



1st quarter 2015

FINANCIAL RESULTS PRESENTATION

13 May 2015

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KEY TAKE AWAYS Q1 2015

1.

- Comprehensive income of USD -2.3m

2.

- Russia values down, property shares up

3.

- NAV per share at NOK 16.10

4.

- Russian roubles and oil price recently trending upwards

STORM CAPITAL MANAGEMENT

P&L – MAJOR ITEMS

mill. USD	Q1 2015	Q1 2014
Total Comprehensive Income	-2.3	0.9
<u>Summary of major items:</u>		
NOI from investment properties	+2.3	+2.5
Value change investment properties	-5.6	-1.9
Value change shares in real estate companies	+3.2	+3.2
Other operating costs	-0.6	-0.8
Funds and liquid investments	-0.2	+0.6
Borrowing costs	-0.8	-0.7
Currency gains/ losses	-2.1	-0.2
Contract- and interest derivatives	-0.5	-0.3
Taxes	+1.5	-1.5

STORM CAPITAL MANAGEMENT

BALANCE SHEET

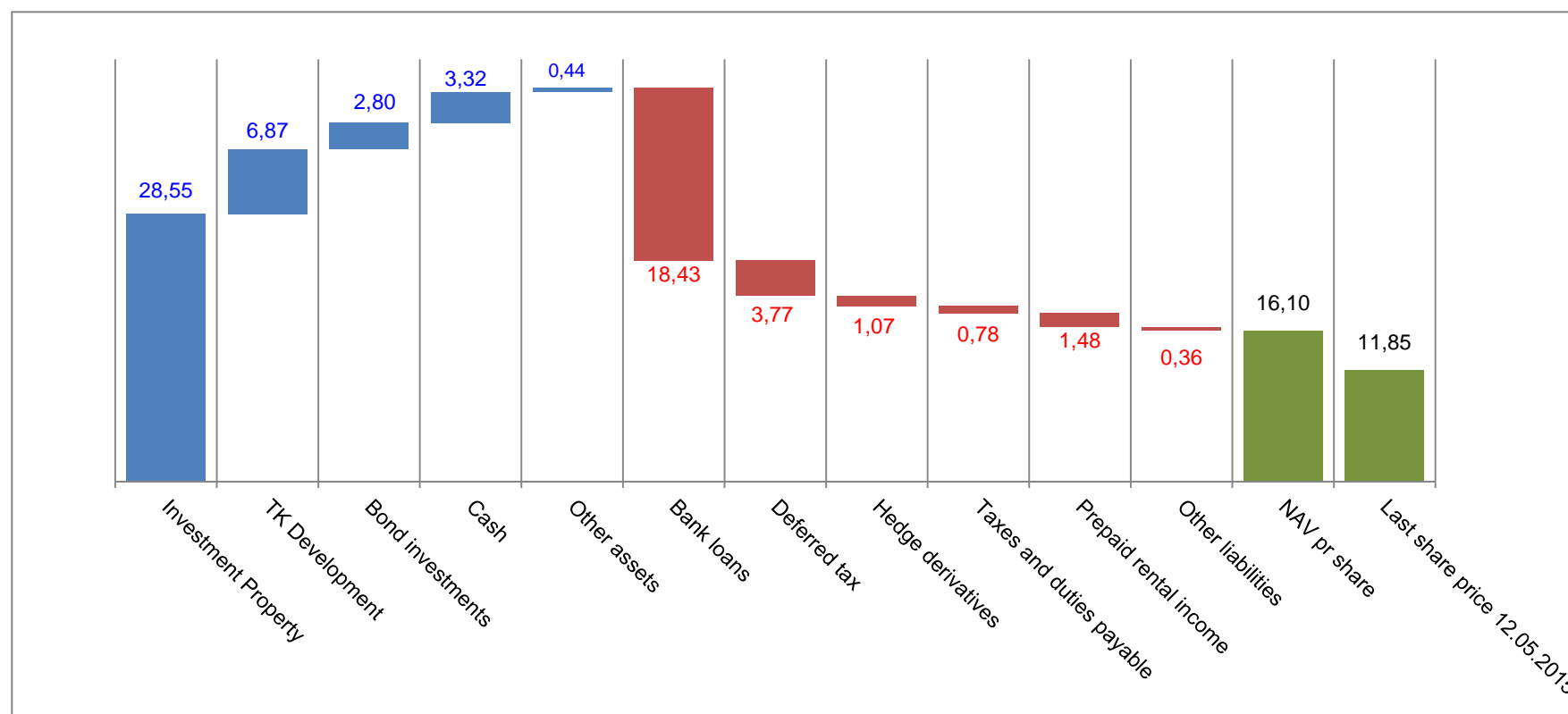
(US\$ '000)	31/12/14	31/03/15 ⁽¹⁾		31/12/14	31/03/15 ⁽¹⁾
Investment property	\$70,343	\$64,743	Bank loans	\$42,438	\$41,789
Investments property shares	\$14,192	\$15,572	Other liabilities	\$16,075	\$16,921
Total non-current assets	\$84,568	\$80,412	Total liabilities	\$58,513	\$58,709
Cash & liquid investments ⁽²⁾	\$12,221	\$7,535			
Total current assets	\$12,731	\$14,806	Equity	\$38,786	\$36,507
Total assets	\$97,299	\$95,218	Total equity and liabilities	\$97,299	\$95,218
			<i>Equity ratio</i>	40%	38%

(1) Unaudited.

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

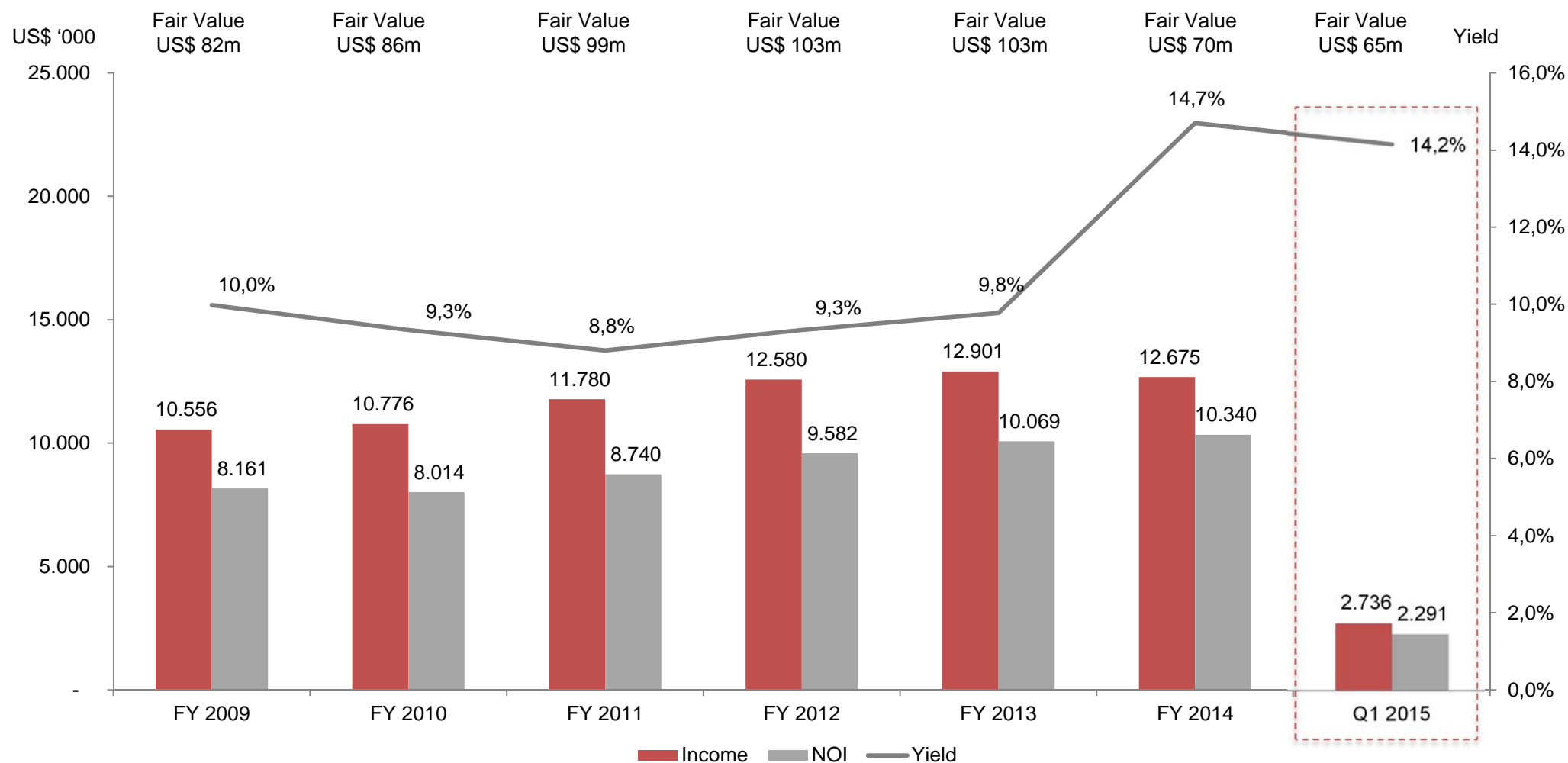
NAV PER SHARE

As at 31 March 2015. Numbers in NOK per share.



