



3<sup>rd</sup> quarter 2017

FINANCIAL RESULTS PRESENTATION

10 November 2017

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## KEY TAKE AWAYS

1. Total Comprehensive Income of USD -0.4 million in Q3.
2. NAV per share at NOK 1.03.
3. Gasfield occupancy at 32%
4. Vacancy in Moscow is down. The Russian economy is showing signs of improvement.

## OPERATIONS / FINANCE

1. The anchor tenant Gazprom Tsentrremont vacated the building on 31 May 2017.  
Current occupancy rate 32% after re-letting of 1,311 m<sup>2</sup> of the vacant space across 12 new tenants.
2. The company is actively seeking new tenants to re-let the vacant areas.  
There is activity in the letting market. The company has held over 200 viewings in 2017 and are in continuous negotiations with potential tenants.
3. Rights offering complete, net proceeds of USD 3 million to achieve:
  - extension of the maturity date of the bank loan from September 2018 to June 2019
  - no amortisation until Q4 2018
  - waiving of covenants until Q4 2018,
  - new adjusted covenants from Q4 2018 to maturity, adapted to the changed market conditions in Russia.→ This gives the company improved cash reserves and better opportunity through the cycle.
3. Independent valuer reduced value of the building from USD 27.2 m to USD 27.1m in Q3 (-0.1 million).

## P&L – MAJOR ITEMS

mill. USD	Q3 2017	Q3 2016	9M 2017	9M 2016
<b>Total Comprehensive Income</b>	<b>-0.4</b>	<b>0.0</b>	<b>-2.7</b>	<b>-4.8</b>
<u>Summary of major items:</u>				
NOI from investment properties	-0.1	+1.3	+2.0	+3.8
Value change investment properties	-0.1	-0.6	-3.4	-1.8
Value change shares in real estate companies	-	-	-	-3.0
Other operating costs	-0.2	-0.2	-0.7	-1.8
Funds and liquid investments	-	-	-	0.0
Borrowing costs	-0.4	-0.5	-1.5	-1.6
Currency gains/ losses	0.0	-0.1	0.0	+0.3
Contract- and interest derivatives	+0.1	+0.3	+0.3	-0.6
Taxes	+0.2	-0.2	+0.7	+0.3

