



# Q1 2010 FINANCIAL RESULTS PRESENTATION

Oslo, 12 May 2010

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## VISION

- To build a leading real estate company through the acquisition and management of commercial real estate in Russia, focusing on class A and B buildings centrally located in larger cities
- Main focus on Moscow and St. Petersburg
- Create value for the shareholders through combining solid operations with creating a liquid market for the share
- Build up a sizeable organisation in order to optimise the Company's financing terms, the liquidity of the Storm Real Estate share and the efficient management of real estate in Russia



# Market Overview

## COMMERCIAL REAL ESTATE - RUSSIA

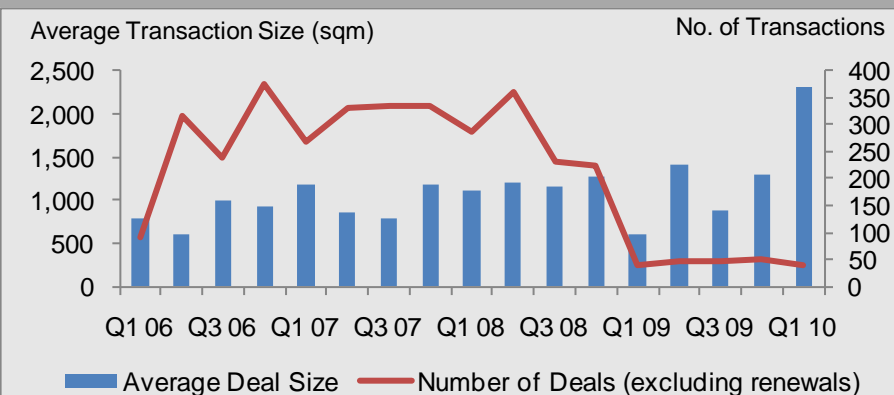
- Renewed interest for investments in Russian commercial real estate
  - The last couple of months have seen transaction activity increase
  - Jones Lang LaSalle estimate that investments in Russian real estate will increase by 60% in 2010 to USD 4 billion
- Russian banks are open for business and European banks are returning to the market
- Bankruptcies have reduced the number of market participants and banks have become real estate “investors”
- New construction on hold – only final stage constructions are being finished, potentially leading to future shortages and increased rent levels

**Current low valuations presents opportunities for investors with equity and good financial relationships in what is essentially a buyers' market**

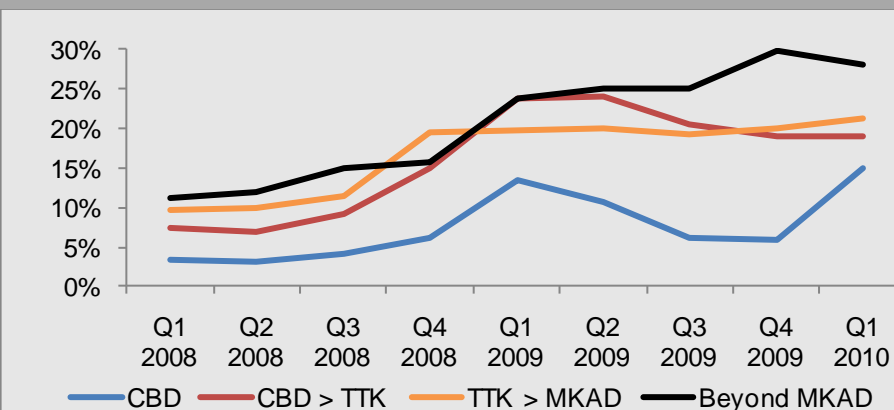
## MOSCOW – OFFICE MARKET

- Modern office stock in Moscow reached c. 11.9 million sqm in Q1 2010
  - Equivalent to c. 1.1 sqm per inhabitant
  - Compares to c. 4.5 sqm, 8.1 sqm and 13.8 sqm per inhabitant in London, Oslo and Stockholm, respectively
- Take-up of office space reached 308,650 sqm in Q1 2010
  - Second largest take-up in Europe after Paris
- New deliveries of office space expected to be constrained during 2010
  - Vacancy rates expected to start declining and average rent levels to remain stable
- We are expecting significant differences in rate levels for buildings within the same class based upon:
  - Location
  - Financial situation of the landlord
  - Tenant’s reputation and negotiation power

