



4<sup>th</sup> quarter 2017

FINANCIAL RESULTS PRESENTATION

13 February 2018

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## KEY TAKE AWAYS

1.

Total Comprehensive Income of USD -1.4 million in Q4.

2.

NAV per share at NOK 0.93.

3.

Gasfield occupancy at 48%.

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 48% after re-letting of 3,149 m<sup>2</sup> of the vacant space across 20 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 held nearly 300 viewings in the last year and are in continuous negotiations with potential tenants.

3. Independent valuer reduced value of the building from USD 27.1m to USD 26.6m in Q4 (-0.5 million).

## P&L – MAJOR ITEMS

mill. USD	Q4 2017	Q4 2016	12M 2017	12M 2016
<b>Total Comprehensive Income</b>	<b>-1.4</b>	<b>0.0</b>	<b>-4.2</b>	<b>-4.8</b>
<u>Summary of major items:</u>				
NOI from investment properties	-0.2	1.2	1.8	5.0
Value change investment properties	-0.5	-2.4	-3.9	-4.2
Value change shares in real estate companies	n/a	n/a	n/a	-3.0
Other operating costs	-0.3	-0.2	-1.0	-2.0
Funds and liquid investments	0.0	0.0	0.0	0.0
Borrowing costs	-0.4	-0.5	-1.9	-2.1
Currency gains/ losses	0.0	0.4	0.0	0.6
Contract- and interest derivatives	+0.3	1.0	0.6	0.4
Taxes	-0.3	0.7	0.5	1.2

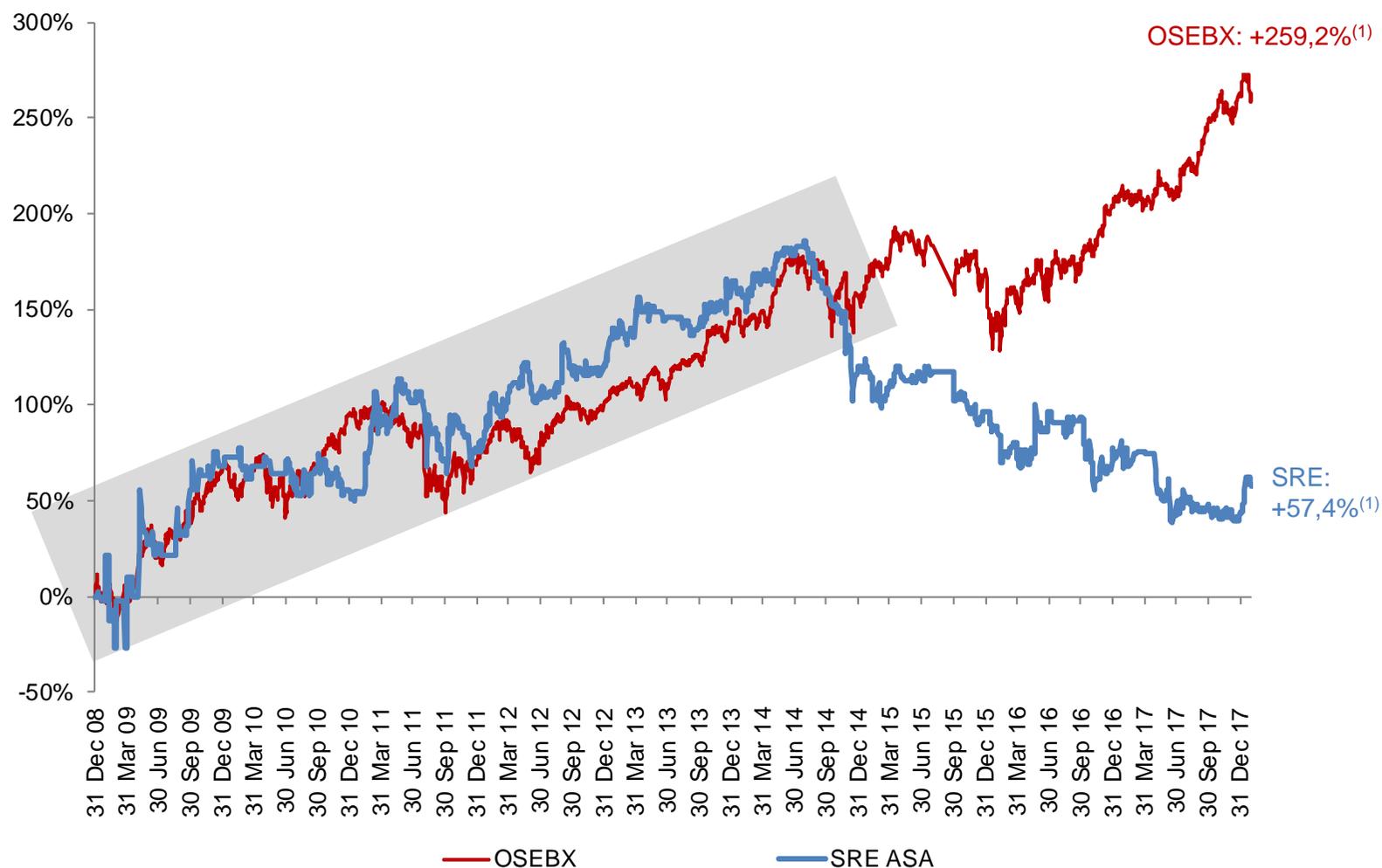
## BALANCE SHEET – MAJOR ITEMS

(US\$ '000)	31/12/17 <sup>(1)</sup>	31/12/16		31/12/17 <sup>(1)</sup>	31/12/16
Investment property	\$26,760	\$31,215	Bank loans	\$18,136	\$21,081
<b>Total non-current assets</b>	<b>\$26,770</b>	<b>\$31,233</b>	Deferred tax	\$0	\$ 864
Cash	\$2,247	\$4,371	Other liabilities	\$1,505	\$3,166
<b>Total current assets</b>	<b>\$2,865</b>	<b>\$4,844</b>	<b>Total liabilities</b>	<b>\$19,640</b>	<b>\$25,111</b>
<b>Total assets</b>	<b>\$29,634</b>	<b>\$36,078</b>	<b>Equity</b>	<b>\$9,994</b>	<b>\$10,966</b>
			<b>Total equity and liabilities</b>	<b>\$29,634</b>	<b>\$36,078</b>
			<i>Equity ratio</i>	<i>33,7%</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.

