



4<sup>th</sup> quarter 2015

FINANCIAL RESULTS PRESENTATION

12 February 2016

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## KEY TAKE AWAYS Q4 2015

1.

- Total Comprehensive Income of USD -2.8m in Q4

2.

- Russia values written down further

3.

- Disposal of Grifon House in the quarter

4.

- NAV per share at NOK 10.56

STORM CAPITAL MANAGEMENT

## P&L – MAJOR ITEMS

mill. USD	Q4 2015	Q4 2014	12M 2015	12M 2014
<b>Total Comprehensive Income</b>	<b>-2.8</b>	<b>-21.3</b>	<b>-16.8</b>	<b>-34.2</b>
<u>Summary of major items:</u>				
NOI from investment properties	1.8	2.5	8.7	10.3
Value change investment properties	-0.7	-17.9	-19.0	-32.8
Value change shares in real estate companies	-0.2	-0.7	-0.1	3.2
Other operating costs	-0.4	-0.7	-1.8	-2.9
Funds and liquid investments	0.0	-1.3	-0.2	-0.6
Borrowing costs	-0.8	-0.8	-3.2	-3.0
Currency gains/ losses	0.0	-0.4	-1.1	-2.4
Contract- and interest derivatives	0.6	-0.5	-0.1	-1.0
Taxes	-0.9	-1.6	2.3	-4.7
Recognised loss on disposal of subsidiary	-1.8	0.0	-1.8	0.0

STORM CAPITAL MANAGEMENT

## BALANCE SHEET – MAJOR ITEMS

(US\$ '000)	31/12/14	31/12/15 <sup>(1)</sup>		31/12/14	31/12/15 <sup>(1)</sup>
Investment property	\$70,343	\$38,950	Bank loans	\$42,438	\$24,707
Investments property shares	\$14,192	\$12,641	Deferred tax	\$10,824	\$4,513
<b>Total non-current assets</b>	<b>\$84,568</b>	<b>\$51,611</b>	Other liabilities	\$5,251	\$7,132
Cash & liquid investments <sup>(2)</sup>	\$12,221	\$6,353	<b>Total liabilities</b>	<b>\$58,513</b>	<b>\$36,351</b>
<b>Total current assets</b>	<b>\$12,731</b>	<b>\$6,741</b>	<b>Equity</b>	<b>\$38,786</b>	<b>\$22,000</b>
<b>Total assets</b>	<b>\$97,299</b>	<b>\$58,352</b>	<b>Total equity and liabilities</b>	<b>\$97,299</b>	<b>\$58,352</b>
			<i>Equity ratio</i>	40 %	38%

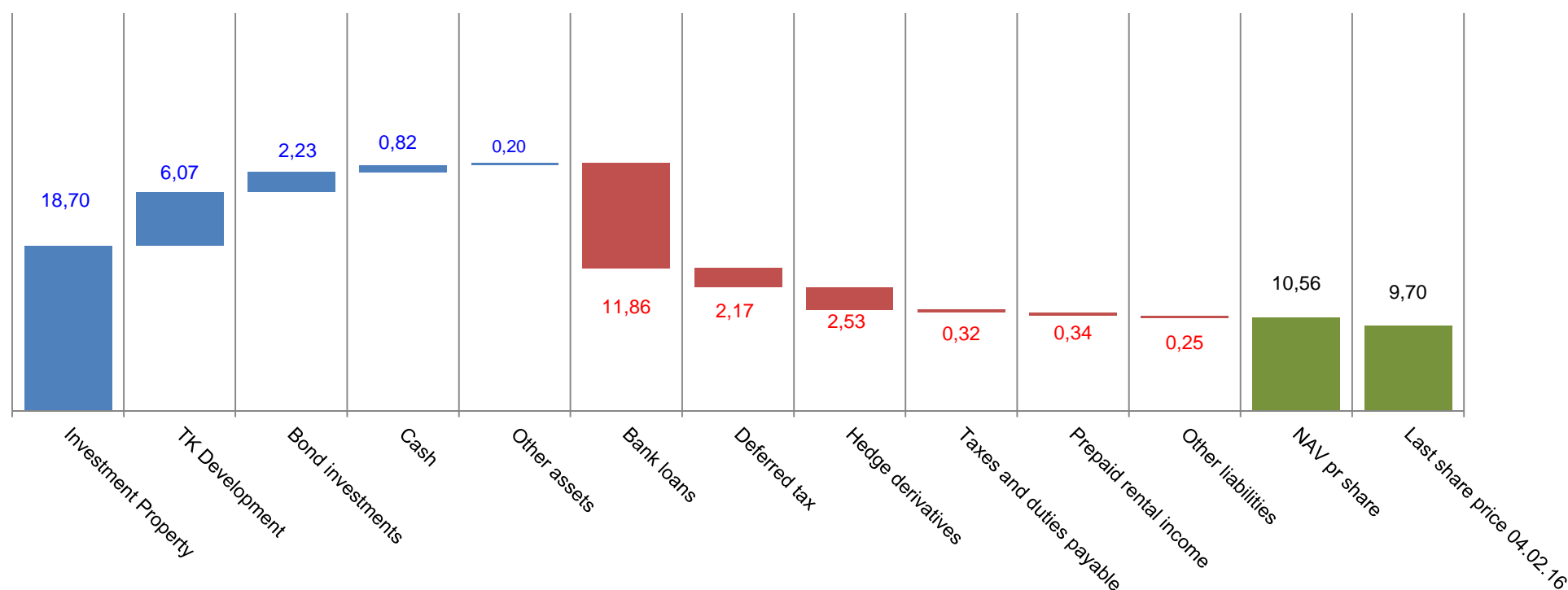
(1) Unaudited.

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

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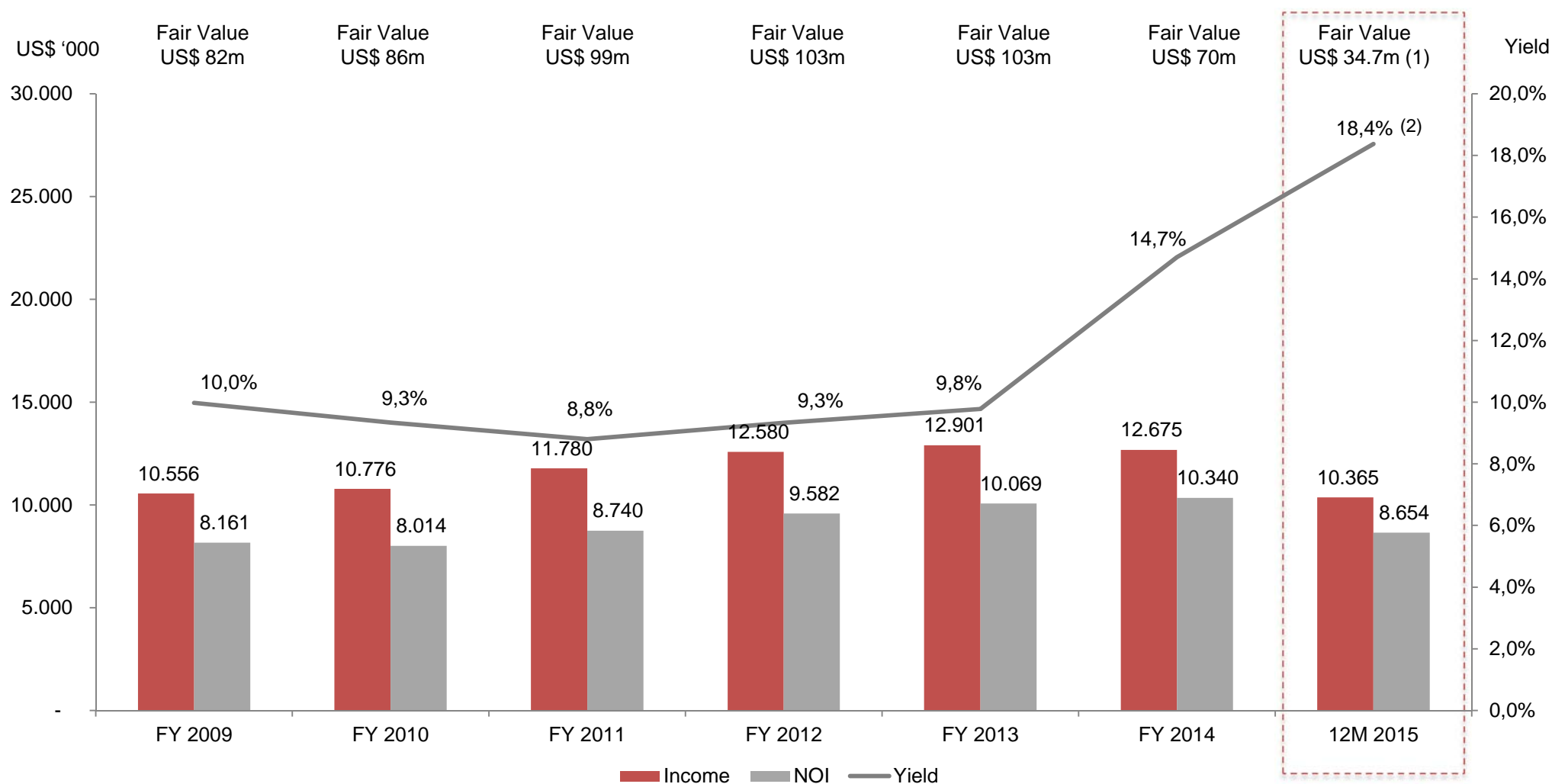
# NAV PER SHARE