STORM CAPITAL MANAGEMENT

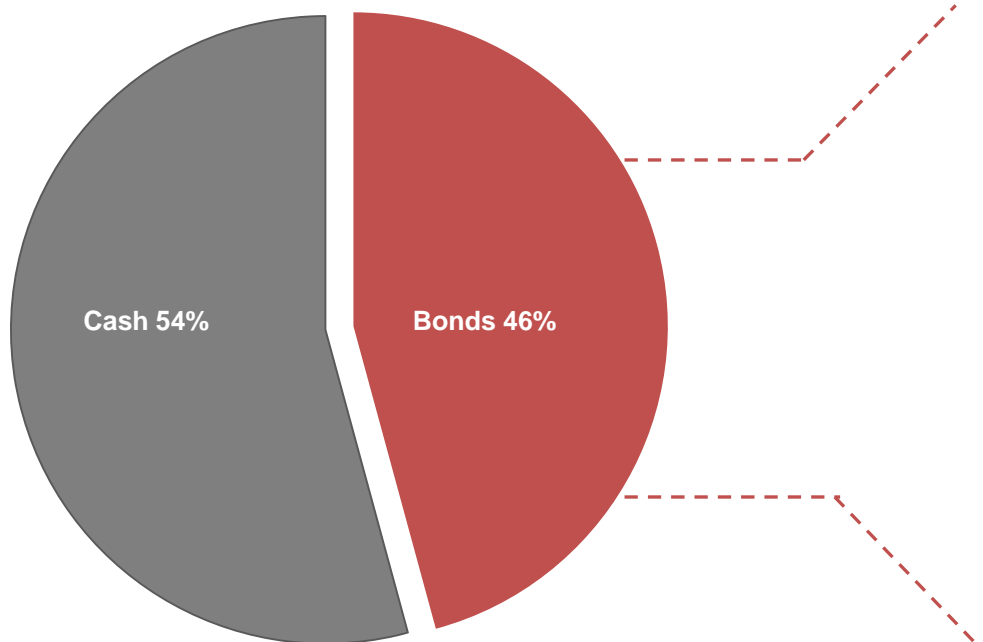
DEVELOPMENT OF ASSET VALUE 2009 – 2014



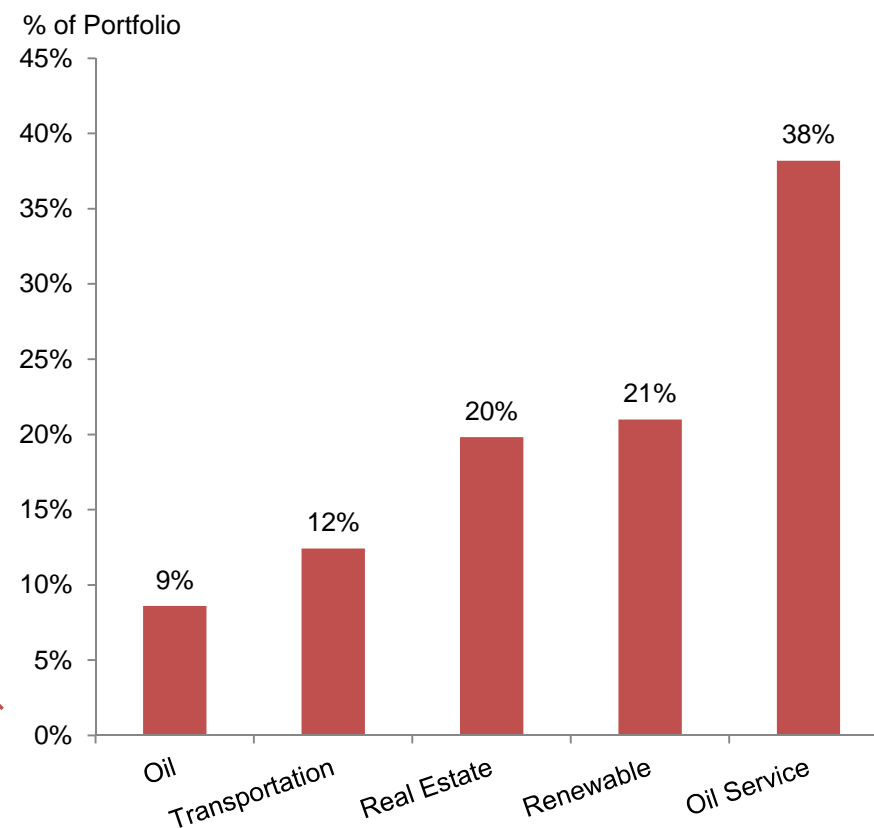
Source: Storm Capital Management Ltd.

CASH & INVESTMENTS

Break-Down of Cash & Liquid Investments ⁽¹⁾



Break-Down by Sector of Bond Portfolio ⁽²⁾

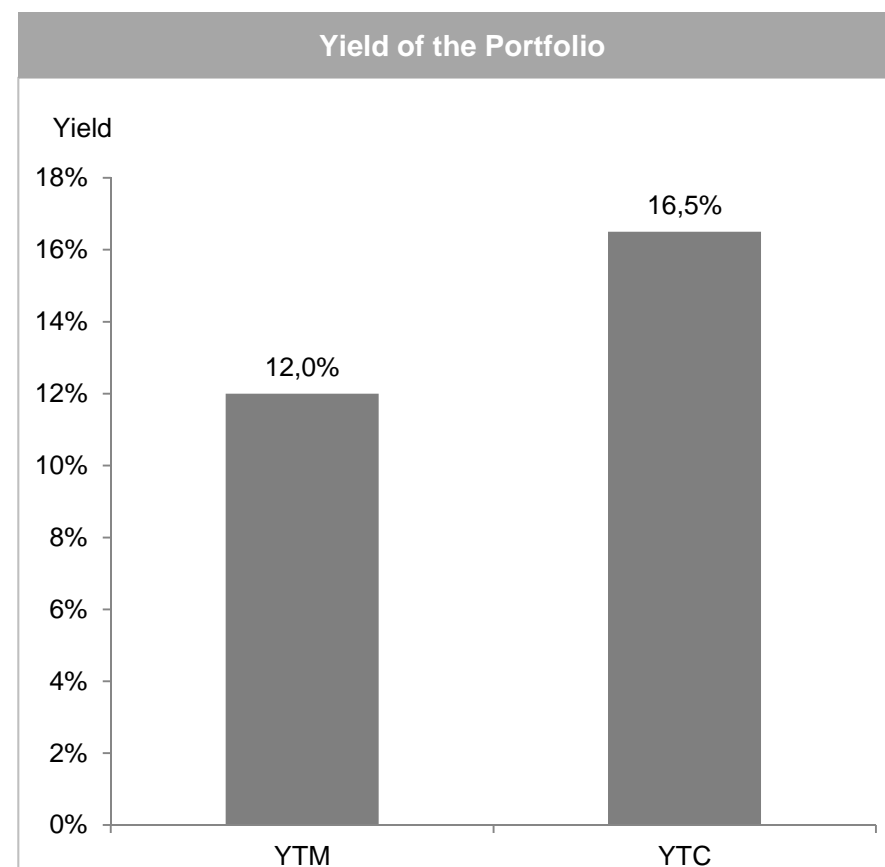
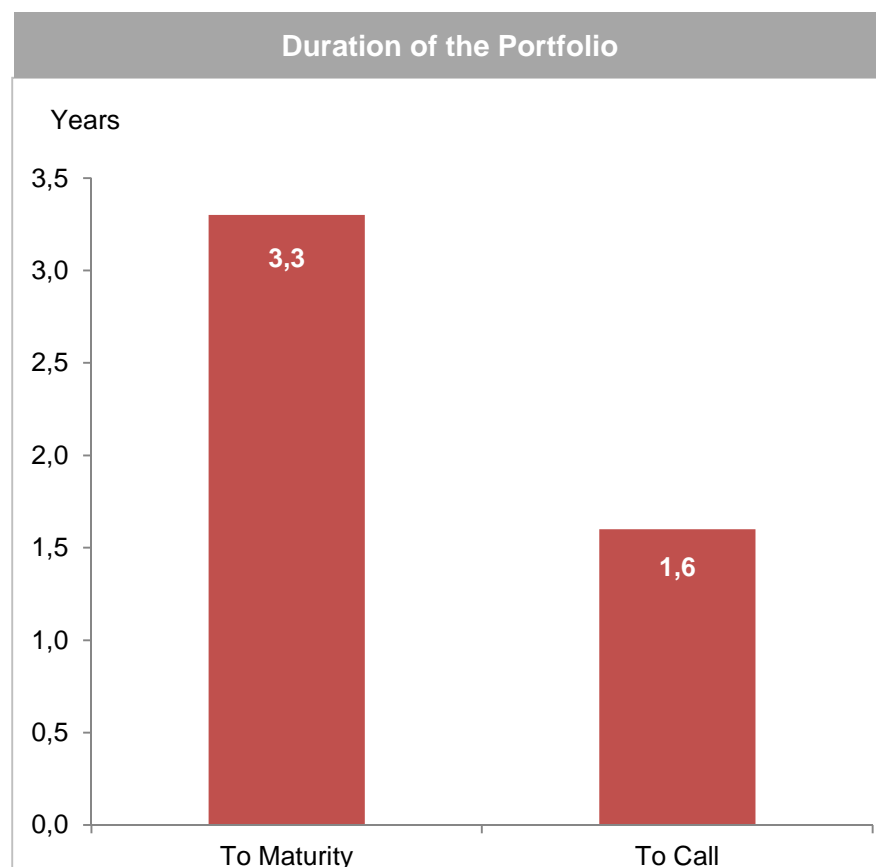


Source: Storm Capital Management Ltd.