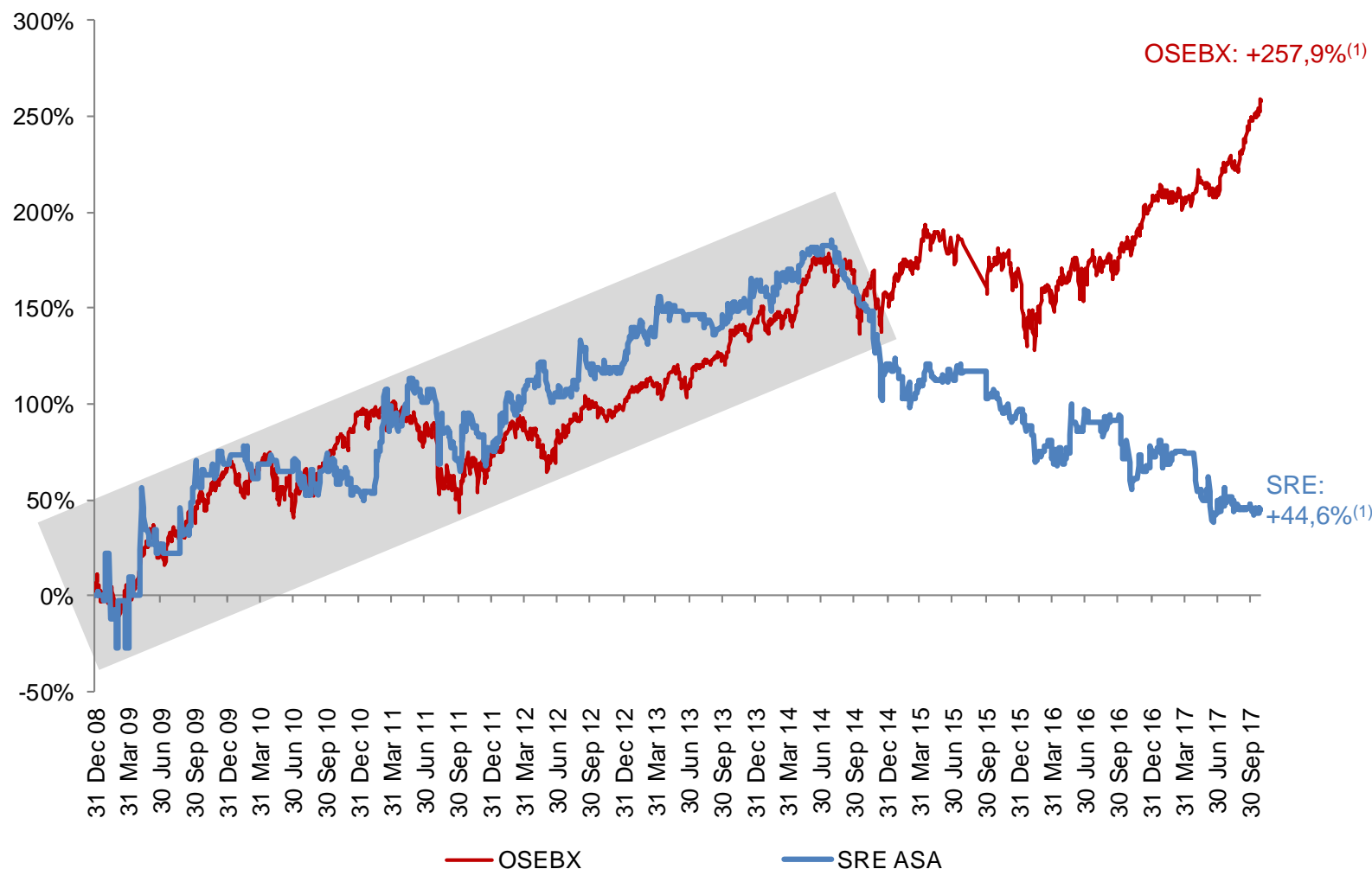
## BALANCE SHEET – MAJOR ITEMS

(US\$ '000)	30/09/17 <sup>(1)</sup>	31/12/16		30/09/17 <sup>(1)</sup>	31/12/16
Investment property	\$27,295	\$31,215	Bank loans	\$18,084	\$21,081
<b>Total non-current assets</b>	<b>\$27,375</b>	<b>\$31,233</b>	Deferred tax	\$0	\$ 864
Cash	\$3,077	\$4,371	Other liabilities	\$1,441	\$3,166
<b>Total current assets</b>	<b>\$3,587</b>	<b>\$4,844</b>	<b>Total liabilities</b>	<b>\$19,525</b>	<b>\$25,111</b>
<b>Total assets</b>	<b>\$30,961</b>	<b>\$36,078</b>	<b>Equity</b>	<b>\$11,436</b>	<b>\$10,966</b>
			<b>Total equity and liabilities</b>	<b>\$30,961</b>	<b>\$36,078</b>
			<i>Equity ratio</i>	<i>36,9%</i>	<i>30,4%</i>

(1) Unaudited.

## STORM REAL ESTATE SHARE PRICE PERFORMANCE

- The Storm Real Estate share was listed on Oslo main exchange on 6 July 2010.
- Before listing, the Storm share was traded OTC.
- Share prices are adjusted for dividends and changes in number of issued shares.

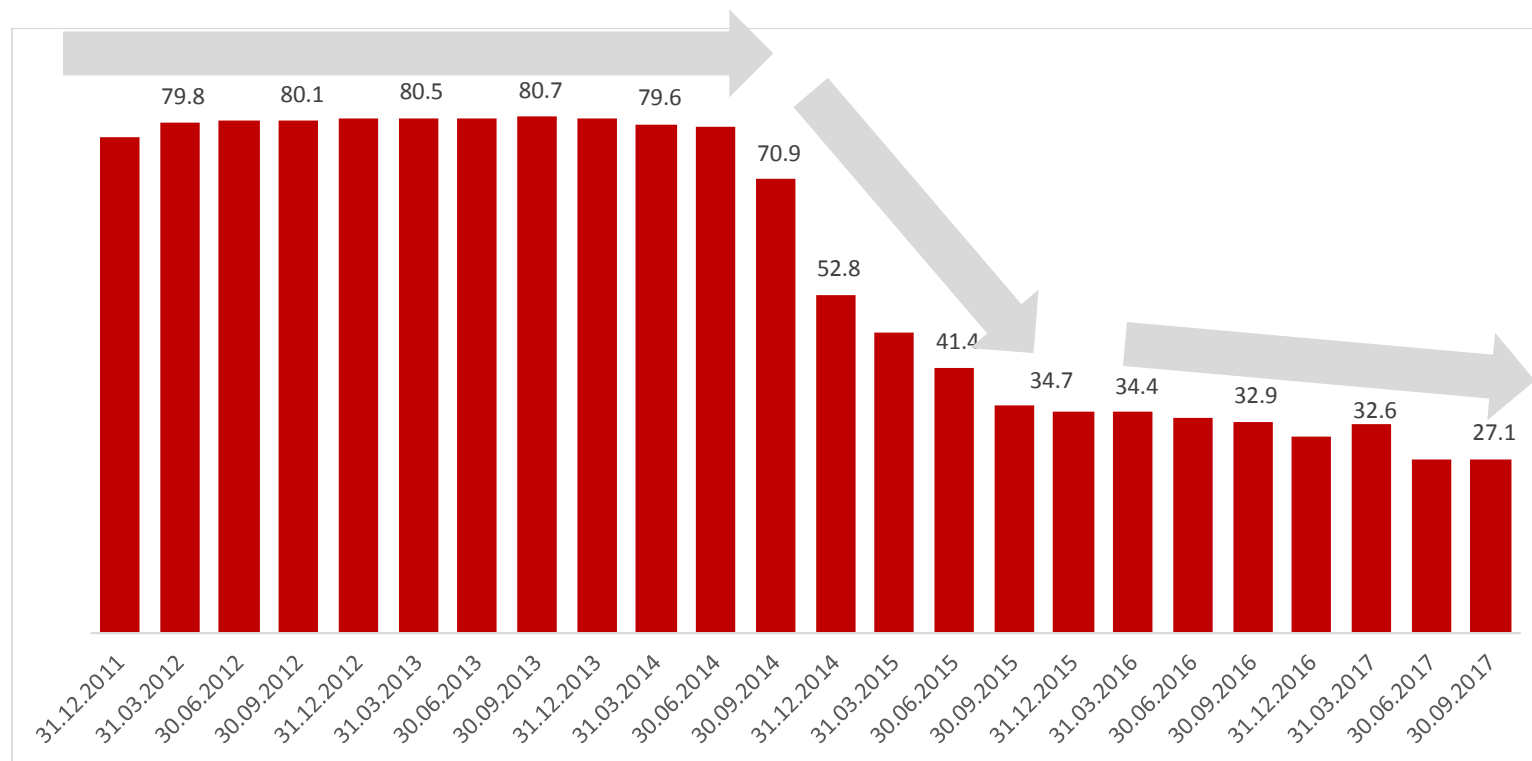


Source: Oslo Stock Exchange, Bloomberg

(1) SRE and OSEBX adjusted for dividends. As per 31 October 2017.

