



4<sup>th</sup> quarter 2016

# FINANCIAL RESULTS PRESENTATION

14 February 2016

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## KEY TAKE AWAYS

1. Total Comprehensive Income of USD 0.0m in Q4.
2. NAV per share at NOK 5.15.
3. Gasfield valuation at 30.5 million USD

## STRATEGY

*As presented in the previous presentations in 2016.*

1. The Board decided to narrow down the strategy to bring out underlying values.
2. Multi-asset class strategy and wide geographical spread seen as a hindrance for some strategic alternatives (mergers, acquisitions, takeovers etc).
3. To enable potential strategic alternatives, the company has reverted to a single-strategy Russia platform.

## OPERATIONS

1. The anchor tenant Gazprom Tsentrremont gave notice to vacate the building in October 2016.
2. Original termination date 11 January 2017. The parties agreed an extension to 31 March 2017. In February the tenant has requested another extension, this time to 31 May 2017.
3. Storm is actively in the market for re-letting the space becoming vacant from 1 June 2017. Future cash flow and ability to meet future liabilities is dependent on sourcing new tenants and / or refinancing or restructuring of borrowing terms. The company is working on various solutions to address future liquidity constraints.

STORM CAPITAL MANAGEMENT

## P&L – MAJOR ITEMS

mill. USD	Q4 2016	Q4 2015	12M 2016	12M 2015
<b>Total Comprehensive Income</b>	<b>0.0</b>	<b>-2.8</b>	<b>-4.8</b>	<b>-16.8</b>
<u>Summary of major items:</u>				
NOI from investment properties	1.2	1.8	5.0	8.7
Value change investment properties	-2.4	-0.7	-4.2	-19.0
Value change shares in real estate companies	n/a	-0.2	-3.0	-0.1
Other operating costs	-0.2	-0.4	-2.0	-1.8
Funds and liquid investments	0.0	0.0	0.0	-0.2
Borrowing costs	-0.5	-0.8	-2.1	-3.2
Currency gains/ losses	0.4	0.0	0.6	-1.1
Contract- and interest derivatives	1.0	0.6	0.4	-0.1
Taxes	0.7	-0.9	1.2	2.3
Recognised loss on disposal of subsidiary	n/a	-1.8	n/a	-1.8

STORM CAPITAL MANAGEMENT

## 12M 2016 – ILLUSTRATIVE EBT

ORDINARY OPERATIONS					NON-RECURRING + FX / DERIVATIVES				SUM	
mill. USD	Russia	Group op.ex	Finance	12M 2016	TK	Termination fee	Valuations	FX / derivatives	12M 2016	12M 2016
NOI from investment property	+5,0			+5,0					+0,0	+5,0
Valuation investment property				-			-4,2		-4,2	-4,2
Shares, real estate companies				-	-3,0				-3,0	-3,0
Other operating costs	-0,4	-1,0		-1,4		-0,7			-0,7	-2,0
Funds and liquid investments			0,0	0,0					+0,0	0,0
Borrowing costs			-2,1	-2,1					+0,0	-2,1
Currency gains/ losses				-	+0,7			-0,1	+0,6	+0,6
Derivatives				-				+0,4	+0,4	+0,4
ILLUSTRATIVE EBT <sup>(1)</sup>	+4,6	-1,0	-2,1	+1,6	-2,3	-0,7	-4,2	+0,3	-6,8	-5,2

(1) Illustrative and non-IFRS. Some effects of translation differences of foreign-currency subsidiaries reclassified for illustrative purposes.

STORM CAPITAL MANAGEMENT

## BALANCE SHEET – MAJOR ITEMS

(US\$ '000)	31/12/15	31/12/16 <sup>(1)</sup>		31/12/15	31/12/16 <sup>(1)</sup>
Investment property	\$38,950	\$31,215	Bank loans	\$24,707	\$21,081
Investments property shares	\$12,641	\$0	Deferred tax	\$4,513	\$ 864
<b>Total non-current assets</b>	<b>\$51,611</b>	<b>\$31,233</b>	Other liabilities	\$7,132	\$3,166
Cash & liquid investments <sup>(2)</sup>	\$6,353	\$4,371	<b>Total liabilities</b>	<b>\$36,351</b>	<b>\$25,111</b>
<b>Total current assets</b>	<b>\$6,741</b>	<b>\$4,844</b>	<b>Equity</b>	<b>\$22,000</b>	<b>\$10,966</b>
<b>Total assets</b>	<b>\$58,352</b>	<b>\$36,078</b>	<b>Total equity and liabilities</b>	<b>\$58,352</b>	<b>\$36,078</b>
			<i>Equity ratio</i>	37,7%	30,4%

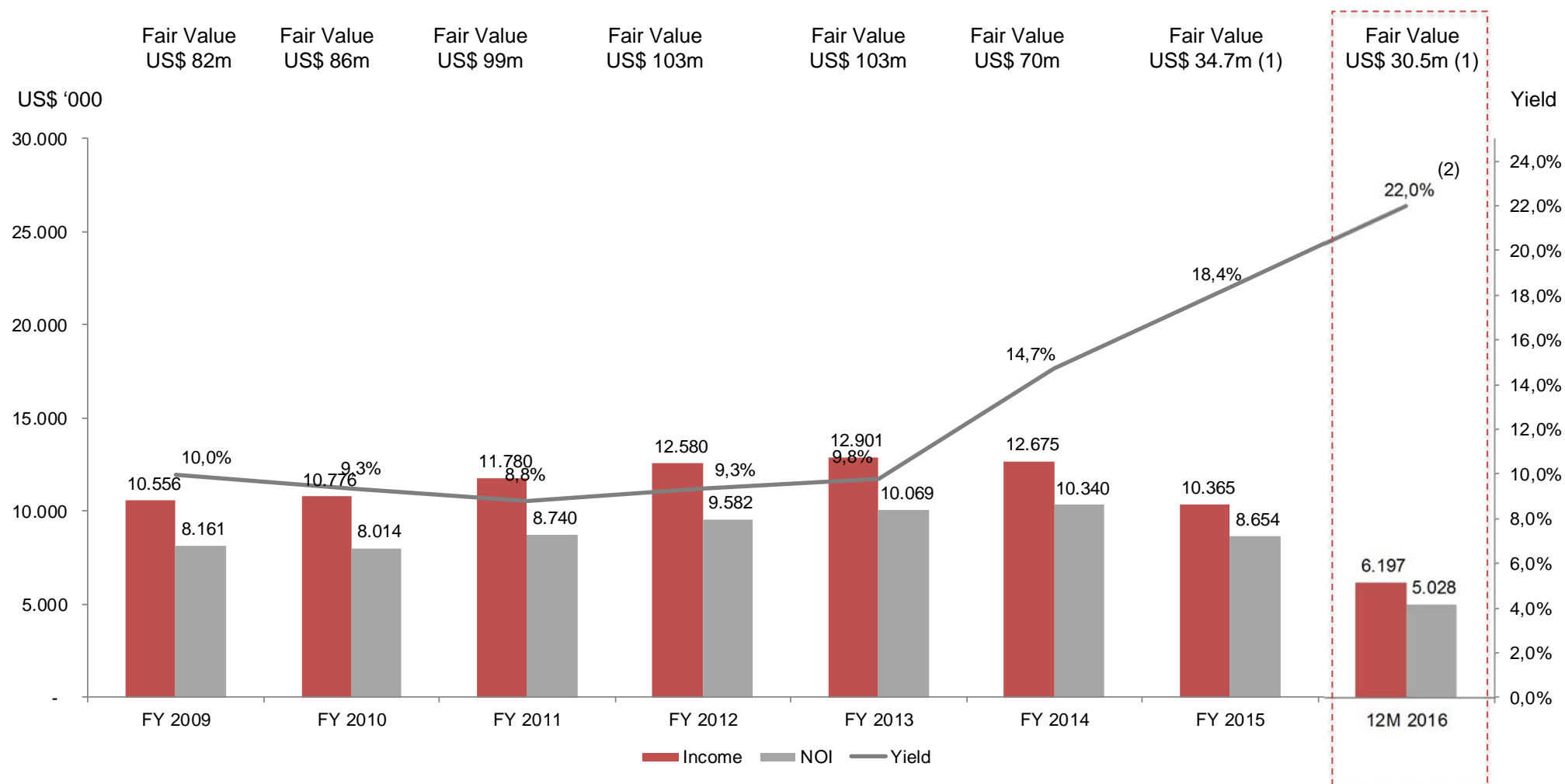
(1) Unaudited.