(1) As per 31 March 2015. Includes investment in Storm Bond Fund and direct investments in bonds.

(2) Sector split as per 30 April 2015.

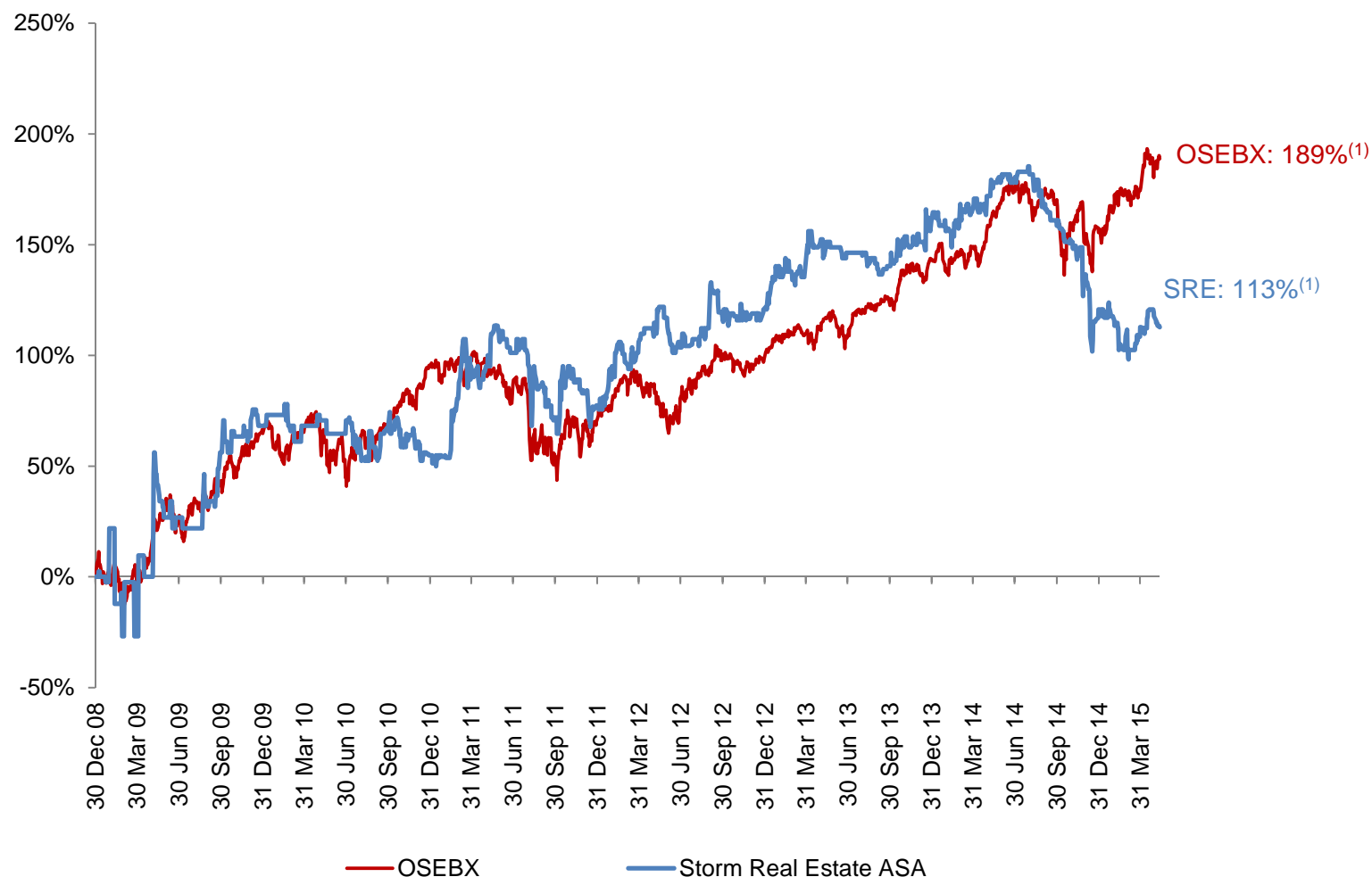
OVERVIEW OF STORM BOND FUND



Low Duration and High Yield

STORM REAL ESTATE SHARE PRICE PERFORMANCE

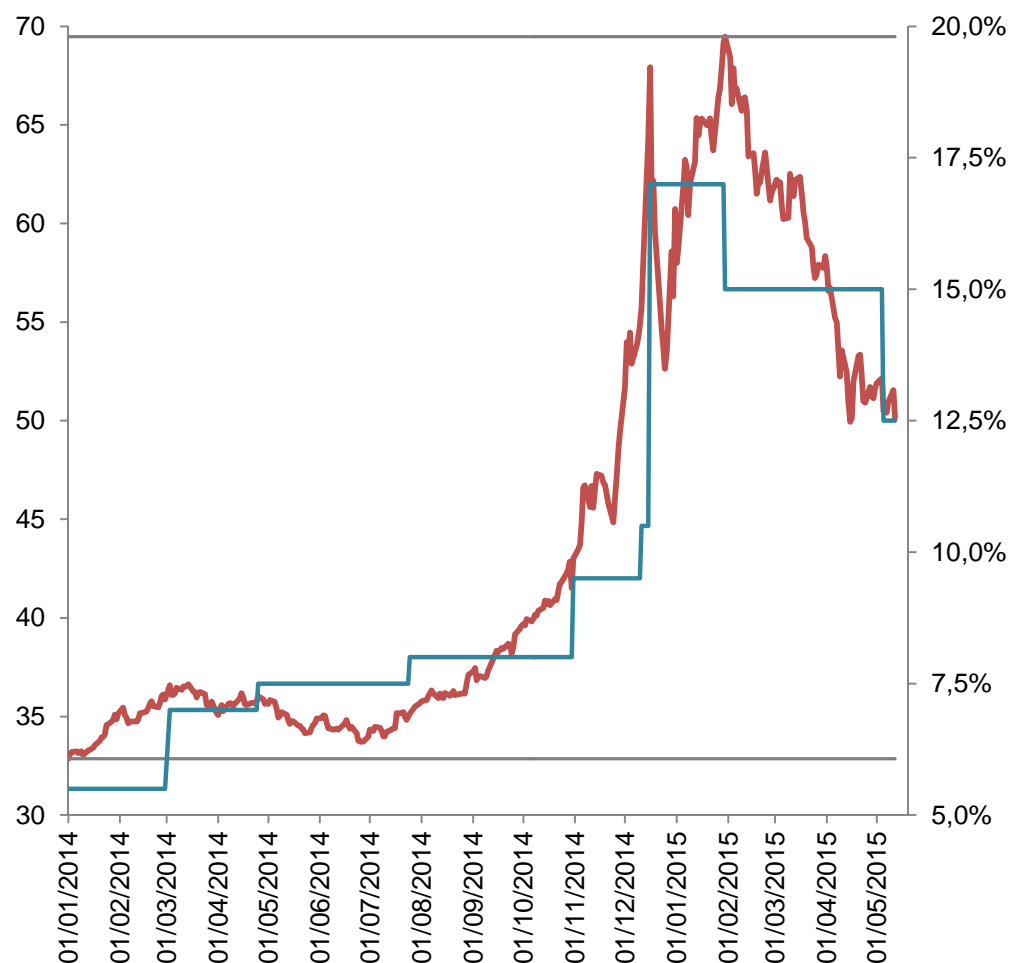
- *The Storm Real Estate ASA share is listed on Oslo main exchange since 6 July 2010*
- *Current share price of NOK 11.85 per share (12 May 2015)*
- *Net Asset Value of 16.10 NOK per share (31 March 2015)*



