



2nd quarter 2015

FINANCIAL RESULTS PRESENTATION

13 August 2015

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KEY TAKE AWAYS Q2 2015

1.

- Total Comprehensive Income of USD -5.5m

2.

- Russia values and property shares down

3.

- NOI from properties USD 2.4m vs 2.7m last year

4.

- NAV per share at NOK 13.28

STORM CAPITAL MANAGEMENT

P&L – SUMMARY OF MOST MAJOR ITEMS

mill. USD	Q2 2015	Q2 2014	6M 2015	6M 2014
Total Comprehensive Income	-5.5	+0.1	-7.8	+1.0
<u>Summary of major items:</u>				
NOI from investment properties	+2.4	+2,7	+4,7	+5,2
Value change investment properties	-6.7	-3,5	-12,3	-5,4
Value change shares in real estate companies	-1.7	+2,6	+1,5	+5,9
Other operating costs	-0.5	-0,9	-1,0	-1,7
Funds and liquid investments	+0.3	+0,3	+0,1	+0,9
Borrowing costs	-0.8	-0,8	-1,6	-1,5
Currency gains/ losses	+0.5	-0,1	-1,5	-0,3
Contract- and interest derivatives	+0.5	-0,5	+0,1	-0,7
Taxes	+1.0	+0,5	+2,5	-1,0

STORM CAPITAL MANAGEMENT

BALANCE SHEET

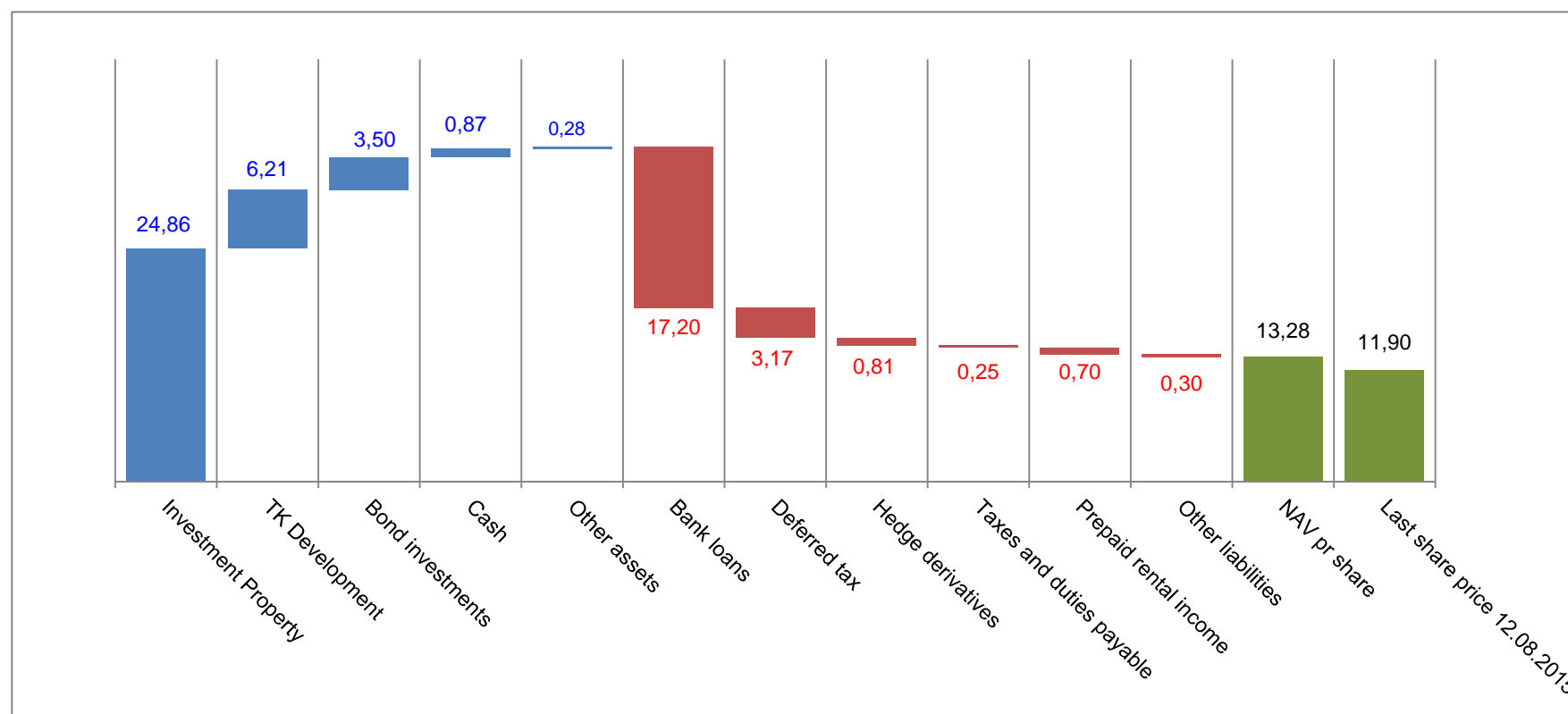
(US\$ '000)	31/12/14	30/06/15 ⁽¹⁾		31/12/14	30/06/15 ⁽¹⁾
Investment property	\$70,343	\$58,043	Bank loans	\$42,438	\$40,156
Investments property shares	\$14,192	\$14,504	Other liabilities	\$16,075	\$12,233
Total non-current assets	\$84,568	\$72,578	Total liabilities	\$58,513	\$52,389
Cash & liquid investments ⁽²⁾	\$12,221	\$10,208			
Total current assets	\$12,731	\$10,821	Equity	\$38,786	\$31,010
Total assets	\$97,299	\$83,400	Total equity and liabilities	\$97,299	\$83,400
			<i>Equity ratio</i>	40%	37%

(1) Unaudited.

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

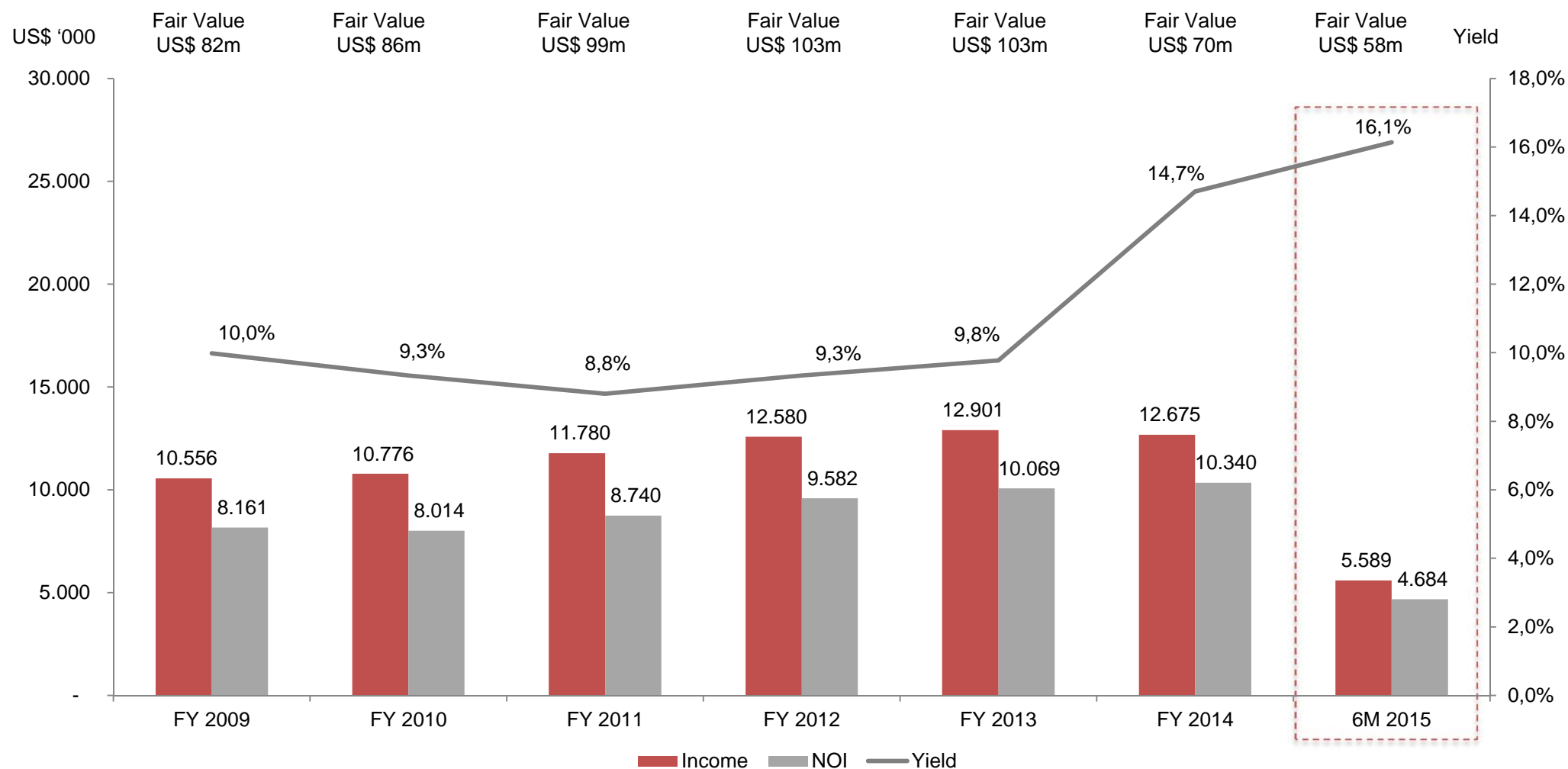
NAV PER SHARE

As at 30 June 2015. Numbers in NOK per share.