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



## STORM CAPITAL MANAGEMENT

### DEVELOPMENT OF ASSET VALUE 2009 – 2015

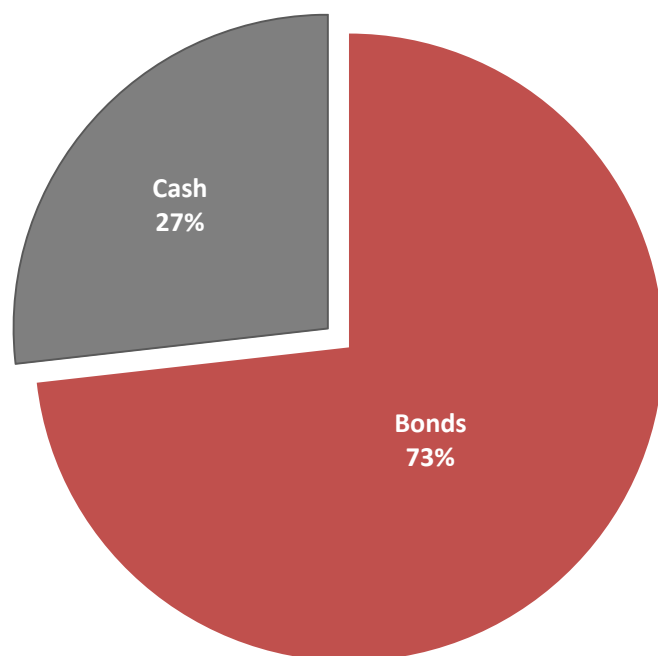


(1) Grifon sold. Value as per valuation from independent valuer.

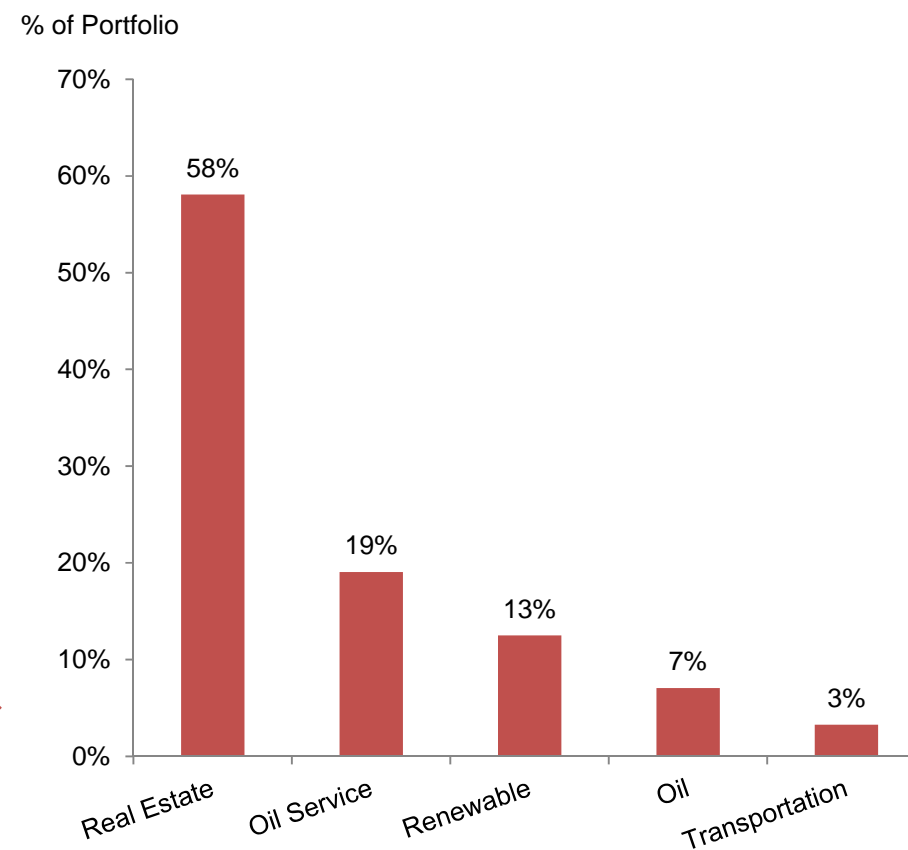
(2) Yield is calculated on the 2015 NOI / Asset value at year end of the remaining asset (Gasfield)

## 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 2015. Includes investment in Storm Bond Fund and direct investments in bonds.

(2) Sector split as per 31 December 2015.

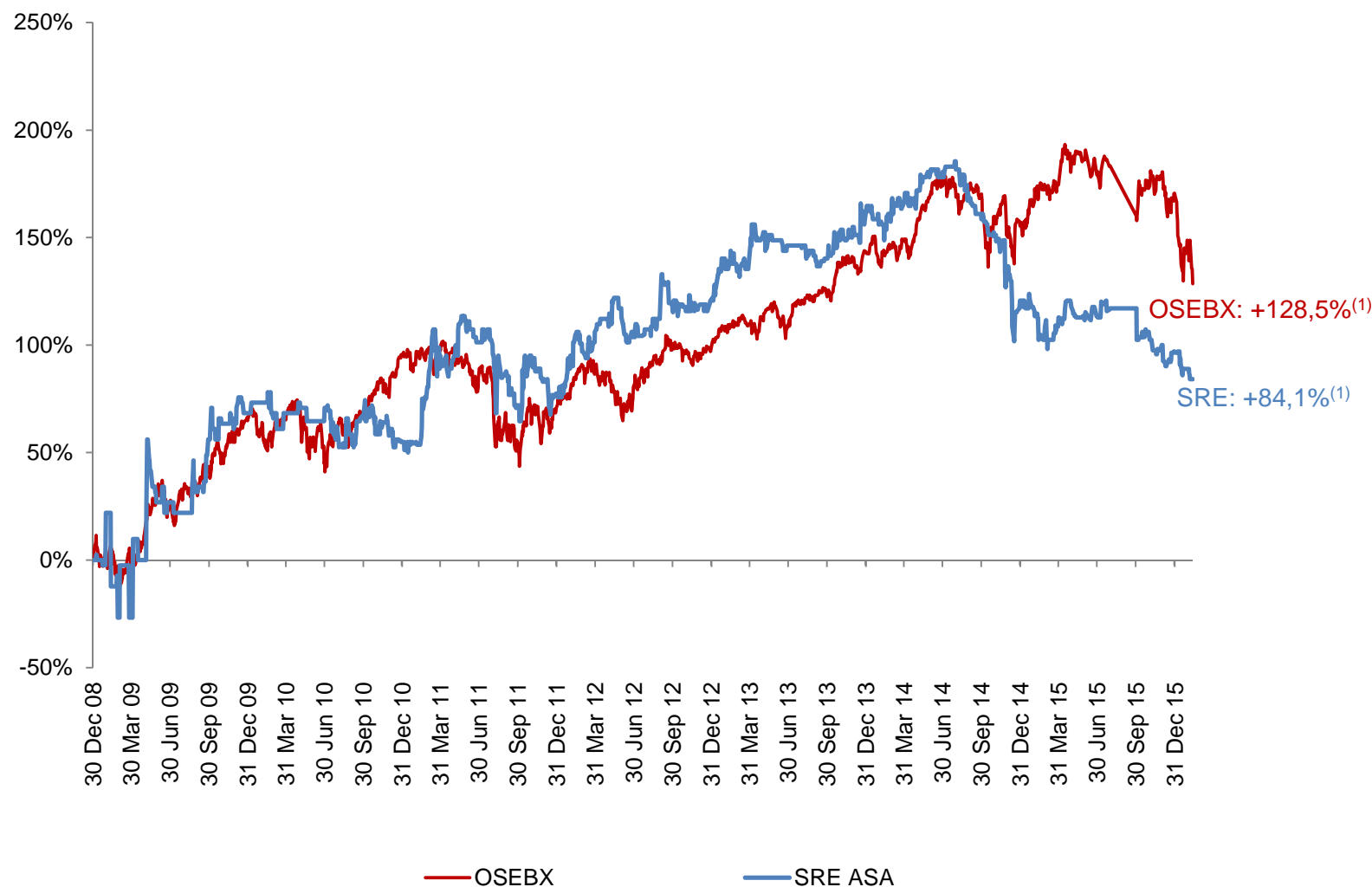


## DISPOSAL OF GRIFON HOUSE

- Grifon House was sold on 15 December 2015 by selling shares in a subsidiary
- The total consideration for the shares was 13.2 million USD, which implies a gross property value for Storm Real Estate of 14.1 million USD, adjusted for working capital and recognised deferred tax.
- The transaction had a NAV effect of -1,8 million USD as at the transaction date.
- The existing financing was due in June 2016, hence a requirement for refinancing or sale
- The deal is done without any major reps & warranties
- Estimated IRR in the ownership period was 8.3%