(2) 2015 includes cash invested in liquid securities for cash management purposes.



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### DEVELOPMENT OF ASSET VALUE 2009 – 2016

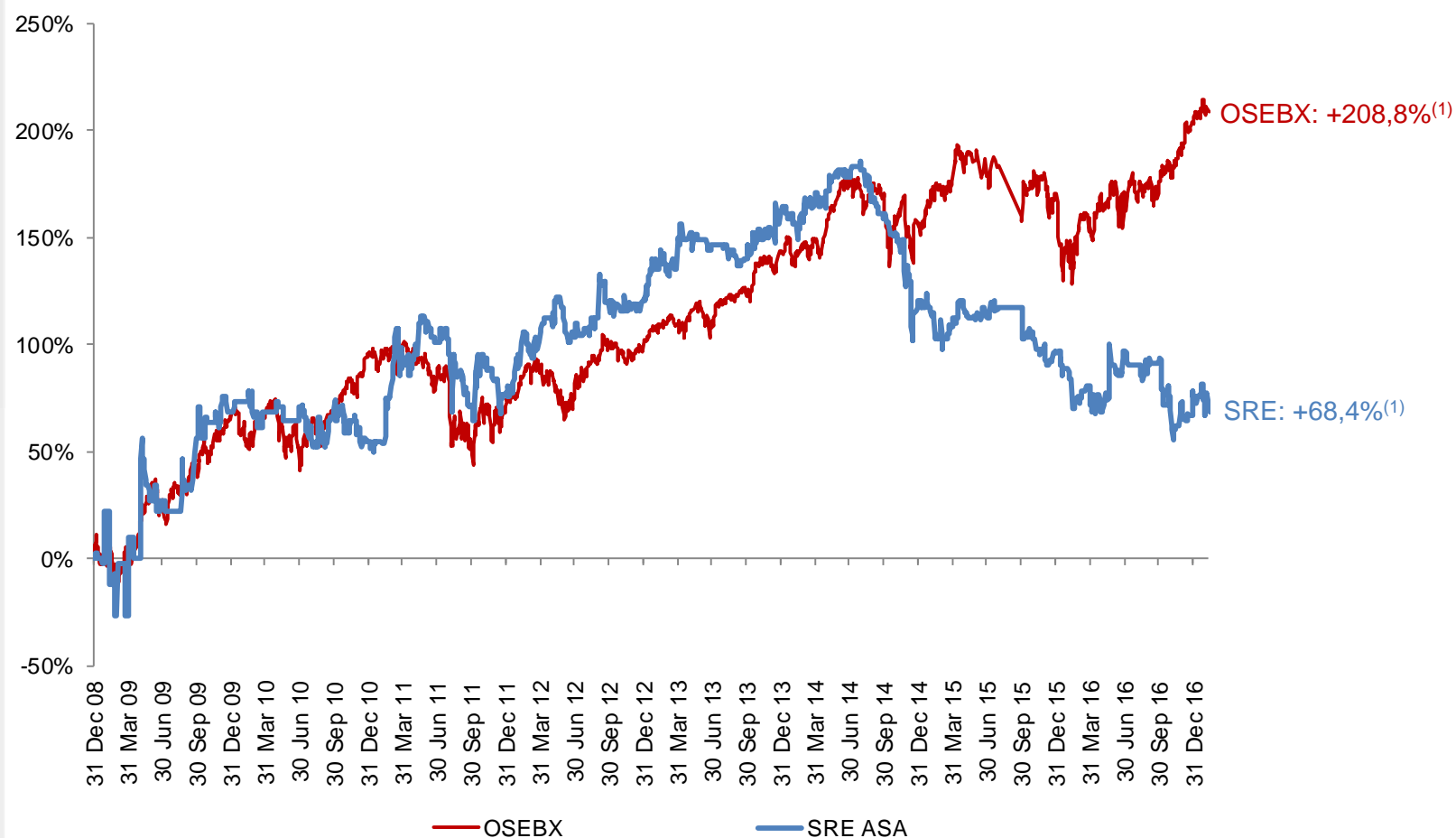


(1) Grifon sold. Value of Gasfield building as per valuation from independent valuer.