STORM CAPITAL MANAGEMENT

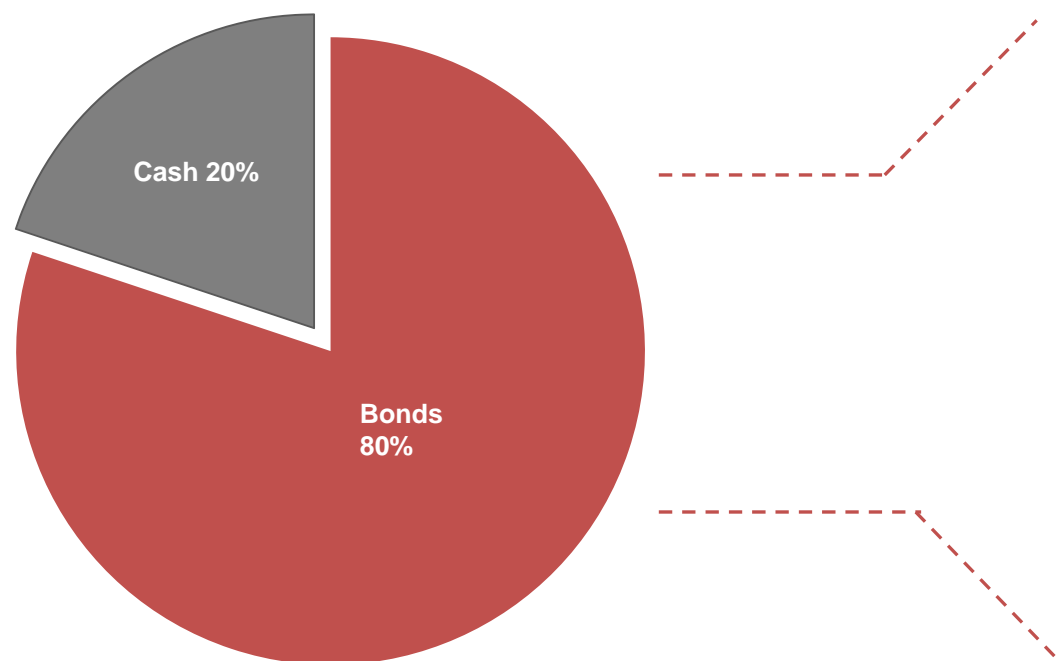
DEVELOPMENT OF ASSET VALUE 2009 – 2014



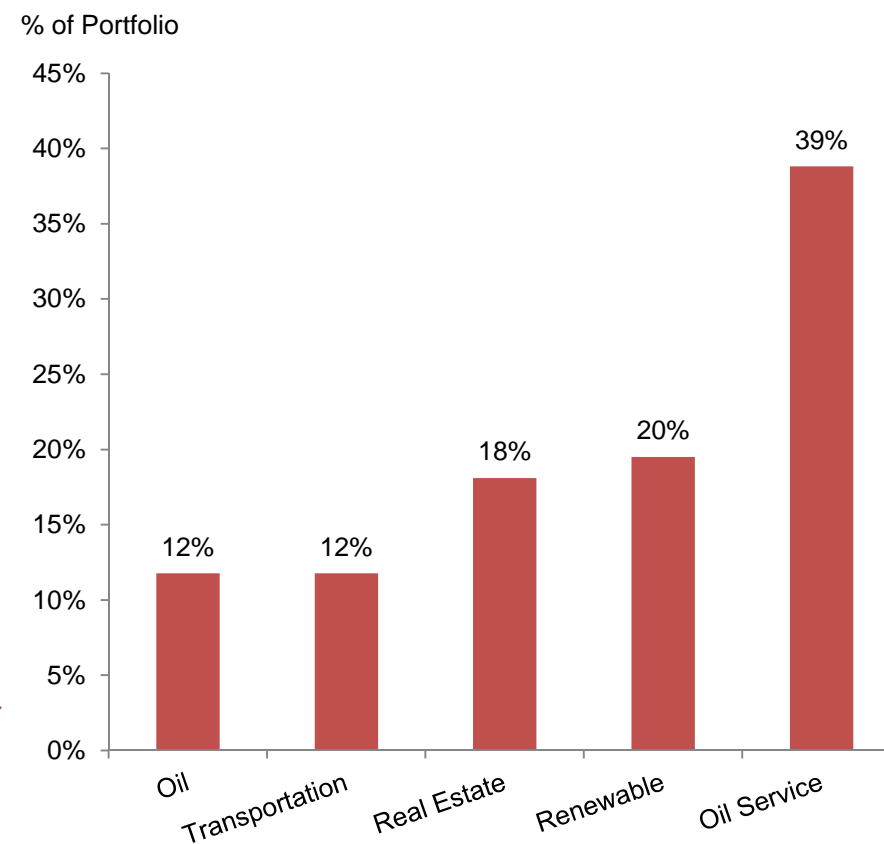
Source: Storm Capital Management Ltd.

CASH & INVESTMENTS

Break-Down of Cash & Liquid Investments ⁽¹⁾



Break-Down by Sector of Bond Portfolio ⁽²⁾

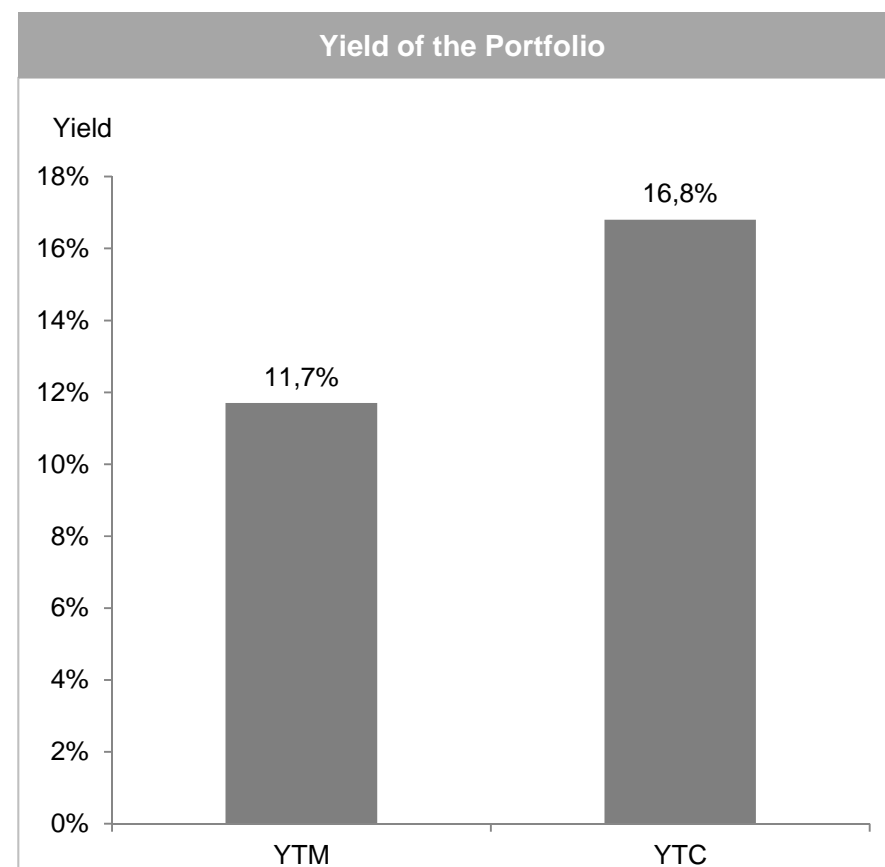
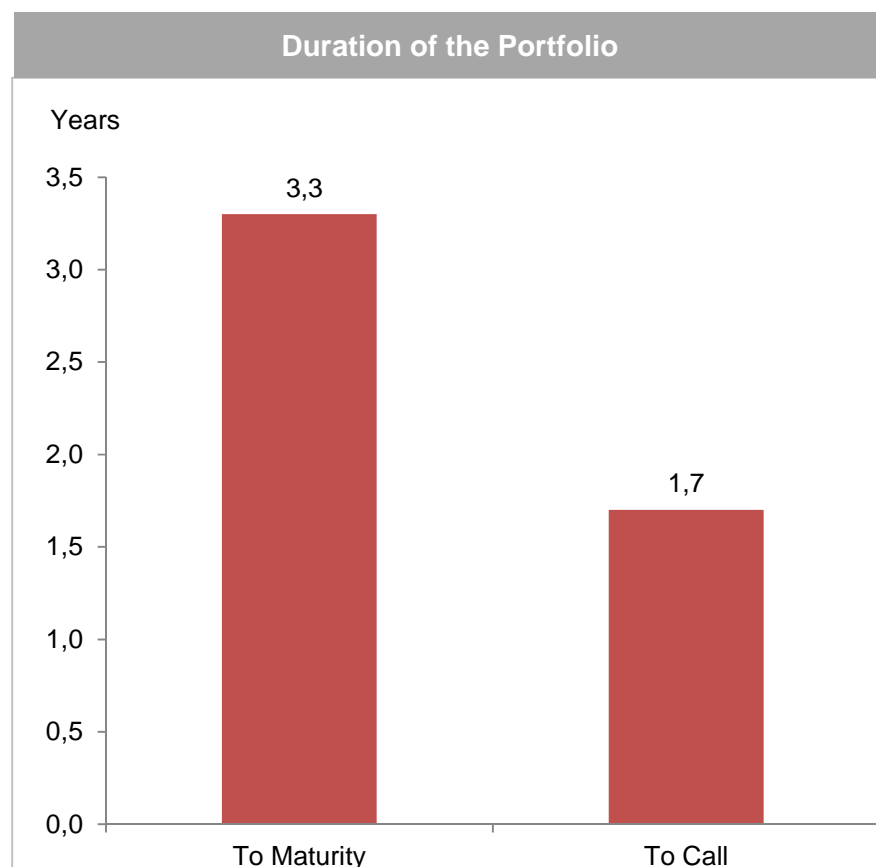


Source: Storm Capital Management Ltd.

(1) As per 30 June 2015. Includes investment in Storm Bond Fund and direct investments in bonds.

(2) Sector split as per 30 June 2015.