## STORM REAL ESTATE SHARE PRICE PERFORMANCE

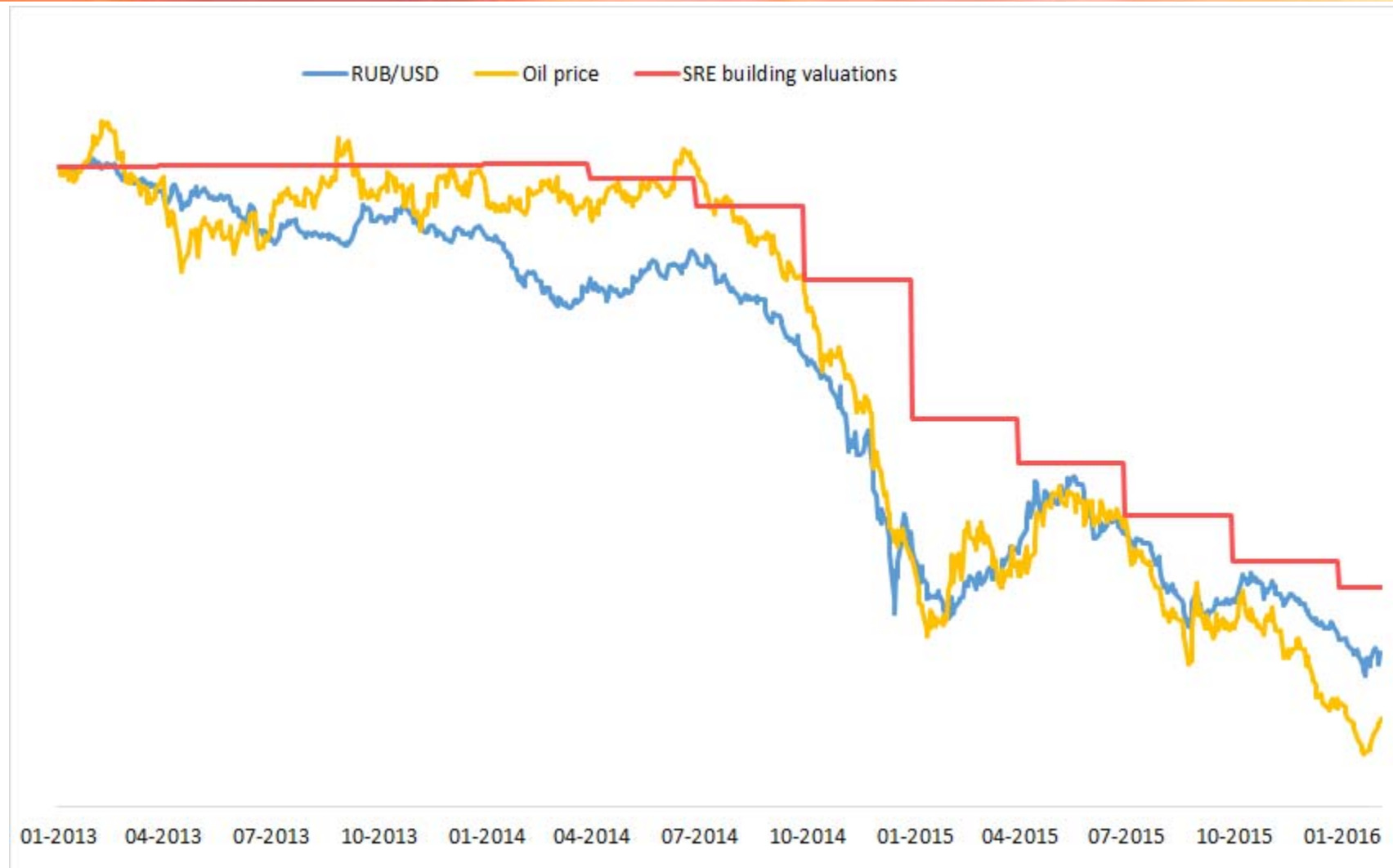
- *The Storm Real Estate ASA share is listed on Oslo main exchange since 6 July 2010*
- *Current share price of NOK 9.50 per share (11 Feb 2016)*
- *Net Asset Value of 10.56 NOK per share (31 Dec 2015)*



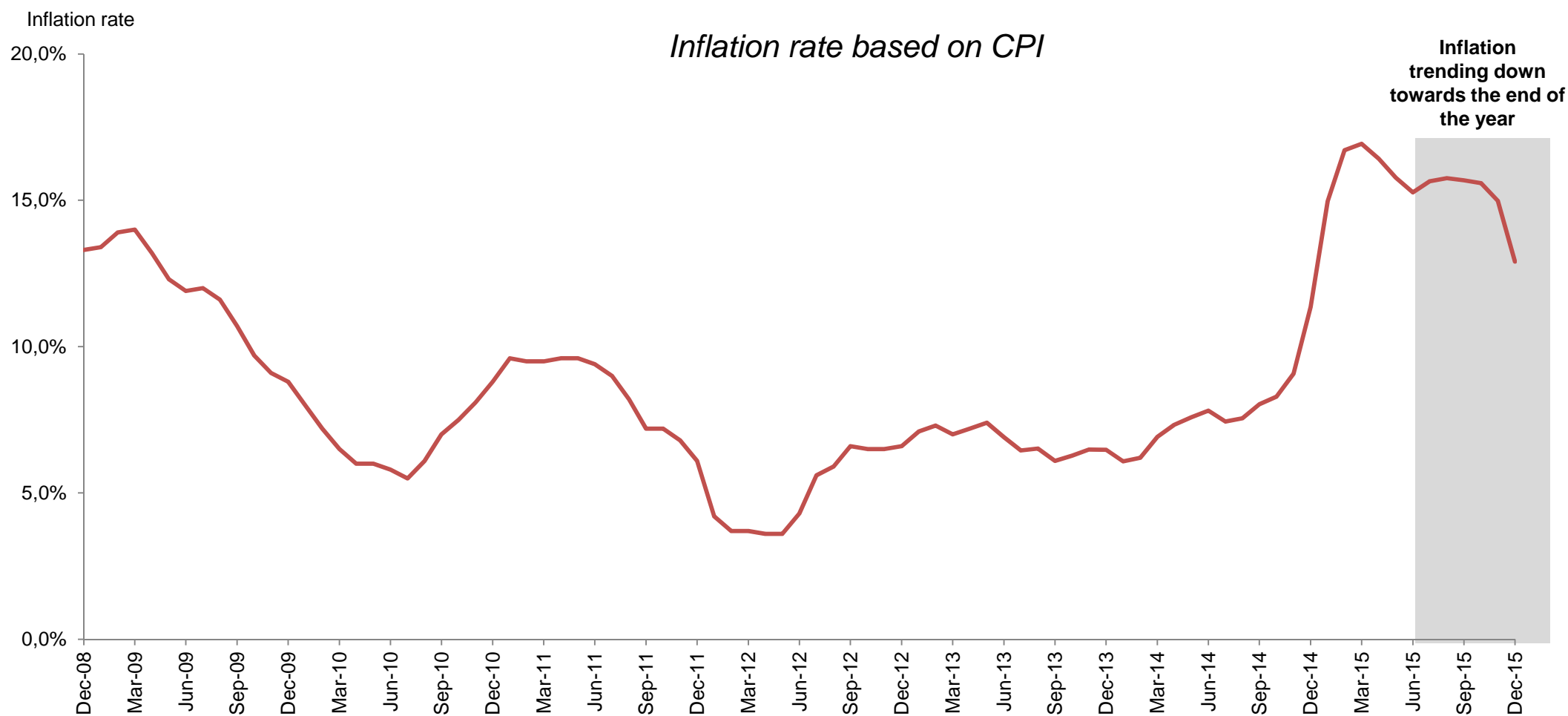
Source: Oslo Stock Exchange, Bloomberg

(1) SRE and OSEBX adjusted for dividends. As per 11 February 2016.