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

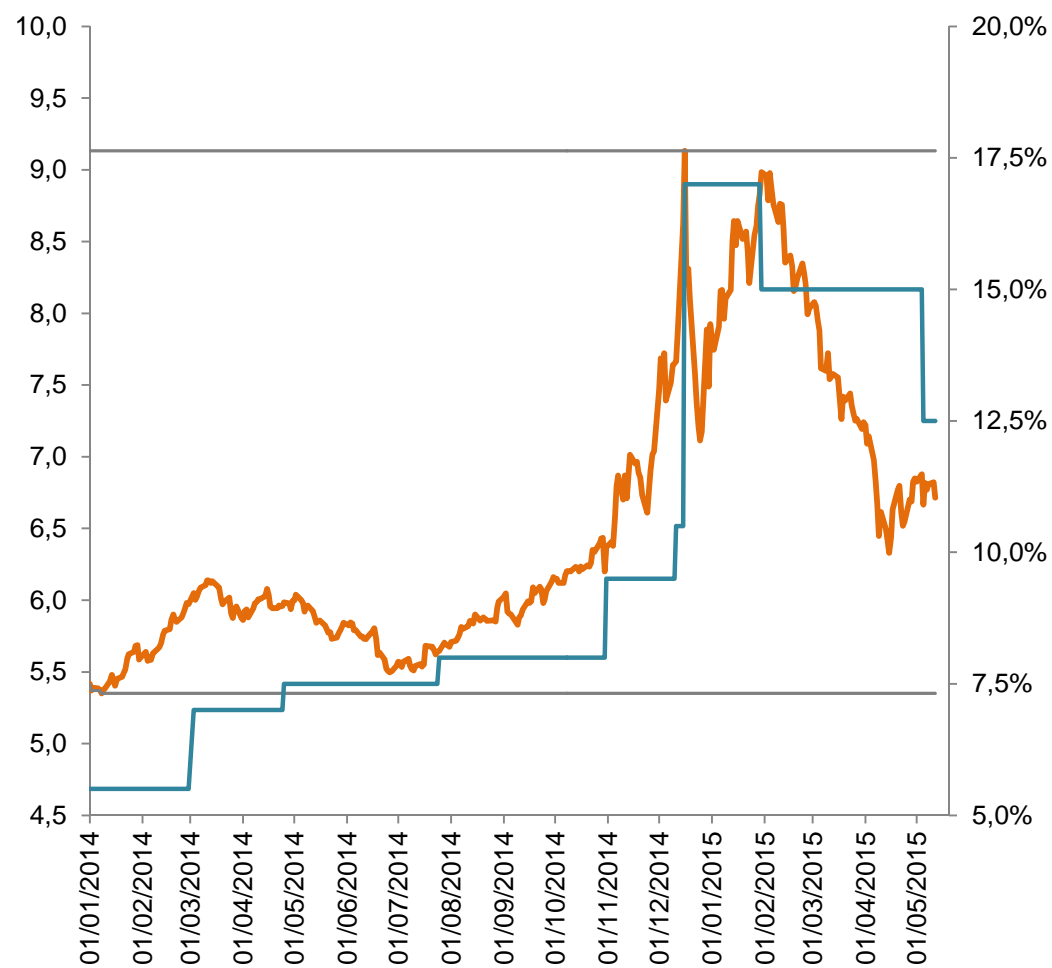
US\$/RUB Exchange Rate

CBR Key Rate

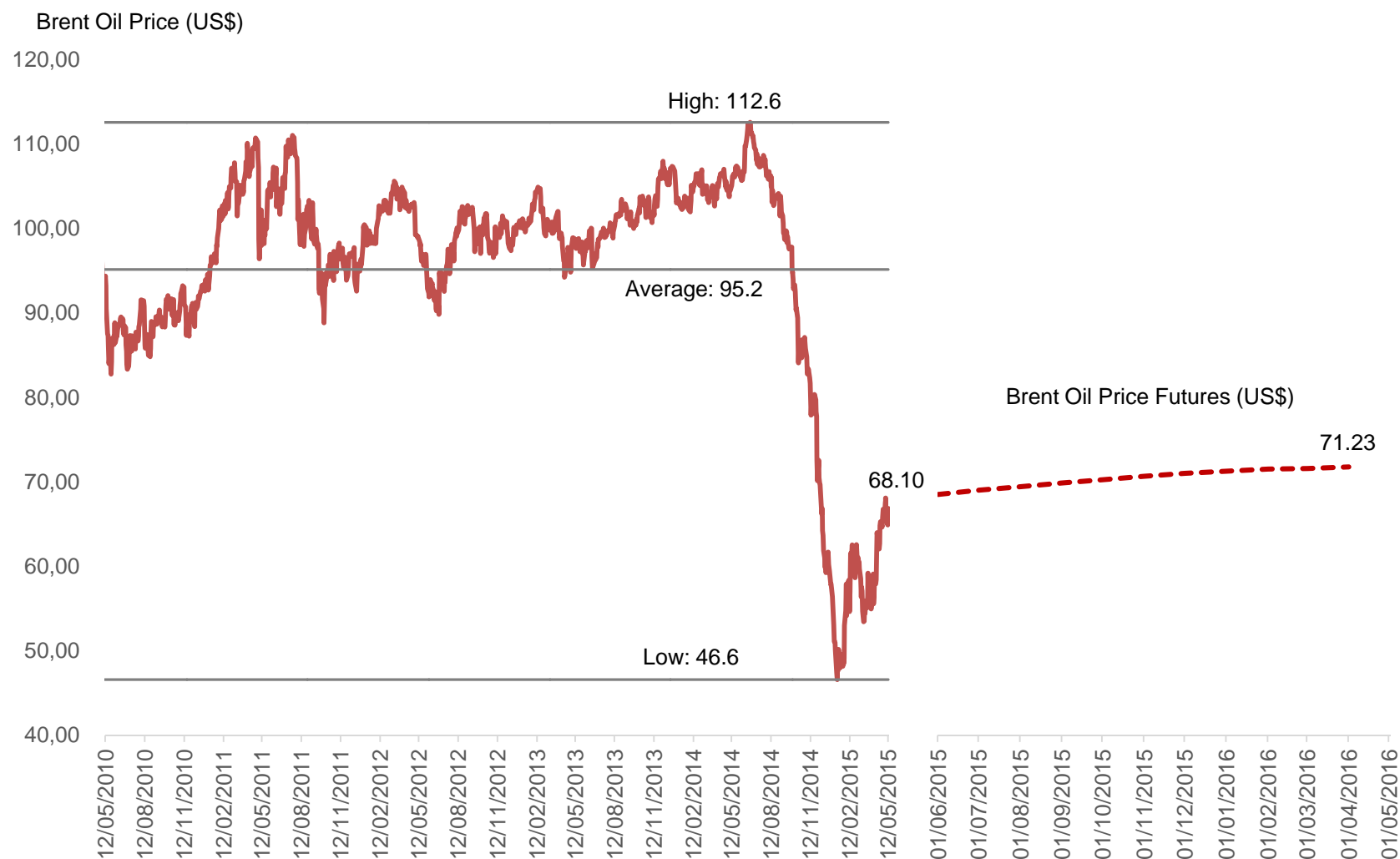


NOK/RUB Exchange Rate

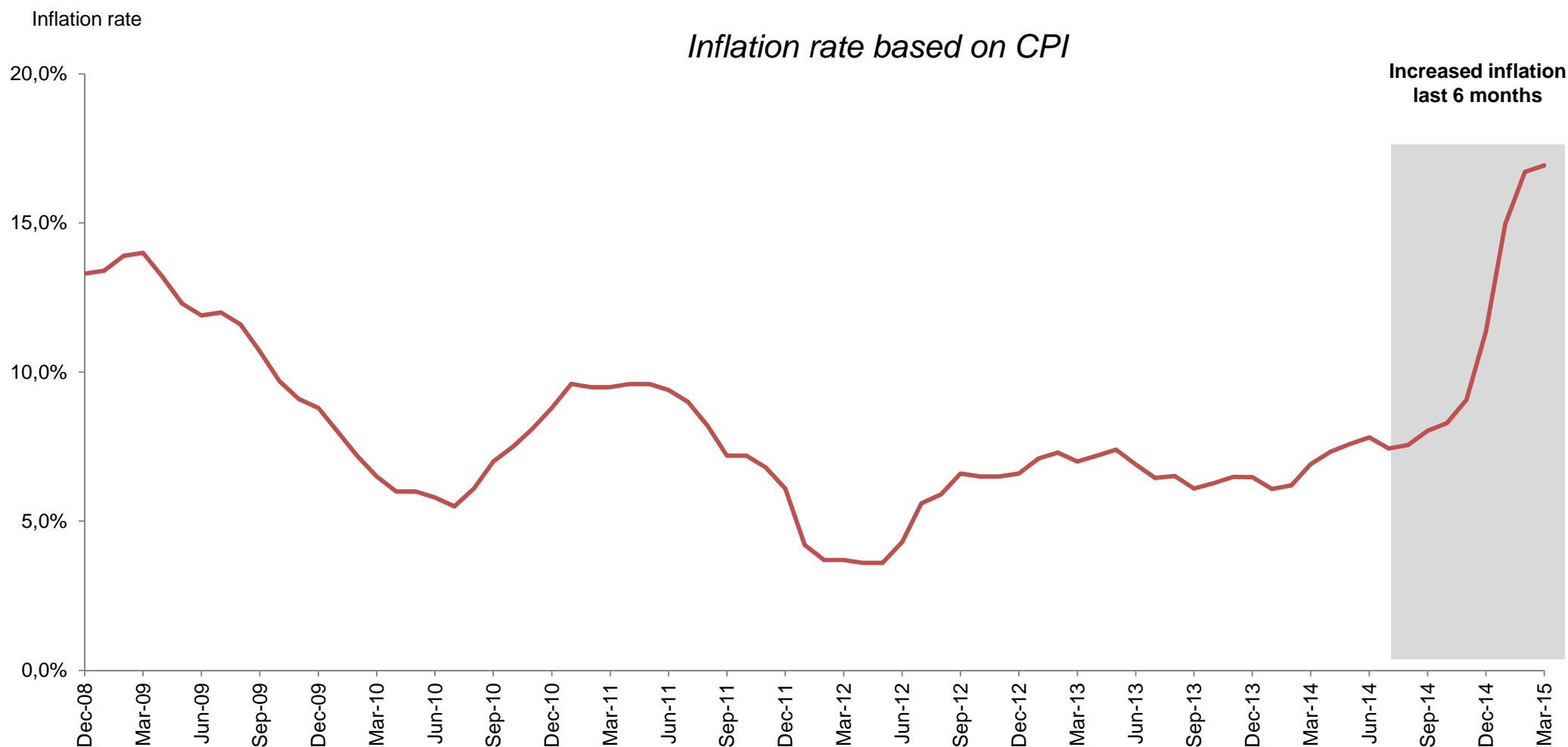
CBR Key Rate



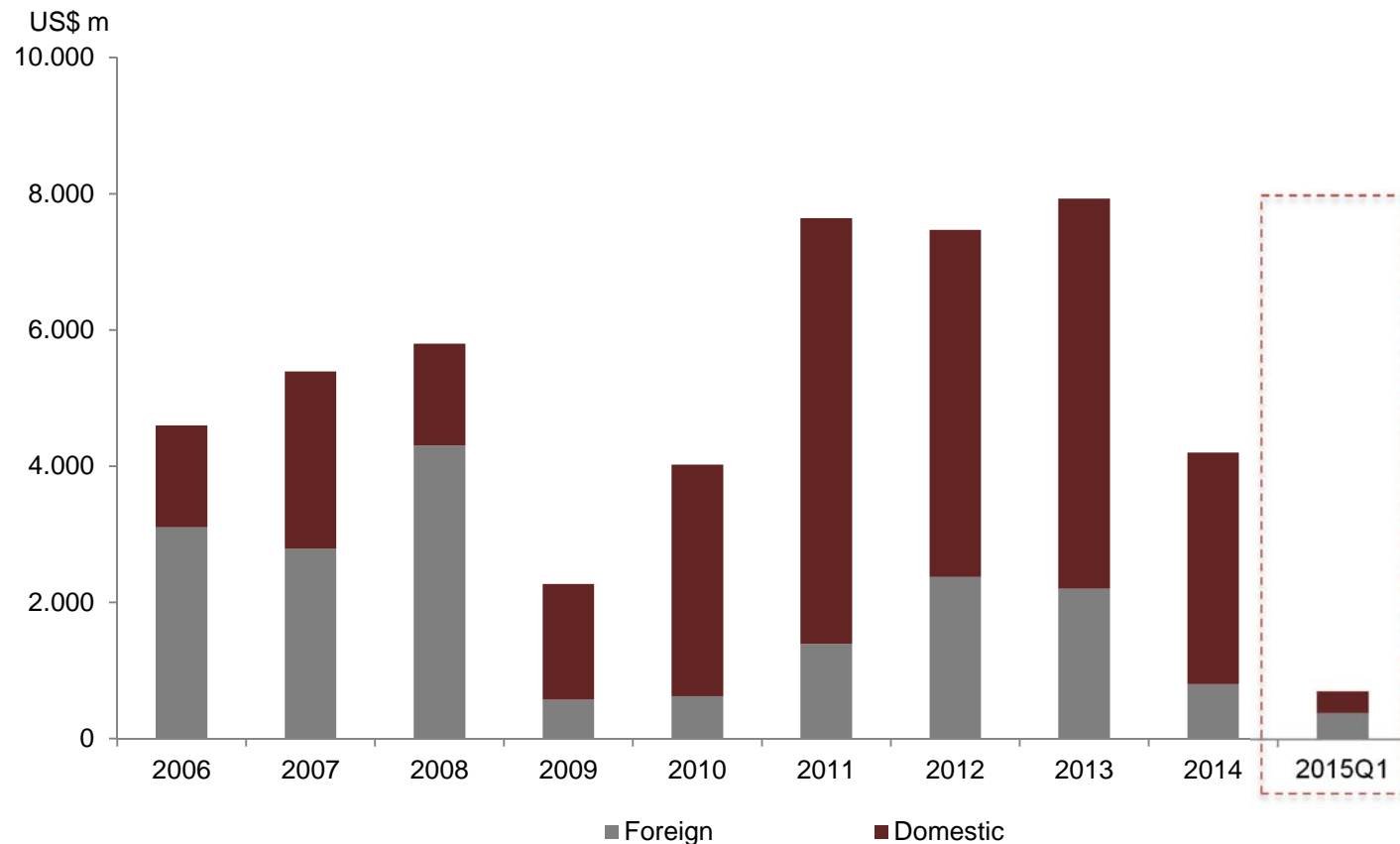
BRENT OIL PRICE AND OIL PRICE FUTURES



RUSSIA – INFLATION