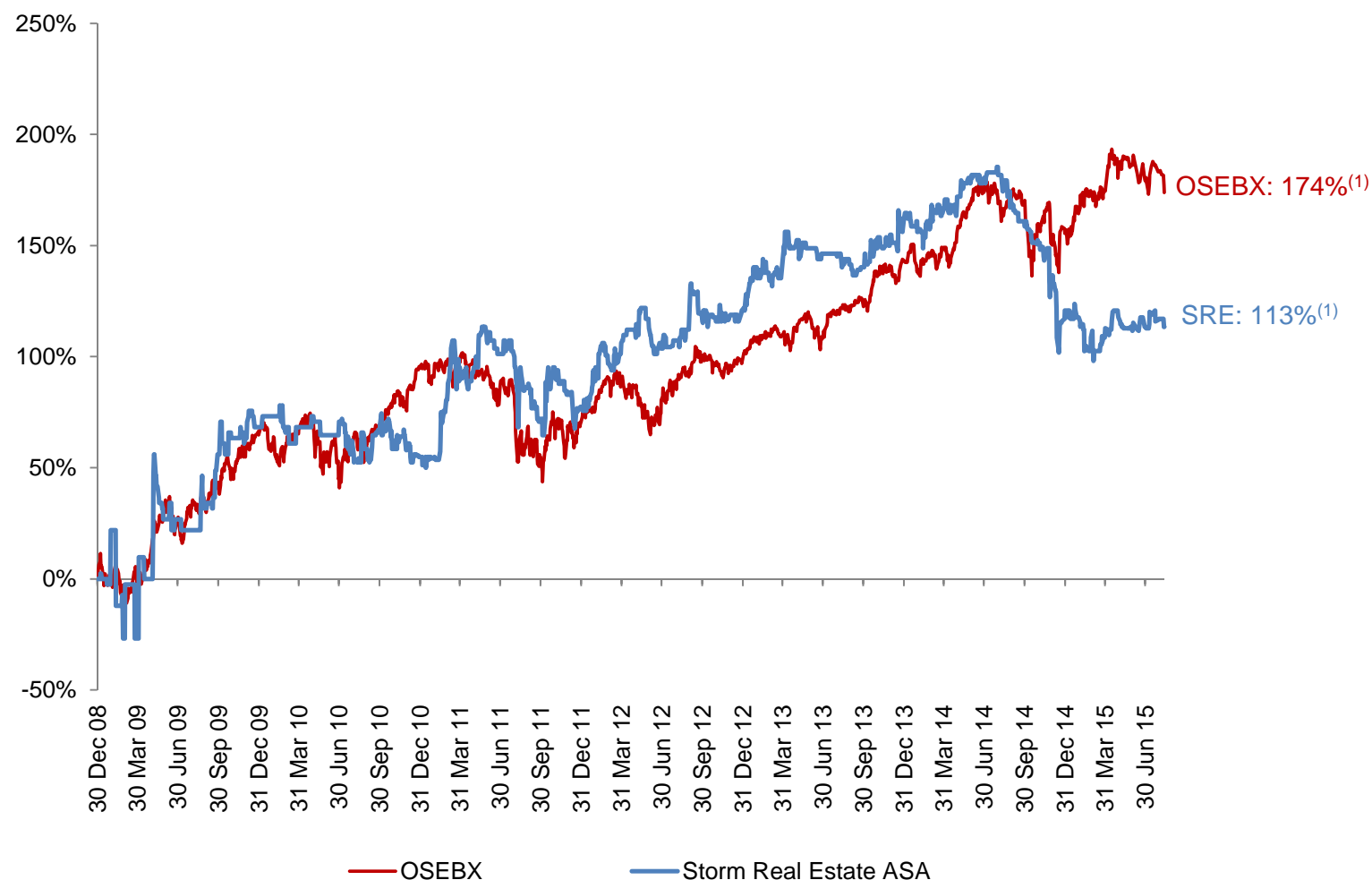
OVERVIEW OF STORM BOND FUND



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 11.90 per share (12 August 2015)*
- *Net Asset Value of 13.28 NOK per share (30 June 2015)*



Source: Oslo Stock Exchange, Bloomberg

(1) SRE and OSEBX adjusted for dividends. As per 12 August 2015.