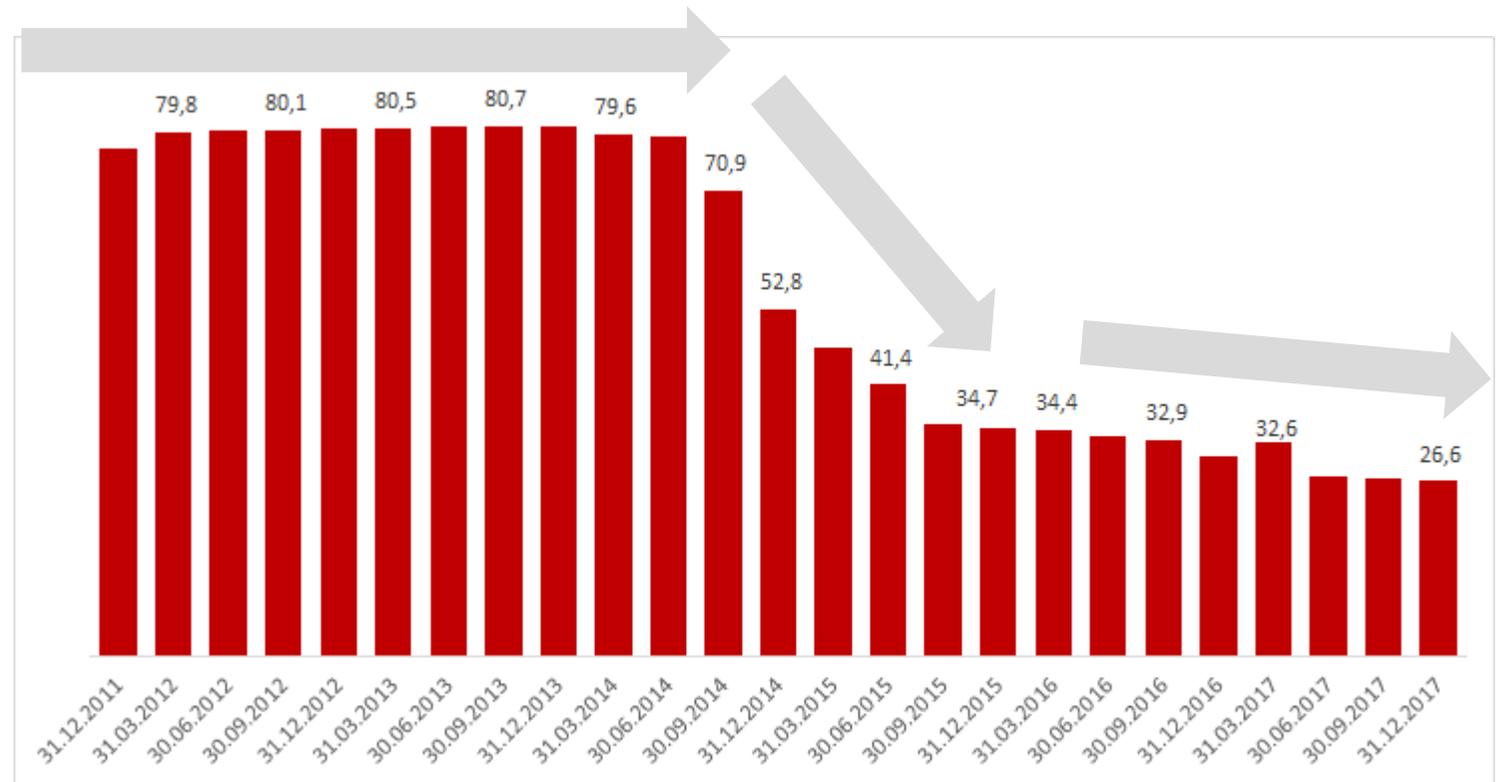


Source: Oslo Stock Exchange, Bloomberg

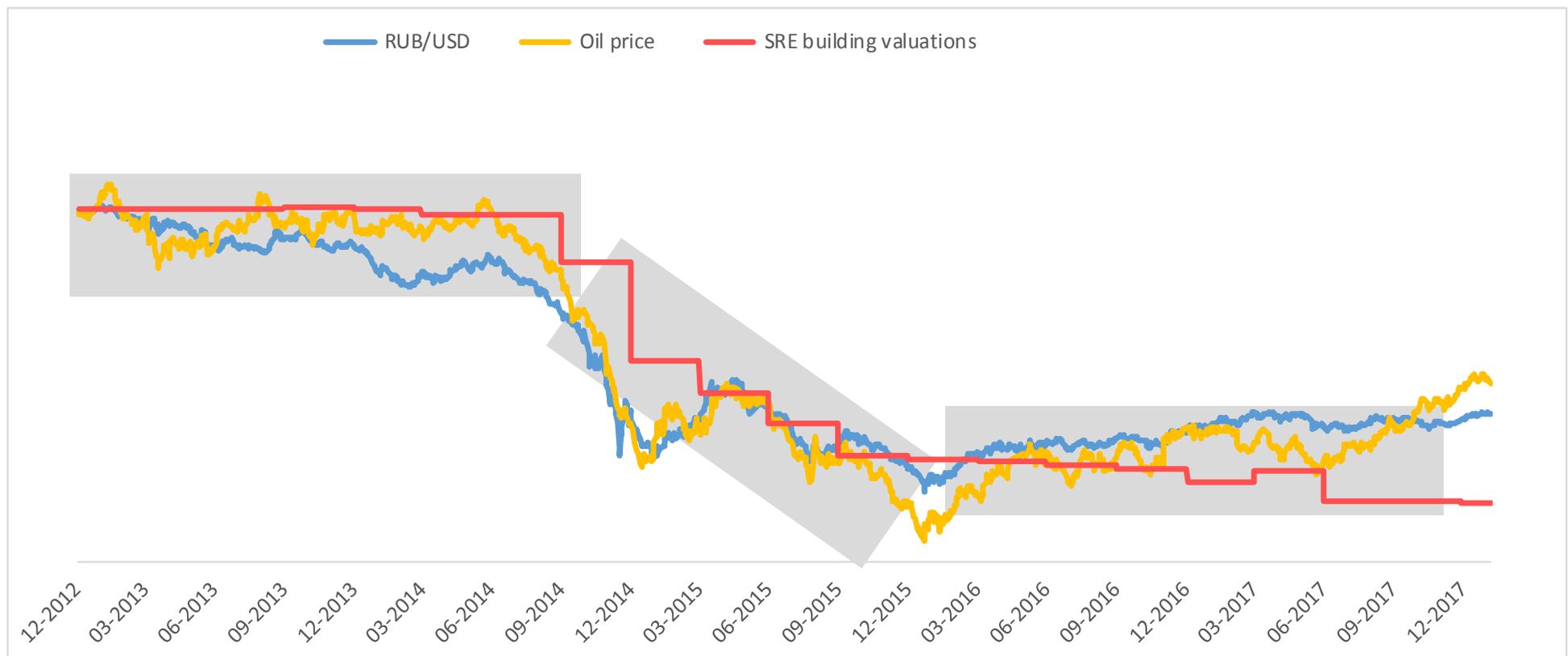
(1) SRE and OSEBX adjusted for dividends. As per 2 February 2018.