Market Activity For Rented Offices – Q1 2006 to Q1 2010



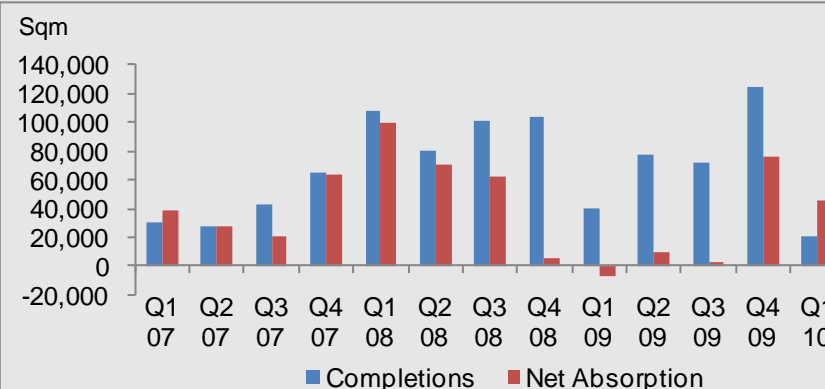
Vacancy Rate by Location



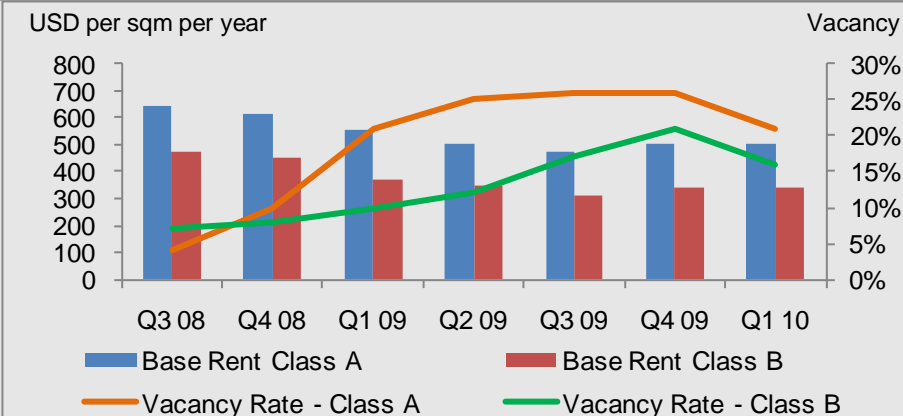
## ST. PETERSBURG – OFFICE MARKET

- Increased building activity in recent years has created an oversupply of offices in the St. Petersburg area
- Vacancy rate dropped from 26% to 21% for Class A properties and from 21% to 16% for Class B properties between Q4 2009 and Q1 2010
- New supply during the next three years is expected to be moderate, with ca. 200,000m<sup>2</sup> expected to be completed by the end of 2012
- Despite high vacancy rates and oversupply, demand still exists for quality properties in good locations
- Rent levels for 2010 expected to be stable with a small growth toward the end of the year