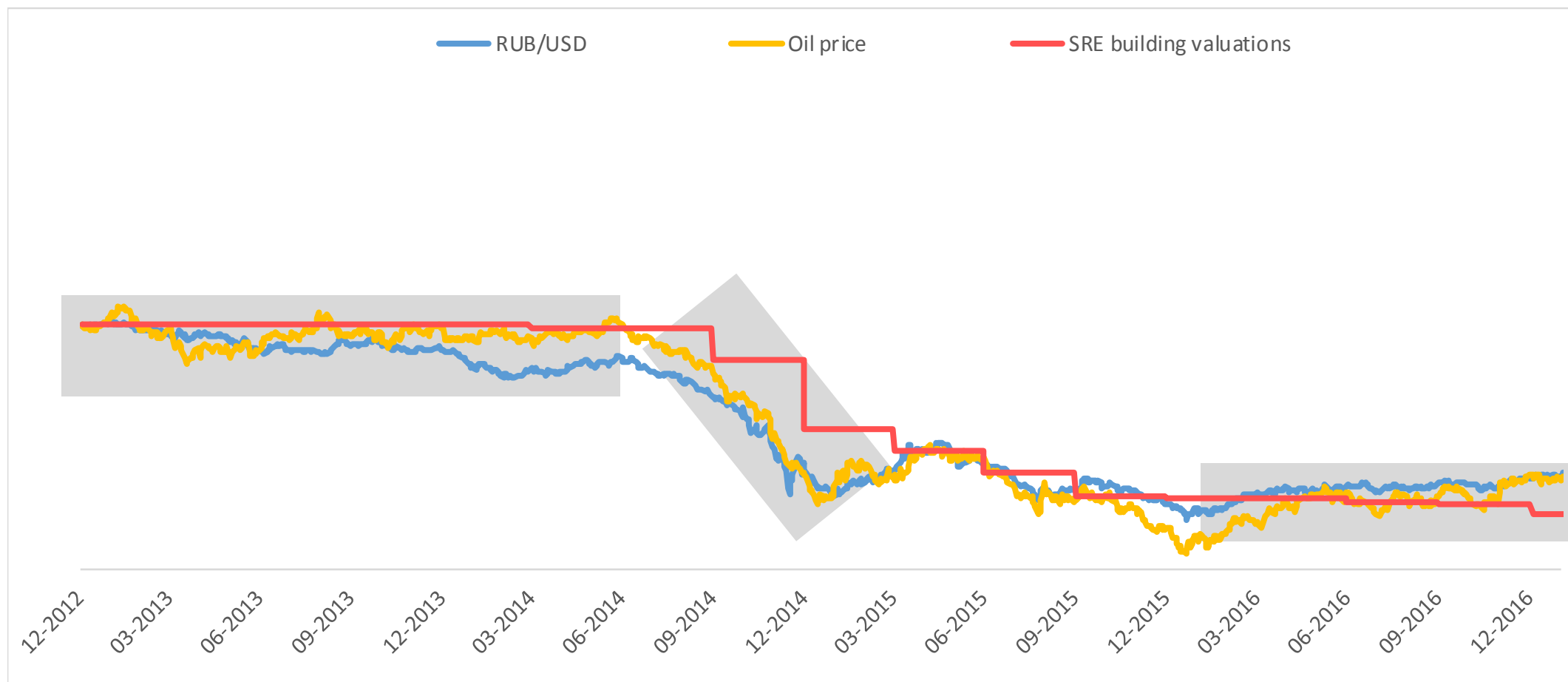
(2) Implied yield = NOI / asset value at closing date. 2015 yield is calculated on the 2015 NOI / Asset value at year end of the remaining asset (Gasfield)

## STORM REAL ESTATE SHARE PRICE PERFORMANCE

The Storm Real Estate share was listed on Oslo main exchange on 6 July 2010



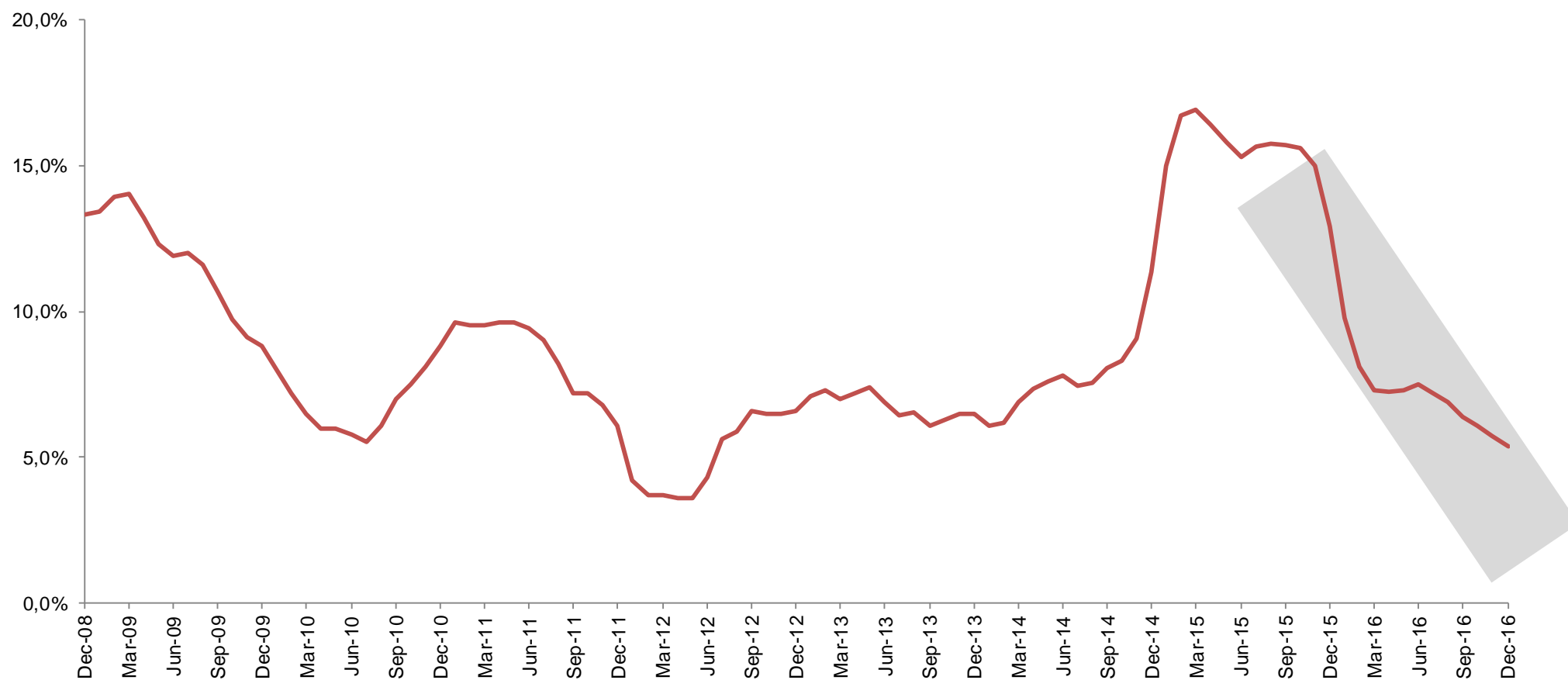
## OIL PRICE vs PROPERTY VALUES vs ROUBLE