## PROPERTY VALUES VS OIL PRICE AND ROUBLE DEPRECIATION

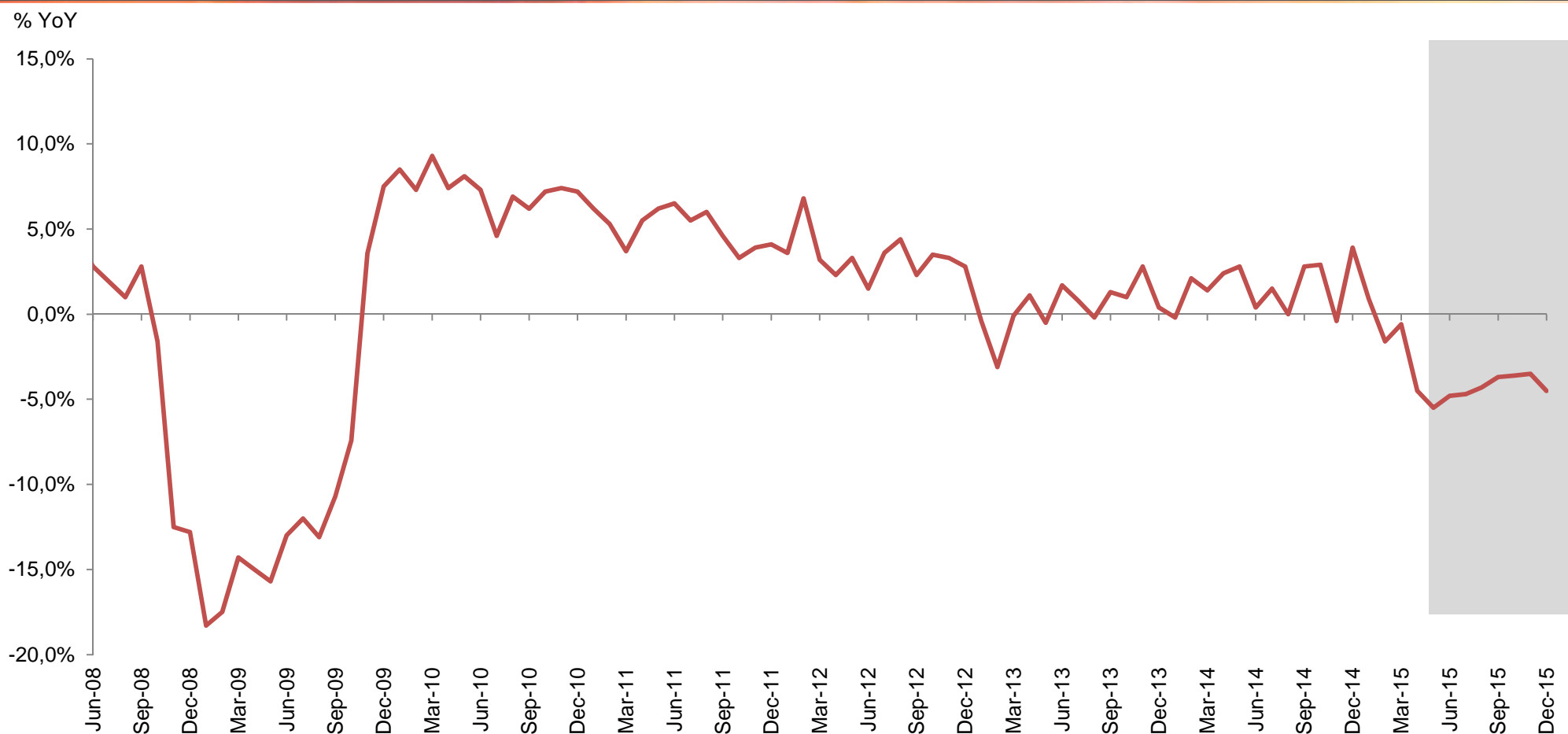


## RUSSIA – INFLATION



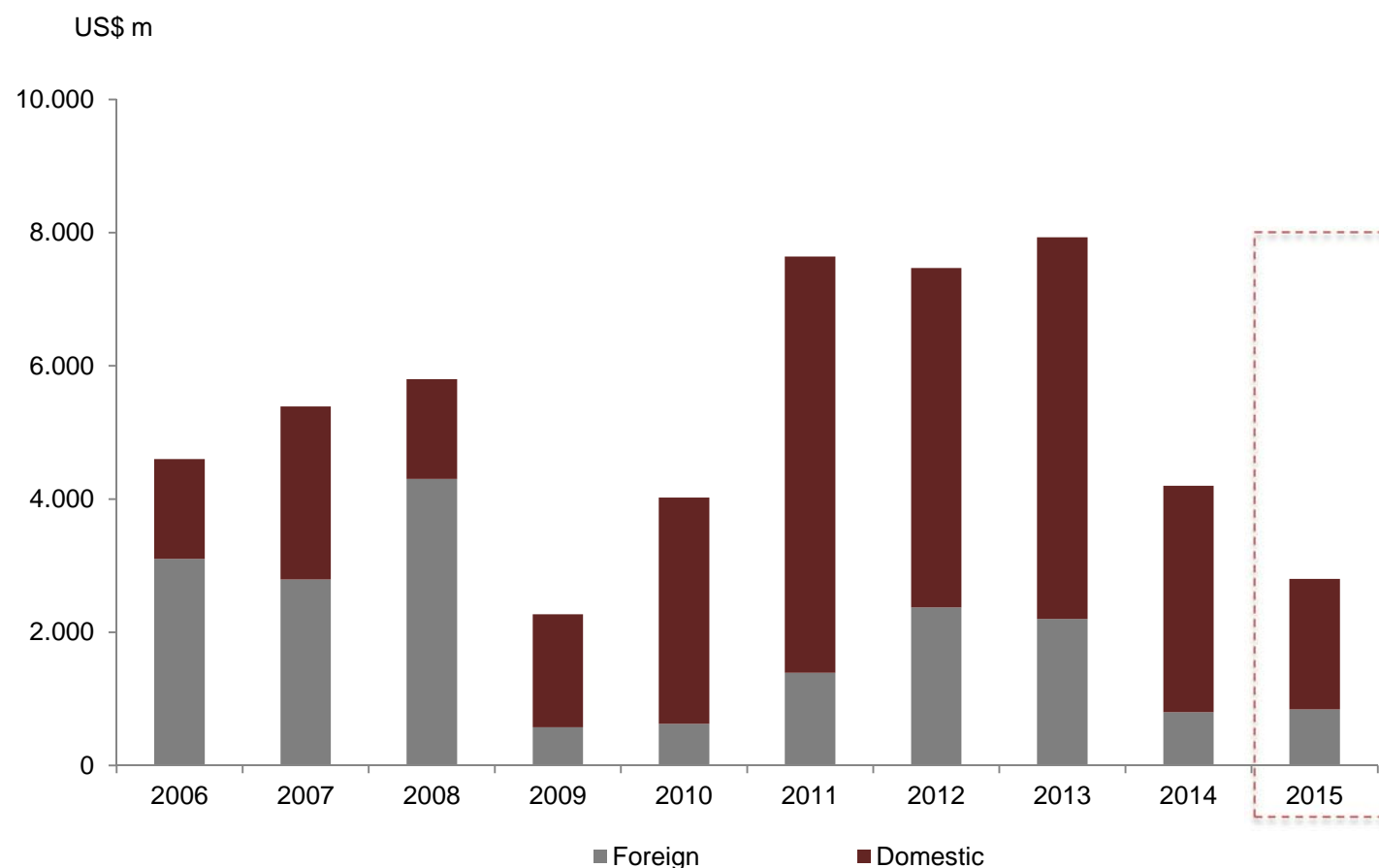
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## RUSSIA – INDUSTRIAL PRODUCTION



*Economic activity (as measured by industrial production) stabilising at lower levels*