Net Absorption Rate of New Buildings



Base Rents and Vacancy Rates



Source: Jones Lang LaSalle, CB Richard Ellis

# Financial Overview

## FINANCIAL HIGHLIGHTS

(USD '000)	31/03/09 <sup>(1)</sup>	31/03/10 <sup>(1)</sup>
<b>Total Income</b>	<b>\$1,958</b>	<b>\$2,695</b>
Property Related Expenses	(469)	(716)
Personnel Expenses	(75)	(124)
Other Operating Expenses	(714)	(853)
<b>Operating Profit (Loss) Before Fair Value Adjustments</b>	<b>\$700</b>	<b>\$1,001</b>
Gain / Loss from Fair Value Adjustments on Investment Property	8,638	(947)
<b>Total Operating Profit (Loss)</b>	<b>\$9,338</b>	<b>\$54</b>
Net Financial Gains (Losses)	(2,083)	(905)
<b>Earnings Before Tax (EBT)</b>	<b>\$11,421</b>	<b>(\$851)</b>
Income Tax Expense	(1,917)	46
<b>Profit (Loss) for the Period</b>	<b>\$9,504</b>	<b>(\$897)</b>
Other Comprehensive Income (Net of Tax) <sup>(2)</sup>	(8,247)	2,656
<b>Total Comprehensive Income (Net of Tax)<sup>(2)</sup></b>	<b>\$1,257</b>	<b>\$1,759</b>

1) Unaudited.

2) Net income includes the currency affect of asset revaluations. Storm Real Estate's buildings are revalued an external valuer. The local functional currency is RUB, the effect of value change in roubles is presented over the income statement. The remaining effect in USD is allocated to equity and presented over the statement of comprehensive income.

## INVESTMENT PROPERTY

(USD '000)	Q1 2009	Q1 2010
<b>Value at 1 January</b>	<b>\$66,000</b>	<b>\$81,780</b>
Value change over income statement	8,368	(947)
Value change over equity	(8,368)	2,228
<b>Total fair value change</b>	<b>0</b>	<b>\$1,280</b>
<b>Value at 31 March</b>	<b>\$66,000</b>	<b>\$83,060</b>

STORM CAPITAL MANAGEMENT

BALANCE SHEET

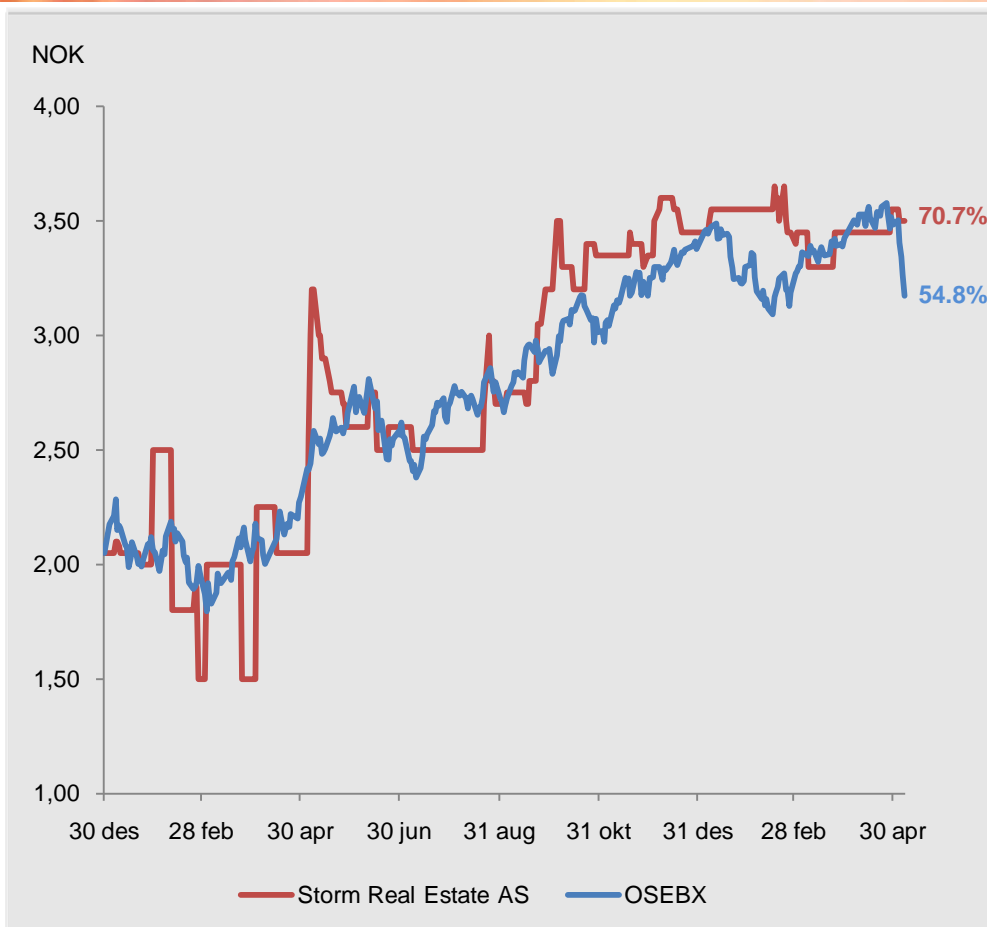
(USD '000)	31/12/09	31/03/10 <sup>(1)</sup>		31/12/09	31/03/10 <sup>(1)</sup>
Investment Property	\$81,780	\$83,060	Long-term loans	\$39,924	\$38,617
<b>Total non-current assets</b>	<b>\$82,105</b>	<b>\$83,485</b>	Other liabilities	\$12,769	\$13,197
Cash & liquid investments	\$36,972	\$36,088	<b>Total liabilities</b>	<b>\$52,693</b>	<b>\$51,525</b>
<b>Total current assets</b>	<b>\$44,349</b>	<b>\$43,386</b>	Shareholder's equity	\$73,759	\$75,347
<b>Total assets</b>	<b>\$126,453</b>	<b>\$126,871</b>	<b>Total equity and liabilities</b>	<b>\$120,932</b>	<b>\$126,871</b>