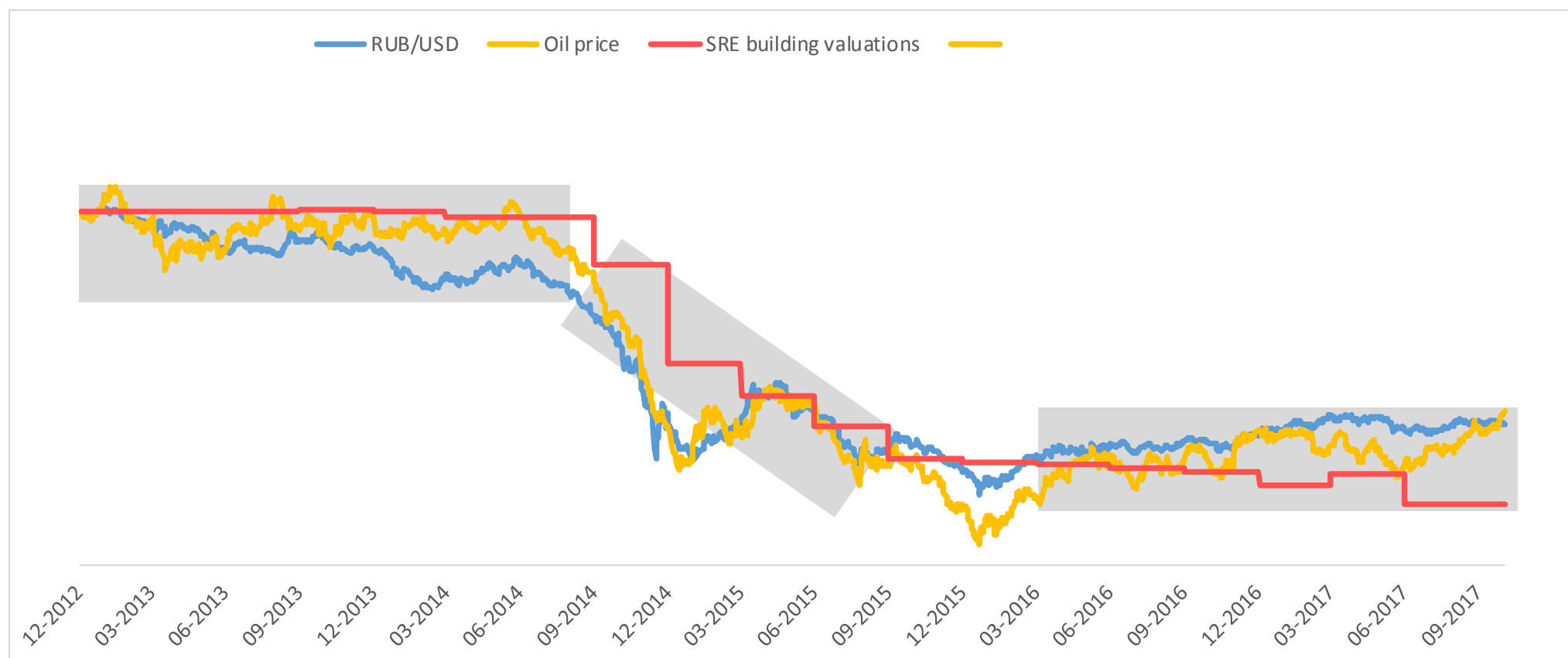
## DEVELOPMENT OF GASFIELD VALUATION 2012-2017

- Gasfield valued at USD 80.7 million at peak (2013).
- Current valuation USD 27.1 million.
- Decline in valuation of USD 53.6 million (-66%).





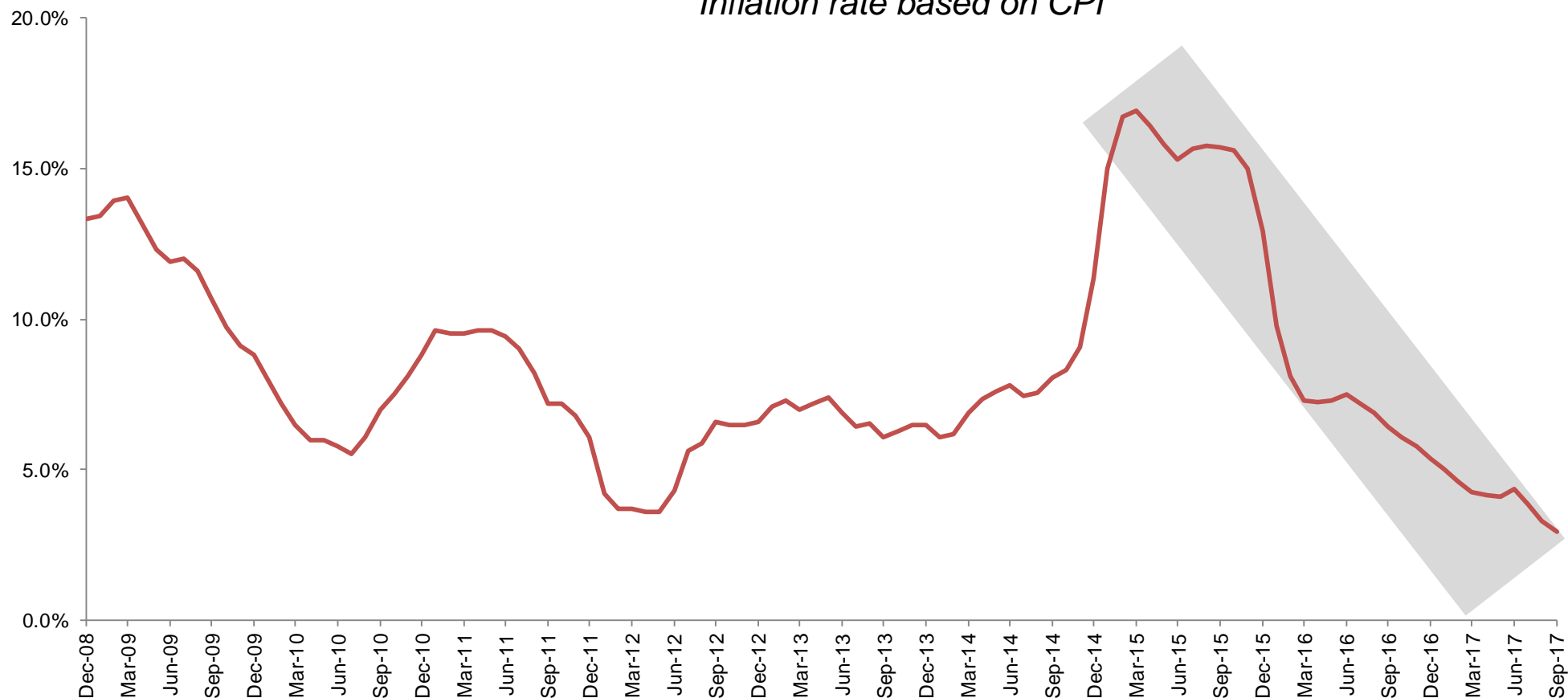
## OIL PRICE vs PROPERTY VALUES vs ROUBLE



