



2<sup>nd</sup> quarter 2018

# FINANCIAL RESULTS PRESENTATION

10 August 2018

## DISCLAIMER

This document is being furnished for informational purposes only and does not constitute an offer to sell or the solicitation of an offer to purchase any security, future or other financial instrument or product. It is not intended to form the basis of an investment decision and has not been verified. Storm Capital Management Ltd. ("Storm") makes no recommendation or representation as to, and accepts no responsibility or liability for, the accuracy or completeness of the information contained herein or any other information, whether written or oral, made available and any liability therefore is expressly disclaimed. Such information is presented as of the date and, if applicable, time indicated and Storm does not accept any responsibility for updating any such information.

Any simulations, projections, valuations and statistical analyses contained herein have been provided to assist the recipient in the evaluation of the matters described herein; such simulations, projections, valuations and analyses may be based on subjective assessments and assumptions and may utilise one among alternative methodologies that produce differing results; accordingly, such simulations, projections, valuations and statistical analyses are not to be viewed as facts and should not be relied upon as an accurate representation of future events. No representation or warranty is given as to any of the simulations or analyses, or as to the achievement or reasonableness of any future projections or estimates, contained in this document.

This document has been prepared by Storm Capital Management Ltd. and should not be considered impartial research under FCA Rules. The views expressed may not be supported by independent analysis. The author of this document may be remunerated as a result of transactions generated by this information.

Storm Capital Management Ltd. is authorised and regulated in the United Kingdom by the Financial Conduct Authority. Its registered office is at Berger House, 36-38 Berkeley Square, London W1J 5AE, United Kingdom.

## KEY TAKE AWAYS

1. Total Comprehensive Income of USD -5.1 million in Q2.
2. NAV per share at NOK 0.40.
3. Gasfield occupancy at 52%.
4. Vacancy rates are stable

## OPERATIONS / FINANCE

1. The anchor tenant Gazprom Tsentrremont vacated the building in 2017.  
Current occupancy rate 52% after re-letting of >4,200 m<sup>2</sup> of the vacant space across 34 new tenants.
2. Value of the building reduced from USD 26.4m to USD 21.2m in Q2 (-5.2 million).
3. There is an ongoing constructive dialogue with the relevant stakeholders regarding future financing

## P&L – MAJOR ITEMS

| mill. USD                          | Q2 2018 | Q2 2017 | 12M 2017 |
|------------------------------------|---------|---------|----------|
| Total Comprehensive Income         | -5.1    | -5.0    | -4.2     |
| <u>Summary of major items:</u>     |         |         |          |
| NOI from investment properties     | +0.2    | +0.5    | +1.8     |
| Value change investment properties | -3.1    | -3.9    | -5.4     |
| Other operating costs              | -0.3    | -0.3    | -1.0     |
| Borrowing costs                    | -0.5    | -0.5    | -1.9     |
| Currency gains/ losses             | 0.0     | -0.0    | 0.0      |
| Contract- and interest derivatives | -0.3    | 0.0     | +0.6     |
| Taxes                              | +0.7    | +0.7    | +0.5     |