Strong cash position enables Storm Real Estate AS to capitalise on current market opportunities

(1) Unaudited

## SHARE PRICE PERFORMANCE

- Storm Real Estate AS share is traded on the Norwegian OTC A-list
- Currently more than 600 shareholders
- Storm Nordic Fund and related parties are currently the largest shareholders in the Company with a combined stake of c. 17%
- Depending on market conditions, the company plans to list on the Oslo Stock Exchange within the next 12 months
- Current share price of NOK 3.50 per share (7 May 2010)
- **Net Asset Value 31 March 2010 was NOK 5.40 per share**
  - **Representing a 54,3% upside to the current share price**



**Significant upside potential based on NAV**

# Strategy

## FOCUSED BUSINESS STRATEGY

<b>Focus on Russia</b>	<ul style="list-style-type: none"> <li>■ Acquisition and management of commercial real estate in Russia</li> <li>■ Focus on class A and class B buildings centrally located in larger cities</li> <li>■ Main focus currently on Moscow and St. Petersburg</li> </ul>	<p><b>High quality property portfolio and operations</b></p> <p><b>100% occupancy ratio with solid, long-term tenants</b></p> <p><b>Market segment with considerable upside potential</b></p> <p><b>Well positioned for growth</b></p>
<b>Focus on yielding properties</b>	<ul style="list-style-type: none"> <li>■ Provides a secure income stream with gearing potential to increase return on equity</li> <li>■ Properties with solid and diverse tenant base</li> <li>■ No development risk</li> </ul>	
<b>Favourable legal structure</b>	<ul style="list-style-type: none"> <li>■ Ensures flexibility and security for investors</li> <li>■ Optimises flexibility in making new acquisitions to property portfolio or in divesting existing assets</li> </ul>	
<b>Own local management in Russia</b>	<ul style="list-style-type: none"> <li>■ Buildings managed by a team of six locally based professionals</li> <li>■ Maintenance outsourced to experienced operators</li> <li>■ Close relationship with tenants</li> </ul>	
<b>Capitalise on strong reputation</b>	<ul style="list-style-type: none"> <li>■ Maintain high standards of quality, safety and reliability</li> <li>■ Aim to be a preferred landlord in the Russian market</li> <li>■ Effectively utilise Storm Real Estate AS's strong reputation in the market and established relationships with key stakeholders</li> </ul>	
<b>Optimise shareholder value</b>	<ul style="list-style-type: none"> <li>■ Create value for the shareholders through combining solid operations with creating a liquid market for the share</li> </ul>	