RUSSIA – INVESTMENT VOLUME BY SOURCE OF CAPITAL

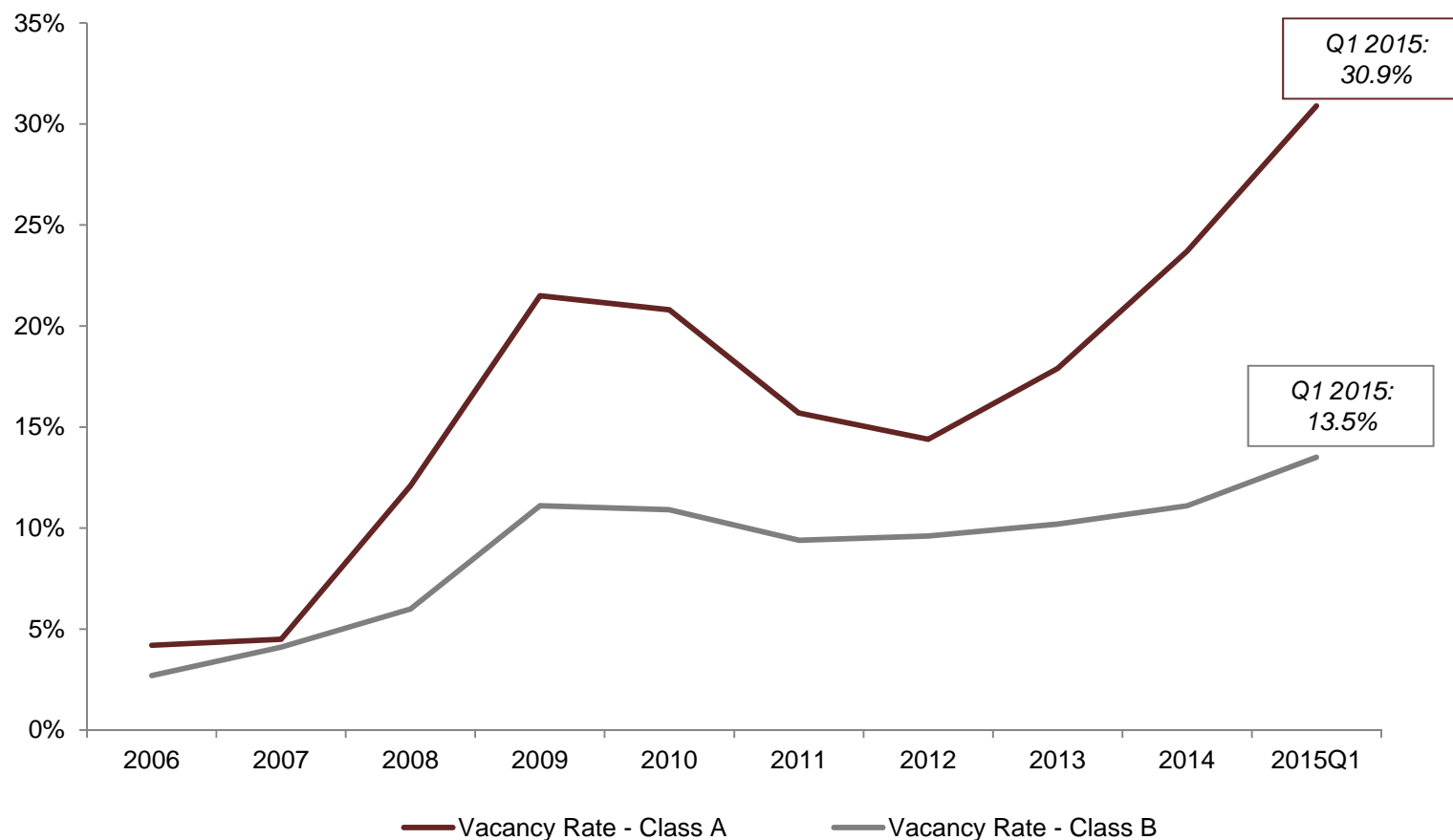


- Investment volume reached c. US\$ 700 million in Q1 2015, a low volume, but still higher than Q1 in 2009, 2010 and 2014.
- Foreign capital constituted over 50% of total investment volume in Q1
- European and American investors (95%) more active than Asian (5%).