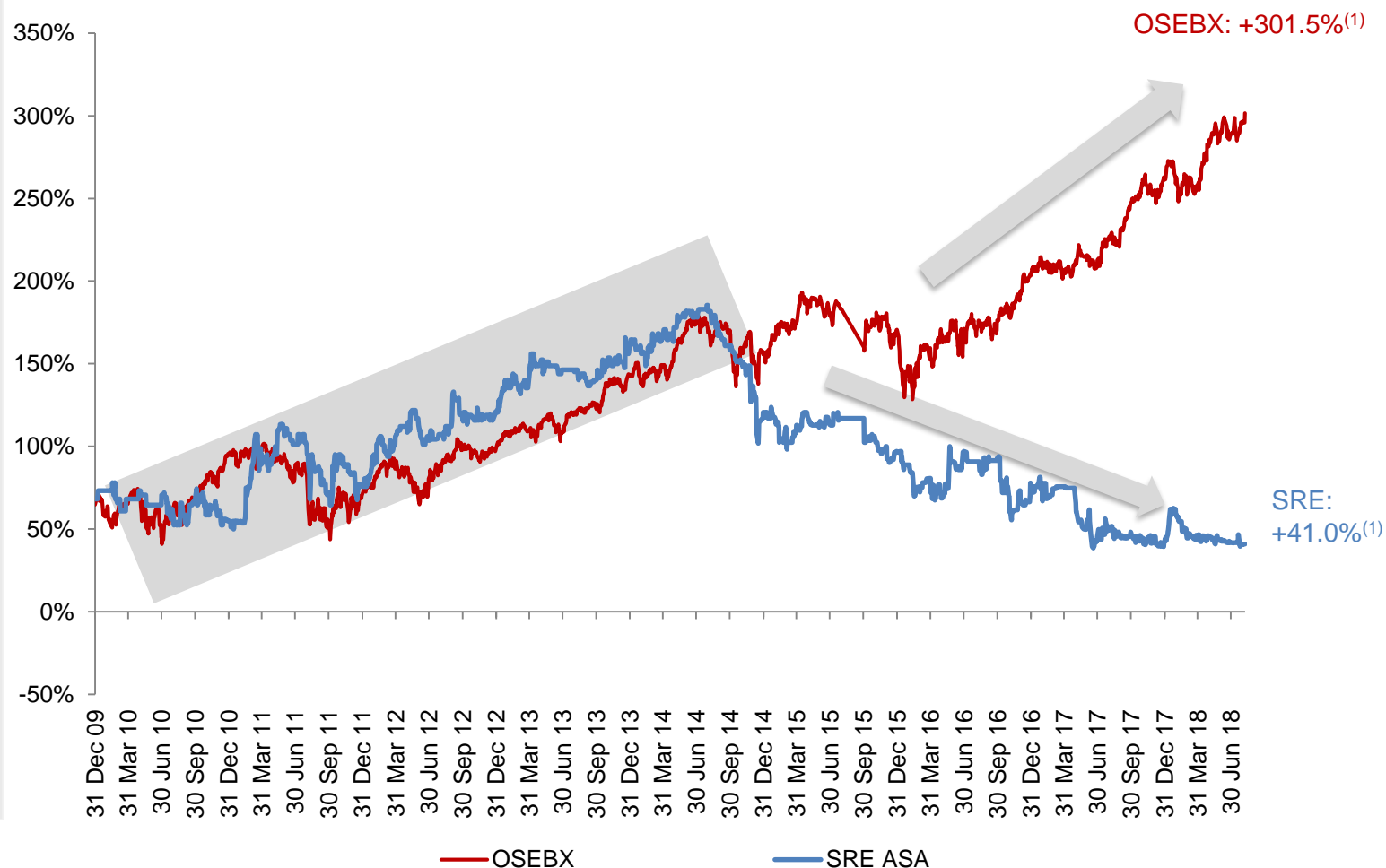
## BALANCE SHEET – MAJOR ITEMS

| (US\$ '000)                     | 30/06/18 <sup>(1)</sup> | 31/12/17        |                                     | 30/06/18 <sup>(1)</sup> | 31/12/17        |
|---------------------------------|-------------------------|-----------------|-------------------------------------|-------------------------|-----------------|
| Investment property             | \$21,366                | \$26,760        | Bank loans                          | \$18,136                | \$18,136        |
| <b>Total non-current assets</b> | <b>\$21,793</b>         | <b>\$26,770</b> | Deferred tax                        | \$ 35                   | \$0             |
| Cash                            | \$761                   | \$2,247         | Other liabilities                   | \$772                   | \$1,505         |
| <b>Total current assets</b>     | <b>\$1,438</b>          | <b>\$2,865</b>  | <b>Total liabilities</b>            | <b>\$18,943</b>         | <b>\$19,640</b> |
| <b>Total assets</b>             | <b>\$23,231</b>         | <b>\$29,634</b> | <b>Equity</b>                       | <b>\$4,288</b>          | <b>\$9,994</b>  |
|                                 |                         |                 | <b>Total equity and liabilities</b> | <b>\$23,230</b>         | <b>\$29,634</b> |
|                                 |                         |                 | <i>Equity ratio</i>                 | <i>18.5%</i>            | <i>33,7%</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.

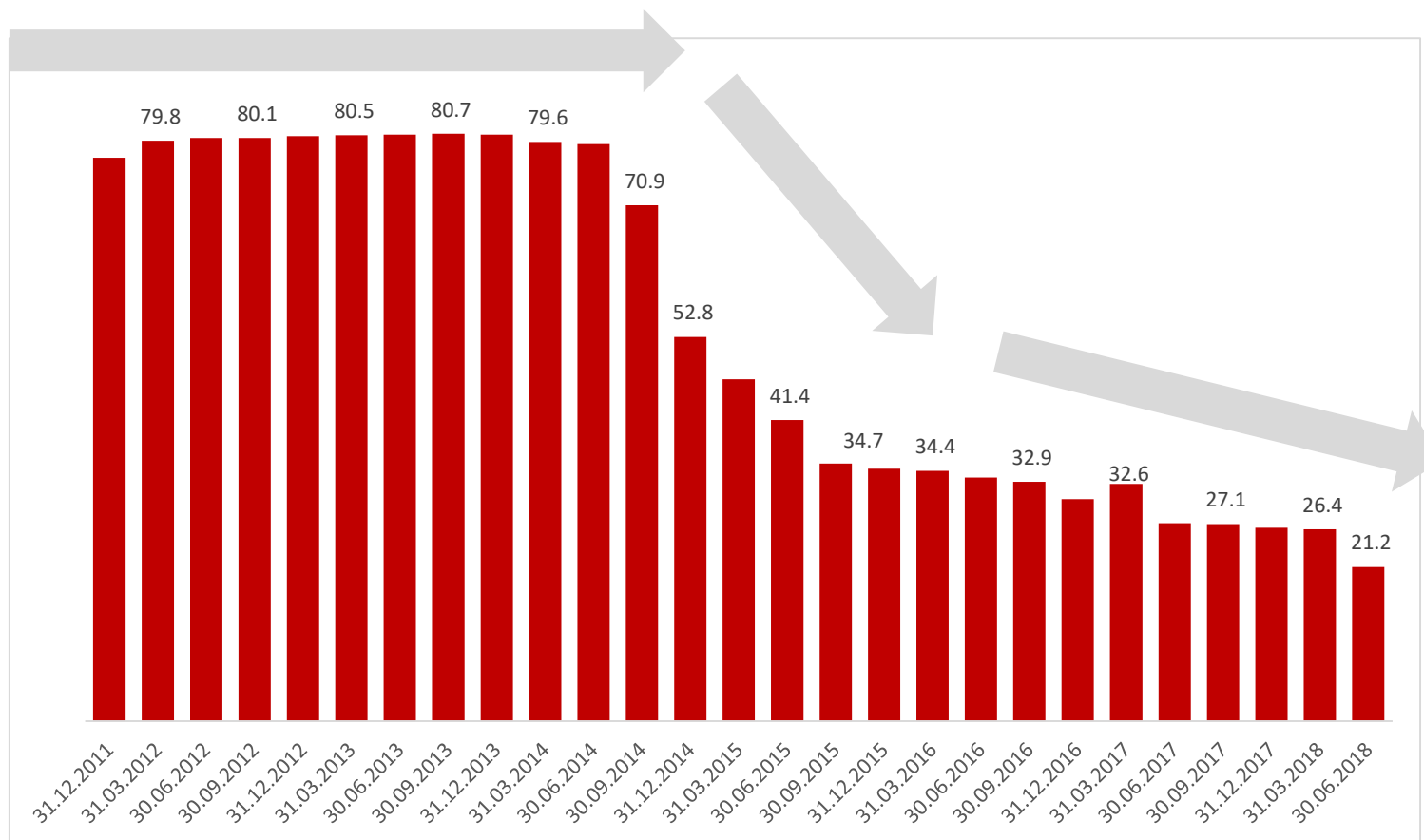


Source: Oslo Stock Exchange, Bloomberg

(1) SRE and OSEBX adjusted for dividends. As per 7 August 2018.

