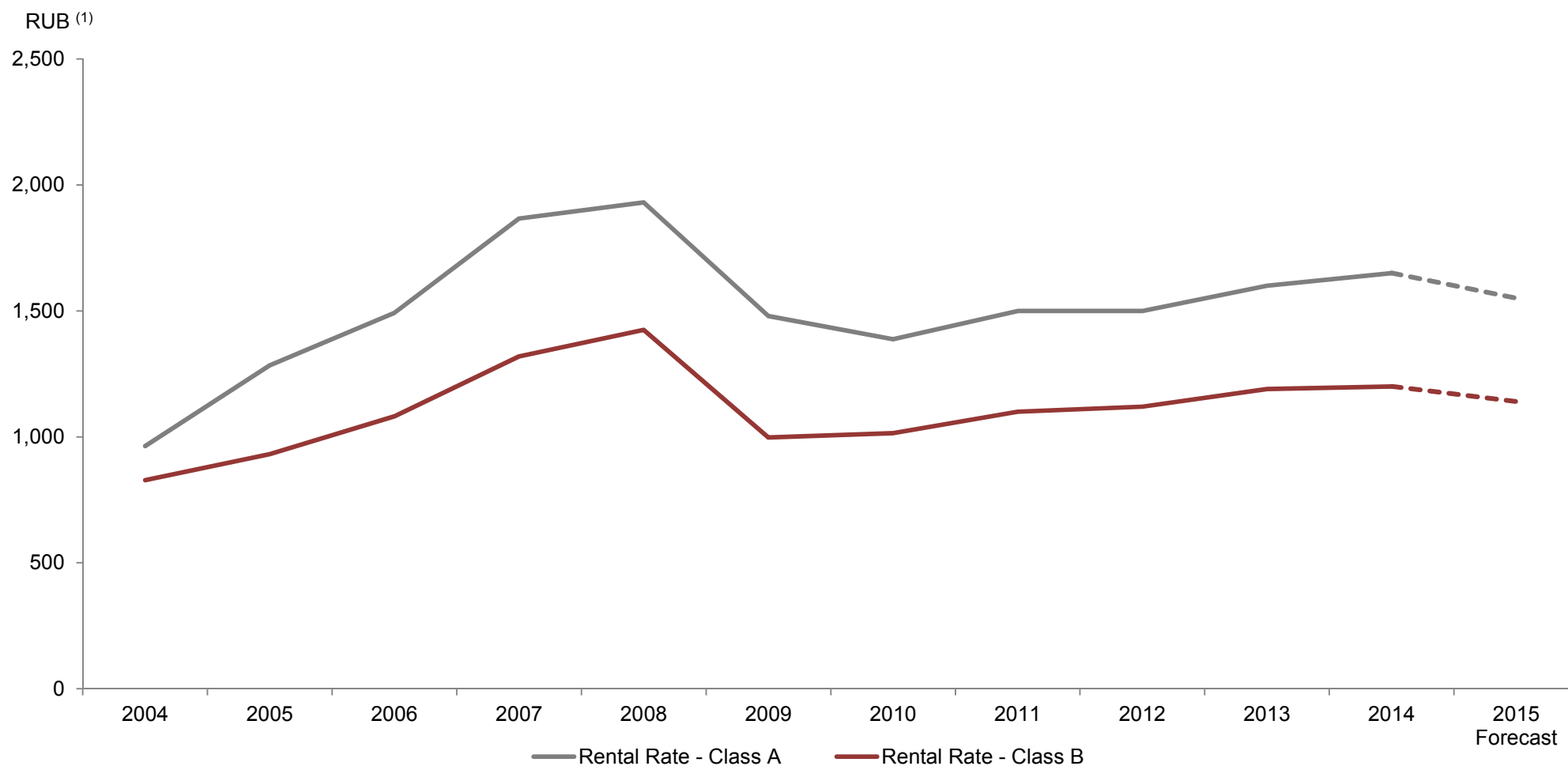
## ST. PETERSBURG OFFICE MARKET – VACANCY DYNAMICS



*Vacancy During 2014 Increased to 19% and 11% respectively in Class A and Class B Office Buildings*