## DEVELOPMENT OF GASFIELD VALUATION 2012-2017

- Gasfield valued at USD 80.7 million at peak (2013).
- Current valuation USD 26.6 million.
- Decline in valuation of USD 54.1 million (-67% from peak).



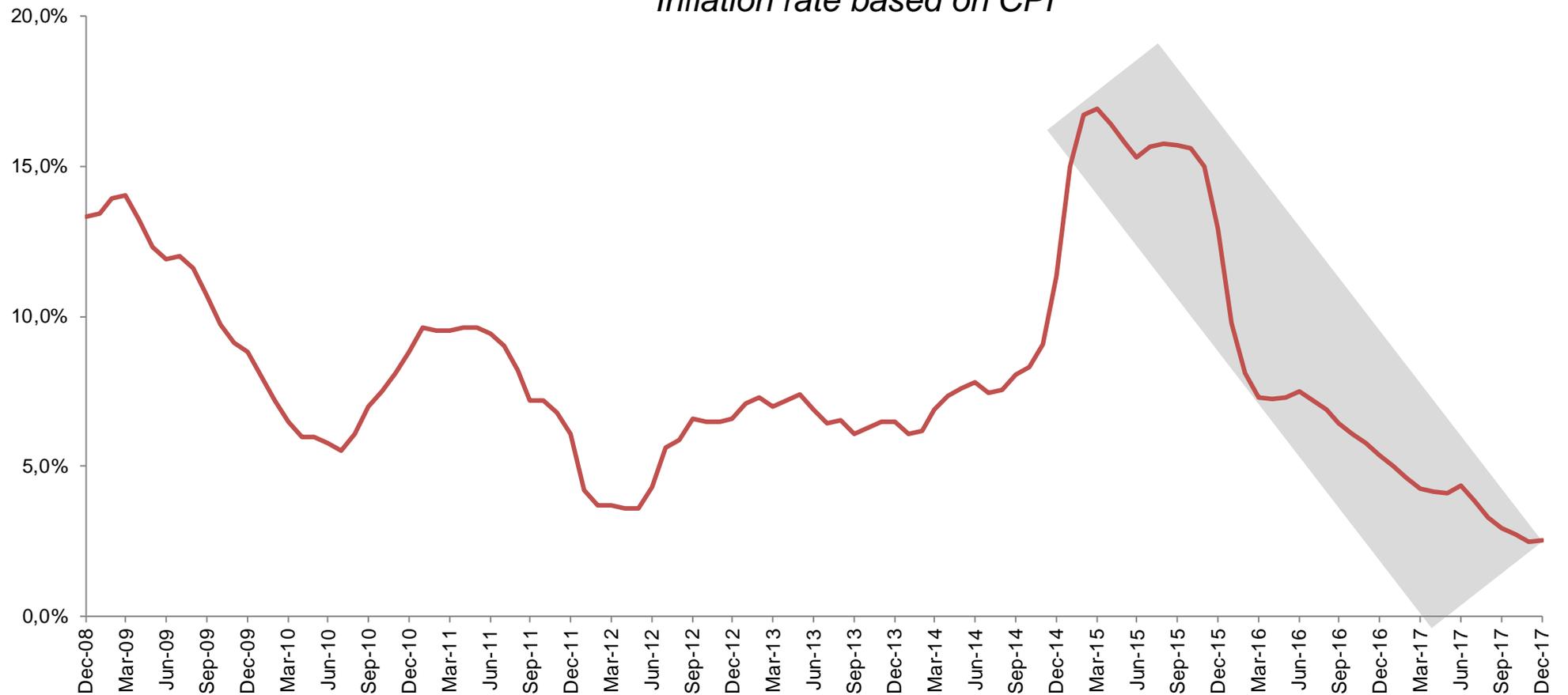
OIL PRICE vs PROPERTY VALUES vs ROUBLE



**RUSSIA – INFLATION**

Inflation rate