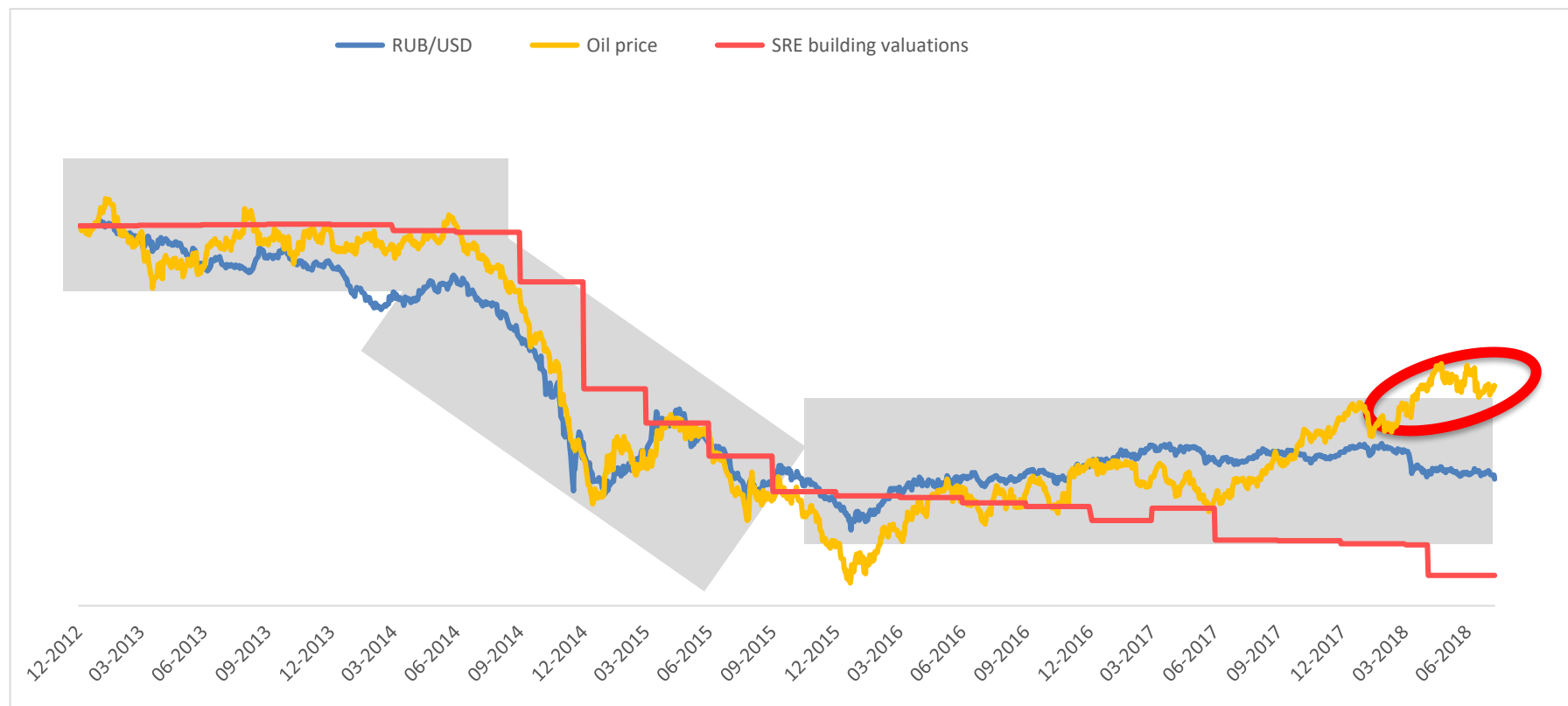
## DEVELOPMENT OF GASFIELD VALUATION 2012-2018

- Gasfield valued at USD 80.7 million at peak (2013).
- Current valuation USD 21.2 million.
- Decline in valuation of USD 59.5 million (-74% from peak).





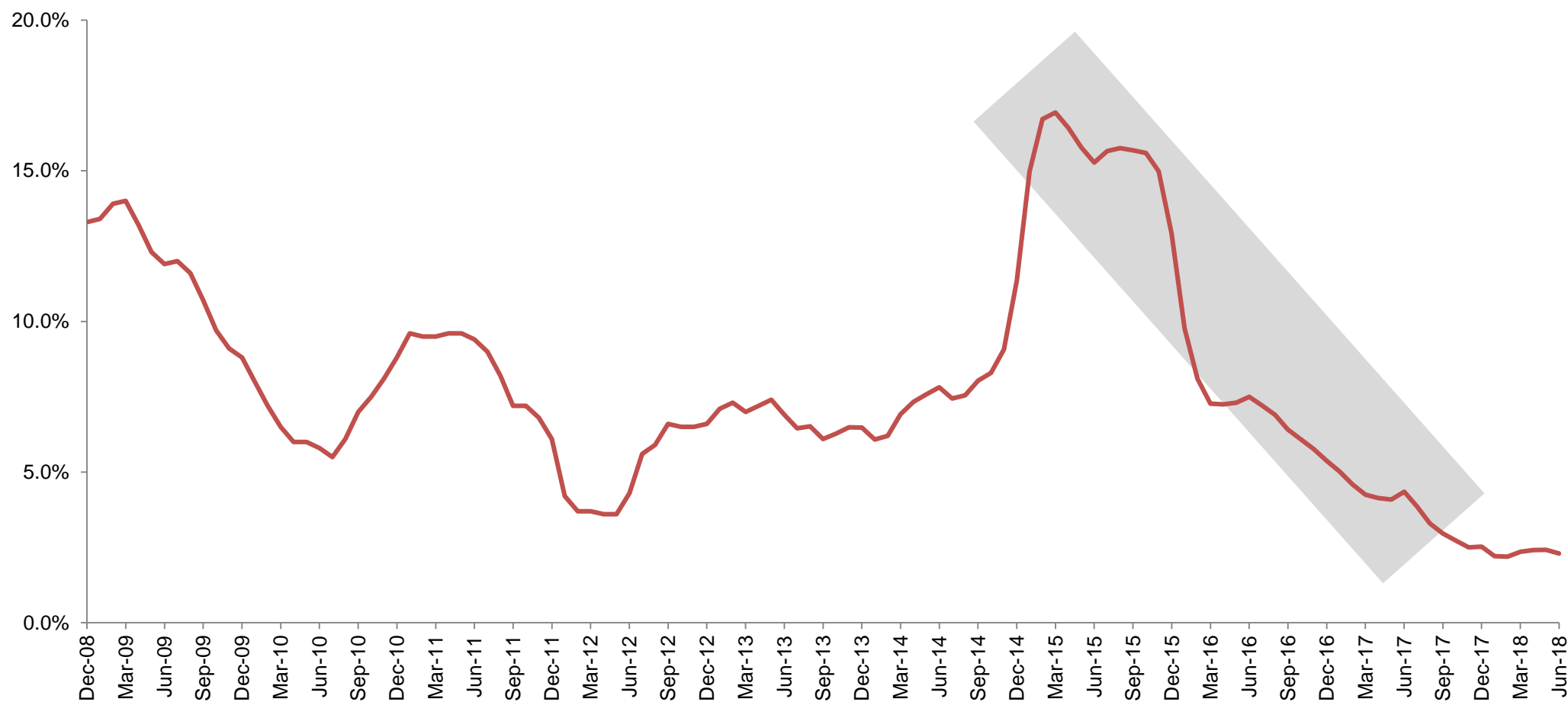
## OIL PRICE vs PROPERTY VALUES vs ROUBLE