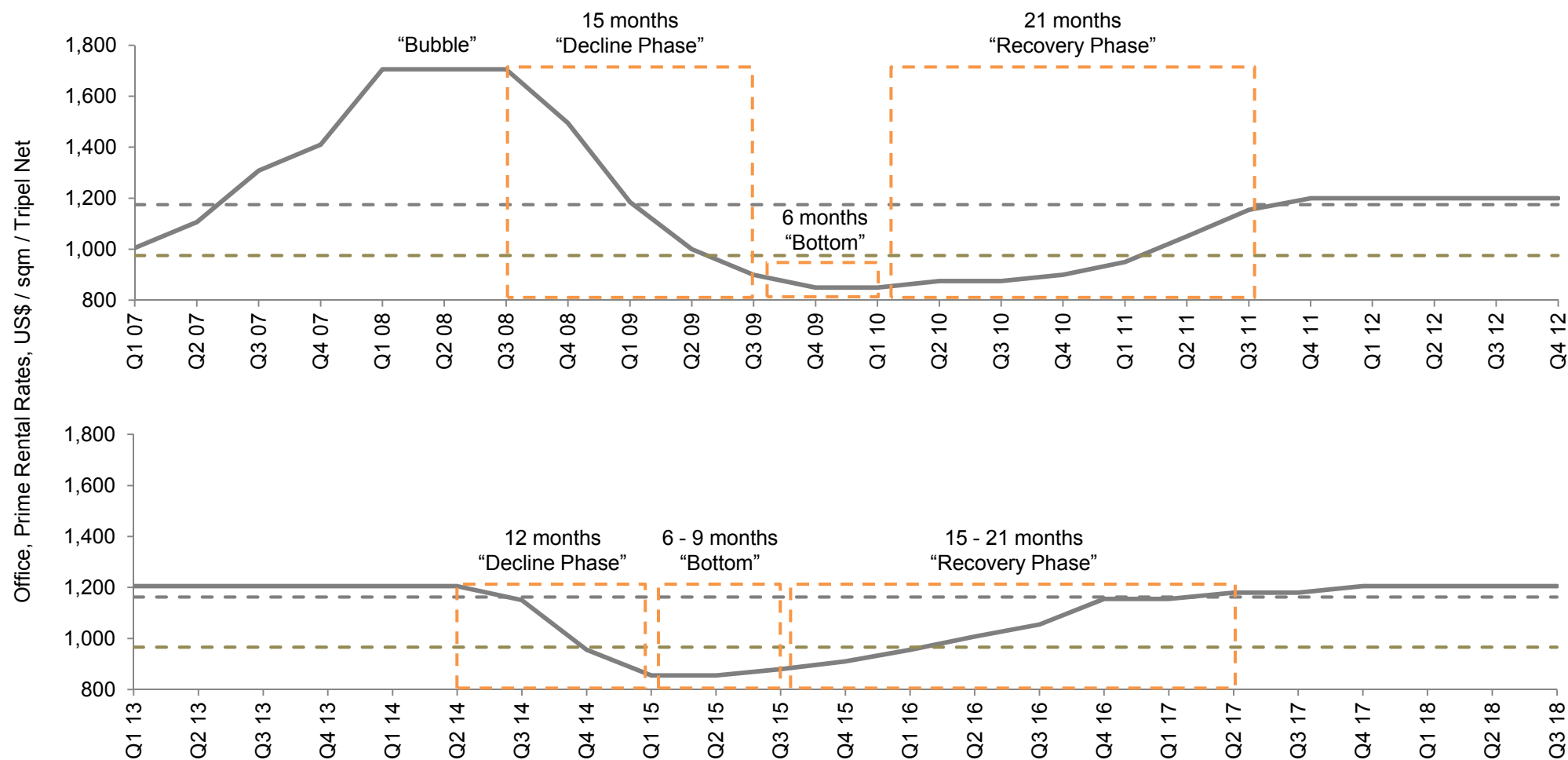
## ST. PETERSBURG OFFICE MARKET – DYNAMICS OF AVERAGE WEIGHTED RENTAL RATES<sup>(1)</sup>



Source: Maris, Part of the CBRE Affiliate network, 2015.