*Inflation rate based on CPI*

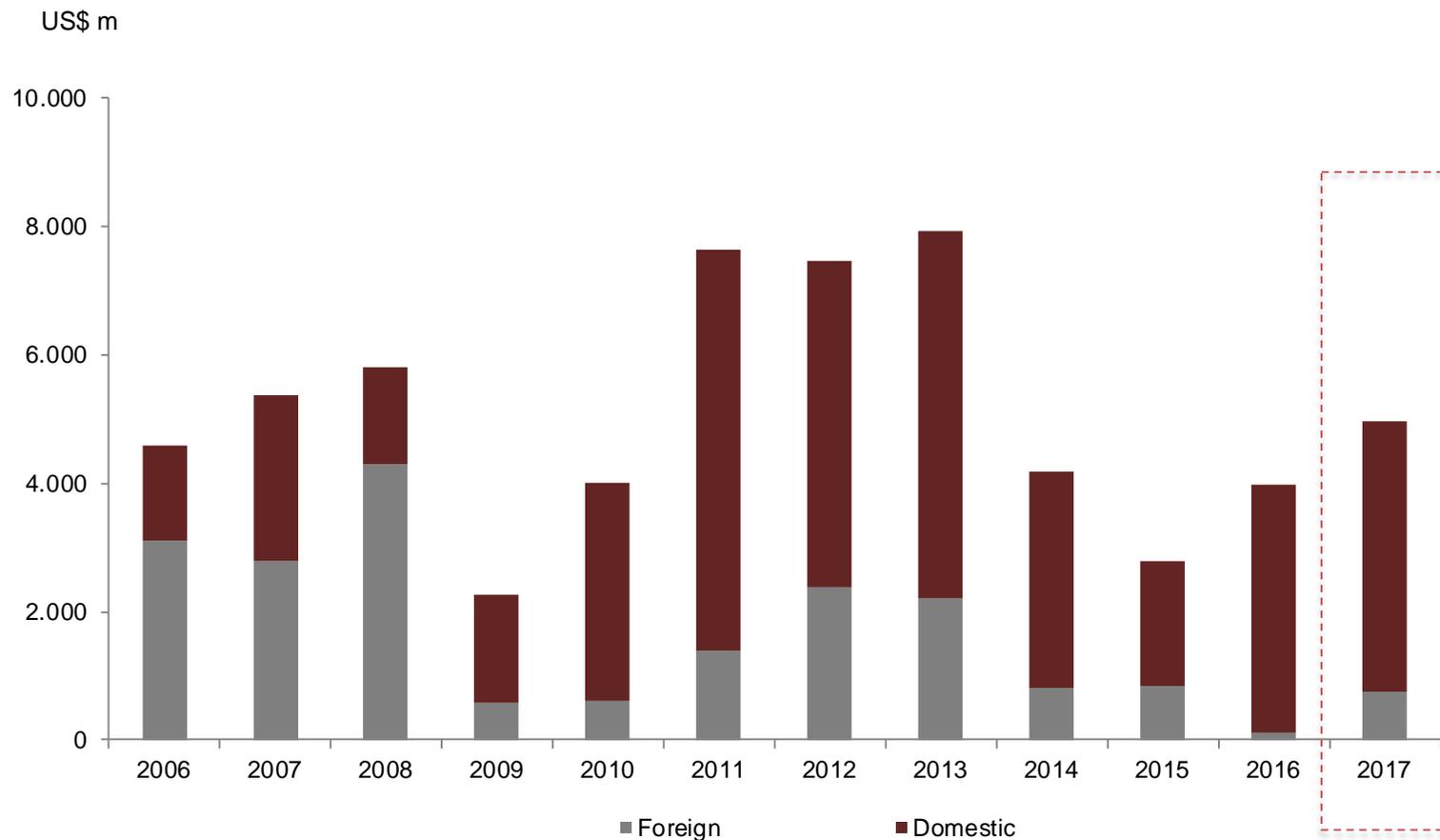


## RUSSIA – INDUSTRIAL PRODUCTION



*Economic activity (as measured by industrial production)*

## RUSSIA – INVESTMENT VOLUME BY SOURCE OF CAPITAL

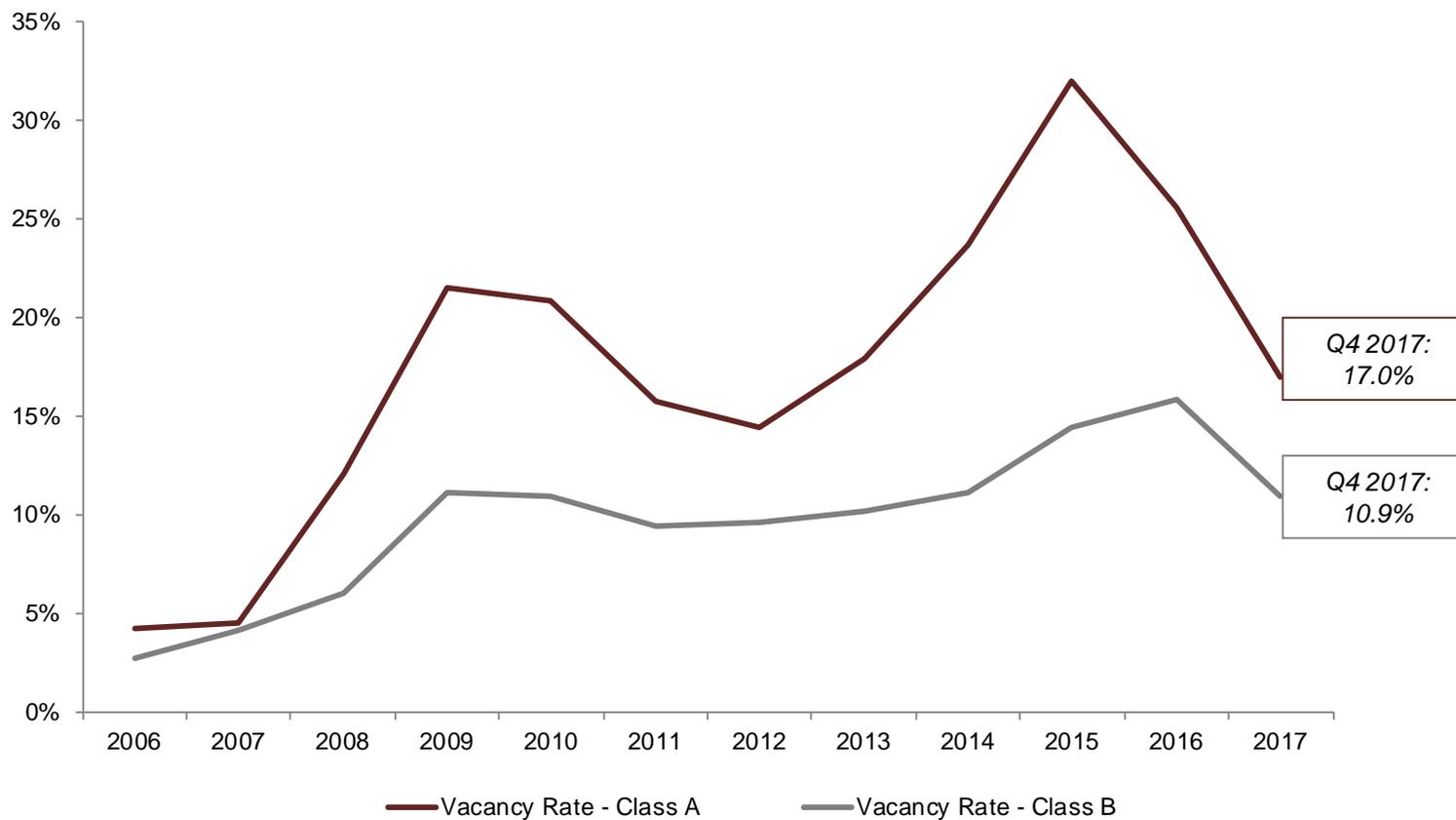


- Investment volume reached c. EUR 4.0 billion year to date.