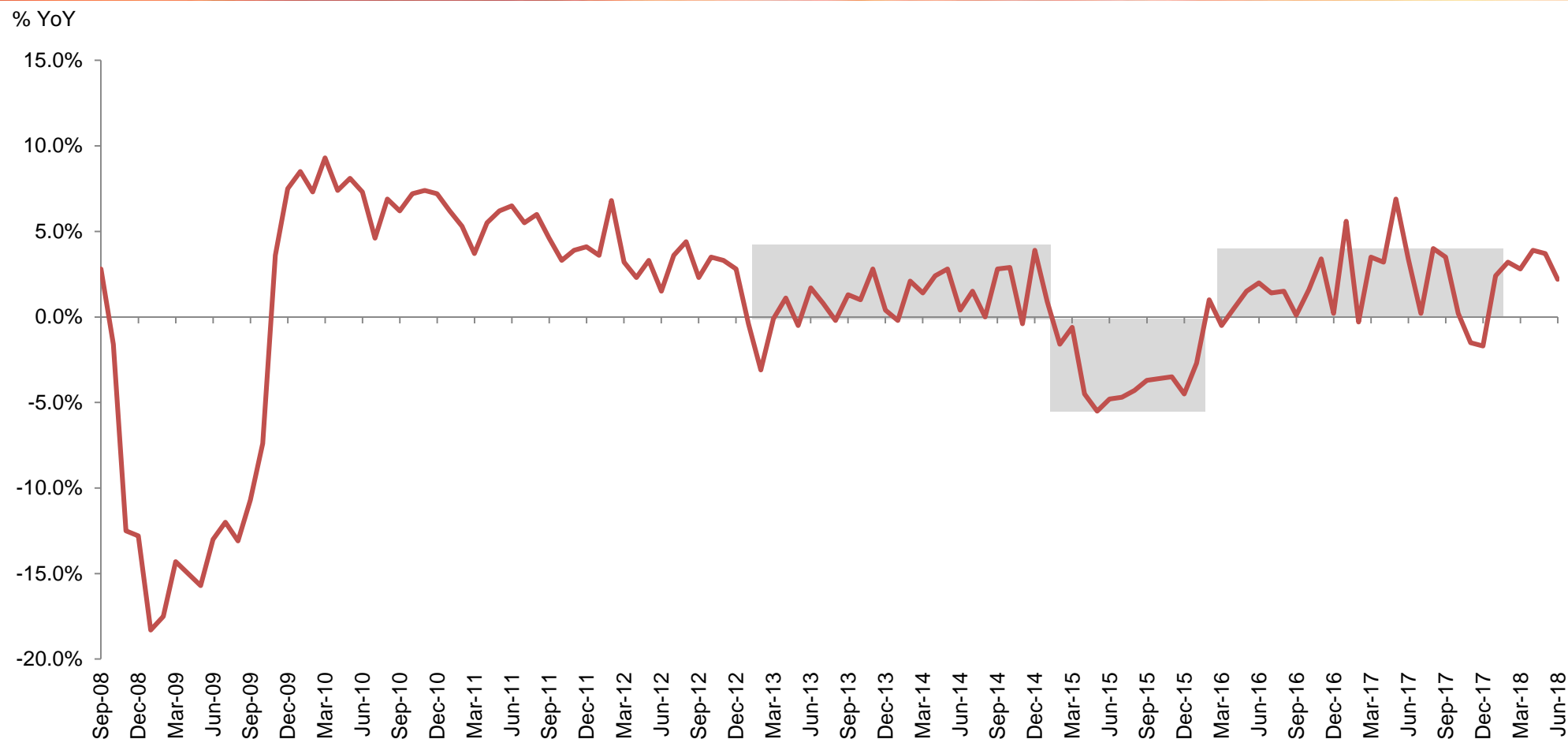
## RUSSIA – INFLATION

Inflation rate

*Inflation rate based on CPI*



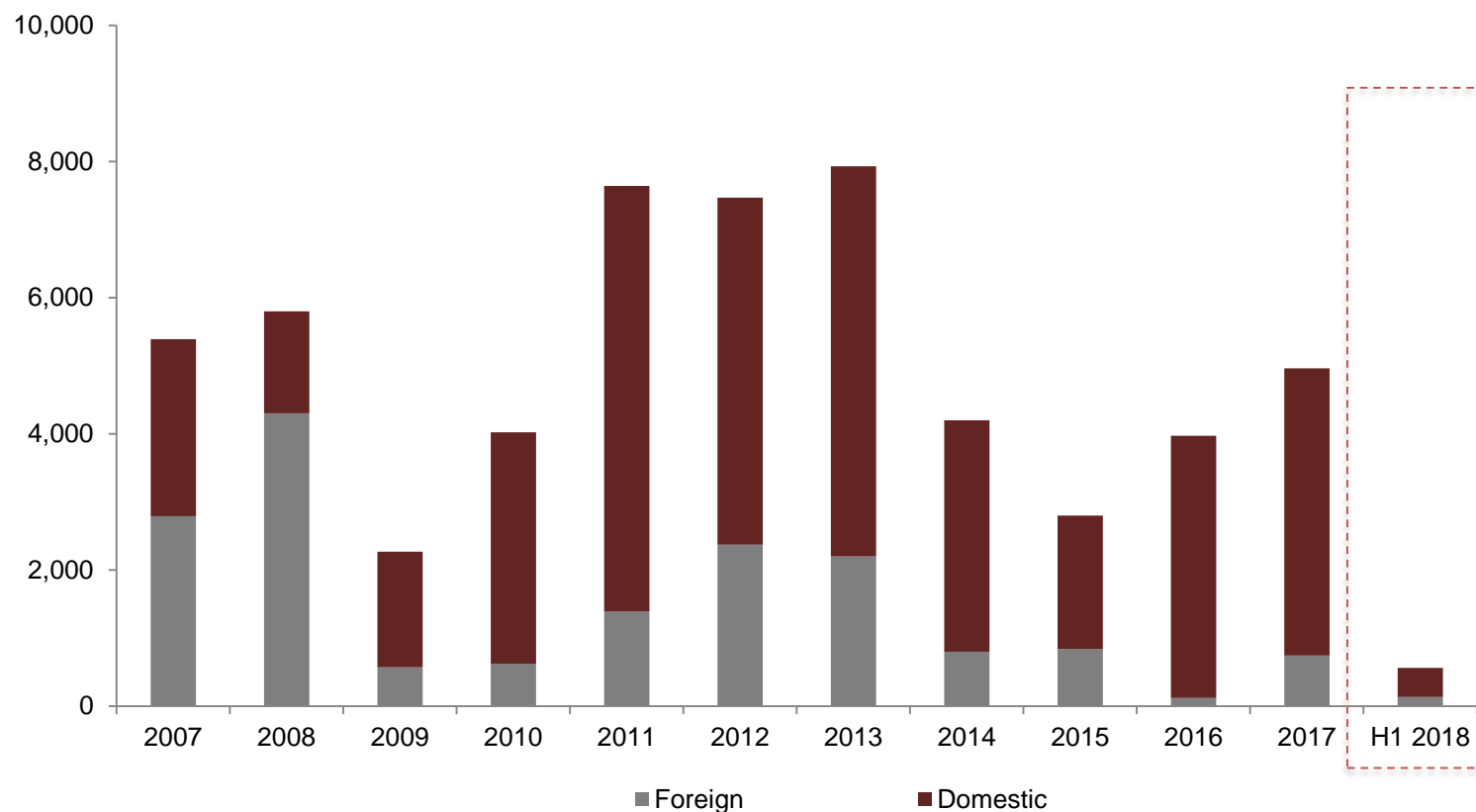
## RUSSIA – INDUSTRIAL PRODUCTION



*Economic activity (as measured by industrial production)*

## RUSSIA – INVESTMENT VOLUME BY SOURCE OF CAPITAL

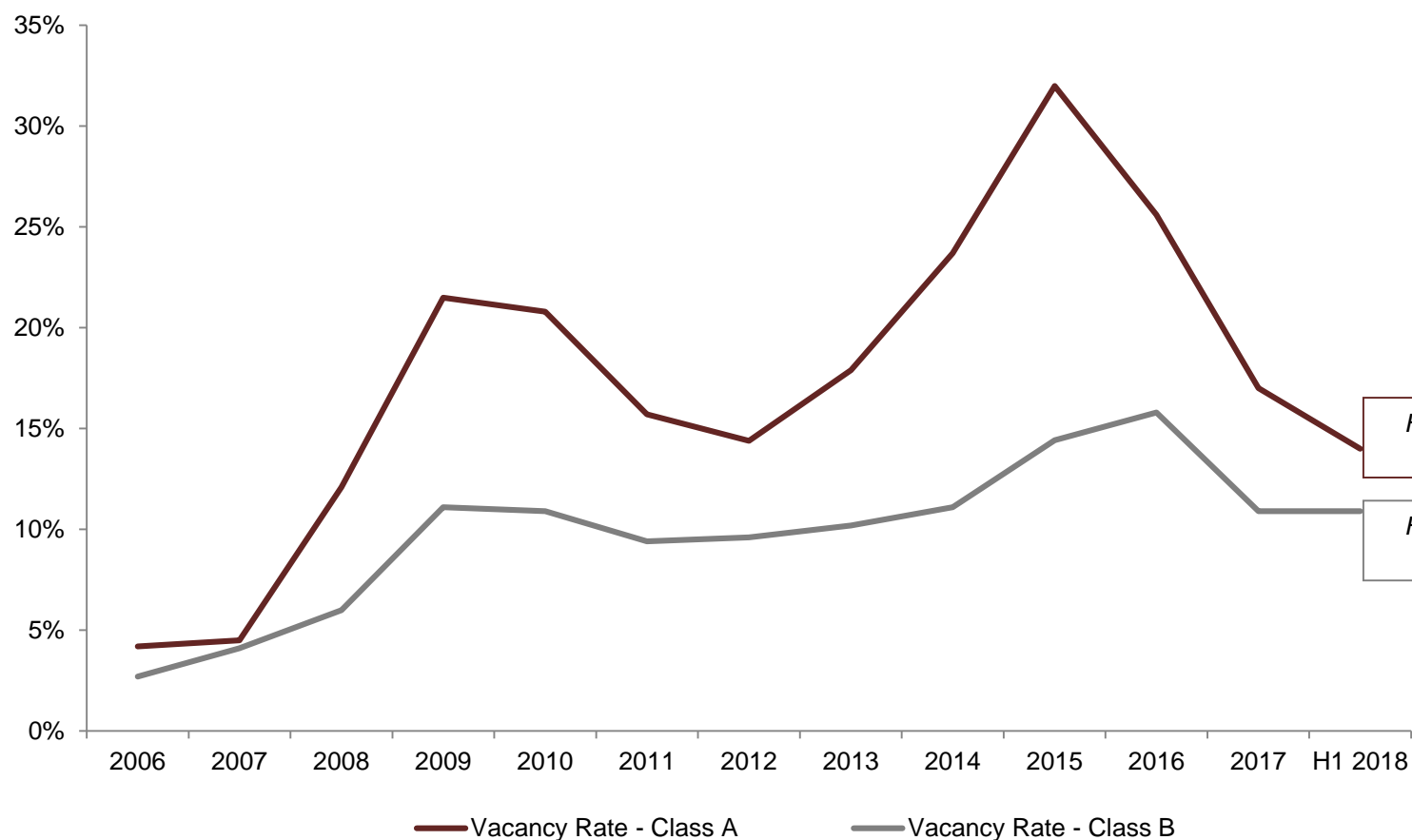
US\$ m



- Investment volume low at EUR 0.5 bln in H1 2018.