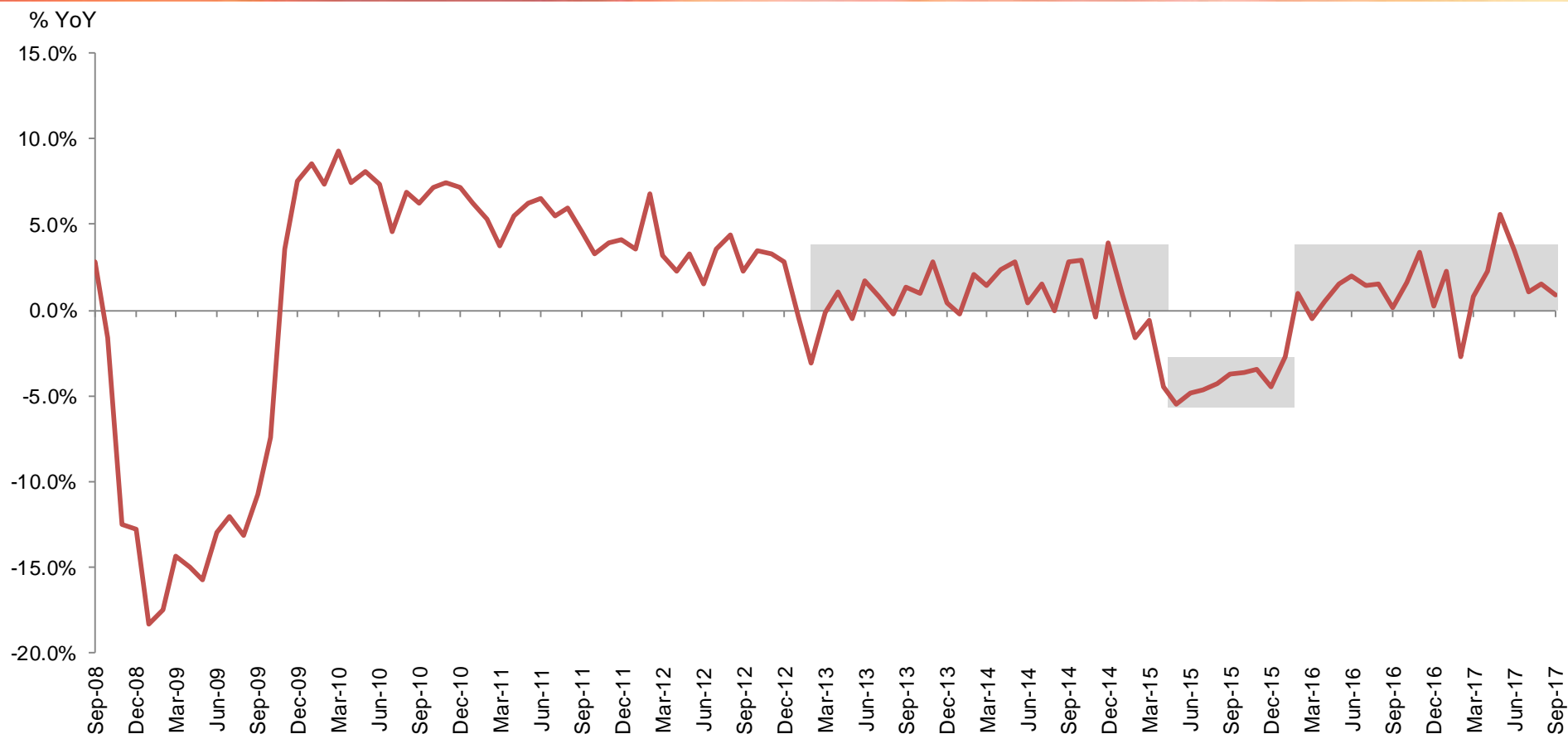
## RUSSIA – INFLATION

Inflation rate

*Inflation rate based on CPI*

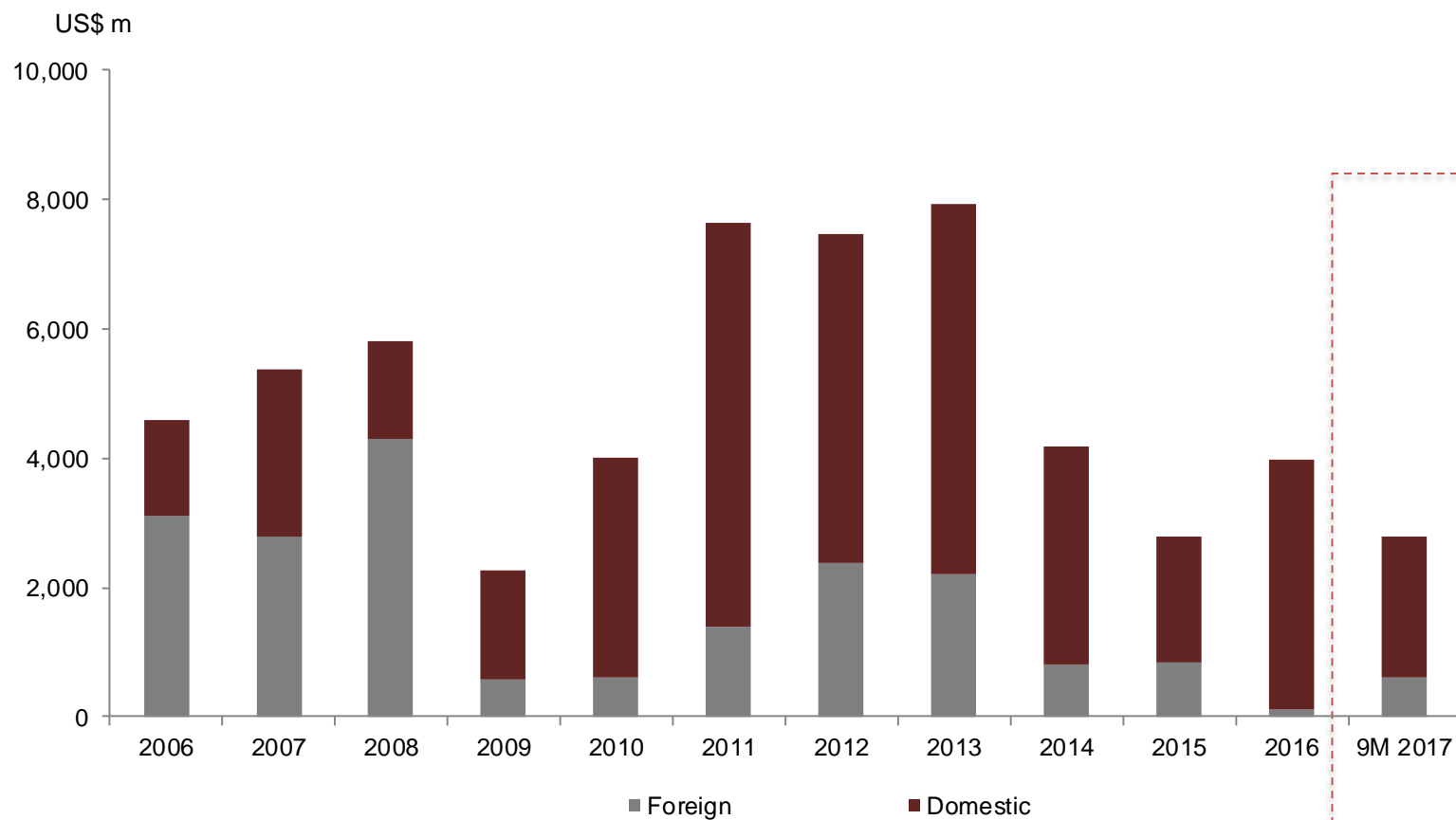


## RUSSIA – INDUSTRIAL PRODUCTION



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