- For reference the investment volume in 2016 was EUR 3.1 billion.
- Foreign capital has constituted 15% of total investment volume in 2017, after only 6% in 2016.

*Foreign capital returning*

## MOSCOW OFFICE MARKET – VACANCY RATE

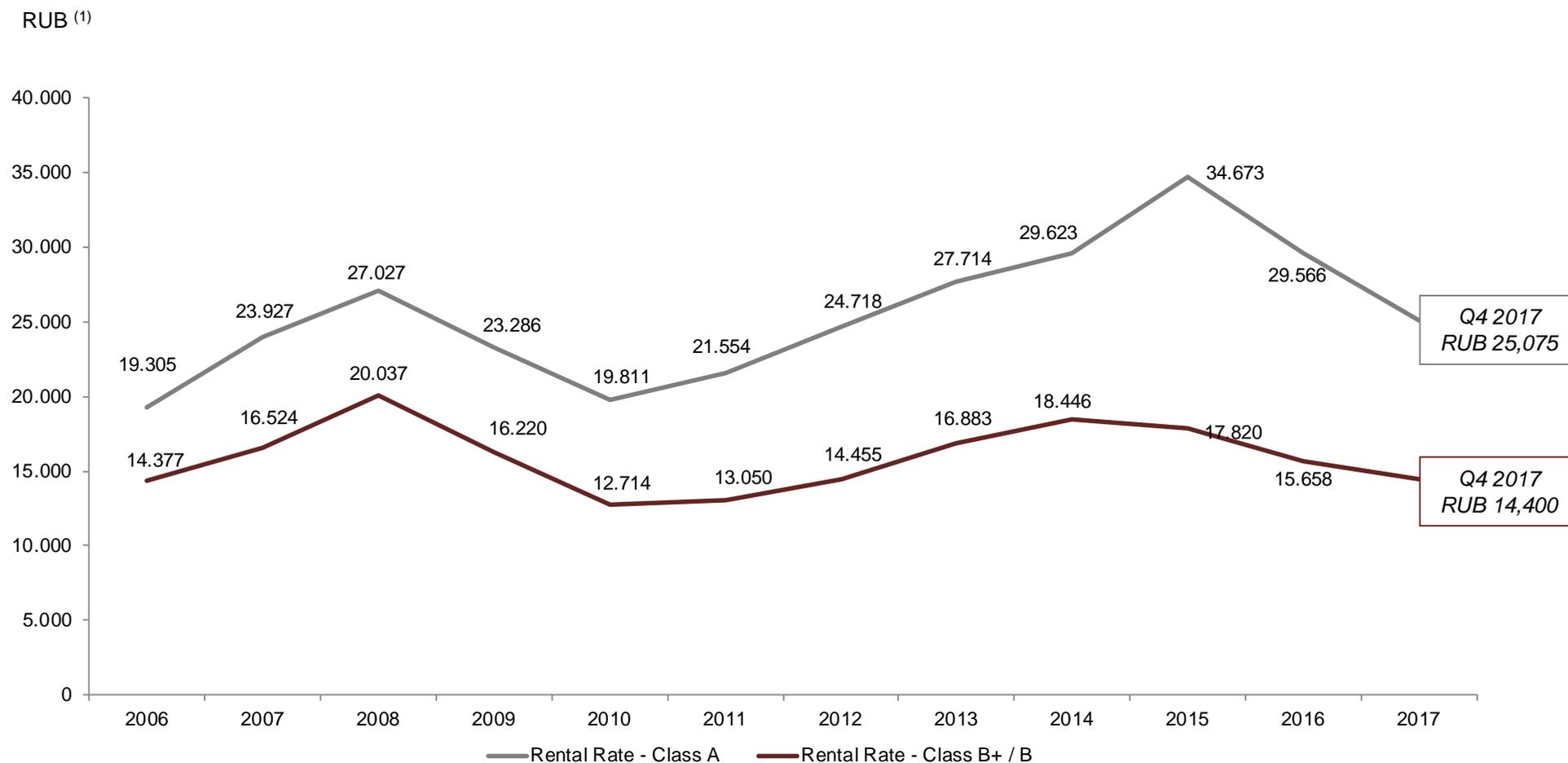
Vacancy (%)