- For reference the investment volume was EUR 4.0 bln in 2017 and 3.1 billion in 2016.
- 24% foreign capital in H1 2018.
- For comparison, foreign capital constituted 15% of total investment volume in 2017, and 6% in 2016.

## MOSCOW OFFICE MARKET – VACANCY RATE

Vacancy (%)



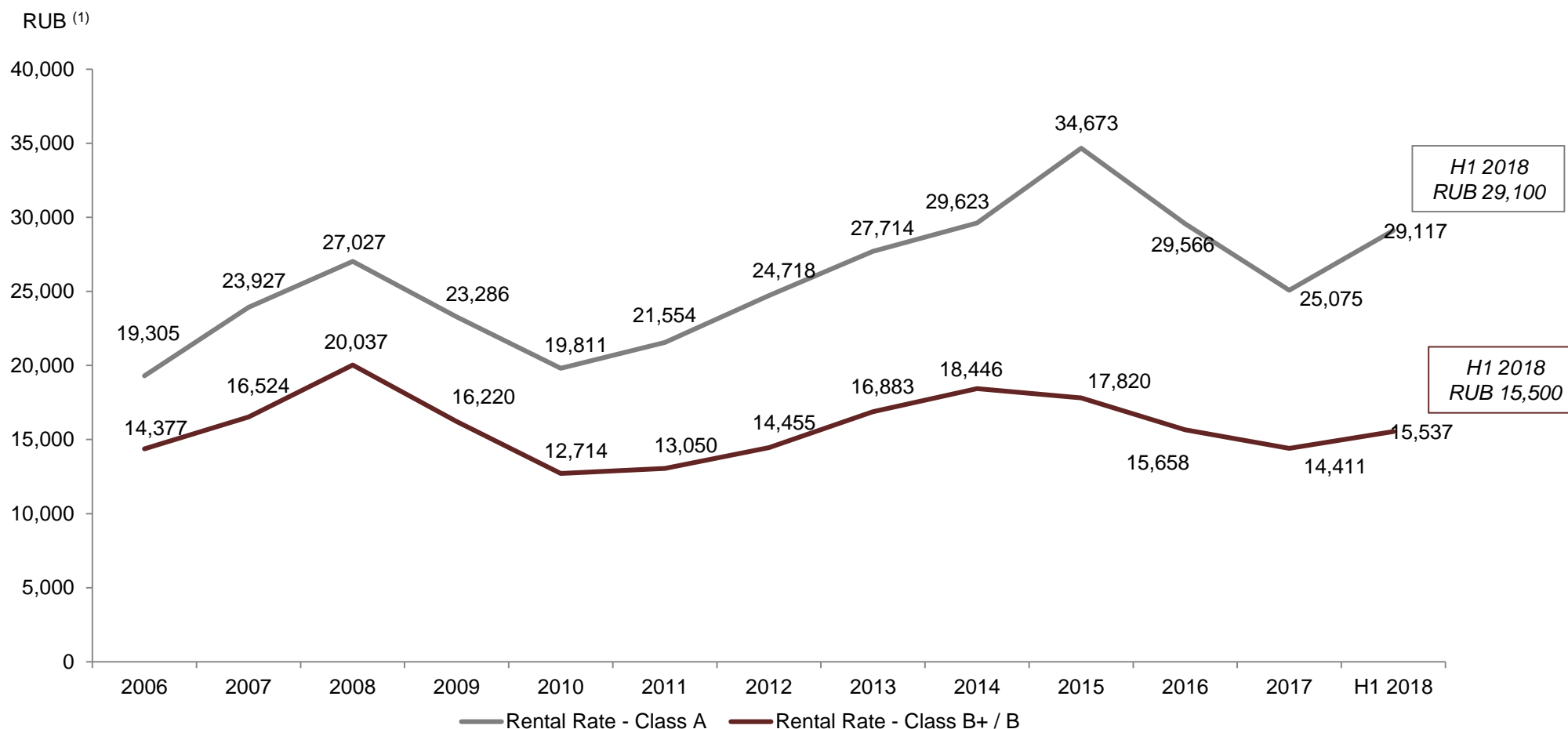
- *Drop in vacancy rates*
- *Class B continues to show lower vacancy rates than class A*
- *Low new delivery contributes to reduced vacancy rates in Class A*