## RUSSIA – INVESTMENT VOLUME BY SOURCE OF CAPITAL

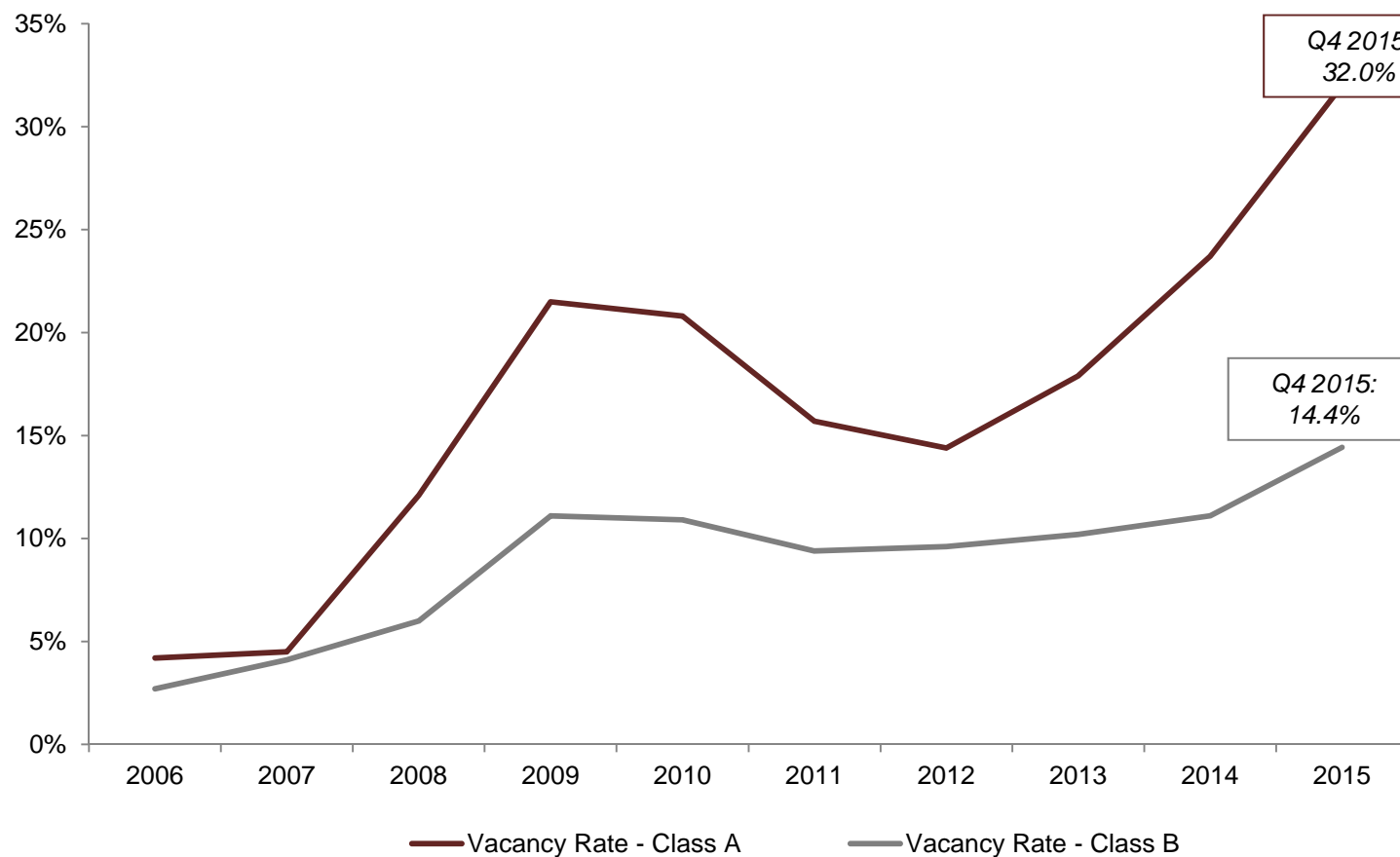


- Investment volume reached c. US\$ 2.8 billion in 2015.
- Domestic capital constituted 70% of total investment volume YTD 2015
- Of foreign investors, European and American investors most active. Little activity from Asian investors.

*Investment volumes low*

## MOSCOW OFFICE MARKET – VACANCY RATE

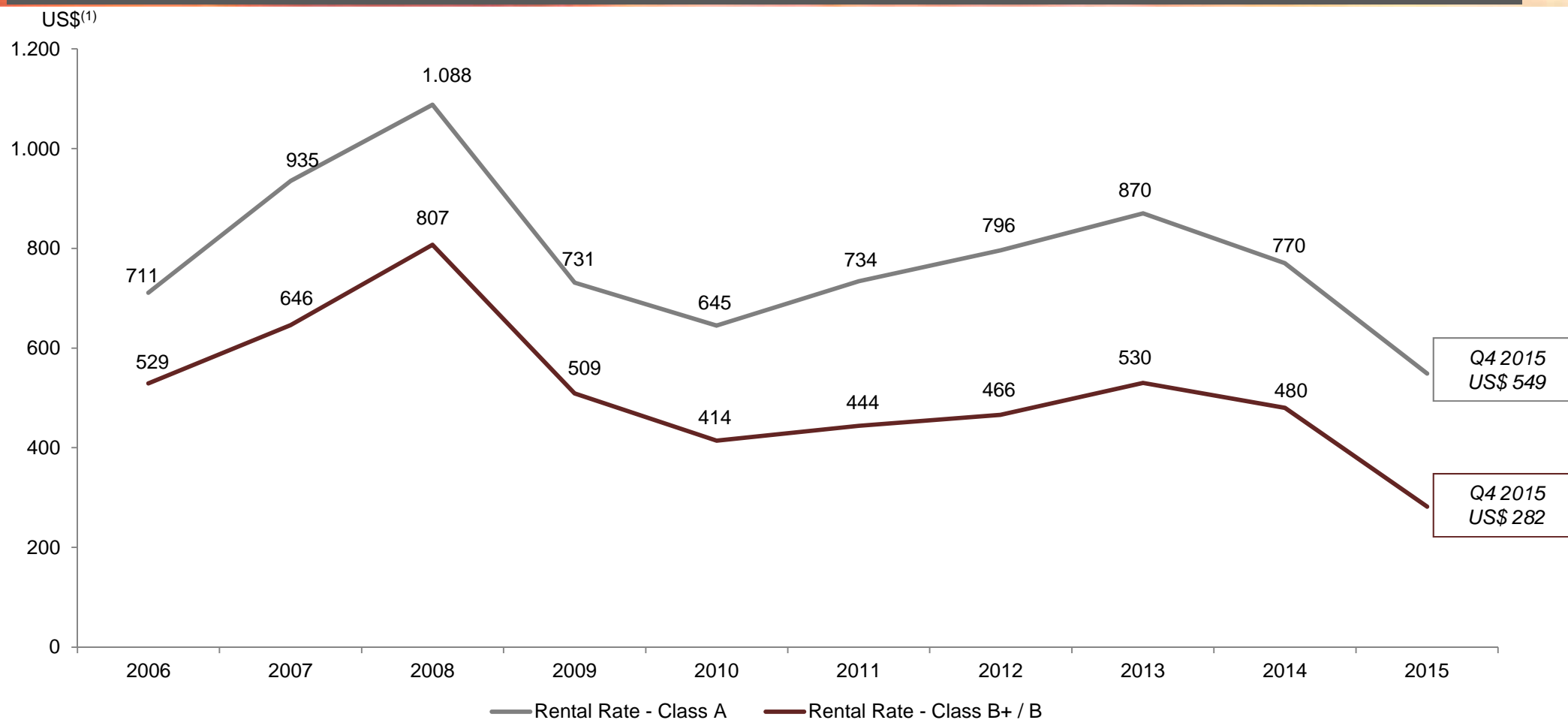
Vacancy (%)