- *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>

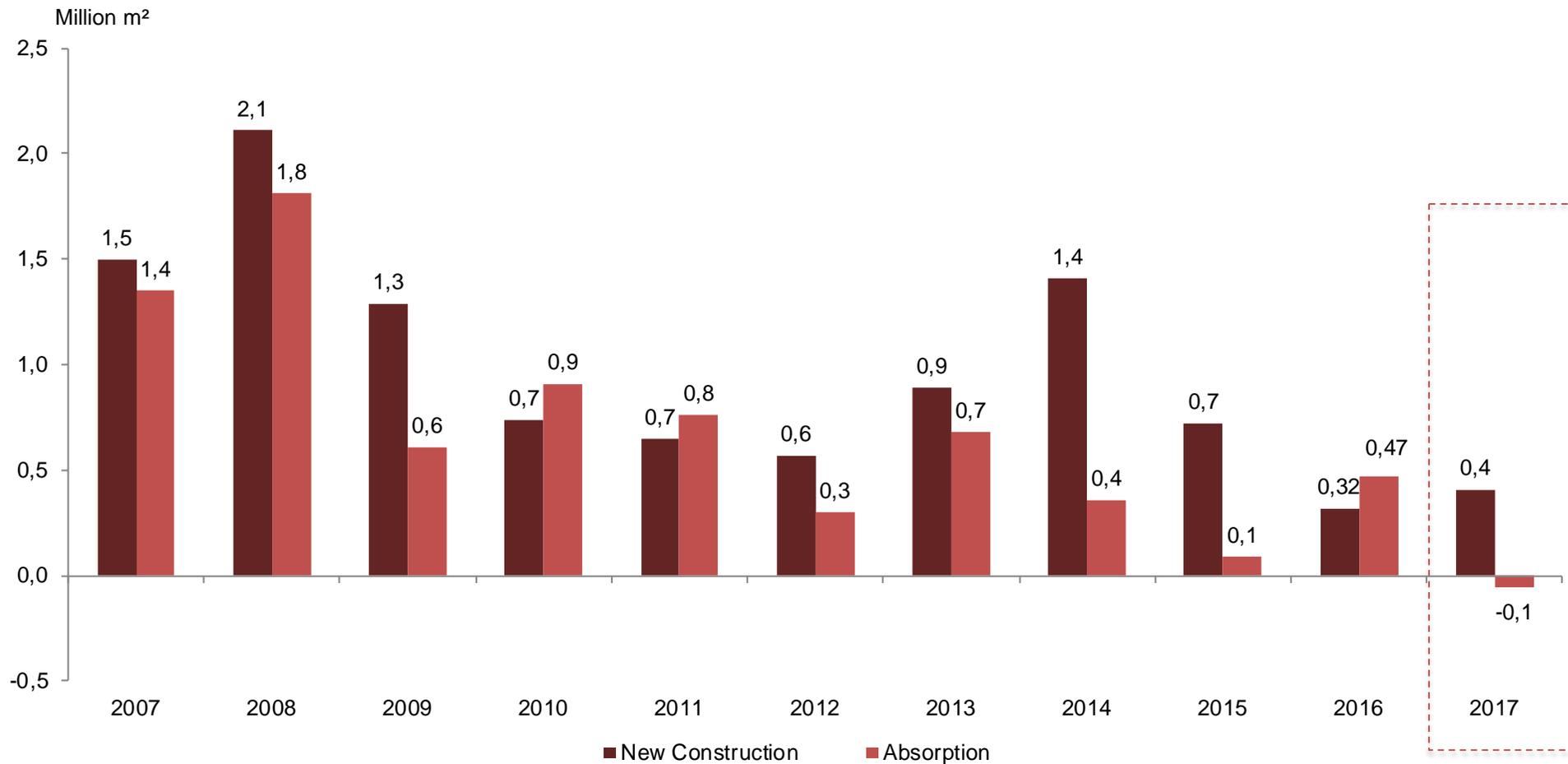


*Rent level in RUB terms slightly down on last year*

Source: Cushman & Wakefield

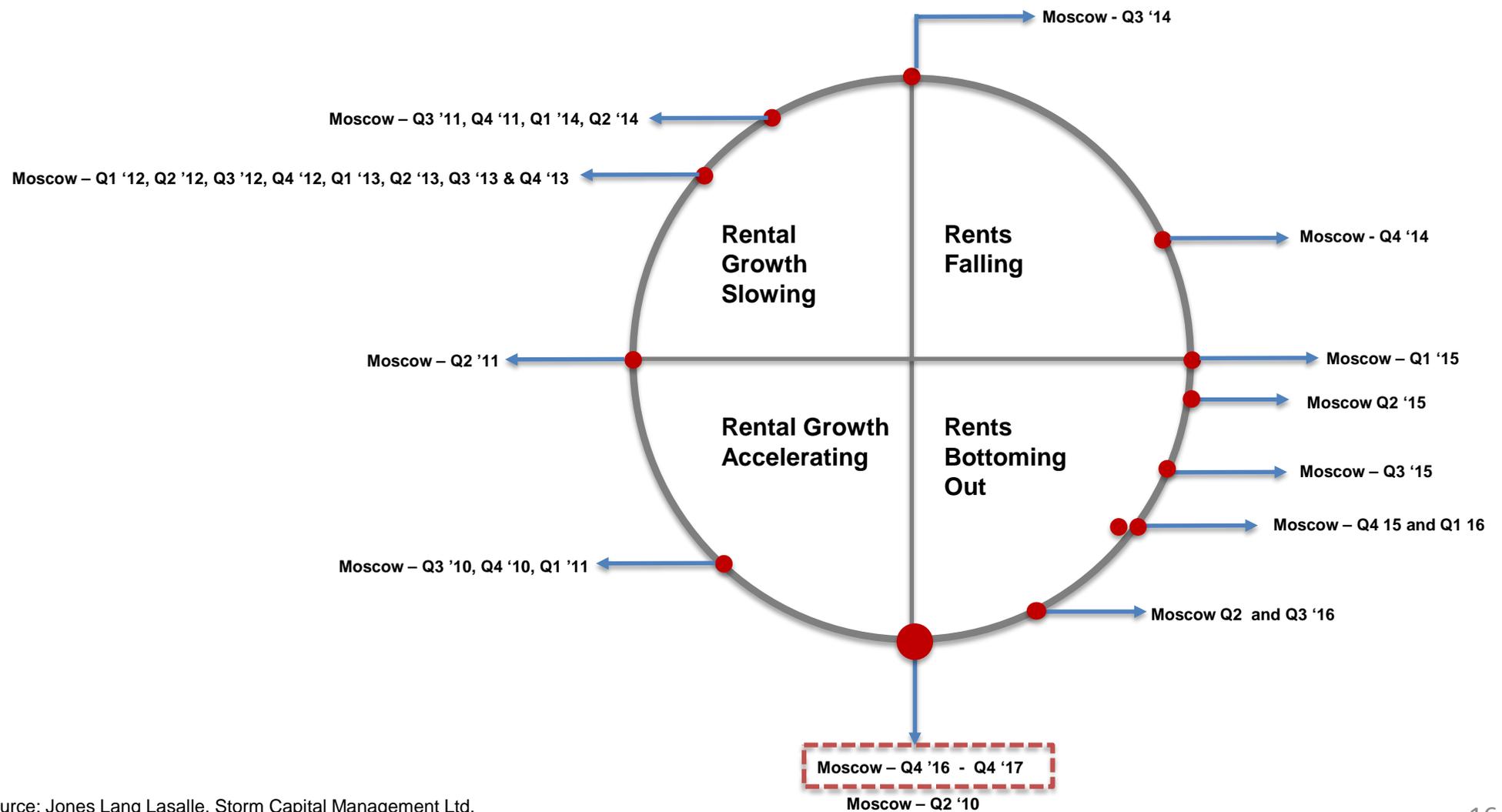
(1) Average rental rates is a weighted average rental rate of asking rents of deals closed within the period, RUB / m<sup>2</sup>/ annum/ triple net (net of op.ex and VAT)