(1) In rub/sq m/month including VAT and OPEX.

## CBRE – VISION OF POTENTIAL “MARKET BOTTOM”



## 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 – INVESTMENT UPDATE

### *The Story Remains:*

1.

- TK's business model now working again

2.

- The company has started to be profitable, albeit not yet at a satisfactory level

3.

- Discount to NAV offers attractive risk / reward

## TK DEVELOPMENT – DEVELOPMENTS SINCE LAST UPDATE

- 28 Jan '15** • TK Development has entered into an agreement to sell “Strædet”, a retail project in Køge, to Citycon a leading Finnish real estate company for a selling price expected to be in the DKK 560 million range
- 
- 26 Jan '15** • TK Development has entered into a cooperation agreement with AP Pension concerning a residential development project of about 12,500 m<sup>2</sup> at Amerika Plads in Copenhagen
- TK Development has handed over the Barkarby project in Sweden to the investor
  - Based on a reassessment of the concept and potential for the Silkeborg shopping centre in Denmark, a writedown for impairment of DKK 44.5 million has been made
- 
- 23 Dec '14** • TK Development has today sold its remaining areas at Teglholmen in Copenhagen for DKK 95 million
- 
- 12 Dec '14** • Today TK Development has entered into an agreement to sell a building lot at Amerika Plads to A.P. Møller - Mærsk A/S. The building lot has been sold at a price of DKK 97.5 million, and TK Development's ownership interest is 50 %. The sale is expected to be completed in mid-2015 and will thus positively impact results in the 2015/16 financial year
- 
- 4 Dec '14** • Together with GE Capital and Heitman, TK Development has conditionally sold the Futurum Hradec Králové shopping centre in the Czech Republic to Meyer Bergman. Futurum Hradec Králové consists of 110 stores covering a total floor space of 28,250 m<sup>2</sup> and a 14,400 m<sup>2</sup> hypermarket let to Tesco. The selling price for the whole centre amounts to EUR 87.6 million which is on par with the carrying amount and results in a substantial contribution to the Group's free cash resources. The sale is part of Management's strategy to sell one or more major completed projects. TK Developments ownership interest in the centre represented 20%