H1 2018:  
14.0%

H1 2018:  
10.9%

*Vacancy rates falling on low supply*

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

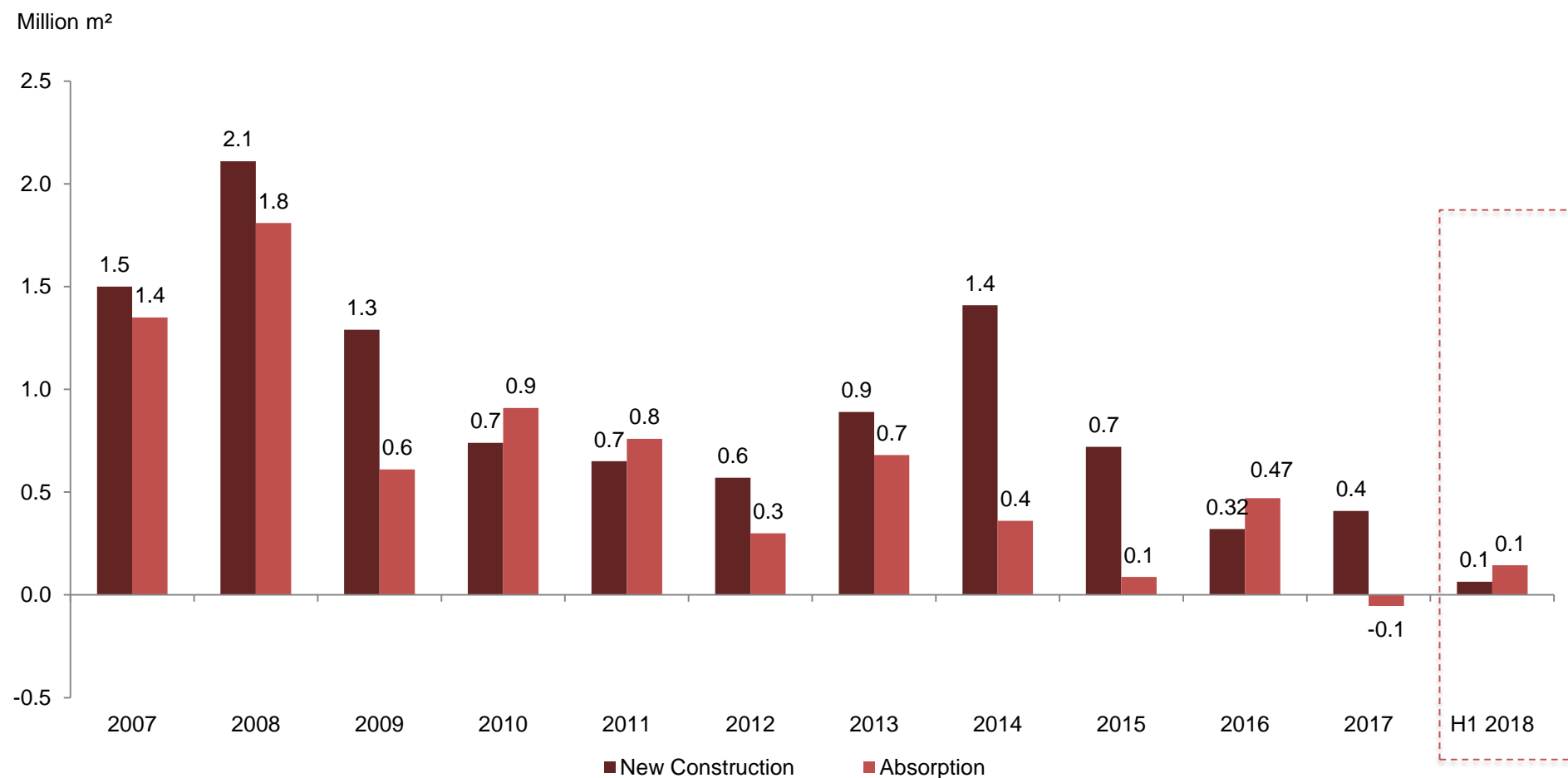


*Rent level in RUB terms up to 2016 levels*

Source: Cushman & Wakefield

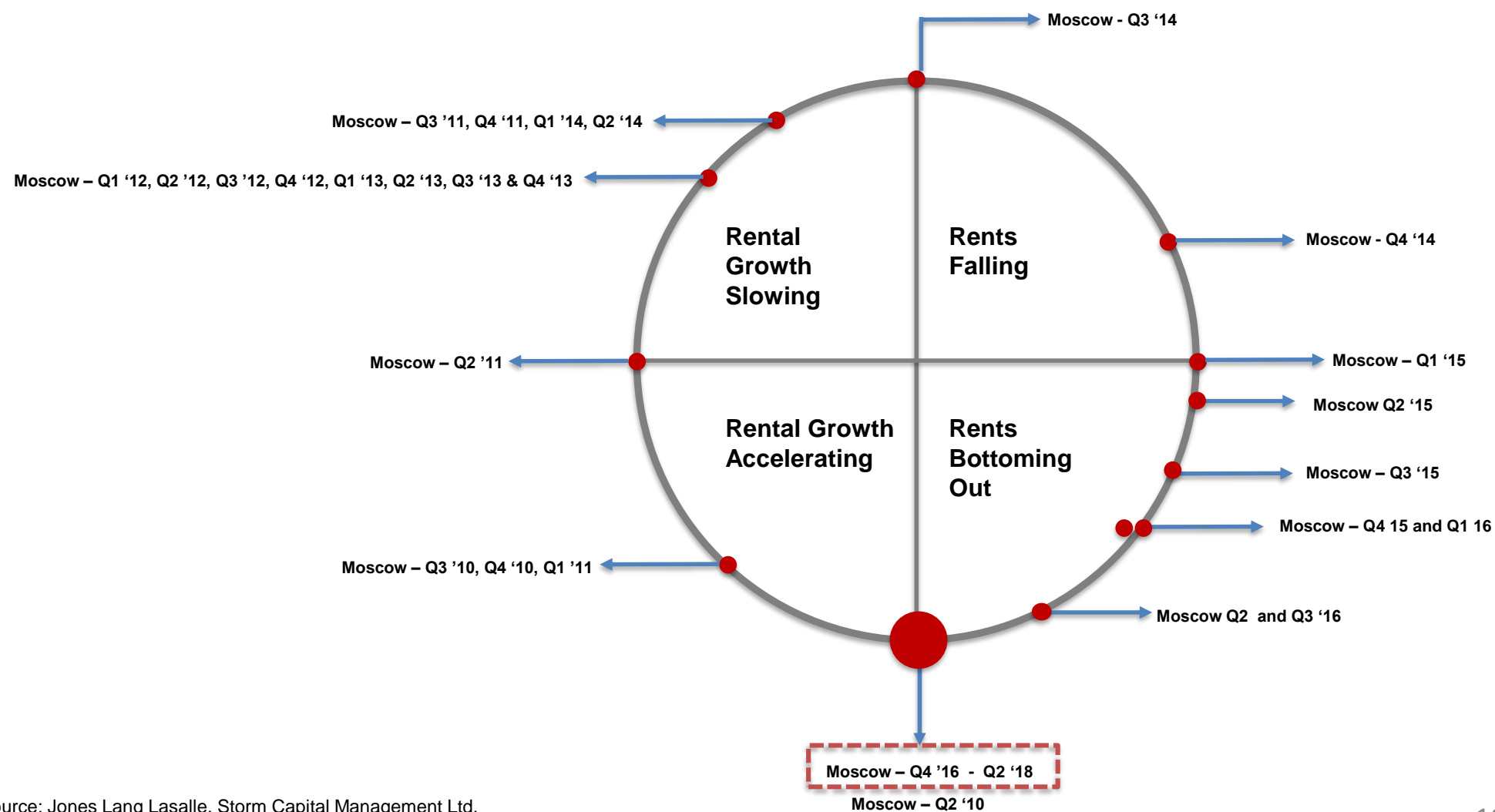
(1) Average rental rates is a weighted average rental rate of asking rents of deals closed within the period, RUB / m<sup>2</sup>/ annum/ triple net (net of op.ex and VAT)

## MOSCOW OFFICE MARKET – NEW CONSTRUCTION AND ABSORPTION



*Little new construction*