- 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 <sup>(1)</sup>



*Rents in USD down last two years*

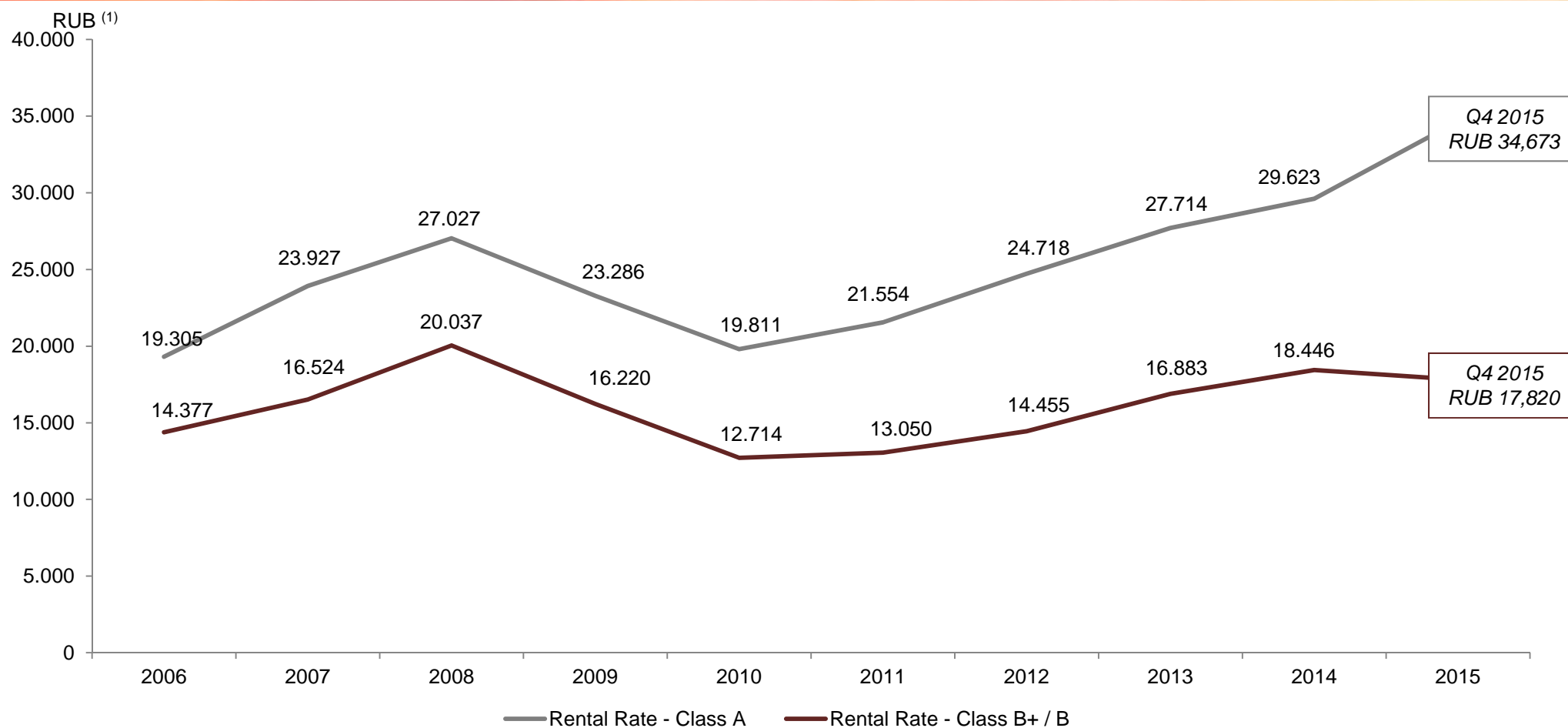
Source: Cushman & Wakefield

(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



STORM CAPITAL MANAGEMENT

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

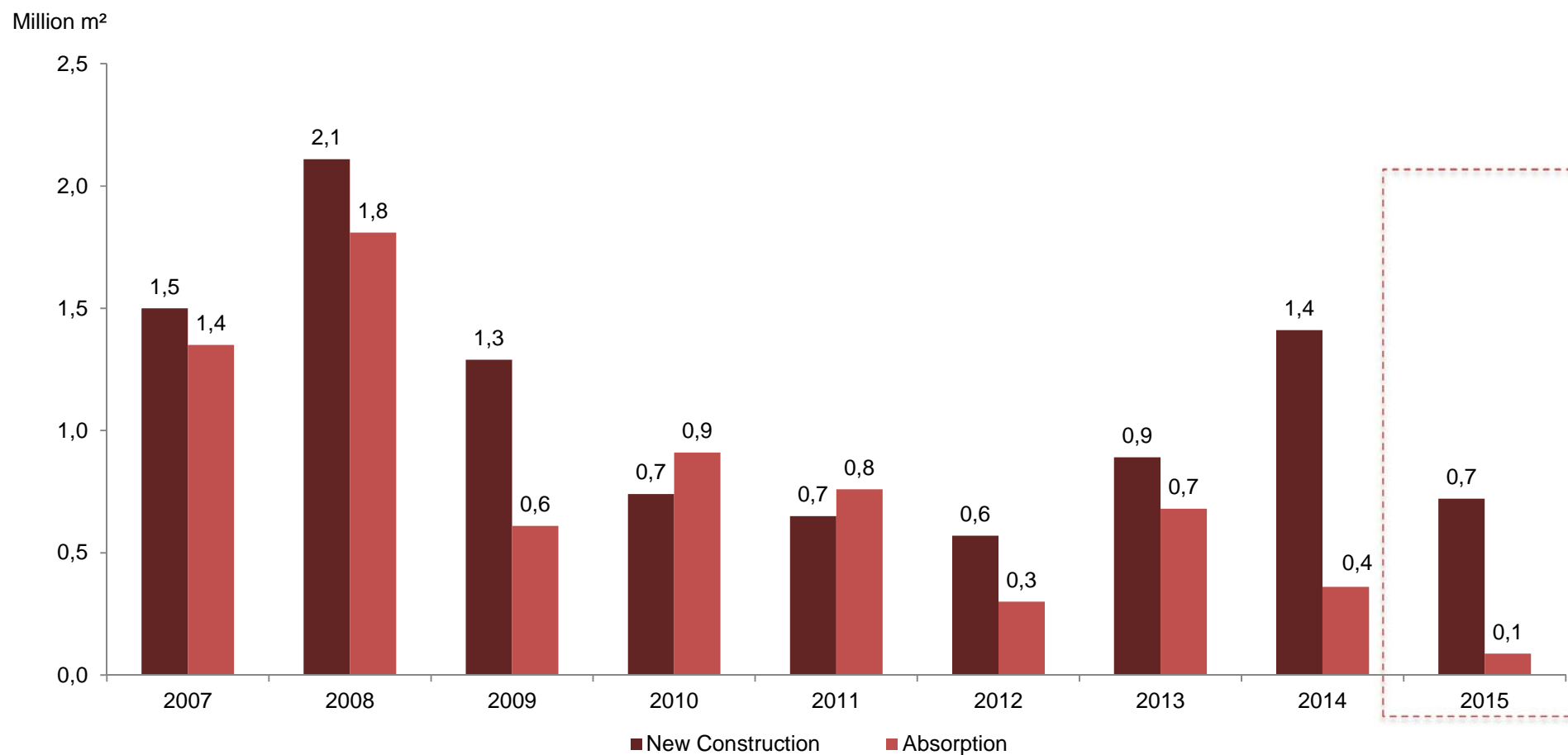


*Class A up in RUB terms - Class B down*

Source: Cushman & Wakefield

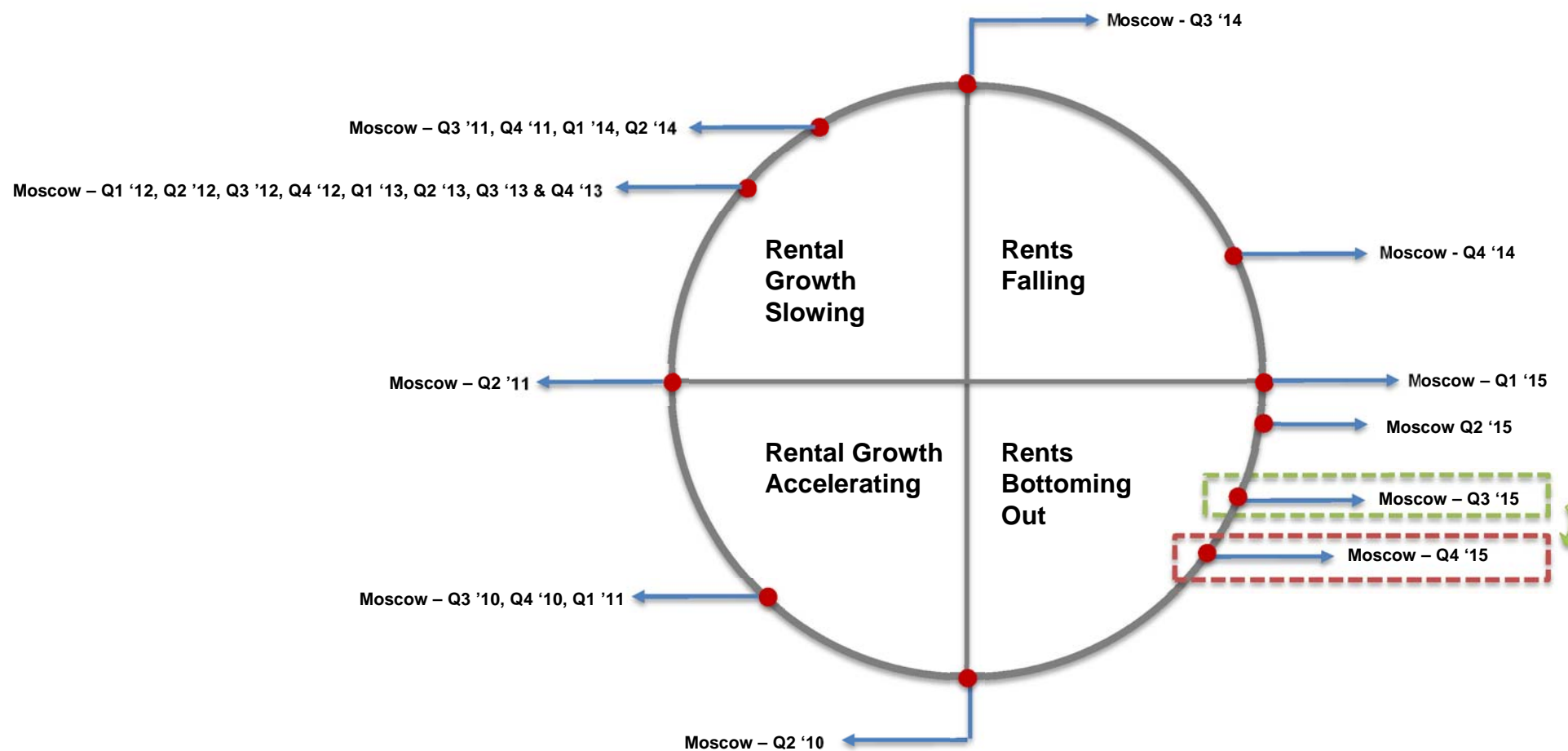
(1) Average rental rates is a weighted average rental rate of asking rents of deals closed within the period, RUB / m<sup>2</sup>/ annum/ triple net