## RUSSIA – INVESTMENT VOLUME BY SOURCE OF CAPITAL

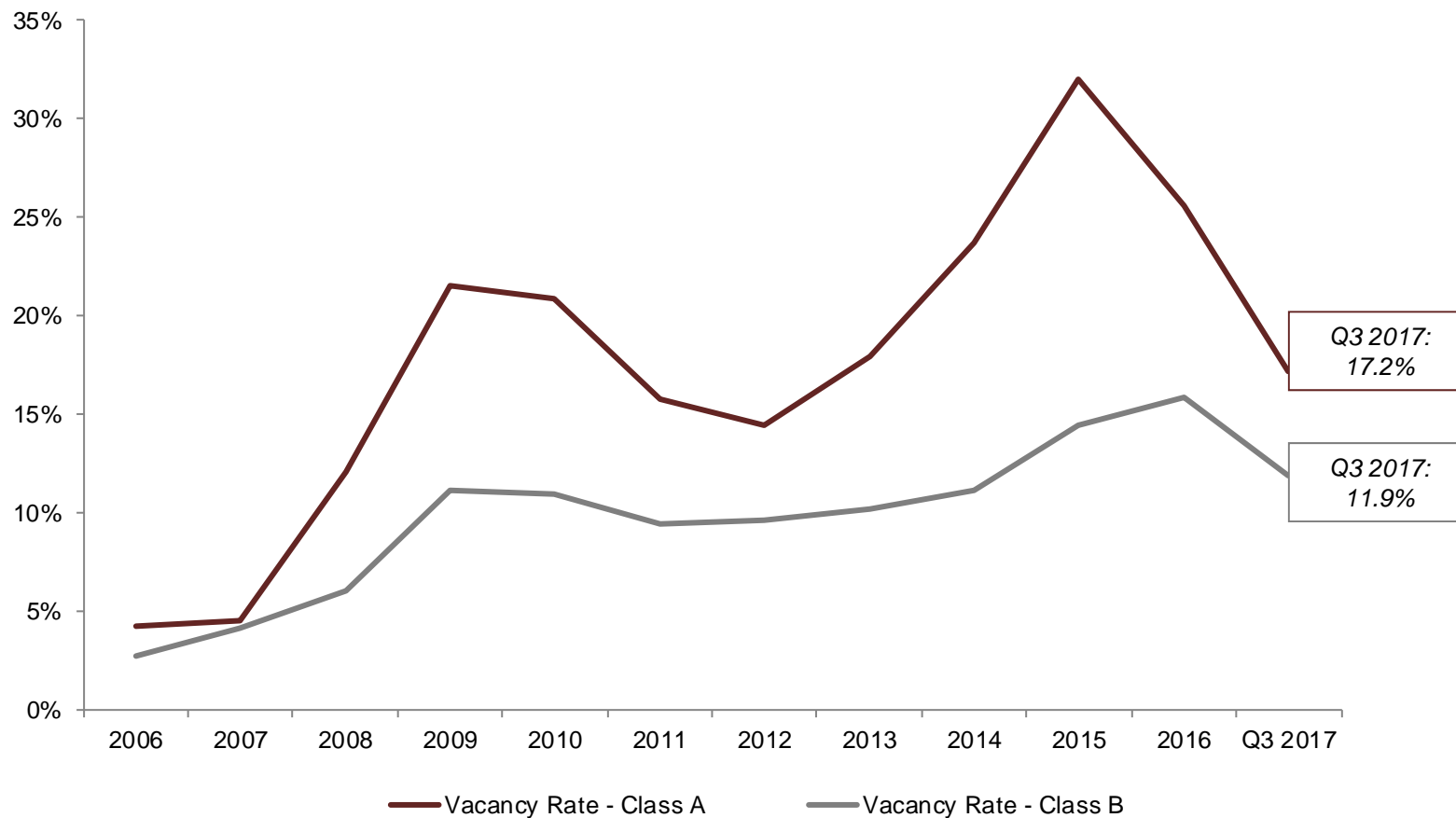


- Investment volume reached c. EUR 2.4 billion year to date.
- For reference the investment volume in 2016 was EUR 3.1 billion.
- Foreign capital has constituted 22% of total investment volume in 2017, after only 6% in 2016.