## RUSSIA – INFLATION

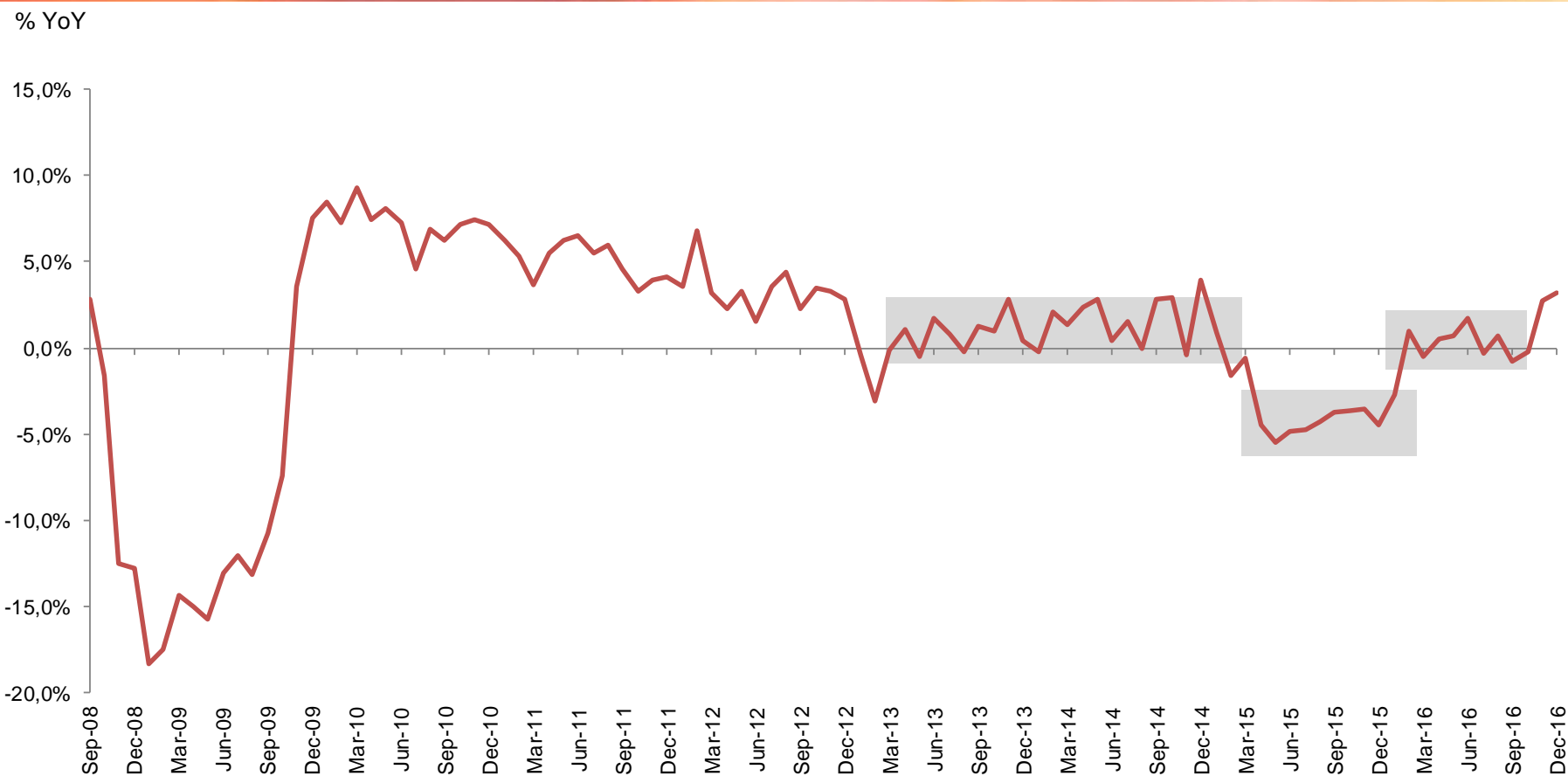
Inflation rate

*Inflation rate based on CPI*



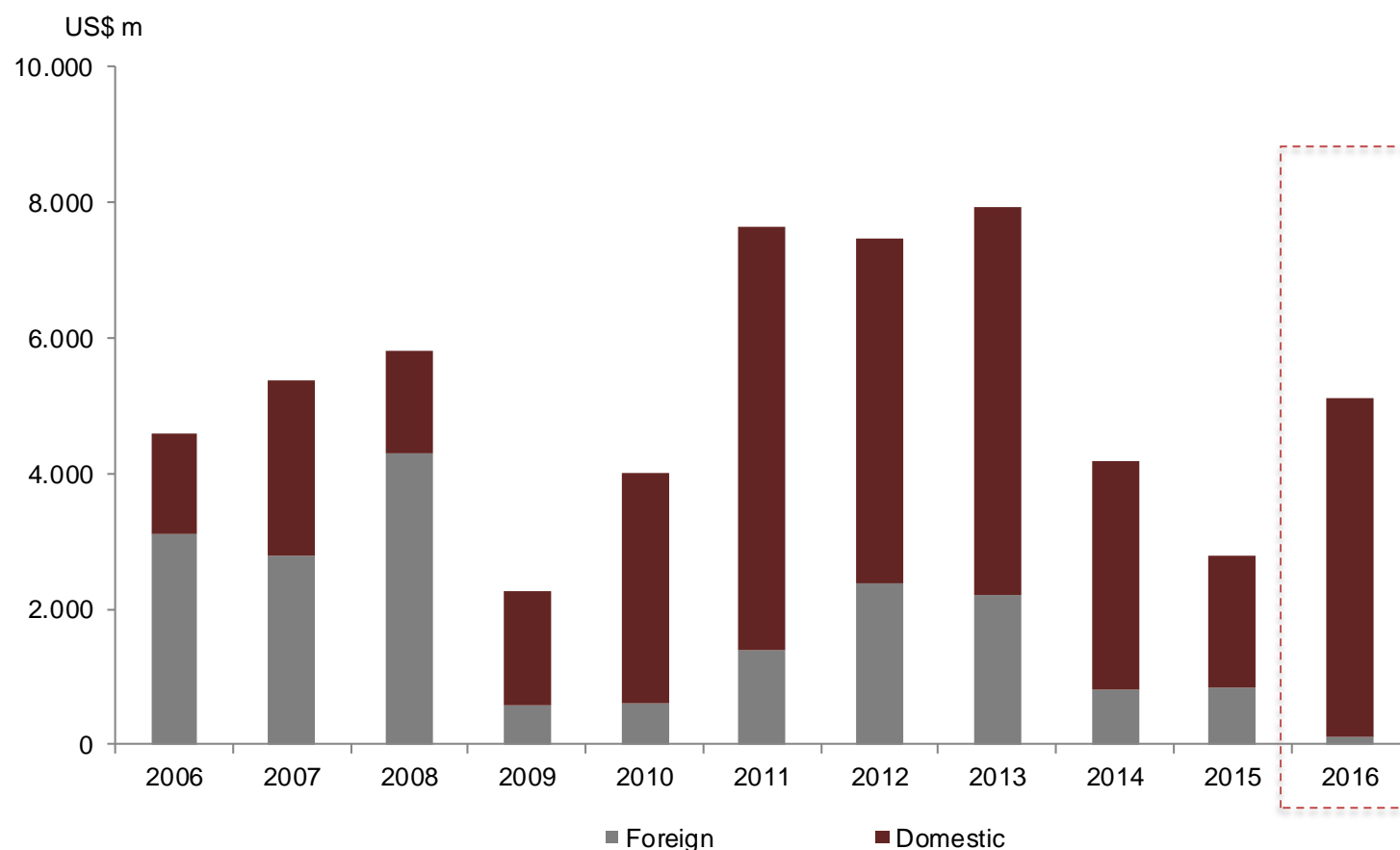
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## RUSSIA – INDUSTRIAL PRODUCTION