Investment volume at a low level, but not the lowest Q1 the last decade

MOSCOW OFFICE MARKET – VACANCY RATE

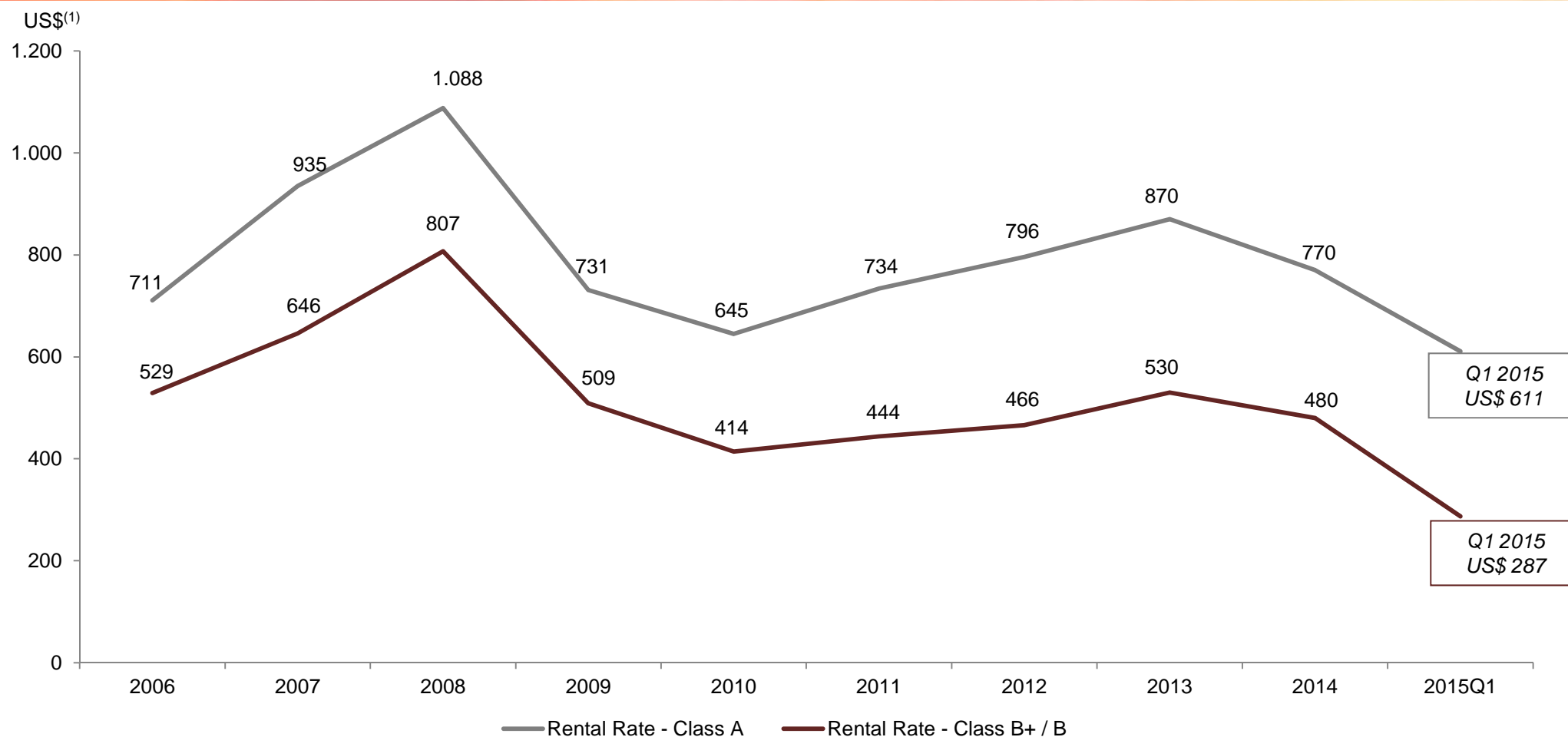
Vacancy (%)



- Significant increase in vacancy rates in new class A business centres – in some (Moscow –City) even up to 42%
- Class B continues to show less volatility in vacancy rates than Class A
- Negative absorption in Q1 2015, companies are reducing their rented area.

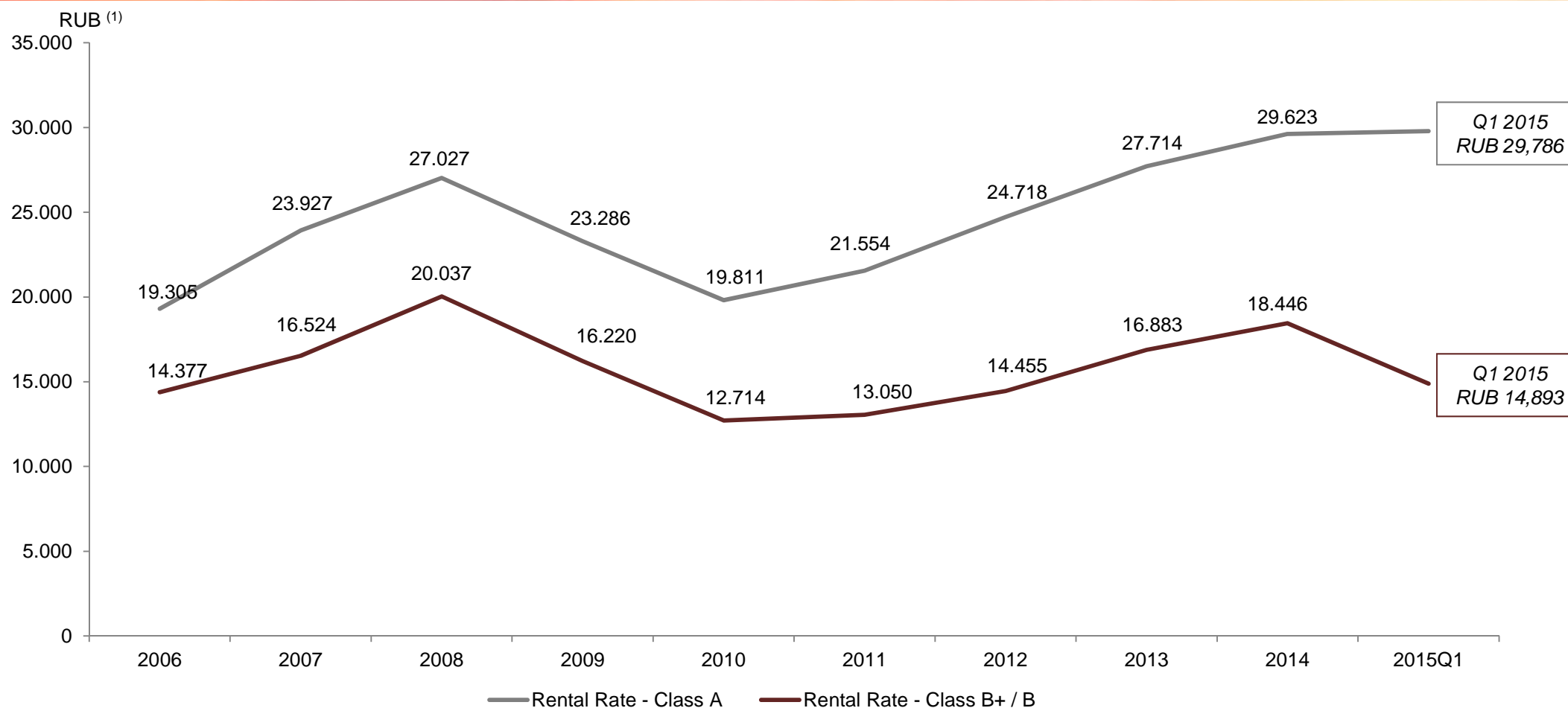
Class B lower vacancy rate than class A buildings

MOSCOW OFFICE MARKET - RENTAL RATES IN USD ⁽¹⁾



Class B Average Rental Rate in USD at US\$ 287 in Q1 2015

MOSCOW OFFICE MARKET - RENTAL RATES IN RUB ⁽¹⁾



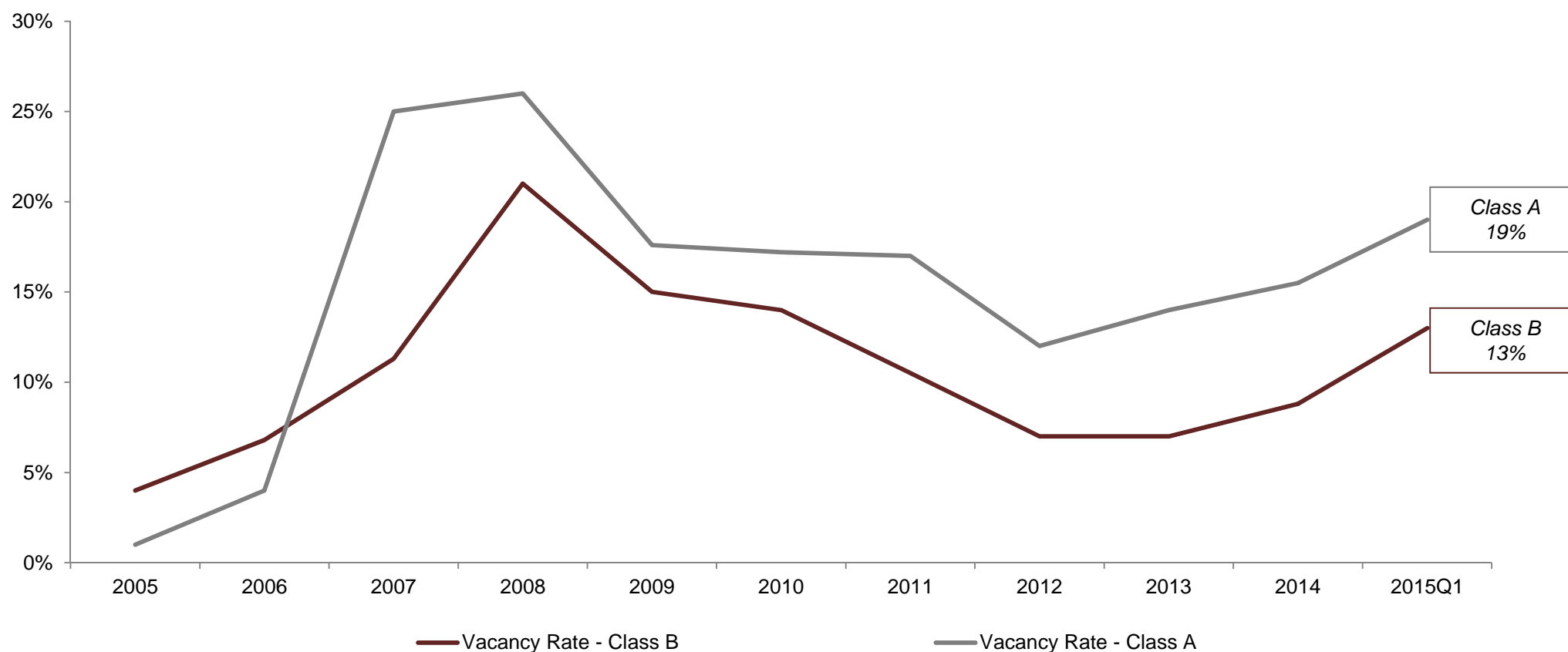
Rental rates less reduced in local currency