*Foreign capital returning*

## MOSCOW OFFICE MARKET – VACANCY RATE

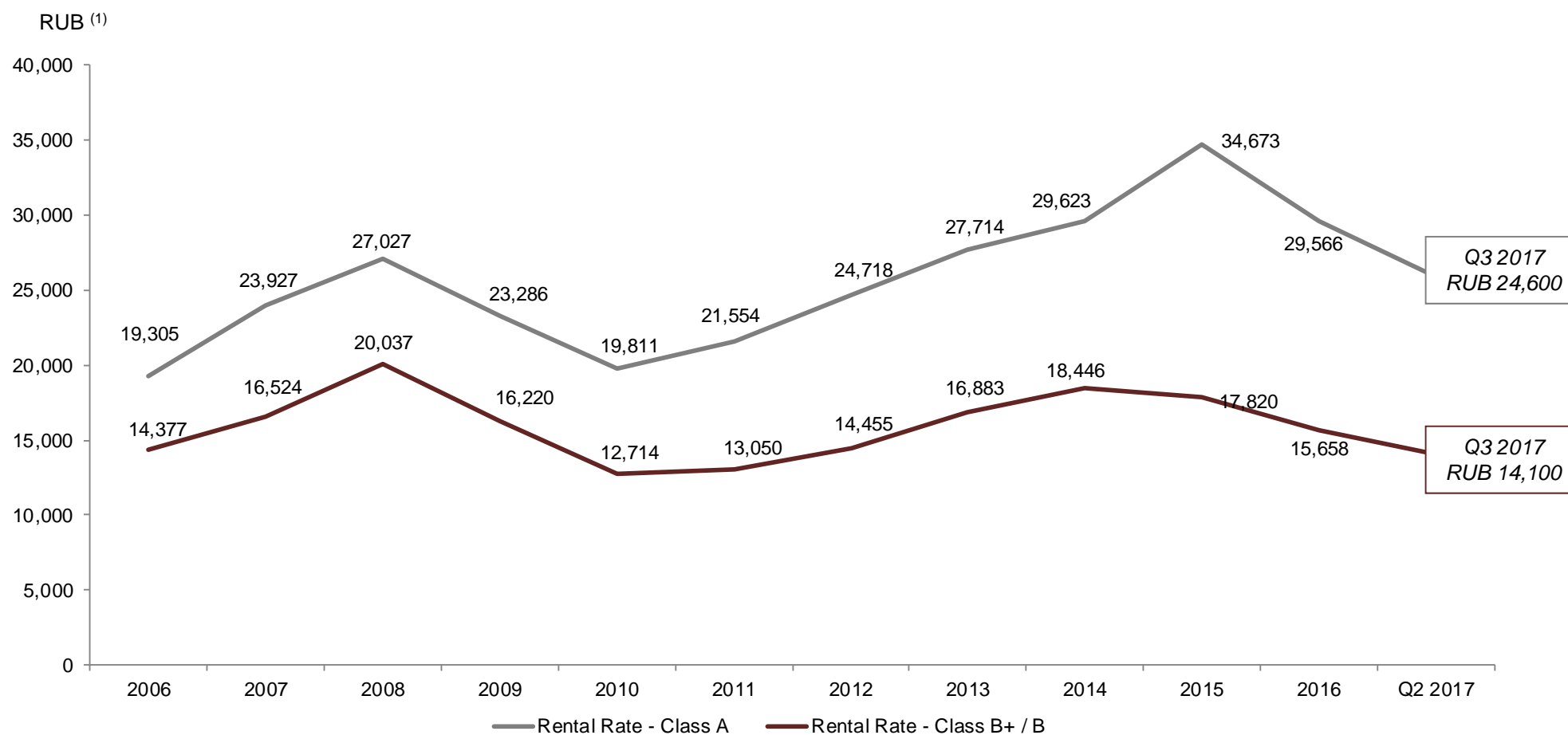
Vacancy (%)



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

*Vacancy rates falling on low supply*

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



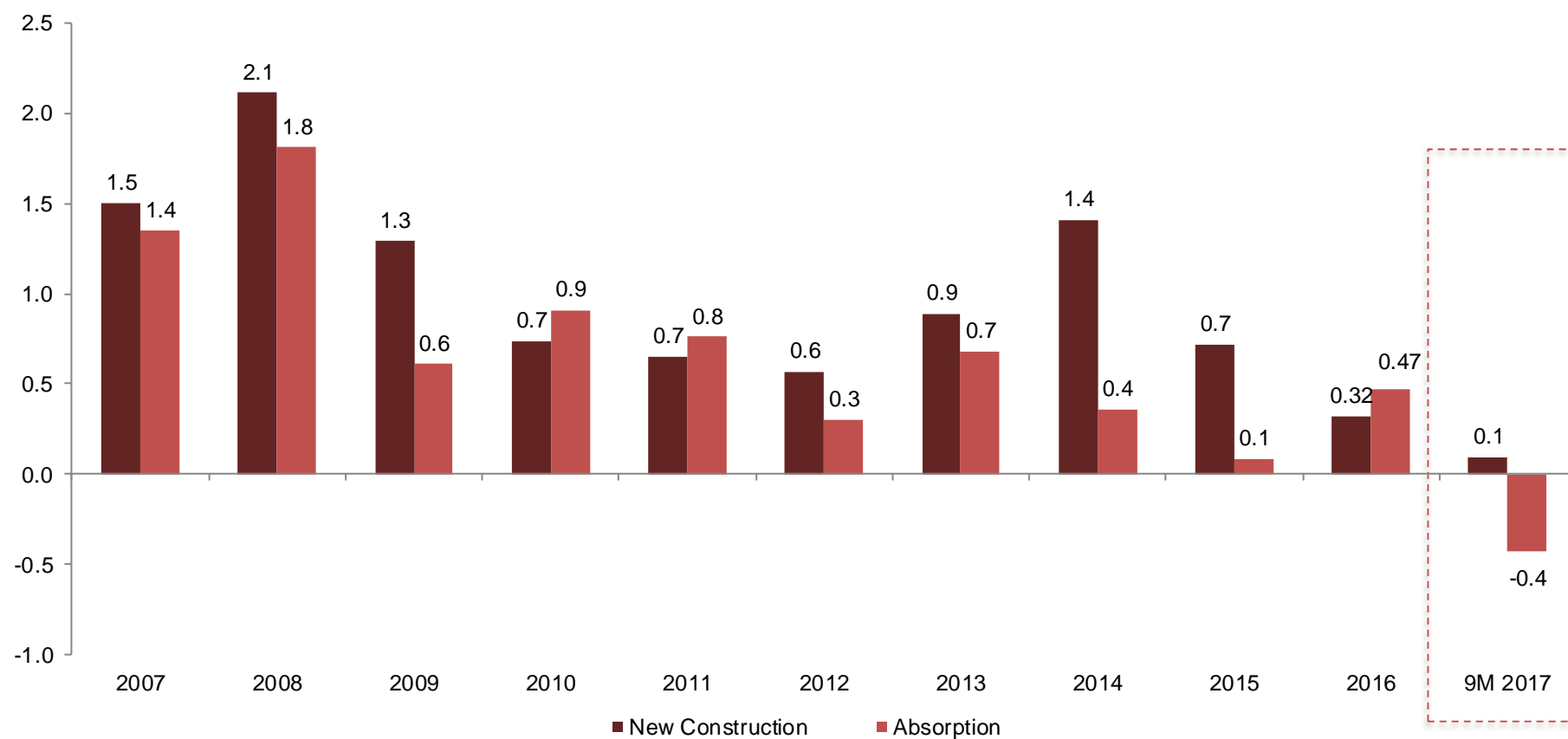
*Relative stability in rent level in RUB terms*

