



# STORM REAL ESTATE ASA

## AGM PRESENTATION: THE COMPANY'S FINANCIAL SITUATION

Storm Real Estate ASA  
27 June 2019

## Disclaimer

*This presentation contains forward looking information, which is based on assumptions, analysis, views and opinions. Actual future outcome may differ significantly from assumptions. As such, information in this presentation is subject to significant uncertainty. This presentation must be read together with the company's annual report for 2018.*

## Content

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## 1. Going concern issues

As outlined in the company's annual report, Storm Real Estate ASA is in a challenging financial situation:

- “During the year SRE has negotiated with its main creditor Swedbank, to reach a long-term financing solution that will make the Company able to continue its operations. Since September 2018 the two parties have agreed on several standstill agreements waving covenants, amortization and interest payments, to create time to achieve this.”
- “Swedbank has communicated that it wishes to exit its engagement with SRE.”
- “Without an agreement with Swedbank it is expected that the Gasfield building will be put up for sale on the open market at the request of Swedbank. Given the current poor sale conditions in the Moscow real estate market, a forced sale within a short period of time will most likely result in a price significantly lower than the debt amount, leaving no value to the Company's existing shareholders.”
- “Pursuant to section 3-3a of the Norwegian Accounting Act, the Board confirms that the annual report for 2018 has been prepared under the assumption of a going concern, on the basis that no concrete decision to liquidate the company has been made. However, a liquidation can be forced by the bank within a short period of time, if the company does not reach an agreement with the bank concerning the long-term financing of the Group. Thus, there is significant uncertainty related to the going concern assumption.”

## 2. Solidity

### Balance sheet as at 31 December 2018:

- Investment property (Gasfield building) valued at USD 21.4m
  - Cash USD 0.5m
  - Bank loan 18.7m
  - Equity USD 2,6m
  - Equity ratio 11.8%
- The carrying value of the building in the balance sheet, obtained from an independent valuer, reflects the value given a long-term perspective, it does not reflect the liquidation value at yearend.
- A forced sale within a short period of time will most likely result in a price significantly lower than the debt amount.

### 3. Liquidity

- Given the current financing situation the Group is operating with heavy losses.
- The standstill agreements have ensured that the Group is able to pay its operating expenses.
- In order to continue the operations, the Group will need to refinance its debt and reduce its costs in order to be adapted to the current income situation - even with full occupancy income is down more than 70% since its peak.
- Measures taken by Storm Real Estate ASA:
  1. Refinance of debt, see next slide
  2. Cost cutting initiatives:
    - Reduced accounting costs.
    - Conditional asset management fee.
    - Cost cutting plan

## 4. Refinancing

Public announcement today:

“The company has today signed a conditional agreement with Swedbank AB and Aconcagua Management Ltd that outlines a long-term financial solution where the company will seek to refinance a share of the current debt to Swedbank in another bank. The remaining part of the debt will then be sold to Aconcagua Management Ltd. Aconcagua Management Ltd is the largest shareholder in Storm Real Estate ASA and is owned by Morten E. Astrup. The agreement is conditional upon achieving satisfactory terms on the financing from the other bank.

The agreement will automatically lapse at the latest on 31 August 2019 if the conditions in the agreement are not met.

The board has initiated measures to ensure equal treatment of the shareholders.

If completed, it is likely that the company has a financial fundament to continue operating.”