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

## RUSSIA – INVESTMENT VOLUME BY SOURCE OF CAPITAL

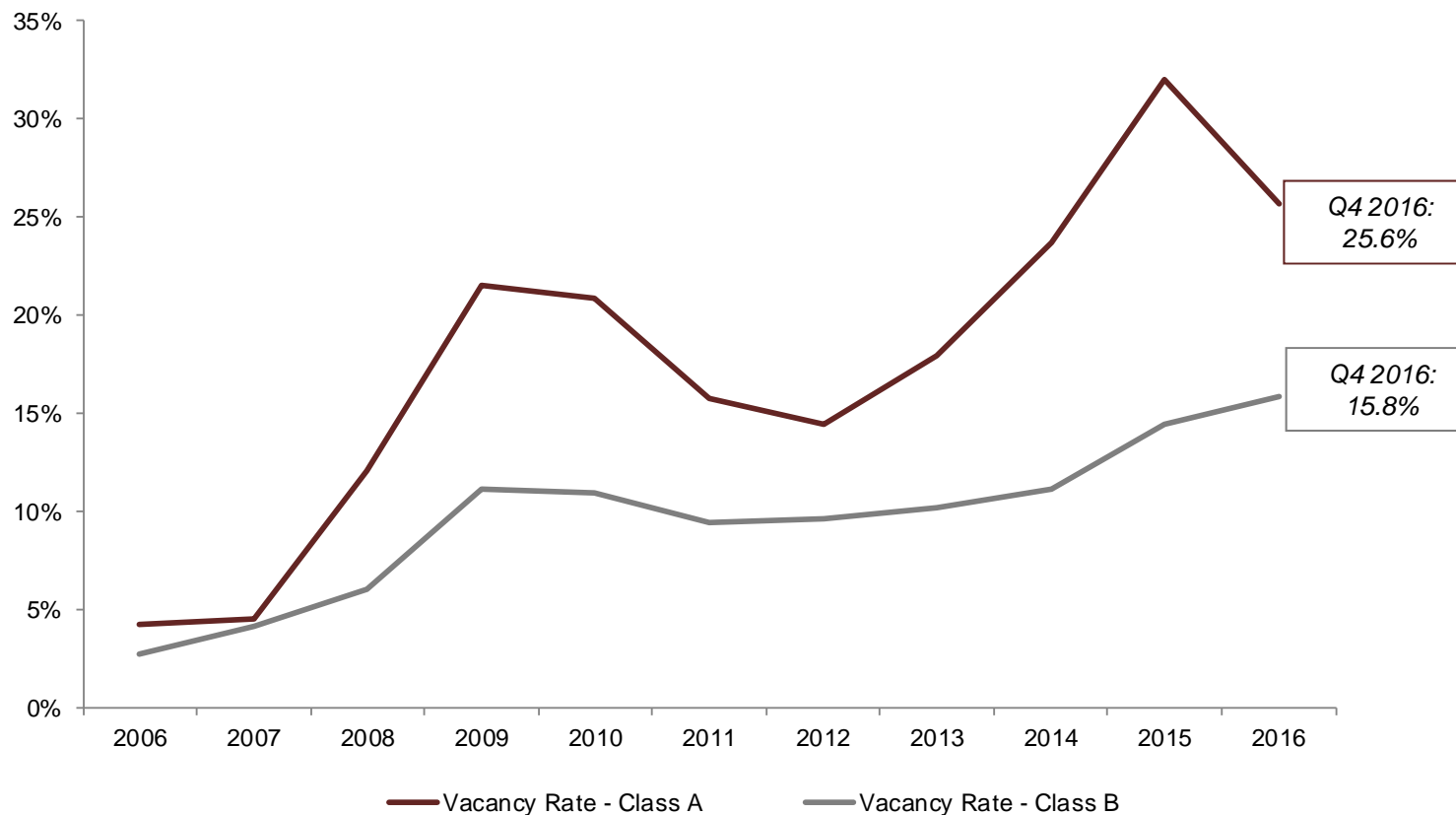


- Investment volume reached c. US\$ 5.11 billion in 2016.
- For reference the investment volume in 2015 was US\$ 2.8 billion.
- Domestic capital constituted 98% of total investment volume
- US\$ 2.1 bn spent by banks (Sberbank, VTB) and state companies / government (Transneft, Moscow authorities)

*Investment volumes higher in 2016 than 2014 and 2015*

## MOSCOW OFFICE MARKET – VACANCY RATE

Vacancy (%)

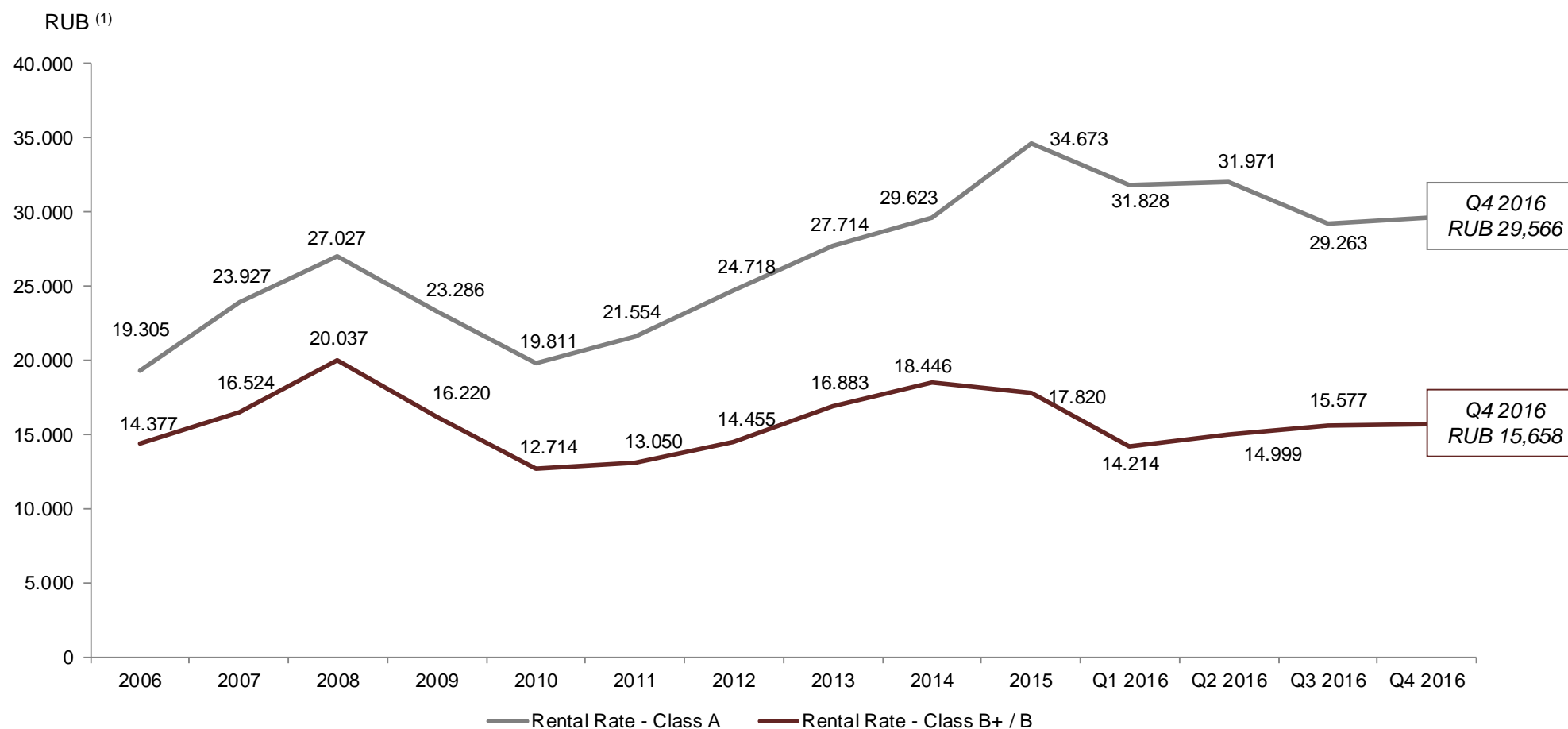


- Drop in vacancy rates in new class A business centres.
- Class B continues to show lower vacancy rates than class A
- Low new delivery in class A contributes to reduced vacancy rates