## EUROPEAN OFFICE CLOCK 2010 –2018





## KEY TAKE AWAYS

1. Total Comprehensive Income of USD -5.1 million in Q2.
2. NAV per share at NOK 0.40.
3. Gasfield occupancy at 52%.
4. Vacancy rates are stable

## APPENDIX

## GASFIELD BUILDING

Gasfield Building



|              |    |
|--------------|----|
| <b>Class</b> | B+ |
|--------------|----|

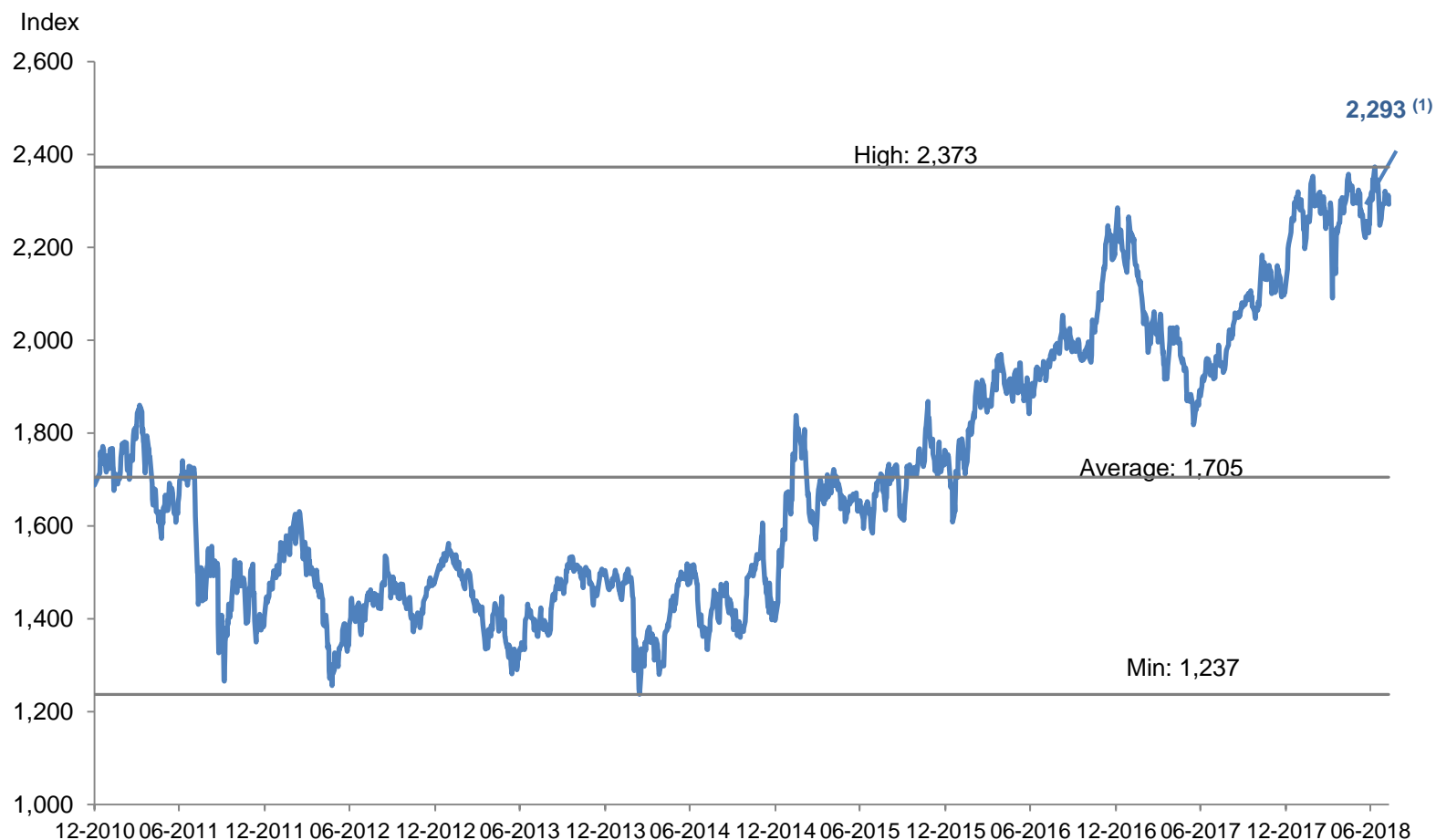
|                   |                          |
|-------------------|--------------------------|
| <b>Gross Area</b> | c. 15,200 m <sup>2</sup> |
|-------------------|--------------------------|