## KEY TAKE AWAYS Q4 2014

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## APPENDIX

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

### Gasfield Building



**Class** B

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

**Occupancy Rate** 98%

**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*

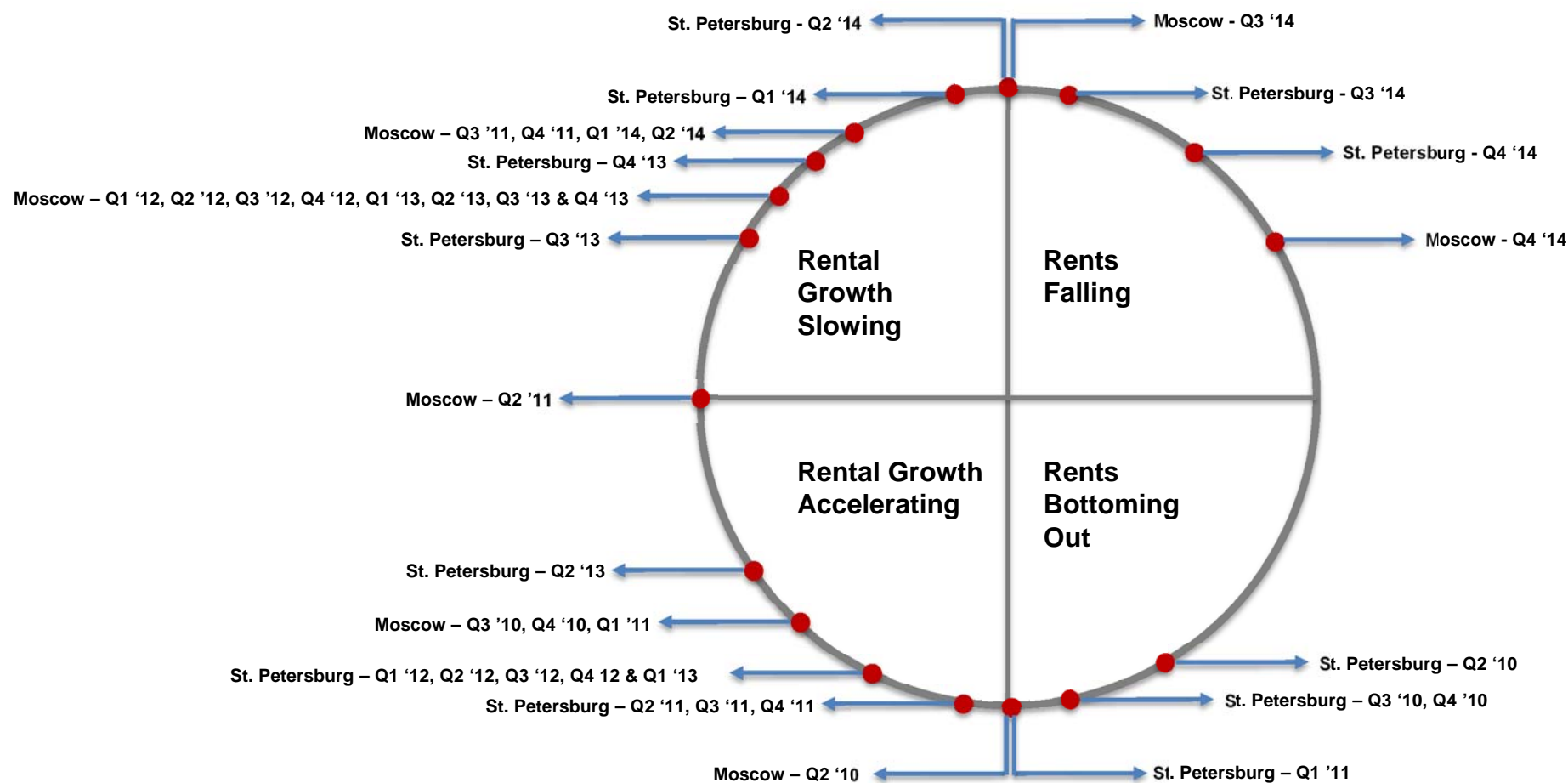