*Class B lower vacancy rate than class A buildings*

# STORM CAPITAL MANAGEMENT

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



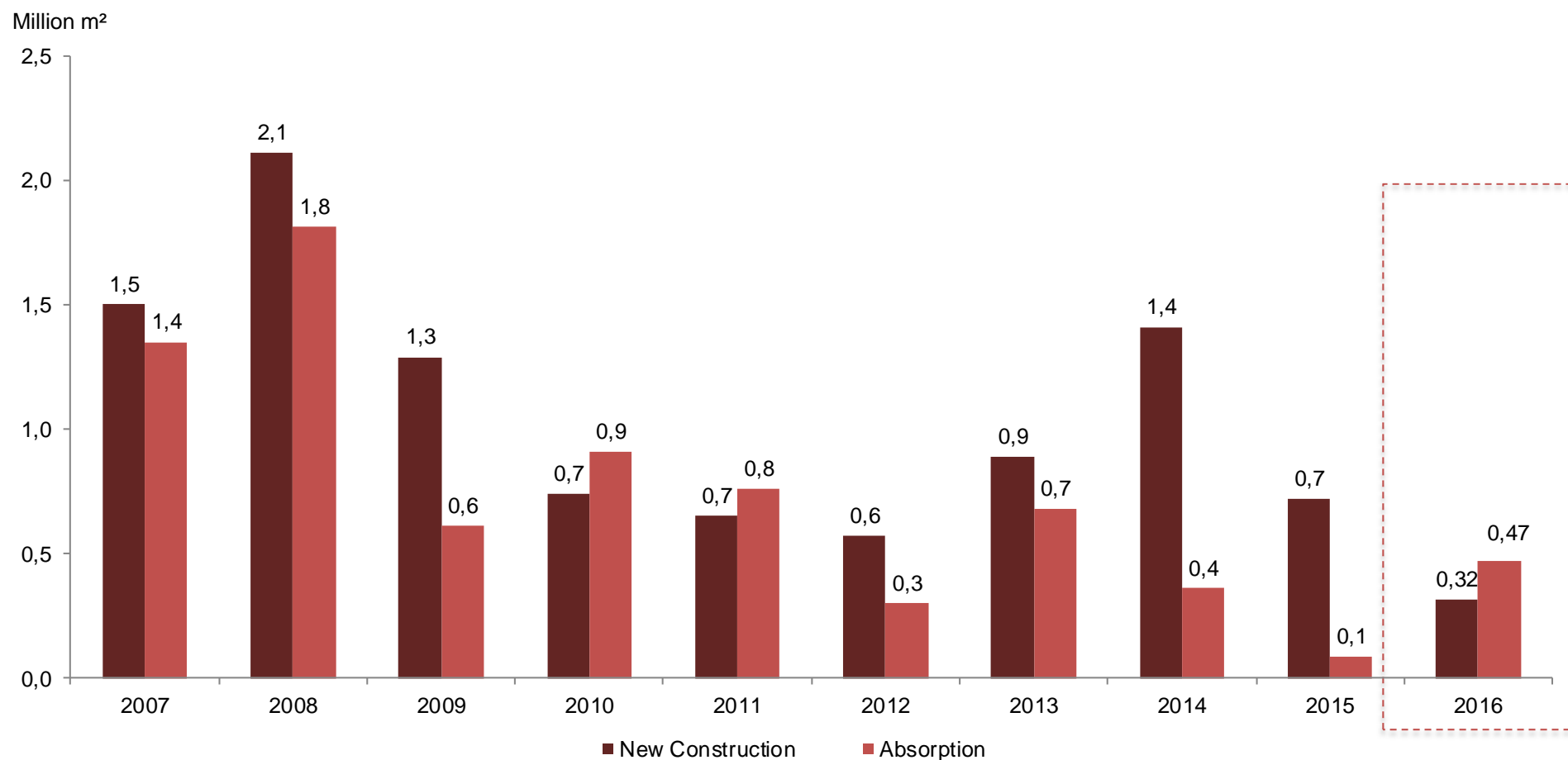
*Relative stability in RUB rents*

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 (net of op.ex and VAT)