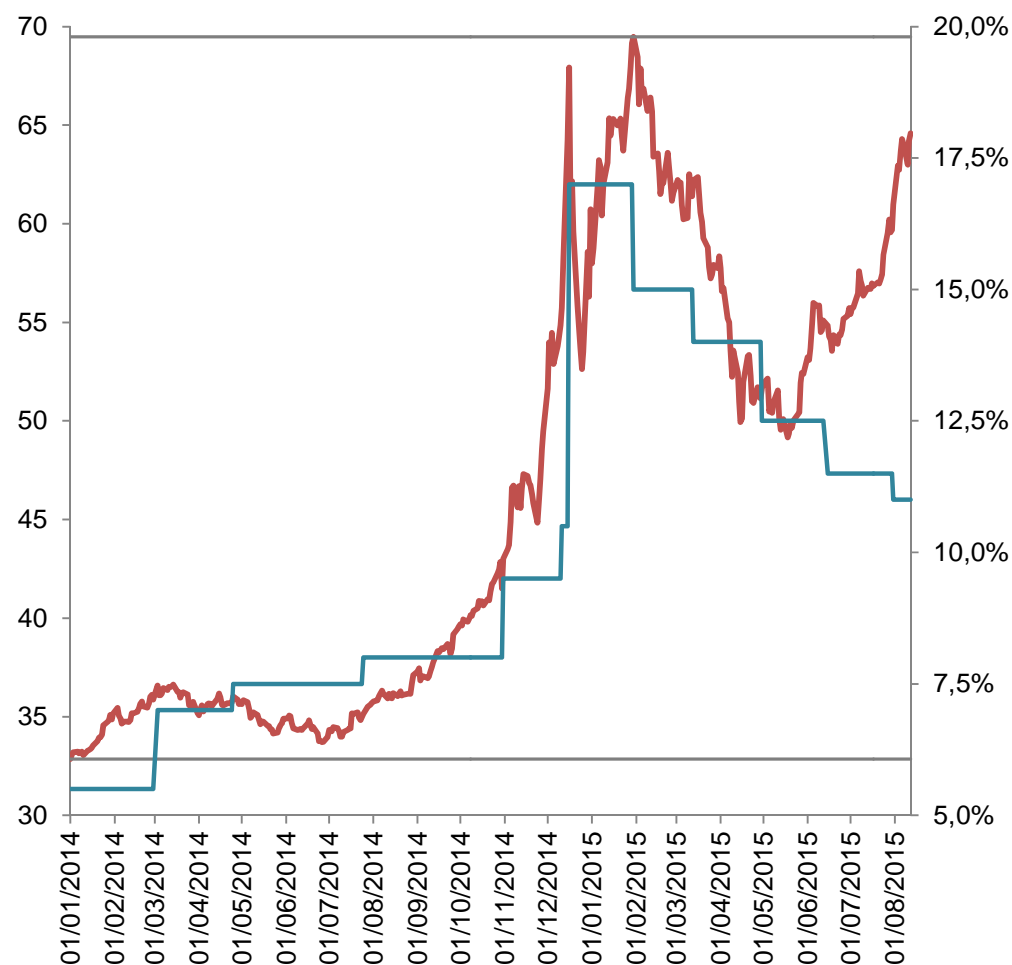
RUSSIA – US\$/RUB AND NOK/RUB EXCHANGE RATE MOVEMENTS AND CBR KEY RATE

US\$/RUB Exchange Rate

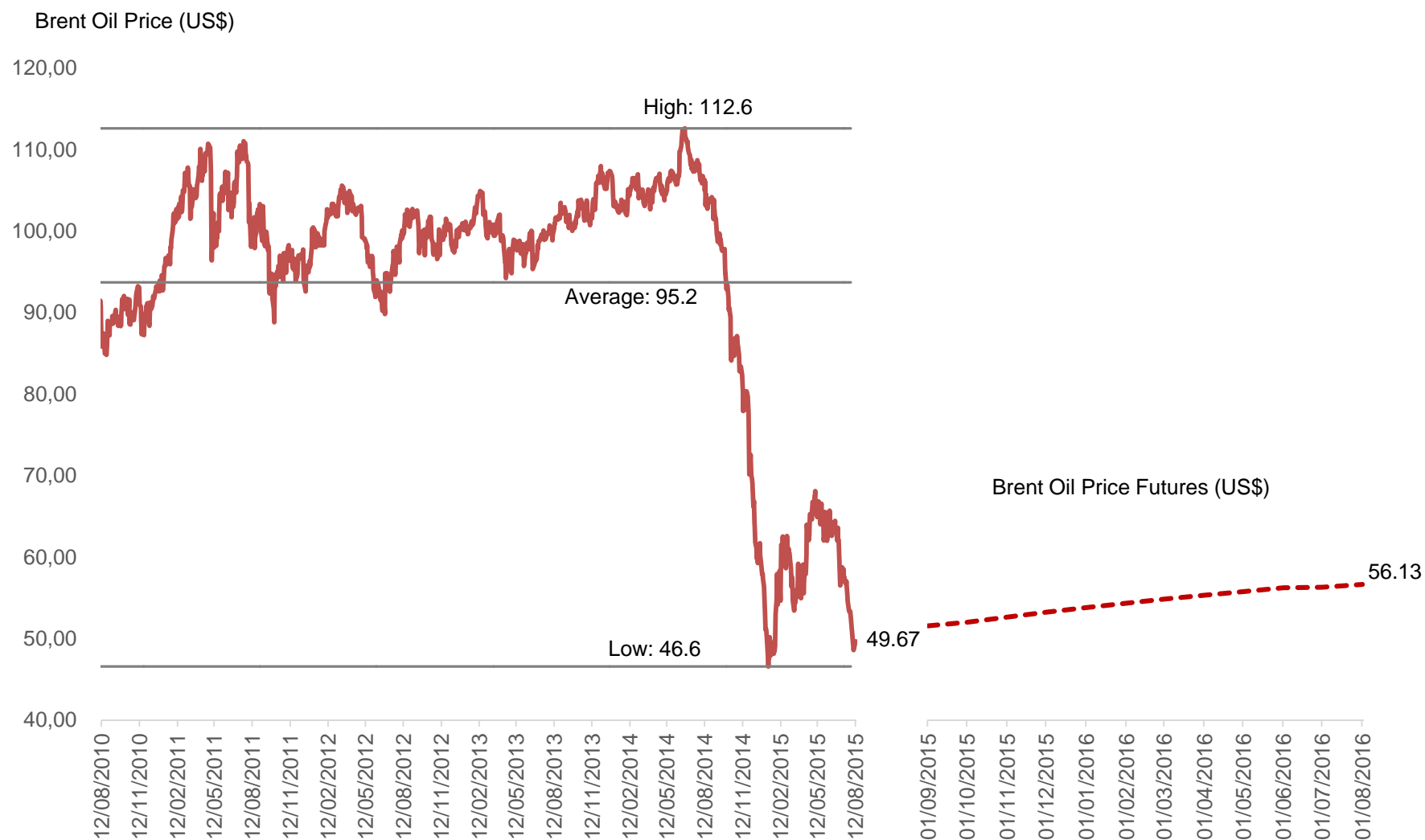
CBR Key Rate

NOK/RUB Exchange Rate

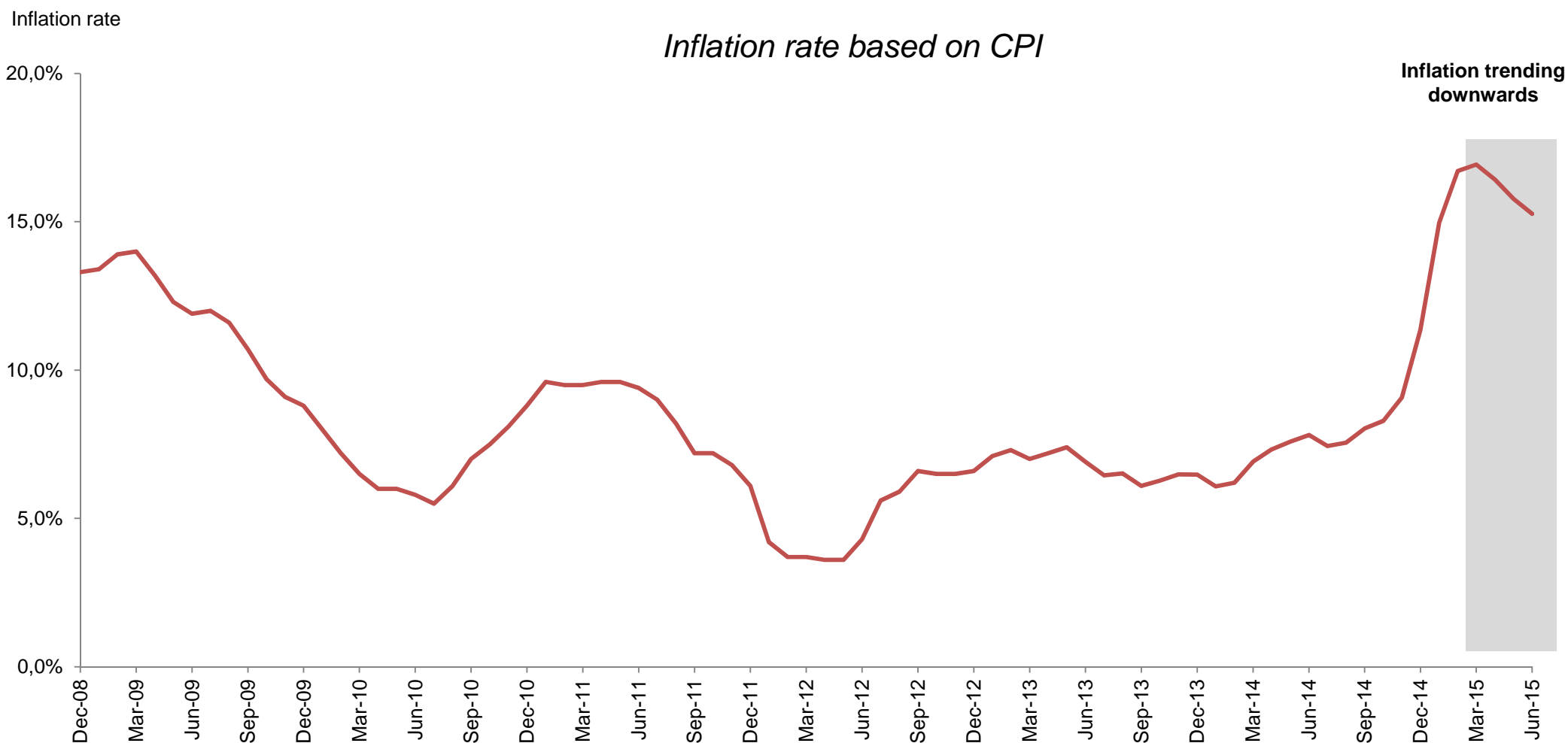
CBR Key Rate



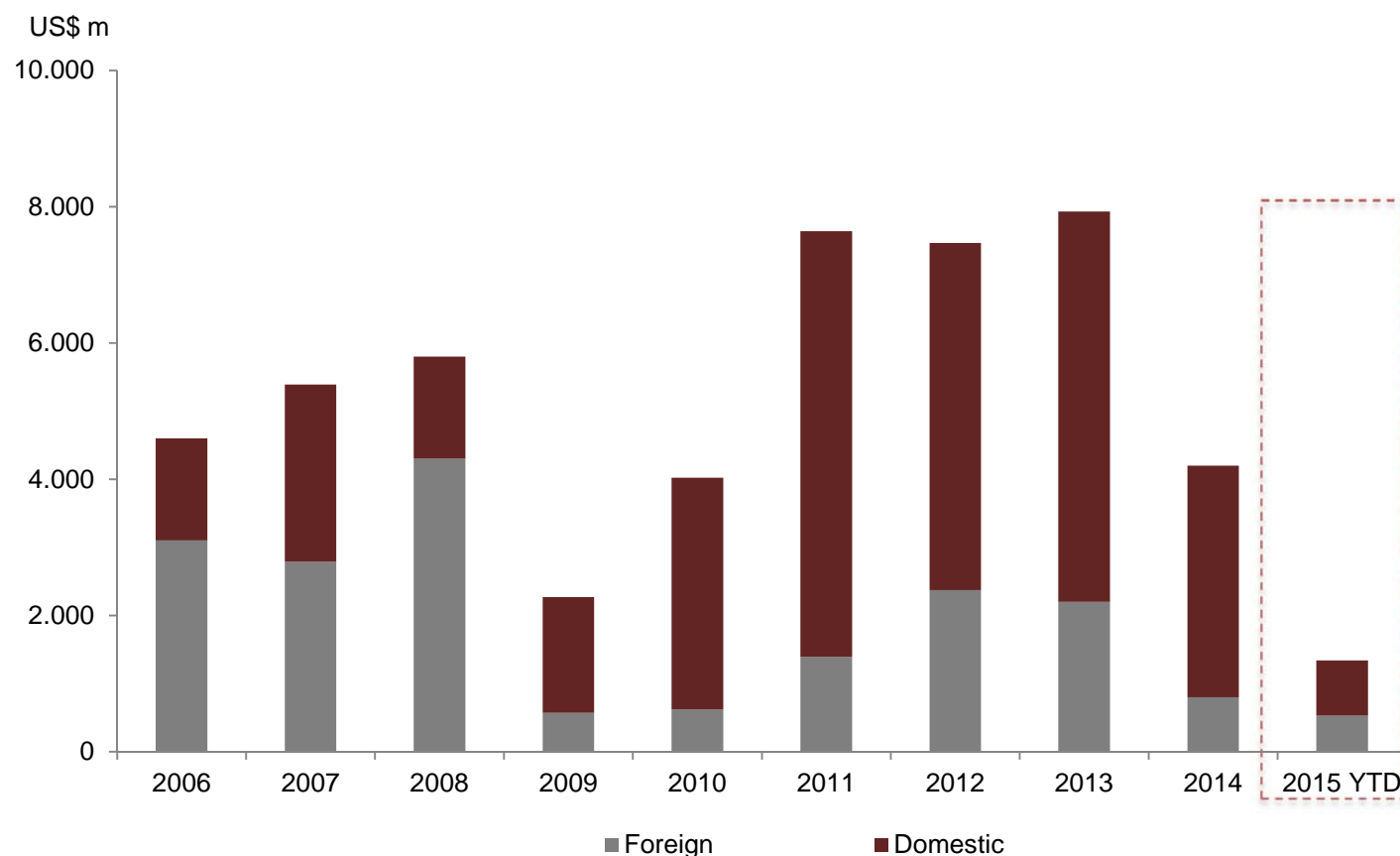
BRENT OIL PRICE AND OIL PRICE FUTURES



RUSSIA – INFLATION



RUSSIA – INVESTMENT VOLUME BY SOURCE OF CAPITAL

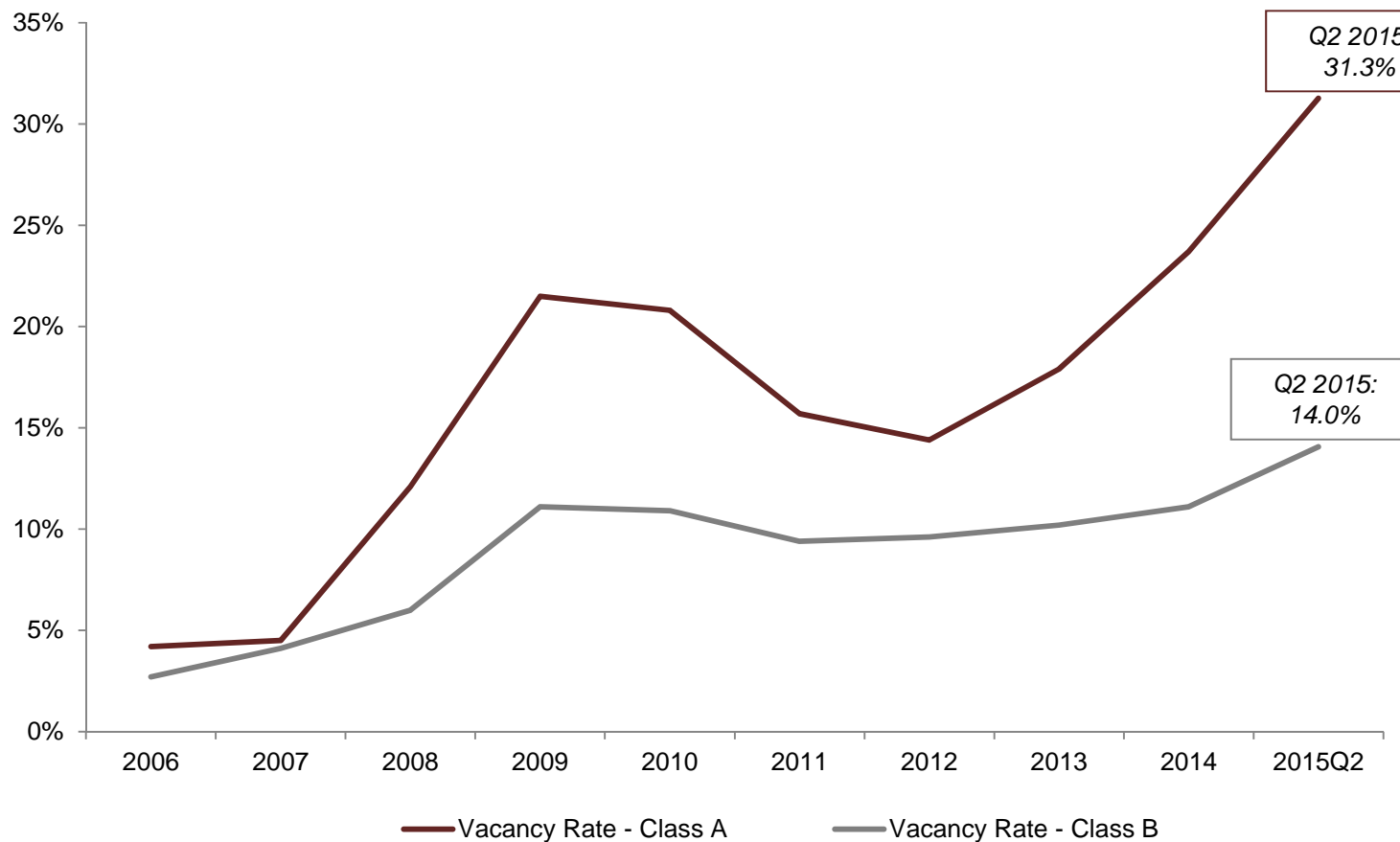