Source: Cushman & Wakefield

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

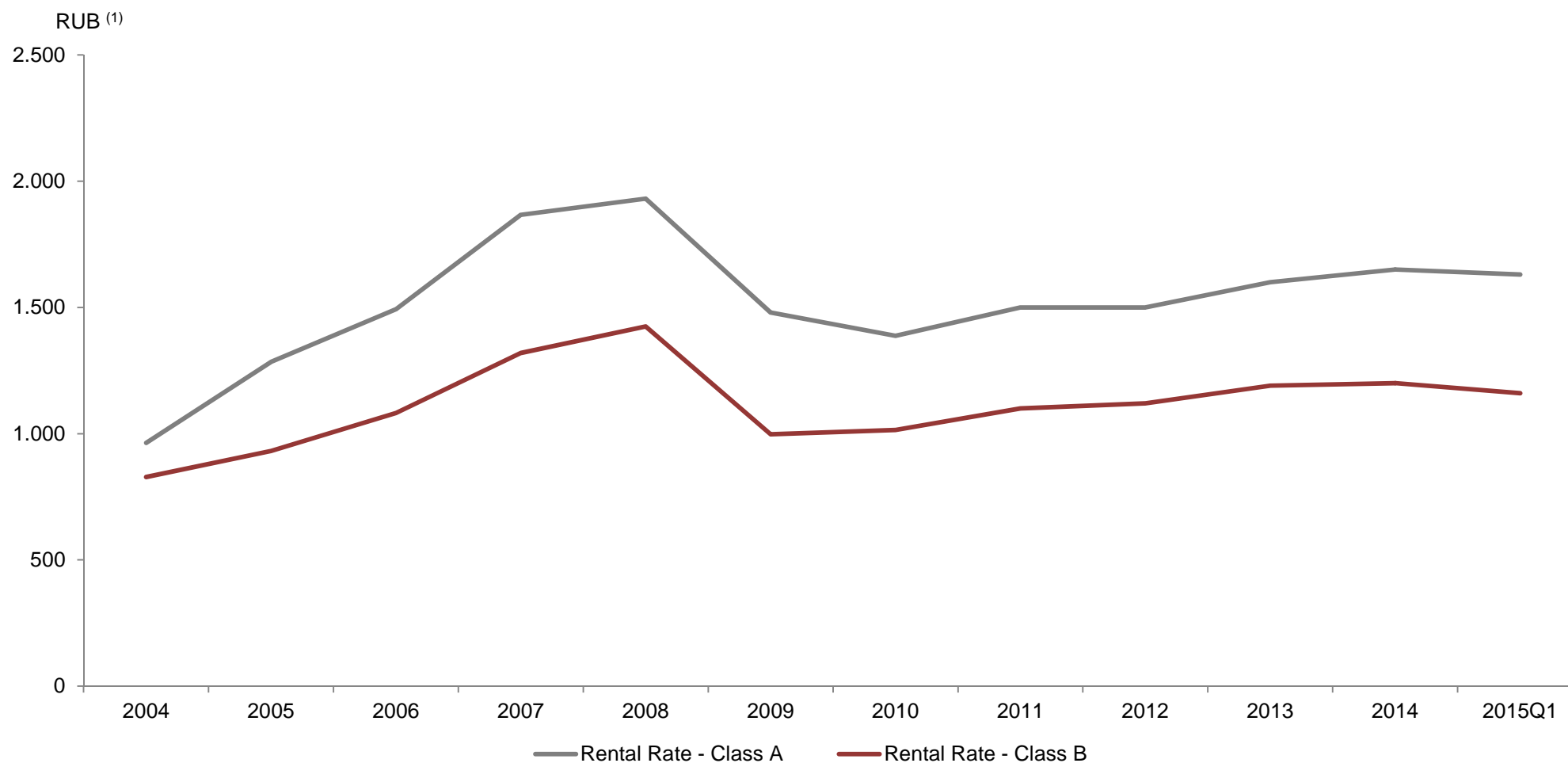
ST. PETERSBURG OFFICE MARKET – VACANCY DYNAMICS

Vacancy Rate



Vacancy During Q1 stable at 19% for class A increased 2% to 13% for Class B buildings

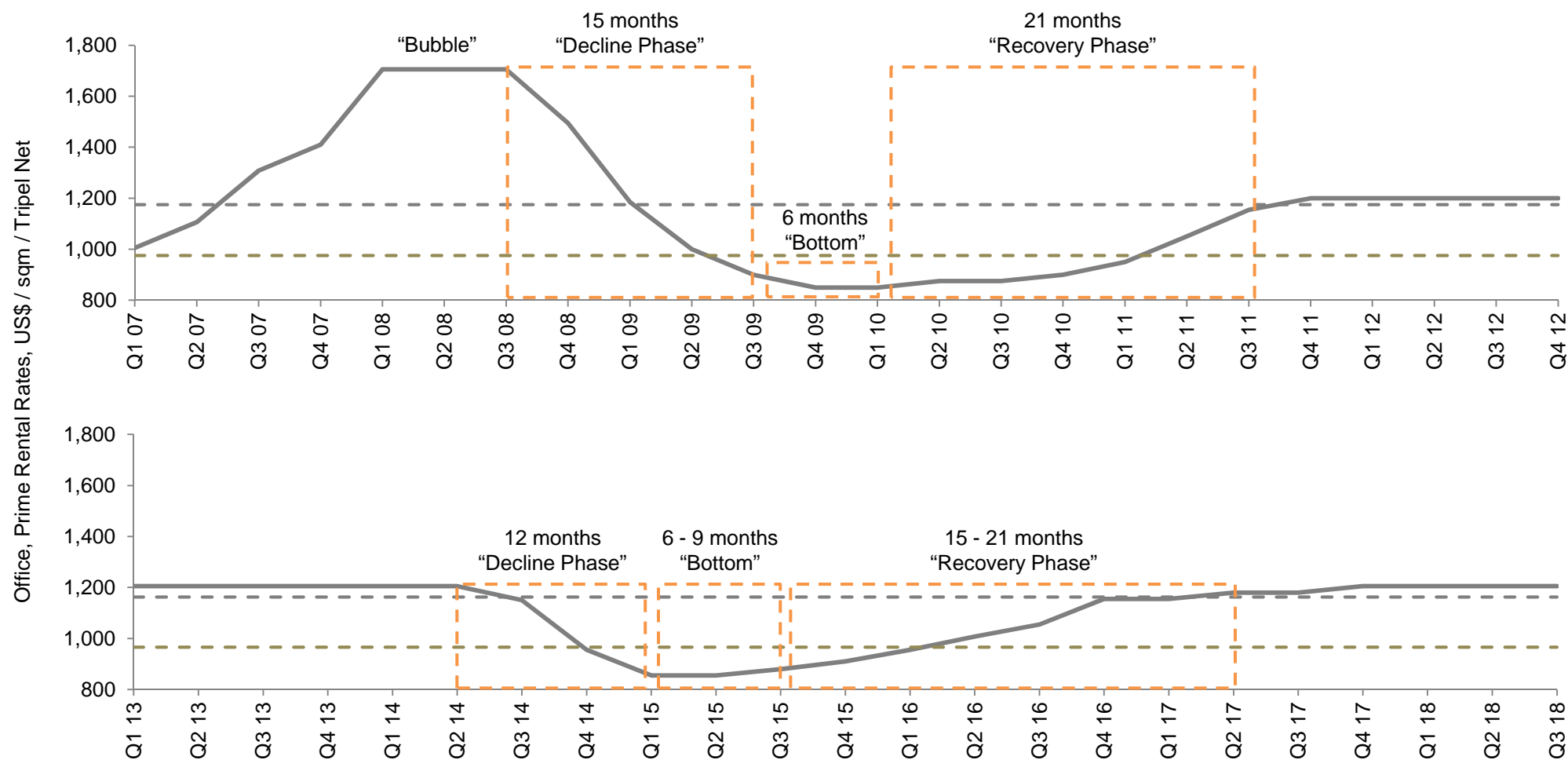
ST. PETERSBURG OFFICE MARKET – DYNAMICS OF AVERAGE WEIGHTED RENTAL RATES⁽¹⁾



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 – GENERAL MARKET THEMES

- General assessment unchanged since last presentation, ie. GDP growth and rising consumer confidence across TK Developments key markets
- 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%	2,1%	6,5%	6,4%
	2,3%	2,6%	7,7%	7,5%
	3,2%	3,4%	8,8%	8,3%
	2,5%	2,6%	6,0%	5,9%