## ACQUISITION PIPELINE

- Attractive acquisition pipeline with a number of advanced discussions currently ongoing
- Storm Real Estate AS is ideally positioned to capitalise on the current slump in the real estate market with an integrated team located in London and on the ground in Moscow and St. Petersburg

### Target I (LOI signed)

- Class B+ yielding business center
- Gross lettable area: c. 20,000 sq. m
- Valuation: c. 40% discount to 18 months ago
- Financing: c. 75% debt (at 2007 terms)
- Counterparty: Russian
- Reason for sale: The current lending bank is looking to move Russian counterparty risk to Scandinavian counterparty risk – the Bank sees Storm Real Estate AS as a safer alternative

### Target II

- Group of Class B+ yielding office buildings
- Gross lettable area: c. 20,000 sq. m
- Valuation: 50% - 70% discount to 2 years ago
- Financing: c. 50% - 70% from Western European bank
- Counterparty: Western European
- Reason for sale: Current owner in financial distress – need to sell to raise cash

**Number of realisable acquisition targets in the market**

**Ability to execute deals with both Russian and Western European counterparties**

**Capable of sourcing financing at attractive terms despite tight credit markets**

# Why Storm Real Estate AS

## WHY STORM REAL ESTATE AS



**Storm is ideally positioned to capitalise on a potential up-turn in the Russian real estate market – 2010 is the year to invest**

# Appendix 1: Storm Real Estate AS Overview

## OVERVIEW OF STORM REAL ESTATE AS

### Vision

- To build a leading real estate company through the acquisition and management of commercial real estate in Russia

### Focus

- Class A and class B buildings centrally located in larger cities
- Main focus on Moscow and St. Petersburg

### Current property portfolio

- Gasfield Building in Moscow and Grifon House in St. Petersburg
- Total gross area of c. 20,000 square meters, with both buildings fully let
- Blue chip tenants within oil, gas and pharmaceuticals

### History

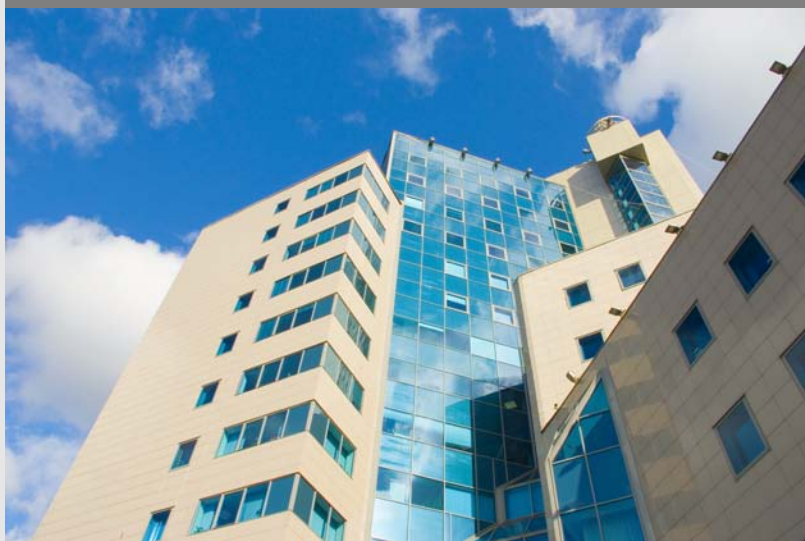
- Established in 2007 by Pareto Securities and Colliers International
- On 1 November 2008 Storm Capital Management Ltd. took charge of the management
- Acquired Grifon House in April 2009 for USD 17 million on a debt free basis