- Investment volume reached c. US\$ 1.3 billion in H1 2015.
- Domestic capital constituted 60% of total investment volume in H1
- Of foreign investors, European and American investors (98%) more active than Asian (2%).

Investment volumes low

MOSCOW OFFICE MARKET – VACANCY RATE

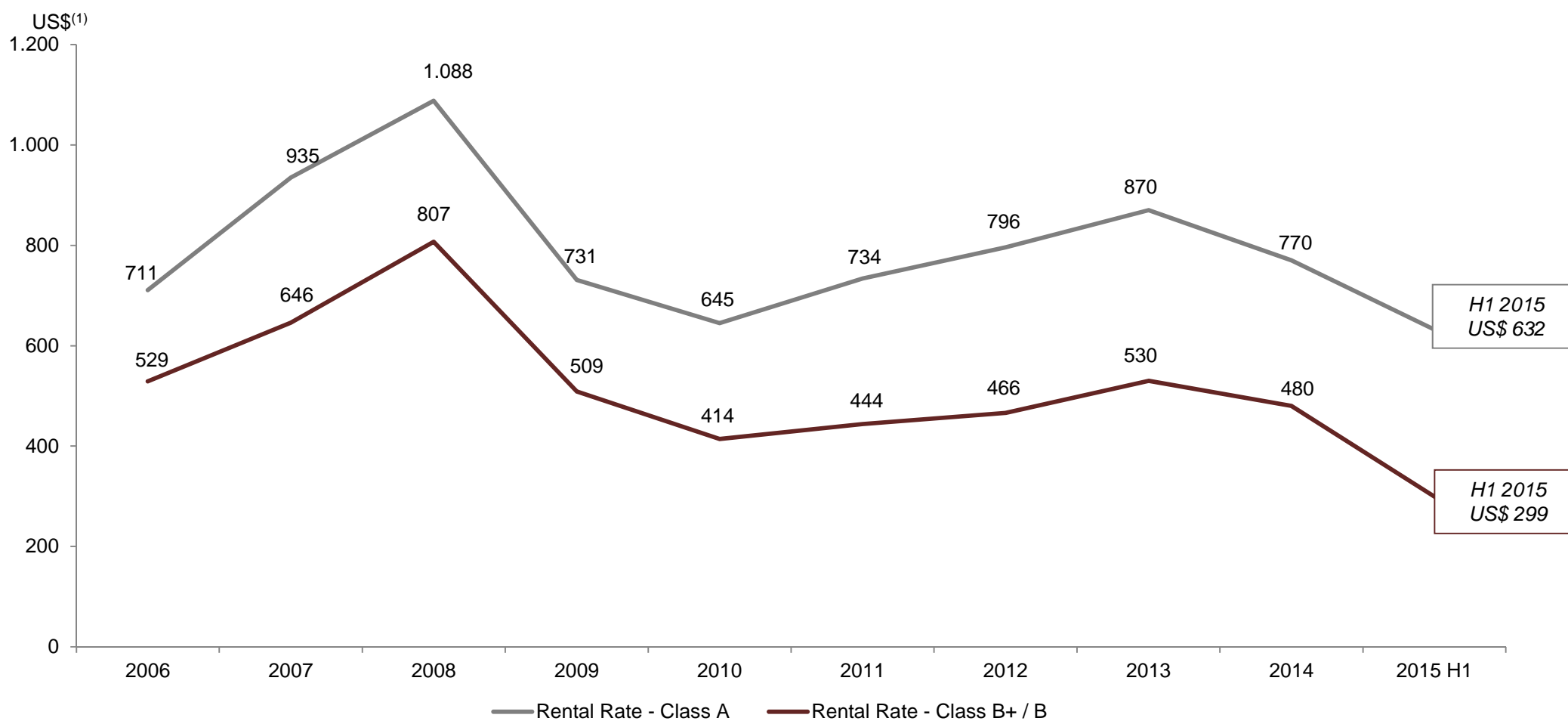
Vacancy (%)



- Significant increase in vacancy rates in new class A business centres.
- Class B continues to show lower vacancy rates than Class A