## MOSCOW OFFICE MARKET – NEW CONSTRUCTION AND ABSORPTION



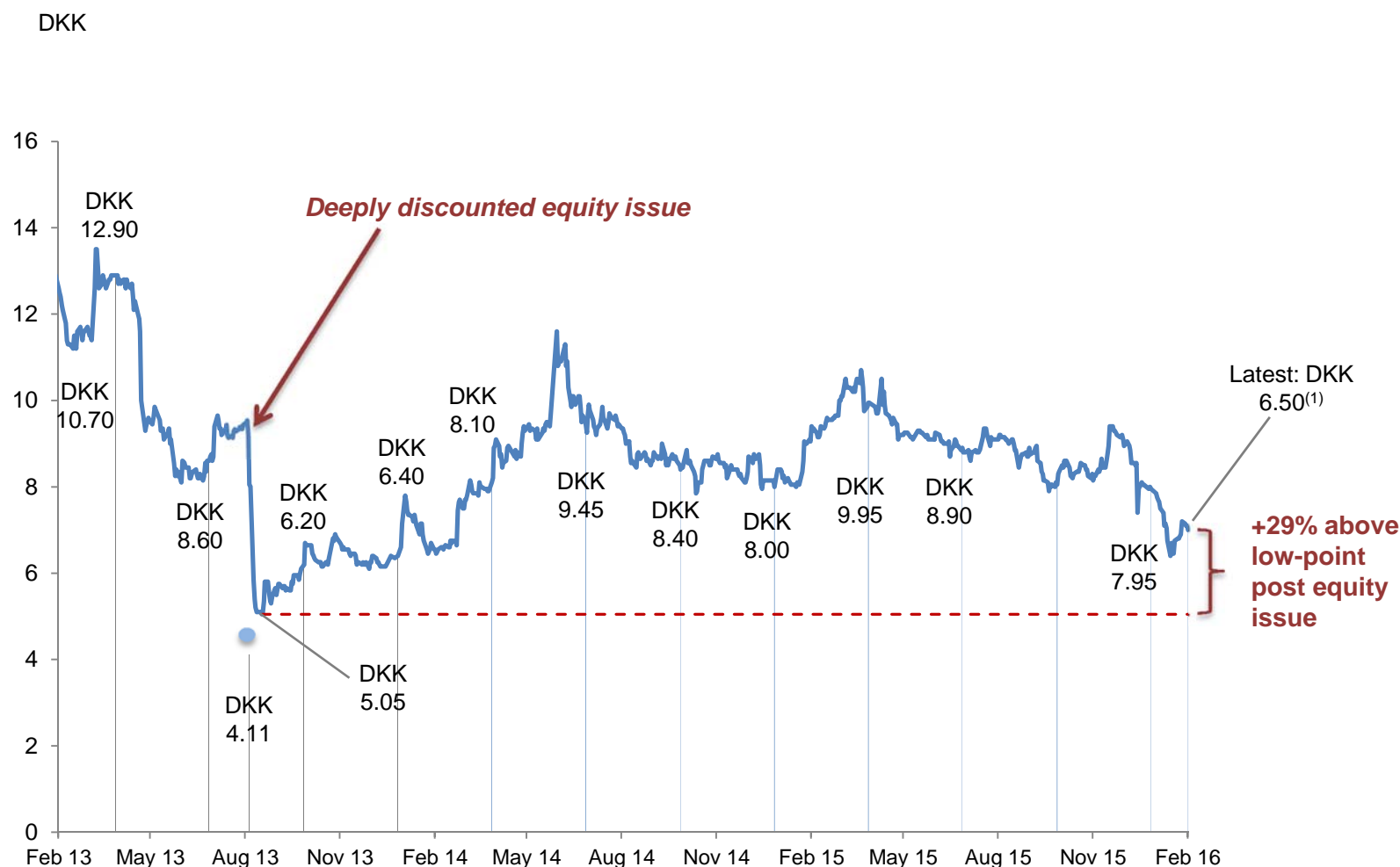
*New construction at low levels, negative absorption*

## EUROPEAN OFFICE CLOCK Q2 2010 – Q4 2015



## TK DEVELOPMENT A/S – SHARE PRICE PERFORMANCE

- *Storm Real Estate ASA holds 11.1% of the shares in TK Development*
- *Our average purchase price is DKK 8.00 per share*
- *Latest share price 6.50 DKK per share (11 Feb 2016)*



## TK DEVELOPMENT – INVESTMENT UPDATE

1.

- Share price at DKK 6.50 vs latest NAV at DKK 13.40 = discount to NAV at 51%. <sup>(1)</sup>

2.

- NAV per share down from DKK 15.40 to 13.40, due to impairments

3.

- Stronger geographic focus

4.

- Increased activity in both project development and asset management:

(1) Share price as per 11 February 2016.  
NAV = latest published quarterly accounts.

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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** c. 100%