## PERFORMANCE OF THE RUSSIAN STOCK MARKET INDEX (RTS)

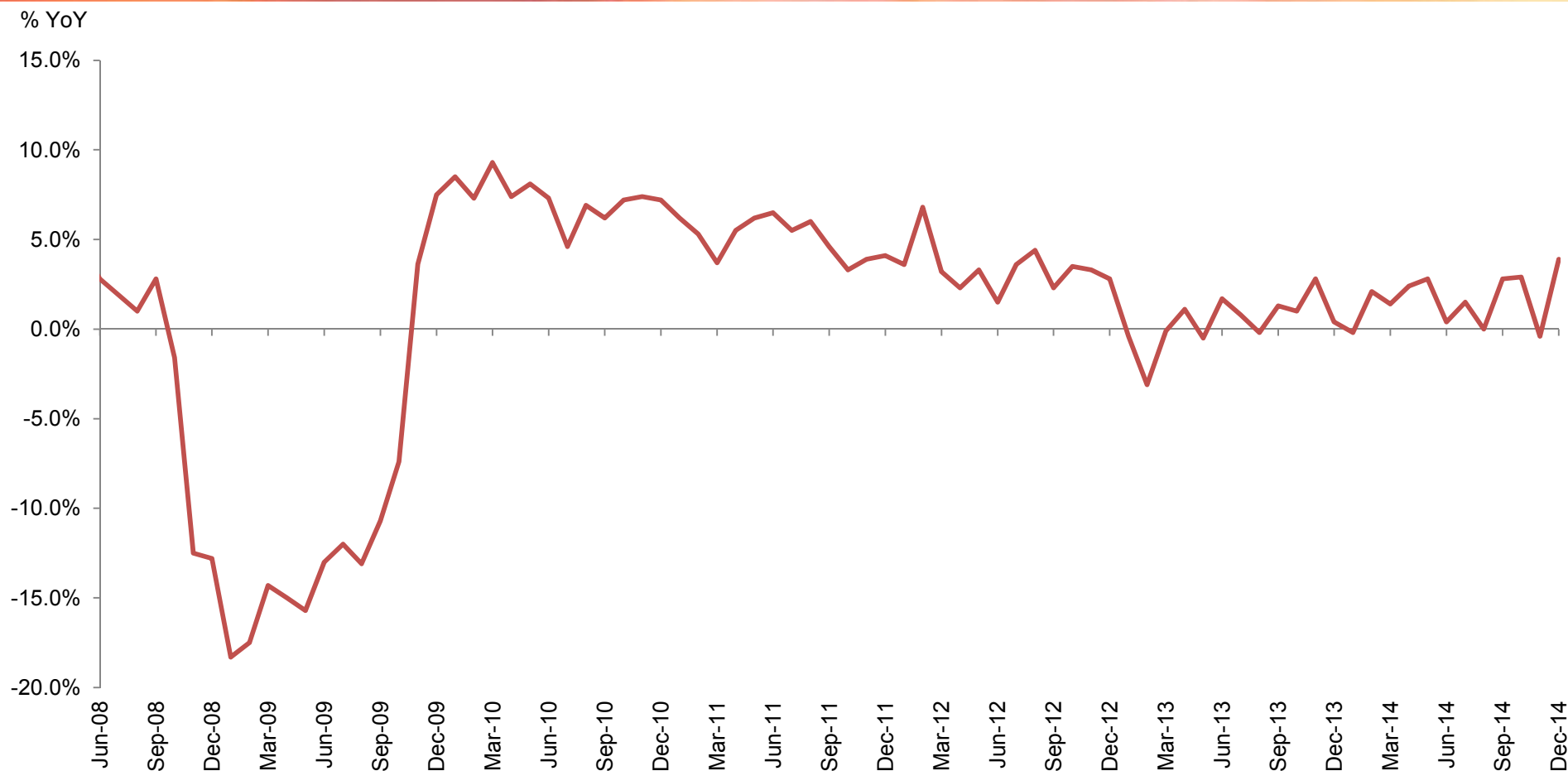
- *The Russian stock market has fallen further in the last quarter and is now c. 43% below the 5 year historical average*
- *As stated during the last three quarters we still believe the stock market will stabilise back to pre-Ukraine crisis levels as the situation stabilises*