## MOSCOW OFFICE MARKET – NEW CONSTRUCTION AND ABSORPTION



*Little new construction, and negative absorption.*

EUROPEAN OFFICE CLOCK 2010 –2017



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## APPENDIX

## GASFIELD BUILDING

Gasfield Building



**Class** B+

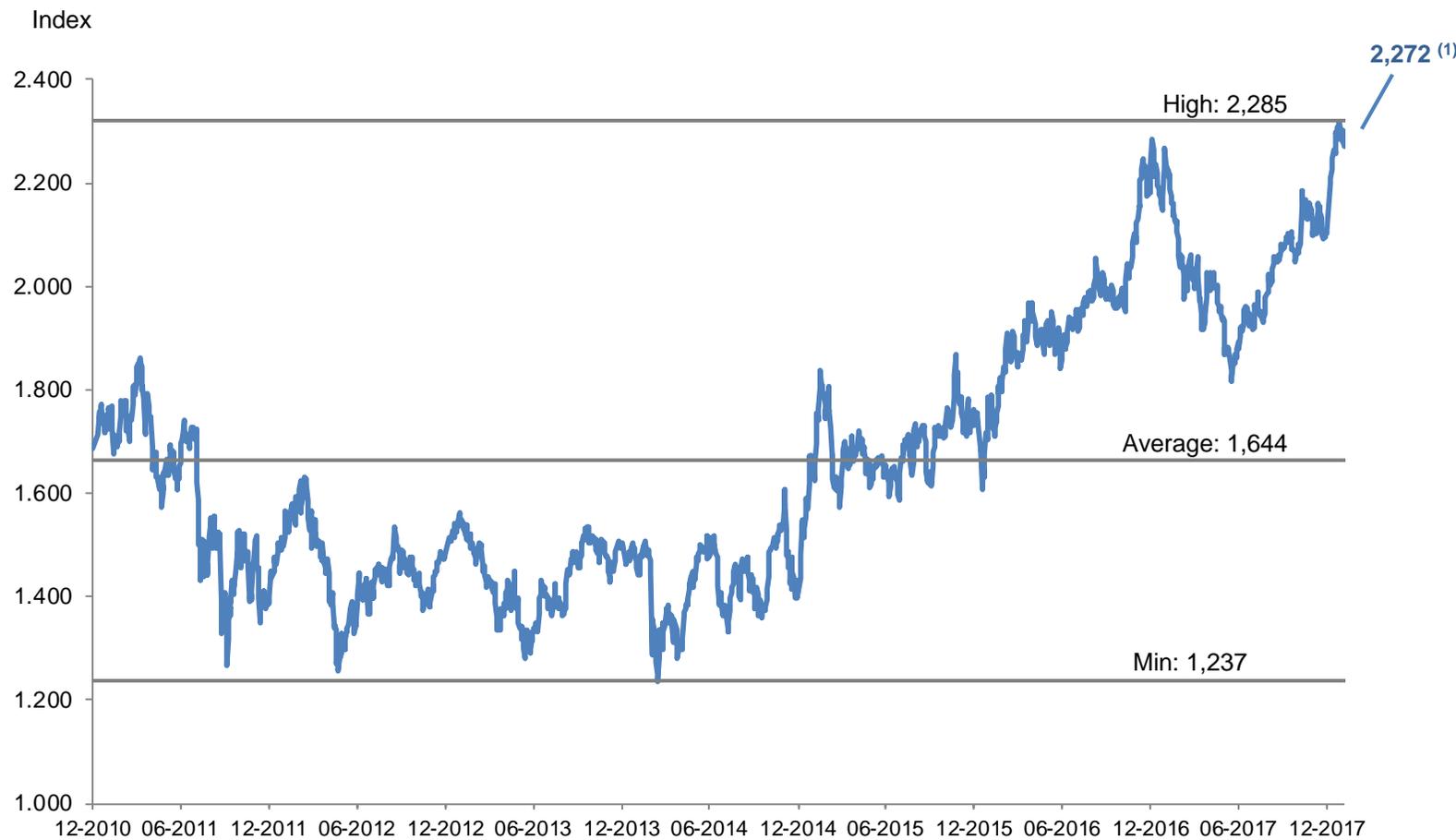
**Gross Area** c. 15,200 m<sup>2</sup>

**Net lettable area** c. 11,100 m<sup>2</sup>

**Occupancy Rate** c. 42%

## PERFORMANCE OF THE RUSSIAN MICEX INDEX

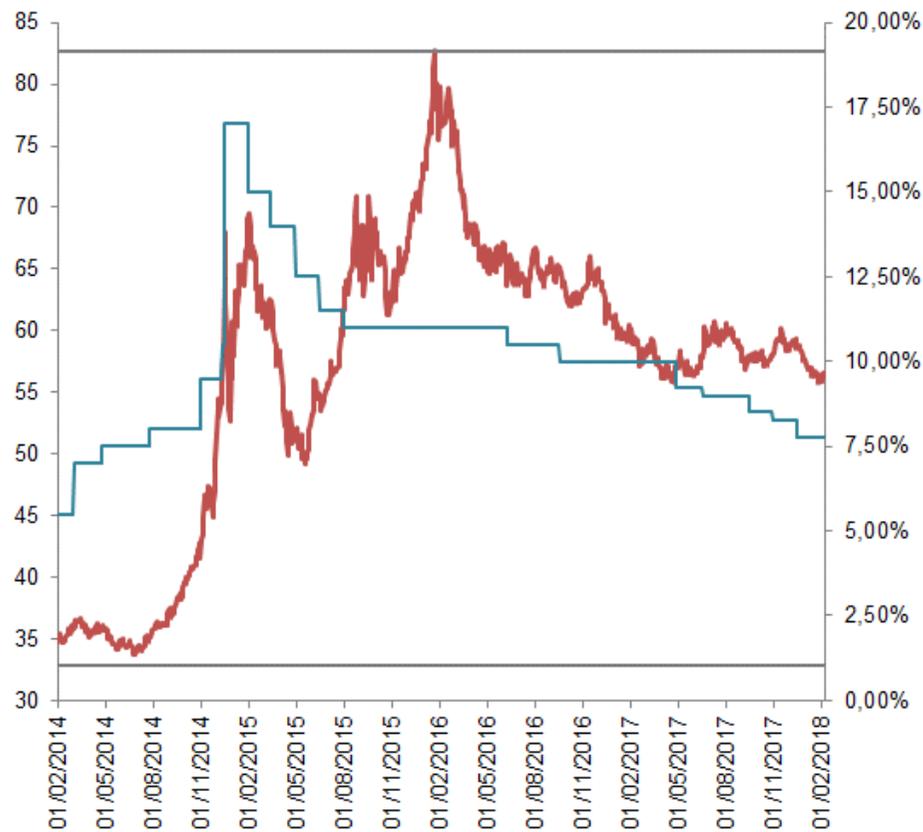