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)

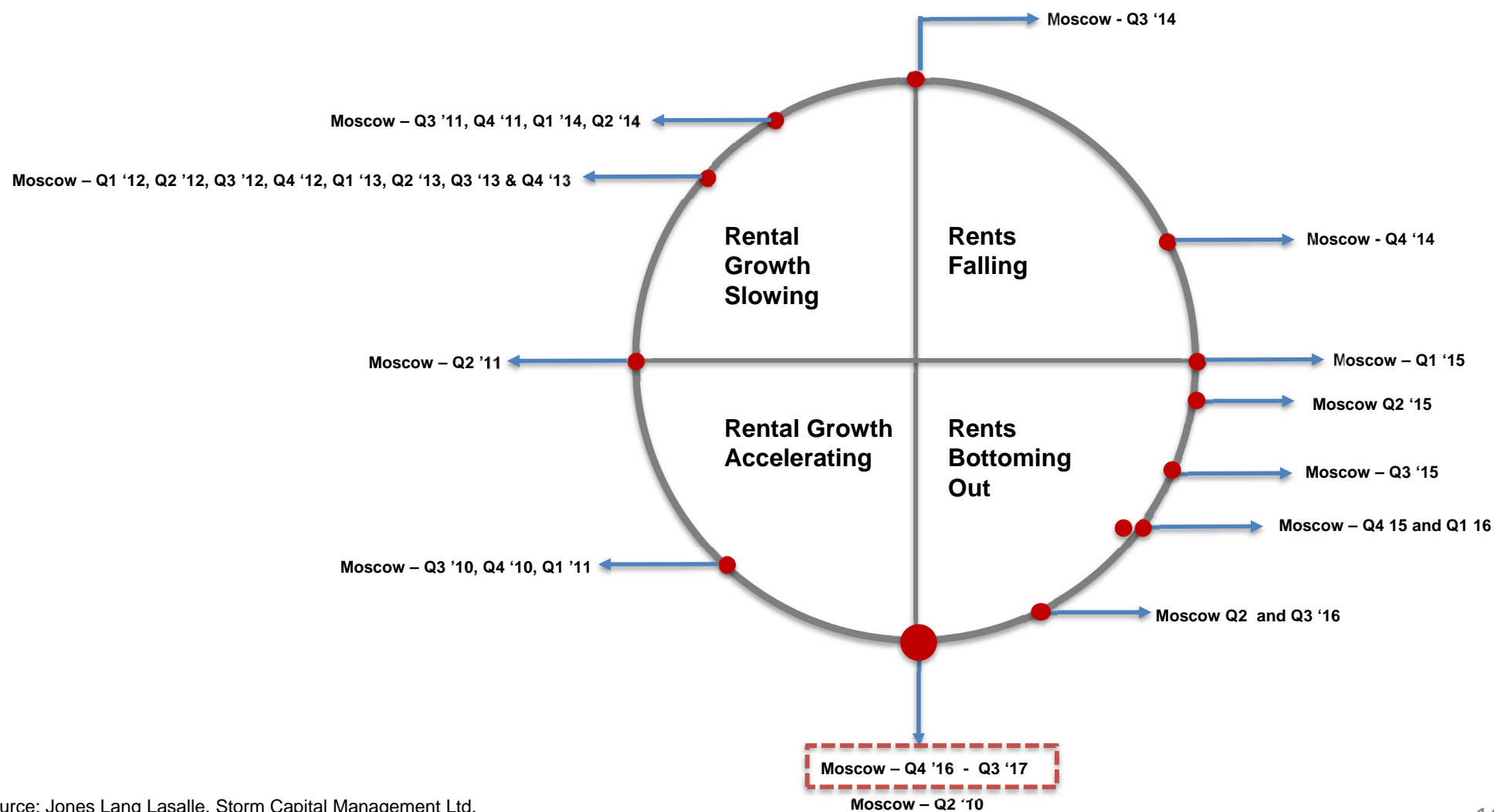
## MOSCOW OFFICE MARKET – NEW CONSTRUCTION AND ABSORPTION

Million m<sup>2</sup>



*Little new construction, and negative absorption. However, positive in Q3 standalone.*