**Major Tenant** *Gazprom Tsentrremont*

Grifon House



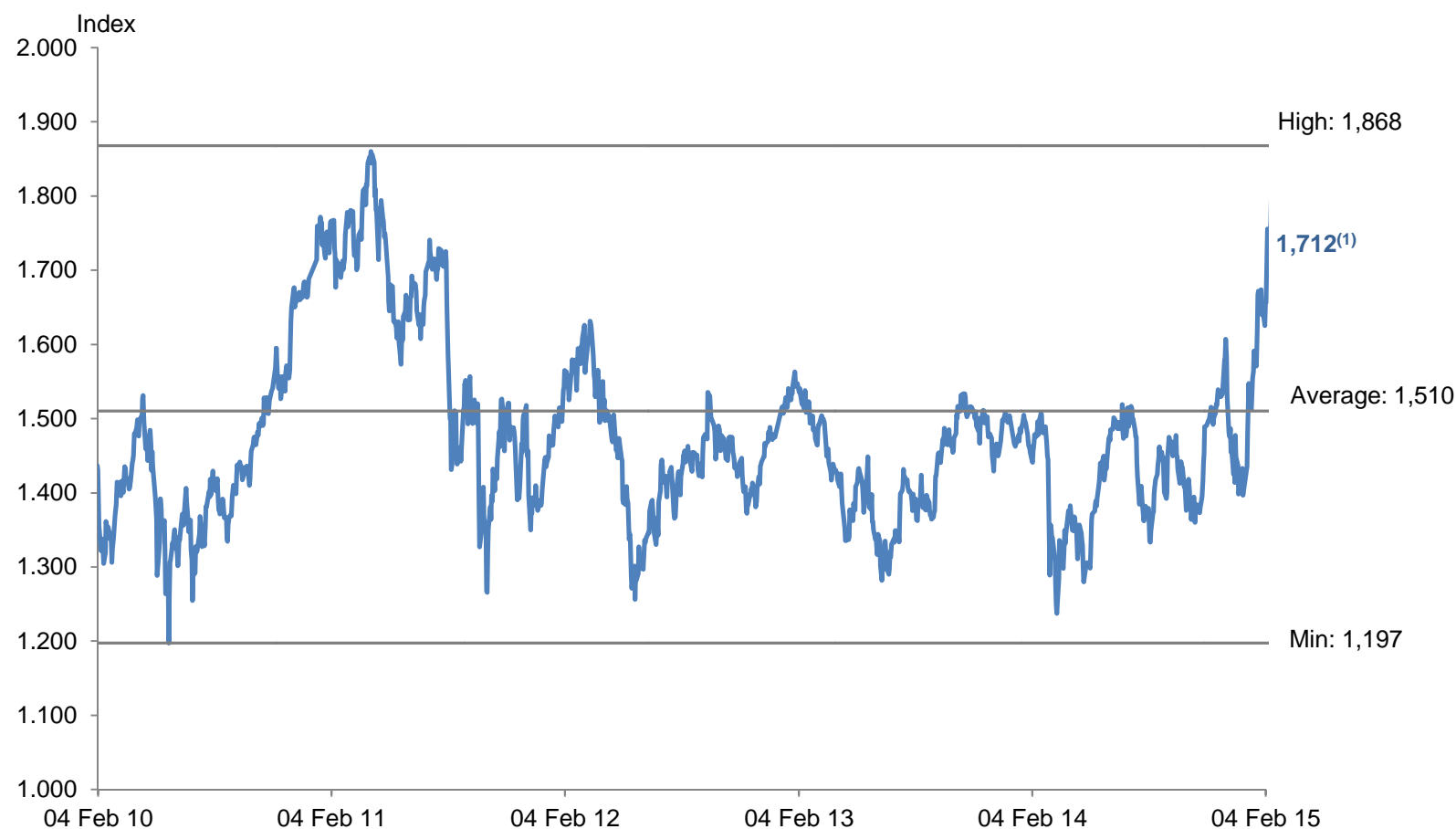
**Gross Area** c. 6,250 m<sup>2</sup>

Sold in December 2015.  
Estimated IRR in the ownership period = 8.3%



## PERFORMANCE OF THE RUSSIAN MICEX INDEX

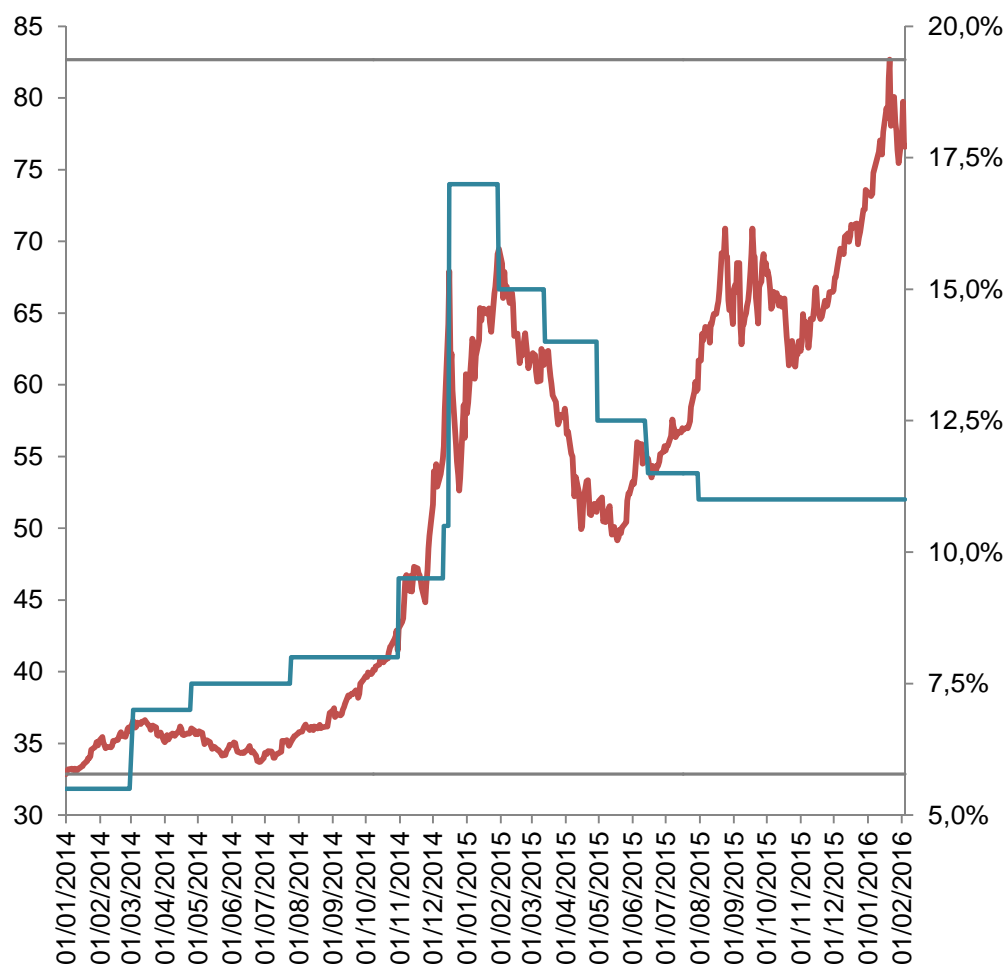
- *The Russian stock market has shown some positive movements lately*
- *The MICEX index was up 26,1% in 2015*
- *The index is down 3.0% YTD 2016 <sup>(1)</sup>*



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

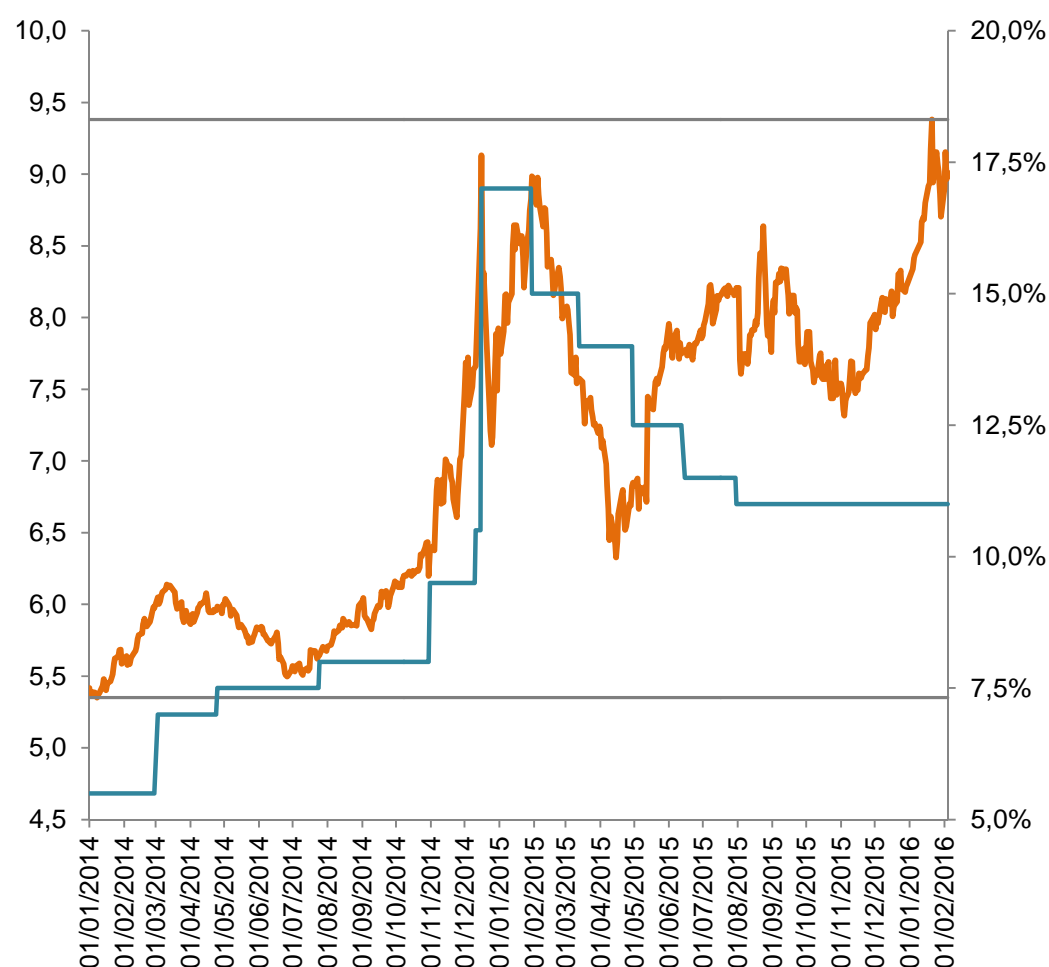
US\$/RUB Exchange Rate

CBR Key Rate

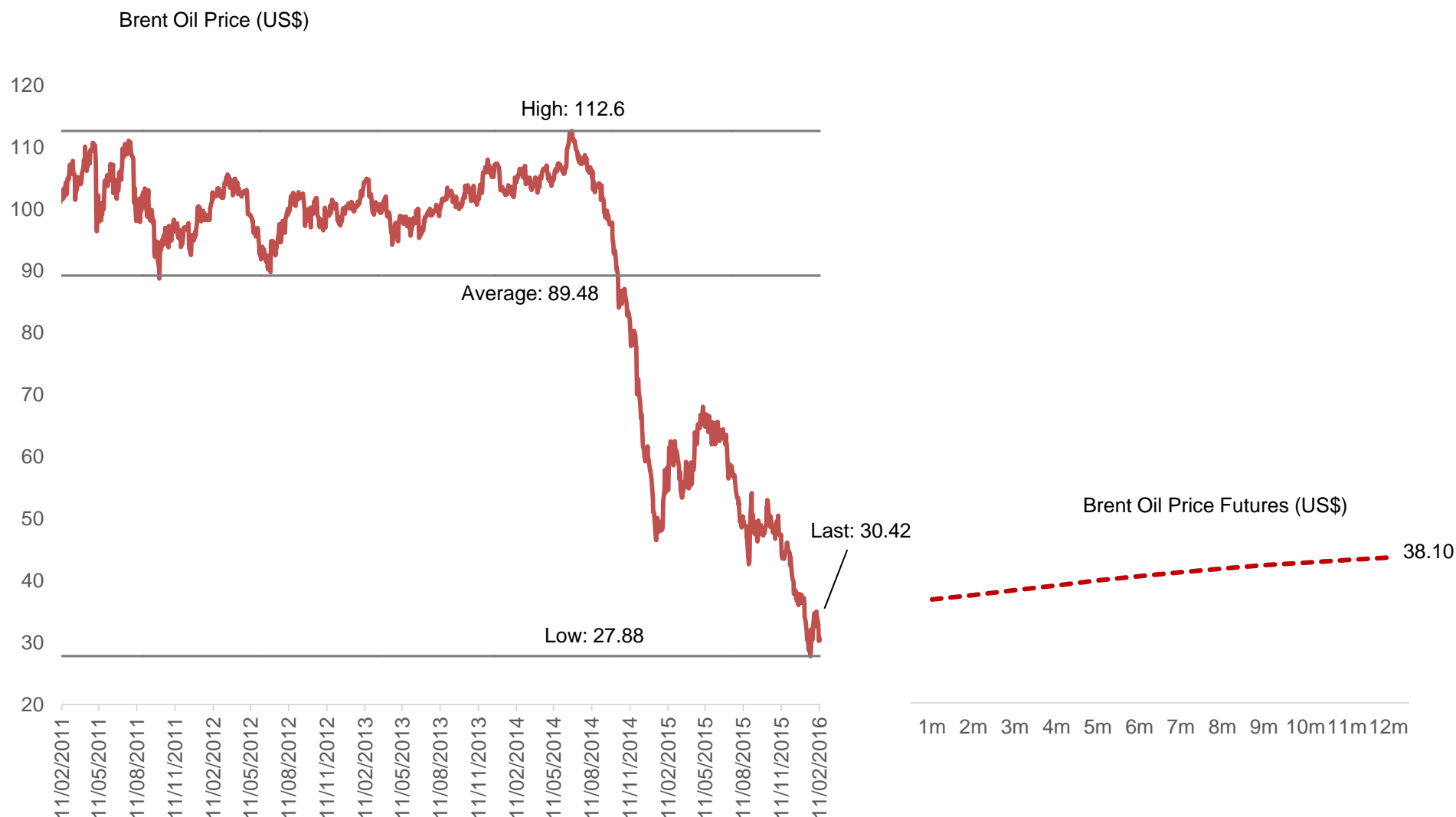


NOK/RUB Exchange Rate

CBR Key Rate



## BRENT OIL PRICE AND OIL PRICE FUTURES



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