- The MICEX index was up
- +26,1% in 2015
- +26,8% in 2016
- +7.7% YTD 2017
- The Index reached an all time high in January 2018



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

US\$/RUB Exchange Rate

CBR Key Rate



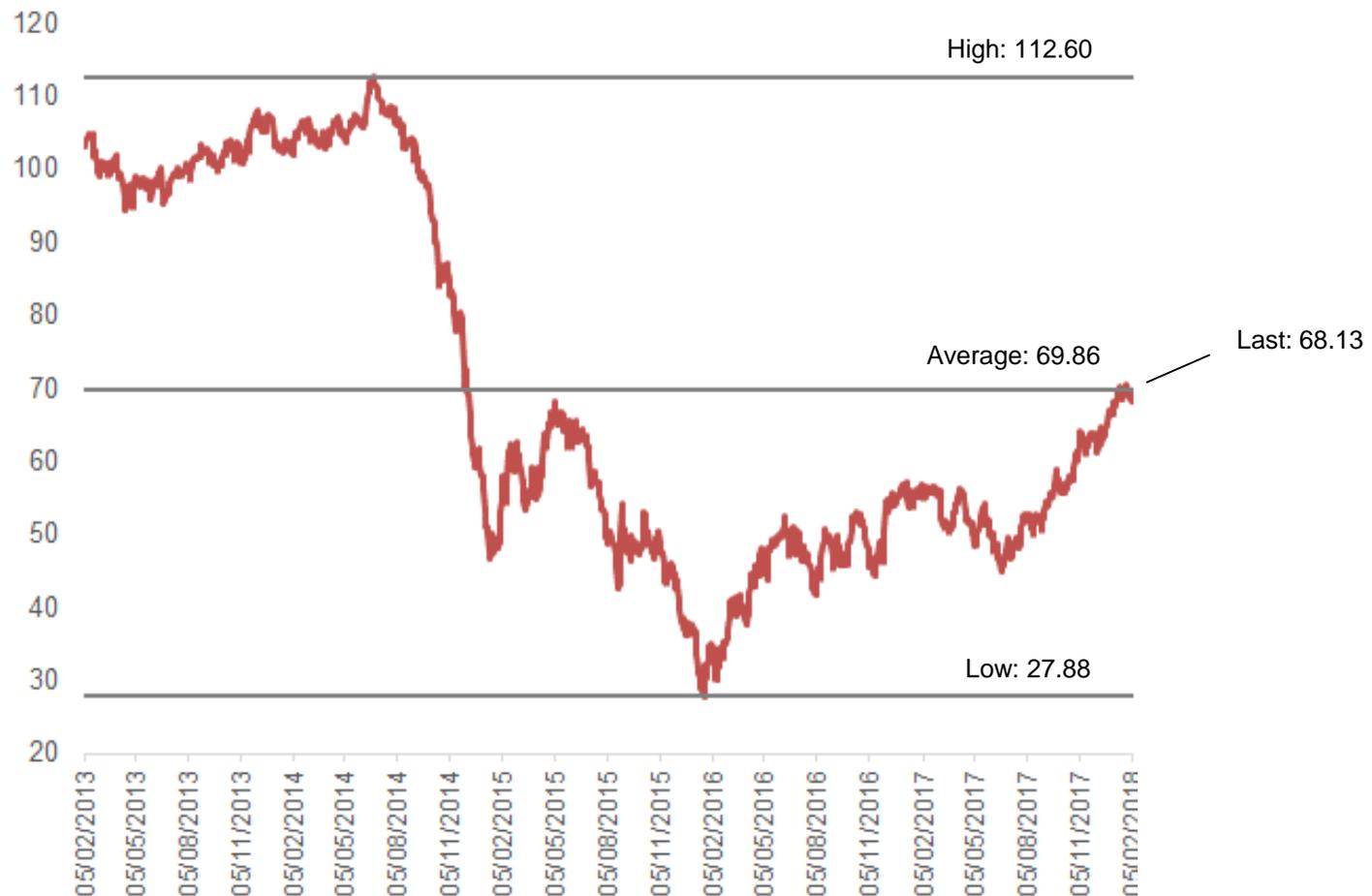
NOK/RUB Exchange Rate

CBR Key Rate



**BRENT OIL PRICE**

Brent Oil Price (US\$)



## 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)