## EUROPEAN OFFICE CLOCK 2010 –2017





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## APPENDIX

## GASFIELD BUILDING

Gasfield Building



<b>Class</b>	B+
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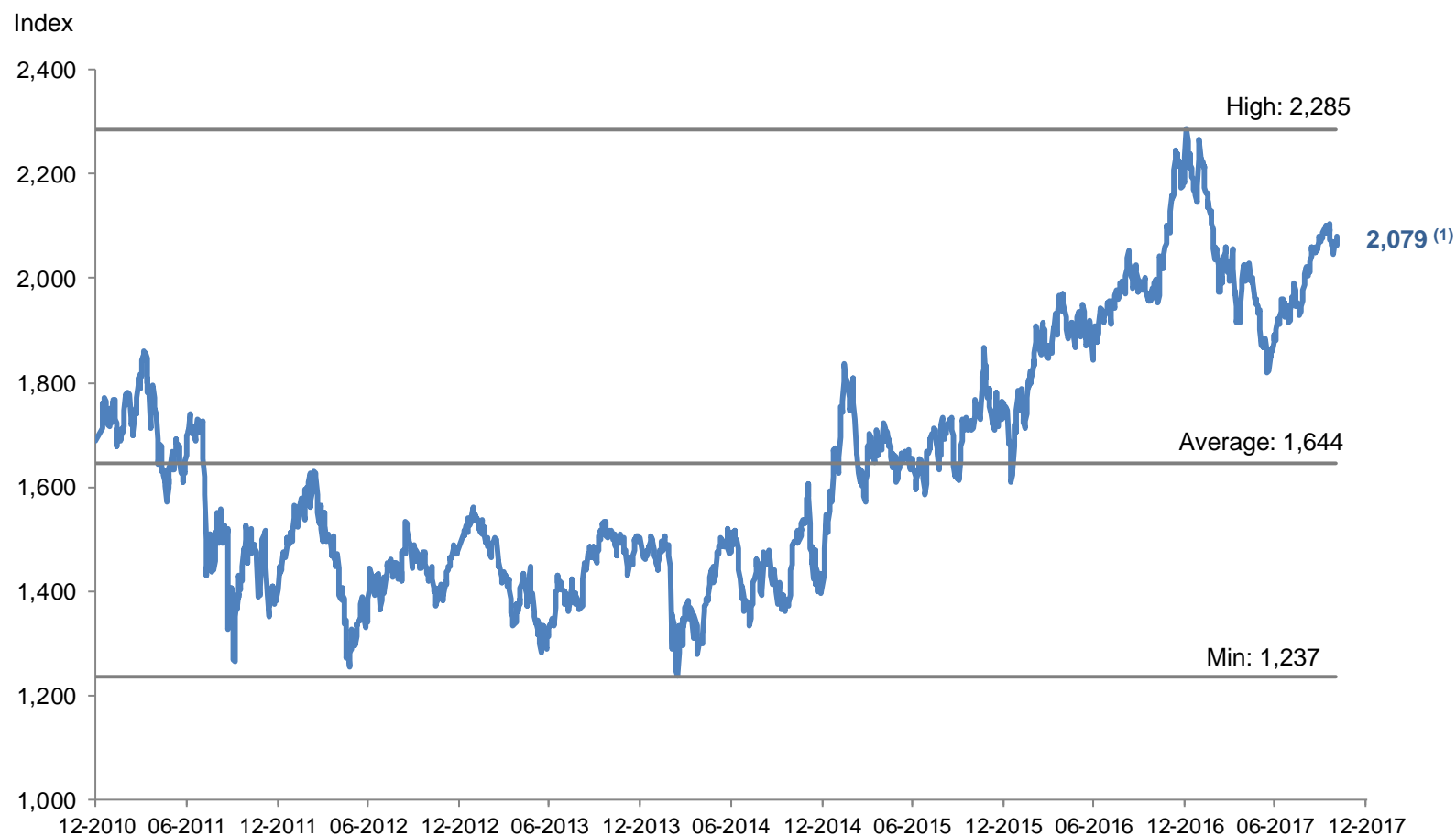
<b>Gross Area</b>	c. 15,200 m <sup>2</sup>
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<b>Net lettable area</b>	c. 11,200 m <sup>2</sup>
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<b>Occupancy Rate</b>	c. 32%
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## PERFORMANCE OF THE RUSSIAN MICEX INDEX

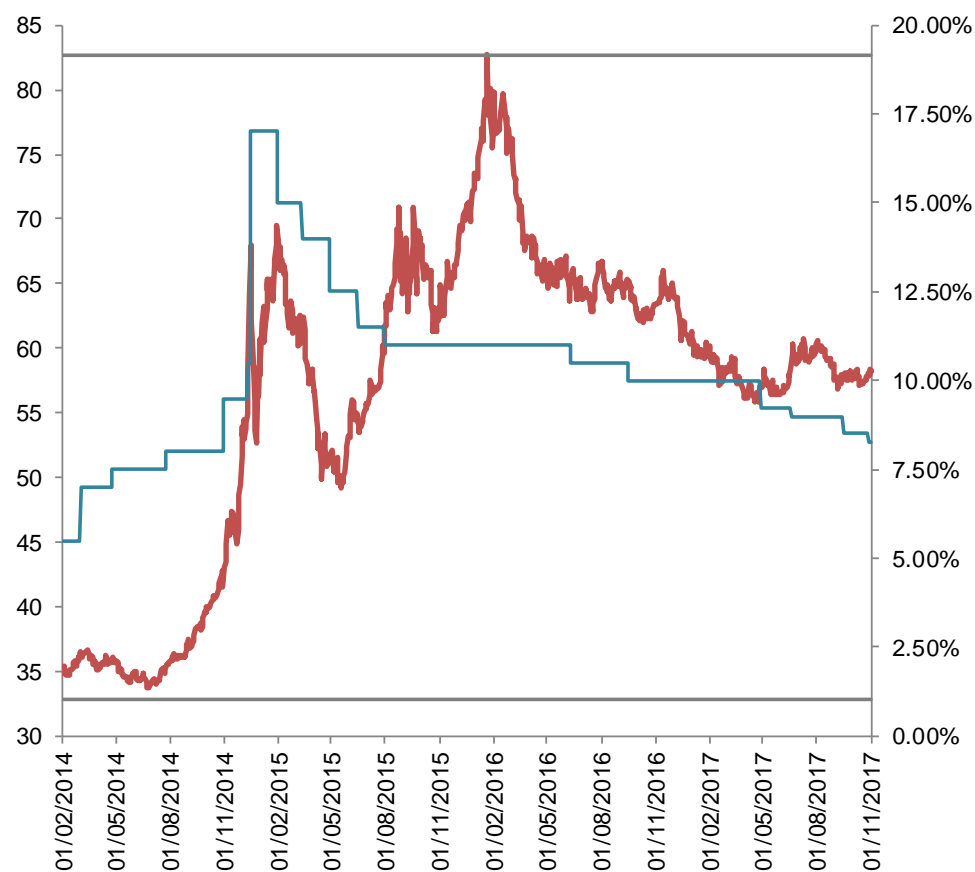
- The MICEX index was up 26,1% in 2015 and 26,8% in 2016
- The Index reached an all time high in January 2017



## 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



## BRENT OIL PRICE

Brent Oil Price (US\$)



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