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APPENDIX

GASFIELD BUILDING, MOSCOW & GRIFON HOUSE, ST. PETERSBURG

Gasfield Building



Class B

Gross Area c. 15,200 m²

Occupancy Rate 96.1%

Major Tenant *Gazprom Tsentrremont*

Grifon House



Class B

Gross Area c. 6,250 m²

Occupancy Rate 100%

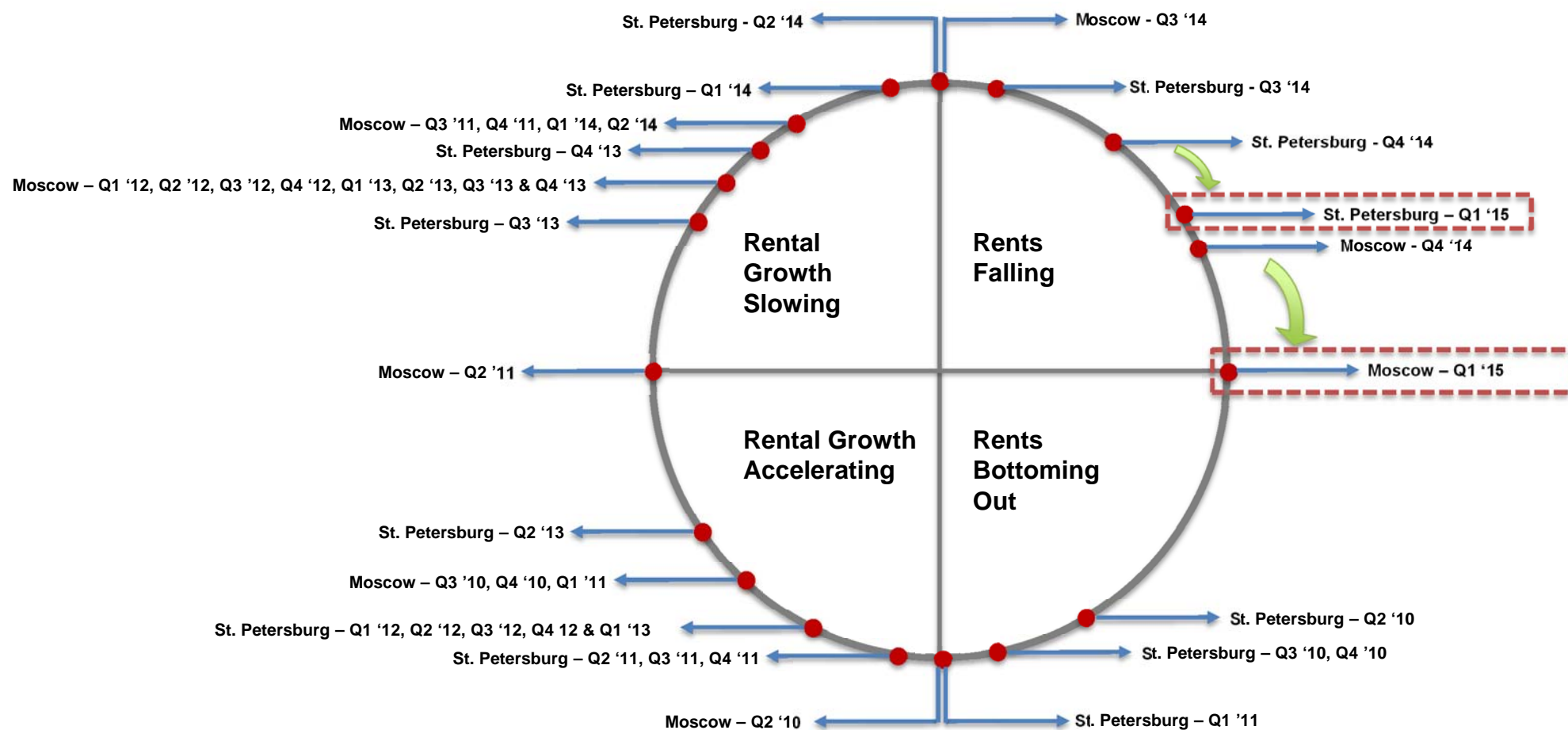
Major Tenant *LLC PSI,
a Swiss PSI Cro AG company*

PERFORMANCE OF THE RUSSIAN STOCK MARKET INDEX (RTS)

- *The Russian stock market has rebound since march together with a higher oil price and a stronger rouble*
- *We have previously stated our opinion that the stock market will stabilise back to pre-Ukraine crisis levels as the situation stabilises. We maintain that opinion.*



EUROPEAN OFFICE CLOCK Q2 2010 – Q4 2014



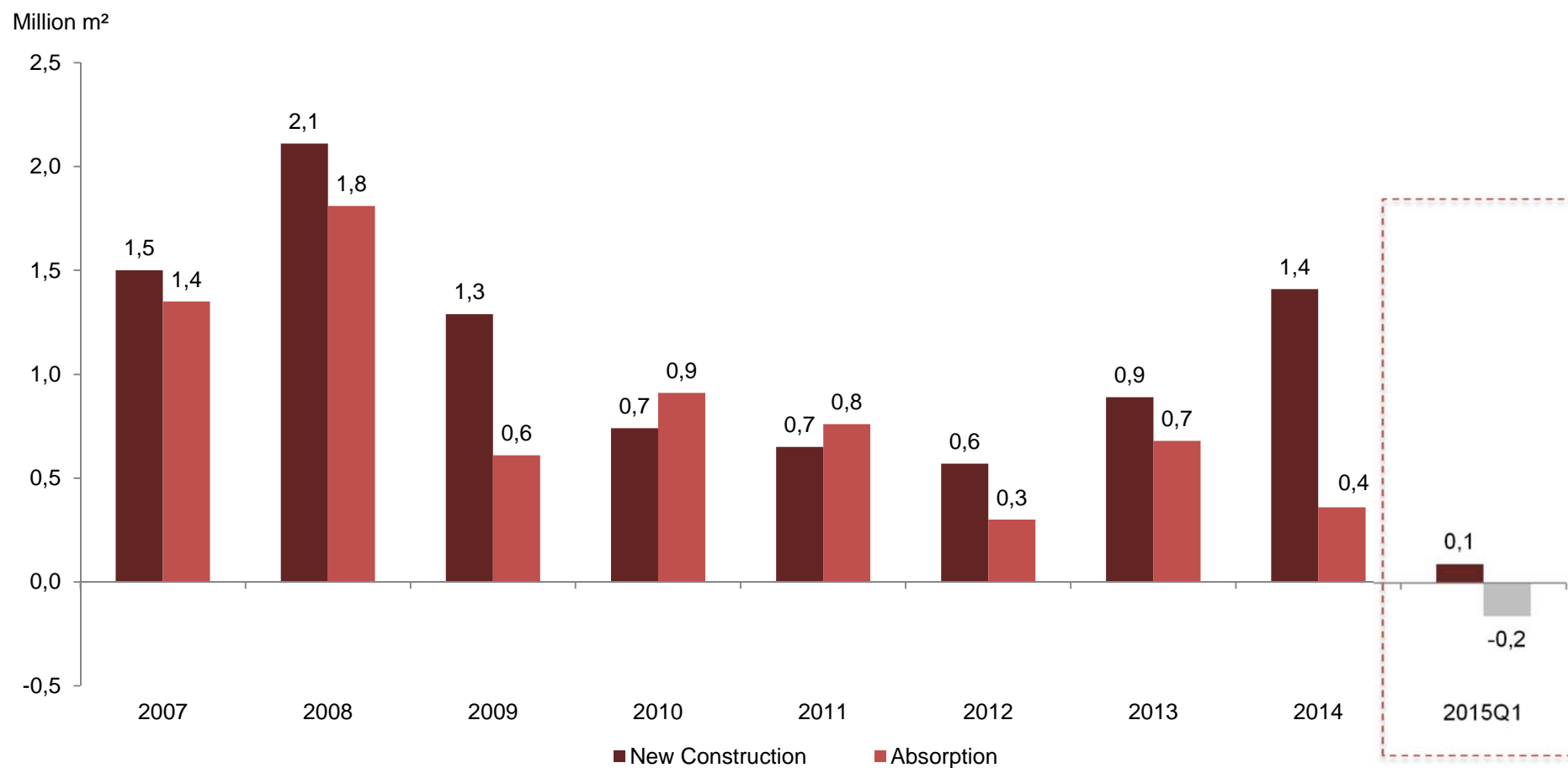
STORM CAPITAL MANAGEMENT

RUSSIA – INDUSTRIAL PRODUCTION



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

MOSCOW OFFICE MARKET – NEW CONSTRUCTION AND ABSORPTION



Negative net absorption in Q1 2015. Companies reducing expenses by office area optimization

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