Class B lower vacancy rate than class A buildings

MOSCOW OFFICE MARKET - AVERAGE RENTAL RATES IN USD ⁽¹⁾



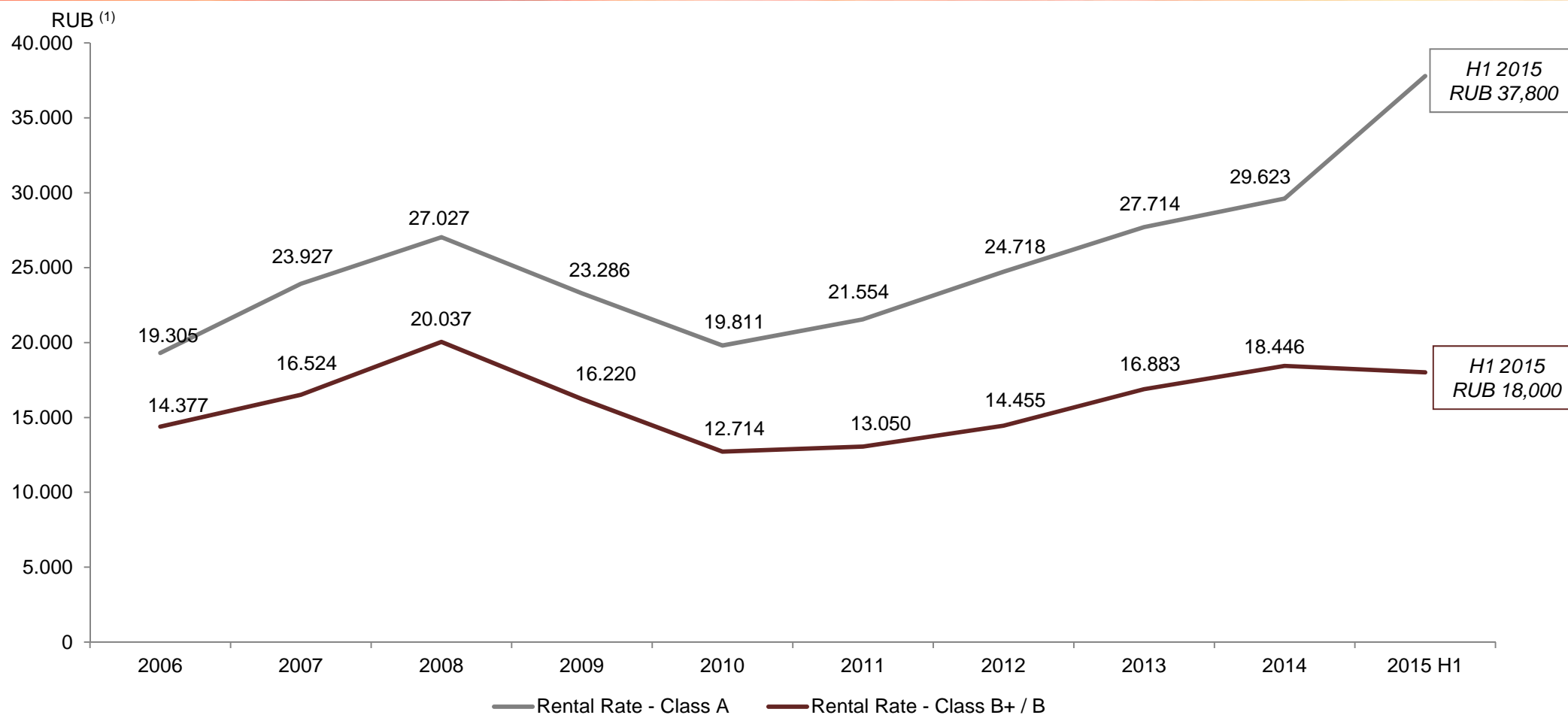
Rents in USD down in the first 6 months

Source: Cushman & Wakefield

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

STORM CAPITAL MANAGEMENT

MOSCOW OFFICE MARKET - AVERAGE RENTAL RATES IN RUB ⁽¹⁾



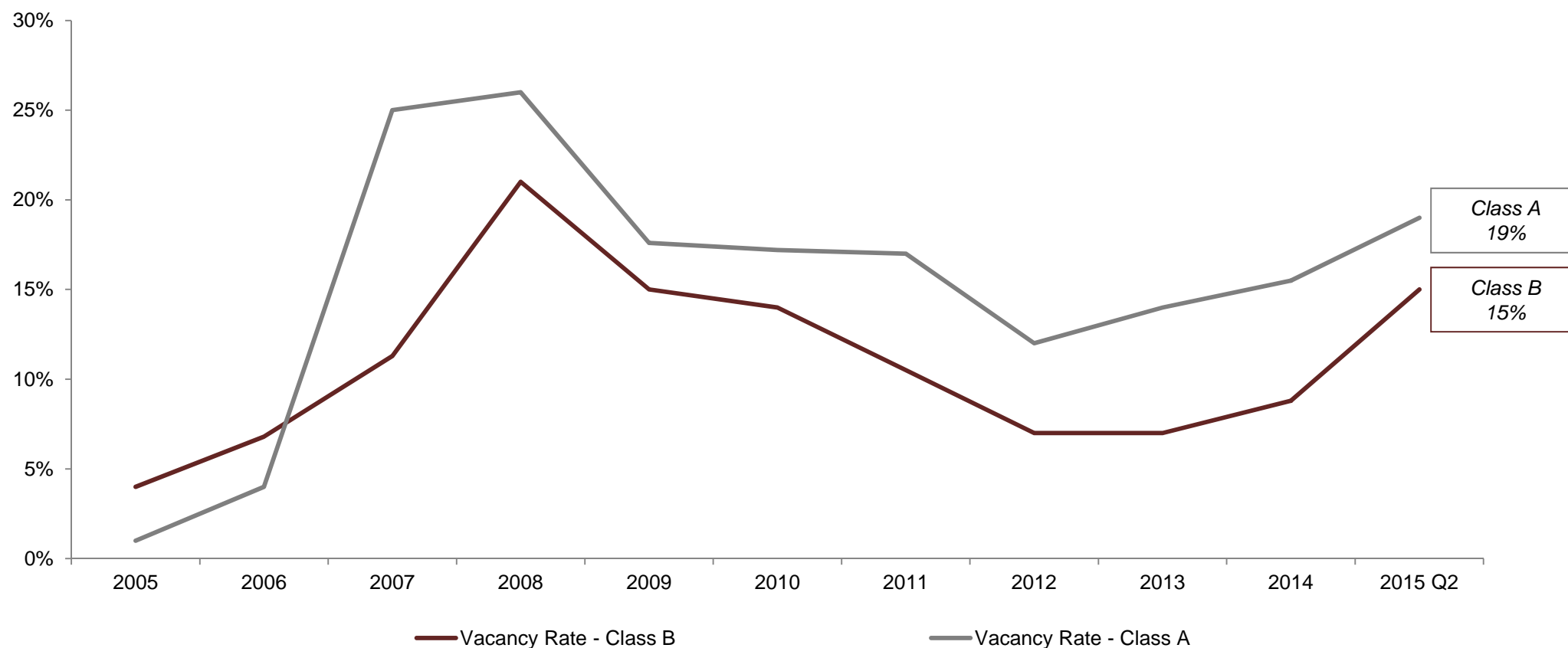
Class A up in RUB terms on positive absorption - Class B down on negative absorption

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

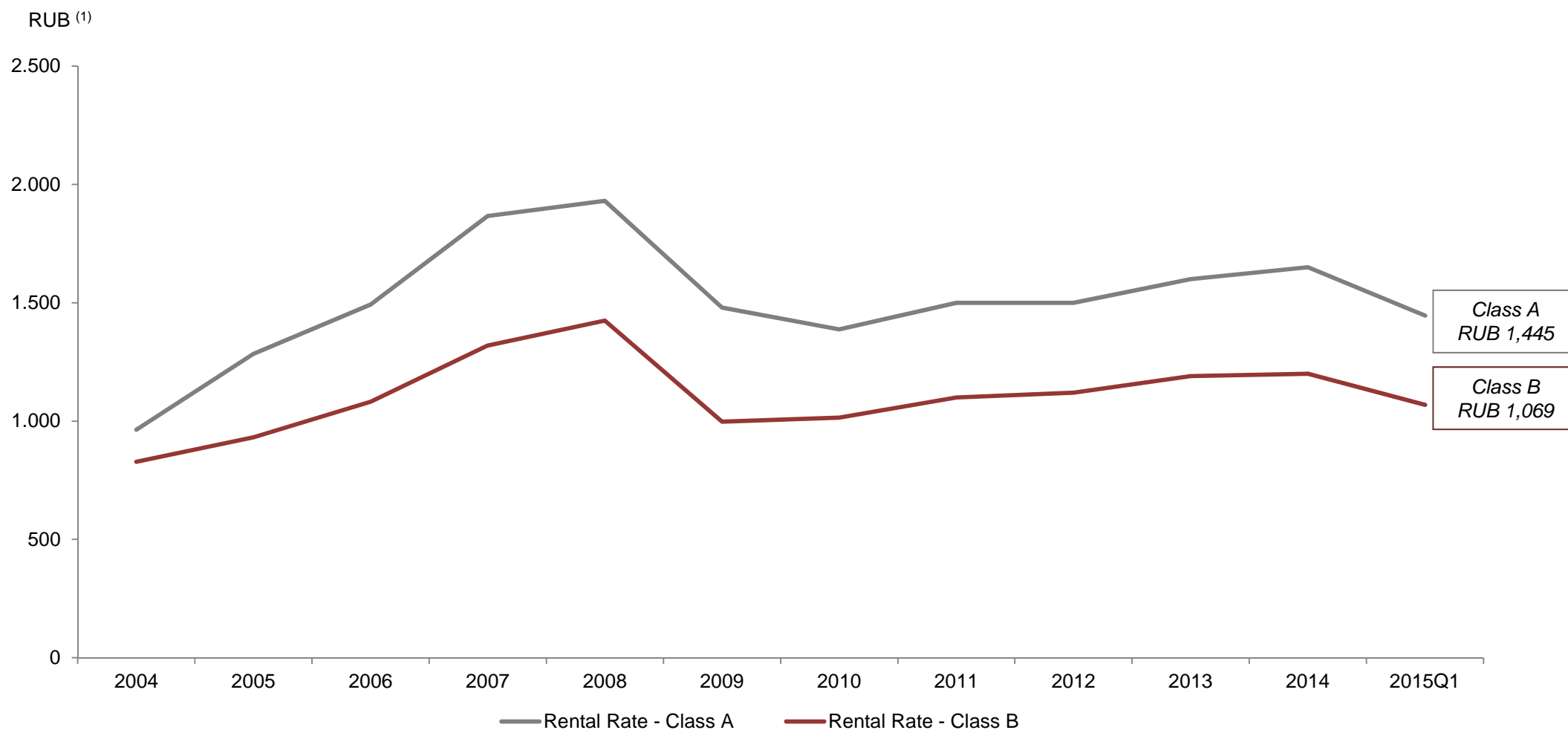
ST. PETERSBURG OFFICE MARKET – VACANCY DYNAMICS

Vacancy Rate



Vacancy During Q2 stable at 19% for class A increased 2% to 15% for Class B buildings