|                          |                          |
|--------------------------|--------------------------|
| <b>Net lettable area</b> | c. 11,100 m <sup>2</sup> |
|--------------------------|--------------------------|

|                       |        |
|-----------------------|--------|
| <b>Occupancy Rate</b> | c. 52% |
|-----------------------|--------|

## PERFORMANCE OF THE RUSSIAN MOEX INDEX

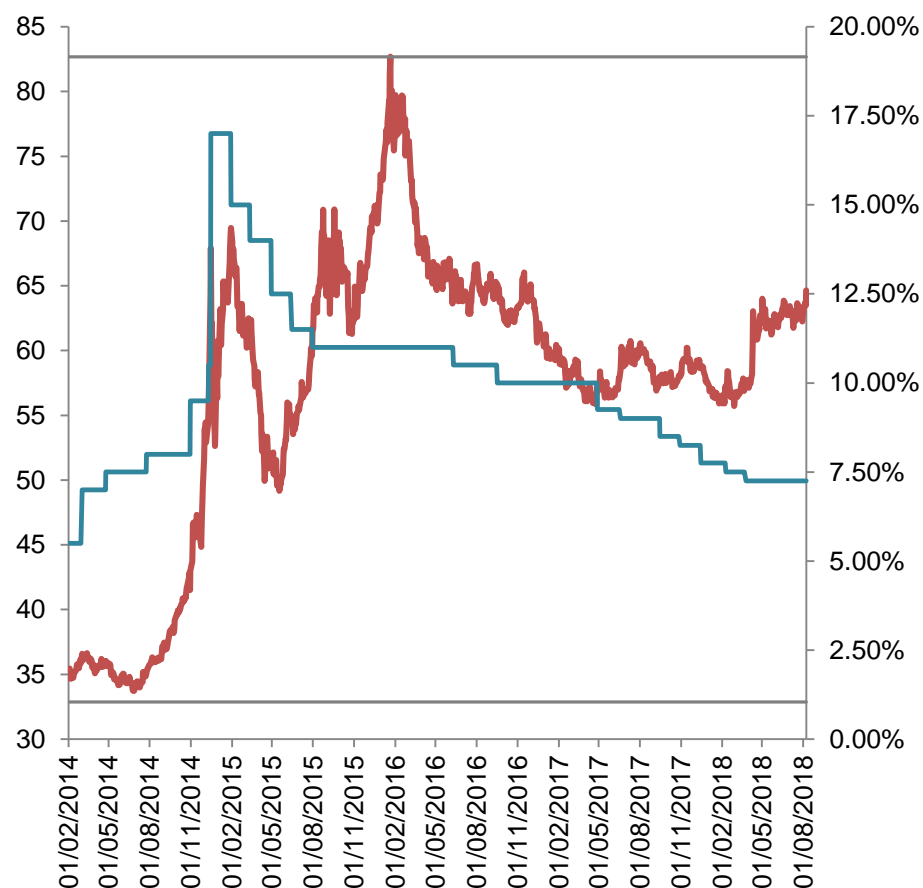
- The MOEX index was up
- +26.1% in 2015
- +26.8% in 2016
- -5.5% in 2017
- +8.6% YTD 2018
- The Index reached an all time high in July 2018



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

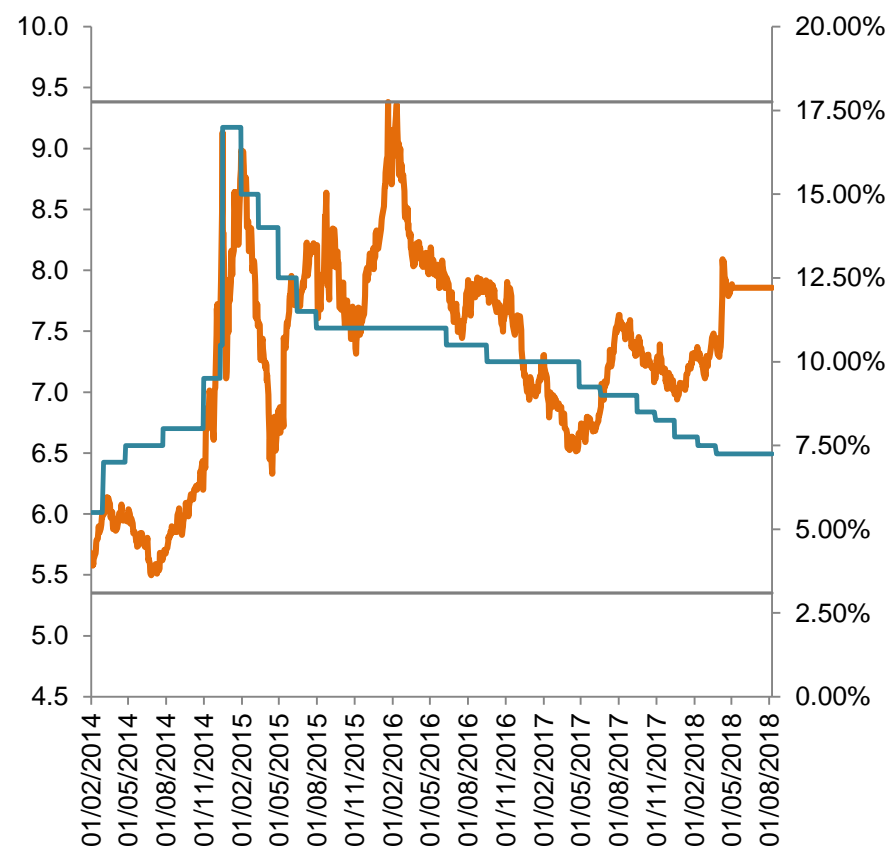
US\$/RUB Exchange Rate

CBR Key Rate



NOK/RUB Exchange Rate

CBR Key Rate



## BRENT OIL PRICE LAST 5 YEARS

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)