### Shareholders

- Traded on the Norwegian OTC A-list
- Currently more than 600 shareholders
- Depending on market conditions, the company plans to list on the Oslo Stock Exchange within the next 12 months

## HIGH QUALITY PROPERTY PORTFOLIO

Gasfield Building



- Class B building located centrally in Moscow / “Gazprom land”
- 15,000 square meters of which 11,516 square meters are lettable
- Built 2006
- Occupancy ratio of 100%
- Currently 15 tenants of which Gazprom is currently the largest
- Storm Real Estate AS completed the largest lease deal in Russia during H1 2009 with Gazprom for the lease of office space in Gasfield
- Annual property related operating income of c. USD 6 million

Grifon House



- Fully renovated class B building located centrally in St. Petersburg
- 6,970 square meters of lettable office space
- Includes air conditioning and secure parking
- Easy to access area with two metro stations nearby
- Occupancy ratio of 100%
- Building mainly let to Swiss PSI Cro AG
  - A leading Contract Research Corporation specialising in conducting clinical trials in Eastern Europe
- Annual property related operating income of c. USD 2 million

**STORM REAL ESTATE AS – OPERATIONAL STRUCTURE**

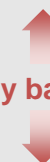
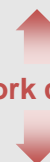
**London**



- Team of 8 people based in London
- Responsibilities
- Overall responsibility and strategic direction of the company
- Acquisitions and disposals
- Finance
- Management, administration and relationship building
- Investor relations



**The London and Russia teams work closely together on a day-to-day basis**



**Moscow and St. Petersburg**



- Team of 6 people based in Russia – 5 in Moscow and 1 in St. Petersburg
- Responsibilities
- Day-to-day management of the buildings
- Tenant management / relationship building
- New tenant sourcing
- Up-keep
- Local due-diligence

**Strong team of 14 professionals split between London, Moscow and St. Petersburg**

# Appendix 2: Storm Capital Management Overview

## OVERVIEW OF STORM CAPITAL MANAGEMENT LTD.

**Storm Capital Management Ltd.** is an independent investment management firm focusing on energy, transport and real estate in the Nordic markets and Russia.

Through our funds, we offer a range of strategies and employ fundamental research combined with active portfolio management to achieve the greatest risk-adjusted returns.

Assets under management as of November 2009 are approximately EUR 130 million. The client base consists of a combination of family offices, high net worth individuals and institutional investors.

The Company is based in London and has 7 employees of whom 3 are investment professionals. Storm Real Estate AS employs an additional 6 people in Russia.

Storm Capital's edge lies in its deep industry knowledge and network in its core sectors. Storm Capital has direct access to and regular meetings with management of targeted companies. The portfolio managers together have more than 40 years experience from asset management and corporate finance.

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**Storm Nordic Fund** was launched in November 2006, under SEB Fund Services Luxembourg's umbrella. The Fund had previously been traded as the Norwegian domiciled fund called Ørn Norden AS, with a track record dating back to 2002. The objective was to provide investors with the opportunity to invest in the Nordic markets by taking advantage of the expertise of the portfolio managers.



**Storm Bond Fund** was launched in September 2008, as a response to demand from investors and the opportunity seen by the managers in the credit market. Storm Bond Fund exclusively invests in bonds in the same markets as Storm Nordic Fund and is also administrated by SEB Fund Services in Luxembourg.



**Storm Real Estate AS** was launched in November 2008 when Storm Capital Management Ltd. took over the management of Norwegian company E-Star Property AS, by taking an activist approach to one of its investments on behalf of Storm Nordic Fund. The Company has invested in two yielding properties in Moscow and St. Petersburg. It has ca 600 shareholders and is traded on the OTC in Norway.

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