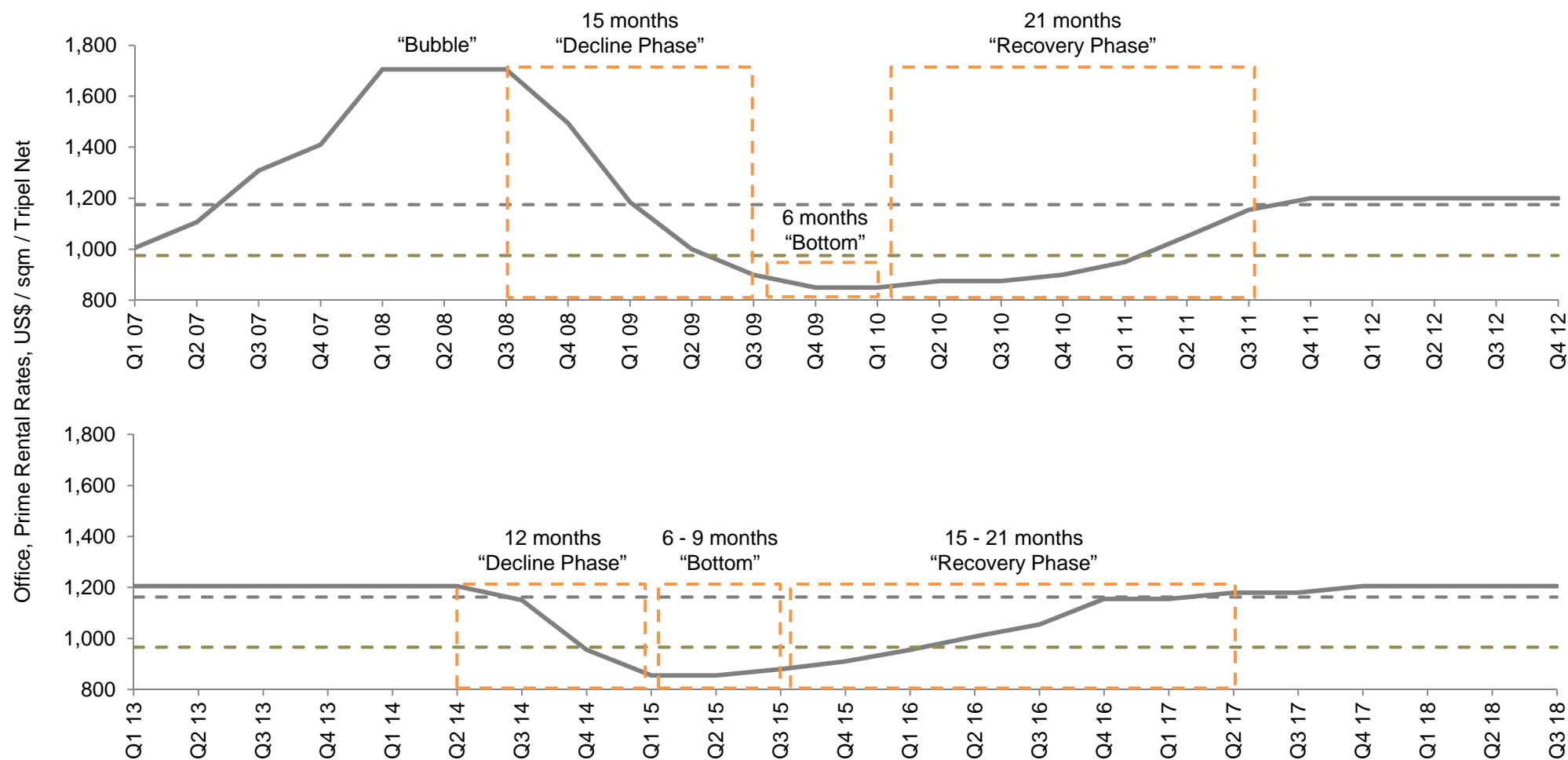
ST. PETERSBURG OFFICE MARKET – DYNAMICS OF AVERAGE WEIGHTED RENTAL RATES⁽¹⁾



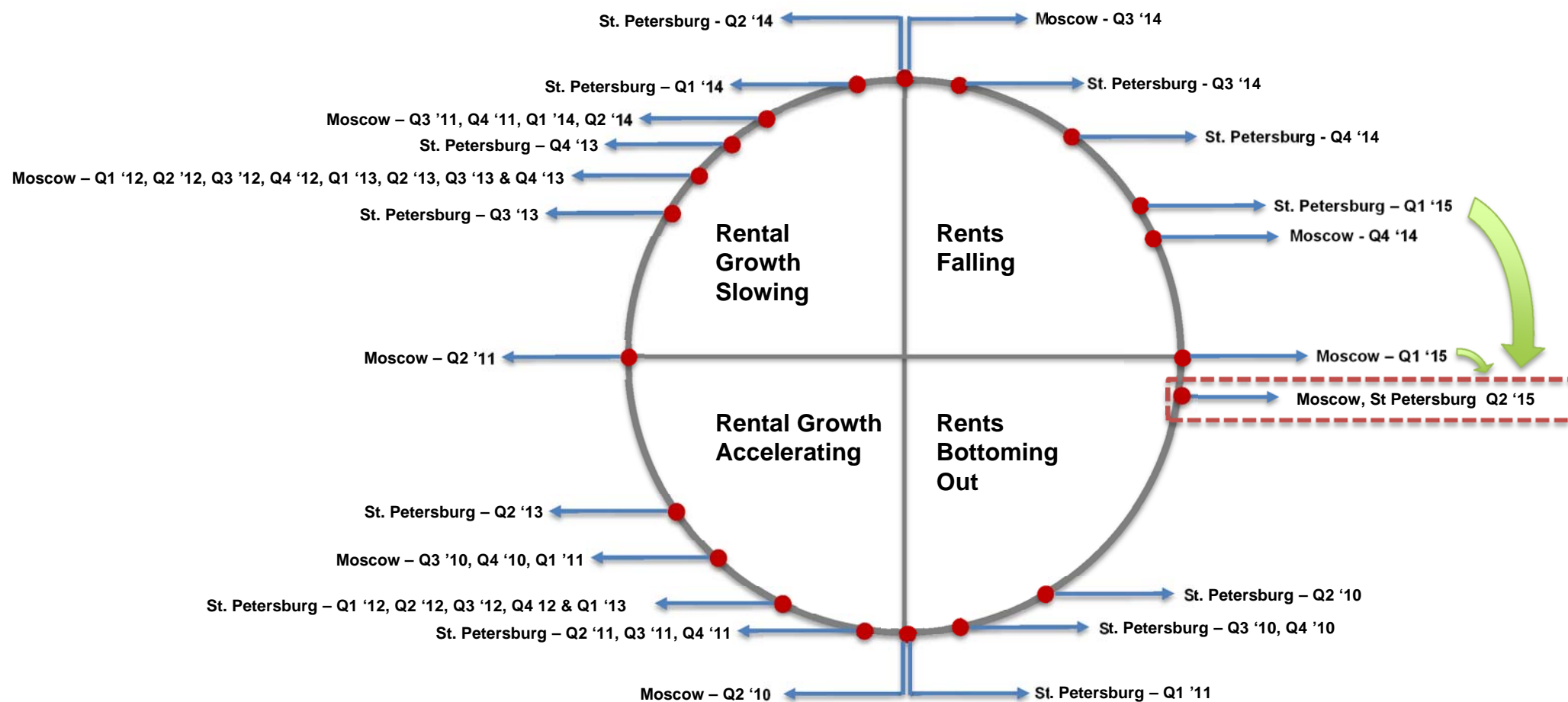
Source: Maris, Part of the CBRE Affiliate network, 2015.

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

CBRE – VISION OF POTENTIAL “MARKET BOTTOM”

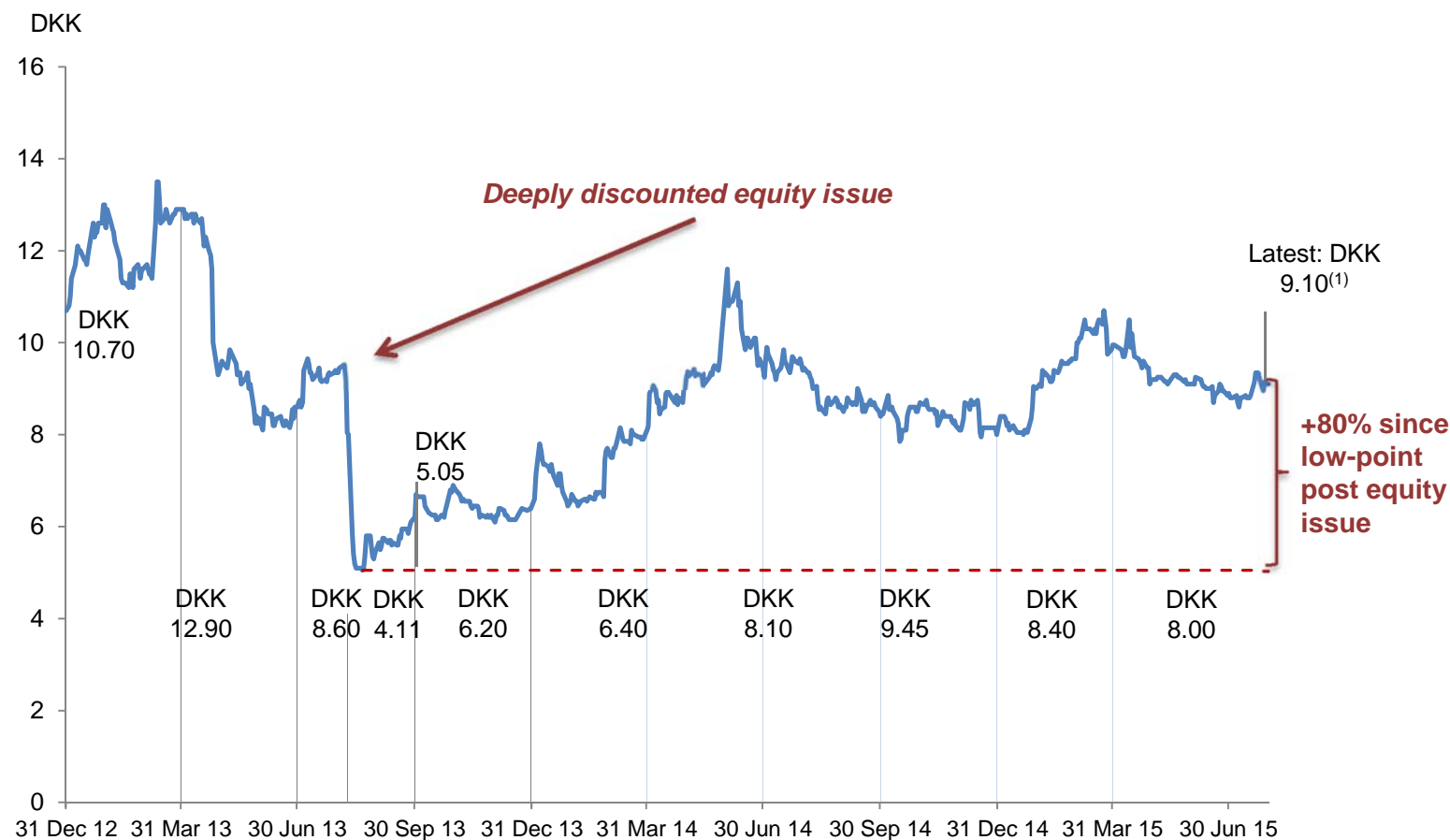


EUROPEAN OFFICE CLOCK Q2 2010 – Q2 2015



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
	1,8%	2,1%	6,2%	5,9%
	2,5%	2,8%	7,7%	7,6%
	3,3%	3,4%	8,4%	7,9%
	2,5%	2,6%	5,6%	5,5%

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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%