## EUROPEAN OFFICE CLOCK Q2 2010 – Q4 2014

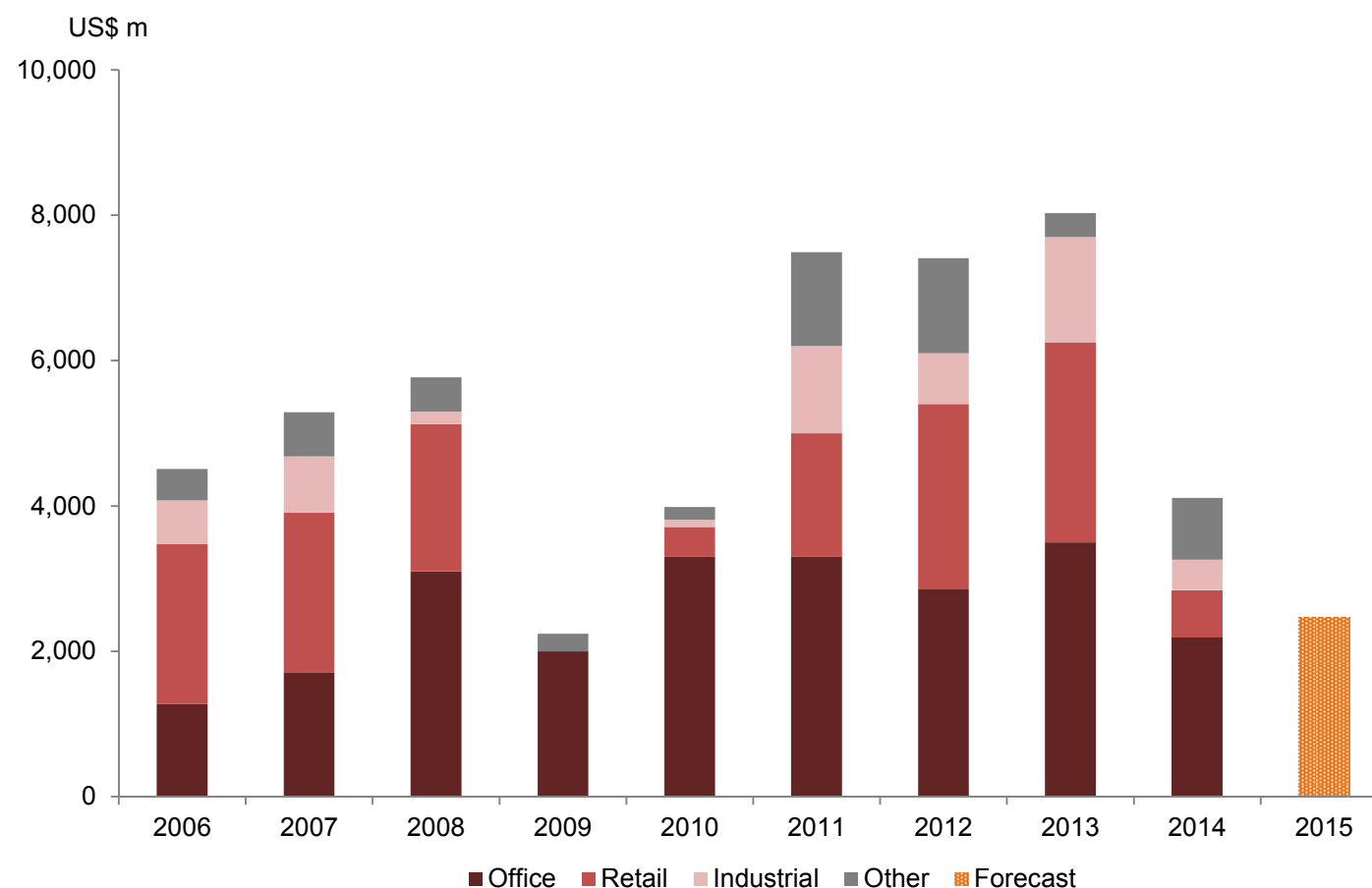


## RUSSIA – INDUSTRIAL PRODUCTION



*Economic Activity as Measured by Industrial Production Stable Despite Current Economic Environment*