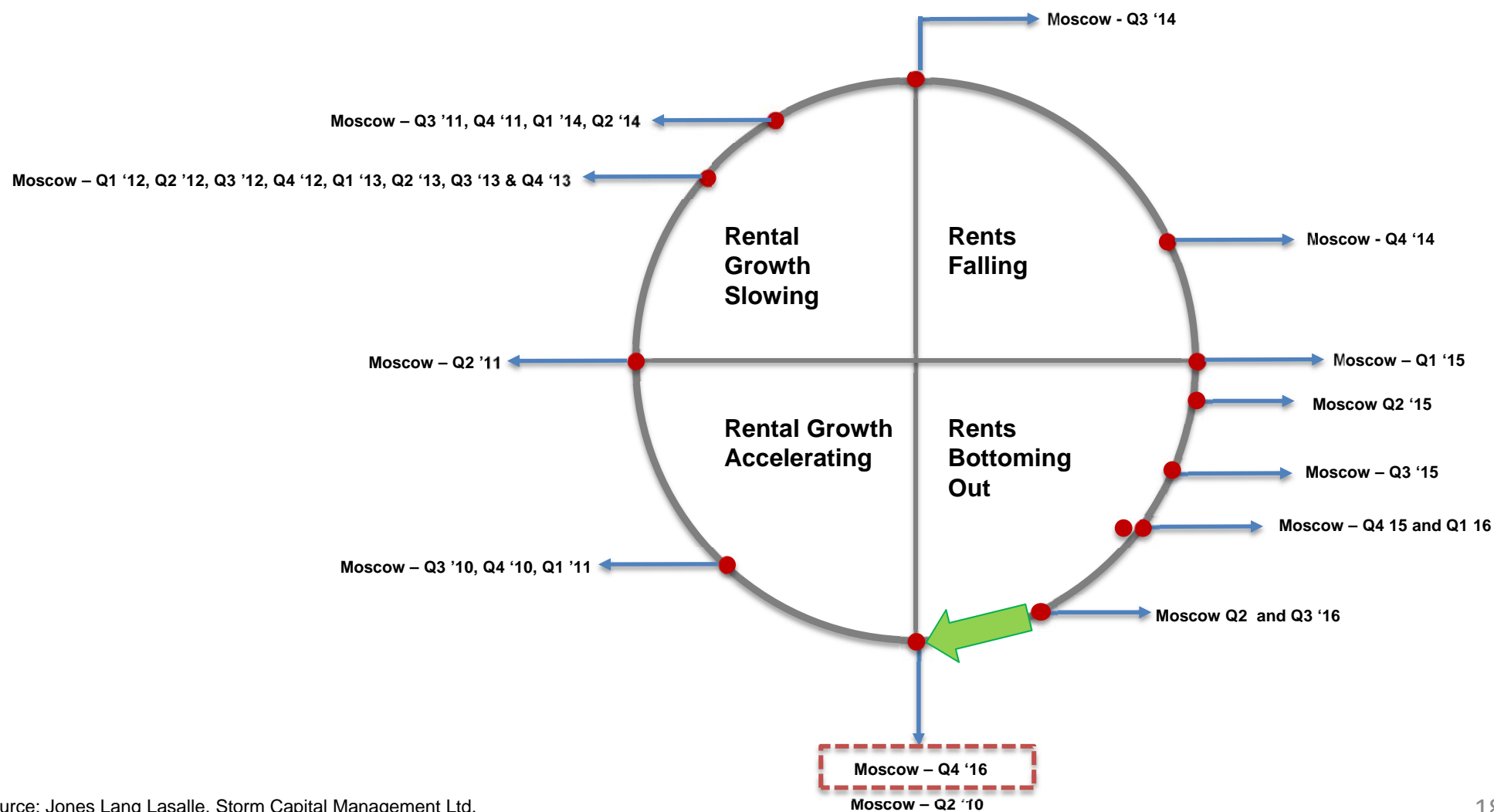


## MOSCOW OFFICE MARKET – NEW CONSTRUCTION AND ABSORPTION



*New construction at low levels, but absorption positive again after a period of negative absorption*

## EUROPEAN OFFICE CLOCK 2010 –2016



## KEY TAKE AWAYS

1. Total Comprehensive Income of USD 0.0m in Q4.

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## APPENDIX

## GASFIELD BUILDING

Gasfield Building



<b>Class</b>	B
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<b>Gross Area</b>	c. 15,200 m <sup>2</sup>
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<b>Occupancy Rate</b>	c. 98%
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<b>Major Tenant</b>	<i>Gazprom Tsentrremont</i>
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## PERFORMANCE OF THE RUSSIAN MICEX INDEX

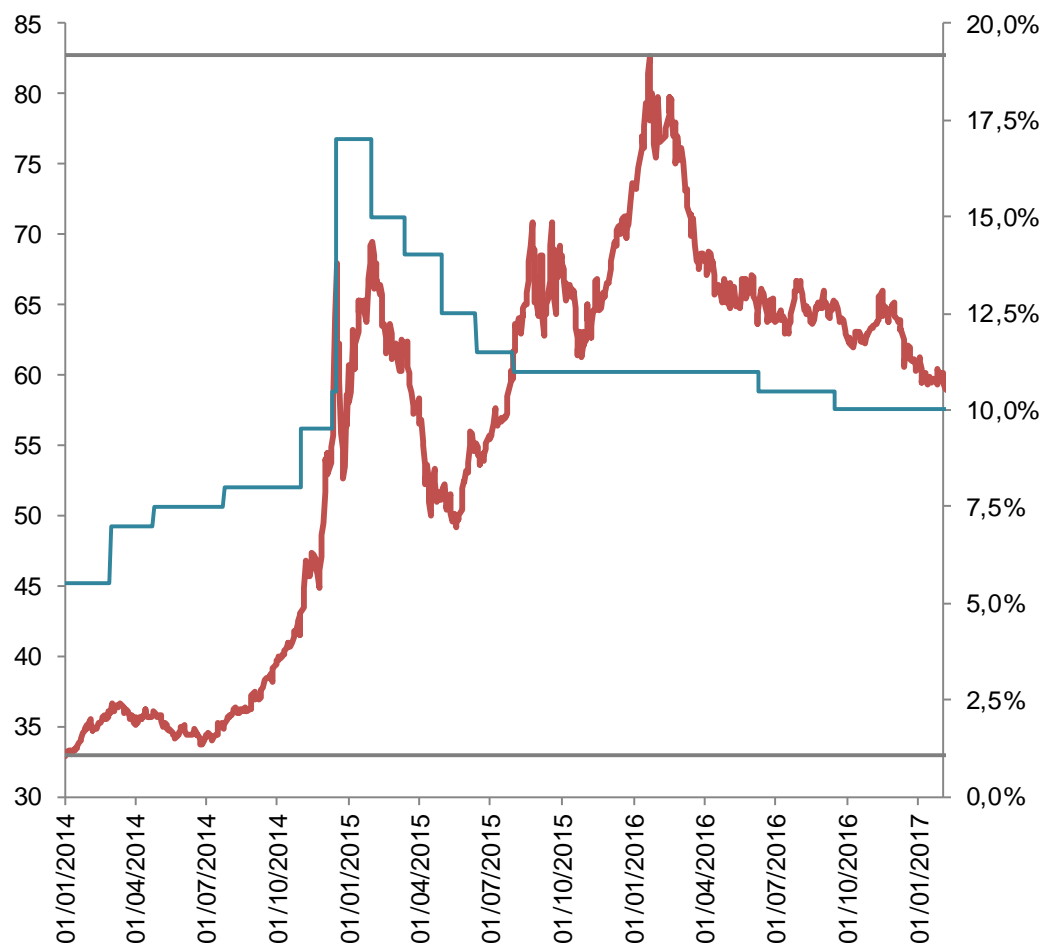
- The MICEX index was up 26,1% in 2015 and 26,8% in 2016
- The Index reached an all time high in January 2017