Major Tenant *Gazprom Tsentrremont*

Grifon House



Class B

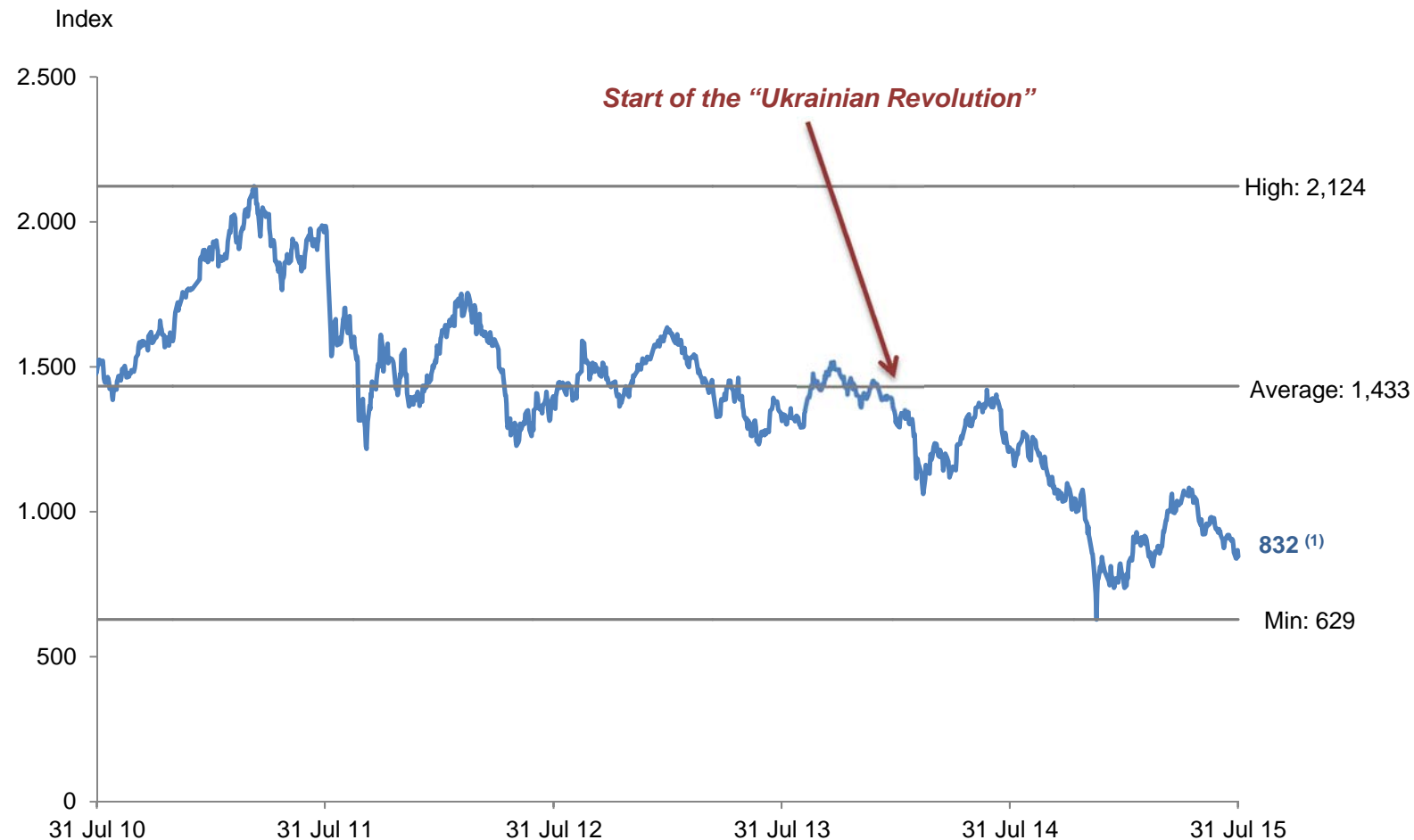
Gross Area c. 6,250 m²

Occupancy Rate 100%

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

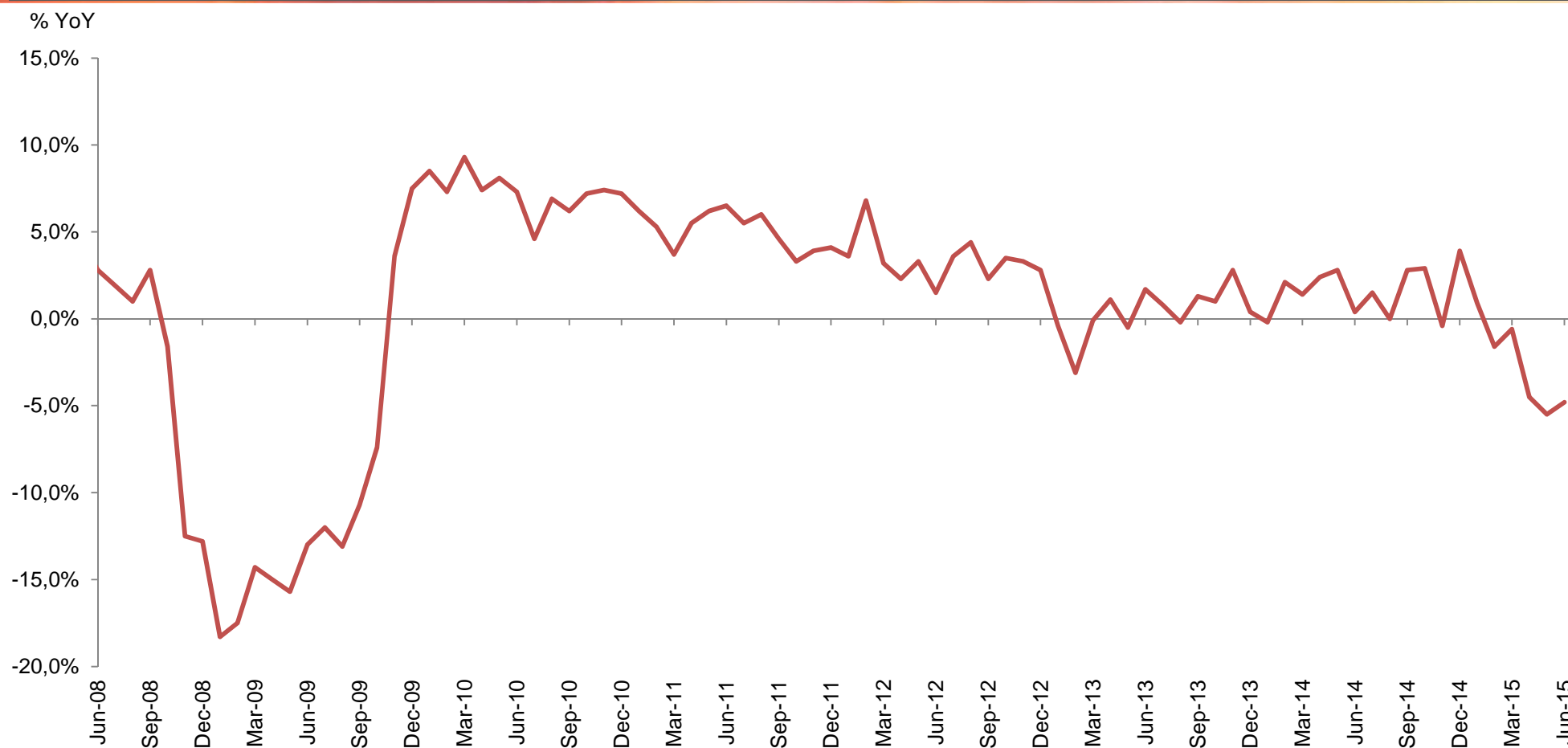
PERFORMANCE OF THE RUSSIAN STOCK MARKET INDEX (RTS)

- *The Russian stock market has fallen again after an upturn earlier in the year since march together with a higher oil price and a stronger rouble*
- *The RTS index is up 5,2% in 2015 ⁽¹⁾*



STORM CAPITAL MANAGEMENT

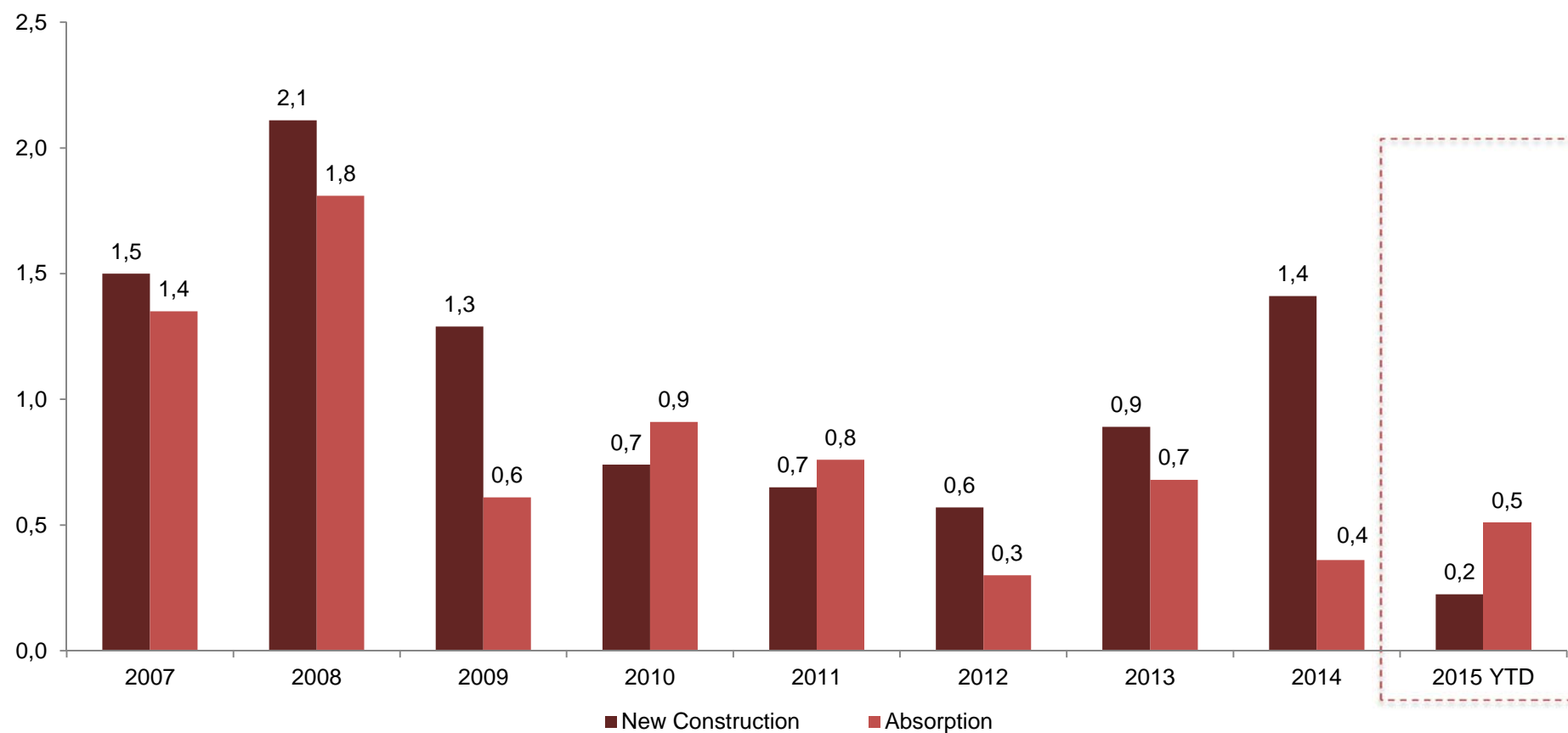
RUSSIA – INDUSTRIAL PRODUCTION



Economic activity (as measured by industrial production) showing a downward trend

MOSCOW OFFICE MARKET – NEW CONSTRUCTION AND ABSORPTION

Million m²



New construction at low levels, absorption increased in Q2

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