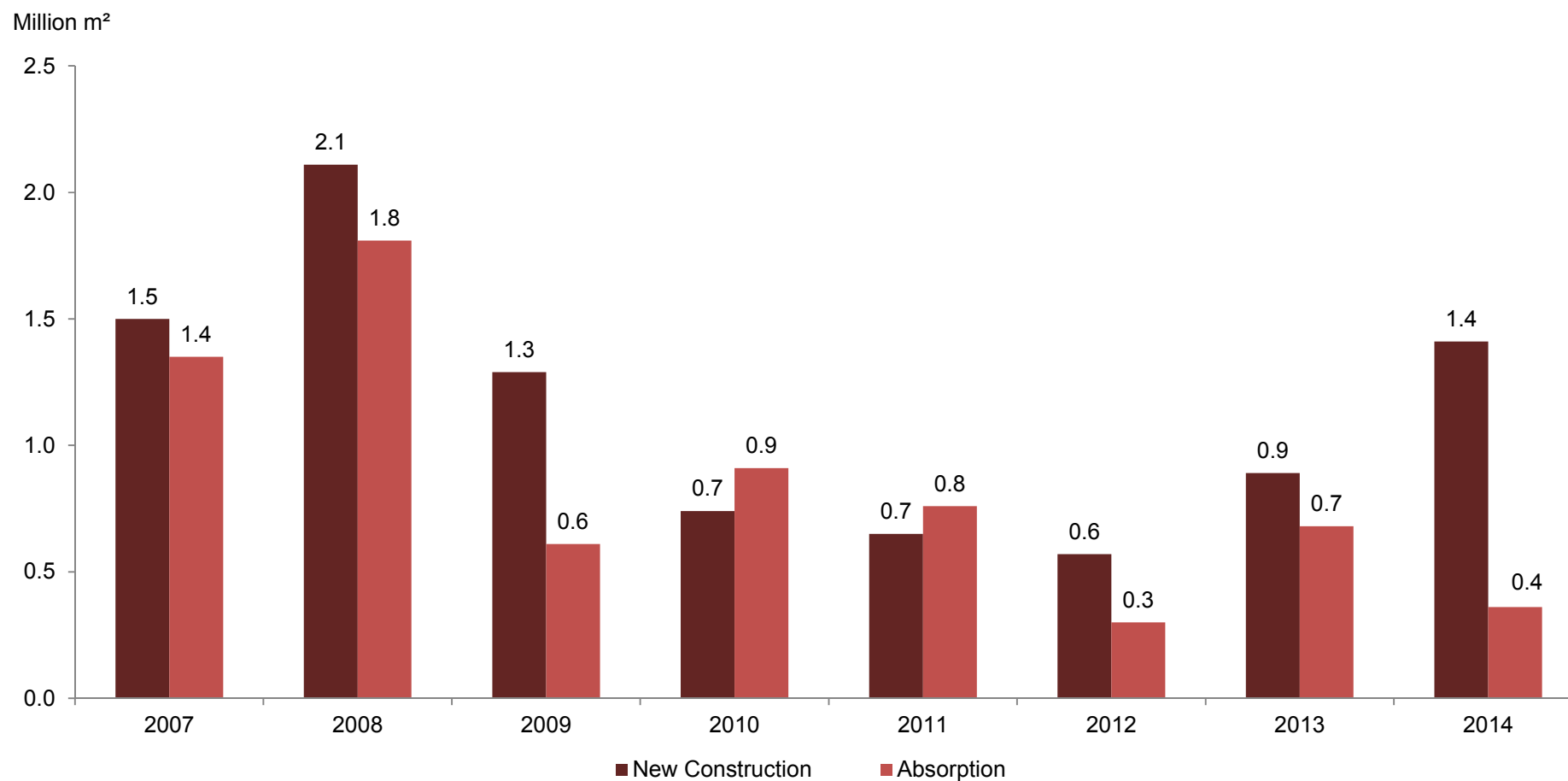
## RUSSIA – INVESTMENT VOLUME BREAKDOWN BY SECTOR



- Total commercial real estate investment volumes reached US\$ 4.1 billion in 2014
- Investment volume decreased significantly in the 4<sup>th</sup> quarter from c. US\$ 1.3 billion in Q3 to c. US\$ 500 million in Q4
- Investment volume similar to the “recovery” year 2010
- Investment volume expected to decrease to c. US\$ 2.5 billion in 2015

*Full year 2015 investment volume expected to be c. US\$ 2.5 billion*





## MOSCOW OFFICE MARKET – NEW CONSTRUCTION AND ABSORPTION



*New Construction Significant Higher Than Absorption – Limited Absorption c. 25% in 2014*

## TK DEVELOPMENT – GENERAL MARKET THEMES

- General assessment unchanged since last presentation, ie. rising consumer confidence across TK Developments key markets
- Expectations for subdued financial growth, varying in strength from country to country
- Increase in private consumption is still anticipated
- Easing in restraints when procuring financing of projects
- Economic growth is subject to an increased risk due to the geopolitical uncertainty in Ukraine
  - May result in more difficult market conditions in Poland, in particular
- Diminishing uncertainty in the property markets
  - However decision-making processes remains lengthy and carefully considered
  - Historically low interest level fuelling property demand
- Investment market showing increasing optimism and appetite for development projects

	GDP Growth (Y-o-Y)		Unemployment	
	2015E	2016E	2015E	2016E
	1.7%	2.0%	6.6%	6.4%
	2.4%	2.7%	7.8%	7.6%
	2.8%	3.3%	9.3%	8.8%
	2.7%	2.7%	6.2%	6.1%

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