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

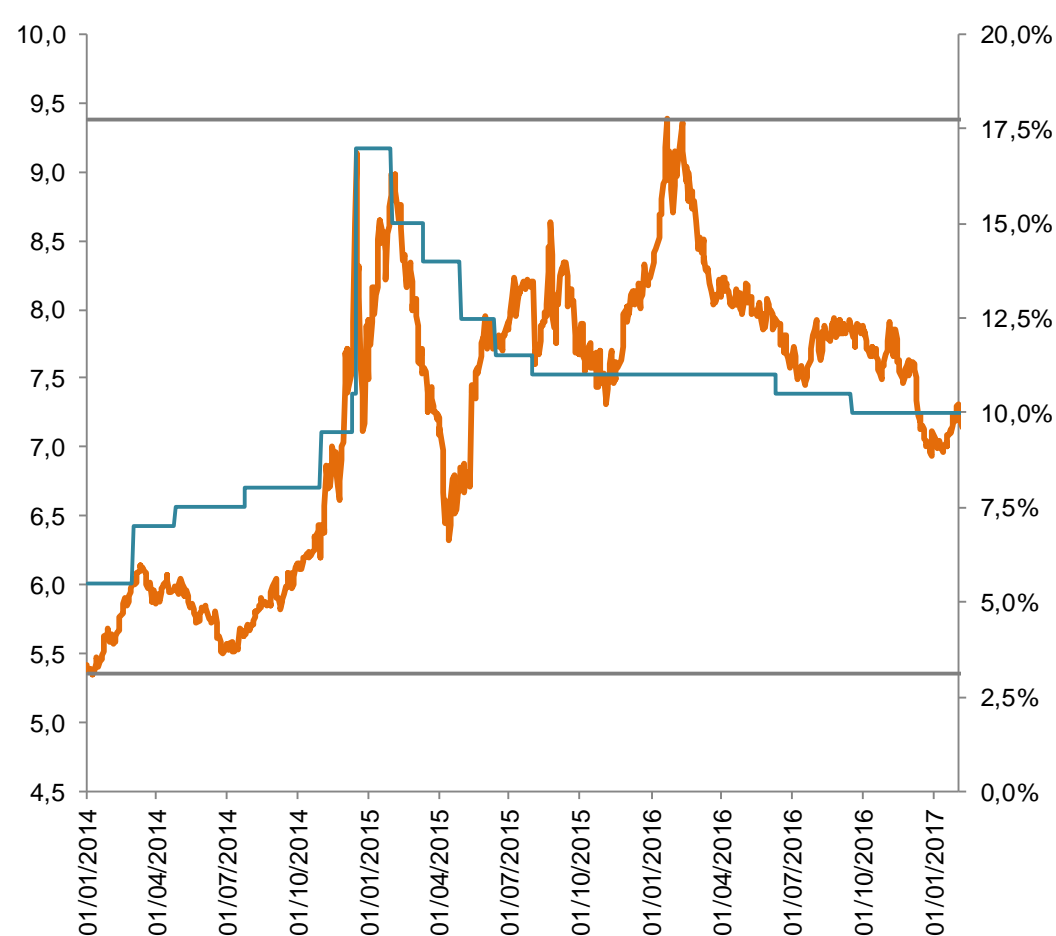
US\$/RUB Exchange Rate

CBR Key Rate



NOK/RUB Exchange Rate

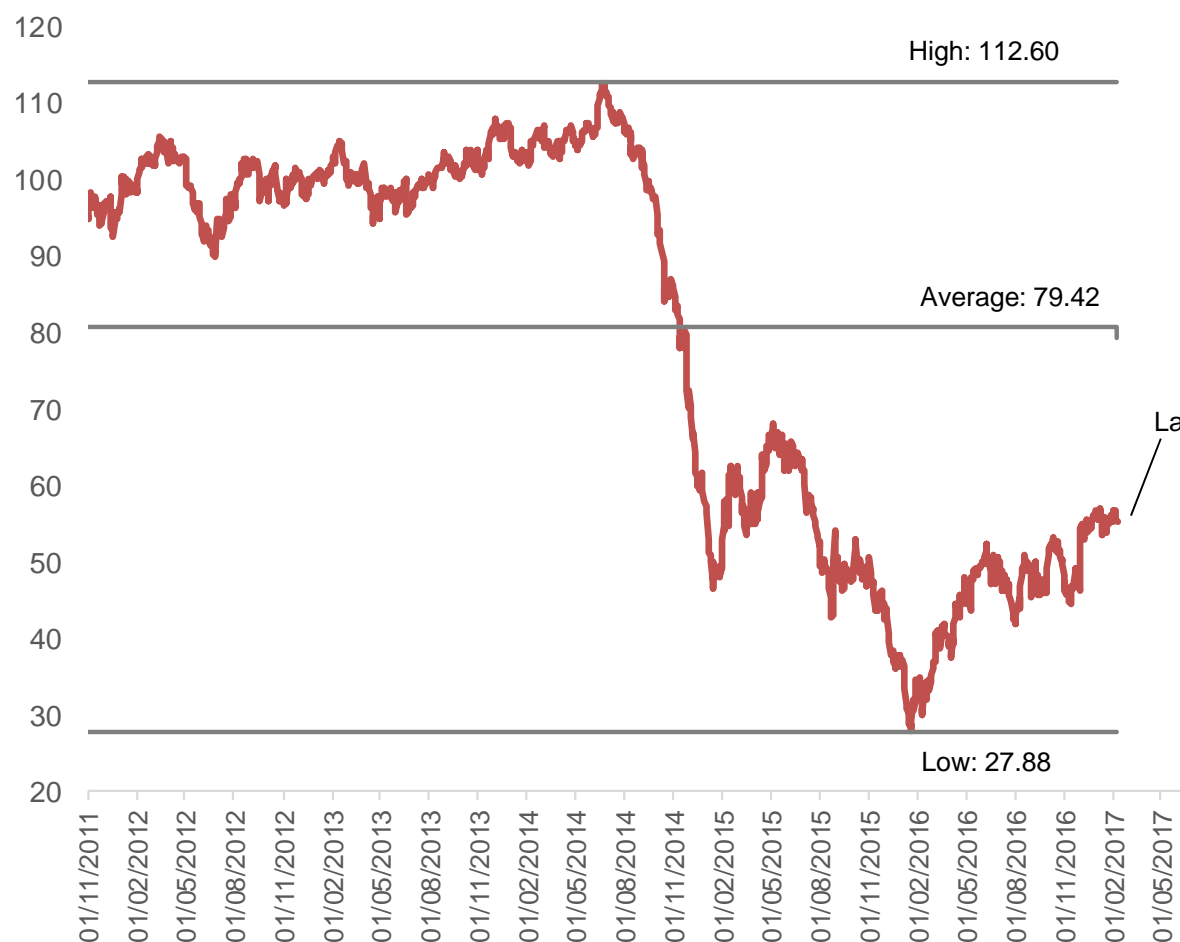
CBR Key Rate



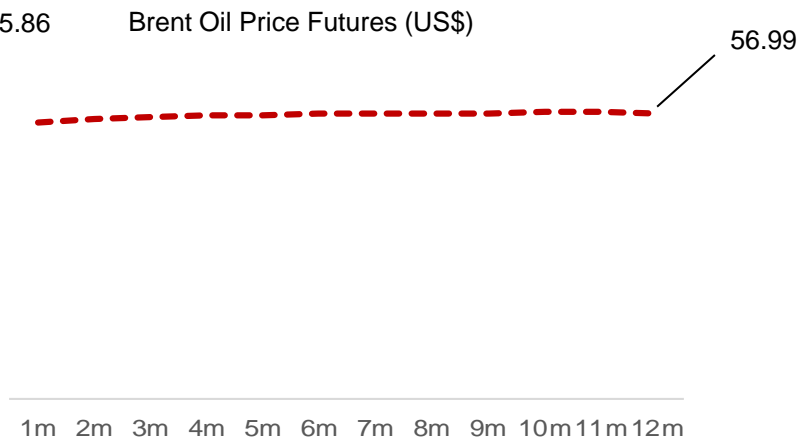
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## BRENT OIL PRICE AND OIL PRICE FUTURES

Brent Oil Price (US\$)



Brent Oil Price Futures (US\$)





## CONTACT

Berger House  
36-38 Berkeley Square  
London W1J 5AE  
United Kingdom

E-mail: [info@stormcapital.co.uk](mailto:info@stormcapital.co.uk)

Tel: +44 (0)207 409 3378

Web: [www.stormcapital.co.uk](http://www.stormcapital.co.uk)

